

# PRIVATE SECTOR OPERATIONS DEPARTMENT

9 October 2008

ADB

# PRIVATE SECTOR DEVELOPMENT

- **How are private sector operations related to the fundamental mission of the ADB?**
- **How does PSOD relate to the public sector of ADB?**
- **How do we encourage the private sector to become more engaged with our mission?**
- **How is the PSOD different from the private sector operations of other MDBs?**

# PRIVATE SECTOR DEVELOPMENT

## ADB's 2000 PRIVATE SECTOR DEVELOPMENT STRATEGY

“The Asian experience shows that growth is the most powerful weapon in the fight against poverty.”

- JOBS
- Increases the tax base
- Frees the government to do social spending

“The Private Sector cannot be expected to undertake extensive poverty reductions on its own.”

# Poverty Reduction

- Poverty reduction is achieved through:
  - Increasing the economic pie
  - Ensuring that the increase in the pie is equitably distributed among the population
- Private sector operations:
  - Directly leads to an increase in the economic pie directly and through job creation
  - Through better governance of the entities supported, ensures a climate for equitable and responsible distribution of benefits
- PSOD is one tool in ADB's toolkit. All tools not expected to perform the same tasks

# Why Does Private Sector Come To ADB?

- Not low cost money – market terms
- Not better credit terms – not LOLR
- Not an easier/short approval process

In short - no preferred terms

# Important Factors

- Asian institution
- “One stop shop”
- Decision making in region

**THESE ARE NOT UNIQUE ADVANTAGES**

WHAT IS OUR CORE  
PRODUCT ?

AS A BANK OUR CORE  
PRODUCT IS NOT MONEY  
ALONE

# MONEY IS NOT OUR CORE PRODUCT

- \$4 Trillion - \$7 Trillion in Surplus Funds
- Advent of the Capital Markets
- Savings Rate in the DMCs higher than the donor countries
- The “Financing Gap” Theory of Development is totally discredited

