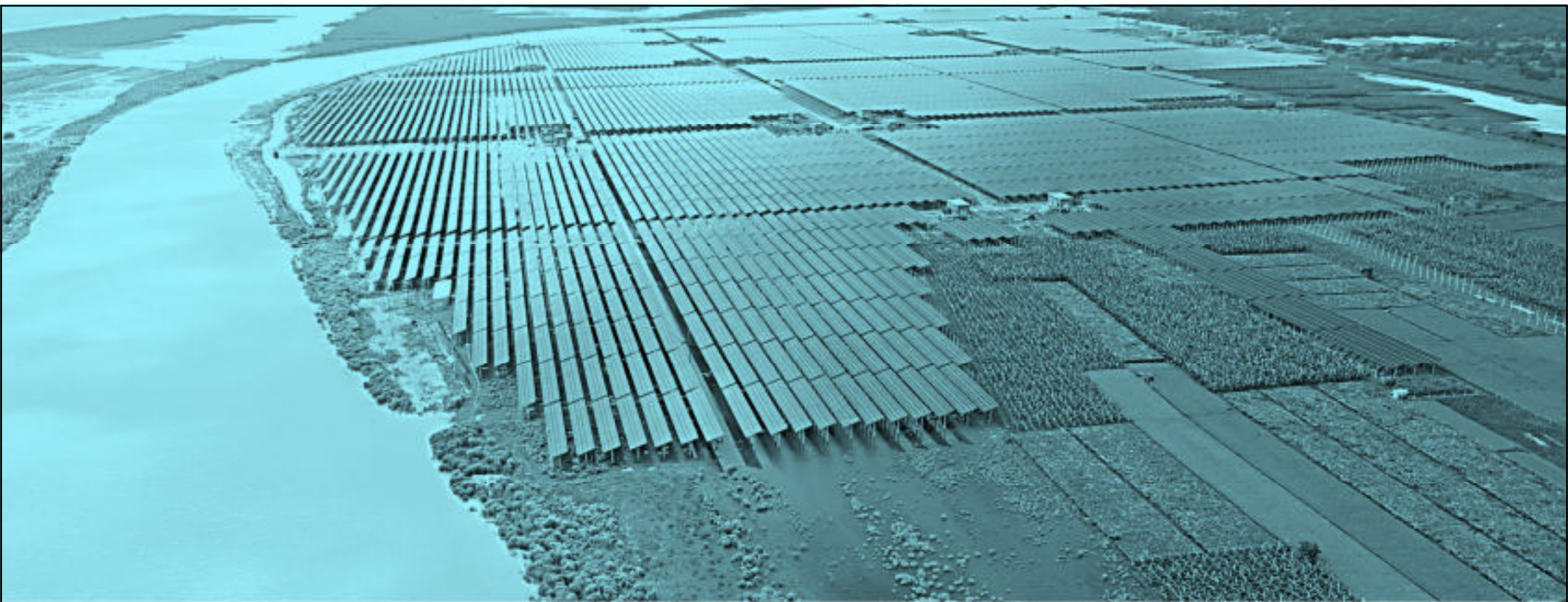


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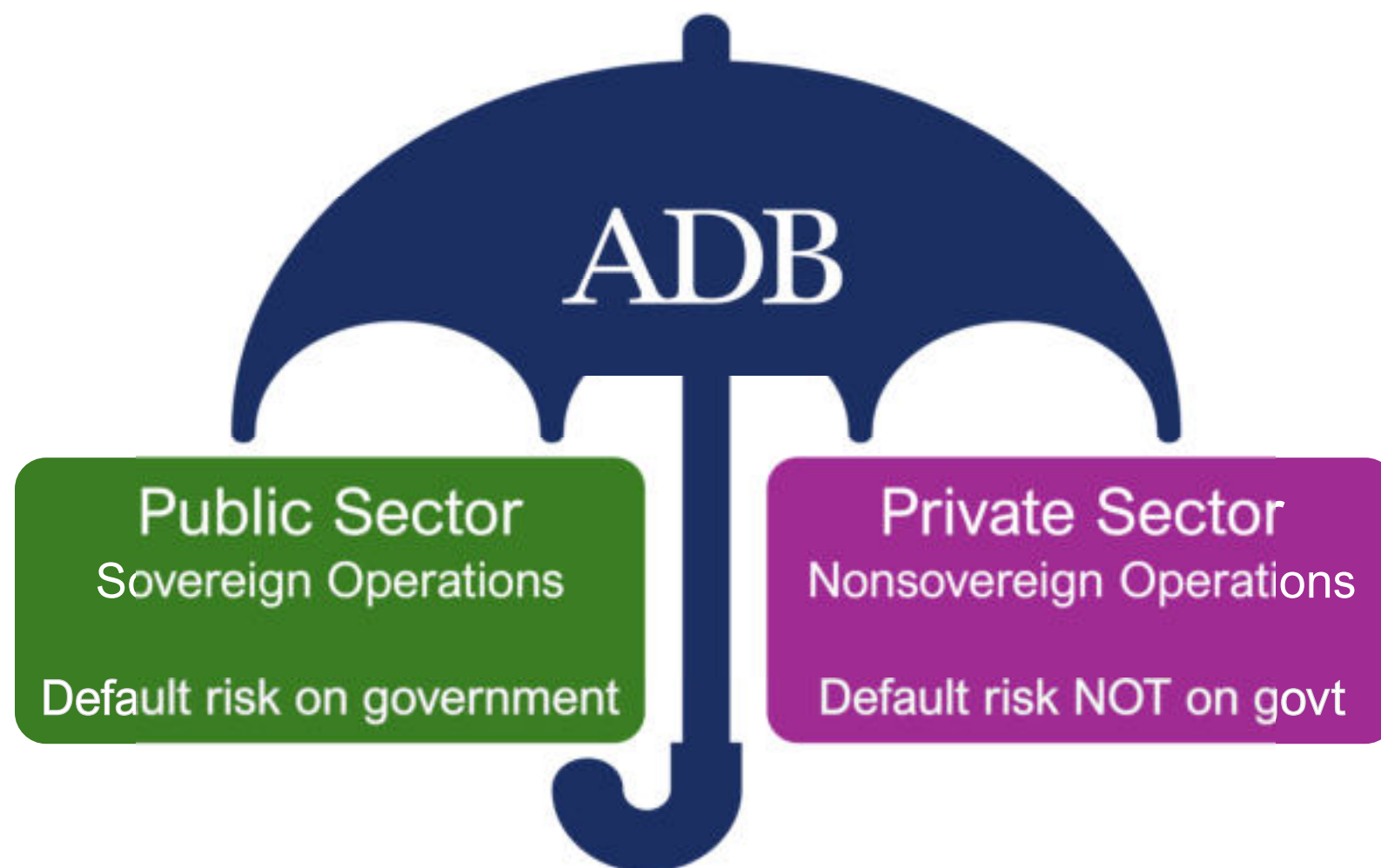


Private Sector Operations

