

**REVIEW OF DEVELOPMENT EFFECTIVENESS MEASURING AND
REPORTING IN IFC AND ITS COMPARATOR ORGANIZATIONS**

Report by Anders Grettve, Consultant
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Appendices:

Appendix Number

Institution Profiles
Comparator Matrix

1-1 to 1-9
2

1. THE ASSIGNMENT

This report to the Development Effectiveness Unit of IFC presents a comparative review of development results tracking and reporting. The current approach in nine international development finance institutions with private sector activity is compared to that in IFC. A consultant appointment letter of May 16, 2006 from IFC to Anders Grette, evaluation consultant, includes the terms of reference. The review maps systems and practices in the institutions, and assesses relevance to IFC.

Sections 2-4 present the findings of the consultant, and Section 5 some conclusions and recommendations to IFC. A brief profile on each reviewed institution including IFC is presented in Appendix 1.

2. REVIEW METHOD AND DISCLAIMER

Profiling included the following steps for each reviewed institution including IFC:

- study by the consultant of public information on their current development results tracking systems;
- follow-up telephone interviews and email correspondence seeking explanations from staff involved in development results tracking;
- distribution of early and final draft profiles for comments from the contacted staff in each institution;
- reflection of comments received to the best ability of the consultant in the finally presented profiles and comparisons.

These steps allowed a reasonably true reflection of current development results in the institutions. The various report classifications and interpretations by the consultant, however, remain his sole responsibility. His findings, conclusions and recommendations are also not necessarily those of IFC.

3. MAPPING OF DEVELOPMENT RESULTS TRACKING

3.1 Profiles on 10 institutions including IFC

Ten international finance institutions including IFC are profiled in Appendix 1. The comparator institutions were selected on the basis of having substantial private sector development finance in developing or transition economies as a leading or a core activity among others, as public sector finance. Several institutions also manage significant technical assistance (TA) for private sector development. The review therefore includes TA development results tracking, albeit more briefly than tracking of the investments.

The review prepared profiles for the following institutions:

<u>Institution</u>	<u>Appendix</u>
AfDB, African Development Bank	1-1
AsDB, Asian Development Bank	1-2
DEG, Deutsche Investitions-und Entwicklungsgesellschaft mbH	1-3
EBRD, European Bank for Reconstruction and Development	1-4
EIB, European Investment Bank	1-5
FMO, the Netherlands Development Finance Company	1-6
IADB, Interamerican Development Bank, and IIC, the Interamerican Investment Corporation	1-7
IFC, International Finance Corporation	1-8
OPIC, Overseas Private Investment Corporation	1-9

3.2 Comparator Matrix Entries

The presented matrix in Appendix 2 classifies and compares the systems and procedures in the ten reviewed institutions. Section I presents entries on the tracking of private sector investment operations (PSIOs). Section II adds a few others on tracking of private sector technical assistance (PS-TA) operations.

The tracking systems of the individual institutions are evolving and not constant. Therefore, the matrix entries can only illustrate the broader current pattern. The entries should be seen in conjunction with the profiles in Appendix 1 and the comments in this report. They are not suitable for any kind of quality scoring.

4. KEY FINDINGS OF THE REVIEW

4.1 Private Sector Investment Operations (PSIO) Tracking

4.1.1. All institutions aim to measure development results of their PSIOs

All the reviewed institutions are striving for fuller approval definition of development goals, objectives, indicators, and rating standards for PSIOs. Nine institutions, including IFC, introduced such approval practices between 2001 and 2005. The remaining one institution has a pilot-tested system for PSIOs in developing countries prepared for an expected early launch. Most systems aim to apply the same indicator ranges and rating or scoring standards over the full project cycle. This means that they look to consistency from appraisal and approval via monitoring to post-evaluation. The institutions, however, have substantial differences in their monitoring modes and frequencies. It also applies to their post-evaluation approaches to completed mature projects. Some of these differences are discussed below.

4.1.2. Multilateral Development Banks (MDBs) with dominant private sector financing are advantaged in some capacity respects for PSIO tracking

EBRD, IFC and IIC have non-sovereign private sector finance and development as exclusive (for IFC and IIC) or dominant (in EBRD) activities. Their institutional capacities

are geared to this core area. Introduction of development results tracking benefited from the resulting good insight and capacity to prepare and monitor private sector investments. The three institutions take part in the Evaluation Cooperation Group (ECG) among multilateral development banks (MDBs)¹. A private sector working group in ECG looks to harmonized good post-evaluation practice for PSIOs. The key ECG evaluation principles have also affected the approach of the three institutions to development outcome assessment at approval and monitoring. This includes independent validation of self-evaluation reports and in depth post-evaluation. ECG evolved a set of 'harmonization' good practice standards (GPS) for private sector evaluation. A remaining harmonization challenge is, however, that not all ECG members consider that all GPS apply to their mandates.²

Their profiles in Appendix 1 illustrate how EBRD, IFC and IIC built systems for systematic and representative tracking of development results. EBRD started out first with its Transition Impact Monitoring System (TIMS), as described in the EBRD profile in Appendix 1-4. The system contributes relevant experience, as in monitoring and quality review practices. IFC with its Development Outcome Tracking System (DOTS) and IIC are building systems that allow tailoring to types of investments and environments similar to the EBRD practice. The approach builds on good insight into the investments and their context, and is facilitated by the existing PSIO handling capacities. The systems also build on good insight and capacity for quality review of reports. Some multilateral development banks (MDBs) with dominant public sector operations are constrained in PSIO capacity respects, while they have some other advantages, as discussed below.

4.1.3. The regional development banks with dominant public sector operations seek to apply their existing tracking systems to PSIOs, while their adaptation to their differing characteristics and monitoring capacity has been a challenge

The reviewed regional MDBs with dominant public sector operations (AfDB, AsDB and IADB) have recently expanded their private sector operations and capacity. They, however, still have their wider institutional capacity tailored mostly to their core public sector operations. The private sector operations are expanding, however. The private-sector departments of the regional MDBs still face some scale-disadvantages compared to the bigger private sector financiers like EBRD and IFC. Two of the regional development banks reported strained monitoring capacity for PSIOs, which also affects development results tracking.

The reviewed regional development banks do, however, possess another potential advantage: in general, they have longer established systems and experience in development results-tracking for the core public sector investments. It also applies to some extent for their

¹ ECG members include AfDB, AsDB, EBRD, IABD, IFC, IIC, EIB and IMF. The UNDP and the DAC Working Group on Evaluation are observers.

² The 3rd edition of ECG-GPS for Private Sector Investment Operations of April 18, 2006 reviews compliance. Full details are posted on the ECG website www.ecgnet.org. Some members considered that their mandates and type of activities justified various exceptions from the 'harmonization' GPS. EBRD among the leading MDBs with private sector investments considered for example that the ECG-GPS for financial and economic rates of return would not apply to its operations, as its mandate is to foster economic transition rather than development and poverty reduction. EIB was not included to date in compliance reviews by ECG for private sector evaluation, and a number of the GPS do not apply to members that do not invest directly in private sector projects.

technical assistance. Management and Boards of the institutions regard development results tracking as a key requirement.

The regional development banks looked to cross-fertilization prospects between the public and private sector operations, which was not without challenges. These included adaptation of the prevailing main outlooks and logical framework-approaches from the dominant public sector operations to fit the market-driven private sector projects and the various public private partnerships.

A key finding of the review is that the MDBs with dominant public sector operations now experience that regular development results tracking can add to already strained capacity for monitoring of expanding PSIOs. The three regional development banks subscribe to the aforementioned ECG principles and good practice standards (GPS) for development results tracking of private sector operations. This adds to the capacity requirements, as the ECG principles exclude the use of more standardized time-saving scoring approaches. Accordingly, the three reviewed regional MDBs are aiming at strengthened monitoring capacities for their private sector operations.

4.1.4. The ECG principles emphasise economic analysis and exclude arithmetic scoring with standard checklists and weights

The ECG standards exclude systems that use arithmetic scoring and standard weights. The emphasis by ECG is instead on classic economic cost-benefit analysis. This is supplemented by quantitative and qualitative assessments in the specific project context. This approach typically needs more time and resources than standardized checklist and scoring systems. The latter are still used by some of the reviewed bilateral institutions. The latter kind of scoring can be regarded as a pragmatic way to meet capacity requirements, as monitoring and review resources for the ECG approach can be higher.

4.1.5. Bilateral Development Finance Institutions (DFI) tend to use standardized scoring systems

The three DFIs under review (DEG, FMO, OPIC) have all introduced standardized numerical scores and weights for development results tracking. One institution (FMO) focuses on approval scoring supplemented by post-evaluation. The two others (DEG and OPIC) apply their scoring systems for monitoring over the project cycle, of which one also for post evaluation (DEG). OPIC also applies its scoring when a project is monitored for development impact, typically 2-3 years after receiving OPIC support. The scoring systems rely to a high degree on self-evaluation with various validations. The DFIs generally perform quality control or validation by quite small planning and policy units that report to management and at times to the boards.

The “GPR” system of DEG is the most consistent over the project cycle, and has reportedly been adopted by several other European DFIs. The system assigns a universal score to projects. It has some tailoring to different types of operations like manufacturing, infrastructure, financial sector, private equity funds, and adds up the various scores with standard weights. More details are presented in the respective profiles in Appendix 1.

4.1.6. Quality control and validation is still mostly internal in the institutions

All reviewed institutions with introduced regular monitoring and self-evaluation have quality control and validation performed by internal policy, planning, or evaluation units. Two DFIs (DEG, FMO) have intermittent government evaluations of their activities, while these have focused on the investments rather than regular systems review. In addition to evaluations by its Evaluation Department, EIB has its projects and programs reviewed at times by the EU Commission. One institution, FMO, introduced regular but limited external audit of its own administration's and the financed projects' environmental performance, as presented in the annual sustainability report.

4.1.7. External reports to date are mainly on post-evaluation development outcomes, while a few institutions, including IFC, recently started to publish tracking results from the monitoring stage

The six institutions with formally independent post-evaluation in accordance with the ECG standards (AfDB, AsDB, EBRD, IADB, IIC, and IFC) publish thematic evaluation reports without identifiable private companies or clients. EIB applies the same principle. AsDB is pilot-testing posting of client-approved individual evaluation abstracts on its website. DEG has published client- approved post evaluation results on individual investments in the past on a selective basis.

EBRD, FMO, IFC and IIC publish annual PSIO evaluation ratings with trends for post-evaluated mature operations. EIB based on its thematic evaluations will public similar information when the sample size allows. DEG and IADB will start the same practice from 2007, while AfDB and AsDB aim at similar public reports when they reach sufficient post-evaluation coverage. Other institutions either have dominant thematic PSIO evaluation and/or insufficient evaluated sample sizes to publish representative ratings and trends.

As regards development results tracking from the approval or monitoring stages, some institutions record trends internally. Separate external publication from regular monitoring of investments and TA in the private sector is, however, still uncommon. For example, the three regional development banks have long published annual portfolio performance reports with tracking information for their public sector operations only. IADB began including PSIOs in 2006, while EBRD has not yet started publishing its regular 'TIMS' tracking.

