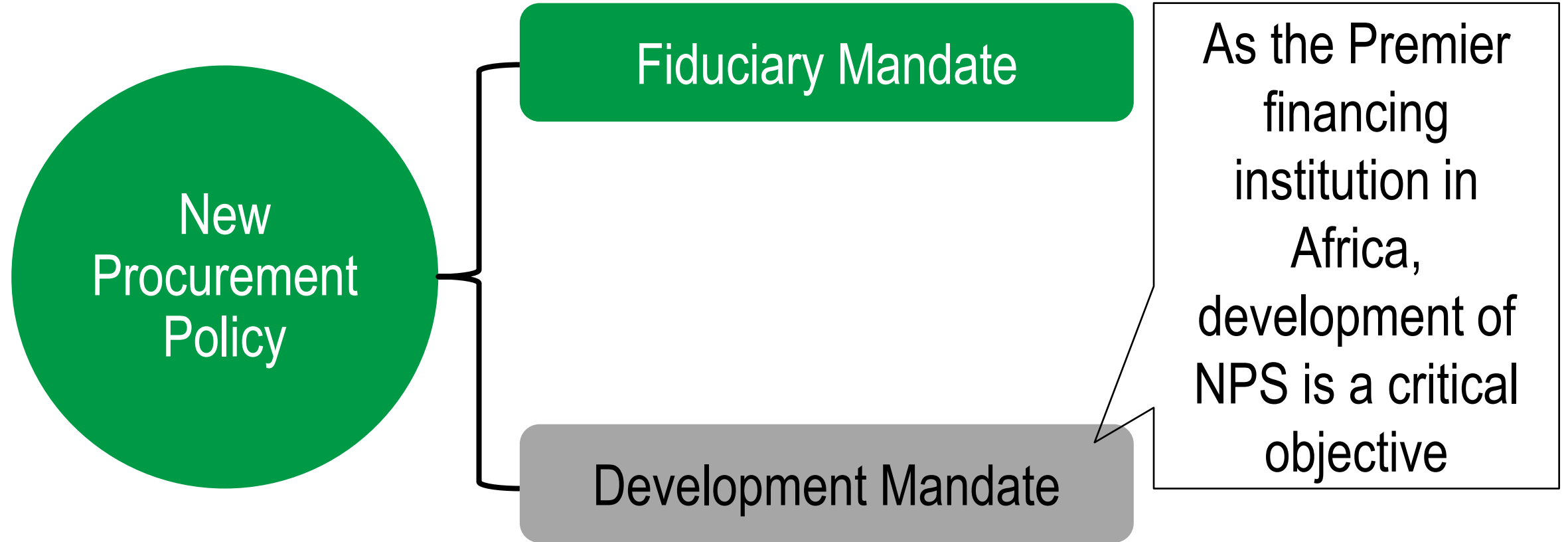




## The New Procurement Policy as an Enabler for Enhancing NPS Capacity

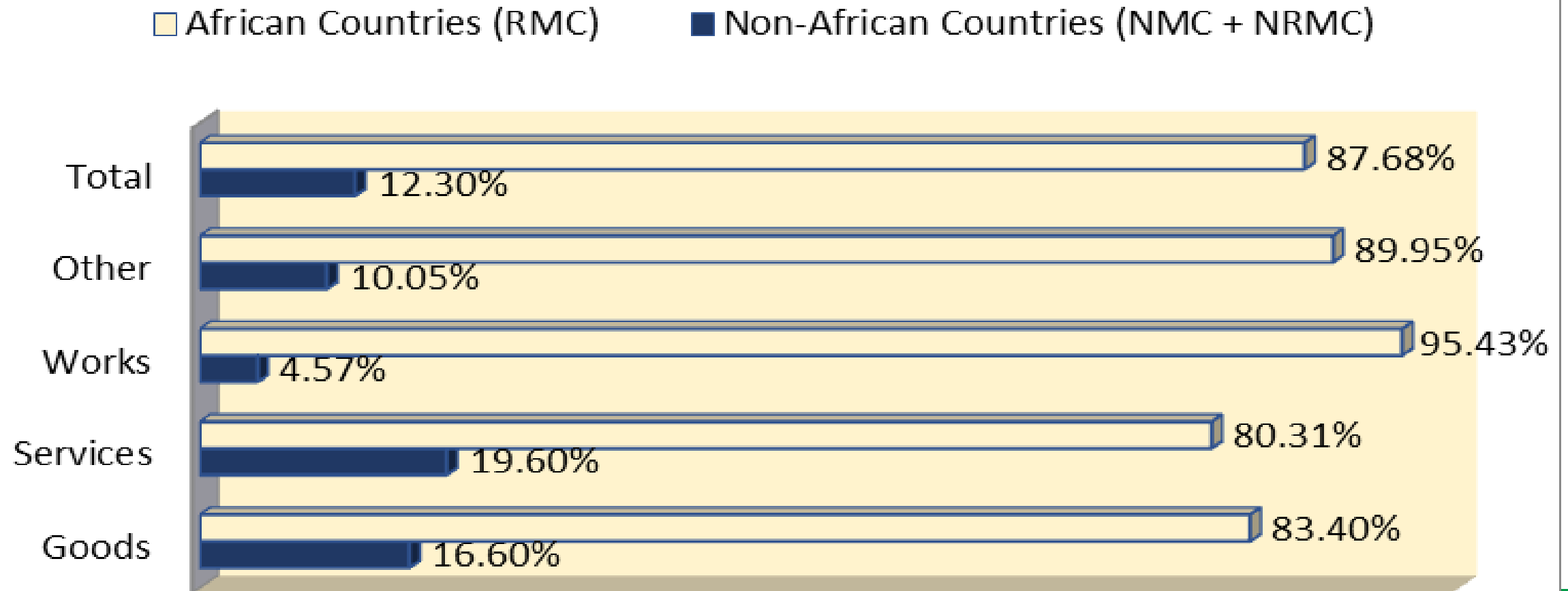
CICA-EIC Meetings With the AfDB – Abidjan– 19-20 November 2015