# PRIVATE SECTOR DEVELOPMENT

## WHAT IS ADB's REAL "PRODUCT"?

- Risk Mitigation
- Regulatory Dialogue
- Technical Expertise

**ADB is uniquely positioned in these products.**

# PRIVATE SECTOR DEPARTMENT

## PSOD'S ROLE

### PSOD'S CORE MARKET NICHE

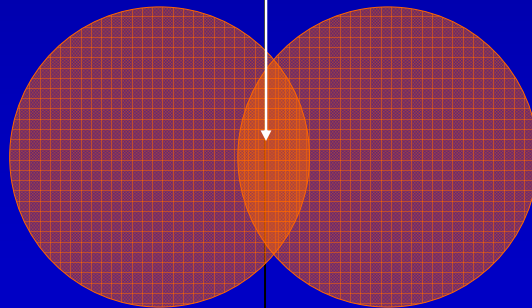
PRIVATE SECTOR

PUBLIC SECTOR

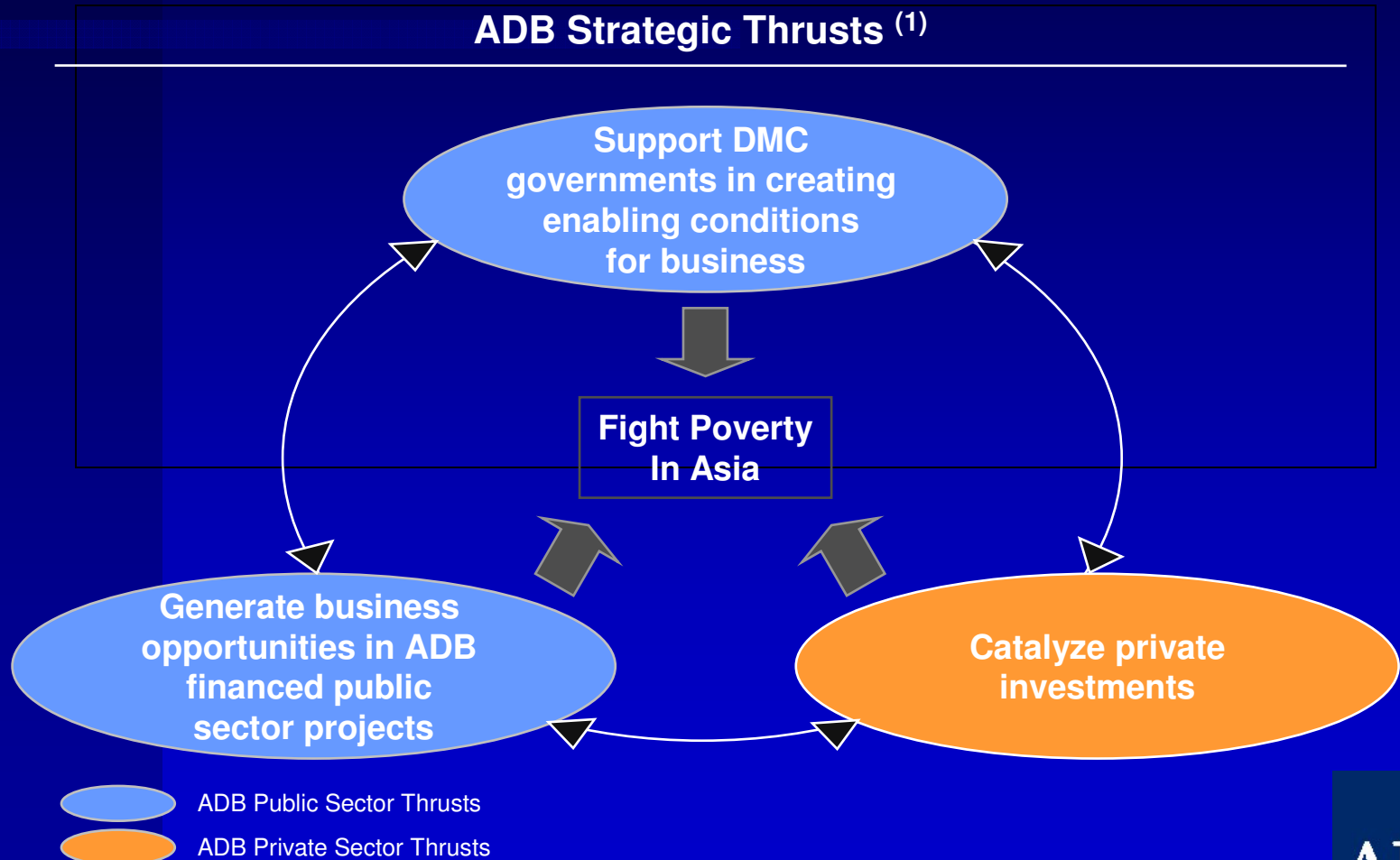
Tenor of Financing



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# PRIVATE SECTOR DEVELOPMENT



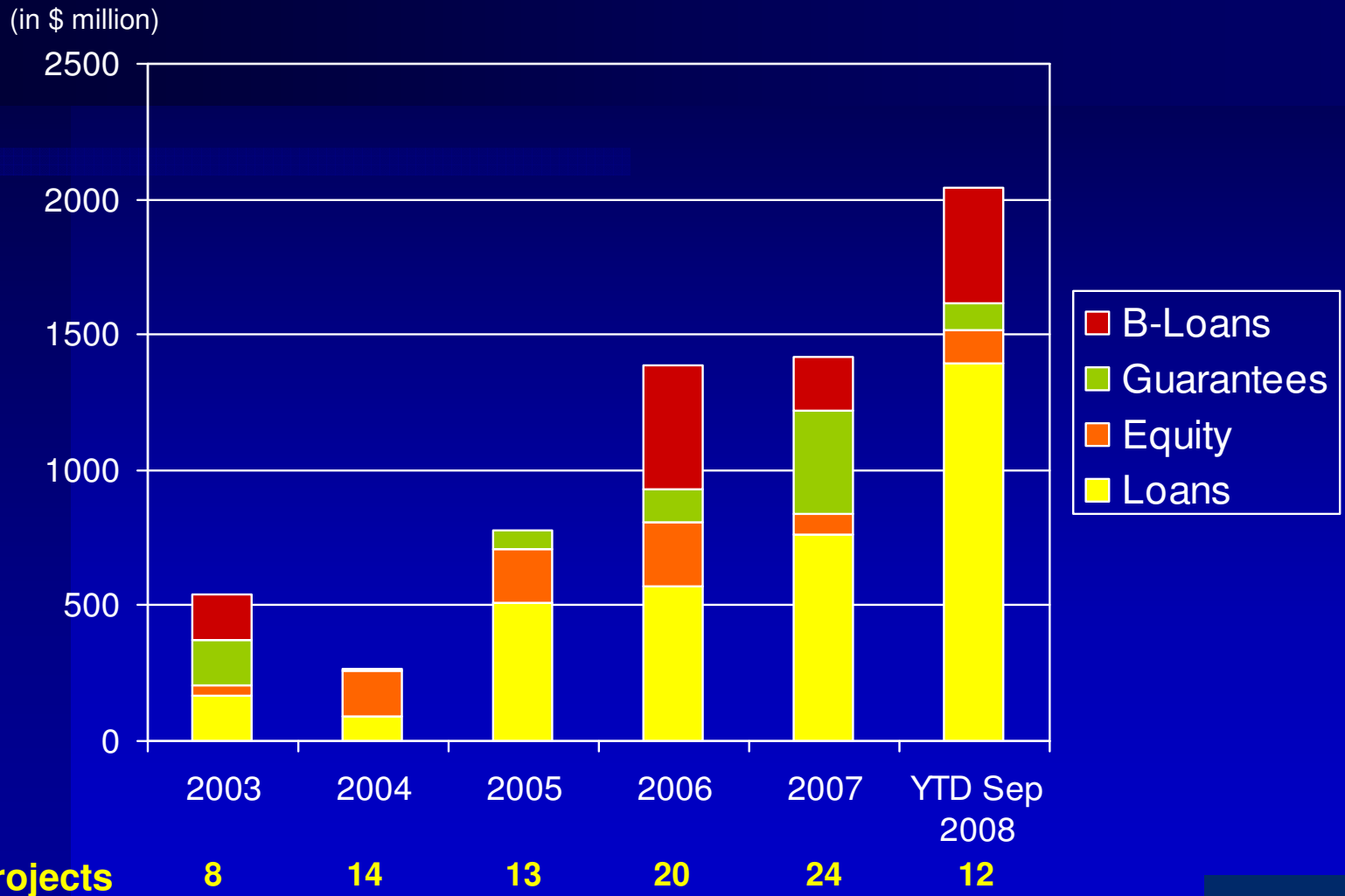
(1) Source: Private Sector Development Strategy, March 2000.

