

Development Results Measurement and Reporting at the IFC

Briefing for
President Robert Zoellick
September 21, 2007

Overview

- ◆ Development Effectiveness: Achieving IFC's Mission
- ◆ Results Measurement
 - Investments
 - Advisory Services
- ◆ Benchmarking IFC: How do we measure up?
- ◆ Going Forward

Development Effectiveness: Why Measure?

- ◆ Measurement is key to IFC's mission:
 - Learning about successes and failures
 - Improving our performance
 - Reporting to our stakeholders
- ◆ IFC 2007 Annual Report: Integrated reporting on financial performance, sustainability and development effectiveness
 - 1st time systematic reporting on development results for entire portfolio

“What gets measured gets done”

Strengthening IFC's Approach to Results Measurement

◆ Independent Evaluation Group

- A 10-year history of ex-post evaluation
- Recognized as best practice among MDBs
- IEG's 10-Year Review of Development Results (2007):
 - ◆ "Profitability and development impact go usually hand in hand"

◆ Development Outcome Tracking System (DOTS) for Investments & Advisory Services

- Launched in 2005
- Covers both investments and advisory services
- At the forefront of IFI results measurement
- Expanded monitoring scope, contemporaneous measurement, continuous, annual tracking
- Enables results-based management
- Standardized indicators

Results Measurement – Who?

- ◆ *Investment Departments*
 - Investment teams and “champions”
- ◆ *M&E Network*
 - Evaluation officers working with project teams in the field
- ◆ *Development Effectiveness & Results Measurement Units*
 - Results measurement/monitoring/reporting for investments & advisory services
 - Central guidance and quality control, support for investment and other departments
 - Conduct reviews/evaluations/data collection
 - Contribute to corporate learning
- ◆ *IEG*
 - Independent accountability, performing *ex-post* reviews

