

ANNUAL CORPORATE PROCUREMENT REVIEW

2016

Corporate Procurement Unit
April 2017

Abbreviations

CPP	Corporate Procurement Policy
CPPP	Corporate Procurement Policy and Procedures
CPU	Corporate Procurement Unit
ITGC	IT Governance Committee
NPIO	Network on Procurement in International Organisations
OCCO	Office of the Chief Compliance Officer
OCE	Office of the Chief Economist
OE&E	Operational Effectiveness and Efficiency
OGC	Office of the General Counsel
OSG	Office of the Secretary General
PMF	Performance Management Framework
PO	Purchase Order
RO	Resident Office of the Bank
SAP	Electronic system used by the Bank
SCT	Significant Contract Team
SEMED	Southern and Eastern Mediterranean

Executive Summary

Expenditure

- In 2016 Corporate Procurement expenditure was **GBP 70,646,000**, representing a decrease of 17% when compared to the 2015 total of **GBP 85,203,365**. There are two main reasons for the decrease in reported expenditure in 2016:
 - the 2015 figures included the costs of the Bank's Headquarters restack project which was completed in 2015;
 - Expenditure on IT hardware, software and services reduced compared to 2015 due to the on-going cost-efficiencies achieved by the IT transformation programme.

Procurement Approach

- In 2016 competitively awarded contracts and extensions made-up 70% of total contract value.
- The percentage of total expenditure under contract remained high at 95% (the figures for previous years were: 95% in 2015, 93% in 2014 and 92.5% for 2013). By utilising contracts the Bank optimises its commercial leverage and builds more effective relationships with its suppliers.
- 40% of the Bank's Corporate Procurement expenditure in 2016 was disbursed via contracts with twenty suppliers.
- Eighteen of the twenty suppliers are the subject of competitive procurement, already conducted or scheduled between 2014 and 2017.
- The remaining two directly engaged suppliers have been engaged as long-standing exceptions to competitive procurement on the grounds that they provide a service or software that is currently uniquely capable of responding to the Bank's needs.

TABLE OF CONTENTS

1.	Introduction	5
2.	Corporate Procurement Expenditure	5
3.	Management of the Bank's Suppliers	9
4.	The Bank's Top Twenty Corporate Procurement Suppliers (by value)	10
5.	Significant Contracts in 2016	11
6.	Contracts Awarded in 2016	13
7.	Local Purchasing in the Bank's Countries of Operations	15
8.	Representation of the EBRD at the 2016 Meeting of the Network on Procurement in International Organisations (NPIO)	16
9.	Corporate Procurement & OE&E	16
10.	Corporate Procurement Review of ITGC Business Cases	17
	 ANNEX	 18
	<i>Table A: Major Contracts in 2016 with a Value Greater than GBP 150,000</i>	<i>19</i>
	<i>Table B: Projects Reviewed and Approved in 2016</i>	<i>21</i>
	<i>Table C: List of Exceptions to Competitive Procurement Approved in 2016</i>	<i>23</i>

1. Introduction

The Annual Corporate Procurement Review (the “Report”) provides an overview of the activities of the European Bank for Reconstruction and Development (the “EBRD” or the “Bank”) in obtaining goods, works and services including consultancy services required for the operation of the Bank’s Headquarters and network of Resident Offices across its countries of operations, funded by its own administrative budget during 2016.

The Bank’s Corporate Procurement activities are carried out in accordance with the Corporate Procurement Policy (“CPP”) approved by the Board of Directors in May 2009. The revised and updated CPP was approved by the Board and came into effect on 29 January 2014¹.

This Report was prepared by the Corporate Procurement Unit (“CPU”), which is responsible for the Corporate Procurement function in the Bank and ensuring compliance with the Bank’s CPP.

This Report includes statistics on: (i) the Bank’s Corporate Procurement expenditure categorised by the type of goods, works and services procured; (ii) contract awards by CPU for the procurement of complex, high value and / or strategically important goods, works or services; and (iii) purchasing activity by the User Departments accounted for through electronic purchase orders (POs) committed in the SAP system of the Bank².

It is intended that, upon consideration by the Management Committee and the Audit Committee of the Board and in accordance with the Bank’s Public Information Policy, this Report will be published on the Bank’s website.

2. Corporate Procurement Expenditure

Total Corporate Procurement expenditure (excluding expenditure by the ROs) in **2016** was **GBP 70,646,000**. Expenditure in previous years was as follows: **GBP 43,518,741 (2012)**, **GBP 44,785,376 (2013)**, **GBP 54,367,703 (2014)** and **GBP 85,203,365 (2015)**. There are two main reasons for the reduction in reported expenditure in 2016: (i) the 2015 figures included the costs of the Bank’s Headquarters restack project which was completed in 2015; and (ii) Expenditure on IT hardware, software and services reduced compared to 2015 due to the on-going cost-efficiencies achieved by the IT transformation programme.. Table 1 (overleaf) lists the categories in order of the amount paid by the Bank in 2016. Consultancy, Information Services, IT Software and Telecommunications accounted for over 50% of the Headquarters’ Corporate Procurement expenditure in 2016.

¹ <http://www.ebrd.com/procurement/corporate-procurement.html>.

² Excluding purchases made by the Resident Offices. The IT system used by Resident Offices does not issue electronic POs. Section 7 of the report provides details of Resident Office corporate procurement expenditure.

