

**BENCHMARKING OF ECG MEMBERS' EVALUATION  
PRACTICES FOR THEIR PRIVATE SECTOR  
INVESTMENT OPERATIONS AGAINST THEIR AGREED  
GOOD-PRACTICE STANDARDS**

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# **BENCHMARKING OF ECG MEMBERS' EVALUATION PRACTICES FOR PRIVATE SECTOR INVESTMENT OPERATIONS AGAINST THEIR AGREED GOOD-PRACTICE STANDARDS**

## **EXECUTIVE SUMMARY**

1. Six years ago, a Development Committee Task Force called for harmonization of evaluation methodologies, performance indicators and rating criteria by the Multilateral Development Banks (MDBs). Four years ago, the MDB Presidents endorsed these recommendations. And, in February 2001, a working group of the MDB Evaluation Cooperation Group (ECG) issued good-practice standards (GPS) for evaluation of private sector investment operations. As part of these standards, the members of the working group agreed that they would arrange for independent periodic assessments of the extent to which these good-practice standards are being applied in each member agency and report the findings to the MDB presidents. The attached paper summarizes the first such assessment.

2. Not surprisingly, harmonization is at an early stage. The members' policies and practices are, on average, materially consistent with 39% of the standards. The ratings vary significantly by GPS section and even more by member. Materially Consistent ratings range from 22% to 66% by GPS section and 8% to 93% by member. Three factors account for the shortfalls. First, some members believe they have insufficient leverage to mobilize the management and staff cooperation and the budgetary allocations needed for adoption and application of the standards. Second, some have begun to address the issue of adopting the standards only recently. Third, a few now disagree with some standards or consider them to be inappropriate.

3. All members envisage some improvements and, if they carry out their intentions, they would increase the number of Materially Consistent ratings from 39% to 72% of the standards. The members, however, will undoubtedly face some internal resistance as they seek to change existing practices. As things now appear, the members' practices, on average, are unlikely to be consistent with more than 50-60% of the GPS over the next few years. To accelerate the pace, each member will need to commit itself to adopting the agreed standards (with some revisions), and the MDB's boards of directors, top management, or both will need to monitor progress.

4. This review makes two principal suggestions for addressing the concerns underlying the harmonization effort.

- *The members should prune back unnecessary standards and concentrate their efforts over the next two years on 100% harmonization around the core standards, i.e., the standards necessary to achieve the comparability of evaluation results sought by the Development Committee Task Force and the presidents. The members should review the standards and, as appropriate for moving towards comparability of evaluation results, modify them to deal with the issues identified in this paper. Most of the members appear to agree with the bulk of the standards, so major changes are unlikely to be necessary. But, following the proposed review, the members should reconfirm their commitment to the standards as WGPSE standards, not as standards being imposed from the outside. And they should commit themselves to full harmonization within, say, two years.*
- *The working group should explore the possibility of further elaborating the standards by agreeing on common performance indicators, terminology, and benchmarks. When the members report on their projects' development (or transition) impacts, the profitability of the operations to the MDB itself, and how well the MDB has carried out its work, they should—if they are to meet the presidents' expectations—be reporting on substantially the same things, based on the same indicators. When they assign ratings, they should use equivalent categories, language, and benchmarks. Thus, if one member rates a project as, e.g., satisfactory for its development (or transition) impact, the basis for this rating should be substantially the same as it would for any other member and the rating should be the same as any other member would have assigned. To the extent that the working group cannot achieve consensus, it should inform the presidents that it will not be able fully to meet their expectations.*

## Abbreviations

AfDB	African Development Bank
AsDB	Asian Development Bank
BP	Best practice
EBRD	European Bank for Reconstruction & Development
ECG	Evaluation Cooperation Group
EIB	European Investment Bank
GPS or GPS-IO	Good Practice Standards for Private Sector Investment Operations
IADB	Inter-American Development Bank
IIC	Inter-American Investment Corporation
IFC	International Finance Corporation
IMF	International Monetary Fund
MC	Materially consistent with GPS
MDB	Multilateral Development Bank
MIGA	Multilateral Investment Guaranty Agency
NR	Not relevant
NC	Not consistent with GPS
PC	Partly consistent with GPS
WBG	World Bank Group
WGPSE	Working Group on Private Sector Evaluation

# BENCHMARKING OF ECG MEMBERS' EVALUATION PRACTICES FOR PRIVATE SECTOR INVESTMENT OPERATIONS AGAINST THEIR AGREED GOOD-PRACTICE STANDARDS

## 1. Introduction

### Context

1. Six years ago, a Development Committee Task Force called for harmonization of evaluation methodologies, performance indicators and criteria by the Multilateral Development Banks (MDBs):

The development of objective indicators of performance is...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.<sup>1</sup>

The MDB presidents endorsed these recommendations and called for “further intensification of collaboration among MDB evaluation units in harmonizing evaluation standards and activities, defining more effective linkages between independent and self-evaluation.”<sup>2</sup>

2. In February 2001, in response to this mandate and after reviews of successive drafts, the Working Group on Private Sector Evaluation (WGPSE, or the Working Group) unanimously agreed upon the current good-practice standards for evaluation of private sector investment operations (the GPS-IO or, more briefly, the GPS).<sup>3</sup>

3. As part of these standards, the members of the WGPSE agreed that they would “arrange for independent periodic crosscutting assessments of the extent to which these...good-practice standards are being applied in each member agency’s evaluations and annual reporting, and report the findings to the MDB Presidents.”<sup>4</sup>

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<sup>1</sup> 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. Taken from the introduction to the Good Practice Standards referenced in footnote 3 below).

<sup>2</sup> 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.

<sup>3</sup> MDB-ECG, WGPSE, “MDB-ECG Good-Practice Standards for Evaluation of Private Sector Investment Operations,” April 23, 2001. In February 2001, the WGPSE approved the GPS (with several changes, which were incorporated in the April 2001 version) and presented the GPS to the ECG for adoption.

<sup>4</sup> *Op. cit.*, p. 17. The members of the WGPSE comprise AfDB, AsDB, EBRD, EIB, IFC, IADB, IIC and MIGA (although MIGA was not a member when the WGPSE approved the standards). The members of the ECG comprise AfDB, AsDB, EBRD, EIB, IADB Group, IMF (since November 2001), and WBG. The GPS are intended to apply to those investment or guarantee operations of the ECG members in developing and transition countries where there is no sovereign recourse for the MDB. Thus, the GPS apply to all the

4. This paper reports on the first assessment of how the member agencies' current practices compare with the good-practice standards.<sup>5</sup> Chapter 2 reports on the extent of harmonization achieved. Chapter 3 summarizes the members' plans for moving towards harmonization. Chapter 4 discusses the issues encountered in assessing performance and applying the scoring system. And Chapter 5 makes suggestions for the future. The remainder of the present chapter summarizes the methodology used for assessing the extent of harmonization.

## Methodology

5. The terms of reference for the assignment called for rating the extent to which each member agency's evaluation policies and practices were consistent with the 93 standards. An attachment to the terms of reference laid out a rating and scoring system, as follows:<sup>6</sup>

**Table 1 – Rating and Scoring System**

Rating	Abbrev.	Description	Score
Best Practice	BP	Member's practices are consistent with substance of best-practice standard. This rating was available for 7 of the 93 standards.	3
Materially Consistent	MC	Member's practices are consistent with substance of good practice standard. This rating was the highest available for 86 of the standards.	2
Partly Consistent	PC	Member's practices are consistent with some aspects of good practice standard but not substance	1
Not Consistent	NC	Member's practices are not consistent with good practice standard	0

6. I made two changes to this system. First, I added a "Not Relevant" (NR) rating. I assigned this rating where the *nature of an MDB's operations* (rather than its policies, practices, or evaluation system) *made it impossible to follow the GPS*. I ignored the NR ratings (six standards for MIGA and one for IDB) in calculating the scores and the distribution of the ratings. Second, since the objective was to assess harmonization around the *good practice* standards, I have separated out the Best Practice standards, rather than integrating them in the good practice ratings and scores.

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operations of IFC, IIC and MIGA, the bulk of the operations of EBRD, and smaller shares of the operations of the remaining members. To facilitate the exposition, "members" refers to the members of the WGPSE, rather than the ECG. EIB, which devotes roughly 85% of its resources to the European Union and does not fall within the purview of the 1996 harmonization mandate, is not covered by this report.

<sup>5</sup> ECG, WGPSE, Consultant Terms of Reference for Benchmarking WGPSE Member Practices against MDB-ECG Good-Practice Standards for Evaluation of Private Sector Investment Operations, Oct. 18, 2001.

<sup>6</sup> This approach can be criticized on at least three grounds, all valid. First, all standards receive equal weight even though some are clearly more important than others and even though an NC rating on some standards requires NC ratings for a series of related standards. Second, the results give an unjustified impression of precision. Third, the results give equal weight to each member, even though two members (IFC and EBRD) account for the bulk of the overall non-sovereign investment operations of the MDBs covered. Alternative approaches, however, would also be subject to criticism. Seeking to agree weights to be assigned to each standard could have delayed the review significantly, provision of overall judgments not backed by the systematic analysis could have been criticized as too subjective, and weighting the results by the dollar value of the outstanding non-sovereign portfolios would have unnecessarily complicated the exposition. All things considered, the approach specified in the terms of reference approved by the Working Group was reasonable. Nevertheless, the quantitative indicators in Chapters 2 and 3 should be taken as broadly indicative of the extent of harmonization, rather than as precise measures.

7. Based on a review of relevant documents and discussions with each member during the first half of 2002, I completed a stocktaking, or harmonization, report for each institution. These matrices contain the detailed ratings, the basis for the ratings and the member’s stated intentions for future progress towards harmonization. Each member had an opportunity to comment on the completed matrix for its institution. I made corrections for errors or misunderstandings but, to avoid an unending process of revision, have not taken into consideration developments subsequent to my visits.

## 2. Extent of Harmonization Achieved

### Overall Findings

8. The members are at an early stage in moving towards harmonization. Materially Consistent ratings now account on average for 39% of the ratings, Partly Consistent ratings account for 18%, and Not Consistent ratings account for 44%. The average score for the 86 good practice standards is 1.0—equivalent to Partly Consistent, or 48% of the maximum possible score.<sup>7</sup> The remainder of this chapter covers the findings by GPS section and by member and then summarizes the reasons for shortfalls.

### Findings, by GPS Section

9. The ratings vary significantly by GPS section (Table 2 and Annex 1). MC ratings account for between 22% and 66% of the totals for individual sections. Average scores range from 0.8 to 1.5, equivalent to 36% to 76% of the maximum scores possible.

**Table 2 – Summary of Ratings & Scores, By Section of Good Practice Standards**

Section of Good Practice Standards	Percentage Distribution of Ratings			Average Scores	Percentage of Maximum Scores
	Materially Consistent	Partly Consistent	Not Consistent		
Roles of independent & self evaluation	66%	20%	14%	1.5	76%
Evaluation timing, population, coverage & sampling	22%	36%	42%	0.8	40%
Documentation, process familiarization & review	39%	16%	46%	0.9	46%
Evaluative scope	37%	12%	51%	0.7	36%
Annual reporting & process transparency	32%	21%	47%	0.8	42%
Dissemination, assuring lessons application & disclosure	35%	14%	51%	0.8	42%
Overall	39%	18%	44%	1.0	48%

10. *Roles of independent and self-evaluation (GPS 1-13)*. This section, covering the mandate for the central evaluation department, the central evaluation department’s responsibilities, and the operating departments’ self-evaluation responsibilities, received the highest ratings, essentially because of the sub-section dealing with the evaluation mandate. The average score for this sub-section (GPS 1-9) is equivalent to 89% of the maximum, compared with 13-57% for other sub-sections of the GPS. Nevertheless, the evaluation mandates—particularly those issued before the GPS—fell short in several respects, and none of the members had taken steps to up-date its mandate by the time of the review.<sup>8</sup> Some mandates do not specifically ensure the right to transmit reports to the board of directors without management-imposed restrictions on scope and content. Some do not specifically ensure unrestricted access to clients, projects and co-financiers. And some lack independence-related provisions covering decision authority for hiring, assessing

<sup>7</sup> For the seven remaining standards, Best Practice and Materially Consistent ratings account for 17% and Partly or Not Consistent ratings account for 84%.

<sup>8</sup> Two did so subsequently.

performance, determining pay increases, and terminating the head of evaluation, the head of evaluation's appointment terms and reporting structure, and the evaluation unit's budget. Other deficiencies arose in the two other sub-sections (GPS 10-13), reflecting the limited progress of many members in seeking to align the performance indicators used in evaluation and in the institutions' overall reporting, their limited progress in reporting on their institutions' evaluation systems, and their limited progress in developing their self-evaluation systems.

10. *Evaluation timing, population, coverage & sampling (GPS 14-22)*. Only 22% of the ratings under this section qualify for MC, the lowest percentage for any section. The low degree of harmonization is particularly important because this section contains some of the core standards—the standards relating directly to the MDB presidents' concerns with harmonization. Most of the members have not adopted the GPS provisions for determining when projects should be evaluated, calculating how many projects should be evaluated, selecting specific projects, and reporting on the sample selection. Some members disagree with some of the GPS, considering them unnecessarily rigid. A few did not understand the rationale for the standards, particularly with respect to basing the sampling on a five-year old approvals cohort. And several have been hindered by resource constraints, particularly the members with too few projects to meet the required tests of statistical significance without evaluating 100% of their maturing projects.<sup>9</sup>

11. *Documentation, process familiarization and independent review and validation (GPS 23-34)*. Only 39% of the ratings under this section are MC. Most members have not issued instructions for preparing self-evaluation reports, have not provided rating guidelines with benchmarks, do not require site visits, do not require independent review of self-evaluation reports and ratings, or do not call for discussion and transparent reporting on rating differences. Some members consider that the requirements are too rigid or bureaucratic. One complains that the standards are based on the practices of IFC. A few consider that focusing on rating differences would generate ill will between central evaluation departments and operating departments. And some have simply not yet addressed these standards.

12. *Evaluative scope (GPS 35-68)*. Only 37% of the ratings under this section are MC. The low degree of harmonization is particularly important because this section contains most of the core standards required to meet the MDB presidents' underlying concerns with harmonization.

- Most members have not adopted the standards defining what is to be evaluated and what performance indicators are to be assessed in assigning ratings (GPS 35-51). The standards call for evaluation of (i) a project's development or transition impacts, i.e., the results on the ground relative to the MDB's mission; (ii) the impact of the MDB's investment on its profitability and, hence, its ability to sustain its operations without calling for continuing shareholder capital contributions; and (iii) how well the MDB carried out its work, including its at-entry screening, appraisal and structuring, its monitoring and supervision, and its role and contribution. For each of these performance dimensions, the standards lay out specific indicators to be used in assessing performance. Several members consider that some of the performance dimensions or indicators in the

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<sup>9</sup> Meeting the required tests of statistical significance will impose higher evaluation costs per disbursed project for the institutions with a relatively small volume of private sector operations. If the members do not meet these tests, however, the results of their evaluation efforts will not necessarily be representative and, hence, performance comparisons may be misleading. The additional costs, moreover, may be justified, since the institutions with a relatively small volume of private sector operations may also have a greater need for evaluation to facilitate learning from their experience. They can draw on the lessons identified by other members but are likely to learn more from their own experience.

GPS are not relevant to the mission of their institutions and that their existing evaluation framework is more appropriate. Some have differing views on which indicators should be related to which performance dimensions. And several have not yet adopted a new system based on the GPS.

- Most members have not laid down guidelines and benchmarks for assigning ratings (GPS 52-62). Some institutions do not have *ex ante* benchmarks for acceptable economic rates of return or for the required returns on their own capital that can be used in *ex post* evaluation. Several members did not understand some of the standards. One considered the standards to be inappropriate and too detailed. And some have not yet fleshed out the guidelines and benchmarks to be used.
- Most members are not following the standards on lessons and recommendations (GPS 63-65) because of not carrying out evaluations, not identifying lessons, or not paying enough attention to ensuring the utility of the lessons.
- Only one member calls for any of the attachments needed for independent review and validation of the judgments made in evaluation reports (GPS 66-68). Most of the MDBs do not carry out the *ex post* evaluation of environmental and social performance needed to attach an annex on these issues. Most do not consider the impact of individual projects on their own profitability. And several others have not focused on these standards.

