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***OVE's Proposed 2019-2020 Work  
Program and Budget***

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

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Inter-American Investment Corporation  
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## OVE'S PROPOSED 2019-2020 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 (IDB Invest), also reporting directly to the IDB Invest'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 presents 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 IDB Invest. Most OVE evaluations jointly address activities of both IDB and IDB Invest, 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 IDBG's performance and development effectiveness and contribute to achieving the institutional strategy.
- 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 IDBG adopted a new system for self-reporting on non-sovereign-guaranteed (NSG, or private sector) project results (the Expanded Supervision Report or XSR system), which is now being used in IDB Invest. OVE validates all PCRs and XSRs prepared by management.
- 1.5 OVE also periodically undertakes independent evaluations of IDB projects, 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 or TCs of both IDB and IDB Invest).

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 member 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 2018

- 1.9 Table 1 shows OVE's work program for 2018. Although it is a transition year for OVE as the new Director took over on May 1<sup>st</sup>, following a seven-year-tenure by the previous Director, OVE has delivered its work program with only minor amendments.

**Table 1 – OVE's Work Program 2018**

<b>Evaluations or work stream</b>	<b>Product Type</b>	<b>Delivered to Board</b>
Evaluation of the Bank's Support for Gender and Diversity	Thematic	Q1 2018
IDB's Ninth General Capital Increase: Implementation and Results	Corporate	Q1 2018
OVE Annual Report 2017 / Recommendation Tracking System (ReTS)	Corporate	Q1 2018
Review of Knowledge Generation and Dissemination in the Inter-American Development Bank	Corporate	Q2 2018
Country Program Evaluation: Nicaragua 2013-2017	CPE	Q2 2018
Lessons from IDB Group's NSG Problem Projects	Project	Q3 2018
Country Program Evaluation: Chile 2014-2018	CPE	Q3 2018
Country Program Evaluation: Barbados 2014-2018	CPE	Q3 2018
OVE's Review of 2017 PCRs and XSRs	Project	Q4 2018
Country Program Evaluation: Paraguay 2014-2018	CPE	Q4 2018
Country Program Evaluation: Honduras 2015-2018	CPE	Q4 2018
Environmental and Social Safeguards Evaluation	Corporate	Q3 2018
Country Program Evaluation: Brazil 2015-2018	CPE	Q1 2019
Country Program Evaluation: Colombia 2015-2018	CPE	Q1 2019
Country Program Evaluation: Costa Rica 2015-2018	CPE	Q1 2019
Country Program Evaluation: Mexico 2013-2018	CPE	Q2 2019
Board support	Other	
Outreach & dissemination	Other	
CLEAR	Other	

- 1.10 The evaluation “Lessons from IDB Group’s Non-Sovereign Guaranteed Problem Projects” (RE/IIC-32-3) was initiated in 2017 and presented to the IDB Invest Board in August 2018. Another area of **project work** was the review and validation of PCRs and XSRs. The report describing the process and results is scheduled for presentation to the IDB and IDB Invest Boards in November 2018.
- 1.11 On the **sector and the thematic** side, the evaluation of the “Bank’s Support for Gender and Diversity” (RE-518-2), was launched in 2017 and presented to the IDB’s Board in February 2018.
- 1.12 Five **Country Program Evaluations (CPEs)** are being completed in 2018 for Nicaragua (RE-522-1), Chile (RE-526-1), Barbados (RE-525-1), Honduras (RE-528-1) and Paraguay (RE-527). The CPEs for Brazil, Colombia, Costa Rica and Mexico have also started and will be delivered in 2019.
- 1.13 OVE also included in its 2018 work program three **Corporate Evaluations**: the “IDB’s Ninth General Capital Increase: Implementation and Results” which was finalized in February, the “Evaluation of the Environmental and Social Safeguards” discussed by the IDB and IDB Invest Boards in October, and the “Review of Knowledge Generation and Dissemination in the Inter-American Development Bank”, which was delivered in May.
- 1.14 OVE’s 2018 Annual Report (to be delivered in the first quarter of 2019) will summarize OVE’s evaluation work in 2018.
- 1.15 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. For example, in 2018 OVE organized a dissemination event for its evaluation on the Bank’s support for Gender and Diversity. The event, “Gender: From mainstreaming to overall effectiveness”, was co-hosted by OVE and the Executive Vice Presidency and was a good opportunity to present the findings of our study and hold a discussion panel with colleagues from different departments of the Bank and IDB Invest about lessons learned.
- 1.16 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 2019 and 2020**