Bangladesh

Asian Development Bank | 2025

Public and Private-Sector Financing



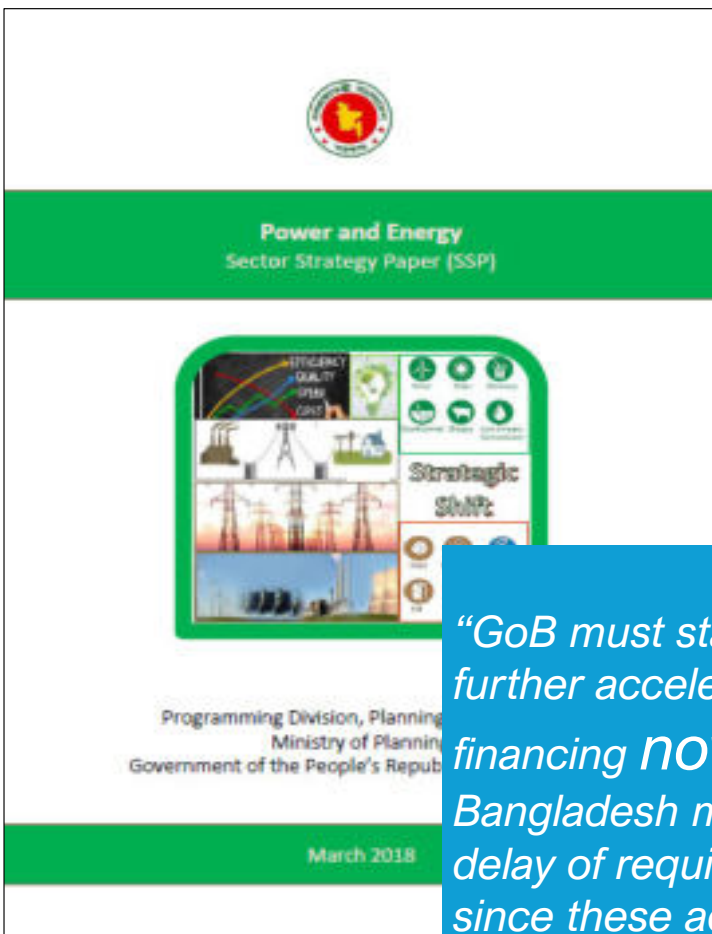
Public-Private for integrated development

