



Technical Assistance Report

Project Number: 48909-001
Regional—Capacity Development Technical Assistance (R-CDTA)
December 2014

Measuring the Development Effectiveness of Private Sector Operations

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

ABBREVIATIONS

| | | |
|------|---|--------------------------------------|
| ADB | – | Asian Development Bank |
| DMC | – | developing member country |
| DMF | – | design and monitoring framework |
| IFI | – | international finance institution |
| NSO | – | nonsovereign operations |
| PSO | – | private sector operations |
| PSOD | – | Private Sector Operations Department |
| TA | – | technical assistance |

NOTE

In this report, "\$" refers to US dollars.

| | |
|-------------------------|---|
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CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

| 1. Basic Data | | Project Number: 48909-001 | |
|--|--|--------------------------------------|------------------------|
| Project Name | Measuring the Development Effectiveness of Private Sector Operations | Department /Division | PSOD/PSOC |
| Country | REG, ARM, BAN, PRC, IND, INO, PAK | Executing Agency | Asian Development Bank |
| Borrower | | | |
| 2. Sector | Subsector(s) | ADB Financing (\$ million) | |
| ✓ Energy | Energy efficiency and conservation | | 0.20 |
| Agriculture, natural resources and rural development | Agricultural production | | 0.20 |
| Education | Tertiary | | 0.20 |
| Finance | Inclusive finance | | 0.20 |
| Health | Health care finance | | 0.20 |
| Water and other urban infrastructure and services | Urban water supply | | 0.20 |
| Total | | | 1.20 |
| 3. Strategic Agenda | Subcomponents | Climate Change Information | |
| Inclusive economic growth (IEG) | Pillar 1: Economic opportunities, including jobs, created and expanded | Climate Change impact on the Project | Low |
| Environmentally sustainable growth (ESG) | Urban environmental improvement | | |
| Regional integration (RCI) | Pillar 4: Other regional public goods | | |
| 4. Drivers of Change | Components | Gender Equity and Mainstreaming | |
| Governance and capacity development (GCD) | Client relations, network, and partnership development to partnership driver of change | Some gender elements (SGE) | ✓ |
| Knowledge solutions (KNS) | Institutional development | | |
| Partnerships (PAR) | Application and use of new knowledge solutions in key operational areas | | |
| | Knowledge sharing activities | | |
| Private sector development (PSD) | Pilot-testing innovation and learning | | |
| | Bilateral institutions (not client government) | | |
| | Implementation | | |
| | International finance institutions (IFI) | | |
| | Private Sector | | |
| | Promotion of private sector investment | | |
| 5. Poverty Targeting | Location Impact | | |
| Project directly targets poverty | No | Regional | High |
| 6. TA Category: | B | | |
| 7. Safeguard Categorization | Not Applicable | | |
| 8. Financing | | | |
| Modality and Sources | | Amount (\$ million) | |
| ADB | | 1.20 | |
| Non-Sovereign Capacity development technical assistance: Technical Assistance Special Fund | | 1.20 | |
| Cofinancing | | 0.00 | |
| None | | 0.00 | |
| Counterpart | | 0.99 | |
| Others | | 0.24 | |
| Project Sponsor | | 0.75 | |
| Total | | 2.19 | |

CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

9. Effective Development Cooperation

| | |
|--|----|
| Use of country procurement systems | No |
| Use of country public financial management systems | No |

I. INTRODUCTION

1. The Asian Development Bank (ADB) is committed to helping its developing member countries (DMCs) improve social and economic mobility, reduce poverty, and move economies toward sustainable patterns of production. Although many private sector companies have come to value sustainable development, they vary in their capacity to adopt socially and environmentally responsible business processes and make these a part of their key performance metrics. When development results¹ are shown to add value to core business operations, they can be a powerful tool for continuing interest and investment in these by the private sector.² Since 2009, ADB has increased its efforts to systematically capture the development results of its private sector operations (PSO).³ This includes monitoring results against well-defined indicators and targets. This technical assistance (TA) goes further in improving the capacity for capturing not only the direct but also the indirect development results of PSO. The design and monitoring framework (DMF) is listed in Appendix 1.⁴

