



Evaluation in Multilateral Development Banks (MDBs) Focus: Private Sector

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9th Economic Development Days – May 2023
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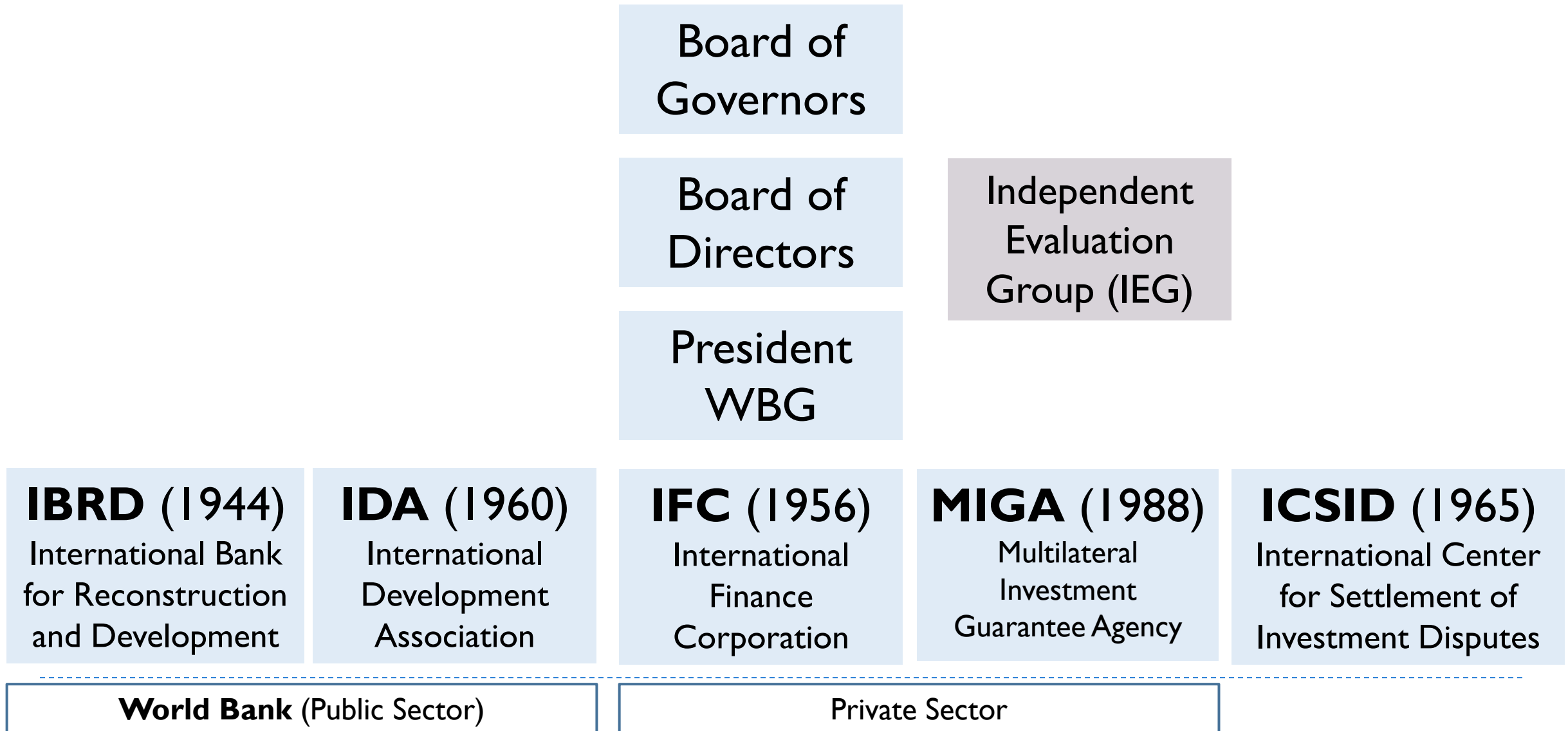
Outline

- ▶ Evolution of Evaluation in the World Bank Group (WBG) ... and in Multilateral Development Banks (MDBs)
- ▶ WBG: Some key facts
- ▶ Good Practice Standards (GPS) for Private Sector Evaluation
- ▶ International Finance Corporation (IFC): From ex-post evaluation to ongoing results measurement
- ▶ Some examples from evaluation