IFC under DOTS will be the first among the bigger international private sector development financiers to publish regular tracking outcomes, while IADB has also started: its 2006 annual report on portfolio performance began to present monitoring assessment records on the later years' PSIOs. EBRD reports transition impact (TI) assessments from the approval and monitoring stages to management and the Board, and annual TA monitor ratings to each donor, while not yet to the public. DFIs with numerical scoring systems either publish combined approval scores for recent operations with monitoring scores for those at more mature stages (DEG), or publish approval scores only (FMO and OPIC).

4.2 Technical Assistance (TA) Operations Tracking

4.2.1 Donors request improved monitoring and tracking of development results from TA, and the institutions seek to improve their systems

All reviewed institutions but one (OPIC) handle private sector TA, with IFC and EBRD handling the biggest amounts. The private sector departments of the regional development banks, AfDB, AsDB and IADB, as well as IIC handle more limited sums of TA trust funds, and EIB only recently introduced more significant TA. The handled TA by the private sector departments of the regional development banks and IIC still remains essentially linked to the investments of the institutions with some recent exceptions. These institutions do not regularly handle bigger stand-alone TA programs, as IFC's for SME business, finance or private sector development support. Two of the three reviewed DFIs also handle TA (DEG, FMO) that is partly in support of their investment projects.

The regional development banks have already established monitoring systems for TA in the public sector departments, and these systems apply equally to the private sector departments. The templates and reviews did not in general have any prominent place or instructions until recently for development results tracking. The typical focus was on general effectiveness, completion progress, TOR, fulfilment, etc. The various templates mostly had open entries for development results. This is gradually changing, however, as most of the institutions seek to respond to donor and Board requests for more development results tracking. As a result, all the reviewed institutions have TA-tracking systems at various development stages.

4.2.2 EBRD and IFC handle big TA amounts in private sector spheres, and are enhancing their TA development results tracking

EBRD introduced an extended TA monitoring system in 2003 and IFC in 2005. Both institutions responded to prior independent evaluation findings that TA monitoring needed high institutional priority and adequate staff resources, systems and incentives. As indicated in the EBRD and IFC profiles in Appendix 1 and the comparator matrix in Appendix 2, their respective tracking systems for TA have yet to become as comprehensive as those for the investments.

4.2.3 Adequate TA monitoring capacity is still a common constraint

The Comparator Matrix illustrates how the reviewed institutions seek to improve their systems for development results tracking tailored to private sector TA. The interviews and study of recent evaluation reports indicated, however, that adequate capacity for TA-monitoring has remained a common constraint until recently, including in IFC. TA-monitoring is labour-intensive and needs different skills than investment operations, according to the interviewees. Introducing more development results articulation and tracking to the monitoring systems adds to the requirements.

IFC and EBRD with the biggest amounts of private sector TA have both established coordination units for new systems and capacity building. Both units found that a lot of training and capacity building is needed across the institutions to meet the requirements. IFC initiated recent reviews, analyses and experimental TAAS designs. These aim at improved

future selection and design of TAAS operations for development effectiveness and at enhanced development results tracking.

4.2.4 Reporting to date has been mostly from the TA completion stage

Development results tracking and reporting on TA operations is still mostly in its early stages, particularly in the comparator institutions with less PS-TA activity than IFC and EBRD. Reports by the reviewed institutions on TA development results to donors and the public emanated until recently mostly from post-evaluation. Moreover, independent post-evaluation of TA has been predominantly thematic, with no regular annual evaluation of representative samples of TA operations. In general, too small samples of TA projects had independent regular post-evaluation and validation of self-evaluation reports to allow representative aggregate reports. The latter constraint applied until recently to the situation in IFC and EBRD as well.

The two latter institutions are now introducing more quality review and validation of self-evaluation reports, as TA project completion reports. This will help representative reporting as well as feed-back to the individual donors. The reviewed institutions do not generally publish regular approval or monitoring information on PS-TA operations. The few exceptions include EBRD reports to each donor on rating trends for its funded operations vs. overall trends for the total portfolio of monitored TA operations. IFC will publish aggregate TA-ratings and trends, starting with its Annual Report in 2007.

The institutions face increased donor-pressure for harmonized reporting on development impact from the funded TA operations. It appears from ongoing tracking systems development for private sector TA in the reviewed institutions that much work remains in this respect.

5. CONCLUSIONS AND SOME RECOMMENDATIONS TO IFC

5.1 Launching of a new tracking system with pragmatic and modest initial ambitions can be justified in the absence of established well-proven practices

IFC has been leading in the ECG collaboration for post-evaluation of private sector investments. The interviews indicated that some of the reviewed institutions in fact had looked to the IFC experience when introducing their systems for post-evaluation of development impact of private sector investments.

Similarly, IFC (together with EBRD that started a few years earlier) seem to be in the lead for tracking of development results from the early stages of the project cycle until post-evaluation and subsequently until closure. IFC has entered a fruitful pilot stage with DOTS monitoring, and can share evolving experience with other institutions that have private sector investments and TA. The approaches to monitoring and post-evaluation differ, while the addressed dimensions are generally fairly similar.

Regular development results-tracking from private sector operations in developing and transition economies does not have as established approaches and models as in the public

sector sphere. It faces new challenges in methods, system and capacity building, as those that are being addressed by DOTS in IFC.

The reviewed systems differ in the extent to which they recognize the measuring and attribution difficulties, in particular when addressing ‘beyond-project externalities’, as wider private sector development impact. Some system presentations are frank that their informed judgment based on monitoring indicators can only supplement but not replace complex in-depth post-evaluation and research. Various result-based management frameworks among development financiers in the public sector have also acknowledged this constraint.

EBRD reported experience from its “TIMS” monitoring system since 2002, which includes that pragmatic approaches are justified. The monitoring of each operation could be focused increasingly on a limited number of indicators tailored to the operation character and its specific environment. This is akin to a remark in the DOTS presentation in the IFC Annual Portfolio Performance Report in 2006, which states that tracking uses proxies at investee company levels rather than more in-depth evaluation methods used at the evaluation stage.

- IFC seems justified for the above reasons in retaining a pragmatic approach in the newly launched DOTS development effectiveness system. Selective monitoring of rather few tailored indicators to the specific operations in their environments has practical advantages. An approach that avoids complex reporting along more elaborate indicator check-lists should help capacity building and motivation in the operational departments as well as quality review.
- The first full public reporting on DOTS in 2007 should repeat that development results tracking is a complement to other reports on the development contributions of IFC and its strategic achievements. It seems justified to highlight again that regular monitoring can help inform but not replace more in-depth post-evaluation and research. Regular monitoring along the selected indicators can help assessment vs. various mile-stones and benchmarks. It will, however, typically lack any ready available counterfactual “without-project” information. This constrains firm conclusions beyond informed assessment of wider development impact from the operations.

5.2 The systems and practices of MDBs with dominant private sector operations are the most directly relevant to IFC

The development results tracking system in EBRD as leading MDB for private sector investments along IFC are still evolving. The Transition Impact Monitoring (TIMS) system of EBRD, however, has a few years of experience. Some features seem relevant to IFC despite the differing mandate of EBRD. The experience and findings of this review underline that a strong existing supervision capacity is essential. Introducing development results tracking becomes more difficult if it has to compete for already scarce resources with regular credit and risk monitoring. Good existing supervision capacity for regular monitoring will help enhanced tracking of development results. The experience from the regional development banks is that the conclusion applies equally to regular supervision and the following self-evaluation reports for mature projects.

Other reviewed institutions made some good progress to date in development results tracking of their private sector investments and TA. Their generally smaller organization tended to set limits, though, to specialization or pioneering systems-building for development results tracking.

- IFC can apply some of the experience from the TIMS system of EBRD, despite the differing mandates and regions of operation.
- IFC should take into account that successful development results tracking alongside regular project and credit supervision will be helped by ensured continued good capacity for the latter, as this brings synergy rather than competition for scarce resources.

5.3 Other MDBs can contribute some experience from their systems for public sector investments

The regional development banks with core finance to public sector projects have one identified advantage in having practiced development results tracking more systematically for a time. The challenge to the regional MDBs lies in adapting the systems to the differing characteristics of private sector projects.

Continued dialogue between IFC and the private sector departments of the regional development banks, including via the Evaluation Cooperation Group (ECG) should be mutually beneficial.

5.4 The systems of bilateral development finance institutions, DFIs, address similar dimensions at large, while their scoring can deviate from some key ECG harmonization standards.

The systems of the DFIs are generally of less direct relevance for IFC, though the DFIs concentrate on private sector investments. The reasons include the smaller organizations of the DFIs relative to their investments. They have had resulting needs to pragmatically seek more standardized approaches to tracking and reporting. This is evident in their common numerical scoring systems with standard indicator weights. The DFIs commonly put less emphasis on economic internal rate of return calculations than IFC, and tend to apply numeric scoring and standard weights, as in the GPR system of DEG. Their systems do, nevertheless seek to address similar development dimensions as those of the ECG members with private sector operations.

- IFC should look to some exchange of development outcome tracking and evaluation experience for private sector operations also with the leading DFIs and between fora such as ECG and EDFI.

5.5 Quality control and validation of systems and reports is mostly internal

Very few reviewed institutions had opted for external assurance (as by appointed auditors or academic expertise). Most, however, practice internal review, quality control and validation with varying degrees of independence. IFC will be a pioneer among the multilateral finance institutions in bringing external validation by auditors of its development

effectiveness system and its annual findings. The FMO experience has some relevance: it has engaged one leading international audit firms for audit of its annual sustainability report with a focus on environmental aspects. The experience indicates that the kind of audit can be only partial in the absence of yet established norms and practices.

- IFC is justified in seeking pioneering forms of external validation of its development outcome tracking. The benefits will be greatest if the auditors include in their teams expertise with combined insight into complex development issues and the workings of a multilateral development financier.

5.6 Consistency over the project cycle helps efficiency and transparency

The interviews confirmed that the institutions see as desirable consistent approaches for analyses, indicators and rating standards over the project cycle. Not all have, however, fully aligned their regular monitoring indicators and standards with those in current use by the post-evaluation departments. The EBRD experience from its TIMS system showed how incompletely aligned rating scales and standards from approval to post-evaluation stages tended to complicate subsequent tracking and reporting. It also indicated that highly structured or complex approaches can further complicate the alignment over the whole project cycle from approvals to post-evaluation.

- The evolving IFC framework for development outcome tracking should continue emphasizing full alignment between *ex-ante* approval assessments and the approaches and methods at regular monitoring and those at regular *ex-post* evaluation.
- DOTS should be transparent about the fact that many development indicator measurements remain judgmental of necessity, and that regular tracking at the supervision stage is no substitute for in-depth impact evaluation and research.

