

‘19

**ANNUAL  
REPORT**

**Office of Evaluation and Oversight**



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# '19 ANNUAL REPORT

**Office of Evaluation and Oversight**



# OFFICE OF EVALUATION AND OVERSIGHT — OVE

Established in 1999 as an independent evaluation office, OVE evaluates the performance and development effectiveness of the activities of the Inter-American Development Bank Group (IDB Group). These evaluations seek to strengthen the IDB Group through learning, accountability and transparency.

OVE evaluations are disclosed to the public in accordance with IDB Group policies to share lessons learned with the region and the development community at large.

# TABLE OF CONTENTS

<b>I</b>	Preface
<b>II</b>	A Message from the OVE Director
<b>IV</b>	Acronyms and Abbreviations
<b>1</b>	2019 OVE Annual Report
<b>1</b>	Integrating evaluations into the IDB Group's strategic decision-making processes
<b>12</b>	A new evaluation policy framework for the evaluation system
<b>14</b>	Improvement of OVE's internal processes
<b>14</b>	Dissemination and evaluation capacity development
<b>16</b>	Future directions
<b>19</b>	OVE: 20 Years of Evaluation
<b>19</b>	Background
<b>21</b>	Twenty years of independent evaluation at the IDB
<b>LINKS //</b>	Annex: OVE Evaluations for IDB Group
	<u>Corporate evaluations</u>
	<u>Country program evaluations</u>
	<u>Private sector specific evaluations</u>
	<u>Sector and thematic evaluations</u>



# PREFACE

As part of the evaluation system of the Inter-American Development Group (IDB Group), the Office of Evaluation and Oversight (OVE) promotes the institution's effectiveness in delivering development results in the region by conducting systematic evaluations of the Group's strategies, policies, operations, activities, and systems. OVE is an independent office that reports directly to the Boards of Executive Directors of the IDB and IDB Invest, contributing to accountability for development results and to continuous institutional improvement. OVE disseminates its findings and recommendations internally and externally, thus contributing to institutional transparency and fostering learning among the Group's operations staff and the development community in general. In addition, as relevant, OVE provides support to the IDB Group's Boards of Executive Directors in their oversight role. Every year, the IDB Group's Board of directors approve OVE's work program, which is designed to foster the institution's continuous improvement by addressing a broad range of issues that are relevant to the Group. OVE's evaluations are grouped into three broad categories: program evaluations, which include country program evaluations; sector and thematic evaluations, which include project evaluation and technical papers; and corporate evaluations, which include supervision and validation tasks.

IDB's independent evaluation office was established in 1999 as a result of an institutional agreement on the importance of the evaluation and supervision functions, and the need to have an independent entity performing these tasks. The year 2019 marked OVE's 20-year anniversary of promoting a culture of measuring development results for the IDB Group.

This 2019 Annual Report is organized in two sections. The first section reports on the products and results from the 2019 Work Plan and highlights the future orientations for the 2020/21 Work Plan. The second section summarizes OVE's work over the last 20 years offering examples that illustrate OVE's specific contribution to the processes of learning and institutional improvement.

# A MESSAGE FROM THE OVE DIRECTOR



This Annual Report, the second prepared since I became OVE Director, provides a general description of the evaluation work performed by the office in 2019. In addition, landmarking 20 years since the creation of the IDB's independent evaluation and oversight office, this report includes a synthesis of the evaluation and supervision work OVE has carried out since 1999, supporting the Board in its accountability function and the IDB Group in continuing efforts to improve its development effectiveness.

In 2019 OVE delivered its work program in a timely manner, promoting the integration of the findings and recommendations of the evaluations into the IDB Group's strategic decision-making processes. The country program evaluations performed in 2019 confirmed that the IDB Group continues to be an effective partner for the development of its clients in the region, but they also underscored the need to improve coordination among the different IDB Group windows, and to strengthen the Group's support at subnational levels. The tracking system for OVE recommendations continues to grow stronger, and this year's review showed improvements in the relevance of Management action plans to address OVE's recommendations. The validation of project completion reports also showed that the IDB Group's self-evaluation systems continue to improve in quality and credibility.

This year OVE dedicated an important amount of time and resources to addressing the recommendations of the Independent Review Panel on the IDB Group evaluation function, a study commissioned by the Board of Directors and was completed in 2018. In this area, one of the most important achievements in 2019 was the development of the Evaluation Policy Framework and its approval by the IDB Group Boards of Executive Directors. This was a joint effort of OVE and the Managements of IDB and IDB Invest that, after 20 years, reaffirmed and made public the consensus on the principles and responsibilities that guide the institution's evaluation function. Finally, during this year we undertook a reorganization of OVE's internal



processes, considering both the roles and the responsibilities of our professional and administrative staff and the scope of some of our products and approaches.

For 2020-2021, our work program is ambitious. It includes high-level corporate evaluations that will serve as an input for strategic discussions of the IDB Group, and sectoral and thematic evaluations that address important development challenges faced by the region, such as the transparency and integrity and citizen security. We will also continue delivering country program evaluations with a renewed protocol and performing annual project validations, contributing to the general improvement of the Group's evaluation system. Finally, our program includes a renewed commitment to strengthening evaluation capacities in the region.

As the IDB Group adjusts to the region's needs and new evaluation trends emerge, OVE will continue to fulfill its mandate of fostering accountability, increasing transparency, and stimulating learning through its evaluations. With this mission, we will work to contribute toward the IDB Group's continuous improvement in carrying out its development tasks in Latin America and the Caribbean, *improving lives*.

**Ivory Yong Prötzel**  
Director

# ACRONYMS AND ABBREVIATIONS



<b>AP</b>	Action Plan
<b>BRT</b>	Bus rapid transit
<b>CAF</b>	Development Bank of Latin America (for its Spanish abbreviation)
<b>CCT</b>	Conditional cash transfer
<b>CIDE</b>	Center for Research and Teaching in Economics
<b>CLEAR</b>	Centers for Learning on Evaluation and Results
<b>CPE</b>	Country Program Evaluation
<b>CS</b>	Country Strategy
<b>DEM</b>	Development Effectiveness Matrix
<b>ECG</b>	Evaluation Cooperation Group
<b>GPS</b>	Good Practices Standards
<b>IDB Group</b>	Inter-American Development Bank Group
<b>IDB Invest</b>	Inter-American Investment Corporation (previous IIC)
<b>IDB Lab</b>	IDB Group Innovation Laboratory (previous MIF)
<b>IDB8 (9)</b>	IDB's Eighth (Ninth) General Capital Increase
<b>IIC</b>	Inter-American Investment Corporation (currently CII)
<b>LAC</b>	Latin America and the Caribbean
<b>M&amp;E</b>	Monitoring and evaluation
<b>MDB</b>	Multilateral development bank
<b>MICI</b>	Independent Consultation and Investigation Mechanism
<b>MIF</b>	Multilateral Investment Fund (currently IDB Lab)
<b>NSG</b>	Non-sovereign-guaranteed
<b>OVE</b>	Office of Evaluation and Oversight

<b>OMJ</b>	Opportunities for the Majority Initiative
<b>PBL</b>	Policy-based loan
<b>PCR</b>	Project Completion Report
<b>PPP</b>	Public-private partnership
<b>PUP</b>	Public Utilities Policy
<b>ReTS</b>	Evaluation Recommendation Tracking System
<b>SCF</b>	IDB's Structured and Corporate Finance Department
<b>SG</b>	Sovereign-guaranteed
<b>TC</b>	Technical cooperation
<b>XSR</b>	Expanded Supervision Report



# 2019 OVE ANNUAL REPORT



This annual report is organized around the priorities established in the Office of Evaluation and Oversight's (OVE's) Work Plan for 2019. These can be summarized in the following actions: (a) promoting integration of the evaluations into the strategic decision-making processes of the IDB Group; (b) establishing a policy framework for the evaluation system; (c) improving OVE's internal processes to ensure the efficiency, relevance, and timeliness of its evaluations; and (d) continuing its dissemination efforts and strengthening evaluation capacities in the region.

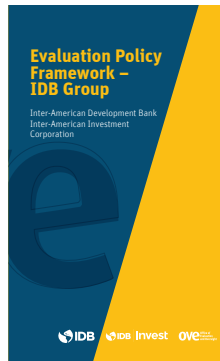
## Integrating evaluations into the IDB Group's strategic decision-making processes



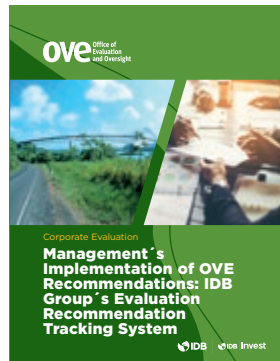
In 2019, OVE delivered four country program evaluations (CPE), a validation report on Project Completion Reports (PCRs) and Expanded Supervision Reports (XSR), a report on OVE's recommendation tracking system (ReTS), and the document of the new Evaluation Policy Framework for the IDB Group. In the context of the CPEs, OVE specialists analyzed roughly 1,050 IDB Group lending and technical cooperation (TC) operations and non-financial products and conducted fieldwork in 30 states, provinces, municipalities, or cantons in the region, interviewing over 800 government, private sector, academic, and civil society stakeholders. Additionally, as part of the validation exercises for the PCRs and ReTS, OVE continuously interacted with the technical and managerial counterparts of the IDB Group's Management.

This annual report provides brief summaries of the evaluations completed in 2019. The evaluations included in this report, along with the corresponding IDB Group Management responses, are available on OVE's website: <http://iadb.org/evaluation>. During the second half of 2019, OVE began work on several evaluations that will be delivered in 2020: country program evaluations for Argentina,

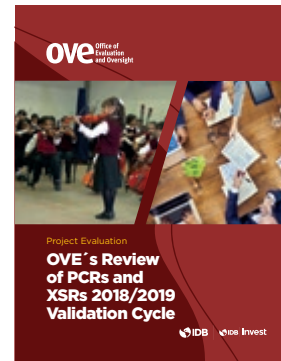
Uruguay, and Bolivia, an evaluation of the Independent Consultation and Investigation Mechanism (MICI), a thematic evaluation on transparency and integrity, and a review of OVE's evaluation of IDB's financial and non-financial instruments.



Evaluation Policy Framework - IDB Group



IDB Group's Evaluation Recommendation Tracking System



Review of Project Completion Reports and Expanded Supervision Reports – 2018/2019



Country Program Evaluation: Mexico 2013-2018



Country Program Evaluation: Brazil 2015-2018



Country Program Evaluation: Colombia 2015-2018



Country Program Evaluation: Costa Rica 2015-2018



## Country program evaluations

Country Program Evaluations analyze the IDB Group's support to an individual borrowing country during the period covered by the most recent Country Strategy (CS) and serve as input in the preparation of the new CS. CPEs provide a comprehensive picture of the IDB Group's work in a borrowing country for a typical period of 4-5 years. They analyze the relevance, efficiency, effectiveness, and sustainability of the IDB Group's program in the country, including the entire range of sovereign-guaranteed (SG) and non-sovereign guaranteed (NSG)<sup>1</sup> lending and TC operations and non-financial products. CPEs involve an extensive process of document review and discussion between IDB Group staff and national counterparts, as well as field visits for a sample of projects. CPEs are reviewed by the Board's Programming Committee. In 2019, OVE completed four CPEs (for Brazil, Colombia, Costa Rica, and Mexico), and is now completing the El Salvador and Panama CPEs. The CPEs for Argentina (2016-2019), Bolivia (2016-2020), and Uruguay (2016-2020), which were included in the 2019 Work Plan, will be delivered in 2020. The main findings of the four CPEs delivered in 2019 are outlined below.

