



Technical Assistance Report

Project Number: 55353-001
Transaction Technical Assistance (TRTA)
December 2021

Preparation of the ADB Frontier Facility

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DMC	–	developing member country
ESG	–	environmental, social, and gender
FCAS	–	fragile and conflict-affected situations
PARD	–	Pacific Department
PSOD	–	Private Sector Operations Department
PSW	–	Private Sector Window
RCI	–	regional cooperation and integration
SDGs	–	sustainable development goals
SERD	–	Southeast Asia Department
SIDS	–	small island developing states
TA	–	technical assistance
TRTA	–	transaction technical assistance
TASF	–	Technical Assistance Special Fund

NOTE

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

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 55353-001	
Project Name	Preparation of the ADB Frontier Facility	Department/Division	PSOD/OPSD
Nature of Activity	Project Preparation, Capacity Development	Executing Agency	Asian Development Bank
Modality	Regular		
Country	Regional		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Industry and trade	Industry and trade sector development		0.75
	Small and medium enterprise development		0.75
		Total	1.50
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
Environmentally sustainable growth (ESG)	Eco-efficiency Environmental policy and legislation	ADB Financing Adaptation (\$ million)	0.15
Regional integration (RCI)	Pillar 2: Trade and investment		
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas Knowledge sharing activities Pilot-testing innovation and learning	Effective gender mainstreaming (EGM)	✓
Partnerships (PAR)	Implementation Private Sector		
Private sector development (PSD)	Promotion of private sector investment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	Yes	Regional	High
Household Targeting	No		
General Intervention on Poverty	No		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG2, SDG3, SDG4, SDG5, SDG6, SDG8, SDG10, SDG12, SDG13		
6. Risk Categorization	Low		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		1.50	
Transaction technical assistance: Technical Assistance Special Fund		1.50	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		1.50	
Currency of ADB Financing: USD			

I. THE PROPOSED PROJECT

1. The proposed transaction technical assistance (TRTA) will design, set up, and operationalize the Asian Development Bank (ADB) Frontier Financing Partnership Facility (ADB Frontier). ADB Frontier will house multi-donor trust funds and technical assistance (TA) that support and invest in private companies with potential to generate sustainable development goal (SDG) impact in frontier markets in Asia and the Pacific.¹

2. ADB Frontier fills an operations gap. It will allow ADB's Private Sector Operations Department (PSOD) to take on more risk in pursuit of greater developmental impact by making smaller investments in frontier markets that struggle to attract commercial financing. The initial pilot will focus on tourism and light manufacturing companies in Southeast Asia and the Pacific. ADB Frontier will initially house an investment trust fund (ADB Frontier Fund) and a technical assistance (ADB Frontier TA). PSOD will take a One ADB approach by jointly designing and implementing ADB Frontier with the Southeast Asia Department (SERD) and the Pacific Department (PARD) to leverage ADB operations and networks in frontier markets.

II. THE TECHNICAL ASSISTANCE

A. Justification

3. **Risk capital needed to drive impact in frontier markets.** Commercial banks typically do not lend to young and growing businesses with limited track records. This segment of the small and medium-sized enterprise sector are often too large to be served by microfinance institutions, yet too small for commercial banks. They require 'risk capital' – forms of finance that have higher risk tolerance than bank loans. During 2011–2020, risk capital inflows into frontier markets in ADB's developing member countries (DMCs) represented just 0.1% of the total flow to all DMCs, about 50 times less per capita than the average for all DMCs.² Risk capital investments can however have a significant catalytic impact in frontier markets, even with relatively low commercial returns. Funding is needed to catalyze the emergence of new industry leaders and/or scale businesses that can partner with multinational corporates. This will enable new entrants to bring innovation that enhances the competitiveness and sustainability of local industries, create jobs, and provide essential goods and services. Such investments also have meaningful macro-level impacts such as contributing taxes that support essential public services.³

4. **Limited risk capital in frontier markets.** The availability of risk capital is limited in frontier markets because the average risk-adjusted investment returns are lowered by: (i) *idiosyncratic risks* that can unexpectedly fully or partially write off investments including disasters triggered by natural hazards, civil unrest, or other events that are exacerbated by weaker state capacity; (ii) *market risks* undermining investment returns including inadequate infrastructure, limited management talent/human capital, macroeconomic instability, and weak business regulatory