Table 1: Headquarters' and RO Building Related Expenditure in 2016 by Category of Goods, Works and Services

Category of Goods, Works or Services	Amount Paid GBP in 2016	Percentage	Amount Paid GBP in 2015
Consultancy	19,762,685	28%	20,006,419
Information Services	6,906,395	10%	5,400,100
IT Software	6,291,517	9%	8,477,207
Telecommunications	3,638,556	5%	2,265,150
IT Services	3,318,556	5%	3,732,220
Catering and Hospitality	2,946,256 Net: 1,598,352*	4%	2,682,229 Net: 1,438,124*
Buildings (HQ and RO) Related	2,735,528	4%	10,068,790
Building Maintenance	2,715,441	4%	2,787,533
IT Hardware	2,609,824	4%	5,557,112
Employee Benefits	2,304,414	3%	2,408,643
Security	2,033,855	3%	2,153,751
Freight and Removals	1,880,090	3%	2,304,655
Recruitment Services	1,596,740	2%	1,478,124
Utilities	1,555,371	2%	1,772,197
Training Courses	1,425,151	2%	1,163,234
Insurance	1,198,959	2%	1,185,873
Events	990,926	1%	1,110,840
Reprographics and Document Recording	941,246	1%	833,614
Furniture and Building Equipment	936,057	1%	3,899,099
Auditing Services	920,437	1%	911,880
Other Outsourced Services	786,410	1%	945,173
Transport Services	725,251	1%	684,775
Health and Safety	544,670	1%	445,497
Audiovisual	432,523	<1%	346,178
Travel Agency **	409,855	1%	1,503,283
Mail and Courier	406,603	1%	436,848
Financial Services	329,310	<1%	258,629
Stationery	175,062	<1%	230,471
Translation and Interpretation	122,513	<1%	152,581
Funds	3,236	<1%	542
Accommodation	2,563	<1%	720
Grand Total	70,646,000	100%	85,203,365

* The total payment of **GBP 2,946,256** covers the amount spent by the Bank however it is moderated by cash receipts received via staff catering cards amounting to **GBP 1,347,904** in 2016.

** The total listed above does not include the transaction fees charged by the Travel Agent for each transaction and paid by the respective Budget Holding Department. In 2016 the total value of all transaction fees paid to the Travel Agent was **GBP 194,024**.

The Bank's reported expenditure on **Consultancy Services** in 2016 remained substantially higher than in 2014 because: (i) 2015 was the first full year in which all consultancy expenditure within the remit of Corporate Procurement was captured. Responsibility for Consultancy Services required for the operation of the Headquarters and ROs was transferred to Corporate Procurement in January 2014 but expenditure under contracts entered into before

this date was recorded in the report prepared by the TC Team; and (ii) Project specific consultancy expenditure was comparatively high. For example the implementation of the Bank's Donor Funds project required the mobilisation of a substantial volume of consultancy expertise in 2015 (further details provided below).

89% (GBP 17.6 million) of the consultancy expenditure relates to advice and support for IT projects and the IT Department itself.

Circa GBP 13.9 million (of the GBP 17.6 million) was spent via competitively awarded contracts for the provision of experts normally on a full-time basis delivering services at the Headquarters. A total of 94 providers were selected in 2016 to provide the experts required. Those providers specialising in expertise for which the Bank has a high demand were selected more frequently than other less specialised providers. For example one agency, a specialist in the supply of SAP professionals, was awarded 53 contracts with total expenditure in 2016 of GBP 1.9 million.

Of the remaining GBP 3.7 million approximately 70% is made-up of consultancy expenditure on the Bank's Donor Funds project provided by two suppliers. Both contracts benefit from previously negotiated discounts to the fee rates.

The remaining 11% of the consultancy category includes contracts for the provision of various consultancy advisory services to the Evaluation Department, OCE and the OE&E programme, the Bank's Ombudsman and HR Talent Management Tools, Retirement Plan Administration Services, Retirement Plan Investment Advisory Services and Consultancy support to the Bank's Management and Departmental Scorecard project.

Information Services covers all forms of business and technical data purchased from vendors of information services. Most of the contracts awarded in this area are subject to sole source approval as these data services are usually of a unique nature and there are few, if any, opportunities for competitive tendering. There are multiple reasons for the increase in 2016 expenditure on Information Services: (i) an increase in demand for information and specific reports driven by Bank business requirements; (ii) an increase in the cost of market data services specifically to accommodate usage within licensing terms (agreed after commercial negotiations reduced the substantial price rise initially contemplated); and (iii) the impact of the GBP/USD exchange rate (many of the higher value services are sold in USD).

The **IT Software** category consists of software licences and the associated on-going support costs.

Telecommunications covers data network services, mobile and landline telecommunications. The Bank's expenditure on mobile telephony remained at a similar level to the 2015 figures. The increase in expenditure in this category for 2016 compared to 2015 is predominantly due to expenditure on the WAN Upgrade contract.

IT Services consists of significant contracts for the provision of specific technical support for the Bank's main IT infrastructure and business continuity services. Competitively awarded contracts with fixed and competitive pricing make up approximately 85% of this category: (i) provision of the Bank's helpdesk; (ii) business continuity services; and (iii) specialist system development services.

Almost the entire **Catering and Hospitality** category (98%) is covered by the contract to provide catering services at the Bank's HQ. The contract was tendered in 2011 and a new caterer engaged as a result in December of 2011. The contract covers the cost of operating the Mozart Restaurant, the Executive Dining Room and Coffee Bar including the cost of food,

beverages and necessary supplies. The figure quoted covers the amount spent by the Bank however it is moderated by cash receipts received via staff catering cards amounting to GBP 1,347,904 in 2016.

Building Maintenance includes all forms of maintenance for Headquarters including mechanical / electrical and fabric maintenance representing almost 55% of the total spend in 2016 (GBP 1.5 million) and cleaning services representing almost 34% of the total spend in 2016 GBP 0.9 million).

Buildings (HQ and RO) Related includes the 2016 element of the Bank's Headquarters restack project: works, portorage, storage and removal services.

IT Hardware includes the cost of purchasing hardware and its maintenance, including laptops, desktop computers and server maintenance.

Employee Benefits expenditure in 2016 includes specialised services required to operate the Retirement Plan (70%) and the preferential corporate gym membership (20%).

Security expenditure is predominantly made up of manned guarding services (over 60%). A new provider of Manned Guarding Services for the HQ was contracted in 2014 following a tender process (GBP 5,303,352.50 over a period of 5 years).

Freight and Removals services are provided for almost entirely via the contract awarded in early 2014 (GBP 7,540,920.00) to provide relocation and removal services. The retendering of this contract is scheduled for quarter 2 of 2017.

Recruitment Services are provided via a range of framework contracts for the recruitment of permanent and temporary staff at both the support and professional level. 70% of the expenditure in this category during 2016 was made with the Bank's Administrative and Finance Temporary Staff and Staff Recruitment service provider under the contract retendered in 2016 (GBP 1.1 million).

Utilities expenditure for the Bank's Headquarters in 2016 was split as follows: Electricity GBP 1.45 million and gas GBP 104,654.

