

Indian companies explore opportunities in ADB funded projects



AT NEW DELHI: From left, are, Mr Deepak Agarwal, Director General, CDC; and Mr Prahalathan Iyer, General Manager, EXIM Bank; Mr Ajay Sahai, Director General & CEO, FIEO; Mr L.B. Sondjaja, Head, PMU, ADB; Mr Rafeeque Ahmed, President FIEO; Mr Hiroyuki Maruyama, Principal Procurement Specialist, ADB; Mr Alexander Fox, Senior Procurement Specialist, ADB; Mr D V Raju, Vice President, NHBF; and Mr H.S. Pasricha, Chairman, BAI.

FIEO organized a series of seminars on "Business Opportunities with Asian Development Bank (ADB) in association with Exim Bank, Builders Association of India (BAI), National Highway Builders Federation (NHBF) and Consultancy Development Centre (CDC) at New Delhi, Hyderabad, Kolkata and Mumbai.

The seminars were sponsored by the ADB, and were organized to disseminate information amongst the consultants and contractors/suppliers/ manufacturers on the projects being sponsored by the ADB both in India as well as abroad and to empanel them in these projects. Participants mainly project consultants, architects, manufacturing companies



A view of the participants at Delhi.



AT HYDERABAD: Mr Hiroyuki Maruyama, Principal Procurement Specialist, ADB, addressing the participants. On the dais from left, are Mr Ajith Kumar, CGM & Regional Head, EXIM Bank, Chennai; Mr Alexander Fox, Senior Procurement Specialist, ADB; Mr B. Seenaiiah, President, Builder Association of India (BAI); Mr A. Subrahmanyam, DGM & Regional Head, EXIM Bank, Hyderabad; and Mr Divakar Marri, Head-Corporate Planning & Program Management, Ramky Group of Companies.

and others participated in the seminars.

The seminar in New Delhi was held on April 23, 2012 and was attended by around 200 Indian companies. Mr Rafeeqe Ahmed, President, FIEO, was present for the inaugural session along with Mr Ajay Sahai, Director General & CEO, FIEO. ADB was represented by Mr L.B. Sondjaja, Head, PMU, Mr Hiroyuki Maruyama, Principal Procurement Specialist, Mr Alexander Fox, Senior Procurement Specialist, Mr Vikram Harsha, and Mr Chandra Mohan Arora, Senior Procurement Management Officer.

Other distinguished dignitaries present were Mr H.S. Pasricha, Chairman, BAI, Mr Deepak Agarwal, Director General, CDC, Mr D V Raju, Vice President, NHBF, and Mr Prahalathan Iyer, General Manager, Exim Bank.

During the inaugural address it



A view of participants at Hyderabad.

was informed by Mr L.B. Sondjaja that ADB is an international development finance institution whose mission is to help its developing member countries reduce poverty and improve the qual-

ity of life of their people. He mentioned that these seminars would brief Indian industry about the various aspects for associated with ADB projects. Mr Hiroyuki Maruyama informed



AT KOLKATA: Mrs Debdatta Nandwani, Dy. Director General, FIEO(ER) delivering the speech. On the dais from left, Mr S K Basu, Past President, Builders Association of India; Mr Vikram Harsha, Sr. Portfolio Management Officer, ADB; Mr B Ramesh Babu, AGM & Regional Head; and Mr Alexander Fox, Sr. Procurement Specialist, Bangladesh Resident Mission ADB.

in detail about the ADB and its multi-farious activities, to the participants. He mentioned that ADB was established in 1966 and is owned and financed by its 67 members, of which 48 are from the region and 19 are from other parts of the globe with its headquartered in Manila.

The ADB's main partners are governments, the private sector, NGOs, development agencies, community-based organizations, and foundations. In 2011, ADB operations totalled \$21.72 bn, \$14.02 billion financed by ADB and special funds and \$7.69 billion by co-financing partners. During the address, Mr Rafeeqe Ahmed highlighted the importance of this interaction for the Indian industry and thanked ADB for organizing such seminars which give opportunities to Indian businessmen to associate themselves with ADB funded projects.

