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Operational Procurement Policies and Practices of the African Development Bank: An Independent Evaluation

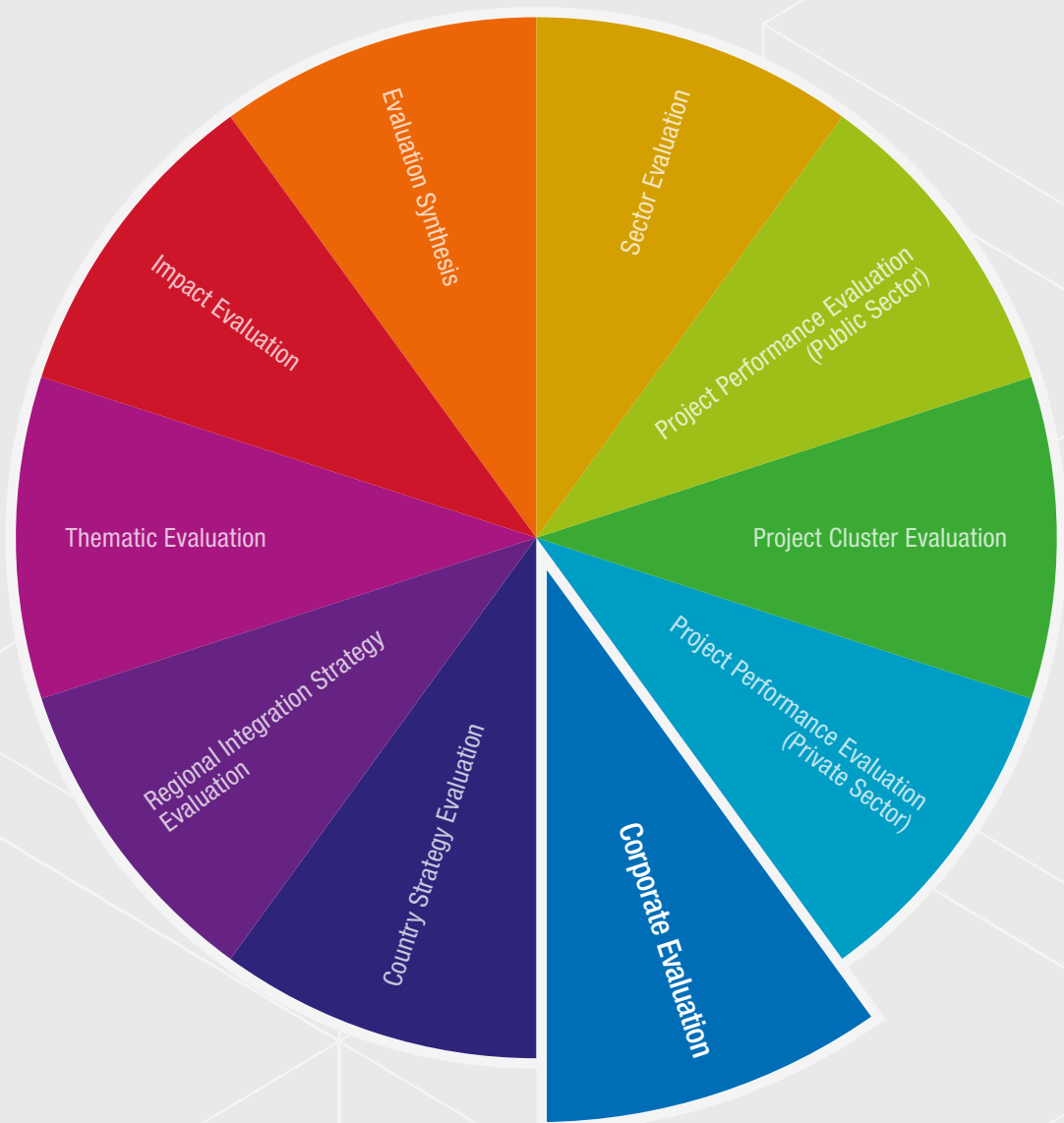
Summary Report

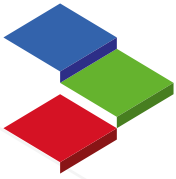


AFRICAN DEVELOPMENT BANK GROUP

August 2014

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Operational Procurement Policies and Practices of the African Development Bank: An Independent Evaluation

Summary Report



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August 2014

ACKNOWLEDGEMENTS

This report, prepared by the African Development Bank's Independent Development Evaluation (IDEV), presents the findings and recommendations of the Evaluation of Efficiency and Effectiveness of the Bank's Operational Procurement Policy and Practices.

IDEV conducted the evaluation with consultancy assistance from the Centennial Group Holdings LLC, USA. The evaluation was managed by Madhusoodhanan Mampuzhasseril, Principal Evaluation Officer with the support of Akua Arthur-Kissi, Evaluation Officer. Samer Hachem, Division Manager, IDEV2, provided guidance and oversight. The consultant team was led by Donald A. Stromborn and Anil Sood. Peer-reviewers included • Anjali Kumar, Lead Economist, Country, Corporate and Global Evaluations, World Bank (external), Foday Turay, Chief Evaluation Officer, and Herimandimby Razafindramana, Chief Evaluation Officer.

The Reference Group for this evaluation provided insightful feedback at different stages of the evaluation including at Approach Paper, Interim Findings and Draft Report. The Reference Group was composed of Ashraf Hussain Ayad, Chief Procurement Officer, Belgacem Bensassi, Chief Water and Sanitation Engineer, Mahib Cisse, Chief Investment Officer, Abdourahmane Diaw, Chief Country Programme Officer, Sergent Fabrice, Chief Health Analyst, Henrik Franklin, Chief Quality Assurance Officer, Samba Kamara, Country Programme Officer, Patience Kuruneru, PECOD Member, and Babu Ram, Chief Power Engineer.

I would like to thank the IDEV team, the Consulting team, the Reference Group and the peer reviewers for their contributions, hard work and efforts in carrying out this evaluation. I would also like to thank our colleagues from Cameroon, Ethiopia, Liberia, Morocco and Mozambique Country Offices who facilitated the missions in their respective countries, shared their views and provided valuable inputs that informed the evaluation report. I also would like to acknowledge the valuable input and feedback provided by our colleagues from ORPF at different stages of this evaluation.

I gratefully acknowledge the contribution of the Bank staff and external stakeholders who kindly responded to the online survey which provided part of the data and information base of the evaluation.

Finally, I would also like to express my deep appreciation to the representatives of the Governments of Cameroon, Ethiopia, Liberia, Morocco and Mozambique for taking the time from their busy schedules to meet with the evaluation team and share their perspectives on key evaluation issues.

Rakesh Nangia

Evaluator General
Independent Development Evaluation
African Development Bank

Questions on this report should be referred to Madhusoodhanan Mampuzhasseril, m.mampuzhasseril@afdb.org or Samer Hachem, Division Manager, s.hachem@afdb.org.

Contents

Acknowledgements	ii
Abbreviations and Acronyms	v
Executive Summary	1
Management Response	7
Introduction	14
Purpose, Objectives and Scope	14
Limitations	15
Procurement Overview 2007–2013	17
Policy Evolution	17
Procurement Patterns and Trends	17
Procurement Performance: Findings	25
Pillar I Policy	25
Pillar II Organisation and Capacity	28
Pillar III Operations	32
Pillar IV Transparency and Integrity	40
Pillar V Capacity Building	45
Conclusions and Recommendations	49
Annexes	53

Contents

List of figures

Figure 2	Contract awards (2003 – 2013)	19
Figure 3	Shares of goods, works, and consulting services contract awards in value (%)	20
Figure 4	Lapse of time for ICB procurement (days)	20
Figure 5	Contract awards by supplier country in 2013 - Top 20 by value (million US\$)	21
Figure 6	Share of regional vs. non-regional contract awards in value (%)	22

List of tables

Table 1	Elapsed limit for goods and works under ICB and NCB	21
Table 2	Assessment of Pillar I – Policy	27
Table 3	Assessment of Pillar II – Organisation	32
Table 4	Common problems found in case study countries	33
Table 5	Assessment of Pillar III – Operations	40
Table 6	Assessment of Pillar IV – Transparency and Integrity	44
Table 7	Assessment of Pillar V – Capacity Building	47

List of boxes

Box 1	Processing a typical AfDB works contract with a ministry in Liberia	29
Box 2	Selection of procurement methods – Cameroon experience	
Box 3	Mozambique – integrity and audit	
	Perceptions of corruption types (percentage of respondents)	42
Box 4	Role of Civil Society Organisations (CSOs)	43
Box 5	Capacity building – Ethiopia	45
Box 6	Bank initiatives in procurement reforms	46

Abbreviations and Acronyms

AfDB	African Development Bank	ORPF	Procurement and Fiduciary Services Department
CSO	Civil society organisation	PAR	Project Appraisal Report
CSP	Country Strategy Paper	PCR	Project Completion Report
DAC	Development Assistance Committee (of the OECD)	PE	Procuring entity
DAM	Delegation of Authority Matrix	PIU	Project Implementation Unit
IACD	Integrity and Anti-Corruption Department	PMS	Procurement Management System
ICB	International competitive bidding	PPCC	Public Procurement Concessions Commission (of Liberia)
IDEV	Independent Development Evaluation (function of the AfDB)	PPPR	Project Post-Procurement Review
IEG	Independent Evaluation Group (of the World Bank Group)	PPRP	Public Procurement Reform Project
IFI	International financial institution	RMC	Regional Member Country
MAPS	Methodology for Assessing Procurement Systems	TM	Task manager
MDBs	Multilateral development banks	TRA	Temporary Relocation Agency
NCB	National competitive bidding	UA	Unit of Account
OECD	Organisation for Economic Cooperation and Development	VfM	Value for money



Executive Summary

Introduction

Independent Development Evaluation (IDEV) at the African Development Bank (AfDB) conducted an evaluation of the efficiency and effectiveness of procurement performance in AfDB operations during 2007–13. The evaluation aimed to examine (i) how well the Bank's procurement performance met its mandated fiduciary principles of economic, efficient and appropriate use of its funds while preventing corruption; (ii) how effectively it has helped its member countries build sound and well-functioning national procurement systems; and (iii) how well its procurement policies and procedures were coordinated with and contributed to the Bank's overall development assistance programmes and objectives.

An online survey and interviews of Bank staff members and stakeholders, visits to five Regional Member Countries (RMCs) (Cameroon, Ethiopia, Liberia, Morocco, and Mozambique) and desk reviews of procurement policy, strategy and relevant documents from the Bank and comparator organisations provided the basis for the evaluation. Information was gathered and analysed according to five procurement system pillars: policy, organisation, operations, transparency and integrity, and capacity building. Procurement data came from the Bank's information systems, supervision and project completion reports, Annual Procurement Reports, and related sources. Information from all of these sources was considered to arrive at ratings¹ for each of the pillars on the basis of key questions posed in the Evaluation Inception Report.²

Findings

Summary ratings for the five Evaluation Pillars are:

Evaluation pillar	Overall rating
Policy	Satisfactory
Organisation	Moderately satisfactory
Operations	Moderately satisfactory
Transparency and Integrity	Moderately satisfactory
Capacity Building	Moderately unsatisfactory

Policy was perceived most favourably, an outcome that may surprise some. The various sources of evidence indicate that the Bank's rules and procedures provide a sound framework for fair and relatively corruption-free competition for contracts. Government procurement entities and private industry, however, find them complicated. Policies do not reflect the latest evolution related to value for money, green procurement, and gender. The overall rating for policy is satisfactory, but this is tempered in practice by the finding that the application of these policies does not reach the same standard as the policy framework.

Organisation and capacity³ found strong support for decentralisation and placing the Bank's procurement experts into field offices where they can work better and more closely with procuring entities. The potential benefits of this change have not yet been fully realised, partly because not all of the relevant task managers (TM) and staff have been moved.

The more serious problem is that the Delegation of Authority Matrix (DAM) requires too much referral of decisions to Headquarters and is not entirely clear about allocating responsibilities.

Appropriate levels of authority have not been delegated to field office procurement staff. Country Managers are given responsibilities that would be better allocated to sector managers. TMs are not always prepared to handle their first-line procurement responsibilities. Procurement specialists are so occupied with contract transaction reviews that they have little time for other important aspects such as project procurement planning and contract implementation management. Organisation is rated as moderately satisfactory.

The Bank's rules and procedures work especially well in Operations within the traditional sectors of lending for infrastructure: power, transport, and water supply and sanitation. Sectors such as education, health, and projects that involve community development experience more difficulties. Evolving practices and limited experience with private sector operations did not permit conclusions about their effectiveness. Implementing organisations experience many difficulties with the inflexible ways that Bank rules are applied, the complex review and approval processes, and the long delays. At the nexus of these concerns, the choice of bidding method between national and international competitive bidding, and the use of prior or post review, both depending on thresholds set by the Bank, are major influences. Also, the work on improving procurement management and reporting systems is lagging behind the need. Overall, the operations pillar is rated moderately satisfactory.

The Bank is seen as a strong force in combating fraud and corruption. It has taken important steps to strengthen its capabilities in this area, but most of this work is too recent to have had an impact during the evaluation period. If there is a problem in the transparency and integrity area, it is that the Bank's record appears to be too good and not in line with overall perceptions and known incidents in the region. Very few complaints are received, investigative procedures are long, and scarcely any violations or sanctionable actions have been

reported. Overall, Transparency and Integrity is rated moderately satisfactory, but more convincing evidence is needed to support the apparently nearly perfect safeguards against fraud and corruption in Bank-financed operations.

Procurement capacity building in RMCs is an area that requires greater emphasis. The Bank has formulated an ambitious Capacity Development Strategy⁴ that includes the introduction of fiduciary clinics, a very good initiative, but the lack of in-country institutional capacity is such a widespread problem that much more remains to be done. The Bank's initiatives in country- and regional-level procurement reforms have produced only moderate results. Fragile states have particularly acute needs that are not effectively addressed. Performance of Capacity Building during the evaluation period is rated as moderately unsatisfactory.

The main finding emerging from the evaluation is that the Bank's implementation performance lags far behind its policy setting. Many of the shortcomings noted are the subject of recent decisions and actions that are now in process, but have not yet had time to be fully implemented or reflected in results. The fact remains, however, that although most aspects of procurement performance were found to be at least moderately satisfactory, the overall results are well below the standards the Bank should set and meet as Africa's premier development institution.

This evaluation report covers many specific aspects relating to performance efficiency and effectiveness: local industry participation, process timelines, review procedures, value for money (VfM), and others. The importance of VfM merits one inescapable conclusion: the Bank and its members and stakeholders urgently need to agree on what indicators are needed and work together to establish and maintain reliable databases for measuring results.

Recommendations

- (a) Based on the findings of the analysis, it is recommended that the Bank take the following steps to remedy perceived shortcomings and to improve future procurement performance. The recommended actions are interconnected and should be implemented as an integrated package.
 - (b) Adapt policies to reflect the latest thinking with respect to VfM, green procurement, and the Bank's strategic emphases (for example, on inclusion and gender); allow the use of new methods that are appropriate for the changing nature of operations.
 - (c) Revise the Procurement Delegation of Authority Matrix immediately to give more authority, appropriate flexibility, and clearer lines of responsibility and accountability to field offices; continue to build the expertise of field office procurement staff.
 - (d) Move deliberately toward greater use of post review of procurement results; begin by implementing the Bank's proposed new thresholds for international competitive bidding and prior review, which take account of the procuring entities' expertise and growing experience.
 - (e) Redirect procurement staff resources that are freed up by changes in review thresholds and practices toward greater involvement in upstream project design and planning to improve project readiness and quality, and in downstream assistance in contract implementation and capacity building.
 - (f) Make procurement information systems more responsive to real-time project management needs and improve knowledge sharing among decentralised Bank procurement specialists and with procuring entities and governments.
 - (g) Use procurement audits more extensively, including those by external auditors who have appropriate qualifications and experience that are quite different from financial audit requirements. Audit results should be more widely publicised among concerned parties and acted upon.
 - (h) Help RMCs meet their urgent capacity building needs by implementing a well-defined Bank strategy and providing sustained resources and innovative methods; include national organisations, the private sector, and civil society organisations in these capacity building efforts. The strategy should be based on understanding the Bank's comparative advantage and niche, be included in Country Strategy Papers and be based on collaboration with development partners (such as the World Bank and USAID). Trust funds are a potential source of financing for capacity building.
 - (i) Move more vigorously toward its long-committed use of country procurement systems by formalising agreements with countries whose systems are acceptable and making necessary changes in procedures for ongoing and new projects.
 - (j) Agree with the member countries and stakeholders on suitable indicators that will enable meaningful measures of procurement effectiveness, efficiency and VfM. Databases should be established and maintained by the Bank and member countries so that these analyses can be made on a regular basis.
- Implementation of the above recommendations requires that bold, deliberate steps be taken in concert with capacity building actions for

RMCs and Bank staff. These steps would result in a major change in the style and procedures of procurement operations. Notably, these recommendations can be implemented without involving new basic policy approvals or fiduciary safeguard revisions, but they do require a different way of thinking. They would change dramatically how procurement staff spend their time, in ways that should enable them to be far more effective,

and provide valuable help to member countries. Until the results of the changes begin to emerge and their effects on time and resource allocations can be evaluated, no recommendation is made about overall procurement staffing levels and budget. It is considered quite likely that these steps can be accomplished and that operations can be improved by reallocation of efforts, without increasing procurement staff numbers. ■



Management Response

Management welcomes the independent evaluation of the efficiency and effectiveness of the Bank's operational procurement policies and procedures. Management overall agrees with the main recommendations of the Review, and remains committed to maintaining high fiduciary standards in procurement processes conducted under interventions financed by the Bank. In addition, management also remains committed to assist borrowers in obtaining optimal value for money, developing their country procurement systems and realizing their socio-economic and environmental sustainability policy objectives.

Introduction

The Independent Development Evaluation function (IDEV) of the African Development Bank carried out an evaluation of the efficiency and effectiveness of procurement performance in its operations during 2007–2013. The evaluation aimed to examine: a) how well the Bank's procurement performance met its mandated fiduciary principles of economic, efficient and appropriate use of its funds while preventing corruption; b) how effectively it has helped its member countries build sound and well-functioning national procurement systems; and c) how well its procurement policies and procedures were coordinated with and contributed to the Bank's overall development assistance programmes and objectives.

The purpose of this evaluation is to give Bank's Senior Management credible, factual and experience-based evidence about the efficiency and effectiveness of its procurement policies and processes to inform the ongoing revision of the operational procurement policy, strategy and guidelines of the Bank and to account for the results of its procurement activities. The framework followed for this evaluation examines five aspects (pillars) of procurement systems: i) Policy; ii) Organisation; iii) Operations; iv) Transparency and Integrity; and v) Capacity Building.

It should be mentioned that detailed revisions to the Bank's Rules and Procedures have been undertaken

over the years to provide for, inter alia, harmonization with other MDBs, increased transparency, the use of Standard Bidding Documents (SBDs), and specific guidance on different methods of procurement. The adoption of a zero tolerance policy on fraud and corruption (F&C) by the Bank led to the inclusion of a section in the Rules defining F&C and making it a basis for declaration of misprocurement, cancellation of loan proceeds and disbarment of the service provider from bidding on future Bank-financed contracts for a specified period of time.

The increasing role of the private sector in the supply of public infrastructure was recognized by inclusion of provisions for procurement under public private partnership (PPP). The May 2008 revision to the Rules included expansion of the definitions for F&C to include collusive and coercive practices and incorporated requirements for procurement plans, as well as for greater transparency in the form of publication of contract awards. The Board of Directors approved the most recent amendments to the Rules in 2012, taking into consideration the cross debarment agreement reached between the MDBs and adding obstructive practices to the F&C provisions.

In September 2013, and in order for the Bank to meet the changing needs and requirements of its RMCs and the evolving trends in procurement worldwide, the Bank initiated a comprehensive review of its procurement policy. The overarching objective of

this new procurement policy will be to support development effectiveness in RMCs within an acceptable fiduciary compliance framework. As the Bank amends its policy, it will also aim at enhancing the efficiency of its internal structure and resources to ensure that the internal service standards are met.

The new procurement policy will advance the Bank's overall development agenda while maintaining compliance with its charter and fiduciary obligations. Through this means the Bank can, for the future, position itself to:

1. tailor application of procurement modalities and methods to reflect more effectively specific RMC needs and requirements;
2. customize transactional approaches to ensure 'fit for purpose' procurement to satisfy specific requirements of individual Bank operations with greater efficiency and effectiveness;
3. incorporate new concepts, approaches and procurement methods and procedures more readily as the Bank's business changes, innovations occur, and lessons emerge over time;
4. work more effectively and seamlessly with development partners on enhancing harmonization and use of Borrower procurement and other administrative and contract management systems;
5. develop synergies between such areas as public sector management and governance and anti-corruption; and
6. achieve greater cost effectiveness and value added in the use of resources, increasing downstream gains for RMCs and their respective private sector, and promote regional or local supplier development.

