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Abbreviations and Acronyms

ADF	African Development Fund
ACFTA	African Continental Free Trade Area
AFAWA	Affirmative Finance Action for Women in Africa
AIF	African Investment Forum
AIP	Africa Investment Fund
AfDB	African Development Bank
ADOA	Additionality and Development Outcome Assessment
APPR	Annual Portfolio Performance Review
APR	Annual Portfolio Performance
AsDB	Asian Development Bank
ASR	Annual Supervision Report
BCRM	Compliance Review and Mediation department
CHIS	Corporate IT Services
CODE	Committee of Operations and Development Effectiveness
DO	Development Outcome
CEDR	Comprehensive Evaluation Development Report
CRF	Country Rapid Response Facility
CSP	Country Strategy and Program
CTF	Clean Technology Fund
DBDM	Development and Business Delivery Model
DFI	Development Finance Institution
EBRD	European Bank for Reconstruction and Development
ECG	Evaluation Cooperation Group
ECGF	Governance and Public Finance Management Coordination department
ECMR	Macroeconomic Policy, Forecasting and Research
ECVP	Economic Governance and Knowledge Management Vice-Presidency
ED	Executive Director
EIB	European Investment Bank
ERG	Evaluation Reference Group
ESW	Economic and Sector Work
FIFC	Financial Control
FIST	Syndication and Clients' Solutions
GCI	General Capital Increase
GDP	Gross Domestic Product
GEF	Global Environment Facility
GIF	Global Infrastructure Facility
GPS	Good Practice Standards
HQ	Headquarters
IADB	Inter-American development Bank
ICA	Infrastructure Consortium for Africa
IDEV	Independent Development Evaluation
IFC	International Finance Corporation

IFI	International Finance institutions
ISS	Bank's Integrated Safeguards System
KPI	Key Performance Indicator
MDB	Multilateral Development Bank
MFW4A	Making Finance Work for Africa
M&E	Monitoring and Evaluation
NEPAD	New Partnership for Africa's Development
NSO	Non-Sovereign Operation
NPL	Non-Performing Loans
PBO	Policy-Based Operation
PCN	Project Concept Note
PCG	Partial Credit Guarantee
PEVP	Power, Energy, Climate and Green Growth Vice-Presidency
PGCL	Legal Services department
PIAC	Integrity and Anti-Corruption department
PIFD	Financial Sector Development
PINS	NSO and Private Sector Support
PITD	Industrial and Trade Development
PIVP	Private Sector, Infrastructure and Industrialization Vice-Presidency
PPP	Public Private Partnership
PRA	Project Result Assessment
PRG	Partial Risk Guarantee
PSD	Private Sector Development
PSEP	Bank's Self-evaluation Systems and Processes
PSF	Private Sector Facility
PSO	Private Sector Operation
RECs	Regional Economic Communities
RDGC	Regional Directorate General Central Africa
RDGE	Regional Directorate General East Africa
RDGN	Regional Directorate General North Africa
RDGS	Regional Directorate General Southern Africa
RDGW	Regional Directorate General West Africa
RISP	Regional Integration Strategy Paper
RMC	Regional Member Country
RMF	Results Measurement Framework
SCF	Strategic Climate Fund
SNDR	Deliver, Performance Management and Results
SNFI	Fiduciary and Inspection
SNOQ	Operations Committee Secretariat and Quality Assurance
SNOU	Special Operations Unit
SNSC	safeguards and Compliance
SNSP	Strategy and Operational Policies
SME	Small and Medium Enterprise
SOU	Special Operations Unit

TA	Technical Assistance
TYS	Ten-Year Strategy
UA	Unit of Account
WARR	Weighted Average Risk Rating
XSR	Expanded Supervision Report
XSREN	Expanded Supervision Report Evaluation Note

1 INTRODUCTION

The Evaluation of the African Development Bank’s (thereafter “the Bank” or “the AfDB) Non-Sovereign Operations (NSOs) for the 2014-2019 period is part of the Independent Development Evaluation department’s (IDEV) 2020 work program approved by the Board of Directors’ Committee on Operations and Development Effectiveness (CODE). It is subsequent to large consultations conducted by IDEV with CODE and the Bank’s Senior Management; and comes as a response to the strong interest manifested for learning from the current processes, procedures, and institutional arrangements surrounding NSOs. In doing so, key stakeholders aim at leveraging the AfDB’s comparative advantage in supporting private sector investments in Africa, identifying areas of weakness and pave the way for further improvements, and better integrating/ensuring complementarity between Sovereign Operation (SOs) and NSOs.

The Evaluation will take stock of all previous exercises carried out by IDEV and focusing on the Bank’s NSO over the 2014-2019 period. It is expected to bring new findings and lessons learned from a synthesis review analysis and an extended assessment of areas insufficiently covered by recent evaluations and advocate for this one. This Evaluation will help crystallize existing IDEV evaluative findings on the Bank’s NSOs portfolio management and operational processes. The evaluation will include an overview of the Bank’s NSO portfolio performance which will be complemented by a review of a purposive sample of Bank-financed NSOs. It will also identify additional knowledge to inform remedial actions taken by Management towards enhancing the implementation of Bank’s NSOs within the context of the “One Bank” approach¹.

The present Inception Report defines the objectives and scope of the evaluation and covers all aspects of how the evaluation will be conducted. It also provides a clear description of the evaluation approach and methodology, evaluation tools and instruments, list of background documentation, detailed evaluation activities, stakeholders mapping as well as indicative table of contents of each deliverable.

The Chapter 2 (Background and Context) presents a snapshot of private sector development (PSD) in Africa and the evolution of the AfDB’s Approach to PSD and NSOs from inception. It is followed by an overview of the Bank’s NSO portfolio (Chapter 3) which brings up issues around coordination between the NSO and upstream activities, as well as other recurring operational issues such as processes’ efficiency, portfolio performance, Monitoring and Evaluation (M&E), and results reporting system. Chapter 4 (Why this Evaluation Now) presents a justification of the Evaluation with an overview of the main IDEV PSD-related evaluation findings; while Chapter 5 presents the purpose of the Evaluation, its objectives and the scope, as well as a description of the limitations and mitigation actions. The Evaluation approach and methodology (Chapter 6) describes the evaluation questions and framework, including the data collection method and analysis. It also details the Evaluation activities and their articulation with the Evaluation key deliverables. A mapping of the Evaluation stakeholders is described in Chapter 7 while Chapters 8, 9 and 10 respectively, present the key deliverables and timetable, the management of the Evaluation and quality assurance, as well as the communication strategy.

¹ The One-Bank Approach has as primary objectives to reap the benefits of significant synergies identified in the use of sovereign and non-sovereign operations for private sector development and to capitalize on operational synergies and maximizing the impact of the Bank Group’s resources, rather than approaching its activities as a separate and distinct public or private ‘sectors’ for its development interventions (Extracts from 2021-2025 Private Sector Development Strategy, Nov. 2020).

2 BACKGROUND AND CONTEXT

2.1 Private Sector Development in Africa

Private sector is a major contributor to national income and the primary job creator and employer. It is widely recognized by the international community as an engine of sustainable and inclusive economic growth. It accounts for 90 percent of employment (including formal and informal jobs), 80 percent of the Gross Domestic Product (GDP), and 70 percent of total investment in Africa (AfDB 2020a). It delivers critical goods and services and contributes to tax revenues and the efficient flow of capital. It is increasingly being encouraged to help leverage the economic and social opportunities and mitigate the challenges of an inclusive Growth.

However, the private sector in Africa faces constraints and challenges mainly due to the lack of attractive business environment; the absence of regulatory measures and rule of law; inadequate infrastructure and services; and insufficient access to finance. In this context, the main constraints to private sector development in Africa include inadequate access to electricity and transport infrastructure, corruption, high tax rates, political instability, competition from the informal sector, and inadequate worker and management skills. These constraints are often highlighted in International Financial Institutions' (IFIs) reports.

The private sector landscape in Africa has significantly evolved as new actors are playing increasingly central roles in the national, regional, and international economic arenas with many locally bred multinationals. It is primarily composed of Small and Medium Enterprises (SMEs), with an increasing number of very small dynamic enterprises operating in Fin-tech and building on opportunities created by the Fourth Industrial Revolution (4IR). However, the informal sector remains important in most Bank's Regional Member Countries (RMCs) with its contribution to employment exceeding that of the regulated private sector. It provides up to 90 percent of the employment in the Low-Income countries in Africa (World Bank 2017).

Since the adoption of the elapsed Bank's Private Sector Development (PSD) strategy (2013-2017 extended to 2019), several political, economic, social and technological related factors have contributed the reshaping of the continent's private sector landscape. This evolution of the sector comes with new opportunities and challenges. However, the most critical binding constraints to private sector development remained unchanged. In several RMCs, private sector development is also severely affected by climate change, fragility and insecurity, and more recently, the disruptive effect of the COVID-19 pandemic.

The combined effects of these challenges are expected to transform the private sector landscape for the foreseeable future. In fact, many RMCs are expected to experience drastic limitation of governments' fiscal resources. In addition, disruption of local, regional and global value chains, private local and foreign direct investment and trade are expected. This could further deepen the distress of many African economies that remain largely dependent on extractive industries (AfDB 2020a).

In its response to the Covid-19 pandemic, the Bank projected several scenarios regarding its impact on the real GDP of Africa. According to January 2020 pre- COVID 19 projections, the continent's GDP was expected to contract by 1.7 percent in 2020, dropping by 5.6 percentage points. And a deeper GDP contraction of 3.4 percent adjusted to the actual duration is expected. This will represent a 7.3 percentage points reduction of the GDP from its pre-COVID 19 projections (AfDB 2020b).

Moreover, the spill-over effect of the pandemic is resulting in an increasing weight and role of both the formal and the informal private sector while the objective is to reduce the importance of the latter. This challenge can only be addressed if: i) the social business environment becomes more conducive; ii) better transformative infrastructure with anchored SME and small industry linkage programs are developed; and iii) there is an increase in financial support, complemented with capacity building programs benefiting the very small and small formal and informal

entities leading to their transformation into formal entities. The most affected economies are those with poor healthcare systems, those that rely heavily on tourism, international trade, and commodity exports, and those with high debt burdens and high dependence on volatile international financial flows.

In this context, the spill-over effect of the pandemic may result in an increased weight and role of the informal sector while the objective is to promote its transition to formality. As a result, efforts towards strengthening the role of the private sector and building on its potential may be jeopardized if informality is not factored in and supported strategically. This challenge can only be addressed if: i) the social business environment becomes more conducive; ii) better transformative infrastructure with anchored SMEs and small industry linkage programs are developed; and iii) there is an increase in financial support, complemented with capacity building programs benefiting the very small and small formal and informal entities.

2.2 The Evolution of the AfDB's Approach to PSD and NSOs

Private sector development at the Bank started in the 1990's with direct investments in support of private entrepreneurs and private equity in Africa. It grew over the years to become a central pillar of the AfDB's involvement in its RMCs. The committed portfolio of the private equity investments, for example, grew from UA102 million in 1997 to 1,38 billion in 2017 (AfDB 2018a). Since 2013 the Bank is rolling out its Ten-Year Strategy 2013-2022 (TYS). And the latter strategy prioritizes private sector development as one of its strategic pillars towards achieving sustained inclusive growth. It is in this context that the Bank respectively approved its revised 2013-2017 PSD Strategy in 2013 and a new Delivery and Business Development Model (DBDM) in 2016.

In 1990, the first PSD strategy established the objective of fostering economic and social development in 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 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 1996 review of the Bank's Private Sector Operations (PSOs) underscored the necessity of expanding the scope of the Bank's support to private sector development in RMCs by expanding the institution's support to develop the enabling environment for private sector to grow. This involved 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). This has 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 PSD strategy whose main objective was to support the development of the business environment to enable viable private sector operations to emerge in RMCs (AfDB 2004). 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 partnerships; (iii) strengthening financial infrastructure and institutions; and (iv) direct assistance to business enterprises, particularly Small and Medium Enterprises (SMEs). The 2008 update (AfDB 2007) of the 2004 PSD strategy set 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.

During consultations on the Sixth General Capital Increase (GCI-6) and the Twelfth Replenishment of the African Development Fund (ADF-12), the Bank undertook to "draw up a comprehensive policy for private sector development", to provide a "coherent guide for the Bank's private sector operations" (AfDB 2013: 2). The 2011 Policy, revised in 2013, aimed at ensuring that the bulk of the Bank Group's projects and policy-based operations (PBOs) contribute directly to strengthening the private sector throughout the continent. The Private Sector

Development Policy had three long-term objectives: (i) improvement of the investment and business climate; (ii) development of infrastructure so that private sector actors and households can have increased access to reliable social and economic services; and (iii) development of private enterprises. The Bank also committed to addressing crosscutting issues such as gender and youth, climate change, and regional integration.

