

Evaluation Approach

Corporate Evaluation: Private Sector Operations Strategic Approach and Results, 2017–2023

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A. Rationale

1. This paper sets out the rationale, approach, and methodology for an independent evaluation of the Asian Development Bank's (ADB's) strategic approach to private sector operations in Asia and the Pacific. Given the importance of expanding private sector operations to achieving ADB's Strategy 2030 goals and the upcoming end of ADB's Operational Plan for private sector operations in 2024, this evaluation will be a timely input to assess progress, identify lessons, and inform the future direction of ADB support through the Private Sector Operations Department (PSOD).¹

2. Growth of the private sector is crucial to economic growth in the region as it contributes to job generation, tax revenues, and innovations that improve efficiency and productivity. Private sector participation in infrastructure and other services has increased and has become more important over the past two and a half decades as governments dealing with fiscal constraints have sought alternatives to public funding.

3. ADB's ambition for private sector operations is encapsulated in Strategy 2030 (S2030), published in July 2018. S2030 notes the need to expand private sector operations (PSO) as the private sector "mobilizes resources for development; creates jobs; helps drive innovation and efficiency in developing member countries (DMCs); and brings the poor, women, and vulnerable groups into the mainstream economy."² It also seeks to address gaps in long-term financing for infrastructure and other productive assets or short-term financing for trade, early-stage, or micro-enterprises (footnote 1). As ADB's PSO are market-based, it is important to ensure such interventions are aligned with ADB's overall mission and country strategies and have no anticipated market distortion effects, but demonstrate strong development impact, additionality, and market mobilization. S2030 included four private sector-related targets on growth (that private sector operations will comprise 1/3 of ADB operations based on the number of projects by 2024), mobilization (that long-term cofinancing ratio for PSO will be 2.5x by 2030), gender (that at least 75% of the number of ADB's committed sovereign and nonsovereign operations will promote gender equality by 2030) and climate operations (that 75% of the number of ADB's committed sovereign and nonsovereign operations will be supporting climate change mitigation and adaptation by 2030).

¹ PSOD mobilizes, structures, and provides financing to privately held and state-sponsored companies across a wide range of industry sectors throughout developing Asia.

² ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila. page 20.

4. ADB's Operational Plan for Private Sector Operations 2019–2024 (the Plan) provides the strategic framework and implementation plan for growing PSOD's operations.³ The Plan focuses on sector (energy, environmental infrastructure, transport, information and communication technology, agribusiness, social and financial) and product (loans, guarantees, third-party funding platforms, direct equity, private equity funds, concessional financing, and technical assistance) priority areas. The Plan includes an annual target commitment by sector, which reflects a push to diversify into more challenging sectors.⁴ Private sector operations are expected to contribute to all seven operational priorities of S2030,⁵ although there are only explicit PSO-related targets under gender (OP2), climate change (OP3), and agribusiness (OP5).⁶ PSOD is expected to pursue more transactions in poor countries, fragile and conflict-affected situations (FCAS), small island developing states (SIDS), and less developed DMCs while balancing development impact, risk appetite, and financial returns (footnote 3).

B. ADB Portfolio

5. The portfolio considered in this evaluation will comprise nonsovereign operation (NSO) projects approved and under implementation during 2017–2023 or three years before and after the Plan was published. NSO includes both private and state-sponsored projects in which ADB takes nonsovereign exposure risks.⁷ The evaluation will assess whether there was a discernible change in the NSO portfolio after the Plan came into effect.

6. During 2017–2022, a total of 207 committed operations (average: 35 per year) amounting to a total of \$12.2 billion (average: \$2.0 billion per year) were included in the NSO portfolio.⁸ NSO represented about 28% of total ADB commitments by number of operations and 9% by volume of operations against total ADB commitments in 2022.⁹

7. At the sector level, support for financial institutions, conventional energy, and clean energy accounted for most of PSOD's approval in both the number and volume of operations. The financial institutions sector accounted for 25% of total NSO operations and 26% of total NSO commitments. Conventional and clean energy combined accounted for a larger share, with 32% of total NSO operations and 38% of total NSO commitments. The other seven sectors combined represented less than 50% of PSOD's approval in both the number and volume of operations.¹⁰

³ *The Operational Plan for Private Sector Operations 2019-2024* was published in December 2019. It replaced a 2006 strategy document called *Private Sector Development: A Revised Strategic Framework*.

⁴ Annual commitment by 2024 (by project count) is expected to be in: energy (28%), environmental infrastructure (8%), transportation (6%), information and communications technology (5%), agribusiness (11%), social sectors (7%), financial institutions (24%), others (12%).

⁵ The seven operational priorities (OP) of S2030 include: (1) Addressing remaining poverty and reducing inequalities, (2) Accelerating progress in gender equality, (3) Tackling climate change, building climate and disaster resilience and enhancing environmental sustainability, (4) Making cities more livable, (5) Promoting rural development and food security, (6) Strengthening governance and institutional capacity, and (7) Fostering regional cooperation and integration.

⁶ See Attachment 1 for the list of private sector operations-related targets.

⁷ Both types of projects are under the purview of PSOD. The approach to structuring state-sponsored projects that do not benefit from sovereign guarantees is similar to that for private sector projects.

⁸ Refer to Table 1 in Attachment 2 for total NSO project count and committed amount per year.

⁹ ADB's Corporate Results Framework specifies that the 33% target by 2024 will be based on the total number of committed NSO projects in that year.

¹⁰ See Figures 1 and 2 in Attachment 2 for more detail.

8. At the regional level, by number of operations, Southeast Asia had the largest share at 26%, followed by South Asia (24%). By volume of operations, South Asia, with a 29% share, slightly overtook Southeast Asia (28%). The allocation among Central and West Asia, East Asia, and Regional ranged from 15% to 17% by number and 12% to 18% by volume. The Pacific region has the smallest portfolio, accounting for only 1.9% of the portfolio by number and 0.6% by volume.¹¹

9. Under both Strategy 2030 and the Plan, ADB shifted its private sector operations approach from volume to development impact, project quality and project count with a focus on increasing exposure to riskier frontier markets, such as FCAS and SIDS.¹² From 2017 to 2022, a total of 12 projects were committed to FCAS and SIDS (6% of the total). Four projects were committed to FCAS and SIDS after the Plan was endorsed.¹³ Project commitment volumes remained below \$100 million to FCAS and SIDS except in 2019, when a \$500 million loan was committed and disbursed to a single project in Myanmar.

