The Bank’s Procurement Framework
Outline

1. Introduction to the AfDB Group
2. Bank-financed contracts data
3. Procurement relationships, methods and safeguards
4. Information on Business Opportunities
1. Introduction to the AfDB Group
The African Development Bank Group

**AfDB Group**
- African Development Bank
- African Development Fund
- Nigeria Trust Fund

**In Brief**
- Founded 1964
- 54 RMCs
- 27 Non RMCs
- Capital=USD 95 billion

**Our Clients**
- Middle-Income Countries
- Low-Income Countries
- Post-Conflict & Fragile Situations
A solid institution to pursue Africa’s development goals

Critical development mandate
Solid financial risk management
Robust capitalization
Diversified funding profile

Aaa/AAA/AAA

Strong levels of liquidity
Preferred creditor status
Strong support from shareholders

"Our assessment of AfDB’s financial profile as very strong, predominantly reflects an improvement in the Bank’s capital adequacy."
S&P
September 2015

Intrinsic financial strength bolstered by shareholders’ support
# The Bank’s Assistance To Africa

<table>
<thead>
<tr>
<th>Financing Products</th>
<th>Type of Intervention</th>
<th>Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants &amp; Concessional Lending</td>
<td>Projects &amp; program-based operations</td>
<td>Goods</td>
</tr>
<tr>
<td>Loans &amp; Equity Investments</td>
<td>Technical Assistance</td>
<td>Works</td>
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<tr>
<td></td>
<td>Non-project activities</td>
<td>Services</td>
</tr>
</tbody>
</table>
The Ten Year Bank Strategy 2016-2025

Light up & Power Africa
- +162 GW electricity generated
- + 130 million on-grid connections
- + 75 million off-grid connections

Feed Africa
- + 150m people adequately fed
- + 100m people lifted out of poverty
- + 190m hectares with restored productivity

Industrialize Africa
- Industrial contribution to GDP increased by 130%
- 35 special economic zones supported
- 30 PPPs developed & strengthened
The Ten Year Bank Strategy 2016-2025

Integrate Africa

- Building regional infrastructure
- Boosting intra-African trade & investment
- Facilitating movement of people across borders

Improve the quality of life for the people in Africa

- Creating 80 million jobs
- Building critical skills
- Improving access to water & sanitation
- Strengthening health systems
Our Projects

- Agriculture: 12%
- Infrastructure: 45%
- Multi-sector: 16%
- Social: 10%
- Finance: 13%
- Industry & Mining: 4%
- Environment: 0%

Total Cumulative Approvals (1967-2016) amounts to 131 billion USD
2. Bank-Financed Contracts Data
Size of Operations

Billion USD

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (Billion USD)</th>
<th>Number</th>
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<tbody>
<tr>
<td>2012</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>2.30</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>2.50</td>
<td></td>
</tr>
</tbody>
</table>
Distribution of Contracts By Number

- **Goods**
  - 2012: 546
  - 2013: 687
  - 2014: 645
  - 2015: 528
  - 2016: 595

- **Works**
  - 2012: 976
  - 2013: 1,022
  - 2014: 881
  - 2015: 976
  - 2016: 1,004

- **Services**
  - 2012: 601
  - 2013: 645
  - 2014: 638
  - 2015: 858
  - 2016: 921
## AfDB Group Funded Projects in Kenya

<table>
<thead>
<tr>
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<tr>
<td></td>
<td>Nb</td>
<td>Value</td>
<td>Nb</td>
<td>Value</td>
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<tr>
<td><strong>(Value in UA Million)</strong></td>
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<tr>
<td>Agriculture</td>
<td>43</td>
<td>3.99</td>
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<tr>
<td>Environment</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1.33</td>
<td>6</td>
<td>0.21</td>
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<tr>
<td>Finance</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>0.52</td>
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<tr>
<td>Ind/Mini/Quar</td>
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<td>Power</td>
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<td>-</td>
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<tr>
<td>Social</td>
<td>271</td>
<td>19.57</td>
<td>88</td>
<td>24.37</td>
<td>45</td>
<td>7.05</td>
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<td>5</td>
<td>2.12</td>
<td>2</td>
<td>0.37</td>
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<tr>
<td>Water Sup/Sanit</td>
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<td>60.87</td>
<td>37</td>
<td>13.29</td>
<td>7</td>
<td>7.64</td>
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<tr>
<td>Total</td>
<td>349</td>
<td>87.82</td>
<td>156</td>
<td>44.09</td>
<td>89</td>
<td>21.89</td>
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</table>

