

Approach Paper

Focused Assessment of the International Development Association's Private Sector Window: An Update to the 2021 Early-Stage Assessment by the Independent Evaluation Group

June 30, 2023

1. Background and Context

1.1 The Independent Evaluation Group (IEG) will conduct a focused assessment of the Private Sector Window (PSW) of the International Development Association (IDA). The assessment will update a previous IEG evaluation of the PSW and complement a concurrent paper by IDA, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). This focused assessment (the PSW evaluation update) responds to a request by the Committee on Development Effectiveness and World Bank Group management for IEG to prepare an update to *The World Bank Group's Experience with the IDA Private Sector Window: An Early-Stage Assessment* (World Bank 2021), which was completed by IEG in July 2021 and covered the PSW implementation experience under the 18th Replenishment of IDA (IDA18) for fiscal years 2018–20. The PSW evaluation update will add IDA19 and early IDA20 PSW projects. Concurrently, IDA, IFC, and MIGA are jointly preparing a paper on the PSW as an input to the IDA20 Mid-Term Review, focused on implementation progress and early results of the PSW (the IDA PSW paper). The IEG and IDA-IFC-MIGA teams working on the two assessments have agreed to conduct complementary analyses to inform the Mid-Term Review.

1.2 Attracting private capital and developing the private sector in low-income countries are challenging. The challenges involved in mobilizing private capital and developing the private sector in many IDA countries, especially those that are fragile and conflict-affected situations (FCS), are substantial (World Bank 2016). In many of these countries, the domestic private sector is small, informal, and constrained by a weak macroeconomic and regulatory environment, infrastructure bottlenecks, and a limited skilled labor force. High country risks and capital flight concerns make domestic and international investors reluctant to engage, particularly in FCS, which also experience security risks. As a result, IDA countries' ability to attract private investment and grow the local private sector remains limited.

1.3 Challenges to private sector growth and to attracting private capital hinder IDA countries' abilities to meet the Sustainable Development Goals (SDGs). Insufficient private sector growth and insufficient private sector capital constrain the ability of PSW-eligible countries to meet SDG 8 (sustained, inclusive, and sustainable economic growth)

and SDG 1 (ending poverty).¹ The constraints make it particularly difficult for IDA countries to increase high-impact private investments in small and medium enterprises, obtain medium- and long-term local currency financing for high-impact projects, and foster entrepreneurship (SDG 8; promote development-oriented policies that support entrepreneurship).

1.4 The Bank Group's corporate strategies highlight the importance of private sector development and private capital mobilization in low-income countries. The IDA18 replenishment package aimed to catalyze private investment to create economic opportunities in IDA countries. IFC 3.0 strategy encompasses tackling private sector challenges by creating markets and mobilization, including a commitment as part of the capital increase package to deliver 40 percent of IFC's overall transactions in IDA and FCS countries and 15–20 percent in low-income IDA and IDA FCS countries (IFC 2019). MIGA's strategy for fiscal years 2021–23 has a target to increase the share of MIGA guarantees in IDA and FCS countries to an average of 30–33 percent.

1.5 The Bank Group created the PSW in July 2017 as a blended finance instrument to help achieve its private sector corporate objectives in IDA countries. The PSW involves using limited amounts of donor funding to mitigate financial risks in pioneering and high-impact private investments that would be unable to proceed on strictly commercial terms. The blending of concessional funds from IDA PSW with commercial funds allows the transfer of financial risks from IFC and MIGA operations to IDA (World Bank 2018). The objective of the PSW is to expand private investment in IDA-only countries, with a particular focus on FCS and underserved sectors (World Bank 2016).

1.6 The PSW consists of four facilities. The first is a blended finance facility that provides PSW funds to pioneering IFC investments across sectors with high development impact, including small and medium enterprises, agribusiness, health, education, affordable housing, infrastructure, and climate change mitigation and adaptation. The second is a local currency facility to provide long-term local currency investments in countries where capital markets are not developed and market funding and hedging solutions are insufficiently available. The third is a MIGA guarantee facility to expand the coverage of MIGA guarantees through shared first loss and risk participation akin to reinsurance. The fourth is a risk mitigation facility to provide project-based guarantees without sovereign indemnity to crowd in private investment in large infrastructure projects and public-private partnerships supported by IFC (World Bank 2017; table A.1). The MIGA guarantee facility is managed by MIGA, whereas the other three facilities are managed by IFC.

1.7 IEG's 2021 evaluation was focused on IDA18, and its findings on the first phases of implementation of the PSW were mixed. In *The World Bank Group's Experience with the*

IDA Private Sector Window: An Early-Stage Assessment (World Bank 2021), IEG assessed four dimensions of the PSW: usage, additionality, concessionality, and governance. The evaluation was limited to the IDA18 cycle (fiscal years 2018–20). The assessment found that the use of the PSW was US\$1.32 billion (well below the originally allocated amount of US\$2.5 billion), and much of it was driven by the Bank Group’s COVID-19 response. The additionality of the PSW was mixed, with IFC commitments and MIGA guarantees in PSW-eligible countries remaining relatively stable but showing some positive effects in allowing the two institutions to enter new markets and sectors. On concessionality, the early-stage assessment found that a robust process was in place to determine the subsidies needed to make IFC and MIGA projects more commercially viable, although the assessment did not evaluate possible crowding out of the private sector. The PSW’s distinct governance structure had not limited the usage of the PSW under IDA18, but the assessment recommended continuous monitoring of processing time and costs. Appendix A includes a more detailed summary of the findings of IEG’s 2021 assessment.

2. Objective, Scope, and Audience

2.1 The objective of the PSW evaluation update is to assess the experience of the IDA PSW with providing blended finance to create markets and address market failures. To respond to this objective, this evaluation will look into three aspects of the PSW: usage, additionality, and concessionality. The proposed update will deepen the analysis conducted for IEG’s 2021 assessment on usage, additionality, and concessionality as detailed in this section and summarized in table 2.1. The PSW evaluation update will complement the IDA PSW paper, which will provide a broad review of the four dimensions covered in IEG’s 2021 assessment and include an analysis of the early impact of a set of PSW projects. The PSW evaluation update will not cover governance because this constitutes a major portion of the IDA PSW paper and because IDA, IFC, and MIGA are currently making changes to optimize the IDA PSW deployment process. The ongoing changes would not allow IEG to opine on the new updated governance structure in the time frame of this evaluation.

