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RE-523
CII/RE-38

***OVE's Proposed 2018-2019 Work
Program and Budget***

Office of Evaluation and Oversight, OVE

Inter-American Development Bank
Inter-American Investment Corporation
Washington, D.C.
October 2017

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OVE'S PROPOSED 2018-19 WORK PROGRAM AND BUDGET

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OVE's PROPOSED 2018-19 WORK PROGRAM AND BUDGET

- 1.1 The Office of Evaluation and Oversight (OVE) is an independent office of the Inter-American Development Bank (IDB), reporting directly to IDB's Board of Executive Directors. Since 2016 OVE has also served the same function for the Inter-American Investment Corporation (IIC), also reporting directly to the IIC's Board of Executive Directors. OVE seeks to provide accurate, constructive, and evidence-based information on the performance and development effectiveness of the activities of the IDB Group (IDBG).
- 1.2 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. 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.

A. OVE's Evaluation Products

- 1.3 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.
- 1.4 **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.
- 1.5 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.
- 1.6 **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 in all of the countries in the LAC region.

- 1.7 **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.
- 1.8 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. Implementation of OVE's Work Program in 2017

- 1.9 OVE's work program is designed with several goals in mind, including relevance, timeliness, and balance. [Table 1](#) shows OVE's work program for 2017, the proposed program for 2018 (for approval by the IDB and IIC Boards), and an indicative program for 2019. Topics covered by OVE evaluations since 2011 are shown in [Annex 1](#), and an approximate timetable for completing the individual evaluations in OVE's work program is shown in [Annex 2](#).
- 1.10 At the **project** level, since 2011 OVE has worked with both IDB and IIC to design and implement the new self-evaluation and validation system for SG and NSG lending. In August 2017 OVE delivered to the IDB and IIC Boards a report on its first full set of validation findings for PCRs and XSRs prepared under this new system, and validations are expected to continue in 2018 and 2019. OVE's 2017 program also includes one stand-alone evaluation on project-level interventions -- a comparative review of NSG projects that have been in problem status in IDB (prior to the merge-out) or in IIC -- to be delivered in January 2018.
- 1.11 In 2017 OVE is delivering two **sector and thematic** evaluations. The first, discussed at the IDB Board in July, is a review of IDB's support for tax policy and administration. The evaluation provides input to the Bank's Sector Framework Document on fiscal management, due to be updated in 2018. OVE is also completing an evaluation of IDB's work on gender and diversity for delivery in January 2018. It will document the Bank's approach to mainstreaming gender and diversity concerns into IDB-supported projects.
- 1.12 OVE's 2017 program also includes 4 **country program evaluations** (for Guyana, Dominican Republic, Bahamas, and Ecuador) and five **corporate evaluations**: Independent Assessments of Macroeconomic Conditions (IAMCs), IIC's Direct Support to SMEs, IDB's program of Impact Evaluations, Implementation of the Private Sector Merge-out, and IDB Group's role as a Knowledge Bank. OVE's 2017 Annual Report (to be delivered in the first quarter of 2018) will summarize

OVE's evaluation work in 2017 and report on the implementation of prior OVE recommendations as tracked in the Recommendation Tracking System (ReTS).

- 1.13 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 IDBG 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. In 2017 OVE organized dissemination events, for example, for its evaluations on Housing in the Caribbean and Public-Private Partnerships.
- 1.14 OVE has also continued to participate actively in the CLEAR Initiative. CLEAR ("Centers for Learning on Evaluation and Results") is a joint program of 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.

C. OVE's Proposed Work Program for 2018 and 2019

- 1.15 The proposed 2018 program consists of three corporate evaluations, 6 CPEs, and a full program of PCR/XSR validations. A key corporate evaluation for delivery in early 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. OVE also expects to deliver an evaluation of the design and implementation of the IDB Group's environmental and social safeguards in early 2018. 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
- 1.16 The corporate evaluations, CPEs, and validations shown in [Table 1](#) will utilize most of OVE's existing resources through the first two-thirds of 2018. Three of the 2019 CPEs – for Colombia, Costa Rica, and Mexico – are expected to be delivered in early 2019 and will thus also require substantial resources, particularly in the second half of 2018. There is potential room for one or two additional evaluations to be launched in the second half of 2018, presumably for delivery to the Board in 2019. Given the change in OVE management occurring on April 1, 2018, the topic and scope of these additional evaluations and the remainder of the indicative evaluation program for 2019 (other than already-scheduled CPEs and validations) have been left undefined.¹

¹ In recent bilateral consultations with OVE, individual Board Chairs raised a range of possible topics for additional evaluations, including health, housing, citizen security, trade and integration, natural disaster response, and the role of Sector Framework Documents. The list of topics can be further refined and prioritized by the Board in consultations with the new OVE Director.