10. By instrument, debt dominated with \$10.3 billion commitments or 85% of total commitments. The remaining 15% was distributed among private equity fund investments (8%), direct equity investments (3%), combinations of debt and guarantee (3%), and combinations of debt and direct equity investments (0.4%). In terms of instrument count, there were 157 loans committed, 30 private equity fund investments, 14 direct equity investments, 4 loans with risk guarantees, and two loans with direct equity investments.

11. The Independent Evaluation Department (IED) validated 34 projects from 2017 to 2019 (success rate: 47%) and 82 projects from 2020 to 2022 (success rate: 59%). Most of these projects were approved as early as 2004 and reached operational maturity prior to the Plan rollout in 2020. Of the 82 projects validated from 2020 to 2022, only four were approved after the Plan was endorsed.¹⁴

12. ADB also provides technical assistance (TA) operations grants which aim to contribute to the achievement of country and regional development objectives. During 2017-2022, ADB approved a total of 89 NSO TA grants amounting to \$98.1 million.¹⁵ Most or 87% of these NSO TA grants cover more than one DMC and are classified as Regional.¹⁶ India (6%) and Indonesia (2%) accounted for the other 8%, while the remaining 5% are distributed among 12 countries. On an annual basis, the amount of approved NSO TA grants ranged from \$7.8 million (2022) to \$24.5 million (2019), while the number ranged from 8 (2022) to 27 (2021).¹⁷ Notably, the year 2022 had the lowest amount and number of approved NSO TA grants from 2017 to 2022. All NSO TA grants during this period were facilitated by the different divisions of PSOD, with Private Sector Financial Institutions (PSFI) and Office of the Director General (OPSD) facilitating the majority of such TAs.¹⁸

13. Aside from projects and TAs, PSOD also manages special programs. These are: (i) the Trade Finance Program (TFP) and the Supply Chain Finance Program (SCFP), which merged

¹¹ See Figure 3 in Attachment 2 for more detail.

¹² ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient and Sustainable Asia and the Pacific*. Manila.

¹³ See Figures 4 and 5 in Attachment 2 for more detail.

¹⁴ Eight other projects approved between 2019 to 2020 have available self-evaluation reports and are expected to be validated by December 2023. Two of these projects with self-validations are domiciled in FCAS/SIDS countries.

¹⁵ This excludes one TA approved in 2018 amounting to \$0.6 million that was cancelled.

¹⁶ Refer to Table 2 in Attachment 2 for total number and approved amounts of TA grants by country.

¹⁷ Refer to Table 3 in Attachment 2 for number and approved amounts of TA grants per year.

¹⁸ Refer to Table 4 in Attachment 2 for total number and approved amounts of TA grants by division handling the TA.

their operations in 2020 under the Trade and Supply Chain Finance Program (TSCFP); and (ii) the Microfinance Risk Participation and Guarantee Program (MFP). These are credit, guarantee, and risk participation facilities with individual transactions that are short-term in nature (no more than 3 years for the MFP, and usually less than a year for the TSCFP). From 2017 to 2022, TFP provided guarantees or loans to 33,782 transactions valued at \$37.1 billion.¹⁹ Of this amount, \$23.2 billion was cofinanced by partner financial institutions. During the same period, SCFP supported 8,470 transactions with \$1.8 billion in guarantees or funding (\$923 million cofinanced) (footnote 18). Meanwhile, also from 2017 to 2022, MFP helped mobilize \$1.9 billion in funding for microfinance loans, including \$945 million of cofinancing.²⁰

C. Evaluation Scope, Theory of Change, and Key Questions

14. **Objectives.** The purpose of the evaluation is to draw relevant lessons from past and present performance, enhance understanding of PSOD's comparative strengths and weaknesses, and inform future strategic approaches and investment design to improve development effectiveness.

15. **Scope.** The scope of this evaluation will include relevant approvals and project evaluations in the 6-year period, from 2017 to 2023, 3 years before and after the Plan was published, to track changes and assess the likelihood of achieving the Plan's objectives. The evaluation will include literature reviews, detailed portfolio reviews, review of the design of country partnership strategies over time, review of operational approaches and institutional arrangements, country missions, a comparator review, and stakeholder interviews. The evaluation will also consider how ADB is collaborating with other development partners active in this space, e.g., Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, and International Finance Corporation. The evaluation will focus on PSOD's relevance and strategic positioning. The effectiveness assessment will be preliminary as many approvals under the Plan are still under implementation.

16. **Theory of change.** While the Plan does not include an explicit theory of change (TOC), IED developed a TOC building on the narrative presented in the Plan and ADB's corporate results framework indicators (see Attachment 3 for the TOC). Ultimately, it is expected that private sector operations will help ADB to deliver on the overall S2030's vision to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. The contribution of PSO to those high-level impacts is outside of the scope of this evaluation. Expected outcomes are centered on the seven operational priorities of S2030 (para. 4). Outputs and inputs are driven by ADB support for sectors and cross-cutting themes. At the institutional level, the evaluation will examine how its corporate and country strategies and organizational setup help deliver PSO objectives.

17. The external context that influences ADB private sector operations includes the infrastructure financing gap, particularly the challenge of shifting from billions to trillions for climate mitigation and adaptation, gender gap, increasing climate threat, underdeveloped financial sector, lack of long-term local currency financing, lack of access to the formal financial system, lack of an

¹⁹ Refer to Table 4 in Attachment 2 for support provided by ADB through the Trade and Supply Chain Finance Program per year.

²⁰ Refer to Table 5 in Attachment 2 for support provided by ADB through the Microfinance Risk Participation and Guarantee Program per year.

enabling environment, trade finance gap, as well as generally poor corporate governance. Some ADB DMCs are also approaching upper-middle income graduation status.

18. **Key evaluation questions.** The evaluation will address the overarching question: **To what extent is PSOD strategically positioned and delivering on ADB's overall objectives for the private sector in Asia and the Pacific?** The overarching question will be underpinned by three supporting questions. An evaluation matrix with subquestions and data sources is presented in Attachment 4.

