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***OVE's Proposed 2012-2013 Work
Program and Budget***

***Office of Evaluation and Oversight,
OVE***

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OVE'S PROPOSED 2012-13 WORK PROGRAM AND BUDGET

1.1 Since its creation in 2000, IDB's Office of Evaluation and Oversight (OVE) has developed a work program annually that shows planned evaluations in the coming year and an indicative list of evaluations for the following year. This year's document is being submitted at a time of considerable change for OVE, and it reflects the outcome of extensive consultations on OVE's role and activities with both the Board and Management.

A. Context

1.2 Recent developments within OVE and in the broader environment have underscored the need for significant change in OVE's role and functioning. OVE was created in 2000 as an independent function reporting to the Executive Board of Directors, and its role, staffing and product mix have evolved over the past decade in response to developments both at the IDB and in the larger evaluation community. In mid-2011 the Director in place since 2000 retired and a new Director was appointed. In preparation for the management transition, the Board established an Independent Review Panel and appointed three external experts to conduct a full review of IDB's evaluation system. The IRP's report, submitted to the Policy and Evaluation Committee (PEC) in June 2011, diagnosed the strengths and weaknesses of the current system and laid out a series of recommendations for actions to be taken by OVE, Management, and the Board to strengthen the evaluation system. The recommendations for OVE and OVE's proposed Action Plan to respond to these recommendations are attached in Annex 1. The strategy, work program, and budget laid out below reflect the findings in the IRP report .

1.3 At the same time the IRP was being finalized and discussed, PEC prepared a new Terms of Reference for the Director of OVE, which was approved by the Board on July 13, 2011. This work program also reflects the responsibilities of the Director as laid out in that document.

1.4 In addition to the specific findings of the IRP and the new TOR for OVE's Director, this document also reflects broader changes in the IDB, its client countries, and the international community more broadly. The past few years have seen an increasing worldwide emphasis on results and on learning what works in development programs. Since its realignment in 2007, the IDB has been strengthening the design of results frameworks and approaches to measuring results in its projects and country programs. Management's priorities for 2012 include better program execution, attention to results, and efficiency. The Ninth Capital Replenishment agreement for the IDB approved in 2010 emphasizes the importance of this results focus and contains specific requirements for Management and OVE to further these efforts and monitor their progress. Moreover, governments and citizens in Latin America and the Caribbean are increasingly stressing results and the need to strengthen their systems of monitoring and evaluation, and several Latin American countries are leading the way in adopting requirements and implementing systems for rigorous evaluation of development programs. OVE's proposed strategy and work program reflects the immediate priority of further strengthening IDB's results "architecture" as

well as the demand from client countries for support to evaluation capacity-development.

B. Strategic Goals Going Forward

- 1.5 As an independent oversight body reporting to the Board, OVE's mandate emphasizes both accountability and learning. It is essential that both broad functions be well-served for OVE to fulfill its mandate successfully. Balancing these responsibilities and finding synergies between them are essential for OVE effectiveness.
- 1.6 For the past four months OVE has undertaken an intensive process of internal and external consultation and review to craft its strategic vision and proposed work program and budget for 2012-2013. OVE's strategy is built on two overarching practical objectives: quality and usefulness. Quality is a *sine qua non* for credibility in evaluation. OVE strives for evaluations that are objective and evidence-based and that are conducted with appropriate and rigorous evaluation methodologies and in an efficient and cost-effective manner.
- 1.7 Quality must be combined with usefulness if OVE is to be effective. Many factors determine whether an evaluation is useful to clients and stakeholders, whether the Board, Management, or member countries. The selection of topics should reflect knowledge gaps in important areas, and the product mix should be flexible and responsive to stakeholder needs. Timing of evaluations should be well-coordinated with decision-making processes. Evaluation findings and recommendations should be clear, concise, and tailored to the particular topic and audience. Finally, engagement of clients in the evaluation process and strong efforts at dissemination and outreach are critical to learning and thus to usefulness.
- 1.8 OVE has many strengths to build on to help achieve these goals. It has a close relationship with the Board and a clear mandate emphasizing both accountability and learning as noted above. It is organizationally independent from Management yet has full access to information and ample opportunity to engage with Management and staff as needed to conduct and disseminate evaluations. It has a well-qualified staff, an ability to draw on the rapidly growing human resource pool in Latin America and the Caribbean, and a well-established research fellow program that brings young talent to OVE for 2-year fellowships. While more needs to be done to deepen relationships, strengthen staffing, and increase OVE's usefulness to the Board, the IDB, and member countries, OVE has a good base on which to move forward.

