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 [30th] 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.
ADB - ASIAN DEVELOPMENT BANK

By: [Signature]

Name: Mr. Todd C. Freeland

Title: Director General, Private Sector Operations Department
AFDB - AFRICAN DEVELOPMENT BANK

By: 

Name: Mr. Steve Kayizzi-Mugerwa

Title: Acting Chief Economist and Vice President
BIO - BELGIAN INVESTMENT COMPANY FOR DEVELOPING COUNTRIES

By: [Signature]

Name: Mr. Luuk Zonneveld

Title: Chief Executive Officer
BOAD - BANQUE OUEST AFRICAINE DE DEVELOPPEMENT

By: [Signature]

Name: Mr. Patrice Gbaguidi

Title: Director, Project Post Evaluation Department
BSTDB - BLACK SEA TRADE AND DEVELOPMENT BANK

By: [Signature]

Name: Mr. Ihsan Ugur Delikanli

Title: President and Chairman of the Board of Directors
CDC GROUP

By: [Signature]

Name: Ms. Diana Noble

Title: Chief Executive Officer
COFIDES - COMPANÍA ESPAÑOLA DE FINANCIACIÓN DEL DESARROLLO

By: 

Name: Salvador Marín Hernández 

Title: Chairman and Chief Executive Officer
DEG - DEUTSCHE INVESTITIONS- UND ENTWICKLUNGSGESELLSCHAFT MBH

By: [Signature]

Name: Mr. Bruno Wenn

Title: Chairman
EBRD - EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By:

Name: Mr. Philippe Le Houérou

Title: Vice President, Policy and Partnerships
EIB - EUROPEAN INVESTMENT BANK

By: [Signature]

Name: Ms. Debora Revoltella

Title: Director, Economics Department
FINNFUND - FINNISH FUND FOR INDUSTRIAL COOPERATION, LTD

By: [Signature]

Name: Mr. Jaakko Kangasniemi

Title: Chief Executive Officer
By: J. Schraven
Director Strategy

Name: Mr. Jorim Schraven

Title: Corporate Strategy Director
ICD - ISLAMIC CORPORATION FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

By: _______________________

Name: Mr. Khaled Al-Aboodi

Title: Chief Executive Officer and General Manager
IDB - INTER-AMERICAN DEVELOPMENT BANK

By: [Signature]

Name: Mr. Bernardo Guillamon

Title: Manager, Office of Outreach and Partnerships
IIC - INTER-AMERICAN INVESTMENT CORPORATION

By : 

Name: Mr. Carl Muñana 

Title: General Manager
Name: Mr. Toshiya Masuoka

By: Deeps Chakrapani

Title: Director, Development Impact
IFU - INVESTMENT FUND FOR DEVELOPING COUNTRIES

By: ___________________________

Name: Mr. Tommy Thomsen

Title: Chief Executive Officer
MIGA - MULTILATERAL INVESTMENT GUARANTEE AGENCY

By

Name: Ms. Keiko Honda

Title: Chief Executive Officer and Executive Vice President
Norfund - NORWEGIAN INVESTMENT FUND FOR DEVELOPING COUNTRIES

By: [Signature]

Name: Kjell Roland

Title: Managing Director
OeEB - OESTERREICHISCHE ENTWICKLUNGSBANK

By: [Signature]

Name: Mr. Michael Wancata

Title: Member of Executive Board

By: [Signature]

Name: Ms. Andrea Hagmann

Title: Member of Executive Board
OPIC - OVERSEAS PRIVATE INVESTMENT CORPORATION

By: Lori Leonard

Name: Ms. Lori Leonard

Title: Director, Economic Impact Analysis Group
PIDG - PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

By: [Signatures]

Name: Sumi Lutchman / Kamalan Jugapallivasaly
For and on behalf of Minmax Ltd

Title: Authorised Signatories
Name: Rehman Junaid / Asraf Ramloola

On behalf of Multiconsult Trustees Ltd

Title: Authorized Signatory
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PIDG - PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

By: [Signature]