He noted that ADB is presently



A view of the participants at Kolkata.

implementing various projects in India in the field of transport, energy, urban development, agriculture and finance and governance for which loans are scheduled for ap-

proval in 2012 and 2013. He also highlighted the sincere efforts being made by FIEO to explore business opportunities for Indian exporting companies, which have become all



AT MUMBAI: LEFT: Mr Amit Goyal, Regional Chairman, FIEO(WR) addressing the meeting. On the dais from left, are, Mr Prahalathan Iyer, GM, EXIM Bank; Mr Vikram Harsha, Senior Portfolio Management Officer, ADB; Mr Alexander Fox, Senior Procurement Specialist, ADB; Mr Chandra Mohan Arora, Sr Procurement Officer, ADB; and Mr Anand J Gupta, Hony. Gen Secretary, BAI. **RIGHT:** A view of the participants at Mumbai.

the more challenging now in view of the global slowdown, low economic growth in the European countries and the US, in recent years. He also briefed about the recent visit of a large business delegation of Indian companies to Iran and the valuable exposure to them about the market opportunities there.

Mr Ajay Sahai said that ADB is committed to eradicating poverty and helping member countries transform into modern economies that are well integrated with each other and the world. ADB financed over \$17 billion in 2010 and is focused on delivering projects that create economic and development impact in partnership with member governments, independent specialist and other financial institutions. He advised the participants that it is indeed important to comply with various procedures of an institution and undergo the defined selection process.

Mr Alexander Fox gave an online demo of the ADB website and shared insight with participants on accessing ADB Business Opportunities followed by presentation by Mr Vikram Harsha elaborating on the forthcoming opportunities under ADB projects.

For the benefit of the Indian companies two parallel sessions were

held elaborating on ADB Procurement Policy, Procedures and ADB Consultant Recruitment.

The seminar in Hyderabad was held on April 24, 2012, and was attended by 120 participants.

In his opening remarks, Mr B. Seenaiah, President, BAI, MD, M/s BSCPL Infrastructure Limited, and Member FIEO, said, "ADB abides by stringent but fair practices for procurement systems but ABD should also be proactive in monitoring that projects are completed within stipulated time frame for real benefits to be reaped by the citizens and when otherwise ABD should include in its policy to hold accountable the executive agency (Government/Bureaucracy) or the contractor and take punitive actions."

Mr Seenaiah further pointed out that bank finance available to contractors of ADB funded projects is attracting 12-15% interest when government is paying only 3-4 % interest to ADB. This needs to be reviewed and possibilities must be explored wherein low-cost financing is made available to suppliers of ADB funded projects.

Mr Divakar Marri, Head-Corporate Planning & Program Management,

Ramky Group of Companies, Member FIEO, addressing the gathering highlighted that despite slowdown in global economy and current Euro zone debt crisis India's total exports has crossed the target of \$300 billion for the financial year 2011-12. He further added that though continued uncertainties in the Euro zone and a further slump in global trade pose the biggest threats to the growth outlook. At the same time, Asian economies are gradually diversifying into new markets, private consumption is trending up and the region has limited direct financial exposure to the Euro zone which is a positive and Business Development Opportunities (BDS) with ADB in the region should help sustain its momentum.

Mr Hiroyuki Maruyama informed that India is one of the chief recipients of finance from ADB with \$3.13 billion. He concluded the introduction to ADB by specifying that the five core specializations viz. infrastructure, environment including climate change, regional cooperation and integration, financial sector development and education are of principle focus in the Long Term Strategic Framework 2008-2020.

