



Mid-term Evaluation of
IDB-9 Commitments

Corporate Results Framework

Background Paper



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ABSTRACT

In IDB-9 the Board of Governors of the Inter-American Development Bank (IDB or Bank) mandated implementation of a corporate results framework (CRF), leading to greater emphasis on results throughout the Bank. This background paper responds to the Governors' request that the Office of Evaluation and Oversight (OVE) evaluate the completeness and effectiveness of CRF implementation at the IDB-9 midpoint.

The findings of this paper are based on a review of relevant Board and Bank strategic and operational documents as well as interviews with mid- and senior-level staff and Executive Directors. Given the Board's emphasis on the experience of other multilateral development banks (MDBs) and donors in implementing corporate results frameworks, eight representatives from five organizations (four MDBs and one bilateral donor) were also interviewed and relevant documents reviewed.

OVE finds that the IDB has made significant progress toward managing for development results anchored in a CRF. However, the CRF has not yet become an integral tool to guide the Bank's overall strategy and operations, as IDB-9 envisioned. Inconsistencies and gaps in the CRF structure reduce the value of the CRF for purposes of setting corporate goals and future (post-2015) targets, monitoring corporate progress, evaluating corporate performance, reinforcing corporate accountability, and supporting corporate decision-making. Quality control of data and reporting of CRF information are further weaknesses. The Bank is still in a relatively early stage of implementation, given that many of the targets are only formally effective in 2012 with the first round of subscriptions to the capital increase. This paper thus identifies a number of issues that can usefully be addressed going forward.

Based on these findings, OVE suggests that the Bank (i) correct inconsistencies and gaps, to the extent possible, before the 2013 Development Effectiveness Overview (DEO) is issued; (ii) strengthen identification and measurement of outputs and intermediate and sector outcomes to provide a stronger link between operations and higher-level results; (iii) study existing examples of good practice, such as that in the Andean Countries Group, for possible wider applicability within the Bank; (iv) prepare a document describing the process of generating, collecting, entering, and vetting data that go into the CRF and submit to the Board for formal approval to ensure transparency and accountability; (v) de-emphasize descriptive project narratives in the DEO and synthesize project information to illustrate issues that emerge from the CRF tables; (vi) at the end of the current CRF period in 2015, assess implementation experience since 2010 and make warranted revisions in the framework before the period beginning in 2016; and (vii) focus the work of the recently established CRF "Community of Practice" of the MDB Working Group on Managing for Development Results on the complex issues facing all MDBs, such as moving to higher results levels and using CRF information for evaluating staff performance.

PREFACE

The Inter-American Development Bank (IDB) is in a period of rapid change, responding to both the economic dynamism of the Region it serves and the increasing competition in the international financial marketplace. Over the past decade, countries in Latin America and the Caribbean have gained greater access to alternative sources of finance and an increasingly ability to generate and share knowledge among themselves. Like other multilateral development banks, IDB is seeking to adapt to this changing international landscape by ensuring that it is responsive to borrowing countries' needs and putting strong emphasis on effectiveness in its use of scarce resources.

In 2010 the IDB's Board of Governors approved the 9th General Capital Increase of the IDB (IDB-9). The IDB-9 Agreement laid out a series of reforms intended to strengthen the strategic focus, development effectiveness, and efficiency of the IDB to help it remain competitive and relevant in the years ahead. As part of that Report, IDB's Office of Evaluation and Oversight (OVE) was charged with conducting a midterm evaluation—to be presented to the Board of Governors in March 2013—to assess IDB's progress in implementing those reforms. The full evaluation is available at www.iadb.org/evaluation.

This paper is one of 22 background papers prepared by OVE as input to the IDB-9 evaluation. It seeks to determine whether one portion of the IDB-9 requirements has been implemented fully and effectively and to offer suggestions to strengthen implementation going forward. The overarching goal of this paper and the entire evaluation is to provide insights to the Governors, the Board, and IDB Management to help make IDB as strong and effective as possible in promoting economic growth and poverty reduction in Latin America and the Caribbean

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- ANNEX A. [DETAILED BOXES AND TABLES](#)
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This background paper was prepared by John Eriksson, Tatiana Fontes Soares, and Marco Velarde under the guidance of Alejandro Soriano. All background papers were thoroughly reviewed and discussed within OVE and shared with IDB management for comments. The other background papers and full IDB-9 evaluation can be found at www.iadb.org/evaluation.

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AfDB	African Development Bank
CAN	Country Department Andean Group (IDB)
COMPAS	MDB Common Performance Assessment System
CRF	Corporate results framework
DEF	Development Effectiveness Framework (IDB)
DEfR	Development Effectiveness Review (ADB)
DFID	Department for International Development (United Kingdom)
DEM	Development Effectiveness Matrix (IDB)
DEO	Development Effectiveness Review (IDB)
EFS	External Feedback System
EVP	Executive Vice President (IDB)
GCI	General Capital Increase (IDB)
IDB	Inter-American Development Bank
IDB-9	Ninth General Increase in the Resources of the IDB
KCP	Knowledge and capacity-building product
MDB	Multilateral development bank
MDGs	Millennium Development Goals
MfDR	Managing for development results
NSG	Non-sovereign guarantee
OVE	Office of Evaluation and Oversight (IDB)
RBB	Results-based budgeting
RRF	Results Framework Annex of IDB-9 Report
SG	Sovereign guarantee
SPD	Strategic Planning and Development Effectiveness Department (IDB)

EXECUTIVE SUMMARY

IDB-9 requirements

One of the requirements set out by the Board of Governors of the Inter-American Development Bank (IDB or Bank) in its Report on the Ninth General Increase in Resources (IDB-9) is a requirement to implement a Bankwide corporate results framework (CRF), an integral part of the Bank's efforts to use empirical evidence to manage for development results and also central to ensuring accountability for delivering results. The Report stipulated that the CRF be based on the Bank's five institutional priorities, and that it allow shareholders to monitor the Bank's contribution towards selected regional development goals as well as desired progress on outputs and operational effectiveness and efficiency. Governors expected implementation of the CRF to require more emphasis on results throughout the Bank. This background paper responds to the Governors' request that the Office of Evaluation and Oversight (OVE) evaluate the completeness and effectiveness of CRF implementation and the IDB-9 midpoint.

Purpose

This background paper, part of OVE's response to the Governors' request, reports on an assessment of the full and effective implementation of the CRF. How *complete* has implementation of the IDB-9 requirements for a CRF been, as compared with ex-ante expectations? How *effective* has this implementation been to date in achieving the underlying goals pursued by Governors in relation to the CRF requirement?

The paper assesses progress in completing the implementation of the architecture of the CRF as delineated by the Governors, primarily at its four main levels: Regional Development Goals; Bank Output Contributions to Regional Goals; Bank Lending Program Priorities; and Bank Operational Effectiveness and Efficiency. It compares the CRF as originally laid out in the IDB Results Framework, Annex 1 of the IDB-9 Report with successive issues of the annual Development Effectiveness Overview (DEO) prepared by the IDB Strategic Planning and Development Effectiveness Department (SPD). While the formal period of implementation of the CRF is 2012-2015, it began de facto in 2010, the year the IDB-9 Report was issued and the first year the DEO published CRF tables. The paper gives particular emphasis to an assessment of the effectiveness of CRF implementation in terms of five functions or uses: setting targets, monitoring progress, evaluating performance, reinforcing accountability, and supporting decision-making. Completeness and effectiveness are interrelated: incomplete architecture adversely affects effectiveness, and ineffective utilization is likely to result in gaps in architecture.

Sources of information for the paper included documents of the IDB Board and Management and of other MDBs and donors. Interviews were conducted with a purposive sample of 18 mid- to senior-level staff and two Executive Directors at the IDB, and eight staff of other MDBs and donors.

Main findings

Since May 2010 the IDB has made significant progress toward managing for development results anchored in a CRF. The Bank deserves credit for what it has accomplished. Interviews conducted for this study consistently indicated an organizational culture moving toward a results orientation. As one respondent put it, “It is in the environment: it’s in everybody’s minds”. However, staff also express uncertainty about what to do with results information, and how to use it for budget and personnel decision-making. If there is no progress on this front, the shift in culture could be reversed.

Inconsistencies and gaps in the CRF structure reduce the value of the CRF for purposes of setting corporate goals and future (post-2015) targets, monitoring corporate progress, evaluating corporate performance, reinforcing corporate accountability, and supporting corporate decision-making. The key deficiencies include the following:

- Deletion of space in the 2011 DEO for data disaggregated by gender and ethnicity.
- Lack of full alignment between lending and institutional priorities.
- Unclear rationales for indicator selection in each of the four CRF levels.
- There is currently no explicit indication of the specific output contributions attributed to Bank-only efforts vs. those of other development partners in a project, or of whether Bank output contributions are in annual or cumulative terms.
- The process of engagement by which baseline and target values are set is not always evident.
- Lack of realism of some targets.
- Inconsistent inclusion of baseline values.

The absence of information linking Bank project outputs (Level 2) to higher-level results weakens the usefulness and credibility of the CRF. This challenge confronts a number of MDBs and donors that are attempting to move to a more holistic, systematic managing for development results approach. Some organizations, such as the Asian Development Bank and the World Bank, are making progress, and others are intending to initiate a similar effort.

The governance of the CRF and the related issue of quality control of data inputs to the CRF and other aspects of accountability are not clear. Also, country counterparts are not consistently involved in the design and implementation of the system.

Reporting of CRF information suffers from being combined with another objective, telling narrative stories of project accomplishments.

A critical mass of MDBs are developing, implementing, and refining CRFs. An increasingly relevant base of lessons learned is emerging that is applicable to all MDBs, including the IDB.

Suggestions going forward

1. *Inconsistencies in the CRF should be corrected (and gaps addressed, to the greatest extent feasible) before the 2013 DEO is issued.*
2. *The Bank should strengthen identification and measurement of outputs and intermediate and sector outcomes at the country level to provide a stronger link between Bank operations and higher-level results. One approach would be to identify a major sector in which to develop outcome indicators, followed by additional key sectors. Collaboration with other MDBs that are developing approaches to strengthen linkages between the outputs of their operations and higher-level development results would be mutually beneficial.*
3. *The approach to results management in individual Bank units, such as the Country Department Andean Group (CAN), should be studied for their potential applicability elsewhere in the Bank.*
4. *The process of generating, collecting, entering, and vetting data that go into the CRF requires a careful review. This should include quality control, which could be accomplished by such means as validation of a sample of the data reported for the CRF. The overall process and the institutional responsibilities at different stages should be set down in writing and approved by the Board of Directors to ensure transparency and accountability. Counterparts should be brought into this process at the country level, and support should be provided for building capacity for results management.*
5. *Descriptive project narratives should be de-emphasized in the DEO, and the project information synthesized in the DEO should be selected strategically to illustrate issues that emerge from the CRF tables.*
6. *The end of the current CRF period in 2015 provides an important opportunity to assess implementation experience since 2010 and make warranted revisions in the framework before the period beginning in 2016.*
7. *The IDB should continue to participate actively in the recently established MDB Working Group Community of Practice on Corporate Results Frameworks as a mechanism for periodic exchanges of experience, particularly with regard to such complex issues as moving to higher levels of the results chain and using CRF information for evaluating staff performance.*

I. INTRODUCTION

A. Background and context

1.1 The Inter-American Development Bank (IDB, or Bank) laid several building blocks for a corporate results framework (CRF) during IDB-8 (1994-2009).

- **1999.** Creation of the Office of Evaluation and Oversight (OVE) as an independent, results-focused unit reporting to the Board.
- **2004.** Presentation to the Board of a Medium Term Action Plan for Development Effectiveness.
- **2005.** Establishment of the Development Effectiveness and Strategic Planning Department; it was replaced in 2007 by the new Office of Strategic Planning and Development Effectiveness (SPD).
- **2006.** Launch of the Development Effectiveness Overview (DEO), reporting annually on selected measures and examples of development effectiveness.
- **2007.** Launch of Quarterly and Annual Business Reviews, reporting on selected measures of operational effectiveness and efficiency.
- **2008.** Development Effectiveness Framework (DEF), an overarching conceptual framework for managing for results in the IDB, submitted to the Board of Executive Directors.
- **2009.** Introduction of Development Effectiveness Matrix (DEM), a preparation and approval tool required for every sovereign-guarantees (SG) operation.

1.2 During this period, the Bank's monitoring efforts focused on two lending targets:

- 40% in volume and 50% in number of projects for poverty reduction and social equity.
- 35% in volume to the poorest countries (Group II countries).

1.3 In May 2010, the IDB-9 Report¹ found that while success stories had been collected from almost all member countries of the Region during the IDB-8

¹ Board of Governors, Inter-American Development Bank, *Report on the Ninth General Increase in the Resources of the Inter-American Development Bank and Annex I: IDB Results Framework 2012-2015*, AB-2764 (Washington: May 21, 2010). "R" in a citation in parentheses in the text refers to paragraph(s) in the main body of IDB-9 Report and "RRF" refers to paragraph(s) in the Results Framework Annex of the Report.

period, the Bank was not able to show results systematically. The IDB-9 Report quotes an OVE report on IDB-8:²

“...the essential characteristics of the IDB-8 agreement focused on areas of effort with vague and non-prioritized lists of desirable actions to be taken...” In this light, OVE recommended “a fully specified Results Framework consisting of indicators, baselines, targets and methods of verification for every proposed development objective” (Annex I, RRF1.2)” It is possible to measure performance against effort targets such as lending volume, but it is preferable to combine these with targets for actual results to be achieved so that the Bank can demonstrate both where effort was applied and what effect the effort produced” (1.12, RE354).

The Governors wanted the Bank to meet the standards of “lessons learned and best practices” being set by other multilateral development banks (MDBs) regarding results measurement and management (RRF1.4). They expected the Bank to go beyond what was done in IDB-8 to include specific indicators, baselines, and targets, as well as other sectors or categories (RRF1.3). In retrospect, the scarcity of targets in IDB-8 was considered to be an insufficient form of guidance from Governors to Management. Thus, as part of the replenishment process, the Governors and the Board of Directors took detailed interest in the development and adoption of a CRF that would serve as the Bank’s the main tool to strengthen target-setting for the organization in a more comprehensive and meaningful manner.

