



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

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

RE-257

***OVE Multi-Year Work Plan
and Budget for 2002***



Office of Evaluation and Oversight

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I. REVIEW OF 2001 PERFORMANCE

- 1.1 2001 was the first **full** year of operation of the Office of Evaluation and Oversight under the new mandate defined by the Board of Executive Directors in RE-238. For 2001, OVE defined a workplan (RE-245-1) built around a balanced program of work in 5 areas:
 - Oversight of evaluation activities in the Bank
 - Country Program Evaluation
 - Strategy Evaluation
 - Policy and Instrument Evaluation
 - Evaluation Capacity Building
- 1.2 To carry out this work program, OVE received authority from the Board to hire four additional professional staff, bringing the total complement of the Office to 24, 19 professionals and 5 administrative staff. In addition, the Office also employed four long-term consultants (with a budget of \$245,359) and had a consulting budget of \$691,405.
- 1.3 By the end of the year, it is anticipated that OVE will have completed and sent to the Board **18** evaluation reports representing work in each of the 5 priority areas. An additional 9 reports will have been completed in draft form by the end of the year, and will be sent to the Board early in 2002. The first two columns of the table in Annex 1 list the outputs produced using resources provided in the 2001 budget.
- 1.4 The items listed in columns one and two represent **16** of the 20 originally planned outputs for the year shown in Annex 3 of the OVE 2001 work plan (RE-245-1). In addition, OVE will produce during 2001 four studies not in the original workplan (financial emergency lending, the emergency reconstruction facility, evaluation capacity building, and a preliminary evaluation of the **MIF**), and three reports on areas originally shown as “ongoing” rather than product-producing (method note on evaluability of country papers, method note on evaluability of strategies, report on the “evaluability” exercise for projects). Adding these 7 unanticipated products, OVE’s estimated 2001 output will well exceed the volume of documents originally planned, although the delivery dates on several documents have slipped from earlier in the year to the end of the year.
- 1.5 This performance in delivering outputs came in spite of the fact that recruitment of staff took longer than anticipated. OVE elected to follow the new procedures for the competitive recruitment of the four new positions granted in the 2001 budget. Positions were widely advertised and selection panels made up of OVE and **Bank** staff did the screening and selection of candidates. This process meant that new staff came on board only in July and August of 2001, rather than earlier as had been anticipated when the workplan was created.
- 1.6 In producing its products, OVE has been working with Management to maximize the institutional learning from evaluation work. All OVE reports are shared in draft form with the staff whose work is being evaluated, and, when requested by Management, formal reviews of OVE documents are carried out by the Audit and Evaluation Committee of Management. OVE reports are not “cleared” by Management, but the

review process does afford an excellent opportunity for engagement between OVE and Management on important issues uncovered by the evaluation work.

- 1.7** Although not shown in the product list in Annex 1, OVE during **2001** also produced **39** studies of individual projects. These were done as case studies in support of various OVE reports (**4** on decentralization and citizen participation, **12** on programs targeting indigenous groups, **6** in the Trinidad and Tobago country program evaluation, **4** in the study of delivery of social services by **NGOs**, **9** in the study on large TC operations, **8** in the evaluation of water). These detailed project assessments are contained in annexes to the reports in question, and are available on OVE's intranet website.
- 1.8** In addition to work leading to documents presented to the Board, OVE has also been carrying out an active program of evaluation capacity building both within and outside the Bank. Internally, OVE has been providing technical support to Bank project teams. OVE staff have participated in discussions on appropriate evaluation methods and indicators with project design teams, and have, on several occasions, been invited to participate on missions concerned with deepening the evaluation dimensions of projects and agencies in the borrowing member countries. OVE has also sponsored four seminars for staff on evaluation methods (evaluating lending to the private sector, evaluating country programs, evaluating Bank strategies, and assessing "evaluability" of Bank projects).
- 1.9** Externally, OVE has been promoting the concepts of evaluation capacity building in the borrowing member countries. The model being employed in this exercise is contained in the document on Evaluation Capacity Building sent for consideration by the Ad Hoc Committee of the Board in October of **2001**. A major conference on this subject had been scheduled for Costa Rica in October, but had to be postponed to **2002** owing to the travel concerns related to the events of September 11.
- 1.10** In 2001, OVE also subscribed to Collaborative Agreements with the Evaluation Offices of the Caribbean Development Bank and the Central American Bank for Economic Integration and the University of the West Indies to carry-out joint evaluation capacity building activities. The purpose of these Agreements was to conduct joint evaluations with the Universities of the West Indies and the University of Costa Rica, involving the graduating professionals enrolled in the respective Masters program in Program and Project Evaluation.

