



Asian Development Bank Headquarters, Manila, Philippines

# 9<sup>th</sup> ADB Business Opportunities Fair

## **Overview of Public Sector Management, Governance & Capacity Development**

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# Contents

- 1) Why PSM and institutions matter
- 2) Trends in the region
- 3) ADB policies, strategies and approaches
- 4) Operational trends and pipeline
- 5) Business opportunities

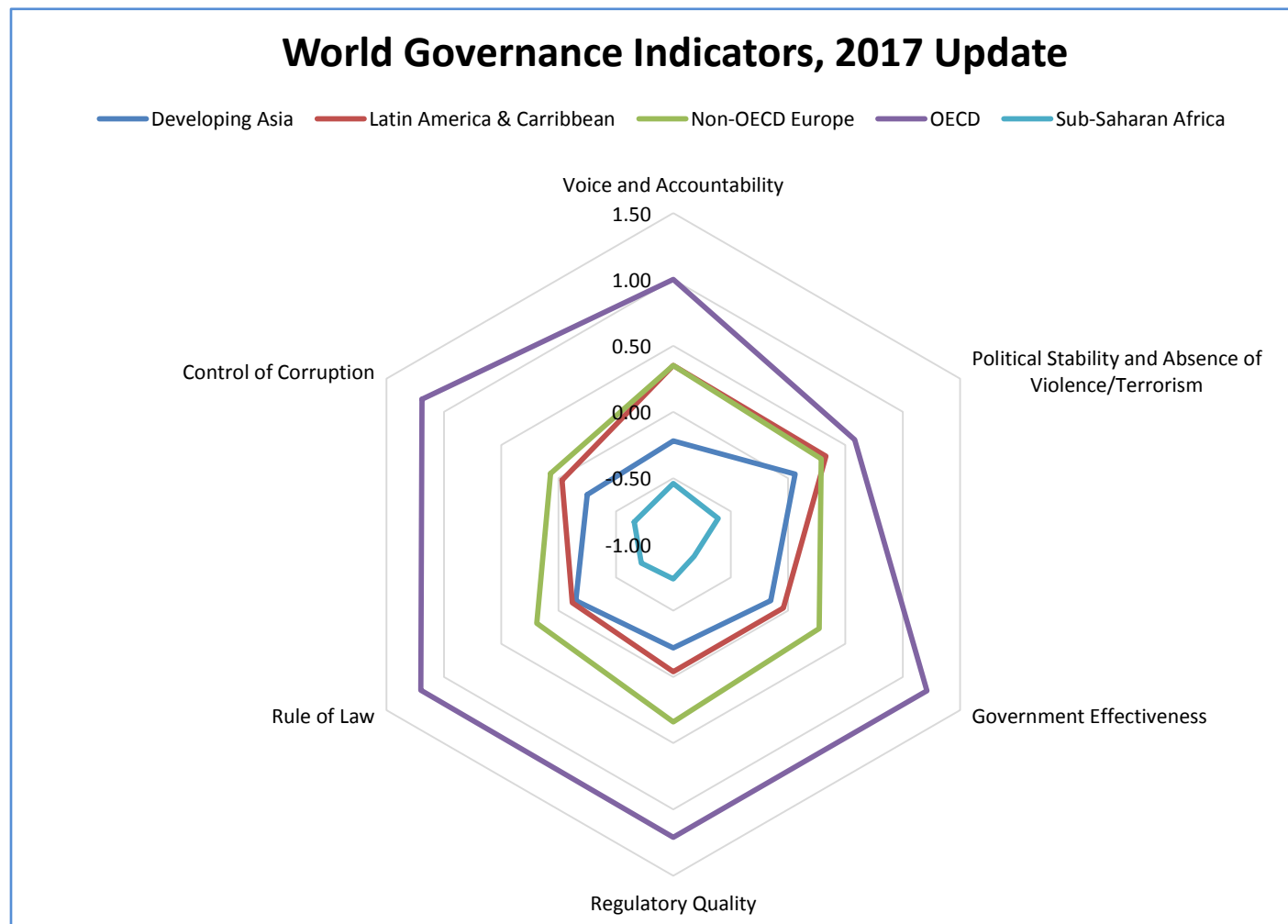
# Good governance leads to better development results



Countries with sound policies and regulations, an effective public service, and able to control corruption have grown more quickly than others

Weblink: [www.adb.org/publications/asian-development-outlook-2013-update-governance-and-public-service-delivery](http://www.adb.org/publications/asian-development-outlook-2013-update-governance-and-public-service-delivery)

