Winning EBRD procurement contracts

European Bank for Reconstruction and Development
European Bank for Reconstruction and Development
Role and Activities
What is EBRD?

**European Bank for Reconstruction and Development**
- International financial organisation established in 1991
- Capital base – EUR 30 billion
- Credit rating of AAA by Standard & Poor's, Moody's and Fitch

**Shareholders of the Bank**
Two international organisation and 65 countries.

**Mission**
The Bank promotes transition to market economies in 38 countries from Central Europe to Central Asia, as well as in the SEMED region.

The Bank promotes policy dialogues with regards to investment climate, business environment and policy matter.
38 countries of operations

4,700 Projects
EURO 116 billion EURO

80 per cent – private sector
20 per cent – public sector
EBRD Procurement Policies and Concession Papers
Main principles

- **ECONOMIC** use of resources
- **EFFICIENT** project implementation
- Project results shall be of due **QUALITY**
- **NON-DISCRIMINATORY** process
- **TRANSPARENT AND RESPONSIBLE** use of public funds
Procurement principles

- Aligned with the Government Procurement Agreement of the World Trade Organisation
- Use of efficient procurement methods
- Fair and open international tendering – the norm
- Lack of quotes, limitations or preferences
- Clients are responsible for project implementation
- Compliance with the Environmental and Social Policies
- Prevention and fighting prohibited practices
Bank’s approach in public procurement

- Procurement – an integral part of project risk management
  
  *Minimisation of risks – Maximisation of success*

- Coverage of the entire project cycle
  
  *Procurement – part of project delivery strategy*

- Balanced risk distribution
  
  *Use of standard tender documents and internationally recognised contract terms and conditions*

- Aim of evaluation – best value for money
  
  *Evaluation factors usually are expressed in monetary terms*

- The key to success – people

- Assistance to the clients

- Prevention and fighting corruption
The Client’s role during implementation

Implement projects in line with agreements

The clients are responsible for all aspects of the procurement of contracts.

They invite, receive and evaluate tenders and awards contracts, which in all cases are concluded between the clients and the suppliers/contractors/consultants.
The Bank’s role

- Advise clients
- Assist clients in the course of project implementation
- Ensure that the implementation is in line with agreements
- Review procurement actions
- Review complaints
- In private sector undertakes due diligence and monitors projects to ensure that fair market prices are obtained
Procurement of Goods and Works
Procurement methods for Goods and Works

- **Open tendering**
  - All interested firms may submit tenders
  - Pre-qualification is often used
  - Two-stage tendering for complex projects
  - Simplified open tendering for low value low complexity contracts
  - About 95% by value of all EBRD financed contracts

- **Direct contracting**

- **Commodities procurement**

- **Alternative national competitive procedures**

- **Alternative procedures by utilities, agencies and enterprises**
Open tendering procedure milestones

- General Procurement Notice publication on EBRD website
- Preparation of documents, using standard tender documents and contracts
- Prequalification for large contracts
- Tender notice publication on EBRD website (OJEU, dgMarket)
- Pre-tender meeting
- Public tender opening
- Evaluation by client
- Winning tenderer notified
- Contract signed, winning tenderer provides performance security
- Unsuccessful tenderers notified of results
- Award details published on EBRD website
Procurement of Consultancy Services
Consultant Selection Procedures

- Funding sources
  - Technical Co-operation Funds
  - Bank Loans
  - Bank Administrative Budget
- Three types of procedure:
  - direct contract (below EUR 75,000)
  - single stage competitive selection
  - two stage competitive selection
- Shortlist (3 to 6 qualified firms)
- Evaluation is focused on quality/technical merits
- Price is normally an additional factor
Two stage competitive selection procedure

- General Procurement Notice publication on EBRD website
- Preparation of documents, using standard RFP documents and contracts
- Invitation for expression of interest publication on EBRD website (OJEU, dgMarket)
- Short listing process
- Invitation of short-listed consultants
- Pre-submission meeting
- Opening technical proposals
- Evaluation by client
- Financial proposal opening
- Winning consultant notified
- Contract negotiated and signed
- Unsuccessful consultants notified of results
- Award details published on EBRD website
How to get business

- What are the opportunities?
- Strategy for winning contracts
Operational results of 2016

- In 2016 the Bank invested €9.39 billion in 378 projects
- Net profit €794 million
EBRD finances diverse range of businesses in the entire region
Investments in infrastructure

