



Corporate Evaluation

Management's Implementation of OVE Recommendations: IDB Group's Evaluation Recommendations Tracking System 2020

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**Corporate Evaluation
Management's
Implementation
of OVE
Recommendations:
IDB Group's
Evaluation
Recommendations
Tracking System
2020**

Office of Evaluation and Oversight



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Acronyms and Abbreviations

CPE	Country program evaluation
ICAP	Institutional Capacity Assessment Platform
ICAS	Institutional Capacity Assessment System
ICPR	Independent country program reviews
IDB	Inter-American Development Bank
MAPS	Methodology for Assessing Procurement Systems
OVE	Office of Evaluation and Oversight
PBL	Policy-based loan
PBP	Programmatic policy-based loan
PCR	Project completion report
PEFA	Public Expenditure and Financial Accountability
PPP	Public-private partnership
ReTS	Recommendation Tracking System
SMEs	Small and medium-sized enterprises
VfM	Value for money
VPS	Vice Presidency for Sectors and Knowledge
XSR	Expanded supervision report

Executive Summary

This is OVE's fifth full validation of the progress made in implementing its recommendations under the IDB Group's Evaluation Recommendation Tracking System (ReTS) and the third self-standing report. The ReTS is a system designed to periodically provide the Boards of Executive Directors of the IDB and IDB Invest with timely information on the action taken by Management, the progress made, and the challenges encountered in implementing the OVE recommendations that the Boards endorsed. Assessing to what extent recommendations have been addressed is essential for institutional accountability.

The great majority of the recommendations made by OVE since 2013 have been endorsed by the Boards of Executive Directors. Specifically, of the 299 recommendations made since 2013, 96% (288) have been endorsed. Of these, the majority (75%) are to the IDB and the rest to IDB Invest (11%) or to both institutions (14%). Once the Boards have considered OVE's recommendations and endorsed them, Management prepares an action plan for their implementation. OVE analyzes the relevance and evaluability of the action plans as they are prepared by Management, and Management subsequently begins their implementation. OVE then reviews implementation progress each year for four years and the final extent of adoption of the recommendations at the end of that period.

In terms of the relevant processes, OVE and Management have maintained the progress made in previous years, but there is room for improvement. For example, OVE continues to provide feedback informally on draft versions of new action plans and on some action plans that are already in place but that are being revised. Its purpose in doing so is to provide an opportunity to improve the plans before their formal adoption. As recommended by OVE in the 2018 ReTS report, Management has continued to systematically document all changes made in action plan milestones and targets and has provided OVE with a summary of those changes in order to make it easier to track them. However, there is still room for improvement for OVE to receive a clearer and more complete explanation of the reasons for any substantive changes that are made. In addition, in the year's first validation round (February), a considerable number of the action plans (14 out of 36 evaluations) did not include means of verification for validating the implementation of the actions

concerned. In most cases, this supporting information was provided only in the final round (April), which made the process less efficient than it would otherwise have been.

In the 2020 exercise, OVE found that the action plans continued to be highly relevant and there were improvements in their evaluability over 2019, but some implementation-related challenges remain. OVE tracked 153 action plans corresponding to 36 evaluations in 2020. The majority of the action plans (96%) were relevant to addressing the corresponding recommendation, and the evaluability of the new action plans was greater than it had been in 2019. However, fewer of the plans were implemented as scheduled in 2020 (79% versus 84% in 2019). A majority of the 30 plans whose implementation was rated as low did not meet their annual targets. In nearly a third of them (nine action plans), no progress in connection with any action was reported.

Almost one quarter of the 51 recommendations that were retired from the ReTS in 2020 were only partially adopted, which was more than the year before. Of the 51 recommendations retired in 2020, 39 were fully or substantially adopted and 12 were adopted only partially. In all, 10 evaluations completed their tracking cycle in the ReTS: six country program evaluations (CPEs) (Guatemala 2012-2016, Suriname 2011-2015, Trinidad and Tobago 2011-2015, Dominican Republic 2013-2015, Guyana 2012-2016, and Haiti 2011-2015), two sector evaluations (Public-Private Partnerships in Infrastructure and IDB's Emerging and Sustainable Cities Initiative), one corporate evaluation (Direct Support to SMEs by the Inter-American Investment Corporation -now IDB Invest-), and an OVE review of project completion reports (PCRs) and expanded supervision reports (XSRs) (2018/2019). In five of these evaluations (including all the sector and corporate evaluations) all the recommendations were adopted. The adoption rates for the recommendations stemming from two of the CPEs (Suriname and Guyana) were conspicuously low.

In 2020, against the backdrop of the COVID-19 pandemic, Management made noteworthy efforts to adapt or adjust action plan actions to make headway on the recommendations. Based on the information registered in the ReTS, of the 153 action plans that were active in 2020, OVE found that more than one third (54 cases) might have been affected by the COVID 19 pandemic. In most (42) of these cases, Management made notable efforts to adapt or adjust actions provided for in the plans in order to fulfill the targets and move forward with the implementation of the recommendations. Examples include virtual portfolio reviews, training, and regional policy dialogues; the use of drones for infrastructure oversight; or the reprioritization of portfolios and reformulation of operations. Seven action plans were given low ratings for implementation that were due to the pandemic, however.

Lastly, new action plans for the five CPEs that were entered into the ReTS in 2020 were designed in such a way (i.e. by including specific actions) as to take the pandemic into account.

The report also includes a medium-term analysis (2013-2020) of a recurrent issue in OVE evaluations: strengthening institutional capacity. The analysis was based on the information registered in the ReTS and aims to give an account of the actions taken by Management on the recommendations. Of the 288 recommendations registered since 2013, 25 have had to do with building borrowers' institutional capacity. These recommendations refer to the institutional strengthening of ministries, government agencies, country systems (including statistical systems in, for example, the Caribbean) or private sector clients, or they focus on strengthening portfolio execution capacity, placing emphasis on project executing units. Most of the action plans designed to address these recommendations have been relevant (the actions are diverse and include public expenditure studies, support for producing statistics, training for executing units, institutional capacity analysis, and more), but only 61% of them were implemented as scheduled in 2020. This indicates that implementation challenges are greater in connection with this type of recommendation than they are for the action plans as a whole.

In conclusion, the information available in the ReTS indicates that a considerable percentage of the recommendations to be retired have only been partially addressed. The ReTS was set up in order to provide the Boards of Executive Directors with timely information on progress in the implementation of the OVE recommendations that they have endorsed and have asked Management to address. The fact that a considerable percentage of the recommendations being retired from the system have not been fully resolved indicates that action has yet to be taken on a series of issues identified in prior OVE evaluations.



01

Introduction

- 1.1 This report presents the results of the Office of Evaluation and Oversight's (OVE) 2020 validation of Management actions in response to recommendations endorsed by the Boards of Executive Directors of the Bank and IDB Invest. Follow-up on these recommendations by OVE is an essential element in supporting accountability and helps to ensure that the IDB Group takes the recommendations into account, to continuously improve its performance and results.
- 1.2 This is OVE's fifth full annual validation of the IDB Group's Evaluation Recommendation Tracking System (ReTS) and is the third free-standing report. The ReTS is a monitoring system designed to provide the Boards of Executive Directors with periodic information on IDB and IDB Invest actions and progress in implementing the recommendations made on the basis of OVE evaluations. This annual validation exercise reports on 100% of active Board-endorsed recommendations made since 2013 for the IDB and since 2016 for IDB Invest. Management prepares an action plan that guides the necessary steps for the adoption of the recommendations, thereby following good practice among multilateral development banks. The recommendations arising out of the evaluations and the action plans remain active (i.e. are tracked under the ReTS) for up to four years. Five complete validation rounds were conducted between 2016 and 2020, in addition to a test or pilot validation in 2014.¹
- 1.3 In addition to summarizing the results of the 2020 validation, this report offers an analysis of how the COVID 19 pandemic has affected the action plans for that year and of a recurrent issue in recommendations made by OVE between 2013 and 2020. The report summarizes the main results of the validation in terms of evaluability, relevance, implementation, and adoption of the recommendations. Since, in 2020, the COVID 19 pandemic made it necessary to adjust how the Bank worked, the report presents an assessment of how these adjustments influenced the design and implementation of the action plans. Lastly, in response to a request by the Boards for a more in-depth examination of the progress made and the challenges encountered in implementing the action plans for addressing the recommendations that they have endorsed, a medium-term analysis (2013–2020) of institutional capacity building for borrowers—a recurrent issue in OVE recommendations—is presented.
- 1.4 This report is divided into six chapters: in addition to the introduction, Chapter II presents a summary of the methodology used in the report and the validation process; Chapter III provides

¹ From 2016 to 2018, OVE reported on the ReTS in a section of its Annual Report (documents [RE-511](#), [RE-524-2](#), and [RE-537](#)). In 2019 and 2020, it submitted full reports on the ReTS to the Boards covering the 2018 and 2019 validation cycles (documents [RE-541](#) and [RE-550](#), respectively).

a brief overview of the recommendations and their respective action plans and summarizes the main results of the validation exercise in terms of evaluability, relevance, implementation, and adoption of the recommendations; Chapter IV offers an analysis of how the pandemic has influenced the design and implementation of the action plans; Chapter V provides an analysis of the recommendations and the institutional capacity-building efforts undertaken by Management; and lastly Chapter VI sets out the report's conclusions.



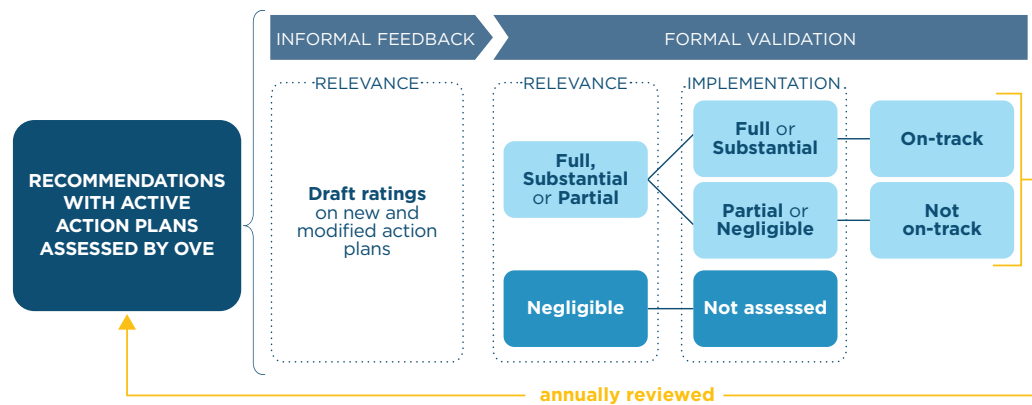
02

Methodology
and processes

2.1 Every year OVE validates Management’s action plans in terms of their evaluability, relevance, implementation, and adoption. The same validation methodology as in previous years has been used for the 2020 validation. The unit of analysis is the recommendation itself and, for each recommendation endorsed by the Board of Executive Directors of the IDB or the Board of Executive Directors of IDB Invest (hereinafter “the Boards”), as appropriate, Management draws up an action plan that describes how Management intends to address it. Thus, each evaluation gives rise to the same number of action plans as there are endorsed recommendations. Each year OVE assesses the *evaluability* of the new action plans and of the plans which have been modified by determining to what extent the plan sets out well-defined actions, clear and measurable targets, and an appropriate timetable for interim steps and completion. Each year OVE also assesses the action plans’ *relevance* for addressing the corresponding recommendation and the progress made toward its *implementation* on a four-level scale: full, substantial, partial, and negligible.² After four years,³ OVE assesses the degree of *adoption*, i.e. the extent to which the action plan has been relevant and has been implemented as intended, using the same four-level scale.⁴ Figure 2.1 depicts the validation cycle of the action plans while they are active in the ReTS (Annex I).

Figure 2.1
Annual validation cycle for action plans

Source: OVE.



Note: Evaluability is assessed in tandem with relevance during the informal feedback phase and during the formal annual validation exercise (in the latter case, this is done only if there are adjustments in milestones or targets).

