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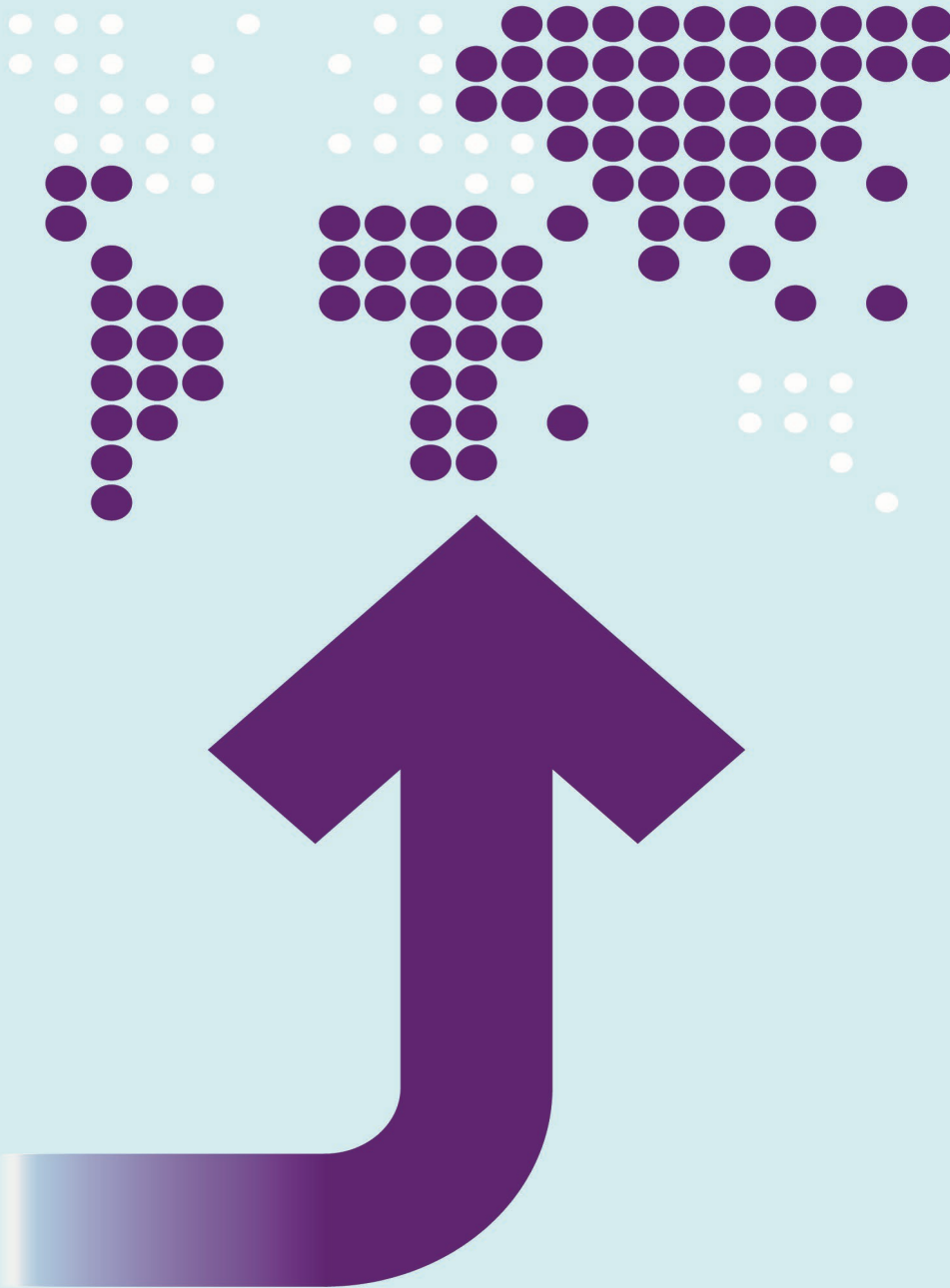
AFRICAN DEVELOPMENT BANK

BACKGROUND STUDIES TO SUPPORT THE EVALUATION OF THE PSD STRATEGY OF THE AFRICAN DEVELOPMENT BANK

Independent
Development Evaluation
Department (IDEV)

Final Inception Report

Centennial Group
International



Contents

Acronyms.....	ii
I. Introduction.....	1
II. Background.....	1
III. Objectives and Scope.....	3
IV. Conceptual and Results Framework.....	4
V. Approach and Methods.....	5
VI. Assignment Outputs.....	9
Literature Review and Benchmarking.....	9
Portfolio Review and Institutional Performance.....	11
Country Case Studies	14
VII. Limitations, Risks and Mitigation Measures	20
VIII. Workplan: Deliverables and Timeline.....	22
Annex 1: Terms of Reference	23
Annex 2: Evaluation Logical Framework and PSD Strategy Theory of Change	30
Annex 3: PSD Strategy Results Measurement Framework.....	32
Annex 4: List of AfDB Documents to be Reviewed.....	34

Acronyms

AfDB	African Development Bank
ADF	African Development Fund
ADOA	Additionality and Development Outcome Assessment
BDEV/IDEV	Independent Development Evaluation Department
CSP	Country Strategy Paper
CN	Credit Note
DAM	Delegation of Authority Matrix
DBDM	Development and Business Delivery Model
EVRD	Evaluation Results Data Base
IDEV/BDEV	Independent Development Evaluation Department
KPI	Key Performance Indicator
LoC	Lines of Credit
M&E	Monitoring & Evaluation
NDP	National Development Plan
NSO	Non-Sovereign Operations
OECD	Organization for Economic Co-operation and Development
PAR	Project Appraisal Report
PCR	Project Completion Report
PPP	Public-Private Partnerships
PSD	Private Sector Development
PSO	Private Sector Operations
QoS	Quality of Supervision
RMC	Regional Member Country
RMF	Results Measurement Framework
SME	Small and Medium Enterprise
TA	Technical Assistance
ToC	Theory of Change
TYS	Ten-Year Strategy
WBG	World Bank Group

I. Introduction

The Independent Evaluation Department (IDEV) of the African Development Bank Group (AfDB or the Bank) has retained the services of Centennial Group International to prepare background papers to support the evaluation of the (2013-2017) Private Sector Development (PSD) strategy. The evaluation is expected to inform the new PSD strategy that is currently under preparation. **Annex 1** provides the Terms of Reference for the assignment.

This Inception Report contains the following sections: (i) Introduction; (ii) Background; (iii) Objectives and Scope; (iv) Conceptual and Results Framework; (v) Approach and Methods; (vi) Assignment Outputs; (vii) Limitations, Risks and Mitigation Measures; and (viii) Deliverables, Workplan/timeline.

II. Background

Private Sector Development (PSD) - i.e. strategies and interventions to support and increase contributions that private enterprises make to overall economic growth and poverty reduction - has long been a central part of national development strategies and programs. PSD is emphasized for two major reasons: the increasing importance of job creation; and the need for significant private sector involvement in order to ensure sustainable financing for global development goals. Donor PSD support - provided through or to Governments or directly to firms - influences private enterprises by increasing returns and/or reducing costs and risks. It is provided through a combination of economy-wide, sector-specific and firm-specific interventions.

AfDB's PSD strategy has evolved over the last two decades:

- In 1990, the first PSD strategy established the objective of fostering economic and social development in Regional Member Countries (RMCs) through the direct promotion of private enterprises. A new private sector window was established with a mandate to provide financing to private entrepreneurs, advisory services (mainly assistance to project sponsors), and promotional activities in the initial years. The private sector window started operation in 1991 to allow the Bank to gain experience in private sector financing. The Bank's support in the pilot phase focused on countries where the business environment (investment climate) enabled the selection of private projects with good prospects of financial profitability and economic worthiness. It employed a narrow range of financial instruments (term loans and equity) in combination with technical assistance (TA). The Bank reviewed its pilot private sector operations (PSO) in 1996. The review underscored the necessity of expanding the scope of the Bank's support to private sector development in RMCs. Among the specific recommendations were: expanding the Bank's support to develop the enabling environment for private sector development such as creating institutions and legal frameworks to facilitate private investment flows; and broadening its interventions into new areas of support (infrastructure financing,

privatization and support to small and medium enterprises). In addition, the recommendations called for adding financing instruments (such as lines of credit, quasi-equity, and guarantees), and tailoring country and project choices to stages of private sector development.