2.2 On usage, the team will expand the 2021 analysis to account for IDA19 and early IDA20 allocations. We will also expand the previous analysis by looking at the use of the funds—in addition to commitments—and at the consistency between the use of the funds and the projects’ objectives (“appropriate usage”). Similar to the 2021 assessment, we will look at usage by PSW facility and type of country (for example, FCS or low income) and by sector and type of instrument (for example, short-term trade and working capital facilities versus longer-term financing, US dollar versus local currency, and secured versus unsecured). Similar to the IDA PSW paper, we will look at approvals under IDA19 and early IDA20 (along with the approvals under IDA18 already included in the previous assessment). To the extent possible, we will look at the effects of COVID-19

on PSW financing, including, for example, a change in fund allocations between short-term and long-term financing. The team will deepen the 2021 analysis and the IDA PSW assessment of usage by looking at the use of the funds beyond the project approval stage. To do this, we will examine project cancellations, deselection by clients, and actual disbursements and prepayments by type of facility (which was out of the scope of the 2021 assessment). We will also look at the consistency of the funds approved and disbursed with the PSW-related objectives stated in the project documents, including addressing market failures, creating markets, leveraging, and achieving of overall development objectives. To the extent possible, we will also look at how the PSW proceeds are being used by beneficiaries (for example, small and medium enterprises) and at the use, pricing, and repayment experience.

2.3 The team will deepen the 2021 assessment of additionality by looking at financial and nonfinancial additionality and at market creation. Similar to the 2021 assessment, we will look at whether the PSW allowed IFC and MIGA to expand their portfolio (additionality of scale) or enter new sectors and markets in PSW-eligible countries (additionality of scope). The PSW evaluation update will go beyond the 2021 analysis and the IDA PSW paper by looking at the effects of PSW projects on clients and, where possible, final beneficiaries (in case study countries; see the Evaluation Design and Methods section). It will also deepen the analysis conducted in 2021 by looking at the key elements of financial and nonfinancial additionality and market creation, which may have influenced additionality of scale and scope. On financial additionality, we will look into the financial structure (tenors, grace periods, and provision of local currency financing), innovative finance, and mobilization (for specific measurements, refer to table B.1). On nonfinancial additionality, we will look at noncommercial risk mitigation; knowledge, innovation, and capacity building; and standard setting (such as providing expertise in enacting environmental and social standards).² On market creation,³ the team will look at the degree to which PSW-financed projects have contributed to jump-starting private sector markets that then continued commercially without (or with limited) subsidies. To the degree possible (given that most PSW projects remain relatively recent), we will look at the extent to which the assessment of the expected impact on the market contained in IFC's Anticipated Impact Measurement and Monitoring is reflected in the actual outcomes of the projects (such analysis will be possible only in projects included in country case studies).

2.4 On concessionality, the team will expand the 2021 analysis by assessing whether the use of PSW funds has effectively de-risked IFC and MIGA investments and guarantees and adequately addressed market failures. We will look at the average level of subsidy provided by the PSW during the IDA19 and early IDA20 cycles compared with IDA18, which the previous assessment (World Bank 2021) looked at (appendix A).

We will examine whether IFC and MIGA have adhered to the minimum concessionality principle (that is, providing the minimum level of subsidy for the intervention to proceed) when approving PSW projects. The team will also look into the extent to which the subsidies have adequately addressed market failures and whether they have resulted in market distortions.⁴ The team will consider the potential development impact of the projects when conducting this assessment. To answer these questions, the team will examine the economic rationale for using concessional finance on a project basis, the projects' commercial sustainability, and the ability of the interventions to demonstrate the feasibility of similar projects with or without a lower subsidy. The team will conduct this assessment by using various measures of concessionality, including calculating explicit risk coverage in terms of loss guarantees and applying this to the client transaction pricing. The analysis will complement the IDA PSW paper, which will provide descriptive statistics of the levels of subsidy over time, by looking at the way clients were selected and at how concessionality was linked with market creation activities by the clients.

2.5 More information on the three dimensions is included in appendix B. The measurements proposed for each of the three dimensions (usage, additionality, and concessionality), the sources of data and information for these measurements, and the limitations the team expects under each are further described in appendix B.

Table 2.1. Deepening of the Independent Evaluation Group's 2021 Assessment and Complementarity to the International Development Association Paper

Dimension of Inquiry	Scope of IEG's 2021 Assessment	Scope of IDA's MTR PSW Paper	Scope of IEG's PSW Evaluation Update
Usage	<ul style="list-style-type: none"> PSW project approvals under IDA18 (FY18–20) by PSW facility and type of country 	<ul style="list-style-type: none"> Success factors for the full use of the IDA19 PSW, including COVID-19 Usage by facility, country type (for example, FCS and low income), and sector 	<ul style="list-style-type: none"> IDA18–20 allocations by PSW facility, by type of country, sector, type of instrument, and tenor Project use percentage, cancellation percentage, deselection, and prepayments; short term versus long term; US dollars versus local currency; leverage Consistency of usage with the PSW-related objectives
Additionality	<ul style="list-style-type: none"> Scale (volume) and scope (increase in range) of PSW under IDA18 	<ul style="list-style-type: none"> Scale and scope, including IDA18–20 	<ul style="list-style-type: none"> For IDA18–20 analysis of project financial additionality, project nonfinancial additionality, and market creation

Dimension of Inquiry	Scope of IEG's 2021 Assessment	Scope of IDA's MTR PSW Paper	Scope of IEG's PSW Evaluation Update
Concessionality	<ul style="list-style-type: none"> The level of subsidies of PSW (IDA18) projects: adherence to minimum concessionality principle 	<ul style="list-style-type: none"> Assessment on the levels of concessionality and trends over time by PSW facility, products, and regions 	<ul style="list-style-type: none"> Subsidies versus market—for example, currency, rate, tenor, and security Adherence to minimum concessionality principle Contribution to meeting IFC and MIGA return thresholds Addressing market failures and leading to sustainable market creation
Governance	<ul style="list-style-type: none"> Did governance result in increased costs and project delays? 	<ul style="list-style-type: none"> Analysis of the current evolving governance structure to identify areas for additional changes to further increase effectiveness and process efficiency 	<ul style="list-style-type: none"> Out of scope
Impact	<ul style="list-style-type: none"> Out of scope 	<ul style="list-style-type: none"> IDA PSW expected (ex ante) outcomes and results Early (ex post) results from selected field visits 	<ul style="list-style-type: none"> Limited scope (findings not generalizable as part of hybrid case studies); IEG will focus on initial results, market distortion, and market creation

Sources: Independent Evaluation Group and International Development Association.

Note: FCS = fragile and conflict-affected situation; FY = fiscal year; IDA = International Development Association; IDA18 = 18th Replenishment of the International Development Association; IEG = Independent Evaluation Group; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; MTR = Mid-Term Review; PSW = Private Sector Window.

2.6 The audience for the PSW evaluation update includes IDA deputies, the Bank Group's Board of Executive Directors and its Committee on Development Effectiveness, and Bank Group management and staff, as well as private sector and development partners. The evaluative evidence generated by the PSW evaluation update will inform IDA deputies and Bank Group management during the PSW Mid-Term Review meetings and serve as the basis for improvements of the PSW in terms of the design and implementation of PSW projects based on the three dimensions of usage, additionality, and concessionality. As such, the assessment will serve to enhance the PSW's ability to finance projects in eligible countries that would have otherwise stayed dormant and increase the pipeline of IFC and MIGA projects. The evaluation will also inform IFC, MIGA, and IDA staff working on PSW projects (for example, investment officers, IFC and World Bank staff working on upstream reforms, and guarantee underwriters) and the members of the PSW Secretariat. It may also be of interest to private companies in PSW-eligible countries and development partners. During the preparation of the update, IEG will consult with the PSW counterparts to develop effective ways to disseminate

both the emerging findings and the final messages of the report to Bank Group management and operational staff.