- 2 For the relevance metric, the rating on the scale indicates whether the action plan fully addresses the recommendation, does so substantially, exhibits considerable shortcomings in that regard, or does not address the recommendation. (In the latter case, the action plan is considered to be irrelevant, and its implementation is therefore not validated.) In the case of implementation, the rating scale indicates whether all the actions and targets scheduled for the year in question were completed as planned; whether most of them were completed; whether only a few of them or only those that were limited in scope were completed; or whether no action was completed. (In the latter case, the action plan is deemed to have not been implemented.) (Annex I).
- 3 OVE monitors the recommendations over a period of four years or until the date initially agreed upon with Management.
- 4 A recommendation is rated as having been fully adopted if, at the end of the four-year period, the corresponding action plan is rated as being fully relevant and fully implemented. Adoption status is rated as substantial, partial, or negligible if the ratings

2.2 The validation process has been consolidated over time. Since the pilot validation in 2014, ReTS processes have been strengthened and their scope has been expanded through, for example, the introduction in 2016 of recommendations for IDB Invest and in 2017 of the ReTS portal information technology system, among other actions (Annex I, Box I.1.2). These processes have continued to evolve during the 2020 cycle and are coordinated by OVE, the Office of Strategic Planning and Development Effectiveness (SPD) of the IDB and the Strategy and Development Department (DSP) of IDB Invest. For the second year now, OVE continued to provide informal feedback on the draft versions of new action plans and some active plans in which modifications were made in terms of relevance and evaluability in order to provide an opportunity to improve the plans before they became final. (In 2020, 10 evaluations benefited from this process. See Annex II.) In addition, in 2020, at the suggestion of the Boards, OVE prepared infographics that provide a snapshot of the validation methodology and its main results. For ease of access and consultation by Management teams and the Boards, these infographics have been posted on the ReTS portal.

2.3 Although progress has been made in recent years, there is still room for improvement. Providing clear, complete, and timely descriptions of the reasons why targets were adjusted and the means of verification for progress reported would help to make the process more efficient.

- (i) Pursuant to a recommendation made by OVE in the 2018 ReTS report, Management has continued to systematically document all changes made in the milestones and targets in the action plans and has provided a summary of those changes to OVE that makes it easier to track them. In some cases (16 action plans), however, targets were altered or eliminated without providing a clear and complete explanation of the rationale for those changes.
- (ii) In the first annual validation round (in February), a considerable number of action plans did not include the means of verification for validating progress in some actions (in the action plans of 14 out of 36 evaluations). Management provided most of these at OVE's request in the final round (in April). The failure to supply this information from the start of the process generates inefficiencies associated with the preparation of multiple revised versions.

for relevance and implementation are substantial, partial, or negligible, respectively. Recommendations with a low adoption rating, i.e. partial or negligible, are considered to not have been adopted.



03

Results of the
2020 Validation

3.1 This chapter presents the results of the 2020 validation exercise in terms of the four dimensions: evaluability, relevance, implementation, and adoption. In order to provide a more complete picture and a point of comparison, graphs of the aggregate results of the validations over the last five years are also included.

3.2 Between 2013 and 2020, OVE issued a total of 299 recommendations, of which 153 were active during the 2020 cycle. Of the 299 recommendations issued between 2013 (the first year that ReTS was in place) and 2020, 288 (96%) have been endorsed by the Boards (two of them partially) and 11 (10 for the IDB and one for IDB Invest) have not been endorsed (Annex III). During the 2020 validation exercise, 153 recommendations were active, 131 had been retired during earlier exercises, and the action plans for another four will be launched in 2021. Of these 153 active recommendations, 28 were newly registered in 2020; 108 (71%) were for the IDB, 20 (13%) for IDB Invest, and 25 (16%) for both.

Figure 3.1 (Left)

Overlap among the 2018, 2019, and 2020 validation exercises

Source: OVE

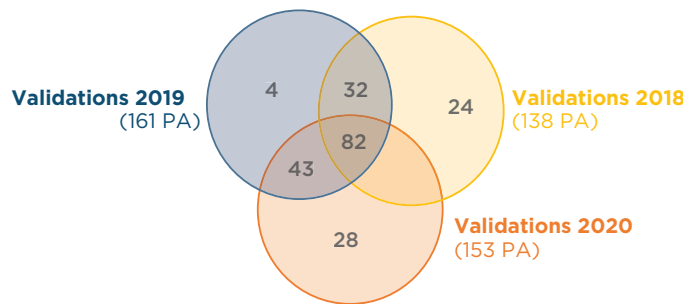
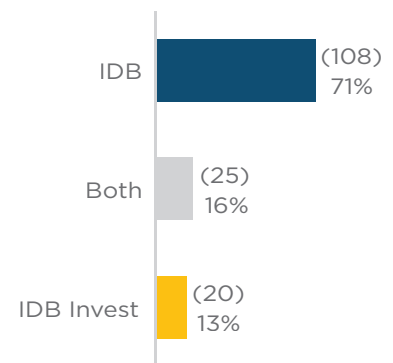


Figure 3.2 (Right)

IDB-IDB Invest breakdown (2020)

Source: OVE



3.3 A majority of the recommendations registered in the ReTS in 2020 stemmed from CPEs, followed by sector and corporate evaluations. Of the total of 153 active recommendations in 2020, 61% came from CPEs, 19% from corporate evaluations, 13% from sector or thematic evaluations, and 7% from project evaluations. The following table provides an overview of the endorsed recommendations and corresponding action plans for the 2020 cycle in terms of the four dimensions of the ReTS.

Table 3.1. Evaluations, endorsed recommendations, and action plans in the ReTS in 2020

	# of recommendations and action plans	# of evaluations
Total 2020	153 (28 new action plans)	36 (6 new)
Evaluability	148 ^a	35
Relevance		
Implementation	140 ^b	34
Adoption	51	14 ^c

Source: OVE.

- (a) Because of the social and political situation in Nicaragua and the absence of a new IDB Group country strategy with Nicaragua, there is no action plan for the five recommendations based on the 2013 2017 CPE. When Management takes action that has a bearing on those five recommendations, OVE monitors them but does not validate them in terms of the four dimensions of evaluability, relevance, implementation, and adoption.
- (b) Eight action plans do not include any milestones for 2020: five of these are related to the CPE for Uruguay 2016 2019, one to the CPE for Bolivia 2016 2020, one to that of Suriname for 2011 2015, and one to the evaluation of the implementation of the private sector merge-out.
- (c) All the action plans corresponding to 10 of the 14 evaluations were retired from the ReTS in 2020.

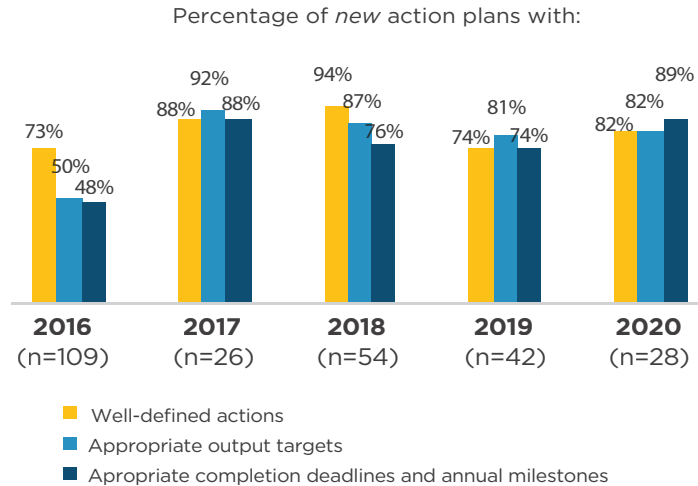
A. Evaluability

3.4 Following a decline in 2019 in the evaluability dimension of the action plans, an improvement was seen in 2020, especially in relation to action plans having appropriate completion deadlines and annual milestones. The new action plans entered into the ReTS in 2020 had a higher evaluability rating than was the case in 2019. A total of 82% of the new action plans included well-defined measures (compared to 74% in 2019), 82% had appropriate output targets (81% in 2019), and 89% had annual intermediate milestones and clear deadlines (74% in 2019) (Figure 3.3). This is an important development because there had been a deterioration in the quality of the plans in 2019 that was particularly notable in terms of the metric of having well-defined actions for responding to the respective recommendations. Nevertheless, substantive improvements over recent years are not in evidence, since plan quality is similar to the levels seen in 2017 and 2018. Around 20% of all the action plans validated in 2020 still exhibit shortcomings in terms of evaluability that hinder validation of the progress achieved⁵ (Figure 3.4).

5 For the action plans in which no clear annual targets were identified (16%), OVE carried out the validation based on specific, plausible assumptions for each case.

Figure 3.3**Evaluability of new action plans, by year of validation**

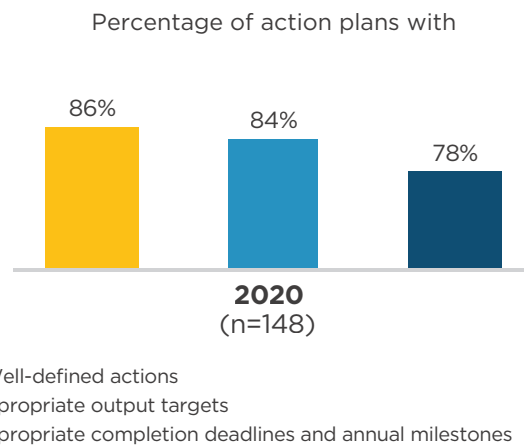
Source: OVE



Note: For the years 2017-2020, Figure 3.3 (up) indicates the action plans that were validated for the first time in the year shown (in some cases, their evaluability ratings may have changed in subsequent years). For 2016 (the first full validation cycle), all the validations conducted that year are counted.

Figure 3.4**Evaluability of active action plans in 2020**

Source: OVE

**B. Relevance**

3.5 In the 2020 exercise, OVE found that the majority of the 148 validated action plans were relevant in addressing the corresponding recommendation. OVE assessed the relevance of 148 of the 153 action plans included in the 2020 validation exercise (Table 3.1). Continuing with the positive trend observed in previous exercises, 148 (96%)⁶ of the action plans were considered to be highly (fully or substantially) relevant, while just six (4%) of the plans were rated as partially relevant, and none was rated as being of negligible relevance (which would result in the implementation of the action plan being removed from the validation exercise) (Figure 3.5). If only the new action plans entered into the ReTS each year since 2017 are considered, then

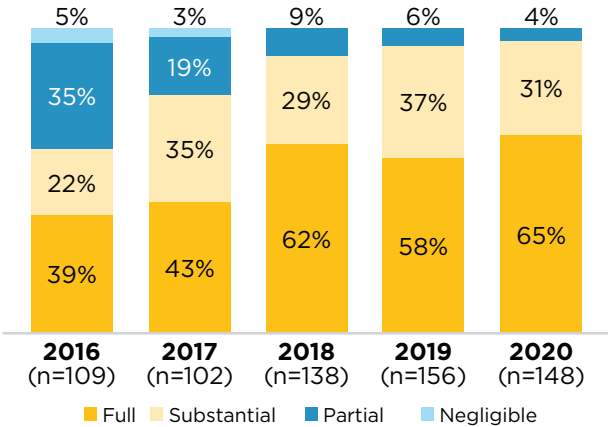
⁶ The breakdown of this percentage is: 95% of the action plans for the IDB, 95% of those for IDB Invest, and 100% of the action plans that were for both organizations were relevant.

over 90% of them have been highly (fully or substantially) relevant (Figures 3.5 and 3.6). This reflects the various improvements made in ReTS processes, which have resulted in the proposed action plans being more directly geared toward addressing the main underlying problems targeted by the recommendation.

Figure 3.5

Relevance of action plans, by year of validation

Source: OVE, based on ReTS data.

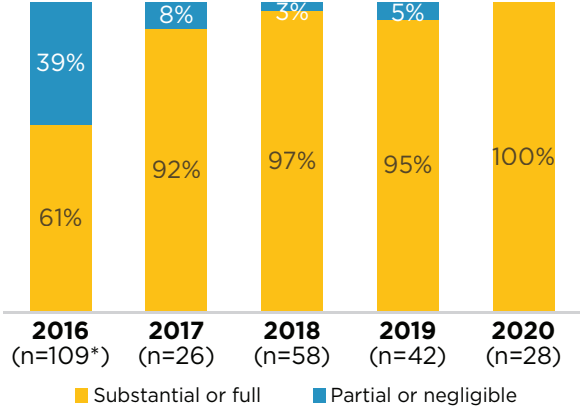


Note: In Figure 3.5, the total of full and substantial ratings differs from the total given in 2019 (94%) due to rounding. In Figure 3.6, for the years 2017-2020, the action plans that were validated for the first time in the relevant year are indicated (in some cases, their evaluability ratings may have changed in subsequent years). For 2016 (the first full validation cycle), all the validations conducted that year are counted.

Figure 3.6

Relevance of new action plans, by year of validation

Source: OVE, based on ReTS data.