B. IDB-9 requirements

1. Principles and priorities

- 1.4 According to the IDB-9 Report, the CRF should be driven by the Bank’s overarching objective and strategic goals (R3.5-3.11). The Articles of Agreement state the Bank’s overarching objective: “To contribute to the acceleration of the process of economic and social development of the regional developing member countries”. This overarching objective has two sub objectives: assisting member countries to (i) reduce poverty and inequality, and (ii) achieve sustainable growth. It also has two strategic goals (R3.9): addressing the special needs of the less developed and smaller countries, and fostering development through the private sector.
- 1.5 The CRF breaks the overarching objectives into five “institutional priorities” (see Box 1) and 13 themes (see Annex A, Box A1) (R3.13-3.21; Table III-2).³

² *Evaluation Findings Regarding IDB-8 Guidance and Implications for Future Capital Increase Agreements*, RE-354.

Box 1. Institutional Priorities of the IDB Corporate Results Framework

- 1) Social policy for equity and productivity
- 2) Infrastructure for competitiveness and social welfare
- 3) Institutions for growth and social welfare
- 4) Competitive regional and global international integration
- 5) Protecting the environment; responding to climate change; promoting renewable energy; and enhancing food security

1.6 ***Four-level structure.*** The basic structure of the CRF consists of four tiers, or Levels. Levels 1 and 2 are organized according to the five institutional priority categories. Level 1 provides baselines, but each of the other three levels has specified baseline indicators (average of 2006-2009) and target indicators (end of 2015). As the next section notes, a number of values of baseline and target indicators were missing from Levels 2 and 4 in the Report. The four CRF levels and their main components are summarized in Box 2. A detailed table from the 2011 DEO for each level is shown in Annex A (Tables A1-A4).

³ There is an unexplained shift in the terminology used to describe the five priorities. In early sections of the main report (R3.3-3.36, including Table III) they are referred to as “sector priorities”. But from R3.40 to the end of the main report and in the RF Annex I, as well as in subsequent DEOs, the priorities are referred to as “institutional priorities”. This paper will use latter term throughout. One reason for doing so is that the five priorities do not correspond to “sectors” as conventionally defined; rather, they are priorities that the institution has designated.

Box 2. The Four-Level Structure of the IDB-9 Corporate Results Framework
Level One: Regional Development Goals
“Regional Development Goals” was to track key regional development indicators reflecting the five institutional priorities described in Box 1. The Report notes that progress on these indicators cannot be attributed solely to Bank interventions “given that, in some instances, the IDB has a relatively small contribution to the attainment of the goal or that there are other causal factors...” (R3.40). (Level 1 was Level 2 until the 2011 DEO).
Level Two: Output Contributions to Regional Goals
“Output Contributions to Regional Goals,” was to monitor the “direct contribution” of the Bank’s interventions towards achieving regional development goals and promote accountability in the use of the Bank’s resources. (Level 2 was Level 3 until the 2011 DEO). The Report states: “Each output indicator has a link to regional development goals in the same institutional priority area...indicators are disaggregated by gender, Indigenous and Afro-descendants where pertinent” (R3.41).
Level Three: Lending Program Priorities
“Lending Program Priorities” was to be an expression of the Bank’s “highest priorities and mandates”. It consists of four lending targets, expressed as percentages of total lending (SG and NSG): (i) small and vulnerable countries (27% at 2006-2009 baseline to 35% target at end of 2015); (ii) poverty reduction and equity enhancement (40% at 2006-2009 base to 50% target end of 2015); (iii) climate change, sustainable (including renewable) energy, and environmental sustainability (5% at 2006-2009 baseline to 25% target at end of 2015); and (iv) regional cooperation and integration (10% at 2006-2009 baseline to 15% target at end of 2015). “Each of the lending categories has a series of rules under which loans qualify to be included and are not mutually exclusive” (R3.39). The lending classification guidelines, issued in 2012, are discussed in a subsequent chapter. (Level 3 was Level 1 until the 2011 DEO).
Level Four: Operational Effectiveness and Efficiency
“Operational Effectiveness and Efficiency” comprises three groups: (i) effectiveness of all Bank development interventions—including loans and knowledge and capacity-building products (KCPs)—and client satisfaction measured through the External Feedback System, using evaluability, results at completion, and other performance indicators; (ii) efficiency indicators that monitor reduction in transaction costs for project preparation and implementation, including documentation requirements, and increased decentralization of decision-making to country offices; and (iii) human resources, aimed at increasing gender equality and the number of professional staff based in country offices (R3.42). The overall goal of the efficiency indicators is to “address the commitment to responsiveness to the clients” (RRF5.6).

2. IDB-9 CRF requirements and the results management cycle

- 1.7 In Table 1, the IDB-9 CRF requirements are mapped against the stages of a corporate “Managing for Development Results (MfDR) Cycle”. The first column draws from a recent Asian Development Bank (ADB) evaluation study that distinguishes stages in the results management cycle,⁴ and the second column delineates the CRF requirements of IDB-9.⁵ ADB preceded IDB by about three years in implementing a CRF very similar in architecture to the one later endorsed by the Governors in IDB-9. ADB’s experience continues to be relevant, as ADB is now in the process of revamping its CRF to address shortcomings in its

⁴ Drawn from ADB, Independent Evaluation Department, *Special Evaluation Study on Managing for Development Results* (October 2011), para. 9, where MfDR is defined as “an approach focused on development outcomes throughout the management cycle”.

⁵ References to pertinent sources in the Report are shown in parentheses.

effectiveness and use. Table 1 provides a framework for the assessments of full and effective CRF implementation made in the following two sections.

Table 1. Mapping IDB-9 Requirements into CRF Functions within the Managing for Results Cycle

CRF functionality	IDB-9 CRF requirements
<p>1. Set corporate goals</p>	<ul style="list-style-type: none"> • Develop a CRF with specific indicators, baselines, and targets to measure outcomes and outputs to be achieved by the end of the period 2012-2015, as well as performance measures on the effectiveness and efficiency of the Bank’s business model (R3.37-3.38). • Concentrate targets for sovereign-guaranteed (SG) and non-sovereign-guarantee d (NSG) lending at end-2015 on four areas: (i) support to small and vulnerable countries; (ii) poverty reduction and equity enhancement; (iii) climate change, sustainable energy, and environmental sustainability; and (iv) regional cooperation and integration (R3.39). • Classify loans into categories according to non-mutually exclusive eligibility rules; and ensure that loan documents include the category or categories for which loans have been classified (RRF3.1-3.3).
<p>2. Monitor corporate progress</p>	<ul style="list-style-type: none"> • Stimulate progress in five sector priorities and strengthen link with Bank’s overarching objectives (R3.21). • Operations Policy Committee will review progress on achievement of lending targets each quarter, and Development Effectiveness Review (DEO) will report annually on progress on all RF targets (R3.37). • Enhance monitoring instruments as defined in the Development Effectiveness Framework (DEF): (i) Development Effectiveness Matrix (DEM) for quality at entry (before approval) and evaluability; (ii) Progress Monitoring Report (PMR) during implementation; and (iii) an expanded Portfolio Monitoring report (XPMR) at exit (to replace the Project Completion Report) (RRF6.3-6.6). • Complement with other monitoring instruments, including the External Feedback System (EFS), which will survey civil society and public and private sectors on perceptions of Bank services and comparative advantages; and the Balanced Scorecard, which will align business activities to corporate mission and monitor corporate results to better link development results with (i) financial performance, (ii) operational efficiency, (iii) partners and stakeholders, and (iv) employee performance (RRF6.7-6.9).
<p>3. Evaluate corporate performance</p>	<ul style="list-style-type: none"> • Account for IDB-9 results beyond lending targets to include the monitoring of development indicators that are the focus of lending (R3.38). • Ensure that CRF allows measuring progress on setting “clear standards and metrics for the evaluation of all development interventions” (RRF5.2). • Increase Bank support to the “design of rigorous evaluations, the implementation of impact evaluations of key programs, and increased evaluation capacity in the Region through training and seminars for practitioners and policymakers” (R4.5). • Ensure that XPMRs report on “(i) time and cost of outputs achieved from the last PMR; (ii) results achieved and evaluation methods used; and (iii) Bank’s performance during the life of the projects” (RRF6.6).
<p>4. Reinforce corporate accountability</p>	<ul style="list-style-type: none"> • Make CRF an integral part of the Bank’s efforts to use empirical evidence to manage for development results and ensure accountability for delivering results (R3.36). • Allow shareholders to monitor the Bank’s contribution to five sector priorities and Regional Development Goals as well as its progress on output indicators and its operational effectiveness (R3.36). • Use CRF to monitor corporate results and link to (i) financial performance; (ii) operational efficiency; (iii) partners and stakeholders; and (iv) employee performance and shareholders (RRF6.7-6.9, R3.36).

CRF functionality	IDB-9 CRF requirements
	<ul style="list-style-type: none"> Annually report on, and publicly disclose, progress through the Development Effectiveness Overview (DEO), which will include an assessment of development effectiveness and a review of lessons learned in strategic priority areas, policy responses and role of the Bank, and evidence on effectiveness of the intervention models applied (R4.6) (RRF6.11). Continue supporting alignment with the Paris Declaration on Aid Effectiveness and harmonized results reporting systems, including the Common Performance Assessment System (COMPAS) and the Global Monitoring Report (R3.42, RRF6.10-12).
5. Support corporate decision-making	<ul style="list-style-type: none"> Model CRF on lessons learned and best practices of others in the development community; and align it with the institutional strategy (R3.36). Use institutional strategy as the Bank's core strategic guidance document. Every four years, the Board of Governors will review and evaluate the execution of the GCI through updates to the strategy and CRF in the context of emerging challenges and changes in the LAC Region (R4.15). Evaluate at the end of four years to provide inputs for reviewing the institutional priorities (R3.37). Supplement the four-year review cycle with an annual lending program based on Management's estimates of development needs and the availability of Bank financial resources over the period (R4.16). Governors direct Management to integrate lending targets into performance evaluation and budgeting policies by target date (R4.27, Table IV-1, Cancún Declaration No. 2). Use CRF to support a rigorous and time-bound reform agenda as set forth in the IDB-9 Report; and present yearly reports to the Board on the implementation of the Agenda for a Better Bank (R4.27).

1.8 The Governors set complementary requirements to track results at both the project and country levels (both of these areas are discussed in separate IDB-9 background papers). This paper focuses on the overall CRF architecture, assessing the extent to which the IDB-9 CRF requirements have been fully and effectively implemented, and sets out conclusions and recommendations for full and effective implementation.

C. Evaluation objectives, methodology, and data sources

1.9 This paper raises two broad questions regarding the IDB-9 reform linked to the CRF:

- How *complete* has implementation of the IDB-9 requirements for a CRF been, as compared with ex-ante expectations?
- How *effective* has this implementation been in achieving the underlying goals set out by Governors in relation to the CRF requirement?

1.10 The primary sources of evidence are relevant IDB documents, other MDB and donor documents, and interviews with selected staff of the IDB, other MDBs, and a bilateral donor. A purposive sample of 18 IDB staff was interviewed. An attempt was made to interview relatively senior staff from each of the Vice-Presidencies, but the sample was not representative in a statistical sense.

However, representativeness was not a key objective of this assessment, as the CRF is expected to fulfill different uses at different levels and sectors of the organization, as well as among external parties.⁶ The assessment presented in this background paper focuses on the degree of functionality and use of the CRF in the overall context of the Bank's results architecture.

II. ASSESSMENT OF THE FULL IMPLEMENTATION OF THE IDB-9 CRF

- 2.1 The assessment of "full implementation" of the IDB-9 CRF requirements is facilitated by the level of specificity endorsed by the Governors in the IDB-9 documents themselves, and particularly in the IDB Results Framework, Annex 1 of the IDB-9 Report. In fact, elements of the CRF structure predated IDB-9, having been introduced as the basis of the annual DEO at least a couple of years before the Cancun Declaration. The IDB-9 Report substantially adopted the DEO and envisioned it as the main source of ongoing information on the CRF.⁷ While the coverage of successive DEOs has improved since the Report was issued, there are still gaps.
- 2.2 However, it is recognized that while the period of implementation of the CRF is formally from 2012 to 2015, as stipulated in the IDB-9 Report (RRF1.6-1.7, 3.1), CRF implementation began de facto in 2010. Thus, the current assessment includes the trial period that began in 2010 to help improve the tool going forward. Even though Management viewed 2010 and 2011 as "practice" for implementation of the CRF, the DEOs were published in those years as one of the formal reporting mechanisms of the IDB. The first formal gauge of CRF implementation will be the 2013 DEO, which will report progress in 2012.⁸ Thus, a main purpose of this paper is to assess the performance of the Bank in endeavoring to implement the CRF during the two-year practice period with a view to identifying lessons that could be usefully applied during the formal implementation period.⁹

⁶ In addition, two IDB Executive Directors and eight staff of three other MDBs and one bilateral donor were interviewed. The paper also received written comments on an earlier version from Management and benefited from a subsequent meeting with SPD staff on November 26, 2012.

⁷ While not mentioned in the IDB-9 Report, the Annual and the Quarterly Business Reviews also focus on operational *efficiency* measures, a number of which are included in the CRF. The Quarterly Business Reviews are convenient for the way in which they flag data that are relevant to the CRF. However, only a few indicators reflecting operational *effectiveness*, those dealing with evaluability, are covered by the Business Reviews. Neither the Annual nor the Quarterly Business Reviews report CRF data on output contributions or on lending priorities.

⁸ This time period corresponds to the subscriptions of ordinary capital agreed under the Ninth General Capital Increase, to begin October 1, 2011, and continue in equal installments for five years until 2015 (R5.5).

