



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

2019 Corporate Procurement Annual Report

Corporate Procurement Unit
Facilities and Administration Services Department
March 2020

Executive Summary

Contract Value

- In the fourth year of the Asian Infrastructure Investment Bank's (AIIB or the Bank) operations, the total value of corporate procurement contracts in 2019 was USD82,804,543, a 110-percent increase from 2018. A total of 492 contracts were awarded in 2019, including contracts awarded to firms and individual consultants, against 279 contracts in 2018.
- The procurement category with the largest spending was General Services, accounting for 57 percent of the total contract value, followed by Consulting Services for 31 percent, Goods for 11 percent and Works for two percent.

Procurement Approach

- Procurement methods include competitive procurement, exceptions to competitive procurement and direct purchasing, where competitive procurement represented 62 percent of total contract value (71 percent in 2018).
- To prepare for AIIB's moving into the Permanent headquarters, multiple year contracts were issued on administration management and facility management related general services, to ensure seamless transition and consistency of quality services.
- More multiple year framework agreements were established through competition in the areas of human resources recruitment, hotel management and outsourcing services, to improve process efficiency and contract management.

2019 Achievements

- Published two Administrative Guidance (AG) documents for Corporate Procurement, one for goods, works and general services and one for consulting services, to provide detail guidance on implementation of Directive on Corporate Procurement.
- Established the Corporate Procurement Committee to assure the good governance of corporate procurement in accordance with the Corporate Procurement principles.
- A total of 492 Corporate Procurement contracts issued in a total value of USD82,804,543.
- Implemented new eProcurement systems to digitalize procurement of good and services provided by firms (SAP Ariba) and individual consultants (SAP Fieldglass). Modules include sourcing, contracting and supplier management.
- Participated in implementation of AG on Outsourcing Services, to enable the Bank to access a range of general services in a cost-effective way. This is in line with AIIB's lean business model and supports the Bank's strategies and priorities.
- Provided trainings to internal and external users on Corporate Procurement AG and eProcurement systems.
- Continued to optimize procurement processes and eProcurement systems to meet the Corporate Procurement principles based upon the Bank's core values of lean, clean and green.

Contents

1.	Introduction	4
2.	Corporate Procurement Contract Value	4
3.	Top 10 Contracts by Value	10
4.	Procurement Methods	11
5.	Global Procurement	14
6.	Engagement of Individual Consultants	15
7.	Corporate Procurement Work Plan	16

1. Introduction

The Annual Corporate Procurement Report provides an overview of AIIB's activities in obtaining goods, works and services, including consulting services required by AIIB to fulfill its institutional requirements, using the Bank's administrative budget or capital expenditure budget, including other funding sources administered by AIIB.

In 2019, the Bank's Corporate Procurement focused on expanding capacity to provide quality service and value addition to its clients. While AIIB's operations were growing fast, emphasis remained on high-quality, results-focused delivery of Corporate Procurement services to support increasing demands of all departments of the Bank. This report was prepared by the Corporate Procurement Unit (CPU) of the Facilities and Administration Services Department which is responsible for AIIB's Corporate Procurement function and for ensuring compliance with the Bank's Policy on Corporate Procurement.

This report includes statistics on (a) AIIB's Corporate Procurement contract value categorized by the type of contracts and procurement categories, (b) top 10 contracts by value (c) procurement methods, (d) international and local purchasing and (e) contracts by procurement thresholds.

2. Corporate Procurement Contract Value

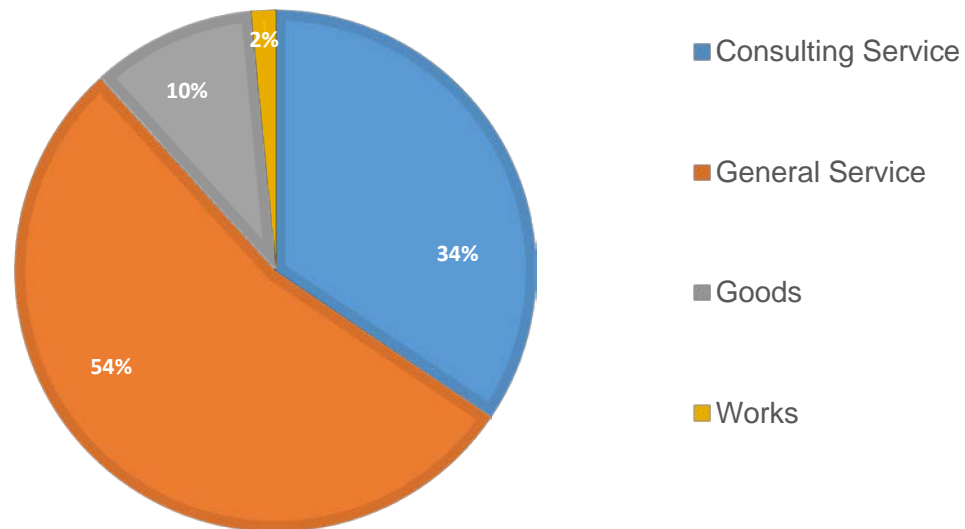
Based on AIIB's administration and operational requirements, the total corporate procurement contract value in 2019 was USD82,804,543.

