



RE-462

***OVE's Proposed 2014-2015 Work
Program and Budget***

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

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TABLE OF CONTENTS

OVE’S PROPOSED 2014-15 WORK PROGRAM AND BUDGET

A. OVE’s Evaluation Products 1

B. Work Completed by OVE in 2013..... 2

C. Product Mix and Work Program for 2014-15..... 4

D. Staffing and Budget 7

A. Closing 8

[Annex 1](#): Recommendations of the 2011 IRP Report

OVE'S PROPOSED 2014-15 WORK PROGRAM AND BUDGET

1.1 The Office of Evaluation and Oversight (OVE) was created in 2000 as an independent office reporting directly to IDB's Board of Executive Directors. OVE's mission is to provide accurate, constructive, and evidence-based information on the performance and development effectiveness of IDB's activities. OVE develops a work program annually that shows planned evaluations and proposed budget in the coming year and an indicative list of evaluations for the following year. As was done in prior documents, this year's document also summarizes results achieved in the current year and shows data on the costs of OVE's product lines and on the budgets of evaluation units in comparator MDBs. OVE has benefitted from discussions with members of the Board of Executive Directors and IDB management and would like to thank them for their constructive suggestions (many of which have been incorporated herein) on how OVE can be most useful to the organization.

A. OVE's Evaluation Products

1.2 OVE's evaluations are grouped under 4 broad categories: project evaluations, country program evaluations, sector and thematic evaluations, and corporate evaluations. These products provide unique and complementary perspectives on IDB's performance and development effectiveness.

1.3 As illustrated in Figure 1, strong **project evaluations** underpin all other evaluation work – whether at the country, sector, thematic, or corporate level. To have an accurate picture of IDB's results it is necessary to have a clear understanding of the performance – including the relevance, effectiveness, efficiency, and sustainability – of the projects it supports. OVE's work at the project level includes both (i) validations of Management's own self-evaluation and (ii) comparative evaluations of individual projects, designed to provide in-depth lessons of experience to help Bank staff in the future design and implementation of projects in these areas.

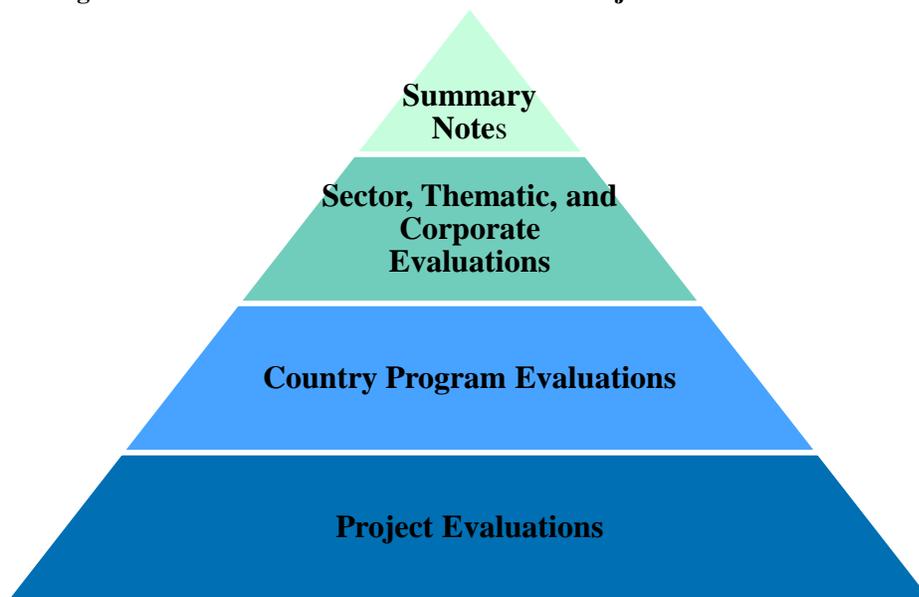
1.4 IDB has made significant strides in improving the Bank's project evaluation architecture in the past few years through the design and adoption of the Development Effectiveness Matrix and the growing incorporation of impact evaluations in projects. An OVE evaluation ([RE-417](#)) in 2012 pointed out the major problems with ex-post reporting of project results through Project Completion Reports (PCRs), and the system is being redesigned and piloted in 2013. It is critical that the pilots be completed and the new system fully implemented by Management in 2014.

