



Approach Paper

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# Results of the Realignment Evaluation





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**ABBREVIATIONS**

IDB-9	Ninth General Increase in the Resources of the Bank
OECD	Organisation for Economic Co-operation and Development
OVE	Office of Evaluation and Oversight
SEC	Office of the Secretary of the Bank

## I. INTRODUCTION

### A. Origin and objectives of the realignment

- 1.1 The Bank's Board of Governors, at its April 2006 meeting in Belo Horizonte, decided to proceed with a realignment of the Bank (IDB, 2006a) (hereinafter "the realignment"). In December 2006, the Board of Executive Directors approved the realignment paper (IDB, 2006b). In April of the following year, Management presented the Board of Executive Directors with a realignment implementation plan (IDB, 2007a), which defines four stages of implementation and establishes the timeframes for the conclusion of each one: (i) startup of the new organizational structure (June 2007), (ii) migration to the blueprint for the new organization (December 2007), (iii) new organizational structure fully functioning (2008), and (iv) evaluation and adjustment (2009). In 2012, the Board tasked the Office of Evaluation and Oversight (OVE) with evaluating the realignment (IDB, 2012a).
- 1.2 The realignment was proposed to remedy the loss of relevance and presence of the Bank in Latin America and the Caribbean (hereinafter "the region") because it had been unable to adapt to: (i) greater access by the countries to alternative sources of financing, (ii) the appearance of new actors, such as subnational governments, responsible for investment decisions, (iii) the heterogeneous nature of the countries of the region, and (iv) pressures to obtain results more quickly (IDB, 2006b, paragraphs 2.1-2.6). In this context, the Bank was perceived as slow and bureaucratic, with complicated and undifferentiated processes, products that were not very innovative or flexible, and technical capacity and knowhow that were lagging behind (IDB, 2006b, paragraph 2.3). The Bank's loss of presence and relevance in the region had a negative impact on its capacity to influence the economic and social development of the region.
- 1.3 To increase the Bank's presence and relevance, the realignment had two main objectives: (i) to increase the development effectiveness of Bank activities, and (ii) to increase its organizational efficiency.<sup>1</sup> To attain these objectives, the Bank proposed to: (i) sharpen the country focus, (ii) improve and deepen sector expertise, (iii) improve risk- and results-based management and, in order to facilitate the appropriate implementation of these three strategic guidelines, (iv) improve corporate integration of operations and scale up the various functions (IDB, 2006b).

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<sup>1</sup> Note that the realignment document (IDB, 2006b) identifies the main problem as being the Bank's loss of presence and relevance, since it did not adapt quickly enough to the changes in the region and the heterogeneous nature of Latin America and the Caribbean (see paragraph 1.2). However, it sets the objective of the realignment as improving the operational effectiveness and efficiency of the Bank rather than "increasing its presence and relevance in the region." However, from its reading of the realignment document, OVE interprets that "improving the operational effectiveness and efficiency of the Bank" (objectives or results of the realignment) would be the measure through which the Bank would increase its relevance and presence in the region (expected impact of the realignment), which, in turn, would be obtained by sharpening the country and sector focus and enhancing management by results, and through greater organizational effectiveness and efficiency (midterm results of the realignment).

**B. The realignment and the Ninth General Increase in the Resources of the Bank (IDB-9)**

- 1.4 In 2010, the Bank's Governors approved two formal agreements: the Cancún Declaration (IDB, 2010a) and the Report on the Ninth General Increase in the Resources of the Inter-American Development Bank (IDB, 2010b), which led to the Ninth General Increase in the Resources of the Bank ("Ninth General Increase" or "IDB-9"). These agreements linked the Ninth General Increase to a series of reforms intended as a whole to sharpen the strategic focus and improve the Bank's development effectiveness and efficiency to enable it to continue to be pertinent and competitive in future years.
- 1.5 The objectives of the Ninth General Increase essentially mirror those of the realignment. The reforms called for in the Ninth General Increase include reforms that appeared in the realignment implementation plan—some already begun, others pending, and some newly fledged. Table 1 in the annex compares the paragraphs in the documents on the realignment and IDB-9 that refer to the different reform initiatives.
- 1.6 OVE has conducted a midterm evaluation of many of the reforms set forth in the Ninth General Increase (IDB, 2012b) and, accordingly, has made substantial progress in evaluating the realignment reforms. However, during the midterm evaluation of the IDB-9, OVE did not assess certain realignment reforms (for example, the new matrix structure model) and evaluated other reforms only preliminarily (e.g. those related to sharpening the country focus and human resource management) or partially (e.g. the reforms relating to the generation of deeper sector expertise).<sup>2</sup> Furthermore, the Board of Executive Directors has asked OVE to specifically evaluate the decentralization process and the matrix structure associated with the realignment (IDB, 2012a).

