



**Office of Evaluation and Oversight, OVE  
Inter-American Development Bank**

1300 New York Ave. N.W., Washington, D.C. 20577

---

*RE-282-1*

*Proposed Revisions to 2004  
OVE Workplan*

---



Office of Evaluation and Oversight

---

Officially distributed to the Board of Executive Directors on June 12, 2004

## PROPOSED REVISIONS TO 2004 OVE WORKPLAN

1.1 Since the approval of the 2004 OVE workplan and budget, a number of requests have been made by Directors regarding possible modifications to the plan in order to meet high priority objectives of the Board. The purpose of this note is to review the major changes suggested, and to request guidance from the Board regarding a revised OVE 2004 workplan.

### A. Instrument Evaluation

1.2 At the Annual Meeting in Peru, Governors expressed a desire for an evaluation of Bank lending instruments as an input to the process of drafting a new lending framework for adoption at the 2005 Annual Meeting. The current 2004 OVE workplan contains several items that could potentially contribute to this objective. They include:

- Investment loans as instruments
- Review of private sector lending operations (scheduled for the end of 2004)
- Flexible lending instruments (scheduled for completion 2005)

1.3 Several other instruments have been evaluated in the past, including the emergency loan instrument (in 2002), the private sector lending program (in 2001), and PBL operations (by EVO in 1999).

1.4 In consultation with Directors, it appears that there is considerable interest in having OVE conduct a comprehensive review of Bank instruments as they relate to the Bank's ability to meet the needs of borrowing countries and increase the institution's development effectiveness. This evaluation would provide input to the review by the Executive Directors mandated by the Board of Governors resolution of January, 2002. That resolution directed the Board of Executive directors to:

*review the results of implementation of the Lending Framework, report on the findings, and provide recommendations for consideration of the Board of Governors at the Annual Meeting of the Board of Governors to be held in 2005. This review will also include the implementation of: (a) measures to enhance the Bank's development effectiveness; (b) measures to enhance the development effectiveness of each lending category, particularly Policy-Based and Emergency Lending; and (c) the establishment and utilization of new lending instruments.*

1.5 With respect to its lending instruments, the Governors' directed that the Bank:

*...adopt measures to strengthen the development effectiveness of all the instruments of its lending categories. These measures shall address the*

*following aspects to improve quality at entry and the quality of the Bank's portfolio: (a) operative aspects of programming and project preparation and execution; (b) internal organization and approval procedures for operations, taking into consideration the recommendations of the Office of Evaluation and Oversight; (c) monitoring and evaluation systems; (d) continued efforts to strengthen country programming by improving country papers and analytical and diagnostic work on public sector management and fiduciary safeguards; and (e) continued efforts to strengthen coordination and harmonization with other bilateral donors and multilateral financial institutions on analytical assessments, policy and procedures, financial sector reforms, and codes and standards.*

- 1.6 As an input to this review by the Board of Executive Directors, this evaluation will examine the full range of Bank lending instruments with a view to assessing their essential characteristics as they contribute to (or hinder) the Bank's ability to respond to the individual development needs of the borrowing member countries. Particular attention will be paid to the three key lending instruments: investment lending, policy-based lending, and emergency lending, although the evaluation will also cover the private sector lending instrument and offer some preliminary evaluative comments on the newer flexible lending instruments which have not yet had sufficient time to demonstrate fully their potential.
- 1.7 The evaluation will focus on the instruments themselves, rather than on the specific operations each instrument has financed. The goal is to understand the possibilities and constraints inherent in each instrument and to examine how these characteristics influence the capacity of the instrument to be effective in meeting the development needs of the borrowers. Data for the evaluation will be drawn from a review of the design of operations under each lending instrument, OVE thematic and country program evaluations, and the evaluative findings relating to similar instruments in other institutions.
- 1.8 To accomplish this objective, OVE is proposing to modify the current 2004 workplan by combining elements of several planned evaluations into a single report on lending instruments, to be delivered to the Board no later than the end of August, 2004. (See Section C below). Since the report is intended to provide input to Board deliberation on the new lending framework, the main body of the report will be brief and focused on the key issues, with the supporting analytical work contained in annexes to the main report.