1.5 **Country Program Evaluations** (CPEs) provide an analysis of the relevance, effectiveness, efficiency, and sustainability of the full range of IDB's support to an individual borrowing country over a 3-5 year period, generally but not always corresponding to the time covered by the most recent Country Strategy. Each

CPE involves extensive discussions with management and country counterparts and review by the Board’s Programming Committee prior to Board discussion of the respective country strategy.

- 1.6 **Sector, thematic, and corporate evaluations** build on the groundwork laid by project evaluations. Sector and thematic evaluations provide information on past IDB experience in a substantive area as well as advice on future strategic directions. Corporate evaluations focus on the IDB’s own structure and processes and how they affect the development effectiveness of its work.
- 1.7 In addition to preparing its own evaluations of IDB programs, OVE has a mandate to support the development of evaluation capacity in LAC countries. OVE devotes relatively modest resources to this area of work, as described further below, but seeks to achieve significant results through focused efforts and strong partnerships with other donors and LAC institutions.

Figure 1: The Evaluation Pyramid
A Strong Evaluation Product Mix Builds on a Solid Project Evaluation Architecture



B. Work Completed by OVE in 2013

- 1.8 The first column of Table 1 shows the evaluations that have been completed or are on track to be completed by the end of 2013. At the project level, OVE supported the development of a new downstream PCR system, as noted above, and continued to review upstream project evaluability through the validation of DEM scores ([RE-448-1](#)). OVE also completed its 5th review of Expanded Project Supervision Reports (XPSRs) to document results of the Structured and Corporate Finance (SCF) Department’s NSG loans reaching “early operating maturity” in 2011 ([RE-332-8](#)), as well as the 10th XPSR report for IIC (under separate IIC contract with OVE). Future XPSR exercises will include projects under the Opportunities for the Majority (OMJ) initiative.

- 1.9 OVE also completed its first two pilot comparative project reviews, one examining five citizen security projects ([RE-456](#)) and the other looking at nine land titling and administration projects. A third review -- on modes of support for small and medium enterprises (SMEs) in Brazil -- is underway and expected to be finalized in late 2013.
- 1.10 **Sector and Thematic Evaluations.** OVE expects to deliver two major sector and thematic evaluations in 2013: (1) a review of IDB support to secondary education ([RE-461](#)) and (2) a thematic evaluation on citizen security. Both are high priority sectors for IDB and key topics for economic development in Latin America.
- 1.11 **Country Program Evaluations (CPEs).** CPEs are being completed in 2013 for Belize, Dominican Republic, Paraguay, and Barbados. At the Board's request, OVE has piloted new approaches to CPEs in 2013 to ensure they cover all aspects of Bank work (lending and non-lending, public and private sector) and to make the analysis and recommendations as clear and useful as possible.
- 1.12 **Corporate Evaluations.** OVE finalized the evaluation of the Multilateral Investment Fund (funded by MIF) in early 2013 and presented both the IDB-9 Mid-Term Evaluation (delivered to the Board in December 2012) and the MIF evaluations at the IDB Annual Meetings in Panama in March. During the 2d quarter (Apr-June), the Policy and Evaluation Committee (PEC) completed discussion of the IDB-9 background papers, each of which looked in depth at specific commitments under IDB-9. OVE expects to deliver two more major corporate evaluations – of IDB's 2007 Realignment (looking at issues of matrix management, incentives, efficiency, and country- and sector-focus) and of the Japanese Trust Fund – by the end of 2013.
- 1.13 **Outreach.** OVE has dedicated substantial resources to strengthening outreach, both within IDB and with partners and country counterparts in the LAC region. OVE's publications and website have been fully revamped, and the number of people accessing the site has grown rapidly.¹ OVE is chairing the Evaluation Cooperation Group (consisting of the independent evaluation groups of 8 multilateral development banks and the IMF) in 2013 and has hosted two meetings in IDB headquarters.
- 1.14 **Evaluation Capacity Development.** OVE has continued in 2013 to participate actively in the multi-donor CLEAR Initiative. CLEAR ("Centers for Learning on Evaluation and Results") is a joint program of 9 multilateral and bilateral donors and foundations to support capacity-building centers for monitoring and evaluation in four world regions (<http://www.theclearinitiative.org/>). OVE is represented on the Board of the CLEAR program and is taking a lead role in supporting its activity in LAC. In addition to the Centro de Investigación y

¹ OVE's website had an average of 50,000 page views and 16,659 visitors per month in the first half of 2013, increases of 106% and 96%, respectively, from the first half of 2012.

Docencia Económicas (CIDE) in Mexico, which was selected in 2012 as the Spanish Center, a Lusophone Center in Brazil will be selected by end-2013.

