



GROUP SUPPLY CHAIN MANAGEMENT

KCB BANK AND GREEN CLIMATE FUND PROCUREMENT PROCEDURES

Brief Introduction	<p>These Operating Procedures outline the procedures and requirements for purchase of goods and services for programs implemented by KCB Bank as an Accredited Entity with the Green Climate Fund (GCF) funds. Noting that all procurement procedures shall be in accordance with the KCB Bank Supply Chain Policy whose aim is continuous development of the:</p> <ul style="list-style-type: none">a) economy and its efficiency.b) the Bank's interest in ensuring that all eligible parties have equal opportunity to participate.c) the need for transparency in the procurement processd) the desire to encourage the development of domestic industries and capacity in Kenya. <p>The procurement practices of KCB Bank are espoused in the Group's commitment to sustainability, the Sustainable Development Goals (SDGs) and the Green Climate Fund. The Group ensures transparency, efficiency, and compliance with international and national legislations, procurement and sustainability standards aligned to the accreditation activities. It ensures that procurement, logistics, and supplier management will align with sustainability principles, efficiency standards, and financial accountability.</p>
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	<p>In this regard, KCB as an accredited entity shall oversee and assess the adequacy of the procurement practices of any project sponsors and beneficiaries of projects and programs funded. This will apply to all current and future suppliers regardless of the procurement practices used.</p>
Scope	<p>These procedures and guidelines applies to all GCF activities pertaining to the supply chain, including procurement, logistics, supplier relationships, capacity building, stakeholder engagement and feasibility studies related to the awardees of the contracts. It covers procurement, logistics, contract management, and supplier compliance with environmental and ethical sourcing in line with the GCF mandate and KCB Group Supplier Code of Conduct. It will also cover Project sponsors and beneficiary institution of the GCF funded projects through KCB Bank as the Accredited Entity.</p>
Responsibility	<p>The responsibility of executing this procedure lies with the following:</p> <ul style="list-style-type: none">✓ Head Group Supply Chain Management✓ Business Unit Heads✓ Senior Sourcing Manager✓ Head Sustainability✓ Project Awardees✓ Executing Entities
Provisions	<p>The following provisions will be followed and adhered to in accordance to the KCB Bank Supply chain policy:</p> <p>5.14 Prequalification and Registration of Providers</p>



- a) Service providers will need to become prequalified with KCB Group prior to commencement of work. The prequalification shall screen, assign risk profile and classify service providers in accordance with their expertise and capability, before inviting bids for any specific work
- b) EXCO shall through the Group Designated Service Centre maintain an automated process documented in the “Supply Chain Management Procedures Manual” that shall ensure that KCB Group receives and evaluates prequalification applications on a continuous basis and classifies service providers in accordance with their expertise and capability, before inviting bids for any specific work.
- c) In procurement of goods and services, the classification of bidders, assessment of risk and award of contracts, KCB shall give due regard to the principles and values espoused in KCB Group commitment to sustainability, the SDGs and the Green Climate Fund. In this regard, KCB shall oversee and assess the adequacy of the procurement practices of any awardees, project sponsors and beneficiaries of projects and programs funded. This assessment applies to both current and future suppliers.

Procurement Compliance Assessment:

Supplier Site Visit: Conduct in-depth evaluation of procurement processes, including bid management, contract execution and compliance towards KCB supplier code of conduct. Engage with EE procurement teams to verify procedural adherence



Banks Fiduciary responsibility:

The Bank will ensure that the funding is used for the intended purpose. This will include

- ✓ **Handling Complaints:** The Bank addresses complaints from bidders in a formalized manner as detailed in the Banks complaints management process.
- ✓ **Reviews and Audits:** Conducting prior or post reviews and audits of contracts awarded bids and inform management on the quality of procurement. The audits cover a range of performance issues including overall performance of both the Bank and the awardee in procurement management. The Bank monitors compliance with procurement rules and practices, ensuring that financing is used for intended purposes, and addresses issues of capacity, performance, fiduciary, and other risks.

**Screening and risk categorization:**

The Group's Supply Chain policy and oversight model is based on risk assessments, decentralization and delegation of authority. This model will be revisited on a regular basis to enhance its effectiveness and ensure flexibility whenever the procurement policy is amended.

- a) **Document Submission:** Awardees submit procurement policies, past procurement records, and compliance reports.
- b) **Preliminary Review:** Assess the applicants' documents equally against predetermined criteria and Bank's Supply Chain Policy.
- c) **Risk Categorization:** Classify the awardees as low, medium, or high risk based on procurement governance, past compliance, and financial controls.

The supply chain risk management measures shall be aligned with KCB Bank Kenya risk management policies and implemented in liaison with the Bank Risk function.

Performance Evaluation:

- a) **Efficiency Analysis:** Evaluate timeliness, cost-effectiveness, and transparency of procurement processes. Utilize the KCB Suppliers vendor analysis process.
- b) **Impact Assessment:** Review procurement outcomes concerning sustainability and inclusiveness.
- c) **Fraud & Corruption Checks:** Identify vulnerabilities in procurement processes.



	<p>d) Procurement Planning: Emphasizing the importance of detailed and accurate upfront client needs assessments, market surveys, and cost estimates. Ensuring procurement plans are meaningful and optimize procurement packaging.</p> <p>e) Contract Management: Enhancing the Bank's role in contract management by focusing on capacity building, monitoring compliance, and addressing risks. Developing guidelines, standards, and protocols for effective contract management.</p>
	<p><i>Reporting and Recommendations</i></p> <p>a) Findings Report: Document compliance gaps, risks, and improvement areas.</p> <p>b) Corrective Action Plan: Recommend measures to address deficiencies.</p> <p>c) Follow-Up Monitoring: Conduct periodic checks to ensure implementation of improvements</p> <p>Fraud and Corruption (F&C):</p> <p>Zero Tolerance Policy: The Bank has a zero-tolerance policy on fraud and corruption, including collusive, coercive, and obstructive practices. This policy is integrated into the procurement rules and procedures, making F&C a basis for declaring mis-procurement, canceling loan proceeds, and debarring service providers.</p>