C. Work Completed in 2011

- 1.9 The first column of Table 1 shows the evaluation work by OVE that has either been completed already in 2011 or is on track to be completed by the end of the year. Although it has been a transition year, a significant amount of work will be completed, including nine Country Program Evaluations; annual validations of IIC, MIF, and SCF project self-evaluations (the first two funded separately by the IIC and MIF); four impact evaluations (on ICT for education in Barbados, private

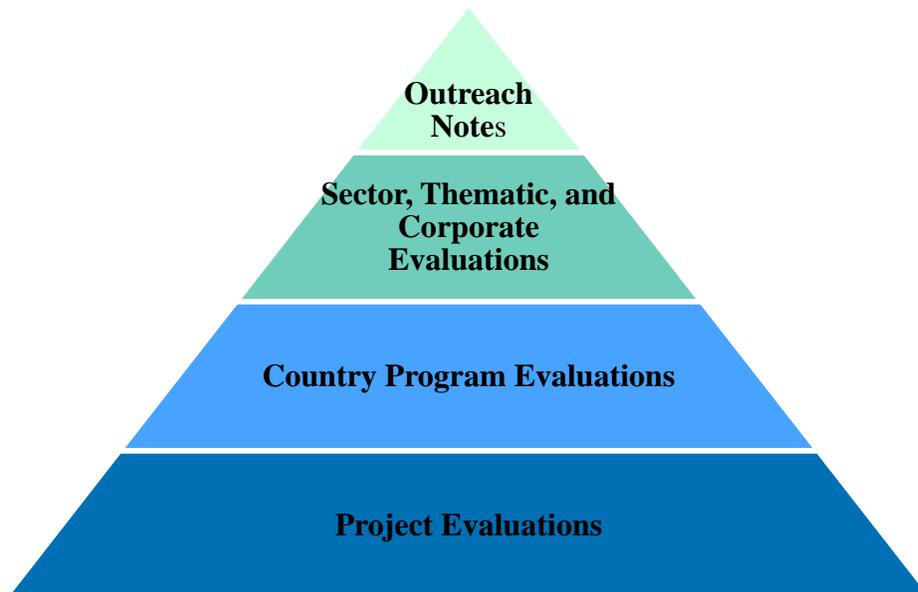
water provision in Haiti, a conditional cash transfer program in Panama, and a supplier development program in Chile); a sector note on Watershed Management; and four corporate evaluations (risk management in NSG lending, the Bank's Knowledge and Learning program for IDB staff, Subnational NSG Lending, and the Bank's work with Indigenous Peoples). Work is underway on a number of important 2012 deliverables, including an evaluation of the Opportunities for the Majority Initiative (OMJ) and the second major evaluation of the Multilateral Investment Fund (MIF) financed by MIF.

- 1.10 Several evaluations proposed in last year's work program have been reconsidered and/or delayed as a result of the new developments in IDB and management changes in OVE. A proposed review of safeguards was set aside given the work of the Independent Advisory Group on Sustainability (IAG), and the topic is expected to be revisited in the IDB-9 evaluation in 2012-13. A proposed evaluation of SECCI is expected to be included in a larger thematic evaluation of climate change proposed for 2013. The evaluation of Regional Public Goods has been expanded to cover IDB regional programs more generally and is expected to be delivered in 2012. The evaluation of performance-driven loans (PDLs) was not completed in 2011 and has not been included in the work program going forward, as it does not appear to have high priority relative to other OVE demands given the low usage of PDLs. The second phase of the FSO evaluation is not likely to be feasible as originally conceived given current data weaknesses in IDB, but OVE will prepare a note for delivery in early 2012 summarizing any findings that have emerged. Finally, an evaluation of PRODEV was carried out by OECD in 2011, and this proposed evaluation has been dropped from the work program for 2012.

D. Product Mix and Work Program for 2012-13

- 1.11 The proposed work program for 2012-13 is designed to further strengthen both accountability and learning in IDB, taking into account the particular context in which IDB operates and the current state of evaluation in IDB. The program (Table 1) is grouped under six broad categories of products and activities: Project Evaluations, Country Program Evaluations, Sector and Thematic Evaluations, Corporate Evaluations, Outreach and Dissemination, and Evaluation Capacity Development. Three of these six areas – Sector/Thematic, Outreach and Dissemination, and Evaluation Capacity Development – are essentially new areas for OVE, and the trust of the project evaluation work program is also changing markedly going forward.
- 1.12 **Project Evaluations:** It is not possible to have an accurate picture of IDB's results without having a clear understanding of the performance – including the relevance, effectiveness, efficiency, and sustainability – of the projects it supports. Strong project evaluations underpin all other evaluation work – whether at the country, sector, thematic, or corporate level – as illustrated in Figure 1.

Figure 1: The Evaluation Pyramid
A Strong Evaluation Product Mix Builds on a Solid Project Evaluation Architecture



- 1.13 Yet up to now this understanding has not been clear because the architecture of IDB’s project evaluation system – including both self-evaluation and independent evaluation – has not been adequately designed and implemented toward this end. The IDB (through the work of both Management and OVE) has made significant strides in improving the system in the past few years through the emphasis on evaluability, the design and adoption of the Development Effectiveness Matrix, and the growing incorporation of impact evaluations in projects. Further steps are now underway to improve project monitoring and strengthen project completion reporting going forward.
- 1.14 OVE’s work program envisions a significant increase in resources devoted to project evaluations in an effort to support the overall IDB project evaluation system. First, OVE plans to adopt a new system of ongoing *validations of the evaluability* (i.e. the DEM scores) of a sample of new projects. A first report on this topic is to be delivered in early 2012. Second, OVE plans to work with Management to help *redesign the Project Completion Report* (PCR) and then to adopt a new system of ongoing *validations of completion reports* for a sample of completed projects. The size and composition of the samples to be validated will be selected to ensure representativeness and feasibility. Third, OVE will continue to produce *validations of XPSRs* for private sector operations of IIC, MIF, and SCF as it has done in the past.