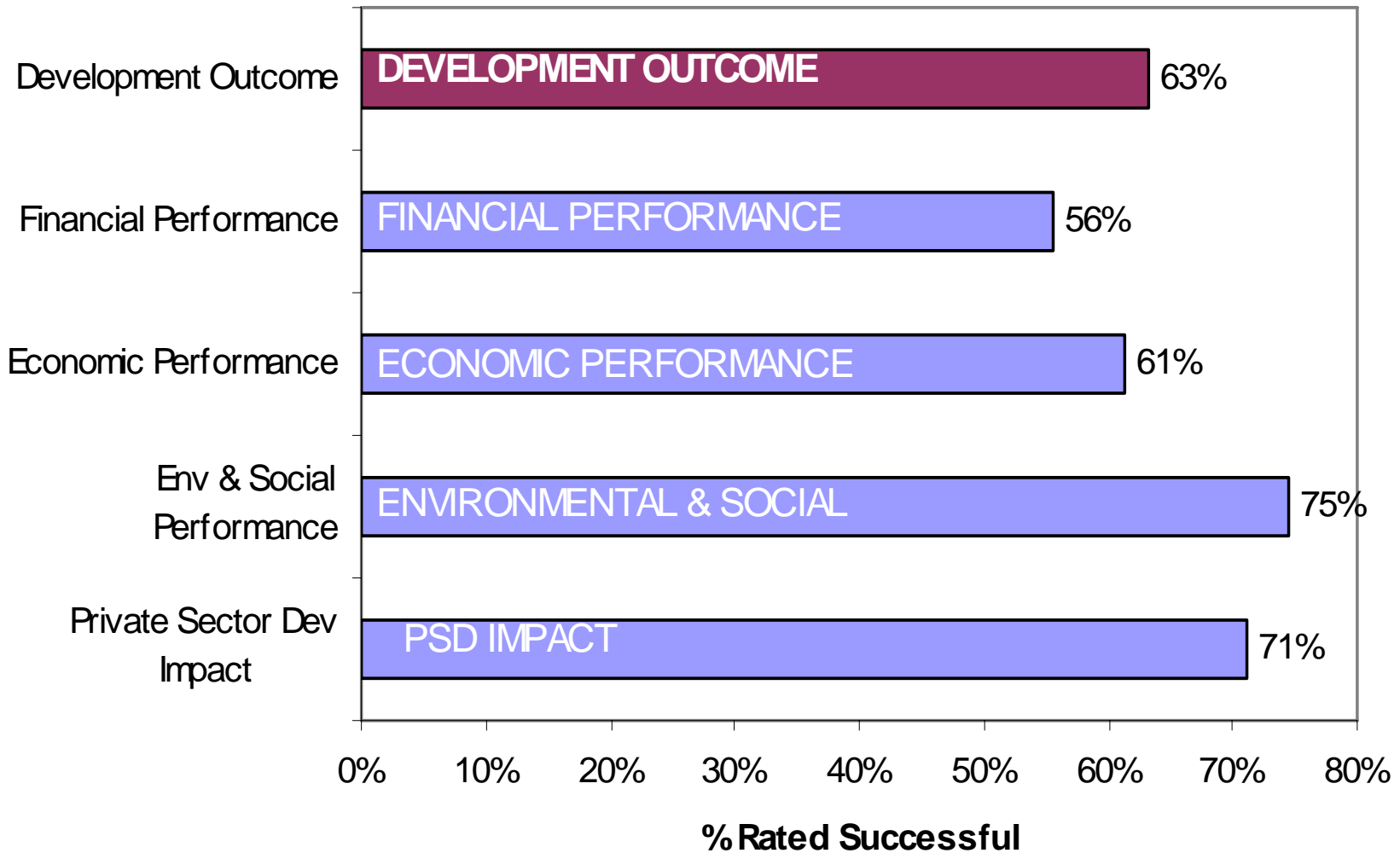
Results Tracking: Investments

- ◆ Overall 'Development Outcome' based on four performance components:
 - Financial Performance
 - Economic Performance
 - Environmental & Social Performance
 - Private Sector Development Impacts
- ◆ What is a satisfactory project?

Financial Performance	$FRR \geq WACC$
Economic Performance	$ERR > 10\%$ + qual. aspects
E&S Performance	Meeting IFC standards
