

Evaluation in multilateral development banks (MDBs) with focus on the private sector

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Instruments to support Private and Public Sector Projects in MDBs

- **Private Sector Investment services:**

Equity/loans/Guarantees - in manufacturing, services (e.g banks, funds), extractive industries, infrastructure consortia, etc.

- **Public Sector investment services:**

Loans to governments on infrastructure projects, health and education, etc; structural loans for budget support, etc.

- **Advisory services (TA/TC)** including stand-alone services

Assessing Private Sector projects using a double bottom line

- Financial **plus** economic, social and environmental considerations
- For assessment of financial results of projects, the market may suffice, but **for the combined effect, evaluation is indispensable**

Performance criteria in more detail

PROJECT

- Financial Performance
- Economic Sustainability (**People** and **Planet**)
- Contribution to MDB Mandate Objectives
- Environmental (**Planet**) and Social Performance (**People**)

INSTITUTION

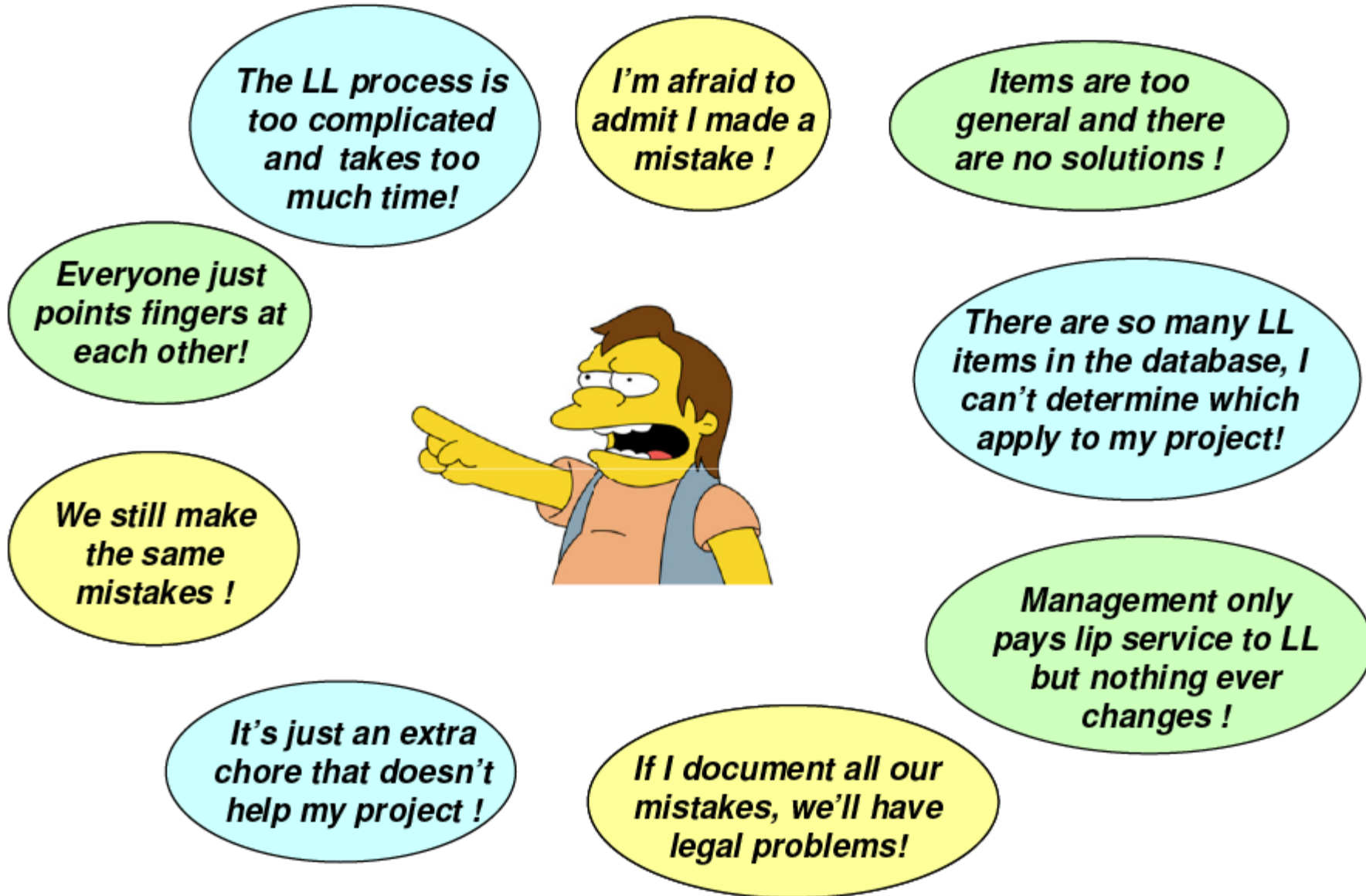
- MDB's Investment Profitability
- MDB's Work Quality
- MDB's Additionality

The Evaluation Cooperation Group

- Established in 1995 by the Heads of the independent evaluation departments in Multilateral Development Banks (MDBs)
- Objectives of the ECG:
 - Strengthen cooperation among evaluators through creating good practice standards (**Progress**)
 - Seek to harmonize evaluation practices and procedures among the MDBs (**Progress**)
 - To enable improved comparability of evaluation results, while
 - Taking into account the differing circumstances of each institution

Challenges in private sector evaluation

- Operational staff often want evaluators to concentrate on mandate-related issues (E&S) as financial performance is seen as their expertise. However, projects sometimes fail as the feasibility study was deficient.
- Collecting the necessary information is a challenge as private sector clients want to secure confidentiality of their data.
- Clients often think that collecting data on social and environmental indicators is too cumbersome and costly
- The culture in private sector financing is not focussed on learning which makes evaluation often challenging and can easily lead to conflicts



The LL process is too complicated and takes too much time!

I'm afraid to admit I made a mistake !

Items are too general and there are no solutions !

Everyone just points fingers at each other!

There are so many LL items in the database, I can't determine which apply to my project!

We still make the same mistakes !

Management only pays lip service to LL but nothing ever changes !

It's just an extra chore that doesn't help my project !

If I document all our mistakes, we'll have legal problems!



Megatrends: Private Sector in development

- Impact Investors
- Role of Sovereign Wealth Funds
- Digital Services and Crypto-currency

Require new methods to benchmark and evaluate performance.