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***OVE's Proposed 2017-2018 Work
Program and Budget***

Office of Evaluation and Oversight, OVE

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OVE'S PROPOSED 2017-18 WORK PROGRAM AND BUDGET

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OVE's PROPOSED 2017-18 WORK PROGRAM AND BUDGET

- 1.1 The Office of Evaluation and Oversight (OVE) began operation in 2000 as an independent evaluation office for the Inter-American Development Bank (IDB), reporting directly to IDB's Board of Executive Directors. OVE's mission to date has been to provide accurate, constructive, and evidence-based information on the performance and development effectiveness of IDB's activities.
- 1.2 Beginning in January 2016, OVE also became the independent evaluation office for the Inter-American Investment Corporation (IIC), reporting also to the IIC Board. This expansion of OVE's mandate brought it in line with those of the independent evaluation functions of the other major MDBs.
- 1.3 Each year OVE develops a work program that summarizes the current year's work, shows planned evaluations and the proposed budget for the coming year, and provides an indicative list of evaluations for the following year. A short description of each evaluation topic is included in this work program document, while a full description of the coverage and methodology for each evaluation is provided in the evaluation's Approach Paper, delivered to the Board at the start of the evaluation process. The work program and budget document covers evaluation activities carried out by OVE for both IDB and IIC. Most OVE evaluations jointly address activities of both IDB and IIC, while a few evaluations focus on only one of the two organizations.
- 1.4 In putting together this work program, OVE has benefitted from discussions with members of the Boards of Executive Directors for IDB and IIC and with IDB Group management. OVE would like to thank them for their constructive suggestions on how OVE can be most useful to the IDB Group. Their suggestions have been incorporated in the proposed work program to the extent possible given resource constraints.

A. OVE's Evaluation Products

- 1.5 OVE's evaluations are grouped into four broad categories: project evaluations, country program evaluations, sector and thematic evaluations, and corporate evaluations. These products provide unique and complementary perspectives on the IDB group's performance and development effectiveness.
- 1.6 **Project evaluations** underpin most other evaluation work – particularly at the country, sector, and thematic level. For an accurate picture of IDBG's results it is necessary to have a clear understanding of the performance – including the relevance, effectiveness, efficiency, and sustainability – of the projects IDBG supports. IDB has sought to improve its project evaluation architecture through the design and adoption of the Development Effectiveness Framework. In 2014 a new system was put in place for ex-post self-reporting of project results for sovereign-guaranteed (SG) projects through Project Completion Reports (PCRs). In 2015 the private sector windows of the IDB Group adopted a new system for self-reporting on non-sovereign-guaranteed (NSG, or private sector) project results (XSR), which is now being used in IIC. OVE validates all PCRs and XSRs prepared by management.

- 1.7 OVE also undertakes several independent evaluations of IDB projects each year, often grouping a number of similar projects together to draw lessons from the various experiences. These comparative evaluations vary in scope and design, depending on the precise questions to be answered. OVE also reviews the design and performance of Bank Group projects as part of country program evaluations, as noted below.
- 1.8 **Country program evaluations** (CPEs) provide an analysis of the relevance and effectiveness of IDBG's support to an individual borrowing country over four to five years. This usually corresponds to the time covered by the most recent country strategy, and the CPE analyzes that strategy along with the content, efficiency, and effectiveness of the Bank Group's program (including the entire range of SG and NSG lending and technical cooperation). Each CPE involves extensive discussions with management and country counterparts and review by the Board's Programming Committee before Board discussion of the next country strategy. Taken together, OVE's CPEs provide a comprehensive picture of the Bank's work over an extended period of time in all of the countries in the LAC region.
- 1.9 **Sector, thematic, and corporate evaluations** tend to have a broader scope, often building on the groundwork laid by project and country program evaluations. Sector and thematic evaluations provide in-depth analysis of IDBG's engagement and lessons of experience in a substantive area as well as advice on future strategic directions. Corporate evaluations focus on the IDBG's own structure and processes and examine how they affect the development effectiveness of the IDBG's work.
- 1.10 In addition to preparing its own evaluations of IDBG programs, OVE has a mandate to support **evaluation capacity development** in LAC countries. OVE devotes relatively modest resources to this area of work, as described further below, but seeks to achieve significant results through focused efforts and strong partnerships with other donors and LAC institutions.

B. OVE's Work Program for 2016 and Proposed Program for 2017 and 2018

- 1.11 OVE's work program is designed with several important criteria in mind. First, OVE seeks to evaluate development topics and corporate issues likely to be of high relevance to IDBG and LAC countries in the future. Second, OVE seeks to ensure that evaluations are timed appropriately to be on the critical path of Bank and IIC decision-making. For example, country program evaluations need to be available before new country strategies are finalized, and sector evaluations should ideally be timed to provide input to management's sector framework documents. Third, OVE seeks balance in its coverage of various sectors, themes, and geographic areas, considering also the evaluation work that it has undertaken over the past five years ([Annex 1](#)). Fourth, OVE seeks to serve both the Board as primary stakeholder and other stakeholder groups, including senior management, operational staff, and country counterparts. In-depth comparative project evaluations and support for evaluation capacity development are particularly relevant, for example, to the latter two audiences. Finally, OVE seeks to promote learning by shedding light on new and complex areas of development and piloting innovative approaches to evaluation.

1.12 The first column of [Table 1](#) shows the evaluations that OVE has delivered or expects to deliver in 2016, and the second and third columns show the proposed work program for 2017 (for approval by the IDB and IIC Boards) and an indicative program for 2018. Approximate timelines for evaluation preparation and delivery are shown in [Annex 2](#), and brief summaries of OVE evaluations to be delivered in 2017 and the first quarter of 2018 are included as [Annex 3](#) (approach paper Evaluation of Direct Support to SMEs by the IIC is available in SEC's website).