Table 1: 2019 Contract Value of Procurement Category

Procurement Category	No. of Contracts	Total Value (USD)
Consulting Service (Firm)	71	12,569,986
Consulting Service (Individual)	221	13,191,131
General Service	139	46,836,654
Goods	58	8,894,559
Works	3	1,312,213
Total:	492	82,804,543

The contract value related to General Services accounted for 57 percent of the total contract value, and Consulting Services provided by both firms (15 percent) and individuals (16 percent) accounted for 31 percent.

2019 CONTRACT VALUE BY PROCUREMENT CATEGORY



Compared to the 2018 total contract value, the total contract value for 2019 General Services increased by 252 percent from USD18.16 million in 2018 to USD46.84 million in 2019, mainly due to increased demand in information technology (IT) project implementation, operation and maintenance on various AIIB business functions, as well as property management and logistic services for both temporary and permanent headquarters .

The contract value for Consulting Services to firms remains the same from USD12.94 million in 2018 to USD12.57 million in 2019.

The contract value for Goods increased by three times from USD2.78 million to USD8.89 million, mainly due to the increased demand in IT equipment, subscription products for professional resources, databases and media information.

The contract value for Individual consultants increased from USD4.70 million to USD13.19 million (fees only), in support of the Bank's increasing demand for policy and framework creation, investment projects and capacity building.

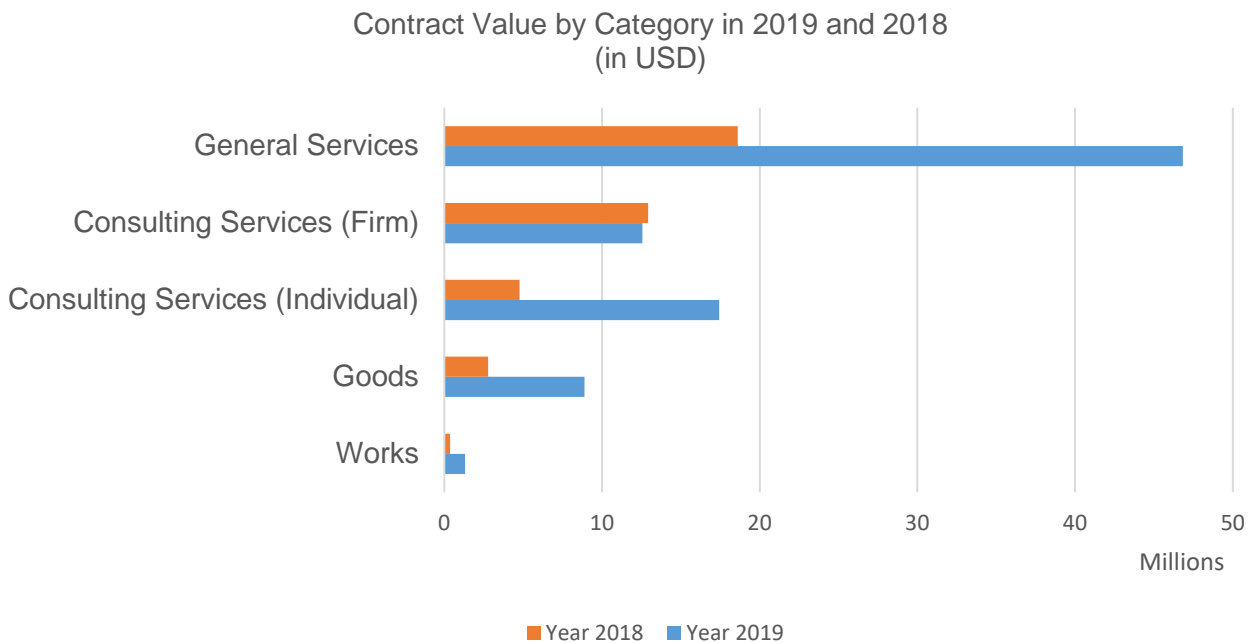


Table 2 lists procurement categories in order of contract value in 2019.