5.7 Tailored monitoring frequencies to the operation characteristics can be an alternative to standard monitoring intervals to track development results for all portfolio projects

IFC monitors all portfolio companies at least annually as part of its regular supervision cycle. DEG monitors development results for all active portfolio projects every second year, starting three years after the investments. EBRD has started in its TIMS system with the same monitoring and review frequency as for credit and risk rating purposes, but proceeded to tailor the TIMS monitoring frequency to the character of the investment. This move considered that some types of private sector operations allow early readings of development indicators (as in some infrastructure investments), while others may need longer intervals. It may be concluded that overly frequent monitoring reports to track and review development results can be counter-productive from efficiency and motivation viewpoints.

- IFC should consider opting for standard monitoring intervals for all active portfolio projects at no more frequent than annual reviews, or consider tailored frequencies along the lines introduced by EBRD and described above.

5.8 Capacity synergy with regular supervision and credit monitoring of the portfolio projects

There is a clear potential synergy in combining capacity and systems to some extent for portfolio monitoring for credit purposes and that for development results tracking. The private sector- specialised MDBs with scale advantages in their PSIO handling showed this advantage. The EBRD experience demonstrated the potential efficiency advantages in integrating credit and development results monitoring and supervision reporting, as opposed to wholly separate systems and reports.

IFC's system of having DOTS feed directly into supervision reports and entries thus being reviewed as part of the regular supervision cycle should be continued, even if development results review may be less frequent for some investments in line with the recommendation under 5.7.

5.9 Good incentives another key requirement

Suitable incentives for operational staff to assess and monitor development impact should be part of a good system. The EBRD experience showed the benefits with a performance evaluation system for individuals, teams and departments that include good development results tracking. Among DFIs, DEG has linked annual GPR scores to its bonus ("corporate award") system.

- The IFC development outcome tracking system should look to adding good incentives for the involved operations and portfolio monitoring teams from the outset.

5.10 External reporting can be evolved gradually

Most reviewed institutions had no current reporting from their regular development results tracking to date apart from that emanating from their post-evaluation. The reviewed regional MDBs intend to gradually include PSIOs into their existing annual performance reports. Their published reports to management on portfolio performance have to date mostly dealt with development results monitoring outcome from public sector operations. Inclusion of private sector operations should be possible, as more of them are given approval indicators and if more adequate capacity is built for tracking during monitoring. EBRD introduced annual tracking reports to management and the Board, while leaving external reports to a later stage for its "TIMS" tracking system, which has risk to realized impact as one key component. DEG started publishing GPR scores for more mature investments in 2004. IADB laid the foundation for including PSIOs in its public 2006 Annual Report on Project and Portfolio Management and Performance (now renamed Annual Development Effectiveness Report). IADB's tracking of PSIOs at monitoring will rate their likelihood of meeting the development objectives along a four-grade scale, rather than implying any exact measurement. Among DFIs, DEG started publishing GPR scores for more mature investments in the portfolio from 2004.

The development effectiveness system of IFC would be justified in planning some additional time for tests and analyses after its good inception by the end of 2006. This could be useful before any publishing of the full range of the early years' recordings. The 2007 DOTS report can clearly state based on this review that the new IFC system virtually lacks

prior models for development results tracking from the regular monitoring of private sector operations. For this reason, one should expect that IFC may introduce some DOTS modifications in the coming years, as more experience is gained.

5.11 Technical assistance monitoring mostly remains in its early stages for development results tracking

No reviewed institution had a fully comprehensive system for regular TA development results tracking, and most were still striving to improve their basic monitoring and reporting systems. A key constraint was adequate capacity and skills for the labour intensive monitoring of TA with differing skills requirements compared to investments handling.

- IFC as biggest handler among the reviewed institutions of stand-alone TA programs in the private sector sphere should accelerate its recently increased efforts to improve TA monitoring systems.

Several of the recommended principles in Sections 5.1 to 5.10 above for investment projects tracking apply equally to TA operations. For example, clear monitorable development indicators at approvals are needed for consistent tracking at supervision. TA operations need good quality assurance of the tracking and completion reports and independent in-depth evaluations. It follows not least as TA operations lack the market test that investment operations have. Donors expect tracking and reports on development outcome from private sector development advisory services as much as from TA in the public sphere.

Supervision and tracking capacity for private sector TA has generally lagged that for private sector investment operations until recently. This includes EBRD and IFC as leading handlers of private-sector TA. Both look to strengthened policy formulation, training and added tracking capacity for improved TA supervision and development results tracking.

- IFC should consider that committing to more elaborate TA development results tracking reports to donors and the public may be more justified if based on what can realistically be achieved in the medium term. There are also limits to assessing development outcome from small advisory TA contracts. Reporting can be gradually evolved, as capacity progresses and more experience is gained. The ongoing capacity and systems building for TA development results tracking in IFC and its various advisory service reviews will help. Continuous training and strong enough incentives for quality TA handling are other needs. The combination will help in achieving similarly high tracking standards and in-depth evaluation coverage for the advisory services as for the IFC investment operations.

Profile- African Development Bank (AfDB)

1. A NON-SOVEREIGN PRIVATE SECTOR OUTSTANDING PORTFOLIO OF ABOUT USD 608 MILLION IN 2005

AfDB with 53 regional and 24 non-African current member countries started in 1964 for development finance to governments in the region. Non-sovereign private sector investments began in 1991, while their outstanding portfolio at USD 608 million by the end of 2005 was only just over 2% of the core sovereign loans. The African Development Fund (ADF) for concession loans and grants is not included in this profile.

1.1 Operating policies, products, volumes and capacity

The policy aims to support private sector development with viable investments. The private sector department (OPSD) has finance via financial intermediaries as leading type of investment. This pattern evolved after AfDB experienced in the earlier years that direct investments in private industry can be risky. The portfolio split at the end of 2005 was 53% credit lines via banks, 10% equity (mainly via private equity funds) and 37% direct investments. The latter have infrastructure as leading sector. The OPSD investment approvals in 2005 totalled USD 264 million, while new commitments in the same year totalled USD 304 million.

AfDB aims to increase its private sector investments. With a view to strengthening its organization, OPSD increased its staff by September 2006 to 39 professionals and 11 support and administration staff. The Department shares various support functions with the rest of AfDB.

2. DEVELOPMENT OUTCOME TRACKING AND POST-EVALUATION IN AFDB

2.1 Ex-ante articulation at approvals

New approval reports for private sector operations should articulate development objectives and the monitoring and evaluation indicators. This is in line with the longer established practice for AfDB's public sector loans. OPSD seeks to adapt their log frame-based approach to the character of the private sector operations. The 2005 Annual Evaluation report on the AfDB website (www.AfDB.org) highlights the need for more adequate resources to improve on the current low coverage of self-evaluation reports. A study on the evaluation process for private sector operations had showed the need for more articulation of development objectives and indicators, and the monitoring reports still had a dominant credit focus for most private sector investments.

2.2 Monitoring

OPSD seeks to catch up on a remaining backlog in monitoring reports and self-evaluation reports on the private sector portfolio's mature projects. More regular monitoring of development results in supervision reports will be introduced as the Department strengthens its capacity. The supervision reports will increasingly include development indicators similar to those in approval reports and the more comprehensive self-evaluation reports.

2.3 Post-evaluation

Expanded supervision reports (XASRs) are used in OPSD for self-evaluation of mature private sector investments. These reports still have materially lagging portfolio coverage according to the independent Operations Evaluation Department, OPEV for post-evaluation. The Performance Evaluation Reports (PPERs) and Evaluation Notes of the Department have a remaining low coverage as a result, as validated XASRs form a key input. The OPEV staff includes 11 professionals with plans to increase the number to 14. Most are in public sector evaluation, while 2 evaluators work part time in private sector evaluation.

AfDB seeks to comply with the good practice standards (GPS) of the Evaluation Cooperation Group (ECG) among multilateral development banks (MDBs) for private sector evaluation. The ECG benchmarking review of 2005 found that AfDB materially complied with 38% of the "harmonization" GPS. The score would have been higher had the Bank achieved a higher self-evaluation coverage, according to OPEV.

2.4 External and internal reporting

AfDB posts evaluation reports on its web site, while without disclosure of any individual private sector operation details. AfDB does not yet include any *ex-ante* at-approval or supervision report ratings of development outcome in its external reporting.

Management prepares an Annual Portfolio Performance Review (APPR) on approval and regular supervision ratings of the active public and private sector portfolios. The aforementioned backlog in supervision reports on private sector investment operations constrains tracking of development results and trends in the APPR as well as in the Annual Evaluation Report by OPEV. The APPR also addresses strategic issues and is discussed by management and the Board, while it is not published.

OPEV prepares periodic reviews of the annual evaluation results for public and private sector operations. The latest edition for management and the Board was underway in mid-2006 for projects completed in 2003-2004. There is a corresponding lag in OPEV's accumulated Reviews of Development Effectiveness (RDE) to management and the Board. OPEV plans more regular RDE reports as AfDB improves its reporting capacity and coverage along recent plans drawn up by a task force on covering the evaluation gap.

Appendix 1-2**Profile- Asian Development Bank (AsDB)****1. ASDB IS PUBLIC SECTOR-FOCUSED BUT EXPANDS PRIVATE SECTOR FINANCE IN THE REGION****1.1 Non-sovereign private sector investments reached about 6% of the portfolio**

AsDB started in the 1960s a multilateral development bank mainly for sovereign loans to the region. The Bank began non-sovereign private sector lending in 1983. A consolidation period followed for the latter after the Asian financial crisis of the late 90s. The portfolio of non-sovereign private sector investments at USD 1.3 billion at the end of 2005 represented about 6% of AsDB's overall active outstanding portfolio. The current strategy aims to expand the private sector investment operations (PSIOs) along growing demand in the region.

1.2 Operating Policies, Products, Volumes

AsDB's private sector strategy of 2002 aims to contribute to private sector development by supporting viable investments. The projects shall contribute to growth and set good standards in corporate governance, social, environmental and health and safety spheres, and to poverty-reduction. The investments of AsDB shall catalyze rather than replace market funding.

The investments by the Private Sector Operations Department (PSOD) are confined to infrastructure and financial and capital markets. New private sector investment signings in 2006 totalled just over USD 1 billion on the Bank's own account and USD 1.24 billion including co-financing with AsDB as lender of record. The direct "real sector" investments in infrastructure represent approx. 60% and investments via financial intermediaries 40%. Medium and long-term loans amounted to about 46% of the private sector investment portfolio at the end of 2005 and equity investments represented 32%. The co-financing share was 11%. AsDB aims to enhance its catalyst role, including with more risk products, as guarantees.

2. DEVELOPMENT OUTCOME TRACKING AND POST-EVALUATION OF PRIVATE SECTOR OPERATIONS**2.1 The AsDB Board requires development results tracking**

All PSO approval documents include development indicators starting from 2005 (2004?). PSOD articulates the indicators and develops monitoring reports that take into account different characteristics of private and public sector operations.