Management welcomes the findings of the Independent Review, and broadly agrees with the

main findings and recommendations made by the Review. Important aspects of the evaluation that deserve further consideration are discussed below:

General comments & observations

- (a) The online survey conducted by IDEV is noted, however, the participation by the private sector represents only 9% of the responses received, it would have been useful if their participation was higher as very often, their perspective is quite different from that of the Government or PIU staff. Another important observation is that the internal stakeholders have almost always rated the performance of the Bank lower than external stakeholders. This could be on account of higher expectations from internal staff.
- (b) Weaknesses in the IT system have been mentioned and management agrees that the absence of good, credible and comprehensive data is an impediment to the Bank being more effective.
- (c) It has been mentioned that ICB takes approximately 20% more than NCB. This is entirely understandable given the increased advertisement and bid submission requirements. It is noted that the Bank fares much better in this respect compared to its comparators (251 days in the Bank compared to 378 days at the World Bank and 417 days at the Asian Development Bank). There has been a steady decrease in this period (except in the last year and a half when the new DAM was applied) and this is significantly on account of the changes in the procurement policy and the professionalization of the Procurement department in the last few years.
- (d) It has also been mentioned that the contribution of foreign firms to the local economy and employment is independent on whether these are branches, or subsidiaries of foreign firms established in Africa as those firm use in-country resources extensively. This is not necessarily

true. In many cases, companies establish local offices but the bulk of the work is still done by the parent company.

- (e) Fiduciary Risk Management, It is true that the Bank does more prior-review than post-review. This is on account of the limited capacity in most executing agencies and the reluctance of many Borrowers to complete the procurement process without Bank's prior oversight. This is also one of the main reasons why there are so few misprocurement cases in Bank financed transactions.
- (f) It has also been mentioned that, through decentralization, responsibilities have been shifted to a higher level of bureaucracy as decisions are to be approved by managers. It must be mentioned that in the Bank, decisions have always been approved by managers.

Pillar 1: Policy

Management agrees that the current procurement policy has served the Bank, RMCs and the bidders' communities generally well for many years. Management recognizes, however, that there is a need for a more responsive, nimble and flexible policy to accommodate RMCs' reform agendas and to address remaining challenges, including the observation that the Bank's Rules and Procedures are too long, prescriptive, complex and indiscriminately standardized especially for complex procurement.

Regarding the concern expressed by some procuring entities that international lenders should harmonize their policies, it is mentioned that the current procurement policy is indeed harmonized with policies of other MDBs. In addition, while the Bank is currently reviewing its procurement policy, it remains committed to harmonization and is therefore continuously in contact with all other MDBs to keep them informed about its approach.

The evaluation indicated that the strongest support for the present policy comes from organisations and people that are working in the traditional sectors of Bank investment: agriculture, power, transport, water and sanitation etc. that involve infrastructure, goods and services for which the rules were originally designed. While social sectors such as health and education and projects where community organisations are responsible for the procurement have experienced difficulties with the present policy. While this is broadly true, it must be mentioned that, even in the traditional sector of infrastructure, the Bank is being challenged by Borrowers to evolve a policy to more effectively address highly complex procurement (mainly infra-structure), PPPs, etc. This has formed the basis for the "fit for purpose" approach adopted under the new policy instead of the more prescriptive "one size fits all" approach in the current policy.

Pillar 2: Organisation

Management agrees that there is a need for, additional capacity building for Bank staff in general and procurement staff in particular. The Bank has in place a comprehensive capacity building plan that includes, skills assessment, training of procurement staff, e-learning as well as training of trainers. It should be mentioned that the Bank has just finalized a financing proposal requesting bilateral trust funds for performing this exercise that is planned to start in the last quarter of 2014. The capacity building exercise will include change management and will also focus on behavioral change of Bank staff towards more innovative thinking across the whole project life cycle.

Concerning the Accreditation program for Bank staff that trained and tested them for levels of procurement proficiency and certified them to perform jobs requiring those respective levels, it must be mentioned that it did not take off primarily due to resource constraints (as correctly mentioned in the evaluation report), but also on account of a mixed feedback from other MDBs that have a similar program in place.

Management is committed to resolving the issues arising from deficiencies of the Delegation of Authority Matrix (DAM), and has taken steps to discourage silo working, simplify quality and knowledge management. A revised DAM which provides clear segregation of duties, indicates where tasks will be performed, and addresses the issue of the levels of decision-making authority will be developed. The review of the DAM is expected to be completed by March 2015.

Pillar 3: Operations

The efficiency of procurement processes under projects financed by the Bank has been continuously improving and this is reflected in the reduction of the Bank's procurement lead time. At the present time, the process delays for Bank financed contracts are lower for International Competitive Bidding contracts than those of its peers. Management acknowledges however, that further efficiency gains are possible. Under the new proposed procurement policy, the establishment of more practical thresholds at the country, sector and projects' levels as well as the expected reduction in the use of International Competitive Bidding (ICB) will contribute to speeding up procurement. In addition, the increased use of country procurement systems (wherever possible), as well as post reviews is also expected to reduce the procurement lead time in the long term. Management believes, however, that simple monetary thresholds for prior-review of contracts is an unsatisfactory proxy for risk and that other factors should be considered while determining such thresholds.

Management agrees that contract management still lacks attention. This is being addressed under the new policy which will apply to the full procurement cycle: from project design (focusing on broad institutional procurement arrangements, market analysis, strategic procurement planning, and applicable rules and procedures) to contract execution, administration and monitoring, including measurement of overall and transactional performance, quality and results. It should be noted that this will be done while adhering to the Bank's current approach in terms of which

the Bank remains at 'arm's length' in handling procurement processes managed by executing and implementing agencies.

As mentioned in the evaluation report, the current policy allows the use of life cycle costing (and therefore takes into account the initial price and the operations, maintenance and disposal costs) and other aspects of VfM. The new policy will build on this and will, in identified complex and high-impact transactions, permit the identification of the successful bidder not only on the net financial bid value, but also through other horizontal considerations (environmental, social etc.) based on clearly identified criteria declared in the bidding documents. The new procurement policy will also look at the cost of delivering the fiduciary services by the Bank. In addition, the Bank is also undertaking a study to determine if the criterion used for evaluation are adversely affecting the procurement costs. Some recent measures taken by the EU in this regard are also being considered for possible adoption by the Bank.

Management recognizes that the Bank has a responsibility to ensure that legitimate complaints from bidders are fairly and speedily resolved. In this connection, a revised Presidential Directive was recently issued giving a detailed procedure for accepting, registering and dealing with complaints in a credible and efficient way. The Terms of Reference of the Procurement Review Committee has also been modified to bring greater transparency in the complaint handling process. The Bank is also contemplating including in the bidding documents a dedicated mail address where dissatisfied bidders could submit complaints.

Management agrees that there is room for improvement while doing procurement in fragile states. In that regard, Management is considering multiple options including, for example, increased use of UN organizations present on the ground and who are in the best position to provide assistance. The Bank is also very close to finalizing an agreement which enables UN organizations to use their procurement rules and procedures with certain

caveats. Management shall also ensure that local capacity building remains an integral part of such arrangement. The other options being considered include more hands on technical assistance and use of simplified procurement methods for upstream procurement related to preparatory stages of implementation. More details will be worked out and provided in the subsequent documents to the new procurement policy.

Pillar 4: Transparency & integrity

Management takes note of the need to make more use of independent procurement audits.

Management agrees that the use of e-procurement as a means to reduce opportunities for fraud and corruption as well as to speed up procurement processes and increase institutional capacity. The new procurement policy encourages Borrowers to continually modernize their procurement systems including incorporating credible and secure e-procurement systems.

Pillar 5: Capacity building

Management agrees that capacity building in RMCs is a top priority. Under the new procurement framework, capacity building initiatives will include professionalization of the procurement function, with comprehensive action plans for addressing gaps to

build sustainable institutions and uphold the integrity of systems. The Bank will adopt a strategy based on inter alia: (i) a gradual approach tailored to each situation and country circumstance; (ii) reasonable/achievable reform programs; (iii) significantly increased levels and more effective ways to deliver technical assistance (e.g. through partnerships, twinning arrangements, etc.); (iv) close collaboration between all stakeholders; and (v) national collective ownership of the reforms.

To go beyond supply-driven training and TA that have achieved modest results, it will be essential to leverage resources and make them available to RMCs to pursue their reform efforts. Broad financial support and/or specific grants are proposed to be provided for public sector development operations focusing on procurement or including strong procurement components, especially for conflict-affected states with limited capacity. This strategy will aim at longer-term engagement based on dialogue, coordinated actions of all stakeholders, and mechanisms that support follow-up activities and provide for sustainability.

The Bank will develop a monitoring and evaluation framework to determine the impact of CD activities and measure progress, as well as a standardized format to systematically report on Bank support. This systematic approach will be based on an encompassing and sustained strategy for broad support and reforms at the country level, targeting the specific needs of sectors and institutions. ■

Management action record

Recommendation	Management's response
<p><i>In the context of the analytical findings presented above, in order to remedy the shortcomings identified and to enhance the efficiency and effectiveness of its procurement function, it is recommended that the Bank should</i></p> <p><i>Adapt policies to reflect latest thinking with respect to VfM, green procurement and Bank's strategic emphases (e.g., on inclusion and gender); allow new methods that are appropriate for changing nature of operations.</i></p>	<p>Agreed</p> <p>Actions:</p> <ul style="list-style-type: none"> VfM and Environmental and Socially Responsible Procurement (ESRP) are incorporated under the Bank's new procurement policy.

Recommendation	Management's response
<p><i>Revise the Procurement Delegation of Authority Matrix immediately to give more authority with appropriate flexibility, clearer lines of responsibility and accountability to Field Offices; continue to build expertise of Field Office procurement staff.</i></p>	<p>Agreed Actions:</p> <ul style="list-style-type: none"> ■ A comprehensive review of the DAM will take into account the experience so far in its implementation, and the recommendations of various studies commissioned by the Bank. The review is expected to be completed by March-2015.
<p><i>Move deliberately toward greater use of post review of procurement results, beginning by implementing the Bank's proposed new thresholds for ICB and prior review that take account of PEs expertise and growing experience.</i></p>	<p>Agreed Actions:</p> <ul style="list-style-type: none"> ■ Under the Bank's new procurement policy, the Bank will adopt a risk-based approach. A country based procurement risk profile will be developed based on a detailed diagnostic assessment and this profile will be used to set relevant ICB/prior-review benchmarks and/or monetary thresholds that may be country, sector and/or project based.
<p><i>Redirect staff procurement resources that are freed up by changes in review thresholds and practices toward greater involvement in upstream project design and planning to improve project readiness and quality and in downstream assistance in contract implementation and capacity building.</i></p>	<p>Agreed Actions:</p> <ul style="list-style-type: none"> ■ The new procurement framework will be applicable to the full procurement cycle, including contract management. Procurement resources will be utilized based on the detailed requirements of the new policy framework once developed.
<p><i>Make procurement information systems more responsive to real time project management needs and improve knowledge sharing among decentralised Bank procurement specialists and with procuring entities and governments.</i></p>	<p>Agreed Actions:</p> <ul style="list-style-type: none"> ■ Automated workflows in SharePoint are currently being developed which will enable the monitoring and the availability of real time information concerning the processing of procurement decisions within the Bank.
<p><i>Use procurement audits more extensively, including by external auditors who have appropriate qualifications and experience that are quite different from financial audit requirements. Audit results should be more widely publicised to concerned parties and acted upon.</i></p>	<p>Agreed Actions:</p> <ul style="list-style-type: none"> ■ The new procurement framework envisages many levels of procurement oversight including audits. Detailed procedures are being developed.
<p><i>Help RMCs meet their urgent capacity building needs by implementing a well-defined Bank strategy and providing sustained resources and innovative methods; include national organisations, private sector and CSOs in these capacity building efforts. The strategy should be based on understanding the Bank's comparative advantage and niche, be included in Country Strategy Papers and be based on collaboration with development partners (e.g. World Bank and USAID). Trust funds are a potential source of financing for capacity building.</i></p>	<p>Agreed Actions:</p> <ul style="list-style-type: none"> ■ Under the new policy the Bank shall address country procurement capacity development in a holistic way: (i) by supporting public procurement systems to deliver credible outputs; (ii) by assisting the private sector to enable them to bid effectively; (iii) by enabling civil society to play a more effective oversight role; and (iv) by relying on national systems whenever possible to better align with RMCs governments' commitments to the strategic use of public procurement. The Bank's support to strengthening procurement in RMCs will aim to promote sound and internationally recognized procurement principles and practices. The Bank's support for procurement capacity development will be country-focused and be based on a procurement capacity development action plan which will be incorporated into the Country Assistance Strategy for each RMC. The Bank considers capacity building as a collective effort and will be strongly coordinating with other donors in this regard.

Recommendation	Management's response
<p><i>Move more vigorously toward its long-committed use of country procurement systems by formalising agreements with countries whose systems are acceptable and making necessary changes in procedures for ongoing and new projects.</i></p>	<p>Agreed</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ The Bank's objective under the new procurement policy is to increase reliance on the Borrower's procurement systems, for Bank-financed contracts. The Bank will agree to the use, by the Borrower, of those elements of its procurement system that the Bank finds acceptable and responding to the principles of the present Policy. Such elements will be determined based on a comprehensive assessment of the Borrower's procurement systems conducted by the Bank (often with other donors and stakeholders) under the leadership of the Borrower. For those other elements of the Borrower's procurement system that the Bank determines not adequate for use for the contracts it finances, a roadmap will be agreed with the Borrower for strengthening its procurement systems through capacity development to ensure their acceptability in future.
<p><i>Agree with the member countries and stakeholders on suitable indicators that will enable meaningful measures of procurement effectiveness, efficiency and VfM. Databases should be established and maintained by the Bank and member countries so that these analyses can be made on a regular basis.</i></p>	<p>Agreed</p> <p>Actions:</p> <ul style="list-style-type: none"> ■ This is noted and will be sufficiently detailed under the "Methodology" document that forms part of the new procurement policy framework.

Introduction

The Independent Development Evaluation function (IDEV) of the African Development Bank (AfDB, or the Bank) carried out an evaluation of the efficiency and effectiveness of the Bank's operational procurement policies and practices during 2007-13, a period that includes the lead-up to and overlaps with the Bank's Medium Term Strategy for 2008-13. This time also coincides with a period of evolution of the Bank's procurement policies, the adoption and initiation of its Decentralisation strategy, and major changes in the internal organisation and delegation of authority in procurement activities. Bank operations during this period were also influenced by the Paris Declaration,⁵ which called for development institutions to progressively increase their reliance on their member countries' systems, including those for procurement, rather than subjecting them to different rules for each financing organisation. Stakeholders have articulated strong demand for reviews of Multilateral Development Banks' (MDBs) procurement procedures to ensure that they are responsive to development needs and are producing good results. The Bank's mandate to guard against risks of misuse of the funds it provides to members for the procurement of goods, works and services continued unchanged. The combination of these factors makes this period a particularly opportune time for an independent evaluation of how the Bank's procurement has performed.

While this IDEV assessment was going on, the Procurement & Fiduciary Services Department (ORPF) was carrying out a comprehensive review of procurement policy, procedures and process that proceeded in parallel. A policy framework paper⁶ from this review was issued recently, and the final

policy document will be issued later this year. ORPF has the direct responsibility for formulating and implementing the Bank's operational procurement policies; its review was from the perspective of a managing entity examining the possible need for policy reform. The IDEV evaluation was conducted independently to look at procurement performance during a specific period of Bank operations but it made extensive use of statistical inputs from ORPF. Close communications were maintained between the two efforts and both provide insights and guidance about how the Bank's operational procurement can be improved.

Purpose, Objectives and Scope

The purpose of this evaluation is to give Bank's senior management credible, factual and experience-based evidence about the efficiency and effectiveness of its procurement policies and processes to inform the ongoing revision of operational procurement policy, strategy and guidelines of the Bank and to account for the results of its procurement activities. The evaluation (a) assesses the efficiency and effectiveness of the procurement policy, processes and procedures; (b) assesses the relevance and coherence of existing practices along with their supporting and limiting factors; and (c) draws lessons and actionable recommendations.

The specific objectives were to evaluate:

- How well the Bank's procurement performance meets its mandated fiduciary principles of economic, efficient and appropriate use of its funds while preventing corruption;

- How effectively it has helped its regional member countries (RMCs) build sound and well-functioning procurement systems; and
- How well its procurement policies and procedures have been coordinated with and contributed to the Bank's overall development assistance programmes and objectives.

Lessons learned from past performance are used to formulate recommended ways to achieve better results. The assessment is meant to help understand how procurement efficiency and effectiveness should be measured and achieved. Views about what procurement processes can and should accomplish are rapidly expanding into new and broader areas and technological changes are creating new capabilities that can contribute to better performance. This report looks at how past performance has met expectations and suggests how systems can be improved to meet new challenges.

The evaluation considered the Bank's operational procurement⁷ from 2007 through 2013 as the core period for the data and information gathering and analyses that support the study. All sectors and all aspects of the procurement cycle from the planning stage through contract awards and the management of contracts for goods, works and services, including

consulting services, were considered. Performance was examined from the viewpoint of how the Bank and the client countries carried out their respective responsibilities and what results they achieved.

Methodological details, including the evaluation framework and methods used for data and information gathering to carry out this evaluation, are given in annex 1.

Limitations

The evaluation made use of a broad range of source materials but it was not possible to obtain all the data that would have been desirable to consider. For example, neither the Bank nor RMCs have established databases that would give the most meaningful value for money (VfM) calculations based on key performance indicator records over a period of years. Similarly, the Bank's procurement reporting system does not capture a number of items that are relevant to management of the procurement process and that would provide good measures of efficiency and effectiveness. The report discusses these constraints and recommends steps to deal with them. Also, the absence of a time recording system for Bank staff precludes the availability of cost data, and hence of a full assessment of efficiency. ■



Procurement Overview 2007–2013

Policy Evolution

The evaluation period saw many changes in policy and organisation that affected the Bank's procurement operations, with preparation of key policy, strategy and guidance documents and events in the implementation of the policies and strategies. Changes during the period under review contributed significantly to shaping the Bank's approach and operational modality. Several valuable initiatives were undertaken to refine and improve the overall performance. Figure 1 (on next page) presents the relevant milestones in preparation of policies, strategies and guidelines on the one hand and policy-strategy implementation on the other.

The first milestone, the decentralisation of procurement staff of 2007, deployed skilled procurement staff to respond to the challenges in the field. It aimed to speed up the procurement process and to increase the overall capacity of the borrowers. This move was in support of the achievement of the objectives of economy, efficiency, transparency and openness, and to provide services based on performance outputs that positively influence projects' value for money.

At the same time, the reform initiatives gradually contributed to an increase in compliance with fiduciary safeguards and to gains in public confidence in Bank-supported projects. In this regard, the initiation of the fiduciary clinics was another noteworthy milestone. Fiduciary clinics are able to bring together the key stakeholders of the procurement cycle and have proven effective in identifying weaknesses and potential solutions to optimise the performance of the portfolio. During several of the country visits

(Ethiopia, Liberia and Morocco) interviewees praised this tool and requested more intensive use.

Revision of procurement rules and procedures in 2012 was intended to define higher measures and standards of performance and to improve the accountability of national procurement systems. This was a pivotal step toward greater use and reliance on national systems, in accordance with the Bank's long-standing commitment. Substantial progress was made in 2013 and 2014 in the use of country procedures for national competitive bidding (NCB). Agreements were signed with 3 countries and 12 are ready for signature.

Procurement Patterns and Trends

An overall look at the scale and scope of the Bank-financed procurement activity in RMCs is useful for understanding subsequent discussion of performance factors. The procurement management system (PMS) of the Bank provides data on the numbers and values of contracts awarded, the methods used and the countries of the suppliers/contractors. This extensive and valuable time-series record of procurement activities provides a good basis for analysis.