Table 1 OVE's 2016 Work Program and Proposed 2017-2018 Work Program

2016	2017	2018 (indicative)
Project Evaluations		
<ul style="list-style-type: none"> • PCR and XSR validations • Urban transport and poverty • Housing (Caribbean) • Productive dev't programs (Brazil) 	<ul style="list-style-type: none"> • PCR and XSR validations • NSG problem projects 	<ul style="list-style-type: none"> • PCR and XSR Validations • Renewable energy • Science, technology, and innovation • Citizen security (2)
Sector and Thematic Evaluations		
<ul style="list-style-type: none"> • Infrastructure PPPs* • Sustainable Cities 	<ul style="list-style-type: none"> • Public finance • Gender and diversity 	<ul style="list-style-type: none"> • Health • Housing
Country Program Evaluations		
<ul style="list-style-type: none"> • Argentina • Haiti • Suriname • Trinidad & Tobago • Peru • Guatemala 	<ul style="list-style-type: none"> • Dominican Republic • Guyana • Bahamas • Ecuador 	<ul style="list-style-type: none"> • Belize • Nicaragua • Barbados • Paraguay • Chile • CPE stocktaking
Corporate Evaluations		
<ul style="list-style-type: none"> • Contingent lending • IDB budget trends • Equity investing* • 2016 Annual Report* 	<ul style="list-style-type: none"> • IAMCs • Direct support to SMEs (IIC) • Impact evaluations • Implementation of merge-out • Knowledge bank • 2017 Annual Report 	<ul style="list-style-type: none"> • IDB9 update and status report ** • Environmental and social safeguards** • 2018 Annual Report
Other		
<ul style="list-style-type: none"> • Outreach & dissemination • CLEAR (evaluation capacity-building) 	<ul style="list-style-type: none"> • Board support • Outreach & dissemination • CLEAR 	<ul style="list-style-type: none"> • Board support • Outreach & dissemination • CLEAR

* Board delivery timed for early 2017

** Board delivery Q1 2018

1.13 **Project evaluations.** At the project level, OVE has supported the development of the new self-evaluation system for SG and NSG lending. In 2016 OVE began to validate the first set of PCRs and XSRs prepared under this new system, and this work is expected to continue in 2017 and 2018.

1.14 In addition, OVE continues to undertake comparative project reviews to identify lessons related to project design and implementation that can be useful to operational staff and the Board. Three in-depth comparative reviews are being delivered in 2016: a study on the poverty impact of bus rapid transit systems in Lima and Cali, an evaluation of housing projects in four Caribbean countries, and

an impact evaluation of various programs supporting firms in Brazil (following on a similar evaluation of Brazilian SME support programs delivered in 2014).

- 1.15 In 2017 OVE proposes to undertake, at Board request, a comparative review of NSG projects that were in problem status (e.g. classified as Special Assets) at one point in the past, whether in IDB (prior to the merge-out) or in IIC.¹ The goal of this review will be to look at the process through which these projects were selected, appraised, structured, and monitored to see what lessons might emerge that can be of help to IIC in the future. Projects currently classified as Special Assets will be excluded from the review to avoid any effects on ongoing work-out efforts.
- 1.16 In 2018 OVE proposes to undertake comparative reviews of selected projects in three additional areas: (i) renewable energy, (ii) science, technology, and innovation, and (iii) citizen security. These are important strategic priorities for IDBG and the LAC region, and numerous Board members have requested further work in these areas. The review of citizen security projects would be the second comparative project evaluation on this topic, following a previous one delivered to the Board (along with a broader thematic evaluation) in 2014.
- 1.17 **Sector and Thematic Evaluations.** As part of its 2016 work program, OVE is delivering an evaluation of the Bank Group's support to public-private partnerships (PPPs) in infrastructure, which also reviews comparable experiences of other multilateral development banks (MDBs). In addition, OVE recently delivered an evaluation of IDB's Special Program on Emerging and Sustainable Cities, which is OVE's first in-depth evaluation of a program of technical cooperation.
- 1.18 In 2017 OVE proposes to undertake two sector and thematic evaluations. The first is a review of IDB's portfolio related to public finance, in particular support to tax policy and administration. The evaluation will seek to inform the Bank's Sector Framework Document on fiscal management, due to be updated in 2018.
- 1.19 Second, OVE proposes to evaluate the implementation of the Bank Group's work on gender and diversity, drawing also on the experiences and the findings of evaluations in other MDBs. Its goal will be to document the approaches taken by both the Bank and IIC to mainstream gender and diversity goals and concerns into IDBG-supported projects. This evaluation will help to inform the Bank's Gender and Diversity Sector Framework Document, due to be updated in early 2018.
- 1.20 For 2018 OVE proposes to undertake a broad review of the Bank Group's engagement (both SG and NSG) in the housing sector, using as inputs the 2016 comparative study on housing projects in the Caribbean, the 2015 financial intermediary review of mortgage lending, several recent CPEs, and new evaluative work. IDB has extensively supported the housing sector in LAC through a variety of different approaches, and this evaluation will provide an opportunity to take

¹ Because of the inclusion of this comparative review of NSC problem projects, the comparative project evaluation on science, technology, and innovation originally envisioned for 2017 in last year's work program document has been moved to 2018 (see para. 1.16). Another comparative project evaluation originally envisioned for 2017 on labor and employment has been dropped due to the inclusion of an additional CPE (for Ecuador) in 2017.

stock of the relevance, effectiveness, efficiency, and sustainability of these approaches to date.