**PUBLIC SECTOR**  
**Government Dialogue**

**Private Sector Development**

**PRIVATE SECTOR**  
**On the Ground Experience**

# PSOD Operations, 2003 – YTD Sep 2008\*



\* Includes non-sovereign projects to private sector and public sector (state-owned enterprises). Excludes approved projects that were cancelled prior to signing / effectivity

# Overall Portfolio Summary

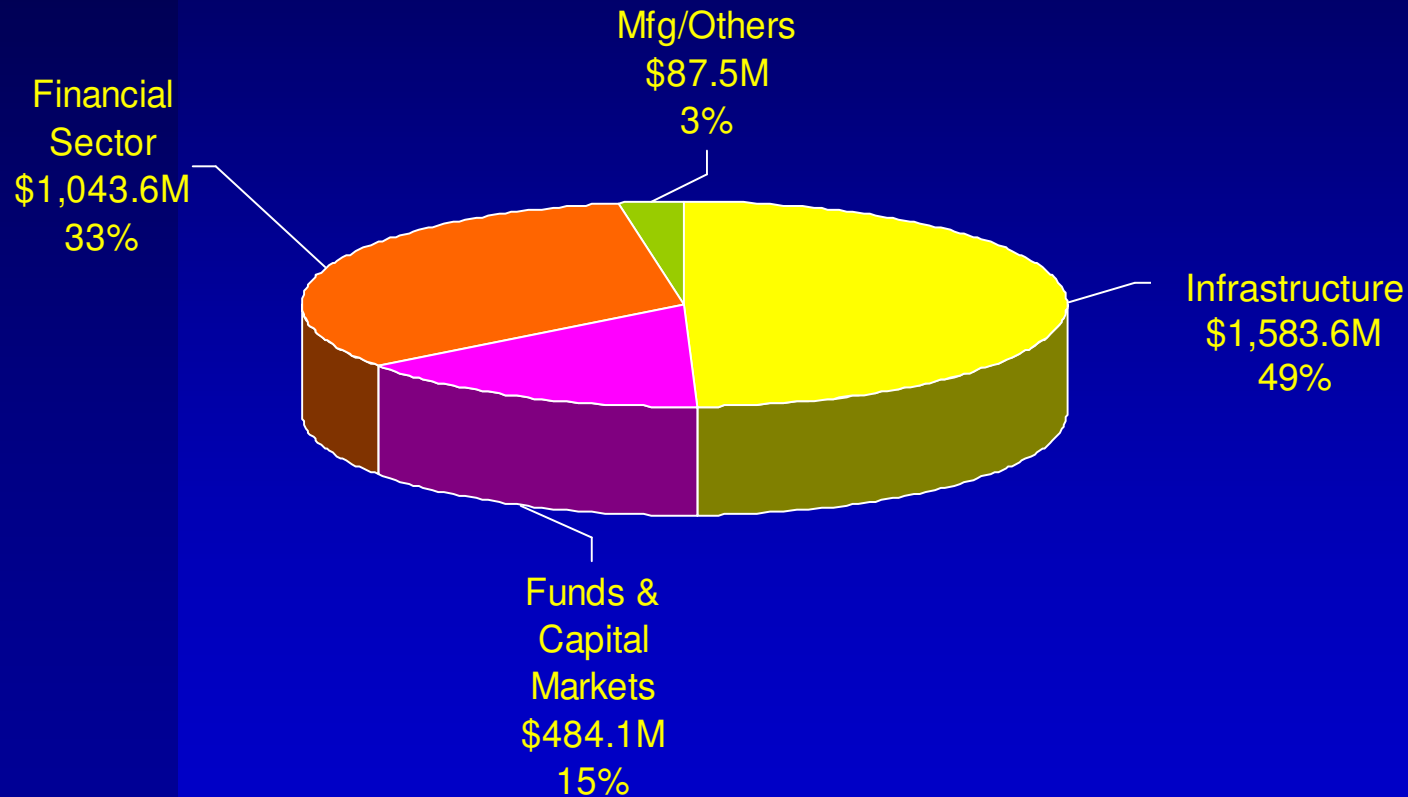
in US\$ millions	Cumulative Approvals (1983 to YTD Sep 2008)	As of 30 Jun 2008		
		Outstanding Balances (a, b)	Undisbursed Commitments (a,b)	Total Portfolio (a,b)
<b>Loans</b>	<b>4,659.3</b>	<b>1,500.9</b>	<b>153.4</b>	<b>1,654.3</b>
<b>Equity</b>	<b>1,494.2</b>	<b>765.7 (c)</b>	<b>190.2</b>	<b>955.9</b>
<b>Guarantees</b>	<b>1,146.2</b>	<b>507.2 (d)</b>	<b>81.4 (d)</b>	<b>588.6</b>
<b>TOTAL</b>	<b>7,299.7</b>	<b>2,773.8</b>	<b>425.0</b>	<b>3,198.8</b>
<b>Complementary Financing Scheme Loans</b>	<b>1,985.8</b>			
<b>TOTAL</b>	<b>9,285.5</b>			

- (a) Includes signed and effective loans, equity investments, and guarantees only.
- (b) Does not include CFS loans and all facilities cancelled prior to effectivity.
- (c) Outstanding balances of listed equity investments are valued at market.
- (d) Outstanding balances and commitments of guarantees refer to issuances, not disbursements.

