

*Background Note*

# MANAGEMENT'S IMPLEMENTATION OF OVE RECOMMENDATIONS

**MARCH 2017**

**'16** **ANNUAL**  
**REPORT**



**ove** Office of  
Evaluation  
and Oversight



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**March 2017**

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## I. BACKGROUND

- 1.1 The Inter-American Development Bank (IDB or the Bank) created the Evaluation Recommendation Tracking System (ReTS) in 2013, following an external review of the evaluation function at the IDB.<sup>1</sup> After an 18-month pilot phase, the ReTS was evaluated by an external consultant in 2015 (Box 1.1), and adjustments were made to the system.<sup>2</sup>

### Box 1.1. ReTS pilot phase assessment

The Office of Evaluation and Oversight (OVE) and the Bank's Office of Strategic Planning and Development Effectiveness (SPD) jointly hired an external consultant to conduct an evaluation of the ReTS pilot phase. The consultant's report was presented to the Policy and Evaluation Committee of the Board in October 2015. It contained three key recommendations:

1. Strengthen accountability of the lead department in the follow-up to OVE recommendations;
2. Ensure greater clarity around the Board's intent in endorsing (or not) the recommendations and approving their implementation; and
3. Strengthen the connection with the institutional learning cycle.

OVE and SPD continue to work together to ensure full implementation of these recommendations.

- 1.2 Both IDB and the Inter-American Investment Corporation (IIC) use the ReTS to monitor progress in implementing recommendations issued by the Office of Evaluation and Oversight (OVE), though IIC is using it on an ad-hoc basis until formal procedures are adopted. All OVE recommendations are registered in the ReTS, but only those that receive Board endorsement are tracked. OVE may also provide guidance in the form of suggestions (as in comparative project evaluations), but those are less formal and are neither registered nor tracked.
- 1.3 Management is required to prepare an action plan for each Board-endorsed recommendation, describing how it intends to implement the recommendation and by when. It has 90 days after the evaluation has been presented to the relevant Board committee to prepare the action plan and upload it in the ReTS online platform.<sup>3</sup> Management is required to update the ReTS at least once a year prior to OVE's validation. It has up to four years to implement an endorsed recommendation, after which the Board may authorize additional time or decide

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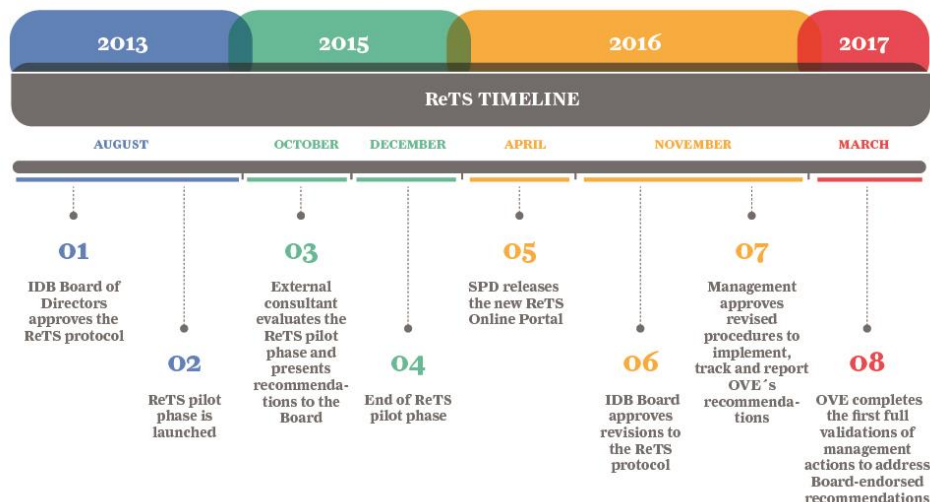
<sup>1</sup> The report identified the need for a system to monitor IDB management's implementation of the recommendations made by OVE. *Strengthening Evaluation to Improve Development Results*, report of the Independent Review Panel on Evaluation at the Inter-American Development Bank, 2011.

<sup>2</sup> OVE and SPD updated the ReTS system and all related documentation based on the recommendations of the external evaluation of the ReTS pilot. In 2016 the IDB Board approved a new ReTS protocol; management and OVE updated the procedures for the review of OVE evaluations and follow-up on Board-endorsed recommendations (AM 140-1); and management prepared guidelines for the use of the ReTS (AM 140-1 Annex). In addition, in April 2016 management revamped the Evaluation and Audit Committee (OR-303).

<sup>3</sup> AM 140-1, paragraph 3.5.1.

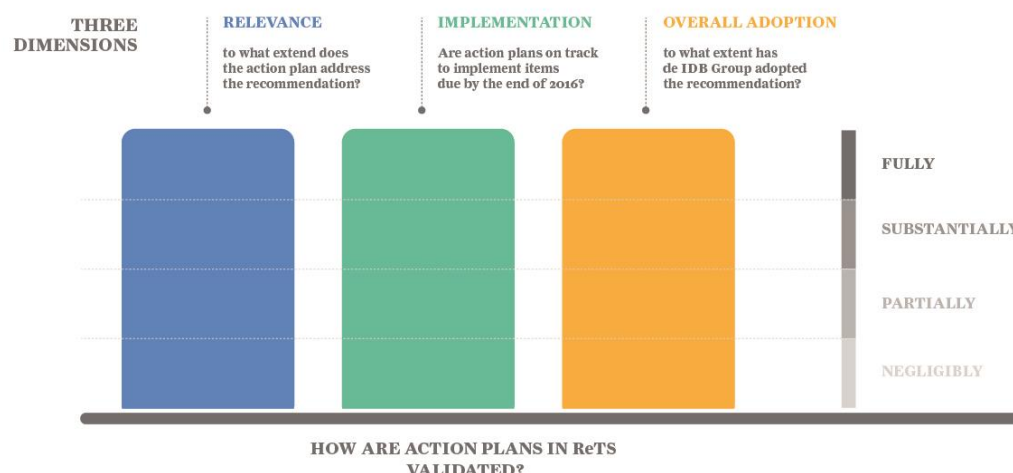
to stop tracking (or “retire”) action plans that have not been completed. The Board may also retire recommendations that have become obsolete or have been overtaken by events.

- 1.4 This note presents the results of the first full validation by OVE since the completion of the pilot phase. It looks at the relevance and implementation of management’s actions in response to recommendations made by OVE, endorsed by the Board, and monitored through the ReTS between 2013 and 2016. The ReTS is still a work in progress, and this exercise serves as a learning opportunity for all involved. Future validations will be done annually.