PSOD with approx. 30 professionals and as many support staff is currently strengthening its development results tracking. The earlier PSO investments had open entries in monitoring reports for development results, while the reports on more recent projects include specified development indicators as given at approval. Credit review takes place quarterly, supplemented by annual monitoring reports on each account. An independent risk management unit performs review from 2005. PSOD introduced tailored reports for its private equity fund investments including for monitoring of development results. The independent evaluation department of AsDB performs quality control of self-evaluation reports on PSO investments.

2.2 Independent *ex-post* evaluation in AsDB

AsDB seeks harmonization with the good practice standards (GPS) for private sector evaluation as adopted by the Evaluation Cooperation Group (ECG). Benchmarking in 2005 by the Multilateral Development Bank (MDB) members of ECG assigned a 24% material compliance to AsDB to the “harmonization” standards set by the group. PSOD seeks to overcome its remaining capacity gaps to reduce some backlog and achieve a fuller coverage of self-evaluation reports for mature private sector operations.

The independent Operations Evaluation Department (OED) evaluates all types of AsDB operations, and has new staff with a private sector background. Private sector evaluation guidelines that build on the ECG standards were about to be adopted in late 2006, and will include preparation of expanded annual monitoring reports for PSOs and validation by OED.

2.3 Technical assistance

PSOD currently handles donor-funded technical assistance (TA) contracts to the tune of USD 3 million. The regional departments of AsDB handle TA of much greater magnitude alongside their sovereign lending. The PSOD TA projects are subject to AsDB’s general approval and monitoring procedures for all TA. Approval, monitoring and TA completion reports (TCRs) shall include assessment of development results. The TCRs have 4-grade ratings of i) client commitment to achieving development objectives; (ii) adequate ADB supervision, (iii) fulfilment by consultants of their terms of reference. TCRs as self-evaluation reports add the relevant lessons. OED validates and performs TA post-evaluation based on samples of TCRs.

2.4 External and internal reporting

AsDB posts evaluation reports on its website in line with the Bank’s public disclosure policy, but limits disclosure on individual PSOs in accordance with their confidentiality undertakings. The Bank is, however, testing web-site postings of client-approved post-evaluation abstracts. OED’s Annual Reports on Loan and Technical

Assistance Portfolio Performance and its Annual Evaluation Report are posted on the AsDB website (<http://www.adb.org>). These reports include aggregated *ex-post* evaluation ratings and trends for the public sector operations, while not as yet for PSIOs and TA managed by PSOD due to their limited post-evaluation coverage to date. The thematic content of the two OED annual reports covers both public and private sector operations.

Sources: The AsDB website, <http://www.adb.org>, including its posted Annual Reports, various public AsDB reports on private sector operations and policy as well as annual evaluation reports by OED, supplemented by email correspondence and telephone interviews with representatives of OED and PSOD.

Appendix 1-3

Profile - Deutsche Investitions-und Entwicklungsgesellschaft, DEG

1. DEG IS A LEADING EUROPEAN DEVELOPMENT FINANCE INSTITUTION, DFI

1.1 DEG signed USD 0.9 billion equivalent of private sector investments in 2005

Deutsche Investitions-und Entwicklungsgesellschaft, DEG, started in 1962 and grew to a leading European DFI. The Federal German ownership was shifted to the KfW Banking Group in the early 2000s. The KfW “sister” entities are KfW Förderbank (for German housing incl. energy conservation etc.), KfW Mittelstandsbank (supporting German SMEs), KfW IPEX-bank (export finance) and KfW Entwicklungsbank (for “soft” developing country loans on IDA-like conditions, and grants).³

The DEG role remains to promote private sector development, and thereby poverty reduction through viable investments in developing and transition economies, backed by its own capital.

1.2 Operating Policies, Products, Volumes

DEG seeks acceptable returns without subsidies, and can invest in projects with or without German interests. The investments focus on development impact including in environmental and social dimensions. 2005 was a record year with new DEG commitments at USD 940 million equivalent. The global economic upturn helped growth and good returns. 99 new investments at USD 15 million on average had a 43% share via financial sector intermediaries, as banks and private equity funds. The direct new investments in manufacturing and services represented 34% share and those in infrastructure 26%. The main instrument is term loans, with equity representing about 13%. Operations by DEG cover over 80 countries in all major regions. Asia represented 42% of the 2005 investments, Europe 23%, Latin America 18% and Europe 23%.

DEG employs 348 staff (incl. part time) of which most at the Cologne HQs, and 11 in regional offices shared with KfW Entwicklungsbank. The core activity remains is DEG’s ordinary portfolio investments. EUR 7.8 million with use of Government funding was approved by DEG in 2005 to support German firms looking to public-private partnerships (PPPs) in low-income countries. Similarly, DEG handles a Government-funded small loans facility for start-up SMEs.

³ KfW Entwicklungsbank is not included in the Comparator Matrix in Appendix 2, as it has few private sector operations apart from some microfinance investments.

2. DEVELOPMENT RESULTS TRACKING AND POST-EVALUATION IN DEG

2.1 Corporate Policy Project Rating (“Geschäftspolitisches Projekt Rating, “GPR”)

GPR applies numerical scoring for all DEG investments at all stages of the project cycle, starting from 2002. The system assigns points for: (i) long-term project profitability (max. 150 points), (ii) development effects/sustainability (max. 150 points), (iii) strategic role of DEG (max. 100 points), and (iv) return on DEG’s equity (max. 100 points). A Summary on the KfW/DEG website describes the system (see www.deginvest.de). An overall rating on a six-grade scale for each project has minimum thresholds for all of the above four scores except the DEG Strategic Role. The latter is rated separately and includes additionality.

EG scores projects (i) *ex-ante* at approvals, and (ii) in GPR monitoring reports due every 2nd year currently. A third element is to include lessons upon DEG’s exit. To date, DEG has *ex-ante* approval GPR ratings for about 1/3 of its 400 active projects and GPR monitoring ratings for 360 of these. The scoring standards are quantified mainly for financial returns.

The development and economic sustainability indicators include contribution to the economy based on financial flows adjusted mainly for government subsidies and revenues from taxes. Most other sub-indicators are qualitative. They include effects on gender, training, technology and know-how transfer, as well contribution to development of markets, effects on infrastructure, social effects, and environmental performance and health and safety standards. GPR has different sets of indicators and rating standards for financial sector, infrastructure and direct investment projects.

Several member institutions in the “EDFI” network of European development finance institutions are introducing GPR variants their for development results tracking, according to DEG.

2.2 Technical Assistance, TA

DEG handles TA with BMZ-funding. The amounts are limited relative to the mainstream investments. A common type of TA is consultancy services linked to the PPP, business startup and young entrepreneurs programs. DEG has developed a new TA-monitoring, rating and evaluation system (EPR) in collaboration with another German technical assistance agency.

2.3 DEG evaluation

DEG has no full post- evaluation internally, while the Federal Ministry for Economic Cooperation and Development (BMZ) commissions independent consultant evaluations of DEG’s investments at 3-4 year intervals. The Economics/Development Policy unit of DEG has two professionals. The tasks include overseeing GPR and

occasional in-depth post evaluation. The main emphasis is, however, on support to and quality control of GPR as a self-evaluation instrument. Operations are scored at approval, and regular monitoring scoring every second year starts three year after the investments. DEG considered in 2006 to shift the following GPR monitoring report frequency to annual.

2.4 External and Internal Reporting by DEG

GPR scores are not published externally, while aggregations are reported regularly to management and the Board. DEG has, however, long included in its annual and other external reports the assessed contribution of its projects (i) to direct and indirect employment creation, (ii) to government revenue through taxes, and (iii) to net foreign exchange savings.

Sources: DEG's website www.deginvest.de and its posted publications, including Annual Reports for 2004 and 2005, and a posted description of the GPR system, supplemented by telephone interviews with a representative of the DEG Economics/Development Policy unit and with the monitoring and control unit of BMZ.

Appendix 1-4

Profile- European Bank for Reconstruction and Development (EBRD)

1. EBRD STARTED IN 1991 TO FOSTER ITS REGION'S TRANSITION FROM PLANNED ECONOMIES

EBRD started in 1991 to support transition of the former planned economies in Eastern Europe and the former Soviet Union, fostering improved living standards and democracy. The shareholders are 60 governments and the European Union (EU) and the European Investment Bank (EIB). 29 members include “countries of operation” from central Europe to Central Asia. The EBRD support to European Union members and EU accession countries in Central Europe and the Baltics will essentially be phased out by 2010. EBRD will instead focus increasingly on the early and intermediate transition countries of South-eastern Europe, the Caucasus and Central Asia.

The main financing is non-recourse private sector loans and equity. The share of sovereign loans has fallen to about 17% of the outstanding portfolio. EBRD has significant donor-funded technical cooperation (TC), and conducts research on the transition process. About $\frac{3}{4}$ of the TC supports preparation or implementation of the investments. The remainder is stand-alone TC programs for private sector development.

1.1 Operating policies, products, volumes.

EBRD's key principles include: (i) transition impact (TI), (ii) sound banking, (iii) additionality, and (iv) improving environmental, health and safety (EHS) standards.

The outstanding active investment portfolio was equivalent to USD 19.8 billion by the end of 2005. New signings that year totalled approx. USD 4.3 billion and 5.2 billion including co-financing. The EBRD product range is broadly similar to IFCs, apart from the small share of sovereign loans, as shown in the attached table with more details.

2. DEVELOPMENT RESULTS TRACKING

2.1 TIMS – Transition Impact (TI) Monitoring System

EBRD introduced its TI Monitoring System (TIMS) in 2003. It is the closest equivalent under the EBRD transition mandate to development results monitoring in multilateral development banks (MDBs). The Office of the Chief Economist (OCE) monitors the TI potential as appraised at approvals, and operational banking departments report on the TI achievements. The system includes reports to management and the Board, and TIMS feeds into independent post-evaluation in EBRD. TIMS takes off from the TI assessments in approval reports from 1999 onwards for the non-sovereign investments. All ratings are qualitative with no fixed weights for the various indicators.

TC is included in TIMS only implicitly, i.e. when a TC component is linked to an investment project under review. According to the EBRD co-financing unit, its review of TC-completion reports will become more comprehensive as elaboration of TI potential, indicators and risk is introduced in the more recent TC approval and monitoring reports.

2.2 TIMS indicators and process

Transition impact potential, risks to its realization and evaluated impact are addressed along 7 EBRD indicators. These are qualitative in essence with a focus on private sector development. Checklists are tailored to sectors where EBRD invests frequently and to country contexts. Approval documents should establish monitorable indicators, benchmarks and milestones. Entries in TIMS monitoring reports on projects should be structured accordingly, apart from including corrective action by EBRD that may help bring about improved TI. All TI ratings are qualitative without fixed indicator weights.

The Office of the Chief Economist reviews all TIMS monitoring reports and those completed at EBRD's exit from an investment. TIMS review follows immediately after regular credit reviews for portfolio credit risk rating of each project. This provides reporting teams with a one-stop review opportunity. It also helps TIMS benefit from the credit monitoring discipline in the Bank, according to the Office of the Chief Economist.