PSD Impact	e.g. demonstration effects, linkages

Our Investment Results – FY 07

Development Outcome



Results: Developmental Reach

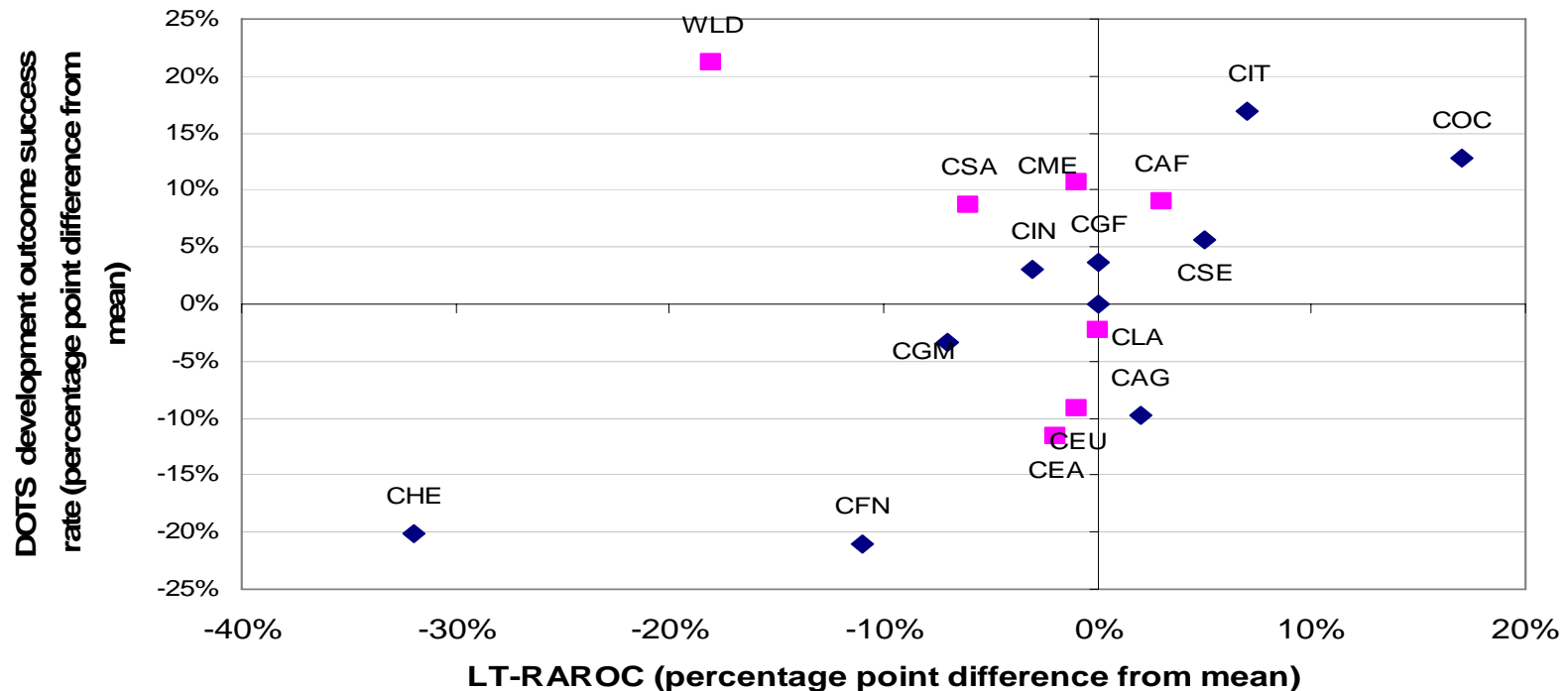
- ◆ In CY 2006, IFC's investments helped...
 - Treat 4 million hospital patients
 - Educate 350,000 students
 - Serve 9.5 million electricity customers
 - Provide 53 million new phone connections
 - Extend 5 million MSME loans
 - Generate US\$9.9 billion in payments to government