Name: RACHEL ILES

Title: DIRECTOR
PROPARCO - SOCIETE DE PROMOTION ET DE PARTICIPATION POUR LA COOPERATION ECONOMIQUE

By: ____________________________

Name: Mr. Claude Periou

Title: Chief Executive Officer
SIFEM - SWISS INVESTMENT FUND FOR EMERGING MARKETS

By:

Name: Mr. Claude Barras

Title: Chief Executive Officer
SWEDFUND - SWEDFUND INTERNATIONAL AB

By: [Signature]

Name: Ms. Anna Ryott

Title: Managing Director
## SCHEDULE 1
### ADDITIONAL INDICATORS TO BE INCLUDED IN ANNEX A TO THE MEMORANDUM

<table>
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<tr>
<th>Indicator</th>
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<tr>
<td><strong>Sector-Specific Indicators</strong></td>
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<tr>
<td>Average Tenor (months)</td>
<td>Average (simple mean) initial tenor (in months) of all outstanding loans in the applicable portfolio at the time of measurement</td>
<td>Financial Markets</td>
<td>Financial intermediaries</td>
<td>This indicator provides specificity around length and nature of portfolio.</td>
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<td>Average Agricultural Yield</td>
<td>Average agricultural yield (per hectare) reported by the client during the reporting period</td>
<td>Agribusiness</td>
<td>Agribusiness</td>
<td>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.</td>
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<tr>
<td>Average Daily Traffic (number)</td>
<td>Annual total vehicles using road 365 days</td>
<td>Infrastructure</td>
<td>Transportation</td>
<td>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.</td>
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<td>Cross-Sector Indicators</td>
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<td>Community development contributions (currency)</td>
<td>Amount of money spent by the client towards activities that benefit local communities during the reporting period</td>
<td>Cross sector</td>
<td>Community development and benefits</td>
<td>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.</td>
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<td>International Sustainability Certification (Yes/No, with commentary)</td>
<td>Client secures voluntary sustainability certification from an internationally-recognized certifying authority. <strong>IFIs who wish to gather additional information on the quality of the result reported may use 'commentary' to do so.</strong></td>
<td>Cross sector</td>
<td>Certification</td>
<td>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 &quot;International Sustainability Certification name and description.&quot;</td>
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<td><strong>Firm-Level PSD Indicators</strong></td>
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<td>New Market Entry (Yes/No, with commentary)</td>
<td>The client enters a new market. 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.</td>
<td>PSD Firm level</td>
<td>Competition</td>
<td>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.</td>
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<td>Market Share Increased (Yes/No, with commentary)</td>
<td>The client expands operations and increases market share in a concentrated market in which the client is not a dominant player. 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.</td>
<td>PSD Firm level</td>
<td>Competition</td>
<td>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.</td>
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<td>Business Innovation (Yes/No, with commentary)</td>
<td>The client adopts or operationalizes a product, internal process, technology or financing structure that is new or not widely used in the domestic sector. 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.</td>
<td>PSD Firm level</td>
<td>Innovation</td>
<td>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.</td>
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<td>Market Linkages Improved or Expanded (Yes/No, with commentary)</td>
<td>The client improves existing or engages new kinds/additional forwards or backwards market linkages, including through its own integration. Note that forward/backward refers to upstream/downstream supply chain linkages rather than commodities contracts. Also 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.</td>
<td>PSD Firm level</td>
<td>Market Expansion</td>
<td>This indicator tracks IFI client’s improvement of existing or acquisition of new kinds of forward or backward market linkages. The client directly 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.</td>
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<td><strong>Market Level Indicator</strong></td>
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<td>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.</td>
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<td>Entry of New Firms (Yes/No, with commentary)</td>
<td>Additional private sector firms have entered the relevant market in which the client operates. 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.</td>
<td>PSD Market level</td>
<td>Competition</td>
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<td>Power Distribution Estimation Methodology</td>
<td>Residential connections x (Average household size or Household multiplier)</td>
<td>Infrastructure Estimation Methodology</td>
<td>Power</td>
<td>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.</td>
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