Early Warning System

ADB-59325-001

Private Sector Development: Capital Market Reforms, Allocational Efficiency, and Firm Development

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Quick Facts

Countries	Afghanistan, Armenia, Azerbaijan, Bangladesh, Bhutan, Brunei, Cambodia, China, Cook Islands, Fiji, Georgia, India, Indonesia, Kazakhstan, Kiribati, Kyrgyzstan, Laos, Malaysia, Maldives, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, Nepal, Niue, Pakistan, Palau, Papua New Guinea, Philippines, Samoa, Solomon Islands, Sri Lanka, Tajikistan, Thailand, Timor-Leste, Tonga, Turkiye, Turkmenistan, Tuvalu, Uzbekistan, Vanuatu, Vietnam
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	U
Borrower	Regional - Asian Development Bank
Sectors	Finance, Industry and Trade, Technical Cooperation
Investment Type(s)	Grant
Investment Amount (USD)	$ 0.25 million
Project Cost (USD)	$ 0.25 million

Private Sector Development: Capital Market Reforms, Allocational Efficiency, and Firm Development

Project Description

According to the Bank’s website, this TA examines the impacts of capital market reforms and adoption of advanced digital technologies on firm and private sector development. Capital market reforms are crucial in mobilizing private capital and expanding access to financing for companies, especially small and medium-sized enterprises (SMEs). In the first part, the TA provides new micro-level evidence of the impact of capital markets reforms in the areas of insolvency framework and local currency markets on the allocation of finance and firm development. By using firm-level data from many countries, the analysis provides important insights into the significance of these reforms in alleviating the misallocation of financial and real resources and mobilizing private capital in ADB's developing member countries (DMCs).

In the second part, the TA will analyze the development of SMEs and adoption of advanced digital technologies, in particular artificial intelligence (AI), automation, cloud computing, and big data, by using detailed Korean firm survey data. The analysis will also examine the interplay between labor market regulations and technology adoption, as well as explore strategies to overcome related constraints through national policy measures, regulatory frameworks, and regional cooperation initiatives. This analysis seeks to identify structural constraints and policy mechanisms that could support SME development and digital transformation, aiming to offer insights relevant to ADB DMCs potentially leading to ADB's operational interventions for private sector development and policy dialogues. The outputs will be used to guide ADB operations in identifying potential areas for private sector development and stakeholder engagement through project and program activities.

Investment Description

- Asian Development Bank (ADB)

The TA financing amount is $250,000, which will be financed on a grant basis by ADB’s Technical Assistance Special Fund.

Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main.