Table 2: Value of 2019 Major Contracts Value by Category

Description	Contract Value (USD)
General Services (57%)	
Administration Management Services for Year 2019 - 2020 (Note 1)	4,954,072
Loan Management Information Product License *	4,300,000
Loan Management Information System Implementation	3,924,142
SAP Application Enhancement and Operation Service *	4,587,232
Facilities Management Services for Year 2019 -2020 (Note 1)	3,623,010
Outsourced Services for Treasury and Controller Office	1,752,040
Microsoft Premier Support Service and System Maintenance Support	1,533,276
IT Helpdesk Services *	1,400,696
Leased Line for New HQ from Hong Kong, China	1,369,729

Description	Contract Value (USD)
Rating Services from Three Rating Agencies	1,309,831
Credit and Investment Training Program *	1,166,600
Office 365 License Renewal and Services *	957,990
Recruitment Service for Professional Staff Assessment and Selection	781,001
SAP Business-by-Design Daily Enhancements Service	728,653
Investment Project Management Workflow, Board Portal Maintenance and Optimization Service	668,234
Analytics Cloud License and Service *	647,166
AZURE Resources Subscription and Service *	643,140
Docusign Subscription for Consultant Management System *	642,328
SAP ByD 2019 on-site Support	635,992
IT Implementation Service for HR System Phase II	595,951
SAP Concur Enhancement Service	525,934
Information Display Services for AIIB Permanent HQ	493,920
Event Management Solution	460,315
Leased Lines for AIIB Permanent HQ	449,424
KYC Reports Remediation Service	398,830
Microsoft AAD,AIP and Inture Implementation Service	396,017
Event Planning Services and Hotel Accommodation for 2019 Annual Meeting	790,978
IT Service for Record Information Management System	323,640
LinkedIn Recruitment Event and HR Services	316,714
IT Service for eProcurement System Customization	308,495
IT Service Management System Implementation	306,267
Threat Intelligence Analysis System (TIAS) and Services	281,940
HR Recruitment and Related Services *	232,240

Description	Contract Value (USD)
ISOS E-learning Service	228,944
IT Security Maintenance and Penetration Test Service	214,096
Bond Issuance Transaction Service Fee (Typesetting, SEC Filing and Printing)	213,567
HR Recruitment and Related Services for Job Advertisements and Talent Sourcing	200,000
IT Service for Bloomberg Terminal and Market Data	194,291
IT Service for Investment Project Management System	184,631
HR Recruitment and Related Services for Job Posting on Economics *	183,988
IT Service for SAP Budget Management System Phase III	183,799
IT Service for External Website Enhancement	171,716
KYC Outsourced Service	160,000
Zoom Video Conference System and support	158,618
AIIB HR Event Service	138,932
Gartner Independent Research on IT Market and Vendors	127,858
Security Service	124,849
IT Service for Internal Audit Management System	115,857
2019 Year End Party Event Planning Services	113,608
IT Service for Project SWIFT Payment	100,000
Consulting Services (Firms) (15%)	
Public Relation Service *	2,262,412
External Legal Service	1,637,000
IT PMO Operation and Enhancement	1,350,479
Professional Data Consulting and Publication Services for AIIB Flagship Publication Services *	1,099,424
Risk Management Framework Phase III	880,679

