Evaluation Synthesis on Response to Inclusive Growth

CONCEPT NOTE

June 2021
EVALUATION SYNTHESIS ON RESPONSE TO INCLUSIVE GROWTH
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Introduction
In the last two decades, the world has experienced significant gains in economic growth and poverty reduction. However, this progress has been uneven within countries and across regions. Research has shown that the extent to which growth reduces poverty depends on the degree to which the poor participate in the growth process and benefit from it.\(^1\) In this regard, the levels of poverty and inequality in several regions of the world remain high. On the other hand, failure to systematically address issues of poverty and inequality results in social and political tensions, thus undermining social cohesion and threatening the sustainability of growth. Therefore, it is important to examine the effectiveness of programs in inclusive growth designed and implemented in the past decade to address the twin problems of poverty and inequality.

The African Development Bank (AfDB or the Bank) has recognized inclusive growth as an important component of its core mission of spurring sustainable economic development and social progress in its regional member countries (RMCs). Both the medium-term strategy (2008-2012) and the long-term ten-year strategy (TYS 2013-2022) cover, prominently, the issue of inclusive growth. As the TYS comes to an end in 2022, it is important to evaluate the experience with the design and implementation of inclusive growth programs in Africa and other regions of the world to draw lessons that can inform the new TYS strategy.

This Concept Note presents the approach taken to carry out the proposed evaluation synthesis of the response to inclusive growth. This evaluation is part of the approved IDEV work program for 2019-2021.

Inclusive Growth in Africa and the AfDB’s Response
Despite registering impressive economic growth over the past two decades, Africa is still home to the ten poorest countries in the world. Furthermore, inequality remains a serious big problem. For instance, in 2018, seven of the world’s 10 most unequal countries as measured by the Gini coefficient were from Africa.\(^2\) The African Economic Outlook 2020 report also reiterated that while Africa continues to enjoy a stable economic growth, progress towards addressing inequality and reducing poverty is still slow. In particular, the poor are not sufficiently benefiting from the growth. This situation has been worsened by the global COVID pandemic. For example, in 2020, the pandemic pushed an estimated 30 million persons in Africa (mostly women, youth and low skilled informal workers) into extreme poverty.\(^3\) Therefore, addressing the twin problems of inequality and poverty through the promotion of inclusive growth with the view to improving the quality of life of all citizens continues to be a key goal of African countries.

The AfDB’s TYS identified inclusive growth as one of the two primary objectives for improving the quality of Africa’s growth. It builds on the medium-term strategy of 2008-2012 that determined that the AfDB must pursue an agenda of inclusive growth that targets all segments of society and the various sectors of

\(^2\) These countries include South Africa, Namibia, Zambia, Central African Republic, Lesotho, Mozambique and Botswana
the economy. The AfDB defines inclusive growth as economic growth that results in a wider access to sustainable social and economic opportunities for a broader group of people, regions or countries, while protecting the vulnerable, all being done in an environment of fairness, equal justice and political plurality. Specifically, the TYS addresses inclusive growth through four key areas of intervention: a) expanding economic opportunities for women (including providing basic services to ease the burden of women and free their time for engagement in productive activities); b) increasing economic opportunities for youth – enhancing technical and entrepreneurial skills and access to information about jobs and markets; c) broadening economic opportunities for fragile states; and d) supporting countries to build programs on social protection in general and safety nets in particular. These interventions are mainstreamed through the implementation of the AfDB’s High 5 priority areas of i.e. Light Up and Power Africa, Feed Africa, Industrialize Africa, Integrate Africa, and Improve the Quality of Life for the People of Africa.

Purpose, Objectives and Scope of the evaluation

The AfDB’s current TYS will expire in 2022. In this regard, this evaluation synthesis will provide the AfDB’s Board and Management information on effective inclusive growth approaches. The evaluation would include looking at existing studies of a broad range of interventions from more direct (skills development, vocational training, support to SMEs, microfinance, private sector and social protection initiatives) to more indirect/soft components (such as governance issues - enabling environment, regulatory frameworks). This in turn will inform the design and implementation of the next long-term strategy and advance the implementation of the High 5 strategies. The evaluation synthesis will also contribute to the evaluation of the TYS scheduled for completion in 2021.

The specific objectives of the evaluation synthesis are to:
   a) Assess the evolution in definitions and frameworks for inclusive growth;
   b) Establish the effectiveness of inclusive growth strategies and interventions;
   c) Update the understanding on key drivers and constraints to advancing inclusive growth across complex and dynamic environments; and
   d) Provide the AfDB’s Management and the Board with lessons.

This evaluation covers the period of the Bank’s ten-year strategy.

The synthesis will address the following illustrative evaluation questions covering aspects of relevance, effectiveness, efficiency, sustainability, and lessons. These questions will be refined during the development of the Approach Paper.