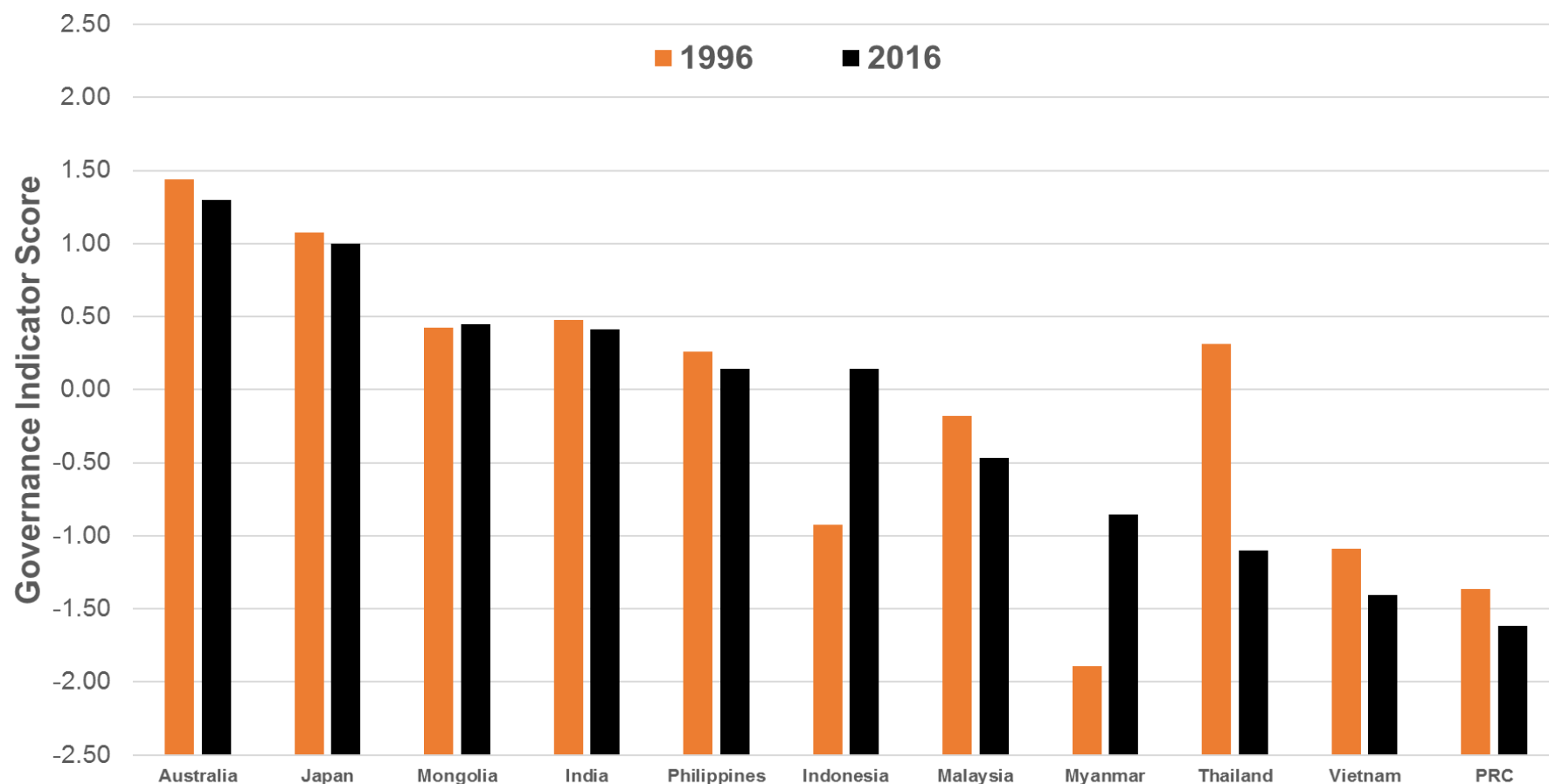
# But governance in Asia-Pacific Still lags most other countries



## Worldwide Governance Indicators, 2017 Update

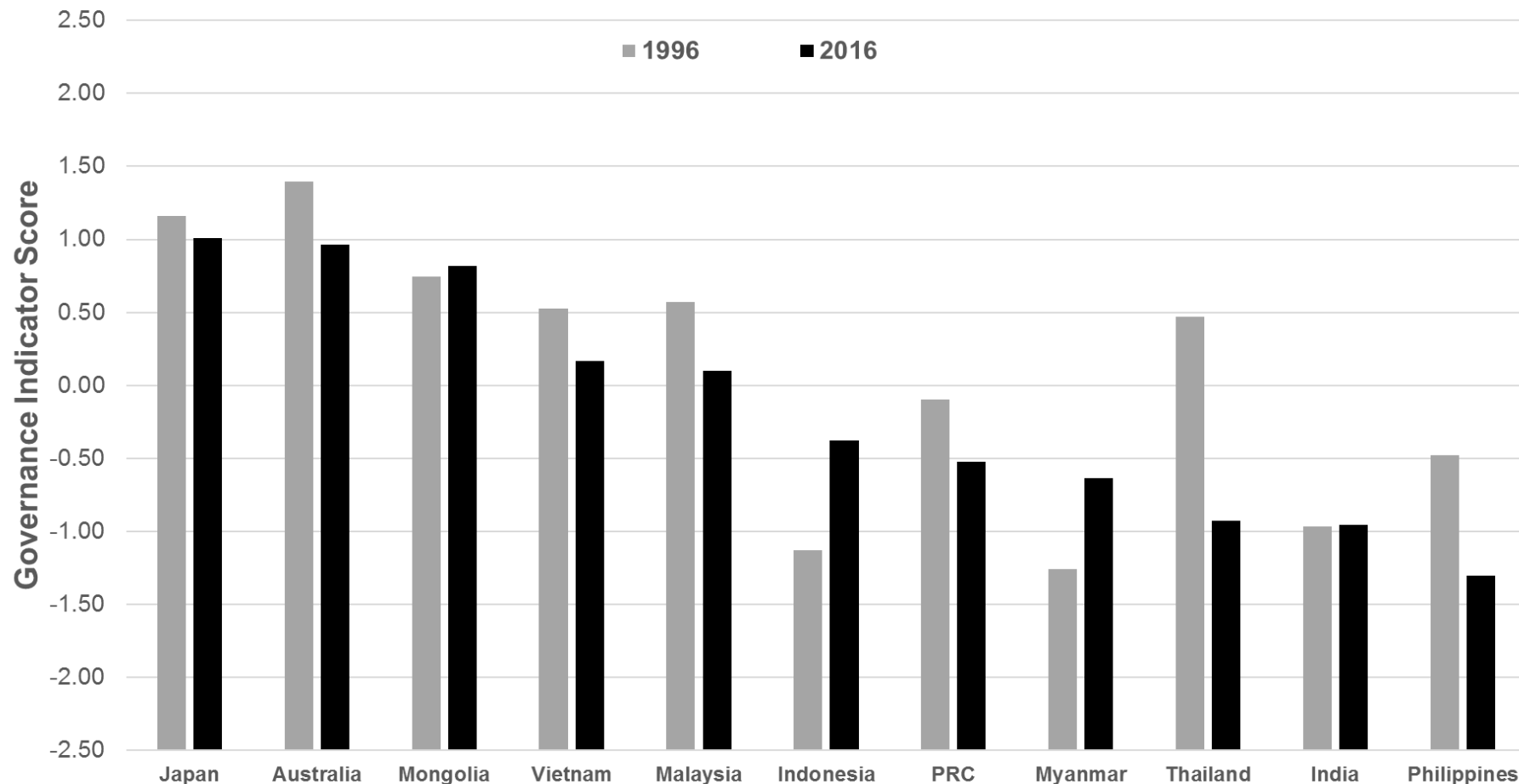
Notes: Scores range from 2.5 to -2.5 with higher values denoting better governance quality; regional score is the simple average of the country scores.

