MULTILATERAL DEVELOPMENT BANKS (MDB)
EVALUATION COOPERATION GROUP (ECG)
Working Group on Private Sector Evaluation (WGPSE)

# MDB-ECG Good-Practice Standards for Evaluation of Private Sector Investment Operations

Third Edition

**April 18, 2006**

## CONTENTS

# MDB-ECG Good-Practice Standards for Evaluation of Private Sector Investment Operations

## *I. Background and Context*

**1. Mandate.** In 1996, a Development Committee Task Force called for harmonization of evaluation methodologies, performance indicators and criteria by the MDBs:

> The development of objective indicators of performance is also essential for the public accountability of the MDBs and their ability to justify their use of public resources to shareholder governments, parliaments, and the public. Currently, it is not possible to compare their operational results, or even to describe them in a common language. Major public sector institutions like the MDBs must be able to account for their efforts in readily understood terms. A common methodology for evaluating their portfolios should be developed and kept up to date over time, with best practices in evaluation techniques being identified and disseminated. A determined effort should be made to harmonize performance indicators and evaluation criteria, taking into account the differing circumstances of each institution. The lessons learned from these evaluations should be shared among the MDBs with a view to applying them quickly in new operations.
>
> The heads of the…MDB evaluation units…[should] be charged with elaborating common evaluation standards, including performance indicators; exchange experience with evaluation techniques, share results; and become the repository of best evaluation practices. The immediate task would be to develop, within a specified time period, methodology and criteria for assessing and rating the MDB's operational performance and development effectiveness. [1]

**2. MDB response.** The MDBs have accepted this mandate:

> The [Evaluation Cooperation] Group[2] will continue its efforts to make evaluation results comparable and to have their findings properly translated into operational standards. Meeting in Hong Kong in October 1997, the MDB presidents…strongly endorsed further intensification of collaboration among MDB evaluation units in harmonizing evaluation standards and activities, defining more effective linkages between independent and self-evaluation….The harmonization dialogue will be extended to…evaluation of private sector operations.[3]

**3. And the ECG has, in turn, expressed its intentions**:

> The ECG (i) works to strengthen cooperation among evaluators and (ii) seeks to harmonize evaluation methodology in its member institutions, so as to enable improved comparability of evaluation results while taking into account the differing circumstances of each institution. Harmonization in the ECG includes increased information sharing and improved understanding of

---

[1] Development Committee, Task Force on Multilateral Development Banks, "Serving a Changing World--Report of the Task Force on Multilateral Development Banks," March 15, 1996, p. 18.
[2] Referred to herein as the ECG.
[3] Development Committee, "Report from the Multilateral Development Banks on Implementation of the Major Recommendations of the MDB Task Force Report", March 26, 1998, p. 4.

commonalities and differences in evaluation policies, procedures, methods and practices and is not interpreted by members as "standardization of evaluation policies and practices."[4]

**4. Subsequent developments.** In 2001, the ECG issued "MDB-ECG Good-Practice Standards for Evaluation of Private Sector Investment Operations" (GPS-IO). In 2003, based on recommendations in the first assessment of the extent to which the good practice standards were being applied, the ECG issued the second edition. Now, based on recommendations in the second assessment of the application of the standards, the third edition of the GPS-IO is being issued.

## *II. The Good Practice Standards for Investment Operations, 3d Edition*

**5. The Standards.** Attachment 1 sets forth the GPS-IO, Third Edition. This Attachment also provides some comments on the standards and how ratings are assigned. Attachment 2 provides a glossary to facilitate an understanding of the standards, and Attachment 3 summarizes some terminology specific to individual MDBs.

**6. Harmonization and other standards.** Some of the standards are necessary to permit comparability of operational results among the MDBs, as prescribed by the Development Committee. These are categorized as *harmonization standards*. Others are not needed for comparability but are nonetheless designed to help improve accountability and learning within each institution. These are designated as *other standards*.

**7. Good-practice and best-practice standards.** The *good practice standards* lay down the key principles that any development institution that finances the private sector should follow if it is to have a satisfactory evaluation system. The *best practice standards* reflect more detailed practices that are desirable but not essential.

**8. Experimental standards.** Several standards have been designated as experimental. These standards deal with the indicators and benchmarks for rating business success (GPS 4.3.3-4.3.7), the benchmarks for private sector development (GPS 4.3.9), and the benchmarks for contributions to economic development (GPS 4.3.12-4.3.15). The members will experiment with these standards and then consider whether to retain them and, if so, whether to revise them before the next assessment of the application of the standards, scheduled for 2009.

**9. Standards not universally applicable.** The standards recognize that some are not applicable to certain MDBs because of the nature of their operations. Since MIGA's Independent Evaluation Group carries out all evaluations itself, rather than calling for self-evaluation reports by the operational staff, standards relating to self-evaluation reports are not applicable to MIGA (GPS 1.21, 3.3.1, 3.3.3, 3.3.5, 3.3.6, and 5.1.5). Similarly, since MIGA provides political risk insurance and does not make equity investments or loans, standards relating to equity investments and loans are not applicable to MIGA (GPS 2.1.4 and 4.4.3). And, since EBRD seeks to foster transition, rather than development and poverty reduction, EBRD has indicated that the standards

[4] ECG, "Amended ECG Mandate," approved by ECG members April 2003.

relating to business success (GPS 4.3.3-4.3.7) and economic development GPS 4.3.10-4.3.15) are not applicable to its operations.

**10. Outline of issues covered.** The standards are grouped into six chapters:

| Chapters | Scope |
|---|---|
| *1* | *The roles of independent and self-evaluation* |
| *1.1* | The governance structure of the central evaluation department |
| *1.2* | The split of responsibilities between independent and self-evaluation |
| *2* | *Evaluation timing, population, coverage and sampling* |
| *2.1* | Identification of population from which sample for evaluation is to be drawn, including project maturity at evaluation |
| *2.2* | Evaluation coverage, i.e., proportion of population to be evaluated |
| *2.3* | Sampling |
| *3* | *Guidelines, execution, and independent validation, i.e., diligence and rigor of execution and review* |
| *3.1* | Guidelines and familiarization |
| *3.2* | Execution |
| *3.3* | Review and independent validation |
| *4* | *Evaluative scope* |
| *4.1* | Performance dimensions evaluated, i.e., development or transition outcome, MDB's investment profitability, and MDB's additionality, and MDB's work quality |
| *4.2* | Performance ratings—principles and benchmarks |
| *4.3* | Indicators and benchmarks for the development or transition outcome |
| *4.4* | Indicators and benchmarks for the MDB's investment profitability |
| *4.5* | Indicators and benchmarks for the MDB's additionality |
| *4.6* | Indicators and benchmarks for the MDB's work quality |
| *4.7* | Standard attachments |
| *5* | *Annual reporting and process transparency* |
| *5.1* | Annual synthesis reporting, i.e., annual review |
| *5.2* | Process transparency, i.e., annual report |
| *6* | *Identification of lessons, dissemination, and ensuring application of lessons* |
| *6.1* | Identification of lessons |
| *6.2* | Dissemination of findings and lessons |
| *6.3* | Ensuring application of lessons |
| *6.4* | Disclosure |

## *III. Implementation and Monitoring*

**11. Ratings harmonization.** In issuing the GPS-IO in 2001, the Members agreed to review periodically their measurement methods, ratings systems, guidelines and benchmarks with the aim of judging and reporting outcomes according to consistent standards and advancing the ECG's harmonization agenda as far as possible. To this end, they agreed to share all evaluation documentation, including self-evaluation instructions, ratings guidelines, best-practice reports, annual reviews, and annual (evaluation system quality) reports on a confidential basis (all subject to editing as needed to protect confidentiality requirements). As Members reach further agreements on methods, rating standards, and benchmarks, they will document them in subsequent refinements of the GPS-IO.

**12. Convergence progress monitoring.** As indicated earlier, the Members also agreed in 2001 to arrange for periodic independent crosscutting assessments of the extent to which the good-practice standards are being applied in their agencies' evaluations and annual reporting and to report the findings to the MDB Presidents. The Members commissioned a consultant to carry out assessments in 2003 and 2005 and envisage a further benchmarking assessment in 2009.