Expenditure in the **Training Courses** category increased in 2016 compared to 2015. The increase is because 2016 was driven by the Bank's investment in new training courses, specifically in relation to management training.

Insurance includes commercial, vehicle, medical, personal and travel insurance with approximately 99% of the category total paid via the Bank's contract with its competitively selected broker.

The Bank's Annual Meeting Event Management specialist (GBP 271,972), Equipment hire for the Annual Meeting (GBP 74,074), the art and design specialist for the Annual Meeting (GBP 150,651), and sponsorship of the Athens Democracy Forum (International Herald Tribune Ltd GBP 85,885) make up 60% of the **Events** category.

Reprographics and Document Recording include the services of design agencies, printing firms and the in-house print room facilities which are predominantly provided via competitively awarded contracts.

Furniture and Building Equipment includes expenditure for Headquarters and Resident Offices. The major part of Headquarters' furniture is purchased under a framework contract

competitively awarded in 2010. In anticipation of Headquarters' furniture needs in 2014 and beyond, Corporate Procurement and the Administrative Services Department negotiated preferential rates under this contract. The prices were fixed at 2011 levels until the end of 2016. A similar discount arrangement (representing 14% saving on unit prices) based on the volume of expenditure was negotiated with a supplier of office furniture to the Bank's ROs.

Auditing Services are provided by the Bank's external auditor, selected following a competitive procurement process.

Other Outsourced Services includes specialised design services and HR support services making up 55% of the costs. The balance of the expenditure was via POs or contracts with "one-off" service providers.

Transport Services consist mainly of taxi services making up more than 70% of the total expenditure in 2016.

Health and Safety consists of medical services, protective clothing and ergonomic equipment. Approximately 80% of the expenditure was made for medical services.

The **Travel Agency** category is made up of:

(i) Business travel agency services provided. The introduction of a new on-line booking tool and the move from a management fee to a transaction fee business model following a change in supplier in June 2015 reduced the Bank's travel agency costs. The cost reduction is due to 70% of HQ reservations being made directly via the on-line booking tool which has led to a halving of the (overhead) cost of the travel office and lower charges for bookings made using the on-line booking tool.

(ii) Event management services. The Bank reduced its expenditure in this area mainly due to a reduction in the number of team retreats. The event management service provider does not charge the Bank for its service (commissions are paid to the company by the venues). In addition to the operational efficiency gains generated, the event management service provider delivers an average 21% cost saving for the Bank by negotiating preferential rates with venues.

Mail and Courier services are bought from courier services with a major courier company representing the largest share of the total at 77 % of the category total, the balance relates to the UK postal service and local couriers.

3. Management of the Bank's Suppliers

Over half of the 914 suppliers paid by the Bank in 2016 were engaged using a contract as opposed to a standalone PO. Contracts provide for a longer-term relationship with a supplier than a PO which is a legally binding agreement that is typically used for one-off requirements.

The percentage of total expenditure under contract remained high in 2016 (95% in 2016 & 2015, 93% in 2014 and 92.5% for 2013). By utilising contracts the Bank optimises its commercial leverage and builds more effective relationships with its suppliers.

The use of standalone POs is an efficient and legally secure manner in which to procure one-off requirements. Approximately 50% of the total expenditure using standalone POs relates to the procurement of IT Hardware from IT resellers.

Table 2: Suppliers by Threshold under Contract and via Stand-Alone Purchase Orders

Under Contract	No. of Suppliers	Cumulative Expenditure GBP	% Total no. of Suppliers	% Total Cumulative Expenditure
<5k	51	119,503	5.6	0.2
5-20k	123	1,370,429	13.4	1.9
20-50k	101	3,437,576	11.0	4.9
50-150k	123	11,525,556	13.5	16.3
>150k	81	50,484,271	8.9	71.5
Total	479	66,937,334	52.4	94.8

Stand-Alone PO	No. of Suppliers	Cumulative Expenditure GBP	% Total no. of Suppliers	% Total Cumulative Expenditure
<5k	371	566,681	40.6	0.8
5-20k	98	937,841	10.7	1.3
20-50k	9	261,629	1.0	0.4
50-150k	9	814,699	1.0	1.2
>150k	3	1,127,814	0.3	1.6
Total	490	3,708,666	53.6	5.3

Overall*	No. of Suppliers	Cumulative Expenditure GBP	% Total no. of Suppliers	% Total Cumulative Expenditure
<5k	388	601,231	42.4	0.9
5-20k	199	2,077,385	21.8	2.9
20-50k	114	3,881,599	12.5	5.5
50-150k	129	11,971,154	14.1	16.9
>150k	84	52,114,631	9.2	73.8
Total	914	70,646,000	100.0	100.0

*The 'Overall' figure is less than the sum of the 'Under Contract and 'Standalone PO' totals because some suppliers are engaged both under a contract and using a standalone PO.

4. The Bank's Top Twenty Corporate Procurement Suppliers (by value)

In accordance with the updated CPPP, Significant Contract Teams (SCTs) made-up of User Departments, Corporate Procurement and other specialist functions (e.g. OGC) have worked on developing optimal procurement and contracting strategies for the procurement of operationally important and high value contracts. The results in 2016 were:

- 40% of the Bank's Corporate Procurement expenditure in 2016 was disbursed via contracts with twenty suppliers.
- Eighteen of the twenty suppliers were contracted following a competitive procurement process.

- The eighteen suppliers contracted competitively were either engaged following a competitive procurement process undertaken or scheduled to be conducted within a three year period between 2014 and 2017.
- The two directly engaged suppliers have been engaged as long-standing exceptions to competitive procurement on the grounds that they provide a service or software that is currently uniquely capable of responding to the Bank's enterprise application software and financial information service needs.

Table 3 provides details on the suppliers, the contracts awarded and the expenditure in 2016.