Description	Contract Value (USD)
Internal Control Over Financial Reporting (ICFR) Re-testing and Re-design Services	865,567
Consultancy Service for Accounting Policies	704,776
Leadership and Management Training *	645,161
IT Outsourcing and Cloud Risk Management	606,084
KBIs Analysis	485,000
Corporate Strategy Development	355,340
Strategic Analysis and Studies for Corporate Strategy	351,443
Carbon Management and Environmental Sustainability Plan and Implementation *	192,999
Technical Support in Developing AIIB Water Strategy	175,130
Environmental and Social Due Diligence for Russian Federation Transport Sector Loan	154,248
Developing AIIB Digital Infrastructure Strategy	138,000
Due Diligence Service for Investment Projects	127,348
Artwork Display Design for permanent HQ building	100,153
Consulting Services (Individual Consultants) (16%)	
Individual Consultants	13,191,131
Goods (including Publications and Subscriptions) (11%)	
IT Equipment Laptop and Display	2,067,621
Standard and Poor's Risk Data Services *	1,820,254
Bloomberg Data License *	1,059,860
Car Parking Lease *	681,915
Subscription of Moody's Analytics	540,750
Huawei's network equipment for permanent HQ	353,471
Production Hyper Convergence, DMZ Servers Implementation and Visitor check-in kiosks	263,279

Description	Contract Value (USD)
Monitoring Camera System	262,669
Laptop	153,859
IT Accessories and Office software	145,150
Source Code Security Analyzer (SCSA) and Services	124,896
CEIC Data Subscription	107,120
Works (2%)	
Renovation Works in Permanent HQ Building	1,183,976
Air Purification Equipment Maintenance	117,955
Total (100%)	82,804,543

- Notes:
1. Issued annual PO value against multi-year agreements.
 2. * refers to those contracts of multi-year duration.
 4. The table does not capture low-value direct purchases under USD10,000, which was approximately USD1.40 million in total.
 5. Contract values include combined value under the same categories.

3. Top 10 Contracts by Value

The top 10 contracts accounted for 32 percent of the total contract value. Eight of the top 10 contracts were awarded to international companies.

Table 3: Top 10 Contracts by Value (in USD)

Rank	Category	Contract	New	Extension	Total Value
1	GSC	Loan Management Information Product License (2019 - 2022)	4,300,000		4,300,000
2	CSC	Loan Management Information System Implementation	3,924,142		3,924,142
3	CSC	Administration Management Service for Year 2019 - 2020	3,623,009		3,623,009
4	GSC	Property Management Service for Year 2019 - 2020	3,466,359		3,466,359
5	CSC	SAP Application Enhancement Service	2,820,973		2,820,973
6	GSC	Public Relations Service		2,189,882	2,189,882

Rank	Category	Contract	New	Extension	Total Value
7	CSC	IT Equipment Laptop and Display	2,067,621		2,067,621
8	GSC	SAP Application Operation Service	1,776,259		1,776,259
9	GC	Standard and Poor's Risk Data Services		1,756,798	1,756,798
10	GSC	Professional Services of Treasury and Controller Office		1,752,040	1,752,040

Total: 27,677,083

4. Procurement Methods

4.1 Competitive Procurement

In 2019, including contract extension and amendment, 62 percent of the total value of contracts was procured through competitive procurement, and 38 percent through noncompetition. Compared to 2018 procurement statistics, both the contract number and value for noncompetitive procurement has increased, as analyzed in the Exceptions to Competitive Procurement Section below.

Table 4: Procurement Method on Contracts (in USD)

Selection Method	Contract Number (Firm)	Contract Value (Firm)	Contract Number (Individual Consultant)	Contract Value (Individual Consultant)	Total Contract Value	% Contract Value
Competition	127	44,167,722	126	7,181,253	51,348,975	62%
Noncompetition	144	25,445,690	95	6,009,878	31,455,568	38%
Total	271	69,613,412	221	13,191,131	82,804,543	100%

Note: If the accumulated value of Contract amendments exceeds 70 percent of the original price or 50 percent of contract duration, it will be recorded as noncompetition (direct selection).

4.2 Exceptions to Competitive Procurement

239 contracts were awarded through direct selection without competition, with a total value of USD31,455,568, equivalent to 38 percent of the total contract value. Exceptions to competitive procurement for these contracts were all justified by the relevant requesting departments with proper approval in accordance with the Policy and Directive on Corporate Procurement.