April 18, 2006

| Std # | Type of Standard | Standard | Comments |
|---|---|---|---|
| **1** | | **Roles of Independent and Self-Evaluation** | |
| ***1.1*** | | ***Structure and role of independent evaluation, i.e., of Central Evaluation Department (CED):*** | |
| 1.1.1 | Harmonization | CED has a Board-approved mandate statement, designed to ensure independence and relevance. | Must be approved by Board of Directors to be rated as MC. |
| 1.1.2 | Harmonization | The mandate provides that the Board of Directors oversees CED's work and that the CED's reporting line, staff, budget and functions are organizationally independent from the MDB's operational, policy and strategy departments and related decision-making. In addition, the mandate specifies that the Board has the ultimate decision authority for (1) hiring and terminating CED head and staff; (2) CED head's appointment terms and reporting structure; (3) CED head's and staff's grading, performance reviews and pay increases; and (4) the CED's budget. | MC rating requires explicit statements in mandate or equivalent document. |
| 1.1.3 | Other | CED operates with full autonomy but in close consultation with the MDB's other departments to ensure as far as possible (subject to the primacy of sound evaluative principles and practices) coherence of corporate standards (as among operations, portfolio and strategy analysis, and evaluation) and good prospects for corporate ownership of CED's findings and recommendations for improvement. To this end, CED seeks alignment, as far as possible, of performance measures and standards used in evaluations and in non-CED reports to management and Board. | Critical word is "operates." Does not require explicit statement in mandate.<br><br>This GPS deals with actions taken by CED. GPS 5.4.3 deals with outcomes. |
| 1.1.4 | Harmonization | Under its mandate, CED's scope of responsibility extends, without restriction, to all determinants of the MDB's operational results. | If management has right to approve or disapprove program, it can limit scope of responsibility and, thus, highest rating possible would be PC. |
| 1.1.5 | Harmonization | The mandate states that CED has unrestricted access to MDB's staff, records, co-financiers, clients and projects. The mandate may, however, allow for restrictions on access to clients and projects in jeopardy cases, where an evaluator's visit could prejudice the MDB's financial interests or materially increase the risk of litigation. Should client access be restricted in jeopardy cases, the number of such cases should be reported in the MDB's annual report or annual review. | MC rating requires explicit statement in mandate. |
| 1.1.6 | Harmonization | The mandate provides that CED transmits its reports to MDB's Board after review and comment by management but without management clearance or any management-imposed restrictions on their scope and contents. | Essence of standard is freedom from management clearance or any management-imposed restrictions on scope and contents of CED reports. MC rating requires |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | | explicit statement in mandate designed to protect MDB against management-imposed restrictions. |
| 1.1.7 | Other | The mandate provides that CED's manager holds grade-rank at least equal to that of operational department directors. | MC requires that provision be embodied in mandate. Specification of title meets this requirement if title implies grade-rank equivalent to operational department directors. |
| 1.1.8 | Other | The CED or the MDB has issued guidelines, applicable to all CED managers and staff members, designed to ensure that CED evaluations are—and are perceived to be—devoid of any conflict of interest. | |
| ***1.2*** | | ***Responsibilities of operations departments in self-evaluation:*** | |
| 1.2.1 | Harmonization | *Good practice.* Execute XASRs on investments selected pursuant to GPS 2.3.1 and 2.3.2 in accordance with CED's sample selection and evaluation guidelines.<br><br>*Best practice.* In addition, deliver XASRs according to a schedule designed to spread the review load throughout the program year and allow CED to complete the annual review on schedule. | *Applicable only to institutions that prepare XASRs, i.e., that do not limit evaluations to PERs.*<br><br>For guarantee operations, references to "investments," here *et passim*, should be replaced by "guarantees." |
| **2** | | **Evaluation Timing, Population, Coverage and Sampling** | |
| ***2.1*** | | ***Identification of population from which sample for evaluation is to be drawn; timing of consideration for evaluation:*** | |
| 2.1.1 | Harmonization | Taking into consideration information on project maturity status provided by other departments, CED determines the *population* from which the investments to be evaluated each year are to be drawn. | Similar to GPS 2.3.1, which calls for CED's selecting the *sample* of projects to be evaluated. The key point in both standards is the role of CED. |
| 2.1.2 | Harmonization | The population from which the investments to be evaluated each year are to be drawn consists of the investments that will have reached *early operating maturity* (as defined in GPS 2.1.3 and 2.1.4) during the year.<br><br>• Subject to certain exclusions, specified below, the population includes all disbursed (including partially cancelled) investments--whether still active or already closed (paid-off, sold or written off)--that have reached early operating maturity. The population also includes investments already closed, even if they never reached early | For guarantee operations, references to "disbursed investments," here *et passim*, should be replaced by "committed guarantees."<br><br>Since visits to closed investments may not be feasible and since operational staff may be unwilling to devote resources to visiting closed investments, CED may carry out abbreviated desk reviews to evaluate these |

| Std # | Type of Standard | Standard | Comments |
|---|---|---|---|
| | | operating maturity.<br>• Excluded from the population are dropped and cancelled investments, very small investments made under special promotional programs (e.g., direct investments in small businesses that are evaluated on a program basis through a CED special study), subscribed rights offerings and investments undertaken to help finance cost overruns on projects previously financed by the MDB.<br>• Projects that have not yet reached early operating maturity are excluded from the current evaluation year's population and rolled forward for inclusion in the population in a future year when they will have reached early operating maturity.<br>• Investments are included in the population from which the sample for evaluation is drawn only once, i.e., only for the year in which they will have reached early operating maturity | operations. The important thing is that they not be excluded from the population, which would introduce bias in reporting on overall outcomes.) For already-closed investments that are selected for an XASR, the XASR consists of the last available supervision report and the attached evaluative addendum. |
| 2.1.3 | **Harmonization** | All operations other than the financial markets operations specifically covered by GPS 2.1.4 are deemed to have reached *early operating maturity* when (a) the project financed will have been substantially completed, (b) the project financed will have generated at least 18 months of operating revenues for the company and (c) the MDB will have received at least one set of audited annual financial statements covering at least 12 months of operating revenues generated by the project. | MC requires that definition of early operating maturity be consistent with GPS. All tests must be met for MC rating. |
| 2.1.4 | **Harmonization** | Financial markets projects where the principle objective is to assist identifiable capital expenditure sub-projects (rather than to contribute to institutional development or institution building) are deemed to have reached *early operating maturity* after the elapse of at least 30 months following the MDB's final material disbursement for sub-loans or sub-investments, i.e., ignoring disbursements for small follow-up investments in existing client companies and disbursements to cover management fees or other expenses of investment funds. | *Applicable only to institutions that provide financing to intermediaries or investment funds where the principle objective is to assist identifiable capital expenditure sub-projects.*<br><br>MC requires that definition of early operating maturity be consistent with GPS. |
| ***2.2*** | | ***Evaluation coverage:*** | |
| 2.2.1 | **Harmonization** | *Good practice:* Preparation of XASRs (with XASR-As), PERs, or a combination of the two on a random, representative sample of sufficient size to establish, *for a combined three-year rolling sample*, success rates at the 95% confidence level, with sampling error not exceeding ±5 percentage points, for the population's development (transition) outcome, MDB investment outcome, additionality and MDB work quality.<br><br>*Transitional good practice:* Preparation of XASRs (with XASR-As), PERs, or a combination of the two on a random, representative sample equivalent to 60% or more of the investments in the population. In using this standard, an MDB reports on the confidence level and sampling error applicable to the success rates for the population's development or transition outcome, MDB investment outcome, additionality and MDB work quality. An MDB can use | XASRs are prepared by operating staff and then validated by CED, with the results reflected in an XASR-A. This approach is more efficient, and it fosters ownership of XASR and annual review findings and ratings judgments, learning from experience and accountability for results.<br><br>PERs may lead to assignment of more accurate ratings and more useful lessons. By carrying out field visits, a CED is able to gather additional information that allows it to review a project in a new light and revise |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | this standard only until its combined three-year rolling population of projects reaching early operating maturity reaches 50.<br><br>*Best practice-Alternative 1*: Preparation of XASRs (with XASR-As), PERs, or a combination of the two on a random, representative sample of sufficient size to establish, *for a combined three-year rolling sample*, success rates at the 95% confidence level, with sampling error not exceeding ±5 percentage points, for the population's development or transition outcome, MDB investment outcome, additionality and MDB work quality *within each of the MDB's current strategically targeted groups.*<br><br>*Best practice-Alternative 2*: Preparation of XASRs (with XASR-As), PERs, or a combination of the two on 100% of the investments in the population. | self-evaluation ratings that it might not have questioned based on a desk review of a self-evaluation report. Self-criticism is not a natural human inclination and is not encouraged in most organizations. Moreover, operational staff normally lack cross-cutting, wider experiences that would balance their experience with a specific project with other projects handled elsewhere in the institution.<br><br>A CED has full discretion to carry out a PER on any operation. It will normally do so where an XASR's findings raise substantive validation or credibility challenges; where an XASR's quality was so poor, even after follow-up, as to not allow CED to independently establish the appropriateness of the XASR's ratings; or where it considers a PER to be useful for learning purposes.<br><br>The standard calls for meeting certain confidence level and sampling error tests. These tests would be applied to the combined sample for the three years ending with the most recent year for which evaluation results are available. Thus, in an MDB's annual review for, say, 2006, it would look at the combined results of the evaluations carried out during 2003, 2004 and 2005.<br><br>The good-practice standard is the minimum required for meeting the ECG's harmonization goal at the corporate level. However, to generate statistically significant sub-sample results for use in formulating corporate strategies or holding departments accountable for their results, a higher coverage would be needed, as envisaged in the best-practice standards.<br><br>For purposes of scoring, good practice and transitional good practice are combined, and MC rating on Best practice-Alternative 2 are considered equivalent to MC for good practice standard. |
| ***2.3*** | | ***Sampling:*** | |