Table 3: Top Twenty Corporate Procurement Suppliers 2016

Total Expenditure in 2016 GBP	Start date if pre 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
2,917,339*	Q4, 2011	Catering Services										
2,606,441	Q3, 2010	SAP Support and Consultancy Services (975,384)										
		Donor Funds System Implementation Programme (1,631,057)										
1,938,160						23 contracts	← IT Agency Services					
1,875,090		Relocation Services										
1,597,060	Q1, 2011	Mobile Telephony Services (1,590,045 spend in 2016 under contract)										
1,582,437		IT Helpdesk Staff										
1,508,749		Engineering Maintenance Services (1,496,354 spend in 2016 under contract)										
1,453,823		HQ Restack Project										
1,448,761		Electricity Supply to HQ (1,429,530)										
		Gas Supply to HQ (19,231)										
1,373,640		MPLS Master Services Agreement										
1,262,787	Q2, 1991	Real Time Trading Data										
1,257,404		Security Guard Services for HQ										
1,174,237		Desktops and Other IT Equipment (479,728 spend in 2016 under contract)										
1,156,224	Q2, 2007	Managed Insurance Brokerage Services (87,069)										
		Managed Insurance Brokerage Services (1,069,155)										
1,133,703		HR Information System Project (254,730)										
	Q4, 2004	SAP Licences and Support (878,973)										
1,121,769	Q3, 2009	Secretarial, Administrative and Support Staff Recruitment Services										
		RS selected following competitive retender in 2016 Sec., Admin. & Supp. Staff Recruitment Services (0)										
1,009,029	Q1, 2012	Provis. of HP UX Server Maintenance (238,398)										
		Provision of Cisco Equip. and Related Services (240,886)										
		Riverbed Maintenance (76,630)										
		Network Maint. & Server Monitoring (223,703)										
		DDOS (88,927)										
920,437	Q2, 2011	Audit Services										
912,478						(19,000)	← Review of Social Security Systems					
						(535k)	← IFRS9 Interpretation & Project Definition					
						(357,600)	← IT Operating Model Review					
910,577		Cleaning Services HQ										

* The total expenditure of GBP 2,917,339 is moderated by cash receipts received via staff catering cards amounting to GBP 1,347,904 in 2016.

5. Significant Contracts in 2016

Significant Contract Teams (SCTs) were introduced by the updated CPPP in January 2014 and consist of at least the Contract Manager and the Corporate Procurement Manager. However, the size and composition depends on the nature, scope, value, level of risk and complexity of each project. SCTs played a key role in the procurement and management of the Bank's major initiatives during 2016. SCTs often include representatives from OGC, the

Budget team, Information Security and Operational Risk. Cross-functional projects also call upon representatives from a combination of departments.

The SCTs deliver better outcomes through collaboration between the key stakeholders and centres of expertise in the Bank. A selection of some of the projects delivered by SCTs in 2016 is provided below.

Provision of a Managed Insurance Brokerage Service (GBP 1,069,155)

The purpose of this process was to retender the supply of insurance brokerage services to the Bank. This includes all of the Bank's main classes of insurance (excluding HR related insurances such as life, working incapacity and medical) which cover the following:

- Crime and PI
- Directors' & Officers' Liability and Corporate Reimbursement
- Business Personal Accident and Travel Policy
- Material Damage – Building & Contents
- Material Damage – Business Interruption (including Terrorism)
- Employer's Liability
- Public Liability & Products Liability
- Motor Vehicles
- Annual Meeting Cancellation

The broker works with the departments within the Bank that purchase insurance in order to recommend an insurance strategy and options on renewal taking into consideration levels of premiums, limits, deductibles and risk appetite as determined by the Bank. The broker also places insurance with underwriters to service the insurance portfolio.

The previous contract was awarded following a competitive procurement process (contract start date: 1 July 2007). Following a competitive procurement process held between the main competitors in this market the incumbent broker was selected with the following benefits to the Bank:

- A 5.5% reduction in the annual management fee charged under the previous contract which had not been increased since 2007; and
- All insurance advisory services previously purchased separately by the Bank are included in the management fee.

Provision of Off-site Storage and Retrieval Services (GBP 476,935)

The competitive procurement process for the provision of these services to the Bank sought the lowest price following a series of diligently applied technical filters applied to ensure the quality of the services met with the Bank's high standards. Following the competitive process the best offer was further reduced by 18% to GBP 95,387 per annum. This compares favourably to the 2015 cost paid under the previous contract of GBP 149,550 per annum.

This procurement process including contract negotiations saved GBP 54,163 per annum and GBP 270,815 over the five year term of the contract.

Provision of a network monitoring and maintenance service (GBP 674,502)

The objective of this procurement process was to award a contract to a preferred supplier capable of providing a monitoring and maintenance service across an increasingly complex

network environment which uses infrastructure from a single manufacturer, Cisco Systems. Following a pre-qualification process the method chosen for selection was an evaluation of proposals with a 50% technical and a 50% financial weighting. The price proposed by highest ranked competitor compared favourably to the price paid by the Bank under the existing contract (GBP 243,437 per annum, totalling £730,312 over the three year duration of the contract). The total saving over three years is GBP 55,810 or circa 8%.

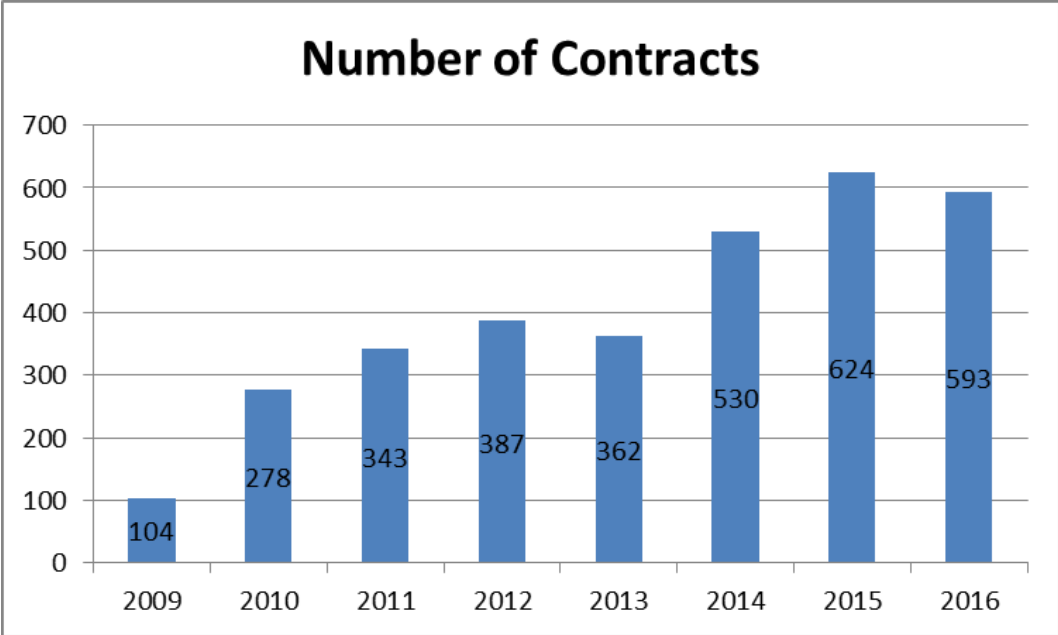
Provision of Short Term, Fixed Term and Permanent Recruitment Process Outsourcing Service Provider (GBP 2,974,000)

