



Strategic Procurement Planning and Project Administration Manual

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Presentation Outline

A. Development of an SPP

B. Procurement information in PAM

Strategic Procurement Planning (SPP)

Comprehensive risk assessment during project processing
by EAs and ADB



Improved procurement outcome and greater VfM supporting project objectives

An effective use of procurement planning may

- **Increase Efficiency and Reduce Procurement Time**
 - Capacity constraints, market condition, packaging, contracting modality
- **Reduce Risk and Improve Quality**
 - Proper risk assessment and mitigation action, use of right type of specifications and evaluation criteria
- **Deliver Value for Money**
 - Trade-off between cost and quality, consideration of sustainability
- **Improve Fitness for Purpose**
 - Better understanding of options, contracting modality, review requirements
- **Improve Fairness and Transparency**
 - End-users and stakeholder assessed in project design, well-planned procurement arrangement, PP disclosure

When an SPP is required

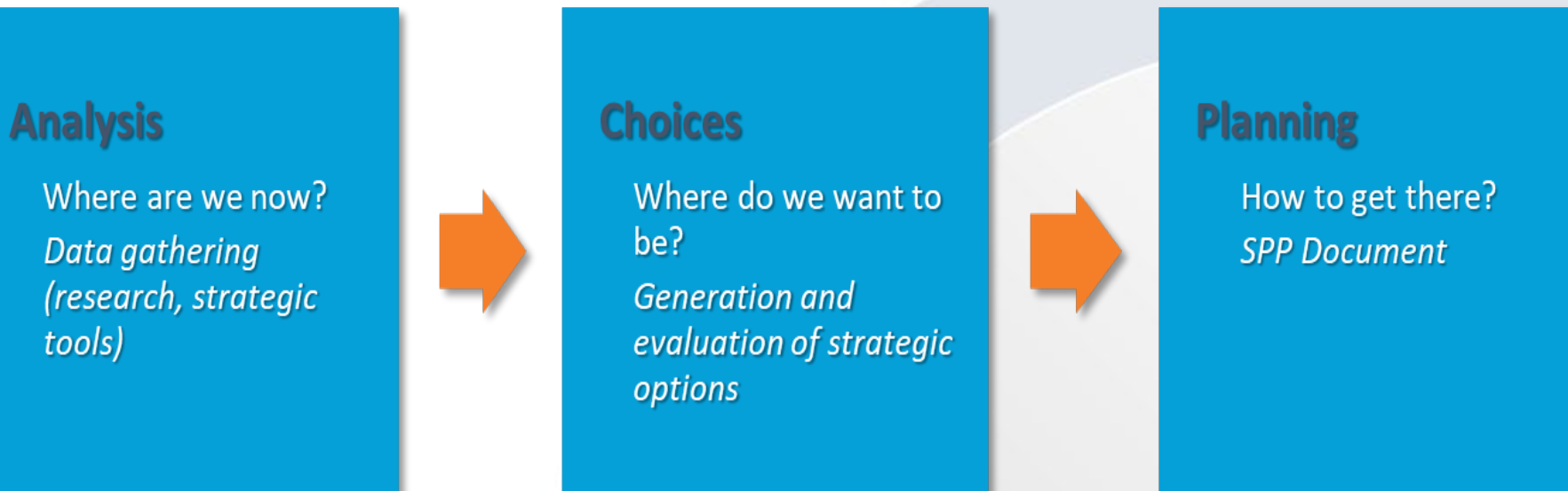
SPP is required for all investment projects

- a) each tranche under multi-tranche or small expenditure financing facilities (MFF / SEFF), except for subsequent tranches when time slicing contracts are used and no new contract packages are proposed in the new tranche
- (b) additional financing requests (except where additional financing was processed to only to cover cost overruns),
- (c) project readiness financing (PRF)
- (d) **sector development program**
- (e) **financial intermediary loans**

SPP is not required

Policy based lending and result based lending

Key Consideration for development of an SPP



Process MAP for preparation of SPP

1- Project Concept Paper

- Project development objectives
- Project description
- Indicative works, goods and services to be packed

- Procurement Risk identification (Low-Moderate, Substantial, High)

Process MAP for preparation of SPP

2- Operating Environment

Borrower capacity and capability assessment

Appendix 5: Questionnaire to Executing Agency / Implementing Agency

CSPRA

PIR

PCRs

ADB

Previous
experience

	Question	Response
A	ORGANIZATIONAL AND STAFF CAPACITY	
	The procuring agency	
A1	Name of agency that would undertake day-to-day procurement and contract management activities	
A2	Description of the agency (Year established, ownership, number of staff, main business field, annual budget / revenue). Please provide a copy of the organization structure, and of the legal document for establishment of the agency	
A3	Type of infrastructure or services the agency is responsible for construction and operation (approximate proportions related to civil works, building works, goods supply, IT systems, or other)	
A4	Number of years experience of the agency in similar activities to those proposed in the project? (If none, what other kind of civil works / building construction / services or operations has it been involved in?)	