## II. METHODOLOGY

- 2.1 OVE’s validation exercise seeks to give the IDB and IIC Boards a sense of management’s progress in adopting the recommendations endorsed by the Boards. It does not purport to fully assess the results of implementation, which would require a new evaluation. The unit of analysis is the recommendation, which is issued and should be considered in the context of each evaluation.
- 2.2 OVE validated management’s progress based on evidence available in the ReTS as of December 31, 2016, supplemented by interviews with action plan team leaders, as needed. To ensure consistency, OVE conducted internal training sessions, and a two-person team reviewed the entire set of validations. In its validations, OVE examined three dimensions: relevance of proposed action plans, degree of implementation of actions due as of December 2016, and overall level of adoption of recommendations for action plans reported by management as completed by end-December 2016.



- 2.3 For **relevance**, OVE reviewed action plans uploaded in the ReTS to determine the extent to which an action plan addressed a given recommendation. A four-point rating scale was applied (Table 2.1). OVE also looked at whether action plans, included clear activities, targets, and timeframes.

**Table 2.1. To what extent does the action plan address the recommendation?**

Fully	Substantially	Partially	Negligibly
Action plan addresses the recommendation completely	Action plan addresses the recommendation with minor shortcomings	Action plan has considerable shortcomings in addressing the recommendation	Action plan largely fails to respond to the recommendation

Source: OVE.

- 2.4 For **degree of implementation**, OVE analyzed management's progress in implementing plans with actions due by December 2016, again using a four-point rating scale (Table 2.2). Action plans for evaluations presented by OVE in the second semester of 2016 were excluded, as they are too new to expect significant implementation. If action plans did not specify intermediate milestones, OVE used the description of the specific action items to discern milestones whenever possible, and classified the rest as "not trackable." Action plans whose actions as of December 31, 2016, were rated "fully" or "substantially" implemented were considered "on track," while those rated "partially" or "negligibly" implemented were considered "not on track."

**Table 2.2. To what extent have actions due or expected as of end-2016 been implemented as planned?**

Fully	Substantially	Partially	Negligibly
All actions completed as planned	Most actions completed as planned	Few/minor actions completed as planned	Virtually no actions completed as planned

Source: OVE.

- 2.5 For action plans that management reported having completed, OVE combined the individual ratings on relevance and implementation to reach an **overall rating on adoption**, again using a four-point scale (Table 2.3).

**Table 2.3. To what extent has IDB Group (IDBG) adopted the recommendation?**

<b>Fully</b>	<b>Substantially</b>	<b>Partially</b>	<b>Not adopted</b>
If relevance AND degree of implementation were rated “fully”	If relevance AND degree of implementation were rated at least “substantially”	If relevance AND degree of implementation were rated at least “partially”	If either relevance OR degree of implementation was rated “negligible”

Source: OVE.

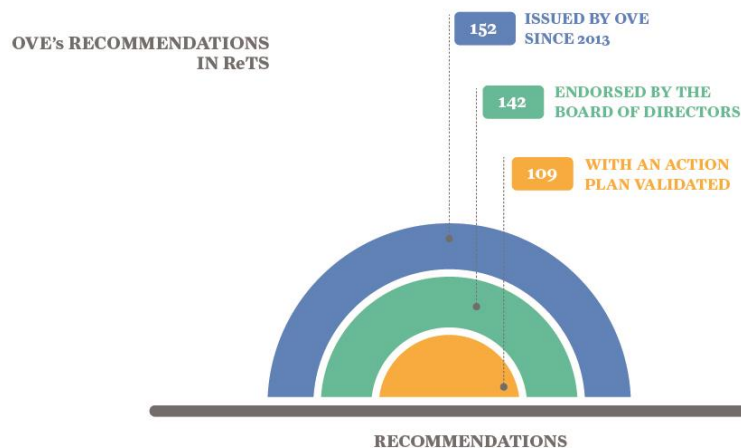
### **III. PORTFOLIO OVERVIEW**

- 3.1 Between February 2013 and December 2016, OVE issued 152 recommendations from 25 evaluations – 59% of them from country program evaluations (CPEs), 20% from sector and thematic evaluations, and the rest from corporate and project evaluations. Of the 152 recommendations, 140 (92%) were fully endorsed by the Board, 2 were partially endorsed, and 10 were not endorsed (Annex I).<sup>4</sup> Thus 142 of the 152 recommendations should be tracked in the ReTS.
- 3.2 Of these 142 recommendations, OVE is reporting here on the validation results for 112. Nineteen were not included because management was still within the 90-day period for preparing the action plan (as of end-2016), and 11 others were not included because they pertain to the Midterm Evaluation of IDB-9 Commitments, which will be reviewed thoroughly in an upcoming OVE evaluation.<sup>5</sup>
- 3.3 Action plans were entered into the ReTS for 109 of the 112 Board-endorsed recommendations. Three action plans – all pertaining to recommendations from the Fifth Independent Evaluation of SCF’s Expanded Project Supervision Report (XPSR) – were never prepared.<sup>6</sup>

<sup>4</sup> The ReTS includes management responses for 105 recommendations. Of these, management has fully agreed to OVE’s recommendations in 83% of the cases, partially agreed in 6%, and not agreed in 11%.

<sup>5</sup> These include nine Board-endorsed recommendations stemming from the Midterm Evaluation of IDB-9 Commitments; of these, two overlapped with recommendations of the evaluation *How is IDB Serving Higher-Middle-Income Countries?* (recommendation 1 to revisit the role and content of country strategies and Country Program Documents (CPDs) to balance the need for strategic selectivity with the demand-driven character of the Bank, and recommendation 4 to restructure the private sector windows of the Bank to integrate them better with each other and with the Bank’s public sector side).

<sup>6</sup> One recommendation from this evaluation was found to have been implemented (to work with OVE to review and revise the system for project evaluation).



- 3.4 OVE's recommendations vary in many ways, given their very different contexts, but they all concern ways to enhance the IDB Group's development effectiveness. In a broad sense, they fall into eight categories of activity, used to present the validation results (see examples in Table 3.1):
1. Enhancing the **strategic focus** of IDB Group's work, whether at the sector, thematic, or country level;
  2. Expanding IDB Group's **engagement in client countries** – for example, with the private sector, subnational governments, or policy-making processes at the national level;
  3. Changing IDB Group's **organizational structure, procedures, or personnel**;
  4. Reconsidering the design and/or use of the Bank's **lending instruments**;
  5. Reconsidering the design and/or use of the **Bank's knowledge and technical cooperation instruments**;
  6. Improving **project design and/or implementation** in specific settings;
  7. Improving the **monitoring and measurement of results**; and
  8. Enhancing and/or expanding IDB Group's work **in particular substantive areas**.



