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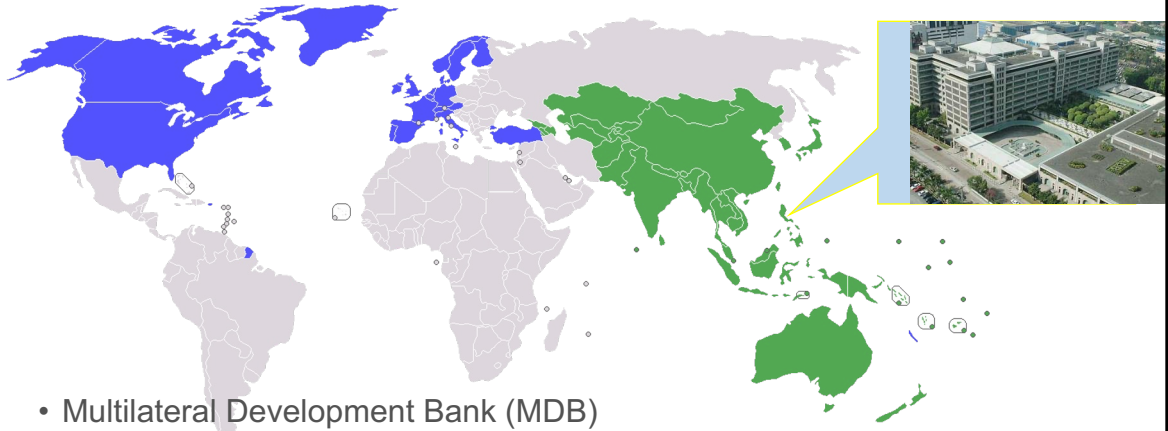


ADB Procurement Framework

Bisma Husen, Principal Procurement Specialist, ADB
Lahore, August 2023

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Asian Development Bank (ADB)



- Multilateral Development Bank (MDB)
- 68 member countries, 49 from the Asia & Pacific, 19 non-regional
- Headquarter in Manila, Philippines, and 40 Field Offices
- 3,500+ staffs from 60 nationalities



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Agreement Establishing the Asian Development Bank (ADB)

“The ADB Charter”

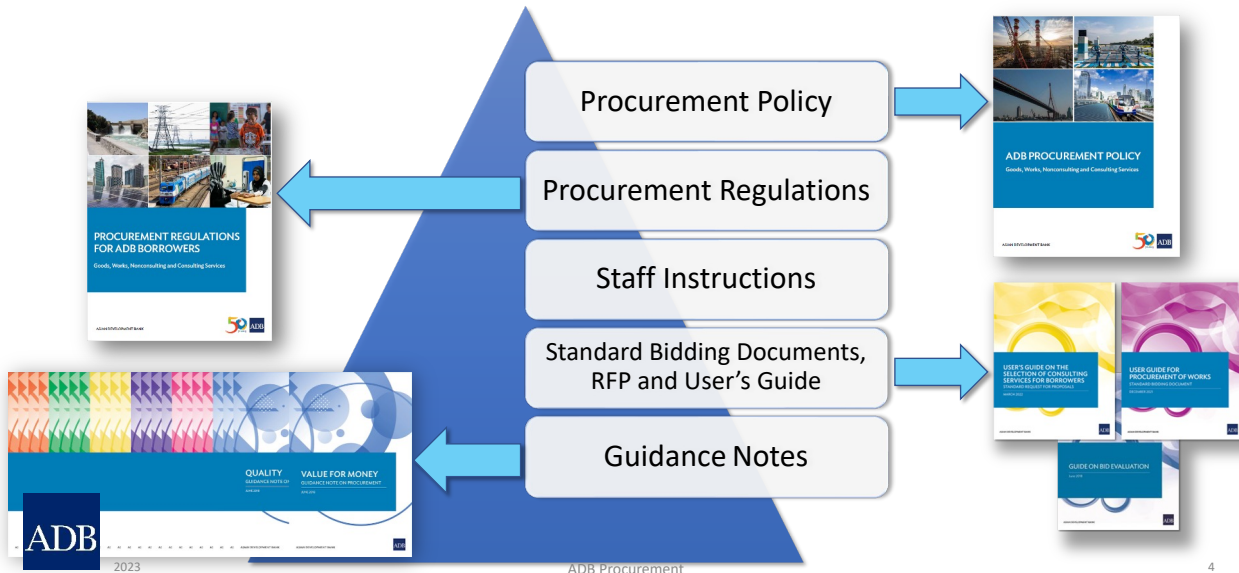
“ADB shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed or participated in by ADB are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency”