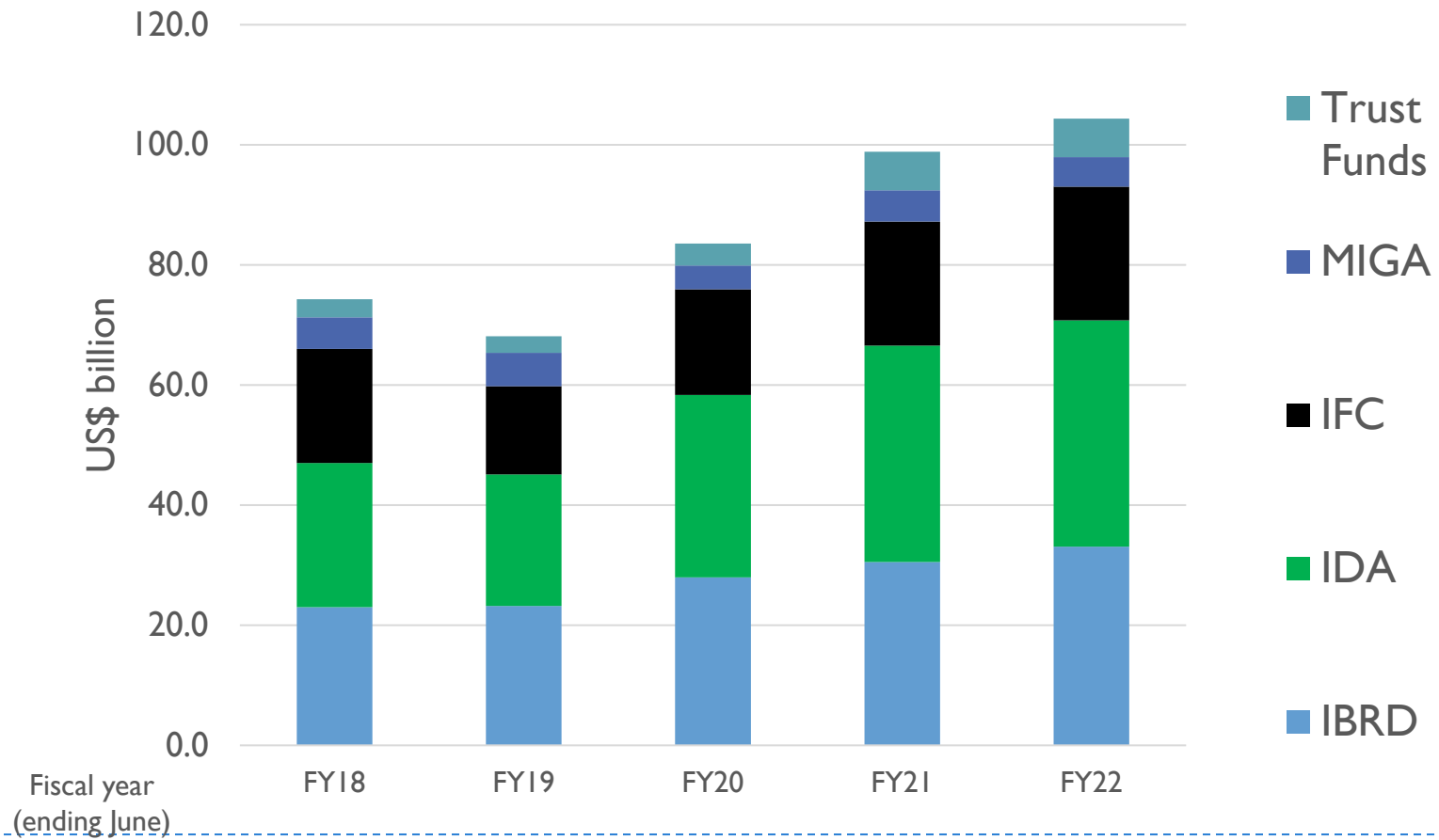
Evolution of Evaluation in the World Bank Group ... and in other Multilateral Development Banks (MDBs)

