



ADB Procurement Framework

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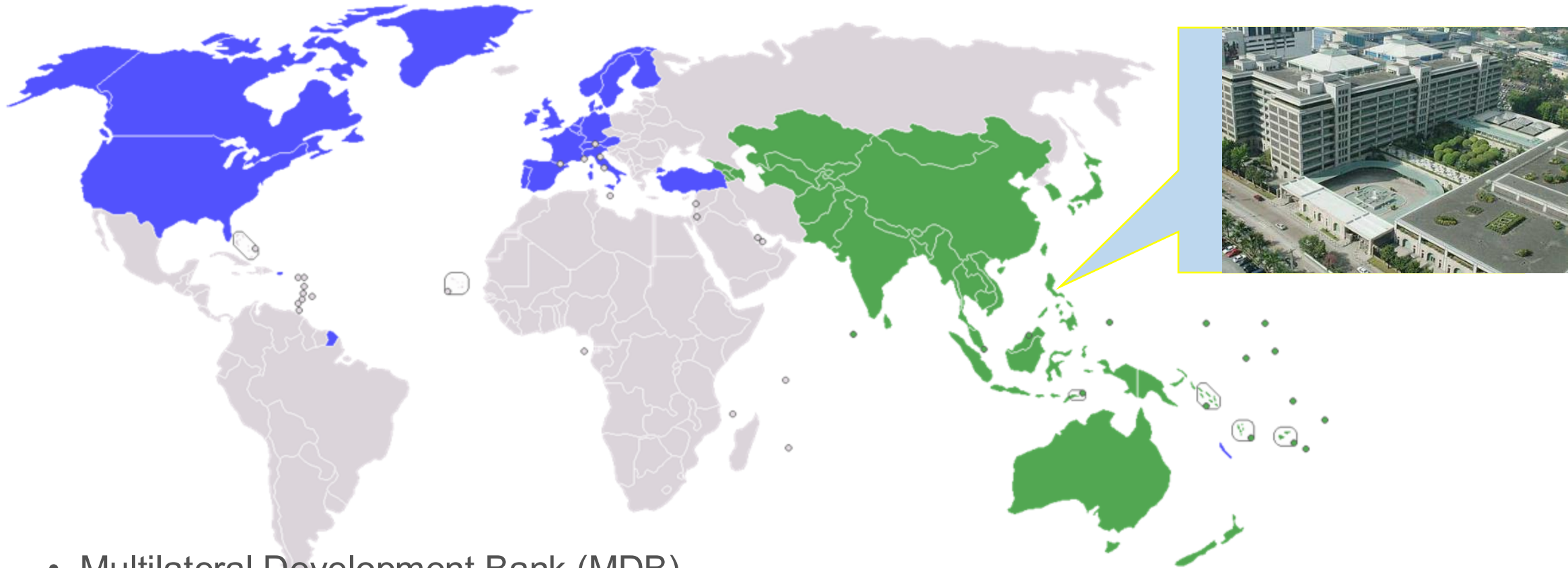
Agenda

- Overview of ADB Procurement Framework
- Procurement of Goods, Works, Non-consulting Services
- Selection of Consultant

Overview of ADB Procurement Framework



Asian Development Bank (ADB)*



- Multilateral Development Bank (MDB)
- 69 member countries, 50 from the Asia & Pacific, 19 non-regional
- Headquarter in Manila, Philippines, and presence in field offices including Pakistan.
- 4,000+ staffs (36% international, of which 40.3% women)

*ADB Annual Report 2024

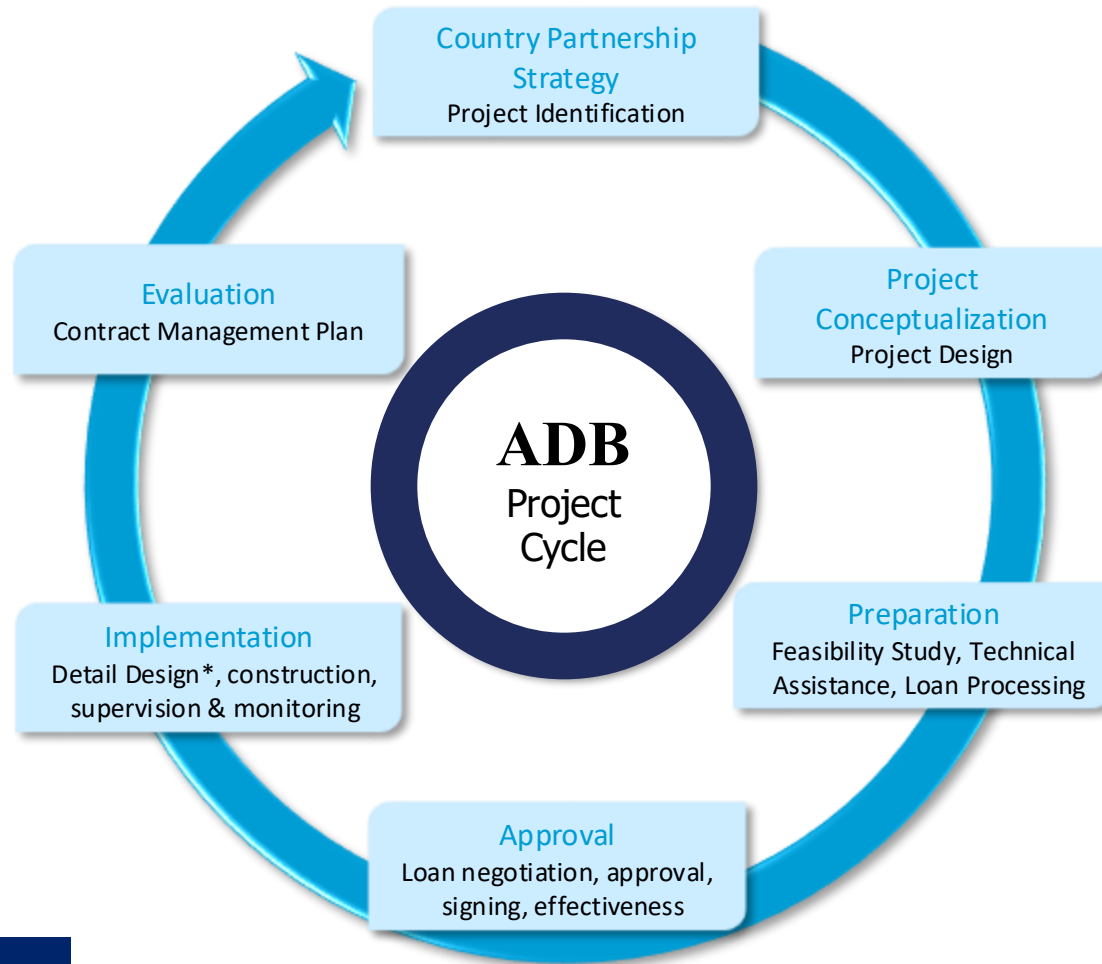
Agreement Establishing the Asian Development Bank (ADB)

“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”