**Table 3.1. Examples of OVE recommendations by category**

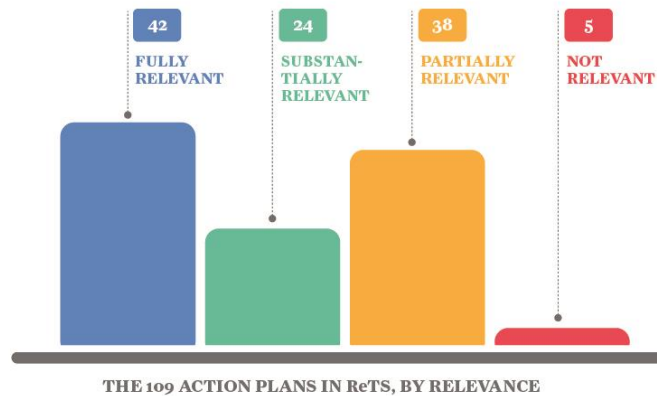
Category	Examples from OVE evaluations
<b>Strategic focus</b>	<p><b>Citizen Security:</b> “Select and focus on a narrower range of interventions to facilitate the development of in-house expertise and enhance the Bank’s capacity to show results.”</p> <p><b>Agriculture:</b> “Promote a comprehensive and coordinated multi-sector approach to food security through the upcoming Sector Framework Document on Food Security.”</p>
<b>Client engagement</b>	<p><b>Brazil CPE:</b> “Seek long-term partnerships with subnational governments (both states and municipalities) where possible, and devote substantial resources to cross-learning.”</p> <p><b>Barbados CPE:</b> “Strengthen the relevance and development effectiveness of the Bank’s program through a greater engagement with the private sector.”</p>
<b>IDBG organization</b>	<p><b>Realignment:</b> “To enhance country focus, further strengthen the country program management function in country offices.”</p> <p><b>Climate Change (CC):</b> Strengthen the mainstreaming of CC concerns in IDB by maintaining a highly qualified CC group whose mandate and incentives are to provide cutting-edge technical knowledge and support to divisions in all operational Vice-Presidencies.”</p>
<b>Lending instruments</b>	<p><b>Higher-Middle-Income Countries:</b> “Review the experience with performance-driven lending in the IDB and peer institutions and consider introducing lending modalities in local currency as well as currency and interest rate swaps.”</p> <p><b>Panama CPE:</b> “Strengthen the design, monitoring, and completion of future policy-based programmatic series [...]. When a PBP series is interrupted, it is recommended that the remaining operations be removed from the lending pipeline and a project completion report be prepared for the truncated series.”</p>
<b>Knowledge instruments</b>	<p><b>Secondary Education:</b> “Put more emphasis on innovation and strengthen the knowledge repository to learn from and disseminate lessons of experience in secondary education.”</p> <p><b>Paraguay CPE:</b> “Use concessional instruments (TCs and lending) strategically to deepen dialogue in areas not to be covered by lending operations.”</p>
<b>Project design and implementation</b>	<p><b>Jamaica CPE:</b> “Ensure appropriate sizing of new investment loans.”</p> <p><b>Colombia CPE:</b> “Strengthen risk analysis during project design and periodically reevaluate and reprioritize the lending program based on dialogue between the Bank and the Government of Colombia, with a view to lowering the cost of projects prepared but later removed from the pipeline or canceled.”</p> <p><b>Uruguay CPE:</b> “Deepen the analysis and estimation of costs of infrastructure projects.”</p> <p><b>Bolivia CPE:</b> Give more emphasis to the sustainability of Bank-financed investments by ensuring that all projects systematically incorporate mechanisms to ensure operations and maintenance of the services.”</p>
<b>Results measurement</b>	<p><b>Climate Change:</b> “Deepen the Bank’s ability and incentive to track its activities and results related to CC mitigation and adaptation.”</p> <p><b>Measuring Project Performance:</b> “Revise the PCR guidelines to further harmonize them with those for the private sector and to address shortcomings identified in this report.”</p>
<b>Focus in particular substantive areas</b>	<p><b>Dominican Republic CPE:</b> “Promote a reactivation of the policy dialogue in the electricity sector, with the aim of promoting the reform agenda required as a complement to investment programs.”</p> <p><b>Argentina CPE:</b> “Address the problems of quality and equity in Bank programs that support the delivery of basic social services.”</p>

Source: OVE.

## IV. VALIDATION RESULTS

### A. Relevance

- 4.1 Three-fifths (61%) of the action plans reviewed were considered to fully (42) or substantially (24) address the recommendation. The other 39% either have significant shortcomings and were rated partially relevant (38), or do not address the recommendation at all and were rated not relevant (5) (see Annex II for all ratings.)



- 4.2 OVE identified three shortcomings that affected the degree of relevance: some actions are insufficient to address the recommendation (13); some focus on one part of the recommendation but leave important issues unaddressed (10); and some actions lack sufficient specificity or continue Bank practices that are unlikely to address the issues raised by the recommendation (6).

#### **Box 4.1. Examples of action plans as rated by OVE for relevance**

##### **Fully relevant**

Recommendation 4 of the Evaluability Review of Bank Projects 2012 called for increased integration between documents produced during project design (POD, AOP, PEP and results matrix) and the PMR. Management fully addressed the recommendation by proposing to create a platform in Convergence to integrate POD, AOP, PEP, and results matrix with the PMR.

In response to a recommendation to design a knowledge agenda for Uruguay that would be prospective and specific to the country's challenges and would capture, store, and disseminate lessons learned from Bank-financed operations (Recommendation 4, Uruguay CPE, 2010-2015), management proposed two actions. The first was to develop a tool to capture all work financed through technical cooperation (TC) in an IT platform to provide easy access to knowledge generated at the country level. The second was to launch a knowledge initiative called Uruguay: Excellence and Good Practice Lab to bring together the private sector, academics, and civil society to develop a country-specific knowledge agenda for future Bank financing.

##### **Substantially relevant**

In the Costa Rica CPE 2011-2014, OVE recommended that the Bank support strengthening public governance capacities, particularly in areas related to project execution, procurement, and e-government. This recommendation was based on the evaluation's finding that the Bank had developed a successful project management system for Bank-financed projects that could help the country execute non-IDB projects. Management proposed to address the recommendation by conducting a Public Expenditure and Financial Accountability (PEFA) assessment and a diagnostic of the national procurement system, approving at least one TC to support coordination within the executive branch of government, and one TC to strengthen municipal capacities. These actions substantially address the recommendation but fall short, as the recommendation also called for a gradual extension of good practices in Bank-financed projects to other public sector projects.

