

**ADDENDUM NO. 1**

**to the**

**MEMORANDUM**

**regarding**

**IFIs Harmonized Development Results Indicators for  
Private Sector Investment Operations**

**among**

**INTERNATIONAL FINANCIAL INSTITUTIONS,  
Parties to the Memorandum dated October 12, 2013**

**Dated October 5, 2015**

**ADDENDUM NO. 1**  
**TO THE MEMORANDUM DATED 12 OCTOBER 2013**

THIS ADDENDUM NO. 1 to the Memorandum regarding the IFIs Harmonized Development Results Indicators for Private Sector Investment Operations dated 12 October 2013 (the “**Memorandum**”) (“**Addendum No.1**”) is entered into among each of the undersigned International Financial Institutions (hereinafter collectively referred to as the “**IFIs**” and individually as an “**IFI**”) who are parties to the Memorandum.

**WHEREAS**

- (A) On 12 October 2013 the IFIs entered into the Memorandum pursuant to which the IFIs set forth their intent to support the principle of harmonization and collaborate with respect to the harmonization of a set of indicators designed to assess the development results stemming from their operations and adopted an initial set of Indicators (as that term was defined in the Memorandum) in their private sector operations in place of any existing indicators covering the results sought by the Indicators and to incorporate them into their results reporting systems;
- (B) The IFIs stated that they would continue their collaboration into refining and complementing the initial set of Indicators listed in Annex A attached to the Memorandum, in order to better capitalize on the benefits of the harmonization;
- (C) The IFIs have now determined that additional indicators need to be added to the initial set of Indicators to be covered by the terms of the Memorandum;
- (D) The purpose of this Addendum No.1 is to amend the Memorandum to add additional indicators to the initial list of Indicators to be used by the IFIs.

**NOW, THEREFORE**, each of the IFIs acknowledges its intention to amend the Memorandum as follows:

1. Attached to this Addendum as Schedule 1 is a list of additional indicators, which the IFIs acknowledge, will be added to the list of Indicators set forth in Annex A to the Memorandum.
2. The terms of paragraph 4 of the Memorandum are modified by replacing the existing language in its entirety with the following: “Each IFI intends to incorporate the Indicators within its development results system by October 31, 2016, except that for any IFI that becomes a party to this Memorandum pursuant to the terms of paragraph 8(c) below on or after October 31, 2015, the period shall be one (1) year from the date it becomes a party to this Memorandum.”
3. The terms of paragraph 8(c) of the Memorandum are modified by replacing the existing language in its entirety with the following: “Any international financial institution

not a party to this Memorandum may seek to become an additional party hereto, by expressing its intent to become a party and acknowledging its intention to incorporate the Indicators within a year from becoming a party in a written communication addressed to the IFIs pursuant to paragraph 10 below, such written communication to be signed by a duly authorized representative of such international financial institution. Such international financial institution will become a party to this Memorandum (and thereafter deemed an "IFI" for the purposes of the Memorandum) on the thirtieth [30<sup>th</sup>] day from the date of the letter to the IFIs, unless any written objection is raised by any of the IFIs parties to the Memorandum during such thirty-day period."

4. For all purposes of the Memorandum, the additional indicators set forth in Schedule 1 will be deemed "Indicators" as that term is defined in the Memorandum, and will be considered as included in the term "initial set of Indicators" as that term is used in the Memorandum.

5. Nothing in this Addendum No. 1 will be deemed to modify or amend any term of the Memorandum, except for (a) the inclusion of the additional indicators set forth in Schedule 1 into the definition of Indicators; (b) the modification to paragraph 4 as provided for in section 2 above; and (c) the modification to paragraph 8 (c) as provided for in section 3 above.

6. Nothing in this Addendum No. 1 will constitute or be construed as a waiver, renunciation or other modification of privileges, immunities and exemptions, if any enjoyed by each IFI.

7. This Addendum No. 1 will form an integral part of the Memorandum. Following the date of this Addendum No. 1, all references to the "Memorandum" shall be deemed to refer to the Memorandum including the additional indicators as Indicators as set forth in Annex A and with the modification to paragraphs 4 and 8(c) as provided above.

IN WITNESS WHEREOF, the IFIs, each acting through its duly authorized representative, have caused this Addendum No. 1 to the Memorandum to be signed in their respective names as of the date first above written.