| Std # | Type of Standard | Standard | Comments |
|---|---|---|---|
| 2.3.1 | Harmonization | The CED selects the operations for XASRs and PERs from the evaluation year's population (as defined above), subject to the following standard. | Similar to GPS 2.1.1, which calls for CED to determine the *population* from which the sample is to be drawn. The key point in both standards is that the CED selects the sample, not management or the operational staff. |
| 2.3.2 | Harmonization | If coverage is less than 100%, the sample should be both random and representative.<br><br>Notwithstanding this principle, a CED may wish to select projects to be covered by PERs based, e.g., on the potential for learning, the high profile of an operation, credit and other risks, whether the sector is a new one for the MDB, the likelihood of replication, or the desirability of balanced country and sector coverage. If so and if the CED wishes to combine the PER with the XASR-A findings in reporting annual success rates, it uses stratified sampling methodology, as follows:<br><br>• It splits the population into two strata. The first consists of the projects CED selects for PERs. The second consists of the remaining projects, i.e., the population other than the projects selected for the first stratum.<br>• CED evaluates 100% of the first stratum. The success rates from the sample are, thus, identical to the success rates for this portion of the population.<br>• CED selects a random sample from the second stratum. The operational staff prepares XASRs on the projects selected, and CED prepares XASR-As on these projects (or a random sample of them). The sample is sufficiently large to give reliable estimates of the success rates for that stratum.<br>• Based on the weight of each stratum in the overall population, CED then calculates the weighted average success rates and sampling errors, following the normal procedures for stratified sampling.<br><br>If the CED wishes to select projects to be covered by PERs as above *but does not wish to combine the PER with the XASR-A findings in reporting annual success rates*, it draws the sample to be covered by XASRs from the full population for the year, without previously eliminating the projects to be covered by PERs. To the extent that specific projects may be selected for XASR-As and PERs, CED would use the PER ratings, rather than the XASR-A ratings in reporting on success rates, since CED will have carried out a more rigorous review in these cases. | Only random or stratified random samples support performance inferences about the sampled population. Representativeness is important for *prima facie* plausibility of the results. |
| **3** | | **Guidelines, Execution and Validation** | |
| ***3.1*** | | ***Guidelines & familiarisation:*** | |
| 3.1.1 | Harmonization | In consultation with operations departments, CED prepares, refines and disseminates | |

| ***Std #*** | ***Type of Standard*** | ***Standard*** | ***Comments*** |
|---|---|---|---|
| | | guidelines for the preparation of XASRs and PERs in sufficient detail to promote consistency and objectivity in execution scope, analysis and ratings.<br><br>As part of dissemination efforts, some CEDs may wish to conduct workshops to familiarize the XASR teams with requirements and supporting documentation for achieving good-practice execution. | |
| 3.1.2 | Harmonization | *Good practice*: The guidelines include ratings guidelines with benchmarks and standard reporting templates that include the performance ratings matrix.<br><br>*Best practice*: The guidelines also include related documentation, such as an overview of the XASR program, a description of efficacious execution process steps, good-practice examples of XASRs from previous years' samples, and a list of execution mistakes to avoid (informed by past XASRs). | |
| 3.1.3 | Other | CED maintains these guidelines on its website. | |
| ***3.2*** | | ***Execution:*** | |
| 3.2.1 | Harmonization | The research for XASRs and PERs draws from a file review; discussions with available staff involved with the operation since its inception; independent research (e.g. on market prospects); a field visit to obtain company managers' insights and to the project site to observe and assess outcomes; and discussions with parties who are knowledgeable about the country, company and project (e.g. MDB specialists, company employees and auditors, suppliers, customers, competitors, bankers, any relevant government officials, industry associations, and local NGOs). | MC requires, *inter alia*, a field visit for substantially all XASRs and PERs. |
| ***3.3*** | | ***Review and independent validation:*** | |
| 3.3.1 | Other | *Good practice.* The standard transmittal memo on the XASRs executed by operations department staff incorporates the approval (or electronic check-off) by the responsible operations department manager.<br><br>*Best-practice.* In addition, the standard transmittal memo on the XASRs executed by operations department staff incorporates the approval (or electronic check-off) and, if relevant, cites disagreements by other departments, e.g., technical, environmental, economics and syndications. | *Applicable only to institutions that prepare XASRs, i.e., that do not limit evaluations to PERs.*<br><br>The XASR findings comprise a set of representations by management (through the CED) to the Board, and a sign-off or check-off comprises the only written evidence of the operating management's endorsement of the staff's representations. |
| 3.3.2 | Other | To provide transparency with respect to field visits (GPS 3.2.1), the XASR or PER or the XASR transmittal memo provides information on when field visit took place and who (i.e., | This information can be included in the transmittal memo or in the XASR or PER. Some MDBs may wish |

| Std # | Type of Standard | Standard | Comments |
|---|---|---|---|
| | | representatives of which departments) participated in the field visit. | to call for information on persons interviewed (with titles and affiliations). |
| 3.3.3 | Harmonization | CED conducts an independent review of each XASR to verify scope responsiveness, evident reliability of the analysis, impartiality and consistency in ratings judgments, and appropriateness and completeness of the identified lessons, and then, *for each randomly selected XASR to be used in the annual synthesis report on evaluation results*, prepares an XASR-A on the final-edition XASR that records its independent judgments on the report's quality in relation to the guidelines, assigned ratings and lessons. | *Applicable only to institutions that prepare XASRs, i.e., that do not limit evaluations to PERs.* |
| 3.3.4 | Other | *Best-practice*: For XASRs recommended by CED, the relevant vice president, central portfolio manager, credit manager, or other manager at a level higher than the responsible officer and his or her manager chairs a review meeting that is attended by the XASR team and their managers, CED, and representatives of specialist departments (e.g. credit, technical and environmental, economics, legal, syndications and special operations) as relevant. Operations staff responsible for the operation at entry are invited to attend the review meeting, comment on the XASR's findings, or both. | |
| 3.3.5 | Harmonization | Following preparation of each draft XASR-A, CED reviews with the XASR team and its manager the basis for its judgments where its ratings differ from those in the final edition XASR. | *Applicable only to institutions that prepare XASRs, i.e., that do not limit evaluations to PERs.* |
| 3.3.6 | Other | At the end of the program year and prior to submitting its annual review, CED sends a ratings validation variance memo to the responsible senior operations manager, with copies to the relevant XASR teams and their managers. | *Applicable only to institutions that prepare XASRs, i.e., that do not limit evaluations to PERs.* |
| **4** | | **Evaluative Scope** | |
| ***4.1*** | | ***Performance dimensions evaluated:*** | |
| 4.1.1 | Harmonization | *Good practice*: The scope of the XASR (and XASR-A) or PER includes, at a minimum,<br>• The *development or transition outcome of the project and, to the extent provided in GPS 4.3.3-4.3.7 and GPS 4.3.17, the project company*, i.e., the "results on the ground" relative to the MDB's mission.<br>• The *MDB investment's profitability* (contribution to its corporate profitability objective),<br>• The *MDB's additionality, and*<br>• The *MDB's work quality* (also referred to as bank handling, operational effectiveness, or execution quality). | EBRD bases its evaluation system on a different set of categories. It assesses "mandate-related indicators" (transition impact, environmental performance and change, and the Bank's additionality), "sound-banking principle-related indicators" (project and company financial performance and fulfillment of project objectives), and "Bank effectiveness-related indicators" (the Bank's investment performance and Bank handling of the project). To supplement this system, it assigns a transition outcome rating, comparable to the development outcome rating in the GPS, which |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | | combines transition impact, environmental performance and change, project and company financial performance, and fulfillment of objectives. EBRD's "transition outcome" differs from its "transition impact," which covers project contributions to (a) the structure and extent of markets, (b) market organizations, institutions and policies that support markets, and (c) business behavior and practices. |
| 4.1.2 | Harmonization | The operation's performance under each of these dimensions is analyzed according to standard indicators, and the operation's performance for each indicator is rated according to criteria and benchmarks specified in the guidelines. | |
| 4.1.3 | Harmonization | The performance reflected in the relevant indicator ratings is synthesized into ratings for each of the four performance dimensions, specified above. | Some WGPSE members consider that an overall rating, synthesizing the ratings for the four dimensions, would be useful. They indicate that their Boards of Directors want an overall judgment on the operations evaluated. Others disagree. They argue that seeking to provide an overall rating for the results on the ground for the host country (an outcome), the contribution to the MDB's profitability (another outcome), work quality (an input that may or may not contribute to these outcomes), and additionality would yield a rating that has no clear meaning. They argue further that their Boards of Directors primarily want to know whether the operations financed are contributing to the institution's objectives and that Boards members recognize that attribution of these results to the institution's contributions or to other factors is a separate question. Although the present standards do not bar a member from assigning overall ratings, they do not call for such ratings. Members wishing to experiment with such ratings may do so, and this issue will be reconsidered in 2009. |
| ***4.2*** | | ***Performance ratings—principles and benchmarks:*** | |
| 4.2.1 | Harmonization | Within the rating scales (e.g., ranging from *unsatisfactory* to *excellent*), there should be balance between positive and negative characterizations (i.e., if there are four ratings, two are less than good and two are good or better). The words used to describe these ratings should accurately reflect whether the judgments are less than good or else good or better. | |