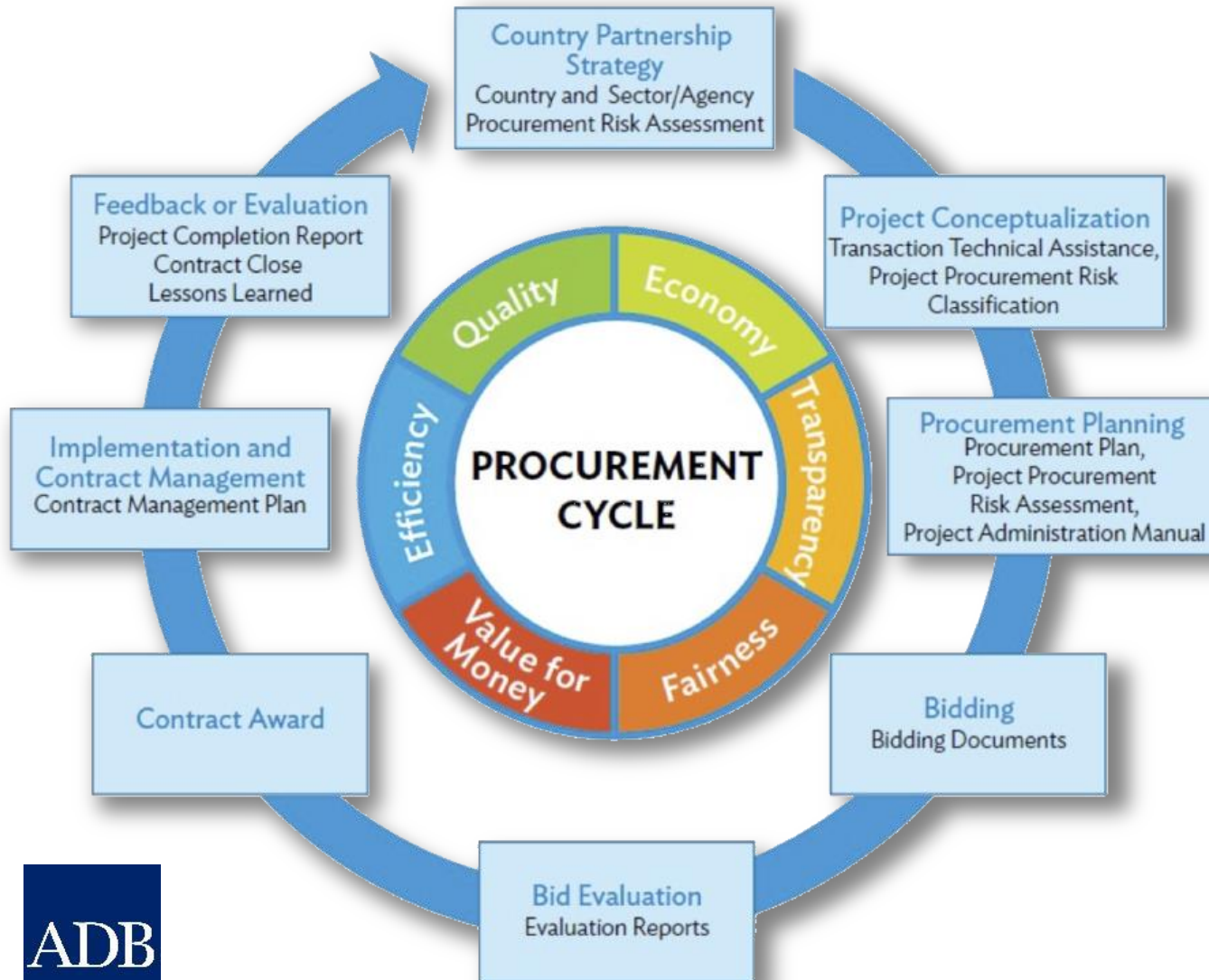
Chapter III, Article 14, Operating Principle (xi)

The ADB Project Cycle



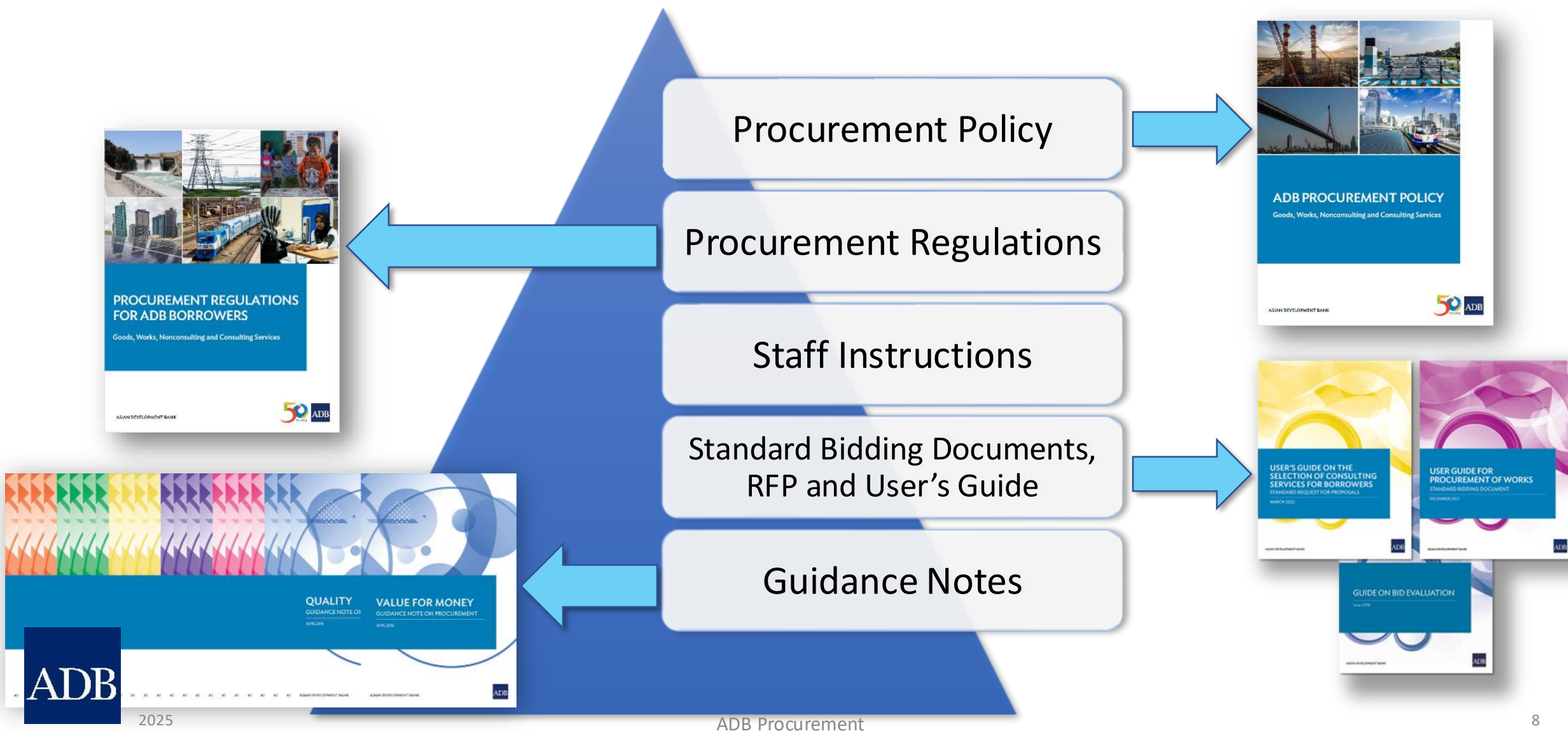
- The ADB Project Documents: the Loan and Project Agreements, the Project Administration Manual (PAM), and the Procurement Plan.
- The Loan Agreement includes specific provisions on finance, procurement, safeguards, anticorruption, and integrity.
- The PAM provides details on procurement arrangement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

ADB Procurement Framework

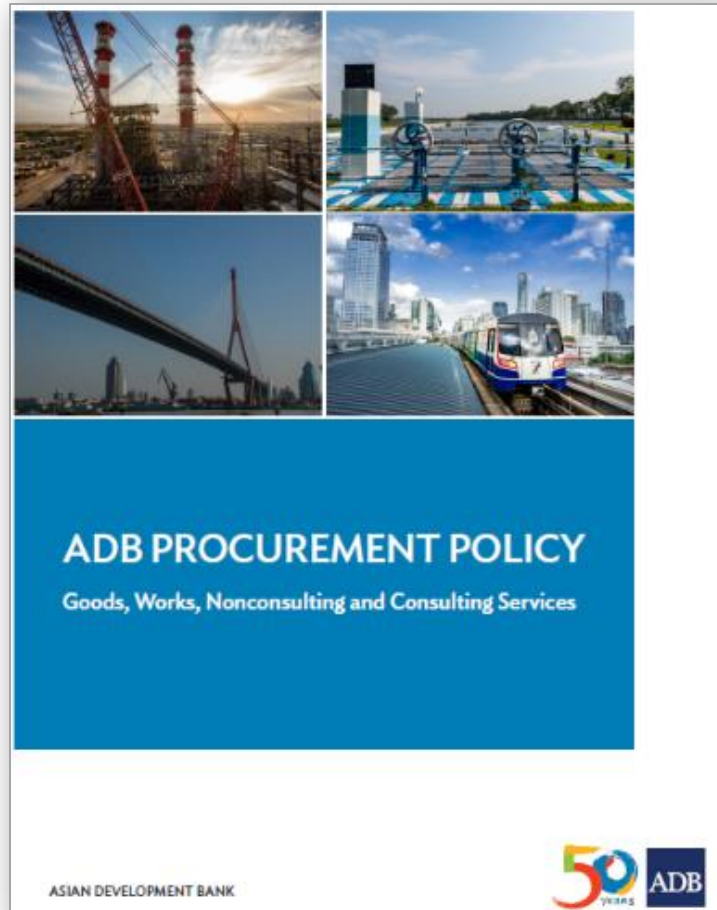


Roles of Key Stakeholders in ADB Procurement



Borrower carries out procurement, awards and manages contract
ADB provides supports and has an oversight role

