

*The views expressed in this presentation are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.*

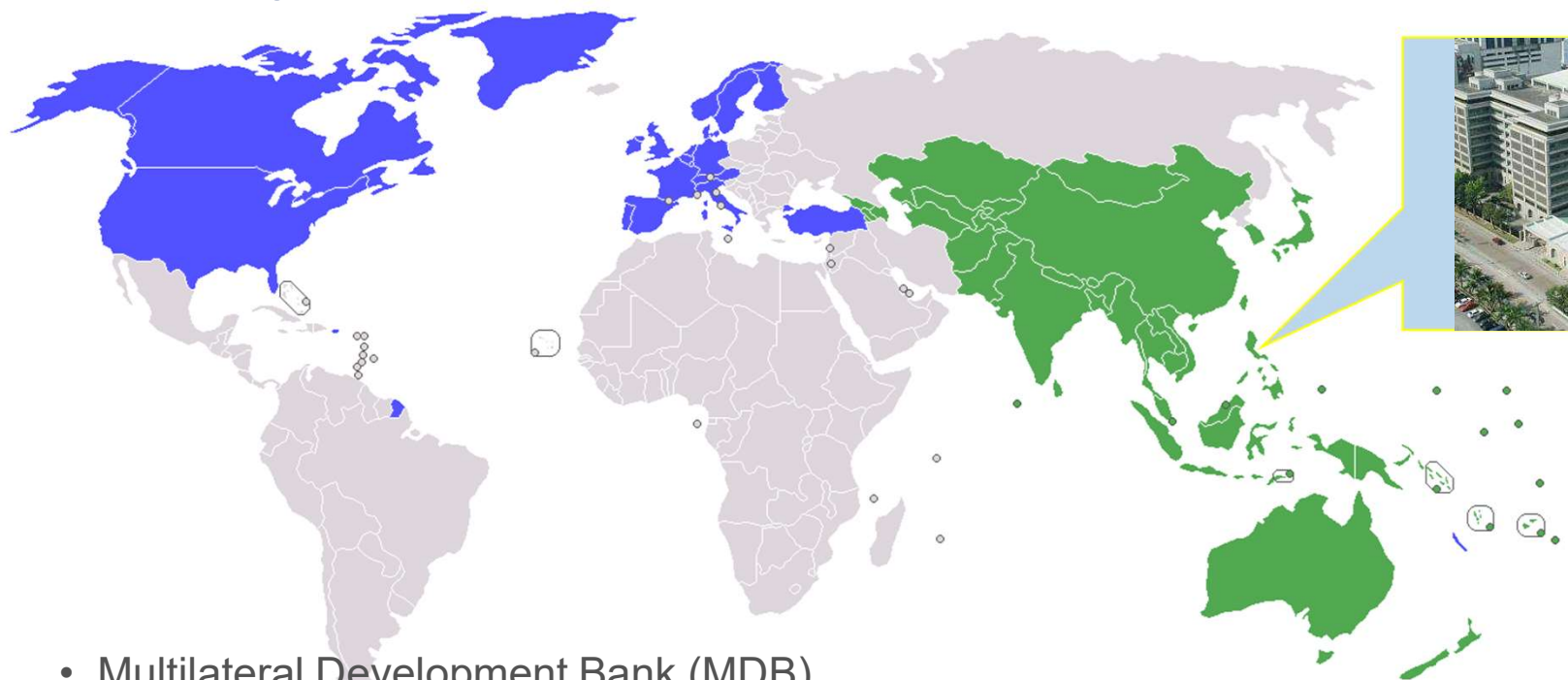


# ADB Procurement Framework

Bisma Husen, Principal Procurement Specialist, ADB

Karachi, November 2023

# Asian Development Bank (ADB)



- Multilateral Development Bank (MDB)
- 68 member countries, 49 from the Asia & Pacific, 19 non-regional
- Headquarter in Manila, Philippines, and 25 Resident Missions, 3 Regional Offices, 11 Pacific Country Offices (2020)
- 3700+ staffs from 60 nationalities (2022)