Table 1: OVE's Proposed Work Plan and Deliverables 2013-2015

2013	2014	2015
Project Evaluations		
Evaluability Review of Bank Projects Approved in 2012	Evaluability Review of Bank Projects Approved in 2013	Evaluability Review of Bank Projects Approved in 2014
XPSR validations for IDB/MIF/IIC	XPSR validations for NSG lending	XPSR validations (NSG)
	2013 PCR validations (SG lending)	2014 PCR validations (SG)
Pilot in-depth comparative project evaluation (citizen security; land regularization; support to SMEs in Brazil)	In-depth comparative project evaluations (bus rapid transit; environmental PBLs; rural water supply in Paraguay; social safety nets; Procidades; others TBD)	In-depth comparative project evaluations (topics TBD)
Sector and Thematic Evaluations		
Secondary Education	Climate Change	Agriculture and Food Security
Citizen Security	Climate Investment Funds (5 MDBs)	
Country Program Evaluations		
Belize	Chile	Brazil
Dominican Republic	Costa Rica	Venezuela
Paraguay	Honduras	Uruguay
Barbados	Jamaica	Bolivia
	El Salvador	
	Colombia	
	Panama	
Corporate Evaluations		
MIF	Ordinary Capital Special Programs*	IDB-9 Final Review*
IDB Realignment	OVE Annual Report	OVE Annual Report
Japanese Trust Fund		
Evaluation Capacity Development and Outreach		
CLEAR Initiative	CLEAR Initiative	CLEAR Initiative
Website and Publications	Website and Publications	Website and Publications
Outreach Strategy and Events	Outreach Events	Outreach Events

*Though formally classified as single evaluations, the OC Special Programs and IDB-9 evaluations will each cover a range of substantive topics.

C. Product Mix and Work Program for 2014-15

1.15 OVE's proposed work program for 2014 and 2015 seeks to produce a balanced mix of the various evaluation products discussed above.

1.16 **Project Evaluations.** OVE will continue to support the development of the overall IDB project evaluation system in an effort to build a strong architecture for results measurement and learning. OVE plans to continue validations of project evaluability by reviewing the DEM scores of a sample of projects

- submitted to the Board for approval. OVE also plans to mainstream the validation of PCRs by reviewing PCRs prepared by management. These reviews of upstream evaluability and downstream project performance reporting are critical in strengthening IDB's evaluation architecture and are mandated in the IDB-9 Agreement. OVE might consolidate the reporting of the results of these exercises in an Annual Report, as discussed further below.
- 1.17 In addition, OVE intends to work with the private sector windows of the IDB Group (in whatever form they are eventually structured) to strengthen the self-evaluation and OVE validation system for NSG lending (XPSRs). One of the findings of the XPSR validations completed in 2013 was that the current methodology for XPSRs does not place sufficient emphasis on development effectiveness, and OVE plans to work with IDB, IIC, and MIF management to strengthen the approach.
- 1.18 OVE also plans to continue to undertake comparative ex-post project reviews. They are useful products for operational staff because of their in-depth analysis of project design and implementation, and they can also provide insights to the Board and senior management on implementation challenges facing the Bank. The proposed program includes 4-6 comparative project reviews each in 2014 and 2015. Two of these – on bus rapid transit and environmental PBLs – are already underway, and two more – on rural water supply (with a focus on Paraguay) and Procidades (urban development projects in Brazil) – are in the early design stage. During OVE's consultations, Directors expressed interest in other sector issues that might also be addressed in these comparative project reviews in 2014-15, including Bank support for financial intermediaries, selected aspects of urban development, and support for renewable energy.
- 1.19 **Sector and Thematic Evaluations.** OVE proposes to deliver two sector/thematic evaluations in 2014 and one in 2015. OVE seeks to select topics that will be of greatest interest and benefit to IDB, taking into account the extent of IDB activity in the sector/theme, the potential for future IDB engagement, and the potential value-added of additional learning to development effectiveness. The focus in 2014 is climate change, and a thematic evaluation of IDB's experience to date is already well underway, with an approach paper delivered to the Board in mid-2013. OVE is also involved in a joint evaluation on the Climate Investment Funds (CIFs), which is being funded by the CIF Trust Fund Committees and managed by the evaluation units of the World Bank, African Development Bank, Asian Development Bank, European Bank of Reconstruction and Development, and IDB. It is the first formal joint evaluation by the five MDBs and is expected to be completed by mid-2014.
- 1.20 OVE proposes to aim for early 2015 as the delivery date for the sector evaluation on agriculture and food security. This was originally envisaged for delivery in late 2014, but more time will allow OVE to look more deeply into project experience in the sector and will help OVE accommodate competing demands on OVE resources in 2014.

