African Development Bank Group

Evaluation of Bank Non-Sovereign Operations

(2014 - 2019)

INCEPTION REPORT

Volume 2

February 2021

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
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
IDEV	Bank Independent Development Evaluation
ICA	Infrastructure Consortium for Africa
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

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

List of Appendices

Appendix 1: List of Background Documentation

a. List of Background Evaluations Considered

IDEV EVALUATIONS	YEAR	STATUS	TYPE OF EVALUATION
ADOA Framework	2015	Completed	Corporate
Evaluation of Bank's assistance to Small and medium enterprises	2015	Completed	Thematic
Independent Evaluation of Bank Group equity investments	2015	Completed	Thematic
Towards Private Sector Led Growth	2016	Completed	Synthesis
Comprehensive Evaluation of the Development Results of the African Development Bank Group 2004-2013	2016	Completed	Corporate
Evaluation of the Quality at entry of the AfDB's sovereign and non-sovereign operations	2018	Completed	Corporate
Evaluation of the Quality of supervision and at exit of the AfDB's sovereign and non-sovereign operations	2018	Completed	Corporate
Evaluation synthesis: Do lines of credit attain their development effectiveness?	2018	Completed	Synthesis
Quality Assurance Synthesis Evaluation	2018	Completed	Corporate
Evaluation of the Bank's utilization of PPP mechanism	2019	Completed	Thematic
Private Sector Enabling Environment Cluster (PBO Evaluation)	2019	Completed	Cluster
Access to Finance	2020	Completed	Thematic
Evaluation of Bank's Fragility Strategy	2020	Completed	Corporate
Evaluation of the Bank PSD Strategy	2020	Completed	Thematic
XSRENs synthesis (2014-2019)	2020	On-going	XSR validation synthesis

b. Other Evaluations

IDEV EVALUATIONS	YEAR	STATUS	TYPE OF EVALUATION
Portfolio Review and Restructuring Policies and Guidelines	2019	On-going	Corporate
Evaluation of the Bank' s Assistance in the Energy Sector	2019	On-going	Sector/Thematic
Mainstreaming Green Growth in the Bank's Strategies and Operations	2019	On-going	Corporate
Management Action record System (MARS) Status of Adoption of Independent Development Recommendations 2019 Report	2020	Completed	Corporate

c. Knoweldge Gap Assessment

IDEV Evaluations	Year	Status	Evaluation type	Time coverage	Project Identification		Project Preparation			Project Implementation		Project Post-evaluation			Areas for more investigation/comments	covered in-depth	Partially covered	Beyond IDEV's mandate
					Origination	Exploratory Review	Preparation	Appraisal	Approval & 1st Disbursement	Monitoring and Supervision	Portfolio Management	Effectiveness	Self-evaluation	Independent evaluation				
Towards Private Sector Led Growth	2016	Completed	Synthesis	N/A	🔴	🔴	🔴	🔴	🔴	🟢	🟢	🟢	🔴	🔴		Coordination/ M&E		Headroom Allocation / Single balance sheet
Private sector enabling environment cluster (PBO Evaluation)	2019	Completed	Cluster	2012-2017	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	Did not focus on NSO, rather on the public sector upstream support	Upstream support/ Policy dialogue		
Evaluation of the Bank's utilization of PPP mechanism	2019	Completed	Thematic	2006-2017	🟢	🟢	🟢	🟢	🔴	🟢	🟢	🟢	🔴	🔴	coordination between upstream and downstream activities /packaging of products and solutions / Pre-approval due diligence / monitoring and supervision	Co-financing / Internal coordination/ Upstream support / Institutional arrangements	Selectivity	
Evaluation synthesis: Do lines of credit attain their development effectiveness?	2018	Completed	Synthesis	2010-2017	🔴	🔴	🟢	🟢	🔴	🟢	🟢	🟢	🔴	🔴	The design of LOCs is often not underpinned by sufficient analytical work /The effectiveness of LOCs is often questionable because of the lack of reliable information at the end-beneficiary level for analyzing the development results / The sustainability of LOCs is not well investigated in the literature.	Development Results (measuring)/ M&E		
Evaluation of Bank's assistance to	2015	Completed	Thematic	2006-2013	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🔴	🔴	Design of investment operations / Coordianation of services			

Small and medium enterprises															involved in SME assistance / Simplification of approval / Monitoring Results			
Independent Evaluation of Bank Group equity investments	2015	Completed	Thematic	2008-2013	🔴	🔴	🔴	🔴	🔴	🟢	🟢	🔴	🔴	🔴	Portfolio oversight and management of PE / Exit strategy for older investments/ Risk management policy and methodology / monitoring and evaluation/ DO tracking systems			
Access to Finance	2020	On-going	Thematic	?	🔴	🔴	🟢	🟢	🟢	🟢	🟢	?	🔴	🔴	N/A			
Evaluation of the Bank PSD Strategy	2020	On-going	Thematic	2013-2017	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🟢	🔴	🔴	N/A	NSO support to SOEs / Financial sustainability of NSO/ Selectivity / Internal coordination/ Upstream support / Institutional arrangements	Impact of NSO support on Debt sustainability / Co-financing	
Self Evaluation	2020	On-going		2013-2018	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🟢	🔴	Mostly looked at Bank's self-evaluation, quality at exit of Bank operations (XSRs)	Quality at Exit/ Development Results		
Evaluation of Bank's Fragilty Strategy	2020	On-going	Corporate	2014-2019	🔴	🔴	🔴	🔴	🔴	🔴	🔴	🟢	🔴	🔴	N/A		Upstream support/ Development results/ NSO in fragile environment	
ADOA Framework	2015	Completed	Corporate		🔴	🔴	🟢	🟢	🟢	🔴	🔴	🔴	🔴	🔴	N/A	ADOA/ Quality at Entry		
Evaluation of the Quality at entry of the AfDB's sovereign and	2018	Completed	Corporate	2013-2017	🟢	🟢	🟢	🟢	🟢	🔴	🔴	🔴	🔴	🔴	Design of NSO / credit and corporate governance risk of NSO	Quality at Entry		

non-sovereign operations																		
Evaluation of the Quality of supervision and at exit of the AfDB's sovereign and non-sovereign operations	2018	Completed	Corporate	2012-2017	🔴	🔴	🔴	🔴	🔴	🟢	🟢	🔴	🟢	🔴	N/A	Quality of supervision		
Quality assurance synthesis evaluation	2018	Completed	Corporate	2012-2017	🔴	🔴	🟢	🟢	🟢	🟢	🔴	🔴	🔴	🔴	N/A			

Appendix 2: Brief overview of previous IDEV PSD-related evaluations

The Comprehensive Evaluation of Development Results of the AfDB (CEDR): At the corporate level, the CEDR of the AfDB (2016) concluded that the relevance of PSD programs and projects' objectives in supporting poverty reduction failed to be clearly demonstrated. Policy and regulatory reforms were necessary but not sufficient conditions to promote private sector investment and Foreign Direct Investments (FDIs), mostly concentrated in mining, quarrying, petroleum, and chemical sectors (UNCTAD 2019). Financial instruments of donors responded to a real need given the fact that lack of access to finance consistently appeared in the top PSD constraints. In contrast, the relevance of non-financing support was assessed as weak in several evaluations. The Bank was able to use its brand and relationships to engage in influential policy dialogue with a positive role in fragility and emergency contexts. However, leveraging in projects was more ad-hoc than driven by strategic goals set forth in country strategies. The focus was on co-financing rather than on actively mobilizing additional resources for private sector development.

The CEDR also found that the quality of design and effective supervision proved to be the most important yet most limiting factors in country portfolio performance. Enhancing monitoring and managerial accountability for effective performance and results in terms of continued implementation, not only one-off deliveries and building on existing delivery monitoring to focus on the effectiveness of implementation of private sector operations. A closer attention should be given to the depth and quality of supervision of private sector operations and to enhancing the flexibility of corporate procedures to allow nimble responses to clients and country-specific needs and context while offering more Economic and Sector Work. Whenever it can fill knowledge gaps in specific niches related to its SOs and PSD strategies, the Bank should be additional, and in a position to propose a relevant combination of analytical work, dialogue and financing instruments to its clients. The Bank needs to strengthen its performance and accountability frameworks, processes, and culture, and align incentives to deliver results.

A considerable potential for further improvement remains to make the Bank a more effective institution. This will require time and continued efforts. Implementing the One Bank organizational approach, strengthening people management, and Improving process efficiency and effectiveness are key to DBDM. Management recognized the need to create a 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) to 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 arrangements that guide and underpin the One Bank organization.

Country Strategy and Programs Evaluations (CSPEs) and Regional Integration Strategy Papers Evaluations (RISPEs): Between 2014 and 2020, IDEV completed the evaluation of 24 Country Strategy and Program (CSPs) and 3 Regional Integration Strategy Papers (RISPs). Several of these contributed to the above-mentioned CEDR while the most recent ones, undertaken from 2018, covered both ADB, ADF and blend countries with a mid-term review of a Transition country strategy (Guinea Bissau). Overall, the Bank's contributions in various sectors have either been sustainable (e.g. energy) or have the potential to have enabled MICs to proceed with bankable and sustainable infrastructure and other projects (e.g. dams, ports, commercial banks, etc.). However, crosscutting issues were not well covered nor addressed in an articulated manner. In some cases, the knowledge and policy dialogue and advice advisory services did not meet the countries' expectations, especially in terms of the speed and quality of technical knowledge transfer. With regard ADF countries and Transition countries' assistance strategies, the specific context of the transition and fragility in each country calls for a specific adaptation of the Bank's strategy and financing instruments by understanding the underlying constraints and the magnitude of challenges they face in promoting the private sector investments and support.

The Evaluation of The Bank's Strategy for Addressing Fragility and Building Resilience in Africa (2014-2019): The recent IDEV Evaluation of the 2014-2019 AfDB's Strategy for Addressing Fragility and Building Resilience in Africa (2020) showed a positive trend of Non-sovereign operations in the portfolio of Transition States. The evaluation found that several initiatives took place with upstream budget and institutional support provided to improve the business climate and build the capacity of actors as well as downstream initiatives (loans, equity, PPPs; credit and risk guarantees, private sector development facility, etc.). However, the main issues around selectivity and adaptation of policies, strategies, financing instruments, rules and procedures to situations of fragility remain to be addressed.

Management, in line with the GCI-VII policy commitments, predicted that the portion of NSOs in ADF countries, including transition States, will increase. This will be possible thanks to a range of actions, including: (i) the review of NSOs operational tools to better tailor them to fragile situations; (ii) the improvement of NSOs readiness and identification of more investment opportunities in transition States; (iii) synergies between NSOs and sovereign operations through the development of country-led platforms, while de-risking Bank's commitments in transitions States.

During the same period, at the sector and thematic level, including project clusters, IDEV evaluations covered three (3) sectors (transport, water and energy) and 9 thematic evaluations covering potential areas of private sector interventions or private sector-led support such as access to finance, Public Private Partnerships (PPP), agricultural value chain, equity investments, microfinance and climate investment fund.

The Access to Finance evaluation (2020): the evaluation, for example, indicated that the Bank's financial sector operations were seen as mostly providing temporary or gap-filling solutions that address symptoms and do not address the root causes of constricted financial access. Operations were considered to have satisfactorily met the needs of financial intermediaries and to be sustainable, since the supported intermediaries are closely supervised by regulatory authorities. However, it is unclear if they have met the needs of, and ensured sustainability of, MSMEs and underserved individuals. There is a need to transcend "gap-filling" and move toward an integrated approach that privileges additionality and catalytic impact as well as an investment in research to unpack and understand the poverty impact of the macro, sector, and firm level support in access to finance interventions. Capacity development components for intermediaries in Bank's support packages so as to enhance institutional capacity, while creating an enabling environment for success is of utmost importance. The lack of thorough financial sector diagnostics to understand the underlying constraints may have contributed to the weak strategic clarity and focus. The lack of a Bank vision for financial sector development at the country level is also reflected by the fact that the AfDB is not visible as a leader in policy dialogue on financial sector development with limited advisory services to the financial sector, especially in new and emerging areas such as climate and green financing. In addition, a reflection on innovative ways to increase access to finance through digital and other alternative delivery channels is largely absent from the evaluated portfolio, despite the disrupting role that technology plays in a number of African financial sectors. More recently, the AfDB has become more active in supporting the development of capital markets and digital financial services.

The PPP evaluation (2019): The evaluation provided collaborative evidence on the effectiveness of non-sovereign PPP support. A significant part of the Bank's sovereign support to PPPs focused on the development of PPP-enabling laws and regulations, and the development of capable PPP institutions. The Bank's NSO PPP support focused on energy and transport, and performed well in terms of relevance, effectiveness and sustainability and helped successful demonstrations of PPP models and improved access to infrastructure facilities and services, and indirectly, access to social services. However, in most NSO PPPs, the Bank was involved after the transactions had been structured and procured, and thus had only a limited contribution. While sustainability was likely, fiscal impact of PPPs, especially contingent liabilities, was not being monitored by the Bank. In managing its PPP operations, the Bank was innovative, but reactive rather than proactive and challenged by implementation delays as well as inadequacies of quality at entry and supervision. All elements for PPP support are present in the Bank, but in different areas and departments, with limited coordination and synchronization. Continued improvement of PPP operations with better quality at entry, supervision and appropriate mechanisms to measure the Bank's own cost and time efficiency while more innovation in structuring finance for infrastructure development on the continent is warranted while adopting a portfolio approach rather a pipeline approach with tighter and strengthened M&E capacity of partners, portfolio-level targets (e.g., the number, volume and the percentage of SME loans in the overall lending portfolio).

Private Equity Evaluation (2015): Regarding private equity investments evaluation, the additionality of the Bank was found to be limited in MICs which have the potential to raise sufficient funds without Bank assistance. Subsequently to enhanced risk models, the risk rating of the equity portfolio was downgraded slightly from 5+ to 5, while the direct investment portfolio was upgraded from 5+ to 4+. The ratings of over 80 percent of investments by value have changed since appraisal, indicating a significant change since then in the Bank's understanding of the risk profile of each investment. The Bank would continue investments in private equity funds and further strengthen portfolio oversight and management, develop and implement a multi-pronged investment strategy to allow for an approach, review the risk capital limit of 15 percent risk and/or develop and implement an effective exit strategy for some older investments to free up capital, review the Bank's risk management methodology in light of concerns raised by several stakeholders, develop and implement a results-based management strategy to ensure a streamlined, strengthened monitoring system of equity investments with a rigorous tracking system. Management agreed to set up a private equity clearance committee and prepare an Annual Management Equity Status Report as well as a Management Framework for Equity Portfolio Construction and Management. The Bank also agreed to formally integrate evaluation lessons from the last decade of equity investing and inform the strategic direction of the PSD and FSD Strategies.

The SME Evaluation (2015): The Evaluation highlighted the lack of a unified conceptual framework. Nor is there a harmonized definition of SME, making it difficult to identify target groups. The limited use of local currency lending was a persistent gap in the Bank's product mix that limits its ability to effectively reach SME beneficiaries. The relevance of SME assistance operations was often undermined by design weaknesses which in turn limited the Bank's ability to reach SMEs. Only a few financial intermediaries expanded their SME portfolio, and even fewer introduced new financial products for SMEs. It took an average of 10–12 months to process an investment operation, i.e. about twice the average approval time at the IFC and the EBRD. Similarly, the Bank had about twice as many approval gates and a particularly laborious project clearance process. Finally, the various units involved in SME-related work share experience on a limited basis, despite some recent improvements. The monitoring and evaluation of SME-targeted assistance operations is challenging and complex, requiring appropriate measuring tools and the collection of a massive data, in particular in terms of development outcomes and impact.

In terms of portfolio management and monitoring, the Bank has yet to start focusing on the evaluability of NSOs, and on their contribution to private sector development. There is a gap between the credit risk and legal functions, such that the conditions precedent, recommended by the credit risk function, are not always reflected in the loan agreement. Whereas the project preparation and approval process are standardized, the Bank lacks an integrated platform for the management of project data, limiting its use to support strategic decision-making. The quality assurance review process should be enhanced to ensure higher effectiveness and efficiency while increasingly using project preparation facilities to promote project quality at entry, strengthening staff capacity for effective project management through training and adequate staffing as well as adopting staff incentives for portfolio quality. A framework for reinforcing the evaluability of NSOs and strengthening mechanisms for identifying and mitigating corporate governance and credit risks of NSOs with increased emphasis on corporate governance risks among non-sovereign operations.

The Evaluation of the Quality of Supervision and Exit of Bank's Operations (2018): The evaluation noted improvements in credit risk monitoring and enhanced efforts for distressed operations. Early warning credit risk alerts were noted as important. The team-based approach (involving portfolio, credit risk and financial accounting staff) for problem projects was relevant but needed strengthening. Enhanced efforts for distressed operations through the Special Operations Unit (SOU) was important for project and portfolio performance. In the Management Action Record, the Bank agreed to strengthen mechanisms for mitigating NSO credit risks, including a credit readiness filter and a closing memo to validate that key risks were addressed. It also agreed to increase attention to NSO corporate governance risks. It is important that the Bank implement this commitment in a timely manner. It is also crucial that these changes should be implemented in conjunction with the 'One Bank' delivery approach, which focuses on strengthening accountabilities for delivering quality and development impact in a matrix organization.

