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Procurement Methods, Standard Bidding Documents and User's Guide

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Topics

1. Procurement methods
2. Open Competitive Bidding (OCB)
3. Standard Bidding Documents and User's Guide



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1. Procurement Methods



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Procurement of Goods or Works or Non-consulting Service

Nature	Supply of Goods, Civil Works, Services (Non-Consulting), Turnkey (design-supply-install), etc.
Size	Scope, magnitude, nature, location, market condition
Contract Type	Unit Price, Lump Sum, Hybrid
Slicing	Multiple lots bid package
Methods	OCB, LCB, RFQ, Direct Contracting, etc.
Qualification	Pre-qualification or Post-qualification
Bid Submission	1S1E (Single-State One-Envelope), 1S2E, 2S2E, 2S



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Procurement Process



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Procurement Methods and Arrangements

ADB Procurement Regulations (Sec. II)

- OCB: Open Competitive Bidding
- LCB: Limited Competitive Bidding
- Framework Agreements
- RFQ: Request for Quotations (previously “Shopping”)
- Electronic Reverse Auction
- Direct Contracting
- Force Account



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Procurement Methods and Arrangements

ADB Procurement Regulations (Sec. II)

Particular Types of Procurement Arrangements

- A. Selection of Consultants
- B. Selection of Individual Consultants
- C. Procurement from Specialized Agencies
- D. Procurement in Fragile and Conflict-Affected Situations
- E. Procurement Agent
- F. Support to Governments for Public–Private Partnerships
- G. Procurement of High-Level Technology
- H. Performance-Based Procurement
- I. Community Participation in Procurement
- J. Procurement under Loans Guaranteed by the Asian Development Bank



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Open Competitive Bidding (OCB)

- Preferred method of procurement for goods, works, and services.
- It consolidates competitive procurement methods.
- All eligible bidders, who can potentially meet the quality and technical requirements of the borrower, have the equal opportunity to bid.
- The objective is to achieve value for money through a fair and transparent process.
- It is advertised nationally or internationally, providing bidders with sufficient time to prepare their bids.
- Its use depends on project context and supply market, not by following specific threshold.



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Limited Competitive Bidding (LCB)

- Direct invitation to potential bidders without open advertisement.
- An appropriate method where (a) there is only a limited number of potential bidders, (b) the contract amount is not large enough to attract sufficient bidders through OCB, (c) other exceptional reasons justify departure from open advertisement.
- OCB procedures apply except advertisement and domestic preferences.



Framework Agreements

- A contract awarded between one or more contracting authorities, contractors, suppliers, or service providers using one of the procurement methods provided in the Regulations.
- The purpose is to establish the terms governing contracts to be awarded during a given period, with regard to price and quantity.
- Set out terms and conditions under which "call-offs" can be made throughout the agreement period.



Request for Quotations (RFQ)

- Comparison of price quotations obtained from several suppliers (goods), service providers, or contractors (works).
- An appropriate method for procuring readily available goods, small value standard commodities, standard or routine services, or simple works.
- RFQ includes descriptions, specification, quantity, delivery terms (location, time, etc.).
- Quotations may be submitted by electronic means, letter, or facsimile.
- The evaluation process follows the same principles as for open bidding
- Accepted offer to be issued a purchase order or a brief contract acceptable to ADB.



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Electronic Reverse Auction

- A scheduled online event in which prequalified bidders bid against each other through presentation of new prices revised downwards.
- Used for procurement of standardized products or services with precise technical specifications or requirements.



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Direct Contracting

Contracting without competition (referred to as single source selection), and may be appropriate under special circumstances, such as the following:

- Additional items under an existing contract which was competitively awarded within 18 months of the original order, additional quantities not exceeding 30% of the original quantities, no increase in the original price.
- Additional purchases from the original supplier justifying standardization of equipment or spare parts compatible with existing equipment.
- Proprietary equipment.
- Conditions for performance guarantee.
- Natural extension of previous contract/assignment which was competitively awarded.
- Very small assignment.
- Response to natural disasters.