Mr Vikram Harsha presented in brief the particulars of Ongoing Bids and Consultancy Opportunities, Proj-

ects in Pipeline for 2012-13, and Project Specific Procurement Opportunities in the states of Rajasthan, Himachal Pradesh, Uttarakhand, Gujarat, Chhattisgarh, Bihar, Paschim Banga, Madhya Pradesh, Orissa, Karnataka, Maharashtra and North Eastern Region Capital Cities under ADB for the urban development, transport, energy and agriculture sectors.

Mr O.P. Dubey, Director (Urban), J&K Economic Reconstruction Agency, briefed the participants that J&K Economic Reconstruction Agency (ERA) is a Special Purpose Vehicle constituted by Govt. of Jammu & Kashmir for executing externally aided projects. ERA is guided by Governing Body headed by Hon'ble Chief Minister of the State. He then made a detailed presentation on ABD funded projects being executed and proposed in Jammu City and Srinagar for infrastructure rehabilitation, water supply, sewerage, sewerage treatment plant, drainage, storm water drains, roads, bridges, solid waste management and other municipal facilities, multi storied parking facility, development of landfill site in Srinagar city, elevated expressway corridor from Jehangir Chowk to Rambagh and Jammu water supply from Chenab river. He informed the participants that peace and normalcy prevailed in Jammu & Kashmir State last year Srinagar hosted a record number of tourists. He invited suppliers and consultants to bid confidently for ADB projects in his State.

In two parallel sessions – one for contractors/suppliers of goods/works and another one for consultants – Mr Alexander Fox and Mr Hiroyuki Maruyama respectively made comprehensive presentations and provided clarifications to the participants.

Mr A. Subrahmanyam, DGM & Regional Head, Exim Bank, Hyderabad, proposed the vote of thanks.

The seminar moved to Kolkata on

April 26, 2012, with nearly 140 participants, mainly project consultants, architects, manufacturing companies and others.

In his opening remarks, Mr Ramesh Babu, AGM and Regional Head, Exim Bank Kolkata, introduced the officials from ADB who were giving presentations at the meeting. He also gave a brief on the services of Exim Bank for the international trade community.

Mr Alexander Fox giving his brief stated that ADB would like to encourage local contractors, manufacturers and consultants to participate in ADB financed projects and hence, the seminar is being held in order to disseminate information how they can participate in the same.

Mrs Debdatta Nandwani, Dy. Director General, FIEO (ER), gave a brief overview of the export import scenario in the near future and the services of the Federation to the export import community.

Mr S.K. Basu, Past President, BAI, also provided a brief of the Association.

The presentations commenced with an introduction by Mr Alexander Fox on ADB and its objectives, its constituents in the board and its funding source and funding patterns. He provided insights into the various projects in India and the requirements for the consultants and procurement agencies to enlist with ADB as well its executing Agencies for providing services and materials in the projects.

Mr Vikram Harsha provided a brief on forthcoming opportunities under ADB projects, procurement and consulting opportunities. The funds being provided by ADB during 2012 till 2014 in various focus sectors were also made known to the consultants and procurement agencies.

The Q&A session:

1. How to formulate projects for the ADB and submission and approval process?

Projects need to be submitted to the departments concerned, which after evaluating the project forwards the same to the concerned dept in the Centre which in turn forwards the same to Department of Economic Affairs in the Finance Ministry for forwarding the same to ADB.

2. Third party agency inspection pre dispatch?

The third party inspection is mandated by the executing agency and is carried out as per norms.

3. Co-financing of projects by other multi lateral organizations like JAIKA, World Bank, DFID, etc?

It was confirmed that ADB often co-finances projects with other such

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agencies.

4. On prequalification process. The executing agencies often go in for open tender unless and until it was absolutely technical project or necessitates pre qualification bids.

5. Funding pattern is interest free or not and if the project is not completed, what action is taken by ADB?

ADB has not faced any defaults as such. Further with regard to funding, it is generally done on LIBOR rates to the government in US dollars.

6. On whether private sector project can be funded by ADB? They can be funded; however details need to be looked up in the site since the concerned persons are not in this seminar.

