

INTERNATIONAL FINANCIAL INSTITUTIONS: Asian Development Bank and World Bank

International Financial Institutions (IFIs) are multilateral development banks established to promote economic growth and social development in third world countries. Loans and technical assistance are provided to developing member countries (DMCs) based on borrowings in international capital markets, as well as on contributions from the Banks' donor countries. IFI projects cover a wide range of sectors including agriculture, energy, social infrastructure, transportation and communications, and industry and mining.

Canada is a member of five established IFIs: the World Bank Group, the Asian Development Bank, the Inter-American Development Bank, the African Development Bank and the Caribbean Development Bank. As a result of Canada's membership in these banks, Canadian companies are eligible to compete for IFI-financed contracts. The overall IFI-funded market offers tremendous opportunities for Canadian exporters of goods and services.

The Asian Development Bank (ADB), headquartered in Manila, and the World Bank Group, based in Washington D.C., are the two IFI's which provide development funds to developing countries in the Asia-Pacific region. The ADB had 1989 lending commitments of over \$US 3.6 billion in the region. Of the total \$US 21.3 billion in new World Bank commitments in the 1989 fiscal year, \$US 7.8 billion was earmarked for Asia. In 1989 Canadian suppliers, contractors and consultants were awarded a total of US\$ 12 million worth of business from projects financed through ADB loans and technical assistance contracts, and \$242 million in total World Bank financed procurement. Of this latter amount, \$95 million was for World Bank-financed contracts in the Asia-Pacific region.

Of the six ASEAN countries, the Philippines, Thailand, Malaysia, and Indonesia are borrowing members of these institutions.

Procurement of Goods and Services

When the World Bank or ADB lend money to a developing country for a project, the executing agency of the project is almost always the borrowing country's government or a branch thereof. It is the executing agency, and not the bank, that is responsible for virtually every element of project execution, including the hiring of consultants and procurement of goods and services. Only some technical assistance, (see ADB Technical Assistance Program, below) or certain other consultancy work is contracted directly by the Bank itself.

Procurement for most projects is done on the basis of "International Competitive Bidding", with formal tender documents provided by the executing agency and notices of tenders published in Development Business, a UN publication, and in other international journals.