





WATER AND URBAN DEVELOPMENT SECTOR

Doing Business with ADB and ADB Procurement Systems

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Overview

- ADB Operations
- ADB Procurement Framework
- Doing Business with ADB
- Sustainable Public Procurement and use of Merit Point Criteria







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ADB Operations

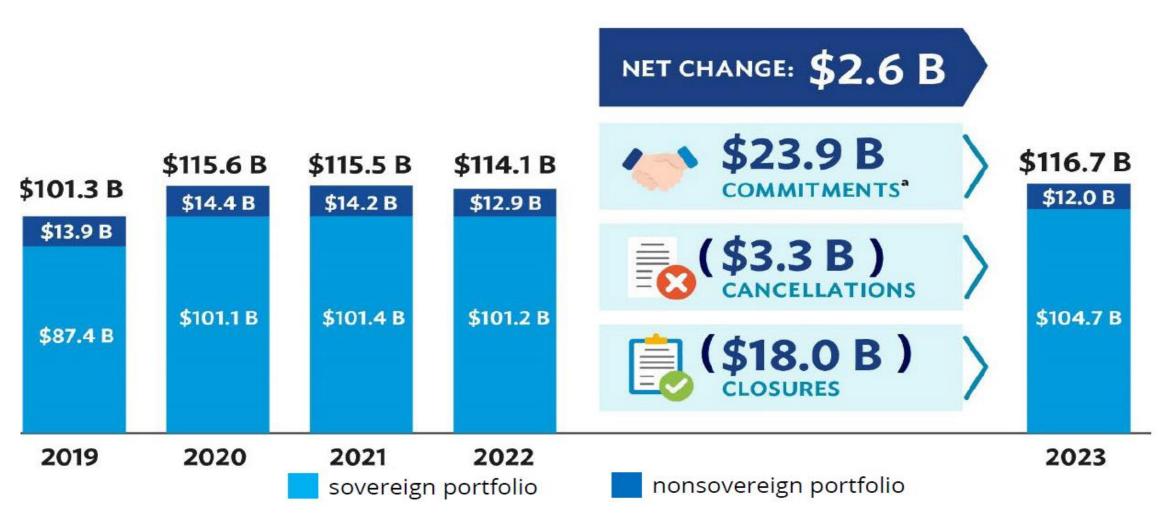


Main Instruments: Loan/Grants, Technical Assistance, Equity and Guarantees Delivered through: ADB's own resources (ordinary; concessional; special funds) and co-financing

- Founded in 1966
- 69 members
- 49 regional and 20 nonregional
- 41 borrowing members



Sovereign and Nonsovereign Operations in Billion



Distribution by Sector and Member Countries

BY SECTOR

BY DEVELOPING MEMBER COUNTRY



26% **Transport**



6%

Public Sector Management





19% Energy



6% Education



Bangladesh



13% ANR



1% Industry and Trade



12% WUS



0.2%

ICT

Philippines 9%

11%



8% Finance



Multisector

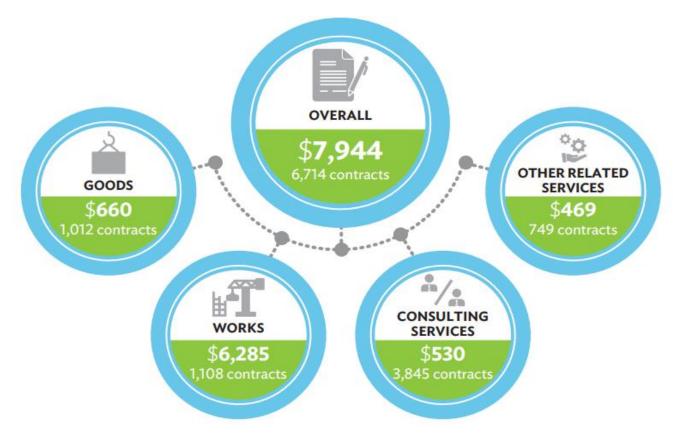


6% Health



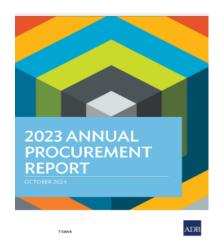


Sovereign Lending Procurement - 2023



Source: Asian Development Bank.