| ***Std #*** | ***Type of Standard*** | ***Standard*** | ***Comments*** |
|---|---|---|---|
| 4.2.2 | Harmonization | Each of the evaluated performance attributes is assigned a rating using a 4- to 6-point scale for each indicator ratings and a 4- to 6-point scale for each synthesis rating. | |
| 4.2.3 | Harmonization | Ratings of non-quantitative indicators require that relative qualitative judgments be made. The criteria should reflect the extent to which performance has been consistent with the MDB's policies, prescribed standards for corporate sustainability and recognized good-practice standards. The criteria for the judgments should be clearly specified in the guidelines for the preparation of XASRs and in the CED's annual review. | |
| 4.2.4 | Harmonization | The synthesis ratings for the four dimensions (development or transition outcomes, profitability to the MDB, the MDB's additionality and the MDB's work quality) reflect summary qualitative performance judgments based on the underlying indicator ratings. They are not simple averages of the indicator ratings. | See comment on GPS 4.1.3. |
| 4.2.5 | Harmonization | Outcomes for each of the indicators are assessed on a "with v. without project" basis. | MC requires that this rule be specifically stated. |
| ***4.3*** | | ***Indicators and benchmarks for the development or transition outcome (the project's contribution to (a) the company's business success;(b) the country's private sector development and/or its development of efficient capital markets and/or its transition to a market economy; and (c) economic development; and (d) the project's overall environmental performance):*** | |
| 4.3.1 | Harmonization | Assessments of development or transition outcomes for each of the development or transition outcome indicators take into consideration the sustainability of the results. | |
| 4.3.2 | Harmonization | The project's development or transition outcome is based partly on the *project's contribution to the company's business success*, measured primarily by the real after tax returns and secondarily by (i) the project's contribution to other business goals articulated at approval and (ii) the project *company's* prospects for sustainability and growth. | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.* |
| 4.3.3 | Harmonization | *In rating the business success of capital expenditure projects where the incremental costs and benefits can be quantified*, the project's after-tax financial rate of return in real terms (FRR) is compared with the company's weighted average cost of capital (WACC).<br><br>Financial and economic theory holds that a firm must expect an after-tax financial rate of return on the funds it invests that is at least sufficient to induce investors to purchase and hold the firm's debt and equity. The investors' return requirements are reflected in the company's WACC, i.e., the weighted average after-tax cost to the company of the yields it must provide on its borrowings and the equity investors' minimally acceptable returns, all adjusted for inflation. More specifically, the WACC is the sum of (a)(i) the average after-tax cost of the company's debt multiplied by (ii) the company's debt as a percentage of its debt | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental with respect to magnitude of equity risk premium, which is to be reconsidered in 2009.* |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | plus equity; plus (b)(i) the cost of the company's equity multiplied by (ii) the company's equity as a percentage of its debt plus equity; minus (c) the inflation rate. In estimating the WAAC, the cost of the company's equity is assumed to be the average nominal pre-tax cost of the company's debt plus a 350 bp equity premium. | |
| 4.3.4 | Harmonization | The ratings benchmarks for the real after-tax FRR for projects covered by this standard are:<br><br>• Excellent: FRR exceeds the average nominal cost of the company's borrowings by 700 bp or more.<br>• Satisfactory: FRR is equal to or greater than the WACC but less than the FRR required for an excellent rating.<br>• Partly unsatisfactory. FRR is equal to or greater than what the WACC would be if the shareholders earned the same return as the lenders (i.e., if the equity premium were zero, rather than 350 bp over the nominal pre-tax cost of the company's debt) but is less than the FRR required for a satisfactory rating.<br>• Unsatisfactory. FRR is lower than the FRR required for a partly satisfactory rating (i.e., the shareholders earned less than the lenders).<br><br>The business success ratings also take into consideration, where appropriate, (i) the project's contribution to other business goals articulated at approval and (ii) the project *company's* overall prospects for sustainability and growth. | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental with respect to magnitude of equity risk premium and premium for excellent rating, which are to be reconsidered in 2009.* |
| 4.3.5 | Harmonization | *In rating the business success of operations involving loans to intermediaries to finance identifiable capital expenditure sub-projects,* the project portfolio's contribution to the after-tax real return on the intermediary's equity is compared with the equity returns implied by the FRR benchmarks calculated using the methodology outlined in GPS 4.3.3).<br><br>If cost accounting data are available, the information needed to estimate the incremental return on the intermediary's equity can be derived from the intermediary's cost accounting system. When cost accounting data are not available, which will normally be the case, the MDB's or the CED's staff can help the financial intermediary develop rough *ad hoc* estimates of the rate of return. The after-tax real return on equity is calculated from (i) the actual (or typical) spreads and other charges on sub-loans financed by the MDB's loan, (ii) the principal amounts to which these charges would apply each year, (iii) write-offs and expected write-offs (i.e., end of projection period loss provisions) on sub-loans financed by the MDB's loan, (iv) administrative expenses, based on cost accounting data, *ad hoc* estimates, or educated guesses, e.g., as to how the average administrative costs for the sub-loans financed might compare with the institution's overall average administrative expenses, (v) collateral benefits, based on the intermediary's accounting system, *ad hoc* estimates, or educated guesses, (vi) adjustments for inflation and for gains or losses, if any, resulting from exchange rate changes, (vii) income taxes, and (viii) the share of the intermediary's equity | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental with respect to magnitude of equity risk premium and premium for excellent rating, which are to be reconsidered in 2009.* |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | needed to back the sub-loans, based either on the intermediary's or the BIS' risk weights. (Exhibit A provides a simplified example of how the return can be calculated.) The assumptions underlying the estimates should be specified in the XASR or an attachment.<br><br>For projects covered by this standard, the ratings benchmarks for the real equity returns are derived from the benchmarks in GPS 4.3.4 as follows:<br><br>• Excellent: (a) The real equity return implied by the FRR required for an excellent rating under GPS 4.3.4. (This benchmark is equivalent to the sum of (i) the WACC (as calculated in accordance with GPS 4.3.4) plus a 250 bp premium (required for an excellent FRR) minus (ii) the average after-tax cost of the company's total debt multiplied by the company's debt as a percentage of its total assets plus (iii) the inflation rate, all divided by (b) the company's equity as a percentage of its total assets.)<br>• Satisfactory: (a) At least (i) the average nominal pre-tax cost of the company's debt plus (ii) 350 basis points but (b) less than the benchmark for an excellent rating.<br>• Partly Unsatisfactory: (a) At least the average nominal cost of the company's debt but (b) less than the benchmark for a satisfactory rating.<br>• Unsatisfactory: Below the average nominal cost of the company's debt.<br><br>The business success ratings also take into consideration, where appropriate, (i) the project's contribution to other business goals articulated at approval (e.g., reducing the financial intermediary's riskiness) and (ii) the *intermediary's* overall prospects for sustainability and growth. | |
| 4.3.6 | Harmonization | **[***In rating the business success of investments in funds that finance identifiable equity investments*, the project portfolio's contribution to the fund's real after-tax financial rate of return (FRR) to the investors is compared with the following benchmarks:<br><br>• Excellent: The project portfolio yields a real after-tax financial rate of return (FRR) to the fund investors that exceeds the compound real annual rate of growth in the Standard & Poor's 500 Index for the corresponding period by 2500 basis points or more.<br>• Satisfactory: The project portfolio yields a real after-tax financial rate of return (FRR) to the fund investors that exceeds the compound real annual rate of growth in the Standard & Poor's 500 Index for the corresponding period by 1500-2499 basis points.<br>• Partly Unsatisfactory: The project portfolio yields a real after-tax financial rate of return (FRR) to the fund investors that exceeds the compound real annual rate of growth in the Standard & Poor's 500 Index for the corresponding period by 500 to 1499 basis points.<br>• Unsatisfactory: The project portfolio yields a real after-tax financial rate of return (FRR) to the fund investors that exceeds the compound real annual rate of growth in the Standard & Poor's 500 Index for the corresponding period by less than 500 basis points. | *Experimental standard. To be reconsidered in 2009.*<br><br>*Applicable only to institutions that seek to contribute to economic development and poverty reduction.* |