Chapter III, Article 14, Operating Principle (xi)



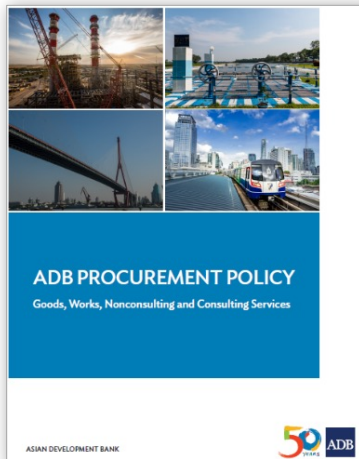
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ADB Procurement Policy



- It was approved by the ADB Board of Directors, who represent all member countries of ADB.
- It contains the core procurement principles of ADB.
- It mandates the application of the ADB Procurement Policy and Regulations in projects financed by ADB.



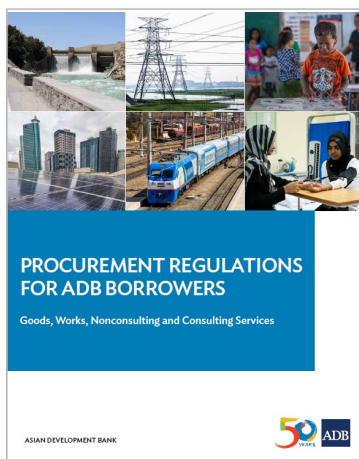
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ADB Procurement Regulations



- It was issued by the ADB President.
- It provides details of the ADB Procurement Policy and Procedures.
- It follows international practices in procurement.
- It is harmonized with those of other Multilateral Development Banks.



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Standard Bidding Documents (SBDs)



- It includes instructions, templates, forms for bidding and contract.
- It provides consistency and legal certainty in a procurement process.
- It incorporates international, time-tested practices.
- Its use is required, and specific ways for customization are provided.
- There are 8 Users' Guides (UGs) and 7 Standard Bidding Documents (SBDs) for Procurement of Goods, Works and Non-Consulting Services.
- There is 1 UG and 1 Request for Proposal (RFP) document for Selection of Consultant.



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Guidance Notes

- It is used to operationalize ADB Procurement policy and Regulations.
- It is grouped based on themes.

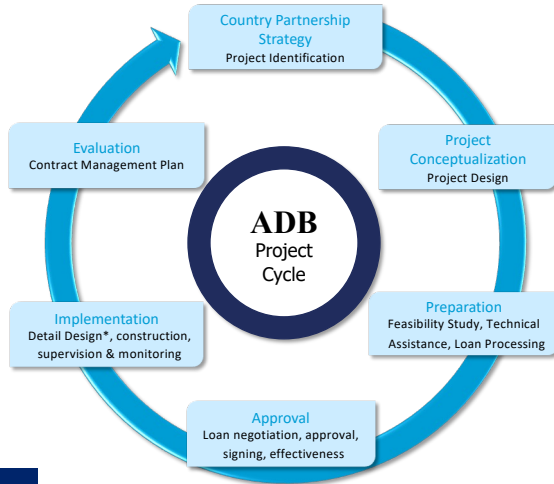


GUIDANCE NOTES					
Preparation and Planning	Procurement Methods	Bidding Procedures	New Principles and Practices	Complaints, Compliance, and Eligibility	Specialized Areas
<ul style="list-style-type: none"> • Procurement Risk Framework • Strategic Procurement Planning • Procurement Review • Alternative Procurement Arrangements 	<ul style="list-style-type: none"> • Open Competitive Bidding • Consulting Services Administered by ADB Borrowers • Non-consulting Services Administered by ADB Borrowers • Framework Agreements 	<ul style="list-style-type: none"> • Price Adjustment • Prequalification • Subcontracting • Domestic Preference 	<ul style="list-style-type: none"> • Value for Money • Quality • Contract Management • Abnormally Low Bids 	<ul style="list-style-type: none"> • Bidding-Related Complaints • Noncompliance in Procurement • Standstill Period • State-Owned Enterprises 	<ul style="list-style-type: none"> • Fragile, Conflict-Affected, and Emergency Situations • E-Procurement • Public-Private Partnerships • High-Level Technology • Sustainable Public Procurement • Use of Merit Point Criteria for Bid Evaluation



