European Investment Bank

EIB: Procurement policy for consultants, suppliers and contractors

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EIB Procurement for consultants, suppliers and contractors

Procurement: what is it for?

- The Bank will ensure that its funds are employed as rationally as possible in the interest of the Union (EIB statute).
- The objective of procurement: procure in the economically most advantageous way works, goods and services to implement a project.
- Why are there strict and formal rules for public procurement?
  - The promoter is using public money. Therefore, the process must be:
    - Transparent
    - Fair and non-discriminatory
    - Traceable
  - Full access of EU firms to procurement under EIB financed projects.
The EIB procurement model: a dual approach

- EIB as EU institution must follow EU Public Procurement principles: EIB procurement rules are based on the EU Public Procurement Directives.

- EIB as an MDB, when operating outside the EU, has to harmonise its rules with other MDBs: EIB procurement rules incorporate MDBs’ best practice.
The EIB Guide to Procurement

- The Guide to Procurement is the main reference document regarding EIB Procurement Policy.
- Sets the requirements for the procurement of the project to be acceptable to the Bank.
- Referenced in the Finance Contract.
- Current version: June 2011
  - Official and published version, available on the EIB website:
    http://www.eib.org/projects/cycle/procurement/index.htm
Bank and Promoter respective roles

- Promoters are fully responsible for all aspects of the procurement process.
- The Bank’s involvement is confined solely to verifying whether or not the conditions attached to its financing are met.
- The Bank may advise or assist promoters, but is not a party to the resulting contracts.
- The Guide to Procurement is NOT a legal framework, and therefore the national legislation is the framework governing procurement procedures.
Inside the EU

- Within the EU and in those candidate countries that have already incorporated the relevant EU legislation, procurement is covered by national legislation implementing EU Law, in particular EU Public Procurement Directives.
- It is the role of the relevant national and EU authorities to ensure that procurement is carried out in compliance with this legal framework.
- The Bank requires the promoter to ensure that the applicable procurement directives are complied with under the project.
- The Bank will take further steps during implementation, to the extent necessary to control compliance in order to reduce risks.
Outside the EU

- In all other countries outside the EU, the Bank requires that the main mechanisms of the EU Procurement Directives be complied with, with the necessary procedural adaptations.

- Procurement of works, goods and services financed by the Bank must be carried out in accordance with the EIB Guide to Procurement.

- The Bank monitors the procurement process to ensure that it is compliant with the Guide to Procurement.
Eligibility

- Financed from the Bank’s own resources: Open to nationals of all countries.
- Financed partially or completely from resources from third parties:
  - Cotonou Agreement: Open to nationals of all countries
  - Other instruments (NIF, FEMIP, etc.): Depends on the rules of the instrument. At least EU and parties to or beneficiaries of such agreement.
- Co-financed from own resources:
  - Joint co-financing: Open as much as possible, at least EU and beneficiary country.
  - Parallel co-financing: Normal EIB eligibility rules
As a complement to its lending activity, the Bank may provide technical assistance (art. 18.7 of the Statutes)

...in doing so the Bank must ensure that it:

→ **Brings value to customers**
  
  ...improving project delivery, efficient utilisation of funds and attractiveness of the investments

→ **Acts in the interests of the EU and its Member States**
  
  ...acceleration and facilitation of investment by providing services which contribute to EU strategy and act counter-cyclically

→ **Contributes to the COP objectives**
  
  ...supporting lending and project quality, improving the pipeline and speeding up disbursements
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LENDING

BLENDING

Combining EIB finance with EU budget (Project Bonds)

Decentralised Financial Instruments (J’s)

Policy & Public sector support / Advisory platforms (e.g. EPEC)

ADVISING

Upstream project work and strategic advice

Project related advice (e.g. NIF / EPTATF / WBIF / ACP)

Special advisory on specific projects

Project related advice (e.g. EIAH / JASPERS / ELENA / FEMIP)
Objectives of the technical assistance funds from European Commission and EU Member States:

- To **help** the partner countries and private promoters to better prepare, manage and supervise their investment projects;

- To **improve** the quality and development impact of investment;

