

DEO

Development
Effectiveness
Overview
2019



Executive Summary

 **IDB Group**

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Executive Summary

Each year, the Inter-American Development Bank (IDB) Group reflects on the results of the interventions it supports in its Development Effectiveness Overview (DEO). This annual stock-taking exercise is an important opportunity to review what is working and what is not in meeting the development challenges of Latin America and the Caribbean. It is also an opportunity to review progress toward the IDB Group's strategic goals and targets as articulated in its strategy and measured through the indicators in its Corporate Results Framework (CRF).¹

Since the first DEO was produced nearly a decade ago, the publication has evolved substantially and has grown to increasingly rely on links to external content as the IDB Group has enhanced its CRF website, blogs, and other forms of communication regarding its development effectiveness work. This DEO continues this trend, with numerous links throughout the document to allow readers to dig deeper into topics of interest. Accordingly—and consistent with reader feedback—the content of this DEO is more streamlined than in previous years.



15.7 million beneficiaries of targeted anti-poverty initiatives



¹ See pages 11-15 for a list of CRF indicators..



11.6 million students benefited by education projects

Since 2016, the IDB Group has supported the region in addressing its key development challenges and cross-cutting issues, helping the region advance toward achieving the Sustainable Development Goals (SDGs). Contributions range from 15.7 million beneficiaries of targeted anti-poverty initiatives and 11.6 million students benefited by education projects to 12.2 million tons of CO₂ equivalent emissions avoided and 1.7 million micro, small, and medium enterprises financed. The Country Development Results indicators forming part of the CRF report on these and many other areas of support.

For each Country Development Results indicator, an assessment is made regarding whether it is on track to meet its expected results for the 2016 to 2019 period. Overall, the majority (79 percent) are on track and, in several cases, the results expected for the 2016–2019 period have already been surpassed. Four indicators are currently not on track to reach their expected results for 2016–2019 and detailed contributions by project can be viewed on each indicator's page on the [CRF website](#).

The indicators at the IDB Group Performance level of the CRF seek to measure the Group's advances on each of its operational guiding principles² to identify areas where the Group is doing well, so it can stay the course and meet its targets, as well as areas where further efforts may be needed to make more rapid progress toward its intended objectives. It is at this level of the CRF that performance results may be used most directly to inform decision making because many of these indicators measure areas that are under the span of control of the IDB Group.

In total, 50 percent of the IDB Group Performance targets are currently on track to be met in 2019, with only two indicators on watch and six off track. For off track indicators, the IDB Group or one of its entities is making dedicated efforts to accelerate progress towards its objectives. These include improving gender parity for mid- and senior-level roles, mobilizing third-party resources, effectively mitigating environmental and social risks, and enhancing achievement of development results. These indicators are part of

² The operational guiding principles of the IDB Group's Update to the Institutional Strategy (UIS) include: responsiveness; multisectorality; effectiveness and efficiency; leverage and partnerships; knowledge and innovation; and strategic alignment.



12.2 million tons of CO₂ equivalent emissions avoided



the IDB Group's efforts to foster a results culture and promote continuous improvement with respect to operational and organizational aspects of its work. The IDB Group must regularly assess its own business processes to improve its effectiveness and efficiency and must also keep development effectiveness at the core of the selection, preparation, and monitoring of operations.

One of the IDB Group's comparative advantages is development effectiveness. In practice, this means a continuous effort to enhance the quality and impact of all operations financed as well as the design and implementation of robust measurement tools that allow the IDB Group to monitor its active portfolio.³ Each of the IDB Group institutions uses a series of processes and tools to ensure a focus on results during project design and to monitor projects in the active portfolio. While the processes and tools differ, they share a common purpose of maximizing the likelihood of delivering outputs and development outcomes in a timely fashion. Furthermore, they help promote a focus on results, continuous learning, and improvement throughout the IDB Group.