- Out of 3,845 contract, 3,352 contracts (\$149 m) were for individuals
- 493 contracts for firms \$
 388 million
- ADB Administered- \$ 231
 million, \$ 116 m for 272 firm
 contracts and \$ 115 m for
 2,787 contracts individuals









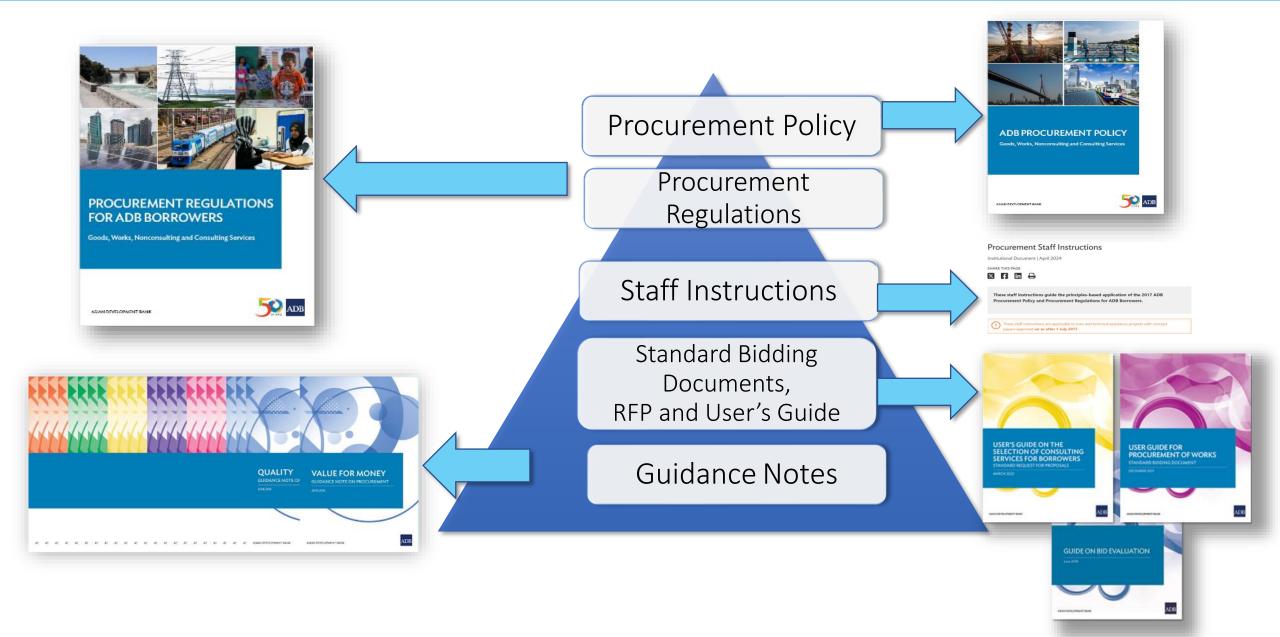
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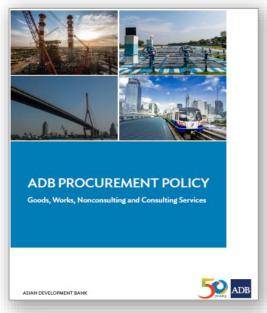
ADB Procurement Framework

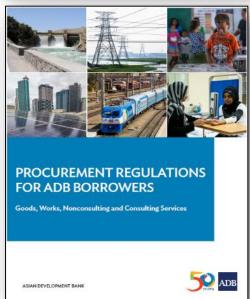
"The ADB Charter"

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 Policy

- Approved by ADB Board of Directors, representing member countries of ADB
- Core procurement principles
- Required for project financed by ADB

Procurement Regulations for ADB Borrowers

- Approved by the ADB President
- Applicable for all projects financed in whole or in part
- Details of policies, procedures including ADB's fiduciary oversight through prior or post review process
- International best practices

Fitness for Purpose

"One size does not fit all"

Fitness for purpose requires procurement arrangements to appropriately reflect the strategic needs and circumstances of the situation. In case a standardized approach cannot effectively and efficiently meet project outcomes and development objectives, including in capacity-constrained environments, a customized approach may be adopted, entailing transaction-specific methods and documentation.

ADB Coe Procurement Principles

Principle		Outcomes
	Fairness	Equal opportunity; equitable distribution; and credible mechanisms for addressing procurement-related complaints.
	Economy	Using price, quality, and any nonprice attributes to deliver viable projects.
	Efficiency	Ensures procurement processes are proportional to value and risks.
	Transparency	Deliver relevant procurement information publicly in a consistent and timely manner; appropriate reporting; and confidentiality.
	Quality	Structured arrangements delivering appropriate outputs in an effective manner to achieve project outcomes and objectives.
	Value for Money	Obtain optimal benefits through effective, efficient, and economic use of resources.