- (i) **How relevant is PSOD's strategic framework to the changing regional context and ADB corporate objectives?** This will include an assessment of the relevance of the Plan and related guidance, with ADB's and DMCs' evolving priorities and needs. It will include a comparative analysis of country partnership strategies and operations design before and after the Plan was approved.
- (ii) **Are PSOD operations likely effective in delivering support to DMCs toward ADB's objectives?** This will include preliminary assessments of progress toward objectives set out in the Plan and identifying opportunities and constraints for PSO effectiveness. At the country and project level, available evaluation evidence will be used to assess the extent to which investments have been successful in delivering support that aligns with the Plan's indicators under the corporate results framework.
- (iii) **To what extent does PSOD's current organizational setup and resources improve the delivery of support for the private sector?** This will be assessed through internal consultations with PSOD staff and management, other key stakeholders within ADB, and external clients.

D. Evaluation Methods, Resource Requirements, and Tentative Timetable

19. **Evaluation method.** The evaluation will use a mixed methods approach to gather evidence from various sources to address the evaluation questions. The evaluation will include (i) review of Strategy 2030, the Plan, and related processes; (ii) literature review of private sector pathways with evidence of successful outcomes in the region; (iii) a comparison of approaches by other multilateral financial institutions; (iv) desk review assessment including portfolio review of PSOD projects; (v) online survey targeted to PSOD staff and related stakeholders in ADB; (vi) field visits and interviews with government officials, ADB staff, PSOD clients, development partners, and other key stakeholders; (vii) review of profit and loss estimates based on data from ADB Controllers Department.

20. **Other evaluation evidence.** This will be IED's second evaluation focused on ADB's private sector operations strategy. IED's 2016 topical paper, *Comparative Institutional Review of ADB's Private Sector Operations* compared ADB's private sector strategy and operations with that of IFC and EBRD. Most findings and recommendations from the topical paper fed into the Plan. Recent evaluations of ADB's private sector equity operations,²¹ *One ADB*,²² nonsovereign

²¹ Independent Evaluation Department. 2019. *Corporate Evaluation: ADB Private Sector Equity Investments*. Manila: ADB.

²² IED. 2022. *Corporate Evaluation. One ADB: An Evaluation of ADB's Approach to Delivering Strategy 2030*. Manila: ADB.

additionality,²³ finance sector operations,²⁴ and nonsovereign investment and credit risk management²⁵ are important backgrounds for this evaluation. A matrix detailing how past IED evaluations will inform this new evaluation is presented in Attachment 5.

21. **Literature review.** As part of its contextual review, the evaluation will look at published evidence gap maps and systematic reviews on private sector development. Focus will be on determining which types of private sector interventions have abundant evidence of development impact. The evaluation will discuss the kinds of impact that have been produced by private sector interventions.

22. **Comparator review.** The evaluation will compare ADB against the most significant multilateral development banks (MDBs) with private sector operations: European Bank for Reconstruction and Development, and International Finance Corporation. The comparison will look at differences in (i) private sector strategic framework; (ii) operational focus areas (sectors, geographic coverage, instruments); (iii) KPIs/incentive mechanism; (iv) staffing levels; (v) synergy with public sector operations; and (vi) financial performance. These will primarily be covered through reviews of available published documents and virtual meetings with the MDBs. A comparison of deal processing, risk approach, approval times, and pricing will be informed by the ongoing evaluation of ADB's investment and credit risk management.

23. **Country missions.** In-person missions will be undertaken to, Indonesia, Papua New Guinea, Sydney, Thailand and Uzbekistan to obtain primary data on DMC clients and development partner perspectives. India, People's Republic of China (PRC), Singapore and Viet Nam will be covered through virtual meetings, as necessary. These missions will serve as an opportunity for more in-depth analysis and will be designed to assess the evaluation questions. Purposeful selection of country missions is determined using a range of criteria, including ADB operational priorities, PSOD presence, country category, regional coverage and available evaluative evidence.²⁶ Papua New Guinea and Sydney are chosen to evaluate PSOD's operations in SIDS. Indonesia and Viet Nam are chosen to examine PSOD's performance in Southeast Asia, the region with the largest share of operations (27%), measured by the number of projects. Both countries will provide the opportunity to evaluate constraints and success factors for scaling up of PSO, as both are categorized as C1 under ADB's country groupings²⁷ but Viet Nam has more project commitments than Indonesia. Uzbekistan is a Central Asian country that qualifies for concessional finance and has activity in agriculture, natural resources, energy, finance and health sectors. Operations in Georgia were recently covered for another ongoing evaluation. Meanwhile Thailand is chosen as it is a regional hub for PSOD. India and PRC have not been selected for in-person missions as substantial information on these countries can be obtained from recent evaluations of ADB's equity operations, One ADB, additionality, finance sector operations, and investment and credit risk management.

²³ IED. 2022. *Thematic Evaluation: Additionality of the Asian Development Bank's Nonsovereign Operations*. Manila: ADB.

²⁴ IED. 2022. *Sector-wide Evaluation: ADB's Finance Sector Operations, 2011–2021*. Manila: ADB.

²⁵ IED. Ongoing. *Corporate Evaluation: ADB's Investment and Credit Risk Management of Nonsovereign Operations, 2009–2021*. Manila: ADB.

²⁶ See Attachment 6 for the Country Mission Selection table.

²⁷ Countries classified as C1 under ADB's country groupings qualify for loans from ADB's ordinary capital resources (OCR) only. They do not qualify for concessional loans.

24. **Limitations.** The paper will depend on the cooperation and responsiveness of development partners and DMC counterparts, and the availability of data for comparative analysis. Given the Plan's recent approval in 2019, it is likely that few investments have been completed or validated. It is also noted that during the evaluation period, COVID-19 will have impacted normal operations in many DMCs and in ADB.

25. **Dissemination plan.** The evaluation findings will be disseminated within ADB and externally within the region. The final redacted report will be posted on the IED website. After the Development Effectiveness Committee discussion of the final report, knowledge-sharing and learning activities will be held, including dissemination seminars and presentations in evaluation conferences as opportunities arise.

