

Thematic  
Evaluation

# ADB Plan for Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024



Independent  
Evaluation



*Raising development impact through evaluation*



Thematic Evaluation  
April 2024

# ADB Plan for Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024

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Independent Evaluation: TS-19



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## NOTE

In this report, "\$" refers to United States dollars.

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# Abbreviations

|          |   |   |
|----------|---|---|
| ADB      | – | Asian Development Bank  |
| AFNR     | – | agriculture, food, nature, and rural development                      |
| AVC      | – | agricultural value chain  |
| COVID-19 | – | coronavirus disease   |
| CPS      | – | country partnership strategy  |
| CRF      | – | corporate results framework   |
| DMC      | – | developing member country   |
| FAO      | – | Food and Agriculture Organization of the United Nations               |
| GHG      | – | greenhouse gas  |
| IED      | – | Independent Evaluation Department                                     |
| NSO      | – | nonsovereign operations   |
| OP5      | – | Operational Priority 5: Promoting rural development and food security |
| PRC      | – | People's Republic of China  |
| PSOD     | – | Private Sector Operations Department                                  |
| TA       | – | technical assistance  |

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# Acknowledgments

This evaluation was prepared by an Independent Evaluation Department (IED) team led by Garrett Kilroy. It was supported by Shimako Takahashi (environment, climate change, Bangladesh and Cambodia case studies); Alexander Wellsted (agricultural value chain and Mongolia and Singapore case studies); Hans Woldring (Pakistan and Uzbekistan case studies); Lawrence Nelson Guevara (sovereign operations portfolio and performance; Pakistan, the Philippines, Tuvalu, Uzbekistan, and Vanuatu case studies); Alvin Morales (Bangladesh and Cambodia case studies); Aldous Tirona (nonsovereign operations portfolio and performance, focus group discussion in the Philippines, Singapore case study); and Elizabeth Li (administrative support, focus group discussions in Cambodia and the Philippines, country partnership strategy assessment). Jigchen Norbu, IED intern, prepared an assessment of environmental co-benefits of projects tagged under Strategy 2030 Operational Plan for Priority 5: Promoting Rural Development and Food Security, 2019–2024. IED staff who provided additional support were Sherine Ibrahim (until September 2023), Arjun Guha, and Caren Joy Mongcopa. We acknowledge inputs from a diverse group of experts: international consultants Amnon Golan, Allan Thomas Kelly, Dorothy Lucks, Brahm Prakash, Bilal Rahill, and Annie Wesley; and national consultants Jonathaniel Principe, Jean Centeno, Danith Chan, Tuvshinsanaa Jadamba, Aziz Karimov, Fida Muhammad, AKM Luthfur Rahman, and Serah Elsie Toara Andy. The report benefited from the overall direction and guidance of Emmanuel Y. Jimenez, director general, IED, and Nathan Subramaniam, director, IED Sector and Project Division.

The team appreciates the valuable contributions made by IED management and external peer reviewers on the draft report: Kevin Cleaver (former associate vice president for programs of the International Fund for Agricultural Development and former agriculture and rural development director for the World Bank) and Fabrizio Felloni (deputy director, Independent Office of Evaluation for International Fund for Agricultural Development); Anis Dani (former lead evaluator, country and corporate evaluations, Independent Evaluation Group of the World Bank Group) on the evaluation approach paper; and Eoghan Molloy (senior evaluation specialist) as IED internal peer reviewer.

Finally, the team thanks Management and staff of relevant departments of the Asian Development Bank (ADB), including members and the secretariat of the Rural Development and Food Security (Agriculture) Thematic Group. The team acknowledges the support from staff of ADB resident missions, client companies, government officials, development partner representatives, nongovernment organizations, and project beneficiaries who made themselves available during missions in Bangladesh, Cambodia, Mongolia, Pakistan, the Philippines, Singapore, Tuvalu, Uzbekistan, and Vanuatu.

IED remains fully responsible for the contents of this report.

# Foreword

Since the establishment of the Asian Development Bank (ADB) in 1966, rural development and food security have been mainstays of its engagement in the Asia and Pacific region. ADB's developing member countries have been transitioning from agrarian and rural economies to increasingly nonagricultural and urban economies. During this transition, rural development and food security have been central development issues as more than half of the world's hungry are in the region and most of the poor still live in rural areas.

While much progress has been made, challenges persist. As economies emerged from the legacy of the coronavirus disease (COVID-19) pandemic and as geopolitical shocks reverberated, the region has suffered from soaring food prices while the poorest struggled to secure safe and nutritious food. Climate change continues to threaten the region's food systems through the reduction in water availability and damage from extreme weather. Natural ecosystems that underpin much of the region's agriculture have been degraded and their biodiversity and services impaired. At the same time, food systems generate about a third of greenhouse gas emissions.

In this context, the Independent Evaluation Department conducted a thematic evaluation of ADB's Operational Priority 5: Promoting rural development and food security (OP5) and its associated plan for the period 2019–2024, one of the seven operational priorities under ADB's Strategy 2030.

Identifying rural development and food security as an operational priority under Strategy 2030 was appropriate as it represents an ongoing priority for ADB's developing member countries and is built on ADB's experience. While relevant, the OP5 plan did not define rural development or food security well and lacked a holistic food systems approach. The thematic nature of OP5 required coherent approaches and cross-sectoral cooperation, including between sovereign and nonsovereign operations; something that was not purposefully considered and implemented at the project or country level operations. Support for agricultural value chains, when underpinned by an institutional approach, offers scope for better coherence. Food security represents a key financial ambition of ADB, but mapping and tracking these investments is not yet supported by a robust and verifiable methodology. Positive examples of coherence, improved performance in agriculture, and cooperation with development partners offer the potential for better scaling up and widening impact.

This evaluation presents recommendations on how ADB can build on its experience to deliver coherent and effective support to help ADB's developing member countries achieve prosperous rural economies, reduce malnutrition, crowd in private sector, and attain food security for its developing member countries.



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# Executive Summary

## Rural Development and Food Security are Central Issues for Asia and the Pacific

More than half the world's people affected by hunger are in Asia. In 2021, nearly 1.9 billion people in the region lacked healthy diets because of poverty and soaring food prices. Agrifood systems employ 40% of the workforce in Asia, placing rural development and food security as central issues for the region. Complicating matters, ongoing geopolitical and economic shocks, along with impacts from climate change and natural resource degradation, are eroding development gains. This evaluation assesses how well-positioned the Asian Development Bank (ADB) is to support rural development and food security in Asia and the Pacific.

ADB has supported agriculture and rural development in Asia and the Pacific since it began its operations in 1966. Strategies were published in 2009 and 2015 to drive ADB's support for sustainable agriculture and food security, mainly in response to previous global food crises. The effort culminated in the Strategy 2030 Operational Plan for Priority 5: Promoting Rural Development and Food Security, 2019–2024 (OP5). An OP5 plan was endorsed by the ADB Board of Directors in October 2019. ADB raised its ambition on food security in 2022, aiming to deliver at least \$14 billion in 2022–2025 to ease a worsening food crisis through a combination of short-term and longer-term support.

The guiding document in place to support this ambition, the OP5 plan, and the related portfolio, are the main subject of this evaluation. The evaluation period covered the 3 years before the launch of OP5 (2017–2019) and 3 years after (2020–2022). The purpose was to understand how ADB responded to Strategy 2030 and the OP5 plan.

## ADB's Operational Priority 5 Portfolio

ADB tagged 130 investments under OP5 in 2017–2019 and 114 in 2020–2022 (total 244 projects), yielding an amount of \$17.8 billion in 2017–2019 and \$15.3 billion in 2020–2022 (total \$33.1 billion).

The ratio of sovereign to nonsovereign projects remained at 75% to 25% in both periods. The number of agribusiness projects almost doubled between the two periods, largely driven by the creation of the Private Sector Operations Department's Agribusiness Investment Team.

Agriculture, food, nature, and rural development (AFNR) comprised almost half of the portfolio by number and a third by amount. Transport and energy were the next largest sectors. The evaluation allocated OP5 investments across its three pillars using project results frameworks. Pillar 1, on rural development, received the most funding (\$23.9 billion), followed by pillar 3, on food security (\$5.5 billion), and pillar 2 on agricultural value chains (AVCs, \$1.9 billion). The OP5 portfolio is a strong driver of ADB's climate adaptation finance, as well as gender and environment efforts.

## Findings

**Performance in agriculture, food, nature, and rural development has improved.** Evaluative evidence of full performance is limited, as OP5 was approved only in 2019, so almost no investments have been evaluated. However, there are initial positive signals of effective support, albeit limited to AFNR, the anchor sector for OP5. AFNR is performing well based on 55 sovereign project validations over the evaluation period. The sector's sovereign success rate improved from 67% (2017–2019) to 76% (2020–2022), compared with ADB-wide performance which declined from 72% to 67% over the same periods. This performance has been consistently improving since the last agriculture, natural resources, and rural development

evaluation in 2018. Only five nonsovereign AFNR projects were validated during the evaluation period (2017–2022), two of which were rated successful. Assessing the performance of other sectors is difficult, but it is likely similar to ADB-wide performance, given its broad sector coverage. Nineteen focus groups conducted for this evaluation with OP5 beneficiaries in different sectors across six developing member countries point to positive results.

**The operational priority 5 plan is relevant but lacks a systems approach.** Identifying rural development and food security as an operational priority under Strategy 2030 made sense because it represents an ongoing priority for ADB’s developing member countries and built on ADB’s decades of knowledge and experience. The OP5 plan provides broad direction in rural development and food security and offers a flexible lens for operations. However, it does not clearly define the topics and lacks clear guidance on how ADB should work across sectors to achieve the thematic objectives. The transition from sector to thematic outcomes was a fundamental aspect of Strategy 2030. A more holistic systems approach is missing.

The approach would consider the production, storage, aggregation, post-harvest handling, transport, processing, distribution, marketing, disposal, and consumption of agricultural food and nonfood products. The approach would also tackle the socioeconomic, environmental, and climate change context. The OP5 pillars are isolated from each other, and the plan fails to articulate the interlinkages needed between them. Pillar 1 (rural development) spans all ADB rural activities, accounting for 72% of the project share in OP5. AVC is correctly identified as the central pillar 2, adding value for a range of beneficiaries. But a coherent institutional approach is lacking that clearly articulates the role and sequencing of sovereign and nonsovereign investments across AVCs.

Naming food security as the third pillar of OP5 is imprecise because food security is a higher-level thematic objective. Based on its objectives and portfolio, pillar 3 is firmly anchored on the supply side of food production. All three pillars collectively bolster food security to varying degrees. Only 48% of the design and monitoring frameworks of projects in pillar 1 (rural development) were found

to align well with the OP5 corporate results framework indicators, compared with 90% in pillar 2 (AVC) and 84% in pillar 3 (food security).

OP5 does not elaborate how ADB will support developing member countries, where appropriate, to reduce greenhouse gas emissions in livestock and rice systems. Entry points for social protection and nutrition are also unclear. Country partnership strategies approved since OP5 was launched have shown no significant changes in their results frameworks to align with OP5.

**Operational priority 5 could be made more coherent through cross-sector support, public and private cooperation, and partnerships.** The internal coherence of ADB’s approach to, and portfolio for, rural development and food security is not yet sufficiently mainstreamed across sectors or between sovereign and nonsovereign operations. Agriculture is inherently oriented toward the private sector at the firm and farm levels. However, for agriculture to be productive, sustainable, and successful, policy, regulatory, financial services and public infrastructure support is needed to create the right enabling environment. The private sector should be considered a crosscutting activity across the three OP5 pillars. While institutional cooperation between private and public sector staff on OP5 operations has made progress, ADB lacks a coherent approach to AVC. The AVC approach provides an opportunity to connect sectors, rural-urban linkages, and the private and public sectors. Positive illustrative examples exist, which offer potential scope for scaling up and widening impact.

ADB’s new operating model saw the establishment of a sectors group offering potential to enhance coherence with greater cross-sectoral support and scaling up on rural development and food security. Under the new operating model, the AFNR Office now includes the Pacific in its operations offering the resources to support food security with more direct agricultural support.

Achieving external coherence with knowledge and cofinancing development partners is even more challenging, as it requires sequencing and matching support to achieve targeted added value. The portfolio has positive examples that can serve as models for more strategic partnership approaches.

**Systematically tracking and reporting agrifood system results is a challenge.** The OP5 plan does not guide ADB in systematically tracking its investments, particularly in food security, in a meaningful way. Part of the reason is that the OP5 plan does not clearly define food security, which is a natural starting point for articulating any major strategic priority. Food security is a multisector thematic rural and urban challenge. ADB has not published its methodology for tracking the \$14 billion food security ambition; however, the evidence is that relevant interventions are only being partially captured across sectors, and the proportion of projects' contributions are not yet consistently attributed. [Confidential information deleted].

The corporate results framework indicators for the three pillars of OP5 are not discriminating enough to identify investments that support the internationally recognized dimensions of food security: availability, accessibility, utilization, and stability. Policy reforms and non-AFNR contributions are not well captured. Most of ADB's efforts focus on the availability and accessibility of food security (the supply side) while the least coverage is on utilization (consumption and nutrition). Nutrition forms part of the OP5 vision and is a critical burden for the region (both underweight and obesity), but only 8% of OP5 projects mentioned nutrition and only 3 projects over the evaluation period (2017–2022) had nutrition-related outcome indicators. ADB's approaches to food security tracking are based on ex-post tagging of entire investments, as sectors and subsectors. However, this approach does not capture the intentionality of the investment or the proportion of the project that contributes to food security.

Lessons from the ex-ante harmonized multilateral development bank approach for tracking climate finance offer a useful model for a food security finance tracking system. Ideally, such a system would consider international good practice and lessons from initiatives that adopt ex-post and ex-ante approaches. ADB's ongoing engagement with other international financial institutions to develop a common methodology for food security

finance tracking will help. A stocktake is needed before food security targets are revised to make them more ambitious.

## Conclusions and Recommendations

ADB has a long track record in rural development. Its agricultural operations have improved in recent years and ADB aims to play a bigger role in promoting food security in Asia and the Pacific. However, to achieve this ambition and be more effective and responsive, ADB needs to shift its focus to building resilient and sustainable agrifood systems. This will involve clarifying its objectives for rural development and food security, implementing One ADB approaches across sectors, articulating an institutional approach to agricultural value chains, increasing integration with the private sector, and strengthening monitoring and reporting of results. The following recommendations are proposed:

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.

## Linkage between Findings and Recommendations

| Recommendations   | Supporting Findings   |
|---|---|
| 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. | <ul style="list-style-type: none"> <li>(i) Rural development and food security are not well framed or defined in OP5. (Chapter 2, Section B)</li> <li>(ii) The internationally recognized four dimensions of food security (availability, accessibility, utilization, and stability) were not used in characterizing OP5. (Chapter 1, Section B; Chapter 2, Section C)</li> <li>(iii) OP5 Pillar 1 (Rural development) dominates the portfolio, but the pillar 1 operations align less well with OP5 corporate results framework indicators compared with pillar 2 (Agriculture Value Chain) and pillar 3 (food security). (Chapter 2, Section C)</li> <li>(iv) An agrifood systems approach is missing; this would include all stakeholders from production to processing to consumption while addressing socio-economic, environmental, and climate context. (Chapter 2 Section B)</li> <li>(v) Nutrition forms part of the OP5 vision, but objectives on nutrition are not reflected in the portfolio. (Chapter 2, Section C)</li> <li>(vi) The OP5 portfolio contributes to ADB's climate, gender, and environmental objectives. ADB's financing on climate adaptation was greatest in agriculture, but its mitigation efforts in the sector were low. (Chapter 2, Section the)</li> </ul>  |
| 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.   | <ul style="list-style-type: none"> <li>(i) The theory of change developed for the evaluation highlights the need for internal coherence across sectors to collectively deliver on the thematic outcomes. (Chapter 2, Section B; Chapter 3, Section A; and Appendix 1)</li> <li>(ii) There is limited evidence that a coordinated, cross-sectoral approach is being organized in a strategic manner to deliver OP5 goals as many interventions were observed that supported food security but not tagged as OP5 and the portfolio and country partnership strategies approved since 2019 showed little renewed focus on OP5 topics. (Chapter 2, Section C and Chapter 3, Section A)</li> <li>(iii) The country case studies highlighted positive examples and missed opportunities that could better direct the pipeline towards OP5 thematic objectives. (Chapter 3, Section A)</li> <li>(iv) Performance in agriculture, the anchor sector of OP5, offers lessons for future OP5 projects. (Chapter 4, Section C, Box 9)</li> </ul>  |
| 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.  | <ul style="list-style-type: none"> <li>(i) ADB's agribusiness investments, focused mostly on the agricultural value chain, almost doubled over the evaluation period. (Chapter 2, Section C, Chapter 3, Section B)</li> <li>(ii) Agriculture is inherently a private sector endeavor, but the right policy, regulatory, financial services and public infrastructure are needed to create an enabling environment for success. (Chapter 3, Section B, Box 4)</li> <li>(iii) ADB lacks a coherent approach to Agriculture Value Chain that encompasses sovereign and nonsovereign entry points and integrates its work across sectors. (Chapter 3, Section B)</li> <li>(iv) Pathways to enhanced coherence could be clarified and further developed through partnerships on finance and knowledge; policy and analytical work; and value chain analytics that span traditional, transitional, and modern value chains. (Chapter 3, Section C, Section D, Box 5, and Box 6)</li> </ul>  |
| 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.  | <ul style="list-style-type: none"> <li>(i) The OP5 plan does not define food security and does not guide ADB to systematically track its investments, particularly in food security. ADB's approach is inconclusive on how food security investments will be tracked across sectors, and how portions of projects' contributions will be meaningfully attributed. The corporate results framework indicators are limited in their ability to track food security support (Chapter 4, Section A and B)</li> <li>(ii) Social protection and disaster risk response support were seen to contribute to food security but often not tagged OP5. (Chapter 3, Section A, Chapter 4, Section B)</li> <li>(iii) The evaluation classified the OP5 portfolio based on the four food security dimensions used by the Food and Agriculture Organization, and found that 135 projects or 55% of the OP5 portfolio was tagged for at least one dimension, with greatest effort on supply side (availability) and least on the demand side (utilization). (Chapter 2, Section C)</li> <li>(iv) A potential model for better tracking could emanate from the harmonized approach to climate finance. ADB's ongoing engagement with international financial institutions to develop a common methodology for food security finance tracking will help. (Chapter 3, Box 7 and Chapter 4, Box 8)</li> </ul> |

ADB = Asian Development Bank, AVC = agricultural value chain, OP5 = Operational Priority 5: Promoting rural development and food security, 2019–2024.

Source: ADB (Independent Evaluation Department).

# Evaluating Operational Priority 5

1. Strategy 2030 of the Asian Development Bank (ADB), approved in 2018, aims to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific. It does so through seven operational priorities, including Operational Priority 5: Promoting Rural Development and Food Security (OP5) and its associated plan for 2019–2024.<sup>1</sup> About 80% of the world's poor live in rural areas and those most affected by hunger are in Asia. The Asia and Pacific region is the most vulnerable region to climate impacts. It accounts for more than 50% of global greenhouse gas (GHG) emissions, of which food systems contribute about one-third. Success in rural development and food security will be critical to achieving Strategy 2030.

2. Food security challenges are hitting developing member countries (DMCs) hard, exacerbating existing vulnerability and fragility. The causes are multifaceted and include the coronavirus disease (COVID-19) pandemic, trade policy, as well as economic, geopolitical, and climate shocks. The United Nations reported in 2023 that progress on achieving Sustainable Development Goal 2 (zero hunger) has faltered and requires a fundamental shift in trajectory to meet food security and nutrition targets. Food security, essential for human survival as well as socioeconomic development, is increasingly threatened. Asia and the Pacific account for half the world's people facing moderate or severe food insecurity, with higher prevalence among women than men. In 2022, Asia was home to 55% of people in the world affected by hunger (Box 1).

3. In 2021, Asia had the largest number of people who were unable to afford a healthy diet (1.9 billion). Providing enough safe and nutritious food remains a serious challenge as the cost of a nutritious diet increased by more than 9% between 2019 and 2021 (pre-COVID-19 to 2021). Recent worldwide trends indicate that the combined burden of underweight and obesity has increased in most countries between 1990 and 2022, and in 2022 Pacific island countries had among the highest levels.<sup>2</sup> The burden of being underweight is shouldered by South and Southeast Asia, where food insecurity persists. Shifts in dietary preferences for meat and dairy degrade the environment and increase GHG emissions as these forms of agriculture typically require several times the resources, most notably water, to yield a kilogram of food compared with plant-based systems.

4. Agricultural production in the region is facing the related challenges of environmental degradation of natural resources and the impacts from climate change. Climate change threatens to increase hunger and poverty and is reversing development gains achieved by countries in Asia and the Pacific over recent decades.<sup>3</sup> Climate change threatens the entire regions' food system, including the ability of crops to thrive in certain regions, increased prevalence of disease, pestilence, direct crop damage by extreme weather, and the transport and logistical links needed to store and distribute food. Rural areas are home to most of the region's natural resources, most critically water, which underpin agriculture but have been poorly managed and degraded over many decades. Depleted

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<sup>1</sup> ADB. 2019. *Strategy 2030 Operational Plan for Priority 5: Promoting Rural Development and Food Security, 2019–2024*.

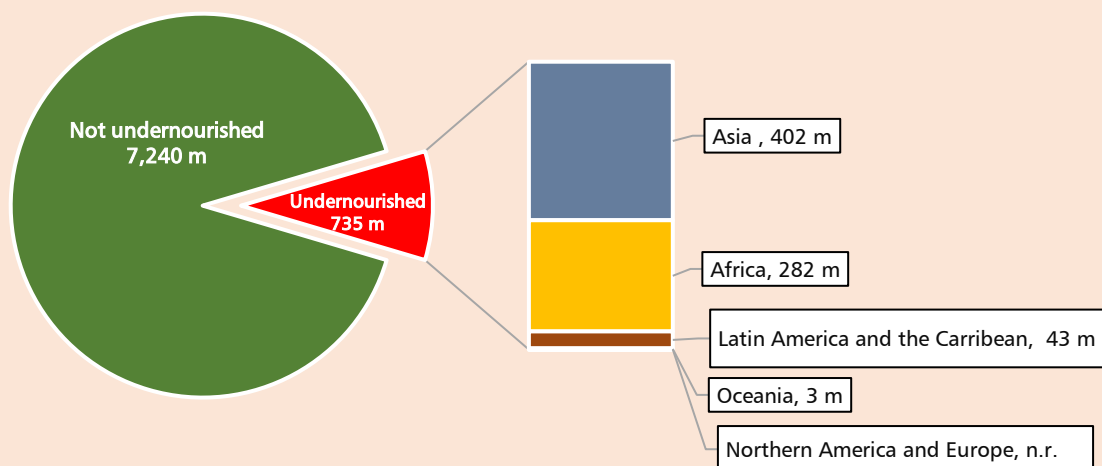
<sup>2</sup> The Lancet. 2024. *Worldwide Trends in Underweight and Obesity from 1990 to 2022: A Pooled Analysis of 3663 Population-Representative Studies with 222 Million Children, Adolescents, and Adults*.

<sup>3</sup> United Nations, ADB, and United Nations Development Programme. 2024. *People and Planet: Addressing the Interlinked Challenges of Climate Change, Poverty and Hunger in Asia and the Pacific*.

aquifers, rivers not reaching the sea and water pollution are the result of this degradation with serious consequences for agricultural productivity.

### Box 1: Asia and the Pacific Are Not on Track to Achieving Zero Hunger (Sustainable Development Goal 2)

The most recent assessment of the state of food security and nutrition indicates that global hunger stopped rising in 2022 but has remained above pre-pandemic levels. Asia and the Pacific is not on track to achieve the Sustainable Development Goal 2030 targets of zero hunger and access to safe, nutritious, and sufficient food for all. In Asia the prevalence of undernourishment, an indicator to estimate hunger, has dropped from a high of 13.9% in 2005, but has persisted between 7% and 9% in recent years. Southern Asia remains the most impacted region. In 2022, Asia was home to most people facing hunger globally, 402 million or 55% of the total number of undernourished people.



m = million, n.r. = not recorded as the prevalence is less than 2.5%.

Sources: Food and Agriculture Organization of the United Nations. [The State of Food Security and Nutrition in the World 2023](#) (accessed 22 February 2024) and Asian Development Bank (Independent Evaluation Department).

5. Within this context, this evaluation aims to better understand ADB's strategic positioning on rural development and food security, identify gaps in its cross-sectoral approach, its coherence and assess lessons from recent performance to inform future directions.

## A. ADB has Long Supported Rural Development and Food Security

6. Rural development is not well defined in the OP5 plan. However, an early analysis of ADB's work states that rural development includes technological solutions of agriculture and improvements in rural infrastructure, institutions and financing that would support off-season, nonfood, and off-farm economic activities.<sup>4</sup> Better rural infrastructure included large irrigation systems and roads as well as the development of communications systems, power supplies, and health and educational facilities.

7. In ADB's early decades, the main effort in the region was to combat food insecurity within the wider remit of rural development. ADB helped DMCs with a significant amount of investments, technical know-how, and institutional development. The focus was on increasing agricultural productivity and eliminating the threat of periodic food shortage. In the 1990s, ADB shifted its focus

<sup>4</sup> R. Withol. 1988. *The Asian Development Bank and rural development: policy and practice*. Macmillan: London.



to distribution and promotion of food consumption, especially for the poor and vulnerable, culminating in the adoption of poverty reduction as ADB's overarching goal.

8. The scope of rural development was widened, and construction of rural infrastructure was prioritized and reached its full commitment under Strategy 2020. By then, the environment and natural resources were showing signs of overexploitation. ADB started addressing these concerns and emphasizing sustainability. Under Strategy 2020, agriculture and several other sectors were relegated to “noncore” status, leading the regional departments to give them lower priority in their operations and staffing. The Central and West Asia Department closed its Agriculture, Environment and Natural Resources Division in 2009. Staff and activities from the closed division were briefly integrated into the Energy and Natural Resources Division in 2009 before the Environment, Natural Resources, and Agriculture Division was created in 2011.

9. Despite this temporary hiatus, in recent decades ADB has developed specific plans to address agriculture and food security challenges. In 2009, in response to the 2007–2008 global food crisis, ADB published its Operational Plan for Sustainable Food Security in Asia.<sup>5</sup> In 2015, in response to the midterm review of Strategy 2020, ADB published the Operational Plan for Agriculture and Natural Resources: Promoting Sustainable Food Security in Asia and the Pacific in 2015–2020.<sup>6</sup> These plans were both largely developed by and anchored on ADB's agriculture, natural resources, and rural development sector, now called agriculture, food, nature, and rural development (AFNR) under ADB's new operating model.<sup>7</sup> Strategy 2030 took a broader view, encompassing rural and urban landscapes while maintaining its focus on eliminating residual poverty, enhancing livelihood opportunities, and promoting gender inclusiveness. The development agenda emphasized cross-sector operations in the delivery of these thematic priorities. The OP5 plan attempted to articulate this broader thematic perspective.

