The New Procurement Framework

CSO REGIONAL CONSULTATION
Yahoundé – CAMEROON
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Agenda

1. The Review Exercise
2. The New Vision
3. The New Framework
4. Main Features of the New Policy
5. Implications of the New Policy
6. Procurement Involving Community Participation
1. The Review Exercise - Challenges With the Old Policy

- Past Revisions made the policy quite complex
- Remains challenging for States in fragile Situations
- One size fits all approach
- Lacks sufficient recognition to sustainability issues
- Too Prescriptive

Does Not Fully Address the Bank’s Business Needs
What was required?

- Greater flexibility & innovation
- Increased focus on capacity building
- Increased use of country systems
- Increased risk management

No Reduction in Fiduciary Standards
2. A Principles Based Approach – A New Vision

“The Procurement Framework supports Bank financed operations and enhances procurement systems of the Regional Member Countries in order for them to obtain optimal Value for Money based on mutually supporting and reinforcing principles of Economy, Efficiency, Effectiveness and Equity. This is achieved using processes and procedures that are competitive, fair and transparent.”
3. The New Procurement Framework

Policy

Methodology

Operations
Procurement Manual

Toolkit

Board Approval

Management Approval
4. Main Features of the New Policy

- Separation of policy from procedures
- Achieving Value for Money is the overarching principle
- Applying a Fit for Purpose risk-based approach
- Full use of country procurement systems for specific transactions
Full Use of Borrower Procurement Systems

- Avoid creation of alternative systems
- Country interpretation will be used
- Relation will be driven by the Financing Agreement
- Rely on F&C mechanisms and institutions in the country
- If use of BPS results in awarding a contract to a sanctioned company, the Bank **will not** finance this contract.
Procurement Oversight

When Using BPS
Procurement Audits

When Using Bank’s System
Prior Review
Post Review

Independent Procurement Review
Other Aspects of the New Policy

- Private sector and PPP operations
- Beneficial Ownership
- Development of national industries
- ESRP
- Fragile situations
- Contract monitoring
- Co-financing
5. Implications of the New Policy

✓ Greater flexibility and procurement efficiency in other Bank Group operations

✓ Increased development Impact & faster disbursements

✓ Use of Borrower Procurement Systems (BPS)

✓ Can be used as a tool to fight F&C and abusive practices
Implications of the New Policy - Contd.

- Higher Quality Reviews from optimized Task Managers’ (TMs) staff time
- Focus on Socio-Economic Objectives
- Facilitation of joint co-financing procurement arrangements
- Increased Use of Electronic Procurement
In Summary

Rules & Procedures
- Standard methods
- Usually lowest evaluated cost
- Procedural compliance
- Risk averse
- Partial Use of CPS
- Mainly TA for reforms

New Policy
- Flexible FfP Proc. arrangements
- VfM focused on outcomes
- Development effectiveness
- Risk-based approach
- Full use of BPS for low risk
- Building by using
Procurement Involving Community Participation

The Roles of the Bank and the Community in a Community-Based Investment Project or Programme
Procurement Relationships

AfDB

Loan/Grant Agreement

Suppliers
Contractors
Consultants

Payment
Complaints

Borrowers

Tendering Contracts
Participation in Procurement by CSOs and CBOs

KEY AREAS

• IMPLEMENTATION
  • Participating (Provision of services, Capacity Building, Labour intensive works etc.)
  • Policy allows for competition to be restricted among CSOs depending on the nature of the activities.

• MONITORING
  • Following throughout the Procurement Cycle Implementation to ensure transparency and accountability
Community Participation and Inclusive Growth

The Bank Group’s Ten-Year Strategy and H5s aim to improve the quality and sustainability of growth.

- Inclusive growth (economic growth) creates socio-economic opportunities for a range of groups within the community.

- Inclusive growth protects the vulnerable in an environment of fairness.

- Inclusive growth is aided by community participation.
Rationale

• Communities play a significant role in implementation of development projects.

• The Bank’s funding of investments involving communities, or non-governmental organisations (NGOs) has expanded rapidly.

• The approach to investments in rural development in Africa has fundamentally changed with the new decentralisation and participatory policies by countries.

• Governments are transferring responsibilities they held previously to civil society.

• Some political and fiscal decision-making has been transferred to provincial and local levels.
Project and Community Benefits

Community Procurement Benefits include:

• Enhancing community ownership and sustainability of the project;

• Increasing the economy and speed of procurement;

• Increasing capacity and skills of the community;

• Generating employment and economic opportunities;

• Reducing the burden of centralized procurement.
Fit for Purpose Procurement under CBIPs

The Procurement methods envisaged for Financing projects involving community participation demonstrates the Bank’s Fit for Purpose approach.

"To realize Value for Money in procurement, the Bank seeks to ensure that the procurement methods and procedures applied by the Borrower .... are “fit for purpose” .... the procurement modalities should appropriately reflect the specific needs and circumstances of the situation.”
Use of Assessments and Fit for Purpose

Fit for Purpose assessments at the country, sector, and Executing Agency levels.

Ensures all aspects of procurement planning, execution and oversight are effectively covered.
Commonly used Procurement Procedures

- Shopping;
- Local competitive bidding;
- Inviting prospective bidders for goods and works located in and around the local community;
- Direct contracting for small value goods and works;
- Use of community labour and resources.
Designing procurement mechanisms the procedures shall:

2. Be transparent, in order to allow adequate competition between contractors, suppliers or consultants and facilitate control in their selection, as well as in the use of funds.
3. Be simple enough to be understood and operated by local staff.
4. Encourage the development of local contractors, manufacturers and consultants.
5. Use simple standardised documentation.
Participation at various stages of Procurement Cycle

Planning

Tendering Process

Project Execution

In all these stages the CSOs can play a key role as watchdogs to ensure transparency and accountability as well as ownership.

Subject open to discussion !?
Thank You