7. On the role of Exim Bank in ADB funding projects. It is the long-term partner in these projects and since the ADB projects are considered deemed exports, Exim Bank often funds these contractors and other approved agencies.

8. On whether a consortium can apply for a turnkey project. A consortium forming JVs can participate in ADB funded projects.

9. The qualification criteria for national competitive bidding and in-

ternational competitive bidding. For India, it is for Rs 52 crore and more than Rs 52 crore respectively.

10. On e-procurement. ADB supports e-procurement bids. However the entire process is decided by the aided state.

11. Procurement of consultants. The same mode is followed.

12. Regarding bid evaluation. It takes one and half months but there are instances where evaluation takes a long time for whatever reasons given.

The final leg of the seminar was held at Mumbai on April 27, 2012, with around 100 participants from the consultancy and the service organizations.

Mr Amit Goyal, Regional Chairman, FIEO (WR), Mr Alexander Fox, Mr Prahalathan Iyer, and Mr Anand Gupta, Honorary General Secretary, BAI, addressed the participants.

Mr Amit Goyal briefed the participants about the initiatives taken by the Federation in promoting the service sectors through various promotional programmes as well as interactive sessions and conferences highlighting the emerging business opportunities in this highly potential sector.

He further said the seminar shall enable the participants to gather strong potential and excellent facilities in the field of high quality engineering, construction, infrastructure, etc. It shall also provide vital information about access to business opportunities, specific procurement opportunities and the policy and procedures of ADB by the highly specialized speakers.

Mr Alexander Fox during his opening remarks said that under Strategy 2020, a long-term strategic framework adopted in 2008, ADB is follow-

ing three complementary strategic agendas viz. inclusive growth, environmentally sustainable growth, and regional integration. In pursuing its vision, ADB's main instruments comprise loans, technical assistance, grants, advice, and knowledge.

Mr Vikram Harsha pointed out that the ADB promotes transparent and fair bidding procedures as its Standard Bidding Documents (SBDs) based on FIDIC (International Federation of Consulting Engineers) contracts is one of the most widely accepted forms of contract in the construction industry around the world with provisions for "interest-free mobilization of advance" and "price escalation". Standard Bidding Documents (SBDs) also has provisions for bonus to contractors for early completion of works and FIDIC contract conditions incentivise timely payments to contractors by executing agencies. Direct payment from ADB to contractors is also available. ADB requires that the contract agreements are respected and strictly followed by all the stake holders. He highlighted that ABD projects are mostly with Multi Tranche Financial facility and all procurement are eligible for Excise and Customs Duty exemptions.

Dr Ashwini Kumar, from Maharashtra Maritime Development Board, made a short presentation on the Sustainability in Port Development and brief about the activity of the Maritime Board in developing small ports in Maharashtra.

In two parallel sessions one for contractors/suppliers of goods/works and another one for consultants Mr Alexander Fox and Mr Chandra Mohan Arora, Senior Procurement Officer, ADB respectively made comprehensive presentations and provided clarifications to the participants.

Mr Chandra Mohan Arora informed the participants that ABD requires technical consultants for

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Project Preparatory Technical Assistance (PPTA), Capacity Development Technical Assistance (CDTA), Policy and Advisory Technical Assistance (PATA) and Research and Development Technical Assistance (RDTA). Apart from above ADB hire consultants for Loan Projects, Staff consultants and consultants for 'in-house' (ADB) projects. The type of contracted with ADB are Time based Contracts, Lump sum contracts, Small assignments contract and Indefinite Delivery Contract. All service provider Firms, Individuals, Universities, NGO's, Research Institutes from ADB Member countries and other UN organisations are eligible as consultants provided they register in ADB's Consultant Management System (CMS).

