

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.



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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