⁹ The focus of the current assessment on the 2010-2011 period is also consistent with the Cancun Declaration issued in March 2010, which contains a condition for Management to provide public disclosure in the DEO of several project-level results-framed metrics, including compliance with

D. Cross-cutting findings

- 2.3 **Structure.** The general structure of the CRF as presented in the DEO continues to consist of four levels, one table for each level. But the sequence of presentation and some of the indicators have changed over time. In particular, the number of indicators has declined from 108 to 84, and there have been significant changes in the mix of indicators.¹⁰ The most significant change has been the deletion of any disaggregation for the categories of gender, indigenous peoples, and Afro-descendants in Level 2 (see discussion of Level 2 below for further discussion). The structures of Levels 1, 3, and 4 have remained the same.
- 2.4 **Lack of coherence among levels.** The current system lacks coherence or connection between levels.¹¹ The Technical Notes for Levels 1 and 2 suggest linkages between those two levels, but they tend to be couched in general terms. No linkages between Level 4 and the other levels are delineated.
- 2.5 **Lack of alignment between lending and institutional priorities.** The lending priorities and institutional (also termed sectoral) priorities were set by the Board of Governors in the IDB-9 Report. There is a lack of alignment between the two priority sets. Perhaps a 1:1 alignment should not be expected, and some misalignment is almost inevitable since there are four priorities in the first set and five in the second. On the other hand, the lack of alignment substantially hinders the ability to track the results chain from inputs to activities to outputs to outcomes. One of the more significant specific misalignments is the absence of “food security” from the fourth lending priority, which is otherwise similar to the fifth institutional priority. There is no explanation for this omission. There is no institutional priority counterpart to “lending to small and vulnerable countries” and no lending target for the strategic goal to “foster development through the private sector”. (A tabular comparison of the sets of priorities is in Table A5 in Annex A).
- 2.6 **Unclear rationale for selection of indicators.** The Report states that the “selection of lending program priorities, outputs and regional development goals has been an iterative process based on priorities signaled by the Governors in the GCI discussions as well as lessons from the review of IDB-8” (RRF2.2). It also states that the Technical Notes prepared for Levels 1 and 2 include the rationales for selection of regional goals and output indicators (RRF4.17). Elsewhere, regarding Level 2, the Report states that “the indicators selected represent a large share of the Bank’s financial interventions, but are not exhaustive of the outputs

institutional priorities, before the final agreement on the Ninth General Capital Increase could be signed.

¹⁰ The decline in indicators has not been consistent, with a decline to 92 in 2008-09 and an increase to 105 in 2010. The drop to 84 in 2011 would appear to be consistent with a sustained decline.

¹¹ The recently completed review of the ADB Results Framework had as one of its objectives to tighten the causal linkages between levels and has proposed changes in Levels 2 and 3 to better indicate the linkages.

produced by the Bank” (RRF3.41). “Large share” is, however, not defined. In sum, the final selection of indicators reflects the diversity of opinions expressed by different Bank stakeholders and the final consensus reached after iterative discussions. At the same time, there is no mention in the Report or elsewhere of indicators that were considered but not included. In sum, this process has resulted in less scrutiny of the rationale for indicator selection, giving rise to questions about their relevance to the Region’s welfare and the Bank’s work. (Additional comments pertinent to indicator selection are made in the discussion of each Level and in Annex B of this paper). A related question concerning the appropriate *number* of indicators in a CRF is somewhat unsettled among organizations. (See the next chapter and Annex C). The sheer number of indicators in the current IDB CRF—84—seems high, but it is in the same range as other MDBs’ CRFs. There is a universal desire to reduce the number, but this seems difficult in organizations with multiple programs and stakeholders. The RF Annex states that the “number of targets” (also implying number of indicators) was “limited and focused” (RRF 3.1). But this refers to the four lending priorities, not to the 80 other indicators in the current CRF.¹²

- 2.7 ***Unclear process for setting baseline and target values.*** The criteria used for establishing the values of baselines and targets are not explained adequately for any of the levels; in some cases they are simply reported. For example, the Technical Notes for Levels 1 and 2 either state a baseline value with no explanation, or indicate that it is “under construction,” or say that it is not available. The RF Annex includes some discussion of the considerations taken into account in establishing baseline values, noting that, where data were available, they are annual averages of the years 2006-2009. For the lending priorities, the RF Annex states: “Although the Bank did not previously report on the four lending categories proposed, it is possible to group past approved projects in each of them and therefore allow for the calculation of baselines for projects approved in 2006-2009. In this period, 67% of the average lending qualified for one or more of the different combinations of the lending categories” (RRF3.4).¹³ Apart from an indication of the difficulties involved, the RF Annex does not indicate criteria for establishing baseline values for the other three CRF Levels:

¹² A matrix in the RF Annex compares the Effectiveness dimension of the Paris Declaration on Aid Effectiveness with the IDB requirement that all operations be evaluable, meaning among other things that indicators be “SMART” (specific, measurable, attainable, realistic, and timely). But this is the only reference to this standard in the Report or in the Annex (RRF, p. 24). The 2008 ADB Results Framework devotes an appendix to an explanation of indicators, baselines, and targets for each for the four CRF levels (Appendix 2, pp. 8-12).

¹³ There is a discrepancy between the figure of 67% for average lending during 2006-2009 having been eligible under the lending priorities (RRF3.4) and a total of 82% shown in Table 1 on p. 3. Similarly, the estimate by 2012-2015 shown in RRF3.5 is 83%, whereas the corresponding total in Table 1 is 125%.

It was not possible to collect baselines for all the outputs. And even in the cases where baselines are reported they are to be considered estimates. This is mostly due to the lack of systematic collection of standard indicators (or even units of measure), but also because there are some areas of new engagement. In other cases, sectors were able to identify projects that contributed to the outputs but for which data was not reliable. (RRF4.19).

The RF Annex does suggest a couple of general criteria for targets—for example, that they respond to country demand in priority areas, and contribute to regional goals (RRF2.2). SPD has engaged in an iterative process with sectors to identify indicators with “RF flags” in PMRs to represent baseline, target, and progress values. These values are then aggregated to yield the values shown in the CRF tables of the DEOs.¹⁴ Ultimately lending targets were sanctioned by the Board of Governors and Board of Directors.

- 2.8 ***Lack of baseline values.*** The absence of values for baseline indicators for Levels 2 and 4 has been a persistent limitation. For example, over half of the Level 2 indicators in the 2010 DEO lacked baseline values (this does not include the absence of any values for gender and ethnic indicators) and almost half (13 of 30) of the indicators for Level 4 lacked baseline values in the 2011 DEO. No baseline column is shown at all for Level 2 in the 2011 DEO. No valid assessment of progress is possible without baseline values. Management notes that some baseline numbers seemed to be so low that they were not deemed reliable and the value was thus left blank. Baselines are to be included in future editions of the DEO.
- 2.9 ***Measuring progress over time.*** Until the 2010 DEO it was not possible to get a sense of change over time in the IDB’s contributions to development results. In particular, the Bank may not have collected information on output contributions to goals before 2006. The 2010 DEO first reported current-year (as opposed to base-year) values, along with columns for the baseline (2006-2009 annual average) and for estimated targets for 2015. Current or “progress” values were shown for just over 40% of indicators for Level 2 and 53% for Level 4. The 2011 DEO represented a significant advance, with current (2011) values shown for all 27 indicators in Level 2 and for 83% of the 30 indicators in Level 4.
- 2.10 ***Confusion about target date.*** The statement of the target date varies within and between the DEOs and the Report. It would appear to be the end of 2015, but this is sometimes expressed as just 2015 or 2012-2015 or end of 2012-2015. Valid interpretation of progress requires a consistent statement of the target date. In fact, the setting of a target date implies an idea of progression toward the desired results. However, as a review of the Level 2 table reveals, a number of the indicators and corresponding targets set by the IDB-9 CRF are often related to variables that are rather volatile.

¹⁴ Communication from SPD, October 15, 2012.

E. Differences in completeness of CRF implementation by level

1. Level 1. Regional development goals¹⁵

- 2.11 The Report provided values for all 23 Level 1 baseline indicators; however, the baseline values for three indicators were quite dated, ranging from 1999 to 2005. In the 2011 DEO all Level 1 baseline values are also reported, but four indicators are dated earlier than 2005.¹⁶ The 2011 DEO reports “Progress” indicators with no gaps, and most indicators are within a year or two of 2011.
- 2.12 Several Level 1 indicators raise issues. The “Technical Notes for Regional Development Goals and Outputs” for Levels 1 and 2 vary in their treatment of the assumptions and rationale for the selection of indicators, ranging from extensive and specific to brief and general.¹⁷ But the notes typically say little or nothing about the rationale for the baseline or target *values* of a given indicator. (Annex B provides detailed comments about the content of several Level 1 indicators).

2. Level 2. Output contributions to regional goals¹⁸

- 2.13 The Report called for 52 indicators at Level 2. However, values for 37 indicators in the baseline column and 25 in the targets or estimated outputs column were missing from the pertinent table (Table 3 in the RF Annex). Values for all 50 indicators (25 in each column) to be disaggregated by gender or ethnicity were missing from the RF Annex. The 2011 DEO reports target values and 2011 progress values for all 27 indicators shown.
- 2.14 However, no separate gender or ethnic indicators are proposed. These groups are mentioned in parentheses, but no disaggregation is suggested that would permit separate reporting. This is in sharp contrast to the Report, which states flatly that “indicators are disaggregated by gender, Indigenous and Afro-descendants where pertinent” (R3.41), a statement repeated in the 2008-2009 DEO (p.185): “The Bank is committed to collecting baselines for indicators that will be disaggregated by gender and ethnicity”.¹⁹

¹⁵ See Annex A, Table A1, for the 2011 Level 1 table.

¹⁶ The DEO explains these adjustments as an “adjustment to data source” (2011 DEO, p.21).

¹⁷ Cited in the Report (RRF4.17), but not included as part of the Report. The Notes are part of a “Technical Archives” series, which in addition to notes for Levels 1 and 2, also contains Technical Notes for Level 4. The author has not been able to obtain the Level 4 notes. Good practice would include such notes as an appendix to the relevant report. The ADB CRF appends brief definitions and indicates how more detailed definitions may be obtained.

¹⁸ See Annex A, Table A2, for the 2011 Level 2 table.

¹⁹ The content of the indicators for the pertinent tables in the IDB-9 Report and in the 2011 DEO is basically the same. The difference in numbers (52 in the Report and 27 in the DEO) results from omission of disaggregated rows for gender and ethnicity in the 2011 DEO and some minor changes in how data were requested (e.g., percentages).

2.15 It is unclear what rules are used for the accounting of Level 2 outputs when the Bank is only a partial, and perhaps very minor, contributor to the production of these outputs. There is currently no explicit indication of the specific output contributions attributed to Bank-only efforts vs. the efforts of other development partners in a project. In these cases are outputs accounted in proportion to the Bank's contribution, or fully credited to the Bank? Management indicates that the values of Level 2 outputs cover all contributions, including those of the country and other partners.²⁰ It is also not clear whether outputs recorded in Level 2 are in annual or cumulative terms. Management indicates that these data are in *cumulative* terms, whereas lending priority and operational effectiveness and efficiency data (Levels 3 and 4) are in annual terms, recounting each year the total number of outputs (e.g., schools) produced by a project. Both these attributes of contributor and annual vs. cumulative should be made explicit in the DEO; otherwise, it will not be clear whether a progress value is building toward a target cumulatively or the value refers only to a given year and must be achieved again with further progress in the target year. (Annex B provides detailed comments about the content of several Level 2 indicators).

3. Level 3. Lending program priorities²¹

- 2.16 The four lending program priorities have remained the same since the IDB-9 Report. They replaced the two lending targets that prevailed during the IDB-8 period. The corresponding indicators are expressed as percentages of total volume of lending, both sovereign-guarantee (SG) and non-sovereign guarantee (NSG) operations, during the baseline and target periods (RRF3.2, 3.5-3.6).
- 2.17 The RF Annex and the 2008-2009 and 2010 DEOs present the lending program priorities as Level 1 (and table) of the CRF. However, these indicators are not development results but rather *targets for the allocation of inputs*. By contrast, the 2011 DEO placement at Level 3 is more appropriate for these priorities. They would be even better placed as part of "Operational Effectiveness," where the ADB Results Framework shows similar lending priorities.²²
- 2.18 There is also a potential issue with the values of the targets themselves. Three of the four priority indicators of Level 3 have reached or surpassed their 2015 targets—lending to support climate change initiatives is at 33%, compared to a target of 27%; lending to small and vulnerable countries is at 36%, compared to 35%; and lending for poverty reduction and equity enhancement is at 49%, compared to 50%. Lending to support regional cooperation and integration is at 12% compared to a baseline of 10% but has a relatively long distance to reach the

²⁰ Communication from SPD, October 15, 2012.

²¹ See Annex A, Table A3 for the 2011 Level 3 table

²² Three categories of lending baselines and targets are expressed as percentages of numbers of operations in the ADB CRF Level 3, "Operational Effectiveness". *ADB Results Framework 2008*, Appendix I, p. 6.

target of 15%. When three of the four targets have been surpassed or nearly met four years before the target date, the realism of the target-setting process could be questioned.

- 2.19 ***Classification guidelines.*** A major operational challenge for the Bank regarding lending program priorities has been classifying loan operations into categories that correspond to one of the four priorities. It took 20 months after the issuance of the IDB-9 Report in May 2010 to provide guidelines for classification (*Guidelines for Classifying Lending Program Priorities*, January 20, 2012).
- 2.20 The Guidelines are in accord with the principle stated in the Report that “Loan eligibility rules are not mutually exclusive. Loans might qualify totally or partially for one or more categories and therefore the lending estimate percentages do not add up to 100%”. This explains why from a base of 82% of total lending in 2006-2009, the sum of the percentage shares of the four priorities is projected to come to 125% by the end of 2015. The Guidelines’ basic approach is to classify sectors or subsectors for three of the four lending priorities into an “automatic” category, meaning that if the subsector of a proposed operation is named in the RRF (3.15-3.25), the operation would automatically qualify for inclusion in a lending priority (additional criteria are specified for the third and fourth priorities). A second category, “non-automatic” or “conditional,” requires that a proposed operation be classified in one of a number of additional subsectors and meet certain tests, including “empirically justifying” the proposed designation.²³ Separate background papers on each of the sector strategies analyze the important question of whether each sector classification guideline accurately reflects lending that advances key sector development objectives.²⁴

²³ For the lending priority “small and vulnerable countries,” all 19 countries in the “C & D” lists are eligible. Being listed in the RF Annex is sufficient for “automatic” designation in the “poverty reduction and equity enhancement” lending priority. Geographic location, headcount, and ratio of net benefits to low-income beneficiaries are considered under the “conditional” designation. For “support to climate change initiatives,” a large number of subsectors are identified for “automatic” classification, providing they involve mitigation of or adaptation to climate change, sustainable energy, or environmental sustainability. A number of other subsectors justify “conditional” status, providing the project document “empirically justifies” eligibility. Similarly, a number of subsectors, as well as existing regional initiatives, are identified to permit a proposed operation’s automatic designation in “regional cooperation and integration,” providing they fall under infrastructure, institutional strengthening or capacity building, or regional public goods. A number of other subsectors justify “conditional” status, again providing the project document empirically justifies eligibility. (*Classification Guidelines*, pp. 5-13, and RF Annex, pp. 4-11).