II. ISSUES

2. Development is ultimately about all people attaining a basic standard of living, but this is a complex socioeconomic and political process. The intergenerational choices involved are aptly reflected in the United Nations definition of sustainable development as development “that meets the needs of the present without compromising the ability of future generations to meet their own needs.”⁵ One of the stark development challenges common to ADB’s region of operations is non-income inequality in reliable access to basic services such as clean water, electricity, health care, insurance, and education—even by those who can pay for these. This problem persists despite a reduction in absolute poverty from 26.9% in 2005 to 20% in 2010 and the expected graduation of all of ADB’s DMCs except Afghanistan and Nepal to middle-income status by 2020.⁶ Another troubling development has been widening income inequalities. These inequities exacerbate social and economic discontent, especially in countries with high levels of youth unemployment, and are likely to worsen as populations grow. Furthermore, the continuation of gross domestic product growth strategies that neglect environmental costs such as air and water pollution are proving detrimental to the long-term well-being of the region’s citizens, especially low-income households.

3. Some of these development challenges were highlighted in the 2014 midterm review of ADB’s Strategy 2020, which in 2008 made inclusive growth and environmentally sustainable growth, two of ADB’s three interrelated strategic agendas. The midterm review also noted slowing economic growth in the region and the vulnerability of people to slip back into poverty, as a result of irreversible climate related damage to resources.

¹ ADB’s private sector operations seek specific development results: (i) private sector development; (ii) business success (including financial success); (iii) economic sustainability; and (iv) environment and social protection, and promotion of health and safety.

² For instance, improving the assessment of the credit risk of small and medium-sized enterprises by basing it on cash flow rather than collateral can not only improve access to finance for small enterprises but also create a new market segment for the lending institution.

³ ADB. 2009. *Development Effectiveness Report – Private Sector Operations*. Manila.

⁴ The TA first appeared in the business opportunities section of ADB’s website on 6 November 2014.

⁵ The World Commission on Environment and Development. 1987. *Our Common Future*. Oxford. Oxford University Press. <http://www.un-documents.net/ocf-02.htm>

⁶ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

4. In this context, ADB must demonstrate an ability not only to identify the vulnerable and their vulnerabilities, but also to offer innovative, cost-effective solutions to these lingering development problems that are well thought out. To help do this, alongside public sector financing, the midterm review commits ADB to increase focus on private sector development, invest more in private sector operations, and “measure progress and results in reducing poverty and increasing inclusion.”⁷ In 2013, ADB’s Independent Evaluation Department undertook a thematic evaluation of the contribution of ADB’s PSO to inclusive and environmentally sustainable growth. The report concluded that in addition to targeting the poor with subsidies to improve affordability, a valid inclusion approach is to increase access of low-income households to essential goods and services from the private sector. The report also recommended that ADB improve its analysis of its direct and indirect contributions to inclusive growth and of the causal pathways of these contributions at the project and country levels.⁸

5. At present all PSO have DMFs that clearly identify intended technical, economic, financial, and social development results. All private sector clients are increasingly being required to provide information on performance against DMF indicators and targets. ADB publishes an annual development effectiveness report to highlight successes and areas needing improvement.⁹ However, the data for this report mainly comes from extended annual review reports—i.e., from ADB’s project completion reports—and a clear need exists for technical support to capture PSO development results more regularly. Data is also needed to evaluate which strategies worked well and which were less effective. Since the development effectiveness of PSO can be enhanced by effective government policies and the business operating environment, there is a need to also review situations where interventions have been more or less effective because of these factors. The TA therefore seeks to strengthen three areas.

6. First, ADB’s private sector clients need support in collecting and analyzing data on some results indicators that they usually do not report on. At other times, clients face practical obstacles to providing such data. For instance, clients continue to win concessions after approval of the report and recommendation of the President for a PSO, and this means that baseline socioeconomic data at these geographic locations, along with data on operational performance has to be collected during implementation. As a result of these and other factors current data gaps include the following:

- (i) small and medium-sized enterprise finance (gender disaggregation of loan applicants, the types of loans acquired, the performance of borrowers, growth of small and medium-sized enterprises, and new jobs created);
- (ii) education (job placement of graduates of different degree programs from a private university);
- (iii) water supply (poor and low-income beneficiaries and the benefits of improved water quality standards);

⁷ Footnote 6, para 83.