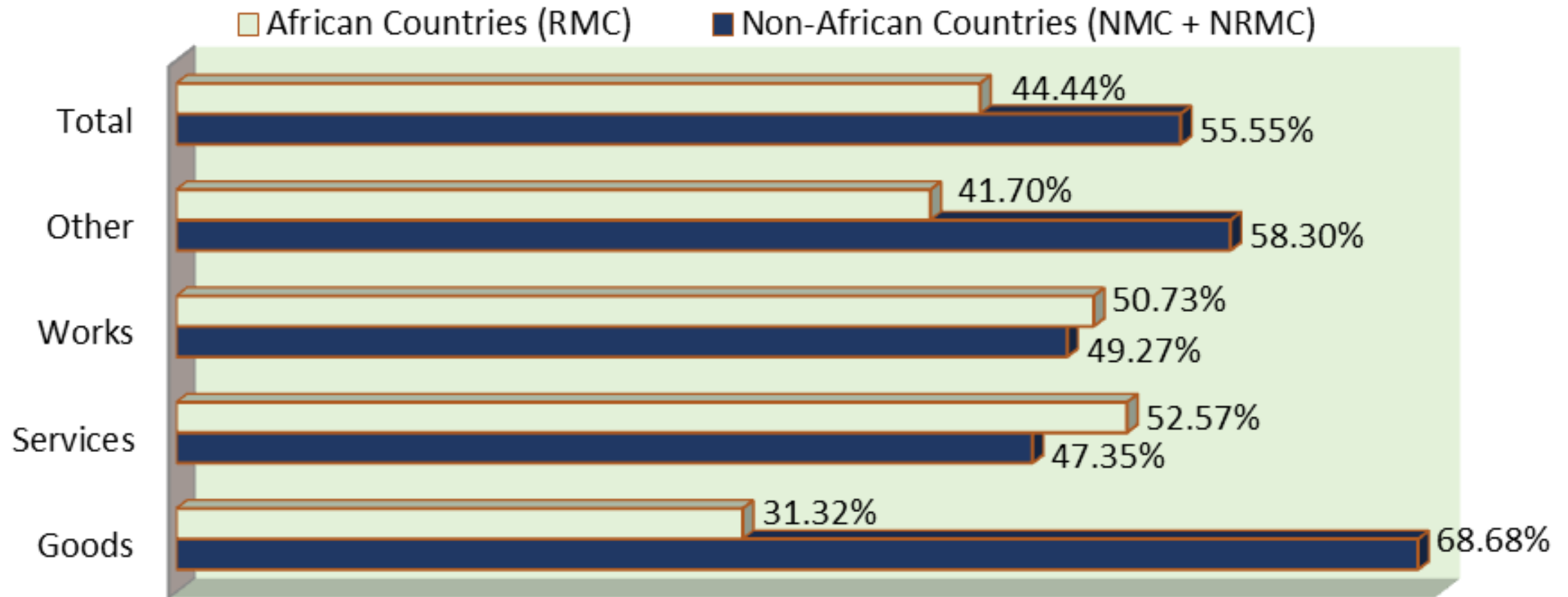


It is recognized that the current provisions of domestic and regional preferences have not had any significant impact on the development of NPS

## ADB - no. of contracts (%) awarded to non-African countries



## ADB - value of contracts (%) awarded to non-African countries



- ✓ A recent study by Brookings Institution found that, for World Bank financed contracts, the share of African contractors actually fell between 1995 and 2013.



The new procurement policy includes enabling provisions for supporting country-specific socio-economic objectives such as:

- ✓ The development of the Borrower's industry (including local content, labor requirements, preferences)
- ✓ Environmentally & Socially Responsible Procurement (ESRP)

**The Bank will consider the application of these enabling provisions if:**

- ✓ Borrowers have specific policies, and/or national laws and regulations in that regard, and there are justifications based on sound economic concepts (such provisions principles are consistent with the national laws or official regulations of the Borrower country);
- ✓ Provisions meet the overarching Value-for-Money (VfM) principle of the Bank's procurement policy and do not adversely affect the application of the Fit-for-Purpose approach;

- ✓ The market analysis demonstrates that there is no significant impact on markets by favoring particular products, excluding de facto certain categories of contractors, suppliers or service providers, or limiting eligibility to a selected group of qualified “green” products or categories of bidders, and that the number of potential bidders allows competition and would not result in monopoly or oligopoly situations.
- ✓ Provisions, including the particular applicable procurement procedures (and bid evaluation criteria) are agreed by the Bank after review.



Appropriate safeguards that must be in place during implementation.

- ✓ There are limits and conditions to their application, and specific procedures and indicators for the Bank to verify that the provisions have been implemented as agreed; and