2023

ADB Procurement

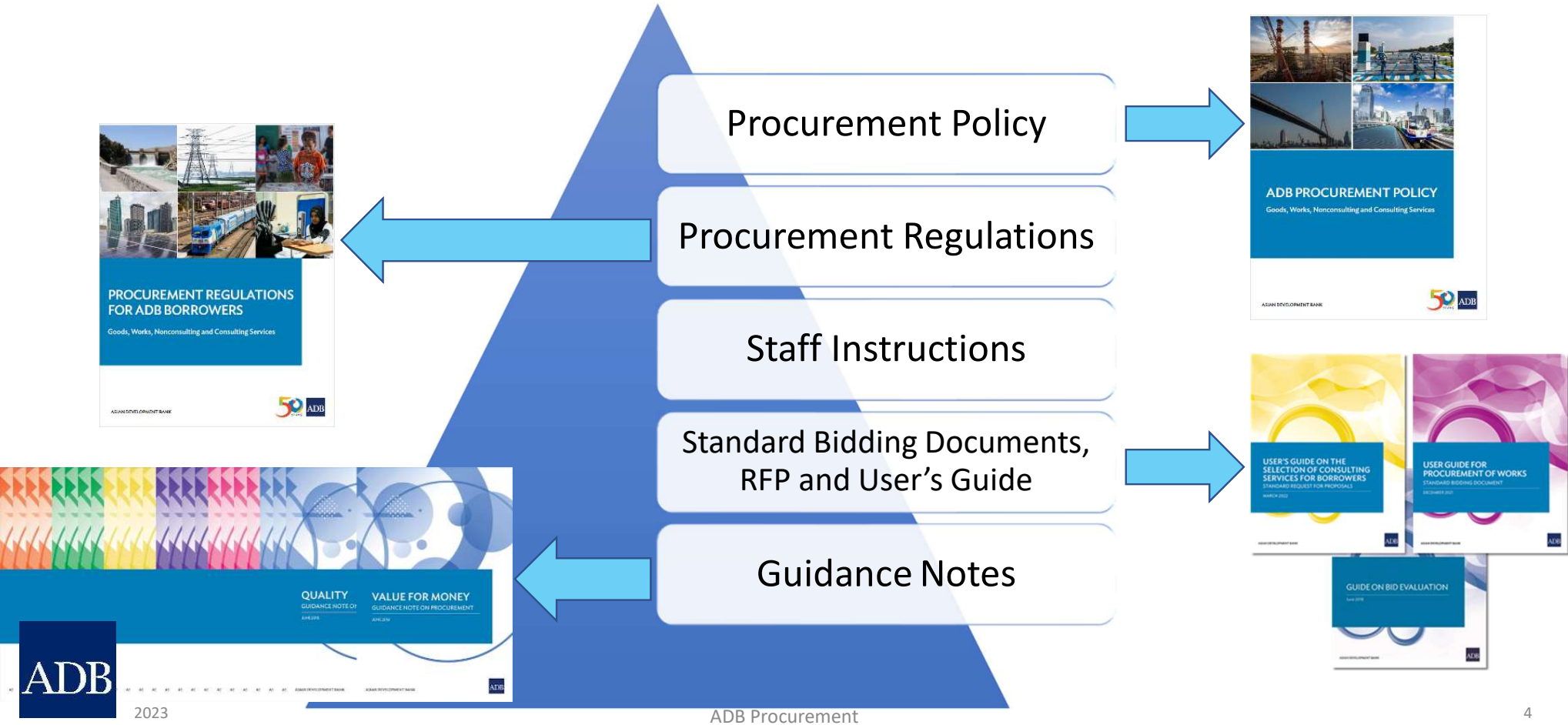
# Agreement Establishing the Asian Development Bank (ADB)

“The ADB Charter”

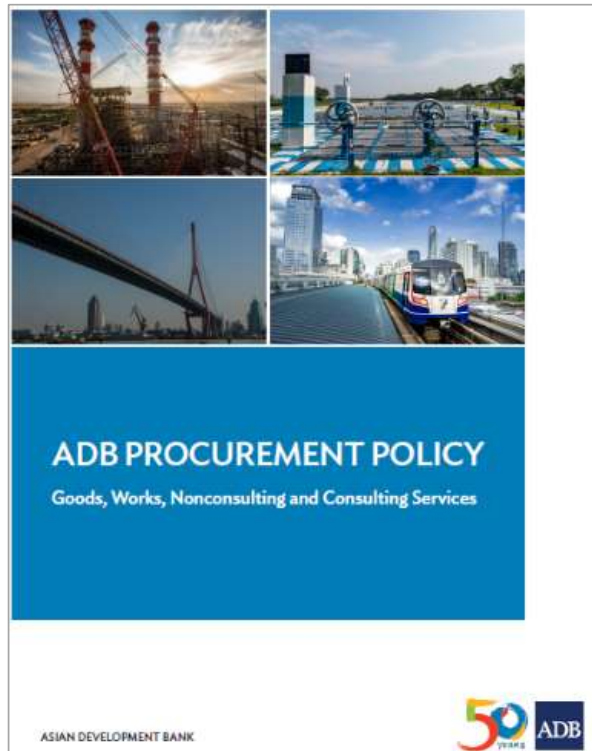
*“ADB shall take the necessary measures to ensure that the proceeds of any loan made, guaranteed or participated in by ADB are used only for the purposes for which the loan was granted and with due attention to considerations of economy and efficiency”*