Relationships, Roles, and Responsibilities in Procurement

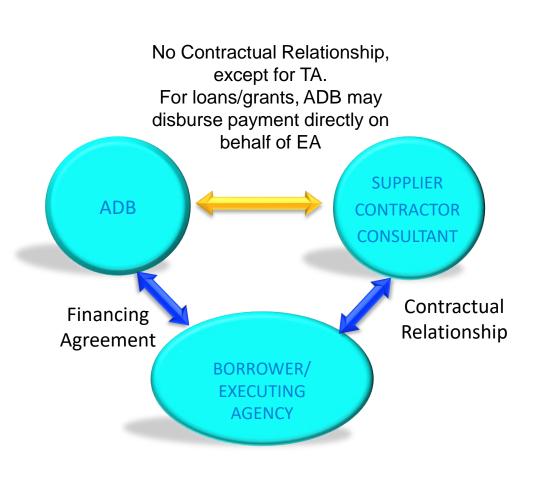
The Borrower (Executing Agency) is responsible for procurement of goods, works and services

ADB (*under TAs*) or Borrower select and recruit Consultants

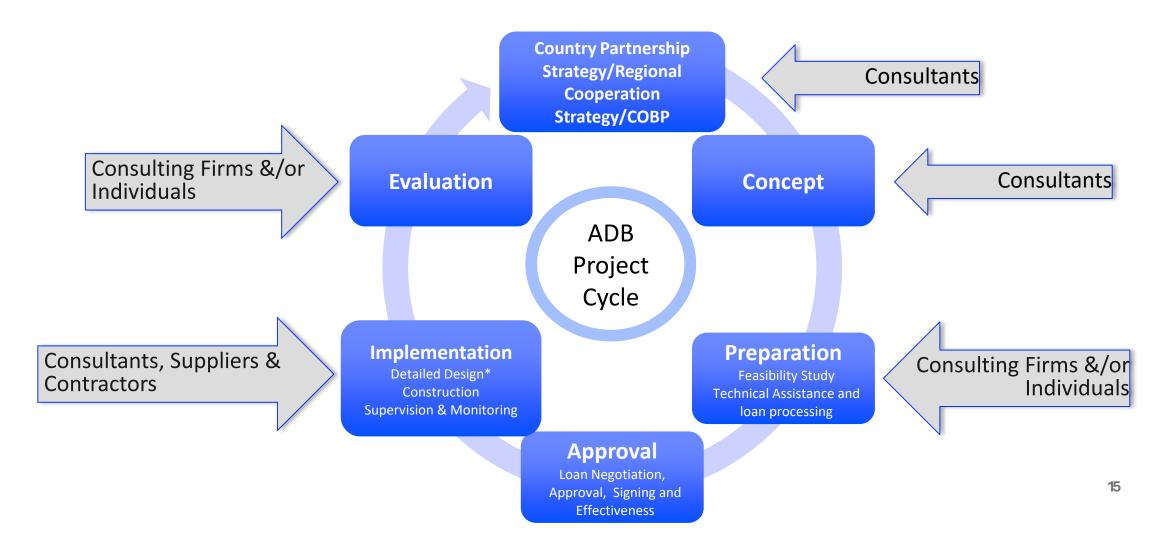
ADB reviews the procurement activities of EAs to ensure that proceeds of its financing are used in accordance with the bank's rules. This is done on either a prior review or post-review basis

*Two primary "streams" of procurement:

- 1) ADB Technical Assistance (ADB = buyer)
- 2) ADB-financed projects (borrower = buyer)



When is the Private Sector engaged?



Types of Consultants





Recruitment may be national or international

- International consultant may be for any ADB member country
- A firm is considered national if it is legally incorporated in that DMC
- An individual is national if a citizen of the DMC or, if a national from another member country, he/she legally resides and works in that DMC.

Technical Assistance Consulting VS Loan/Grant Consulting

- ADB is the Client.
- Direct payment by ADB
- Contracts governed by UK law
- Provision of Privileges and Immunities (expert on mission).
- Tax Exemption in project country*
- Complaints to ADB

- Borrower is the Client
- ADB in oversight role
- Client pays (ADB may do on behalf)
- Law of borrower's country generally applies
- Contracts subject to tax
- Complaints to borrower, may copy ADB

^{*} If the country where the work is being undertaken has reserved the right to tax their own nationals, any local sub-consultants or individual experts may be subject to tax.

Types of Opportunities in ADB-Financed Projects

Supply of goods

Machinery, equipment, computers, furniture

Civil works

 Roads, railways, bridges, irrigation canals, schools, power plants, pump stations, water treatment plants, heating plants, airports, etc.