II. 2002 WORK PROGRAM

Oversight

In **2002**, OVE will again produce several standard and recurring oversight reports. These include:

- Annual Report on Evaluation Activities
- Memo on resource allocation for Evaluation
- Report on Development Effectiveness
- Annual workplan and budget

In addition to these regular and recurring oversight reports, OVE intends to produce four specialized oversight studies in **2002**.

- Tools for project supervision.** In response to the 2001 evaluation report on PPMRs, PCRs and Mid-Term Reviews, Management indicated that these represented only a partial sub-set of the instruments **used** to monitor the portfolio in execution. For **2002**, therefore, OVE intends to look at the principal other instruments used to provide real-time evaluative feedback on projects in execution. These include administration, and supervision missions, inspection visits by country office staff, and both sector and portfolio review activities.
- Evaluability assessments of programming documents.** During **2000**, OVE developed a methodology for assessing the “evaluability” of **Bank** projects. In 2001, OVE carried out evaluability assessments of each of the approximately 80 projects sent to Management’s Loan Committee for approval. These assessments were transmitted to ROS as a way of providing feedback to Management on the evaluation elements in project design. If these assessments are seen to have value, it is hoped that Management will continue with these exercises on their own in **2002**, with OVE acting as a provider of oversight and technical assistance.

During 2001, OVE developed a methodology for assessing the evaluability of country strategies, and if Management concurs, would in **2002** apply that methodology to an analysis of key programming documents being considered by Management. The principal focus of this effort will be **Country** Papers, but will also review Programming Memoranda and Country Paper updates. **As** with the project evaluability exercise, a summary report on this experience would be sent to the Board for consideration.

- Bank systems for data storage and retrieval.** To carry out its work effectively, the Bank needs to maintain two types of information: socioeconomic data on the countries, and qualitative information on **Bank** activities (both financial and non-financial) in the countries. The first type of data is essential for establishing reasonable expectations concerning achievement of results, while the second is needed to monitor the responsiveness of the **Bank** to countries changing needs. For

2002, **OVE** will review Bank systems for gathering, storing and analyzing these two types of data in support of improved operations in the region.

- d. **Risk Assessment and Mitigation.** Bank projects in the private sector have always developed explicit strategies for risk assessment and mitigation, and the Logical Framework methodology requires that all projects analyze assumptions and risks. The purpose of this oversight study is to explore how effective the Bank is in first identifying, and then mitigating, both the financial and the developmental risks associated with projects. This work is expected to lead to a report in 2003.

B. Country Program Evaluations

2.3 During 2002, OVE intends to produce 6 country program evaluations. In order to facilitate both the preparation of new Country Papers and to provide input to the dialogue with governments, OVE will work to time the production of CPEs for the month in which a change of government takes place. In this fashion, both the Bank and the country will have the CPE document as an input to the programming process at this critical juncture in the relationship. Table 2.1 shows the countries in the region scheduled to have elections and changes of government in 2002. OVE will work to deliver a CPE to the Board during the month shown in the final column of the table.

Table 2.1

Country	Next elections	Gov cycle	Change of government
Bolivia	Jun-02	5	Aug-02
Brazil	Oct-02	4	Jan-03
Costa Rica	Feb-02	4	May-02
Bahamas	Mar-02	5	Apr-02
Colombia	May-02	4	Aug-02
Jamaica	Mar-02	5	May-02

C. Strategy Evaluations

2.4 Several strategy evaluation items are already on the agenda for 2002. These include: 1) work completed in 2001 (water, justice, indigenous groups, reaching the poor through NGOs; 2) work postponed as a result of higher priority items entering the workplan (informatics and development, taxation and fiscal management, microenterprise, integration, **SME**); and 3) work originally anticipated for 2002 in the 2001 workplan (sub-national governments, social services delivery, poverty, energy and public utilities).

