

'18 ANNUAL REPORT

Office of Evaluation and Oversight



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OFFICE OF EVALUATION AND OVERSIGHT — OVE

Established in 1999, OVE undertakes independent evaluations of IDB Group's strategies, policies, programs, activities, performance and delivery support systems. Findings and recommendations are disseminated so they can be used in the design, analysis and execution of new projects.

TABLE OF CONTENTS

6 Preface

8 Acronyms and Abbreviations

9 Evaluations Completed in 2018

12 Project evaluations

15 Sector and thematic evaluations

17 Corporate evaluations


21 Country program evaluations

24 Wrapping up: What have we learned from these evaluations?

29 Dissemination and Evaluation Capacity Development

32 Future Directions

35 Annex: OVE Evaluations for IDBG, 2011-2018



The Office of Evaluation and Oversight (OVE) supports the IDB Group (IDBG) in its mission of improving lives in Latin America and the Caribbean. OVE provides independent and systematic evaluations of the IDBG's strategies, policies, programs, operations, activities, and systems. It is an independent office and reports directly to IDB's Board of Executive Directors. Since 2016 OVE also serves the Inter-American Investment Corporation (IDB Invest), reporting directly to its Board of Executive Directors. In addition, as relevant, OVE provides support to the IDBG Boards of Executive Directors in their oversight role.

OVE's evaluation program, approved each year by IDBG's Boards of Executive Directors, is designed to address a diverse range of issues of current relevance to the IDBG. OVE's evaluations are grouped into four broad categories: project evaluations, country program evaluations, sector and thematic evaluations, and corporate evaluations. These products are meant to provide objective, useful, professional, and impartial perspectives on IDBG's performance and development effectiveness.

This Annual Report provides an overview of the evaluation work undertaken in 2018. It is the fifth such report OVE has produced and my first as OVE Director, after the retirement of Dr. Cheryl Gray, who led OVE during seven fruitful and productive years. Despite the change in leadership, OVE has delivered its 2018 work program in full and in a timely manner. Likewise, it has continued to extend its outreach and dissemination activities, reaching a greater number of people and sparking discussions among stakeholders inside and outside the IDBG. Internally, during the second part of the year, OVE also started to address the recommendations of the external review on the evaluation function commissioned by the Board of Directors and to consider the results of a work climate survey, with the aim of ensuring OVE's own learning and continuous improvement. As OVE turns 20 years old next year, it will draw on the findings of the external review to revisit

some of its products and approaches. As the IDBG adjusts to the needs of the region and as trends emerge in the evaluation profession, OVE will continue to fulfill its mandate of fostering accountability for development results and stimulating learning and improvement.

I would like to take this opportunity to express my commitment to ensuring a relevant, fully objective, and independent evaluation office. I trust in OVE's mission and team and will work to further enhance OVE's effectiveness in supporting the IDBG.

Ivory Yong Prötzel
Director

ACRONYMS AND ABBREVIATIONS



CLEAR	Centers for Learning on Evaluation and Results
CPE	Country Program Evaluation
CS	Country Strategy
E&S	Environmental and Social (safeguards)
ECG	Evaluation Cooperation Group
IDB(G)	Inter-American Development Bank (Group)
IDB-9	IDB's Ninth General Capital Increase
IIC	Inter-American Investment Corporation
IRP	Independent Review Panel
LAC	Latin America and the Caribbean
MDB	Multilateral Development Bank
NSG	Non-sovereign-guaranteed
OMJ	Opportunities for the Majority Initiative
OVE	Office of Evaluation and Oversight
PCR	Project Completion Report
PEC	Policy and Evaluation Committee
PPP	Public-private Partnership
ReTS	Evaluation Recommendation Tracking System
SCF	IDB's Structured and Corporate Finance Department
SG	Sovereign-guaranteed
SMEs	Small and Medium-sized Enterprises
TC	Technical Cooperation Operation
XSR	Expanded Supervision Report

EVALUATIONS COMPLETED IN 2018

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In 2018 the Office of Evaluation and Oversight (OVE) delivered 11 evaluations and this annual report. In so doing, OVE specialists reviewed roughly 4300 Inter-American Development Bank Group (IDBG) lending and non-lending operations and knowledge products, conducted fieldwork in 15 Latin American and Caribbean (LAC) countries, and interviewed over 1100 people. In addition, during the second half of 2018 OVE started working on the Country Program Evaluations (CPEs) for Brazil, Costa Rica, Colombia, and Mexico, which will be delivered in 2019.

This report provides brief summaries of the evaluations completed in 2018 and discusses some key themes emerging from them. All evaluations discussed in this report, along with the corresponding IDBG Management responses, are available at OVE's website:

<http://www.iadb.org/evaluation>

2

Project
Evaluations



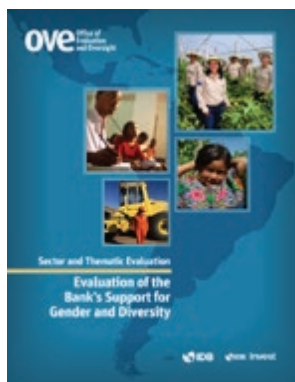
**OVE's Review of 2017 PCRs
and XSRs**
iadb.org/ove/PCR-XSR17



**Lessons from IDB Group's
NSG Problem Projects**
iadb.org/ove/NSG

1

Sector and Thematic Evaluations



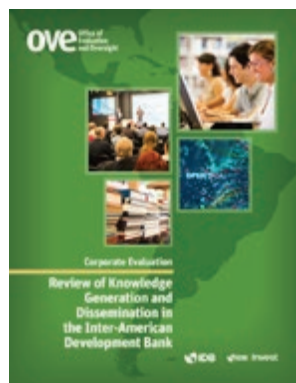
Gender and Diversity
iadb.org/ove/Gender

3

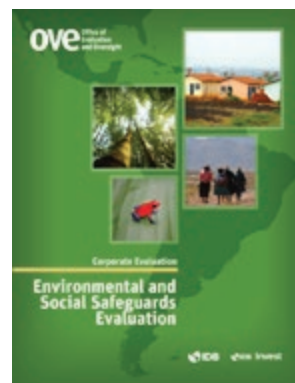
Corporate Evaluations



IDB's Ninth General Capital Increase
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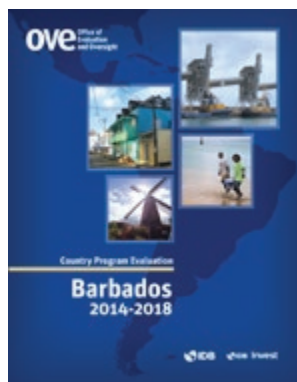


Knowledge Generation and Dissemination at the IDB
iadb.org/ove/Knowledge



Environmental and Social Safeguards
iadb.org/ove/Safeguards

5

Country
Program
Evaluations

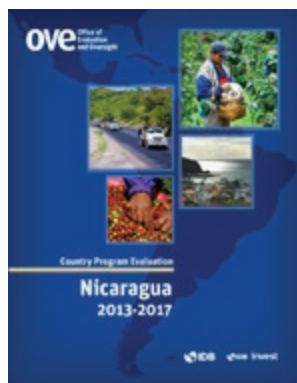
Barbados 2014-2018
iadb.org/ove/Barbados



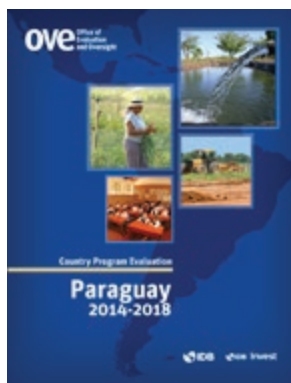
Chile 2014-2018
iadb.org/ove/Chile



Honduras 2015-2018
iadb.org/ove/Honduras



Nicaragua 2013-2017
iadb.org/ove/Nicaragua



Paraguay 2014-2018
iadb.org/ove/Paraguay

Project evaluations

Understanding results at the project level is an essential building block in the evaluation system of any multilateral development bank (MDB). Sector, thematic, and country evaluations then build on these project-level findings to provide a broader picture of IDBG results. OVE undertakes its own evaluations of project-level results while also supporting broader IDBG-wide systems for project self-evaluation carried out by Management.