- In 2004 the Bank adopted a new private sector development strategy whose main objective was to support development of the business environment to enable viable private sector operations to emerge in RMCs. The strategic areas of the Bank's support were: (i) improving the enabling environment for business in RMCs; (ii) developing private infrastructure and public-private partnership; (iii) strengthening financial infrastructure and institutions; and (iv) direct assistance to business enterprises, particularly Small and Medium Enterprises (SMEs). The 2008 update of the 2004 PSD strategy sets out five related priorities: (i) improving the investment climate; (ii) supporting private enterprises; (iii) strengthening financial systems; (iv) building competitive infrastructure; and (v) promoting regional integration and trade.
- In 2013, the Bank adopted a new private sector development policy and strategy for 2013-2017. This PSD strategy was consistent with the two objectives (i.e. inclusive growth and transition to green growth) and strategic focus of the Bank's Ten Year Strategy (TYS) for 2013-2022. Private sector development was one of the six strategic pillars in the TYS. Recognizing the limited achievement in mainstreaming private sector development as a core objective in sector strategies and operations of the Bank, the private sector strategy specifically aims to maximize the impact of the Bank Group on PSD by harnessing both public and private sector priority operations.
- There have been three important institutional changes since the adoption of the 2013-2017 PSD strategy: (i) adoption of the High 5 priority areas; (ii) institution of the Development and Business Delivery Model (DBDM); and (iii) adoption of the 2018 policy on NSOs that defines the private sector space. In 2016 the Bank refocused its TYS priorities in five areas of interventions known as the High 5s, namely: (i) Light Up and Power Africa, (ii) Feed Africa, (iii) Integrate Africa, (iv) Industrialize Africa and (v) Improve the quality of life for the people of Africa. In 2016 as well, the Bank adopted the new DBDM which transferred the responsibility for origination of NSOs with the relevant sector complex with the Private Sector Support Department (PINS) serving as the central unit for overall coordination of the portfolio of NSOs, oversight and enforcement of standards, and monitoring and reporting. In 2018, the Bank adopted the integrated policy on non-sovereign operations (NSOs) which clarified the institutions eligible for funding, investment criteria, types of assistance and instruments, and modalities and safeguards required for Bank lending without sovereign guarantee.

III. Objectives and Scope

Objectives

IDEV is undertaking an evaluation of the (2013-2017) Private Sector Development (PSD) strategy. This evaluation will inform the new PSD strategy that is currently under preparation by AfDB management and expected to be completed by 2020.

The specific objectives of the evaluation are to:

- i. Assess the relevance of the Bank's private sector development strategy;
- ii. Assess the extent to which the upstream sovereign interventions achieved their objective of enabling private sector development;
- iii. Assess the extent of the outputs and development outcomes of private sector operations/projects (PSOs), and their intended and unintended effects;
- iv. Assess the Bank's institutional performance in managing PSD for results; and
- v. Identify drivers of success and failures of the strategy and private sector development interventions, distill lessons and good practices, and recommend changes/action areas necessary to enhance the next strategy.

The intended users of the evaluation and underlying background papers within the Bank are primarily the Board members, management and staff, especially those responsible for private sector development in the different sector complexes and regional hubs. The report is also likely to be useful to Regional Member Countries in charge of design and implementation of PSD and economic governance reforms as well as private sector associations and firms in RMCs and development partners.

Scope

The scope of this assignment is to support the IDEV evaluation of the strategy by preparing a set of background papers. As such, the scope of this assignment is narrower than the entire IDEV evaluation. It will be important to ensure that the structure of the background reports allow for seamless incorporation of the findings from these reports into the main evaluation report. To ensure consistency, **Centennial requests that the IDEV team share the outline of the PSD evaluation report as soon as possible.**

The scope of the assignment has also been influenced by the ongoing independent evaluation of the Bank's Financial Sector Development Policy and Strategy (FSDPS). In order to avoid duplication, the background papers would exclude analysis of financial sector programs and operations/projects (which constitute a significant proportion of the NSO portfolio) and draw on the FSDPS evaluation report as the primary input for the financial sector analysis. **Centennial requests early access to drafts of this ongoing (and soon to be completed) FSDPS evaluation.**

IV. Conceptual and Results Framework

The preparation of the background papers would be undertaken under the assumption that the IDEV evaluation will utilize the PSD intervention logical framework (Annex Figure 2.1) contained in the approach paper. This logical framework is similar to but differs from the conceptual framework of the 2013-2017 PSD strategy (Annex Figure 2.2). The underpinning Theory of Change is that private sector development fosters growth and transformation (e.g. shift from low-productivity to high-productivity sectors), creates a productive employment and provides rising income and wealth (long-term development impact). Sustaining private sector capital provisioning and investment creates a virtuous growth process where deepening innovation and technological change drive a structural shift in growth and development. The PSD intervention logical framework identifies two paths for effecting change i.e. an enabling environment (fostering a healthy and socially responsive business climate, financial sector reforms, and increasing access to social and economic infrastructure) and support to private enterprises¹.

The results chain identified in the PSD strategy specifies a detailed listing of outcome and output indicators (Annex 3). These indicators - and actual progress over baseline values - would form the basis for assessing whether the PSD strategy achieved its goals. For example, the “PSD enablers” under the first path include: (i) policy, legal and regulatory reforms; (ii) strengthening institutions in support of the policy, legal and regulatory reforms; (iii) financial sector reforms; and (iv) expanding and provisioning of economic and social infrastructure and services (i.e., provisioning of productivity-enhancing and cost-lowering public goods). These interventions to improve the private sector enabling environment generate a range of outputs, such as improved policy, legal and regulatory framework, expanded economic and social infrastructure, and labor skills acquisition. These outputs in turn manifest in a range of intermediary outcomes (e.g. reduced costs of doing business, increased access to finance, reduced cost of infrastructure services and improved skills), which are indicative of progress in private sector development (PSD performance indicators).

Similarly, under the second path, , the Bank provides support to private sector enterprises (large, medium, and small firms) through a range of financial instruments including financial intermediary loans, senior debt and private equity. The Bank’s support to SMEs, for example, focuses on providing access to finance, business operation skills, and innovation and technology.

These initiatives collectively contribute to competitive and sustainable private sector growth, as measured by: (i) expansion of enterprises and increased business density and variety; (ii) growth in

¹ The PSD strategy has three pillars (i.e. business and investment climate, access to social and economic infrastructure, and enterprise development). The first path of the PSD intervention logical framework is equivalent to the activities contained in the first two pillars of the PSD strategy and it also makes more explicit the financial sector activities which are embedded within the pillars of the PSD strategy.

private investment; (iii) increased business entry and competition; (iv) enhanced market connectivity, integration and value chains; and (v) enhanced private sector innovations and productivity.

V. Approach and Methods

Key Evaluation Questions and Sub-questions

The background reports will aim to support the IDEV evaluation report’s efforts to address four key evaluation questions as shown in Table 1 below.

Table 1: Key Evaluation Questions vs. Criteria

Principal Evaluation Questions	Coherence	Relevance	Effectiveness	Efficiency	Sustain-ability	Country Ownership
To what extent has the Bank support for private sector development in RMCs been relevant?	✓	✓				✓
To what extent did the Bank interventions and initiatives foster private sector enablers to achieve their objectives?			✓	✓	✓	✓
To what extent were development outcomes of the private sector operations achieved?			✓		✓	✓
What has been Bank’s rating in terms of work quality, profitability and additionality?			✓	✓	✓	

Table 2 below lists the sub-questions to be addressed as part of each key question as well as the sources of data/information that will be tapped to answer them.

Table 2: Evaluation Questions and Sub-questions

Evaluation criteria	Principal questions	Sub-questions	Sources
Relevance of the Bank support to PSD.	To what extent has the Bank support for PSD in RMCs been relevant?	SQ1: To what extent does the PSD policy and strategy identify the relevant PSD challenges in Africa?	TYS, Hi 5 strategies, PSD policy and strategy, CSPs of case study countries, Project documents, IDEV reports.
		SQ2: To what extent are the Bank’s PSD policies and strategies aligned with the RMCs national level PSD diagnostics, policies and strategic priorities?	PSD policy and strategy, Implementation guidelines, CSPs and National Development Plans of Country Case Studies, IDEV reports.
		SQ3: To what extent have project choices been consistent with PSD priorities or responded to requests for financing from clients?	CSPs of case study countries, Project documents, IDEV reports.
		SQ4: To what extent are the PSD policy objectives and interventions aligned with the YYS and High 5s?	TYS, Hi 5 strategies, PSD policy and strategy, IDEV reports.
		SQ5: To what extent are the Bank’s PSD policy and strategic priorities integrated into corporate-level sector policies and strategies?	TYS, Hi 5 strategies, PSD policy and strategy, IDEV reports.
		SQ6: To what extent is the PSD policy relevant in the design and implementation of the Bank’s PSD regional/sub-regional/country programs? Does relevance differ for sovereign and non-sovereign programs?	PSD policy and strategy, Implementation guidelines, CSPs of case study countries, DBDM, DAM.
Effectiveness of the Bank support to PSD enablers.	To what extent did the Bank interventions and initiatives foster private sector enablers to achieve their objectives?	SQ1: What is the evidence on output performance of PSD enablers (i.e., improved policy, legal and regulatory framework, and institutions)?	PBO portfolio analysis, Stakeholder Interviews, IDEV reports.
		SQ2: To what extent did these enablers contribute to development outcomes (e.g. reducing cost and time of starting a business, improving corruption perceptions, etc.)?	NDPs, CSPs of case study countries, Stakeholder interviews, IDEV reports.
		SQ3: To what extent are the Bank’s efforts supportive/complementary to other development partner efforts?	PBO portfolio analysis, policy interventions of WBG, Stakeholder interviews, IDEV reports.