The subsequent Policy on Non-Sovereign Operations (AfDB 2018b) was approved in September 2018 with the purpose of clarifying, on the one hand, the specific modalities and safeguards required for Bank lending without sovereign guarantee; and on the other hand the specificities related to lending to commercial companies operating under different business models and governance frameworks than government entities. It has consolidated the Bank's policy provision for NSOs that were scattered in several documents and superseded or replaced a list of previous policy papers related to private sector development. It also clarified the institutions eligible for funding, investment criteria, types of assistance and instruments, and modalities as well as safeguards required for Bank lending without sovereign guarantee.

The 2012 approved Private Sector Development Strategy for 2013-2017 (AfDB 2012), extended to 2019, 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. The 2013-2019 PSD Strategy included several operational initiatives in order to support RMCs. 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 strategy specifically aimed at maximizing the impact of the Bank Group on PSD by harnessing both public and private sector priority operations, as the Bank has the unique position to ensure linkages between its upstream policy work and its sovereign and non-sovereign operations. Country programs were to be customized utilizing five principles, namely (i) country ownership of the PSD agenda; (ii) selectivity in interventions; (iii) demonstration of additionality; (iv) attracting other partners; and (v) not compromising the Bank's financial integrity.

Over the implementation period (2013-2019) of the later strategy, the Bank scaled up its PSD interventions and leveraged on the synergy between its sovereign and non-sovereign windows in compliance with the mandate of the General Capital Increase (GCI) VI and Risk Appetite Statement. In this regard, the Bank Group increased its non-sovereign operations from a yearly average of UA 567 million over 2000-2012 to an average of UA 1.48 billion per year between 2013 and 2019. In doing so, the Bank channeled direct investments into transformative infrastructures and indirect financing through private equity funds and intermediaries to reach SMEs and underserved business segments. Alongside equity participation into private equity funds, financial sector operations were seen, according to the 2013-2019 Bank PSD Strategy, as the most effective way to address SMEs challenges to get access to finance, therefore enabling them to be the drivers of the inclusive economic growth. Moreover, the Bank committed to allocate to Low Income Countries (LICs) a significant share of the risk capital resources earmarked to NSOs. Since 2013, the Bank has increased its NSOs interventions in LICs, reaching a cumulative commitment of UA 3.06 billion over the 2013-2019 period, corresponding to 30% percent of total NSOs commitment for the period. Through its equity investments, the Bank created 741 enterprises of all sizes, predominantly in LICs.

Four (4) important institutional changes before and during the adoption of the 2013-2017 PSD strategy have occurred. First, the centralized management of the NSO portfolio was disbanded and staff managing NSOs were dispersed across the organization as staff working on loan origination were spread across several sector departments. Secondly, delivery responsibility was reassigned between sectors and regions, changing more than once over the course of the reform. Thirdly, the adoption of the High five (5) priority areas ("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; and finally, the institution of a new Development and Business Delivery Model (DBDM) which transferred the responsibility for origination of NSOs to the relevant sector complexes with the Private Sector Support Department (PINS) serving as the central unit for overall coordination of the NSO portfolio, oversight and enforcement of standards, as well as monitoring and reporting. In the meantime, clear accountability and assignment

of functional responsibilities were considered as an important pre-condition for the successful implementation of the DBDM² (i.e. the “One Bank’ approach”) (IDEV 2020) and the upcoming PSD Strategy 2021-2025.

In 2019, NSO managers were to be hired in the regions. However, their exact purview remains to be defined with more clarity in institutional and functional arrangements ahead of the launch of the upcoming 2021-2025 PSD Strategy. Similarly, the Bank is in the process of determining appropriate staffing based on its strategic staffing review (“rightsizing”).

In April 2020, the Bank also announced the COVID-19 Rapid Response Facility (CRF) (AfDB 2020c) to support RMCs and their private sector enterprises in their respective efforts to mitigate the economic and social impacts of the COVID-19 pandemic. The USD 1.35 billion component of the CRF in support of its existing non-sovereign (private sector) clients is administrated through:

- a. A Deferral of Debt Service Payments (DDSP) of USD 675 million which aims at supporting the anticipated request from the Bank’s private sector clients for limited deferral of their loan obligations due to a sharp contraction of revenues caused by the COVID-19 crisis;
- b. An Emergency Liquidity Facility (USD 405 million) to assist its private sector clients facing short-term liquidity challenges caused by COVID-19; and
- c. A Trade Finance and Guarantees Facility (USD 270 million) to assist private sector clients in accessing trade finance and guarantees during the crisis.

A draft of the 2021-2025 PSD Strategy was discussed by the Board of Directors Committee on Operations and Development Effectiveness (CODE) in November 2020. It provides a comprehensive mandate within the “One-Bank framework” to support RMCs to achieve sustainable inclusive growth through private sector development. In addition, the 2016 DBDM and its subsequent 2020 DBDM finetuning aim at effectively and efficiently delivering on the TYS and the High 5s, as well as maximizing development effectiveness in a constrained resource environment and pandemic situation. This may affect the way the Bank is handling and monitoring its private sector operations. It is in this context that the importance of NSO for the Bank’s involvement in RMCs was reasserted during recent discussions on the ADF-15 replenishment (AfDB 2020d: 40-60) and GCI-VII (AfDB 2019b: 25-26). In response, the Bank’s Management committed to continuing the expansion of its NSO operations in RMCs while strengthening operational guidelines to support the implementation of NSOs and results³.

The upcoming 2021-2025 PSD Strategy is designed to optimize the Bank’s comparative advantages in RMCs. It focuses Bank private sector interventions on specific pillars (and sub-pillars) namely: (i) Conducive Business environment; (ii) Transformative and Integrated Quality Infrastructure Development; and (iii) Promotion of Enterprise development. Strategic and operational priorities include: i) Improving SO and NSO synergies by delivering transformational solutions on industrialization; ii) Diversifying the NSO portfolio into real sector; iii) Enhancing support to SME development; iv) renewing PPPs efforts; and v) expanding the Bank’s footprint in fragile environments and transition states.

To attain its objectives, the upcoming strategy builds on the existing financial and non-financial instruments used by the Bank as well as innovative financing instruments, advisory services and capacity building initiatives underpinned by deep assessment and knowledge of the field characteristics and constraints. They include, country

² There has been a lengthy and continuing process of changing institutional and functional responsibilities, with an increasing internal competition for scarce budget and staff resources. This had to a certain extent an impact on clients facing programs where CSP priorities and NSOs initiated by sector Complexes were not aligned (BDEV, PSD Strategy Evaluation 2020)

³ A Progress Report on the delivery of 2019-2020 Bank’s Commitments was sent to the Boards. Further consultations with BDEV will be needed to ensure that the new PSD strategy considers key findings from recent independent evaluations. The PSD strategy is expected to be adopted during the first quarter of 2021.

studies, private sector diagnostics, sector assessment, private sector profiles⁴ and governance profiles⁵. Furthermore, a Partnership between the African Development Bank Group, Portugal and the six Portuguese-speaking countries of Africa (PALOPs)⁶ was signed on November 2018. It aims at accelerating the inclusive, sustainable and diversified growth of the private sector of the PALOPs through equity participation and/or debt financing, PPPs, guarantees as well as technical assistance with a focus on high-impact and transformative projects.

3 OVERVIEW OF THE BANK'S NSO PORTFOLIO (2014-2019)

3.1 Evolution, Trends, and Distribution of the Bank's NSO Portfolio

During the 2014-2019 period, the Bank approved 161 NSOs representing UA 7.138 billion in volume (excluding cancelled and terminated operations). This represents approximately 22 percent of the Bank's total net commitments to RMCs for the same period. The lion share of the Bank's NSO support was financed through the ADB window. With a total net commitment of UA 6.6 billion the ADB window contributed to 94 percent of the Bank's NSO support. Other funds such as the Private Sector Credit Enhancement Facility (PSF), the Clean Technology Fund (CTF), the EU Africa Investment Fund (AIP), the Global Environment Facility (GEF), the Strategic Climate Fund (SCF), and the Africa Growing Together Fund (AGTF) have altogether contributed to 6 percent of the volume of approvals. The ADF window also participated to the effort through providing financing for two operations representing a total net commitment of UA 57.5 million.

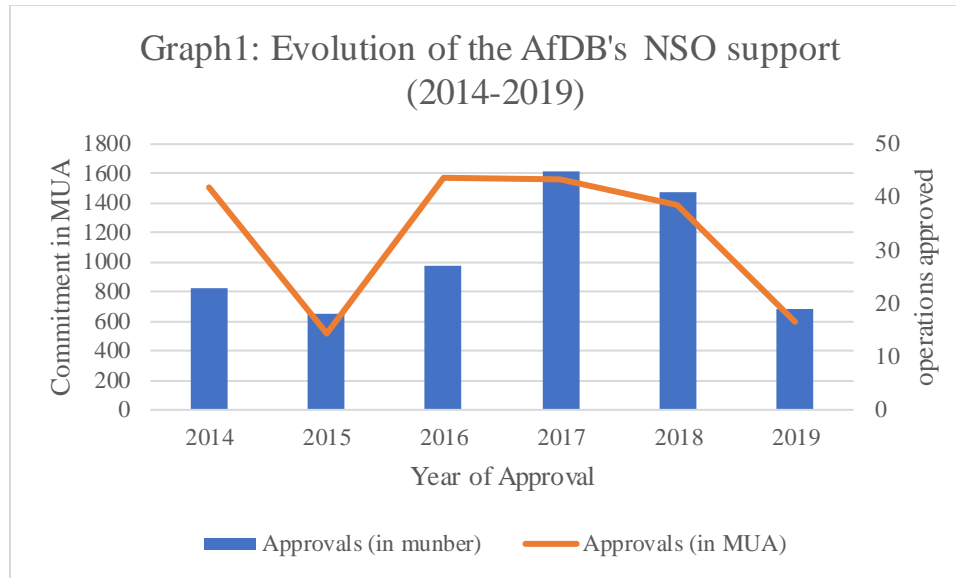
The Bank's NSO support has significantly increased since the introduction of the new DBDM in 2016, both in terms of number of operations and amounts committed. This sharp increase of Bank's NSO support is however marked by a decline in terms of numbers and volume of approvals in 2019⁷. As Graph 2 shows, the number of NSO operations approved fell from 41 in 2018 to 19 in 2019, representing a 53 percent decline while the volume of operations followed the same decrease with a sharp reduction of volume from UA 1.3 billion in 2018 to UA 595 million in 2019 representing 54 percent decline.

⁴ AfDB NSO Guidelines: The CPSP assesses economy-wide and sector-specific constraints and opportunities for private sector growth and provides concrete recommendation and actions that can catalyze private sector investment. As such it is a critical input to the CSP and is expected to lay out: (i) the country context and an overview of the private sector; (ii) the main cross-cutting constraints that affect the private sector as a whole; and (iii) sector-specific analysis (mini deep dives). Key cross cutting issues could include competition policy, SOEs and government-linked companies, informality, SEZs, etc. A first batch of CPSPs currently on-going, is expected to be finalized by Q1-2021. It is focusing on the following countries: Guinea Bissau, Sierra Leone, Senegal, Gambia, DRC, Rwanda, Cameroun, Cote d'Ivoire, Burkina Faso.

⁵ These include specific assessment of corporate governance, and Bank's partnership initiatives and platforms aimed at strengthening the Bank's market role and positioning such as the African Investment Forum (AIF/<https://www.africaninvestmentforum.com/en/about-us>), The Affirmative Finance Action for Women in Africa (AFAWA/<https://www.afdb.org/en/topics-and-sectors/initiatives-partnerships/afawa-affirmative-finance-action-for-women-in-africa/what-does-afawa-do>), the Infrastructure Consortium for Africa (ICA/<https://www.icafrica.org/en/about-ica/vision-mission-and-activities/>), and The Making Finance Work for Africa (MFW4A/<https://www.mfw4a.org/>).

