



Private-sector Department of the African Development Bank

The Private-sector Department of the African Development Bank is located at the bank's headquarters in Abidjan, Ivory Coast. Through its private-sector lending arm, the Bank has financed private investment projects in Africa since 1991. Financing is offered in the form of loans, equity, quasi-equity and guarantees, as well as lines of credit to local financial institutions for on-lending to private enterprises. Since 1991, the Bank has approved 53 private-sector projects in various sectors, involving \$705 million.

Attracting foreign direct investment to Africa is a Bank priority. By policy, the Bank does not distinguish between national and foreign ownership, as long as the project is located and incorporated in Africa. Bank assistance may be provided for projects to establish, expand, diversify and modernize productive facilities in a wide range of sectors, including energy, manufacturing, transportation, infrastructure, extractive industries, banking and finance, tourism, social services and other service industries. The Bank can also syndicate B-loans in which private-sector financial institutions could benefit from the preferred creditor status of the Bank.

In selecting projects, the Bank considers financially viable proposals that have a positive developmental impact, and contribute to one or more of the following goals:

- generation of foreign-exchange earnings and savings;
- creation of employment, improvements in the skills of both labour and management, and the enhancement of productivity of capital and labour;
- transfer of technology; and
- forward and backward linkage effects.

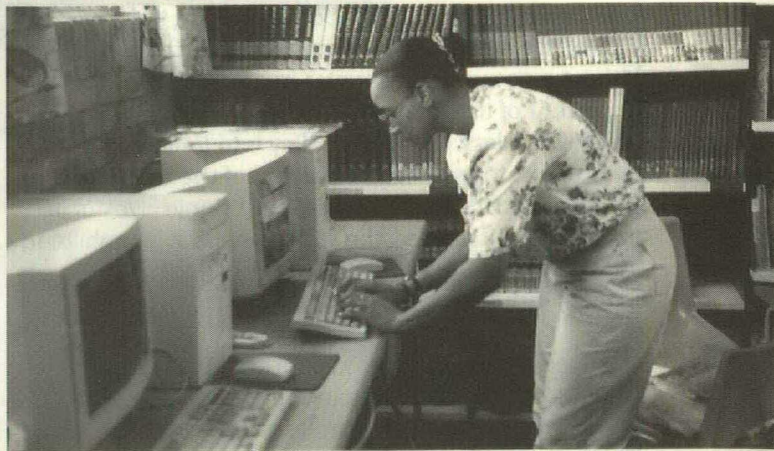


Photo by: IDRC

To be eligible for Bank assistance, an enterprise must be located and incorporated in a regional member country of the Bank, and should be privately owned and managed. It may be locally or foreign-owned. An enterprise partly owned by government may also be eligible for Bank assistance, if private ownership exceeds 51 percent of the voting stock and is run on a commercial basis.

The Bank's investments are negotiated on a case-by-case basis depending on the nature and sector of the investment. Bank participation will not normally exceed one third of the total project cost. For direct lending, the Bank targets projects with a total investment cost above \$9 million, although this figure could be smaller in the social and agribusiness sectors. The Bank can also provide equity, long-term loans and guarantees in the financial services, private infrastructure and other sectors.

FAST FACTS ▶ Private-sector Department of the African Development Bank

Headquarters	Abidjan, Ivory Coast
Purpose	To catalyze domestic and external resources to private enterprises in Africa
Services	Loans, equity, quasi-equity and guarantees
Restrictions	The company must be incorporated and located in an African member country.
Minimum Project Size	\$9 million (smaller for equity participation and social services sector)
Min/Max Investment	One third of project cost
Annual Project Approvals	Four projects worth \$245 million (2001)
Web Site	www.afdb.org/about_adb/OPSD.htm



Caribbean Development Bank

The Caribbean Development Bank (CDB), established in 1969, is the smallest of the regional development banks. It has its headquarters in Bridgetown, Barbados, and finances projects in the Caribbean states.

Unlike its sister institutions, the CDB did not develop a private-sector window during the 1990s. This situation is about to change. The Bank has been studying the role that it could play in supporting greater private-sector development, and has developed a draft Private-sector Development Strategy. The Strategy was discussed at a Private-sector Summit in March 2002.

According to the CDB, the single most important challenge facing the Caribbean private-sector is to become internationally competitive in the shortest possible time. The Bank believes that the productive private-sector must lead the Caribbean toward the production of quality goods and services that can compete on international markets.

For further information on the Bank's plans for supporting private-sector investment, visit www.caribank.org



Photo by: L. Behan, IDRC