Table 1: OVE's Work Plan and Deliverables 2011-2013

2011	2012	2013
Project Evaluations		
	Project evaluability reviews	Project evaluability reviews
XPSR validations for SCF/MIF/IIC	XPSR validations for SCF/MIF/IIC	XPSR validations for SCF/MIF/IIC
Support to redesign of PCR	PCR/XPMR validations	PCR/XPMR validations
Impact evaluations (ICT for education in Barbados, private water provision in Haiti, conditional cash transfer in Panama, and supplier development prog. In Chile)	In-depth project evaluations (20-25 projects)	In-depth project evaluations (20-25 projects)
Sector and Thematic Evaluations		
Watershed mgmt. note	Education	Climate Change
	Income Dynamics & Middle Class	Agriculture/Agribusiness
		Crime and Violence
Country Program Evaluations		
Haiti	Guatemala	Barbados
Bolivia	Nicaragua	Dominican Republic
Honduras	Guyana	Paraguay
Brazil	Mexico	(others TDB)
Colombia	Belize	
Suriname		
Ecuador		
Uruguay		
Peru		
Corporate Evaluations		
Indigenous People Policy	Regional Programs	IDB-9 Evaluation
KNL	OMJ	Realignment
Risk Manag. in NSG lending	MIF Evaluation II	
Subnational NSG lending	FSO Part 2 (note)	
Outreach and Dissemination		
	Website Development	Website Management
	Outreach Strategy and Events	Outreach Events
Publications	Publications	Publications
Evaluation Capacity Development		
	CLEAR Initiative	CLEAR Initiative
	Impact Eval. Network (IEN)	Impact Eval. Network (IEN)
Client Training (Peru)	Client Training and Partnerships	Client Training and Partnerships

- 1.15 These processes of validation by the independent evaluation office are common in other MDBs and help to support and backstop Management’s internal review process. They also address the responsibility of the Director, as laid out in the recently-approved TOR, to “provide oversight of the Bank’s self-evaluation system.” This system – particularly for sovereign guaranteed loans – will take quite a lot of effort to design and implement. Criteria (including ratings) must be harmonized across the system, and OVE’s engagement must be feasible and efficient given OVE’s resources. But such a step is critical in building a solid evaluation architecture for the institution, as emphasized as well in the IDB-9 agreement (Box 1).

Box 1: IDB-9 Mandated Evaluation Activity

OVE’s 2011-2012 work plan started to incorporate the instructions given to the office by the Bank’s Governors in the IDB-9 agreement. Such instructions are also reflected in this work plan. In particular, the three specific instructions are regarding:

- **Evaluability:** OVE is expected to report to the Board of Directors on project evaluability annually. In the past, OVE chose to assess evaluability of a full cohort of projects approved in specific years. Now the exercise will be carried out every year. Management has been reporting on projects’ evaluability at approval, and OVE will start by analyzing a sample of projects to validate Management’s scoring.
- **Validation of project results:** As instructed by the Governors, OVE will be validating reported results for completed projects. Such exercise has been part of OVE’s work plan in the past but on a limited basis. Going forward, OVE will engage with management in the design of guidelines for the new PCRs and will develop a timely and fully representative validation process.
- **Evaluation of the Reforms:** OVE has committed to evaluate the implementation of the reforms established in the Cancun Declaration, as provided in by the IDB-9 agreement (AB-2728). An approach paper describing the criteria and methodology to be used in evaluating whether the reforms have been fully and effectively implemented is currently being produced. The final evaluation is expected to be sent to Governors in early 2013 prior to the Mid-Term Renew of IDB-9.

- 1.16 In addition to validations of evaluability, PCRs, and XPSRs through desk reviews, OVE plans to continue to undertake *in-depth ex-post evaluations* of certain projects, building on the ex post evaluation program it has carried out for the past few years mandated by OP-305¹. In some cases these ex post evaluations will employ quantitative impact evaluation methods, whereas in other types of projects qualitative methods may be more appropriate. The selection of projects for more in-depth review (including field visits) will be driven by the usefulness of the knowledge to be gained – whether the need to fill important knowledge gaps in particular sectors or the need to understand why individual projects (or their components) succeeded or failed. Where possible, reviews of several similar projects will be done together to be able to compare experiences across the region and thereby benefit from a comparative perspective in key sector and thematic areas. The proposed budget provides resources for 4-6 comparative studies covering 20-25 IDB projects. Likely areas for comparative project analysis in 2012 include rural development (land regularization), private sector development (promotion of industry clusters), health (maternal and child health), citizen

¹ OP-305, approved by the Board in October 2003, mandates that OVE review 20% of closed projects.

security, and energy/climate change. Some findings of these evaluations will feed into larger sector and thematic evaluations in subsequent years.