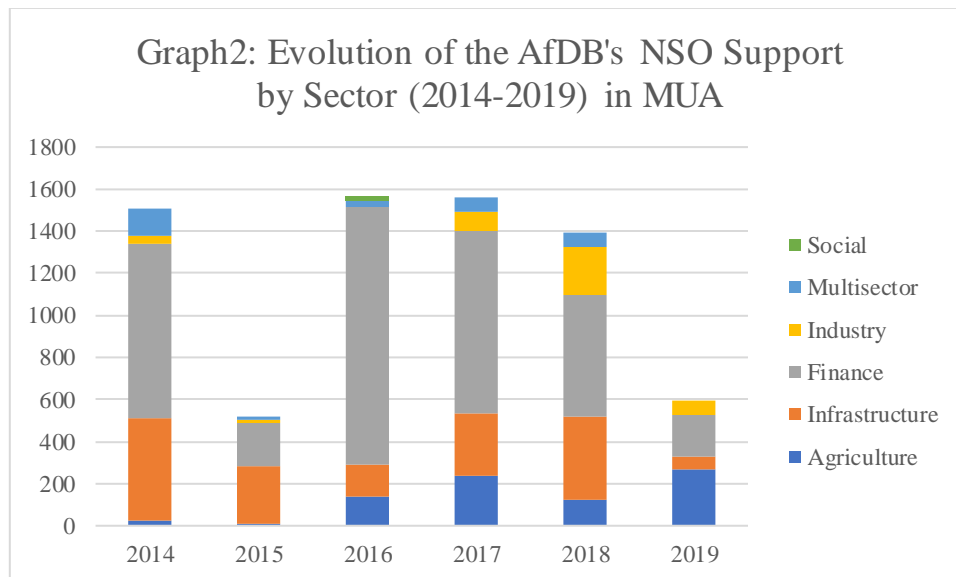
⁶ <https://www.afdb.org/en/compacto-lusofono>

⁷ The 2020 portfolio data will be taken into consideration in the final Evaluation Report



Source: AfDB SAP Data

Although the Bank’s portfolio for the period has been more diversified in the post-DBDM period (i.e. after 2016), it remains largely dominated by investments in the financial and infrastructure sectors. Investments in the financial and infrastructure sectors during the pre-DBDM period represented 88 percent of the Bank’s total NSO support. However, the large dominance of the two sectors has been reduced to 76 percent during the post-DBDM period with a shift of priority to two components of the High 5s, namely, “feed Africa” and “industrialize Africa”. As Graph 3 shows, NSO support to the agriculture sector has taken shape in 2016, 2017 and 2019 while investments in the Industrial Sector has varied. Although limited in scope, other types of investments in the social sector and multisector investments have also been introduced.

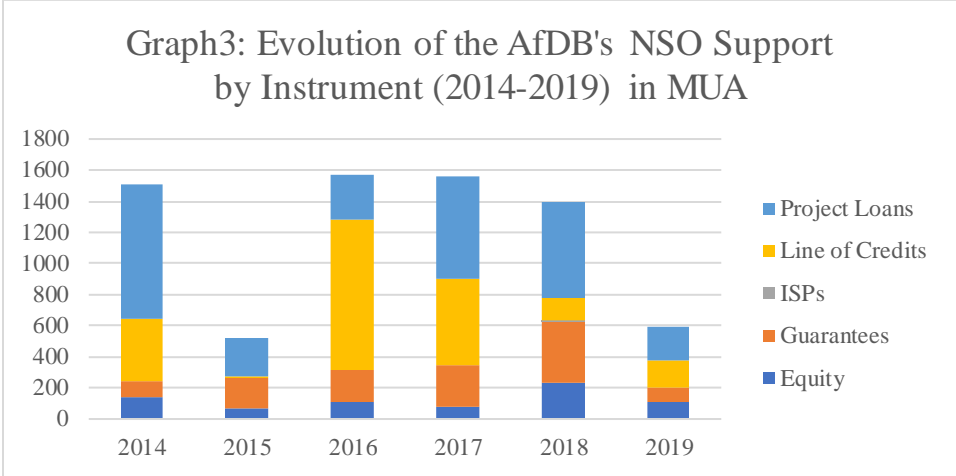


Source: AfDB SAP Data

According to the 2019 Annual NSO Portfolio Review, the decrease of the number of transactions approved and the amount approved is a result of few transactions in the deal pipeline that can be attributed to nil approvals in the transport sector and decreased approvals in the industry sector by 62%, as well as the agriculture and social sectors by 43%. The 2019 approvals represent 74% achievement of Management target. The financial sector has been the

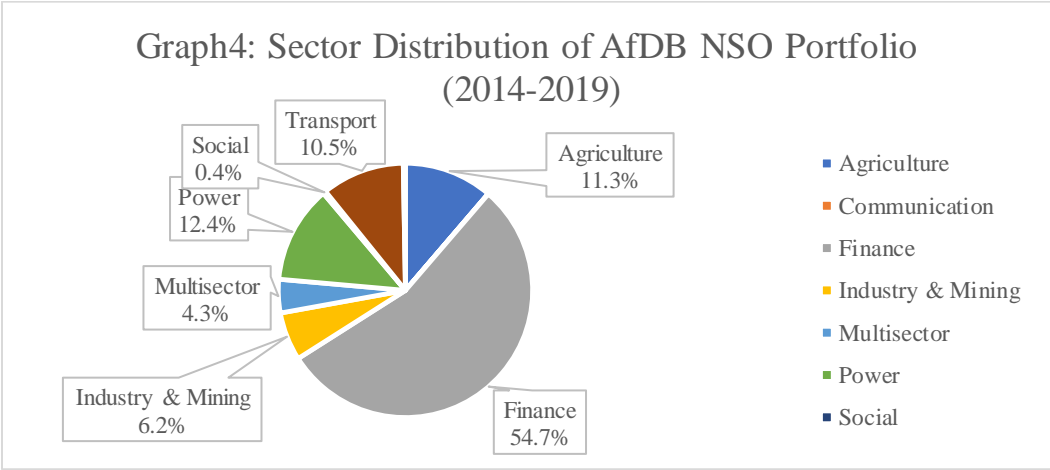
main driver in the achievement of the annual NSO approval targets. This situation calls for a strong portfolio construction effort to generate more transactions in the real sector, particularly in the High 5 areas.

With the introduction of DBDM, and as shown in Graph 4, a noticeable increase of project loans, guarantees, and equity investments with a decrease of lines of credit, notably during the post-DBDM period were registered.



Source: AfDB SAP Data

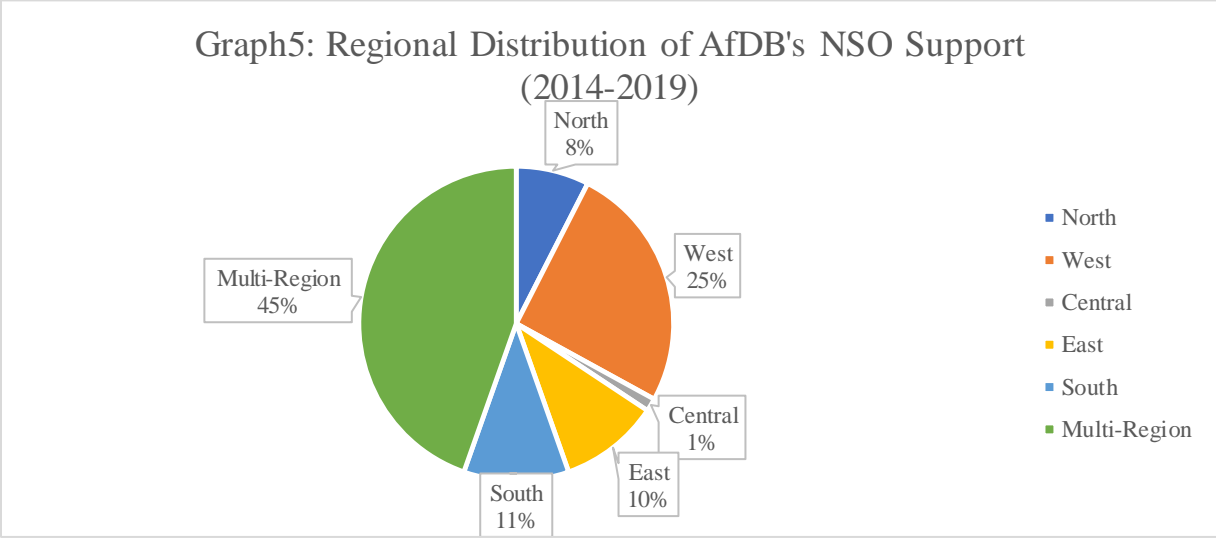
In terms of Portfolio composition by sector, the Bank’s NSO portfolio remains largely dominated by investments in the financial sector. With a total investment of UA 3.9 billion, the financial sector represents more than half of the Bank’s NSO portfolio over the period. A more balanced distribution between the energy, transport, and agriculture sectors is observed. With a volume of UA 886 million, the Power sector represented 12.4 percent of the portfolio; while the agriculture and transport sectors respectively received UA 804.3 million and UA 752.3 million of total approvals, corresponding to 11.2 and 10.5 percent of the Bank’s NSO portfolio.



Source: AfDB SAP Data

The industry and mining sectors represent a tiny share of the portfolio with an approval amount of UA 439.2 million (6.2 percent of the portfolio). The Bank also intervened in other sectors, such as the social sector, with an approval amount of UA 25.8 million representing 0.4 percent of the portfolio. Communication and water & sanitation sectors represent together less than 1 percent each with respectively UA 2.8 million and UA 19.4 million. The Bank also supported multisector operations largely composed of private equity investments with an approval amount of UA 303.9 million representing 4.3% of total approvals.

The largest share of Bank’s NSO approvals went to multi-regional operations with a total net commitment of UA 3.1 billion, representing 45 percent of the portfolio in volume. These operations are concentrated in the financial sector (50 percent of multi-regional operations) and prominently composed of lines of credit and guarantees which represent 93 percent of this share. Private equity investments represent only 6.3 percent of the Bank’s support to multi-regional NSOs. Under this category, only one project loan, financed through the African Local Currency Bond Fund, representing a total net commitment of UA 6.3 million, was approved during the period.



Source: AfDB SAP Data

Besides multi-regional operations, the West African region concentrates the second largest share of total approvals with an amount of UA 1.8 billion representing 25 percent of the Bank’s NSO support. The West region concentrates the largest number of countries (9), including Nigeria which represents approximately 16.5 percent of the Bank’s NSO approvals for the period with a total approval amount of UA 1.1 billion (See Table 1 below). As Graph 6 above shows, the Southern region concentrates 12 percent of the Bank’s NSO support, while the Eastern and Northern regions respectively represent 11 and 8 percent. Central Africa is the most underserved region with total net commitment of UA 95.5 million, representing only 1 percent of the Bank’s NSO support.

Table1: Regional and Country Distribution of AfDB NSO Support (2014-2019)

Country	Commitment (in MUA)	Commitment (in percentage of Sub-region)	Commitment (in percentage of total NSO portfolio)
Sub-region North	535.40	-	8%
Egypt	31.40	5.9%	0.4%
Mauritania	51.30	9.6%	0.7%
Morocco	270.60	50.5%	3.8%
Multinational	25.00	4.7%	0.4%
Tunisia	157.10	29.3%	2.2%
Sub-region West	1,815.80	-	25%
Burkina Faso	45.50	2.5%	0.6%
Cote d'Ivoire	277.50	15.3%	3.9%
Ghana	177.20	9.8%	2.5%
Guinea	70.10	3.9%	1.0%
Mali	51.40	2.8%	0.7%
Niger	2.50	0.1%	0.0%
Nigeria	1,124.90	62.0%	15.8%