3.6 Six action plans were classified as partially relevant. Two of these were to be retired from the ReTS after 2020, while the other four need to be adjusted so that they will more fully address the underlying elements that gave rise to the recommendation. Two of the action plans rated as partially relevant were to be retired from the ReTS once the 2020 validation exercise was complete; the other four are to be retired after the 2021 cycle. The reasons for the partial relevance rating were: (i) actions are too general, making it difficult to determine whether they will lead to the

expected outcome (three); and (ii) actions are aligned with the recommendation but are insufficient to address it or leave significant elements unaddressed (three) (Table 3.2).

Table 3.2. Partially relevant action plans validated in 2020

Status of action plan	Evaluation	Rec.	Main reason for the low relevance rating
Retired in 2020	Suriname 2011-2015	1	The proposed actions are insufficient to cover the scope of the recommendation.
	IDB's Impact Evaluations	7	The proposed actions are a starting point but are not enough to address the recommendation.
To be retired in 2021	CPE Peru 2012-2016	3	The action plan includes activities aligned with the recommendation, but actions to address part of the recommendation are missing.
	Evaluation of Environmental and Social Safeguards	IDB-3	The actions are generally relevant, but the plan does not include specific actions for framework projects.
	CPE Honduras 2015-2018	3	The actions are aligned with the recommendation, but clear targets are lacking.
To be retired in 2022 or later	Review of Knowledge Generation and Dissemination in the IDB	3	There is a lack of clarity regarding the ultimate scope of some of the proposed actions. In addition, the action plan is limited to a subset of the instruments referenced in the recommendation (technical cooperation operations and fees for advisory services are not covered).

Source: OVE.

Note: This was not covered in the 2019 validation exercise; its action plan was included in the 2020 cycle.

3.7 The great majority of the new plans in 2020 are highly relevant, and Management is working to improve the action plans from previous exercises. OVE provided informal feedback on both the new action plans and earlier plans that have been modified. In 2020, there were four cases in which action plans stemming from different types of evaluations were improved from 2019: new actions that are directly aligned with the recommendation were introduced, actions or annual milestones were adjusted, or more detailed information regarding the relevance of the proposed actions was provided. These changes made the action plans more relevant to the recommendation; in three cases, their relevance rating was changed from partial to substantial and, in one case, the rating was changed from substantial to full (Table 3.3 and Box 3.1).

Table 3.3. Improvements in action plan relevance from 2019 to 2020

Evaluation	Recommendation	Relevance	
		2019	2020
Evaluation of PPPs in Infrastructure	3.3	Partial	Substantial
Country program evaluation (CPE): Brazil 2015 2018	4	Partial	Substantial
CPE Surinam 2011-2015	2	Partial	Substantial
Review of Knowledge Generation and Dissemination in the IDB	1	Substantial	Total

Source: OVE-ReTS.

Box 3.1. Example of adjustments made in action plans to increase their relevance

The **Evaluation of PPPs in Infrastructure** recommended (recommendation 3.3) that the results framework for operations conducted under PPPs be strengthened and indicated that those operations should regularly check the value-for-money (VfM) ratio to determine if a PPP is the best of the available options. In 2019, the action plan included measures aligned with the recommendation, such as improvements in the DELTA tool (IDB Invest) for monitoring results, the use of the Development Effectiveness Matrix (IDB), and the development of a tool for prioritizing PPPs in the pipeline. However, part of the recommendation concerning the analysis of the VfM ratio was not addressed, and the action plan was therefore rated as being partially relevant.

In 2020, Management modified the plan and added an action focusing on the use of a VfM analysis to determine the suitability of PPP projects and an affordability/demand analysis to determine the country's ability to meet the fiscal requirements associated with PPP projects. With these modifications, the action plan's relevance was increased from partial to substantial.

Source: OVE (Annex IV).

3.8 In line with the large percentage of relevant individual action plans, their average relevance score in 2020 was high, when they were grouped by evaluation level. OVE calculated a relevance score for each evaluation that was validated in 2020.⁷ All of the validated evaluations (35) have a high average relevance rating (3 or more, with 4 being the highest possible score). This represents an improvement over 2019, when 35 of the 37 evaluations had a high average rating. Most of the evaluations' high average ratings stayed the same, but the ratings of three of them increased (PPPs in Infrastructure, Knowledge Generation, and the CPE: Brazil 2015 2018) while the scores of another two decreased (Honduras 2015 2018 and Suriname 2011 2015) (Annex IV).

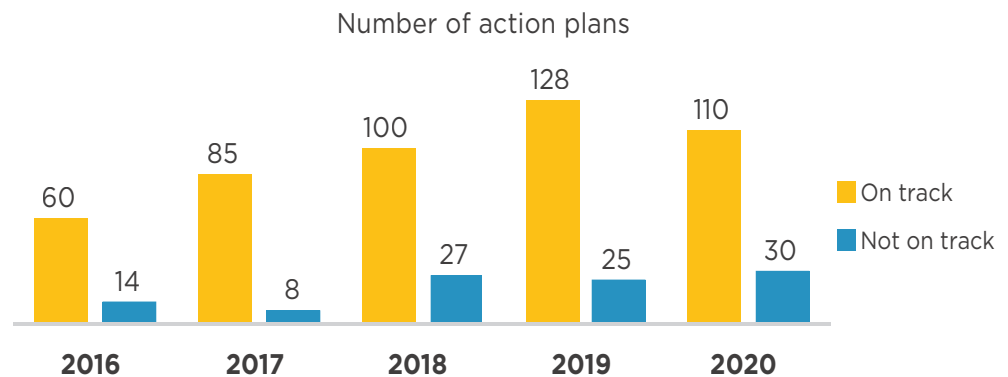
⁷ This was done by aggregating the individual relevance ratings of the action plans and then computing a simple average (1 = "not relevant" and 4 = "fully relevant").

C. Implementation

3.9 In 2020, 21% of the plans were behind schedule; this was more than in 2019. Of the 153 active plans in 2020, OVE validated the progress made in the implementation of 140 of the plans that included actions to be conducted in 2020. The implementation of 110 (79%) of those plans was on track (on time) as at December 2020 (compared with 84% in 2019), and 30 (21%)—more or less evenly divided between action plans for the IDB and action plans for IDB Invest—were behind schedule (a low implementation rating).⁸

Figure 3.7
Implementation status
of action plans, by
year of validation

Source: OVE, Annex IV.



3.10 The low implementation ratings of 30 plans in 2020 were based on three factors:⁹ (i) targets for annual milestones were not attained as planned (22 cases); in seven of these cases, it is plausible that the reason for this had to do with the COVID 19 pandemic (Chapter IV); (ii) information on progress toward the milestone was not reported (nine cases); and (iii) adequate means of verification for validating the completion of some activities were missing (six cases). In addition, difficulties having to do with the social and economic situation in the corresponding country were encountered in six cases.¹⁰ In 2020, of the 30 action plans with low implementation ratings, 18 of them had lower ratings than in 2019, 11 had the same rating (nine partial and two negligible), and one was a new action plan (Figure 3.8).

8 Of the 42 action plans of IDB Invest or both organizations, 35 (83%) were implemented on schedule (that is, they were on track), while, of the 98 action plans of the IDB, 75 (77%) were on track (Annex IV).

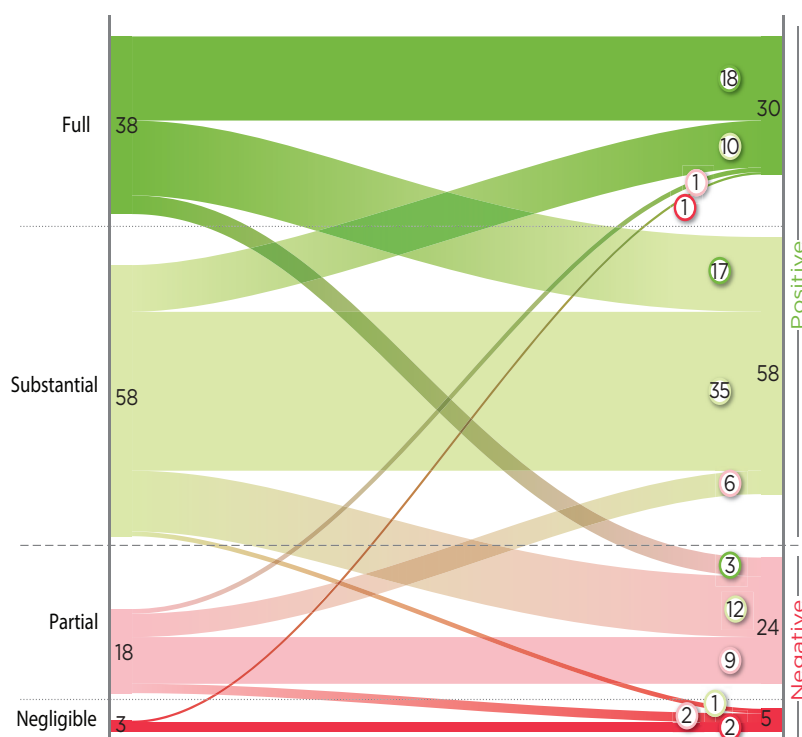
9 There were seven cases in which more than one factor applied.

10 The CPEs for Barbados 2014-2018, Haiti 2011-2015, Guyana 2012-2016, Guatemala 2012-2016, Suriname 2011-2015, and Trinidad and Tobago 2011-2015.

Figure 3.8

Changes in action plan implementation status from 2019 to 2020

Source: OVE,



Note: An analysis was conducted of the relative status in 2019 and 2020 of 117 out of the 140 action plans whose implementation was assessed.

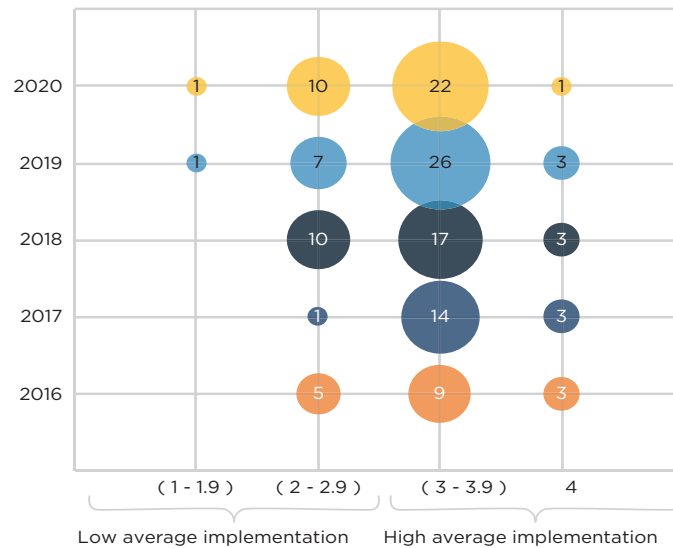
3.11 When grouped by evaluation level, a higher number and larger percentage of the evaluations had the same number or more action plans behind schedule than on track in 2020 as compared to 2019. OVE issued an annual implementation score for the 34 evaluations that had actions which had progressed as expected in 2020;¹¹ an average above three means that they had more active plans for which annual implementation progress had been substantially or fully on track than plans that were not on track. Most of these evaluations (23 out of 34) had an average score of 3 or higher. Only one evaluation had the highest rating in 2020: the Evaluation of Direct Support to Small and Medium-sized Enterprises (SMEs) by the Inter-American Investment Corporation (IIC) (Annex IV). Meanwhile, in 2020, 11 evaluations (32%) had a low average implementation score (they had the same number or more action plans that were behind schedule than action plans that were on track), as compared to eight evaluations (21%) in 2019 (Figure 3.9 and Annex IV). Two corporate evaluations were noteworthy in that one has encountered implementation challenges in the last three validation cycles, while the other marked up the sharpest improvement to be registered in terms of its average implementation score in 2020 over 2019 (Box 3.2).

¹¹ OVE calculated an average implementation score per evaluation, aggregating and averaging the latest individual implementation scores of evaluations that had at least one active action plan in 2020. OVE assigned numerical values to the latest available implementation score (from 1, “not implemented” to 4, “fully implemented”) (Annex VII).

Figure 3.9

Average annual implementation scores for active evaluations

Source: OVE.



Note: Includes only evaluations for which implementation has been validated for each year (2020, n=34) (2019, n=37) (2018, n=30) (2017 n=18) (2016 n=17).