4.2.1 According to the Directive on Corporate Procurement Section 3.7.2 (a), the following contracts were purchased based on the “Uniqueness” justification that the Goods, Works, General Services or Consulting Services can only be obtained from one source:

- IT Operation Systems Licenses, Enhancement and Maintenance Services: Eight contracts totaling USD2.90 million issued to SAP and CNBM Technology for Licenses, onsite support and system maintenance service.
- IT services: Seven contracts totaling USD2.62 million issued to Chinese authorized telecommunication companies for leased lines.
- Consulting services for Policy and Strategy: Seven contracts totaling USD2.36 million issued to global consulting firms for corporate strategy development projects.
- IT communication and network services: Three contracts totaling USD2.02 million issued to Microsoft for premier support and system maintenance service.
- Financial services: Five contracts totaling USD1.7 million issued to three rating agencies and Security Exchange Commission for Bond issuance and transactions.
- Event Planning and Hotel Accommodation Services: Thirty contracts totaling USD1.36 million issued to hotels, catering companies and event management companies for annual meeting and other events.
- Consulting services for Policy and Strategy: One contracts totaling USD1.1 million issued to The Economist for Professional Data Consulting and AIIB Flagship Publication Services.
- Computer Software and Service for Treasury: Two contracts totaling USD1.1 million issued for Bloomberg Terminal and Market Data Subscription.
- Human Resources Recruitment Services: Five contracts totaling USD734,845 issued to LinkedIn and other recruitment agencies for staff recruitment event and executive search.
- Parking Lot Lease for Facility Management Service: One contract totaling USD681,915 issued for Parking Lot Lease of temporary headquarter.
- Due Diligence Consulting Services Investment Projects: Six contracts totaling USD411,778 issued to consulting firms for legal and financial due diligence services on Investment Projects.
- Facilities equipment maintenance: One contract totaling USD117,955 issued for air purification equipment maintenance of existing air purification equipment.

4.2.2 According to the Directive on Corporate Procurement Section 3.7.2 (b), the following contracts were purchased based on the “Standardization” justification that the Goods, Works, General Services or Consulting Services (1) contain key factors that require such standardization that competition would be technically impractical and (2) are required for the expansion, repair or maintenance of existing equipment or facility.

- Monitoring Camera System: One contracts worth USD 262,669 issued to same manufacturer who provide existing monitoring camera system for the permanent headquarter building.
- IT Equipment: Two contracts worth USD 164,836 issued to existing vendors for IT networking equipment.

4.2.3 According to Directive on Corporate Procurement Section 3.7.2 (c), the following contracts were purchased based on the “Continuity” justification that the proposed Services are (1) a natural continuation of previous work carried out by a Supplier or Consultant or (2) part of a larger project and the Supplier or Consultant has already been selected by another party to the project.

- Public Relation Services: Two contracts of total USD2.2 million issued to existing vendors as natural continuation of previous works.
- Human Resource Outsourced Services: Seven contracts of total USD1.22 million issued to existing vendors for recruitment and consulting services.
- IT Services: Seven contracts of total USD1.59 million issued to existing vendors for IT project management, system enhancement and maintenance services.
- Administration, Security and Insurance Services: Nine contracts of total USD607,987 issued to existing vendors for visa application, administration, security and business travel insurance services.
- Investment Project Consulting Services: Five contracts of total USD578,693 issued to existing vendors for project due diligence and other consulting services.
- Outsourced Financial Services: Two contracts of total USD361,979 issued to existing vendors for outsourced accounting payment and other consulting services.

4.2.4 On selection of Individual Consultant, the reasons for the non-competition are primarily,

- Uniqueness: the unique expertise and local regional knowledge of the consultants the bank is engaging as it scales up its operations and portfolio.
- Continuity: experts that were engaged from the inception of the bank are being rolled over to provide knowledge transfer to new full-time staff as part of an easy transition.
- Urgency: the speed of business makes competition not providing a desirable result.

