



RE-374-1

***OVE'S PROPOSED 2011-2012
WORK PROGRAM AND BUDGET***

Office of Evaluation and Oversight, OVE

Inter-American Development Bank
Washington, DC
September 2010

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I. OVE WORK PROGRAM FOR 2011-2012

- 1.1 Since its creation in 2000, OVE has developed annually a work program showing planned evaluations for the coming year and an indicative list of evaluations to be completed in the following year. This work has been built around a balanced program of work grouped under five thematic areas: Oversight, Country Program Evaluation, Sector, Thematic and Ex-Post Evaluation, Policy and Instrument Evaluation, and Evaluation Capacity Development.
- 1.2 **Oversight Studies** involve the systematic review of those Bank systems and processes that have been designed to provide data on the results of Bank operations. The central evaluation questions concern whether Bank interventions are designed to generate meaningful information on results, whether they are monitored to deliver meaningful information, and whether supervisory and control processes are adequate to remedy problems as they occur and thereby improve the final results of the intervention.
- 1.3 **Country Program Evaluations** are mandated by Board Policy. OVE is required to conduct country program evaluations (CPEs) in advance of Management's preparation of each new country strategy document.
- 1.4 **Sector, Thematic and Ex-Post Evaluations**. One of the Bank's principal comparative advantages is that it works on similar issues across many countries. This gives the Bank a broad perspective on sectoral and thematic issues in the Region. This work naturally leads to the development of a Bank approach to common sectoral and thematic issues, sometimes but not always codified into a written sectoral strategy. Since OVE is mandated by the Board to carry out ex-post evaluations of completed projects, it has proven useful to group the individual projects into thematic clusters, thereby providing both individual project evaluations and a broader evaluation of the Bank's results across a given sector or theme.
- 1.5 **Policy and Instrument Evaluations**. Policies are explicit guidance for Bank action aimed at defining the space within which Bank actions are possible. Whereas strategies define approaches and priorities, policies define limits to action. Policies are always explicit and subject to approval by the Board. An important sub-set of policies is the one defining distinct instruments available to support development in the region. In 2004, the Board's budget committee requested that OVE conduct evaluations of budget "initiatives" as a sub-set of its work on policies and instruments.
- 1.6 **Evaluation Capacity Development**. The strategic importance of building evaluation capacity was established by the Bank's Governors in the Eighth General Increase in Resources (1994) which 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."¹ OVE

¹ Inter-American Development Bank, "Report on the Eighth Increase of Resources"; AB-1683, page 48, 2.100 and 2.101; April 1994.

undertakes capacity development work both within the institution, providing comment on indicators and evaluation methodologies for Bank projects, and in the region, through support for emerging networks of evaluation professionals.

- 1.7 2010 was anticipated to be a transition year for the Office, with a scheduled independent review of the evaluation function and the retirement and replacement of the Director of the Office. Delays in both of these processes resulted in a one-year extension of the Director's contract and a shift forward of the date for the independent review of the evaluation function.
- 1.8 At the same time, 2010 saw the conclusion of negotiations on the IDB-9 capital increase, an agreement which contains specific new instructions from Governors on what is expected from OVE in the near future. In light of this situation, the present work plan will be oriented by three general objectives: First, complete the evaluation work approved by past Board decisions; Second, concentrate new work on the priority tasks established for OVE by the IDB-9 agreement; Third; review existing Board mandates regarding the work of OVE and establish priorities for effort.

A. Existing work

- 1.9 The first column of Table 1.1 shows the evaluation work that has either been completed already in 2010 (C10) or is on track to be completed by the end of the year (TBC10). Regular, ongoing evaluation activities include evaluability assessments of country strategies; validation of results reporting tools, support to IIC and MIF and ex-post evaluations.
- 1.10 With respect to specific individual evaluations in process, the 2009 evaluability assessment, together with an oversight report on the DEM, has already been distributed to management for review, and evaluations on primary roads, empirics of poverty targeting, citizen security and enhancing country studies have been distributed to the Board for information. Any of those evaluations may be considered by the Board if there is a desire to do so. Evaluation of the management of concessional resources has been distributed to management for review, and the study on origination of NSG operations is in draft form and should be completed by October, 2010. A summary report on ex-post evaluations should also be distributed before the end of the year.
- 1.11 Thus the only evaluation report scheduled for delivery in 2010 that is not in a final stage of preparation is the one dealing with institutional strengthening and financial administration capacity in borrowing member countries. This evaluation was being carried out jointly with ICS, however ICS has elected, at this point, to work on the development of a methodology for the identification of institutional capacity issues in bank programs and projects. OVE will support this effort by sharing pertinent findings of other evaluations and collaborate on the development of the methodology but will not issue a specific study in this area.