##### **Partially relevant**

Recommendation 1 of the Evaluation of the Results of the Realignment called for strengthening the country program management function in country offices by rebalancing the matrix in favor of a decentralized Vice Presidency for Countries (VPC), as the realignment asked for, and providing more budgetary authority to country managers. Management proposed the following actions: (i) to use the results of a "state of decentralization" study to formulate actions to enhance the country program management function; (ii) to complete and assess the pilot to test country offices' responsiveness to greater authority over the use of the transactional budget; (iii) to develop metrics to monitor country office strengthening; (iv) to use the Department of Human Resources visual matrix in country program management; (v) to implement a new portfolio management framework to be created by a working group; and (vi) to use External Feedback System survey results to better provide customized solutions to clients. These actions can help the matrix function better but are insufficient to strengthen the VPC's role in the matrix and give country managers greater budgetary authority.

Recommendation 3 of the Jamaica CPE 2009-2014 called for ensuring the appropriate sizing of new investment loans, given the country's limited fiscal space over the next several years. Management proposed the cancellation and restructuring of underperforming loans and donor coordination in the preparation of the country strategy, but did not include measures to size investment loans in line with the country's fiscal restrictions.

Recommendation 3 of How is IDB Serving Higher-Middle-Income Countries? concerned nonlending work, calling for management to undertake further reforms to streamline resource allocation processes, allocate funds strategically, and strengthen results monitoring for TC and capacity-building work. Management proposed actions addressing the need to streamline processes, but proposed none to ensure that TC allocation is strategically used at the country level.

Recommendation 1 of the Haiti CPE 2011-2015 asked for the new country strategy to focus on strengthening long-term local institutional capacities. Management proposed that a diagnostic of institutional capacities and the definition of measurable indicators be included in the new country strategy but did not specify how the Bank will move forward to address the lack of institutional capacity in the country.

##### **Not relevant**

Recommendation 1 for the Chile CPE 2011-2013 called for structuring the country strategy around realistic objectives that the Bank can achieve. Management proposed developing new guidelines for Country Strategies and implementing innovative mechanisms in the design of operations. These actions do not address the need for setting realistic strategic objectives.

- 4.3 Five action plans call for the joint participation of IDB and IIC to address recommendations stemming from the *Evaluation of IDB Group's Work through Financial Intermediaries* (Box 4.2). Three were rated as partially relevant because of weaknesses in IDB's proposed actions.

**Box 4.2. Example of relevance ratings for action plans requiring joint participation of IDB and IIC**

Recommendation 5 from the *Evaluation of IDB Group's Work through Financial Intermediaries* (FIs) asked the IDBG to review and strengthen the way environmental and social safeguards are applied to FI operations. Given the fungibility of resources at the FI level, the evaluation found it not useful in most cases to apply environmental and social (E&S) safeguards to only specific projects "funded" by IDBG. Rather, OVE recommended that IDBG should focus on the development and application of E&S systems at the FI level, particularly as they apply to the relevant portfolio. OVE rated management's actions as partially relevant based on the combination of the ratings of IIC and IDB action plans, as explained below.

IIC's management actions, rated as fully relevant, were to (i) adjust the legal agreement templates for FIs to require all FI clients to develop adequate E&S management systems and apply them to the relevant asset class under the IIC transaction; (ii) require and provide capacity building for all FI clients on E&S risk management; (iii) implement screening tools using information technology platforms to review a sample of sub-borrower companies with highest exposures; and (iv) include in IIC's Sustainability Week training on the use of innovative digital platforms to minimize FIs' exposure to E&S risks.

IDB proposed one action, rated as not relevant: to provide TC resources to improve the second-tier development FIs' institutional capacity regarding E&S matters.

- 4.4 Considering relevance by type of recommendation (Table 4.1), the actions proposed by the Bank to address recommendations on results measurement were more relevant (87%) than those in other categories. Several of these recommendations focus on strengthening one or more tools for measuring the effectiveness of Bank work.<sup>7</sup>

**Table 4.1. Relevance of action plans by type of recommendation**

Category	Fully & substantially relevant		Partially or not relevant	
	%	Number/total recs in category	%	Number/total recs in category
Results Measurement	87	13/15	13	2/15
Client Engagement	69	9/13	31	4/13
Sector/Substantive Areas	65	13/20	35	7/20
Lending Instruments	57	4/7	43	3/7
IDBG Organization	57	8/14	43	6/14
Project Design and Implementation	56	10/18	44	8/18
Knowledge Instruments	44	4/9	56	5/9
Strategic Focus	38	5/13	62	8/13

Source: OVE.

<sup>7</sup> These tools include the Development Effectiveness Matrix (DEM), the Project Monitoring Report (PMR), the Project Completion Report (PCR), and the Extended Supervision Report (XSR).

- 4.5 For recommendations that call for IDBG to define to what extent and how it should support specific sectors (such as agriculture or the financial sector<sup>8</sup>) or how to focus country programs to make them more realistic and responsive to local conditions, OVE judged the actions proposed by management to be less relevant. The common thread among these recommendations grouped under strategic focus is the need for IDBG to break away from wanting to be all things to all clients, and move toward making strategic choices and being more selective about what it does. Similarly, shortcomings were identified in the relevance of 56% of the action plans related to knowledge instruments, indicating the difficulties in ensuring that knowledge generated by IDBG work is systematically captured, disseminated, and used.
- 4.6 OVE calculated a relevance score for each evaluation (Table 4.2) by averaging the individual ratings of the action plans for the recommendations in that evaluation, with a score of 1 being not relevant and 4 fully relevant. OVE judged the Barbados and Dominican Republic CPEs to have the highest share of relevant action plans, and *IDB Group's Work through Financial Intermediaries* to have the lowest.

**Table 4.2. Relevance of action plans by evaluation**

Evaluation name	Average Relevance
Country Program Evaluation: Barbados 2010-2013 (3 recs)	4.0
Country Program Evaluation: Dominican Republic 2009-2013 (2 recs)	
Measuring Project Performance at the IDB: Recent Developments in the PCR and XPSR System (5 recs)	3.8
Country Program Evaluation: Uruguay 2010-2015 (6 recs)	3.7
Country Program Evaluation: Honduras 2011-2014 (5 recs)	3.6
Review of the Bank's Support to Agriculture, 2002-2014: Evidence from Key Thematic Areas (5 recs)	
Evaluability Review of Bank Projects 2012 (5 recs)	3.4
Country Program Evaluation: Brazil 2011-2014 (5 recs)	3.2
Country Program Evaluation: Argentina 2009-2015 (5 recs)	3.0
Review of IDB Support to Secondary Education: Improving Access, Quality, and Institutions, 1995-2012 (3 recs)	
IDB'S Response to Key Challenges in Citizen Security, 1998-2012 (4 recs)	
How is IDB Serving Higher-Middle-Income Countries? Borrowers' Perspectives (3 recs)	
Climate Change and the IDB: Building Resilience and Reducing Emissions (4 recs)	
Country Program Evaluation: Colombia 2011-2014 (5 recs)	2.8
Country Program Evaluation: Chile 2011-2013 (5 recs)	
Country Program Evaluation: Jamaica 2009-2014 (4 recs)	
Country Program Evaluation: Bolivia 2011-2015 (4 recs)	
Country Program Evaluation: El Salvador 2009-2014 (5 recs)	2.6

