

Terms of Reference

REVIEW OF THE IMPLEMENTATION OF THE PRIVATE SECTOR DEVELOPMENT STRATEGY

A. Background

1. The ADB is conducting a review of the Implementation of the Private Sector Development Strategy. The Review is being conducted by the Governance and Regional Cooperation (RSGR) Division in RSDD with support from a Working Group¹. An interdepartmental group² will (i) provide strategic guidance; (ii) ensure adequate resources are available; and (iii) secure management and staff commitment to contribute effectively to the internal and external consultation processes. This Paper sets out the Review objectives, methodology, key consultation principles, and timetable for completion.

2. The Review began with desk-based assessments, PSD committee inputs, and a formal meeting with operational DGs prior to a 7 May informal Board presentation of preliminary results. The next stage of the process involves further desk study and more in-depth consultations with internal and external stakeholders leading to the Final Review Report.

B. Objectives and Results Expected from the Review

3. The Review Report will present conclusions and recommend action based on an assessment of implementation results, internal and external consultations, and consideration of the global context of private sector development in general, and Asia in particular.

4. The Review will assess the implementation of the strategy within the context of ADB's Poverty Reduction Strategy. It is designed to improve our collective understanding of how effectively private sector development issues have been operationalized in country strategies and programs (CSPs), private sector assessments, and lending and non-lending activities. The Review will also consider the adequacy of internal guidance and the extent to which guidance is utilized effectively. It will draw on global experience and in particular the implementation experiences of other international development agencies.

C. Report Format

5. The Review Report will not exceed 30 pages (excluding appendices) and will be structured in accordance with ADB guidelines. The indicative conceptual format:

- (i) **Introduction** – establish background, purpose, scope, method, and approach;
- (ii) **Implementation results** – identify achievements in implementing strategy objectives;
- (iii) **Lessons and issues** – identify lessons and issues from ADB's implementation experiences and from other international development agencies;
- (iv) **Current development context** – identify changes, challenges, and opportunities in development in the global and regional context; assess the continued relevance of the Private Sector Development Strategy against the changing context; and

¹ Working Group members have been appointed by operational DGs and DG, PSOD. Working Group Leader is Graham Settle, Senior Governance Specialist, RSGR, reporting to Jak Jabes, Director, RSGR.

² Interdepartmental group: DG, RSDD; DGs of Regional Departments; and DG, PSOD.

- (v) **The way forward** – summarize assessment of implementation results and recommend action to achieve the objectives outlined above through the implementation of the Private Sector Development Strategy.

D. Consultation Process

6. The main purpose of the consultation is to seek feedback from internal and external stakeholders on the preliminary findings of the review and to solicit information on the priority actions that ADB would need to take to strengthen private sector development effectiveness in its operations.

7. *Consultation within ADB*

- Working Group Staff
- Operations Group Directors General
- Management
- Resident Missions
- Interdepartmental

8. **Consultation with *Developing Member Countries*.**³ Consultations will include government and non-governmental organizations (business associations, chambers of commerce, commercial groups, academic societies, etc) via focus groups and electronically through questionnaire. While our consultation will include all DMCs, country missions will be held in Azerbaijan, Mongolia, Pakistan, Philippines, and Vietnam.

9. **Consultation with *Shareholders and Donors*.** Major donors in their capitals and regional representative offices electronically through questionnaire. Meeting with donors as part of DMC mission and donor visits to ADB Manila.

10. ***Other Stakeholders*.** Consultation available on the PSD web site.

11. The consultation process will:

- identify target groups to be consulted and publish the list on the PSD web site;
- consult target groups via internet and in-country missions; and
- provide feedback regarding the responses received and how the consultation process influenced the findings and recommendations of the Review.

E. Commonalities of External and Internal Consultations

12. Although the process and perspectives of the external and internal consultations are different, some key aspects will be common to both groups, e.g.:

- What are the key objectives of the PSD Strategy?
- What are the key lessons and issues? (in DMCs and in ADB)

³ Selection of DMCs will be guided by selection criteria including: (i) resident mission capacity; (ii) level of policy dialogue on private sector development issues; (iii) diversity in scale and type of PSD programs (*vis-à-vis* other DMCs); (iv) level of stakeholder interest in consultation; (v) existence of private sector or economic policy institutions; (vi) private sector assessment (PSA) completed or is due in 2004/5; and (vii) other factors noted by WG members. Four DMCs will be selected.

- How have other international development agencies addressed key issues?
- How should ADB address the changing context of PSD globally?
- How should ADB address regional and DMC lessons and issues?
- How should ADB address internal issues and lessons?
- What should be the key components of the way forward?

F. Managing Risks in Consultations

13. The key risks that we would need to consider include:
- lack of engagement/commitment to the consultation;
 - issues not clearly presented and/or too complex (so not understood);
 - poor quality responses; and
 - narrow range of respondents.
14. Risk mitigating measures include:
- clear objectives;
 - concise reporting;
 - effective stakeholder analysis;
 - good planning to ensure participation;
 - transparency in the processes; and
 - incorporating views in an efficient and effective manner.
15. Consultation documents proposed include:
- comparative summary of PSD Strategy and PSO Strategic Directions;
 - draft desk review report;
 - questions/issues for response by stakeholders; and
 - initial report annotated table of contents.
16. [Schedule](#)