Process MAP for preparation of SPP

2- Operating Environment

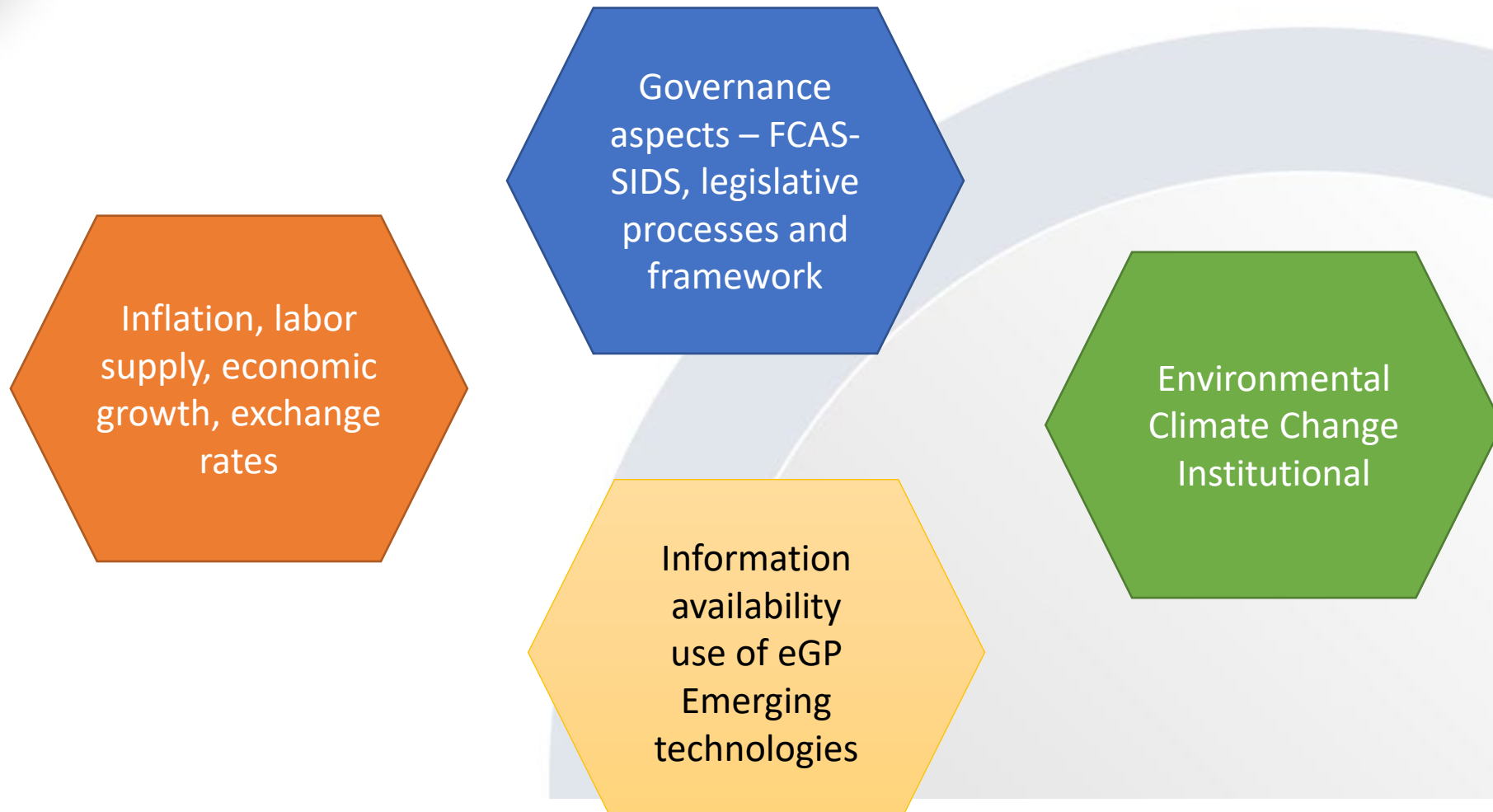
Borrower capacity and capability assessment- SWOT Analysis