In 2018, 82 percent of IDB operations were classified as having satisfactory performance as part of the Progress Monitoring Report (PMR) system. An updated PMR methodology and validation process was deployed in 2018 to fine-tune the factors used to assess whether a project is performing satisfactorily and to better capture qualitative information regarding the project's implementation. In addition, to address issues with institutional capacity as well as other risks to successful project execution, the IDB recently developed new methodologies, procedures, and tools for carrying out institutional capacity assessments and project risk management. The combined objective of these solutions is to make decisions to reduce the probability and impact of negative events that may impede the project's execution and, accordingly, promote improvements in the percentage of projects that are able to successfully execute in accordance with their established plan.

At IDB Invest, 61 percent of active operations had satisfactory performance classification in 2018 and 20 percent were classified as on "alert," meaning that they were mostly on track but were facing delays or

³ See page 16 for a description of the IDB Group's development effectiveness tools.

in need of additional support to meet their expected development objectives. Only 19 percent of projects were classified as “problem.” It is worth noting that 78 percent of the active portfolio consists of legacy operations approved before the launch of IDB Invest in 2016. IDB Invest continuously strives to provide additional support to projects not performing satisfactorily to proactively address potential risks to achieving their intended development impact.

After projects are completed, it is important to assess whether results are sustainable over time and to study lessons learned throughout the process of project implementation that can feed into the design and monitoring of future operations. All IDB Group operations are evaluated at project maturity or completion through a project closeout report—called Project Completion Re-

ports at the IDB, Expanded Supervision Reports at IDB Invest, and Final Project Supervision Reports at IDB Lab. These reports aim to determine whether operations met their goals and how well and effectively they performed, as well as to capture lessons learned.

In addition to project closeout reports, the IDB Group selects a subset of projects for more in-depth evaluations to assess whether an outcome on a given population is attributable to a specific development intervention. Taking stock of accumulated experience in specific sectors is an important part of building the knowledge base of effective development solutions. This year’s DEO focuses on two sectors that are critical for the region’s development and for which the IDB Group has generated substantial evidence in recent years: agribusiness and health.



1.7 million micro, small, and medium enterprises financed

The IDB Group supports effective development across each of the Sustainable Development Goals, which are fully aligned to its strategic priorities.



For more information, visit the IDB Group's [SDG website](#).

Road Integration Program,
Nicaragua (NI-L1092)



Corporate Results Framework Tables

Regional Context Indicators^a

Indicator	Baseline	Year	Progress	Year	IDB Group strategic priorities ^b
Poverty headcount ratio (US \$3.10 per day PPP) (%)	13.4	2013	13.8	2017	+↑
Gini coefficient	0.492	2013	0.492	2017	+↑=
Social Progress Index	68.6	2015	69.4	2018	+↑
Growth rate of GDP per person employed (%)	1.3	2013	0.2	2018	↗
Global Innovation Index (LAC average)	33.5	2014	30.8	2018	↗
Research and development expenditure as a percentage of GDP (%)	0.64	2011	0.68	2016	↗
Intraregional trade in goods (%)	16.0	2014	15.3	2017	⬡
Growth rate of the value of total exports of goods and services (%)	-1.99	2014	10.41	2017	⬡
Foreign direct investment net inflows as percentage of GDP (%)	3.7	2012	3.0	2017	⬡
Greenhouse gas emissions (kg of CO ₂ equivalent per \$1 GDP) (PPP)	0.44	2012	0.42	2014	🌍
Proportion of terrestrial and marine areas protected (%)	13.3	2014	NA	NA	🌍
Government effectiveness (average LAC percentile)	48.6	2013	44.9	2017	🏛️
Rule of law (average LAC percentile)	39.8	2013	38.7	2017	🏛️

^a The specific country mix included in the progress values reported varies according to the data available for each indicator. For more information and links to original data sources, visit the [Regional Context page of the CRF website](#). External sources include: Social Progress Imperative, World Development Indicators, Global Innovation Index, RICYT, World Resources Institute (CAIT Climate Data Explorer), UN Department of Economic and Social Affairs, and the World Bank. LAC = Latin America and the Caribbean; NA = not applicable. PPP = purchasing power parity; RICYT = Red de Indicadores de Ciencia y Tecnología Iberoamericana e Interamericana.