4.3 Contracts by Procurement Thresholds

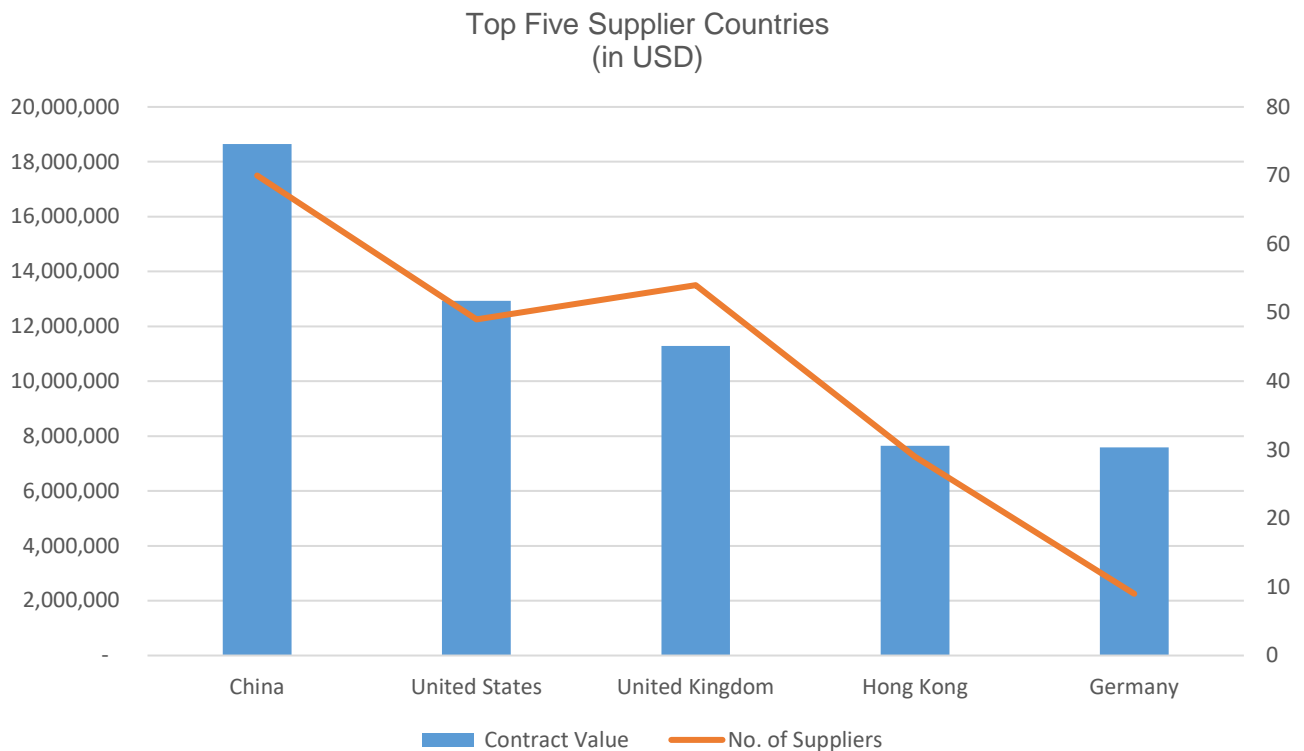
Table 5: Contracts by Procurement Thresholds in 2019

Thresholds	2019		
	Value (USD)	% of Total Value	Number
>400k	51,619,873	59%	43
200-400k	12,822,068	15%	45
70-200k	14,008,475	16%	117
10-70k	8,593,602	10%	287
Total	82,804,543		492

5. Global Procurement

According to the Procurement Policy of AIIB, the Bank shall place no restriction upon the procurement of goods and services from any country from the proceeds of any financing undertaken in the ordinary or special operations of the Bank. According to Policy on Corporate Procurement, the Bank may procure goods, works, general services and consulting services from any country unless AIIB's Board of Directors decides otherwise. AIIB provides its online facility for advertising business opportunities for goods, services including consulting services.

The top five supplier countries and districts (where their global head offices are registered) are China, (27 percent), the United States (19 percent), United Kingdom (16 percent), Hong Kong, China (11 percent), and Germany (11 percent). The top five represent 84 percent of the total contract value of suppliers.



Note: Data excludes nationalities of Individual Consultants.

International companies (including foreign companies outside China, wholly owned foreign enterprises registered in China) mainly provided consulting services and international subscription product and services, while Chinese suppliers provided mainly general services, including administration and facility management related services, IT equipment and software, telecommunications, catering and local event management and staff relocation settlement services.