Internal to Organization	Strengths <ul style="list-style-type: none"> The borrower agency has past experience with an ADB financed project of a similar nature. The country has well developed legal and institutional systems for public procurement There is an existing project management unit. 	Weaknesses <ul style="list-style-type: none"> The agency's procurement capacity is low. There is a low awareness of best practices in procurement Security risks at the project site are high. There is limited experience in attracting foreign bidders There are high levels of fraud and corruption in the country.
	Opportunities <ul style="list-style-type: none"> New high-level technology exists in-country to improve the speed of road rehabilitation. Performance-based maintenance can enhance road maintenance efficiency Management information systems can increase administrative efficiency 	Threats <ul style="list-style-type: none"> Contractors may hesitate to invest in new equipment unless there is a clear pipeline of projects. The market believes the procurement process seeks to achieve the lowest delivery price not the lowest project life cycle cost. The interest of innovative suppliers is limited. Some potential bidders are concerned about the security risks.
External to Organization		

Process MAP for preparation of SPP

2- Operating Environment

Borrower capacity and capability assessment-External Influences



Process MAP for preparation of SPP

2- Operating Environment

Borrower capacity and capability assessment-Support Requirements and Stakeholder Analysis

Based on weaknesses identified in SWOT analysis

Resource requirement to deliver fit-for-purpose SPP, bidding and contract awards

Implementation arrangement, PIU structure- need support from other units of the organization, reliance on consultants

External stakeholders (environment department, land department, CSO, bidding community, security agencies)

Process MAP for preparation of SPP

3- Market Analysis

Data Collection and Analysis

Contract awards database

Data maintained by the Borrower/EA

Data available on ADB website on Procdash

BERs, interviews with the industry associations, PEC data, internet search and online surveys

Internet search, Request for information, road shows

[Operational Procurement Statistics Dashboard \(ProcDash\)](#) | [ADB Data Library](#) | [Asian Development Bank](#)

Process MAP for preparation of SPP

4- Sustainable Procurement

Conventional Procurement

The act of procuring and/or obtaining goods or services, typically for business purposes

Sustainable Public Procurement (SusPP)

A procuring and investment process considering the environmental, social, economic, and institutional impacts of the entity's spending.

Process MAP for preparation of SPP

Four pillars of sustainable procurement

ENVIRONMENTAL



Environment
Resource
management,
CO2 reduction
Waste disposal
Use of
alternative
energies

SOCIAL



Human Rights
Disability Inclusive
Procurement
Cultural and Indigenous
Empowerment
Food Security
Fair Pay and Labor Law
Protections
No Child Labor
Gender Equality

ECONOMIC



Total Cost of Ownership
Value for Money

INSTITUTIONAL



Business Ethics
Sustainable
Institutional
Development
Governance and
Management
Use of Country Systems
Policies and Targets

Process MAP for preparation of SPP

5- Risk Management

(i) agency capability and capacity,
(ii) agency experience,
(iii) issues encountered in past procurement and contract management by the agency,
(iv) market issues (may include insufficient, or excessive competition, failure of reputable firms to win etc.),
(v) safety and security at the project site,
(vi) business and operating environment,
(vii) effectiveness of oversight mechanisms,
(viii) any discrepancies between local procurement regulations and ADB procurement regulations,
(ix) sustainability issues, and
(x) contract management.

Mitigation Action

Avoid

Minimize

Spread or transfer

Accept

Process MAP for preparation of SPP

5- Risk Management Project Procurement Risk Assessment Risk Register

Risk Description	Risk Impact	Likelihood ("L") (1-5)	Impact ("I") 1-5)	Risk Score (L x I) and rating	Proposed Mitigation	Risk Owner
Project director is also head of bid evaluation committee, signs contracts and payment authorization i.e. inadequate separation of powers	Increased potential for corruption, increased costs, unfairness	Almost certain 5	Moderate 3	Substantial 15	IA to appoint chair of evaluation committees that is independent of the project team IA board to continue to maintain oversight, consider strengthening ability of audit team to also oversee procurement	EA
Agency does not have access to an advanced government procurement training program	Agency is unable to carry out procurement to ADB requirements, leading to implementation delay and/or rebidding	Almost certain 5	Moderate 3	Substantial 15	Startup support individual consultant(s) and an implementation support consulting firm will be engaged to assist the IA with procurement.	EA
IA's lack of familiarity with ADB new procurement regulations	Implementation delay	Possible 3	Moderate 3	Moderate 9		EA