	PUBLIC SECTOR CONTRIBUTION	PRIVATE SECTOR CONTRIBUTION
GDP SIZE	~20-25%	~75-80%
GDP GROWTH	~1-2%-point	~5-6%-point
EMPLOYMENT	~5-7%	~93-95%
EXPORT	~5-10%	~90-95%
INVESTMENT	~25-30%	~70-75%
FOREIGN LOANS	\$8-12 B	\$2-4 B



Transitioning from
“contractor” to
PPP “owner”

A Case for State-Owned Corporatized Enterprises

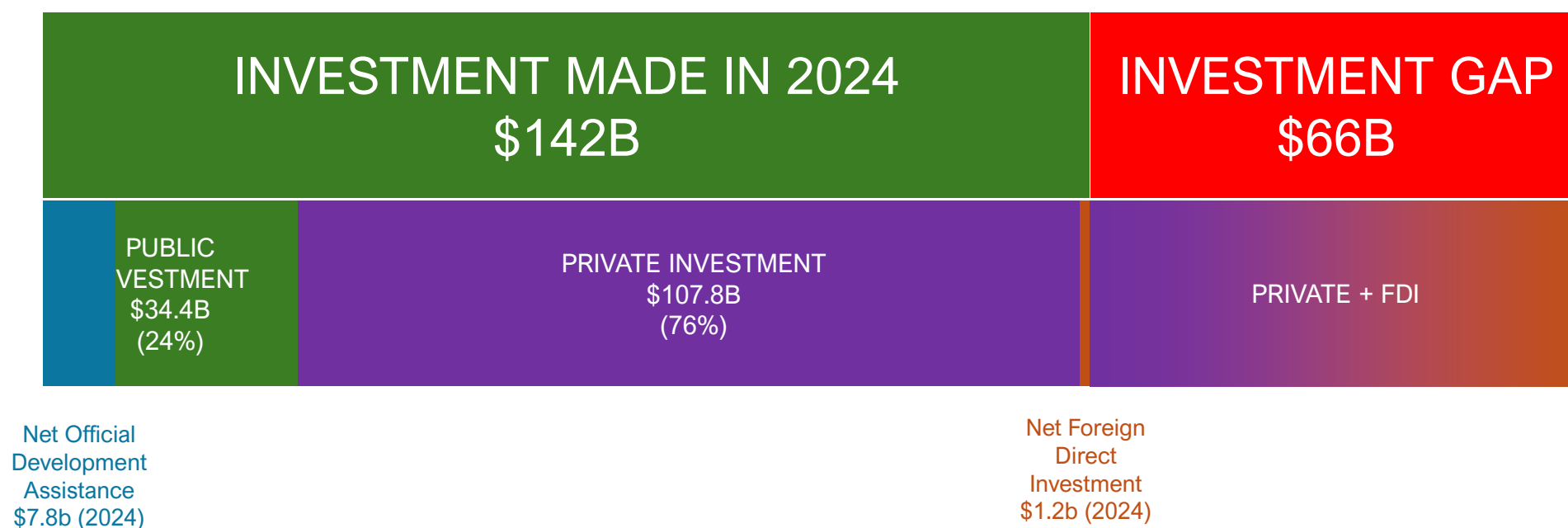


*“GoB must start taking action to further accelerate the private financing **NOW**, ... Otherwise Bangladesh may experience the delay of required private financing since these actions will take at least a few years to complete.”*



“Due to paucity of financial resources with the Government, there is an urgent need to induct private sector participation in the power sector”