⁸ ADB. 2013. *Learning Lessons Series: Enhancing the contribution of the Private Sector to Inclusive and Environmentally Sustainable Growth*. Manila. <http://www.adb.org/documents/learning-lessons-enhancing-contribution-private-sector-inclusive-and-environmentally>

⁹ ADB. 2014. *Development Effectiveness Report 2013: Private Sector Operations*. Manila. <http://www.adb.org/documents/development-effectiveness-review-2013-report>

- (iv) health (reduction in the cost of services, improved access by rural and periurban households, and improved quality of services);
- (v) agribusiness (improvement in productivity, real increases in household incomes, and safe working conditions);
- (vi) off-grid renewable energy (access to and cost of electricity resulting from PSO and the auxiliary local businesses created along the value chain, e.g., for repairs and maintenance); and
- (vii) housing finance (affordability of new facilities).

7. Second, the indirect or secondary effects of PSO are often more far-reaching than the direct effects and need to be captured. For instance, while the direct employment created by modern power infrastructure may be small, thousands of jobs are created by the companies that use the power. Similarly, investee companies of private equity funds will likely create more jobs than the direct jobs created at the equity fund.

8. Third, the PSO results data needs to be made comparable. Many international development finance institutions are collecting data from their clients, but the indicator definitions—of full employment, for example—and the data collection methods they use often differ and so cannot be compared. International finance institutions (IFIs) have recognized this, and in October 2013, 25 of them harmonized the first set of quantitative indicators. Further steps are now needed to harmonize qualitative indicators and conversion factors. Joint work is also needed in such areas such as impact investing, inclusive growth, and inclusive business. Making data comparable will have knock-on effects such as increasing efficiency through shared data analysis by cofinanciers of PSO and reducing multiple reporting by clients.

III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The impact of the TA will be greater development effectiveness of ADB's PSO. This will be measured by indicators that track (i) improvements in results on important socioeconomic criteria such as affordability, cost of service delivery, skills development, and technological enhancements, and (ii) the overall success rate of non-sovereign operations.

10. The outcome of the TA will be improved capacity of private sector clients in measuring and communicating the development results of PSO. The outputs will be (i) better quality information on the direct and indirect effects of PSO, (ii) harmonized development results and indicators for PSO and, (iii) PSO knowledge disseminated. The TA will help ADB PSO clients create baseline data, monitor progress, and report on results. Under output 1, in addition to establishing monitoring systems, ADB's Private Sector Operations Department (PSOD) is participating in a global partnership, called Let's Work, to understand the main constraints on job creation and how best to create more and better private sector jobs, including via value chains.¹⁰ Work being undertaken by this partnership will (i) include studies that deepen understanding of how PSO can contribute to direct and indirect job creation in the real economy¹¹ and financial markets, and (ii) develop methodological tools to measure expected results. Under output 2, PSOD is working with more than 25 IFIs to agree on core indicators and common definitions. For output 3, PSOD will work closely with ADB's regional departments

¹⁰ The partnership, called Let's Work (<http://www.letswork.org>) was launched as a follow-up to a 2013 IFC jobs study.

¹¹ The industries to be studied include automotive and agribusiness.

and the Regional and Sustainable Development Department in the development of knowledge products from these studies. This will be an example of the one-ADB approach in the area of private sector development and PSO.¹²

B. Methodology and Key Activities

11. To achieve output 1, the TA will identify 15 projects where consultants will work with the private sector clients to collect data for due diligence, monitor implementation, and/or undertake self-assessment. Some of the risks to completing this exercise relate to possible difficulties in obtaining beneficiary data that may be confidential by law—for example, regarding clients of banks. The consultants are expected to recommend practical and cost-effective methodologies for data collection and analysis that ADB's private sector clients can continue to use. For the studies to be undertaken under the Let's Work partnership, the methodologies will include input and output analysis, production functions, and micro case studies. The activities for delivering output 2 will include collation and comparison of IFI indicators and recommendations for the harmonization of definitions. Key activities for output 3 will include converting the TA findings into blogs, policy briefs, and opinion editorials.

