



Innovations for Influential Evaluation

2–5 September | Conrad Hotel Shanghai, People's Republic of China

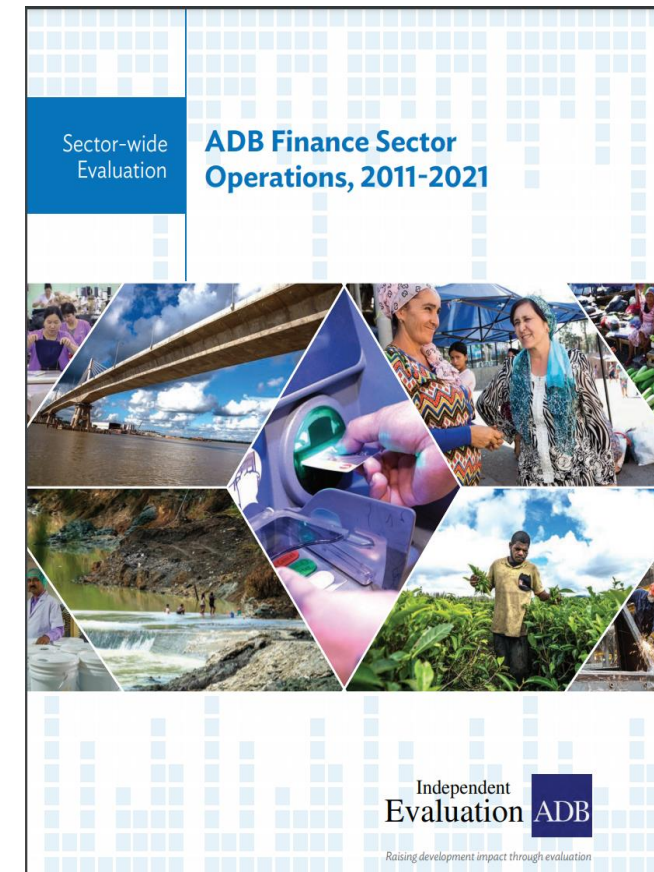
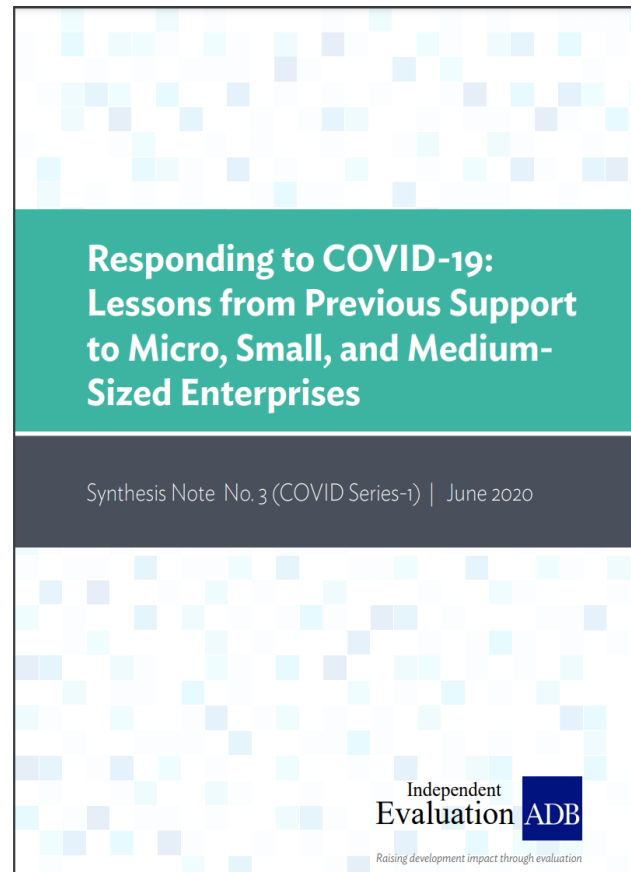
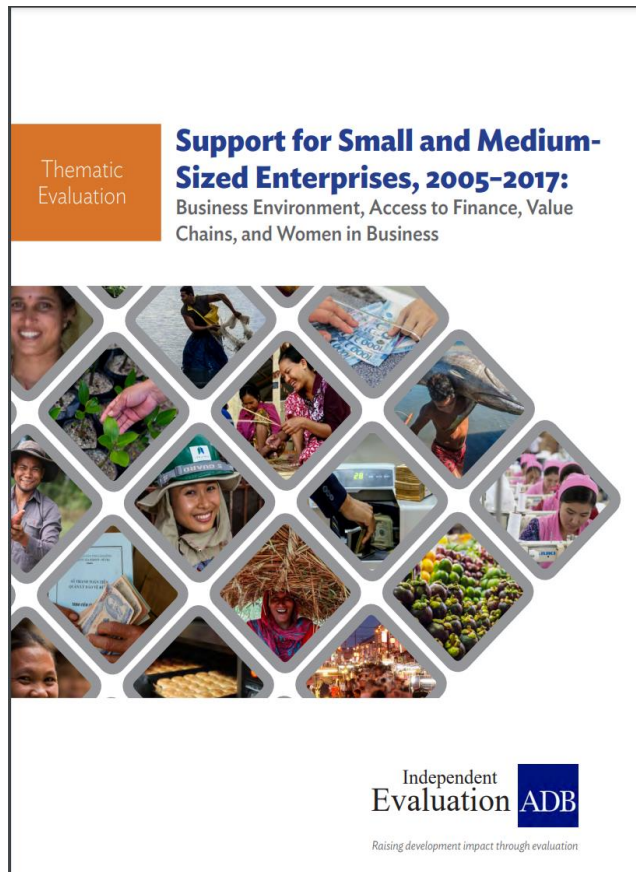
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ADB's Support to Micro, Small & Medium Enterprises (2018-2023)