The scope of services for this procurement process and contract was modified to cover the Bank’s recruitment requirements in respect of the Performance Management Framework (PMF) bands 1-4, both in respect of temporary and permanent positions. The previous contract covered only temporary recruitment services within secretarial & administrative support and temporary recruitment services within Accounting/Finance/Treasury/Operations Banking Equity and Trade Finance. The competitive procurement process reduced the cost of the service despite the broadening of the scope of the services. Overall the cost to the Bank of the new service is now 13% lower than the price paid previously. Contract negotiations played a significant role in this cost saving. The initial financial proposal presented by service provider was reduced by 8% following contract negotiations.

6. Contracts Awarded in 2016

The total number of contracts and overall value of contracts issued in 2016 decreased when compared to the volume and value issued in 2015. However, since 2009 the trend in the overall number and value of contracts awarded has been upward. This is explained by the investments made by the Bank in its infrastructure, new initiatives and the expanded remit of the Bank’s Corporate Procurement Policy following its update in January 2014.

Table 4: Overview of Corporate Procurement Contract Awards in 2009-2016



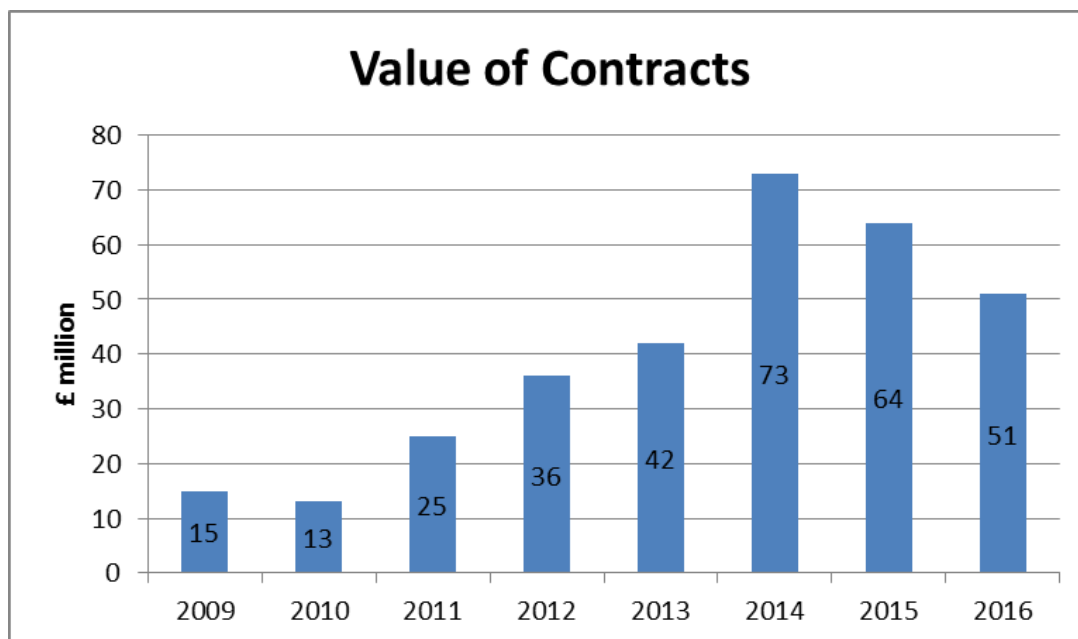


Table 5: Contracts by Procurement Thresholds in 2016 and 2015

(Contract value relates to anticipated expenditure under contract. Some contracts are multi-annual in duration.)

	2016			2015		
	Value GBP	% of Total Value	Number	Value GBP	% of Total Value	Number
>150k	28,248,414	55%	62	39,838,157	62%	51
50-150k	16,697,344	33%	194	18,443,326	29%	221
20-50k	4,553,806	9%	135	4,544,820	7%	139
5-20k	1,252,287	2%	110	1,394,410	2%	125
<5k	152,970	<1%	92	208,250	<1%	88
Grand Total	50,904,821	100%	593	64,428,964	100%	624

Competitively Awarded Contracts

In 2016 competitively awarded contracts and extensions made-up circa 70% of the total value of contracts awarded. Competitively awarded contracts often provide for an extension subject to the performance of the supplier and the Bank's requirements. The competitive procurement process followed at the outset to award all such contracts assumes the maximum contract duration and value including all potential extensions. The table below shows the distribution of contracts by method of award (direct or competitive) and by value.

Table 6: Contracts by Procurement Method in 2016 and 2015

(Contract value relates to anticipated expenditure under contract. Some contracts are multi-annual in duration.)

	2016			2015		
	Value GBP	% of Total Value	Number	Value GBP	% of Total Value	Number
Competitively Awarded Contracts	16,865,716	33%	124	20,414,454	32%	149
Extensions to Competitively Awarded Contracts	18,032,699	35%	235	30,635,306	47%	232
Directly Awarded Contracts	3,462,209	7%	65	5,112,535	8%	92
Directly Awarded Extensions	12,544,197	25%	169	8,266,669	13%	151
	50,904,821	100%	593	64,428,964	100%	624

Directly Awarded Contracts and Extensions

The direct award of contracts is permitted for contracts estimated to cost less than GBP 5,000. For contracts estimated to cost more than GBP 5,000 competitive procurement is required unless an exception to competitive procurement is approved in accordance with the CPPP.

