

ANNUAL CORPORATE PROCUREMENT REVIEW

2015

Corporate Procurement Unit
April 2016

Abbreviations

CPP	Corporate Procurement Policy
CPPP	Corporate Procurement Policy and Procedures
CPU	Corporate Procurement Unit
OCCO	Office of the Chief Compliance Officer
OCE	Office of the Chief Economist
OGC	Office of the General Counsel
OSG	Office of the Secretary General
PO	Purchase Order
RO	Resident Office of the Bank
SAP	Electronic system used by the Bank
SEMED	Southern and Eastern Mediterranean

Executive Summary

Expenditure

- In 2015 Corporate Procurement expenditure was GBP 85,203,365, representing an increase of 57% when compared to the 2014 total of GBP 54,367,703. There are two main reasons for the substantial increase in reported expenditure in 2015:
 - 2015 was the first full year during which expenditure on consultancy services required for the operation of the Headquarters and ROs was fully captured in Corporate Procurement's statistics (following the transfer of responsibility for such services from the TC Team to Corporate Procurement in January 2014); and
 - Investment by the Bank in enhancements to its IT infrastructure and the fit-out of the Headquarters building.

Procurement Approach

- In 2015 competitively awarded contracts and extensions made up 80% of total contract value compared to 73% in 2014.
- Despite the significant increase in overall expenditure the percentage of total expenditure under contract remained high (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.
- The value of contracts awarded in 2015 was 12% lower than the same figure for 2014 but over 50% higher than 2013. Since 2009 the trend in the overall value of contracts awarded has been upward.
- the rise in the number of contracts issued in 2015 (up 18%) was mainly due to 2015 being the first full year in which all consultancy services within the remit of the CPPP were handled by Corporate Procurement.

Network on Procurement in International Organisations (NPIO) 2015 conference

- The Bank hosted the 2015 conference of the Network on Procurement in International Organisations (NPIO) at its Headquarters on 22 and 23 September. The theme of the conference was 'Measuring Procurement Performance'.

2016 Initiatives

- As part of the Departmental Scorecard Project, Corporate Procurement will report on the following (from 2016 onwards):
 - **Time taken** to complete the procurement process;
 - **Value of cost efficiencies (savings)** achieved through competitive procurement processes and commercial contract negotiations; and
 - **Sustainability of the cost efficiencies (savings)** measured by the value of any contract cost overruns (often called 'contract leakage').
- Supplier Performance Management will be further supported as follows:
 - the **quality of significant supplier performance** will be monitored centrally against contractually agreed service levels; and
 - Corporate Procurement will organise and coordinate **workshops on contract and supplier management** with key budget holding departments, OGC and OCCO.

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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 2015.

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 Executive 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 in **2015** was **GBP 85,203,365**. Expenditure in previous years was as follows: **GBP 43,518,741 (2012)**, **GBP 44,785,376 (2013)**, and **GBP 54,367,703 (2014)**. There are two main reasons for the substantial increase in reported expenditure in 2015: (i) the Bank’s on-going programme of investment in enhancements to its IT infrastructure and the Headquarters and RO buildings; and (ii) 2015 was the first full year during which the expenditure on consultancy services required for the operation of the Headquarters and ROs was fully captured in Corporate Procurement’s statistics (following the transfer of responsibility for such services from the TC Team to Corporate Procurement in January 2014). Table 1 (overleaf) lists the categories in order of the amount paid by the Bank in 2015. Consultancy, Building Refurbishment, IT Software and IT Hardware accounted for over 50% of the Headquarters’ Corporate Procurement expenditure in 2015.

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 2015 by Category of Goods, Works and Services

Category of Goods, Works or Services	Amount Paid GBP in 2015	Percentage	Amount Paid GBP in 2014
Consultancy	20,006,419	23%	6,292,286
Buildings (HQ and RO) Related	10,068,790	12%	1,058,761
IT Software	8,477,207	10%	6,067,509
IT Hardware	5,557,112	7%	6,131,984
Information Services	5,400,100	6%	5,802,893
Furniture and Building Equipment	3,899,099	5%	900,882
IT Services	3,732,220	4%	2,550,159
Building Maintenance	2,787,533	3%	2,354,077
Catering and Hospitality	2,682,229 Net:1,438,124*	3%	2,507,228
Employee Benefits	2,408,643	3%	1,267,813
Freight and Removals	2,304,655	3%	2,113,188
Telecommunications	2,265,150	3%	3,180,307
Security	2,153,751	3%	1,951,070
Utilities	1,772,197	2%	1,387,036
Travel Agency	1,503,283	2%	1,902,419
Recruitment Services	1,478,124	2%	1,431,473
Insurance	1,185,873	1%	1,183,310
Training Courses	1,163,234	1%	689,662
Events	1,110,840	1%	749,879
Other Outsourced Services	945,173	1%	769,888
Auditing Services	911,880	1%	721,809
Reprographics and Document Recording	833,614	1%	813,131
Transport Services	684,775	1%	646,830
Health and Safety	445,497	1%	413,453
Mail and Courier	436,848	1%	491,393
Audiovisual	346,178	<1%	255,267
Financial Services	258,629	<1%	245,577
Stationery	230,471	<1%	264,613
Translation and Interpretation	152,581	<1%	173,114
Accommodation	720	<1%	45,263
Funds	542	<1%	5,426
Grand Total	85,203,365	100%	54,367,703

* the total payment of **GBP 2,682,229** covers the amount spent by the Bank however it is moderated by cash receipts received via staff catering cards amounting to **GBP 1,244,105.00** in 2015.