²⁴ The lending priorities are also addressed in the seven sectoral background papers prepared for the IDB-9 Evaluation: Environment/Climate Change Strategy; Institutions for Growth and Social Welfare; Social Strategy; Environmental, Social, Gender and other Safeguards; Private Sector Development; Competitive Regional and Global International Integration; and Small and Vulnerable Countries – Haiti.

a) Issues by lending priority

- 2.21 ***Small and vulnerable countries.*** Addressing the needs of “less developed and small countries” is an IDB “Strategic Goal”. But the first lending program priority in CRF Level 3 is expressed as “small and vulnerable countries”. The 2012 classification guidelines define “vulnerable countries” as those that are “smaller and have less developed economies and populations” (p. 5), but they define this group operationally as the 19 countries in the Region with economies smaller than US\$55 billion per country. Apart from the obvious loosening of focus on a supposedly small set of priority countries, what is also lost in these definitions is an independent and operational definition of “vulnerable”. Small economies are not necessarily vulnerable.
- 2.22 ***Poverty reduction and equity enhancement.*** Guidelines for determining whether an operation meets the second lending program priority have been fleshed out in some detail (Guidelines, pp. 6-7).
- 2.23 ***Climate change initiatives, renewable energy, and environmental sustainability.*** Guidelines for determining whether an operation qualifies for this lending priority have also been fleshed out in detail (pp. 8-10). As noted above, this priority is virtually identical to institutional priority 5 in CRF Levels 1 and 2, except that it excludes “enhancing food security”.
- 2.24 ***Regional cooperation and integration.*** The guidelines for determining eligibility for this lending priority are relatively detailed (pp. 11-13). But the list of subsectors for “automatic” inclusion in this lending category raises some questions. For example, “information and communications technology, telecommunications infrastructure, and public policy in telecommunications” (p. 12) would not necessarily serve regional integration purposes. Virtually all IDB staff interviewed thought the regional lending priority was very difficult to achieve. As one country office staff member put it, a balance is needed in this priority between the country focus and the regional focus.

4. Level 4. Operational effectiveness and efficiency²⁵

- 2.25 Of 31 indicators called for in each column of the Level 4 table, 17 related to operational effectiveness and 14 to operational efficiency. Fifteen values were missing from the baseline column of the Report, but all 31²⁶ were shown for the targets column. In the 2011 DEO only 26 indicators are shown for the 2011 “Progress” column. Missing are:

²⁵ See Annex A, Table A4, for the 2011 Level 4 table.

²⁶ The 31 indicators include the percentage of Executive Staff and Representatives who are women and the percentage of EVP and Vice-Presidents who are women as two separate indicators, as shown in Table 4 of Annex I and in subsequent DEOs.

- Two specified indicators for knowledge and capacity-building products (KCPs) (percent of completed KCPs with results that can be validated and percent with satisfactory results); and
- Three indicators for Partner Satisfaction (percent of external partners satisfied with Bank delivery of services for Country Strategies, for loan operations, and for KCPs).
- The 2011 DEO notes that KCP data are “pending implementation of monitoring and evaluation of [technical cooperation projects] and that a survey on Partner Satisfaction will be conducted in 2012.

a) Operational effectiveness

2.26 Of the 12 Operational Effectiveness indicators for which there are data, 9 showed progress values in 2011 that were 10 percentage points or more above the targets to be reached at the end of 2015. For example, by 2011 it is reported that 100% of Country Strategies had satisfactory scores in evaluability dimensions, and 100% had satisfactory results “that can be validated at completion for sector outcomes,” as compared with the 85% and 65% respective targets for 2015. This suggests there was either impressive performance or that the targets were not sufficiently ambitious. While there was no baseline (2006-2009) figure for sector outcomes, the fact that the baseline for evaluability was only 27% suggests significant progress in that dimension.

2.27 Four operational effectiveness indicators deal with Bank Country Strategies. The RF Annex provides the following rationale for their inclusion in the CRF:

Indicators selected for country strategies will help understand how individual interventions contribute to country level goals, but it is also important to ensure effective programming. Reporting on country level outcomes allows the Bank to determine how it is contributing to a country’s development goals (RRF5.3).

2.28 The four indicators are (i) satisfactory evaluability dimensions, (ii) sector outcomes, (iii) financial outcome, and (iv) progress in building and using country systems. If the indicators are to show how the Bank is contributing to a country’s development goals, their relationship to outcomes at the country level would need to be analyzed. The indicators themselves do not reveal this. The main text of the Report indicates that progress in implementing the Paris Declaration Principles on Aid Effectiveness will be incorporated as an effectiveness target in the CRF (R3.42). Except for the use of country systems, it is not apparent that Paris Declaration principles were explicitly included in any levels of the IDB CRF. (Annex B provides additional assessment of Level 4 indicators, including a more detailed discussion of the mapping by the RF Annex with the Paris Declaration).

b) Operational efficiency

- 2.29 Three of the four indicators for human resources relate to gender. Recent data indicate that targets for these indicators have been met or are likely to be met by the end of 2015. In the first category are women in grade 4 and above and women in executive and representative positions. The target for top Management staff may not be met (EVP and Vice-Presidents).²⁷
- 2.30 *Decentralization.* The third human resources efficiency indicator is the “percentage of professional staff based in [country offices in the field]”. This indicator reached a value of 32% in 2011 from a base of 26%. The target is 40%. However, the Report also states that efficiency indicators will include “decentralize decision making to country offices” (R3.42 and RRF5.6). There is no indication in Level 4 of a measurement of devolution of decision-making to country offices.

III. ASSESSMENT OF THE EFFECTIVENESS OF IDB-9 CRF

- 3.1 The second part of the assessment mandated by the Governors requires OVE to ascertain the effectiveness of the reforms. In most cases, effectiveness is built over time, and therefore it can only be assessed as work in progress. OVE used two key pieces of evidence in assessing how effective the IDB-9 CRF implementation has been. First, it reviewed the CRF in terms of how it seems to be achieving the underlying objectives that led the Governors to require it—that is, the five key functions in the managing for results framework (shown in Table 1). Second, it drew on the effectiveness experience of comparable organizations that have implemented similar CRF architectures before IDB, and thus have accumulated some learning that could be transferred to IDB.
- 3.2 The assessment combines both sources of evidence and is discussed under each one of the “managing for results” functionalities: (i) set corporate goals; (ii) monitor corporate progress; (iii) evaluate corporate performance; (iv) reinforce corporate accountability; and (v) support corporate decision-making. Within each function, a number of effectiveness issues are identified. However, these issues need to be understood in the context of a management tool like the CRF, whose full effectiveness necessarily has to be reinforced over time, by testing its reliability and use.
- A. Set corporate goals**
- 3.3 *Link with corporate strategy.* The CRF structure is virtually identical to the IDB Corporate Strategy. On one hand, this is positive, because corporate metrics are aligned with the strategy. On the other hand, CRF and the Corporate Strategy serve two different objectives, and thus effective use of each tool requires some

²⁷ See paper on Organizational Structure and HR Process prepared for the IDB-9 evaluation.

- differentiation. The Corporate Strategy is meant to be a statement of future purpose and a plan to get there, derived from the consideration of client needs, the Bank's comparative advantages, and the cost-benefits of alternative options to obtain the same results. By contrast, the CRF is meant to be a snapshot, or a series of successive snapshots, reflecting the Bank's progression along a selected path. Complete equality of Corporate Strategy and CRF robs the strategic process of its dynamism to consider options and react to new developments. By the same token, an effective CRF would try to incorporate these elements by highlighting customer feedback and relevant indicators.
- 3.4 ***Unclear coverage.*** The IDB Corporate Strategy is taken to be the combination of one “overarching objective,” the two sub-objectives, and the two “strategic goals”. The overarching objectives are so broad that for the most part they have little or no meaning for the CRF. On the other hand, the two “strategic goals” are very specific (small, vulnerable countries and promotion of the private sector) and do not apply to every subcategory of the CRF.
- 3.5 ***Time horizon mismatch.*** The CRF does not address the balance between short-term and long-term views. In contrast to the ADB CRF, which is underpinned by the ADB 2020 Strategy, the IDB CRF lacks clear and consistent articulation of long-term strategic objectives and goals.²⁸
- 3.6 ***Target-setting not systematic.*** The CRF sets targets at three levels: lending priorities (via four lending targets), and output and operational targets (via tables at Levels 2 and 4, respectively). The rationale for selecting items and setting target values for Level 4 is not clear. For example, a results-related rationale would be that meeting a particular target would help achieve results at higher levels by reducing or removing a bottleneck. However, the setting of targets seems to have been done independently of this rationale, more as a statement of desirable ratios, and much less with an integrated view of organically improving the Bank's effectiveness. Similar questions arise with respect to the selection of indicators and identifying target values at Level 2, as noted in the previous section and in Annex B.
- 3.7 ***“Wiggle room”.*** The Lending Priority Classification Guidelines specify two categories: (i) “automatic,” because they fall into a certain subsector where their eligibility for inclusion in one of the priorities is clear, and (ii) “conditional,” which requires additional scrutiny and discussion with the relevant operational unit. This process by its nature leaves room for significant maneuvering to obtain eligibility status.

²⁸ The ongoing ADB review of its CRF is likely to recommend short-term and long-term sustainability indicators.

B. Monitor corporate progress²⁹

- 3.8 **Functions.** IDB-9 requirements emphasize the results reporting function over others, such as resource accountability and use. These are all uses, broadly defined. According to Table 1, the Report contains 27 such specific requirements related to the CRF. However, 9 entail results reporting, 6 involve evaluation, 7 involve accountability, and 5 involve decision-making, including resource allocation decisions (e.g., results-based budgeting).
- 3.9 **Timing of CRF reviews.** DEOs are distributed annually, coinciding with the Annual Meeting of Governors. There is no clear evidence that this periodic presentation of the DEO has led to any greater ability of shareholders to monitor corporate progress, or that such monitoring has led to any specific corrective action. In addition to the DEO, a part of the CRF is updated each quarter in the Quarterly Business Reviews, but there is no evidence about the use of this information in promoting monitoring and corrective action.
- 3.10 **Corrective action reports.** In the same vein, there is a clear tension between the role of the DEO as an external communication tool and its ability to candidly highlight issues and problems so that corrective action can be taken. To date, the external communication role overwhelms the other use. Perhaps having an internal, operational version of the CRF geared toward developing periodic corrective action plans would balance CRFs by reinforcing this second important function of continuously improving the work of the Bank. This would supplement the quarterly review of lending targets by the Operations Policy Committee. Management proposes to revise targets at the middle point of the implementation period in early 2014, using information for 2012 and 2013. This may result in the updating of output targets. In addition, the end of the current CRF period in 2015 will provide an important opportunity to assess implementation experience since 2010 and make warranted revisions in the framework before the period beginning in 2016.
- 3.11 **Resource accountability is not comprehensive.** Illustrations of activities reported in the DEOs are not representative of the IDB portfolio or of the most pressing strategic issues in the portfolio. Without a systematic mandate to be representative of IDB's corporate progress, the CRF/DEOs become a collection of stories, mostly about successes. There is no indication of a strict multiyear sequence of analyses, which over time would ensure coverage of the Bank's performance by sector.

²⁹ Some assessment of a major IDB monitoring instrument, the Progress Monitoring Report (PMR), is included in a separate background paper, Development Effectiveness Framework and Overview, prepared for the IDB-9 Evaluation. The focus of the CRF background paper is on reporting, which is a subfunction of monitoring. Other aspects of monitoring are treated in the background paper on the Development Effectiveness Framework and Overview. See also paragraph 3.32 below.

C. Evaluate corporate performance

- 3.12 ***Lack of clear vertical logic.*** Corporate performance evaluation requires that there be a sense of connection between inputs, activities, outputs, and outcomes. These connections are supported by strong attribution and causality claims. The IDB-9 Report is very specific in asking for measurement at these levels, including outcomes: “Develop a CRF with specific indicators, baselines and targets to measure outcomes and outputs to be achieved” (R3.37-3.38).
- 3.13 Such vertical logic is the only way to meaningfully evaluate corporate performance and, more importantly, to be able to do something to improve it in the future. Other organizations—the ADB, African Development Bank (AfDB), World Bank, and the United Kingdom’s Department for International Development (DFID)—clearly separate and strengthen this logic in their CRFs. At IDB the inputs and activities are not linked. Operational Effectiveness and Efficiency are combined in the same level and table, whereas other organizations separate them into two levels and tables. Similarly, the link between activities and outputs is broken, in that Level 3 (Lending Priority Targets) considers only the allocation of loan finance and ignores other priority activities, such as technical cooperation, and knowledge and learning.³⁰ While separating Operational Effectiveness and Efficiency would not automatically establish better results chain linkages, at least the distinction would be clear. This might create five levels rather than four, but this could be avoided by moving Lending Priorities to a category in the Operational Effectiveness Level, as the ADB does.
- 3.14 ***Results reporting logic is broken at both ends.*** The linkage between inputs and activities is not apparent, partly because they are all in Level 4; nor is a link from activities to outputs apparent from Level 4 to Level 2. Similarly, there is also a weak linkage from outputs to outcomes, because Table 1 jumps right to outcomes at the regional goal level; and there is no indication of IDB output contributions to outcomes at the country level.
- 3.15 ***The intermediate logic chain is also weak.*** Given that the connection between inputs and outcomes (at both extremes of the vertical chain) is weak, one would expect the intermediate linkages to be solid. However, this is not the case. At other organizations—the ADB, the World Bank, and others—there is a clear recognition that results attribution is difficult, but they are working on building a body of empirical evidence at the intermediate outcome and sector levels to be able to strengthen these results connections. None of them believes they have reached a level they are satisfied with, but they are working toward it. IDB reporting at the output and outcome levels is *not consistent*. For example, among the 27 indicators in Level 2 of the IDB CRF, less than one-third are clearly at the

³⁰ Only those policy lending operations that fit into one of the four lending priority categories—for example, a Climate Change Policy Loan—are included in Level 3. No indicator separates out policy lending operations per se, or their quality.

output level. The others are at an intermediate outcome level or are difficult to assign (e.g., “beneficiaries”—see Annex A, Table A2).³¹ Under the DEM requirement for an ex-post evaluation, about 20% or more of projects are deemed suitable for more rigorous evaluation techniques. This suggests that the gap between outputs and outcomes in these projects could be bridged.