- 1.21 **Country Program Evaluations.** The proposed program includes the preparation and delivery of 7 CPEs in 2014 (Chile, Costa Rica, Honduras, Jamaica, El Salvador, Colombia, and Panama) and 4 in 2015 (Brazil, Venezuela, Bolivia, and Uruguay). This program is in line with the current timeline of country strategy expiration. OVE will continue to build on the new approach to CPEs undertaken in 2013 and will aim to deliver them significantly in advance of new country strategies.
- 1.22 **Corporate Evaluations.** The proposed work program in the corporate area has one major deliverable each in 2014 and 2015. In 2014 OVE plans to undertake an evaluation of IDB's Ordinary Capital (OC) Special Programs, which are targeted programs funded by a set-aside from Ordinary Capital. This evaluation, requested by numerous Board members, will look at IDB's process for defining, allocating funding to, and implementing focused initiatives in key thematic areas. To the extent feasible it will also look at the implementation and results of key Special Programs.
- 1.23 In 2015 OVE will prepare a final evaluation of IDB's Commitments under IDB-9, building on the Mid-term Evaluation of IDB-9 Commitments conducted in 2012. This will provide an opportunity to look again at a number of key topics emphasized by Directors during this year's consultations on OVE's work program, including lending instruments (e.g. PBLs, CCLIPs, and contingent instruments), technical cooperation, MSAs, MICI, private sector development, sector strategies and framework papers, safeguards, and IDB's financial framework and risk management.
- 1.24 These two evaluations – on OC Special Programs and IDB-9 Commitments – are both expected to be major undertakings and to provide in-depth analysis on a range of key issues facing IDB going forward. As such they serve an important role in informing the Board and senior management and helping strengthen IDB governance and development effectiveness.
- 1.25 **Outreach and Dissemination.** OVE will continue to expand its efforts on outreach and learning in 2014. It will utilize its enhanced website, publications, and events to share evaluation findings, collaborating in some cases with the evaluation offices of other multilateral development banks. In addition, OVE and IDB Management are currently piloting an on-line system endorsed by the Board to track the implementation of OVE recommendations (GN-2707-2), and the results of that pilot will be reported to the Board in 2015.
- 1.26 OVE proposes to produce an annual report for the first time in 2014. An annual report will provide space for reporting on routine OVE activities – such as evaluability and project results validations as well as the tracking of the implementation of OVE recommendations by management. OVE may also use this publication to summarize key evaluation findings during the year and/or to present new analysis on development issues of special interest.

1.27 **Evaluation Capacity Development.** As noted above, OVE joined the CLEAR Initiative in 2011 and proposes to continue its modest financial and in-kind support to the LAC Spanish and Lusophone CLEAR Centers in 2014 and 2015 (indicated in the line item included in Table 4 for “Contributions, Fees, and Dues”). OVE will also continue to work with country clients and LAC partners to provide direct capacity-building services on demand, and will assist IDB staff from time to time with issues of data collection, survey design, and evaluation methodology.

D. Staffing and Budget

1.28 **Staffing.** OVE expects to have 28 full-time staff on board as of end-2013, in line with its budget request for 2013. Of these, 23 are professional evaluation staff (including the Director) and five are administrative staff. There continues to be a healthy turnover of staff, with seven new staff joining OVE (one internal and six external hires) and one staff retiring and two moving to other parts of IDB in 2013. OVE is not requesting an increase in staff positions for 2014.

1.29 In addition to staff and short-term consultants, OVE typically hires 5-7 Research Fellows per year through a competitive process. Fourteen Research Fellows are now on board. The Research Fellows are typically recent graduates (Masters or PhDs) from economics or related programs who join OVE for up to 3-year terms. In addition to providing useful analytic resources for evaluation work, the Research Fellow Program has been an excellent way to introduce promising young professionals to IDB and to evaluation, and many have gone on to fill staff positions in OVE and other parts of the Bank.

1.30 **Budget.** OVE is requesting a budget for 2014 of \$8,744,267 broken down by evaluation product (or results area) in Table 2 and by line item in Table 4. The proposed budget is flat in real terms, with a price adjustment factor of under 3%. OVE’s 2013 budget will stay at 1.3 percent of IDB’s administrative budget – among the lowest of the multilateral development banks (Table 3).