- 1.17 **Country Program Evaluations:** CPEs have long been a mainstay of OVE's product mix. They are completed and discussed at the Board's Programming Committee prior to the completion and discussion of new Country Strategies, and this arrangement provides a good opportunity for OVE to provide findings and recommendations to IDB country teams and clients. A record number of 9 CPEs were produced in 2011, including CPE's for large and important IDB programs in countries such as Brazil, Colombia, and Haiti. The proposed program includes the preparation and delivery of **5 CPEs in 2012** (Guatemala, Nicaragua, Guyana, Mexico, Belize) and **at least 3 in 2013** (Barbados, Dominican Republic, and Paraguay), in line with the expected schedule for country strategy preparation.
- 1.18 OVE will work hard to ensure CPE quality and usefulness through timeliness in delivery, accuracy in analysis, and appropriate level of specificity in recommendations. CPE quality is dependent in part on the quality of underlying evaluative information on projects. CPE teams have sought to gather data on project performance and results during CPE preparation, but this is difficult to do in depth within tight budget and time constraints. For this reason, the quality of CPE analysis is likely to improve significantly when a strong and robust project evaluation system is in place in IDB.
- 1.19 **Sector and Thematic Evaluations.** Evaluations of IDB's work in particular sectors or thematic areas can be highly informative and useful for both accountability and learning. They can be among the most interesting and informative outputs of an evaluation office, yet OVE has done very few of these evaluations in the past decade, the only recent one being on transport (RE-368, 2010). As with CPE's, high-quality sector and thematic evaluations are dependent on the quality of the underlying information from project evaluations, and it will be easier to undertake this work when a mature and fully-functioning project evaluation system is in place.
- 1.20 Weighing both the potentially valuable benefits and the significant costs of sector/thematic evaluations, OVE proposes to program two to three such evaluations per year going forward. One of these two would be an annual "flagship" publication of OVE. OVE has consulted extensively with Board members and senior IDB management on what topics would be of greatest interest and benefit, with four relevant criteria being the need for additional learning, the likely timing of future sector strategies, the extent of IDB activity, and the future potential for IDB engagement.
- 1.21 The two proposed topics for 2012 are complementary, one focused on a specific sector and the second on a broad cross-cutting theme affecting IDB. The sector topic is **education**, an important and challenging area that has had a high level of IDB engagement over many years and has been identified as a priority area for IDB9. A strong education sector is critical to inclusive growth and technological advancement in Latin America and the Caribbean, and many countries face serious issues of quality and management. The evaluation will look at IDB's

- role, the range of IDB tools and instruments, the design and results of recent operations, the contribution of IDB policy analysis and dialogue, and challenges for IDB going forward. It may be necessary to focus the evaluation on particular sub-sectors given the size of the topic, and the approach paper will lay out areas of focus and detailed questions to be addressed.
- 1.22 The broader proposed flagship topic for 2012 is *income dynamics and the implications of the expanding middle class in LAC*. Over the past decade income inequality and poverty in the Region have been on the decline and the middle class has grown rapidly. However, the Regional trends conceal widely different national experiences, as some countries have improved far more than others, with an ensuing increase in the heterogeneity of poverty and middle class profiles among countries. The goal of this report will be to analyze the specificities of income dynamics and middle class trends in the countries of the Region, delimit the new policy challenges facing the Bank's clients country by country, and draw out their ramifications for the Bank regarding new sectoral challenges, project design, and instrument mix.
- 1.23 Three topics are proposed for sector/thematic studies for 2013 (given the slightly lower number of CPEs programmed for that year): *environment and climate change*, including both the SECCI initiative and other IDB lending with strong links to carbon emissions (including energy and transport), *agriculture/agribusiness* (with links to food security), and *crime and violence* (including links to governance public sector institutional reform). All three topics have been identified by many Directors and IDB managers as key challenges for the LAC Region in general and for IDB in particular, areas where learning from experience will be valuable. OVE plans to undertake comparative project evaluations in 2012 to provide input for these studies.
- 1.24 **Corporate Evaluations.** This category of work includes all evaluations that address topics related to how the IDB functions as an institution. OVE has long been engaged in this type of work, recently evaluating, for example, IDB's New Lending Framework (RE-342-1, 2008) and the risk management framework for private sector lending (RE-303, 2005).
- 1.25 Several important corporate evaluations are included in the proposed work program for 2012 and 2013. Three corporate evaluations will be completed in 2012: a second evaluation of the *MIF*; an evaluation of the *Opportunities for the Majority Initiative* (OMJ); and an evaluation of the IDB's engagement in *Regional Programs*, including the Regional Public Goods (RPG) Initiative. A desk review of the RPG initiative was originally included in the 2011 work program, but OVE believes that a significantly more ambitious effort is warranted given the interest and importance of the topic.
- 1.26 The evaluation of *IDB commitments under IDB-9* mandated in the IDB-9 agreement is scheduled for delivery in early 2013, with much of the work completed in 2012. This will be a large and complex undertaking that will require significant resources. In addition, the 2013 work program tentatively includes an

evaluation of selective topics arising out of the *2007 realignment*, including decentralization and matrix management.