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Force Account

- Construction by the use of the borrower's own personnel and equipment.
- Quantities of work involved cannot be defined in advance
- Works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices.
- Work is required to be carried out without disrupting ongoing operations.
- Risks of unavoidable work interruption are better borne by the borrower than by a contractor
- There are emergencies needing prompt attention.

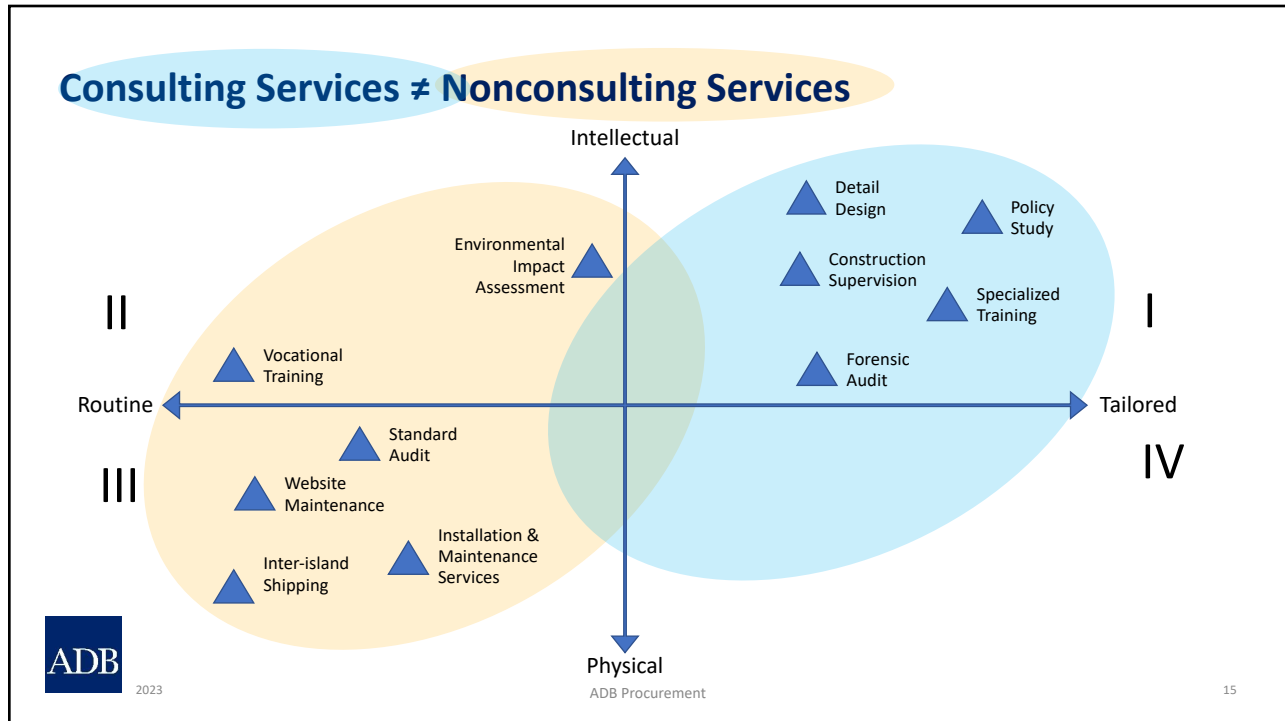


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Advertisement

	International Advertising	National Advertising
Amount	Works/Turnkey/DBO > \$ 40M, Goods > \$10M (*)	\$100K to below OCB (international) according to the nature of work ✓ Local companies have capacity ✓ Lack of international interests
Bid Document	ADB's Standard Bidding Documents (SBDs)	ADB's SBDs or as per agreement ✓ Local language, local bank (bid securities), local currency
Invitation for Bidding (IFB)	Local English newspaper of national circulation or freely accessible website in English, ADB website	Local newspaper of national circulation or freely accessible website ✓ All eligible bidders (national & international) can participate
Bid Preparation	≥ 42 days from IFB	≥ 30 days from IFB