ADB Procurement Policy



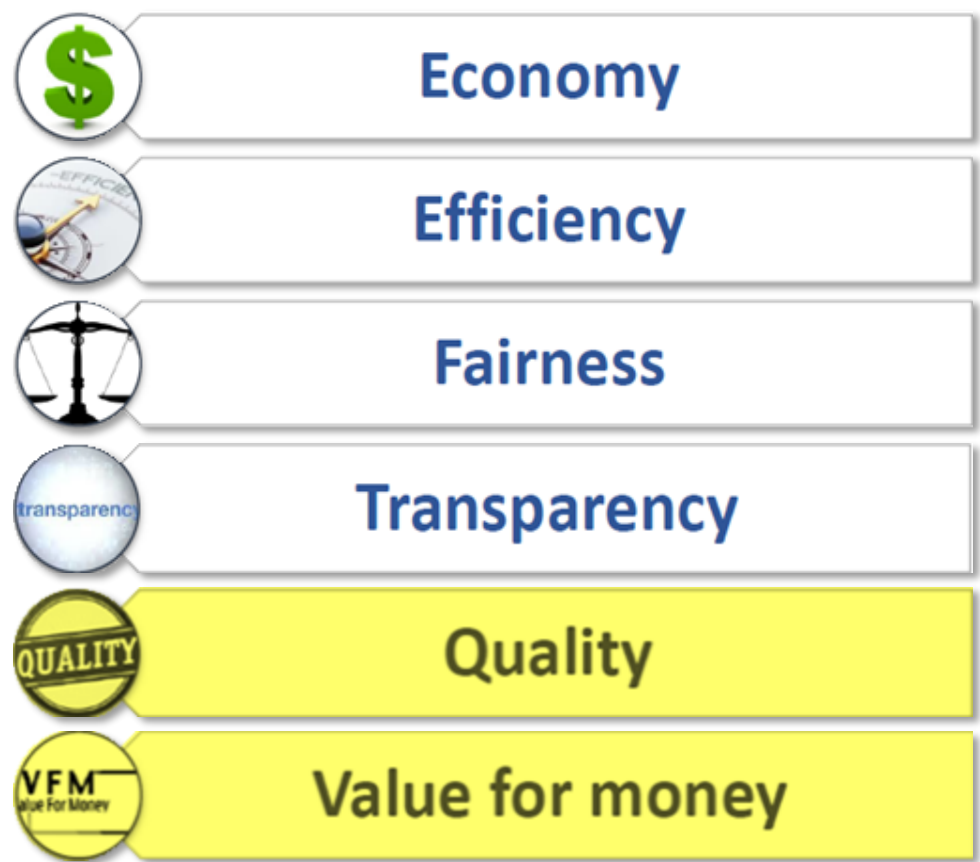
- It was approved by the ADB Board of Directors, who represent all member countries of ADB.
- It contains core principles which govern procurement financed in whole or in part by ADB financing.
- It is referred to in the financing agreement.
- It stipulates that the responsibility for the implementation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

ADB Procurement Policy

- I. Purpose
- II. General Considerations
- III. Core Procurement Principles*
- IV. Fitness for Purpose
- V. Eligibility*
- VI. Development of Domestic Industry
- VII. Integrity*
- VIII. Conflict of Interest*
- IX. Accountability
- X. Noncompliance
- XI. Complaints
- XII. Alternative Procurement Arrangements
- XIII. E-procurement*
- XIV. Procurement Plan
- XV. Procurement for Nonsovereign Operations

Core Procurement Principles (III)

Prescriptive → Principle based



Can be achieved through application of Sustainable Public Procurement

Eligibility (V)

- To be eligible to participate in procurement for contracts financed by ADB, the bidder, and all parties constituting the Bidder...
 - ✓ shall have the nationality of an eligible country;
 - ✓ shall not have a conflict of interest;
 - ✓ shall not be under temporary suspension or debarment by ADB
 - ✓ and shall not be excluded by an act of compliance with the decision of the UN Security Councils
- The materials, equipment, and services to be supplied under the Contract shall have their origin in eligible source countries

Eligibility (V)

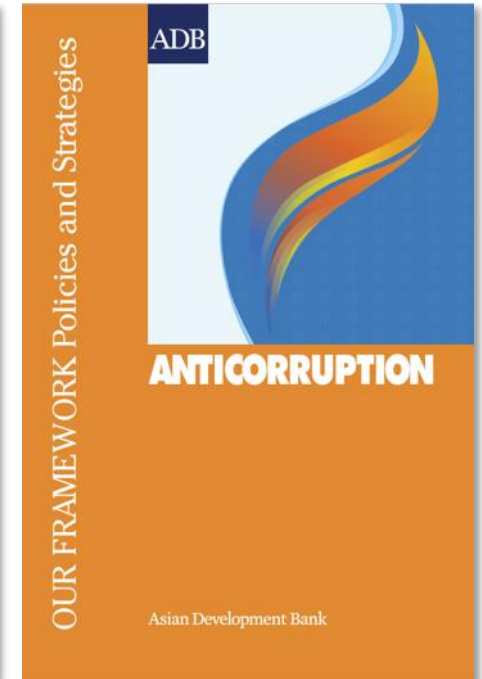
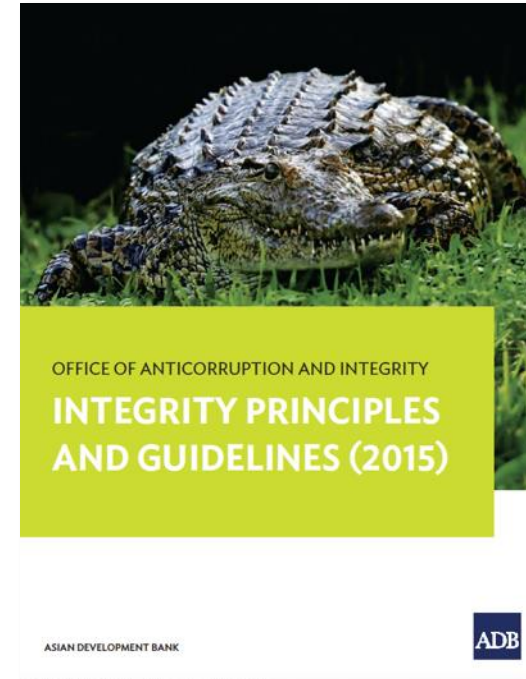
- Any conditions for participation shall be limited to those that are essential to ensure the bidder's capability to fulfill the contract in question
- ADB does not permit a borrower to deny the participation of a bidder for reasons unrelated to its capability and resources to successfully perform the contract, nor does it permit a borrower to disqualify any bidder for such reasons.

Eligibility (V)

- Government-owned enterprises in the Borrower's country may participate as a bidder only if specifically agreed by ADB. Such agreement will only be provided if the bidder can establish that they
 - ❖ can operate as a commercial entity;
 - ❖ are legally and financially autonomous;
 - ❖ are not dependent agency of the borrower
- Government officials and civil servants in the borrower's country may only be hired if they
 - ❖ are not being hired by the agency they were working for immediately before going on leave;
 - ❖ their employment would not create a conflict of interest.