Consulting services

 Project Management Consultant (PMC), Design & Site Supervision Consultant (DSC), Master Planning, Project preparation, Advisory, Knowledge Products, Financial Management

Non-consulting services

• Surveys, training, translation, event management

Goods, Works and Non-consulting Procurement

ADB Standard Bidding Documents

- Goods
- Small Works
- Large Works
- Plant Design, Supply and Installation
- Design-Build-Operate
- IT Products and Services
- Pre- qualification
- Request for Quotation

Procurement Methods

- 1 Stage 1 Envelope
- 1 Stage 2 Envelope
- 2 Stage bidding

Evaluation Methods

- Most Economical Bid
- Life Cycle Costing
- Merit Point Scoring

Open competitive bidding is ADB's default approach for procurement

Recruiting Consulting Firms - Methods









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Doing Business with ADB

Why Pursue ADB-Financed Contracts?



Gateway to new opportunities in fast growing emerging economies across multiple sectors



Availability of funds is assured



Internationally accepted procurement procedures



Risks related to transparency, fairness and integrity of procurement processes mitigated through ADB supports and review process

Tips when considering ADB-financed projects/assignments

Plan ahead: Identify a pipeline of projects of interest. Understand
project
background,
local context &
partnership
needs

Respond clearly to qualification and evaluation criteria Be aware of borrower systems for advertising and submission of Bids

Build local partnerships (JV or association) Carefully read & understand submission requirements; no conditional bids Understand
legal &
regulatory
systems
(business
registration, tax,
customs etc.)

Common Mistakes

Bids not signed, or unclear authorization to sign

Ownership structures and JV arrangements

No compliant Bid Security / Bid Securing Declaration

Failure to meet Qualification Criteria

Poor Supporting Documents

Incomplete Bids / Partial Bids

Inclusion of financial offer with technical offer where bid conditions require them to be separated

Debriefing and Complaints

Debriefing:

- Unsuccessful bidders may request debriefing from the procuring entity (the EA or ADB). If they are not satisfied with the explanation given, they may submit a complaint.
- Debriefings are an excellent learning opportunity for future bids!

Complaints:

- Bidders may file complaint directly with ADB and may copy ADB on correspondence with EAs.
- Complaints to ADB should be submitted through online form: https://www.adb.org/forms/complaints

How to report fraud:

www.adb.org/site/integrity/how-to-report-fraud

Finding Business Opportunities

Long—term Planning

Country

- Country Partnership Strategy (CPS)
- Country Operations Business Plan (COBP)
- Sectors
 - Projects/Tenders
 - Procurement Plans

Short—term Planning

Specific Procurement Notices

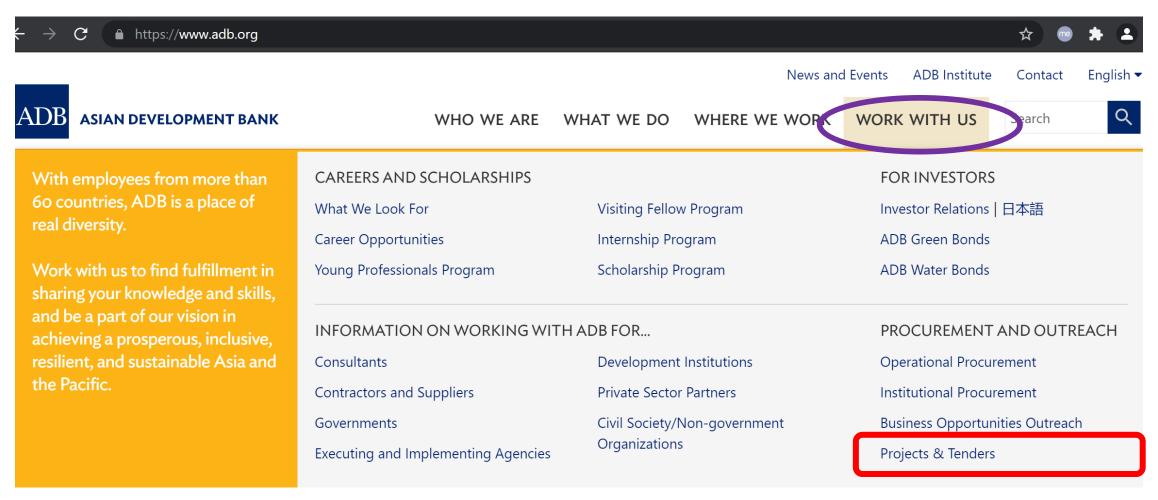
- Invitation for Prequalification
- Invitation for Bids
- Hop-On Opportunities
 - Prequalified Applicants/Consultants
 - Contracts Awarded