3. Conceptual Framework and Evaluation Questions

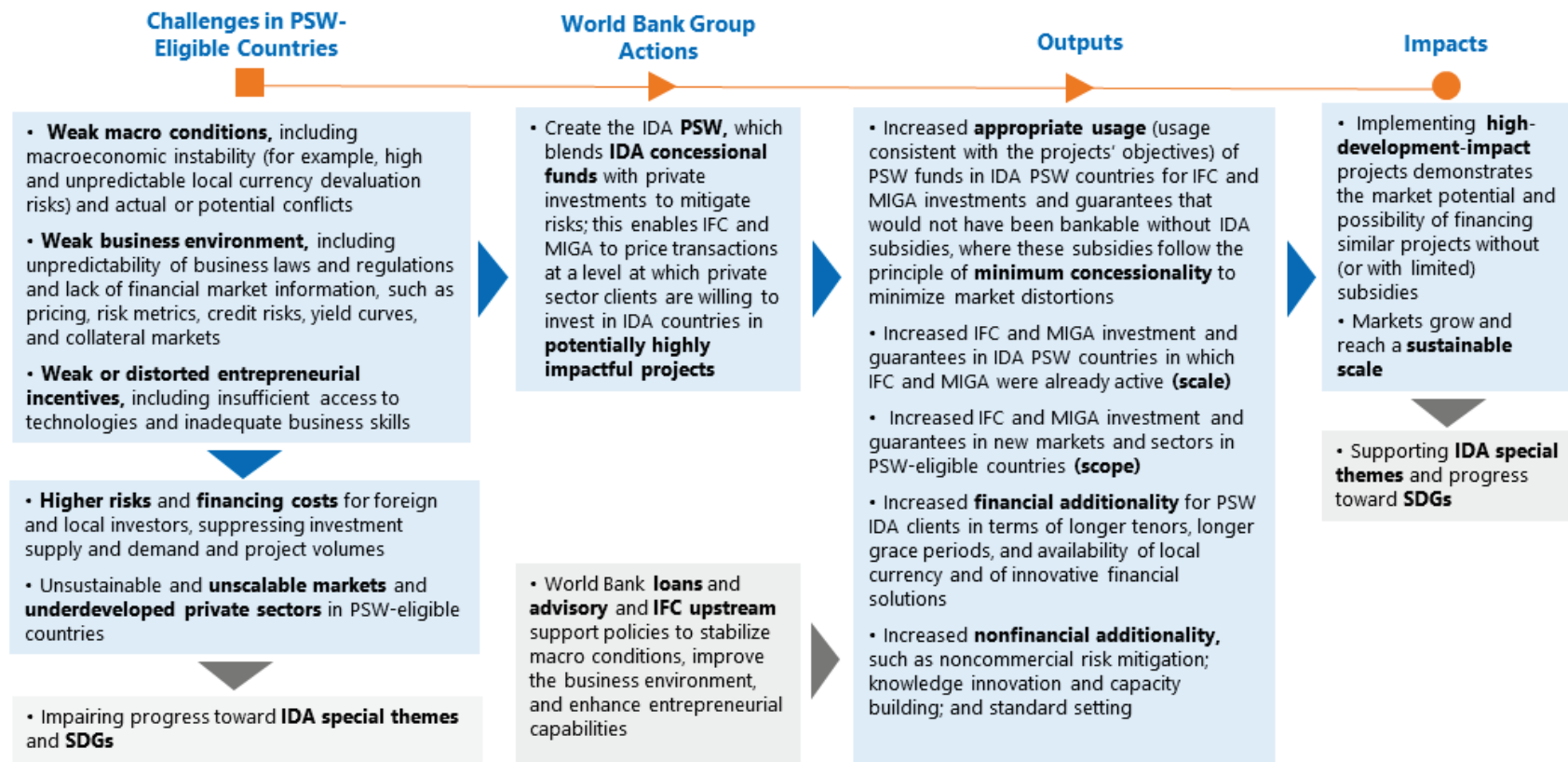
3.1 Private sector growth in IDA countries is constrained by several challenges. Figure 3.1 shows the conceptual framework of the PSW, which we will use as a reference for the assessment. The first column in the figure lists the challenges that constrain private sector development and private capital mobilization in PSW-eligible countries. As discussed in the Background and Context section, primary among these are weak macroeconomic conditions, a weak business environment, and weak or distorted entrepreneurial incentives. Fragility also presents a challenge in some PSW-eligible countries. These constraints result in high risks and financing costs (which limits the number and size of bankable projects, resulting in markets that are not sustainable or scalable). These challenges also make it more difficult for IFC and MIGA to operate. Ultimately, this causes IDA countries to lag on their progress toward achieving the SDGs.

3.2 The IDA PSW—together with complementary interventions—can address the challenges that the private sector is facing in IDA countries. The second column of figure 3.1 shows how the Bank Group intended to address some of these challenges by creating the IDA PSW (and using complementary interventions). This is achieved through the use of concessional financing, where IDA funds are used to mitigate project and market risks. This allows IFC and MIGA to limit their risk exposure while also limiting the possible losses and improving the possible returns to investors. Addressing the private sector challenges goes beyond the PSW. It requires complementary interventions across the Bank Group (and by other development institutions), including policy changes to stabilize the macro conditions and improve the business environment, and investments to improve the conditions for local entrepreneurs to start a business, access finance and infrastructure, and acquire technology. These aspects are excluded from the evaluation (marked in gray in the conceptual framework), which focuses specifically on the PSW. They have been addressed in various ways in other complementary assessments, including IEG’s recent evaluation on IFC’s and MIGA’s support for private investment in FCS (World Bank 2022) and the upcoming evaluations on financial inclusion and IFC country diagnostics and strategies. As part of its portfolio review, the assessment will look at the extent to which these links are reflected in PSW project approval documents.