26. **Resource requirements.** The evaluation will be conducted by a team of IED staff comprising: (i) Paolo Obias, Principal Evaluation Specialist (Team Leader) with overall responsibility for the evaluation implementation and report delivery; (ii) Alexander Wellsteed, Principal Evaluation Specialist; (iii) Syed Faraz Kazmi, Senior Evaluation Specialist; (iv) Ambra Avenia, Evaluation Specialist; (v) Arjun Guha, Evaluation Specialist; (vi) Aldous Moses Tirona, Evaluation Officer; (vii) Mark Leander Mendoza, Evaluation Officer, and (viii) Irene Garganta, Evaluation Analyst. The team will be under the supervision of Nathan Subramaniam, Director, Sector and Project Division.

27. A team of international and national consultants will be engaged in accordance with the ADB Procurement Policy: (i) evaluation advisor, (ii) private sector experts, (iii) headquarter-based research and evaluation associate, (iv) headquarter-based portfolio and database management consultant, (v) in-country national consultants in each country of field visit. The proposed approach paper and draft report will also be reviewed by internal and external reviewers who are experts in the field of private sector operations.

28. **Tentative schedule.** The evaluation is expected to be completed and submitted to the Development Effectiveness Committee in the second quarter of 2024.

Activity/Milestone	Target Date
Approval of the evaluation approach paper	I September 2023
Consultants recruited	IV September 2023
Country missions	II October –IV November 2023
Storyline meeting	III January 2024
First draft report	IV March 2024
Peer review of draft report	II April 2024
Approval of draft report for interdepartmental review	II May 2024
Draft report for interdepartmental review	I June 2024
Heads of departments meeting	II July 2024
Technical review meeting	II July 2024
Editing	IV July 2024
Approval	III August 2024
Board Circulation	IV August 2024
Development Effectiveness Committee Meeting	IV September 2024

Attachments:

1. ADB's Private Sector Operations Targets
2. ADB Nonsovereign Operations Portfolio
3. Proposed Theory of Change for the Evaluation of Private Sector Operations Strategy
4. Evaluation Matrix
5. Past IED Evaluation Matrix
6. Evaluation Communication Matrix
7. Country Mission Selection Table

ADB'S PRIVATE SECTOR OPERATIONS TARGETS

Deliverables	Relevant Documents	Target	Status 2022	Status 2021
Private Sector Operations Target	S2030, the Plan, PSOD Work Plan, ADB Corporate Results Framework	ADB's private sector operations will reach one-third of ADB operations in number by 2024.	28%	27%
Long-term cofinancing for private sector operations	S2030, the Plan, PSOD Work Plan, ADB Corporate Results Framework	ADB will target a substantial increase in long-term cofinancing by 2030, with every \$1 in financing for its private sector operations matched by \$2.50 of long-term cofinancing.	2.06x	1.81x
Gender Equality	S2030, the Plan, OP2 Framework, ^a PSOD Work Plan, ADB Corporate Results Framework	<p>Completed operations delivering intended gender equality results (SO & NSO) - 80% by 2024</p> <p>Committed operations classified gender equity theme or effective gender mainstreaming (SO & NSO) - 50% by 2024.</p> <p>Committed operations classified gender equity theme, effective gender mainstreaming, or some gender elements (SO & NSO) - 71% by 2024, 75% by 2030.</p>	<p>78% (NSO)</p> <p>69% (NSO)</p> <p>98% (NSO)</p>	<p>80% (NSO)</p> <p>54% (NSO)</p> <p>92% (NSO)</p>
Climate Change	S2030, OP3 Framework, PSOD Work Plan, ADB Corporate Results Framework	Committed operations that support climate change mitigation and adaptation (SO & NSO) - 65% by 2024, 75% by 2030.	47%	37%
Agribusiness	OP5 Framework	In the short-term (2019–2024), expansion of nonsovereign agribusiness operations project count to reach at least one-third of ADB operations in rural development and food security.	24%	19%
Operations in frontier economies and/or in new sectors	PSOD Work Plan, ADB Corporate	55% of nonsovereign operations by number will be in frontier economies and/or in new sectors ^b by 2024.	49%	57%

	Results Framework			
Quality of Nonsovereign Projects	PSOD Work Plan, ADB Corporate Results Framework	Completed nonsovereign operations rated successful - 70% by 2024.	55%	56%
Sector Composition	The Plan	Distribution of annual commitments by project count by 2024 Energy – 28% Environmental Infra – 8% Transportation – 6% Info. & Comm. Tech – 5% Agribusiness – 11% Social Sectors – 7% FIs – 24% Others (PEFs) – 12%	– 20% – 3% – 11% – 3% – 26% – 9% – 20% – 9%	– 19% – 8% – 3% – 5% – 14% – 8% – 27% – 16%

ADB = Asian Development Bank, OP = operational priority, OP2 = Operational Priority 2: Improved economic empowerment of women and enhanced gender equality, OP3 = Operational Priority 3: Supported private sector climate change initiatives and climate adapted projects, OP5 = Operational Priority 5: Promoted financial inclusion and infrastructure investment in rural areas, PSO = private sector operations, PSOD = Private Sector Operations Department, NSO = nonsovereign operations, S2030 = Strategy 2030, SO = sovereign operations.

^a There were targets included in the OP2 Framework, but these were superseded by targets set in ADB's Corporate Results Framework.

^b New sectors refer to health, education, agriculture, natural resources and rural development, and nontraditional infrastructures.

Source: Asian Development Bank (Independent Evaluation Department and Strategy and Policy Department).

ADB NONSOVEREIGN OPERATIONS PORTFOLIO

Table 1: Nonsovereign Operations Commitments Share to Total ADB Operations

Project Count	2017	2018	2019	2020	2021	2022	Total
Nonsovereign Operations	27	32	38	38	35	37	207
Total ADB Operations	126	163	146	173	131	130	869
% Share	21%	20%	26%	22%	27%	28%	24%

Committed Amount	2017	2018	2019	2020	2021	2022	Total
Nonsovereign Operations	2,287	3,136	3,000	1,406	1,186	1,152	12,166
Total ADB Operations	17,230	16,286	17,132	22,694	16,432	13,391	103,166
Share	13%	19%	18%	6%	7%	9%	12%

Source: Asian Development Bank (Strategy, Policy, and Partnerships Department).