Development effectiveness of the Bank assisted private sector operations.	To what extent were development outcomes of the private sector operations achieved?	SQ1: To what extent have PSOs been effective in addressing PSD challenges in a country/sub-region?	Case study countries: CSPs, PSO data collection and portfolio analysis, IDEV reports.
		SQ2: What has been the development effectiveness of the PSO portfolio?	PSO/PBO data collection and analysis, XSRENS.
		SQ3: What has been the level of PSO portfolio risk and how has this varied by country (e.g. low/high income and fragile/non-fragile) and sector classification?	PSO/PBO data collection and analysis, Stakeholder Interviews.
		SQ4: How effective have been the Bank's risk management strategies to foster PSD in low-income and/or fragile counties?	PSO/PBO data collection and analysis. PSO comparator analysis.
Bank's institutional performance	To what extent do the Bank organizational structure, processes, and incentives facilitate a coordinated and effective implementation of the PSD strategy?	SQ1: How have changes in the Bank's business processes and procedures since 2013 (particularly DBDM/DAM) and its organizational structure impacted on achieving the objectives of the PSD strategy.	PSD strategy Implementation guidelines, DBDM, DAM, IDEV reports.
		SQ2: What has been the evidence on mainstreaming PSD in the Bank's complexes and RMCs?	Interviews with TMs, senior management in country offices.
		SQ3: To what extent are the CSPs utilized to serve as a business framework for maximizing synergies between upstream and downstream PSD operations?	CSPs of case study countries, Interviews with operational staff in HQ, COs, IDEV reports.
		SQ4: What has been Bank's performance in screening, appraisal and structuring of private sector investment projects?	QaE, QoS, ADOA, CPPR, XSR/EN reports of projects in case study countries.
	What has been Bank's rating in managing private sector operations in terms of work quality, profitability and additionality?	SQ5: What has been Bank's performance in investment profitability?	PAR, CN, XSR/EN reports of projects in case study countries.
		SQ6: What has been the performance of the Bank in supervision and administration of private sector projects?	QoS, ADOA CPPR, XSR/EN reports of projects in case study countries.
		SQ7: What has been the performance of the Bank in financial additionality of private sector investment projects?	QoS, ADOA, XSR/EN reports of projects in case study countries
		SQ8: What has been the performance of the Bank in non-financial additionality of private sector investment projects?	ADOA, XSR/EN reports of projects in case study countries.

As previously noted, in assessing progress, indicators already identified in the PSD Strategy's Results Monitoring Framework would be utilized. Specifically, the RMF (Annex 4) identifies the following indicators:

- **Level 1 Outcome indicators:** Index of unemployment rate (including rates among youth and women); private sector share of employment; global competitiveness index score; business start-up costs as a percent of GNI and start-up time; Africa's share of global trade and intra-African trade; share of African countries with credit ratings of B and above; Transparency International's Corruption Perceptions Index; CPIA scores for property rights and rules-based governance; FDI inflows and exports of goods and services (as percent of GDP); and ease of access to loans.
- **Level 2 Output indicators:** MW of power capacity installed; kilometers of roads constructed, rehabilitated and maintained; percentage of local and regional suppliers in total volume of financing; project contributions to Government revenues; SME turnover; total number of microcredits granted; credit to MSMEs as percentage of total financial intermediary operations; number of people benefiting from microfinance and social activities; and total number of jobs created (including for women).
- **Level 3 Efficiency indicators:** multiplier effect of AfDB resources (including for NSO resources); volume of non-sovereign financing arranged; % of Bank PSD operations rated satisfactory; average preparation time for NSOs; share of CSPs with financial sector diagnostic; number of sovereign guarantee operations supporting PPPs; Bank NSO portfolio loan impairment ratio; and weighted average risk ratio of the NSO portfolio.
- **Level 4 Management indicators:** share of private sector officers in the field or regional offices; number of business and investment environment enabling specialist professionals; share of NSO tasks managed from the field; and vacancy rate for NSO process professional staff.

Centennial seeks IDEVs assistance in being provided immediate access to reports which management is utilizing to monitor progress against the PSDS strategy indicators. Given the large number of indicators used, the IDEV team will also need to provide early guidance to Centennial on the relative evaluative weight to be given to different indicators. If data on the various indicators is not readily available, then Centennial and the IDEV team would need to agree on alternative (preferably publicly available) indicators that would be used for the evaluation.

Evaluation Approach

The Centennial team will examine both the upstream and downstream interventions² of the Bank in support of PSD. The upstream interventions in support of the private sector enabling environment (such as policy, legal and regulatory reforms, institutional support, financial sector development, and infrastructure development) fall under the domain of public sector operations, while the Bank's support to private enterprises is through its private sector operations under the NSO umbrella.

Public-sector support operations are subject to the standard OECD-DAC evaluation criteria: relevance, effectiveness, efficiency, impact and sustainability. The assessment will focus on the quality of services provided by the Bank during all project phases including the Bank's performance in ensuring project quality at entry, satisfactory implementation and future operation.

For private sector operations the expanded supervision report (XSR) guidelines, which comply with the MDB/ECG Good Practice Standards for the private sector (private ECG GPS), provide a sound methodology for evaluating the development outcome of private sector operations. The development outcomes cover four dimensions – i.e. project business success (i.e. financial performance and fulfilment of business objectives); economic sustainability; environmental and social effects; and private sector development.

VI. Assignment Outputs

The Centennial team will prepare three background reports: literature review and benchmarking; portfolio reviews and institutional performance; and country case studies.

Literature Review and Benchmarking

This report will summarize recent literature on the subject of PSD. To ensure that this deliverable meets the commonly accepted norms for a literature review it would need to capture the evolution in the accepted consensus in the development community regarding the Theory of Change for private sector development and how MDB/IFI supports PSD. This background report will, hence, cover three important areas:

Evolution of the PSD agenda in the Bank's institutional strategies and impact of institutional policy changes on the Bank's PSD strategy and programs. The review will cover related Bank strategy documents (TYS, High-5 strategies, and CSPs of the selected

² See Table 2: Evaluation Questions and Sub-questions.

country case studies). Given that the 2013-17 strategy has remained unchanged and is still in force, the background report would summarize the main elements of the strategy and focus on how the emphasis in PSD evolved in these strategy documents. Beyond the overarching institutional strategies, the background report will need to examine whether other PSD relevant policies resulted in a change in the PSD strategy and private sector portfolio. For example, the 2018 NSO policy includes SOEs and DFIs in the definition of NSOs and could change the public/private balance in new NSO commitments. **Centennial and the IDEV team will need to reach agreement on other policy changes with significant potential impact on the PSD strategy.**

Evolution of the Bank’s PSD strategy and program based on changes in the development community’s PSD knowledge base and evaluative evidence. The theory of change contained in the PSDS was based on available knowledge at the time of its formulation. This knowledge evolved in two ways; first, based on global experience and second, based on IDEV evaluations of various aspects of the PSD strategy and program. A synthesis of evaluations of donor PSD programs in Africa had been prepared for IDEV and NORAD by Centennial in 2016. Centennial would draw on this report and incorporate more recent (2015-2019) evolution of theories and evaluative evidence. Findings from IDEV evaluations of the various dimensions of Bank support to PSD would be synthesized including evaluations of: (i) Non-Sovereign Operations (NSO); (ii) Additionality and Development Outcome Assessment (ADOA); (iii) Public-Private Partnerships (PPP); (iv) Small and Medium Enterprises (SMEs); (v) Microfinance; (vi) Private Equity; and (v) Lines of Credit. The review will also synthesize key findings of the ongoing evaluation of the Financial sector development policy and strategy.