PAGE INTENTIONALLY LEFT BLANK

**ADB - ASIAN DEVELOPMENT BANK**

By : 

Name: Mr. Todd C. Freeland\_\_\_\_\_

Title : Director General, Private Sector Operations Department

PAGE INTENTIONALLY LEFT BLANK

**AfDB - AFRICAN DEVELOPMENT BANK**

By : \_\_\_\_\_

 Name: Mr. Steve Kayizzi-Mugerwa\_\_\_\_

Title : Acting Chief Economist and Vice President

PAGE INTENTIONALLY LEFT BLANK



**BIO - BELGIAN INVESTMENT COMPANY FOR DEVELOPING COUNTRIES**

By :  \_\_\_\_\_

Name: Mr. Luuk Zonneveld \_\_\_\_\_

Title : Chief Executive Officer \_\_\_\_\_

• PAGE INTENTIONALLY LEFT BLANK

**BOAD - BANQUE OUEST AFRICAINE DE DEVELOPPEMENT**

By : \_\_\_\_\_

Name: Mr. Patrice Gbaguidi\_\_\_\_\_

Title : Director, Project Post Evaluation Department

PAGE INTENTIONALLY LEFT BLANK

**BSTDB - BLACK SEA TRADE AND DEVELOPMENT BANK**

By :  \_\_\_\_\_

Name: Mr. Ihsan Ugur Delikanli \_\_\_\_\_

Title : President and Chairman of the Board of Directors

PAGE INTENTIONALLY LEFT BLANK

**CDC GROUP**

By: \_\_\_\_\_

Name: Ms. Diana Noble\_\_\_\_\_

Title : Chief Executive Officer\_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK



**COFIDES - COMPAÑÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO**


By :  \_\_\_\_\_

Name: Salvador Marín Hernández \_\_\_\_\_

Title : Chairman and Chief Executive Officer

PAGE INTENTIONALLY LEFT BLANK

DEG - DEUTSCHE INVESTITIONS- UND ENTWICKLUNGSGESELLSCHAFT MBH

By : 

Name: Mr. Bruno Wenn \_\_\_\_\_

Title : Chairman \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK

**EBRD - EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

By : 

Name: Mr. Philippe Le Houérou\_\_\_\_\_

Title : Vice President, Policy and Partnerships

PAGE INTENTIONALLY LEFT BLANK

**EIB - EUROPEAN INVESTMENT BANK**

By : 

Name: Ms. Debora Revoltella \_\_\_\_\_

Title : Director, Economics Department

PAGE INTENTIONALLY LEFT BLANK



**FINNFUND - FINNISH FUND FOR INDUSTRIAL COOPERATION, LTD**

By : \_\_\_\_\_

Name: Mr. Jaakko Kangasniemi \_\_\_\_\_

Title : Chief Executive Officer \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK

FINANCE FMO - NETHERLANDS DEVELOPMENT FINANCE COMPANY

By :  J. Schraven  
Director Strategy

Name: Mr. Jorim Schraven \_\_\_\_\_

Title : Corporate Strategy Director \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK


PAGE INTENTIONALLY LEFT BLANK

PAGE INTENTIONALLY LEFT BLANK

PAGE INTENTIONALLY LEFT BLANK

PAGE INTENTIONALLY LEFT BLANK

**ICD - ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE  
SECTOR**

By :  \_\_\_\_\_

Name: Mr. Khaled Al-Aboodi \_\_\_\_\_

Title : Chief Executive Officer and General Manager

PAGE INTENTIONALLY LEFT BLANK

**IDB - INTER-AMERICAN DEVELOPMENT BANK**

By : 

Name: Mr. Bernardo Guillamon 

Title : Manager, Office of Outreach and Partnerships

PAGE INTENTIONALLY LEFT BLANK



**IIC - INTER-AMERICAN INVESTMENT CORPORATION**

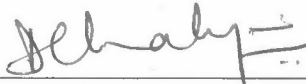
By :  \_\_\_\_\_

Name: Mr. Carl Muñana \_\_\_\_\_

Title : General Manager \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK

**IFC - INTERNATIONAL FINANCE CORPORATION**

By : 