Chapter III, Article 14, Operating Principle (xi)

# ADB Procurement Framework

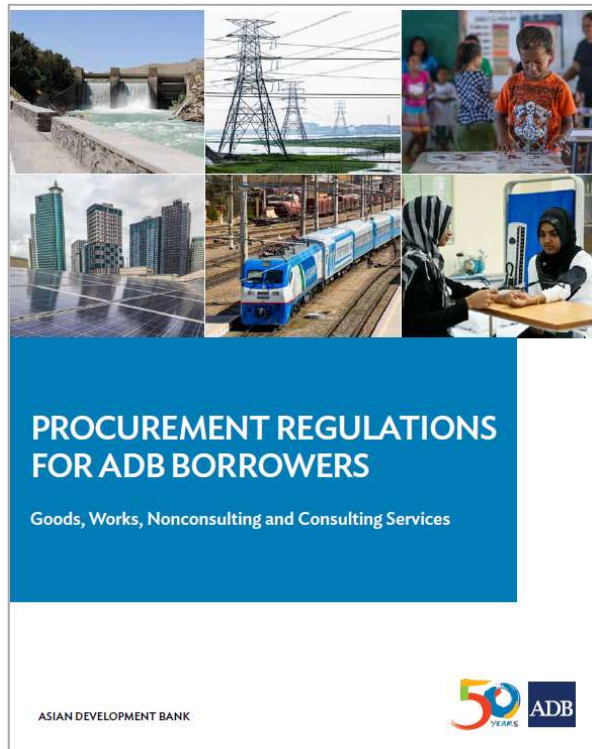


# ADB Procurement Policy



- It was approved by the ADB Board of Directors, who represent all member countries of ADB.
- It contains core principles which govern procurement financed in whole or in part by ADB financing.
- It is referred to in the financing agreement.
- It stipulates that the responsibility for the implementation of the project, and therefore for the procurement, award, and administration of contracts under the project, rests with the borrower.

# 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.

## Standard Bidding Documents (SBDs)



- It includes instructions, templates, forms for bidding and contract.
- It provides consistency and legal certainty, and 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.
- Other SBDs may be used under certain conditions.