Experience of other MDBs/IFIs with regard to private sector policy and strategy development, and operational benchmarking. The report would compare the Bank’s private sector development strategy and programs, and performance in relation to “best practice” of MDBs. The analysis would be undertaken in two parts. First, a review of IFIs’ PSD policies and strategies utilizing as comparators a subset of IFIs that prepared the harmonized Principles of Additionality in Private Sector Operations³. Second, an operational benchmarking comparing AfDB with the Asian Development Bank (AsDB), the Inter-American Development Bank (IDB); the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD). The focus of the analysis would be on institutional performance (i.e. work quality, profitability, and additionality)

³ AfDB, Asian Development Bank, Asian Infrastructure Investment Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank Group, Islamic Development Bank Group, New Development Bank and the World Bank Group.

and development outcome as per the composite measure of the ECG/GPS four dimensions. If possible, the factors that influence performance differences would be identified. The comparison with AsDB and IDB will exclude comparison of development outcomes which are based on country performance and could vary considerably across regions due to circumstances beyond the country's or the MDB's control. In the case of IFC and EBRD, the focus would be on their performance in Africa. The benchmarking will require detailed data on institutional performance and development outcomes at comparator organizations. This is not publicly available and **IDEV will need to facilitate access to project level performance data from the comparator organizations or their evaluation departments in order for this benchmarking exercise to be undertaken.**

Portfolio Review and Institutional Performance

The portfolio review and institutional performance will focus on the relevance of interventions, portfolio composition, quality of project design and implementation, and performance of PSD programs/projects supported by the Bank.

Although the PSD strategy period is 2013-17, the portfolio review will cover a longer, 10-year horizon 2009-2019 (Year To-Date). The period prior to the adoption of the strategy will help understand changes in underlying trends while providing evidence on the benefits of the new strategy, i.e., what changed following the adoption of the strategy. The period after the end of the strategy (i.e. 2018 and 2019) is included as the 2013-2017 strategy is assumed to remain in force in the absence of a new strategy.

It should be noted that the longer period of analysis will require that the IDEV team provide additional data beyond what has been provided to-date.

The **Portfolio Review** will examine both the upstream sovereign and downstream non-sovereign interventions of the Bank in support of PSD.

Sovereign Portfolio:

The list of sovereign operations “tagged” as supporting PSD, includes three main types of projects: i.e. Policy Based Operations; investment operations and Technical Assistance/emergency operations (Table 3)⁴.

⁴ This includes 4 financial sector PBOs – 3 in Morocco and 1 in Tunisia.

Table 3: Sovereign PSD Operations (2013-2019 YTD)

Type of Operations	No. of operations	UA million
Policy Based Operations	53	2,988
Investment Loans	28	647
Technical Assistance & Emergency	35	88
Total	116	3,723

A significant proportion of sovereign operations (80 percent by volume and 49 percent by number) are general and sector Program-Based Operations (PBOs)⁵ (Table 1).

Currently, the entire value of PBOs are being included as PSD relevant. For a more granular identification of PBO commitments “tagged” for PSD, one of two approaches will need to be used. First, if the Bank’s systems record the sectoral distribution of PBO commitments (based on self-identification by task teams), this data would be utilized. Alternatively, if sectoral distribution of PBO commitments is not available from Bank systems, then a more detailed analysis would need to be undertaken of prior actions and triggers to identify those that pertain to PSD. This latter approach is resource intensive. **Centennial requires IDEVs assistance in obtaining the sectoral allocation of each PBO commitment.**

PBO Terminology

The Bank uses certain terminology in relation to PBOs. Prior actions are actions which the beneficiary government must take in order for the Bank to take the proposed PBO to the Board for approval. Triggers are actions which must be completed to ensure release of subsequent tranches or to allow approval of a new phase in a series. Both are usually integrated into an overall results framework which includes other indicators.

Self-standing operations is a single disbursement and not part of a series. The two types of programmatic approach are programmatic operations (PO) where individually approved operations constitute phases of a series; and programmatic tranching (PT) where a multi-year operation is approved upfront with future tranche triggers already pre-defined.

⁵ Since the introduction of the 2012 Policy, the term PBO has covered four types of lending: General Budget Support and Sector Budget Support, Crisis Response Budget Support and Import Substitution. PSD sovereign PBOs consist of 47 general budget support operations for UA 2.038 billion commitments and 6 sector budget support operations for UA 949 million.

Out of the 116 sovereign operations, PCRs are available for 11 operations and PCRENs for 9 out of those 11 operations⁶.

Non-Sovereign Portfolio

During implementation of the PSD Strategy the Bank approved 299 private sector projects representing a total net commitment of approximately UA 10.0 billion. Table 4 provides the sector distribution of NSOs.

Table 4: Non-Sovereign Operations (2013-2019 YTD)

Sector	No. of operations	UA million
Finance	153	5,346
Power	51	1,528
Agriculture	39	1,352
Transport	21	1,003
Industry, Mining and Quarrying	13	410
Multi-sectoral and Other	22	402
Total	299	10,041
Of which: multinational	107	3,959

Note: Other sectors include Social, Water Supply and Sanitation and Communications.

One key issue is that no country or multinational operations have reached early operating maturity i.e. an XSR or an XSREN is not available for any of the 299 operations in the NSO portfolio.

The final area of analysis would assess the country level upstream-downstream linkages between the sovereign and NSO portfolios.

The evaluation of **Institutional Performance** will focus on the Bank's performance within the same set of projects on three key criteria:

- Additionality i.e. both financial and non-financial additionality of projects;
- Investment outcome i.e. investment profitability; and
- Project Quality i.e. quality at entry, supervision, completion and administration of projects.

⁶ The 11 operations are: 2 operations each in Mali, Morocco and Seychelles and 1 operation each in Burkina Faso, Central African Republic, Ghana, Mozambique and Tunisia.

Given that the investment outcome can be assessed only on projects that have met operating maturity, the portfolio of projects examined here will be the same as noted above i.e. those where an XSR (preferably also an XSREN) has been completed.

Country Case Studies

Country case studies would review the design relevance, effectiveness and sustainability of the Bank's private sector work in RMCs. Country case studies were selected to ensure sufficient diversity of Bank programs; the analysis commenced by reviewing the distribution of commitments by country categories (Table 5)⁷.

⁷ Country programs would also include non-lending activities.

Table 5: PSD Sovereign and Non-Sovereign Commitments 2013-2019 YTD

Country	No. of operations		UA million	
	Sovereign	NSOs	Sovereign	NSOs
Benin	4	1	12.04	0.82
Burkina Faso	2	4	35.00	49.55
Burundi	2		8.00	-
Cape Verde	4		41.56	-
Centrafrique	6		27.28	-
Chad	1		15.00	-
Dem Rep Congo	2	6	53.00	88.69
Eritrea	1		2.00	-
Ethiopia	1	2	88.66	114.07
Gambia	1	1	5.00	5.89
Guinea		1	-	71.82
Liberia	4	5	9.72	25.54
Madagascar	3		12.00	-
Malawi	1		0.72	-
Mali	7	11	80.60	100.20
Mozambique	3	3	35.05	28.81
Namibia	1		149.72	-
Niger	5	2	51.00	13.90
Rwanda		6	-	49.31
Seychelles	3		22.27	-
Sierra Leone	3	4	16.72	25.12
Somalia	2		3.73	-
Sudan	1	3	0.66	80.16
Tanzania	1	7	40.00	151.87
Uganda		5	-	82.49
Zimbabwe	1	2	1.10	26.93
Subtotal ADF-only	59	63	710.83	915.20
Côte D'Ivoire	2	11	41.23	572.56
Ghana	4	15	80.72	462.40
Mauritania	2	5	6.70	54.75
Subtotal ADF Gap	8	31	128.65	1,089.71
Cameroon	2		128.99	-
Kenya	3	22	37.32	602.19
Senegal	7	6	150.05	66.94
Zambia	1	4	8.00	147.37
Subtotal ADF Blend	13	32	324.36	816.49
Nigeria	3	32	20.21	1,675.83
Subtotal Graduating	3	32	20.21	1,675.83
Total ADF Countries	83	158	1,184.06	4,497.23

Country	No. of operations		UA million	
	Sovereign	NSOs	Sovereign	NSOs
Angola		1	-	72.98
Botswana		1	-	58.38
Egypt	3	4	1,083.11	32.18
Eq Guinea	1		21.41	-
Gabon	4	2	543.79	64.59
Mauritius		3	-	179.56
Morocco	8	5	637.36	333.76
South Africa		10	-	670.00
Swaziland		2	-	17.99
Tunisia	2	6	221.51	156.35
Total ADB Countries	18	34	2,507.19	1,585.78
Multinational	15	107	32.08	3,958.67
Total	116	299	3,723.32	10,041.68

The selection of countries was undertaken based on the following criteria: presence of both sovereign and non-sovereign commitments; diversity in country income categories; representation of sub-regions; and a sufficient number of non-financial sector NSOs (given the more limited focus of this evaluation on financial sector programs).

Six countries were selected. PSD programs in the Democratic Republic of Congo, Nigeria, Morocco and South Africa would be analyzed through desk reviews and virtual interactions and PSD programs in Côte d'Ivoire and Kenya would be analyzed through both field visits and desk reviews. The commitments reviewed for the six countries would represent more than 15 percent of sovereign commitments and 30 percent of non-sovereign commitments.