### **IDB Group Country Program Evaluation for Brazil 2015-2018**

During the evaluation period (2015-2018) Brazil experienced a complex economic and political situation that affected the IDB Group's program in the country. SG loan approvals reached over US\$5 billion, in line with the CS's estimated financial envelope but less than in previous cycles. In particular, the total amount of approvals with subnational entities dropped significantly because the demand for financing fell. Similarly, with the Government's decision to more strictly enforce the fiscal capacity rules for subnational entities, the Bank adjusted its approach of lending only to states and municipalities, which, besides being guaranteed by the Federal Government, must have a given payment capacity as defined by the National Treasury. The Bank also resumed financing through public financial intermediaries with operations that reached US\$2.7 billion and represented over half of all SG approvals. The amounts approved by private sector windows (NSG) during the evaluation period (US\$1.5 billion) doubled in

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1 Since 2016, the CPEs include all operations of IDB Invest. The CPEs do not include operations of the IDB Lab (formerly Multilateral Investment Fund or MIF), except in exceptional cases.



comparison to the previous period (2011-2014). In general, OVE found that, although during the evaluation period the Bank worked to build opportunities for discussing sectoral and operational issues, there is space for supporting public policy reforms with long-term effects and for improving work coordination between the federal and subnational levels. As for the financing from the private sector window, OVE found that the redirection toward new sectors resulted in greater additionality, although most operations lacked clarity on when to use SG or NSG for the same purpose. Progress toward the achievement of strategic objectives was greater in infrastructure components, but was more limited in interventions to increase quality, improve management, and/or strengthen institutional capacities. Finally, OVE found that the IDB contributed to increasing state tax collections through the conditional credit line for investment projects for PROFISCO (Fiscal Management Modernization and Strengthening Program), but improvements were not observed on the expenditures side.

The country's fiscal restrictions limited the Bank's business model of providing intensive direct finance to subnational governments. Consequently, OVE's recommendation to Management was to define a tailor-made business model for each type of borrower (federal government, states, municipalities, private sector, and public finance entities), establishing such aspects as relationship conditions, use of instruments, areas of support, success factors, and coordination requirements among different stakeholders. In addition, OVE called on Management to consolidate its portfolio management efforts, foster the use of instruments that are more adapted to the experience and capacity of executing entities, and strengthen the quality and control of expenditures for work at the subnational level. Finally, the evaluation recommended strengthening IDB and IDB Invest coordination to define when using SG and NSG financing for the same purposes is justified. Management agreed with OVE's recommendations and committed to implement a business model that diversified financial instruments according to the type of client through the inclusion of performance-based lending, guarantees, and local currency lending. Management also offered to develop an agenda for dialogue with subnational entities about control and quality of expenditures, and committed to continue strengthening the coordination among the IDB, IDB Invest, and IDB Lab.



## IDB Group Country Program Evaluation for Colombia 2015-2018

Colombia is an upper-middle-income country with access to capital markets, but with important inequalities at the subnational level. Economic growth in Colombia over the past years has contributed to reducing poverty and expanding the middle class. However, with regional disparities and development gaps at the subnational level, Colombia is the second most unequal country in the region. The IDB Group program for 2015-2018 reached approvals of over US\$4 billion, exceeding the financial envelope proposed in the CS. Of the SG loans, 75% were programmatic operations based on the policy-based loan (PBL) modality—the highest PBL percentage among all borrowing countries. The country's capacity to issue debt and to obtain financing from capital markets explained the preference for PBLs, which are efficient and predictable. PBLs have been relevant for supporting priority reforms for the Colombian Government, such as the fiscal reform and the regulatory and legal framework for public-private partnerships (PPPs). Investment loans, however, faced implementation challenges mainly related to limited institutional capacity, especially at the subnational level. In terms of results, those related to the area of public administration stand out (fiscal reform, governance, and justice). The Bank added value by ensuring the enforcement of the reforms, playing the role of an honest broker, and promoting the exchange of experiences in the region.



In line with the evaluation findings, OVE recommended deepening the IDB Group's work at the subnational level. OVE recommended that IDB Group Management, in its next strategic exercise, continues seeking effective ways to support subnational entities, taking into consideration the country's institutional and regulatory limitations, and that it considers using subnational intervention models that have been successfully applied in other countries. Moreover, OVE urged Management to consider a mix of instruments to help reduce transaction costs, seeking niches to support subnational development. This could be achieved by using financial instruments that combine public and private investments, or that contribute to the deepening of financial markets to develop bond markets at the municipal level. Management agreed with OVE's recommendations and committed to promote the diversification of financial instruments by including performance-based and local currency lending, to review its subnational financing strategy, and to foster collaboration between IDB and IDB Invest to find synergies and maximize the impact of the Group at this level.



## **IDB Group Program Evaluation for Costa Rica 2015-2018**

Costa Rica made notable progress in development, but it also faces important challenges. While the IDB continues to be the country's main development partner, during the evaluation period, the IDB Group portfolio was limited and its implementation was weak. Among the country's achievements are its global environmental leadership, an increase in per capita income, its solid human development indicators, and its almost universal access to basic services. Among its challenges are a difficult fiscal situation, a growing public debt, deteriorated credit ratings, inequality, and some inefficiencies in the provision of public services. IDB approvals during the evaluation period totaled US\$464 million, significantly below the financial envelope established in the CS. This was due in part to the country's fragile fiscal situation and to recent regulatory changes. IDB Group activities during the evaluation period were relevant—particularly those related to the support for the formulation of fiscal reform and financing for infrastructure improvement in the transport and energy sectors, in which the portfolio was concentrated. However, the implementation of several operations was deficient because of changes in government priorities, process delays, and high costs. In some areas—such as education, the financial sector, and PPPs—the IDB program did not focus enough on the structural changes needed. The sustainability of some projects was hampered by an inadequate approach to maintenance issues and by changes in government priorities.

Given Costa Rica's important fiscal constraints, OVE recommended that Management support the country in implementing the fiscal reform and the structural changes needed to increase revenues and the efficiency of the delivery of public services. Likewise, OVE urged Management to continue supporting the country in attracting private investment through PPPs (particularly in infrastructure), improving coordination with IDB Invest operations. Finally, OVE recommended continuing to focus on better project implementation and supporting the country in its environmental leadership. Management agreed with the recommendations and committed to continue working to strengthen the country's public finances, with an emphasis on the implementation of fiscal reform. It also committed to strengthening the coordination between IDB and IDB Invest and creating a conducive environment for the use of PPPs. Finally, Management committed to improving portfolio implementation.

## IDB Group Country Program Evaluation for Mexico 2014-2018

Mexico's economic growth during the evaluation period was positive, but insufficient to achieve significant increases in per capita income. In general, the IDB Program in Mexico was relevant, although more efficient and effective in some areas than others. The evaluation period was characterized by the introduction of broad structural reforms that sought to reduce costs and improve the provision of services in several areas (energy, telecommunications, and the financial sector), strengthen public finances at the federal and subnational levels, and increase the flexibility of the labor market. Between 2013 and 2018, the IDB Group approved operations for a total amount of US\$13 billion: 204 SG and NSG loans and 117 TC operations. Of the SG loans, 42% were PBLs and 25% of the total portfolio were loans channeled through public financial intermediaries. Cancellations, which were due in part to national budget cuts, affected the implementation and results of the programs. The IDB Group operations were more effective in the energy/climate change, fiscal, and rural development sectors than in the labor market and supply chain support areas.



However, the IDB Group business model in Mexico would need to change to keep its relevance and value-added. On the one hand, the relevance and sustainability of the evaluated program results could be affected by the new government's change in policy priorities, and work with national development banks could be affected by the Bank's reduced financial competitiveness for these institutions. On the other hand, a renewed momentum to find solutions to support subnational entities more directly could drive the IDB's value-added in the country. OVE recommended that IDB Management actively engage in discussions with the new government to identify programs and policies where the Bank could add value through technical and financial contributions, and to intensify efforts to find solutions for supporting subnational entities. Additionally, OVE recommended ensuring the strategic focus of the Bank's TCs. For IDB Invest Management, OVE recommended strengthening the effectiveness and additionality of the supply chains operations and documenting the development outcomes. IDB Management agreed with OVE's recommendations and proposed actions geared toward fostering the Bank's additionality at both national and subnational levels. For its part, IDB Invest Management partially agreed with the specific recommendation for supply chain operations.



## Corporate evaluations

Corporate evaluations focus on the policies, strategies, instruments, and internal processes that the IDB Group uses to reach its corporate objectives in providing development support to the countries of the region. This is a broad category that encompasses a range of evaluation and supervision activities and includes the validation exercises. In 2019 OVE presented two annual validation reports, the validation of the IDB Group's project self-evaluation systems and the validation of OVE's ReTS.<sup>2</sup> In 2019 OVE also started two corporate evaluations that will be finished in 2020: an evaluation of the implementation effectiveness of MICI's new policy framework and its mandate to improve the IDB Group's transparency, accountability, and effectiveness; and a synthesis report of the main conclusions of OVE's evaluations on the adequacy of IDB's financial and non-financial instruments to meet the needs of the different countries in the region.

### **OVE's synthesis of the validation results for Project Completion Reports and Expanded Supervision Reports**

The IDB Group is in the forefront of the development of common evaluation criteria for public and private sector operations. OVE's validation includes a review of the self-evaluation of projects from both the public (PCRs) and private (XSRs) sector windows, using in both cases an objective-based focus. The 2019 validation report included a review of 64 PCRs from operations closed between 2016 and 2017 and 35 XSRs of operations that reached early operational maturity in 2017.

On the public side, OVE's validation of PCR ratings concluded that 41 of the 64 SG operations (64%) achieved a positive overall outcome rating. Most operations scored well on relevance, which indicates logical consistency in their design and their alignment with the development challenges of the countries, and with the IDB country and corporate strategies. However, scores for efficiency and effectiveness were lower. In terms of efficiency, over half of the validated projects did not submit solid cost-benefit and/or cost-effectiveness analysis. In terms of effectiveness, around a third

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<sup>2</sup> In 2019, for the first time, OVE submitted to the Board a separate report on ReTS validation results. In 2017 and 2018, OVE had presented the results from the ReTS validations as part of its annual report.

of operations (24 projects) were found to have reached the targets for most of the intended objectives. These scores reflect a combination of factors, including failure to achieve some of the proposed development objectives and/or the lack of information on some results indicators. The sustainability score for projects with advances in terms of results was positive; however, information on the performance of projects' environmental and social safeguards continues to be scarce. Finally, over two-thirds of PCRs were rated good or excellent in terms of quality, which means that the analysis of project achievements was performed in a complete manner, and scores were consistent with the evidence.