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The ADB Project Cycle



- The ADB Project Documents: the Loan and Project Agreements, the Project Administration Manual (PAM), and the Procurement Plan.
- The Loan Agreement includes specific provisions on finance, procurement, safeguards, anticorruption, and integrity.
- The PAM provides details on procurement arrangement and the Procurement Plan.



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The ADB Procurement Cycle



- The ADB Procurement Cycle shows the phases of procurement activities or processes throughout the Project Cycle.
- Throughout the procurement cycle, ADB carries out its fiduciary duties and provides implementation support in procurement through capacity building and procurement review, which consists of Prior Review and Post Review processes.



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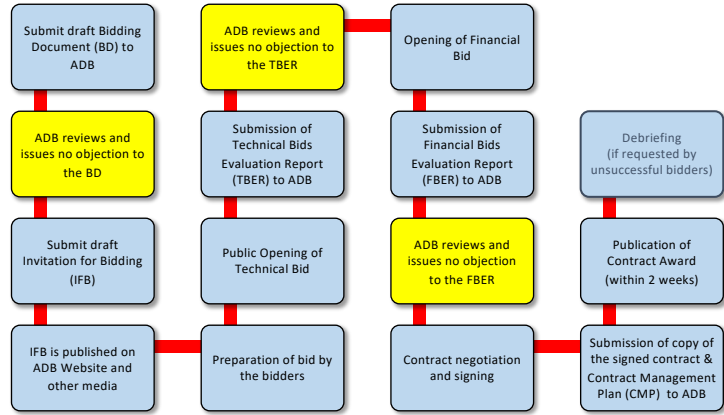
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Challenges in Application of The ADB Procurement Framework

- How to fully and consistently apply the ADB Procurement Framework throughout the Procurement Cycle.
- How to better align the EA’s internal approval process with the ADB prior review process.



Challenges in Application of The ADB Procurement Framework



How to manage multiple procurement frameworks from the Government, ADB and other MDBs:

- Addressing differing provisions, practices, approaches.
- Meeting additional resources and requirements needs for training, staffing, system development, e.g. electronic Procurement system.
- Managing multiple stakeholders, such as decision makers, auditors, bidders, legal-, integrity-, and civil organizations, media, etc.

Ineffective management of these frameworks can cause mistakes and delays, leading to an unsuccessful procurement process



Challenges in Application of The ADB Procurement Framework



Examples of differing provisions and/or practices:

- Bids deviating from the cost estimate by more than the accepted margin are subject to a prompt rejection.
- Tender that results in a single bid received is cancelled at the first instance.
- Certain deviations are typically considered material, leading to early rejection of bids.
- Evaluation using a scoring or merit points system is carried out in a prescriptive and mechanical manner.
- Rebidding is restricted to the conditions in the original bid, which can make it less effective.



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Challenges in Application of The ADB Procurement Framework



Addressing contractual disputes:

- Lack of prioritization when setting up a Dispute Avoidance/Adjudication Board (DAAB).
- Lack of local expertise in dispute avoidance/adjudication.
- There are delays in the implementation of the Engineer's determination or the DAAB's decision.



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Efforts to Address The Challenges

- Promote the professionalization of public and project procurement roles through capacity-building, certification programs, and policy reforms.
- Enhance the strategic procurement planning process during project preparation and utilize it effectively during project implementation.
- Establish a platform for peer-to-peer communication and knowledge sharing.
- Expand stakeholder communication to a wider audience, including auditors, legal and integrity organizations, civil organizations, business communities/associations, and the media.
- Improve construction law, construction contracts, contract management, and dispute adjudication function.



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