#### Improving Development Effectiveness through Better Procurement Monitoring

By: Ashish Bhateja

9 June 2015 Batumi, Georgia



### Second largest portfolio-Central West Asia

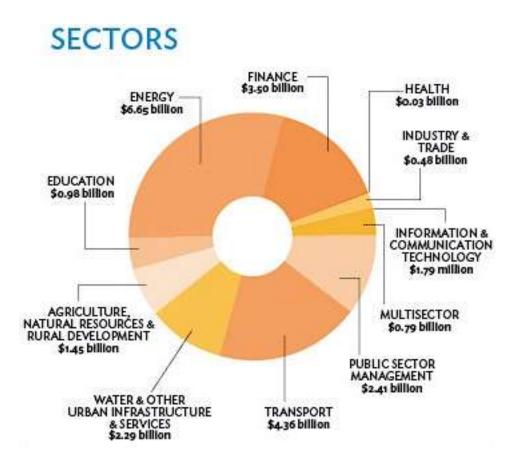
REGIONS



In 2014, our assistance totaled \$22.93 BILLION including \$13.69 billion financed by ADB and \$9.24 billion in cofinancing

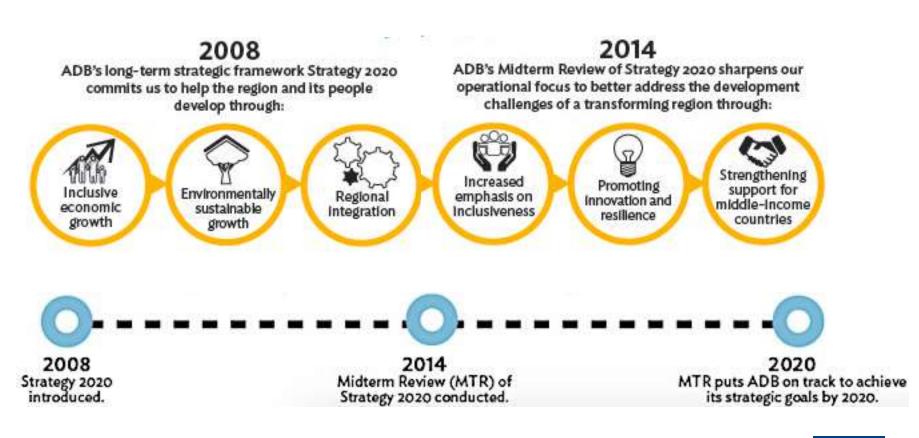


#### **Infrastructure focus remains key**





### **ADB** is transforming





### **Procurement Reforms in ADB**

- Phase 1 rolled out in August 2014 as 10 point procurement reforms action plan
- Objectives
  - Reduce procurement time
  - Increase administrative efficiency
  - Improve project delivery
  - Maintain fiduciary oversight