On the private side, the validation of XSR ratings concluded that only 15 of the 35 NSG operations (43%) obtained a positive rating in overall outcomes, but they scored high in terms of additionality and financial results: 24 projects scored positively on additionality and 33 on financial results. However, in terms of effectiveness and efficiency, only 13 and 14 operations, respectively, obtained positive ratings. Low effectiveness scores can be partly explained by the lack of measurement parameters for the objectives and the incomplete information on indicators, as well as the adverse macroeconomic and/or regulatory conditions. In terms of sustainability, less than half of projects obtained a positive score. In this case as well, information on environmental and social performance was scarce.

A key purpose of the independent validation of project performance ratings is to guarantee the credibility and transparency of the self-evaluation system. It is expected that, when the system is working properly, the discrepancies between Management and OVE ratings are lower. While because of methodological issues the comparison of PCR ratings was possible in only 54 of the 64 SG operations, the overall rating for project results assigned by OVE and IDB Management coincided in 29 cases. Management's ratings were, in general, more favorable than OVE's. For NSG operations, there was full comparability: the general ratings for project results assigned by OVE and IDB Invest Management coincided in 25 out of 35 reviewed operations. In this sense, although the level of discrepancy between OVE's and Management is still important, it is plausible to state that the IDB Group's self-evaluation system has been strengthened as a result of joint efforts by OVE and Management. In addition, since 2018 the project performance ratings assigned by OVE in its validation exercises are included in the IDB Group's Development Effectiveness annual reports, contributing to the transparency of the evaluation system.







## Synthesis of the validation results of the Evaluation Recommendation Tracking System's

The ReTS is a fundamental component to verify the integration of the evaluation findings into the IDB Group's strategic management decision-making processes. Through the ReTS, Management tracks the implementation of the recommendations that were issued by OVE and endorsed by the IDB and IDB Invest Boards of Directors. The IDB has used the ReTS since 2013, and IDB Invest since 2016. Management prepares an Action Plan (AP) for each recommendation and updates its progress annually. OVE assesses the evaluability of the proposed AP and validates its relevance and implementation progress. In every annual validation exercise, OVE assesses all the active APs. As a monitoring instrument, the ReTS promotes transparency, learning, and institutional accountability, thereby completing the evaluation cycle.

The validation of the ReTS APs in 2019 showed improvements in several dimensions. OVE's validation found that continuous dialogue between OVE and Management in the early stages of the validation process helped to improve the definition of actions and adequate objectives and milestones, as well as of the relevance of APs, even though challenges remain on the implementation side. Most active APs (91%) included activities that are relevant to the fulfillment of recommendations, while 79% of APs achieved their planned targets. The main problems related to implementation ratings were insufficient information and/or means of verification, and milestones that were not achieved. OVE has committed to systematically assess, in the context of its CPEs, the extent to which previous recommendations have been integrated.

## What lessons can be derived from the evaluative work of 2019?

The annual validation exercises OVE performed in 2019 concluded that the IDB Group is generally making progress in improving its self-evaluation and recommendations tracking system. The results from the review of self-evaluation reports (PCRs and XSRs) and of the ReTS showed progress in relation to previous cycles. However, there is still room to strengthen the IDB Group's capacities—in particular, in the performance measurement of its programs and projects concerning environmental and social safeguards and in project cost-effectiveness and cost-benefits analyses.

The CPEs delivered in 2019 drew common conclusions in terms of additionality, services to clients, and inter-agency coordination. They highlighted the need to improve the additionality of the IDB Group in its role as a strategic partner in the region; optimize the mix of financial and non-financial instruments to address client needs, at both national and subnational levels; and improve the coordination of activities between the IDB and IDB Invest to maximize the development impact of the Group (see Box 1).

### Box 1.

## Summary of lessons of CPEs from 2019

In line with previous evaluations, the CPEs for Colombia, Brazil, and Mexico highlighted the need for the IDB Group to place greater emphasis on ensuring programs' value-added. In particular, the evaluations for Colombia and Mexico noted the IDB Group's potential to add value in its support at the subnational level. The evaluation for Brazil found that the IDB Group could add value in coordinating work between the national and subnational (state) levels.

Some of the evaluations also underscored the IDB Group's potential additionality to support the development of PPPs for investment projects.

The CPEs delivered in 2019 also revealed the need for the IDB Group to diversify and optimize the use of its instruments, adapting them to the implementation capacities of its clients, highlighting the importance of finding

viable instruments and solutions to provide support at the subnational level. This finding has appeared in several CPEs in the last few years. Management has recognized this issue and, in response to OVE's 2019 evaluation recommendations, it committed to promote the diversification of its instruments, making more intensive use of results-based loans, local currency loans and guarantees, which could help reduce transaction costs and address market failures.

Three years after the establishment of IDB Invest, all CPEs delivered in 2019 found ample room for improvement in the coordination between IDB and IDB Invest. In particular, the CPE for Brazil stressed the need to differentiate and better justify IDB Group interventions in its SG and NSG lending operations. The Managements of IDB and IDB Invest committed to strengthening coordination mechanisms and to finding synergies through their strategies and operations in the countries of the region.

## A new evaluation policy framework for the evaluation system

During 2019, OVE continued to address the recommendations of the Independent Review Panel commissioned by the Board in 2017 and concluded in 2018. In particular, the recommendation to strengthen the policy that governs the evaluation function. Analysis of the IDB Group's evaluation function had found that the core elements of the function were dispersed in different institutional documents and concluded that the IDB Group would benefit from having a single integrated policy document that consolidated these elements. Thus, in collaboration with the Managements of IDB and IDB Invest, OVE prepared and successfully delivered the IDB Group Evaluation Policy Framework, which the IDB and IDB Invest Executive Boards approved in July 2019. This new Evaluation Policy Framework outlines the evaluation principles and the institutional arrangements that guide the IDB Group's evaluation system, as well as the roles and responsibilities of the Boards of Directors, OVE, and Management (see Box 2). Hence, in line with the good practices of other multilateral development institutions, the IDB Group's evaluation function is now governed by a policy document of a public and binding nature.



**Box 2.****IDB Group evaluation system:  
objectives and guiding principles****EVALUATION SYSTEM OBJECTIVES**

- Foster **continuous learning** to inform decisions and improve current and future policies, strategies, programs, operations, and processes.
- Provide shareholders with a basis for **accountability** for delivering on its development mandate for each institution by systematically assessing performance and development results.
- Contribute to **transparency** by systematically assessing the IDB Group's performance and development effectiveness, and by appropriately disseminating the findings in accordance with the access to information policy of the corresponding institution.

**GUIDING PRINCIPLES OF THE EVALUATION SYSTEM**

- **Usefulness of evaluations.** Evaluations must be timely, on topics of strategic interest, and credible.
- **Evaluability.** The objectives of the IDB Group's activities should be expressed and monitored in a way that allows subsequent evidence-based assessment.
- **Use of internationally agreed standards.** The methodologies used for independent evaluation and self-evaluation must be grounded in established internationally agreed standards and adapted to the specific needs, mandates, and governance of each institution.
- **Collaboration.** A collaborative and constructive approach among evaluators and key stakeholders can enhance ownership and the validity of findings and increase the adoption of recommendations and the use of evaluative lessons.
- **Independence of the Office of Evaluation.** The independence of the evaluation office is essential to maximize the benefits of the evaluation system. It is a condition for impartiality, credibility, and legitimacy. Evaluative independence comprises four dimensions: organizational independence, behavioral independence, freedom from outside interference, and the absence of conflicts of interest.
- **Appropriate dissemination.** For evaluations to support transparency and learning they must be made available and appropriately disseminated in ways that foster their use, in accordance with the respective institution's applicable internal rules and dissemination policies.

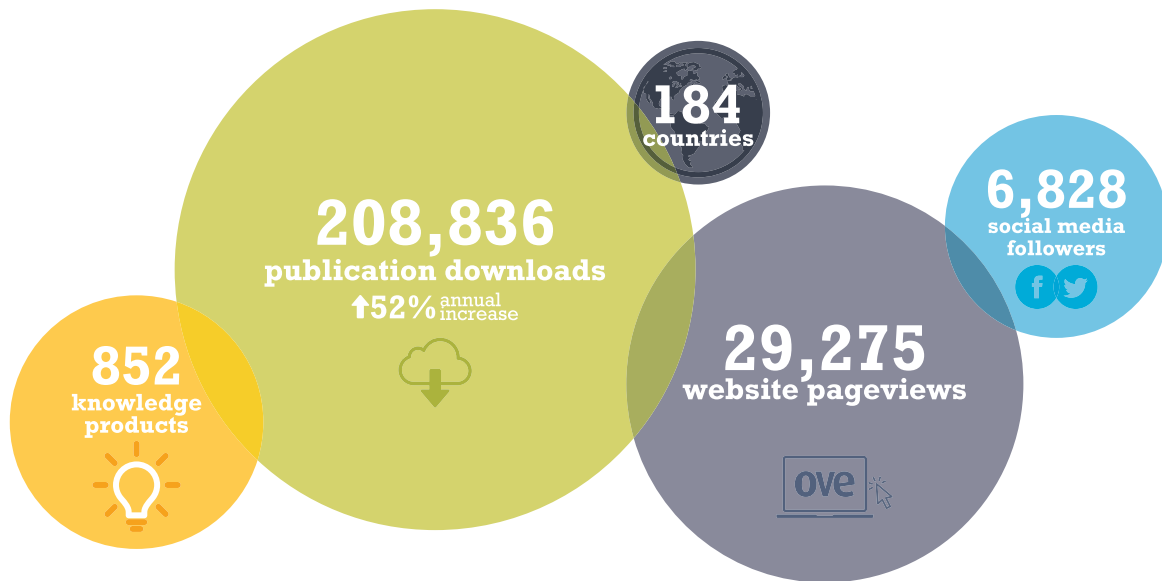
## Improvement of OVE's internal processes

Understood as a future investment, during 2019, OVE implemented a new organizational structure with the purposes of continuing to improve the quality and timely delivery of its products and strengthening the professional career development of its personnel. The new structure defines and delegates OVE personnel functions and responsibilities in terms of planning, quality control, knowledge management, and career development. As part of these efforts, OVE identified its needs for human resources to achieve future work plans and, working with the IDB human resources office, initiated an extensive recruitment process that is expected to conclude in 2020. Finally, during 2019, OVE started a review process to update the protocol for CPEs—an exercise in parallel to the efforts made by other members of the multilateral system's Evaluation Cooperation Group (ECG).