In 2016 the Bank’s public sector clients signed 214 contracts for EUR 2.6 billion
Dynamics

Forthcoming three year plan

- Contracts: 845
- Total value: €8,400 million

Public Sector

- Contracts: 214
- Total value: €2,645 million
- EBRD financed: €1,304 million

Value of Contracts (€ million)

www.ebrd.com
Examples of goods and works procured under the Bank’s financed projects

- **Municipal infrastructure**
  - Waterworks, pipelines, meters, pumping stations, wastewater treatment plants, incinerators, district heating networks, busses, trams, trolleybuses, metro systems, e-ticketing, street lighting, solid waste management

- **Transport**
  - Rail track maintenance equipment, locomotives, EMU, DMU, signalling systems, sea vessels, air traffic control and navigation equipment, motorways, management information systems, PMMR/OPRC
Examples of goods and works procured under the Bank’s financed projects

- **Power and Energy Efficiency**
  - Power transmission lines, transformer substations, distribution control systems, power stations, meters, energy efficiency equipment, generation plants, management information systems, renewables

- **Natural Resources**
  - Oil pipelines, gas pipelines, pumping stations, oil and gas terminals, storage reservoirs
Ukraine: Nuclear Safety Upgrade Program

With 13,835 MW, Ukraine is #4 in Europe regarding electricity generation with nuclear units

Energoatom is operating the 15 nuclear units in Ukraine and has permanently implemented safety measures on those units since their commissioning.

The objective of the Program is to bring safety levels of all Ukrainian NPPs’ power units to internationally accepted ones.

It consists of dedicated measures, which do not change technical and economic characteristics of power units.

1.400 billion EUR program, including loans by Euratom (EUR 500 million) and EBRD (EUR 300 million).

87% - for goods, 13% - for erection and services.

Total for all units within the Program – 1,144 measures.
Azerbaijan: Road Reconstruction and Upgrading

The Government of Azerbaijan continues the rehabilitation and reconstruction of its principal road corridors and key regional roads, in order to facilitate trade and regional co-operation with its neighbours and facilitate economic development across the country.

The Client - AzerRoadService within the Ministry of Transport

The EBRD loan (USD 750 million in three tranches) will be part of the overall road sector upgrade and expansion programme funded on on-going basis by the Government of Azerbaijan using budgetary funds as well as the road sector framework facilities from the World Bank (USD 675 million) and Asian Development Bank (USD 500 million).
Belarus: Environmental Infrastructure Facility

The EBRD launched the Belarus Environmental Infrastructure Framework Facility (BEIFF) with the Republic of Belarus. The Facility is intended to provide total external financing of up to €27.2 million for up to three secondary municipalities to improve environmental infrastructure and services.

One of subprojects comprises a sovereign loan of €12.5 million to be on-lent to the Vitebsk Water Company.

The proceeds will be used to improve the existing wastewater treatment plant and sludge handling facilities.
Participate to WIN
Where are the opportunities?

- Where to find information on opportunities
  - check www.ebrd.com
  - check national press
  - contact clients

- What to look for
  - Project Pipeline
  - General Procurement Notices
  - Invitation for Prequalification or for Tender
  - Invitation for Expression of Interest (Consultants)
Opportunities - research www.ebrd.com

We invest in changing lives.

What's new
EBRD investments in SEMED hit €1.5 billion

Our investments in the southern and eastern Mediterranean have now reached the milestone of €1.5 billion.

The funds contribute to the development of the private sector and open market economy in Egypt, Jordan, Morocco and Tunisia.
Opportunities - research www.ebrd.com

Working with the EBRD

There are a number of ways you can work with the European Bank for Reconstruction and Development (EBRD) as well as its clients and partner organisations. We offer a range of products and business services. Our operations extend across more than 30 countries and within a broad range of sectors.

Project finance
We offer a number of financial instruments, primarily in the form of loans, equity and guarantees.

Procurement
Projects financed by the EBRD generate many tendering opportunities. We also seek corporate products and services for internal projects and departments.

Trade Facilitation Programme
We provide an award-winning scheme which promotes global trade by guaranteeing trade transactions to, from and among the countries we work in.