Lessons from IDB Group's Non-Sovereign Guaranteed Problem Projects

In 2018, OVE completed the evaluation *Lessons from IDB Group's Non-Sovereign Guaranteed (NSG) Problem Projects*, which looked at “financially impaired” projects – that is, those that held the possibility of financial losses for the IDBG (e.g., those classified as Special Assets). The review looked at the process through which these projects were selected, appraised, structured, and monitored to extract lessons that can be of help to the IDBG in the future. The evaluation examined all projects by the Inter-American Investment Corporation (IIC), the IDB's Structured and Corporate Finance Department (SCF), and the Opportunities for the Majority Initiative (OMJ) that were classified as “financially impaired” at some point between 2007 and 2016. It also considered the experiences of five comparator MDBs.

The evaluation found that impaired projects were a minority within a predominantly sound portfolio, and actual IDBG losses were in line with those of comparator MDBs. Typically, problem projects at the IDBG were declared impaired three years after approval, but the first problematic event to cause concern often occurred earlier. Because

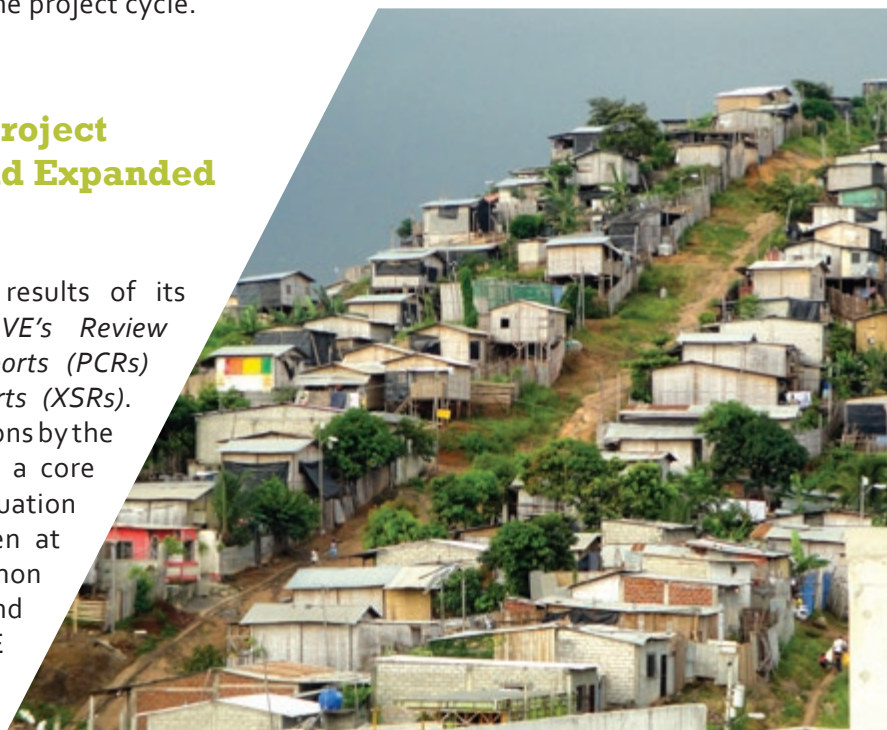
of the IDBG's patience and determination to collect, the actual IDBG losses from impaired projects—0.2% of the loan amounts—were in line with the losses of comparator MDBs and about one-tenth those of LAC commercial banks. IDBG recoveries were very high and were conducted without significant adverse effects on the institution's reputation. Moreover, about 75% of client companies were preserved. One might think that in projects with higher expected development results the IDBG would take higher risks, resulting in increased impairments; however, OVE found no differences in the expected results between impaired and other projects.

The evaluation offered two recommendations on learning and processes: first, to optimize learning from problem projects by promoting the production and use of lessons; and second, to explore and test the most promising working hypotheses on how to improve practices along the project cycle.

OVE's Review of 2017 Project Completion Reports and Expanded Supervision Reports

The office also delivered the results of its annual validation exercise, *OVE's Review of 2017 Project Completion Reports (PCRs) and Expanded Supervision Reports (XSRs)*. Validation of project self-evaluations by the independent evaluation office is a core component of the MDBs' evaluation systems, and the IDBG has been at the forefront in developing common evaluation criteria for public and private sector operations. OVE reviews the self-evaluations of sovereign-guaranteed (SG) projects in IDB (PCRs) and NSG projects in IDB Invest (XSRs).

This year, OVE's report summarized the results from its review of PCRs for 35 SG operations that closed in 2016 and of XSRs for 43 NSG operations that reached early operating maturity in 2016.



OVE concluded that 16 of the 35 SG operations and 25 of the 43 NSG operations achieved a positive overall outcome rating. Most SG and NSG operations scored well on relevance, indicating their alignment with country development challenges and their internally consistent design. Projects scored lower on effectiveness and efficiency: only 6 of the 35 SG operations and 21 of the 43 NSG operations presented evidence of reaching the majority of their intended objectives. Relatively low SG project effectiveness ratings are due to a combination of failure to achieve some stated development objectives and lack of information on some results indicators. Twenty of the 35 SG operations and about two-thirds of the NSG operations were rated satisfactory or higher on sustainability; thus it appears that continuation of results may be at risk for the remaining projects. Importantly, while initially there was noticeable divergence with IDB Invest's self-ratings, which were higher than OVE's validated rating, following further discussion and review of evidence, in the end IDB Invest agreed with the majority of OVE's final outcome ratings. A comparison between OVE ratings and IDB's self-ratings is not yet possible for SG operations; it is expected that comparability will be possible from next year.

Overall, significant progress has been made in consolidating the IDBG's project self-evaluation system, and OVE made recommendations for the future. The PCR and XSR guidelines have become a satisfactory basis for preparing PCRs and XSRs. Nevertheless, several areas need further clarification, and training of both IDBG staff and OVE evaluators would be beneficial to ensure consistency in evaluation and validation. Furthermore, as the number of self-evaluations is expected to increase, the delivery timetable and validation process will need to be further refined to ensure that OVE can feasibly validate all self-evaluations in time to deliver final ratings as regular inputs to the Development Effectiveness Overview.

1 Because PCRs were prepared using various guidelines and OVE was required to apply the 2018 PCR guidelines, strict comparability is not possible. Starting with 2019, IDB and OVE ratings are expected to be comparable, as PCRs are expected to be prepared using the 2018 guidelines.

Sector and thematic evaluations

Sector and thematic evaluations typically assess the long-term engagement of IDB and/or IDB Invest in a specific area. They complement and draw on project-level results monitoring, but, like other evaluations, they also consider specialized literature and best practices in the area and findings from field visits.