The Bank's reported expenditure on **Consultancy Services** in 2015 was 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).

90% (GBP 18 million) of the consultancy expenditure relates to advice and support for IT projects and the IT Department itself.

Circa GBP 11 million (of the GBP 18 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 86 providers were selected in 2015 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 25 contracts with total expenditure in 2015 of GBP 2 million.

Of the remaining GBP 7 million approximately 80% 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 10% of the consultancy category includes contracts for the provision of 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.

Building Refurbishment includes the cost of the Bank's Headquarters restack project: works, portage, storage and removal services, which make up almost 90% of the total.

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

IT Hardware includes the cost of purchasing hardware and its maintenance. The most significant area of expenditure was with a reseller for the provision of networking equipment (GBP 1.3 million) via a contract awarded in 2013 that provides a discount of 40% on the manufacturer's list prices.

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. A number of the major contracts for information services are awarded on a multi-year basis to secure commercially advantageous terms. Due to continuing supplier consolidation in this market, the Bank's commitment to the major suppliers continues to increase as they acquire smaller providers.

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 are 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.

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 70% of this category:

(i) provision of the Bank's helpdesk; (ii) business continuity services; and (iii) specialist system development services.

Building Maintenance includes all forms of maintenance for Headquarters including mechanical / electrical and fabric maintenance. A significant contract award in 2014 was for the Provision of Building Maintenance Services to the Bank's Headquarters (GBP 5,410,900 over a period of 5 years).

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 1,244,105 in 2015.

Employee Benefits expenditure in 2015 includes specialised services required to operate the Retirement Plan (72%) and the preferential corporate gym membership (22%).

Freight and Removals services are provided for almost entirely via a contract awarded in early 2014 (GBP 7,540,920.00) to provide relocation and removal services.

Telecommunications covers data network services, mobile and landline telecommunications. The major part of this category is represented by the expenditure via a contract for the provision of mobile telephony.

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).

Utilities expenditure for the Bank's Headquarters in 2015 was split as follows: electricity GBP 1.6 million and gas GBP 133,000.

The **Travel Agency** category is made up of business travel agency services and event management services. In the second half of the year a new service provider took over the travel agency services following a competitive procurement process. In addition to the introduction of a new on-line booking tool, the commercial model was changed from a fixed management fee plus staff costs to a fee paid per transaction (including all costs). The cost to the Bank of the fixed management fee plus staff costs for the first five months of 2015 was GBP 247,841. Total transaction fee payments to the new service provider during the rest of the year totalled GBP 141,040. Event management services represented GBP 742,839. The event management service provider does not charge the Bank for its service (commissions are paid to them 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.

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.

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.

Expenditure in the **Training Courses** category increased in 2015 compared to 2014. The increase is because 2015 was the first full year in which all training expenditure within the remit of Corporate Procurement was captured following the transfer of responsibility for certain consultancy services from the TC Team to Corporate Procurement in January 2014. Training expenditure is not classified as Consultancy Services because Corporate Procurement has used training services contracts rather than consultancy contracts to engage training providers since the transfer.

The Bank's participation in the World Economic Forum (GBP 338,783) and the Annual Meeting Event Management specialist (GBP 340,057) make up 60% of the **Events** category.

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.

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

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.

Transport Services consist mainly of taxi services making up more than 70% of the total expenditure in 2015.

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

Mail and Courier services are bought from a major courier company representing the largest share of the total at 76 % 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 950 suppliers paid by the Bank in 2015 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.

Despite the significant increase in overall expenditure the percentage of total expenditure under contract remained as high (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.

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

		No. of Suppliers	Cumulative Expenditure GBP	% Total No. of Suppliers	% Total Cumulative Expenditure
Under Contract	<5k	78	207,612	8.2	0.2
	5-20k	132	1,456,820	13.9	1.7
	20-50k	88	2,811,839	9.3	3.3
	50-150k	112	9,965,643	11.8	11.7
	>150k	90	66,308,923	9.5	77.8
	Total	500	80,750,837	52.6	94.8
Stand-Alone PO	<5k	387	571,212	40.7	0.7
	5-20k	83	743,591	8.7	0.9
	20-50k	24	775,272	2.5	0.9
	50-150k	9	689,850	0.9	0.8
	>150k	4	1,672,602	0.4	2.0
	Total	507	4,452,528	53.4	5.2
Overall*	<5k	422	701,636	44.4	0.8
	5-20k	208	2,112,161	21.9	2.5
	20-50k	109	3,519,055	11.5	4.1
	50-150k	119	10,710,257	12.5	12.6
	>150k	92	68,160,256	9.7	80.0
	Total	950	85,203,365	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 2015 were:

- 50% of the Bank's Corporate Procurement expenditure in 2015 was disbursed via contracts with twenty suppliers.
- Fifteen of the twenty suppliers were contracted following a competitive procurement process.
- Of the fifteen suppliers contracted competitively, three were engaged in 2015 and eight were engaged following a competitive procurement process undertaken or scheduled to be conducted within a three year period between 2014 and 2016.

