ADB-Financed Procurement

Business Opportunities

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The New ADB Procurement Framework
Asian Development Bank

- 67 member countries - 48 regional and 19 non-regional members

- Active portfolio end 2017 – USD 84 billion

- Financing approvals in 2017 – USD 29 billion

- Contracts by executing agencies (borrowers) in 2017
  - 4,000 contracts of good and works worth $9 billion
  - 3,000 consulting services contracts worth $700 million dollars

- Major Sectors
  - Transport (29%) and Energy (27%)

- Other sectors
  - Water and urban infrastructure (13%),
  - Agriculture, natural resources and rural infrastructure (14%),
  - Education (7%),
  - Finance (6%),
  - Health (2%),
  - Public sector management, industry and trade, ICT
“ADB will continue to promote better procurement systems using a principles- and risk-based approach.”

“ADB will seek to increase its efficiency and effectiveness. To support better project implementation, ADB will reform and rationalize its business processes, particularly its procurement systems.”
Drivers of Procurement Reforms

- Increased lending operations
- Evolving needs of DMCs
- Harmonization with other MDBs
- Need to improve delivery systems
With implementation of new policy

- Improved project quality and better value-for-money
- Reduced time to deliver procurement outcomes
- Quality suppliers/contractors bidding for projects
- Lower transaction costs
- Strengthened DMC procurement capacity
- Improved borrower-supplier relationships
Core Procurement Principles

- Economy
- Efficiency
- Fairness
- Transparency
- Quality
- Value for money

Existing
New
Project & Procurement Cycle

- **Country Procurement Strategy**
  - Country & Sector Procurement Risk Assessment

- **Project Conceptualization**
  - Project Design
  - Procurement Risk Categorization

- **Procurement Planning**
  - Project Procurement Risk Assessment
  - Procurement Plan
  - Project Administration Manual

- **Bidding**
  - Bidding Documents

- **Contract Award**
  - Signed Contracts

- **Implementation and Contract Management**
  - Contract Management Plan

- **Feedback or Evaluation**
  - Contract Close
  - Project Completion Report
  - Lessons Learned

- **Bid Evaluation**
  - Evaluation Reports

- **Value for Money**

- **Quality**

- **Efficiency**

- **Transparency**

- **Economy**

- **Fairness**
# Normative Guidance

## Procurement Framework (Old vs New)

<table>
<thead>
<tr>
<th>Category</th>
<th>Old</th>
<th>Approval</th>
<th>New</th>
<th>Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Policy</td>
<td>![Old Procurement Policy Image]</td>
<td>Board</td>
<td>![New Procurement Policy Image]</td>
<td>Board</td>
</tr>
<tr>
<td>Procurement &amp; Consulting Procedures</td>
<td>![Old Procurement Procedures Image]</td>
<td>Board</td>
<td>![New Procurement Procedures Image]</td>
<td>President</td>
</tr>
<tr>
<td>Staff Instructions</td>
<td>Project Administration Instructions (PAI 2 &amp; 3)</td>
<td>President</td>
<td>![New Staff Instructions Image]</td>
<td>DG PPFD</td>
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Procurement Reforms

2017

2018
Towards End-to-End Procurement Support

2015 Guidelines

From focus on transactions ...

2017 Policy & Regulations

... end-to-end support
The New Policy and Regulations

What has changed?
Procurement of Goods, Works, and Non-Consulting Services
Procurement Strategy in Project Design

- Flexible, principles-based procurement arrangements

- Bidding arrangements vary, depending on
  (a) nature, complexity, and value
  (b) capacity and experience of the borrower, and
  (c) supply market

- Procurement design based on needs and risk assessments, and best practices in contract management
Use of Open Competitive Bidding

Market based procurement methods
- International advertising
- National advertising

Based on fitness for purpose
- Permits customized procurement approaches
- Context specific

Removes threshold-based distinctions
- Reduces artificial slicing of contracts
- Risk-based
Procurement - Main Changes

• Abnormally Low Bids
  ➢ Subject to set procedures, possible to:
    ✓ Accept a bid
    ✓ Increase Performance Security as condition of award
    ✓ Reject a Bid
  ➢ Three-stage process:  i) Identify  ii) Clarify  iii) Decide

• Standstill Period
  ➢ Used at discretion of borrower
  ➢ After evaluation but prior to Notification of Award
  ➢ Up to 10-days recommended; extended delay in response

• Procurement Method
  ➢ No longer tied to value threshold
  ➢ Nature and complexity of goods, works or services as sole determinant
Consulting Services – Main Changes

• Post Review (Sampling) and concurrent reviews
  ➢ Prior Review still the default
  ➢ Concurrent reviews conducted during processing
  ➢ Post Review (Sampling) an option, based on risk assessment

• Shortlisting rules changed
  ➢ No longer shortlist of 6 consultants
  ➢ No longer max 2 consultants per member country
  ➢ No longer requirement for consultant from DMC

• Selection Method
  ➢ No value threshold related to use of either FTP, STP or BTP
  ➢ Based only on nature and complexity of assignment
Consulting Services – Main Changes

• **Eligibility** *(only for EA-administered assignments)*
  - Entity incorporated or registered under laws of member country
  - **Experts** hired under firms are eligible *regardless of nationality*
  - Rules on individual experts recruited directly unchanged

• **Clarifications during evaluation**
  - In exceptional cases and with prior approval of ADB
  - Clarifications only on minor issues or obvious errors/inconsistencies
  - Request for clarification in writing, copied to ADB

• **Domestic Preference**
  - Use of national experts for key positions can be used as evaluation criteria
  - May be allocated up to 10% of overall scoring weight
Improvements & Increased Guidance

Non-Consulting Services a distinct procurement type

Expanded procurement risk assessments include market analysis

Reinforced guidance on FCAS and emergency situations

Pending litigation and arbitration requirement replaced by non-performance declaration

More guidance on Complaints, SOE, PPP, HLT, Contract Management, etc.