- 1.21 In 2018 OVE also proposes to undertake a sector evaluation on health, a sector that has not been evaluated by OVE for over a decade. This will feed in the update of the Bank's Sector Framework Document on Health due in 2019.
- 1.22 **Country Program Evaluations.** In 2016 OVE is delivering six CPEs: Argentina, Haiti, Suriname, Trinidad and Tobago, Peru, and Guatemala. Two additional CPEs, for Guyana and the Dominican Republic, are expected to be delivered in the first quarter of 2017, and CPEs for Bahamas and Ecuador are timed for late in 2017. Five CPEs – for Belize, Nicaragua, Barbados, Paraguay, and Chile – are tentatively scheduled for delivery in 2018, though this list might need to be adjusted slightly if there are changes in the timing of upcoming country strategies. Beginning with Peru, all CPEs now cover IIC as well as IDB, and IDB-IIC collaboration is included as an issue to be evaluated.
- 1.23 In 2018 OVE proposes also to review common themes emerging from recent CPEs – including program design and implementation, financial flows, instrument choice, and donor collaboration -- in a separate stocktaking exercise.
- 1.24 **Corporate Evaluations.** OVE's work program for 2016 includes four corporate evaluation and oversight products. First, an evaluation of contingent lending instruments, delivered in May 2016, reviews the use of various forms of contingent lending to date in IDB and partner institutions and provides suggestions for the role and design of such instruments going forward. Second, an oversight study delivered in September reviews patterns and trends in IDB administrative spending to help inform future budget discussions. Third, a review of equity investing currently in preparation surveys the experience of both IIC and partner MDBs to help inform IIC's approach going forward. Finally, OVE's 2016 Annual Report (to be delivered in the first quarter of 2017) will summarize OVE's evaluation work in 2016, provide an overview of the PCRs and XSRs validated in 2016, and report on the implementation of prior OVE recommendations as tracked in the Recommendation Tracking System (ReTS). The ReTS itself has been updated by management and OVE in 2016 following the recommendations of an external evaluation in 2015.
- 1.25 Six corporate products are included in the program for 2017. First, OVE will deliver a review of the first two years of experience with Independent Assessments of Macroeconomic Conditions (IAMCs). The IAMCs were adopted in 2015 to replace the Macro-Sustainability Assessments mandated under IDB-9, and the Board-approved document called for an OVE evaluation two years after adoption.
- 1.26 Second, OVE is undertaking an evaluation of the relevance and effectiveness of IIC's direct support to small and medium enterprises (SMEs) from 2006 to 2015. This support has been provided through both loans and technical assistance. The evaluation, to be delivered in the first semester of 2017, will provide input to Board discussions on the future of IIC's FINPYME program.
- 1.27 Third, OVE will deliver an evaluation of the IDB Group's program of impact evaluations. Impact evaluation has been a major area of emphasis over the past

decade, with a large amount of resources (from both IDBG and borrowers) committed to more than 150 impact evaluations. This evaluation will analyze the relevance, quality, efficiency, and effectiveness of this experience and provide recommendations for future work.

- 1.28 Fourth, OVE will prepare a progress report on implementation of the private sector merge-out, with delivery targeted for the third quarter of 2017 (prior to the submission of IIC's 2018 business plan). This progress report was originally proposed for 2016 but was postponed until 2017 to provide more time for experience with the merge-out to accumulate.
- 1.29 Fifth, OVE proposes to evaluate the IDB Group's role as a knowledge institution in 2017, reviewing what kind of knowledge is produced and how such knowledge is funded, quality-controlled, and used. The focused evaluation of impact evaluations and OVE's 2014 evaluation of Special Programs will serve as inputs to this broader knowledge review.
- 1.30 Finally, OVE will deliver its 2017 Annual Report, summarizing the results of project validations and management follow-up to OVE recommendations, and highlighting important themes from its work in 2017.
- 1.31 A key corporate evaluation proposed for 2018 is the update on the Bank's progress in implementing the IDB9 mandates since the Mid-Term Review presented to the Board and the Bank's Governors in 2013. Directors have suggested that early 2018 would be an appropriate time for OVE to deliver such an update, given that IDB9 ends in 2020 and discussions around possible future capital increases might be underway by 2018. The scope of the exercise would broadly mirror that taken in 2013, with special attention to the Bank's follow-up on the ten recommendations coming out of the Mid-Term Review. OVE will aim to have that evaluation ready by the 2018 Annual Meetings in Argentina.
- 1.32 OVE also proposes to deliver an evaluation of the design and implementation of the IDB Group's environmental and social safeguards in the first quarter of 2018. A thorough evaluation could provide an up-to-date and in-depth picture of both policy and practice in this important area,³ and it will also complement the evaluation on gender and diversity and serve as input to the IDB9 update.
- 1.33 In addition, as in previous years OVE will produce an Annual Report, which is again expected to summarize OVE's evaluation work, project validations, and ReTS follow-up in 2018.
- 1.34 **Outreach, Evaluation Capacity Development, and Board Support.** OVE's mandate includes dissemination of its evaluations for learning purposes and building evaluation capacity in the LAC region. As a result, OVE dedicates substantial effort to outreach and evaluation capacity development, both within IDB and with partners and country counterparts in the LAC region. OVE seeks to make its evaluations easily accessible through its publications and website, dissemination events, and participation in workshops and conferences. For

³ The World Bank undertook a similar evaluation several years ago and has recently revised its safeguards policy. The Asian Development Bank is currently evaluating its safeguards policy and practice.

example, in 2016 OVE hosted a one-day workshop in El Salvador on conditional cash transfer programs in El Salvador, Guatemala, and Honduras, drawing on the findings of OVE's evaluation of CCT programs and collaborating with IDB's social protection operational division. Other OVE evaluations have also been presented and discussed at other internal and external events in 2016.