C. Cost and Financing

12. The TA is estimated to cost \$2.19 million, of which \$1.2 million will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources), and \$240,000 will be contributed by other IFIs for output 2. The private sector clients will contribute in-kind support in terms of staff and resources for \$750,000 for 15 projects. For output 1, \$980,000 has been allocated. Of this amount, PSOD will sign an administration agreement with the International Finance Corporation for the use of \$250,000 to undertake studies under the Let's Work partnership,¹³ and utilize the remaining \$730,000 for monitoring and assessment activities. For output 2, the TA will fund up to \$40,000 for four harmonization exercises, covering consultations and report preparation. For output 3, \$105,000 has been allocated for reports, communications and seminars. A further amount of \$15,000 has been allocated for administration costs and \$60,000 for contingencies, within the overall TA costs. The cost estimates and financing plan is in Appendix 2.

D. Implementation Arrangements

13. The TA will be initiated in January 2015, and implemented in a phased manner until December 2018. The three outputs have separate implementation arrangements. ADB will be the executing agency for the capacity development component under output 1. ADB will recruit a consulting firm for services using quality- and cost-based selection, with a quality-cost ratio of 80:20. For the Let's Work partnership activities under output 1, the International Finance Corporation is serving as the secretariat (Appendix 3). Participating IFIs will nominate countries

¹² For instance, the one-ADB approach for knowledge products is reflected in one or more of the following: (i) The ADB operation and knowledge product was delivered through active collaboration within ADB (departments, resident missions, DMCs, specialized knowledge departments or communities of practice. (ii) The ADB operation and knowledge products and services differed significantly from previous interventions and offers new insights for the rest of ADB and DMCs. The recommendations of this knowledge solution were (or are) actually applied in the DMC or by the target client. (iii) The knowledge products and services have made a significant knowledge contribution to emerging and medium-term issues in the Asia and Pacific region. (iv) The reach of these knowledge products and services significantly raised ADB's prominence in this sector, theme, or subject.

¹³ All other members participating in this partnership will also be contributing at least similar amounts as ADB.

and projects for the studies to the steering committee for approval.¹⁴ A study on the job effects of IFI interventions in the energy sector in the Philippines is scheduled to be the first to get under way in Asia and the Pacific. PSOD will work closely with ADB's Economics and Research Department, as well as with country and sector economists to ensure the studies undertaken are of relevance to ADB's operations. PSOD is represented on the steering committee of the partnership and is part of the technical working group for infrastructure.

14. To achieve output 2, the Inter-American Development Bank is currently leading a harmonization study on qualitative indicators. It will be the implementing agency for this output and will receive up to \$10,000 under the TA. ADB may be requested by IFIs to act as the executing agency for future harmonization work. For output 3, the development effectiveness team in PSOD will work with the Department of External Relations and hire consultants as needed to convert findings under outputs 1 and 2 and from ADB PSO into knowledge products, using such communications media as blogs, seminars, brown bags, publications, opinion editorials, and policy briefs.

15. ADB will be the executing agency for output 3. ADB will engage individual consultants for the work, mainly because (i) all consultants will work separately and be responsible for specific deliverables and geographic coverage, and (ii) the expertise is specialized and localized and therefore difficult to source from a single firm. The selection and hiring of the TA consultants and their services will conform to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). All consulting services under the TA will be engaged on output-based lump sum contracts. Disbursements under the TA will be done according to ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). Terms of reference for the consultants are given in Appendix 3. The TA will be closed and a project completion report prepared by PSOD by 31 December 2019.

IV. THE PRESIDENT'S DECISION

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$1,200,000 on a grant basis for Measuring the Development Effectiveness of Private Sector Operations, and hereby reports this action to the Board.

¹⁴ Once the research program is finalized, specific technical working groups will prepare the terms of reference for consultants and supervise the quality of deliverables.

