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I. Objectives

1.1 This paper describes OVE’s approach to the preparation of its 2014 Annual Report. In producing annual reports, OVE’s motivation is to strengthen accountability and learning through systematic dissemination of evaluation results, consistent with the recommendations on evaluation reporting of the OECD Development Assistance Committee (OECD-DAC) and the Multilateral Organization Performance Assessment Network (MOPAN). The annual report will also help improve knowledge management, strengthen feedback loops, and increase the use and influence of OVE’s evaluation products (Recommendations 2 and 3 of the Independent Review Panel, Office of Evaluation and Oversight, XR-1).

1.2 As discussed in OVE’s Proposed 2014-2015 Work Program and Budget (RE-462), OVE’s annual reports will describe routine OVE activities, summarize key evaluation findings and recommendations in the context of development issues of special interest for the Bank and the region, and report on the system for tracking Management’s implementation of OVE recommendations. They will not offer new recommendations. OVE considers the preparation of this report a collaborative learning process.

1.3 OVE’s annual report is intended for a broad audience that includes IDB’s Board of Directors, Governors, and staff, as well as policymakers, civil society, and academia inside and outside Latin America and the Caribbean (LAC). The report aims to summarize evaluation results that are relevant and useful for a broad audience and to present them clearly and concisely. Reviewing and summarizing evaluation results, and linking them to broad development issues and challenges, will make the report attractive to both internal and broader audiences.

1.4 For this first Annual Report, OVE will summarize 2013 and 2014 evaluations in the context of IDB’s two institutional mandates: to help reduce poverty and inequality and to promote sustainable growth in the region. In the 9th General Capital Increase document, approved in 2010, IDB Governors reiterated that the two goals of reducing poverty and inequality and promoting sustainable growth should “be at the core of the Bank’s efforts to mobilize resources aimed at fulfilling its corporate mission over the next decade” (AB-2764, 3.6). The document noted that these two overarching objectives are complemented with two other strategic goals for the institution: “address the special needs of the less developed and smaller countries and foster development through the private sector” (AB-2764, 3.9); and it made clear that the objectives and strategic goals

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1 The OECD-DAC principles for evaluation of development assistance state that “Systematic dissemination is essential for ensuring improved planning and implementation of development assistance activities. Evaluation results may be disseminated in several ways apart from the evaluation report itself, e.g., annual reports providing a synthesis of findings; abstracts/summaries providing a synopsis of findings.”
should translate into priorities, goals, policies, and performance measures for the Bank.

1.5 Most LAC countries have achieved sustained economic growth since the 1990s. Average per capita GDP in the region rose from around US$3,500 PPP in the early 1980s to around US$12,800 PPP in 2013. But these averages mask important differences across countries. While GDP per capita in the richest countries in the region reaches above US$17,000 PPP, in the poorest it is below US$7,000 PPP. Moreover, despite significant progress in reducing poverty in the last 10 years, almost one-third of the people in LAC still live in poverty. Likewise, even though inequality has decreased in recent years in most countries, 10 of the 20 most unequal countries in the world are in Latin America. Poverty, inequality, and growth are linked concepts. An important development challenge for most countries in LAC is to ensure equality of economic opportunities for all citizens, which will reduce inequality and promote pro-poor growth.

1.6 A multilateral institution like the IDB has the potential—within the limits of the size of its portfolio and resources—to play an important role in supporting countries’ efforts to increase sustainable economic growth and to reduce poverty and inequality. It can contribute in three ways: (i) the direct investment that it facilitates with its lending portfolio; (ii) the technical assistance it provides to countries to help make their development policies more effective; and (iii) the knowledge it generates. OVE’s evaluations of IDB activities in these three areas provide important lessons for both IDB staff and management on how to improve the impact of Bank efforts to support the region’s development goals.

1.7 This Annual Report will also describe recent OVE activities to support the improvement of the evaluation architecture in IDB. The Bank strives to identify what works best and how to do a better job to support countries. In this context, it has been developing a framework to assess project results and derive important lessons from operations through the Development Effectiveness Framework. An important step in building this framework, one in which the IDB has been a pioneer, is the ex-ante assessment of how well projects will be able to be evaluated ex-post—that is, the projects’ evaluability assessment. The Bank’s evaluation architecture relies heavily on proper monitoring and evaluation of outputs and outcomes of projects, since it is only after learning what worked and how it worked that projects can be improved and the Bank’s effectiveness increased. OVE plays a role in this system by validating projects’ ex-ante and at-completion assessments.
II. Scope

2.1 OVE’s Annual Report will be divided into five sections (see Box 1). The first section of the report will describe the main products and activities that OVE undertakes—project evaluations, country program evaluations, sector and thematic evaluations, corporate evaluations, outreach and dissemination, and evaluation capacity development—and explain how they contribute to a clear understanding of the performance (including the relevance, effectiveness, efficiency, and sustainability) of IDB activities.