Figure 2 shows the trends in numbers and value of contracts during 2003-13, for all recorded Bank-funded goods, works and consulting services contracts. Apart from a jump in 2007, there has been a general steady growth with the exception of the slight drop in 2012, which is mostly explained by fewer approved works contracts that year.⁸ Works contracts averaged about US\$ 1.4 million, goods

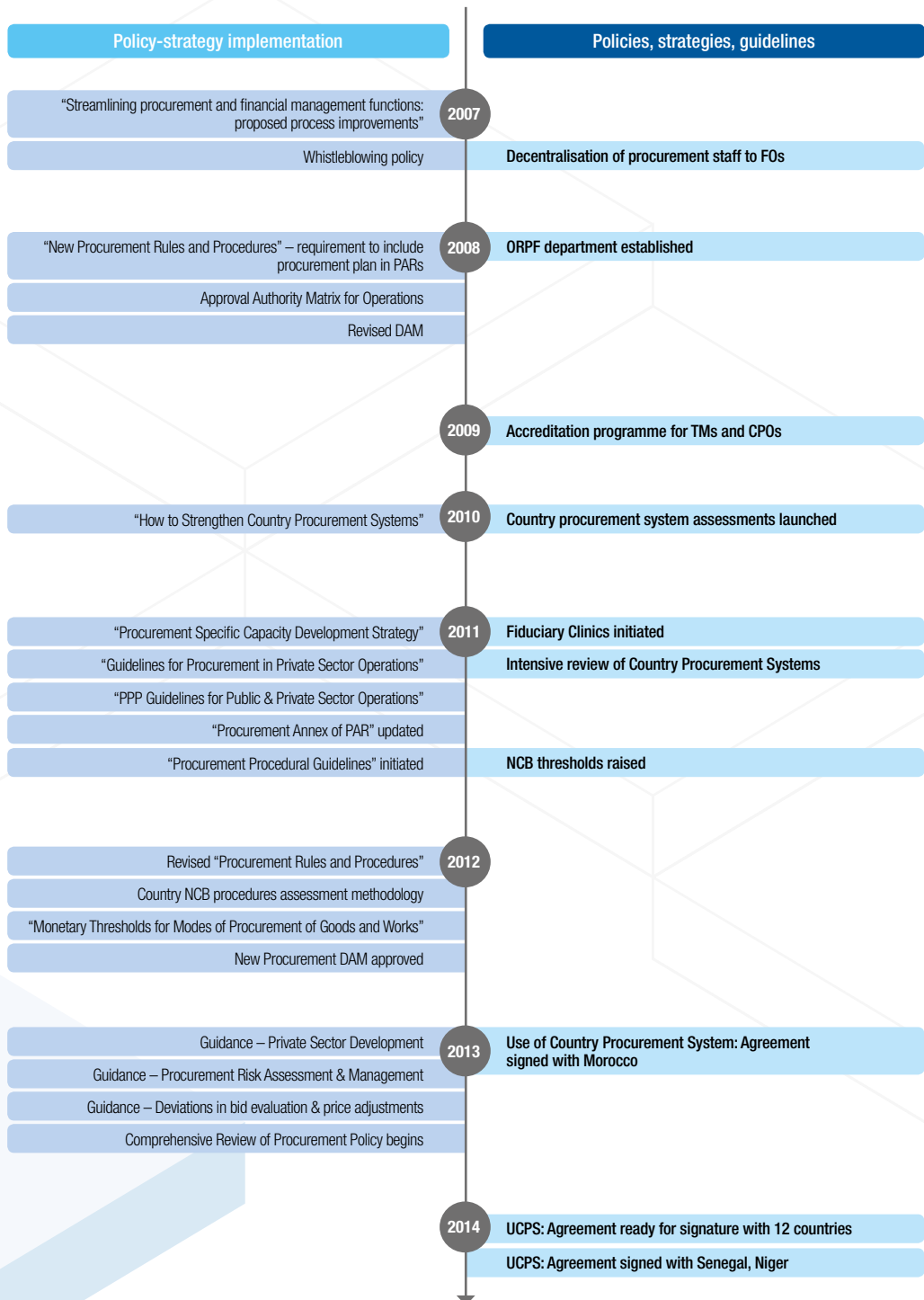
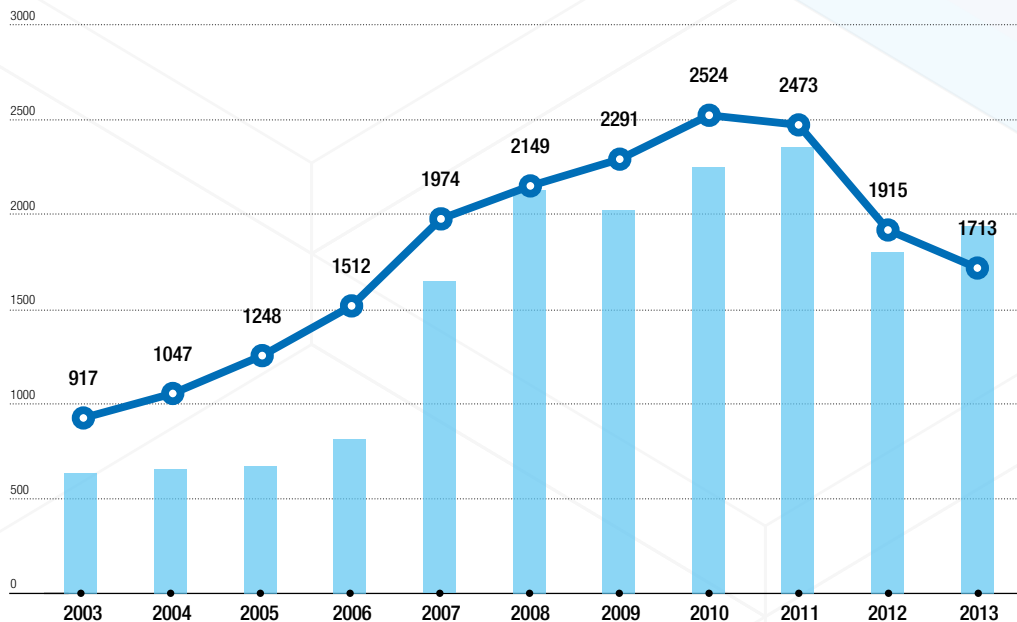
Figure 1: AfDB Procurement policy, strategy and practices milestones

Figure 2: Contract awards (2003 – 2013)

Source: Annual Procurement Report 2012 and Procurement Statistics.

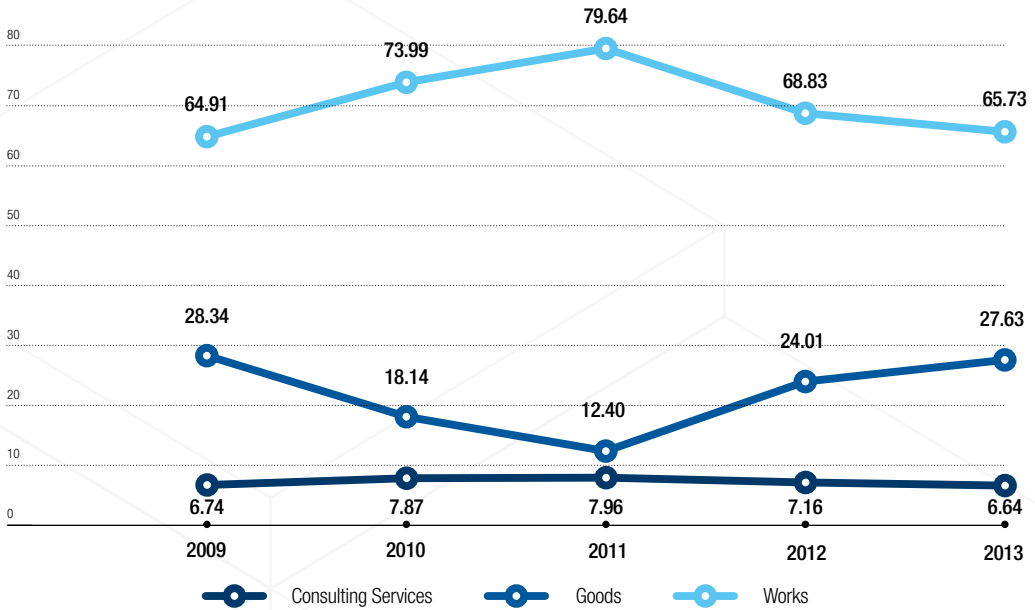
contracts were generally about one-half that size, and consulting services contracts were in the US\$ 300,000-400,000 range. The trends in the shares of goods, works and service contracts are shown in Figure 3.

The main significance of these contract values is that they determine two important factors in the procurement process: the selection of the appropriate procurement method, particularly between international competitive bidding (ICB) and national competitive bidding (NCB), and whether the contract is subject to the Bank's prior review and no-objection before contract signing. If the contract value is above the limit set in loan agreements for the use of NCB, the ICB process must be used, and this is almost always considerably longer. Similarly, the contract must go through the prior review process if the estimated value exceeds the threshold.

The thresholds requiring the use of ICB and the thresholds for prior review are not necessarily the same; prior review has often been required for NCB contract awards. ORPF has proposed that the Bank move toward eliminating prior review of NCB contracts, which would result in significant time and cost savings.

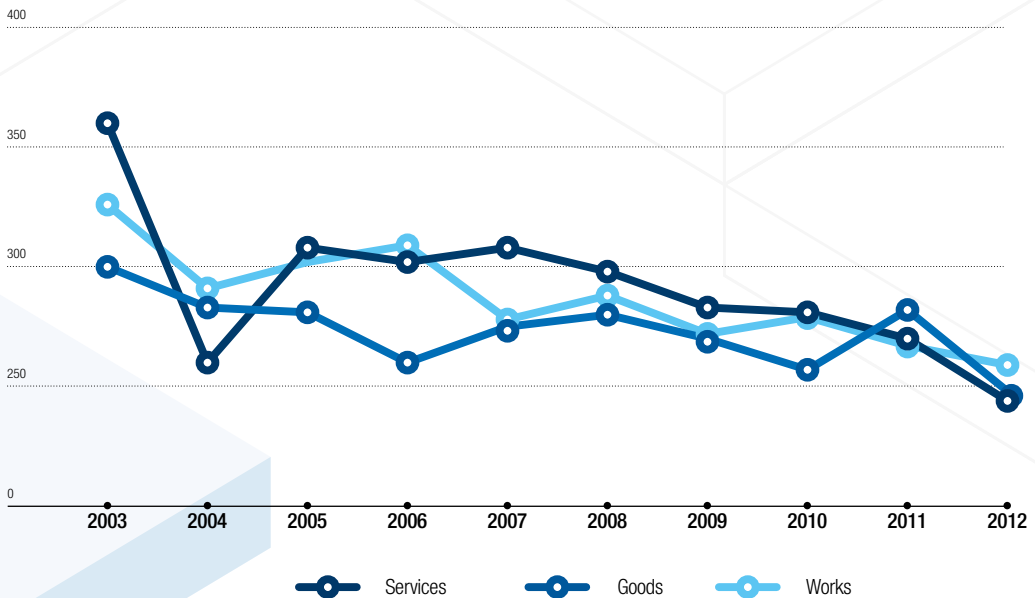
According to the 2012 Annual Procurement Report, the average time elapsed for procurement has shown a declining trend in the last 10 years, as shown in Figure 4. Between 2003 and 2012, the average time was reduced from 320 days to 251 days,⁹ a big improvement, but still about 20% longer than the average for NCB contracts as shown in Table 1.¹⁰ This is attributed to the measures taken by the Bank to improve transactional and process efficiency within the Bank for reviewing and providing no-objections to the borrowers' submissions and to

Figure 3: Shares of goods, works, and consulting services contract awards in value (%)



Source: AfDB Procurement Statistics.

Figure 4: Lapse of time for ICB procurement (days)



Source: 2012 Annual Report and AfDB Procurement Statistics.

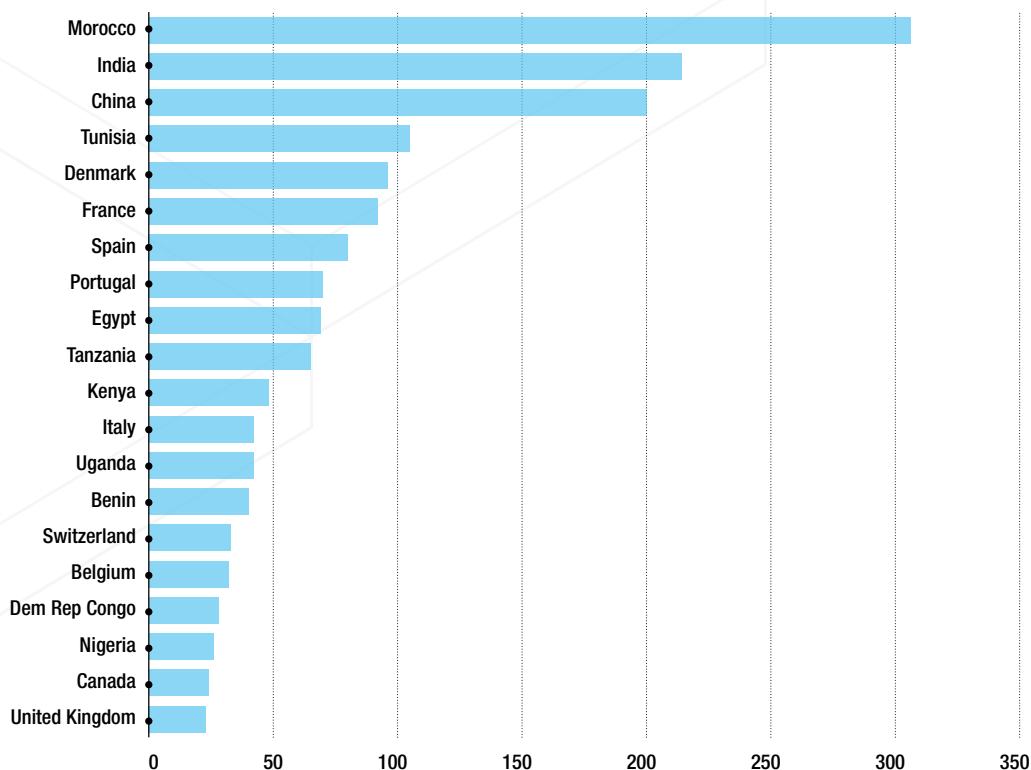
Table 1: Elapsed limit for goods and works under ICB and NCB

Procurement method	Goods		Works	
	Average	Median	Average	Median
International Competitive Bidding	251	230	245	242
National Competitive Bidding	199	185	218	210

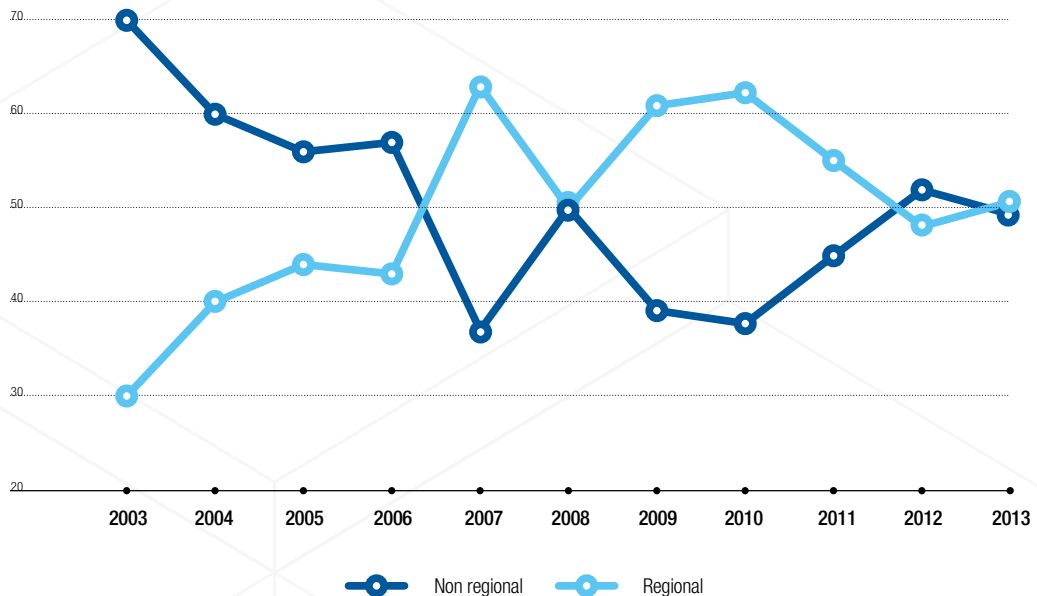
build up their capacity in carrying out procurement activities. It seems likely that these gains are mainly the result of accumulated experience in procuring entities (PEs) at the country level and by Bank staff in implementing the Bank's rules and procedures. It could also be due to increased procurement staff resources in the Bank. There have been huge variations in time requirements, even among

regions in the same year. In 2009, for example, when the Bank average was 240 days, one region had an average time of 182 days while another averaged 405 days, but in other years different regions had similarly high and low averages.

The distribution of contracts awarded each year to a client RMC and to other member countries

Figure 5: Contract awards by supplier country in 2013 - Top 20 by value (million US\$)

Source: AfDB Procurement Statistics.

Figure 6: Share of regional vs. non-regional contract awards in value (%)

Source: 2012 Annual Report and AfDB Procurement Statistics.

is monitored to: (a) show to what extent local industries in the client country benefit from receiving contracts and payments from Bank loans; and (b) demonstrate that competition exists among member country firms. Both of these relate to underlying objectives of the Bank's Procurement Rules and Procedures; that is, to contribute to the development of local industries and to ensure fair and open competition among eligible firms.

In 2013 African firms were awarded US\$ 865.66 million¹¹ (44.6% by value and 87.9% by number), including those in RMCs outside their country of domicile. This is seen as a sign of their increasing competitiveness and as a positive reflection of measures to promote local or regional firms, including generic specifications and appropriate contract packaging. Goods contracts continue to

go predominantly to non-regional firms, with only Kenya and Democratic Republic of Congo among the top 10 country winners in 2013. African firms were much more successful in works contracts, with Morocco, Tunisia, Egypt and Tanzania ranking in the top 10 by value. Figure 5 shows the overall picture, with many African countries joining the top 20 winners by value. Bank-financed procurement is clearly giving African firms an opportunity to show their ability to compete and win contracts.

The share in contract value won by RMCs since 2003 has shown a quite different pattern, as seen in Figure 6. From an original high of 70% in 2003, this share dropped to a low of 38% in 2010, before climbing again to the 50% level in 2012. It appeared to be on a continuing upward trend at that point.

A caveat ORPF has mentioned regarding the supplier countries is that it is difficult, if not impossible, to differentiate between firms that are truly “local” in their ownership and management and those that are branches or subsidiaries of foreign firms that have been established in RMCs. In terms of their contribution to the local economy and employment, such a distinction may not be relevant in all cases; some branches of foreign firms use in-country resources extensively. Table A6 (annex 2) shows how each of the countries selected for the Case Studies fared in terms of local firms winning contracts for goods, works and services.

Each country has a distinctly different profile regarding the success ratio of local firms. Morocco, for example, has consistently won 80-100% of works contracts, almost as many service contracts but fewer, goods contracts (and with a less stable pattern). This quite accurately reflects the strength of Morocco’s construction industry and well developed

consultancy services in important local sectors, but its more limited production of the kinds of goods called for in the Bank-financed contracts. Local wins of works contracts in Mozambique fluctuated from 1% to 100% in different years, apparently depending on the mix of large, high-value contracts and smaller works awarded during the year. Liberia, with much lower total values of contracts awarded annually, and mostly through NCB, managed to win nearly all the contracts in some categories and years, despite being a fragile state.

The general observation seems to be that the degree of successful participation of local industries in Bank-financed procurement is largely determined by the kinds and sizes of contracts being awarded and the industries’ strengths, and not by particular Bank rules. The rule that allows countries to use a margin of preference in ICB when evaluating bids from local firms is rarely used and even more rarely has a bearing on the award outcome. ■

Procurement Performance: Findings

The following sections present an assessment of the Bank's procurement performance for the five pillars. The assessment draws on Bank documents, key informant interviews, a survey of internal and external respondents, and country case studies. Key survey results are presented in annex 3, and areas of strength and those requiring improvement are highlighted separately in annex 4.

Pillar I – Policy

ORPF is currently engaged in a comprehensive review of the Bank's procurement policy,¹² and it recently presented a policy framework paper for the Board's consideration; the full policy document is expected later this year. The policy framework paper proposes significant changes in the Bank's rules and procedures and the development of new guidance materials and tools for future use.

In view of the proposed reform programme, it may seem curious that policy is the aspect of Bank performance that received the highest approval ratings of all the pillars, from both the external¹³ and the internal survey respondents (Figure A2, annex 3). This view is consistent with many assessments of country procurement systems by MDBs that generally rate policy more highly than the other pillars. This may reflect the fact that when countries recognise the importance of public procurement and the deficiencies of existing practices, policy is the first focus of procurement reform efforts. This difference between making policy and building implementing capacity appears to apply to the Bank as well.

Interviews conducted corroborate survey results in indicating that the Bank's existing procurement policies are considered sound and are far more appreciated than criticised. Within this general support for policies, the highest combined ratings by both groups surveyed were given to "based on clear and appropriate principles." The ratings were almost as high for "protect against misuse of funds" and "prevent fraud and corruption."

Despite their perceived complexity and some problems in their application, existing policies were found to give structure, predictability and reassuring transparency and fairness to procurement. The strongest support for the present policies and evidence in their favour comes from organisations and people working in the traditional sectors of Bank investment including agriculture, power, transport, and water and sanitation. This involves infrastructure, goods and services for which the rules were originally designed. Social sectors such as health and education and projects where community organisations are responsible for the procurement have experienced difficulties with the present policies and procedures. The procedures for engaging consultant services were especially difficult and time consuming for these sectors, to the point that it proved impossible to obtain the services within the stipulated timeframe.

Many survey participants find that the Bank's rules and procedures fill a basic need for clarity and structure at an operational level in public procurement. PEs need practical guidance on how to carry out their duties, useful forms for bidding and ways for making sound and defensible choices.

If and when someone provides better methods and procedures and instructions for their use, PEs will follow them. In the meantime, they appreciate the positive aspects of the present rules and forms. They would like very much, however, to see more flexibility in how they are applied and they would like processes to move faster, especially to get rid of unnecessary delays. They do not believe the “one size fits all” application of the rules is either necessary or appropriate.

