Business Opportunities Seminar in Canada

Toronto, Montreal, Calgary, Vancouver
18-21 October 2016

Asian Development Bank
Eric Gagnon
Head of Consulting Services
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*

<table>
<thead>
<tr>
<th>Region</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>OECD</td>
<td>5.4</td>
</tr>
<tr>
<td>East Asia</td>
<td>5.1</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>4.2</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>4.1</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>3.6</td>
</tr>
<tr>
<td>Central Asia</td>
<td>3.5</td>
</tr>
<tr>
<td>South Asia</td>
<td>2.9</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>2.8</td>
</tr>
<tr>
<td>Pacific</td>
<td>2.3</td>
</tr>
</tbody>
</table>

* Source: Global Competitiveness Report 2012-2013

1 = extremely underdeveloped to 7 = extensive and efficient
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 Requirements

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 (2015, $ million)

- Sovereign:
  - Cofinancing: $6,142
  - Technical Assistance: $365
  - Guarantees: $136
  - Loans: $13,304

- Nonsovereign:
  - Grants: $4,593
  - Equity Investments: $341
  - Loans: $134
  - Tax: $5
  - Subsidy: $2,150
Approvals by Modality (2015, $ million)

- Investment Support, $19,823 - 73%
- Policy-Based Support, $5,443 - 20%
- Results-Based Lending, $1,639 - 6%
- Technical and Advisory Support, $267 - 1%
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</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>Indonesia</td>
<td>Pakistan</td>
<td>Pakistan</td>
<td>Pakistan</td>
<td>Pakistan</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>Indonesia</td>
<td>Viet Nam</td>
<td>Indonesia</td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>Philippines</td>
<td>Philippines</td>
<td>Bangladesh</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>Bangladesh</td>
<td>Bangladesh</td>
<td>Kazakhstan</td>
<td></td>
</tr>
</tbody>
</table>
2015 Portfolio Distribution by Sector

ADB Business Opportunities

$ billion

ANR  EDU  ENE  FIN  HLT  IND  ICT  MUL  PSM  TRA  WUS

0,0  5,0  10,0  15,0  20,0  25,0  30,0
2015 Portfolio Distribution by Department

*Loans, Grants, TA, Guarantee, Equity Investment

CWRD = Central and West Asia Department, EARD = East Asia Department, Non-Ops = Non-Operations, PARD = Pacific Department, PSOD = Private Sector Operations Department; SARD = South Asia Department, SERD = Southeast Asia Department.

Source: Asian Development Bank data
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
### ADB Procurement

<table>
<thead>
<tr>
<th>Consulting Services (Loans, TAs, Grants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rank</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>1st</td>
</tr>
<tr>
<td>2nd</td>
</tr>
<tr>
<td>3rd</td>
</tr>
<tr>
<td>4th</td>
</tr>
<tr>
<td>5th</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>9th</td>
</tr>
<tr>
<td>11th</td>
</tr>
<tr>
<td>18th</td>
</tr>
</tbody>
</table>
### Canada’s Share of ADB-Funded Contracts

#### Canada’s Share of Contracts

2014-2015 - Project and Program Loans combined, Grant and Technical Assistance

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>Cumulative as of 31 Dec 2015</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>0.00</td>
<td>0.00</td>
<td>0.20</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>18.13</td>
<td>3.26</td>
<td>24.63</td>
</tr>
</tbody>
</table>
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
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
# Goods and Works - Contracts Awarded