**C. Conceptual framework for evaluating the realignment**

- 1.7 The realignment involved a large number of activities and reforms. For organizational reasons, the realignment documents link specific reforms to concrete categories: (i) country focus, (ii) sector focus, (iii) results-based management,

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<sup>2</sup> The midterm evaluation of the reforms associated with the Ninth General Increase (IDB, 2012b) only evaluates some aspects associated with the strategic focus. OVE has performed three evaluations related to knowledge-based subjects (e.g. evaluation of the Bank's knowledge and learning strategy (IDB, 2011), evaluation of the Bank's analytical production (IDB, 2006c), and evaluation of the country studies initiative (IDB, 2010c), but those evaluations need to be updated and fleshed out to give a better idea of what progress has been made in deepening the sector focus.

(iv) organizational transformation, and (v) organizational efficiency (IDB, 2010d).<sup>3</sup> Although three of these categories (i.e. country focus, sector focus, and organizational efficiency) can, broadly speaking, be equated with the midterm objectives of the realignment, it should be recalled that attainment of those objectives depended on the combined action of all the reforms.<sup>4</sup>

- 1.8 In this context, to avoid confusing categories with objectives, OVE has grouped, on the one hand, the reforms to be evaluated into four categories and, on the other, the targets associated with the realignment objectives to be evaluated (i.e. greater country focus, greater technical expertise, and greater organizational efficiency and effectiveness). The four categories used to classify the reforms are as follows:<sup>5</sup> (i) reform of the Bank's structure, organization, and operation, (ii) reform of

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<sup>3</sup> Note that the documents on the realignment categorize the reforms in different ways. The realignment document (IDB, 2006b) (which, rather than listing specific reforms, establishes lines of action in differing degrees of detail) offers three possible ways of classifying the reforms. The introduction to the document speaks of: (i) greater country focus, (ii) deeper sector expertise, (iii) risk-based management and attainment of results, and (iv) corporate integration. Chapter IV speaks of: (i) sharpening the country focus, (ii) revising the business model, and (iii) building technical competencies in strategic areas. Chapter V speaks of: (i) increasing strategic focus and managing multiple objectives, (ii) getting better, more timely results from Bank operations, (iii) increasing accountability in operational quality and safeguard management, (iv) reducing fragmentation and duplication for greater efficiency and expertise, (v) becoming a knowledge partner in development, (vi) leveraging the Country Offices to achieve greater country focus, and (vii) outreach for institutional alliances. The realignment implementation plan (IDB, 2007a) and the first two realignment assessments by Management (IDB, 2007b and IDB, 2008) classify the different reforms in the four stages of implementation (see paragraph 1.1). The third realignment assessment (IDB, 2009b) uses the following nomenclature: (i) strengthening human resources, (ii) streamlining of processes: updating policies and operating procedures, and (iii) transversal themes. Lastly, the final realignment assessment by Management (IDB, 2010d) classifies the reforms into the following five categories: (i) organizational transformation, (ii) Pillar I: sharper country focus, (iii) Pillar II: deepening sector expertise, (iv) Pillar III: attainment of results and risk management, and (v) organizational efficiency. It should be noted that even the areas that the Board has asked OVE to evaluate (i.e. matrix structure and decentralization) do not coincide strictly with any of Management's classifications and do not fully capture the complexity of the reforms. For example, one objective of introducing the matrix structure was to sharpen the country focus (i.e. decentralization) and leverage knowledge more effectively (i.e. sector focus) (IDB, 2010d, paragraphs 2.7 and 2.8). Decentralization (i.e. relocation of staff and decentralization of authority) are also designed as key elements in the country and sector focuses, while some realignment documents (IDB, 2010d) treat them as part of the reforms associated with implementing the matrix structure.

