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# ADB Procurement Reforms



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# Agenda

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- i. Concept of the Reform
- ii. Implementation Plan
- iii. Expected Benefits

# i. Concept of the Reform

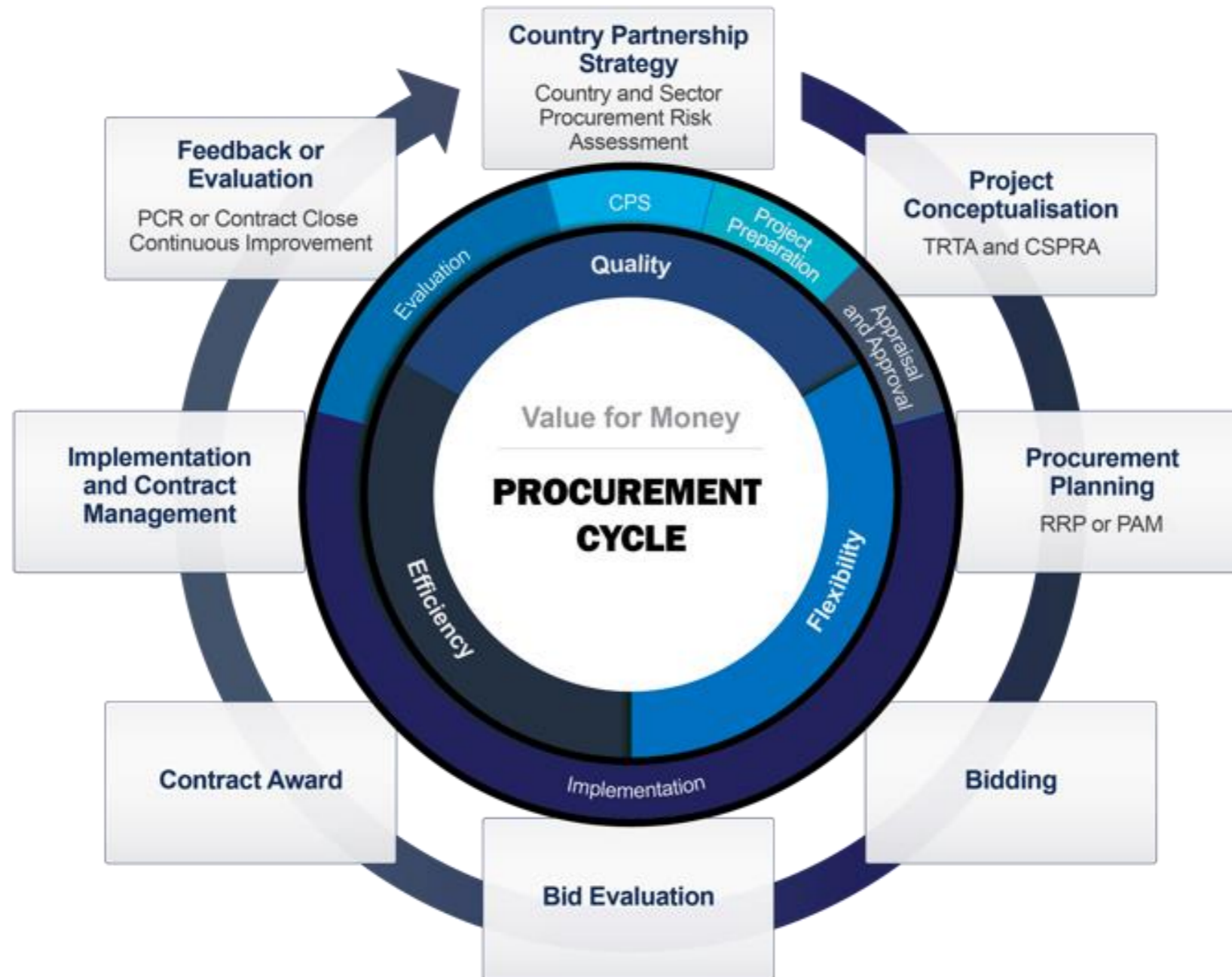
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# Drivers of ADB Procurement Reforms