Country Operations Business Plans

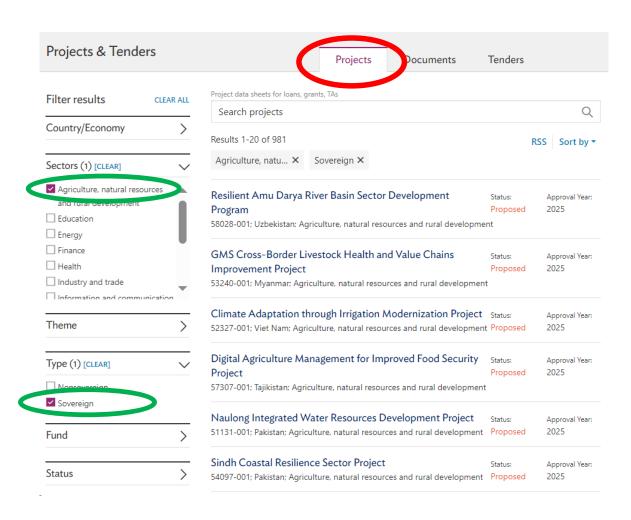


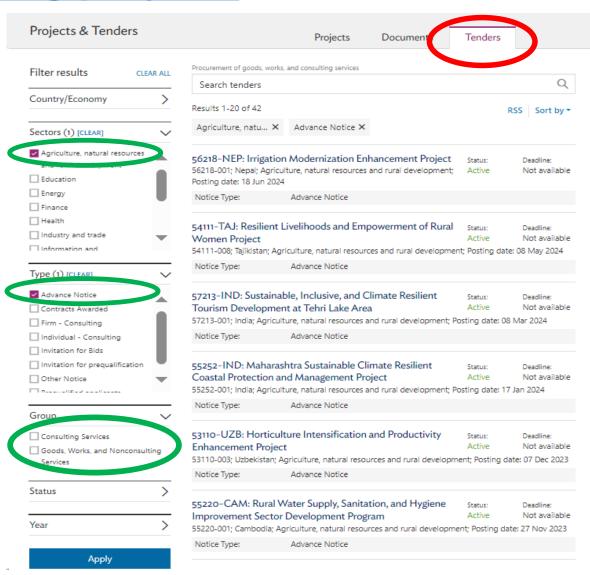
ADB discontinued country operations business plans (COBPs) in July 2021. For proposed projects, please go to the Projects and Tenders page at /projects.