6. Engagement of Individual Consultants

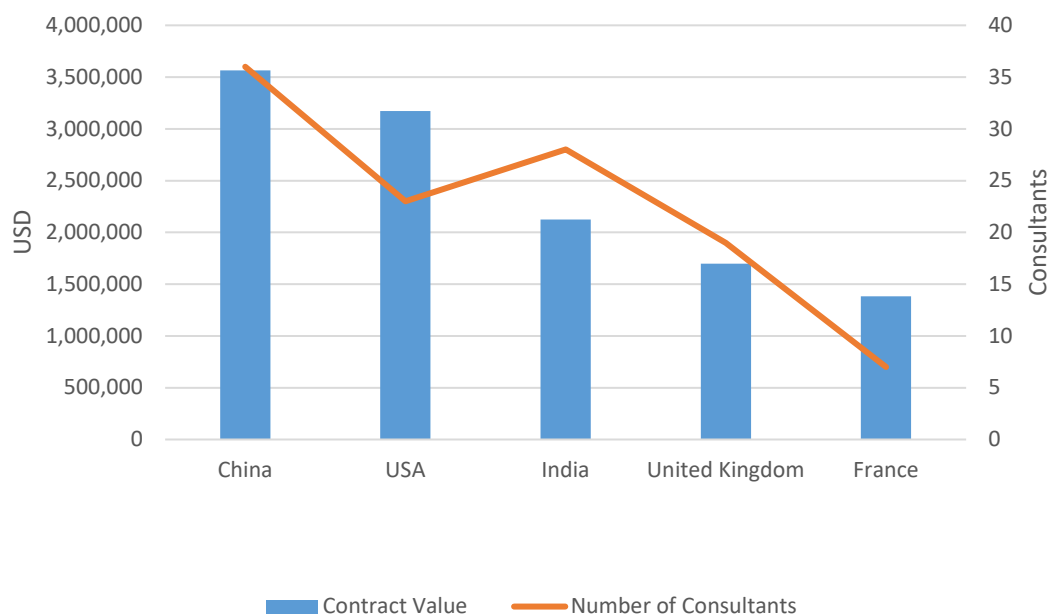
Corporate Procurement Unit took over the sourcing, engagement and management of Individual Consultants (IC) from the Human Resource Department effective Jan. 1, 2018. The Bank's use of Individual Consultants is important to keep staffing levels balanced by relying on consultants to fill short-term needs while preserving long-term staff for ongoing business needs. Currently, CPU facilitates the speedy mobilization of Individual Consultant resources to support AIIB's operations while ensuring that the Bank's corporate procurement principles are complied with.

A total of 221 contracts worth USD13.19 million (fees only) for individual consultants were issued in 2019, compared with 116 contracts worth USD4.8 million in 2018. A total of 196 were new contracts while 55 were amendments for contract extensions or addendums. Between 2018 and

2019, AIIB saw an annual growth of 237 percent in the total Individual Consultant contract values (fees only). The geographical representation amounted to 39 nationalities with China, USA, India, UK and France as the top five countries from which consultants were engaged.

Along with the other procurement functions, CPU deployed an end-end fully digitalized IT solution to the Individual Consultant engagement process. The engagement process is now completely paperless. This is in line with the Bank's digital strategy and reaffirms its commitment to sustainability and the reduction of its corporate carbon footprint.

Top Five Nationalities of Individual Consultant



7. Corporate Procurement Work Plan

Procurement workplan has been adjusted according to impact to the Bank throughout the COVID-19 pandemic, to provide enough flexibility for procurement in emergency situations, and to improve procurement digital infrastructure.

The Corporate Procurement Unit continues to provide procurement support and training to build AIIB's procurement capacity within the Bank and provide timely procurement of required goods and services, in full compliance with the Policy on Corporate Procurement and its related Directive and AGs.

Upon the approval and implementation of the two AGs on Corporate Procurement, the Bank rolled out eProcurement (SAP Ariba) and Individual consultants management (SAP Fieldglass) systems. SAP e-forms, template and e-approval processes are now being used, integrated with other operation systems in the Bank. Through eProcurement systems and enhanced AIIB's corporate

procurement homepage, interested and potential suppliers and consultants are able to access business opportunities timely to bid for advertised procurement packages.

To further enhance management of outsourcing services, the AG on Outsourcing Services was approved and implemented.

CPU plans to deliver for the following major tasks in 2020 to provide satisfactory services and enhance procurement compliance, governance and efficiency:

- Optimize eProcurement systems and provide training to staff, suppliers and consultants.
- Streamline procurement data compliance, Know-Your-Customer (KYC) and supplier/consultant eligibility screening with help from the Office of the Controller, the Risk Management Department and other compliance departments concerned.
- Continue developing sourcing and purchasing strategies for the key purchasing categories to achieve optimal competition and value for money.
- Continue establishing framework contracts to consolidate spending and increase procurement efficiency and effectiveness.
- Implement Guided-buy module of SAP Ariba procurement system, to enable downstream contract and PO management