# PSOD Outstanding Portfolio by Sector\*

as of 30 June 2008

Total Portfolio = \$3,198.8 million

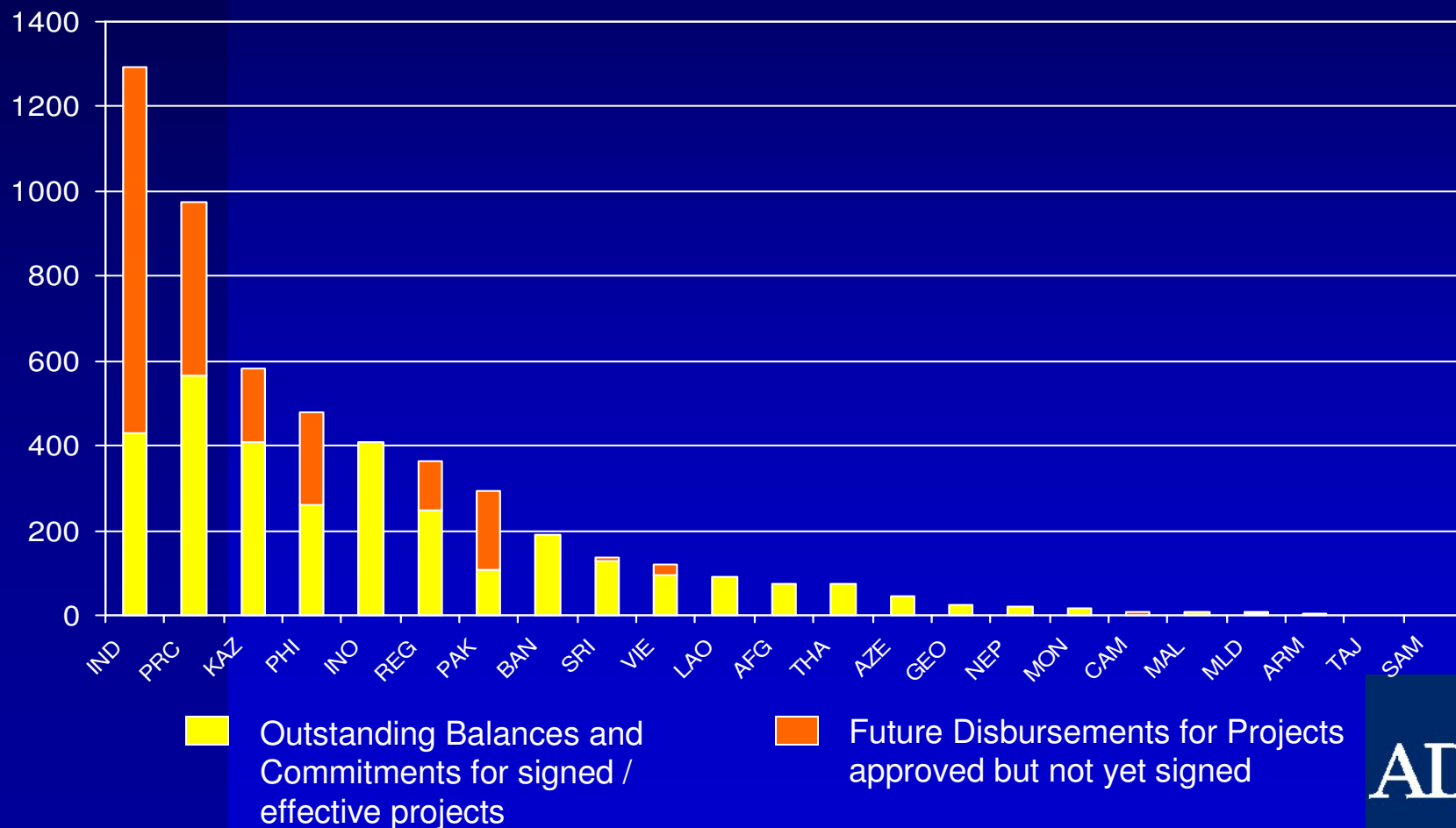


- Includes disbursed balances, guarantee issuances, undisbursed commitments, and committed amounts for guarantees for signed/effective projects only.