1.31 **Trust Funds.** A Pilot Partnership Grant for Evaluation financed by the Swiss Development Corporation (SDC) was approved by the Board in 2013, with the expectation that the funding would be used to deepen Board-approved evaluation products and that OVE would report regularly on the use of the funds. In 2013 the Grant was used to deepen certain aspects of the citizen security evaluation and initiate background work for the evaluation on agriculture and food security. In 2014 it is expected that the grant funds will be used primarily to support the climate change and agriculture evaluations and evaluation capacity development through the CLEAR Initiative.

Table 2: Proposed 2014 Budget by Result Area

Product / Result Area	Personnel Cost (US\$)	Non-Personnel Costs (US\$)	Total Cost (US\$)
Project Evaluations (validation of SG and NSG upstream evaluability and downstream results; in depth project evaluations)	1,540,500	829,500	2,370,000
Sector and Thematic Evaluations	659,750	355,250	1,015,000
Country Program Evaluations	1,228,500	721,500	1,950,000
Corporate Evaluations	780,000	420,000	1,200,000
Outreach and Dissemination	80,000	90,000	170,000
Collaboration with Client Countries and Eval. Capacity Devel.	20,000	340,000	360,000
Staff Training (1 week / staff = 1/44 remun.)	91,380	39,996	131,376
Management & Administrative Support	1,325,901	\$371,991	1,697,892
Total Proposed 2013 Budget GROSS	5,726,032	3,168,237	8,894,269
IIC reimbursements	0		-150,000
Total 2013 program NET			8,744,269

**Table 3: MDB Evaluation Administrative Budgets
2013 ECG Comparison Table**

MDB	% of Total Admin. Budget
African Development Bank	1.8
Asian Development Bank	1.7
World Bank Group	1.4
<i>Inter-American Development Bank</i>	<i>1.3</i>
European Bank for Reconstruction and Development	1.2

Source: 2013 ECG Comparison Table - March 23, 2013

1.32 OVE expects to continue providing project evaluation support to IIC and MIF. As separate entities, these two organizations have contracted with OVE for selected evaluation work. Regular income from the two organizations is shown in budget Table 4 as “administrative income and reimbursements.” If IDB decides to integrate its private sector windows, whether inside or outside IDB, OVE’s budget would need to be adjusted accordingly. As noted earlier, OVE looks forward to working with management to deepen the approach to results measurement in NSG lending.

A. Closing

1.33 Evaluation is integral to achieving results. Carefully monitoring progress, determining what works, and using this learning to improve performance are the hallmarks of successful organizations. As in past years, OVE seeks to be a high-quality, well-respected, and constructive part of IDB, adding value to the Board, IDB management, staff, country clients, and partner organizations.

Table 4: Budget Comparison by Expense Account for OVE

Account	FY13 Approved Budget	FY14 Requested Budget	% Change
520005 - Salaries - Int'L Professional Staff	3,843,119	3,940,074	2.5%
520010 - Salaries - Int'L Administrative Staff	79,549	80,663	1.4%
Salaries	3,922,668	4,020,737	2.5%
531025 - Int'l Staff - Overtime & Secretarial/Admin. Bonus.	8,446	8,657	2.5%
531029 - Salaries- Special Employees	7,735	7,928	2.5%
Other PC	16,181	16,586	2.5%
Benefits - Int'l Staff	1,647,521	1,688,710	2.5%
Benefits - Int'l Staff	1,647,521	1,688,710	2.5%
PERSONNEL COST	5,586,370	5,726,032	2.5%
532037 - Learning Tuition Fees	32,773	33,396	1.9%
532038 - Training Travel	6,477	6,600	1.9%
Staff Development	39,250	39,996	1.9%
545002 - Consultants	65,210	66,710	2.3%
545005 - Temporary Help & Employment Agencies	71,400	73,042	2.3%
545015 - Business Consulting Firms	15,300	15,652	2.3%
545018 - Research Fellowship Program (RFP)	198,700	0	-100%
545030 - Defined Term Contractual (DTCs) Fees	792,200	996,909	25.8%
545031 - Defined Term Contractual (DTCs) Benefits	117,537	137,022	16.6%
545040 - Temporary Term Contractual (TTCs) Fees	320,000	327,360	2.3%
545041 - Temporary Term Contractual (TTCs) Benefits	48,000	49,104	2.3%
545050 - Products and External Services Contractual (PECs)	500,000	511,500	2.3%
Consultants & Outside Services	2,128,347	2,177,299	2.3%
550005 - Int'L Business Travel	639,813	690,998	
550005 - Int'L Business Travel	639,813	690,998	8.0%
567009 - Contribution, Fees, and Dues	152,000	154,888	
567009 - Contributions Fees, and Dues	152,000	154,888	1.9%
561005 - Office Furniture & Furnishings	1,719	1,752	1.9%
562004 - IT Equipment and Maintenance	15,313	15,604	1.9%
562012 - Copying and Printing Equipment Maintenance	19,304	19,671	1.9%
562016 - Software and Maintenance	7,866	8,015	1.9%
563005 - Supplies	12,192	12,424	1.9%
564005 - Telecommunications	11,438	11,655	1.9%
564006 - Mail And Related Shipping Services	5,273	5,373	1.9%
565006 - e-Resources,Periodicals & Newspapers	2,563	2,612	1.9%
565010 - Printing And Publishing Expenses	9,206	9,381	1.9%
567005 - Conferences, Workshops & Seminars	16,256	16,565	1.9%
567006 - Special Events & Representation Expenses	656	668	1.9%
567011 - Miscellaneous Expenses	1,311	1,336	1.9%
General Administrative Cost	103,097	105,056	1.9%
NON-PERSONNEL COST	3,062,507	3,168,237	3.5%
OPERATING EXPENSES (gross)	8,648,877	8,894,269	2.8%
440550 - Other Administrative Income	-150,000	-150,000	
ADMINISTRATIVE NET	8,498,877	8,744,269	2.9%