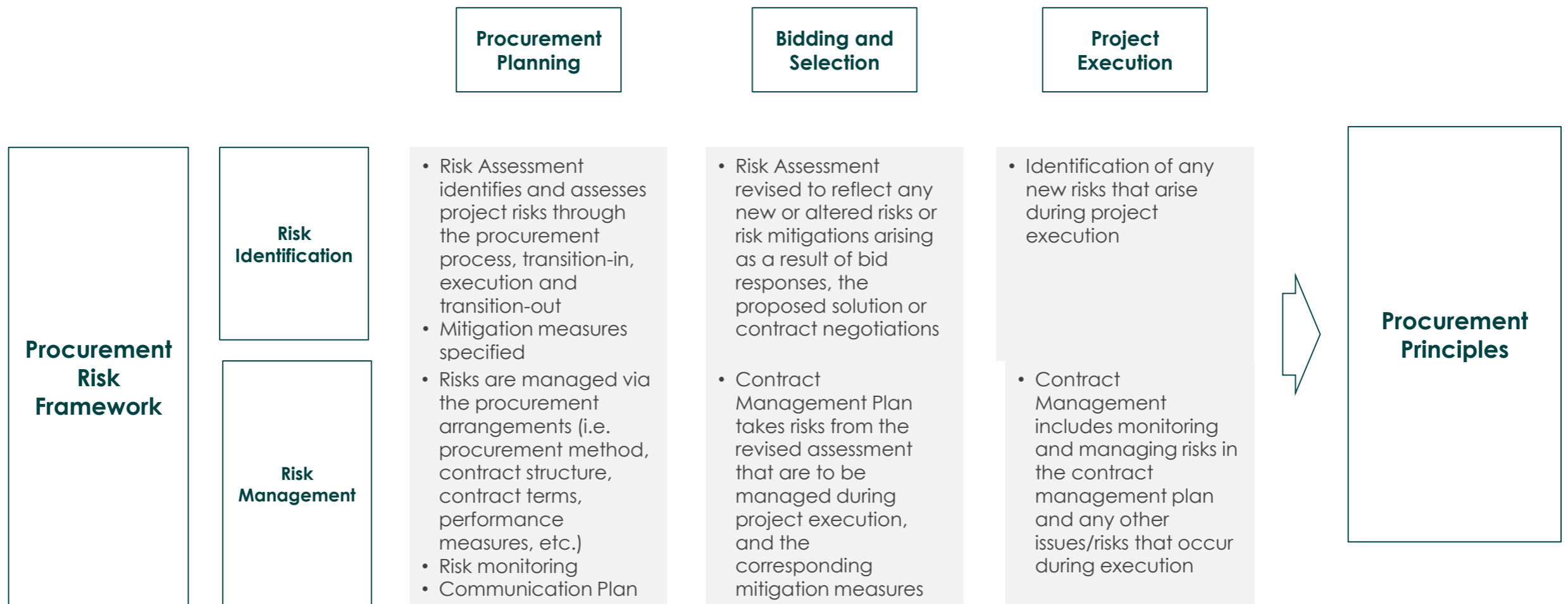
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1. Increased lending operations
2. Evolving needs of Developing Member Countries
3. Harmonization with Multilateral Development Banks
4. Need to improve procurement delivery systems