Evaluation of the Bank's Support for Gender and Diversity

OVE delivered one thematic evaluation in 2018, the *Evaluation of the Bank's Support for Gender and Diversity*—the first full independent evaluation on gender and diversity in IDB. This evaluation assessed the Bank's approaches to mainstreaming gender and diversity in its activities since 2010, to extract lessons for the future. Like other MDBs, the IDB recognizes that increasing equality of opportunity across gender, ethnic, and racial groups provides social and economic benefits, and it has increased its efforts to address these challenges in recent years. In fact, IDB policies call on the Bank to work proactively to increase equality of opportunity for gender, ethnic, and racial groups through direct investment and mainstreaming in its country strategies, loans, technical cooperation operations (TCs), knowledge products, and outreach efforts, as well as to prevent harm to such populations.

The evaluation found that since 2010 the IDB has made important progress in developing a strong institutional framework and in mainstreaming gender, and to a lesser extent diversity, in



its operations. The IDB's strategic framework has evolved to strengthen support for gender and diversity, though gender has been emphasized more than diversity. Individual lending operations that mainstream gender have increased not only in number, but also in the degree to which they integrate gender. Despite the Bank's efforts to promote gender and diversity, it is still difficult to convince many governments to include these issues in their lending portfolio. The evaluation also found that the Bank's systems for accountability and monitoring do not adequately follow implementation and measure the results of this portfolio. Therefore, OVE was unable to determine how effective the Bank's activities have been in promoting gender and diversity.

OVE made three recommendations, all endorsed by the Board: (i) increase the evidence base on the effectiveness of support for gender and diversity, particularly at the operational level, by ensuring that there are adequate incentives for team leaders to monitor implementation and evaluate results; (ii) continue to deepen the dialogue with borrowing countries in these priority areas; and (iii) work with the Board to take a fresh look at how and to what extent the Bank should continue to support diversity in its operations. In this last regard, precisely because the Bank has prioritized gender over diversity in recent years, it is time for a renewed discussion on the Bank's approach to diversity and the evidence on the cost-effectiveness of various approaches.

Corporate evaluations

A third type of OVE evaluations focuses on the instruments that the IDBG uses and the initiatives it launches to meet its corporate objectives in providing development support to LAC countries. This is a broad category that encompasses a highly diverse range of evaluation topics. OVE completed three such evaluations over the past year.

IDB's Ninth General Capital Increase: Implementation and Results

Early in the year OVE completed the evaluation *IDB's Ninth General Capital Increase: Implementation and Results*. In 2010, the IDB-9 Agreement laid out an ambitious agenda of steps IDB was to take in many areas to strengthen its relevance, development effectiveness, efficiency, and transparency. The aim of OVE's evaluation was to assess the Bank's progress in implementing the IDB-9 mandates since the IDB-9 Mid-Term Review that OVE delivered in 2012, and to identify the main challenges remaining.

The evaluation documented the IDB's substantial progress in implementing the IDB-9 mandates in several areas and in addressing most of OVE's midterm evaluation recommendations.

The evaluation included eight background papers (plus a report on the results of a survey of IDB staff designed by OVE for this evaluation) on core themes addressed by the IDB-9 Agreement. It concluded that significant progress has been made toward strategic selectivity, development effectiveness and client responsiveness, efficiency, accountability and transparency, and financial sustainability, though further work is needed in some areas to fully achieve the IDB-9 goals.

The report concluded with five broad lessons. First, lending patterns and trends in the Bank tend to change slowly and primarily in response to country demand and country conditions, and thus



top-down lending mandates have rarely been effective. Second, IDB-g's commitment to enhance development effectiveness through measuring the results of Bank operations was relevant, and significant progress has been made since 2010 in the Bank's Development Effectiveness Framework (which encompasses the Development Effectiveness Matrix, Project Monitoring Reports, and PCRs). Yet gaps remain in terms of the quality of information on project results, the use of validated PCR results, the discussion of issues arising from impact evaluations, and systematic reporting on the implementation of OVE recommendations. Third, one of the Bank's most important but difficult challenges is to help countries strengthen their institutional capacity and governance. Fourth, promoting openness and transparency is a worthy goal of all MDBs, and IDB should make a renewed push in this direction. Finally, IDB is likely to face increasing challenges of relevance and competitiveness as LAC countries continue to develop, and it would be important to discuss the kind of institution IDB wants to be in the future.



Review of Knowledge Generation and Dissemination in the IDB

In mid-2018 OVE completed the evaluation *Review of Knowledge Generation and Dissemination in the Inter-American Development Bank*, which reviewed the Bank's role as a knowledge institution. Specifically, the evaluation reviewed IDB's institutional arrangements, financing, and performance in generating and delivering knowledge, with a focus on the 2010-2016 period.

OVE found that increased resource allocation for knowledge activities has translated into an increase in knowledge production, yet quality varies and arrangements for managing and tracking resource allocation, production, dissemination, and use need to be strengthened. Between 2010 and 2016, through funding from its administrative budget and TC grant financing, IDB mobilized an average of US\$156.8 million to finance knowledge activities each year, and expenditure on knowledge activities in 2016 was about 24% greater (in nominal terms) than spending in 2010. This has led to an increase in knowledge production, which—judging by the amount of published work—has surpassed that of other comparable institutions. The use of IDB publications has also increased

and provides the basis for a richer country dialogue and programming process and helps improve operational design. The evaluation also found that external stakeholders and IDB staff have a positive perception of IDB knowledge products. Yet it is difficult to assess the degree to which IDB knowledge activities are aligned with IDB's strategic objectives, given that knowledge production in the Bank tends to be decentralized, and the prioritization of topics, generation, approval process, quality at entry, and monitoring vary with the originating unit and the funding mechanism. In addition, IDB needs to ensure that there are resources and incentives for staff to extract lessons and learn from operational successes and failures.

OVE's knowledge evaluation made four recommendations, all endorsed by the Board: (i) keep improving dissemination efforts and tracking the use of knowledge products; (ii) improve the prioritization process (e.g., identification of knowledge gaps, guidance to staff for knowledge production); (iii) explore and/or pilot mechanisms to improve the quality controls at entry for the approval of some operational instruments that finance knowledge products; and (iv) improve the Bank's internal and external dissemination efforts, adapting knowledge products for different audiences.

Environmental and Social (E&S) Safeguards Evaluation

Finally, OVE recently completed an evaluation on *Environmental and Social (E&S) Safeguards*. The evaluation looked at how effective the IDBG's safeguards systems have been in preventing, managing, and mitigating the adverse E&S impacts of IDBG-financed operations and in building client capacity to manage E&S impacts and risks. It covered the IDB's safeguards work from 2011 and IDB Invest's safeguards work from September 2013.