EBRD applications
Collaborations systems for EBRD clients
Administration and support for EBRD applications

Follow us

EBRD headquarters, London

Watch video
How EBRD projects work
Opportunities - research www.ebrd.com
Opportunities - research www.ebrd.com
| Issue Date | Closing Date | Country       | Project Name                        | Sector                                             | Contract                                      | Type                                |
|------------|--------------|---------------|-------------------------------------|**************************************************|**********************************************|**************************************|
| 01 Jun 2016| 20 Jul 2016  | Tajikistan    | North Tajik Water II Rehabilitation Project | Municipal and environmental infrastructure   | Project goods, works and services           | Invitation for tenders              |
| 31 May 2016| 31 May 2017  | Romania       | R2CF Braila                          | Municipal and environmental infrastructure     | Project goods, works and services           | General Procurement notices         |
| 31 May 2016| 14 Jul 2016  | Kyrgyz Republic| Osh Public Transport Project         | Municipal and environmental infrastructure     | Project goods, works and services           | Invitation for tenders              |
| 27 May 2016| 26 May 2017  | Latvia        | Salaspils Energy Efficiency Project  | Municipal and environmental infrastructure     | Project goods, works and services           | General Procurement notices         |
| 27 May 2016| 26 May 2017  | Tajikistan    | North Tajik Water Rehabilitation Project | Municipal and environmental infrastructure   | Project goods, works and services           | General Procurement notices         |
Opportunities - research www.ebrd.com

Odessa Trolleybus Project

Procurement ref: 7990-GPN-47902
Country: Ukraine
Business sector: Municipal and environmental infrastructure
Project number: 47902
Funding source: EBRD
Contract type: Project goods, works and services
Notice type: General Procurement notices
Issue date: 07 Sep 2013
Closing date: 07 Sep 2016 at 23:59, Ukraine

odessa trolleybus project

GENERAL PROCUREMENT NOTICE

Municipal Enterprise “Odesogorelectromon” of the City of Odessa has applied for loan financing from the European Bank for Reconstruction and Development (the Bank) to finance the procurement of low-floor trolleybuses and assorted trolleybus maintenance and diagnostic equipment.

The proposed project, which has a total estimated cost of EUR 8.4 million equivalent, will require the procurement of the following goods, works and services using the proceeds of the loan and the grant:

- Low-floor 12 m trolleybuses (including spare parts and tools)
- Workshop maintenance and diagnostic equipment including:
- Trolleybus washing units
- Trolleybus lifting equipment
Welcome to the EBRD Client e-Procurement Portal (ECEPP)

The ECEPP portal allows clients of the European Bank for Reconstruction and Development (EBRD) to conduct electronic project procurement for goods, works and loan-funded consultancy contracts for public sector projects financed in whole or in part by EBRD (including EBRD administered grants), in accordance with the EBRD’s Procurement Policies and Rules. Tender opportunities and published information may be viewed without registration. In order to access tender documentation free of charge and participate in electronic tendering for contracts procured under the Bank’s Procurement Policies and Rules, suppliers and contractors must first register through the above link.

For more information on EBRD project procurement in general, please follow this link: www.ebrd.com
E-procurement portal - ecepp.ebrd.com

Opportunities - research www.ebrd.com

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Opportunities - research www.ebrd.com

Project finance

Share this page:

Project Investments are at the heart of our operations.

The EBRD offers a wide range of financial instruments and takes a flexible approach in structuring its financial products.

The principal forms of direct financing that the EBRD may offer are loans, equity and guarantees.

Loans
Loans are tailored to meet the particular requirements of a project. The credit risk may be taken entirely by the EBRD or partly syndicated to the market.

LEARN MORE

Equity Investments
These may be undertaken in a variety of forms. When the EBRD takes an equity stake, it expects an appropriate return on its investment and will only take a minority position.

LEARN MORE

Guarantees
We also provide guarantees to help borrowers gain access to financing through our Trade Facilitation Programme.