2.3 TIMS experience to date

The Office of the Chief Economist reported from TIMS' first three years, i) that the system has clearly assisted EBRD in focusing on TI at all stages of the project cycle, ii) that projects with front-loaded TI can be easier to assess and monitor than those with longer-term impact, iii) that attribution of TI remains based on informed qualitative judgment in many kinds of private sector investment projects, and (iv) that practical reasons may also justify sparing use of just a few key indicators with tailoring to the project and its context.

2.4 Post-evaluation in EBRD

Post-evaluation in EBRD seeks compliance with the applicable good-practice standards (GPS) of the Evaluation Cooperation Group (ECG). The 2005 "benchmarking" review by ECG assigned a 74% score on EBRDs material compliance with a set of "harmonization" GPS.⁴

The independent Evaluation Department (EvD) reports to the Board. Evaluation of individual operations is a core activity along special studies and thematic evaluation. Expanded Monitoring Reports (XMRs) are mandatory self-evaluation reports from operational departments, and form an important EvD input. The TI rating is a key driver of an overall performance rating of evaluated projects. Their financial, economic and

⁴ The 2nd benchmarking report from 2005 on the ECG web site shows that the EBRD compliance would rate significantly higher than 74% if excluding those harmonization GPS that EBRD considers not to be applicable to its mandate.

EHS performance are evaluated along with the investment returns to EBRD and its work quality. All investments must be “additional” in terms of adding EBRD value, while not replacing market-finance. Post-evaluation still applies slightly differing rating scales for TI compared to the TIMS system, though EBRD is striving towards fuller alignment over the project cycle.

2.5 Technical Cooperation, TC

About ¾ of all TC is for preparation or implementation support to investments and all remains essentially donor-funded to date in EBRD. Its official co-financing unit introduced a new TC-monitoring and reporting system in 2004. The templates and quality reviews by the unit seek to ensure that relevant and coherent progress and success indicators are used at appraisal and in approval, monitoring and completion reports for all TC operations. The self-evaluation completion reports for TC-operations have less detailed structuring for TI-assessments compared to those for investment operations.

The official co-financing unit aims at improving access by the respective donors to the TC monitoring and completion report findings. The donors are currently presented with PCR ratings of their financed projects and are also given the aggregated success ratings for all TC operations for comparison. Donors will be offered future direct access to similar information from the TC- database of EBRD.

2.6 Internal and external reports

EBRD does not publish TI ratings from the approval or monitoring stages, while the EvD Annual Evaluation Overview Report with post-evaluation findings is posted on the EBRD web-site (<http://www.EBRD.com>). This report includes performance ratings and trends, thematic findings and lessons. Future TC completion reports will include more comprehensive evaluation of transition impact. This will be incorporated into future reports to donors along the same lines as for current reports to them on the outcome of completed TC operations.

Sources: EBRD Website [http:// www.EBRD.com](http://www.EBRD.com) and its posted Annual Reports and Annual Evaluation Overview Reports, supplemented by interview with representatives of the independent Evaluation Department, EvD, the Department for Planning, Budgeting, the Office of the Chief Economist, and the EBRD Official Co-financing Unit.

Attachment: Comparison of broad EBRD and IFC characteristics
Attachment to EBRD Profile Feb. 10, 2007

Comparison of broad EBRD and IFC characteristics

	<u>EBRD</u>	<u>IFC</u>
	Approx. USD billion	
Sum of loans, equity investments plus guarantees		
Outstanding 2005 ⁵	19.8	12.6
of which non-sovereign	16.8	12.6
of which shares of direct real sector investments and via financial intermediaries, approx. %	80/20	75/25
Proportion of loan and equity, investments approx.	80/20	80/20
New signings, 2005 , USD billion	5.2	5.4
2006		8.3
targeted 2008 approx.	5.5	5.9-7.2
	<u>EBRD</u>	<u>IFC</u>
	USD million	USD million
Average size of real sector investments, approx.	25-30	25-30
Sector distribution in real sector	Wide, akin to IFC`s	Wide
Technical Assistance, TA		
TA-contract sum handled currently, approx. USD million	80-90	90
Share of TA for investment projects preparation and their implementation support.	high, ca 3/4	low

⁵ 2006 represented by Fiscal year 2005 ending 30th June for IFC and 31st December for EBRD.

Appendix 1-5

Profile European Investment Bank (EIB)**1. EIB SIGNED EUR 5.9 BILLION EQUIVALENT OF LOANS TO NON-EU MEMBERS IN 2006**

Established under the Rome Treaty as the multilateral investment bank of the European Union (EU), EIB contributes to integration, balanced development and social cohesion. EIB borrows on capital markets and re-lends to investment projects. EIB also handles financial development cooperation with non-member countries. This cooperation is notably with all EU Neighbor countries (South-East and South from EU), and under the *Cotonou Agreement* with over 70 African, Caribbean and Pacific Countries (ACP).

EIB committed over EUR 45.8 billion in 2006 (EUR 47.4 billion in 2005), of which almost 87% (89% in 2005) for projects in EU member states. The remaining finance of about EUR 5.9 billion (EUR 5.1 billion in 2005) was for projects outside the EU, including in Mediterranean and developing partner countries. The former had a dominant share of state-guaranteed finance. The share with private sector development elements included both direct project financing and lines of credit for on-lending by commercial banks to the private sector.

1.1 Operating Policies, Products, Volumes

EIB's finance outside the EU includes the following geographic groups with the approximate sum of the 2006 signatures in brackets.

- i) *South-East European countries*: approx. (EUR 3.2 billion, mostly in the public sector)
- ii) *Russia and eastern neighbors, no lending in 2006 (new mandates)*
- iii) *Mediterranean neighbors* (EUR 1.4 billion, mostly in the private sector and in commercially run infrastructure)
- iv) *Africa, Caribbean and Pacific, ACP, countries* that comprise over 70 developing partner signatories under the *Cotonou Agreement* (EUR 745 million, public and private sector)
- v) *Asia and Latin America* (approx EUR 0.5 billion, mostly private sector-oriented)
- vi) *South Africa* (accounting for EUR 80 million, mostly non-sovereign and private sector-oriented)

The ACP Investment Facility is a EUR 2 billion revolving fund managed by EIB to finance viable private businesses and public corporates direct or via intermediaries. Its loans, equity investments and guarantees should leverage rather than replace market sources and be without subsidies except for some environmental or social project components.

EIB's technical assistance (TA) has been introduced in 2005 for Mediterranean partner countries (with use of EC budget resources and of a multi-donor trust fund). It is not addressed in this Profile. TA to private sector projects in developing countries is more recent, of lesser magnitude and mostly linked to the investment projects.

2. Development Results Tracking and Post-evaluation

2.1 The Development Impact Assessment Framework

EIB decided in 2006 to launch a new Development Impact Assessment Framework (with working name `DIAF`). The system, initiated for ACP countries will apply to projects in developing countries outside the sphere of EU members and prospective EU accession countries. The "DIAF" system will initially be used at the approval and post-evaluation stages - including soon monitoring - and address the following three main areas:

- *Pillar 1*, Contribution to Mandate and Country Objectives assessing priority areas, as support to private sector development and commercially managed public enterprises;
- *Pillar 2*, Quality and Soundness of the Project, assessing areas, as financial and economic performance, social, governance and institutional development aspects and the physical environment.
- *Pillar 3*, EIB Contribution, including EIB strategic role and financial value added and TA when relevant.

Each pillar will be rated along a four-grade scale (low, moderate, medium, high) combining qualitative and quantitative standards.

2.2 EIB Post Evaluation

EIB's Operations Evaluation Department (EV) reports to the Board; it is part of the Inspectorate General which overlooks also Internal Audit and Fraud Investigation. EV performs post-evaluation of projects and programs. It also assesses the self-evaluation process for which EIB has targeted to increase coverage to 100% of new mature operations by 2007.

EV will expectedly adopt the new `DIAF` evaluation system for developing country projects in parallel with its current logical framework-based

system for other EIB operations. Most EV-evaluations are thematic looking to certain sectors or countries or mandate-related themes. Annual success ratings are reported on a 20% sampling basis for developing country operations. The EIB website includes reports on infrastructure, private public partnerships (PPPs) and global finance operations. Evaluation addresses relevance, effectiveness, efficiency and sustainability as well as the EIB contribution. The latter includes design, conditioning and supervision influence and technical assistance linked to private sector investments and the EIB role as contributor of financial value-added.

2.3 External and Internal Reporting

EV synthesis reports are published on EIB's web site (see www.eib.org/projects/evaluation). Synthesis reports do not identify individual projects, whether public or private sector. Individual project reports are confidential; they are presented to the Board and are published on the EIB intranet.

Sources: EIB website, www.EIB.org with annual and evaluation reports, supplemented by interviews with staff in EIB.

The Netherlands Development Finance Company, FMO**1. A LEADING EUROPEAN DFI**

The Netherlands Development Finance Company (FMO) invests in private sector projects in developing and transition economies around the globe. FMO is one of the leading European development finance institutions (DFIs), and can invest in projects with or without Dutch interests. The Dutch Government holds 51%, the major Dutch banks 42%, and Dutch trade unions and some individuals 7%.

1.1 Operating Policies, Products, Volumes

Despite its private part-ownership, FMO retains a clear development profile, seeking a good return from sound investments. The FMO Group signed USD 0.9 billion equivalent for 96 new investments in 2005 averaging about USD 7 million, and the net outstanding portfolio was USD 1.7 billion. 47% was in the financial sector (including banks, private equity funds), 24% in infrastructure and 21% in trade and industry. Senior and mezzanine loans represented about 75%, equity 14% and guarantees 11%.

FMO employs 250 at its Headquarters in the Hague. The range of countries was narrowed in 2002, while FMO remains active in all major regions. The geographic exposure is about 30% in Asia, 26% in Africa, 24% in Europe and Central Asia, and 20% in Latin America. FMO has some Government funds for concessional finance to infrastructure projects in the least developed countries, and for SMEs.

2. DEVELOPMENT OUTCOME TRACKING AND POST-EVALUATION IN FMO**2.1 Ex-ante Scoring with “EDIS”, the Economic Development Impact Score**

By 2004, FMO had developed scorecards and manuals for rating of credit and development aspects (including social and environmental). Three variants are used for existing companies, new projects and investments via financial institutions.

The main elements of EDIS are i) financial sustainability and risk, ii) sustainable development impact, including wider impact beyond the enterprise (private sector development), and iii) the FMO role and contribution. The scores are numerical and aggregated into one numerical EDIS for each new approved project. The scorecard manuals do not include an economic rate of return (ERR). The scoring standards are quantitative for project and FMO investment returns. The rest are qualitative, as shown in the FMO scorecard manual materials posted on the FMO web site (www.FMO.NL).

Regular supervision reports in FMO focus on credit, risk and returns aspects. Development outcome is addressed more generally.