One policy complaint that was strongly stated by PEs during the country visits was that international lenders should harmonise their policies.¹⁴ International financial institutions (IFIs) have been working in joint committees and coordination efforts for many years to harmonise their procurement policies but PEs still must deal with conflicting rules. PEs find it very troublesome to work with different sets of rules, forms and procedures.¹⁵ Closer investigation indicates that most of what PEs consider policy differences are, actually deviations in wording of standard bidding documents or forms of guarantees or similar matters that the IFIs could change without any basic policy revision. The Bank and others have many precedents where minor deviations such as these are taken care of on a project-by-project basis in loan agreements.

Broad approval of basic policies should not be misinterpreted as complete satisfaction with how they are applied or a belief that they cannot be improved. Only 33 % of staff and 44 % of external respondents agreed that policies are easily understood and applied. Positive support does not address the possibility or desirability that other new principles relating to broader objectives such as “green,” “sustainable” or “gender sensitive” procurement should be added. It also does not rule out including other newer methods of procurement that have been used successfully by other organisations and may be applicable in the Bank and member countries’ circumstances. To this point, one of the lower-

rated statements was “reflects evolving issues and technologies,” with only 26 % of internal and 35 % of external respondents indicating agreement.¹⁶ The lowest support for any policy point was “are consistent with countries’ capabilities,” an issue that is addressed in Pillar V - Capacity Building

Use of country procurement systems

The use of country procurement systems has been a stated policy objective since the Paris Declaration in 2005 and the Bank’s subsequent adoption of the principle. It is slowly transitioning from a slogan to a reality. The Bank had carried out assessments of 48 countries’ systems by end-2013 and 37 (77 %) were found to have national procedures and documents acceptable for use in Bank financed projects, subject to a few amendments. Morocco was the first country to sign an agreement with the Bank on the adoption of its national competitive bidding procedure up to, but not including, the level of ICB.¹⁷ To date, the Bank has signed 3 use of country system agreements, and 12 more are expected soon.

But the use of country systems will not miraculously simplify the procurement process or solve all the problems in Bank-financed projects. NCB under country rules is still a time consuming process. Under current policies, ICB in accordance with Bank rules, will still be required for very large value and complex contracts. Projects in the infrastructure sectors with contracts for tens of millions of dollars may therefore not be affected significantly. While sectors with much smaller contracts may simplify their procurement considerably by having a single set of NCB rules for bidders and implementing organisations, they are also the ones that have inadequate procurement capacity and experience.

The shift to increased use of country procurement systems is not a decision that is welcomed by all. Some are concerned that this will adversely affect suppliers from non-RMCs; some fear it will lead to

fewer safeguards against fraud and corruption. Some PEs and suppliers in RMCs believe their country procedures are not as clear or as sound or give as solid a contractual framework as those of the Bank. None of these concerns is necessarily an outcome of the use of country systems. It all depends on the rigour with which the systems are analysed before acceptance and enforced after adoption. What is not in doubt is that the use of country systems will require a huge and continuing capacity building effort on the part of the countries and the Bank.

Fiduciary risk management

Judged by the reported standard of protection against misuse of its funds, the Bank has done an excellent job of managing fiduciary risks related to procurement, which is the fundamental reason for having procurement rules and procedures. There was no misprocurement reported during the evaluation period for violations of Bank rules.¹⁸ This is quite an extraordinary performance. One hopes that it does not indicate a reluctance to judge or report that violations have occurred, or to impose penalties if they do. This is an important measure of procurement performance, but it is not recorded as such in the procurement reports, and this is a shortcoming of the present information and reporting systems.

Could equally good safeguards against fiduciary risks have been achieved more cost effectively? At the

start of the evaluation period, 20-25¹⁹ professional staff were carrying out the Bank's procurement activities for about 2,000 reported annual contract awards valued around US\$ 2,000 million. By 2012-2013 the numbers of procurement specialists had grown to over 60, while the total numbers and values of contracts had remained essentially the same. No appreciable changes in fiduciary risk safeguards or in other measures of effectiveness, except timeline reductions, were reported during the period, although a general impression is that overall procurement performance improved and that the scope of procurement responsibilities has broadened. At a minimum this suggests that reporting systems are not capturing important information related to procurement implementation and management.

Summary assessment

Bank policy provides a solid framework for fiduciary risk management, meeting development objectives, and protection against fraud and corruption. The policy is consistent with VfM principles, although better data and systematic measurements are not yet in place. Although the policy is supported by adequate guidance, as corroborated by the survey responses, it is perceived to be complex by the stakeholders, and requires updating to reflect concerns and opportunities about issues such as green procurement, gender equality and sustainable development. Also, while the policies of the AfDB and the World Bank have been harmonised since 2008, policy harmonisation with

Table 2: Assessment of Pillar I – Policy

Policy Framework	Rating²⁰
How consistent are the Bank's procurement policies with: (a) its development and programme objectives, (b) VfM principles, and (c) fiduciary risk management responsibilities?	Satisfactory
Are the quality and dissemination of underpinning documents and guidance for borrowers and staff adequate to ensure effective procurement?	Satisfactory
Has the Bank kept up-to-date with best practices including evolving concerns about green procurement and gender equality?	Moderately unsatisfactory
How well is the Bank delivering on commitments toward promoting use of country systems?	Moderately satisfactory
Overall rating	Satisfactory

other institutions is work in progress. Finally, the groundwork has been laid for the use of country procurement systems and implementation has begun. Overall, the Policy Pillar is rated satisfactory.

Pillar II – Organisation and Capacity

Procurement staff in the Bank

During 2009-2013 procurement staff positions filled in the Temporary Relocation Agency (TRA) in Tunis²¹ and in field offices increased significantly. The number of professional staff in the function increased from 25 in 2009 to 64 in 2013, with fairly rapid growth in 2011-12 and then held steady (table A7, annex 2). With 83 % of the total staff in the field, procurement shows the highest degree of decentralisation of the Bank's functions. The majority of these specialists (34, or 64 % of all procurement staff in field offices) are locally hired. Procurement staff now account for 14 % of all professional staff in the field.

Reflecting the importance of procurement in implementing the Bank's lending operations, procurement specialists have doubled from a modest 3 % of the total professional staff in 2009 to 6 % in 2013. Many other staff who are not considered specialists have major procurement responsibilities, with sector task managers (TMs) heading the list. The Procurement Delegation of Authority Matrix (DAM) defines and allocates these responsibilities. The DAM has become both a matter of much discussion and a key factor in the evaluation of procurement efficiency and effectiveness. Despite this build-up of capacity, less than one-third of the staff respondents to the survey indicated agreement with statements about the adequacy of staff capacity and budget.

ORPF has observed the principle of separating policy making from policy implementation by creating two separate units with those respective responsibilities. ORPFO is the policy maker and ORPF1 has the larger share of the staff for overseeing and advising Borrowers on the application of the rules and procedures. The original precept of separating these two functions was intended for organisations that had direct responsibility for procurement implementation, to avoid conflicts of interest in having the same people make the rules and then advise on how to apply them. Since borrowers have the direct responsibility for all aspects of procurement implementation, Bank procurement staff are never in exactly this situation but the separation of functions is still a good approach. It requires, however, effective knowledge sharing and staff capacity building across the two functions to ensure that operational staff fully understand and know how to implement any new policy decisions. At times, the Bank's procurement policy implementation oversight at times appears to lag behind the pace of policy modification.

In addition to its policy formulation and operations oversight responsibilities, ORPF is responsible for maintaining high levels of competence among Bank staff with procurement responsibilities. In 2012 ORPF gave procurement training to 112 staff to familiarise them with Bank rules and procedures and enhance their skills; 70 % of these were TMs. Only 29 % of staff respondents agreed that they are provided adequate opportunities and incentives to upgrade skills, and 32 % agreed that the Bank facilitates sharing of knowledge and experience. No mention has been made in recent years of the procurement accreditation programme for procurement specialists that had previously been carried out by ORPF. This was an in-house programme for Bank staff that trained and tested them for levels

Box 1: Processing a typical AfDB works contract with a ministry in Liberia**Preparation**

The Project Appraisal Report outlines the project scope and implementation modalities.

- The implementing ministry sets up a project implementation unit (PIU) headed by a project manager with specially hired staff including a procurement specialist. The PIU reports to a project director, a regular ministry staff member, who in turn reports to other senior officials in the ministry – vice ministers and the minister – on project matters.
- A procurement oversight committee (PPCC) monitors/approves procurement plans and contracts. Decisions for some projects reportedly have to go to the Ministry of Finance and Justice.
- To start the procurement process for a project, the sub-project feasibility studies and designs have to be completed. Normally this should be done prior to Bank approval of the loan, but often it is done by external consultants hired through the project. The Bank's approval of the feasibility studies and designs of the subprojects would normally be required.
- The PIU prepares a project procurement plan and gets no-objection from concerned government agencies, as well as from the Bank (country or regional director approves).

Special Procurement Notice

- PIU publishes a procurement notice in keeping with Bank requirements.

Bidding Documents and Specifications

- The consultants prepare contract bidding documents, which are subject to internal review by government as well as clearance from the Bank. These documents are initiated by the TM, reviewed by regional procurement coordinator, cleared by the sector manager at headquarters and approved by the regional director.

Bidding

- The PIU issues bid invitations, provides requested information to interested bidders, and holds bid opening.

Bid Evaluation/ Contract Award Approval

- The ministry creates a Bid Evaluation Committee that evaluates the bids received and makes an award recommendation, which is reviewed internally in the ministry and by the PPCC.
- The bid evaluation report with the award recommendation is sent to the Bank for no-objection.
- The Bank handles this according to the contract threshold applicable to all countries. For Liberia as an example, which has a country office the country process would be as follows:
 - If the contract value is less than UA 100,000, TM clears and the CD approves. The problem with this is that there are no TMs in the Liberia Field Office and the procurement officers based in the country have no designated role.
 - For contract value between UA 100,000 and 1.0 million, TM initiates, country procurement officer reviews and the country director approves.
 - For contract value between UA 1.0 million and 2.5 million, TM initiates, procurement coordinator (regional office) reviews, the sector manager (headquarters) clears, and the regional director (not in Liberia) approves. Country based procurement officer has no designated role.
 - For contract value above UA 2.5 million, TM initiates, the procurement coordinator (regional office) reviews, the sector manager and sector director (headquarters) clears and the regional director approves. The country based procurement officer has no assigned role.

of procurement proficiency and certified them to perform jobs requiring those respective levels. The certification is currently not active because of resource constraints.

Decentralisation and delegation of authority

The Bank has defined operational procurement responsibilities through a series of manuals and matrixes. A Delegation of Authority Manual was issued in April 2004 to identify the various levels of authorisation and to provide uniformity and clarity in policies. A Delegation of Authority Matrix (DAM) was submitted to the Board of Directors on November 2006 and a revised version was issued in 2008 to support the Bank's decentralisation strategy.²² The Bank's Medium Term Strategy (2008-12) stipulated that by end-2012, its major products and services would be planned, prepared and delivered at the country or sub-regional level, and that programmatic and financial decisions making would increasingly be devolved to the field offices.

The principal effect of the decentralisation strategy for procurement was to place procurement specialists in the field offices where they are able to interact on a daily basis with the RMC procuring organisations. An effort is being made to recruit in-country procurement specialists who have personal knowledge of the country and its institutions, although it is proving difficult to find this combination of qualifications. Also, regional procurement coordinators have been placed in the regional hubs to make additional expertise available.

A Presidential Directive dated October 4, 2012 formulated the current DAM (2012), which includes procurement responsibilities. The main changes in the matrixes over the years relate to shifting the contract approval responsibilities toward the field offices, particularly to the country manager who now approves most of the procurement awards.

The DAM 2012 lists detailed responsibilities for a range of activities: country procurement assessment, project procurement planning, decisions relating to procurement, misprocurement, and so on. Authority is detailed for eight different types of procurement contracts – goods, works, consulting services, single source contracts and the like. Each decision is broken down to four levels of the procurement (monetary) thresholds. The action/decision takers are categorised as based in the country office, regional office, or head office. As a result, the 2012 DAM is very detailed and in some ways shows overlapping responsibilities between country and regional offices. It places greater responsibilities on the field offices but also on the higher level of bureaucracy. The main concerns with the matrix include the following:

- In its decentralisation efforts the Bank has delegated the approval responsibilities to the field office, mainly up to the manager's level. All approval responsibilities have been assigned to country managers and regional directors, who are not expected to be proficient in procurement. Their work load may also not permit them to do full justice to this task.
- For a given project, the most knowledgeable people for procurement matters would typically be the TM,²³ procurement specialist in the team, the country procurement specialist and the sector manager. The role of the sector manager in the 2012 DAM is limited to clearances of the third tier of contracts as per the thresholds. Similarly, the inputs from the TMs and the procurement specialists, who should be most involved in the process, are not adequately reflected, as noted in Box 1.
- The DAM seems to have been drafted mainly for the contract approval stage. Before that, the Bank has to issue no-objections for actions such as project-specific bidding documents/specifications, procurement notice, bid

evaluation committee formulation etc., and these responsibilities are left unclear.

Unlike the generally high approval ratings for Pillar I – Policy, the ratings for Pillar II of both the external and the internal groups surveyed²⁴ are lukewarm, with no strong convictions in either direction. However, while more than half of internal respondents to the survey showed approval that procurement specialists are “involved at all stages from project planning through implementation” and that processes “function more efficiently with Procurement Specialists decentralised to field offices,” external respondents were less sure about both of these statements and far less than half agreed with them. This could be a side-effect of the widely expressed dissatisfaction by PEs that decision referrals to headquarters and process delays – problems that they thought specialists’ presence in the FO would solve – are still too frequent. These are two of the biggest gaps in perceptions between external and internal respondents and among the few in the entire survey where external respondents, were less positive than internal respondents in the entire survey. Since they concern fundamental relationships, they deserve serious consideration.

Another point that merits attention emerged from the field visits and interviews. Reportedly there have been cases where field staff have ignored the DAM in terms of locations and levels of approval authority and have taken positions that oppose those approved by the competent authority. The evaluation team could obtain no details about these alleged occurrences but such instances could undercut the foundations of the fiduciary risk management system and lead to costly consequences for the Bank and borrowers.

The World Bank has a corresponding Decision Authority Matrix that is part of its Operational Manual.²⁵ The World Bank model is highly dependent on the task team leader, procurement specialist, procurement accredited staff, regional

procurement manager and the sector manager. Most procurement decisions are taken at the task team leader, procurement accredited staff, and regional procurement manager levels, as per thresholds. Matters are escalated only when there is some disagreement or for projects above the regional procurement manager’s threshold.

Every country has its own approval procedures, which must be observed along with the Bank’s procedures. Box 1 is an example of the approval process for an AfDB-financed contract as seen from the perspective of a ministry in Liberia. Other countries may have even more steps in their approval process. Between the Bank’s DAM and the country’s procedures, it is not surprising that procurement is time consuming and that complaints arise about its complexity.

Decentralisation may have drawn more attention to individual staff capabilities and to the reportedly very high turnover of TMs who are on the frontline of procurement responsibilities. One instance was reported of a succession of five TMs being responsible for one project in a single year. No matter how rare this case may be, it is impossible to have any degree of efficiency or continuity in project procurement in this situation. A fairly widely held impression is that TMs are not all adequately prepared to handle their procurement responsibilities – and it is also clear that some TMs would prefer not to have any.

Decentralisation’s potential benefits may not be fully realised because of over-concentration on review of transaction compliance with Bank rules and the perceived inflexibility in their application. Procurement planning and contract management do not get the full attention they need; each of these aspects would produce more valuable results than checking clauses in every bidding document. Available procurement resources are stretched to the limit, but not necessarily on activities that are the most productive.

Summary assessment

The separation of the functions of the setting of procurement policy and its implementation in ORPF and field offices follows good practice, but there is a considerable time lag in application. Decentralising procurement specialists to field offices has been a positive step that has improved interaction with PEs and their understanding of

of political and non-economic influence on procurement decisions (see figure A4, annex 3).

Table 4 is a compilation of views expressed during the country case study visits about common problems, most of them relating to operations. Apart from a number of widely shared problems, some countries had other issues specific to their situations. Liberia, as the

Table 3: Assessment of Pillar II – Organisation

Organisational Framework and Capacity	Rating
Are the organisational arrangements, roles and responsibilities clear and effective?	Moderately satisfactory
Is decentralisation of procurement capacity delivering on intended objectives?	Moderately satisfactory
Is the delegation of authority suitable to support effective procurement?	Unsatisfactory
Does the Bank/staff have the required skills, time and resources for effective procurement?	Moderately satisfactory
Overall rating	Moderately satisfactory

procedures. However, the DAM that accompanied the decentralisation has not yet given the clear lines of responsibility and levels of authority to field offices that would result in more efficient processes. TMs are not always well prepared to handle their procurement responsibilities. Less time spent on checking transaction compliance with rules, and more time given to upstream and downstream activities, would likely lead to more effective resource allocation. The Organisation Pillar is rated moderately satisfactory.

Pillar III – Operations

The general view about operations performance was negative; the only ratings approaching the mid-point for combined approval related to effectiveness of competition, VfM, and deterrence

only fragile state in the country case studies, expressed strong views that Bank-financed procurement does not adequately reflect their special needs. Morocco felt that NCB and prior review thresholds should be adjusted to match the long experience and expertise that they have built up in some of their sector organisations. Mozambique noted that the Bank should do more to facilitate procurement for PEs and contractors/suppliers whose working language is Portuguese.

One observation about the common complaint regarding unnecessary delays: these are not only on the part of the Bank; often there are long delays in the country's part of the process. Similarly, the planning deficiencies may come largely from lack of effective country participation in the process.

Table 4: Common problems found in case study countries

Problem/Complaint	Liberia	Morocco	Ethiopia	Cameroon	Mozambique
Unnecessary delays in reviews	•	•	•	•	•
Need more Bank help in capacity building	•	•	•	•	•
Rigid application of rules	•	•	•	•	•
ICB used too often	•	•	•	•	•
Long processes	•	•	•		•
Use country systems more	•	•	•		•
Planning inadequate, hard to change	•		•	•	•
Too complex for local capacity	•			•	•
Field office specialists need more authority	•	•		•	
Consultant rules difficult to use	•	•		•	
Lack of harmonisation of IFI rules	•	•	•		
One size fits all approach followed	•	•			

Shared country views included positive aspects as well. Every country praised the Bank's posting of procurement specialists in the field office as a welcome and productive move. This has improved the interaction between the Bank staff and PEs and particularly the real time assistance this makes possible for transactions. At the same time, this was almost always accompanied by the observation that the field office specialists and managers should be given more authority and importance in the procurement processes; too many decisions still depend on TRA, particularly for sectors not decentralised.

Choice of bidding method

As mentioned above, the average time for processing under NCB contracts is about 20% less than under ICB contracts. This suggests that significant transactional efficiencies are possible if the thresholds under ICB are revised upward for countries with a competitive domestic market and human resource capacity.

The real issue is whether the right bidding methods are being chosen to fit the situation. The Cameroon experience with excessive use of ICB procedures, described in the Box 2, is widely applicable throughout the RMCs. Two reasons probably explain most of the excessive use of ICB:

- ICB is the process required by the Rules and Procedures for large-value and complex contracts, and it is the “default” procedure for all procurement.
- If in doubt about the right method or if there has not been appropriate procurement planning, staff (borrower or Bank) with a tendency toward risk aversion will choose ICB.

ORPF has recognised that excessive use of ICB is a widespread problem and has proposed a risk-based approach to raise the thresholds of contract value that require ICB, using country risk assessment ratings as the basis for choosing the appropriate thresholds.

Box 2: Selection of procurement methods – Cameroon experience

A review of the procurement procedures used for Cameroon-based projects shows that ICB use is widespread and may not always be an appropriate choice, especially for projects implemented in rural and provincial areas. Two causes were identified for the excessive use of ICB:

- i The low ICB monetary threshold (UA 1.5 million) used for works contracts. Many of these small contracts would not attract international competition.
- ii Poor planning and choice of procurement methods at appraisal. The Bank's Rules and Procedures permit alternative methods that are likely to fit the situations better and are more suitable for local contractors.

The combination of unsuitable procurement methods and executing agencies' lack of experience in Bank procedures may have contributed to the implementation delays registered in Cameroon by Bank financed projects in 2007–13.

The low threshold may be increased to UA 3.0 million¹ but this still appears too low to attract international competition. Several executing agency representatives expressed the opinion that NCB should be substituted for ICB. Their view is supported by data in the Bank's Project Management System that shows that in the period 2006 to June 2012, only 9% of ICB works contracts under UA 1.5 million were awarded to non-regional contractors. If the monetary threshold for ICB had been raised to UA 3.0 million, the percentage of awards for works to non-regional contractors would still have been only 13% for all RMC countries.

The difference in procurement efficiency, however, would be very great since the number of contracts presently under ICB would be reduced by one-third and the time needed for completion of the tender would be about 20% less. The Bank could improve project implementation through greater use of NCB and closer assistance to the borrower in the preparation of standard NCB bid documents and specifications.

An important issue to be addressed by the Bank in this regard would be the culture of risk aversion of the procurement staff, who usually perceive ICB as the safest procurement method.