- 1.27 **Outreach and Dissemination.** A key finding of the IRP is that OVE deserves high marks on accountability but has been deficient in promoting learning. The proposed strategy and work program thus includes a stepped-up effort on outreach and learning, both in the selection of OVE’s product mix and in the way evaluations are conducted and disseminated. A staff position on Evaluation Outreach has been created and is currently being filled.² OVE’s *website* will be enhanced to ensure easy access to OVE evaluations and to include links to other evaluation websites, interactive capacity and dialogue space, and perhaps a blog on evaluation methodology and findings. The format of OVE’s *publications* will be reviewed for accessibility and readability, and short easy-to-read summaries of major reports will be prepared and distributed to enhance accessibility. *Events* will be organized to share OVE findings with IDB staff and external clients and partners. Opportunities for undertaking *joint evaluations* with other MDB evaluation units or with evaluation groups in client countries will be explored. Finally, OVE will consider possible ways to recognize outstanding project designs, self-evaluations, and project results in IDB.
- 1.28 **Evaluation Capacity Development.** The sixth area of activity in the work program involves closer collaboration with client governments through joint evaluations and evaluation capacity development. This has not been an area of major OVE activity in the past, though it is stressed in the IRP, has been cited as a priority by the Bank’s Governors,³ and is a significant area of activity in the independent evaluation offices of other MDBs.
- 1.29 As part of its capacity-building and joint evaluation efforts, OVE expects to join the “*CLEAR*” *Initiative* (“Centers for Learning on Evaluation and Results”), which is a major initiative to establish regional centers for evaluation capacity development in East and South Asia, Francophone and Anglophone Africa, and, most recently, Latin America. CLEAR is funded by numerous MDBs, bilateral donors, and foundations and is managed by a Secretariat housed at the World Bank. The proposed OVE budget provides funding for approximately one staff-year of time (divided among 2-3 staff working on a part-time basis to complement their evaluation work) and for limited consultant and travel expenses, and OVE hopes to tap other sources of funding available for institution-building in Latin America to raise additional resources for the LAC CLEAR Center.
- 1.30 In addition, OVE expects to work with country clients directly in undertaking certain project evaluations and to provide *direct capacity-building services* on demand from time to time. Recent examples of the latter include a one-week

² The IRP report recommended that OVE set up a unit dedicated to outreach and learning, but for the time being OVE is planning to devote the resources of one full-time staff to that effort to help coordinate and complement ongoing efforts of evaluation staff in the Department.

³ In the report for the IDB’s 8th General Capital Increase, the Governors urged the Bank to not only strengthen its own evaluation capacity, but also to “promote and support in-country capacity-building and facilitate cooperation in evaluation activities with other development agencies” (AB-1683, pg 48, April 1994).

impact evaluation course provided by OVE staff in July 2011 to the Ministry of Social Development in Peru and the conference on impact evaluation OVE helps to organize each year under the auspices of the Latin American Impact Evaluation Network. These demand-driven activities are highly appreciated by IDB clients and help to build OVE's and IDB's reputation in Latin America and the Caribbean. OVE also plans to *assist IDB staff* from time to time with issues of data collection, survey design, and evaluation methodology.

- 1.31 **Evaluation Process.** For all of the above products OVE proposes to define a clear and transparent process, with a protocol for review agreed with Management. All major evaluations will begin with an Approach Paper, reviewed by Management and sent, after revisions, to the Board (which has not been done to now). The Approach Paper will describe the context and lay out the logic, the questions, the methodology (including any field visits), the staffing, and the timeline for the evaluation. When the draft of an evaluation is completed, it will be reviewed by Management and relevant client governments according to an established protocol and sent, after revisions, to the Board, to be discussed at the appropriate Committee together with a formal management response. Following Board Committee discussion, the evaluations will be disclosed in line with IDB's disclosure policy and disseminated as appropriate. A formal *tracking system* will be set up in 2012 by OVE and SPD to facilitate the tracking of management actions in response to OVE recommendations.

E. Staffing and Budget

- 1.32 **Staffing.** OVE currently has 20 full-time staff on board, which is significantly lower than the normal number of 25, as several senior professional staff retired in early 2011. It is anticipated that 27 staff positions are needed to meet the needs of the proposed work program. Several advertisements have been placed both internally and externally (including in the Economist) in an effort to reach a full staff complement by early 2012.
- 1.33 In addition to the staff positions, OVE typically hires 7-10 research fellows per year through a competitive process, and 17 research fellows are now on board. The Research Fellows are typically recent graduates (Masters or PhDs) from economics or related programs in Latin America, and generally join OVE for 2-year terms. In addition to providing useful analytic resources for evaluation work, the Research Fellow Program has been an excellent way to introduce promising young professionals to IDB and to evaluation, and many have gone on to fill staff positions in OVE and other parts of the Bank.
- 1.34 **Budget.** The reforms proposed by the IRP in IDB's evaluation architecture and the need to strengthen OVE's product mix, outreach staffing, and engagement with client countries require a modest increase in resources. The budget requested for 2012 is \$7,995,000, broken down by evaluation product (or results area) as shown in Table 2. The proposed budget represents an increase of 7.4% over 2011 in nominal terms and 5.2% (US\$393,195) over the figure that results from the 2012 Composite Price Adjustment Factor of the Budget Call for 2012, as shown

in Table 4 (only line item comparisons are possible in this table as the 2011 budget was not calculated by results area).