## B. Evaluation Purpose, Theory of Change, and Methods

10. The purpose of the evaluation was to assess how well positioned and responsive ADB is to support rural development and food security in Asia and the Pacific. The evaluation scope will focus on rural development and food security as envisioned under the OP5 plan and reflected in ADB's country partnership strategies (CPSs) and portfolio. The evaluation scope includes commitments and project evaluations (sovereign and nonsovereign) in 2017–2022, 3 years before and after OP5 was published, to track and analyze changes in design and assess the likelihood of achieving OP5 objectives.

11. The Independent Evaluation Department (IED) developed a theory of change, building on the narrative of the OP5 plan, ADB's corporate results framework (CRF) indicators, and IED's understanding of how ADB sector and thematic activities support OP5 objectives (Appendix 1). Ultimately, support for OP5 is expected to help achieve prosperous rural economies, reduce malnutrition, and attain food security for all. Food security is not defined in the OP5 plan. This evaluation adopts the definition of food security set out by the United Nations Committee on World Food Security in 1996.<sup>8</sup> Building on this definition, the Food and Agriculture Organization of the United Nations (FAO), identified four dimensions of food security: availability, accessibility, utilization,

<sup>5</sup> ADB. 2009. *Operational Plan for Sustainable Food Security in Asia and the Pacific*.

<sup>6</sup> ADB. 2015. *Operational Plan for Agriculture and Natural Resources: Promoting Sustainable Food Security in Asia and the Pacific in 2015–2020*.

<sup>7</sup> In 2022, the agriculture, natural resources, and rural development sector was changed to agriculture, food, nature, and rural development (AFNR) under ADB's new operating model. AFNR is used for the rest of this report.

<sup>8</sup> Food security exists when all people, at all times, have physical, social, and economic access to sufficient, safe, and nutritious food that meets their dietary needs and food preferences for an active and healthy life.”

and stability.<sup>9</sup> Many multilateral development banks have adopted this definition and FAO's four dimensions in their approach to food security.

12. Expected outcomes revolve around the three explicit pillars of OP5: (i) rural development, (ii) agricultural value chains, and (iii) food security. A fourth—implicit—outcome was included by IED to capture crosscutting co-benefits that OP5 supports and helps leverage. The evaluation focused on climate, the environment, and gender co-benefits. The outputs and inputs are driven by ADB support for AFNR and other sectors that steer the portfolio, including sovereign and nonsovereign investments, with the aim of achieving the four defined outcomes.

13. The evaluation uses a mixed methods approach to gather evidence from various sources to answer the evaluation questions (Appendix 2). The evaluation activities included (i) a review of the OP5 plan, its midterm review, and its processes; (ii) contextual background papers on food security, agricultural value chains, and rural development in the region; (iii) a CPS review; (iv) a desk review assessment, including a portfolio review of ADB projects and country case studies; (v) a targeted staff survey; and (vi) field visits, beneficiary focus groups discussions, and interviews with government officials, private sector clients, ADB staff, development partners, and other key stakeholders.

14. Chapter 2 assesses the OP5 plan, its strategic relevance, and its portfolio and coverage in the CPSs. Chapter 3 examines the coherence of ADB's approach in tackling rural development and food security internally within ADB and externally with development partners. Chapter 4 explores the challenges of tracking food security finance and results, while presenting evidence on performance in this area. Finally, Chapter 5 presents conclusions and recommendations.<sup>10</sup>

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<sup>9</sup> FAO. 2006. [Food Security](#). *Policy Brief*. Issue 2.

<sup>10</sup> Summary of the OP5 portfolio is in Appendix 3 and performance ratings are in Appendix 4.



# A Relevant Operational Priority that Lacks a Systems Approach

## A. Elements of the Operational Priority 5 Plan

15. Strategy 2030, published in 2018, saw support for rural development and food security through a narrower lens than was later outlined in the OP5 plan. Strategy 2030 identified three main areas: (i) improving market connectivity and agricultural value chain linkages, with emphasis on building infrastructure to support the value chains; (ii) increasing agricultural productivity and ensuring food security, mentioning the importance of natural resource management but lacking details on how to achieve food security; and (iii) augmenting food safety, which centers around policy and standards. However, there were gaps in dealing with the cross-sector support needed to resolve food insecurity and malnutrition.

16. The OP5 plan, published in 2019, was broader in scope than this initial framing. OP5 was to be delivered through activities framed against three pillars: (i) rural development, (ii) agricultural value chains, and (iii) food security.<sup>11</sup> OP5 focuses on developing sustainable food systems, rural infrastructure, and agri-logistics centers to enable the integration of producers, agribusinesses, and consumers in the national, regional, and global food systems. OP5 has no specific outcome targets but is supported by indicators in the CRF. While OP5 does not include an explicit theory of change, IED developed a theory of change, building on the narrative presented in the OP5 plan (Appendix 1). Ultimately, it is expected that support for OP5 will help achieve prosperous rural economies, reduce malnutrition, and attain food security for all.

17. The implementation of OP5 was expected through regional departments incorporating its priorities into CPSs, sector plans, and projects, and identifying opportunities for cross-sector coordination and multisector approaches.<sup>12</sup> Regional CPS and project work was supported, under the One ADB approach, by the Rural Development and Food Security Thematic Group (Agriculture) and the secretariat and its working groups,<sup>13</sup> and with the engagement of the nonsovereign agribusiness team.

18. Identifying rural development and food security as operational priorities under Strategy 2030 made sense because they have long been priorities for DMCs, and ADB has extensive knowledge and experience in these areas. The OP5 plan provides a broad operational direction for rural development and food security, and it allows for flexibility in operations. The rationale for OP5 correctly highlighted the challenges and opportunities, drawing on the lessons learned from the ADB 2015 operational plan (footnote 6), which also identified rural development and food security as priorities for ADB's DMCs. Interviews conducted during country missions confirmed that rural development and food security

<sup>11</sup> Food security is not defined in the OP5 plan. However, in the context of its third pillar, food security primarily concerns achieving sustainable, resilient, and productive food systems.

<sup>12</sup> In this evaluation, a multisector approach typically reflects individual projects comprising more than one sector. A cross-sector approach refers to the higher-level coordination efforts across sectors in ADB and in DMCs through country partnership strategies and programming.

<sup>13</sup> ADB established a multi-sector working group on nutrition security in December 2021.

are indeed priorities. Food price inflation, disrupted supply chains, and climate impacts have further stressed the importance of tackling food insecurity.

## B. The Operational Priority 5 Plan Suffered from Poor Design, Integration, and Monitoring

19. The OP5 approaches outlined under the three pillars are broad in scope and multisector in coverage. Potential interventions and actions to be undertaken are listed in detail under each pillar, but how they will be achieved, given that they will involve integrated and multisector approaches and delivery modalities, is inadequately outlined in the OP5 plan. An integrated approach to food security is required as global food systems have an increasingly adverse impact on biodiversity, ecosystems, and ecosystem services, including access and availability of freshwater, fiber, fuel, land, climate, and habitats.

20. Unfortunately, the problem analysis undertaken for OP5 did not sufficiently assess the key causes of the lack of rural development, economic prosperity, and food security. The analysis should have been done when the OP5 framework was being identified and designed. It would have provided a sound basis for a theory of change; strengthened strategic operational priorities, approaches, and indicators; and led to a greater emphasis on the importance of intra-OP5 linkages across the three pillars and of multisector engagement.

21. Rural development and food security and their resilience are not optimally framed in OP5. Food security is mentioned 60 times in the OP5 plan but never defined. Rural development is framed through a lens so broad and multifaceted as to encompass everything ADB does outside the urban space. Linkages and pathways between ADB's activities in rural development (pillar 1) and agriculture (pillars 2 and 3) are not integrated, lack focus, and miss the critical rural–urban linkages. Support for agricultural value chain (AVC), which should be the connector across ADB's work in this space, is correctly identified as pillar 2. However, AVC as an approach is never defined in OP5. An institutional approach was lacking, with clear guidance on the range of value chains that ADB will engage, the actors involved, and the entry points and sequencing for the public and private sectors. A more holistic food systems approach is missing. It would consider the production, storage, aggregation, post-harvest handling, transport, processing, distribution, marketing, disposal, and consumption of agricultural food and nonfood products while tackling the broader socioeconomic, environmental and climate change context.<sup>14</sup>

22. While OP5 refers to food security and insecurity (including nutritional needs) and the intake of safe and nutritious food depending on access (availability and/or affordability) and details the extent of food insecurity in the region, it lacks a clear definition of the term and a coherent theory of change, which impacts the scope of proposed OP5 interventions. A key gap is the exclusion of social protection policies, which are a core element in an integrated food security and nutrition program.

23. There is an underlying issue with naming pillar 3 food security. It should be part of the higher-level OP5 impact. To achieve food security (access, availability, improved nutrition, and food stability), it requires achievement of outputs and outcomes, beyond improved productive food systems (the core of pillar 3). It involves improved access to rural infrastructure and services (pillar 1), efficient agricultural value systems (pillar 2), linkages to nonagricultural and natural resource sectors, and strong functional linkages with urbanization. Therefore, placing a food security pillar at the same level of rural development and AVC is imprecise.

24. Rural development and food security are inherently cross-sector in nature and require a comprehensive multisector and thematic response. The OP5 plan primarily adopts an AFNR sector

<sup>14</sup> FAO. 2018. [Sustainable Food Systems: Concept and Framework](#).

perspective, which is where the plan is strongest, particularly in activities that support agricultural productivity, a mainstay of ADB's work over the years. The disconnect between AFNR sector inputs to the plan and the multisector inputs needed to achieve the OP5 goal of "prosperous rural economies for safe and nutritious food" is most evident in Appendix 1 of the plan, which identifies the contributions of other sectors and themes. While the contributions are excellent, they are not incorporated into the plan and are not adequately tracked, except for those related to rural infrastructure.

25. Monitoring and reporting for OP5 presents some challenges. CRF indicators are specifically designed for all operational priority plans, including for OP5. Although the indicators align with the three pillars of OP5, they mostly focus on outputs and lack specific targets. The lack of outcome targets makes it difficult to guide operations toward achieving overall goals. The CRF indicators have some key monitoring gaps, most notably the absence of clear indicators for policy support, social protection, and nutrition-related activities. Aside from the CRF indicators, the OP5 plan includes some expected outcomes. By 2024, the plan aims to achieve the following: (i) initiate two pilot rural economic hubs, (ii) scale up food safety and phytosanitary measures in one selected area, (iii) implement disaster risk mitigation and environmental protection measures in two DMCs, and (iv) expand the nonsovereign agribusiness operations project count to at least one-third of ADB operations in rural development and food security. Outcomes (i)–(iii) have limited value as they only deal with narrow aspects of OP5 and can be achieved through one or two interventions. Outcome (iv), however, is useful as it aligns well with the OP5 pillars, CRF, and corporate targets for nonsovereign support.

### C. Operational Priority 5 Had a Limited Effect on Portfolios or Country Strategies

26. Based on the classification adopted by ADB's Strategy, Policy, and Partnerships Department for tracking the CRF, the evaluation looked at the 3 years before the launch of OP5 (2017–2019) and 3 years after (2020–2022). Further details on the portfolio based on total ADB financing (ordinary capital resources, concessional loans, Asian Development Fund) are in Appendix 3. Projects tagged under OP5 decreased from 130 in 2017–2019 to 114 in 2020–2022, and from \$17.8 billion in 2017–2019 to \$15.3 billion in 2020–2022. The OP5 portfolio for 2017–2022 includes 244 projects amounting to \$33.1 billion or about 41 projects amounting to \$5.5 billion per year, representing about 28% of total ADB commitments by number and 26% by lending amount.

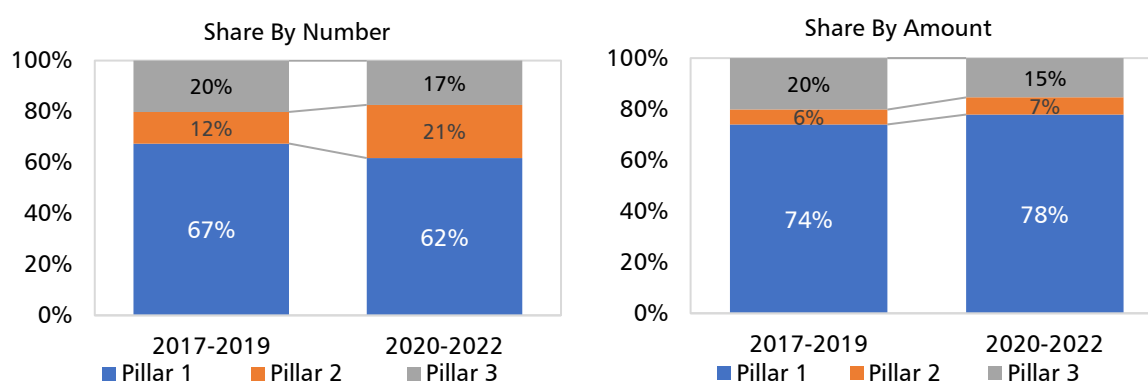
27. AFNR projects dominate, making up just under half of the portfolio in number (42% in 2017–2019 and 47% in 2020–2022) and about one-third in amount (35% in 2017–2019 and 32% in 2020–2022). AFNR has 17 subsectors and some like fisheries, although important for food security, were not well represented with only 2 projects in the portfolio.<sup>15</sup> Transport ranks second to AFNR, followed by energy. After the launch of OP5, there is a notable contribution from public sector management projects, which were nonexistent in the previous period. These include COVID-19 response programs and other policy-based lending programs that contribute to OP5 objectives. South Asia dominated the OP5 portfolio in number (66 projects) and amount (\$10.8 billion), followed by Southeast Asia. In 2017–2022, sovereign operations comprised 182 projects amounting to \$30.5 billion and nonsovereign operations (NSO) consisted of 62 OP5 nonsovereign investments amounting to \$2.6 billion. This may be attributed to the corporate target for agribusiness, which aims to be one-third of OP5 project count by 2024.

<sup>15</sup> One of these is the [Sustainable Coastal and Marine Fisheries Project](#) in Cambodia where the fisheries subsector is important as a protein source domestically and has the potential for export.

28. The evaluation identified the primary pillar of each investment by examining the degree to which the outcome and outputs are related to the CRF indicators for each of the three OP5 pillars.<sup>16</sup> When multiple OP5 objectives exist, the primary focus is placed on the output receiving the largest budget allocation.

29. Pillar 1 (rural development) has dominated the portfolio (62% by number and 78% by amount) since OP5 was launched (Figure 1). The share of pillar 2 in AVCs has notably improved by number (21%) and by amount (7%). The share of pillar 3 has decreased slightly in number and amount approved since the launch of OP5, although the decrease may partly be attributed to overall reduced operations in AFNR during the COVID-19 pandemic. Only one nonsovereign project had pillar 3 as its primary pillar, which was approved before the launch of OP5.

**Figure 1: Share of Operational Priority 5 Pillars by Number and Amount Approved, 2017–2022 (%)**



OP5 = Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024.

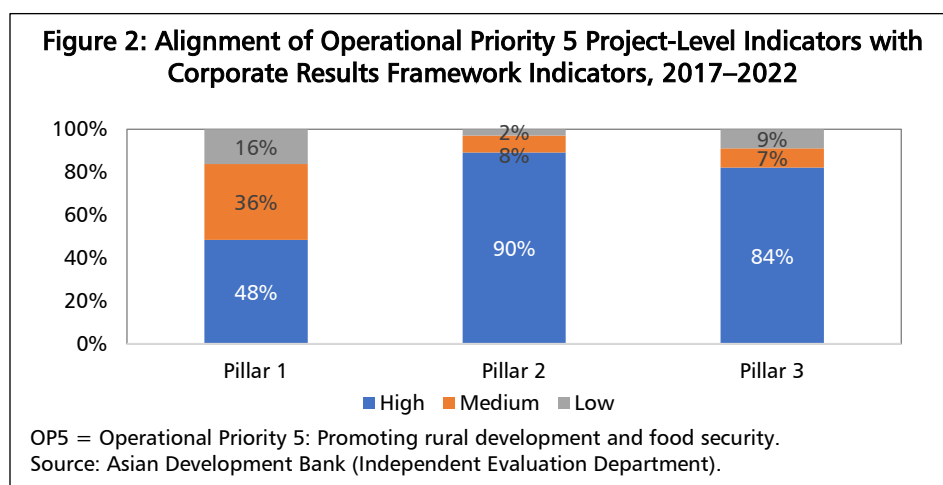
Source: Asian Development Bank (Independent Evaluation Department).

30. Using a relevance rubric based on alignment of project design and monitoring framework with OP5 CRF indicators, all 244 projects were assigned a *high*, *medium*, or *low* alignment rating.<sup>17</sup> Lower alignment was typically found in projects that did not have a clear focus on rural development or food security objectives. Based on this rubric, only 48% of projects in pillar 1 (rural development) were deemed to have *high* alignment with OP5 compared with 90% in pillar 2 (AVC) and 84% in pillar 3 (food security, Figure 2). *Medium* alignment with OP5 was observed in 36% of pillar 1 projects, for example, the Civil Aviation Development Investment Project II in Papua New Guinea (Loan 4277) was considered medium as only one of the four design and monitoring framework outputs (25%) on improving four rural airstrips to all-weather operations was directly aligned with pillar 1 of OP5). There were few projects with *Medium* alignment with OP5 in pillar 2 (8%) and pillar 3 (7%). *Low* alignment was observed in 16% of pillar 1 projects (e.g., the Tamil Nadu Industrial Connectivity Project in India [Loan 4062], a road transport [nonurban] project approved in 2021, considered *low* as its outcome

<sup>16</sup> The primary pillar assesses the extent to which the outcome and output indicators are connected to the three OP5 pillars: pillar 1—improved access to rural infrastructure and services; pillar 2—improved and more efficient AVCs; and pillar 3—sustainable, resilient, and productive food systems. If more than one OP5 pillars are addressed by a project, the characterization is based on the output with the highest budget allocation, as outlined in the report and recommendation of the President.

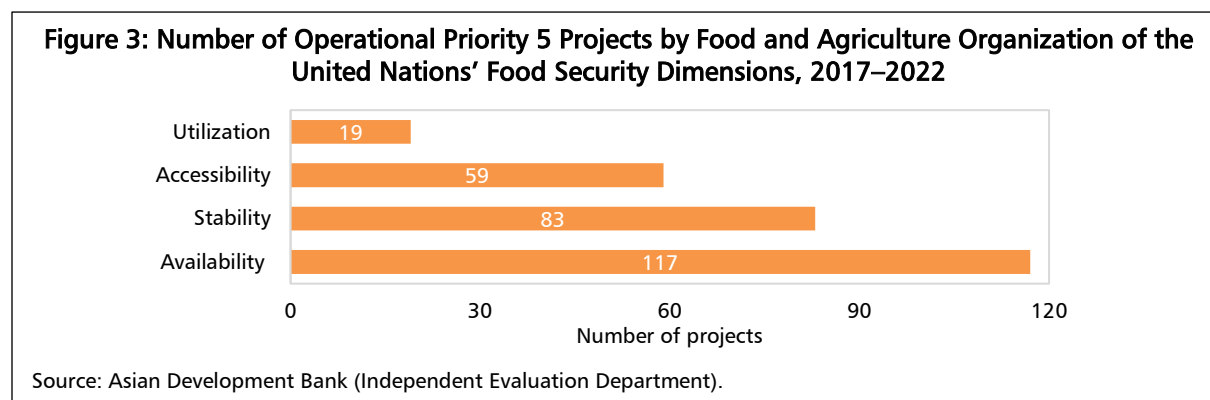
<sup>17</sup> If project level outcome is strongly aligned with OP5 CRF or contribution to strategy 2030 indicators, more than 50% of the outputs in the design and monitoring framework are related to OP5 or if more than 50% of the budget resources are allocated to OP5-related activities, a *high* rating is assigned. If the outcome or outcome indicators are aligned with OP5 CRF or contribution to strategy 2030 indicators, at least 30% but less than 50% of the outputs are aligned with OP5 CRF indicators, or if at least 30% but less than 50% of the budget resources are allocated to OP5-related activities, a *medium* rating is assigned. If alignment with OP5 outcomes is indirect or cursory. If less than 30% of the outputs are aligned with OP5 CRF indicators, or if less than 30% of the budget resources are allocated to OP5-related activities, a *low* rating is assigned.

indicators focus on travel time efficiency and road safety of state highways). The lower alignment of OP5–tagged projects in pillar 1 likely reflects their competing development objectives, which may not directly support rural development or food security.



31. The scope of rural development was broadly defined to essentially include all nonurban interventions. This has resulted in a large part of the OP5 portfolio being under pillar 1, and with a number of the projects having a more limited alignment with OP5 objectives.

32. The evaluation classified the OP5 portfolio based on the food security dimensions used by the Food and Agriculture Organization of the United Nations (FAO), which encompasses four dimensions: food availability, food access, food stability, and utilization (Figure 3). The analysis found that an individual project could support more than one dimension of food security and 135 projects or 55% of the OP5 portfolio was tagged for at least one dimension. Double counting was greatest for stability, reflecting its crosscutting characteristics to support the other three dimensions from climate and other shocks. Applying these dimensions, the evaluation found that these OP5 projects mostly support the supply side of food security or the physical availability and accessibility of food. Least support was for the utilization dimension.

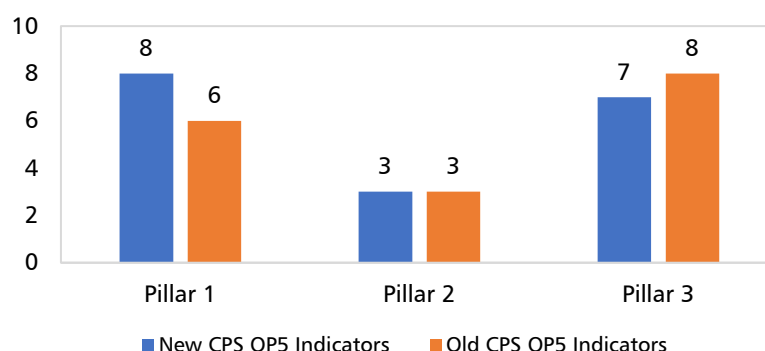


33. Nutrition forms part of the OP5 vision, but objectives on nutrition are not well reflected in the portfolio. A review of the project documents revealed that out of the 244 OP5 projects, only 20 (8%) mentioned nutrition. Only six (2.4%) have nutrition elements integrated at the output indicator level and only three (1.2%) have nutritional-related outcomes, indicating a limited focus on nutrition. This is consistent with the staff survey, which reported the lowest levels of agreement on ADB's support in the utilization dimension of food security, which includes nutrition and consumption issues.

This lack of attention to nutrition in the portfolio is a concern as it contrasts with the vision of OP5 to deliver safe and nutritious food. ADB has made efforts related to nutrition on the knowledge side. Recent technical assistance (TA) efforts have delivered effective support to DMCs.<sup>18</sup> However, more generally, this effort does not yet translate into a strong presence of nutrition-specific objectives in the OP5 lending portfolio. Other institutions have noted similar challenges. International Fund for Agricultural Development's recent impact assessment report,<sup>19</sup> noted that the projects covered underachieved on nutritional objectives. The report highlighted the lesson that "food security does not translate automatically into improved nutrition unless the project has a specific comprehensive nutrition strategy."

34. The evaluation assessed 12 countries with CPSs approved since OP5 was published in September 2019. The analysis assessed the results frameworks of CPSs to see if they registered any increase in attention to OP5 compared with their previous CPS. The countries comprised Bangladesh, the People's Republic of China (PRC), India, Indonesia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Papua New Guinea, Tajikistan, Timor-Leste, and Viet Nam. The Pacific Approach, 2021–2025 provides strategic guidance to ADB operations across the 12 small Pacific island countries and, therefore, was included in the assessment. The results frameworks of new CPSs (approved after the OP5 plan was published, 2020–2023) when compared with the old CPSs (approved prior to 2019) do not indicate a significant shift to OP5 objectives (Figure 4).

**Figure 4: Number of Country Partnership Strategies with Operational Priority 5 Indicators by Primary Operational Priority 5 Pillar, 2015–2023**



CPS = country partnership strategy; OP5 = Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024.

Note: (i) Pillar 1: Rural development enhanced. (ii) Pillar 2: Efficiency of agricultural value chains improved. (iii) Pillar 3: Food security increased.

Source: Asian Development Bank (Independent Evaluation Department).

## D. Operational Priority 5 Supports a Range of Crosscutting Issues

35. Most OP5 projects (81%) are categorized as either *gender equity theme* or *effective gender mainstreaming*, of which, 7% are *gender equity theme*. Given that OP5 investments interface closely with beneficiaries, there is scope to ramp up *gender equity theme* projects. The OP5 plan notes the growing share of women's participation in agriculture, in some cases resulting in the feminization of the sector as men migrate to urban areas and overseas. Many of the social protection and microfinance projects have a strong gender focus.

<sup>18</sup> ADB. 2022. [Technical Assistance Completion Report: Building Sustainable Food and Nutrition Security in Asia and the Pacific \(Phase 1\)](#).

<sup>19</sup> International Fund for Agricultural Development (IFAD). 2022. [IFAD11 Impact Assessment Report](#).



36. Climate adaptation financing in 2020–2022 totaled \$4.8 billion, with AFNR securing \$1.15 billion (24%), followed by transport at \$987 million (21%), and closely trailed by water and other urban infrastructure and services at \$939 million (20%).<sup>20</sup> Mitigation finance has been driven by operations in transport (43%), followed by energy (38%), finance (7%), water and other urban infrastructure and services (6%), and AFNR and others comprising a modest 3% each. The comparatively diminutive role of AFNR in climate mitigation is telling and a potential missed opportunity.

37. ADB's climate change action plan,<sup>21</sup> launched in December 2023, proposes actions by sector for DMCs to transition robustly to a low-carbon and climate-resilient trajectory. The climate change action plan underscores the urgent need for the transformation of agriculture and agrifood systems to align with global climate objectives while providing food security.<sup>22</sup>

38. Agriculture and climate change are a two-way street. Climate change begets erratic rainfall and extreme weather events that have a devastating impact on agriculture. Conversely, food systems contribute substantially to GHG: about one-third globally.<sup>23</sup> Methane is 28 times more potent than carbon dioxide in heat retention within the atmosphere and the second most abundant anthropogenic GHG after carbon dioxide.<sup>24</sup> Agroforestry, as a nature-based solution, could be pivotal in adaptation in local contexts as well as in mitigation by creating regional and global carbon sinks.<sup>25</sup> These facts reinforce agroforestry's significance in mitigating the impact of climate change, in adaptation and mitigation. OP5 is most closely aligned with the adaptation agenda, where gains in resilience for infrastructure, institutions, and people are essential for its success. However, OP5 could benefit from giving more attention to mitigation challenges. Other institutions have been more explicit in addressing the issue, and their guidance may be useful in shaping ADB's approach. The World Bank has developed guidance specifically for livestock, which includes cost-effective and quick-win practices such as improving manure management, feeding and animal health.<sup>26</sup> ADB has recently prepared broader guidance on decarbonizing the water sector including reference to irrigation systems.<sup>27</sup>

39. Environment and other natural resource management issues, particularly water resources, are not fully captured in the OP5 plan, even though projects related to natural resources, wetlands, and biodiversity (and to some extent, natural disaster management) are likely to fall under AFNR sector, automatically making them OP5 projects (Box 2). This does not fully reflect ADB's climate change action plan, which includes biodiversity, agrifood systems, and nature-based climate solutions. Given the critical role that climate change, natural hazards, environmental vulnerability, and degradation play in exacerbating food insecurity, socioeconomic issues, and health problems, OP5 approaches and interventions need to fully incorporate natural capital and climate change.<sup>28</sup> Developing integrated solutions aligns with Strategy 2030, which emphasizes the application of tailored approaches based on specific contexts and supports a better understanding of the factors driving fragility and resilience.<sup>29</sup> OP5 interventions, in line with ADB's climate change action plan (footnote 21), need to incorporate focus on strengthening biodiversity and natural capital and preserving healthy ecosystems, which will provide a stronger foundation for climate change mitigation and adaptation.