DESIGN AND MONITORING FRAMEWORK

| Design Summary | Performance Targets and Indicators with Baselines | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|--|--|---|---|
| <p>Impact Greater development effectiveness of ADB's private sector operations</p> | <p>Success rates of NSO reach at least 72% (2020) from 67% (2013)</p> <p>At least 40% of PSOD clients in the portfolio submit monitoring data on a semiannual basis by 2023, compared with 20% in 2013 on development results such as (i) quality of services, (ii) cost of service delivery, (iii) technology enhancements, (iv) access to goods and services by low-income households, (v) commercial and economic viability, (vi) skills development, (vii) real incomes and/or expenditures, and (viii) SME growth</p> | <p>SPD data on project success rates; IED evaluations</p> <p>Private sector client data</p> <p>ADB portfolio systems</p> <p>Independent studies</p> <p>Development effectiveness monitoring reports</p> | <p>Assumptions Development effectiveness results from the TA inform NSO financing and portfolio management decisions.</p> <p>PSOD has close working relationship with the regional departments. Better evidence for development results helps improve PSO performance.</p> <p>Risk Supportive public policies for private sector operations are under development or are not fully implemented in DMCs.</p> |
| <p>Outcome Improved capacity of private sector clients for measuring and communicating the development results of PSO</p> | <p>At least 15 PSOD clients establish cost-effective monitoring systems by 2019.</p> <p>At least 12 PSOD clients track development results using the methodologies established under the TA by 2019.</p> <p>At least 10 PSOD clients use social media, websites, and publications to communicate their development results to shareholders and the public from 2018 onwards.</p> | <p>Sponsor reports</p> <p>Development effectiveness monitoring reports</p> <p>TA reports</p> | <p>Assumption Private sector clients adopt practical and cost-effective monitoring and communications strategies.</p> <p>Risk Weak data quality and/or data integrity</p> |
| <p>Outputs</p> <p>1. Better quality information on the direct and indirect effects of PSO</p> | <p>Capacity building:</p> <p>Baseline, monitoring, and end line data for 15 priority projects available during 2016–2018. Indicative sectors are (i) agribusiness,</p> | <p>Consultants' reports</p> <p>Development effectiveness monitoring schedules</p> | <p>Assumptions Participating IFIs and private sector clients and development partners cooperate fully with consultants.</p> |

| Design Summary | Performance Targets and Indicators with Baselines | Data Sources and Reporting Mechanisms | Assumptions and Risks |
|--|---|--|--|
| <p>2. Harmonized development results and indicators for PSO</p> <p>3. PSO knowledge disseminated</p> | <p>(ii) health, (iii) education, (iv) microinsurance and microfinance, (v) water supply, (vi) small-scale renewable energy, and (vii) housing.</p> <p>Let's Work partnership:</p> <p>At least 2 large infrastructure projects and 2 financial sector projects assessed with cofinancing partners, including development partners, for direct and indirect development results by 2017</p> <p>Methodological tools for assessing job impacts established by 2017</p> <p>Qualitative indicators harmonized by end-2015, and other harmonization work by 2018</p> <p>ADB's website establishes a blog for staff to share thoughts on PSD and PSO by 2018</p> <p>Number of PSO project results quoted widely in multimedia</p> <p>Findings from studies converted into policy briefs for PSO and PSD (2017–2018)</p> <p>At least one opinion editorial per annum written by senior Management on strengthening PSO and PSD (2016–2018)</p> <p>Social media (e.g., LinkedIn, Twitter) used to communicate regularly on PSO results</p> | <p>Survey reports</p> <p>Let's Work consultants' reports</p> <p>Consultants' reports</p> <p>Consultants' reports</p> <p>PSOD website</p> <p>News articles, press releases</p> <p>Policy Briefs</p> <p>Opinion editorials</p> <p>Social media sites</p> | <p>Selected private sector clients are committed to measuring and communicating their economic and social impacts.</p> <p>Communications plans are well implemented.</p> <p>Risks</p> <p>Data confidentiality issues limit data availability.</p> |