2.2 Annual Development Impact Indicators (DII) based on ex-ante EDIS scores at approval

FMO started in 2005 to monitor targeted improvement of the annual consolidated DII score for each year's new signed investments. The weighted EDIS in 2005 was 0.558 and the year's signings EUR 699 million, resulting in a baseline DII of 390. FMO set out in the 2005 Annual Report to raise this DII by 50% by 2010.

FMO does not practice development results tracking at the monitoring stage.

2.3 FMO post-evaluation

Regular post-evaluation in FMO relies mainly on self-evaluation reports that are reviewed by a small evaluation unit (IMR/Eval) with 2 professionals currently. The FMO project evaluation guidelines of 2005, as posted on the web site include: a) development outcome, b) FMO investment outcome and FMO work quality. c) projects ready for evaluation (in principle active projects 5 years after their approval), c) a calendar for self-evaluation reports by portfolio management staff, and d) validation of ratings and lessons by IMR/Eval upon meetings with portfolio teams and management. The Annual Evaluation report from IMR/Eval aggregates ratings, findings and lessons to management and the Board, while it is not published.

The post-evaluation scorecard uses four-grade qualitative ratings. As in the ex-ante scorecard, only the financial rate of return has hard benchmarks, while the FMO investment return ratings are set relative to the approval expectations. FMO exchanges experience with its DFI peers in the European Development Finance Institutions (EDIF).

The Dutch Government subjects FMO to broader review every fifth year. These reviews cover the regular and Government funded special activities and are jointly commissioned by the Ministry for Development Cooperation and the Ministry for Finance.

2.4 Internal and External Reports

The DII and aggregate EDIS ratings for each year's approved projects are posted on the FMO web site together with post-evaluation information without disclosure of individual investments. The annual Sustainability Report (also on the web-site) has special emphasis on environmental, social, health and safety standards, and is subjected to a limited audit by a leading international audit firm. The report includes environmental data projects and Headquarter activities, as air travel frequency, use of company cars etc.

FMO has no formal procedure for feeding EDIS scores or monitoring and evaluation outcomes into strategy apart from the Annual Evaluation Report to the Board on post-evaluation with attached management comments.

2.5 Technical Assistance

FMO handled annual Government grants for technical assistance for about EUR 5 million over the past few years. A revised Capacity Development Program (CDP) from 2006 aims at support to FMO investment projects valued at to approx. EUR 12 million p.a. by 2010. Planning began in 2006 to develop methods to assess and monitor development effects of CDP technical assistance projects.

Sources: the FMO website, www.FMO.nl, incl. Annual Reports "EDIS" description, supplemented by email correspondence and telephone interviews with staff in the IMR/Evaluation unit of FMO.

The Inter-American Development Bank Group (IADB and IIC)

1. IADB'S PRIVATE SECTOR DEPARTMENT (PRI) AND THE INTER-AMERICAN INVESTMENT CORPORATION (IIC) HAVE PARTLY SIMILAR DEVELOPMENT RESULT TRACKING

This profile includes PRI and IIC as member of the IADB Group, as their tracking of development results is partly similar. Independent post-evaluation in IADB reviews the private sector operations of both institutions.

2. OPERATING POLICIES, PRODUCTS, VOLUMES

2.1 IADB has a USD 1.1 billion outstanding non-sovereign net portfolio

IADB began non-sovereign private sector finance in 1994 in parallel with its traditional development loans to governments. The PRI net outstanding portfolio was USD 1.1 billion at the end of 2005. The total non-sovereign exposure of USD 1.5 billion was 2.9% of the overall IADB exposure and within a 10% limit. PRI's past investments were mainly in infrastructure (including power, transports) and for financial markets and trade finance. The range was broadened in 2006 to all sectors, while the instruments still exclude direct equity. New approvals totalled USD 673 million in 2005 with new commitments at USD 231 million. The country-split broadly reflects the size of the regional member economies. PRI handles technical cooperation (TC) on a limited scale for support to its investment projects rather than standalone TC-programs.

PRI has just over 50 professionals and shares various support functions with other IADB departments.

2.2 The Inter-American Investment Corporation, IIC, has an SME-focused USD 510 million portfolio

Most IADB members joined when IIC was started in 1989 as an independent institution in the IADB Group. The mandate is viable non-sovereign investments for private sector development with a focus on SMEs. A capital increase from 1999 supports a current expansion that includes more equity investments. The net active outstanding investments in 2005 totalled USD 510 million, of which 85% were loans and 15% equity. Financial intermediaries, as banks for SME-credit lines, represented 59%. The remaining 41% were direct investments in sectors, as agriculture, industry, trade and services. A handful of donors provide technical cooperation (TC) trust funds to IIC, while TC programs beyond investment project support began quite recently.

New IIC approvals in 2005 totalled USD 342 million. The average project size of about USD 9 million is ¼ of that in IADB, reflecting IIC's SME orientation. IIC employs about 100 staff of which 20% in regional offices.

3. DEVELOPMENT OUTCOME TRACKING AND POST-EVALUATION

3.1 PRI approvals and monitoring

PRI applies IADB's Project Performance Monitoring Report System (PPMR) starting with projects approved from 2003 onwards. The log frame-based system is adjusted to the PRI operations and used at all project cycle stages. Progress, risk and development results are reported in the annual Private Sector Project Performance Monitoring Reports. These feed into the Annual "Development Effectiveness Report" by IADB's Development Effectiveness and Strategic Planning Department (DEV). The report is posted on the IADB web site (<http://www.IADB.org>). It includes 4-grade ratings on the probability distribution each year for meeting of the set development objectives for each of the active public sector portfolio projects. Private sector investments have been included more recently and 15 PRI operations were covered by the end of 2005.

PRI is introducing expanded annual supervision reports (XASRs) similar to those in IIC as a one-time self-evaluation instrument. Validation by OVE of the XASRs from PRI has also been introduced from 2006. The PPMR system has not been extended to TC operations handled by PRI, as they are for investment project support rather than stand-alone TC programs.

3.2 IIC approvals and monitoring

IIC tracks development indicators in its combined credit and development performance monitoring reports and elaborates development objectives and indicators at approval. The various indicators for direct investment operations include aspects as job creation, foreign exchange generation and value added, and those for financial intermediary transactions aspects as institutional development.

IIC's self-evaluation and post-evaluation system is essentially harmonized to the private sector evaluation good practice standards (GPS) of the Evaluation Cooperation Group of the Multilateral Development Banks (ECG-MDB). IIC had an 82% material compliance ratio in the ECG benchmarking of 2005 against its "harmonization" GPS for private sector operations. IIC monitors TC operations without specific structuring for development results tracking in view of their main character as TC in support of the investment operations.

3.3 Post-evaluation in the IADB Group

The independent Office of Oversight and Evaluation (OVE) in IADB evaluates PRI projects as well as those of IIC on a contract basis.

OVE reports to the IADB Board of Directors. Five of its 25 staff are dedicated to private sector evaluation. Most private sector evaluation reports have been thematic, while OVE conducted a recent review of all active and mature PRI

operations and over half of the IIC operations with a focus on financial intermediary investments. OVE reviews XASR reports by IIC since the early 2000s, and soon starts validation of new XASRs from PRI. This allows future development performance tracking from post-evaluation for the PRI and the IIC portfolios.

The IADB system for PRI evaluation scored 8% material compliance with the aforementioned GPS harmonization benchmarking by ECG in 2005. The aforementioned introduction of XASRs from PRI aims to bring IADB's practice closer to the ECG standards

3.4 Technical assistance

PRI in IADB and IIC handle limited technical assistance (TA) amounts, mainly as support to the investments. Separate tracking of TA development results is in its early stages.

4. EXTERNAL AND INTERNAL REPORTING

OVE posts thematic evaluation reports on private sector operations on the IADB website, while without tracking as yet of annual ratings of new mature projects and trends. Aggregated development outcome ratings in validated XASRs from PRI in ADB as well as from IIC will be reported by OVE to the respective managements and Boards. No approval or monitoring assessments on private sector projects are in the public domain, while future aggregations in IADB will be included in its ARPRES, without disclosure of individual operations (c.f. 3.1 above).

Sources: IADB and IIC web sites and public reports, supplemented by email correspondence and telephone interviews with evaluation and operational staff in the two institutions.

Profile – International Finance Corporation, IFC

1. IFC IS THE LEADING MULTILATERAL DEVELOPMENT FINANCIER IN THE PRIVATE SECTOR

1.1 IFC, the private sector arm of the World Bank Group, had its 50th Anniversary in 2006

IFC is the leading multilateral development financier in the private sector. The institution celebrated its 50th anniversary in 2006 as the private sector arm of the World Bank. 178 member countries have voting powers relative to their paid in capital. IFC promotes sustainable investments in developing and transition economies with the aim of developing private sectors for growth and reduced poverty. The investments and IFC's substantial advisory services are gradually concentrated on low low-income, high-risk frontier countries. This is in line with the IFC mission to alleviate poverty and help improve people's lives.

1.2 Operating Policies, Products, Volumes

IFC invests in sustainable private enterprises in a wide range of sectors, requesting no government guarantees. The recent strategic goals include: (i) strengthened focus on countries and regions where the needs are greatest; (ii) building long-term partnerships with emerging global players; (iii) ensuring environmental and social sustainability; (iv) promoting private sector growth in key sectors including infrastructure, and (iv) supporting development of local financial markets including for the development of small and medium enterprises (SMEs). The IFC investments aim to catalyze rather than replace market finance. Advisory services emphasize improved access to finance and investment climates.

The IFC portfolio of active loans and investments by the end of June 2006 totalled about USD 15 billion and USD 19.2 billion including co-financing with IFC as lender of record. New commitments to emerging markets in the preceding financial year reached USD 8.3 billion. The main funding source is capital raised from international markets backed by strong IFC finances and returns.

2. DEVELOPMENT RESULTS TRACKING

2.1 DOTS, Development Outcome Tracking System

IFC has an increasing focus on development results, apart from risks and returns. IFC introduced its Development Outcome Tracking System (DOTS) in 2005 to enhance its regular development results tracking of all projects. The system is evolved and coordinated by a Development Effectiveness Unit. The unit provides quality assurance, guidance and training to departments. The activities include bi-monthly quality reviews

of development results assessments and portfolio review reports on all active investments.

All investment and advisory service approvals must present monitorable development indicators, milestones and benchmarks under the system. DOTS modules in regular supervision reports and self-evaluation reports at completion of the operations are structured accordingly. The templates, indicators and guidelines are tailored to direct investment, financial intermediaries and advisory service operations. By these measures DOTS seeks to ensure that development results are monitored at all stages and reported transparently. The assessments range from financial, economic, environmental and social, to wider private sector development impact. Comprehensive DOTS reporting will start with IFC's 2007 Annual Report. Reports to management, the Board and the public will include aggregate and analytic reports on development contribution.