<sup>4</sup> For example, the simplification of functions and processes, elimination of duplications, introduction of more responsive systems, and outsourcing of certain functions were classified under "organizational efficiency" but they are equally necessary for better serving the countries (IDB, 2006b, paragraphs 5.8-5.12, 6.68, 6.73, and 6.79-6.80). The human resources reforms (e.g. staff motivation, better leadership by the management team), classified under "organizational change," were mainly designed to increase staff productivity, mobility, and quality, but they are also indispensable for sharpening the country focus, sector expertise, and generating efficiencies and economies of scale (IDB, 2006b, paragraphs 5.1, 6.1-6.80). The specialized literature supports this argument (Galbraith, 2009) (Gottlieb, 2007).

<sup>5</sup> Since OVE has already evaluated aspects related to results-based management in its evaluation of the Ninth General Increase, the present study will not deal with this aspect of the realignment (see paragraphs 1.4-1.6).

strategic processes (country and sector strategies), (iii) reform of operating processes, and (iv) reform of human resource management policies and processes.<sup>6</sup>

1.9 Table 1 gives a breakdown of the main realignment reforms to be evaluated here, assigned to the categories mentioned in the preceding paragraph. The descriptions of reforms have been obtained from the information contained in the realignment paper (document GA-232) and in the analysis of the realignment implementation (document GA-232-28).

**Table 1. Breakdown of the main realignment reforms to be evaluated**

Reform category			
Reform of the Bank's structure, organization, and operation	Reform of strategic processes (country and sector strategies)	Reform of operating processes	Reform of human resource management policies and processes
<p>1. New organizational structure (matrix organization) with its corresponding assignment of authority, responsibilities, and incentives (<b>R</b> Introduction, 4.4, 4.13, 5.1, 5.12, 5.14, 6.1-6.80, 9.9; <b>I</b> 2.8, 2.10-2.35 3.3, 3.4, 3.5, 3.9, 3.10, 3.19, 6.13, 7.6)</p> <p>2. The dual reporting structure of VPS staff in the field operating adequately (<b>R</b> 6.35, <b>I</b> 3.6)</p>	<p>1. Selection and development of areas of sector specialization (<b>R</b> Introduction, 3.4, 4.2, 4.6, 4.17, 4.19, 4.21, 4.22, 5.2, 5.12, 5.14; <b>I</b> 1.14, 2.8, 2.17, 4.3, 4.8c, 4.10, 4.11, 4.21)</p> <p>2. New processes for strategy preparation and programming (<b>R</b> 4.4, 6.77, 9.9, <b>I</b> 2.8, 3.8, 3.12-3.2, 6.23)</p>	<p>1. New processes for project design and execution (<b>R</b> 5.3, 5.4, 5.6, 5.7, 5.10, 6.6, 6.13, 6.68, 9.1; <b>I</b> 2.4, 3.10, 6.18, 6.19)</p> <p>2. New processes and structures for managing knowledge products (including the concentration of all knowledge activities in a single sector and the transformation of INDES) (<b>I</b> 4.15-4.21, 6.18)</p>	<p>1. Renewal of human resource skills (<b>R</b> 4.4, 4.17, 4.21, 5.4, 5.14, 5.15; <b>I</b> 2.14, 2.18, 2.19)</p> <p>2. Concentration of specialists in a single department (<b>R</b> 5.8, 5.12, 6.6, 5.14, 9.9, <b>I</b> 2.8, 3.8, 3.12-3.21)</p> <p>3. Decentralization of human resources (<b>R</b> 4.4, 5.15, 6.31, 6.33; <b>I</b> 2.23, 3.4, 3.5, 3.9, 7.6)</p> <p>4. New strategy and policies for human resource management (<b>R</b> Introduction, 6.11, 6.67, 6.75, 6.76, <b>I</b> 1.2, 1.6, 1.18, 2.15, 2.17, 2.18-2.35)</p>

\* The table indicates the paragraph(s) in each document from which the information was taken. For example, "I 3.1" refers to paragraph 3.1 of the realignment implementation analysis (document GA-232-28) and "R 4.4" refers to paragraph 4.4 of the realignment paper (document GA-232).

