

**FAST FACTS ▶ European Bank for Reconstruction and Development**

<b>Headquarters</b>	London, United Kingdom
<b>Purpose</b>	To promote private and entrepreneurial initiative and to foster the transition toward democracy and open market economies in Central and Eastern Europe, and the former Soviet Union.
<b>Services</b>	A full range of market-based financing instruments, including debt (senior, mezzanine and convertible), equity (ordinary, preferred, redeemable, listed and unlisted), guarantees and project finance
<b>Restrictions</b>	Projects must be in one of EBRD's 27 countries of operations.
<b>Minimum Project Size</b>	Euros 15 million
<b>Min/Max Investment</b>	Euros 5 million to Euros 200 million
<b>Annual Project Approvals</b>	Approximately 100 projects a year. Euros 3.65 billion in business volume (2001)
<b>Web Site</b>	<a href="http://www.ebrd.com">www.ebrd.com</a>

Kinross Gold Corporation of Toronto acquired an interest in a gold mine in a remote area of the Russian Far East through a merger with Amax Mining in 1998. Kinross and Russian partners jointly hold the equity in the mine, while debt financing for the project was provided by the EBRD and the Overseas Private Investment Corporation (OPIC).

The EBRD played a key role in the project financing, and their continuing presence in the project helps to reassure investors and other parties that the mine is meeting everyone's requirements and interests. Of particular value to Kinross has been the EBRD's professional understanding of the business and legal environment in Russia, and its ability to identify and introduce measures that have been effective in keeping the project on track.

With the encouragement of the EBRD, Kinross has instituted an annual open house at the mine, hosting officials from local government, media

and non-governmental agencies. Twice a year, Kinross publishes a report outlining environmental and social challenges at the mine, and accomplishments and successes in the region. The transparency provided by these initiatives contributes directly to the company's reputation for social responsibility.

Working with the EBRD requires Kinross to consult frequently on decisions, but management has developed a good working relationship with Bank staff. The EBRD has expressed strong interest in financing subsequent Kinross projects, and its interest adds support to the project-development process. Overall, Kinross considers the EBRD mix of business expertise and political considerations fairly balanced, and the relationship beneficial for the future of the company.



**Private-sector Operations of the Asian Development Bank**

The Asian Development Bank (ADB) is the regional development finance institution for the Asia-Pacific region. Established in 1966, it has its headquarters in Manila, Philippines, and maintains a network of offices throughout the Asia-Pacific area. Private-sector projects are supported by the Bank's Private-sector Operations Department (PSOD), established in 1995 to mobilize private capital for projects in developing member countries. Through the PSOD, the ADB directly supports private enterprises, private equity funds and financial institutions.

Traditional ADB financing instruments for private-sector projects are equity investments and hard currency loans. Equity may include preferred stock, convertible loans and other forms of mezzanine financing. Commercial banks and other financial institutions may cofinance loans, and the ADB has three credit-enhancement products to facilitate cofinancing. Private-sector Operations also works with export credit agencies like Export Development Canada.

Like the IDB, the ADB's private-sector operations focus primarily on the financial sector and infrastructure projects. Financial-sector projects support financial intermediaries in banking, leasing, venture-capital financing, merchant banking, microcredit, small and medium enterprises (SMEs), private-equity funds, mutual funds and insurance. Infrastructure projects include telecommunications, power and energy, water and transport, but the focus is on water supply, waste treatment, toll roads, ports, airports, and light rail systems, which are harder to finance.

Projects may involve various forms of risk sharing and ownership arrangements, including build-own-operate (BOO) and build-operate-transfer (BOT), and can include social sectors such as health care, education and services to government. Private industrial or agribusiness projects are not the current focus of operations.

**Doing Business with Private-sector Operations**

Total ADB support for a private-sector project is limited to 25 percent of the total cost, or \$75 million, whichever is lower. The ADB also provides political risk guarantees, without a government counter-guarantee, of up to 50 percent of the total project cost or \$100 million, whichever is less. The ADB's policy is to limit equity investments to less than 25 percent of the total share of capital, and it cannot be the largest single investor in an enterprise. If needed, the PSOD can assist in mobilizing additional debt from commercial banks and other financial institutions.

