

BIDDING ON MDB-FUNDED  
INFRASTRUCTURE CONTRACTS

# A Guide for Canadian Businesses

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# A Guide for Canadian Businesses

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# About the Guide

All major multilateral development banks (MDBs) fund a wide variety of infrastructure projects in developing countries. Such projects are aimed at lifting these nations out of poverty and range in scale from the modest to the monumental. Canada has a long history of working with MDBs and our relationships with them have strengthened steadily over the years.

In this guide, we'll examine the four MDBs through which Canadian companies have experienced the most success: the World Bank, the Inter-American Development Bank, the African Development Bank and the Asian Development Bank. Winning a contract funded by one of these banks can be highly rewarding, but success is almost always the result of a great deal of preparation and a clear understanding of the banks' procurement processes. In the pages that follow, we'll look at these processes, how they work and how you can improve your chances of making a winning bid both for consulting contracts with the MDBs or for contracts carried out by the borrowing countries.

## Contract Opportunities

▶ Consulting contracts with MDBs

▶ Consulting contracts with borrowers

▶ Small contracts for work with borrowers

▶ Large contracts for work with borrowers

▶ Goods contracts with borrowers

▶ Sub-contracts with successful bidders

# The Basics



If you want to work on projects funded by multilateral development banks (MDBs), there is no substitute for thorough research and preparation<sup>1</sup>. Most successful bidders become familiar with a project months or even years before it reaches the bidding stage, since this puts them in a much better position to bid on the contract when the time comes.

Second, becoming familiar with a project requires establishing solid, face-to-face relationships with the people involved in it. This includes both the bank's staff and the staff of the "executing agency" – that is, the government organization responsible for the project in the country where the project is to be carried out. This will require fairly regular visits to the bank's offices and to the country in question.

However, pursuing these contracts is expensive in terms of human and financial resources, and Canadian firms that do so will be competing against some of the most qualified companies on the planet. If your company can't afford to undertake all this by itself, you can look for partners such as Canadian or non-Canadian firms that are showing interest in the project. A local company can also make a good partner since its staff will be part of the country's business culture and will be fluent in the language. Alternatively, you could identify a large infrastructure company – perhaps local, perhaps multinational – that is bidding on a project, and try to become a subcontractor for it.

A first step in getting involved with MDBs could be to bid on consulting contracts with the banks, often referred to as corporate or institutional procurement. This gives you the benefit of working in a new market but with the support of the bank's experienced staff. It also gives you insight into upcoming projects and allows you to evaluate new opportunities as described above.

## MDB? IFI? Bank?

MDB's are sometimes also referred to as "international financial institutions" or IFIs. "IFI" is a general term, however – not all IFIs are banks, and some are bilateral institutions rather than multilateral ones. This guide covers only MDBs, which we'll usually refer to as "banks."

## What about funding for the private sector?

As well as funding public-sector projects, MDBs also provide financing to private enterprises in the developing country. However, these arrangements fall outside the scope of this guide, which discusses only goods and services acquired for public-sector projects through the International Competitive Bidding (ICB) process. Moreover, such private-sector financing is only a small percentage of the banks' total funding for public-sector projects.

<sup>1</sup> Some of the partnering and small-business-related information in this chapter has been adapted from material provided by DFAIT at <http://geo.international.gc.ca/can-am/ifi/ifiwashington/partnering-en.asp> and at [www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=51706](http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=51706).

## 1.1 Laying the groundwork

There is a well-established sequence by which most Canadian firms become exporters. The first three stages fall outside this guide, but very briefly they are:

- ▶ self-assessment (determining whether you're ready to export);
- ▶ market assessment (identifying potential markets abroad); and
- ▶ strategy development (creating a well-planned approach to entering a foreign market).

The Canada Business web site at [www.canadabusiness.ca](http://www.canadabusiness.ca) has plenty of information about these stages in its Exporting section; refer especially to the Step-by-Step Guide to Exporting at [www.infoexport.gc.ca/eng/guide-exporting.jsp](http://www.infoexport.gc.ca/eng/guide-exporting.jsp).

The fourth stage, which is where the bank-funded projects come in, is to identify project opportunities and build a network of contacts around them. Begin by making a list of future bank-funded business opportunities for which you might be qualified (we'll discuss ways to do this later in the guide, under the four bank headings). Then, to start creating your network, contact government officials in the developing country, bank staff, and local or Canadian firms that are potential partners. The Canadian Trade Commissioner Service, through its various bank liaison offices, can be a great help here; refer to **Section 1.5**, "Where to get information and help" for details.

### Who decides?

Many people think it's the lending MDB that decides who wins a contract for a project. In fact, it's the borrowing country that manages the bidding and selects the winning supplier. The borrowing country also handles almost all procurement of goods and services, barring some smaller consulting assignments for which the MDB may recruit directly. In other words, there are three major parties involved: the bank (the lender), the developing country where the project is taking place (the borrower), and the supplier (the contractor or consultant who wins the bid).

So technically, we shouldn't refer to a "bank project," since it's really a "bank-funded project." But both terminologies are in such common use that we'll use them interchangeably.

## 1.2 Corporate versus project procurement

Like any organization, MDBs need various goods and services to support their own operations. They normally acquire these directly from contractors and consultants through their own procurement mechanisms. This type of MDB-related procurement is called corporate or institutional procurement, and must be distinguished from project procurement, which is carried out by the borrowing country to meet the needs of a project. Corporate procurement processes are often (but not always) quite different from those used for project procurement. For example, this could include consulting contracts that help MDBs define, with the borrowing country, the project scope, specifications and funding requirements, as well as project management and project audit contracts for their accounts. The sums involved are also much smaller.

## 1.3 Bidding

Your networking is intended to make you known to bank staff and the appropriate officials in the borrowing country, which will help you position your company to bid successfully on a contract. Note that in many cases, contracts are broken down into lots, and a firm can bid for some or all of the lots. A project to build an electrical transmission line, for example, might be packaged as a lot for towers, another for poles and a third for the conducting cables. Or the construction of a road might be split up into several larger and smaller lots.

MDBs have been harmonizing their procurement methods for several years now, but while they are more alike than they used to be, procedures and interpretations still vary from one institution to another. Accordingly, you should carefully research a bank's specific procurement processes before you bid on a project and, when you do submit your bid, be sure that it's technically sound, clearly written and responds to all the terms of the borrower's bidding document. Failing to do this can lead to a rejected bid that might otherwise have succeeded. Even large and experienced companies sometimes lose contracts for this reason, so check and double-check your bid before you submit it.

## 1.4 Subcontracting

For smaller companies, subcontracting to major infrastructure firms can be a cost-effective way to win bank-financed contracts. The strategy here is to monitor the bank's activities at least once a week and identify projects that will require your products or services. Then contact the major infrastructure firms operating in the target country and find out if they're intending to bid on these projects.

If they are, start marketing your capabilities to these firms as soon as possible; the objective here is to persuade them to include your products and services in their planning so that you can become a subcontractor for the project (or they might even be interested in a joint venture). This can vastly increase your chances of participating in the project.

One good way to identify these infrastructure companies is to find out which ones have been successful bidders in the past. Most banks post lists of these bidders on their web sites.

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### Tips for consultants and consulting firms

▶ Identify projects early. This gives you time to market your consulting expertise to the staff of the bank and increases the likelihood that the project's terms of reference will allow you to bid.

▶ A local network of contacts will improve your chances of success. By having good contacts in the borrowing country, you'll get better market intelligence earlier. Having a network will also enhance your credibility with bank staff and with the staff of the executing agency.

▶ Be prepared to make a solid commitment to the market and to finding out all you can about it. Bank task team leaders will expect a high degree of country knowledge from both individual consultants and from consulting companies.

▶ Be patient. These projects can take months and years between inception and completion.

▶ Leverage technology so that you receive early notification of bid opportunities and/or register your company's niche area of expertise on each MDB's database.

## 1.5 Where to get information and help

Once you've become involved with international procurement, your personal relationships with the staff of the borrowing country's executing agency will be among your most important information sources. Your connections to MDB staff will usually play a lesser role in this, but it is still important to maintain them.

If you're a beginner in international procurement, though, and need help approaching the banks, be sure to take advantage of these organizations:

### ▶ The Office of Liaison with International Financial Institutions (OLIFI)

OLIFI is part of the Canadian Trade Commissioner Service and is located at the Canadian Embassy in Washington, D.C. It specializes in helping Canadian businesses identify and pursue business opportunities financed by the World Bank and the Inter-American Development Bank (IDB). Contact information is available at [http://www.trade-commissioner.gc.ca/eng/development-humanitarian-aid-markets/support-network.jsp#ifi\\_2\\_ool](http://www.trade-commissioner.gc.ca/eng/development-humanitarian-aid-markets/support-network.jsp#ifi_2_ool)

There are also OLIFI offices in Manila and Tunis that work with the Asian Development Bank and the African Development Bank respectively. OLIFI Manila is at [www.infoexport.gc.ca/eng/document.jsp?did=5282](http://www.infoexport.gc.ca/eng/document.jsp?did=5282) and OLIFI Tunis is at [www.infoexport.gc.ca/eng/document.jsp?did=5196](http://www.infoexport.gc.ca/eng/document.jsp?did=5196).

### ▶ Canadian Embassies and High Commissions

Canadian Embassies and High Commissions around the world provide various business services through the Canadian Trade Commissioner Service, and these can be very useful in international procurement. For instance, if you've been talking to officials at the Asian Development Bank about a hydro project in Indonesia, they may have referred you to project staff in that country. Before you follow up with a country visit, you can contact the trade team at our embassy in Jakarta and ask for their input and advice about getting the most from your stay. For more information, refer to the Canadian Trade Commissioner Service web site at [www.infoexport.gc.ca](http://www.infoexport.gc.ca).

### Tips for goods manufacturers

▶ Identify projects early. This gives you more time to make your company known to the bank and to the borrowing country and increases the likelihood that the project's terms of reference will allow you to bid.

▶ Keep the staff of the bank and the executing agency aware of your capabilities and activities throughout the project cycle.

▶ Be patient and be prepared for a long stay. This kind of procurement requires a solid, long-term commitment to a project.

▶ Some kind of local presence can be a great advantage. An agent or partner in the developing country can help you obtain up-to-date market intelligence, keep your company in front of the borrower's executing agency at important stages of the project cycle, and track the activities of their competition.

▶ In many developing countries, interpersonal relationships are a vital factor for successful business transactions, and a local partner will be accustomed to this and to local business practices and requirements. Local agents can also take care of regulatory paperwork, customs clearances, import permits and so on.

▶ That said, you should always exercise the utmost due diligence when choosing a local partner, especially for joint ventures.



### ▶ **Private Sector Liaison Officers (PSLO) across Canada**

The PSLO Network is a network of local contacts that help Canadian companies access the World Bank Group and/or the Inter-American Bank's products and services. The objective is to increase awareness of the bank's activities in non-borrowing member countries, as well as to enhance the interaction between the banks and private companies in the participating country.