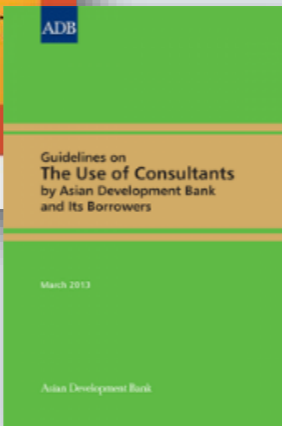
# ADB Procurement Cycle



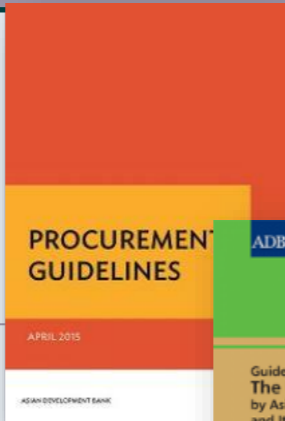
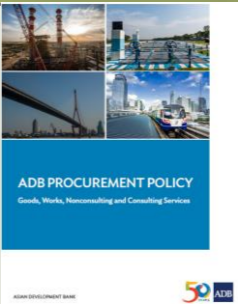
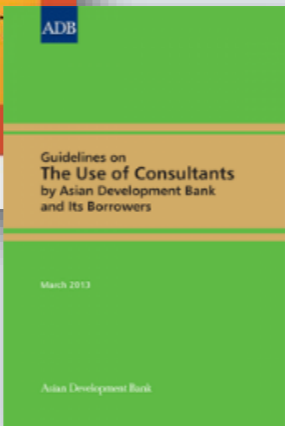
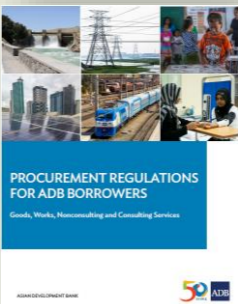
# Risk Based Procurement Approach



# Old vs. New

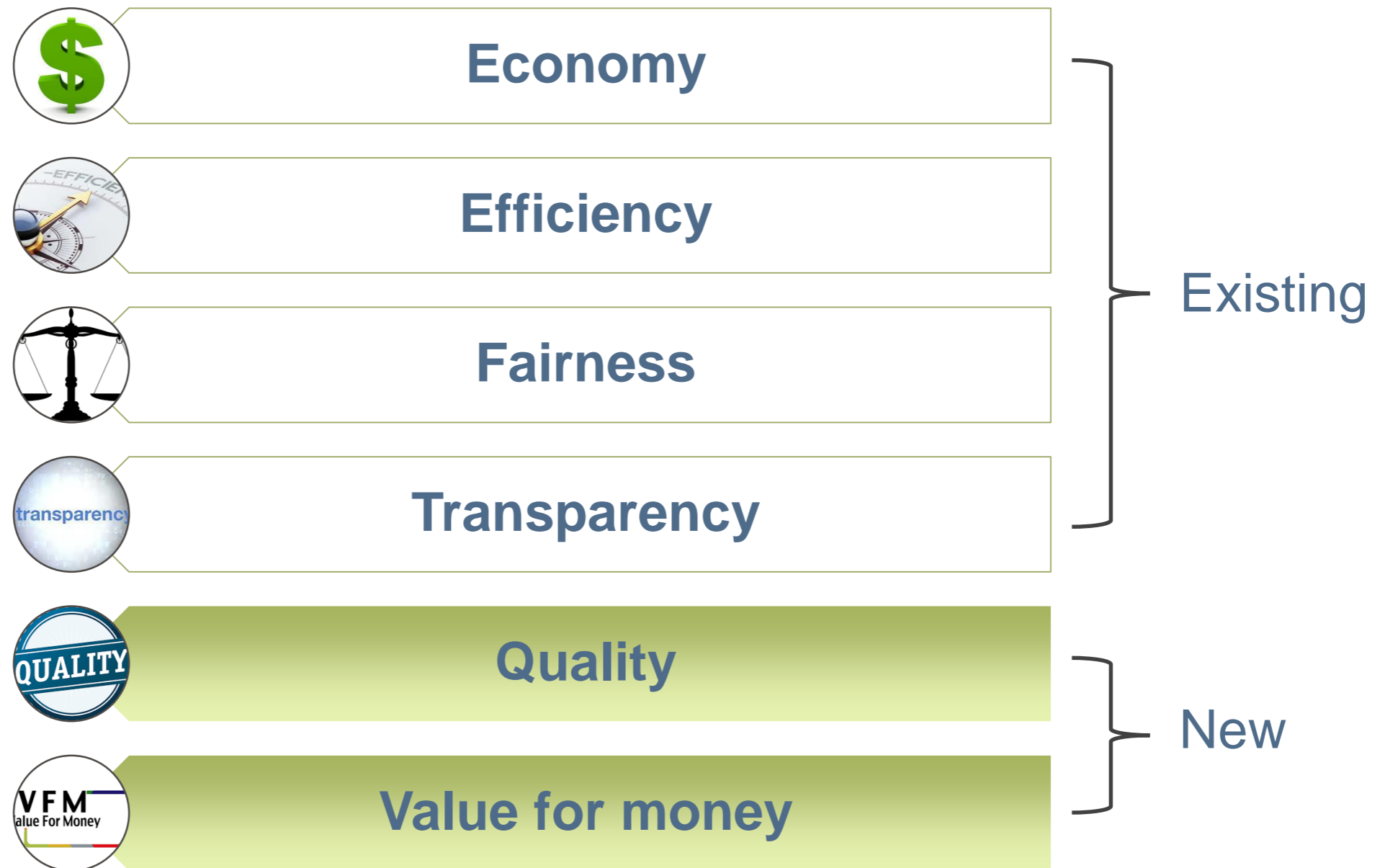
Category	Old	Approval
Procurement Policy	 <p>PROCUREMENT GUIDELINES APRIL 2015 ASIAN DEVELOPMENT BANK</p>	<i>Board</i>
Procurement & Consulting Procedures	 <p>Guidelines on The Use of Consultants by Asian Development Bank and its Borrowers March 2013 Asian Development Bank</p>	
Staff Instructions	Project Administration Instructions (PAI 2 & 3)	<i>President</i>
Bidding Documents	Standard Procurement and Consulting documents	<i>OSFMD</i>