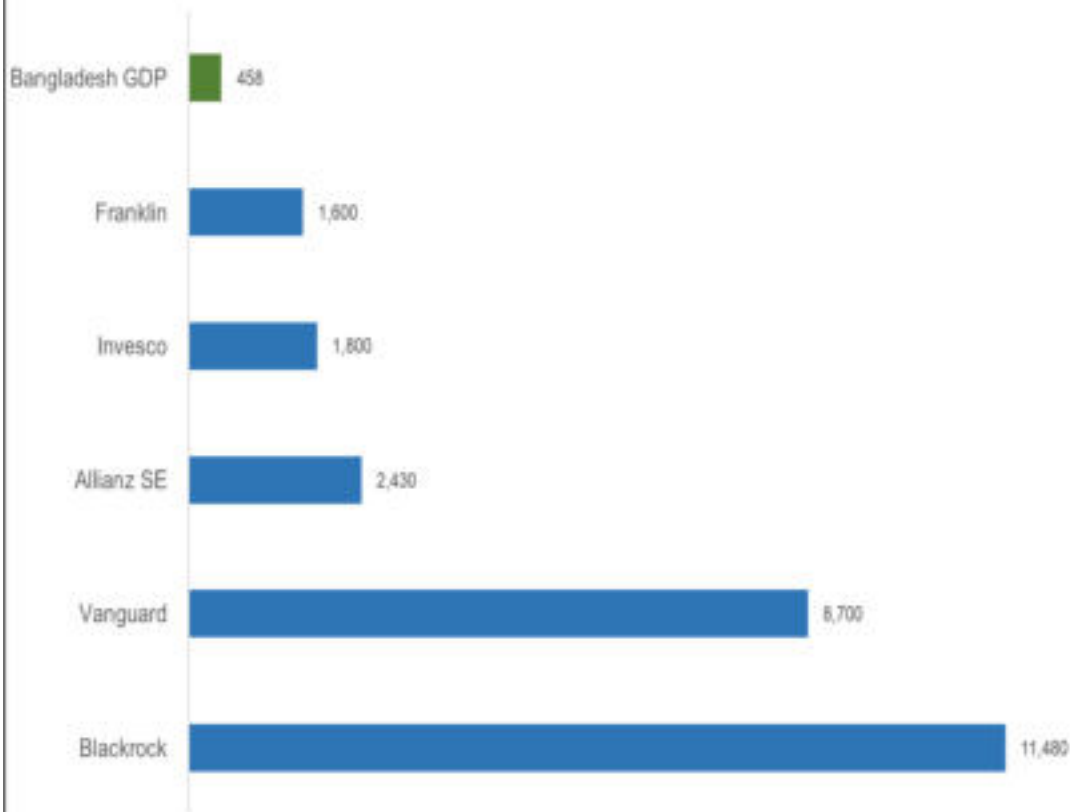
Investment Gap for Meeting SDG



Data Sources: Investment Gap: unescap.com; PowerPoint Presentation; Net Official Development Assistance: <https://www.bb.org.bd/en/index.php/econdata/index>; Net Foreign Direct Investment: [World Investment Report 2023](https://www.wti.org/); Public and Private Investment as % of GDP: ADB's Bangladesh Economic Indicator Update, September 2024. <https://www.ceicdata.com/en/indicator/bangladesh/investment--nominal-gdp>