13. *Annual reporting and process transparency (GPS 69-83)*. Only 32% of the ratings under this section are MC. Several members have little or nothing to report on the evaluation of private sector investment operations even though they have portfolios of mature projects. Some consider that the small number of private sector operations limits their ability to report on performance without breaching confidentiality obligations and limits the extent of the analysis they can do. One considers that the GPS conflict with its institutional policies and practices with respect to reporting on self-evaluation, monitoring, and management actions on evaluation recommendations. And, as under other sections, some have not yet gotten around to taking action on the GPS.

14. *Dissemination, assuring lessons application and disclosure (GPS 84-93)*. Only 35% of the ratings under this section are MC. Most of the members do little dissemination, since their evaluation efforts have not yet yielded a sufficient crop of lessons. Several consider that special efforts aimed at dissemination and ensuring lessons application would not be cost effective because their private sector operations are small, and they believe the same objectives can be reached by informal means. And, because of the limited importance of private sector evaluations in the past, many have not considered that dissemination was an issue and have simply not disseminated any information on the evaluation of these operations.

### **Findings, by Member**

15. The ratings vary much more by member than by GPS section. MC ratings range from 8% to 93% of the standards for the individual members, the average scores range from 0.2 to 1.9, and the overall scores are equivalent to 9% to 95% of the maximum possible score (Table 3 and Annexes 2 and 3).<sup>10</sup>

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<sup>10</sup> The ranges are similar for the two sets of percentages, but they reflect different ways of measuring the extent of harmonization. The first reflects the percentage of standards rated MC. The second reflects the scores achieved based on an arbitrary weighting system (2 for MC, 1 for PC and 0 for NC).

**Table 3 – Summary of Ratings & Scores, By Member**

Member	Distribution of Ratings			Average Score	Percentage of Maximum Score
	Materially Consistent	Partly Consistent	Not Consistent		
IFC	93%	3%	3%	1.9	95%
IIC	55%	21%	24%	1.3	65%
EBRD	48%	35%	17%	1.3	65%
MIGA	23%	41%	36%	0.9	46%
AsDB	33%	21%	47%	0.9	43%
IADB	9%	2%	88%	0.2	11%
AfDB	8%	2%	90%	0.2	9%
Overall	39%	18%	44%	1.0	48%

16. The reasons for the wide disparity are not difficult to identify. IFC leads the others because the GPS largely reflect IFC’s practices. IIC, which developed its evaluation system quite recently, ranks high because it has designed its system based on the GPS. Indeed, it might have ranked higher had its system been in place long enough to deal with a wider range of the standards. EBRD ranks high because its pre-GPS system paralleled the GPS in many respects. MIGA, which also adopted an evaluation system recently, ranks lower because it considers some standards not to be appropriate for a political risk insurance agency and had not yet addressed some standards. The remaining members are primarily sovereign lenders. They all had established evaluation systems, designed essentially for their public sector operations, in place before issuance of the GPS. Only one of them has made material progress in putting in place the new standards for its private sector operations.

**Conclusions on reasons for shortfalls**

17. Clearly, the members have a difficult road ahead of them in moving towards harmonization.<sup>11</sup> Some have made impressive progress; others have not yet done so. As suggested in the remainder of this section, the shortfalls reflect a combination of several factors. Underlying these factors are the inherent difficulties involved in trying to change evaluation systems that are already well established, the difficulties of dealing with both public and the private sector operations within a single institution, and budgetary constraints.

18. *Some members believe that they have insufficient leverage to mobilize the management and operating staff cooperation needed for adopting and applying the standards.* They doubt that sufficient budgetary resources can be arranged, for example, for the operating departments to be able to carry out the requisite number of evaluations and for environmental and social impacts to be evaluated *ex post*. They doubt they can get the operating departments to agree on evaluating the projects selected by the central evaluation department. And they doubt they can mobilize support for establishing the necessary *ex ante* standards and for integrating evaluation findings into the overall corporate reporting system. Evaluation units, regardless of their importance, have little power on their own to bring about changes in an institution’s practices or to influence budgetary allocations.

19. *Some members have begun to address the issue of adopting the standards only recently.* Some did not devote much attention to the issue until the present exercise was launched. Others

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<sup>11</sup> Though not directly comparable, the development and adoption of the International Accounting Standards have also been subject to major difficulties and delays.

had started earlier but will not be in a position to deal with some standards, e.g., the standards relating to reporting, until the new evaluation systems have been in operation for at least a year.

20. Finally, despite their earlier approval, a few members now disagree with some standards or consider them to be inappropriate for their institutions.<sup>12</sup> Some finance both the public and the private sector and are concerned about maintaining internal consistency in evaluation standards. Some rely principally on independent, central evaluation department project-level evaluations and believe that several standards, which assume a combination of self-evaluation and independent validation, are not appropriate. Some consider that the standards calling for independent review of self-evaluation ratings and reporting on differences would generate unproductive confrontations. One has been established to foster transition, rather than growth (as a proxy for economic development and poverty reduction), and it considers that some standards are inappropriate because they assume that growth is the ultimate objective. Some have few private sector operations to evaluate each year, would need to evaluate 100% of the projects in the sampling frame to achieve the required statistical representativeness levels and would, thus, have to bear higher costs in relation to the number of their disbursed investments. The members with few private sector operations face greater problems in ensuring confidentiality, e.g., in including sanitized evaluation summaries in their annual reviews. And, because of the small volume of private sector operations, they believe that they do not need formal systems for disseminating lessons and incorporating them in new operations. A few consider the standards to be too rigid, too bureaucratic, and too much based on IFC's practices, e.g., the assumption that all institutions share IFC's requirements that economic rates of return be calculated or that environmental and social issues need to be covered in *ex post* evaluations.

### 3. Members' Plans for Moving Towards Harmonization

21. My visits in connection with this review provided an occasion for the members to reflect on the progress they had made towards adoption of the GPS and what they wanted to do to move further towards harmonization. As shown in Table 4 and Annex 4, all envisage some changes. If they carry out their intentions, they would increase the number of MC ratings from 39% to 72% of the standards. The two core sections—the section on evaluation timing, population, coverage and sampling and the section on evaluative scope—would benefit significantly from the intended changes. If the members carry out their intentions, the MC ratings for these sections would reach 62% and 83%, respectively. To the extent they have decided to focus on the core standards, the members have shown their concern with the underlying objectives and have not simply embraced the standards that might most easily boost their ratings.

**Table 4 – Increase in BP and MC Ratings if Members Carry through with Intentions**

Section of Good Practice Standards	% of GPS Rated as BP or MC		
	Now	Intended Changes	Pro Forma
Roles of independent & self evaluation	66%	17%	83%
Evaluation timing, population, coverage & sampling	22%	40%	62%
Documentation, process familiarization & review	39%	43%	82%
Evaluative scope	37%	46%	83%
Annual reporting & process transparency	32%	20%	52%
Dissemination, assuring lessons application & disclosure	35%	11%	46%
Overall	39%	33%	72%

<sup>12</sup> Four of the eight members expressed their disagreement with one or more standards. Overall, they took exception to some 40% of the standards.

22. Not surprisingly, the members' plans varied greatly. IFC, which is currently in the lead, intends to make a few changes that, if effected, would increase its MC ratings from 93% to more than 95% of the standards. AfDB, AsDB, and IADB anticipate adopting the bulk of the standards. If they carry through, their MC ratings would increase from 33% or less to more than 80%. And EBRD and IIC envisage a few changes that, if effected, would increase their MC ratings from 48% and 55% to 50% and 62%, respectively.<sup>13</sup> MIGA had contemplated modest changes earlier but, with a new head of evaluation, is now considering more extensive ones.

23. Although all the members would be moving in the right direction, they would still remain far from full harmonization, and as a result their reported evaluation results would still not be comparable. Even if the members carry out their intentions, their practices would, on the average, be materially consistent with only 72% of the standards, a healthy increase but still well short of the presidents' wishes. Moreover, the prospects of the members' realizing all of their intentions are uncertain. The members will undoubtedly face resistance and have to make some compromises. As things now appear, the members' practices, on average, are unlikely to be consistent with more than 50-60% of the GPS over the next few years.

#### **4. Issues Encountered in Assessing Performance & Applying Scoring System**

24. The issues encountered in assessing performance and applying the scoring system run parallel in some respects to the reasons for the shortfalls in performance. First, some standards are not relevant for two members, and other standards may be inappropriate for some. Clearly, the standard relating to equity investments is not relevant to IDB, which provides only loans and guarantees, and standards relating to equity investments and loans are not relevant to MIGA, which provides only investment guarantees. Similarly, the standards calling for a member's annual review to provide a representative sample of project evaluation extracts (GPS 75) and to report on the proportion of evaluated operations with good development *and* investment outcomes, mixed outcomes, and poor development *and* investment outcomes (GPS 61-62) may be inappropriate for institutions evaluating only a small number of private sector operations each year. Annex 5, which provides comments on problems with the individual standards and suggestions for changes, identifies a number of other standards that may need attention.

25. Second, the large number of standards makes it difficult to focus attention on the core standards required to meet the MDB presidents' underlying concerns with harmonization. For example, although a combination of self-evaluation and independent validation by a central evaluation department certainly provides other important benefits, differing views are possible on whether this structure is essential for comparability of operational results. Similarly, policies on disclosure to the public, though essential, do not bear on comparability of operational results. And some highly detailed standards, e.g., GPS 12, which calls for spreading the review load throughout the year,<sup>14</sup> or GP 73, which calls *inter alia* for annual synthesis reports to include a matrix showing each operation in descending order by development (or transition) and investment outcome, add little to comparability of results. Most of the standards should be retained, but some pruning would allow greater focus and, thus, improve the prospects for achieving the underlying objective.

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<sup>13</sup> Details of the individual members' intentions are reflected in the harmonization matrices prepared for each member.

<sup>14</sup> The argument for this standard is that bunching leads to shoddy reviews and unsound ratings that would not be comparable with the ratings for other projects or the ratings by other agencies.

26. Third, some members—as well as I—found it difficult to understand a few of the standards<sup>15</sup> and to know how performance should be assessed. As a result, some members misinterpreted certain standards, and others did not know what to do to meet the standards. I developed criteria for assessing performance as my work progressed. Annex 5 identifies the unclear standards as well as the criteria I used for assessing performance.

## 5. Suggestions

27. Although the members are moving towards harmonization, they still have a long way to go to meet the concerns of the Development Committee Task Force and the presidents. In particular, it is still “not possible to compare [the MDB’s] operational results, or even to describe them in a common language.” Nor surprisingly, harmonization has proven to be difficult.

28. Harmonization may need to take “into account the differing circumstances of each institution” and may need to be done in stages, but most importantly it will require the commitment of each MDB to adopt the agreed standards. Moreover, to help overcome the inevitable obstacles, it will need monitoring of progress by the MDB Boards, top management, or both. The WGPSE members have undoubtedly discussed the principal issues in their meetings over the past few years but, based on this review, I have three suggestions for meeting the concerns underlying the harmonization effort.

29. *First, the members should concentrate their efforts over the next two years on 100% harmonization around the core standards, i.e., the standards in the section on evaluation timing, population, coverage and sampling; the section on evaluative scope; and any other standards deemed to be necessary to achieve the objectives set by the Development Committee Task Force and the presidents. To facilitate focusing on the core standards, these standards should be specifically identified as such. Indeed, non-core standards might be identified as best practice standards and harmonization with these standards rated separately. The members should review the standards and, as appropriate for moving towards comparability of evaluation results, modify them to deal with the issues identified in this paper. Most of the members appear to agree with most of the standards, so major changes are unlikely to be necessary. But, following the proposed review, the members should reconfirm their commitment to the standards as WGPSE standards, not as standards being imposed from the outside. And they should commit themselves to full compliance within, say, two years.*

30. *Second, the Working Group should explore the possibility of further elaborating these standards by agreeing on common performance indicators, terminology, and evaluation benchmarks. When the members report on their projects’ development (or transition) impacts, the profitability of the operation to the MDB itself, and how well the MDB has carried out its work, they should—if they are to meet the presidents’ expectations—be reporting on substantially the same things, based on the same indicators. When they assign ratings, they should use equivalent categories, language, and benchmarks. Thus, if one member rates a project as, e.g., excellent for its development (or transition) impact, the basis for this rating should be substantially the same as it would for any other member and the rating should be the same as any other member would have assigned. To the extent that the members cannot achieve consensus on these matters, they should admit it and inform the presidents that their ability to provide evaluation results that can be meaningfully compared with the results of the other MDBs will fall short of the presidents’ wishes.*

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<sup>15</sup> GPS 10, 18, 57, 63 and 89.

31. *Third, the Working Group should review the remaining standards to prune back unnecessary ones and ensure that the standards retained are clear to any reader, whether or not he or she participated in the Working Group sessions or a harmonization assessment exercise. Changes in staffing are inevitable, and the standards should be sufficiently clear that anyone can understand them and understand what is required for an institution's practices to be consistent with them.*

October 18, 2002

**FREQUENCY DISTRIBUTION OF RATINGS, TOTAL SCORES,  
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GPS -IO Ref.	Std #	Summary of Standard	Ratings					Scores		
			Best Practice	Materially Consistent	Partly Consistent	Not Consistent	Not Relevant	Total Scores	% of Maximum Scores	Average Scores
Pg 5, Ch III.		<b>Roles of Independent and Self-Evaluation</b>		55 (66%)	17 (20%)	12 (14%)	0	127	75.6	1.5
Pg 5 sect 3.1		<i>Structure and role of independent evaluation:</i>		45 (80%)	10 (18%)	1 (2%)	0	100	89.3	1.8
Pg 5 sect 3.1	1	CED has a Board-approved mandate statement.		6	1	0	0	13	92.9	1.9
Pg 5 sect 3.1	2	The mandate provides that CED's reporting line, staff, budget and functions are organizationally independent from the MDB's operational, policy and strategy departments and related decision-making		7	0	0	0	14	100.0	2.0
Pg 5 sect 3.1	3	The mandate's provisions are designed to ensure CED's relevance to the MDB's mission, and its delivery of its corporate accountability and learning value-added;		7	0	0	0	14	100.0	2.0
Pg 5 sect 3.1	4	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.		7	0	0	0	14	100.0	2.0
Pg 5 sect 3.1	5	Under its mandate CED's scope of responsibility extends to all determinants of the MDB's operational results;		7	0	0	0	14	100.0	2.0
Pg 5 sect 3.1	6	The mandate states that CED has unrestricted access to MDB's staff, records, co-financiers, clients and projects;		2	4	1	0	8	57.1	1.1
Pg 5 sect 3.1	7	The mandate provides that CED transmits its reports to MDB's Board after review and comment by relevant corporate units but without management-imposed restrictions on their scope and contents;		3	4	0	0	10	71.4	1.4
Pg 5 sect 3.1	8	The mandate provides that CED's manager holds grade-rank at least equal to that of operational department directors.		6	1	0	0	13	92.9	1.9
Pg 5 sect 3.1, n. 7	9	<i>Best practice:</i> mandate also includes independence related provisions specifying who has decision authority for (1) hiring /terminating the 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.	1	2	1	3	0			
Pg 5 sect 3.1		<i>CED's responsibilities in evaluation of individual investment operations and related reporting:</i>		4 (29%)	6 (43%)	4 (29%)	0	14	50.0	1.0
Pg 6	10	Coordinating with other units to ensure that evaluation measures align as far as possible		2	2	3	0	6	42.9	0.9

