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# Strategic Procurement Planning

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Karachi, November 2023

# Procurement Plan

Information on:

- Contract package for goods, works, and services
- Methods for procurement as agreed in the Financing Agreement
- Standard Bidding Document to be used
- ADB review procedure: prior review or post review
- Date of advertisement

It translates project implementation requirement into series of procurement actions which involves:

- Application of procurement principles
- Economic, social, and environmental objectives
- Market factors: scale – risk – value
- Specific circumstances: constraints, emergency situation, etc.

*Systematic procurement planning process can improve quality of the Procurement Plan and enhance project implementation*

# Strategic Procurement Planning (SPP)

A structured approach to prepare a Procurement Plan

- **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, Procurement Plan disclosure.



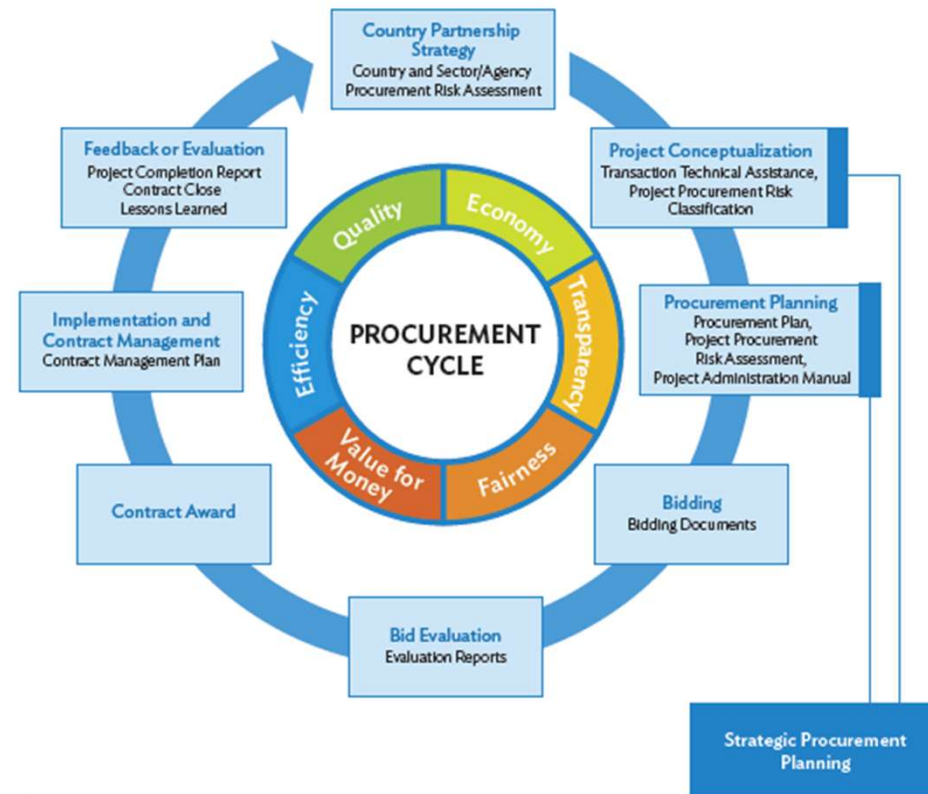
# When is SPP required?

SPP is required for all investment projects

- 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
- additional financing requests (except where additional financing was processed to only to cover cost overruns),
- project readiness financing (PRF)
- sector development program
- financial intermediary loans

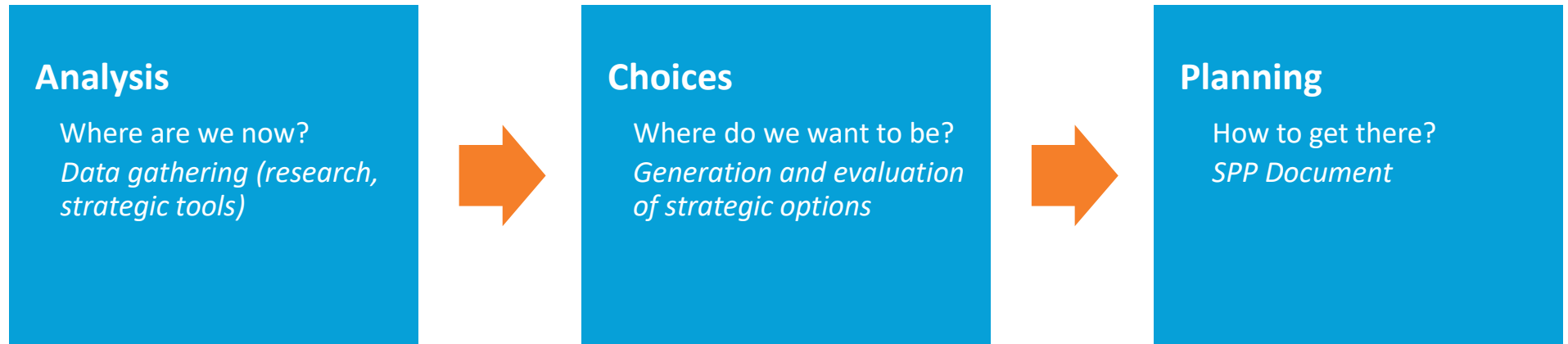
SPP is not required

- Policy-based lending and result-based lending



*It is important to perform SPP early in project cycle*

# SPP Approach



# SPP Process Map – Seven Steps

**1. Project Concept**

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

ANALYSIS

**2. Operating Environment**

- Borrower capacity and capability assessment
- Support requirements
- External influences
- Stakeholder and communication strategy

**3. Market Analysis**

- Contract awards / bid evaluation report analysis, interview and market sounding
- Supply positioning
- Supplier preferencing