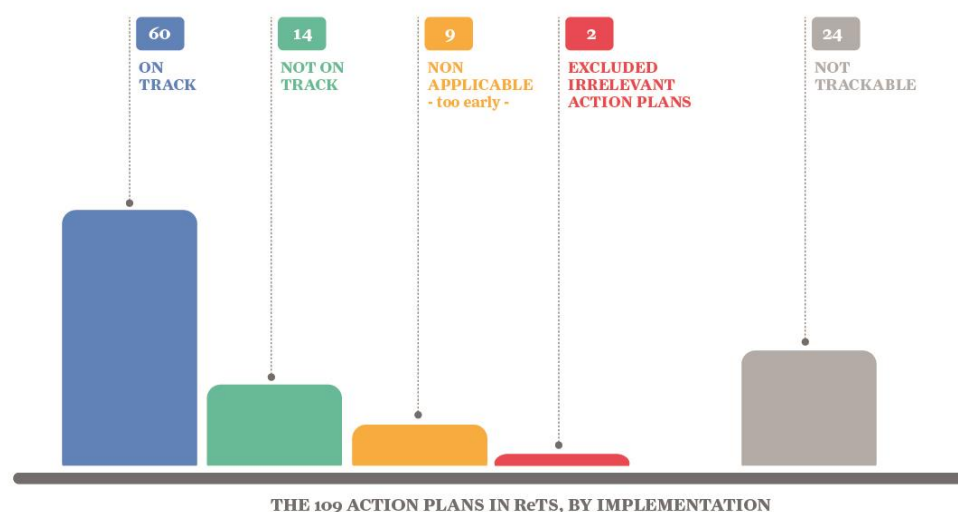
<sup>8</sup> The FI evaluation recommended that IDBG develop and implement a Groupwide approach for working through FIs. The Agriculture evaluation recommended that the Bank develop specific criteria for deciding when to finance private goods.

Evaluation name	Average Relevance
Country Program Evaluation: Panama 2010-2014 (5 recs)	2.5
Country Program Evaluation: Haiti 2011-2015 (5 recs)	
Evaluation of the Results of The Realignment (4 recs)	
Country Program Evaluation: Suriname 2011-2015 (4 recs)	2.3
Country Program Evaluation: Costa Rica (3 recs)	
Country Program Evaluation: Paraguay 2009-2013 (5 recs)	2.2
Evaluation of IDB Group's Work through Financial Intermediaries (5 recs)	1.6

Source: OVE.

## B. Degree of implementation

- 4.7 OVE was able to validate the extent of implementation of 74 of the 109 action plans. Nine were excluded because they were in an early phase of implementation, having been prepared for evaluations presented to the IDB and IIC Boards in the second semester of 2016. Another 24 were excluded because they lacked intermediate milestones to track progress, and the breakdown of activities did not permit inferring intermediate deliverables. Two were excluded from implementation reporting because their actions were considered not relevant to the recommendation.



- 4.8 Of the 74 action plans, implementation was on track as of December 2016 for 81% (60), though about one-quarter of these were considered only partially relevant to address the recommendation (see Annex II for individual ratings and Annex III for on track, but partially relevant action plans).
- 4.9 Of the 14 action plans not on track, three have made negligible progress – the Realignment's recommendation on enhancing efficiency, the Chile CPE's recommendation on ensuring TC execution by beneficiaries, and Agriculture's recommendation on defining criteria for financing private goods (Annex IV).
- 4.10 Implementation of all action plans related to project design and implementation was on track as of December 2016 (Table 4.3), as were 91% of those related to IDBG organization. Actions related to the strategic focus of IDBG's work were the

third most likely to be on track (88%). Of these, action plans following up on CPE recommendations to structure upcoming country strategies differently (typically around key strategic issues rather than by sector) tended to be both relevant and on track – highlighting the benefits of timing country program evaluations during the preparation of new country strategies so that management can readily respond to OVE recommendations. Action plans related to the design or use of the Bank's knowledge and technical cooperation instruments were the least likely to be on track (57%).

**Table 4.3. Status of implementation of action plans by type of recommendation (as of end-2016)**

Category	On track			
	%	Number/total recs in category	Fully or substantially relevant action plans	Partially relevant action plans
Project Design and Implementation	100	(10/10)	6	4
IDBG Organization	91	(10/11)	6	4
Strategic Focus	88	(7/8)	5	2
Results Measurement	86	(12/14)	11	1
Client Engagement	71	(5/7)	3	2
Substantive Areas	71	(10/14)	9	1
Lending Instruments	67	(2/3)	2	0
Knowledge Instruments	57	(4/7)	2	2

Source: OVE.

- 4.11 OVE established an overall implementation score for the 17 evaluations with actions expected to make progress by the end of 2016<sup>9</sup> (Table 4.4), by averaging ratings for individual action plans related to that evaluation (with 1 being not implemented and 4 fully implemented). All expected actions were completed on time for three evaluations – *Evaluability Review of Bank Projects* and the CPEs for Costa Rica and El Salvador – while the action plans for the Paraguay and Dominican Republic CPEs were the most delayed.

**Table 4.4. Degree of implementation of action plans by evaluation\* (as of end-2016)**

Evaluation Name	Average Implementation
Evaluability Review of Bank Projects 2012 (5 recs)	4.0
Country Program Evaluation: El Salvador 2009-2014 (3 recs)	
Country Program Evaluation: Costa Rica (3 recs)	
Country Program Evaluation: Honduras 2011-2014 (5 recs)	3.8
Climate Change and the IDB: Building Resilience and Reducing Emissions (4 recs)	
Country Program Evaluation: Barbados 2010-2013 (3 recs)	3.7
How is IDB Serving Higher-Middle-Income Countries? Borrowers' Perspectives (3 recs)	
Country Program Evaluation: Brazil 2011-2014 (5 recs)	3.6
IDB'S Response to Key Challenges in Citizen Security, 1998-2012 (4 recs)	3.5