The PSLOs, with support from the banks, act as convenient points of contact to disseminate information to a wide variety of organizations including associations, private companies, NGOs and educational institutions. The PSLOs provide insight on how to work with the banks and how to strategically identify potential partners in the borrowing region. They also play an active role in organizing thematic events, facilitating contact between local companies and the banks, and promoting knowledge of the banks in the non-borrowing member countries.

### ▶ **World Bank Canadian Private Sector Liaison Officers**

**<http://go.worldbank.org/EFWA3FE570>**

### ▶ **Inter-American Development Bank Canadian Private Sector Liaison Officers**

**[www.iadb.org/aboutus/vi/pri\\_pslocontact.cfm](http://www.iadb.org/aboutus/vi/pri_pslocontact.cfm)**

### ▶ **Business Opportunities in Development and Humanitarian Aid Markets**

Each year, development and humanitarian aid agencies provide over \$150 billion in funding for a wide variety of development and humanitarian aid projects in dozens of countries around the world. Foreign Affairs and International Trade Canada has established a comprehensive new Web resource to help Canadian companies find out about business opportunities in these markets.

The resource covers all major and regional multilateral development banks and institutions, bilateral aid agencies, UN development and humanitarian aid agencies, and international and non-governmental organizations. It provides information about the kinds of programs and projects supported by these institutions, together with their procurement policies, development strategies, project cycles and contact information. It's an indispensable resource, so be sure to visit it at **[www.tradecommissioner.gc.ca/eng/development-humanitarian-aid-markets/index.jsp](http://www.tradecommissioner.gc.ca/eng/development-humanitarian-aid-markets/index.jsp)**.



# The World Bank

With its headquarters in Washington, D.C., the World Bank Group (WBG) is the largest multilateral development institution in the world. It has 184 member countries and consists of five associated institutions:

- ▶ the International Finance Corporation (IFC);
- ▶ the Multilateral Investment Guarantee Agency (MIGA);
- ▶ the International Centre for the Settlement of Investment Disputes (ICSID);
- ▶ the International Bank for Reconstruction and Development (IBRD); and
- ▶ the International Development Association (IDA).

These last two organizations – the IBRD and the IDA – make up what is commonly known as the World Bank (the other three units are called “affiliates”). Through the IBRD and the IDA, the World Bank (WB) provides most of the infrastructure opportunities for Canadian companies.

The World Bank web site, which is the direct portal to the IBRD and the IDA, is at [www.worldbank.org](http://www.worldbank.org). If you need information about the larger World Bank Group, you can refer to [www.worldbankgroup.org](http://www.worldbankgroup.org).

## 2.1 About the World Bank

The World Bank’s mandate is to help its member developing countries reduce poverty. The primary method of achieving this goal is to make loans that support development projects undertaken by borrower governments. The total of these loans has averaged about \$20 billion annually for the past several years<sup>2</sup>. The World Bank also provides technical assistance to its borrowing members and conducts extensive research on development topics.

**The World Bank has two major units:**

- ▶ The International Bank for Reconstruction and Development (IBRD) supports sustainable development through loans, guarantees, risk management products, and analytical and advisory services. It focuses on middle-income countries and on creditworthy poorer nations and provides loans at low interest. Its web site is at <http://go.worldbank.org/SDUHVGE5S0>.

2 All currency is in U.S. dollars unless otherwise stated.

- ▶ The International Development Association (IDA) helps the world's poorest countries. It provides interest-free credits and grants for programs that boost economic growth, reduce inequalities and improve people's living conditions. Its web site is at <http://go.worldbank.org/12T3KWHGS0>.

Procurement works in exactly the same way for both units. For our purposes there's not much difference between them, so from here on we'll refer to them collectively as "the World Bank."

#### **World Bank development assistance comes in these major forms:**

- ▶ Investment loans and credits are offered by both the IBRD and the IDA. These are made to countries for goods, works and services to support economic and social development projects. IDA loans and credits are interest free. IBRD loans, however, carry interest. These loans and credits generate most of the opportunities for the Canadian private sector.
- ▶ Development policy loans and credits, also offered by both the IBRD and the IDA, provide quick-disbursing financing to support countries' policy and institutional reforms. Funding is interest free. These offer only limited opportunities to the Canadian private sector.
- ▶ IDA grants support development projects by encouraging cooperation among organizations and increasing local stakeholders' participation in projects. These grants are often financed by trust funds.
- ▶ The World Bank's analytic and advisory services help clients learn how to solve their development problems and promote economic growth. The bank sometimes hires consultants directly to help with these initiatives.

#### **World Bank infrastructure lending is, for the most part, in the following sectors:**

- ▶ water, sanitation and flood protection;
- ▶ transportation;
- ▶ agriculture, fishing and forestry;
- ▶ energy and mining; and
- ▶ information technology and telecommunications.

The Bank also recently launched its four-year sustainable infrastructure plan, which enhances the bank's emphasis on infrastructure and increases funding for it. During 2008-2011, the Bank plans to scale infrastructure investment up to \$72 billion, compared with \$41 billion over the previous four-year period.

#### **EDC's Country Profile**

- ▶ EDC provides country information. Refer to [www.edc.ca/search/CountryInformation.asp](http://www.edc.ca/search/CountryInformation.asp)

## 2.2 Who's who at the World Bank

From a contractor's perspective, World Bank staff fall into four broad categories:

- ▶ Task team leaders (TTLs) are sector specialists who coordinate the Bank's activities on individual projects and are ultimately responsible for hiring individual consultants to assist the project team. They're not formally titled "Task Team Leaders" but instead are designated according to their expertise; "senior engineer" would be an example.
- ▶ Sector specialists are experts in particular fields, such as education or urban development, who provide technical assistance to TTLs.
- ▶ Country officers liaise with borrowing countries and oversee the Bank's lending portfolio in a specific country. Most country officers are based in the country they represent.
- ▶ Procurement specialists advise TTLs and borrowing countries on interpreting and applying the Bank's procurement guidelines. More than half of the Bank's procurement specialists are based in-country.

Remember, however, that the implementing agency in the borrowing country should be your first point of contact if you have questions about a specific project.

### Making contact abroad

- ▶ If you're travelling in a developing country to pursue Bank-financed business, you'll likely want to contact local Bank staff. For a complete list of World Bank contacts, including field offices around the world, refer to [www.worldbank.org/contacts](http://www.worldbank.org/contacts).

## 2.3 Canada and the World Bank

Canada was a founding member of the World Bank in 1945 and has been participating in its operations ever since. Finance Canada, Foreign Affairs and International Trade Canada (DFAIT), and the Canadian International Development Agency (CIDA) are all involved in Canada's work with the Bank.

The Canadian government accordingly maintains three organizations to help you find your way around the World Bank and its institutions:

### ▶ Office of Liaison with International Financial Institutions

The Office of Liaison with International Financial Institutions (OLIFI) at the Canadian Embassy in Washington, D.C. is part of the Canadian Trade Commissioner Service. Contact information is available at [www.tradecommissioner.gc.ca/eng/development-humanitarian-aid-markets/support-network.jsp](http://www.tradecommissioner.gc.ca/eng/development-humanitarian-aid-markets/support-network.jsp).

OLIFI's chief collaborators are:

- ▶ the Canadian Trade Commissioner Service's Regional Offices across Canada;
- ▶ the Canadian International Development Agency (CIDA) and other government departments;
- ▶ Canada's trade missions in developing countries abroad; and
- ▶ the Private Sector Liaison Officer (PSLO) Network across Canada.

If your company wants to pursue opportunities with World Bank projects<sup>3</sup>, and you've researched and selected your target market, OLIFI staff can:

- ▶ help you identify market prospects in government procurement financed by the World Bank;
- ▶ find key contacts involved in projects financed by the World Bank;
- ▶ provide you with help in organizing a trip to Washington, D.C. to meet with World Bank officials;
- ▶ meet with you personally to provide advice and information on your World Bank procurement strategy; and
- ▶ help you understand the World Bank's bidding procedures.

#### ▶ **World Bank Private Sector Liaison Officers Network across Canada**

The Canadian Private Sector Liaison Officers (PSLO) Network is a network of local contact persons who help small and medium-sized businesses obtain access to the World Bank. Among other functions, PSLOs provide companies with information about the Bank and its business opportunities, and facilitate contacts between the Bank and Canadian companies. Their knowledge can make them extremely valuable if your company is making its first approaches to the Bank. The PSLO Network's web site is at <http://go.worldbank.org/EFWA3FE570>.

#### ▶ **Canadian Executive Director's Office, World Bank Group**

This office, whose staff can furnish assistance to the Canadian private sector, provides Canadian representation at the Bank. The web site is at [www.worldbank.org/canada](http://www.worldbank.org/canada).

#### **Where to obtain publications**

- ▶ You can buy publications such as project documents and working papers at the World Bank InfoShop. The InfoShop includes a team of staff that can help you find specific documents or information (tel.: 202-458-5400; fax: 202-522-1500; E-mail: [pic@worldbank.org](mailto:pic@worldbank.org)). Most documents, many of which are free, can also be downloaded from the Bank's web site.

## 2.4 The World Bank project cycle

The World Bank project cycle has six major stages. For detailed information, refer to the Project Cycle page at <http://go.worldbank.org/HWMHUTIFY0>. Opportunities within the project cycle will be covered later in the guide.

World Bank projects originate with a Country Assistance Strategy (CAS) that is built on the country's own vision for its future. The CAS establishes a program of Bank support for the country's development strategy; when this has been defined, the project moves into the first of its six development stages, as follows:

### 1. Identification

The World Bank and the borrowing government agree on an initial project concept, and the Bank's project team outlines the basic elements in a Project Concept Note.

<sup>3</sup> OLIFI provides liaison with the Inter-American Development Bank as well as the World Bank.

## 2. Preparation

After the Bank and the borrowing country have settled on a project proposal, the proposal undergoes further refinement. Feasibility studies and detailed project design happen at this stage, which usually lasts from one to two years. The borrowing country does most of this work.

## 3. Appraisal

The Bank is responsible for the appraisal phase, during which its staff assess the technical, environmental, financial and economic elements of the project.

## 4. Negotiation

The Bank and the borrower negotiate the loan agreement and the project implementation plans. The negotiations last one or two months; after approval and signing by both the Bank and the borrower, the loan is effectively in place.

## 5. Implementation and supervision

The borrower is responsible for implementing the project, although the Bank does oversee and approve all major procurement decisions. The largest numbers of contracts, with the greatest value, are awarded during the implementation phase.

## 6. Evaluation

After the project has been completed and all the funds have disbursed, the Bank assesses the project and the results it has achieved.

## 2.5 Identifying opportunities within the project cycle

A given World Bank infrastructure project can comprise hundreds of business opportunities, ranging in value from a few thousand to tens of millions of dollars. Some of the best leads about these opportunities come from contacts in the borrowing country or at the World Bank, hence the need to keep in regular touch with the appropriate people.

At the same time, there are numerous online sources—which will be examined in the next section – to help you identify projects that might suit your company’s capabilities; these sources will tell you who is handling a project at a given point in its development. If you decide to pursue a contract for the project, these are the people you should contact. The Projects and Operations database provides contact details for the government agencies in charge of the project in the relevant country; refer to <http://go.worldbank.org/0FRO32VEI0>.

