

# 11

## PROCUREMENT

The EBRD offers a range of procurement opportunities for suppliers, contractors and consultants. In 2007 the Bank financed 138 public sector contracts, valued at €2,232 million.

### Procurement policies

The EBRD applies principles of non-discrimination, fairness and transparency to all contracts for works, goods and services. These principles, enshrined within the Bank's Procurement Policies and Rules, are designed to promote good practice and efficiency and to minimise risk in implementing Bank-financed projects. The EBRD expects all participants in the procurement process to observe the highest standards of ethics and conduct during the tendering and implementation of a contract.

Private sector clients can apply their own procurement practices, provided that the EBRD is satisfied that these practices are commercially sound and that fair market prices are obtained. The client must also ensure that conflicts of interest are avoided and that the best interests of all parties involved in the process are preserved. More precise rules apply to procurement in public sector operations where the EBRD requires clients to use structured, transparent procedures that maximise competition and fair treatment for all participants. The Bank reviews and monitors procurement closely at key stages of the process.

### Procurement activities in 2007

In 2007 the EBRD embarked on the review of its Procurement Policies and Rules. Public consultation was launched on key issues that may result in revisions to Bank policy. The function and organisation of the Procurement Department is also being reviewed. As part of further transparency, the EBRD has also published on its web site its Annual Procurement Review, which reviews public sector procurement contracts financed or partly financed by the Bank in 2006.

The EBRD continued to work with other multilateral development banks (MDBs) to harmonise procurement documentation for public sector projects. In October 2007, the EBRD met MDBs and the Confederation of International Contractors Association (CICA) to discuss proposed revisions to the harmonised version of the works contract, currently available on the web site of the International Federation of Consulting Engineers (FIDIC). The EBRD also participated in the Heads of Procurement meeting in Tunis where the use of country procurement systems and the harmonised standard tender documents were discussed.

The EBRD continued to provide procurement support services throughout 2007. This included running a training programme entitled "Project Delivery Strategy" for procurement executives from three Russian oil and gas enterprises and presenting its project delivery strategy and business opportunities to Italian construction companies. The Bank also ran seminars with local suppliers, contractors and consultants in Prague and Bratislava to encourage their participation in procurement processes resulting from EBRD-financed projects.

In 2007, EBRD-financed projects led to 138 public sector contracts, valued at €2,232 million, of which €1,418 million was financed by the EBRD (representing approximately 63 per cent of the total contract value). This compares with 98 contracts valued at €1,361 million in 2006, indicating a 64 per cent increase in total contract value for 2007. The total value of contracts resulting from “open” tendering procedures in 2007 was €2,155 million, or 96.5 per cent of total contract value. Contracts for transport and municipal and environmental infrastructure projects accounted for €1,636 million, representing 100 out of 138 contracts, or 72.5 per cent of all contracts signed by number and 73 per cent by value respectively of all public sector contracts awarded in 2007.

The number of public sector contracts associated with EBRD-financed projects has increased compared with 2006 and the value of the contracts is considerably higher. Additionally, this year has seen a decrease in the number of “concerns” and formal complaints received by the Bank regarding procurement practices. In 2007 the EBRD received 5 concerns and 11 formal complaints compared with 12 and 15, respectively, in 2006.

A “concern” is any issue that is brought to the attention of the EBRD by a tenderer regarding the procurement process or contract award. The concern is referred to the contracting authority, which is expected to address and resolve the issue with the relevant party.

If the two parties cannot come to an understanding or an agreement, the concern is raised to the status of a complaint. At that point, the EBRD freezes the procurement process and an investigation is undertaken.

In 2006 the EBRD received a complaint concerning the procurement of the new safe confinement contract to be funded by the EBRD-administered Chernobyl Shelter Fund. The EBRD carried out a comprehensive review and concluded that the complaint could not be upheld. Subsequently, the EBRD, together with a panel of experts and observers, ensured that the pre-contract discussions with the leading consortium addressed the remaining open issues consistent with the applicable tender documents, the agreed procedural framework and the Bank’s Procurement Policies and Rules. These discussions eventually led to the conclusion of the contract in July 2007.

### **Procurement opportunities**

To improve the awareness of procurement opportunities concerning EBRD-financed projects, the Bank regularly publishes information about forthcoming contracts on the Procurement Opportunities section of the EBRD web site: [www.ebrd.com/oppor/procure](http://www.ebrd.com/oppor/procure).