D. Reinforce corporate accountability

- 3.16 **Stakeholders.** As an accountability tool, the CRF should be tailored to address the reporting and information needs of stakeholders. The audiences that are targeted are not clear in the current CRF/DEO design. Supposedly the interest and ability to use the information differs among audiences—shareholders, civil society, country authorities, investors, and IDB Management, among others.
- 3.17 **Country counterparts.** While executing agencies are often asked by the Bank to provide CRF-related data at the project level, country counterparts are typically not involved in an integral way, such as in the design of CRF architecture and processes. Does this make sense, when in fact results are produced in the countries themselves? One way the Bank can correct this omission is to support building country capacity in results management and to involve counterparts more proactively and systematically in the process of selecting, providing, vetting, and using the data.
- 3.18 **Disconnect with resources.** Although there is a mention of results-based budgeting (RBB) as a tool that complements the CRF, RBB types of metrics are not clearly built into the Bank’s CRF. Thus it is hard to connect resource use and productivity metrics with the outputs and outcomes in the CRF.³²
- 3.19 **Accountability: NSG and SG operations.** The criteria for success, the stakeholders, and the processes and timelines are all different between NSG and SG operations. The main potential commonality against which the two can be compared and assessed is at the final beneficiary level. Building upwards from that level, the output contributions of the Bank need to be assessed with similar instruments to allow both meaningful addition and accountability for the use of IDB’s financial and nonfinancial resources.³³
- 3.20 **Accounting for policy-based lending.** Tracking the outputs of policy-based lending is particularly difficult in the current CRF architecture. One approach would be to show the percentage of successful policy-based lending allocations in the Effectiveness section of Level 4 and supplement it with a qualitative

³¹ The CRFs of other MDBs reveal the same problem. For example, see ADB Results Framework (August 2008), Appendix 1, p. 5, “Level 2: Contribution to Country Outcomes: Key Outputs”.

³² See background paper on Operational Performance and Budget prepared for the IDB-9 evaluation.

³³ See the related background paper on Private Sector Development.

assessment in the DEO on the types of reforms and capacity development results achieved through these operations.³⁴

- 3.21 ***External Feedback System.*** The EFS is more an add-on than an integral CRF pillar. This may not have been the intent of the IDB-9 Report, but the extended delay in implementation of the EFS is de facto making the CRF self-referential. When the EFS are published, it is important that it contain, as planned, representative views of main stakeholder groups.
- 3.22 ***Governance and responsibility for development results reporting.*** Full accountability is not achieved if the information reported is not validated and certified by the proper authorities of the Bank. Who enters data, vets information, ensures consistency, and signs off? There are a number of checkpoints in the current process. To begin with, executing agencies in the countries play a key role in generating data, followed by country offices, sector divisions, country groups, relevant Vice-Presidencies, and ultimately, SPD as collector of data. SPD works with the sectors to properly identify indicators and validate results values from the PMRs. Moreover, each sector has a PMR “focal point,” whose responsibility it is to ensure the quality of PMRs and their associated CRF indicators. The previously mentioned “RF flags” facilitate this process, but it is not clear who verifies or validates the results or if these processes and responsibilities, including quality control, are stated in writing. The DEO report is prefaced and signed by the President of the Bank, as a sort of “developmental statement” of the Bank’s progress. The sort of scrutiny applied to these results, including the lack of an independent evaluator’s or auditor’s opinion, is much lower than that for the Bank’s financial statements. Similarly, there is no certification of the system that produces the developmental information, nor of its accuracy. Quality control could be accomplished by such means as validation of a sample of data reported for the CRF. In the absence of credible quality assurance, inconsistent and patently erroneous results can and do slip through (see Box 3 for an example).
- 3.23 ***Unclear ownership.*** SPD designed the CRF and produces the DEO, but there is no definition of the process and the involvement (or ownership) of other actors in the Bank. A bottom-up process actively involving stakeholders at the country level (as suggested in the next section) could result in a different CRF ownership structure.

³⁴ This approach is included in Level 2 of the revised ADB Results Framework. In addition to the qualitative assessment, a policy-based loan rating methodology would have to be developed.

Box 3. Verification of CRF Data: One Example

Without knowledge of the country context and/or experience with relevant sector issues, and with no formal reporting process in place, erroneous data can find its way into CRF reporting, or data can be misunderstood. In one case in the 2011 DEO, what seemed like plausible absolute figures were reported as progress—progress that on further analysis turns out to be very implausible. The case in point is an education project involving implementing better educational programs to improve learning in primary and secondary schools. This project accounted for more than 50% of the Bank’s total approvals for education projects in 2010, and, more importantly, for over 93% of total Bank contributions in 2011 to the “*Social Policy for Equity and Productivity*” CRF output indicator “*Students benefited by education projects (girls, boys)*.”^{a35}

	Outcome indicator	Output	Students / school ratio	Outcome indicator	Output	Students / school ratio
	Students benefited at primary school level	Number of primary schools benefited		Students benefited at secondary school level	Number of secondary schools benefited	
Planned	770,000	1,700	453	1,900,000	6,500	292
Actuals (2011)	693,000	0	?	1,710,000	3,103	551

Project Reporting Characteristics

1. **Results to be tracked found in the Project Document and PMR:** Results included outputs (number of schools) and outcome indicators (students benefited by education projects).
2. **Reporting on outputs found in the PMR:** Outputs were reported at the school level, under the assumption that all the students enrolled at a particular benefited school would benefit.
3. **Reporting in 2011 PMR:** Reports included data for secondary schools benefited (3,103), but no primary schools; also, students benefited at both primary (693,000) and secondary (1,710,000) levels.

Observations

1. It is difficult to assess, from the formal information found in the PMRs, the estimated number of primary students benefited if no primary school was reported as benefited.
2. The resulting^a average number of benefited students per secondary school as reported in the 2011 PMR (551) is much higher than the average number of students per secondary school reported in the Project Document (292).

^a As there is no formal information on the actual per school in the Project Documents or PMRs, the numbers above have been calculated by dividing the total amount of students accounted in the project document by the total number of schools.

³⁵

This is the first indicator under Social Policy for Equity and Productivity in Level 2, Outputs Contribution to Regional Goals. See Annex A, Table A-2, below.

E. Support corporate decision-making

- 3.24 The fact that IDB-9 was extremely prescriptive regarding the complete design of the CRF may have reduced its effectiveness as the business needs of the Region were better assessed. Parallel systems are being used at different levels, such as by the Andean Region and the President's Office.
- 3.25 **Management decisions.** The IDB-9 report says little about the use of the CRF for such Management decisions as planning and the allocation of financial and personnel resources. A major exception is the Report's emphasis on RBB, which is tied directly to the CRF (R3.43, 4.18, RRF7.1-7.3).³⁶ In other words, if the central purpose of the CRF was to set and communicate targets (via the lending priorities and output contributions and operational performance tables), then the imposition of the rest of the architecture was excessive to achieve this goal. Conversely, if the CRF was also to serve as a management tool, there are weaknesses in the design, as well as in the lack of a formal process for using the information in decision-making by Governors and the Board—for example, types of deliberations, role of the parties.
- 3.26 Implementation of the mandated CRF design has not been thorough or consistent. A shift in columns or absence of baseline information from one year to the next in the DEO makes tracking of performance over time difficult or impossible. In addition, disaggregated data on gender and ethnicity (indigenous peoples and Afro-descendants), which the Bank in its 2008-2009 DEO said were important, and which it committed to collect, were omitted completely in the 2011 DEO. This resulted in the deletion—without explanation—of 25 sets of indicators (50 if baselines and targets are included). As a consequence, it is difficult at best to use this information in corporate decision-making.
- 3.27 **The usefulness of the CRF is not evident.** The kinds of uses expected need to be made explicit. The basic test of usefulness would be for Management decision-making. This implies that a primary CRF audience would be Management at different levels (as well as the governance bodies). One management unit that has been intentionally pursuing an MfDR approach, supported by a results framework, is the Country Department Andean Group (CAN). Some of the features of the CAN experience are summarized in Box 4. It provides one example of how managing for results has matured within the Bank's structure. An important lesson to be taken from the CAN experience is that MfDR does not happen overnight; CAN has been working toward MfDR for five years and is just getting to the point where they are ready to assess its efficacy.
- 3.28 **The need for cultural change.** MfDR requires a shift in Management and staff culture. Such a shift has happened, or is happening, in other MDBs and in parts of the IDB. While interviews with a range of mid-level to senior staff at IDB

³⁶ See the related background paper, Operational Performance and Budget.

headquarters (summarized in Box 5) provide a consistent indication that such a shift is occurring, the IDB is still a significant distance from organizations that are applying the information from a CRF (e.g., the ADB and World Bank among MDBs, and DFID among bilaterals).

- 3.29 **Limited role of the CRF for updating IDB's corporate strategy.** The weak causal chain among levels hinders the CRF's usefulness in reviewing the corporate strategy and limits the value of potential recommendations. By the same token, the lack of a future-oriented strategy limits the CRF's usefulness in tracking progress toward the corporate strategy.
- 3.30 **Use for shareholder monitoring.** Assuming that the Governors intended the CRF to be a tool to monitor the Bank's progress, it is not clear what process was envisioned to operationalize such monitoring, except for stipulating a midterm and final evaluation. Alternatively, Governors might want to complement this monitoring effort with a clear "shareholder scorecard" more suitable for this goal, as well as with a process for periodically engaging in a discussion of the findings.

Box 4. Working toward Managing for Development Results: A Holistic Approach

Management of the Country Department Andean Group (CAN)^a made a conscious decision to implement an MfDR approach in their operations in 2007. The key was to instill a "managing for results" culture with the following elements: (i) leadership buy-in and political support; (ii) recognition that staff require considerable time to adjust to the new way of working; (iii) an organizational alignment consistent with results-based dynamics; (iv) real delegation of responsibilities and decentralization of the decision-making process as well as transparency and inclusiveness in that process; (v) education/training in project management focused on managing for results and made available to managers/staff at all levels of the organization; (vi) an inclusive planning process and tools that help translate strategy into well-defined results at the key levels of a clearly articulated logical framework; and (vii) feedback on results to all stakeholders, including from the Bank's partners. An essential feature is considered to be generating the interest and commitment of counterparts in central ministries and executing agencies. This involved shifting the focus of periodic discussions with agencies from processes and accomplishments to detecting and mitigating risks to the achievement of development results.^b

While there has not yet been a formal assessment of the results of this approach (CAN management plans to allocate budget and staff according to results in 2013), and while no single approach suits all units, Bank Management would do well to consider this experience in their planning, since CAN is an operational unit that appears to have successfully addressed a number of the key issues in pursuing MfDR.

^a The countries in CAN are Bolivia, Colombia, Ecuador, Peru, and Venezuela.

^b A number of these points also apply to RBB and were drawn from the background paper Operational Performance and Budget, prepared for the IDB-9 evaluation.

Box 5. An Emerging Results Culture and Mindset at the IDB

Since IDB-9 Bank managers and staff have become increasingly aware of results measurement and its potential use for Management decision-making. There is also a sense that MfDR is here to stay and not a passing fad. In fact, IDB interviewees frequently expressed the view that the CRF mandated by the Governors has resulted in a significant and ongoing shift in the mindset of staff.

As this paper describes, the requirements for a CRF in IDB-9 represent a substantial change in the way the Bank monitors its performance. They have been a main driver of the shift of the staff mindset toward a results culture. At the same time, many staff expresses uncertainty about what to do with results information and how to use it for budget and personnel decision-making.

Note: Based on interviews conducted in June-July 2012 with senior IDB managers and staff (Directors and VP Advisors).

F. Comparison and cooperation with other development organizations

- 3.31 The IDB sought to base its CRF on best practices among MDBs, particularly the ADB, but the picture has rapidly evolved.³⁷ Other MDBs are setting up their own CRFs and adopting best practices. The ADB has conducted a thorough review of its CRF and is in the process of revamping it. Features are being incorporated in all the organizations reviewed that go beyond the IDB CRF. However, the IDB is apparently unique among MDBs in having developed an automated “RF Flag” system for tracking results at the operations level.
- 3.32 *Structural comparison.* The IDB-9 CRF was modeled in several respects on the 2008 ADB CRF. Several other MDBs and bilateral donors have moved in the same direction (Annex C compares the IDB with the ADB, AfDB, World Bank, and DFID). The CRF structures of all these organizations are very similar, with four main levels that include indicators with values for baselines, current or recent progress, and targets.³⁸ With a few exceptions, even the number of indicators is about the same across organizations, in the range of 20 to 30 per level.³⁹
- 3.33 Reflecting the IDB-9 Agreement, the IDB differs from other organizations by setting lending priorities as one of its CRF levels. No other reviewed organization includes lending priorities either as a CRF level or *within* the CRF, except the

³⁷ At the time of the Ninth General Capital Increase, Management compared the results indicators of a number of multilateral organizations (UN and MDB). These are reported in the IDB-9 RF Annex, p. 18.