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			Best Practice	Materially Consistent	Partly Consistent	Not Consistent	Not Relevant	Total Scores	% of Maximum Scores	Average Scores
sect 3.1		with those applied in the general corporate reporting framework, and that the annual review's three-dimension synthesis ratings are included in integrated corporate performance reporting;								
Pg 6 sect 3.1	11	Monitoring and reporting annually to management and the Board on the quality and efficacy of the MDB's evaluation system, including application of lessons learned in new operations.		2	4	1	0	8	57.1	1.1
Pg 7 sect 3.2		<i>Responsibilities of operations departments in self-evaluation and related reporting:</i>		6 (43%)	1 (7%)	7 (50%)	0	13	46.4	0.9
Pg 7 sect 3.2	12	Establish and accomplish the XASR delivery schedule to spread the review load for the specified number of reports throughout the program year;		3	0	4	0	6	42.9	0.9
Pg 7 sect 3.2	13	Execute XASRs on their investments (1) in accordance with CED's sample selection and (2) evaluation guidelines, (3) being responsive to the CED's XASR-A's;		3	1	3	0	7	50.0	1.0
Pg 7, Ch IV.		<b>Evaluation Timing, Population, Coverage and Sampling</b>		12 (22%)	20 (36%)	23 (42%)	1	44	40.0	0.8
Pg 7 sect 4.1		<i>Timing of consideration for evaluation:</i>		6 (22%)	11 (41%)	10 (37%)	1	23	42.6	0.9
Pg 7 sect 4.1	14	CED establishes the project maturity status of each investment that has reached at least five years past Board approval, in consultation with the responsible operational departments; population for sampling and reporting in annual review (net approvals population, NAP) includes only investments whose related projects have reached <i>early operating maturity</i> ;		2	3	2	0	7	50.0	1.0
Pg 7 sect 4.1	15	<i>Early operating maturity</i> for financial markets projects featuring identifiable sub-projects financed by the MDB's investment, refers to the project year when substantially all sub-projects financed by the intermediary have reached at least 18 months past the intermediary's final disbursement of sub-loans; the same test applies to an equity fund project's sub-investments;		1	2	3	1	4	28.6	0.6
Pg 7 sect 4.1	16	<i>Early operating maturity</i> for other than these financial markets operations, refers to the year during which the substantially completed project will have generated <i>at least</i> 18 months of operating revenues for the company, reflected in at least two sets of its audited annual financial statements;		1	3	3	0	5	35.7	0.7
Pg 7 sect 4.1	17	Projects that have not reached early operating maturity are excluded from the current evaluation year's NAP for sampling and rolled forward for inclusion in the population for sampling in the future year when they have reached early maturity per the above test;		2	3	2	0	7	50.0	1.0

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Pg 8 sect 4.2		<i>Defining the early maturity population for sampling:</i>		2 (29%)	2 (29%)	3 (43%)	0	6	42.9	0.9
Pg 8 sect 4.2	18	Subject to exclusions described in GPS-IO endnote 10, <sup>16</sup> NAP 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 (or for those already closed by their fifth anniversary after approval, even if they never did);		2	2	3	0	6	42.9	0.9
Pg 8 sect 4.3		<i>Evaluation coverage:</i>		2 (29%)	2 (29%)	3 (43%)	0	6	42.9	0.9
Pg 8 sect 4.3	19	<i>Best-practice approach:</i> 100% XASR coverage of investments within the net approvals population;	2	0	0	5	0			
Pg 8 sect 4.3	20	<i>Minimum good-practice standard:</i> As the basis for CED's reporting of success rates in its annual review, XASRs (or a combination of XASRs and PERs) are executed on a random, representative sample of sufficient size and NAP coverage to establish, within a combined rolling three-year sample at the 95% confidence level with sampling error not exceeding ±5%, outcome and effectiveness success patterns (section 6.1) for each of the MDB's current strategically targeted groups;		2	2	3	0	6	42.9	0.9
Pg 8 sect 4.4		<i>Sampling of the net approvals population for evaluation and related reporting:</i>		2 (14%)	5 (36%)	7 (50%)	0	9	32.1	0.6
Pg 8 sect 4.4	21	The CED selects the operations for XASRs and PERs from the evaluation year's NAP;		1	3	3	0	5	35.7	0.7
Pp 8-9 sect 4.4	22	Where the XASR or combined XASR/PER coverage is less than 100% of the NAP, (a) the representativeness profile of the sample randomly selected for XASRs and PERs is transparently reported in CED's annual review, along with relevant statistical confidence interval data, and (b) outcomes on any non-randomly selected operations are reported separately;		1	2	4	0	4	28.6	0.6
Pg 9, Ch V.		<b>Documentation, Process Familiarization and Review</b>		27 (39%)	11 (16%)	32 (46%)	0	65	46.5	0.9

<sup>16</sup> NAP excludes dropped and cancelled investments, very small investments made under special promotional programs (e.g., direct investments in SMEs in specified countries 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.

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<a href="#">Pg 9 sect 5.1</a>		<i>Documentation:</i>		9 (43%)	4 (19%)	8 (38%)	0	22	52.4	1.0
Pg 9 sect 5.1	23	In consultation with operations and specialist departments, CED prepares, refines and disseminates instructions for the preparation of XASRs, in sufficient detail to promote consistency and objectivity in execution scope, analysis and ratings;		3	2	2	0	8	57.1	1.1
Pg 9 sect 5.1	24	These include ratings guidelines with benchmarks and standard XASR templates that include the performance ratings matrix;		3	1	3	0	7	50.0	1.0
Pg 9 sect 5.1	25	CED maintains these instructions on its website and periodically refines them along with 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	0	7	50.0	1.0
<a href="#">Pg 10 sect 5.2</a>		<i>Familiarization and execution:</i>		7 (50%)	2 (14%)	5 (36%)	0	16	57.1	1.1
Pg 10 sect 5.2	26	CED conducts workshops to familiarize the XASR teams with requirements and supporting documentation for achieving good-practice execution;		4	0	3	0	8	57.1	1.1
Pg 10 sect 5.2	27	The XASR research draws from: a file review; discussions with all 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 impacts; and discussions with parties who are knowledgeable of 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).		3	2	2	0	8	57.1	1.1
<a href="#">Pg 10 sect 5.3</a>		<i>Review and independent validation:</i>		11 (31%)	5 (14%)	19 (54%)	0	27	38.6	0.8
Pg 10 sect 5.3	28	The standard transmittal memo on the XASRs executed by departmental staff incorporates the approval signature of the responsible operations department manager.		3	0	4	0	6	42.9	0.9
Pg 10 sect 5.3	29	<i>Best-practice</i> includes clearance signatures on XASRs by the technical, environmental, central economics and syndications (loan administration) departments' assigned personnel.	1	0	1	5	0			
Pg 10 sect 5.3	30	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 prepares an XASR-A on the final-edition XASR that records its independent judgment on the		2	3	2	0	7	50.0	1.0

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		report's quality, assigned ratings and lessons.								
Pg 10 sect 5.3	31	<i>Best-practice:</i> For XASRs so-recommended by CED, the relevant vice president or central portfolio or credit manager chairs a review meeting that is attended by the XASR team and their managers, CED, and representatives of relevant specialist departments (e.g. credit, technical and environmental, economics, legal, syndications and special operations) as relevant.	2	0	0	5	0			
Pg 10 sect 5.3	32	<i>Minimum good-practice:</i> CED reviews with the XASR team and its manager the basis for its judgments where it comes to differing ratings from those in the final edition XASR.		2	1	4	0	5	35.7	0.7
Pg 10 sect 5.3	33	In either case, at the end of the program year, and prior to its submission of its annual review, CED prepares a ratings validation variance memo and sends it to the responsible senior operations manager, with copies to the relevant XASR teams and their managers.		1	1	5	0	3	21.4	0.4
Pg 10 sect 5.3	34	The extent of materiality of the differing ratings is also disclosed in the annual review's annex that describes the evaluation framework (section 7.1).		3	0	4	0	6	42.9	0.9
<b>Pg 11 Ch VI</b>		<b>Evaluative Scope</b>	<b>0</b>	<b>83 (37%)</b>	<b>28 (12%)</b>	<b>115 (51%)</b>	<b>5</b>	<b>194</b>	<b>42.9</b>	<b>0.9</b>
<i>Pg 11 sect 6.1</i>		<i>Performance dimensions evaluated and indicators rated:</i>	<i>0</i>	<i>49 (44%)</i>	<i>15 (14%)</i>	<i>47 (42%)</i>	<i>1</i>	<i>113</i>	<i>50.9</i>	<i>1.0</i>
Pg 11 sect 6.1	35	The scope of the XASR includes, at a minimum, the <i>project's development (or transition) impacts</i> (the project's mission-relevant results); the <i>MDB investment's profitability</i> (contribution to its corporate profitability objective), and the <i>MDB's operational effectiveness</i> (execution quality).		4	1	2	0	9	64.3	1.3
Pg 11 sect 6.1	36	The operation's performance under each of these dimensions is analyzed according to standard indicators, and the operation's performance in each is rated according to specified guidelines and benchmarks.		2	2	3	0	6	42.9	0.9
Pg 11 sect 6.1	37	The performance reflected in the indicator ratings is then synthesized in the three dimension ratings.		3	1	3	0	7	50	1.0
Pg 11 sect 6.1	38	Development (or transition) outcome encompasses the project's "results on the ground" relative to the MDB's mission. Indicators include the project's contribution to:		4	1	2	0	9	64.3	1.3
Pg 11 sect 6.1	39	(1) The company's business success (measured per GPS-IO endnote 15);		4	1	2	0	9	64.3	1.3

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Pg 11 sect 6.1	40	(2) The country's private sector development and/or its development of efficient capital markets and/or its transition to a market economy;		4	0	3	0	8	57.1	1.1
Pg 11 sect 6.1	41	(3) The enabling environment for private sector development;		4	0	3	0	8	57.1	1.1
Pg 11 sect 6.1	42	(4) Growth of the economy (proxied by the project's real economic rate of return);		4	0	3	0	8	57.1	1.1
Pg 11 sect 6.1	43	(5) The country's living standards (benchmarked by taking into account --as relevant -- the distribution of project costs and benefits among the mission-targeted stakeholder groups directly affected by the project);		1	0	6	0	2	14.3	0.3
Pg 11 sect 6.1	44	(6) Environmental sustainability (benchmarked against compliance with the MDB's specified standards in effect at investment approval and also at the time of the evaluation).		1	3	3	0	5	35.7	0.7
Pg 11 sect 6.1	45	Project impacts in each of the above indicators are assessed on a "with vs. without project" basis.		4	1	2	0	9	64.3	1.3
Pg 11 sect 6.1	46	MDB investment's profitability is preferably ( <i>best-practice</i> ) based on the investment's net profit contribution, measured in risk-adjusted, discounted cash flow terms with ratings benchmarks set in relation to approval-stage minimum return threshold and use of the MDB's capital.	0	0	1	5	1	1	8.3	0.2
Pg 11 sect 6.1	47	If reliable transaction cost data are not available, <i>good-practice</i> is that the ratings are based upon the investment's gross contribution performance in relation to corresponding approval standards for minimally satisfactory performance, as a proxy for satisfactory net contribution.		3	0	3	1	6	50.0	1.0
Pg 11 sect 6.1	48	MDB's operational effectiveness encompasses (separately) the quality, benchmarked against sustainable corporate good practice, of the MDB's own performance in three indicators:		2	2	3	0	6	42.9	0.9
Pg 11 sect 6.1	49	At-entry screening, appraisal and structuring work;		3	1	3	0	7	50.0	1.0
Pg 11 sect 6.1	50	Its monitoring/supervision quality;		3	1	3	0	7	50.0	1.0
Pg 11 sect 6.1	51	Its role and contribution (the need for the MDB's participation relative to other available financing, and the quality of the MDB's delivered additionality over the operation's life from inception to evaluation); the rating judgment considers compliance with basic operating principles, the operation's client capacity building objectives (as relevant), its consistency with furtherance of the MDB's corporate, country and sector		3	1	3	0	7	50.0	1.0

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		strategies, and its client's service satisfaction.								
Pg 12 sect 6.3		<i>Performance ratings and benchmarks:</i>		25 (34%)	7 (10%)	42 (57%)	3	57	38.5	0.8
Pg 12 sect 6.3	52	Each of the evaluated performance attributes is assigned a rating according to a matrix that uses a standard four-point scale for indicator ratings and a 4 to 6 point scale for each of the three dimension synthesis ratings.		3	1	3	0	7	50%	1.0
Pg 12 sect 6.3	53	Within the quality-descriptive rating scales (e.g. ranging from <i>unsatisfactory</i> to <i>excellent</i> ), 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).		4	1	2	0	9	64.3	1.3
Pg 13 sect 6.3	54	Ratings guidelines are specified in the CED's instructions.		4	1	2	0	9	64.3	1.3
Pg 13 sect 6.3	55	The ratings benchmarks for the project's financial rate of return after-tax (FRR) are set appropriately in relation to each project company's cost of capital;		2	1	4	0	5	35.7	0.7
Pg 13 sect 6.3	56	The benchmarks for the project's economic rates of return (ERR) are set appropriately in relation to the MDB's universal ERR benchmarks.		1	1	5	0	3	21.4	0.4
Pg 13 sect 6.3	57	The benchmarks for the project's investment profitability indicators are set appropriately in relation to the MDB's return on capital targets or requirements.		2	0	4	1	4	33.0	0.7
Pg 13 sect 6.3	58	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.		2	0	3	2	4	40.0	0.8
Pg 13 sect 6.3	59	Ratings of non-quantitative indicators require that relative qualitative judgments be made. The criteria for the judgments should be clearly specified in the instructions and in the CED's annual review, and reflect the extent to which performance has been consistent with the MDB's policies, prescribed standards for corporate sustainability, and recognized good-practice operational standards.		3	1	3	0	7	50.0	1.0
Pg 13 sect 6.3	60	The three dimension ratings are each a summary qualitative performance judgment drawn from a consideration of the underlying indicator ratings, but are not a simple average of the indicator ratings.		3	1	3	0	7	50.0	1.0
Pg 13 sect 6.3	61	The annual review reports the proportions of evaluated operations that achieved, respectively, a win-win (good development/transition outcome coupled with good investment outcome), mixed and lose-lose outcome, along with the proportion of uniformly satisfactory effectiveness indicator ratings and their link to these combined outcome groups.		1	0	6	0	2	14.3	0.3

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Pg 13 sect 6.3	62	The annual review also tracks the trend in these combined win-win vs. lose-lose synthesis indicators and related all-satisfactory effectiveness scores (on a rolling three-year sample basis) over several years to show progress.		0	0	7	0	0	0	0
<i>Pg 13 sect 6.4</i>		<i>Lessons learned and recommendations for follow-up:</i>		<i>8 (38%)</i>	<i>3 (14%)</i>	<i>10 (48%)</i>	<i>0</i>	<i>19</i>	<i>45.2</i>	<i>0.9</i>
Pg 13 sect 6.4	63	Lessons learned should derive in part from the performance rating patterns and an analysis of their drivers, particularly in the case of those indicators rated better or worse than satisfactory.		2	1	4	0	5	35.7	0.7
Pg 13 sect 6.4	64	Lessons should be concise, prescriptive, and placed in the context of each material issue that was encountered in the evaluation.		3	1	3	0	7	50.0	1.0
Pg 13 sect 6.4	65	The point of view and selectivity should focus on what the MDB might have done to obtain better results from the operation.		3	1	3	0	7	50.0	1.0
<i>Pg 14 sect 6.5</i>		<i>Standard XASR attachments: These provide the basis for review and independent verification of the XASR's judgments and conclusions. They include:</i>		<i>1 (5%)</i>	<i>3 (15%)</i>	<i>16 (80%)</i>	<i>1</i>	<i>5</i>	<i>12.5</i>	<i>0.3</i>
Pg 14 sect 6.5	66	Details of: the project financial and economic rate of return derivations (with transparent assumptions and cash flow statements);		1	2	4	0	4	28.6	0.6
Pg 14 sect 6.5	67	A comprehensive summary of environmental, worker health and safety, and social impact compliance information for each safeguard dimension addressed in the MDB's environmental and social guidelines, with sufficient evidence from a field visit and/or client reporting to support the assigned impact and related MDB effectiveness ratings;		0	1	6	0	1	7.1	0.1
Pg 14 sect 6.5	68	The derivation of the MDB's investment profitability measure with, as relevant transparent still-to-go investment cashflow estimates and their underlying assumptions.		0	0	6	1	0	0	0
<b>Pg 14 Ch VII.</b>		<b>Annual Reporting, Process Transparency and Staff Incentives</b>		<b>31 (32%)</b>	<b>21 (21%)</b>	<b>46 (47%)</b>	<b>0</b>	<b>83</b>	<b>42.3</b>	<b>0.8</b>
<i>Pg 14 sect 7.1</i>		<i>Annual synthesis reporting:</i>		<i>28 (33%)</i>	<i>19 (23%)</i>	<i>37 (44%)</i>	<i>0</i>	<i>75</i>	<i>44.6</i>	<i>0.9</i>
Pg 14 sect 7.1	69	CED prepares an annual review addressed to the MDB's management, staff and Board of Directors, whose scope includes, <i>inter alia</i> , a synthesis of the CED's validated findings from all XASRs and PERs generated and reviewed during the period covered.		5	0	2	0	10	71.4	1.4
Pg 14 sect 7.1	70	It includes an annex profiling the evaluated sample against the net approvals population and the basis for the XASR/PER sampling; if part of the sampling is other than random per chapter IV, the rationale applied in the selection should be explicitly stated and the		1	3	3	0	5	35.7	0.7

