Business Opportunities Seminar in Australia

Adelaide, Melbourne & Sydney
09-13 October 2017

Asian Development Bank

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Unit Head for Pacific Region
Welcome to ADB

- Context
- Consultants and contractors in ADB operations
- ADB Procurement and Fundamental Principles
- ADB Business Opportunities
- Pointers / Common Mistakes
What is ADB?

A regional multilateral development bank

- Established in 1966
- A partnership of 67 countries
- 42 client countries
- 28 offices worldwide
ADB Operations

Main Instruments
- Loans and Grants
- Technical Assistance
- Advice and Knowledge Management

Lending
- Predominantly in public sector, to Governments
- Assist private enterprises in developing countries through equity investments, guarantees, and loans
- AAA credit rating helps mobilize funds for development activities
Asia’s infrastructure scores*

1 = extremely underdeveloped to 7 = extensive and efficient

* Source: Global Competitiveness Report 2012-2013

OECD: 5.4
East Asia: 5.1
Southeast Asia: 4.2
Middle East and North Africa: 4.1
Latin America and the Caribbean: 3.6
Central Asia: 3.5
South Asia: 2.9
Sub-Saharan Africa: 2.8
Pacific: 2.3

ADB Business Opportunities
In Asia, infrastructure gap means

<table>
<thead>
<tr>
<th>People without Access to:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Sanitation</td>
<td>900 million people</td>
</tr>
<tr>
<td>Electricity</td>
<td>800 million people</td>
</tr>
<tr>
<td>Roads</td>
<td>1.2 billion people</td>
</tr>
<tr>
<td>Internet</td>
<td>80% of Asia</td>
</tr>
</tbody>
</table>

Source: Various reports compiled by ADB
Financing Needs

Asia’s infrastructure needs, 2010–2020
(in 2008, $ billion)

- Energy (electricity): $4,089
- Transport (roads): $2,341
- Telecommunications: $1,056
- Water and sanitation: $381
- Airports, ports, and railways: $125

Source: ADB, Infrastructure for a Seamless Asia. Manila 2009

⇒ Total of $8.3 trillion (2010–2020) or $750 billion/year
Strategy 2020

ADB core operations
• Infrastructure
• Environment
• Regional cooperation
• Finance sector
• Education

Drivers of Change
• Private sector development and private sector operations
• Good governance and capacity development
• Gender equity
• Knowledge solutions
• Partnerships
Sovereign & Non-Sovereign Approvals (2016, $ million)
Approvals by Modality (2016, $ million)

- Investment Support, $25,475
- Results-Based Lending, $934
- Policy-Based Support, $4,975
- Technical and Advisory Support, $317
## Largest Borrowers

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>India</td>
<td>India</td>
<td>India</td>
<td>India</td>
</tr>
<tr>
<td>PRC</td>
<td>PRC</td>
<td>PRC</td>
<td>PRC</td>
<td>PRC</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Pakistan</td>
<td>Pakistan</td>
<td>Indonesia</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>Viet Nam</td>
<td>Indonesia</td>
<td>Pakistan</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>Philippines</td>
<td>Bangladesh</td>
<td>Azerbaijan</td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Bangladesh</td>
<td>Kazakhstan</td>
<td>Bangladesh</td>
<td></td>
</tr>
</tbody>
</table>
2016 Portfolio Distribution

Portfolio by Region

- **Non-Ops**: $0.4 billion, 0.5%
- **SERD**: $16.5 billion, 21%
- **SARD**: $25.9 billion, 33%
- **CWRD**: $21.2 billion, 27%
- **EARD**: $12.0 billion, 15%
- **PARD**: $2.4 billion, 3%
## Goods and Works - Contracts Awarded

<table>
<thead>
<tr>
<th>Loans and Grants (2014 - 2016)</th>
<th>$100,000 - $1 million</th>
<th>$1 - $20 million</th>
<th>Above $20 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Number of Contracts per year</td>
<td>2,167</td>
<td>723</td>
<td>74</td>
</tr>
<tr>
<td>Average Contract Size</td>
<td>$0.33 million</td>
<td>$4.70 million</td>
<td>$43.32 million</td>
</tr>
</tbody>
</table>
## Consulting Services - Contracts Awarded

<table>
<thead>
<tr>
<th></th>
<th>2014 - 2016 Averages</th>
<th>Average No. of Contracts Per Year</th>
<th>Average Contract Value</th>
<th>Annual Average Value of Contracts Awarded (US$ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Firms</td>
<td>Indiv.</td>
<td>Firms</td>
<td>Indiv.</td>
</tr>
<tr>
<td>ADB Admin Budget (Staff Consultants)</td>
<td>6</td>
<td>559</td>
<td>$133,471</td>
<td>$28,699</td>
</tr>
<tr>
<td>ADB Technical Assistance</td>
<td>210</td>
<td>2,191</td>
<td>$573,404</td>
<td>$42,800</td>
</tr>
<tr>
<td>ADB Loans &amp; Grants</td>
<td>841</td>
<td></td>
<td>$469,889</td>
<td></td>
</tr>
</tbody>
</table>
Un-contracted Loan and Grant Funds - by Sector

