

[DEVEX Do good, do it well.](#)

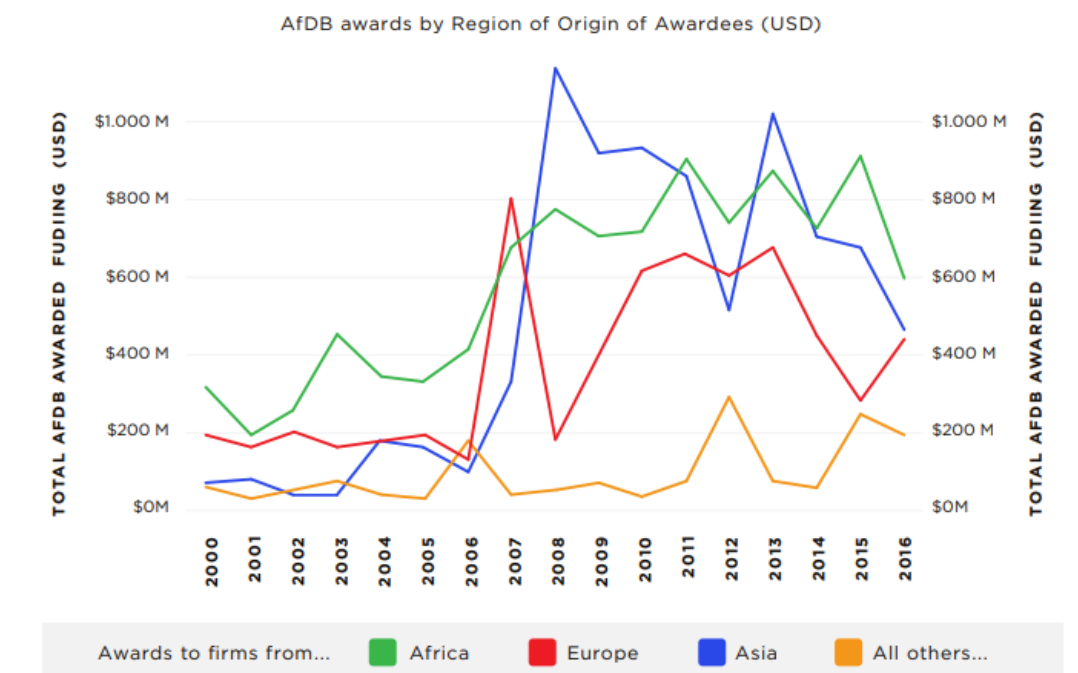
The DEVEX Group launched an e-book, available on their website, examining the emerging roles of Asian and local African contractors in the development of Africa and the market for AfDB-funded opportunities. Looking at the past and present of contracting with AfDB, DEVEX gives its advices for organizations to future contract with the AfDB.

**The Contractor's Guide to Partnering with the AfDB**

The African Development Bank (AfDB) is one of the largest and most important funders of development on the continent. Since 2000, the AfDB awarded \$26 billion in contracts all over the continent, which \$6.2 billion went to Chinese firms. A growing number of Asian countries like India, Japan and South Korea started to take part in the African development.

**1. Asian involvement**

**ASIAN FIRMS DOUBLED THEIR MARKET SHARE IN A MARKET THAT TRIPLED IN SIZE**



This table, showing the awarded funds repartition from the AfDB, clearly exposes the growing importance of Asian firms in the African market. From the data collected between 2000 and 2016 by DEVEX, different tendances in the contracts have been found.

China seems to be winning high value-opportunities in transportation, water, and agricultural contracts, particularly in East-Africa (Tanzania, Kenya, Uganda etc.).

AfDB awards to Japanese contractors fall into two categories: contracts for energy and infrastructure works, and many small contracts for vehicles procured from local vendors of Japanese automotive firms. Companies like Mitsubishi, Hitachi and Sumitomo are the most present. However, since 2009, Japanese's presence in AfDB awards has fallen to almost zero. The Japan International Cooperation Agency still hopes to stimulate more Japanese private sector participation in the future African development, to have access to more diverse opportunities in the market.

Indian's contractors mainly had success in the heavy-work, energy, and transportation sectors. Their presence was more consistent than the Japanese's one, due to their strategic office's implementations across the continent. India's geographic and commercial proximities to Africa will continue to be strong competitors for other firms that look for AfDB awards.

South Korean firms still represent a minority of AfDB contractors. Most Korean firms seek AfDB awards for transportation and energy projects. However, unlike its other Asian competitors, South Korea has won several infrastructure contracts in North Africa over the years.

China, Japan, India, and South Korea all intend to increase their cooperation with Africa, increasing competition for AfDB's award opportunities.

### 2. Local African contractors

More than ever before, the importance of local stakeholders in the projects' long-term sustainable outcomes is acknowledged. The AfDB increasingly emphasizes the use of local systems and local contractors among its project opportunities. Therefore, it would be a good idea for foreign contractors to build strong networks with local African contractors, to successfully pursue the awarded opportunities.

African contractors won \$9.98 billion dollars in AfDB awards between 2000 and 2016. From the data, African contractors win many more opportunities than foreign ones, however, opportunities of lower dollar value, and in more competitor concentrated markets. African contractors mainly succeeded at winning contracts from West, North, and Central-East Africa. African companies consistently won AfDB's agriculture, environmental, and social development contracts from 2000 to 2016. Hence sectors that require more on-the-ground interaction, cultural expertise, and less engineering knowledge or capacity.

Even if African firms won less transportation contracts than foreign contractors, yet the transportation sector remains the most lucrative for African firms: with a win of only 30 percent of transport contracts from 2000 to 2016, it yielded more than \$3 billion dollars in awards, compared to the \$2 billion that came from winning 70 percent of agriculture awards.

### 3. How to win business with the AfDB

In an increasingly competitive environment, winning AfDB awards becomes challenging. DEVEX spoke to some of the most successful AfDB contractors to find out their top tips on bidding for work.

**TIP 1: DETERMINE WHETHER AFDB-FUNDED PROJECTS ARE A GOOD FIT FOR YOUR ORGANIZATION BY CONSIDERING THE PROS — AND CONS.** Even if contracting with the AfDB is a secured way to enter a market, more regulations are to be considered. Your company needs to establish a long-term strategy and see how it suits both positive and negative outcomes.

**TIP 2: PRIORITIZE VALUE FOR MONEY.** The AfDB is not looking for cheap contracts, but for valuable outcomes. The contract conditions, sustainability, flexibility, quality, innovation, costs, and risks are parameters considered.

**TIP 3: CONSIDER NATIONAL COMPETITORS.** The AfDB is in a path to emphasize the use of local procurement systems. The advantages AfDB considers when contracting with local firms lies in the margin and the local channels development. Foreign contractors should not underestimate African contractors' capacities.

**TIP 4: LOOK FOR LOCAL PARTNERS.** "A long-term partnership with local firms is one of the keys to success." Foreign contractors should not only see local contractors as competitors but also as potential partners, to generate sustainable outcomes and long-lasting relationships.

**TIP 5: GET AHEAD OF THE CURVE.** Getting information about specific tenders and trends as early as possible is key to winning contracts. The growing concern of AfDB to award funds to more local contractors, may rend business models with local content crucial to future success.

The AfDB works with a broad range of partners and implementers to drive development in Africa. The massive entrance of diverse contractors, especially from Asia and Africa itself makes this market fiercely competitive. More than ever, funders acknowledge the importance of local stakeholders in the implementation of development projects for more sustainable outcomes. The AfDB is increasingly keen to the idea of local inclusivity becoming central to its procurement market.