¹ Frontier markets are defined in this TRTA to include all ADB developing members countries (DMC) that are categorized by ADB as small island developing states (SIDS), fragile and conflict-affected situations (FCAS), Group A DMCs, and/or Group B DMCs with a population less than 25 million. As of 30 November 2021, DMCs eligible for assistance from the proposed ADB Frontier facility include Bhutan, Cambodia, the Cook Islands, Lao People's Democratic Republic, Federated States of Micronesia, Fiji, Kiribati, Kyrgyz Republic, Marshall Islands, Maldives, Mongolia, Nauru, Nepal, Palau, Papua New Guinea, Samoa, Solomon Islands, Tajikistan, Timor-Leste, Tonga, Tuvalu, and Vanuatu. Afghanistan and Myanmar will also be eligible if and when ADB resumes in-country operations. Niue will be included, effective 1 January 2022, in line with its classification as a Group B DMC. For further details of DMC categorizations see ADB. 2019. *Classification and Graduation of Developing Member Countries*. Manila.

² Preqin database (accessed 30 September 2021).

³ IFC. 2015. *Risk Capital in Emerging Markets and the SME Ventures Model*.

environments; and (iii) *higher transaction costs* due to elevated origination and due diligence costs, and the need for more active portfolio support as companies tend to be smaller and less mature.

5. Due to their smaller market size, frontier markets are typically characterized by lack of liquidity, underdeveloped capital markets, and low levels of private sector credit. Banks tend to favor large clients and short-term investments such as government treasury bills, showing little appetite for higher risk unsecured products often needed by small and medium-sized enterprises.

6. **Opportunities in frontier markets.** While investing in frontier markets poses significant challenges, there are also factors that create opportunities for entrepreneurs. There is typically lower competition (including from foreign entrants) in these smaller markets so there may be first-mover advantages. Cost of unskilled labor is also typically lower in many frontier markets. There are examples of successful businesses that: (i) export niche products and services taking advantage of local comparative advantages, (ii) import substitute products not adequately supplied by international providers including opportunities to supply to multinational corporates, and (iii) deliver essential services for local industries under restricted domestic competition (e.g., restricted licensing and/or high barriers to entry).

7. **Economic structure in frontier markets.** There is heterogeneity in the economic structure of frontier markets. The tourism industry is a particularly vital contributor to gross domestic product, foreign exchange earnings, and job creation in most small island developing states (SIDS). Tourism is also an important driver of inclusive economic growth in other frontier markets where the benefits of extractive industries tend not to trickle down to local communities. Women's share of employment also tends to be relatively high in the tourism sector and services broadly. Light manufacturing can be a promising source of livelihood generation and income diversification, including in most fragile and conflict-affected situations (FCAS) and land-locked economies that are reliant on commodity exports. With a few exceptions, however, the manufacturing industry remains nascent in most frontier markets.

8. **COVID-19 impact.** The coronavirus disease (COVID-19) severely set back economic growth in small and open frontier markets, which were amongst the most severely affected by the pandemic. In 2020, gross domestic product declined by an average 9 percentage basis points across frontier markets in Asia and the Pacific compared to 2019, with tourism dependent economies particularly hard hit.⁴ The geographic remoteness of frontier markets affected all industries as transportation and supply-chains were severely disrupted. COVID-19 also set back the market-creation process for funds providing risk capital to frontier markets as investors operated with more conservative capital structures and reduced exposure to higher risk markets.

9. **ADB private sector operations in frontier markets.** Out of a total of about 300 ADB private sector transactions during 2007–2020 only 29 were in frontier markets. Of these only 4 were non-infrastructure.⁵ ADB can also reach frontier markets through investing in regional private equity funds, however during 2006–2017 only 0.6% of funding by the 34 funds that ADB invested in went towards investees in frontier markets (about \$0.15 per capita which is 7 times less than other DMCs).⁶ ADB has committed to expanding and diversifying its private sector

⁴ ADB. 2021. *Asian Development Outlook 2021: Financing a Green and Inclusive Recovery*. Manila.

⁵ These included 3 agribusiness deals (2 in Mongolia and 1 in Bhutan) and 1 private equity deal (Myanmar).