Box 3.2. Examples of action plan improvements and implementation challenges in 2020

Examples of plans on track: All four of the action plans for the Review of Knowledge Generation and Dissemination (document [RE-517-2](#)) were behind schedule in 2019, and progress was mixed. In 2020, however, so much progress was made in their implementation that their average implementation score was the one that showed the largest improvement over its 2019 rating (an increase of 1.5 points). A few examples include the following: Pursuant to the recommendation (No. 1) *on improving the organization and tracking of knowledge activities, resource and dissemination efforts, and usage*, a strategic planning methodology was developed to support the knowledge generation agendas. This methodology was approved by the Vice Presidency for Sectors and Knowledge (VPS) and was to be offered to the relevant sectors in 2021. Progress is also being made on a methodology for defining progress indicators, priorities, and sources of financing on the basis of knowledge agendas. This methodology is being piloted in the Migration Unit (MIG). In order to *improve the prioritization process by strengthening the identification of knowledge gaps* (No. 2), in 2020 three sector framework documents (SFDs) on skills development, urban development and housing, and transportation were prepared that include a specific section on knowledge gaps. Nonetheless, more could be done to identify sector knowledge gaps at the country level more systematically in country development challenges (CDC) documents. New VPS guidelines were posted on the Intranet on processing economic and sector work (ESWs) and corporate input products (CIPs) as a means of *improving quality controls at entry* (No. 3). These advances did not, however, incorporate other instruments such as technical cooperation operations and fees for advisory services. Lastly, the Knowledge, Innovation and Communication Sector (KIC) of the IDB Group drew up a proposal for measuring client satisfaction that will be put into practice in the *dissemination* (No. 4) of the Bank's flagship publications.

Examples of plans not on track: The action plans for IDB's Impact Evaluations: Production, Use, and Influence (document [RE-512-1](#)) have had low implementation scores in the 2018, 2019, and 2020 cycles. OVE issued seven recommendations, but progress had been made in implementing only two of them (Nos. 1 and 3).

These two plans were retired from the ReTS in 2018 as adopted with the approval of a new development effectiveness matrix (DEM). This matrix includes guidelines for selecting client-supported impact assessments and taking action to reduce the incentives for conducting an excessive number of such assessments. Limited progress has been made in the implementation of the other action plans. As an example, OVE recommended that a transparent funding mechanism for impact assessments be developed while aligning the interests of clients and the Bank, with budgetary resources being used only in cases where longer-term impacts are to be measured (No. 4). Management proposed undertaking a study to identify funding for impact assessments, but progress in this connection has not been reported in the ReTS, nor has information been provided that would indicate how this study would contribute to the development of the funding system. OVE also recommended strengthening the Bank’s system for tracking impact evaluations and developing a more formal mechanism to promote collaboration with other organizations in impact evaluation production (Nos. 6 and 7). The [Impact Evaluations Repository](#), which holds nearly 100 evaluations, was developed in 2020. However, the Repository is still lacking key elements, such as a means of tracking impact assessment costs, providing public access to lessons learned, and identifying and monitoring collaboration with other agencies. Both recommendations were retired in 2020 as having been partially adopted.

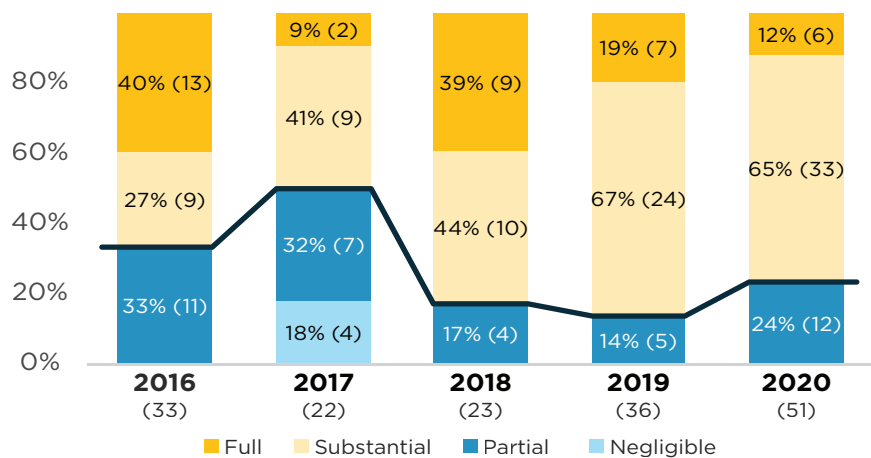
Source: OVE

D. Overall adoption of OVE’s recommendations

3.12 In 2020, 51 recommendations stemming from 14 evaluations were retired. Of these, 39 were considered to have been substantially or fully adopted (a smaller share than the year before). In 2020, OVE evaluated the overall extent of adoption of 51 recommendations that reached the final date established by Management or that had been tracked for four years under the ReTS. It found that 39 (76%) of these recommendations were fully (6) or substantially (33) adopted, and these recommendations are being retired as adopted (compared with 86% in 2019)¹² (Figure 3.10 and Annex IV).

Figure 3.10
Overall adoption of retired recommendations, 2016-2020

Source: OVE.



¹² Of the 51 recommendations being retired in 2020, 30 were for the IDB, seven for IDB Invest, and 14 for both. Of the 30 recommendations for the IDB, 20 were adopted; of the seven for IDB Invest, six were adopted; and of the 14 for both the IDB and IDB Invest, 13 were adopted.

3.13 The other 12 recommendations (24% of the 51 action plans) were retired having been partially adopted. These recommendations correspond to seven evaluations and deal with a wide range of issues, including adjustments in internal Bank processes related to impact evaluations or the validation of project completion reports (four recommendations), structural issues of governance or institutional capacity in borrower countries (three), fiduciary and procurement issues (two), a better use of financial instruments (two), and strengthening the strategic focus (one). Ten of these recommendations were for the IDB, one was for IDB Invest, and one was for both institutions (Table 3.4 and Annex IV).

Table 3.4. Partially adopted recommendations

Evaluación	Número y tema de la recomendación con adopción parcial
CPE: Guatemala 2012-2016	#1: Provide support for addressing structural problems of governance that limit the State's effectiveness.
	# 3: Reorient the use of lending instruments toward achieving results.
CPE: Guyana 2012-2016	# 2: Develop a project management system or unit that combines core procurement functions.
	# 5: Strengthen the national statistical system.
CPE: Haiti 2011-2015	#3: Prepare an exit strategy for financing permanent posts for officials/consultants in government institutions.
	#5: Target the use of sovereign-guaranteed resources at improving the business climate.
CPE Suriname 2011-2015	#1: Strengthen the strategic focus of the Bank's support and invest in fewer sectors. Continue to focus on institutional strengthening from the project design stage onward (conduct institutional and risk assessments).
	#3: Enhance fiduciary oversight of investment loans, in particular procurement. Set up a centralized project execution unit for fiduciary matters.
IDB's Impact Evaluations	#6: Move toward centralization of the Bank's systems to track impact evaluations and their costs and make high-quality impact evaluations available to the public.
	#7: Develop a more formal mechanism to promote partnerships to increase the quality, relevance, and visibility of the IDB's work while reducing costs.
PCRs/XSRs 2017	#4 (XSRs): Agree with OVE on a timetable for the delivery of final XSRs for validation once they have satisfied internal quality control criteria.
PCRs/XSRs 2018/2019	# 2 (PCRs): Agree with OVE on an independent verification process for project inventories and PCR exceptions.

Source: ReTS.

3.14 The scores of the 12 recommendations retired in 2020 as partially adopted were primarily attributable to shortcomings in their overall implementation and, to a lesser extent, in their relevance. In the case of 10 of these recommendations, the action plans were relevant but had been only partially implemented;¹³ in one

¹³ Of these 10 recommendations, eight were for the IDB, one was for IDB Invest, and one was for both.

case, the action plan was partially relevant and had been partially implemented; and in one case, the action plan was partially relevant (Annex IV). This marks a departure from past trends, in which the low level of relevance of action plans had been a more influential factor in their failure to be adopted than a low level of implementation had been.¹⁴ This change in trend has occurred because the percentage of action plans with a low level of relevance has been declining as time goes by. Between 2016 and 2018, nearly 20% of all recommendations, on average, were partially adopted due entirely to a lack of sufficient relevance. In 2019 the corresponding figure was 6% and, in 2020, there was only one such case. Since the advent of ReTS, 165 recommendations and their corresponding action plans have been retired (73% of which had been adopted).

- 3.15 The partial adoption of recommendations because their action plans have had low ratings on overall implementation is attributable to three factors:¹⁵ (i) targets associated with annual milestones were not met as planned (this is the most common reason – 10 action plans) and, in 2020, the pandemic was also a factor in some of these cases; (ii) information on progress toward milestones was not reported (two cases); and (iii) adequate means of verification (supporting information) for validating the reported progress were missing (two cases) (Annex IV and paragraph 3.10). In addition, OVE found that, while in earlier years the recommendations to which Management agreed¹⁶ tended to be adopted more often, this was not the case in 2020, as the percentage of recommendations with which Management is in agreement has been steadily increasing. In fact, in 2020 there was only one recommendation that Management disagreed with, but the recommendation was nonetheless adopted (Annex IV).
- 3.16 A total of 10 evaluations completed their ReTS cycle in 2020. OVE calculated the share of recommendations adopted¹⁷ for each of these 10 evaluations. In five, all recommendations were adopted; in three, more than half the recommendations were adopted; and in the other two, half or fewer than half of the recommendations were adopted (Table 3.5 and Annex IV).

14 See Management's Implementation of OVE Recommendations: ReTS 2019 (document [RE-550](#)), ReTS 2018 (document [RE-541](#)), OVE Annual Report 2017 (document [RE-524-2](#)), and OVE Annual Report 2016 (document [RE-511-1](#)).

15 More than one factor was applicable in two cases.

16 In accordance with protocol [AM-140-1](#), Management is to submit a formal response to OVE's final reports that includes "a matrix indicating either agreement or disagreement along with the related justification".

17 Number of recommendations adopted out of the total number of recommendations in the evaluation.

Table 3.5. Adopted recommendations in evaluations with completed action plans

Evaluation	Share adopted
Sector: PPPs in Infrastructure	10/10
Sector: Emerging and Sustainable Cities Initiative	2/2
Corporate: Direct Support for SMEs	3/3
CPE: Dominican Republic 2013 2016	4/4
CPE: Trinidad and Tobago 2011 2015	6/6
CPE: Guatemala 2012 2016	3/5
CPE: Haiti 2011 2015	3/5
CPE: Suriname 2011-2015	2/4
CPE: Guyana: 2012-2016	2/4
Projects: PCR/XSR 2018/2019	3/4

Source: OVE.

Note: The summary in the table covers all the recommendations made in these evaluations. All of them except two (one from the CPE for Haiti and one from the Evaluation of Direct Support to SMEs by the IIC) were retired in 2020.

3.17 All the recommendations from the three sector and corporate evaluations that completed the ReTS cycle in 2020 were adopted, but two of the six country program evaluations (CPEs) had a low rate of adoption (Table 3.5). The sector and corporate evaluations are: Direct Support to Public Private Partnerships (PPPs) in Infrastructure by the IDB Group, IDB's Emerging and Sustainable Cities Initiative, and Direct Support to SMEs by the IIC (Annex VI). Of the six CPEs, only half of the recommendations in the cases of Suriname 2011 2015 and Guyana 2012 2016 were adopted. The partially adopted recommendations had to do with improving the Bank's strategic focus, project and procurement management, institutional capacity building and public administration, the use of sovereign-guaranteed instruments to improve the business climate, and other topics (Tables 3.4 and 3.5 and Annexes IV and V). Three independent country program reviews (ICPRs) assessed how well the recommendations stemming from three prior CPEs (Guatemala, Trinidad and Tobago, and Suriname) had been addressed and supplemented the ReTS analysis¹⁸ (Box 3.3). Lastly, one of the four recommendations stemming from the OVE review of PCRs and XSRs for 2018/2019 was partially adopted. While the IDB did make headway in preparing the Convergence PCR dashboard, which shows what projects require a PCR and when, OVE identified areas for improvements (Annex IV). Another noteworthy step forward was the approval in 2020 of the latest guides for preparing adjusted PCRs.

¹⁸ In 2018, OVE pledged that, "in all future CPEs", it would "systematically assess the extent to which the recommendations of the previous CPEs were addressed" (Board, September 2019, documents [CII/RE-55](#), [RE-541](#)).