# Old vs. New

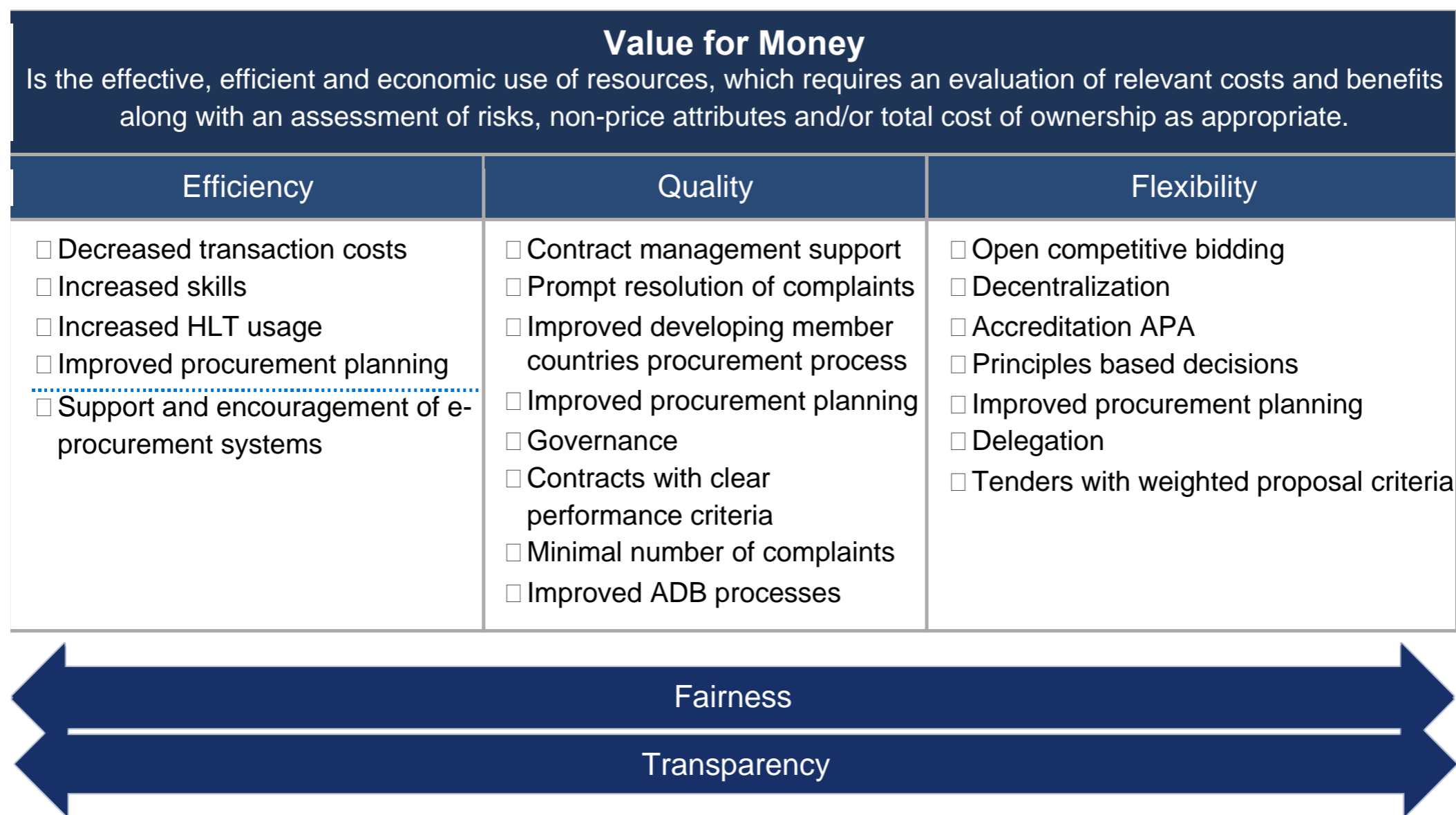
Category	Old	Approval	New	Approval
Procurement Policy		Board		Board
Procurement & Consulting Procedures				President
Staff Instructions	Project Administration Instructions (PAI 2 & 3)	President	<ul style="list-style-type: none"> <li>• Staff Instructions (Procurement of Goods, Works, Nonconsulting &amp; Consulting Services)</li> <li>• TA Staff Instructions</li> </ul>	DG
Bidding Documents	Standard Procurement and Consulting documents	OSFMD	<ul style="list-style-type: none"> <li>• Guidance Notes</li> <li>• Standard Procurement and Consulting documents</li> </ul>	OSFMD