*Deepa Chakrapani for*

Name: Mr. Toshiya Masuoka \_\_\_\_\_

Title : Director, Development Impact

PAGE INTENTIONALLY LEFT BLANK

**IFU - INVESTMENT FUND FOR DEVELOPING COUNTRIES**

By : \_\_\_\_\_

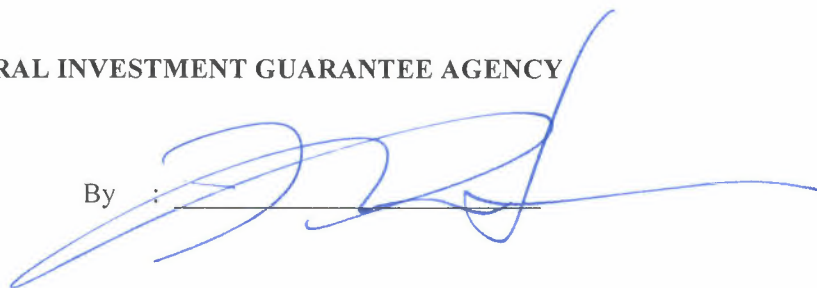
Name: Mr. Tommy Thomsen \_\_\_\_\_

Title : Chief Executive Officer \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK

**MIGA - MULTILATERAL INVESTMENT GUARANTEE AGENCY**

By :

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, written over a horizontal line.

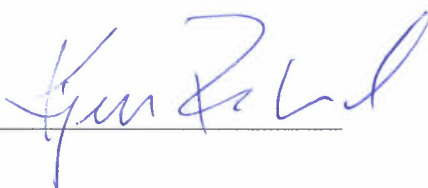
Name: Ms. Keiko Honda \_\_\_\_\_

Title : Chief Executive Officer and Executive Vice President

PAGE INTENTIONALLY LEFT BLANK



**Norfund - NORWEGIAN INVESTMENT FUND FOR DEVELOPING COUNTRIES**

By : 

Name: Kjell Roland \_\_\_\_\_

Title : Managing Director \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK

**OeEB - OESTERREICHISCHE ENTWICKLUNGSBANK**

By : Gand

Name: Mr. Michael Wancata \_\_\_\_\_

Title : Member of Executive Board \_\_\_\_

By: Hagmann

Name: Ms. Andrea Hagmann

Title: Member of Executive Board

PAGE INTENTIONALLY LEFT BLANK

**OPIC - OVERSEAS PRIVATE INVESTMENT CORPORATION**

By : Lori Leonard

Name: Ms. Lori Leonard\_\_\_\_\_

Title : Director, Economic Impact Analysis Group

PAGE INTENTIONALLY LEFT BLANK

Handwritten text, possibly a signature or date, appearing as "bmmab idh".

PIDG - PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

By :  

Name: Seneri Lutchmiah / Kamekum Rungapadiachy  
For and on behalf of Mbrumax Ltd

Title : Authorised Signatories

PAGE INTENTIONALLY LEFT BLANK




**PIDG - PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

By : 

Name: Rehman Imth / Ashraf Ramtola  
On behalf of Multiconsult Trustees Ltd  
Title : Authorised Signatory


PAGE INTENTIONALLY LEFT BLANK

**PIDG - PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

By : Rachel Iles   
RACHEL ILES GEMAUINE APPERT  
Name: \_\_\_\_\_  
Title : DIRECTOR DIRECTOR

PAGE INTENTIONALLY LEFT BLANK

**PROPARCO - SOCIETE DE PROMOTION ET DE PARTICIPATION POUR LA  
COOPERATION ECONOMIQUE**

By : 

Name: Mr. Claude Periou \_\_\_\_\_

Title : Chief Executive Officer \_\_\_\_\_



PAGE INTENTIONALLY LEFT BLANK

**SIFEM - SWISS INVESTMENT FUND FOR EMERGING MARKETS**

By :  \_\_\_\_\_

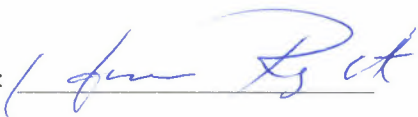
Name: Mr. Claude Barras \_\_\_\_\_

Title : Chief Executive Officer \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK



**SWEDFUND - SWEDFUND INTERNATIONAL AB**

By : 