Results guiding strategy discussion

Stronger development outcome with...

- ◆ Large investments
- ◆ Repeat business
- ◆ Financially successful investments

**LT-RAROC vs. DOTS Development Outcome
(weighted by IFC Investment) for IFC Regional & Industry Depts**



Results guiding strategy discussion

- ◆ IDENTIFY – What are performance trends?
 - General Manufacturing (CGM): Weak performance in Africa
- ◆ ANALYZE - What drives success & failure?
 - Notable proportion of *small* African Enterprise Facility projects drive weak performance/dev results
 - Small sponsors: higher probability of financial failure but high potential additionality/IFC value added
- ◆ ACT – Replicate or course-correction?
 - Stay involved, but: increase presence on the ground
 - Assist intermediaries with money and advice
 - ◆ Financial intermediaries
 - ◆ Intermediaries for SME capacity building

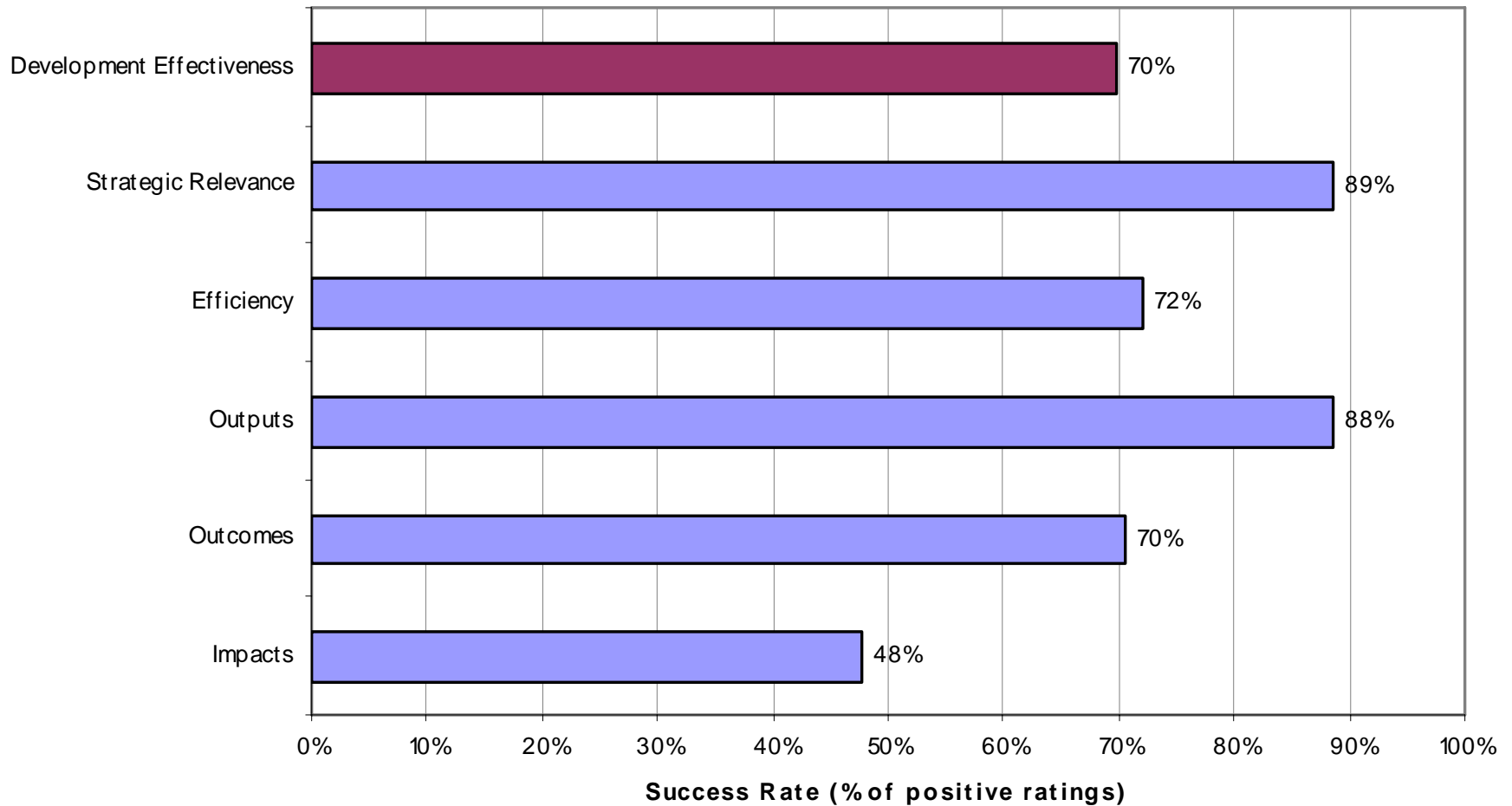
Results Measurement for Advisory Services