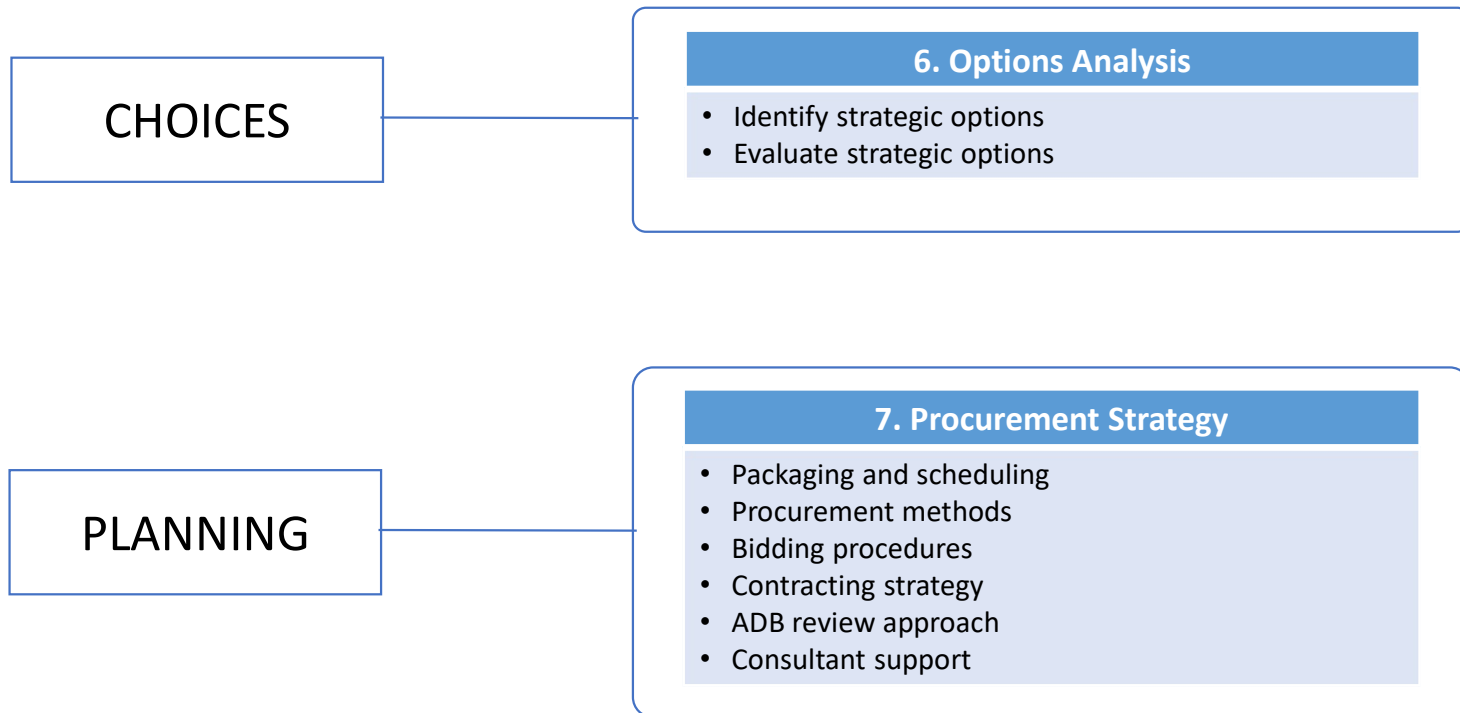
**4. Sustainable Procurement**

- Consideration of project-specific sustainability goals
- Other sustainability considerations
- Refer to ADB's Guidance Note on Sustainable Public Procurement for details

**5. Risk Management**

- Country and sector/agency procurement risk assessment
- Project procurement risk assessment
- Risk register

# SPP Process Map – Seven Steps



## 2. Operating Environment

Borrower capacity and capability assessment:

- CSPRA, PIR, PCR, previous experiences

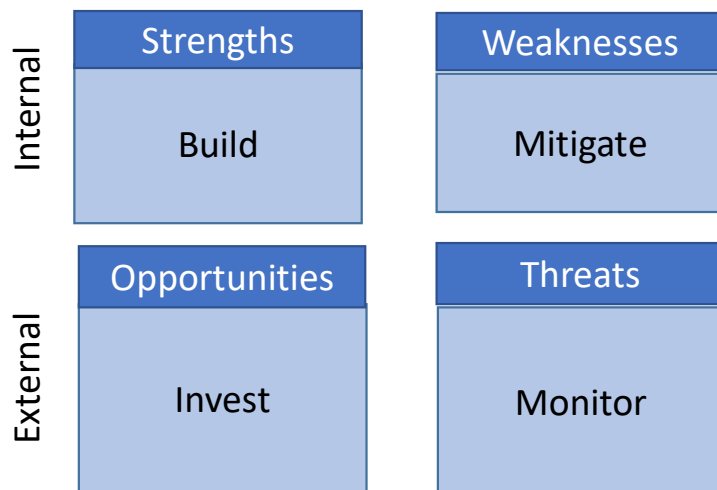
### Appendix 5: Questionnaire to Executing Agency / Implementing Agency

|          | Question   | Response |
|----------|--|----------|
| <b>A</b> | <b>ORGANIZATIONAL AND STAFF CAPACITY</b>   |          |
|          | <b>The procuring agency</b>  |          |
| 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?)                   |          |



## 2. Operating Environment

### Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis



|                          |  |  |
|--------------------------|--|--|
| Internal to Organization | <b>Strengths</b>   | <b>Weaknesses</b>  |
|                          | <ul style="list-style-type: none"> <li>The borrower agency has access to many competent consultants and contractors used to applying proven design and construction techniques.</li> <li>The borrower agency is the dominant buyer of relevant services.</li> <li>The borrower agency has sufficient influence and power to shape the market.</li> </ul> | <ul style="list-style-type: none"> <li>Funding for road rehabilitation is not viewed as a priority by the current government.</li> <li>Security risks are very high.</li> <li>There are high levels of fraud and corruption.</li> <li>The procurement capacity is low.</li> <li>There is a low awareness of best practices in procurement.</li> </ul>  |
| External to Organization | <b>Opportunities</b>   | <b>Threats</b>   |
|                          | <ul style="list-style-type: none"> <li>New high-level technology exists in-country to improve the speed of road rehabilitation.</li> <li>There is access to local labor pool for capacity building.</li> </ul>   | <ul style="list-style-type: none"> <li>The market does not have a history of offering innovation at tender stage.</li> <li>The market believes the procurement process seeks to achieve the lowest delivery price not the lowest project life cycle cost.</li> <li>The interest of innovative suppliers is limited.</li> <li>Some potential bidders are concerned about the security risks.</li> </ul> |

Source: Asian Development Bank.