3.3 The PSW can allow for financing of projects that would have otherwise remain unbanked, in turn leading to market creation and progress toward the achievement of the SDGs. By following the minimum concessionality principle to minimize market

distortion, the PSW finances IFC investments and MIGA guarantees, increasing the appropriate usage of PSW concessional funds (see the third column of figure 3.1). We contrast “simple” usage with “appropriate” usage (see table B.1 for measurements for both), with the former referring to generating PSW approval volumes and the latter the consistency between the usage of the funds and the projects’ development objectives, including addressing market failures and creating markets. We expect the PSW projects to increase IFC’s and MIGA’s scope (allowing the two institutions to enter new markets and sectors) and scale (allowing for the increase of the number or size of investments and guarantees). This is facilitated by financial additionality (longer tenors or grace periods) or nonfinancial additionality (enhanced technical or industry knowledge) for clients. These outputs should demonstrate that certain transactions are financially viable and could produce attractive returns (even without subsidies), leading to financing of projects with potentially high development impact (both through the direct results of projects and their possible demonstration effects) that would have otherwise remained unbanked. Ultimately, this will result in market creation and a more robust and sustainable private sector in PSW-eligible countries, which will contribute to progress toward the SDGs (see the fourth column of figure 3.1).

Figure 3.1. Conceptual Framework of the International Development Association Private Sector Window



Source: Independent Evaluation Group.

Note: The boxes and connections (arrows) depicted in gray are not covered by the evaluation. The "Outputs" column includes additionality as a feature of the instruments deployed (for example, tenor of a loan and capacity building provided through IFC advisory services). IDA = International Development Association; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; PSW = Private Sector Window; SDG = Sustainable Development Goal.

3.4 The PSW evaluation update aims to answer three evaluation questions. Based on the challenges outlined in the first section of this Approach Paper and the conceptual framework and the three dimensions (usage, additionality, and concessionality) described in the scope, the evaluation will aim to answer the following questions:

- **Question 1.** Has the usage of the PSW enabled IFC and MIGA to increase the scope and scale of their portfolio in IDA countries with projects that promote financial and nonfinancial additionality?^{5, 6}
 - This question covers deal volumes in IDA countries (evidence of increased scale), new sectors financed with financial and nonfinancial additionality (evidence of increased scope), and new products introduced. It also looks for consistency of usage with the projects' development objectives.
- **Question 2.** To what extent have the PSW subsidies adequately addressed market failures and followed the minimum concessionality principle?
 - This evaluation question focuses on the kinds of market failures that are being addressed; the ways in which PSW benefits are being transmitted, and to whom; and the evidence that concessions are set at appropriate levels, reach the right parties, and lead to successful projects.
- **Question 3.** Is there any early evidence that PSW-supported investments are (or are not) leading to private sector market development (delivering intended market creation additionality)?
 - This question looks into the early evidence of new businesses being supported, new data being generated, demonstration effects, and market creation activities. We will look at evidence, such as profitability, growing markets, increasing investments and competition, and market awareness of PSW projects (including similar projects done by other investors).

4. Evaluation Design and Methods

4.1 The PSW evaluation update will use mixed methods. IEG will assess and triangulate data from both qualitative and quantitative sources to answer the evaluation questions.⁷ The evaluation design will include the following components: synthesis of findings from blended finance literature and internal document review; portfolio identification, review, and analysis; analysis of concessionality levels; broader semistructured interviews with staff, experts, and clients; and a limited number (three to five) of country case studies to gauge how well the PSW projects fit within the overall country needs and whether they have resulted in correcting market failures and contributing to market creation additionality. The portfolio analysis and study of

concessionality are expected to provide quantitative insights into the PSW engagement, whereas the interviews, literature, and document reviews will produce mostly qualitative insights. Appendix C provides an evaluation matrix that maps the evaluation questions to the data collection and analysis methods required to answer them. For example, we will answer question 3, which covers the dimension of additionality, by triangulating findings from portfolio review and analysis; semistructured interviews with IFC and MIGA staff and clients, as well as market participants in selected countries; review of IFC and MIGA clients' use of PSW proceeds; and review of country engagement.

4.2 Literature review and internal document review. As part of the assessment, IEG will synthesize external and internal (Bank Group) documents, including extracting lessons from other blended finance work within the Bank Group. The external documents will include strategies and evaluations of other multilateral banks and development financial institutions using blended finance (which goes beyond what was reviewed in the 2021 early-stage assessment). The synthesis will contextualize the evaluation look at issues identified in the conceptual framework (for example, whether blended finance interventions tend to address the challenges described in column one and lead to the outcomes in column three of figure 3.1).

4.3 Portfolio identification, review, and analysis. The PSW portfolio identification will include all projects financed through any of the four PSW facilities from IDA18 to early IDA20 (projects approved during fiscal year 2023) and provide descriptive statistics (such as figure A.1) of the evolution of the volume of PSW support. These will include changes in the use among the four PSW facilities, sectors, and different groups of countries (for example, FCS). We will develop a before-and-after-PSW picture to show whether the PSW has increased IFC's and MIGA's engagement in PSW-eligible countries. We will also look at the Anticipated Impact Measurement and Monitoring and Impact Measurement and Project Assessment Comparison Tool scores of IFC and MIGA projects in PSW-eligible countries without PSW support to gauge whether there are any meaningful differences between the two types of projects.⁸ The team plans to review all PSW-supported projects to account for the full spectrum of (i) country representation (income and fragility), (ii) type of PSW facility financing the project, and (iii) project implementation track record. We will evaluate PSW-supported projects against a template that will be designed to gauge their financial and nonfinancial additionality and, for canceled or deselected projects, the reasons for those cancellations. The team will also look at projects that were presented for PSW approval but did not receive financing and the reasons for this. The template design will benefit from the findings from the literature review and interviews that the team will conduct. Based on our preliminary work, it is already anticipated that it will include (i) how the project fits

with the country development strategy or is linked to other complementary interventions, as described in the conceptual framework; (ii) why it is expected to have a high development impact and how it meets high environmental and social standards; (iii) if the project is viable; and (iv) why the project could proceed only with the support of the PSW and the use of concessional blended finance. We will also examine whether crisis response (including responding to COVID-19) was incorporated in the design of the projects (including whether the PSW has had a countercyclical effect). Although it is too early to gauge the effectiveness of PSW interventions, the template will also extract data on early results where possible. Although the team does not expect such evidence to be generalizable, it might still offer some early lessons on the results of PSW projects. In addition, the team will check for any connections to upstream and advisory work for the reviewed projects.⁹ To the extent possible, when looking at sample subprojects, we will assess both the financial return to the subclient (such as small and medium enterprises) and the overall economic return of the project, including all identifiable costs and benefits associated with the subproject. This will include subsidies and the broader economic benefits, such as taxes generated, or identifiable environmental and social benefits. Where data are available, we will also look at job growth (or destruction), including by gender, over the course of the project to date. Although these results will be early stage and will not be conclusive, they will help raise potential issues for further attention early enough that corrective actions might be taken.