**FREQUENCY DISTRIBUTION OF RATINGS, TOTAL SCORES,  
SCORES AS % OF MAXIMUM, & AVERAGE SCORES  
(PERCENTAGE DISTRIBUTIONS & SCORE DATA EXCLUDE BP STANDARDS & NR RATINGS)**

GPS -IO Ref.	Std #	Summary of Standard	Ratings					Scores		
			Best Practice	Materially Consistent	Partly Consistent	Not Consistent	Not Relevant	Total Scores	% of Maximum Scores	Average Scores
		associated results reported separately from those of the randomly sampled operations, with an analysis made of the directional bias in the non-random sample's reported results.								
Pg 14 sect 7.1	71	The ratings criteria and benchmarks should be clearly described in an annex.		3	2	2	0	8	57.1	1.1
Pg 14 sect 7.1	72	The ratings reported should be those of CED (and be identified as such) where these differ from those assigned in the XASRs; the materiality of the difference in the XASR vs. CED validated ratings should be disclosed in an annex that profiles the evolved evaluative framework during the period covered by the findings.		3	1	3	0	7	50.0	1.0
Pg 14 sect 7.1	73	There is a table showing the proportion of the evaluated sample in each performance-rating category by dimension and indicator; the outcome success rates are reported by number of investments and also by their proportion of total disbursed MDB financing in the sample. There is also a matrix showing each evaluated operation and its ratings, with the operations grouped in descending order by development/transition and investment outcome.		1	3	3	0	5	35.7	0.7
Pg 15 sect 7.1	74	The review provides a synthesis description of the ratings patterns and their cross-cutting performance drivers under each indicator.		2	2	3	0	6	42.9	0.9
Pg 15 sect 7.1	75	There is an annex containing a representative sample of XASR abstracts prepared on operations selected from approximately the middle of each development/transition outcome-rating group, illustrating the application of the ratings. There is non-disclosure of any company specifics in the content of this Appendix, to protect the confidentiality of client information.		1	2	4	0	4	28.6	0.6
Pg 15 sect 7.1	76	<i>Best practice</i> provides an analysis of development and investment win-win vs. lose-lose outcome gains from improving MDB effectiveness, and an analysis of the relative win-win over lose-lose success rates for the MDB's currently strategic targeted vs. non-targeted groups (sectors, country groups).	0	0	1	6	0	1	7.1	0.1
Pg 15 sect 7.1	77	The review contains an annex that summarizes the previous year's recommendations, management responses made at the time of its Board review, Management follow-up actions taken during the past year (provided by management), and CED's comments on them.		2	1	4	0	5	35.7	0.7
Pg 15 sect 7.1	78	The annual review identifies recommendations to Management and the Board for improving the MDB's performance, based on an analysis of (i) the ratings and lessons learned patterns; (ii) other relevant CED evaluation studies and supporting investment portfolio analyses (where deeper evidence is needed on performance hypotheses from XPSR patterns); and (iii) management's implementation progress on previous CED review and special study recommendations; findings section references are included with each recommendation as its empirical anchor.		3	1	3	0	7	50.0	1.0
Pg 15	79	Management prepares and submits to the Board, for simultaneous consideration with		3	1	3	0	7	50.0	1.0

**FREQUENCY DISTRIBUTION OF RATINGS, TOTAL SCORES,  
SCORES AS % OF MAXIMUM, & AVERAGE SCORES  
(PERCENTAGE DISTRIBUTIONS & SCORE DATA EXCLUDE BP STANDARDS & NR RATINGS)**

GPS -IO Ref.	Std #	Summary of Standard	Ratings					Scores		
			Best Practice	Materially Consistent	Partly Consistent	Not Consistent	Not Relevant	Total Scores	% of Maximum Scores	Average Scores
sect 7.1		the review in a Board discussion, a memorandum commenting on the review's findings and responding to each of its recommendations								
Pg 15 sect 7.1	80	Following discussion with the Board, Management acts to implement the endorsed recommendations.		2	2	3	0	6	42.9	0.9
Pg 15 sect 7.1	81	CED maintains a tracking system for recording disposition by Management of each recommendation. CED sends a progress report from it to the Board as part of its annual report.		2	1	4	0	5	35.7	0.7
<i>Pg 15 sect 7.2</i>		<i>Process transparency and staff performance incentives:</i>		<i>3 (21%)</i>	<i>2 (14%)</i>	<i>9 (64%)</i>	<i>0</i>	<i>8</i>	<i>28.6</i>	<i>0.6</i>
Pg 15 sect 7.2	82	In addition to its annual review covering substantive findings, CED reports annually to the MDB's management and Board on the MDB's performance in executing the self-evaluation program, including delivery of the required number of XASRs; the CED's XASR-A based assessment of their quality; and delivery/review schedule adherence.		1	1	5	0	3	21.4	0.4
Pg 15 sect 7.2	83	CED provides to Management only, details of the above for each department and XASR team.		2	1	4	0	5	35.7	0.7
<i>Pg 16 Ch VIII.</i>		<b>Dissemination, Assuring Lessons Application, and Disclosure</b>	<b>0</b>	<b>22 (35%)</b>	<b>9 (14%)</b>	<b>32 (51%)</b>	<b>0</b>	<b>53</b>	<b>42.1</b>	<b>0.8</b>
<i>Pg 16 sect 8.1</i>		<i>Dissemination:</i>		<i>5 (36%)</i>	<i>2 (14%)</i>	<i>7 (50%)</i>	<i>0</i>	<i>12</i>	<i>42.9</i>	<i>0.9</i>
Pg 16 sect 8.1	84	The CED makes available to all MDB staff, a range of user-friendly, high quality dissemination products covering the XASR/PER findings, the annual review and CED special studies. These range from full reports to the on-line searchable lessons retrieval network (LRN), as well as PowerPoint slide-shows of annual review findings.		2	1	4	0	5	35.7	0.7
Pg 16 sect 8.1	85	CED places primary reliance on its intranet website for document posting, widely notifies staff of new items through the corporate website, and maintains and enhances the LRN system.		3	1	3	0	7	50.0	1.0
<i>Pg 16 sect 8.2</i>		<i>Ensuring lessons application:</i>	<i>0</i>	<i>7 (33%)</i>	<i>3 (14%)</i>	<i>11 (52%)</i>	<i>0</i>	<i>17</i>	<i>40.5</i>	<i>0.8</i>
Pg 16 sect 8.2	86	It is the responsibility of operational department managers to ensure that past lessons have been systematically researched, identified and applied in new operations.		3	1	3	0	7	50.0	1.0
Pg 16 sect 8.2	87	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		2	2	3	0	6	42.9	0.9

**FREQUENCY DISTRIBUTION OF RATINGS, TOTAL SCORES,  
SCORES AS % OF MAXIMUM, & AVERAGE SCORES  
(PERCENTAGE DISTRIBUTIONS & SCORE DATA EXCLUDE BP STANDARDS & NR RATINGS)**

GPS -IO Ref.	Std #	Summary of Standard	Ratings					Scores		
			Best Practice	Materially Consistent	Partly Consistent	Not Consistent	Not Relevant	Total Scores	% of Maximum Scores	Average Scores
		appraisal and structuring of the new operation.								
Pg 16 sect 8.2	88	In its annual evaluation process report, CED reviews and reports to management and the Board on the quality of responsiveness to these prompts and other evidence of lessons application.		2	0	5	0	4	28.6	0.6
Pg 16 sect 8.2	89	<i>Best practice</i> is that internal corporate reporting (up to the Board) is centered around an integrated performance measurement system (IPMS) that is: (1) broadly aligned with the evaluative framework (viz. performance indicators for development/transition outcome, investment outcome and MDB effectiveness/efficiency); (2) applies coherent and consistent success standards (both as to scope and benchmarks) across the project cycle (appraisal, supervision/monitoring and evaluation), across projects, and up and down the reporting hierarchy from project-level to department- and corporate-level; and (3) integrates evaluation findings (success rates) into the scorecards.	0	0	2	5	0	2		
Pg 16 sect 8.3		<i>Disclosure:</i>		10 (36%)	4 (14%)	14 (50%)	0	24	42.9	0.9
Pg 16 sect 8.3	90	To protect both 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, none of the individual operation reports are disclosed, nor is the CED's annual review.		3	2	2	0	8	57.1	1.1
Pg 17 sect 8.3	91	Rather, 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 and effectiveness ratings profiles, sampling representativeness, ratings criteria and benchmarks.		2	1	4	0	5	35.7	0.7
Pg 17 sect 8.3	92	The MDB's disclosure policy for evaluation products should be explicit and consistent with the MDB's general disclosure policy. It covers all evaluation products, and is itself disclosed via the CED's web page.		2	1	4	0	5	35.7	0.7
Pg 17 sect 8.3	93	The MDB also includes an accurate summary of CED's major annual review findings in its Annual Report.		3	0	4	0	6	42.9	0.9
<b>Grand Totals – Excluding BP Standards</b>				<b>230 (39%)</b>	<b>106 (18%)</b>	<b>260 (44%)</b>	<b>6</b>	<b>566</b>	<b>47.5</b>	<b>1.0</b>
<b>Grand Totals – BP Standards Only</b>			<b>6 (13%)</b>	<b>2 (4%)</b>	<b>6 (13%)</b>	<b>34 (71%)</b>	<b>1</b>	<b>28</b>	<b>19.4</b>	<b>0.6</b>

**SCORES AS PERCENTAGE OF MAXIMUM POSSIBLE SCORES & AVERAGE SCORES  
OVERALL & BY MEMBER – EXCLUDING BP STANDARDS & NR RATINGS**

GPS-IO Ref.	Std #	Summary of Standard	Scores as % of Maximum Possible Scores							
			All	AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
<b>Pg 5, Ch III.</b>	<b>1-13</b>	<b>Roles of Independent and Self-Evaluation</b>	<b>75.6</b>	<b>58.3</b>	<b>79.2</b>	<b>91.7</b>	<b>75.0</b>	<b>75.0</b>	<b>91.7</b>	<b>58.3</b>
<i>Pg 5 sect 3.1</i>	<i>1-9</i>	<i>Structure and role of independent evaluation:</i>	89.3	81.3	93.8	93.8	93.8	93.8	87.5	81.3
<i>Pg 5 sect 3.1</i>	<i>10-11</i>	<i>CED's responsibilities in evaluation of individual investment operations and related reporting:</i>	50.0	25.0	25.0	75.0	75.0	25.0	100.0	25.0
<i>Pg 7 sect 3.2</i>	<i>12-13</i>	<i>Responsibilities of operations departments in self-evaluation and related reporting:</i>	46.4	0	75.0	100.0	0	50.0	100.0	0
<b>Pg 7, Ch IV.</b>	<b>14-22</b>	<b>Evaluation Timing, Population, Coverage and Sampling</b>	<b>40.0</b>	<b>0</b>	<b>25.0</b>	<b>50.0</b>	<b>0</b>	<b>50.0</b>	<b>100.0</b>	<b>57.1</b>
<i>Pg 7 sect 4.1</i>	<i>14-17</i>	<i>Timing of consideration for evaluation:</i>	42.6	0	50.0	50.0	0	37.5	100.0	66.7
<i>Pg 8 sect 4.2</i>	<i>18</i>	<i>Defining the early maturity population for sampling:</i>	42.9	0	0	50.0	0	100.0	100.0	50.0
<i>Pg 8 sect 4.3</i>	<i>19-20</i>	<i>Evaluation coverage:</i>	42.9	0	0	50.0	0	100.0	100.0	50.0
<i>Pg 8 sect 4.4</i>	<i>21-22</i>	<i>Sampling of the net approvals population for evaluation and related reporting:</i>	32.1	0	0	50.0	0	25.0	100.0	50.0
<b>Pg 9, Ch V.</b>	<b>23-34</b>	<b>Documentation, Process Familiarization and Review</b>	<b>46.4</b>	<b>0</b>	<b>35.0</b>	<b>65.0</b>	<b>0</b>	<b>90.0</b>	<b>95.0</b>	<b>40.0</b>
<i>Pg 9 sect 5.1</i>	<i>23-25</i>	<i>Documentation:</i>	52.4	0	16.7	100.0	0	100.0	100.0	50.0
<i>Pg Inc sect 5.2</i>	<i>26-27</i>	<i>Familiarization and execution:</i>	57.1	0	25.0	75.0	0	100.0	100.0	100.0
<i>Pg Inc sect 5.3</i>	<i>28-34</i>	<i>Review and independent validation:</i>	38.6	0	50.0	40.0	0	80.0	90.0	10.0
<b>Pg 11 Ch VI</b>	<b>35-68</b>	<b>Evaluative Scope</b>	<b>42.9</b>	<b>0</b>	<b>27.3</b>	<b>62.1</b>	<b>0</b>	<b>74.2</b>	<b>90.9</b>	<b>46.7</b>
<i>Pg 11 sect 6.1</i>	<i>35-51</i>	<i>Performance dimensions evaluated and indicators rated:</i>	50.9	0	21.9	68.8	0	90.6	100.0	76.7
<i>Pg 12 sect 6.3</i>	<i>52-62</i>	<i>Performance ratings and benchmarks:</i>	38.5	0	27.3	54.5	0	63.6	90.9	27.8
<i>Pg 13 sect 6.4</i>	<i>63-65</i>	<i>Lessons learned and recommendations for follow-up:</i>	45.2	0	66.7	100.0	0	50.0	100.0	0
<i>Pg 14 sect 6.5</i>	<i>66-68</i>	<i>Standard XASR attachments</i>	12.5	0	16.7	16.7	0	16.7	33.3	0
<b>Pg 14 Ch VII.</b>	<b>69-83</b>	<b>Annual Reporting, Process Transparency and Staff Incentives</b>	<b>42.3</b>	<b>0</b>	<b>57.1</b>	<b>46.4</b>	<b>0</b>	<b>60.7</b>	<b>100.0</b>	<b>32.1</b>
<i>Pg 14 sect 7.1</i>	<i>69-81</i>	<i>Annual synthesis reporting:</i>	44.6	0	58.3	54.2	0	67.5	100.0	37.5
<i>Pg 15</i>	<i>82-</i>	<i>Process transparency and staff Performance incentives:</i>	28.6	0	50.0	0	0	50.0	100.0	0

**SCORES AS PERCENTAGE OF MAXIMUM POSSIBLE SCORES & AVERAGE SCORES  
OVERALL & BY MEMBER – EXCLUDING BP STANDARDS & NR RATINGS**