The evaluation found that the IDB's safeguards policies are not anchored in a fully coherent and integrated framework; rather, they rely on five different policy frameworks developed over the last 20 years. By contrast, the evaluation found, all



other major MDBs have over time adopted a single integrated E&S sustainability policy. Moreover, the IDB's safeguards policies are more process- than principles-based, focus on up-front preparation requirements, provide little guidance on implementation, and encourage a tick-the-box rather than a solutions-focused approach. The strong focus on up-front requirements, coupled with limited follow-up during implementation, does not support the corporate goal to shorten project preparation times and is not well suited to many of the projects that the IDB's borrowers currently demand. In addition, the IDB's policies have a more restricted topical coverage than those of other MDBs and do not clearly distinguish between the borrower's and IDB's responsibilities. As regards implementation, the evaluation found that over three-quarters of IDB projects reviewed did not fully meet some safeguards requirements before loan approval. Over the past 18 months IDB has undertaken significant efforts to enhance up-front due diligence work; there have been some positive results, yet challenges remain. Finally, OVE found that safeguards issues were often left unattended during project implementation because of resource constraints, the concentration of Environmental and Safeguards Unit staff in Washington, and team leaders' limited familiarity with safeguards issues.

At the same time, OVE found that IDB Invest's E&S sustainability policy provides an overall framework for both E&S impacts and risks, distinguishes more clearly between borrower and IDB Invest responsibilities, and allows for compliance over time. The key policy issue on IDB Invest's side is the reliance on multiple third-party policies: IDB policies, IFC Performance Standards, and other third-party standards. Relying on multiple policies and standards creates the potential for confusion and higher transaction costs. In practice, the evaluation found that IDB Invest largely applies IFC Performance Standards, which are widely recognized and adopted by private sector companies in the region. In terms of implementation, since the merge-out, IDB Invest has made significant efforts to build its capacity and strengthen up-front due diligence work. However, as IDB Invest's safeguards policy allows clients to meet safeguards requirements over time, strong follow-up is essential; yet resource constraints limit follow-up, particularly for medium- and lower-risk projects. Finally, the evaluation found that as IDB Invest's safeguards requirements are focused on bringing the client's own E&S management system up to par with IDB Invest standards, they generally help strengthen client capacity to manage E&S issues.

OVE made recommendations to both IDB and IDB Invest. For the IDB: revise the current safeguards policy framework; consistently identify projects that use a framework approach to safeguards and enforce the multiple works safeguards preparation requirements; strengthen safeguards supervision and reporting; strengthen IDB staff capacities to deal with E&S issues; and strengthen client capacity to manage E&S risks. For IDB Invest: revise its E&S sustainability policy (i.e., revisit the requirement of relying on multiple third-party standards in favor of requiring borrowers to adhere to a single coherent set of standards); strengthen safeguards supervision and reporting; strengthen staff capacities to deal with E&S issues; and continue and expand efforts to strengthen client capacity to manage E&S risks.

Country program evaluations

Country program evaluations (CPEs) analyze the IDBG's support to an individual borrowing country over four to five years, which usually corresponds to the time covered by the most recent Country Strategy (CS). CPEs analyze that strategy along with the relevance, efficiency, and effectiveness of the Bank Group's program that was actually implemented (including the entire range of SG and NSG lending and TC operations). Each CPE involves extensive discussions with Management and country counterparts and review by the Board's Programming Committee before Board discussion of the next CS. Taken together, the CPEs provide a comprehensive picture of the Bank Group's work in the borrowing countries. In 2018 OVE completed five CPEs – for Nicaragua, Honduras, Barbados, Paraguay, and Chile.

Nicaragua's CPE (2013-2017)

During 2013-2017, the Bank continued to be Nicaragua's most important multilateral partner and put in place a relevant program, aligned with the Government's development plans. Net flows were positive for Nicaragua throughout the period—with approvals exceeding the CS lending envelope and amounting to an increase of 43% over the prior period (disbursements rose 32% with respect to the prior period). The SG loan portfolio was concentrated in energy, transportation, and health, with a preference for programmatic and sequential operations. There were significant advances in productive infrastructure, particularly in the energy sector and with the connectivity of the Pacific-Atlantic corridor, but sustainability remains a challenge. The Bank allocated fewer resources to public and fiscal management than in the previous strategy period, although doing otherwise would have been relevant to improving the fiscal space and making program-financed investments sustainable. The private sector portfolio contracted during the evaluation period but increased its share in operations that channel funds through financial institutions.





Honduras's CPE (2015-2018)

During 2015-2018, the IDB also continued to be Honduras's main multilateral development partner and made significant efforts to enhance portfolio performance. The priority areas of the CS and the implemented program were relevant, consistent with most of the Honduran Government's priorities, with strong emphasis on the fiscal and energy areas. However, the CS could have included as a strategic area support to counter crime and promote public safety, a high-priority area for the Government. During the evaluation period, SG investment loans and TCs were approved in all priority sectors of the CS, and there was an improvement in loan execution—in fact, the pace of disbursements in the investment portfolio approved since 2011 has been higher than the average for the Central America region and the Bank. This improvement was due to the efforts of the Country Office and the Government, as well as the weight of financing for current expenditures on social protection and health in the lending portfolio. Management also made major efforts to improve the design of operations to enhance their execution and effectiveness. In terms of results, the Bank's program achieved satisfactory results in the strategy's priority sectors: fiscal, energy, health, and urban development. Moreover, the Bank has played a major role in supporting Government efforts to narrow development gaps in rural areas and in marginal urban areas, but there is still room for improvement.



Barbados's CPE (2014-2018)

During 2014-2018, the Bank was relevant in Barbados—a small, open island state—and was the largest development partner in a context of weak macroeconomic performance. The Bank's CS and program focused on priority sectors and dialogue areas that were mostly linked to the country's priorities and development challenges. In part because of the fiscal tensions and the country's need to reduce its debt level, the Bank's lending to Barbados was lower than expected: only five SG investment loans were approved during the evaluation period. However, the program approved was financially important: in a context of fiscal consolidation, Bank investment lending financed approximately 30%-40% of the Government's

public investment. Preparation and execution costs have increased, and implementation delays have continued to occur even though the country is complying with an Action Plan and lessons from other operations are being used. In terms of results, it is too early to fully assess progress toward the CS goals, but there is evidence of some positive results in the areas of energy, water, and sanitation and in the private sector. The CPE highlights that the Government values the Bank not only as a source of finance but also for its role as an important provider of technical assistance, sector knowledge, and project management support.

Paraguay's CPE (2014-2018)

During 2014-2018, Paraguay experienced economic growth and an increased reliance on alternative sources of finance, which posed challenges to IDB's engagement in the country. Following decades of stagnation, since 2003 Paraguay has experienced sustained growth—growth that has been accompanied by the availability of more public funds for investment, especially new sovereign bond issues, and by more complex needs beyond basic infrastructure (an area in which IDB support used to be significant). In this context, the Development Bank of Latin America (CAF) has become a major financial partner of Paraguay, as its business model—with a concentrated portfolio and extensive use of country systems—appears better tailored to the Government's preferences. As a result, the IDB's share of the country's external financing has dropped from 70% in 2000-2008 to less than 30% in 2014-2017. The Bank has been proactive in its attempts to adapt to the new situation, including through renewed efforts to improve portfolio execution and to lower transaction costs. However, little could be done to address the lengthy legislative ratification process (the main bottleneck to project execution). Project results were mixed during the evaluation period, but there is evidence that the most significant achievements were in those sectors in which the Bank has a long-standing relationship (basic infrastructure). Consistent with what OVE had found in previous CPEs for Paraguay, the evaluation also noted that the Bank still needs to find ways to work with the country to strengthen governance and create sufficient institutional capacity in the sectors in which it is active.