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



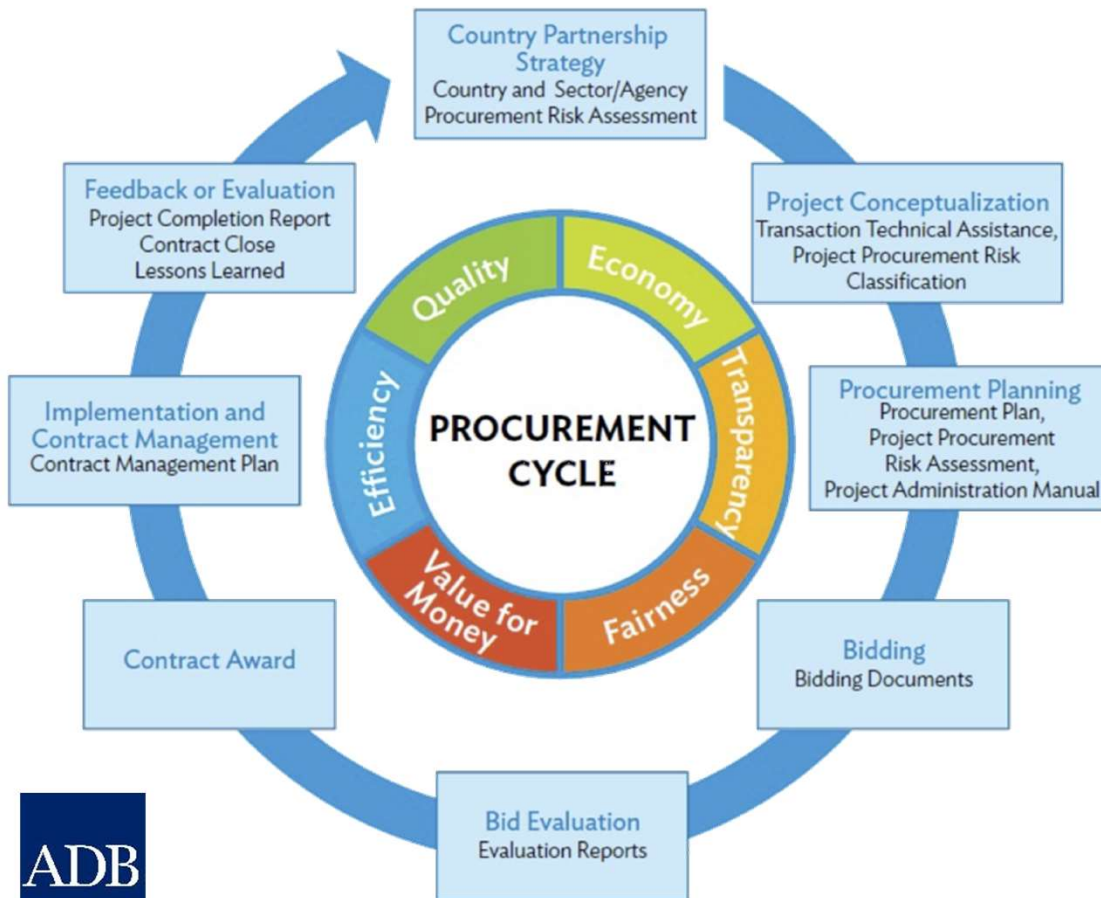


# The ADB Project Cycle



- 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.

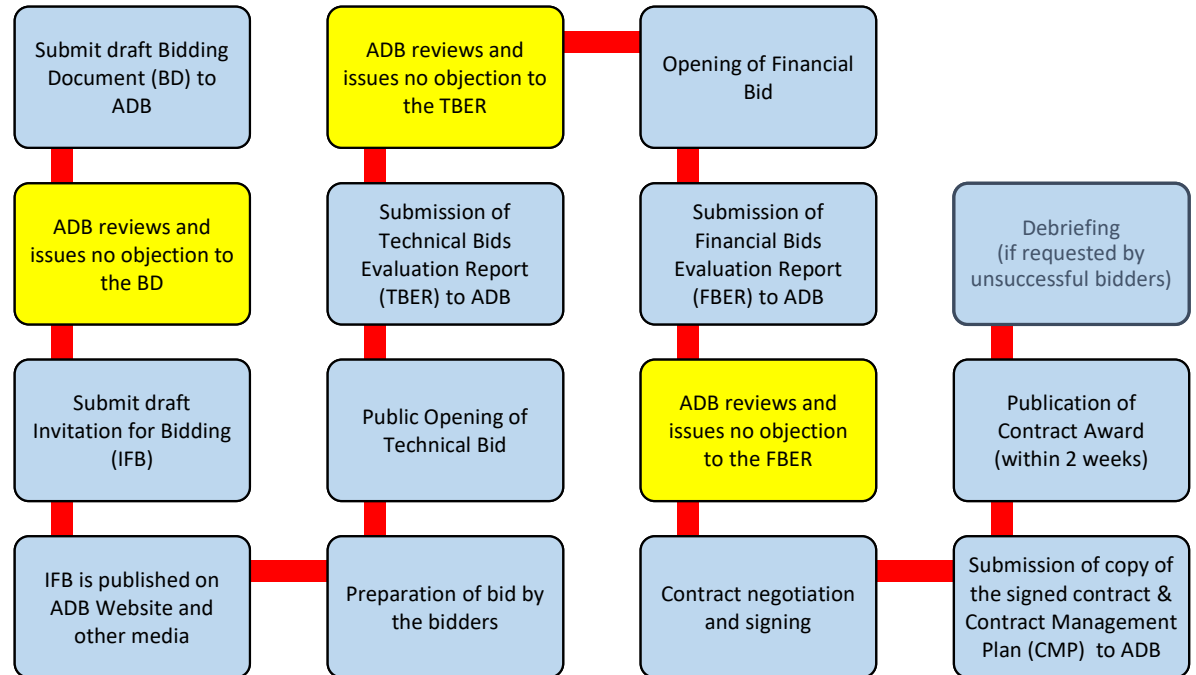
# The ADB Procurement Cycle



- 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.

# Challenges in Application of ADB Procurement Framework

- How to consistently apply ADB Procurement Framework.
- How to better align the EA's approval process and requirements.
- How to improve procurement efficiency, quality, and outcome to achieve value for money.



# Challenges in Application of ADB Procurement Framework



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

- Addressing differing provisions, practices, approaches.
- Meeting resources needs for capacity building and system development (e.g. e-Procurement).
- Managing multiple stakeholders, e.g. approvers, auditors, bidders, civil organizations, etc.

# Challenges in Application of 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 minor deviations are considered material, leading to rejection of bids.
- Merit points evaluation is carried out in a mechanical manner.
- Rebidding uses conditions in the original bid, which renders it ineffective.

# Challenges in Application of ADB Procurement Framework



Contract management – dispute resolution:

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

## Efforts to Address The Challenges

- Professionalization of public procurement function.
- Effective preparation and use of strategic procurement planning process.
- Peer-to-peer communication and knowledge sharing.
- Expand stakeholder communication.
- Improve construction laws and dispute avoidance and adjudication functions.