Trillions of dollars in international market

Fund Managers by Assets (\$ billion), Jan 2025



Sovereign funds

Pension funds

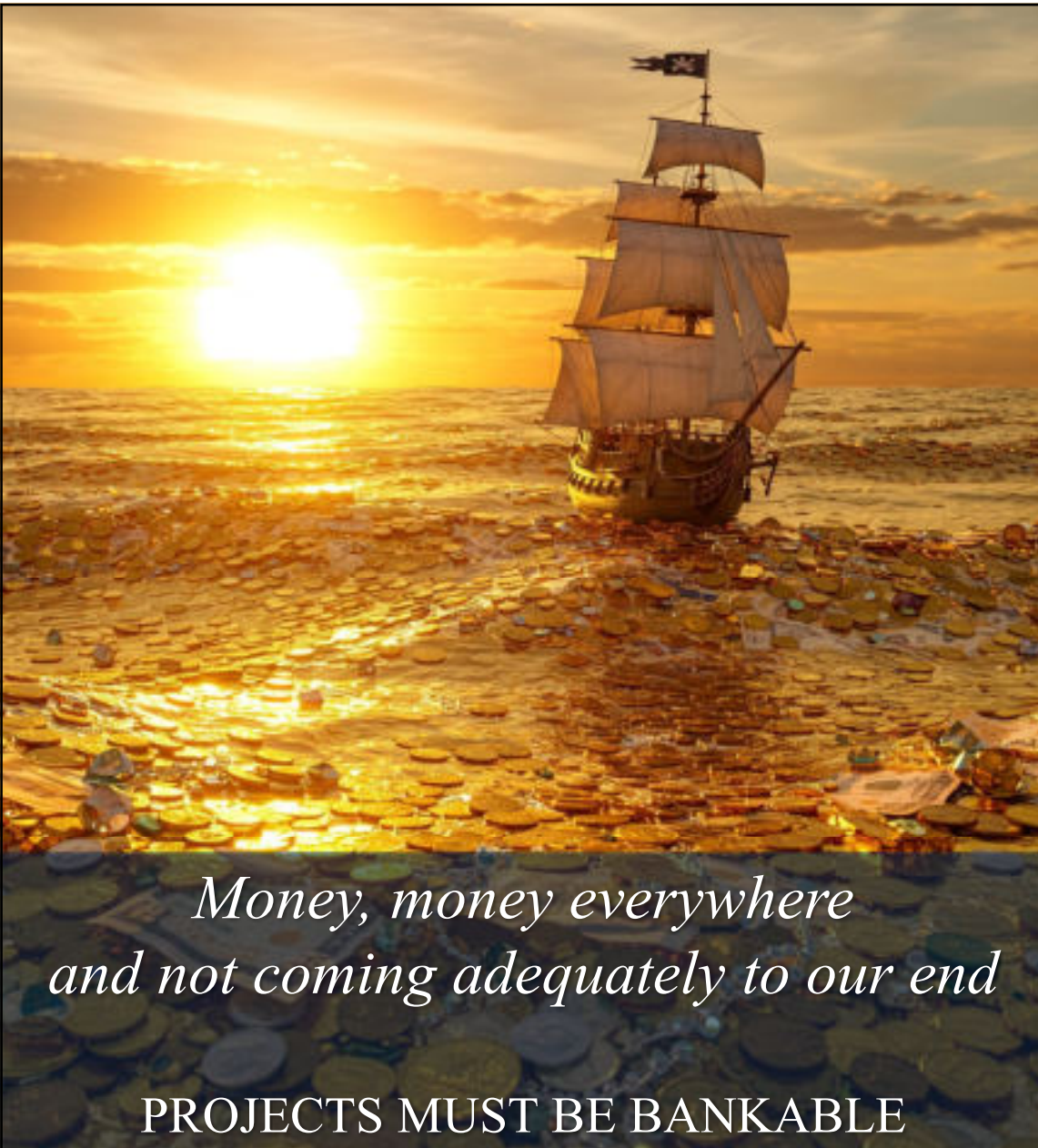
Insurance funds

Fund managers

Multinational corporations

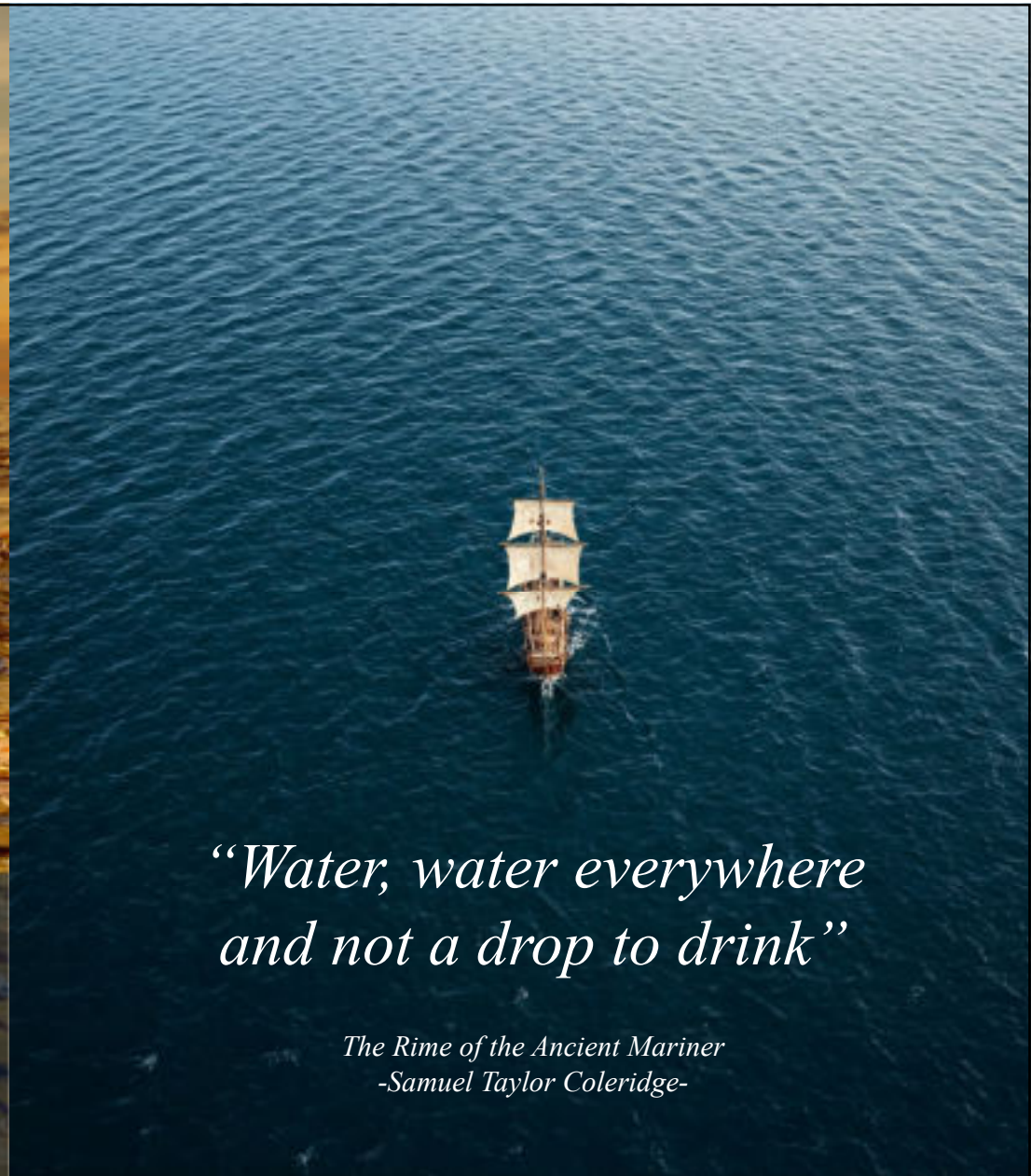
Private equity funds

Individual investors



*Money, money everywhere
and not coming adequately to our end*

PROJECTS MUST BE BANKABLE



*“Water, water everywhere
and not a drop to drink”*

*The Rime of the Ancient Mariner
-Samuel Taylor Coleridge-*

Operational Plan for Private Sector Operations

Integrated approach: sector, product, thematic and organizational initiatives to achieve Strategy 2030

Focus on **project count** and **quality** targets

More investments in FCAS / SIDS / less-developed DMCs and new sectors

Mobilization of third-party resources including official and commercial co-financing platforms

Enhanced **risk and portfolio management** and **integrity and tax due diligence**

More **granular and diversified** portfolio while still supporting **landmark** transactions

Reinforced approach to **gender** and new tools for **development effectiveness** and **additionality**

More structured products and enhanced local currency offerings

Expanded **equity** platform including **project incubation** and development

Strategic use of **concessional finance** and **technical assistance**

Better and more frequent **One ADB** collaboration

Decentralization of PSO-focused staff, increased staff **training** and **rotations**

Improved **business processes** (e.g. FAST), **HR management** and **systems** (e.g. NSO Change)

Sector Focus



Infrastructure

Energy, Power
Water, Waste Mgt
Transport
ICT

Paramount Solar
Muktagacha Solar
Summit Bibiyana II
Fourth E. Rooftop

Financial Institutions

Financial Inclusion
Climate Mitigation
Sector Dev.

Eastern Bank
BRAC Bank

Agribusiness

Farming
Processing
Logistics
Retailing

City Group
Meghna Group
Pran-RFL Group

Social Sectors

Hospitals
Diagnostics
Medical Supplies
Education
Vocational

ADB Ventures

Seed capital with
focus on gender
equity and climate

Tiger Energy
Loop Technologies

Manufacturing

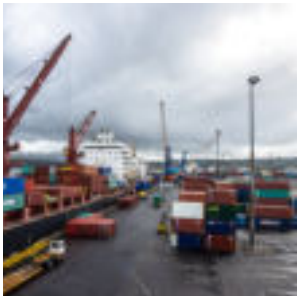