4.4 Review of concessionality. The review of concessionality will measure the subsidy provided by the PSW as the difference between the rate charged by the PSW and that required by IFC or MIGA on a stand-alone basis. The IFC-IDA PSW approval process entails calculating explicit risk coverage in terms of loss guarantees and applying this to the client transaction pricing. IEG will assess the way that IFC and IDA, individually and jointly, calculate risks and risk offsets, both on an individual project basis and on a pooled risk basis, where applicable. To do this, we will look at IFC's loss given default calculations and the risk offset provided by IDA guarantees. We will also look at the fees paid by IFC to IDA, at the revenues and losses incurred by IDA on supported transactions, and at market prices for similar transactions, where available. This analysis will cover all PSW projects for which such calculations have been made and will be conducted concurrently with the portfolio review and analysis. In this PSW evaluation update, the team expects to provide more information in terms of subsidy used by facility, region, and country typology (for example, FCS and low-income IDA). To the extent possible, we will assess the effects on market distortion as part of the case studies.

4.5 Review of IFC and MIGA clients' use of PSW proceeds. First, we will look at the client facility documentation to see if the legal agreements specify the use of the IDA

PSW proceeds. Second, we will see if the legal agreements specify any client reporting requirements associated with the IDA PSW facility. Third, we will review reports available in IFC client files (normally held by the portfolio team) related to the use of IDA PSW facilities. Fourth, in cases where the portfolio files provide insufficient information for IEG to understand how the IDA PSW proceeds were used, we will request interviews with appropriate client counterparts to better understand how proceeds have been used. Where feasible, we will evaluate how the PSW proceeds are being used by subclients and if these uses are tending toward productive outcomes. Evidence will come from subborrower information collected by IFC clients in their normal monitoring process and will include subloan size, pricing, repayment terms, arrears experience, and user experience, among other factors. In view of the short delivery timeline for this evaluation, we may restrict the analysis of proceeds (and legal agreements) to country case study projects only or drop it altogether if it proves difficult to obtain the needed information in a timely manner.

4.6 Semistructured interviews. The team expects to conduct interviews with a sample of IFC investment officers and MIGA underwriters working on PSW projects. We will also interview the PSW Secretariat and Oversight Committee members and other World Bank staff who have been involved in PSW projects or decision-making. Interviews with borrowers should provide insights into concessionality from their perspective. Additional interviews with competitors, partners (especially those involved in projects with blended finance in other development institutions), and beneficiaries, as well as other stakeholders (such as chambers of commerce and academics), where relevant, could also be used to complement the findings from the document review and portfolio review.

4.7 Country case studies. The team plans to gauge the relevance of the PSW interventions by reviewing country strategies and diagnostic work, upstream interventions, and the private sector portfolio and conducting interviews. It is expected that this analysis will contribute to understanding the marketwide implications of PSW-financed projects. The team expects to select three to five country case studies based on the portfolio review. Some possible criteria are the number of PSW projects in a given country, early versus later projects, FCS versus non-FCS countries, regional representation, and presence of counterfactual projects. A local consultant will conduct each case study (mission travel or virtual missions may be used if no appropriate local consultant is identified). Additional virtual interviews will help better understand the initial results of the PSW-financed projects (including any countercyclical effects of the COVID-19 crisis) and how they impact clients (and gauge any possible improvements in their performance) and final beneficiaries. We also anticipate that the case studies will provide insights into the market distortion effects of the PSW subsidies. We expect that

these case studies, although not generalizable, will provide further insights into the market creation of the PSW projects (and the extent to which this market creation was anticipated in the evaluation of the expected impact on the market in Anticipated Impact Measurement and Monitoring assessments).

4.8 **Limitations.** Limits on the availability of data or on IEG access to confidential or strictly confidential IFC and MIGA data might affect the portfolio review, resulting in less than the full set of PSW projects being reviewed for this evaluation. Sensitive client information would be used only in the aggregate. The evaluability assessment already conducted as part of this Approach Paper indicates that these limitations will not present a significant challenge in generating evidence to answer the evaluation questions.

5. Quality Assurance Process

5.1 The PSW evaluation update will follow IEG's standard internal quality assurance and external quality review process. The evaluation will undergo review by IEG management and external reviewers. The external reviewers, who will provide guidance and quality assurance to IEG, are Laure Wessemius-Chibrac (managing director, Netherlands Advisory Board on impact investing; chair of the board, REGMIFA [Regional MSME Investment Fund for Sub-Saharan Africa]; and former managing director, Cordaid Investment Management, the Netherlands); Rashad Kaldany (chief investment officer, Blue like an Orange Sustainable Capital; former chief operating officer, IFC); and Sabine Schlorke (an investment professional with almost 30 years of experience, including previously at IFC). We plan to engage with IDA, IFC, and MIGA counterparts throughout the process.

6. Expected Outputs, Outreach, and Tracking

6.1 The expected output of the evaluation is a report to be delivered to IDA deputies before their IDA20 Mid-Term Review meeting. IEG will seek to disseminate its findings to multiple audiences to stimulate discussion and encourage an exchange of ideas. A blog and relevant materials will be posted on IEG's website, and we will also explore internal and external forums for further dissemination. The tracking of the recommendations of the report will follow the standard Management Action Record process.

7. Resources

7.1 **Timeline and budget.** IEG will prepare an evaluation report and submit it to the Committee on Development Effectiveness in December 2023. The proposed budget is US\$493,000.

7.2 Team composition. The evaluation will be prepared by an IEG team led by Mitko Grigorov and comprising William Haworth, Ridwan Bolaji Bello, and Aarre Laakso. The evaluation team will also work extensively with IEG’s Methods Advisory Function team to ensure that the implementation of the design is fit for purpose. Romayne Pereira and Emelda Cudilla will provide administrative support. The evaluation will be prepared under the supervision of Marialisa Motta (manager) and under the direction of Carmen Nonay (director) and Oscar Calvo-Gonzalez (acting Director-General, Evaluation).

¹ Originally intended to cover only International Development Association countries and countries classified as fragile and conflict-affected situations, the Private Sector Window (PSW) has since expanded its eligibility on a temporary basis to include some International Development Association blend countries and some subnational regions within countries. The full list of PSW-eligible countries is available at <https://thedocs.worldbank.org/en/doc/f686041a96ba821fceb02d97a2e43c6-0410012020/original/psw-eligible-countries.pdf>.

² Consistent with the Independent Evaluation Group evaluation, *International Finance Corporation Additionality in Middle-Income Countries* (World Bank 2023), discussed by the Committee on Development Effectiveness on March 6, 2023, this focused assessment will use the definitions of financial and nonfinancial additionality in the revised additionality framework guidance note from the International Finance Corporation (IFC) and the *Multilateral Development Banks’ Harmonized Framework for Additionality in Private Sector Operations* report (ADB et al. 2018; IFC 2018).

³ IFC reflects this to a degree in its Anticipated Impact Measurement and Monitoring assessment at the time of approval, which looks at the expected impact on the market and on the client. The expectation is that PSW projects would have market creation potential or high development impact potential.

⁴ In some cases, subsidies can be captured and result in reduced productivity and efficiency.

⁵ Financial additionality in this case refers to IFC’s standard definition of additionality, except that subsidies are allowed. Thus, in most subsidized projects, the subsidies provide one form of financial additionality. Other forms can include extension of market terms—longer tenors, lower collateral levels, different kinds of collateral, and so on.