Process MAP for preparation of SPP

6- Option Analysis

Option Analysis may not be required for all packages

- (i) Contract packaging (number of packages and their scope),
- (ii) Use of international or national advertising (if national advertising may use local language for bidding and the contract language),
- (iii) Use of one envelope or two envelope procedure,
- (iv) Conventional design – bid – build, or design and build approach,
- (v) Use of prequalification (either with or without ranking) or post-qualification,
- (vi) Application of ADB or counterpart finance to packages,
- (vii) Combined civil and mechanical and electrical packages or separate packages,
- (viii) Use of lump sum or unit price / remeasurement methods of pricing,
- (ix) Evaluation method to solely apply pass / fail criteria, or include use of merit points,
- (x) Site security to be provided by client or contractor, and reimbursement mechanism.

Process MAP for preparation of SPP

7- Procurement Strategy

Review Requirements

Type of bid documents and contracting modality to be used

Standstill Period

Key Performance Indicator

Contract Management Approach

Value for money statement

Project Risk and Mitigation Measures Statement

A. Procurement Packaging

A1.17 [Summarize the contract packages and lots, with brief justification based on the analyses of the SPP process.]

B. Procurement Method

A1.18 [Summarize the procurement methods and advertising arrangements that will be used in the project (e.g., open competitive bidding with international advertising, open competitive bidding with national advertising, limited competitive bidding, request for quotations, direct contracting, etc.), including any thresholds that may have been agreed for the project packages, above or below which a particular method will apply. Provide justification based on the analyses of the SPP process, especially if limited competitive and noncompetitive methods are proposed.]

C. Prequalification

A1.19 [Describe any planned prequalification arrangements for key packages, including whether the prequalification plans to limit the number of applicants that are invited to bid. Provide justification based on the analyses of the SPP.]

D. Bidding Procedures

A1.20 [Describe the planned bidding procedures for key packages (i.e., single-stage-one-envelope, single-stage-two-envelope, two-stage, two-stage-two-envelope, multistage) and provide justification based on the analyses of the SPP process.]

E. Specifications

A1.21 [Describe the type of specifications that will be developed for key packages, e.g., conformance or performance, and provide justification based on the analyses of the SPP process.]

Key Takeaways

SPP is to be led by Borrower and ADB can support this activity

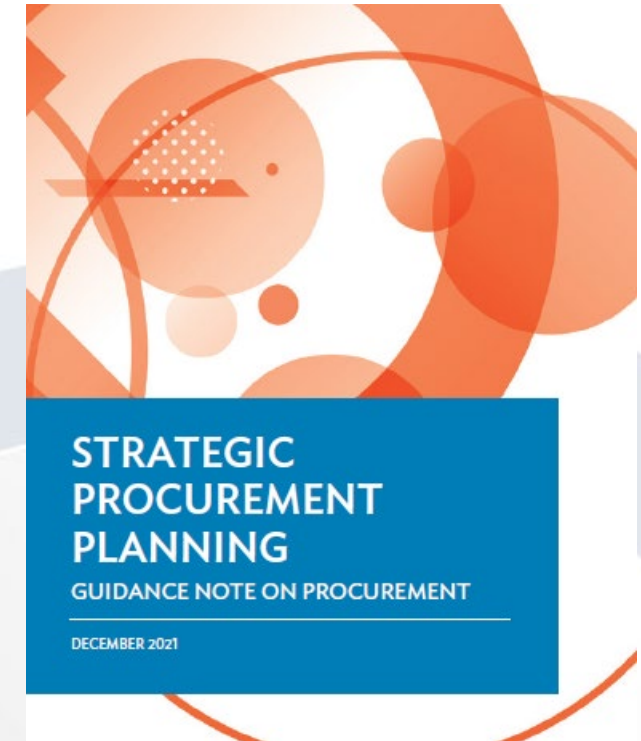
Level of effort will depend on the complexity, risks, value of project/contracts, use professional judgment

No need to reinvent the wheel, make effective use of existing data where available (ADB, other IFIs, EA/IAs etc.)