## Dissemination and evaluation capacity development

OVE's mandate includes disseminating its evaluations for learning purposes and supporting member countries in the region to build evaluation capacity. In fulfilling that mandate, OVE dedicates substantial effort to making its results known to different audiences—both within the IDB Group and with country counterparts and the general public—using means that are easy to access. In 2019, OVE continued disseminating its products online, registering an increase in the number of downloads of evaluation reports and knowledge products. OVE's total report downloads rose to 208,836, 50% more than in 2018 (see Figure 1). Downloads were made from all over the world, but particularly from countries in the region—mainly Colombia, Mexico, Peru, Argentina, Ecuador, Bolivia, and Chile. OVE's website registered around 29,275 page consultations, a number considerably smaller than the one in 2018.

## Figure 1. Communicating to learn: Outreach and dissemination in 2019



Source: OVE, with information from IDB Knowledge Analytics

Regarding capacity building for evaluation in the region, OVE continued supporting the Centers for Learning on Evaluation Results (CLEAR) Initiative,<sup>3</sup> especially its centers for Latin American and the Caribbean (LAC) located in Mexico and Brazil. The Center for Research and Teaching in Economics (CIDE) in Mexico was the first Spanish-speaking CLEAR center for LAC, and the Getulio Vargas Foundation in São Paulo (Brazil) is the Portuguese-speaking CLEAR Center. These CLEAR centers focus on strengthening local monitoring and evaluation (M&E) capacities by providing training and technical assistance, conducting research, generating evaluations, and disseminating knowledge. Since these center's inception, OVE has supported their programs through funding, sharing of ideas, and joint dissemination events.

<sup>3</sup> CLEAR is a network of academic institutions, supported by multilateral and bilateral donors, whose main goal is to strengthen monitoring and evaluation capacities in the world ([www.theclearinitiative.org](http://www.theclearinitiative.org)).

In 2019 the work with the CLEAR Centers from Mexico and Brazil allowed the development of new methodologies for the diagnosis of capacities in M&E and for work with subnationals. CLEAR/CIDE developed a diagnosis methodology for M&E capacities for social development agencies that is being implemented in 19 countries in LAC. CLEAR/Getulio Vargas Foundation developed a methodology to implement M&E systems at the state level.<sup>4</sup> Worldwide, in June 2019 the CLEAR initiative launched the first Global Evaluation Week, which organized knowledge dissemination events about M&E at the global scale, fostering the exchange of knowledge on the subject. In this context, OVE organized a panel in Ecuador to share experiences about the use and institutionalization of evaluation in the region's public institutions.<sup>5</sup> Additionally, by the end of 2019, OVE supported the realization of a panel on the establishment of M&E systems at subnational levels as part of the XII International Seminar on Results-Based Management, held in Belo Horizonte, Minas Gerais, Brazil.

Finally, to foster knowledge-sharing within OVE and with the rest of the Bank, the office continued its series of bimonthly presentations. In 2019 the presentations covered—besides the results obtained in OVE's most recent evaluations—such area as the use of machine learning at the IDB, the changes to the IDB's Flexible Financing Facility, and the potential use of the text analytics tool in evaluations.

## Future directions

In December 2019, the IDB's Board of Executive Directors approved OVE's 2020-2021 Proposed Work Program and Budget, which includes an ambitious and strategic evaluation agenda for the coming years. Following consultations with Management and with representatives of the IDB and IDB Invest Boards of Directors, OVE developed a work program whose main goal is to continue providing evidence-based information for the strategic discussions about the challenges faced by the IDB Group:

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- 4 The work with Espirito Santo state was concluded in 2019, but the work with Minas Gerais is not yet finished. From these experiences an intervention strategy for other Brazilian states will be developed.
  - 5 On this panel there were representatives of Colombia's National Planning Department; Peru's General Office of Monitoring and Impact Evaluation from the Housing, Construction and Sanitation Ministry; and Ecuador's Technical Planification Secretary. The event hosted about 100 attendees from public institutions, academia, and civil society.

- a. High level corporate evaluations which includes the evaluations of the IDB Group's Governance, the IDB Grant Facility for Haiti, IDB Invest and IDB Lab, the IDB Group's involvement at the subnational level, on top of the evaluation in progress for the MICI, and the adequacy of the Group's financial and non-financial instruments.
- b. Sectoral and thematic evaluations that respond to the most compelling development challenges in the region and that help to close knowledge gaps, which includes evaluations of IDB programs in the areas of transparency and integrity, IDB Group work on topics related to climate change adaptation, the IDB response to the region's urbanization, programs and approaches to guarantee citizen security, and the supply of drinking water and sanitation in rural areas and small towns.
- c. Country Program Evaluations based on good practices that add value in defining new strategies.
- d. Accountability and supervision reports that continue to support the improvement of the IDB Group's self-evaluation systems. OVE will continue to validate the IDB Group's self-evaluation reports and the implementation of OVE's recommendations (ReTS), seeking innovation in its processes and in the contents of its reports.
- e. Activities that help improve the dissemination of evaluation results and promote evaluation capacity building. In 2020 the IDB will host and chair the Third Meeting of Evaluation Committee presidents and evaluation department heads of multilateral development bank members of the ECG. OVE will continue to work with CLEAR and other development partners to strengthen evaluation capacity in the region seeking to amplify the reach of its activities through several initiatives. Finally, OVE anticipates some events to celebrate the 20 years of independent evaluation at the IDB Group, as well as other outreach activities of OVE work within the institution and in different countries in the region.

**20**  
**over** **YEARS**

Office of Evaluation and Oversight

# OVE: 20 YEARS OF EVALUATION



This section recounts OVE's evaluation and supervision work since its creation as an independent office in 1999. After synthetically addressing the history of the establishment of the office and its institutional mandate, a description of OVE's work over the past 20 years supporting the institution to improve its development effectiveness is presented. This section organizes OVE's work by type of evaluation: corporate evaluations that focus on the Bank's structure and processes; country program evaluations that analyze IDB's relevance and effectiveness in a borrowing country; and sector/thematic evaluations that deeply analyze IDB's action in a sector, highlighting results and learning based on experience. This section also presents OVE's work supporting IDB's private sector windows. This retrospective approach allows us to examine the evolution of the evaluation function and OVE's role within the institution. Examples illustrate OVE's contribution to the IDB Group's continuing institutional improvement.<sup>6</sup>

## Background

OVE was established as IDB's independent evaluation office in 1999 with a mandate for shared responsibility: that is, the Bank's Administration and the evaluation office execute evaluation and supervision performing different roles. The establishment of the independent evaluation office was the result of an institutional agreement on the importance of the evaluation and supervision functions, and on the need to have an independent agency that would evaluate the Bank's policies and the operations it finances (see Box 3). In the international context, the Report of the International Financial Institution Advisory Commission to the United States Congress (2000) included a recommendation to improve the internal governance of multilateral financing institutions by promoting the independence of the evaluation function.

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<sup>6</sup> These examples were chosen for illustrative purposes and are not a representative sample of OVE's work over the past 20 years. The annexes include a complete list of OVE publications and reports.

**Box 3.****Laying the foundations for the creation of an independent evaluation office for the IDB**

In 1998, the Bank's President and the president of the Working Group of the Board of Executive Directors on Supervision and Evaluation agreed to establish a committee comprising Bank staff and representatives of EVO (the Bank's former internal evaluation office) to formulate recommendations to increase the IDB's effectiveness and efficiency in supervision and evaluation. The Working Group's report, "The evaluation and supervision function, a shared responsibility" (1998), established a conceptual framework for the Bank's evaluation and supervision functions and set the course for changes to the evaluation system and for the creation of an independent

evaluation office. In June 1999, the Executive Board of Directors approved the proposal to change the Bank's basic organization (Recommendation 2) to create an Independent Evaluation Office, transferring staff and budget. The report included recommendations to achieve coordination between Management and the Independent Evaluation Office (Recommendation 4) and to establish appropriate mechanisms for reporting to the Board (Recommendation 7). Finally, the document also defined the terms of reference and the process for selecting the Evaluation and Supervision Director (Recommendation 6).

The core mandate for evaluation in the Bank was established by the Governors in the Eighth General Capital Increase (IDB8): "The Bank's new evaluation system will use evaluation as a tool for institutional learning and as an instrument for the systematic assessment of the effectiveness of the development policies implemented by the Bank, of the results of activities financed by the Bank, and related processes." This document sets forth four fundamental aspects to direct the institution's evaluation work in general, and OVE's work, in particular: (i) evaluation is a process that must be updated regularly; (ii) evaluation is centered on institutional learning; (iii) evaluation should focus on issues relating to development effectiveness; and (iv) evaluation should focus on the results of activities financed by the Bank.

In 2000, the newly established Office of Evaluation and Supervision (OVE) presented its Mandate, Mission, and Work Plan to the IDB Board of Directors. This document introduces the concept of evaluability, which will eventually become one of OVE's fundamental contributions to the IDB



Group's Development Effectiveness Framework. It maintains that, while a large part of formal evaluation work centers on the execution and results of operations, evaluating their design generates important benefits, since it is in the design phase that the evaluability of development activities can be established. OVE defines evaluability as the ability of an intervention (loan, technical cooperation, strategy, policy, etc.) to demonstrate in measurable terms the results it intends to deliver.<sup>7</sup> Thus conceived, evaluability is a basic condition for any results-based management system. This document also defined the principles that guide evaluation activities, evaluation and supervision products, and capacity-building activities in evaluation.

In the Ninth General Capital Increase (IDB9), the Bank's Governors continued to promote an evaluation function for the IDB. The IDB9 commitments encouraged measuring project results with solid parameters, institutionalizing the analysis of evaluability, and strengthening the analysis of projects' economic rate of return, as well as carrying out ex-post evaluations. The IDB9 mandate also consolidated OVE's role in validating the results achieved by projects, including in its Corporate Results Framework an indicator for the percentage of projects with a satisfactory rating on development results, strengthening the incentive structure for measuring results.

## Twenty years of independent evaluation at the IDB

Twenty years after the creation of the independent evaluation office, OVE has become a central part of the IDB Group's evaluation system. Since 1999, OVE has submitted around 360 evaluation and supervision reports for consideration by the IDB's Executive Board of Directors,<sup>8</sup> besides the 63 administrative and accountability documents such as OVE's annual activity reports, work program and budget reports, and OVE's self-evaluation reports. This category also includes reports such as transmission notes<sup>9</sup> and opinion notes; and comments and/or reviews requested by the

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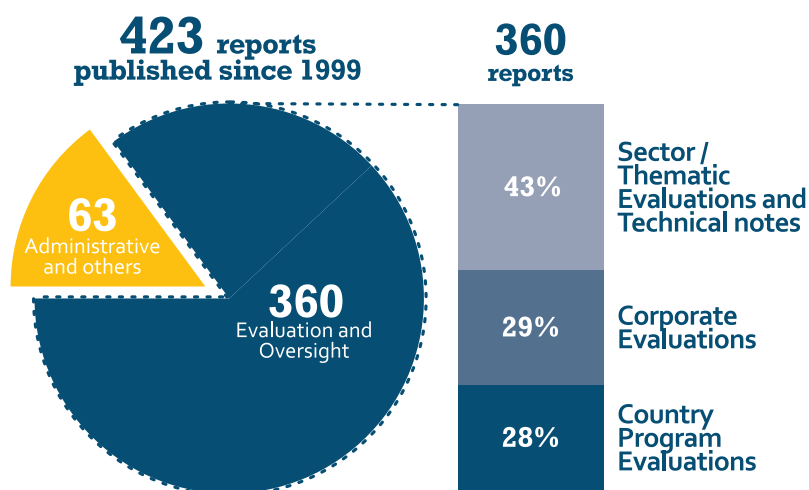
7 This report indicated that an activity may be evaluated if it clearly specifies expected results, establishes adequate indicators for measuring the achievement of these results, identifies a baseline and target for its indicators, and includes a data collection system to generate information about these indicators. Further on, OVE proposes a more comprehensive evaluability concept that includes the formal issues referred to in this document as well as substantive matters (diagnosis and logic of the intervention).