- ▶ Long history of evaluation practice on the public sector side. Example:
World Bank Group
 - ▶ 1970: World Bank (WB) President McNamara creates "Operations Evaluation Unit"
 - ▶ 1974: OEU starts to report directly to Board, Director-General position created
 - ▶ 1984: International Finance Corporation (IFC) establishes evaluation unit
 - ▶ 1993: "Wapenhans Report": Change WB culture and focus from loan approvals to "results on the ground"
 - ▶ 1995: IFC's evaluation unit becomes independent
 - ▶ 1996: **Evaluation Cooperation Group** (ECG of MDBs) established
Work on „**Good Practice Standards**“ (GPS) for evaluation begins
 - ▶ 2002: Multilateral Investment Guarantee Agency (MIGA) establishes independent evaluation
 - ▶ 2006: WB, IFC, MIGA evaluations merge into „Independent Evaluation Group“ (IEG)
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World Bank Group (WBG)- Organization (Simplified)

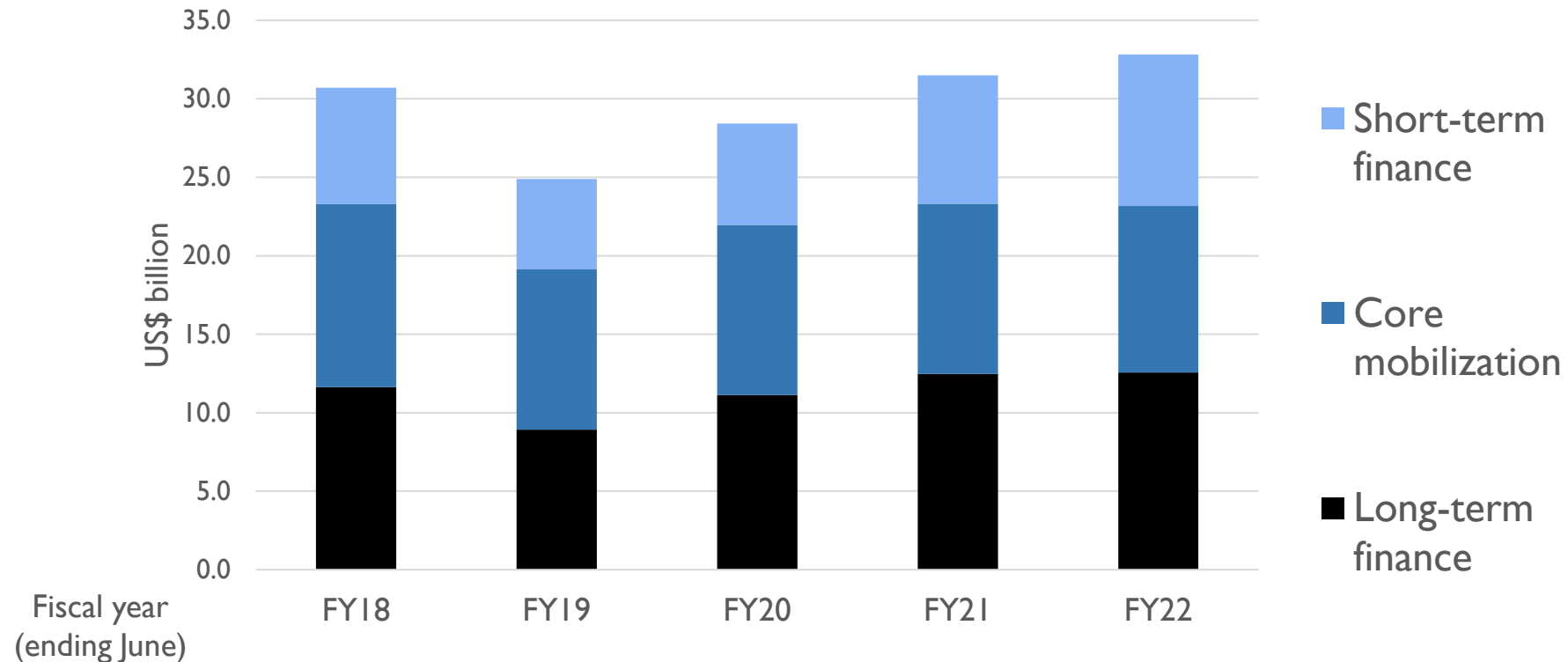


World Bank Group Commitments (MIGA: Issuances)



A more detailed look at IFC ...