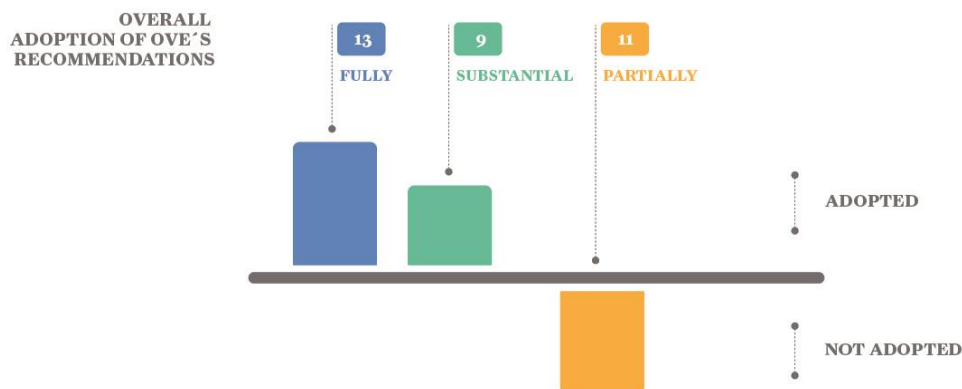
<sup>9</sup> Excluding those evaluations that had deliverables due by 2016 for only half (or less) of their recommendations.

Country Program Evaluation: Jamaica 2009-2014 (4 recs)	
Measuring Project Performance at the IDB: Recent Developments in the PCR and XPSR System (5 recs)	3.4
Review of IDB Support to Secondary Education: Improving Access, Quality, and Institutions, 1995-2012 (3 recs)	3.3
Review of the Bank's Support to Agriculture, 2002-2014: Evidence from Key Thematic Areas (4 recs)	2.8
Evaluation of the Results of the Realignment (4 recs)	
Country Program Evaluation: Chile 2011-2013 (4 recs)	
Country Program Evaluation: Dominican Republic 2009-2013 (2 recs)	2.5
Country Program Evaluation: Paraguay 2009-2013 (5 recs)	2.0

\*Excludes recommendations with no relevant action plans. *Source:* OVE.

### C. Overall adoption of OVE's Recommendations

Finally, OVE assessed the overall level of adoption of 33 recommendations for which management reported having completed the action plans by end-2016 (Annex V).<sup>10</sup> The overall score was calculated by combining the individual ratings for relevance and implementation (Table 2.3). OVE found that 67% (22) of the recommendations have been fully (13) or substantially (9) adopted by IDBG management. These recommendations will be retired as “adopted.” The remaining 33% (11) were considered to have been only partially adopted because of gaps in both relevance and implementation (Annex V). OVE will retire these as “not adopted.”



- 4.12 Management has completed all action plans for six evaluations. OVE calculated an overall score for each of those six (Table 4.5) by averaging the individual scores of the action plans under each evaluation, with 1 being not adopted and 4 fully adopted. In all cases, there has been some degree of adoption, but in no case has there been full adoption of OVE's recommendations.

<sup>10</sup> Thirty-eight action plans were due to be completed by December 2016, but management reported that 9 are still under implementation. OVE will continue tracking these nine action plans in the ReTS until they are completed or they reach the 4-year maximum implementation time.



**Table 4.5. Level of adoption by evaluation**

Evaluation name	Overall averaged score	Main factor affecting adoption
Evaluability Review of Bank Projects 2012	3.4	Relevance
Measuring Project Performance at the IDB	3.2	Implementation
How is IDB Serving Higher-Middle-Income Countries?	3.0	Relevance
Review of IDB Support to Secondary Education	3.0	Relevance and implementation equally
Country Program Evaluation: Dominican Republic 2009-2013	2.5	Implementation
Country Program Evaluation: Jamaica 2009-2014	2.5	Relevance

Source: OVE.

## V. CONCLUSIONS

- 5.1 The validation of management's implementation of OVE recommendations provides an opportunity for the IDB and IIC Boards to know how their decisions are being implemented. It also helps IDBG management know whether it is moving in the right direction as it implements evaluation recommendations, and it gives OVE feedback on how to better structure evaluation recommendations. As this is the first full round of OVE validations, it is important for all parties – OVE, management, and the IDB and IIC Boards – to view this as a learning opportunity and build on the findings to strengthen the effectiveness and efficiency of the ReTS and, more generally, of the IDB Group's evaluation architecture.
- 5.2 The validation exercise shows mixed progress in implementing Board-endorsed recommendations. Of the action plans proposed by management, 61% were considered fully or substantially relevant, and most others were partially relevant. Of the action plans with at least partial relevance and actions due as of December 2016, 81% were on track in their implementation. Management proposed more relevant action plans for recommendations to improve results measurement than for any other category of recommendations. Addressing recommendations calling for changes at the strategic level or changes in the design and use of knowledge instruments proved to be more difficult. Relevance was affected in many cases by an excessive focus on inputs rather than outputs.<sup>11</sup> As for implementation, management readily implemented actions to address recommendations from CPEs on how to structure new country strategies, while actions concerning the design and use of knowledge instruments lagged. The lack of intermediate milestones in more than half (52%) of action plans reviewed by OVE, along with the absence of supporting evidence, limited the ability to assess progress.
- 5.3 The validation also highlighted institutional issues that need attention. Defining actions that fully address the issue highlighted in each recommendation requires the active participation of those responsible for implementation. Recent efforts by management to increase the role and ownership of lead departments in

<sup>11</sup> While 73% (80/109) of action plans included well-defined actions, only 50% (55/109) had output targets.

designing and updating action plans is a step in the right direction. For recommendations dealing with strategic and organizational issues, strengthening the processes of consultation and coordination within the IDBG could help further the formulation of stronger and more relevant actions and ensure their implementation. Finally, although management and OVE already consult to some extent during the preparation of action plans, more consultation could help clarify the scope of recommendations and the criteria for relevance.

- 5.4 The ReTS is a work in progress. The system is improving over time, and OVE will continue working with management to streamline processes and encourage participation and follow-up throughout the IDB Group.