Have clarity on the implementation arrangement and role of key stakeholder in in the processing and implementation

Include VFM statement and key risk identified during this exercise and how these shall be addressed

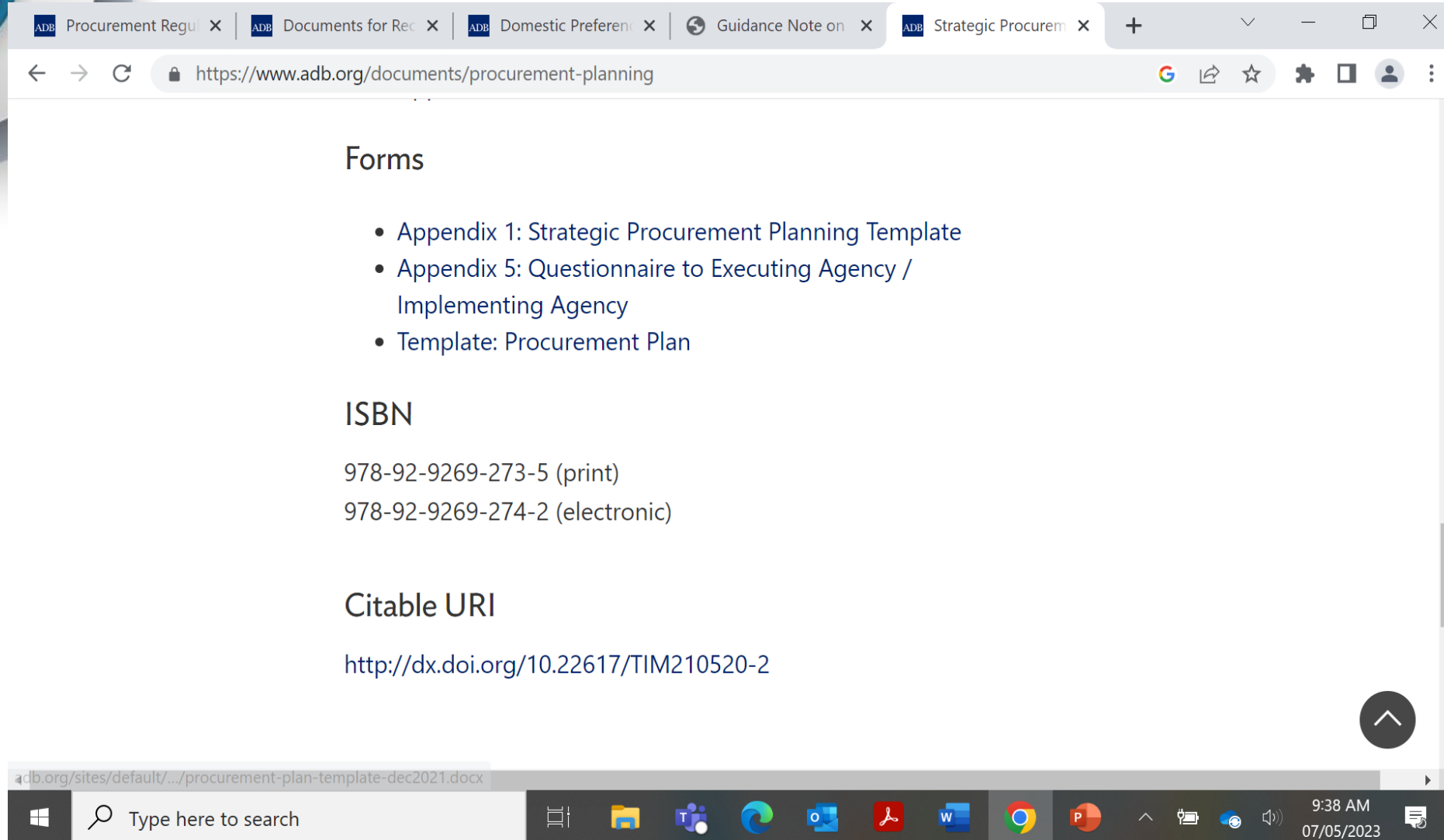
SPP is a living document and should be updated during implementation



<https://www.adb.org/documents/procurement-planning>

Key Takeaways

Only one SPP report – no septate PPRA



The screenshot shows a web browser window with the URL <https://www.adb.org/documents/procurement-planning>. The page content includes:

Forms

- Appendix 1: Strategic Procurement Planning Template
- Appendix 5: Questionnaire to Executing Agency / Implementing Agency
- Template: Procurement Plan

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<http://dx.doi.org/10.22617/TIM210520-2>

The browser's address bar shows the path `adb.org/sites/default/.../procurement-plan-template-dec2021.docx`. The Windows taskbar at the bottom displays the time as 9:38 AM on 07/05/2023.