ANNEX 1: RECOMMENDATIONS OF THE 2011 IRP REPORT

In 2011 the Board hired a 3-person Independent Review Panel to review the evaluation function in IDB. The review's recommendations are listed below. They have been substantially addressed through OVE's work programs in 2012 and 2013, and the key principles will continue to guide OVE's activities going forward.

IRP Recommendations
<p>1. Strengthen Relationships and Reduce Tensions Between OVE, Management, and the Board (Recommendation 1)</p> <ul style="list-style-type: none"> • Meet individually with Board Members and Senior Management to discuss goals and communication. • Invite Board members and key counterparts in Senior Management to OVE staff meetings to discuss issues and evaluation challenges going forward. • Consult with Board members and Senior Management on OVE's work program priorities.
<p>2. Improve knowledge management to strengthen learning and feedback loops (Recommendation 2)</p> <ul style="list-style-type: none"> • Develop a strategy to expand OVE outreach and promote learning through evaluation in IDB. • Devote one full-time position in OVE to expanding outreach through written materials, electronic media, and the design of dissemination and learning events. • Revamp OVE's website to make it more complete, accessible, useful, and interesting.
<p>3. Increase the use and influence of OVE's evaluation products (Recommendation 3)</p> <ul style="list-style-type: none"> • Revise OVE's product mix to focus on products that will be useful in providing lessons of project experience and in influencing future IDB directions. • Produce Approach Papers for every evaluation, share them with management for comment, and distribute to the Board. • Agree on protocols for Management review and feedback on evaluations. • Ensure that recommendations in future OVE evaluations are clear, well-defined, and actionable. • Put in place a system to track the implementation of OVE recommendations.
<p>4. Strengthen the Evaluation Architecture in the IDB (Recommendations 4, 5, 7, and 8)</p> <ul style="list-style-type: none"> • Develop a harmonized design for the independent and self-evaluation systems, covering approaches, guidelines, and ratings systems • Adopt a system of ongoing validation of project evaluability (e.g. DEM scores) and of downstream project outcomes (PCRs and XPSRs) • Complement OVE desk reviews of projects with selective field visits. • Periodically evaluate and report on the operation of the self-evaluation system. • Review the experience of other MDBs in adopting evaluation strategies and consider the possible advantages for IDB of such an approach
<p>5. Strengthen the role of client countries in the evaluation process (Recommendation 6)</p> <ul style="list-style-type: none"> • Expand dissemination of OVE products in client countries. • Reach out to client countries to explore possibilities for joint evaluations of IDB projects. • Strengthen OVE's work on evaluation capacity development, possibly in partnership with other multilateral development banks, bilateral donors, and foundations.
<p>6. Review management processes and staffing in OVE to promote results</p> <ul style="list-style-type: none"> • Revise OVE's management structure and processes to enhance quality and transparency. • Move to results-based budgeting in OVE by linking inputs to outputs and allocating and monitoring budgets based on unit costs. • Review staff skills and recruit additional staff to address skill gaps.