Figure 1: NSO Sector Project Count, 2017 to 2022

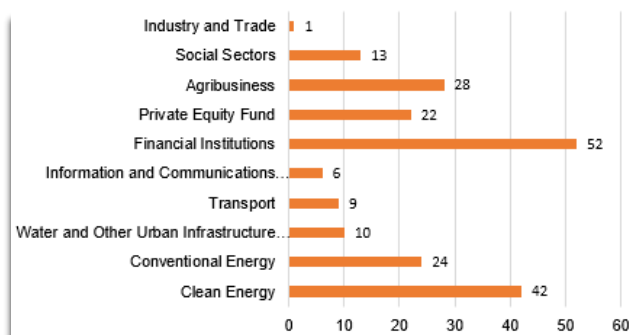
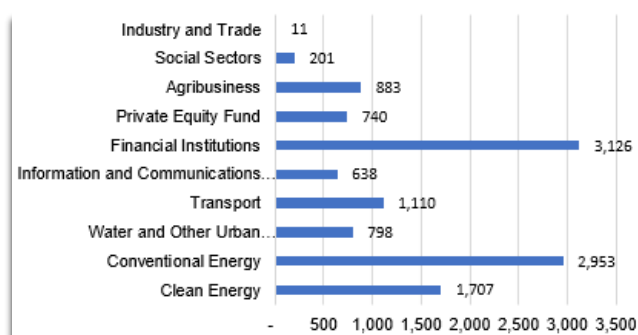
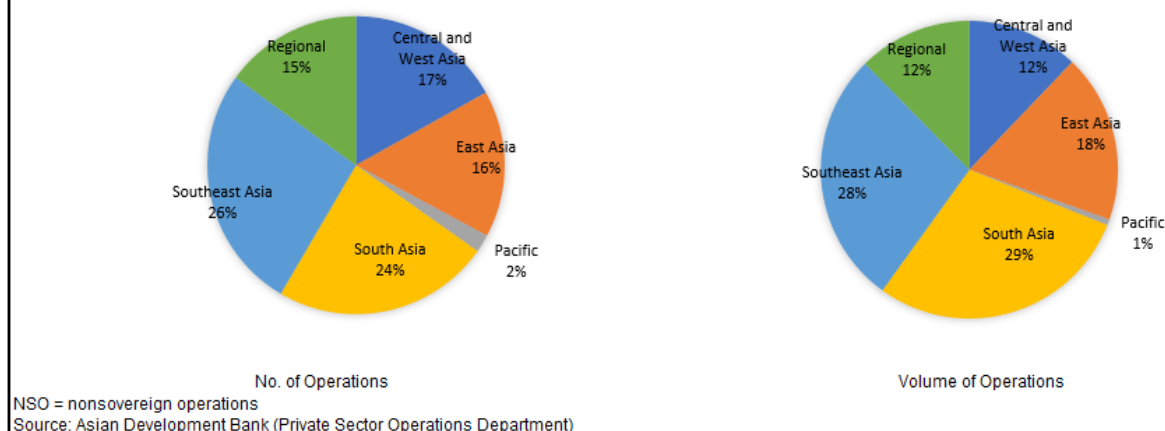
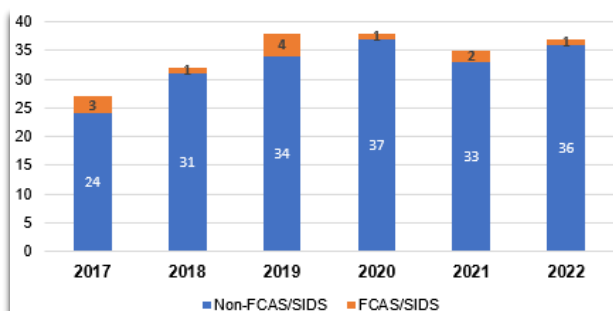
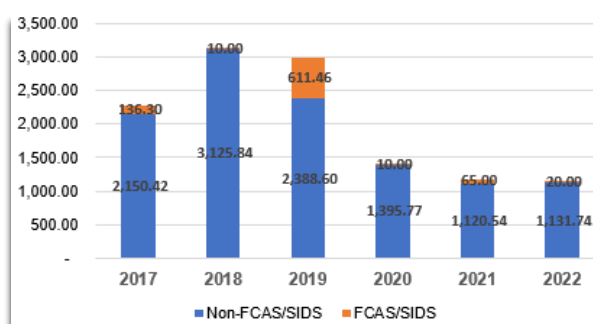


Figure 2: NSO Total Commitments, 2017 to 2022 (in \$ millions)



NSO = nonsovereign operations.

Source: Asian Development Bank (Private Sector Operations Department).

Figure 3: NSO Project Commitments by Region, 2017-2022**Figure 4: Count of Project Commitments by Country Classification, 2017 to 2022****Figure 5: Amount of Project Commitments by Country Classification, 2017 to 2022**

FCAS = fragile and conflict-affected situations, SIDS = small island developing states.
Source: Asian Development Bank (Private Sector Operations Department).

Table 2: Number and Amount of Approved Private Sector TAs Per Year 2017-2022 (Amount in \$ million)

Year	2017	2018	2019	2020	2021	2022	Total
Total No. of TAs	11	12	20	11	27	8	89
Total Amount of TAs	10.33	16.27	24.50	15.18	24.11	7.75	98.14

TAs = technical assistance

Source: Asian Development Bank (Private Sector Operations Department).

**Table 3: Number and Amount of Approved Private Sector TAs
Per Country 2017–2022 (\$ million)**

Country	Count	% Share	Amount	% Share
Regional	63	71%	85.28	87%
India	8	9%	5.84	6%
Indonesia	3	3%	1.73	2%
Viet Nam	2	2%	1.25	1%
Georgia	2	2%	0.73	1%
Cambodia	1	1%	0.50	1%
Fiji	1	1%	0.50	1%
Pakistan	1	1%	0.50	1%
Sri Lanka	1	1%	0.50	1%
Philippines	2	2%	0.26	0%
Mongolia	1	1%	0.23	0%
Afghanistan	1	1%	0.23	0%
Bangladesh	1	1%	0.23	0%
Papua New Guinea	1	1%	0.23	0%
Tonga	1	1%	0.17	0%
Armenia	0	0%	-	0%
Total	89	100%	98.14	100%

TA = technical assistance

Source: Asian Development Bank (Private Sector Operations Department).