Table 1.1
Status of OVE's Multi-Year Work Plan 2010-2012

2010	Status	2011	2012
Oversight Studies			
Work Program and Budget	C10	Work Program and Budget	Work Program and Budget
Evaluability of Projects and DEM oversight	C10	Validation of results frameworks and PCRs for KCPs	Realignment evaluation
Self Evaluation for IRP	TBC10	Project evaluability review	
		IDB-9 Evaluation	
Evaluability of Country Strategies			
IDB Governance			
Validation of PPMRs/PCRs and LRRs			
Support to MIF / IIC / SCF			
Country Program Evaluations			
El Salvador	C10	Haiti	Nicaragua
Bahamas	C10	Bolivia ²	Argentina
Argentina	C10	Honduras	Peru
Jamaica	C10	Brazil	Guyana
Panama	C10	Colombia	Guatemala
Chile	C10	Suriname	
Dominican Republic	C10	Ecuador	
Costa Rica	C10		
Uruguay	C10		
Barbados	C10		
Sector, Thematic And Ex-Post Evaluations			
Financial Administration			
Ex-post project evaluations: Housing, educational IT, safeguards in energy projects; competitiveness, social investment funds; justice; early childhood development; multicultural education; water and health; conditional cash transfers.	C10	Ex-post evaluations: Rural water, regional development, MIF remittances, tourism; clusters approach to productive sectors, Technical Education, Health	
Primary Roads	C10	Impact of Safeguards	
Synthesis of Ex-Post Findings	TBC10		
Empirics of Poverty Targeting	C10		
Citizen Security	C10		
Policy and Instrument Evaluations			
Enhancing county studies	C10	Regional Public Goods	KCP Products
Origination of NSG Operations	C10	Subnational lending	Disaster Risk Management
Management of TCs	C10	SECCI	PRODEV
Concessional Resources	C10	NSG Evaluation Cluster OOMJ Initiative	
		Performance Driven Loans	
		Indigenous	

² The last CPE was completed in 2008. A full CPE may not be required in 2010

- 1.12 Finally, the Terms of Reference for the recently-approved independent review of the evaluation function at the IDB call for a self-evaluation report by OVE to be provided as an input to the work of the panel.

B. IDB-9 Mandated Evaluation Activity

- 1.13 OVE was given three specific instructions by Governors in the IDB-9 agreement: 1) to report annually to the Board of Executive Directors on project evaluability; 2) to validate the results reported for completed projects; and 3) to deliver to Governors an evaluation of the implementation of reforms in the Cancun Declaration before March 31, 2013.
- 1.14 **Evaluability**. In the past, OVE has carried out evaluability assessments of a full cohort of projects produced in selected years, while validation reviews of results reporting as been carried out for a 30 percent random sample of project completion reports produced in a given year. The work involved in an evaluability assessment of all of the projects in a single year makes a heavy demand on the limited staff resources of OVE, and for this reason, OVE would propose to apply the same 30 percent random sample approach to each annual evaluability assessment as is used for validation of results reporting.
- 1.15 **Validation** According to the IDB-9 Agreement, OVE is to “*validate achieved results in completed projects (ex-post): “ OVE has in the past validated samples of both Project Progress Monitoring Reports (PPMRs) and Project Completion Reports (PCRs), and is presently conducting a validation review of a sample recent PRCs. The New Project Cycle document introduced a new form of results reporting, a Loan Results Report (LRR). These documents:*

... will report on the initial results and activities actually realized and how these compare with those expected when the loan was approved. The experience with project risks will be confronted with the expectations laid out in the risk analysis. LRRs are produced 18 months after projects achieve eligibility

OVE will add validation of LRRs to its oversight work on results reporting starting in 2010

- 1.16 **Reform Implementation** The IDB-9 agreement links, for the first time in the IDB’s history, the provision of capital resources to an evaluation carried out by OVE. Paragraph 4.27 of the Agreement gives the following instruction:

Management will implement a rigorous and time-bound reform agenda as set forth in the Overview Framework, including certain reforms that will be completed before the capital increase contributions are finalized. Starting in 2011, Management will present yearly reports to the Board of Executive Directors on the progress of the implementation of the Agenda for a Better Bank. At the midterm point of the subscription of IDB-9, OVE will conduct an evaluation to assess that the reforms are being implemented fully and effectively as set forth in the Overview Framework of the Cancun Declaration (AB-2728)

and as further elaborated in this report. This evaluation is to be considered by Governors on or before March 31, 2013. Governors will then formally determine that reforms have been implemented. Table IV-1 below presents the Overview Framework of the Cancún Declaration and the actions and timeline for its implementation.