¹ Proposed in ORPF Procurement Policy Document, April 2014.

Procurement planning

The 2008 version of the Rules and Procedures introduced the requirement to include a project procurement plan in the project appraisal report (PAR) that would show the main components of the project, how they would be packaged, and what methods would be used for their procurement. The plan is intended to cover procurement actions during at least the first 12-18 months after start-up and to be updated at least annually during implementation. This plan is a useful way to improve quality at entry and to reduce the chances of initial delays. Some supervision reports and project completion reports (PCRs) contain comments about improved effectiveness that can be traced to good planning.

The planning stage is the time when decisions are taken about the choice of ICB, NCB or other procurement methods that directly affect time requirements and efficiency of procurement. Contrary to some perceptions, these are not automatic decisions to be made by comparing estimated contract values with project and DAM thresholds. Usually before and at the appraisal stage competent procurement specialists should be examining the component designs to verify that they fit the needs, how they should be packaged to match market capabilities, and what steps are needed at what time to ensure the goods and services are delivered at the right time and price. Often there is a lack of participation by implementing agency technical staff at this crucial stage. These decisions should have direct

inputs into project design and review at appraisal, not simply a later desk review to check that the right thresholds have been used. These kinds of valuable inputs affect overall project costs, timing and VfM and require procurement expertise, not just the ability to compare plans with rules and guidance notes.

Infrastructure projects are more likely than other projects to get this kind of expert input into their procurement plans through the involvement of design engineers and consultants, if not from Bank procurement specialists. It does not appear that social sector projects in general benefit from active procurement expert participation in project planning, and they consequently experience serious delays, for example, in selecting consultants and in project implementation. It is not that consultant selection procedures have changed after project approval, but rather that the procedures and time requirements probably were not properly taken into account in the project schedule and procurement plan.

Analysis of a sample of 64 PARs during 2009-12 and 51 Country Strategy Papers (CSPs) in 2009-13/14 shows a very positive trend for greater involvement of procurement specialists in these critical early stages (table A8, annex 2). The numbers of PARs that recorded the participation of procurement specialists in appraisal missions grew from 20% in 2009 to 65% in 2012. Procurement specialist participation in CSPs was 10% in 2009 and reached 54% in 2013-14. These are highly commendable trends that should not only improve quality at entry but also have direct benefits in project implementation. Although their impact cannot be separated from other factors, these trends certainly contribute to improving procurement performance. Confirming the benefits of this involvement, the Bank's Readiness Review Retrospective Report (2013) found noticeable improvement in the procurement aspects of quality at entry over the

years, which is attributed to the greater attention given to procurement planning and incorporating knowledge of the country procurement systems. In about 90% of the PARs analysed, the section on the country procurement system was generally consistently elaborated, mostly based on the NCB studies conducted by the Bank. Equally, a procurement plan was presented in almost 80% of the PARs, although some improvements were needed to enhance accuracy.

Prior or post review?

The principle and intentions underlying the current prior review approach are that if the rules have been strictly followed at every step of the process, "good procurement" will follow: the right goods and services will be procured on time at the right prices, fraud and corruption will be deterred and Bank funds will be used properly. Unfortunately there are many exceptions to this expectation and these are not adequately identified by the Bank's present procurement monitoring and reporting systems. The time delay factor is well known, but some of the other problems require more detailed investigation.

With present prior review procedures, the Bank examines each step of the process for compliance with its rules for all contracts with estimated values above the threshold²⁶ specified in the project agreement. When everything has received a "no-objection," the contract award can proceed and will be eligible to use Bank funds for contract payments.

With post review, the Bank does not get involved in detailed analysis of the process before contract award, but reserves the right to examine the contract and relevant documents and facts at the time of disbursements, or even later during supervision missions, to determine if Bank funds can be used for contract payments. Post review requires a different and perhaps higher level of experience and professional judgment by procurement specialists to

enable them to distinguish between major and minor deviations in processes and results. It also affords the opportunity for the reasonable flexibility that so many have requested.

The Bank has established a detailed list of procurement approval steps with suggested minimum and maximum times for each step. For a typical contract, the Bank is giving “non-objection” at four stages, viz. standard bidding document review, pre-qualification document, pre-qualification evaluation and the bid evaluation. The total stipulated time for these four steps adds up to 35-70 days (minimum-maximum). Theoretically this would be the potential time savings if Bank prior review was not applicable. Post review of the selected contracts would require staff resources, but would not impact the contract processing time.

It is not possible to determine from the Bank's 2011 analysis how much actual time was attributable to the prior review process itself; it would consist of the 41 days of review and approval of bid documents and the part of the 137 days it took for the bid evaluation and approval. A very conservative assumption would be 60-80 days for the entire prior review. There is little experience or record of how much time the Bank would spend on each post review but it could reasonably be in the range of 10-15 days.²⁷ Based on these rough estimates, a substitution of post review for prior review of a contract could result in a reduction of 50-65 calendar days for the process.

In 2014 ORPF has proposed a direct link between ICB/NCB thresholds and prior/post reviews. This change, when implemented, would have significant impact. Normally prior review would not apply to experienced clients' NCB contracts, which constitute the bulk of procurement in terms of number of contracts. This may have

to be introduced gradually, particularly for new project entities. It would also require substantial gearing-up for post reviews and procurement audits.

In order for the post review system to work and for the Bank to carry out its fiduciary risk mandate, the Bank must be committed to not allowing its funds to be used improperly and to require adequate corrective measures or apply appropriate sanctions if the contract is found unacceptable. Errors discovered in post reviews cannot always be remedied. The borrower takes the risk of cancellation of funds if either the award or the implementation of the contract does not meet clearly defined standards. The potential reward for the borrower from accepting this risk is to avoid many steps in procurement reviews, with the possibilities for unpredictable delays at each step, to save months in calendar and staff time for every contract and to realise project development benefits earlier. Besides advancing development objectives and improving effectiveness, the main benefit for the Bank is the huge potential saving in staff time and costs and the possibilities for using these resources in other ways to make procurement more effective.

A report by the Independent Evaluation Group of the World Bank makes two observations that are pertinent to the prior or post review issue: (i) neither prior nor post review, even if they are considered satisfactory, ensures a good procurement outcome; and (ii) the contract review process, whether prior or post, focuses on transaction compliance with rules and procedures, not on outcomes. The implication for the Bank is that it cannot rely totally on either procedure to ensure that its fiduciary risk management mandate is being successfully carried out. This assurance depends on being able to measure the contract results achieved, not on the review process itself.

Contract management

Opinion differs about whether procurement specialists should be involved in contract management after the award has been approved and the contract signed. Many procurement professionals find it difficult to understand why there is such an issue. The procurement rules that MDBs follow have always been described as a “Procurement Cycle” that begins with planning, selection of suppliers/contractors, award and signing of contract, contract implementation and monitoring of performance in order to provide feedback for future project design. Contract implementation is where the serious work is performed and it needs to be managed and monitored for quality and financial control. Research shows that the risks of fraud and corruption are higher during the contract implementation stage than during the contractor selection process. The Bank should not take over the client’s responsibility for project and contract implementation but it is essential to maintain its financial and procurement risk safeguards and ensure that the contract is really being performed as required. Whether the staff are called procurement specialists or something else, this is work the Bank must do.

Apart from any differences in principles, two other factors now severely limit the effectiveness of contract management:

- The focus on reviewing transaction compliance with rules during the contractor selection process leaves the procurement specialist with little time for either planning or contract management; and
- Existing procurement information systems do not provide the real time information needed by TMs and procurement officers to monitor and take appropriate actions.

The survey results were mixed about the general issue of time allocation to all aspects of procurement; about as many thought it was satisfactory as those thought it was not. The interviews and review of the information available make it clear that contract management needs more attention and expertise on the part of both parties, and it should be an area for procurement capacity building efforts.

Procurement information systems

TMs provide information to the Bank’s SAP-based PMS including contracts that identify the procuring organisation, the name and value of the contract, and the contractor’s name and country of origin. The Annual Procurement Reports are based on this data and show country and Bank-wide trends in contract types, numbers and values. These reports have been produced for many years, covering essentially the same data, so they provide a valuable historic record of interesting facts about contracts for the Bank and its stakeholders.²⁸ The PMS and the Annual Reports do not, however, provide some basic and useful information for Bank managers about procurement performance, efficiency and effectiveness.²⁹ For example, they do not give information about the size of the procurement staff or where they were located, the frequency and kinds of problems that occurred in procurement, or if there were cases that required the Bank to declare misprocurement³⁰ or apply other sanctions because of improper practices or misuse of funds.

Shortcomings of the PMS, an impediment to effective procurement, have been identified before, and work is underway to correct known deficiencies. The most urgent of the needs is to develop a procurement planning, monitoring, and management system that allows TMs to keep track of what is supposed to be done and how actual performance is proceeding. Such a system would signal when delays are occurring or problems have arisen and would

indicate when corrective actions and decisions are needed. The most important benefit would be to create a tool that helps TMs ensure progress in their projects without unnecessary delays or problems. Added benefits would be to facilitate knowledge sharing among staff and to encourage consistency in procurement decisions. It would provide factual performance information to managers for decisions about operations, internal organisation, resources and other matters related to procurement success. Systems of this type are being developed by other organisations³¹ so various models are available to give the Bank a starting point, but none of these is fully satisfactory.

Neither a modified contract award system nor a project procurement “dashboard” will provide the information needed for the bigger issues that are presently main concerns in procurement, particularly whether it is effectively meeting Bank and country development objectives and producing VfM. These concerns will become even broader if policy changes are adopted, as has been suggested, to include environmental, gender and similar development objectives. The difficulty in measuring these kinds of performance objectives is that the baseline situation must be established in a way that can be updated over time and that gives meaningful estimates of change. While system development is in progress, which may continue for quite time, the Bank and borrowers could agree on important baseline performance indicators and start collecting that information.

Value for money (VfM)

Agreement about the need for and the importance of VfM in procurement, not only in the Bank, but across other institutions as well, is unanimous. Where this unanimity breaks down is in defining what this means in specific terms and how it is measured. VfM is a valid concern at every level: achievement

of country development objectives, design of a project, choice of procurement method, selection of contractor/supplier, and contract performance. The Bank's procurement rules and procedures do not explicitly use the term, but it is the basis for the entire approach that borrowers are required to follow. What is ultimately missing is agreement on what indicators will be used for evaluating VfM and the systematic development of databases that measure results and progress.

VfM has become an explicitly stated objective for many public entities and the potential scope has been expanded to include social considerations, environmental impacts and other factors that can be affected by procurement decisions. The Bank is considering how these issues should be addressed in its procurement policies and rules. For the evaluation period, however, the general objective still applies. Consequently, there were no baseline or performance indicators established for Bank-financed procurement that would give quantitative measures of VfM in actual project and contract performance.

Efforts were made to obtain data that would make it possible to calculate VfM at the contract level by comparing prices of common items procured under the Bank's rules those same items procured under other rules. It was understood that, at best, these would produce only partial VfM results, and not even the best measures. Finding truly comparable items – similar specifications and quality, procured at about the same time and under similar conditions – proved impossible. This kind of information is not contained in the Bank's PMS or in project reports, and field offices and PEs could not provide it.

Costs of borrower and Bank staff time saved by shortening the procurement process timeline have been calculated (for example, see “Timelines” above) but they are only a partial and inadequate

measure of VfM, especially when it is clear there are still large unnecessary delays in the process. Those “savings” would be maximised if all contracts were signed directly and competitive procedures were eliminated but the risks and costs of fraud, corruption and incompetent contract performance would soar. The real VfM that could be realised by reducing procurement time requirements would come from speeding up the entire contract implementation, reducing costs of delays to suppliers and contractors and advancing the realisation of benefits from contract and project completion.

Practitioners in the field have long maintained that all of the MDBs’ procurement rules are based on getting the right goods and services at reasonable prices and at the right time, with fair opportunities for suppliers, transparent decision making and freedom from corruption. There are all ingredients of VfM. It is also true that little has been done either by the Bank or its member countries to create solid databases to measure VfM, a serious gap. Producing meaningful numbers is a challenge that needs reliable inputs, but the shortage of quantification does not mean that VfM has been ignored.

Fragile states

The Bank’s procurement performance in Liberia, the fragile state included in the country studies, provided valuable insights for the evaluation. Within the constraints of several war-induced impediments, including collapsed infrastructure, degraded institutional capacity and loss of skilled and experienced manpower, the country rebounded following the cessation of conflicts in 2003. The economy is showing signs of modest recovery after years of civil conflict. The country is heavily dependent on overseas development assistance, and the Bank is one of its most important partners.

The Bank portfolio is still small, but growing rapidly, and its procurement operations experience is developing apace. Some procurement assistance was provided from the Ghana Field Office until the Liberia Field Office was established, with one procurement specialist in 2011.

The Bank has adopted special measures for fragile states that include more flexible procurement arrangements, but it was found that the procurement situation was more typical of “normal” RMCs than “special.” The kinds of difficulties reported were very familiar: long processes, rules and procedures not well understood, delays, too much referral of decisions to TRA, and so on. The statement that “fragile states receive procurement-related assistance tailored to their special needs” received the most unfavourable responses in the entire survey, with 29% of country and 36% of staff respondents indicating disagreement while only 33% and 18% respectively, are in agreement. The availability of procurement expertise in-country is very helpful; donors should harmonise and coordinate their programmes and rules better; having TMs in headquarters is not efficient.

The notable area where the problem is greatly magnified is the lack of institutional and individual capacity to follow procurement rules, whether they are the Bank’s or the country’s.³² The portfolio is still not large but the capabilities to handle it effectively are relatively much smaller. This inverts the standard assumption about resource allocation that the larger the portfolio, the more procurement services are needed. In Liberia, and probably in most other fragile states, the critical shortage of their own procurement capacity creates much greater needs for outside procurement advice and assistance. These services, however, should give highest priority to building capacity in the procuring organisations and should give the greater flexibility that is so often requested regarding compliance with transaction rules.

Table 5: Assessment of Pillar III – Operations

Operational Framework	Rating
Are the processes adapted to yield timely, suitable quality, cost effective results in accordance with Value for Money principles?	Moderately satisfactory
Are the applied procedures effective and efficient, particularly as seen by clients?	Moderately unsatisfactory
Are the mechanisms for monitoring, reporting, and follow-up effective?	Moderately satisfactory
Is knowledge management, sharing, and dissemination carried out effectively?	Moderately unsatisfactory
Overall rating	Moderately satisfactory

Summary assessment

Process timelines have been reduced to some extent but are still long, partly because of excessive use of ICB, the default method of the Bank rules but also the most complex of the allowable procedures. ORPF has proposed changes in thresholds for ICB and for prior reviews that would shift the emphasis to post-reviews, which require much less time but implementation has barely started. Procurement specialists are becoming more involved in the procurement planning that is the essential foundation for effectiveness, but contract management still lacks attention. Fragile states are in a particularly vulnerable position because of the lack of institutional capabilities, and they demand more targeted assistance. Meaningful measurement of VfM is difficult, as data, including a baseline, on specific indicators are not available. Work on improving procurement management and reporting systems is lagging far behind the needs. The Operations Pillar is rated moderately satisfactory.

Pillar IV – Transparency and Integrity

Transparency and integrity elicited mixed but generally positive views (see figure A5, annex 3). Bank procedures were seen as giving moderate protection against fraud and corruption. The highest rating in this area of the survey was for the statement that the

Bank has clear standards for the ethical behaviour of its staff in procurement matters. One observer pointed out that in matters of ethical behaviour, however, partial agreement is not enough: at least the Bank staff should be in 100% agreement on this vital matter. The Bank's enforcement of these ethical standards was seen less favourably, a combination of results that deserves serious attention.

It is highly desirable to have more data about the incidence of suspected infractions of the Bank's stringent rules on fraud and corruption. The very small number of reported occurrences³³ does not seem consistent with expectations based on the published ratings of Transparency International for the Bank's RMCs or with comments by a number of interviewees in the Country Case Studies. Suppliers and contractors admitted frankly during the country visits that it is normal practice in their countries to make payments in connection with contract awards,³⁴ although some added that they thought the Bank rules protected against this better than in other cases. Others commented that it is quite possible that these payments pass "silently by" the Bank's notice.

Civil works contracts in general are notoriously susceptible to fraud and corruption. Though commonly associated with payment of bribes for contract awards, it is more common, and larger

amounts are usually involved, in the contract implementation stage. This is done through false invoicing, lowered quality, and even complete non-performance. As noted above, the contract management stage after contract signing is one that requires closer attention. Bank review procedures and supervision do not focus particularly on these risks.

Audit and control systems

All loan agreements contain requirements for project audits and reporting by borrowers but these are mainly concerned with financial audits. They offer important information about the correct use of funds, and thus are related to disbursements and fiduciary risk management, but they seldom deal directly with the procurement aspects of projects. Procurement audits should be conducted by independent parties and they involve a different set of skills and experience, which most audit firms do not have. They require examining a selected sample of project contracts to see: (a) what procurement methods were used; (b) whether contracts were awarded according to the rules; (c) if they were amended in substance or price after award; (d) if the works, goods and services were actually delivered according to contract conditions; and (e) if correct payments were made. Procurement audits require that the auditors make field visits to project sites to confirm that quantity and quality requirements of the contract have been met. They can be carried out during or after contract implementation; they do not have to wait for project closing.

ORPF resumed conducting Post-Project Procurement Reviews (PPPRs),³⁵ a form of procurement audit, in 2013. The main objectives of the PPPR are to: (a) assess the compliance of the procurement done for the project with the Bank's rules and procedures; (b) assess the

quality of project procurement management; (c) propose corrective measures if still possible; and (d) identify lessons learned for future operations. The nine PPPRs in 2013 reported results that were similar to those in very detailed procurement supervision reports by Bank teams: the same ranges of good and bad performance, the reasons behind them, and what corrective steps should be taken.

PPPRs are carried out after the project has been completed. In that sense, they differ from post reviews that are conducted during project implementation and supervision. The procedures are comprehensive and the results are instructive, but budget considerations limit the number that can be done, so they must be chosen carefully. Too few audits have been conducted to date to permit any generalisations about overall Bank procurement efficiency and effectiveness. There is no systematic procedure for sharing the results beyond the parties directly concerned with the procurement: the borrower, the procuring entities and Bank staff. It would require a major effort to bring procurement audit standards up to the level of project financial audits but it can be argued that they are equally important for carrying out the Bank's fiduciary responsibilities. Well-trained and qualified external procurement auditors selected by the Bank and financed out of loan funds could become an important part of the post review process.

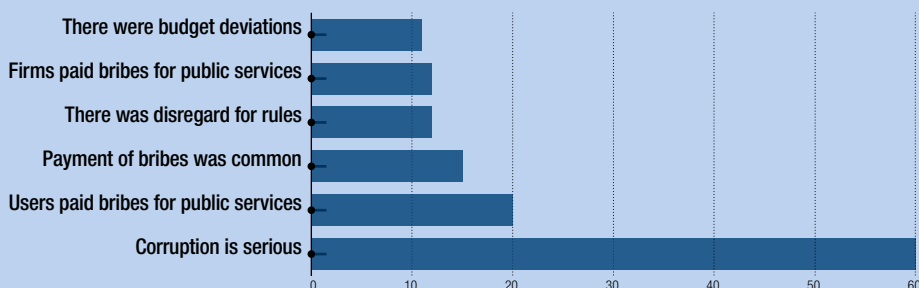
Box 3 describes the situation in Mozambique where audits have become an important tool in combating corruption but where mixed responsibilities have created other problems.

Complaints

The Bank has procedures for registering complaints and for "whistle-blowing," that is confidential reporting of suspected infractions of rules. These formal complaint procedures are used very little,

Box 3: Mozambique – integrity and audit

Corruption was considered a challenging issue by all persons interviewed. Their general opinion was that corruption in Mozambique is “silent” and can pass unobserved through Bank and government controls. The perception of corruption was summarised in a survey taken by the consulting firm Austral Consultoria e Projectos in 2007 and reported on in its “Report on Governance and Anti-corruption Diagnostics Survey.”

Perceptions of corruption types (percentage of respondents)

The Bank has taken the issue of transparency very seriously. In 2012 ORPF carried out a Project Post Procurement Review (PPPR) of one project in the Mozambique portfolio, the Montepuez - Lichinga Road Project. The findings indicated many deviations from the Bank's rules, most of which had passed unnoticed by the prior review and routine supervision missions during the 2006-08 period of implementation. Some deviations could have been caused by ignorance about the Bank procurement rules or deliberate action by the executing agencies that could have been a cause for misprocurement.

Most people agreed that there has been progress in Mozambique in recent years due to the increased number of audits carried out by the Office of the General Finance Inspector and the Tribunal Administrativo, the revision of the Procurement Regulation (Decree 15/2010), and the approval of the Strategic Plan for Anti-Corruption in 2011.