## **B. Initiatives Evaluation**

- 1.9 The Report of the Chairman of the Budget, Financial Policies and Audit Committee contained the following statement:
- 1.10 "Most Directors supported Management's proposals regarding the initiatives and carry-overs but expressed concern that, in spite of the significant expenditures realized over recent years on initiatives it was not clear if the Bank had received

value for its resources. *As a result OVE was instructed to include in its future work program proposals the evaluation of any initiative whose expenditures are completed in 2004 or later, and whose total cost exceeds \$2 million.*”

- 1.11 In theory, four initiatives costing more than \$2 million are set to conclude in 2004: (i) the Human Resources Strategy, (ii) the Trade and Integration Initiative, (iii) Enhancing the Bank’s Economic Intelligence, and (iv) IIRSA. As of June, 2004, it appears possible that the last three initiatives could continue beyond 2004, moving forward their scheduled completion date and therefore presumably the date for their evaluation.
- 1.12 The Human Resources Strategy is, however, expected to finish in 2004, and OVE is requesting guidance from the Board regarding the need to conduct an independent evaluation of this initiative. The language of the Chairman’s report directs that initiative evaluations be included in OVEs future work program (2005 or beyond), but if there is a need for this evaluation early in 2005, work would have to be initiated in 2004.
- 1.13 OVE has some concern regarding the value of an independent evaluation of initiatives such as the Human Resources Strategy. The outcome goal statements in the Strategy are vague, and there are no indicators established in the Strategy to track progress toward the stated objectives. The Strategy states:

*“...this human resources strategy will provide the staff with an appropriate environment where innovation, creativity, intellectual leadership and entrepreneurship will be encouraged. The expected outcome in implementing this strategy is a well-selected career staff that grows and learns over a career in response to change. The staff is adaptable, with the majority capable of shifting into new areas of Bank operations and lines of activity.”* (GN-2113-3, par. 4)
- 1.14 Most of the components of the Strategy focus on either changes in processes (recruitment, career development) or on changes in intermediate outputs (production of a Bankwide staffing plan, implementing a new Employment Model), and no empirical link is offered between these changes and the final outcome objectives.
- 1.15 For such an initiative, performing a “value for money” assessment will be virtually impossible, owing to an incomplete and un-measurable specification of “value” in the initial strategy. A value for money assessment would require OVE to establish its own standard of value ex-post, rather than work from a value proposition established at the outset. In addition, an evaluation of whether intermediate outputs had been produced is already being done by HUR as a part of normal reporting on its functions, and this limits the potential information gain from an independent evaluation focused on output production.

- 1.16 In light of these considerations, OVE would like to request guidance from the Board regarding the need, scope and timing of an evaluation of the Human Resources Strategy.

**C. Work Plan Modifications**

- 1.17 The proposed new comprehensive instrument evaluation represents a significant reorientation of effort within OVE. Coming at a time of extraordinary production demands for country program evaluations (12 to be delivered in 2004), accommodating the demand for this new study, the following elements in the workplan will be affected:

- The study on flexible lending instruments scheduled for 2005 will be included in this report, and a decision will be made by the Board in the discussion of OVE's 2005 work plan as to whether further work on this topic will be needed for 2005.
- The evaluation of the Bank's private sector lending operations will proceed as planned, with a delivery date around the end of 2004, but some of the findings of this work will be included in the instruments evaluation.
- The evaluability assessment of individual loans will be postponed to 2005.
- The evaluations on health, public sector strengthening, transportation and energy will be started in 2004 and presented in 2005
- The evaluation of the independent inspection mechanism will be postponed until sufficient experience has been accumulated with the mechanism in its revised form to warrant an evaluation.