## Voice & Accountability Trends: Select Countries



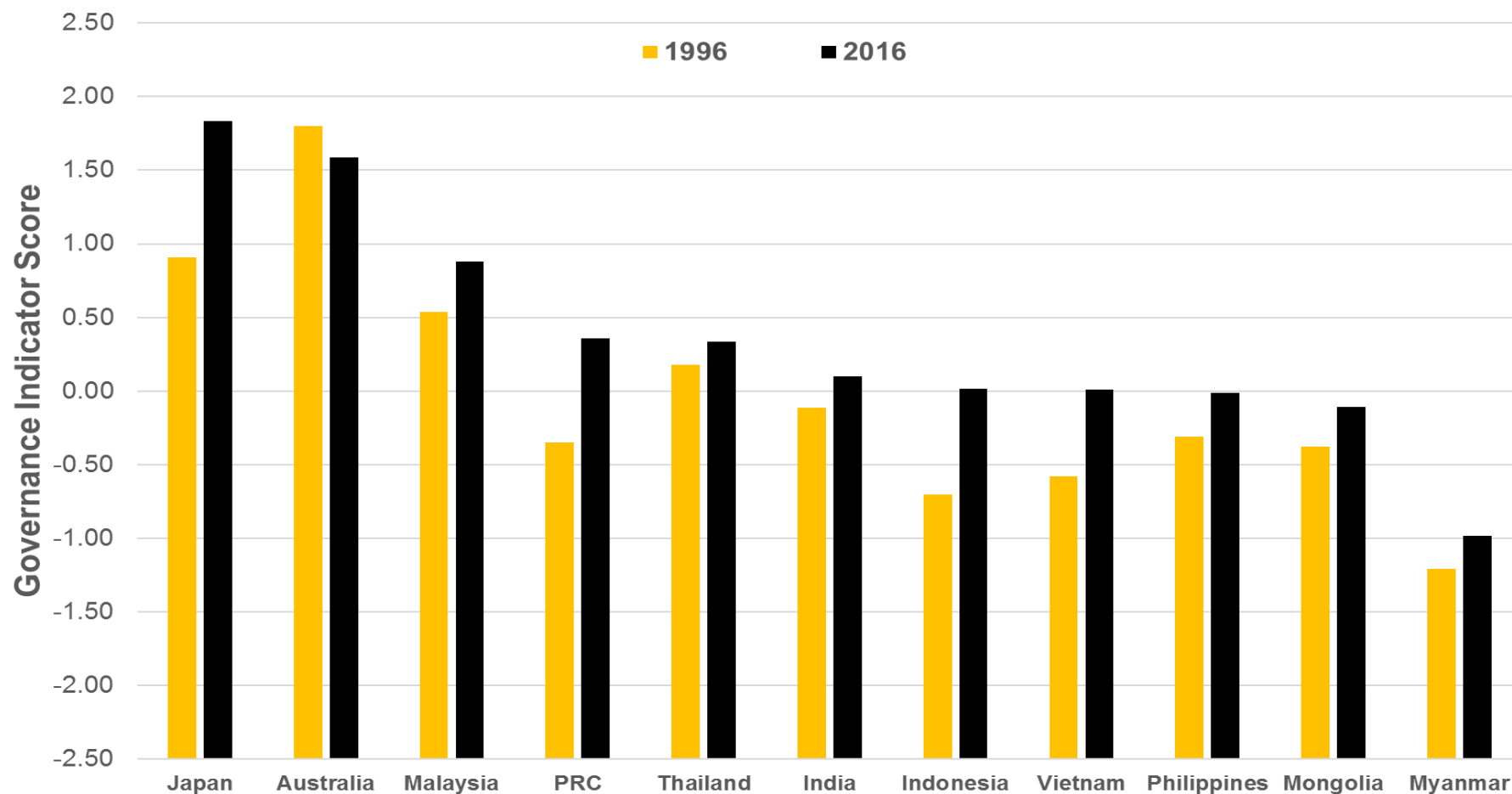
Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org))