- The other four suppliers provide goods and services for which best value for money is usually obtained under longer-term contracts, maximising the Bank’s commercial leverage and generating operational efficiencies through continuity of service.
- Of the five suppliers directly contracted, one was engaged via a contract extension negotiated by Corporate Procurement and the Administrative Services Department to deliver office furniture at a discount of 13%.
- the other four 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 IT needs and retirement plan advice.

Table 3 provides details on the suppliers, the contracts awarded and the expenditure in 2015.

Table 3: Top Twenty Corporate Procurement Suppliers 2015

Total Expenditure in 2015 GBP	Start date if pre 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020
8,719,482					HQ Restack Project					
5,103,488	Q3, 2010	SAP Support and Consultancy Services (571,236)								
		Donor Funds System Implementation Programme (4,532,251)								
2,652,646	Q4, 2011	Catering Services								
2,266,738		Provis. of HP UX Server Maintenance (232,739)								
		Provision of Cisco Equip. and Related Services (1,318,233)								
					(160,846)	← Distributed Denial-of-Service (DDoS) Protection				
		Riverbed Maintenance (75,319)								
	Q3, 2009	Network Maintenance & Server Monitoring (116,238)								
2,230,767	Q4, 2010	Furniture for HQ (2,227,807 spend in 2015 under contract)								
2,201,413		Relocation Services								
2,024,898					25 contracts					
1,828,905	Q4, 2011	Turnaround Management Programme MIS (48,000)								
		Sustainable Energy Financing Facil. MIS (516,664)								
		On-premise Master License Agreement (484,617)								
	Q2, 2011	Application Support Framework (690,787)								
	Q4, 2009	Business Advisory Services MIS (24,900)								
	Q1, 2005	Maintenance for eSelection (47,353)								
				(16,585)	← Development & Delivery of OpsNet System					
1,547,800		Engineering Maintenance Services (1,544,065 spend in 2015 under contract)								
1,518,153		Oracle License and Services								
1,429,447	Q1, 2011	Mobile Telephony Services								
1,403,755					(1,403,755)	← Electricity Supply				
1,392,523		IT Helpdesk Staff								
1,255,566	Q1 2002	Investment Management Services								
1,183,313		HR Information System Project (243,237)								
	Q4, 2004	SAP Licences and Support (935,352)								
1,177,090	Q3, 2007	Insurance Brokerage Services								
1,155,528	Q3, 2009	Secretarial, Administrative and Support Staff Recruitment Services								
1,142,829		Security Guard Services for HQ								
1,091,202		Managed Firewall Service (288,589)								
		IT Security Hardware and Software (776,832)								
1,078,842		Soft Furniture for HQ								

5. Significant Contracts in 2015

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 2015. 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, for example the Travel Services project SCT included representatives of both the Administrative Services and the IT departments (to address the travel service and the on-line self-booking tool requirements of the project).

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 2015 is provided below.

2015 Restack Project (GBP 8,732,294)

In 2013, the Administrative Services Department (ASD) undertook a review of space allocation in the HQ premises and subsequently considered various strategies which could be deployed to improve the space utilisation within the Bank's Headquarters following completion of the Strategic Space Allocation Review.

The works involved modifications of existing office space, creating new meeting rooms and breakout areas as well as reconfiguration of the floor plans to provide a more efficient layout. The objective of the tender was to select the most suitable contractor to deliver this project within a very tight time scale, to the required quality standards, within a fully operational office environment and within tight budget constraints.

The contract was awarded following a detailed tender that assigned 40% of the maximum available score to the technical aspects of the proposals and 60% to the financial proposals. The contract awarded was the construction industry standard JCT (Joint Contracts Tribunal), Single Stage Design & Build Contract 2011, with appropriate amendments agreed with outside counsel engaged by OGC. This form of contract provides greater cost, quality and on-time project delivery certainty and will allow greater control of changes and amendments to the works during the project.

Donor Funds Design Project – contract extension (GBP 4,707,043)

The Bank continued to benefit from the discount on the fee rates negotiated with this supplier in 2014. The discount was enhanced through further negotiation in 2015. The original agreement was a progressive discount on fees paid under this project of 2% on expenditure up to GBP 1 million, 4% up to GBP 4 million and 5% thereafter. The discount is now applied to the cumulative value of all expenditure with this supplier (not only this project). This recently provided for a 5% discount on fees paid to this supplier on a different project despite the value of the contract being below £1 million.

Provision of Travel Services to the Bank

The Bank contracted the previous service provider to provide its business travel services from August 2008 until June 2015. The contract had two important characteristics:

- (i) The Bank paid the travel agency an annual management fee rather than a fee per transaction; and
- (ii) The travel agency staff that handled the Bank's bookings were accommodated in the Bank's headquarters building.

The annual cost to the Bank for the travel agency was £589,662. The Bank has used a self-booking tool (SBT) to make direct bookings on-line since 2006. Utilisation dropped from 30% of all transactions on initial implementation to 9% in 2012. The remainder of bookings were made directly with the travel agency by phone. Extensive market research was conducted before launching a competitive tender process. This included a detailed request for information which was issued to all major travel management companies (including the incumbent provider).

The procurement process resulted in the award of the contract to a new service provider who took over service delivery in June 2015. The first six months of activity have been encouraging. The total cost of transaction fees for the period June to December 2015 was GBP 141,040 and the utilisation rate for the new SBT is 31%.