⁶ Of the private equity funds ADB invested in during 2006–2017, 76% were regionally focused but the underlying portfolio company data shows that 36% of all ADB commitments to funds went to portfolio investments in India, 30% in the Peoples Republic of China, 8% in the Philippines, and 7% in Indonesia.

operations in frontier markets.⁷ In 2019, ADB launched the Private Sector Window (PSW) to promote private sector operations in Group A DMCs by providing blended finance to projects in the infrastructure, financial institution, agribusiness, and social sectors.⁸

10. **Support for improved business enabling environment.** ADB and other development partners have provided sustained and significant policy advisory and capacity-building assistance to improve the business enabling environment in frontier markets.⁹ This includes on-going support to improve access to financial services, reforms to a wide range of business regulations, and restructuring of state-owned enterprises. High levels of overseas development assistance per capita in frontier markets also include business grants but these may distort financial intermediation and crowd out commercial financing.

11. **Lessons from past operations.** ADB has limited experience investing in non-infrastructure sectors in frontier markets, including investments in the Kula Funds that focused on Pacific DMCs.¹⁰ Past ADB and other development partner project evaluations recognize that greater uptake of private sector operations in frontier markets require: (i) an impact-first approach that tolerates lower commercial returns than would typically be targeted by private investors, (ii) subsidization of fund operations to cover higher fund management costs including the necessary intensive support for portfolio companies, and (iii) streamlined business processes and procedures that reduce the transaction costs of originating and processing smaller deals. ADB has experience of streamlining business processes for smaller deals under ADB Ventures.¹¹

B. Outcome and Outputs

12. **Impact and outcome.** The TA will generate impact by supporting and investing in private companies that contribute to SDG impact in frontier markets in Asia and the Pacific. The outcome will be operationalization of ADB Frontier (Linked Document 1).

13. **ADB Frontier.** The design of the new facility will be informed by TRTA outputs (para. 17) and build on the lessons from past and current private sector operations in frontier markets (para. 11), including the experience of streamlining business processes for ADB Ventures. ADB Frontier operations will provide a cost-effective, results-orientated, and sustainable complement to other ongoing ADB and development partner initiatives that support the business enabling environment in these markets. It will complement ADB's PSW by making direct investments in non-infrastructure sectors. ADB Frontier will initially have two components:

- (i) **ADB Frontier Fund.** ADB is currently seeking funding commitments of at least \$20 million from concessional funding sources to establish and operationalize the ADB Frontier Fund. The fund would target financial sustainability and recycle such profits as may be derived from investments back into the fund. The fund will provide financing indicatively up to \$4 million per transaction to private companies. Target business models will have the potential to transform the tourism and light

⁷ ADB. 2018. *Strategy 2030 Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila; ADB President remarks. June 2021; ADB. June 2021. *Fragile and Conflict-Affected Situations & Small Island Developing States Approach*. Manila.

⁸ ADB. 2019. *ADB Private Sector Window to Promote Private Sector Operations in Group A Countries*. Manila.

⁹ Including: (i) Pacific Private Sector Development Initiative, (ii) Pacific Rise, (iii) Pacific Business Development Facility, (iv) Mekong Business Initiative, and (v) technical assistance under the Greater Mekong Subregion Economic Cooperation Program.

¹⁰ ADB. Regional: [Kula Fund II](#).

¹¹ ADB. 2020. *ADB Ventures Financing Partnership Facility*. Manila.

manufacturing industries and generate significant local SDG impact. The fund will focus on export-orientated and import substitution companies that take advantage of a unique local comparative advantage. ADB Frontier would be able to lead transactions and aims to crowd in commercial risk capital primarily through follow-on financing raised by portfolio companies. This multi-donor fund would consider a variety of instruments suitable for frontier markets including flexible revenue-based instruments. The investment strategy and specific funding instruments to be deployed will be determined by market diagnostics that determine funding gaps in targeted frontier markets and industries (TRTA output 1). ADB would be the investor-of-record for the fund's investments. Approval for the establishment and administration of this fund will be sought separately once fund-raising discussions have resulted in the necessary commitments by third party donors.

- (ii) **ADB Frontier TA program** (indicative \$8 million TA for 2023–2026, of which ADB will seek cofinancing commitments of \$6 million) with three main activities: (a) *subsidization of fund operational costs* including fund management, safeguard and impact specialists (including environmental, social, and gender [ESG]), integrity due diligence, legal transaction support, and administration costs, (b) *pre-investment facilitation* including support for local business support programs, partnerships with multinationals operating within the regional and global supply-chains of targeted sectors, and building the capacity of regional and local investor networks, and (c) *post-investment portfolio support* including for accounting and inventory management systems, ESG and impact tools, digital transformation, corporate governance, and communications. Select activities will be piloted under this TRTA. Recipient companies will share TA costs.