Box 3.3. Summary of recommendations stemming from CPEs that came to a close in 2020 for which an ICPR is available

The **CPE for Guatemala 2012-2016** made six recommendations, five of which were endorsed by the Boards^a. Of those five, one was fully adopted (No. 6), two were substantially adopted (Nos. 2 and 5), and two were partially adopted (Nos. 1 and 3). The **ICPR for Guatemala 2017-2020** delves more deeply into the issues identified in the ReTS and is in agreement that the action plans were relevant and that major strides were made toward fulfilling the recommendations regarding portfolio restructuring, use of CTs, and the redefinition of the private sector strategy. It also, however, detected gaps in the areas of prioritization of governance issues and the use of results-based instruments. In relation to the first recommendation, the effort to support the Tax Administration Superintendency was unsuccessful, as was the effort to strengthen the Public Ministry, due to delays in Congressional authorization for signature of the loan contract for operation GU-L1096 and the government's request to not proceed with preparing a complementary investment loan (see Chapter VI). With respect to recommendation 3b, a results-based financing mechanism was not incorporated into the Bank's portfolio. The second recommendation, which focused on *restructuring and reducing the size of the current portfolio*, was adopted to a substantial degree, as was the fifth recommendation, which called for a *greater use of technical cooperation to support the preparation and execution of loan operations*. Lastly, pursuant to the sixth recommendation, which was to redefine the strategy for the private sector, especially in the case of financial institutions, IDB Invest has made headway in the preparation of a diagnostic analysis and a strategy that sets out specific institutional objectives. Support for financing of SMEs continued to be carried out, primarily through operations with financial institutions.

The **CPE for Suriname 2011-2015** made four recommendations that were endorsed by the Boards^b. Two of those recommendations (Nos. 2 and 4) were substantially adopted and the other two (Nos. 1 and 3) were partially adopted. The **ICPR for Suriname 2016-2020** found that progress toward implementing the recommendations was mixed. Action was taken in the area of *institution-strengthening and analysis* (No. 1), as the great majority of the investment loans approved during this period included institution-strengthening components based on an analysis of institutional capacity; in addition, training in this connection was provided to public servants and staff of executing agencies. However, OVE found that not enough progress was made in *strengthening the strategic focus of the Bank's support and investing in fewer sectors* (another part of the first recommendation). In addition, although the lending program that was approved was thematically aligned with the three priority areas, strategic alignment with the established objectives was limited. Management addressed the second recommendation (adopt a more effective instrument mix) with a combination of investment loans and technical cooperation operations that was suited to the macroeconomic situation and the constraints that hindered the approval of policy-based loans (PBLs) or new series of programmatic policy-based loans (PBPBs) after 2016. In relation to the recommendation regarding fiduciary oversight of investment loans (No. 3), although steps were taken to address the recommendation, only partial progress toward its fulfillment was achieved, since no solid mechanism for centralizing procurement and financial management for multiple projects was put in place that would ensure that better use could be made of the country's procurement and financial management specialists. Lastly, the IDB supported the government in strengthening its statistical systems (No. 4) (Chapter V).

The **CPE for Trinidad and Tobago 2011-2015** issued six recommendations, all of which were adopted. The findings of the ICPR for Trinidad and Tobago 2016-2020 were similar to those registered in the ReTS in that it concluded that progress had indeed been made toward implementation of the recommendations.

In regard to the *scale of operations* (No. 1), the Bank's country strategy with Trinidad and Tobago 2016-2020 was more cautious in its approval of operations and focused on improving the speed and quality of the portfolio's implementation. The country strategy underscored *the importance of project design and implementation readiness* (No. 2); eligibility review meetings were held to consider sector and procurement analyses, and corrective measures were taken for loans in execution in 2018 and 2019, which also contributed to *project selection and implementation* (No. 4). With the help of consulting services, the IDB prepared a proposal for the establishment of a unit to coordinate and supervise projects being run by the IDB, the United Nations Development Programme (UNDP), and the European Union. No response has yet been received from the Ministry of Planning and Development, however. With regard to the fifth recommendation, which focuses on the need to *engage more deeply with the private sector*, steps were taken to facilitate communication between sector specialists and IDB Invest staff; the Bank's Country Economist for Trinidad and Tobago took part in the Business Information Committee in 2018 and 2019; and investment staff were hired to help the private sector in Trinidad and Tobago form closer ties with the private sectors in other Caribbean countries. With respect to institution-strengthening (No. 3), the IDB assisted executing units and provided training to government authorities (Chapter V). Lastly, the Bank also supported efforts to *strengthen the national statistical system* (No. 6) (Chapter V).

Source: OVE, Annex V and the respective ICPRs.

- a) The first, second, fifth, and sixth recommendations were fully endorsed, while the third recommendation was partially endorsed, as section (b) was endorsed but not section (a). The fourth recommendation was not endorsed.
- b) The first, third, and fourth recommendations were fully endorsed, while the second recommendation was partially endorsed, as sections (b) and (c) were endorsed but not section (a).



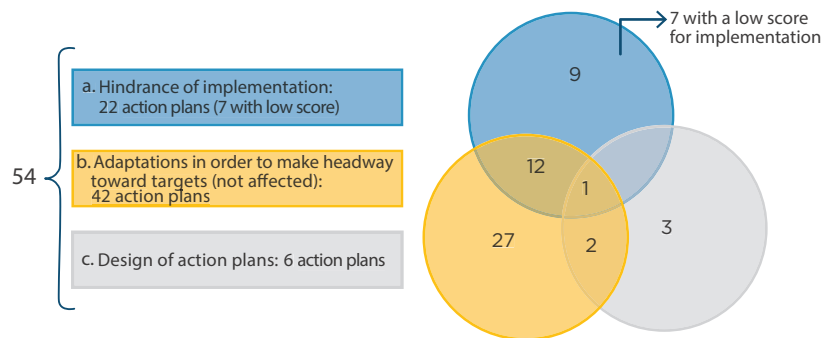
04

Effects of
the COVID-19
Pandemic on the
2020 ReTS Cycle

- 4.1 This chapter presents an analysis of how the COVID 19 pandemic influenced the design and implementation of action plans in 2020. Analyzing the information reported in the ReTS, OVE identified that 61 of the 153 active action plans in 2020 referenced the pandemic and then determined and validated which of those plans' implementation may have been affected by the pandemic.¹⁹ It also identified the cases in which the pandemic may have had an impact on the design of new action plans (Annex VII).
- 4.2 Based on the information registered in the ReTS, OVE determined that over one third (54) of all the action plans might have been affected by the COVID 19 pandemic in one of three ways. OVE has identified three types of effects or impacts on the 54 action plans identified:²⁰ (a) the hindrance of the implementation of an action or the achievement of targets (22 action plans, seven of which received a low score for implementation); (b) adaptations or adjustments of actions carried out by the relevant teams so that they could make headway toward annual targets (42 action plans); and (c) the design of new plans (six action plans that were entered into the ReTS in 2020). Since the action plans may include one or a number of actions, some of them fit into more than one of these categories (Figure 4.1 and Annex VII).

Figure 4.1
Distribution of action plans by type of possible effect of the COVID 19 pandemic

Source: OVE



4.3 Of the 22 action plans identified whose implementation was hindered by the pandemic, seven were scored low on implementation. In 22 of the action plans, progress and the achievement of at least one of the actions and annual targets were hindered by the pandemic (Figure 4.1). In most of these cases (15), this did not lower their implementation score because either the plans included other actions that were adjusted and that succeeded in making headway toward their planned

19 For each reported action, the analysis and validation was based on two criteria: (i) that Management's comments related to the pandemic could impact that action in 2020; and (ii) that the action was directly related to the recommendation.

20 This effect or impact of the pandemic does not necessarily equate with problems in implementation. In some cases, adjustments were made to permit progress toward the original targets (e.g. training activities were moved online). Of the 54 action plans, 85% of the recommendations were for the IDB, 4% for IDB Invest, and 11% for both.

targets (13 cases) or because they included other actions that were not affected by the pandemic and were completed (two cases). However, in seven cases, the effect of the pandemic was reflected in a low score on implementation for the year.²¹ The scores of three of these seven action plans were lowered to “partial” in 2020 from 2019.

- 4.4 Noteworthy efforts were made by Management to adjust actions so that they could meet their established targets. Despite the impact of the COVID 19 pandemic, in 42 of the 54 action plans that were identified as having been affected by the pandemic (Figure 4.1), the teams succeeded in implementing relevant complementary actions or adapting actions so that progress could be made toward compliance with the recommendations (Table 4.1). While OVE’s recommendations and the actions called for in order to address them differ widely, the following typology helps to illustrate the types of adaptations that were made.

Table 4.1 Summary of recommendations and complementary actions implemented during the pandemic to make headway in implementing the recommendations

Type of recommendation	Some proposed actions	Main adaptations
<p>Client relations. Intensify country dialogues, strengthen the IDB Group’s role as a trusted advisor, step up efforts to identify or promote opportunities for collaboration and knowledge-sharing in various subject areas (indigenous affairs, gender, SMEs, PPPs, urban development, action at the subnational level, etc.).</p>	<p>Missions to countries by IDB Group staff, regional policy dialogue, participation in forums and seminars, intraregional technical cooperation based on exchanges of experience, etc.</p>	<p>Virtual meetings were held with potential clients, government representatives, and counterparts in active or potential operations. Regional policy dialogues, subregional technical dialogues, and seminars (webinars) concerning subjects related to the recommendations were held virtually.</p>

²¹ The seven action plans that received a “partial” rating corresponded to the CPEs for Barbados 2014-2018, Ecuador 2012-2018, Guatemala 2012-2016, Guyana 2012-2016 (2), Haiti 2011-2015, and the evaluation of knowledge generation and dissemination.

Type of recommendation	Some proposed actions	Main adaptations
<p>Strategic focus and portfolio consolidation. Redefine the model for Bank operations with the countries, define criteria for prioritizing objectives and differentiated business models for different types of clients, tailor the financial and nonfinancial instruments made available to the countries in order to maximize their development impact (in some cases, specific subject areas are indicated, such as SMEs, public administration, urban development, fiscal consolidation, actions at the subnational level, gender and diversity, etc.).</p>	<p>Programming dialogues, sector dialogues, portfolio reviews, design and approval of financial and nonfinancial operations with and without sovereign guarantees in areas relating to the recommendations.</p>	<p>Virtual programming dialogues were held with governments to set or adjust priorities. The reformulation of portfolios and operations with available uncommitted balances and the reprogramming of operations were coordinated. Operations that dealt with specific issues relating to the recommendations continued to focus on that subject but were adjusted in response to the pandemic. At the organizational level, instruments were adjusted, and document GN-2999 on the expansion of the Contingent Credit Facility to cover COVID 19-related risks and future public health contingencies was prepared. Sector analyses that include the effects of the COVID 19 pandemic have been prepared and have served as a basis for country development challenges and the formulation of operations.</p>
<p>Execution and supervision of operations. Improve project execution, management, and supervision; improve fiduciary oversight of investment loans (particularly procurement); and explore mechanisms for providing support to executing agencies.</p>	<p>Portfolio reviews, training of local auditors, oversight missions for Bank fiduciary and procurement teams, project oversight plans and missions of sector specialists, collaboration between IDB Invest's Special Assets Team and Bank departments.</p>	<p>Virtual portfolio review cycles were conducted, and virtual training sessions were held for local auditors, staff of executing agencies, and public servants. Virtual networks of executing agencies supported knowledge-sharing in connection with fiduciary and other issues. Alternative oversight methodologies were used, such as virtual supervision supplemented by videos or images of infrastructure works taken by drones. Administrative funding and fiduciary oversight analyses were prepared. Stress tests were conducted by the Investment Operations Department (INO) to explore the potential impact of the COVID 19 pandemic on portfolio execution, and a working group was set up that includes the Special Assets Team and INO.</p>

Type of recommendation	Some proposed actions	Main adaptations
IDB Group capacity. Build capacity among IDB Group staff in various areas, such as the coordination between the IDB and IDB Invest, PPPs, gender and diversity, environmental and social issues, etc.	Training for country representatives on, for example, portfolio coordination issues and for Bank staff in various areas. PPP certifications.	Sector-specific workshops and training sessions were held virtually, including sessions for country representatives on the Crisis Management Facility and on IDB Invest's response to the pandemic; a virtual seminar was also held for Bank personnel and new members of the Board on social and environmental issues. Virtual PPP certifications.
Strengthening of statistical systems.	Technical assistance and support for the generation and dissemination of statistics.	Support for surveys and the generation of knowledge about the effects of the COVID 19 pandemic on vulnerable groups.

Source: OVE.