**Table 4: Number and Amount of Approved Private Sector TA
Per Division 2017–2022 (\$ million)**

Division	Count	% Share	Amount	% Share
OPSD	27	30%	24.10	25%
PSFI	37	42%	59.36	60%
PSIF1	5	6%	1.55	2%
PSIF2	8	9%	2.74	3%
PSIS	3	3%	3.23	3%
PSTS	9	10%	7.18	7%
Total	89	100%	98.14	100%

OPSD = Office of the Director General, PSOD; PSFI = Private Sector Financial Institutions Division; PSIF1 = Infrastructure Finance Division 1; PSIF2 = Infrastructure Finance Division 2; PSTS = Private Sector Transaction Support Division; TA = technical assistance.

Source: Asian Development Bank (Private Sector Operations Department).

Table 5: Support Through the Trade and Supply Chain Finance Program

Program	Trade Finance Program					
	2017	2018–2019	2020	2021	2022	Total
Transactions supported	4,500	11,635	5,787	8,005	7,177	37,104
(\$ million)						
ADB commitments (\$ million)	1,700	4,393	2,824	2,647	2,295	13,858
Cofinancing (\$ million)	2,800	7,242	2,963	5,358	4,881	23,245
Number of transactions supported	3,505	9,308	7,172	6,799	6,998	33,782

Program	Supply Chain Finance Program					
	2017	2018–2019	2020	2021	2022	Total
Transactions supported	236	336	246	375	558	1,751
(\$ million)						
ADB commitments (\$ million)	118	168	85	187	270	828
Cofinancing (\$ million)	118	168	162	187	288	923
Number of transactions supported	372	1,107	1,447	2,427	3,117	8,470

ADB = Asian Development Bank.

Source: Asian Development Bank (Private Sector Operations Department, ADB Annual Portfolio Performance Reports (2017 and 2022)).

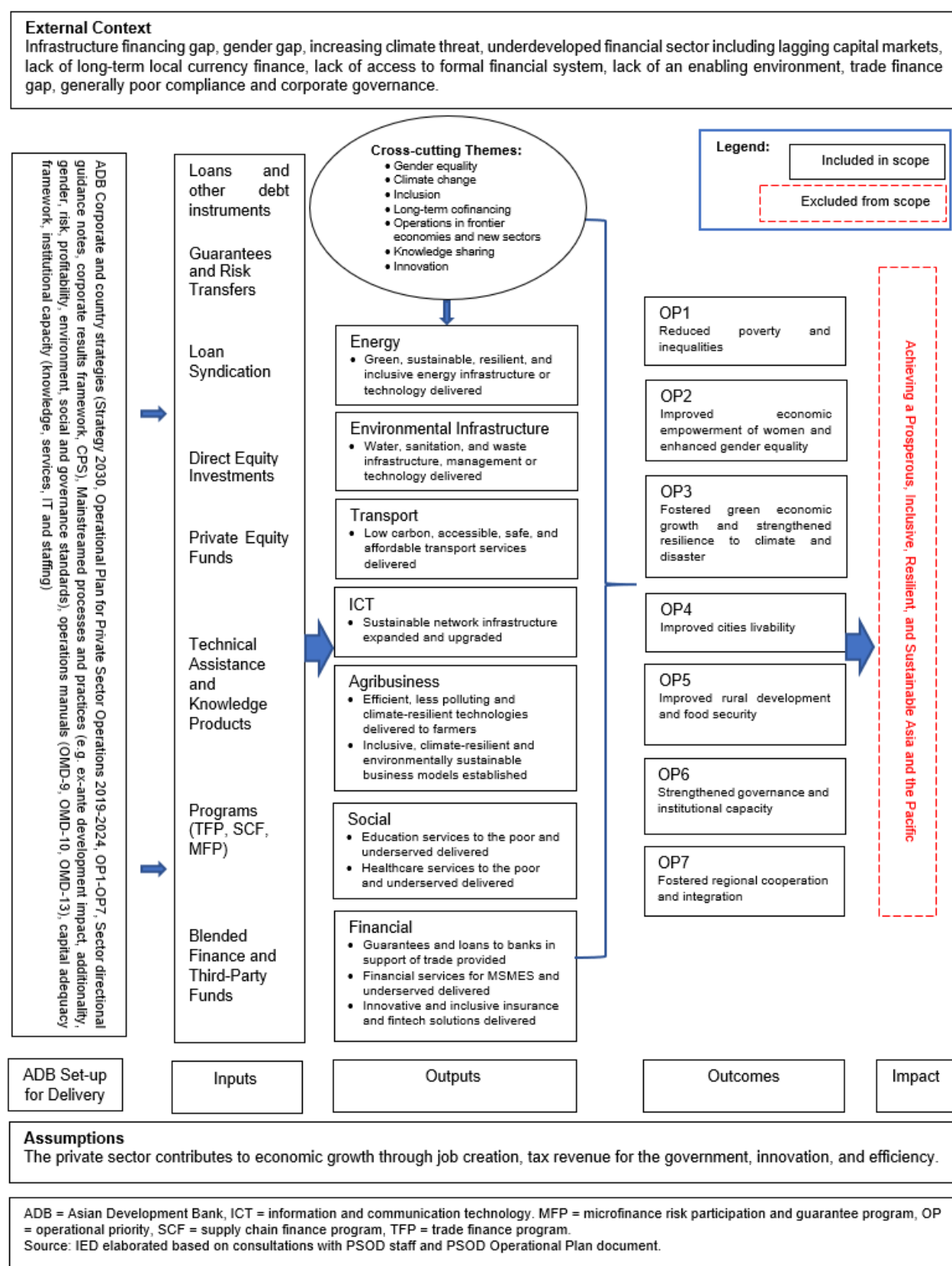
Table 6: Support Through the Microfinance Risk Participation and Guarantee Program

Year	2017	2018	2019	2020	2021	2022	Total
Transactions supported	216	271	274	295	483	341	1,879
(\$ million)							
ADB commitments (\$ million)	107	134	137	147	238	170	933
Cofinancing (\$ million)	109	137	137	147	244	170	945

ADB = Asian Development Bank.

Source: Asian Development Bank (Private Sector Operations Department, ADB Annual Portfolio Performance Reports (2021 and 2022)).