1.10 Table 2 contains the targets that the realignment documents associate with the realignment objectives that are to be evaluated (i.e., greater country focus, greater technical expertise, and greater organizational efficiency and effectiveness). Again, in principle, it is reasonable to assume that the reforms

<sup>6</sup> According to the realignment paper, to attain the proposed objectives it was necessary to "overcome the drawbacks inherent in the current [organizational] model" (IDB, 2006b, paragraph 6.1) and to encompass "procedural adjustments, decision-making, human resources management, and ... leadership" (IDB, 2006b, Introduction). The proposed changes emphasized the adoption of a matrix structure that included updating the framework for decision-making and accountability, modernizing the main processes (i.e. budget preparation, project cycle, strategy design, technical-cooperation management, etc.) and the adoption of a new human resource strategy and policies based on "meritocracy, accountability, teamwork, cost discipline, and leadership building" (IDB, 2006b, paragraph 6.75).

identified in Table 1 in some way impact attainment of the targets and objectives identified in Table 2.

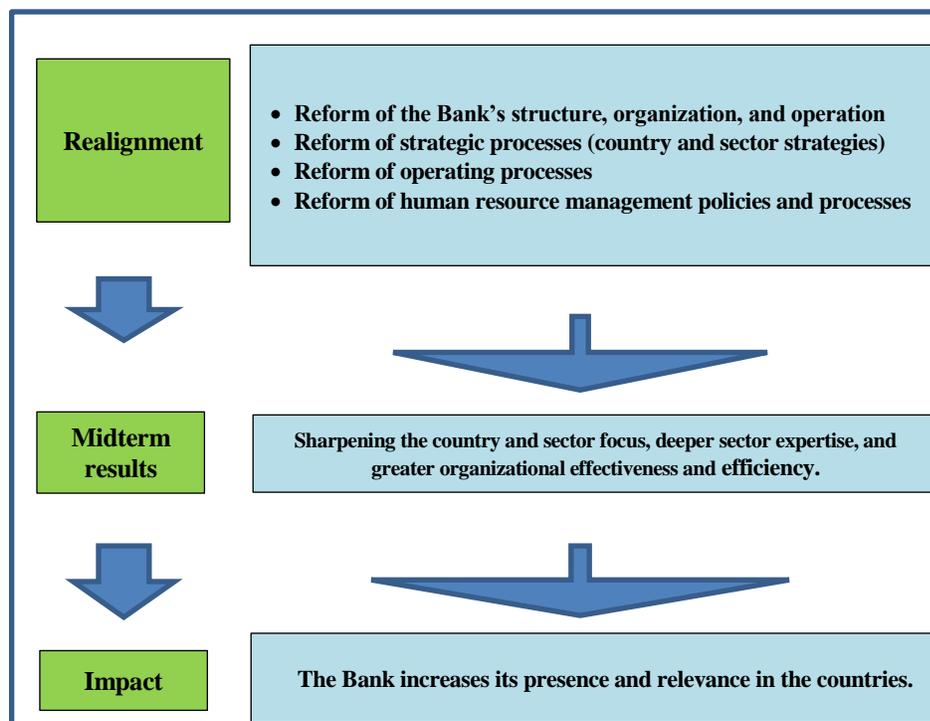
**Table 2. Expected goals of the realignment for the country and sector focuses, and organizational efficiency and effectiveness**