Business opportunities occur at all phases of the project cycle, which is why you need to find out about a project as early as you can. The following is an overview of the types of opportunities that exist at each stage, and the kinds of information you can use to identify them.

### World Bank Resource Guide

▶ The World Bank provides an online resource guide that will help you understand the procurement and consulting process and how to navigate it. The guide’s home page is at <http://go.worldbank.org/FAOKR30TW0>.

Note that the bulk of the work is managed by institutions in the borrowing countries. Depending on the nature of your company, you may therefore need to concentrate most of your sales and marketing energy on that institution rather than on the Bank.

### 2.5.1 Pre-pipeline phase

This phase requires short-term consulting for the Bank, and covers the period during which the Bank carries out studies of development issues at the country and sector levels. Contracts are for a few weeks or months and are worth less than \$100,000. Information sources include the following:

- ▶ Country Assistance Strategies (CAS) are developed by the World Bank in consultation with borrowing countries. The resulting CAS documents describe the strategic priorities for World Bank support to the country during the next four to five years. CAS documents can be extremely important to suppliers because they provide the earliest information about possible Bank-financed project opportunities. Refer to [www.worldbank.org/cas](http://www.worldbank.org/cas) for background information; to browse or search for a specific CAS document, go to the Documents and Reports database at <http://go.worldbank.org/H1Q3T60M80>. Note that if a CAS does not mention a sector or subsector, it is very unlikely that there will be a project in this area.
- ▶ Economic and sector studies deal with different sectors, countries and development challenges. These can help you understand the Bank staff's view of a project's purposes and strategies. Refer to the Documents and Reports database at <http://go.worldbank.org/H1Q3T60M80>.
- ▶ Poverty Reduction Strategy Papers (PRSPs) are written by a borrowing country and describe its macro-economic, social and structural policies and programs for reducing poverty and promoting economic growth. Refer to [www.worldbank.org/poverty/strategies](http://www.worldbank.org/poverty/strategies).

### 2.5.2 Identification, preparation and appraisal phases

These phases require short-term and medium-term consulting for the borrowing country. Medium-term consulting is for more than a few months and contracts are worth more than \$100,000. Information sources include the following:

- ▶ The Monthly Operational Summary (MOS) provides brief descriptions of the projects being considered for Bank financing. The MOS follows projects through their different phases until appraisal is complete. It is updated monthly. Refer to <http://go.worldbank.org/680DDGFUE0>.
- ▶ Project Information Documents (PIDs) describe the main objectives and components, financing and risks of a project. Refer to the Projects and Operations database at <http://go.worldbank.org/0FRO32VEI0>.

- ▶ Project Appraisal Documents (PADs) are the most comprehensive descriptions of Bank projects. They include background on the country and sector; a detailed description of the project's objectives, risks, financing conditions and implementation arrangements; and a procurement schedule that describes the procurement methods to be used on the project. PADs are released to the public after the loan or credit is approved by the Bank; they're available through the Projects and Operations database at <http://go.worldbank.org/0FRO32VEI0>.
- ▶ General Procurement Notices (GPNs) are issued by borrowing countries and provide an overview of the types of equipment, goods and services that will be procured for a project. They are published on the United Nations Development Business web site at [www.devbusiness.com](http://www.devbusiness.com) (UNDB Online) and on the dgMarket web site at [www.dgmarket.com](http://www.dgmarket.com). Note that GPNs can also be issued during the Appraisal and Negotiation phases.

### 2.5.3 Implementation phase

This phase involves the purchase of consulting services, goods, equipment and civil works by the borrowing country. Supervision during this phase requires short-term consulting for the Bank. Information sources include the following:

#### Project team contacts

▶ The names and contact details for World Bank project teams are contained in the PIDs and PADs. PADs also provides contacts at the implementing agency.

- ▶ Specific Procurement Notices (SPNs) are issued by the borrowing country and are invitations to bid for goods, equipment and civil works contracts. If they are for contracts of more than \$10 million, they must be published on the United Nations Development Business web site at [www.devbusiness.com](http://www.devbusiness.com) or on the dgMarket web site at [www.dgmarket.com](http://www.dgmarket.com). Smaller contracts may appear in these sources but publication is not required.
- ▶ Requests for Expressions of Interest (EOI) are issued by borrowing countries to invite consultants to submit their interest in a project. After the EOIs are reviewed, a maximum of six consultants or consulting firms are placed on a short list and invited to submit detailed proposals. If a consulting contract is for more than \$200,000, it must be published on the United Nations Development Business web site at [www.devbusiness.com](http://www.devbusiness.com) or on the dgMarket web site at [www.dgmarket.com](http://www.dgmarket.com). Smaller contracts may appear in these sources but publication is not required.
- ▶ The Database of Contract Awards is available on the Bank web site and identifies the winners of bids for large Bank contracts. Refer to <http://go.worldbank.org/GM7GBOVGS0>. The United Nations Development Business web site also lists contract awards.

### 2.5.4 Evaluation phase

This phase requires short-term consulting for the Bank; resources are as indicated above for this kind of contract.



## 2.6 Bidding on procurement opportunities

World Bank procurement contracts for goods and works fall into four major categories:

- ▶ procurement of goods;
- ▶ procurement of plant design, supply, and installation;
- ▶ procurement of works; and
- ▶ procurement of works – smaller contracts.

Borrowers use different procurement methods for Bank-financed projects, depending on the value and type of the good or service being procured, and on foreign bidders' probable level of interest in the contract. For procuring equipment and civil works, borrowers most often use the International Competitive Bidding (ICB) method. This is the method that you, as a Canadian bidder, will most likely be using. The other procurement methods are of lesser importance from a Canadian bidder's point of view but can still provide opportunities, especially if your company has a local presence or local partner.

Before bidding on any procurement contract, you should become familiar with the procurement guidelines set out in the document *Procurement under IBRD Loans and IDA Credits*, which you can download from <http://go.worldbank.org/X9VYVTMSY0>. These guidelines regulate the way in which the Bank and the borrower carry out procurement, and they provide very useful information for suppliers as well. They cover the procurement of goods, equipment, civil works and non-consulting services (such as training), and deal with issues such as advertising, bid and proposal submission, evaluation, pricing, currency, terms of payment and local content.

The document is essential reading because it will help you understand how the procurement rules work, how you can avoid bidding mistakes, how the guidelines will affect the competitiveness of your bid and how you can make queries or complaints during the bidding process.

### 2.6.1 Prequalification

Prequalification of bidders is usually required for projects that involve large, complex works and/or custom-designed equipment, and for which it is very expensive and time-consuming to submit a bid.

Invitations to prequalify for a specific undertaking appear on the United Nations Development Business web site at [www.devbusiness.com](http://www.devbusiness.com) (UNDB Online) and on the dgMarket web site at [www.dgmarket.com](http://www.dgmarket.com). If you respond, you'll receive a statement of the required qualifications. If you submit your qualifications in response and the borrower thinks they are acceptable, the borrower will make the detailed bidding document (BD) available to you, and you'll be allowed to bid on the project. You can download a copy of the prequalification document, including the forms, from <http://go.worldbank.org/31VUFLI40>.

## 2.6.2 The International Competitive Bidding process

In summary, the ICB process for bidding on a procurement contract works like this:

### ► Stage 1: Advertisement and notification

The borrower submits a draft General Procurement Notice (GPN) to the Bank and the Bank arranges for its publication on UNDB Online and on dgMarket. Next, the borrower issues a Specific Procurement Notice (SPN) that serves as an invitation to bid (or, depending on the contract, to prequalify). The SPN appears in a major newspaper of the borrower's own country and also on UNDB Online and on dgMarket. It gives the basic information you'll need to assess your suitability for the project.

### ► Stage 2: Issue of the bidding document

By the time it issues the SPN, the borrower has already prepared a Bank-approved bidding document (BD) for the contract. The SPN states who you should contact to acquire the BD. The borrower may or may not charge a nominal fee for the BD, which provides all the information you need to prepare a bid, such as bidding instructions, contract conditions, technical specifications and so on.

The BD doesn't include the bidding forms, formally referred to as the Standard Bidding Documents (SBDs); you download these from the Bank web site, as will be described shortly. There are four distinct procurement types and four corresponding SBDs: one for goods; one for plant design, supply, and installation; one for works costing more than \$10 million; and one for works costing less than \$10 million.

The BD also states the amount of the mandatory performance security. This protects the borrower from non-performance by the contractor. It varies according to the type of security provided and to the nature and value of the contract.

### ► Stage 3: Bid preparation and submission

You, the potential contractor, can now obtain the BD from the borrower and can bid on the contract using the SBDs. Follow the BD instructions carefully and provide all the information that is requested on the SBDs. Then submit your bid according to the stipulations in the BD. The time allowed for the preparation and submission of bids ranges from at least six weeks to 12 weeks, depending on the complexity of the contract.

#### EDC's bonding services

► EDC has a range of services that may help you obtain the performance security you need to submit a bid. Refer to [www.edc.ca/bonding](http://www.edc.ca/bonding) or call 1-800-368-6664.

► **Stage 4: Bid opening**

The borrower opens the bids in public, using a procedure tightly regulated by the Bank. Late bids are not considered.

► **Stage 5: Bid evaluation and contract award**

Using a strictly confidential evaluation process, the borrower evaluates the bids and awards the contract after any necessary negotiations with the winner.

### 2.6.3 Two-stage bidding

A two-stage bidding process can be used for turnkey projects or for large and complex undertakings. This is usually done when advance preparation of the project's complete technical specifications is impractical or inadvisable. In these cases, the first stage of the bidding is done with technical proposals for which no price is stipulated. In the second stage, an amended bidding document is issued, and new bids with final technical proposals and prices are submitted for evaluation and contract award.

### 2.6.4 Bidding on procurement contracts

As mentioned earlier, there are four distinct procurement types and four corresponding SBDs. The bidding document will tell you which SBD to use when bidding on a particular contract. SBDs are revised from time to time, so make sure you're using the latest version.

#### EDC's access to working capital

► By providing a guarantee to your financial institution, through EDC's Export Guarantee Program, you could access additional financing to support export-related activities and/or foreign investments. Refer to [www.edc.ca/english/financing\\_export\\_guarantee.htm](http://www.edc.ca/english/financing_export_guarantee.htm) or call 1-800-368-6664.

► **Bidding on procurement of goods**

*The Standard Bidding Document: Procurement of Goods* is at <http://go.worldbank.org/KV2KB2GHQ0>.

► **Bidding on procurement of plant design, supply, and installation**

*The Standard Bidding Document: Procurement of Plant Design, Supply, and Installation* is at <http://go.worldbank.org/5S2K1O8GY0>. This is used when:

- the contract involves the design, supply, installation and commissioning of specially engineered plant and equipment;
- the value of the plant and equipment represents the major part of the estimated contract value; and
- the nature of the plant is such that the facilities cannot safely be taken over by the purchaser unless comprehensive testing, pre-commissioning, commissioning and acceptance procedures are followed.