Table 2: Proposed 2012 Budget by Result Area

Product / Result Area	Personnel Cost (US\$)	Non-Personnel Costs (US\$)	Total Cost (US\$)
Project Evaluations (validation of SG and NSG upstream evaluability and results; in depth project evaluations)	1,023,081	601,919	1,625,000
Country Program Evaluations	1,125,389	624,611	1,750,000
Sector and Thematic Evaluations	409,232	540,768	950,000
Corporate Evaluations	1,023,081	76,919	1,100,000
Outreach and Dissemination	306,924	153,076	460,000
Collaboration with Client Countries and Evaluation Capacity Development	204,616	225,384	430,000
Staff Training (1 week / staff = 1/44 remun.)	0	80,000	80,000
Management & Administrative Support	1,300,000	300,000	1,600,000
Total Proposed 2012 Budget	5,392,323	2,602,677	7,995,000
MIF, IIC reimbursements			225,000
Total 2012 program			8,220,000

1.35 For 2012-2013, OVE will also continue providing evaluation support to the MIF and IIC. As separate entities, these two organizations contract with OVE for evaluation work. Regular income from the two organizations is shown in budget Table 4 as “administrative income and reimbursements.” In addition, on November 15, 2010 the MIF Donors Committee authorized OVE to carry out the Second Independent Evaluation of the Multilateral Investment Fund (MIF). This evaluation is estimated to cost \$2.16m, of which \$.43m has already been reimbursed to OVE and the remainder is expected to be reimbursed in 2012. This amount is not included in OVE’s Administrative Budget since the reimbursement from MIF directly covers the expenses incurred. The mechanism of this reimbursement will follow the Finance and Accounting Department’s recommendations due to the special case and one-time allocation amount. Implementation reports for this special evaluation are also being prepared separately.

1.36 OVE’s 2011 budget is 1.29 percent of IDB’s administrative budget. The proposed 2012 budget is expected to be 1.32 percent of IDB’s 2012 administrative budget, still significantly below the average of 1.6 percent in the other multilateral development banks (Table 3).

**Table 3: MDB Evaluation Administrative Budgets
2010 ECG Comparison Table (March 2011)**

MDB	% of Total Admin. Budget
Asian Development Bank	1.9%
World Bank Group	1.5%
<i>Inter-American Development Bank</i>	<i>1.3%</i>
European Bank for Reconstruction and Development	1.4%
African Development Bank	1.7%

Source: 2010 ECG Comparison Table – Comparison of organisational structure, independence, staffing, access to information, work programmes, budget, publication of evaluation reports, etc. among Members and Observers of the Evaluation Cooperation Group (ECG) – March 2011

1.37 In addition to the administrative budget outlined above, OVE is requesting an allocation of approximately \$250,000 to be included in IDB’s 2012 capital budget to finance a renovation to OVE’s office space. The current space is dark and cramped, with as many as four people occupying individual offices, and plans envision a move to a lighter and less cramped configuration of open-space work stations. OVE is also seeking additional office space to accommodate 10-12 Research Fellows that are currently working in work stations in the basement of our building, and we are working with IDB management to identify options.

F. Closing

1.38 Evaluation is integral to achieving results. Carefully monitoring progress, determining what works, and using this learning to improve performance are the hallmarks of successful organizations. OVE’s goal is to be a high-quality, well-respected, and constructive part of IDB – bringing added value to the Board, IDB management, staff, country clients, and partner organizations around the globe. To achieve this goal OVE plans to broaden its product mix to be able to provide both deep insights into project success and failure and broad knowledge of sector, thematic, and corporate performance to help guide future directions of IDB. OVE also plans to put more energy into outreach and learning, developing better tools to share insights in the IDB and client countries and providing stronger support for joint work with clients and evaluation capacity-building in Latin America. Strong mutual support and collaboration with the Board and management, as well as a modest amount of additional staff and budget resources, will be needed to make this vision a reality. Such mutual support and collaboration can help make IDB a leading voice at the forefront of development effectiveness.

