

How to Do Business with the Asian Development Bank

A Primer for U.S. Businesses

Learn the Procurement Process
Identify Opportunities
Access Financing



Advocacy Center

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Background

The Asian Development Bank (ADB), headquartered in Manila, Philippines, was established in 1966 to improve the living standards of its developing member countries throughout Asia and the Pacific. The bank is a multilateral development institution owned by 66 member countries from within and outside the region. Among the bank's developing member countries, India and China are the largest borrowers, while the United States and Japan are the largest co-equal shareholders. The bank's lending and grant activities, over \$7 billion in 2006, generate commercial opportunities for consultants, equipment and technology suppliers, and private sector project sponsors.

ADB Structure, Sectors, and Relationships

The ADB's board of directors, chaired by Japan, oversees the bank's daily operations. The United States is represented on the board by an executive director, who serves with 11 other executive directors representing the bank's members. The chairman, who is also the president, is assisted by four vice presidents who oversee the bank's four main operating divisions: Finance and Administration, Knowledge Management, Operations—Region 1, and Operations—Region 2. The vice president for Operations—Region 1 is from China and is responsible for the geographic areas of South Asia and Mekong, as well as the Private Sector Department. The vice president for Operations—Region 2 is an American, and is responsible for the geographic areas of East Asia, Southeast Asia, the Pacific, as well as Central Operations. A director-general manages each of the five geographic areas under which sectoral directors manage each of the five major sectors in which the bank is active (energy, transportation, agriculture and environment, social sectors, and governance and finance).

ADB Lending and U.S. Firms

The ADB's lending and grant activities generate business opportunities for U.S. firms in project implementation, consulting services, and procurement of goods and technology. Opportunities also exist for private project developers and commercial banks through the ADB's private sector department and co-financing operations.

Cumulative contract awards to U.S. firms since bank inception currently stands at over \$6 billion, putting the U.S. fifth in overall procurement among the bank's members. U.S. consulting firms do particularly well, garnering over \$900 million in contract awards cumulatively, placing the U.S. in first place in this category among all members.



ADB and the U.S. Department of Commerce

By Congressional mandate, the U.S. Department of Commerce maintains a liaison office to the ADB to help U.S. businesses access, enter, and expand in the Asian markets served by ADB lending. The liaison office is managed by the Advocacy Center in Washington, D.C., and is fully integrated into the U.S. Commercial Service's network of over 200 offices worldwide whose mission is to promote U.S. exports. A senior commercial officer leads the office assisted by a staff of four.

The Advocacy Center's Commercial Liaison Office provides marketing advice and counseling to U.S. firms in Manila, conducting outreach activities in the U.S. and in the region, and by telephone, e-mail, and fax. The office also provides early project information through regular dissemination of procurement alerts, and organizes "Market Briefs" to give clients the earliest possible information on upcoming projects. The office facilitates interaction and marketing by U.S. firms through business facilitation services at the ADB. The office arranges seminars and video presentations for U.S. firms and, whenever necessary, provides and coordinates U.S. government advocacy to ensure transparent competition and evaluation of bids based on merit. The Advocacy Center's Commercial Liaison Office coordinates these efforts through the Commercial Service's global network, with State Department officers, the Advocacy Center in Washington, D.C., and the Office of the U.S. Executive Director at the ADB.

How to Do Business with the ADB

Approximately 80 percent of ADB loans are used for the procurement of goods, equipment, and services. While ADB's lending program provides significant commercial opportunities for U.S. companies, competing for contracts can be challenging, especially for firms unfamiliar with multilateral development bank procedures. With perseverance, however, your efforts can be rewarding. To be successful, firms must continually research opportunities, build key ADB and government contacts, and carefully match their capabilities and products with the bank and the project requirements. Firms should bear in mind that consultant recruitment decisions rest with the ADB project officers for technical assistance grant projects, and with the borrowing countries' executing agencies for loan projects.

The ADB's Web site, www.adb.org, contains information on ADB activities, plans, projects, and publications as well as a comprehensive listing of business opportunities, which is updated continuously. It also contains economic data on borrowing members and the Bank's strategy and program for each borrowing member country.



The Advocacy Center's Commercial Service Liaison Office for the ADB maintains a Web site, www.buyusa.gov/adb, which provides additional information, insight, and services to U.S. firms. Whenever possible, U.S. clients are encouraged to participate in Business Opportunities Seminars in the United States or in the region. The Advocacy Center's Commercial Liaison Office and the ADB organize these periodically. The seminars provide an opportunity for U.S. firms to learn first hand from Bank representatives about the minute details of ADB practices and procedures.