<sup>20</sup> In 2023, AFNR reported record adaptation finance and leading share at 36%. Mitigation remained low at 5%.

<sup>21</sup> ADB. 2023. [Climate Change Action Plan, 2023–2030](#).

<sup>22</sup> The Climate Change Action Plan lays out five focus intervention areas, including biodiversity, agrifood systems, and nature-based climate solutions. Biodiversity conservation and sustainable forest management hold the key to ecosystem services to underpin food production systems and nature-based climate solutions, including agroforestry and landscape approaches.

<sup>23</sup> M. Crippa et al. 2021. [Food systems are responsible for a third of global anthropogenic GHG emissions](#). Nature Food 2, 198–209.

<sup>24</sup> United States Environmental Protection Agency. [Global Methane Initiative](#).

<sup>25</sup> Agroforestry can store more carbon than conventional farming.

<sup>26</sup> World Bank. 2021. [Opportunities for Climate Finance in the Livestock Sector: Removing Obstacles and Realizing Potential](#).

<sup>27</sup> ADB. 2023. [Decarbonizing the water sector in Asia and the Pacific: Best practices, challenges, and opportunities for practitioners](#).

<sup>28</sup> Natural capital is defined in this evaluation as the stock of natural ecosystems and services.

<sup>29</sup> ADB. 2021. [Fragile and Conflict-Affected Situations and Small Island Developing States Approach](#).

A recent example of ADB’s efforts to ramp up investments aimed at delivering both biodiversity and climate gains is the OP5-tagged regional TA Scaling Up the East Asian-Australasian Flyway Initiative.<sup>30</sup>

### Box 2: Operational Priority 5 and Environmental Co-Benefits

The Independent Evaluation Department undertook an assessment to gauge the extent to which projects under Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024 (OP5) take up environmental co-benefits. The assessment centered on the relevance (presence, prevalence, and proportionality) and effectiveness of environmental indicators within design and monitoring frameworks (DMFs) of loans, grants, and technical assistance in the 10 case study countries under the OP5 evaluation. Environmental indicators were categorized using operational priority 3 pillar 3 (environmental sustainability enhanced), under Asian Development Bank’s corporate results framework.

Overall, 38% of OP5 loans and grants were found to have at least one environmental indicator present in their DMF, and on average, this represented 15% as a proportion of the number of indicators within DMFs. Investments in the People’s Republic of China had the highest presence (79%) and proportionality (33%) in environmental indicators across the 10 developing member countries studied. Predominant indicators include pollution control infrastructure assets, freshwater conservation and/or restoration, and sustainable water–food–energy nexus solutions. OP5 technical assistance projects demonstrate a presence of 51% and proportionality of 40% in DMFs, with freshwater conservation and/or restoration and solutions for terrestrial, coastal, and marine conservation emerging as prevalent indicators.

Concerning effectiveness, the assessment was limited to AFNR sector validation reports for 2021–2023. Despite the limited number of validations featuring environmental indicators in DMFs (19 loans and grants and 15 technical assistance projects), most of the projects with environmental indicators proved effective in achieving outcomes and outputs.

The application of corporate results framework environmental indicators in this exercise revealed the following:

- (i) OP5 projects do generate environmental co-benefits but are limited in environmental indicators’ subset categories and prevalence in most country portfolios.
- (ii) The greatest number of OP5 projects yielding environmental co-benefits were in the People’s Republic of China, showcasing positive environmental results, and serving as a source of lessons.
- (iii) The OP5 plan’s indicators touched on water delivery and supply and the water–food–energy nexus, but notably absent from the indicators is a consideration of water resource management.

Prospective environmental indicators in a revised operational priority 5 plan require a comprehensive discussion and review to tackle the link between agriculture and climate change impact. It is crucial to consider blind spots such as freshwater resources, biodiversity conservation, and soil health. The plan should incorporate climate solutions such as nature-based solutions and climate technology, which are interlinked with agriculture and food systems.

Source: Asian Development Bank (Independent Evaluation Department).

<sup>30</sup> ADB. 2021. [Technical Assistance for Scaling Up the East Asian-Australasian Flyway Initiative](#).



# Opportunities Exist to Enhance Coherence through Cross-Sector Support, Public and Private Cooperation, and Partnerships

40. How coherent are ADB's OP5 operations? In evaluation, coherence refers to the compatibility of an intervention with other interventions in a country, sector, or institution.<sup>31</sup> In this evaluation, internal coherence includes cross-sector contributions from ADB's AFNR and other sectors, and across lending and nonlending modalities. External coherence involves collaboration with other development partners to augment approaches and bridge knowledge gaps. The shift from sector to thematic outcomes was a central tenet of Strategy 2030. IED's evaluation of Strategy 2030 found that ADB has made more progress in integrating themes within sectors than in working across sectors and themes.<sup>32</sup> This chapter examines the extent to which this has been achieved in OP5, outlines good practices, and proposes models for greater cooperation across sectors for a more coherent approach.

### A. Cross-Sector Support Strengthens the Likelihood of Achieving Operational Priority 5 Goals

41. The theory of change developed for the evaluation is clear on the need for internal coherence across sectors to collectively deliver on the expected outcomes and ultimately achieve prosperous rural economies, reduce malnutrition, and ensure food security for all. AFNR plays a vital role in driving ADB's efforts toward these goals. ADB employs country strategies, policy dialogue with DMCs, programming, and investments. However, realizing the goals ultimately requires the combined efforts of various key sectors in a strategic manner. Nutritional goals, for example, will not be achieved without support from the social protection, health, and education sectors. Examples of internal coherence across sectors were evident in the country case studies, but in most cases, there is limited evidence that this is being organized in a strategic manner to deliver the thematic goals of rural development or food security. This was reinforced by the fact that several interventions that supported food security but were not tagged as OP5 and the CPSs approved since 2019 showed little renewed focus on OP5. The absence of clear definitions for rural development and food security in the OP5 plan, weak monitoring, and the lack of a systems approach, as reported in the previous chapter, is likely to have been a barrier to fostering such cross-

<sup>31</sup> Organisation for Economic Co-operation and Development (OECD). 2023. *Glossary of Key Terms in Evaluation and Results Based Management for Sustainable Development (Second Edition)*. Paris: OECD Publishing. Internal coherence is defined as the synergies and interlinkages between the intervention and other interventions carried out by the same institution or government, as well as the consistency of the intervention with the international norms and standards to which that institution or government adheres. External coherence is defined as the consistency of the intervention with other actors' interventions in the same context. External coherence includes complementarity, harmonization and coordination with others, and the extent to which the intervention is adding value while avoiding duplication of effort.

<sup>32</sup> IED. 2024. *Midterm Evaluation of Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*.

sectoral approaches. The country case studies highlighted examples of where approaches worked well and where there were some missed opportunities to direct the pipeline towards thematic objectives.

42. The Philippines offered positive examples of cross-sectoral approaches on food security through social protection, agricultural reforms, and disaster response. The Social Protection Support Project (Second Additional Financing), although not tagged as OP5, has contributed to food security. The project completion report noted impact evaluation evidence showing that beneficiary households spent more on food and had lower hunger levels.<sup>33</sup> In parallel, the Competitive and Inclusive Agriculture Development Program supported reforms to enhance food security in the Philippines by ensuring sufficient and affordable rice for all Filipinos through rice trade liberalization. The Program included the Rice Competitiveness Enhancement Fund aimed to support the rice industry and smallholder farmers affected by the reforms. The PSOD microfinance project, which supports ASA Foundation in delivering rural finance to women in lagging and conflict-affected regions, is also helping improve household food security (Box 3). Finally, in the Philippines, an Asia Pacific Disaster Response Fund (APDRF) grant, also not tagged as OP5, was used to meet emergency needs in response to Typhoon Odette.<sup>34</sup> Consultations with the World Food Programme, partners in implementing the grant, confirmed that interviews with 380 beneficiaries' households indicated that they could meet their food and nutrition needs and attributed this to the assistance received. This collaboration has fostered a future partnership between ADB and the World Food Programme on food stamps.

43. Positive examples of cross-sectoral support for rural development and food security were also seen through transport, energy and microfinance support in Bangladesh and India. The Rural Connectivity Improvement Project is improving the road network connecting the rural population to markets. The Power System and Rural Electrification Project has increased energy supply capacity, including for irrigation. ADB has also developed a road map to support Bangladesh to scale up solar irrigation pumps to boost agricultural productivity and reduce reliance on fossil fuels. The Microenterprise Development Project, not tagged OP5, was implemented to help restore the economic activities of microenterprises (including severely affected women) impacted by the COVID-19. Good practice has arisen in mobilizing rural finance for dairy microenterprise to link quality milk production and local marketing in its Additional Financing project, tagged as OP5. In India, the Maharashtra Rural High Voltage Distribution System Expansion Program, the first results-based lending program financed by ADB in South Asia's energy sector, provides reliable and high-quality rural power supply to agriculture consumers in Maharashtra, a recognised constraint to agricultural productivity when the project was designed.

44. Missed opportunities for cross-sectoral support were also observed in the country studies. The absence of an AFNR division in the Pacific Department has limited the opportunity for more direct support in the sector for the Pacific DMCs. Missions to Tuvalu and Vanuatu highlighted the benefits that can be gained outside of AFNR, particularly in logistics and transport. The Outer Island Maritime Infrastructure Project (including additional financing) aimed to improve the internal and external marine transport system. Interviews indicated that the investment significantly contributed to food security, as a large portion of the food supply is imported. The Strengthening Domestic Shipping Project, approved in 2022, will help maintain food supply linkages. Disaster risk reduction and response efforts play a role in food security, although often not tagged as OP5. The ADB \$4 million contingency disaster financing through the Pacific Disaster Resilience Program (Phase 3), which supported Tuvalu during the drought in November 2022, when a national emergency was declared, was of critical importance. The project made water available during a drought. Vanuatu has a similar contingency disaster financing project in place from the same program. Coherence could be improved by integrating AFNR projects with the transport and logistical support needed to move the food supply. However, ADB can build on its knowledge and experience on transport infrastructure to support agricultural value chains in the Pacific.

<sup>33</sup> ADB. 2022. [Completion Report: Social Protection Support Project in the Philippines](#).

<sup>34</sup> ADB. 2023. [Completion Report: Typhoon Odette Emergency Response Project in the Philippines](#).

**Box 3: ADB Support for Rural Microfinance through a Nonsovereign Debt Financing Facility: Empowering Women in Traditional Value Chains**

In August 2018, the Asian Development Bank (ADB) approved a \$30 million multitranche debt financing facility for a microfinance institution in the Philippines. The microfinance institution is a nonprofit, nonstock corporation structured as a nongovernment organization that specializes in providing microfinance lending and savings. It is one of the largest microfinance providers in the country.

ADB's facility targeted women borrowers, most of whom own and manage microenterprises. Up to 80% of the financing proceeds were deployed to lagging and conflict-affected provinces in the Visayas and Mindanao, while the balance was directed at remote and less developed areas of Luzon. ADB's facility was divided into three tranches of \$10 million each, with tenors of 3, 4, and 5 years. ASA decided not to avail itself of the third tranche, which expired in December 2022. A review of the project's design and monitoring framework shows that the outcomes and outputs have directly helped achieve operational priority 5 objectives. As of the end of 2022, the project had met all but one of its targets.

In March 2023, ADB's Economic Research and Development Impact Department provided further upstream support via a technical assistance grant, which aided the microfinance institution in developing its Social (Gender) Bond framework as well as obtaining a second-party opinion. On 5 July 2023, it raised \$90 million (₱5 billion) through a 5-year gender note issue, which was subscribed by primary institutional lenders. ADB's upstream support in paving the way for the first gender bond issue in the Philippines is in accordance with the Independent Evaluation Department's finance sector evaluation recommendation: Help nonsovereign operations clients obtain financing from sources other than loans or equity investments.

Focus group discussions were held with beneficiaries in Tacloban and Calbayog (both in the Visayas) as the areas have higher ADB fund allocations than Luzon provinces and a large client base with agriculture and fishing businesses. Low interest rates and weekly collection provided by the microfinance institution gave the beneficiaries flexibility, helping them earn some profit and reuse the money for their family's needs. Before partnering with the microfinance institution, the beneficiaries were often at the mercy of loan sharks, who charged exorbitant daily rates and immediately charged interest. Most of the respondents said they used loan proceeds to fund their businesses. Several said they were able to buy boats, boat engines, and motorbikes; fund micro and small businesses such as sari-sari stores; use the capital to sell rice cakes and smoked fish; and pay for children's schooling, house repairs and renovation, and water connections.

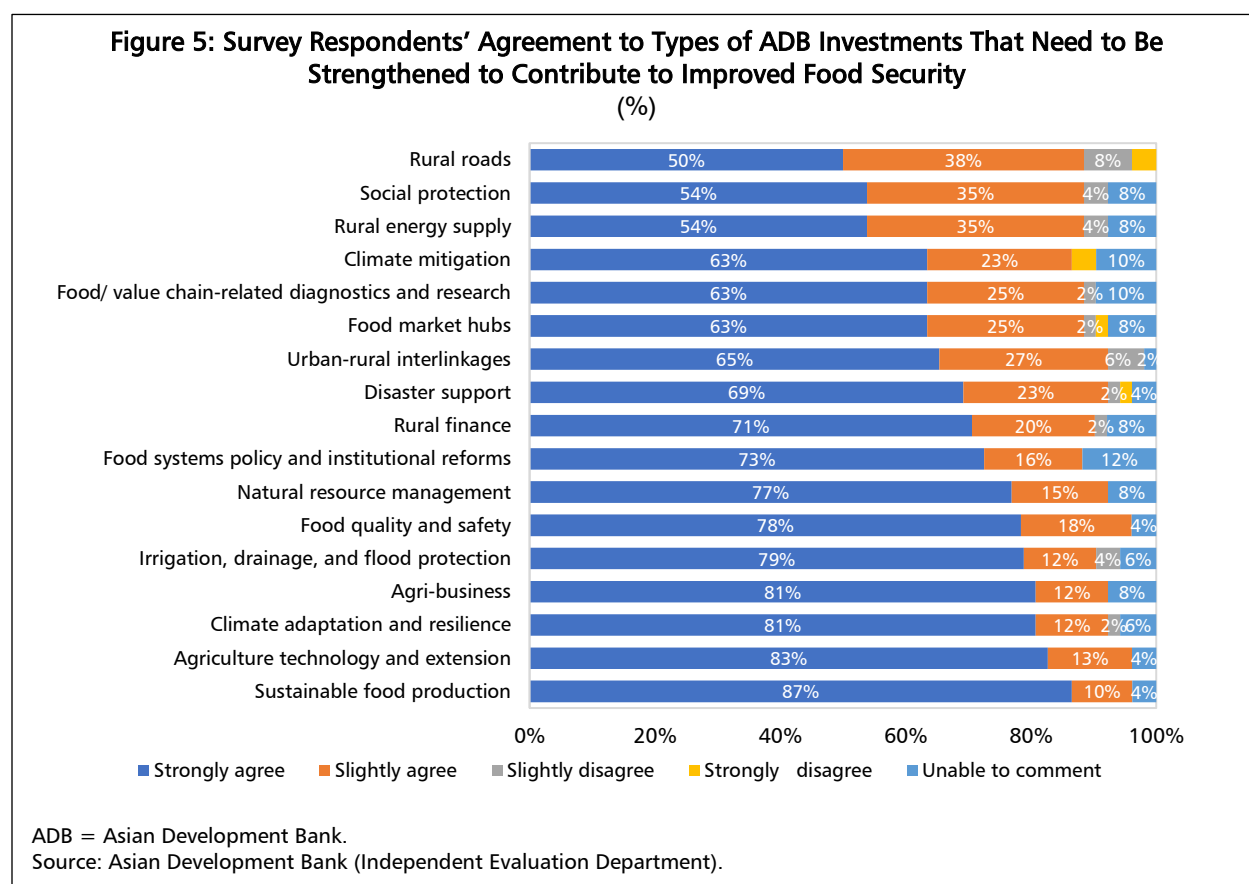
Most respondents said that the microfinance institution had given them previously unavailable opportunities, such as access to a credit line and a savings account. Banks would not accept them as clients and had too many requirements. Most respondents saw themselves continuing to borrow from the microfinance institution to diversify their earnings by, for example, transitioning from fisheries to piggeries or increasing the volume of fish they sell. While natural disasters such as typhoons pose a challenge, the microfinance institution has enabled beneficiaries to promptly repair their houses and boats.

Source: Asian Development Bank (Independent Evaluation Department).

45. The Philippines portfolio also offers an example of a missed opportunity. The portfolio included two important policy-based loans on climate change and agriculture, which both aim to support rural development and food security. However, there were no investment projects working directly on agriculture. A stand-alone investment project, or one combined with reforms through a sector development program, could act to bed-in reforms made through the policy-based loans and enhance the relationship with government and development partners directly engaged in agriculture. More generally, while policy-based lending for OP5 has increased, even so, the number and amount of the investments are limited, representing only 3% of the total OP5 portfolio by number and 7% by amount.

46. The projects highlighted in the preceding paragraphs demonstrate that ADB's broad range of sectors and modalities offer multiple entry points to achieving food security. Although food security is not always the prime objective of the interventions, tracking them is crucial as is assessing how they

contribute to food security in a coherent manner, alongside ADB’s more direct AFNR interventions. The staff survey sheds some light on the range of cross-sector support needed for OP5 (Figure 5).<sup>35</sup> Overall, the responses indicated all these types of investments need additional strengthening, with high levels of overall agreement. Digging deeper, the top five areas with the highest “strongly agree” responses were: (i) sustainable food production (87%); (ii) agriculture technology and extension (83%); (iii) agribusiness (81%); (iv) irrigation, drainage, and flood protection (79%); and (v) food quality and safety (78%). These topics align closely with ADB’s core activities in AFNR, which was also the dominant group of respondents at 56%. The survey was circulated to all team leaders of OP5 tagged projects. The poor response rate from non-AFNR staff may reflect a weaker sense of ownership to OP5 objectives outside of AFNR.



47. ADB’s new operating model also offers an opportunity for greater cross-sectoral support on rural development and food security. ADB’s raised ambition on food security is in line with the new operating model, which intends to position ADB as a climate bank, with increased focus on the climate–food–nature nexus.<sup>36</sup> The new operating model sees the establishment of a Sectors Group to facilitate cross-sectoral work and prevent silos. The Agriculture, Food, Nature, and Rural Development Sector Office also established under the new operating model aims to lead the ADB-wide efforts on enhancing food security, scale up natural capital investment, promote integrated river basin management, develop inclusive and green agricultural value chain, and pilot integration of sovereign operations and private sector investment. The number of ADB international and national staff with position titles that are AFNR-related increased from 17 in 2017 to 26 in 2022, not including the Agribusiness Investment Team of the Private Sector Operations Department (PSOD), which was established in 2015. Unlike sovereign

<sup>35</sup> Details of the staff survey are in Appendix 5.

<sup>36</sup> ADB. 2022. *Organizational Review: A New Operating Model to Accelerate ADB’s Transformation toward Strategy 2030 and Beyond*.

operations where regional divisions have been in place, agribusiness nonsovereign operations are conducted through a team within PSOD. As mentioned above, there has been no AFNR division for the Pacific, which has limited sector work in this region. Under the new operating model, AFNR includes the Pacific region under its operations and its staff resources are available to support the Pacific directly in achieving the objectives of OP5.

## **B. Sovereign and Nonsovereign Cooperation Supports Internal Coherence Through Agricultural Value Chains**

48. In many cases, countries' national development plans, coupled with corresponding ADB CPSs, underscore the importance of agricultural commercialization and value addition in advancing agriculture and natural resources. However, the OP5 portfolio reveals that the strategies have not fully translated into direct sovereign assistance for agricultural commercialization. More commonly, as illustrated in the country case studies, sovereign interventions provided indirect support toward diverse activities and stakeholders within the value chains (Box 4).

49. The most notable change in the OP5 portfolio since its launch has been the nearly doubling of the number of AVC investments, largely driven by PSOD. The increase in the number of ADB-supported NSO agribusiness projects during the evaluation period is a positive development. Out of the 62 OP5 NSO projects committed during the period, 28 were originated by PSOD's Agribusiness Investment Team and were identified as having AVC as their primary OP5 pillar. PSOD's Agribusiness Investment Team has successfully established productive client relationships with large regional and international agricultural commodity groups and local companies.<sup>37</sup> Many large-scale agricultural commodity players have sophisticated strategic plans that include objectives related to net zero, regenerative, and sustainable agriculture targets. Collaborating with these groups presents an opportunity for ADB to engage on a scale and provide financing, training, and support to diverse groups of smallholder farmers. However, ADB lacks a coherent approach to AVC that encompasses sovereign and nonsovereign entry points and integrates its work across sectors. Other institutions have similar guidance in place. For example, FAO has designed an approach that focuses on sustainability. The approach includes analyzing the economic, social, and environmental impacts, as well as ensuring the value chain's resilience to shocks and stresses.<sup>38</sup>

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<sup>37</sup> Out of the 35 existing and past direct agribusiness PSOD clients in 20 DMCs, 5 are multinational companies and 30 are developing member country companies.

<sup>38</sup> FAO and United Nations Industrial Development Organization. 2024. [Developing Sustainable Food Value Chains—Practical Guidance For Systems-Based Analysis and Design](#). *SFVC Methodological Brief*. Rome and Vienna.

#### Box 4: ADB's Sovereign Investments Support Agricultural Value Chain Development

**Technology.** The incorporation of modern agricultural technologies has yielded varied outcomes. In Cambodia, the adoption of improved and climate-resilient rice varieties has enhanced agricultural productivity. However, the utilization of air-to-water technology has faced challenges because users lack technical understanding. On the other hand, farm mechanization in Bangladesh and Cambodia aims to resolve labor shortages and expedite farm operations.

**Capacity building and institutional strengthening.** Capacity-building initiatives have empowered farmers by providing them with knowledge of new cropping techniques and best practices. Investments in strengthening the capacities of farmer groups, agricultural cooperatives, and project executing agencies are deemed crucial for sustaining agricultural value chain (AVC) development.

**Infrastructure development.** Development partners and governments have noted that the Asian Development Bank (ADB) has an edge in providing infrastructure. Road development and rehabilitation projects constitute a significant portion of ADB's portfolio in Bangladesh and Cambodia. Improvement of rural roads, particularly farm-to-market roads, has reduced transport costs and travel time, encouraging the establishment of local enterprises and social infrastructure (e.g., health centers), rural electrification, and the entry of various AVC stakeholders such as traders and input suppliers. In Cambodia, these developments have paved the way for exports, such as cashews, to Viet Nam. The crop storage warehouses have been highly praised as they provide ample space for surplus production. The facilities have created an opportunity for collective organization; strengthening of bargaining power; and establishment of connections between producers, traders, and input suppliers. Farmer cooperatives store their heavy and mechanized farm equipment in the warehouses. The facilities have helped farmers secure better prices for their products. In Vanuatu and Tuvalu, ADB support for shipping, ports, and wharfs has been critical in maintaining functioning value chains and food security. In Tuvalu the Increasing Access to Renewable Energy Project also plays a similar role in the outer islands.

**Food safety.** Food safety concerns have hampered agricultural exports, prompting ADB to support Cambodia's AVC Competitiveness and Safety Enhancement Project and the Greater Mekong Subregion Cross-Border Livestock Health and Value Chains Improvement Project. These initiatives highlight ADB's commitment to boosting food safety and export competitiveness.

**Agricultural research and digitalization.** ADB's technical assistance resources facilitated knowledge product development, capacity-building activities, and the adoption of digital technology. In Cambodia, funds were employed for AVC interventions and digital technology development in the Ministry of Water Resources, while Bangladesh utilized research for water management projects.

**Rural finance and gender dimensions.** Building on the success of previous projects, the microenterprise development project in Bangladesh secured additional financing for microenterprises, particularly those managed by women, mitigating the impacts of the coronavirus disease (COVID-19) pandemic. The project emphasized the potential of efficient nongovernment organizations to serve as channels for rural finance and to oversee the management of enterprises.

**Water management.** ADB has played a pivotal role in advancing effective water resource management in Bangladesh and Cambodia. In Bangladesh, small-scale water management has empowered local populations to manage their water resources and increase agricultural production.

**Financial intermediary support.** The financial intermediary modality was used for the sovereign horticulture and livestock value chain projects in Uzbekistan. This led to increased production and exports. However, current loan size and credit requirements allow only larger producers and enterprises to participate. Smallholder farmers have limited access to the loans. In the future, projects should target these groups and include effective modalities and loan criteria to improve their access to loans and the distributional impact of projects on livestock and horticulture value chains.

Source: Asian Development Bank (Independent Evaluation Department).

50. FAO reported a useful typology that broadly defines the three stages of development of a country's AVC: traditional, transitional, and modern (Box 5). Most of ADB's DMCs are situated between the transitional and modern stages. However, there are significant differences across countries, and each country faces unique opportunities based on factors such as natural endowment for agriculture, entrepreneurial spirit and capacity, and financial system development, among many country-specific variables and circumstances.