Integrity (VII)

- ADB's Anticorruption Policy and Integrity Principles and Guidelines
- Highest ethics
- Specific definitions for corrupt, coercive, fraudulent, collusive, obstructive practices, and abuse
- Applies to executing and implementing agencies, contractors, consultants, suppliers, ADB staff, and anyone connected to an ADB financed, administered, or supported activity.
- **ADB reserves the right to inspect and audit**



Respectful Working Environment

- Environment free of unethical or inappropriate behaviors
- Bullying, discrimination, misconduct and harassment, including sexual harassment
- Training provided by contractor and consultant to their staffs is required and to be verified by Employer



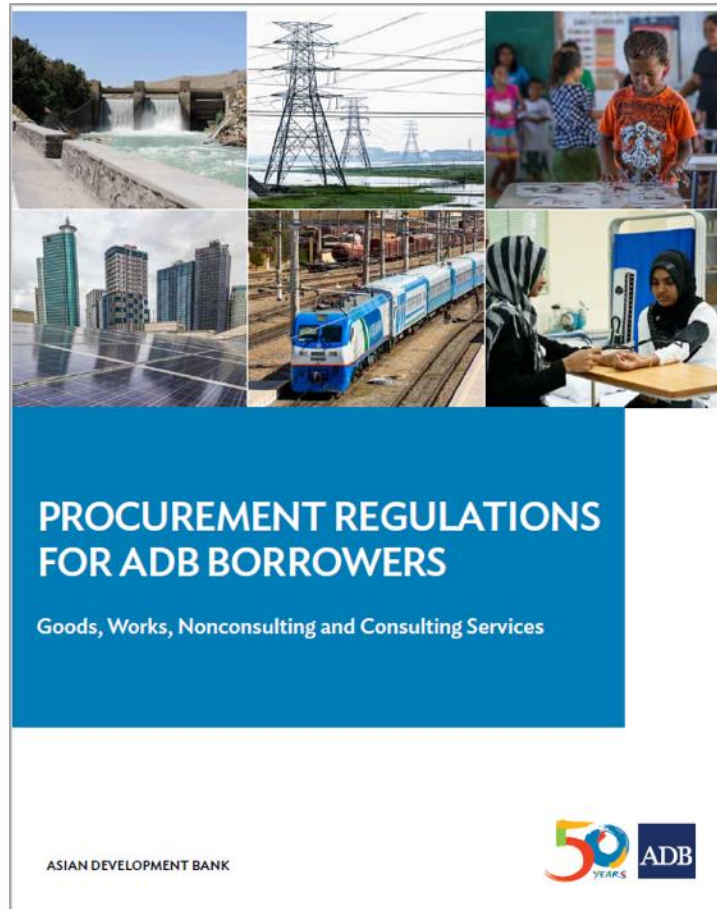
Conflict of Interest (VIII)*

- Interests that could cause undue influence on decision making process
- If cannot be appropriately mitigated → *may* lead to rejection of the bid
- Bidders or consultants may be considered to have a Conflict of Interest if they have conflicting activities, assignments, relationships, ownerships, i.e.:
 - ❖ Participated as a consultant for design/technical specification /project management /supervision of bid package
 - ❖ Have common controlling shareholders (sister concern)
 - ❖ Have same legal representatives for their bids
 - ❖ Submit more than one bid in the bidding process
 - ❖ Have relationship with each other, directly or through common third parties, that puts them in a position to have access of information about another bidder or influence the decision of the purchaser.

E-Procurement

- ADB encourages borrowers to use e-procurement for communication with bidders, advertisement, issuance of bidding document and its amendments, submission of bids, disclosure of contract awards.
- The use of e-procurement in ADB-financed projects shall be endorsed by ADB who will verify that the system is accessible and secure, ensure integrity and confidentiality, and have sufficient audit trail feature.

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.

ADB Procurement Regulations – Structure

I. Introduction

- ❖ Purpose
- ❖ General Considerations
- ❖ Fitness for Purpose
- ❖ Alternative Procurement Arrangements
- ❖ Applicability of These Regulations
- ❖ Procurement of Contracts Not Financed by the Asian Development Bank
- ❖ Eligibility
- ❖ Conflict of Interest
- ❖ Unfair Competitive Advantage
- ❖ Advance Contracting and Retroactive Financing
- ❖ Asian Development Bank Review
- ❖ Noncompliance, Complaints
- ❖ Integrity
- ❖ E-procurement
- ❖ Procurement Plan
- ❖ Procurement for Non sovereign Operations

ADB Procurement Regulations – Structure

II. Procurement Methods and Arrangements

- ❖ Open Competitive Bidding
- ❖ Limited Competitive Bidding
- ❖ Framework Agreements
- ❖ Request for Quotations
- ❖ Electronic Reverse Auction
- ❖ Direct Contracting
- ❖ Force Account

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

ADB Procurement Regulations – Structure

Appendix 1: Value for Money

Appendix 2: Procurement Planning

Appendix 3: Open Competitive Bidding Procedure

Appendix 4: Consulting Services Selection using Open Competitive Bidding

Appendix 5: Evaluation Criteria and Methodology

Appendix 6: ADB Review of Procurement Decisions

Appendix 7: Bidding-Related Complaints

Appendix 8: Contract Management

Appendix 9: Roles and Responsibilities in ADB-Financed Projects

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
• Procurement Risk Framework • Strategic Procurement Planningz • Procurement Review • Alternative Procurement Arrangements	• Open Competitive Bidding • Consulting Services Administered by ADB Borrowers • Non-consulting Services Administered by ADB Borrowers • Framework Agreements	• Price Adjustment • Prequalification • Subcontracting • Domestic Preference	• Value for Money • Quality • Contract Management • Abnormally Low Bids	• Bidding-Related Complaints • Noncompliance in Procurement • Standstill Period • State-Owned Enterprises	• 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

Procurement Non-compliance

- It refers to potential or actual situations where the borrower, or other parties involved in the procurement process, fails to adhere to the applicable provisions of the ADB Procurement Policy and Regulations, whether through their actions or inactions.
- Remedial Actions
 - ❖ Does not fund that particular transaction.
 - ❖ Suspends project implementation or initiate remedial action with specific assurances.
 - ❖ Cancel the portion of the loan relating to that specific transaction.
- Examples:
 - ❖ Procurement is not carried out as per the approved Procurement Plan.
 - ❖ A bid document subject to prior review is issued without such a review.
 - ❖ Decisions are made that do not align with ADB's no-objection.
 - ❖ Incomplete or misleading information is provided for a prior review process.
 - ❖ Failure to take action on a contractual breach.

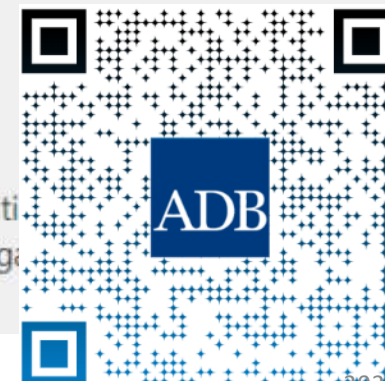


Procurement

Goods, Works, Non-Consulting and Consulting Services

Operations Procurement

The Procurement, Portfolio and Financial Management Department (PPFD) provides fiduciary oversight of procurement of goods, works, non-consulting and consulting services. PPFD supports ADB staff and borrowers on procurement planning and implementation, contract management, and related risk assessment and mitigation. PPFD also leads procurement and consulting services innovation and capacity building initiatives.





ADB Business Center

All you need to work with us—in one place.

Working with ADB



Information for...

Consultants

Contractors and suppliers

Governments

Executing and implementing agencies

Development institutions

Private sector partners

How-Tos

Does my executing/implementing agency have the staff and capability to work with ADB? →

What is ADB technical assistance (TA)? →

What principles guide ADB's procurement? →

How does ADB safeguard the integrity of its activities? →

What are ADB's main financial products for the public sector? →

Where can I get data on ADB projects and countries? →



Online Training on ADB Procurement



FINANCE

New Procurement Framework

The new Procurement Policy and Procurement Regulations were approved in April 2017. The Procurement Policy, Regulations and other supporting documents form the NPF within ADB, governing the procurement of goods, works and services by borrowers, Executing Agencies (EAs) and Implementing Agencies (IAs) conducting procurement on ADB-funded projects...

-  Module 1: Overview of NPF
-  Module 2: Strategic Procurement Planning
-  Module 3: Risk Management
-  Module 4: Analysis
-  Module 5: Procurement Strategy Development
-  Module 6: Bidding Procedures
-  Module 7: Consulting Services
-  Module 8: Bid Evaluation
-  Module 9: Contract Management
-  Module 10: Fragile, Conflict Affected and Emergency Situations

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*non-certified



Online Training on ADB Procurement

ADB PROJECT CYCLE FOR SOVEREIGN OPERATIONS e-Learning Course

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Procurement of Goods, Works, Non-consulting Services

Key References

- Strategic Procurement Planning
- Procurement Plan
- Project Administration Manual

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:

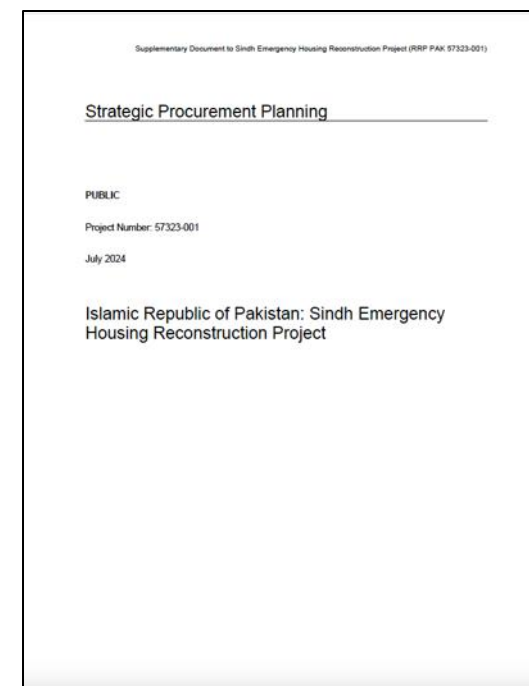
- Application of procurement principles
- Economic, social, and environmental objectives
- Market factors: scale – risk – value
- Specific circumstances: constraints, emergency situation, etc.