Table 1 – OVE's 2017 Work Program and Proposed 2018-2019 Work Program

2017	2018	2019 (indicative)
Project Evaluations		
<ul style="list-style-type: none"> • PCR and XSR validations • NSG problem projects* 	<ul style="list-style-type: none"> • PCR and XSR validations • <i>tbd</i> 	<ul style="list-style-type: none"> • PCR and XSR validations • <i>tbd</i>
Sector and Thematic Evaluations		
<ul style="list-style-type: none"> • Tax policy and administration • Gender and diversity* 	<ul style="list-style-type: none"> • <i>tbd</i> 	<ul style="list-style-type: none"> • <i>tbd</i>
Country Program Evaluations		
<ul style="list-style-type: none"> • Guyana • Dominican Republic • Bahamas • Ecuador 	<ul style="list-style-type: none"> • Nicaragua • Chile • Brazil • Barbados • Paraguay • Honduras 	<ul style="list-style-type: none"> • Colombia • Costa Rica • Mexico • Jamaica • El Salvador • Belize
Corporate Evaluations		
<ul style="list-style-type: none"> • IAMCs • Direct support to SMEs (IIC) • Impact evaluations • Merge-out progress report • IDBG Knowledge bank* • 2017 Annual Report / ReTS* 	<ul style="list-style-type: none"> • IDB-9 update • Environmental and social safeguards • 2018 Annual Report / ReTS 	<ul style="list-style-type: none"> • <i>tbd</i>
Outreach and 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 	<ul style="list-style-type: none"> • Board support • Outreach & dissemination • CLEAR

* Board delivery early 2018

D. Staffing and Budget

- 1.17 OVE currently has 24 staff, including the Director, 2 Advisors, 15 full-time evaluators, 1 communications officer, 4 administrative support staff, and 1 IT expert. There are currently 6 staff vacancies that are being left unfilled until the new Director arrives in April 2018. In addition to staff and short-term consultants, OVE hires 5-7 Research Fellows per year through a competitive process, and 12-15 Research Fellows are typically on board at any given time.
- 1.18 OVE is requesting a total 2018 budget of **\$9,616,533**. This represents a 2.4 percent nominal increase over OVE's 2017 budget, the same increase being requested by IDB for its administrative budget. The increase results from applying the Bank-wide price adjustment factors for personnel and non-personnel expenses ([Table 2](#)). OVE is not requesting an increase in the number of staff or the quantity of other inputs to its work program. The breakdown by results area and between personnel and non-personnel costs is shown in [Table 3](#).²

² 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.

- 1.19 OVE's total budget is allocated each year between IDB and IIC, given that OVE serves both institutions and most OVE evaluations jointly cover the relevant activities of both IDB and IIC. The proposed 2018 allocation assumes the same cost-sharing proportions as in 2017, resulting in a 2018 IDB budget for OVE of **\$8,205,933** and a 2018 IIC budget for OVE of **\$1,410,600** (both equal to approximately 1.4 percent of the respective administrative budgets of each organization).

Table 2. OVE Budget Comparison by Line Item

Account	FY17 Approved Budget	FY18 Requested Budget	% Change
International Staff	4,230,401	4,362,568	
Other PC	17,440	18,103	
Benefits - Int'l Staff	1,776,768	1,832,279	
Personnel Cost	6,024,610	6,212,949	3.13%
Staff Development	42,098	42,982	
Complementary Workforce Employees & Outside Services	1,234,839	1,234,839	
Business Travel	563,984	563,984	
Equipment and Supplies	50,616	51,679	
Communications and Publications	27,164	27,734	
Events, Conferences & Outreach	68,899	70,346	
Other Expenses	1,389	1,418	
Non-Personnel Costs	1,988,990	1,992,984	0.20%
Admin. Fee OVE-IIC	1,377,539	1,410,600	2.40%
OPERATING EXPENSES	9,391,139	9,616,533	2.40%