When selecting projects to support, the ADB favours those with strong, long-term economic benefits and development impacts. This includes projects that:

- supply basic needs and services for a wide segment of the population;
- encourage technology and know-how transfer;
- expand the role of the private sector or improve the quality of private-sector participation;
- improve financial-sector intermediation; and
- expand employment.

At the end of 2000, the ADB's private-sector operations stood at \$1.2 billion; 64 percent in loans and 36 percent in equity investments. During the year, two new private-

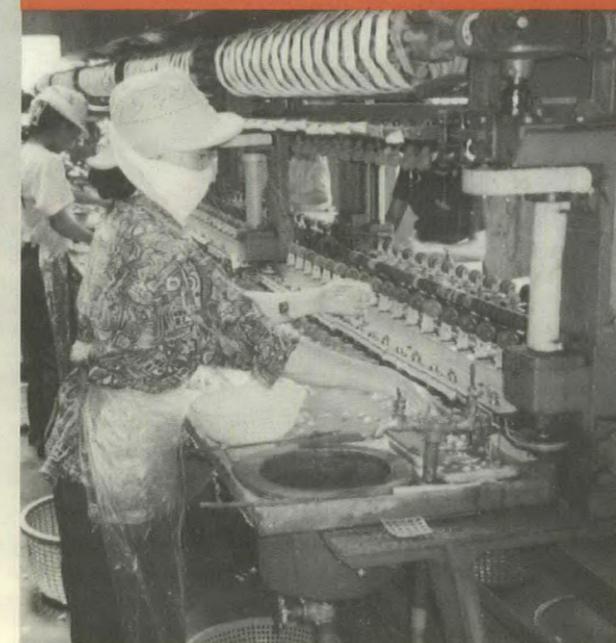


Photo by: E. Waddell, DFAIT

sector projects were approved in the power sector: one in toll roads and another in a water-treatment plant. Overall, infrastructure projects account for about 50 percent of the overall portfolio. Approvals made to the financial sector in 2000 included six projects in the financial-intermediation vehicles and one in an export finance-guarantee agency.

More information on Private-sector Operations and application guidelines are available at [www.adb.org/Documents/Brochures/Private\\_Sector](http://www.adb.org/Documents/Brochures/Private_Sector)

**FAST FACTS ▶ Private-sector Operations of the Asian Development Bank**

<b>Headquarters</b>	Manila, Philippines
<b>Purpose</b>	To help private enterprises to undertake financially viable projects with significant economic and social merit
<b>Services</b>	Equity investments, hard currency loans and credit enhancements
<b>Restrictions</b>	—
<b>Minimum Project Size</b>	—
<b>Min/Max Investment</b>	Limited to 25 percent of the total project cost or \$75 million
<b>Annual Project Approvals</b>	11 projects, \$234 million (2000)
<b>Web Site</b>	<a href="http://www.adb.org/PrivateSector/Operations">www.adb.org/PrivateSector/Operations</a>

For the Caisse de dépôt et placement, Quebec's giant pension fund, the market dynamics in Asia offer an unique opportunity to develop a diversified portfolio of infrastructure investments. In early 1999, the Caisse in partnership with the Private-sector Operations Department of the Asian Development Bank and AMP, an Australian life insurer, established the Asia Equity Infrastructure Fund (AEIF), a \$355-million pool of capital for infrastructure-equity investments in South and South-East Asia.

The AEIF was the first investment of its type in the region for the Caisse, which committed \$200 million to the Fund. PSOD provided the Caisse with introductions to the right people and right partners;

offered invaluable guidance on how to structure the Fund and its investments; and subscribed for \$20 million of equity.

According to the Caisse, working with the ADB has been an exceptional experience. The PSOD is an incredible source of knowledge, expertise and market intelligence on business in Asia. PSOD staff are very professional and have an excellent network of contacts throughout the region. Working with the ADB puts a seal of quality on the Fund and its investment objectives, and has helped the managers to open the right doors at the right levels in different countries. The Caisse is very pleased with its PSOD experience and expects to work with them again on another project.