- 1.35 OVE has also continued to participate actively in the CLEAR Initiative. CLEAR ("Centers for Learning on Evaluation and Results") is a joint program of 10 multilateral and bilateral donors and foundations to support capacity-building centers for monitoring and evaluation in four world regions (<http://www.theclearinitiative.org/>). The *Centro de Investigación y Docencia Económicas* (CIDE) in Mexico was selected in 2012 as the Spanish-speaking LAC center, and in September 2015 a Portuguese-speaking center was launched at the Getulio Vargas Foundation in São Paulo. Both centers provide evaluation training courses, technical assistance, and research, generating evaluation expertise and disseminating evaluation knowledge for LAC.
- 1.36 At the request of some Executive Directors, OVE is including in its work program an explicit reference to Board support -- that is, the provision, on a relatively short timetable, of information to IDB's and IIC's Boards on emerging issues of interest. Such support, to be provided on request, would be expected primarily to synthesize and highlight findings from past evaluation and oversight work.

C. Staffing and Budget

- 1.37 **Staffing.** OVE currently has 28 staff, including the Director, 2 Advisors, 18 full-time evaluators, 1 communications officer, 5 administrative support staff, and 1 IT expert. It has maintained a relatively flat structure compared to evaluation offices in other MDBs (whose staff tend to be grouped in divisions) in an effort to save on overhead costs and to promote collaboration, diversity in work assignments, and professional satisfaction and growth.
- 1.38 In addition to staff and short-term consultants, OVE typically hires 5-7 Research Fellows per year through a competitive process, and 12-15 Research Fellows are typically on board at any given time. The Research Fellows are recent graduates (Masters or PhDs) from economics or related programs who join OVE for up to three years. In addition to providing useful analytic skills 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. OVE also currently has an evaluator appointed under a 2-year term position supported by the bilateral staff exchange program with the Austrian government.
- 1.39 **Overall budget.** OVE is requesting a total 2017 budget of **\$9,391,139** to fund the program laid out in [Table 1](#). This represents a 2.65 percent increase over OVE's 2016 budget. The increase results from applying the Bank-wide price adjustment factors for personnel and non-personnel expenses ([Table 2](#)). OVE is not requesting any increase in the number of staff or the quantity of other inputs to its

work program. The breakdown by results area and between personnel (i.e. staff) and non-personnel costs is shown in [Table 3.5](#)

Table 2. OVE Budget Comparison by Line Item

Account	FY16 Approved Budget	FY17 Requested Budget	% Change
International Staff	4,121,256	4,230,401	
Other PC	16,998	17,440	
Benefits - Int'l Staff	1,730,928	1,776,768	
Personnel Cost	5,869,182	6,024,609	2.65%
Staff Development	41,273	42,098	
Complementary Workforce Employees & Outside Services	2,235,667	2,302,210	
Business Travel	737,295	752,041	
Equipment and Supplies	58,557	59,728	
Communications and Publications	29,573	30,164	
Events, Conferences & Outreach	175,392	178,899	
Other Expenses	1,361	1,389	
Non-Personnel Costs	3,279,118	3,366,529	2.67%
OPERATING EXPENSES	9,148,300	9,391,139	2.65%

Table 3. Proposed 2017 OVE Budget by Results Area (US\$)

Product / Result Area	Personnel Cost (US\$)	Non-Personnel Costs (US\$)	Total Cost (US\$)
Project Evaluations	699,397	403,753	1,103,150
Sector and Thematic Evaluations	634,000	366,000	1,000,000
Country Program Evaluations	824,200	475,800	1,300,000
Corporate Evaluations	2,288,740	1,321,260	3,610,000
Outreach and Dissemination	141,552	208,448	350,000
Collaboration with Client Countries and Evaluation Capacity Development	33,016	316,984	350,000
Staff Training (1 week / staff = 1/44 remun.)	136,527	42,098	178,625
Management & Administrative Support	1,267,178	\$232,186	1,499,364
Total Proposed 2017 Budget	6,024,610	3,366,529	9,391,139

1.40 [Table 4](#) shows the average unit costs of OVE products delivered between 2013 and 2016. There is significant variation in costs among individual evaluations, depending on size and scope. Sector and thematic evaluations tend to be the most expensive given their broad coverage across countries, themes, and years.

⁵ Because all OVE staff are technically employed by IDB, the requested budget for IIC can be formally allocated only to non-personnel costs, and this has been done across the range of OVE results areas in Table 3 to help balance the contributions of IDB and IIC in the funding of OVE products.

Table 4. Average Unit Cost of OVE's Products, 2013-16

OVE product	Average cost per product (US\$)
Comparative project evaluations	348,500
Sector and thematic evaluations	633,000
Country program evaluations	383,600
Corporate evaluations	408,500

1.41 OVE's total budget is allocated each year between IDB and IIC, given that OVE serves both institutions. Most OVE evaluations jointly cover the relevant activities of both IDB and IIC, and OVE has allocated the direct cost of its evaluation program based on an estimate of the relative coverage of each institution by that program.⁶ To avoid wide swings from year to year, OVE's calculation is done on a 3-year rolling basis, with the 2017 allocation being based on the evaluations undertaken by OVE from 2016 to 2018. Such an allocation results in a 2017 IDB budget for OVE of **\$8,013,600** and a 2017 IIC budget for OVE of **\$1,377,539**. These amounts equal 1.4 percent of the respective administrative budgets of each organization.