Uncontracted Loan and Grant Funds - by Sector
(in US$ million at 31 Dec 2016) - Total = $28,885M

- Transport - 30%
- Energy - 27%
- Water/Urban - 14%
- Agriculture - 11%
- Education - 7%
- Public Sector Management - 634
- Multisector - 171
- Information and Communication Technology - 18
- Agriculture, Natural Resources and Rural Development - 3,143
- Education - 2,103
- Energy - 7,880
- Transport - 8,582
- Finance - 1,211
- Health - 537
- Industry and Trade - 469
Uncontracted Loan & Grant Funds - by Country

(in US$ million at 31 Dec 2016) - Total = $28,885M

PRC - 19%
IND - 13%
PAK - 10%
VIE - 10%
BAN - 8%
### Australia’s Share of ADB-Funded Contracts

<table>
<thead>
<tr>
<th>Item</th>
<th>2015</th>
<th>2016</th>
<th>Cumulative (as of 31 Dec 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount ($ million)</td>
<td>% of Total</td>
<td>Amount ($ million)</td>
</tr>
<tr>
<td>Goods, Works, and Related Services</td>
<td>3.98</td>
<td>0.04</td>
<td>51.65</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>47.51</td>
<td>7.25</td>
<td>48.75</td>
</tr>
<tr>
<td>Total Procurement</td>
<td>51.48</td>
<td>0.44</td>
<td>100.40</td>
</tr>
</tbody>
</table>
# ADB Procurement

## Performance of Australian Firms

### Consulting Services (Loans, Grants and TAs)

<table>
<thead>
<tr>
<th>Rank</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>USA</td>
<td>IND</td>
<td>KOR</td>
</tr>
<tr>
<td>2nd</td>
<td>IND</td>
<td>GER</td>
<td>UKG</td>
</tr>
<tr>
<td>3rd</td>
<td>KOR</td>
<td>UKG</td>
<td>AUS</td>
</tr>
<tr>
<td>4th</td>
<td>AUS</td>
<td>AUS</td>
<td>IND</td>
</tr>
<tr>
<td>5th</td>
<td>PHI</td>
<td>FRA</td>
<td>PHI</td>
</tr>
</tbody>
</table>
New Procurement Policy
(April 2017)

Three Pillars

- Time
- Quality
- Delivery System

End to end procurement time
Suppliers, contractors and consultants
Robust design, effective implementation
Strategic Approach of New Procurement Policy

Core Procurement Principles

- Economy
- Efficiency
- Fairness
- Transparency
- Quality
- Value for money

Current Policy

Proposed
Strategic Approach of New Procurement Policy

Value for Money

• Optimal benefits
• In addition to initial cost, also consider:
  • costs over the economic life
  • fit-for-purpose
  • socio-economic and environmental development benefits
• Facilitate high technology procurement
Strategic Approach of New Procurement Policy

Quality

- Facilitate high and proprietary technology
- Covers bidding or selection criteria designed to ensure high quality of inputs
- Includes consulting services
- Encourage high quality suppliers, contractors and consultants
Strategic Approach of New Procurement Policy

- Less prescriptive, principle-based policy
- Procurement procedures simplified and more flexible
- Response to emerging needs, new procurement methods and modalities
- Enhanced focus on quality, better contractors and consultants
- Reduced end-to-end procurement time
- Decentralized procurement functions
- Encouragement of procurement of high value technologies
- Stronger measures to prevent conflicts of interest and corruption
Procurement & Consulting Services Guidelines

Policies and procedures on the selection, contracting and monitoring of contractors, suppliers, and consultants

Fundamental Principles

• Source of Goods & Services (Eligibility)
• Transparency
• Fairness
• Economy and Efficiency
• Promotion of Domestic Industries
ADB Procurement

ADB Oversight

- The Borrower (Executing Agency) is responsible for procurement of goods and works
- ADB (under TAs) or Borrower select and recruit Consultants
- ADB reviews the procurement activities of EAs to ensure compliance with ADB Guidelines
Who ADB works with?

- Governments
- Private sector
- Non-government organizations
- Development agencies
- Community-based organizations
- Foundations
- Professional Organizations

Most ADB projects rely on Consultants and Contractors
Locations to consider for Business Development

- Solomon Islands, Papua New Guinea, Timor Leste and other Pacific nations
- Afghanistan
- Cambodia
- Pakistan
Why do business with ADB?