Exceptions to Competitive Procurement

In 2016 the number and value of exceptions to competitive procurement were higher than for previous years. The totals for 2016 are 122 suppliers with a cumulative value of GBP 14.1 million (2015 figures were 115 and GBP 12.7 million, 2014 figures were 118 and GBP 12.6 million). The difference between the total value of directly awarded contract and extensions (GBP 16,006,406) and the total value of exceptions to competitive procurement (GBP 14.1 million) relates to: (i) contracts with a value under GBP 5,000; and (ii) contracts awarded directly in accordance with Section 1.2 (a) of the CPP and do not require the application of the rules of the CPPP to areas that fall under the authority of Treasury and Treasury Risk Management.

85% of the suppliers (104) related to contracts for on-going and previously approved exceptions and represented 76% of the total value of all exceptions in 2016. The same figures for 2015 were 75 on-going and previously approved exceptions representing 80% of the total value of exceptions.

7. Local Purchasing in the Bank's Countries of Operations

In 2016, the total expenditure by the ROs amounted to GBP 2,984,176 compared to GBP 2,926,686 in 2015. These figures include Corporate Procurement expenditure, excluding office rent³, by the Bank's Resident Offices (ROs) in 2016. The Corporate Procurement expenditure by the ROs reported in this section includes the costs of office maintenance⁴, cleaning, service charges⁵, vehicle running costs, items of office equipment such as printers

³ Leases of Headquarters and ROs are excluded from the Bank's CPPP which apply to goods, works and services whereas lease is classified as neither of these and as such is outside the scope of the CPPP.

⁴ Extent of maintenance required varies under individual leases and may include air conditioning units, UPS, central heating system, generators, fire alarms, security equipment, photocopiers, and non-mechanical items such as carpets, windows, internal and external decoration, gardens and landscaped areas, gutters and rainwater down-pipes.

⁵ Payment of service charges is the direct responsibility of the ROs and is made locally whenever possible.

and scanners, stationery, minor repairs, etc. The Heads of RO use self-managed budgets to pay for this expenditure. In sourcing works, goods and services for the ROs' needs, preference is given to local suppliers.

The expenditure totals exclude the cost of items purchased for the ROs using the centrally managed budget held by the Administrative Services and IT Departments.

In accordance with CPU's Guidelines on Corporate Procurement in Resident Offices (issued in September 2011), when purchasing goods, works or services with a value of less than GBP 5,000 (or equivalent in local currency), the Bank will normally use the terms provided by the supplier to ensure that the Corporate Procurement process can be concluded quickly and efficiently to avoid any operational disruptions.

The Bank is able to conclude terms quickly with local suppliers for contracts valued under GBP 5,000 (usually agreeing to local courts' jurisdiction in the contract) due to the Board waiver of jurisdictional immunity which may be applied automatically for low-value contracts up to GBP 5,000 or equivalent. In 2016 the Board waiver was required.

8. Representation of the EBRD at the 2016 Meeting of the Network on Procurement in International Organisations (NPIO)

The Deputy Head of Corporate Procurement represented the Bank at the 2016 conference of the Network on Procurement in International Organisations (NPIO), hosted by the African Development Bank at its Headquarters in Abidjan on 22 and 23 September. The NPIO is made up of 42 international organisations that share best-practice Corporate Procurement knowledge and experience.

This year's annual conference was opened by Mrs Yvette Glele-Ahanhanzo, Officer-In-Charge, Director, General Services and Procurement Department and attended by delegates from a wide range of international organisations including many from Africa who had not previously been participated in the network.

Topics discussed over the two day event included "How to build sustainable procurement in activities and measure success", "Innovative tools and successful stories in supplier development", "Devolved procurement for overseas locations", and "The challenges and constraints in promoting collaborative procurement".

Next year's host is scheduled to be the Council of Europe Development Bank.

9. Corporate Procurement & OE&E

Corporate Procurement worked closely with the OE&E Programme, including the IT Transformation Project throughout 2016. The two main elements contributed by Corporate Procurement were: (i) commercial analyses and cost projections in respect of the Bank's Corporate Procurement cost base; and (ii) the procurement of a series of consultancy contracts required by the Bank to support its OE&E activities. In cases where the Bank's commercial leverage allowed, Corporate Procurement negotiated significant reductions in the cost of consultancy services. For example a 10% discount on the cost of PWC support to the OE&E Programme.

10. Corporate Procurement Review of ITGC Business Cases

In 2016 Corporate Procurement became responsible for the commercial and procurement review of each business case submitted to the IT Governance Committee (ITGC). The enhanced rigour this brings to the governance process has also led to quicker and more reliable procurement timetables. All IT projects that have passed through the ITGC since this change have been procured either on time or ahead of the agreed procurement deadline.

ANNEX

Table A: Major Contracts in 2016 with a Value Greater than GBP 150,000

(Contract value relates to anticipated expenditure under contract. Some contracts are multi-annual in duration.)

Supplier	New	Extension	GBP Value
IFRS9 and Operational Processes Consultancy Services	4,708,720	228,000	4,936,720
Admin and Finance Temporary Staff and Staff Recruitment	2,974,000		2,974,000
Catering Services to the EBRD's Headquarters		2,500,000	2,500,000
Summit IFRS9 Upgrade		1,278,604	1,278,604
Chauffeur Services		900,000	900,000
Risk Analysis of Financial Derivatives		867,743	867,743
HQ Photocopying Facilities		719,905	719,905
Business Software Systems Support and Consultancy Services		713,545	713,545
Cloud Services	675,125		675,125
Network Maintenance and Monitoring Services	674,502		674,502
Event Management Services		600,000	600,000
Frequent Issuer Ratings		585,532	585,532
User Experience Platform	500,000		500,000
Off-site Storage and Retrieval Services	476,937		476,937
Managed Firewall Services		420,519	420,519
UX Server Maintenance and Support		395,606	395,606
Financial Reconciliation Software Package		388,064	388,064
On-line Business, Finance and Political News Information Service		331,671	331,671
Donor Funds Business Software Systems Implementation		331,431	331,431
Annual Meeting Services		297,870	297,870
Update of Sustainable Energy Financing Facilities (SEFF) MIS	297,000		297,000
Executive Search Services Provider	294,467		294,467
CCTV, Live Streaming and Video Production Services for EBRD Annual Meetings	261,940		261,940
Resident Office Furniture Supplier		250,000	250,000
Executive Search Services Provider	250,000		250,000
Executive Search Services Provider	250,000		250,000
Executive Search Services Provider	250,000		250,000
Managed Brokerage Services	250,000		250,000
Executive Search Services Provider	250,000		250,000
Executive Search Services Provider	250,000		250,000
Executive Search Services Provider	250,000		250,000
Real Estate Services	240,000		240,000
Staff Engagement Services	237,188		237,188
Security Guard Services		235,603	235,603
Modernisation of Fire Fighters Lifts	230,000		230,000
Country, Country Forecast and Country Risk Reports		217,288	217,288
Recruiter Licence for Social Media Site		215,606	215,606
Office Stationery		210,000	210,000
Mobile Telephony		208,973	208,973
Portfolio Manager		202,615	202,615
Global market forecasts, data and analyses		198,500	198,500
Business Software Systems Licence		190,000	190,000
Batch Scheduling Tool		187,715	187,715