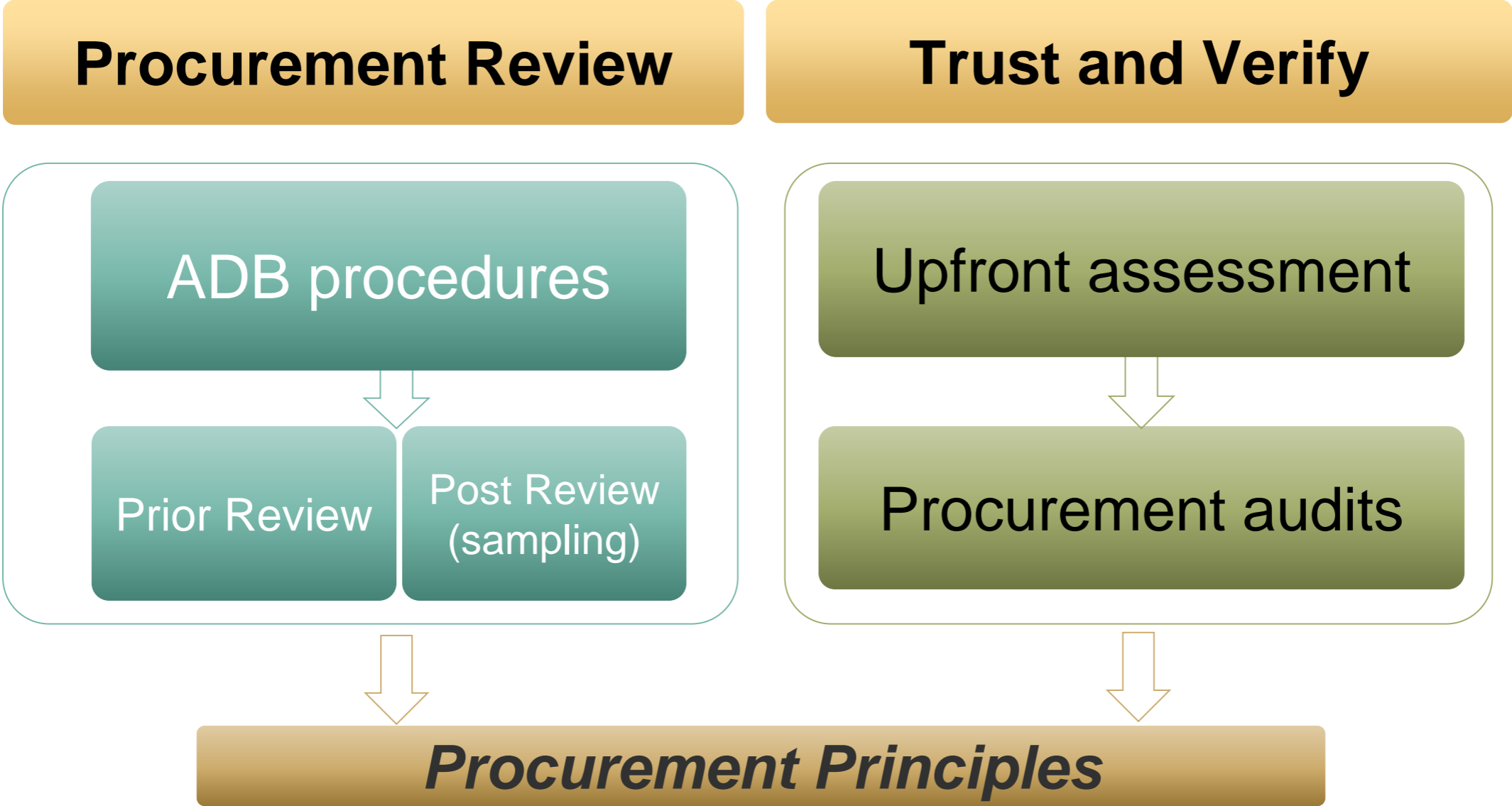
# New Procurement Principles



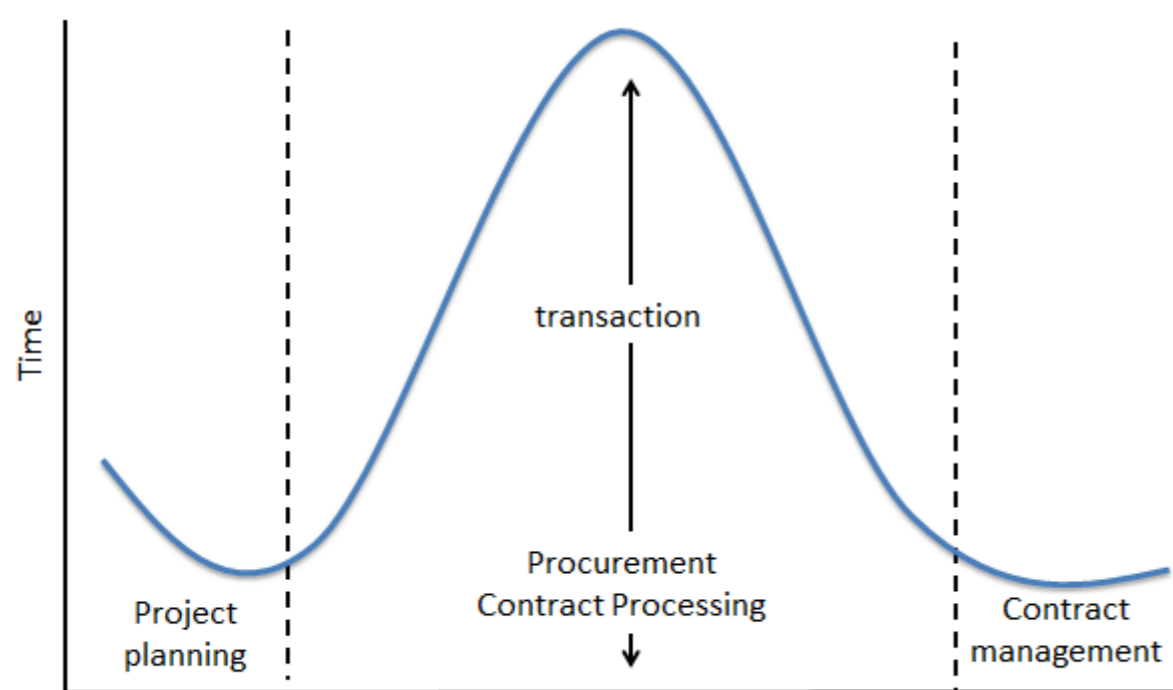
# How principles work together



# Risk-Based Oversight

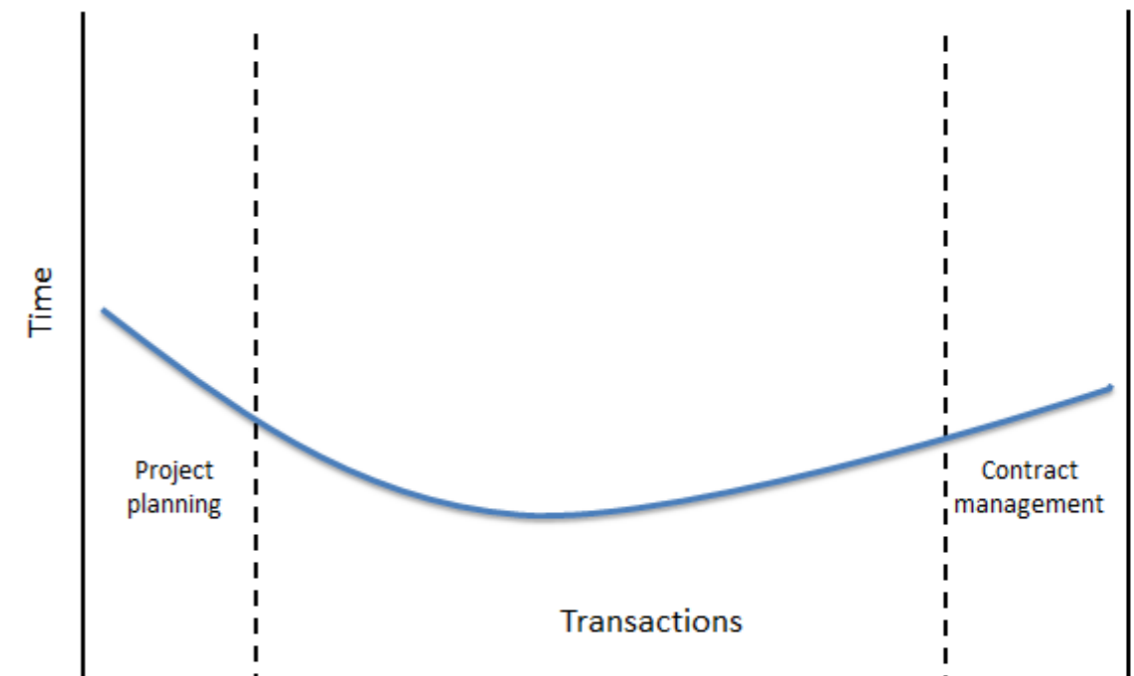


# Decentralized Procurement Support



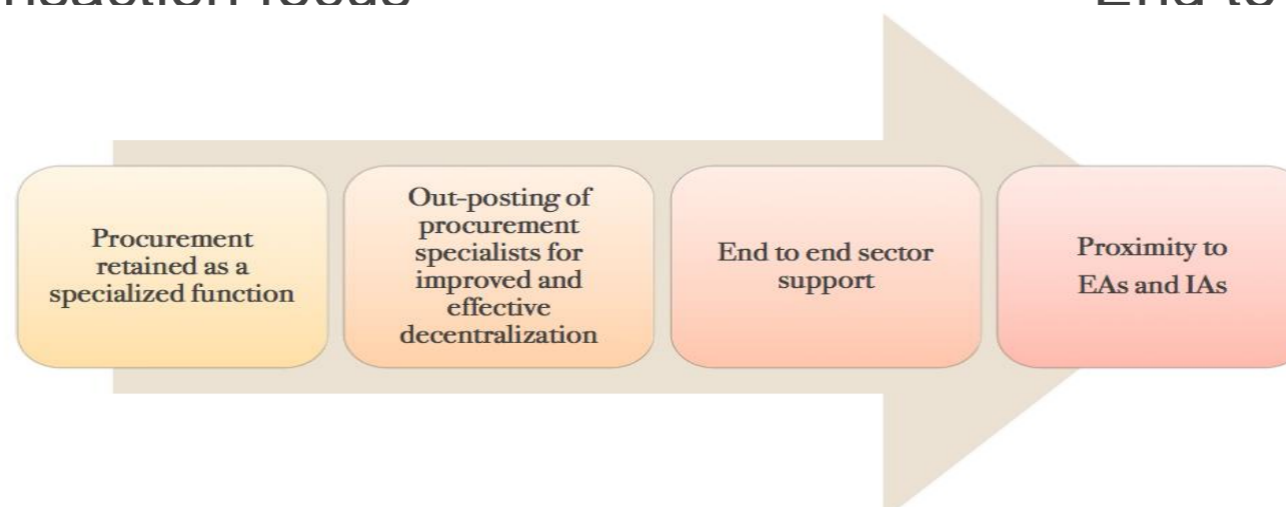
Stages of Procurement Transactions

Transaction focus



Stages of Procurement Transactions

End to end support



## ii. Implementation Plan

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# Rollout of the new framework

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- ❖ **New Investment Lending projects:**
  - ❖ Applies to all projects with concept notes approved on or after 1 July 2017;
- ❖ **Projects under preparation:**
  - ❖ Quality assurance meeting scheduled on or after 1 October 2017;
  - ❖ Regional Departments, in consultation with OFSMD, will review based on request by borrowers for use of the new framework;
- ❖ **Projects under implementation:**
  - ❖ Regional Departments, in consultation with OFSMD, will review based on request by borrowers for use of the new framework;
  - ❖ Only procurement transactions to be initiated after 1 October 2017 will be considered.

# iii. Expected Benefits

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# Key features

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- ❖ Use of a less-prescriptive, more principles-based procurement policy to meet the emerging needs of ADB clients and changing market conditions;
- ❖ Adoption of fitness for purpose as the operational model in designing project procurement arrangements;
- ❖ Use of risk-based procurement review approaches in order to improve operational efficiencies;
- ❖ Support for the procurement of high-level technologies, particularly to help developing member countries address climate change and meet other growth aspirations; and
- ❖ Use of alternative procurement arrangements to reduce transaction costs for developing member countries and ADB's cofinanciers.



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# Expected Benefits

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1. Reduced procurement time, improved quality and delivery systems
2. Faster implementation of ADB-financed projects
3. Greater engagement with DMCs
4. Lower transaction costs in co-financing
5. Fiduciary comfort throughout the project cycle

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# For more information

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

[https://www.adb.org/documents/procurement-regulations-  
adb-borrowers](https://www.adb.org/documents/procurement-regulations-<br/>adb-borrowers)