8 This number does not include Approach Paper documents.

9 Through the transmission notes, OVE reported to the Board, for example, on the good practices standards of the ECG of the multilateral development banks, or on "benchmarking" exercises that compare the IDB to other multilateral institutions in terms of their M&E capacities.

IDB's Executive Board of Directors <sup>10</sup>. Of the total of evaluation and supervision reports, 29% were corporate evaluations, 28% were CPEs, and the remaining 43% were sector and thematic evaluations, which include project evaluations (impact evaluations, benchmarking, etc.) and technical notes (see Figure 2).

**Figure 2. OVE Reports by function and type**



Source: OVE's publication database.

## 1 Corporate evaluations

Since 1999, OVE has delivered around 150 corporate evaluations that informed the main institutional, organizational, and normative changes of the IDB Group, as well as the Development Effectiveness structure and the Knowledge Agenda (Annex I). OVE's evaluation and supervision reports under its corporate pillar were classified in accordance with the issues they addressed. An important part of OVE's work focused on reviewing both the institutional mandates that guide the institution's work, such as those derived from capital increase processes, and the organizational arrangements that guarantee the operation of these mandates, such as those derived from the realignment process or those related

<sup>10</sup> The opinion notes or comments included, for example, specific Board requests to OVE for comments on the results framework for the realignment or on the Annual Development Effectiveness Report. In the context of the IDB's review of its sectoral strategies and operational policies in 2003, the Board also requested that OVE carry out a stocktaking review of work in these areas.

to the functioning of the operational and support units. As an example, OVE's corporate evaluations informed the negotiations related to IDB8 and IDB9 by providing key inputs and complete information about the functioning of the institution (see Box 4).

#### **Box 4.**

### **OVE's Contribution to strengthened results frameworks and institutional adjustment in the capital increase processes (IDB8 and IDB9)**

In 2009, OVE presented to the Ad Hoc Committee on the Status of Resources of the IDB Board a report that summarized the conclusions of its evaluations on the IDB8 recommendations and the implications for future agreements on the replenishment of resources. This report highlighted the need to have results frameworks at the institutional level and at the level of projects and programs, and to foster institutional learning and adopt a results-based approach in the areas of both budget and performance. These topics became fundamental pillars of the institutional strategy that accompanied IDB9.

Later, OVE performed the Mid-Term Evaluation of Commitments assumed by the Bank under IDB9, which was presented to the Board of Governors in 2013. This evaluation presented a comprehensive view of the institution's functioning in terms of development effectiveness, financial sustainability, institutional performance,

and strategic selectiveness. The evaluation concluded that the Bank's emphasis on results had increased, especially at the project level, and that important progress had been achieved in the implementation of the Development Effectiveness Framework and in results-based budgeting. Other areas of important progress were risk management, the use of country systems, and the access to information policy. Among those aspects for which implementation had been less effective were the sector strategies, the programming processes, the financial sustainability of the Fund for Special Operations, and the Bank's commitments to Haiti. Finally, the evaluation identified areas that required reformulation: the IDB Group activities in the private sector, macroeconomic sustainability evaluations, and the MICI. OVE's recommendations on these issues served as an input for the restructuring of MICI, the methodological redrafting of macroeconomic reports, and changes in the private sector mandate.

Similarly, OVE's corporate evaluations analyzed the impact of organizational changes, such as those fostered by the 2007 Realignment and the 2016 private sector merge-out.<sup>11</sup> The 2014 evaluation of the IDB's implementation of its realignment process recognized the achievements of the IDB's new matrix organization, its impact on the improvement of staff's technical skills and the institution's capacity to generate and disseminate knowledge, and the benefits of decentralization in terms of increased proximity to clients. The evaluation recommendations aimed at improving the mechanisms to strengthen the decentralized management structure and promoting inter-institutional coordination and the efficiency of corporate processes. In 2017 the evaluation of the IDB's private sector merge-out also recognized the progress in implementation, as well as the creation of a human resources database for the functioning of the new institution, and the strengthening of the institution's development effectiveness and additionality. OVE's recommendations pointed to the need for improving coordination between the IDB and IDB Invest, strengthening long-term financial planning, and implementing ongoing initiatives for selectivity in operations and operational processes.

Through its corporate reports, OVE also evaluated the policies and procedures that guide IDB's actions and the instruments the IDB has to advance its mission in the region. Among the most important policy evaluations OVE has performed are the evaluations of the Public Utilities Policy (PUP) applied to the water and sanitation (2002 – see Box 5) and the energy (2007) sectors, IDB's Investment Policy (2009 – see Box 6), the Capital Adequacy Policy (2013), the Access to Information Policy (2013), and the Environmental and Social Safeguards Policies (2018 – see Box 7). In terms of instruments (financial and non-financial) and lending modalities, OVE has performed several evaluations that helped the Board to monitor the proliferation of instruments and to assess their adequacy to country needs—for example, "Instruments and Development: An Evaluation of IDB Lending Modalities" (2004), the evaluation of the New Lending Framework (2008), and the Technical Note: IDB's Evaluation of Lending Instruments (2013). In evaluations of specific instruments—for example, of PBLs (1999 and 2016), emergency loans (2001), and contingency modalities (2016)—OVE's recommendations to Management resulted in adjustments or modifications to those instruments. OVE also conducted evaluations of the Bank's management of TC (2010), and of the Special Programs financed with ordinary capital (2014).

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11 Some previous OVE evaluations have reported on these processes. For example, the evaluation of capital adequacy offered a diagnosis of institutional weaknesses in the risk management function, which was subsequently addressed in the context of the realignment.

**Box 5.****The inadequacy of the public utilities policy (PUP) applied to water and sanitation**

The evaluation of the PUP applied to the water and sanitation sector, presented to the Board in 2002, demonstrated that the intervention model promoted by this policy (vertical disintegration and private participation) was not suitable to the structural characteristics of the sector (in either regulatory or competitiveness aspects), nor to the region's particularities (high levels of poverty, low payment capacity, shortcomings in operational and managerial systems, lags in investment levels). The evaluation suggested that, while the management and services provision model fostered by the PUP may have been appropriate in urban areas, it was inappropriate for the provision of services and investment needs in the rural or marginal urban areas prioritized by IDB8. The evaluation also showed that the private participation model was not working because of the environmental and social externalities of these operations, the regulatory and political risks, the

long terms associated with the industry's development, and the limited number of private companies interested in investing in the sector in the region. The condition of the IDB's direct loans portfolio for the private sector showed these difficulties. OVE demonstrated that the implementation of the PUP had triggered inconsistencies between the IDB's business objectives and its social and environmental objectives. Thus, while the region had over 124 million people without drinking water and 240 million people without a connection to a sewage system, the IDB portfolio in the sector had reached historic low levels. The evaluation recommended restoring IDB's support to the sector, ensuring the expansion of coverage in the poorest areas; strengthening the sector's planning processes; and reviewing the private window strategy. As a result, the Bank gradually stopped applying the policy, granting waivers and restoring its support to the sector.

**Box 6.****The institution's weaknesses in risk management**

In the middle of the international financial crisis of 2009, at the request of the IDB Board, OVE performed an evaluation of the Investment Policy, with the support of an external panel of experts. The evaluation revealed the effects of the financial crisis on the Bank, which by the end of 2008 had experienced unrealized losses that amounted to over US\$1 billion. The evaluation concluded that the policies that governed IDB's investment portfolio did not properly define the institution's risk appetite, were incomplete in terms of the nature of the risks assumed, were based almost exclusively on credit risk agencies, and did not clearly articulate the different risk and return options faced by the Bank's

portfolio. OVE's recommendations aimed at making fundamental changes to the policies and institutional arrangements that directed the Investment Policy, with special emphasis on risk management and portfolio composition. OVE recommended strengthening the management and supervision of the investment portfolio, by both Management and the Board of Directors. In response to OVE's recommendations, IDB Management modified the institution's liquidity and its assets and liabilities policies, as well as its management and risk diversification guidelines, portfolio management, and capital adequacy. In parallel, a Risk Management Office was consolidated under the Executive Vice Presidency.

**Box 7.****Updating the policies related to the IDB Group's environmental and social safeguards**

In 2018 OVE evaluated the policies related to the IDB Group's environmental and social safeguards and their application in both SG and NSG operations. This evaluation concluded that the IDB Group needed to

update its safeguards policy framework and move toward an integrated and fully coherent system. The evaluation demonstrated that the IDB safeguards were regulated by five separate policies on diverse aspects that

were developed in a piecemeal fashion over the last twenty years. For IDB Invest, while its Environmental and Social Policy provided a general framework for addressing environmental and social impacts and risks, it also used multiple policies of third parties. A benchmarking exercise performed during the evaluation showed that the principal multilateral development banks (MDBs) had moved toward consolidating their policies into an integrated framework. With some differences between the SG and the NSG operations, the evaluation identified shortfalls in the implementation of

environmental and social safeguards in the entire project cycle, as well as shortcomings in terms of supervision and staff capacity for managing these issues. In response to OVE's recommendations, in 2019 Management started developing a proposal for a comprehensive environmental and social safeguards policy that would be consistent with international standards. Moreover, to improve the management of these issues at the operational and managerial levels, compulsory training is being implemented for IDB Group staff.

The corporate evaluations also served to strengthen the IDB's development effectiveness structure through, for example, the institutionalization of the evaluability measurement. While the IDB's was working to establish the Development Effectiveness Framework, OVE promoted the performance measurement of IDB Group operations during the entire project cycle through more than 50 evaluation and supervision reports. As mentioned above, OVE introduced the concept of project evaluability and its implementation and systematic reporting helped to promote fundamental changes in the IDB's incentives structure: through the incorporation of a measure of evaluability in the Development Effectiveness Matrix (DEM)<sup>12</sup> applied to all projects subject to approval by the Board of Directors. Thus, the IDB became the first multilateral institution to establish the evaluability of its operations as a fundamental requirement for project eligibility and approval, contributing to the improvement of the evaluation system and promoting greater transparency and accountability (see Box 8).

12 The Bank measures the ability to evaluate development interventions with a development effectiveness matrix. The DEM includes a list of analytical and information requirements that allow to assess whether the products meet certain minimum information requirements in order to enable reliable and credible monitoring during implementation, and will allow the intervention results to be reported with sufficient rigor, and evaluated, at the end of the operation.