| Activities with Milestones | Inputs |
|---|---|
| 1.1 Consultants selection completed by December 2015 1.2 Selection of priority projects by PSOD by December 2016 1.3 Consultants deployed on 15 projects (2016-2018) for due diligence (baseline data collection), implementation (monitoring) and XARR (end line data collection) 1.4 Consultants recommendations signed off by sponsors by 2018 1.5 Macro and micro (project level) studies on real sectors, infrastructure, and financial markets initiated in 2015 and completed by 2018 2.1 IADB Consultants deliver final report for qualitative indicators by August 2015 2.2 Other harmonization work initiated during 2016 and 2017. 3.1 Consultants support PSOD and DER in developing a communications plan for the TA by September 2016 3.2 Communications and knowledge sharing activities implemented 2016–2018 | ADB: \$1.2 million Sponsors: in-kind support IFIs: \$ 240,000 |

ADB = Asian Development Bank, DER = Department of External Relations, FY = fiscal year, IED = Independent Evaluation Department, IFI = international financial institutions, NSO = nonsovereign operations, PSD = private sector development, PSO = private sector operations, PSOD = Private Sector Operations Department, SME = small and medium-sized enterprise, SPD = Strategy and Policy Department, TA = technical assistance, XARR = extended annual review report.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

| Item | Amount |
|---|----------------|
| Asian Development Bank^a | |
| 1. Consultants | |
| a. Remuneration and per diem | |
| i. International consultants | 375.0 |
| ii. National consultants | 233.0 |
| b. International and local travel | 97.0 |
| c. Reports and communications | 10.0 |
| 2. Training, seminars, and conferences | |
| a. Facilitators | 25.0 |
| b. Seminars | 70.0 |
| 3. Surveys and studies | 315.0 |
| 4. Miscellaneous administration and support costs | 15.0 |
| 5. Contingencies | 60.0 |
| Total | 1,200.0 |

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).
Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Output 1: Better Quality Information on the Direct and Indirect Effects of Private Sector Operations

1. Baseline Studies, Monitoring and Evaluation Systems Specialists (300 person-days)

1. **Objectives.** ADB is seeking consultants to (i) conduct baseline studies for its development projects in multiple sectors, such as renewable energy, water and waste water, agribusiness, health, and education; (ii) strengthen the monitoring and evaluation system for PSO, so that updated information on emerging development results is available to Private Sector Operations Department (PSOD) staff, management, and ADB's shareholders; (iii) support private sector clients in strengthening their data systems and self-reporting on the social, economic, financial, and environmental impacts of their operations; (iii) use development results to provide inputs to PSOD reports that highlight the value of investing in the private sector; and (iv) recommend actions needed to increase the development impact of PSO. The consultants are expected to propose cost-effective approaches for these tasks including the use of social media and information and communication technologies.

2. **Tasks.** The monitoring and evaluation specialists will work with investment officers and private sector clients to do the following:

- (i) Identify the development objectives of the project and reflect this in the design and monitoring framework (DMF).
- (ii) Validate or recommend indicators with specific, measurable, attainable, relevant and time bound characteristics for the DMF. The indicators must be of relevance to the client's current or future business operations and with the development objectives agreed with ADB.
- (iii) Analyze existing data systems (manual as well as electronic) from which the data can be sourced.
- (iv) Identify appropriate proxy indicators, where relevant.
- (v) Support the client in establishing baseline values, as well as targets.
- (vi) Develop client skills to enable effective implementation of the system.

3. **Deliverables.** The specialists are expected to deliver the following:

- (i) Baseline data and studies on without-project conditions in terms of relevant indicators, e.g., household incomes, water quality standards, and access to finance.
- (ii) Provide training to clients trained in monitoring indicators and submitting updated semiannual reports to Private Sector Portfolio Management Division.
- (iii) End-line data on targets achieved.
- (iv) Inputs for self-assessments and or extended annual review reports comparing with- and without-project change in conditions.

2. Statistician (15 person-days)

4. The statistician will work with the development effectiveness team to

- (i) identify the sampling frame for selected private sector operations;
- (ii) choose an appropriate sampling technique, such as

- (a) random sampling with and without replacement,
- (b) stratified sampling,
- (c) cluster sampling,
- (d) systematic sampling, and
- (e) others;
- (iii) minimize bias in the findings; and
- (iv) interpret findings within acceptable confidence levels.