## 2. Operating Environment

- GEST analysis

|                       |   |  |
|-----------------------|---|--|
| <b>GOVERNANCE</b>     | <ul style="list-style-type: none"><li>• Government type and stability</li><li>• Fragility and conflict</li><li>• Regulation and rule of law</li></ul> | <ul style="list-style-type: none"><li>• Performance of oversight agencies</li><li>• Government corruption</li><li>• State involvement in the economy</li></ul>                 |
| <b>ECONOMIC</b>       | <ul style="list-style-type: none"><li>• Rates of economic growth</li><li>• Rates of inflation</li><li>• Exchange rates</li></ul>                      | <ul style="list-style-type: none"><li>• Commodity prices</li><li>• Levels of unemployment</li><li>• Labor supply</li></ul>   |
| <b>SUSTAINABILITY</b> | <ul style="list-style-type: none"><li>• Climate change impacts</li><li>• Local environmental standards</li><li>• Recycling capability</li></ul>       | <ul style="list-style-type: none"><li>• Waste disposal</li><li>• Environmental impacts and remedies</li><li>• Corporate social responsibility drivers</li></ul>                |
| <b>TECHNOLOGY</b>     | <ul style="list-style-type: none"><li>• Emerging technologies</li><li>• Information availability</li><li>• Pace of change adoption</li></ul>          | <ul style="list-style-type: none"><li>• Access to latest technology</li><li>• IT systems capability and interfaces</li><li>• Access and use of e-procurement systems</li></ul> |

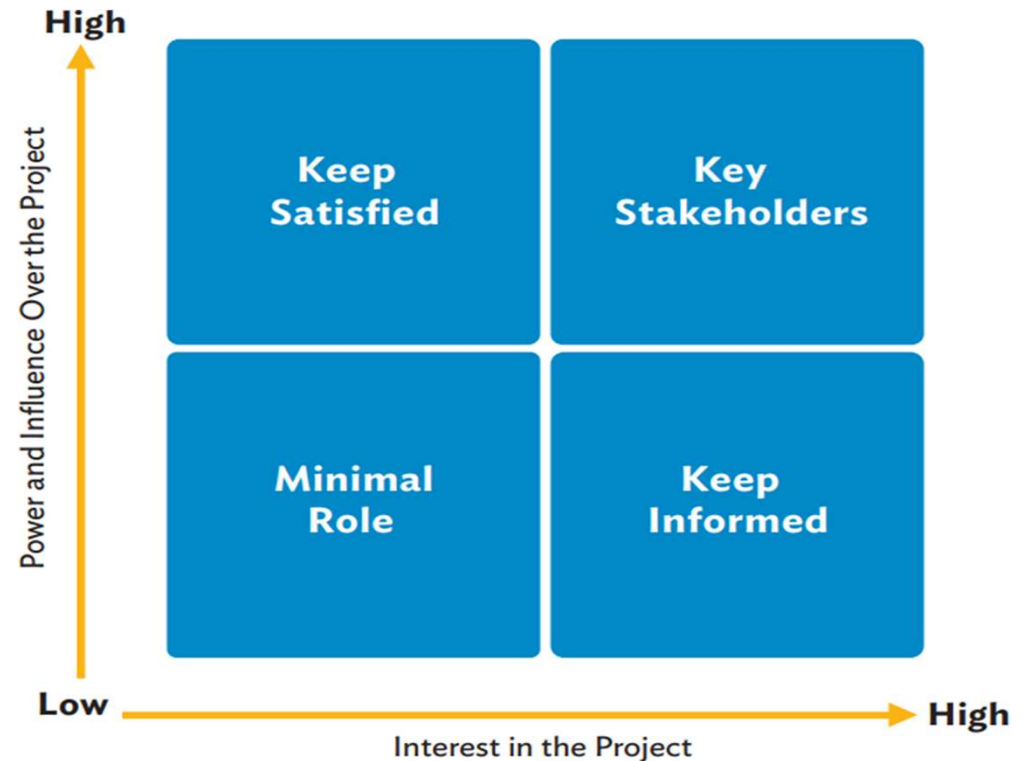
# 2. Operating Environment

- Support requirement

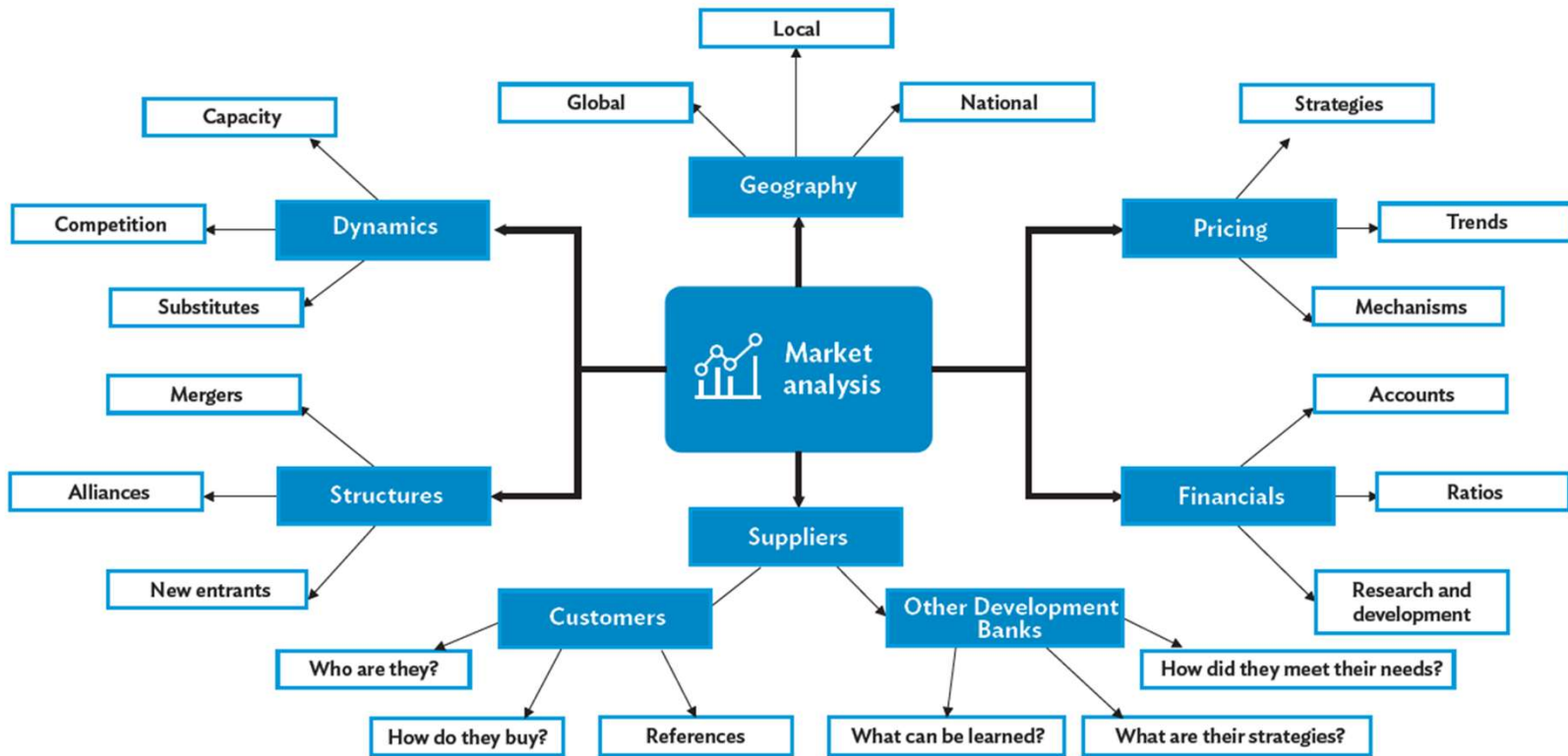
|   |  |
|---|--|
| Procurement capability and capacity                       |  |
| Experience in implementing similar projects               |  |
| Contract management capability and experience             |  |
| Level of reliance on external consultants                 |  |
| Existence and description of complaints management system |  |