RMG
Textiles
Engineering
White products

Ananta Garments
Envoy Textiles

Products

Instrument	Typical Size	Typical terms	When is it relevant?
Debt	\$20M - \$500M	<ul style="list-style-type: none"> • 7 years (corporate) to 15+ years (project) • SOFR / ADB cost of funds in local currency + credit spread • Secured or unsecured 	<ul style="list-style-type: none"> • Established company with large balance sheet, strong cash flow • Possibility to mobilize co-financing under B-loan or risk participation
Equity	\$2M - \$100M	<ul style="list-style-type: none"> • 25% ownership maximum • Board seat, Advisory Committee seat • Minority protection rights • Put on the parent company 	<ul style="list-style-type: none"> • Direct: growth companies at any stage through IPO (cornerstone or anchor investment) • PEF: single, multi-sector, country and regional funds • ADB Ventures: early-stage companies focused on new technologies
Guarantees	\$20M - \$500M	<ul style="list-style-type: none"> • Partial credit guarantees (PCG): market-based, fees based off lenders' margin • Political risk guarantees (PRG): market-based, fees based off reinsurance market 	<ul style="list-style-type: none"> • Where other lenders are more efficient than ADB in mobilizing local currency, or reaching target customers (PCG) • In frontier markets (PRG)
Blended Finance (BF)	\$5M - \$20M	<ul style="list-style-type: none"> • Lower pricing, longer grace periods and/or tenors, subordination, sculpted repayment profiles, reduced security and/or collateral, and/or capped or collared returns 	<ul style="list-style-type: none"> • When transactions demonstrate strong rationale for BF and adherence to DFI-agreed principles – additionality, crowding-in, commercial sustainability, reinforcing markets, promoting high standards
Technical Assistance	\$0.5M - \$1M	<ul style="list-style-type: none"> • For project preparation TA, reimbursable at closing • For capacity development TA, non-reimbursable grant 	<ul style="list-style-type: none"> • Enhance corporate governance, environmental and social standards, risk management, gender mainstreaming, etc. • Develop new products for underserved segments