<b>Country focus</b>
1. The country teams have adequate decision-making capacity and that capacity has been delegated to the Country Offices, depending on the characteristics of each country (R 4.3, 4.7, 4.15, 5.5, 6.31, 6.33, 9.9; I 3.1)
2. The Country Offices have greater analytical capacity and country expertise (R 4.4, 5.5, 6.23; I 3.1-3.2)
3. The Country Offices lead the policy dialogue effectively (R 5.15, 6.32, 6.34, I 3.2, 3.3)
4. The Bank's activity in the countries has a greater programmatic focus than a project focus (R 3.2, 4.7, 4.9, 4.12, 4.14, 6.27, 6.40, 9.9; I 3.14)
5. The Country Offices manage the project cycle using results- and risk-based management (R 5.3, 5.5, 6.32, 6.34, 7.5, 9.1; I 1.7, 1.8, 3.2, 3.6, 5.1, 5.2, 6.17, 7.8)
6. Greater harmonization exists with other donors (R 4.4, 4.5, 5.16, 6.20; I 3.1, 3.2, 3.16, Appendix II)
7. Operations are more selective (R 4.6; I 3.14, 3.16, 3.19)
8. Greater use is made of country systems (R 4.12, 5.15, 6.35, I 3.16)
<b>Sector focus</b>
9. Sharper strategic focus (R Introduction, 3.4, 4.2, 4.6, 4.17, 4.19, 4.21, 4.22, 5.2, 5.12, 5.14; I 1.14, 2.8, 2.17, 4.3, 4.8c, 4.10, 4.11, 4.21)
10. Skills of technical staff renewed and aligned with the Bank's institutional priorities and operational needs (R 4.4, 4.17, 4.21, 5.4, 5.14, 5.15; I 2.4, 2.15, 2.16, 2.19, 2.22, 3.10)
11. The Bank has greater capacity to generate, capture, and disseminate knowledge (tacit, explicit, and cumulative) so that it can be used more effectively (R 2.1, 2.3, 3.2, 4.12, 4.17, 4.19, 4.20, 5.13, 5.14, 6.4, 6.6, 6.13, 6.23, 6.36, 6.39, 6.40, 6.46, 6.49, 6.51, 8.4, 9.1; 9.9, I 2.7, 2.8, 3.1, 4.1, 4.5, 4.8, 4.15, 4.16, 7.7)
<b>Organizational efficiency and effectiveness</b>
12. Greater flexibility and less institutional fragmentation and duplication (R Introduction, 5.4, 5.9, 5.10, 5.11, 5.12, 6.5, 6.18, 6.23, 6.36; I 2.8, 4.1, 4.4)
13. Closer intersector cooperation (i.e. between VPS units and between VPC, VPS, and VPP) in generating Bank products (operations, knowledge, strategies, and programs) (R 5.10, 6.6; I 4.9, 4.15, 4.16, 6.6)
14. Greater organizational efficiency in terms of costs and times (R Introduction, 5.3, 6.10, 6.23, 6.65, 6.68, 6.79; I 1.7, 3.3, 3.8, 4.8, 4.9, 5.7-5.9, 6.1, 6.19)
15. Staff that is more highly motivated, working in teams, and with greater mobility (R 6.35, 6.51, 6.65, 6.74-6.76, I 2.28-2.35, 4.8)

\* The table indicates the paragraph(s) in each document from which the information was taken. For example, "I 3.1" refers to paragraph 3.1 of the realignment implementation analysis (document GA-232-28) and "R 4.4" refers to paragraph 4.4 of the realignment paper (document GA-232).

1.11 Figure 1 and the following paragraphs summarize the conceptual framework for evaluating the realignment, based on a summary of the information contained in the realignment document (IDB, 2006b), the realignment implementation plan (IDB, 2007a), and the four realignment assessments prepared by Management (IDB, 2007b; IDB, 2008; IDB, 2009b; and IDB, 2010d).

**Figure 1. Conceptual framework for evaluating the realignment**



1.12 Figure 1 indicates that the reforms associated with the realignment (see Table 1) were aimed at (or had as intermediate outcomes of the realignment) sharpening the Bank's country and sector focuses and improving its organizational efficiency and effectiveness.<sup>7</sup> According to the realignment documents, the

<sup>7</sup> The main tool for obtaining greater organizational efficiency was introduction of a matrix structure. The matrix structure was justified on the assumption that it generates creative tension between functional managers (i.e. sectors) and product managers (i.e. countries) who have a unique (closer) perspective of the vision of the clients. The tension is seen as a healthy mechanism that is necessary to strike an adequate balance between the more complex technical aspects and the more specific requirements of each country (Galbraith, 2009). The matrix structure sought, among other things, to achieve the integration and grouping together of all the Bank's technical resources to generate a critical mass of knowledge; grouping of private sector activities under a single leadership to improve strategic integration and synergies between interventions with and without sovereign guarantees; strengthening of the new organization's strategic planning capacity; an increase in efficiency in the delivery of shared services; creation of a balanced structure to facilitate governance and decision-making; generation of an optimum balance between serving clients (i.e. countries) and functions (i.e. sectors); and promotion of cooperation for the design and execution of operations and the generation of knowledge.

achievement of those intermediate objectives translates into the attainment of the targets identified in Table 2. In turn, this greater country and sector focus and organizational efficiency and effectiveness was expected to lead to a greater presence and relevance of the Bank in the region (i.e. impact of the realignment).

