

**CONSULTATIONS WITH THE PRIVATE SECTOR ON  
ADB'S LONG TERM STRATEGIC FRAMEWORK (LTSF) REVIEW  
IN NEW DELHI ON 6 SEPTEMBER 2007: A RECORD OF PROCEEDINGS**

**A. Introduction**

1. ADB conducted consultations on the review of the LTSF with private sector representatives from the South Asia region on 6<sup>th</sup> September 2007 in New Delhi. (Please refer to Attachment I for list of persons present and Attachment II for the session programme). The consultations covered three key issues (i) Risks and Challenges in the South Asia region (ii) Strategic options, operational priorities and thematic priorities for ADB and the relevance of the EPG recommendations, and (iii) ADB's own strengths and weaknesses. Till now ADB has had a limited engagement with the private sector in the region. The response of the participants to and observations on the ADB presentation were therefore limited by their lack of awareness of ADB.

**B. Risks and Challenges of the Asia and Pacific Region**

2. The participants had extensive discussion on the various barriers to the growth of the region in general and the private sector in particular and identified the most important:

- Political and social tensions, for more than a decade in some countries
- Declining quality of governance, policy instability and high levels of corruption
- Infrastructure bottlenecks
- Shortage of technically qualified and employable local human resources
- Poor regional integration
- Limited development of financial and capital markets

**C. Strategic Focus**

**3. Vision:** The participants were of the view that ADB should maintain the vision of an 'Asia Pacific region free of poverty by 2020'. However most of them thought that it was unrealistic for South Asia to be free of poverty in this time frame. They suggested that the private sector will be the primary driver of economic growth that will enable the rapid realization of this vision.

**4. Operational Priorities:** The participants supported the six priority operational sectors identified by the EPG. The specific areas where they felt ADB can play a major role are:

- **Infrastructure development:** This should be the primary thrust area of ADB's operations. The private sector is willing to collaborate in infrastructure development in the PPP frame and urged ADB to facilitate a dialogue on this with DMC governments.
- **Promoting innovation and knowledge:** Enabling the development and acquisition of improved technologies and skills to increase productivity and regional and global competitiveness.
- **Higher and technical education:** The development of institutions of higher and technical education to enable improved skill and enterprise development, higher remittance incomes of skilled migrants.

- **Agricultural development:** strengthening agricultural systems, connectivity and market linkages to improve the incomes and livelihoods of rural residents.
- **Regional integration and co-operation:** improvement of connectivity, development of common resources (e.g. hydropower) and promotion of trade between DMCs in South Asia.

**5. Role of ADB:** Private sector representatives strongly urged ADB to expand its private operations in all DMCs in South Asia. They were also interested in understanding more about the various financial products ADB had on offer, and emphasized the role ADB can play in facilitating PPP in DMCs.

#### **D. Operational Strengths and Weaknesses**

6. The participants pointed out that ADB's **procurement policies** are rigid and contain barriers to entry by local firms in terms of pre-qualification. They recommended that the ceiling on ICBs should be raised, turnover criteria should be relaxed for local firms and greater emphasis should be placed on local procurement. They stated that ADB's **safeguard policies** are by and large good, but are too rigid in some cases, making project implementation suffer. ADB has **poor visibility in the private sector** in spite of a history of successful private sector development, its AAA credit rating, strong cross-national and cross-sectoral experience across the region and its new financial products. ADB must take appropriate steps to be more visible, less centralized and more responsive to particular private sector needs in South Asia.

## **ATTACHMENT- I: LIST OF PARTICIPANTS**

### **Private Sector Participants**

1. Mr. Mir Nasir Hossain, President, Federation of Bangladesh Chambers of Commerce & Industries, Bangladesh
2. Mr. Latifur Rahman, President, Metropolitan Chambers of Commerce & Industries, Bangladesh
3. Ms. Rokia Afzal Rahman, President & Chairman, Women Entrepreneurs Association & Arlinks Group, Bangladesh
4. Mr. Dasho Bap Kinga, Vice President, BCCI, Bhutan
5. Mr. Rajesh Menon, Senior Director, Confederation of India Industry (CII), India
6. Mr. Mohammad Solih, President, Maldives Chamber of Commerce, Maldives
7. Mr. Kush K. Joshi, Second Vice-President, Federation of Nepalese Chamber of Commerce and Industry (FNCCI), Nepal
8. Mr. Padma Jyoti, Former President, FNCCI and SAARC Chamber of Commerce and Industry, Nepal
9. Mr. Dakshitha Thalgodapitiya, CEO, Chamber of Construction Industries, Sri Lanka
10. Mr. P. D. Rodrigo, Immediate Past Chairman, Ceylon Chamber of Commerce, Sri Lanka

### **ADB Participants**

1. Mr. Seethapathy Chander, Deputy Director General, PSOD, ADB, Manila
2. Mr. Werner Liepach, Principal Director, ADB, Manila
3. Mr. V. B Tulasidhar, Sr. Economist, Regional Cooperation, ADB, Manila
4. Ms. Manju Senapaty, Sr. Planning and Policy Economist, SPD, ADB, Manila
5. Mr. Geoff Crooks, Evaluation Specialist, OED2, ADB, Manila

## ATTACHMENT- II: SESSION PROGRAMME

6 September 2007 Thursday  
Consultations with the Private Sector

TIME	ACTIVITY
9:00 – 9:10	<b>Introductory Remarks</b> Mr. S. Chander, Deputy Director General Private Sector Operations Department (PSOD), ADB
9:10 – 9:30	<b>Presentation on LTSF Review and Key Issues</b> Mr. V. Tulasidhar, Senior Economist East Asia Department (EARD), ADB
9:30 – 10:45	<b>Session 1: Views from private sector participants</b> <i>“Risks and Challenges of the Region and the Role of ADB”</i> Chair: Mr. S. Chander, Deputy Director General Private Sector Operations Department (PSOD), ADB Moderator: Mr. Aromar Revi, ADB consultant
11:00 – 12:15	<b>Session 2: Views from private sector participants</b> <i>“ADB’s Vision, Mission and Operational Priorities”</i> Chair: Mr. S. Chander, Deputy Director General Private Sector Operations Department (PSOD), ADB Moderator: Mr. Aromar Revi, ADB consultant
12:15 – 12:30	<b>Closing Remarks</b> Mr. S. Chander, Deputy Director General Private Sector Operations Department (PSOD), ADB