- ◆ *DOTS for Advisory*
 - *Approval/supervision/completion reports*
 - *Data aggregation, data quality reviews*
- ◆ *Standardizing M&E Tools*
 - *Surveys, Cost/Benefit analyses, M&E checklists*
- ◆ *Maximizing Learning*
 - *Program reviews and experimental designs*
 - *Monitor Notes publications*
 - *Training and conferences*
- ◆ *External & Independent Partnerships*
 - *Harvard/MIT Poverty Action Lab*
 - *Donors, foundations, and other IFIs*

IFC's Development Results for Advisory Services

IEG Development Effectiveness and Components



* Impacts often not yet realized when project closes and also more difficult to achieve

Highlights: Advisory Services Results (2003-2006)

◆ **Outputs**

- Advised 1700 banks
- Provided training and information to 50,000 farmers

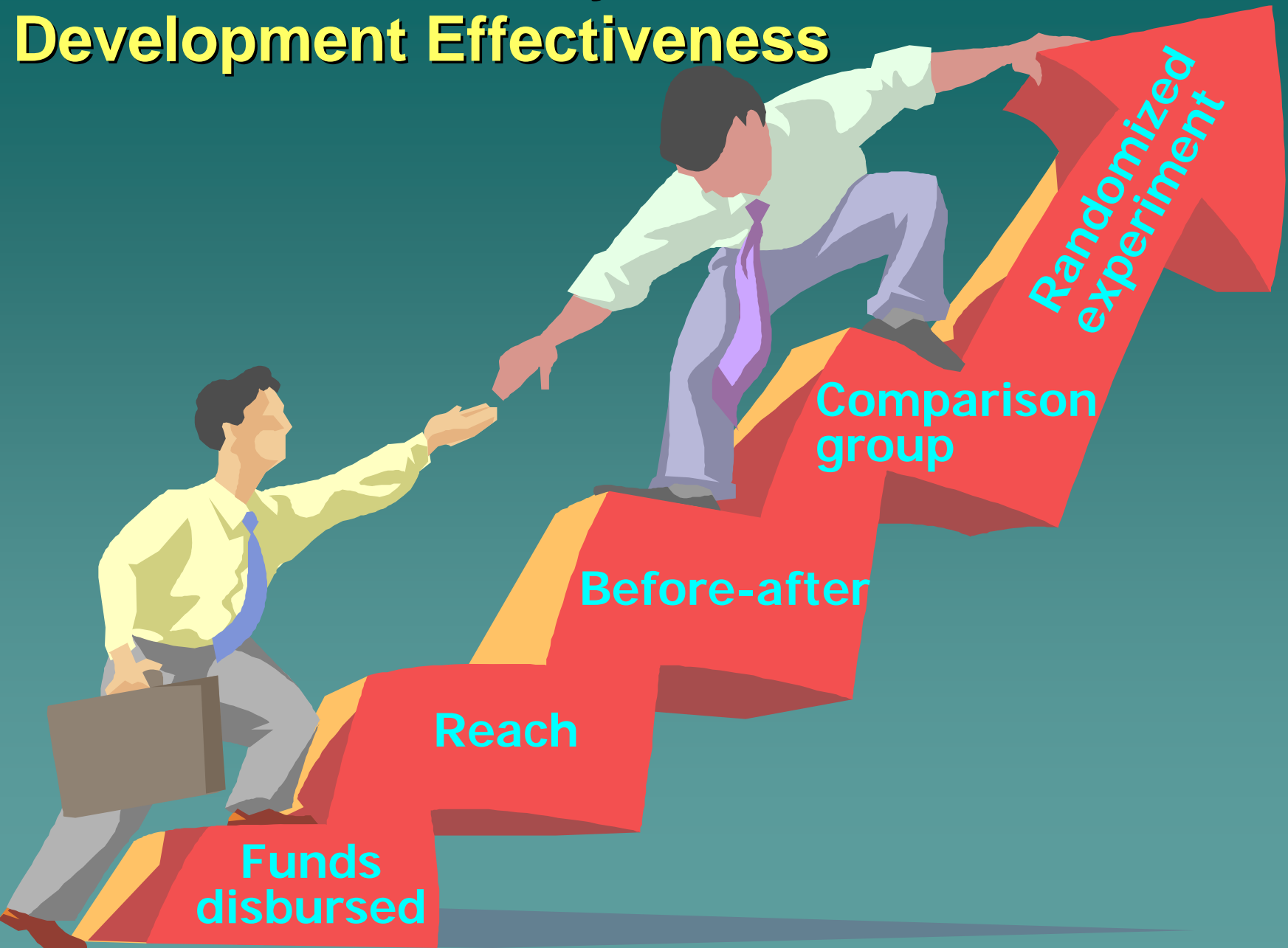
◆ **Outcomes**

- \$90+ million in new investment financing
- Simplified customs and registration in Sierra Leone
- Brought electricity to 60,000 Philippine households

◆ **Impacts**

- Improved access to finance for 11 million microfinance borrowers and 2.5 million SMEs
- New business registration up >70% in Macedonia, Lima, and El Salvador
- Annual CO₂ reduction of 10,900 tons

Metrics for Advisory Services Development Effectiveness



Evaluations, Reviews, and Studies

Direct Assistance to Indonesia Seaweed Farmers

	Treatment	Control
Pod size (best: 62g)	34g	39g
Best drying practice	61%	63%

Lessons Learned:

- *With extension services, it's hard to out-perform the market – high cost of discovering information relevant to individual operators*
- *Pre-implementation scoping is key*
- *Technical advice should be piloted first*

Coming Soon... Kenya Schools

- A2F to hundreds of Kenyan private schools
- Randomized experiment in progress



Benchmarking IFC – How do we measure up?

Are we comparing “apples” to “oranges”?

– **World Bank**

- ◆ 75% for “outcome” (now > 80%)

– **EBRD**

- ◆ 75% for “transition impact” (now > 80%)
- ◆ 57% for “overall performance”

