

A stylized tree graphic with a blue trunk and branches. The branches are decorated with various icons: a computer monitor, a power line tower, a water drop, a leaf, a bridge, a gear, a handshake, a wallet, and a document. The tree is set against a white background with a blue horizontal band across the middle.

Update of ADB Procurement Reforms The ADB Procurement Framework

Ashraf Mohammed
Deputy Director General
Procurement, Portfolio & Financial
Management Operations, ADB



Key Drivers



Increased lending operations

Evolving needs of developing member countries

Harmonization with multilateral development banks

Need to improve delivery systems



Risk-Based Procurement

Alternative Procurement Arrangements

Tracking and Monitoring of Procurement Complaints

Decentralization and Delegation of Authority

Focus on Beginning-to-End Procurement Support



Risk-Based Procurement

The framework introduces a risk-based oversight function for the review of procurement transactions by ADB. Comprehensive procurement risk assessments at country-level and, if applicable, at sector levels. Procurement planning will be more closely aligned with the development objectives of the project and deliver VfM through the application of procurement methods and procedures that are proportional and customized to respond to borrower needs. The new approach strengthens post- award contract management as part of more comprehensive procurement monitoring by ADB.

Alternative Procurement Arrangements

Tracking and Monitoring of Procurement Complaints

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Risk-Based Procurement

Alternative Procurement Arrangements

Provides for increased flexibility to facilitate and encourage cofinancing and partnership arrangements, as well as to accommodate the use of alternative procurement arrangements in appropriate circumstances. The acceptance of alternative procurement arrangements, under certain conditions, also permits application of agency procurement rules and regulations on the basis of an accreditation system for project executing agencies that have wide experience working with MDBs and have a well-developed procurement system satisfying the core procurement principles.

Tracking and Monitoring of Procurement Complaints

Decentralization and Delegation of Authority

Focus on Beginning-to-End Procurement Support



Risk-Based Procurement

Alternative Procurement Arrangements

Tracking and Monitoring of Procurement Complaints

The framework sets out (i) the procedures for tracking and monitoring procurement-related complaints arising out of any ADB-financed bidding process where ADB procurement regulations have been applied, (ii) the roles and responsibilities of various parties involved in such complaints, and (iii) the processes to ensure that all complaints are resolved impartially and in a timely manner.

Decentralization and Delegation of Authority

Focus on Beginning-to-End Procurement Support



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Decentralization and Delegation of Authority

Improved and faster beginning-to-end procurement support is facilitated by a higher degree of decentralization of the procurement function.

Recognizing the specialized nature of procurement, most international procurement staff will be either out-posted to resident missions or placed in sector divisions in ADB headquarters with significant project portfolios. This will support greater delegation of authority over procurement decisions to the regional departments and sector divisions.

Focus on Beginning-to-End Procurement Support



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Focus on Beginning-to-End Procurement Support

Procurement staff will provide faster and improved beginning-to-end support through greater involvement with project processing missions, contract packaging, and transaction review, as well as for any contract implementation matters.



Phase One Activity Completed – available online



ADB Procurement Policy

**Goods, Works,
Nonconsulting and
Consulting Services**

Approved April 2017

Applies to Procurement of Goods, Works and Services required by the borrower and financed in whole or in part by ADB

**Procurement
Regulations for ADB
Borrowers**

**Goods, Works,
Nonconsulting and
Consulting Services**

105 Projects under the new Framework, as of end 2018.



Phase One Activity Completed – available online



4 Staff Instructions

- ▶ **4 Documents, Issued June 2018**
Guide staff on the implementation of the procurement policy and regulations

24 Guidance Notes on Procurement

- ▶ **24 documents, Issued June 2018**
Explain and elaborate on the provisions of the procurement policy and procurement regulations

8 Standard Bidding Documents and 9 User Guides

- ▶ **17 Documents, Issued June 2018**
Facilitate the bidding and procurement process





Procurement Principles with Expected Outcomes



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.

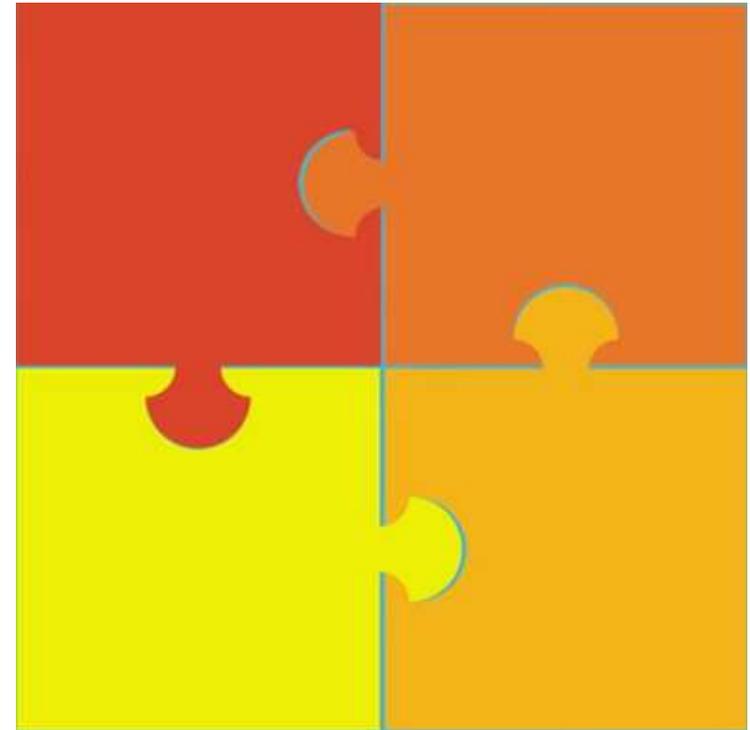


Implications of the New Procurement Framework



Fit-for-Purpose

- Major shift from one-size fits all approach to a fit-for-purpose approach.
- 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.



Fit-for-Purpose



Expected Impacts



With the implementation of the new policy and framework, ADB expects to:

- Improve project quality and deliver greater value-for-money
- Reduce time to deliver procurement outcomes
- Attract more quality suppliers bidding for projects
- Lower transaction costs
- Strengthen DMC procurement capacity
- Improve borrower and supplier relationships.

All leading to a stronger, better, faster, more relevant ADB and improved development outcomes.





Implementation Timeline



- **New Projects:** Framework applies to all projects with concept notes approved on or after **1 July 2017**.
- **Projects under preparation:** requests from borrowers with quality assurance meetings scheduled on or after **1 October 2017** will be considered for use of the framework.
- **Ongoing projects under implementation:** requests from borrowers for procurement transactions to be initiated after **1 October 2017** will be considered for use of the framework.



Phase Two Support Activity



Change Strategy

- Coaching ● Mentoring ● Pilot Projects ● Task Force
- End to End Support Structure, with a total of 30 PPF outposted staff to RD/RMs by 2019

Communication Strategy

- Regular communications ● Multiple Channels
- Tailored Messages

Training Strategy

- Workshops ● Clinics ● Plenary Sessions ● eLearning

Feedback Capture Mechanism Performance Management

- Structured Process ● Feedback Capture ● Feedback Response and Application



Document locations



- **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):**
<https://www.adb.org/site/business-opportunities/operational-procurement/goods-services/documents>



“Thank you!”

Ashraf Mohammed

Deputy Director General

Procurement, Portfolio and Financial Management Department

amohammed@adb.org