Can limit number of firms at prequalification

No minimum bid preparation period (now recommended)

Guidance and supporting bid documents for High Level Technology
Guidance Notes

List of Guidance Notes for the 2017 ADB Procurement Policy and the Procurement Regulations

1. Value for Money
2. Procurement Risk Framework
3. Strategic Procurement Planning
4. Procurement Review
5. Alternative Procurement Arrangements
6. Open Competitive Bidding
7. Price Adjustment
8. Abnormally Low Bids
9. Domestic Preference
10. Prequalification
11. Subcontracting
12. Consulting Services Administered by ADB Borrowers
13. Nonconsulting Services Administered by ADB Borrowers
14. High-Level Technology
15. Quality
16. Bidding-Related Complaints
17. Noncompliance in Procurement
18. Standstill Period
19. State-Owned Enterprises
20. E-Procurement
21. Framework Agreements for Consulting Services
22. Public–Private Partnerships
23. Contract Management
24. Fragile, Conflict-Affected, and Emergency Situations
Implications of New Policy

• Borrowers
  • Project design better adapted to in-country conditions
  • Increased ability to address historical problem areas (e.g. ALB)
  • Reduced complexity and increased harmonization (through APA)

• Bidders
  • More tailored packages released for tendering
  • Type and size of packages closer to market capacity (no arbitrary thresholds)
  • Through APA, increased use of harmonized bidding documents

• ADB
  • Increased responsiveness to borrowers’ needs at design stage
  • Tapered procurement design to meet project requirements
  • Reduced transaction costs through reliance on other entities’ procedures
Finding Business Opportunities

The What, Where and How?
Finding ADB Business Opportunities

https://www.adb.org
Finding ADB Business Opportunities

https://www.adb.org/site/Business-Opportunities/main
Finding ADB Business Opportunities
Works, Goods and Related Services

https://www.adb.org/business/main
Finding ADB Business Opportunities
Goods & Works – Procurement Notices

https://www.adb.org/projects/tenders/type/invitation-bids-1521
Finding ADB Business Opportunities
Consulting Services - CMS

http://cms.adb.org
Finding ADB Business Opportunities
Consulting Services Recruitment Notices

http://csrn.adb.org/
Finding ADB Business Opportunities
Identifying Projects

http://www.adb.org/
Finding ADB Business Opportunities
Identifying Projects

https://www.adb.org/projects
Finding ADB Business Opportunities

Identifying Projects

https://www.adb.org/projects/48480-003/main#project-overview
Being Ahead in Your Game
Country Program - Vietnam

http://www.adb.org/
Being Ahead in Your Game
Country Program - Vietnam

Viet Nam and ADB

In the Spotlight

The Impact of Increased Import Competition from PRC on Income Inequality and Household Welfare in Viet Nam

Viet Nam’s economic growth has been increasing since 2011, while inflation has remained in single digits. Well-balanced macroeconomic policies have helped restore stability and investor confidence, with growth being propelled by a surge in foreign direct investment and export-oriented manufacturing. Viet Nam needs to continue to develop a more dynamic market.
Being Ahead in Your Game
Country Program - Vietnam

https://www.adb.org/countries/viet-nam/strategy
Key Pointers

1. Develop your brand name
2. Register in ADB CMS
3. Know the “rules of the game”
   (a) Guidelines on the Use of Consultants
   (b) ADB Anti-Corruption Policy
3. Monitor opportunities regularly
4. Know the country of assignment
5. Partner with entities likely to be shortlisted
6. Prepare a strong and responsive technical proposal
   – Pay attention to Data Sheet information
7. Manage your contract
Common Problems

- Failure to disclose conflicts of interest, e.g. employees from executing agency in your proposal
  - Caution with government employees!
- Firm or associates/experts not from ADB member country
- Wrong type of technical proposal
- Technical proposal refers to price
- Condition imposed in technical proposal
Common Problems \( .../2 \)

- Conform to required templates – taxes
- Insufficient time afforded to entry of proposal in CMS
- Proposal received late
- Non-compliant proposal – e.g. person-months or non-nationals for national expert position
- Failure to respond to Client requirements

When in doubt, seek **written** clarification
Further Information

• **Policy:**
  https://www.adb.org/documents/adb-procurement-policy

• **Regulations:**
  https://www.adb.org/documents/procurement-regulations-adb-borrowers

• **Guidance Notes (24 documents):**
  https://www.adb.org/documents/guidance-notes-on-procurement

• **Standard Bidding Documents (8 documents) and User Guides (9 documents) – 2016 or 2018:**
  https://www.adb.org/site/business-opportunities/operational-procurement/goods-services/documents
Thank you!

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