<i>GPS-IO Ref.</i>	<i>Std #</i>	<i>Summary of Standard</i>	<i>Scores as % of Maximum Possible Scores</i>							
			<i>All</i>	<i>AfDB</i>	<i>AsDB</i>	<i>EBRD</i>	<i>IADB</i>	<i>IIC</i>	<i>IFC</i>	<i>MIGA</i>
<i>sect 7.2</i>	<i>83</i>									
<b>Pg 16 Ch VIII.</b>	<b>84-93</b>	<b>Dissemination, Assuring Lessons Application, and Disclosure</b>	<b>42.1</b>	<b>11.1</b>	<b>55.6</b>	<b>83.3</b>	<b>0</b>	<b>22.2</b>	<b>100.0</b>	<b>22.2</b>
<i>Pg 16 sect 8.1</i>	<i>84-85</i>	<i>Dissemination:</i>	<i>42.9</i>	<i>0</i>	<i>25.0</i>	<i>100.0</i>	<i>0</i>	<i>75.0</i>	<i>100.0</i>	<i>0</i>
<i>Pg 16 sect 8.2</i>	<i>86-89</i>	<i>Ensuring lessons application:</i>	<i>40.5</i>	<i>0</i>	<i>50.0</i>	<i>100.0</i>	<i>0</i>	<i>0</i>	<i>100.0</i>	<i>33.3</i>
<i>Pg 16 sect 8.3</i>	<i>90-93</i>	<i>Disclosure:</i>	<i>42.9</i>	<i>25.0</i>	<i>75.0</i>	<i>62.5</i>	<i>0</i>	<i>12.5</i>	<i>100.0</i>	<i>25.0</i>
<b>Grand Totals</b>			<b>47.5</b>	<b>9.3</b>	<b>43.0</b>	<b>65.1</b>	<b>10.6</b>	<b>65.1</b>	<b>94.8</b>	<b>45.7</b>
<b>Average Scores</b>			<b>1.0</b>	<b>0.2</b>	<b>0.9</b>	<b>1.3</b>	<b>0.2</b>	<b>1.3</b>	<b>1.9</b>	<b>0.9</b>

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
<b>Pg 5, Ch III.</b>		<b>Roles of Independent and Self-Evaluation</b>							
<b>Pg 5 sect 3.1</b>		<b>Structure and role of independent evaluation:</b>							
Pg 5 sect 3.1	1	CED has a Board-approved mandate statement.	MC	MC	PC	MC	MC	MC	MC
Pg 5 sect 3.1	2	The mandate provides that CED's reporting line, staff, budget and functions are organizationally independent from the MDB's operational, policy and strategy departments and related decision-making	MC	MC	MC	MC	MC	MC	MC
Pg 5 sect 3.1	3	The mandate's provisions are designed to ensure CED's relevance to the MDB's mission, and its delivery of its corporate accountability and learning value-added;	MC	MC	MC	MC	MC	MC	MC
Pg 5 sect 3.1	4	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.	MC	MC	MC	MC	MC	MC	MC
Pg 5 sect 3.1	5	Under its mandate CED's scope of responsibility extends to all determinants of the MDB's operational results;	MC	MC	MC	MC	MC	MC	MC
Pg 5 sect 3.1	6	The mandate states that CED has unrestricted access to MDB's staff, records, co-financiers, clients and projects;	NC	MC	MC	PC	PC	PC	PC
Pg 5 sect 3.1	7	The mandate provides that CED transmits its reports to MDB's Board after review and comment by relevant corporate units but without management-imposed restrictions on their scope and contents;	PC	PC	MC	MC	MC	PC	PC
Pg 5 sect 3.1	8	The mandate provides that CED's manager holds grade-rank at least equal to that of operational department directors.	MC	MC	MC	MC	MC	MC	PC
Pg 5 sect 3.1, n. 7	9	<i>Best practice:</i> mandate also includes independence related provisions specifying who has decision authority for (1) hiring /terminating the 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.	NC	NC	NC	MC	MC	PC	BP
<b>Pg 5 sect 3.1</b>		<b>CED's responsibilities in evaluation of individual investment operations and related reporting:</b>							
Pg 6 sect 3.1	10	Coordinating with other units to ensure that evaluation measures align as far as possible with those applied in the general corporate reporting framework, and that the annual review's three-dimension synthesis ratings are included in integrated corporate performance reporting;	NC	NC	MC	PC	NC	MC	PC
Pg 6 sect 3.1	11	Monitoring and reporting annually to management and the Board on the quality and efficacy of the MDB's evaluation system, including application of lessons learned in new operations.	PC	PC	PC	MC	PC	MC	NC
<b>Pg 7 sect 3.2</b>		<b>Responsibilities of operations departments in self-evaluation and related reporting:</b>							
Pg 7 sect 3.2	12	Establish and accomplish the XASR delivery schedule to spread the review load for the specified number of reports throughout the program year;	NC	MC	MC	NC	NC	MC	NC
Pg 7 sect 3.2	13	Execute XASRs on their investments (1) in accordance with CED's sample selection and (2) evaluation guidelines, (3) being responsive to the CED's XASR-A's;	NC	PC	MC	NC	MC	MC	NC
<b>Pg 7,</b>		<b>Evaluation Timing, Population, Coverage and Sampling</b>							

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
<b>Ch IV.</b>									
<b>Pg 7 sect 4.1</b>		<b>Timing of consideration for evaluation:</b>							
Pg 7 sect 4.1	14	CED establishes the project maturity status of each investment that has reached at least five years past Board approval, in consultation with the responsible operational departments; population for sampling and reporting in annual review (net approvals population, NAP) includes only investments whose related projects have reached <i>early operating maturity</i> ;	NC	PC	PC	NC	PC	MC	MC
Pg 7 sect 4.1	15	<i>Early operating maturity</i> for financial markets projects featuring identifiable sub-projects financed by the MDB's investment, refers to the project year when substantially all sub-projects financed by the intermediary have reached at least 18 months past the intermediary's final disbursement of sub-loans; the same test applies to an equity fund project's sub-investments;	NC	PC	PC	NC	NC	MC	NR
Pg 7 sect 4.1	16	<i>Early operating maturity</i> for other than these financial markets operations, refers to the year during which the substantially completed project will have generated <i>at least</i> 18 months of operating revenues for the company, reflected in at least two sets of its audited annual financial statements;	NC	PC	PC	NC	NC	MC	PC
Pg 7 sect 4.1	17	Projects that have not reached early operating maturity are excluded from the current evaluation year's NAP for sampling and rolled forward for inclusion in the population for sampling in the future year when they have reached early maturity per the above test;	NC	PC	PC	NC	MC	MC	PC
<b>Pg 8 sect 4.2</b>		<b>Defining the early maturity population for sampling:</b>							
Pg 8 sect 4.2	18	Subject to exclusions described in GPS-IO endnote 10, <sup>1</sup> NAP 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 (or for those already closed by their fifth anniversary after approval, even if they never did);	NC	NC	PC	NC	MC	MC	PC
<b>Pg 8 sect 4.3</b>		<b>Evaluation coverage:</b>							
Pg 8 sect 4.3	19	<b>Best-practice approach:</b> 100% XASR coverage of investments within the net approvals population;	NC	NC	BP	NC	BP	NC	NC
Pg 8 sect 4.3	20	<b>Minimum good-practice standard:</b> As the basis for CED's reporting of success rates in its annual review, XASRs (or a combination of XASRs and PERs) are executed on a random, representative sample of sufficient size and NAP coverage to establish, within a combined rolling three-year sample at the 95% confidence level with sampling error not exceeding ±5%, outcome and effectiveness success patterns (section 6.1) for each of the MDB's current strategically targeted groups;	NC	NC	PC	NC	MC	MC	PC
<b>Pg 8 sect 4.4</b>		<b>Sampling of the net approvals population for evaluation and related reporting:</b>							
Pg 8 sect 4.4	21	The CED selects the operations for XASRs and PERs from the evaluation year's NAP;	NC	NC	PC	NC	PC	MC	PC
Pp 8-9	22	Where the XASR or combined XASR/PER coverage is less than 100% of the NAP, (a) the	NC	NC	PC	NC	NC	MC	PC

<sup>1</sup> NAP excludes dropped and cancelled investments, very small investments made under special promotional programs (e.g., direct investments in SMEs in specified countries 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.

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings							
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA	
sect 4.4		representativeness profile of the sample randomly selected for XASRs and PERs is transparently reported in CED's annual review, along with relevant statistical confidence interval data, and (b) outcomes on any non-randomly selected operations are reported separately;								
<b>Pg 9, Ch V.</b>		<b>Documentation, Process Familiarization and Review</b>								
<b>Pg 9 sect 5.1</b>		<b>Documentation:</b>								
Pg 9 sect 5.1	23	In consultation with operations and specialist departments, CED prepares, refines and disseminates instructions for the preparation of XASRs, in sufficient detail to promote consistency and objectivity in execution scope, analysis and ratings;	NC	PC	MC	NC	MC	MC	PC	
Pg 9 sect 5.1	24	These include ratings guidelines with benchmarks and standard XASR templates that include the performance ratings matrix;	NC	NC	MC	NC	MC	MC	PC	
Pg 9 sect 5.1	25	CED maintains these instructions on its website and periodically refines them along with 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);	NC	NC	MC	NC	MC	MC	PC	
<b>Pg 10 sect 5.2</b>		<b>Familiarization and execution:</b>								
Pg 10 sect 5.2	26	CED conducts workshops to familiarize the XASR teams with requirements and supporting documentation for achieving good-practice execution;	NC	NC	MC	NC	MC	MC	MC	
Pg 10 sect 5.2	27	The XASR research draws from: a file review; discussions with all 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 impacts; and discussions with parties who are knowledgeable of 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).	NC	PC	PC	NC	MC	MC	MC	
<b>Pg 10 sect 5.3</b>		<b>Review and independent validation:</b>								
Pg 10 sect 5.3	28	The standard transmittal memo on the XASRs executed by departmental staff incorporates the approval signature of the responsible operations department manager.	NC	MC	MC	NC	NC	MC	NC	
Pg 10 sect 5.3	29	<u>Best-practice</u> includes clearance signatures on XASRs by the technical, environmental, central economics and syndications (loan administration) departments' assigned personnel.	NC	NC	BP	NC	NC	PC	NC	
Pg 10 sect 5.3	30	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 prepares an XASR-A on the final-edition XASR that records its independent judgment on the report's quality, assigned ratings and lessons.	NC	PC	PC	NC	MC	MC	PC	
Pg 10 sect 5.3	31	<u>Best-practice:</u> For XASRs so-recommended by CED, the relevant vice president or central portfolio or credit manager chairs a review meeting that is attended by the XASR team and their managers, CED, and representatives of relevant specialist departments (e.g. credit, technical and environmental, economics, legal, syndications and special operations) as relevant.	NC	NC	BP	NC	NC	BP	NC	
Pg 10 sect 5.3	32	<u>Minimum good-practice:</u> CED reviews with the XASR team and its manager the basis for its judgments where it comes to differing ratings from those in the final edition XASR.	NC	NC	PC	NC	MC	MC	NC	

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
Pg 10 sect 5.3	33	In either case, at the end of the program year, and prior to its submission of its annual review, CED prepares a ratings validation variance memo and sends it to the responsible senior operations manager, with copies to the relevant XASR teams and their managers.	NC	NC	NC	NC	MC	PC	NC
Pg 10 sect 5.3	34	The extent of materiality of the differing ratings is also disclosed in the annual review's annex that describes the evaluation framework (section 7.1).	NC	MC	NC	NC	MC	MC	NC
<b>Pg 11 Ch VI</b>		<b>Evaluative Scope</b>							
<i>Pg 11 sect 6.1</i>		<i>Performance dimensions evaluated and indicators rated:</i>							
Pg 11 sect 6.1	35	The scope of the XASR includes, at a minimum, the <i>project's development (or transition) impacts</i> (the project's mission-relevant results); the <i>MDB investment's profitability</i> (contribution to its corporate profitability objective), and the <i>MDB's operational effectiveness</i> (execution quality).	NC	PC	MC	NC	MC	MC	MC
Pg 11 sect 6.1	36	The operation's performance under each of these dimensions is analyzed according to standard indicators, and the operation's performance in each is rated according to specified guidelines and benchmarks.	NC	NC	PC	NC	MC	MC	PC
Pg 11 sect 6.1	37	The performance reflected in the indicator ratings is then synthesized in the three dimension ratings.	NC	NC	PC	NC	MC	MC	MC
Pg 11 sect 6.1	38	Development (or transition) outcome encompasses the project's "results on the ground" relative to the MDB's mission. Indicators include the project's contribution to:	NC	PC	MC	NC	MC	MC	MC
Pg 11 sect 6.1	39	(1) The company's business success (measured per GPS-IO endnote 15);	NC	MC	PC	NC	MC	MC	MC
Pg 11 sect 6.1	40	(2) The country's private sector development and/or its development of efficient capital markets and/or its transition to a market economy;	NC	NC	MC	NC	MC	MC	MC
Pg 11 sect 6.1	41	(3) The enabling environment for private sector development;	NC	NC	MC	NC	MC	MC	MC
Pg 11 sect 6.1	42	(4) Growth of the economy (proxied by the project's real economic rate of return);	NC	MC	NC	NC	MC	MC	MC
Pg 11 sect 6.1	43	(5) The country's living standards (benchmarked by taking into account --as relevant -- the distribution of project costs and benefits among the mission-targeted stakeholder groups directly affected by the project);	NC	NC	NC	NC	NC	MC	NC
Pg 11 sect 6.1	44	(6) Environmental sustainability (benchmarked against compliance with the MDB's specified standards in effect at investment approval and also at the time of the evaluation).	NC	NC	PC	NC	PC	MC	PC
Pg 11 sect 6.1	45	Project impacts in each of the above indicators are assessed on a "with vs. without project" basis.	NC	PC	MC	NC	MC	MC	MC
Pg 11 sect 6.1	46	MDB investment's profitability is preferably ( <i>best-practice</i> ) based on the investment's net profit contribution, measured in risk-adjusted, discounted cash flow terms with ratings benchmarks set in relation to approval-stage minimum return threshold and use of the MDB's capital.	NC	NC	PC	NC	NC	NC	NR
Pg 11 sect 6.1	47	If reliable transaction cost data are not available, <i>good-practice</i> is that the ratings are based upon the investment's gross contribution performance in relation to corresponding approval standards for minimally satisfactory performance, as a proxy for satisfactory net	NC	NC	MC	NC	MC	MC	NR

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
		contribution.							
Pg 11 sect 6.1	48	MDB's operational effectiveness encompasses (separately) the quality, benchmarked against sustainable corporate good practice, of the MDB's own performance in three indicators:	NC	NC	PC	NC	MC	MC	PC
Pg 11 sect 6.1	49	At-entry screening, appraisal and structuring work;	NC	NC	MC	NC	MC	MC	PC
Pg 11 sect 6.1	50	Its monitoring/supervision quality;	NC	NC	MC	NC	MC	MC	PC
Pg 11 sect 6.1	51	Its role and contribution (the need for the MDB's participation relative to other available financing, and the quality of the MDB's delivered additionality over the operation's life from inception to evaluation); the rating judgment considers compliance with basic operating principles, the operation's client capacity building objectives (as relevant), its consistency with furtherance of the MDB's corporate, country and sector strategies, and its client's service satisfaction.	NC	NC	PC	NC	MC	MC	MC
<b>Pg 12 sect 6.3</b>		<b>Performance ratings and benchmarks:</b>							
Pg 12 sect 6.3	52	Each of the evaluated performance attributes is assigned a rating according to a matrix that uses a standard four-point scale for indicator ratings and a 4 to 6 point scale for each of the three dimension synthesis ratings.	NC	NC	MC	NC	MC	MC	PC
Pg 12 sect 6.3	53	Within the quality-descriptive rating scales (e.g. ranging from <i>unsatisfactory</i> to <i>excellent</i> ), 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).	NC	MC	MC	NC	MC	MC	PC
Pg 13 sect 6.3	54	Ratings guidelines are specified in the CED's instructions.	NC	MC	MC	NC	MC	MC	PC
Pg 13 sect 6.3	55	The ratings benchmarks for the project's financial rate of return after-tax (FRR) are set appropriately in relation to each project company's cost of capital;	NC	MC	NC	NC	PC	MC	NC
Pg 13 sect 6.3	56	The benchmarks for the project's economic rates of return (ERR) are set appropriately in relation to the MDB's universal ERR benchmarks.	NC	NC	NC	NC	PC	MC	NC
Pg 13 sect 6.3	57	The benchmarks for the project's investment profitability indicators are set appropriately in relation to the MDB's return on capital targets or requirements.	NC	NC	MC	NC	NC	MC	NR
Pg 13 sect 6.3	58	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.	NC	NC	NC	NR	MC	MC	NR
Pg 13 sect 6.3	59	Ratings of non-quantitative indicators require that relative qualitative judgments be made. The criteria for the judgments should be clearly specified in the instructions and in the CED's annual review, and reflect the extent to which performance has been consistent with the MDB's policies, prescribed standards for corporate sustainability, and recognized good-practice operational standards.	NC	NC	MC	NC	MC	MC	PC
Pg 13 sect 6.3	60	The three dimension ratings are each a summary qualitative performance judgment drawn from a consideration of the underlying indicator ratings, but are not a simple average of the indicator ratings.	NC	NC	MC	NC	MC	MC	PC
Pg 13 sect 6.3	61	The annual review reports the proportions of evaluated operations that achieved, respectively, a win-win (good development/transition outcome coupled with good investment outcome), mixed and lose-lose outcome, along with the proportion of uniformly	NC	NC	NC	NC	NC	MC	NC