Provision of Soft Furniture for Headquarters (GBP 1,100,000)

As part of the restack project the Bank replaced the existing soft furniture in the communal areas and meeting rooms with new furniture. The Bank consulted an interior designer to provide examples and recommendations for different layouts in the Bank's communal areas. They provided soft furniture options to the space planning team in the Administrative Services Department (ASD). The ASD team reviewed the options and identified furniture that met the Bank's requirements. At the beginning of September 2014 the chosen furniture was exhibited in communal areas for a period of 2 weeks in order to encourage staff engagement, appraisal and feedback. The furniture exhibition was based on 3 themes: *informal, collaborative and quiet*.

As part of the exhibition staff were asked to provide feedback on key questions: *how does it look, how does it feel, how well do you think it works?* After the exhibition was completed the feedback was collected and evaluated. The furniture products rated highest by staff formed the list of furniture included in the tender.

A total of seven companies met the Bank's minimum requirements (including financial stability and environmental standards) and submitted a quotation in response to the procurement advert posted on the Bank's website. The price quotation submitted by the selected supplier was 10% lower than the second cheapest quotation.

Provision of a Network Monitoring and Maintenance Service (GBP 674,502)

The objective of the tender 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 networking equipment manufacturer.

At the outset of the procurement process Corporate Procurement contacted the Bank's networking equipment manufacturer account manager to make them aware of the Bank's plan to issue a tender and request that they offer equal levels of discount to all of their resellers. It is common for the reseller that is 'first to register' the deal receives the largest discount from the manufacturer. This practice would negatively affect the fairness and the outcome of the procurement process conducted between competing networking equipment resellers. The manufacturer confirmed that all interested partners would have an equal level of list price

discount. The lowest quotation was 8% lower than the price paid for the same service under the previous contract.

6. Contracts Awarded in 2015

The total number of contracts issued in 2015 represents an increase of 18% on the number issued in 2014, continuing the trend of higher contract volumes over the past three years. The exceptionally high value of contracts awarded in 2014 places the comparatively high total contract award value in 2015 in context. The value of contracts awarded in 2015 was 12% lower than the same figure for 2014 but over 50% higher than 2013. Since 2009 the trend in the overall 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. The rise in the number of contracts issued in 2015 was mainly due to 2015 being the first full year in which all consultancy services within the remit of the CPPP were handled by Corporate Procurement.

Complexity and Breadth of Market Knowledge

The Bank procures a wide range of services, goods and works. It is important that the contracts awarded by the Bank define the Bank's requirements clearly and the terms of the contract are fair and where possible provide for preferential treatment of the Bank (reduced fee rates, enhanced service levels. etc.).

Although Corporate Procurement and OGC have developed standard contract terms for generic requirements there are a significant number of instances where the technical complexity of the contract requires the Bank to engage with suppliers using their terms as the basis for negotiation. For example: software licences, information subscription agreements, major works contracts and master services agreements (under which fee rate discounts are agreed).

In response to this complexity, Corporate Procurement, OGC and the User Departments have developed skills and expertise that build on lessons learned from previous negotiations and crucially whether the outcome is reflected in supplier performance. These skills and lessons learned will be shared with all others involved in the procurement and management of suppliers at the supplier management workshops scheduled in 2016 (see section 9).