- 1.17 OVE's work program is designed to support the IDBG in achieving its mission and in increasing its development effectiveness. As such, it aims to be relevant, timely, and balanced. In a period in which the IDBG resets its country strategies with many of the countries in the region, our work program is focused on CPEs. OVE will have delivered five CPEs in 2018 and will deliver nine in 2019. CPEs aim to enhance accountability and learning and are a key element of the programming cycle of the Group's country strategies. Yet, the protocol that guides these evaluations was last updated in 2009. Given the many changes that have taken place in the way the Bank works internally and how it engages with countries in the region, it is time to revisit the approach and scope of this important OVE product.
- 1.18 The work plan also includes two assignments focused on the accountability and oversight aspects of OVE's mission. The first follows the work carried out jointly with IDB and IDB Invest to improve and implement across the Group a solid self-evaluation system. In this context, OVE will continue to validate the self-evaluation reports for SG and NSG operations in 2019. The second refers to the tracking of the implementation of recommendations from OVE's evaluations. OVE has worked together with IDBG to set up a system that is credible and practical (ReTS) and in 2019 OVE will continue tracking past recommendations while working to improve the system.
- 1.19 An important corporate evaluation in 2019 is the evaluation of the Independent Consultation and Investigation Mechanism (MICI), five years after its revised policy has been adopted, as provided in said policy.
- 1.20 The workplan also includes the follow-up to the external review on the evaluation function at the IDB that was commissioned by the Board to the Independent Review Panel. A Board decision on endorsing the different recommendations is still pending, but it is anticipated that OVE will engage in the implementation of several of those recommendations as this report is an important input for the new OVE Director and OVE's future direction.
- 1.21 The evaluations and validations shown in Table 2 will absorb most of OVE's existing resources through the first half of 2019. However, there is room for two additional evaluations to be launched, for delivery to the Board in late 2019 and early 2020. Several topics have been suggested during OVE's bilateral discussions with the Board that can feed the work program for 2019 and 2020.

**Table 2 – OVE’s Proposed 2019 Work Program**

<b>Evaluations or work stream</b>	<b>Planned starting date</b>	<b>Planned delivery to Board</b>
CPE Colombia	Ongoing	Q1 2019
CPE Brazil	Ongoing	Q1 2019
CPE Costa Rica	On going	Q1 2019
OVE Annual Report 2018	Q4 2018	Q1 2019
CPE Mexico	Ongoing	Q2 2019
Follow up of implementation of OVE Recommendations	Q1 2019	Q2 2019
CPE El Salvador	Q4 2018	Q3 2019
CPE Belize	Q4 2018	Q3 2019
CPE Panama	Q1 2019	Q3 2019
Update of the Country Evaluation product	Ongoing	Q3 2019
Thematic evaluation (to be determined)	Q4 2018	Q4 2019
CPE Argentina	Q1 2019	Q4 2019
CPE Trinidad and Tobago	Q2 2019	Q4 2019
Evaluation of MICI	Q4 2018	Q4 2019
Validation of PCRs and XSRs	Q4 2018	Q4 2019
Corporate evaluation (to be determined)	Q1 2019	Q1 2020
CPE Bolivia	Q2 2019	Q1 2020
Follow up to Independent Review Panel of the Evaluation Function	Ongoing	TBD

1.22 While a great diversity of topics has been suggested during OVE’s consultations (see Box 1), a common thread that has emerged is that OVE should undertake evaluations that feed into the strategic reflection of the IDBG, in particular in light of the important institutional changes in 2020. In this context, several topics were raised related to the role, relevance and comparative advantage of the Group in the region. They include:

- the adequacy of the Banks’s mix of financial and non-financial instruments based on the needs of the different countries in the region. Particular interest has been expressed in the use of financial instruments such as policy-based loans (PBLs) and results-based loans (RBLs) and of non-financial instrument such as TC in the context of addressing the needs of different type of clients, such as high- and middle-income countries,
- the adequacy of IDBG’s organizational set up to deliver its mandate effectively and efficiently, including topics such as human resource management and the governance and functioning of the Bank, including its Boards.