IFC Commitments



Evolution of Good Practice Standards (GPS) for Private Sector Evaluation

- ▶ 1996: Evaluation Cooperation Group (ECG) established
 - ▶ 2001: 1st GPS for private sector
 - ▶ 2002: 1st benchmarking
 - ▶ 2004: 2nd GPS
 - ▶ 2005: 2nd benchmarking
 - ▶ 2006: 3rd GPS
 - ▶ 2010: 3rd benchmarking
 - ▶ 2011: 4th GPS
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Good Practice Standards (GPS) for the Evaluation of Private Sector Investment Operations

Multilateral Development Banks (MDB) Evaluation Cooperation Group (ECG),
4th Edition (2011)

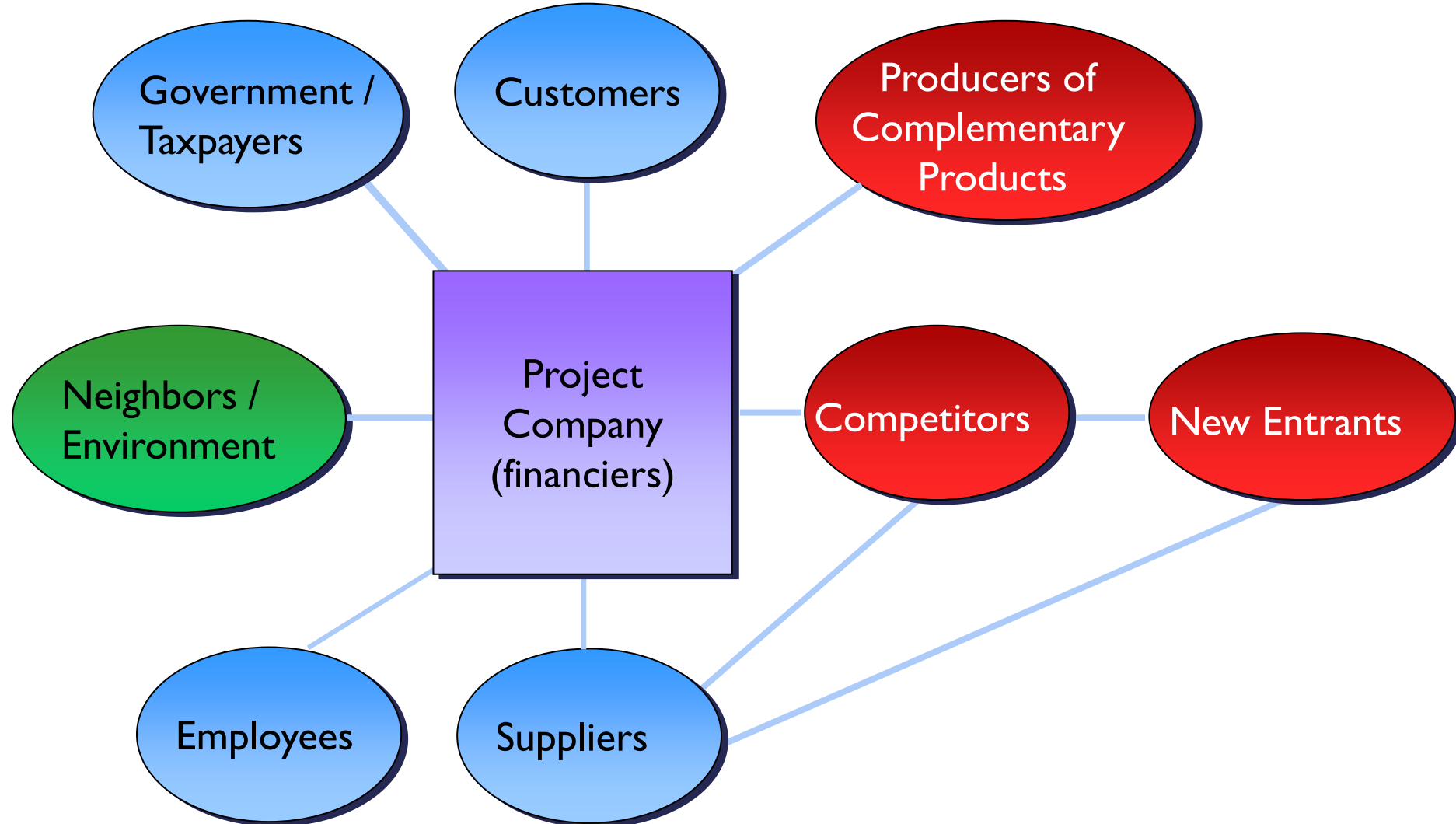
Generic principles

- ▶ Independence of evaluation departments
- ▶ Reporting and corporate learning
- ▶ Evaluation guidance and rating system