Table 6: Country Selection

Country -> Criteria	Cote d'Ivoire	DRC	Kenya	Morocco	Nigeria	South Africa
Region	West	Central	East	North	West	South
Doing Business 2019 Rank	122	184	61	60	146	82
Per Capita Income	1,520	420	1,380	2,850	2,450	5,480
ADF/ADB Classification	ADF Gap	ADF-only	ADF Blend	ADB	ADF Graduating	ADB
Sovereign Portfolio	PBO Investment	Investment TA	Investment TA	PBO TA	Investment TA	-
Non-Sovereign Portfolio	Agriculture Power Transport	Fin. Sector Ind. /Mining	Fin. Sector Power	Fin. Sector Ind./Mining	Fin. Sector Agriculture Power Transport Ind./Mining Other	Fin. Sector Power Transport

The in-depth case studies will provide a good understanding of the drivers, enablers, and performance of PSO in these countries. The in-depth assessment would include policy factors such as the Doing Business Indicators, implementation capacity, financial sector depth, and macro-economic conditions. They will also outline the different initiatives that these countries are taking to further private sector development and their performance.

Methods

The preparation of the background reports will be guided by IDEV's evaluation policy, the OECD-DAC evaluation criteria (particularly with regard to relevance, effectiveness and efficiency) and the Evaluation Cooperation Group's Big Book on Evaluation Good Practice Standards.

The assignment will follow a mixed methods approach targeted to answer particular evaluation questions (Table 4). Data collection methods will match particular questions and multiple sources will be used to triangulate information. A range of information

sources will be used. The impact of the strategy and the changes due to it will be assessed based on a “before and after” the strategy analysis.

Data Collection Methodology:

The assignment will collect and triangulate data through multiple and diverse methods, including:

- a) Desk-based document review: During the data collection phase, the team will build on the initial document review (See Sources of Information below). The team will work closely with key stakeholders to gather additional documentary information.
- b) Key informant interviews: Semi-structured interviews will be used to guide the discussions with key informants. The interview questions will consistently include key questions/sub-questions and also support inclusion of additional thoughts provided by the interview partners. (Table 7). The interviews will be conducted both face-to-face and virtual (through skype or other technology). Final selection of key informants would be undertaken in consultation with IDEV after the selection of country case studies has been concluded.

Table 7: Indicative List of Key Informant Interviews (case studies)

	HQ	Regional Hubs	Total
Task Managers (sovereign)	5	5	10
Director Generals		4	4
Managers	3	4	7
Task Managers (private sector)	5	5	10
Managers	3	3	6
TOTAL	16	21	37

- c) Focus group discussions: In some cases, individual interviews will be complemented with and/or substituted by Focus Group Discussions where different stakeholders are brought together to discuss and react to each other’s views, and thereby enrich the insights gained on opportunities for and constraints to PSD. This method is likely to be useful during discussions in Abidjan and field visits.
- d) Case Studies: The assignment will conduct an in-depth portfolio analysis in six countries, two of which will include field visits. The selection of countries is based on regional balance, maturity of the NSO portfolio, mix of sectors (financial and

real sectors), and stage of private sector development. The sample is purposive and the objective is to ensure diversity to provide broad guidance on what works.

Data Analysis:

In conducting this assignment, the Centennial team will cast its analytical efforts in the context of a continuum of evaluative efforts carried by the AfDB and IDEV. Some recent IDEV evaluations are especially relevant for the preparation of these background papers. In particular, some of these evaluation studies have examined the relevance, efficiency, effectiveness and institutionalization of the Bank's NSO portfolio – both at a global level as well as “deep-dives” into specific aspects such as PBO, PBO- private sector enabling cluster, private equity, PPP, SME, Lines of Credit, Microfinance and the on-going evaluation of the financial sector policy, strategy and operations. The assignment will build on this already-validated base of evidence from these and other related evaluations.

Meta-analysis: This will comprise literature and desk reviews of various PSD related evaluations conducted by the AfDB. It will also mine data from the evaluations of PSD conducted by other MDBs and bilateral agencies. For this, the primary source will be the background documents of the PSD synthesis evaluation already completed by IDEV.

Benchmarking Analysis: This will be conducted in parallel with the meta-analysis and compare PSD policy and strategy of comparator/sister organizations. The semi-structured interviews will complement the meta analysis and quantitative evidence and include key elements such as overall portfolio analysis and performance. It will also cull lessons of experience and good-practice.

Case Studies: At the country level, the analysis will examine the Country Strategy Paper (CSP), its link to the national development priorities and the PSD strategy, Bank initiatives to strengthen the investment climate, KPIs on pillar 1 and 2 of the strategy, financial sector depth and macro-economic conditions. This will include broad indicators such as the CPIA, governance ratings, FDI flows, private sector contribution to GDP as well as AfDBs contribution to the private sector as it relates to supporting the High-5 and PSD strategy targets. A comparison of the IFC portfolio composition and its performance in the six case study countries will be examined.

Portfolio Analysis: The portfolio sample will also be purposive and the PSOs selected will have reached operating maturity (i.e. more than 80 percent disbursed). In terms of development outcomes, only the PSOs who have an XSR (preferably also an XSREN) will be analysed. The projects would be followed through their life cycle to evaluate the consistency and sequencing of the various reports and action. Thus, the review will also examine quality at entry, ADOA rating and financial and non-financial additionality, quality of supervision including especially the M&E framework and reporting, and

sustainability. The portfolio analysis will also conduct a “before and after” the strategy analysis to report on portfolio shifts as well as changes in project design and development outcomes.

Results Measurement: Progress will be assessed against the indicators and baseline data outlined in the PSD strategy. Progress against level 1 indicators would be used to measure success at the country level PSD policies in the country case studies; against level 2 indicators in the portfolio analysis; and against levels 3 and 4 in the institutional analysis.

VII. Limitations, Risks and Mitigation Measures

Limitations

The evaluation and the background papers face two significant limitations:

- a) Limited evaluability: PSOs should be sufficiently mature to warrant an evaluation of their development results. The evaluability of the PSO portfolios covered after 2013 is likely limited as some are too young to meet the test for early operating maturity.
- b) Attribution: The various PSD interventions contribute to chain of outcomes (e.g. improvement in enabling environment and private sector performance) that have consequences on wellbeing (e.g. rising income and living standard). Attributing change in outcome to a particular project without a credible counterfactual (establishing what would have been the situation of the intervention if the intervention had not taken place) could be misleading.

Risks and Mitigation measures

The evaluation faces a number of risks. These risks and the measures proposed to mitigate them are summarized in Table 8 below.

Table 8: Risks and Mitigation measures

Risks	Mitigation Measures
Gaps in the availability and reliability of AfDB data, such as on NSOs, could adversely affect the quality of the background reports and thus the evaluation.	IDEV to mine the portfolio databases and share the required data. This would require, for example, a systematic identification of public sector operations “mapped” to and identified as supporting PSD.
The benchmarking exercise could be constrained by the lack of information from the comparator organizations, particularly with respect to data on private sector operations, parts of which may be treated as confidential.	IDEV to reach out early to its counterparts in the comparator organizations and request portfolio level performance data from the comparator organizations.
There is a risk of delay and the need for rework if the content and form of the background reports is not aligned with what is foreseen for the evaluation report.	Early discussion of the outline of the evaluation report so that the background reports can adopt an outline that ensures that they can be incorporated seamlessly and efficiently into the final evaluation report

VIII. Workplan: Deliverables and Timeline

This assignment will begin in September 2019 and last for a period of four months. The deliverables and timeline are shown in Table 6 below.

Table 8: Deliverables and Timeline

Deliverable	Date (2019)
Draft Inception Report	September 27
IDEV Comments	October 16
Final Inception Report	October 30
Draft Literature Review and Benchmarking Report	Week of November 25
IDEV Comments	Week of December 9
Final Literature Review and Benchmarking Report	Week of December 16
Draft Portfolio Review and Institutional Performance Report	Week of December 20
Draft Country Case Studies Report	Week of December 20
IDEV Comments	Week of January 6
Final Portfolio Review and Institutional Performance Report	Week of January 13
Final Country Case Studies Report	Week of January 13
Final Revised Background Reports	Week of January 20
Draft Evaluation Report	IDEV Responsibility
Final Evaluation Report	IDEV Responsibility

Note: The timeline assumes availability of documents and data within two weeks of finalization of the inception report.

Annex 1: Terms of Reference

Terms of Reference (TOR)



AFRICAN DEVELOPMENT BANK

Consultancy Services to conduct background studies in support of an evaluation of the 2013-2017 private sector strategy of the African Development Bank

1. Introduction

- 1.1. The Bank is developing a new mid-term private sector development strategy, which will become operational in 2020. Prior to this, the Bank's management has requested that the Independent Development Evaluation Division (IDEV) to undertake an evaluation of the current strategy (2013-2017) for purpose of informing the design and implementation of the new strategy. In response to management's request, IDEV has incorporated the evaluation of the 2013-2017 PSD strategy as a priority in its current work program, which the Committee on Operations and Development Effectiveness (CODE) approved in January 2019.
- 1.2. This request for consultancy services is for undertaking specifically background studies and producing reports to input into the evaluation of the 2013-17 private sector development strategy and its principal interventions.