– **CGAP**

- ◆ 79% success

– **IFC**

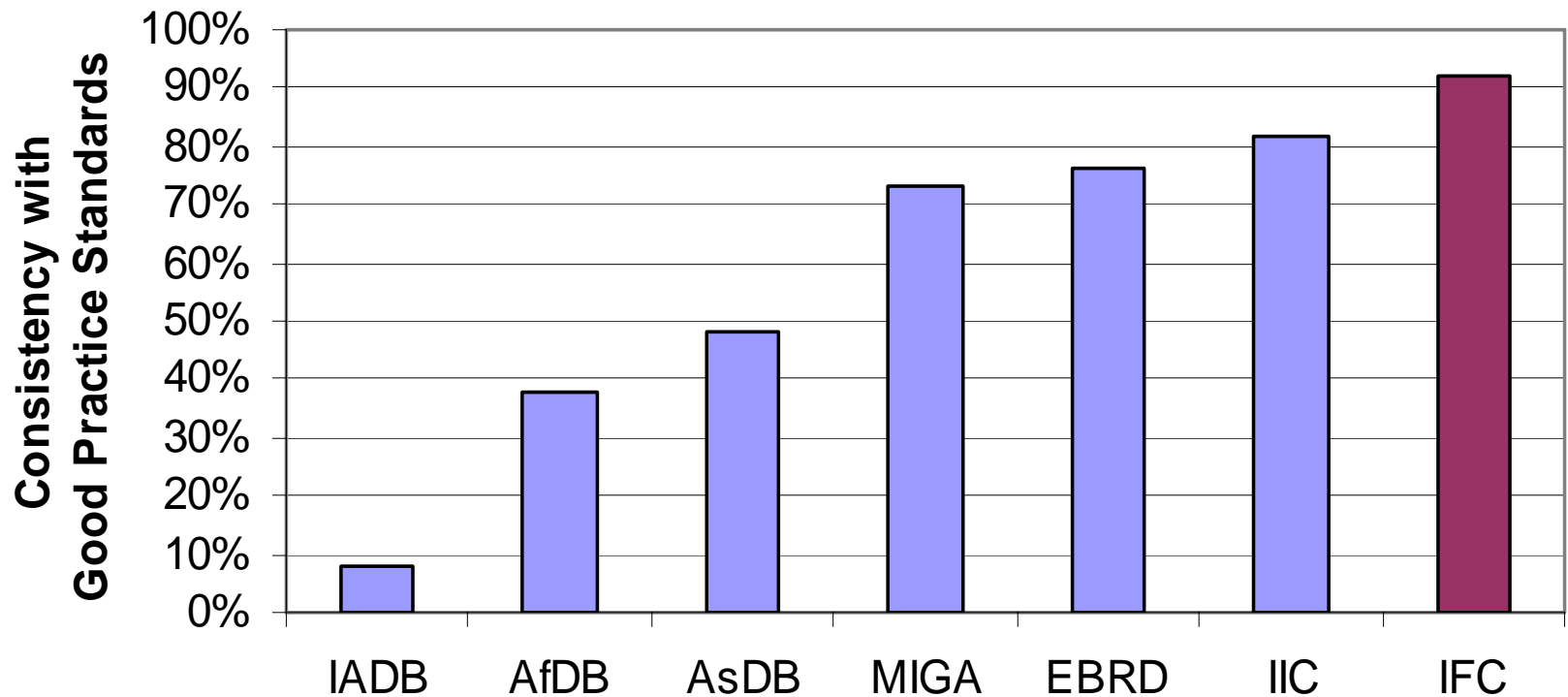
- ◆ Advisory: 69% for “development effectiveness”
- ◆ Investments: 63% for “development outcome”

– **Results are not comparable:**

- ◆ Standards, benchmarks, implementation differ
- ◆ Lower success rates with market benchmarks

IFC in Context – How do we measure up?

Meeting Good Practice Standards for Private Sector Evaluation



Going Forward

- ◆ **Partnerships to advance results measurement agenda**
 - Multilateral Development Banks – Common Performance Assessment (COMPAS): IFC lead on private sector indicators
 - IFIs, donors, universities, foundations, private companies
- ◆ **Advisory: Launch M&E Toolkit**
 - Web-based training
 - Encouraging increased scoping, baseline data collection, and pre-project M&E planning
 - Building on our experience with experimental designs
 - Improved communication of methods and findings
- ◆ **Investment:**
 - Strengthening tracking systems: DOTS II
 - ◆ Automatic aggregation (targets, results), integration with other project cycle processes, etc.
 - Complement DOTS with in-depth evaluations
 - Measure 'additionality'
 - Implications for budget allocation?

Costs of Measuring Development Results FY04-FY08

\$M	FY04	FY05	FY06	FY07	FY08
IEG-IFC*	3.1	3.4	3.8	4.2	4.6
DOTS*	--	0.2	1.6	2.7	3.3
Investments	--	0.1	1.1	1.2	1.4
Advisory Services	--	0.1	0.5	1.5	1.9

* Does not include costs of investment or advisory staff in operational departments completing self evaluations, nor costs of specialized staff in operational departments who assist them.