Internal audits are performed annually by the Office of the General Finance Inspector in most agencies of the central government and cover about 60% of all auditable expenditures. External auditing is carried out by the Tribunal Administrativo, a part of the judicial branch. Its authority extends to all state agencies and institutions at the central, provincial and local levels. The Tribunal carries out the dual functions of Auditor General of all procurement actions and Appeals Court for complaints against the Government. The Tribunal must approve all government contracts, irrespective of their nature and size, a strange combination of responsibilities if not a conflict of interest. Prior review of procurement actions by the Tribunal is a bureaucratic rather than technical review. Even when carried out efficiently, this review has become a major cause for delays of about three-to-four weeks in Bank-financed projects, although there have been reports of turnaround times of up to three months. The procurement process would be considerably simplified if the Tribunal would focus on its external auditing function rather than on the prior review of procurement actions.

typically ten or fewer times each year, an almost insignificant number compared with the 2,000 or more contracts signed annually.³⁶ Even when complaints are received, they do not necessarily relate to fraud and corruption. It is possible that they are allegations that a procedure such as bid opening or evaluation has not been handled correctly, or simply expressions of a bidder's disappointment at not winning a contract. One of the survey's lowest ratings in this area concerned the speed of the Bank's investigations of complaints and follow-up actions.

The Integrity and Anti-Corruption Department (IACD) of the Bank investigates transparency complaints from outside or inside the Bank that appear to have merit. They acknowledge that the number of complaints is still small compared with the acute perception of the spread of corruption in the RMCs as seen in transparency indexes, press coverage, and interviews with the private sector and civil

society organisations (CSOs). IACD has found no link between the number of complaints and the size of a country's Bank portfolio. There may be a link, however, between the number of complaints and the awareness campaigns and outreach programmes implemented by the Integrity and Prevention Division, which has been most active in East Africa, but is reaching out now to West Africa.

IACD perceives a common cultural attitude about acceptance of corruption: even if a contract is financed by the Bank, people still think that the client is a government agency and therefore, the attitude tends to be, "why bother?" They are not convinced that their complaint will get any results: maybe they will lose this time, but they will win next time – by bribing the right person or with the right amount.

The department is taking many steps to broaden and strengthen their activities. They recognise the need to work with the RMCs and that it takes time to develop

Box 4: Role of Civil Society Organisations (CSOs)

One of the most effective ways to combat fraud and corruption is to encourage the support of CSOs as well as official anticorruption organisations to monitor events closely, making use of their knowledge of local situations to help spot problems. CSOs are eager to reduce corruption and have often shown their ability to get results. But many of them are uncertain about how to collaborate with the Bank in this effort. They usually know very little about what is happening in Bank-financed projects and contracts, are not familiar with the Bank's rules and procedures, and do not know how to get this information.

The Bank can do two things to gain maximum advantage out of these organisations' interests and capabilities. One is to conduct civil society awareness and familiarisation workshops in RMCs, preferably in collaboration with government and private sector organisations such as Transparency International that are dedicated to reducing corruption. These events attract enthusiastic audiences and produce valuable two-way exchanges of information: the Bank tells them about its procedures and anticorruption commitments and the participants tell the Bank about the local situation and practices. These workshops should aim to establish ongoing relationships and procedures for cooperation as an outcome. The second action is to use its public disclosure policy to publicise information in local media about Bank projects, contracting opportunities and contract award processes, to alert CSOs about activities and results that can benefit from their scrutiny. Process transparency is the best deterrent to under-the-table deals.

Both of these activities require strategic planning about how to carry them out. They may or may not involve Bank procurement specialist staff, but these individuals can provide useful advice about particularly sensitive areas to watch. The activities also require budget resources, possibly applied differently, but not necessarily additional to present public information activities. They have a high potential for VfM rewards.

Table 6: Assessment of Pillar IV – Transparency and Integrity

Transparency and Integrity	Rating
Are the audit and control systems effective?	Moderately satisfactory
Are the appeal and complaint systems effective in identifying problems?	Moderately unsatisfactory
Are the appeal and complaint systems effective in remedying/resolving problems?	Moderately satisfactory
Are monitoring and supervision carried out effectively?	Moderately unsatisfactory
Overall rating	Moderately satisfactory

trust and capacity. They are working with CSOs and have a pilot project with Transparency International to “bundle” anticorruption agencies in the countries in order to reach a larger audience more effectively (see Box 4 below on role of CSOs). Memorandums of Understanding have been signed with the Islamic Development Bank and with 11 RMCs on integrity and anticorruption actions. A statistical tool has been developed to identify anomalies in contracts and raise a red flag when these occur. This tool would also be applied proactively in a preventive manner in cases of particularly large or risky contracts.

The Agreement for Mutual Enforcement of Debarment Decisions (with the other MDBs) was adopted in April 2010. In July 2012 the Board approved sanction procedures, and the Bank’s procurement rules have been revised accordingly. In 2014 the Bank established its legal basis for enforcing the Cross-Debarment Agreement it has signed with other MDBs, enabling it to exclude companies or individuals who have been “blacklisted” by those organisations for engaging in corrupt practices. To date the Bank has not debarred any person or firm for corrupt practices. IACD has sent four reports on Findings of Sanctionable Practices in 2014 to the sanctions commissioner for adjudication.

The Bank’s data and reports indicate an almost perfect record of corruption-free performance in procurement, an admirable achievement if accurate, but not a reason for complacency. Outside experience, including that

of other IFIs, strongly suggests that this may not be capturing the whole story. Strengthening the identification of corrupt practices and applying enforcement measures, as is currently being done by the Bank, appears highly advisable.

E-Procurement

The MDBs have encouraged the use of e-procurement as a means to reduce opportunities for fraud and corruption as well as to speed up procurement processes and increase institutional capacity. Many countries are interested but none of those visited in the case studies is yet using e-procurement, although Morocco has established some of the requisite foundations for doing so.

The Bank has undertaken a study³⁷ to determine the present status of e-procurement in African countries and to understand the policies of the Regional Economic Communities. This is an essential starting point for developing the Bank’s overall e-government policy and to enable it to provide the assistance to RMCs it anticipates will be needed in the future. That assistance may include reaching better understandings about what e-procurement can do well, what its limitations and risks are, and what is needed in the way of resources and time to put it into operation.

Some countries in other regions have installed and are operating systems that provide good results, but not all e-procurement initiatives have been success stories. Countries that embark on this path require sound, impartial advice in order to have realistic expectations, and it will be a valuable contribution if the Bank provides this guidance.

Summary assessment

The Bank's policies about fraud and corruption are fully in line with agreed best practices of IFIs. However, reporting of infractions and subsequent actions are seen much less often than would be expected for the kinds and levels of procurement that the Bank supports. Better reporting of experience could raise the Pillar rating. IACD is well aware of this and is taking steps to publicise the Bank's anticorruption policies more widely and to increase the number of complaints received and expedite their investigation and handling. Procurement audits are a specialised subset of general audit procedures and an important instrument of transparency and integrity. The Bank is gradually giving more attention to procurement

audits but independent procurement audits are rarely done. The Transparency and Integrity Pillar is rated moderately satisfactory.

Pillar V – Capacity Building

Capacity development in RMCs received mid-range ratings in the survey, which is possibly more generous than other sources of information indicate is appropriate in this area (see figure A6, annex 3). Moderate ratings for the potential benefits of capacity building need to be considered together with the low ratings given to the adequacy of attention that the Bank gives to this important area. Some specific activities such as the Fiduciary Clinics initiated in recent years, have been very effective and are liked by participants, and they probably contribute to the support received. There is an enormous unmet need, however, for this and other kinds of capacity building for PEs, procurement oversight organisations, the private sector suppliers and civil society. While the Bank has made progress with respect to project-specific procurement capacity building, its success in country-level procurement capacity development is moderate.

Box 5: Capacity building – Ethiopia

The Public Procurement and Property Administration Agency (PPA) and the Public Procurement and Property Disposal Service tasked with building capacity in the PEs. Today, PPA conducts indirect training of the private sector through semi-annual workshops, where participants discuss and learn about public procurement issues through lectures on specific topics such as public-private-partnerships. Through the multi-donor programme that the Bank supports, the PPA is initiating a certification/public procurement education programme and the establishment of a cadre of procurement professionals. The certification education/programme will be provided at four levels: Basic, Essential, Advanced and Specialised. A Training of Trainers programme will educate the trainers, who will then take the lead in training the procurement and project staff in the regions.

The Ethiopian Civil Service University (ECSU) is involved in public procurement capacity building through their education programme in Public Finance and Public Administration but is currently not offering a degree in public procurement. ECSU and the PAA have signed a Memorandum of Understanding to raise the professional status of those working in the public procurement area, to increase the credibility of public procurement across the country, and to develop practitioners' ability to put into practice basic procurement principles and deliver best services. After developing the certification programme and the cadre of procurement professionals, the plan is to establish the 'Ethiopian Institute of Procurement and Asset Management'.

Most capacity building in procurement for the government is conducted as part of project implementation, based on the idea of leading by good examples. For all AfDB projects, procurement training is conducted at least annually as part of ongoing projects. The Bank conducted a Fiduciary Clinic workshop that was received very well and expects to repeat it twice a year in the future.

Practitioners require a wide array of knowledge and skills to carry out their procurement responsibilities successfully. Learning by doing is a part of the process but unless this is based on a solid foundation, it can involve high risks and costly mistakes. The survey, interviews and performance results all point to the importance for both the Bank and its borrowers of having well-structured and continuing procurement capacity building programmes. Two examples of RMCs' recognition of this are shown in Box 5 (on Ethiopia), which illustrate that capacity building requires much more than occasional workshops. Countries need educational institutions that offer formal study programmes for those who will be policy setters and senior professionals. PEs need access for their staff to shorter-term workshops and seminars that cover basic rules and procedures and then give in-depth guidance on how to perform the more difficult tasks such as preparing bidding documents and specifications or carrying out bid evaluations. Advice and technical assistance can be provided at the specific times when they are needed, through access to qualified advisors, operations manuals, and guidance materials or through an online help

desk or other approaches. Sharing an improved PMS with borrowers would help immensely. Mentoring is a proven, effective way of developing expertise. Local industries need to know how to participate effectively in Bank-financed procurement. CSOs need to understand how to help avoid fraud and corruption.

Building borrower capacity is a priority area with the highest needs. It should begin with a strategic approach that is based on needs studies of factors as basic as considering how member governments recruit staff to fill professional-level and managerial positions. The World Bank IEG Report observes that it is very difficult to build capacity in a civil service cadre in isolation, and where people market their new skills to higher bidders as soon as they are trained. It needs innovative specific programmes that are given budget resources and are carried out by well-qualified people. Well-defined procurement capacity building strategies would employ the full range of proven methods. Short-term classroom training, project launch workshops, and fiduciary clinics are among these, but others include:

Box 6: Bank initiatives in procurement reforms

The Bank's assistance for procurement reform and capacity building in RMCs in terms of the specific activities carried out, includes the following:

- Regional reform projects: (i) 2001–11 COMESA: Public Procurement Reform Project and Enhanced Procurement Reform and Capacity Project; and (ii) 2005–12 Public Procurement Systems Reform in the West African Economic and Monetary Union Zone;
- Tunis Declaration 2009: All Africa High-Level Forum on public procurement reforms and commitment to drive the reforms agenda more speedily and strengthen country procurement systems;
- Diagnostics of National Procedures for National Competitive Bidding (45 reports) leading to the Action Plan for Reforms and Capacity Development;
- Self-Assessment and Country Procurement Assessment Report using OECD/DAC MAPS (Tunisia 2012, Chad 2014, South Sudan 2012);
- Country Strategies and Institutional Support Projects (including Central African Republic 2010, Comoros 2011, Lesotho 2013, Malawi 2013, Zimbabwe 2013); and
- Continuous dialogue with governments.

Table 7: Assessment of Pillar V – Capacity Building

Capacity Building	Rating
Is the Bank, in its country strategies and programmes, giving attention to country procurement systems development and capacity building?	Moderately satisfactory
Is capacity building in fragile states, which have special needs and constraints, receiving due attention?	Moderately unsatisfactory
How effective are the Bank's country capacity building efforts?	Moderately satisfactory
Overall rating	Moderately satisfactory

(a) creating professional level educational institutions and courses; (b) developing standard documents and manuals for national procurement practices; (c) establishing e-procurement systems; (d) creating advisory services and online help desks; (e) mentoring systems; and (f) creating systems and incentives for professional advancement.

Governments have the primary responsibility for building procurement capacity, including adopting good recruiting practices and making it attractive for competent staff to remain and advance in their jobs. The Bank can assist in this effort with financing and technical guidance as well as with direct training activities. Procurement capacity building is an area where close coordination with other development partners is highly desirable and can be especially productive.

The Bank has been supporting specific initiatives in public procurement reform and capacity building at the country and regional levels for over a decade (Box 6). However, the results achieved through these initiatives are moderate considering the enormity of the problem. Country capacity building involves many different aspects of procurement in all five pillars considered in this evaluation, and a wide variety of approaches and sustained efforts are needed to address them. Since 2006, good progress has been made with Bank assistance in

reforming procurement legislation and institutional structure in many countries through initiatives in public procurement reform but other aspects still lag considerably behind. The real test of capacity lies in the results demonstrated in practice, but there are few instances where overall performance met high standards. When particular organisations were found to have strong capabilities, it more often seemed attributable to years of experience of working with Bank projects than to specific capacity building activities.

Summary assessment

The shortage of institutional capacity in RMCs is a major constraint on improved efficiency and effectiveness of procurement performance in Bank-assisted projects. Capacity building is a top priority that requires the combined efforts of the Bank and its member countries. Training in a classroom is only one of a variety of approaches that should be implemented in a coordinated strategy of continuing commitment. Results of the Bank's procurement reform initiatives oriented to capacity building at the country and regional levels could be considered as moderate in the context of the enormity of the needs of the RMCs. The Capacity Building Pillar is rated as moderately unsatisfactory. ■



Conclusions and Recommendations

The procurement policy framework is relevant in addressing the Bank's development objectives and its fiduciary risk management responsibilities. The Bank's performance in keeping up to date with developments and evolving concerns such as VfM principles, gender equity and green procurement has been moderately satisfactory to date. It should be noted that the ongoing comprehensive reform efforts can be expected to lay the foundation for more rapid progress. The Bank's efforts to build country procurement capacity and promote use of country systems have been relevant although they have fallen short of the vast need in RMCs, particularly relative to the special needs of fragile states. An upward trend has been noticeable in recent years.

The implementation and application of the policies are more of a challenge. The Bank has been effective in rapidly building up its procurement staff, particularly in field offices. Revisions of the DAM that accompanied decentralisation have not resulted in the desired efficiency, partly due to lack of clarity and possible imbalance in the division of responsibilities between task managers and sector managers on the one hand and country managers and regional directors on the other.

The Bank has been making continuous efforts to speed up procurement processes in order to make them more efficient. At the RMC end, reductions of 20-25% have been achieved in the time elapsed from the Request for Proposal to contract signature since 2003, but current timelines of some 250-260 days are perceived as still too long. The efficiency of procurement is affected by excessive reliance on prior reviews for NCB and the resulting time spent on

document review. Internally, there are significant opportunities to redeploy TMs and procurement staff resources toward upstream support to contract planning and downstream support to contract management. The underlying systems to plan and monitor procurement activities need to be upgraded.

The Bank's stringent standards and its procedures provide moderately satisfactory protection against fraud and corruption. The audit and control systems in place are broadly sound, as are the appeals and complaint systems. IACD is taking steps to broaden and strengthen its activities. However, the number of complaints being received is small, and there are scant data about the incidence of suspected infractions of the Bank's rules.

In the context of the analytical findings presented above, in order to remedy the shortcomings identified and to enhance the efficiency and effectiveness of its procurement function, it is recommended that the Bank:

- (a) Adapt policies to reflect the latest thinking with respect to VfM, green procurement, and the Bank's strategic emphases (for example, on inclusion and gender); allow new methods that are appropriate for the changing nature of operations.
- (b) Revise the Procurement Delegation of Authority Matrix immediately to give more authority—with appropriate flexibility, and clearer lines of responsibility—and accountability to field offices; continue to build expertise of field office procurement staff.

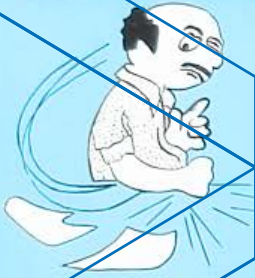
- (c) Move deliberately toward greater use of post review of procurement results, beginning by implementing the Bank's proposed new thresholds for ICB and prior review that take account of PEs expertise and growing experience.
- (d) Redirect procurement staff resources that are freed up by changes in review thresholds and practices toward greater involvement in upstream project design and planning to improve project readiness and quality, and in downstream assistance in contract implementation and capacity building.
- (e) Make procurement information systems more responsive to real time project management needs and improve knowledge sharing among decentralised Bank procurement specialists and with procuring entities and governments.
- (f) Use procurement audits more extensively, including work by external auditors who have appropriate qualifications and experience that are quite different from financial audit requirements. Audit results should be more widely publicised, shared with concerned parties, and acted upon.
- (g) Help RMCs meet their urgent capacity building needs by implementing a well-defined Bank strategy and providing sustained resources and innovative methods; include national organisations, the private sector, and CSOs in these capacity building efforts. The strategy should be based on understanding the Bank's comparative advantage and niche, be included in Country Strategy Papers and be based on collaboration with development partners (such as the World Bank and USAID). Trust funds are a potential source of financing for capacity building.
- (h) Move more vigorously toward the Bank's long-committed use of country procurement systems by formalising agreements with countries whose

systems are acceptable and making necessary changes in procedures for ongoing and new projects.

- (i) Agree with the member countries and stakeholders on suitable indicators that will enable meaningful measures of procurement effectiveness, efficiency and VfM. Databases should be established and maintained by the Bank and member countries so that these analyses can be done on a regular basis.

These actions are interconnected in the way they should be implemented and in their effects. They require bold, deliberate steps. These steps may have to be implemented gradually, in concert with capacity building actions for RMCs and Bank staff, but would lead to a major change in the style and procedures of procurement operations. All these steps, including those about thresholds, post reviews and use of country systems, can be implemented without involving new basic policy approvals or fiduciary safeguard revisions, but they do require a different way of thinking. They would change dramatically how procurement staff spend their time, in ways that should be far more effective and provide more valuable help to member countries. The ORPF policy review is urged to take these findings and recommendations into account.

There are heavy demands on the time of procurement staff and there are apparent imbalances in resource allocations in some cases, including insufficient assistance being provided in fragile states to offset their institutional weaknesses. Until the results of the changes in these three critical categories are seen and their effects on time and resource allocations can be evaluated, no recommendation is made about overall procurement staffing levels and budget. It is considered quite likely that these changes can be accomplished and that operations can be improved by reallocation of efforts, without increasing procurement staff numbers. A substantially increased staff training and capacity building effort would be necessary to make the changes operational and effective. ■



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“Mission accomplished? Considerable efforts are made to wipe out corruption in the government sector. Notifications at the Kenyan Ministry of Finance, Nairobi”

Annex 1 – Methodological Details

Evaluation Framework and Methodology

The conceptual framework followed for the evaluation is an adaptation of the Methodology for Assessing Procurement Systems (MAPS) that was developed by OECD-DAC and subsequently used by the Bank and other IFIs to assess whether national procurement systems meet good standards. The modified framework examines five aspects (pillars) of procurement systems: (i) Policy; (ii) Organisation; (iii) Operations; (iv) Transparency and integrity; and (v) Capacity building (see Figure A1 below).

These five areas formed a convenient framework for collecting information by a variety of methods and for analysing actual performance results. The evaluation framework was set by a Concept Note prepared by IDEV and three related background reports:

- (a) An Approach Paper to guide the process and set the context, rationale and objectives;
- (b) A Synthesis Report that reviews procurement evaluations carried out by comparator institutions; and
- (c) A Procurement Policy/Strategy Review Paper that reviewed Bank documents and exchanges with stakeholders and staff about policies and results.
- (d) The investigative methods used for the evaluation included the following:
 - (e) Desk reviews of policy and strategy documents, Annual Procurement Reports, project appraisal and supervision documents, PCRs and performance reviews, and related sources from the Bank and comparator documents and similar evaluations from other institutions;
 - (f) An Online Survey of Bank staff, borrower organisations, private sector contractors and suppliers, professional and civil society groups, and other stakeholders to get their views about Bank policies and performance;
 - (g) Country Case Studies based on team visits to Cameroon, Ethiopia, Liberia, Morocco and Mozambique for in-depth reviews of procurement performance in Bank operations;
 - (h) Interviews with Board members, Bank managers and staff of TRA (see Table A1) and field offices and with representatives from procuring organisations, local industry, civil society and stakeholders in the five countries; and
 - (i) Analysis and integration of findings into overall results for each of the five pillars.

The above methods were used together judiciously to arrive at the findings and recommendations in this evaluation.