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

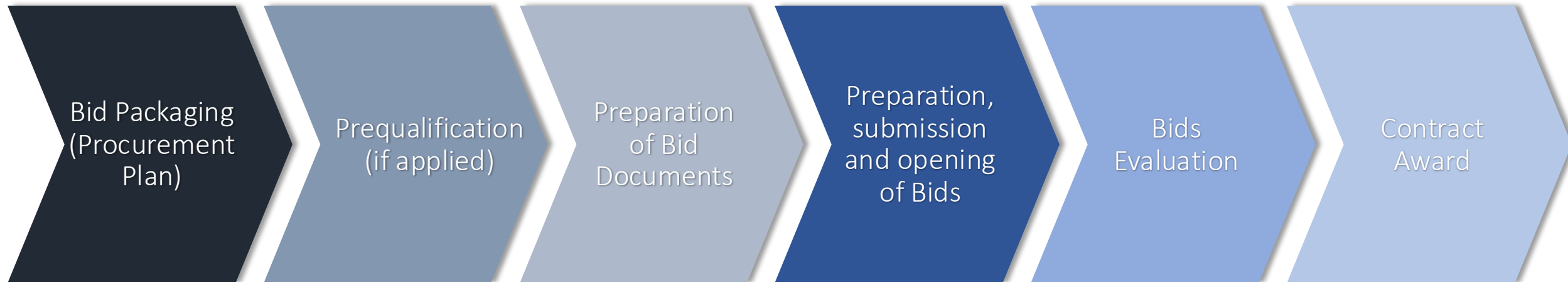
- **Increase Efficiency and Reduce Procurement Time** – capacity constraints, market condition, packaging, contracting modality
- **Reduce Risk and Improve Quality** – proper risk assessment and mitigation action, use of right type of specifications and evaluation criteria
- **Deliver Value for Money** – 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.



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

Procurement Process



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

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
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Review by ADB

