

## National Evaluation Capacities 2017 Pre-conference workshop

### Private sector evaluation

#### Facilitators:

**Raghavan Narayanan:** Raghavan has more than 18 years of operational experiences spanning investment financing, asset management and financial advisory services and brings unique private sector development insights to evaluation sciences. At the Independent Evaluation Group (IEG), he specializes in real sector evaluations and strategic initiatives. Recently, he has been tasked with managing IEG's flagship reports and thematic evaluations on World Bank Group private capital mobilization activities. Before joining the World Bank Group, Raghavan was an economist and policy advisor for the extractives industry and has rotated through various positions in venture capital, investment banking and private equity investment funds. He holds an MBA from Georgetown University (U.S.), a B.Eng. from Nanyang Technological University (Singapore) and has received training at Carleton University (Canada) on monitoring and evaluation.



**Fredrik Korfker:** Fredrik is an international development finance, banking and evaluation professional with 45 years of experience gained in commercial banks, development finance corporations and multilateral development banks. His more than 20 years of evaluation experience has been gained since 1996 through leading the Evaluation Department of the European Bank for Reconstruction and Development (EBRD) in London. After retirement in January 2011 he did mainly private sector-related evaluation consultancy assignments for the UNDP, the World Bank, the African Development Bank, the Belgian Government, the Asian Development Bank, the Dutch Government and IFAD. In a volunteering capacity, he leads the thematic working group on private-sector evaluation of the European Evaluation Society. Fredrik holds a BA equivalent of business administration from Nijenrode University (former NOIB),

Breukelen, The Netherlands, and a Master of Economics from the Erasmus University (former NEH) in Rotterdam, The Netherlands.

#### Workshop Description

Multilateral development banks (MDBs) undertake interventions in developing countries through both the private and public sectors. MDB support to the public sector is still dominant, although private sector interventions have shown a steep growth over recent years. While public sector operations are often initiated by the MDBs in cooperation with national or local governments, private sector interventions involve corporate sponsors who

control their project initiatives. The relationship of sponsors with the MDB is often long-term as the current client-oriented model and strategic intent of the two private sector-specialized institutions among the MDBs, the International Finance Corporation (IFC) as well as the European Bank for Reconstruction and Development (EBRD), indicate. The financial instruments to support the development of the private sector are mostly of a short to medium term nature. This pre-conference workshop on private sector evaluation discusses the specificity and dynamics of private sector evaluation, thereby highlighting the methodological approaches and evaluation practices that are used by MDBs for this type of operations at the institutional and project levels.

The effectiveness of this universe of private sector interventions should not be judged by their financial return only. On the one hand, investment operations certainly entail a profitability angle, but the rationale for participation of the public sector in supporting them is rather based on their broader social returns. In other words, institutions intervening in this space do so with two sorts of bottom lines in mind: (i) financial and (ii) economic/social/environmental. For a view on the first, the market may suffice, for the combined effect, evaluation is indispensable.

The workshop will start with a presentation on methodologies used in private sector evaluation and compare them with public sector evaluation methodologies and practices. In this respect, more than 20 years of experience in developing good practice standards in the Evaluation Cooperation Group (ECG)<sup>1</sup> will be presented. To make the workshop as interactive as possible, two case studies will be presented. The main themes of the case studies will be the evaluation of financial intermediaries and evaluating direct equity investments. Finally, as learning from experience is one of the main features of development evaluation, the workshop will discuss adaptive learning as an institutional strategy. The interaction with the participants on the importance of learning from experience and the use of lessons learned can help them with institutional learning in their own institutions.

## **Workshop outline**

### **Morning**

- 1 Twenty years of progress in Private Sector Evaluation Methodology
  - Presentation based in part on developing good practice standards in the ECG
- 2 Evaluating Financial Intermediaries (FI) – Why is FI different? How is FI different?
  - Case Study 1: Asiana Fund- discussion in break-out groups to enhance learning on private sector evaluation methodology

### **Afternoon**

- 3 Adaptive Learning as Institutional Strategy – Why does it matter?
  - Experience from study on M4DR- discussion in break-out groups
- 4 Evaluating direct equity investments – Why is equity different from loans?

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<sup>1</sup> The ECG is the working group in which the heads of evaluation departments of the MDBs and some other international financial institutions collaborate.

- Case Study 2: Rajiristan FerraCorp- discussion in break-out groups to enhance learning on private sector evaluation methodology

5 Wrap-up session

- What have we learned?