Table 4: Budget Comparison by Expense Account for OVE

	FY11 Approved Budget	FY12 Budget	\$ Change	% Change	
520005-Salaries - Int'L Professional Staff	3,365,864	3,431,673	65,809	1.96%	
520010-Salaries - Int'L Administrative Staff	76,483	77,842	1,359	1.78%	
Salaries	3,442,346	3,509,515	67,169	1.95%	
531025-Overtime & Sec. Admin. Bonus	7,907	8,152	245	3.10%	
531029-Special Employees	7,242	7,466	224	3.10%	
Other PC	15,149	15,619	470	3.10%	
	Remuneration	3,457,495	3,525,134	67,638	1.96%
Benefits - Int'l Staff	1,445,785	1,473,996	28,211	1.95%	
	Benefits - Int'l Staff	1,445,785	1,473,996	28,211	1.95%
Personnel Cost	4,903,281	4,999,130	95,849	1.95%	
532037-Learning & Tuition Fees	31,749	32,257	508	1.60%	
532038-Training Travel	6,274	6,375	100	1.60%	
Staff Development	38,024	38,632	608	1.60%	
545002-Consultants	1,896,077	1,265,536	-630,540	-33.26%	
545005-Temporary Help and Employment Agencies	62,367	70,000	7,633	12.24%	
545015-Firms	24,946	15,000	-9,946	-39.87%	
545018-Research Fellowship Program (RFP)	62,368	730,000	667,632	1070.46%	
Consultants & Outside Services	2,045,758	2,080,536	34,778	1.70%	
550005-Int'L Business Travel	583,686	607,033	23,347	4.00%	
Business Travel	583,686	607,033	23,347	4.00%	
561005-Office Furniture & Furnishings (Including Art Purchases)	1,665	1,692	27	1.60%	
562004-IT Equipment and Maintenance	24,129	15,072	-9,057	-37.54%	
562012-Copying and Printing Equipment and Maintenance		19,000	19,000	N/A	
562016-Software and Maintenance	7,620	7,742	122	1.60%	
563005-Supplies	19,557	12,000	-7,557	-38.64%	
	Equipment and Supplies	52,970	55,505	2,535	4.79%
564005-Telecommunications	27,220	11,258	-15,962	-58.64%	
564006-Mail And Related Shipping Services	5,109	5,190	82	1.60%	
565006-e-Resources, Periodicals & Newspapers	2,483	2,523	40	1.60%	
565010-Printing And Publishing Expenses	8,918	9,061	143	1.60%	
	Communications and Publications	43,730	28,033	-15,698	-35.90%
567005-Conferences, Workshops and Seminars	1,270	16,000	14,730	1160.18%	
567006-Special Events & Representation Expenses	635	645	10	1.60%	
	Events, Conferences & Outreach	1,905	16,645	14,741	773.86%
567011-Miscellaneous Expenses	1,270	1,290	20	1.60%	
General Administrative Cost	99,875	101,473	1,598	1.60%	
Non-Personnel Costs	2,767,343	2,827,675	60,332	2.18%	
Operating Expenses	7,670,624	7,826,805	156,181	2.04%	
Administrative Income & Reimbursements	-225,000	-225,000			
Administrative Net	7,445,624	7,601,805	156,181	2.10%	

ANNEX 1

IMPLEMENTING THE RECOMMENDATIONS OF THE IRP REPORT OFFICE OF EVALUATION AND OVERSIGHT SEPTEMBER 2011

Listed below are actions to be taken by the Office of Evaluation and Oversight in response to the recommendations of the Independent Review Panel in its report “Strengthening Evaluation to Improve Development Results”. The Report’s recommendations are shown in the table following the Action Plan below.

OVE ACTION PLAN

ACTIONS	TARGET COMPLETION DATE
<p>1. Strengthen Relationships and Reduce Tensions Between OVE, Management, and the Board (Recommendation 1)</p> <ul style="list-style-type: none"> • Meet individually with Board Members and Senior Management to discuss goals and communication. • Invite Board members and key counterparts in Senior Management to OVE staff meetings to discuss issues and evaluation challenges going forward. • Consult with Board members and Senior Management on OVE’s 2012-13 work program priorities. 	<p style="text-align: center;">September 2011</p> <p style="text-align: center;">Ongoing</p> <p style="text-align: center;">September 2011</p>
<p>2. Improve knowledge management to strengthen learning and feedback loops (Recommendation 2)</p> <ul style="list-style-type: none"> • Develop a strategy to expand OVE outreach and promote learning through evaluation in IDB. • Devote one full-time position in OVE to expanding outreach through written materials, electronic media, and the design of dissemination and learning events. • Revamp OVE’s website to make it more complete, accessible, useful, and interesting. 	<p style="text-align: center;">January 2012</p> <p style="text-align: center;">December 2011</p> <p style="text-align: center;">April 2012</p>
<p>3. Increase the use and influence of OVE’s evaluation products (Recommendation 3)</p> <ul style="list-style-type: none"> • Revise OVE’s product mix to focus on products that will be useful in providing lessons of project experience and in influencing future IDB directions. • Produce Approach Papers for every evaluation, share them with management for comment, and distribute to the Board. • Agree on protocols for Management review and feedback on evaluations. • Ensure that recommendations in future OVE evaluations are clear, well-defined, and actionable. • Put in place a system to track the implementation of OVE recommendations. 	<p style="text-align: center;">December 2011</p> <p style="text-align: center;">Ongoing</p> <p style="text-align: center;">November 2011</p> <p style="text-align: center;">Ongoing</p> <p style="text-align: center;">April 2012</p>