- To **strengthen** the management capacities of local partners in the medium and long term.
Sector perspective of EIB TA:

- Private sector support
- Environment
- Communication
- Energy
- Education and health
Areas in which technical assistance is provided:

- Studies or targeted activities upstream of lending operations in the areas of legislative, regulatory and institutional reform;

- Pre-feasibility or feasibility studies for investment projects (water and wastewater, energy, environment, transport and communications, education and health);

- Project Implementation.
Existing TA facilities outside the EU

- FEMIP Trust Fund
- Neighborhood Investment Facility (NIF) South + East
- Cotonou TA + ”…..IFs”
- EU Africa Infrastructure Trust Fund
- Eastern Partnership Technical Assistance Trust Fund
- Western Balkans Investment Framework (WBIF)

=> Total volume of consulting services: **EUR 40 m / year**
Major TA Facilities inside the EU

- JASPERS - Joint Assistance in Supporting Projects for European Regions
- JESSICA - Joint European Support for Sustainable Investment in City Areas
- JASMINE - Joint Action to Support Microfinance Institutions
- ELENA - European Local Energy Assistance Facility
- Project Implementation Support in Bulgaria and Romania
- European Investment Advisory Hub (EIAH)

=> Volume of consulting services: **EUR 20 m / year**
TA delivery through:

- EIB staff
- Consultants
- Third parties (Investment Fund Managers, International Organisations, EDFI’s and Promoters)

Close cooperation with EC, MS, Bretton Woods Institutions, EDFI’s and other development partners is crucial.
Organisation of TA activity within the EIB

- Lending Directorate
- Advisory Services Department / CPCM
- Projects Directorate
- Legal Directorate

TA business process follows lending as long as TA activity is related to investment operations.
Tendering procedures follow

- Practical Guide to contract procedures for EC external actions
- EIB Guide to Procurement
- EIB Guide for Procurement (own account)

In most cases, EIB is acting as contracting authority. Tender evaluation takes place in Luxembourg and panels are chaired by EIB.
Thresholds

- For procuring TA operations outside the EU, procurement is carried out by CPCM in accordance with:
  - the EC “Procurement and Grants for European Union external actions. A Practical Guide.” applicable at the time the tender process is launched, when the EIB acts as Contracting Authority.

| SERVICES                  | ≥ EUR 300,000 International restricted tender procedure | ≤ EUR 300,000 but > EUR 50,000 Competitive negotiated procedure OR Specific contracts under a Framework Agreement | ≤ EUR 50,000 Single tender |

- with the EIB Guide to Procurement, when the selection and contracting of the consultant is delegated by the EIB to a promoter.
Procurement monitoring procedures

- International procurement procedures
  - **Ex-ante** monitoring
    - The Bank requires promoters to seek its concurrence for all major procurement decisions and monitors the procurement process

- Other procurement procedures
  - **Ex-post** monitoring
    - The promoter must obtain the non-objection from the Bank for the procurement procedure chosen and the final selection of the tenderer on the basis of adequate justifications
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How to write a winning proposal?

- Instructions to tenderers
- Terms of Reference
- Evaluation Grid
- Bid management is crucial (consortia)
  - organisation & methodology
  - selection of key experts
  - financial proposal
  - presentation

Time to prepare a bid: 30-60 calendar days
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How to write a winning proposal?

Preparation starts as early as possible (contract forecast or even earlier)

Prequalification (shortlisting) stage – enter into a consortium?

Knowledge of local conditions improves substantially the technical offer (tailor-made proposal) but increases acquisition costs

Tendering is a « beauty contest » - companies are capable to deliver but which company is capable to present the best offer?
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TECHNICAL OFFER

Rationale
Strategy
Timetable of activities

Key Experts
Narrative presentation in the offer + CVs

EVALUATION GRID

<table>
<thead>
<tr>
<th>Organisation and methodology (Max x points)</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rationale</td>
<td>10</td>
</tr>
<tr>
<td>Strategy</td>
<td>20</td>
</tr>
<tr>
<td>Timetable of activities</td>
<td>10</td>
</tr>
<tr>
<td>Total score for Organisation and methodology</td>
<td>40</td>
</tr>
</tbody>
</table>