14. **Regional cooperation and integration.** ADB Frontier will foster regional cooperation and integration (RCI) by supporting and investing in export-orientated businesses in frontier markets. Investments will increase the cross-border flow of goods and services, including foreign exchange earnings from inbound tourists and export of manufactured products. ADB Frontier will take a RCI approach by partnering with multinational corporations operating in the tourism and manufacturing supply-chains across multiple frontier markets. RCI will also be encouraged through collaboration and knowledge sharing between regional investors and business support providers that focus on small and medium size businesses operating in these markets. The TRTA is aligned with the ADB's Strategy 2030 Operational Priority 7 on RCI.

15. **Gender impact.** ADB Frontier will apply a gender equality scorecard to evaluate all potential investee's gender inclusiveness on six dimensions: suppliers, customers, ownership, leadership, workers, and corporate practices.

16. **ADB additionality.** With commitments of \$6.6 billion in frontier markets during 2020, ADB has unique convening power, networks, and resources to support private companies operating in these markets. Financial additionality includes: (i) filling a significant private sector financing gap in these markets through the provision of patient risk capital, and (ii) credibility of ADB brand that can crowd-in impact investors. Technical additionality includes: (i) strong government relationships, (ii) regional convening power, (iii) operation at scale with critical mass to sustain long-term strategic engagement, and (iv) honest broker role to foster industry collaboration.

17. **Outputs.** The major outputs and activities are summarized in Table 1.

Table 1: Summary of Major Outputs and Activities

Major Outputs	Key Activities
1. ADB Frontier fund designed	<p>1.1 Market analysis: Prepare enterprise ecosystem diagnostics of selected frontier markets, including both FCAS and SIDS, that detail existing financiers, business support programs, and potential target companies (Q4 2021 – Q3 2022).</p> <p>1.2 Setup fund operating and impact systems: Design and setup investment platform, gender equality scorecard, and impact monitoring system (Q4 2021 – Q3 2022).</p> <p>1.3 Structure and design of the facility: Develop investment strategy, operational setup, and budget. Prepare documentation on processes and procedures during the investment process (Q4 2021 – Q2 2022).</p>
2. ADB Frontier TA program designed	<p>2.1 Pilot TA enterprise support activities: Design and pilot TA activities in partnership with local business support programs, in both FCAS and SIDS, and with corporates in the tourism and manufacturing global supply chains (Q4 2021 – Q2 2023).</p> <p>2.2 Technical assistance guidelines: Based on learning-by-doing, prepare guidelines on the framework and processes for the ADB Frontier TA. (Q4 2021 – Q3 2022).</p>
3. ADB Frontier fund-raising completed	<p>3.1 Communication strategy and plan: Deliver an effective communications strategy and plan to support fund-raising efforts (Q4 2021 – Q2 2021).</p> <p>3.2 Fund-raising roadshow: Marketing and promotion of the new facility to a combination of multilateral agencies, bilateral agencies, foundations, and other potential funders and/or co-investors (Q1 2022 – Q4 2022).</p>

ADB=Asian Development Bank; Q = quarter.

Source: ADB estimates.

C. Cost and Indicative Financing

18. The TRTA is estimated to cost \$1,500,000. It will be financed on a grant basis by ADB's Technical Assistance Special Fund (\$1,250,000, TASF-donor contribution, and \$250,000 TASF-income transfer). Cost estimates and financing arrangements are in Appendix 1. TRTA activities are expected to be expanded, for which ADB will seek additional cofinancing.

D. Implementation Arrangements

19. The TRTA will be implemented between December 2021 and June 2023. ADB will be the TRTA executing agency and PSOD will be the implementing agency. A One ADB approach is being taken with the TRTA being jointly implemented with SERD and PARD to leverage ADB's sovereign operations and relationships in frontier markets.

20. **Consulting Services.** ADB will engage consultants (33 person-months of international consultant inputs, 17 person-months of national consultant inputs) using the individual consultant selection process to ensure quality during the recruitment. Terms of reference for key experts are in Linked Document 2. ADB will engage the consultants following ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. The TA resources will be disbursed following ADB's *Technical Assistance Disbursement Handbook* (2020, as amended from time to time).