- 1.18 The attached table shows the proposed changes from the work plan submitted to the Board last year.

**Table 1: Revised 2004-2005 OVE Workplan**

<b>Oversight Studies</b>			
<b>2003</b>	<b>Status</b>	<b>2004</b>	<b>2005</b>
Annual Report 2002/3	C03	Annual Report and Budget 2003/4	Annual Report 2004/5
Tools for project supervision	TBC03	Risk assessment and mitigation in projects	
		Country Portfolio Review Oversight Study	
OVE Work plan And Budget	C03		
Validation of PCRs	O	Validation of PCRs	Validation of PCRs
Review of methodology for performance-based FSO allocation	C03	Independent Inspection Mechanism <sup>1</sup>	
Evaluability assessment of programming documents	O		
Additionality of C and D Action Plan	C03		
Project Evaluability Report	C03	Evaluability Assessment of Projects <sup>2</sup>	
Validation PPMR	O	Validation PPMR	Validation of PPMRs
<b>Country Program Evaluations</b>			
<b>2003</b>	<b>Status</b>	<b>2004</b>	<b>2005</b>
Protocol for Country Program Evaluation	C03	Review of CPE Protocol	
Costa Rica	C03	Dominican Republic	Uruguay
Colombia	C03	Panama	
Bahamas	C03	El Salvador	
Nicaragua	C03	Barbados	
Ecuador	TBC03	Guatemala	
Paraguay	TBC03	Jamaica	
Belize	TBC03		
Brazil	TBC03		
Bolivia	TBC03		
Argentina	TBC03		
<b>Sector and Thematic Evaluations</b>			
<b>2003</b>	<b>Status</b>	<b>2004</b>	
			Early Childhood Programs
Education	C03	Health Sector Evaluation <sup>3</sup>	
		Taxation and Fiscal reform	
		Public service reform <sup>3</sup>	
Agriculture	TBC03		
Delivery of service through NGOs	C03		
Fiscal Federalism	C03	Transportation <sup>4</sup>	
Poverty	C03		
Legislative strengthening	TBC04		
	P		Audit and control entities
SME	C03		

<sup>1</sup> Postponed until sufficient experience accumulated

<sup>2</sup> Postponed to 2005

<sup>3</sup> Delivery in 2005

<sup>4</sup> To be delivered in 2005

<b>Policy and Instrument Evaluations</b>			
<b>2003</b>	<b>Status</b>	<b>2004</b>	<b>2005</b>
Loans as instruments <sup>5</sup>	TBC04	Lending Instruments Evaluation	Flexible Lending Instruments <sup>6</sup>
Summary of evaluation studies on private sector activities	TBC03	Public Utilities Policy: Energy <sup>4</sup>	Private Sector Action Plan for C and D countries
Information and development	C03		
In-country ESW	TBC04		
		PRI Project Evaluation Update	
		Summary evaluation of Bank group activities in support of private sector development, including a review of the Bank's financial sector operations.	
IIC	O	IIC	
MIF	O		
Natural disaster policy	TBC03		
<b>Ex-Post Evaluation Activities</b>			
<b>Ex-Post Evaluations</b>			
		EPSA Reports	EPSA Reports
		Ex-post Impact Evaluations	Ex-post Impact Evaluations
<b>2003</b>	<b>Status</b>	<b>2004</b>	<b>2005</b>
Ex post evaluation pilot studies	TBC04	Regional Conference on ECB (ATN/SF-5574)	

*Status Codes:*      0:                    Ongoing  
                           C03:                Completed prior to Sept. 03  
                           TBC03:            Expected completion in 2003  
                           TBC04:            Work started in '03, delivery '04

<sup>5</sup> Combined with the Lending Instruments Evaluation

<sup>6</sup> Moved into 2004 and combined with the Lending Instruments evaluation