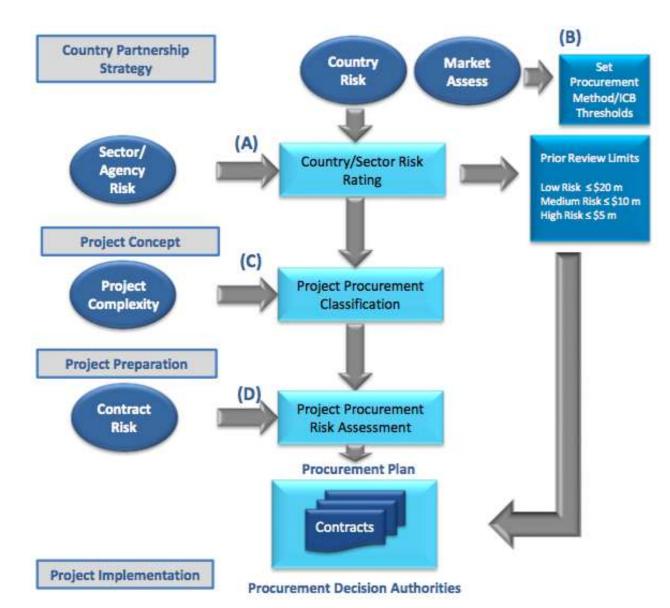


#### **Procurement Governance Framework**

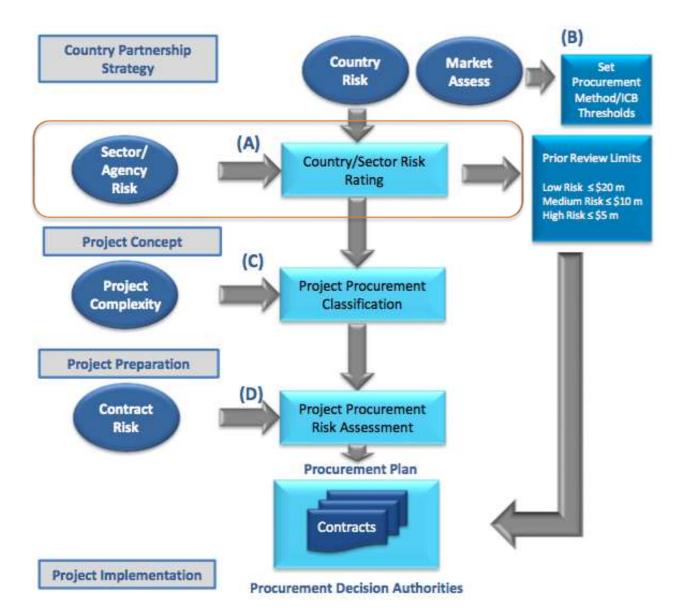
WHEN	OUTPUT	WHAT
CPS Preparation	Country and Sector/Agency Procurement Risk Assessments	Initial desk review of procurement laws, regulations and processes supported by ADB information and experience with DMC procurement A field review assesses procurement practices in key sector agencies using interviews, questionnaires, and sampling of selected procurement transactions.
	Country Procurement Thresholds	The CPS paper proposes country, and where applicable, sector thresholds for ICB and prior review limits.
Project Concept Paper	Project Procurement Classification	Projects classified based on procurement risk inherent in the country/sector and project characteristics. OSFMD staff actively involved in processing Category A projects.
Project Preparation	Project Procurement Risk Assessment	Category A projects will have direct operational support from OSFMD to complete the project procurement risk assessment and to assist in preparation of the project
	Project Procurement Plan	procurement plan and master bidding documents. Support also provided to the EA to prepare for undertaking procurement.
Project Implementation	Procurement Supervision	Streamlined and risk-based procurement oversight procedures application of prior review, postreview and postreview (sampling) with four level decision authority, will strengthen fiduciary oversight while reducing administrative burden.

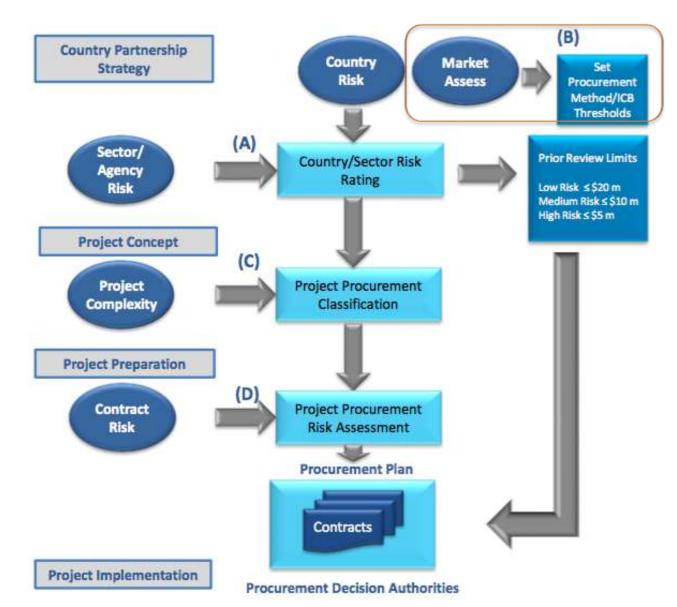
Procurement timelines and accountability closely monitored.