2. Context

- 2.1. In May 2013, the Bank adopted the Ten -Year Strategy 2013-2022 (TYS) aimed at inclusive growth that transits into "green growth". The strategy prioritizes private sector development as one of its strategic pillars towards achieving sustained inclusive growth objective. Consistent with TYS and its strategic priorities, the Bank adopted the revised Private Sector Development policy (PSD) in 2013. The strategy provides a comprehensive mandate within the One-Bank framework to support Regional Member Countries (RMCs) to achieve sustainable inclusive growth through private sector development.
- 2.2. The 2013 PSD policy envisions its implementation through medium-term private sector development strategies that will be formulated at periodic intervals. The first PSD strategy for 2013-2017 came into effect in 2013 premised on three interlinked pillars articulated in the PSD policy: (1) improving Africa's investment and business climate; (2) expanding business access to quality social and economic infrastructure; and (3) directly promoting enterprise development.
- 2.3. There have been important policy and institutional changes in the years following the adoption of the TYS as well as the PDS policy and strategy in 2013. The Bank has refocused the implementation of the TYS on five areas of interventions known as the High 5s, namely: (i) Light Up and Power Africa, (ii) Feed Africa, (iii)

Integrate Africa, (iv) Industrialize Africa and (v) Improve the quality of life for the people of Africa. These High 5s are aligned with the 2015 adopted Sustainable Development Goals (SDGs).

- 2.4.** The Bank adopted the new Development and Business Delivery Model (DBDM) in 2016 to effectively and efficiently deliver on the TYS and its High 5s, and maximize its development effectiveness in a constrained resource environment. The newly created Regional Development, Integration and Business Delivery Hubs assume a great deal of the operations of the Bank. In addition, the newly created sectoral complexes at corporate level develop sector-specific strategies and provide sector expertise to the regions on complex transactions.
- 2.5.** The Bank also adopted the 2018 integrated policy on non-sovereign operations (NSOs). The policy clarifies the meaning of the private sector, states the eligibility and investment criteria, identifies the types of assistance and instruments, and specifies the modalities and safeguard required for the Bank lending without sovereign guarantee. Under the DBDM, the responsibility for origination of non-sovereign operations rests with the relevant sector complex. However, the Private Sector Support Department (PINS) remains a central unit for overall coordination of the portfolio of non-sovereign operations, enforcement of standards, oversight, monitoring and reporting.

3. Evaluation Purpose and Objectives

- 3.1.** The implementation of the PSD strategy has proceeded under these contextual changes, which are bound to influence the PSD's strategic and operational priorities, and implementation arrangements. The overall purpose of the planned evaluation of the PSD is to (a) assess the design relevance, implementation effectiveness and results of the strategy; (b) identify drivers of success and failures to draw lessons; and (c) recommend changes/actions necessary to develop a new PSD strategy.
- 3.2.** The specific objectives of this consultancy assignment are to produce almost all the background reports for the evaluation of the Bank's 2013-2017 private sector development strategy (2013 PSDS). The PSDS evaluation:
 - i. Assesses the relevance of the Bank's support to private sector development;
 - ii. Assesses the extent to which the upstream interventions achieved their objective of enabling private sector development;
 - iii. Assesses the extent of the outputs and development outcomes of private sector operations/projects (PSOs), and their unintended effects;
 - iv. Assesses the Bank's institutional performance in managing PSD for results; and
 - v. Identifies drivers of success and failures of private sector development interventions, distills lessons and good practices, and recommends changes/actions necessary to enhance the next strategy.
- 3.3.** The PSD evaluation's intended users within the Bank are primarily the Board members, Management, and staff especially responsible for private development in the different sector complexes, and regional hubs.

4. Evaluation Questions and Scope

4.1. Evaluation Questions

The overarching questions and the associated sub-questions that guide the background studies and reports are in Table 1. These questions will be refined and finalized during the inception phase of the evaluation.

Table 1: PSD evaluation questions

Evaluation criteria	Principal questions	Sub-questions
Relevance of the Bank support to PSD development	How well has been the relevance of the Bank support to private sector development in 2013-2017?	EQ 1: How much is the PSD aligned to the Bank TYS' High 5 priorities?
		EQ 2: How much is the alignment evident in the sectoral composition of the private sector portfolio over time?
		EQ 3: How much is the alignment evident in the geographical priorities of the PSD strategy?
		EQ 4: How much of the Bank's support to private sector development is tailored to the development priorities of the RMCs?
		EQX: How adequate is the design relevance of the PSD strategy in terms of: (a) articulation of the PSD objective relative to problems articulated to inhibit PSD; (b) specification of the results chain connecting the PSD pillars/activities to PSD results; and (c) clarity of assumptions and risks built in the PSD design.
Effectiveness of the Bank support to PSD enablers	How well do interventions to foster private sector enablers achieve their objectives?	EQ 5: What specific interventions have the Bank instituted to foster the enabling environment?
		EQ 6: What is the evidence on their performance, i.e., achieving their objectives?
		EQ 7: What factors have influenced their success or failure?
		EQ 8: Have these enablers made possible to develop programmed pipeline of bankable projects?
Effectiveness of the Bank assisted private sector operations (PSOs)	How strong has been the development outcomes of the private sector operations?	EQ 9: What has been the growth performance of the Bank's private sector operations?
		EQ 10: Is there evidence of a shift in the composition of the PSO portfolio since the adoption of the TYS's High 5?
		EQ 11: What factors drive the portfolio growth?
		EQ 12: What has been the financial profitability of the PSO portfolio overtime?
		EQ 13: What has been the economic sustainability of the PSO portfolio overtime?
		EQ 14: What have been the achievement in environmental and social standards overtime?
		EQ 15: What has been the performance of the Bank in private sector development effects?
		EQ 16: What has been the development outcome rating of the private sector portfolio overtime?
		EQ 17: What has been the level of the private sector portfolio risk over time?
		EQ 18: What factors have been driving the change in the level of risk overtime?
		EQ 19: What are the risk management strategies applied to limit the private sector portfolio risk?
EQ 20: What are the consequences of these strategies on risk distribution across geography, sectors, and choices of instruments?		
EQ 21: Has there been evidence that limits to risk exposure constrained portfolio growth in LICs and fragile countries?		
	What has been Bank's rating in terms of work	EQ 22: How have the Bank's business processes and procedures changed since 2013?

Bank's institutional performance	quality, profitability and additionality?	EQ 23: What has been the evidence on mainstreaming PSD in the Bank's sector complexes and RMCs?
		EQ 24: How frequently are the country strategy papers utilized to serve as common business framework for identifying interventions to maximize synergies between public and private sector operations?
		EQ 25: What has been the Bank's performance in its investment profitability overtime?
		EQ 26: What has been Bank's performance in screening, appraisal and structuring of private sector investment projects?
		EQ 27: Have project choices been deliberately consistent with the PSD priorities or simply have been responses to clients' requests for financing?
		EQ28: How widely are the various public-private partnership arrangements utilized to promote private sector investment?
		EQ 29: What has been the performance of the Bank in supervision and administration of private sector projects?
		EQ 30: What has been the performance of the Bank in financial additionality of private sector investment projects?
		EQ 31: What has been the performance of the Bank in non-financial additionality of private sector investment projects?

4.2. Evaluation Scope

The evaluation covers the 2013-2017 period and the extended years of 2018 and 2019. The inclusion of the 2018 and 2019 assumes the operation of the PSD strategy has continued without any major departure from the 2013-2017 period. The years preceding the adoption of the PSD strategy maybe included to establish trend and structure of the PSD portfolio to evaluate the performance of the PSD strategy within a long time framework.

The evaluation follows the OECD-DAC criteria for assessing the design relevance of the PSD. In addition and in compliance with the Multilateral Development Banks/Evaluation Cooperation Group (MDB/ECG) Good Practice Standards (GPS) and the Bank's expanded supervision report (XSR) guidelines, the evaluation focuses on dimension of development outcome at project level and three dimensions of performance at institutional level.

The evaluation covers a sample of case countries. The countries under consideration are South Africa, Rwanda, Nigeria, Ghana and Senegal.

5. Evaluation Methodology and Processes

Guided by a theory-based intervention logical framework and the associated indicative questions shown in Table 1, the selected evaluation methodology intends to answer the questions using credible evidence. In addition, the choice of methodology is compliant with IDEV's evaluation policy.

5.1. Components

The assignment pertaining to the services of the prospective consultant covers the following four evaluation components: (a) literature review and benchmarking, (b) private sector operations portfolio performance and risk analysis, (c) institutional performance of the Bank in managing private sector development for results, and (d) country case-study reports.