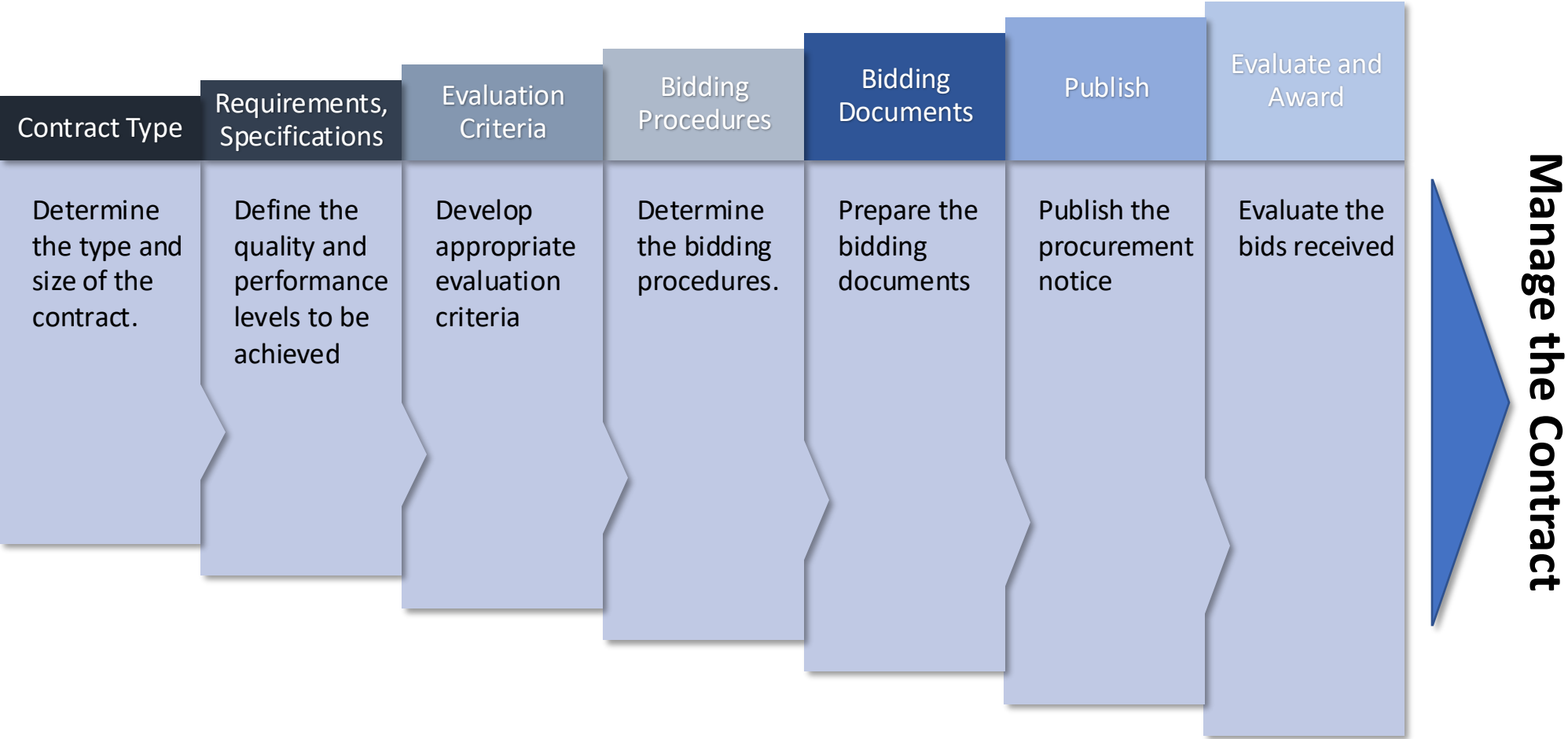
Prior Review

- 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

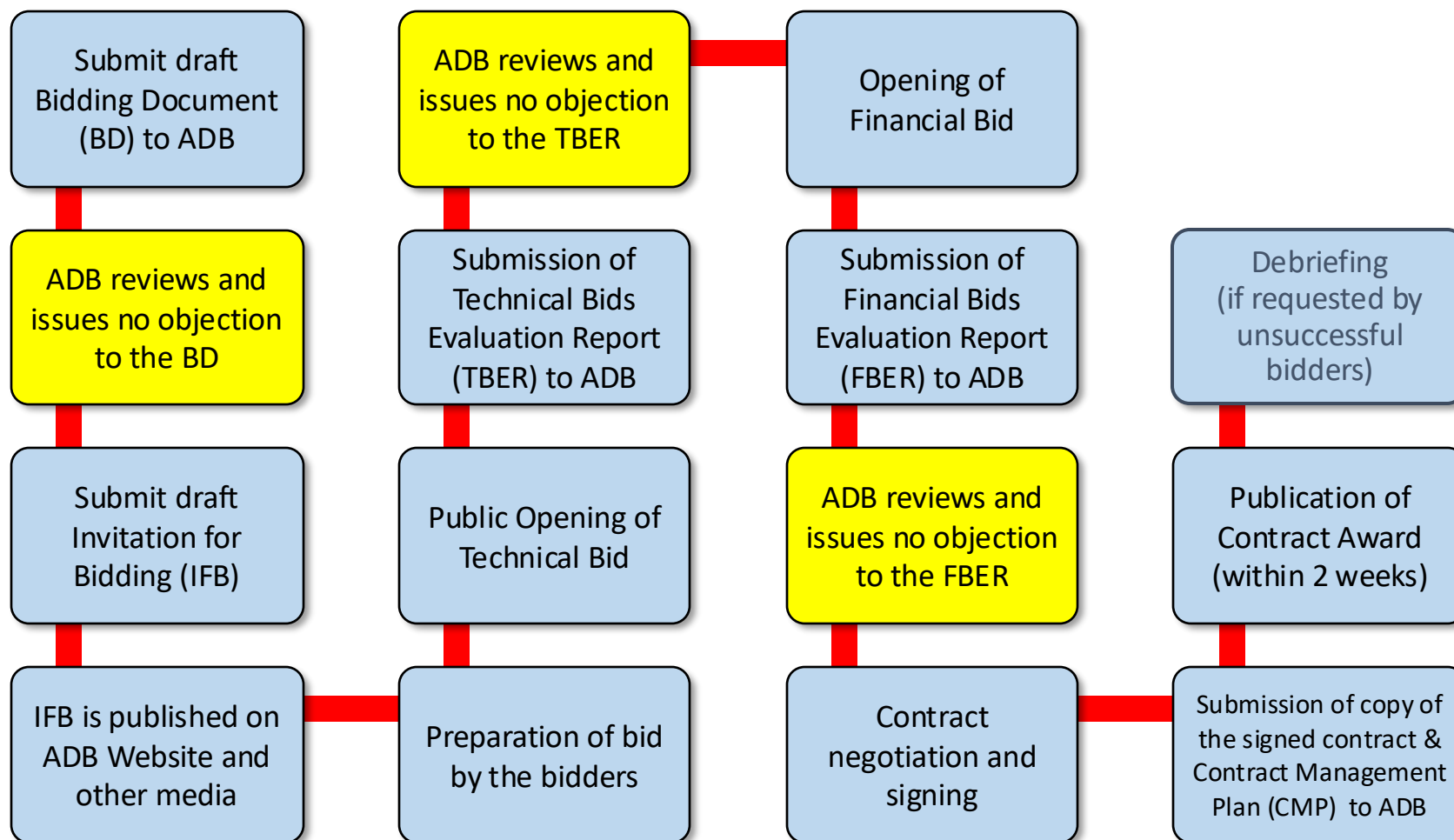
Post Review

- 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

Open Competitive Bidding (OCB): Steps to Develop OCB



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



Selection of Consultants

Selection of Consultant

1. Preparation and Shortlisting
2. Request for Proposal
3. Evaluation of Proposals
4. Prior Review by ADB

Consulting Services



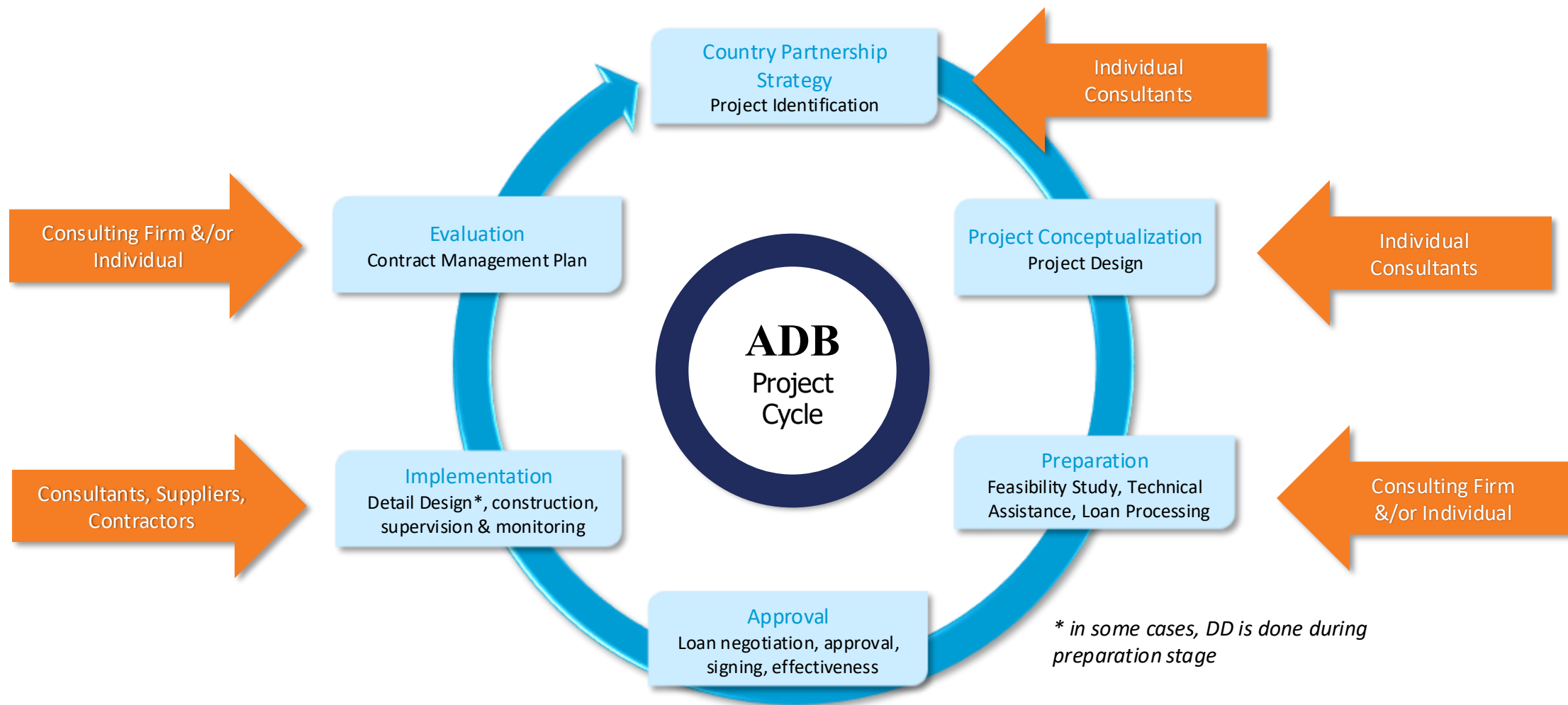
What are Consulting Services?

- Services that are intellectual and advisory nature

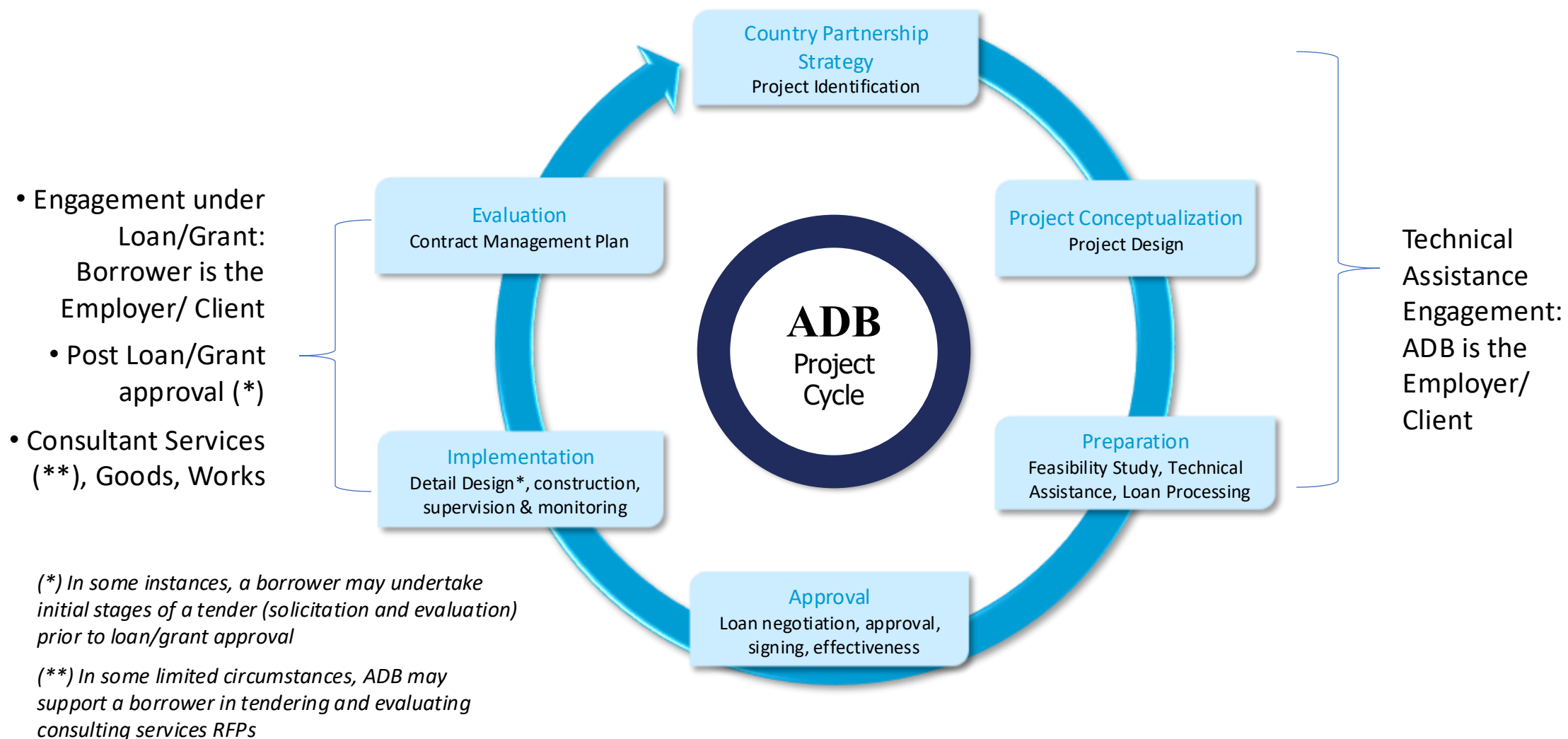
Why do we need Consulting Services?