- 1.17 To comply with this instruction, OVE will define an approach to the evaluation in 2010 that will describe the criteria and methodology to be used in evaluating whether the reforms have been implemented both “fully” and “effectively.” This method paper will be transmitted to the Governors when it is completed, and the final evaluation will be sent to Governors prior to the March, 2013 deadline.

C. Board-Directed Evaluation Activity

- 1.18 A significant portion of OVE’s work program is derived from specific Board mandates. Some of these are requirements for evaluation incorporated as part of the process of approval of some specific activity, but the larger share comes from Board-approved policies establishing expectations for OVE work. Three of these are particularly important: country program evaluations; ex-post evaluations; and initiative evaluations.

- 1.19 **Country Program Evaluations.** In 2009, the Board approved a new Protocol for the Conduct of Country Program evaluations based on the good practice standards established by the Evaluation Cooperation Group. The new protocol continues to link country program evaluations to the preparation of new country strategies. The CPE protocol provides that OVE should have a draft CPE available for consideration by country authorities within the first two months of a new administration. (RE-348-3 paragraph 8). In 2010, the Board adopted new procedures for the preparation of country strategies that allowed country authorities to define a specific period for the applicability of a Bank country strategy, and that such period need not coincide with the country’s electoral calendar. (GN-2567-2). As a result of this change, CPEs have two possible delivery dates: either within the last month of an extant strategy, or within the first two months of a new administration. Which timetable applies will be defined by the terms of an existing country strategy, if one is in place. As Table 1.1 shows, 10 country program evaluations were programmed for 2010 and a further 7 are on the schedule for 2011

- 1.20 **Ex-post Evaluations** An annual program of individual project evaluations was mandated by the Board-approved ex-post evaluation policy (OP-305). That policy requires that OVE review 20% of closed projects. To integrate these project reviews with broader themes, OVE seeks to place individual ex-post evaluations in the context of either country program evaluations (as recommended in the EGC Good Practice paper) or sectoral and thematic overviews.

- 1.21 An agenda for these evaluations was established in the 2009 work program and has been executed in 2009 and 2010. For 2011, a new substantive agenda has been proposed concentrating on rural water, regional development, MIF remittances, tourism; the clusters approach to productive sectors and technical Education. In

addition to this thematic work, ex-post evaluations will continue to be part of the process for conducting country program evaluations. Finally, ex-post evaluations looking at the impact of Bank safeguards will be a regular, ongoing component of the ex-post evaluation program.

1.22 **Evaluation of Initiatives.** In 2004, the Board’s Budget committee requested that OVE “include in its future work program proposals the evaluation of any initiative whose expenditures are completed in 2004 or later, and whose total cost exceeds \$2 million.” This concern arose because special purpose initiatives were then funded from the administrative budget but not integrated into the prior year’s spending baseline. Over time, topics have moved from being special purpose administrative budget “initiatives” to being mainstreamed in departmental budgets to, most recently, being funded from large dedicated “funds” dedicated to particular topics.

1.23 OVE work related to “initiatives” has included evaluations of IIRSA, Plan Puebla Panama, enhancing country studies, and a first-phase evaluation of PRODEV. Table 5.2 below, taken from the 2011 Budget Issues Paper, shows that the range of special purpose initiatives today is much broader than those that have been included in past OVE work plans.

Table 5.2
Approved Funding Level & Approved/Programmed Projects for Special Programs/Grants