Private Sector Principles

- ▶ Planning and executing a project evaluation program
 - ▶ Evaluation metrics and benchmarks
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Private sector projects: Considering effects on all stakeholders



IFC project evaluation framework (investments)

- ▶ **Development outcome**
 - ▶ Financial performance
 - ▶ Economic performance
 - ▶ Environmental and social (E&S) performance
 - ▶ Private sector development (PSD) impact
 - ▶ **Additionality**
 - ▶ Financial
 - ▶ Non-Financial
 - ▶ **Investment outcome**
 - ▶ **Work quality**
 - ▶ Front-end
 - ▶ Supervision
-

IFC project evaluation framework (advisory services)

- ▶ Development effectiveness
 - ▶ Strategic relevance
 - ▶ Output, outcome, impact achievement (“Effectiveness”)
 - ▶ Efficiency
 - ▶ Role & contribution (~Additionality)
 - ▶ Work quality
 - ▶ Front-end
 - ▶ Supervision
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Evolution in IFC

- ▶ First: Independent Evaluation, with standard project-evaluation framework (1996, refinements 1998)
 - ▶ Influencing – and influenced by – GPS
 - ▶ IFC: Clear leader in private sector evaluation
 - ▶ Still: Realization – evaluation ex-post alone is not enough
 - ▶ Building ongoing results-measurement system
 - ▶ First MDB: External assurance of development results (“audit“)
 - ▶ Setting forward-looking results goals ... and tracking achievement
 - ▶ Recently: Scoring-system, taking into account: Development gaps, project results, market results ... and likelihood of achievement
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IFC: Selected Results (2021)

Development Reach by IFC's Clients

▶ Direct jobs:	4.4M	• Infrastructure Services	225.2M
▶ Direct investments	1.8M	• Power generation	58.8M
▶ Fund investee comp's	2.6M	• Power distribution	11.3M
▶ MSME loans: Number	57.1M	• Water distribution	1.9M
▶ Microfinance	42.4M	• Phone	90.7M
▶ Small and medium-size	14.7M	• Internet	62.5M
▶ MSME loans: Volume	\$625B	• Other: People reached	
▶ Microfinance	\$108B	• Patients	41.8M
▶ Small and medium-size	\$517B	• Students	0.8M
▶ Trade Finance		• Farmers	3.5M
▶ Number	1.8M	• Other: Payments	
▶ Volume	\$226.5B	• Domestic suppliers	82.0B
		• Governments	19.4B

World Bank: Selected Results (FY19-21)

Source: World Bank Annual Report FY22

Responding to food insecurity



7.4 million
farmers adopting better
agricultural technology



2.4 million
hectares provided with new
or better irrigation or
drainage services



175 million
people benefiting from
social safety net programs

Protecting people, preserving jobs



49 million
people benefiting from
job-focused interventions



376 million
people who received
essential health, nutrition,
and population services



5 million
women reached with
financial services

Strengthening resilience



85 countries
supported in ensuring disaster
risk reduction as a national
priority (fiscal 2021)



118 million
fewer tons of CO₂ equivalent
per year in greenhouse gas
emissions



43 million
people provided with new
or better electricity service

Rebuilding better



30 million
people provided with
access to the Internet



296 million
students benefiting from
direct learning interventions



36 million
people provided with access
to better water sources

Some examples from evaluation

▶ Project examples

- ▶ Careful with approval pressures
- ▶ Careful with import protection
- ▶ Don't assume short-term finance cannot have serious E&S effects
- ▶ Windmills vs. wildlife

▶ Corporate evaluations

- ▶ Independence of the evaluation function is essential
- ▶ Speaking truth to power



Thank you

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