- A worthy development mission
- $29 billion of uncommitted portfolio
- A broad range of opportunities across Asia, in diverse sectors and thematic areas
- Unlock doors for business in emerging economies
- Your partner through oversight to ensure fairness and transparency
Energy Sector Business Opportunities

Examples of consulting expertise required for Projects/TAs:

- Urban planners
- Clean energy development specialists/engineers
- Power management, transmission and distribution engineers
- Institutional specialists (utility operations managers)
- PPP and project finance specialists
- Economic and financial analysts
- Safeguards specialists – environment, gender, resettlement
Finding ADB Business Opportunities
Using ADB CMS

http://cms.adb.org
Finding ADB Business Opportunities

http://www.adb.org/site/Business-Opportunities/main
Finding ADB Business Opportunities – Goods, Works and Related Services

http://www.adb.org/site/business-opportunities/operational-procurement/goods-services/notices-current
Finding ADB Business Opportunities – Consulting Services

http://csrn.adb.org/
Finding ADB Business Opportunities – Identifying Projects

http://www.adb.org/
Finding ADB Business Opportunities – Identifying Projects

http://www.adb.org/projects
Finding ADB Business Opportunities – Identifying Projects

http://www.adb.org/projects
Finding ADB Business Opportunities – Project Overview

http://www.adb.org/projects/46346-002/main
Positioning “Ahead of 8 Ball” – Country Program – Viet Nam

http://www.adb.org/
Positioning “Ahead of 8 Ball” – Country Program – Viet Nam
Positioning "Ahead of 8 Ball" – Country Program – Viet Nam

Viet Nam and ADB

Quantifying Water and Energy Linkages in Irrigation: Experiences From Viet Nam

This publication summarizes the results of a pilot study to quantify water and energy use in high-efficiency irrigation systems in Viet Nam.

Viet Nam’s economic growth has been increasing since 2011, while inflation has remained in single digits. Well-balanced macroeconomic policies have helped restore stability and investor confidence, with growth being propelled by a surge in foreign direct investment and export-oriented manufacturing.

Viet Nam needs to continue to develop a more dynamic market economy—one that can compete globally and deliver sustainable, equitable growth over the long term. Despite remarkable achievements in reducing poverty, serious development challenges remain, with income and other socioeconomic gaps still evident in pockets of ethnic minorities and other vulnerable groups.

ADMs country partnership strategy for Viet Nam focuses assistance through three pillars: promoting job creation and competitiveness, increasing the inclusiveness of infrastructure and service delivery, and improving environmental sustainability and climate change response.

Viet Nam is a member of the Greater Mekong Subregion (GMS).

Fact Sheet

Asian Development Bank and Viet Nam: Fact Sheet

Updated yearly, this ADB Fact Sheet provides social and economic indicators on Viet Nam as well as concise information on ADB’s operations in the country and contact information.
Positioning “Ahead of 8 Ball” – Country Program – Viet Nam

http://www.adb.org/countries/viet-nam/strategy
Key Pointers

1. Develop your brand name
2. Register in ADB CMS
3. Know the “rules of the game”
   (a) Guidelines on the Use of Consultants
   (b) ADB Anti-Corruption Policy
3. Monitor opportunities regularly
4. Know the country of assignment
5. Partner with entities likely to be shortlisted
6. Prepare a strong and responsive technical proposal
   – Pay attention to Data Sheet information
7. Manage your contract
Common Mistakes

- Failure to disclose conflicts of interest, e.g. employees from executing agency in your proposal
  - Caution with government employees!
- Firm or associates/experts not from ADB member country
- Wrong type of technical proposal
- Technical Proposal refers to price proposal
Common Mistakes (2)

- Conform to required templates – taxes
- Insufficient time afforded to entry of proposal in CMS
- Proposal received late
- Non-compliant proposal – e.g. person-months or non-nationals for national expert position
- Failure to respond to Client requirements

When in doubt, seek written clarification
Learning from an Irish Success Story

The Challenge:

- Irish companies unknown to ADB since Ireland became ADB member in 2006 only
- From 2007 to 2009, *IrishCo* (not real name) submits multiple EOIs but never shortlisted
- Attributes failure to absence of track record with ADB, despite
  (i) strong commitment to ADB-financed assignments
  (ii) strong partnerships
Learning from an Irish Success Story

The Solution:

- In 2009, strategic commitment to win ADB-financed assignment
- Travels frequently to ADB HQ
- Focuses on small assignments
  - Consider individual consultant assignments
  - Shorter and simpler recruitment process
  - Recruiters more willing to take risks with new firms on assignment with reduced scope
  - Opportunity to build valuable project references
  - Opportunity to build brand recognition
  - Gain familiarity with ADB processes and personnel
- By end 2009, wins three small contracts ($37K, $60K & $175K)
Learning from an Irish Success Story

- With new project references and new network of relationships, targets larger assignments and wins contracts worth $580K and $660K in 2011

*IrishCo’s Business Development Approach*

- Individual Contracts
- PPTAs
- Loan/Grant Project Implementation

*Project Scale vs. Time*
Business Opportunities Seminar

Thank you!

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