## Step 2 – Operating Environment

- Map internal stakeholders (the project management unit, various units within the agency), and external stakeholders (other government agencies, the applicants or bidders, trade associations, civil society organizations, and local communities).
- Identify interest in the Project, and power and influence over the Project.
- Prepare Communication Plan



# 3. Market Analysis



### 3. Market Analysis

Summarize:

- Target markets and segmentation
- Market's capability to meet the borrower's needs and the project's development objectives
- How the market views the borrower in terms of attractiveness as the contract employer, e.g., its payment promptness, complaints management, responsiveness to queries, procurement capability, etc.
- The nature and level of competition within the target market
- Suppliers, contractors, and service providers, and their market shares
- Pricing

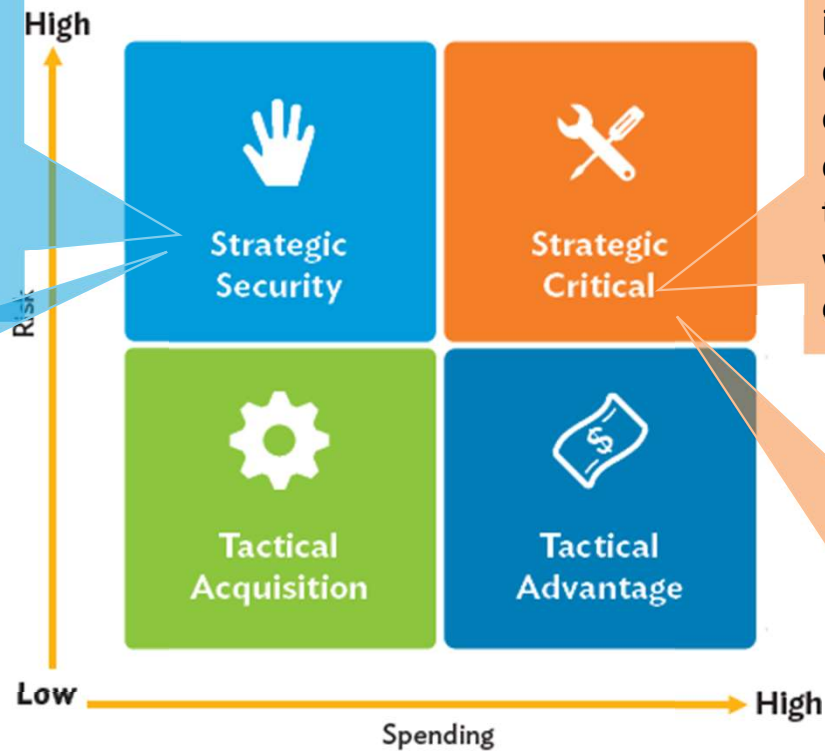
# Supply Positioning

## Key Principles

Robust risk analysis and mgt.  
 Safety stock  
 Total cost of acquisition, rather than price  
 Collaborative supplier relationship  
 Security of supply  
 Weighted selection criteria\*

## Key Deliverables

Tight performance measures  
 Contingency plan  
 Avoid supply chain failures  
 Explore alternative methods or solutions



## Key Principles

in-depth market knowledge  
 detailed cost models  
 early market engagement  
 comprehensive risk management  
 total costs of ownership  
 weighted selection criteria\*  
 collaborative supplier relationship

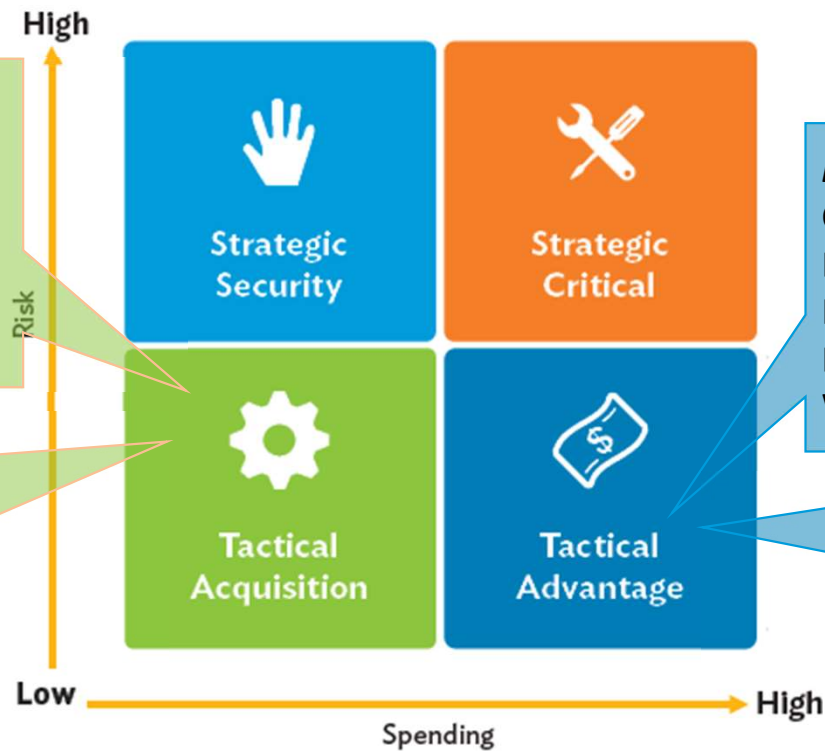
## Key Deliverables

Reduction in total project costs  
 High levels of innovation  
 Consistent contract performance  
 2-way performance measurement: borrower and supplier

# Supply Positioning

**Key Principles**  
 Simplify ordering process  
 Minimize cost of acquisition  
 Develop core customer reputation  
 Relationship management only if needed