III. THE PRESIDENT'S DECISION

21. The President, acting under the authority delegated by the Board, has approved the Asian Development Bank (ADB) providing the balance not exceeding the equivalent of \$1,500,000 on a grant basis for the preparation of the ADB Frontier Financing Partnership Facility, and hereby reports this action to the Board.

__ December 2021

Masatsugu Asakawa
President

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total^a
1. Consultants	
a. Remuneration and per diem	
i. International	437
ii. National	122
b. International and local travel	119
2. Goods ^b	92
3. Surveys, reports, and communications	100
4. Equipment, training, and seminars ^c	340
5. Miscellaneous administration and support costs ^d	20
6. Contingencies	270
Total	1,500

Note: The TA is estimated to cost \$1,500,000 financed on a grant basis by ADB's Technical Assistance Special Fund (\$1,250,000, TASF-donor contribution, \$250,000 TASF-income transfer). TASF-Donor contribution usage will be restricted to Group A and B countries, and regional cooperation benefiting group A and B. ADB will seek out cofinancing for an additional \$500,000.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund.

^b Includes the purchase of software licensing

^c Includes logistics arrangements; venue; event sponsorships; travel of resource persons, including ADB staff and experts; supplies and materials that will be used in the seminar, meetings, and workshops. This may also include limited representation expenses and promotion materials, where there are directly identifiable costs under this technical assistance.

^d This TA includes provision for Asian Development Bank staff to provide support services (travel and related costs for secretarial and administrative services), for assisting the implementation and administration.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=55353-001-TARreport>

1. Design and Monitoring Framework
2. Terms of Reference

DESIGN AND MONITORING FRAMEWORK

Impact the TA SDG impact from supporting and investing in private companies in frontier markets in Asia and the Pacific ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome ADB Frontier Facility is operationalized	By end 2023: a. At least \$20 million pledged by co-financiers to capitalize the ADB Frontier investment fund (2021 baseline: \$0) b. At least \$6 million pledged by co-financiers to fund ADB Frontier technical assistance (2021 baseline: \$0) c. ADB Frontier Facility approved by ADB management and Board that includes RCI and gender equity features (2021 baseline: not applicable)	a-b. co-financing agreements c. Approved ADB Frontier Facility project paper	Lack of appetite from governments and foundations to fund the ADB Frontier Facility
Output 1 ADB Frontier Investment Fund designed	By end 2022: 1a. Frontier market enterprise ecosystem analysis completed (2021 baseline: not applicable) 2b. Deal-flow platform, gender equality scorecard, and impact monitoring system designed (2021 baseline: not applicable) 2c. Comprehensive ADB Frontier investment fund design report, including investment strategy, operational setup, budget, governance arrangements and portfolio management, completed (2021 baseline: not applicable)	2a. Market Analysis 2b. Platform, scorecard, and system 2c. Report	Lack of sufficient market data to conduct comprehensive analysis in frontier markets
Output 2 ADB Frontier Technical Assistance designed and piloted	By mid-2023: 2a. At least 6 business support programs in frontier markets are supported (2021 baseline: 0) 2b. At least 6 private companies operating in Frontier markets benefit from pilot ADB Frontier TA activities (2021 baseline: 0) 2c. ADB Frontier TA guidelines completed	2a-2b. Websites and reports of business support service providers 2c. TA guidelines	Lack of early-stage investment opportunities in targeted frontier markets

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	(2021 baseline: not applicable)		
Output 3 3. ADB Frontier fund-raising completed	By end 2022: 3a. Branding and communications strategy and action plan completed and executed (2021 baseline: 0) 3b. Comprehensive fund-raising roadshow to potential funders completed (2011 baseline: 0)	3a. Branding and communications plan, website, and media coverage 3b. Roadshow agenda and meeting minutes	Lack of interest in potential funders in ADB Frontier proposal

Key Activities with Milestones

1. ADB Frontier Investment Fund designed

- 1.1 Market analysis: Prepare enterprise ecosystem diagnostics of selected frontier markets that detail existing financiers, business support programs, and potential target companies (Q4 2021 – Q3 2022).
- 1.2 Pilot and setup fund operating and impact systems: Design and setup investment deal-flow platform, gender equality scorecard, and impact monitoring system (Q4 2021 – Q3 2022).
- 1.3 Structure and design of the facility: Develop investment strategy, operational setup, and budget (including subsidization under the ADB Frontier technical assistance). Prepare documentation detailing the structure and design, including governance and portfolio management system, of ADB Frontier (Q4 2021 – Q3 2022).