Table 5: Overview of Corporate Procurement Contract Awards in 2009-2015

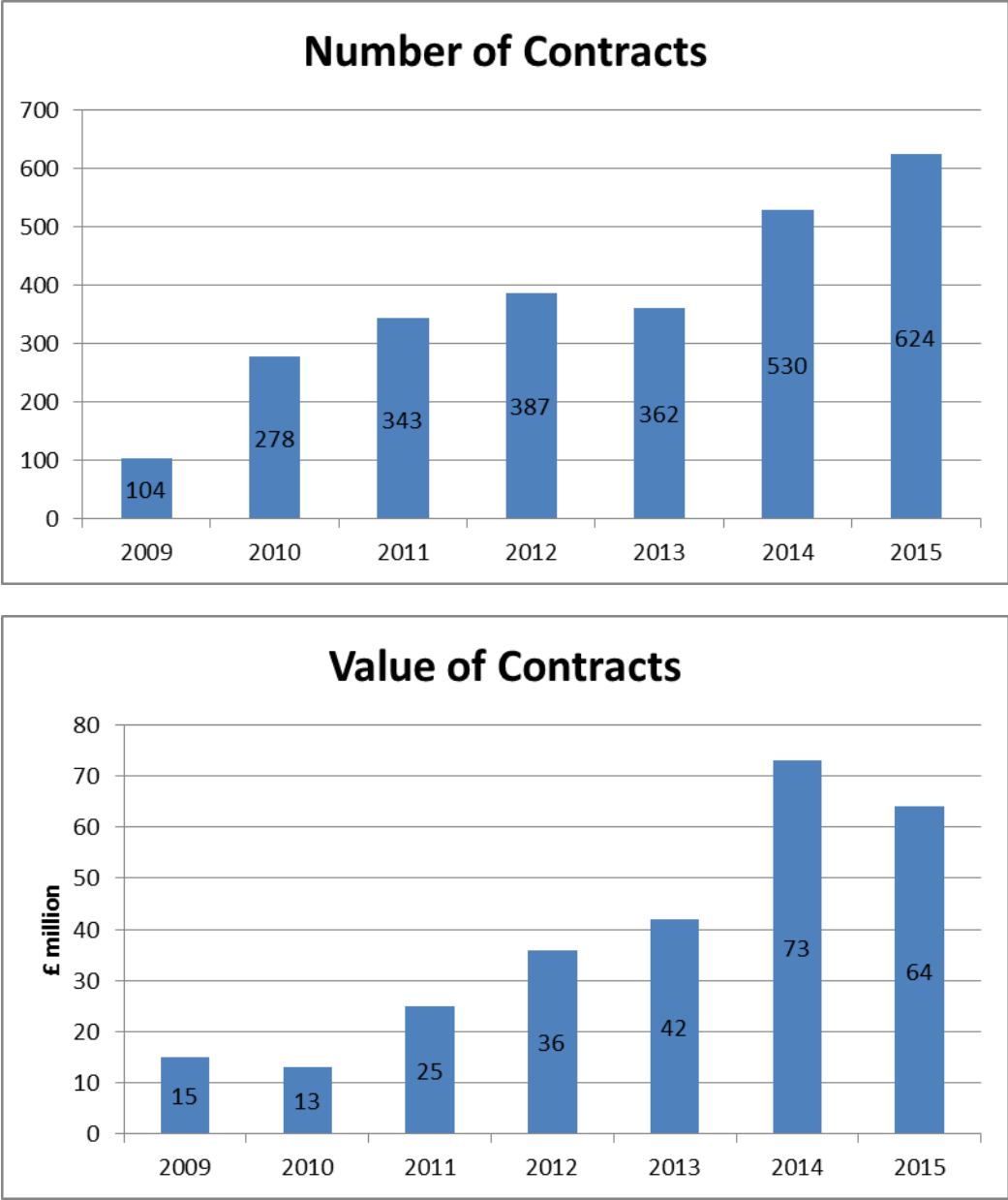


Table 4: Contracts by Procurement Thresholds in 2015 and 2014

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

	2015			2014		
	Value GBP	% of Total Value	Number	Value GBP	% of Total Value	Number
>150k	39,838,157	62%	51	55,348,572	75%	67
50-150k	18,443,326	29%	221	13,324,800	18%	147
20-50k	4,544,820	7%	139	3,204,884	4%	98
5-20k	1,394,410	2%	125	1,381,560	2%	128
<5k	208,250	<1%	88	229,314	<1%	90
Grand Total	64,428,964	100%	624	73,489,130	100%	530

Competitively Awarded Contracts

In 2015 competitively awarded contracts and extensions made up 80% 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 2015 and 2014

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

	2015			2014		
	Value GBP	% of Total Value	Number	Value GBP	% of Total Value	Number
Competitively Awarded Contracts	20,414,454	32%	149	32,954,351	45%	153
Extensions to Competitively Awarded Contracts	30,635,306	47%	232	20,767,288	28%	181
Directly Awarded Contracts	5,112,535	8%	92	6,011,479	8%	72
Directly Awarded Extensions	8,266,669	13%	151	13,756,013	19%	124
	64,428,964	100%	624	73,489,130	100%	530

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

The number and value of exceptions to competitive procurement awarded in 2015 remained at a similar level to awards for previous years with 115 suppliers and a total contract value of GBP 12.7 million (2014 figures were 118 and GBP 12.6 million). The difference between the

total value of directly awarded contracts and extensions (GBP 13,379,204) and the total value of exceptions to competitive procurement (GBP 12.7 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 which do not require the application of the rules of the CPP to areas that fall under the authority of Treasury and Treasury Risk Management.

65% of the suppliers (75) related to contracts for on-going and previously approved exceptions and represented almost 80% of the total value of all exceptions in 2015. The same figures for 2014 were 79 on-going and previously approved exceptions representing 81% of the total value of exceptions.

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

In 2015, the total expenditure by the ROs amounted to GBP 2,926,686 compared with GBP 2,959,030 in 2014. These figures include Corporate Procurement expenditure, excluding office rent³, by the Bank's Resident Offices (ROs) in 2015. 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 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 2015 the Board waiver was exercised exceptionally in one case for a vehicle purchase in Kiev.

8. Host of the 2015 Meeting of the Network on Procurement in International Organisations (NPIO)

The Bank hosted the 2015 conference of the Network on Procurement in International Organisations (NPIO) at its Headquarters 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 the Vice President HR & Corporate Services (Luise Hölscher) and attended by 24 delegates representing a wide range of international

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.

organisations including the IMF, African Development Bank, Inter-American Development Bank, FAO, European Space Agency, etc.

The theme of the conference was ‘Measuring Procurement Performance’, which generated lively discussions particularly during the two roundtable sessions included in the two-day event. Procurement performance was considered from two perspectives: the performance of the procurement professionals that form each organisation’s Corporate Procurement function and the quality of the outcomes Corporate Procurement delivers.

The importance of professional development and ‘benchmarking’ of professional standards was emphasised by delegates. Examples of professional development included the Chartered Institute of Procurement and Supply’s (CIPS) certification process and opportunities for staff mobility between organisations, e.g. The recent secondment of Corporate Procurement’s Senior Manager to the European Stability Mechanism.