- Do not own the expertise
- Have shortage of in-house resources which are *temporarily* required

Consultant Services throughout ADB Project Cycle



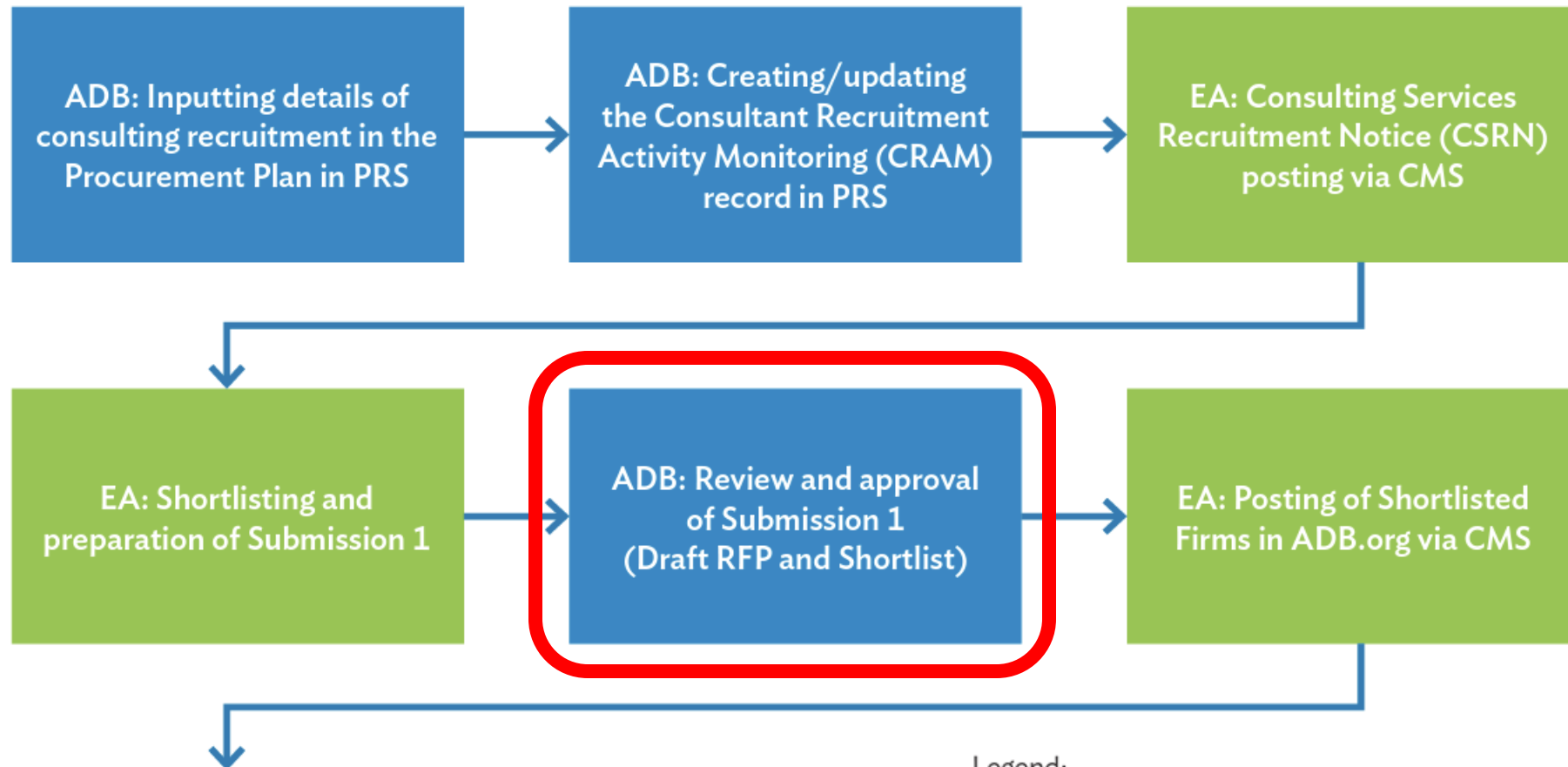
Consultant Services throughout ADB Project Cycle



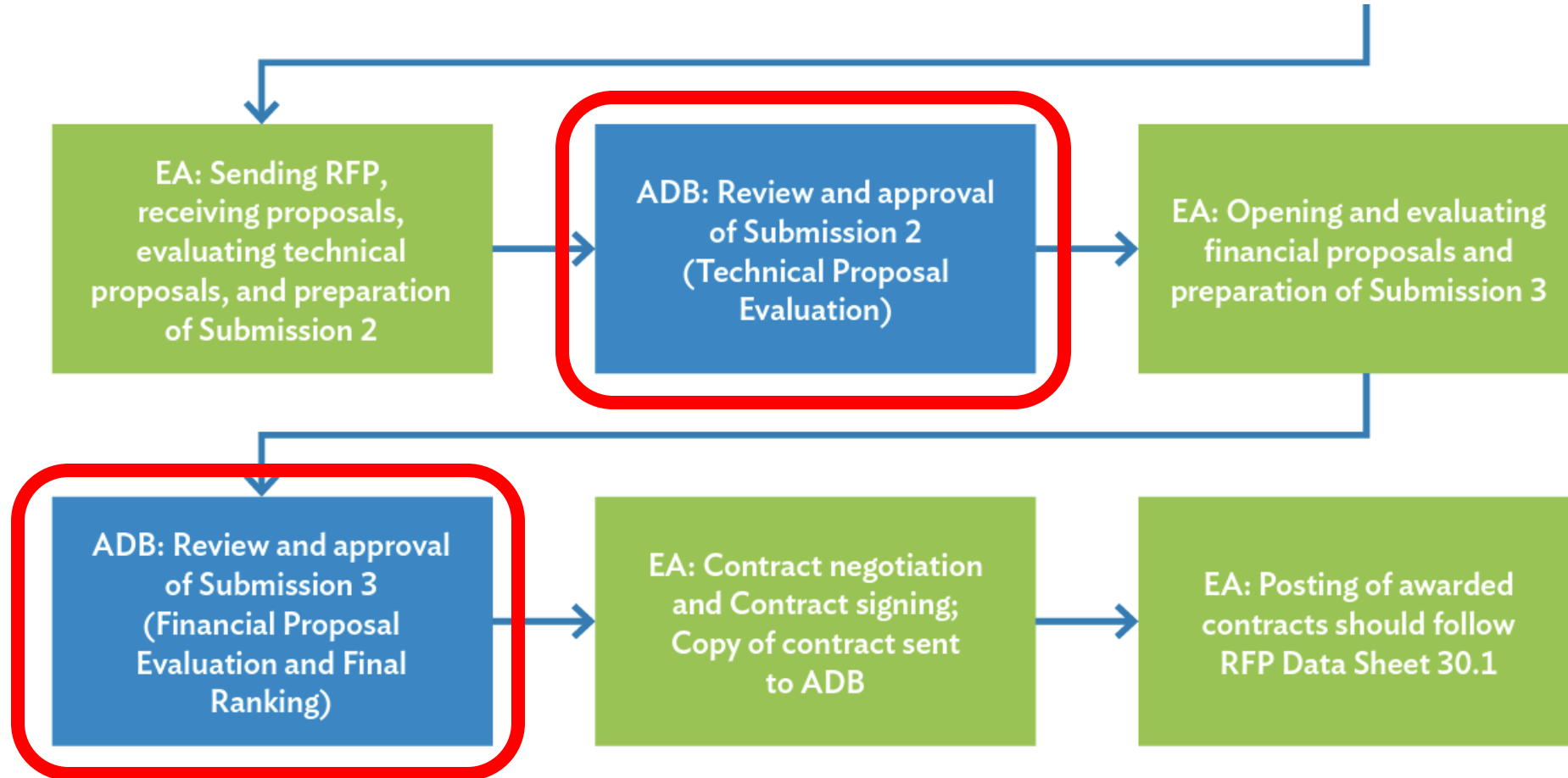
Steps in Selection and Recruitment of Consultant