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
		satisfactory effectiveness indicator ratings and their link to these combined outcome groups.							
Pg 13 sect 6.3	62	The annual review also tracks the trend in these combined win-win vs. lose-lose synthesis indicators and related all-satisfactory effectiveness scores (on a rolling three-year sample basis) over several years to show progress.	NC	NC	NC	NC	NC	NC	NC
<b>Pg 13 sect 6.4</b>		<b>Lessons learned and recommendations for follow-up:</b>							
Pg 13 sect 6.4	63	Lessons learned should derive in part from the performance rating patterns and an analysis of their drivers, particularly in the case of those indicators rated better or worse than satisfactory.	NC	NC	MC	NC	PC	MC	NC
Pg 13 sect 6.4	64	Lessons should be concise, prescriptive, and placed in the context of each material issue that was encountered in the evaluation.	NC	MC	MC	NC	PC	MC	NC
Pg 13 sect 6.4	65	The point of view and selectivity should focus on what the MDB might have done to obtain better results from the operation.	NC	MC	MC	NC	PC	MC	NC
<b>Pg 14 sect 6.5</b>		<b>Standard XASR attachments: These provide the basis for review and independent verification of the XASR's judgments and conclusions. They include:</b>							
Pg 14 sect 6.5	66	Details of: the project financial and economic rate of return derivations (with transparent assumptions and cash flow statements);	NC	PC	PC	NC	NC	MC	NC
Pg 14 sect 6.5	67	A comprehensive summary of environmental, worker health and safety, and social impact compliance information for each safeguard dimension addressed in the MDB's environmental and social guidelines, with sufficient evidence from a field visit and/or client reporting to support the assigned impact and related MDB effectiveness ratings;	NC	NC	NC	NC	PC	NC	NC
Pg 14 sect 6.5	68	The derivation of the MDB's investment profitability measure with, as relevant transparent still-to-go investment cashflow estimates and their underlying assumptions.	NC	NC	NC	NC	NC	NC	NR
<b>Pg 14 Ch VII.</b>		<b>Annual Reporting, Process Transparency and Staff Incentives</b>							
<b>Pg 14 sect 7.1</b>		<b>Annual synthesis reporting:</b>							
Pg 14 sect 7.1	69	CED prepares an annual review addressed to the MDB's management, staff and Board of Directors, whose scope includes, <i>inter alia</i> , a synthesis of the CED's validated findings from all XASRs and PERs generated and reviewed during the period covered.	NC	MC	MC	NC	MC	MC	MC
Pg 14 sect 7.1	70	It includes an annex profiling the evaluated sample against the net approvals population and the basis for the XASR/PER sampling; if part of the sampling is other than random per chapter IV, the rationale applied in the selection should be explicitly stated and the associated results reported separately from those of the randomly sampled operations, with an analysis made of the directional bias in the non-random sample's reported results.	NC	NC	PC	NC	PC	MC	PC
Pg 14 sect 7.1	71	The ratings criteria and benchmarks should be clearly described in an annex.	NC	MC	PC	NC	MC	MC	PC
Pg 14 sect 7.1	72	The ratings reported should be those of CED (and be identified as such) where these differ from those assigned in the XASRs; the materiality of the difference in the XASR vs. CED validated ratings should be disclosed in an annex that profiles the evolved evaluative framework during the period covered by the findings.	NC	MC	PC	NC	NC	MC	MC
Pg 14 sect 7.1	73	There is a table showing the proportion of the evaluated sample in each performance-rating category by dimension and indicator; the outcome success rates are reported by number of investments and also by their proportion of total disbursed MDB financing in the sample. There is also a matrix showing each evaluated operation and its ratings, with the operations	NC	NC	PC	NC	PC	MC	PC

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
		grouped in descending order by development/transition and investment outcome.							
Pg 15 sect 7.1	74	The review provides a synthesis description of the ratings patterns and their cross-cutting performance drivers under each indicator.	NC	NC	PC	NC	MC	MC	PC
Pg 15 sect 7.1	75	There is an annex containing a representative sample of XASR abstracts prepared on operations selected from approximately the middle of each development/transition outcome-rating group, illustrating the application of the ratings. There is non-disclosure of any company specifics in the content of this Appendix, to protect the confidentiality of client information.	NC	NC	PC	NC	PC	MC	NC
Pg 15 sect 7.1	76	<i>Best practice</i> provides an analysis of development and investment win-win vs. lose-lose outcome gains from improving MDB effectiveness, and an analysis of the relative win-win over lose-lose success rates for the MDB's currently strategic targeted vs. non-targeted groups (sectors, country groups).	NC	NC	NC	NC	NC	PC	NC
Pg 15 sect 7.1	77	The review contains an annex that summarizes the previous year's recommendations, management responses made at the time of its Board review, Management follow-up actions taken during the past year (provided by management), and CED's comments on them.	NC	MC	PC	NC	NC	MC	NC
Pg 15 sect 7.1	78	The annual review identifies recommendations to Management and the Board for improving the MDB's performance, based on an analysis of (i) the ratings and lessons learned patterns; (ii) other relevant CED evaluation studies and supporting investment portfolio analyses (where deeper evidence is needed on performance hypotheses from XPSR patterns); and (iii) management's implementation progress on previous CED review and special study recommendations; findings section references are included with each recommendation as its empirical anchor.	NC	MC	PC	NC	MC	MC	NC
Pg 15 sect 7.1	79	Management prepares and submits to the Board, for simultaneous consideration with the review in a Board discussion, a memorandum commenting on the review's findings and responding to each of its recommendations	NC	NC	MC	NC	MC	MC	PC
Pg 15 sect 7.1	80	Following discussion with the Board, Management acts to implement the endorsed recommendations.	NC	MC	PC	NC	PC	MC	NC
Pg 15 sect 7.1	81	CED maintains a tracking system for recording disposition by Management of each recommendation. CED sends a progress report from it to the Board as part of its annual report.	NC	MC	NC	NC	PC	MC	NC
Pg 15 sect 7.2		<i>Process transparency and staff performance incentives:</i>							
Pg 15 sect 7.2	82	In addition to its annual review covering substantive findings, CED reports annually to the MDB's management and Board on the MDB's performance in executing the self-evaluation program, including delivery of the required number of XASRs; the CED's XASR-A based assessment of their quality; and delivery/review schedule adherence.	NC	PC	NC	NC	NC	MC	NC
Pg 15 sect 7.2	83	CED provides to Management only, details of the above for each department and XASR team.	NC	PC	NC	NC	MC	MC	NC
Pg 16 Ch VIII.		<b>Dissemination, Assuring Lessons Application, and Disclosure</b>							
Pg 16 sect 8.1		<i>Dissemination:</i>							
Pg 16 sect 8.1	84	The CED makes available to all MDB staff, a range of user-friendly, high quality dissemination products covering the XASR/PER findings, the annual review and CED	NC	NC	MC	NC	PC	MC	NC

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
		special studies. These range from full reports to the on-line searchable lessons retrieval network (LRN), as well as PowerPoint slide-shows of annual review findings.							
Pg 16 sect 8.1	85	CED places primary reliance on its intranet website for document posting, widely notifies staff of new items through the corporate website, and maintains and enhances the LRN system.	NC	PC	MC	NC	MC	MC	NC
<i>Pg 16 sect 8.2</i>		<i>Ensuring lessons application:</i>							
Pg 16 sect 8.2	86	It is the responsibility of operational department managers to ensure that past lessons have been systematically researched, identified and applied in new operations.	NC	MC	MC	NC	NC	MC	PC
Pg 16 sect 8.2	87	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.	NC	PC	MC	NC	NC	MC	PC
Pg 16 sect 8.2	88	In its annual evaluation process report, CED reviews and reports to management and the Board on the quality of responsiveness to these prompts and other evidence of lessons application.	NC	NC	MC	NC	NC	MC	NC
Pg 16 sect 8.2	89	<i>Best practice</i> is that internal corporate reporting (up to the Board) is centered around an integrated performance measurement system (IPMS) that is: (1) broadly aligned with the evaluative framework (viz. performance indicators for development/transition outcome, investment outcome and MDB effectiveness/efficiency); (2) applies coherent and consistent success standards (both as to scope and benchmarks) across the project cycle (appraisal, supervision/monitoring and evaluation), across projects, and up and down the reporting hierarchy from project-level to department- and corporate-level; and (3) integrates evaluation findings (success rates) into the scorecards.	NC	NC	PC	NC	NC	PC	NC
<i>Pg 16 sect 8.3</i>		<i>Disclosure:</i>							
Pg 16 sect 8.3	90	To protect both 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, none of the individual operation reports are disclosed, nor is the CED's annual review.	NC	MC	MC	NC	PC	MC	PC
Pg 17 sect 8.3	91	Rather, 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 and effectiveness ratings profiles, sampling representativeness, ratings criteria and benchmarks.	NC	MC	NC	NC	NC	MC	PC
Pg 17 sect 8.3	92	The MDB's disclosure policy for evaluation products should be explicit and consistent with the MDB's general disclosure policy. It covers all evaluation products, and is itself disclosed via the CED's web page.	MC	NC	PC	NC	NC	MC	NC
Pg 17 sect 8.3	93	The MDB also includes an accurate summary of CED's major annual review findings in its Annual Report.	NC	MC	MC	NC	NC	MC	NC

## SUMMARY OF RATINGS, BY MEMBER

GPS -IO Ref.	Std #	Summary of Standard	Ratings						
			AfDB	AsDB	EBRD	IADB	IIC	IFC	MIGA
<b>Summary of Ratings</b>									
Materially Consistent			7	28	41	8	47	80	19
Partly Consistent			2	18	30	2	18	3	33
Not Consistent			77	40	15	75	21	3	29
<b>Total</b>			<b>86</b>	<b>86</b>	<b>86</b>	<b>85</b>	<b>86</b>	<b>86</b>	<b>81</b>
<b>Percentage Distribution of Ratings<sup>2</sup></b>									
Materially Consistent			8	33	48	9	55	93	23
Partly Consistent			2	21	35	2	21	3	41
Not Consistent			90	47	17	88	24	3	36
<b>Total</b>			<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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<sup>2</sup> The denominator is 85 and 81, respectively, for IADB and MIGA (rather than 86) because of NR ratings.

**PRO FORMA MATERIALLY CONSISTENT RATINGS, REFLECTING INTENTIONS OF MEMBERS,  
BY GPS SECTION (EXCLUDING BP STANDARDS & NR RATINGS)**

GPS-IO Ref.	Std #	Summary of Standard	Percentage of Standards Rated Materially Consistent		
			Now	Intended Changes	Pro Forma
<b>Pg 5, Ch III.</b>	<b>1-13</b>	<b>Roles of Independent and Self-Evaluation</b>	<b>66</b>	<b>17</b>	<b>83</b>
<i>Pg 5 sect 3.1</i>	<i>1-9</i>	<i>Structure and role of independent evaluation:</i>	80	7	87
<i>Pg 5 sect 3.1</i>	<i>10-11</i>	<i>CED's responsibilities in evaluation of individual investment operations and related reporting:</i>	29	36	65
<i>Pg 7 sect 3.2</i>	<i>12-13</i>	<i>Responsibilities of operations departments in self-evaluation and related reporting:</i>	43	36	79
<b>Pg 7, Ch IV.</b>	<b>14-22</b>	<b>Evaluation Timing, Population, Coverage and Sampling</b>	<b>22</b>	<b>40</b>	<b>62</b>
<i>Pg 7 sect 4.1</i>	<i>14-17</i>	<i>Timing of consideration for evaluation:</i>	22	43	65
<i>Pg 8 sect 4.2</i>	<i>18</i>	<i>Defining the early maturity population for sampling:</i>	29	43	72
<i>Pg 8 sect 4.3</i>	<i>19-20</i>	<i>Evaluation coverage:</i>	29	14	43
<i>Pg 8 sect 4.4</i>	<i>21-22</i>	<i>Sampling of the net approvals population for evaluation and related reporting:</i>	14	43	57
<b>Pg 9, Ch V.</b>	<b>23-34</b>	<b>Documentation, Process Familiarization and Review</b>	<b>39</b>	<b>43</b>	<b>82</b>
<i>Pg. 9 sect 5.1</i>	<i>23-25</i>	<i>Documentation:</i>	43	52	95
<i>Pg 10 sect 5.2</i>	<i>26-27</i>	<i>Familiarization and execution:</i>	50	43	93
<i>Pg 10 sect 5.3</i>	<i>28-34</i>	<i>Review and independent validation:</i>	31	37	67
<b>Pg 11 Ch VI</b>	<b>35-69</b>	<b>Evaluative Scope</b>	<b>37</b>	<b>46</b>	<b>83</b>
<i>Pg 11 sect 6.1</i>	<i>35-51</i>	<i>Performance dimensions evaluated and indicators rated:</i>	44	47	91
<i>Pg 12 sect 6.3</i>	<i>52-62</i>	<i>Performance ratings and benchmarks:</i>	34	43	77
<i>Pg 13</i>	<i>63-</i>	<i>Lessons learned and recommendations for follow-up:</i>	38	43	81

**PRO FORMA MATERIALLY CONSISTENT RATINGS, REFLECTING INTENTIONS OF MEMBERS,  
BY GPS SECTION (EXCLUDING BP STANDARDS & NR RATINGS)**

GPS- IO Ref.	Std #	Summary of Standard	Percentage of Standards Rated Materially Consistent		
			Now	Intended Changes	Pro Forma
<i>sect 6.4</i>	65				
<i>Pg 14 sect 6.5</i>	66- 68	<i>Standard XASR attachments:</i> These provide the basis for review and independent verification of the XASR's judgments and conclusions. They include:	5	50	55
<b>Pg 14 Ch VII.</b>	<b>69- 83</b>	<b>Annual Reporting, Process Transparency and Staff Incentives</b>	<b>32</b>	<b>20</b>	<b>52</b>
<i>Pg 14 sect 7.1</i>	69- 81	<i>Annual synthesis reporting:</i>	33	17	50
<i>Pg 15 sect 7.2</i>	82- 83	<i>Process transparency and staff performance incentives:</i>	21	43	64
<b>Pg 16 Ch VIII.</b>	<b>84- 93</b>	<b>Dissemination, Assuring Lessons Application, and Disclosure</b>	<b>35</b>	<b>11</b>	<b>46</b>
<i>Pg 16 sect 8.1</i>	84- 85	<i>Dissemination:</i>	36	14	50
<i>Pg 16 sect 8.2</i>	86- 89	<i>Ensuring lessons application:</i>	33	19	52
<i>Pg 16 sect 8.3</i>	90- 93	<i>Disclosure:</i>	36	4	40
<b>Grand Totals</b>			<b>39</b>	<b>33</b>	<b>72</b>

**STOCKTAKING/HARMONIZATION STATUS REPORT  
GENERAL COMMENTS ON STANDARDS**

<i>GPS -IO Ref.</i>	<i>Std #</i>	<i>Summary of Standard</i>	<i>Comments (Possible changes in standards are in bold font.)</i>
<b>Pg 5, Ch III.</b>		<b>Roles of Independent and Self-Evaluation</b>	
<i>Pg 5 sect 3.1</i>		<i>Structure and role of independent evaluation:</i>	
Pg 5 sect 3.1	1	CED has a Board-approved mandate statement.	Must be approved by Board of Directors to be rated as MC.
Pg 5 sect 3.1	2	The mandate provides that CED's reporting line, staff, budget and functions are organizationally independent from the MDB's operational, policy and strategy departments and related decision-making	Criterion used was that an MC rating required either (i) a statement that the head of evaluation reports to the Board or (ii) a statement that the evaluation department is completely independent of operational management.  <b>Similar to GPS 9. One Member argued that system should not penalize MDB twice for head of evaluation reporting to president.</b>
Pg 5 sect 3.1	3	The mandate's provisions are designed to ensure CED's relevance to the MDB's mission, and its delivery of its corporate accountability and learning value-added;	Critical word is "designed." Does not require explicit statement.
Pg 5 sect 3.1	4	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.	Critical word is "operates." Does not require explicit statement.
Pg 5 sect 3.1	5	Under its mandate CED's scope of responsibility extends to all determinants of the MDB's operational results;	If management has right to approve program, it can limit scope of responsibility and, thus, highest rating possible would be PC.
Pg 5 sect 3.1	6	The mandate states that CED has unrestricted access to MDB's staff, records, co-financiers, clients and projects;	MC rating requires (i) explicit statement in mandate calling for access to clients and projects and (ii) no explicit restrictions on access to staff, records, co-financiers, clients and projects.  <b>Should consider modifying the GPS to allow restrictions on client access in jeopardy cases, where an evaluator's visit could prejudice the MDB's financial interests. The number of such cases, which should be rare, might be reported to the Board committee exercising oversight over the evaluation function.</b>
Pg 5 sect	7	The mandate provides that CED transmits its reports to MDB's Board after review and comment by relevant corporate units but without management-imposed	MC rating requires explicit statement in mandate designed to protect MDB against management-imposed restrictions.