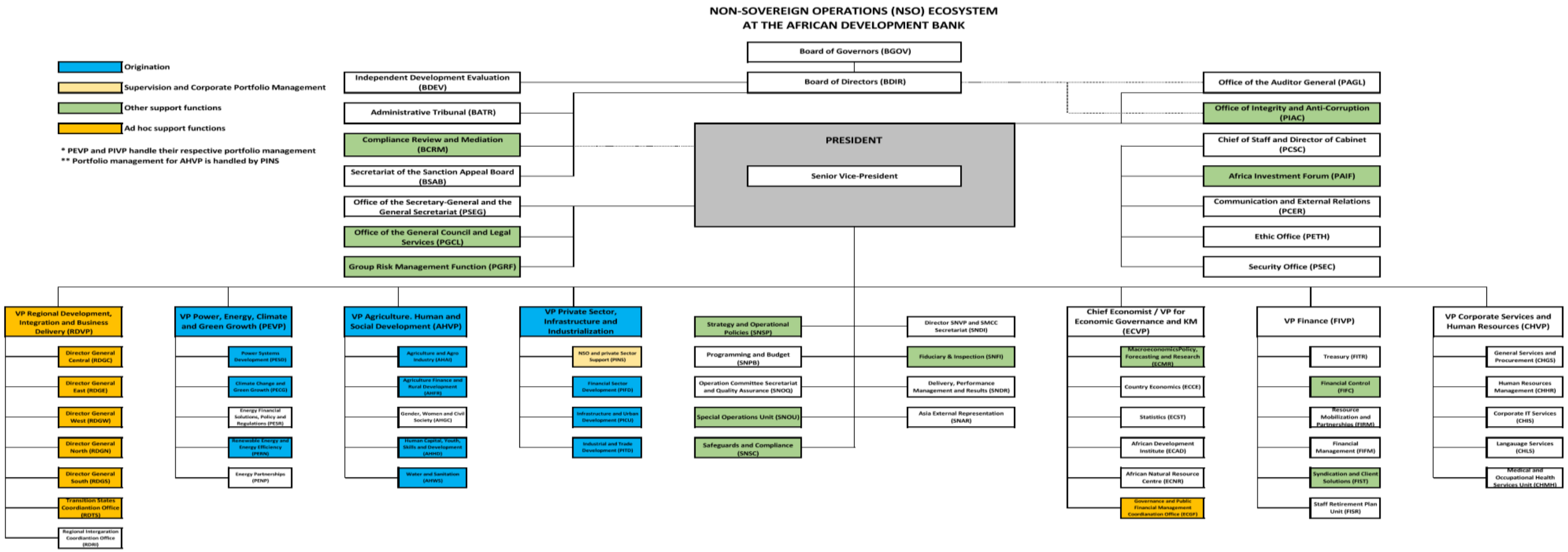
The Evaluation of the Bank's Self-evaluation Systems and Processes (SESP)(2020): The evaluation highlighted that the main weaknesses of the SESP are in the application of the established procedures, standards and norms. While similar constraints were faced by comparator organizations, three factors seem to be affecting the proper functioning of the SESP to a higher degree in the AfDB: (i) low compliance with established procedures; (ii) limited resources for M&E during supervision; and (iii) a deficient in candor and a positive bias in assessing performance. This has affected the credibility of the SESP and contributes to a perception that the system is adding little value. The lack of candor in self-evaluation, particularly in Implementation Progress Reports (IPRs)/Annual Supervision Reports (ASRs) and PCRs/XSRs, can be explained among other things by the lack of a proper incentive structure. A number of issues were highlighted such as: The Bank's culture, incentives and institutional Key Performance Indicators, insufficient attention to incentives that support a culture of quality and results, articulation of M&E systems with baselines and results frameworks, clarification of new roles and divisional responsibilities between staff at HQ and at the country/regional level, constrain the contribution of the SESP to improving portfolio performance. The low compliance to Bank guidelines of SESP and directives stems from insufficient accountability mechanisms and deficient visibility with insufficient focus on the quality of monitoring and closure which overshadowed or even undermined learning objectives. However, the role played by the Portfolio Management Division of the NSO and Private Sector Support Department (PINS) is akin to a dual accountability approach and provides some degree of arms-length review and contestability.

In that regard, IDEV SESP Evaluation recommended that the Bank review the AfDB's results measurement framework and evaluation frameworks across the project cycle to ensure (i) internal consistency throughout the AfDB's results measurement and reporting system from operation to corporate level, and (ii) proper harmonization between sovereign (SO) and non-sovereign operations (NSO). The Bank should also review and revise, in close collaboration with IDEV, the XSR ratings methodology in use including the rating scale and guidelines for more reliability of the rating system for all operations, and better alignment of SOs and NSOs. In the context of the Bank's rightsizing, a review of the SO and NSO staffing levels for M&E and quality assurance activities needs to be conducted. Enhancing compliance with corporate self-evaluation reporting requirements by clarifying the roles, procedures, frequency and reporting requirements for supervision, implementation support, completion and post-evaluation. In addition, IDEV should work on an appropriate and realistic timeline for timely XSR validation in order to feed into the formal annual development effectiveness report on the AfDB-funded interventions.

Evaluation Synthesis on Gender Mainstreaming at the AfDB since the beginning of the Bank's Gender Strategy (2014-2018) (2019): The evaluation examined the Bank's gender mainstreaming approaches, mechanisms and results in light of institutional, regional and global priorities for Gender Equality and Women's Empowerment in Africa. As part of the evaluation, a synthesis of evaluative evidence from comparator institutions was also conducted. The Evaluation Synthesis concluded, among other things that access to finance and productive resources for economic empowerment would facilitate delivering NSO financing to women-empowered businesses with an innovative risk-sharing channel. Also, enabling environment for equitable and inclusive growth would facilitate policy dialogue to reform the regulatory frameworks affecting women businesses and a consideration of context-specific structural gender issues which undermine inclusive growth, such as constraints to women's rights. In order to emphasize a cross-sectoral spill-over effect, a solid Theory of Change (ToC) integrating AFAWA, with grounded assumptions should be conceived through a participatory and collaborative understanding and ownership across the Bank's complexes.

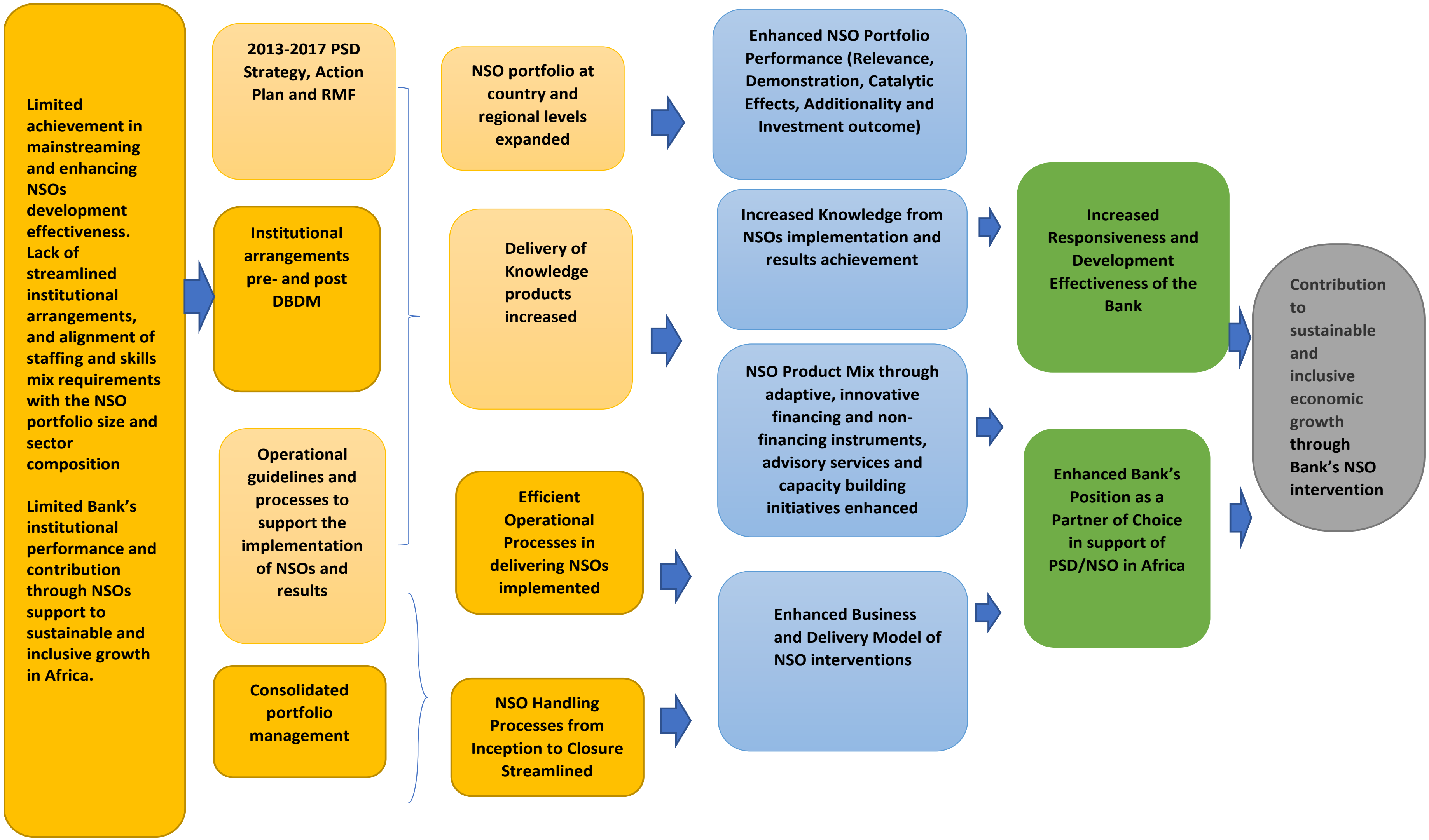
The Evaluation of the Bank's Integrated Safeguards System (ISS) (2019): The Evaluation challenges in the overall project identification and preparation process at the Bank hindered the quality of E&S support to clients during the early stages of the project cycle. E&S performance of Financial Intermediaries (FIs) at appraisal was found to be strong, but their implementation was difficult to evaluate. The most significant constraint to the implementation of the ISS was the low number of E&S specialists at the Bank. Support borrowers and clients to manage E&S impacts and risks across project cycle and establish systematic cross-support linkages between the teams dealing with E&S safeguards, climate change, and gender was put forward by the evaluation. Furthermore, an integrated and automated management information system across the project cycle and revitalization of the Management-led safeguards compliance reviews/E&S audits should be enhanced to ensure full alignment with international best practice, including a reinforced knowledge and awareness of the internal and external stakeholders on the ISS requirements.

Appendix 3: AfDB Structure and PSD Ecosystem



Appendix 4: Results Chain Articulation (Theory of Change - TOC)

Context	Input/Activities/	Outputs	Intermediate Institutional and Operational Outcomes	Final Outcome	Impact



Appendix 5: Evaluation Framework

Evaluation Criteria/Questions & Sub-questions	Proposed Evaluation Strategy	Data Collection Method	Data Sources	Method of Analysis
A- Relevance of the Organizational Set Up				
Evaluation 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?				
• **(EQ 1.1)** To what extent was the Bank able to manage its NSO portfolio: resources, risks, supervision, monitoring and evaluation systems?	Organizational Assessment of the actual set up and recent DBDM finetuning[1]: Clarity of actual and strategic functional responsibilities for effective delivery of non-sovereign operations, resources, risks, portfolio management, supervision and M&E. Assessment of level of acceptance and	- Interview/Questionnaire of NSO and ecosystem officials - Collection of NSO, NSO Ecosystem and IDEV documentation/publication - Literature Review - Interview of IDEV Task Managers - Review of DBDM finetuning proposed reforms	- Bank Organizational Chart and NSO Ecosystem - Bank Organizational Manual - NSO Operations Manual and Guidelines - Bank Annual Reports 2014-2019 - Annual Portfolio Reports - DBDM	- Organizational Assessment Tools: Flow Charts, Questionnaires/Interviews, SWOT analysis. - Coherence/Concordance tests of NSO and ecosystem responsibilities (actual vs organizational Manual) and to areas of coverage and portfolio volume - Portfolio Analysis - MARS follow up action and level of implementation of IDEV evaluations

[1] The DBDM fine-tuning exercise will help improve and enhance the conditions under which the new PSD Strategy is implemented. In particular:

- ✓ **Leveraging on the One-Bank Approach** to reap the benefits of significant synergies identified in the use of sovereign and non-sovereign operations for private sector development;
- ✓ **Ensuring that critical mass of staff with the required expertise** (e.g. private sector transaction experience, real sector expertise, PSD experts in sector policy dialogue & NSO business promotion specialists) are recruited and positioned in Regional Hubs and, where relevant, in country offices, and
- ✓ **Attaching priority to improving staff competencies** through phased and continuous training programs.

	adoption of NSO Evaluation Recommendations & proposed action record (follow up actions in MARS) Review of lessons, potential improvements shared and adopted by the various stakeholders			
• **(EQ 1.2)**: 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[2]?	Assessment of public-private coordination mechanisms (actual vs proposed Organizational & Procedures), strengths and weaknesses of main operational coordination processes from inception to closure	- Interview/Questionnaire of NSO and ecosystem officials - Board Members Interview - Clients and Country Officials Interview - Review and analysis of NSO, NSO Ecosystem and IDEV documentation/ publication - Literature Review - Interview of IDEV Task Managers	- IDEV Evaluations - NSO Operations Manual and Guidelines - Annual Portfolio Reports - Bank Organizational Manual - Bank's Client Satisfaction Survey	- Assessment of preparation and coordination streams and procedures for successful implementation (actual vs Operations & proposed) - Organizational Assessment Tools: Flow Charts, SWOT analysis, Questionnaires/Interviews - Coherence/Concordance tests of NSO and ecosystem functional responsibilities and operational coordination processes (actual vs Organizational Manual)

[2] An ecosystem of strategic Bank partnerships is key to support the new PSD Strategy implementation and maximize the impact of Bank financial, technical, human and operational resources on PSD (New PSDS, October 2020)

				- Literature review of successful clients engagement, organizational and institutional set up -
• **(EQ 1.3)**: 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?	Benchmarking exercise: Available ECG Comparison analysis and identification of information gap Literature review of ECG members institutional reforms	- Review of ECG members Comparison Analysis - Questionnaire to ECG members and comparable other IFIs (if necessary) - Interview of ECG Key Informants (IFC, AsDB, EBRD, IaDB)	- IDEV Evaluation Syntheses - IFI Private Sector Coordination Group - ECG Publications	- Identification of information gap - Comparison analysis - Benchmarking exercise - Literature review of successful clients engagement, organizational and institutional set up -
• **(EQ 1.4)**: To what extent has the current staffing/expertise of the NSO ecosystem been effective in supporting the Bank's ambitions in the NSO space?	Ecosystem responsibilities and staff expertise/resources compared to priority areas of coverage, portfolio volume and planned expansion (Strategic plans, High 5ths, Capital Increase and ADF documents) Assessment of staff resources/budget	- Interview/Questionnaire of NSO and ecosystem officers - Board Members Interviews - Clients and Country Officials - Collection of NSO, NSO Ecosystem and IDEV documentation/ publication - Literature Review - Questionnaire/Data Request to HR and Budget Departments	- Bank Organizational Chart and NSO Ecosystem - Bank Organizational Manual - NSO Operations Manual and Guidelines - Bank Annual Reports 2014-2019 - Annual NSO Portfolio Reports - Bank Client Satisfaction Survey	- Coherence/Concordance tests of NSO and ecosystem responsibilities and staff expertise/resources compared to priority areas of coverage, portfolio volume and planned expansion (Strategic plans, High 5ths, Capital Increase and ADF documents) - Assessment of staff resources/budget: Staff level efforts (staffing at HQ and regional units, budget costs,) actual vs projected portfolio volume. - Qualitative Assessment of actual staff expertise vs required and/or projected

	Qualitative Assessment of actual staff expertise vs required and/or projected			(distribution of staff per main required qualifications, competencies, and areas of specialization/expertise) -
B- Efficiency of NSO Processes and Coordination Mechanisms				
Evaluation Question 2 (EQ2): To what extent were the operational processes with respect to private sector operations, 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?				
• **(EQ 2.1)**: 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.	Review of actual PSO operational processes from inception to closure (incl. special handling of NPLs and write-offs) and comparison analysis of actual requirements vs evolving requirements or needs of NSO ecosystem	- Interview/Questionnaire of NSO and ecosystem officials - Collection of NSO, NSO Ecosystem and IDEV documentation/ publication - Literature Review - Interview of IDEV Task Managers - Interview of the Chief Economist Office - Interview of VPs & Regional Directors and PSO Managers	- IDEV Evaluations - NSO Operations Manual and Guidelines - Annual Portfolio Reports - Bank Organizational Manual - Capital Increase and ADF Replenishment Documentation - Chief Economist Office Publication/ Documentation	- Assessment of actual PSO operational processes from inception to closure (incl. special handling of NPLs and write-offs) (actual vs Procedures & Operations Manual) - Comparison analysis (Coherence/Concordance tests of actual requirements vs evolving requirements or needs of NSO ecosystem (identification of strengths and weaknesses and areas of improvements) - Organizational Assessment Tools: Flow Charts, Questionnaires/Interviews - Coherence/ Concordance tests of NSO
• **(EQ 2.2)**: To what extent have the Bank's Sovereign and Non-sovereign ecosystems worked together to find synergies, complementarity and appropriate	Assessment of Bank's Sovereign and Non-sovereign ecosystems	- Interview/Questionnaire of NSO and ecosystem officials	- IDEV Evaluations - NSO Operations	- Assessment Bank's Sovereign and Non-sovereign ecosystems synergies,

sequencing to efficiently deliver on the Bank's NSO agenda?	functional responsibilities, operational coordination processes, synergies, complementarity, and sequencing in country strategy, activity planning, strategic implementation, and coordination stream and procedure for efficient delivery	- Collection of NSO, NSO Ecosystem and IDEV documentation/ publication - Interview of IDEV Task Managers - Interview of SNOQ, SNDR, Directors/Managers, VPs and Regional Directors	Manual and Guidelines - Annual Portfolio Reports - Bank Organizational Manual - Capital Increase Documentation - Chief Economist Office Publication/ - Documentation - Delegation of Authority Matrix	complementarity, and sequencing coordination processes (actual vs Operations Manual, Decision-Matrix) in country strategy, activity planning, strategic implementation, and coordination stream and procedure for effective delivery - Coherence/Concordance tests of SO-NSO ecosystem functional responsibilities and operational coordination and sequencing processes (actual vs Operations Manual, Decision-Matrix)
• **(EQ 2.3)**: What have been the responsibilities and relationships of/between the various internal stakeholders involved in the delivery of Bank's NSOs?	Assessment of functional responsibilities and relationships of/between the various internal stakeholders involved in the delivery of Bank's NSOs	- Interview/Questionnaire of NSO and ecosystem officials - Collection of NSO, NSO Ecosystem and IDEV documentation/ publication - Interview of IDEV Task Managers - Interview of SNOQ, OPSD, Officials, Chief Economist Office, VPs & Regional Directors -	- IDEV Evaluations - NSO Operations Manual and Guidelines - Bank Organizational Manual - Capital Increase Documentation - Chief Economist Office Publication/	- Organizational Assessment of functional responsibilities and relationships of/between the various internal stakeholders involved in the delivery of Bank's NSOs (actual vs Organizational and procedures Manual) - SWOT analysis, Questionnaires/Interviews

			- Documentation - Delegation of Authority Matrix - DBDM	
• **(EQ 2.4)**: To what extent were the opportunities for more coordinated activities leveraged to create/ generate knowledge at Bank, country, and continental level?	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[3]	- Interview/Questionnaire of NSO and ecosystem officials - Collection of NSO, NSO Ecosystem and IDEV documentation/ publication - Interview of IDEV Task Managers - Interview of SNOQ, OPSD, Officials, Chief Economist Office, VPs and Regional Directors -	- IDEV Evaluations - NSO Operations Manual and Guidelines - Bank Organizational Manual - Capital Increase Documentation - Chief Economist Office Publication/ - Documentation - Delegation of Authority Matrix	- Organizational 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 - SWOT analysis -
C- Effectiveness of NSOs in Achieving Expected Development Outcomes				
Evaluation Question 3 (EQ3): To what extent were the Bank's NSOs effective in achieving the expected development outcomes?				