**Box 8.****The impact of evaluability on the design of operations**

In 2002, in the context of IDB's efforts to strengthen its evaluation system, OVE presented its first study on project evaluability. OVE had developed the instrument's design and methodology in 2000. The evaluability analysis contains two dimensions. A substantive dimension covers what development problem the intervention seeks to address, through a diagnosis; what the intervention expects to achieve, through the definition of its objectives; how these objectives are to be achieved, through the intervention's logic; and which risks may reduce the intervention's effectiveness. And a formal dimension includes the identification of adequate indicators for products and results, basic reference parameters (baseline and targets), and an adequate monitoring and evaluation strategy. The ability to formulate and measure the results of an intervention is a fundamental condition of any results management system. The instrument was first applied in 2001 to all 156 project reports presented to the Board that year. The results of this first analysis showed a broad need for improvement if the projects were to fulfill minimum evaluability standards, in both the formal and substantive dimensions. This first measurement served as a baseline for subsequent measurements.

In 2005 and 2009 OVE again measured project evaluability and included a review of the incentive structure that governs the project preparation process and its management review. The 2005

review concluded that the 83 projects approved that year continued to present considerable deficits that hampered the ability to manage and evaluate them on the basis of their results. Private windows scored better than the public ones. This evaluation also noted deficiencies in the operational manuals for project preparation and the pre-approval management review process: they did not provide an explicit orientation to and define responsibilities for operations quality control. The evaluation recommended a general restructuring of IDB's processes and incentives for the preparation of projects, advocating that the Board not approve any projects that do not comply with minimum evaluability standards. In the context of realignment, the Office of Strategic Planning and Development Effectiveness was made responsible for the implementation of these recommendations. Despite Management's efforts to address these issues, OVE's evaluability review in 2009 continued to show low scores in most of the 147 projects approved that year, and limited progress in including these topics in the Management review of operations. Among the possible causes of this lack of progress were the increased volume and amount of loans made in 2009 in response to the international crisis, and the types of instruments used. OVE and Management sought to reach an agreement on the more appropriate approach and evaluability instrument that Management would apply in project quality control processes.



In 2009, Management formally incorporated evaluability in the project quality review through the DEM. In 2010, the Board of Governors approved IDB9, and in the Cancun Declaration, the Board endorsed the requirement that Bank-approved projects contain “a minimum threshold” to allow their development effectiveness to be measured in the future. This document proposed to use evaluability to determine that “effectiveness threshold” (ex-ante) implemented through the DEM. OVE supported this process through the direct validation of the DEM. The first results of a random sample of DEM scores for SG projects approved in 2010 and 2011 showed that, while OVE and Management scores were similar, OVE’s were slightly lower for substantive

dimensions. However, these results indicated that important progress was being made in the quality of the design of SG projects. OVE’s last validation of the DEM, in 2012, reached similar conclusions. This validation exercise also included a review of supervision instruments, concluding that for projects approved after the implementation of the DEM, the supervision instruments showed improvement in terms of product monitoring (although not for results). On the basis of these validation exercises, OVE proposed recommendations to strengthen the DEM as an effective instrument for ex-ante measurement of development result. Management continued applying and updating the DEM and, more recently, developed a similar instrument for NSG operations.

OVE also contributed to the Development Effectiveness Framework by validating self-evaluation reports, promoting a results-based culture inside the institution. Since 2001 OVE has performed validations of the self-evaluation processes of the IDB and the Inter-American Investment Corporation (formally IIC and currently IDB Invest). For the IDB, OVE validated PCRs in 2001, 2005, 2012, and annually since 2015 (see Box 9). In 2015 the validations of public and private operations were also incorporated into a single report, contributing to the unification of standards for both windows.<sup>13</sup> Since then, OVE and the Managements of IDB and IDB Invest have been working to ensure the adequacy of preparation and validation guidelines and of the reporting and rating criteria. As a result of this joint effort and of the progress made by Management in the past years, OVE’s most recent evaluations have reported improvements in the guidelines, which establish solid evaluation criteria, as well as increasing convergence in project performance scores between OVE and Management. These developments strengthen the credibility of the self-evaluation system and the transparency and accountability of the institution.

13 OVE introduced the validation of XSRs for the IIC in 2001 and for operations financed by the Structured and Corporate Finance Department (SCF) and the Opportunities for the Majority Initiative (OMJ) divisions in 2007.

**Box 9.****Fostering a performance-based culture through the validation of project completion reports**

OVE's first PCR validation exercises showed major shortcomings in the self-evaluation system. Indeed, the first validation performed by OVE in 2001 concluded that the PCR did not comply with the principal core standards for MDB on the project completion reports (World Bank, 1996). The 2005 validation again identified major shortcomings in terms of the results frameworks and information on results for most projects, which made it virtually impossible to validate the scoring proposed by Management. The PCRs were incomplete, the quality control processes were ineffective, and the resources assigned for their preparation were insufficient. In conclusion, the PCRs lacked too much information about project results to determine the effectiveness of the project. This lack of evidence considerably restricted the IDB's capacity to measure and demonstrate the development results of financed projects. In 2009, OVE's technical note on the validation of the PCRs delivered that year drew similar conclusions, showing the limited progress made in this area.

In 2012, OVE resumed the validation exercise with a sample of PCRs and included a diagnosis of the functioning of the incentives structure that identified the importance of the systematic validation of PCRs by the independent evaluation office. This report provided an account of the major changes

introduced by Management, such as the DEM, the increased number of rigorous impact evaluations, and the improvements to the new Project Monitoring Report. However, despite these improvements, this validation exercise concluded once more that the Bank's main mechanism for reporting project results did not adequately fulfill its role as a reliable, credible, and good-quality instrument. The scores were uninformative, there was little variation in scores, and the scores were not supported by data. The poor quality of the PCRs was due, in part, to the shortcomings of the self-evaluation system, the limited usefulness of PCRs, problems in the templates, the limited guidance in the preparation of reports, weak staff incentives, and the lack of a systematic validation of results by an independent office. Management committed to address these shortcomings and to work with OVE on improvements to the system.

Since 2015, OVE has been performing systematic validations of PCRs (for the public sector) and XSRs (for the private sector), contributing to the unification of the standards for both sectors and setting the path among the multilateral institutions. The 2015 validation exercise of a sample of public sector projects found that the general quality of PCRs was considerably superior to those of previous years, especially as regards the

results achieved, although it found limitations related to shortcomings in the guidelines and to the rigidity of the score system. For the private sector, the XSR ratings were more positive in general, although there were still shortcomings in the interventions' logic. The IDB Group was a pioneer among multilateral institutions in achieving greater harmonization between private and public sector project criteria through a common evaluation framework based on objectives. The 2016,

2017, and 2018 validation exercises continued to show progress by the IDB Group in creating a credible and coherent objectives-based self-evaluation system. The more recent validation (2017 and 2018), which included a greater number of projects (the universe of projects with a DEM that closed during these years for the public sector and all of the projects that had reached an early operational maturity for the private sector), began to show a smaller level of divergence in OVE and Management scores.

OVE's evaluations also strengthened IDB's Knowledge Agenda. OVE carried out several evaluations on the IDB Group's knowledge generation and dissemination: among others, evaluations of IDB's production and dissemination of studies (2006 and 2010); IDB's knowledge and learning strategy through its training division (formerly known as KNL) (2011); the quality of knowledge products (2013 and 2019); and the use and influence of impact evaluations (2018).

## 2 Country program evaluations

Through the CPEs, OVE has since the 1990s analyzed the IDB's strategy and program with borrowing countries in different political cycles. Between 1999 and 2019 OVE delivered to the IDB's Board of Directors around 100 CPEs that analyzed the relevance, effectiveness, efficiency, and sustainability of IDB programs and informed the elaboration of new IDB country strategies. Overall, during this period OVE performed three or four CPEs in each country (Annex II).

OVE supported the process of definition of the guidelines for CS, providing key analytical inputs. In 2003, OVE presented to the Board the Protocol for Country Program Evaluations, which became an input for ECG's Good Practice Standard for Country Strategy and Program Evaluations, published in 2008. In 2005, OVE developed a methodological note to measure the evaluability of CSs and performed an evaluability exercise on the IDB country strategy that informed changes in the format and content of, and guidelines for, IDB's CSs. In 2009, OVE updated its protocol for CPEs, incorporating the Organization for Economic Co-operation and Development's Development

Assistance Committee's methodology for analyzing the relevance, efficiency, effectiveness, and sustainability of IDB program in the country.

The main purpose of the CPE performed by OVE is to provide inputs for Management's strategic decision-making in negotiating programs and strategies with each country in each political cycle. As an example, the CPE for Haiti in 2011 and in 2015, as well as OVE's work in the context of evaluating the IDB's commitments for Haiti, provided inputs that supported some institutional and strategic changes in the IDB Group's relationship with the country. In particular, the IDB managerial structure for Haiti was changed, and the fragility of the Haitian state was incorporated as a factor into the programming, with greater emphasis on strengthening capacities in the public administration and the civil service.

IDB's work in the countries is important, given that the IDB is one of the main development partners in the region. In the context of an ongoing evaluation, OVE conducted a systematic review of CPEs delivered in the past five years and found that, measured by the share of multilateral debt in these countries, the IDB was the main multilateral development partner in 21 of the 24 countries analyzed.<sup>14</sup> However, an OVE evaluation of higher-middle-income countries (2013) also showed that the IDB has been losing competitiveness in financial terms in a few countries.<sup>15</sup> This context is driving the IDB Group to adapt its strategies and programs, with the aim of reducing transaction costs and promoting activities and programs with greater added value. In this context, as the Bank develops stronger models for its CSs, OVE is also updating its CPE evaluation protocol.