D. Summary

1.42 The document proposes an integrated program of OVE evaluations that addresses current development issues for both IDB and IIC. It is designed to respond to the needs of each organization while also highlighting synergies among the various activities of the IDB Group. The program includes evaluation activities at the project, sector, and country level, as well as focused evaluations addressing key corporate issues identified by IDB and IIC Board members. It emphasizes the importance of communication, outreach, and dissemination to strengthen the accuracy, usefulness, and impact of evaluation work, and it leverages its resources through a larger multi-donor program in evaluation capacity development. **OVE requests that IDB's Board of Executive Directors approve a 2017 budget for OVE of \$8,013,600 and IIC's Board of Executive Directors approve a 2017 budget of \$1,377,539, resulting in an overall 2017 OVE budget of \$9,391,139.**

⁶ To calculate OVE's coverage of IDB and IIC activities, OVE assigned specific IDB and IIC percentages to each evaluation in OVE's 2016-2018 work program and multiplied these percentages by the estimated cost of each item (using as a guide the average unit cost figures in [Table 4](#)). Administrative costs and the costs of the Annual Report, outreach, and evaluation capacity-building were divided between IDB and IIC on a 90:10 basis.

Annex 1 - OVE Evaluations by Topic Area, 2011-2017

Sector	2011-14	2015	2016	2017	2018
INFRASTRUCTURE & ENVIRONMENT	Climate change Watershed management IDB9 (environment strategy)	Bus rapid transport Rural water	Infrastructure PPPs Urban trans and poverty	NSG problem projects (including energy & trans)	Renewable energy
RURAL DEVELOPMENT	Land titling and admin	Agriculture & food security			
URBAN DEVELOPMENT & HOUSING		Procidades (Brazil)	Sustainable cities Housing (Caribbean)		Housing
HUMAN DEVELOPMENT	Secondary education Indigenous peoples policy IDB9 (HD strategy)	CCT programs (Central Amer.)		Gender & diversity	Health
ECONOMIC POLICY & PUBLIC SECTOR MGMT	Citizen security (2 evaluations) IDB9 (anticorruption, inst devt)	Policy-based lending		Public finance	Citizen security
PRIVATE SECTOR, TRADE, COMPETITIVENESS, & FINANCIAL MARKETS	Transnational programs IDB9 (private sector) Subnational NSG lending SME support programs Brazil	IDB Group work through FIs Green lending	Productive devt Brazil Equity investing	Direct support to SMEs	Science, technology & innovation
CORPORATE	IDB9 Mid-term Evaluation MIF2 Opportunities for the Majority IDB Realignment IDB Special programs ICIM (MICI) Japanese Trust Fund 2014 Annual Rep PCR/XSR design & validations	Measuring project performance IIC XASR validations Review of the ReTS 2015 Annual Report	Contingent lending IDB budget trends PCR/XSR validations 2016 Annual Rep	Impact evaluations IAMCs IDBG Knowledge Bank Merge-out progress report PCR/XSR validations 2017 Annual Report	IDB9 update Env & Soc Safeguards PCR/XSR validations 2018 Annual Report
COUNTRY PROGRAM EVALUATIONS	22 countries	Colombia Panama Bolivia Brazil Uruguay	Argentina Haiti Suriname Trinidad & Tobago Peru Guatemala	Guyana Dominican Republic Bahamas Ecuador	Belize Barbados Chile Nicaragua Paraguay CPE stocktaking

Annex 2 - OVE Evaluations Timeline 2017-2018

Product Name	2016												2017												2018											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Project Evaluations and Validations																																				
NSG problem projects																																				
Renewable energy																																				
Science, technology and innovation																																				
Citizen Security																																				
Sector and Thematic Evaluations																																				
Public finance																																				
Gender & diversity																																				
Housing																																				
Health																																				
Country Program Evaluations																																				
Guyana																																				
Dominican Republic																																				
Bahamas																																				
Ecuador																																				
Belize																																				
Nicaragua																																				
CPE stocktaking																																				
Barbados																																				
Paraguay																																				
Chile																																				
Corporate Evaluations																																				
Direct support to SMEs (IIC)																																				
IAMCs																																				
2016 Annual Report																																				
Impact evaluations																																				
Implementation of merge out																																				
Knowledge bank																																				
Environmental and social safeguards																																				
IDB9 update and status report																																				
2017 Annual Report																																				
2018 Annual Report																																				

Annex 3 - Summaries of OVE Major Evaluations in 2017 and 1st Quarter 2018

LESSONS FROM NSG PROBLEM PROJECTS

Background: Although the IDB Group (IDBG) has had a reasonably good track record in mitigating the credit risk involved by its direct exposure to private sector counterparts, some transactions have resulted in partial or total losses. In these cases, IDBG has approached each impaired project on a case-by-case basis, with a focus on minimizing losses on that particular project. Impaired projects have been transferred to their respective “Special Assets Units” - either at IDB or IIC - which in turn have involved the Boards of the institutions in key decisions during the ensuing negotiation process. In this context, the Board requested that OVE provide an independent review of a sample of IDBG impaired projects – including IDB’s NSG projects (prior to the merge-out) and IIC projects - with a view to extracting useful lessons for IIC going forward.

Purpose/ Objective: The objective of the evaluation is to provide the Board with useful lessons from the past handling of NSG impaired projects that can assist the Board in future decision-making in this area. To avoid concerns related to current legal issues, the evaluation is expected to focus on projects that have been in problem status in the past, but are no longer in the Special Assets Unit.

Indicative scope. While the full scope, evaluation questions and methodology will only be defined once the approach paper is being prepared, OVE expects that the evaluation is likely to consider how to better mitigate risks in future impaired projects (e.g. by improving the work-out process to minimize the losses-given-default), and how to select, appraise, structure and monitor projects in ways that could minimize the chances for a project to become impaired (by improving operational processes to minimize the likelihood of default). The evaluation is likely to consider: (i) the characteristics of the portfolio of NSG impaired projects over the relevant assessment period; (ii) the differing challenges by sector, region and project size, among other relevant characteristics; (iii) market perspectives; (iv) the experience of relevant comparator organizations; and (v) changing circumstances and processes over time and their relevance to the handling of problem projects in the future.

Indicative delivery date: June 2017.