Name: Ms. Anna Ryott \_\_\_\_\_

Title : Managing Director \_\_\_\_\_

PAGE INTENTIONALLY LEFT BLANK

# **SCHEDULE 1**

## **ADDITIONAL INDICATORS TO BE INCLUDED IN ANNEX A TO THE MEMORANDUM**

Indicator	Definition	Sector	Thematic Area	Rationale
<b>Sector-Specific Indicators</b>				
Average Tenor (months)	Average (simple mean) initial tenor (in months) of all outstanding loans in the applicable portfolio at the time of measurement	Financial Markets	Financial intermediaries	This indicator provides specificity around length and nature of portfolio.
Average Agricultural Yield (ton/hectare)	Average agricultural yield (per hectare) reported by the client during the reporting period	Agribusiness	Agribusiness	This indicator assesses the general yield of an IFI's client through its operations, including outgrower schemes. One way, among others, to calculate this indicator is based on an aggregation of yield (per hectare) of the IFI client's farmers
Average Daily Traffic (number)	<u>annual total vehicles using road</u> 365 days	Infrastructure	Transportation	This indicator captures a straightforward measurement of use of IFI investments, expressed as total number of vehicles using a road, and is reported annually. This utilization level may also be expressed for varying time periods (utilization per day, month, etc.). Utilization level of a road, particularly over time, serves as a proxy for the qualitative contribution of new transportation infrastructure to economic activity.

Indicator	Definition	Sector	Thematic Area	Rationale
<b>Cross-Sector Indicators</b>				
Community development contributions (# currency)	Amount of money spent by the client towards activities that benefit local communities during the reporting period	Cross sector	Community development and benefits	This indicator captures the breadth of development effects that IFIs desire to measure and is easily reportable by clients. It yields data that IFIs may use for further analysis on client contributions as they deem fit, including possibilities for referencing contributions for community benefit against total project cost, turnover, profit or total number of beneficiaries. However, establishing a threshold may be challenging since the level of contributions may vary by country, sector and the relevant market in which an IFI client operates. Non-financial contributions of the client are not captured by the indicator due to IFI challenges in ensuring all clients use the same approach to monetize their contributions to local communities.
International Sustainability Certification (Yes/No, with commentary)	Client secures voluntary sustainability certification from an internationally-recognized certifying authority. <i>IFIs who wish to gather additional information on the quality of the result reported may use 'commentary' to do so.</i>	Cross sector	Certification	This indicator specifies the voluntary and international nature of the accreditation and is supplementary to national or other relevant standards, which are part of IFI's financing pre-conditions or requirements. This indicator is a cross sector indicator since certifications vary by sector (construction, textiles or manufacturing, agribusiness, supply chain development, etc.). IFIs will identify the relevant certifications accepted by their institutions and inform their respective clients. One such certification for consideration is the International Sustainability and Carbon Certification (ISCC). Other certifications could include International Standards Organization (ISO) certificates. Once clients have responded 'Yes' to the indicator, IFIs who wish to track the various types of certificates obtained by their clients may include an additional sub-indicator "International Sustainability Certification name and description."

Indicator	Definition	Sector	Thematic Area	Rationale
<b>Firm-Level PSD Indicators</b>				
New Market Entry (Yes/No, with commentary)	The client enters a new market. <i>Note that “market” refers to the relevant market and varies by country, sector, product and targeted beneficiaries. “Entry” is only relative to the client’s own operations, and is denoted by establishment and commencement of sales. IFIs who wish to gather additional information on the quality of the result reported may use ‘commentary’ to do so.</i>	PSD Firm level	Competition	This indicator captures one level of an IFI client’s contribution to market competition namely, by entering a market. This indicator varies from the ‘Market Share Increased’ indicator, which applies to IFI clients who expanded their own market share. Hence, only one of these two indicators can be applicable to an IFI client at one time.
Market Share Increased (Yes/No, with commentary)	The client expands operations and increases market share in a concentrated market in which the client is not a dominant player. <i>Note that “dominant” and “concentrated” should be defined by the IFI based on the context in which the client operates. For example, in some markets, a dominant firm may have over 50% of the market share while in another, a firm may be dominant with only 20% of the market share. Market concentration is determined by the number of firms in a market and their respective share of the relevant market. Hence, a “concentrated” market typically features fewer firms with larger market shares, with or without a dominant player. IFIs who wish to gather additional information on the quality of the result reported may use ‘commentary’ to do so.</i>	PSD Firm level	Competition	This indicator captures another level of an IFI client’s contribution to market competition namely, by expanding existing share of a market. This indicator varies from the ‘New Market Entry’ indicator, which applies to IFI clients who have just entered the relevant market. Hence, only one of these two indicators can be applicable to an IFI client at one time.