⁶ Nonfinancial additionality principally refers to technical assistance, and this may be fully or partly subsidized by IFC, the Multilateral Investment Guarantee Agency, or donors. Technical assistance additionality is generally assessed regardless of level of subsidy by looking at the value the technical assistance brought to the client. Value calculations are usually estimates from the technical assistance delivery teams.

⁷ The team conducted an evaluability assessment over a sample of 73 projects (representing 65 percent of the PSW portfolio) to ensure that the portfolio could be assessed on the dimensions of additionality and concessionality. We executed a textual analysis of project documents

followed by a manual review. We found that documents for 44 projects (60 percent) contained information that enabled assessment of different measures of additionality, and documents for 42 projects (58 percent) contained information on concessionality. In addition, documents for 38 projects (52 percent of reviewed projects) contained information that could help the team extract measures of “market creation.”

⁸ The team might also use Anticipated Impact Measurement and Monitoring scoring to gauge whether there is an estimated market gap for any sector or subsector financed (for example, small and medium enterprises and women-owned businesses).

⁹ This review is a follow-up on World Bank Group management’s comments to the Committee on Development Effectiveness regarding the previous assessment on addressing the nonfinancial risks associated with PSW projects.

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Appendix A. Usage, Additionality, Concessionality, and Governance of the Private Sector Window

Under the 18th Replenishment of the International Development Association (IDA18), which spanned fiscal years 2018–20, US\$1.32 billion in Private Sector Window (PSW) funds were approved for investment (figure A.1), equal to 53 percent of the IDA PSW funds allocated (US\$2.5 billion).¹ Most approvals coincided with the World Bank Group’s COVID-19 crisis response. Under IDA19, spanning fiscal years 2021–22, the PSW approved a further US\$1.65 billion in funds, which, given the shortened period of IDA19 (two fiscal years instead of three), accounts for 100 percent of the allocated funds. The last two quarters of IDA19 (US\$402 million during the third quarter of fiscal year 2022 and US\$527 million during the fourth quarter of fiscal year 2024) account for over half (56 percent) of all IDA19 approvals. Under IDA20, which is currently in its third quarter, only an additional US\$142 million has been approved for a total PSW of US\$3.1 billion (figure A.1).²

Figure A.1. Private Sector Window Facilities—Cumulative Approvals



Source: Independent Evaluation Group staff calculations.

Note: IDA18 = 18th Replenishment of the International Development Association; Q = quarter.

The PSW comprises four distinct facilities (table A.1). Of the four, the most used was the blended finance facility with US\$1.69 billion, or over half of all PSW commitments. This is consistent with the 2021 Independent Evaluation Group assessment, when the blended finance facility was again used the most (US\$872 million out of US\$1.37 billion).

The local currency facility is the second most used with a combined US\$765 million, which represents a significant increase in allocation under IDA19, as only US\$219 million were approved under IDA18. The Multilateral Investment Guarantee Agency (MIGA) guarantee facility is the third most used with US\$335 million, US\$246 million of which were under IDA18, when it was the second most used. The least used remains the risk mitigation facility with US\$59 million in only one project (and even this project uses the MIGA guarantee facility along with the risk mitigation facility), with no approvals under IDA19 or IDA20.³

Table A.1. Private Sector Window Facilities

PSW Facility	Instrument Description	PSW Objectives
Blended finance facility	Guarantees, loans, and equity investments jointly with IFC	Support IFC-led, high-impact investments in SME finance and entrepreneurship, agribusiness, and other sectors
Local currency facility	Local currency hedging and counterparty credit guarantees	Allow IFC to provide financing in local currency in IDA and FCS countries where local currency solutions are underdeveloped or missing
MIGA guarantee facility	Expands MIGA guarantees through first loss and risk participation	Bridge gaps in the availability of coverage for MIGA-eligible noncommercial risks and crowd in private investment in IDA-only and FCS countries
Risk mitigation facility	Project-based guarantees targeting private participation in infrastructure	Crowd in private participation in infrastructure by providing guarantees to cover key noncommercial risks

Source: Independent Evaluation Group.

Note: FCS = fragile and conflict-affected situation; IDA = International Development Association; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; PSW = Private Sector Window; SME = small and medium enterprise.

The previous Independent Evaluation Group assessment (World Bank 2021) found that, especially during the COVID-19 response, existing programs (such as the Global Trade Finance Program and the Working Capital Solutions) allowed rapid deployment of short-term finance for existing clients in PSW-eligible countries and facilitated use of the PSW. As figure A.1 shows, the fourth quarter of 2020 still remains the quarter with the single largest amount of PSW approvals (US\$625 million). Nonetheless, the PSW remained underused under IDA18. Some limiting factors that constrained the usage below the targets during the IDA18 period were challenges related to pipeline of infrastructure projects in markets that were seeing a decrease in foreign direct investments, similar Bank Group instruments (the risk mitigation facility shares some similarities with IDA’s partial risk guarantees), the pilot nature of the PSW at the time, and its limits to address nonfinancial risks restricting the supply of bankable projects in high-risk markets. The 2021 early-stage assessment, however, analyzed only approvals and did not examine disbursements and cancellation or the factors contributing to these.

Demonstrating additionality is a key eligibility criterion for PSW support because it allows the International Finance Corporation (IFC) and MIGA to go beyond their existing instruments in addressing the higher risks for clients in PSW-eligible countries.

The PSW approval documents define additionality as “when existing [IFC and MIGA] instruments are not deemed sufficient to meet investor requirements” (World Bank 2016, ii). PSW additionality, in these terms, includes the two dimensions of scale (increasing investment levels) and scope (increasing the range of investments in terms of clients, sectors, instruments, and countries). The previous assessment (World Bank 2021) looked at these two dimensions and found that the scale (IFC investment and MIGA guarantee volumes in PSW-eligible countries) had not increased significantly after the introduction of the PSW. In terms of scope, the assessment found more positive results in allowing the two institutions to enter new markets.

Further, IFC’s report on revised additionality framework and the *Multilateral Development Banks’ Harmonized Framework for Additionality in Private Sector Operations* report (ADB et al. 2018; IFC 2018) define additionality by providing specific topology labels for financial and nonfinancial additionality. The framework uses four categories of financial additionality: financing structure, innovative financing structure or instruments, resource mobilization, and IFC own-account equity. For example, the financing structure can be expressed in terms of longer tenors or grace periods, larger size of loans, or financing in local currency. The nonfinancial additionality is also expressed in four categories: risk mitigation; policy sector, institutional, or regulatory change; knowledge, innovation, and capacity building; and standard setting. This focused evaluation will follow this topology for financial and nonfinancial additionality and will also look at market creation to the extent possible (see the Objective, Scope, and Audience section in this Approach Paper).