PROPOSED THEORY OF CHANGE – PRIVATE SECTOR OPERATIONS OPERATIONAL PLAN



EVALUATION MATRIX

To what extent is PSOD strategically positioned and delivering on ADB's overall objectives for the private sector in Asia and the Pacific?		
Supporting Questions	Subquestions	Data Sources
How relevant is PSOD's strategic framework to the changing regional context and ADB corporate objectives?	<p>What are the global and regional trends and challenges that affect private sector operations in Asia and the Pacific?</p> <p>To what extent is the design of the Plan and related guidance relevant to DMCs needs?</p> <p>Is the design of the Plan still consistent with ADB's evolving priorities, such as its new shift toward being a climate bank? Are the targets under the Plan and corporate results framework consistent with ADB's evolving priorities?</p> <p>How does PSOD strategy compare with that of IFC, and EBRD?</p>	<p>Literature review</p> <p>Project design assessments and CPS comparative analysis</p> <p>Key informant interviews</p> <p>Institutional review</p> <p>MDB Comparative Analysis</p> <p>Online staff survey</p>
Are PSOD operations likely effective in delivering support to DMCs toward ADB's objectives?	<p>What progress has been made toward expected activities, outcomes, and results set out in the Plan and corporate results framework? What has PSOD done well, and what are key constraints to performance?</p> <p>How successful has PSOD been in increasing transactions in priority areas of the Plan, particularly FCAS, SIDS, frontier economies, emerging sectors, climate change and gender equity?</p> <p>At the country level, how effective has been support toward the Plan's related objectives?</p> <p>How has project design changed since the Plan was endorsed? To what extent has a One ADB approach contributed to better outcomes?</p> <p>At the project level, how effective, or likely effective, are ADB PSO at contributing to the seven OP objectives?</p>	<p>NSO portfolio review</p> <p>Comparative case studies</p> <p>Country missions</p> <p>Key informant interviews</p>
To what extent does PSOD's current organizational setup and resources improve the delivery of support for the private sector?	<p>To what extent is the risk appetite framework aligned with the development goals to promote private sector operations?</p> <p>How has PSOD's process for selecting and prioritizing projects changed since the Plan was endorsed? How is the portfolio approach applied ex-ante in selecting projects?</p> <p>What progress has been made in the implementation of several business reform</p>	<p>NSO portfolio review</p> <p>Key informant interviews</p> <p>MDB comparative analysis</p> <p>Other evaluations: Investment and credit risk evaluation</p>

To what extent is PSOD strategically positioned and delivering on ADB's overall objectives for the private sector in Asia and the Pacific?		
Supporting Questions	Subquestions	Data Sources
	<p>initiatives such as the ex-ante development impact framework and NSO Change IT project?</p> <p>How has processing time to approve deals and profitability changed after the Plan was endorsed?</p> <p>How has PSOD staffing changed after the Plan was endorsed? What progress has been made in decentralizing PSOD staff?</p> <p>To what extent has the Faster Approach to Small Nonsovereign Transactions (FAST) improved development impact and operational efficiency for smaller NSO projects?</p> <p>How does PSOD's staffing, financial performance, pricing, deal processing, approval time and KPIs compare to other MDBs?</p>	

ADB = Asian Development Bank; COVID-19 = coronavirus diseases; CPS = country partnership strategy; DMC = developing member country; EBRD = European Bank for Reconstruction and Development, FCAS = fragile and conflict-affected situation, IFC = International Finance Corporation, MDB = multilateral development bank; NSO = nonsovereign operations, OP5 = Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024, PSO = private sector operations, PSOD = Private Sector Operations Department, SIDS = small island developing states.

Source: ADB (Independent Evaluation Department).

Past IED Evaluation Matrix

Evaluation Report Title/Year	How past IED Evaluation inform the ongoing Corporate Evaluation: Private Sector Operations Strategic Approach and Results, 2017–2023
Corporate Evaluation: ADB's Investment and Credit Risk Management of Nonsovereign Operations, 2009–2021. (ongoing).	<p>This evaluation assessed the relevance and effectiveness of ADB's investment and credit risk management policies, processes, tools, systems, and organization. It also examined how risk management activities have progressed and performed in support of the Private Sector Operations Department's (PSOD) priorities towards achieving ADB's Strategy 2030 and broader development objectives.</p> <p>This evaluation will inform the new evaluation supporting question 3 .</p>
Sector-wide Evaluation: ADB's Finance Sector Operations, 2011–2021. (2022).	This evaluation assessed the relevance and effectiveness of ADB's finance sector operations during 2011–2021. It will inform the new evaluation supporting question 2.
Corporate Evaluation. One ADB: An Evaluation of ADB's Approach to Delivering Strategy 2030. (2022).	This evaluation assessed how the application of the One ADB approach has evolved. It will serve to inform how and if the private sector operations strategic approach has contributed to the integration of sovereign and nonsovereign operations under the new evaluation supporting question 3.
Thematic Evaluation: Additionality of the Asian Development Bank's Nonsovereign Operations. (2022).	This evaluation analyzed the additionality of ADB's nonsovereign operations and reviewed ADB's strategies, programs of assistance and their outcomes, covering the period 2008–2020. It will serve as a basis for the new evaluation to assess how the principle of additionality has been integrated into the private sector operations strategic approach and how it contributed to its results.
Thematic Evaluation: ADB Support for Action on Climate Change, 2011–2020. (2021).	The evaluation reviewed \$40.2 billion of climate financing for 688 projects approved during the evaluation period. It will serve to draw evidence on private sector operations' contribution to supporting action on climate change.
Sector-wide Evaluation: ADB Energy Policy and Program, 2009–2019. (2020).	This evaluation assessed ADB's assistance to the energy sector across all DMCs from 2009 to 2019 and the relevance of the Energy Policy 2009 to the current context. It will serve to draw evidence on private sector operations' contribution to the energy sector in developing member countries.

Evaluation Report Title/Year	How past IED Evaluation inform the ongoing Corporate Evaluation: Private Sector Operations Strategic Approach and Results, 2017–2023
Corporate Evaluation: ADB Private Sector Equity Investments. (2019).	This corporate evaluation covered the extent, nature, and performance of ADB's equity investments during 2006–2017. It will serve as background and starting point of the analysis of ADB private sector equity investments from 2017 to 2023.
Topical paper, Comparative Institutional Review of ADB's Private Sector Operations. (2016).	This paper assessed PSOD's strategic approach and results back in 2016. It provides elements of comparisons with peer multilateral development banks since then and serves as background for the analysis of private sector operations from 2017 to 2023.

