

III. Awarding of Contracts

One essential condition for successfully dealing with any international financial institution is knowing how the project will proceed, particularly between the initial study stage and the awarding of financing. Only with a good grasp of these mechanisms can firms participate effectively.

Project preparation in the ADB is no different from that in other similar agencies such as the World Bank. The project cycle consists of five major stages: identification; preparation; evaluation; negotiation approval and loan signature; and implementation, execution and post facto project evaluation.

Identification

A project is chosen when there is agreement between the designated priorities of the borrowing nation's national development plan and the priorities of the Bank itself. During this phase, the Bank sends out experts to conduct a preliminary in situ project examination and to make contact with local authorities. Any information received may alert companies to possible opportunities in their own sectors of interest.

Preparation

This stage is the responsibility of the borrowing country. It involves many feasibility studies (technical, economic, financial, institutional, and so on). The consultants are selected at this stage and their work will be decisive in determining the nature of goods and services required for the project. Suppliers of goods should obtain information regarding the types and specifications of equipment designated by the project's executing agency, the consulting engineers chosen to prepare the project, and the Bank project officer involved.

Evaluation

During this phase, the Bank's experts verify all elements of the project. The purpose is to justify not only the usefulness of such elements, but also their technical feasibility. After several visits to the field and many amendments, an evaluation report — also known as a loan proposal — is written and submitted to the Board of Directors for approval. In the meantime, the Bank's loan committee negotiates the technical and financial terms of the loan agreement. During the evaluation, consideration is given to the nature of goods and services to be financed and how they can best be acquired. The evaluation report is a very good source of information about the project schedule and the nature and quantity of supplies subject to tender.