- 1.13 As for the impact of the reforms selected for evaluation on the midterm objectives of the realignment (i.e., sharper country and sector focus and greater organizational effectiveness and efficiency), it should be kept in mind, as mentioned earlier, that their attainment depended on the combined action of all the reforms. Accordingly, this evaluation will examine the combined impact of the selected reforms on the midterm objectives rather than their individual impact, notwithstanding the fact that some inferences can be made, depending on the case and the data available.
- 1.14 With regard to the impact of the reforms selected for evaluation on the ultimate objectives or impact of the realignment (i.e., greater presence and relevance), it should be recalled that the interaction of other variables unrelated to the realignment (e.g. changes in the region's macroeconomic variables, commodity prices, the financial, institutional, and technical sophistication of the countries, capital market conditions, the economic condition of countries with ties in the region, etc.) make it virtually impossible to isolate their specific impact on those objectives. Therefore, this evaluation will be limited to examining the specific evolution of the Bank's presence in the region, in order to contextualize the reforms and, insofar as evidence permits, inferences will be drawn on the realignment's contribution to the objective of increasing the Bank's presence in the region.

#### **D. Objective and scope of the evaluation**

- 1.15 The general objective of this analysis is to give the Board of Executive Directors an idea of the extent to which the realignment reforms have helped to attain its objectives. The evaluation will not examine reforms associated with results-based management, since they have already been studied by OVE in its evaluation of the Ninth General Increase (IDB, 2012b).
- 1.16 First, the present evaluation will examine the probable impact of the realignment, as a whole, on its midterm objectives (i.e. sharper country and sector focus and greater organizational effectiveness and efficiency). It will look at whether the reforms listed in Table 1 have contributed to attaining the goals established in Table 2. To the extent that the data permit, it will explore the individual impact of each of the reforms on some or all of the realignment's midterm objectives. The evaluation will also examine the extent to which the reforms were implemented in a timely fashion to attain their objectives.
- 1.17 Lastly, the evaluation will examine the evolution of the Bank's presence in the region, for the purpose of contextualizing the reforms; as evidence permits, inferences will be drawn about the realignment's contribution to the objective of increasing the Bank's presence in the region.

## II. EVALUATION QUESTIONS AND METHODOLOGY

### A. Evaluation questions

2.1 The question underlying this evaluation is: **To what extent have the reforms associated with the realignment on (i) the Bank's structure, organization, and operation, (ii) strategic processes, (iii) operating processes, and (iv) human resource policies and processes helped to sharpen the country and sector focuses and to improve the Bank's effectiveness and efficiency?**

2.2 The specific questions are:

- (i) To what extent have the realignment's reforms helped to sharpen the country focus? The secondary questions are:
  - a. To what extent do the country teams have adequate decision-making capacity and to what extent has that capacity been delegated to the Country Offices, depending on the characteristics of each country?
  - b. To what extent are the analytical capacity of the Country Offices and the skills of its staff suitable for managing the project cycle and leading the policy dialogue?
  - c. To what extent has Bank activity in the countries had a greater programmatic or sector approach (e.g. the use of SWAs), instead of a project approach?
  - d. To what extent are strategies and programming aligned with the Bank's country development and sector priorities?
  - e. To what extent do the Country Offices manage the project cycle using results- and risk-based management?
  - f. To what extent does the Bank harmonize its activities with those of other donors in the countries?
  - g. To what extent is greater use made of country systems?
- (ii) To what extent have the realignment reforms helped to sharpen the sector focus? The secondary questions are:
  - a. To what extent has the Bank achieved better strategic focus?
  - b. To what extent have the skills of the Bank's technical staff been renewed and aligned with its institutional priorities and operational needs?
  - c. To what extent does the Bank have greater capacity to generate, capture, and disseminate knowledge (tacit, explicit, and cumulative) so that it can be used effectively?

