

A GUIDE FOR U.S. SUPPLIERS DOING BUSINESS WITH THE AFRICAN DEVELOPMENT BANK

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The African Development Bank (AfDB) is a multilateral bank whose shareholders include 53 countries in Africa and 24 countries from the Americas, Asia, and Europe. The United States is the second-largest, non-regional shareholder, with approximately 6.62 percent of the bank's total share holdings.

The AfDB is concerned with poverty reduction through employment creation, improvements in standards of living, infrastructure development, and good governance. Therefore, the bank funds projects, lines of credit, grants, and studies with an eye to these objectives.

The primary industries of focus are agriculture and rural development, water supply and sanitation, transportation, education, health, power supply, finance, and combined projects involving several sectors. Most projects are intended to benefit local communities, regions, and areas of particular countries; they normally do not involve large-scale undertakings, such as construction of airports and corporate and residential real estate.

HOW MUCH DOES THE AfDB COMMIT EACH YEAR TO FINANCE PROJECTS, LINES OF CREDIT, AND GRANTS?

In general terms, the bank commits \$2 to \$3 billion annually, and part of this sum goes to jointly co-financed projects with other multilateral and

bilateral organizations. From a cumulative standpoint, 1967 to 2001, the bank has committed approximately \$30 billion.

In recent years, financing to the private sector has played a more prominent role in the bank's financial commitments. In 2001, the AfDB financed approximately \$241 million in project loans and lines of credit to the private sector.

WHAT IS INTERNATIONAL COMPETITIVE BIDDING?

International competitive bidding (ICB) is a method for the procurement of goods and services requiring notification of the international community. Bidders from eligible member countries, which include the United States, are given an equal opportunity to bid. The majority of AfDB-funded contracts are tendered through ICB.

WHAT IS LIMITED INTERNATIONAL COMPETITION?

Limited international competition (LIC) is essentially ICB by direct invitation without open advertisement. LIC is normally utilized when the contract values are small, there is a limited number of suppliers, and/or if there are special circumstances. With LIC, the borrower must prepare a list of potential suppliers and contractors making an effort to draw them from a wide range of eligible member countries. The borrower must submit the list to the bank for comments and approval. The general procurement notice will indicate if LIC is to be utilized.

In order to be considered for inclusion on the list for LIC, U.S. companies are strongly encouraged to submit a letter of interest to the executing agency in response to the general procurement notice.

WHAT IS NATIONAL COMPETITIVE BIDDING?

National competitive bidding (NCB) is the competitive bidding procedure normally used for public procurement in the country of the borrower. In some instances, NCB may be the most efficient and economical way of procuring goods or services, which by their nature and scope are unlikely to attract foreign competition. U.S. companies are eligible to submit bids; however, procurement notices are only published within the respective country.

ICB and NCB are the two most common methods of procurement. For more information on other types of procurement, please refer to the AfDB's Rules of Procedure for Procurement of Goods and Works.

WHERE DO I FIND PROCUREMENT NOTICES?

The invitations to bid (specific procurement notices) appear in the *UN Development Business* journal, *ADB Business Bulletin*, and at least one major newspaper in the borrower's country. For special contracts, procurement notices may be published in leading technical journals, magazines or newspapers. Also, bank rules stipulate that any company that has sent a letter of

interest in response to the general procurement notice must be sent the corresponding procurement notices.

The AfDB Commercial Liaison Office also transmits specific procurement notices through our Trade Opportunities Program.

WHEN DOES PRE-QUALIFICATION OF BIDDERS APPLY?

The AfDB requires pre-qualification of bidders for large, complex or turnkey contracts to ensure, in advance of bidding, that invitations to bid are confined to capable firms. For suppliers of goods or equipment, pre-qualification may be required where quality and/or performance is of primary importance, and/or supplier back-up and maintenance services are critical.

The bank requires that pre-qualification be based upon the following criteria: experience and past performance on similar contracts; knowledge of working conditions in developing countries; capabilities with respect to personnel, equipment, and construction or manufacturing facilities; financial position; and current commitments. There is no limit to the number of firms that may pre-qualify, and the bank must approve the list of firms submitted by the borrowing government.

The invitation to pre-qualify will be published in various international media, like *UN Development Business*, and indicate the criteria for pre-qualification. The notice will indicate where the pre-qualification documents can be obtained and when the completed forms must be submitted.

WHAT IS THE TIMELINE FOR SUBMISSION OF BIDS?

The bank requires at least 60 calendar days from the date of publication of the invitation to bid (specific procurement notice) for bid submissions. For contracts involving larger works, the requirement is 90 calendar days to

allow prospective bidders to investigate the site before bid submission. The date of publication in *UN Development Business* is the start date for the bid period.

HOW ARE BIDS EVALUATED?

The specific procurement notices will list the evaluation factors to be utilized by the borrowing government. In most cases, it is the lowest evaluated cost bid that is chosen among comparable bids.

WHAT STEPS DO I NEED TO TAKE TO BE SUCCESSFUL?

- Consult the general procurement notices in *UN Development Business*; *ADB Business Bulletin*; the AfDB Commercial Liaison Office Web site; and/or international/local journals, newspapers, and magazines.
- Send a letter of interest to the executing agency of the borrowing government outlining what types of goods and services you can provide. This will facilitate your company being notified when corresponding invitations to bid (specific procurement notices) are issued.
- Consult the invitations to bid (specific procurement notices) in *UN Development Business*; *ADB Business Bulletin*; the AfDB Commercial Liaison Office Web site; and/or international/local journals, magazines, and newspapers. For information about the AfDB, see www.afdb.org. If you have questions or need additional information about a project, contact the AfDB Liaison Office at Tel: +228 224-11250 or Email: Tapan.Banerjee@mail.doc.gov. ■

MARYLAND FIRM WINS \$602,000 AfDB CONTRACT IN UGANDA

On May 3, Sheladia Associates, a Rockville, Maryland-based company, beat competitors from Europe and sub-Saharan Africa to win a technical assistance contract valued at \$602,000. The contract involved the supervision of a road-regraveling project in central Uganda. U.S. Commercial Service officers at the African Development Bank counseled this firm on how to track and pursue AfDB consulting opportunities. The Commercial Service encouraged Sheladia to locate a strategic partner based in Africa that had recent experience managing a development project in order to strengthen the U.S. firm's bid before the bank made its selection. The AfDB Commercial Service recently completed a road show with stops in Los Angeles, Chicago, and New York. Each stop attracted more than 100 participants.