Learn How the ADB Works

Dialogue between the bank and its borrowing members is an ongoing activity; however, the Bank fields programming missions yearly to each of these countries to discuss each country's borrowing priorities as well as the bank's current lending criteria. A *Country Strategy and Program* document usually results from this exercise. This document provides a three-year projection of projects that the Bank plans to undertake but is not yet actively processing. It is available on the ADB Web site for each developing member country and is an important document in identifying projects and consulting opportunities very early in the project cycle. Project identification begins at this stage and signals the start of the project cycle, which can take anywhere from six months to a year for technical assistance projects, and up to two years for loan projects, until final project approval. (These periods are indicative, and vary from project to project subject to prevailing conditions in the borrowing member countries.)

The U.S. Advocacy Center's Commercial Service Liaison Office for the ADB is a good starting point in working with the bank and can be a valuable asset to U.S. firms navigating the bank's systems and procedures.

Identify Projects with Potential Opportunities

The ADB's Web site, www.adb.org, offers a comprehensive listing of business opportunities and publications. The *Business Opportunities* listing is updated continuously and is the best source of project information. Technically, proposed projects must appear on the Web site for at least three consecutive months before short-listing of consultants takes place. Projects remain listed as an opportunity until approved.

Marketing of services, products, and technology can theoretically begin at any time and is encouraged to be done even at the project conception stage. From the earliest identification of a project and its inclusion in the *Country Strategy and Programs* document, until it enters the active processing stage and is listed in the "Business Opportunities" section of the ADB Web site, a project represents potential opportunities for U.S.



firms and individuals. Consulting opportunities are present for different kinds of consultants at each stage of the project cycle. Firms and individuals should monitor the projects as they go through the early phases of development through final approval, when most procurement takes place. Interested consultants should register on the bank's consultants registry ("DACON" for firms and "DICON" for individuals) in order to be considered for short listing and send **Expressions of Interest** as soon as relevant projects are listed under "Business Opportunities" on the Web site. Equipment and technology suppliers should begin working with consultants and borrowing member governments (specifically the executing agencies) to market their products as soon as they identify a relevant project.

Identify Specific Tenders

Once the terms of reference for consulting services have been agreed upon between the ADB and the borrowing member, a **Consulting Services Recruitment Notice** is made available on the Web site and should be used as a basis for an expression of interest.

For equipment and technology suppliers, the bank issues a **General Procurement Notice** as soon as a loan is approved. This signifies that procurement of materials, equipment, and various supplies required for the project will begin imminently. The bank issues a **Specific Procurement Notice** when details of procurement packages are known. The notice will either have the contact information of the agency performing the bidding, or include details of the procurement packages. The notice will include the cost of obtaining the bidding documents from the executing agency and the deadline for bid submission. Firms need to be aware that the bank allows advance procurement on certain projects even before loan approval and, in such cases, issues an **Advance Procurement Notice** on the tender.

Learn the Procurement Rules

The ADB's official publications are available at its Web site, www.adb.org

- *Guidelines on the Use of Consultants by the ADB and Its Borrowers*
- *Handbook for Users of Consulting Services*
- *Guidelines for Procurement Under Asian Development Bank Loans*
- *Handbook on Policies, Practices and Procedures Relating to Procurement under ADB Loans*

Procurement under ADB projects is limited to its member countries. The bank's membership includes developing countries from South and Southeast Asia, Central Asia, and the Pacific Islands—at least 33 of which are active borrowers.



Summary Advice to Prospective Bidders

- Work with the U.S. Commercial Liaison Office for the ADB.
- Have a strategic focus.
- Be committed to targeting opportunities at the Bank.
- Understand the Bank's priorities.
- Think about the ADB as a client, not vice versa.
- Market your expertise and experience effectively.
- Become familiar with ADB practices and procedures.
- Monitor the projects as far in advance as possible.
- For private sector projects, work with the ADB during project development stage.
- Consultants and suppliers should work closely with government executing agencies.

The Private Sector and the ADB

In addition to its staple public sector lending, the ADB also lends directly to privately owned enterprises for financially viable projects that have significant developmental impact. In lending to private sector projects, the ADB aims to be a catalyst for additional investment and financing and to mitigate risks to both co-financing institutions and private developers. While the ADB's primary focus is on finance and infrastructure, the bank also finances social sector projects such as health and education. Recently, the bank initiated innovative programs on local currency financing, trade facilitation, housing finance, and the disposal of non-performing assets.

ADB's assistance can come in the form of equity investments and loans, as well as credit enhancement products such as complementary financing and political and partial risk guarantees. The bank will finance 25 percent of total project costs up to \$75 million, and loan maturities can extend up to 15 years on market-based fees. Additionally, the bank can arrange parallel or co-financing with other commercial lenders or export credit agencies.

The Advocacy Center's Commercial Liaison Office for the ADB provides advice to prospective project sponsors and developers on approaching the bank's Private Sector Department and what projects are likely to be eligible for ADB private-sector lending.



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Contact Information

The Advocacy Center's Commercial Liaison Office for the ADB invites U.S. firms to partner with it to explore commercial opportunities created by the ADB's lending operations. The office offers various free services, including an e-mail project alert service, counseling, advocacy, and outreach

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