- (iii) To what extent have the realignment's reforms helped to improve the Bank's effectiveness and efficiency? The secondary questions are:
  - a. To what extent has the matrix structure helped to increase flexibility and reduce institutional fragmentation and duplication prior to the realignment—including in the private sector?
  - b. To what extent has the matrix structure made for closer intersector cooperation in the generation of Bank products (operations, knowledge, strategies, and programs)?
  - c. To what extent has the matrix structure promoted greater organizational efficiency in terms of time and costs?
  - d. To what extent have the human resources reforms associated with the realignment made for more mobile and highly motivated staff, with a spirit of team work?

2.3 Last, with regard to the possible impact of the realignment on the Bank's presence in the region, the evaluation will attempt to answer the following question, as evidence permits:

- (i) To what extent has the realignment helped to increase the Bank's presence in the region? The secondary questions are:
  - a. How has the Bank's presence in the region evolved in terms of loans and disbursements?
  - b. How has the Bank's presence in the region evolved in terms of loans and disbursements compared to other sources of financing, including the main multilateral and bilateral partners?

## **B. Methodology**

2.4 OVE will use the Bank's realignment documents, including the progress reports prepared by Management.<sup>8</sup> It will also use the results of other assessments included in the country evaluations, the recent evaluation of the Ninth General Increase, other relevant corporate evaluations,<sup>9</sup> and thematic and sector evaluations that are relevant for the questions asked. To the extent they answer the evaluation questions and the data have been compiled, OVE will use the indicators agreed on by Management and OVE for evaluation of the realignment (IDB, 2010e). Quantitative information from the Bank's databases, such as Enterprise Data Warehouse (EDW), IDB Group Resources Dynamics (IDB-GRD), IDBDocs, etc., budget data, and other Bank sources of information will also be used to confirm the different hypotheses, to the extent data allowed. OVE will review the theoretical and empirical bibliography on pertinent topics. It will hold informal and structured

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<sup>8</sup> (IDB, 2007b), (IDB, 2008), (IDB, 2009a), (IDB, 2009b), (IDB, 2010d), (IDB, 2012c), (IDB, 2013).

<sup>9</sup> See for example, the studies cited in footnote 2 above.

- interviews with representatives of governments, managers, and Bank staff, focus group discussions, case studies on countries and sectors, and opinion surveys of Bank employees.
- 2.5 The nature of the realignment and the low evaluability of its design make it difficult to use experimental or quasi-experimental techniques. Where there are no data prior to the realignment, OVE will report the extent to which the Bank is meeting the realignment objectives (snapshot). Although this type of analysis does not allow the potential effectiveness of the intervention to be studied (i.e. to make causality inferences), it does show how near or far away the Bank is from its targets. Where data are available, a comparison will be made of the indicators before and after the realignment for each dimension evaluated (e.g. the average for 2005-2006 compared to the average for 2011-2012) (i.e. a 'before and after' evaluation).<sup>10</sup>
- 2.6 Employees in operations (VPC and VPS) with more than eight years of experience will be surveyed to gauge their perceptions of the Bank's progress in each area of country and sector focus and organizational effectiveness. A snapshot survey will also be conducted of all operations staff to study the use and effectiveness of the knowledge generated by the Bank,<sup>11</sup> including the functioning of the Knowledge and Learning Sector (KNL), and of the staff in the Country Offices that will be the subject of case studies, to complement them.
- 2.7 To complement the analyses, OVE will conduct a total of 10 case studies in the following countries: Argentina, Belize, Brazil, Colombia, the Dominican Republic, El Salvador, Guyana, Mexico, Nicaragua, and Paraguay.<sup>12</sup> These countries were selected on the basis of the following criteria: (i) they are representative of the Bank's four regions, (ii) they are representative of high, medium, and low-income countries, (iii) the importance of the Bank's role in the countries, and (iv) the fact that they have been (or are being) evaluated by OVE, to take advantage of work already done. Missions are planned to the following five countries: Argentina, Brazil, Colombia, Dominican Republic, and Paraguay. In addition to using surveys, interviews, and data analysis, the case studies for the remaining countries (i.e. Belize, El Salvador, Guyana, Mexico, and Nicaragua) will be performed using information compiled to prepare the studies on them recently conducted by OVE (e.g. Country Program Evaluations, Middle- and High-Income Country Evaluations, and the Evaluation of IDB-9 Commitments). To the extent possible, video-conferencing will be used. As part of the country case studies, structured