Supplier	New	Extension	GBP Value
Management Development Programme	180,576		180,576
Project Manager (Service Improvement Project)		171,990	171,990
Project Manager		169,880	169,880
Printing Services		165,203	165,203
Solution Architect (Risk)		163,300	163,300
IT Transformation Change Manager	161,000		161,000
IT Audit and Controls Consultant		161,000	161,000
IFRS 9 Project Manager	161,000		161,000
Strategic Analysis of World Events		158,375	158,375
Project Manager, IT Security and Business Continuity		156,400	156,400
Risk Systems Developer		155,020	155,020
Assignment Services (Technical and Professional Positions)		150,000	150,000
Minor Small Works and Internal Fabrication	150,000		150,000
External Roof Works and Facade Repair	150,000		150,000

Table B: Projects Reviewed and Approved in 2016

Date	Project	Approval for
04/01/16	Provision of Medical Plan Services	Exception to CPPP
06/01/16	Provision of CCTV, Broadcasting and Video Services for EBRD Annual Meetings	Award of Contract
18/01/16	Provision of a User Experience Platform	Award of Contract
19/01/16	Managed Insurance Brokerage Service	Award of Contract
21/01/16	Supply and Hire of AV Equipment Extension	Exception to CPPP
19/02/16	Blackberry/Good Licence	Exception to CPPP
25/02/16	IFRS 9 Implementation	Project Plan
29/02/16	Fit-out Services for Casablanca RO Extension	Exception to CPPP
11/03/16	Business Process Improvement Manager	Exception to CPPP
16/03/16	New HR Information System	Exception to CPPP
23/03/16	OE&E Communications Manager	Exception to CPPP
30/03/16	Printers And Managed Printing Services	Project Plan
05/04/16	Real Estate Strategy Project	Project Plan
06/04/16	Staff Engagement Services	Project Plan
07/04/16	Provision of Recruitment Process Outsource Provider	Project Plan
11/04/16	IFRS 9 Implementation	Award of Contract
03/05/16	Summit Automated Testing Tool	Award of Contract
04/05/16	Photocopying Facilities Management Contract Extension	Exception to CPPP
05/05/16	Off-site Storage and Retrieval Services	Award of Contract
11/05/16	Consultancy Services for IT Operational Model and Sourcing Strategy	Exception to CPPP
16/05/16	Fire Lifts for the EBRD	Project Plan
17/05/16	Management Development Programme	Project Plan
23/05/16	Venue Finding Agency Services	Exception to CPPP
26/05/16	Workplace Consultant-increased cost approval	Project Plan
13/06/16	Medical Services and Occupational Health Services	Project Plan
22/06/16	IT Cost Transparency Work	Exception to CPPP
01/07/16	Employee Assistance Programme	Exception to CPPP
20/07/16	CCTV and Access Control Maintenance	Project Plan
27/07/16	Management Development Programme	Award of Contract
27/07/16	Staff Engagement Services	Award of Contract
29/07/16	IT Operational Model and Transformation Project – Phase 2	Project Plan
08/08/16	Secure Infrastructure Management Project Consultant	Exception to CPPP
17/08/16	Recruitment Process Outsource Provider	Award of Contract
23/09/16	Modernisation of HQ Fire Fighters Lifts	Award of Contract
29/09/16	Security Response to the EBRD	Project Plan
30/09/16	BMC Control M licenses	Exception to CPPP
03/10/16	Extension to Stationery Services Contract	Exception to CPPP
07/10/16	Intranet Upgrade Project	Project Plan
24/10/16	Photocopying Facilities Management Contract Extension	Exception to CPPP
28/10/16	Resident Office Furniture Contract Extension	Exception to CPPP
03/11/16	IT Transformation Consultancy Support	Award of Contract
09/11/16	Portfolio Management Tool	Exception to CPPP
09/11/16	Recruiter Licence for LinkedIn	Exception to CPPP
22/11/16	Medical and Occupational Health Services	Award of Contract

Date	Project	Approval for
24/11/16	Events Management Company	Project Plan
25/11/16	Advisory Services for OE&E	Exception to CPPP
07/12/16	HP UX Server Maintenance Renewal	Exception to CPPP
13/12/16	Security Response Services	Award of Contract
13/12/16	Managed Firewall Service Renewal	Exception to CPPP
14/12/16	Chairman of Alumni Society	Exception to CPPP
15/12/16	Intranet Upgrade Project	Award of Contract
20/12/16	Visual Analytics Platform	Project Plan
21/12/16	IBM software support and maintenance services	Exception to CPPP
22/12/16	Second Floor Refurbishment Project	Project Plan

Table C: List of Exceptions to Competitive Procurement Approved in 2016

(Some suppliers may be engaged under more than one contract. Values shown are the aggregated values.)