Programs



Trade Finance Program

Fills market gaps for trade
**16 Banks; Limit \$954 million;
\$1,337 million in 2024**

Products

- Risk participation (funded/unfunded) - up to 85% risk cover
- Credit guarantee - up to 100% risk cover
- Revolving credit facility
- Training and capacity building



Supply Chain Finance Program

Reduces SME financing
Working with ICC and BB

- Risk participation (funded/unfunded) - up to 85% risk cover
- Guarantees - up to 85% risk cover
- Training and capacity building



Microfinance Risk Participation and Guarantee Program

Increases MFIs' access to funding
**\$45 million program
\$73 million utilization 2024**

- Risk participation (unfunded) - up to 50% risk cover*
- Guarantee - up to 80% risk cover*
- Training and capacity building

*Up to 80% risk coverage for COVID-19 transactions is permitted

Eligible Transactions

- ✓ Located in and/or directly benefits ADB's developing member countries
- ✓ ADB's target sectors (infrastructure, financial sector, agribusiness, etc.) and themes (climate change, inclusive business, etc.)
- ✓ Developmentally and commercially sound, with a clear business plan
- ✓ Financing not directly guaranteed by the government
- ✓ Clear financing or other need (safeguard support, risk coverage, etc.) from ADB
- ✓ Willing to employ professional advisors (legal, technical, environment and social, etc.)
- ✓ For equity investments, a board seat for ADB and clear exit strategy



**High
demonstration
al value and
replicability**



**Innovative
(new
technologies or
ways of doing
business)**



**Highest
integrity
and ethical
standards**



**Crowding in
commercial
financing**

ADB Additionalities

- ✓ Financial, including (i) various products from debt to equity, credit enhancement and risk mitigation, (ii) local currencies, and (iii) longer tenors and patient investor
- ✓ Non-financial, including (i) stamp of approval, (ii) country risk mitigation, neutral broker role with governments, (iii) safeguard and corporate governance expertise, and (iv) extensive knowledge of markets, sectors, and clients

Approval Process

Standard Deals

1 Concept Review

- Review of business plan and financials
- Initial risk rating
- Internal peer review
- **Concept Review Committee review**

2 Due Diligence

- Technical, commercial, legal and safeguards due diligence
- Finalize term sheet
- Formal risk rating
- Disclose safeguards documents

3 Final Review

- Investment Committee review
- President's review

Regular Procedure



No Objection Procedure



4 Board Approval

- 21-day circulation to the Board for review
- **Board's approval**
- Proposals less than **\$100 million** without major exceptions to ADB policies, potential for significant safeguard issues, novel financing arrangements, significant financial assistance relative to the size of the DMC
- Deemed approval at the expiry of the circulation period in the absence of a request for discussion or a sufficient number of abstentions or oppositions

FAST Deals*

1 Early Review

- Review of business plan and financials
- Initial risk rating
- **FAST Committee review**