[3] Mainly through Country studies, private sector diagnostics, sector assessment, private sector profiles and governance profiles (including specific assessment of corporate governance); and Bank's Partnerships initiatives and platforms aiming at strengthening the Bank's market role and positioning such as AIF, AFAWA, ICA and MFW4A (PSDS, Oct. 2020)

• **(EQ 3.1)**: What have been the catalytic and demonstration effects of the Bank NSOs in RMCs[4]?	Review and analysis of Portfolio performance assessment and XSR validations of catalytic and demonstration effects of NSOs Review of a purposive sample of NSO Operations, PBOs, TAs, CSPs, CDNs	- Interview/Questionnaire of NSO and ecosystem officers - Board Members interview - Clients and country Officials Interview - Review and Analysis of NSO, NSO Ecosystem and IDEV documentation/ publication - Interview of IDEV Task Managers - Interview of SNOQ, OPSD, Officials, Chief Economist Office, VPs & Regional Directors -	- IDEV Evaluations - Annual Portfolio Reports - XSR Validations Synthesis Report - Bank Annual Reports - Chief Economist Office Publication/ - Documentation - Bank's Client Satisfaction Survey	- Synthesis Review and - analysis of Portfolio performance assessment and XSR validations of catalytic and demonstration effects of NSOs - Identification of information gap and complementary assessment if any,
• **(EQ 3.2)**: How successful was the Bank in managing the performance of its NSO portfolio and achieving expected results[5] in RMCs?	Review and Analysis of Portfolio performance assessment and XSR validations of development outcome achievements. Identification of information gap and complementary assessment if any	- Interview/Questionnaire of NSO and ecosystem officers - Review and analysis of NSO, NSO Ecosystem and IDEV documentation/ publication - Interview of IDEV Task Managers - Interview of SNOQ, OPSD, Officials, Chief Economist Office, Regional Directors	- IDEV Evaluations - Annual Portfolio Reports - XSR Validations Synthesis Report - Bank Annual Reports - Chief Economist	- Synthesis review and - analysis of Portfolio performance assessment and XSR validations of development outcome achievements - Identification of information gap and complementary assessment if any

[4] Mainly by increasing mobilization role, given the magnitude of demand, in light of risk capital pressures on core private sector lending, and by developing special initiatives, products and vehicles to mobilize third parties' funds. The catalyzing factor is expected to be from 3 to 7 times. Selectively deploy seed equity and mobilize blended financing into funds and project development companies across sectors (PSDS, Oct. 2020)
[5] 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.

		-	Office Publication/ Documentation - Bank's Clients Satisfaction Survey	
D- Learning from NSOs Experience				
Evaluation Question 4 (EQ4): What are the key lessons learned in relation with the implementation of Bank's NSOs?				
• **(EQ 4.1)**: What factors have enabled and/or hindered successful implementation and the achievement of development outcomes of Bank's NSOs support in RMCs?	Review and Analysis of XSRs and validations identification of enabling or hindering factors to successful implementation and achievement of development outcomes Overview of a purposive sample of available XSRs and validations, country and regional program assistance strategies, PBOs of private sector development programs and direct investments, private equity, financial intermediation, TAs, PBOs	- Interview/Questionnaire of NSO and ecosystem officials - Collection of NSO, NSO Ecosystem and IDEV documentation/ publication - Interview of IDEV Task Managers - Interview of SNOQ, OPSD, Officials, Chief Economist Office, VPs & Regional Directors - Purposive of: • XSRs and validations (purposively in the real sector and ADF and transition countries), • country and regional program assistance strategies, • PBOs of private sector development programs • Direct investments, • private equity, • financial intermediation,	- IDEV Evaluations - Annual Portfolio Reports - XSR Validations Synthesis Report - Bank Annual Reports - Chief Economist Office Publication/ - Documentation - Purposive Sample of available XSRs and validations, country and regional program assistance strategies, PBOs of private sector	- Synthesis review and - analysis of XSRs and validations identification of enabling or hindering factors to successful implementation and achievement of development outcomes - Analysis of a purposive sample of available XSRs and validations, country and regional program assistance strategies, PBOs of private sector development programs and individual investments, private equity, financial intermediation, TAs, PBOs

		• TAs, • PBOs	development programs and individual investments, private equity, financial intermediation, TAs, PBOs	
• **(EQ 4.2)**: 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?	- Synthesis review of XSRs and validations, - Identification of lessons learned and potential proposed improvements of successful implementation of the new PSD Strategy - Review of a purposive sample of available XSRs and validations, country and regional program assistance strategies[6], PBOs of private sector development programs and	- Interview/Questionnaire of NSO and ecosystem officials - Collection of NSO, NSO Ecosystem and IDEV documentation/ publication - Interview of IDEV Task Managers - Interview of SNOQ, OPSD, Officials, Chief Economist Office, VPs & Regional Directors - Purposive of: • XSRs and validations, • country and regional program assistance strategies, • PBOs of private sector development programs • Direct investments, • private equity, • financial intermediation, • TAs,	- IDEV Evaluations - Annual Portfolio Reports - XSR Validations Synthesis Report - Bank Annual Reports - Chief Economist Office Publication/ - Documentation - Purposive Sample of available XSRs and validations, country and regional program assistance strategies,	- Synthesis review of XSRs and validations, identification of lessons learned and potential proposed improvements of successful implementation of the new PSD Strategy - -evaluation of a purposive sample of available XSRs and validations, country and regional program assistance strategies, PBOs of private sector development programs and direct investments, private equity, financial intermediation, TAs, PBOs - **Identification of new lessons drawn from the assessment and potential for improvement of the Bank's new PSD Strategy**

[6] Tailoring the Strategy to RMCs Profile: In implementing the business plan of the PSDS, special attention is to be given to the profile of RMCs. The Private sector country profiles with sector diagnostics inform the CSPs and RISPs preparation. Transition States benefit from specific implementation approach as compare d to Middle-Income Countries and Low-Income Countries (PSDS, Oct. 2020)

	direct investments, private equity, financial intermediation, TAs, PBOs - Identification of key internal/external risk factors and new lessons for a successful implementation of the Bank's new PSD Strategy	• PBOs	PBOs of private sector development programs and direct investments, private equity, financial intermediation, TAs, PBOs Annual Development Effectiveness Report (ADER) Bank Group Annual Reports IDEV Evaluations and Annual Reports - Africa Annual Economic Outlook	
• **(EQ 4.3):** What are the pre-requisites or necessary conditions for the Bank to **enhance and reinvigorate its Development Effectiveness?**	Assessment of progress made in 2 levels of High 5s RMF Bank's PSD Product mix (High 5s PSD Strategy agenda x Market Development	- Background documentation - Client Satisfaction Survey - -Evaluation of PSD Strategy - 2014-2019 Evaluation Synthesis -	Annual Development Effectiveness Report (ADER) Bank Group Annual Reports IDEV Evaluations and Annual Reports Africa Annual Economic Outlook High 5s Strategies	Assessment of Bank's adaptive solutions to Market Development, PSD constraints and challenges for Inclusive, Green Growth, Climate Change, SDGs and Regional Integration and to PSD and SDGs/Poverty Reduction Nexus Assessment of NSOs Contribution to improve the Economic and Social conditions in MICs, LICs and

	x Products & Instruments)[7]			Fragile States (Development Impact) and SDGs Retrofit analysis of feasibility of RMF pillars, sub-pillars, indicators, composition, of the PSDS
• **(EQ 4.4):** 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?	Assessment of Increased volume of lending and non-lending and no. of originations Achievement of …% or higher of PSD Targets by 2021 No. of new financial products and instruments (and lending targets) No. and Volume of Advisory Services (by sector, region, product)	- Review of Background documentation - Client Satisfaction Survey - Portfolio Review and Analysis - Product mix analysis (Bank's PSD Product mix (High 5s PSD Strategy agenda x Market Development x Instruments) - Review of CDNs and CSPSs and related CSPs approved to date	Annual Development Effectiveness Report (ADER) Bank Group Annual Reports Annual NSO Portfolio Performance Report IDEV Evaluations IDEV XSRENs CSPSs, CDNs and related CSPs	Review of the extent to which Bank's response contribute to restore and to reinvigorate Private Sector and RMCs Economic & Social conditions? Review of extent to which Bank's instruments and advisory services are considered additional, innovative and transformational Review of QaE CDNs, CSPSs and related CSPs

[7] See Appendices 2,3 and 4 of the new PSD Strategy (Oct. 2020)

Appendix 6: 2014-2019 Evaluation Synthesis –Indicative Outline

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 to address 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, knowledge products and implementation by Management of IDEV Evaluations recommendations.

Indicative Outline

Executive Summary

1- Introduction

2- Background and Context

3- Purpose and Objectives

3.1 Range of legacy activities – what is in and what is out?

3.2 Purpose and Objective

3.3 Expected Outcome

4- Scope, Coverage and Limitation of the Synthesis evaluation

4.1 Evidence availability and knowledge gap assessment

4.2 Inconsistencies in the evidence base, practical complexities and mitigation actions

4.3 Timescale: identification of evidence availability and implementation timing

4.4 Baselines and counterfactuals: appropriate and realistic assessment

5- Synthesis Approach and Methodology

5.1 Methodological Complexities

5.2 Evaluation questions; interdependence between evaluations, syntheses, topics/geographies

6- Aggregation of findings, lessons and recommendations of 2014-2019 IDEV Evaluations

6.1. Corporate, regional and country evaluations including crosscutting issues (fragility, gender, inclusive and green growth, climate change, SDGs-Poverty Nexus)

6.2. Strategy, Sector/Thematic evaluations

6.3. Performance Management and M&E

6.4. Process evaluations including quality assurance, project cycle processes and coordination Mechanisms

7- Strategic "Impact" and value addition

7.1 Aggregation of evaluation benefits, knowledge products and dissemination

7.2 Additional findings, lessons and recommendations

7.3 Implementation of IDEV Evaluations recommendations

8- Conclusions, Lessons and Recommendations

Appendix 7: Portfolio Review and Analysis– Indicative Outline

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.

Indicative Outline

Executive Summary

1- Introduction

2- Background and Context

3- Purpose and Objectives

4- Scope, Coverage and Limitation of the Portfolio Review and Analysis

5- Synthesis Approach and Methodology

- 5.1 Methodological Complexities
- 5.2 Evaluation questions; interdependence between portfolio performance, M&E, XSRENs Synthesis, topics/geographies

6- Overview of Portfolio Performance Analysis

- 6.1 2014-2019 Portfolio Analysis (composition and evolution, including NPLs)
- 6.2 Findings from selected IDEV evaluations, XSRENs, and PRAS/Case Studies
  - Assessment of Development Outcomes
  - Investment Profitability
  - Bank's institutional performance (Role/Contribution and Additionality)

7- Aggregation of results assessments and Implementation of IDEV NSO-related recommendations

8- Conclusions, Lessons and Recommendations

Appendix 8: Sampling Strategy

The purpose of the exercise is to 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). It is intended to complement the portfolio performance analysis and the 2014-2019 XSREN Synthesis.

The size of the population is **161**[8] **NSOs** but only 49% (80 operations) out of this portfolio have a disbursement ratio of 75% and above. The 2014-2019 approvals distribution between the two approval periods by country category and financing instruments is as follows:

Table 1: Distribution of 2014-2019 approvals by Country Category (N=161)

COUNTRY CATEGORY	No. OF OPERA-TIONS 2014-2019	PERCEN-TAGE (%)	2014-2015	PERCEN-TAGE (%)	2016-2019	PERCEN-TAGE (%)
TRANSITION STATES	**11**	6.8	4	2.5	7	4.3
ADF COUNTRIES (TRANSITION COUNTRIES EXCLUDED)	**27**	16.8	5	3.1	22	13.7
BLEND COUNTRIES	**12**	7.4	3	1.8	9	5.6
ADB COUNTRIES	**36**	22.4	9	5.6	27	16.8
MULTINATIONAL	**75**	46.6	16	10.0	59	36.6
TOTAL	**161**	**100.0**	**37**	**23.0**	**124**	**77.0**

Table 2: Distribution of 2014-2019 approvals by financing instruments (N=161)

FINANCING INSTRUMENTS	No. OF OPERATIONS 2014-2019	PERCEN-TAGE (%)	2014-2015	PERCEN-TAGE (%)	2016-2019	PERCEN-TAGE (%)
Line of Credit	**47**	29.2	8	5.0	39	24.2
Project Loan	**53**	32.9	15	9.3	38	23.6
Equity	**42**	26.1	7	4.3	35	21.7
Guarantees	**19**	11.8	7	4.3	12	7.5
TOTAL	**161**	**100.0**	**37**	**23.0**	**124**	**77.0**

[8] 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.

Table 3: Distribution of 2014-2019 approvals by country categories and financing instruments (N=161)

COUNTRY CATEGORY/ INSTRUMENTS	TRANSITION COUNTRIES	ADF-COUNTRIES (TRANSITION COUNTRIES EXCLUDED)	BLEND	ADB COUNTRIES	MULTINA-TIONAL
Line of Credit	4	11	6	15	11
Project Loan	6	14	5	17	11
Equity	0	0	0	3	39
Guarantees	1	2	1	1	14
Total	**11**	**27**	**12**	**36**	**75**
Percentage (%)	6.8	16.8	7.5	22.3	46.6
2014-2015	4	5	3	9	16
2016-2019	7	22	9	27	59

The multistage stratified sample is selected out of a total no. of 80 operations that have a disbursement ratio of 75% and above. It is based on: i) the Bank's orientation of the new 2021-2025 PSD Strategy to a more balanced NSO portfolio with diversification into the real sector in ADF countries and fragile environments; ii) distribution by country category; and iii) distribution by instruments.

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) which represents approximately 10% of the total 2014-2019 NSO approvals (161). The list of selected projects is as follows:

Table 4: List of Purposively Selected Sample

No.	Project No.	Project Title	Country	Country Category	Sector	Financing Instrument	Year of Approval	XSR /XSREN
1	2P-Z1-BZ0-011	Mediterrania Capital Fund III	Multinational	Multinational	Ind/Mini/Quar	Equity	2017	N
2	P-Z1-KE0-024	African Infrastructure Investment Fund III	Multinational	Multinational	Infrastructure	Equity	2018	N
3	P-BF-HB0-001	AFRICA SME PROGRAM LOC - FIDELIS FINANCE	Burkina Faso	A	Non-Banking	LOC	2014	Y
4	P-ZW-HA0-002	CENTRAL AFRICA BUILDING SOCIETY	Zimbabwe	A*	Finance	LOC	2016	N
5	P-KE-HAB-003	EQUITY BANK (KENYA) LTD	Kenya	B	Finance	LOC	2014	N
6	P-NG-HAB-035	WEMA BANK LINE OF CREDIT 2015	Nigeria	C	Finance	LOC	2016	N
7	P-Z1-HAA-059	EASTERN AND SOUTHERN AFRICA DEVELOPMENT BANK LOC V	Multinational	Multinational	Finance	LOC	2014	N
8	P-CD-B00-001	NYUMBA YA AKIBA CEMENT PLANT	DRC	A*	Ind/Mini/Quar	Project Loan	2014	N
9	P-GH-AA0-036	FORM GHANA REFORESTATION PROJECT	Ghana	A	Agriculture	Project Loan	2016	N
10	P-UG-FAB-008	BUJAGALI ENERGY LIMITED	Uganda	A	Power	Project Loan	2017	N
11	P-SN-AAG-001	PROJET RIZICOLE DE LA COMPAGNIE AGRICOLE DE SAINT-LOUIS	Senegal	B	Agriculture	Project Loan	2016	N
12	P-NG-BG0-002	NDORAMA ELEME FERTILIZER II	Nigeria	C	Ind/Mini/Quar	Project Loan	2018	N
13	P-ZA-FF0-003	XINA SOLAR ONE PROJECT	South Africa	C	Power	Project Loan	2014	N
14	P-Z1-AAZ-038	EXPORT TRADING COMPANY GROUP - ETG	Multinational	Multinational	Agriculture	Project Loan	2016	N

15	P-NE-HAB-001	SONIBANK SOCIETE NIGERIENNE DE BANQUE	Niger	A*	Finance	Guarantee	2014	Y
16	P-TZ-HAB-009	CRDB BANK LIMITED LINE OF CREDIT 2015	Tanzania	A	Finance	Guarantee	2016	Y

A*: Fragile and conflict-affected state
A: ADF-only Countries
B: Blend Countries
C: ADB-only Countries

Appendix 9: Organizational Assessment and Benchmarking: Indicative Outline

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.