Supplier	New	Extension	GBP Value
Google Maps	7,700		7,700
Paper on Sustainable Development Goals	38,500	6,280	44,780
Business Process Improvement Services	146,700		146,700
Business Process Improvement Services		32,265	32,265
Learning Portal Tools	10,979		10,979
Business Process Management Software and Cloud Services	675,125	15,000	690,125
Fit-out Building Works Casablanca Resident Office	57,384		57,384
Ombudsman Services		60,000	60,000
Subscription to the Where Women Work Website	11,988		11,988
Business Software Systems Support and Consultancy Services		740,275	740,275
Event Management Services		600,000	600,000
Salary Survey Data		11,385	11,385
Batch Scheduling Tool		187,715	187,715
SWIFT Software & Maintenance		53,550	53,550
Microphone Discussion and Simultaneous Interpretation Equipment Hire		107,400	107,400
IT Security Architect	33,000	63,250	96,250
Global Market Forecasts, Data and Analyses		198,500	198,500
Project Audit Services for HQ Restack Project		108,011	108,011
Credit Analysis and Ratings Services		25,745	25,745
UX Server Maintenance and Support		156,668	156,668
Communications Leadership Council Subscription		20,400	20,400
Mediation Services		40,000	40,000
economic and investment research services		90,000	90,000
Financial Reconciliation Software Package		388,064	388,064
Global Security Information Systems		18,900	18,900
Strategic Extranet Consultancy Services		48,000	48,000
Security and Performance Management Services		7,150	7,150
Global Credit Markets Research Subscription		66,686	66,686
Electronic Signature Solution		7,770	7,770
Professional Services for Electronic Signature Solution		8,000	8,000
Country, Country Forecast and Country Risk Reports		217,288	217,288
Gender Equality Tool	27,968		27,968
Recruitment Advertising	91,000		91,000
Emerging Markets Business News and Data Services		40,284	40,284
Accommodation Allowance Data		40,405	40,405
Membership of the Endeavor Investor Network		12,199	12,199
Health & Safety Online Training and Development		28,500	28,500
Global Market Activity Intelligence Services		20,050	20,050
Energy and Infrastructure Finance Industry Intelligence		10,000	10,000
On-line Business, Finance and Political News Information Service		331,671	331,671
Credit Research Services Subscription		30,500	30,500
Corporate Gym Membership		50,000	50,000
Room Booking Tool		15,750	15,750
Transformation Programme Training	5,500		5,500

Supplier	New	Extension	GBP Value
IT Leadership Executive Programme		73,300	73,300
Employer Rating and Review Tool	8,539	17,511	26,051
Competitiveness Research Network Membership	17,177		17,177
Accounting System Upgrade Project Manager		120,000	120,000
Economic and Financial Data Services		5,855	5,855
Staff Salary Survey Data		16,741	16,741
Managed Firewall Services		420,519	420,519
Information Systems Appian Developer	48,000	36,000	84,000
Financial Risk Management News Analysis Service		7,000	7,000
Penetration Testing		23,250	23,250
News Information Subscription		13,702	13,702
Athens Democracy Forum Sponsorship Agreement	42,942		42,942
Athens Democracy Forum 2016 Sponsorship Agreement		21,471	21,471
Web-based Loan Syndication Application		30,000	30,000
Assignment Services-Technical and Professional Positions		95,000	95,000
Training for Dangerous Areas	17,664		17,664
Work Station Assessments and Work Station Training		10,840	10,840
specialised information provider		17,500	17,500
Project Management and Resource Tool		51,000	51,000
Ergonomic Office Seating		45,000	45,000
Fit-out Architectural Works Casablanca Resident Office	12,868		12,868
Legal, Government, Business and High-Tech Information Source Provider		9,600	9,600
Travel Services for Russia		46,469	46,469
Recruiter Licence for Social Media Site		227,606	227,606
Loan Market Association Membership		7,700	7,700
Office Stationery		210,000	210,000
Risk Management Systems Programme		145,678	145,678
Insurance Brokerage Services		12,500	12,500
Russian Pulse Survey		15,000	15,000
Staff Salary Survey Data	7,481		7,481
Accommodation Allowance, Pay Competitiveness and Workforce Optimization Data	13,243	6,020	19,263
Process Architect	53,950	115,700	169,650
Summit IFRS9 Upgrade		1,303,604	1,303,604
CCTV and Security Tbilisi RO		18,386	18,386
Concert at the AM Participants' Reception - Guildhall	39,022		39,022
Debt Collection Services		20,000	20,000
Strategic Analysis of World Events		158,375	158,375
MS Excel Workbook Support		14,500	14,500
Training for IT Software and Bespoke Bank Applications		60,000	60,000
Partition Alterations		25,000	25,000
Commodity and Energy Market Information Services		8,250	8,250
Data and Intelligence for the Alternative Assets Industry Subscription		8,862	8,862
Operational Processes Consultancy Services	1,313,713	228,000	1,541,713
Update of Sustainable Energy Financing Facilities (SEFF) MIS	297,000	102,150	399,150
Chairman of the EBRD Alumni Association		53,500	53,500
IT Operating Model	92,000	177,726	269,726

Supplier	New	Extension	GBP Value
Off Site Archive Storage and Retrieval		12,000	12,000
International Banking and Financial Services Market Information Services		26,409	26,409
Admin and Finance Temporary Staff and Staff Recruitment		300,000	300,000
Review of EBRD Retirement Plan		37,000	37,000
Business Software Systems and Cloud Services		355,298	355,298
Consultancy Services to the Acting Chief Economist	103,200		103,200
OE&E Communications Manager	112,450		112,450
Financial Research and Analysis Services		94,632	94,632
Network Maintenance Licensing & Support		5,941	5,941
Resident Office Furniture Supplier		250,000	250,000
Specialist News and Intelligence Platform	6,800		6,800
Information Security Online Awareness Training		27,691	27,691
The Conference Board Membership	28,557		28,557
World Business, Finance and Political News Information Service Subscription		16,000	16,000
Presentation Skills Training		11,000	11,000
Global Account Review		14,000	14,000
Risk Intelligence Data and Online Legal Know How Service		132,776	132,776
Escalator Maintenance Services		19,424	19,424
Recruitment Advertising Services	24,900		24,900
Off-Site Storage		30,000	30,000
HQ Photocopying Facilities		719,905	719,905
On-line Analysis and Research Library		7,614	7,614
Provision of Employee Assistance Programme		90,000	90,000
World Finance Magazine Article		7,500	7,500
Video Conferencing Equipment Maintenance		43,426	43,426
Resident Office Maintenance Specialist		49,213	49,213
Grand Total	3,345,350	10,086,80	13,432,15