► **Bidding on procurement of works**

*The Standard Bidding Document: Procurement of Works* is at <http://go.worldbank.org/XDSKKMAJX0>. It is used for major works contracts estimated to cost more than \$10 million, including a contingency allowance.

► **Bidding on procurement of works – smaller contracts**

*The Standard Bidding Document: Procurement of Works – Smaller Contracts* is at <http://go.worldbank.org/4YJ0Y064J0>. It is used to procure works valued at less than \$10 million.

## 2

## 2.7 Submitting proposals for consulting contracts

When pursuing a World Bank project, you may find opportunities to secure consulting contracts not only with the borrower, but also with the World Bank itself. Note that MDBs, including the World Bank, don't use the term "bidding" for these contracts. The standard terminology is "submission of a proposal."

### 2.7.1 Submitting proposals for consulting contracts with borrowers

Before submitting a proposal on a consulting contract with a borrower, you should become familiar with the guidelines set out in the document *Selection and Employment of Consultants by World Bank Borrowers*, which you can download from <http://go.worldbank.org/477ML5GNE0>. Be sure to study the document carefully because it will help you understand how consultants are selected, how you can avoid mistakes in your proposal, how the guidelines will affect the competitiveness of your proposal and how you can make queries or complaints during the process.

In most cases, borrowers use Quality- and Cost-Based Selection (QCBS) to choose consultants. This process is covered in the guideline document, as are the Quality-Based Selection (QBS) and Least-Cost Selection methods.

The selection process works like this:

- **Stage 1:** The borrower sets out the terms of reference for the contract; these include the objectives and scope of the contract and provide background information to help consultants prepare their proposals.
- **Stage 2:** The borrower submits a draft General Procurement Notice to the Bank, and the Bank arranges for its publication on UNDB Online and on dgMarket. This notice includes a list of expected consulting assignments for the contract and a request for EOIs from qualified consulting firms (not individual consultants).

#### EDC's Political Risk Insurance

- EDC offers Political Risk Insurance that helps protect overseas assets, such as equipment and manufacturing facilities, for up to 90 per cent of losses against political risks. Refer to [www.edc.ca/english/insurance\\_political\\_risk.htm](http://www.edc.ca/english/insurance_political_risk.htm) or call 1-800-368-6664.

#### EDC's credit insurance

- EDC has a range of services that may help you cover your commercial and political risks. Refer to [www.edc.ca/english/insurance.htm](http://www.edc.ca/english/insurance.htm) or call 1-800-368-6664.

- ▶ **Stage 3:** You and other qualified consulting firms submit your EOIs. The borrower prepares a shortlist of candidates (maximum of six) and issues a Request for Proposal to them. You send in your proposal.
- ▶ **Stage 4:** After evaluating the proposals, the borrower negotiates a contract with the first-ranked firm.

## 2.7.2 Submitting proposals for consulting contracts with the World Bank

During some phases of the project cycle, the Bank hires outside consultants. The Task Team for a project is ultimately responsible for these assignments, in which the consultants work directly for the Bank. Assignments worth more than \$50,000 are advertised on the Bank's web site; for smaller assignments, the Task Team reviews the CVs of at least three consultants they know or who have been recommended to them.

When the Bank wants consulting firms to provide EOIs for a consulting assignment of this type, it publishes a Request for EOI on its eConsultant web site at [www.worldbank.org/wbgeconsultant](http://www.worldbank.org/wbgeconsultant). Your company can access these requests by registering with the eConsultant system; if you're an individual consultant, you have to email your CV directly to the project Task Team.

Once registered with eConsultant, you can log onto the system and go to the Public Notifications page, which gives all currently advertised opportunities. At this point you can submit your EOI online. If your qualifications appear suitable, you may be invited to present a proposal, which you can also do online.

Note that not all Bank opportunities are publicized via the eConsultant system; many others are listed on the UN Development Business Online database at [www.devbusiness.com](http://www.devbusiness.com) and the dgMarkets database at [www.dgmarket.com](http://www.dgmarket.com).

2

### eConsultant training videos

- ▶ The eConsultant home page has links to several high-quality online training videos that will walk you through how to register, submit an EOI or a proposal and carry out other essential tasks. They're a quick way to learn about using the site.

### EDC's Access to Working Capital

- ▶ By providing a guarantee to your financial institution through EDC's Export Guarantee Program, you could access additional financing to support export-related activities and/or foreign investments. Refer to [www.edc.ca/english/financing\\_export\\_guarantee.htm](http://www.edc.ca/english/financing_export_guarantee.htm) or call 1-800-368-6664.

World Bank Corporate Procurement	Project Operations Procurement
Bank's internal requirements: \$700 million per year Goods & services (incl. consulting)	Borrower's requirements: \$25 billion in 2007 Consulting Services, Goods, Civil Works

## 3

# The Inter-American Development Bank

The Inter-American Development Bank (IDB) is the largest multilateral lender to the Latin American and Caribbean region. It has 47 member countries, 26 of which are borrowers. Since its founding in 1959, it has supported more than 300 social and economic development projects and has provided an average of \$10 billion in financing for these projects every year.

## 3.1 About the IDB

The IDB's goal is to accelerate the economic and social development of its borrowing member countries in the Latin American and Caribbean regions. To do this, it funds a wide variety of development programs.

The majority of the Bank's projects and technical cooperation programs are financed through investments such as loans for specific projects, loans for multiple-works programs, innovation loans, multiphase loans, project startup loans, emergency loans and technical cooperation loans and grants.

IDB infrastructure lending is, for the most part, in the following sectors:

- ▶ water, sanitation and flood protection;
- ▶ transportation;
- ▶ agriculture, fishing and forestry;
- ▶ energy and mining; and
- ▶ information technology and telecommunications.

The Inter-American Development Bank plans to allocate US\$12 billion for infrastructure projects in the Latin American and Caribbean region by 2010.

The IDB's web site is at [www.iadb.org](http://www.iadb.org).

### EDC's Country Profile

▶ EDC provides country information. Refer to [www.edc.ca/search/CountryInformation.asp](http://www.edc.ca/search/CountryInformation.asp)

## 3.2 Who's who at the IDB

The IDB and the World Bank have a similar staffing approach at the project level. Refer to **Section 2.2** for details.

## 3.3 Canada and the IDB

Canada joined the IDB in 1972 and has been deeply involved in its activities ever since. The government maintains two liaison offices to help you find your way around the IDB and its institutions.

### ► Office of Liaison with International Financial Institutions

Both the IDB and the World Bank connect with businesses and other stakeholders through the Office of Liaison with International Financial Institutions (OLIFI). Refer to **Section 2.3** for more information. OLIFI contact information is available at [www.trade.commissioner.gc.ca/eng/development-humanitarian-aid-markets/support-network.jsp](http://www.trade.commissioner.gc.ca/eng/development-humanitarian-aid-markets/support-network.jsp).

### ► IDB Private Sector Liaison Officers Network across Canada

The IDB Canadian Private Sector Liaison Officers (PSLO) Network is a network of local contact persons who help small and medium-sized businesses obtain access to the IDB. Among other functions, the PSLOs provide companies with information about the Bank and its business opportunities, and facilitate contacts between the Bank and Canadian companies. The IDB PSLO Network's web site is at [www.iadb.org/aboutus/vi/pri\\_pslocontact.cfm](http://www.iadb.org/aboutus/vi/pri_pslocontact.cfm).

## 3.4 The IDB project cycle

The IDB project cycle has four major phases. For detailed information, refer to the Project Cycle page at [www.iadb.org/projects/cycle.cfm](http://www.iadb.org/projects/cycle.cfm). Opportunities within the project cycle will be covered in a later section of the guide.

### 1. Preparation

The project cycle begins with the “programming process” that leads to a country strategy outlining the country's development priorities. Specific projects are identified next, and then developed in detail. This phase ends with the IDB studying the feasibility of the project. If it's approved, the IDB and the developing country begin negotiating the financing terms.

### 2. Approval

The preparation process culminates in the production of a Proposal for Loan Approval or, for technical cooperation projects, a Plan of Operations. When loan approval is granted, the project moves to the implementation stage.

### 3. Implementation and supervision

The borrower is responsible for project implementation, including procurement. Usually, the IDB Country Office in the borrowing country supervises the project to make sure it stays on schedule and that procurement follows IDB-approved procedures.

### 4. Completion and evaluation

After the project has been completed and all the funds have disbursed, the IDB assesses the project and the results it has achieved.

## 3

### 3.5 Identifying opportunities within the project cycle

The main entry point for project information is the Project Gateway at [www.iadb.org/projects/index.cfm](http://www.iadb.org/projects/index.cfm). It provides links to the Projects database, which has descriptive and financial data on all individual projects, and the Project Documents database, which contains information related to all projects approved since 1995. Between them, these resources provide detailed access to financial data, project status and descriptions, procurement information and all public documents related to each project.

For immediate access to information about procurement on specific projects, you can refer to the highly detailed Project Procurement Information page at <http://condc05.iadb.org/idbppi/asp/ppProcurement.aspx>. Note that the IDB uses “procurement” to refer to the purchase of consulting services as well as to the purchase of goods. Note also that many documents are available only in Spanish.

#### 3.5.1 Preparation phase

Consulting contracts are the most usual form of procurement during this phase and most often involve engineering and design studies, feasibility studies, environmental assessments and project analysis. Consultants are normally hired by the country, but the IDB sometimes hires consultants directly to supply its own needs. Information about opportunities during this stage is available from the following sources:

- ▶ IDB staff prepare Country Strategies every four to six years, coinciding with a country’s electoral cycle. These Country Strategy documents are an essential reference because they provide the earliest indications of possible IDB-financed opportunities in a particular country. You can find them at [www.iadb.org/exr/pic/viiI/country\\_strategies.cfm](http://www.iadb.org/exr/pic/viiI/country_strategies.cfm).
- ▶ Next to be prepared are Project Profiles. Among other things, they establish the justification and objectives of the proposed project, the technical issues involved, the environmental and social safeguards proposed, and an initial timetable. These are available through the Project Documents database at [www.iadb.org/projects/projectDocuments/searchdocsindex.cfm](http://www.iadb.org/projects/projectDocuments/searchdocsindex.cfm).
- ▶ Once the project has been fully defined and the details have been laid out, IDB staff analyze the feasibility of the project. At this point, draft Proposals for Loan Approval (also known at this stage as Proposals for Operation Development) or draft Plans of Operations are produced. Environmental Impact Assessments are also published for projects that carry significant environmental risk.



### 3.5.2 Approval phase

Several documents are prepared during this phase. From a potential bidder's point of view, the following are the most important and are available through the Project Gateway:

- ▶ **Procurement plans, which contain:**
  - ▶ a brief description of the procurement foreseen for the project in the upcoming 18 months;
  - ▶ an estimated budget for the various tenders for bids into which the procurement will be grouped;
  - ▶ the source of financing and method of procurement for each bid;
  - ▶ the estimated date for the first notice for bidding or prequalification (if applicable), and;
  - ▶ the current status of the procurement.
  