The following are the key activities associated with the four components:

- i. Literature review including benchmarking: in addition to the on-going literature review, the prospective consultant will draw on experience of other MDBs and/or IFIs for comparing the private sector policy and strategy development, and implementation priorities of the AfDB.
Benchmarking exercise: In addition, the consultant evaluates the AfDB's private sector development strategy and programs, and performance in relation to comparator MDBs/IFIs (benchmarks). The comparator institutions that are under consideration the benchmarking assignment include the Asian Development Bank, Inter-American Development Bank, IFC, and European Bank for Reconstruction and Development.
The benchmarking involves: (a) reviewing their private sector development policies, strategies and programs; (b) establishing their institutional performance (i.e. work quality, profitability and additionality) and development outcome as per the composite measure of the ECG/GPS four dimensions; and (c) identifying factors influential to their performance. These findings are significant to understand how these "reference" MDBs have achieved their performance and the processes underlying their achievements.
- ii. Portfolio overview and analysis: It has two levels. Level 1 is an overview of the total portfolio that captures the various upstream and downstream PSD interventions. Level 2 is an in-depth analysis of portfolio performance results. The prospective consultant will be responsible for Level 2 analysis including evaluation of development outcome and risk.
- iii. Assessment of the institutional performance of the Bank in managing private sector development for results. As per the Evaluation Cooperation Group (ECG)'s good practice standards (GPS) for private sector evaluation, the assessment focuses on three dimensions of institutional performance -- (a) additionality – financial and non-financial additionality; (b) investment outcome to the Bank; and (c) work quality, which covers both quality at entry (project selection, appraisal and structuring) and quality at supervision and administration. The work quality specifically addresses how well the Bank mainstreamed gender, green growth and climate change.
- iv. Country case studies: The purpose is to utilize case studies evidence to learn what countries are doing to develop their private sector, establish the Bank's support to private sector development, and evaluate the design relevance, effectiveness and sustainability of the Bank's assistance. Some of the PSOs covered in Level 2 above maybe subjected for further analysis as a component of the country case studies.

5.2. Processes

The process of implementing the planned activities follows some broad sequencing. The inception phase will set out the evaluation team's understanding of the assignment as well as its evaluation approach and methodology. In addition, the "reference" MDBs/IFIs and country case studies identified. Furthermore, the sources of primary and secondary data, methods of analysis, and planned schedule of work detailed.

The second phase is the desk review that will center on (i) literature review and benchmarking exercise, (ii) in-depth evaluation of the performance of the PSO portfolio based on the NSO database, and (iii) assessment of institutional performance.

The third phase is the country case studies. The studies involve documenting the country specific private sector development policies, strategies, and operational priorities. In addition, the consulting team assesses the relevance and performance of the country specific private sector portfolio, undertakes in-depth project case studies, and assesses the institutional performance of the Bank in managing the country's private sector development.

6. Deliverables, Estimated Efforts, and Timeline

The consultant will deliver the following outputs (in English):

- Inception report (draft and final)

- Intermediate reports: (a) Literature review – experiences of other MDBs and benchmarking note; (b) in-depth portfolio performance and risk analysis; (c) institutional performance of the Bank for results (additionality, work quality and profitability); and (d) country-study reports.
- Technical annexes including methodology and its instruments and evidences.
- Electronic version of data collected and evidence set (analyzed data)

6.1. Timelines

The table below shows the phased deliverables, timeline and allocation of responsibilities BDEV and the prospective consultant firm. The expectation is to complete and deliver the final evaluation report in December 2019.

Delivery-Timeline-Responsibility		
Phase/output	Deadline	Responsibility
Contracting phase	June to July 2019	IDEV
Inception phase	July 2019	Consultant (Firm) and IDEV
<ul style="list-style-type: none"> • Draft inception report • Comments on draft report • Final inception report incorporating comments • Approval of inception report 		Consultant (Firm) IDEV Consultant (Firm) IDEV
Desk review (PSD policies and strategies review; institutional review; comparisons with comparator MDBs, and benchmarking)	August to September 2019	Consultant (Firm) and BDEV
Country case studies and reports	August to September 2019	Consultant (Firm) and BDEV
Completion of background/technical reports (Draft)	November 2019	Consultant (Firm) and BDEV
Reporting phase (evaluation synthesis report)	December 2019	BDEV

7. Profile of the Evaluation Team

A firm (the consultant) will undertake the evaluation using a balanced team with demonstrated professional knowledge, skills and experience. Qualification for the assignment is subject to the following criteria:

- Experience in development evaluations in general (evaluations undertaken within the contexts of IFI's/MDBs, UN, bilateral agencies and NGOs)
- Experience specific to evaluation of private sector strategy and interventions (including benchmarking, portfolio performance and risk analysis, institutional performance analysis, and country-case studies)
- Experience in private sector evaluation within the Africa context

Fluency in English, and working knowledge of French; at least one evaluation team member being fluent in both English and French will be an advantage.

8. IDEV Standards and Quality Assurance

The consultancy support is required to meet the IDEV standards including the following:

- Rigour and realism in planning and methodology.
- Piloting of data collection tools.
- Interview good practice (use of standardised interview protocols, stakeholder discussion points/framework, etc.)
- Recording (in writing) of interviews and other notes in a standardized format that allows easy reference and coding (e.g. using templates that can be transferred to an interview database).
- Coding of data (if necessary) to allow robust synthesis of different sources.
- Use of multiple lines of evidence to an evaluation question.
- Responsiveness to IDEV, reference group and expert peer reviewer comments on drafts.
- Ability to work closely with the IDEV team, and provision of data supporting the evaluation findings (e.g. as annexes or separate files).

The quality assurance will involve the IDEV's in-house team, peer reviewers (internal and external), and evaluation reference group. A Task Manager will lead the IDEV's in-house team.

The IDEV Task Manager will be responsible for:

- Providing overall guidance to the consultant, and approval of the evaluation process and outputs (inception report; benchmarking report, institutional performance evaluation report, and country case study reports).
- Quality assurance process including the external peer review of the key evaluation products, and receiving comments from the Evaluation Reference Group (ERG)
- Receiving from the consultant all data, files (including raw data, coded data, interview notes, databases) that will be produced
- Communicating to the Bank's Management and Board of Directors, and disseminating the final evaluation results to the key stakeholders.
- Ensuring the payment of the consultant.

The evaluation reference group (ERG) will comprise selected Bank staff from the relevant complexes/Departments/Units. The ERG will review and comment on the evaluation process and outputs (inception report; evaluation reports), and provide a sounding platform for rapid feedback especially on the evaluation plan (including design and methods) and emerging evaluation findings. IDEV will also recruit at least two competent and experienced international experts (content-area) for the external peer review of the evaluation process and output. There will also be two internal peer reviewers.

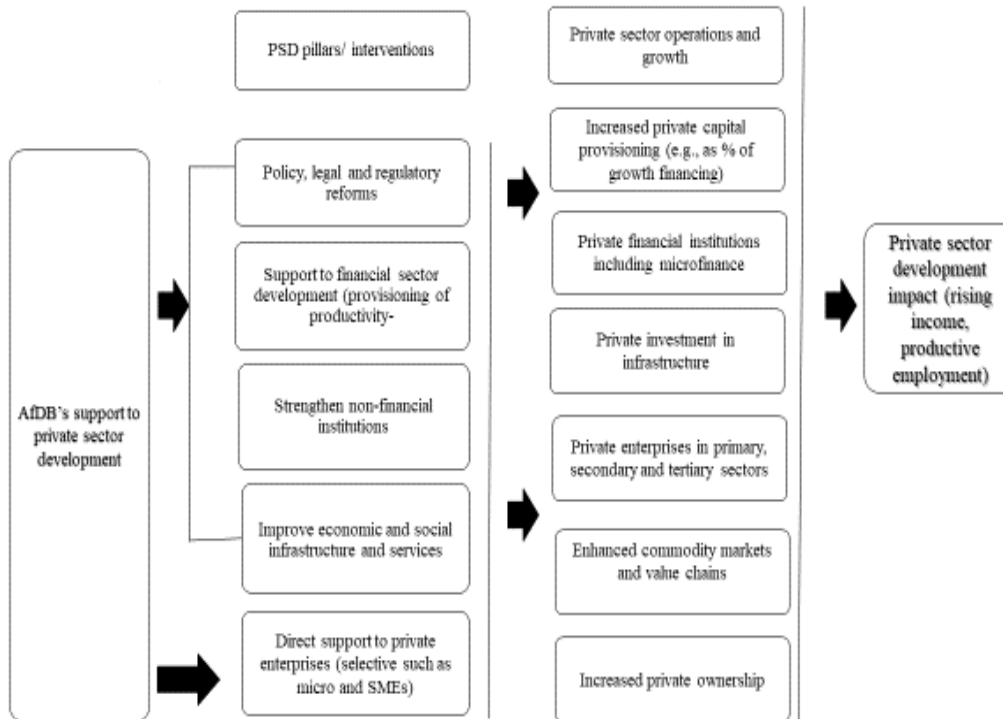
IDEV will also recruit at least two competent and experienced international experts (content-area) for the external peer review of the evaluation process and output. There will also be two internal peer reviewers.