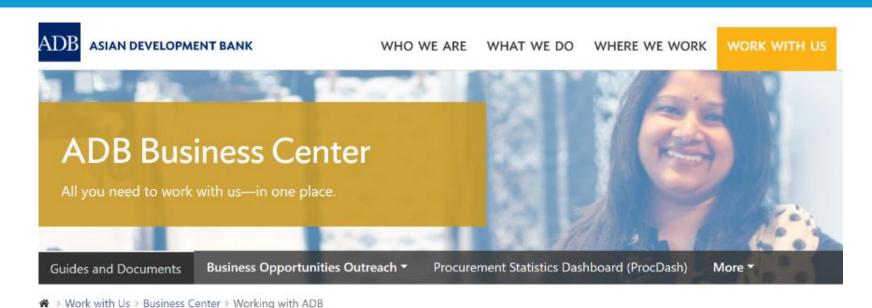
How to find Information on our Website



Projects & Tenders site www.adb.org/projects







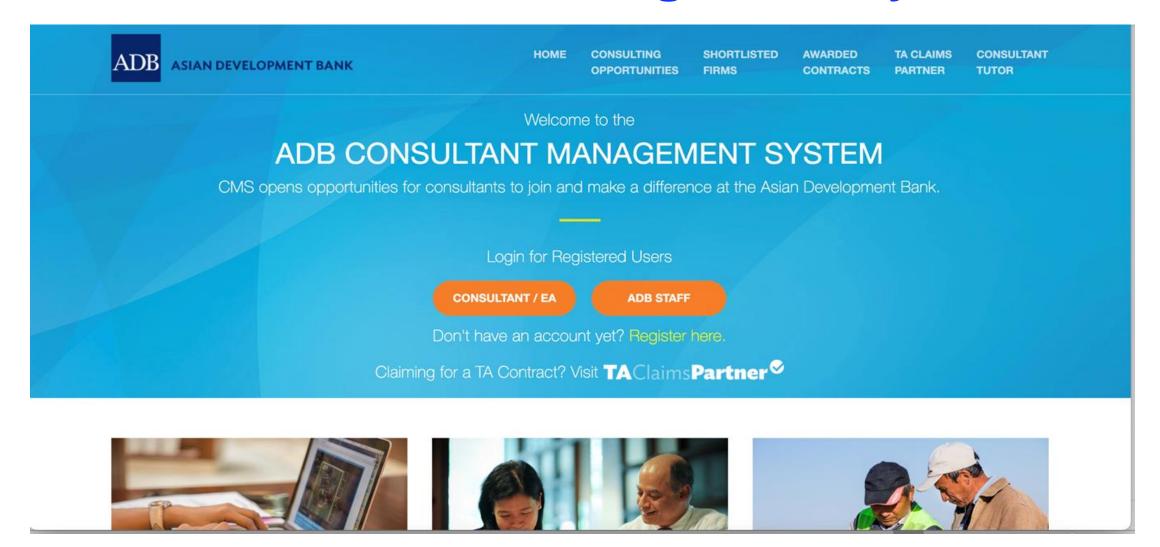
- How-Tos
- Policies & Regulations
- Procedures & Guidance
- Documents & Forms

Working with ADB

www.adb.org/business

Information for... How-Tos Consultants Where are the business opportunities in the ADB project cycle? → Contractors and suppliers What bidding procedures are used by ADB-financed projects? → Governments How can we improve our chances of securing an ADB-funded contract? → Executing and implementing agencies What are the main eligibility requirements for bidding for contracts under ADB-financed projects? → Development institutions What are the eligibility requirements for subcontractors working for contractors on ADB-financed projects? →

ADB Consultant Management System



ADB Consultant Management System



IOME CONS

CONSULTING OPPORTUNITI HORTLISTED

T/

AWARDED

CONSULTANT



Search Consulting Opportunities

Get detailed information on consulting services requirements and send expression of interests (EOIs) for ADB-financed or administered projects.



View Shortlisted Firms

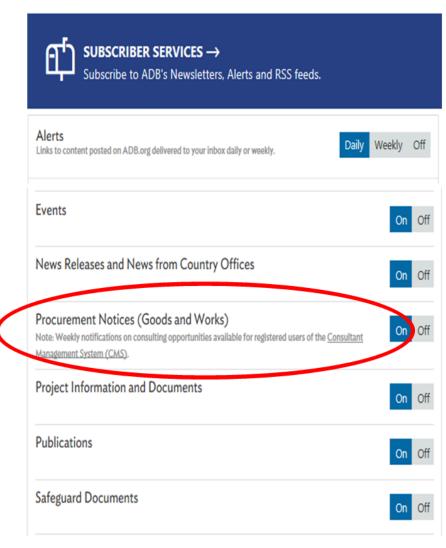
ADB publishes the names and contact details of firms invited to submit proposals. This is for the information of consultants who wish to associate with them. Interested consultants should contact the firms directly.



View Awarded Contracts

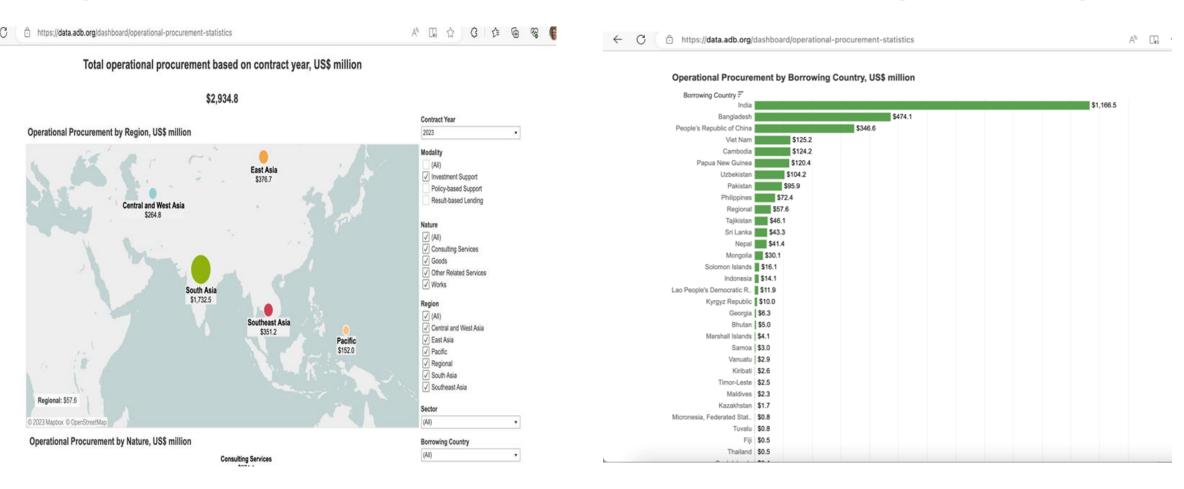
ADB Project contracts that are awarded to consulting firms are disclosed to the public. Visit the page to view the list of contracts awarded to consulting firms, along with associated contract details.