<u>Indicative Outline</u>

Executive Summary

1- Introduction

2- Background and Context

3- Purpose and Objectives

3.1 Range of functional responsibilities and processes/activities – what is in and what is out?

3.2 Purpose and Objectives

3.3 Expected Outcome

4- Scope, Coverage and Limitation of the Organizational Assessment

4.1 Evidence availability and knowledge gap assessment

4.2 Inconsistencies in the evidence base, practical complexity and mitigation actions

4.3 Baselines and counterfactuals: appropriate and realistic assessment

5- Organizational Assessment Approach and Methodology

5.1 Interdependence between functional responsibilities, processes, coordination mechanisms, staff resources, budget

5.2 Use of Organizational Tools and Instruments

6- Overview of the Organizational Assessment (Relevance, Efficiency and Sustainability of the Organizational Set Up)

6.1 Functional responsibilities, institutional arrangements for effective NSO delivery: Actual Synergies and Complementarity

6.2 Sequencing in country strategy, activity planning, strategic implementation, coordination stream and procedures including the delivery of NSOs and general knowledge

6.3 Staff expertise/resources & budget

7- Bank's 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*)

8- Benchmarking Result

9- Conclusions, Lessons and Recommendations

Appendix 10: Evaluation Tools and Instruments

1) Interview Guide Questionnaire (NSO *Interventions*)

a) Private Sector Investment and Portfolio Managers

Interview guidance. ***The interview/questionnaire intends to identify the operational factors that enable and/or hinder successful origination, preparation, structuring, implementation and achievement of expected results of Bank NSOs and Bank's development effectiveness and its role as Partner of Choice in support of PSD in Africa; and to draw lessons for improvement of Bank's Institutional Performance, Quality of Portfolio performance and Development Outcome, Results measurement, business and delivery models and Knowledge Management.***

1. GENERAL INFORMATION

Name:

Function:

Department/ Division:

Email address:

Telephone:

2. QUESTIONNAIRE/INTERVIEW GUIDE

2.1 Bank's organizational setup for the private sector operations

a- To what extent is the actual Bank's organizational setup with respect to public-private coordination appropriate for business development and in supporting the origination, preparation, structuring, implementation and delivery of the Bank' s NSO agenda?

Please give examples:
1)
2)
3)

b- To what extent are actual and strategic functional responsibilities clear and efficient for business development and for effective origination, preparation, structuring and delivery of non-sovereign operations, resources, risks, portfolio management, supervision and M&E?

Please give examples:
1)
2)
3)

c- To what extent has the actual Organizational Set-Up hindered/enabled successful business development, origination, preparation, structuring, and implementation of Bank NSOs?

Please give examples:

1)
2)
3)

d- How do you assess the Bank' s actual organizational set-up for the private sector operations in particular with respect to public-private coordination compare to that of other similar sister institutions (AsDB, EBRD, IaDB, EIB,...)?

e- How do you assess the level of the current staffing/expertise of the NSO ecosystem in supporting the Bank's NSOs from incepti on to closure, in terms of staff resources, budget and expertise (actual vs required)?

f- How clear, effective and efficient are NSO Ecosystem responsibilities and staff expertise/resources when compared to priority areas of c overage, portfolio volume and planned expansion (new PSD Strategy, Thematic and Sector Strategic plans, High 5ths, Capital Increase-7 and ADF-15 commitments/requirements)?

Please give examples:

1)
2)
3)

2.2 Bank's institutional efficiency and effectiveness in achieving NSOs expected development outcomes

a- How do you assess the catalytic and demonstration effects of Bank NSOs in RMCs? Please refer to recent specific transactions highlighting the Bank's role, contribution, additionality and work quality?

b- How successful is the Bank in managing its NSO portfolio in terms of frequent supervision of outstanding portfolio, watchlists, workouts and NPLs?

Please give examples:

1)
2)
3)

c- Where do you see the major bottlenecks/constraints or challenges in achieving NSOs expected development outcomes?

Please give examples:

1)
2)
3)

d- To what extent did the Bank provide adaptive solutions to Market Development, PSD constraints and challenges in Africa for In clusive, Green Growth, Climate Change, SDGs and Regional Integration and to PSD and SDGs/Poverty Reduction Nexus?

Please give examples:

1)
2)
3)

e- To what extent did NSOs Contribute to improve the Economic and Social conditions of MICs, LICs and Fragile States (Developmen t Impact) and SDGs?

Please give examples:

1)
2)
3)

f- To what extent did Bank's response contribute to restore and reinvigorate the private sector during the pandemic situation?

Please give examples:

1)
2)
3)

g- What are the pre-requisites or necessary conditions for the Bank to enhance and reinvigorate its institutional performance and Development Effectiveness?

Please give examples:

1)
2)
3)

h- 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?

Please give examples:

1)
2)
3)

b) NSO Ecosystem (ADOA Team, Risk Management, Legal, Procurement, Disbursement, Governance, Country and Sector Economists, and Knowledge Management)

Interview guidance. The interview/questionnaire intends to identify the role and contribution of NSO ecosystem in NSO handling and the operational factors that enable and/or hinder successful origination, preparation, structuring, implementation and achievement of expected results of Bank NSOs and Bank's development effectiveness and its role as Partner of Choice in support of PSD in Africa; and to draw lessons for improvement of Bank's Institutional Performance, Quality of Portfolio performance and Development Outcome, results measurement, business and delivery models and Knowledge Management.

1. GENERAL INFORMATION
Name: **Function:** **Department/ Division:** **Email address:** **Telephone:**
2. QUESTIONNAIRE/INTERVIEW GUIDE
2.1 Bank's organizational setup for the private sector operations
a- To what extent is the actual Bank's organizational setup with respect to public-private coordination appropriate for supporting business development, origination, preparation, structuring, implementation and delivery of the Bank' s NSO agenda? Please give examples: 1) 2) 3) b- To what extent are actual and strategic functional responsibilities clear and efficient for effective business development, origination, preparation, structuring and delivery of non-sovereign operations, resources, risks, portfolio management, supervision and M&E? Please give examples: 1) 2) 3)

c- To what extent has the actual Organizational Set-Up hindered/enabled successful business development, origination, preparation, structuring, and implementation of Bank NSOs?

Please give examples:
1)
2)
3)

d- How do you assess the Bank' s actual organizational set-up for the private sector operations in particular with respect to public-private coordination compared to that of other similar sister institutions (AsDB, EBRD, IaDB, EIB,...)?

e- How do you assess the level of the current staffing/expertise of the NSO ecosystem in supporting the Bank's NSOs business development and processes from inception to closure, in terms of staff resources, budget and expertise (actual vs required)?

f- How clear, effective and efficient are NSO Ecosystem responsibilities and staff expertise/resources when compared to priority areas of coverage, business development, portfolio volume and planned expansion (new PSD Strategy, Thematic and Sector Strategic plans, High 5ths, Capital Increase-7 and ADF-15 commitments/requirements)?

Please give examples:
1)
2)
3)

2.2 Operational processes with respect to private sector operations, from inception to closure (incl. handling of NPLs and write-offs) in the context of the "One Bank" approach

a- How do you assess the effectiveness and efficiency of operational processes with respect to private sector operations, from inception to closure (incl. handling of NPLs and write-offs)? Please refer to any assessment made recently in this regard.

b- How do you assess synergies, complementarity and sequencing steps of Bank's Sovereign and Non-sovereign ecosystems in regional and country strategy, NSO activity planning, strategic implementation, and coordination streams and procedures to effectively support the design and delivery of Bank's NSO working together?

Please give examples:
1)

2)
3)

c- Where do you see any potential improvement of public-private coordination in business development, handling processes, in particular in supporting the rapidly evolving needs of the Bank's NSO ecosystem and clients?

Please give examples:

1)
2)
3)

d- Are responsibilities and relationships of/between the various internal stakeholders involved in business development, the design and delivery of Bank's NSOs clear and effective?

e- Where do you see any bottlenecks/constraints, challenges and opportunities with regard respective functional responsibilities and internal relationships between the various internal stakeholders?

Please give examples:

1)
2)
3)

f- What are bottlenecks/constraints, challenges and opportunities for more public-private coordinated activities to create/ generate and disseminate knowledge at the Bank in support of private sector in country and continental levels?

Please give examples:

1)
2)
3)

2.3 Bank's institutional efficiency and effectiveness in achieving NSOs expected development outcomes
a- How do you assess the catalytic and demonstration effects of Bank NSOs in RMCs? Please refer to recent specific NSO operation s highlighting the Bank's role, contribution, additionality and work quality? b- How successful is the Bank in managing its NSO portfolio in terms of frequent supervision of outstanding portfolio, watchlists, workouts and NPLs? Please give examples: 1) 2) 3) c- Where do you see the major bottlenecks/constraints or challenges in achieving NSOs expected development outcomes? Please give examples: 1) 2) 3) d- To what extent did the Bank provide adaptive solutions to Market Development, PSD constraints and challenges in Africa for In clusive, Green Growth, Climate Change, SDGs and Regional Integration and to PSD and SDGs/Poverty Reductio n Nexus? Please give examples: 1) 2) 3) e- To what extent did NSOs Contribute to improve the Economic and Social conditions of MICs, LICs and Fragile States (Developmen t Impact) and SDGs? Please give examples:

1)
2)
3)

f- To what extent did Bank's response contribute to restore and reinvigorate the private sector during the pandemic situation?

Please give examples:

1)
2)
3)

g- What are the pre-requisites or necessary conditions for the Bank to enhance and reinvigorate its institutional performance and Development Effectiveness?

Please give examples:

1)
2)
3)

h- 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?

Please give examples:

1)
2)
3)

c) NSO Client

Interview guidance. *The interview/questionnaire intends to identify the role and contribution of the Bank private sector departments and ecosystem in the project handling and the operational factors that enable and/or hinder successful preparation, due diligence, structuring, implementation and delivery and in achieving expected results. The interview/questionnaire also intends to help assist the Bank's development effectiveness and its role as Partner of Choice in support of PSD in Africa; and to draw lessons for improvement of Bank's Institutional Performance, Quality of Portfolio performance and Development Outcome, results measurement, business and delivery models and Knowledge Management.*

1. GENERAL INFORMATION	
Contact Details	**Project/Transaction Title and Interaction with the Bank**
Name: **Function:** **Company Name/ Location:** **Email address:** **Telephone:**	**Project Title:** **Year of Approval:** **Expected Results:** **Current Status:** **Bank interlocutor:** ▪ **At country level:** ▪ **At HQ:**

2. QUESTIONNAIRE/INTERVIEW GUIDE

2.1 Bank's organizational setup for the private sector operations

a- How would you qualify your actual interaction with the Bank and its various representatives locally or at HQs in supporting the business' origination, preparation, due diligence, structuring, implementation, supervision, monitoring, portfolio management, results and E&S annual reporting and closure of the transaction?

Please give examples:
1)
2)
3)

b- Are actual Bank's functional responsibilities clear and efficient for effective support in origination, preparation, due diligence, structuring, discharge of contractual obligations, covenants and during implementation, portfolio management, annual results reporting and closure of the transaction?

Please give examples:

1)
2)
3)

c- To what extent has the actual interaction with the Bank and various representatives at country or HQs enabled or hindered successful Bank's support during preparation, due diligence, structuring, discharge of contractual obligations, covenants and during implementation, portfolio management, annual results reporting and closure of the transaction,?

Please give examples:
1)
2)
3)

d- How would you qualify the Bank' s actual interaction compared to that of co-financiers or other International Finance Institutions (IFIs)?

e- How would you qualify your actual interaction with the Bank and its various representatives at country or HQs in terms of staffing/expertise in supporting the transaction from inception to closure?

Please give examples:
1)
2)
3)

2.2 Operational processes with respect to private sector operations, from inception to closure (incl. handling of NPLs and write-offs) in the context of the "One Bank" approach

a- How do you assess the effectiveness and efficiency of Bank's operational processes in supporting the structuring the deal from inception to closure (incl. handling of NPLs and write-offs)?
Please refer to any assessment made recently in this regard.

b- Where do you see any potential improvement of Bank's support in handling processes, in particular in supporting your evolving needs and expansion?

Please give examples: 1) 2) 3)
2.4 Bank's institutional efficiency and effectiveness in achieving expected business success and development results

a- How do you qualify the Bank's role, contribution, financial and non-financial additionality in structuring and implementing the funded project (business success) and in market development?

b- How do you qualify the Bank's assistance in terms of problem-solving, capacity strengthening, technical and financial partnership, etc.?

Please give examples:

1)
2)
3)

c- Where do you see the major bottlenecks/constraints or challenges in achieving your expected business development and results?

Please give examples:

1)
2)
3)

d- To what extent did the Bank provide adaptive solutions to Market Development, constraints and challenges for Inclusive, Green Growth, Climate Change, SDGs and to PSD and SDGs/Poverty Reduction Nexus?

Please give examples:

1)
2)
3)

e- To what extent did the Bank help your company improve the Economic and Social conditions and achieving SDGs?

Please give examples:

1)
2)
3)

f- To what extent did Bank's response contribute to restore and reinvigorate your business during the pandemic situation?

Please give examples:

1)
2)
3)

g- What are the pre-requisites or necessary conditions for the Bank to enhance and reinvigorate your development results and strategic targets?

Please give examples:

1)
2)
3)

h- What are the pre-requisites and necessary conditions for the Bank to be considered as the Partner of Choice?

Please give examples:

1)
2)
3)

1) **Organizational/ Institutional Assessment Tools, Concordance/Conformity Tests, SWOT Analysis**

a) **Assessment of level of implementation of IDEV Quality Assurance Evaluation recommendations with regard:**

- Quality assurance review process
- Business development: Use of project preparation facilities to promote project quality at entry
- Planning and budgeting: Bank's IOP (Indicative Operational Program) and resource allocation for project preparation and supervision
- Relevance and effectiveness of the Readiness Review and Peer Review
- Quality of NSOs: Framework for reinforcing the evaluability of NSOs
- Credit risk of NSOs: Mechanisms for verifying the mitigation of credit risks for NSOs (PGRF functional responsibilities)
- Corporate Governance risk: increase emphasis on
- Corporate Governance Development Framework for NSOs (common platform for evaluating and improving governance practices to complement the existing Equity Governance)
- Development results reporting of the borrower and support borrower readiness
- NSO project management (management of risks and project performance)
    - Developing a rating system for NSO (in line with the Results Reporting System for SOs)
    - Early Warning System
    - Revision of guidelines (ASR & XSR)
    - Convergence/harmonization of development results' indicators assessed at origination and tracked during implementation
    - Process for Tracking results of development outcomes defined in the RBLFs
    - Redesigned supervision tools templates (ASRs for five (5) types of NSO instruments)
    - Development of a Results M&E Guidelines and Process Manual for NSOs
- Compliance with Bank's rules and adherence with quality standards for supervision and completion
    - Implementation of the collateral and covenant management systems
    - Collateral Valuation and Equity Valuation
    - Guidelines for Writing off Loans and Equity Investments for NSO
    - Harmonization of quality standards of supervision and completion/closing of NSOs and SOs
- Staffing and training: Outcome of the Right-sizing exercise to improve the ratio of project/Task Manager and Portfolio Officer
- Incentives: Strengthen incentives for portfolio quality (Incentive Business Development KPI for IOs)
- Reinforcing the knowledge of operations staff

b) **Harmonizing SO-NSOs Quality Assurance**

- Project identification preparation
    - Country & Sector Context (Country Private Sector Diagnostics and sector profiles)
    - Pipeline Development
    - Project preparation Facility for transformative projects
    - Functional responsibility of Projects Development Committees (PDCs)
    - Upfront Environmental and Social (E&S) Safeguards
- Quality at entry framework
    - Harmonization of ADOA indicators with RBLF outputs indicators at entry
    - Review of NSO origination (PEN, PCN, PAR) and supervision Tools (PSR, ASR, XSR)
    - Business Process Streamlining