# PSOD Outstanding Portfolio by Country

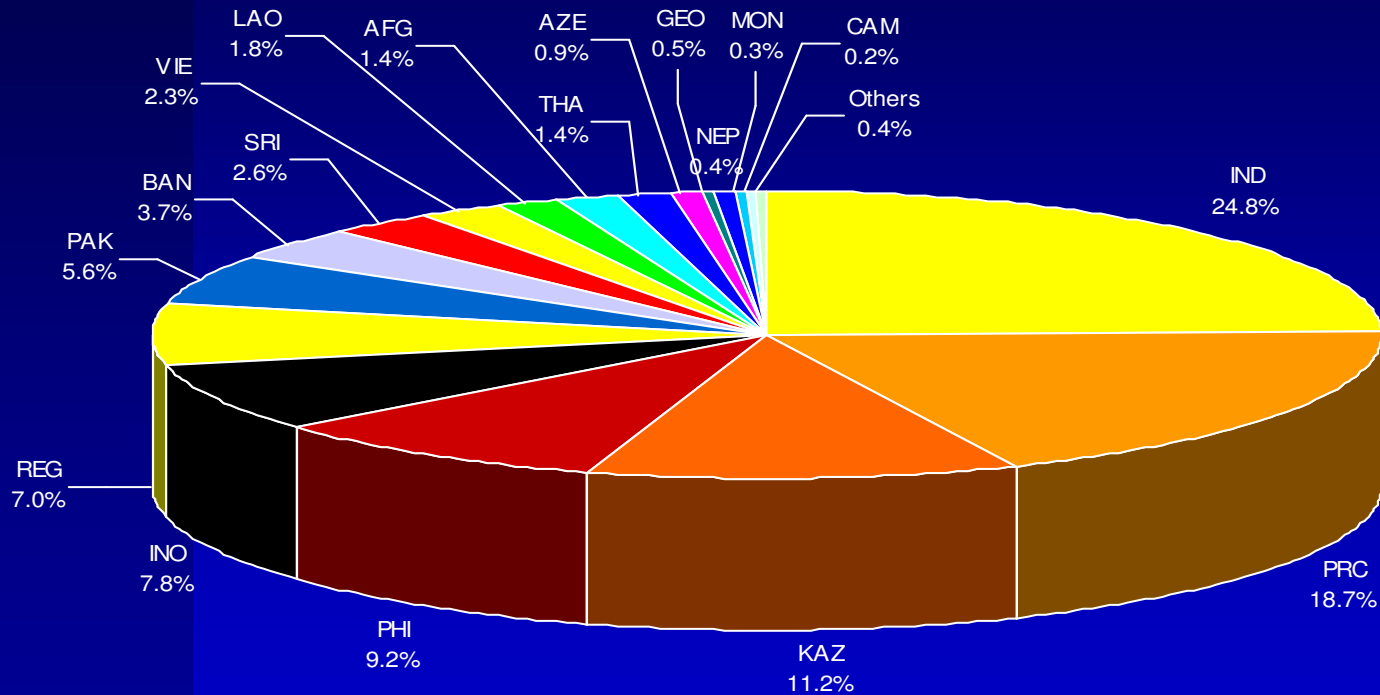
as of 30 June 2008

In \$ million



# PSOD Outstanding Portfolio by Country\*

as of 30 June 2008

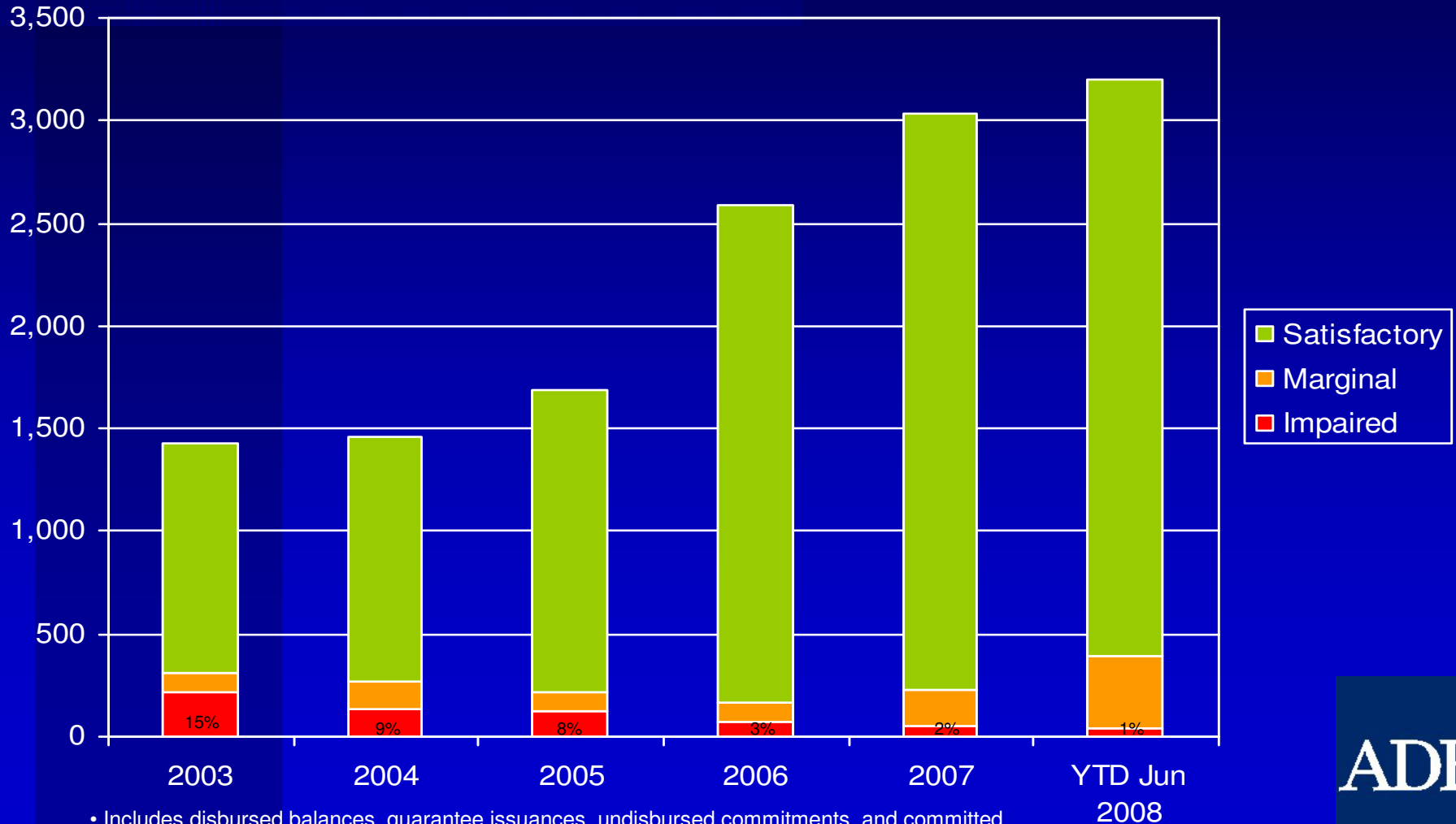


\* Includes future disbursements for projects approved but not yet signed / effective