The Bank’s Corporate Procurement presentation centred upon the metrics that the Departmental Scorecard project will employ: time taken to perform procurement processes, cost and operational efficiencies delivered and inter-departmental feedback surveys. Feedback from delegates is that the Bank is amongst a handful of organisations taking the lead in this area.

The roundtable on supplier risk investigated the various approaches taken by members of the NPIO to the measurement and mitigation of supplier risk throughout the procurement lifecycle. The importance of knowing ‘who’ your suppliers are and the risks they may pose to your organisation has become a priority for most members of the NPIO. A variety of approaches were presented and debated by the delegates. One outcome of the conference is an agreement between members of the NPIO to create a repository of the various supplier risk assessment methodologies and mitigation strategies used by members.

The topics discussed at the conference will provide a focus to the ongoing engagement between members of the NPIO for the year to come (next year’s host is scheduled to be the African Development Bank).

Feedback from delegates was highly complimentary. They described the topics discussed as useful, timely and relevant. In addition, the delegates thanked the Bank for the smooth delivery of the event. The travel and accommodation assistance, catering, audio-visual arrangements, reception team, etc. were all excellent and ensured the delivery of a seamless event.

9. Corporate Procurement Cost and Operational Efficiency

From 2016 Corporate Procurement will measure the cost efficiency and quality of supplier performance delivered by the procurement and supplier management cycle. The following will be measured and monitored:

Cost savings and operational efficiency will be measured as follows:

- Time taken to complete the procurement process;
- Value of cost efficiencies (savings) achieved through competitive procurement processes and commercial contract negotiations; and
- Sustainability of the cost efficiencies (savings) negotiated will be measured by the value of any contract cost overruns (often called ‘contract leakage’).

Quality of supplier performance will be monitored as follows:

- Centralised monitoring of significant suppliers' delivery against the contractually agreed service levels will directly inform contract negotiation and when necessary contract re-negotiation strategies; in addition;
- Corporate Procurement will organise and coordinate workshops with key budget holding departments (HR, ASD, IT, Communications and OSG), OGC and OCCO on contract and supplier management. Corporate Procurement will develop best practice and procedural guidance on topics including: drafting specifications, service level agreements, supplier management, etc.

ANNEX

Table A: Major Contracts in 2015 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
Restack Project to the Bank's HQ	8,732,294		8,732,294
Donor Funds Business Software Systems Implementation		4,707,043	4,707,043
Auditing Services		4,400,716	4,400,716
Networking Equipment and Related Services		3,000,000	3,000,000
Travel Agency Services	2,000,000		2,000,000
Assignment Services (Technical and Professional Positions)		1,500,000	1,500,000
Catering Services to the EBRD's Headquarters		1,277,190	1,277,190
Soft Furniture EBRD's Headquarters	1,100,000		1,100,000
Corporate Gym Membership	862,206		862,206
Event Management Services		800,000	800,000
Cloud Services	729,711		729,711
Donor Funds Implementation		651,000	651,000
Partnership Agreement		575,931	575,931
Configured Business Software Budget, Planning and Consolidation Application	523,407		523,407
Accounting System Upgrade		481,523	481,523
Porterage, Storage and Removal Services	450,000		450,000
Design Services for the Annual Meetings	450,000		450,000
Evaluation Services	446,055		446,055
Risk Management Systems Programme		407,700	407,700
HR Talent Management Tools	348,900		348,900
Information and Analysis Online Services		339,000	339,000
Risk Systems Integration Specialist		335,800	335,800
Engineering Maintenance Services		317,753	317,753
Company Information and Business Intelligence Services		316,348	316,348
Business Software Systems Support and Consultancy Services		283,720	283,720
Tracking Services		280,000	280,000
Language Training Services		250,000	250,000
Anti-Shatter Film for Resident Offices	250,000		250,000
Accounting System Upgrade Project Manager	247,500		247,500
Building Management Integration System for the EBRD		220,000	220,000
Annual Meeting Services		217,463	217,463
HQ Photocopying Facilities		208,408	208,408
Web-Based Loan Syndication Application		203,493	203,493
Office Stationery		200,000	200,000
Virtualised Storage Equipment		198,689	198,689
Technical Programme Manager		189,385	189,385
Business Software Systems Licence		188,792	188,792
Medical Services		180,000	180,000
Fit-Out Works for Istanbul RO	178,434		178,434
Access Control Maintenance Systems		170,769	170,769
Project Manager (Service Improvement Project)	169,050		169,050
Project Manager		168,640	168,640
Credit Assessment Scorecards		166,832	166,832

Supplier	New	Extension	GBP Value
Training Programme for Project Monitoring		166,500	166,500
Technical Project Manager (Internet Protocol Telephony Project)		166,250	166,250
IT Audit and Controls Consultant	161,000		161,000
Distributed Denial of Service (DDOS) Protection	160,846		160,846
Project Manager, It Security and Business Continuity	156,400		156,400
Risk Systems Developer		153,410	153,410
Admin and Finance Temporary Staff and Staff Recruitment		150,000	150,000

