

**INDEPENDENT EVALUATION GROUP-MIGA
2006 ANNUAL REPORT
APPROACH PAPER**

Objective and Scope

1. The objectives of this report are to inform CODE and the Board on the development effectiveness of MIGA projects and services, and to provide feedback to MIGA management and staff on evaluation findings. It intends to inform the Board discussion of MIGA's FY07 Business Plan and Administrative Budget.
2. Since 2003, the Independent Evaluation Group-MIGA (IEG-MIGA, formerly OEU) has prepared annual reports for CODE and Board discussion. The first report (2003)¹ focused on the status of evaluation systems in MIGA, and the second (2004)² on development effectiveness of MIGA guarantees and technical assistance. The 2005 Annual Report³ focused on the status of MIGA's quality assurance, monitoring, and evaluation systems and processes relative to the achievement of its development mandate since 2003. It reported the changes implemented by MIGA in the first half of FY05, and identified areas MIGA needed to address as part of its new strategy and business model.
3. The 2006 Annual Report (2006 AR) will continue to track the main themes of the previous reports arising from the evaluation findings on the development effectiveness of MIGA guarantees and technical assistance, and on the status of MIGA's quality assurance, combining elements of a review of development effectiveness and a report on operations evaluation.
4. The 2006 AR will synthesize the results of evaluations of MIGA guarantee projects undertaken by IEG-MIGA. It will present aggregate results of a set of *ex-post* evaluations of MIGA guarantee projects underwritten between FY96-FY02, drawing emerging lessons, and highlighting areas requiring attention by MIGA management. Given the relatively small number of *ex-post* evaluations covered, the report will not present statistical trends or draw conclusions on overall portfolio quality and effectiveness. Instead, it will focus on issues and experiences emerging from this limited sample of projects, also drawing from evaluation findings presented in previous reports. One of the main questions to be addressed will be the extent to which the evaluated projects and activities have contributed to MIGA's achievement of its development mandate.

¹ 2003 Report on Operations Evaluation in MIGA (MIGA/R2003-0046)

² 2004 Review of Development Effectiveness in MIGA (MIGA/R2004-0055)

³ Operations Evaluation Unit: 2005 Annual Report (MIGA/R2005-0018)

5. The report will also discuss the findings from the IEG-MIGA evaluation of MIGA's Information Dissemination Services (IDS)⁴ undertaken in FY05-FY06. Using an approach developed jointly with the Independent Evaluation Group for the World Bank, IEG-MIGA has evaluated the relevance, effectiveness, efficiency, and sustainability of these services.

6. As in the past annual reports, the 2006 AR will track MIGA's progress in remedying the weaknesses in the underwriting process identified in the 2005 AR, and will review the status of implementation of previous IEG recommendations.

Content of the Report

7. The 2006 AR will have three components: 1) results of ex-post evaluation of a sample of 12 guarantee projects insured during FY96-FY02; 2) a synthesis of findings and recommendations of the evaluation of MIGA's online information dissemination services; and 3) an update on the status of the implementation of previous IEG recommendations.

Development Effectiveness of MIGA Guarantee Projects

8. This section will present findings from 12 evaluations carried out by IEG of projects underwritten by MIGA during FY96-02. IEG has randomly selected these projects from a population of mature and still active guarantee projects approved in the FY96-02 period. Each evaluation was based on a review of MIGA files, interviews with MIGA and/or WBG staff, and a field mission to collect data on project performance since guarantee approval. Each project is being evaluated for its *development outcome* and *MIGA's effectiveness*. The findings of individual projects are discussed with MIGA staff and management to ensure timely feedback, learning, and accountability.

9. This section will identify common issues or themes emerging from IEG project evaluations and, where possible, identify factors contributing to development impact with a forward looking perspective, and make recommendations for strengthening the development impact of MIGA's future operations.

Development Effectiveness of MIGA's Information Dissemination Services

10. This section will present the results of the evaluation of MIGA's online Information Dissemination Services (IDS), consisting of four different websites (IPAnet, FDIXchange, PrivatizationLink, and FDI Promotion Center) as well as a website development tool (IPAworks). These provide information on investment opportunities and conditions in MIGA member countries and target potential investors, investment advisors, and investment promotion officials. IEG will assess whether these online

⁴ Including IPAnet, FDIXchange, PrivatizationLink, FDI Promotion Center, and IPAworks.

services remain relevant to MIGA's mandate in a changed business environment. This section will evaluate outputs, outcomes, and impact of each of the services, examine risks and opportunities to MIGA, and assess MIGA's work quality. The evaluation will include interviews with staff and clients, a file review, a site activity and usability analysis, an assessment of comparator sites, as well as a user survey. The report will present an overview of the services, the methodological approach, findings, and recommendations.

Status of Implementation of Previous IEG Recommendations

11. This section will draw on IEG's evaluation findings contained in past annual reports and sector or thematic studies. The report will note how the recommendations in these reports have been addressed to date, and identify the remaining areas that would require further action by MIGA. Past IEG recommendations have included the strengthening of *ex-ante* assessments of MIGA guarantee projects, monitoring of social and environmental safeguards, introduction of a guarantee closing note, strengthening the strategic selectivity and monitoring of technical assistance activities. In this context, the report will note any recent steps taken to address the remaining areas that require further action by MIGA. This section will draw on the updated Management Action Tracking Record (MATR) which was introduced in the 2005 AR.

Schedule

12. The 2006 AR will be submitted to CODE in April 2006. The CODE discussion is expected to take place in May 2006, after which the report will be submitted to the Board for discussion. It will be prepared by a team of IEG-MIGA staff headed by Ms. Ethel Tarazona under the guidance of the Director, Ms. Aysegul Akin-Karasapan.

Disclosure and Dissemination

13. The report will be disclosed following Board discussion, and will be posted on IEG's external website. The content of the disclosed report will be consistent with MIGA's disclosure policy and client confidentiality requirements.