3. Information Technology Systems Specialist (25 person-days)

5. The information technology (IT) systems specialist will design a secure, user-friendly monitoring system for ADB's PSO that meets certain requirements. The system must

- (i) allow investment officers to choose indicators and establish targets for activities, outputs, outcome, and impacts in the DMF from drop-down menus;
- (ii) enable beneficiaries to enter data for the relevant indicator via a mobile phone or an internet portal;
- (iii) enable data collection at the private sector client site, as well as at ADB headquarters;
- (iv) enable aggregation of indicators—e.g., power generated, jobs created—across projects and sectors; and
- (v) allow comparisons of different dimensions of development results—i.e., financial, economic, and social.

4. Social Development Specialist (45 person-days)

6. **Tasks.** The social development specialist will

- (i) review available reports and secondary data on relevant poverty and social issues;
- (ii) conduct stakeholder analysis;
- (iii) conduct interviews, focus groups discussions, surveys, and/or participatory rapid assessments, as required;
- (iv) identify, enumerate, map, and target intended clients or beneficiaries (relevant for projects targeting individuals or households);
- (v) at the local level, assess social and institutional issues affecting participation, ownership, acceptance, and adoption of project activities, and propose strategies to overcome any local concerns or other issues;
- (vi) assist in preparing related draft documents, including the DMF; the summary poverty reduction and social strategy; and any social action, mitigation, and/or participation and/or communication plans; and
- (vii) support the investment officer and other consulting specialists and staff as required.

7. **Deliverables.** The social development specialist is expected to deliver the following:

- (i) baseline data on beneficiaries on socioeconomic criteria, including but not limited to income levels, age, and gender;
- (ii) reports on findings from stakeholder analysis on agreed key interventions;
- (iii) monitoring reports with quantitative and qualitative data on conditions of beneficiaries; and

- (iv) analytical report highlighting findings and practical recommendations for PSOD, regional departments, government, and private sponsors to improve the development impact of projects.

5. Let's Work Studies: Power and Jobs

8. **Objectives of the study.** The Let's Work study shall assess the relationship between power and jobs in the Philippines. It will have the following two components:

- (i) At the macro level, the study will assess quantitatively the impact of power on jobs in the Philippines. It will particularly take into account the fact that after 2001 the Government of the Philippines embarked on a comprehensive power sector reform program under the Electricity and Power Industry Reform Act. The act envisaged a fully competitive power sector, with extensive private sector entry and divestiture of public sector assets. The study will quantify how this reform has affected the quantity and quality of power supply, access, prices, and eventual employment and economic growth.
- (ii) At the micro level, the study will focus on two projects to quantify how these projects have impacted employment in terms of (a) direct job effects, (b) indirect job effects, (c) induced job effects, and (d) second order growth effects. For each of these effects, the study will also outline the specific impact these projects had on small and medium enterprises and the poor.

9. **Deliverables.** The study will have the following deliverables:

- (i) an approach paper specifying the methodology and a recommendation on the specific projects to be included for the micro component;
- (ii) macro assessment: a report and set of slides that quantify the impact of power on jobs and economic growth;
- (iii) two micro studies on power projects in the Philippines that quantify the different types of job effects and include an assessment of impact on SMEs and the poor; and
- (iv) a brief template that project teams in the Philippines can use to estimate job effects of power projects that may come up in future.

6. Let's Work Studies: Estimating Job Effects in Real Sector Investments

10. **Selection of cases.** The Let's Work Program will focus on three to five cases in the agribusiness and automotive sectors initially, which will be staggered to adjust timing based on available resources and revisions needed to the methodology prior to scale-up. The cases with specific clients in a given sector and/or subsector will be selected by the Let's Work steering committee to have a mix across regions and types of countries, including fragile and conflict-affected situations.