4.5 Management successfully adjusted the design of most of the new action plans in response to the pandemic.²² The new action plans corresponding to the five CPEs²³ that were entered into the ReTS in 2020 were designed to take the situation created by the pandemic into account. In those five CPEs, the preparation of a new country strategy was pushed back a year and the decision was taken to continue with the existing strategy until the effects of the pandemic could be analyzed more thoroughly. In three of these CPEs, (Argentina 2016-2019, Bolivia 2016-2020, and Uruguay 2016-2019), the action plans were in line with the specific OVE recommendations and also set out an explicit short-term plan of activities for addressing the effects of the COVID 19 pandemic. These activities included, among others, analyses of operations programming and the reformulation or redirection of funds to support vulnerable groups, or economic reactivation efforts.²⁴ In view of the situation created by the pandemic, OVE agreed with Management, in some cases, to include indicative targets for 2022-2024 until new country strategies can be approved.

22 The OVE report on PCRs/XSRs in 2018/2019 does not cover the pandemic's influence on the corresponding action plans.

23 The CPEs for Argentina 2016 2019, Bolivia 2016 2020, Panama 2015 2019, El Salvador 2015 2019, and Uruguay 2016 2019.

24 The CPEs for Panama 2015-2019 and El Salvador 2015 2019 were published in March 2020 (at the start of the pandemic), and OVE therefore did not include recommendations in that regard, but this does not mean that Management did not define short term measures in response to the pandemic.



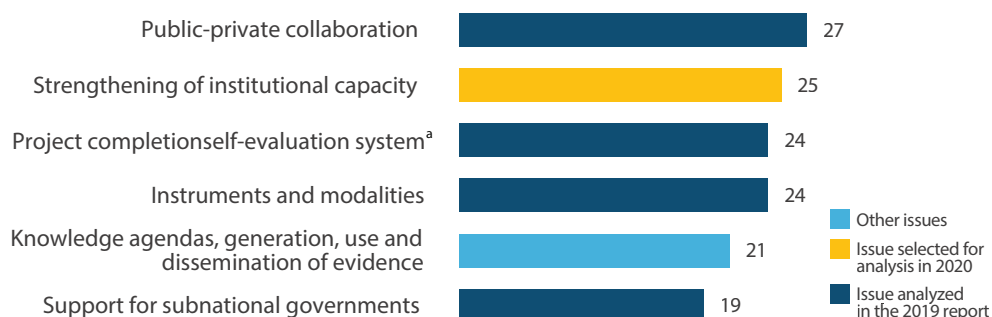
05

Main Findings
of ReTS
2013-2020:
Institutional
Capacity

5.1 In response to the Boards’ request for more in-depth information about progress and challenges in the implementation of actions to address the recommendations that they have endorsed, OVE is presenting its main findings regarding a recurrent issue in its evaluations between the years 2013 and 2020: strengthening institutional capacity. Using the same methodology for its analysis as in the preceding report, OVE grouped the 288 recommendations registered in the ReTS (those issued and endorsed by the Boards between 2013 and 2020) and examined the issues that they raised. The issues that came up most frequently included: collaboration between the public and private sector windows of the IDB Group, the strengthening of institutional capacity, the project completion self-assessment system, the optimum use of instruments and modalities, the development of knowledge agendas, and support for subnational governments (Figure 5.1 and Annex VIII). Four of those issues (shown in Figure 5.1) were addressed in the 2019 ReTS report (document [RE-550](#)). Accordingly, this chapter is devoted to an analysis of progress in the implementation of action plans relating to the strengthening of the institutional capacity of borrowing member countries (25 recommendations). This issue moved up on the frequency scale in 2020 because a number of recent evaluations have focused on it in their recommendations (Box 5.1).

Figure 5.1
Main issues identified in the recommendations (2013-2020)

Source: OVE



Note: N=288. The figure presents only those issues that arose most frequently (either as priority or secondary issues) in 140 of the 288 recommendations. The other recommendations encompass diverse topics, such as selectivity in country strategies, dialogue and reform, portfolio prioritization of issues or sectors, design improvements, and project monitoring (Annex VIII).

(a) Corresponds to recommendations stemming from the PCR/XSR validation reports. This subject is also discussed in Chapter III of this report.

Table 5.1. Evaluations, endorsed recommendations, and action plans in the ReTS (2013-2020)

	Number of recommendations / action plans	Number of evaluations
Total 2013-2020	288	59
Concerning institutional capacity	25	20

Source: OVE.

5.2 The analysis presented in this chapter is based on the information recorded in the ReTS. This section is not intended to serve as an evaluation of effectiveness or results on the underlying issues, since this would require specific assessments; nor is it aimed at presenting all the actions taken by the IDB Group on institution-strengthening outside the OVE recommendations. Rather, it seeks to delve more deeply into the scope of the recommendations endorsed by the Boards by going beyond an aggregative descriptive analysis and the progress in actions implemented by Management to address those recommendations.

A. Recommendations on strengthening institutional capacity

5.3 Over a third of the evaluations prepared by OVE since 2013 contain recommendations on strengthening borrowers' institutional capacity. Between 2013 and 2020, OVE issued 25 recommendations (in 20 evaluations) referring to institution-strengthening (Table 5.1). Most of these recommendations (23) stem from 19 CPEs (in other words, the issue is dealt with in 19 of the 37 CPEs published since the launch of the ReTS), while 2 stem from the corporate social and environmental safeguards evaluation. All these recommendations have been Board-endorsed, and 48% (12) of the corresponding action plans were still under implementation after the 2020 exercise.²⁵ In the case of four countries, recommendations concerning institution-strengthening have been made in two consecutive CPEs (Panama, Paraguay, Bolivia, and Barbados) (Table 5.1 and Annex IX).

5.4 Recommendations concerning this issue have focused on two aspects. One of those aspects is the strengthening of ministries, government agencies, and borrower country systems in general and of the capacity of private sector clients; the other is the strengthening of institutional capacity around portfolio execution. In the first case, the recommendations focus, for example, on helping to determine what the underlying reasons for the weakness of institutional capacity are and what actions should be taken to strengthen public administration and resolve structural problems of governance (e.g. transparency) or problems having to do with human resource management in the civil service. In some cases, the recommendation is to strengthen ministries, public institutions, or specific sectors, such as the Office of the Comptroller General in Panama or the Environment Secretariat (SEAM) in Paraguay, along with the environmental and social risk management capacity of public sector and private sector clients. Some of the recommendations in this category also focus on

²⁵ Of the 25 action plans, 18 were part of the 2020 exercise (six were retired at the end of that exercise and the other 12 remain active); the rest were closed following previous exercises.

strengthening the statistical systems of Caribbean countries. Other recommendations deal with strengthening institutional capacity around portfolio execution and, in some cases, include explicit proposals for specific changes in operations or in the operational process of the IDB aimed at supporting those capacity-building efforts in connection, in particular, with executing units (Table 5.2).

- 5.5 Most of the actions undertaken by Management to address these recommendations have been relevant, but only 61% of them were implemented as planned in 2020. OVE has determined that most of the action plans developed to address these recommendations (22 out of 25) have been relevant, but the pace of progress in their implementation has varied. Progress was on track for only 11 (61%) of the 18 plans that were active in 2020, which is a smaller percentage than for the recommendations registered in the ReTS as a whole. In 2019, the extent of implementation for this group was 73%, which was also less than the degree of implementation for all the recommendations in that year and for the degree of implementation of other recommendations that addressed recurring issues.²⁶ This points to the existence of more formidable implementation challenges for this type of recommendation. In all, 13 of the 25 recommendations on institutional capacity were retired in 2020 or in earlier exercises, although only seven were adopted; implementation of the remaining 12 continues (Table 5.2 and Figure 5.2).

Table 5.2. Summary of recommendations on institutional capacity and action plans (2013-2020)

Recommendations (Frequency and description)	Examples of Management actions and progress	ReTS summary
<p>19</p> <p>1) Strengthening the capacity of borrowers, including ministries, government agencies, national systems, and private sector clients</p>	<p>Inclusion of public administration as a strategic area in country strategies (six countries: Guatemala, Peru, Paraguay, Suriname, Haiti, and Panama). Support for studies applying the Public Expenditure and Financial Accountability (PEFA) framework and the Methodology for Assessing Procurement Systems (MAPS) (Bolivia and Costa Rica), e-government and digital government (Costa Rica, Peru, Paraguay, and The Bahamas), transparency (Guatemala), and investment and procurement management. Support for ministries in the form of investment loans, PBLs/PBPs, and technical cooperation. In The Bahamas, diagnostic studies on public administration were completed. In the Caribbean (Trinidad and Tobago, Suriname, and Guyana), support was provided to statistical offices, with varying degrees of progress being achieved.</p>	<p>Relevance: <i>Full or substantial</i> (20 action plans, 80%) except in five cases^a. Implementation: In 2020, 11 action plans were given <i>full or substantial</i> ratings, and seven were rated as <i>partial</i>^b. Adoption: Seven recommendations were <i>adopted</i> and six were retired as having been only <i>partially adopted</i>^c.</p>

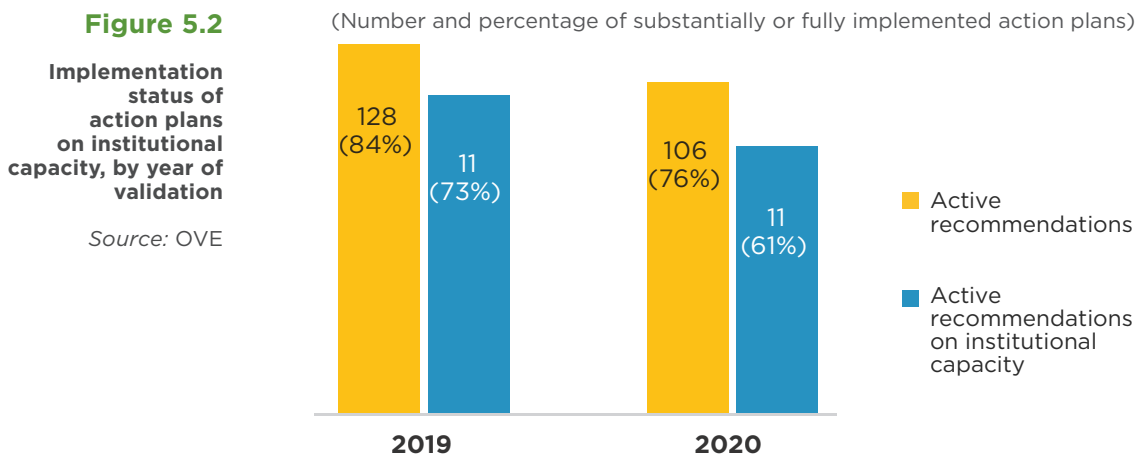
²⁶ The 2019 ReTS report noted that 22 of the 24 action plans dealing with public-private collaboration were fully or substantially implemented, while two made partial progress in that year. In the case of action plans focusing on a better use of instruments and modalities, the implementation of 20 of the 23 action plans moved forward, while the implementation of two of the others was partial. (Implementation of the remaining action plan had not yet begun.)

Recommendations (Frequency and description)		Examples of Management actions and progress	Examples of Management actions and progress
7*	2) Strengthening executing units' portfolio management capacity and specific processes	Training was provided to executing units in results based management (PM4R), procurement, monitoring, etc. Implementation of the Institutional Capacity Assessment System (ICAS) and the Institutional Capacity Assessment Platform (ICAP).	<i>Ibidem</i>
Total: 25 recommendations (from 20 evaluations)			

Source: OVE.

(*) One recommendation is also included in the subgroup of recommendations concerning institutional support in general.

- (a) The partial rating is for five action plans: the fourth recommendation from the CPE for Honduras 2011-2014, the first from the CPE for Haiti 2011-2015, the third from the CPE for Panama 2010-2014, the fourth from the CPE for Paraguay 2009-2013, and the first from the CPE for Suriname.
- (b) CPEs de Guatemala 2012-2016 (#1), Guyana 2012-2016 (#5), Haití 2011-2015 (#3), Paraguay 2014-2018 (#1), Surinam 2011-2015 (#1), Trinidad & Tobago 2011-2015 (#6), Barbados 2014-2018 (#2).
- (c) PAs de los CPEs de Guatemala 2012-2016 (#1), Guyana 2012-2016 (#5), Haití 2011-2015 (#3), Honduras 2011-2014 (#4), Panamá 2010-2014 (#3), Paraguay 2009-2013 (#4).