Table B: Projects Reviewed and Approved in 2015

Date	Project	Approval for
07/01/15	Soft Furniture HQ	Project Plan
07/01/15	Staff Survey	Project Plan
20/01/15	Removals, Storage and Portage	Award of Contract
11/02/15	Soft Furniture HQ	Award of Contract
06/03/15	Project Manager for Accounting System Upgrade Project	Exception to CPPP
16/03/15	Short-Term, Fixed-Term and Permanent Recruitment Preferred Supplier List	Project Plan
20/03/15	HR Capability and Process Review	Exception to CPPP
27/03/15	Mobile Device Technology Licence Renewal	Exception to CPPP
30/03/15	Global Account Review Services	Exception to CPPP
31/03/15	Consultancy Services for Strategic Extranet Phase One Delivery	Exception to CPPP
02/04/15	Credit Rating Scorecards	Exception to CPPP
24/04/15	Talent Management Tools	Exception to CPPP
15/05/15	Global Financial Information Database	Exception to CPPP
27/05/15	Fit-Out Services for Tbilisi Resident Office	Exception to CPPP
10/06/15	HQ Engineering Services	Exception to CPPP
11/06/15	Anti-shatter Film for Resident Offices	Project Plan
16/06/15	Extension to E-recruitment System Contract	Exception to CPPP
24/06/15	Training and Documentation Solution	Exception to CPPP
01/07/15	Phase II HQ Space Allocation Review	Exception to CPPP
01/07/15	Staff Medical Services	Project Plan
02/07/15	Annual Meeting Design Services	Project Plan
08/07/15	Modification and Installation of Small Chiller	Exception to CPPP
09/07/15	Real Estate Services	Project Plan
17/07/15	Network Monitoring and Maintenance Service	Project Plan
17/07/15	Distributed Denial-of-Service (DDoS) Protection	Project Plan
21/07/15	Various HR Staff Salary Surveys Data	Exception to CPPP
26/08/15	Development and Support Work for Accounting System Upgrade	Exception to CPPP
27/08/15	Shipping Services for Annual Meetings 2016-2018	Project Plan
01/09/15	Distributed Denial-of-Service (DDoS) Protection	Award of Contract
02/09/15	Fit-Out Services for Istanbul Resident Office	Project Plan
10/09/15	Various Business Information Services Subscriptions	Exception to CPPP
15/09/15	SEMED Investment Forum in Skhirat	Exception to CPPP
16/09/15	Waiver to the Bank's Immunity from Judicial Process	Waiver to the Bank's Immunity from Judicial Process
16/09/15	CCTV Broadcastings, Live Streaming and Video Production Services for EBRD Annual Meetings	Project Plan
25/09/15	Subscription-based Research Services Renewal 2015	Exception to CPPP
30/09/15	Short-Term, Fixed-Term and Permanent Recruitment Preferred Supplier List	Award of Contract
30/09/15	Fit-Out Services for Istanbul Resident Office	Award of Contract
02/10/15	Photocopying Facilities Management	Exception to CPPP
02/10/15	Anti-shatter Film for Resident Offices	Award of Contract
08/10/15	Network Monitoring and Maintenance Service	Award of Contract
09/10/15	Staff Medical Services	Award of Contract
14/10/15	Reporting Solution Subscription	Exception to CPPP

Date	Project	Approval for
21/10/15	Video Conferencing Maintenance Support and Managed Bridge Service	Exception to CPPP
28/10/15	Purchase of Additional Software for the Extraction, Transformation and Loading of Data From Source Systems to other Core Systems	Exception to CPPP
28/10/15	User Experience Platform	Project Plan
05/11/15	Shipping Services for Annual Meetings 2016-2018	Award of Contract
06/11/15	Database Software Services	Exception to CPPP
13/11/15	Fit-Out Services for Athens Resident Office	Exception to CPPP
16/11/15	Annual Meeting Design Services	Award of Contract
19/11/15	Accounting System Automated Testing Tool	Project Plan
19/11/15	Professional Services to Complete a Management Information System	Exception to CPPP
26/11/15	World Economic Forum Membership	Exception to CPPP
30/11/15	Managed Tracking Service Extension Approval	Exception to CPPP
01/12/15	Various Business Information Services Subscriptions	Exception to CPPP
04/12/15	Real Estate Services	Award of Contract
10/12/15	Partition Alterations to 2nd Floor, 175 Bishopsgate	Project Plan
17/12/15	Off-site Storage and Retrieval Services	Project Plan

Table C: List of Exceptions to Competitive Procurement Approved in 2015

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

Supplier	New	Extension	GBP Value
Performance Support Software Implementation and Training	10,000		10,000
Penetration Testing Services	8,000		8,000
HR Capability Review	92,155		92,155
MIS and Application Support		806,000	806,000
Salary Survey Data		91,202	91,202
Information Security Design and Branding	20,400		20,400
Global Market Forecasts, Data and Analyses		119,441	119,441
Company Information and Business Intelligence Services		325,853	325,853
Security Review Consultancy Services	14,300		14,300
Project Audit Services for HQ Restack Project	14,500		14,500
Maintenance of Window Cleaning Equipment	94,560		94,560
Specialised Information Provider		16,900	16,900
Economic and Investment Research Services		49,704	49,704
Dispute Resolution Training Courses		36,265	36,265
North African Cultural Awareness Training		40,260	40,260
Strategic Extranet		148,950	148,950
Security and Performance Management Services	9,580	38,500	48,080
Effective and Efficiency Review Campaign	27,132		27,132
Estate Agent Services in Istanbul	40,000		40,000
Web-Based Loan Syndication Application		203,493	203,493
Partnership Agreement for Global Webit Congress Event	6,783		6,783
Reference Source for Economics Research		12,330	12,330
Athens RO Fit-Out	67,709		67,709
Carbon Emissions Consultancy for Annual Meeting 2015	7,295		7,295
Emerging Markets Business News and Data Services	26,454		26,454
International, Emerging Market Fund Data and Analysis		18,314	18,314
Belgrade Fit-Out Works	10,245		10,245
Accommodation Allowance Data	34,605		34,605
Investor Network Membership		10,175	10,175
US Taxation Advice		83,900	83,900
Health and Safety Online Training and Development		5,005	5,005
Global Market Activity Intelligence Services		28,740	28,740
Evaluation Services	446,055		446,055
World Business, Finance and Political News Information Services		16,000	16,000
Security Infrastructure Analysis and Management	112,919		112,919
Bank Capital Adequacy Under Basel III Training	7,200	6,700	13,900
Corporate Gym Membership	45,000		45,000
FT Growth Markets Summit FT Live Event Sponsorship Agreement	10,175		10,175
IT Leadership Executive Programme		91,000	91,000