³⁸ The ADB includes targets at the top regional level to provide added context, while other organizations avoid doing so because data are not available or they do not think it appropriate. The IDB does not include baseline values in its current 2011 DEO.

³⁹ AfDB is an outlier, showing 51 indicators for Level 2, “AfDB’s Contribution to Development in Africa”. Comparison of published numbers of indicators across institutional CRFs entails limitations because some indicators may include unpublished subindicators within them. DFID includes its support to the results of *multilateral* agencies as well as the results of its own bilateral programs.

- ADB, which includes five lending priorities within Level 3, “ADB’s Operational Effectiveness”.⁴⁰
- 3.34 ***Set corporate goals.*** While other organizations do not seek identity between corporate strategy and CRF, they seek some level of connection. The designers of the 2008 ADB CRF and those undertaking the revamping of the CRF look to their long-term strategic framework as a reference point because it is a future-oriented strategy.⁴¹
- 3.35 ***Monitoring corporate progress.*** All the compared organizations have annual reports or reviews that present CRF progress against baselines and targets. The content of these CRF “flagship” reports varies from institution to institution. Besides the CRF tables, some organizations include a substantial volume of financial information. Others, including the IDB, include a number of project examples. However, the rationale for IDB’s selection of projects is not clear. The ADB’s Development Effectiveness Review (DEfR) uses a few project examples—mostly limited to country briefs—in a separate document. The DEfR uses qualitative analysis to analyze issues raised by quantitative CFR results, and projects are sometimes synthesized for this purpose. Staff involved in preparing the DEfR say it is written primarily for shareholders and for accountability purposes, as opposed to public relations purposes.
- 3.36 ***Evaluate corporate performance.*** The usefulness of a CRF for evaluation and decision-making depends on the logic of the linkages between its levels. A weak link in the results frameworks of all the reviewed organizations is between Level 1, at the regional or global level, and Level 2, the contribution of the organization’s outputs to the higher objectives at Level 1. What is typically missing is an intermediate link in the chain, namely, at the outcome or intermediate outcome level.⁴² The other organizations reviewed are grappling with this issue, and some are making progress. For example, the ADB requires for all projects, wherever feasible, a measure of outcome a year after completion of its execution (for example, data on the actual use of a road). It is also assessing the contribution of its operations at a country-sector level and then determining the best way to aggregate the results. Another issue that was noted above as a challenge for all the MDBs, including the IDB and the ADB, is consistent identification and measurement of outputs and outcomes at Level 2 of their CRFs.
- 3.37 The other major structural difference is that all the other organizations separate out “operational effectiveness” from “operational efficiency,” rather than

⁴⁰ These are expressed as proportions of projects supporting private sector development, regional cooperation, environmental sustainability, and gender mainstreaming, along with lending to the ADB Strategy 2020 “core operational areas”. It will be noted that the first two of the ADB lending priority categories are similar but not identical to IDB lending priority categories.

⁴¹ *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008-2020.*

⁴² The IDB-9 Report explicitly asked that the CRF enable the measurement of outcomes and outputs (R3.37-3.38).

- combining them, as the IDB does. The linkages, or lack thereof, between operations indicators and higher-level results indicators would be clearer if effectiveness and efficiency were separated.
- 3.38 ***Reinforce corporate accountability.*** As a previous section discussed, the role of the IDB CRF in reinforcing corporate accountability is weak and unclear. The ADB’s DEfR, the equivalent of the IDB’s DEO, is deliberately designed to assist shareholders in their accountability function.
- 3.39 ***Support corporate decision-making.*** The reviewed organizations are at different stages in using their CRFs as a support for corporate decision-making. The ADB and the World Bank have progressed relatively further. There are two categories of decision-makers that could conceivably find a CRF useful: the governing body and Management. The ADB and the World Bank focus their main vehicle for CRF-reporting on trends in the indicators relative to baselines and targets and then periodically highlight pertinent issues for Management attention. ADB Management engages Directors in a discussion of CRF trends each month.⁴³
- 3.40 CRF information could potentially be useful for two classes of allocative decisions that Management makes: budget and personnel. ADB staff report that its “traffic light” approach (“status” in IDB terms) has “seized management attention”. The approach is applied to all four CRF levels, although its application to Level 1 indicates what is happening in the Region and is not attributed to the ADB per se. The World Bank reports using the approach during budget discussions to focus Management attention through a systematic review of results progress and issues at the regional level and at sector and country levels. All the reviewed MDBs have adopted the traffic light approach in at least two CRF levels, and DFID is considering adopting the approach (see Box 6 and the comparative table in the RF Annex).
- 3.41 The reviewed organizations are grappling with the challenge of incorporating MfDR into employee performance plans. Currently every department and office in the ADB is said to have a results-based work plan. But the next step—to insert a results-based work plan in every unit below the office level and at the individual staff level—is going slowly and is reportedly raising difficult implementation issues.

⁴³ The CRF is “taken seriously” by Management and Directors, according to ADB interviewees.

Box 6. The “Status Symbols”: Do the “Traffic Lights” Give the Right Signals?

The 2011 DEO makes use of color-coded symbols, which it calls “status symbols,” to indicate *direction of change*—whether the most recent indicator is moving toward the target. These metrics signal whether an indicator is judged to be “on track” (green), “no clear trend” (yellow), or “off track” (red). Judging from the baseline and target indicators shown in the DEO, the assignments of some indicators to one of the three categories appear questionable. But the majority of assignments seem appropriate. However, what is lost in this threefold scheme is any sense of the *extent* to which current indicators are off track relative to the target estimated for 2015. It is also difficult to make comparisons over time when the placement of baseline, progress, and target columns switches from one DEO to the next.

In the DEO CRF tables, by comparing the “Progress” indicator for 2011 with the target indicator, in some cases the rationale for the color of the “status” symbol is obvious, in other cases it is not. Such symbols are not used for Level 1, Regional Goals, but are used for Levels 2-4. The methodology for assigning a status seems to vary from level to level. For Level 2, Bank Contribution to Regional Goals, a footnote indicates that “The status is based on a formula weighting performance (80%) (2011 Actual values/2011 Plan) and accuracy (20%) (2012-15 plans/RF Targets)”. Notes to the Levels 3 and 4 tables say the “Percentage variances against the 2015 estimate are used to determine status”. These notes are not very illuminating. The formula is not provided, nor are the threshold variances given.

ADB, AfDB, and World Bank also use such a system, using green, yellow, and red codes, but with differing definitions. However, they have clearer and more straightforward definitions of their coding systems than does the IDB.^a

^a See *COMPAS: Multilateral Development Banks’ Common Performance Assessment System, 2010 Report: Corporate Results Framework*.

IV. EMERGING ISSUES AND SUGGESTIONS GOING FORWARD

A. Emerging issues

- 4.1 The IDB has made significant progress in moving toward managing for development results anchored in a CRF. The Bank deserves credit for what it has accomplished. Interviews conducted for this study consistently indicate that the organizational culture is moving toward a results orientation. As one respondent put it: “It is in the environment: it’s in everybody’s minds”. But staff tends to express uncertainty about what to do with results information, and how to use it for budget and personnel decision-making. Without progress on this front, the shift in culture could be reversed. This conclusion gives force to the suggestions made in this section.
- 4.2 **CRF structure.** The inconsistencies and gaps in the CRF structure reduce the value of the CRF for purposes of setting corporate goals and future (post-2015) targets, monitoring corporate progress, evaluating corporate performance, reinforcing corporate accountability, and supporting corporate decision-making. The deficiencies include:
 - Deletion of space in the 2011 DEO for data disaggregated by gender and ethnicity.

- Lack of full alignment between lending and institutional priorities.
 - Unclear rationale for indicator selection in each of the four CRF levels.
 - Lack of indication of the specific output contributions attributed to Bank-only efforts vs. those of other development partners in a project, or of whether Bank output contributions are in annual or cumulative terms.
 - The process of engagement by which baseline and target values are set is not always evident.
 - Lack of realism of some targets.
 - Inconsistent inclusion of baseline values.
 - Confusion regarding the target date.
 - Confusion regarding portfolio coverage of the lending priorities.
 - Continuing absence of values for five key operational effectiveness indicators.
- 4.3 ***Link between outputs and results.*** The absence of information linking Bank project outputs (Level 2) to higher-level results weakens the usefulness and credibility of the CRF. This is a challenge confronting other MDBs and donors that are attempting to move to a more holistic, systematic MfDR approach. But some organizations, such as the ADB and World Bank, are making progress, and others are intending to initiate a similar effort.
- 4.4 ***Resource decisions.*** Except in a few cases, such as CAN, the use of results frameworks for decision-making on budget and personnel resources in the Bank is weak or nonexistent.
- 4.5 ***Weak governance and quality control.*** The governance of the CRF, the related issue of quality control of data inputs to the CRF, and other aspects of accountability are weak. Country counterparts are also not involved in the design and implementation of the system (except in CAN countries).
- 4.6 ***Information reporting.*** Reporting of CRF information suffers from being combined with another objective: telling narrative stories of project accomplishments.
- 4.7 ***Merging lessons learned.*** A critical minimum mass of MDBs are developing, implementing, and refining CRFs. An increasingly relevant base of lessons learned is emerging that is applicable to all MDBs, including the IDB.

B. Suggestions going forward

- 1. *Inconsistencies in the CRF should be corrected (and gaps addressed, to the greatest extent feasible) before the 2013 DEO is issued.***
- 2. *The Bank should strengthen identification and measurement of outputs and intermediate and sector outcomes at the country level to provide a stronger link between Bank operations and higher-level results.*** One approach would be to identify a major sector to develop outcome indicators, followed by additional key sectors. Collaboration with other MDBs that are developing approaches to strengthen linkages between the outputs of their operations and higher-level development results would be mutually beneficial.
- 3. *The approach to results management in individual Bank units, such as the CAN Group (Box 4), should be studied for their potential applicability elsewhere in the Bank.***
- 4. *The process of generating, collecting, entering, and vetting the data that go into the CRF requires a careful review.*** This should include quality control, which could be accomplished by such means as validation of a sample of the data reported for the CRF. The overall process and the institutional responsibilities at different stages should be set down in writing. The process should be approved by the Board of Directors to ensure transparency and accountability. Counterparts should be brought into the various stages of this process at the country level, and support should be provided for building capacity for results management.
- 5. *Descriptive project narratives should be de-emphasized in the DEO, and project information synthesized in the DEO should be selected strategically to illustrate issues that emerge from the CRF tables.***
- 6. *The end of the current CRF period in 2015 provides an important opportunity to assess implementation experience since 2010 and make warranted revisions in the framework before the period beginning in 2016.***
- 7. *The IDB should continue to participate actively in the recently established MDB Working Group Community of Practice on Corporate Results Frameworks as a mechanism for periodic exchanges of experience, particularly with regard to frontier issues, such as moving to higher levels of the results chain and using CRF information for evaluating staff performance.***

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LIST OF PERSONS INTERVIEWED

Inter-American Development Bank		
<i>Name</i>	<i>Title</i>	<i>Department</i>
Nestor Ares	Resource Planning and Administrative Sr. Advisor	HRD/HRA
Nathaniel Jackson	Private Financial Operations Sr. Advisor	VPP/VPP
Jaime Garcia Alba	Resource Planning and Administrative Advisor	EVP/EVP
Carlos Herrera	Resource Planning and Administrative Sr. Advisor	VPF/VPF
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Sylvia Raw	Sector Lead Specialist	OVE/OVE
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Lori Kerr	Private Financial Operations Advisor	VPP/VPP
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Jos Verbeek	Lead Economist (DEC)	World Bank
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Nadeem Mohammad	Economist, RU, OPCS	World Bank
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Noriko Ogawa	Head, Results Unit, Strategy & Policy Department	ADB
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ANNEX A. DETAILED BOXES AND TABLES

Box A1: Institutional Priorities and Themes of the IDB Corporate Results Framework

Institutional Priorities	Themes
1) Social policy for equity and productivity	Safety nets for the poor Labor markets Education Health Gender and diversity
2) Infrastructure for competitiveness and social welfare	Basic services Productive infrastructure
3) Institutions for growth and social welfare	Financial services Fiscal efficiency and sustainability Citizens' security
4) Competitive regional and global international integration	Trade and integration
5) Protecting the environment; responding to climate change; promoting renewable energy; and enhancing food security	Environment and climate change Food security

Table A1. IDB CRF Level 1: Regional Development Goals (2011 DEO, Ta. 1, p.21)

Goal	Baseline	Year	Progress	Progress Year
1- Social Policy for Equity and Productivity				
2.1.1 Extreme poverty rate	12.6%*	2007	12.3%	2010
2.1.2 Gini coefficient of <i>per capita</i> household income inequality	0.55	1999-04	0.52	2005-10
2.1.3 Share of youth ages 15 to 19 who complete ninth grade	47%	2000-07	56%	2005-10
2.1.4 Maternal mortality ratio	110*	2000	85	2008
2.1.5 Infant mortality ratio	21	2007	19	2009
2.1.6 Share of formal employment in total employment	46.3%	2007	47.0%	2009
2- Infrastructure for Competitiveness and Social Welfare				
2.2.1 Incidence of waterborne diseases (per 100,000 inhabitants)	9.6*	2002	5.9	2008
2.2.2 Paved road coverage (Km/Km ²)	0.038	2006	0.034	2010
2.2.3 Percent of households with electricity	93%	2007	94%	2010
2.2.4 Proportion of urban population living in dwellings with hard floor	30%	2008		
<i>Proxy** Proportion of urban population living in slums (MDG)***</i>	29.2%	2000	23.5%	2010
3- Institutions for Growth and Social Welfare				
2.3.1 Percent of firms using Banks to finance investments	19.6%	2006	33.6%	2010
2.3.2 Ratio of actual to potential tax revenues	78	2007		
<i>Proxy** Actual tax revenue collected (% of GDP)</i>	177%	2007	18.2%	2010
2.3.3 Percent of children under five whose birth was registered	89%*	2000-07	90%	2000-09
2.3.4 Public expenditure managed at the decentralized level as % total public expenditure	20%	2007	19%	2009
2.3.5 Homicides per 100,000 inhabitants	25.1%*	2008	24.6	2010
4- Competitive Regional and Global International Integration				
2.4.1 Trade openness (trade as percent of GDP)	84.9%	2004-07	83.6%	2007-10
2.4.2 Intraregional trade in LAC as percent of total merchandise trade	24.2% exports	2004-07	28%	2007-10
	33.1% imports	2004-07	34.9%	2007-10
2.4.3 Foreign direct investment net inflows as percent of GDP	4.2%	2004-07	4.2%	2007-10
5- Protecting the Environment, Responding to Climate Change, Promoting Renewable Energy, and Enhancing Food Security				
2.5.1 CO2 emissions (kilograms) per US\$1 GDP (PPP)	0.29	2006	0.29	2008
2.5.2 Countries with planning capacity in mitigation and adaptation of climate change	3	2009	11	2011
2.5.3 Annual reported economic damages from natural disasters	US\$7.7b	2007	US\$2.1b	2009
2.5.4 Proportion of terrestrial and marine areas protected to total territorial area (%)	19.3%*	2009	19.3%	2010
2.5.5 Annual growth rate of agricultural GDP (%)	3.66%	2005-07	1.78%	2008-10
* Baseline reviewed to reflect adjustment to data source.				
** A proxy is reported for 2011 due to the unavailability of data for the original indicator.				
*** Slums are defined as "households with at least one of the four characteristics: lack of access to improved drinking water, lack of access to improved sanitation, overcrowding, and dwellings made of non-durable material".				