<table>
<thead>
<tr>
<th>Loans and Grants (2013 - 2015)</th>
<th>$100,000-1 million</th>
<th>$1</th>
<th>$1-20 million</th>
<th>&gt;$20 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Number of Contracts per year</td>
<td>1,881</td>
<td>699</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>Average Contract Size</td>
<td>$0.35</td>
<td>$4.80</td>
<td>$53.62</td>
<td></td>
</tr>
<tr>
<td>2013 -2015 Averages</td>
<td>Average Number of Contracts Per Year</td>
<td>Average Value of Contracts Awarded ($M)</td>
<td>Annual Average Value of Contracts Awarded ($M)</td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------------------</td>
<td>----------------------------------------</td>
<td>-----------------------------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Firms</td>
<td>Indiv.</td>
<td>Firms</td>
<td>Indiv.</td>
</tr>
<tr>
<td>ADB Administrative Budget (Staff Consultants)</td>
<td>17</td>
<td>895</td>
<td>0.09</td>
<td>0.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Firms</td>
<td>Indiv.</td>
<td>Firms</td>
<td>Indiv.</td>
</tr>
<tr>
<td>ADB Technical Assistance</td>
<td>227</td>
<td>2,114</td>
<td>0.54</td>
<td>0.04</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADB Loans</td>
<td>450</td>
<td></td>
<td>0.56</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>253</td>
</tr>
</tbody>
</table>
Un-contracted Loan and Grant Funds - by Sector
(US$ million, at 31 Dec 2015)
Total = $27,613M

Transport - 29%
Energy - 28%
Water/Urban - 15%
Agriculture- 12%
Public Sector Management; 742
Multisector; 220
Information and Communication Technology; 72
Transport; 8,009
Energy; 7,721
Finance; 1,091
Health; 455
Industry and Trade; 120
Agriculture, Natural Resources and Rural Development; 3,310
Education; 1,808
Water and Other Urban Infrastructure and Services; 4,064
Uncontracted Loan & Grant Funds - by Country
(US$ million, at 31 Dec 2015)
Total = $27,613M

PRC - 18%
IND - 13%
VIE - 11%
PAK - 11%
BAN - 8%
Locations to consider for Business Development

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

- A worthy development mission
- $26 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
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
## OPPORTUNITIES BY SECTOR

### ZONE A: Environment, Natural Resources and Agriculture

- **RSDD**: Jiangfeng Zhang, Principal Natural Resources and Agriculture Specialist  
  [click here](#)
- **SARD**: Ms Cynthia Malvolini, Principal Portfolio Management Specialist  
  [click here](#)
- **CWRD**: Binsar Tambunan, Lead Portfolio Management Specialist  
  [click here](#)
- **EARD**: Yoshiaki Kobayashi, Senior Water Resources Specialist  
  [click here](#)
- **SERD**: Ms Marzio Mongiorgi-Lorenzo, Unit Head, Project Administration  
  [click here](#)
- **PARD**: No representative

### ZONE B: Energy

- **RSDD**: Aiming Zhou, Senior Energy Specialist  
  [click here](#)
- **SARD**: Hiroki Kobayashi, Principal Portfolio Management Specialist  
  [click here](#)
- **CWRD**: Ms F. Cleo Kawakami, Director, CWEN  
  [click here](#)
- **EARD**: Shigeru Yamamura, Senior Energy Specialist  
  [click here](#)
- **SERD**: Rehan Kausar, Unit Head, Project Administration  
  [click here](#)
- **PARD**: Robert Guild, Director, PATE  
  [click here](#)

### ZONE A: Public Management and Finance

- **RSDD**: Warren Turner, Senior Public Management Specialist  
  [click here](#)
- **SARD**: Peter Marro, Principal Financial Sector Specialist  
  [click here](#)
- **CWRD**: Ms Yesim Elhan-Kayalar, Principal Public Management Specialist  
  [click here](#)
- **EARD**: Craig Sugden, Principal Public-Private Partnership Specialist  
  [click here](#)
- **SERD**: Ms Lingling Ding, Principal Trade Specialist  
  [click here](#)
Finding ADB Business Opportunities Using ADB CMS
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/
Positioning “*Ahead of 8 Ball*” – Country Program – Viet Nam

Climate Financing to Double
ADB will double its annual climate financing to $6 billion by 2020, bringing climate change spending to around 30% of its overall financing.
Positioning “Ahead of 8 Ball” – Country Program - Viet Nam

http://www.adb.org/countries/viet-nam/main
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
Thank you!

Eric Gagnon
Head of Consulting Services
Manila, Philippines
Tel: +63.2.632-5980
Email: egagnon@adb.org