REVIEW OF BANK'S SUPPORT TO TAX POLICY AND ADMINISTRATION, 2007-2016

Background: Despite regional diversity, tax systems in most LAC countries share certain characteristics. First, tax systems have generally failed to yield a revenue level consistent with the countries' development level. Second, tax systems tend to be unbalanced towards indirect taxes, and there is significant room for improving their distributional impact. Third, tax expenditures and easy-to-collect taxes are extensive, narrowing tax bases and hindering equity and economic efficiency. In addition, tax non-compliance remains high, reflecting deficiencies in the effectiveness of tax administrations. Finally, administrative capacity remains low in several countries—especially so at the subnational level. Against this background, according to the IDB, “no major reform is more important for the sustainable and inclusive growth [...] than the one pending in the region's fiscal and tax systems.”⁷

Purpose/Objective: The objective of the evaluation will be to assess the relevance, implementation and effectiveness of IDB's tax policy and administration interventions (including both domestic taxes and trade tariffs) between 2007 and 2016. As per the stylized facts described in the previous paragraph, OVE will emphasize the Bank's approach to four inter-related dimensions: fairness (making tax systems more equitable, with broader tax bases); economic efficiency (making tax systems simpler and less distortive); administrative capacity (increasing the professionalization and technological modernization of collection agencies) and effectiveness (enhancing revenue administrations to reduce tax non-compliance and decrease the tax gap).

Indicative scope: A draft approach paper has been prepared for this evaluation. The final report is expected to be based on a portfolio review and a comparative evaluation of the Bank's work in six or seven of the countries in which the IDB has been most engaged in tax policy and administration during the last decade. The portfolio review will be conducted at two levels. First, to contextualize IDB's engagement in tax policy and administration, the team will identify Bank's entire fiscal lending portfolio for the period 2007-2016 and track Bank's activity by thematic area and country. Second, OVE will provide an in-depth review of Bank's work in tax policy and administration during the evaluation period, considering loans, TCs, and knowledge products. This review will allow OVE to assess the thematic relevance of Bank's work. To further assess the relevance and evaluate the implementation and effectiveness of the Bank's program in tax policy and administration, the team will use country case studies, selected based on the portfolio distribution by region and income level.

Indicative delivery date: July 2017.

⁷ See http://www.iadb.org/en/research-and-data/publication-details,3169.html?pub_id=IDB-DP-285

GENDER AND DIVERSITY EVALUATION

Background: The Bank's commitment to Gender and Diversity is guided by the Gender and Diversity Sector Framework Document (2015), the Gender Equality Policy (2010) and the Indigenous People's Policy (2006). The Gender Equality and Indigenous People's policies promote gender equality and rights of indigenous peoples through a two-pronged approach: *mainstreaming*—or actively enhancing the contributions which the Bank's programs, dialogue and lending operations make to gender equality and development with cultural identity, and *safeguards*—or avoiding, minimizing, and compensating for negative impacts of Bank operations on women, and indigenous peoples. The Gender and Diversity Sector Framework Document clarifies that the Bank's work on promoting diversity will primarily focus on promoting development with identify of Indigenous Peoples and African Descendants and spells out how it foresees to promote cultural identity and gender equality.

Purpose/Objective: The Gender and Diversity Evaluation will to assess what progress the Bank has made in mainstreaming gender and diversity concerns into its country programs, policy dialogue and lending operations and how effectively it has done so. It will also seek to draw lessons of experience from the first three years of implementing the directions and operational activities spelled out in the Gender and Diversity Sector Framework Paper.

Indicative scope: While the full scope, evaluation questions and methodology can only be defined once the approach paper is being prepared, OVE foresees that the evaluation could touch on the following aspects: (i) What has the Bank done to mainstream gender equality and diversity into its country programs and operations; (ii) is the Bank focusing on the right aspects of gender and diversity in its dialogue and operations in client countries; ii) how effectively has it helped public and private sector clients address gender equality and cultural identity issues; (iii) what factors have affected the implementation of gender and diversity actions; (iv) to what extent has the Bank helped fill the knowledge gaps on gender and diversity.

By focusing on the mainstreaming of gender and diversity, the proposed evaluation would complement the Environmental and Social Safeguards Evaluation, which will look at how well the Bank has helped public and private sector clients manage and mitigate social (and environmental) risks of its operations. Given the Bank's commitment to adopt and implement the Gender and Diversity Policy under the ninth capital increase, the evaluation would also feed into the IDB-9 evaluation.

Indicative delivery date: December 2017.

EVALUATION OF MACROECONOMIC SAFEGUARDS (IAMC)

Background: With the introduction of policy-based lending in 1989, the Bank increasingly set up several macroeconomic safeguards for the fast-disbursing PBL and emergency instruments. Initially, PBLs relied on the macroeconomic analysis of the WB and the IMF. In time, the Bank developed its own macroeconomic safeguards. By 2005, an Independent Macroeconomic Assessment (IMA) was required as a precondition for approving or disbursing a PBL. The Cancun declaration that initiated IDB9 included a requirement to “ensure adequate safeguards against lending into unsustainable macroeconomic situations”. Shortly afterwards, Governors created the Macroeconomic Sustainability Assessment—a yearly assessment of debt, external, financial and price sustainability with a 2-year horizon carried out independently by the Chief Economist. The existence of a positive MSAs became a precondition for increasing financial exposure. In 2013, OVE evaluated the commitments adopted under the IDB9 agreement, including the macroeconomic safeguard requirement. OVE found that MSAs lacked a clear rationale, had an inadequate methodology, and entailed significant costs for the Bank—not least because of duplications with IMAs. Shortly afterwards, the Board of Directors set up a task force to discuss the enhancement of the macroeconomic safeguards at the IDB. The Task Force concluded that there were 3 challenges to be addressed: (i) strengthening safeguard mechanisms, (ii) developing modalities for investment lending to countries with unsustainable macroeconomic situations, and (iii) safeguarding the Bank’s AAA rating. The task force instructed management to submit a proposal for reform. The 14 recommendations included in the proposal were approved by the Board of Governors (AB-2990, AG-9/14), who instructed management to implement them. The reform replaced IMAs and MSAs with the Independent Assessment of Macroeconomic Conditions (IAMCs). Without a positive IAMC, PBLs cannot be approved or disbursed and investment loans are subject to certain disbursement speed restrictions. The reform also established that OVE would conduct an evaluation 2 years after the reform has entered force.