- Enhancing NSO Governance
- Results Focus and Results delivery
  - Developing a rating system for NSO (in line with the existing Results Reporting System for SOs)
  - Developing an early warning system
  - Revision of guidelines
  - Tracking development outcomes defined in the RBLF
  - Guidelines/process for results' monitoring and evaluation
  - Revamping XSR template tool as per best global practice, with a focus on development results and lessons learnt

c) Interview with key actors along the NSO project Cycle

- Identification
  - The Legal Advisor ensures that the investment is consistent with the
  - Bank's mandate and assists in designing the NDA.
  - Country Economist (ECVP) provides input on country-specific characteristics.
  - E&S specialist will contribute to the PEN (categorization, identification of safeguards instruments to be prepared by the client, considering the use of PEN by ADOA for its rating
- Preparation and Appraisal
  - Preparation of the ADOA assessment/rating (ADOA note).
  - Input of E&S Experts to Environmental and Social Assessment (ESA) documents prepared by the clients in line with the Integrated Safeguards System
  - Conduct of preliminary risk assessment and finalization of preliminary risk rating including design of mitigation measures
  - Legal framework of the transaction and project implementation monitoring.
  - Input on country-specific issues.
  - Structuring of financial instruments (FIST)
  - Disbursement, billing and accounting issues.
  - Corporate governance and corporate social responsibility (ECGF)
- Implementation
  - Support of Syndication Officers, Environmental and Social specialists, ADOA officers to the Monitoring Team during Supervision missions, and at project Completion
  - Functional Responsibilities of the Special Operations Unit (SNOU) for "workout" activities and management of distressed projects.
  - Independent Review Mechanism (IRM) by the Compliance Review and Mediation Unit (BCRM) implements
  - Independent investigations of allegations of corruption, fraud and other sanctionable practices by the Integrity and Anti-Corruption Department (PIAC)
- Post implementation and Evaluation
  - Self-Evaluation and Preparation of XSRs
  - Review of Self-evaluations of completed projects by IDEV and conduct of ex-post evaluations of NSOs
  - Sharing lessons: Special Organizational Unit, IDEV, Safeguard and Compliance (SNSC) and ECMR, through a consolidated Note as a basis for formal meetings.

d) Strengths, Weaknesses, Opportunities and Threat (SWOT) Analysis will be conducted for a sample of main process of the project cycle based on the outcome of Questionnaires, interviews of main actors through the project cycle

Strengths	**Opportunities**

Weaknesses	**Threats**

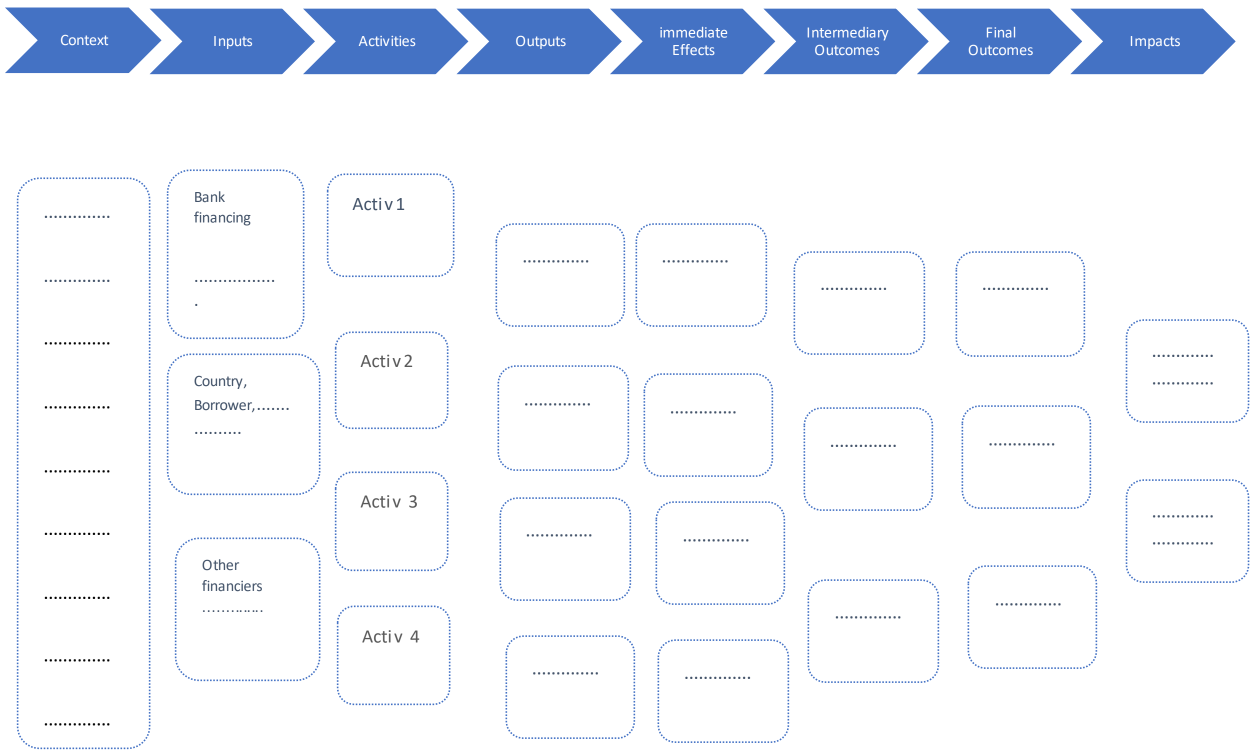
2) **Project Result Assessment (PRA) Template**

RETROSPECTIVE THEORY OF CHANGE, OUTPUTS, IMMEDIATE, INTERMEDIATE OR FINAL OUTCOMES AND IMPACTS

Describe the retrospective Theory of Change (ToC) based on a Results Chain Analysis, or Outcome Mapping, contribution analysis using the framework below.

1. Theory of Change (ToC)

Build the Toc using the data available and highlighting the results chain from the context, inputs, activities, outputs, immediate outcomes or effects, intermediary outcomes, final outcomes and impact.



Major Hypotheses and Risks (including mitigation measures):

- .
- .
- .
- .
-

2. Evaluation Framework

Insert the ToC and results chain to be evaluated and identify the IOV targets and achievements, specifying the sources and da ta collection methids as well as the factors of « Success or Failure ». In the case of on-going operations, please state the likelihood (or plausibility) of achievement of final outcomes and impacts.

	IOV	Unit	Collected Data			Assumptions, Risks and Factors of success/ Failure
			At AR	Target	Achievmt	
Impacts						
Impact 1 : …………………..	1- 2-					
Impact 2: …………………..	1- 2-					
Final Outcomes						
FO 1 : …………………..	1- 2-					
FO 2 : …………………..	1- 2-					
Intermediary Outcomes						
IO 1 : …………………..	1- 2-					
IO 2 : …………………..	1- 2-					
Immediate/Direct Effects						
IDE 1 : …………………..	1- 2- 3-					
IDE 2 : …………………..	1- 2- 3-					
Outputs						

OP 1 : ………………….	1- 2- 3-			
OP 2 : ………………….	1- 2- 3-			
Inputs/Activities Int 1 : …………………. Int 2 : Int3 : ………………….	 1- 2- 3- 1- 2- 3- 1- 2- 3-			

Unexpected Outcomes (positive and/or negative) :

	Unexpected Outcomes
Positive	– . . . .
	– . . . .
	– . . . .
	– . . . .
Negative	– . . . .
	– . . . .
	– . . . .
	– . . . .

NSO PERFORMANCE ASSESSMENT

Name of project	Insert here
Country	Insert here
Year approved	Insert here
Project Reached Early Operating Maturity[9] (if not, include level of disbursement)	Insert here
Sector	Insert here
XSR and/or XSREN available	XSR: Yes/No XSREN (Yes/No)

1. NSO Performance and Rating

1.1 RELEVANCE	
1.1 Relevance of NSO Objectives	**Rating (1 - 4)**
The relevance of objectives assesses to what extend the NSO purpose as specified in the approval document was aligned with the relevant RMC CSP and the applicable sector strategies, the country and Client's own development strategies and the beneficiary needs from design/approval to completion (including any adjustments that were made to the project in view of changes in the applicable policy environment, such as project restructuring). Relevance considers (i) the consistency of the project's intended outcomes with beneficiary needs, Clients strategies, Country priorities, and Bank assistance strategy and corporate goals; (ii) the justification for NSO intervention and/or explicit or implicit subsidies provided; and (iii) the NSO's intended targeting of specific market/beneficiaries.	

[insert comments]

1.2 Relevance of project design to achieve project objective (Quality of front-end work and additionality)	
The relevance of project design is evaluated via assessing the following: A- <u>'Screening, Appraisal and Structuring' Stage</u>. This sub-dimension assesses how the Bank has carried out its work on the NSO project prior to commitment with reference to the following specific aspects: i) Relevance of the investment to the Bank's corporate, country conditions and sector strategies (see above); ii) Identification of risks that the investment would fail to meet the intended development objectives or generate adequate financial or fiscal returns; iii) The sponsors, company, management, country conditions, market	

[9] Refers to a point in time at which an investment operation is ready for self-evaluation. See Annex 1 for detailed description of project typology and criteria for early operating maturity by project type.

dynamics, project concept, configuration and costs; iv) Financing plan, sources of financing, and assumptions used in financial and economic projections; v) Political risks and mitigation measures; vi) Environmental and social risk assessment and action plans to mitigate adverse effects; vii) NSO investment instrument selection, structure, pricing, exit mechanism, security, covenants and other terms and conditions; and viii) Client satisfaction with the Bank's pre-commitment work.

B- Additionality: The Bank's additionality measures what Bank financing brings to NSOs over and above commercial/development financiers. It is based on the counterfactual assessment of how the project would have proceeded without Bank financing. This dimension is measured through two sub-indicators: financial additionality and non-financial additionality. The rating for additionality is a synthesis of the rating of its two underlying sub-indicators. i) Financial Additionality measures the special contribution that the Bank's funding offers the client that would otherwise not have been offered by other financiers; would the client have been able to obtain sufficient financing from private sources on appropriate terms? Did the Bank catalyze other funding or did it merely fill a financing gap? Was the Bank's financing needed to reduce risk or provide comfort thereby encouraging other financiers to invest in the undertaking? ii) Non-Financial Additionality measures the Bank's contribution to reducing the projects risk profile, including procurement and contract management issues within the PPP arrangement, the design or functioning. The rating is determined by considering answers to questions such as: Was the Bank needed to bring about a fair allocation of risks and responsibilities between public and private investors while ensuring a sustainable partnership? Did the Bank's participation lead to improved design, enable the client to adopt new or better standards or contribute to the client's capacity building objectives through technical assistance, training, etc.in particular in creating the enabling environment, the assistance of establishing a PPP hub, assistance to legal, procurement and contract management etc.?

C- Targeted Beneficiaries: Did the Bank undertake a beneficiary needs assessment with intended potential impact that the NSO may have in terms of social impact, poverty reduction, inclusive growth, employment, gender and youth equality, transition to green growth as compared to other alternatives (Social /Impact Investing, for example,) or NSO only. This should be based on a counterfactual assessment of how the project would have proceeded using other alternative sources of financing?

[insert comments]

Overall Rating for Relevance

2. EFFECTIVENESS

The assessment of Effectiveness includes accounting for the actual, expected and unintended results on outcomes level for an operation. For Lines of Credit operations, the outcomes typically accrue on the level of the partner financial intermediary. The changes in the underlying portfolio of the financial intermediary as well as the increased efficiency and financial deepening as a result of Bank operations. Finally, for equity/investment funds operations, it is preferred to extend the assessment to investee companies.

2.1 Achievement of Operational Performance and Outputs

Rating (1 - 4)

The assessment of outputs is based on the output execution ratio. It should consider the realization of actual physical outputs of the project. Depending on the type of NSO (Equity, LOC, project Loan guarantee), this could be production line in expansion operations, establishment of plant and/or equipment in greenfield operations, etc. In determining the final rating, output rating is based on the percentage of outputs (output execution ratio) that reached or are on track to meet the end of project target.

[insert comments]

Outputs/Components	Initial Costs	% Achieved	Comments
Output/Component 1 :		.....%	, ??
Output/Component 2 :		.....%	, ??
Output/Component 3 :		.....%	, ??
Output/Component 4 :		.....%	, ??
Total	100%		

2.2 Achievement of Outcomes and Impacts

Rating (1 - 4)

The assessment of outcome is based on the direct and intermediate outcomes stated in the retrospective project logic model and Theory of Change (ToC). Typical outcomes of a private sector operation cover the following areas:

The assessment of outcome is based on the direct and intermediate outcomes stated in the retrospective project logic model. Typical outcomes of a private sector operation cover the following areas:

(i) Economic benefits: the best indicator of a non-financial market project's contribution to economic growth is its economic rate of return (ERR) or economic return on invested capital (EROIC). Ideally, the ERR/EROIC considers and quantifies the projects economic effects on all its economic and social stakeholders[10]. For Financial Markets projects the economic benefits measures the extent to which the sub-projects financed with the proceeds of the line of credit or the investee companies in the case of private equity funds are providing a net economic benefit to stakeholders including and beyond the FI's owners and financiers. Such benefits include but are not limited to: Contribution to fiscal revenues resulting from taxes paid by the intermediary, sub-projects or investee companies; Contribution to poverty alleviation, social or gender equality and regional development etc.; Delivery of community services such as entrepreneurship training, educational programs and other community services; employment generated.

(ii) Contribution to Private Sector Development; measures the extent to which the project has spread benefits of growth of productive private enterprise beyond the project company, i.e. on issues such as competition, market expansion, private ownership & entrepreneurship, development of financial institutions and markets, standards of corporate governance, transfer of technology and dispersion of skills, and the development of physical infrastructures used by other private parties. The project can have positive or negative impacts on private sector development and it is necessary to establish that the impacts are attributable to the NSO project. Indicators include: Upstream and downstream supply linkages to local private businesses; introduction of new technology and know-how; enhancement of private ownership and entrepreneurship; contribution to improving the environments for

[10] The universe of entities impacted by a project in addition to the financiers and employees include government, the rest of society, customers, producers of complementary products, competitors, suppliers and neighbors.

private sector development and an open economy; greater competition and competitiveness; broad demonstration effects in the l ocal economy and follow-on investments by other investors; domestic capital market development and greater resource allocation efficiency; improvements in standards for corporate governance and business conduct; and development of physical infrastructures used by other private parties.

(iii) Contribution to Intended Outcomes on beneficiaries: Contribution to Intended social and economic outcomes on targeted beneficiaries: The extent to which the NSO project contributed, or is expected to contribute, to its intended development results in terms of accessibility, affordability, emp loyment, poverty reduction, and economically viable market sectors supported by the project.

(iv) Market failures (PPP projects) include Upstream and downstream supply linkages of public services using private entrepreneurship with transferred and/or shared ri sks; introduction of new technology and know-how; enhancement of private entrepreneurship; contribution to improving the PPP enabling environment (law and regulations, pr ocurement and partnership management) within an open economy with improved cost-effectiveness;

(v) Infrastructure Gap includes the contribution to improve access to infrastructure of beneficiaries including the poor, disadvantaged population a nd to reduce inequality and regional disparities and a contribution to reduction/fulfillment of the infrastructure gap

(vi) The project's contribution (or expected contribution) to broad corporate goals that are not included in the project-specified intended results including contribution to the 2013-2022 Strategic goals, PSD strategy, industrialization strategy, and to the High 5s; as compared to alternatives and other fin ancing options

[insert comments]

Expected Direct, Intermediary, Final Outcomes	Achievements
Economic Benefits	
Contribution to Intended Outcomes on beneficiaries and target groups	
Contribution to PSD	
Market Failures	
Infrastructure Gaps	
Contribution to Corporate Goals	

Risks and Exogenous Factors that affected intended outcomes:

Major Expected final Outcomes and Impacts	IOV	Risks and Exogenous Factors	Achievements or Likelihood (Probability) of achievement of expected/intended outcomes	Factors of Success /Failure

.

2.3 Unintended Outcomes (if any)

Rating (1 - 4)

The assessment will cover all unintended outcome (positive or negative) which have come out during NSO project implementation

Unintended Outcomes (positive and/or negative) :

	Unintended Outcomes
Positive	– . . . .
	– . . . .
	– . . . .
	– . . . .
Negative	– . . . .
	– . . . .
	– . . . .

–

[insert comments]

Overall Rating for Effectiveness

3. EFFICIENCY

The Efficiency assessment attempts to answer two questions: (i) Did the benefits of the project (achieved or expected to be achieved) exceed project costs; and (ii) Were the benefits of the project achieved at least cost? Cost-benefits analysis helps to address the first question. To address the second question a cost-effectiveness analysis is carried out. Good practices suggest also, in addition to the traditional measures of efficiency (cost-benefit analysis and cost-effectiveness analysis), the Efficiency assessment of project design and implementation that either contributed to or reduced efficiency (Timeless and Implementation progress) to the extent they are not already captured in the evaluation of cost-benefit or cost-effectiveness analysis.

3.1 Financial & Economic Efficiency

Rating (1 - 4)

Financial Efficiency assesses the incremental effect of the project on the financial performance of the Client company. Financial performance is measured by the FRR or ROIC for the project; a comparison of appraisal financial projections; and other performance indicators from the company's financial statements. In evaluating financial performance, observed changes in performance are compared with and without-project counterfactual. The choice of method is appropriate to the NSO project type.

Economic Efficiency: It assesses the extent to which project costs involved in achieving NSO objectives were reasonable in comparison with the project's benefits, and the extent to which the project was implemented at least cost compared to alternative ways of achieving the same results. Cost-benefit analysis is conducted to the extent that data is available and it is reasonable to place a monetary value on project benefits. The costs and benefits (Value for Money) of the project include both private and social costs and benefits extended to all affected stakeholders. Cost-effectiveness analysis compares the unit costs of the project, or component costs, with those of similar projects. It requires information on traditional measures of efficiency, e.g., FRR, ERR, NPV, unit rate norms (cost per unit of input or cost per unit of output), and service standards, as well as information on the cost of projects with similar objectives, scope, and design. The assumptions behind the calculations should be fully explained. The project's Economic Efficiency should not be confused with the achievement of improved efficiency of the sector or program being supported. The latter is an outcome and would be included in the assessment the Contribution to Intended Outcomes. **The analysis shows the incremental impact of the project, i.e., the costs and benefits compared to the without-project counterfactual**.