Chile's CPE (2014-2018)

The IDBG's 2014-2018 program in Chile—one of the countries in the region with the highest per capita income—was also relevant and allowed the Bank to provide high value-added in niche areas. The level of approvals envisaged in the CS's lending framework more than doubled, and the Bank accounted for more than half of the country's total space for multilateral borrowing (although IDB financing of Chile's budget is marginal). The interest rates charged by the IDB have been uncompetitive compared with those available to Chile on international markets. However, other factors make IDB assistance attractive to the Government, especially the value-added of its high-quality professionals and their technical contributions. The implemented program was consistent with the strategic objectives in the CS, but with a strong concentration in energy and education. Nearly half of the approvals consisted of programmatic policy-based loans, instruments with lower transaction costs and swifter disbursements. In terms of results, progress was made toward most of the CS objectives, and the Bank succeeded in positioning itself in specific niches—areas such as competitiveness and innovation, education, and health—by providing high-value technical support.

Wrapping up: What have we learned from these evaluations?

The 11 evaluations OVE delivered in 2018 included elements of accountability (*has the IDBG delivered what was expected?*) and learning (*what lessons can be drawn from IDBG's work so that successful experiences can be replicated and failure can be avoided whenever possible?*).

The OVE evaluations completed this year found that the IDBG has generally delivered what was expected. All 11 evaluations showed that—although with different degrees of effectiveness—the Bank has made progress in delivering most of the products, programs, and initiatives that it was expected to deliver. The results of the IDB-g evaluation is a case in point, as it concluded that IDB has made extensive progress in implementing most of the IDB-g mandates and in addressing OVE's recommendations from the midterm evaluation.

These evaluations also highlighted key common findings:

- » Consistent with previous OVE findings, the CPEs for Chile, Barbados, and Paraguay and two corporate evaluations found that as clients become more sophisticated, they place greater emphasis on the non-financial aspects of IDB assistance. Similar to what OVE has found in past evaluations (see, for example, the High and Middle Income Countries Evaluation (RE-447-2) and Mexico CPE 2007-2011 (RE-424)), the CPEs for Chile, Barbados, and Paraguay suggest that as countries have greater access to financial markets and have more sophisticated needs, demand for Bank operations increasingly depends on the non-financial additionality and technical assistance the Bank provides. Indeed, counterparts in these countries highlighted IDB's contribution as an honest broker (helping to contrast ideas and identify opportunities for improvement as an impartial third party) and its value in delivering high-quality technical studies. This finding is also consistent with what OVE had concluded in its Tax Policy and Administration Evaluation delivered in 2017 and in the Knowledge Evaluation delivered this year: the Bank is a trusted partner largely because of its technical reputation.
- » The 2018 CPEs also found that, despite Bank efforts, projects continue to encounter execution bottlenecks in many countries, affecting the achievement of development objectives. The programs in Nicaragua, Honduras, Barbados, and Paraguay encountered implementation difficulties, an issue that arises in many CPEs, as discussed in greater detail in OVE's 2016 Annual Report (www.iadb.org/ove/annualreport). Various factors

affected implementation in these countries—from the complexity of project design and limited capacity of the executing agencies to changes in government and lengthy internal processes (such as procurement and legislative ratification processes, etc.)—usually undermining the achievement of the projects' development objectives. The Bank has made efforts to enhance the pace of project execution, usually through components on institutional strengthening in loans and TCs, action plans, and the incorporation of lessons from other operations; however, there is still room for a more tailor-made approach in IDB programs to fit the country context.

- » The project, corporate, and thematic evaluations OVE delivered in 2018 indicate that there is still room to enhance the Bank's systems for accountability and performance monitoring. As OVE pointed out in the IDB-9 Evaluation, major progress has been made in strengthening tools to measure development effectiveness, including a system that tracks the status of recommendations made by OVE and endorsed by the Board of Executive Directors (Box 1). Yet the Review on Project PCR/XSRs, and the Knowledge, Gender and Diversity, and Safeguards evaluations pointed out weaknesses in the Bank's ability to measure the performance of Bank activities in these areas. For instance:
 - › The PCR/XSR review found that often there was insufficient information to assess results at the project level.
 - › The Knowledge Evaluation found that the current state of IDBG's budget and tracking systems inhibits OVE's ability to carefully assess the degree to which IDB knowledge activities are aligned with IDB's strategic objectives.
 - › The Gender and Diversity Evaluation found that Bank systems do not adequately follow implementation and measure the results of the efforts to mainstream gender and diversity.
 - › The Safeguard Evaluation reported that the IDB does not regularly follow up, monitor, and report on the safeguards performance of its operations, and thus it does not know to what extent safeguards policy objectives are met at the project and portfolio levels.

The corporate evaluations completed this year suggest there are opportunities for streamlining certain policies and guidelines, allowing the IDBG to clearly spell out what it aspires to achieve, ensuring consistency, and arguably helping to improve workflow. As mentioned earlier, neither knowledge activities nor safeguards policies are anchored in a fully coherent and integrated framework. Other OVE work has also found that some Bank initiatives rely on various policies

and standards, lacking a single overall umbrella policy or guiding document. While this probably reflects the rapid changes that the IDBG, like all other MDBs, has faced in the last decade, investing efforts in streamlining policies and guidelines in certain areas seems worthwhile to reflect the IDBG's objectives and ensure consistency.

Box 1.

Evaluation Recommendation Tracking System (ReTS)

The ReTS tracks recommendations made by OVE and endorsed by the Boards of Executive Directors of the IDB and IDB Invest. The IDB has used the ReTS since 2013, and IDB Invest began a similar process in 2016. Management prepares an action plan for each Board-endorsed recommendation and updates progress annually. OVE validates both the relevance of the action plan and, subsequently, its implementation. Although OVE's validation does not assess the final outcome of actions taken to address a given recommendation (only a new full evaluation could), it provides a measure of the IDBG's progress in implementing the decisions of the IDB and IDB Invest Boards concerning evaluation recommendations. In the process, validation also fosters learning, completing the evaluation loop.

OVE presented the results of the first two full rounds of validations of Management's action plans in its 2016 and 2017 Annual Reports. This required Management teams to update the ReTS by the end of September and the Strategy and Policy Department to submit the information for validation by the end of October, even though most actions had an end-of-year completion date. To give Management more time and to report on actions taken during the whole calendar year, OVE has decoupled ReTS reporting from OVE's Annual Report. This change should also support OVE's more in-depth review of Management's implementation of evaluation recommendations, now that the ReTS is more established within the IDBG.

