ADB-Financed Procurement

Business Opportunities
Sydney, Adelaide, Melbourne & Brisbane
22 – 26 October 2018

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- 67 member countries
  - 48 regional (including Australia) and 19 non-regional members

- Active portfolio end 2017 – USD 84 billion

- Financing approvals in 2017 – Record USD 30.6 billion

- Contracts by executing agencies (borrowers) in 2017
  - 4,000 contracts of good and works worth $9 billion
  - 3,000 consulting services contracts worth $700 million dollars
ADB Financing Instruments

• **Sovereign financing**
  - Non-concessional (“OCR”).
    - Use our AAA rating to borrow in the market and on-lend.
    - Middle income countries like Fiji
    - Current USD rate about 3.5%
  - Concessional and grant financing (ADF)
    - Lower income countries and small and vulnerable Pacific islands
    - Replenishments by shareholders every 4 years
  - Cofinancing from partners (like Australia)

• **Non-sovereign financing** to private companies for investment in developing members
  - Equity and debt investments
  - Generally commercial terms, although some opportunities to “blend” concessional resources
  - Guarantees and other credit enhancement instruments
ADB and Australia

- Australia is 5th largest shareholder (after Japan, US, China, India)

- Australian firms won USD 1.6 billion of business since 1966
  - Growing: USD 101m in 2016 and USD 157m in 2017
  - Australia gets about 10% of total consulting services, but lower on goods/works (outside Pacific)
Opportunities from Growing Pacific Program

Active Loans and Grants
(Financing Amount and Number of Projects by Year end)

- Total Portfolio (Including Cofinancing) ($M)
- Annual Commitments (ADB only, excluding cofinancing) ($M)
- Total Portfolio Projects

Projected

Contract awards currently $450m+/ year and increasing
MDBs the “Swing Factor” in Pacific

Official flows to the Pacific

Current vs. 2020 Projected

USD million

ADB
World Bank
Other
USA
EU
Japan
NZ
China
Australia

Climate Funds
New ADB Funding 2019–2021: By Pacific Country

- Palau: $50m
- Timor: $180m
- FSM: $20m
- PNG: $1,500m
- SOL: $120m
- FSM: $20m
- Nauru: $20m
- KIR: $50m
- RMI: $25m
- Nauru: $20m
- Fijian: $350m
- Tonga: $80m
- Samoan: $100m
- Cooks: $30m
- Tuvalu: $20m
Changing Sectoral Focus

Current Portfolio: $2.7bn
- Transport, $1,800
- Energy, $400
- Water/Urban, $150
- Public Sector, $100
- Agriculture, $25
- Education, $52
- ICT, $60
- Health, $72

Pipeline 2019-2021: $2.6 bn
- Transport, $1,000
- Energy, $450
- Public Sector, $260
- Water/Urban, $400
- Health, $400
- Other, $100

Total Current Portfolio: $2.7bn
Total Pipeline 2019-2021: $2.6 bn

Note: The numbers indicate the allocation of funds across different sectors.
Transport: Major New Investments

• **ADB’s Main Sector**
  ✓ $1.8bn current portfolio,
  ✓ Over $1 bn expected new commitments 2019-21

• **Improved Land Transport**
  • PNG: Highland Highway ($400m, 2020),
  • Timor Leste: National roads ($25m, 2020)
  • Samoa: Cross Island Road ($25m, 2019)
  • Tonga: Nuku’alofa bridge ($40m, 2020)

• **Maritime Transport a Growing Focus**
  ▪ PNG: Lae port (ongoing)
  ▪ Nauru: Port ($60m, 2018)
  ▪ Samoa: Port extension ($50m, 2019)
  ▪ Solomons: Honiara and Noro ports ($30m, 2019)
  ▪ Kiribati: Outer islands boat harbours ($25m, 2019)

• **Aviation**
  ▪ PNG: Civil aviation ($500m, 2020)
  ▪ Timor: Dili airport ($50m, 2020)
Energy

- ADB Largest Source of Financing for Energy in the Pacific
  - Current portfolio: $400m
  - Pipeline 2019-2021: $550m (plus $300m GCF/ co-financing)
  - Focus on both access (Melanesia) and increasing renewables

- Planned new investments
  - Papua New Guinea: Power sector expansion program ($500m, 2019 and 2021)
  - Samoa: Alaoa multipurpose dam ($75m, 2020)
  - Solomon Islands: Tina river hydro with World Bank ($200m, 2019)
  - Tonga: Renewable energy ($45m, 2019)
  - FSM: solar PV, wind generation ($40m, 2019)

- Private Sector/ Non-sovereign
  - IPPs for new generation
  - Samoa Solar PV 2.2 MW: $3m investment (including $1m concessional)
Urban / Water/ Sanitation

• Rapidly growing sector
  ✓ Current portfolio: $150m
  ✓ Pipeline 2019-2021: $400m ADB, $300m cofinancing

• Focus:
  ✓ Cook Islands: Sanitation ($20m, 2020)
  ✓ Fiji: Suva urban water and sanitation phase 2 ($160m, 2019)
  ✓ Kiribati: Tarawa Water supply ($50m, 2019)
  ✓ Palau: Koro sanitation ($25m, 2020)
  ✓ PNG: District towns water supply ($50m, 2019)
  ✓ Solomon: Urban water supply and sanitation ($100m, 2019)
  ✓ Timor: District capital and Dili water supply ($120m, 2020-2021)
  ✓ Tonga: Nuku’alofa urban water and solid waste ($40m, 2019)
Information and Communication Technology

- Tonga
- Samoa
- Polynesia (Cooks)
- FSM-Palau
- FSM-Nauru-Kiribati

Next step: Applications
Health

• Limited ADB engagement historically
  ✓ Current portfolio: $100 million
  ✓ Pipeline: $230 million

• Focus:
  ✓ Vaccines: (pneumococcal, rotavirus, HPV/cervical cancer)
    o Regional purchasing: Samoa, Tonga, Tuvalu, Vanuatu
  ✓ PNG: health sector support program ($200m, 2018-2020)
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THANK YOU