SESSION III – Procurement and AfDB’s Policy Regarding Integrity and Anti-Corruption

Procurement Policy for Projects Funded by the AfDB Group

Abidjan, Côte d’Ivoire
March 22-23, 2018
AfDB Headquarters, Auditorium

Fiduciary Services & Inspection Department
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
- 26 Non RMCs
- Capital=USD 95 billion

Our Clients
- Middle-Income Countries
- Low-Income Countries
- Post-Conflict & Fragile Situations
The African Development Bank Group

30 Representations
The Bank’s Assistance To Africa

- **Financing Products**
  - Grants & Concessional Lending
  - Loans & Equity Investments

- **Type of Intervention**
  - Projects & program-based operations
  - Technical Assistance Non-project activities

- **Procurement**
  - Goods
  - Works
  - Services
Our Projects

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

Total Cumulative Approvals (1967-2016) amounts to 131 billion USD
2. Bank-Financed Contracts Data
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: 638
  - 2014: 858
  - 2015: 858
  - 2016: 921

3. Procurement relationships, methods and safeguards
Procurement Relationships

AfDB

Payment & Dialogue with Industries

Complaints

Finance Agreement

Borrowers

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

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<td>Policy</td>
<td>Largely a principles’ based document, however it sets undisputable standards</td>
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<td>Methodology</td>
<td>Articulate the different concepts and gives guidance on how these terms will need to be implemented in practice</td>
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<td>Includes SBDs, Contract Forms, Guidance Notes, Case Studies, Sample Forms…etc.</td>
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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
Risk-based assessment of the Borrower Procurement System cannot be relied upon due to risks and other factors. In FCS, emergency situations or when joint co-financing. Use of Borrower Procurement System in FULL. Use of Bank’s PMPS. Use of 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**
Handling Complaints

✓ Central registry for complaints
✓ Included dedicated mail address in all Solicitation Documents
✓ PRC deliberations may be put on the website in redacted form
✓ When complaints are received under BPS, the Bank will make sure that the country process has been followed
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:
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
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<td>• Perform as per the contract terms</td>
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<tr>
<td>• Control and avoid unfounded contract variations</td>
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<td>• Variations above certain thresholds are not accepted by the Bank</td>
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