11. **Deliverables.** Using and building upon findings from the literature to date, this work will establish a range of multipliers in a specific sector, and possibly subsector, using real scenarios faced by IFI clients. The aim is to obtain estimates for indirect jobs created pre- and post-IFI intervention (and/or specific investment) in a given firm, and validate these multipliers by consulting with industry associations by sector. Multipliers obtained in the automotive and

agribusiness studies may be applied to similar contexts based on sound data collection methodology. The final output will be a publishable report drawn from the three to five case studies to be conducted by Let's Work partners agreement on methodology and operational tools to be developed as part of this work will be sought based on consultations with technical experts to obtain the most robust explanation in terms of the impact on jobs.

12. Following the report, the Let's Work program intends to plan related events to exchange knowledge among IFIs, private sector companies, policymakers, and researchers. Through at least one to two workshops with stakeholders, including operational staff, the Let's Work program aims to bridge the gap among practice, research, and policy when designing interventions expected to create jobs along the value chain and impacting local communities.

B. Output 2: Harmonization Work

13. **Results management specialist (60 person-days).** Under the contract, the consulting services provider will be responsible for the following tasks:

- (i) review the report "Private Sector Development Indicator Harmonization Work" of the first exercise to understand the approach of harmonization, the specific harmonized quantitative indicators, and the PowerPoint presentation of the preliminary analysis of conversion methodologies used by several IFIs;
- (ii) assess and refine the mapping work on qualitative indicators and conversion methodologies carried out by the IFIs of the subworking group, which defines the basic scope of this harmonization exercise, taking into account definitions of the indicators used by those IFIs;
- (iii) expand the analysis to include the qualitative indicators and their definitions, the conversion methodologies used by other IFIs that have not participated in the subworking group to date as well as relevant best practices originating outside the IFI community¹ (e.g., existing reporting initiatives), including industry standards if any; and assess whether that expanded exercise changes the conclusions of the mapping work conducted to date by the IFIs participating in the subworking group;
- (iv) as a part of analysis, keep in mind what is to be measured by these indicators, and the relevant theories of change for projects in each sector under consideration;²
- (v) analyze the various conversion methodologies and carry out a review of reliable and up-to-date sources of statistics that can be employed in the conversion, considering the timeliness and availability of statistical revision;
- (vi) produce specific harmonization recommendations for common qualitative indicators, including definitions, as well as common conversion methodologies;
- (vii) if qualitative indicators and/or conversion methodologies deviate from internationally accepted methodologies, provide a rationale for the choices made; and
- (viii) provide recommendations as to when conversion methodologies can (and should) be employed to yield estimated or disaggregated data; consider to what extent the estimation or disaggregation estimation can (and should) be accomplished

¹ Analysis of existing best practices should be a secondary aspect as the established methodologies may be scarce or not widely accepted. The time spent on this component should be marginal.

² For indicators that measure private sector development, for example, such as innovation and technology and/or know-how transfer, there is a question of whether to focus on the results at the project and/or client level or at the overall sector level.

(e.g., can and/or should we estimate and/or disaggregate for gender, for low-income beneficiaries, for indigenous beneficiaries).

C. Output 3: Knowledge Dissemination, Communications, and Media Outreach

14. Communications and media specialist (25 person-days). The communications and media specialist will be responsible for the following tasks and deliverables:

- (i) Create a multimedia (including social media) communications work plan for the findings of the TA in consultation with PSOD's focal persons within ADB's Department of External Relations (DER). The communications plan for the TA is to include a website and/or blog space, news releases, op-eds, and use of social media such as Twitter.
- (ii) Coordinate the implementation of the work plan under guidance from the communications analyst and social media specialist in DER.
- (iii) Write content for all corporate channels (based on the communications plan), including articles, opinion pieces, speeches, blogs, interviews, podcasts, PowerPoint presentations.
- (iv) Post social media content based on identified priorities and key messages by PSOD's management.
- (v) Produce informative reports on communications plan results.
- (vi) Support the development effectiveness team in creating policy briefs; other knowledge products based on findings of the TA.
- (vii) Assist in the planning and implementation of key events and initiatives participated by or led by PSOD.
- (viii) Provide technical support for other communications activities carried out by PSOD.