# PSOD Outstanding Portfolio by Risk Rating\*

as of 30 June 2008

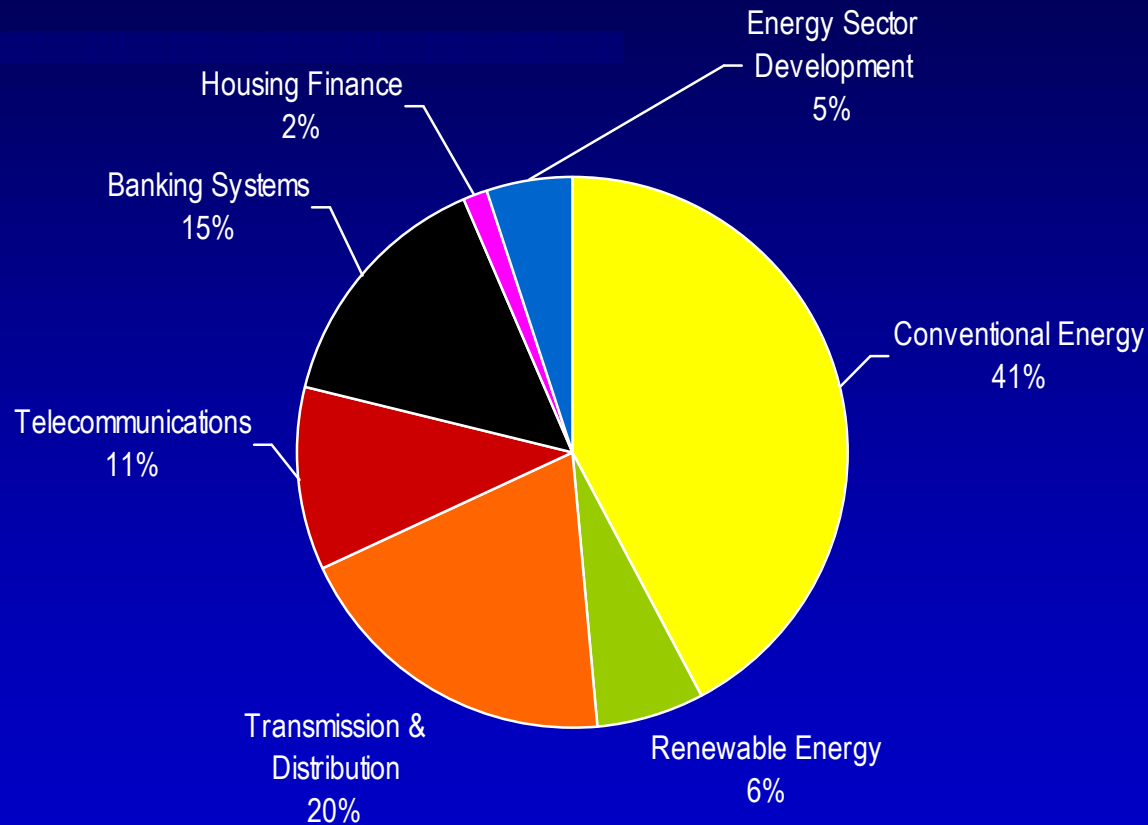
In \$ 000



\* Includes disbursed balances, guarantee issuances, undisbursed commitments, and committed amounts for guarantees for signed/effective projects only.