^b The Update to the Institutional Strategy outlines a number of strategic priorities, organized into the following three challenges and three cross-cutting issues: +↑ Social inclusion and equality; ↗ Productivity and innovation; ⬡ Economic integration; = Gender equality and diversity; 🌍 Climate change and environmental sustainability, 🏛️ Institutional capacity and the rule of law.

Country Development Results Indicators^a

Indicator	IDB Group strategic priorities ^b	Progress	Years	Expected results 2016-2019 ^c	Status ^d
Reduction of emissions with support of IDB Group financing (annual tons CO₂ equivalent)		12,156,188	2016-2018	8,000,000	
Students benefited by education projects (#)		11,630,665	2016-2018	15,790,000	
Beneficiaries receiving health services (#)		17,195,401	2016-2018	38,000,000	
Beneficiaries of targeted anti-poverty programs (#)		15,696,276	2016-2018	8,000,000	
Beneficiaries of improved management and sustainable use of natural capital (#)		1,144,784	2016-2018	4,900,000	
Households benefitting from housing solutions (#)		384,891	2016-2018	850,000	
Beneficiaries of on-the-job training programs (#)		834,069	2016-2018	875,000	
Jobs created by supported firms (#)		292,347	2016-2018	140,000	
Women beneficiaries of economic empowerment initiatives (#)		1,090,083	2016-2018	1,300,000	
Micro, small, medium enterprises financed (#)		1,731,533	2016-2018	3,400,000	
Micro, small, medium enterprises provided with non-financial support (#)		283,652	2016-2018	260,000	
Households with new or upgraded access to drinking water (#)		792,457	2016-2018	950,000	
Households with new or upgraded access to sanitation (#)		968,711	2016-2018	1,300,000	
Installed power generation from renewable energy sources (%)		100	2016-2018	80	
Roads built or upgraded (km)		6,075	2016-2018	6,300	
Professionals from public and private sectors trained or assisted in economic integration (#)		116,291	2016-2018	40,000	
Regional, sub-regional, and extra-regional integration agreements and cooperation initiatives supported (#)		80	2016-2018	28	
Subnational governments benefited by citizen security projects (#)		484	2016-2018	52	

Country Development Results Indicators (continued)

Indicator	IDB Group strategic priorities ^b	Progress	Years	Expected results 2016-2019 ^c	Status ^d
Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)	 	257	2016–2018	150	
Countries in the region with improved learning outcomes according to the Programme for International Student Assessment (PISA) (%)		Math: 50 Reading: 50	2015	-	
Maternal mortality ratio (number of maternal deaths per 100,000 live births)		67	2015	-	
Property value within project area of influence (% change)		112	2016	-	
Public agencies' processing times of international trade of goods and services (% change)		13.6	2016	-	
Formal employment of women (%)		51.8	2017	-	
Percent of GDP collected in taxes (%)		22.1	2017	-	

a. Data reported for the Country Development Results indicators relies on the monitoring processes and tools described in Chapter 3, including the PMR for IDB operations, the DELTA for IDB Invest operations, and the PSR/PSU for IDB Lab operations. For most indicators, data is provided by executing agencies and clients with subsequent validation by IDB Group project teams. For more information, visit the [Country Development Results page of the CRF website](#) or [Annex I of the CRF Technical Guidance Note](#).

b. The UIS outlines a number of strategic priorities, organized into the following three challenges and three cross-cutting issues:  Social inclusion and equality;  Productivity and innovation;  Economic integration;  Gender equality and diversity;  Climate change and environmental sustainability;  Institutional capacity and the rule of law.

c. Six Country Development Results indicators do not have expected results because they capture higher-level intermediate outcomes that materialize over a longer time frame. For several of these indicators, it is not feasible to quantify the IDB Group's contribution to progress. Instead, the IDB Group tracks which projects align to these indicators and reports this information on each indicator's page of the CRF website. For the indicators "property value within project area of influence (% change)," and "public agencies' processing times of international trade of goods and services (% change)" progress is reported only for years in which projects with the corresponding indicator in their results matrix were completed.

d. Each indicator for which expected results have been established has been categorized into one of the following four statuses based on the [Traffic Light Methodology](#):  Achieved,  On Track,  Moderate Progress,  Off Track.