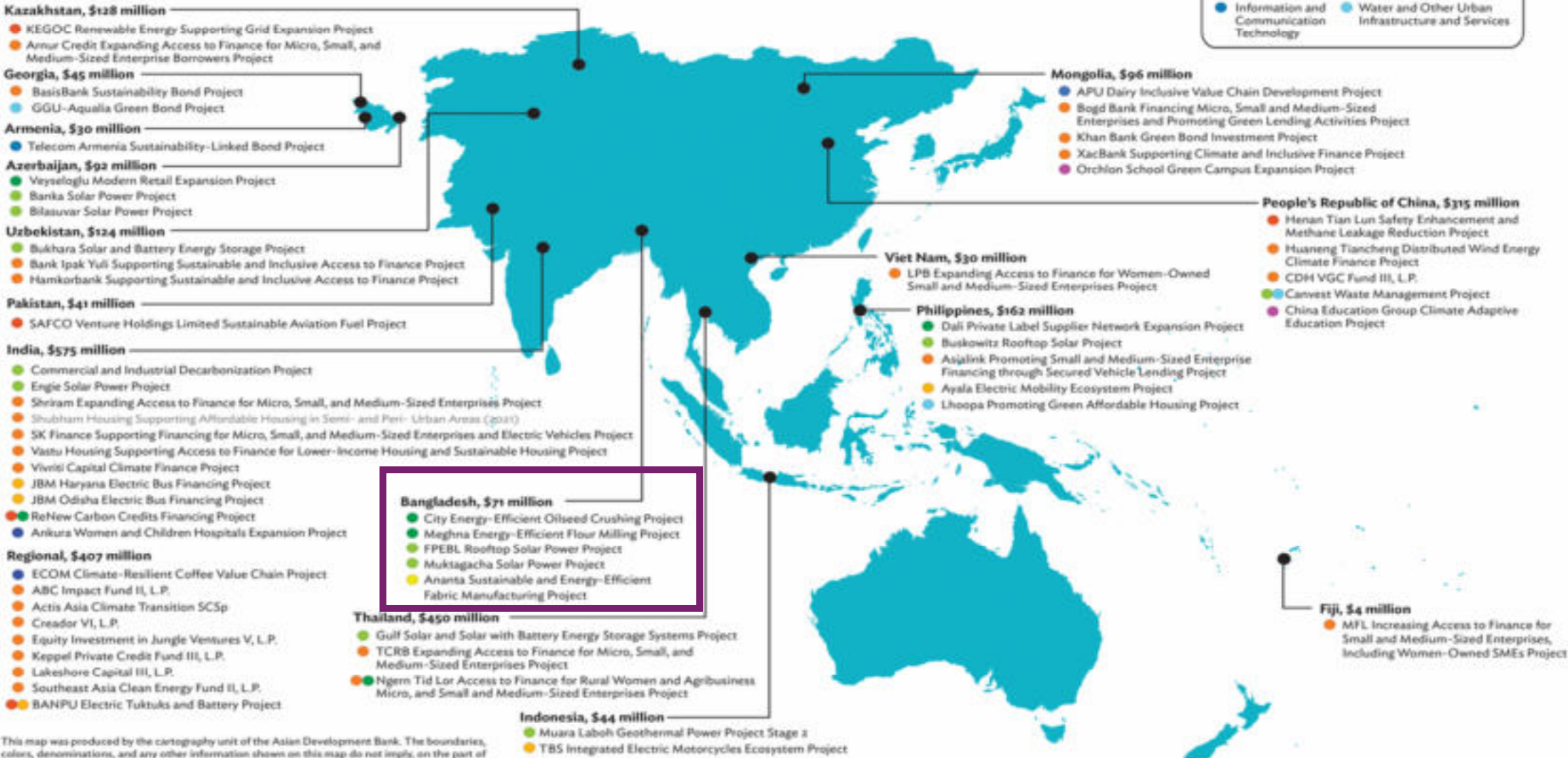
2 Due Diligence

- Technical, commercial, legal and safeguards due diligence
- Finalize term sheet
- Formal risk rating
- Disclose safeguards documents

3 Final Review

- Investment Committee review
- **President's approval**

PRIVATE SECTOR OPERATIONS DEPARTMENT COMMITMENTS, 2024 58 projects, \$2.6 billion



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This map shows ADB regional members only.

Examples



Direct loan to first integrated cement manufacturing project



Direct loan to independent power producer

Examples



Intermediary loan to bank for on-lending to private enterprises



Direct loan to power project

Examples



Direct loan to a denim manufacturing plant



Emergency working capital loan to dairy project

Source: Bd Query (<http://www.bdquery.com/lafarge-surma-cement-plant-in-bangladesh>)

Examples



Direct loan to casava-based starch and glucose manufacturing plant



Equity to a battery swapping venture

Examples



Direct loan to a solar power project

loop

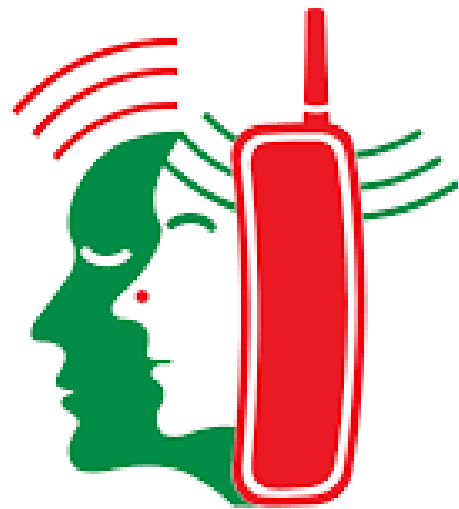
Loop is a technology-enabled logistics company specializing in truckload freight.

- Local freighting app
- Easy to use
- Safe delivery

An illustration of a blue and white semi-truck with the text "YOUR LOCAL FREIGHT PARTNER" on its side. The truck is surrounded by several small blue cubes. To the right of the truck is a smartphone displaying a map and a list of items. The background is a solid blue color with some faint white lines.

Equity to a trucking platform venture

Examples



GrameenPhone

Equity and direct loan to telecommunications



Equity to automated depository and settlement services for securities

Examples



Direct loan to an oilseed crushing project



Direct loan to a flour manufacturing project