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IED's Reports on MSMEs



IED Private Sector Projects Validated 2018-2023

Methodology

- IED assesses four categories to determine the success of projects
 - ✓ Development Results, ADB Additionality, ADB Work Quality and ADB Profitability

Scope

- IED validated 25 MSME or SME- supported projects during 2018-2023
 - ✓ Approved between 2009-2018; and
 - ✓ Self-evaluated between 2017-2022
- ADB support was in the form of equity, loans, and guarantees to the following private sector financial intermediaries:
 - ✓ Banks; and
 - ✓ Non-bank financial institutions
- Projects support general SMEs and targeted interventions (e.g., rural areas, 'lagging states', post-conflict areas, women-led SMEs, and women borrowers)

Overall Performance

- 52% of the projects validated (13 out of 25) were rated successful
- These were mostly loans provided to banks for MSME lending and leasing activities
- Positive performance can be attributed to the following:
 - Proper due diligence in choosing the right partner financial institution
 - Structuring the intervention via a programmatic approach
- Projects that did not perform well were mainly due to:
 - Structuring and design issues (e.g., complicated design and monitoring frameworks, unrealistic targets, poor baselines)
 - Lack of an appropriate tracking and reporting systems
 - MSMEs not well-defined or identified



Additionality

- Only 48% (12 out of 25) of validated projects were rated satisfactory for Additionality
- The main reason for a satisfactory rating were the following:
 - ADB provided local currency or long-term financing not readily available in the market
 - ADB helped catalyze funding from other commercial sources [B-loans]
- The main reasons for a less than satisfactory ratings were:
 - The company would have been able to raise funds regardless of ADB's participation
 - Presence of other IFIs or commercial financiers prior to ADB's intervention
 - Lack of evidence to substantiate:
 - i. Improvements in ESMS and gender mainstreaming; and/ or
 - ii. Capacity development from technical assistance provided



Lessons Learned



- The importance of **choosing the right participating financial institutions** as partners and the right timing for ADB interventions
- Selecting **SMART performance indicators** at approval and agreed with the client
- Conducting **thorough due diligence** to avoid project design and implementation issues
- **Adding TA to investments** where relevant to enhance the development impact and the financial viability of a project
- Having the **right systems in place** to monitor and report achievements of KPIs

Thank you!