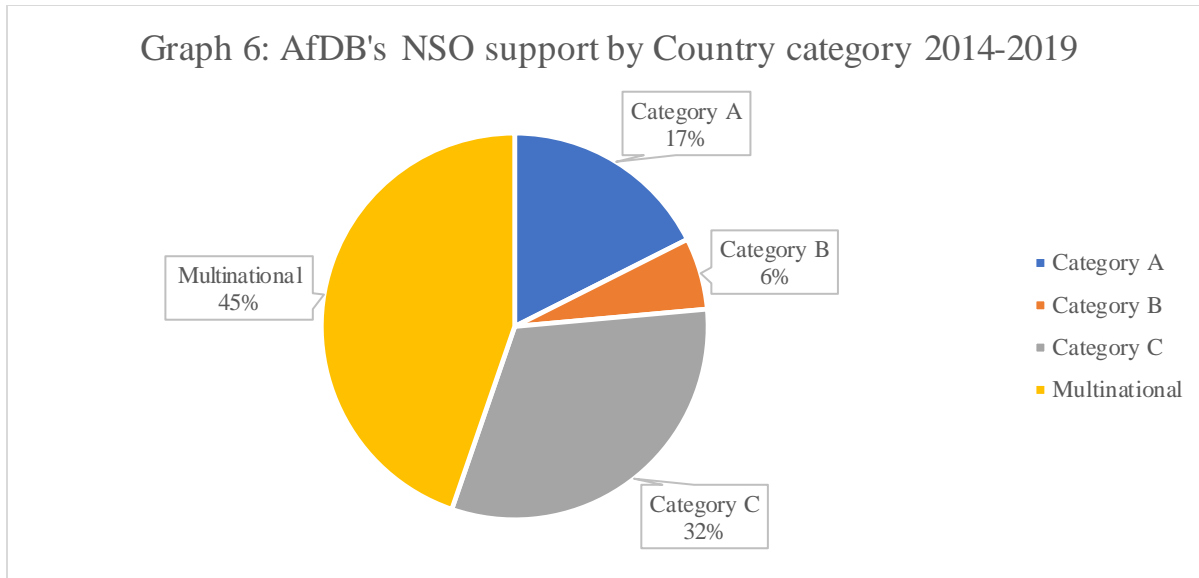
Senegal	63.30	3.5%	0.9%
Sierra Leone	3.40	0.2%	0.0%
Sub-region Central	95.60	-	1%
DR Congo	62.30	65.2%	0.9%
Gabon	33.30	34.8%	0.5%
Sub-region East	732.60	-	10%
Ethiopia	89.50	12.2%	1.3%
Kenya	365.40	49.9%	5.1%
Rwanda	47.50	6.5%	0.7%
Sudan	79.50	10.9%	1.1%
Tanzania	70.40	9.6%	1.0%
Uganda	80.30	11.0%	1.1%
Sub-region South	770.50	-	11%
Botswana	56.10	7.3%	0.8%
Eswatini	10.40	1.3%	0.1%
South Africa	569.70	73.9%	8.0%
Zimbabwe	26.30	3.4%	0.4%
Mauritius	70.10	9.1%	1.0%
Mozambique	37.90	4.9%	0.5%
Multi-region	3,179.40	-	45%
Multinational	3,168.10	1.00	44.4%
Nigeria	7.20	0.00	0.1%
Morocco	4.10	0.00	0.1%
Grand Total	7,129.30	-	

Source: AfDB SAP Data

In terms of Portfolio composition by Country Category, the largest share of the Bank's NSO support was geared towards multinational operations (45 percent of the Bank support representing a total approval of UA 3.1 billion) followed by ADB countries (Category C) with 32 percent of the Bank NSO support. Among this category, three (3) countries, namely, Nigeria (15.8 percent), South Africa (8.0 percent), and Morocco (3.8 percent), concentrate almost 50 percent of country operations in terms of approvals.

ADF recipients (Category A) also received a non-negligible 17 percent of the Bank's NSO support over the period with a total approval amount of UA 1.2 billion (Cote d'Ivoire, Ghana and Uganda being the top recipient). The Blend countries (Category B), namely, Kenya, Senegal and Zambia received the least amount with UA 428 million, representing 6% of the Bank's support to NSOs.

Graph 6: AfDB's NSO support by Country category 2014-2019

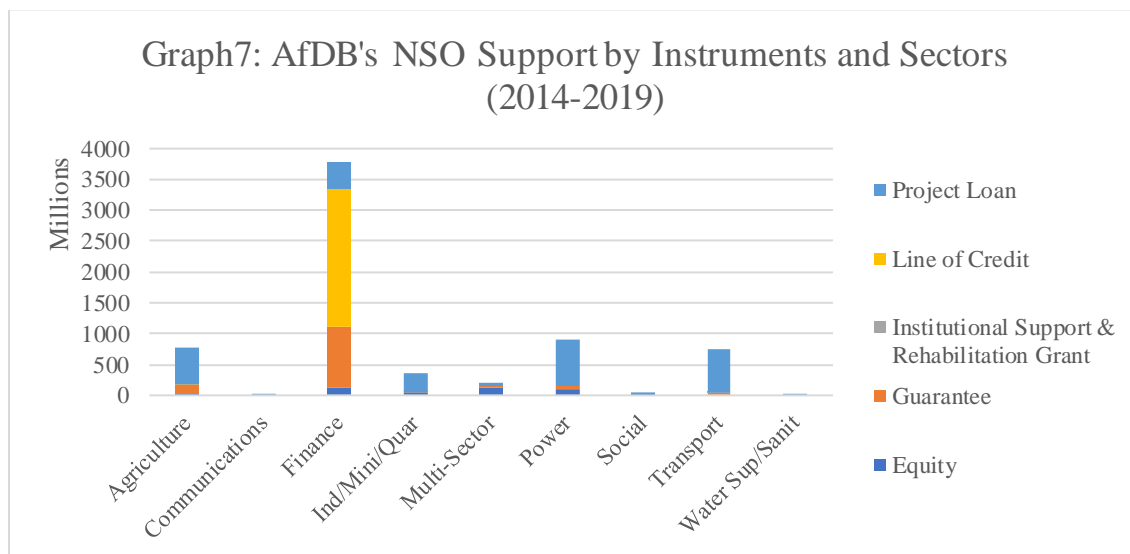


Source: AfDB SAP Data

The high proportion of the Category C countries (32 percent) resulted from Bank operations supporting general and sector-specific regional private equity investments, Trade Finance, Lines of Credit (LOCs) and Risk Participation agreements (RPAs), and real sector investments. The Bank’s intervention in Transition States reached as high as 7 percent (13 operations) of total 2014-2019 operations representing 3 percent (UA 261 million) of the total commitments. Scarcity of private sponsors, and the Bank’s limited risk appetite for NSO lending in these countries while taking into account the presence of innovative instruments of the Private Sector Credit Enhancement Facility, have constrained Bank’s overall ambition.

As shown in Graph7 below, the Bank used a wide array of instruments with a relatively large number of lines of credits and guarantees in the finance sector. Project loans were prominently used to support the real sector, representing 85 percent of the Bank’s total approvals of the sector. Institutional support grants and private equity investments were mainly used by the Bank to support the multisector operations with a small proportion to the power sector.

Graph7: AfDB's NSO Support by Instruments and Sectors (2014-2019)



Source: AfDB SAP Data

3.2 Areas of concern and lessons from other DFIs

Risk Management: The overall NSO portfolio Weighted Average Risk Ratio (WARR) determined by PINS (AfDB 2019c) marginally increased from 4.29 in FY 2018 to 4.30 in FY 2019 and was within the Management target of between 3.5 and 4.5. In FY 2019, the debt and equity portfolios recorded WARR of 3.68 and 4.85 respectively, a reflection of the higher risk associated with the equity asset class when compared to debt. The financial sector (3.31) and the energy sector (3.83) recorded WARR of below the lower limit Management target of 4.0 with all the other sectors, mainly agriculture, industry, transport and equity recording WARR above 4.0. The Balance Sheet Optimization (BSO) initiatives positively impacted on the WARR across all the NSO sectors which reduces the risk profile of the overall NSO portfolio.

Furthermore, according to the 2019 APPR Report, 41 Projects were on the watch-list due to potential or actual risk of default as of September 2019, representing a total value at risk of UA 990m or 19.6% of total outstanding NSO portfolio, broken down as follows: Recovery/Loss: 3 Projects or 0.2% of outstanding Portfolio; Rehabilitation: 10 Projects or 7.3% of outstanding Portfolio; Active Monitoring: 28 Projects or 12% of outstanding Portfolio. Watch-list projects are concentrated in the Energy (36%), Mining (26%) and Transport Sectors (11%). The Non-Performing Loan (NPL) ratio remains under pressure at 7.4% in December 2019 up from 5.7% in 2018, reflecting the Bank's challenging operating environment, as well as recent changes in financial reporting standards on loan provisions. The mining and energy sectors have the largest share of NPL, 24.5% and 11.7% respectively, while the financial sector recorded the lowest at 0.5%. Further pressure on the NPL is expected in the coming months due to the impact of the Covid-19 pandemic, particularly sectors vulnerable to high volatility in global commodity prices, tourism and trade.

In addition, greater efforts and resources are to be further dedicated to business development, particularly in the real sector where growth has been relatively weaker in recent years and will require a stronger presence of multidisciplinary teams on the ground, embedded in regional teams. The Bank support to private sector in LICs and Transition Countries is gaining momentum with a two-fold increase in lending volume since 2015. On the other hand, the Bank's footprint in Central Region remains limited and requires further attention. The repayment of large Trade Finance loans and Lines of Credit expected within the next few years will release significant headroom for further engagement in priority areas. However, this could also shift the WARR and the NPL upward. A balanced mix between the financial and real sectors will continue to be critical in maintaining a sustainable risk profile and level of revenues for the Bank Group. This will be further scrutinized during this evaluation, including the NPLs and handling of the special operations and workouts.

Portfolio Performance: In terms of portfolio performance at maturity of operations, the IDEV XSREN Synthesis Report (IDEV 2021)⁸ drew good lessons and recommendations. The Synthesis found that monitoring of early operating maturity by project type and undertaking expanded supervision reports of all projects reaching operating maturity, as guided by the 2012 Guidelines for the Preparation of Expanded Supervision Reports and Expanded Supervision Report Evaluation Notes⁹, did not take place in a systematic manner. Accordingly, the 73 XSRs received by IDEV for the period 2014-2019 represent a biased sample that does not accurately reflect the performance of the Bank's NSO portfolio reaching early maturity evidenced by the number of workout projects which was lower in the group of projects with XSR in comparison to those without XSR.

The Synthesis recommended that the Bank should: (i) ensure that Non-Sovereign Operations (NSOs) reaching early operating maturity are systematically self-evaluated; (ii) do more in collecting reliable and tangible information on development results; (iii) place more emphasis on reporting outcome results of its Technical Assistance and advisory operations; and (v) improve the quality of XSRs preparation, mainly in the area of identifying and

⁸ Over the 2014-2019 period, the Bank produced 74 Extended Supervision Reports (XSRs), including one of sub-standard quality that was not considered by BDEV in preparing the Synthesis Validation report of XSRs. The latter Synthesis built on 46 XSR evaluation notes representing 63 percent coverage of the Bank's portfolio during the period under review.

⁹ Ref. ADB/BD/WP/2012/106- ADF/BD/WP/2012/72 – 12 July 2012

formulating lessons learned which needs staff capacity strengthening in rating project performance in order to reduce or close the gap between self and independent ratings.

Processing Time and Staffing: In the context of the Evaluation current PSD Strategy, the Private Sector Support Department (PINS) prepared estimates of processing time and staffing intensity. The information provided indicate that the time taken from review to Board approval for the period 2013-2017 was estimated at 9.5 months, reduced to 8 months during 2018-2019. It was equally estimated that each Bank investment officer processed an average of 1.7 non-sovereign projects during 2013-2016, increasing to 1.8 non-sovereign projects during 2017-2019. Furthermore, it was estimated that each Bank portfolio officer supervised an average of 8.2 non-sovereign projects during 2013-2016, increasing significantly to 10.1 non-sovereign projects during 2017-2019.

Lessons from other DFIs: A Benchmarking exercise was also conducted as part of the Evaluation of the Bank's 2013-2017 PSD Strategy (AfDB, IDEV 2020¹⁰). The evaluation results from the benchmarked DFIs revealed some patterns:

- **Sector distribution of successful projects varied across DFIs.** In AsDB, infrastructure operations were rated as more successful than finance¹¹. This pattern was similar to that in IFC up to 2017 but as of 2018, the two sectors had similar success rates¹².
- **Unsuccessful ratings** were driven by weak development results or unclear monitoring indicators (AsDB) and by poor project preparation quality and the quality of the DFI's own front-end work (IFC).
- **Poor additionality.** In most cases, development impacts were difficult to estimate. This was particularly true when the market or sector served by the project was large and growing rapidly, sometimes with the aid of government policies and subsidies. Results were difficult to attribute to specific projects in cases where financing was available from other sources or was deemed likely to have been mobilized from the market (AsDB) or in projects with co-financing (EBRD).
- **Profitability ratings.** These also showed similar patterns to overall development outcomes in the case of AsDB with Infrastructure projects (mainly in energy, transport, and water) achieving higher satisfactory ratings for profitability (92%) than finance projects (65%).
- **Disconnect between country and sector strategies.** The EBRD energy and transport evaluations found that country strategies focused on outcomes whereas sector strategies focused more on outputs and transactions (in the case of NSOs).