[insert comments]

	At appraisal	At Early Maturity or Completion	Comments
FIRR	…..%	…..%	
EIRR	…..%	…..%	
ROIC	…..%	…..%	
Cost Effectiveness			

- Compare FIRR to EIRR and Opportunity Cost or ROIC

- Cost effectiveness of major outputs and direct outcomes

3.2 Implementation Efficiency (Timeliness)

Rating (1 - 4)

Implementation Efficiency: Measures other aspects of efficiency not included in Economic Efficiency, such as aspects of design and implementation that either contributed to or reduced efficiency. Implementation delays are a typical implementation inefficiency. The timeline of implementation is compared with the projected timeline at entry (the appraisal or pre-commitment stage), and reasons for differences are discussed. Other aspects of project design and/or implementation that either added to or reduced costs (e.g., implementation delays) as well as Transaction costs in terms of structuring, implementation supervision and portfolio management, administration, procurement and contract management should also be reviewed. The timeliness of project implementation is based on a comparison between the planned and the actual period of implementation from the date of effectiveness.

[insert comments]

	Planned	Actual (at Early Maturity or Completion)	Comments
Projected timeline at entry			
Implementation Duration (from Effectiveness to Final disbursement, Early Maturity or completion)			
Transaction Cost			

Overall Rating for Efficiency

4. SUSTAINABILITY

The assessment of sustainability considers the extent to which the performance of the NSO project as a proxy for its long-term sustainability

4.1 Sustainability of Outcomes

Rating (1 - 4)

The assessment is based on (i) the likelihood that some changes may occur that are detrimental to the continuation of the project's actual or expected results; and (ii) the impact on the NSO's results of some or all of these changes is materializing. The risks may include technical, financial, economic, social, political, environmental, Company ownership/commitment, fiscal stability and other stakeholder ownership, institutional support, governance, and exposure to natural disasters. The evaluator may use its own judgment of the uncertainties faced by the NSO's results (intended outcomes, unintended outcomes, contribution to corporate goals) over its expected remaining useful life, taking into account any risk mitigation measures already in place and transparent at the time of evaluation...

[insert comments]

Insert Rating here

4.2 Business/Commercial Sustainability

Rating (1 – 4)

The forward-looking business/commercial viability of the company, and/or sub-borrowers/fund investees is assessed. It considers the NSO Client company's adaptability and prospects for sustainability and growth including fiscal and financial returns. Based on projected future financial performance and the performance of the Client company in comparison to the market or sector peers. For PPP investment, this criterion assesses the extent to which funding mechanisms and modalities (eg. tariffs, user fees, maintenance fees, budgetary allocations, other stakeholder contributions, aid flows, etc.) have been put in place to ensure the continued flow of benefits, with particular emphasis on financial and fiscal sustainability.

[insert comments]

4.3 Compliance to Safeguards, Environmental and Social Sustainability

Rating (1 - 4)

The Client's compliance with applicable safeguard policies, if any, including implementation of the mitigation plan. Based on the degree of compliance with the Bank's standards in effect at project entry, and the standards prevailing at the time of the evaluation. It assesses Client company's management of its environmental and social impacts. To the extent that environmental sustainability is an intended outcome of the project and/or is incorporated into the company's business model, these outcomes are assessed under Contribution to Intended Outcomes. The assessment should cover also i) the project's environmental and social performance in meeting the Bank's requirements; and ii) the project's actual environmental and social impacts, including pollution loads, wastes, energy and resource efficiency, biodiversity conservation, workers' and communities' health and safety, beneficiaries consultation and participation, land acquisition and cultural heritage.

[insert comments]

4.4 Institutional sustainability and strengthening of capacities	**Rating (1 – 4)**
The criterion assesses the extent to which the project has contributed to strengthen Client's institutional capacities - including for example the use of procurement and contract management best practices. An appreciation should be made with regards to whether or not improved governance practices or improved skills, procedures, incentives, structures, or institutional mechanisms came into effect as a result of the NSO. It should include an assessment on the contributions made to building the capacity to lead and manage the project contracting process, as well as the extent to which the company strategic decision or (for PPP the political economy of decision-making) was conducive to Client's engagement. The assessment should include the extent to which the Bank supported the Client's capacity to conduct Value for Money analysis, procurement, contract management and implementation of the NSO and supported the Sponsors.	
Insert your evidence here	

4.5 Ownership and Sustainability of Partnerships (For PPP projects)	**Rating (1 – 4)**
The assessment determines whether the project has effectively involved relevant stakeholders, promoted a sense of ownership amongst the Government (central and sector ministries) and put in place effective partnership with relevant stakeholders (e.g. Private sector company, local authorities, beneficiaries, CSOs, donors) as required for the sustainability of the partnership.	
Insert your evidence here	

5. Cross-Cutting Issues	**Rating (1 – 4)**
To which extent have Bank the NSO project contributed or likely to contribute to inclusive and sustainable growth, with increased accessibility of the poor and disadvantaged population to social and economic goods and services including equality for gender and youth employment, transition to green economy, compared to alternatives and other financing options (PuP or PSO only)?	
Contribution to Inclusive and Sustainable Growth: Increased accessibility to social and economic goods and services of the poor and disadvantaged population Gender equality and youth employment Contribution to SDGs and transition to green economy	
[insert comments]	
Overall Rating for Cross Cutting Issues	

6. **Overall Development Outcome**	**Rating (1 – 4)**
7. **Bank Institutional Performance (Work Quality)**	**Rating (1 – 4)**

7.1 Quality at Entry (Role and Contribution)

Measures the extent to which the Bank identified, facilitated preparation of, and appraised the NSO such that it was most likely to achieve its planned outcomes and was additional and consistent with the Bank's fiduciary role. The assessment includes the quality of the Bank's assessment of the NSO as being relevant to the Bank's corporate, country, and sector strategies; the quality of the results framework and the design of the monitoring and evaluation system; the assessment of sponsors, company, management, country & market conditions, market dynamics, project concept, configuration and costs; the appraisal of the financial plan, source of project funds, and assumptions used in the project's financial projections; the assessment of project and political and management/institutional risks, and steps taken to mitigate them; the appraisal of procurement methods, environmental and social risks, and the inclusion of safeguards to mitigate them; and the appropriateness of the investment instrument selected. Quality at Entry also covers the ex-ante non-financial additionality of the Bank, e.g., the extent to which the Bank brought about a fair, efficient allocation of risks and responsibilities; improved the client's functioning in business/management; or improved the client's and other stakeholders' capacity including its assistance to establish a PPP hub (for PPP projects).

[insert comments]

7.2 Quality of Administration, Supervision & M&E

The quality of supervision includes the completeness of supervision ad-hoc or annual reports in documenting NSO project status and risks; the monitoring of the client company's compliance with the terms of the investment and contractual arrangements with country authorities; the monitoring of the client company's environmental and social performance, and adherence to relevant government regulations and Bank's requirements; the adequacy and timeliness of the Bank's proactivity in response to Client's reporting on results and environmental impacts as well as Bank's response to emerging problems or opportunities (for the PPP projects, the effectiveness of hand-over procedures to the government, if any).

[insert comments]

Overall Rating for Bank Performance	
8. **Client Performance**	**Rating (1 - 4)**

8.1 Non-Financial Performance of the Company

Non-financial performance covers compliance with relevant government regulations and Bank requirements including its corporate social responsibilities. For a positive rating, the Client company is in material compliance with relevant country regulations and Bank requirements with outstanding corporate social responsibilities.

[insert comments]

8.2 Client Performance/Government and PPP Agency Performance (PPP Only)	**Rating**

(1 - 4)

It assesses the extent to which the Client (or government) and implementing agencies ensured quality of preparation and implementation, and complied with covenants and agreements, towards the achievement of intended outcomes. It includes such aspects as Client or government ownership and commitment; the enabling environment for the projects; adequacy of consultations with stakeholders; readiness for implementation, timely resolution of implementation problems, fidu ciary management, compliance with environmental and social safeguards, adequacy of monitoring and evaluation of partnerships arrangements, relationships with other donors and stakeholders; and adequacy of arrangements for the transition after contractual ownership transfer and management.

The evaluator should take account of the operational, sector, and country context in weighing the relative importance of each aspect of Client (or the government and PPP agency performance) as they affect outcomes.

[insert comments]

Overall Rating for Client Performance

9. Bank Investment Profitability

Rating (1 - 4)

For the Bank to continue to be sustainable, the investments it makes, whether in the form of loans or equity have to be profi table. For loans: The best indicator of the Bank's investment profitability in a project is the net profit contribution (gross income less financing costs, loan loss provisions/ write-offs, transaction costs and administrative costs measured in discounted cash flow terms. However, because of the difficulty in estimating transaction and administrative costs associated with individual projects before the Bank implements a viable cost accounting system, a qualitative approach based on gross profit contribution (gross income less financing costs, loan lo ss provisions/ write-offs) is recommended. For equity investments, profitability should be measured by comparing the nominal internal rate of return (also referred to as return on equity (ROE)), computed using p rojected dividends and capital gains, with the interest rate of a fixed rate loan to the same project company.

[insert comments]

A. Conclusions, Lessons and Recommendations

1. Conclusions

2. Factors of Success or Failures

3. Lessons

4. Recommendations

Annexes:

- Results Assessment Summary Sheet
- List of Interviewees
- Technical Annexes
- Bibliography

NSO Results Assessment Summary Sheet

1. Comparative Performance Ratings (XSR – XSREN)

<table>
<tr><td>Performance Ratings*</td><td colspan="12">XSR/ASR RATINGS</td><td></td><td colspan="12">XSREN RATING</td></tr>
<tr><td rowspan="3">A) Development Outcome</td><td colspan="6">“Negative Ratings”</td><td colspan="6">“Positive Ratings”</td><td rowspan="3"></td><td colspan="6">“Negative Ratings”</td><td colspan="6">“Positive Ratings”</td></tr>
<tr><td colspan="2">HU</td><td colspan="2">US</td><td colspan="2">MU</td><td colspan="2">MS</td><td colspan="2">SU</td><td colspan="2">HS</td><td colspan="2">HU</td><td colspan="2">US</td><td colspan="2">MU</td><td colspan="2">MS</td><td colspan="2">SU</td><td colspan="2">HS</td></tr>
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<tr><td rowspan="2">A1) Business success</td><td colspan="3">U</td><td colspan="3">PU</td><td colspan="3">S</td><td colspan="3">HS</td><td rowspan="2"></td><td colspan="3">U</td><td colspan="3">PU</td><td colspan="3">S</td><td colspan="3">HS</td></tr>
<tr><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>A11) FI Business Success</td><td colspan="12"></td><td></td><td colspan="12"></td></tr>
<tr><td>A12) Sub-projects Business Success</td><td colspan="12"></td><td></td><td colspan="12"></td></tr>
<tr><td>A2) Economic Sustainability</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>A3) Environmental Effects</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>A4) Private Sector Development</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>B) Investment Profitability</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>B1) Loan</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>B2) Equity</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="12"></td></tr>
<tr><td>C) Bank’s Work Quality</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>C1) Screening, Appraisal & Structuring</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>C2) Supervision & Administration</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>D) Additionality</td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>D1) Financial Additionality</td><td colspan="12"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td>D2) Non-Financial Additionality</td><td colspan="12"></td><td></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td><td colspan="3"></td></tr>
<tr><td colspan="26">* HU – Highly Unsuccessful; US – Unsuccessful; MU – Most unsuccessful; MS – Mostly successful; SU – Successful; HS – Highly successful
HU – Highly unsatisfactory; PU – Partly Unsatisfactory; S – Satisfactory; HS – Highly Satisfactory; N/A – Not Applicable; NR – Not Rated (separately)</td></tr>
</table>

Rating differences (if any) and underlying reasons

2. **ADOA-XSR/ASR-XSREN/PRA KPIs COMPARISON TABLE**

KPIs	Ex ante		Self-Evaluation		Ex Post (IDEV)	
	PAR	ADOA	ASR	XSR	XSREN	PRA
Development Outcome						
Additionality						
Financial / Economic Rates of Return (as applicable)						
Project Company WACC (real terms, %)						
FRR, ROIC or equiv. (after taxes, real terms, %)						
ERR, EROIC or equiv. (real terms, %)						
AfDB's ROE (nominal terms, %)						

ADOA DO ratings are: (1) Excellent; (2) Very Good; (3) Good; (4) Marginal; (5) Unsatisfactory; (6) Highly Unsatisfactory.
Comparable XSR DO ratings are: (1) Highly Successful; (2) Successful; (3) Mostly Successful; (4) Mostly Unsuccessful; (5) Unsuccessful (6) Highly Unsuccessful.

ADOA Additionality ratings are: (1) Strongly Positive; (2) Positive; (3) Marginally Positive; (4) None
Comparable XSR/XSREN Additionality Ratings: 1) Highly Satisfactory; (2) Satisfactory; (3) Pärtly Unsatisfactory; (4) Unsatisfactory

NSO PRA Rating Guidance Note

1. RELEVANCE

This section should cover both: (i) the relevance of project objectives; and (ii) the relevance of project design to the achievement of project objectives (Quality of front-end work and additionality).

1.1 Relevance of NSO Project objectives

A positive rating requires substantial clarity and realism of NSO project objectives; substantial consistency with intended with beneficiary needs, Client's strategies, country priorities, policies, and priorities; and where applicable, substantial evidence of market failures and the rationale for targeting specific groups.

Rating Scale
4 – Highly Satisfactory: It is demonstrated that the project objectives are clear and realistic and do not have any shortcoming in their alignment with: i) the Bank's CSP; ii) applicable Bank sector strategies; iii) the Client development strategies; iv) Country priorities and v) the beneficiary needs.
3 –Satisfactory: It is demonstrated that the project objectives have minor shortcomings in terms of clarity and realism and in alignment with: i) the Bank's CSP; ii) applicable Bank sector strategies; iii) the Client development strategies; iv) Country priorities and v) the beneficiary needs.
2 – Partly Unsatisfactory: It is demonstrated that the project objectives have major shortcomings in terms of clarity, realism and in the alignment with two of the following: i) the Bank's CSP; ii) applicable Bank sector strategies; iii) the Client development strategies; iv) Country priorities and v) the beneficiary needs.
1 – Unsatisfactory: It is demonstrated that the project objectives have severe shortcomings in terms of clarity and realism and in the alignment with all the following: i) the Bank's CSP; ii) applicable Bank sector strategies; iii) the Client development strategies; iv) Country priorities and iv) the beneficiary needs.

1.2 Relevance of project design to achieve project objective (Quality of front-end work and additionality) and end-users and beneficiaries Targeting

For a positive rating, there must be evidence that the project has an outstanding/excellent or good logical and results framework based on clear articulation of results, a high-quality additionality assessment (ADOA Note) based on a counterfactual assessment of how the project would have proceeded using other alternative sources of financing, and an elaborated beneficiary needs assessment?

Rating Scale
4 – Highly Satisfactory: The project document presents: i) an outstanding/excellent logical and results framework based on clear articulation of inputs/activities to outputs, intended outcomes and impact; ii) a high-quality additionality assessment (ADOA Note) based on a counterfactual assessment; and iii) an elaborated beneficiary needs assessment. Superior project design quality can be directly and unambiguously attributed to the Bank's front-end work.
3 – Satisfactory: The project document presents: i) a good logical and results framework based on clear articulation of inputs/activities to outputs, intended outcomes and impact; ii) a good quality additionality assessment (ADOA Note) based on a counterfactual assessment and an elaborated beneficiary needs assessment.
2 –Partly Unsatisfactory. The project document presents: i) a low quality logical and results framework based on unclear articulation of inputs/activities to outputs, intended outcomes and impact; ii) a low quality additionality assessment (ADOA Note) and not based on a counterfactual assessment; and iii) a low quality beneficiary needs assessment. Such shortfall(s) have not had a material effect on the project's development quality
1 – Unsatisfactory. The project document presents: i) a low quality or non-existent logical and results framework with no elaborated results chain; ii) a low quality additionality assessment (ADOA Note) or not based on a counterfactual assessment; and iii) a non-existent beneficiary needs assessment. As a direct consequence of such shortfall(s), there has been a material, detrimental effect on the project's development quality.

2. EFFECTIVENESS

The assessment of Effectiveness includes accounting for the actual, expected/intended and unintended results on outcomes. The following dimensions are considered in assessing effectiveness: i) operational performance and achievement of outputs (outputs under control and rate of output execution); ii) fulfillment of Business objectives (Economic benefits) and intended outcomes; iii) Contribution to Intended Social Outcomes and impact and to corporate goals; and iv) any unintended (positive and negative) outcomes.

2.1 Operational Performance & Achievement of Outputs

In determining the final rating, this should be based on the percentage of outputs (output execution ratio) that reached or are on track to meet the end of project implementation targets as well as the operational performance of executed outputs. For a positive rating, there must be evidence that the project substantially achieved its targeted outputs while ensuring high operational performance.

Rating Scale
4 – Highly Satisfactory: Based on the output execution ratio all the project output targets were reached or are considered on track to be reached by the end of the project in accordance with quality standards and high operational performance.
3 – Satisfactory: Based on the output execution ratio between 90% and 75% of the project output targets were reached or are considered on track to be reached with high operational performance by the end of the project. Corrective actions for off track indicators were implemented in a timely manner to ensure that the end of project targets could be achieved in accordance with high quality standards.
2 – Partly Unsatisfactory: Based on the output execution ratio between 74% and 35% of the project output targets were reached or are considered on track to be reached by the end of the project. Poor operational performance jeopardized the achievement of one or more outcomes of the project. Corrective actions were not implemented and closely monitored for off track indicators.
1 – Unsatisfactory: Based on the output execution ratio less than 35% of the project output targets were reached or are considered on track to be reached by the end of the project. Poor operational performance jeopardized the achievement of most expected outcomes and the possibility of stopping or suspending the project is considered.