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<b>GPS -IO Ref.</b>	<b>Std #</b>	<b>Summary of Standard</b>	<b>Comments <i>(Possible changes in standards are in bold font.)</i></b>
3.1		restrictions on their scope and contents;	
Pg 5 sect 3.1	8	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.
Pg 5 sect 3.1, n. 7	9	<i>Best practice:</i> mandate also includes independence related provisions specifying who has decision authority for (1) hiring /terminating the 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.	BP and MC require explicit statement in mandate or equivalent document.  <b>Similar to GPS 2. One Member argued that should not penalize MDB twice for head of evaluation reporting to president.</b>
<b>Pg 5 sect 3.1</b>		<b><i>CED's responsibilities in evaluation of individual investment operations and related reporting:</i></b>	
Pg 6 sect 3.1	10	Coordinating with other units to ensure that evaluation measures align <b>as far as possible</b> with those applied in the general corporate reporting framework, and that the annual review's three-dimension synthesis ratings are included in integrated corporate performance reporting;	Words in bold font need to be taken into consideration in assigning ratings.  Similar to GPS 89, but GPS 10 relates to input by central evaluation department, and GPS 89 relates to outcomes.  <b>Most Members did not understand this GPS. Wording should be clarified.</b>
Pg 6 sect 3.1	11	Monitoring and reporting annually to management and the Board on the quality and efficacy of the MDB's evaluation system, including application of lessons learned in new operations.	
<b>Pg 7 sect 3.2</b>		<b><i>Responsibilities of operations departments in self-evaluation and related reporting:</i></b>	<b>GPS 12 &amp; 13 are irrelevant for institutions opting for XASR equivalents to be prepared by the central evaluation department, rather than by the operational departments.</b>
Pg 7 sect 3.2	12	Establish and accomplish the XASR delivery schedule to spread the review load for the specified number of reports throughout the program year;	<b>Several Members consider that this GPS deals with the efficiency of the evaluation system, rather than the substance and should be dropped. One Member, however, considers that failure to spread the review load is likely to undermine the quality of the ratings and, hence, reduce the comparability of ratings.</b>
Pg 7 sect 3.2	13	Execute XASRs on their investments (1) in accordance with CED's sample selection and (2) evaluation guidelines, (3) being responsive to the CED's XASR-A's;	
<b>Pg 7, Ch IV.</b>		<b>Evaluation Timing, Population, Coverage and Sampling</b>	

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<i>GPS -IO Ref.</i>	<i>Std #</i>	<i>Summary of Standard</i>	<i>Comments (Possible changes in standards are in bold font.)</i>
<a href="#"><i>Pg 7 sect 4.1</i></a>		<i>Timing of consideration for evaluation:</i>	
Pg 7 sect 4.1	14	CED establishes the project maturity status of each investment that has reached at least five years past Board approval, in consultation with the responsible operational departments; population for sampling and reporting in annual review (net approvals population, NAP) includes only investments whose related projects have reached <i>early operating maturity</i> ;	<p><b>One Member objects to the 5-year rule. It argues that some projects reach early operating maturity earlier and suggests that arbitrarily deferring evaluation also defers identification of lessons that could emerge from the experience with these investments. It considers that this rule reflects IFC practices, rather than a WGPSE consensus. It adds that MDBs with high staff turnover need to do earlier evaluations before the staff familiar with the initial stages of the project leave. And it concludes that earlier evaluations are needed in some cases to identify lessons.</b></p> <p><b>Another Member considers the 5-year rule to be necessary for 2 reasons. The first relates to administrative convenience. Absent the 5-year rule, the CED would have to review each approved investment to determine which met the defined operating maturity test. The second relates to statistical significance. To meet the statistical tests in GPS 20, the sample has to be related to its underlying approvals population.</b></p>
Pg 7 sect 4.1	15	<i>Early operating maturity</i> for financial markets projects featuring identifiable sub-projects financed by the MDB's investment, refers to the project year when substantially all sub-projects financed by the intermediary have reached at least 18 months past the intermediary's final disbursement of sub-loans; the same test applies to an equity fund project's sub-investments;	<p>MC requires that definition of early operating maturity be consistent with GPS. PC requires just that an objective definition be specified.</p> <p><b>This standard is not applicable to an institution that does not finance financial market projects with identifiable sub-projects that can be linked to a MDB's assistance.</b></p> <p><b>One Member considers that this test is not practical when sub-loans are made over a protracted period and suggests that early operating maturity be defined based on percentage of loan disbursed. See also comments on GPS 14.</b></p>
Pg 7 sect 4.1	16	<i>Early operating maturity</i> for other than these financial markets operations, refers to the year during which the substantially completed project will have generated <i>at least</i> 18 months of operating revenues for the company, reflected in at least two sets of its audited annual financial statements;	<p>MC requires that definition of early operating maturity be consistent with GPS. PC requires just that an objective definition be specified.</p> <p><b>One Member objects to this GPS. See arguments under GPS 14.</b></p>
Pg 7 sect 4.1	17	Projects that have not reached early operating maturity are excluded from the current evaluation year's NAP for sampling and rolled forward for inclusion in the population for sampling in the future year when they have reached early maturity per the above test;	Differs from GPS 14 in that it explicitly calls for rolling forward projects that have not reached early operating maturity despite elapse of 5 years since Board approval. One Member considers that GPS 14 implies this principle.

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<i>GPS -IO Ref.</i>	<i>Std #</i>	<i>Summary of Standard</i>	<i>Comments (Possible changes in standards are in bold font.)</i>
<a href="#">Pg 8 sect 4.2</a>		<i>Defining the early maturity population for sampling:</i>	
Pg 8 sect 4.2	18	Subject to exclusions described in GPS-IO endnote 10, <sup>1</sup> NAP 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 (or for those already closed by their fifth anniversary after approval, even if they never did);	<p>MC requires that NAP include already closed investments.</p> <p><b>The GPS should be revised to make clear that the NAP for a particular year should include only projects that qualified for the NAP for the first time for that year.</b></p> <p><b>The GPS should be revised to reflect the fact that MIGA does not disburse investments by adding an equivalent criterion for MIGA, e.g., committed guarantees.</b></p> <p><b>One Member considers that closed out projects may not be accessible for a field visit and, therefore, for an XASR.</b></p> <p>Differs from GPS in that it explicitly calls for coverage of closed investments, including investments already closed by 5<sup>th</sup> anniversary after board approval. One Member considers that GPS 14 implies this principle.</p>
<a href="#">Pg 8 sect 4.3</a>		<i>Evaluation coverage:</i>	
Pg 8 sect 4.3	19	<i>Best-practice approach:</i> 100% XASR coverage of investments within the net approvals population;	
Pg 8 sect 4.3	20	<i>Minimum good-practice standard:</i> As the basis for CED's reporting of success rates in its annual review, XASRs (or a combination of XASRs and PERs) are executed on a random, representative sample of sufficient size and NAP coverage to establish, within a combined rolling three-year sample at the 95% confidence level with sampling error not exceeding $\pm 5\%$ , outcome and effectiveness success patterns (section 6.1) for each of the MDB's current strategically targeted groups;	<p>BP rating for GPS 19 implies MC rating for GPS 20.</p> <p><b>This &amp; several other GPSs assume that MDB has a large number of projects. With a small number, a MDB would have to cover 100% of NAP to achieve required confidence level. Doing so would be relatively more burdensome than the requirements for Members with a greater volume of private sector operations. The institutions with less experience with private sector investments, however, may find it useful to cover 100% because of having a greater need to learn from experience.</b></p>

<sup>1</sup> NAP excludes dropped and cancelled investments, very small investments made under special promotional programs (e.g., direct investments in SMEs in specified countries 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.

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<i>GPS -IO Ref.</i>	<i>Std #</i>	<i>Summary of Standard</i>	<i>Comments (Possible changes in standards are in bold font.)</i>
<i>Pg 8 sect 4.4</i>		<i>Sampling of the net approvals population for evaluation and related reporting:</i>	
Pg 8 sect 4.4	21	The CED selects the operations for XASRs and PERs from the evaluation year's NAP;	<b>One Member considers that this GPS is based on IFC's practices and is too rigid.</b> (Absent this GPS, however, the possibility of biased sample would undermine comparability.)
Pp 8- 9 sect 4.4	22	Where the XASR or combined XASR/PER coverage is less than 100% of the NAP, (a) the representativeness profile of the sample randomly selected for XASRs and PERs is transparently reported in CED's annual review, along with relevant statistical confidence interval data, and (b) outcomes on any non-randomly selected operations are reported separately;	<b>One Member considers that this GPS is based on IFC's practices and is too rigid.</b>
<b>Pg 9, Ch V.</b>		<b>Documentation, Process Familiarization and Review</b>	
<i>Pg 9 sect 5.1</i>		<i>Documentation:</i>	
Pg 9 sect 5.1	23	In consultation with operations and specialist departments, CED prepares, refines and disseminates instructions for the preparation of XASRs, in sufficient detail to promote consistency and objectivity in execution scope, analysis and ratings;	
Pg 9 sect 5.1	24	These include ratings guidelines with benchmarks and standard XASR templates that include the performance ratings matrix;	
Pg 9 sect 5.1	25	CED maintains these instructions on its website and periodically refines them along with 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);	
<i>Pg 10 sect 5.2</i>		<i>Familiarization and execution:</i>	
Pg 10 sect 5.2	26	CED conducts workshops to familiarize the XASR teams with requirements and supporting documentation for achieving good-practice execution;	<b>This GPS is irrelevant for institutions opting for XASR equivalents to be prepared by the central evaluation department, rather than by the operational departments.</b>
Pg 10 sect 5.2	27	The XASR research draws from: a file review; discussions with all 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 impacts; and discussions with parties who are knowledgeable of the country, company and project (e.g. MDB specialists, company employees and auditors, suppliers, customers, competitors, bankers, any	MC requires, <i>inter alia</i> , a field visit.

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		relevant government officials, industry associations, and local NGOs).	
<i>Pg 10 sect 5.3</i>		<i>Review and independent validation:</i>	<b>Most of this sub-section is not applicable to institutions that opt to have XASR equivalents prepared by the central evaluation department, rather than the operational departments.</b>  <b>One Member considers that these procedures are too bureaucratic and would undermine cooperation with operating departments.</b>
Pg 10 sect 5.3	28	The standard transmittal memo on the XASRs executed by departmental staff incorporates the approval signature of the responsible operations department manager.	
Pg 10 sect 5.3	29	<i>Best-practice</i> includes clearance signatures on XASRs by the technical, environmental, central economics and syndications (loan administration) departments' assigned personnel.	<b>One Member considers this GPS as too bureaucratic.</b>
Pg 10 sect 5.3	30	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 prepares an XASR-A on the final-edition XASR that records its independent judgment on the report's quality, assigned ratings and lessons.	
Pg 10 sect 5.3	31	<i>Best-practice:</i> For XASRs so-recommended by CED, the relevant vice president or central portfolio or credit manager chairs a review meeting that is attended by the XASR team and their managers, CED, and representatives of relevant specialist departments (e.g. credit, technical and environmental, economics, legal, syndications and special operations) as relevant.	<b>GPS should include review meetings chaired at any level other than the responsible officer and his or her manager.</b>
Pg 10 sect 5.3	32	<i>Minimum good-practice:</i> CED reviews with the XASR team and its manager the basis for its judgments where it comes to differing ratings from those in the final edition XASR.	
Pg 10 sect 5.3	33	In either case, at the end of the program year, and prior to its submission of its annual review, CED prepares a ratings validation variance memo and sends it to the responsible senior operations manager, with copies to the relevant XASR teams and their managers.	<b>One Member considers that this GPS, which reflects IFC's procedures, is inappropriate, that differing ratings are discussed with the operating team when the XASRs are reviewed, and that sending a memo to the senior operations manager at the end of the year would only generate ill will.</b>  <b>Another Member considers that this GPS is important for generating senior management ownership of the annual review findings and recommendations.</b>
Pg 10 sect 5.3	34	The extent of materiality of the differing ratings is also disclosed in the annual review's annex that describes the evaluation framework (section 7.1).	<b>One Member considers that this GPS, which reflects IFC's procedures, is inappropriate, that differing ratings are discussed with the operating team when the XASRs are reviewed, and that disclosing the extent of the materiality of the different ratings in the annual review would only generate ill will.</b>

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<b>Pg 11 Ch VI</b>		<b>Evaluative Scope</b>	
<i>Pg 11 sect 6.1</i>		<i>Performance dimensions evaluated and indicators rated:</i>	
Pg 11 sect 6.1	35	The scope of the XASR includes, at a minimum, the <i>project's development (or transition) impacts</i> (the project's mission-relevant results); the <i>MDB investment's profitability</i> (contribution to its corporate profitability objective), and the <i>MDB's operational effectiveness</i> (execution quality).	<b>One Member considers that this GPS is based on IFC's practices and that other categories can also reflect good practice. Absent agreement on the categories, however, the goal of comparability will not be attained.</b>
Pg 11 sect 6.1	36	The operation's performance under each of these dimensions is analyzed according to standard indicators, and the operation's performance in each is rated according to specified guidelines and benchmarks.	<b>One Member considers that this GPS is based on IFC's practices and that other categories can also reflect good practice. Absent agreement on the categories, however, the goal of comparability will not be attained.</b>
Pg 11 sect 6.1	37	The performance reflected in the indicator ratings is then synthesized in the three dimension ratings.	
Pg 11 sect 6.1	38	Development (or transition) outcome encompasses the project's "results on the ground" relative to the MDB's mission. Indicators include the project's contribution to:	Indicators can be embedded in other indicators, i.e., not necessary that they be free-standing.  <b>One Member considers that this GPS is just the heading for the following paragraphs and should not be treated as a separate standard.</b>
Pg 11 sect 6.1	39	(1) The company's business success (measured per GPS-IO endnote 15);	<b>One Member considers that this GPS is based on IFC's practices and that other ways of measuring business success also reflect good practice.</b>
Pg 11 sect 6.1	40	(2) The country's private sector development and/or its development of efficient capital markets and/or its transition to a market economy;	
Pg 11 sect 6.1	41	(3) The enabling environment for private sector development;	
Pg 11 sect 6.1	42	(4) Growth of the economy (proxied by the project's real economic rate of return);	<b>One Member considers that this GPS is based on IFC's practices and that other ways of measuring contributions to economic growth also reflect good practice.</b>
Pg 11 sect 6.1	43	(5) The country's living standards (benchmarked by taking into account --as relevant -- the distribution of project costs and benefits among the mission-targeted stakeholder groups directly affected by the project);	<b>One Member considers that this GPS is based on IFC's practices and notes that not all MDB's have this as an objective.</b>
Pg 11	44	(6) Environmental sustainability (benchmarked against compliance with the	MC requires that performance be benchmarked against standards in effect