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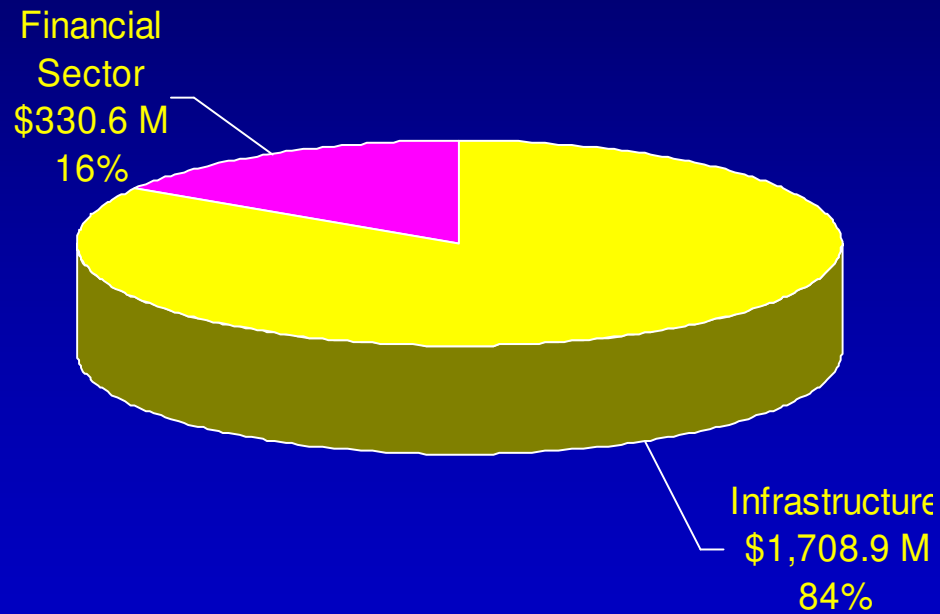
# PSOD YTD September 2008 Approvals Alignment with LTSF



PSOD's operations are fully aligned with LTSF

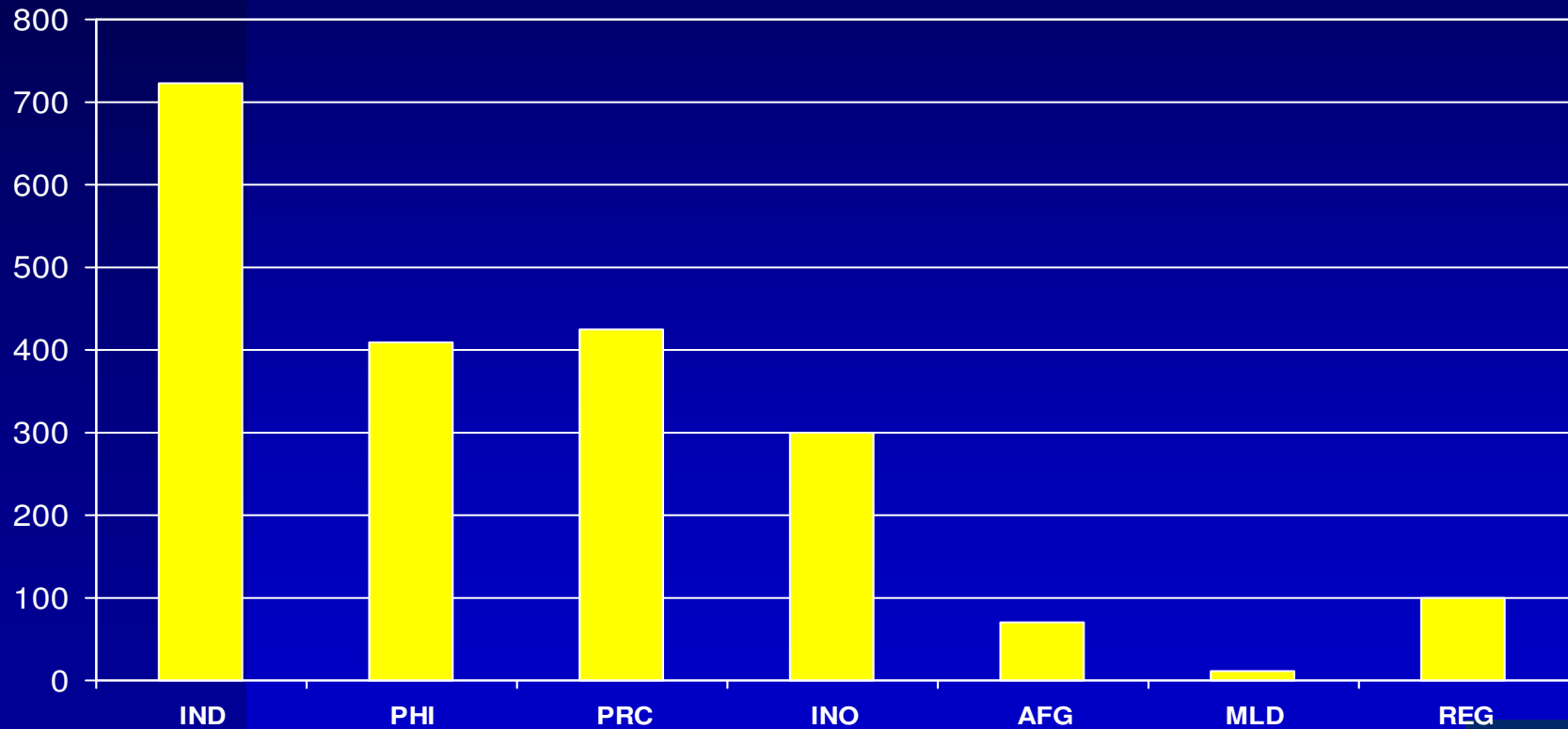
# PSOD YTD Sep 2008 Approvals by Sector\*