| ***Std #*** | ***Type of Standard*** | ***Standard*** | ***Comments*** |
|---|---|---|---|
| | | Where appropriate, the business success ratings also take into consideration (i) the *local fund management company's* overall prospects for sustainability and growth and (ii) the project's contribution to other business goals articulated at approval | |
| 4.3.7 | Harmonization | *In rating the business success of all other projects* (i.e., investments not targeted at specific capital expenditure projects, investments in existing companies where the incremental costs and benefits attributable to the operation cannot be quantified, and investments in financial markets operations that do not finance identifiable capital expenditure sub-projects), the time-adjusted return on invested capital in real terms (ROIC, i.e., the costs and benefits to the company as a whole on a before-after, rather than a with-without, basis) is compared with the company's weighted average cost of capital (WACC). ***The ROIC is calculated only where the CED is convinced that the FRR on the project cannot be calculated.***<br><br>The ROIC is based on (i) the initial book value of the company as a whole (including debt and equity), (ii) the annual costs and benefits for the company as a whole, (iii) adjustments for increases or reductions in debt and paid-in share capital, (iv) inflation, and (v) the terminal book value of the company as a whole (including debt and equity). Theoretically, the initial and terminal values should be based on the market value of the company as a whole (including the company's debt and equity), but this information is unlikely to be available for many MDB clients, so the book value is used as a proxy.<br><br>The ratings benchmarks for the real after-tax ROIC for projects covered by this standard are the same as the benchmarks for capital expenditure projects where the incremental costs and benefits can be quantified, as outlined in GPS 4.3.4.<br><br>The business success ratings also take into consideration, where appropriate, (i) the project's contribution to other business goals articulated at approval and (ii) the *project company's* overall profitability, adaptability and prospects for sustainability and growth. | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental standard. To be reconsidered in 2009.* |
| 4.3.8 | Harmonization | The project's development or transition outcome is based partly on the *project's contributions (positive or negative) to the country's private sector development and/or its development of efficient capital markets and/or its transition to a market economy.*<br><br>In assigning ratings for this standard, the following factors may be considered:<br>• Competition: The project contributes to greater efficiency, quality, innovation or customer orientation of other suppliers through competitive pressures or contributes to restrictions on competition, e.g., by increased protective tariffs, cartels, etc.<br>• Market expansion: Expansion of markets through the project entity's interactions with suppliers (backward linkages) and customers (forward linkages) and through contributions to the integration of economic activities with the national or international economy.<br>• Private ownership and entrepreneurship: Significant increase or consolidation of private | |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | provision of goods and services and support for entrepreneurial initiative; or weakening of support for private ownership and entrepreneurship due to allocation by a financial institution of resources to purchases of government securities or loans to state-owned enterprises.<br>• Frameworks for markets (institutions, laws and policies that promote market functioning and efficiency): Creation or strengthening (or weakening) of public and private institutions that support the efficiency of markets; improvements to (or weakening of) the functioning of regulatory entities and practices; contributions (positive or negative) to government policy formation and commitment, promoting competition, predictability and transparency; contributions to laws that strengthen (or weaken) the private sector and an open economy.<br>• Development of financial institutions and financial markets: Contributions (positive and negative) to the development of sustainable financial institutions and the financial markets in which they operate (including creation of new fund management companies to manage the MDB-supported investment fund, creation of new fund management companies by staff from the management company responsible for the MDB-sponsored fund, and creation of subsequent investment funds); improved financial strength in sector (e.g., by improving asset-liability management); pioneering listing on stock exchange or significant broadening of listed value; first-of-a-kind financial instrument in local market; greater resource mobilization; and improved allocation efficiency.<br>• Transfer and dispersion of skills: Project contributes to significant upgrading of technical and managerial skills beyond the project entity; introduction of new technology or know-how, including financial know-how.<br>• Demonstration effects (spread of new behaviors and activities): Demonstration of replicable products and processes that are new to the economy; new investments stimulated by the project; demonstration of ways of successfully restructuring companies and institutions; demonstration of new ways and instruments to finance private sector activity.<br>• Standards for corporate governance and business conduct: Improvements in (or weakening of) standards, e.g., with respect to accounting standards, disclosure standards, risk management standards and the company's governance quality, reputation and business practices (including corruption) as a positive (or negative) corporate role model and quality investment asset.<br>• Development of physical infrastructure used by other private parties. | |
| 4.3.9 | Harmonization | The project's contribution to the country's private sector development and/or its development of efficient capital markets and/or its transition to a market economy, taking into consideration the project's size, is rated using benchmarks substantially consistent with the following:<br><br>• Excellent: The project (a) made substantial contributions to the country's private sector | *Experimental standard, to be reconsidered in 2009* |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | development, development of efficient capital markets, or transition to a market economy and (b) had virtually no negative impacts in this respect.<br>• Satisfactory: The project (a) contributed to the country's private sector development, development of efficient capital markets, or transition to a market economy, (b) had a clear preponderance of positive impacts in this respect, but (c) did not meet the requirements for an excellent rating.<br>• Partly unsatisfactory: The project had mainly negative impacts on the country's private sector development, development of efficient capital markets, or transition to a market economy, but the negative impacts are not expected to be of long duration or broad applicability<br>• Unsatisfactory: The project had substantial negative impacts on the country's private sector development, development of efficient capital markets, or transition to a market economy and these impacts are likely to be widespread, of long duration, or both. | |
| 4.3.10 | Harmonization | The project's development outcome is based partly on its *contributions to economic development.* Performance is assessed not only by the direct economic costs and benefits to the owners and financiers but also by the economic costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc. | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.* |
| 4.3.11 | Harmonization | *For capital expenditure projects where the incremental costs and benefits can be separately quantified*, the economic development assessment is based mainly on the project's net quantifiable economic benefits and costs, as measured by the project's real economic rate of return (ERR), but taking into consideration also other material, documented costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc. | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.* |
| 4.3.12 | Harmonization | *For loans to intermediaries to finance identifiable capital expenditure sub-project and investments in funds to finance identifiable equity investments*, the economic development assessment is based on (i) the economic contributions of the sub-projects; (ii) the contributions, if any, made to more efficient capital markets; and (iii) other costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc.<br><br>• Since calculating the overall ERR for the package of sub-projects financed would not be practical, the assessment of the economic contributions of the sub-projects is based on a broad judgment on the range within which the combined ERR would be likely to fall (See GPS 4.3.15). The XASR provides information to substantiate this judgment, including information on portfolio credit or equity performance (e.g., information on non-performing loans, collection rates, write-offs, specific loss provisions, or equity FRRs) and information on distortions that may contribute to a material wedge between financial performance and economic returns.)<br>• The assessment of contributions to more efficient capital markets considers (i) positive contributions, such as reductions in market interest rates attributable to the project or | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental standard, to be reconsidered in 2009.* |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | developing the supply of, say, venture capital financing or funding for micro, small or medium enterprises, and (ii) negative contributions, such as encouraging an inefficient allocation of capital because of providing sub-loans at subsidized interest rates.<br>• Other material, documented costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc. | |
| 4.3.13 | Harmonization | *For all other projects (* i.e., investments not targeted at specific capital expenditure projects, investments in existing companies where the incremental costs and benefits cannot be separately quantified, and investments in financial markets operations that do not finance identifiable capital expenditure sub-projects), the economic development assessment is based mainly on the net quantifiable economic benefits and costs, as measured by the economic return on invested capital (EROIC), i.e., by the time-adjusted internal rate of return on the economic costs and benefits on a before-after, rather than a with-without, basis but taking into consideration also other material, documented costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc. ***The EROIC is calculated only where the CED is convinced that the ERR on the project cannot be calculated***. It is calculated by adjusting the ROIC (GPS 4.3.7) for the factors normally taken into consideration in adjusting the FRR to the ERR, e.g., taxes, subsidies, externalities, etc. | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental standard, to be reconsidered in 2009.* |
| 4.3.14 | Harmonization | *The ratings benchmarks for the ERR or the EROIC for all projects other than financial markets projects with identifiable capital expenditure sub-projects* are as follows:<br><br>• Excellent if the ERR or the EROIC is 20% or higher.<br>• Satisfactory if the ERR or the EROIC is 10% or higher but less than 20%.<br>• Partly unsatisfactory if the ERR or the EROIC is less than 10% but equal to or greater than 5%.<br>• Unsatisfactory if the ERR or the EROIC is less than 5%.<br><br>When the other material, documented costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc. are sufficiently material, the rating may be adjusted upward or downward, particularly when the ERR or EROIC is close to the cut-off points between ratings. | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental standard, to be reconsidered in 2009.*<br><br>Ideally, the benchmark for a satisfactory return would be equivalent to the opportunity cost of capital for each country for the period when the project was carried out. This approach, however, would not be practical, since no MDB has attempted to estimate the country-specific opportunity cost of capital on a systematic basis. |
| 4.3.15 | Harmonization | *The ratings benchmarks for the ERR* for financial markets projects with sub-projects are as follows:<br><br>• Excellent. The evaluation report provides acceptable evidence that (a) the combined ERRs of the sub-projects financed would probably be greater than 20% or (b)(i) the combined ERRs of the sub-projects financed would probably be greater than 10% and (ii) the operation has contributed to the development of a more efficient capital market.<br>• Satisfactory. The evaluation report provides acceptable evidence that (a) the combined | *Applicable only to institutions that seek to contribute to economic development and poverty reduction.*<br><br>*Experimental standard, to be reconsidered in 2009.* |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | ERRs of the sub-projects financed would probably be greater than 10% (but less than 20%) and (b) the operation has not contributed to a less efficient capital market<br>• Partly unsatisfactory. The evaluation report provides acceptable evidence that (a)(i) the combined ERRs of the sub-projects financed would probably be less than 10% (but more than 5%) and (ii) the operation has not contributed to a less efficient capital market, or (b)(i) the combined ERRs of the sub-projects financed would probably be less than 5% but (ii) the operation has contributed to the development of a more efficient capital market.<br>• Unsatisfactory. (a) The combined ERRs of the sub-projects financed would probably be less than 5% or (b) the operation has contributed to a less efficient capital market.<br><br>When the other material, documented costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc. are sufficiently material, the rating may be adjusted upward or downward, particularly when the ERR or EROIC is close to the cut-off points between ratings. | |
| 4.3.16 | Harmonization | The project's development or transition outcome is based partly on the company's overall environmental performance at the time of evaluation. The assessment is based primarily on the MDB's specified standards in effect at investment approval (though compliance with the standards specified at the time of the evaluation may be taken into consideration in assigning "outstanding" or "excellent" ratings). "Environment" includes the physical environment and, to the extent covered by the MDB's policies, also includes energy efficiency; the quality of the client's environmental management activities; social, cultural, health and safety impacts; and the extent of public consultation and participation. | |
| 4.3.17 | Harmonization | The environmental performance is rated based substantially on the following benchmarks:<br><br>For non-financial markets projects:<br>• Excellent: The company (a) meets (i) MDB's at approval requirements (including implementation of the environmental action program, if any) and (ii) MDB's at evaluation requirements; and (b) has either (i) gone beyond the expectations of the environmental action plan or (ii) materially improved its overall environmental performance (e.g., through addressing pre-existing environmental issues) or (iii) contributed to a material improvement in the environmental performance of local companies (e.g., by raising industry standards, acting as a good practice example, etc.)<br>• Satisfactory: The company is in material compliance with MDB's at approval requirements (including implementation of the environmental action program, if any).<br>• Partly unsatisfactory: (a) The company is not in material compliance with MDB's at approval requirements (including implementation of the environmental action program, if any) but is addressing deficiencies through on-going or planned actions; or (b) earlier non-compliance (subsequently corrected) resulted in environmental damage that has not | Financially benign operations, e.g., investments in insurance companies, are not rated. |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | been corrected.<br>• Unsatisfactory: (a) The company is not in material compliance with MDB's at approval requirements (including implementation of the environmental action program, if any), and (b)(i) mitigation prospects are uncertain or unlikely; or (ii) earlier non-compliance (subsequently corrected) resulted in substantial and permanent environmental damage.<br>No opinion possible: Where, after best efforts, the relevant information to establish material compliance (or lack thereof) cannot be obtained, a rating of no opinion possible may be assigned. This rating should be a last resort, after reasonable effort has been made to obtain the necessary information. A sponsor's failure to report should result in a partly unsatisfactory or unsatisfactory rating only if the sponsor has repeatedly refused to cooperate on this issue. | |
| ***4.4*** | | ***Indicators and benchmarks for MDB's investment profitability:*** | |
| 4.4.1 | Harmonization | *Good practice.* MDB investment's profitability is based upon the investment's *gross profit contribution* (net of financing costs and loss provisions but before deducting administrative costs) with ratings benchmarks set in relation to corresponding at-approval standards for minimally satisfactory expected performance.<br><br>*Best practice #1.* If reliable transaction cost data are readily available from management information system, MDB investment's profitability is also based on the investment's *net profit contribution* (the gross profit contribution less administrative costs), measured in risk-adjusted, discounted cash flow terms with ratings benchmarks set in relation to at-approval standards for minimally satisfactory expected performance.<br><br>*Best practice #2.* If reliable transaction cost data are readily available from management information system, MDB investment's profitability is also based on the investment's *net profit contribution (the gross profit contribution less administrative costs) in relation to the capital employed for the investment*, measured in risk-adjusted, discounted cash flow terms with ratings benchmarks set in relation to at-approval standards for minimally satisfactory expected performance. | . |
| 4.4.2 | Harmonization | *Good practice.* Loan and guarantee performance benchmarks are set in relation to the MDB's expectations at approval.<br><br>*Best-practice:* Loan's net profit contribution (net of transaction and financing costs) is sufficient in relation to the MDB's return on capital employed target. | |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| 4.4.3 | Harmonization | *Good practice.* Equity investment rates of return are benchmarked (or discounted if an NPV measure is used) against standards for minimally satisfactory expected performance at approval.<br><br>*Best practice 1.* Equity investment rates of return are benchmarked (or discounted if an NPV measure is used) to reflect appropriate spreads over actual or notional loan yields for the same credit risk, in line with the policy-defined, at-entry approval standard.<br><br>*Best practice 2.* Where the MDB's investment features both a loan and an equity investment, their combined net profit contribution (net of transaction and loan financing costs) is sufficient in relation to the MDB's return on capital employed target. | *Applicable only to institutions that make equity investments.*<br><br>Many institutions have not established policies defining at-entry approval standards for equity investments. A CED facing this problem might, until corporate standards are formally established, seek to determine the minimum general threshold effectively used for equity investments at approval. |
| ***4.5*** | | ***Indicators and benchmarks for MDB's additionality:*** | |
| 4.5.1 | Harmonization | The rating for the MDB's additionality takes into consideration four indicators:<br><br>• Terms. Would the client have been able to obtain sufficient financing from private sources on appropriate terms? Judgments on this indicator consider pricing (including additional costs arising from MDB conditions that would not be imposed by private investor), tenor, grace period, currency, and timeliness, i.e., the availability of financing without unduly delaying the project.<br>• Was the MDB (because of its being an MDB) needed to reduce the risks or provide comfort (i.e., improve the investors' perceptions of the risks involved) and, thus, to encourage the investors and lenders to proceed?<br>• Was the MDB needed to bring about a fair, efficient allocation of risks and responsibilities, e.g., between the public sector and the private investors?<br>• Did the MDB, improve the venture's design or functioning--in business, developmental, transition, social or environmental terms? | |
| 4.5.2 | Harmonization | The project's additionality is rated using benchmarks substantially consistent with the following:<br>• Excellent: It is clear that (a) the project would not have gone ahead without the MDB *or* (b) absent the MDB, (i) it would have entailed a materially unfair or inefficient allocation of risks and responsibilities or (ii) it would have been materially weaker in business, developmental, transition, social or environmental terms.<br>• Satisfactory: It is likely that (a) the project would not have gone ahead without the MDB *or* (b) absent the MDB, (i) it would have entailed an unfair or inefficient allocation of risks and responsibilities or (ii) it would have been weaker in business, developmental, transition, social or environmental terms.<br>• Partly unsatisfactory: It is likely that (a) the project would have gone ahead without the | EBRD characterizes these four categories as verified in all respects, verified at large, verified only in part, or not verified. |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | MDB *and* (b) the MDB made no contribution to (i) a fair or efficient allocation of risks and responsibilities and (ii) the business, developmental, transition, social or environmental performance of the project.<br>• Unsatisfactory: It is clear that (a) the project would have gone ahead without the MDB *and* (b) the MDB made no contribution to (i) a fair or efficient allocation of risks and responsibilities and (ii) the business, developmental, transition, social or environmental performance of the project. | |
| ***4.6*** | | ***Indicators for MDB's work quality:*** | |
| 4.6.1 | Harmonization | The rating for the MDB's work quality is based partly on *at-entry screening, appraisal and structuring work*; i.e., how effectively the MDB carries out its work prior to approval of the investment. | |
| 4.6.2 | Harmonization | The rating for the MDB's work quality is based partly on its *monitoring and supervision quality*, i.e., how effectively the MDB carries out its work after approval of the investment. | |
| 4.6.3 | Harmonization | The rating for the MDB's work quality is based partly on its *role and contribution*, i.e., the quality of the MDB's contributions from inception to evaluation. The rating judgment considers compliance with basic operating principles, the MDB's contribution to client capacity building objectives (as relevant), the operation's consistency with furtherance of the MDB's corporate, country and sector strategies, and its clients' satisfaction with the MDB's service quality. | |
| 4.6.4 | Harmonization | Assessments of the MDB's work quality should be made independently of the ratings assigned for development or transition outcomes and MDB's investment profitability. These assessments, which are benchmarked against corporate good practice, reflect the quality of the MDB's contributions to good or bad outcomes, not the good or bad outcomes themselves. | |
| ***4.7*** | | ***Standard XASR attachments*** | |
| 4.7.1 | Harmonization | The XASR includes an attachment providing details supporting the financial and economic rate of return estimates (with transparent assumptions and cash flow statements). This attachment provides the basis for review and independent verification of the XASR's judgments and conclusions. | |
| 4.7.2 | Harmonization | The XASR includes an attachment providing, for each safeguard dimension addressed in the MDB's environmental and social guidelines, a comprehensive summary of environmental, worker health and safety, and social outcome compliance information with sufficient evidence from a field visit and/or client reporting to support the assigned outcome and | |