In terms of concessionality, when used properly, PSW subsidies can be critical in making IFC and MIGA investments in eligible countries commercially viable.⁴ Overall, the average subsidy provided by the PSW during IDA18 was 15.5 percent of PSW approvals or 2.5 percent of total project cost, which is equal to US\$213 million in subsidy for US\$1.37 billion in PSW approvals or US\$8.39 billion in total project cost (World Bank 2020). The level of subsidies differs depending on the specific project and the PSW facility used, with the local currency facility commanding the highest levels of subsidy during the IDA18 cycle (World Bank 2021). Nonetheless, the 2021 evaluation was unable to assess whether the subsidies have adequately addressed market failures because of the lack of available evidence.

The PSW has a distinct governance structure with a PSW Oversight Committee and a PSW Secretariat, and the approval process involves all relevant reviews from the project institutions (IFC, MIGA, IDA, and the International Bank for Reconstruction and Development).⁵ The 2021 evaluation found that the decision-making process has not significantly limited the usage of the PSW under IDA18 and has resulted in only a moderate increase in administrative costs (US\$11.2 million, representing 0.6 percent of total IDA18 PSW volume). However, the report suggested further monitoring of

processing time and costs. IDA, IFC, and MIGA are currently streamlining the governance structure, and the governance aspect will be examined in the Mid-Term Review paper. As such, the Independent Evaluation Group will not opine on the latest changes as there will be no observable results at the time when this evaluation is completed.

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¹ These numbers have been slightly adjusted based on updated data compared with the Independent Evaluation Group's 2021 assessment, which reported US\$1.37 billion in Private Sector Window (PSW) approvals under the 18th Replenishment of the International Development Association, accounting for 55 percent of the allocations.

² The PSW reports that US\$0.87 billion of the approved financing has gone to countries in fragile and conflict-affected situations. It also reports that PSW financing has resulted in estimated direct and indirect mobilization of US\$16.37 billion. The Independent Evaluation Group has not yet verified these numbers.

³ The totals for the four facilities add up to slightly less than US\$3.1 billion because several projects use two of the facilities simultaneously. The blended finance facility is used along with the Multilateral Investment Guarantee Agency guarantee facility for US\$128 million in approvals and the local currency facility for US\$116 million.

⁴ Although the PSW subsidy enables the International Finance Corporation to meet its risk-adjusted return targets, its main goal is to enable private sector players to proceed with projects they would have otherwise not pursued (because of high or unquantified risks). The subsidy also needs to be no greater than the minimum required for viability; otherwise, it could distort markets (thus, the subsidy would not have followed the minimum concessionality principle).

⁵ See appendix D in World Bank 2021.

Appendix B. Preliminary Evaluation Measurements and Limitations

Table B.1 includes the three key dimensions of the evaluation—usage, additionality, and concessionality; their brief definitions; the measurements proposed for each; the sources of data and information for these measurements; and the limitations the team expects under each. The table should be considered as preliminary, particularly on the proposed measures and sources, which we may need to amend based on the portfolio review and analysis, the literature review, and the internal document review.

Table B.1. Preliminary Evaluation Measurements and Limitations

Dimension	Definition	Measurement	Source of Data	Possible Limitations
Usage	We define usage over two dimensions: (i) approvals (or commitments) and disbursement of the PSW funds (“simple usage”) and (ii) the degree to which the usage of the PSW funds (approvals and disbursements) is consistent with IFC development objectives and IDA PSW objectives (“appropriate usage”).	<p>Simple usage: Approvals, disbursements, cancellations, prepayments, and underuse by clients under IDA18–20 in terms of the following:</p> <ol style="list-style-type: none"> 1. Overall approvals and disbursements over time. 2. Approvals and disbursements by PSW facility over time. 3. Approvals and disbursements by sector over time. 4. Approvals and disbursements by type of instrument (for example, loans, guarantees, and equity; short-term trade and working capital facilities versus longer-term financing, US dollars versus local currency, and secured versus unsecured; and projects included in platforms and individual projects). <p>Appropriate usage: 5. Consistency of the funds approved and disbursed with</p>	<p>1–4. Project database for all committed facilities, outstanding balances, prepayments, cancellations, and droppages for PSW-supported clients.</p> <p>5. Portfolio review and analysis (comparing project objectives with IDA and PSW</p>	<p>1–4. None expected for use versus commitments, or cancellation, prepayments, or underuse. These are currently captured in existing IFC and MIGA reports by number of deals and volume.</p> <p>5. Objectives might not be stated in a consistent manner for all projects, and the</p>

Dimension	Definition	Measurement	Source of Data	Possible Limitations
Additionality	<p>Additionality comprises (i) additionality of the PSW, (ii) additionality of IFC and MIGA in PSW projects, and (iii) market creation.</p> <p>(i) Additionality of the PSW is defined as scale additionality (IFC's and MIGA's growth in PSW-eligible countries) and scope additionality (IFC's and MIGA's entry into new or frontier markets and sectors or deployment of new instruments; World Bank 2016, 2017).</p> <p>(ii) Additionality of IFC and MIGA in PSW projects is defined as the unique contribution they bring to a private investment project that is typically not offered by commercial sources of finance (IFC 2018, consistent with ADB et al. 2018). Additionality is financial or nonfinancial. Financial additionality is based on the features of the financial package offered, including the financing structure (such as longer tenors and provision of local</p>	<p>the PSW-related objectives stated in the project documents.</p> <p>6. Usage of proceeds by beneficiaries (based on client subblending agreements stating use of proceeds, interviews with subclients about use of proceeds).</p>	<p>objectives) and interviews with IFC and MIGA staff and clients.</p> <p>6. Loan agreements for IDA-supported facilities available in legal database and semistructured interviews with beneficiaries.</p>	<p>evaluators might need to make judgments on the consistency, introducing possible bias.</p> <p>6. Some legal documents might be difficult to obtain, and the evidence from interviews might not be generalizable.</p>
		<p>Additionality of scope and scale:</p> <p>7. Increasing volume in existing markets (scale).</p> <p>8. New markets and sectors (scope) reached, both by number of deals and volume, including, where available, number of firms reached with start-up venture capital, number of SMEs reached with credit, and number of women reached with finance.</p> <p>Financial additionality:</p> <p>9. Tenors and grace periods that are longer or higher than what the market is offering.</p> <p>10. Provision of local currency financing or hedging agreements that support PSW local currency projects that are not currently available or are limited.</p> <p>11. Mobilization of additional private lenders or investors or of other multilateral and bilateral financial institutions.</p>	<p>7–8. IFC project database for all committed facilities, outstanding balances, prepayments, cancellations, droppages, and mobilization reports for PSW-supported clients by country, sector, or client.</p>	<p>7. None expected</p> <p>8. Data on final beneficiaries outside of country case studies might be limited.</p>
			<p>9–11. Portfolio review and analysis template and interviews with IFC, MIGA, and IDA, as well as with competitors, partners, and beneficiaries.</p>	<p>9–11. None expected.</p>