- ▶ **Plans of operations for technical cooperation programs, which contain:**
  - ▶ background information on the program;
  - ▶ a detailed description of the program's objectives, activities and budget;
  - ▶ the program's implementation plan and timetable; and
  - ▶ the program's benefits, risks and expected environmental and social impacts.

### 3.5.3 Implementation phase

Most of the procurement activities for a project occur during this phase. The key documents are as follows and can most easily be found through the Project Procurement Information page at <http://condc05.iadb.org/idbppi/asp/ppProcurement.aspx>.

- ▶ General Procurement Notices (GPNs) are issued for projects that will use international competitive bidding (ICB) procedures for procurement. GPNs contain information about the borrower, the amount and purpose of the loan, the scope of procurement, and the name, telephone number, fax number and address of the agency responsible for procurement. Also included is the address of the web site where specific procurement notices will be posted. In addition, the IDB web site offers an RSS service for procurement opportunities.
- ▶ Specific Procurement Notices (SPNs) are published after the appearance of the corresponding GPNs. SPNs include invitations to prequalify, to submit expressions of interest or to bid. Like GPNs, SPNs are prepared by the borrower and approved by the IDB before publication.
- ▶ The Awarded Contracts Information database is available on the Bank web site and identifies the winners of bids for large contracts. Refer to <http://condc05.iadb.org/prism/asp/prmmain.asp>.

### 3.5.4 Completion and evaluation phase

This phase requires short-term consulting for the IDB; resources for this kind of contract are as described above.

## 3.6 Bidding on procurement opportunities

IDB procurement contracts for goods and works, like those of the World Bank, fall into four major categories:

- ▶ procurement of goods;
- ▶ procurement of plant design, supply, and installation;
- ▶ procurement of works; and
- ▶ procurement of works – smaller contracts.

Borrowers use different procurement methods for Bank-financed projects, depending on the value and type of the good or service being procured, and on foreign bidders' probable level of interest in the contract. For procuring equipment and civil works, borrowers most often use the International Competitive Bidding (ICB) method. This is the method that you, as a Canadian bidder, will most likely be using. The other procurement methods are of less importance from a Canadian bidder's point of view but can still provide opportunities, especially if your company has a local presence or local partner.

Before bidding on any procurement contract, you should become familiar with the procurement guidelines set out in the document *Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank*. You can download a copy through the Policies link on the Procurement web page at <http://condc05.iadb.org/idbppi/asp/PPProcurement.aspx>.

This document covers the procurement of goods, equipment, civil works and non-consulting services and deals with issues such as advertising, bid and proposal submission, evaluation, pricing, currency, terms of payment and local content. Read it carefully, since it will help you understand how proper procurement is carried out, how you can avoid bidding mistakes and how you can make queries or complaints during the bidding process.

### 3.6.1 Prequalification

The IDB and the World Bank use the same prequalification procedures and do so for the same reasons. You can download the *Prequalification for Procurement of Works and User's Guide* document through the Works link on the Procurement web page at <http://condc05.iadb.org/idbppi/asp/ppProcurement.aspx>.

### 3.6.2 The International Competitive Bidding process

The IDB uses the same International Competitive Bidding process as the World Bank. To review how this works, refer to **Section 2.6.2**.

### 3.6.3 Two-stage bidding

This is identical to the World Bank process outlined in **Section 2.6.3**.

### 3.6.4 Bidding on procurement contracts

Because both the World Bank and the IDB use the standard International Competitive Bidding process, bidding is much the same for both institutions. The IDB bidding documents are all available for download through the Goods and Works links on the Procurement web page at <http://condc05.iadb.org/idbppi/asp/ppProcurement.aspx>. At the time of writing the IDB did not, unlike the World Bank, have a separate bidding document for plant design.

## 3.7 Submitting proposals for consulting contracts

IDB borrowers and the IDB select consultants in much the same way; refer to **Section 2.7** for more information. The relevant IDB policy and procurement documents are available through the Policies link and the Consulting Services link on the Procurement web page at <http://condc05.iadb.org/idbppi/asp/ppProcurement.aspx>. Note that the IDB has no direct equivalent to the World Bank's eConsultant system.

### EDC's credit insurance

EDC has a range of services that may help you cover your commercial and political risks. Refer to [www.edc.ca/english/insurance.htm](http://www.edc.ca/english/insurance.htm) or call 1-800-368-6664.

## 4

# The African Development Bank

The African Development Bank was established in 1964. Located officially in Abidjan, Côte d'Ivoire, but temporarily in Tunis, Tunisia, its members include 53 African countries and 24 non-African countries including Canada. It is Africa's premier development bank.

## 4.1 About the African Development Bank

Like other multilateral development banks, the African Development Bank (AfDB) promotes economic and social development through loans, equity investments and technical assistance. Each year the AfDB commits between \$2 and \$3 billion to development projects, with a proportion of this sum used to co-finance projects with other international organizations.

**Development assistance comes in these major forms:**

- ▶ financing for a broad range of development projects and programs;
- ▶ policy-based loans and equity investments; and
- ▶ technical assistance for projects and programs that provide institutional support.

**AfDB infrastructure lending is, for the most part, in the following sectors:**

- ▶ agriculture and rural development;
- ▶ water supply and sanitation;
- ▶ transportation; and
- ▶ energy.

Most AfDB-funded development is intended to benefit local communities and regions. The Bank is not usually involved in mega-projects such as airports and large dams.

The AfDB's web site is at [www.afdb.org](http://www.afdb.org).

### EDC's Country Profile

- ▶ EDC provides country information. Refer to [www.edc.ca/search/CountryInformation.asp](http://www.edc.ca/search/CountryInformation.asp)

## 4.2 Canada and the AfDB

Canada maintains an Office of Liaison with International Financial Institutions in Tunis, Tunisia, to help Canadian executives arrange appointments with key AfDB officers and obtain other support for doing business with the Bank. For more information about the office and its services, refer to [www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=5196](http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=5196). OLIFI Tunis also provides a valuable and comprehensive guide to working with the AfDB; it's available online at [www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=5131](http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=5131).

According to OLIFI Tunis, the AfDB strongly supports the participation of local companies in the projects it funds. As a result, many non-regional construction firms are establishing business presences in Africa so they can bid as local companies on AfDB-funded contracts. Many of these companies are also bidding in association with regional firms, particularly in the consulting field. Setting up a local presence, or entering into joint ventures or other types of partnerships, may therefore increase your company's chance of success when bidding on AfDB-funded infrastructure projects.

4

## 4.3 The AfDB project cycle

AfDB projects originate in the needs set out in the Bank's Country Strategy Paper (CSP), which is prepared every three years for each AfDB regional member country. Updated yearly, it represents the Bank's framework of assistance for development projects in these countries. The document is prepared jointly by the AfDB and the country involved. Some CSPs are available on the AfDB web site; others can be obtained from OLIFI Tunis.

### EDC's Political Risk Insurance

EDC offers Political Risk Insurance that helps protect overseas assets, such as equipment and manufacturing facilities, for up to 90 per cent of losses against political risks. Refer to [www.edc.ca/english/insurance\\_political\\_risk.htm](http://www.edc.ca/english/insurance_political_risk.htm) or call 1-800-368-6664.

The AfDB project cycle is similar to that used by other development banks and has five main stages. It works like this:

### 1. Identification

A borrowing country proposes a project to the AfDB and requests funding for it, in line with the development priorities set out in the country's CSP. The AfDB is also active in looking for potential projects, and may suggest them as well. If the idea moves forward, AfDB missions visit the country to discuss the project. Feasibility studies may begin at this point.

### 2. Preparation

If the AfDB is definitely interested in funding the project, feasibility studies begin or continue and are soon followed by detailed planning and design work.

### 3. Appraisal

AfDB staff review everything that has been done so far. If the project survives their appraisal, a loan proposal goes to the AfDB. If it is approved, implementation of the project begins.

### 4. Implementation

Once the loan is approved, the executing agency or institution of the borrowing country implements the project. The largest numbers of contracts, with the greatest value, are awarded during the implementation phase.

### 5. Evaluation

After the project has been completed and all the funds have disbursed, the AfDB assesses the project and the results it has achieved.

## 4.4 Identifying opportunities within the project cycle

The chief entry point for project and procurement information is the Projects & Operations page of the AfDB web site at [www.afdb.org/en/projects-operations](http://www.afdb.org/en/projects-operations). On it you'll find links to the Project Portfolio page and the main Procurement page. In particular, monitor the monthly *AfDB Business Bulletin* at [www.afdb.org/en/documents/project-related-procurement/afdb-business-bulletin](http://www.afdb.org/en/documents/project-related-procurement/afdb-business-bulletin), since it provides a full overview of AfDB procurement opportunities, lists of approved projects, what's in the project pipeline and General and Specific Procurement Notices.

### 4.4.1 Identification phase

Consulting opportunities during this phase can come from a wide range of sources such as the AfDB, other MDBs, bilateral grants and so on. Unfortunately, it can be hard to identify these opportunities because so little project information is publicly available at this stage. To keep abreast of what's happening, you'll need to be in regular, direct contact with the organizations and officials involved. And don't forget to check with the staff at OLFIT Tunis.

### 4.4.2 Preparation phase

During project preparation, both the borrower and the AfDB may need consulting services for feasibility studies, planning and detailed engineering design. Refer to the "Projects in the Pipeline" section of the AfDB Business Bulletin for information on projects in which the Bank is interested.

### 4.4.3 Appraisal phase

The AfDB sometimes hires individual consultants to help with an appraisal. Many of the Appraisal Reports that are generated during this phase can be found on the Project Appraisal Reports page at [www.afdb.org/en/documents/project-operations/project-appraisal-reports](http://www.afdb.org/en/documents/project-operations/project-appraisal-reports).

### 4.4.4 Implementation phase

The AfDB publishes GPNs on the Resources for Businesses page at [www.afdb.org/en/projects-operations/procurement/resources-for-businesses](http://www.afdb.org/en/projects-operations/procurement/resources-for-businesses), and in the AfDB Bulletin. GPNs are also published on the United Nations Development Business web site at [www.devbusiness.com](http://www.devbusiness.com) (UNDB Online). The GPN describes the project and outlines the general categories of goods, equipment and services to be procured during project implementation. It also provides the name and contact information of the executing agency.

When the borrower is ready to begin active procurement, it issues an SPN, which is published in the same locations as the GPN. Note that if you expressed interest in response to the GPN, the Bank is required to send you a copy of the SPN. Do not assume, however, that this will happen; it's best to be proactive and check for yourself.

Contract awards are listed in the AfDB Business Bulletin at [www.afdb.org/en/documents/project-related-procurement/afdb-business-bulletin](http://www.afdb.org/en/documents/project-related-procurement/afdb-business-bulletin).

### 4.4.5 Evaluation phase

The Bank sometimes hires consultants directly during this phase.

## 4.5 Bidding on procurement opportunities

AfDB procurement contracts fall into four major categories:

- ▶ procurement of goods;
- ▶ procurement of small goods;
- ▶ procurement of medium-value works; and
- ▶ procurement of large works.