- 2.5 **As** a result of this already crowded agenda, OVE is proposing to combine some proposed reports into a single product, and to broaden the scope of some previously anticipated work. In the social area, the anticipated separate evaluations of education and health programs would become sections of the overview evaluation report on the delivery of social services.
- 2.6 In the case of the Bank's private sector support activities, two strategy evaluations are planned for 2001 (SME and microenterprise) have been postponed into 2002. Part of the reason for this postponement was OVE's desire to develop a comprehensive review of all Bank Group instruments related to these two key strategic directions. In 2002, an anticipated evaluation services agreement with the MIF, together with an ongoing agreement with the IIC, will allow for the needed comprehensive review.
- 2.7 In 2002, OVE anticipates delivering only two new strategy evaluations not contemplated in the 2001 work plan (public service reform and agriculture) and will begin work on five other areas which should become final reports in 2003.
- 2.8 **Public Service Reform.** As indicated in last year's workplan, public service reform, along with justice and taxation and fiscal management, constitute the core operations in pursuit of the Bank's Modernization of the State strategy. In 2002, OVE **will Carry** out an evaluation of operations in this area, focusing on those aimed at fundamental transformations in public sector norms and functions.
- 2.9 **Agriculture,** once an area of concentration for the Bank, has recently declined precipitously as a subject of Bank operations. This evaluation will review Bank operational history in this area and examine the implicit strategy of neglect in light of the current situation of the agricultural sector in the region. This work is expected to lay the groundwork for an evaluation of the Bank's current strategy in rural development in 2003.
- 2.10 Five other areas will see the initiation of work in 2002, with final products anticipated for 2003.
- a. **Transportation.** In the course of OVE work on both country program evaluation and the evaluation of Bank activities in integration, the transport sector has emerged clearly **as** an enduring issue for the Bank. The Bank's Transportation Policy (OP-731) was last revised in 1994, and the OVE review, scheduled for 2003 will examine Bank operations and developments in the region over the last decade.
 - b. **Legislatures** The Bank's Modernization of the State strategy has encouraged the Bank to develop operations across the entire spectrum of public sector institutions, including the legislative as well as the Executive branch. This evaluation will look at the considerable number of Bank operations which have had a focus on legislative institutions.
 - c. **Civil Society** Several recent Bank guidance documents, including the Modernization of the State strategy, have stressed the need for the Bank to work with civil society institutions in the development of Bank programs and projects in the region. In

2001, OVE undertook an evaluation of the use by the Bank of NGOs in the delivery of social services, but Bank activities involving civil society have covered a far broader range. In 2003, OVE intends to produce an evaluation of the entire range of efforts in this area.

- d. **Audit and control institutions** OVE's recent work for the Ad-hoc committee on evaluation capacity building has clearly identified the importance of developing adequate institutions for maintaining horizontal accountability in the public sector. For 2003, OVE will complete a review of Bank operations in support of audit and control institutions, which have been the central operational focus of the Bank in this area.
- e. **Financial sector reform.** The integrated approach to the Bank's private sector support activities which the new evaluation services agreements will permit should enable OVE to initiate work in 2002 on the effectiveness of the Bank's strategy in supporting financial sector reform. This evaluation report should be completed early in 2003.

D. Policy and Instrument Evaluation

- 2.11 The 2002 work agenda contains one ongoing item, one item carried forward from 2002, and four new items, one of which will be delivered in 2003. The ongoing item relates to monitoring the development of **innovation loans**, several of which were approved during 2001 and should begin to take shape in the field during 2002. OVE intends to keep the Board informed on the progress of these loans, with particular reference to demonstrated results from innovation experiments.
- 2.12 The carried-forward item relates to an evaluation of the Bank's policy on **Natural and Unexpected Disasters**. In 2001, OVE undertook an evaluation of the emergency reconstruction facility, which was created pursuant to the Natural Disasters Policy. An evaluation of the facility was required after two years of operation by the Board resolution which created it. In 2002, OVE intends to conduct a review of the Natural Disasters Policy itself, which covered a far broader range of topics and issues than just the reconstruction facility.
- 2.13 The four new items are:
 - a. **Project Loans as instruments.** The Bank has had project loans since its inception. In recent years, however, questions have arisen concerning the continued relevance of such instruments in the new economic climate of the region. Although there has been considerable evaluative attention to other instruments (private sector loans, policy-based loans, financial emergency loans), the traditional project loan has not been systematically evaluated to determine its strengths and weaknesses as development instrument for the Bank. This evaluation would review a sample of project loans, chosen to both reflect a range of countries and sectors and to focus on both the capacities and limits of the instrument.