Mr Alexander Fox said any procurement of goods and works undergoes six stages viz. Identification, Preparation, Appraisal, Procurement Plan, Implementation and Evaluation. All the six stages of any ADB funded project can be tracked on the

official website of ADB i.e. www.adb.com. Most lending by ADB is in the public sector to governments generally referred to as executing agency. Explaining the bidding procedure he informed that based on the value of the contract any of the following bidding methods may be used International Competitive Bidding, Limited International Bidding, National Competitive Bidding, Shopping, Direct Contracting (Single Source), Force Account, Performance-based procurement, Procurement under Loans to Financial Intermediaries, Procurement under Private Sector Loans, Procurement under Disaster and Emergency Assistance and Community Participation in Procurement.

He briefed that bids may be asked to be submitted in Single Stage- One Envelope, Single Stage-Two Envelope, Two Stage-Two Envelope or Two Stage and all contracts for values of \$10 million and above must be approved by the ADB.

To a question on requirements to

be fulfilled by a consortium or JV bidding for projects he replied that all partners must be eligible for the contract and JV agreement must contain provision for joint and several liability. One of the partners must be authorized to be in charge and copy of Joint Venture agreement must be included in the bid.

He informed that the extension of the bid validity is allowed only in exceptional cases and all bidders given the option to continue or withdraw from the bidding process but they cannot modify substance of bid and must extend validity of bid security. Additionally, no negotiation to obtain more suitable offer, except if only one bidder or only conforming bid price is disproportionately high is allowed.

He concluded by stating that ADB provides margin of preference to domestically manufactured goods or domestic contractors for ADB-financed projects to compete with foreign firms on more equal footing. ■

FIEO training programmes in foreign languages

FIEO's Business and Professional Language Training Centre announces the following Language Training Programmes for the benefit of exporters:

1 BPSTP: BUSINESS & PROFESSIONAL SPANISH LANGUAGE TRAINING PROGRAMME; Course Duration: 15 hours; For online registration, please visit http://www.fieo.org/view_detail.php?id=0,22&dcd=1316

2 BPATP: BUSINESS & PROFESSIONAL ARABIC LANGUAGE TRAINING PROGRAMME; Course Duration: 20 hours; For online registration, please visit http://www.fieo.org/view_detail.php?id=0,22&dcd=1317

3 BPCTP: BUSINESS & PROFESSIONAL CHINESE LANGUAGE TRAINING PROGRAMME; Course Duration: 25 hours; For online registration please visit: http://www.fieo.org/view_detail.php?id=0,22&dcd=1318

The schedule for the above courses will be as under:

ARABIC: FRIDAY, 4.00 pm - 6.30 pm; and SATURDAY, 10.00 am – 12.30 pm

SPANISH: SATURDAY 1.00 pm – 3.30 pm; and SUNDAY, 9.30 am – 12.00 noon

CHINESE: SATURDAY 4.00 pm – 6.30 pm; and SUNDAY, 12.30 pm – 3.00 pm

All the above programmes will be held at FIEO Conference Hall, Unit No.706, 7th Floor, Spencer Plaza, 769 Anna Salai, Chennai 600 002. The above courses will be conducted by experienced faculty members who will impart practical training on industry based language proficiency. All the courses also contain cultural and economic information building exercises. The objective of the programme is to give working knowledge of the language of the country of visit. A proficiency test will be conducted and successful candidates will be issued certificates.

CORPORATE TRAINING IN FOREIGN LANGUAGES AND CROSS CULTURAL BARRIERS

FIEO will also conduct specialized language training for executives who need to travel and stay in foreign countries for longer duration for execution of projects etc. There will be special packages for focussed groups, comprising specific language training which covers cross cultural barriers, business etiquette, etc. Please contact us for more information.

TRANSLATION SERVICES

FIEO is also happy to provide translation services in the above languages. Members interested may kindly contact the Federation for more information on these services.

For more details and registration please contact: Mrs P. Vijayalakshmi, Language Coordinator,
FIEO Chennai, Tel: 28497755; 28497766; Email: pvijayalakshmi@fieo.org