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Review by ADB

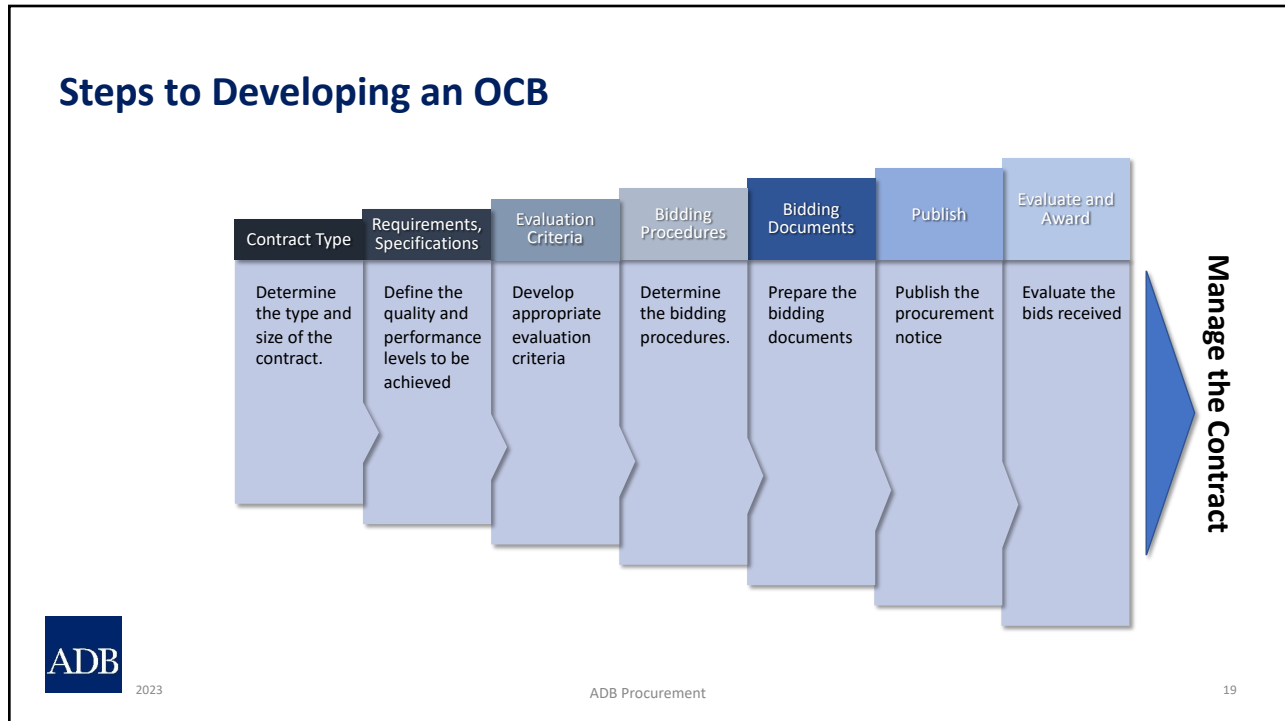
Prior Review	Post Review
<ul style="list-style-type: none"> Procurement Plan Prequalification (if used) and Bidding Documents Tender advertisement Technical Bid Evaluation Report Price Bid Evaluation Report and contract award recommendation Extension of bid validity Tender cancellation Complaint Contract modification and variation 	<ul style="list-style-type: none"> Can be used depending on the outcome of the procurement capacity assessment Often subject to satisfactory prior review of the first contract package All procurement documents to be promptly submitted after completion Sampling & response conducted within 6 months Records to be kept for 2 years

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2. Open Competitive Bidding (OCB)

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Contract Type

Contract Type

Determine the type and size of the contract.