Purpose/Objective: The objective of the evaluation is to assess the relevance, efficiency and effectiveness of the macroeconomic safeguards. OVE will use the original mandate documents (Cancun Declaration AB-2728, IDB-9 Agreement, AB-2764) as well as the findings of the Task Force (AB-2945) and the 14 specific recommendations contained in the reform (AB-2990).

Indicative scope. While the full scope, evaluation questions and methodology can only be defined once the approach paper is being prepared, OVE foresees that the evaluation could touch on the following aspects: (i) the relevance of the macroeconomic safeguards relative to their implicit and explicit objectives, (ii) the adequacy of the methodology, (iii) the congruency of the mandate with other institutional mandates (countercyclical lending), (iv) the rationale for providing special treatment to certain loans (FSO, private sector), (v) the challenges in the delivery of the IAMCs, (vi) the impact of the programming restrictions, (vii) the potential spillovers of the macroeconomic work to other areas of the institution, (viii) institutional aspects of the process for implementing the safeguard (e.g. decision-making process, communication to country authorities etc.).

Indicative delivery date: April 2017.

PRODUCTION, UTILIZATION AND INFLUENCE OF IMPACT EVALUATIONS AT THE IDB

Background: The IDB has embraced the use of impact evaluations as a tool to inform its operations and has been a primary supporter of the use of impact evaluation (IE) in Latin America and the Caribbean (LAC). In the mid-2000s the IDB Board of Directors indicated that the Office of Evaluation and Oversight (OVE) would start undertaking systematic impact evaluations of IDB projects. This was followed by a series of changes under the IDB realignment, which provided the institution with the opportunity to reshape its approach to development effectiveness, including an increased emphasis on impact evaluation. Specific changes included the creation of a department dedicated to development effectiveness (SPD, the Strategic Planning and Development Effectiveness), as well as a revision in the normative of project preparation.

Purpose/ Objective: This evaluation proposes to analyze the production, use and influence the impact evaluations proposed in IDB's Loans, TCs and ESWs, from 2006 to 2016.

Indicative scope. The evaluation questions and methodology will be included in the approach paper. In general, this evaluation will identify the universe of IEs that have been promised in the last ten years. From this universe, the team will look at in depth a sample of IE and identify the Bank's objectives in doing this work. The analysis of the universe and the sample will provide the evidence on the results of the IE obtained by the Bank, and provide an assessment of the quality of the IE. Finally, the evaluation will include the analysis of the institutional arrangements to produce IE, including career incentives of the staff involved, funding and budget processes, quality control mechanisms and the extent of client engagement

Indicative delivery date: September 2017.

IMPLEMENTATION OF THE PRIVATE SECTOR MERGE-OUT

Background: Following a preparation process led by an Ad-Hoc Committee consisting of members of the Board of IDB and IIC and the MIF's Donor Committee, the Board of Governors of the IDB Group decided in March 2015 to "merge-out" the IDB's and IIC's private sector operations into a "new" IIC with significantly increased capital, in part from the capital of IDB, in part from new contributions by shareholders (AG-9/15 and CII/AG-2/15). The main purposes of the merge-out were to deliver on a renewed vision of the IDB Group's private sector operations⁸, focusing in particular on strengthening development effectiveness, development impact and additionality and maximizing the efficient use of resources and the synergies between public and private sector activities within the broader context of the commitments under IDB's Global Capital Increase. The merge-out took effect on January 1st, 2016 and included the transfer of operational and administrative functions associated with the activities of the private sector from the IDB to the IIC, and also resulted in significant changes in the staffing of the new organization.

Purpose/Objective: The purpose of this evaluation is to provide an independent interim assessment of the merge-out, focusing in particular on the extent to which it has helped achieve the objectives established for the reorganization, and to identify emerging lessons. The ultimate goal is to inform decisions about the future direction of the IIC – and, as relevant for coordination and the goal of maintaining sovereign guaranteed (SG) lending – the IDB and MIF.

Indicative scope: The evaluation is expected to cover all aspects of the merge-out to the extent they are relevant for achieving the renewed vision, focusing on the efficiency and effectiveness of the merge-out implementation. While the detailed scope of this process evaluation will be established in a forthcoming approach paper, it is envisaged that it will encompass aspects such as implementation of the envisaged activities, organization (including the functioning of the steering group, revised policies, oversight functions and processes, such as service level agreements, investment and advisory processes and cross-booking), human resources (e.g., staff turnover, hiring, compensation and staff satisfaction), capital, IT systems, efficiency and the costs of the reorganization, as well as any implications for IIC's future sustainability. The evaluation will also address the coordination among the three distinct private sector windows,⁹ as well as collaboration between SG and non-SG operations. Finally, it will also address changes in the implementation of the merge-out plan as well as any unintended consequences.

Indicative delivery date: September 2017.

⁸ See also "Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Private Sector Merge-out" (GN-2807-2 and CII/GN-303-2), the "Implementation Plan for the IDB Group Private Sector Merge-out" (GN-2778-2) and the "Merge-Out Proposal" (CA-556 and CII/CA-165).

⁹ The previous IIC as well as the department for structured and corporate finance (SCF) and the Opportunities for the Majority (OMJ) initiative.