2.2 Achievement of Outcomes and Impacts

The assessment of outcomes is based on the direct and intermediate outcomes stated in the retrospective project logic model or theory of change (ToC). The overall rating will be based on all dimensions of the intended outcomes which include: i) Economic benefits; ii) Intended social outcomes on targeted beneficiaries iii) Private sector development (PSD); iv) Market failures; v) Infrastructure gaps; vi) Contribution to Bank's and/or Client's corporate and strategic goals; taking into account any risk and exogenous factors that affected the achievement of the outcomes as well as all unintended, positive or negative outcomes that the project has demonstrated.

Typical outcomes of a NSO operation cover the following areas:

i) **Economic benefits**

Rating Scale
4 – Highly Satisfactory: The project has a high ERR (beyond the opportunity cost in the country) based on high quality CBA or socio-economic impact of the company and other stakeholders and high contribution to Company revenues or financial sustainability.
3 – Satisfactory: The project has a high ERR (beyond the opportunity cost in the country) based on high quality CBA or socio-economic impact of the company and other stakeholders with an acceptable contribution to fiscal revenues resulting from taxes (or acceptable reduction in subsidies and fiscal constraints) or fiscal sustainability.
2 –Partly Unsatisfactory: The project has a modest to low ERR (well below to opportunity costs in the country) based on insufficient quality CBA or socioeconomic impact assessment of the company and other

stakeholders with highly insufficient contribution to fiscal revenues resulting from taxes) and unlikely financial sustainability.
1 – Unsatisfactory: The project has a very low ERR (well below to opportunity costs in the country) with no contribution to fiscal revenues resulting from paid taxes and highly unlikely financial sustainability.

ii) **Contribution to Private Sector Development**.

A substantial and plausible contribution of the project to private sector development must be shown to merit a positive rating. As with the Contribution to Intended Outcomes, the rating reflects the project's incremental contribution to observed outcomes, regardless of whether the observed outcomes moved in the "right" or "wrong" direction. "Not Rated" is a possible rating when the project did not contribute to PSD goals beyond its intended outcomes, or evidence is missing or weak.

Rating Scale

4 – Highly Satisfactory: Considering its size, the project had: i) substantial positive effects on growth of productive private enterprises, market expansion and demonstration effect; ii) improved laws and regulations, regulatory frameworks for procurement and contract management; and iii) improved standards for corporate governance and business conduct.
3 – Satisfactory: the project had: i) good positive effects on growth of productive private enterprises, market expansion and demonstration effect; ii) improved laws and regulations, regulatory frameworks for procurement and contract management; and iii) improved standards for corporate governance and business conduct.
2 – Partly Unsatisfactory: The project had mixed effects in respect of the Bank's private sector development, with a lack of laws and regulations, or regulatory frameworks for procurement and contract management; and with no standards for corporate governance and business conduct.
1 – Unsatisfactory: The project had substantial negative effects in respect of the Bank's mandate objectives of promoting private sector development in the absence of laws and regulations, or regulatory frameworks for procurement and contract management; or standards for corporate governance and business.

iii) **Contribution to Intended social and economic outcomes on targeted beneficiaries**:

A positive rating on Contribution of Intended Outcomes requires that there is strong evidence that the project contributed (or is likely to contribute) substantially to intended outcomes. When the desired outcome is achieved but there is evidence that the results are primarily due to other factors, the rating is adjusted downward, accordingly. The rating reflects the project's incremental contribution to observed outcomes, regardless of whether the observed outcomes moved in the "right" or "wrong" direction. For example,

- If outcome indicators met or exceeded targets, but there is evidence that the change was due mainly to external factors, a less than satisfactory rating is warranted.
- If outcome indicators deteriorated, but there is evidence that the decline would have been worse in the absence of the project, a positive rating is warranted.

Rating Scale
4 – Highly Satisfactory: (i) the project has succeeded in reaching targeted groups; and (ii) there is direct evidence have made strong economic contributions in terms of affordability and accessibility, employment, or poverty reduction, or indirect evidence (from market data) that the market sector(s) supported by the project are major economic contributors to the country economic development.
3 – Satisfactory: (i) the project has succeeded in reaching targeted groups; and (ii) there is direct evidence that the company is economically viable in terms of affordability and accessibility, employment, or poverty reduction, or indirect evidence (from market data) that market sectors supported by the project are economically viable and do not rely on economic distortions to maintain its commercial viability.
2 – Partly Unsatisfactory: (i) the project has relatively failed to reach targeted groups. There is no evidence that the company is economically viable and does rely on economic distortions to maintain its commercial viability.

1 – Unsatisfactory: (i) the project has largely failed to reach targeted groups of sub-borrower; and (ii) there is direct evidence or indirect evidence (from market data) that the company is not economically viable and does rely on economic distortions to maintain its commercial viability.

iv) **Market failure**

Rating Scale

4 – Highly Satisfactory: The project had: i) substantial positive effects on Upstream and downstream supply linkages of goods and services using private entrepreneurship; ii) introduction of technology and know-how; and iii) contribution to improving the NSO enabling environment within an open economy with improved cost-effectiveness.

3 – Satisfactory: the project had: i) good positive effects on Upstream and downstream supply linkages of good and services using private entrepreneurship; ii) introduction of technology and know-how; and iii) contribution to improving the NSO enabling environment within an open economy with improved cost-effectiveness

2 – Partly Unsatisfactory: The project had mainly negative effects Upstream and downstream supply linkages of goods and services using private entrepreneurship with insufficient level of introduction of technology and know-how; and iii) insufficient contribution to improving NSO enabling environment with unsatisfactory cost-effectiveness.

1 – Unsatisfactory: The project had substantial negative effects in respect of the project's Upstream and downstream supply linkages of goods and services using private entrepreneurship, with a lack of introduction of new technology and know-how; and with no effect on the NSO enabling environment. No improved cost-effectiveness is expected.

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v) **Infrastructure Gaps (PPP)**: It includes the contribution to improve access to infrastructure of beneficiaries including the poor, disadvantaged population and to reduce inequality and regional disparities and a contribution to reduction/fulfillment of the infrastructure gap.

Rating Scale

4 – Highly Satisfactory: The project had: i) a substantial positive effects on access to infrastructure of beneficiaries including the poor, disadvantaged population and to reduce inequality and regional disparities; and ii) a significant fulfillment (or contribution to reduction) of the infrastructure gap in the market sectors that the project is addressing.

3 – Satisfactory: the project has: i) good positive effects on access to infrastructure of beneficiaries including the poor, disadvantaged population and to reduce inequality and regional disparities; and ii) a high potential for fulfillment (or contribution to reduction) of the infrastructure gap in the market sectors that the project is addressing.

2 – Partly Unsatisfactory: The project had mainly negative effects in respect of the project's effects on access to public services by beneficiaries including the poor, disadvantaged population and to reduce inequality and regional disparities using private entrepreneurship, with a lack of contribution to reduce the infrastructure gap in the market sectors that the project is addressing

1 – Highly Unsatisfactory: The project had substantial negative effects in respect of the Bank's mandate objectives of fulfilling infrastructure gap and on access to public services by beneficiaries including the poor, disadvantaged population and to reduce inequality and regional disparities using private entrepreneurship.

vi) **The project's contribution (or expected contribution) to broad corporate goals**

A substantial and plausible contribution of the project to the achievement of corporate goals must be shown to merit a positive rating. As with the Contribution to Intended Outcomes, the rating reflects the project's incremental contribution to observed outcomes, regardless of whether the observed outcomes moved in the "right" or "wrong" direction. "Not Rated" is a possible rating when the project did not contribute to corporate goals beyond its intended outcomes, or evidence is missing or weak.

Rating Scale

4 – Highly Satisfactory: Considering its size, the project had substantial effects and contribution to the 2013-2022 Strategic goals, PSD strategy, industrialization strategy, and to the High 5s; as compared to alternatives and other financing options.
3 – Satisfactory: The project had positive effects and contribution to the 2013-2022 Strategic goals, PSD strategy, industrialization strategy, and to the High 5s; as compared to alternatives and other financing options (PuP or PSO only).
2 – Partly Unsatisfactory: The project had mixed effects in respect of the Bank's private sector development, with a lack of laws and regulations, or regulatory frameworks for procurement and contract management; and with no standards for corporate governance and business conduct.
1 – Highly Unsatisfactory: The project had substantial negative effects in respect of the Bank's mandate objectives of promoting private sector development in the absence of laws and regulations, or regulatory frameworks for procurement and contract management; or standards for corporate governance and business

2.3 **Unintended Outcomes (positive and/or negative)**

To be included, unintended outcomes must be truly unanticipated, attributable to the project, quantified, of significant magnitude, and at least well evidenced as the project's other outcomes. Where there unintended benefits, an assessment should be made of why these were not "internalized" through project restructuring by modifying the project's intended results. A substantial and plausible contribution of the project to the achievement of unanticipated outcomes must be shown to merit a positive rating. Positive impacts that are attributable to the project merit a positive rating; negative impacts that are attributable to the project merit a negative rating. The rating reflects the project's incremental contribution to observed outcomes, regardless of whether the observed outcomes moved in the "right" or "wrong" direction. "Not Rated" is a possible rating when there were no unintended outcomes or when evidence is missing or weak.

Rating Scale

4 – Highly Satisfactory: Considering its size, the project had substantial unintended positive effects/outcomes with no discernable negative unintended effects on markets, targeted beneficiaries or other stakeholders: employees, suppliers, competitors, and neighbors.
3 – Satisfactory: the project had good unintended positive unintended effects/outcomes with limited negative unintended effects/outcomes on markets, targeted beneficiaries or other stakeholders: employees, suppliers, competitors, and neighbors.
2 – Partly Unsatisfactory: The project had mainly unintended effects that negatively affected markets, targeted beneficiaries or other stakeholders: employees, suppliers, competitors, and neighbors, which have extensively jeopardized the effectiveness of the project.
1 – Unsatisfactory: The project had substantial unintended effects that have negatively affected markets, targeted beneficiaries or other stakeholders: employees, suppliers, competitors, and neighbors, which have completely jeopardized the effectiveness of the project.

3. EFFICIENCY

3.1 Project's financial and economic efficiency

The Efficiency assessment examines the project's financial and economic efficiency based on a comparison with appraisal projections and other performance indicators. Changes in performances should also be analyzed to show the incremental impact of the project, i.e., the costs and benefits compared to a without-project counterfactual or alternatives. The implementation efficiency will also be factored in.

Rating Scale
4 - Highly Satisfactory: The project was implemented as least cost compared to alternatives and had substantially exceeded the financial projections and/or financial indicators as set at appraisal as well as the cost unit rate norms (highly cost-effective) as compared to alternatives or without-project counterfactual.

3- Satisfactory*:* The project was implemented as least cost compared to alternatives and had exceeded the financial projections and/or financial indicators as set at appraisal, as well as the cost unit rate norms (cost-effectiveness) as compared to alternatives or the without-project counterfactual.
2- Partly **Unsatisfactory***:* The project was relatively costly compared to alternatives and well below the financial projections and/or financial indicators as set at appraisal, or the cost unit rate norms (cost-effectiveness) as compared to alternatives or the without-project counterfactual.
1* - Unsatisfactory:* The project was highly costly compared to alternatives and the actual financial projections or indicators may affect the sustainability or the continuity of the company.

3.2 Implementation Efficiency (Timeliness)

The timeliness of project implementation is based on a comparison between the planned and the actual period of implementation from the dates of effectiveness and disbursement. Significant delays or other implementation inefficiencies, including transaction costs would suggest a negative rating for Implementation Efficiency.

Rating Scale
4 – Highly Satisfactory: The ratio of planned preparation timeline, implementation time (as per PAR) and actual preparation timeline and implementation time from the date of effectiveness is expected to be >1, and the transaction cost (staff level of efforts-LOE) is judged adequate.
3 – Satisfactory: The ratio of planned preparation timeline, implementation time (as per PAR) and actual preparation timeline and implementation time from the date of effectiveness is expected to be 0.8 to 1, and the transaction cost (staff level of efforts-LOE) is judged mostly adequate.
2 – Partly Unsatisfactory: The ratio of planned preparation timeline, implementation time (as per PAR) and actual preparation timeline and implementation time from the date of effectiveness is expected to be 0.5=>0.8, and the transaction cost (staff level of efforts-LOE) is judged inadequate.
1 – Unsatisfactory: The ratio of planned preparation timeline, implementation time (as per PAR) and actual preparation timeline and implementation time from the date of effectiveness is expected to be <0.5, and the transaction cost (staff level of efforts-LOE) is judged highly inadequate.

4. SUSTAINABILITY

4.1 Sustainability of Outcomes

A positive rating requires strong evidence that the expected value of risks (technical, financial, economic, social, political, environmental, government ownership/commitment, other stakeholder ownership, institutional support, governance, and exposure to natural disasters) is moderate to low.

Rating Scale
4 - Highly Satisfactory: The expected value of risks (technical, financial, economic, social, political, environmental, government ownership/commitment, other stakeholder ownership, institutional support, governance, and exposure to natural disasters) is low, and the likelihood that changes may occur are not detrimental to the continuation of the project's results or expected results and outcomes.
3- Satisfactory*:* The expected value of risks (technical, financial, economic, social, political, environmental, government ownership/commitment, other stakeholder ownership, institutional support, governance, and exposure to natural disasters) is moderate to low, and the changes that may occur are not detrimental to the continuation of the project's results or expected results/outcomes.
2 – Partly Unsatisfactory*:* The expected value of risks (technical, financial, economic, social, political, environmental, government ownership/commitment, other stakeholder ownership, institutional support, governance, and exposure to natural disasters) is relatively high, and the changes that may occur are specifically detrimental to the continuation of the project's results or expected results/outcomes.
1 - Unsatisfactory*:* The expected value of risks (technical, financial, economic, social, political, environmental, government ownership/commitment, other stakeholder ownership, institutional support, governance, and exposure to natural disasters) is very high, and the changes that may occur are highly detrimental to the continuation of the project's results or expected results/outcomes.

4.2 Business/Commercial Sustainability

An expectation of continued commercial viability in projected market, and fiscal and financial conditions are required for a positive rating.

Rating Scale

4 – Highly Satisfactory*:* 1. Client company's adaptability and prospects for sustainability and growth including financial and economic or social returns are high- 2. Actual performance exceeds appraisal projections such that the project has demonstrably met its obligations to lenders and creditors and has yielded a premium return to its shareholders well in excess of that commensurate with the project risk- 3. The project's process and business goals articulated at approval are surpassed- 4. Performance indicators demonstrate clear outperformance against appraisal estimates- 5. Client PPP company's overall profitability and prospects for sustainability and growth are strong, such that it is expected to retain or achieve market-leading status.

3 – Satisfactory: 1. PPP company's adaptability and prospects for sustainability and growth including fiscal and financial returns are adequate. 2. Actual performance slightly exceeds or close to appraisal projections such that the project has met its obligations to lenders and creditors and has yielded a premium return to its shareholders in excess of that commensurate with the project risk. 3. The project's process and business goals articulated at approval are adequate or slightly surpassed.4. Performance indicators demonstrate clear outperformance against appraisal estimates. 5. The Client company's overall profitability and prospects for sustainability and growth are adequate, such that it is expected to compare with market-leading status.

2 – Partly Unsatisfactory: 1. Client company's adaptability and prospects for sustainability and growth including fiscal and financial returns are relatively inadequate. 2. Actual performance has lagged appraisal projections such that the project has hardly met its obligations to lenders and creditors, and the return to shareholders is less than that deemed minimally acceptable albeit at least equal to the cost of debt. 3. At least one of the project's process and business goals articulated at approval is not met. 4. Performance indicators have largely fallen short of appraisal estimates in one or more key areas. 5. The project company's prospects for sustainability and growth are relatively weak, such that it is struggling to remain competitive in relation to the market and sector peers.

1 – Unsatisfactory: 1. Client company's adaptability and prospects for sustainability and growth including financial, economic or social returns are completely inadequate and reliance on external support is the option. 2. Actual performance has lagged appraisal projections such that the project has failed to meet its obligations to lenders and creditors and/or has yielded a return to shareholders that is less than the cost of debt. 3. Most of the project's process and business goals articulated at approval are not met. 4. Performance indicators have fallen short of appraisal estimates in most of key areas. 5. The project company's prospects for sustainability and growth are weak or negative, such that it is clearly underperforming in relation to the market and sector peers.

4.3 Compliance to Safeguards, Environmental and Social Performance

Rating Scale

4 – Highly Satisfactory: The Client company meets both the Bank's at-approval requirements (including implementation of an ESAP, depending on the environmental categorization of the project) and the Bank's at-evaluation requirements, and the extent of environmental and social change/impacts: (i) goes beyond the expectations of the ESAP and key environmental and social requirements, or (ii) have materially improved overall environmental and social performance, or (iii) have contributed to a significant improvement in the environmental and social performance of local (suppliers or competitors) companies e.g., by raising industry standards, acting as a good practice example, etc..

3 – Satisfactory: The Client Company is in material compliance with the Bank's at-approval requirements (including implementation of an ESAP, depending on the environmental categorization of the project. Environmental and social change/impacts: (i) meet the expectations of the ESAP and key environmental and social requirements, or (ii) have improved the overall environmental and social performance, or (iii) have contributed to a material improvement in the environmental and social performance of local (suppliers or competitors) companies e.g., by raising industry standards, acting as a good practice example, etc.