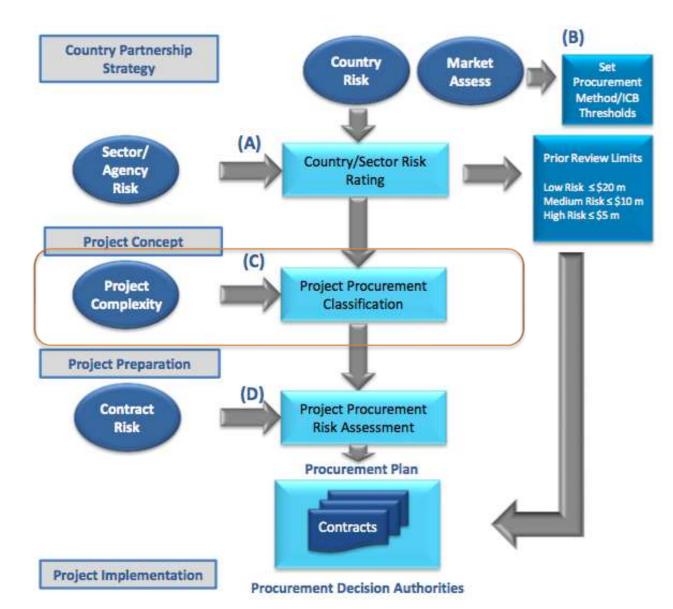


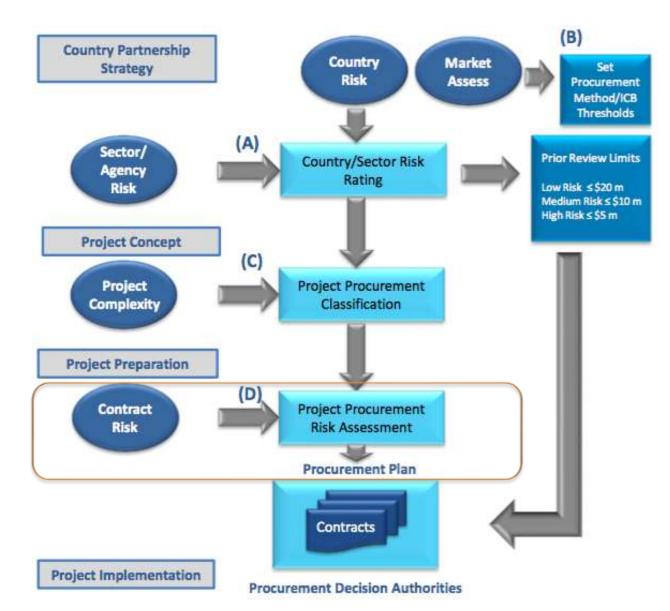












### **Procurement efficiency**

Streamlined processes:

- Greater reliance on NCB procedures can save up to 100 days of procurement time
- If the time taken to engage supervision consultant and first major contract is halved, project can be delivered one year earlier



### **Country Systems**

Risk based supervision:

- Below \$5 million or ICB threshold or average value of government funded contracts
- Total number of contracts reviewed by ADB staff can reduce by 25%



# **Balanced fiduciary oversight**

No longer one size fits all:

- Focus on high risk, high value and high impact contracts
- Procurement accreditation of staff for effective decentralization
- OSFMD retains oversight for highest value contracts representing over 50% of total procurement value
- Improved support for project preparation for high risk



#### e-Procurement

Technology enablement:

- Procurement Review System (PRS) will electronically record the procurement information for better oversight
- ADB e-procurement strategy to enable use of developed and well performing eprocurement systems of the executing agencies
- Online standard bidding documents



### **Benefits achieved**

- 1. ADB surpassed its target of \$8.0 billion in contract awards in 2014 by reducing the time for approving the contracts
- 2. The average time taken for transactions of \$10 million and more has been reduced by 50% after the implementation of the reform actions
- 3. More regional department staff are now procurement accredited (across regional departments, 5 fold increase compared to 2013)
- Procurement staff have been posted to the front offices of regional departments and the five largest ADB resident missions



#### **Next steps**

- Continue main streaming of Phase 1 actions
- Phase 2 will roll out in 2015 and address procurement policy bottlenecks