| Std # | Type of Standard | Standard | Comments |
|---|---|---|---|
| | | related MDB work quality ratings. This attachment provides the basis for review and independent verification of the XASR's judgments and conclusions. | |
| **5** | | **Annual Reporting and Process Transparency** | |
| ***5.1*** | | ***Annual synthesis reporting: Annual Review*** | |
| 5.1.1 | Harmonization | CED prepares an annual review addressed to the MDB's management, staff and Board of Directors. The scope of the annual review includes, *inter alia*, a synthesis of the CED's validated findings from all XASRs and PERs generated and reviewed during the period covered. | |
| 5.1.2 | Harmonization | The annual review should provide sufficient information to make the reader aware of possible biases in the sample of projects covered by the annual review. Consequently, the annual review:<br><br>• Describes how the population was identified and how the sample was selected. If stratification was applied or part of the sampling was non-random, the annual review states the rationale.<br>• Reports on the number of XASRs and PERs for the year.<br>• Includes an annex profiling the important characteristics of the evaluated sample (e.g., sector, investment size, and percentage of operations affected by specific loss provisions) against the population.<br>• Confirms that all projects selected for evaluation had reached early operating maturity, as defined in the GPS, by the time of their evaluation.<br>• If less than 100% of the population has been covered, provides information on statistical confidence levels and states explicitly whether reported success rates can be attributed to the population. | MC requires that practices be consistent with all bullet paragraphs. |
| 5.1.3 | Harmonization | The annual review either (i) describes the ratings criteria and benchmarks in an annex or else (ii) refers to a website providing this information. | |
| 5.1.4 | Harmonization | The ratings reported should be those of CED. | |
| 5.1.5 | Harmonization | *Good practice.* CEDs should disclose the differences between CED and operating staff ratings and the materiality of the differences. Where CED ratings are reflected partly in XASR-As and partly in PERs, the CED should disclose the differences between CED and operating staff ratings separately for the XASRs and the PERs. The disclosure is made in global terms, not on a project-by-project basis and is limited to differences in binary | *Applicable only to institutions that prepare XASRs, i.e., that do not limit evaluations to PERs.* |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | outcome, additionality and work quality success ratings. | |
| 5.1.6 | Harmonization | *Good practice:* For each rating dimension and indicator, the annual review shows the *proportion of the evaluated sample* in each performance-rating category.<br><br>*Best practice:* The annual review also shows, by dimension, the *proportion of total disbursed MDB financing* for the sample that is in each performance-rating category. | Alternatively, raw numbers can be used by institutions with small number of projects. |
| 5.1.7 | Other | *Good practice:* The annual review analyzes the evaluation results and highlights the findings. In doing so, it notes whether findings are statistically significant.<br><br>*Best practice #1*: The annual review provides a synthesis description of the ratings patterns and their cross-cutting performance drivers under each indicator.<br><br>*Best practice #2*: The annual review provides the ratings for the previous few years to show how performance is evolving. | |
| 5.1.8 | Other | The annual review makes recommendations to Management and the Board based on the evaluation findings. | |
| 5.1.9 | Other | CED maintains a tracking system for recording disposition by Management of each recommendation. | |
| ***5.2*** | | ***Process transparency: Annual Report.*** | The annual report can be included in the annual review if an MDB wishes to do so. |
| 5.2.1 | **Harmonization** | CED reports periodically (at least every three years) to the MDB's management and Board on the quality and efficacy of the MDB's evaluation system, including the self-evaluation system, any gaps in coverage of the MDB's operations, the work of CED, and the generation and application of lessons learned in new operations. In addition, it submits to the MDB's management and Board the periodic benchmarking reviews of the consistency of the MDB's practices with the GPS. | MC requires that practices be consistent with all elements of standard. |
| **6** | | **Identification of Lessons, Dissemination, and Ensuring Application of Lessons** | |
| ***6.1*** | | ***Identification of lessons:*** | |
| 6.1.1 | Other | Lessons should be concise, prescriptive, and placed in the context of a material issue that | |