2. ADB Frontier Technical Assistance designed

- 2.1 Pilot TA enterprise support activities: design and pilot pre-investment facilitation and post-investment portfolio support activities in partnership with tourism and manufacturing industry corporates and existing business support programs (Q4 2021 – Q2 2023).
- 2.2 Technical assistance guidelines: Based on learning-by-doing, prepare TA guidelines that provides frameworks and processes for TA activities. (Q4 2021 – Q3 2022).

3. ADB Frontier fund-raising completed

- 3.1 Branding and communication strategy and action plan: Develop and implement an effective branding and communications strategy to support fund-raising efforts. (Q4 2021 – Q2 2022).
- 3.2 Fund-raising roadshow: Marketing and promotion of the new facility to a combination of multilateral agencies, bilateral agencies, foundations, and other potential funders and/or co-investors. (Q1 2022 – Q4 2022).

Inputs

ADB TASF: \$1,500,000

Assumptions for Partner Financing

Not applicable

ADB = Asian Development Bank; RCI = regional cooperation and integration; SDG = sustainable development goals; TA= technical assistance.

^a Indicative SDG impact indicators include jobs created, an increase in the number of people that have access to basic goods and services (including electricity, education and health services, financial services, drinking water, sanitation services), increased agricultural productivity and food security, increased resilience from climate change, and reductions in municipal solid waste and plastic waste. Impact indicators related to job creation and access to basic goods and services will be gender disaggregated. RCI indicators such as the number of investments in export-orientated small and medium-size enterprises will also be monitored.

Source: Asian Development Bank.

TERMS OF REFERENCE

1. ADB is aiming to launch ADB Frontier that will support and invest in private companies with potential to generate sustainable development goal (SDG) impact in frontier markets in Asia and the Pacific. ADB Frontier will allow ADB to take on more risk in pursuit of greater developmental impact by making smaller investments in frontier markets that struggle to attract commercial financing. The initial pilot will focus on tourism and light manufacturing industries in frontier markets in Southeast Asia and the Pacific. Frontier markets in these regions include Cambodia, Lao People's Democratic Republic, Timor-Leste, and all ADB's Pacific developing member countries.
2. ADB will engage the following individual consultants to help design, setup and operationalize ADB Frontier by end 2022:
3. **Investment specialists (two international consultants, 3.5 person-months each).** The investment specialists will conduct regular outreach in selected frontier markets to: (i) develop networks and partnerships with investors, business support programs, and other enterprise ecosystem players, (ii) develop an investment pipeline of potential target companies, and (iii) support the piloting of various enterprise support activities. The investment specialist will communicate regularly with the ADB project team leaders and the investment advisor, providing regular inputs and feedback on design of the ADB Frontier Facility.
4. The investment specialists will have at least 10 years of relevant professional experience of impact investing and/or business support in selected frontier markets. He/she shall have a university degree or higher in business administration, finance, economics, or another relevant subject. S/he must have excellent English oral and written communication skills.
5. **Investment advisor (international consultant, 3.5 person-months).** The investment advisor will support structuring and design of the ADB Frontier facility. This will include preparation of an investment strategy, financial models, operational setup arrangement, and budget. The advisor will prepare documentation detailing the structure and design of ADB Frontier investment fund, including governance and portfolio management systems. Based on learning-by-doing, the advisor will also prepare guidelines on the framework and processes for implementation of the ADB Frontier technical assistance (TA). The investment specialist will report to the ADB project team leaders.
6. The investment advisor will have at least 15 years of relevant professional experience in the design and operations of impact investment funds in development countries in the Asia-Pacific. He/she shall have a university degree or higher in business administration, finance, economics, or another relevant subject. Experience of designing and/or operations of impact investment funds in frontier markets is desirable. S/he must have excellent English oral and written communication skills.
7. **Tourism industry specialist (international consultant, 2 person-months).** The tourism industry specialist will interact with tourism-related companies in selected frontier markets to map opportunities and constraints for small and medium- sized enterprises domiciled in the selected markets to produce and sell goods and services into tourism supply chains. Tourism-related business are broadly defined as (i) accommodations; (ii) food and beverage production and services; (iii) retail and tour services, including online travel agents; (iv) transport providers; (v) crafts, building materials and furnishing producers; and (vi) other facilities and services in the travel and tourism ecosystem. The specialist will develop and administer a standard survey and

conduct key informant interviews to gather quantitative and qualitative enterprise level data needed to prepare entity profiles and destination snapshots with the following information including business types, clients, income, labor, technology, other inputs, operations, and impact and sustainability. The tourism industry specialist will report to the ADB project team leaders.