**Key Deliverables**  
 Well-organized data  
 E-procurement  
 Catalog-based ordering  
 Framework agreement



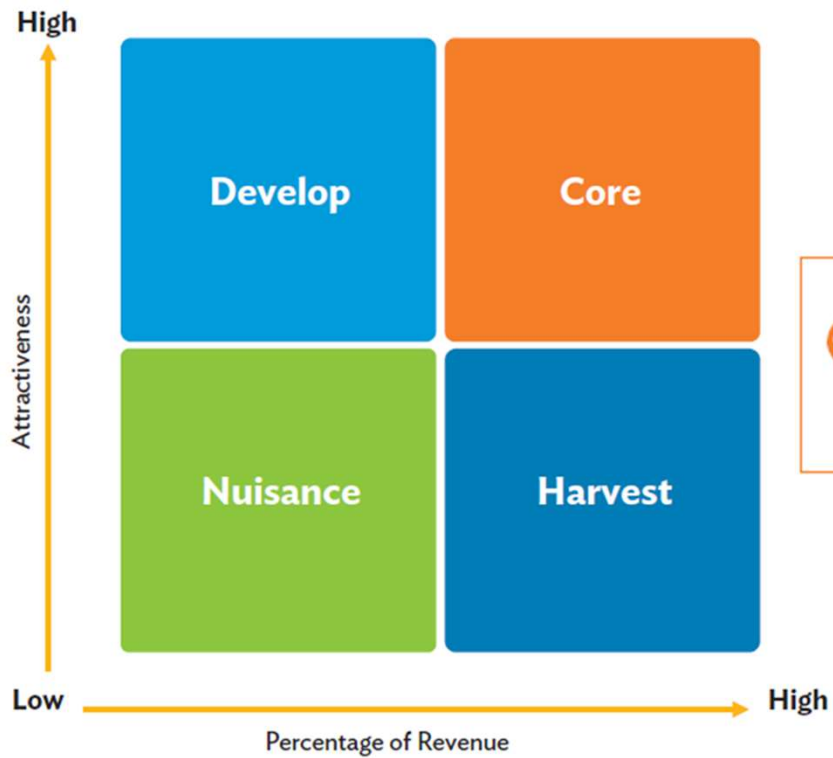
**Key Principles**  
 Cost reduction  
 Benefits from market competition  
 In-depth market knowledge  
 E-auctions  
 Win-lose negotiation

**Key Deliverables**  
 Detailed supplier analysis  
 Cost modeling  
 Project cost savings





# Supply Preferencing



## The supplier's view of the contract

- **Nuisance:** Supplier gives minimum attention and seeks to avoid or withdraw
- **Develop:** Supplier nurtures relationship, performs well, and provides incentives
- **Harvest:** Supplier seeks short-term advantage
- **Core:** Supplier seeks to “lock in” the buyer

## 4. Sustainable Procurement

### Conventional Procurement

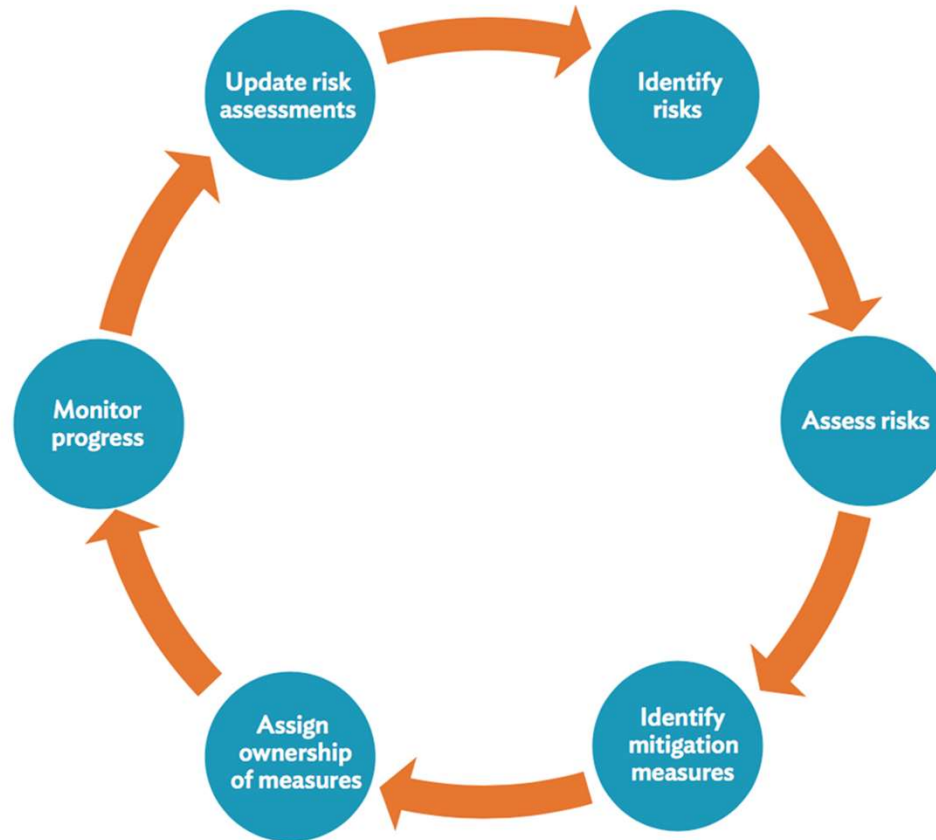
- The act of procuring and/or obtaining goods or services, typically for business purposes