4 JUSTIFICATION OF THE EVALUATION

The rationale for this Evaluation

As highlighted by several completed and ongoing IDEV private sector-related evaluations which covered a wide spectrum of evaluations including corporate, country assistance strategies (MICs, LICs, and Transition Countries), sector/thematic, NSO portfolio reviews, and financing instruments to operational processes (See Volume 2, Appendix 2), a considerable potential for further improvement remains to make the Bank a more effective institution. Management has also recognized the need to further develop the actual platform for stronger and more effective collaboration between the different sector complexes and the Regional Development and Business Delivery complex with the objective to: (i) finetune and improve the Bank's organizational structure with a view to improving efficiency and increase synergies between organizational units and functions; and (ii) institutionalize the

¹⁰ [AfDB PSD Literature Review and Benchmarking Report Final.pdf](#)

¹¹ NSOs in infrastructure (38% of completed projects) had higher success rates (62%) than finance projects (59% of reviewed projects) which had slightly lower success rates (55%).

¹² Until 2017, 69% of infrastructure projects had better than moderately satisfactory outcomes as compared with 58% of finance projects. However, in 2018, both sectors achieved only 48% successful outcomes.

arrangements that guide and underpin the One Bank organization. Several IDEV private sector-related evaluations were found to be relevant in the context of this one. As such, they will be part of the review of background reports and synthesis.

Furthermore, a full-fledged evaluation, of the 2013-2017 (extended to 2019) PSD Strategy presented a comprehensive mandate within the “One-Bank framework” to support RMCs in achieving sustainable and inclusive growth through private sector development. The Evaluation stressed the importance of: (i) giving careful consideration to coordination mechanisms for the smooth implementation of all sovereign and non-sovereign PSD activities; (ii) improving institutional arrangements through clear division of responsibility and accountability between PIVP, sector Complexes and regional hubs; (iii) ensuring that staffing requirements and the skills mix are aligned with the NSO portfolio size and sector composition; and (iv) rewarding/incentivizing joint activities mainly the sequencing between SOs and NSOs, project origination and resource mobilization. Some of these activities are already underway as part of the implementation of the DBDM and the “One Bank” approach.

The PSD Evaluation recommended to strengthen linkages between the Bank’s sovereign and non-sovereign operations at country/regional level and to carry out in-depth analysis of the effect of NSOs on SMEs to deepen the understanding about what works and what does not work, and to strengthen the Bank’s additionality and development outcomes. The Bank’s NSO portfolio management focused significantly on risk capital utilization and provided more limited attention to risk/return and the profitability of individual sector and product lines. Since the introduction of organizational changes within the Bank, indicators of staffing efficiency (e.g., number of operations being prepared or supervised per staff officer) have not been readily available. However, qualitative assessment over the past few years have pointed out a likely deterioration in Bank’s institutional efficiency.

The brief overview of main IDEV private sector related evaluations’ findings presented in Volume 2 of the Inception Report, Appendix 2, advocate for an -evaluation and synthesis that could help in crystallizing what IDEV already found about NSOs portfolio management and operational processes; and what new lessons could be added to the already available wealth of knowledge. This accumulation of knowledge will further help Bank’s Management remedial and enhancement actions that could be taken to implement the “One Bank approach” and increase development effectiveness. It will also help Management’s on-going efforts to maintain its position as a “preferred partner” or “partner of choice”.

In this regard, in October 2019, PINS elaborated a full-fledged quality assurance action plan for NSOs in line with the main areas of reform included in the June 2019 version of the Quality Assurance Implementation Plan (2019-2021) (AfDB 2019c) which included five broad areas such as: (i) the reinforcement of Operations staff knowledge; (ii) the refinement of the framework for quality-at-entry with the focus on delivery and results and Improvement of planning, budgeting and information management to support operations; and (iii) the digitalization of operational processes with the view of enabling operations staff, including NSO staff, to deliver high-quality operations in an efficient manner.

The Quality Assurance Action Plan for NSOs aimed to facilitate the integration of a Bank-wide Quality Assurance Plan that covers both SOs and NSOs. one single integrated quality assurance plan covering sovereign, non-sovereign and issues cutting across both was issued on March 2020 (AfDB 2020e). The action plan, supported by NSO case studies, was articulated around the major streams such as: (i) reinforcing the knowledge of operations staff; (ii) improving information systems for adequate planning, budget monitoring, stronger accountability and internal governance; (iii) strengthening project with adequate upstream work for enhanced relevance of private sector interventions; (iv) refining the framework for quality at entry (strengthening review mechanisms, processes, tools and quality assurance organs at entry) with an institutionalized results reporting system for NSO projects that corporate IT Services (CHIS) is currently working on; and (v) corporate governance of NSO quality assurance measures/actions guidelines and manuals, fiduciary control and safeguards; and Corporate Governance.

Other issues, for example, related to the XSR guidelines were highlighted. These guidelines were found outdated as they no longer reflect the latest Evaluation Cooperation Group's (ECG) Good Practice Standards (GPS) for Monitoring and Evaluation of Private Sector Operations by Multilateral Development Banks (MDBs). This, particularly when it comes to institutionalizing a process for selection of NSOs reaching early maturity and leading to the preparation of the XSR. In fact, the XSR is supposed to mirror, to a large extent, findings of the most recent Annual Supervision Report (ASR). Therefore, it was judged vital to establish a clear link between the ASR and XSR documents, especially with consistent methodology of assessment and reporting on financial performance and impact on the Bank's Sector and Corporate Portfolio as well as on achievements against development objectives. The Quality Assurance Action Plan will be specifically part of the stock-taking and analytical review within this evaluation which will assess its implementation so far.

Why this Evaluation is still relevant and useful?

For the purpose of this evaluation, IDEV undertook knowledge gap assessment (See Volume 2, Appendix 1 C) across several IDEV private sector evaluation products, namely, cluster (1), thematic (5), synthesis (1), Corporate (6) evaluations. The assessment found that some operational aspects of NSO have received more evaluation scrutiny than others. In this regard, project identification and self-evaluation aspects of NSO have not received the same attention as other aspects requiring further investigation and evaluative evidence by the Bank such as: i) Coordination mechanisms between private and public sector support; ii) Pre-approval due diligence of private sector operations; and iii) Development Effectiveness of NSOs.

The entire NSO ecosystem present at a NSO coordination meeting held in August 2020 welcomed the evaluation, highlighted its importance, and clearly manifested a strong interest for learning from: (i) the organizational restructuring arrangements at the Bank; and (ii) implications of the new institutional set-up on the actual delivery model, including NSO operational processes and procedures. More specifically, recurring issues raised by internal stakeholders include:

- Implementation arrangements/modalities of the NSO Business Plan across departments;
- Adequacy of the current organizational structure;
- Project cycle and internal coordination between departments;
- Appropriateness of a single balance sheet for both SO and NSOs;
- Selectivity of intervention areas;
- Policy dialogue;
- Lessons of experiences gained from Bank's NSOs and interventions; and
- A review of the headroom structure and Bank's resource allocation in each country.

In sum, a strong interest was shown by Bank Senior Management for institutional arrangements, PSD approaches, NSO processes and procedures to better integrate/ensure complementarity between SOs and NSOs, leverage the Bank's comparative advantage, and identify areas of weakness. In addition, all Stakeholders have concluded that the Evaluation is timely to help assist in concretizing IDEV recommendations, and therefore to consolidate the learning from previous private sector and NSO evaluations¹³ and make evaluative evidence more readily available to inform the implementation of the upcoming (2021-2025) PSD Strategy and business plan. Furthermore, with the likely rising importance of private sector operations post-COVID, the evaluation would include an assessment of the Bank's level of preparedness to face increased volume of NSOs.

¹³ See Background Documentation Appendix 13, Inception Report, Volume 2.

5 PURPOSE, OBJECTIVES, AND SCOPE OF THE EVALUATION

5.1 Purpose and Objectives of the Evaluation

The purpose of the evaluation is to assess the relevance of the organizational set up, efficiency and effectiveness of the Bank in delivering its NSO agenda. In so doing, the evaluation will assess the appropriateness of the organizational setup for private sector operations, the efficiency of processes in place and the development effectiveness in the context of the Bank's NSOs. It will thus include an assessment of the Bank's operational processes with respect to NSOs, from inception to closure (incl. handling of NPLs and write-offs) effective for supporting the rapidly evolving needs of the AfDB's NSO ecosystem.

The findings, lessons and recommendations of the evaluation will inform the implementation of the Bank's 2021-2025 private sector development strategy¹⁴ as well as other sector strategies, through:

- i) the identification of operational factors, prerequisite and necessary conditions that enable and/or hinder successful implementation of Bank's NSOs and development effectiveness and Bank's role as partner of choice in providing finance to the private sector operations in Africa; and
- ii) drawing lessons for the improvement of the Bank's institutional performance, the quality of its portfolio performance in achieving the High 5s objectives, as well as development outcomes/results measurement, business and delivery models and Knowledge Management.

In undertaking this Evaluation, IDEV expects to contribute to the following institutional outcomes:

- Improved institutional structure and arrangements, as well as enhanced development effectiveness of Bank's NSOs;
- Clearer functional responsibilities and coordination mechanisms to support the implementation of Bank's NSOs;
- Streamlined NSOs project cycle;
- Capitalization of cumulative knowledge in support of private sector development agenda; and
- Consolidated Bank's comparative advantage as partner of choice for financing NSOs in Africa.

5.2 Scope and Limitations, Risks and Mitigation Actions

a. Scope of Evaluation

The evaluation will cover the 2014-2019 period. Over this period, the Bank approved approximately 161 NSOs representing a total investment of about UA (Unit of Account)¹⁵ 7.138 billion. During that same period, the Bank approved a total amount of approximately UA 3.6 billion in loans and grants in support for strengthening the enabling environment for private sector development.

A preliminary Concept Note has defined the scope and the main components of the evaluation which include the following activities: (i) Collect evidence on the implementation 2014-2019 NSO operations and undertake a review and analysis of previous IDEV evaluations; (ii) identify key stakeholders (both internal and external) and undertake

¹⁴ The new PSD Strategy 2021-2025 was presented to CODE on 24 November 2020 (ADB/BD/WP/2020/257-ADF/BD/WP/2020/202 – PINS, 9 November 2020 and will be presented to Board approval around March 2021.

¹⁵ The Unit of Account (UA) is the standard currency used by the African Development Bank and is the equivalent of the International Monetary Fund's (IMF) Special Drawing Right (SDR).

key informant interviews; (iii) conduct a benchmarking exercise with other Multilateral Development Banks (MDBs) or International Finance Institutions (IFI); (iv) provide a review of Extended Supervision Report (XSRs) and validations; (v) assessment of the actual organizational and operational set up, the private-public coordination mechanisms and a review of actual NSO operational processes from inception to closure (incl. special handling of NPLs and write-offs); and (vi) NSO staff resources/budget adequacy.

b. Limitations, Risks and Mitigation Actions

The main limitations of the Evaluation are related to the availability of Key informants, Government officials and Clients due to the difficult communication streams in the time of travel restrictions.

Furthermore, the timely availability of background documentation and data on on-going evaluations, organizational studies, strategy and policy papers and the timely discussion, validation and feedback of preliminary findings and the way forward may be considered as a potential risk for the timely completion of this evaluation.

Several mitigation actions are considered such as: (i) timely interaction with portfolio managers in country offices; (ii) Online discussions, questionnaires, Webinars, and use of multimedia; (iii) organization of capitalization Sessions at key milestones of the Evaluation; (iv) dissemination of lessons, potential improvements for adoption by the various stakeholders.

6 EVALUATION APPROACH AND METHODOLOGY

6.1 Overall Approach and Methodology

The evaluation is both summative and formative and will emphasize learning and reflection. In fact, the evaluation comes at the end of a strategic cycle (PSD Strategy 2013-2019) and will attempt to determine the extent to which the Bank's NSOs have achieved desired results. The same evaluation will also look at ways the Bank's NSOs are structured and implemented. In this context, it is important to highlight that IDEV is not evaluating the elapsed PSD strategy, or Bank's private sector development operations. The present evaluation is rather focusing on non-sovereign operations as defined by the Bank (AfDB 2018b) and approved between 2014-2019¹⁶. It will also focus on the logical sequence of processes and activities, namely identification, preparation and appraisal, implementation, and post-evaluation applied to these operations.

The evaluation privileges an analysis approach to synthesize findings from IDEV evaluations and to undertake a review of a purposively selected sample of NSOs with 75% and above disbursement ratio. An organizational assessment of actual strategic functional responsibilities for effective delivery of NSOs, including resources, risks, portfolio management, supervision and M&E as well as of public-private coordination mechanisms (actual vs proposed Organizational & Procedures), strengths and weaknesses of main operational coordination processes from inception to closure, will be conducted.