B. Progress and challenges in the implementation of action plans addressing recommendations on institutional capacity

1. Strengthening borrowers' institutional capacity

5.6 Between 2013 and 2020, Management implemented a number of actions to strengthen the institutional capacity of ministries, government agencies, or country systems. These actions have included: the incorporation of public management or institutional strengthening in the Bank's country strategies with six countries (Guatemala, Peru, Paraguay, Suriname, Haiti, and Panama),²⁷

²⁷ In four cases, this was identified as a strategic area.

whose operational programs have been implemented to differing extents; IDB support for studies using the Public Expenditure and Financial Accountability (PEFA) framework in Bolivia and Costa Rica, whose relevance lies in the fact that this is the international standard for analysis of public financial management and provides information regarding strengths and weaknesses in that respect; the strengthening of e government and digital government in Costa Rica, Peru, Paraguay, and The Bahamas, where some advances have been made in the areas of procurement and citizen services; and IDB support for the generation of statistics in the Caribbean, with considerable inroads being made in two countries (Trinidad and Tobago, and Suriname).

- 5.7 In Bolivia, institution-strengthening has been an issue in two consecutive CPEs, and some progress has been made, for example, in the management of external audits, the preparation of PEFA and MAPS studies, and in legislation and planning in the water and sanitation sector. In the CPE with Bolivia 2011-2015, OVE recommended the provision of *support for the strengthening of national systems* (No. 2). Although some advances were reported in 2019, progress on the action plan stalled as a consequence of the political and electoral situation in the country. Headway was made in strengthening the management of external audits by the Office of the Comptroller General and in the implementation of the accounting and financial management module of the Integrated Project Administration System (SIAP) in the Public Management System (SIGEP). In 2017, the IDB and the World Bank supported the preparation of a PEFA study for the Municipality of La Paz, although no such studies had yet been done in other cities by 2020. PBPs were used to support improvements in public finance legislation and planning in the water and sanitation sector, which is one of the areas that figures most prominently in the Bank's portfolio with the country. The CPE 2016- 2020 also focused on institution-strengthening (No. 3), both in a broad sense and with a focus on executing units and operations (on the latter subject, see the following section). Implementation of the action plan is just starting, but in 2020 progress was made in the preparation of three studies on the International Public Sector Accounting Standards (IPSAS) and of a draft version of the MAPS methodology.
- 5.8 Similarly, in Costa Rica, the Bank supported the preparation of PEFA and MAPS studies and provided technical assistance in various areas. The Bank supported the application of the PEFA (in 2015) and MAPS (in 2016) methodologies in e government and other initiatives. It also performed analytic work on social spending and its relation to the institutional and remunerations structure (in 2016). Technical cooperation operations strengthened the capacity of the Office of the Comptroller General and the National Accounting Office. In the CPE for 2015-2018, OVE also found that the technical

cooperation operations focused on needed reforms to boost revenues and efficiency in government spending and that most of the operations included institution strengthening components. However, little information was provided on the results achieved, and there was no indication that good practices in the implementation of Bank-funded projects were being phased into other public sector projects. Moreover, *MapaInversiones*—an information management platform designed by the IDB Group to display the country’s public investment—was launched in 2018.

- 5.9 In Guatemala, actions to promote transparency were implemented but were just starting to make headway. OVE found that this action plan, which closed out its cycle in 2020, was relevant to the recommendation but that it had run up against some challenges in its implementation. Notable actions taken included the prioritization of public management and transparency issues in the country strategy for 2017-2020; the provision of training for auditors in the Office of the Comptroller General; and progress, although with some delay, in transparency reforms in the Tax Administration Superintendency and in financial transparency. At the request of the Government of Guatemala, preparation of the investment loan regarding the Superintendency (GU-L1162) was also halted. In 2019, after overcoming some initial difficulties, a citizens’ observatory to enhance infrastructure project transparency was created. In addition, an agreement was signed with the Infrastructure Transparency Initiative (CoST) in Guatemala, which has made good progress in the water and sanitation sector.
- 5.10 In Peru, the issue of public management was included in the country strategy, and actions focusing on investment management and digital government were implemented. Loans and technical cooperation operations were approved to provide support in different areas of public management: Operation PE-L1231 made progress in the institutional framework of *Invierte.pe* and in the implementation of the investment database; projects PE-L1231 and PE-T1364 focus on efficiency in investment management and public contracting; and project PE-L1222 aimed at improving the delivery of services to citizens and businesses. While progress was made in the integration of channels via a digital document management platform, delays also arose in work on the citizen folder initiative (a mechanism whereby each citizen would have access to a repository containing his or her official documents and services). In line with OVE’s recommendation on *increasing support in institutional areas of social inclusion* (its second recommendation), a dialogue was begun with the Ministry of Development and Social Inclusion concerning early childhood issues. However, cooperation in this area has not taken place, and no

significant progress has been made in structuring integrated health care networks.²⁸ Project PE-L1262 on improvements in social policies is awaiting signature.

- 5.11 In Suriname, too, the subject of public management was included in the country strategy, but progress was partial. OVE concluded that progress toward implementing this recommendation was not fully achieved. While the country strategy for 2016-2020 included the modernization of the public sector as one of its strategic areas, two of the four objectives in this area were associated with only one operation, and a third objective was not addressed by any operation at all. On the other hand, the great majority of the investment loans undertaken between 2017 and 2020 provided for an institutional capacity analysis and included components on institutional strengthening. Progress was also made in connection with the Standard Integrated Government Tax Administration System (SIGTAS) in the Ministry of Finance. The automated generation of revenue reports did not go to plan, however.
- 5.12 In Paraguay, actions were taken to strengthen public natural resource management, but they had to be scaled down because of the challenges encountered in the country. The new country strategy also places priority on public management but on a broader scale. The CPE for Paraguay 2009-2013 recommended *strengthening natural resource management and planning capacity*, particularly on the part of the Environment Secretariat (fourth recommendation). In line with this recommendation, Management undertook technical cooperation operations that developed technical inputs for analyzing the vulnerability of the Patiño aquifer, the watershed management plan, and other matters. This effort helped to build the capacity of the Secretariat's team. In 2018, the Environment Secretariat was also included in the regional policy dialogue. OVE concluded, however, that, while Management did undertake actions that focused on the recommendation, these actions were isolated measures and, given the challenges faced in the country, were limited in scope. In the next evaluation (CPE 2014-2018), OVE recommended that the Bank's institutional support be made more comprehensive and cohesive (first recommendation). The action plan that was developed has made some headway. For example, one of the priority strategic areas of the country strategy for 2019-2023 is "public management and support", with emphasis being placed on efficiency, transparency, and digital government. A series of group discussions on public management were also held in 2020 that identified opportunities for collaboration, for example with the Ministry of Finance and the Ministry of Information Technologies.

²⁸ Challenges arose in connection with the change in the executing agency (both the Ministry and the executing unit).

5.13 The country strategy with Haiti 2015-2020 highlighted the management challenge facing the Haitian State, and some actions were launched to address the structural challenges that the country faces in relation to human resources management in the civil service, but they have not achieved the expected results. In line with OVE's first recommendation, the country strategy with Haiti for 2015-2020 underscored the fragility of the Haitian State and the need to refocus efforts on building its institutional capacity. Accordingly, the IDB decided to work in the area of institutional reform by channeling resources to operations run by the Innovation in Citizen Services Division (IFD/ICS), such as operation HA-L1131 on strengthening public management, which became eligible in March 2020. OVE also recommended *preparing an exit strategy for financing permanent officials/consultants in government institutions* (the third recommendation). Despite the Bank's efforts (and a relevant action plan), the recommendation was retired in 2020 as having been only partially adopted. The IDB worked with the Ministry of Finance and the Human Resources Management Office to plot out a path for reengineering human resources management, and a standardized wage scale was developed for the Central Executing Unit. The review and adoption of the wage scales to be piloted in two ministries have not begun, however, nor has the phased conversion of consultants to civil service staff members. Management has drawn attention to the challenges posed by political instability and budget constraints, which have been exacerbated by the health crisis. In terms of outcomes, there appears to have been no reduction in the number of personnel per project or in the amount furnished by the Bank to pay the salaries of project staff, but the number of executing units has indeed decreased.

5.14 The preparation of diagnostic studies on institutional weaknesses in The Bahamas and Barbados have been recommended. In the case of The Bahamas, studies have been conducted, but their findings need to be translated into actual reforms; in the case of Barbados, the implementation of an action plan is being initiated. In both cases, OVE recommended *supporting an effort to diagnose the factors underlying the country's weak legal framework and/or institutional capacity*.²⁹ In The Bahamas, the IDB completed diagnostic analyses of the public administration and civil service in 2018 and 2019,³⁰ along with an analysis of State enterprises, but these studies have not yet led to any concrete reforms in the country. The IDB also supported efforts to update the regulatory framework for procurement (including e-procurement modules)

29 The CPE for The Bahamas 2010-2017 found that the Bank had worked to strengthen project executing units but that a more in-depth diagnostic analysis of institutional challenges was needed.

30 IDB (2018) "Building State Capacity in the Caribbean: The State of the Civil Service in The Bahamas."

through loan operation BH-L1035. The corresponding action plan has remained active beyond 2020. In Barbados, no progress was made on the joint study to be conducted by the IDB and the government in 2020 (the first year of the action plan).³¹

- 5.15 Some recommendations stemming from three CPEs with Caribbean countries (Suriname 2011-2015, Guyana 2012-2016, and Trinidad and Tobago 2011-2015) focus on strengthening national statistical systems. All the action plans regarding these recommendations came to a close and were retired from the ReTS upon the conclusion of the 2020 cycle. Two of them (Suriname and Trinidad and Tobago) were substantially adopted and the other (Guyana) had made partial progress.
- 5.16 In line with this recommendation, progress has been made in data generation and in strengthening national statistical offices in Suriname and in Trinidad and Tobago, but challenges remain. In Suriname, although improvements in statistical data (of key importance because of the impact on policy decisions) were not identified as a strategic objective, between 2016 and 2020 the Bank supported a number of major actions, such as the preparation of the Survey of Living Conditions,³² the Population and Housing Census, the Household Budget Survey, and the microdata lab at the General Bureau of Statistics.³³ In the programming work now under way, the compilation and generation of data are being discussed in connection with various operations.³⁴ It is unclear, however, with the exception of operation SU-L1052, whether those loan operations will make public disclosure of the data or a dissemination strategy a requirement, as recommended by OVE. Despite the progress that has been made, the generation, dissemination, and provision of access to reliable, up to date statistics that can serve as inputs for policy and sector-specific decisions remain a challenge for the country. In Trinidad and Tobago, progress has been made in generating and disseminating data on crime, violence, and women's health, which are priority issues on the research agenda of the Country Department Caribbean (CCB). Financing the National Women's Health Survey is of particular interest. Technical cooperation and loan operations are also being used to support efforts to build the capacity of the General Bureau of Statistics and, more specifically, to identify potential gaps in

31 The previous CPE (2010-2013) included a recommendation to *continue to offer assistance to strengthen the Solicitor General's Chambers* (first recommendation). No specific actions in this connection were reported in the ReTS, however.

32 The main findings are posted at www.caribbeaneconomics.org and <https://publications.iadb.org/en/suriname-survey-living-conditions-2016-2017>.

33 Support for the census and the Household Budget Survey led to the establishment of this laboratory, which is open to visitors to the facilities of the General Bureau of Statistics. This information is not available outside those facilities, however.

34 These operations include SU-L1052 (agricultural information), SU-L1055 (open-code information and business intelligence data), and SU-L1057 (shipping traffic and the flow of merchandise).

knowledge with a view to readying the country for the next census³⁵ and to support communications capacity. Personnel training efforts are a year behind schedule, however. In addition, in an effort to promote evidence-based policymaking, the Bank organized a workshop for key ministry staff.³⁶

- 5.17 In Guyana, the action plan developed by Management was relevant, but progress in its implementation was no more than partial. The recommendation was retired as partially adopted in 2020. Notable advances included support for the Labor Force Survey, the results of which were posted on the Guyanese Bureau of Statistics website.³⁷ However, a number of changes were made in the action plan due to the pandemic and to the political stalemate that existed in the country between 2018 and 2020. For example, in 2020 the agricultural census was suspended, and the training program in data management for Ministry of Agriculture staff was postponed.³⁸ The launch of the housing data platform is also on hold. Nonetheless, the Central Housing and Planning Authority has capitalized on various technical assistance projects to strengthen its generation of otherwise unavailable data (e.g. high resolution irrigation data as part of operation GY T1137 and the development of open-source or low-cost management tools).³⁹
- 5.18 Lastly, in the 2018 corporate evaluation of social and environmental safeguards, OVE recommended that the IDB and IDB Invest continue and expand their efforts to strengthen client capacity to manage environmental and social risks, and some progress was made in this connection. Steps taken by IDB Invest include various client training initiatives and the approval in 2019 of a technical cooperation operation (RG-T3496) to build the capacity of public and private stakeholders for environmental and social risk management. More broadly, the action plan calls for the development over the next few years of a technical cooperation strategy to help back up client capacities in these areas. In the case of the IDB, the country strategies that it was developing in 2020 include actions for strengthening environmental and social governance systems, and the Bank recently published a report on environmental governance indicators for Latin America and the Caribbean, with a special focus on 10 countries.