<p>4. Strengthen the Evaluation Architecture in the IDB (Recommendations 4, 5, 7, and 8)</p> <ul style="list-style-type: none"> • Develop a harmonized design for the independent and self-evaluation systems, covering approaches, guidelines, and ratings systems • Adopt a system of ongoing validation of project evaluability (e.g. DEM scores) and of downstream project outcomes (PSRs and XPSRs) • Complement OVE desk reviews of projects with selective field visits. • Periodically evaluate and report on the operation of the self-evaluation system. • Review the experience of other MDBs in adopting evaluation strategies and consider the possible advantages for IDB of such an approach 	<p>April 2012</p> <p>January 2012</p> <p>Ongoing</p> <p>March 2012 (1st review)</p> <p>April 2012</p>
<p>5. Strengthen the role of client countries in the evaluation process (Recommendation 6)</p> <ul style="list-style-type: none"> • Expand dissemination of OVE products in client countries. • Reach out to client countries to explore possibilities for joint evaluations of IDB projects. • Strengthen OVE’s work on evaluation capacity development, possibly in partnership with other multilateral development banks, bilateral donors, and foundations. 	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
<p>6. Review management processes and staffing in OVE to promote results</p> <ul style="list-style-type: none"> • Revise OVEs management structure and processes to enhance quality and transparency. • Move to results-based budgeting in OVE by linking inputs to outputs and allocating and monitoring budgets based on unit costs. • Review staff skills and recruit additional staff to address skill gaps. 	<p>November 2011</p> <p>November 2011</p> <p>Ongoing</p>

Recommendations for OVE from IRP Report	Immediate (1-6 months)	Short term (6-18 months)	Medium term (18-36 months)	Responsible parties
Recommendation 1. Reduce tensions to create a more constructive relationship among the Board, OVE, and management				
The incoming Director of OVE needs to improve communication with the Board and management to increase trust and reduce tensions, an initiative that must be reciprocated by management	✓			OVE and management
Organize joint retreats, supported by a professional facilitator, to identify and suggest ways to resolve areas of disagreement	✓			OVE and management
Use a more consultative approach to prepare OVE's work plan	✓			OVE
Develop a harmonization agreement for the independent and self-evaluation systems covering approaches, guidelines, and ratings systems		✓		OVE and management
Adopt a more inclusive evaluation process	✓			OVE
Recommendation 2. Improve corporate knowledge management to strengthen learning and feedback loops in order to create a true learning culture				
Learning from other multilateral development banks, some nongovernmental organizations, and development organizations to adopt practices that have been successful (such as building trust, taking a strategic approach, and focusing on leadership) and to avoid the mistakes of others (such as information overload, a lack of resources or buy-in, an attempt to disseminate everything, and a lack of focus)		✓		Management and OVE
Create a small unit in OVE dedicated to developing, packaging, and disseminating lessons		✓		OVE
Recommendation 3. Increase the use and influence of independent evaluation products				
Reform OVE's culture so that the role of the evaluator does not end with the production of a report but continues to provide advice and support to help management make change happen as a result of evaluation reports	✓			OVE
Sharpen OVE's recommendations		✓		OVE
Put a system in place to track and hold management accountable for taking action on agreed recommendations			✓	OVE and management
Improve knowledge management and dissemination, produce more syntheses and knowledge products, move up stream, and improve timeliness			✓	OVE
Modify the OVE product mix, develop and use standard protocols, and produce approach papers for every evaluation			✓	OVE
Improve transparency by adopting a rating system, issuing formal conflict of interest guidelines for evaluation work, and disclosing approach papers and raw data used for impact evaluations		✓		OVE
Create the necessary budget space through a combination of reducing the number of OVE reports, improving efficiency, and possibly increasing the proportion of IDB's administrative budget to bring it closer into line with comparators		✓		OVE and Board
Recommendation 4. Develop and implement a change management strategy				
Have OVE undertake oversight reports on the self-evaluation system			✓	OVE
Recommendation 5. Strengthen the Board's oversight of the independent and self-evaluation systems				
Create results frameworks, with quantified benchmarks and targets for key performance indicators, for both the independent and self-evaluation systems that PEC can use to assess the results achieved		✓		OVE and management
Recommendation 6. Strengthen the role of client countries in the evaluation process				
Sharpen the focus on clients participating, learning from, and using evaluations in their planning			✓	OVE and management
Undertake joint evaluations on a pilot basis with countries that have the capacity and interest to do so			✓	OVE
Recommendation 7. Prepare a new, consolidated evaluation policy				
The new evaluation policy should reflect the experience with independent and self-evaluation systems since 2000, changes that have taken place in IDB, developments in good practice in the international evaluation community, the move toward shared accountability with countries, and the findings of the Independent Review Panel			✓	OVE and management
Recommendation 8. Require management and OVE to prepare detailed action plans				
After the report of the Independent Review Panel is discussed at PEC, OVE and management should modify the actions in this preliminary action plan that are agreed by PEC, specifying how and when they plan to take the necessary actions. These action plans should be submitted to PEC for discussion and monitoring	✓			OVE and management