6.2 Evaluation Criteria and Key Evaluation Questions

As already highlighted above in this report, considering the literature and primary stakeholders' interests, the evaluation will focus on the following Evaluation Criteria that have served to develop the key evaluation questions and sub-questions:

¹⁶ The AfDB defines as NSO all operations financed through its private sector lending window on non-concessional terms and without the requirements of sovereign guarantees.

Table 2: Evaluation Criteria, Evaluation Questions and Sub-Questions

CRITERIA	KEY EVALUATION QUESTIONS
<p>A- Relevance of the Organizational Set-Up</p>	<p>Evaluation Key Question 1 (EQ1): To what extent is the Bank’s organizational setup for the private sector operations relevant and appropriate for supporting the delivery of the Bank’s NSO agenda?</p> <p>Sub-questions:</p> <ul style="list-style-type: none"> ▪ To what extent was the Bank able to manage its NSO portfolio: resources, risks, supervision, monitoring and evaluation systems? ▪ To what extent the organizational setup for the private sector operations, in particular with respect to public-private coordination have hindered/enabled successful implementation of Bank NSOs? ▪ How does the Bank’ s current setup for the private sector operations in particular with respect to public-private coordination compare to that of other MDBs? ▪ To what extent has the current staffing/expertise of the NSO ecosystem been effective in supporting the Bank’s ambitions in the NSO space?
<p>B- Efficiency of NSOs processes and Coordination Mechanisms</p>	<p>Evaluation Question 2 (EQ2): To what extent were the operational processes with respect to NSOs, from inception to closure (incl. handling of NPLs and write-offs) and “One Bank” approach efficient for supporting the rapidly evolving needs of the AfDB's NSO ecosystem?</p> <p>Sub-questions:</p> <ul style="list-style-type: none"> ▪ To what extent were the operational processes with respect to private sector operations, from inception to closure (incl. handling of NPLs and write-offs) efficient for supporting the rapidly evolving needs of the AfDB's NSO ecosystem? ▪ To what extent have the Bank’s Sovereign and Non-sovereign ecosystems worked together to find synergies, complementarity and appropriate sequencing to efficiently deliver on the Bank’s NSO agenda? ▪ What have been the responsibilities and relationships of/between the various internal stakeholders involved in the delivery of Bank’s NSOs? ▪ To what extent were the opportunities for more coordinated activities leveraged to create/ generate knowledge at Bank, country, and continental level?
<p>C- Effectiveness of NSOs in Achieving Development Outcomes</p>	<p>Evaluation Question 3 (EQ3): To what extent were the Bank’s NSOs effective in achieving the expected development outcomes?</p> <p>Sub-questions:</p> <ul style="list-style-type: none"> ▪ What have been the catalytic and demonstration effects of the Bank NSOs in RMCs? ▪ How successful was the Bank in managing the performance of its NSO portfolio and achieving expected results¹⁷ in RMCs?
<p>D- Lessons learned</p>	<p>Evaluation Question 4 (EQ4): What are the key lessons learned in relation with the implementation of Bank’s NSOs?</p> <p>Sub-Questions:</p> <ul style="list-style-type: none"> ▪ What factors have enabled and/or hindered successful implementation and the achievement of development outcomes of Bank’s NSOs support in RMCs? ▪ What are the lessons learned and potential for improvements that can inform the implementation of the Bank’s new PSD Strategy with respect to NSOs? ▪ What are the pre-requisites or necessary conditions for the Bank to enhance and reinvigorate its Development Effectiveness? ▪ What are the pre-requisites and necessary conditions for the Bank to be considered as the Partner of Choice in support of PSD in Africa?

¹⁷ BDEV is concurrently carrying out the evaluation of the Bank’s Additionality and Development Outcome Assessment framework. Evidence collected from the Evaluation of the Bank’s ADOA framework will be provided and used in the proposed synthesis evaluation.

6.3 Results-based Evaluation Framework

The Evaluation of Bank’s NSOs uses a results-based approach in assessing the extent to which their expected outcomes are achieved and contribute to sustainable development. The Evaluation Framework presents the context of the evaluation, the inputs/activities and outputs as well as the immediate/ intermediate and final Outcomes and Impact of Bank’s NSO support. A synthesized Results chain articulation is presented in Table 4 below (Also see the Results Chain/Articulation Graph in Appendix 4).

Table 3: Results-Chain Articulation (Theory of Change – TOC)

Context	
<ul style="list-style-type: none"> Limited achievement in mainstreaming and enhancing NSOs development effectiveness; Lack of streamlined institutional arrangements, and alignment of staffing and skills mix requirements with the NSO portfolio size and sector composition; Limited Bank’s institutional performance and contribution through NSOs support to sustainable and inclusive growth in Africa. 	
Inputs/Activities	
<ul style="list-style-type: none"> 2013-2017 PSD Strategy, Action Plan and RMF Institutional arrangements pre- and post DBDM Operational guidelines and processes to support the implementation of NSOs and results Consolidated NSO portfolio management 	
Outputs and Change Mechanisms/ Drivers	
<ul style="list-style-type: none"> NSO portfolio at country and regional levels expanded (diversification into the real sector, transformational solutions on infrastructure and industrialization; enhanced support to SMEs, PPPs; and expanded footprint in fragile environments and transition states); Efficient Operational Processes in delivering NSOs implemented; NSO Handling Processes from Inception to Closure streamlined (the “One Bank” Approach) consolidated¹⁸ Delivery of Knowledge products increased 	
Immediate or Intermediate Outcomes (Induced Effects)	
<ul style="list-style-type: none"> Enhanced NSO Portfolio Performance (Relevance, Demonstration, Catalytic Effects, Additionality and Investment outcome) Enhanced Business and Delivery Model of NSO interventions Enhanced NSO Product Mix through adaptive, innovative financing and non-financing instruments, advisory services and capacity building initiatives Increased Knowledge from NSOs implementation and results achievement 	
Final Outcomes	
<ul style="list-style-type: none"> Increased Responsiveness and Development Effectiveness of the Bank Enhanced Bank’s Position as a Partner of Choice in support of PSD/NSOs in Africa 	
Impacts	
Contribution to Sustainable and Inclusive economic Growth through Bank’s NSO interventions	
Assumptions and Risks	
Assumptions: <ul style="list-style-type: none"> DBDM is fully implemented and finetuned Rightsizing exercise initiated 2019 NSO Quality assurance action plan implemented Empowerment of NSOs Ecosystem Units Adherence to One-Bank principles 	Risks: <ul style="list-style-type: none"> Constrained resource environment with slow recovery from the pandemic situation Adaptive, innovative and transformative solutions well accepted by RMCs Stakeholders Volatile economy and increased uncertainty in African countries

¹⁸ As the latest iteration of the DBDM (i.e., the ‘One Bank’ approach) was just commencing, almost all internal stakeholders (i.e., Board members [Executive Directors and Advisers], managers and staff) interviewed emphasized that clear accountability and assignment of functional responsibilities would be an important pre-condition for the successful implementation of the next PSD Strategy. (Source: PSD Strategy Evaluation Report, July 2020 and DBDM Evaluation, 2019).

6.4 Data Collection and Analysis

The evaluation will use both qualitative and quantitative methods to collect data. The team will conduct a detailed review of relevant Bank strategy, guidance, and project documents. The evaluation will also build on the findings and results of previous IDEV evaluations. Various lines of evidence will be used to support findings, conclusions, lessons and recommendations. These lines of evidence may include but not limited to the following: Data review and analysis of monitoring data; Case Studies¹⁹; Interviews of main actors by stakeholder group and beneficiaries/Key informant individual interviews with semi-open questionnaires or checklists (direct and phone interviews/zoom etc.); virtual/online communication tools- (Webex/Zoom/MS Teams, mobile devices, email, online tools etc.); Desk reviews; Portfolio review; Evidence gap analysis and mapping; Literature reviews; Use of secondary data to complement primary data sources; and comparative analysis with other IFIs (Benchmarking).

The Evaluation Framework which describes the data collection and analysis methodology is detailed in Appendix 5. Appendix 8 presents the purposive sampling while Appendix 10 presents the Evaluation Tools and Instruments (Questionnaire, Interview Protocol, Organizational/Institutional Assessment Tools, Concordance/Conformity Tests, SWOT Analysis Template). Appendices 6, 7, 9, 11 and 12 respectively present the Indicative Outlines of the 2014-2019 Evaluations’ Synthesis Report; the Project Result Assessment of Bank NSOs in relation to key evaluation questions with a review of the portfolio performance assessment which will be complemented by a review of a purposively selected sample of NSOs as well as findings from the Synthesis of Extended Supervision Reports (XSRs); the Organizational Assessment and Benchmarking, the Technical Report; and the CODE Summary Report.

6.5 Detailed description of Evaluation Activities

The evaluation and its findings will build on multi-component activities. These activities are detailed in table 4 below:

Table 4: Description of Evaluation Activities

COMPONENTS	DESCRIPTION OF ACTIVITIES
Documentation and Literature Review:	A systematic review of all relevant Bank policy and strategy documents, relevant IDEV evaluations, as well as guidelines, processes will be undertaken. The objective of this exercise is to contextualize the current evaluation and complement the “Knowledge Gap Assessment” conducted prior to the present Inception Report. This activity will also include a review of the performance of the Bank’s NSO portfolio over the 2014-2019 period with emphasis on the quality at entry, supervision and administration of operations including the quality of Management’s monitoring of NSO operations and the basis for the annual performance reviews. Other documentation related to the organizational and institutional arrangements, staffing and budget, as well as operational coordination processes will also help in the organizational assessment and the review of NSO operational processes.
Key Informant Interviews and Administration of Interviews/Questionnaires:	The Evaluation will include consultations with main internal and external stakeholders including Board Members, Senior Management, Bank staff, as well as Government counterparts and Clients in RMCs and ECG (if needed). A list of key stakeholders and informants is presented in Chapter 7. All support functions such as the Group Risk Management department (PGRF), the General council and Legal Services department (PGCL), the Compliance Review and Mediation department (BCRM), Integrity and Anti-Corruption department (PIAC), the Africa Investment Forum (PAIF), the Governance and Public Finance Management Coordination department (ECGF), as well as other support functions (SNSP, SNOQ, SNDR, SNOU, SNSC, SNFI, ECMR, ECGF, FIFC, FIST, and CHIS) will be approached as well. The final list of external stakeholders will be established in consultation with PIVP to facilitate contacts for interviews and/or administration of questionnaire.

¹⁹ Field visits to collect data for the case studies will be undertaken under specific circumstances. Such Specific circumstances include scarcity of evidence data, unavailability of portfolio managers in the field and difficult communications with clients.

