

# PROCUREMENT CULTURE UNDER AfDB FINANCING

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# Procurement Under AfDB Financing

## The African Development Bank in Brief

- ▣ Membership 53 African countries and 24 non-regional countries. Most recent member Turkey
- ▣ It has three sources of financing:
  - ▣ African Development Bank (interest earning)
  - ▣ African Development Fund (concessionary, and
  - ▣ Nigeria Trust Fund (low interest rate)

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## Economic Situation:

- ▣ Many countries are showing good economic growth of more than 3%
- ▣ Business environment is improving
- ▣ Many conflicts are being resolved (DRC, Sierra Leon)
- ▣ Socio-economic reviews are available on the net (WB and AfDB)

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## Economic Situation:

- ▣ In spite negative press many African countries are showing and realizing positive prospects
- ▣ The potential is very high
- ▣ The needs are huge
- ▣ The donor community are placing Africa on the top of the their priorities

Please visit the UN and MDBs websites for details

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## Share of Canadian Firms

Year	No of Contracts	Amount m CAD	Percentage of Total
2008	5	1.20	0.26
2007	20*	13.20	1.15
2006	23*	18.50	1.58

\* (All consultancy contracts except 1 goods contract each in 2006 and 2007)

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## Where the Canadian stand

- ▣ Modest success is in consultancy services
- ▣ Very few for goods (only 2 contracts in 3 years)
- ▣ None in construction
- ▣ There is a clear decline in the number of contracts won
- ▣ On average these are small contracts (less than 0.80 million CAD)

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What is happening?

- Is this due to low participation?
- Or due to low success rate?

We saw that Canadian firms obtained their largest share under World Bank Financing from Africa

The question is WHY?

All are invited to discuss this question and try to come up with concrete areas of focus and attention to overcome this challenge.

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2008 Indicative Lending Program (million CAD)

Infrastructure	3,865
Multi- Sector	1,438
Financial	522
Social	507
Industry and Mining	405
Agriculture	220
Environment	150
Total	7,107

Lending Objective: 5,818 million

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What is happening in AfDB

*New President and Management Team (2006)*

- *Efficiency and Results on the Ground*
- *Client Orientation*
- *Decentralization (25 Field Offices)*
- *Delegation of Authority to FO (closer to client)*

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## *On Going Reforms*

*Complete Overhaul of the Procurement Process*

*Respond to Client Needs and For Results on  
the Ground*

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## Revision of Procurement Rules for:

- ▣ Goods and Works
- ▣ Use of Consultants
  
- ▣ *Fully harmonized with World Bank*
- ▣ *Completed and effective October 2008*

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## Revision of Procurement Process: (improved business process)

- ▣ Procurement Accreditation
- ▣ Automated Review
- ▣ Part of the Integrated Work flow
- ▣ Use of Field Offices
- ▣ Delegation of Procurement Authority to Implementers and Field Offices

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## Review of Procurement Process (Transparency)

- ▣ Fighting Corruption
- ▣ Whistle blowing
- ▣ Hotline
- ▣ Training of Clients and Staff
- ▣ Provisions in Bidding Documents

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## Revision of Procurement Process: (Time and Cost Matter)

- ▣ Streamlining and Flexibility
- ▣ Promote Operational Efficiency
- ▣ Clearer Accountability
- ▣ Focus on Performance and Delivery of results

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## *In the Borrowing Countries*

- ▣ *Reform of Country Systems*
- ▣ *Training of Implementers*
- ▣ *Country Procurement Assessment*
- ▣ *Project Financial Management (New)*

*Results: Quality at Entry and Speedy Delivery*

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## *Harmonization Agenda among donors*

- ✓ *Preparation of Master Procurement Documents*
- ✓ *Country Procurement Assessments Reports*
- ✓ *Reforms of Public Procurement*

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## Your assessment tools

1. Country Strategy Papers (Bank Business Plan)
  - Contains assessment of the socio-economic situations
  - Information on positive and negative trends

Posted on the Website

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## Your assessment tools

### 2) Appraisal Reports

- Contains project technical and financial details
- Contains the procurement Plan;
- Implementation schedule; and
- All contracts (goods, works, consultancy)

Posted on the Website

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## Modes of Procurement:

- ▣ ICB is the default for Goods and Works
- ▣ Short List for Consultancy

**Same process as that of the World Bank**

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## Advertisement

- ❑ General Procurement Notice
- ❑ Mandatory 30 Days Wait
- ❑ Specific Procurement Notice
- ❑ Published in: UNDB Journal; DG Market; ADB Bulletin; Band Website; Local media

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## Types of Services

- Pre-Investment Studies
- Detailed Engineering Designs and Preparation of Tender Documents
- Supervision, Monitoring and Control of Project Implementation
- Technical Assistance

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## Short list Requirements:

- 6 firms (was 7 in old Rules);
- Wide geographic distribution
- Maximum 2 firms from one country; and
- Associations with RMCs encouraged

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## Sources of short list

- ❖ *Expressed Interest*
- ❖ *Borrowers' Experience*
- ❖ *Bank's Register of Consultants*
- ❖ *Through Pre-qualification*

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## Role of the Borrower

- ▣ Prepare tender documents and issue them
- ▣ Receive and review proposals
- ▣ Award contracts
- ▣ Supervise implementation

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## Role of the Borrower

- ▣ Settlement of Payments
- ▣ Responding to Complaints
- ▣ Consideration of Claims
- ▣ Reporting to the Bank

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## Role of the Bank

- Preparation: Standard Bidding Documents
- Provision of Free Announcements and Access to UNDB Journal
- Verification of Each Stage of the Process to Ensure Transparency

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## Role of the Bank

- Provision of “No objection” to Borrowers' Bidding Documents, Bid Evaluation Report and Contract Award Recommendation
- The Bank is not a party to the Contract
- Imposition of Sanctions in case of Fraud and Corruption

# Procurement Under AfDB Financing

## Role of the Bank

- Make Payments Upon Borrower's Request
- Review Serious & Receivable Complaints
- Applying sanctions on fraud and corruption

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## **In case of a complain:**

- Seek clarification from Contracting Agency
- May write to the ADB Director of Operations
- May write to the ADB Executive Director
- Observe period of confidentiality

# MDBs and DRBF

## In case of a complaint

- Make use of Redress Mechanisms Procurement Review Committee (PRC)
- Neutral and Independent
- Reviews receivable complaints
- makes final decision on behalf of the Bank

# Procurement Under AfDB Financing

## Source of Information:

- Press Releases
- Quarterly Operational Summary (QOS) of Projects
- United Nations Development Business
- Bank's Web site: [www.afdb.org](http://www.afdb.org)
- ADB Business Bulletin
- Project Executing Agencies in Borrowing Countries

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- Type <http://www.afdb.org> in the address bar
- Click on 'OPPORTUNITIES' link
- Click on 'CONSULTANCY SERVICES'
- Click on 'DACON – Data on consultant'
- Read carefully the Registration User Guide
- Follow the Registration User Guide to complete the registration forms

## Challenges:

- ▣ Decentralization:

- ▣ Is spreading in Africa
- ▣ Reduce contract sizes
- ▣ Smaller contracts favor local and regional firms
- ▣ Low capacity to implement and select bidders

## Challenges:

### language

- ▣ French and English are the main
- ▣ Portuguese and Spanish may be required

Challenges:

## Implementation of new Harmonized Rules

- ▣ Learning Curve require time
- ▣ Having consistent (uniform) interpretation of Rules
- ▣ Resources and capacity