**Box 1. Contents of OVE Annual Report**

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<th><strong>Introduction and Motivation</strong></th>
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<td><strong>SECTION 1:</strong> OVE mandate, activities, and staffing; the IDB’s evaluation architecture.</td>
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2.2 Section 2 will summarize the main lessons from OVE’s 2013 and 2014 evaluation activities. Even though this report is not an evaluation of how the Bank is fulfilling its mandates, it will draw on OVE’s evaluation work to extract and highlight main lessons to enhance the impact of Bank activities on the reduction of poverty and inequality and the promotion of sustainable economic growth in the region. This section will also review the recent dynamics and main determinants of poverty, inequality, and growth in the region and will analyze the trends and recent dynamics of the overall Bank portfolio in specific key areas (such as lending for poverty reduction and social equity enhancement) to provide context for the findings from the individual evaluations. Section 2 will review and build on comparative project evaluations, sector and thematic evaluations, country program evaluations, and corporate evaluations (see Table 1).
### Table 1. Input Evaluations for OVE’s Annual Report 2014

<table>
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<td>In-depth comparative project evaluations</td>
<td>Citizen Security&lt;br&gt;Land Titling and Regularization</td>
<td>Bus Rapid Transit Systems&lt;br&gt;Environmental PBLs&lt;br&gt;Rural Water Supply in Paraguay&lt;br&gt;Social Safety Nets&lt;br&gt;Procidados</td>
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<tr>
<td>Sector and thematic evaluations</td>
<td>Secondary Education&lt;br&gt;Citizen Security</td>
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<td>Country program evaluations</td>
<td>Belize&lt;br&gt;Paraguay&lt;br&gt;Dominican Republic</td>
<td>Barbados&lt;br&gt;Chile&lt;br&gt;Colombia&lt;br&gt;Costa Rica&lt;br&gt;El Salvador&lt;br&gt;Jamaica&lt;br&gt;Panama</td>
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<td>Corporate evaluations</td>
<td>Multilateral Investment Fund (MIF)&lt;br&gt;IDB-9&lt;br&gt;IDB Realignment&lt;br&gt;Japanese Trust Funds</td>
<td>Ordinary Capital Special Programs</td>
</tr>
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2.3 Section 3 will discuss changes in the architecture of IDB’s project evaluation system in recent years. It will detail the conclusions and main findings of (i) the 2013 and 2014 validation of the Development Effectiveness Matrix project scores to gauge project evaluability, (ii) the validation of the pilot exercise for Project Completion Reports for sovereign-guaranteed projects, and (iii) the validation of the pilot exercise for Expanded Project Supervision Reports for non-sovereign-guaranteed projects.

2.4 Section 4 of the report will present and review the findings of the on-line system for tracking IDB Management’s and staff’s implementation of the 2013 Board-approved recommendations of OVE’s evaluations.

2.5 The report will also include a final section with summaries of each evaluation completed since 2013. This first Annual Report will cover evaluations completed in 2013 and 2014, and subsequent reports will include summaries from individual years.

2.6 An online and offline dissemination strategy for the Annual Report will be rolled out after Board consideration, customizing the dissemination tools to the needs and preferences of the different target audiences for this report.
III. RESOURCES AND TIMELINE

3.1 Most of OVE’s professional staff are expected to contribute to the report in their respective areas of expertise. The report will be drafted by Cesar P. Bouillon, OVE Economics Principal Specialist; Anna Crespo, OVE Economics Specialist; Alejandro Guerrero, OVE Evaluation Outreach Specialist; Miguel Soldano, OVE IT Specialist; Ana Ramirez-Goldin, OVE Senior Assistant; and Lucia Martin Rivero, Saleema Vellani, Mayra Ruiz Oquendo, and Victor Beltran, OVE Consultants. OVE will deliver the report for Board discussion in early 2015, a timetable that will allow the reporting of full results for 2014.