

INDEPENDENT EVALUATION GROUP



MIGA'S INDEPENDENT EVALUATION GROUP (IEG-MIGA) ASSESSES THE EFFECTIVENESS OF MIGA STRATEGIES, PROGRAMS, AND GUARANTEE PROJECTS. THE GROUP, ESTABLISHED IN 2002, REPORTS TO MIGA'S BOARD OF DIRECTORS AND IS INDEPENDENT FROM MIGA MANAGEMENT AND OPERATIONS.

The Independent Evaluation Group's objectives are to generate lessons learned from MIGA's operations and to ensure accountability for results. It aims to provide relevant and timely evaluations to inform MIGA management and staff, the Board of Directors, and other stakeholders about important issues of MIGA's development and operational effectiveness. A core function of IEG-MIGA is the independent evaluation of guarantee projects. Project evaluations are the basic building blocks for IEG-MIGA reports and special studies, and a source of lessons learned.

MIGA management has begun to implement an approach for the self-evaluation of guarantee projects by MIGA operational staff in fiscal 2009. A rigorous self-evaluation system can strengthen MIGA's ability to track the development results of its projects, and enhance learning from prior guarantee projects. IEG-MIGA is assisting the implementation of this new initiative and has supported the development of a method and guidelines for self-evaluation. To ensure the consistent application of the method and comparability of results, IEG-MIGA will validate each self-evaluation prepared by MIGA staff.

IEG-MIGA's annual flagship report, the Independent Review of MIGA's

Development Effectiveness 2009, focused on enhancing MIGA's effectiveness in IDA and conflict-affected countries, two of MIGA's current operational priorities. The report assesses key aspects of the role of political risk insurance, the development outcome of MIGA projects, and the quality of delivery of MIGA guarantees in IDA and conflict-affected countries.

IEG-MIGA increasingly works with the evaluation groups of the World Bank and IFC on joint evaluations to provide a common perspective on World Bank Group activities. In fiscal year 2009, the Board of Directors discussed a joint IEG study, *World Bank Group Guarantee Instruments 1990-2007*, which reviews the Bank Group's experience with guarantee instruments including those provided by MIGA. The study responded to three questions: (1) should the World Bank Group be in the guarantee business? (2) have World Bank Group guarantees been used to their potential? and (3) is the World Bank Group appropriately organized to deliver its range of products?

The evaluation found that guarantees have been effective in facilitating investments to high-risk countries and in filling gaps in providing political risk insurance. The study also concluded that there was potential to enhance the use of guarantees, and that the

World Bank Group was not optimally organized to deliver them, mainly due to competition among products, weak marketing, and policy and mandate restrictions limiting the scope of products. IEG recommended that the Bank Group take a strategic approach and decide whether to maintain the existing organizational structure in which guarantees are delivered, or propose an alternative organizational structure. IEG also made specific recommendations to MIGA to enhance the effectiveness of its guarantee products. It recommended that MIGA update its Convention in order to remain relevant and to meet market demand and client need, to alleviate constraints derived from MIGA's Operational Regulations and policies, and to address internal weaknesses in its processes and business development to increase responsiveness to market demand.

IEG-MIGA's annual flagship reports and recommendations, as well as joint IEG evaluation studies, are disclosed and can be accessed at www.miga.org/ieg.