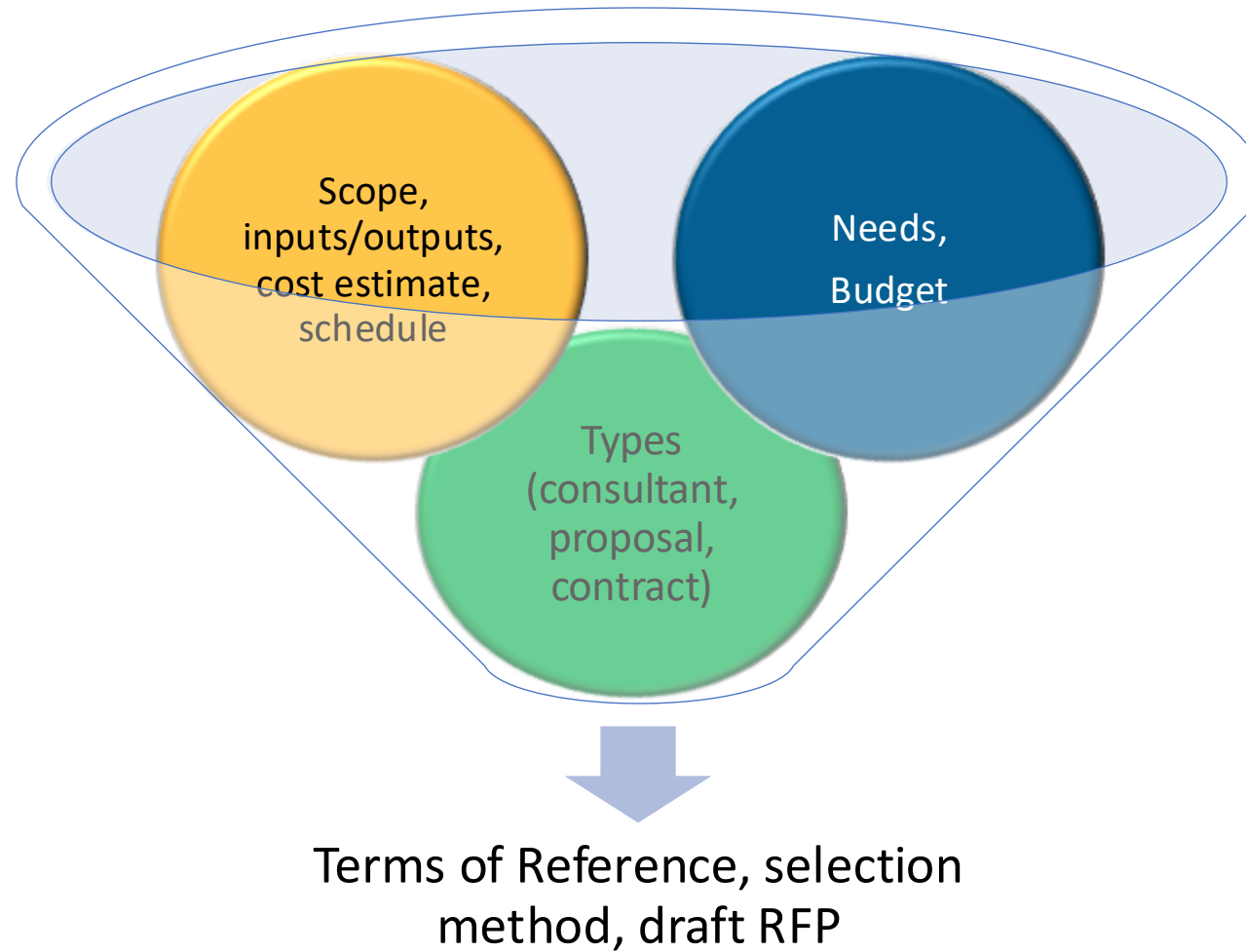
Steps in Selection and Recruitment of Consultant



Steps in Selection and Recruitment of Consultant



Preparation



Terms of Reference – Purposes

- Nature & scope of the assignment
- Expression of Interests
- Selection process
- Contract: Guides the work
- Performance measures



Two Types of Terms of Reference

Conformance- or input-based

- Inputs can be well-estimated
- Variation in approaches and methodologies not expected

Performance- or output-based

- Output can be well-defined
- Innovation expected
- Approaches and methodologies expected to vary

Terms of Reference – Structure

Structure

Background

Objectives

Scope of Services, Tasks and Deliverables

Teams Composition

Reporting Requirement

Client inputs

Cost Estimate

Competitive

- Remuneration
 - ✓ Key experts
 - ✓ Non-key experts
- Reimbursable (OPE) Expenses
 - ✓ Per diem
 - ✓ Travel
 - ✓ Transport
 - ✓ Communication
 - ✓ Office operations
 - ✓ Report
 - ✓ Administrative assistance
 - ✓ Other: security, insurance, translation

Non-competitive

- Provisional sums
 - ✓ Workshops, seminars, conferences, surveys, equipment
- Contingencies
 - ✓ 5-10% cost estimate
- Not paid unless utilized

Selection Methods for Consultant

QCBS Quality- and Cost-Based Selection	Well defined TOR, highest combined scores
LCS Least-Cost Selection	Small value, standard assignment, lowest cost
FBS Fixed-Budget Selection	Well-defined TOR, highest technical scores within budget
QBS Quality-Based Selection	Complex TOR, varied solution, highest technical scores
CQS Consultants' Qualification Selection	Amplified EOI, small value, specialized, highest qualified
SSS Single-Source Selection	Specific justifications, small value assignment

Selection Methods for Consultant

Selection Method	Technical Proposal Evaluation	Financial Proposal	Selection procedure
QCBS – Quality and Cost based selection	>= 750 out of 1000	Competitive Default Quality-cost ratio is 80:20. Can be changed to 70:30; 90:10 or 50:50 (audit))	Firm representing the best combination of quality and price wins
LCS – Least Cost Selection	>= 750 out of 1000	Lowest priced	Firm with lowest priced responsive proposal wins
FBS – Fixed Budget Selection	>= 750 out of 1000 And Highest Technical Score	<= budget	Firm with the best technical proposal and the financial proposal within the budget wins
QBS – Quality Based Selection	>= 750 out of 1000 and Highest Technical Score	Supporting documents to prove financial position of the firm, remuneration of experts, social and overhead charges	Negotiations are conducted with the firm that presented the best technical proposal
CQS – Consultants' Qualification Selection	Amplified Expression of Interest (EOI) Structured EOI submission >= 750 out of 1000		Negotiations are conducted with the firm that presented the best expression of interest
SSS – Single Source Selection	>= 750 out of 1000	Supporting documents to prove financial position of the firm, remuneration of experts, social and overhead charges	Negotiations are conducted with the firm that is selected without benefit of competition

Types of Proposal and Contract

Proposal Types

- Full Technical Proposal (FTP)
- Simplified Technical Proposal (STP)
- Biodata Technical Proposal (BTP)

Contract Types

- Time-based
- Lumpsum
- Performance based
- Framework Agreement
- Fixed rate
- Retainer/contingency fee
- Hybrid

ADB Policies

Eligibility

- Nationals of ADB Member Countries
- Not-sanctioned by ADB and UN
- Civil servants and Government-owned Enterprise may be eligible

Integrity

- Highest ethics during selection and contract execution
- Specific definitions on corrupt, coercive, fraudulent, collusive, obstructive practices, abuse
- Right to inspect

Conflict of Interests (COI)

- Consulting activities
- Consulting assignments
- Relationships, ownerships, legal representatives
- More than one proposal

Respectful Working Environment (RWE)

- Highest ethical standards
- Specific prohibition on bullying, discrimination, harassment, misconduct, retaliation, harassment