Project Administration Manual

B. Procurement Information in PAM

To seek proposed project/grant approval from ADB's Board of Director , Report and Recommendations to the President (RRP) is prepared by ADB staff

Legend
black text without brackets = mandatory standard wording
(black text within brackets) = (optional standard wording)
red text = instructions for writer
green text = sample wording
blue text = hyperlinked text

Project Administration Manual (PAM) is a linked document to the RRP.

PAM describes the essential administrative and management requirements to implement the project on time, within budget, and following the policies and procedures of the government and the ADB

PAM should reference all available templates and instructions either by linking to relevant URLs or by directly incorporating them in the PAM.

Project Administration Manual

Project Number: {XXXXX-XXX}
{Loan Number(s): {XXXX, XXXX, XXXX}}
{Grant Number(s): {XXXX, XXXX, XXXX}}
{TA Number(s): {XXXX, XXXX, XXXX}}
{Month Year}

{Full Country Name}: {Project Title}

What is the purpose of PAM



PAM is a useful reference for new colleagues for effective communication and implementation, provided it is updated regularly.



Based on the discussion/information available in SPP, include information of advance contracting and retroactive financing

Provide details of key procurement activities throughout the project duration

Include contact information on procurement assigned staff

Table 2: Advance Contracting Actions

Date	Project Processing Milestone (ADB)	Advanced Procurement Activities		
		Project Implementation/ Supervision Consultant	Output 1 (IA1)	Output 2 (IA2)
	Concept paper review meeting: approve advance contracting			
Jan 2023	Consultant's preparatory outputs	Advertise EOIs		
Feb	Fact-finding mission: prepare MOU and preliminary PAM	Prepare shortlist report		
Mar	Management review meeting	Issue RFP	Invite bids	
Apr	RRP and loan agreement sent to the Government of Sri Lanka	Loan negotiations	Receive bids	
May	Board consideration or approval	Submit proposal Submit technical evaluation	Submit technical evaluation	
Jun	Loan signing	Open and evaluate financial proposals	Open and evaluate financial proposals Submit financial evaluation	Invite bids
Jul	Loan effectiveness	Sign contract	Sign contract	Receive bids
Aug		Mobilize consultants	Commence works	Submit technical evaluation

Table 3: Overall Project Implementation Plan

{Indicative} Activities	Year 1				Year 2				Year 3				Year 4				Year 5			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A. DMF																				
Output 1																				
Activity 1.1																				
Activity 1.2																				
Output 2																				
Activity 2.1																				
Activity 2.2																				
B. Management Activities																				
Procurement plan key activities to procure contract packages																				
Consultant selection procedures																				
Environmental management plan key activities																				
Gender action plan key activities																				
Communication strategy key activities																				
Annual and/or midterm review																				
Periodic progress reports																				
Annual project financial statements																				
Project completion report																				

VI. PROCUREMENT¹²

A. Applicable Procurement Policy

43. Procurement of goods, works, consulting services, and nonconsulting services will follow the ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time). **In case another procurement policy framework applies, replace the contents of this paragraph with the details of the applicable framework.**

B. Procurement Strategy Summary

44. The executing agency has prepared a strategic procurement planning report for the project, which defines a procurement strategy that will support the delivery of the project outputs and the achievement of the planned project outcomes. Procurement activities include **{provide a brief summary of the procurement strategy for the project, outlining the main packages and any specific approaches of interest}.**

45. **Describe how the project will achieve value for money in procurement through the inclusion of a value-for-money statement.**

C. Project Procurement Risk Classification

46. **Describe the procurement risk level for the project. This risk classification should update the risk rating assigned in the project concept paper based on further due diligence undertaken during project processing. This section should detail the main procurement risks observed and the main mitigation measure implemented to address those risks, and link to the project risk assessment and risk management plan included as a linked document to the RRP.¹³**

D. Project Implementation Arrangements

47. **Procurement methods. Provide a brief summary of the procurement methods to be used on the project for procuring goods, works, and consulting and nonconsulting services. In addition:**