Figure A1: Conceptual framework for evaluation

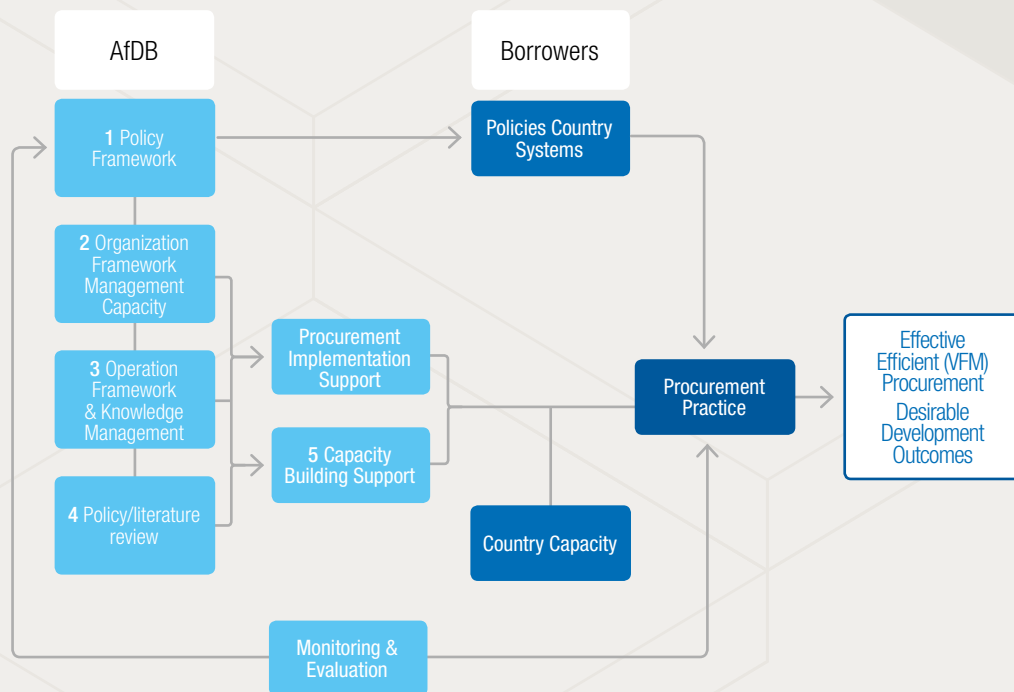


Table A1: Consultations at TRA

Stakeholders	Number
Board members and advisors	10
Directors and managers	16
Professional staff	22
Total	48

Online survey

The Online Survey was designed to gain a general perception of how the stakeholders view the Bank's procurement system. The survey consisted of positive statements about characteristics relating to the five evaluation pillars. The survey questionnaire was sent to Bank staff, borrowers and other target groups who were on Bank distribution lists and who had some knowledge about the Bank procurement process; it was not placed on the Bank's webpage for open access. The online survey questionnaire was sent to 974 potential respondents composed of 561 Bank staff and 413 external stakeholders. Respondents were asked to indicate their level of agreement with the statements on a six-point scale: rating 1 meant "strongly disagree" and rating 6 meant "strongly agree."

A total of 124 people answered, a good number considering how many surveys appear online every day, but not a large enough number to attach high statistical significance to differing ratings when results are broken down into smaller respondent sub-groups (see Table A2). Nevertheless, the survey served the intended purpose: to indicate broad perceptions of people with widely differing roles and interests about overall performance. Responses were anonymous, but respondents classified themselves into an External Group, which further identified as borrower ministries, procuring organisations, government auditor's offices, and the like, and an Internal Group of Bank management and staff, including TMs and procurement specialists. The responses from the two groups were revealing, both in their areas of similarity and in those where they differed substantially. In some cases they confirmed feedback and results obtained from other sources; in

Table A2: Online survey response rate

Stakeholders	Questionnaire sent to (number)	Response received (number)	Response rate (%)
Bank Staff	561	38	6.8 %
Ministry, Procurement Agency, Auditor General	294	68	23.1 %
Civil Society, anticorruption Organisations	78	5	6.4 %
Private Sector Borrowers, Suppliers, Contractors	32	11	34.4 %
Development Partners	8	2	25.0 %
Total	974	124	12.7 %

others, they suggested some contradictions that required further investigation. Overall, the survey was a useful input for defining system and performance strengths and weaknesses.

The evaluation survey results were compared with the results of an online survey conducted by ORPF among the same stakeholder groups as part of the comprehensive review of the Bank's procurement policy. The ORPF survey results, based on a larger sample size of 578 respondents, were found to be in broad agreement with the results of the evaluation online survey.

Country Case Studies

The country visits provided the opportunity to get first-hand views from practitioners and participants in the field about how well they think the Bank's procurement processes have worked, what it has involved in terms of their personal experience and what suggestions they have for making the system work better. Table A3 indicates some criteria that were taken into account before selecting the following countries to give a cross-section of Bank procurement performance in all regions.

Besides meeting the basic criteria, this group of countries had other advantages. Morocco is the largest borrower and the only member of the Bank whose country procurement system has been declared acceptable for use in Bank-financed projects,³⁸ and therefore was a good reference point to see what they have done

Table A3: Country case studies selection criteria

Criteria	Morocco	Ethiopia	Cameroon	Mozambique	Liberia
Region	North	East	Central	South	West
Language	Francophone	Anglophone	Bilingual ^a	Lusophone	Anglophone
Country category	ADB	ADF	ADF	ADF	Fragile state
Programme size	Large	Large	Large	Large	Growing

and how it is working for Bank operations procurement. Mozambique is Portuguese speaking and gave representation to the Lusophone member countries. Liberia is a fragile state with a government that is actively pursuing development and good governance. Ethiopia and Morocco were both visited by the World Bank, and Mozambique was one of the desk review countries in their recent procurement evaluation³⁹ so extensive data were available from that study to broaden the information base and for comparisons of findings. Cameroon is a bilingual (French- and English-speaking) country in the central African region with a substantial portfolio.

Table A4: Stakeholders consulted during Country Case Study visits

Stakeholders	Number of persons interviewed in:					Total
	Cameroon	Ethiopia	Liberia	Morocco	Mozambique	
Bank Staff from Field Offices	12	5	7	9	6	39
Ministry, Procurement Agency, Auditor General, PIU	20	10	15	26	11	82
Civil Society, Anti-corruption Organisations	4		10	2	2	18
Private Sector Borrowers, Suppliers, Contractors	3	2	3	10	5	23
Professional Bodies / Associations	2		3	2	3	10
Development Partners	4	6	4	1	3	18
Total	45	23	42	50	30	190

Evaluation teams of three to five IDEV and consultant staff visited each country for a week. The different stakeholder groups consulted by the evaluation team in the case study countries is presented in Table A4.

The teams focused on the following evaluation questions:

- What good or bad procurement experiences have the countries had with Bank-financed projects?
- How well equipped they feel to handle the procurement procedures of the Bank?
- What assistance they have received from the Bank to develop their procurement capabilities? and

- What are their perceptions and what information is available about the efficiency and effectiveness of Bank procurement processes?

These visits and discussions with people in the field who are dealing directly with operational procurement provided personal insights into experiences, both good and bad, that were very valuable and could not have been gained in other ways. The findings from these visits are set out in the five Country Case Studies that are presented as separate reports and will be shared with the countries and field offices. All of the Case Studies contributed to the findings, lessons learned and recommendations in this Final Report.

Annex 2 – Procurement Statistics

Table A5: Procurement of goods, works and consulting services in 2009-13

Contract particulars	Year	Goods	Works	Consulting services	Others	Total
Number of contracts	2009	755	902	631	5	2,293
	2010	759	1,156	591	18	2,524
	2011	532	1,459	466	16	2,473
	2012	504	928	479	4	1,915
	2013	526	753	425	9	1,713
Total amount (million US\$)	2009	596	1,365	142	9	2,111
	2010	408	1,664	177	1	2,250
	2011	292	1,872	187	8	2,358
	2012	433	1,241	129	0	1,803
	2013	536	1,275	129	2	1,942
Average amount (million US\$)	2009	0.79	1.51	0.22	1.83	0.92
	2010	0.54	1.44	0.30	0.08	0.89
	2011	0.55	1.28	0.40	0.48	0.95
	2012	0.86	1.34	0.27	0.04	0.94
	2013	1.02	1.69	0.30	0.24	1.13

Source: AfDB Procurement Statistics website.

Table A6: Percentage of contracts awarded to local contractors

Country		2007	2008	2009	2010	2011	2012	2013
Cameroon	Goods	65.2	48.7	100	100	68.1	100	97.2
	Works	100	7.8	100	100	100	48.1	13.0
	Services	62.7	19.0	60.0	79.9	16.9	30.7	36.1
Ethiopia	Goods	16.8	1.1	0.4	39.9	25.6	16.1	34.3
	Works	9.5	3.4	100	100	0.1	0.0	..
	Services	5.7	19.8	3.3	19.4	1.1	0.0	100
Liberia	Goods	..	100	54.3	10.0	100	100	100
	Works	100	52.6	..	100	94.4
	Services	9.0	20.5	9.5	15.5	61.8
Morocco	Goods	0.1	56.4	81.0	22.0	20.6	5.8	..
	Works	98.7	100	94.9	81.5	93.8	81.5	95.5
	Services	60.9	52.2	100	100	50.2	53.2	0
Mozambique	Goods	41.8	64.6	62.9	78.5	2.6	74.9	63.5
	Works	51.6	94.5	100	1.5	2.2	100	31.6
	Services	25.0	9.3	56.6	97.4	30.6	82.5	100

Source: AfDB Contract Data 2014.

Table A7: Procurement staff

Year	Procurement professional-level staff			Bank professional-level staff		Procurement staff as % of total staff	Procurement staff as % of total field office staff
	Total	Field office	Percent	Total	Field office	Percent	Percent
2009	25	19	76	863	178	3	11
2010	33	23	70	935	187	4	12
2011	43	31	72	979	234	4	13
2012	63	52	83	986	322	6	16
2013	64	53	83	1021	386	6	14

Source: CHRM data 2014.

Table A8: Procurement specialist involvement

Particulars	2009	2010	2011	2012	2013/2014
PAR Sample Number	15	15	17	17	..
Number with Procurement Staff	3	5	9	11	..
Percentage with Procurement Staff	20	33	53	65	..
CSP Sample Number	10	7	11	10	13
Number with Procurement Staff	1	1	4	5	7
Percentage with Procurement Staff	10	14	36	50	54