ADB's CMS System: http://cms.adb.org



Goods & Works Notices: https://alerts.adb.org

Operational Procurement Statistics Dashboard (ProcDash)









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Sustainable Public Procurement and use of Merit Point Criteria

Sustainable Public Procurement

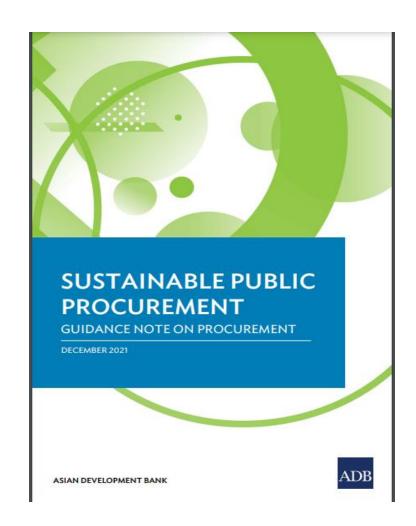
Conventional Procurement

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

Sustainable Public Procurement (SusPP)

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

https://www.adb.org/documents/guidance-notes-on-procurement





achieved through

- policy and regulation
- contract requirements
- specification
- · criteria setting

informed by prioritization and market analysis

ENVIRONMENTAL



SOCIAL



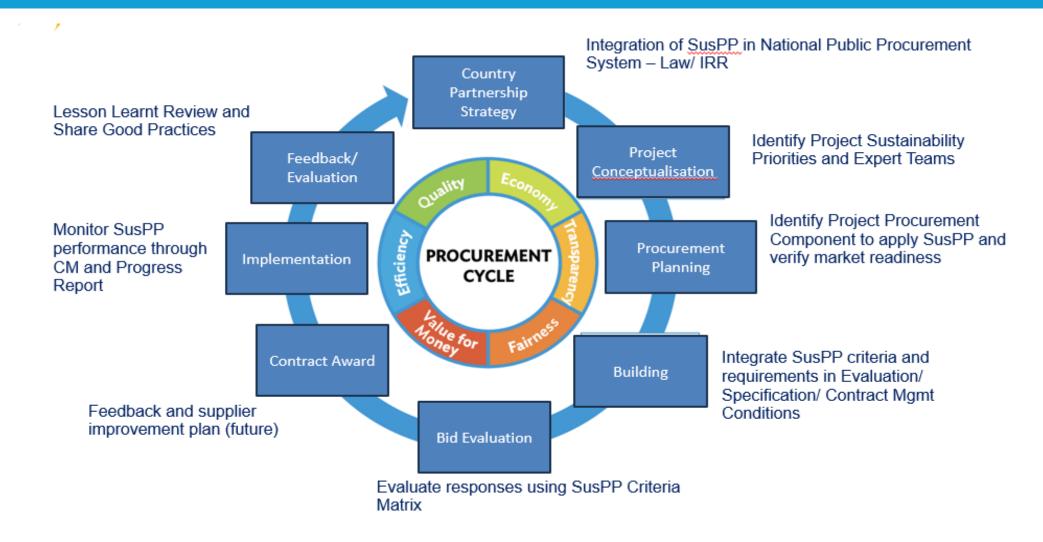
ECONOMIC



INSTITUTIONAL



Do good both through what is built and through how it is built



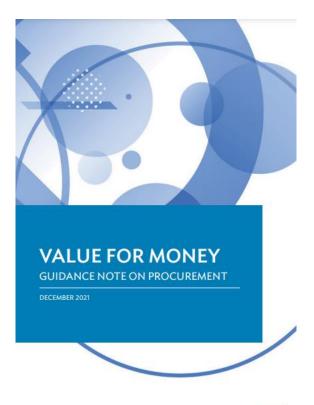
<u>https://www.afdb.org/sites/default/files/documents/hop_wg_-</u> <u>joint_statement_on_sustainable_procurement_commitment_final_12_mdb.pdf</u>

Use of Merit Point Criteria in Bid Evaluation

VFM, a core procurement principle of Procurement Policy.