### Box 5: A Potential Typology to Help Frame ADB's Investments in Agricultural Value Chains

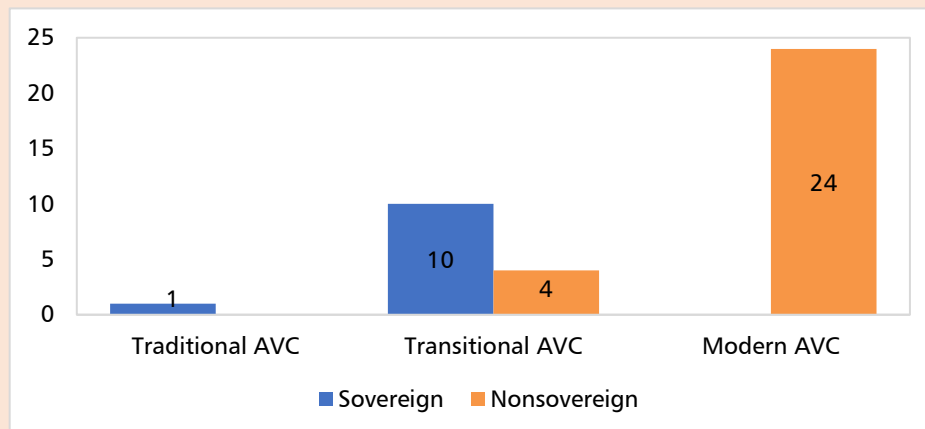
#### Stages of Agricultural Value Chains

| Traditional  | Transitional  | Modern or Integrated  |
|--|---|---|
| Typical of lower-income countries, with agricultural production not integrated into markets to any great extent, mostly intended for home consumption, and with limited value addition | Typical of countries with growing incomes, where farms and agribusiness firms are becoming part of supply chains, with one or more steps that add value, either through product transformation or an associated service | Typical of middle-income countries and upper-middle-income countries with more specialized agribusiness firms and more highly developed supply chains, including integration into global value chains |

Source: Adapted by the United Nations from C.B. Barrett et al. 2022. [Agri-food Value Chain Revolutions in Low- and Middle-Income Countries](#). Journal of Economic Literature.

In terms of agricultural value chain (AVC) typology stages, nonsovereign project commitments include 4 projects in the transitional stage and 24 projects in the modern stage, the latter increased from 8 to 16 projects between 2017–2019 and 2020–2022 periods. This distribution is a result of Private Sector Operations Department Agribusiness Investment Team's client relationships with large agricultural commodity groups and leading domestic agribusiness companies and the general preponderance of bankable AVC projects in the modern category.

#### Stages of Agricultural Value Chain Transformation of ADB Projects by Operation, 2017–2022



ADB = Asian Development Bank, AVC = agricultural value chain.

The amount of sovereign AVC transactions has been more modest, with six AVC project commitments in 2017–2019 and five in 2020–2022. Sovereign AVC project commitments are almost exclusively in the transitional stage, with only 1 of 11 in the traditional stage and none in the modern stage.

The breadth and complexity of AVCs require a strategic framework that is holistic in its view of challenges and opportunities and can deliver bankable interventions that are suitable for the public and private sectors. The specific roles of public and private sectors must be determined in accordance with country-specific circumstances and the stage of development of its AVC along the traditional, transitional, and modern value chain trajectories.

Source: Asian Development Bank (Independent Evaluation Department).

51. ADB TA provides examples of how it can support cross-sector and sovereign–nonsovereign coherence, as well as the diagnostic work required to underpin the approaches. A TA project funded a study on cross-border horticulture value chains in the Fergana Valley to examine export growth

opportunities for products from the Kyrgyz Republic, Tajikistan, and Uzbekistan in external markets.<sup>39</sup> The recommendations focused on immediate physical and regulatory improvements to promote horticulture value chains in the Fergana Valley. The recommendations were highly cross-sectoral in nature and included: improving irrigation, as it was a considerable constraint on horticulture value chain growth; increasing the supply of sufficient and affordable certified saplings; and boosting infrastructure and connectivity, primarily roads and border-crossing point infrastructure. ADB TA support for Olam International Limited<sup>40</sup> offers another example, where this PSOD TA supporting coffee growers in Timor-Leste was well-received by government and provided a basis for leveraging its activities further through a sovereign project, the Coffee and Agroforestry Livelihood Improvement Project.<sup>41</sup>

52. In Asia and the Pacific, AVCs have significant potential, representing an opportunity for ADB sovereign operations and NSO. Notwithstanding important achievements in recent decades in hunger reduction, agricultural productivity gains, nutritional gains, and associated economic developments, AVCs have significant unfinished business and challenges. These include dealing with the effects of climate change on production and the GHG footprint of production, deforestation and habitat loss, and the rise of noncommunicable diseases associated with increased consumption of processed foods. Opportunities span a broad range of possible interventions, including farmer productivity interventions and internet-enabled food delivery services. The experience of the PRC suggests that top-down and bottom-up efforts were essential in transforming its agrifood system, which has allowed it to enter several global AVCs.

53. Previous multilateral development bank evaluations have emphasized the need for support to develop AVCs. A sector-wide evaluation conducted by IED, covering 2005–2017, examined ADB’s support for AFNR. The evaluation resulted in recommendations that are still valid today: (i) increasing attention to agricultural activities, policy and institutional reforms, and the private sector to tackle key constraints and outcomes; and (ii) recognizing areas of expanding work, such as value chains, that require stronger upfront diagnostics work and would benefit from stronger support from coordinated public and private sector operations. Evaluations conducted by development finance institutions evaluations generally acknowledge that promoting AVCs can result in productivity gains and improved quality, better economic conditions, and greater food security.<sup>42</sup> The evaluations highlight that integrating smallholders into value chains is an appropriate strategy. The International Monetary Fund has observed that participating in global value chains can provide companies with access to knowledge and financing, leading to structural transformation of the rural economy.<sup>43</sup> An important finding from the 11th Impact Assessment Report of the International Fund for Agricultural Development is that increased productivity through well-functioning AVCs translates into better income and livelihoods for farmers (footnote 19). IED’s own evaluation from more than a decade ago concluded that making AVCs more effective and efficient can benefit all participants in the value chain and contribute to food security and poverty reduction.<sup>44</sup> This underscores the importance of continued engagement between development finance institutions and their sovereign borrowers in the traditional role of value chain creation.

<sup>39</sup> ADB. 2023. *Implementing the Regional Cooperation and Integration Operational Plan*. Consultant’s Report. Manila (TA 9350-REG).

<sup>40</sup> ADB. 2017. *Technical Assistance for Olam International Limited—Inclusive, Sustainable, and Connected Coffee Value Chain*.

<sup>41</sup> ADB. 2020. *Proposed Administration of Grant Democratic Republic of Timor-Leste: Coffee and Agroforestry Livelihood Improvement Project*.

<sup>42</sup> A. Mechri, M. Hanisch, and H. Hänke. 2023. *The Transformative Value Chain: Rethinking Food System Interventions*. *Front. Sustain. Food Syst.* 7:1149054; and DEval. 2016. *Agricultural Value Chains*. Bonn: German Institute for Development Evaluation.

<sup>43</sup> International Monetary Fund. 2015. *Reaping the Benefits from Global Value Chains*. *IMF Working Paper*.

<sup>44</sup> IED. 2012. *Evaluation Knowledge Study: Support for Agricultural Value Chain Development*. Manila: ADB.



## C. Operational Priority 5 Needs to More Clearly Articulate ADB Entry Points to Maximize Co-Benefits

54. OP5 does not effectively capture the significant interlinkages and resulting coherence needed to achieve the system-wide transformation through sovereign and nonsovereign measures to meet food security objectives. Given the heavy GHG footprint associated with agriculture, particularly that of rice, fertilizer, deforestation, meat, and dairy production, OP5 must tackle the strategic imperative of climate change and its impacts on the region's agrifood system. ADB needs to better connect its engagement with agrifood clients to efforts aimed at managing GHG emissions in farming, food production, and distribution. By accelerating the transition of net zero-aligned agriculture, ADB can create significant opportunities to establish new partnerships and expand existing ones, particularly with the private sector. OP5 could better capture externalities resulting from agricultural practices and promote natural capital asset management as part of a strategy for rural development, agriculture, and food security.

55. More could be done to raise the profile of ADB's work in this area, given the potential for significant direct and indirect benefits and co-benefits. While ADB's strategic ambition for energy transition has attracted much external interest, it is no less important to clearly communicate the need for agricultural transition. Food systems are responsible for about a third of GHG emissions and a significant share of Scope 3 emissions for food manufacturers and retailers. Successful agriculture partnerships could offer a range of benefits, such as enhanced water and natural resource management, healthy ecosystems and sustainable ecosystem services, preservation of habitats and biodiversity, and inclusive access to economic opportunities for underserved rural communities.

56. A revised understanding of the importance of AVCs, with a more explicit private sector perspective, is overdue. IED's recent topical paper on global value chains highlighted that ADB interventions often focus on providing training support to policymakers and government administrative units. However, ADB does not yet recognize global value chains as an area of strategic focus or as an operational framework. There is significant potential to work closely with NSO clients such as smallholder farmers and producers to promote sustainable farming and food security. Good examples that deserve replication are ADB projects in Mongolia, where guarantees have been provided to local banks for onlending to private agribusiness enterprises, along with a local grant and infrastructure development facility. PSOD's collaboration with Olam in supporting end-to-end sustainable supply chains for coffee production in Timor-Leste, Indonesia, Papua New Guinea, and Viet Nam is a strong example of the value that ADB can contribute to support smallholders. To achieve these outcomes, ADB has leveraged the knowledge, smallholder networks, and expertise of key frontline private sector partners, including banks and large-scale agricultural commodity traders.

57. ADB has the potential to build strategic partnerships with external parties such as private sector agricultural input providers, agribusiness producers, agri-commodity trading groups, food processors and retailers, and financial institutions including banks and insurers. During the period under review, PSOD's Agribusiness Investment Team achieved significant portfolio growth and positive development outcomes through this approach. Under the new operating model, the AFNR Sector Office has also recently established Emerging Area Team that aims to further explore and promote sovereign-nonsovereign cooperation focused on agricultural value chains. To sustain success, it is essential to secure appropriate and decentralized staffing resources. The transition of agriculture and food production has been identified as one of the most attractive investment opportunities for the private sector in Southeast Asia, according to a recent report by LeapFrog Investments and Temasek.<sup>45</sup> The report highlights India, Indonesia, and Viet Nam as key markets. While the report focuses on innovative investment opportunities in Viet Nam, such as data-driven fertilizer application and insect-based animal feeds, there are still numerous investment prospects in improved trade. These include disseminating pricing information,

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<sup>45</sup> LeapFrog Investments and Temasek. 2023. [Investor Roadmap for Inclusive Green Growth](#).

establishing efficient cold storage, and improving logistics to minimize food wastage and strengthen the resilience of current supply chains.

58. ADB's support to AVCs could be more coherent and strategic, with more clearly defined sequencing of sovereign and nonsovereign interventions to enhance development outcomes, including food security. The public sector, particularly finance, has a crucial role in creating an environment that facilitates private sector participation in the agrifood system. Evaluations of interventions by multilateral development banks in value chains have shown that they have fallen short of achieving their development objectives, particularly in reducing poverty. This is partly because of the complexity of the socio-technical structures and the specific context of food system dynamics in each country. Comprehensive value chain analyses are needed to guide adjustments during implementation. Sustaining the benefits of AVCs requires a holistic approach that considers all stakeholders, including the private sector and other development partners involved in the agrifood system. Box 6 presents an example of when the coordination and sequencing between sovereign and nonsovereign works well, while also delivering co-benefits.

#### **Box 6: Sequencing, Coherence, and Co-Benefits in Mongolia—A Success Story**

The Mongolia Agriculture and Rural Development Project was approved in 2008, with grant funding of \$14.72 million and a technical assistance (TA) grant of \$2 million.<sup>a</sup> The project aimed to support private sector development by increasing the availability of medium- and long-term financing from local financial institutions, including retail and non-retail banks. Its objective was to boost the production and value addition of premium value agricultural products with export potential. Recognizing the success of the pilot phase, the Asian Development Bank (ADB) approved additional financing, including for the TA, in 2015. The financing closely aligned with the government's priority of creating jobs and with ADB's interim country partnership strategy. Over close to 13 years, the project and TA reached thousands of herders and farmers, who form the base of the value chain for several products. This was achieved through seminars, training and capacity-building events, and the development of technical manuals. However, perhaps the most lasting impact was the completion of more than 60 appraisals of loan proposals from private sector companies for value chain investments. This helped boost the preparedness of companies and participating financial institutions to secure financing on commercial terms based on business opportunity and growth, rather than just on assets provided as guarantees.

The project helped prepare private sector companies for commercial operations and develop the skills and business acumen to access financing from diverse sources, including ADB. One of the first companies to be involved in the project was Gobi Joint Stock Company, which has since become Mongolia's leading cashmere design, manufacturing, and export company. ADB projects and TA spanned the entire value chain, including farm production and quality enhancement and financial and private sector development. This engagement has been consistent for more than 13 years. Gobi has now been the recipient of a \$30 million sustainability-linked loan to support the cashmere value chain in Mongolia. The project will strengthen the climate resilience of cashmere herders. It provides extension services that boost herders' resilience to climate change, including (i) access to winter hay to reduce vulnerability, (ii) high-quality and timely veterinary services to improve animal health and reduce vulnerability to climate-related stressors, and (iii) improved genetics to increase per-animal revenue.

Private Sector Operations Department's Agribusiness Investment Team has developed a large base of existing and prospective agribusiness clients in Mongolia since 2019. Existing clients are involved in dairy, flour, and restaurants. Prospective clients are involved in food retail and dairy. ADB led a private sector roundtable in Mongolia during which private sector agribusiness clients discussed their perspective on policies required for more private sector investments in the sector. It is critical that the agricultural value chain "sequencing" also include the closing of the loop with structured feedback from ADB's nonsovereign operations and private sector clients provided to governments to shape the design of policies and ADB's sovereign operations for more private sector investments.

<sup>a</sup> Asian Development Bank. [Agriculture and Rural Development Project](#)

Source: Asian Development Bank (Independent Evaluation Department).

59. Pathways to enhanced coherence and development outcomes can be clarified and further developed through several avenues, including through renewed engagement on the policy front;

analytical work; and value chain analytics that span traditional, transitional, and modern value chains. Reducing food insecurity will result from the implementation of several measures that improve country food systems and AVCs in a sustainable manner that can be stress-tested against internal and external shock scenarios.

## D. External Coherence Takes More Effort but Can Leverage Knowledge and Finance

60. ADB increased its commitment to food security in September 2022, aiming to provide at least \$14 billion in 2022–2025 to ease a worsening food crisis in Asia and the Pacific and improve long-term food security. The decision was made in response to escalating food inflation in May 2022 and has yielded greater development partner cooperation and action (Box 7). The intensified focus on food security and food systems highlights the significance of partnerships in expanding finance and knowledge.

61. Despite the emphasis on external coordination and coherence, the level of coordination has been mixed in the countries visited by evaluation missions. Bangladesh generally had no regular development partner coordination platforms for agriculture and food security. In Tuvalu and Vanuatu, donor coordination was more ad hoc than systematic, resulting in overlap and gaps in investments. In Cambodia, the government has a robust development coordination structure that promotes complementarity and coherence among development partners. In the Philippines, some stakeholders feel that coordination has weakened, but regular development forums are held across sectors and with various stakeholders. The forums serve as platforms for development partners to meet and collaborate with each other and the government, aiming to avoid duplication of efforts and promote effective cooperation.

62. ADB has not played a significant leadership role among donors in the agriculture sector. In Pakistan, ADB's involvement in AVCs and climate change adaptation has been limited compared with other development partners, who are engaged in policy and project reforms and sustainable practices. In Uzbekistan, ADB's engagement in food security discussions has been limited. However, the ADB portfolio generally aligns with the programs of the government and other development partners.

63. Regional bodies, such as the Pacific Community (formerly the South Pacific Commission) and the Secretariat of the Pacific Regional Environment Programme, play an important role in the Pacific. They support collaborative research, multi-country projects, and economies of scale in development support. The Pacific Community serves as a quasi in-country presence for many bilateral partners, such as Australia's Department of Foreign Affairs and Trade and New Zealand's Ministry of Foreign Affairs and Trade. Further partnership with ADB could be explored. Regional TA projects and initiatives are opportunities for coherent learning across the Pacific. For example, contingent disaster funding provides a consistent and coordinated approach across countries.

64. ADB has fostered partnerships with other institutions. In the case of the Philippines, ADB's engagement of the International Rice Research Institute as a third party to conduct a midterm evaluation of the success of the Rice Competitiveness Enhancement Fund on affected farmers was a good practice for monitoring and evaluating policy-based lending reforms. In Bangladesh, ADB has collaborated with International Rice Research Institute to pilot the Alternate Wetting and Drying method, which aims to reduce water use and methane emissions in rice production.<sup>46</sup> Reports have shown reductions in methane emissions by 30%–50% and in water use by 10%–20%, as well as increased income which induces farmers to adopt this approach.<sup>47</sup> ADB can explore other partnerships in areas where it has a comparative advantage in knowledge, expertise, and financing, but lacks in-country capacity to undertake necessary interventions.

<sup>46</sup> ADB is deploying Japan Fund for the Joint Crediting Mechanism Resources for this work on low carbon rice in Bangladesh.

<sup>47</sup> ADB. 2019. [Climate-Smart Practices for Intensive Rice-Based Systems in Bangladesh, Cambodia, and Nepal](#).

### Box 7: Multilateral Development Banks Have Ramped Up Support for Food Security and Food Systems

The United Nations Food Systems Summit in 2021 reinforced the global focus on transforming the world's food systems. The term “food system” refers to the range of activities involved in producing, processing, transporting and consuming food. Food systems affect human health, the health of our environment, our economies, and our cultures. The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) saw the food systems feature prominently for the first time leading to the landmark Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action. In this context, most multilateral development banks and other international financial institutions have adopted a food systems approach to food security, anchored in the four dimensions proposed by the Food and Agriculture Organization of the United Nations.

The Inter-American Development Bank adopted the Food Security Sector Framework, which highlights the multidimensional nature of food security and the need for effective coordination among the various sectors and institutions involved in food security.<sup>a</sup> Therefore, to improve food security, agricultural interventions must be aligned with health, nutrition, social protection, and water and sanitation projects.

The World Bank's approach to rural development is holistic, multisector, and focused on the well-being of rural people by building their productive, social, and environmental assets. The World Bank has led several food security initiatives.<sup>b</sup> It provides regular food security updates. In May 2022, it announced it was making up to \$30 billion available over 15 months to boost food and nutrition security, reduce risks, and strengthen food systems.<sup>c</sup> However, in the 15 months leading to June 2023, the World Bank exceeded the target by mobilizing \$45 billion. The International Finance Corporation has launched a \$6 billion financing facility to strengthen the private sector's ability to respond to the crisis and support food production. The World Bank plans to include food and nutrition security as one of its global challenge programs.

The International Fund for Agricultural Development (IFAD) exclusively focuses on transforming agriculture, rural economies, and food systems. Its latest strategic framework aims to (i) increase poor rural people's productive capacities, (ii) augment their benefits from market participation, and (iii) strengthen the environmental sustainability and climate resilience of rural economic activities.<sup>d</sup> In May 2022, IFAD launched the Crisis Response Initiative, which aims to prevent hunger and food insecurity and mitigate the worst impacts of the food crisis on poor rural communities.

In May 2022, international financial institutions, including the Asian Development Bank (ADB), formulated a joint action plan in response to sharp increases in chronic and acute food insecurity resulting from conflict, climate change, and economic disruptions caused by the coronavirus disease (COVID-19 pandemic).<sup>e</sup> The institutions agreed to ramp up their work across six priority goals, in line with their comparative advantages: (i) support vulnerable people, (ii) promote open trade, (iii) mitigate fertilizer shortages, (iv) support food production, (v) invest in climate-resilient agriculture, and (vi) coordinate for maximum impact. ADB's efforts include (i) supporting fragile and conflict-affected states, such as Afghanistan and Myanmar, through partnerships with United Nations agencies; (ii) executing social protection programs in Sri Lanka; (iii) carrying out cash transfer programs for smallholder farmers in Central Asia; and (iv) implementing a food voucher program as part of an agricultural policy-based loan in the Philippines.

The United States Department of the Treasury and ADB, in partnership with Stanford University, organized the inaugural international financial institution Global Forum for Food Systems Transformation meeting on 6–7 February 2024, at the Stanford Doerr School of Sustainability, Stanford University Campus. The forum concluded that coordinated efforts by international financial institutions are essential to strengthening food security and advancing food systems transformation.

<sup>a</sup> Inter-American Development Bank. 2018. *Food Security Sector Framework Document*. Washington, DC.

<sup>b</sup> For example, the Global Agriculture and Food Security Program and Food Systems 2030.

<sup>c</sup> World Bank. 2023. *Food Security Update: World Bank Response to Rising Food Insecurity* (Latest Update – 27 March 2023). <https://www.worldbank.org/en/topic/agriculture/brief/food-security-update>

<sup>d</sup> International Fund for Agricultural Development. 2016. *IFAD Strategic Framework 2016–2025—Enabling inclusive and sustainable rural transformation*.

<sup>e</sup> African Development Bank, ADB, European Bank for Reconstruction and Development, Inter-American Development Bank, IFAD, International Monetary Fund, and the World Bank Group. 2022. *International Financial Institution (IFI) Action Plan to Address Food Insecurity*.

65. ADB's engagement with the PRC on rural development offers a model for more strategic cross-sectoral cooperation with DMCs. ADB's work has benefited from focusing on the PRC's national strategy on rural vitalization and key river basins. This engagement was reinforced in 2018 through a memorandum of understanding between ADB and the PRC covering rural development areas including rural solid waste and wastewater management, modernizing agriculture, and increasing productivity, demonstration development zones for integrated rural and agricultural development, rural basic services, and integrated rural-urban development. Building on this memorandum of understanding ADB is supporting river basin approaches in the PRC. ADB supported a TA facility to prepare a series of projects aligned with the PRC Government's Yangtze River economic belt development plan that operates under a rural vitalization framework, and with a scope that includes environmental protection, improving water quality and climate-resilient water resource use.<sup>48</sup> Building on the Yangtze River economic belt experience, ADB is developing a Yellow River Ecological Corridor program with a focus on delivering nature-positive solutions.<sup>49</sup> More recently, cooperation in India between ADB and the National Bank for Agriculture and Rural Development, a financial organization specializing in uplifting the agricultural sector and fostering rural progress, offers a signal of wider application of this strategic approach to rural development beyond the PRC.<sup>50</sup> The agreement will guide cooperation to extend loans and credit for farming, small industries, and various rural enterprises.

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<sup>48</sup> ADB. 2019. [Technical Assistance to the People's Republic of China for Preparing Environmental and Rural Development Projects](#).

<sup>49</sup> ADB. 2021. [Scaling Natural Capital Investments in the Yellow River Ecological Corridor](#). *ADB Briefs*. No. 199.

<sup>50</sup> ADB. 2024. [ADB Passes Half-Way Mark in \\$14 Billion Food Security Commitment](#). News Release. 9 April.

## CHAPTER 4

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# Systematically Tracking Operational Priority 5 Finance and Results is a Challenge

66. In September 2022, ADB aimed to provide at least \$14 billion in 2022–2025 to ease the worsening food crisis in Asia and the Pacific.<sup>51</sup> Since then, ADB has reported on its progress through its website, directly linking its agricultural investment amounts with food security.<sup>52</sup> ADB has not published its methodology for tracking the \$14 billion food security ambition and the OP5 plan does not guide ADB to systematically track its food security investments. [Confidential information deleted]. Nonetheless, ADB's latest annual report signals positive trends toward this ambition with \$3.7 billion committed in 2022, including essential food assistance for those in need, including women and girls, in Afghanistan (using United Nations systems), Pakistan, and Sri Lanka.<sup>53</sup>

67. ADB's Food Security Tracker (internal) is useful for communicating current data and needs in food security and presents results on ADB's progress in achieving the target. However, the tracker is based on selected OP5–tagged project approvals and commitments, not on whether the investments are improving food security. A related issue is the assessment of performance, which usually focuses on overall sector performance rather than specific themes. Evaluating performance based on themes is difficult because the tagging systems are crude and retrospective and fail to capture the intended purpose of the investment. This chapter examines these challenges in more detail.

### A. Corporate Results Framework Indicators for Operational Priority 5 Have Limitations

68. The ADB corporate results framework (CRF) level-1 indicator for OP5 is prevalence of stunting among children under 5 years (%). It is equivalent to Sustainable Development Goal Indicator 2.2.1, which is defined as the percentage of children aged 0–59 months, whose length or height-for-age values are below minus 2 standard deviations from the World Health Organization Child Growth Standards median. The CRF has three level-2 OP5 indicators corresponding to its three pillars: (i) people benefiting from increased rural investment (number), (ii) farmers with improved market access (number), and (iii) land with higher productivity (hectares). Supporting these are sub-pillar indicators (Appendix 1). The indicators have limitations in measuring the extent of outcome achievement for food security: indicator (i) is broad and may have no direct relation to food security, and indicators (ii) and (iii) may include non-food commodities such as rubber and fibers. The indicators do not capture the extent of policy support, grants, and research that the country studies identified as highly important to food security support, e.g., rice tariff support in the Philippines, seed bank development in Cambodia, innovative marine transport the Pacific, value chain analyses in Bangladesh, and climate change mitigation and adaptation and

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<sup>51</sup> ADB. 2022. ADB Plans \$14 Billion to Ease Food Crisis, Promote Long-Term Food Security in Asia and the Pacific. News Release. 27 September.

<sup>52</sup> ADB. [ADB's Work in Agriculture and Food Security](#).

<sup>53</sup> ADB. 2023. [Annual Report 2022: Building Resilience in Challenging Times](#).



vulnerability assessments across most countries. For example, the Competitive and Inclusive Agriculture Development Program is expected to enhance food security by making sufficient rice available at affordable prices for all Filipinos because of rice trade liberalization. The report and recommendation of the President linked document, Contribution to Strategy 2030 Operational Priorities, did not report OP5 Level 2 CRF indicators to reflect these potential food security gains, highlighting a limitation of the CRF options for OP5 to capture policy reforms. The Climate Change Action Program, Subprogram 1, also in the Philippines, will support food security through resilience measures in the agriculture sector. However, even though over half the loan was tagged as climate adaptation finance, there were no CRF indicators for adaptation in the linked document Contribution to Strategy 2030 Operational Priorities.

69. Design and monitoring framework indicators and results demonstrate positive contributions to food security. The country studies highlighted substantial variations in the OP5–tagged portfolio across the sample countries. The PRC had the largest OP5–tagged portfolio by number of investments. In Cambodia, where agriculture employs 37% of the workforce and contributes almost 25% to total gross domestic product, the ADB portfolio sits largely in AFNR, but it has oriented toward agricultural value chains and rural development, often combined with a climate action focus. In the Philippines and Pakistan, social protection projects supporting food security initiatives are important. Pakistan, Bangladesh, and the Pacific have large investments in transport, irrigation, and energy, which assist with food supply chains and processing. In the Pacific, maritime transport is critical for food security as much of the food is imported. In Mongolia, the OP5 portfolio features livestock and non-AFNR tourism support, and in Uzbekistan, the finance sector is predominant, particularly in horticulture and livestock micro, small, and medium-sized enterprises.

## B. Better Mapping and Tracking of Food Security Outcomes Will Enhance Goal Setting

70. Measurement is crucial for assessing and monitoring food security, as well as for ADB to report on the success of its commitments in a credible manner. Sustainable Development Goal 2 (zero hunger) has 10 indicators and involves various custodians responsible for measuring progress. However, there is no global consensus on the methodologies that should be used to measure and monitor food security, given its multiple dimensions. The global dialogue on food systems,<sup>54</sup> most recently held at the 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28), recognizes the need for a comprehensive set of indicators that cover aspects such as food production, availability, dietary quality, and the prevalence of nutrition-related outcomes in the population. The indicators are essential to adopting an outcome-based approach when measuring progress in addressing food insecurity.