9. Evaluation Budget

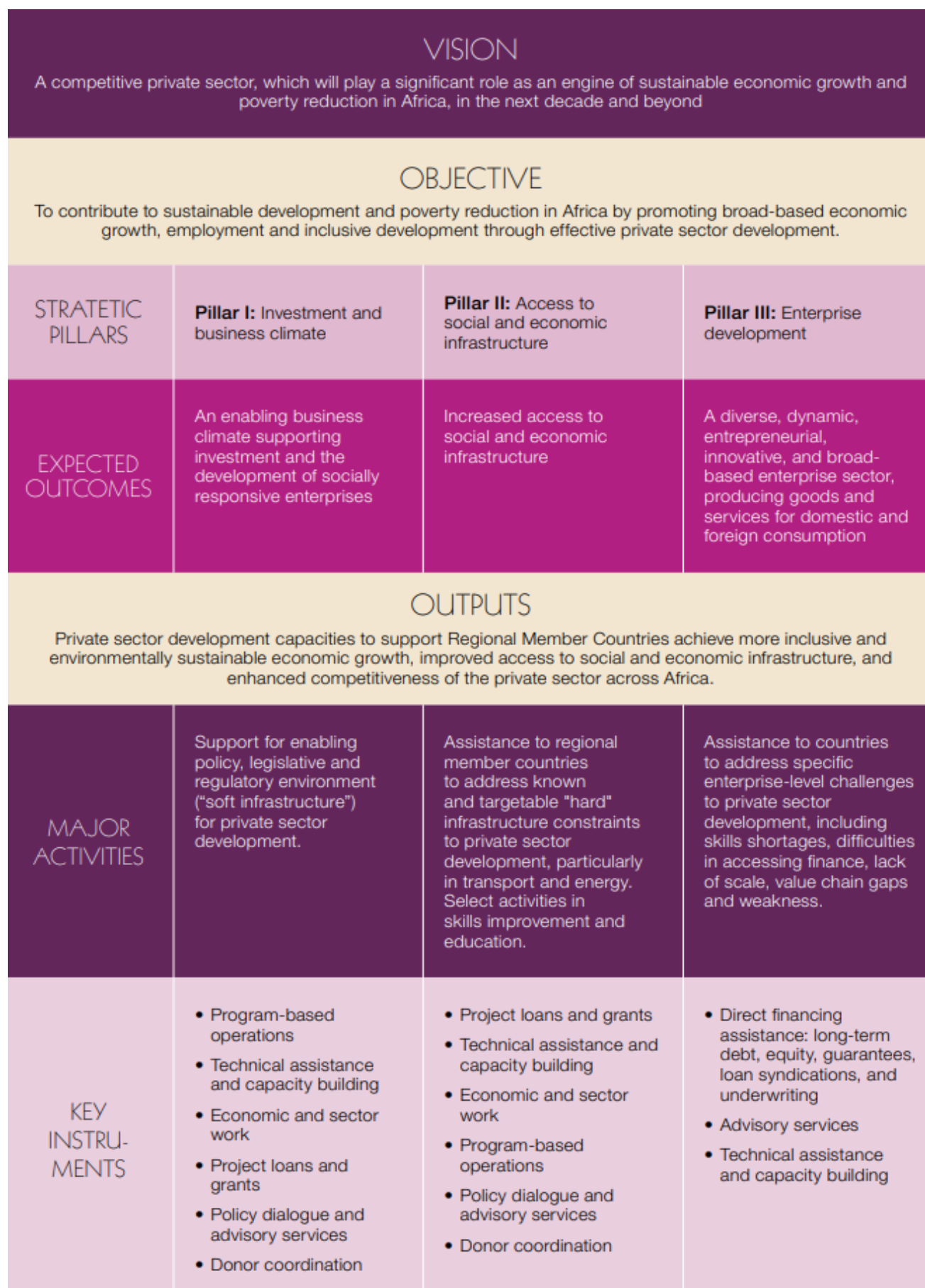
The assignment budget will comprise all expenses including fees, travel and taxes. The consultant will provide a detailed budget with breakdown per activities and key milestones.

Annex 2: Evaluation Logical Framework and PSD Strategy Theory of Change

Annex Figure 2A: PSD Intervention Logical Framework



Annex Figure 2B: 2013-2017 PSD Strategy's Theory of Change



Annex 3: PSD Strategy Results Measurement Framework

LEVEL1 - Private Sector Development in Africa	Unit of measurement	All African Countries	Source
		Baseline (2011)	
LIST OF INDICATORS			
General Indicators			
Index of unemployment rate (including rates among youth and women)	index	11.3 (15.6 and 17.4) (2008)	ILO, AfDB
Private sector share of employment	%	90	WB
Global competitiveness index score	index	3.6 (2009-2010)	WEF
Business start-up costs	% GNI per capita	77	WB
Africa's share of global trade	%	3.1	AfDB
Share of African countries with credit ratings of B and above	%	33	S&P
Transparency International's Corruption Perceptions Index rating	Index 1-10	2.9	Transparency International
Country Policy and Institutional Assessment (CPIA) score for property rights and rule-based governance	Index 1-6	3.11	AfDB
Business start-up time	days	23	AfDB
Total intra-Africa trade	US\$ billion	112.4	IMF-DOTS
Foreign direct investment inflows (% of GDP)	%	2.3	AfDB/ UNCTAD
Exports of goods and services (% of GDP)	%	37	DCS
Ease of access to loans	1-7	2.76	WEF

LEVEL2 - AfDB's contribution to Private Sector Development in Africa	Unit of measurement	All African Countries	Source
		Baseline (2011)	
LIST OF INDICATORS			
Production of energy – power capacity installed by Bank Group interventions	MW	1,110 *	AfDB
Transport – Km of roads constructed, rehabilitated or maintained by Bank Group interventions	kilometer	18,777 *	AfDB
Local and regional suppliers of goods, works, and services of total financing volume	%	43%	AfDB
Bank Group private sector projects' contribution to government revenue	US\$ million	12,528 *	AfDB
Total number of microcredits granted by Group via FIs	Number	330,660 **	AfDB
Credit to MSMEs as share of total balance sheet of FI operations****	US\$ million	TBD	AfDB
People benefiting from Bank Group-funded microfinance and social activities	Number	12,829,000 **	AfDB
SME effect (turnover from Bank Group investments)	US\$ million	650 **	AfDB
Total number of jobs created for women through Bank Group investee projects and sub-projects/total number of jobs created	number	28,664/349,886 **	AfDB

LEVEL3 - AfDB efficiency as an organization in delivering Private Sector Development operations	Unit of measurement	All African Countries	Target	Source
		Baseline (2011)	year	
LIST OF INDICATORS				
Multiplier effect of US\$1 AfDB resources to US\$ more invested by the government or other donors	US\$	2	TBD	AfDB (2009)
Multiplier effect through NSO of US\$1 value of AfDB resources to USD\$ value of total investment	US\$	TBD	TBD	AfDB
Volume of non-sovereign financing arranged by the Bank	UA million	959	TBD	AfDB
% of Bank Group operations contributing to Private Sector Development rated satisfactory	%	93.80%	TBD	AfDB
Average time required for Bank Group NSOs from exploratory review to Board approval	months	13.6	TBD	AfDB
Share of CSPs which include a financial sector diagnostic****	%	TBD	TBD	AfDB
Number of sovereign guarantee public sector operations by the Bank Group supporting PPPs****	Number	TBD	TBD	AfDB
Bank Group non-sovereign portfolio loan impairment ratio	%	1.36	TBD	AfDB
Weighted Average Risk Rating (WARR) of the NSO portfolio	%	3.48	3-4	AfDB

LEVEL4 - AfDB management of Private Sector Development operations	Unit of measurement	All African Countries	Target	Source
		Baseline (2011)	year	
LIST OF INDICATORS				
Share of private sector officers (FOs) based in the field offices or the regional resource centers	%	15	TBD	AfDB
Number of business- and investment-enabling environment (Pillar I) specialist professionals	Number	2	TBD	AfDB
Share of private sector operations (NSO) task-managed from field offices	%	60	TBD	AfDB
Global vacancy rate - Private sector operations (NSO) process professional staff***	%	17.13	TBD	AfDB

Annex 4: List of AfDB Documents to be Reviewed

AfDB documents

- At the Center of Africa's Transformation, Strategy for 2013-2022 (TYS)
- High-5 strategies
- Policy on non-sovereign operations (2018)
- Development and Business Delivery Model documentation
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