The policy defines VFM as the principle that "enables the borrower to obtain optimal benefits through effective, efficient, and economic use of resources by applying, as appropriate, the core procurement principles and related considerations, which may include life cycle costs and socioeconomic and environmental development objectives of the borrower. Price alone may not sufficiently represent VFM.

Consideration of qualitative related factors during the bid evaluation process to ensure cost and quality considerations are properly aligned to the development objectives of a particular project or procurement

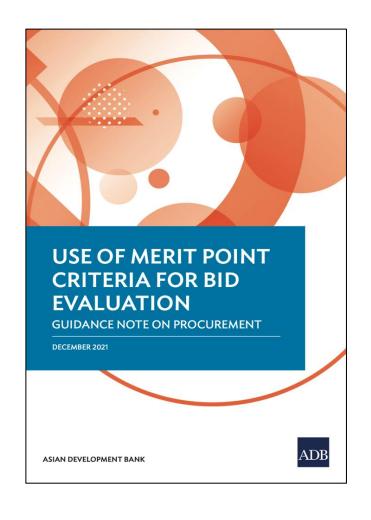


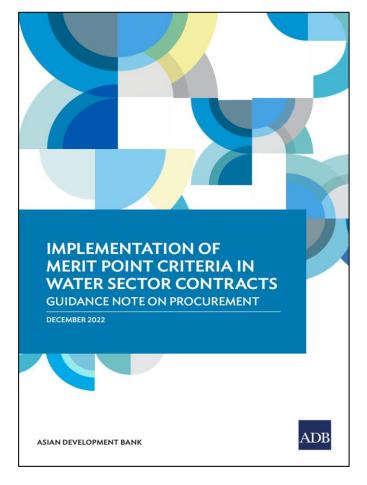
ASIAN DEVELOPMENT BANK



- Historically, normally used in consultancy proposal evaluation and IT products
- ADB procurement for Works projects has been limited to incorporating a specification of minimum requirements into the bidding document and then awarding the contract to the lowest evaluated substantially responsive bidder that substantially meets those minimum requirements.
- While this approach is appropriate for some low-risk procurements of simple works, it is less suitable for more complex works where there may be trade-offs between quality and costs. Therefore, under the core procurement principle of value for money (VFM), the 2017 Procurement Policy allows flexibility for the use of MPC.
- The demand and appreciation of use of merit point criteria is increasing (from 9 contracts in 2022 increased to 24 contracts in 2023)

ADB Guidance on Merit Point Criteria





USE OF MERIT POINT CRITERIA IN TRANSPORT SECTOR CONTRACTS

GUIDANCE NOTE ON PROCUREMENT

DRAFT

Under Development

August 2024

Options for Implementing Merit Point Criteria

Lowest Evaluated and Substantially Responsive Bid

 Evaluation of Qualification Criteria (QC)



Technical Evaluation

Technically substantially responsive bid

MPC Option 1

 Evaluation of Qualification Criteria (QC)



Technical Evaluation

Achieve minimum technical score

MPC Option 2

 Evaluation of Qualification Criteria (QC)



Pas

Technical Evaluation

Achieve minimum technical score

1S1E

- The lowest evaluated bid will be determined as the most advantageous and substantially responsive bid
- The lowest evaluated bid will be determined as the most advantageous and substantially responsive bid
- Total score will be calculated by combining the technical and price scores (using a formula)

1S2E

- Open the bids passed QC and technically substantially responsive bid
- The lowest evaluated bid will be determined as the most advantageous and substantially responsive bid
- Open the bids had minimum technical score.
- The lowest evaluated bid will be determined as the most advantageous and substantially responsive bid
- Open the bids had minimum technical score.
- Total score will be calculated by combining the technical and price scores (using a formula)

Useful Links

www.adb.org

http://cms.adb.org/

www.youtube.com/user/Asiandevelopmentbank

www.adb.org/news/videos/series/procurement

www.adb.org/business/main

https://www.adb.org/documents/adb-procurement-policy

https://www.adb.org/business/how-to/where-can-i-find-adbs-standard-bidding-documents

https://www.adb.org/documents/guidance-notes-on-procurement

Papua New Guinea Business Opportunities Seminar 2024 | Asian Development Bank

(14-15 November-BOS in PNG)

For more: adb.org

To join the community of ADB Consultants and Suppliers:

1) ADB Consultants Network:

https://www.linkedin.com/groups/3796524/

2) ADB Suppliers Network:

https://www.linkedin.com/groups/3796532/

Also follow "ADB Business Center": https://www.linkedin.com/showcase/adb-business-center/







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Thank you!

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