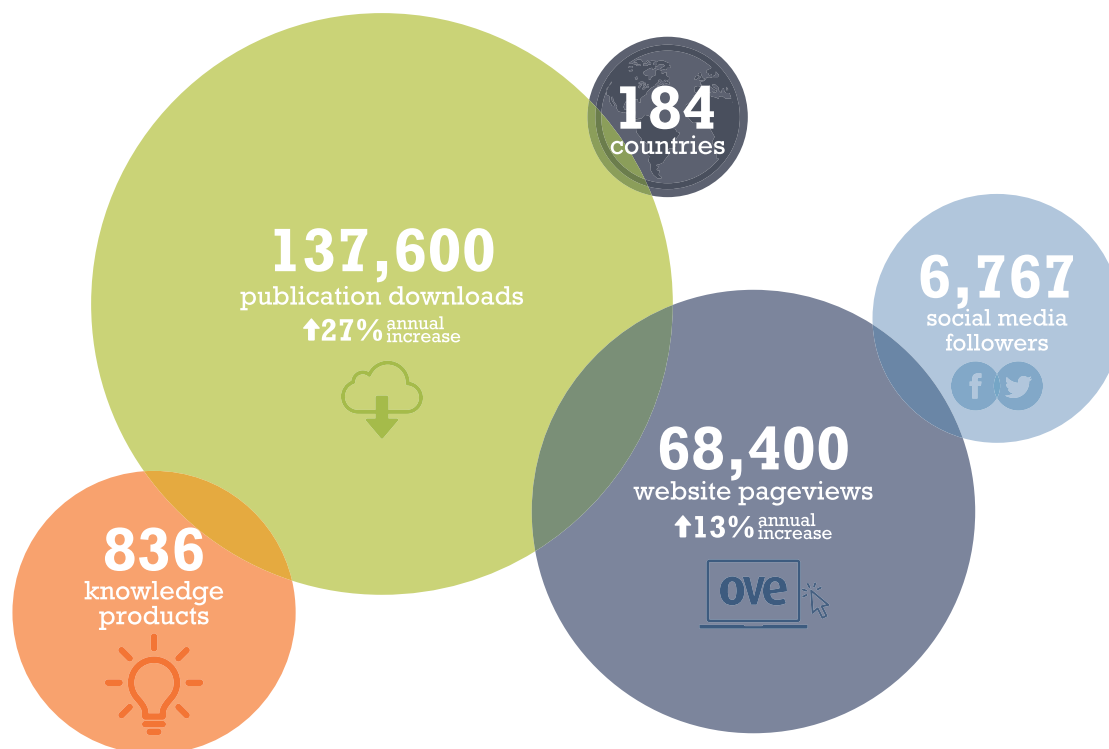
DISSEMINATION AND EVALUATION CAPACITY DEVELOPMENT



OVE's mandate includes disseminating its evaluations for learning purposes and for building evaluation capacity in the LAC region. As a result, OVE dedicates substantial effort to engage the right audiences and to develop evaluation capacity, both within IDBG and with partners and country counterparts. OVE seeks to make its evaluations easily accessible through its publications and website, dissemination events, and participation in workshops and conferences.

In 2018, OVE continued to strengthen the dissemination of its products online, as evidenced by our increased social media presence, growing subscriber base, and number of report downloads. Specifically, OVE's website registered roughly 68,400 page views, 13% more than the previous year, and total report downloads reached 137,600, almost 27% more than in 2017 (Figure 2.1). In the past 12 months, we have also run seven blog entries based on the evaluations carried out—including blogs on public-private partnerships (PPPs), Impact Evaluations, and Gender—that attracted much attention.

Figure 2.1. 2018 Outreach and Dissemination



During the year, OVE also organized, and participated in, several dissemination events both in the region and at headquarters. The main event was “Gender: From mainstreaming to overall effectiveness,” co-hosted by OVE and the IDB’s Executive Vice Presidency. The event was a good opportunity to present the findings of OVE’s study and share the experiences of different sector divisions with respect to measuring the results of mainstreaming gender in IDB operations. More than 250 people participated in this event. The results of this evaluation were also presented at the Third Evaluation Symposium of the Islamic Development Bank (IsDB) during a dedicated workshop on gender, in the context of the IsDB’s preparation of its first gender policy. Also in 2018, during the 40th Meeting of the Brazilian Econometrics Society in Brazil, OVE organized an

event to disseminate the findings of its assessment of IDB impact evaluations² and to promote the use of IDB impact evaluations outside the Bank.

In addition, OVE has continued its participation in the Evaluation Cooperation Group (ECG) meetings, chaired this year by the Asian Development Bank. This year the focus was on *Improving Results Measurement and Management*, and the topics discussed included additionality, the revision of the OECD-DAC Evaluation Criteria, joint evaluations, external evaluations of the evaluation functions, quality assurance processes, and evaluating PPP operations and financial intermediation. In conjunction with the ECG exchanges, OVE also participated in the Asian Evaluation Week, which focused on making evaluation work at the country level.

Finally, OVE has also continued to participate actively in the CLEAR (Centers for Learning on Evaluation and Results) Initiative. This is a joint program of multilateral and bilateral donors and foundations to support capacity-building centers for monitoring and evaluation in four world regions (www.theclearinitiative.org). The Centro de Investigación y Docencia Económicas in Mexico was selected in 2012 as the Spanish-speaking LAC center, and in 2015 the Portuguese-speaking center was launched at the Getulio Vargas Foundation in São Paulo. OVE has supported these programs since their inception through funding, exchanges of ideas, and joint dissemination events. OVE participated in the 2018 CLEAR Forum and is actively involved in redefining the strategy of the CLEAR Initiative post-2020 to ensure that it reaches its intended goal to support evaluation capacity development in the whole LAC region.

2 “IDB’s Impact Evaluations: Production, Use and Influence.”

FUTURE DIRECTIONS

As was mentioned in the Preface, 2018 has been a transition year for OVE. Following good practice and in view of the arrival of the new OVE Director, the IDB Board of Directors commissioned an external review of the evaluation function by an Independent Review Panel (IRP) (Box 2). The external review has been a critical input to OVE's reflection for continuous improvement and has encouraged work in the following areas:

- » Strengthening engagement with key stakeholders, in particular the Management of IDBG, to reinforce the usefulness and impact of our evaluations.
- » Enhancing strategic management and better formalizing processes and quality standards, to increase transparency and efficiency.
- » Elaborating, with Management, an IDBG evaluation policy document.³
- » Updating the approach and scope of CPEs to ensure that they continue to be well suited to current needs.⁴

3 OVE, IDB's Office of Strategic Planning and Development Effectiveness, and IDB Invest's Strategy and Development Department are in the process of elaborating an evaluation policy document to govern the evaluation function for the IDBG. This is a best practice approach in evaluation, as evidenced by the fact that in recent years other MDBs have also developed a unified institutional guidance for evaluation.

4 The protocol that guides these evaluations was last updated in 2009 (Protocol for Country Program Evaluation (CPE) 2008), new revised version (RE-348-3, 15 May 2009).