Like the World Bank and the IDB, the AfDB uses a version of the International Competitive Bidding (ICB) method for procuring equipment and civil works. This is the method that you, as a Canadian bidder, will most likely be using. The other procurement methods, such as National Competitive Bidding, are generally of less interest from a Canadian bidder's point of view; they can still, however, provide opportunities, especially if your company has a local presence or local partner.

#### EDC's credit insurance

EDC has a range of services that may help you cover your commercial and political risks. Refer to [www.edc.ca/insurance](http://www.edc.ca/insurance) or call 1-800-368-6664.

You can learn more about AfDB procurement procedures by downloading the *Rules of Procedure for Procurement of Goods and Works* handbook from the AfDB web site at [www.afdb.org/en/documents/project-related-procurement/policies-and-procedures](http://www.afdb.org/en/documents/project-related-procurement/policies-and-procedures). Be sure to read this document carefully, since it's important to understand how proper procurement is carried out.

#### 4.5.1 Prequalification

Prequalification of bidders is usually required for large or complex projects. Invitations to prequalify for a specific undertaking appear on the United Nations Development Business web site at [www.devbusiness.com](http://www.devbusiness.com). The notice will indicate where the prequalification documents can be obtained, and when the completed forms must be submitted. A minimum period of 45 days is allowed for submission of prequalification documents.

#### 4.5.2 The AfDB bidding process

In summary, the AfDB process for bidding on a procurement contract goes like this:

##### ► Stage 1: Advertisement and notification

The borrower issues an SPN that serves as an invitation to bid (or, depending on the contract, to prequalify). The SPN appears in a major newspaper of the borrower's own country and also on UNDB Online. It gives the basic information you'll need to assess your suitability for the project. Notifications are also transmitted to the embassies or consulates of AfDB member countries located in the borrower's country.

##### EDC's bonding services

► EDC has a range of services that may help you obtain the performance security you need to submit a bid. Refer to [www.edc.ca/bonding](http://www.edc.ca/bonding) or call 1-800-368-6664

##### ► Stage 2: Issue of the bidding document

By the time it issues the SPN, the borrower has already prepared a Bank-approved bidding document (BD) for the contract. The SPN states who you should contact to acquire the BD. The borrower may or may not charge a nominal fee for the BD, which provides all the information you need to prepare a bid, such as bidding instructions, contract conditions, technical specifications and so on.

The BD also states the amount of the mandatory performance security. This protects the borrower from non-performance by the contractor. It varies according to the type of security provided and to the nature and value of the contract.

##### ► Stage 4: Bid opening

The borrower opens the bids in public, using a procedure tightly regulated by the Bank. Late bids are not considered.

##### ► Stage 5: Bid evaluation and contract award

Using a strictly confidential evaluation process, the borrower evaluates the bids and awards the contract.



### 4.5.3 Bidding on procurement contracts

As mentioned earlier, there are four distinct ICB procurement types and four corresponding BDs. The bidding document will tell you which Standard Bidding Document (SBD) to use when bidding on a particular contract. SBDs are revised from time to time, so check the web site to make sure you're using the latest version. All the SBDs referred to below are available through the Standard Bidding Documents page at [www.afdb.org/en/documents/project-related-procurement/standard-bidding-documents](http://www.afdb.org/en/documents/project-related-procurement/standard-bidding-documents).

#### ▶ Bidding on procurement of goods

Refer to the *Procurement of Goods and User's Guide*.

#### ▶ Bidding on procurement of small goods

Refer to the *Procurement of Small Goods*.

#### ▶ Bidding on procurement of medium-value works

Refer to the *Procurement of Works – Medium Value Contracts*.

#### ▶ Bidding on procurement of large works

Refer to the *Procurement of Large Works*.

## 4.6 Submitting proposals for consulting contracts

An AfDB project can involve consulting contracts not only with the borrower but also with the AfDB itself.

### 4.6.1 Submitting proposals for consulting contracts with borrowers

AfDB borrowers require a wide range of consulting services ranging from macro-economic studies to engineering design. As usual with development banks, the borrower is fully responsible for all stages of the procurement process; before you bid, become familiar with the guidelines for this process as set out in the *Rules of Procedure*

for the Use of Consultants. This document is available on the Policies and Procedures page at [www.afdb.org/en/documents/project-related-procurement/policies-and-procedures](http://www.afdb.org/en/documents/project-related-procurement/policies-and-procedures).

#### The AfDB DACON Consultant Registration System

▶ You must be registered on the AfDB DACON System to be considered for a contract. This is a database used by AfDB borrowers to identify people or companies that may be suitable for consulting work on an AfDB project. Registration is free through the AfDB DACON web page at <http://dacon.afdb.org/dacon>.

Borrowers hire both consulting firms and individual consultants, and the hiring procedures are much the same for both:

- ▶ **Stage 1:** The borrower develops the terms of reference for the contract; these include the objectives and scope of the contract and provide background information that will help you prepare your proposal.
- ▶ **Stage 2:** The borrower publishes a GPN on UNDB Online and in the monthly AfDB Bulletin. This notice includes a list of expected consulting assignments for the contract and a request for EOIs from qualified consultants and consulting firms.
- ▶ **Stage 3:** You and other qualified candidates submit your EOIs. The borrower prepares a short list of candidates and issues a Request for Proposal to these candidates. You send in your proposal.
- ▶ **Stage 4:** After evaluating the proposals, the borrower negotiates a contract with the first-ranked firm.

#### 4.6.2 Submitting proposals for consulting contracts with the AfDB

AfDB staff often hire individual consultants directly, with most of these assignments being for less than 10 weeks. The use of consulting firms is less frequent.

Identifying AfDB consulting opportunities so you can express interest in them is decidedly difficult, especially since there is very little advertising of upcoming opportunities. In consequence, keeping in touch with key contacts is often the only way to find out about upcoming assignments and to informally express interest in them.

That said, hiring procedures are fairly straightforward:

- ▶ **Stage 1:** The hiring entity is usually an operations division of the Bank, which develops a shortlist of individual consultants based on the division's experience and on the consultants registered in the AfDB DACON System.
- ▶ **Stage 2:** A letter of invitation is sent to all short-listed consultants requesting them to indicate their availability and to provide a proposal and fee estimate. Proposals are due within 15 to 30 days.
- ▶ **Stage 3:** The user unit evaluates the proposals, selects the winning candidate and negotiates the contract.

#### EDC's credit insurance

- ▶ EDC has a range of services that may help you cover your commercial and political risks. Refer to [www.edc.ca/english/insurance](http://www.edc.ca/english/insurance) or call 1-800-368-6664.

#### EDC's Access to Working Capital

- ▶ By providing a guarantee to your financial institution, through EDC's Export Guarantee Program, you could access additional financing to support export-related activities and/or foreign investments. Refer to [www.edc.ca/english/financing\\_export\\_guarantee](http://www.edc.ca/english/financing_export_guarantee) or call 1-800-368-6664.

# The Asian Development Bank



The Asian Development Bank (ADB) was established in 1966. Based in Manila in the Philippines, it is Asia's foremost development bank and is owned and financed by its 67 members. Of these, 48 are from the region and 19, including Canada are located elsewhere in the world. Its sole working language is English.

## 5.1 About the Asian Development Bank

The mandate of the Asian Development Bank is to help the poor of Asia escape from poverty. It works through loans, technical assistance and grants, and its partners are governments, the private sector, nongovernment organizations, development agencies and community organizations. In 2007, it lent \$10.1 billion to Developing Member Countries (DMCs), provided \$672.7 million in grants and furnished \$243.4 million in technical assistance for project preparation, capacity development and policy support.

ADB's main financial instruments are loans, technical assistance and grants. Most projects are in the public sector, primarily for large infrastructure projects. The Bank also provides technical assistance grants and/or loans to DMCs so they can hire consultants to help identify and prepare development projects.

From 2008 to 2020, ADB's infrastructure financing will be focused on the following:

- ▶ transportation and communications, including road, rail, marine port, airport and urban transport projects;
- ▶ energy, including energy supply, energy efficiency and clean energy;
- ▶ water, sanitation and waste management; and
- ▶ rural infrastructure, covering irrigation and water management, rural roads and rural electrification

The ADB's web site is at [www.adb.org](http://www.adb.org).

### EDC's Country Profile

▶ EDC provides country information. Refer to [www.edc.ca/search/CountryInformation.asp](http://www.edc.ca/search/CountryInformation.asp)

## 5.2 Canada and the ADB

Canada maintains an OLIFI office in Manila, the Philippines to help Canadian executives arrange appointments with key ADB officers and obtain other support for doing business with the Bank. You should contact OLIFI Manila at least three weeks in advance of a desired meeting, and have ready both a list of the projects you're interested in, and a list of the ADB officers dealing with the project. For more information, refer to [www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=5282](http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=5282).

## 5.3 The ADB project cycle

All ADB projects originate in the needs set out in the Bank's Country Partnership Strategy (CPS), which are prepared by the Bank's respective field offices together with DMC governments, civil society organizations and the private sector. Following the CPS, a Country Operations Business Plan (COBP) is prepared which includes an 'Indicative Assistance Pipeline' that details specific projects to be financed in, typically, the coming three-year period.

The typical project cycle for a loan or grant-financed project works like this:

### 1. Identification

ADB agrees with the respective DMC on projects to be financed during the COBP preparation. These must be consistent with the goals set out in the Country Partnership Strategy for that country. During the COBP, the appropriate financing instrument (e.g., loan, grant or TA) will also be decided and will determine the exact processing cycle of that project.

### 2. Preparation

For a loan or grant-financed investment project, the recipient government, with the support of ADB staff, conducts technical preparations for the project. In most cases, ADB provides a TA grant of about \$1 million to contract consulting services to advise the government and ADB on the project's design. The borrower, with ADB support, must meet environmental and social safeguard standards, as defined in ADB's policies, and for which ADB usually provides TA.

### 3. Appraisal and loan negotiation

The ADB examines the feasibility of the project through fact-finding and appraisal missions, and evaluates its technical, financial and economic aspects as well as its expected social and environmental effects. All the findings must comply with ADB policies and guidelines before the project can go ahead. A draft loan or grant agreement is then drawn up and reviewed; after approval by ADB's Board of Directors, the loan or grant agreement becomes a legal contract between the DMC and the ADB.

### 4. Implementation

The project is typically implemented by the country's designated executing agency (EA) according to the agreed schedule and procedures. At this stage, goods, works and services are procured by the EA, in close coordination with ADB, and following ADB's guidelines.

## 5. Completion and evaluation

Within 12 to 24 months of a project's completion, the ADB operational department responsible for it prepares a Project Completion Report to document the success of the project.

## 5.4 Identifying opportunities within the project cycle

The chief entry point for project and procurement information is the Opportunities page of the ADB web site at [www.adb.org/Opportunities](http://www.adb.org/Opportunities). The Projects section, at [www.adb.org/Projects](http://www.adb.org/Projects), has links to a great deal of information about procurement plans, project information documents, and the design and monitoring frameworks that are established when a project is being prepared.

The ADB will also update you via email about new opportunities. To register, go to <http://mms.adb.org/e-notification/register.asp>.