## Political Stability/Absence of Violence Trends: Select Countries



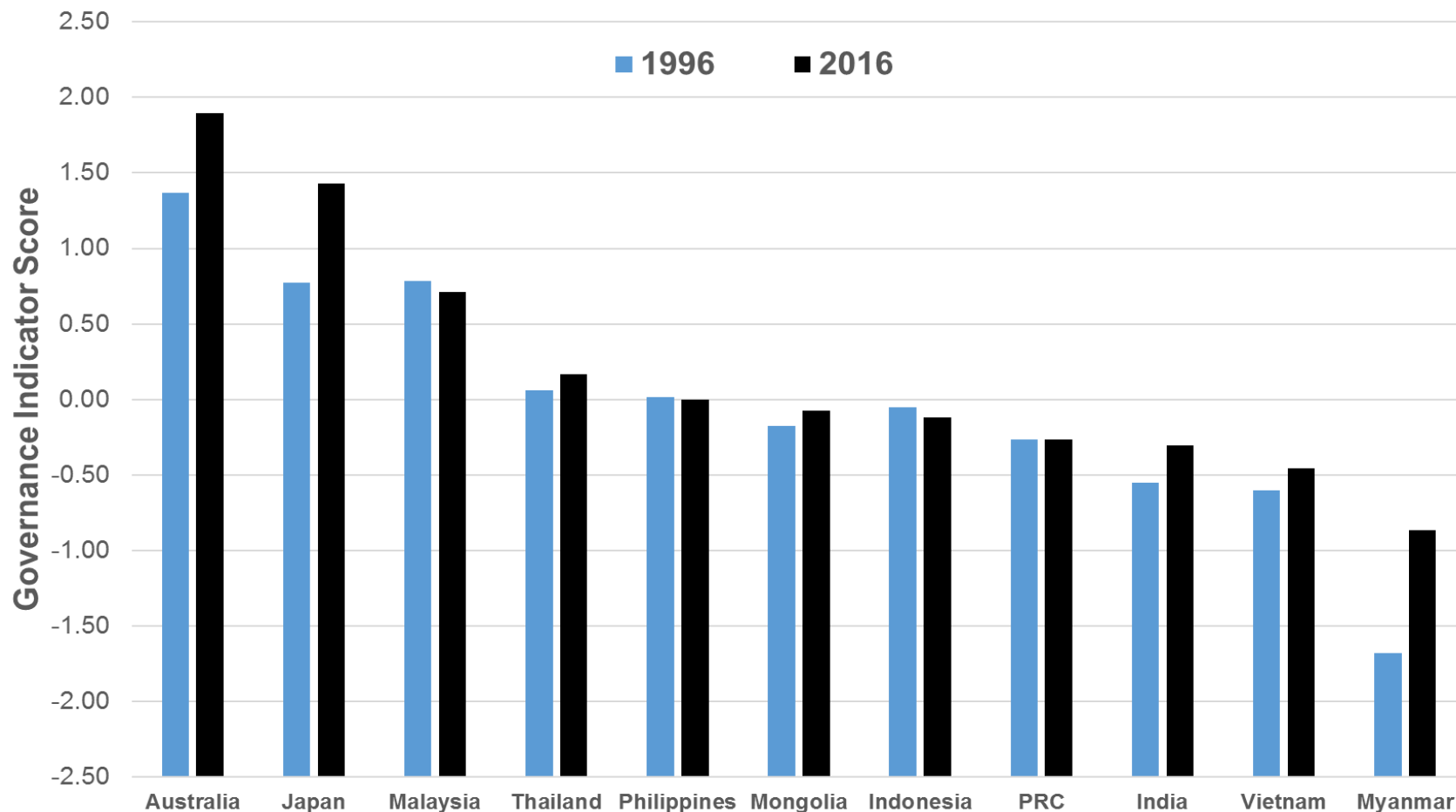
Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org))

## Government Effectiveness Trends: Select Countries



Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org))

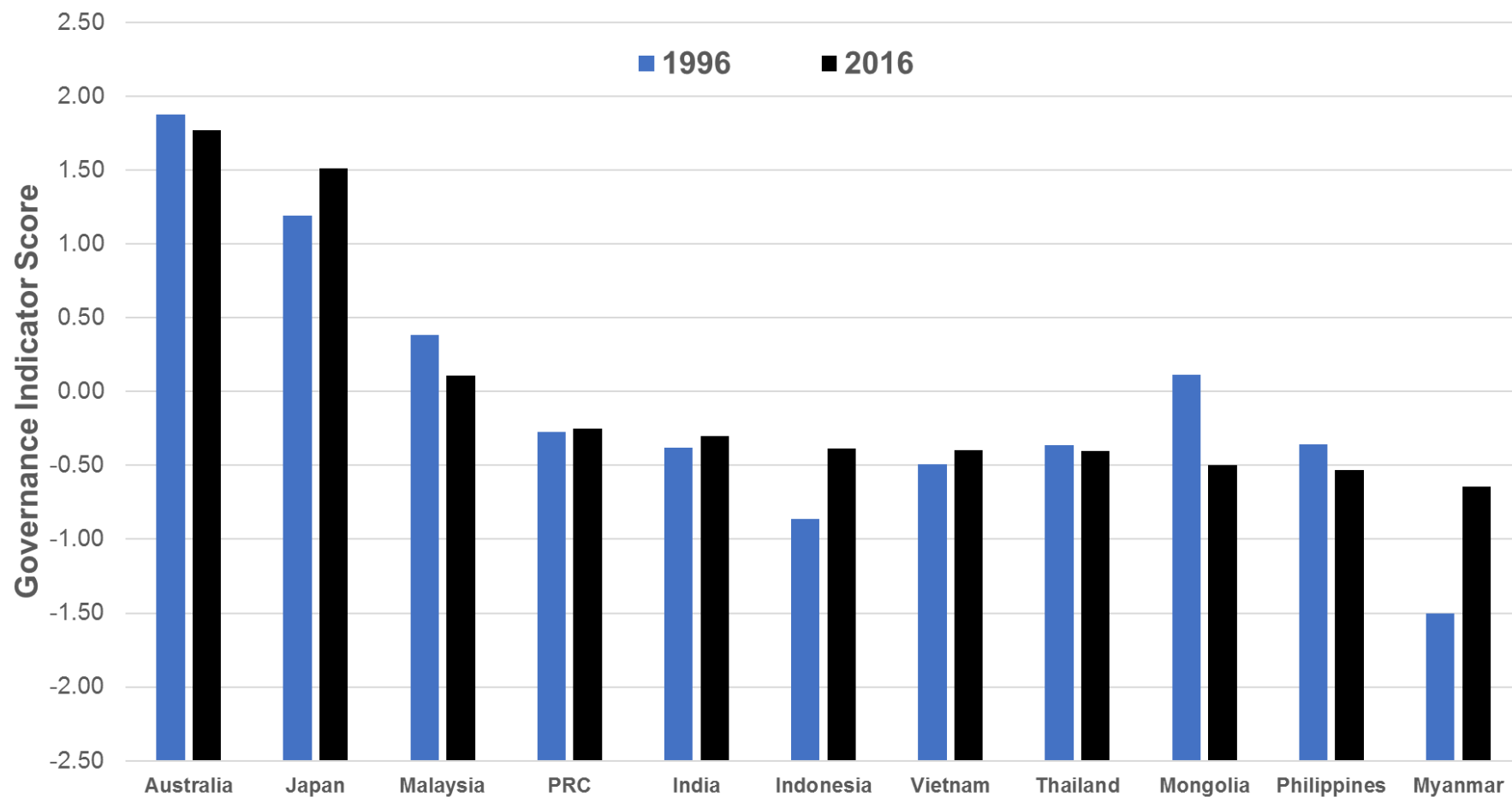
## Regulatory Quality Trends: Select Countries



Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org))

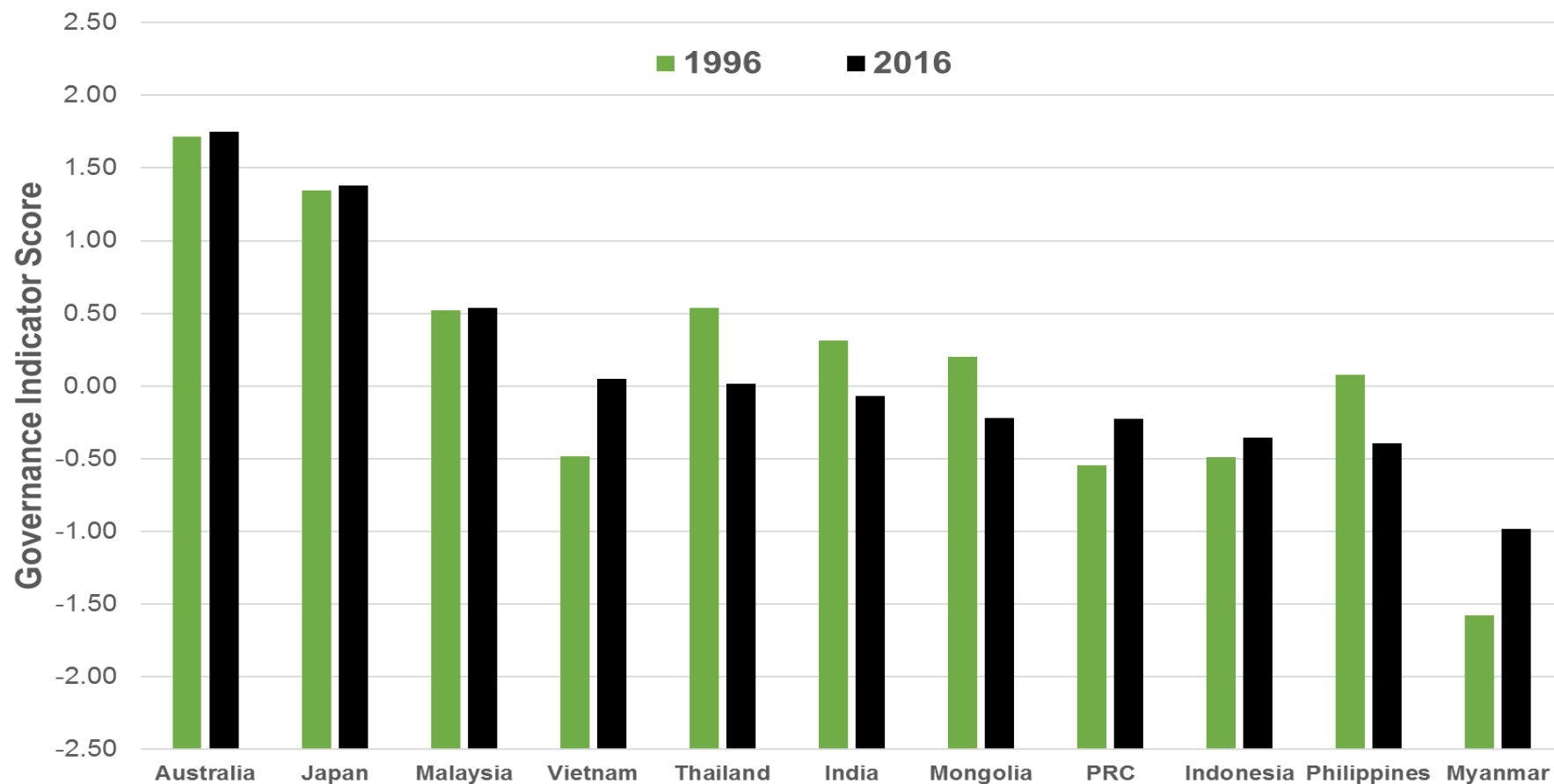


## Control of Corruption Trends: Select Countries



Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org))