| Std # | Type of Standard | Standard | Comments |
|---|---|---|---|
| | | was encountered in the evaluation so that its relevance to new operations can be determined easily, on a stand-alone basis. | |
| 6.1.2 | Other | The point of view and selectivity should focus on what the MDB might have done to obtain better results from the operation. | |
| ***6.2*** | | ***Dissemination of findings and lessons:*** | See also, "Good Practice in Lessons-Learned Dissemination and Application." http://workspace.ecgnet.org/ecg/doclib.nsf/calendar?openview&count=1000 |
| 6.2.1 | Other | *Good practice*: The CED makes available to MDB staff the findings and lessons derived from the MDB's evaluation work.<br><br>*Best practice*: The CED makes available to MDB staff a range of user-friendly dissemination products covering the XASR and PER findings, the annual review and CED special studies, e.g., access to the full reports, an on-line searchable lessons retrieval network, electronic notification of new items, and PowerPoint slide-shows of annual review or special study findings. | According to *Review of the DAC Principles for Evaluation of Development Assistance – Final Report,* February 1998, para. 25, "On the matter of lessons learned from evaluations, it is clear that the users will rarely draw on such material unless required by agency leaders. The demand for the results of evaluations and the lessons they provide in an environment that promotes organizational learning is key. *At the same time, the supply of lessons and other knowledge that would benefit operations needs to be easily accessed in usable form.* The costs of searching out relevant material from evaluations, even when required, is a major disincentive to the lesson learning process. 'Just in time' practices in providing this material can facilitate use." (italics added) The availability of webpage-based intranet dissemination and searchable databases makes accessing relevant lessons much easier than in the past. It does, however, require the development of an MDB-specific thesaurus of terms and coding of each lesson using it to enable thematic subject searches. |
| ***6.3*** | | ***Ensuring application of lessons:*** | |
| 6.3.1 | Other | *Good practice.* It is the responsibility of operational department managers to ensure that past lessons have been systematically researched, identified and applied in new operations.<br><br>*Best practice #1.* Standard processing documentation for new operations includes a prompt, *in early stage documents*, for relevant past lessons, complemented by a prompt, in final decision-stage documentation, for how the past lessons have been addressed in the appraisal and structuring of the new operation. | |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | *Best practice #2:* Procedures call for CED to review documents on new operations with respect to identification of relevant lessons from evaluated operations. | |
| 5.4.2 | Other | In its annual evaluation process report, CED reviews and reports to management and the Board the evidence available for judging the extent to which lessons are being incorporated in new operations. | |
| 6.3.2 | Other | *Good practice.* Internal corporate reporting (up to Board level) is broadly aligned with the evaluative framework.<br><br>*Best practice #1:* Reports, from project-level to department- and corporate-level, cover development or transition outcome, investment outcome, additionality and MDB work quality.<br><br>*Best practice #2.* Reports apply coherent and consistent benchmarks across projects and at all stages of the project cycle (appraisal, supervision/monitoring and evaluation). | Similar to GPS 1.1.3, but GPS 1.1.3 relates to input by CED, and GPS 5.4.3 relates to outcomes and internal coherence. This integration of evaluative scope, measurement standards, findings and reporting with corporate- and unit-level portfolio reporting caters for the results-based management principle and reality that "what gets measured, gets done," and that properly "what gets done, gets measured coherently and consistently." Without this integration, a disconnect is likely between predominant operational and career incentives and application of evaluation lessons for getting better outcomes. |
| ***6.4*** | | ***Disclosure*** | |
| 6.4.1 | Other | To protect client company confidentiality, the candor needed for effective corporate learning, and the risk to the MDB's credit rating that partial release of investment portfolio data (and related standards and benchmarks) might entail, the MDB does not disclose individual evaluation reports or the full text of the CED's annual review. | |
| 6.4.2 | Other | *Good practice:* The MDB's disclosure policy for evaluation products should be explicit, should be consistent with the MDB's general disclosure policy, and should cover all evaluation products.<br><br>*Best practice*: The MDB's disclosure policy is disclosed via the CED's web page, specifically noting any exceptions applicable to evaluation reports. | |
| 6.4.3 | Other | *Good practice:* The MDB includes an accurate summary of CED's major annual review findings in its Annual Report.<br><br>*Best practice 1:* CED prepares and posts on the MDB's external website an abstract of its annual review that accurately summarizes its essential findings, including the outcome, additionality and work quality ratings profiles, sampling representativeness, ratings criteria, | |

| *Std #* | *Type of Standard* | *Standard* | *Comments* |
|---|---|---|---|
| | | benchmarks, and consistency with core GPS.<br><br>Best practice 2: After appropriate redaction to protect commercial confidentiality, CED discloses its aggregate evaluation reports. | |

## FRR and Cost of Equity for Hypothetical Loan to Financial Intermediary to Finance Identifiable Capital Expenditure Sub-Projects

| Year | Disbursements & Repayments | Spread (6%) | Administrative Expenses | Collateral benefits | Taxable Income | Taxes | Post-tax NCF | Post-tax NCF on Required Equity | Post-tax NCF on Required Equity Adjusted for Inflation |
|---|---|---|---|---|---|---|---|---|---|
| 1 | -1000 | | 30 | | -30 | -9 | -1021 | -171 | -171.0 |
| 2 | | 60 | 20 | 5 | 45 | 13.5 | 31.5 | 31.5 | 30.9 |
| 3 | 200 | 57 | 20 | 5 | 42 | 12.6 | 229.4 | 59.4 | 57.1 |
| 4 | 400 | 45 | 20 | 5 | 30 | 9.0 | 421.0 | 81.0 | 76.3 |
| 5 | 375 | 21 | 20 | 30 | 31 | 9.3 | 396.7 | 78.0 | 72.0 |

| | |
|---|---|
| **IRR on equity** | **12.5%** |
| **IRR Required for Satisfactory Rating** | **9.5%** |
| **Rating** | **Satisfactory** |

**Assumptions**

Intermediary disburses $1,000 at end of year 1.

Repayments start from end of year 3.

Clients owing $50 (i.e., 5% of total loans) do not pay principal or interest starting in year 3. Written off or fully provisioned at end of year 5.

Administrative expenses greater in year 1 to put loans on book.

Collateral benefits assumed to be $5 p.a. Benefits continue beyond year 5. Assumed terminal value (i.e., years beyond year 5) = $25.

Income tax rate 30%

Post-tax NCF on proportionate share of equity calculated by replacing disbursements & repayments with 15% of these disbursements & repayments. 15% assumes these loans require 150% backing and that equity equivalent to 10% of risk-weighted portfolio, i.e., slightly above BIS requirement.

Assuming borrowing cost 6%, tax rate 30%, debt = 80% of total assets, & inflation 2% p.a.

Rating based on equity premiums implied by GPS 38.