### Annex I. Recommendations not endorsed by the Board

Evaluation	Recommendation	Date
Guatemala CPE	Rec 4: to approve only operations with simple designs and more thorough analyses, to help minimize design problems in the current portfolio.	November 2016
Brazil CPE	Rec.1: to define a limited set of strategic thematic priorities to structure and integrate the Bank's program.	October 2015
Evaluation of Special Programs Financed by Ordinary Capital	Rec 1: to decide how much Ordinary Capital (OC) should be allocated for grant funding for Special Programs, clearly weighing the trade-offs.	December 2014
	Rec 2: to limit OC funding to three purposes: (i) seed funding to support the introduction of new business areas; (ii) transnational work; and (iii) client activities needed for project preparation, implementation, and capacity building.	
	Rec 3: to adjust the administrative budget as needed to fund Bank upstream work and other activities that are the Bank's responsibility and currently funded by OC Special Programs.	
Evaluation of the Results of the Realignment	Rec 5: to fill a significantly higher share of management positions through transparent competitive processes.	February 2014
Mid-term Evaluation of IDB-9 Commitments -Rec. Haiti	Rec 6: to refocus the Haiti program intensively on sustainable poverty reduction and economic growth.	January 2013
Review of IDB Support to Secondary Education: Improving Access, Quality, and Institutions, 1995-2012	Rec 2: to focus Bank support more centrally on upper secondary education, especially among vulnerable and disadvantaged populations.	October 2013
Country Program Evaluation: Dominican Republic 2009-2013	Rec 1: to redefine the programmatic approach for sector support to maintain a medium-term perspective but approving new loans only once all components of loans under execution have been substantially disbursed.	October 2013
	Rec 4: to approve non-sovereign-guaranteed infrastructure loans in the country once the fiscal risks and implications have been analyzed jointly by the relevant units in VPC, Vice Presidency of Sectors (VPS) and Vice Presidency of Private Sector (VPP), and discussed with the Ministry of Finance.	

Source: ReTS

### Annex II. Action plan ratings by relevance and status of implementation

Recommendation	Relevance	Implementation on track	Implementation not on track
Climate Change and the IDB: Building Resilience and Reducing Emissions			
Recommendation 1	Substantially	✓	
Recommendation 2	Substantially	✓	
Recommendation 3	Substantially	✓	
Recommendation 4	Substantially	✓	
Country Program Evaluation: Bolivia 2011-2015.			
Recommendation 1	Substantially	Not trackable <sup>12</sup>	
Recommendation 2	Partially	Not trackable	
Recommendation 3	Substantially	Not trackable	
Recommendation 4	Substantially	Not trackable	
Country Program Evaluation: Chile 2011-2013			
Recommendation 1	Negligible	Not validated	
Recommendation 2	Fully	✓	
Recommendation 3	Partially		✓
Recommendation 4	Fully		✓
Recommendation 5	Substantially	✓	
Country Program Evaluation: Colombia 2011-2014			
Recommendation 1	Negligible	Not validated	
Recommendation 2	Substantially	Not trackable	
Recommendation 3	Partially		✓
Recommendation 4	Fully	Not trackable	
Recommendation 5	Fully	✓	
Country Program Evaluation: Costa Rica 2011-2014			
Recommendation 1	Partially	✓	
Recommendation 2	Partially	✓	
Recommendation 3	Substantially	✓	
Country Program Evaluation: El Salvador 2009-2014			
Recommendation 1	Partially	✓	
Recommendation 2	Partially	Not trackable	
Recommendation 3	Fully	Not trackable	
Recommendation 4	Substantially	✓	
Recommendation 5	Partially	✓	
Country Program Evaluation: Paraguay 2009-2013			
Recommendation 1	Partially		✓
Recommendation 2	Substantially		✓

<sup>12</sup> Not trackable: Not possible to assess degree of implementation because of lack of intermediate milestones.

Recommendation	Relevance	Implementation on track	Implementation not on track
Recommendation 3	Partially		✓
Recommendation 4	Partially		✓
Recommendation 5	Partially		✓
<b>Country Program Evaluation: Uruguay 2010-2015</b>			
Recommendation 1	Fully	✓	
Recommendation 2	Fully		Not trackable
Recommendation 3	Fully	✓	
Recommendation 4	Fully		Not trackable
Recommendation 5	Fully		✓
Recommendation 6	Partially		Not trackable
<b>Country Program Evaluation: Argentina 2009-2015.</b>			
Recommendation 1	Substantially	✓	
Recommendation 2	Substantially		Not trackable
Recommendation 3	Substantially		Not trackable
Recommendation 4	Substantially		Not trackable
Recommendation 5	Substantially		Not trackable
<b>Country Program Evaluation: Barbados 2010-2013</b>			
Recommendation 1	Fully	✓	
Recommendation 2	Fully	✓	
Recommendation 3	Fully	✓	
<b>Country Program Evaluation: Brazil 2011-2014</b>			
Recommendation 2	Partially	✓	
Recommendation 3	Fully	✓	
Recommendation 4	Fully	✓	
Recommendation 5	Partially	✓	
Recommendation 6	Fully	✓	
<b>Country Program Evaluation: Dominican Republic 2009-2013</b>			
Recommendation 2	Fully	✓	
Recommendation 3	Fully		✓
<b>Country Program Evaluation: Haiti 2011-2015.</b>			
Recommendation 1	Partially		Not applicable (too early) <sup>13</sup>
Recommendation 2	Fully		Not applicable (too early)
Recommendation 3	Substantially		Not applicable (too early)
Recommendation 4	Partially		Not applicable (too early)
Recommendation 5	Partially		Not applicable (too early)
<b>Country Program Evaluation: Honduras 2011-2014</b>			

<sup>13</sup> Not applicable: Action plan in early stages of implementation (pertaining to evaluations presented by OVE in the second semester of 2016).

Recommendation	Relevance	Implementation on track	Implementation not on track
Recommendation 1	Fully	✓	
Recommendation 2	Fully	✓	
Recommendation 3	Fully	✓	
Recommendation 4	Partially	✓	
Recommendation 5	Fully	✓	
Country Program Evaluation: Jamaica 2009-2014			
Recommendation 1	Partially	✓	
Recommendation 2	Fully	✓	
Recommendation 3	Partially	✓	
Recommendation 4	Substantially	✓	
Country Program Evaluation: Panama 2010-2014			
Recommendation 1	Fully	✓	
Recommendation 2	Fully	✓	
Recommendation 3	Partially	Not trackable	
Recommendation 4	Partially	Not trackable	
Recommendation 5	Negligible	Not validated	
Country Program Evaluation: Suriname 2011-2015			
Recommendation 1	Partially	Not applicable (too early)	
Recommendation 2	Partially	Not applicable (too early)	
Recommendation 3	Substantially	Not applicable (too early)	
Recommendation 4	Partially	Not applicable (too early)	
Evaluability Review of Bank Projects 2012			
Recommendation 1	Fully	✓	
Recommendation 2	Partially	✓	
Recommendation 3	Substantially	✓	
Recommendation 4	Fully	✓	
Recommendation 5	Fully	✓	
Evaluation of IDB Group's Work through Financial Intermediaries			
Recommendation 1	Negligible	Not validated	
Recommendation 2	Negligible	Not validated	
Recommendation 3	Partially	Not trackable	
Recommendation 4	Partially	Not trackable	
Recommendation 5	Partially	Not trackable	
Evaluation of the Results of the Realignment			
Recommendation 1	Partially	✓	
Recommendation 2	Fully	✓	
Recommendation 3	Partially	✓	
Recommendation 4	Partially		✓