### 5.4.1 Identification and preparation phases

During these phases, the ADB usually hires consultants to work with government staff and a broad range of other stakeholders in the recipient country, including civil society, the private sector and other development agencies. Approximately 100 new TAs are approved annually for this purpose, with contract sizes averaging about \$1 million.

- ▶ The Country Partnership Strategy (CPS) and COPB documents, available at [www.adb.org/Documents/CSPs](http://www.adb.org/Documents/CSPs), often refer to projects that are still at the conception stage. If these potential projects might present consulting opportunities for your company, you can start tracking them early and be prepared to jump in at the right moment.
- ▶ The Consulting Services Recruitment Notice (CSRN) page provides information on consulting services required for projects financed or administered by the ADB. Refer to <http://csrns.adb.org:8080/csrn> for more information.

Note that the ADB often encourages advance selection of consultants to speed up project development; with Bank approval, the borrower can select its consultants before the loan agreement is actually signed, although the contract can't be issued until the signing takes place. In some cases, this means that the hiring decisions have been made well before the Bank approves the loan. In other words, if you're a consultant, don't delay in going after a job just because the project loan hasn't yet been approved. Many of these projects are on the Business Opportunities section of the web site under the Advance Action link; refer to [www.adb.org/Documents/ADBBO/advact.asp](http://www.adb.org/Documents/ADBBO/advact.asp).

- ▶ You can use the Advanced Project Search database to search for information on early-stage projects by country, sector, type of assistance, or keywords. It's at [www.adb.org/Projects/summaries.asp](http://www.adb.org/Projects/summaries.asp).

### 5.4.2 Implementation phase

This phase involves the purchase of consulting services, goods, equipment and civil works by the recipient country in the case of loan and grant-financed investment projects. In the case of TA projects, ADB contracts directly with consulting firms and, occasionally, with individual consultants. This phase accounts for most of the project expenditures and the majority of the contracts available. While most ADB projects are still administered from the Manila HQ, a growing number are managed from the

network of resident missions (RMs). Currently about 40 per cent of loan and grant-financed investment operations are managed out of RMs.

- ▶ Once the ADB decides that a project may be suitable for financing, its requirements for goods, services and consulting work are posted on the ADB Business Opportunities page at [www.adb.org/Business/Opportunities](http://www.adb.org/Business/Opportunities). Check this regularly, since it's updated every week.
- ▶ Pay special attention to the Proposed Projects section at [www.adb.org/Business/Opportunities/prpprjcs.asp](http://www.adb.org/Business/Opportunities/prpprjcs.asp), as it will give you advance notice of projects that are being seriously considered for ADB funding.
- ▶ The Procurement Notices section, at [www.adb.org/Documents/ADBBO/procurement.asp](http://www.adb.org/Documents/ADBBO/procurement.asp), and the Consulting Services Recruitment Notices, at <http://csrnl.adb.org:8080/csrnl/home.htm>, provide current information on the procurement needs for specific projects.
- ▶ Regularly check the United Nations Development Business web site at [www.devbusiness.com](http://www.devbusiness.com) (UNDB Online) and the dgMarket web site at [www.dgmarket.com](http://www.dgmarket.com). Both these databases cover the ADB and list upcoming projects, procurement notices and other key information.
- ▶ The Contracts Awarded database is available on the Bank web site and identifies the winners of bids for large contracts. Refer to [www.adb.org/Documents/ADBBO/contracts.asp](http://www.adb.org/Documents/ADBBO/contracts.asp).

### 5.4.3 Evaluation phase

This phase sometimes requires short-term, small-scale consulting services for the Bank; see the above "Identification and preparation phases" section for resources.

## 5.5 Bidding on procurement opportunities

ADB procurement contracts fall into four major categories:

- ▶ contracts for goods;
- ▶ large contracts for works;
- ▶ small contracts for works; and
- ▶ contracts for plant design, supply and installation.

The ADB uses different procurement methods. The International Competitive Bidding (ICB) method for procuring equipment and civil works is typically used by larger firms as these usually involve multi-million dollar contracts. The other procurement methods, such as National Competitive Bidding, would be of interest to small and medium-sized companies because these contracts are generally less than \$1 million. If your company has a local presence or a local partner, you will have access to more opportunities, raising the chances for success.

You can learn more about ADB procurement procedures by downloading the *Procurement Guidelines* handbook from the ADB web site at [www.adb.org/Documents/Guidelines/Procurement](http://www.adb.org/Documents/Guidelines/Procurement). The general page for procurement documents is at [www.adb.org/Procurement/prequalification-bid-documents.asp](http://www.adb.org/Procurement/prequalification-bid-documents.asp).

### 5.5.1 Prequalification

You may have to prequalify for an ADB-financed procurement contract if you want to bid on it; this is very often the case if the project is large, expensive, complex, technically advanced or a combination of any of these. Prequalification allows the ADB to make sure that your company has the experience, track record and human and financial resources to be a potentially successful bidder.

You can find out how to prequalify by reviewing the *Prequalification of Bidders User's Guide* (referred to as the *SPQD User's Guide*) from the ADB web site at [www.adb.org/Procurement/prequalification-bid-documents.asp#prequal](http://www.adb.org/Procurement/prequalification-bid-documents.asp#prequal). You can obtain the accompanying blank forms by downloading the *Standard Procurement Document for Prequalification of Bidders* from the same site.

### 5.5.2 Bidding on goods contracts

Before you bid on a goods contract, obtain the *ADB Procurement of Goods User Guide* (it's at [www.adb.org/Procurement/Goods-Users-Guide.pdf](http://www.adb.org/Procurement/Goods-Users-Guide.pdf)) and read it carefully. Section I, "Instructions to Bidders" will be the most important section from your point of view, but pay close attention to the other information as well. Some of it, such as the Bid Data Sheet, is intended for the use of the borrower, but it will round out your understanding of the overall process.

In summary, bidding on a goods contract goes like this:

#### ► Stage 1: Advertisement and notification

The borrower puts out an Invitation for Bids, which it posts in a major newspaper of its own country and in the Procurement Notices section of the ADB web site at [www.adb.org/Documents/ADBBO/procurement.asp](http://www.adb.org/Documents/ADBBO/procurement.asp). The Invitation for Bids gives the basic information you'll need to assess your suitability for the project. It also indicates who you should contact to acquire the BD. There is a fee for the bidding document, which is usually in the range of \$100-\$300.

#### EDC's bonding services

EDC has a range of services that may help you obtain the performance security you need to submit a bid. Refer to [www.edc.ca/bonding](http://www.edc.ca/bonding) or call 1-800-368-6664.

#### ► Stage 2: Issue of the bidding document

The ADB issues the bidding document (BD) for the contract. It includes an instruction section, a data sheet, contractor qualification criteria, eligible countries, a supply schedule, any special conditions and the forms the bidder must use to prepare the bid. The BD also states the amount of the mandatory performance security. This protects the borrower from non-performance by the contractor. It varies according to the type of security provided and to the nature and value of the contract.

### ► Stage 3: Bid preparation and submission

You, the potential contractor, can now obtain the BD from the borrower and bid on the contract. There are four types of bid, each with its own set of documents. They're described in detail in **Section 5.5.6, "Bidding procedures,"** but here's a summary:

- The *single-stage, one-envelope bidding procedure* is used for most ADB goods procurement.
- The *single-stage, two-envelope procedure* allows bids to be evaluated on technical and administrative grounds, without reference to price.
- The *two-stage, two-envelope procedure* is for goods that allow alternative technical proposals, such as certain types of machinery or equipment.
- The *two-stage procedure* is for large, complex contracts for which a range of acceptable technical solutions may be available.

The BD will tell you which of these procedures you have to use for your bid. Follow the instructions carefully and provide all the information requested on the forms. These are included in the BD but you can also download blank copies from [www.adb.org/Procurement/prequalification-bid-documents.asp#goods](http://www.adb.org/Procurement/prequalification-bid-documents.asp#goods).

### ► Stage 4: Bid opening

The borrower opens the bids, using a procedure tightly regulated by ADB rules. Late bids are rejected and returned unopened.

#### EDC's credit insurance

- EDC has a range of services that may help you cover your commercial and political risks. Refer to [www.edc.ca/insurance](http://www.edc.ca/insurance) or call 1-800-368-6664.

### ► Stage 5: Bid evaluation and contract award

Using a strictly confidential evaluation process, the borrower evaluates the bids and awards the contract. The ADB must approve the winning bid before the borrower can award the contract.

## 5.5.3 Bidding on small contracts for works

The overall process for bidding on small contracts is the same as for bidding on goods contracts, as described earlier. If you decide to bid on one, start by obtaining the BD and go on from there. For guidance on making your bid, download the *Small Contracts User's Guide* from [www.adb.org/Procurement/prequalification-bid-documents.asp#small](http://www.adb.org/Procurement/prequalification-bid-documents.asp#small). The "Instructions to Bidders" section will be the most relevant to you; other parts of the document are intended for the borrower's use, but you might find them informative.

The bidding procedure for these small contracts can be either the single-stage, one-envelope procedure or the single-stage, two-envelope procedure, as described in **Section 5.5.6, "Bidding procedures."** The required forms are included with the BD, but you can also download blank copies from the link in the preceding paragraph.



#### 5.5.4 Bidding on large contracts for works

This also follows the process described in “Bidding on Goods Contracts” but uses its own set of bidding documents. The *Procurement of Works User’s Guide*, which you can obtain at [www.adb.org/Procurement/prequalification-bid-documents.asp#large](http://www.adb.org/Procurement/prequalification-bid-documents.asp#large), gives detailed instructions for bidding on one of these contracts. The forms for the three bidding procedures are included with the BD but blanks can be downloaded from this location as well.

The bidding procedures are:

▶ **Works following prequalification**

This is used when the bidding is preceded by prequalification. Prequalification is required for all large and complex works contracts.

▶ **Works without prequalification**

This is used when the bidding is not preceded by prequalification; in this case, a post-qualification procedure is used in which bidders submit their qualifications together with their technical bids. Post-qualification may be used for the procurement of large but unsophisticated works contracts.

▶ **Works using a single-stage, two-envelope procedure**

This is described below in **Section 5.5.6**, “Bidding procedures.”

#### 5.5.5 Bidding on contracts for plant design, supply and installation

This also follows the process described in “Bidding on Goods Contracts” and is used when:

- ▶ the contract involves the design, supply, installation and commissioning of specially engineered plant and equipment;
- ▶ the value of the plant and equipment represents the major part of the estimated contract value; and
- ▶ the nature of the plant is such that the facilities cannot safely be taken over by the borrower unless comprehensive testing, pre-commissioning, commissioning and acceptance procedures are followed.

These projects assume that the successful bidder will be responsible for the end-to-end design, construction, delivery, testing and commissioning of the plant, including training the personnel to operate it. However, these conditions may be adapted for single-responsibility contracts so that some activities, such as parts of the preliminary design or site preparation, can be done by other contractors.