71. More broadly, ADB’s OP5 tagging automatically includes all AFNR projects, regardless of whether only a part of the project contributes to food security. In food security tracking, the relative contribution of AFNR is not considered. Irrigation support for food crops is given the same value as irrigation for cotton. Similarly, a wetlands protection project is counted alongside an AVC project, even though the AVC project contributes more directly to food security. To ensure more accurate target setting and credible achievement of the targets, it is necessary to consider the concepts of direct and indirect contributions, as well as the relative contribution to food security. ADB applies such rigor to its climate finance tracking—a similar system could be developed for food security. The evaluation found that AFNR sector indicators are available that relate to food production and supply chains to markets, and that increasingly track value chain interventions. However, little attention is given to food quality and nutrition, consumption patterns, or affordability. Indicators that trace the links between food security and other sector interventions are limited.

<sup>54</sup> International Institute for Sustainable Development. 2024. [Food Systems and Agriculture: What’s on the Menu for the 28th UN Climate Change Conference \(COP 28\)?](#) Food systems take a more holistic approach that considers the people, policies, and processes throughout the agrifood supply chain. It considers how these shape food production and consumption and intersect with other systems, such as climate, biodiversity, energy, infrastructure, finance, health, nutrition, and development.

72. The country studies identified projects that are not OP5-tagged but significantly contribute to food security. For example, in Uzbekistan, investments under the Building Resilience with Active Countercyclical Expenditures Program (Loan 4225) include purchasing wheat stocks to stabilize staple food prices, as well as providing value-added tax and customs duty exemption on critical food products. These measures are important for protecting national food security. ADB has supported subsidies in the Pacific for farmers through the Vanuatu COVID-19 Fiscal Response Project (Grant 776). In Tuvalu, ADB provided Pacific Disaster Resilience contingent disaster financing (Grant 0760) for water generation during a recent state of emergency caused by a severe drought. The assistance was used to support livestock and crop survival. These examples highlight the significant diversity across and beyond the OP5 portfolio, and demonstrate the wider scope of ADB's interventions in food security, which go beyond just AFNR results. This suggests that ADB may be underreporting its contribution to food security in some cases, while potentially overreporting by assigning whole-project value to food security. A more proactive, ex-ante, and detailed approach to identify and track ADB's contribution to food security would generate more accurate reporting and opportunities to learn lessons from what interventions work. The latest international practices and trends in food security tracking are in Box 8.

73. A potential model for a systematic approach could be found in the climate action arena. Multilateral development banks have been adopting a harmonized approach to tracking climate finance since 2011. The approach has evolved over time and is built on ex-ante assessments during project development. It captures the intentionality of the investments and attributes only part of the financing that is expected to contribute to adaptation and mitigation objectives. A similar system could be developed for food security, drawing on the latest thinking from the United Nations Rome-based agencies and linking it to the FAO's four dimensions of food security. Ideally, a new food security finance tracking system would take account of good practice internationally and lessons from existing and ongoing initiatives that adopt ex-post and ex-ante approaches.



### Box 8: Tracking Food Security Support—Global Practice and Trends

Tracking food security support requires specific practices that deal with its multifaceted nature. Recognizing the complexity of measuring food security in 2013, the authors of an article prepared a compendium of metrics.<sup>a</sup> It covers (i) global monitoring and early warning systems, (ii) national-level estimates of food security, (iii) household food access and acquisition, and (iv) food consumption and utilization. The metrics are reflected in the four Food and Agriculture Organization of the United Nations (FAO) food security pillars: availability, accessibility, utilization, and stability. FAO provides guidance on linking metrics for food insecurity in vulnerable populations.<sup>b</sup>

Countries report on food security through voluntary national reviews for Sustainable Development Goal (SDG) 2, which consists of 10 indicators. The Food Insecurity Experience Scale is used to identify the prevalence of food insecurity, while other indicators focus on stunting and malnutrition metrics. However, the methodology is adjusted to each country's specific context. For example, in the Pacific, the focus is on obesity and micronutrients.<sup>c</sup> Several agencies are responsible for measuring progress for specific indicators and targets in line with their mandates.<sup>d</sup>

A coalition of United Nations partners produces an annual report, *State of Food Security and Nutrition*.<sup>e</sup> It relies on national food balance sheets, which are based on factors such as the prevalence of undernourishment, average dietary energy consumption, inequality in dietary energy consumption, and the minimum dietary energy requirement. Although the methodology is evolving and therefore prevents accurate trend analysis, it is believed to be improving the quality and accuracy of food security measurement. In 2022, the Global Food and Nutrition Security Dashboard was launched to fast-track a rapid response to global food security.<sup>f</sup> The initiative gathers data from multiple sources to help identify the most urgent policy responses and financing requirements for food security support.

The global dialogue on food systems,<sup>g</sup> particularly at the 28th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 28), and most recently in the review of the SDG indicators, highlights the need for a broader suite of indicators to fully encompass the concept of food security.<sup>h</sup> Rather than focusing solely on farm-to-fork measurement, the indicators should take into account factors such as flora and fauna, fertilizer, freight, food safety and quality, and fitness, and consider the environmental aspects of production and distribution, and the quality of food consumed.

<sup>a</sup> A. Jones et al. 2013. *What Are We Assessing When We Measure Food Security? A Compendium and Review of Current Metrics*. Michigan and New York.

<sup>b</sup> FAO. 2005. *Protecting and Promoting Good Nutrition in Crisis and Recovery Resource Guide*. Rome.

<sup>c</sup> FAO. 2021. *SIDS Solution Forum 2021. Poverty, Malnutrition and Food Security in Pacific Small Island Developing States*. Bangkok.

<sup>d</sup> FAO, United Nations Children's Fund (UNICEF), World Health Organization (WHO), Organisation for Economic Co-operation and Development, United Nations Environment Programme, and United Nations World Tourism Organization.

<sup>e</sup> The coalition includes FAO, International Fund for Agricultural Development, World Food Programme, UNICEF, and WHO.

<sup>f</sup> The Global Food and Nutrition Security Dashboard was convened by the Global Alliance for Food Security, G7, and the World Bank Group. Global Food and Nutrition Security Dashboard. <https://www.gafns.info/home/>

<sup>g</sup> International Institute for Sustainable Development (IISD). 2024. *The State of Global Environmental Governance 2023*. Winnipeg, Manitoba, Canada. Food systems take a holistic approach that considers the people, policies, and processes involved in the agrifood supply chain. The approach considers how the factors shape food production and consumption and intersect with other systems, such as climate, biodiversity, energy, infrastructure, finance, health, nutrition, and development. IISD. 2023. *Food Systems and Agriculture: What's on the Menu for the 28th UN Climate Change Conference (COP 28)?*

<sup>h</sup> United Nations Department of Economic and Social Affairs and Inter-agency and Expert Group on SDG Indicators. 2024. *Insights from SDG Monitoring: Lessons Learned, Linkages with Well-being Discussion, and 2025 Comprehensive Review*.

Source: Asian Development Bank (Independent Evaluation Department).

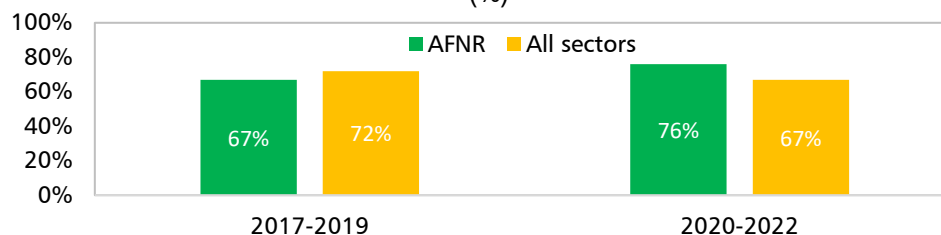
## C. Operational Priority 5 Can Leverage Lessons from Improved Performance in Its Anchor Sector

74. Evaluating the full performance of OP5 is not possible because it was launched only in 2019, so almost no investments have been completed and evaluated. Initial positive signals of effective support have emerged, albeit limited to AFNR, the anchor sector for OP5 based on validations of completed projects. The success rate of independently evaluated AFNR projects (loans), has improved from 67% (2017–2019) to 76% (2020–2022).<sup>55</sup> The success rate reached as high as 92% in 2021, exceeding the 80% corporate target set in 2013. A closer look at the validated sovereign projects reveals that

<sup>55</sup> The evaluation of performance focused mainly on AFNR as the anchor sector for OP5. Reporting on project performance by operational priority is not currently undertaken at the corporate level, as tagging operational priorities for older projects is still rudimentary.

performance improved across ADB regions, particularly in South Asia and Southeast Asia, following the launch of OP5 (Appendix 4). Irrigation projects have performed well in contrast to the findings in the last sector-wide evaluation. The performance of AFNR projects after the launch of OP5 was better than ADB-wide performance, which declined from 72% to 67% across all sectors during the two periods. However, the relatively improved performance cannot be directly attributed to the launch of OP5 as the projects covered were approved or designed before its implementation. While AFNR may not fully reflect OP5, the assessments in this evaluation suggest that it aligns well with pillars 2 and 3 of OP5. On the other hand, pillar 1, concerning rural development, is not well represented by AFNR, and its performance is more likely to be in line with the average performance of all sectors (Figure 6). Key lessons relevant to this evaluation from available validations are presented in Box 9.

**Figure 6: Performance of Agriculture, Food, Nature, and Rural Development Projects, 2017–2019 (%)**



AFNR = agriculture, food, nature, and rural development; OP5 = Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024.

Source: Asian Development Bank (Independent Evaluation Department).

75. [Confidential information deleted.]

76. TA completion report validations started only in 2020, with 100% validation adopted starting in July 2021. The available TA completion report validations for AFNR projects achieved a 100% success rate in 2020–2021 and 75% in 2022. According to the 2023 Annual Evaluation Review, the success rate for TA completion report validations for AFNR in 2021–2022 was 70%, slightly lower than the ADB-wide success rate of 73%.<sup>56</sup> PSOD's Agribusiness Investment Team grew its TA support from 1 in 2017–2019 to 10 TA projects in 2020–2022. These TA are training over 82,000 farmers (including 50% women farmers) across 10 DMCs and 12 value chains. These TA have strong synergies with the investment projects they complement in terms of development impact on smallholder farmers and climate resilience.

<sup>56</sup> IED. 2023. [2023 Annual Evaluation Review: What Explains ADB's Project Performance, 2016–2022](#).

### Box 9: Operational Priority 5 Lessons from Completed and Validated Projects

A review of the available project completion and evaluation reports yielded a few important lessons for future projects of Asian Development Bank (ADB) under Operational Priority 5: Promoting rural development and food security (OP5). These are organized in terms of the three main evaluation questions.

#### Relevance of ADB's approach to responding to the evolving challenges on rural development and food security

- (i) Resilience and sustainability of interventions to support rural infrastructure, agriculture, and food security need to be embedded into design.
- (ii) Better definition of performance indicators for food security and rural development and baseline data collection is needed to improve monitoring and evaluation.
- (iii) Engaging local community organizations to manage structures such as irrigation, drainage, and flood control can build resilience against climate change impacts.
- (iv) Specialized agriculturalist inputs are needed when developing contract farming programs and setting design and monitoring framework targets.
- (v) In rural finance projects, better design of loan criteria can improve the likelihood of access by targeted beneficiaries such as smallholder farmers.

#### Internal and external coherence of ADB's OP5 operations with developing member countries priorities

- (i) OP5 projects tend to work across government agencies and are dispersed spatially so more attention is required in setting up coordination mechanisms and consultations. Close supervision by ADB can help improve interagency coordination.
- (ii) Complex rural projects with many components and a wide geographical coverage require a high level of government commitment and ownership.
- (iii) An integrated approach in multisector rural investments that include institutional development, technical support, and training, are crucial for project sustainability.
- (iv) Cofinancing partnerships allow expansion of project scope as well as increased technical support.

#### Effectiveness of ADB operations in delivering support to developing member countries towards OP5 objectives

- (i) Projects need to be aware of knowledge and capacity gaps for rural development and food security and include sufficient capacity development to improve effective delivery of outputs.
- (ii) The sustainability of rural infrastructure like rural roads and irrigation schemes relies heavily on securing funds for their proper operation and maintenance.
- (iii) Strong human resources, especially local staff with appropriate training, motivation, and long tenure are important for effective rural and microfinance programs.
- (iv) Supporting established financial institutions with strong geographical presence can be an effective way for ADB to reach the target market and create strong development impact.

Source: Asian Development Bank (Independent Evaluation Department).

77. Nineteen focus group discussions were held to better understand how ADB support was reaching beneficiaries. Most beneficiaries appreciated the design and implementation of ADB projects. In Bangladesh and Cambodia, better rural roads have significantly improved agricultural productivity and agribusiness in the surrounding areas. Reduced travel time, lower transport costs, and decreased food prices have led to better food quality and the establishment of shops and agribusiness enterprises. In addition to rural road improvements, focus group discussion participants suggested prioritizing the development of the remaining road sections, establishing cold storage facilities, and improving access to microfinance. In the Philippines, a microfinance project supported women-led small businesses, including those working on fishing and farming (Box 3). In Mongolia, ADB is helping transform two national parks into demonstration sites for economically inclusive tourism and conservation. Focus group discussion participants shared that the project activities had positive results for their businesses, as the project opened opportunities that helped increase their revenues but would welcome developing other cultural and historical sites.

## CHAPTER 5

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# Conclusions and Recommendations

78. How well positioned and responsive is ADB to effectively support rural development and food security in Asia and the Pacific? ADB has been supporting agriculture and rural development since it began its operations in 1966. Over the years, ADB has responded well to various food crises. Identifying rural development and food security as an operational priority, and launching its plan, under Strategy 2030 made good sense and built on decades of knowledge and experience.

79. The challenge was always going to be how to execute the plan and effectively collaborate across sectors to achieve the thematic objectives. IED's evaluation of Strategy 2030 found that ADB has made more progress in integrating themes within sectors than in working across sectors and themes. This finding also applies to the OP5 plan, which provides broad operational direction for rural development and food security but lacks a clear definition of these topics and fails to provide specific guidance on how ADB should work across sectors to deliver the thematic objectives. The shift from sector to thematic outcomes was a central tenet of Strategy 2030. The stated rural development and food security objectives align well with AFNR, the anchor sector, but less so with other sectors such as social protection, which also play an important role in OP5. A holistic agrifood systems approach is missing. The result is the limited attention to nutrition in the OP5 plan or in the portfolio. Social protection and the mitigation of GHG emissions in agriculture were blind spots. The evidence shows that OP5 had a limited effect on shifting the ADB portfolio or ramping up focus in CPSs.

80. Coherence is crucial for driving cross-sector approaches, within ADB and in collaboration with other development partners. The AVC approach provides a platform to connect sectors, rural–urban linkages, and the private and public sectors. Good practices and positive examples exist that can be scaled up to achieve broader impact. The evaluation theory of change for OP5 highlights the importance of strengthening linkages between pillars, policy dialogue, non-AFNR sectors, and co-benefits to enhance coherence and foster a systems approach. Examples of coherence across sectors were evident in the country case studies, but in most cases, they are not organized in a strategic manner. This was reinforced by the finding that several interventions that supported rural development and food security but were not tagged as OP5 and CPSs showed no significant shift in the focus of their results frameworks since OP5 was launched.

81. Food security is a rural and urban multisector thematic issue; mapping and tracking investments are a challenge. The OP5 plan does not clearly define food security or rural development, nor does it prompt ADB to systematically track its investments, especially those related to food security for which ADB has a stated financial ambition. As a result, setting goals is difficult and the opportunity to learn what types of investment work well and which ones do not is limited.

82. A feature of the OP5 portfolio were project designs aimed for multiple co-benefits. The portfolio operates close to the beneficiaries and is underpinned by natural resources. ADB's OP5 activities are both vulnerable to climate impacts and contribute to GHG emissions. As a result, gender, environment, and

climate considerations were evident in the results frameworks of OP5 projects. To maximize the outcomes, the topics could be better integrated into OP5's theory of change and CRF indicators.

83. ADB has a long track record in rural development. Its performance in agriculture has improved in recent years, and it now aims to make a greater impact on food security in Asia and the Pacific in response to DMCs needs. However, to deliver effective support for rural development and food security in Asia and the Pacific, ADB needs to reposition itself toward resilient and sustainable agrifood systems. This will involve clarifying its objectives for rural development and food security, implementing One ADB approaches across sectors, articulating an institutional approach to agricultural value chains, increasing integration with the private sector, and strengthening monitoring and reporting of results. The following recommendations are proposed for ADB.

84. **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.** An essential starting point is a clear definition of food security that meets international good practice and reflects the strengths and comparative advantage of ADB where it can best deploy its resources. Rural development and food security requires policy and TA support across many sectors, including social protection, rural finance, and agriculture. Further attention is needed on nutrition to determine which sectors are best placed to deliver results. Together, these should be reflected in updated guidance through an agrifood system lens, which captures the full range of activities and actors that contribute to food security. Interventions developed using this agrifood systems approach should be based on the maintenance of ecosystem services and biodiversity and the sustainable use of natural resources, especially water resources. Attention to climate change should include a clear approach to both adaptation and mitigation. AFNR is currently without a sector directional guide—something IED recommended in its last sector evaluation—developing such a guide is an opportunity to clarify ADB's approach to rural development and food security within and across sectors, and for crosscutting goals on climate, gender, and environment.

85. **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.** Achieving rural development and food security in Asia and the Pacific is an inherently cross-sector endeavor. AFNR has traditionally led the way in ADB as the anchor sector for OP5. This should continue but with clearly defined entry points and action plans for other sectors to contribute to achieving ADB's goals for rural development and food security. The theory of change and narrative for rural development and food security should explicitly address the interlinkages across sectors. The channels through which sectors contribute to improved food security should be clearly articulated. ADB-wide coordination of food security actions across sectors should be strengthened to ensure coherent delivery of support. Country partnership strategies, with supporting diagnostics, offer an opportunity to foster cross-sectoral contributions towards rural development and food security tailored to individual DMC priorities.

86. **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.** Agribusiness has been a driving force for ramping up ADB's project numbers on value chain. ADB should continue to scale up financing for agribusiness and better integrate it into ADB's broader approach to food security, including ADB's knowledge and financing partnerships. This way, these investments can benefit more fully from upstream support for the enabling environment, such as work on productivity, climate-smart technologies, food safety, food standards, trade facilitation, and infrastructure. A revamped AVC approach should clearly outline the entry points and sequencing for sovereign and nonsovereign investments, with an emphasis on smallholder farmer beneficiaries.

87. **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.** ADB’s ambition for food security must be supported by a robust mapping and tracking system. Without such a system in place, current or future pledges of ambition will lack validity. The system is needed to monitor and ultimately evaluate the full range of interventions across sectors that support food security so that lessons can be drawn, and the design of future investments improved. It must include ex-ante elements, clarifying the intentionality of support toward food security outcomes. Implementing the system will make institutional target setting more accurate and the achievements of the targets more credible. ADB should build on its ongoing engagement with other international financial institutions to develop a common methodology for food security finance tracking with appropriate indicators.

# Appendixes



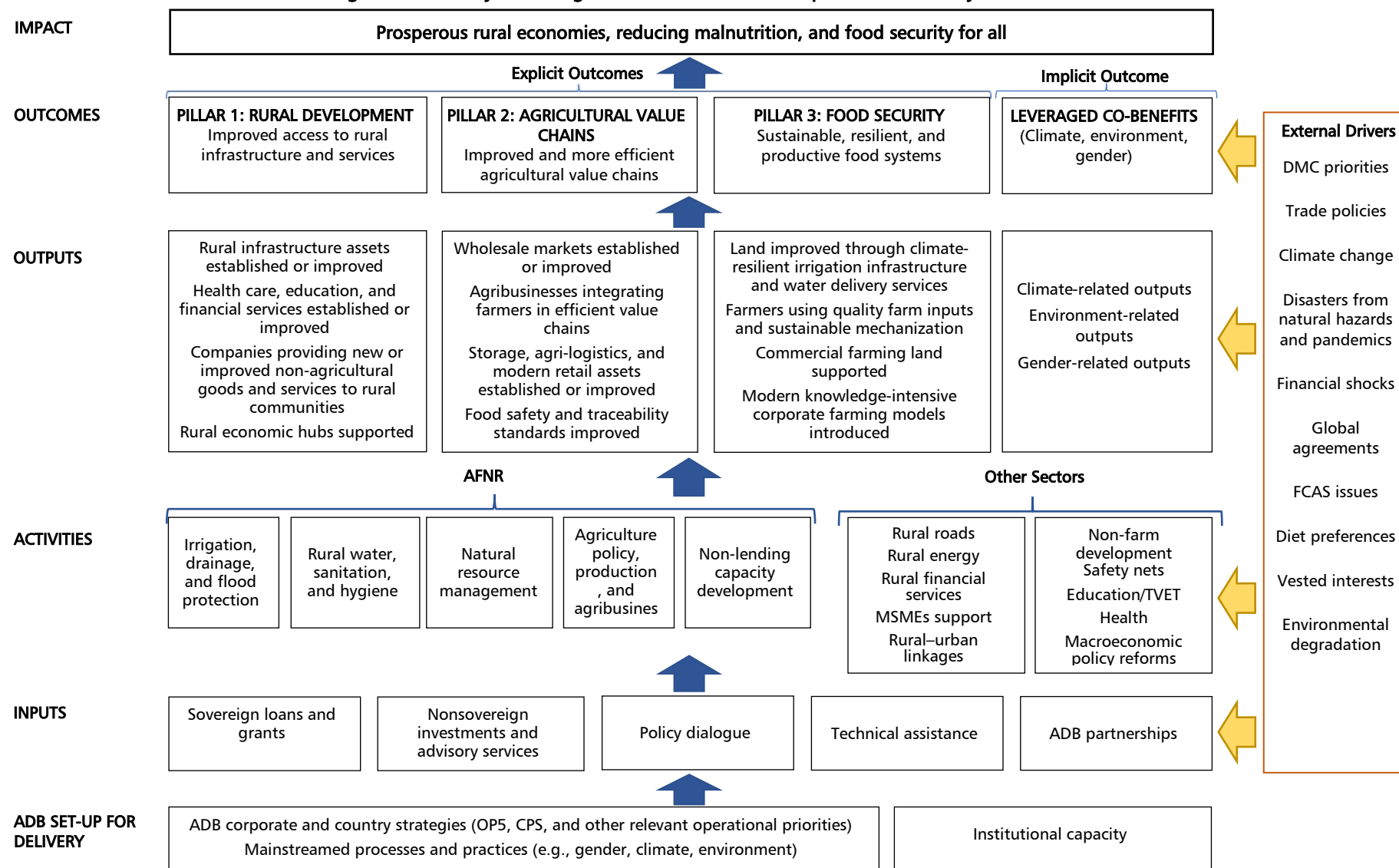
## APPENDIX 1: THEORY OF CHANGE

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1. The Asian Development Bank (ADB) Independent Evaluation Department (IED) developed a theory of change, building on the narrative presented in the plan for Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024 (OP5), ADB’s corporate results framework indicators, and IED’s understanding from previous evaluations of how ADB sector and thematic activities support OP5 objectives. Ultimately, support for OP5 is expected to help achieve prosperous rural economies, reduce malnutrition, and ensure food security for all. The evaluation will examine the objectives in an illustrative manner. For example, it will assess the contribution of ADB support to the four dimensions of food security. The expected outcomes are centered on three explicit pillars of OP5: (i) rural development: improved access to rural infrastructure and services; (ii) agricultural value chain: better and more efficient agricultural value chains; and (iii) food security: sustainable, resilient, and productive food systems. An implicit outcome is included to capture crosscutting co-benefits that OP5 supports and helps leverage. This outcome will focus on climate, environment, and gender co-benefits. The outputs and inputs are driven by ADB support for agriculture, food, nature, and rural development, as well as other sectors that steer the portfolio, through sovereign and nonsovereign investments, toward the four stated outcomes. At the institutional level, the evaluation will assess the alignment of ADB’s corporate and country strategies and organizational set-up with developing member country priorities. The alignment should help deliver the objectives of OP5.

2. External drivers play a key role in food security by providing important context and information on binding constraints, such as trade policy, external shocks, climate change, and environmental degradation. To deliver the theory of change effectively, certain assumptions must be met. These include complementarity with development partners, global macroeconomic stability, regional cooperation and integration, open trade policies, and progress in halting environmental degradation and shifting economies to low-carbon pathways.

Figure A1: Theory of Change for the Evaluation of Operational Priority 5 Plan



ADB = Asian Development Bank; AFNR = agriculture, food, nature, and rural development; CPS = country partnership strategy; DMC = developing member country; FCAS = fragile and conflict-affected situations; MSMEs = micro, small, and medium-sized enterprises; OP5 = Operational Priority 5: Promoting rural development and food security, 2019–2024; TVET = technical and vocational education and training.

Source: ADB (Independent Evaluation Department).

## APPENDIX 2: OVERALL METHODOLOGY

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1. The evaluation focused on rural development and food security as envisioned under the Asian Development Bank (ADB) plan for Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024 (OP5) and reflected in country partnership strategies (CPSs) and portfolios. The evaluation scope included relevant sovereign and nonsovereign operations as well as project evaluations from 2017 to 2022, 3 years prior and 3 years after the OP5 plan was published. The design and monitoring framework indicators of reports and recommendations of the President and results in project completion reports were reviewed. Validations of project completion reports and extended annual review reports were also used to support the performance assessment. This evaluation will help refine mapping and tracking of ADB’s \$14 billion target to ease the food crisis and promote long-term food security in Asia and the Pacific in 2022–2025.

### A. Key Evaluation Questions

2. How well positioned is ADB to deliver effective support for rural development and food security in Asia and the Pacific under its Strategy 2030 OP5 plan? This question has three sub-questions: (i) How relevant is ADB’s approach to responding to the evolving challenges of rural development and food security? (ii) How coherent are ADB’s OP5 operations, internally and externally, with developing member country (DMC) priorities? (iii) To what extent are ADB operations likely to be effective in supporting DMCs in achieving OP5 objectives?

### B. Evaluation Methods

3. The evaluation developed a theory of change to help address the key questions and key outcome indicators stipulated in the theory of change through portfolio review, review of performance and results, CPSs, country case studies, and institutional review.<sup>1</sup>

4. **Background papers.** Background papers were developed on three pillars of OP5: rural development, agricultural value chain, and food security. An intern study on environmental co-benefits of rural development and food security was also prepared, covering OP5-tagged projects in 2017–2022. This comprised 114 reports and recommendations of the President for loan and grant projects, and 37 technical assistance reports to assess relevance. Validation reports of 19 loans and grants and 15 technical assistance projects were also referred to for likely effectiveness.