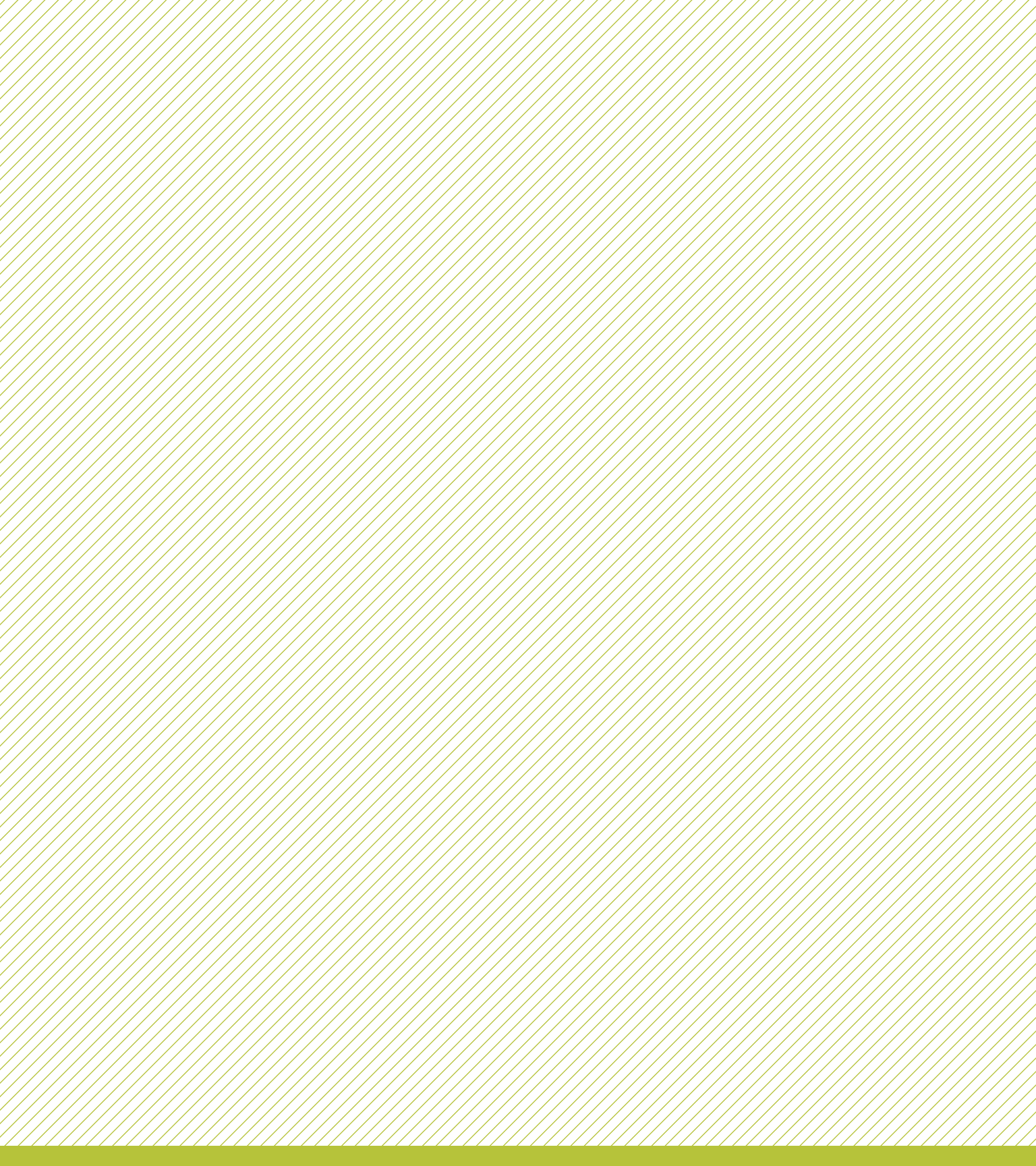
Box 2. Independent Review Panel

In the context of the appointment of a new OVE Director, and as in the previous change of OVE management 7 years earlier, in mid-2017 the Board of Executive Directors commissioned an external review of the IDBG's evaluation function. The Independent Review Panel (IRP) performed the review between November 2017 and March 2018. The review was expected to provide information useful to the new Director and to contribute to enhancing OVE and its independent evaluation function, as well as the evaluation function generally in the IDBG. It focused on OVE but took into account the IDBG's overall evaluation system, and more specifically the interactions between OVE, the Board and Management (represented by the

Strategy and Policy Department), together with their corresponding responsibilities in the overall system, i.e., oversight and self-evaluation, respectively.

On May 2018, the Panel Chair presented the final report to the PEC. It proposed several recommendations to OVE, IDBG Management, and the Board aimed at strengthening the evaluation function at IDBG. Following the discussion, the Board endorsed the report and requested Management and OVE to follow up on the recommendations.

In 2019, OVE will celebrate 20 years as an independent evaluation office—a milestone that provides a great opportunity to take stock of what we have achieved and plan the road ahead. In addition to addressing the IRP recommendations, OVE will continue seeking ways to improve the quality and influence of its products, including by exploring new evaluation tools, methods, and delivery formats and by furthering the evaluation capacity and professional growth of the team. OVE will stand ready for the next 20 years of supporting IDBG in achieving its mission of improving lives in Latin America and the Caribbean.



ANNEX: OVERVIEW EVALUATIONS FOR IDBG, 2011-2018

COUNTRY PROGRAM EVALUATIONS

EVALUATIONS	DATE	# DOCUMENT
Nicaragua 2013-2017	Jun-18	RE-522-1
Chile 2014-2018	Sep-18	RE-526
Barbados 2014-2018	Jan-19	RE-525
Honduras 2015-2018	Nov-18	RE-528
Paraguay 2014-2018	May-19	RE-527
Bahamas 2010-2017	Nov-17	RE-516-4
Ecuador 2012-2017	Nov-17	RE-514-1
Dominican Republic 2013-2016	May-17	RE-505-1
Guyana 2012-2016	Apr-17	RE-502-3
Guatemala 2012-2016	Nov-16	RE-503-1
Peru 2012-2016	Oct-16	RE-498-1
Trinidad and Tobago 2011-2015	Oct-16	RE-495-3
Haiti 2011-2015	Jul-16	RE-494-1
Suriname 2011-2015	Jul-16	RE-493-1
Argentina 2009-2015	May-16	RE-491-1
Uruguay 2010-2015	Oct-15	RE-484-1
Brazil 2011-2014	Sep-15	RE-482-1

EVALUATIONS	DATE	# DOCUMENT
Bolivia 2011-2015	Sep-15	RE-483-1
Panama 2010-2014	May-15	RE-475-1
Colombia 2011-2014	May-15	RE-477-1
Costa Rica 2011-2014	Jan-15	RE-472-3
El Salvador 2009-2014	Dec-14	RE-474-3
Jamaica 2009-2014	Nov-14	RE-468-1
Honduras 2011-2014	Oct-14	RE-469-3
Chile 2011-2013	Jun-14	RE-465-1
Barbados 2010-2013	Feb-14	RE-460-1
Paraguay 2009-2013	Dec-13	RE-452-1
Dominican Republic 2009-2013	Oct-13	RE-453-1
Belize 2008-2012	Apr-13	RE-420-3
Mexico 2007-2011	Nov-12	RE-424
Guyana 2008-12	Nov-12	RE-423
Nicaragua 2008-2012	Oct-12	RE-422
Ecuador 2007-2011	Jun-12	RE-405-2
Guatemala 2008-2011	Jan-12	RE-404
Peru 2007-2011	Dec-11	RE-403
Brazil 2007-2010	Oct-11	RE-398
Haiti 2007-2011	Sep-11	RE-394
Colombia 2007-2010	Aug-11	RE-393
Bolivia 2008-2010	May-11	RE-391
Honduras 2007-2010	May-11	RE-390
Uruguay 2005-2009	May-11	RE-389
Suriname 2007-2010	Jan-11	RE-381