<p>Synthesis of 2014-2019 IDEV Evaluations:</p>	<p>The Synthesis of previous IDEV evaluations will review the key findings of previous relevant independent evaluations in relation to the Bank’s NSO support and the above-mentioned specific evaluation questions (see Appendix 1a). The synthesis will include the following elements that will be used for the aggregation of findings:</p> <ul style="list-style-type: none"> ▪ Scope of the Synthesis evaluation: Range of legacy activities – what is in and what is out? ▪ Evidence availability and knowledge gap assessment; ▪ Methodological Complexities: evaluation questions; interdependence between projects, topics/geographies, findings, lessons and recommendations; ▪ Scope and coverage of the selected evaluations; ▪ Inconsistencies in the evidence base, practical complexities and mitigation actions; ▪ Timescale: identification of evidence availability; ▪ Baselines and counterfactuals: appropriate and realistic assessment; ▪ Aggregation and synthesis of diverse information of varying quality; ▪ Additional findings, lessons and recommendations ▪ Strategic impacts, added value; ▪ Capturing and aggregating 'intangible' benefits, knowledge products and dissemination.
<p>Case Studies of a Multistage Stratified Sample of NSOs</p>	<p>Case Studies will complement the portfolio review and will focus on identifying the changes in the way the Bank is originating, processing and coordinating its transactions and whether the DBDM (and related institutional arrangements) has affected or not the NSO operational processes between the two approval periods (pre- and post-DBDM i.e. 2014-2015 and 2016-2019). Project Results Assessment (PRAs) of a purposive sample of NSOs, will be undertaken using the disbursement ratio as a proxy for selection (75% and above). The Revised Guidelines for the Preparation of Expanded Supervision Report and Expanded Supervision Report Review Notes serve as a guidance framework (See Appendix 10 for further details). Due to the difficult pandemic situation and travel restrictions, field visits to collect data for the PRAs will be undertaken under specific circumstances²⁰ after consultation with PINS. Alternative ways of collecting data will be distance interviews, questionnaires and chats using multimedia devices to communicate with portfolio managers and clients in the field.</p>
<p>An overview of portfolio performance:</p>	<p>This report presents a review and analysis of the portfolio performance based on PINS portfolio management M&E reports and a systematic synthesis of findings, lessons and recommendations from available corporate, sector/thematic evaluations, regional and country assistance strategy evaluations released by IDEV during the 2014-2019 period, the 2014-2019 XSREN Synthesis report and the review of a purposive sample of NSO project results assessments (PRAs) conducted for the purpose of this evaluation and used as Case Studies. The main objective of the report is to provide an overview of the additionality and associated development outcomes of Bank’s NSO investments and an assessment of the institutional performance of the Bank in supporting NSOs. The aggregation of findings will be as follows:</p> <ul style="list-style-type: none"> ▪ 2014-2019 Portfolio Analysis (composition and evolution, including NPLs) ▪ Findings from selected IDEV evaluations, XSRENS, and PRAS/Case Studies <ul style="list-style-type: none"> - Assessment of Development Outcomes - Investment Profitability - Bank’s institutional performance (Role and Contribution and Additionality) ▪ Aggregation of results assessments and Implementation of IDEV NSO-related recommendations ▪ Conclusions, lessons and recommendations
<p>Organizational Assessment of the NSO Ecosystem:</p>	<p>Functional responsibilities and relationships of/between the various internal stakeholders involved in the delivery of Bank’s NSOs will be assessed including the allocation of NSO-related staff positions at HQ, country and regional offices. The assessment will cover risks, portfolio management, supervision and M&E, operational coordination processes. It will identify actual synergies, complementarity, and sequencing in country strategy, activity planning, strategic implementation, coordination stream and procedure for effective delivery. Staff expertise/resources & budget will also be assessed based on whatever organizational structure in place. The assessment of functional responsibilities and relationships of/between the various internal stakeholders involved in the delivery of general knowledge at the Bank, country and continental level will also be conducted including the learning path. The review of actual NSO operational processes and the public-private coordination mechanisms (incl. special handling of NPLs and write-offs) will be assessed and will strive to highlight strengths and weaknesses including quality assurance and results reporting. A comparison analysis of actual requirements vs evolving requirements or needs of NSO ecosystem will also be conducted.</p>

²⁰ Specific circumstances includes scarcity of evidence data, unavailability of portfolio managers in the field and difficult communications with clients.

	A Benchmarking Review with selected MDBs operating in Africa or working in similar markets in Latin America and Asia (IFC, EBRD, AsDB, EIB, IADB, AIIC) ²¹ will complement the organizational assessment of the institutional arrangements. This will include the review, data collection, and analysis of Benchmarks undertaken in the context of previous IDEV evaluations and if necessary, additional data will be collected. Evaluation Tools and Instruments (Questionnaire, Interview Protocol, Organizational/Institutional Assessment Tools, Concordance/Conformity Tests, SWOT Analysis Template, PRA Template and Rating System) are presented in Appendix 10 .
Identification of enabling and hindering factors, and lessons learned with regards to the achievement of results:	This analysis will be based on (i) the Synthesis review and -analysis of XSRs and validations; (ii) the analysis of the purposive sample of NSOs, country and regional program assistance strategies; (iii) the organizational assessment of the institutional arrangements including the Bank’s proposed adaptive solutions to Africa Market Development, clients’ engagement, PSD constraints and challenges for inclusive green growth, climate change, SDGs, Regional Integration and to PSD and SDGs/Poverty Reduction Nexus in Africa. The Identification of new lessons gathered from the syntheses and assessment of the Bank’s new PSD Strategy, as well as other private sector-related evaluations will help assist in identifying the potential improvement of Bank’s contribution to the Economic and Social conditions in MICs, LICs and Transition countries (Development Impact) and SDGs. This will also be identified through the review of Bank’s response and contribution in restoring and reinvigorating the Private Sector in RMCs through its financing instruments and advisory services that are additional, innovative and transformational with possible stock-taking exercise of the new DBDM, the organizational rightsizing and the implementation of the GCI-7 and ADF-15 commitments once adopted during the implementation of the Evaluation.
Consultations, feedback sessions and reporting:	This Evaluation will rely on consultations with the Evaluation Reference Group (ERG), and with PIVP, upon delivery of each main deliverable. The evaluation team will also consult PIVP about the portfolio analysis and the final selection of the sample to be reviewed as well as on the potential improvement of operational processes and procedures. Feedback sessions aiming at discussing and validating the main evaluation findings, lessons, and recommendations, will be organized with the main internal stakeholders. The reporting phase (final and draft reports) will be conducted after taking into consideration ERG comments received while ensuring that the Evaluation is adding value and responds to the internal stakeholders’ expectations.

Case Studies and Sampling Strategy

The purpose of undertaking an in-depth analysis of the portfolio performance through a selected sample of NSO operations (Case Studies), is to provide evidence of the achievement of development results, profitability, additionality and Bank’s institutional effectiveness. Case Studies will also complement the portfolio performance analysis and the 2014-2019 XSREN Synthesis and will help assess any change on the way the Bank is making and processing its NSO transactions and whether DBDM (and related institutional arrangements) has affected the operational processes (from origination to maturation and production of XSR) between the two approval periods (pre- and post-DBDM i.e. 2014-2015 and 2016-2017/2019). The Sampling Strategy is based on the Bank’s orientation of the new 2021-2025 PSD Strategy calling for a more balanced NSO portfolio with diversification into the real sector in ADF countries and fragile environments, sectors, country categories, and financing instruments.

Furthermore, as the early operating maturity of projects is not systematically followed up for all NSO projects, as guided by the 2012 Guidelines for the Preparation of Extended Supervision Reports and Extended Supervision Report Evaluation Notes, the disbursement rate is used as a proxy for selection of projects subject to in-depth results assessment. In order to have a meaningful assessment of results achievement, the disbursement rate was set up at 75%²². These are used as selection criteria for a purposively selected sample of operations that are subject to in-depth results assessment.

²¹ The final list of Specific details on the Benchmark indicators and comparator institutions will be determined at a later stage after consultation with PIVP.

²² This disbursement rate was used by BDEV as a proxy in the XSR and XSREN Synthesis, 2020.

The size of the population, using December 2019 SAP data, is 161²³ NSOs (See Appendix 8, Inception Report Volume 2, for further details on the Sampling Strategy). Out of this population, 80 operations (49%) have a disbursement ratio of 75% and above. Due to resource and time constraints, the sample size stands at 20% of the 75% and above disbursed population (i.e. 16 out of 80 operations) representing approximately 10% of the total 2014-2019 NSO approvals (161 operations). The distribution of the purposive sample of NSOs by Country Category and Financing Instrument between the two approval periods (2014-2015 vs 2016-2019 i.e. Pre- and Post DBDM) is as follows:

Table 5: Distribution of the selected sample by Country Category and instruments (n=16)

COUNTRY CATEGORIES/ INSTRUMENTS	TRANSITION COUNTRIES	ADF-COUNTRIES (Transition Countries excluded)	BLEND	ADB COUNTRIES	MULTINATIONAL	TOTAL
Line of Credit	1	1	1	1	1	5
Project Loan	1	2	1	2	1	7
Equity					2	2
Guarantees	1	1			2	2
Total	3	4	2	3	4	16
2014-2015	1	2	1	1	1	6
2016-2019	2	2	1	2	3	10

The distribution of the sample by Sector and Country Category is as follows:

Table 6: Distribution of the selected sample by Sector and Country Category (n=16)

SECTOR / COUNTRY CATEGORIES	TRANSITION COUNTRIES	ADF-COUNTRIES (Transition Countries excluded)	BLEND COUNTRIES	ADB COUNTRIES	MULTINATIONAL	Total
Real Sector (PL)	1	1	2	1	2	7
Agriculture		1	1		1	3
Industry & Mining	1		1	1	1	4
Finance	2	1	1	1	-	5
Infrastructure & Social Services		1		1	1	3
Power		1		1	-	2
Social/ Water & Sanitation					-	
Transport/ Communication					-	
Multisector					1	1
Total	3	3	3	3	4	16

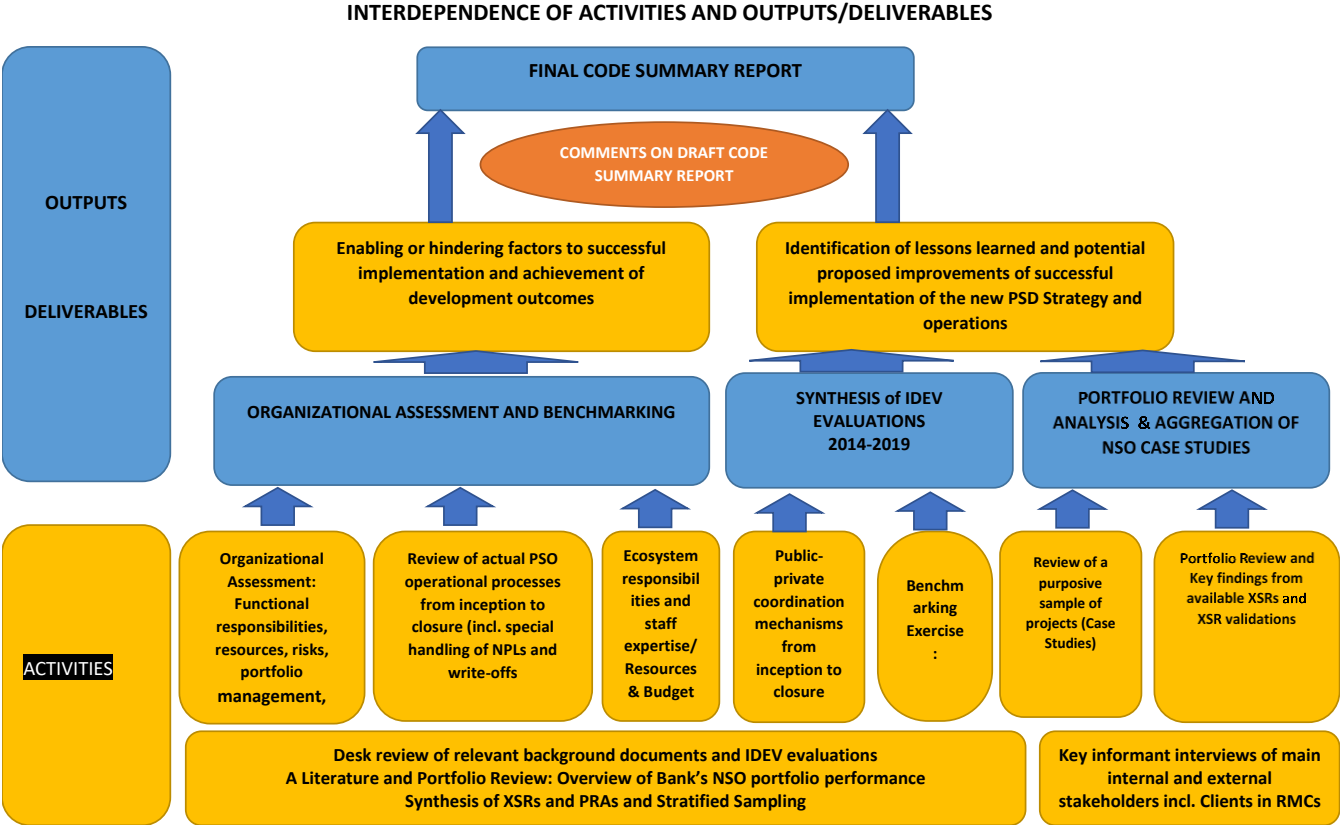
²³ Due to the dynamic situation of NSOs portfolio in the Bank's SAP database, the actual no. of NSOs (161) slightly differs from the volume of NSOs (173) analysed in Chapter 3 of the Volume 1 of the Inception Report.

The indicative list of selected projects subject for in-depth assessment (case studies) is attached in **Appendix 8** of the Inception Report, Volume 2). The final list of NSO projects will be set following consultations with PINS/PIVP.

Interdependence of the various Evaluation Activities, Outputs and Deliverables

The following figure shows the interdependence of the various activities, outputs and deliverables:

Graph 8: Interdependence of Activities, Outputs and Deliverables



7 AUDIENCE AND STAKEHOLDER MAPPING

The evaluation’s primary audience is the Board of directors through its CODE as well as interested other Board members and Advisors. Key internal stakeholders include Senior Management offices and their organs in charge of origination and portfolio management. As indicated above, other support functions will also be directly or indirectly involved.

