

**Management Response to IED's Thematic Evaluation:  
ADB Plan for OP5—Promoting Rural Development and Food Security, 2019–2024.**

On 13 May 2024, the Director General, Independent Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. Management appreciates the Independent Evaluation Department (IED) undertaking this thematic study on ADB Plan for Operational Priority: Promoting Rural Development and Food Security (OP5), covering the period 2019 to 2024. Management would like to offer the following comments on the evaluation report.

**A. General Comments**

2. **Continuing changes and improvements in ADB operations.** Management notes that continuity and change are the defining features of operational and organizational learning and strengthening. Since OP5 was introduced in 2019, ADB has continued to undertake changes and improvements to program, design, and implement operations in rural development and food security, focusing on results management. These continuing efforts of change culminated in four recent key measures that aim to shift towards supporting sustainable and resilient food systems. First, establishing Agriculture, Food, Nature, and Rural Development (AFNR) Sector Office under the New Operating Model (NOM). This office leads the bank-wide efforts on enhancing food security, scales up natural capital investment, promotes integrated river basin management, develops inclusive and green agricultural value chain, and pilots integration of sovereign operations and private sector investment.<sup>1</sup> Second, scaling up private sector agribusiness financing under the Agribusiness Investment Team (AIT) of the Private Sector Operations Department (PSOD), which was created in 2015. Currently, AIT has developed high quality client relationships (including both local and international agribusiness companies) and ensured a strong increase in deal delivery and climate adaptation volumes. Third, cross-sectoral programmatic approaches has been developed, including Yangtze River Economic Belt Program; Yellow River Ecological Corridor Program; PRC Rural Vitalization Program; Sustaining Essential Services Delivery Project (Support to Afghan People) with strong cooperation between AFNR and human resources development sector; GMS Cross-border Livestock Health and Value Chains Improvement Project with cross-sectoral One Health approach; and the recent cooperation agreement with the National Bank of Agriculture and Rural Development of India on integrated rural development. Finally, enhancing partnerships with international financial institutions (IFI) on food security operation through the development of IFI Action Plan for Food Security and IFI Global Forum for Food Systems Transformation. Although the report acknowledges these efforts, it could have placed greater emphasis on these defining features of continuity and change toward supporting sustainable and resilient food systems to strengthen ADB operations, including food security and rural development operations, in coordination with IFIs.

3. **Rural development perspective.** Management welcomes the report drawing attention to the thematic priority on food security. Rural development is another important corporate objective that cannot be covered entirely by food security objectives or through agrifood systems perspective. Food security and rural development are two distinct themes, though closely related. The report could have covered a more thorough evaluation of the three pillars of

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<sup>1</sup> The new operating model consolidated staff from the previous SDCC thematic group on rural development and food security, and staff in regional departments processing and implementing investment projects in such areas, and thereby (i) more deeply integrating knowledge and operations, (ii) providing ADB with the capacity to mobilize necessary skills in AFNR to any DMC based on need.

OP5 by adding more analysis on the performance of the interventions of ADB in rural development.

4. **Gender dimensions of OP5.** OP5 and OP2 (Accelerating Gender Equality) have strong interlinkages, given the important role of women in food security, rural development, and agriculture. However, the evaluation does not undertake any gender analysis of OP5 or assess the linkages between OP2 and OP5 during the reference period. The report could have identified and assessed lessons learned from gender mainstreaming through OP5, rather than postponing any evaluation to the Gender and Development evaluation, which may have a broader remit going beyond OP5-related areas.

5. **One ADB and agricultural value chains operations.** Management appreciates that the report recognized the efforts of ADB to support agriculture value chains-driven AIT, working closely with the sector operations in the regional departments pre-NOM and the Sectors Group post-NOM. This is one area where the One ADB approach will continue to be actively pursued, especially between the sovereign and nonsovereign teams. The said approach does not need to be limited to agricultural value chains, as private sector investments also contribute to climate-smart agriculture, natural capital, and other dimensions of the food systems. Instead, it can be said widely as “(sovereign and nonsovereign) One ADB approach to the promotion of private sector engagement in the agrifood sector.” In 2019-2022, for example, 14 projects were validated as One ADB projects, including 10 PSOD agribusiness investment projects supported by AFNR sector office staff. Under the NOM, AFNR is selected as a pilot sector where the private sector operation team is integrated with the sector group through dual reporting of the Agribusiness Investment Team Head to the Deputy Director General, PSOD, and Senior Director, AFNR.

## **B. Management Response to the Recommendations**

6. Overall, Management supports the recommendations of the evaluation. Specific feedback for each recommendation is presented below:

7. **Recommendation 1: Reframe operational priority 5, or its successor, toward an agrifood systems approach that is climate resilient, lower carbon emitting, and underpinned by healthy ecosystems and broader rural development. Clearly define and better articulate ADB’s role and objectives for its operations in rural development and food security.**

*Management agrees.* The need for a more holistic food system approach is well recognized. ADB will prepare a new AFNR sector directional guide to mainstream food systems approach, recognizing climate and disaster impacts and environment, gender, and other co-benefits of rural development and food security. Aligning with the definition of food systems of the United Nations High-Level Panel of Experts on Food Security and Nutrition, the sector directional guide will clarify inter-connected components for food systems, including climate- and disaster-resilient agricultural development and value chains, infrastructure for food systems, nutrition and health, social assistance (including emergency food assistance), and climate change and natural resources management.

**8. Recommendation 2: Improve coordination and provide clear guidance on how ADB investments in various sectors can contribute to the thematic objective of rural development and food security.**

*Management agrees.* AFNR Sector Office plays the overall coordination role with other sectors and themes. A new AFNR sector directional guide under preparation will clarify principles and practices of how inter-sector coordination takes place, clarifying the interlinkages of different sectors and themes that contribute to rural development and food security in the country context. Nutrition security is one of the featured areas where principles and practices of inter-sector coordination will be clarified.

**9. Recommendation 3: Build on the increased ambition and support for agribusiness by better integrating private sector investments into ADB's wider support for rural development and food security and articulate an institutional agricultural value chain approach.**

*Management agrees.* PSOD AIT has initiated the scale-up of agribusiness investments and integration with the ADB-wide AFNR operations to support the private sector development shift under NOM. ADB will further enhance the integration of private sector investment into a wider support of ADB for rural development and food security based on the lessons learned from the ongoing pilot integration between sovereign and nonsovereign operations. The AFNR Sector Office and AIT are in the process of adopting a joint work plan for 2024 and beyond, in line with the Strategy 2030 focus to "scale up financing for agribusiness". Enabling policy is paramount for private sector engagement in the food and agriculture sector. Among avenues that ADB will continue to use are enhancing policy dialogue and organizing roundtable discussions between the private sector and governments at the regional and country levels. A private sector-led policy dialogue is expected to identify critical bottlenecks and policy reforms to unlock private sector investment and develop sovereign investment projects, which complementarily support agriculture value chain development.

**10. Recommendation 4: Develop a robust food security finance tracking system with appropriate indicators to map ADB's investments across sectors. The approach should capture ex-ante objectives, facilitate learning, and provide a credible measure of ADB's efforts toward food security outcomes.**

*Management agrees.* ADB has already been coordinating with other international financial institutions to develop a harmonized system of tracking financing to the five components of food systems across sectors and will provide a clearer measure of ADB efforts towards rural development and food security together with a new AFNR sector directional guide. This will help improve the approach adopted by ADB, and staff will share the emerging approach with the Board through appropriate means.