### 3 Evaluations for the private sector

OVE has also provided evaluation and supervision services to private sector windows. In the last 20 years, OVE has performed over 50 specific evaluation and supervision reports for private sector windows (see Figure 3 and Annex III). As an example, in 2001 OVE supported the establishment of an M&E structure for the IIC. From then until 2015, OVE performed validations of all the IIC's XSRs, helping to strengthen the credibility of its self-evaluation system (see Box 10). Before the private sector merge-out, OVE also delivered two evaluations of IDB's support of private sector

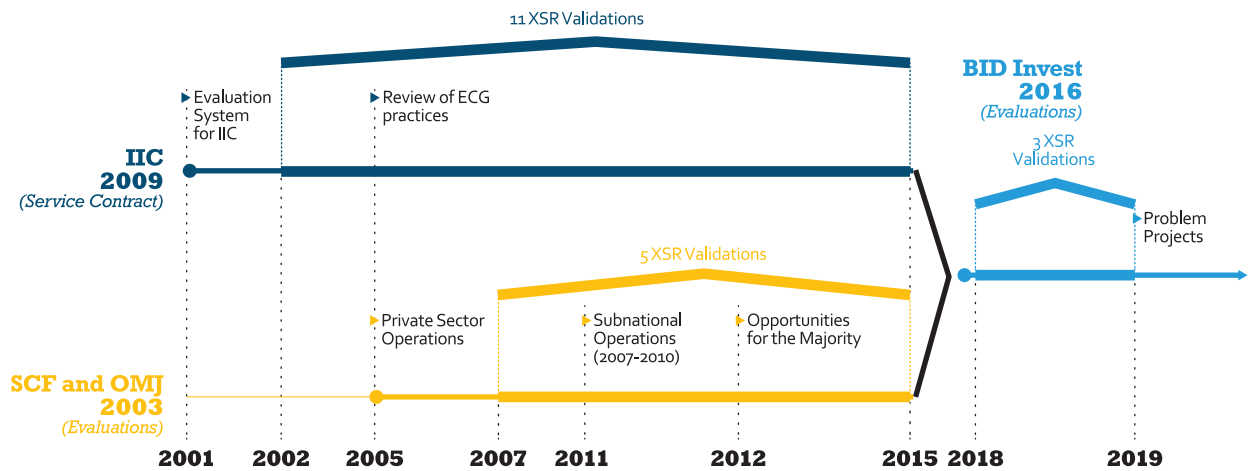
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14 The World Bank Group was a main development partner of Colombia during the period reviewed, while the Development Bank of Latin America (CAF) was a main financial partner of Ecuador and Bolivia. This review also found that CAF is one of the fastest-growing multilateral financial institutions in the region and has a very strong presence in Peru, Paraguay, Uruguay, and Panama.

15 As countries such as Chile, Peru, Panama, Mexico, Paraguay, Colombia, and Uruguay increasingly gain access to national and international capital markets, they can issue sovereign bonds to finance their investment needs at a very competitive interest rate, sometimes lower than the IDB's.

development through its major windows, the SCF (2004) and the OMJ (2012). These evaluations informed the discussions that led to the expansion of the institutional and strategic mandate of IDB's support for the private sector. At the request of IDB's Policy and Evaluation Committee, OVE also performed an evaluation of NSG operations with subnational entities (2011). Finally, OVE helped establish and consolidate IDB's self-evaluation system for private sector windows (mainly SCF). Drawing on the international Good Practices Standards (GPS) promoted by the ECG, OVE developed the instruments and guideline for the establishment of SCF's self-evaluation system. Subsequently, OVE performed five validation exercises of the XSRs, promoting the measurement of development results for SCF operations. As a result of this collaboration between OVE and Management, the IDB significantly improved its relative position in the ECG's benchmarking exercises on the evaluation practices.<sup>16</sup>

**Figure 3. A timeline of OVE's evaluation work with private sector windows**



Source: OVE's publication database.

16 In an effort to improve the accountability and comparability of MDB activities in the private sector, the ECG conducted benchmarking exercises regarding evaluation practices for private sector operations in 2002, 2005, and 2011, based on the GPS. In 2005, the IDB (SCF) had the lowest score of all MDBs. Six years later, in 2011, the IDB's result was considerably better, with a score of 90% in terms of adoption of good practices (75% in terms of full application), above the MDB average of 78% adoption (69% full application).

## Box 10. Toward an evaluation system for the IIC

In July 2001, the IIC submitted to its Board the work carried out in collaboration with OVE, for the creation of an evaluation system for the IIC. In June 1999, the IIC Executive Board had decided that after 10 years of existence, the IIC should introduce an evaluation function to measure its progress and performance in the fulfillment of its mission. In May 2000, the IIC Board had approved the proposal to use OVE as an independent evaluation body to act in an advisory role for the establishment of a self-evaluation system and as an independent validation source for self-evaluation. IIC and OVE signed an agreement for the delivery of evaluation services, in which OVE committed to (i) provide advice to define and revise the self-evaluation criteria; (ii) write analysis and scoring guidelines and reference indicators; (iii) establish the universe of projects that would

be evaluated using the early maturity criteria defined by the ECG; (iv) establish the sample of projects to be evaluated; (v) establish a schedule of evaluations and report delivery; and (vi) verify the conclusions and qualifications of the self-evaluation reports. After the IIC's evaluation system was established, OVE and IIC renewed their services contract until 2011. OVE conducted 11 annual exercises of independent validations of the XSRs, thus contributing to the credibility of the evaluation system and the transparency of the accountability exercises. In 2005 OVE submitted the results of a benchmarking exercise on the evaluative practices of the ECG members for private sector operations, reporting the progress made by IIC in the consistency of the scoring of its operations.

As of 2016, when the IDB Group consolidated its private sector activities in one institution—IDB Invest—OVE became the IDB Invest's independent evaluation office. In 2017, OVE presented an evaluation of the IIC's direct support to small and medium-sized enterprises that analyzed the results of 117 operations approved between 2006 and 2015 and highlighted the limitations of the intervention model. In 2019, OVE presented a report on the lessons learned in the execution of impaired projects, promoting a learning culture.

Other OVE evaluations published before and after the 2016 private sector merge-out also included private sector operations. A few examples: the climate change evaluation (2014) highlighted the achievements and shortcomings of direct financing to the private sector for investments in renewable

energy and energy efficiency in the region; the evaluation of the IDB Group's work through financial intermediaries (2016)<sup>17</sup> documented some coordination failures among the different departments of the IDB Group that channel resources through financial intermediaries, and fostered important changes to the way in which the IDB Group defines the development objectives of these operations and performs its monitoring reports; the evaluation of PPPs in infrastructure (2017) promoted a more coordinated and collaborative approach among the IDB Group institutions, as well as the development of a set of instruments related to knowledge, policy, and financing to support the PPPs in the region; and the evaluation of environmental and social safeguards (2018, mentioned in the Box 11) analyzed the implementation of the safeguards in SG and NSG operations, highlighting the greater flexibility and adaptation to the implementation processes in the NSG operations, and promoted the unification of the performance standards applied to these projects and the strengthening of the capacities of IDB Invest staff and its clients on environmental and social management issues.

In its corporate pillar, OVE also evaluated the complete portfolio of the Multilateral Investment Fund (MIF, now the IDB Lab), providing key inputs for negotiating its replenishment and contributing to the definition of its strategic mandate. Coinciding with the MIF's replenishment processes and following its institutional mandate, OVE evaluated MIF's work in 2002-2003 and in 2012-2013 (see Box 11). OVE also supported the evaluation system of the MIF by validating its supervision reports for investment operations (see Figure 4). Furthermore, OVE includes evaluation of MIF selected projects in its country program and sector and thematic evaluations.

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17 This evaluation covers all operations with financial intermediaries managed by the different IDB Group windows: the Capital Markets and Financial Institutions division, which provides SG loans; the SCF and OMJ divisions, which provide NSG loans; and the IIC and the MIF. It examines 10 years and US\$17 billion in loans to financial intermediaries to credit lines for small and medium-sized enterprises, mortgages, "green" investments, financial leasing and factoring, and foreign trade financing.



## Recuadro 11.

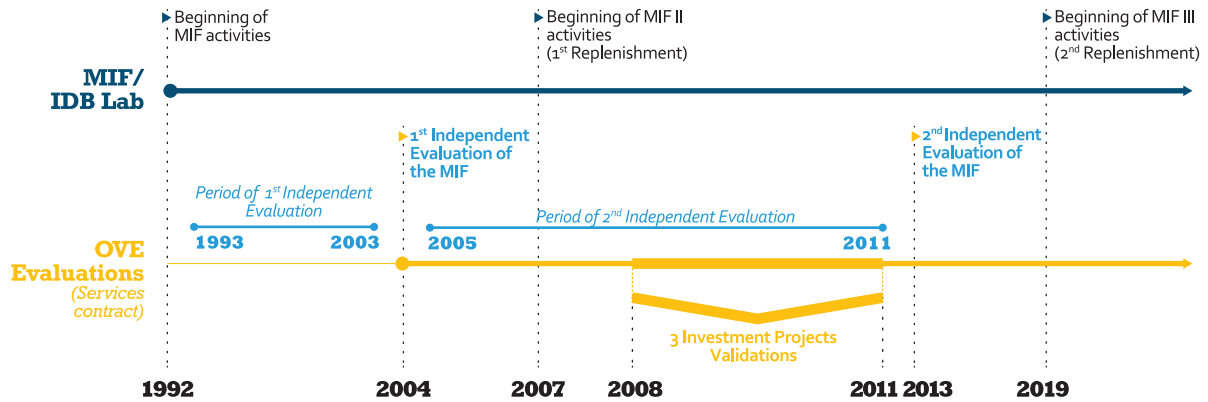
### **Toward a structured specialization of the MIF/IDB Lab**

OVE conducted two independent evaluations of the MIF, contributing to the organization's update and its specialization. Established in 1992 in the context of economic liberalization and privatization policies reform, the MIF aimed at strengthening private sector development through technical assistance and capital investments for innovative initiatives in the region. In the first evaluation of the MIF, OVE concluded that the fund had consolidated itself as a relevant player in the region's private sector development and innovation, despite its weaknesses in risk analysis and the limited implementation capacities of its counterparts. Through 17 strategic and operational recommendations, OVE underscored the MIF's need to better define its role and functions within the IDB Group and suggested that the MIF strengthened

its experimental approach towards financing innovative initiatives. In 2005, MIF donors signed the first replenishment agreement, which, among other things, consolidated its role in financing innovative initiatives in the region. In the second evaluation of the MIF, OVE recognized its progress in innovation and recommended improvements in its management, focus on more specific themes, and consolidation of its knowledge agent role. These recommendations also served as an input on the discussions of the recently approved the second replenishment agreement (2019), which, in addition to guiding the institution toward specializing in thematic areas and toward better targeting its activities, recognized its new name—IDB Group Innovation Laboratory, or IDB Lab—and sought to consolidate its role as a knowledge agent.



**Figure 4. Timeline of OVE's Work with the MIF/IDB Lab**

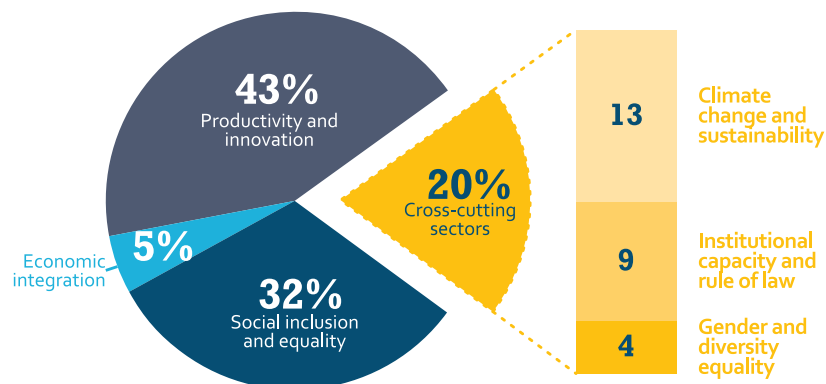


Source: OVE's publication database.

