

Procurement in Investment Operations

Presented by Ian Nightingale, Procurement Advisor



ASIAN INFRASTRUCTURE
INVESTMENT BANK

PROCUREMENT

- **Operational Procurement**

- Contracts for goods, works and services for infrastructure projects
- Special Fund (Grant) for borrower project preparation

- **Corporate Procurement**

- Contracts financed out of Bank corporate budget
- Consultant services

OPERATIONAL PROCUREMENT POLICY

- The Bank's Procurement Policy and its Interim Operational Directive: Procurement Instructions for Recipients describes the Bank's Core Procurement Principles, objectives and requirement for operational procurement conducted under both public and private sector Bank financed projects
- go to :
http://www.aiib.org/html/aboutus/Operational_Policies/Procurement/?show=3)

OPERATIONAL PROCUREMENT POLICY

- Procurement Policy and the Procurement Instructions to Recipients are fundamentally aligned to other MDB procurement guidelines and rules including the new WB Procurement Framework and regulations released on July 1, 2016.

OPERATIONAL PROCUREMENT POLICY

- International open competitive tendering is the preferred method of procurement to be followed under a Bank financed project. Other methods may be applied provided the Recipient demonstrates to the Bank's satisfaction that proposed procurement method adequately reflects the requirements of the Bank's Core Procurement Principles

OPERATIONAL PROCUREMENT POLICY

- Core procurement principles
 - Economy
 - Efficiency
 - Effectiveness
 - Fairness: Good Governance
 - Value-for-Money
 - Fit-for-Purpose
 - Transparency

OPERATIONAL PROCUREMENT POLICY

PROCUREMENT STANDARDS

- Strategic Procurement Planning
- International Open Tendering preferred
- Transparent procurement
- Balance between price and quality
- Sustainable outcome
- Credible recourse and dispute resolution during contract implementation
- Quality assurance through compliance checks and audit
- Complaint handling mechanisms

PROJECT DELIVERY STRATEGY (PDS)

- Recipient is required to develop a PDS for successfully delivering the project
- The PDS should address how procurement activities support the project's development objectives and will deliver the best Value for Money under a risk managed approach.

PROJECT DELIVERY STRATEGY (PDS)

- The level of detail and analysis in the PDS is proportional to the **risk, value and complexity** of the project.
- An outcome of the PDS is a **Procurement Plan** on which the financing of the project is based and the Bank' review requirements are identified (prior, post, selective)

PROJECT DELIVERY STRATEGY (PDS)

- **Advance** contracting
- **Retroactive** financing
- Use of the Recipient's **country based procurement system** and procedures

PROJECT DELIVERY STRATEGY

- **Co-financing**

- **Joint:** Lead co-financier's procurement guidelines and disbursement processes are applied for all co-financed project components.
- **Parallel:** The co-financier's own procurement guidelines and disbursement processes apply to the project component to be specifically financed by the co-financier

BANK PROCUREMENT REVIEW



- **Bank Prior review:**
 - The Recipient's PDS,
 - The key steps in the procurement process (draft Tender Documents, notifications, evaluation report, recommendation for contract award.
 - Contract and its implementation
 - Usually applied for high value/complex contracts with high implementation risk as identified in the PDS

BANK PROCUREMENT REVIEW



- **Bank Post Review**
 - Sample of contracts after award and implementation. Review key steps in procurement as above. Usually applied to low value low risk contracting as identified in the PDS

PRIVATE SECTOR PROCUREMENT

- Concerns regarding economy and efficiency apply equally to both Public and private sector contracts financed by the Bank
- No specific rules or procedures apply to private sector procurement but a private sector entity needs to demonstrate that the procurement strategy applied under the project achieves fair market prices and sound commercial practices are applied

PRIVATE SECTOR PROCUREMENT

- Contracts awarded must be in the best financial interest of the private entity receiving the Bank's financing as distinct from that of the sponsor
- For Concessions that are awarded to the private sector to build and operate assets attention will be given as to how the concession was awarded.

PROCUREMENT NOTICES

- Notices of procurement opportunities will be published on the AIIB website (www.aiib.org) and the United Nations Development Business (UNDB) online portal.

HOW TO BE SUCCESSFUL

- Monitor www.aiib.org for:
 - News article on the Bank's operations
 - Project documents (procurement plan)
 - Tender notices (General Procurement Notices, Specific procurement notices)

HOW TO BE SUCCESSFUL

- Determine whether your firm's business strategy is aligned to the requirements of the project.
- Ensure your firm's qualifications match the tender requirements

HOW TO BE SUCCESSFUL

- Strictly follow the requirements in '**Instructions to Tenderers**'
- Ensure **all tender forms** are correctly filled in and submitted
- Ensure instructions for **Tender Security** are correctly followed, particularly for **validity period, amount** and **Joint Venture signatures.**

HOW TO BE SUCCESSFUL

- Submit request for tender clarifications to the Recipient in **writing**
- Note the tender '**standstill period**' for challenges to contract award
- Submit any **complaints** to Recipients, you may copy the Bank.
- **Debriefings** may be provided by the Recipient if requested by the firm

Contact:
Ian Nightnigale
Procurement Advisor
Tel: +86 10 8358 0037
Email: inightingale@aiib.org