IDB Group Performance Indicators^a

	Indicator	Institution	Baseline	Year	Progress		Target	Status ^b
					2018	2019		
Responsiveness	Partners satisfied with IDB Group development solutions (%)	IDB Group	74	2015	79 ^c	85	-	-
	Lending to small and vulnerable countries (%)	IDB	37	2014	42	35		
		IDB Invest	38	2016	45	40		
	Operations meeting target preparation time (%)	IDB	83	2014	85	87		
IDB Invest		-	-	-	-	-	-	
Multisectorality	Partners satisfied with IDB Group use of multisector approach (%)	IDB	92	2015	89 ^c	-	-	-
	IDB Group loan operations with multidisciplinary team compositions (%)	IDB Group	54	2014	72	Monitor	-	-
Effectiveness	Active operations with satisfactory performance classification (%)	IDB	69	2014	82	75		
		IDB Invest	64	2017	61	75		
	Operations with satisfactory development results at completion (%)	IDB	78	2014	63	80		
		IDB Invest	40 ^d	2016	43	80		
	Operations with high environmental and social risks rated satisfactory in the implementation of mitigation measures (%)	IDB	88	2014	81	90		
		IDB Invest	91	2016	91	90		
	Mid- and senior-level staff who are women (%)	IDB, IDB Lab	37	2014	38	43		
IDB Invest		27	2016	33	35			

^a. For more information, visit the [IDB Group Performance page of the CRF website](#). B = billion; M = million; NSG = non-sovereign-guaranteed; TC = technical cooperation.

^b. Each indicator for which a target has been established and for which progress is available for 2018 has been categorized into one of the following three statuses based on the [Traffic Light Methodology](#):  On Track,  On Watch,  Off Track.

^c. Data reflects External Feedback System data for 2016 as these surveys are currently undergoing adjustments.

^d. The 2016 baseline has been updated to reflect the final validation rating of the Office of Evaluation and Oversight (OVE) of 40 percent favorable. The rating reported in the 2016 DEO (66 percent favorable) was not OVE-validated because the validated ratings were not available at the time the report was published.

IDB Group Performance Indicators (continued)

	Indicator	Institution	Baseline	Year	Progress 2018	Target 2019	Status ^b
Efficiency	Cost-to-income ratio (%)	IDB	40.3	2014	40.7	40	▲
		IDB Invest	44.7	2016	41.5	-	-
	Cost-to-development-related-assets ratio (%)	IDB	0.84	2014	0.76	0.8	●
		IDB Invest	1.05	2016	1.39 ^e	-	-
Leverage and Partnerships	Mobilization volume by NSG financed projects / companies (US\$)	IDB Invest	8.9 B	2012-2014	10.3 B ^f	21.3 B ^g	✘
	Partners satisfied with IDB Group's ability to convene other partners (%)	IDB Group	72	2015	66 ^e	75	-
Knowledge and Innovation	Partners that consider IDB Group solutions to be innovative (%)	IDB Group	81	2015	80 ^e	85	-
	Total IDB Group blog readership (#)	IDB Group	2.1 M	2014	4.7 M	4.2 M	●
	Average visits to IDB Group publications (#)	IDB Group	139	2014	493	230	●
Strategic Alignment	New approvals aligned with at least one challenge or cross-cutting issue of the Update to the Institutional Strategy (% of lending and TC volume)	IDB Group	99.4	2016	98.9	-	-
	Social inclusion and equality	IDB Group	47		44		
	Productivity and innovation	IDB Group	56		69		
	Economic integration	IDB Group	22		22		
	Gender equality and diversity	IDB Group	17		41		
	Climate change and environmental sustainability	IDB Group	32		36		
	Institutional capacity and rule of law	IDB Group	36		43		

^e The denominator for IDB Invest's cost-to-development-related-assets includes the IDB NSG portfolio since IDB Invest's administrative expenses include costs associated with the origination of new operations for the IDB, and the management of its existing portfolio as per the terms of the capitalization scheme, cross-booking arrangements, and service level agreements between the IDB and IDB Invest.