Dimension	Definition	Measurement	Source of Data	Possible Limitations
	<p>currency financing) or innovative financing. Nonfinancial additionality refers to the deployment of knowledge and standards (World Bank 2023).</p> <p>(iii) Market creation is defined as the degree to which PSW projects have contributed to jump-starting of private sector markets.</p>	<p>Nonfinancial additionality:</p> <p>12. Number of MIGA guarantees, offtake agreements, government undertakings, or regulatory approvals.</p> <p>13. Number of advisory projects provided to client companies or banks that benefit from PSW projects.</p> <p>14. Number of environmental and social standards adopted by the client companies or banks.</p> <p>Market creation (demonstration):</p> <p>15. Number of new projects and volumes that have followed after PSW projects. New projects should be characterized by</p> <ul style="list-style-type: none"> • Increased private capital mobilization or mobilization by other multilateral financial institutions. • Declining concessionality. 	<p>12–14. Portfolio review and analysis and semistructured interviews with IFC and MIGA staff.</p> <p>15. Interviews with IFC, MIGA staff, clients, and competitors in case study countries.</p>	<p>12–14. These data may not be systematically available. As IEG’s evaluation on IFC’s approach to additionality in middle-income countries (World Bank 2023) has shown, it is difficult to attribute observable change to IFC activities. However, the team will attempt to mitigate this by interviewing IFC advisory services staff and following up on information provided. It is nevertheless possible that only information on the intent (from approval documents) can be extracted.</p> <p>15. Follow-on projects might be difficult to identify; competitor and non-IFC and non-MIGA clients may be reluctant to share certain confidential information even in anonymous interviews; the findings might not be generalizable.</p>
Concessionality	The evaluation adopts the definition of concessionality used in the PSW’s operationalization document: “PSW will measure the level of subsidy as the difference between commercial terms available for the same or similar product and the terms of PSW-enabled finance product. When concessional funds are used to	<p>Level of concessionality: Reduction in IFC pricing as a result of IDA PSW participation.</p> <p>16. Comparison of expected loss based on probability of default and loss given default before and after IDA facility.</p>	<p>16. IFC credit risk rating, probability of default, and loss given default reporting. PSW project database and documents (extracted through portfolio review and analysis template), interviews with IFC Treasury, internal rating platform, IFC and MIGA credit rating</p>	<p>16. There might be issues with aggregating the data across different projects (for example, the reports done for loans are different from the reports done for equity). The team would also rely on the robustness of external analysis (such as the analysis used by the World Bank Treasury to set prices).</p>

Dimension	Definition	Measurement	Source of Data	Possible Limitations
	<p>invest in projects where there is no market benchmark for pricing, relevant benchmark financing—such as from comparable sectors and markets—can be used as a proxy for commercial financing” (World Bank 2017, 13).</p> <p>IFC calculates the level of concessionality as a percentage of total project cost. Thus, the level of concessionality (expressed as a percentage) = net present value of (reference price – concessional price)/total project cost.</p> <p>PSW projects must adhere to the minimum concessionality principle (that is, provide the minimum level of support for the intervention to proceed and for clients to use the facility).</p> <p>Concessionality can be for IFC, the beneficiary of the project (for example, a commercial bank), or the final beneficiary (for example, the small enterprise that receives a loan from the World Bank).</p>	<p>Effects of concessionality on market distortions:</p> <p>17. Comparison of clients that received support with those that did not in terms of market share, financial strength, network, and so on.</p> <p>18. Review of client selection processes—was there a market scan, was there a competitive allocation process (bidding), were concessions linked to conditionalities?</p> <p>19. Comparison of IFC and MIGA price reduction because of IDA involvement, change in client facility pricing versus standard IFC pricing, and final price versus market benchmarks.</p>	<p>databases, and external databases (credit rating agencies).</p> <p>17–18. Interviews with IFC, MIGA, IDA staff, clients, competitors, partners; portfolio review (document extraction); and data obtained during country case studies.</p> <p>19. Data extracted from documents (in portfolio review and analysis template) and interviews with clients, IFC and MIGA staff, country case studies, IFC risk ratings, and standard pricing guidelines or pricing model.</p>	<p>17–18. Information might not be systematically available on counterfactual projects and clients; interviews might not yield sufficient generalizable information on client selection.</p> <p>19. Data might not be systematically available; generalization might be limited.</p>

Source: Independent Evaluation Group.

Note: IDA = International Development Association; IDA18 = 18th Replenishment of the International Development Association; IEG = Independent Evaluation Group; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; PSW = Private Sector Window; SME = small and medium enterprise.

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Appendix C. Evaluation Design Matrix of the Private Sector Window Evaluation Update

Table C.1 indicates the key questions and the data collection and analysis methods used for answering them. It also maps which relevant dimension of inquiry (usage, additionality, concessionality) of the analysis is related to each question and to what extent answering this question will require new evidence compared with the 2021 Independent Evaluation Group assessment (World Bank 2021).

Table C.1. Evaluation Design Matrix of the Private Sector Window Evaluation Update Compared with the 2021 Independent Evaluation Group Assessment

Key Questions	Main Data Collection and Analysis Methods	Evaluated Dimension	Difference from 2021 Assessment
<ul style="list-style-type: none"> 1. Has the usage of the PSW enabled IFC and MIGA to increase the scope and scale of their portfolio in IDA countries while promoting financial and nonfinancial additionality in the private sector investments they support? 	<ul style="list-style-type: none"> Portfolio review and analysis Country case studies Semistructured interviews with World Bank Group staff 	<ul style="list-style-type: none"> Usage Additionality 	<ul style="list-style-type: none"> Update on usage to include IDA19 and early IDA20 New evidence on new dimensions, such as cancellations and prepayments New evidence on financial and nonfinancial additionality
<ul style="list-style-type: none"> 2. To what extent have the PSW subsidies adequately addressed market failures and followed the minimum concessionality principle? 	<ul style="list-style-type: none"> Review of subsidies and concessionality Portfolio review and analysis Review of IFC and MIGA clients' use of PSW proceeds 	<ul style="list-style-type: none"> Concessionality 	<ul style="list-style-type: none"> Update on level of concessionality to include IDA19 and early IDA20 New evidence on addressing market failure
<ul style="list-style-type: none"> 3. Is there any early evidence that PSW-supported investments are (or are not) leading to private sector market development (delivering intended market creation additionality)? 	<ul style="list-style-type: none"> Semistructured interviews with IFC and MIGA staff and clients, and market participants in selected countries Review of IFC and MIGA clients' use of PSW proceeds Country case studies 	<ul style="list-style-type: none"> Additionality 	<ul style="list-style-type: none"> New evidence on market creation additionality

Source: Independent Evaluation Group.

Note: IDA = International Development Association; IDA19 = 19th Replenishment of the International Development Association; IFC = International Finance Corporation; MIGA = Multilateral Investment Guarantee Agency; PSW = Private Sector Window.

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