1.23 As a result, we propose to include an evaluation to feed the strategic discussion of the role of the Group in the region. While the precise scope should still be developed, a key focus of this evaluation should be the Group’s relevance and comparative advantage vis-a-vis other MDBs in terms of its financial and non-financial instruments. The evaluation should be designed to be able to address the role of the IDB Group for different types of clients both in terms of income and sub-

regions. For example, several recent OVE evaluations identified particular challenges that the IDB Group faces in supporting Caribbean countries.

- 1.24 In terms of sector evaluations, given the large number of sectors that the IDBG covers and addressing the request from the Board that OVE help inform upcoming Sector Framework Documents (SFDs), OVE proposes to undertake an evaluation on the Bank's work on Transparency and Integrity for which a new SFD is scheduled to be presented to the Board in late 2019. Other SFDs which will be presented to the Board in 2020, include Education (Q2 2020), Transportation (Q2 2020), Urban Development and Housing (Q3 2020), Health (Q3 2020), Labor (Q4 2020).
- 1.25 Finally, OVE will continue its efforts to disseminate the results of its evaluations and to build evaluation capacity both in-house and in the LAC region and will as in previous years, produce an Annual Report, which is again expected to summarize OVE's evaluation work and project validations completed in 2018.

**Box 1 – Possible evaluation topics suggested during bilateral consultations with individual Board Chairs<sup>1</sup>**

1. Result-based loans and policy-based loans, their relevance and effectiveness
2. Climate Change, in view of international commitments and the size of the portfolio
3. Financial intermediaries, following OVE's latest evaluation in 2016
4. Health sector
5. Human resource management and effectiveness, including staff cap
6. Institutional strategy, lessons from processes and formats
7. Technical cooperation, recurrent need but limited funding
8. Challenges to serve and support Caribbean countries
9. Changes in NSG portfolio and effectiveness following the merge-out
10. Corporate results framework, lessons in view of the elaboration of the next CRF
11. Education sector
12. Energy sector (in particular for NSG operations)
13. External representations, functioning, governance, effectiveness
14. Functioning of the Board and the Secretariat
15. Governance of IDBG including its Boards of Directors
16. High- and medium-income countries, addressing their needs
17. Innovation and technology as an area of strategic focus
18. MIF, in view of the next possible replenishment
19. Urban development and housing
20. Programming of resources among countries
21. Sector framework documents, their role (requested to be carried out in 2-3 years)
22. Water and sanitation
23. Transparency and integrity

<sup>1</sup> This list has been included to inform the discussion and will be removed from the final version. The topics listed were raised during bilateral discussions with individual Board Chairs. The formulation of the topic as presented in the table is OVE's. Topics are sorted, first, by number of mentions and, second, alphabetically.

#### D. Staffing and Budget

- 1.26 OVE has 30 staff positions of which 23 are currently filled, including the Director, 2 Advisors, 16 full-time evaluators, 3 administrative support staff, and 1 IT expert. OVE will shortly launch the recruitment process to fill the remaining vacancies to allow it to deliver a full work program in 2019. 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.
- 1.27 OVE is requesting a total 2019 budget of **\$9,760,363** as shown in Table 3. This represents a 1.80 percent nominal increase over OVE's 2018 budget, the same increase as is being requested by IDB for its administrative budget. The increase results from applying the Bank-wide price adjustment factors for labor and non-labor expenses. OVE is not requesting an increase in the number of staff or the quantity of other inputs to its work program.
- 1.28 OVE's total budget is allocated each year between IDB and IDB Invest, given that OVE serves both institutions and most OVE evaluations jointly cover the relevant activities of both IDB and IDB Invest. The proposed 2019 allocation assumes the same cost-sharing proportions as in 2018, resulting in a 2019 IDB budget for OVE of **\$8,328,720** and a 2019 IDB Invest budget for OVE of **\$1,431,644**.<sup>2</sup>
- 1.29 In sum, OVE requests that IDB's Board of Executive Directors approve a 2019 budget for OVE of **\$8,328,720** and IDB Invest Board of Executive Directors approve a 2019 budget of **\$1,431,644**, resulting in an overall 2019 OVE budget of **\$9,760,363**. This is intended to fund the evaluation work program laid out in Box 1 for 2019 (including work in 2019 on evaluations to be delivered in 2020).