^f Mobilization data reported for 2018 reflects cumulative progress for 2016-2018.

^g The target of 21.3 B is a cumulative target for 2016-2019.

IDB Group Development Effectiveness Tools

	At origination/At entry	During execution	After completion/At maturity	
IDB	<p>The Development Effectiveness Matrix (DEM) is used to rate all loans to ensure that they adequately diagnose the relevant development challenges, incorporate evidence-based solutions, safeguard resources by including an <i>ex ante</i> economic analysis, and allow for proper measurement of results throughout the life of the project.</p>	<p>The Progress Monitoring Report (PMR) captures results generated during project execution on a semi-annual basis as well as project costs over time.</p>	<p>The Project Completion Report (PCR) is used to evaluate completed loans in terms of the extent to which they were effective in achieving results, efficient, relevant to local needs, and sustainable.</p>	
IDB Invest	<p>The Impact Management Framework includes a series of tools to support the operational cycle from beginning to end:</p> <p>The Strategic Selectivity Scorecard is a tool for <i>ex ante</i> identification of areas with the highest potential development impact. It is tailored to IDB Invest's business segments, reflects corporate and institutional targets, and feeds into and is informed by IDB Group country strategies.</p> <p>The Development Effectiveness Learning, Tracking and Assessment (DELTA) is used to score all IDB Invest investments in terms of their development impact and level of IDB Invest additionality (project score). It also ensures the investment's alignment with the strategic priorities of the IDB Group and IDB Invest (alignment assessment). Finally, the DELTA assesses the quality of the design at entry for the proper measurement of results throughout the life of the investment.</p> <p>The Financial Contribution Rating (FCR) complements the DELTA by measuring the financial contribution of each transaction to IDB Invest, based on the Risk-Adjusted Return on Capital (RAROC).</p> <p>Together, the DELTA and FCR comprise Portfolio 2.0, which provides a comprehensive view of the portfolio's development impact and financial contribution.</p>	<p>The DELTA in supervision tracks the achievement of project results during execution on an annual basis. It measures progress against targets, identifies opportunities to take corrective action as needed, and provides information about project performance.</p> <p>The Development Effectiveness Analytics (DEA) system systematizes development effectiveness data collected throughout the project cycle to produce relevant portfolio-level insights and analytics for IDB Invest stakeholders. Data analytics are based on the DELTA Project Score and key project indicators, and also include aggregate analyses at the portfolio level to inform strategic decision making. The DEA also includes an online lessons learned repository.</p>	<p>The Expanded Supervision Report (XSR) is used to evaluate projects once they reach operating maturity. It assesses the extent to which the project was effective and efficient in achieving results that are relevant to local needs and sustainable. The report for projects approved after 2016 will include a DELTA at maturity.</p>	<p>Impact evaluations are used to estimate the causal effect of projects, particularly in areas where knowledge gaps exist.</p>
IDB Lab	<p>The iDELTA scores all IDB Lab projects in terms of their development impact, innovation level, scale potential, and resource mobilization (project score). It also ensures project alignment with strategic IDB Group and IDB Lab priorities. Finally, the iDELTA assesses the quality of the design at entry for the proper measurement of results throughout the life of the project.</p>	<p>The Project Supervision Report (PSR) (grants) and the Project Status Update (PSU) (loans and equity) capture the progress of project execution, achievement of milestones, completion of project objectives, and financial performance in the case of investments. In addition, mid-term evaluations are deployed to provide sector expertise needed to realign or redesign projects that are off track.</p>	<p>The Final Project Supervision Report (FSR) is used to evaluate projects at completion. It is the main tool for reporting on project implementation and results, providing early evidence of replication and scaling, and offering lessons learned.</p>	



Health Equity Improvement and
Services Strengthening Program,
Panama (PN-L1068)



LESSONS IN DEVELOPMENT