- b. **In Country Economic and Sector Work.** For the **2001** workplan, OVE had intended to carry out an evaluation of one of the Bank's key non-financial activities, the Red de Centros de Investigacion. This item slipped from the 2001 workplan due to the press of other obligations, with the thought that it would be carried out in 2002. Upon reflection, however, it appeared that both Board and Management are placing ever-increasing emphasis on the quality of the Bank's analytical work in the borrowing member countries. **For** this reason, OVE intends to postpone the Red de Centros evaluation until 2003, and substitute in its place an evaluation of in-country economic and sector work as part of the workplan for 2002.
- c. **MIF and IIC.** In 2002, OVE will finally be in a position to evaluate the entire range of instruments available to the Bank group for dealing with the private sector. An existing evaluation services agreement with the IIC is expected to be complemented by a similar agreement with the MIF. These contracts will both supply evaluation information to these independent entities, and enrich the scheduled evaluations of the Bank's strategies in small and medium enterprise, microenterprise, and financial sector reform.
- d. **Main environmental projects.** The Bank has supported environmental management in the region in three ways: through the integration of environmental concerns in individual projects, through technical assistance to public sector environmental protection agencies, and through the support of major projects whose purpose is the improvement of environmental management in a country or region. OVE contributed to a Management-initiated self-evaluation of environmental protection agencies in 2001, and intends to launch in 2002 a review of the Bank's main environmental projects, with a report planned for early 2003.

E. Evaluation capacity building

- 2.14 In 2002, OVE will continue its ongoing efforts to develop evaluation capacity both inside and outside the Bank. **A** total of up to 6 staff months of OVE staff time will be made available to assist project teams on an on-demand basis in developing indicators and evaluation tools for projects. The Office also intends to offer four seminars on evaluation issues for staff over the course of 2002.
- 2.15 OVE will continue to work with CABEI and the CDB on joint evaluations of projects financed through these institutions using resources derived from the IDB. In addition, OVE will help coordinate a major seminar on evaluation capacity building in the region sponsored by the Government of Costa Rica.
- 2.16 A new item in the 2002 workplan will involve a systematic inventory of evaluation institutions and processes in the region. Working with the Brazilian research institute IPEA, OVE will prepare short narrative descriptions of basic evaluation institutions and processes in each of the borrowing member countries, along with a narrative of recent significant changes in each country's approach to evaluation. This information, along with links to relevant national internet sites, will be assembled and published on website of the Inter-American Roundtable on Evaluation and Performance Measurement.

**The following pages are not available to the public:
From 8 to 9**

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OVE Work Program: 2001-2003

Completed and Delivered 2001	Completed 2001 delivery 2002	2002		2003
		Original Plan	New Items	
Oversight				
Review of PCRs PPMRs and Mid-term reviews		Annual Report 2001	Tools for project supervision	Risk assessment and mitigation
Annual Report 2000				
Resource allocation memo		Resource allocation memo	Bank data	
Evaluability of country papers	Evaluability of strategies		Evaluability assessments of programming documents	
80 Evaluability assessments and report	Development Effectiveness			
country Program Evaluation				
Peru	Nicaragua		Bahamas	Ecuador
Trinidad and Tobago	Guyana		Brazil	Paraguay
Haiti			Bolivia	Belize
Mexico			Costa Rica	Argentina
Honduras			Jamaica	Guatemala
			Colombia	
Evaluation Capacity Building				
ECB Report		Regional Seminar on ECB*	Country evaluation capacity reports	
Support for project teams on evaluation methods and indicators (ongoing)				
Collaborative evaluation work with CDB and CABEI (ongoing)				
Strategy				
Programs targeted to the indigenous	Water	Information and development*		Civil Society
Decentralization and citizen participation	Justice	Delivery of social services		MOS strategy evaluation
		Public Utilities		
		Taxation and Fiscal reform*	Public service reform	Audit and control entities
		Poverty	Agriculture	Rural Development
	Delivery of service through NGOs	Sub-national government		Transportation
		Microenterprise*		Legislatures
		Integration*		
		Energy		
		SME*		
Policy and Instrument				
Encerronas	Large TCs	Innovation loans	In-country ESW	Red de Centros
Social Information System+	Natural Disaster facility+		Loans as instruments	Main environmental projects
MIF preliminary			IIC	Financial sector
Emergency lending+			MIF	
Environmental Protection Agencies			Natural disaster policy	
* Indicates item postponed into 2002 from 2001				
+ Indicates item not in original workplan				