2.2 External validation

IFC decided in 2006 to subject the IFC development outcome tracking system and reported results to external review and validation. Starting with the 2007 Annual Report the reported development results will have external assurance. External assurance will also cover sustainability reporting in IFC's Annual Report. Appointed external auditors will validate the DOTS process, assessments and development impact ratings. This assurance excludes independent evaluation in IFC, as dealt with in section 2.4 below.

2.3 Development result indicators

Development results tracking of the investment operations looks to four key dimensions: i) business performance and sustainability; ii) wider economic sustainability; iii) environmental and social impact and, iv) private sector development. These dimensions and the indicators are aligned for DOTS and independent evaluation in IFC from which they largely emanate. The Development Effectiveness Unit coordinates and refines DOTS, assists departments in monitoring, measuring and reporting, and analyzes the results. The unit will oversee regular reporting on development results and lessons from the activities of IFC.

2.4 Post-evaluation at IFC

The Independent Evaluation Group (IEG-IFC) performs independent evaluation. The Group reports to the IFC Board via the Director General, Evaluation (DGE) of the World Bank Group. IEG-IFC evaluates investments and advisory services with an emphasis on transparency, accountability and learning from experience. Apart from more in depth evaluation of development outcome along similar dimensions as mentioned under 2.3 above IEG also evaluates the IFC investment outcome, as well as IFC's own work effectiveness. The latter concerns selection, structuring and supervising the investments, and the IFC role and contribution in line with its mandate.

The IFC independent evaluation ranges from individual investment operations to various thematic studies aiming to inform future operations and strategy. IEG-validated

self-evaluation reports from departments form an important input. IEG reports success ratings, trends and lessons in its Annual Reviews. “*IEG Findings*” and other postings on the web-site (www.ifc.org/IEG) are subject to private sector confidentiality undertakings in line with IFC’s public disclosure policy.

2.5 Advisory Services

Along with the investments, IFC is also leading multilateral provider of business and private sector development advisory services. The handled contract volume is in the range of USD 90 million. The advisory service programs have significant grant-funding from donors, supplemented by parts of the annual IFC profits.

DOTS encompasses advisory services for development results tracking. A Monitoring and Evaluation Unit (M&E) in the SME department performs quality review, guidance and training. A logical framework approach seeks to tailor templates and DOTS instructions to different types of advisory service operations and environments. The M&E unit supports development result assessments by operational departments in their approval and supervision reports. The unit coordinates external expert reviews and experimental design tests along five business lines. The reviews aim to establish the kind of advisory service interventions to which IFC may attribute the best development impact.

IEG reviews and independently validates advisory service self-evaluation reports at completion. As for investment operations, its independent evaluation validation of advisory services aims at promoting transparency, accountability and learning. IEG mostly performed thematic advisory service post-evaluation until recently. It will in future review and validate all advisory service self-evaluation reports at completion for operations above set budget thresholds and representative samples of the rest.

2.6 Internal and external reports

Post-evaluation findings, ratings trends and methods are posted annually on the IFC website. The aforementioned “*IEG Findings*” summarize all the independent evaluation reports to management and the Board. The IEG Annual Review will be published in full from 2007, as will all IEG reports that are sent to the IFC Board. In its 2007 Annual Report, IFC will report development results comprehensively for the first time, drawing on results tracked in DOTS from the approvals and regular supervision stages. This year’s annual report from IFC will include the first validation report by independent auditors of the reported development results, as commented in section 2.2 above.

Sources: IFC’s website (www.IFC.org), supplemented by email correspondence and telephone interviews with representatives of the Independent Evaluation Group, IEG, the Development Effectiveness Unit and the Monitoring and Evaluation Unit for Advisory Services in IFC.

Appendix 1-9**Overseas Private Investment Corporation (OPIC)****1. OPIC INSURES AND FINANCES INVESTMENT WITH U.S. BUSINESS PARTICIPATION**

OPIC is the primary U.S. government agency charged with mobilizing U.S. private capital to foster economic and social development in over 154 countries. Established in 1971, OPIC provides political risk insurance and direct loans and investment guaranties to support U.S. sponsored investments in new and developing countries. OPIC's mission is to promote development through the use of U.S. private capital, complement the private sector and support U.S. foreign policy.

1.1 Operating policies, products, volumes

OPIC operates on a self-sustaining basis. Based in Washington, D.C., OPIC's staff of about 200 professionals evaluate and administer and monitor projects. OPIC does not support projects that could result in loss of U.S. jobs, adversely affect the U.S. economy or the host country's development or environment, or contribute to violations of internationally recognized worker rights. OPIC's strategic plan emphasizes housing and access to credit as development catalyzers along continued promotion of small business projects. Geographically, OPIC is focusing on the greater Middle East, sub-Saharan Africa and Mexico/Central America.

The main products are political risk insurance, direct loans, and investment guaranties. The maximum outstanding insurance and finance exposure at the end of 2006 was USD 11 billion. In 2006 OPIC completed a combined total of 70 projects. More than 80% of the projects were with SMEs, and 59% were located in Less Developed Countries (LDCs). OPIC is also a significant investor in private equity funds in emerging markets that provide risk capital mainly to small and medium enterprises.

2. DEVELOPMENT RESULTS TRACKING AN EVALUATION IN OPIC**2.1 The Office of Investment Policy reviews and monitors development results**

An office reviews and reports on OPIC investment policy compliance. The task includes scrutiny *ex-ante* of new approvals (including a right to reject or refer projects back to the project officers). Monitoring combines annual self-monitoring questionnaire returns from the sponsors and investors to OPIC with selected field visits by the Office of Investment Policy. These activities provide inputs and quality checks for annual overview reports from the office to OPIC management and the U.S. Congress.

2.2 Numerical development scores with standard indicators and weights

OPIC's "expanded developmental impact profile" has a standard structure. It includes numerical scoring with fixed weights, and a qualitative assessment. It is intended for use at appraisal of all new projects and during their later monitoring. Investors provide input data by returning monitoring information. The system is applied consistently over the project cycle, and is described on the OPIC website (www.opic.gov). The indicators cover the following range:

- Corporate social responsibility
- Infrastructure improvements
- GNP levels
- Job creation
- Financial leveraging
- Local procurement
- Macroeconomic, regulatory, institutional effects
- Private sector development
- Social effects generally and in the workplace
- Equal employment opportunities
- Technology and know-how transfer
- Training

2.3 The Office of Investment Policy scores projects at approval and during monitoring

As mentioned above, the Office of Investment Policy reviews projects *ex ante* at approvals and during monitoring and prepares reports for OPIC management and the U.S. Congress.

2.4 External and internal reporting

OPIC currently publishes an aggregate annual score based on the appraisal scores for each year's new approved projects. This score for the 2006 approvals was 97 out of a 160 possible maximum. Scores are also calculated later at the monitoring stage using actual, rather than forecasted, data. This typically takes place about 3 years after the origination, and is based on combined random and structured sampling from all active projects from a given origination period. The results and comparison with approval scores are reported internally to management. Enterprise-specific scores are not published or reported in the aforementioned reports to the U.S. Congress.

New projects supported by OPIC in fiscal year 2005 were expected to generate 42,823 jobs in developing countries directly, of which 20,261 (or 47 percent) are projected to be in skilled (management and professional) positions. The OPIC-supported foreign enterprises were expected to generate \$273 million annually in taxes and duties for the host countries.

Sources: OPIC website (www.opic.gov) and interviews with OPIC staff

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: INVESTMENTS

I. Private Sector Investment Operations (PSIOs)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
<p>1. Devt. results objectives specified ex-ante in PSIO approval documents with mandatory indicators, standards and milestones for monitoring and/or post-evaluation</p> <p>■ System in place, mandatory for all PSIOs since (...) year</p> <p>▣ System in place with partial actual approval coverage for PSIOs</p>	<p>▣ (2005)</p>	<p>▣ (2003-2005)</p>	<p>■ (2003)</p>	<p>■ (2003)</p>	<p>(2000) New DIAF system underway to introduce new indicators, aiming at full coverage fr 2008</p>	<p>■ (2004)</p>	<p>■ (2004)</p>	<p>■ (2001)</p>	<p>■ (2004)</p>	<p>■ (2001-2005) DOTS fr. 2005 plus retroactive for approvals from 2001</p>	<p>Approval indicator presentation has been practiced by the institutions to varying degrees from the early 2000s. Tailored monitorable indicators with benchmarks and milestones is generally a more recent requirement in the approval documents.</p>
<p>2. Formally independent quality-assurance of development assessments in self-evaluation reports</p> <p>■ Formal independence, assurance for all or representative samples of mature PSIOs</p> <p>▲ Formal independence as per ECG definition, assurance of limited samples</p> <p>▣ No formal independence as per ECG definition, assurance of all PSIOs or representative samples</p> <p>□ No formal independence as per ECG definition, limited samples</p>	<p>▲</p>	<p>▲</p>	<p>▣ "four eye principle"</p>	<p>■</p>	<p>▣</p>	<p>▣</p>	<p>■ from 2006</p>	<p>■</p>	<p>▣</p>	<p>■</p>	

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: INVESTMENTS

I. Private Sector Investment Operations (PSIOs)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
<p>3. Ex-post evaluation of development impact</p> <p>■ In place for annual evaluation of all or fully representative samples of new mature PSIOs</p> <p>□ In place, without complete annual coverage or fully representing sampling</p>	■	□	■	■	□	□	■	■ starts 2007	□ Desk and site monitoring, while no fully representative ann'l post-evaluation	■	
<p>4. Formal independence of ex-post evaluation unit</p> <p>■ Formal independence as per ECG standards</p> <p>□ No formal independence as per ECG standards</p>	■	■	□	■	□	□	■	■	□	■	
<p>5. Development indicators, rating scales and standards</p> <p>Vr verbal ratings</p> <p>Ns Numeric scores, standard indicators and weights</p> <p>■ Consistent indicator range and rating standards at approvals, monitoring and post-evaluation</p> <p>□ Consistency with some exception (e.g. between monitoring and post-evaluation)</p>	<p>Vr</p> <p>Verbal ratings, no std weights</p> <p>■</p>	<p>Vr</p> <p>Verbal ratings, no std weights</p> <p>■</p>	<p>Ns</p> <p>Numeric scores, std. weights</p> <p>■</p>	<p>Vr</p> <p>Verbal ratings, no std weights</p> <p>□</p>	<p>Vr</p> <p>Verbal ratings, no std weights</p> <p>□</p>	<p>Ns</p> <p>Verbal ratings, no std weights</p> <p>□</p>	<p>Vr</p> <p>Verbal ratings, no std weights</p> <p>■ starts 2006</p>	<p>Ns</p> <p>Verbal ratings, no std weights</p> <p>■</p>	<p>Ns</p> <p>Numeric scores, std. weights</p> <p>■</p>	<p>Vr</p> <p>Verbal ratings, no std weights</p> <p>■</p>	