5. **Portfolio review.** The portfolio review covered 2017–2022. Using tagging methodologies of the ADB Strategy, Policy, and Partnerships Department, an OP5 portfolio of 244 committed operations totaling \$33.1 billion was identified. The portfolio was reviewed by operation, sector, geographical location, and climate finance.

6. **Country partnership strategy review.** Results frameworks in CPSs were reviewed for indicators on rural development and food security before and after OP5 was published. The review covered CPSs of 12 countries, comprising Bangladesh, the People’s Republic of China (PRC), India, Indonesia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Papua New Guinea, Tajikistan, Timor-Leste, and Viet Nam; and the Pacific Approach, which provides strategic guidance to ADB operations across the 12 small Pacific island countries. Indicators were categorized according to the three pillars.

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<sup>1</sup> Independent Evaluation Department. 2023. [\*Evaluation Approach Paper: ADB Plan for Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024\*](#). Manila: ADB.

7. **Country case studies and regional assessment.** As a complement to the portfolio review, the evaluation carried out nine country case studies, including one for the Pacific, represented by Tuvalu and Vanuatu. To assess selected OP5-tagged projects, independent evaluation missions were conducted face-to-face in Bangladesh, Cambodia, Mongolia, the Philippines, and Uzbekistan, while virtual meetings were held for Pakistan, Tuvalu, and Vanuatu. An independent evaluation mission visited Singapore to meet with the ADB Private Sector Operations Department's Agribusiness Investment Team and nonsovereign clients with regional offices in Singapore. Desk reviews of OP5 projects were carried out for the PRC and India. A project assessment template was developed to assess cross-sector contributions to OP5 objectives by reviewing the design and monitoring framework indicators of approved projects.

8. Countries were selected based on the amount of ADB's support to rural development and food security to capture the breadth of the ADB interventions in different regions. Bangladesh has a portfolio strong on production and connectivity, focused on smallholders, and regularly subject to climate-related shocks. Cambodia has the second-largest number of OP5 investments in Southeast Asia, with a focus on agricultural value chains, and is eligible for Asian Development Fund support. Mongolia is included for its relatively high number of operations in agriculture, including support for rangeland and smallholder farmers amid unique geographic conditions. Pakistan was selected as it has suffered food security challenges because of recent floods and financial shocks and has a portfolio focused on productivity and rural development. The Philippines has a well-represented portfolio including food security investments channeled through policy-based lending and social protection. Uzbekistan has the largest portfolio in Central and West Asia and focuses on agricultural value chains. Special attention was given to Tuvalu and Vanuatu for the Pacific case study. Both have the largest number of OP5 investments. The case study captures the DMCs' unique rural development features, including food security support through contingent disaster financing and transport infrastructure. The PRC and India have the largest portfolios and number of validations, allowing for multiple case studies and generation of lessons across all outcomes in the theory of change.

9. **Key informant interviews.** Interviews with ADB staff, government officials, private sector clients, development partners, and nongovernment organizations were held face-to-face and virtually. Interviews were guided by the evaluation framework and questions set out in the evaluation approach paper.

10. **Focus group discussions with beneficiaries.** A total of 19 focus group discussions were undertaken for selected projects in Bangladesh, Cambodia, Mongolia, Pakistan, the Philippines, and Uzbekistan. Project beneficiaries from 10 projects, including one nonsovereign operation, shared how they perceived project benefits in different regions. A questionnaire template was used for all the projects to guide the evaluation and get systematic feedback from beneficiaries.

11. **Analysis of staffing in the agriculture, natural resources, and rural development sector since 2017.** The evaluation assessed the changes in the number of ADB staff in the agriculture sector over time, taking off from the previous evaluation of the agriculture, natural resources, and rural development sector. The assessment draws on historical staff information for 2017–2022. The assessment includes all ADB international and national staff with "agriculture" in their position titles, mostly in sovereign operations, and staff from the Agribusiness Investment Team of the Private Sector Operations Department for nonsovereign operations. The impact of the new operating model shifts, in particular, climate shifts with increased attention to the climate-food-nature nexus were also considered in relation to OP5.

12. **Staff survey.** An online survey was conducted among ADB staff who were part of an OP5 investment; members of the Rural Development and Food Security Thematic Group; staff of the Agriculture, Food, Nature, and Rural Development Sector Office; and senior sector or thematic staff. The survey helped assess their level of understanding and experience of the OP5 plan and to gauge which investments need to be strengthened to contribute to improved food security.

## APPENDIX 3: OPERATIONAL PRIORITY 5 PORTFOLIO SUMMARY

### A. Overview of the Portfolio

1. Operational Priority on Promoting Rural Development and Food Security (OP5) of the Asian Development Bank (ADB) is anchored on ADB's support to agriculture, food, nature, and rural development (AFNR), and a range of other sector contributions that support the goals of food security and broader rural development. For this evaluation, the OP5 portfolio is based on the classification adopted by ADB's Strategy, Policy, and Partnerships Department for tracking ADB's corporate results framework (CRF, Table A3).

**Table A3: System of Mapping ADB Operations to Operational Priority 5**

| Approach or Methodology | Period                 | Parameters  |
|-------------------------|------------------------|---|
| Interim approach        | 2019–2021 <sup>a</sup> | All projects classified under AFNR<br>All projects classified as high in rural location impact (65% or more)  |
| New methodology         | 2022 onward            | All projects classified under AFNR<br>All nonurban transport sector projects<br>Annual selection of projects with significant rural outcome (55% or more) |

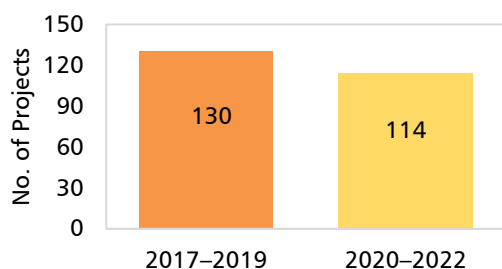
ADB = Asian Development Bank; AFNR = agriculture, food, nature, and rural development.

<sup>a</sup> The same approach was used retroactively to determine the operational priority 5 portfolio prior to 2019.

Source: ADB (Strategy, Policy, and Partnerships Department).

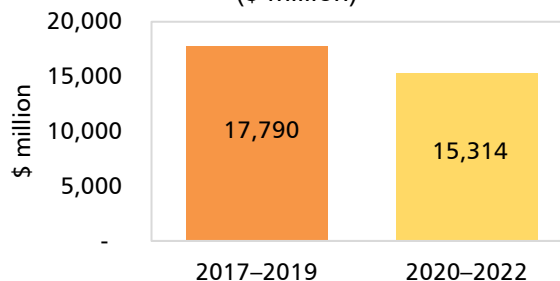
2. **Overall portfolio.** This evaluation looked at the period 3 years before the launch of OP5 (2017–2019) and 3 years after (2020–2022). Comparing these two periods, projects tagged under OP5 decreased in number, from 130 in 2017–2019 to 114 in 2020–2022, and amount, from \$17.8 billion in 2017–2019 to \$15.3 billion in 2020–2022 (Figure A3.2). The OP5 portfolio for 2017–2022 includes 244 projects amounting to \$33.1 billion or about 41 projects amounting to \$5.5 billion per year, representing about 28% of total ADB commitments by number and 26% by lending amount. What follows is a summary of the OP5 portfolio by operation, sector, region, and country. Special attention was given to the breakdown by OP5 pillar, relevance, and crosscutting climate dimensions of climate financing, nutrition, and food security, among others.

**Figure A3.1: Operational Priority 5 Projects by Number, 2017–2022**



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

**Figure A3.2: Operational Priority 5 Projects by Amount, 2017–2022 (\$ million)**

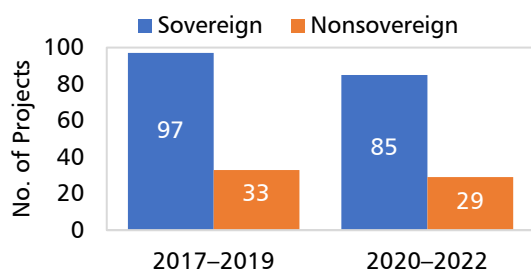


Source: Asian Development Bank (Strategy, Policy, and Partnerships Department).

3. **By operation.** Sovereign operations dominated the OP5 portfolio during the two periods in terms of number of projects, although declining from 97 to 85 projects, respectively (Figure A3.3), and amount,

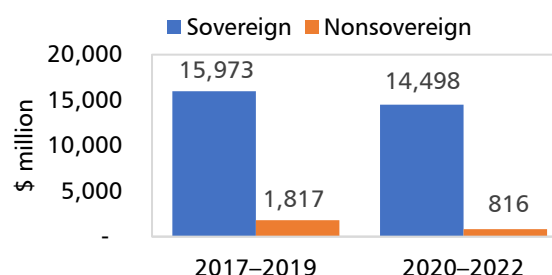
from \$16.0 billion and \$14.5 billion (Figure A3.4). On the other hand, the decrease is more pronounced for OP5 nonsovereign investments, which declined by more than half in terms of amount, from \$1.8 billion to \$816 million, although direct agribusiness commitments increased from 10 deals and \$358 million in 2017–2019 to 18 deals and \$492 million in 2020–2022. Nonsovereign operations that support OP5 objectives comprise mostly investments in agribusiness and finance. Interestingly, the share of sovereign to nonsovereign OP5 projects in terms of number was maintained at 75% to 25% during both periods. Sovereign operations comprise 182 projects amounting to \$30.5 billion, while there were 62 OP5 nonsovereign investments amounting to \$2.6 billion over 2017–2022.

**Figure A3.3: Number of Operational Priority 5 Projects by Operation, 2017–2022**



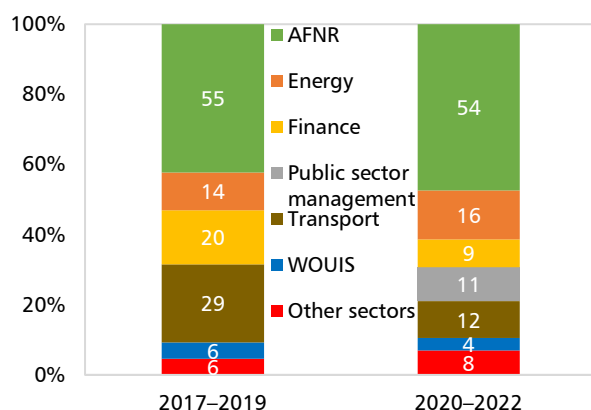
Source: ADB (Strategy, Policy, and Partnerships Department).

**Figure A3.4: Amount of Operational Priority 5 Projects by Operation, 2017–2022 (\$ million)**



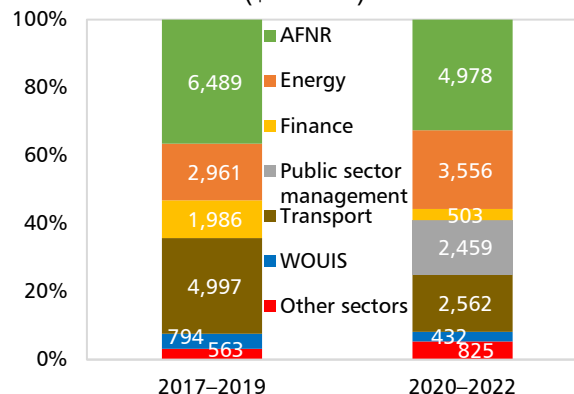
4. **By sector.** Projects in AFNR make up just under half of the portfolio in terms of number (42% in 2017–2019 and 47% in 2020–2022) and about one-third in terms of amount (35% in 2017–2019 and 32% in 2020–2022, Figures A3.5 and A3.6). The extent to which non-AFNR sectors contribute to OP5 goals can be seen mostly from OP5 projects in transport, which ranked second to AFNR during 2017–2019 (22% in number and 28% in amount) and energy, which overtook transport in 2020–2022 (14% in number and 23% in amount). After the launch of OP5, there is a notable contribution from public sector management projects, which were nonexistent in the previous period. These include the coronavirus disease (COVID-19) pandemic response programs and other policy-based lending programs that contribute to OP5 objectives.

**Figure A3.5: Number of Operational Priority 5 Projects by Primary Sector, 2017–2022**



AFNR = agriculture, food, nature, and rural development; WOUIS = water and other urban infrastructure and services. Note: Other sectors include education, health, industry and trade, and information and communications technology. Source: Asian Development Bank (Strategy, Policy, and Partnerships Department).

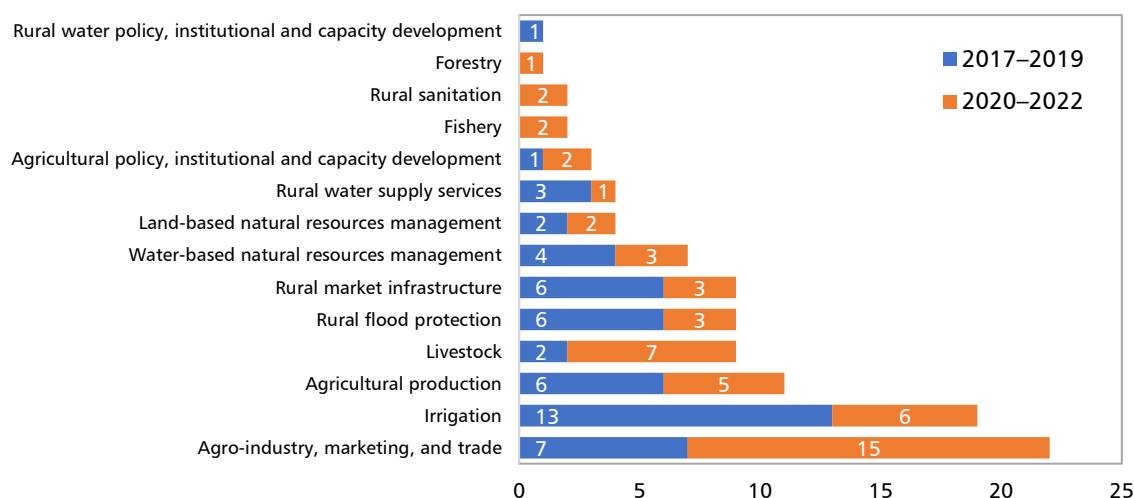
**Figure A3.6: Amount of Operational Priority 5 Projects by Primary Sector, 2017–2022 (\$ million)**



AFNR = agriculture, food, nature, and rural development; WOUIS = water and other urban infrastructure and services. Note: Other sectors include education, health, industry and trade, and information and communications technology. Source: Asian Development Bank (Strategy, Policy, and Partnerships Department).

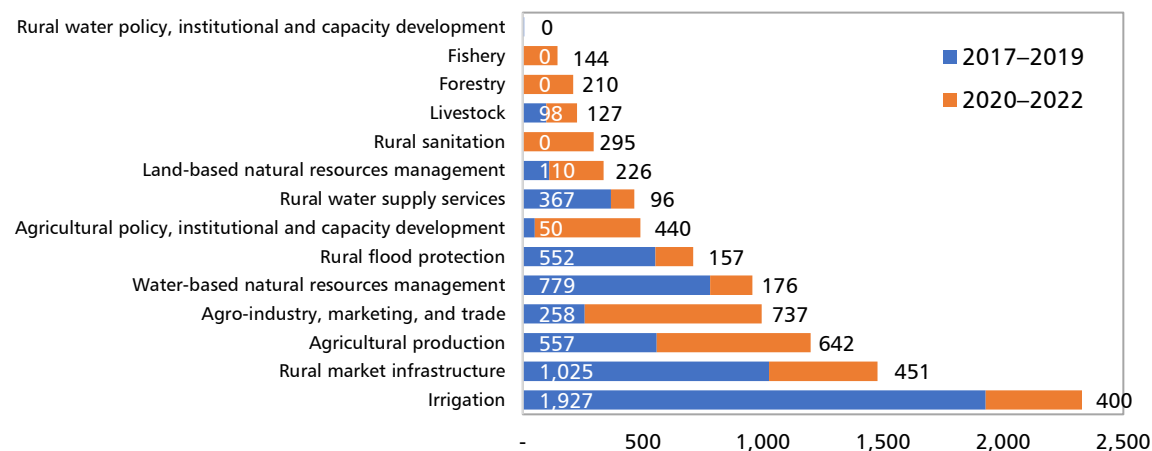
5. **By agriculture, food, nature, and rural development subsector.** Breaking down the anchor sector further by primary subsector, irrigation dominated the AFNR portfolio in both number (Figure A3.7) and amount (Figure A3.8) during 2017–2019 but the dominance shifted to projects in the agro-industry, marketing, and trade (15 projects approved amounting to \$737 million) after the launch of OP5. These includes, among others, Hunan Xiangxi Rural Environmental Improvement and Green Development Project in the PRC (Loan 4046), Maharashtra Agribusiness Network Project in India (Loan 4117), and Louis Dreyfus COVID-19 Climate-Resilient Smallholder Farmer Recovery Project (Loan 4165). In 2022, there was renewed interest in the fisheries, forestry, and rural sanitation subsectors, with combined investments amounting to 10% of the OP5 portfolio for the same year.

**Figure A3.7: Number of Agriculture, Food, Nature, and Rural Development Projects by Primary Subsector, 2017–2022**



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

**Figure A3.8: Amount of Agriculture, Food, Nature, and Rural Development Projects by Primary Subsector, 2017–2022 (\$ million)**



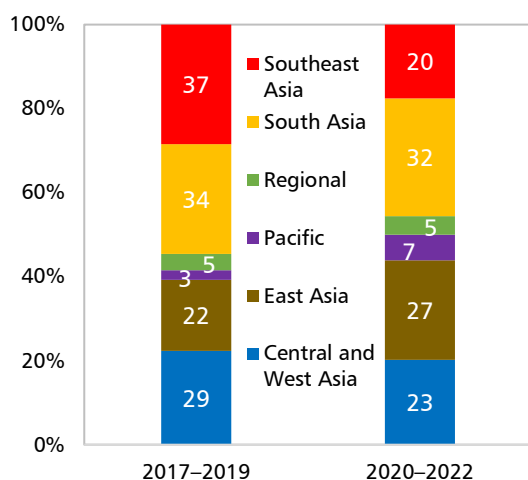
Source: Asian Development Bank (Strategy, Policy and Partnerships Department and Independent Evaluation Department).



6. **By modality.** More than half of the OP5 portfolio (61% in number and 56% in amount) is dominated by sovereign project loans and grants. The second-largest share in terms of amount is taken up by investments from results-based lending (12%). While the use of modalities such as the multitranche financing facility and sector loan have declined (in number and amount), before and after the launch of OP5, policy-based lending and results-based lending have increased for OP5 investments. In particular, policy-based lending represents 3% of the total OP5 portfolio in terms of number and 7% in terms of amount.

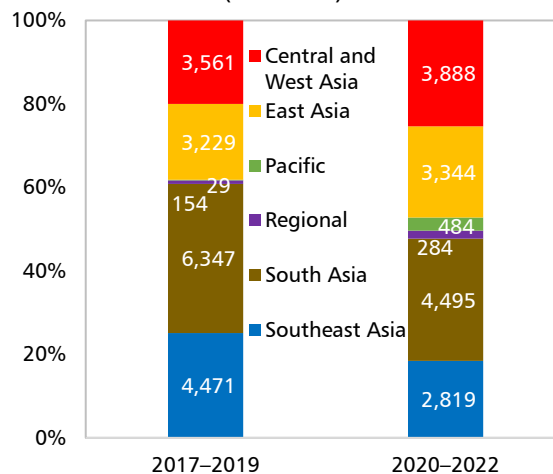
7. **By ADB region.** South Asia largely dominated the OP5 portfolio in terms of number (66 projects) and amount (\$10.8 billion), albeit at a decreasing trend across the two periods (Figures A3.9 and A3.10). Notably, it was only in East Asia and the Pacific where the trend was observed to be increasing in number and amount, although there was also a marked increase in amount in Central and West Asia after the launch of OP5. Regional interventions that support OP5 objectives have been limited. Most of the support to OP5 during 2017–2019 went to India. In 2020–2022, however, a slightly larger share of the operational priority portfolio in number (19%) and amount (21%) shifted to the PRC.

**Figure A3.9: Number of Operational Priority 5 Projects by ADB Region, 2017–2022**



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

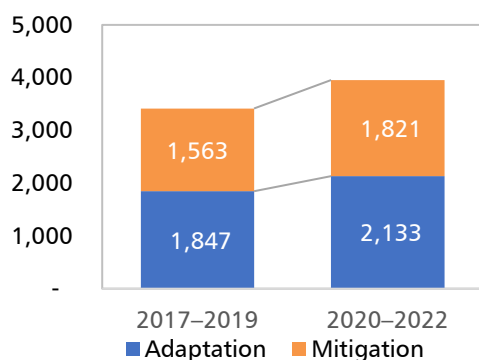
**Figure A3.10: Amount of Operational Priority 5 Projects by ADB Region, 2017–2022 (\$ million)**



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

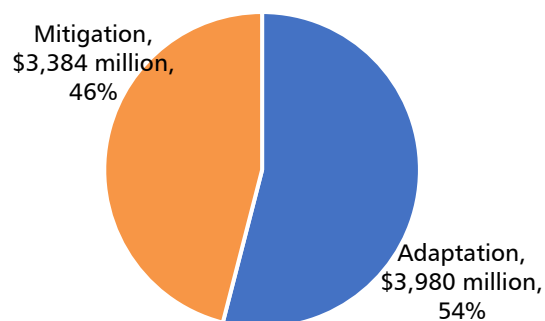
8. **By climate finance.** Overall climate finance in OP5 projects increased from \$3.40 billion in 2017–2019 to \$3.95 billion in 2020–2022 (Figure A3.11). This amounts to \$7.4 billion during the whole period, representing 22% of the total OP5 portfolio. While adaptation and mitigation finance had increased after the launch of OP5, overall climate finance is slightly skewed to adaptation (54% of total OP5 climate financing), given that OP5 is anchored in AFNR (Figure A3.12). Nevertheless, the share of mitigation finance in OP5 projects is also significant (46%), with non-AFNR sectors such as transport and energy supporting rural development objectives.

**Figure A3.11: Amount of Operational Priority 5 Projects by Climate Response, 2017–2022 (\$ amount)**



Source: Asian Development Bank (Climate Change and Sustainable Development Department).

**Figure A3.12: Share of Operational Priority 5 Projects by Climate Response, 2017–2022**

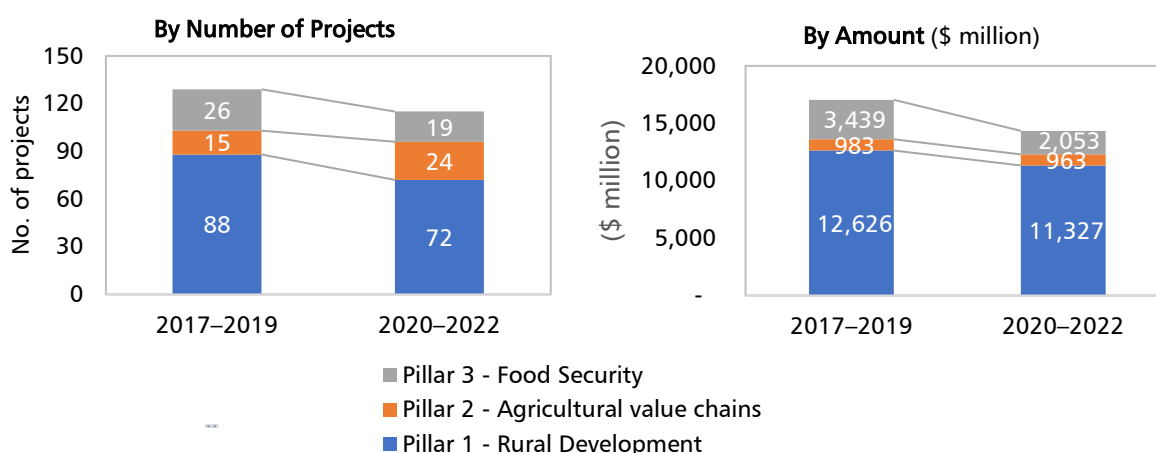


Source: Asian Development Bank (Climate Change and Sustainable Development Department).

## B. Characterization by Primary Pillar

9. The evaluation classified the OP5 portfolio by primary pillar,<sup>1</sup> attributing the project to where its outcome and output indicators are most related or which output has the largest budget allocation, as provided in the report and recommendation of the President document. Based on this rubric, the evaluation finds that, since OP5 was published, the distribution of the OP5 portfolio has been skewed toward pillar 1, rural development (62% by number and 78% by amount). While the share of pillar 2, agricultural value chains (AVCs), has improved by number (21%) and amount approved (7%), the share of pillar 3, food security, decreased in number and amount approved after the launch of OP5 (Figure A3.13).

**Figure A3.13: Primary Operational Priority 5 Pillar by Number of Projects and by Amount, 2017–2022**



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

10. **Contribution to results framework or contribution to Strategy 2030 indicators.** ADB's development effectiveness review reports on the achievements of projects based on completion reports,

<sup>1</sup> (i) Pillar 1: Improved access to rural infrastructure and services. (ii) Pillar 2: Improved and more efficient agricultural value chains. (iii) Pillar 3: Sustainable, resilient, and productive food systems.

although mainly on the headline pillar indicators.<sup>2</sup> For OP5, this includes the (i) number of people benefiting from increased rural investment (5.1), (ii) number of farmers with improved market access (5.2), and (iii) hectares of land with higher productivity (5.3). Headline indicators for OP5 do not have accompanying targets and do not capture policy reforms. Often, they are also poorly applied to projects, making direct or indirect attribution to OP5 objectives difficult. The other 12 corporate results framework tracking indicators across the three OP5 pillars are reported on in the development effectiveness review but also do not have accompanying targets.

11. **Corporate results framework by primary pillar.** Applying these headline indicators on the 244 OP5 projects, the evaluation finds that 106 projects (43%) have design and monitoring framework indicators that are aligned with the CRF for pillar 1, 23 projects (9%) for pillar 2, and 25 projects (10%) for pillar 3. Nevertheless, without targets or baselines, this alignment does not help in fully assessing the performance or understanding ADB's impact for OP5, including impact from policy-related OP5 interventions.

12. **Relevance alignment.** The relevance of each project was assessed based on the alignment of project level design and monitoring frameworks with OP5 contributions to the CRF or contribution to Strategy 2030 indicators and the extent to which budget resources are allocated to OP5. Based on these criteria, *High* ratings were given if (i) the outcome in the design and monitoring framework was strongly aligned with OP5 CRF indicators, i.e., explicitly indicated in the outcome statement and outcome indicators, more than 50% of the outputs are related to OP5, or if more than 50% of the resources were substantially allocated to OP5-related activities. *Medium* ratings were given if the outcome or outcome indicators in the design and monitoring framework was aligned with OP5 CRF indicators, at least 30% but less than 50% of the outputs were aligned with OP5 CRF indicators, or if at least 30% but less than 50% of the budget resources were allocated to OP5. *Low* ratings were given if alignment with OP5 outcomes was indirect or cursory, i.e., not included in the outcome indicators, less than 30% of the outputs were aligned with OP5 CRF indicators or if allocation of resources to OP5 was less than 30% of the total resources.