## Rule of Law Trends: Select Countries

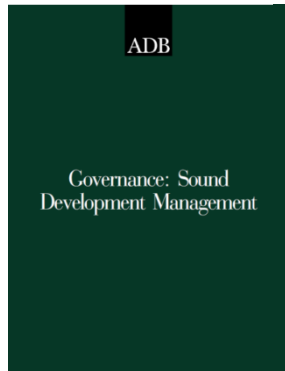


Source: Worldwide Governance Indicators ([www.govindicators.org](http://www.govindicators.org))

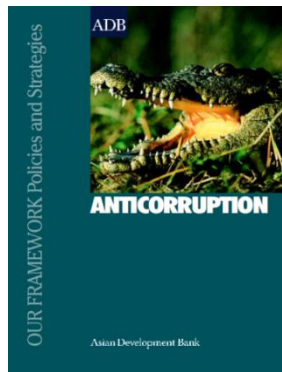
# ADB's Policies, Strategies And Approaches

Effective management  
of economic and social  
resources—4 elements:  
accountability, participation,  
predictability, and  
transparency

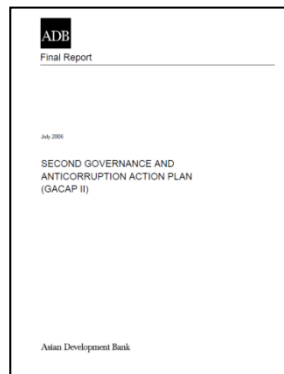
## 1995 Governance Policy



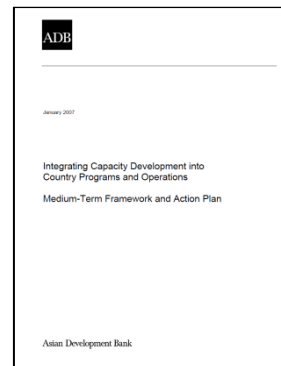
## 1998 Anticorruption Policy



## 2006 Second Governance and Anticorruption Action Plan (GACAP II)



## 2007 Capacity Development Framework and Action Plan



## 2008 Strategy 2020



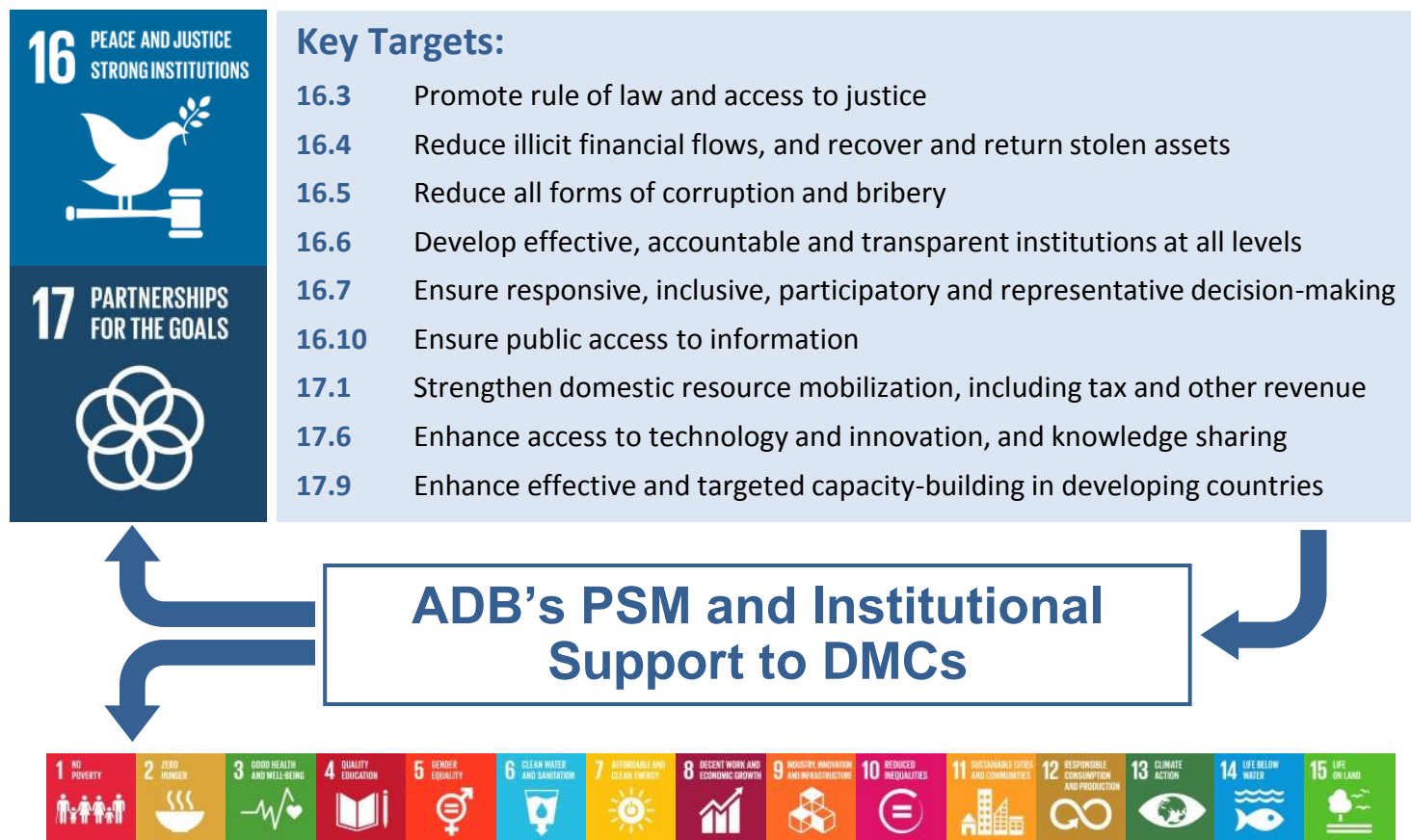
## 2016

Paper on ADB's  
future PSM and  
institutional  
approaches



Weblink: [www.adb.org/sectors/governance/main](http://www.adb.org/sectors/governance/main)