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<sup>2</sup> Because all OVE staff are technically employed by the IDB, the requested budget for IDB Invest can be formally allocated only to complementary labor costs and non-labor costs.

**Table 3. OVE Budget Comparison by Line Item<sup>3</sup>**

<b>Account</b>	<b>FY18 Approved Budget</b>	<b>FY19 Requested Budget</b>	<b>% Change</b>
International Staff	4,362,568	4,201,795	
Other Personal Costs	18,103	18,682	
Benefits - International Staff	1,832,279	1,850,941	
Staff Labor Costs	6,212,949	6,071,418	
Complementary Labor Costs	1,209,990	1,272,574	
<b>TOTAL LABOR COSTS</b>	<b>7,422,940</b>	<b>7,343,993</b>	<b>-1.06%</b>
Learning Logistics and Fees	35,648	75,000	
Training Travel	7,334	22,503	
International Business Travel*	563,984	285,000	
Travel	571,318	307,503	
Office Occupancy	0	5,154	
Equipment and Supplies	51,679	67,144	
Communications and Publications	27,734	86,500	
Events, Conferences and Outreach**	70,346	441,726	
Other Expenses	1,418	1,700	
General Administrative Costs – Non-Labor	151,178	602,225	
<b>TOTAL NON-LABOR COSTS</b>	<b>758,145</b>	<b>984,727</b>	<b>29.89%</b>
<b>TOTAL OVE-IDB</b>	<b>8,181,084</b>	<b>8,328,720</b>	<b>1.80%</b>
<b>TOTAL OVE-IDB Invest</b>	<b>1,406,330</b>	<b>1,431,644</b>	<b>1.80%</b>
<b>OVE TOTAL OPERATING EXPENSES</b>	<b>9,587,414</b>	<b>9,760,363</b>	<b>1.80%</b>

\* The overall travel budget figure considered the average travel budget amounts over the past 2 years as well as the fact that a portion of the travel budget for joint evaluations is now being allocated to IDB Invest.

\*\* The 2019 budget now includes the CLEAR initiative (\$300,000) and also reflects the increased focus on dissemination activities described in the text.

<sup>3</sup> The new Instructions for 2019 Budget Formulation and Execution (paragraph 3.3) no longer allow movement of funds between line items in excess of 6%. OVE therefore took into account the actual expenditures over the past two years by line item in determining the appropriate amounts for each line item. Individual budget line items may therefore vary considerably compared to the 2018 budget.

**Annex 1 – OVE Evaluations by Topic Area, 2011-2019**

Sector	2011-14	2015	2016	2017	2018	2019
INFRASTRUCTURE & ENVIRONMENT	Climate change	Bus rapid transport	Infrastructure PPPs			
	Watershed management	Rural water	Urban trans and poverty			
	IDB9 (environment strategy)					
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		

Sector	2011-14	2015	2016	2017	2018	2019
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 IDB as a knowledge bank NSG problem projects PCR/XSR validations 2017 Annual Report	IDB-9 update Env & Soc Safeguards PCR/XSR validations 2018 Annual Report	Evaluation of MICI PCR/XSR validations 2019 Annual Report Update of the Country Evaluation product Follow up to Independent Review Panel of the Evaluation Follow up of implementation of OVE Recommendations
COUNTRY PROGRAM EVALUATIONS	22 countries	Colombia Panama Bolivia Brazil Uruguay	Argentina Haiti Suriname Trinidad & Tobago Peru Guatemala	Guyana Dominican Republic Bahamas Ecuador	Nicaragua Chile Barbados Paraguay Honduras	Colombia Brazil Costa Rica mexico El Salvador Belize Panama Argentina Bolivia Trinidad and Tobago

Source: OVE