#### 4 Sector evaluations, thematic evaluations, and technical studies

Through sector and thematic evaluations, as well as project evaluations and technical studies, OVE has provided evidence about the major topics that make up the IDB Group's institutional priorities. From its inception, OVE's sector and thematic evaluations have been aligned with the IDB's mandate and strategic priorities (see Figure 5). For the IDB institutional mandate's three main pillars—social inclusion and equality, productivity and innovation, and regional integration—OVE provided evidence through its sector and thematic studies, its impact evaluations, and its comparative studies. Annex IV provides the complete list of all the sector and thematic evaluations, project evaluations, and technical reports made by OVE in each of the pillars of IDB's institutional mandate.

Figure 5. Sector/thematic evaluations



Source: OVE's publications database.

In terms of **social inclusion**, for example, OVE took part in the first impact evaluations of the *Oportunidades* Program,<sup>18</sup> one of the Mexican Government's main programs to fight intergenerational poverty. OVE conducted several evaluations of conditional cash transfer programs in Mexico (2005) and, more recently, published a comparative evaluation of these operations in three Central American countries (2015) (see Box 12). OVE also evaluated the programs in the region that used social investment funds and carried out systematic reviews of IDB programs with a poverty focus (2003 and 2010). Also, through sector evaluations, OVE analyzed the complete portfolios of the Health division in 2006 ("Evaluation of the Health Sector 1995-2005") and of the Education division in 2003 ("Evaluation of the IDB Strategy for Basic Education Support") and 2013 ("Analysis of IDB Support for Secondary Education 1995-2012"). Finally, the technical study "Urban Transport and Poverty: Effects of IDB-supported Bus rapid transit (BRT) Systems" (2016) used a combination of qualitative and quantitative methods<sup>19</sup> to analyze the impact of these operations on low-income populations in Lima and Cali. This technical study provided empirical evidence for discussions on accessibility, tariffs, and subsidies of the BRT system.

18 This program had different names during its implementation: Progresia, Oportunidades, Prospera.

19 The methods include (i) research on best practices in the integration of BRT systems and informal means of transport in other urban areas worldwide; (ii) a review of the specialized bibliography on policy measures aimed at making public transport fares more affordable; (iii) interviews with project team leaders; local and national authorities in planning, management, and operation of urban transport systems; academia; private sector representatives; bus companies; citizen groups; and analysis forums with poor and low-income populations; (iv) a geostatistical analysis of urban travel and geospatial data; and (v) a statistical analysis of data from urban and OVE surveys on travel patterns and expenses of poor users in the area of influence of BRT systems.

**Box 12.****Closing knowledge gaps - CCT in Central America**

For the successful implementation of conditional cash transfer (CCT) programs, solid executing institutions and a high degree of coordination among different participants are required to manage the services and verify the fulfillment of conditions. The studies and evaluations available for LAC were mostly concerned with the impact of transfers on health and schooling indicators, and less with understanding institutional considerations and how they influence the sustainability and results of programs. In 2015 OVE published a comparative evaluation of IDB's support to CCT programs in low-income countries (Honduras, El Salvador, and Guatemala). The evaluation identified the way in which the IDB was supporting these three countries in designing, implementing, and supervising their CCT programs. The use of the component analysis methodology allowed the identification of specific operational progress and challenges, both shared and specific for each of these countries (for example, advances in the information and registration systems of Honduras; challenges in the three countries regarding their payment predictability and

conditionality monitoring systems). Similarly, as a comprehensive institutional analysis, the evaluation allowed reaching an audience that was less academic but focused on identifying policy operational solutions in the short term, including policymakers. The evaluation showed that, beyond its financial resources, the IDB was highly valued by its clients as a key actor in the provision of technical support for project design. It underscored the importance of strengthening support in operational aspects related to the sustainability of programs. Finally, the evaluation suggested systematizing the lessons learned from operations, processes, and evaluations to benefit from IDB's long experience in the design and implementation of CCT programs. In 2016, OVE organized a seminar in El Salvador attended by Bank specialists, academic scholars, and representatives of the governments of all three countries. Since then, Management has published several studies, including *How Conditional Cash Transfers Work: Good Practices After 20 Years of Implementation* (IDB, 2017).

In terms of **productivity and innovation**, OVE performed, for example, the first impact evaluations of the extension programs and the adoption of new technologies in the agrobusiness sector in Argentina, Uruguay, Dominican Republic, and El Salvador; of public funds programs for science and technology (FONTAR in Argentina and FONTEC in Ecuador); and of the national training and employment programs, particularly for youth, in Peru (PROJOVEN), Colombia (Youth in Action), Mexico (PROBECAT-SICAT), Panama (PROCAJOVEN), Argentina (YOUTH project), and the Dominican Republic. Likewise, through its sector evaluations, OVE carried out a complete review of the IDB portfolio in the agriculture sector in 2003 and in 2015. The latter, for example, focused on key thematic areas for the agriculture sector and included comparative studies on the direct support operations for producers, agricultural health and food safety projects, and land regularization and administration projects.

In terms of **regional integration**, OVE conducted the first evaluation of IDB's implicit integration strategy (2002), as well as evaluations of IDB's main regional integration initiatives, such as the Initiative for the Integration of the South American Regional Infrastructure (2008) and the Puebla Panama Plan (2009). OVE also evaluated transnational programs (2011) and the CT program for regional public goods (2012). Both studies accounted for the IDB's limitations to address transnational challenges faced by the region.

In cross-cutting sectors, OVE carried out evaluations that promoted changes in the classification of cross-cutting operations and the system for results measurement. In 2013, OVE presented an evaluation on climate change that included topics on adaptation, mitigation, and institutional arrangements to respond to these regional challenges. This evaluation served as input for the discussions about the mandate of the recently established Climate Change and Sustainability Division and prompted the IDB to improve its operations identification and monitoring systems for cross-cutting operations. OVE also conducted several gender and diversity evaluations that described progress in mainstreaming and constraints in terms of information on the results (see Box 13).<sup>20</sup> In terms of institutional capacity, OVE carried out a few evaluations on fiscal topics that showed IDB's positioning in the region on these issues.<sup>21</sup> Moreover, through a sector evaluation ("IDB Response to the Main Citizen Security Challenges, 1998-2012," published in 2014) and several comparative and ethnographic studies and impact evaluations, OVE analyzed programs and projects on citizen security, one of the region's most pressing problems.

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20 These also include "Summary of the Conclusions of the Evaluation of 10 Projects whose Beneficiaries Include Indigenous Peoples," published in 2002; "Is the Gender Perspective being Integrated into Bank Projects?" published in 2010; and "Implementation of the Strategy for Indigenous Development: Lessons from the Portfolio Review," published in 2012.

21 These include "Evaluation of the IDB's Role in the Fiscal Sector," published in 2006; "Probabilities Assessment," published in 2015; and "Benchmarking Review of the Bank's Support for Tax Policy and Administration 2007-2016," published in 2017.

**Box 13.****Improving the information on results on gender and diversity**

In its most recent evaluation on gender and diversity (2018), OVE concluded that, although the Bank had achieved significant progress in integrating gender and diversity in its operations, the effectiveness of these activities was not yet known. The report indicated that the leadership of the IDB's high-level Management on these subjects had provided incentives for increasing such inclusion, but the IDB did not have instruments for measuring results. Therefore, OVE recommended strengthening the evidence about the effectiveness of the support for gender and diversity, particularly at the operational level, by ensuring that adequate incentives were available for monitoring and evaluating results. Management responded by implementing different actions, including

joint efforts between the gender and diversity division and other sectoral divisions to facilitate and document the achievement of results related to gender and diversity during project implementation. Furthermore, gender and diversity division and the Office of Strategic Planning and Development Effectiveness are redoubling their efforts to guarantee that the results on gender and diversity are included in the follow-up instruments. These efforts will help Management to document the lessons learned about gender to report for the 2020-2022 Gender Action Plan. Finally, Management has identified and disseminated the specific outcomes on gender and diversity based on the impact evaluations presently under way.

Finally, through technical studies and project evaluations, OVE stayed at the forefront of methodological development, trying to close information and knowledge gaps on development issues. In fact, OVE introduced impact evaluation methodologies in the IDB with experimental methods (randomized control trials) and quasi-experimental methods (regression discontinuity design and propensity score matching). OVE launched its impact evaluation experimental program in 2003, and since then it has conducted about 40 impact evaluations using these methods.<sup>22</sup> As of 2007, the realignment and launching of the IDB's knowledge agenda created the conditions

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22 Among the most prominent impact evaluations, some of which were published in specialized academic journals, are those of conditional transfer programs, training and employment programs, and technology transfer and adoption programs.

to promote the performance of impact assessments by the operational units.<sup>23</sup> In this context, OVE focused on conducting evaluation using comparative methods and case studies to provide empirical evidence on the effectiveness of an intervention model in different contexts/countries or of several intervention models in the same context. One of OVE's comparative studies that has had the most downloads on its portal has been the BRT projects in Lima (Peru), Cali (Colombia), and Montevideo (Uruguay) (2015). The literature review carried out for this evaluation showed that BRTs were increasingly being used to address mobility problems in urban areas in LAC and in the rest of the world (see Box 14).

### Box 14.

## Results from the BRT's project comparative evaluation in three cities

The comparison of the results of these projects shows that Lima's system stood out from a transport engineering point of view, producing the highest travel time savings and corridor-level greenhouse gas emissions reductions. Cali's system also provided substantial travel time savings for trips along the trunk lines and had a wider impact on emission reductions (citywide) mainly because of the success of its bus-scraping program. In addition, important improvements to public spaces were part of

both the Cali and Lima projects. At the time of the evaluation, the Montevideo's system realized few of its mobility or environmental objectives; because of poor design and corridor choice. However, passengers benefited from improved sidewalks, a new electronic fare card system, integrated tariffs, and a GPS system enabling real-time information on bus arrivals and advice on the best route combination from any origin to any destination in the city.

A retrospective look at OVE's work over the last 20 years show that it has complied with its mandate to contribute to the institutional learning and to promote transparency and accountability. OVE has used evaluation as a tool for continuous institutional improvement and has adapted to changes in the institution and in the region, maintaining its relevance, credibility and strategic vision. In its corporate pillar, OVE not only helped to define and establish the framework for the development

23 According to the OVE report, "IDB Impact Assessments: Production, Use and Influence", published in 2018, the incorporation of the DEM in 2009 created incentives for the development of impact assessments. Between 2006 and 2016, more than 400 projects included impact assessments in its project documents. However, at the time of the evaluation, only about 100 were implemented.

effectiveness of the IDB Group but later supported an increasingly sophisticated institution, with timely evaluations that informed IDB Group strategic decision-making. Through its CPEs, OVE became a referent for GPS in the evaluation of country programs, maintaining up to date its protocol and showing flexibility to adapt to institutional changes. Finally, OVE remained at the forefront of methodological issues by providing empirical evidence on key issues for the region and the Bank. In all its evaluations, OVE maintained an independent and credible relationship between its main clients in the countries, the administration, and the Boards of Directors, positioning itself as an honest broker.



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