# Governance central to achieving Sustainable Development Goals (SDGs)



# General Business Opportunities

## PSM focus areas:



**Domestic resource mobilization**



**Public expenditure & financial management**



**Reform of state-owned enterprises**



**Decentralization & subnational governance**

### Cross-cutting areas:

- Private sector development
- Public-private partnerships
- Information and communication technology
- Anticorruption

### GCD work:

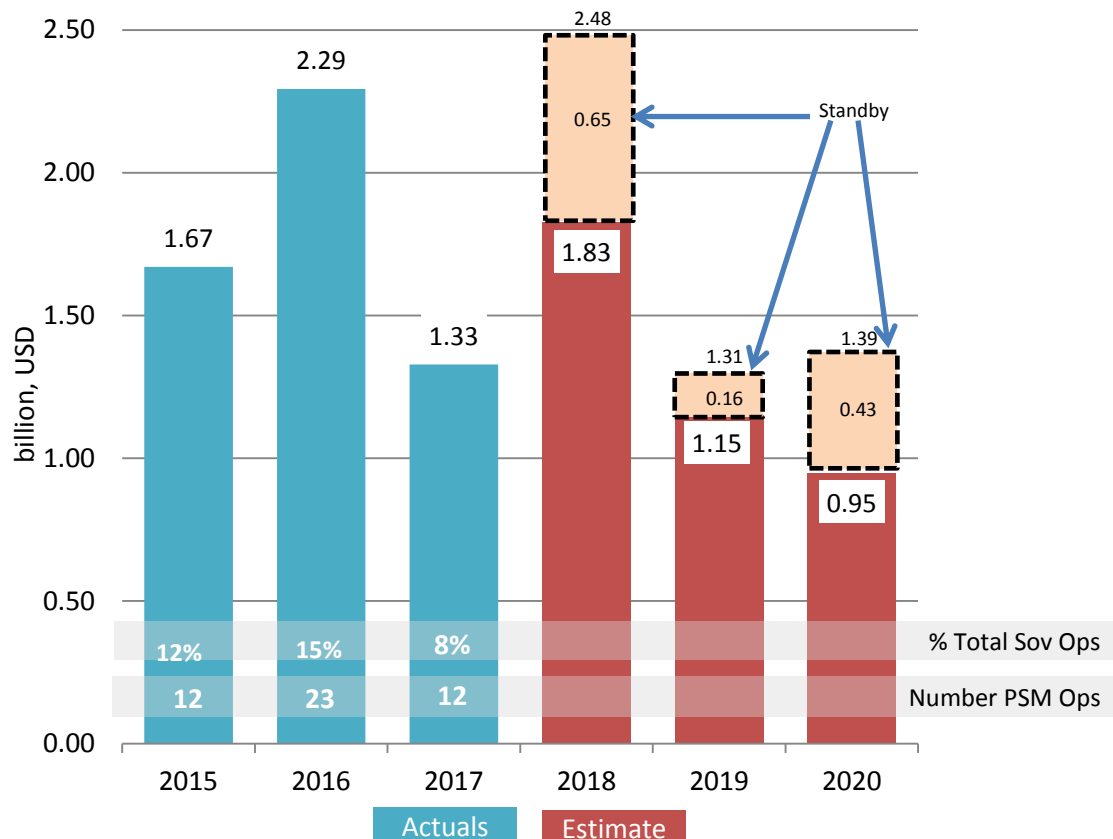
- Diagnostics (e.g. program impact assessments, governance risk assessments)
- Capacity development, incl. organizational development
- Knowledge products

### Investment types:

- Policy-based lending
- Results-based lending
- Investment projects
- Technical assistance

# Public Sector Management Operations

PSM Operations, 2015–2020 (in \$ bn)



## Progress in delivery of PSM

2017 Target: \$1.44b

2017 Actual: \$1.33b

2018 Target: \$1.83b

PSM Financing by Subsector, 2015–2017

Sub-Sector of PSM	Share of total PSM financing
Public Expenditure & Fiscal Management	51%
Social Protection	16%
SOE Reforms	12%
Public Administration	10%
Economic Affairs Management	7%
Decentralization	5%

PSM by Department, 2015–2017 (%)

Region	Share of total PSM financing
CWRD	54%
SERD	31%
SARD	6%
EARD	6%
PARD	3%

## Sovereign Operations Pipeline – PSM Projected Commitments by Subsector (2018 – 2019)

## 2018

Subsector	Firm (\$m)	Standby (\$m)	Total (\$m)	Percent
Public Expenditure and Fiscal Management	1,287.0	568.5	1,855.5	75%
Public Administration	134.4	5.0	139.4	6%
Economic Affairs Management	5.0	30.0	35.0	1%
Decentralization	-	50.0	50.0	2%
Social Protection initiatives	400.0	-	400.0	16%
<b>Total</b>	<b>1,826.4</b>	<b>653.5</b>	<b>2,479.9</b>	<b>100%</b>
Source: WPBF, 2018-2020				