THE IDB GROUP AS A KNOWLEDGE BANK

Background: Knowledge generation and dissemination is part of the core mandate of the IDB Group, and this mandate has been strengthened in recent years. The 2007 Realignment of the Bank aimed to increase its relevance and presence in the region by sharpening both sector and country focus and expertise. One of the main goals of the organizational changes brought by the Realignment was to increase the Bank's capacity to generate and disseminate knowledge. The 2010 9th General Capital Increase (IDB-9) aimed to continue strengthening the institutional framework to deliver nonfinancial value added products. The new framework sought to improve the funding strategy as well as the operational and accountability arrangements of knowledge production and dissemination in the institution.

Purpose/ Objective: The objective of this evaluation is to assess the relevance, effectiveness and efficiency of IDB Group's knowledge generation and dissemination in improving the development effectiveness of its lending program and closing key knowledge gaps in the region. The evaluation also aims to assess whether the institutional arrangements to finance and produce knowledge products in the IDB Group contribute to these main goals. The evaluation will build on the findings of the IDB-9 Mid-term Evaluation, the evaluation of the Results of the Realignment, the evaluation of Special Programs Financed by Ordinary Capital, the evaluation on IDB Budget Trends, and the ongoing evaluation of Impact Evaluations. The evaluation will update and go into greater depth in areas requiring further analysis. This evaluation will help inform the final evaluation of the IDB-9 commitments.

Indicative scope: While the full scope, evaluation questions and methodology can only be defined once the evaluation approach paper is being prepared, OVE foresees that the evaluation could aim to address the following questions: (i) Is knowledge generation in the IDB Group used strategically to close key development knowledge gaps in the region, support the development of new business areas, improve the efficiency and development effectiveness of Bank projects, and support sector work and dialogue for Bank programming? (ii) Is the knowledge generated in the IDB Group of good quality and disseminated and used properly? (iii) Are the current institutional and operational arrangements enabling and promoting cost-effective production of relevant knowledge in the IDB Group.

Indicative delivery date: December 2017.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Background: The Bank's commitment to sustainability is anchored in the Environmental and Safeguards Compliance Policy and policies addressing social concerns: involuntary resettlement, indigenous peoples, and gender equality, as well as the disaster risk management policy. Each policy promotes sustainability through a two-pronged approach: *mainstreaming*—or enhancing environmental and social benefits; and *safeguards*—or avoiding, minimizing, and compensating for negative impacts. The safeguards aspects of these policies thus aim to prevent or mitigate potentially adverse impacts of IDBG financed projects on people and the environment.

Purpose/ Objective: The objective of the evaluation is to assess how effectively the IDB's Environmental and Safeguards Compliance Policy and related social policies and guidelines have helped prevent and mitigate adverse environmental and social impacts of IDBG financed operations, and to what extent the policies remain adequate to help the Bank and its public and private sector clients effectively manage such risks. The evaluation will build on the environment and social safeguards background paper for the IDB-9 mid-term evaluation, going into greater depth in areas that the latter identified as requiring further analysis and follow-up, and will also help inform the final evaluation of IDB9 commitments.

Indicative scope. While the full scope, evaluation questions and methodology can only be defined once the approach paper is being prepared, OVE foresees that the evaluation could touch on the following aspects: (i) the adequacy of the current suite of safeguards-related policies in light of the evolution of IDBG's SG and NSG portfolios since the adoption of such policies, as well as of recent ongoing policy revisions by other IFIs; (ii) the effectiveness in the application of these policies at project preparation/origination and during project implementation and supervision; and (iii) the results of application of these policies in mitigating environmental and social impacts, managing risks, and helping build client capacity to manage such risks.

Indicative delivery date: February 2018

IDB9 UPDATE AND STATUS REPORT

Background: In 2010 the Board of Governors approved the 9th General Capital Increase for IDB (IDB9). The IDB9 agreement mandated that OVE conduct a mid-term evaluation to determine to what extent IDB was implementing the IDB9 mandates fully and effectively. That evaluation, consisting of an overview paper and 22 background papers, was delivered to the Board in December 2012 and presented at the Annual Meeting of the Board of Governors in Panama in March 2013. The evaluation made 10 formal recommendations, while the background papers covered a wider variety of topics -- including institutional strategies and the Corporate Results Framework, country strategies and programming, private sector development, the Bank's financial and non-financial instruments, the Haiti program, the Development Effectiveness Framework, MICI, macroeconomic and environmental and social safeguards, fraud and corruption, use of national systems, human resources, access to information, Optima, and the Bank's Income Management Model and Capital Adequacy Policy.

Purpose/Objective: The objective of this evaluation will be twofold: to assess whether the Bank has implemented the commitments agreed to under IDB9 fully and effectively, and to provide findings and recommendations that will help the Board of Governors, the Board of Directors, and IDB management consider and define Bank strategies and priorities going forward.

Indicative scope: The detailed scope and evaluation questions will be delineated in an Approach Paper to be sent to the Board in early 2017. The scope of this evaluation is generally expected to mirror that of the Mid-Term Evaluation, addressing the same set of topics (which reflect the commitments under the IDB9 Agreement) and focusing in particular on follow-up to the 10 recommendations in that evaluation. Many of OVE's recent and ongoing evaluations will be directly relevant, including the IAMC evaluation, the progress report on the Private Sector Merge-Out, the evaluation of the Knowledge Bank, the recent Haiti Country Program Evaluation, the Environmental and Social Safeguards evaluation, and OVE's work with SPD on the self-evaluation system (PCRs and XSRs). OVE may also draw on some of its other evaluative work to identify topics and issues of relevance to future Bank strategy.

Indicative delivery date: March 2018 (prior to the Annual Meetings in Argentina).