2 – Partly Unsatisfactory: Both: (a) the company is not in material compliance with the Bank's at-approval requirements, and the ESAP is only partially implemented. Environmental and social change/impacts: (i)

do not meet the expectations of the ESAP and key environmental and social requirements, and (ii) have not improved the overall environmental and social performance, and (iii) have not contributed to an improvement in the environmental and social performance of local (suppliers or competitors) companies e.g., by raising industry standards, acting as a good practice example, etc. However, the company is addressing deficiencies through ongoing or planned actions; and (b) such non-compliance has not resulted in environmental damage.
1 – Unsatisfactory: Both: (a) the company is not in material compliance with the Bank's at approval requirements (including implementation of an ESAP, if any). Environmental and social change/impacts: (i) don' totally meet the expectations of the ESAP and key environmental and social requirements, and (ii) have not contributed to an improvement or harmed the environmental and social performance of local (suppliers or competitors) companies e.g., by raising industry standards, acting as a good practice example, etc; and (b) mitigation prospects are uncertain or unlikely, or non-compliance resulted in substantial and permanent environmental damage.

4.4 Institutional sustainability and strengthening of capacities

For a positive rating, material effects must be demonstrated for institutional capacities strengthening- including for example through the use of procurement and contract management best practices, improved governance or skills, procedures, incentives, structures, or institutional mechanisms.

Rating Scale

4 – Highly Satisfactory: Considering its size, the Bank capacity strengthening had: i) substantial positive effects on procurement and contract management procedures, governance and skills improvements, structures, or institutional mechanisms; and/or ii) highly improved the Client's capacity to conduct procurement, contract management and NSO transaction implementation.
3 – Satisfactory: The Bank capacity strengthening had: i) good positive effects on procurement and contract management procedures, governance and skills improvements, structures, or institutional mechanisms; and/or ii) improved the Client's capacity to conduct procurement, contract management and NSO transaction implementation.
2 – Partly Unsatisfactory: The Bank capacity strengthening had no effects on procurement and contract management procedures, governance and skills improvements, structures, or institutional mechanisms; nor improved the Client capacity to improve procurement, contract management and NSO transaction implementation, which have extensively jeopardized the effectiveness and sustainability of the project.
1 – Unsatisfactory: The Bank capacity strengthening had no effects on procurement and contract management procedures, governance and skills improvements, structures, or institutional mechanisms; nor improved the Client's capacity, which have extensively jeopardized the sustainability of the project.

4.5 Ownership and Sustainability of Partnerships (for PPP projects)

For a positive rating, the involvement of relevant PPP stakeholders promoted a sense of ownership amongst the Government (central and sector ministries) and had put in place effective partnership with relevant stakeholders (e.g. Private sector company, local authorities, beneficiaries, CSOs, donors) as required for the sustainability of public private partnerships.

4 – Highly Satisfactory: The project has strongly and effectively involved relevant stakeholders, promoted ownership amongst the Government and put in place effective partnership with relevant stakeholders (e.g. Private sector company, local authorities, beneficiaries, CSOs, donors).
3 – Satisfactory: The project had satisfactorily involved relevant stakeholders, promoted ownership amongst the Government and attempted to put in place effective partnership with relevant stakeholders (e.g. Private sector company, local authorities, beneficiaries, CSOs, donors).
2 – Partly Unsatisfactory: The project has partly involved relevant stakeholders, with low demonstrated or transparent effort to put in place an effective partnership with relevant stakeholders (e.g. Private sector company, local authorities, beneficiaries, CSOs, donors) which may affect the sustainability of the partnership.

1 – Unsatisfactory: The project has not involved relevant stakeholders, nor demonstrated effort to put in place an effective partnership with relevant stakeholders (e.g. Private sector company, local authorities, beneficiaries, CSOs, donors) which has affected the sustainability of the partnership.

5. Cross-Cutting Issues

A positive rating must be allocated in the case of substantial and plausible evidenced contribution of the project to inclusive growth with increased accessibility of the poor and disadvantaged population to social and economic goods and services or infrastructure including equality for gender and youth employment, transition to green economy, if not already taken into consideration in assessing projects contribution to intended or corporate goals. "Not Rated" is a possible rating when the project did not contribute to these cross cutting issues beyond its intended outcomes, or evidence is missing.

Rating Scale

4 – Highly Satisfactory: The project had significantly contributed to inclusive growth with increased accessibility of the poor and disadvantaged population to social and economic services or infrastructure including equality for gender and youth employment, and transition to green economy.
3 – Satisfactory: The project had determinately contributed to inclusive growth with increased accessibility of the poor and disadvantaged population to social and economic services or infrastructure including equality for gender and youth employment, and transition to green economy which positively affected its effectiveness.
2 – Partly Unsatisfactory: The project had no discernable contribution to inclusive growth with increased access of the poor and disadvantaged population to social and economic services or infrastructure including equality for gender and youth employment, and transition to green economy, which had relatively affected its effectiveness.
1 – Unsatisfactory: The project had no discernable contribution to inclusive growth with very limited access of the poor and disadvantaged population to social and economic services or infrastructure including equality for gender and youth employment, and transition to green economy, which had highly affected its effectiveness.

6. Overall Development Outcome

The development outcome rating summarizes the impact of the NSO project on the development of the host country or region, and implicitly the extent to which the project has contributed to fulfilling the Bank's mandate of economic development and contribution to inclusive and sustainable economic growth and poverty alleviation in regional member countries. The rating is a synthesis of the ratings of five sub-dimensions namely: Relevance; Business Success - financial performance and fulfilment of project objectives; Economic Sustainability; Environmental and Social Performance and Contribution to Private Sector Development. The rating is on a six-point scale. For positive rating of the development outcome, the NSO should exceed at least 3 highly satisfactory or satisfactory sub- criteria.

6 – Highly Satisfactory: The NSO is highly relevant and has efficiently achieved its development outcome with highly likely sustainability of outcomes including Business/Commercial and institutional sustainability and substantial contribution to inclusive and sustainable economic growth, in full compliance with the integrated environmental and social safeguards.
5 – Satisfactory: The NSO is highly relevant and has efficiently achieved its development outcome, with satisfactory financial and economic efficiency and likely sustainability of outcomes including Business/Commercial and institutional sustainability and contribution to inclusive and sustainable economic growth in full compliance with the integrated environmental and social safeguards.
4 – Moderately Satisfactory: The NSO is relevant and has moderately achieved its development outcome, with satisfactory financial and economic efficiency and most likely sustainability of outcomes including Business/Commercial Sustainability, institutional sustainability and contribution to inclusive and sustainable economic growth in full compliance with the integrated environmental and social safeguards.
.3 – Moderately Unsatisfactory: The NSO is mostly relevant and has moderately achieved its development outcome, with moderate financial and economic efficiency but insufficient sustainability of outcomes mainly

of Business/Commercial Sustainability, institutional sustainability and contribution to inclusive and sustainable economic growth in most compliance with the integrated environmental and social safeguards.
2 – Unsatisfactory*:* The NSO shows unsatisfactory relevance and achievement of its development outcome, with unsatisfactory financial and economic efficiency as well as unsatisfactory sustainability of outcomes of Business/Commercial Sustainability, institutional sustainability and contribution to inclusive and sustainable economic growth and insufficient compliance with the integrated environmental and social safeguards.
.**1 – Highly Unsatisfactory:** The NSO shows unsatisfactory relevance and highly unsatisfactory achievement of its development outcome, unsatisfactory financial and economic efficiency as well as unsatisfactory sustainability of outcomes of Business/Commercial, institutional sustainability and less than satisfactory contribution to inclusive and sustainable economic growth and compliance with the integrated environmental and social safeguards.

7. Bank Performance

Measures the extent to which the Bank identified, facilitated preparation of, and appraised the PPP operation such that it was most likely to achieve its planned outcomes and was additional and consistent with the Bank's fiduciary role.

7.1 Quality at Entry & Additionality

For a positive rating, the Bank should have materially met its operational standards in these areas, and there were no significant shortcomings in project results due to the Bank's performance at project entry.

Rating Scale

4 – Highly Satisfactory: The Bank should have exceeded its prescribed operational procedures such that it has established an outstanding quality at entry and additionality assessment. Alternatively, NSO results and/or Bank investment profitability can be directly and unambiguously attributed to the Bank's quality at entry structuring, with fair allocation of risks and responsibilities consistent with its fiduciary role.
3 – Satisfactory: The Bank should have materially met its prescribed operational procedures and quality standards consistent with its fiduciary role. The Bank should have kept itself sufficiently informed to react in a timely manner to any material change in the project and/or company's design and readiness for effective implementation with timely action where needed.
2 – Partly Unsatisfactory*:* The Bank fell short of its prescribed operational procedures and quality standards in more than one aspect of its monitoring and supervision of the project and associated investment. However, such shortfall(s) have not had a material and significant effect on the project's development quality.
1 – Unsatisfactory: The Bank fell short of its prescribed operational procedures and quality standards in one or more aspects of its monitoring and supervision of the project and associated investment. As a direct consequence of such shortfall(s), there has been a material, detrimental effect on the project's development quality.

7.2 Quality of administration, Supervision and M&E

For a positive rating, the Bank should have materially met its operational standards in these areas, and there were no significant shortcomings in project development results due to the Bank's supervision performance.

Rating Scale

4 – Highly Satisfactory: The Bank should have exceeded its prescribed operational procedures such that it has established an outstanding quality monitoring and supervision of the project and associated investments. Alternatively, project development outcome and/or Bank investment profitability can be directly and unambiguously attributed to the Bank's execution of its monitoring and supervision responsibilities.

3 – Satisfactory: The Bank should have materially met its prescribed operational procedures and quality standards in its monitoring and supervision of the project and associated investment, following its commitment. The Bank should have kept itself sufficiently informed to react in a timely manner to any material change in the project and/or company's performance (or any event or circumstance that could be the basis for a claim under a Bank's guarantee) and have taken timely action where needed.
2 – Partly Unsatisfactory*:* The Bank fell short of its prescribed operational procedures and quality standards in more than one aspect of its monitoring and supervision of the project and associated investment. However, such shortfall(s) have not had a detrimental effect on the project's development quality and/or Bank investment profitability.
1 – Unsatisfactory: The Bank fell short of its prescribed operational procedures and quality standards in one or more aspects of its monitoring and supervision of the project and associated investment. As a direct consequence of such shortfall(s), there has been a significant, detrimental effect on the project's development quality and/or Bank investment profitability.

8. Client Performance

8.1 Non-Financial Performance of the Company

For a positive rating, the Client company is in material compliance with relevant country regulations and Bank's requirements with outstanding corporate social responsibilities.

Rating Scale

4 – Highly Satisfactory: The Company met extensively relevant country regulations and Bank's requirement/conditions including its corporate social responsibilities. Alternatively, project development quality can be directly attributed to the client's non-financial performance.
3 – Satisfactory: The Company met relevant country regulations and Bank's requirement/conditions including its corporate social responsibility. Alternatively, project development quality can be directly attributed to the company which has taken timely action where needed.
2 – Partly Unsatisfactory*:* The company fell short of all country regulations and/or requirements/conditions including its corporate social responsibilities. However, such shortfall(s) have not had a detrimental effect on the project's development quality and/or Bank investment profitability.
1 – Unsatisfactory: The company fell short of all country regulations and Bank requirements/conditions including its corporate social responsibilities. As a direct consequence of such shortfall(s), there has been a material, detrimental effect on the project's development quality and/or Bank investment profitability.

8.2 Client Performance

For a positive rating, there were at most moderate shortcomings in the performance of the Client or its implementing agency.

4 – Highly Satisfactory: The Client and its implementing agencies should have exceeded the quality of preparation and implementation of the transaction while extensively complying with covenants and agreements; and ensured ownership and commitment towards the achievement of intended outcomes in full compliance with Bank's environmental and social safeguards. Alternatively, project development quality can be directly and unambiguously attributed to the Client company.
3 – Satisfactory: The Client and its implementing agencies should have materially met the quality standards for the preparation and implementation of the transaction while complying with covenants and agreements; and ensuring ownership and commitment towards the achievement of the intended outcomes in full compliance with Bank's environmental and social safeguards. The Client and its implementing agencies should have reacted in a timely manner to any material change in the project and/or company's performance and have taken timely action where needed.
2 – Partly Unsatisfactory*:* The Client and its implementing agencies fell short of meeting the quality standards for the preparation and implementation of the transaction while not fully complying with covenants and agreements including the compliance with the Bank's environmental and social safeguards. The Client and its implementing agencies have not reacted in a timely manner to any material change in the

project and/or company's performance. As a direct consequence, such shortfall(s) have had a material effect on the project's development quality.

1 – Unsatisfactory: The Client and its implementing agencies fell short of meeting the quality standards for the preparation and implementation of the transaction while not complying with covenants and agreements including the compliance to the Bank's environmental and social safeguards. The Client and its implementing agencies have not reacted to any material change in the project and/or company's performance. As a direct consequence, such shortfall(s) have had a detrimental effect on the project's development quality.

9. Bank Investment Profitability

For a positive rating, the net profit contribution is sufficient relative to the Bank's target return on capital or overall profitability objectives. Detail by type of operation is contained in Private GPS OPs 20.2 – 20.5.

Rating Scale

4 - Highly Satisfactory: By virtue of the size of investment/loan, its performance or the presence of income-enhancement features, either: (a) the investment/loan net profit contribution exceeds the Bank's target return on capital employed or overall profitability objectives by a factor of 1.25x; or (b) the loan is expected to be paid, or has been paid, as scheduled, and will yield a premium return in comparison to other Bank loans of a similar credit risk.

3- Satisfactory*:* Either: (a) the loan's net profit contribution is superior in relation to the Bank's target return on capital employed or overall profitability objectives; or (b) the loan is expected to be paid, or has been paid, as scheduled and has yielded the full margin return originally expected during appraisal.

2 – Partly Unsatisfactory*:* Either: (a) the loan's net profit contribution falls short of the Bank's target return on capital employed or overall profitability objectives, but there is no expected loss of principal; or (b) the Bank carries modest, non-specific loss reserves (for example due to country conditions) that are not directly related to the loan.

1- Unsatisfactory*:* Either: (a) the Bank has incurred loss of loan principal or carries specific loss reserves against the loan; or (b) the loan is in non-accrual status or has been rescheduled such that the Bank does not expect to recover its full funding cost, or the Bank has established specific loss reserves, or the loan has been or is expected to be wholly or partially converted to equity as a consequence of its non-performing status.

Appendix 11. Indicative Outline of the 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, as well as the potential improvement of Bank's contribution to the Economic and Social conditions in MICs, LICs and Fragile States (Development Impact). In particular, the Technical Report will include the assessment of: (i) the relevance of the organizational set-up and coordination mechanism to accompany the necessary change of PSD Bank's business and delivery models and PSD Strategy implementation in line with the DBDM finetuning and the "One Bank" Concept; ii) the efficiency of origination and handling processes and procedures for quality at entry, portfolio quality management, monitoring and evaluation, managing for results and coordination mechanisms in the context of "One Bank" approach, in line with the Bank GCI-VII and ADF-15 replenishments, and the High 5s, (iii) the development effectiveness of Bank's NSO support to private sector with a set of new lessons to be learned and forward looking recommendations in support of RMCs sustainable development results (SDGs); (iv) the capitalization of cumulative tacit knowledge in support of private sector with enhanced and focused/streamlined policy dialogue, advice and delivery; and (v) the consolidation of Bank's comparative advantage as a partner of choice for PSD in Africa.

<u>Indicative Outline</u>

Executive Summary
1- **Introduction**
2- **Background and Context**
3- **Purpose and Objectives**
4- **Scope, Coverage and Limitations**
5- **Evaluation Approach and Methodology**
6- **Portfolio Performance Analysis**
7- **Relevance of the organizational set-up and coordination mechanism**
8- **Efficiency of NSO processes and procedures and coordination mechanisms**
9- **Development effectiveness of Bank's NSOs**
10- **Bank's Adaptive solutions to Africa Market Development** (Clients' engagement, PSD constraints and challenges for inclusive green growth, climate change, SDGs, Regional Integration and to SDGs/Poverty Reduction Nexus in Africa) **and Comparative Advantage**
11- **Conclusions, Lessons and Recommendations**

Appendix 12. Indicative Outline of the CODE Evaluation Summary Report

The CODE Evaluation Summary Report presents an overview of the assessment and analysis that will inform the implementation action plan of the 2021-2025 PSD, as well as the potential improvement of Bank's contribution to the Economic and Social conditions in MICs, LICs and Fragile States (Development Impact) and SDGs. In particular, the Summary Report will include the assessment of: (i) the relevance of the organizational set-up and coordination mechanism to accompany the necessary change of PSD Bank's business and delivery models and PSD Strategy implementation in line with the DBDM finetuning and the "One Bank" Concept"; ii) the efficiency of origination and handling processes and procedures for quality at entry, portfolio quality management, monitoring and evaluation, managing for results and coordination mechanisms in the context of "One Bank" approach, in line with the Bank GCI-VII and ADF-15 replenishments, and the High 5s, (iii) the development effectiveness of Bank's private sector support with a set of new lessons to be learned and forward looking recommendations in support of RMCs sustainable development results (SDGs); ((iv) the capitalization of cumulative tacit knowledge in support of PSD with enhanced and focused/streamlined policy dialogue, advice and delivery; and (v) the consolidation of Bank's comparative advantage as a partner of choice for PSD in Africa.

Indicative Outline

Executive Summary
1- Introduction
2- Background and Context
3- Purpose and Objectives, Scope, Coverage and Limitations
4- Evaluation Methodology
5- NSO Portfolio Performance Analysis
6- Relevance of Bank's NSO Organizational Set Up and Benchmarking
7- Efficiency of NSO processes and procedures and coordination mechanisms
8- Effectiveness of Bank's NSOs in achieving Development Outcomes
9- Bank's Adaptive solutions to Africa Market Development
10- Conclusions, Lessons and Recommendations

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