## 2019

Subsector	Firm (\$m)	Standby (\$m)	Total (\$m)	Percent
Public Expenditure and Fiscal Management	678.5	45.0	723.5	55%
Public Administration	7.5	-	7.5	1%
Economic Affairs Management	165.0	110.0	275.0	21%
Decentralization	300.0	-	300.0	23%
<b>Total</b>	<b>1,151.0</b>	<b>155.0</b>	<b>1,306.0</b>	<b>100%</b>
Source: WPBF, 2018-2020				

## List of PSM Projected Commitments (Firm), 2018

DMC	Project Title	Amount (\$m)	PSM Subsector
ARM	'Public Efficiency and Financial Markets Development Program, Subprogram 2	50.00	PEFM
UZB	Economic Management Improvement Program, Subprogram 1	250.00	PEFM
MON	Ulaanbaatar Air Quality Improvement Program	130.00	Public administration
FIJ	Sustained Private Sector-Led Reform Program, Subprogram 1	15.00	PEFM
PAL	Building Disaster Resilience Program (PBL)	10.00	PEFM
SOL	Economic and Financial Reform Program	5.00	Economic affairs management
TON	Building Macroeconomic Resilience Program, Subprogram 3	5.00	PEFM
PHI	Expanding Private Participation in Infra Program, Subprogram 2	300.00	PEFM
INO	Fiscal and Public Expenditure Management 2	400.00	Social protection initiatives
TAJ	Water Resources Management in the Pyanj River Basin (Addl Financing)	4.44	Public administration
SAM	Fiscal Resilience Improvement Program, Subprogram 2	5.00	PEFM
TUV	Public Sector Management Support Reform Program, Subprogram 1	2.00	PEFM
AZE	Improving Governance and Public Sector Efficiency Program, Subprogram 1	250.00	PEFM
INO	Stepping Up Investments for Growth Acceleration Subprogram 3	400.00	PEFM
	<b>TOTAL</b>	<b>1,826.44</b>	

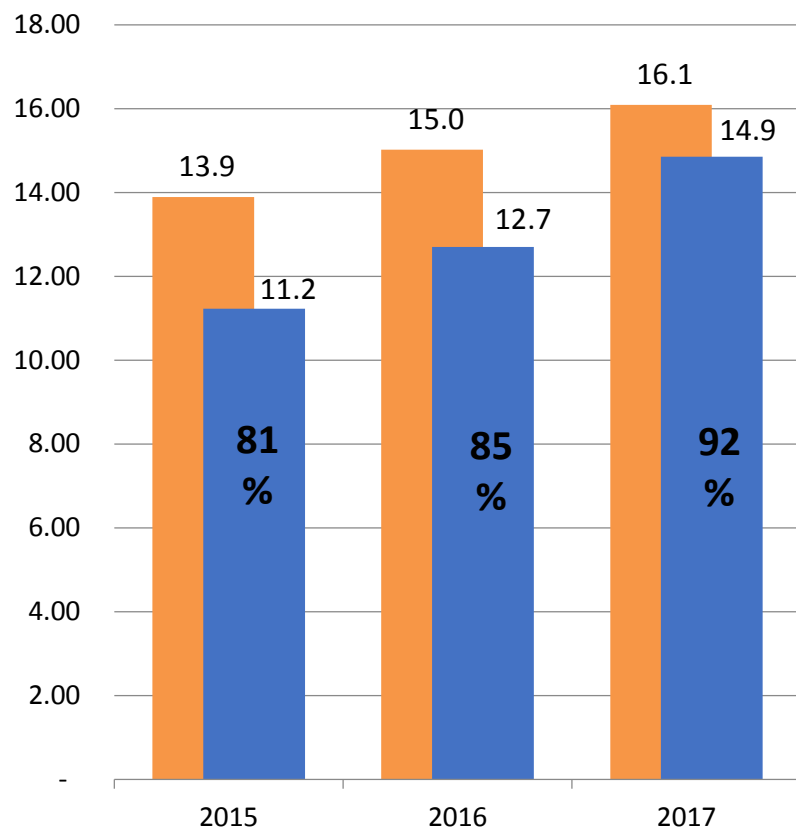


## List of PSM Projected Commitments (Standby), 2018

DMC	Project Title	Amount (\$m)	PSM Subsector
GEO	Second Domestic Resource Mobilization Program, Subprogram 1	100.00	PEFM
KGZ	Promoting Economic Diversification, Phase 1	30.00	Economic affairs management
AZE	Improving Governance and Public Sector Efficiency Program, Subprogram 2	366.00	PEFM
KIR	Strengthening Economic Management Reform Program, Subprogram 2	2.50	PEFM
NAU	Fiscal Sustainability Reform Program II	5.00	Public administration
NEP	Strengthening Subnational Public Management Program	50.00	Decentralization
SRI	Disaster Risk Financing Program	100.00	PEFM
	<b>TOTAL</b>	<b>653.50</b>	

# ADB's sovereign operations overwhelmingly incorporate GCD

GCD in Sovereign Operations, 2015–2017 (in \$ bn)



Source: OSFMD, 2017

■ Total ADB Operations ■ GCD Operations

By total number of operations:

**2015:** 80% (of 129)    **2016:** 89% (of 155)    **2017:** 90% of 115

GCD in Sector Operations, 2014-2016, and 2015–2017 (%)

Sector	2014-2016	2015-2017
Public Sector Management	100	100
Industry & Trade	100	100
Health	100	100
Water	90	94
Education	93	92
Agriculture	60	89
Finance	86	87
Transport	83	85
Energy	61	73
ICT	50	62

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*Thank you ...*