EVALUATION COMMUNICATIONS MATRIX

Evaluation Context and Objectives: The purpose of the evaluation is to draw relevant lessons from past and present performance, enhance understanding of PSOD's comparative strengths and weaknesses, and inform future strategic approaches and investment design to improve development effectiveness. Given the importance of expanding private sector operations to achieving ADB's Strategy 2030 goals, and as we approach the halfway point of its implementation, this evaluation will be a timely input to assess progress, identify lessons, and inform the future direction of ADB support. this evaluation will include relevant approvals and project evaluations in the 6-year period, from 2017 to 2023, 3 years before and after the Plan was published, to track changes and assess the likelihood of achieving the Plan's objectives. The evaluation will focus more on PSOD's relevance and strategic positioning.						
Communications Goal: To disseminate the findings of the evaluation to internal and external stakeholders.						
Audience	Messages	Activity	Channels/ Tools	Timeline	Resources	Expected Outcomes
Internal						
Board Management and Staff	To what extent is PSOD strategically positioned and delivering on ADB's overall objectives for the private sector in Asia and the Pacific?	Board circulation of the approved report	Evaluation Report	IV Jun 2024	Evaluation Team	The Board will be informed of (i) the relevance of the Plan and related guidance, with ADB's and DMCs' evolving priorities and needs, (ii) the progress toward objectives set out in the Plan and identifying opportunities and constraints for PSO effectiveness. Lessons and recommendations will be drawn from the (i) comparative analysis of country partnership strategies and operations' designs before and after the Plan was approved, (ii) available evaluation evidence that can be used
		DEC Discussion	DEC Video Presentation	IV Jun 2024	8 Hours: 1 consultant 1 staff	
	How relevant is PSOD's strategic framework to the changing regional context and ADB corporate objectives? Are PSOD operations likely effective in delivering support to DMCs toward ADB's objectives?	Dissemination of Lessons and Recommendations	What Works? (HQ)	Within 30 days of DEC presentation	40 Hours: 1 Consultant 2 Staff	

	To what extent does PSOD's current organizational setup and resources improve the delivery of support for the private sector?					to assess the extent to which investments will be successful in delivering support that aligns with Plan's indicators under the corporate results framework at the country and project level.
External						
ADB Member Countries	Are PSOD operations likely effective in delivering support to DMCs toward ADB's objectives? To what extent does PSOD's current organizational setup and resources improve the delivery of support for the private sector?	Publication of evaluation report	Evaluation report	IV Jun 2024	Evaluation Team	Lessons and recommendations will be drawn from the (i) comparative analysis of country partnership strategies and operations' designs before and after the Plan was approved, (ii) available evaluation evidence that can be used to assess the extent to which investments will be successful in delivering support that aligns with Plan's indicators under the corporate results framework at the country and project level.
Other MDBs and FIs (EBRD, and IFC)	Findings of the comparative review	Dissemination of Lessons and Recommendations Dissemination seminars and presentations in evaluation conferences	Copy of evaluation report	IV June 2024 As opportunities arise.	Evaluation Team	Lessons and recommendations will be drawn from the comparative analysis and how ADB is collaborating with other development partners.

Audiences/Stakeholders: Describes the stakeholders who are the main audiences for the evaluation and communications strategy. Stakeholder groups usually need to be identified and segmented by categories such as demographic group, interest relative to the project, and their relative support or opposition to both the evaluation objective and communications objectives.

Messages/Information: Details what messages and information are useful for stakeholders.

Delivery and Channels: Describes the activities needed to ensure the right message and information reaches the right audiences. This section also specifies the channels these activities will use. The choice of activity and channel should take into account the audiences' information delivery preferences.

Resources: Describe human and financial resources required. How many staff and consultants and how many hours of work needed.

Timeline: Describe the period by which it has to be accomplished.

Expected Outcomes: Identifies the outcomes related to the actions taken and the communications activities.

COUNTRY MISSION SELECTION

Country	Region	FCAS/SIDS	Income Level	Country Group	Loan type	Sectors supported by ADB	No. of Projects Committed ^b	Indicative portfolio	Modality
Papua New Guinea	Pacific	Yes (FCAS / SIDS)	LMI	B	OCR Blend	FIN, ICT	2	Equity investments into: (i) a bank to support its financial inclusion initiatives; and (ii) a company that will finance a greenfield 4G mobile telecommunications network	Equity
Uzbekistan	CWRD	No	LMI	C1	OCR Blend	ANR, ENE, FIN, HLT	10	Solar, wind, food retail, health, expanding access to credit for MSME borrowers	Loan, TSCFP
Viet Nam	SERD	No	LMI	C1	OCR only	ANR, ENE, FIN, HLT, TRA, WUS	18	Electric vehicle, wind energy, agribusiness, women and children's hygiene, waste management, financial leasing for SMEs	Loan, Equity, Guarantee, TA, TSCFP
Indonesia	SERD	No	UMI	C1	OCR Only	ANR, ENE, FIN, HLT	12	Health, renewables, agribusiness and dairy, LNGs	Loan, Equity TA, TSCFP
Sydney, Australia ^a	Pacific/SPD	No	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	PLCO in Sydney serves as the focal point for programming, processing, and administering assistance to Nauru, the	Not applicable

Country	Region	FCAS/SIDS	Income Level	Country Group	Loan type	Sectors supported by ADB	No. of Projects Committed ^b	Indicative portfolio	Modality
								Solomon Islands, and Vanuatu	
Thailand	PSOD	No	UMI	C2	OCR Only	ENE, TRA	12	Urban and water transport, waste-to-energy, rooftop solar, green bond financing, wind power, conventional energy power	Loan, Equity

ANR = agriculture and natural resources, CWRD = Central and West Asia Department, ENE = energy, FCAS = fragile and conflict-affected situations, FIN= finance, HLT = health, ICT = information and communications technology, LMI = lower-middle-income countries, OCR = ordinary capital resources, PSOD = Private Sector Operations Department, SERD = Southeast Asia Department, SIDS = small island developing states, SPD = Strategy, Policy, and Partnership Department, TA = technical assistance, TRA = transport, TSCFP = trade and supply chain finance program, UMI = upper middle-income countries, WUS = water and utility services.

Note: Group A = concessional assistance-only countries, Group C = regular ordinary capital resources-only countries.

^a non-borrowing ADB member countries.

^b Excludes revolving credit programs.