8. The tourism industry specialist will have at least 10 years of relevant professional experience of tourism industry development in emerging Asian markets. Having strong networks within the tourism industry in selected frontier markets is desirable. He/she shall have a university degree or higher. S/he must have excellent English oral and written communication skills.

9. **Agri-processing industry specialist (international consultant, 2 person-months).** The specialist will interact with agri-processing businesses in selected frontier markets to map opportunities and constraints for small and medium-sized enterprises domiciled in the selected markets to produce and sell agri-processed products in the local market and/or to export markets. The specialist will develop and administer a standard survey and conduct key informant interviews to gather quantitative and qualitative enterprise level data needed to prepare entity profiles and destination snapshots with the following information including business types, clients, income, labor, technology, other inputs, operations, and impact and sustainability. The agri-processing industry specialist will report to the ADB project team leaders.

10. The agri-processing industry specialist will have at least 10 years of relevant professional experience of the agri-processing industry in emerging Asian markets. Having strong networks within the agri-processing industry in selected frontier markets is desirable. He/she shall have a university degree or higher. S/he must have excellent English oral and written communication skills.

11. **Legal advisor (international consultant, 3.5 person-months).** The advisor will provide guidance in the preparation, negotiation, and processing of the ADB Frontier Facility. He/she will ensure the ADB Frontier Facility complies with capital market regulatory regimes in targeted frontier markets. The advisor will provide guidance on day-to-day operational issues and compliance with ADB policies, in close coordination with the ADB's Office of the General Counsel. The legal advisor will report to the ADB project team leaders and the ADB's Office of the General Counsel.

12. The legal advisor will have at least 10 years of experience in providing legal support and advice to development and/or commercial clients on the preparation, negotiation, and processing of impact investment funds. He/she shall have a university law degree or higher. Knowledge of capital market regulatory regimes in targeted frontier markets is desirable. Knowledge of ADB policies relating to private sector operations is also desirable. S/he will have excellent English oral and written communication skills.

13. **Analyst (national consultant, 14 person-months).** The analyst will be responsible for the following tasks: (a) research, (b) prepare and edit correspondence, communications, presentations, etc., (c) design and maintain address books, (d) file and retrieve documents and reference materials, (e) manage and maintain project team schedules, appointments and travel arrangements, (f) arrange and co-ordinate meetings and events, (g) record, transcribe and distribute minutes of meetings, (h) monitor, screen, respond to and distribute incoming communications, and (i) help co-ordinate project-based work. The analyst will support all TA funded consultants and report to the ADB project team leaders.

14. The project coordinator will have at least 5 years' experience providing similar project administration support. S/he will have excellent computer skills and in-depth knowledge of Microsoft Office Suite and other similar software programs. A Bachelor's Degree would be an advantage. S/he ideally will have excellent English oral and written communication skills and should demonstrate mastery of standard office administrative practices and procedures, exposure to accounting processes and be able to work without direct supervision.

15. **Short-term consultants (15 person-months of international consultant inputs and 3 person-months of national consultant inputs).** These consultants will be hired to implement specific activities. Detailed terms of reference of short-term positions will be prepared after mobilization of key individual consultant positions (investment specialists, project coordinator). Short-term consultants will have expertise in the following areas: (i) environmental, social and governance (ESG) safeguard standards; (ii) impact management, including gender equality, (iii) business development support for small and medium-sized enterprises in frontier markets; (iv) communications, and (v) fundraising. Short-term consultants will report to the ADB project team leaders.

16. These short-term experts will have at least 5 years of relevant experience in their area of expertise. Experience of impact investing in emerging markets in the Asia-Pacific is desirable. A Bachelor's Degree or higher is necessary. Excellent English oral and written communication skills is essential.