Key experts

Key expert 1 (Max x points)
Qualifications and skills                      | 5       |
General professional experience                | 10      |
Specific professional experience               | 15      |

Key expert 2 (Max x points)
Qualifications and skills                      | 2       |
General professional experience                | 2       |
Specific professional experience               | 6       |

Key expert 3 (Max x points)
Qualifications and skills                      | 2       |
General professional experience                | 2       |
Specific professional experience               | 6       |

Key expert 4 (Max x points)
Qualifications and skills                      | 2       |
General professional experience                | 2       |
Specific professional experience               | 6       |

Total score for Key experts                    | 60      |

Overall total score                            | 100     |
Structure and presentation of the technical offer should make the life of the evaluation committee easy

=> Form matters
=> Not too much text, use diagrams and photos

Technical compliance threshold is usually 80%. Weighting between technical and financial offer is usually 80/20.
Implementation of technical assistance activity – Key elements for success

• Needs assessment and high-quality terms of reference
• Strong partnership between EIB, Promoters and Consultants
• Continuous dialogue and regular meetings
• Quality of experts (from backstoppers to short-term experts) and reporting
• Transparency and professionality
Examples of TA in Neighbourhood

1. Private Sector financing in Egypt – identification of gaps and potential for risk-capital operations

(3 month contract, 1 team leader, 4 consultants, value of contract: EUR 127,000; Belgian Consulting Company)

Objectives:

1. Overview of the composition of the private corporate sector and its main characteristics in terms of financing requirements (“the demand side”).
2. Up-to-date information on the main characteristics of the Egyptian financial sector serving this private sector, including an overview of existing forms of financial intermediation in terms of products and intermediaries (“the supply side”).
3. Assess the gaps existing between financing needs and financing requirements. In particular, areas of possible EIB intervention to provide risk-capital financing to viable small to medium-sized firms should be identified.
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Examples of TA in Neighbourhood

2. Redefinition of Municipal Solid Waste Management Plan in the City of Bouira and Identification of Technical Support and Training Requirements Nationally (Algeria)

(4 month contract, 1 team leader, 2 consultants, value of contract: EUR 149,000; Belgian Consulting Company)

Objectives:

To support EIB project to intervene in a first phase of implementation of modern solid waste management schemes for treating municipal (non-hazardous) solid waste in several large urban centres in Algeria.

1. Finalisation of feasibility studies carried out into solid waste management in the 3 zones and selection of a project manager (maître d’oeuvre) to implement investments for the collection and treatment of waste in the central and eastern zones;
2. Redefinition of the waste management plan in the city of Bouira and identification of the technical support and training needs
Examples of TA in Neighbourhood

3. Assistance to Palestinian Water Authority for the implementation of the Water Supply to Gaza, Seawater Desalination Project

(2 year contract, 1 team leader, 2 consultants, value of contract: EUR 600,000; German Consulting Company)

Objectives:
Preparatory work, additional studies and concept design for the plant, as well as the procurement of on-site and off-site power plant, including a feasibility study for the off-site power plant. When the project started (2012), it became clear that the plant would not be able to function without a reliable power supply source, a part of which should be produced locally in order to reduce risks. The proposed TA therefore aims at procuring the relevant renewable energies power plants. It is an extension of TA assigned in 2012 when the project started, and should therefore be implemented by the same consortium through a direct award.
Examples of TA in Neighbourhood

4. Identification and preparation of railway infrastructure projects in Ukraine

(6 month contract, 1 team leader, 2 consultants, value of contract: EUR 199,000; German Consulting Company)

Objectives:
State Administration for Railway Transport of Ukraine has established plans for the modernization of the Ukrainian railway network and initiated the preparation of feasibility studies for specific investment projects. However, there are currently no comprehensive master plan for the development of the railway network in Ukraine. The TA should be used to complement study already done with the overall objectives (i) to review the development plans in the railway network in Ukraine and prioritization of future investments and (ii) to support the preparation of railway infrastructure investment projects for potential financing by the EIB. Study should also provide recommendations in case of shortcomings against international standards for project preparation.
Thank you for your attention.
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