1. Relevance: To what extent have inclusive growth strategies and approaches been relevant and appropriate to address the needs?
   a. How is inclusive growth defined? How has this definition evolved over the years?
   b. What are the binding constraints to achievement of inclusive growth in Africa and similar contexts?
   c. Were selected approaches and interventions appropriate, and in line with the needs of the countries and the target groups?

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5 Elements of coherence and impact have not been assessed due to the broad-based nature of the inclusive growth response and thus the ability to isolate how it relates to each of these specific criteria.
d. How well have strategies been adapted and tailored for different countries, sectors and contextual shifts/change, say, over the past 10 years? What enabled this adaptive management?

2. **Effectiveness**: Is there evidence of effectiveness of direct and indirect inclusive growth interventions?
   a. Which interventions are demonstrating results? How do these results differ across contexts?
   b. Which institutional strategies, tools and mechanisms have enabled better implementation and achievement of the inclusive growth results across the different institutions, and under which circumstances? What other factors have enabled or hindered achievement of results?

3. **Efficiency**:
   a. Have the human and financial resources been adequate for supporting inclusive growth initiatives?
   b. How timely has the operationalization of the inclusive growth agenda been across different agencies?

4. **Sustainability**: How sustainable are the inclusive growth results?
   a. Which of the benefits and results achieved so far are likely to continue?
   b. How have financial, economic, technical, political and institutional capacities been strengthened to sustain benefits of inclusive growth?
   c. Are there risks to sustainability of inclusive growth outcomes and what measures would mitigate such risks?

5. **Lessons**: What are the emerging lessons from the implementation of inclusive growth strategies? What has worked and not worked, and why?

**Stakeholders**

Main stakeholders of this evaluation synthesis include the AfDB’s Board Committee on Operations and Development Effectiveness (CODE), Management, regional member country governments and other development partners. The Bank’s Management directly involved include the Vice Presidential Complexes of Economic Governance and Knowledge Management (ECVP), Regional Development, Integration and Business Delivery Complex (RDVP), Power, Energy, Climate and Green Growth (PEVP), Private Sector, Infrastructure and Industrialization (PIVP), Agriculture, Human and Social Development (AHVP) and Finance (FIVP), and the Departments of Strategy and Operational Policies (SNSP), Delivery, Performance Management and Results (SNDR) and the Transition States Coordination Office (RDTS).

**Methodology**

The evaluation synthesis will adopt a theory-based approach focusing on core components of the pathways to the achievement of inclusive growth i.e. selected direct and indirect interventions over the past ten years. Data will be collected through a structured review of relevant evaluation studies, systematic reviews and related research on inclusive growth from the AfDB, other multi-lateral institutions, bilateral development agencies, academia and think-tanks. A search protocol and eligibility criteria will be developed to guide the selection of relevant documents to generate relevant findings and

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6 Direct interventions include skills development through Higher Education and TVET programs; support to SMEs; financial inclusion; private sector initiatives; agricultural development; social protection and productive safety nets; and access to basic services and other activities directly targeting women, youth, and other poor and disadvantaged groups. Indirect interventions include governance issues—enabling environment, regulatory framework, and voice and accountability.
lessons. The team will triangulate data/information to strengthen the findings and mitigate possible limitations.

**Key Steps in the process** will include the following:
- Development and discussion of the evaluation synthesis Concept Note.
- Establishment of peer review teams (internal and external) and evaluation reference group.
- Preliminary literature review and stakeholder consultations on the scope of the evaluation, methodology and timelines. The deliverable for this step will be the formulation of an Approach Paper including the Theory of Change.
- Detailed structured documentary review of key evaluations and research papers from the AfDB, other MDBs and bilateral agencies to establish lessons. This will be complemented by review and analysis of other literature or similar research conducted by academia, research institutes, Africa-based organizations and think tanks.
- Preparation of a technical report bringing together key findings, conclusions and lessons.
- Organization of a learning workshop that will bring together key stakeholders within the AfDB to discuss findings of the synthesis and have a dialogue on implications of the conclusions and lessons.
- Preparation of a summary report and information brief.
- Sharing of the evaluation synthesis findings and lessons in a capitalization workshop with internal stakeholders.
- Wider dissemination of the evaluation products.

**Task Team**

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<tr>
<th>Role</th>
<th>Name</th>
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<tbody>
<tr>
<td>Task Manager</td>
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<td>Olive Bonga – Communications Consultant</td>
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**Illustrative schedule**

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<th>EVALUATION ACTIVITY</th>
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<tr>
<td>Establish evaluation team and quality assurance group</td>
<td>May 2021</td>
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<td>Approach paper</td>
<td>July 2021</td>
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<td>Data collection – literature review and targeted key informant interviews</td>
<td>July-August 2021</td>
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<td>Data analysis</td>
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<td>Technical Report</td>
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