35 This census is to be conducted in 2022 (rather than 2020) as a consequence, in part, of the pandemic. In 2019, under technical cooperation operation TT T1078, consultants were hired to train field personnel.

36 The Primacy of Data for Effective Policy Making: High Level Forum (2018).

37 <http://www.statisticsguyana.gov.gy/surveys.html#csurveys>.

38 Through an amendatory contract, in 2021 the census was replaced by an agricultural survey.

39 <https://blogs.iadb.org/conocimiento-abierto/en/open-urban-planning-toolbox/#building>.

2. Strengthening portfolio management and executing units or the IDB Group's processes relating to institutional capacity

5.19 Most of the actions carried out by Management to strengthen portfolio execution involve training for executing units in results-based management, procurement, monitoring, and other areas. Headway has also been made in analyzing executing units' institutional capacity using the Institutional Capacity Assessment System (ICAS) and the Institutional Capacity Assessment Platform (ICAP). The use of this last tool became mandatory in the IDB in 2021 in preparing investment loans (except for COVID 19 prototypes and operations dealing with natural disasters and contingencies), and in guarantees for investment projects and reimbursable technical cooperation operations, among others. Between 2020 and July 2021, over 200 Bank staff members and consultants have received training and have been certified in the use of this tool.

5.20 Management has responded to recommendations regarding support for executing agencies by providing training to executing units and implementing the Bank's ICAS and ICAP methodologies for the analysis of institutional capacity in Suriname, The Bahamas, Honduras, and Panama. In the case of Suriname, upon the closure of the action plan in 2020, OVE established that the investment loans approved in 2017-2020 included institution-strengthening components based on institutional capacity analyses (ICAS and ICAP) and incorporate institution-strengthening considerations in their risk matrices. It also observed that those components were paired with complementary actions such as training for civil servants.⁴⁰ It noted that the design work on the IDB project on health services (SU-L1054) approved in 2018 was part of the Bank's pilot of new ICAP procedures. Nevertheless, in the ICPR for 2016-2020, OVE concluded that, given the institutional challenges faced by the country, the scope of this effort was too limited. In The Bahamas, the government set up a delivery unit in the Office of the Prime Minister in 2019 under operation BH-L1035 that sought to support project ownership and execution. Nonetheless, an evaluation is the only way to determine the effectiveness of this proposal. Similarly, training was provided to the staff of executing units and civil servants (including the delivery unit) in results-based management (PM4R), procurement, and monitoring, along with certification

⁴⁰ In 2020, for example, one loan operation (SU L1058) included an institution-strengthening component that employed the ICAP methodology. The three loans approved in 2019 also included such components; two of these components made use of the ICAP methodology while the other employed the ICAS.

in international procurement standards developed by the United Nations. The ICAP methodology began to be used as well.⁴¹ The action plan remains active.⁴²

5.21 In Honduras and Panama, Management carried out some actions that were aligned with the recommendations on strengthening portfolio management, although those measures fell short of what was needed, given the challenges facing these countries. In both cases, the actions focused on organizing kick-off workshops and training for staff of executing units. These activities did not differ in any substantive way from what the Bank had already been doing and therefore fell short of what would have been needed to provide a more decisive solution for the executing units' institutional weaknesses. In addition, the actions taken in Honduras did not address the part of the recommendation dealing with the adjustment of disbursements.⁴³ In both cases, the recommendation was retired as partially adopted (in 2018 and 2019, respectively); in the case of Panama, in the most recent CPE, OVE recommended that work in this area be continued (Box 5.1). Actions in which progress has been made in Panama include technical support for executing units to help them make use of the integrated financial management system known as ISTMO, the manual (link) for the incorporation of public services into social infrastructure projects, and various specific advances in a number of sectors.⁴⁴

5.22 In Barbados, recommendations on building executing agencies' capacity have been made in two CPEs in a row. In the CPE for 2010-2013, OVE concluded that there had been delays in the implementation of nearly all the Bank's projects and that the results of the investment loans were therefore limited. Then, in the CPE for 2014-2018, OVE indicated that, despite the efforts made, implementation challenges remained and, as part of its second recommendation, advocated the preparation of an action plan for addressing institutional bottlenecks. While Management's action plan is relevant, its progress was partial in 2019 and 2020. For example, no progress has been reported in contracting IDB-

41 In 2018, the Bank gave a presentation on the ICAP methodology to the Ministry of Finance; this methodology has been tried out in a number of operations in 2019 and 2020 by, for example, the authorities in charge of the country's public hospitals.

42 This action plan fits in with other institution-strengthening actions that are broader in scope (see above).

43 The fourth recommendation made in the CPE for Honduras 2011-2014 was to consider making disbursements for future PBLs contingent on effective changes in the management capacity of key institutions.

44 For example, IDB operations helped to strengthen the Health Registration and Statistics System (SIREGES), although the challenge for the future is to succeed in having the regional directorates provide up-to-date information so that the platform can be used as a management tool. In the tourism sector, as part of operation PN L1154, technical cooperation resources were used to present a draft plan on the institutional capacity of the Tourism Authority and of three municipalities.

financed consulting services to support executing units in the areas of financial management and procurement. The action plan also called for alternative mechanisms to be explored for ensuring that investment loans in the pipeline would help to staff the executing units. No headway in this respect has been made, although Management has indicated that project BA L1051, which was approved in 2020 and is awaiting the determination of its eligibility, will not require a new executing unit but will instead be implemented by the Central Bank of Barbados. This action plan will remain active until 2021.

Box 5.1. Recent recommendations and action plans on institutional capacity

Five recent evaluations whose corresponding action plans were designed in 2020 (the CPEs for Panama 2015-2019, Uruguay 2016-2019, Argentina 2016-2019, and Bolivia 2016-2020) or were launched in that year (Barbados 2014-2018) included recommendations concerning institutional capacity. They are summarized below.

In the CPE for Panama 2015-2019, OVE's third recommendation was to *promote dialogue and offer technical and financial support to strengthen the role of the Office of the Comptroller General (CGR)*. Some progress was made during the first year of the action plan's implementation (2020). Visits to provide an opportunity for an exchange of experiences were paid by the Comptroller of Panama to Washington, D.C. and Peru, and the CGR team received training on the Bank's procurement policies. The action plan also called for broader action to promote the modernization of public management and Panama's country systems. The new country strategy (2021-2024) includes this as a strategic area. In 2020, operation PN-L1161 was approved to support the digital transformation of the tax management system, and technical assistance (PN-T1176) was provided to the government regarding the action plan in conjunction with the Financial Action Task Force (FATF).

In the CPE for Uruguay 2016-2019, OVE recommended *helping the country to strengthen its capacity to effectively prioritize public investment* (third recommendation) in such areas as fiscal management and monitoring and evaluation capacities. The action plan designed in 2020 was found to include suitable actions for supporting fiscal and debt management, but, in its annual validation exercise, OVE noted that it is not yet clear how the Bank would help to strengthen the prioritization of public investments (e.g. selection of projects on the basis of their returns).

In the CPE for Argentina 2016-2019, OVE recommended *taking measures to ensure that gaps in institutional capacity at IDB counterpart agencies are more effectively addressed* (fourth recommendation)^a Implementation of the action plan began in 2020 and involves continuing to use annual portfolio review methodologies but to focus them on institution-strengthening and assisting executing units. (In 2020, the focus was on challenges and opportunities for executing units in the context of the pandemic and remote working arrangements.) That year a diagnostic guide or draft was developed for selecting public financial management systems, and training workshops were offered on the External Loans Management System for Executing Units (UEPEX).

The CPE for Bolivia 2016-2020 looks at the issue of institution-strengthening both in a broad sense (paragraph 5.7) and through the lens of the execution of IDB operations^b With regard to this second aspect, the action plan calls for measures to reinforce the fiduciary, technical, and operational management capacities of project executing agencies. In 2020, training on fiduciary matters was provided to the transitional government's executing units and officials of the new government that

took office. The action plan also calls for identifying needs and developing operations to improve the public management capacity of executing agencies in various sectors, including water and sanitation, health, foreign trade, and transportation. On the basis of its dialogue with the new government concerning the new country strategy, Management will decide whether to include other sectors that may contribute to the implementation of this recommendation.

Source: OVE.

(a) It was recommended that an effort be made to explore the reasons for the underutilization or failure to execute components of the institutional strengthening plan during this period and to ensure that the activities designed to strengthen institutional capacity could move forward.

(b) *(Implement new ways of strengthening institutional capacities at the national and subnational levels (recommendation 3) and design projects that fit into the local institutional context (recommendation 4).*



06

Conclusions

- 6.1 The ReTS periodically provides the Boards of Executive Directors with information on the implementation of the recommendations that they have endorsed. The ReTS is a system designed to periodically provide the Boards of Executive Directors of the IDB and IDB Invest with timely information on the action taken by Management, the progress made, and the challenges encountered in implementing the OVE recommendations they have endorsed.
- 6.2 In respect of the validation process, OVE and Management have maintained the progress made in previous years, but there is room for improvement. As recommended by OVE in the 2018 ReTS report, Management has continued to systematically document all changes made in action plan milestones and targets and has provided OVE with a summary of those changes in order to make it easier to track them. However, it would be helpful for OVE to receive a more complete explanation of the reasons for any substantive changes that are made. In addition, in the year's first validation round (February), a considerable number of the action plans did not include means of verification for use in validating the implementation of the actions concerned. In most cases, Management provided this supporting information only once OVE had requested it during the final round (April). This process could therefore be made more efficient.
- 6.3 In this fifth full validation exercise under ReTS, OVE found that the action plans continued to be highly relevant and there were improvements in evaluability, but that there are implementation-related challenges to be overcome; almost one quarter of the recommendations retired were only partially adopted. OVE tracked 153 recommendations corresponding to 36 evaluations in 2020. The majority of the action plans were relevant in addressing the recommendations, and the evaluability of the new action plans was greater than it had been in 2019. However, in 2020 fewer of the plans were implemented on schedule than in 2019, and 51 recommendations were retired upon completion of the ReTS tracking cycle, with six of those recommendations having been fully adopted, 33 substantially adopted, and 12 only partially adopted. All the recommendations stemming from sector and corporate evaluations that completed their ReTS cycle in 2020 were adopted, but the adoption rates for the recommendations stemming from two of the CPEs (Suriname 2011 2015 and Guyana 2012 2016) had strikingly low recommendation adoption levels.
- 6.4 In 2020, against the backdrop of the COVID-19 pandemic, Management made noteworthy efforts to adapt or adjust action plan actions to make headway on the recommendations. OVE found that in over a third of the action plans that were active in 2020, Management reported in the ReTS effects from the COVID 19 pandemic that OVE thought may have affected the

implementation or formulation of action plans. In most of these cases, Management responded to the pandemic by adapting or adjusting measures called for in the action plans in order to move forward with the implementation of OVE's recommendations or by taking the situation into consideration when designing new plans. In some cases, however, the impact of the pandemic was reflected in low implementation scores.

- 6.5 The report also includes a medium-term analysis (2013-2020) of the principal findings regarding a recurrent issue in OVE's evaluations: the strengthening of institutional capacity. Of the total number (288) of recommendations registered in the ReTS since 2013, 25 have to do with building borrowers' institutional capacity. Most of the action plans for addressing these issues have been relevant, but only 61% of them were implemented as scheduled. This indicates that implementation challenges are greater in connection with this type of recommendation than they are for the action plans as a whole.
- 6.6 In conclusion, the information available in the ReTS indicates that a considerable percentage of the recommendations to be retired have only been partially addressed. The ReTS was set up in order to provide the Boards of Executive Directors with timely information on progress in the implementation of the OVE recommendations that they have endorsed and have asked Management to address. The fact that a considerable percentage of the recommendations being retired from the system have not been fully resolved indicates that action has yet to be taken on a series of issues identified in prior OVE evaluations.


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