## Contracts won by Kenyan Firms (2012-2016)

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<tbody>
<tr>
<td><strong>By Number</strong></td>
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<tr>
<td>GOODS</td>
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<td>72</td>
<td>64</td>
<td>26</td>
<td>30</td>
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<tr>
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<td>46</td>
<td>51</td>
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<td>SERVICES</td>
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<td>15</td>
<td>15</td>
<td>17</td>
<td>19</td>
<td>28</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>349</strong></td>
<td><strong>156</strong></td>
<td><strong>89</strong></td>
<td><strong>100</strong></td>
<td><strong>98</strong></td>
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<tr>
<td><strong>By Value (UA Million)</strong></td>
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<tr>
<td>GOODS</td>
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<td>13.96</td>
<td>23.63</td>
<td>5.59</td>
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<td>16.87</td>
<td>14.83</td>
<td>46.71</td>
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<td>3.60</td>
<td>1.47</td>
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<td>15.66</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>87.82</strong></td>
<td><strong>44.09</strong></td>
<td><strong>21.89</strong></td>
<td><strong>53.10</strong></td>
<td><strong>29.70</strong></td>
</tr>
</tbody>
</table>

Contracts Awarded to Kenyan Firms

Number of Awarded Contracts By Expense Category

Value of Awarded Contracts By Expense Category

Share in AfDB Overall Contracts Awarded

Kenyan presence should be improved

<table>
<thead>
<tr>
<th>Year</th>
<th>By Number</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>By Value (UA Million)</td>
<td>6%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Share in AfDB Overall Contracts Awarded
3. Procurement relationships, methods and safeguards
Procurement Relationships

AfDB

Financing Agreement

Borrowers

Payment & Dialogue with Industries

Complaints

Contractors
Suppliers
Consultants

Bank’s Right to Audit
Roles and Responsibilities

- Advertises and Issues Bidding Documents
- Evaluates and Selects
- Provides responses to complaints from bidders
- Awards and Signs Contract
- Publicizes tender results
- Supervises Contract Execution

- Prepares SBDs for Use by Borrowers
- Provides Free Access to UNDB & AFDB
- Ensures processes meet procurement principles
- Provides of “No objection”
- Reviews complaints from bidders
- Seeks appropriate redress from borrowers
- Imposes sanctions in case of Fraud & Corruption

Bank provides non-objection and comments on each stage of the selection process.

Bank is not a party to Contract.
Eligibility

Waivers:

• ADB-ADF jointly co-financed contracts
• Reliance on BPS or Third Party rules and procedures
• The Bank/EBRD MRA (others under negotiations, e.g. EIB)
• Case by case
The Procurement Framework
Procurement Principles

- Economy
- Efficiency
- Equity
- Effectiveness
Main Features of the Bank’s Procurement Framework

- Value for money
- Risk based fit for purpose approach
- Use of Borrower procurement system
- Capacity building at country level
- E-Procurement
- Complaints
- ERSP
Main Features of the Bank’s Procurement Framework

- Beneficial ownership
- Development of national industries
- Fragile situations
- Co-financing
- Contract monitoring
Selection of Procurement System

1. Risk-based assessment of the Borrower Procurement System
2. BPSs cannot be relied upon due to risks and other factors
3. In FCS, emergency situations or when joint co-financing

Use of Borrower Procurement System in FULL

Use of Bank’s PMPS

Use of other internationally accepted Third Party rules and procedures
Procurement Methods

Goods & Works
- Open Competition
- Detailed specs
- Price major factor
- No negotiation
- One envelope / Multistage

Consultancy Services
- Shortlisting
- TOR’s
- Price can be a minor
- Negotiation usual
- Two envelope
Bank Oversight

When Using BPS

Procurement Audits

When Using Bank’s PMPs

Prior Review

Post Review

When Using Third Party PMPs

Procurement Reports and Audits

Independent Procurement Review

Others (with MOU)
Approach To Private Sector Operations

- Accepted commercial practices
- Conformity with the Procurement Plan
- Fair market price
- Adapting to various business models (PPP, etc.)
- Post review
- Ensuring Economy, Efficiency, Transparency and Open Competition for large contracts
- Performance and contract management
- Eligibility
4. Information on Business Opportunities
Important General Information

• Project information:

• AfDB Procurement Policy and Procedures:

• AfDB Standard Bidding Documents:

• ADF / ADB eligibility rule
Specific Information

- General Procurement Notice (GPN):

- Specific Procurement Notice (SPN):

- UNDB journal / AfDB website
Wining Contracts Under Bank Financed Projects

**Anticipation**

- Know your strengths, target your sector(s) and country(ies)
- Study the Bank CSP, Identify projects under preparation and appraisal
- Subscribe to updates and alerts on the Bank’s project portfolio and Tender Notice
- Study national market, establish partnerships with other firms at national level
- Identify executing agencies in countries beware of conflict of interest
- Study the Bank Procurement Policy Framework, Bank and Borrower SBDs

**Bidding Period**

- Seek clarifications from contracting agency
- Prepare proposals/bids in accordance with ToRs and specifications
- Demonstrate technical and financial strengths and track record in specific fields
- Don’t contact the Bank
- Avoid underbidding
- Demonstrate compliance with the Bank fraud/corruption Policy requirements
Wining Contracts Under Bank Financed Projects

Contract Execution

- Perform as per the contract terms
- Control and avoid unfounded contract variations
- Variations above certain thresholds are not accepted by the Bank
Thank You

Building today a better tomorrow