13. **Relevance by primary operational priority 5 pillar.** Applying this rubric, the evaluation finds that 48% of projects in pillar 1 (rural development) were deemed to have high alignment to OP5 compared with 90% in pillar 2 (AVCs) and 84% in pillar 3 (food security, Figure A3.14). The variance in alignment indicates that OP5-tagged projects in rural development have a lower relevance than pillars 2 and 3. This likely reflects the competing objectives of non-AFNR OP5 projects in pillar 1 as opposed to pillars 2 and 3, although it can also be a consequence of the higher number of projects under pillar 1, as highlighted above.

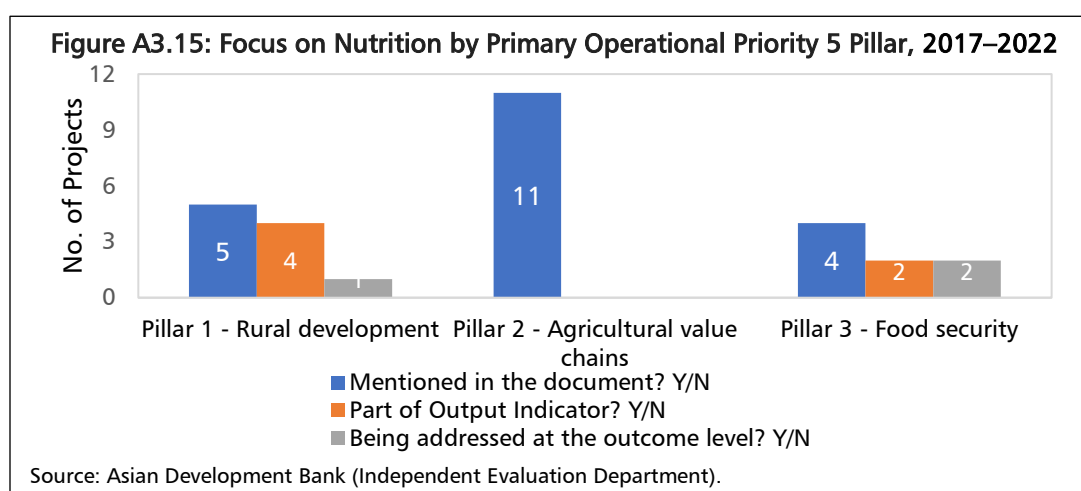
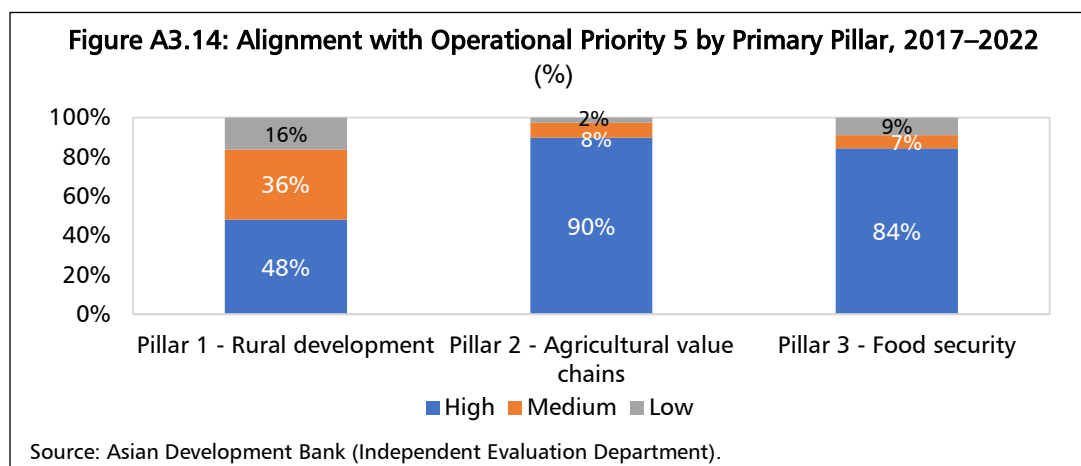
14. **Focus on nutrition.** A review of the project documents revealed that out of the 244 OP5 projects, only 20 (8%) mentioned nutrition or has nutrition-related elements. Of these projects, only six (2.4%) have nutrition-related elements integrated at the output indicator level and only three (1.2%) have nutrition-related outcomes, indicating a limited focus on nutrition. This underscores the need for increased investment in nutrition-related interventions.

15. **Nutrition by primary pillar.** Intuitively, the focus on nutrition is expected to be high in pillar 3, considering its focus on food systems. However, a review of the project documents reveals the contrary, with pillar 3 projects getting the least indication of nutrition-related elements among the three pillars (Figure A3.15). Notwithstanding this, out of the four projects that did mention nutrition, two are monitoring it at the outcome and output levels. By contrast, there were 11 projects with pillar 2 as the primary pillar, which focuses on nutrition, but such focus did not trickle down in either the outcome or the output indicator levels. These findings highlight the limited focus on integrating and prioritizing

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<sup>2</sup> ADB. 2019. *ADB Corporate Results Framework, 2019–2024: Policy Paper*. Manila.

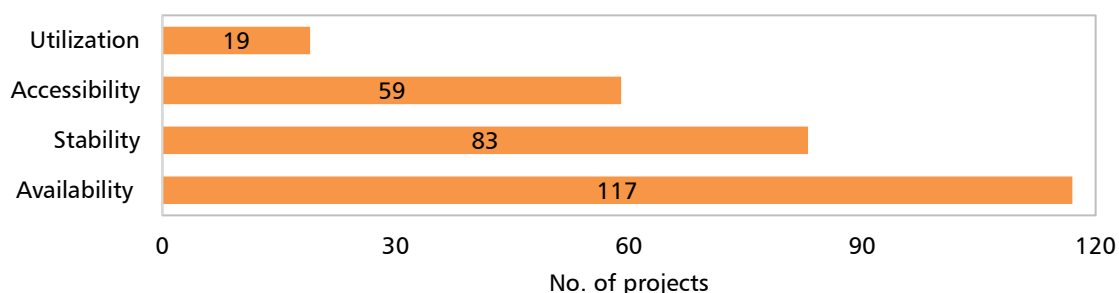
nutrition in OP5 projects, which mirrors the same low level of importance accorded to nutrition under the OP5 plan.



16. **Food security dimensions.** The evaluation classified the OP5 portfolio based on the food security dimensions used by the Food and Agriculture Organization of the United Nations: availability, access, stability, and utilization. The analysis found that an individual project could support more than one dimension of food security and 135 projects or 55% of the OP5 portfolio was tagged for at least one dimension (Figure A3.16). Double counting was greatest for stability, reflecting its crosscutting characteristics to support the other three dimensions from climate and other shocks. Fifteen projects were tagged for all four dimensions. Applying these dimensions, the evaluation found that these OP5 projects mostly either wholly or in part support the supply side of food security or the physical availability and accessibility of food. Least support was for the utilization dimension.

17. **By sub-pillar.** The evaluation classified the portfolio further to better understand where the support is concentrated in the sub-pillars, consistent with the CRF. For OP5 projects with pillar 1 as the primary pillar, most of the portfolio supported the sub-pillar on establishment or improvement of rural infrastructure assets (55% in number of projects and 63% in amount) (Figure A3.17). This is expected, as the bulk of the pillar 1 projects focused on improving or providing rural infrastructure. Conversely, support to rural economic hubs has not yet gained much attention, despite the importance accorded to the development of rural economic hubs and wholesale markets under the OP5 plan.

**Figure A3.16: Number of Operational Priority 5 Projects by Food and Agriculture Organization of the United Nations' Food Security Dimensions, 2017–2022**



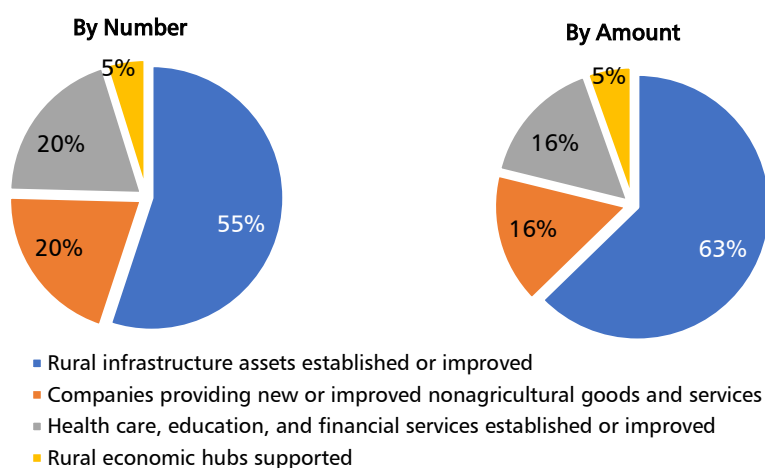
**Notes:**

Based on the report from the Food and Agriculture Organization of the United Nations (FAO), the four traditional dimensions of food security are defined as follows:

- (i) **Availability.** This dimension addresses whether or not food is actually or potentially physically present, including aspects of production, food reserves, markets and transportation, and wild foods.
- (ii) **Access.** If food is actually or potentially physically present, the next question is whether or not households and individuals have sufficient physical and economic access to that food.
- (iii) **Utilization.** If food is available and households have adequate access to it, the next question is whether or not households are maximizing the consumption of adequate nutrition and energy. Sufficient energy and nutrient intake by individuals is the result of good care and feeding practices, food preparation, dietary diversity and intra-household distribution of food, and access to clean water, sanitation and healthcare. Combined with good biological utilization of food consumed, this determines the nutritional status of individuals.
- (iv) **Stability.** If the dimensions of availability, access and utilization are sufficiently met, stability is the condition in which the whole system is stable, thus ensuring that households are food secure at all times. Stability issues can refer to short-term instability (which can lead to acute food insecurity) or medium-to long-term instability (which can lead to chronic food insecurity). Climatic, economic, social, and political factors can all be a source of instability.

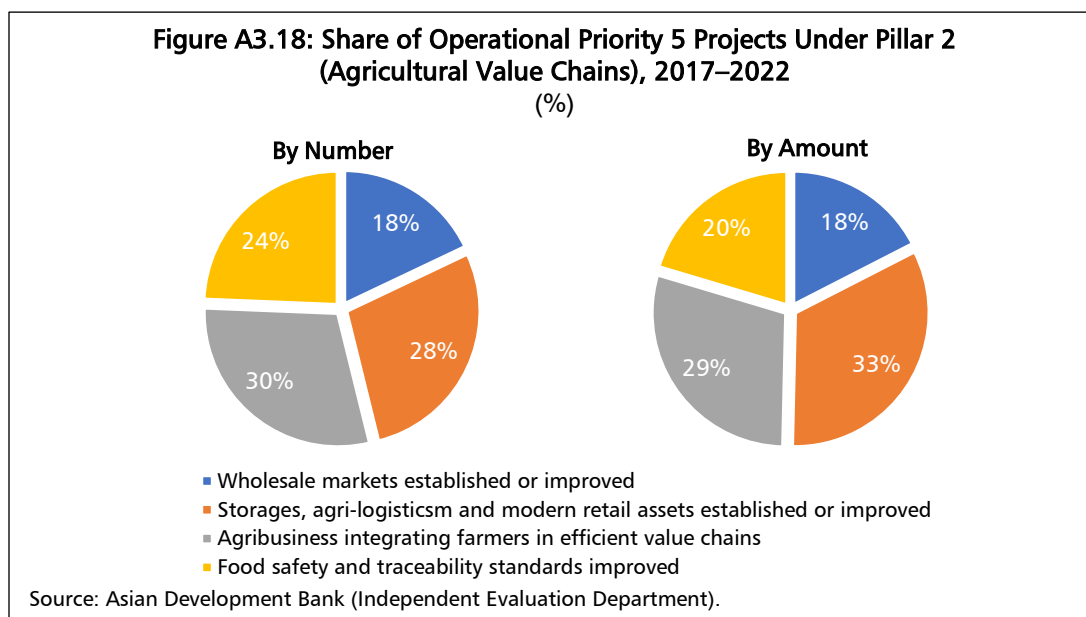
Sources: Asian Development Bank (Independent Evaluation Department); FAO, International Fund for Agricultural Development, United Nations Children's Fund, World Food Programme, and World Health Organization. 2023. *The State of Food Security and Nutrition in the World 2023. Urbanization, agrifood systems transformation and healthy diets across the rural–urban continuum*. Rome: FAO. <https://doi.org/10.4060/cc3017en>.

**Figure A3.17: Share of Operational Priority 5 Projects under Pillar 1 (Rural Development), 2017–2022 (%)**

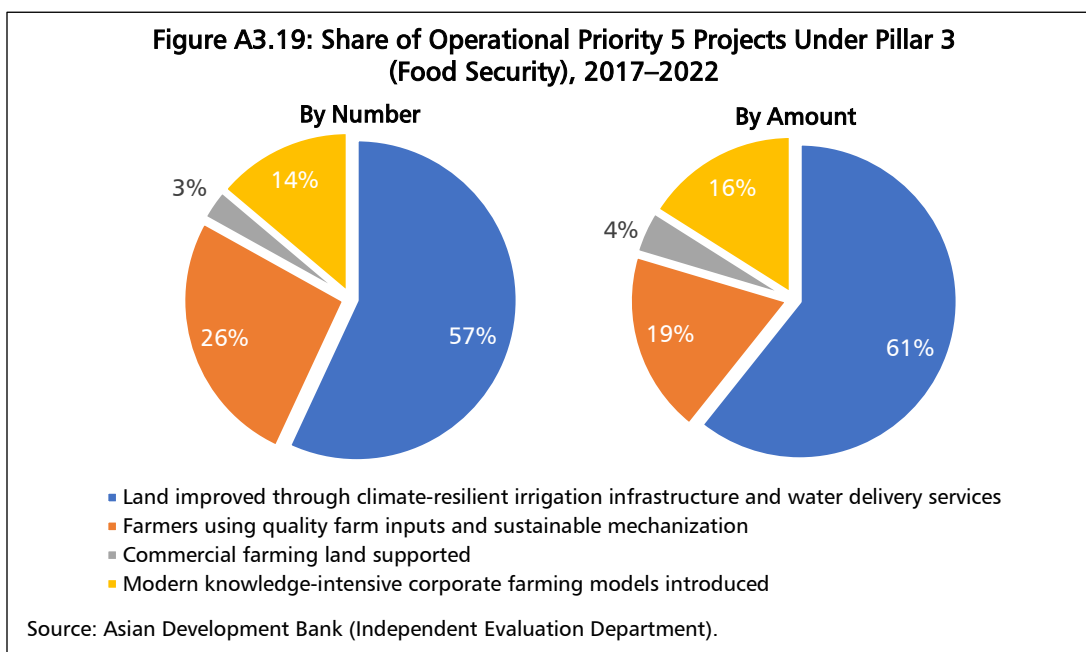


Source: Asian Development Bank (Independent Evaluation Department).

18. The distribution of the CRF indicators for OP5 projects with pillar 2 as primary pillar is more balanced across the four sub-pillars. In terms of number of projects, agribusiness integrating farmers into efficient value chains led in terms of number of projects, while for amount, it is the sub-pillar on storage, agri-logistics, and modern retail assets established or improved (Figure A3.18). Among the four, the sub-pillar on wholesale markets established or improved gained the least attention in terms of number and amount, underscoring a potential gap in alignment with OP5 objectives.



19. Lastly, pillar 3 is dominated by the sub-pillar on land improved through climate-resilient irrigation and water delivery services (57% in number and 61% in amount) as most of the pillar 3 portfolio involves food production (Figure A3.19). The sub-pillar on supporting commercial farming land gained the least traction, with 3% and 4%, respectively. These insights provide guidance for refining project priorities and optimizing resource allocation to maximize impact and alignment with OP5 goals.

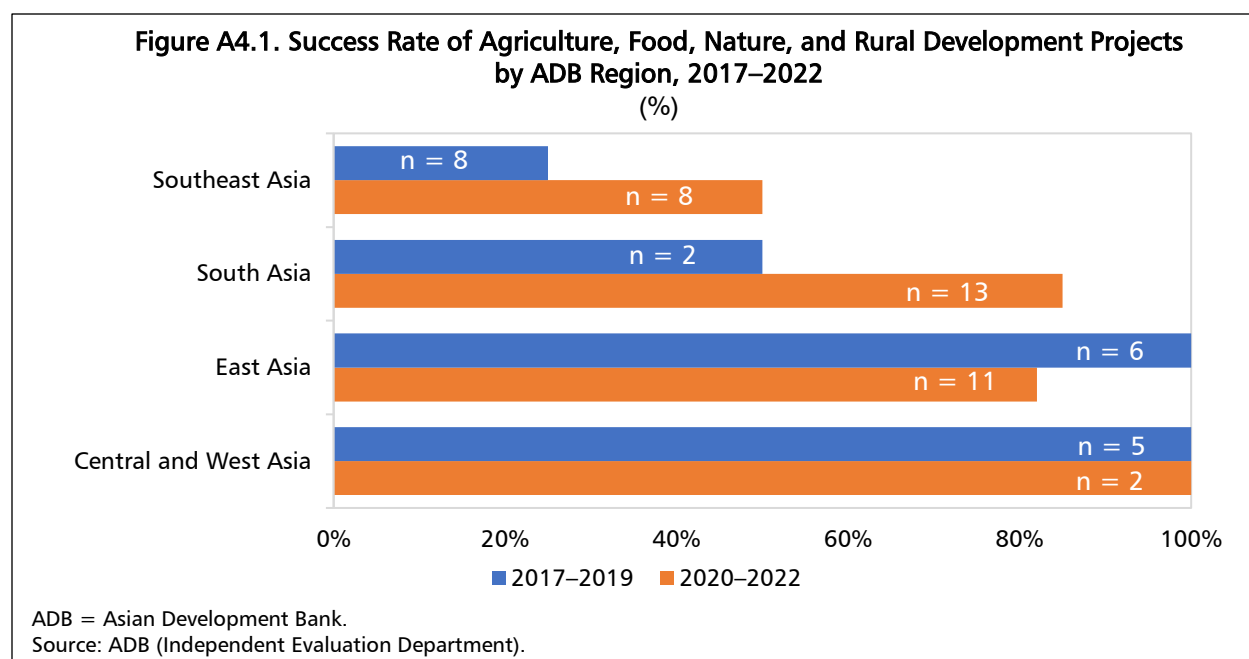


## APPENDIX 4: PERFORMANCE RATINGS OF AGRICULTURE, FOOD, NATURE, AND RURAL DEVELOPMENT PROJECTS, 2017–2022

1. The evaluation assessed the performance of agriculture, food, nature, and rural development (AFNR) projects evaluated during 2017–2019 and 2020–2022 and compared it with the Asian Development Bank (ADB)-wide performance, including projects in other sectors, during the same period. These include sovereign (validations of project completion reports and project performance evaluation reports, technical assistance completion report validations) and nonsovereign operations (validation of extended annual review reports, and project performance evaluation reports).

### A. Sovereign Operations

2. On the whole, the success rate for the completed AFNR projects under sovereign operations improved from 67% (2017–2019) to 76% (2020–2022). Their performance was consistently the highest in Central and West Asia during both periods. Completed AFNR projects in South Asia and Southeast Asia both improved after the launch of the plan for Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024 (OP5), while AFNR projects in East Asia declined from 100% in 2017–2019 to 82% in 2020–2022 (Figure A4.1). There were no completed sovereign AFNR projects in the Pacific during the two periods.

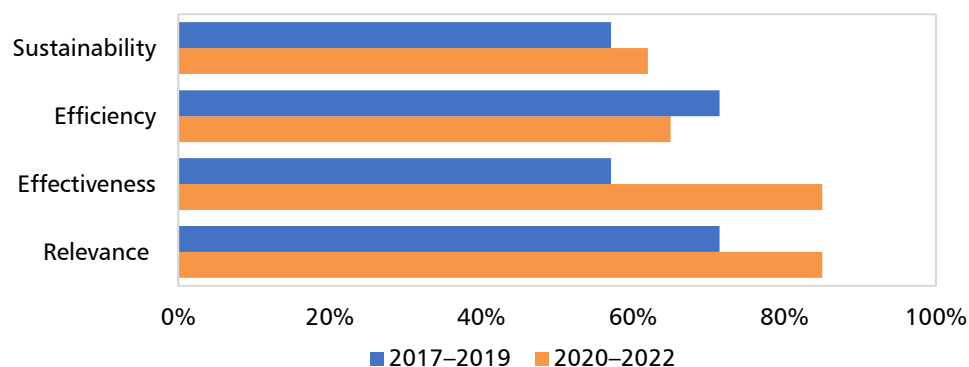


3. Overall, AFNR success has been driven by the combined positive assessments using the criteria of relevance, effectiveness, and sustainability, with the greatest improvement in effectiveness, which climbed from 57% in 2017–2019 to 85% in 2020–2022 (Figure A4.2). The performance rating for efficiency, however, declined from 71% to 65% during the same periods, indicating some challenges in the efficient implementation of AFNR projects after the launch of OP5. While sustainability improved, it was the weakest among the four criteria for both periods.

4. Completed AFNR projects in the irrigation, agricultural drainage, and rural flood protection subsectors consistently performed the best during both periods, suggesting that efforts in these subsectors have been successful (Figure A4.3).

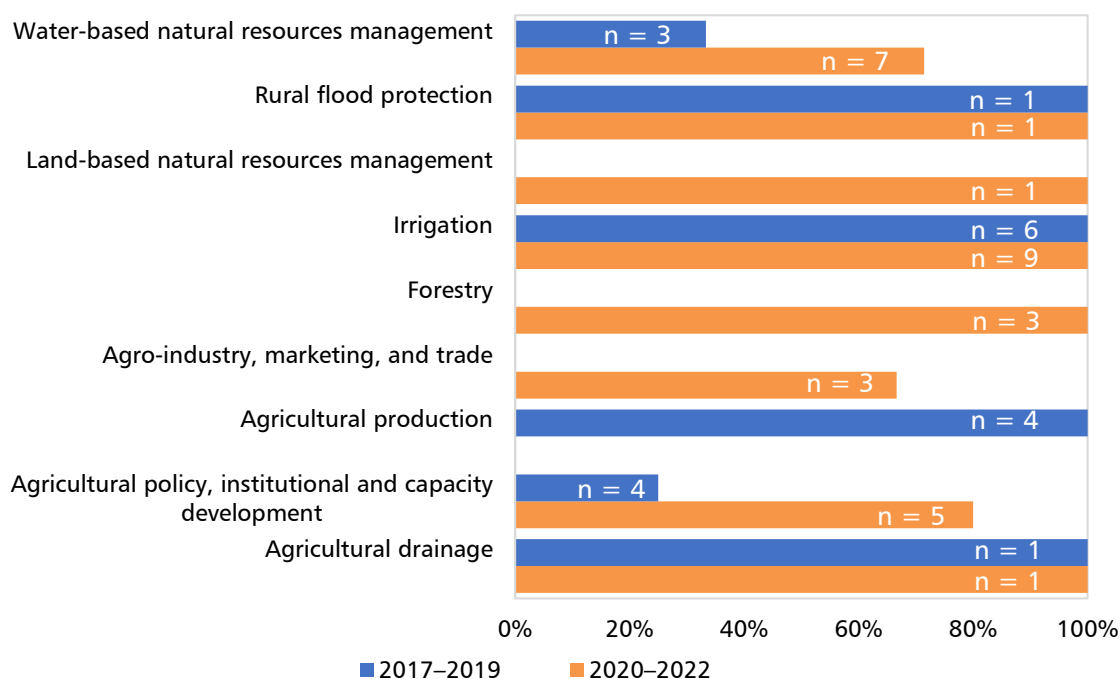


**Figure A4.2: Success Rate of Agriculture, Food, Nature, and Rural Development Projects by Evaluation Criteria, 2017–2022**  
(%)



Source: Asian Development Bank (Independent Evaluation Department).

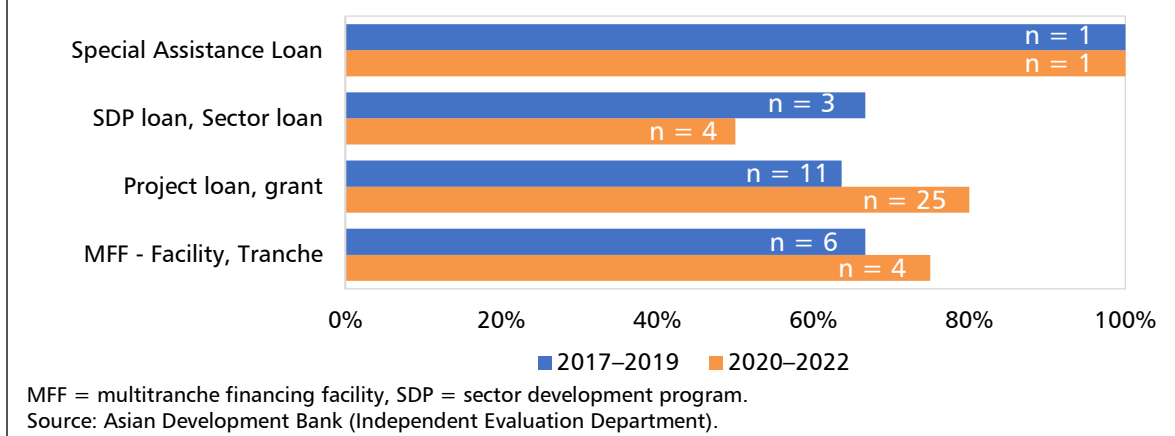
**Figure A4.3: Success Rate of Agriculture, Food, Nature, and Rural Development Projects by Subsector, 2017–2022**  
(%)



Source: Asian Development Bank (Independent Evaluation Department).

5. In terms of modality, performance has been mixed. Both special assistance loans were successful during both periods. While project loans and grants and multitranche financing facilities and tranches improved, the performance of sector loans and sector development programs declined, indicating difficulty in achieving agriculture outcome and output targets under these modalities (Figure A4.4).

**Figure A4.4: Success Rate of Agriculture, Food, Nature, and Rural Development Projects by Modality, 2017–2022 (%)**



## B. Nonsovereign Operations

6. Only five nonsovereign AFNR projects were validated during 2017–2022. Two projects were rated successful: A financing to help an integrated agribusiness group in Bangladesh support its vertical integration and production diversification and loan to a leading beverage producer in the Kazakhstan for its expansion and modernization of its plants, strengthen distribution, and refinance maturing short-term obligations. Both projects showed that selecting a strong sponsor with alignment on development targets is critical to achieving results and the demonstration impact of nonsovereign projects on local lenders and investors cannot be overstated, especially for established enterprises undertaking expansion projects.

7. The three projects rated less than successful were driven by the less than satisfactory development results rating: a cold chain logistics facility development project, an environmentally sustainable agricultural input distribution project and a sustainable dairy farming and milk safety project, all in the People's Republic of China. Unforeseen regulatory risks affecting flexibility to revisit development goals, identifying warning signals and maintaining strong communication with clients and stepping up due diligence were recurrent lessons from these projects.