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<sup>10</sup> Although this type of evaluation can provide preliminary evidence on the effectiveness of the realignment, it presents some threats to its internal validity: history, instrumentation, regression to the mean, testing, placebo and Hawthorn effects, maturity, and dropout. Moreover, this kind of evaluation is more useful for verifying the effects of short-term programs, and it is therefore particularly vulnerable to long-term processes such as the realignment. To mitigate the potential threats to internal validity, quasi-experimental techniques and complementary information will be used where possible.

<sup>11</sup> The questions and analyses used by the World Bank in its study on the topic in 2001 will be used for that purpose (Ravallion, 2011).

<sup>12</sup> The selection of the countries is tentative.

- interviews will be conducted with government representatives who have known the Bank for more than eight years, to capture their perception of the Bank's progress in attaining the realignment's objectives.
- 2.8 The case studies on sectors will mainly be used to deepen the analysis of five aspects of the realignment: (i) personnel skills, (ii) quality of work, (iii) intersector cooperation, (iv) a greater programmatic approach, and (v) the alignment between programming and institutional priorities. The following sectors have been selected: (i) the social sector, (ii) agriculture, and (iii) energy. These three sectors were selected because they have been part of the Bank's traditional work since before the realignment. This will allow us to observe changes in the five variables of interest. The case studies on sectors will be complemented with data from the surveys, a specific survey of officials in each of the three sectors selected (i.e., agriculture, education, and energy), and information obtained during preparation of recent OVE studies on these countries (e.g. the IDB-9 and private sector evaluations). To complement the analysis on cooperation in the generation of knowledge and lending products, apart from the surveys and sector case studies, an analysis of networks will be performed between 2005 and 2012.
- 2.9 To study efficiency, in addition to an analysis of whether or not the current budget process contributes to the functioning of the matrix structure, a Data Envelopment Analysis (DEA) will be performed, comparing the efficiency of organizational arrangements before and after the realignment. Also, and depending on data availability, a quasi-experimental evaluation (regression discontinuity design) will be used to study whether certain aspects of the realignment (e.g. location of the project team leader and improved technical skills) have helped to improve certain aspects, such as disbursement levels and a reduction in execution periods. Some human resources policies will also be analyzed (e.g. mobility, motivation, and teamwork) to determine whether or not they are contributing to the functioning of the matrix. In particular, perception surveys, structured interviews, and reviews of pertinent official documents will be performed.
- 2.10 Table 1 "Summary of the design of the realignment assessment" in the annex summarized the proposed methodology and indicators for answering each of the questions in the indicators agreed on by Management and OVE (IDB, 2010e). Since the availability of data has not yet been reviewed, and the quality of the available information and the results the analysis may yield is not known, the proposed methodology and indicators will likely undergo substantial changes. The final evaluation document will contain a methodological appendix that will explain and justify the methodology and indicators used.

### **III. TEAM AND TIMELINE**

- 3.1 The evaluation of the results of the realignment will be prepared based on the following timetable and will use the human resources listed paragraph 3.2.

<b>Activity</b>	<b>Date</b>
Submission of the approach paper to SEC	April
Submission of the draft evaluation to Management	October
Submission of Management's comments on the evaluation	November
Submission of the evaluation to SEC	December
Meeting of the Board of Executive Directors	January 2014

- 3.2 The team will be comprised of Alejandro Soriano, Michelle Fryer, Miguel Soldano, Jonathan Rose, Anna Crespo, Agustina Schijman, Tatiana Soares, Carlos Morales, Alayna Tetreault-Rooney, and Pablo Alonso, who will be in charge of coordinating the evaluation.

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