### Sustainable procurement

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

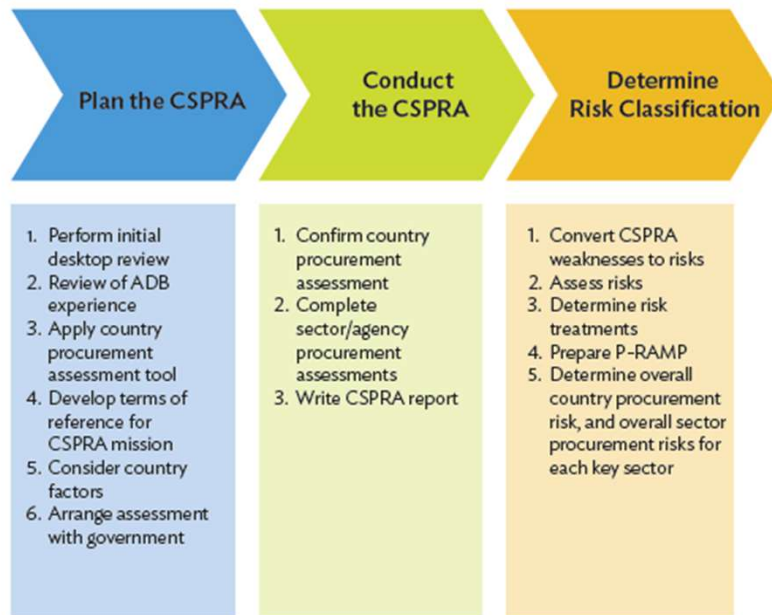
# 5. Risk Management

- Risk Process



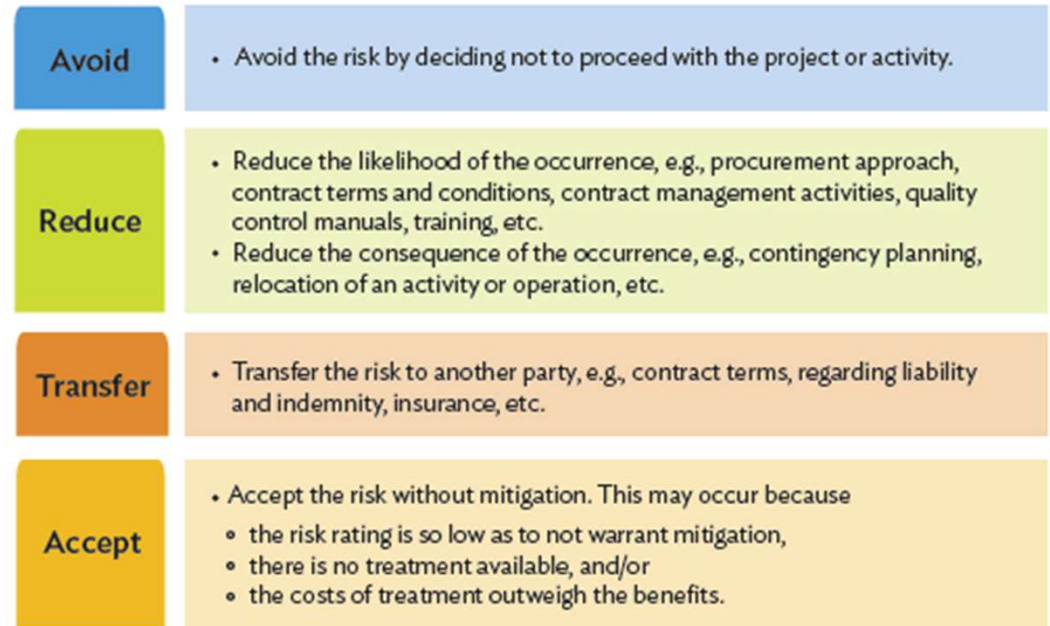
# 5. Risk Management

## Risk Assessment



ADB = Asian Development Bank, CSPRA = country and sector/agency procurement risk assessment, P-RAMP = procurement risk assessment and management plan.

## Risk Treatment



# 5. Risk Management

## Consequences

| Descriptor    | Consequence Score* | How the risk identified affects the achievement of |                |              |                  |             | Value for Money (6) |
|---------------|--------------------|--|----------------|--------------|------------------|-------------|---------------------|
|               |                    | Economy (1)  | Efficiency (2) | Fairness (3) | Transparency (4) | Quality (5) |                     |
| Insignificant | 1                  |  |                |              |                  |             |                     |
| Minor         | 2                  |  |                |              |                  |             |                     |
| Moderate      | 3                  |  |                |              |                  |             |                     |
| Major         | 4                  |  |                |              |                  |             |                     |
| Severe        | 5                  |  |                |              |                  |             |                     |

## Likelihood

| Descriptor     | Likelihood Score | Description                        | Indicative Probability |
|----------------|------------------|------------------------------------|------------------------|
| Almost certain | 5                | Expected to occur                  | > 95%                  |
| Likely         | 4                | Probably will occur                | 66%–95%                |
| Possible       | 3                | May occur at some stage            | 26%–65%                |
| Unlikely       | 2                | Would be surprising if it occurred | 5%–25%                 |
| Rare           | 1                | May never occur                    | < 5%                   |

## Rating

|                 |                | Risk Consequence |        |          |        |         |         |
|-----------------|----------------|------------------|--------|----------|--------|---------|---------|
|                 |                | Insignificant    | Minor  | Moderate | Major  | Severe  |         |
|                 |                | 1                | 2      | 3        | 4      | 5       |         |
| Risk Likelihood | Almost Certain | 5                | Medium | Medium   | High   | Extreme | Extreme |
|                 | Likely         | 4                | Medium | Medium   | High   | High    | Extreme |
|                 | Possible       | 3                | Low    | Medium   | Medium | High    | High    |
|                 | Unlikely       | 2                | Low    | Low      | Medium | Medium  | High    |
|                 | Rare           | 1                | Low    | Low      | Low    | Medium  | Medium  |

## 5. Risk Management

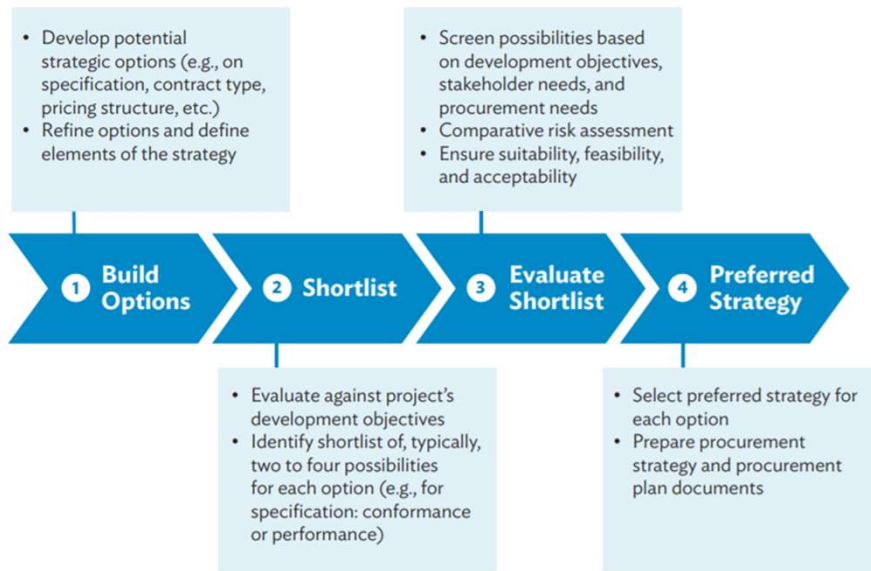
### A. Project Procurement Risk Assessment Risk Register