Table A2. IDB CRF Level 2: Bank's Output Contributions to Regional Goals–Part 1
(2011 DEO, pp.22-23)

	IDB-9 Target	Progress	Status*
	2012-15	2011	
1- Social Policy for Equity and Productivity			
3.1.1 Students benefited by education projects (girls, boys)	8,500,000	2,562,893	G
3.1.2 Teachers trained	530,000	61,075	G
3.1.3 Individuals (all, Indigenous, Afro-descendant) receiving a basic package of health services	23,00,000	1,152,354	Y
3.1.4 Individuals (all, Indigenous, Afro-descendant) receiving targeted anti-poverty program	16,000,000	12,045,181	G
3.1.5 Individuals (all, men, women, youth) benefited from programs to promote higher labor market productivity	600,000	317,872	G
3.1.6 Number of jobs added to formal sector	160,000	4,512	R
2- Infrastructure for Competitiveness and Social Welfare			
3.2.1 Households with new or upgraded water supply	2,770,000	31,164	R
3.2.2 Households with new or upgraded sanitary connections	3,600,000	87,541	Y
3.2.3 Km of inter-urban roads built or maintained/upgraded	53,000	10,185	Y
3.2.4 Km of electricity transmission and distribution lines installed or upgraded	1,000	2,559	G
3.2.5 Number of Households with new or upgraded dwellings	25,000	45,688	G

Table A2. IDB CRF Level 2: Bank's Output Contributions to Regional Goals
–Part 2 (2011 DEO, pp. 22-23)

3- Institutions for Growth and Social Welfare			
3.3.1 Micro/Small/Medium productive Enterprises financed	120,000	40,312	G
3.3.2 Public Financial systems implemented or upgraded (budget, treasury, accounting, debt, and revenues)	28	108	G
3.3.3 Persons incorporated into a civil or identification registry	3,000,000	2,009,504	Y
3.3.4 Municipal and other sub-national governments supported	1,000	171	G
3.3.5 Cities benefited with citizen security projects	32	13	G
4- Competitive Regional and Global International Integration			
3.4.1 Number of public trade officials and private entrepreneurs trained in trade and investment	65,000	1,279	R
3.4.2 Regional and sub-regional integration agreements and cooperation initiatives supported	10	4	G
3.4.3 Number of cross border and transnational projects supported (infrastructure, and customs, etc.)	22	10	G
3.4.4 Number of international trade transactions financed	1,000	1,437	G
3.4.5 Mobilization volume by NSG financed projects/companies	US\$31.2 billion	US\$4.9 billion	Y
5- Protecting the Environment, Responding to Climate Change, Promoting Renewable Energy, and Enhancing Food Security			
3.5.1 Percentage of power generation capacity from low-carbon sources over total generation capacity funded by IDB	93	100	G
3.5.2 Number of people given access to improved public low-carbon transportation systems	8,500,000	833,287	G
3.5.3 National frameworks for climate change mitigation supported	5	7	G
3.5.4 Climate change pilot projects in agriculture, energy, health, water and sanitation, transport, and housing	10	5	G
3.5.5 Number of projects with components contributing to improved management of terrestrial and marine protected areas	30	3	G
3.5.6 Farmers given access to improved agricultural services and investments	5,000,000	2,522,080	G
* The status is based on a formula weighting performance (80%) (2011 Actual values/2011 Plan) and accuracy (20%) (2012-15 plans/RF Targets).			

Table A3. IDB CRF Level 3: Lending Program Estimates (2011 DEO, Ta. 3, p. 24)

Lending Program Indicators	Baseline	Estimated	Progress	Status*
	2006-09	2015	2011	
1.1 Lending to small and vulnerable countries	27%	35%	36%	G
1.2 Lending for poverty reduction and equity enhancement	40%	50%	49%	G
1.3 Lending to support climate change initiatives, sustainable energy (including renewable) and environmental sustainability	5%	25%	33%	G
1.4 Lending to support regional cooperation and integration	10%	15%	12%	Y

* Percentage variances against the 2015 estimate are used to determine status.

Note: Since projects can qualify for more than one lending category the estimated percentages proposed do not add to 100 percent.

Table A4. IDB CRF Level 4: Operational Effectiveness and Efficiency
 – Part 1(2011 DEO, Ta. 4, pp. 25-26)

	Baseline	Estimated	Progress	Status*
	2006-09	2015	2011	
1- Effectiveness – Country Strategies				
4.1.1 Percent of country strategies with satisfactory scores in evaluability dimensions	27%	85%	100%	G
Percent of country strategies that have satisfactory results that can be validated at completion for:				
4.1.2 Sector outcomes	-	65%	100%	G
4.1.3 Financial outcomes	-	75%	100%	G
4.1.4 Progress on building and using country systems	-	55%	58%	G
2- Effectiveness – loans				
For sovereign guaranteed (SG) operations (approvals)				
4.2.1 Percent of new operations with satisfactory scores on evaluability dimensions	26%	85%	98%	G
4.2.2 Percent of projects with high environmental and social risks rated satisfactory in implementation of mitigation measures	-	85%	73%	G
Project portfolio performance satisfactory from monitoring reports (execution) - SG				
4.2.3 Percent of projects that have satisfactory performance	-	70%	64%	G
4.2.4 Percent of projects with satisfactory rating on development results at completion	-	60%	88%	G
For non sovereign guaranteed (NSG) operations (approvals)				
4.2.5 Percent of new operations with satisfactory scores on evaluability dimensions	-	85%	100%	G
4.2.6 Percent of projects with high environmental and social risks rated satisfactory in implementation of mitigation measures	-	85%	79%	G
Project portfolio performance satisfactory from monitoring reports (execution) - NSG				
4.2.7 Percent of projects that have satisfactory performance	-	70%	91%	G
4.2.8 Percent of projects with satisfactory ratings on development outcomes at completion	60%	65%	69%**	G
3- Effectiveness – Knowledge and Capacity Building Products (KCPs)***				
4.3.1 Percent of completed KCPs with results that can be validated	-	100%	-	-
4.3.2 Percent of completed KCPs with satisfactory results	-	65%	-	-
4- Effectiveness – Partner Satisfaction****				
4.4.1 Percent of external partners satisfied with Bank delivery of services for country strategies	-	70%	-	-
4.4.2 Percent of external partners satisfied with Bank delivery of services for loan operations	-	70%	-	-
4.4.3 Percent of external partners satisfied with Bank delivery of services for KCPs	-	70%	-	-

CONTINUE TABLE 4 →

Table A4. IDB CRF Level 4: Operational Effectiveness and Efficiency
– Part 2 (2011 DEO, Ta.4, pp. 25-26)

5- Efficiency				
4.5.1 Cofinancing (percent of Regular Lending Program)	29%	30%	16%	R
4.5.2 Trust Funds (percent of Regular Lending Program)	2%	3%	2%	G
4.5.3 Total administrative expenses per US\$1 million approved*****	US\$41,900	US\$34,000	US\$39,227	G
4.5.4 Total administrative expenses per US\$1 million disbursed*****	US\$50,150	US\$45,000	US\$50,685	G
4.5.5 Percent of administrative expenses in operational programs	61%	68%	67%	G
4.5.6 Cycle time: country strategy (Inauguration to delivery of Strategy to Government)	20 months	6 months	17 months	R
4.5.7 Cycle time: SG loan preparation time (Profile to approval)	9.5 months	8 months	6 months	G
4.5.8 Cycle time: SG loan disbursement period (eligibility to first disbursement)	19 days	19 days	27 days	R
4.5.9 Cycle time: NSG loan preparation time (Profile to approval)	12 months	6 months	6 months	G
4.5.10 Cycle time: NSG loan disbursement period (eligibility to first disbursement)	-	10 days	8 days	G
Human Resources				
4.5.11 Percentage of professional and executive staff who are women, grade 4 or above	28%	40%	33%	G
4.5.12 Percentage of Upper Management staff who are women (Executive staf and Representatives/EVP and Vice-Presidents)	18% / 0%	38% / 40-60%	28% / 20%	Y
4.5.13 Percentage of Professional staff based in COF	26%	40%	32%	G
<p>* Percentage variances against the target are used to determine status. ** The results of the self-evaluation exercise for 2008-09, which was completed in 2011. *** Data pending the implementation of monitoring and evaluation of TCs. **** The survey on partner satisfaction will be conducted in 2012. ***** Target figures for administrative expenses are set in constant 2009 US\$.</p>				

Table A5. Lack of Alignment between Lending and Institutional Priorities: The fit between the “Lending Program Priorities” of Level 3 and the “Institutional Priorities” of Levels 1 and 2, as shown in Table D1 below, varies, with the closest match occurring for regional priorities. However, the specific formulations of these two priorities are far from identical. A more significant difference between the two sets of priorities is the absence of “Food Security” from the fourth Lending Priority, which is otherwise virtually identical to the fifth Institutional Priority. There is no explanation for this omission. There is no Institutional Priority counterpart to “Lending to Small and Vulnerable Countries”. By contrast, there is no lending target for the strategic goal to “Foster development through the private sector”.

Table A5. CRF Institutional Priorities and Lending Program Priorities

Institutional Priorities	Lending Program Priorities
Address the special needs of the less developed and smaller countries (IDB-9 Strategic Goal)	I. Small and Vulnerable Countries
1. Social Policy for Equity and Productivity (IDB-9 Sector Priority)	II. Poverty Reduction and Equity Enhancement
2. Infrastructure for Competitiveness and Social Welfare (IDB-9 Sector Priority)	No Lending target
3. Institutions for Growth and Social Welfare (IDB-9 Sector Priority)	No Lending target
4. Competitive Regional and Global Integration (IDB-9 Sector Priority)	III. Lending to Support Regional Cooperation and Integration
5. Protecting the Environment, Responding to Climate Change, Promoting Renewable Energy, and Enhancing Food Security (IDB-9 Sector Priority)	IV. Lending to Support Climate Change Initiatives, Sustainable Energy (including renewable) and Environmental Sustainability
6. Foster development through the private sector (IDB-9 Strategic Goal)	No Lending target

ANNEX B. DETAILED COMMENTS ON SELECTED INDICATORS BY CRF LEVEL

Level 1: Regional Development Goals

- The indicators of regional development goals would be at the level of outcomes or impacts. For the most part, the goals shown for Level 1 are at an appropriate level, reflecting regional development challenges, which the Bank, among others, seeks to address. But under the second institutional priority category in Level 1, “Infrastructure for Competitiveness and Social Welfare,” “Paved road coverage” is an *output* indicator. At the regional goal level, some indication of *use* or *impact* of road construction as well as of *maintenance* would be expected.
- The baseline values for the 2011 DEO include a rather surprising backdating of the maternal mortality indicator from 2005 in the 2010 DEO to 2000 in the 2011 DEO.
- Under the first Institutional Priority, “Social Policy for Equity and Productivity,” one of the indicators is “share of total employment in formal employment”. This indicator would not capture a still sizable informal sector, which may provide for some time the best employment option in some countries.
- Under the third Institutional Priority, “Institutions for Growth and Social Welfare,” “Actual tax revenue collected (% of GDP)” is used as a proxy for “Ratio of actual to potential tax revenues”. This indicator would not seem to be a very good proxy for potential revenues. The most one might conclude is that a *decline* in the ratio of revenues collected to GDP implies a likely decline in the ratio of actual to potential revenues. However, an increase in collected revenues relative to GDP does not necessarily imply an increase in the ratio of actual to potential revenues.
- Under the fifth Institutional Priority, dealing with the environment, climate change, renewable energy, and food security, the indicators for “Responding to Climate Change” and for “Food Security” seem questionable. The first indicator is: “Countries with planning capacity in mitigation and adaptation of climate change”. The baseline is 3 countries and the 2011 “Progress estimate” is 11 countries. The “Technical Notes” indicate plausible criteria by which a county was deemed to have the requisite climate change planning capacity.
- The indicator for food security is “Annual growth rate of agricultural GDP”. This is a weak indicator of food security. Such issues as proportion of agricultural production for domestic consumption, participation of small farmers in production, volatility of production resulting from weather and world price fluctuations, and nutritional issues could all affect food security. Region-wide data on agricultural growth could mask serious food insecurity in some countries or sub-regions. The Technical Notes point out that the reported data are based on 3-year averages, which help to smooth out volatility. But this does not address the other issues raised by the selected indicator of food security.