LEARN MORE

Project Summary Documents
Technical information on EBRD projects:
- EBRD Investments 1991-2015
### Project Summary Documents

<table>
<thead>
<tr>
<th>Date</th>
<th>Project ID</th>
<th>Country</th>
<th>Project Title</th>
<th>Sector</th>
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<td>48493</td>
<td>Georgia</td>
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<td>Information and Communication Technologies</td>
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<td>FRV/Empire AI Mafraq Solar PV Project</td>
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<td>26 May 2016</td>
<td>48272</td>
<td>Greece</td>
<td>Terna Energy</td>
<td>Power and energy</td>
<td>Private</td>
<td>Passed concept review, Pending final review</td>
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</table>
Strategy for winning contracts
Strategy for winning contracts

Pre-tender phase

- Monitor information portals
- Find out if your product or service is needed
- Be focused and selective
- What is your competitive advantage?
- Understand the environment
- Explore sub-contracting or joint venture opportunities
- Read and understand the rules
Strategy for winning contracts

Tendering phase

- Get and study prequalification and/or tender documents
- Clients are responsible for the procurement, raise issues regarding the procurement documents prior to tender/application opening with the client and copy the Bank, if appropriate
- Do not attempt to influence tender evaluation process
- Evaluation process is confidential
- If unsuccessful, ask the client for a debriefing
- Complaints should be sent to the client with a copy to the Director of the Banking Department Team and the Procurement Director
- Read Annex 1: Guidance to Tenderers of the Procurement Policies and Rules
Strategy for winning contracts

Contract implementation phase

- Identify risks and develop risk mitigation plan
- Follow the terms and conditions of the signed contract
- Stay in a constant dialogue with the client
- Understand the local legal and regulatory requirements
- Avoid problems and resolve them as soon as possible
Strategy for winning contracts

Contract implementation phase

Operation and Maintenance phase

- Training of the client’s staff
- Manuals
- Warranty and post warranty support
Strategy for winning contracts

Project implementation phase risks

- Political
- Ownership of plant/land
- Bureaucracy/regulatory requirements
- Climate/environment
- Quality/reliability
- Country/local experience
- Presence/lack of local relationship
- Contract conditions/local laws
- ForEx risk
- Local reporting/accounting
Strategy for winning contracts

Project implementation phase issues

Authority approval process (compared to other countries):

- Different structure and content of documentation
- Many more Authorities involved
- More approvals are necessary
- More bureaucracy
- No direct contact for foreign companies
- Powerful individual inspectors
Strategy for winning contracts

Project implementation phase issues

- Licensing/SRO membership
  - Main activities
  - Specialised works
- Accounting
- Taxation
- Customs clearance
  - Procedures
  - Documents
  - Time
Strategy for winning contracts

Project implementation phase issues
Actions to comply with demands of Authorities
- Engagement of advisors
- Selection of experienced partner (for example design institute)
- Continuous and strong control of the partner
- Advise on technology
- Qualified translation of documents into local language
- Understanding the regulations and working relationships with the Authorities
Strategy for winning contracts

Project implementation phase issues

Standards
- GOST (State Standards)
- SNiP (Construction Norms and Rules)
- ENiR (Unified Norms and Rates)
- SanPiN (Sanitary Norms)

Conformity
- Certification by RosTechRegulation
  *Ordinary goods/equipment*
- Certification by RosTechNadzor
  *High danger goods (high pressure/temperature/lifting equipment etc.)*
- Certification by RosPoterbNadzor
  *Chemicals, building materials, water supply equipment etc.*
Strategy for winning contracts

Project implementation phase

Subcontracting:

- Flexibility necessary
- Adaptation to different mentality, structures and way of doing business
- Consideration of deviating commercial practices
- Permanent work and quality control of sub-contractors is essential
Strategy for winning contracts

Beware of contractual risks!

Factors that pose significant risk include:

- imprecise/uncertain scope, requirements, specifications
- large number of interfaces
- technical or logistical complexity
- large scale and/or long duration
- weak project management and/or contract administration
- inappropriate form of contract
- imprecise/inappropriate responsibilities, liabilities, damages
- conflicts of interest, collusion, corrupt practices
- unwillingness, inability to enforce contract conditions
- force majeure/unforeseen factors
- Imperfection of legal system
How to contact us

- Procurement Policy Department
  Tel: +44 20 7338 6807/Fax: +44 20 7338 7472
- Procurement opportunities via website:
- Project enquiries (existing EBRD projects only)
  Tel: +44 20 7338 6372/Fax: +44 20 7338 7848
- Business Development and project proposals
  Tel: +44 20 7338 6372/Fax: +44 20 7338 7848
- General enquiries
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- Publications
  Tel: +44 20 7338 7553/Fax: +44 20 7338 6102
대단히 감사합니다
Thank you very much!