(the following is an example)

| Risk Description  | Risk Impact   | Likelihood<br>("L") (1-5) | Impact<br>("I") 1-5) | Risk Score<br>(L x I)<br>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<br><br>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         |

# 6. Options Analysis

## Process



| Option | Feasibility (1-10) | Suitability (1-10) | Acceptability (1-10) | Overall (3 - 30) |
|--------|--------------------|--------------------|----------------------|------------------|
| ...    |                    |                    |                      |                  |
| .....  |                    |                    |                      |                  |
| .....  |                    |                    |                      |                  |

## 6. Options Analysis

- May not be required for all packages
- Key considerations:
  - ❖ Contract packaging & scheduling: completion date, implementation period, lead time
  - ❖ Procurement method and bidding procedures
  - ❖ Specifications: conformance, performance
  - ❖ Review requirement: prior, post
  - ❖ Contract form – pricing method – bidding documents
  - ❖ Performance indicators
  - ❖ Evaluation and qualification criteria
  - ❖ Contract management approach
- Examples:
  - ❖ Contract packaging (number of packages and their scope),
  - ❖ Use of international or national advertising (if national advertising may use local language for bidding and the contract language),
  - ❖ Use of one envelope or two envelope procedure,
  - ❖ Conventional design – bid – build, or design and build approach,
  - ❖ Use of prequalification (either with or without ranking) or post-qualification,
  - ❖ Application of ADB or counterpart finance to packages,
  - ❖ Combined civil and mechanical and electrical packages or separate packages,
  - ❖ Use of lump sum or unit price / remeasurement methods of pricing,
  - ❖ Evaluation method to solely apply pass / fail criteria, or include use of merit points,
  - ❖ Site security to be provided by client or contractor, and reimbursement mechanism.



## 7. Procurement Strategy

- A. Procurement Packaging
- B. Procurement Method
- C. Prequalification
- D. Bidding Procedures
- E. Specifications
- F. Sustainability Requirements
- G. Review Requirements
- H. Standstill Period
- I. Standard Bidding Documents and Contract Forms
- J. Payment Method
- K. Key Performance Indicators
- L. Evaluation Method
- M. Contract Management Approach.
- N. Suggestions on Qualification Criteria or Other Content of Bidding Documents.
- O. Value for Money Statement
- P. Project Risk and Mitigation Measures Statement.

# Procurement Plan

- The final step of the SPP process is to synthesize the analyses, preferred options, and strategy into the project procurement plan

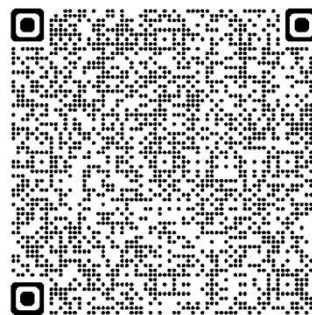
Section A: Methods.

Section B: Active Procurement Packages.

Section C: Indicative Packages.

Section D: Awarded Contracts.

Section E: Non-ADB-Financed Contracts.



**Template: Procurement Plan**  
(All text in red and footnotes should be removed from a completed procurement plan.)

**Procurement Plan**

| Basic Data   |   |
|--|---|
| Project Name:  |   |
| Project Number:  | Approval Number:  |
| Country:   | Executing Agency:   |
| Procurement Risk: <small>(High, Substantial, Moderate, or Low)</small>   | Implementing Agency:  |
| Project Financing Amount: \$   | Project Closing Date:   |
| ADB Financing: \$  |   |
| Co-financing (ADB Administered): \$  |   |
| Non-ADB Financing: \$  |   |
| Date of First Procurement Plan <small>(loan/grant approval date)</small> :   | Date of this Procurement Plan: <small>(dd / mm / year)</small>  |
| Procurement Plan Duration: _____ months <small>(Indicate initial period of 18 months. The Procurement Plan shall be updated at least annually or as necessary)</small> | Related to COVID-19 response efforts: <small>(yes / no)</small> |
| Advance contracting: <small>(yes / no)</small>   | Use of e-procurement (e-GP): <small>(yes / no)</small>          |

**A. Methods, Review and Procurement Plan**  
Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, nonconsulting services, and consulting services.

| Procurement of Goods, Works and Nonconsulting Services  |          |
|---|----------|
| Method  | Comments |
| <small>(List here any applicable methods of procurement approved for use [See Section II of the Regulations])</small> |          |
| <small>(To be agreed with ADB during project processing)</small>  |          |

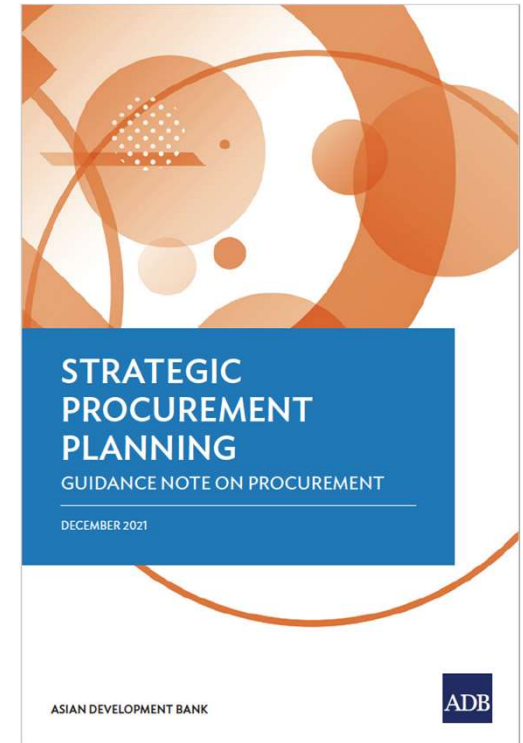
| Consulting Services   |          |
|---|----------|
| Method  | Comments |
| <small>(List here any applicable methods of recruitment approved for use [See Section II of the Regulations])</small> |          |
| <small>(To be agreed with ADB during project processing)</small>  |          |

**B. List of Active Procurement Packages (Contracts)**  
The following table lists goods, works, nonconsulting, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan's duration.

| Goods, Works, and Nonconsulting Services |                     |                      |                    |                     |                                |                                 |                       |
|--|---------------------|----------------------|--------------------|---------------------|--------------------------------|---------------------------------|-----------------------|
| Package Number <sup>1</sup>              | General Description | Estimated Value (\$) | Procurement Method | Review <sup>2</sup> | Bidding Procedure <sup>3</sup> | Advertisement Date <sup>4</sup> | Comments <sup>5</sup> |
|  |                     |                      |                    |                     |                                |                                 |                       |
|  |                     |                      |                    |                     |                                |                                 |                       |
|  |                     |                      |                    |                     |                                |                                 |                       |

## Summary

- The Borrower prepares the SPP with supports from ADB.
- Preparation of SPP will depend on the complexity, risks, value of project/contracts.
- SPP includes the implementation arrangement and role of key stakeholders in the processing and implementation, key risks identified and how these shall be addressed, VFM statement, and draft Procurement Plan to be finalized and included in the Project Administration Manual (PAM).
- SPP is a living document and should be referred to and may be updated during project implementation.