Level 2: Output Contributions to Regional Goals

- Under the first Institutional Priority (the priority sections are identical to those for Level 1) the indicator, “Number of jobs added to the formal sector” raises the same issue as for Level 1.
- The selection of “inter-urban” roads without including rural roads as one of the second Institutional Priority indicators is questionable. However, the inclusion of “maintained/upgraded” roads seems adequate to better suit different types of development interventions by the Bank.
- Some of the indicators for the third Institutional Priority, “Institutions for Growth and Social Welfare,” seem problematic at first. “Persons incorporated into a civil or identification agency” does not seem very relevant to growth and social welfare. However, in the Technical Notes the Bank makes a case for providing assistance in this new area, based on inclusiveness. Similarly, the Technical Notes make an adequate case for “Municipal and other sub-national governments supported” and “Cities benefited with citizen security projects” as indicators.

Of the three effectiveness indicators that clearly show a shortfall between 2011 and the 2015 target, two ask for percentages with satisfactory ratings of mitigation measures of projects with high environmental and social risks (one rating each for SG and NSG operations showing declines of 12 and 6 percentage points, respectively). The other shortfall is in the percentage of SG projects with satisfactory performance during implementation (64% in 2011 vs. a 70% target, as contrasted with NSG projects with 91% satisfactory performance in 2011 vs. a 70% target).

Level 4: Operational Effectiveness

The IDB-9 CRF and Paris Declaration Principles on Aid Effectiveness

The main text of the IDB-9 Report indicates that progress in implementing the Paris Declaration principles will be incorporated as an effectiveness target in the CRF (R3.42). With the exception of the use of country systems, as discussed below, it is not apparent that Paris Declaration principles were explicitly included in any levels of the IDB CRF. The RF Annex asserts a close relationship between the CRF and the Paris Declaration principles.

The RF takes into account the five key elements of the Paris Declaration (ownership, alignment, harmonization, managing for development results and mutual accountability). These principles are reflected in numerous indicators particularly in those in table 4. (RRF5.8)

The RF Annex includes a table that maps the IDB-9 CRF with the Paris Declaration principles (pp.23-24). The most obvious relationship is between the Paris Declaration Alignment principle elements calling for increased use of country systems (i.e., financial management and procurement) and the CRF Level 4 indicator calling for “Progress on building and using country systems” (4.1.4). However, the other attributed relationships

are more indirect or tenuous. For example, relevance as a “dimension” of the CRF Level 4 “evaluability” indicator is said to have a relationship to the Paris Declaration principles of country ownership and alignment with national priorities. The CRF indicator of percent of country strategies with satisfactory results at completion for financial outcomes is said to have a relationship to greater predictability of aid under the Paris Declaration alignment principle. These suggested relationships are not obvious.

**ANNEX C: COMPARISON OF FOUR MAIN CRF LEVELS OF FOUR MDBS
AND ONE BILATERAL DONOR**

(Letter codes are rated by each MDB and generally mean G=green= “majority on track;” Y=yellow=“no clear trend;” R=red=“majority off track”. (W=white=insufficient information) Precise definitions vary from MDB to MDB. Sources and dates are given below the table)

<u>IDB (2008-2012)</u>	<u>ADB (2010)</u>	<u>AfDB (2010)</u>	<u>WB (2011 and earlier, depending on data)</u>	<u>DFID (2011 and earlier, depending on data)</u>
Level 1				
<u>Regional Development Goals</u> (Provide data on long-term development)	<u>Asia and Pacific Development Progress/Outcomes</u>	<u>Development in Africa</u>	<u>Development Context</u> (What is the development progress in Bank client countries as a group?)	<u>Progress on Key Development Outcomes</u> (What progress is there on development?)
Progress; IDB Levels 1-2 grouped as “Results” (23 indicators)	<ul style="list-style-type: none"> • <u>Poverty and Human Development Indicators</u> (12) Y <ul style="list-style-type: none"> ◦ Population living on less than \$1 a day (%) ◦ Primary education completion rate (%) ◦ Ratios of girls to boys (primary, secondary, tertiary) ◦ Women in non-agricultural employment (%) ◦ Under-5 child mortality ◦ Women 15 & above living with HIV ◦ Popul. w. sustainable access to improved water (%; U/R) ◦ Population with access to improved sanitation (%; U/R) • <u>Other Development Outcome Indicators</u> (10) G <ul style="list-style-type: none"> ◦ GDP per capita ◦ Regional cooperation & integration ◦ Access basic infrastructure ◦ Governance ◦ Environment 	(28 indicators) <ul style="list-style-type: none"> • Economic growth & poverty reduction G • Private sector development & investment climate G • Regional integration & trade R • Infrastructure Y • Agriculture & food security Y • Gender & human Development Y • Governance & transparency Y • Fragile & conflict-afflicted Countries G • Environment & clean energy Y 	(28 indicators) <ul style="list-style-type: none"> • Growth, jobs and poverty • Institutions and governance • Human development & gender • Sustainable development • Finance, private sector development, and trade 	7 MDGs (21 indicators) <ul style="list-style-type: none"> • MDGI: Eradicate extreme poverty & hunger • “ 2: Achieve universal primary education • “ 3: Promote gender equality & empower women • “ 4: Reduce child mortality • “ 5: Improve maternal health • “ 6: Combat HIV/AIDS, malaria & other diseases • “7: Ensure environmental sustainability

Level 2				
<u>Output Contributions</u> (Monitor direct contribution of IDB's interventions towards achieving regional development goals)	<u>ADB's contribution to development in the region/ADB's core outputs & outcomes</u>	<u>AfDB's contribution to development in Africa</u>	<u>Country Results Supported by the Bank</u> (How is the Bank supporting countries in achieving results?)	<u>DFID Results</u> (What results has DFID financed?)
<p>(27 indicators)</p> <ul style="list-style-type: none"> • Social policy for equity and productivity • Infrastructure for competitiveness and social welfare • Institutions for growth and social welfare • Competitive regional and global international integration • Protecting the environment, responding to climate change, promoting renewable energy, and enhancing food security 	<p>• <u>Key Outputs</u> (18 indicators) G</p> <ul style="list-style-type: none"> ○ Transport ○ Energy ○ Water ○ Education (all levels) ○ Finance <p>• <u>Outcomes</u> R</p> <p>(no sub-headings available)</p>	<p>(51 indicators)</p> <ul style="list-style-type: none"> • Microfinance & social sector G • Private sector & trade W • Regional integration G • Transport Y • Agriculture & food security G • Energy Y • Water & sanitation G • Education G • Health G 	<p>(10 output indicators; 12 outcome indicators)</p> <ul style="list-style-type: none"> • Institutions and governance Y • Human development & Gender G • Sustainable development G • Finance, private sector development, and trade G 	<p>2a: Bilateral (9 pillars; 24 results indicators; 19 targets)</p> <ul style="list-style-type: none"> • Wealth creation • Poverty, vulnerability, nutrition & hunger • Education • Malaria • Reproductive, maternal & neo-natal health • Water and sanitation • Humanitarian & emergency response • Governance & security • Climate change <p>2b: DFID Multilateral (7 pillars; 51 indicators; 19 multilateral institutions)</p> <ul style="list-style-type: none"> • Wealth creation • Poverty, vulnerability, nutrition & hunger • Health • Education • Water and sanitation • Infrastructure • Humanitarian

Level 3				
<u>Lending Program Targets</u> (Express Bank's highest priorities & mandates; Levels 3-4 grouped as "Performance")	<u>ADB's operational effectiveness</u> (Is ADB managing operations effectively?)	<u>How well AfDB manages its operations</u>	<u>Development Outcomes and Operational Effectiveness</u> (Is the Bank managing the performance of its activities effectively to achieve results?)	<u>Operational Effectiveness</u> (How well does DFID manage its operations?)
(4 indicators) <ul style="list-style-type: none"> • Small & vulnerable countries G • Poverty reduction and equity enhancement G • Climate change & sustainable energy, and environmental sustainability G • Regional cooperation and integration Y 	<ul style="list-style-type: none"> • Quality of completed operations Y • Quality at entry & portfolio performance G • Finance transfer & mobilization G • Knowledge management G • Partnerships G 	(21 indicators) <ul style="list-style-type: none"> • Portfolio performance G • Quality at entry G • Paris Declaration indicators of effective aid Y • Knowledge management Y • Gender mainstreaming Y • Climate change Y 	(24 indicators) <ul style="list-style-type: none"> • Development outcomes Y • Lending operations Y • Knowledge activities G • Use of country systems Y 	(4 categories) <ul style="list-style-type: none"> • Portfolio quality (extent to which inputs on track to deliver outputs & outcomes) • Pipeline delivery (extent plans ensure achieving of results) • M&E (active monitoring & learning lessons) • Structural reform (how well in meeting corporate objectives)
Level 4				
<u>Operational Effectiveness & Efficiency</u> (Review performance of IDB's business model)	<u>ADB's organizational effectiveness</u> (Is ADB managing itself efficiently?)	<u>How efficient AfDB is as an organization?</u>	<u>Organizational Effectiveness/Modernization</u> (Is Bank managing skills, capacities & resources efficiently? Is modernization on track?)	<u>Level 4: Organizational Efficiency</u> (Does DFID manage itself efficiently?)
(30 indicators) <ul style="list-style-type: none"> • Effectiveness - Country Strategy • Effectiveness – Loans • Effectiveness - Economic and Sector Work • Effectiveness - Partner Satisfaction • Efficiency • Human Resources 	(11 indicators) <ul style="list-style-type: none"> • Human resources (4 indicators) G • Budget adequacy (4) R • Business processes & practices (3 indicators) G 	(11 indicators) <ul style="list-style-type: none"> • Natural resources R • Business processes & practices G • Information technology G • Decentralization Y • Transparency Y 	(24 indicators) <ul style="list-style-type: none"> • Resources & alignment G • Capacity & skills Y • Business modernization Y • Sector actions related to post-crisis directions G 	(4 categories) <ul style="list-style-type: none"> • Benchmarking against other UK departments • Staff surveys & better balance between UK and overseas • Improved expenditure forecasting & procurement efficiency • Minimize energy consumption & carbon footprint
<p>Sources: MDB information drawn primarily from <i>COMPAS: Multilateral Development Banks' Common Performance Assessment System, 2010 Report</i> (Corporate Results Frameworks Annex) and supplemented from Asian Development Bank (ADB), <i>ADB Results Framework</i> (August 2008); African Development Bank (AfDB), <i>Annual Development Effectiveness Review 2012: Annual Review</i>; Inter-American Development Bank (IDB), <i>Development Effectiveness Overview 2011</i>; World Bank Group (WB), <i>World Bank Corporate Score Card April 2012: Integrated Results and Performance Framework</i>. Department for International Development, UK (DFID) information drawn from "DFID's RESULTS FRAMEWORK: Managing and reporting DFID results." < http://dfid.gov.uk/About-us/How-we-measure-progress/DFID-Results-Framework/> June 29, 2012.</p>				
<p>Dates: Interpretation varies significantly. For the IDB, 2012-2015 is the operational period of the current CRF. The year 2010 for the ADB and AfDB refer to the most recent issuance of CRF results.</p>				

Management Comments



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**Mid-Term Evaluation of IDB-9 Commitments
Background Paper: Corporate Results Framework
Management Response**

**Mid-Term Evaluation of IDB-9 Commitments
Background Paper: Corporate Results Framework
Management Response**

I. INTRODUCTION

- 1.1 Management welcomes the Office of Evaluation and Oversight's (OVE) evaluation of the Bank's implementation of the IDB-9 mandate to implement a corporate results framework (CRF), leading to greater emphasis on results throughout the Bank. This background paper will contribute to the Bank's continued efforts to use empirical evidence to manage for development results, while ensuring accountability for delivering results.
- 1.2 Management provided comments to OVE on an earlier draft of this paper and is content to see that some of its suggestions were incorporated in the final evaluation.

II. OVERALL FINDINGS AND SUGGESTIONS

- 2.1 Management is pleased with OVE's recognition of its "significant progress toward managing for development results anchored in a CRF" and the credit given for what has been accomplished in moving the Bank's organizational culture toward a results orientation.
- 2.2 Strengthening the link between outputs and higher-level results is a challenge faced by all MDBs and donors. Management is already engaged with other comparator organizations, in particular through the Community of Practice of the Multilateral Development Bank (MDB) Managing for Development Results (MfDR) Working Group, in sharing lessons learned from the CRFs: their different uses, how they fit in with other strategic instruments and how they link with sector and country level outcomes.
- 2.3 Management partially agrees with OVE's suggestion to give more attention to the results management model such as that being used in the Andean Countries Group (CAN). Management is open to seeing how that model can be linked to the CRF. In that regard, Management would welcome more detail on the analysis carried out about the CAN model that led to this suggestion and would value more specific information on the advantages of the model and how they relate to the deficiencies identified in the CRF.
- 2.4 Management agrees with OVE's interest in generating more and better quality data to feed into the CRF. A process for generating, collecting, entering, validating and independently validating this data is already in place, but could be described in a document made available to ensure transparency and accountability. Unfortunately, Management cannot comment on the data presented in Box 3 since the project is not identified.
- 2.5 Management fully agrees with the suggestion to assess the experience thus far with the CRF and is committed to working to improve it. Management has already started an exercise with regional and non-regional think-tanks to explore development challenges in

the region that will allow for even more selectivity in the next institutional strategy and corresponding CRF indicators.

- 2.6 Finally, Management appreciates OVE's recognition of the role played by the Board of Governors in setting lending and institutional priorities and the final selection of CRF indicators. This has a direct bearing on OVE's findings regarding the lack of full alignment between lending and institutional priorities, unclear rationale for indicator selection in each of the four CRF levels as well as their baseline and target selection.

III. LOOKING FORWARD

- 3.1 As OVE notes, the Bank is still in a relatively early stage of implementation, as the CRF formally started in 2012. A number of issues and suggestions identified in this evaluation can be useful going forward, addressing for example the use of results finding for budget and personnel decision-making.
- 3.2 Management looks forward to working with the Board on further consideration to OVE's findings and suggestions to as it prepares the next institutional strategy and CRF.