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sect 6.1		MDB's specified standards in effect at investment approval and also at the time of the evaluation).	at approval and standards in effect at evaluation.
Pg 11 sect 6.1	45	Project impacts in each of the above indicators are assessed on a "with vs. without project" basis.	MC requires that this rule be specifically stated.
Pg 11 sect 6.1	46	MDB investment's profitability is preferably ( <i>best-practice</i> ) based on the investment's net profit contribution, measured in risk-adjusted, discounted cash flow terms with ratings benchmarks set in relation to approval-stage minimum return threshold and use of the MDB's capital.	<b>Since none of the Members follows this standard, the value of retaining it is unclear.</b>
Pg 11 sect 6.1	47	If reliable transaction cost data are not available, <i>good-practice</i> is that the ratings are based upon the investment's gross contribution performance in relation to corresponding approval standards for minimally satisfactory performance, as a proxy for satisfactory net contribution.	
Pg 11 sect 6.1	48	MDB's operational effectiveness encompasses (separately) the quality, benchmarked against sustainable corporate good practice, of the MDB's own performance in three indicators:	MC requires that operational effectiveness cover the 3 factors in GPS 49-51 and that it do so separately.  <b>One Member considered that this GPS was unclear because the 3 indicators are not mentioned in GPS 48. It would be easy to clarify this GPS.</b>
Pg 11 sect 6.1	49	At-entry screening, appraisal and structuring work;	
Pg 11 sect 6.1	50	Its monitoring/supervision quality;	<b>One Member comments that this GPS includes impact of MDB expertise and loan conditions on the project, but considers that these indicators relate to entry, rather than supervision. GPS needs to be clarified to avoid confusion.</b>
Pg 11 sect 6.1	51	Its role and contribution (the need for the MDB's participation relative to other available financing, and the quality of the MDB's delivered additionality over the operation's life from inception to evaluation); the rating judgment considers compliance with basic operating principles, the operation's client capacity building objectives (as relevant), its consistency with furtherance of the MDB's corporate, country and sector strategies, and its client's service satisfaction.	<b>One Member considers this GPS to be very theoretical. Another disagrees.</b>
<b>Pg 12 sect 6.3</b>		<b><i>Performance ratings and benchmarks:</i></b>	
Pg 12 sect 6.3	52	Each of the evaluated performance attributes is assigned a rating according to a matrix that uses a standard four-point scale for indicator ratings and a 4 to 6 point scale for each of the three dimension synthesis ratings.	<b>The GPS do not call for harmonization of rating categories. Absent this harmonization, the Members cannot deal with the Development Committee Task Force's complaint about the impossibility of comparing results in a common language.</b>
Pg 12	53	Within the quality-descriptive rating scales (e.g. ranging from <i>unsatisfactory</i> to	

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sect 6.3		<i>excellent</i> ), 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).	
Pg 13 sect 6.3	54	Ratings guidelines are specified in the CED's instructions.	
Pg 13 sect 6.3	55	The ratings benchmarks for the project's financial rate of return after-tax (FRR) are set appropriately in relation to each project company's cost of capital;	<b>One Member considers this GPS to be too detailed and not relevant for good practice.</b>  <b>Only one Member follows this practice. The others are unlikely to adopt it.</b>
Pg 13 sect 6.3	56	The benchmarks for the project's economic rates of return (ERR) are set appropriately in relation to the MDB's universal ERR benchmarks.	<b>One Member considers this GPS to be too detailed and not relevant for good practice.</b>  <b>Several institutions do not have universal ERR benchmarks.</b>
Pg 13 sect 6.3	57	The benchmarks for the project's investment profitability indicators are set appropriately in relation to the MDB's return on capital targets or requirements.	<b>Standard should be revised. At present, it is meaningful only with respect to calculation of net investment profitability.</b>  <b>Standard should read, "The benchmarks for the operation's profitability to the MDB are set...." This GPS refers to the profitability to the MDB, not the profitability of the individual project.</b>  <b>One Member considers this GPS to be too detailed and not relevant for good practice.</b>  <b>Some institutions do not establish return on capital targets or requirements.</b>
Pg 13 sect 6.3	58	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.	<b>One Member considers this GPS to be too detailed and not relevant for good practice.</b>  <b>Not relevant for institutions that do not make equity investments.</b>  <b>Many institutions do not determine fixed rate equivalents for individual loans at approval.</b>
Pg 13 sect 6.3	59	Ratings of non-quantitative indicators require that relative qualitative judgments be made. The criteria for the judgments should be clearly specified in the instructions and in the CED's annual review, and reflect the extent to which performance has been consistent with the MDB's policies, prescribed standards for corporate sustainability, and recognized good-practice operational standards.	
Pg 13 sect	60	The three dimension ratings are each a summary qualitative performance judgment drawn from a consideration of the underlying indicator ratings, but are not a	Core of standard is that overall ratings, whether for individual dimensions for the operation as a whole, are not based on simple averages.

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6.3		simple average of the indicator ratings.	
Pg 13 sect 6.3	61	The annual review reports the proportions of evaluated operations that achieved, respectively, a win-win (good development/transition outcome coupled with good investment outcome), mixed and lose-lose outcome, along with the proportion of uniformly satisfactory effectiveness indicator ratings and their link to these combined outcome groups.	<p><b>One Member considers that this standard reflects IFC's approach, which does not necessarily define good practice.</b></p> <p><b>If retained, this GPS should be moved to the sub-section on annual synthesis reporting, just before GPS 77.</b></p> <p><b>Not applicable for an institution with a small number of evaluated projects.</b></p>
Pg 13 sect 6.3	62	The annual review also tracks the trend in these combined win-win vs. lose-lose synthesis indicators and related <b>all-satisfactory effectiveness scores</b> (on a rolling three-year sample basis) over several years to show progress.	<p>Wording in bold font refers to assignment of satisfactory effectiveness scores for screening, supervision &amp; role. <b>Text should be clarified.</b></p> <p><b>One Member considers that this standard reflects IFC's approach, which does not necessarily define good practice.</b></p> <p><b>If retained, this GPS should be moved to the sub-section on annual synthesis reporting, just before GPS 77.</b></p> <p><b>Not applicable for an institution with a small number of evaluated projects.</b></p>
<i>Pg 13 sect 6.4</i>		<i>Lessons learned and recommendations for follow-up:</i>	
Pg 13 sect 6.4	63	Lessons learned should derive in part from the performance rating patterns and an analysis of their drivers, particularly in the case of those indicators rated better or worse than satisfactory.	<p><b>Text should be clarified.</b></p> <p>Where lessons are identified, rating based on sample.</p> <p><b>One Member considers that this standard reflects IFC's approach, which does not necessarily define good practice.</b></p>
Pg 13 sect 6.4	64	Lessons should be concise, prescriptive, and placed in the context of each material issue that was encountered in the evaluation.	Where lessons are identified, rating based on sample.
Pg 13 sect 6.4	65	The point of view and selectivity should focus on what the MDB might have done to obtain better results from the operation.	Where lessons are identified, rating based on sample.
<i>Pg 14 sect 6.5</i>		<i>Standard XASR attachments: These provide the basis for review and independent verification of the XASR's judgments and conclusions. They include:</i>	
Pg 14 sect	66	Details of: the project financial and economic rate of return derivations (with transparent assumptions and cash flow statements);	Where relevant, rating based on sample.

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Pg 14 sect 6.5	67	A comprehensive summary of environmental, worker health and safety, and social impact compliance information for each safeguard dimension addressed in the MDB's environmental and social guidelines, with sufficient evidence from a field visit and/or client reporting to support the assigned impact and related MDB effectiveness ratings;	The issue is transparency.
Pg 14 sect 6.5	68	The derivation of the MDB's investment profitability measure with, as relevant transparent still-to-go investment cashflow estimates and their underlying assumptions.	<b>None of Members follows this standard. Value of retaining it unclear.</b>  <b>Not relevant for loans. Should revise accordingly.</b>  <b>Should revise to reflect fact that none of MDBs calculates net profitability.</b>
<b>Pg 14 Ch VII.</b>		<b>Annual Reporting, Process Transparency and Staff Incentives</b>	<b>"Staff Incentives" should be dropped since not reflected in standards assessed.</b>
<b>Pg 14 sect 7.1</b>		<b>Annual synthesis reporting:</b>	
Pg 14 sect 7.1	69	CED prepares an annual review addressed to the MDB's management, staff and Board of Directors, whose scope includes, <i>inter alia</i> , a synthesis of the CED's validated findings from all XASRs and PERs generated and reviewed during the period covered.	<b>One Member considers that this GPS is based too much on IFC's practices.</b>
Pg 14 sect 7.1	70	It includes an annex profiling the evaluated sample against the net approvals population and the basis for the XASR/PER sampling; if part of the sampling is other than random per chapter IV, the rationale applied in the selection should be explicitly stated and the associated results reported separately from those of the randomly sampled operations, with an analysis made of the directional bias in the non-random sample's reported results.	<b>One Member considers that this GPS is based too much on IFC's practices.</b>
Pg 14 sect 7.1	71	The ratings criteria and benchmarks should be clearly described in an annex.	
Pg 14 sect 7.1	72	The ratings reported should be those of CED (and be identified as such) where these differ from those assigned in the XASRs; the materiality of the difference in the XASR vs. CED validated ratings should be disclosed in an annex that profiles the evolved evaluative framework during the period covered by the findings.	<b>This GPS is irrelevant for institutions opting for XASR equivalents to be prepared by the central evaluation department, rather than by the operational departments.</b>
Pg 14 sect 7.1	73	There is a table showing the proportion of the evaluated sample in each performance-rating category by dimension and indicator; the outcome success rates are reported by number of investments and also by their proportion of total disbursed MDB financing in the sample. There is also a matrix showing each evaluated operation and its ratings, with the operations grouped in descending	<b>Requirement that operations be grouped in descending order excessively detailed. Should be dropped.</b>

**STOCKTAKING/HARMONIZATION STATUS REPORT  
GENERAL COMMENTS ON STANDARDS**

<i>GPS -IO Ref.</i>	<i>Std #</i>	<i>Summary of Standard</i>	<i>Comments (Possible changes in standards are in bold font.)</i>
		order by development/transition and investment outcome.	
Pg 15 sect 7.1	74	The review provides a synthesis description of the ratings patterns and their cross-cutting performance drivers under each indicator.	<b>One Member considers that this GPS is based too much on IFC's practices, that it does not necessarily reflect good practice, and that burdening the reader with too much information is counter-productive.</b>  <b>This GPS may appropriate only when enough information available to permit meaningful analysis. It may not be appropriate to include in each annual review.</b>
Pg 15 sect 7.1	75	There is an annex containing a representative sample of XASR abstracts prepared on operations selected from approximately the middle of each development/transition outcome-rating group, illustrating the application of the ratings. There is non-disclosure of any company specifics in the content of this Appendix, to protect the confidentiality of client information.	<b>Inappropriate for MDBs with small number of private sector operations because of difficulty of maintaining confidentiality. GPS should be revised.</b>  <b>One Member considers that this GPS is based too much on IFC's practices.</b>
Pg 15 sect 7.1	76	<i>Best practice</i> provides an analysis of development <i>and</i> investment win-win vs. lose-lose outcome gains from improving MDB effectiveness, and an analysis of the relative win-win over lose-lose success rates for the MDB's currently strategic targeted vs. non-targeted groups (sectors, country groups).	<b>One Member considers that this GPS is based too much on IFC's practices.</b>
Pg 15 sect 7.1	77	The review contains an annex that summarizes the previous year's recommendations, management responses made at the time of its Board review, Management follow-up actions taken during the past year (provided by management), and CED's comments on them.	
Pg 15 sect 7.1	78	The annual review identifies recommendations to Management and the Board for improving the MDB's performance, based on an analysis of (i) the ratings and lessons learned patterns; (ii) other relevant CED evaluation studies and supporting investment portfolio analyses (where deeper evidence is needed on performance hypotheses from XPSR patterns); and (iii) management's implementation progress on previous CED review and special study recommendations; findings section references are included with each recommendation as its empirical anchor.	
Pg 15 sect 7.1	79	Management prepares and submits to the Board, for simultaneous consideration with the review in a Board discussion, a memorandum commenting on the review's findings and responding to each of its recommendations	
Pg 15 sect 7.1	80	Following discussion with the Board, Management acts to implement the endorsed recommendations.	GPS applies only to recommendations previously endorsed by Management.
Pg 15 sect 7.1	81	CED maintains a tracking system for recording disposition by Management of each recommendation. CED sends a progress report from it to the Board as part of its annual report.	
<b>Pg 15</b>		<b><i>Process transparency and staff performance incentives:</i></b>	<b>"Staff Incentives" should be dropped since not reflected in standards</b>

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<i>sect 7.2</i>			<b>assessed.</b>
Pg 15 sect 7.2	82	In addition to its annual review covering substantive findings, CED reports annually to the MDB's management and Board on the MDB's performance in executing the self-evaluation program, including delivery of the required number of XASRs; the CED's XASR-A based assessment of their quality; and delivery/review schedule adherence.	<b>This standard is not applicable to institutions that opt to have XASR equivalents prepared by the central evaluation department, rather than the operational departments.</b>
Pg 15 sect 7.2	83	CED provides to Management only, details of the above for each department and XASR team.	<b>This standard is not applicable to institutions that opt to have XASR equivalents prepared by the central evaluation department, rather than the operational departments.</b>
<b>Pg 16 Ch VIII.</b>		<b>Dissemination, Assuring Lessons Application, and Disclosure</b>	
<i>Pg 16 sect 8.1</i>		<i>Dissemination:</i>	
Pg 16 sect 8.1	84	The CED makes available to all MDB staff, a range of user-friendly, high quality dissemination products covering the XASR/PER findings, the annual review and CED special studies. These range from full reports to the on-line searchable lessons retrieval network (LRN), as well as PowerPoint slide-shows of annual review findings.	<b>One Member considers that not cost-effective for an institution with small volume of private sector operations.</b>
Pg 16 sect 8.1	85	CED places primary reliance on its intranet website for document posting, widely notifies staff of new items through the corporate website, and maintains and enhances the LRN system.	<b>One Member considers that not cost-effective for an institution with small volume of private sector operations.</b>
<i>Pg 16 sect 8.2</i>		<i>Ensuring lessons application:</i>	
Pg 16 sect 8.2	86	It is the responsibility of operational department managers to ensure that past lessons have been systematically researched, identified and applied in new operations.	
Pg 16 sect 8.2	87	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.	<b>Some Members consider too formalistic, too bureaucratic.</b>
Pg 16 sect 8.2	88	In its annual evaluation process report, CED reviews and reports to management and the Board on the quality of responsiveness to these prompts and other evidence of lessons application.	
Pg 16 sect 8.2	89	<i>Best practice</i> is that internal corporate reporting (up to the Board) is centered around an integrated performance measurement system (IPMS) that is: (1) broadly aligned with the evaluative framework (viz. performance indicators for	Similar to GPS 10, but GPS 10 relates to input by CED, and GPS 89 relates to outcomes.

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		development/transition outcome, investment outcome and MDB effectiveness/efficiency); (2) applies coherent and consistent success standards (both as to scope and benchmarks) across the project cycle (appraisal, supervision/monitoring and evaluation), across projects, and up and down the reporting hierarchy from project-level to department- and corporate-level; and (3) integrates evaluation findings (success rates) into the scorecards.	<b>Several Members found it difficult to understand this GPS.</b>
<i>Pg 16 sect 8.3</i>		<i>Disclosure:</i>	
Pg 16 sect 8.3	90	To protect both 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, none of the individual operation reports are disclosed, nor is the CED's annual review.	
Pg 17 sect 8.3	91	Rather, 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 and effectiveness ratings profiles, sampling representativeness, ratings criteria and benchmarks.	
Pg 17 sect 8.3	92	The MDB's disclosure policy for evaluation products should be explicit and consistent with the MDB's general disclosure policy. It covers all evaluation products, and is itself disclosed via the CED's web page.	
Pg 17 sect 8.3	93	The MDB also includes an accurate summary of CED's major annual review findings in its Annual Report.	