Types of Contract

- Build – unit rate
- Lump-Sum
- Performance-Based Contracts
- Design – Build (DB)
- Design – Build – Operate (DBO)
- Turnkey
- Time-Based

Sizing of Contract

Packaging is to be based on risk, environmental and market considerations – not financial thresholds.

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Requirements and Specifications

Requirements, Specifications

Define the quality and performance levels to be achieved

Evaluation Criteria

Develop appropriate evaluation criteria

Matching Criteria to Objectives

Quality and Criteria

Performance Management and Criteria

Evaluation Criteria

max = maximum, min = minimum.

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Bidding Procedures Options

Bidding Procedures

Determine the bidding procedures.

<p>1. Single-Stage-One-Envelope</p> <p>Bidders submit their bids in one envelope containing both the technical and financial proposals</p>	<p>Often used for goods, works, and nonconsulting services contracts</p>
<p>2. Single-Stage-Two-Envelope</p> <p>Bidders submit two sealed envelopes simultaneously—one containing the technical proposal and the other the financial proposal, enclosed together in an outer single envelope.</p>	<p>Used generally for consulting services, but also applies to procurement of goods, works, and nonconsulting services contracts, if suitable</p>

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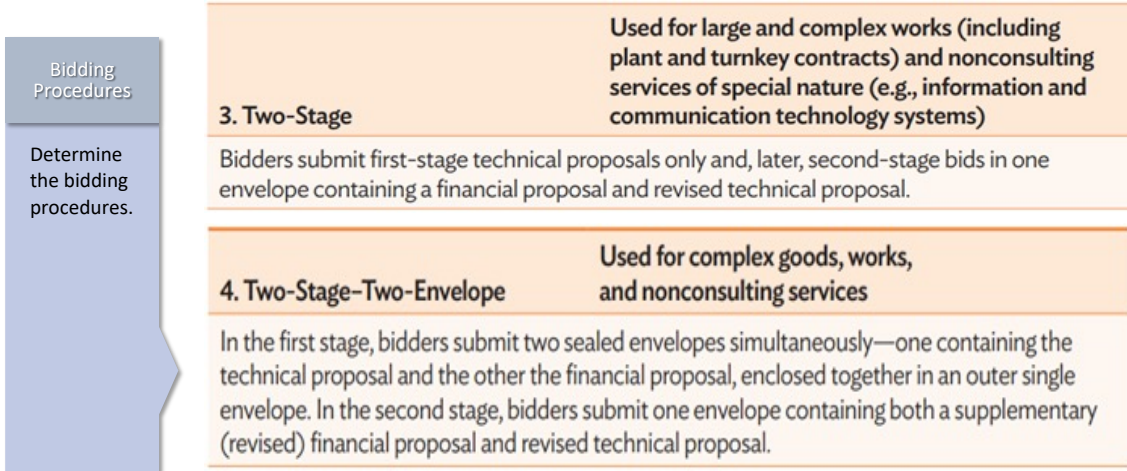
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Bidding Procedures Options



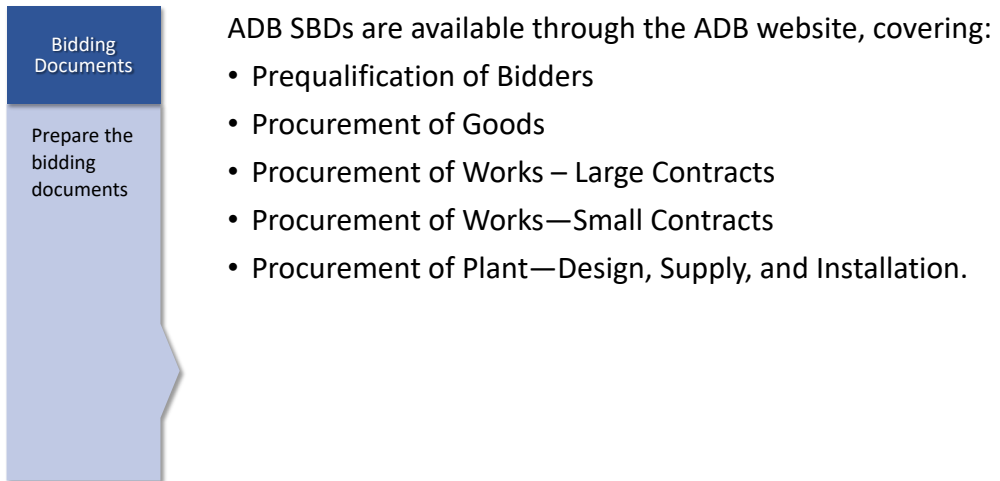
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Standard Bidding Documents