Indicator	Definition	Sector	Thematic Area	Rationale
Business Innovation (Yes/No, with commentary)	The client adopts or operationalizes a product, internal process, technology or financing structure that is new or not widely used in the domestic sector. <i>Note that “product” includes both physical goods as well as financial products while “domestic sector” can refer to the national market in small countries and regional markets in larger countries. Innovations in supplier or client relationships are covered in the Market Linkages Improved or Expanded Indicator. IFIs who wish to gather additional information on the quality of the result reported may use ‘commentary’ to do so.</i>	PSD Firm level	Innovation	The indicator captures the adoption or operationalization of innovative business practices, ranging from the financial structuring of the client company to the business processes it uses to deliver products/services. The indicator can be used to track innovative technology transfer without qualifying from where the technology originated. IFIs may wish to undertake more detailed assessment/monitoring of certain aspects of client innovation, but this serves as a good overall capture of innovation.
Market Linkages Improved or Expanded (Yes/No, with commentary)	The client improves existing or engages new kinds/additional forwards or backwards market linkages, including through its own integration. <i>Note that forward/ backward refers to upstream/ downstream supply chain linkages rather than commodities contracts. Also note that Note that “improved” refers to those linkages that the client believes will provided an added-value to its market expansion whether this is because of improvements in technology-use or cheaper/faster service delivery. IFIs who wish to gather additional information on the quality of the result reported may use ‘commentary’ to do so.</i>	PSD Firm level	Market Expansion	This indicator tracks IFI client’s improvement of existing or acquisition of new kinds of forward or backward market linkages. The client <b>directly</b> uses these linkages to expand market access. Examples of forward linkages include the sale of value added services and goods to other firms, such as for example the supply of fertilizers by manufacturing companies to agricultural firms, or customers, while backward linkages include the purchases of inputs from suppliers and service providers, for example sourcing raw materials for manufacturing or agro-processing among others. These linkages may be developed using licensing agreements, supplier sources, international sourcing/distribution, etc. This indicator varies from 'Business Innovation,' which only aims to track the development of innovative products and services by the client.

Indicator	Definition	Sector	Thematic Area	Rationale
<b>Market Level Indicator</b>				
Entry of New Firms (Yes/No, with commentary)	Additional private sector firms have entered the relevant market in which the client operates. <i>Note that this indicator only applies in circumstances where PSD firm level competition indicators are applicable. IFIs who wish to gather additional information on the quality of the result reported may use 'commentary' to do so.</i>	PSD Market level	Competition	<p>This indicator seeks to capture an aspect of increased competition that may be related to the success of the client company. However, the observation of entry of new firms should not be attributed directly to the client's activities and nor is it fully attributable to IFI interventions.</p> <p>This indicator is applicable only if the IFI client is expected to attract other firms to the same market, and it should only be used if one of the firm-level PSD indicators "Market Entry" or "Market Share Increased" are used for a given client. However, it should be noted that the indicator may be tracked annually (throughout the project cycle) or in an evaluation/survey method.</p> <p>Increased competition in the relevant market is often manifested by an increase in product or service quality or a decrease in product or service price, though these do not always indicate entry of new firms and may also result from the reaction of existing players in the relevant market to the new entrant. However, note that the entry of new firms into a market is easier to measure as compared to a change in strategy/positioning of existing firms in the relevant market.</p> <p>Data for this indicator may be sourced by IFI clients who are able to report on the number of competitors in their respective markets (timing to be determined by the IFI) as this is an exercise any such entity would undertake as part of its operations. If needed, the IFI may then conduct market research to verify the data reported by the client.</p>

Indicator	Definition	Sector	Thematic Area	Rationale
<b>Conversion Methodology</b>				
Power Distribution Estimation Methodology	Residential connections x (Average household size or Household multiplier)	Infrastructure Estimation Methodology	Power	This indicator measures the number of people that could potentially benefit from the distribution of the IFI intervention. Data for 'residential connections' can be obtained from the client while data for 'average household size' varies by country and can be obtained from UN Demographic Yearbook data, which provides population size and total number of households for each country. If such data is not available, IFIs may instead use IFC's 'household multiplier', which is standardized across countries. The conversion methodology may have the potential to be equally applicable to other sectors such as gas or water sector.