Total = \$2,039.5 million

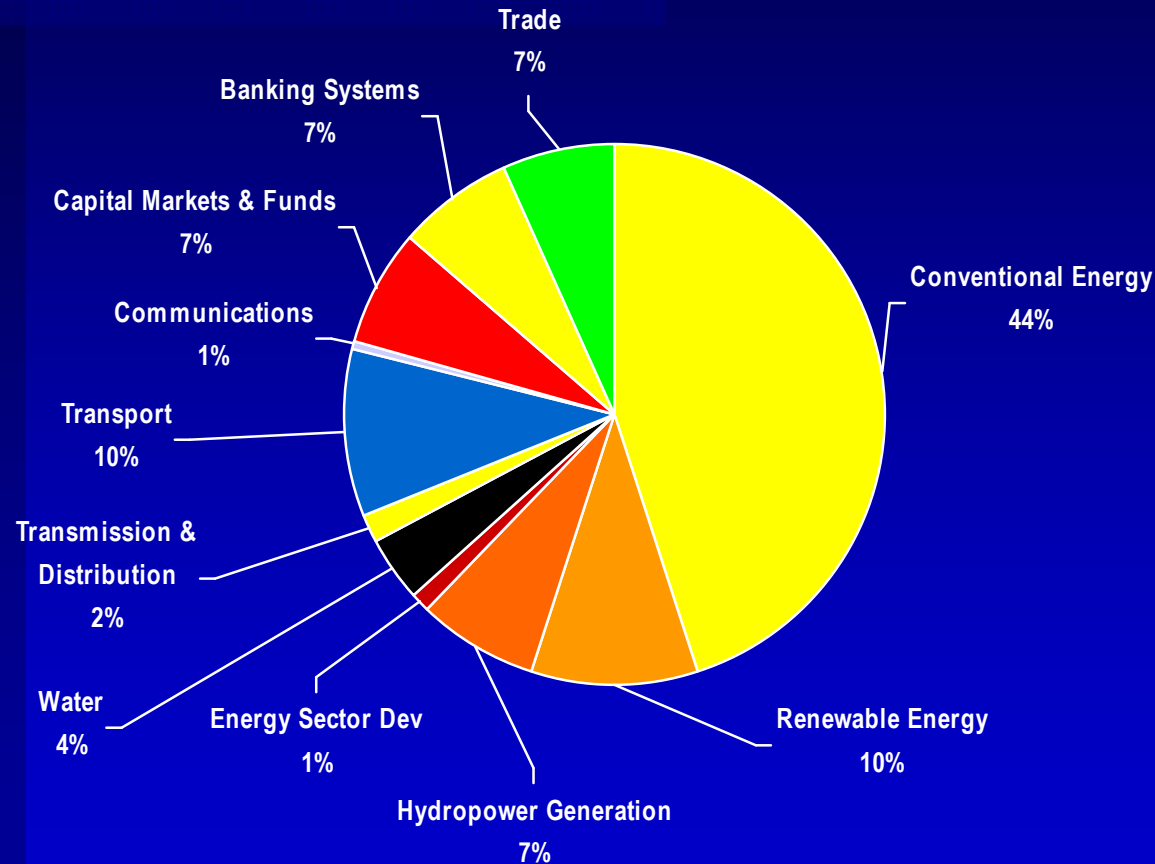


# PSOD YTD Sep 2008 Approvals by Country

In \$ million

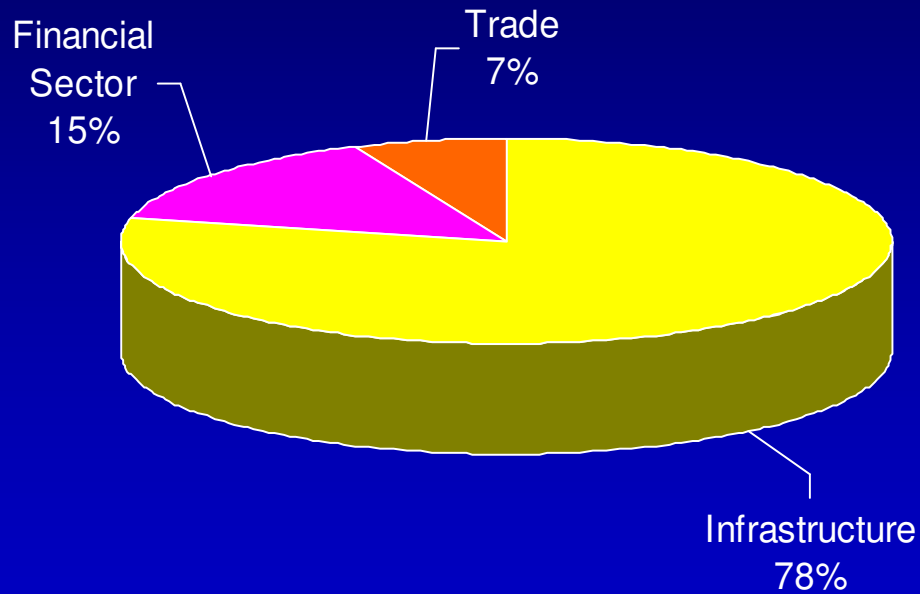


# PSOD 2009 Indicative Pipeline Alignment with LTSF



PSOD's operations are fully aligned with LTSF

# PSOD 2009 Indicative Pipeline by Sector\*



# PSOD 2009 Indicative Pipeline by Country

In \$ million