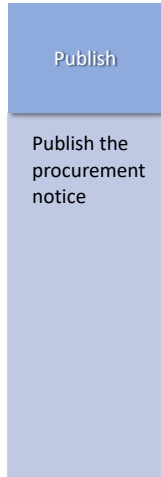
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Advertising of Bid Documents



- It is important to maximize participation through the timely notification and advertisement of adequate bid information.
- Procurement opportunities are advertised on the ADB website:
 - ✓ “Business Opportunities” and “Projects and Tenders” sections.
 - ✓ Consulting contracts are specifically advertised in the Consultant Management System (CMS).
- Depending on the use of international or national advertising, opportunities areas also advertised in national newspapers, gazettes, borrower country websites, or through other electronic means.
- Electronic procurement tools acceptable to ADB are recommended to be used whenever available.



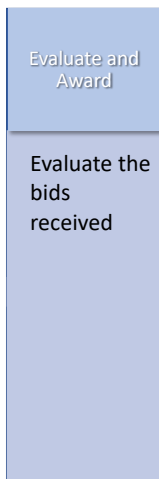
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Bid Evaluation



- The award of contract results from a bid evaluation process that determines the winning bidder by strictly following the criteria and methodology described in the bidding documents.
- The borrower will make its own arrangements on who undertakes the evaluation and how it is done, e.g., by a designated evaluation committee or other arrangements, and by the committee in joint session or by individual evaluations deliberated and put to a committee vote.
- There must be procedural guarantees
 - ✓ against conflicts of interest; and
 - ✓ for maintaining the confidentiality of information.
- ADB strongly recommends that the evaluation (and contract award) be completed within the initial period of bid validity, to avoid problems such as bidders not agreeing to extend the validity of their bids.



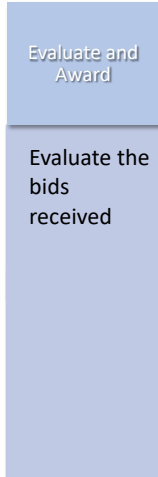
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Evaluation and scoring - criteria



- Mandatory factors are the ‘pass / fail’ criteria which the respondents either have or do not have. The threshold for passing needs to be defined in a transparent and definitive way, and the normal issues that would warrant inclusion as mandatory criteria are:
 - ✓ Certifications or professional registration
 - ✓ Approvals or registrations
 - ✓ Insurance cover e.g. professional indemnity or public liability
 - ✓ Capacity or availability
- Weighted scoring criteria, such as Merit Point System (MPS), where an allowance or adjustment is made in order to take account of special circumstances or compensate for a distorting factor, is now allowed in bid evaluation criteria.