Table 3. Proposed 2018 OVE Budget by Results Area (US\$)

Product / Result Area	Personnel Cost (US\$)	Non-Personnel Costs (US\$)	Total Cost (US\$)
Project Evaluations	907,098	238,402	1,145,500
Sector and Thematic Evaluations	233,335	265,665	499,000
Country Program Evaluations	2,874,793	1,594,008	4,468,800
Corporate Evaluations	652,474	510,981	1,163,455
Outreach and Dissemination	176,875	173,125	350,000
Collaboration with Client Countries and Evaluation Capacity Development	34,680	315,320	350,000
Staff Training (1 week / staff = 1/44 remun.)	140,792	42,982	183,774
Management & Administrative Support	1,192,902	\$263,101	1,456,004
Total Proposed 2018 Budget	6,212,949	3,403,584	9,616,533

- 1.20 In sum, OVE requests that IDB's Board of Executive Directors approve a 2018 budget for OVE of **\$8,205,933** and IIC's Board of Executive Directors approve a 2018 budget of **\$1,410,600**, resulting in an overall 2018 OVE budget of **\$9,616,533**. This is intended to fund the evaluation work program laid out in [Table 1](#) for 2018 (including work in 2018 on evaluations to be delivered in 2019), as well as any new evaluations begun later in 2018, as decided by the Board in future consultations with the new OVE Director.

Annex 1 - OVE Evaluations by Topic Area, 2011-2018

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		
RURAL DEVELOPMENT	Land titling and admin	Agriculture & food security			
URBAN DEVELOPMENT & HOUSING		Procidades (Brazil)	Sustainable cities Housing (Caribbean)		
HUMAN DEVELOPMENT	Secondary education Indigenous peoples policy IDB9 (HD strategy)	CCT programs (Central Amer.)		Gender & diversity	
ECONOMIC POLICY & PUBLIC SECTOR MGMT	Citizen security (2 evaluations) IDB9 (anticorruption, inst devt)	Policy-based lending		Tax policy and admin.	
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	Equity investing Prod. Devt Prog's (Brazil)	Direct support to SMEs	
CORPORATE	IDB9 Mid-term Evaluation MIF2 Opportunities for the Majority IDB Realignment IDB Special programs ICIM (MICI) Japanese Trust Fund 2014 Annual Report 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 Report	IAMCs Impact Evaluations Merge-out progress report IDBG Knowledge Bank NSG problem projects PCR/XSR validations 2017 Annual Report	IDB-9 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	Nicaragua Chile Brazil Barbados Paraguay Honduras

Annex 2 - OVE Evaluations Timeline 2017-2019

Product Name	2016												2017												2018												2019											
	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	Jan	Feb	Mar	Apr								
Project Evaluations and Validations																																																
NSG problem projects													[Blue bar from Jan to Jun]																																			
PCR/XPSR validations																									[Red bar from Jan to Jun]																							
Sector and Thematic Evaluations																																																
Tax policy and administration													[Green bar from Sep to Jun]																																			
Gender & diversity													[Blue bar from Apr to Dec]																																			
Country Program Evaluations																																																
Guyana																									[Red bar from Mar to Jun]																							
Dominican Republic	[Green bar from Apr to Jun]																																															
Bahamas													[Blue bar from Apr to Dec]																																			
Ecuador													[Red bar from Apr to Dec]																																			
Nicaragua													[Green bar from Jun to Dec]																																			
Chile																									[Blue bar from Jan to Jun]																							
Brazil																									[Red bar from Jan to Jun]																							
Barbados																									[Green bar from Mar to Jun]																							
Paraguay																									[Blue bar from Mar to Jun]																							
Honduras																									[Red bar from Mar to Jun]																							
Colombia																									[Green bar from Jun to Dec]																							
Costa Rica																									[Blue bar from Jun to Dec]																							
Mexico																									[Red bar from Jun to Dec]																							
Corporate Evaluations																																																
IAMCs	[Green bar from Sep to Jun]																																															
Direct support to SMEs (IIC)	[Blue bar from Sep to Jun]																																															
Impact evaluations	[Red bar from Sep to Jun]																																															
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IDB-9 update													[Red bar from May to Dec]																																			
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