Annex 3 – Key Survey Results

Figure A2: Pillar I - policy: agree or strongly agree
%

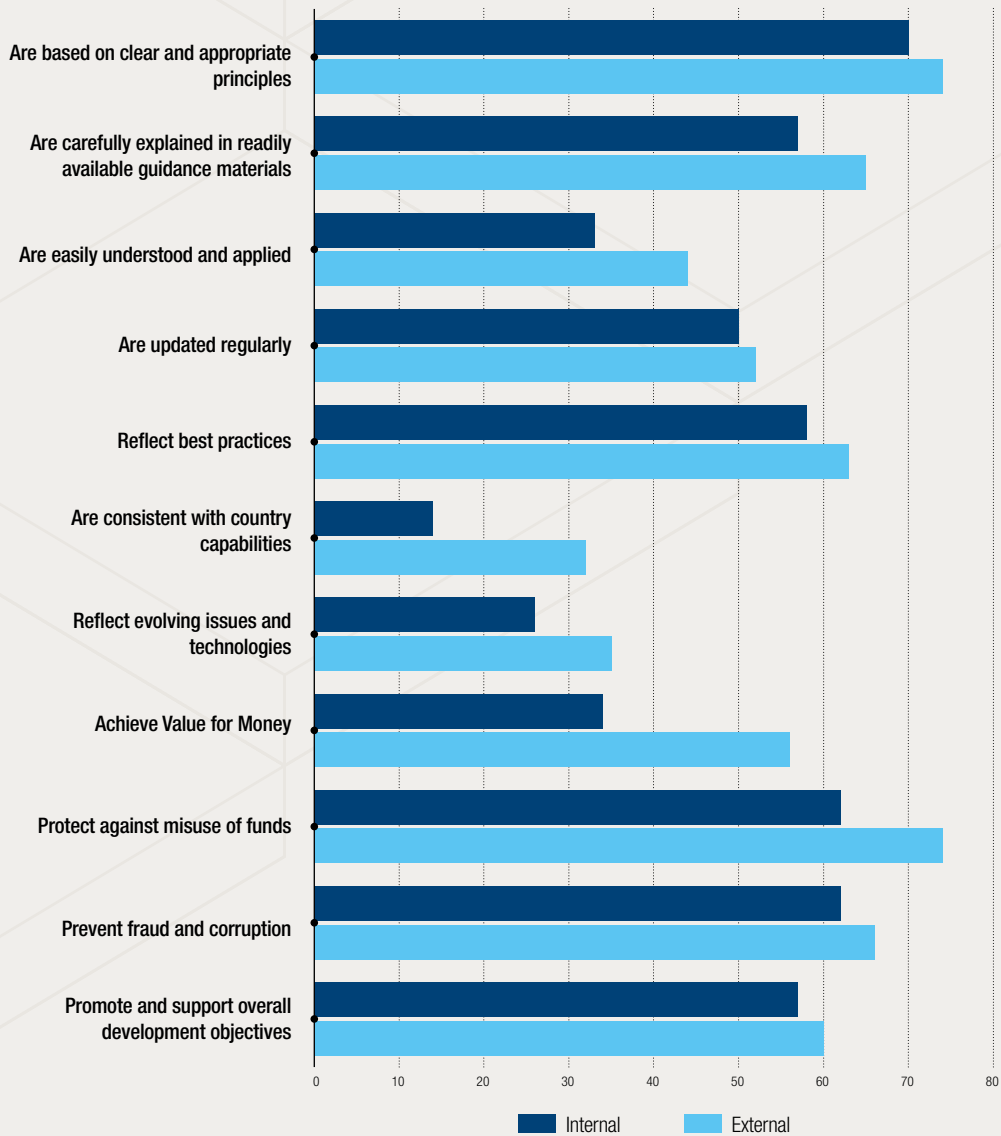


Figure A3: Pillar II- organization: agree or strongly agree

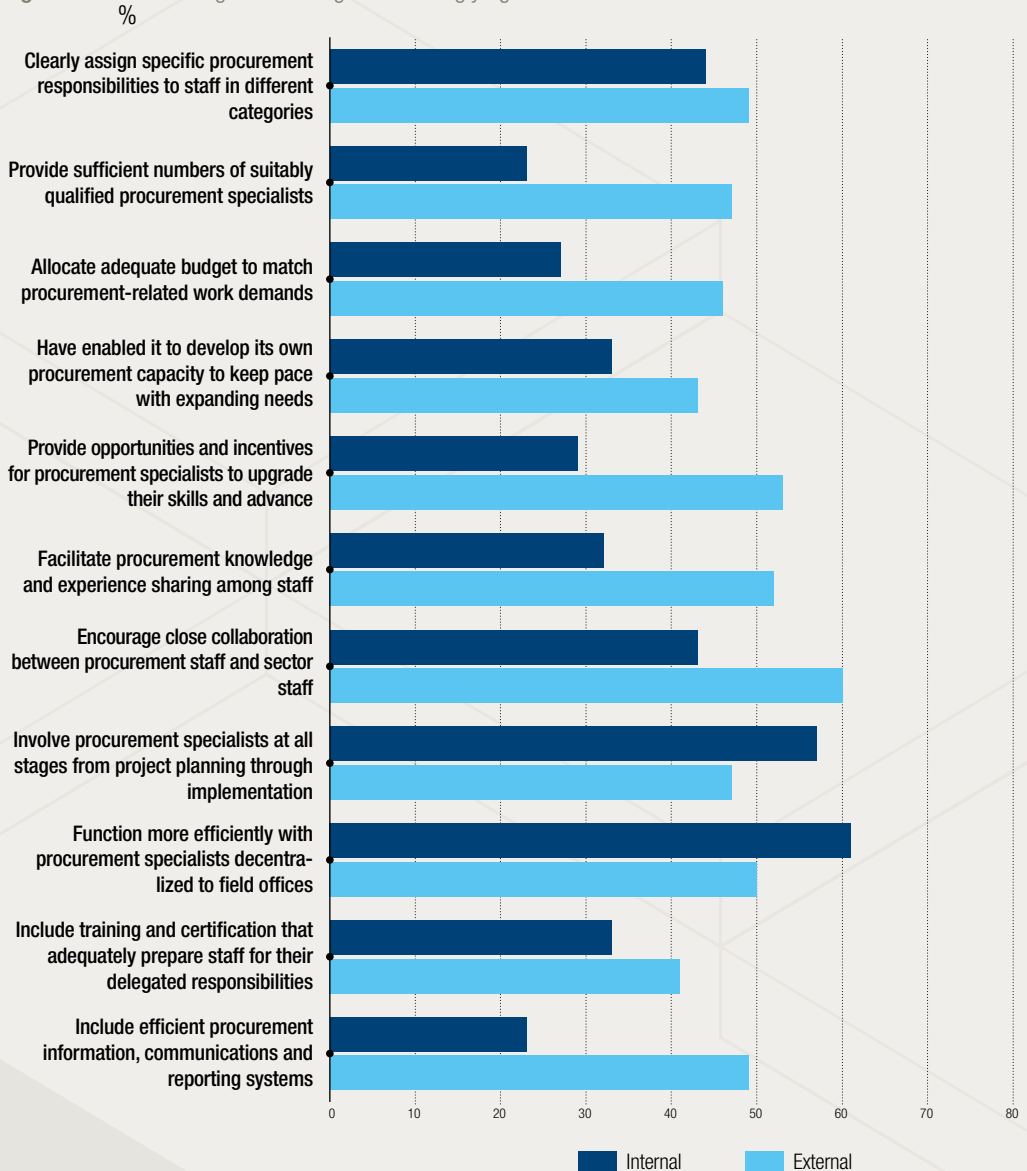


Figure A4: Pillar III - operations and process: agree or strongly agree
%

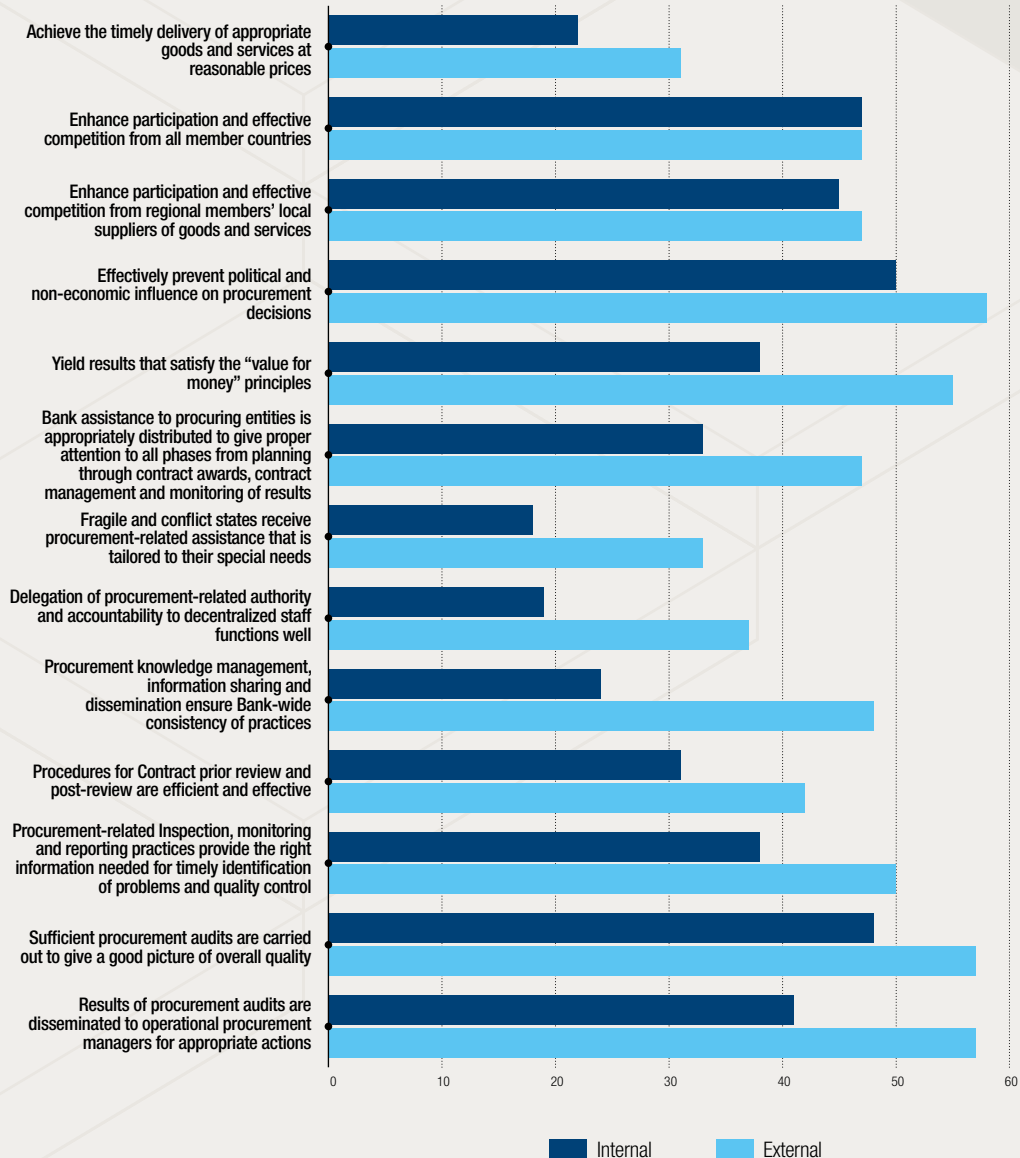


Figure A5: Pillar IV - transparency and integrity: agree or strongly agree

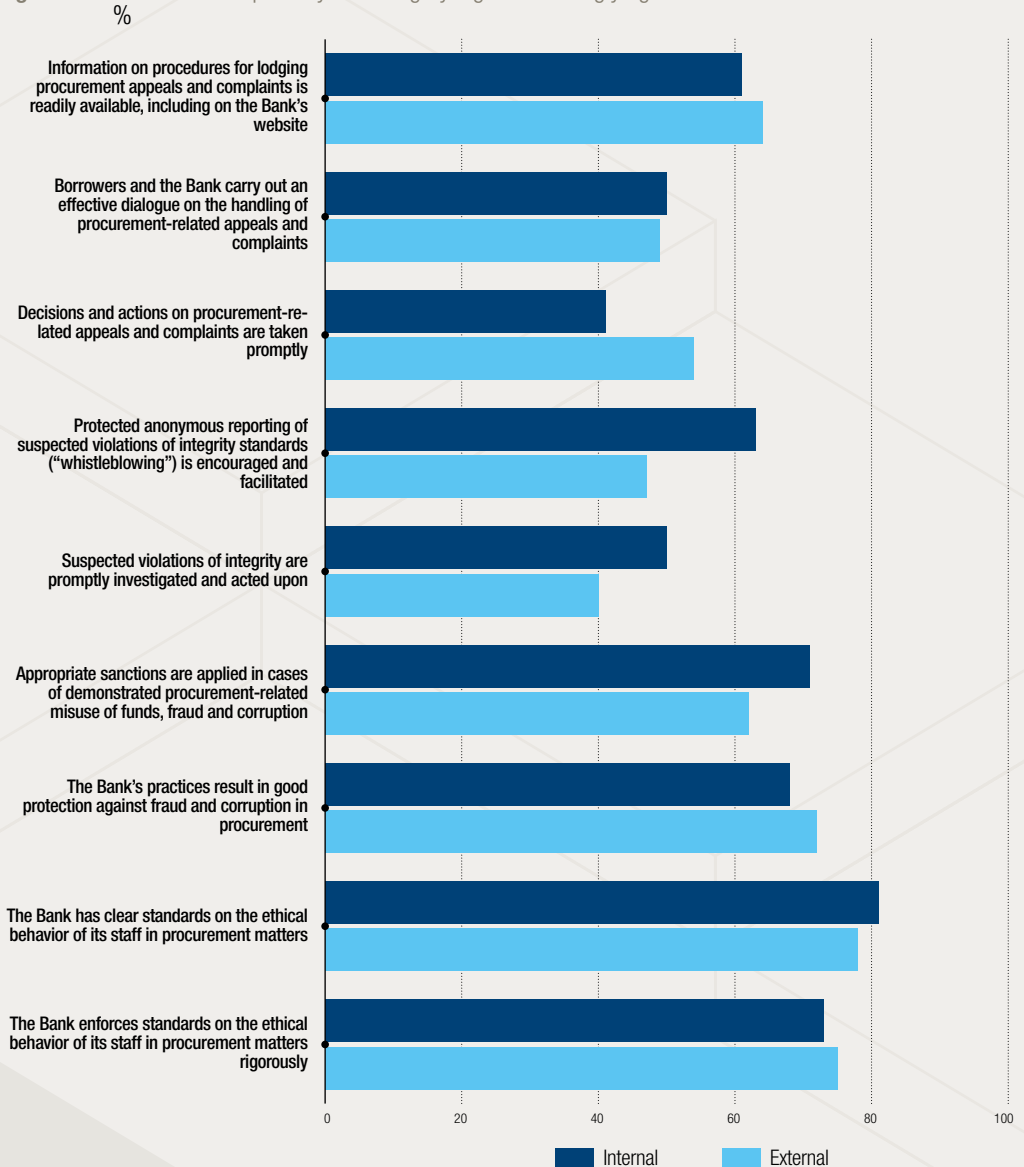
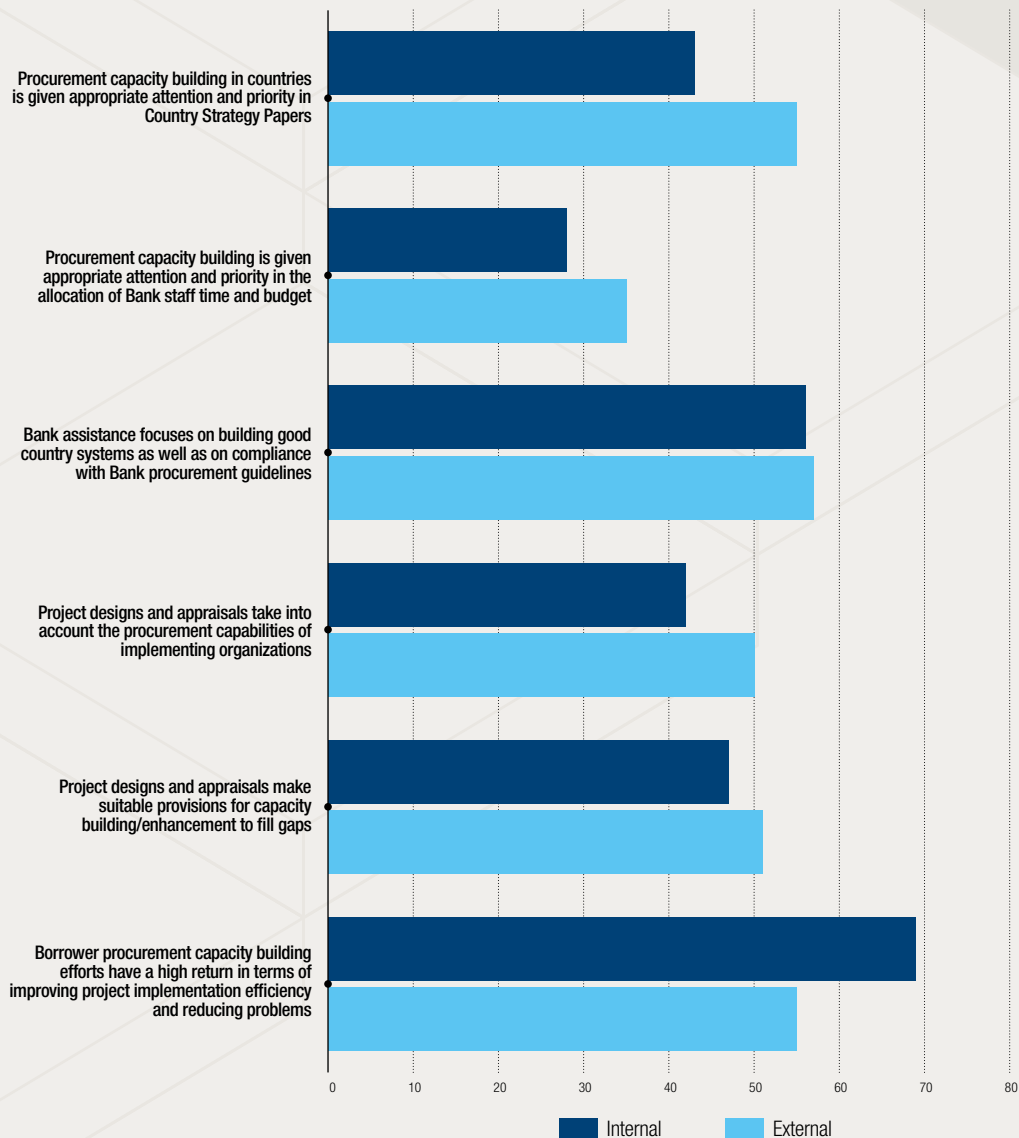


Figure A6: Pillar V - capacity building: agree or strongly agree
%



Annex 4 – Survey Results – Areas of Strength and Areas to Improve

This annex highlights the areas that show:

- Favourable responses (high percentage of respondents agreeing or strongly agreeing with a given statement) (tables A9 and A10)
- Areas that suggest room for improvement (either a very low percentage of respondents agreeing or strongly agreeing or a relatively high percentage of respondents disagreeing or strongly disagreeing with a given statement) (tables A11 and A12)

The results are presented separately for internal respondents (Bank staff and managers) and external respondents.

Table A9: Areas of strength: high-rated survey questions, internal respondents

Pillar	Questions	Disagree and below (%)	Agree and above (%)
Integrity and transparency	The Bank has clear standards on the ethical behaviour of its staff in procurement matters	0	81
Integrity and transparency	The Bank enforces standards on the ethical behaviour of its staff in procurement matters rigorously	9	73
Integrity and transparency	Appropriate sanctions are applied in cases of demonstrated procurement-related misuse of funds, fraud and corruption	13	71
Policy	Are based on clear and appropriate principles	0	70
Capacity building	Borrower procurement capacity building efforts have a high return in terms of improving project implementation efficiency and reducing problems	0	69
Integrity and transparency	The Bank's practices result in good protection against fraud and corruption in procurement	6	68
Integrity and transparency	Protected anonymous reporting of suspected violations of integrity standards ("whistleblowing") is encouraged and facilitated	15	63
Policy	Protect against misuse of funds	5	62
Policy	Prevent fraud and corruption	3	62
Organisation	Function more efficiently with procurement specialists decentralised to field offices	14	61
Integrity and transparency	Information on procedures for lodging procurement appeals and complaints is readily available, including on the Bank's website	15	61

Table A10: High-rated survey questions, external respondents

Pillar	Question	Disagree and below (%)	Agree and above (%)
Integrity and transparency	The Bank has clear standards on the ethical behaviour of its staff in procurement matters	5	78
Integrity and transparency	The Bank enforces standards on the ethical behaviour of its staff in procurement matters rigorously	6	75
Policy	Protect against misuse of funds	2	74
Policy	Are based on clear and appropriate principles	2	74
Integrity and transparency	The Bank's practices result in good protection against fraud and corruption in procurement	5	72
Policy	Prevent fraud and corruption	6	66
Policy	Are carefully explained in readily available guidance materials	2	65
Integrity and transparency	Information on procedures for lodging procurement appeals and complaints is readily available, including on the Bank's website	11	64
Policy	Reflect best practices	8	63
Integrity and transparency	Appropriate sanctions are applied in cases of demonstrated procurement-related misuse of funds, fraud and corruption	9	62
Organisation	Encourage close collaboration between procurement staff and sector staff	8	60
Policy	Promote and support overall development objectives	7	60

Table A11: Areas to improve: low-rated survey questions, internal respondents

Pillar	Questions	Disagree and below (%)	Agree and above (%)
Operations	Fragile and conflict states receive procurement-related assistance that is tailored to their special needs	36	18
Policy	Are consistent with country capabilities	20	14
Operations	Delegation of procurement-related authority and accountability to decentralised staff functions well	25	19
Organisation	Provide sufficient numbers of suitably qualified procurement specialists	26	23
Operations	Procurement knowledge management, information sharing and dissemination ensure Bank-wide consistency of practices	21	24
Organisation	Allocate adequate budget to match procurement-related work demands	23	27
Capacity building	Procurement capacity building is given appropriate attention and priority in the allocation of Bank staff time and budget	22	28
Operations	Achieve the timely delivery of appropriate goods and services at reasonable prices	16	22
Integrity and transparency	Decisions and actions on procurement-related appeals and complaints are taken promptly	33	41
Organisation	Provide opportunities and incentives for procurement specialists to upgrade their skills and advance	21	29
Organisation	Include training and certification that adequately prepare staff for their delegated responsibilities	22	33
Organisation	Include efficient procurement information, communications and reporting systems	11	23
Operations	Results of procurement audits are disseminated to operational procurement managers for appropriate actions	26	41
Operations	Procurement-related Inspection, monitoring and reporting practices provide the right information needed for timely identification of problems and quality control	22	38
Policy	Reflect evolving issues and technologies	9	26
Organisation	Clearly assign specific procurement responsibilities to staff in different categories	21	44
Operations	Sufficient procurement audits are carried out to give a good picture of overall quality	24	48

Table A12: Low-rated survey questions, external respondents

Pillar	Questions	Disagree and below (%)	Agree and above (%)
Operations	Fragile and conflict states receive procurement-related assistance that is tailored to their special needs	29	33
Policy	Are consistent with country capabilities	19	32
Operations	Achieve the timely delivery of appropriate goods and services at reasonable prices	13	31
Capacity building	Procurement capacity building is given appropriate attention and priority in the allocation of Bank staff time and budget	15	35
Policy	Reflect evolving issues and technologies	9	35
Organisation	Include training and certification that adequately prepare staff for their delegated responsibilities	14	41
Operations	Delegation of procurement-related authority and accountability to decentralised staff functions well	11	37
Organisation	Facilitate procurement knowledge and experience sharing among staff	14	52
Integrity and transparency	Protected anonymous reporting of suspected violations of integrity standards ("whistleblowing") is encouraged and facilitated	18	47
Integrity and transparency	Suspected violations of integrity are promptly investigated and acted upon	9	40
Operations	Procedures for Contract prior review and post-review are efficient and effective	10	42
Organisation	Have enabled it to develop its own procurement capacity to keep pace with expanding needs	11	43
Organisation	Involve procurement specialists at all stages from project planning through implementation	15	47
Integrity and transparency	Borrowers and the Bank carry out an effective dialogue on the handling of procurement-related appeals and complaints	12	49
Capacity building	Project designs and appraisals make suitable provisions for capacity building/enhancement to fill gaps	13	51
Policy	Are easily understood and applied	5	44
Capacity building	Procurement capacity building in countries is given appropriate attention and priority in Country Strategy Papers	12	55

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Endnotes

1. The evaluation uses a 6-point rating scale: Highly Unsatisfactory–1; Unsatisfactory–2; Moderately Unsatisfactory–3; Moderately Satisfactory–4; Satisfactory–5; Highly Satisfactory–6.
2. Procurement Evaluation Final Inception Report, February 25, 2014.
3. Hereafter referred to as Organisation to avoid any confusion with Pillar V – Capacity Building.
4. Procurement Specific Capacity Development Strategy (PCDS), 2011.
5. The Paris Declaration on Aid Effectiveness, 2005.
6. Review of AfDB Procurement Policy, Procedures and Processes: Policy Framework Paper, May 2014.
7. Corporate procurement of goods and services for the Bank's own use follows different procedures and is not included in this evaluation.
8. The 2007 volume has been adjusted for the one-time approval of the financing of 6 major power contracts under one South African project totalling US\$ 3.5 billion.
9. The comparable figure reported for the World Bank is 378 days (World Bank and Public Procurement, 2014 IEG Report) and for the Asian Development Bank 417 days.
10. World Bank procurement process time for ICB contracts is 17% longer than for NCB contracts, which on average require 313 days.
11. Not including small contracts paid for through Special Accounts that almost invariably go to local firms, probably bringing the total to over 50% by value.
12. Other IFIs including the World Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank are also conducting policy reviews and considering reforms.
13. External respondents, with very few exceptions, gave higher ratings than internal respondents in this area and most others.
14. See Table 4, Common Problems.
15. If the MDBs proceed independently with their proposed procurement policy reform programmes, this problem will become even more difficult.
16. The responses "agree" and "agreement" are included in "strong agreement."
17. Senegal has signed a similar Agreement now; 5 others (Botswana, Burkina Faso, Mali, Niger and Benin) are ready for signing; Cote d'Ivoire and Togo are in the final stages of processing.
18. The World Bank has 3.0-3.5 misprocurements per 1000 contracts each year.
19. Estimates; first detailed figures for procurement specialists are available for 2009.
20. The six-point rating scale used throughout the report measures Highly unsatisfactory, Unsatisfactory, Moderately unsatisfactory, Moderately satisfactory, Satisfactory and Highly satisfactory performance. The overall rating, in all cases, is not an average of the sub-ratings but takes account of the importance of different questions as well as related areas not captured in the listed/rated questions.
21. ORPF1 is entirely procurement staff; ORPFO, the front office of the Director, includes both procurement and financial management functions so only an estimated equivalent part of ORPFO positions are shown in the table.
22. AfDB Board Memorandum: Decentralisation Road Map Final Version, April 20, 2011
23. Clarity about role of TM relating to procurement and related incentives are an issue common to AfDB and World Bank.
24. The survey results for Pillar II – Organisation are shown in Fig. A3, Annex 3.
25. Operational Manual, BP 11.00, Annex B - Decision Authority Matrix, January 2011, revised April 2013.
26. Projects have typically had two contract value "thresholds": one for determining when ICB is required and one for establishing when prior review will be carried out. These have not necessarily been the same; in some projects prior review is carried out for NCB contracts as well as for ICB. ORPF proposed in 2014 to use the same threshold for both decisions and generally to raise the threshold value so that less ICB and less prior review would be required.
27. Consultant's estimate covering the investigation itself and the review and approval of findings. In post review, it would be possible to review multiple contracts at the same time.
28. One complication of the PMS is that late-posted data changes results for earlier periods, sometimes making it hard to reconcile data given in

different documents for the same period and events.

29. The IEG Report indicates the World Bank's systems have similar problems and do not adequately track key information to monitor efficiency, effectiveness, risk management and VfM.
30. As indicated above, none were reported in the evaluation period.
31. For example, the World Bank's PROCIS system that is being used in their Africa Region.
32. The World Bank IEG Report cites this and one other problem as characteristics of fragile state: the lack of integrity. The latter has been a very serious problem in Liberia but, as noted earlier in the TI ratings, the country has made huge progress in improving perceptions of corruption.
33. The 2012 Annual Procurement Report lists 6 cases under investigation. This statistic was not generally included in earlier reports.
34. 2013 TI Global Barometer for Corruption gives the global average % of those people interviewed who admit to having paid a bribe in 2013 was 27%. In Cameroon, for example, it was 62%. These figures relate to all services and not just procurement but it is unlikely that procurement is exempt from these practices.
35. PPPRS are conducted less frequently but are far more intensive about procurement performance than the PCRs (Project Completion Reports) that cover all aspects of a project. PCRs were conducted for 48 projects in the 5 case study countries during 2007-2013. They include little detailed information on procurement. The same applies to PEFA documents.
36. The World Bank, with about 18,000 contracts per year, receives about 300-400 complaints annually whether or not there has been prior review. They also report 47 suspensions and 44 debarments per year. (IEG Report)
37. Noted in the 2012 Annual Procurement Report.
38. Parts of other countries' procurement procedures, for example methods for low value local shopping, have been accepted for use in Bank-financed procurement but Morocco is the only RMC where all methods in the national system up to and including NCB are deemed acceptable.
39. World Bank and Public Procurement, IEG Report, 2013.

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Summary Report, August 2014

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The overarching objective of the African Development Bank Group is to spur sustainable economic development and social progress in its regional member countries (RMCs), thus contributing to poverty reduction. The Bank Group achieves this objective by mobilizing and allocating resources for investment in RMCs and providing policy advice and technical assistance to support development efforts.

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The mission of Independent Development Evaluation at the AfDB is to enhance the development effectiveness of the institution in its regional member countries through independent and instrumental evaluations and partnerships for sharing knowledge.

Independent Development Evaluation (IDEV)

African Development Bank Group

Statutory Headquarters:

Immeuble du Centre de commerce International d'Abidjan (CCIA)

Avenue Jean-Paul II 01 BP 1387, Abidjan 01 Côte d'Ivoire

Phone: +225 20 26 20 41

Fax: +225 20 21 31 00

E-mail: idevhelpdesk@afdb.org

idev.afdb.org

Design & layout: CRÉON – www.creondesign.net

IDEV Layout and Design Task Manager: Felicia Awwontom

Original language: English – Translation: AfDB Language Services Department



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About this Publication

This report presents the results of an evaluation of the efficiency and effectiveness of procurement performance in AfDB operations during 2007–13. The evaluation aimed to examine (a) how well AfDB procurement performance met its mandated fiduciary principles of economic, efficient and appropriate use of its funds while preventing corruption; (b) how effectively the AfDB has helped its member countries build sound and well-functioning national procurement systems; and (c) how well procurement policies and procedures were coordinated with and contributed to the Bank's overall development assistance programmes and objectives.

The evaluation gathered and analysed information on five procurement system pillars, reporting the following ratings:

Policy:	Satisfactory
Organisation:	Moderately satisfactory
Operations:	Moderately satisfactory
Transparency and Integrity:	Moderately satisfactory
Capacity Building:	Moderately unsatisfactory

The evaluation finds that the Bank's implementation performance lags far behind its policy setting. Many of the shortcomings noted are the subject of recent decisions and actions that are now in process, but have not yet had time to be fully implemented or reflected in results. Although most aspects of procurement performance were found to be at least moderately satisfactory, the overall results are well below the standards the Bank should set and meet as Africa's premier development institution.



IDEV

Independent Development Evaluation
African Development Bank

Statutory Headquarters:

Immeuble du Centre de commerce International d'Abidjan (CCIA)
Avenue Jean-Paul II 01 BP 1387, Abidjan 01 Côte d'Ivoire
Phone: +225 20 26 20 41 • Fax: +225 20 21 31 00
Email: idevhelpdesk@afdb.org