**Attachment 2**

# Glossary

| | |
|---|---|
| Annual report | An annual report prepared by the CED for the MDB's board of directors and management covering the quality and efficacy of the MDB's evaluation system, including the self-evaluation system, any gaps in coverage of the MDB's operations, the work of CED, the generation and application of lessons learned in new operations, and any differences between the MDB's practices and the GPS-IO. |
| Annual review | An annual review prepared by the CED for the MDB's board of directors and management comprising, *inter alia*, a synthesis of the CED's validated findings from all XASRs and PERs generated and reviewed during the period covered. |
| Benchmark | A standard that serves as a point of reference by which performance is measured. |
| Best-practice evaluation standards | Standards that are more detailed than the good-practice standards and are desirable but not essential to have a satisfactory evaluation system. Cf. good-practice evaluation standards. |
| Cancelled investment | An undisbursed, committed balance of an equity investment or loan, cancelled by mutual consent of the MDB and a project company. Cf. dropped investment. |
| Central Evaluation Department (CED) | The corporate unit charged with supporting the self-evaluation system for investment operations and reviewing its main products --the XASRs--in addition to producing annual reviews of the MDB's evaluation results, other independent evaluation studies and related dissemination responsibilities. |
| Closed investment | A disbursed investment that has been fully repaid, sold, or written off. |
| The company | Generally, the legal entity owning and implementing the project; the MDB's investment counterparty. For financial markets operations, the company is (a) the financial intermediary in the case of credit lines, bank equity investments, leasing companies, etc. or (b) the fund management company (as distinct from the normally separately owned investment fund itself) in the case of funds. |
| Harmonization evaluation standards | The standards necessary to permit comparability of operational results among the MDBs, as prescribed by the Development Committee. Cf. "other evaluation standards." |
| Disclosure | The systematic distribution of evaluation findings through various media (including mainly the MDB's external website) to the public at large, normally subject to certain restrictions specified in a Board-approved disclosure policy. |
| Dissemination | The systematic distribution of evaluation findings through various media within the MDB, generally without restriction as to contents, with the aim of promoting awareness and reinforcement of corporate objectives, success standards, accountability, and use of lessons for improved results. |
| Dropped investment, or droppage | A proposed investment approved by the MDB's Board of Directors that has failed to become a signed agreement. Cf. cancelled investment. |
| Early operating maturity | • For an investment other than a financial markets operation |

| | |
|---|---|
| | with identifiable sub-projects, the year during which (a) the project financed will have been substantially completed, (b) the project financed will have generated at least 18 months of operating revenues for the company and (c) the MDB will have received at least one set of audited annual financial statements covering at least 12 months of operating revenues generated by the project.<br>• For financial markets projects where the principle objective is to assist identifiable capital expenditure sub-projects (rather than to contribute to institutional development or institution building), the year during which at least 30 months shall have elapsed following the MDB's final material disbursement for sub-loans or sub-investments, i.e., ignoring disbursements for small follow-up investments in existing client companies and disbursements to cover management fees or other expenses of investment funds. |
| Economic Return on Invested Capital (EROIC) | The internal rate of return on the economic costs and benefits on a before-after, rather than a with-without, basis but taking into consideration also other material, documented costs and benefits to customers, employees, government, suppliers, competitors, local residents, etc. |
| ERR | Internal economic rate of return. |
| Expanded Annual Supervision Report | A standard, one-time annual supervision report for the year when the project reaches early operating maturity with an attached evaluative addendum (*expanded* refers to the evaluative addendum), prepared on investments selected for evaluation by the CED. The addendum is a concise five-to-ten page document, executed in a standard template according to a set of instructions prepared by the CED, and featuring (1) analysis of specified performance dimensions with rated indicators and lessons learned for avoiding outcome shortfalls and getting better results in both future and portfolio operations. CED-verified XASR findings and performance ratings form the core of the CED's annual synthesis report (the annual review). |
| Experimental standards | Standards tentatively added to the GPS with a view to the Members' experimenting with them and deciding whether to retain them without change, to modify them, or to drop them in 2009. |
| FRR | Internal financial rate of return. |
| Good-practice evaluation standards | The key principles that any development institution that finances the private sector should follow if it is to have a satisfactory evaluation system. Cf. best-practice standards. |
| GPS-IO | Good Practice Standards for Evaluation of Investment Operations |
| Gross profit contribution | The gross revenues generated for an MDB by an investment after deducting financing costs and loss provisions but before deducting administrative costs. Cf. net profit contribution. |
| Independent evaluation | Evaluations undertaken by the MDB's CED, including Performance Evaluation Reports (PERs), XASR Assessments (XASR-As), special studies and annual reviews, the latter based largely or in part upon the findings of CED-verified XASRs, PERs and relevant portfolio performance data. (Sometimes referred to as direct evaluation.) Cf. self-evaluation. |
| The investment | The MDB's financing instrument specific to the operation being evaluated. Investments mainly consist of loans, loan guarantees, quasi-equity and equity investments. |
| Net profit contribution | The net profit earned by an MDB on an investment after deducting |

| | |
|---|---|
| | financing costs, loss provisions and administrative costs. Cf. gross profit contribution. |
| The operation | The MDB's objectives, activities and results in making and administering its investment as partial financing of the company's project. |
| Other evaluation standards | Standards that are not needed for comparability of evaluation results among the MDBs but are nonetheless important to help improve accountability and learning within each institution. |
| PER | See Performance Evaluation Report |
| Performance dimensions | The four basic dimensions subject to evaluation judgments, i.e., the project's development or transition outcome, the profitability of the investment to the MDB, the MDB's additionality, and the MDB's work quality. |
| Performance indicators | The specific indicators providing the basis for the judgments on the four performance dimensions. |
| Performance Evaluation Report | An evaluation report prepared by the CED on an individual investment operation. It has the same scope and applies the same evaluative research standards (e.g., field visit-based), guidelines, measures and ratings standards as the XASR. |
| The project | Generally, the company's capital project or program and related business activity that have been partially financed by the MDB's investment selected for evaluation. In financial markets operations, the project generally refers to the financial intermediary's lending or investment program that is partially financed by the MDB. |
| Return on Invested Capital (ROIC ) | The internal rate of return on invested capital in real terms, i.e., the FRR on the costs and benefits to the company as a whole on a before-after, rather than a with-without, basis. |
| Self-evaluation | Evaluation of an investment operation (through an Expanded Annual Supervision Report) that is undertaken by the staff of the MDB's operational department that has day-to-day, front-line responsibility and accountability for monitoring, administering and reporting on the investment operation that is being evaluated. (Sometimes referred to as indirect evaluation.) |
| Weighted average cost of capital (WACC) | The weighted average after-tax cost to the company of the yields it must provide on its borrowings and the equity investors' minimally acceptable returns, all adjusted for inflation. More specifically, the WACC is the sum of (a)(i) the average after-tax cost of the company's debt multiplied by (ii) the company's debt as a percentage of its debt plus equity; plus (b)(i) the cost of the company's equity multiplied by (ii) the company's equity as a percentage of its debt plus equity; minus (c) the inflation rate. |
| WGPSE | Working Group for Private Sector Evaluation of the Evaluation Cooperation Group |
| XASR | See Expanded Annual Supervision Report |
| XASR-A | See XASR Assessment |
| XASR Assessment | CED's instrument for conveying the findings of its desk review of each XASR. Its scope includes a judgment of the XASR's quality (responsiveness to scope guidelines, research depth, application of guideline-prescribed standards, and objectivity), appropriateness of assigned performance ratings, appropriateness and completeness of identified lessons, and issues for discussion in a Management-led review meeting (if CED recommends the XASR for such a review). |

**Attachment 3**

# Comparable Terms Used in Each Member MDB

| Memorandum Term | Central Evaluation Department | Expanded Annual Supervision Report | On-line Lessons Database | Performance Evaluation Report | XASR Assessment |
|---|---|---|---|---|---|
| Abbreviation | CED | XASR | LRN | PER | XASR-A |
| AfDB term | Operations Evaluation Department | *[under review]* | None for private sector projects (intended to be included in the actual retrieval system) | Project Performance Evaluation Report | *[under review]* |
| Abbreviation | OPEV | -- | SPEI | PPER | -- |
| AsDB term | Operations Evaluation Department | *[under review]* | None for private sector projects | Project Performance Audit Report | *[under review]* |
| Abbreviation | OED | -- | -- | PPAR | -- |
| EBRD term | Project Evaluation Department | Expanded Monitoring Report | Lessons Learned Database | Operation Performance Evaluation Review | XMR Assessment |
| Abbreviation | EVD | XMR | LLD | OPER | none |
| EIB term | Operations Evaluation | Scorecard / Project Completion Report *(under review)* | None | In-depth operations evaluation | *[under review]* |
| Abbreviation | EV | MR/ICR | -- | ESR | -- |
| IDB term | Office of Evaluation & Oversight | *[under review]* | *[under review]* | *[under review]* | *[under review]* |
| Abbreviation | OVE | | | | |
| IIC term | Office of Evaluation & Oversight | Expanded Annual Supervision Report | Lessons Learned Database | Not applicable | Project Evaluation Note |
| Abbreviation | OVE | XASR | LRD | Not applicable | PEN |
| IFC term | Independent Evaluation Group | Expanded Project Supervision Report | Lessons Retrieval Network | None | XPSR Evaluative Note |
| Abbreviation | IEG | XPSR | LRN | -- | EvNote |
| MIGA term | Independent Evaluation Group | *[under review]* | None | Evaluation of Guarantee Projects | None |
| Abbreviation | IEG | XPSR | LRN | -- | EvNote |