Supplier	New	Extension	GBP Value
Office Fit-Out Works for Tbilisi RO	105,473		105,473
Power and Renewable Energy Industry Research Service		163,389	163,389
Network Connection Agreement		15,000	15,000
Governors Dinner Annual Meeting 2015	12,923		12,923
Accounting System Upgrade Project Manager	247,500		247,500
Job Evaluation Management Tools and Staff Salary Survey Data	10,610	15,450	26,060
Information and Analysis Online Services		339,000	339,000
Regulatory Applications and Software Solutions	45,375		45,375
Financial Risk Management News Analysis Service		6,660	6,660
Business Media Publications	5,445		5,445
Ad-Hoc Aviation Safety and Technical Advice		20,370	20,370
Software for the Extraction, Transformation and Loading of Data from Source Systems to Other Core Systems		82,845	82,845
Global Infrastructure Finance Market Information Services		12,313	12,313
News Information Services		13,150	13,150
Athens Democracy Forum 2016 Sponsorship Agreement	18,422		18,422
Permit to Work Manager		30,000	30,000
Job Review Consultancy Services	8,000	36,656	44,656
Installation of Critical Load Chiller	127,460		127,460
Work Station Assessments and Work Station Training		10,840	10,840
Estate Agent Services in Tokyo	9,388		9,388
Candidate Assessment Services	406,500		406,500
X-Ray Machine Maintenance		26,851	26,851
SEMED Forum Morocco	70,422		70,422
Legal, Government, Business and High-Tech Information Source Provider		9,600	9,600
E-Recruitment Systems		66,078	66,078
Risk Management Systems Programme		710,885	710,885
Management Training		39,000	39,000
Computer Security Software		26,250	26,250
Learning Management Platform		33,160	33,160
Accommodation Allowance Data	5,180		5,180
Accounting System Upgrade		481,523	481,523
Ratings and Analysis Services		42,000	42,000
Database Software Services Security Consultancy	26,000		26,000
Tracking Services		280,000	280,000
Debt Collection Services		54,597	54,597
Weekly Water Report		37,985	37,985
Web-Based Collaboration and Document Management System Licences	29,500	34,521	64,021
Database Software Services	168,613		168,613
MS Excel Workbook Support		18,125	18,125
Penetration Testing		35,000	35,000
Business Continuity Management Services		39,522	39,522

Supplier	New	Extension	GBP Value
Training for IT Software and Bespoke Bank Applications		50,000	50,000
Commodity and Energy Market Information Services	6,467		6,467
Business and Report Writing Skills Training		51,480	51,480
Review of Social Security Regulations	28,000		28,000
Configured Business Software Budget, Planning and Consolidation Application	523,407	135,166	658,573
In-Memory Computing		289,618	289,618
Chairman of the EBRD Alumni Association	12,500		12,500
International Banking and Financial Services Market Information Services		26,898	26,898
RO Maintenance Specialist-Russian Federation		52,713	52,713
Admin and Finance Temporary Staff and Staff Recruitment		150,000	150,000
Review of EBRD Retirement Plan	29,161		29,161
Language Training Software		106,680	106,680
Business Software Systems and Cloud Services	729,711	406,856	1,136,567
Security Services	12,500		12,500
Technical Support Consultant for Web-Based Collaboration and Document Management System	27,820	133,340	161,160
Metals, Mining and Financial Market Data	82,726	48,195	130,921
Financial Research and Analysis Services	55,036	242,004	297,040
Building Management Integration System		220,000	220,000
Presentation Skills Training		30,375	30,375
Global Capital Market Infrastructure Information	95,000		95,000
Financial News Services		7,350	7,350
Trading and Risk Systems EOD Batch Runner		62,500	62,500
Staff Salary Survey Data	6,264		6,264
Off-Site Storage		20,000	20,000
Cabling Services		13,000	13,000
Network Consultancy		89,280	89,280
Corporate Gym Membership	862,206		862,206
Cashless Payment System		25,589	25,589
HQ Photocopying Facilities		208,408	208,408
Nominee Directors Training Course		48,000	48,000
Employee Assistance Programme		26,073	26,073
Partnership Agreement 2016-2018		575,931	575,931
Total	4,872,675	7,848,959	12,721,634