# **Procurement Provisions in the Project Administration Manual (PAM)**



# Content

- To seek proposed project/grant approval from the ADB’s Board of Director, ADB staffs prepare a Report and Recommendations to the President (RRP).
- 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.

**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

Project Number: {XXXXX-XXXX}  
{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}

INTERNAL. This information is accessible to ADB Management and staff. It may be shared outside ADB with appropriate permission.

# PAM – Procurement Provisions

- Procurement arrangement.
- Information on advance contracting and retroactive financing.
- Details of key procurement activities throughout the project duration.
- 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<br>Submit technical evaluation | Submit technical evaluation  |                             |
| Jun      | Loan signing   | Open and evaluate financial proposals          | Open and evaluate financial proposals<br>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 |
| <b>A. DMF</b>  |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| <b>Output 1</b>  |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| Activity 1.1   |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| Activity 1.2   |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| <b>Output 2</b>  |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| Activity 2.1   |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| Activity 2.2   |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| <b>B. Management Activities</b>                              |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |
| 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                                    |        |    |        |    |    |    |        |    |    |    |        |    |    |    |        |    |    |    |    |    |

DMF = design and monitoring framework, Q = quarter. Either define abbreviations within the table or list them alphabetically and define them here. Use a consistent approach and do not define some in the table and others below the table.  
Source(s): Indicate source(s).



# Procurement Template



2023

ADB Procurement

## VI. PROCUREMENT<sup>12</sup>

### 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.<sup>13</sup>**

### 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.<sup>14</sup>**

<sup>12</sup> If the project is a financial intermediary loan, the content of this section will be substantially adjusted. Liaise with the Procurement, Portfolio, and Financial Management Department for related advice on structure and content.

<sup>13</sup> For support materials to assist in developing the updated procurement risk classification, refer to the following guidance notes: ADB, [Procurement Risk Framework](#); and ADB, [Strategic Procurement Planning](#).

<sup>14</sup> For details on circumstances where direct contracting may be justified, refer to ADB, [Procurement Regulations for ADB Borrowers](#).

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.

## E. Procurement Plan

53. An 18-month procurement plan indicating procurement packages and review procedures for goods, works, consulting services, and nonconsulting services is included in Appendix {XX}.<sup>15</sup>

## VII. SAFEGUARDS

54. Describe the project's safeguard categorization and provide a brief outline of key safeguard impacts. Describe who is responsible and the resources required to implement the actions identified in the relevant safeguard plans at the government, technical supervision, and contractor levels; indicate whether financing of safeguard mitigation comes from ADB loan or grant resources and describe any additional institutional and fiduciary arrangements required. The mitigation plans include (i) the environmental management plan and/or environmental assessment and review framework, (ii) the resettlement plan and/or resettlement framework, (iii) the indigenous peoples plan and/or indigenous peoples planning framework, and (iv) environmental and social management system arrangements for financial intermediary projects. Refer to the respective safeguard action plans for the detailed implementation guidelines. Indicate whether a further update of safeguard plans is required, who will update, and when it needs to be done. Describe how implementation of safeguard plans is aligned and/or synchronized with procurement and sequencing of civil works at the package level. Describe how safeguard mitigation measures are cascaded to the bidding documentation and contracts for civil works, including those financed through advance contracting or retroactive financing. If national competitive bidding is used for civil works, describe additional actions to ensure environment and social mitigation plans are followed. Refer to para. 62 for safeguard monitoring.

55. As agreed by ADB and the {borrower or client}, the {environmental management plan} {resettlement plan} {indigenous peoples plan} will be updated from time to time during project implementation, upon availability of detailed engineering design, and to reflect adaptive management of project changes and unforeseen circumstances or in response to project performance, ensuring that standards originally planned are not lowered.

56. **Prohibited investment activities.** Following ADB's Safeguard Policy Statement (2009), ADB funds may not be applied to the activities on the ADB Prohibited Investment Activities List in Appendix 5 of the Safeguard Policy Statement. {For a financial intermediation loan or grant, also state: All financial institutions will ensure that their investments are in compliance with applicable national laws and regulations and will apply the ADB Prohibited Investment Activities List to subprojects financed by ADB.}

## VIII. GENDER EQUALITY AND SOCIAL DIMENSIONS

57. With reference to the summary poverty reduction and social strategy (SPRSS) report<sup>16</sup> (RRP linked document) describe how each action plan required under the project (gender,<sup>17</sup> consultation and participation, labor, HIV/AIDS, and other social risks) will be implemented, i.e., (i) describe who will ensure that actions are implemented, including summary information on contract packages where gender actions are included and how these will be implemented;

<sup>15</sup> The procurement plan should be placed as an appendix to the PAM or included directly here. It should be created in ADB's Procurement Review System and then transferred to the PAM to ensure consistency in structure and content.

<sup>16</sup> ADB. 2012. *Handbook on Poverty and Social Analysis: A Working Document*. Manila.

<sup>17</sup> If the project is categorized gender equity theme or effective gender mainstreaming, include the gender action plan in this section. ADB. *Guidelines for Gender Mainstreaming Categories of ADB Projects*; and ADB. *Tipsheet No. 3—Implementing Gender Action Plans: Roles and Responsibilities*.



## Summary

- PAM includes Procurement Plan as a linked document.
- Procurement Plan and its updates will be published on ADB's website.
- Procurement Plan should be updated *at least* once a year or as and when changes are made.
- 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.
- Seek ADB's approval as per the agreed implementation arrangement and procedures defined in the PAM.

## Question

What minimum information must be provided in the Procurement Plan?

Select the best answer:

- a. Type of contract
- b. Procurement method
- c. ADB review procedures
- d. Timing
- e. Only (a), (b), and (d)
- f. All of the above

## Question

What determines the decision on the procurement method to be used?

Select the best answer:

- a. The preferences of the borrower.
- b. The bidding procedure selected.
- c. The Strategic Procurement Planning process.
- d. The nature of the supply market.