Special Programs/Grants Financed by Ordinary Capital (\$000)	2005-10 Cumulative Funding Approved	2005-2010 Projects as of June 30, 2010						Available Funds	% Avail. Funds/ Cum. Fund. Appr.	2005-2010 Cumulative Disbursements	% Cumulative Disbursements/ Approved	
		Approved		Programmed ^{1/}		Total						
		#	\$	#	\$	#	\$					
Food Crisis Response Fund	15,000	11	10,742	3	2,550	14	13,292	1,708	3/	11%	1,871	17%
Regional Public Goods (RPG)	60,000	62	47,239	15	9,400	77	56,639	1,180	4/	2%	18,924	40%
Infrastructure Project Preparation Fund (InfraFund)	50,000	61	40,131	7	3,110	68	43,241	6,759		14%	14,117	35%
Fund for Initiatives for Regional Infra. Integration (FIRII)	40,000	28	24,587	3	3,720	31	28,307	11,693		29%	11,301	46%
Special Program for Employment, Poverty Reduction and Social Development in Support of the MDG (Social Fund)	51,000	43	36,740	9	6,649	52	43,389	7,611		15%	14,256	39%
AquaFund	35,000	28	15,686	5	3,250	33	18,936	16,064		46%	1,986	13%
Gender and Diversity Fund	8,000	2	765	5	1,674	7	2,439	5,561		70%		
Sustainable Energy and Climate Change Fund (SECCI)	35,000	46	24,746	16	9,387	62	34,133	867		2%	5,671	23%
Disaster Prevention Fund	10,000	2/	6,871	3	1,850	16	8,671	1,370		13%	1,350	70%
Development Effectiveness Program (PRODEV)	57,200	58	53,994	3	2,030	61	56,024	1,176		2%	23,346	43%
Emergency Assistance for Natural Disasters	10,000	42	8,115	1	200	43	8,315	1,685		17%	7,313	90%
TOTAL	371,200	394	269,566	70	43,820	464	313,386	55,633		15%	100,145	37%
			73%		12%		84%	15%				

^{1/} Programmed includes pipeline plus grandfathered TCs plus funded KCPS.

^{2/} GA-244-11 contemplates a \$5 million replenishment request in 2010.

^{3/} \$3 million in FOD approvals were set aside by the Board for the A1H1 flu.

^{4/} Total reflects a \$2.2 million loss from RPG that did not have carryover until 2009.

1.24 In light of the substantial level of resources devoted to these “special programs” and the limited resources of OVE, it is important that the Board revisit the 2004 guidance and provide more explicit direction for concentrating OVE’s work within the broad area of initiative evaluations. As part of the 2010-11 work program, OVE has initiated evaluations of SECCI, Opportunities for the Majority, and regional public goods.

Work on disaster risk management was originally part of the planned 2011 work program, but discussions with management have indicated that self-evaluation of the Bank's work in this area may be sufficient. Similarly, the second PRODEV evaluation had been scheduled for 2011, but current self-evaluation work by Management suggests it would be better to program that evaluation for 2012.

- 1.25 Work on these initiatives is only in the preliminary stage, so resources could be redirected to other evaluation work in the initiatives area should be Board have a different set of priorities. It is important, however, for the Board to provide clear guidance as to the two or three highest-priority evaluation topics within this very large universe.
- 1.26 In addition to these three broad categories, the Board has also requested evaluations of specific topics. Most recently, in April of 2010, the Committee on Organization, Human Resources and Board Matters reviewed a joint presentation from Management and OVE on metrics for the realignment, and concluded by recommending an OVE evaluation of the realignment in 2011 or 2012. To help manage a crowded agenda for 2011, OVE has scheduled that evaluation for 2012, but would need to initiate work on it in 2011. The Board has also requested an evaluation report on the Performance Driven Loan instrument, which is included in the work program for 2011.
- 1.27 Finally, OVE has for the past several years maintained a program of evaluation support for the IIC and the MIF. Resources to hire consultants for this work are provided by the other institutions, with a relatively small impact on core OVE staff. Income from the two organizations is shown in the attached budget table as "administrative income and reimbursements," and those support activities are projected to continue in 2011. There is a possibility that the MIF Donors Committee may request a more substantial evaluation of MIF activities, as was done prior to the previous replenishment agreement. No figures have been adopted at this point, and there is nothing in the proposed budget for OVE to cover this work. It should be noted that the past comprehensive MIF evaluation cost approximately \$2 million. Should a request be made for evaluation support on this scale in 2011, OVE would try to accommodate it using consulting services paid for by the MIF.

D. All Other Evaluation Work

- 1.28 The preceding paragraphs have outlined the 2011 evaluation work program that is directly responsive to explicit instructions from the Boards of Governors and Executive Directors. This mandated program will pose a challenge to the existing resources of the Office, particularly in light of the distractions that are likely to accompany a change in leadership.
- 1.29 There are, however, a number of what could be called "discretionary" evaluation activities for 2011 that were a part of the 2010-2011 work program about which decisions will need to be made. At the request of Management, OVE had included an evaluation of the Bank's work with indigenous peoples to be completed in 2011. Given

that Bank policy in this area will be revised in the near future, this work is included in the present work plan. Evaluation work on Bank governance has a lower priority following the IDB-9 agreement, and has been eliminated as a separate item in the work program. An evaluation of knowledge and capacity building products, originally scheduled in the OVE work plan, has been postponed to a future date owing to Management's announced intention to substantially revise the program in this area.