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: INVESTMENTS

I. Private Sector Investment Operations (PSIOs)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
REPORTING AND PROCESS TRANSPARENCY 6. Specific procedure (other than internal peer review of evaluation reports) for feeding PSIO development tracking into strategy <input checked="" type="checkbox"/> Procedures in place to reflect assessments from all stages of the project cycle <input checked="" type="checkbox"/> Procedure in place to reflect post-evaluation findings only <input type="checkbox"/> No specific procedure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> DOTS fr. 2006, Evaluation from 1998	
7. Internal reports on trends in expected development results at approvals and/or on tracking outcomes from monitoring <input checked="" type="checkbox"/> Procedures in place with regular internal reporting <input checked="" type="checkbox"/> Partial reporting <input type="checkbox"/> Limited or no reporting on PSIOs	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Combines annual approval and monitoring scores that start 3 yrs after investments	<input checked="" type="checkbox"/> Approval and monitor ratings of transition impact, TI	<input type="checkbox"/>	<input checked="" type="checkbox"/> Approval scores only	<input checked="" type="checkbox"/> PPMR monitor ratings starting from 2004	<input checked="" type="checkbox"/> Combines annual approval and monitor scores	<input checked="" type="checkbox"/> Internal reports on new approval and monitor scores	<input checked="" type="checkbox"/> Monitor ratings in DOTS reports, and IEG's on approval expectations on vs. strategic priority groups	
8. External reports on expected development results at approvals and/or on tracking outcomes from monitoring <input checked="" type="checkbox"/> Regular external reporting <input checked="" type="checkbox"/> Partial, or ad-hoc reporting <input type="checkbox"/> Limited or no external reports	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Annual GPR combining approval and monitor scores for more mature PSIOs after 3 yrs.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Annual approval scores and weighted DII based on approvals	<input checked="" type="checkbox"/> Monitoring ratings in public annual Development Effectiveness Report	<input type="checkbox"/>	<input checked="" type="checkbox"/> Aggregate annual approval scores for the year's new operations only	<input checked="" type="checkbox"/> 2006 DOTS summary; DOTS monitor ratings starting with IFC Annual Report 2007	

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: INVESTMENTS

I. Private Sector Investment Operations (PSIOs)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
<p>9. PSIO approval documents mandated to include relevant development-specific lessons from prior operations</p> <p><input checked="" type="checkbox"/> Mandatory</p> <p><input type="checkbox"/> Non-mandatory</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Difficult to distinguish development-specific from other lessons on success and failure factors
<p>10. Public reports on assessed development results include information on identifiable PSIOs</p> <p><input checked="" type="checkbox"/> Partial reporting</p> <p><input type="checkbox"/> No reporting</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/> AsDB is pilot testing client-approved evaluation abstracts	<input checked="" type="checkbox"/> Client-approved rpts in the past on exceptional basis	<input type="checkbox"/> May include "sanitized" cases	<input type="checkbox"/> May include "sanitized" cases	<input type="checkbox"/>	<input type="checkbox"/> May include "sanitized" cases	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<p>11. Regular public reports from <i>post-evaluation</i> present annual development results ratings and trends for PSIOs</p> <p><input checked="" type="checkbox"/> Regular public reports with full post-evaluation ratings and trends</p> <p><input checked="" type="checkbox"/> Mostly thematic or <i>ad-hoc</i> public reporting for PSIOs</p> <p><input type="checkbox"/> Limited or no public reporting on PSIO post-evaluation outcomes</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Combines approval and monitoring ratings 3 yrs after investments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Starting fr. 2007	<input checked="" type="checkbox"/> Starting fr. 2006	<input checked="" type="checkbox"/> Combining approval and ex-post ratings	<input checked="" type="checkbox"/> "IEG Findings" (summaries) Full Report from 2007	

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: INVESTMENTS

I. Private Sector Investment Operations (PSIOs)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
<p>12. Development results tracking system transparent and accessible to the public, as in web-site postings</p> <p>■ System, indicators, standards and process fully accessible</p> <p>▣ Essentially accessible and comprehensive, but lacking full information e.g. on process, sampling or all rating standards</p> <p>□ Limited public access to system details</p>	▣	▣	▣	▣	□ Under construction	▣	▣	▣	▣	▣ Full rating standards in DOTS report from 2007	
<p>13. Validation of systems, methods and reporting on development outcome assessment and tracking</p> <p>■ External validation in place for both monitoring and post-evaluation (e.g. by appointed academic bodies or auditors)</p> <p>▲ External validation either for monitoring or post-evaluation</p> <p>▣ Internal validation only, as by formally independent internal evaluation units (as per ECG requisites) in the institution or its Group</p> <p>□ Less than formally independent validation, or no validation</p>	▣	▣	▲ Partial external audits conducted at three year intervals	▣	▣ EU Commission can evaluate projects or programs	□ External audit of FMO sustainability report only	▣	▣	□	▲ Annual external assurance of DOTS (but not of post-eval.) to start from 2007	

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: INVESTMENTS

I. Private Sector Investment Operations (PSIOs)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
14. ECG - good practice harmonization standards compliance score (2005):	38%	48%	n/a	74%	n/a	n/a	8%	82%	n/a	92%	
15. Reported share of success ratings in latest published annual evaluation reports. <i>NOTE: The below "success ratings" are not comparable across the institutions. Their evaluation systems, rating and scoring standards differ to varying degrees, as shown in item 14 above.</i>											
a) Development Impact, % successful projects: <input type="checkbox"/> limited or no public information	<input type="checkbox"/>	<input type="checkbox"/>	72%	66%	<input type="checkbox"/>	69%	<input type="checkbox"/>	65%	n/a	59%	No comparability across institutions
	Reports to start when PSIO eval. coverage allows						Reporting starts in 2007 based on validated self-eval. reports fr. 2006 onwards				
b) Economic return/sustainability, % successful projects: <input type="checkbox"/> - limited or no public information	<input type="checkbox"/>	<input type="checkbox"/>	66%	<input type="checkbox"/>	<input type="checkbox"/>	67%	Reports to start from 2007	59%	n/a	63%	No comparability across institutions
c) Environmental, social and health and safety performance, % successful projects: <input type="checkbox"/> - limited or no public information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	86%	<input type="checkbox"/>	60%	Reports to start from 2007	67%	n/a	69%	No comparability across institutions
d) Private sector development (PSD), % successful projects <input type="checkbox"/> - limited or no public information	<input type="checkbox"/>	<input type="checkbox"/>	73%	82%	<input type="checkbox"/>	79%	Reports to start from 2007	81%	n/a	70%	No comparability across institutions

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: ADVISORY SERVICES

II. Private Sector Technical Assistance (PS-TA)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
<p>16. Quality review specifically of devt. Result assessments in PS-TA self-evaluation reports (as completion reports)</p> <p><input checked="" type="checkbox"/> Regular external reporting</p> <p><input checked="" type="checkbox"/> Partial, or ad-hoc reporting</p> <p><input type="checkbox"/> Limited or no external reports</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> System fr 2004, self-eval. fr. 2006	<input checked="" type="checkbox"/> Indep. Co-fin unit reviews self-eval reports	<input type="checkbox"/> PS-TA mostly of recent date and tracking at early devt stage	<input type="checkbox"/> At early development stage	<input type="checkbox"/> Mostly linked to PSIO self-evaluation	<input type="checkbox"/> Mostly linked to PSIO self-evaluation	n/a (TA no core activity)	<input checked="" type="checkbox"/> Quality review by TA Monitoring & Eval Unit	
<p>17. Regular PS-TA monitoring reports structured specifically and mandated to assess and rate development results</p> <p><input checked="" type="checkbox"/> Templates, instructions and guidelines include specifically how indicators and standards should be applied for mandatory tracking and rating of devt results</p> <p><input checked="" type="checkbox"/> Devt results covered more generally without full instructions including for ratings that may not be mandatory</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Under preparation for introduction fr. 2007	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> PS-TA of recent date and tracking at early stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/> As in elaborated DOTS templates & instructions in 2006/2007	

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: ADVISORY SERVICES

II. Private Sector Technical Assistance (PS-TA)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
<p>18. PS-TA - Development results are evaluated <i>ex-post</i></p> <p><input checked="" type="checkbox"/> <i>Ex-post</i> evaluation covers self-evaluation reports on all completed TA operations, or representative samples</p> <p><input checked="" type="checkbox"/> <i>Ex-post</i> evaluation in place, but for small or not fully representative samples or for thematic TA evaluation</p> <p><input type="checkbox"/> Limited or no <i>ex-post</i> evaluation</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> In system for introduction from 2007	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/> Planned fr. 2007 of all TAAS over certain budgets plus random sampling	
<p>19. Formal independence as per ECG requisites of <i>ex-post</i> evaluation of PS-TA</p> <p><input checked="" type="checkbox"/> Formally independent</p> <p><input type="checkbox"/> Not formally independent</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/>	
<p>20. Tracking captures PS-TA cost-efficiency</p> <p><input checked="" type="checkbox"/> Cost-efficiency always assessed in TA completion</p> <p><input checked="" type="checkbox"/> Assessed for some projects</p>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> To start 2007	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	n/a	<input checked="" type="checkbox"/> Introducing mandatory assessment	
<p>TA development results reporting and process transparency:</p> <p>21. Internal reports on trends in expected devt results at approvals and/or on tracking outcomes from monitoring of PS-TA operations</p> <p><input checked="" type="checkbox"/> Internal reports</p> <p><input checked="" type="checkbox"/> Partial reporting</p> <p><input type="checkbox"/> Limited or no reports on PS-TA</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/> Combined approval & monitor EPR score	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	n/a	<input checked="" type="checkbox"/> Approval ratings; Monitor ratings started 2006 fr. TA supervision rpts.	

DEVELOPMENT RESULTS TRACKING IN DEVELOPMENT FINANCE INSTITUTIONS WITH SUBSTANTIAL PRIVATE SECTOR ACTIVITIES: ADVISORY SERVICES

II. Private Sector Technical Assistance (PS-TA)	AfDB	AsDB	DEG	EBRD	EIB	FMO	IADB/PRI	IIC	OPIC	IFC	REMARKS
<p>22. External reports on trends in expected devt results at approvals and/or on tracking outcomes from monitoring reports on PS-TA</p> <p><input checked="" type="checkbox"/> For all PS-TA projects</p> <p><input type="checkbox"/> Partial reporting</p> <p><input type="checkbox"/> Limited or no reports on PS-TA</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p><input checked="" type="checkbox"/> Public combined approval & monitor EPR scores</p>	<p><input type="checkbox"/> Monitor ratings to each donor for its funded projects vs. aggregate TA ratings</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>n/a</p>	<p><input checked="" type="checkbox"/> Monitor ratings in DOTS reports fr. supervision stage starting 2007</p>	
<p>23. Process established for PS-TA devt results lessons identification and dissemination</p> <p><input checked="" type="checkbox"/> Established</p> <p><input type="checkbox"/> Ad-hoc practice, or process under development</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p><input checked="" type="checkbox"/> In new system for introduction from. 2007</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<p>n/a</p>	<p><input checked="" type="checkbox"/> Mandatory identification & dissemination under DOTS</p>	