SECTOR AND THEMATIC EVALUATIONS

EVALUATIONS	DATE	# DOCUMENT
Evaluation of the Bank's Support for Gender and Diversity	2018	RE-518-2
Comparative Evaluation: Review of Bank Support to Tax Policy and Administration, 2007-2016	Jul-17	RE-509-1
Evaluation of Public-Private Partnerships in Infrastructure	Feb-17	RE-504-4
Evaluation of the IDB's Emerging and Sustainable Cities Initiative	Sep-16	RE-501-1
Evaluation of IDB Group's Work through Financial Intermediaries	Feb-16	RE-486-2
Review of the Bank's Support to Agriculture, 2002-2014: Evidence from Key Thematic Areas	Jul-15	RE-467-1
Climate Change at the IDB: Building Resilience and Reducing Emissions	Oct-14	RE-459-1
IDB's Response to Key Challenges in Citizen Security, 1998-2012	Feb-14	RE-455-1
Review of IDB Support to Secondary Education: Improving Access, Quality, and Institutions, 1995-2012	Oct-13	RE-461
How is IDB Serving Higher-Middle-Income Countries? Borrowers Perspectives	Feb-13	RE-447-2
Implementation of the Strategy for Indigenous Development. Lessons learned from the portfolio review	Sep-12	RE-419
Thematic Note: The Challenge of Integrated Watershed Management. Analysis of the Bank's Action in Watership Management Programs, 1989-2010	Oct-11	RE-399
OVE's Environmental Performance Review applied to the Energy Sector	Feb-11	RE-382

PROJECT EVALUATIONS

EVALUATIONS	DATE	#DOCUMENT
PCR/XSR Validations	Nov-18	RE-530-2
A review of IDB group's Non-Sovereign Guaranteed Problem Projects	Mar-18	CII/RE-32
Assessing Firm-Support Programs in Brazil	Sep-17	RE-489-1
IDB and IIC Project Performance: OVE's Review of 2016 Project Completion Reports and Expanded Supervision Reports	Aug-17	RE-520
Comparative Project Evaluation of IDB Support to Low-income Housing Programs in Four Caribbean Countries	Mar-17	RE-500-1
Urban Transport and Poverty: Mobility and Accessibility Effects of IDB-supported BRT Systems in Cali and Lima	Jun-16	RE-497-1
Study on the Performance and Sustainability of Water and Sanitation Initiatives in Rural Areas: Drinking Water Supply and Sanitation in Small Communities in Paraguay	Apr-16	RE-464-1
Comparative Project Evaluation of Green Credit Lines	Mar-16	RE-487-2
Comparative Case Studies: Review of IDB Institutional Support to the Conditional Cash Transfer in Three Lower-Middle-Income Countries	Oct-15	RE-473-1
Evaluation of Procidades	Sep-15	RE-481-4
Eleventh Annual Independent Validation Report on IIC's Expanded Project Supervision Reports	Aug-15	CII/RE-16
Comparative Case Study of Three IDB-Supported Urban Transport Projects	May-15	RE-454-1
Measuring Project Performance at the IDB: Recent Developments in the Project Completion Report and the Expanded Project Supervision Report Systems	May-15	RE-488
A Comparative Analysis of the IDB Approaches Supporting SMEs: Assessing Results in the Brazilian Manufacturing Sector	Oct-14	RE-450-1
Inter-American Investment Corporation: Tenth Annual Independent Validation Report Prepared by the Office of Evaluation and Oversight	Apr-14	CII/RE-15
Evaluability Review of Bank Projects 2012	Oct-13	RE-448-1

EVALUATIONS	DATE	#DOCUMENT
Fifth Independent Evaluation of SCF's Expanded Project Supervision Report Exercise	Sep-13	RE-332-8
The Implementation Challenge: Lessons from Five Citizen Security Projects	Jul-13	RE-456
IIC: Ninth Annual Independent Validation Report	May-13	CII/RE-14
Land Regularization and Administration Projects: A Comparative Evaluation	Jan-13	RE-410-1
Review of the Project Completion Reporting System for Sovereign Guarantee Operations	Jul-12	RE-417
Fourth Independent Evaluation of the Expanded Project Supervision Report Exercise	Jul-12	RE-332-6
2011 Evaluability Review of the Bank Projects	May-12	RE-397-1
Third Independent Validation Report- MIF Investment Projects Matured before 2010	Jan-12	MIF/RE-4
Eighth Annual Independent Validation Report - IIC Projects Matured during Calendar Year 2010	Sep-11	IIC/RE-13
Third Independent Evaluation of the Expanded Project Supervision Report Exercise	Mar-11	RE-332-4
Ex post Evaluation of the Impact of the Environmental Mitigation Measures for the Porce II Hydroelectric Power Plant Project	Feb-11	RE-383
Ex post Evaluation of Mitigation Measures in the Samalayuca II and Monterrey III Thermal Power Generation Projects	Mar-11	RE-385
Resettlement Processes and their Socioeconomic Impact. Porce II Hydroelectric Project, Colombia	Mar-11	RE-387

CORPORATE EVALUATIONS

EVALUATIONS	DATE	#DOCUMENT
OVE Annual Report 2018	2019	
OVE Work Program and Budget	2018	RE-532-4
Environmental and Social Safeguards	Oct-18	RE-521-1
Knowledge Generation and Dissemination in the Inter-American Development Bank Group	Mar-18	RE-517
OVE Annual Report 2017	Mar-18	RE-524
Evaluation of IDB-g Commitments	Feb-18	RE-515-6
Review of the Implementation to Date of the Private Sector Merge-out	Oct-17	RE-513-3
IDB's Impact Evaluations: Production, Use and Influence	Sep-17	Re-512-1
Evaluation of Direct Support to SMEs by the IIC	Apr-17	CII/RE-23-3
Evaluation of Macroeconomic Safeguards at the IDB	Mar-17	RE-508-1
OVE Annual Report 2016	Mar-17	RE-511
Comparative Study of Equity Investing in Development Finance Institutions	Jan-17	CII/RE-20-2
An OVE Oversight Study: The Evolution of Administrative Spending in the Inter-American Development Bank	Oct-16	RE-499-1
Corporate Evaluation: Contingent Lending Instruments	Apr-16	RE-496-1
OVE Annual Report 2015: Summary of Activities and Analysis of Policy-Based Lending	Feb-16	RE-485-5
OVE Annual Report 2015. Technical Note: Design and Use of Policy-Based Loans at the IDB	Feb-16	RE-485-6
Review of the Pilot Phase of the IDB's New Recommendations Tracking System	Aug-15	GN-2707-4
Office of Evaluation and Oversight Annual Report 2013-2014: Evaluation Overview and Implications for IDB Support to Growth and Poverty Reduction	Feb-15	RE-470-4

EVALUATIONS	DATE	#DOCUMENT
Evaluation of Special Programs Financed by Ordinary Capital	Nov-14	RE-476-5
Second Independent Evaluation of the Japanese Trust Funds at the IDB	May-14	RE-471
Evaluation of the Results of the Realignment	Jan-14	RE-451-2
Second Independent Evaluation of the Multilateral Investment Fund – Final Report to Donors	Feb-13	MIF/RE-2-4
Overview: Mid-term Evaluation of IDB-g Commitments	Dec-12	RE-425
Evaluation of the Independent Consultation and Investigation Mechanism (ICIM)	Dec-12	RE-416-1
Evaluation of the Fund for Special Operations during the Eighth Replenishment (1994-2010): Part II	Sep-12	RE-409-1
Evaluation of Transnational Programs at the IDB	Jul-12	RE-415
Evaluation of the Opportunities for the Majority Initiative	Jun-12	RE-414
Second Independent Evaluation of the Multilateral Investment Fund – Progress Report	May-12	MIF/RE-2-2
An evaluation of the bank's NS operations with subnational entities: 2007-2010	Dec-2011	RE-402
An Evaluation of One Pillar of the IDB's Knowledge and Learning Strategy: Training Activities for IDB Operations Staff	Dec-2011	RE-401
Oversight Note on Credit Risk Management	Apr-11	RE-386



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'18 ANNUAL REPORT

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