- (i) **{Open competitive bidding with national advertisement. If this procurement method is used, include a paragraph describing any requirements related to its use, e.g., additional clauses to be included in bidding documents accepted for use, minimum bidding durations, or procedures for opening bids and/or proposals. State: Before the start of any procurement, ADB and the government will review the public procurement laws of the central and state governments to ensure consistency with the ADB Procurement Policy and record if any procurement arrangements mandated by those public procurement laws will not be applicable to procurement undertaken on the project.}**
- (ii) **{Direct contracting.} If this procurement method is to be used, provide details of the entity to be engaged by the government, the estimated value of the contract, and the related justification for not undertaking competitive procurement.¹⁴**



48. **Advance contracting.** Describe the types of advance contracts to be entered into regarding goods, works, consulting services, and nonconsulting services; and the steps to be concluded in advance, e.g., prequalification and short-listing, tendering, and bid and proposal evaluation. The issuance of invitations to bid (for goods, works, and nonconsulting services) or requests for proposals (for consulting and nonconsulting services) under advance contracting will be subject to ADB approval. The borrower{, executing agency, and implementing agencies} have been advised that approval of advance contracting does not commit ADB to finance the project.

49. **Retroactive financing.** Describe the maximum amount of eligible expenditures up to {insert the retroactive financing ceiling as a xx% of the total ADB loan or grant), incurred before loan or grant effectiveness, but not more than 12 months before the signing of the loan or grant agreement. The borrower{, executing agency, and implementing agencies} have been advised that approval of retroactive financing does not commit ADB to finance the project.

50. **Post-review sampling approach.** Describe the approach to post-review sampling agreed with the executing and/or implementing agencies for all packages not subject to prior review.

51. **Contract management.** Describe the requirements on preparing contract management plans for procurement packages, as well as specific requirements in terms of their review and update, as appropriate.

52. If applicable, include additional paragraphs for the following elements.
- (i) **{Alternative procurement arrangements.}** Describe the main responsibilities of the various parties to the alternative procurement arrangements.
 - (ii) **{Cofinancier requirements.}** Describe any specific requirements of project cofinanciers with respect to procurement, e.g., requirements with respect to the eligibility of bidders, inclusion of covenants of integrity in bidding documents, and additional requirements related to anticorruption and integrity provisions.
 - (iii) **{Community participation in procurement.}** Describe the procurement and oversight procedures agreed for the implementation of any project components that will involve community participation.
 - (iv) **{Domestic preference.}** If the government will apply domestic preference provisions to the procurement of goods, works, and/or consulting or nonconsulting services, provide related details.
 - (v) **{eProcurement system.}** Describe the use of the borrower's e-procurement system on the project, including details of any system assessments undertaken, the procurement methods for which the use of the system is approved, and any restrictions on its usage.
 - (vi) **{Enhanced procurement support.}** If ADB will provide additional support (e.g., in consultant recruitment), provide related details.
 - (vii) **{Force account.}** Describe procedures agreed for implementing force account activities on the project.
 - (viii) **{Universal procurement.}** If ADB's member eligibility requirements are to be waived, in whole or in part, provide relevant details.

PP is a linked document to the PAM

It should be published on ADB as well as EA's website

PP should be updated at least once a year or as and when changes are made in the PP

Proposed changes must be consistent with the strategic procurement planning and procurement risk assessment including supply market analysis, as may be updated from time to time

Assessment and Risk Management Plan, a mandatory document to RRP is prepared that highlight key risks.

Project Administration Manual- Key Takeaways

Take active participation in the project processing to understand proposed project and procurement implementation arrangement

Keep track of changes in the PAM

Seek ADB approval as per agreed implementation arrangement and defined in the PAM and or loan/grant agreement

Quiz

Preparation of Strategic Procurement Planning document is responsibility of ADB

(a) True

(b) False

Quiz

Risks identified at Strategic Procurement Planning stage should not be updated during implementation

(a) True

(b) False

Quiz

Strategic Procurement Planning is conducted for Result based lending Program

(a) True

(b) False

Quiz

Project Administration Manual is prepared by ADB

(a) True

(b) False

Quiz

Merit point criteria can not be used for ADB financed projects

(a) True

(b) False

Group Discussion

Group A: Based on your engagement in SPP exercise in ADB financed projects, share your experience what are the key issues that you encountered in the preparation of SPP

Group B: Based on your engagement in SPP exercise in ADB financed projects, what are your recommendations to develop procurement strategy that provide VFM