Details of bidding are in the *Procurement of Plant Design, Supply and Install User’s Guide*, which you can download at [www.adb.org/Procurement/prequalification-bid-documents.asp#sbd](http://www.adb.org/Procurement/prequalification-bid-documents.asp#sbd). The bidding procedures can be single-stage; two-stage; single-stage, two-envelope; or two-stage, two-envelope. These procedures are described in the next section. The bidding forms are included with the BD but blank copies can be downloaded from this location as well.

## 5.5.6 Bidding procedures

The four bidding procedures are as follows:

### ▶ The single-stage, one-envelope bidding procedure

You submit your bid in one envelope containing both your price proposal and your technical proposal. Forms and instructions for preparing these proposals are in the BD issued by the borrower. The envelopes are opened in public at the date and time advised in the BD. The borrower evaluates the bids and awards the contract.

### ▶ The single-stage, two-envelope bidding procedure

You submit two sealed envelopes simultaneously, one containing your technical proposal and the other your price proposal, enclosed together in a single outer envelope.

Only the technical proposals are opened at the date and time specified in the bidding document. The price proposals remain sealed and are held in custody by the borrower while the borrower evaluates the technical proposals. This is to allow the borrower to evaluate the technical proposals without, at that point, bringing price into consideration. No changes to the technical proposals are permitted.

After the ADB approves the technical evaluations, the price proposals are opened in public. The borrower evaluates the bids and awards the contract.

### ▶ The two-stage, two-envelope bidding procedure

In the first stage, you submit two sealed envelopes at the same time, one containing your technical proposal and the other your price proposal, enclosed together in a single outer envelope.

Only the technical proposals are opened at the date and time specified in the bidding document. The price proposals remain sealed and are held in custody by the borrower while the borrower evaluates the technical proposals. At this point, the borrower can request changes to the technical proposals, and will discuss such changes with the bidders. You and the other bidders may then modify your technical proposals to meet the borrower's requirements.

This is intended to make sure that all technical proposals conform to the same technical standards and will provide the technical results required by the borrower. If you can't bring your proposal into line with the technical standard at this point, your bid will be rejected.

After the ADB approves the technical evaluation, the borrower invites the surviving bidders to submit modified bid proposals, which consist of revised technical proposals and supplementary price proposals based on the agreed technical standard.

After the bidders have been given time to make these revisions, the borrower opens the original price proposals and the modified bid proposals. The borrower then evaluates the original price proposals, the supplementary price proposals and the revised technical proposals, and awards the contract.

### ► The two-stage bidding procedure

Bidders first submit their technical proposals, but do not submit price proposals. At the date and time stated in the BD, the borrower opens the technical proposals and these are evaluated and discussed with the bidders. The borrower points out any deficiencies or unsatisfactory technical features, and evaluates the bidders' comments. The bidders may then revise their technical proposals to meet the borrower's requirements.

The intent here is to ensure that all technical proposals conform to the same technical standards and will provide the technical results required by the borrower. Again, if you can't bring your proposal into line with the technical standard, your bid will be rejected.

After the ADB approves the technical evaluation, the borrower invites bidders to submit Revised Technical Proposals and Price Proposals to comply with the technical standards. These proposals are opened in public at a date and time advised by the borrower. Following the ADB's approval of the winning bid, the borrower awards the contract.

## 5.6 Submitting proposals for consulting contracts

Both the ADB and its borrowers make extensive use of consulting firms and individual consultant services. If you provide consulting services, try to meet with the Bank's or the borrowers' staff as early as possible in the selection process so you can promote your company's abilities, experience and suitability for the job. Your object here is to help your company get onto the "long list," which the borrower's staff compiles from the responses it receives after posting a Consulting Services Recruitment Notice. ADB also publishes short-listed firms, including their contact information, providing a useful avenue for firms or individuals looking to work on a sub-contractual basis.

The selection process works as described below. It refers to "borrowers," but the ADB also uses this process when hiring consultants directly.

- **Stage 1:** The borrower posts a Consulting Services Recruitment Notice on the ADB web site in order to request Expressions of Interest from qualified consulting firms and consultants. The notice describes the project, gives the contact information for the borrower and often provides the terms of reference for the job. The borrower may also have specific format and information requirements for the EOI, so check this before you start work on it.
- **Stage 2:** You and other qualified consulting firms submit your EOIs in response to the request. The borrower prepares a shortlist of qualified candidates and issues a Request for Proposal (RFP) to these candidates.

### The ADB Consultant Management System

- You must be registered on the ADB's Consultant Management System (CMS) to be considered for the contract. This is a database used by ADB borrowers to identify people or companies that may be suitable for consulting work on an ADB project. Registration is free through the CMS web page at [www.adb.org/Consulting/cms.asp](http://www.adb.org/Consulting/cms.asp).

### EDC's credit insurance

- EDC has a range of services that may help cover your commercial and political risks. Refer to [www.edc.ca/insurance](http://www.edc.ca/insurance) or call 1-800-368-6664.

- ▶ **Stage 3:** You submit your technical and financial proposals in separate sealed envelopes at the same time, and all the proposals are opened at the time and on the day specified in the RFP.
- ▶ **Stage 4:** After evaluating the proposals, the borrower negotiates a contract with the first-ranked firm.

When hiring individual consultants, the process can be somewhat simpler. Individuals may be recruited by the ADB or the borrower either directly or through an organization such as a consulting firm, an academic institution, a government or an international agency.

For more detailed information, download a copy of the *Guidelines on the Use of Consultants by ADB and Its Borrowers*, available at [www.adb.org/Documents/Guidelines/Consulting/default.asp](http://www.adb.org/Documents/Guidelines/Consulting/default.asp). It sets out how the borrowers must recruit consultants, how consulting contracts are to be structured, how consulting work should be monitored, and much more.

#### EDC's Access to Working Capital

- ▶ By providing a guarantee to your financial institution, through EDC's Export Guarantee Program, you could access additional financing to support export-related activities and/or foreign investments. Refer to [www.edc.ca/english/financing\\_export\\_guarantee.htm](http://www.edc.ca/english/financing_export_guarantee.htm) or call 1-800-368-6664.

## How EDC Can Help



If you're considering involvement in an MDB-financed infrastructure project, be sure to contact EDC and find out how we can help. EDC offers a wide range of tools, ranging from Accounts Receivable Insurance, to Political Risk Insurance and bonding products, to help companies deal with their exposure to commercial and political risks. We can also help you access additional funds with your bank through EDC's guarantee programs.

### ► Credit insurance

Although many companies believe that working on projects financed by multilateral development banks has no payment risks, this is not necessarily the case. Multilateral banks lend the money to the countries where the development work is taking place. This means that the country is the 'borrowing entity' and is responsible for monitoring and managing the contracts and for making all payments. This can be a challenge when the country has a less than perfect credit history or is located in jurisdictions where the rule of law is not necessarily well entrenched. In some cases, the risk is even higher because more than one country is involved which means you are negotiating with more than one 'borrowing entity.'

EDC's credit insurance products are ideally suited to easing these payment concerns and can significantly improve your company's working capital management.

First, when dealing directly with an MDB or indirectly through a borrowing government entity, EDC can, through its insurance programs, mitigate up to 90 per cent of losses due to non-payment under your contract or purchase order resulting from commercial or political risks. If EDC considers the perceived political and commercial risks to be acceptable, EDC may even be prepared to offer support for these transactions and may take on direct buyer risk on unsecured terms with varying durations.

Secondly, EDC's credit insurance can help exporters gain better access to working capital from their financial institutions. For example, an exporter can use an Accounts Receivable Insurance (ARI) policy as security that will enable its bank to finance the company's working capital needs. In fact, if an account receivable is backed by EDC insurance, a bank will often lend line-of-credit funds against it even if the account is more than 90 days overdue. This can be vitally important for an exporter, since banks will not ordinarily accept overdue accounts receivables as collateral for line-of-credit loans.

### ► Political Risk Insurance

One potentially useful tool for Canadian infrastructure and construction sector exporters is Political Risk Insurance coverage. Multilateral development bank-supported projects are generally located in developing markets where companies may be exposed to a number of political risks that are intrinsic to these economies. EDC's Political Risk Insurance (PRI) is a useful tool for companies seeking to protect the assets that are often required to complete foreign contracts.

Political Risk Insurance also protects Canadian companies with equipment and inventories in foreign markets against confiscation, inability to re-export and risks of political violence. This insurance may also protect companies that open bank accounts in foreign markets to manage their operations and can help to mitigate the risks of fund transfer, conversion or expropriation.

### ► EDC's bonding products

When Canadian companies want to sell equipment or services to other countries, the buyer will not necessarily know the Canadian firm's reputation. Consequently, they will often insist that the Canadian company provide some sort of performance guarantee such as a bond. A bond is basically a financial instrument, an unconditional irrevocable document, which is often provided by a third party, such as a bank, in order to encourage the performance of a contract or obligation. The two most common types of bonds are letters of guarantee and standby letters of credit.

The challenge facing many businesses is that when a bank provides a letter of guarantee on a customer's behalf, they will often freeze a corresponding amount on their customer's line of credit.

This can lead to working capital challenges. EDC's bonding products can help by freeing up businesses' working capital by providing guarantees to the bank, which enhances the bank's ability to support their customers.

### ► Access to Working Capital

If you need to expand your operating line to fund the upfront costs of bidding on MDB contracts or to expand your operations abroad, our Export Guarantee Program can help by providing a guarantee to your bank. For example, EDC's guarantee can provide your financial institution with the confidence they need to finance your work in progress, inventory, or purchase of equipment related to your export contracts or to cover ongoing export-related working capital needs.

For more information, please call 1-800-368-6664 weekdays between 8 a.m. and 6 p.m. EST or visit our web site at [www.edc.ca](http://www.edc.ca).

# Useful Contacts



## Offices of Liaison with International Financial Institutions (OLIFIs)

▶ OLIFI Washington

**Gaby Hoof-Sattler:** [gaby.hoof-sattler@international.gc.ca](mailto:gaby.hoof-sattler@international.gc.ca)

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▶ OLIFI Manila

**David Dunkerley:** [david.dunkerley@international.gc.ca](mailto:david.dunkerley@international.gc.ca)

▶ OLIFI Tunis

**Andrew Hupfau:** [andrew.hupfau@international.gc.ca](mailto:andrew.hupfau@international.gc.ca)

## Canadian Executive Directors' offices within MDBs

▶ World Bank

**WB François Pagé, Senior Advisor:** [fpage@worldbank.org](mailto:fpage@worldbank.org)

▶ Inter-American Development Bank

**John Ormond, Senior Counsellor:** [jormond@iadb.org](mailto:jormond@iadb.org)

▶ Asian Development Bank

**Howard Brown, Executive Director:** [hbrown@adb.org](mailto:hbrown@adb.org)

- ▶ African Development Bank  
**Bruce Montador, Executive Director: [b.montador@afdb.org](mailto:b.montador@afdb.org)**
  
- ▶ World Bank Canadian Private Sector Liaison Officers  
**<http://go.worldbank.org/EFWA3FE570>**
  
- ▶ Inter-American Development Bank Canadian Private Sector Liaison Officers  
**[www.iadb.org/aboutus/vi/pri\\_pslocontact.cfm](http://www.iadb.org/aboutus/vi/pri_pslocontact.cfm)**



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