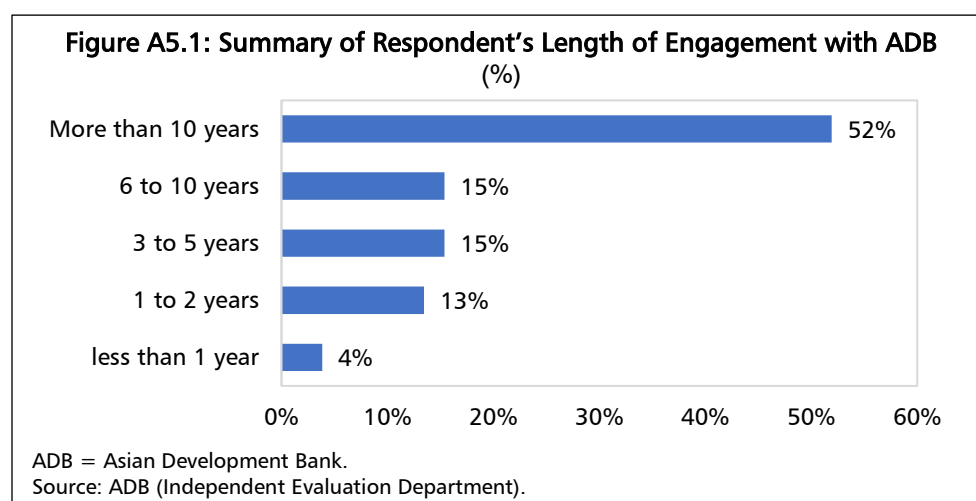
## APPENDIX 5: ADB OPERATIONAL PRIORITY 5 EVALUATION SURVEY

**Total Number of Respondents: 52**

### **Q1. How long have you been engaged with ADB?**

Of the 52 respondents, 27 (52%) reported that they have been working with ADB for more than 10 years, while 8 (15%) reported that they have been working with ADB for 3–5 years. Another eight (15%) answered that they have been working with ADB for 6–10 years. Seven (13.46%) reported working with ADB for only 1–2 years while only two (3.85%) reported working with ADB for less than 1 year.

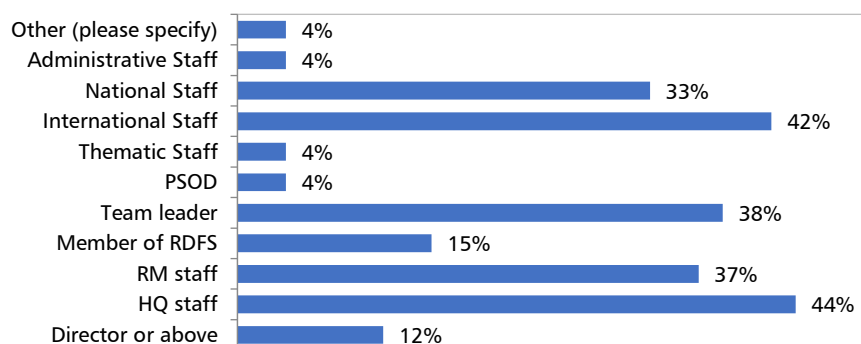
- Of the 27 respondents with more than 10 years of experience, 13 identified themselves as AFNR sector staff, 3 as urban development and water sector staff, 2 as transport sector staff, and 1 each as energy and human and social development sector staff. However, three respondents said that these sectors were not applicable, and four respondents did not provide a response.
- Of the 27 respondents with more than 10 years of experience, 6 were director level or above.
- Of the 27 respondents with more than 10 years of experience, 9 are from headquarters while 13 are from the resident missions. Four did not provide an answer.
- Of the 27 respondents with more than 10 years of experience, 11 are national and 10 are international staff.



### **Q2. What is your current position in ADB? (Select all that apply)**

- Most of the respondents described themselves as either ADB headquarters staff (44%), resident mission staff (37%), team leaders for projects and technical assistance (38%), international staff (42%), and national staff (33%). The rest were director level or above (12%), Private Sector Operations Department staff (4%), thematic staff (4%), administrative staff (4%), and others (4%). Other responses recorded were from a co-team lead for a grant and a member of the Agriculture Food Security and Natural Resources Sector Group.

**Figure A5.2: Summary of Respondents' Current Position in ADB (%)**

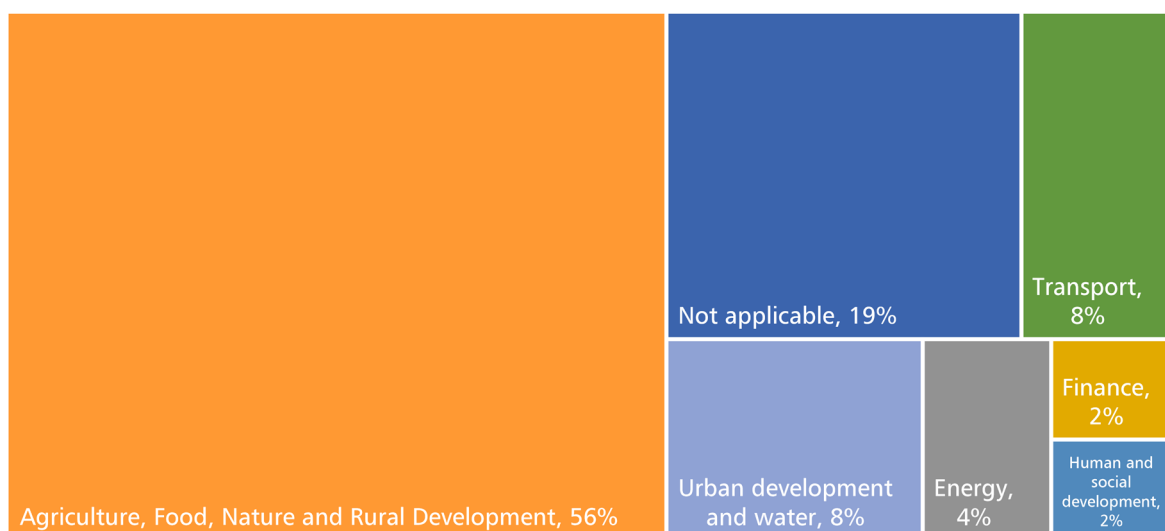


ADB = Asian Development Bank, HQ = headquarters, PSOD = Private Sector Operations Department, RDFS = rural development and food security, RM = resident mission.  
Source: ADB (Independent Evaluation Department).

**Q3. For staff in the Sectors Group, to what sector do you belong in ADB?**

- Most respondents (56%) were in AFNR, followed by transport (8%) and urban development and water (8%). However, nine answered, "not applicable" and four skipped this question.
- For this exercise, staff with 6 years of ADB work experience were considered "senior" while those with 5 years or less were considered "junior." Nine respondents reported "not applicable," five of whom were junior while four were senior.
- Of the 27 AFNR respondents, 17 (63%) were senior and 10 (37%) were junior staff. Three were director level, all of whom were senior staff. Seven were international senior staff and seven national senior staff.
- There were six junior staff in headquarters and two junior staff in the resident missions. There were five international junior staff and two national junior staff.
- Respondents from the transport and urban development and water sectors are all senior staff.
- Four respondents who skipped the question are from the resident mission and are senior staff.

**Figure A5.3: Summary of Sector Distribution of Respondents (%)**



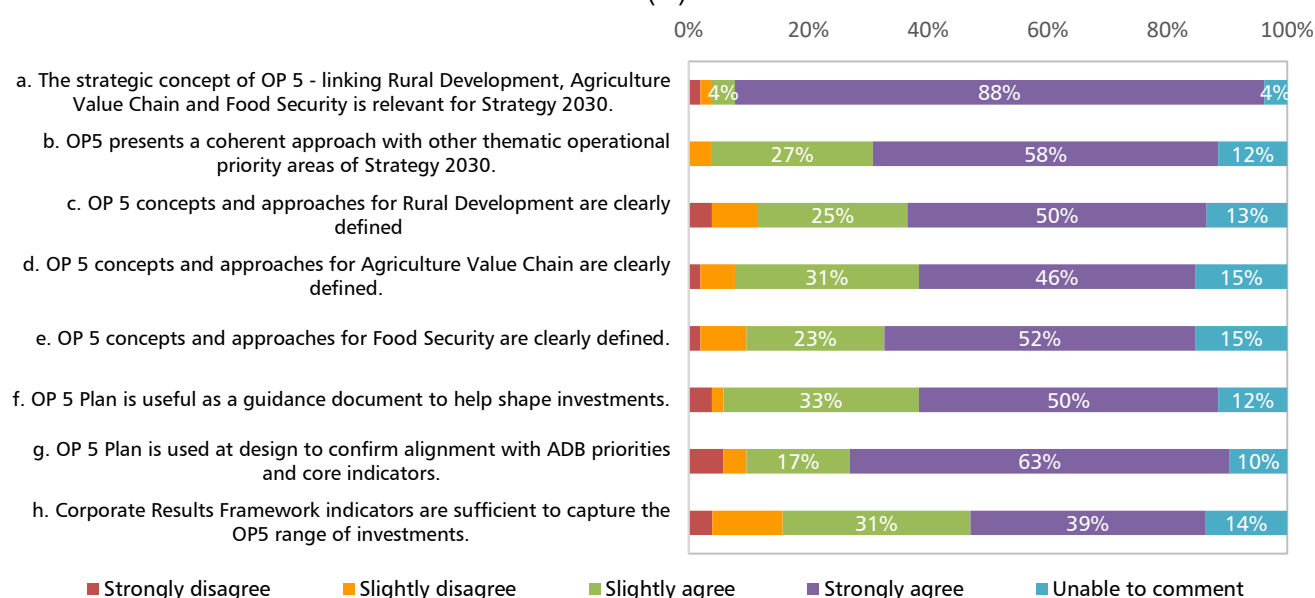
Source: Asian Development Bank (Independent Evaluation Department).

**Q4. Please select the statement(s) which align best with your experience of the operational priority 5 plan document.**

The statements were as follows:

- The strategic concept of OP5 linking rural development, agricultural value chain, and food security is relevant for Strategy 2030.
- OP5 presents a coherent approach with other thematic operational priority areas of Strategy 2030.
- OP5 concepts and approaches for rural development are clearly defined.
- OP5 concepts and approaches for agricultural value chain are clearly defined.
- OP5 concepts and approaches for food security are clearly defined.
- OP5 plan is useful as a guidance document to help shape investments.
- OP5 plan is used at design to confirm alignment with ADB priorities and core indicators.
- Corporate results framework indicators are sufficient to capture the OP5 range of investments.

**Figure A5.4: Summary of Respondents' Agreement Levels on the Experience of the Operational Priority 5 Plan Document (%)**



ADB = Asian Development Bank, OP5 = Operational Priority 5: Promoting Rural Development and Food Security, 2019–2024.

Source: Asian Development Bank (Independent Evaluation Department).

- About 88% of the respondents strongly agree that OP5's linking of rural development, agricultural value chain, and food security is relevant for Strategy 2030.
- Of the respondents, 58% strongly agree that the concepts and approaches on the three pillars of rural development and food security were clearly defined. Although there was a general sense of agreement on the statement, "Corporate results framework (CRF) indicators are sufficient to capture the OP5 range of investments," it registered the lowest share of agreement compared with the other statements. This would suggest that there is room to improve the connection between the indicators of the CRF and OP5.
- For this exercise, staff with 6 years of ADB work experience were considered "senior," while those with 5 years or less were considered "junior." Of the 52 respondents, 35 (67%) were considered senior while 17 were considered junior. Of the 35 senior respondents, 9 gave a drop

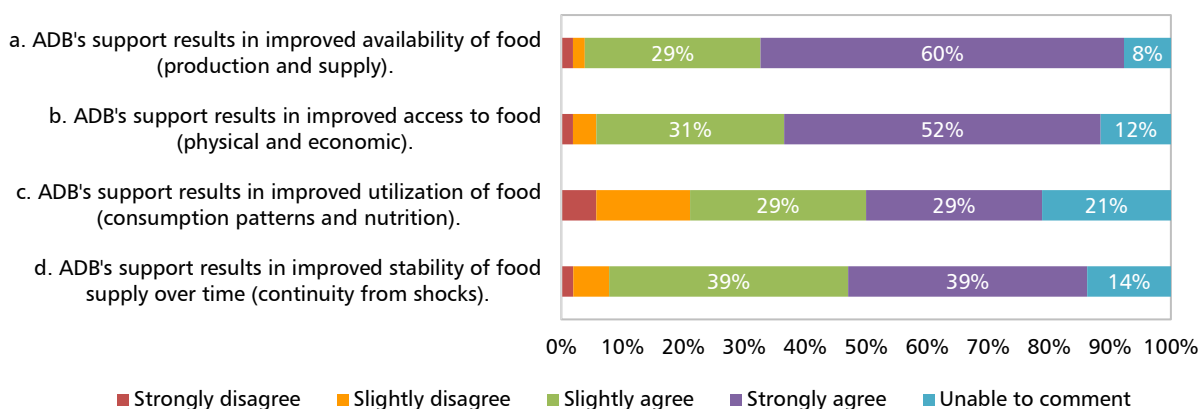
in ratings from statement a to b. Among the junior respondents, only two (12%) gave a drop in ratings from statement a to b.

**Q5. Select level of agreement with the following statements on ADB support for food security.**

The statements were as follows:

- ADB's support results in improved availability of food (production and supply).
- ADB's support results in improved access to food (physical and economic).
- ADB's support results in improved utilization of food (consumption patterns and nutrition).
- ADB's support results in improved stability of food supply over time (continuity from shocks).

**Figure A5.5: Summary of Respondents' Agreement Levels on ADB Support for Food Security (%)**

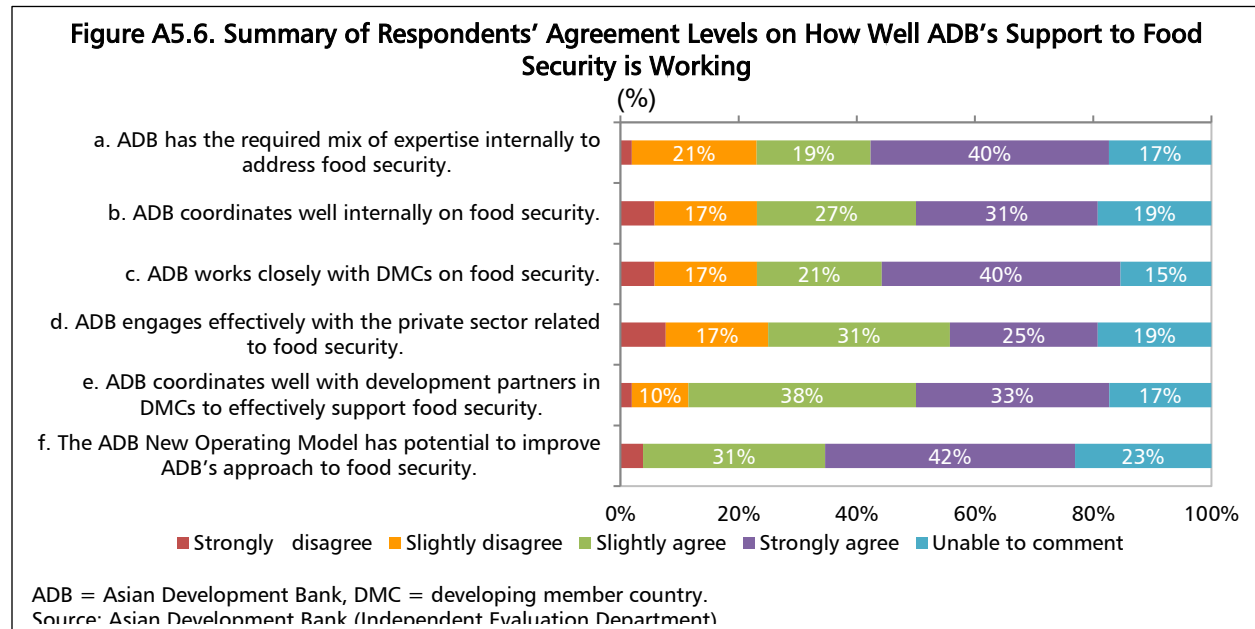


ADB = Asian Development Bank.

Source: ADB (Independent Evaluation Department).

- Most respondents (60%) strongly agreed with the statement that ADB's support results in improved availability of food (production and supply). About 29% slightly agreed with the statement.
- About 52% of the respondents strongly agreed that ADB's support results in improved access to food (physical and economic), while 31% slightly agreed.
- An estimated 29% of respondents gave the same rating of strongly agree and slightly agree to the statement that ADB's support results in improved utilization of food (consumption patterns and nutrition). This may be because classic ADB rural development projects are designed to deal with rural infrastructure to help improve productivity and connect markets, which influence the access and availability of food. No concrete mechanisms are embedded in the project design to ensure enhanced consumption of food, which leads to healthier communities.
- The same scenario was observed for statement d. About 39% responded with the same rating of "strongly agree" and "slightly agree" to the statement that ADB's support results in improved stability of food supply over time (continuity from shocks).
- It seems that ADB is strong in supporting efforts to make food available and accessible but may need to improve food utilization and stable food supply. This may suggest that, although OP5 supports food security, specific actions and indicators or strategies on improved utilization and stability of food still present a challenge or are not considered a core function of ADB.

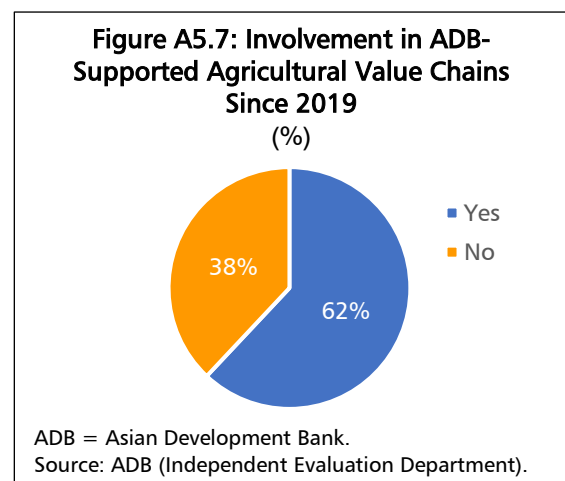
**Q6. Select level of agreement with the following statements on how well ADB's support to food security is working.**



- The results show no majority responses to any of the statements.
- Statements that have the highest "strongly agree" responses were on ADB's food security experts, close working relationships with developing member countries and the potential of the new operating model to improve ADB's approach to food security.
- The lowest "strongly agree" response is on engagement with the private sector related to food security. The Private Sector Operations Department (PSOD) will play an important role in improving ADB's private sector engagement to achieve food security.
- The survey showed that, on average, 19% of respondents were unable to comment on the six statements on ADB's support for food security.

**Q7. Operational priority 5 highlights agricultural value chains (AVCs) as a key approach. Since 2019, have you been involved in ADB-supported AVCs?**

- Of the respondents, 62% answered that they have been involved in ADB-supported AVCs, while 38% reported otherwise. Two respondents skipped the question.
- Of 31 respondents, 21 (68%) reported that they have been involved in ADB-supported AVCs as AFNR staff; 1 from human and social development and 3 from transport were senior staff. Five answered "not applicable" as their ADB sector but have AVC experience; one was an international junior staff in PSOD, one was a national junior staff who is a co-team lead for grant project in headquarters, and three were senior staff.





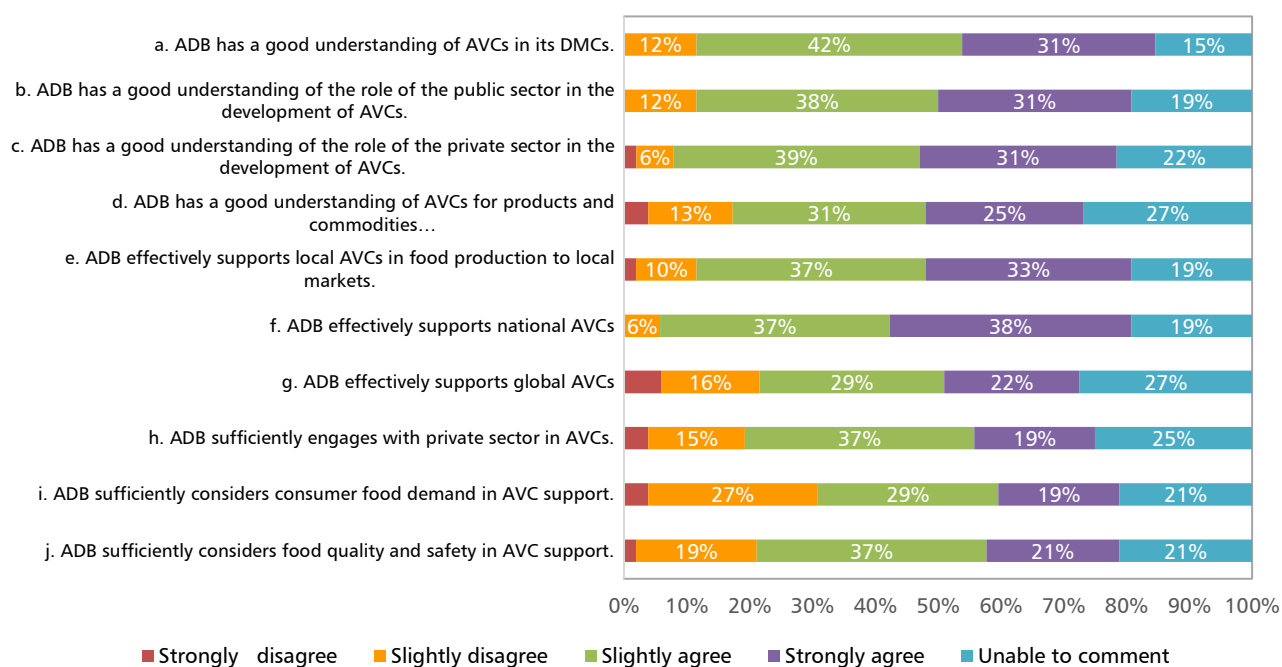
- Of 19 respondents, 17 (89%) reported that they have not been involved in ADB-supported AVCs; 13 were from AFNR, urban development and water, energy, and finance.

**Q8. Select level of agreement with the following statements on ADB's support for agricultural value chains (AVCs).**

Statements are as follows:

- ADB has a good understanding of AVCs in its developing member countries.
- ADB has a good understanding of the role of the public sector in the development of AVCs.
- ADB has a good understanding of the role of the private sector in the development of AVCs.
- ADB has a good understanding of AVCs for products and commodities that are traded globally (e.g., coffee, tea, spices, etc.).
- ADB effectively supports local AVCs in food production for local markets.
- ADB effectively supports national AVCs.
- ADB effectively supports global AVCs.
- ADB sufficiently engages with the private sector in AVCs.
- ADB sufficiently considers consumer food demand in AVC support.
- ADB sufficiently considers food quality and safety in AVC support.

**Figure A5.8: Summary of Respondents' Agreement Levels on ADB's Support for Agricultural Value Chains (%)**

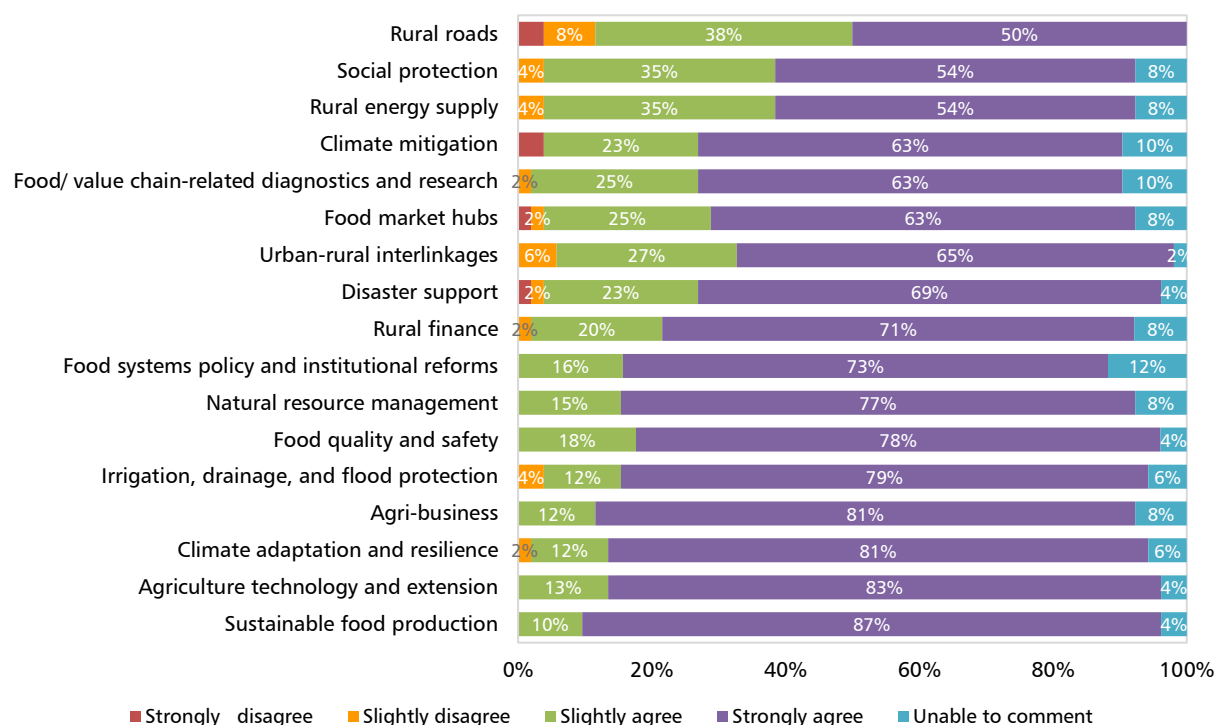


ADB = Asian Development Bank, AVC = agricultural value chain, DMC = developing member country.  
Source: Asian Development Bank (Independent Evaluation Department).

- All statements have mixed results. It seems that ADB has varying degrees of understanding on AVCs and its own role in rural development and food security.
- The survey shows that, on the average, 22% of the respondents were "unable to comment" across the 10 statements on AVC support.

**Q9. In the future, which types of ADB investments need to be strengthened to contribute to improved food security?**

**Figure A5.9: Summary of Respondents' Agreement Levels on Types of ADB Investments that Need to be Strengthened to Improve Food Security (%)**



ADB = Asian Development Bank.

Source: ADB (Independent Evaluation Department).

- Most respondents agreed that ADB investments need to be strengthened to contribute to improved food security. The top five ADB investments deemed most in need of strengthening based on “strongly agree” responses were the following: (i) sustainable food production (87%); (ii) agriculture technology and extension (83%); (iii) agribusiness (81%); (iv) irrigation, drainage, and flood protection (79%); and (v) food quality and safety (78%).
- The top five ADB investments deemed most in need of strengthening based on “slightly agree” responses were the following: (i) rural roads (38%), (ii) rural energy and social protection (35%), (iii) urban–rural interlinkages (27%), (iv) climate mitigation and disaster support (23%), and (v) rural finance (20%).