External Stakeholders will include NSO Clients and Government officials in charge of Public/Private Coordination and promotion of investment climate and private sector development. Others external stakeholders will include relevant bilateral and multilateral development agencies acting in promoting private sector development in Africa.

The Stakeholder Mapping Strategy is based on the template (Table 7) below:

Table 7: Template for Stakeholder Mapping Strategy

Stakeholder Name	Strategy for engaging the stakeholder	What is the role in the Evaluation?	What are the Information needs/interests in the evaluation?	How and when will this information be communicated?	How will they use the findings and recommendations?	How could the stakeholder impede the progress / completion of the Evaluation?
Relevant Complex/Departments of the Bank	Regular meetings from the start of the evaluation to the end.	- Initially, be a data and information provider. - Then, become a beneficiary of the lessons and recommendations of the evaluation.	Know what works and what does not and if NSOs' support is achieving its development results and contributing to sustainable and inclusive economic growth	- Reports - Presentations	- Will use the evaluation to design the PSDS Business Plan and develop new programs/ future strategies. - Will use them to better support existing and future projects and implementing agencies.	Question the validity of findings and quality of reports.
CODE	Presentation of the evaluation report/products	Provide ED's views on the actual organizational Set Up for private sector operations, Bank's institutional efficiency and effectiveness Make a (decision/judgement based) on the findings of the evaluation	Evaluation conclusions about Bank's institutional development effectiveness, additionality and NSO profitability	- Reports - Presentations	Make decision / judgement based on the findings of the evaluation	Reject the evaluation or parts of the methodology, findings or recommendations.
NSO Clients	Individual meetings	Be a data or information provider on clients' satisfaction/ Dissatisfaction and potential for improvement of processes and procedures.	Evaluation conclusions about Bank's institutional development effectiveness, additionality and NSO profitability Ensure their feedback is heard and possibly lead to significant changes in Bank's processes.	Reports Presentations	- Possibly benefit from improvements of Bank's processes and procedures incl. Organizational Set-Up.	Impede the evaluation or relationship with the Bank on NSO support.
RMC representatives	Individual meetings.	- Initially, be a data or information provider. - Then, become a beneficiary of the lessons and	conclusions about Bank's institutional development effectiveness, additionality	- Reports Potentially consider dissemination events in-country.	- Become a beneficiary of changes arising from the evaluation and benefit from improvements of Bank's processes	Passive engagement Do not provide information or only positive aspects.

		recommendations	Ensure their feedback is heard and possibly lead to significant changes in Bank's processes. Lessons and recommendations on how to better implement Bank's partnership program and make it more effective.		and procedures incl. Organizational Set-Up and coordination mechanisms.	
Sister Institutions (ECG members and other IFIs)	Individual meeting/Review of available benchmarking exercises	Available data for the benchmarking exercise	Learn about comparability of results, processes and organizational set up	Reports	Possibly benefit from the comparison analysis	Passive engagement Do not provide information or only positive aspects.

Stakeholders' mapping by activities, key informants and modality of communication is detailed in the following Table 8 below.

Table 8: Stakeholders' mapping by activities, key informants and modality of communication

EVALUATION ACTIVITIES	KEY STAKEHOLDERS		KEY INFORMANTS	MODALITY OF COMMUNICATION
	INTERNAL	EXTERNAL		
Documentation and Literature Review	PIVP, Sector Complexes, NSO Ecosystem ²⁴ ERG	ECG members	PINS ERG members	Distance Interviews
Key Informant Interviews and Questionnaire	PIVP, Sector Complexes, NSO Ecosystem ERG	ECG members	PIVP, Sector Complexes, NSO Ecosystem ERG	Distance Interviews and Questionnaires
Synthesis of 2014-2019 IDEV Evaluations:	PINS ERG	-	PINS ERG members IDEV TMs	Request for comments on Draft Report
Key findings from available XSRs synthesis and relevant Project Results Assessment (PRAs):	PIVP, Sector Complexes, NSO Ecosystem ERG	-	PINS ERG IDEV TMs	Request for comments on Draft Report
Portfolio performance assessment and XSR validations:	PIVP, Sector Complexes, NSO Ecosystem ERG	-	PINS ERG PIVP and Sector complexes and selected NSO Ecosystem TMs	Request for comments on Draft Report

²⁴ All support functions such as Risk Management Group (PGRF), Legal (PGCL), Compliance Review (BCRM), Integrity office (PIAC), the Africa Investment Forum (PAIF), the Governance and Public Finance Management Coordination (ECGF), as well as other support functions: SNSP, SNOQ, SNDR, SNOU, SNSC, SNFI, ECMR, ECGF, FIFC, FIST, and CHIS team in charge of the private sector platform) will also be direct or indirect stakeholders.

Case Studies of a purposive sample of NSOs	PIVP, Complexes, Ecosystem ERG	Sector NSO	A sample of Clients	IDEV TMs PINS ²⁵ ERG IDEV TMs Selected Clients	Distance Interview/Questionnaire Validation of sample selection Request for comments on Draft Report
Organizational Assessment:	PIVP, Complexes, Ecosystem ERG	Sector NSO	-	PIVP, Complexes, Ecosystem ERG members	Validation of Organizational Assessment approach and tools Request for comments on Draft Report
Review of actual PSO operational processes from inception to closure (incl. special handling of NPLs and write-offs)	PIVP, Complexes, Ecosystem ERG	Sector NSO	-	PIVP, Complexes, Ecosystem ERG members	Validation of Organizational Assessment approach and tools Request for comments on Draft Note
Ecosystem responsibilities and staff expertise/Resources & Budget	PIVP, Complexes, Ecosystem ERG	Sector NSO	-	PIVP, Complexes, Ecosystem ERG members CHHR, SNPB	Validation of Organizational Assessment approach and tools Request for comments on Draft Note
Public-private coordination mechanisms from inception to closure	PIVP, Complexes, Ecosystem ERG	Sector NSO	-	PIVP, Complexes, Ecosystem ERG members	Validation of Organizational Assessment approach and tools Request for comments on Draft Note
Benchmarking Analysis	PIVP ERG		ECG members	PINS IFC, EBRD, AsDB, AIC	Distance Interviews and Questionnaires
Enabling or hindering factors to successful implementation and achievement of development outcomes	PIVP, Complexes, Ecosystem ERG	Sector NSO			Feedback Sessions
Identification of lessons learned and potential proposed improvements of successful implementation of the new PSD Strategy and operations and institutional implications	PIVP, Complexes, Ecosystem ERG	Sector NSO			Feedback Sessions
Reporting	PIVP, Complexes, Ecosystem ERG	Sector NSO			Feedback Sessions

²⁵ The purposive Sample of operations and list of clients/country officials will be validated by PIVP (PINS).

8 KEY DELIVERABLES AND IMPLEMENTATION TIMELINE

8.1 Key Deliverables

a. Synthesis of 2014-2019 IDEV Evaluations

The Overall objective of the 2014-2019 IDEV Evaluations' Synthesis is to provide a comprehensive and systematic synthesis of findings, lessons and recommendations, effects and legacy of IDEV Evaluations around NSOs based on the abstracts of the various evaluations conducted during this period. The synthesis strives to answer the two main questions: i) What did IDEV evaluations find with regard the areas of focus of this NSO evaluation? ii) what did these evaluations recommend addressing identified issues related the areas of focus of this NSO evaluation?

The Synthesis report will include additional relevant findings, lessons and recommendations and highlight IDEV evaluations value addition, issued knowledge products and implementation by Management of IDEV Evaluations recommendations. Appendix 7 presents the Indicative Outline of the 2014-2019 Synthesis Report.

b. Portfolio Review and Analysis with overview of Case Studies based on a purposive sample of projects

The review and Analysis Report presents an overview of the portfolio performance (2014-2019). It is based on a review of a purposive sample of operations (Case Studies) expected to complement the review of the portfolio. It will also complement the key findings from the available 2014-2019 XSRENS Synthesis and available relevant Project Results Assessment (PRAs) of NSOs and country case studies carried out by IDEV during the 2014-2019 period. The Indicative Outline of the Evaluation Synthesis is presented in Appendix 7.

c. Organizational Assessment and Benchmarking

The Report presents the results of the organizational assessment and the actual synergies, complementarity, and sequencing in country strategy, activity planning, strategic implementation, coordination stream and procedures including the delivery of NSOs and of the general knowledge at the Bank, country and continental level. The outcome of the Benchmarking Review with selected comparator institutions, complementing the assessment of the institutional arrangements and their potential sustainability for effective NSO delivery will also be presented as well as the Bank's proposed adaptive solutions to Africa Market Development, Clients' engagement, PSD constraints and challenges for inclusive green growth, climate change, SDGs, Regional Integration and to PSD and SDGs/Poverty Reduction Nexus in Africa. Appendix 9 presents the Indicative Outline of the Organizational Assessment and Benchmarking Report.

d. Draft and Final Technical Report

The technical Report presents an aggregation of the syntheses, additional findings, lessons learned and recommendations from the various assessment and analysis that will inform the implementation action plan of the 2021-2025 PSD. It will also present the potential improvement of Bank's contribution to Inclusive and Sustainable Economic Growth in MICs, LICs and Transition States (Development Impact) and SDGs, as well as to an effective engagement with Bank's NSO clients. The Indicative Outline is presented in Appendix 11.

e. CODE Summary Report

The CODE Summary report will be prepared by the Task Manager based on the outcome of the Technical report and with input from the members of the Team. The Indicative Outline is presented in Appendix 12.

8.2 Implementation Timeline

The evaluation started on 30th of October 2020 and is expected to be delivered by end of July 2021. The indicative timeline is as follows:

Table 9: Implementation Timeline

EVALUATION PHASE	DELIVRABLES	TIMELINE FOR DELIVERY
Reporting Phase (Background Reports)	Synthesis of IDEV evaluation (2014-2019)	7 April, 2021
	Synthesis of XSRs and PRAs with overview of purposive sample of projects	31 April, 2021
	Organisationnel assessment and Benchmarking	31 May, 2021
Reporting Phase (Technical Report)	Draft Technical Report	15 June, 2021
	Final Technical Report	30 June, 2021
Reporting Phase (Summary Report)	Report (Summary Report will be prepared by IDEV Task Manager) The Consultant will provide a review and comments on CODE Summary Report	30 July 2021

9 MANAGEMENT OF THE EVALUATION AND QUALITY ASSURANCE

Under the overall guidance of Evaluator General of IDEV, and the Division Manager, IDEV1, the Task Manager will: (i) provide overall guidance and assistance to the Senior Consultant, and approve the evaluation process and outputs (Inception Report; background and technical reports, draft and final versions); (ii) coordinate the quality assurance process including the external and internal peer review of the key evaluation products, and receiving comments from the Evaluation Reference Group (ERG); (iii) recruit and brief the consultant; (v) establish the ERG; (vi) receive all data from the consultant, files (including raw data, coded data, interview notes, databases) that will be produced; (vii) communicate to the Bank's Management and Board of Directors, and disseminate the final evaluation results to the key stakeholders.

As part of IDEV's quality assurance process, to ensure the quality, credibility and impartiality, the evaluation will be subject to the following:

- i) **Internal peer review:** the evaluation deliverables will be reviewed by selected IDEV team members;
- ii) **External peer review:** this will be done by an external expert reviewer;
- iii) **Evaluation Reference Group:** The quality assurance framework will also include a reference group, composed of relevant stakeholders and sector experts involved in the implementation of the Bank's Private Development Strategy, NSOs and portfolio management.

10 COMMUNICATION AND DISSEMINATION

IDEV will implement a multi-pronged communication strategy throughout the conduct of the evaluation in order to share, disseminate, and consult on interim and final evaluation findings. The follow-up and dissemination will be the responsibility of IDEV. IDEV evaluation team will organize on-line discussions and webinars to share findings with relevant Bank departments and use participatory approach in developing high quality recommendations by engaging Bank potential users of the evaluation results. Other technical presentations and webinars will be organized with Country and/or Clients representatives to share the evaluation findings, lessons and recommendations.

In particular, the independent evaluation will:

- Present the evaluation findings, lessons learned and recommendations at learning webinar events to be arranged by IDEV.3. The events will allow IDEV to share the results of the evaluation and discuss strategies for implementing the accepted lessons and recommended recommendations.
- Develop communication materials (briefs and slide shows) that are user-friendly, innovative and tech-savvy. The materials will help ensure that the findings, recommendations, and lessons learned from the evaluation are disseminated and shared with a wide audience in a manner that is informative, engaging, and accessible.
- Explore opportunities to present the findings of the evaluation at key Bank's events.

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