- ✓ Provisions and procedures will be stipulated in the Financing Agreement (FA), and the agreed Procurement Plan (PP) and set forth in the applicable Bidding Documents. The FA will inter alia stipulate exit clauses to eventually rescind their acceptance in case of breach of agreement.

## Joint Ventures (JVs):

- ✓ Associations with at least one local firm or minimum share for local JV partners; or
- ✓ Minor partners with less than a predetermined share may not be jointly and severally liable for the entire contract or the full value of the assignment’;

## Sub-contracting

- ✓ Minimum contract share for local firms;
- ✓ The inclusion in BDs of evaluation criteria and/or bidding requirements regarding sub-contractors, service providers, consultants and sub-consultants; and
- ✓ Specialized nominated national sub-contractors in works contracts.

- ✓ The Bank will also consider the application of domestic (and regional) preference margins, 'set asides', 'offsets', preference schemes or similar innovative approaches under Bank-financed operations, at the request of the Borrower.
- ✓ An industrial preference may also be granted under Supply and Install (S&I) contracts for the procurement of large industrial plants or facilities awarded as single responsibility contracts (other than turnkey contracts for which no margin of preference applies). The margin of preference may be applied to the locally manufactured equipment offered as part of the package (not to the whole package).

- ✓ Simplification of bidding documents for small value procurement
- ✓ Targeting pre-bid assistance to certain groups and SMEs
- ✓ Bid-packaging
- ✓ Minimum number of national key experts included in consulting proposals
- ✓ Reducing transactional costs for local bidders due to better performing BPS

- ✓ Works and S&I solicitation documents may include provisions mandating and remunerating contractors for **transfer of knowledge** to their partners. The scope of works/services shall indicate, the objectives, nature, scope, including details on trainers and trainees, skills to be transferred, time frame, and monitoring and evaluation arrangements. The cost for the training program is included in the contract and in the budget for the assignment.

African Development Bank



[www.afdb.org/procurementreview](http://www.afdb.org/procurementreview)

Thank You