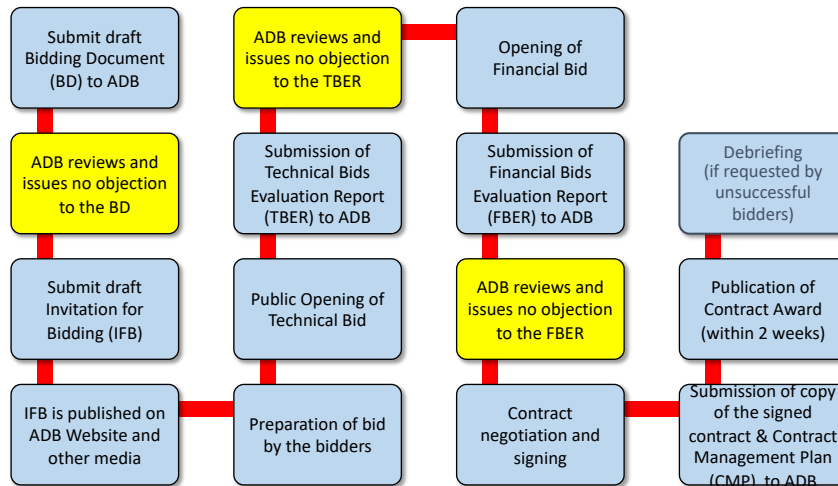
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Procurement Steps (OCB Works, 1S2E, post-qualification)



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3. Standard Bidding Documents and User's Guides



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Standard Bidding Documents (SBDs)



- Standardized instructions, templates, contract forms
- Provides consistency and legal certainty
- Best practices and time-tested
- Must be used – with specific ways for customization
- 8 Users' Guides (UGs) and 7 Standard Bidding Documents (SBDs) for Procurement of Goods, Works and Non-Consulting Services
- 1 UG and 1 Request for Proposal (RFP) document for Selection of Consultant
- User Guide for Procurement of Works-FIDIC 2017



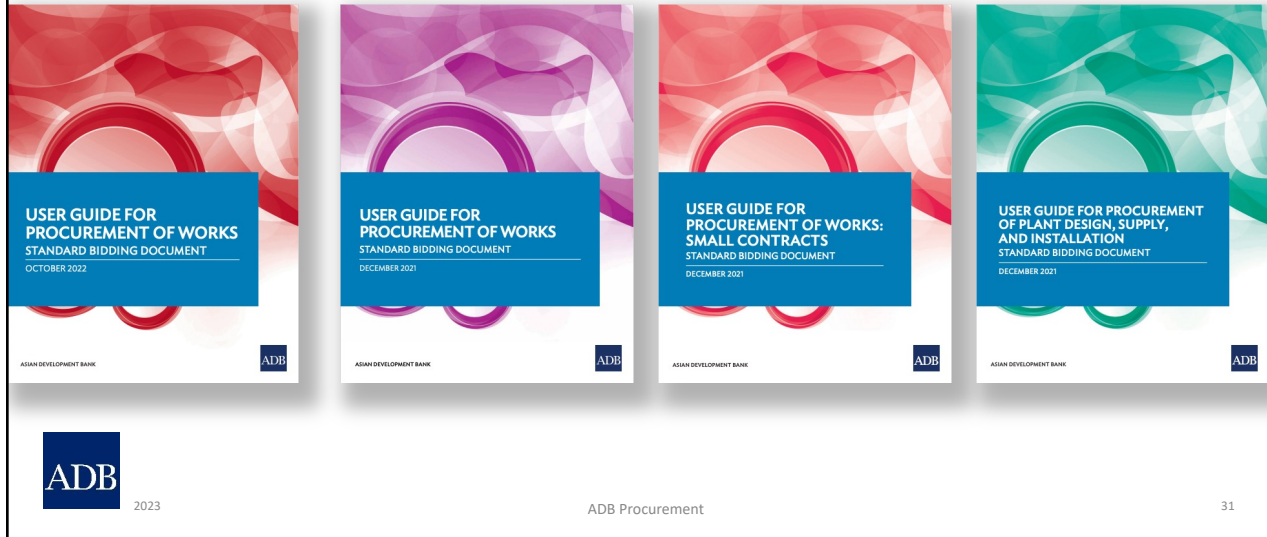
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Procurement SBDs and User's Guides for projects with concept notes approved on or after 1 July 2017



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Procurement SBDs and User's Guides for projects with concept notes approved on or after 1 July 2017



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