- 1.30 Finally, there is a longstanding "open" item in the work program of OVE, the evaluation of the Bank's use of human resources. 2.8 During the discussion of the 2005 work program, some Directors had suggested that OVE conduct an evaluation of the Bank's **use of its human resources**. An issues paper (RE-302) was prepared by OVE on this topic, and a decision was made at that time not to proceed with the evaluation until a later date. The item was included as a possible item for the 2006 work program, should Directors determine that the timing is appropriate for the review proposed in the 2004 issues paper. The Board did not endorse this item as part of the 2006 work program, but it also did not make a formal decision to eliminate the topic. For the 2011 work program, it is important that the Board take a decision to either carry out this evaluation or eliminate it from the ongoing OVE work program.

E. Budget for the Work Program

- 1.31 Table 1.2 shows the proposed administrative budget to carry out the 2011 work program. In keeping with prior OVE budgets, it maintains spending levels in real terms and follows the overall rates of increase for major budgetary categories adopted by Management. As noted earlier, the budget includes resources for the ongoing evaluation services to MIF and IIC, but does not include a possible larger evaluation of the MIF.

Table 1.2
Budget Comparison by Expense Account for OVE

	FY10 Approved Budget	FY11 Budget	\$ Change	% Change
520005-Salaries - Int'L Professional Staff	3,345,095	3,405,677	60,582	1.81%
520010-Salaries - Int'L Administrative Staff	77,176	77,389	213	0.28%
Salaries	3,422,271	3,483,066	60,795	1.78%
531025-Overtime & Sec. Admin. Bonus	7,890	8,087	197	2.50%
531029-Special Employees	7,065	7,242	177	2.50%
Other PC	14,955	15,328	374	2.50%
Remuneration	3,437,225	3,498,394	61,169	1.78%
Benefits - Int'l Staff	1,403,131	1,462,888	59,757	4.26%
Benefits - Int'l Staff	1,403,131	1,462,888	59,757	4.26%
Personnel Cost	4,840,356	4,961,282	120,926	2.50%
532037-Learning & Tuition Fees	31,280	31,749	469	1.50%
532038-Training Travel	6,256	6,349	94	1.50%
Staff Development	37,536	38,099	563	1.50%
545002-Consultants	1,871,744	1,918,538	46,794	2.50%
545005-Temporary Help and Employment Agencies	61,567	63,106	1,539	2.50%
545015-Firms	24,626	25,242	616	2.50%
545018-Research Fellowship Program (RFP)	61,568	63,107	1,539	2.50%
Consultants & Outside Services	2,019,505	2,069,993	50,488	2.50%
550005-Int'L Business Travel	561,237	583,686	22,449	4.00%
Business Travel	561,237	583,686	22,449	4.00%
561005-Office Furniture & Furnishings (Including Art I	1,835	1,862	28	1.50%
562004-IT Equipment and Maintenance	23,772	24,129	357	1.50%
562016-Software and Maintenance	7,507	7,620	113	1.50%
563005-Supplies	19,268	19,557	289	1.50%
Equipment and Supplies	52,382	53,167	786	1.50%
564005-Telecommunications	26,818	27,220	402	1.50%
564006-Mail And Related Shipping Services	5,033	5,109	76	1.50%
565006-e-Resources, Periodicals & Newspapers	2,447	2,483	37	1.50%
565010-Printing And Publishing Expenses	8,786	8,918	132	1.50%
Communications and Publications	43,084	43,730	646	1.50%
567005-Conferences, Workshops and Seminars	1,251	1,270	19	1.50%
567006-Special Events & Representation Expenses	626	635	9	1.50%
Events, Conferences & Outreach	1,877	1,905	28	1.50%
567011-Miscellaneous Expenses	1,251	1,270	19	1.50%
General Administrative Cost	98,593	100,072	1,479	1.50%
Non-Personnel Costs	2,716,871	2,791,850	74,979	2.76%
Operating Expenses	7,557,227	7,753,131	195,905	2.59%
Administrative Income & Reimbursements	-225,000	-225,000		
Administrative Net	7,332,227	7,528,131	195,905	2.67%