Recommendation	Relevance	Implementation on track	Implementation not on track
<b>How is IDB Serving Higher-Middle-Income Countries? Borrowers' Perspectives</b>			
Recommendation 2	Substantially	✓	
Recommendation 3	Partially	✓	
Recommendation 5	Fully	✓	
<b>IDB'S Response to Key Challenges in Citizen Security, 1998-2012</b>			
Recommendation 1	Partially	✓	
Recommendation 2	Partially	✓	
Recommendation 3	Fully	✓	
Recommendation 4	Fully	✓	
<b>Measuring Project Performance at the IDB: Recent Developments in the PCR and XPSR Systems.</b>			
Recommendation 1	Fully		✓
Recommendation 1 point 1-A	Fully	✓	
Recommendation 1 point 1-B	Substantially	✓	
Recommendation 1 Point 1-C	Fully	✓	
Recommendation 2	Fully	✓	
<b>Review of IDB Support to Secondary Education: Improving Access, Quality, and Institutions, 1995-2012</b>			
Recommendation 1	Fully	✓	
Recommendation 3	Partially	✓	
Recommendation 4	Substantially	✓	
<b>Review of the Bank's Support to Agriculture, 2002-2014: Evidence from Key Thematic Areas</b>			
Recommendation 1	Partially		✓
Recommendation 2	Fully	✓	
Recommendation 3	Fully	✓	
Recommendation 4	Fully	Not trackable	
Recommendation 5	Fully		✓

Source: OVE.

### Annex III. Action plans on track but with partial relevance

Recommendation	Action plan completion due date
<b>Evaluability Review of Bank Projects (2012)</b> Recommendation 2: To revise the classification system for projects' evaluability as reported in the Development Effectiveness Overview (DEO).	1/31/2014
<b>How is IDB Serving Higher-Middle-Income Countries? (2013)</b> Recommendation 3: To undertake further reforms to streamline resource allocation processes, allocate funds strategically, and strengthen monitoring and evaluation (M&E) for nonlending work.	12/31/2015
<b>Jamaica CPE (2014)</b> Recommendation 1: To ensure the continuity of Country Strategies and better justify lending envelopes.	
<b>Evaluation of the Results of the Realignment (2014)</b> Recommendation 1: To enhance country focus, further strengthen the country program management function in country offices.	
<b>Review of IDB Support to Secondary Education (2013)</b> Recommendation 3: To put more emphasis on innovation and strengthen the knowledge repository to learn from and disseminate lessons of experience in secondary education.	7/31/2016
<b>Jamaica CPE (2014)</b> Recommendation 3: To ensure appropriate sizing of new investment loans.	
<b>Evaluation of the Results of the Realignment (2014)</b> Recommendation 3: To strengthen mechanisms for quality control of Bank operational products.	
<b>IDB'S Response to Key Challenges in Citizen Security (2014)</b> Recommendation 1: To select and focus on a narrower range of interventions to facilitate the development of in-house expertise and enhance the Bank's capacity to show results. Recommendation 2: To simplify project design, pace interventions, and enhance supervision to strengthen operational performance and implementation.	12/31/2016
<b>Brazil CPE (2015)</b> Recommendation 2: To seek long-term partnerships with subnational governments and devote substantial resources to cross-learning. Recommendation 5: To develop a plan to promote more effective cross-sector and public-private collaboration in the country program.	12/30/2018
<b>Costa Rica CPE (2014)</b> Recommendation 1: To deepen Bank support for policy dialogue. Recommendation 2: To support seeking options to attract private investment through public-private partnerships, particularly in infrastructure.	12/31/2018
<b>Honduras CPE (2014)</b> Recommendation 4: To strengthen executing agencies' capacities and to consider making future disbursements of policy-based loans contingent on meaningful improvements in institutional capacity.	
<b>El Salvador CPE (2014)</b> Recommendation 1: To structure the CS and CPE around actions identified through a thorough diagnostic of the country's structural challenges. Recommendation 5: To strengthen dialogue to undertake pilot projects and dimension interventions that lack solid evidence of effectiveness.	12/31/2019

Source: OVE.



## Annex IV. Action plans not on track

Evaluation/year of presentation to the Board
<b><i>Dominican Republic CPE (2013)</i></b> Recommendation 3: To promote reactivation of the policy dialogue in the electricity sector to promote a reform agenda.
<b><i>Paraguay CPE (2014)</i></b> Recommendation 1: To support the country to leverage its investments in infrastructure with the private sector and other donors. Recommendation 2: To strategically use concessional instruments to deepen dialogue in areas that tend to be overlooked. Recommendation 3: To support the country in the effective use of FONACIDE, tapping into co-financing opportunities Recommendation 4: To strengthen natural resource management capacity. Recommendation 5: To use the experience of other countries with legislative ratification to mitigate the impact of the ratification process on the Bank portfolio.
<b><i>Evaluation of the Results of the Realignment (2014)</i></b> Recommendation 4: To enhance efficiency, to continue to strengthen budget processes and information systems to ensure full and accurate cost accounting.
<b><i>Chile CPE (2014)</i></b> Recommendation 3: To ensure beneficiary execution of technical cooperation operations. Recommendation 4: To identify niche areas for private sector support where the Bank can add value and play a catalytic role.
<b><i>Colombia CPE (2015)</i></b> Recommendation 3: To give priority to TCs that are linked to the Bank's strategy and lending program and increase the proportion of new TC operations executed by the client
<b><i>Measuring Project Performance at the IDB: Recent Developments in the PCR and XPSR Systems (2015)</i></b> Recommendation 1: To revise PCR guidelines to further harmonize them with private sector and address shortcomings.
<b><i>Review of the Bank's Support to Agriculture (2015)</i></b> Recommendation 1: To delineate clear criteria to guide Bank financing of private goods. Recommendation 5: To continue enhancing M&E to promote learning and long-term effectiveness.
<b><i>Uruguay CPE (2015)</i></b> Recommendation 5: To explore the development and use of new lending and financial instruments tailored to the country's specific needs.

Source: OVE

### Annex V. Level of adoption of 33 recommendations reported by management as adopted

Recommendation	Overall rating	Relevance of action plan	Implementation of the action plan
Climate Change and the IDB: Building Resilience and Reducing Emissions			
Rec #4	Substantially adopted	Substantially	Fully
Country Program Evaluation: Paraguay 2009-2013			
Rec. #1	Partially adopted	Partially	Partially
Rec. #3	Partially adopted	Partially	Partially
Rec. #5	Partially adopted	Partially	Partially
Country Program Evaluation: Barbados 2010-2013.			
Rec. #3	Fully adopted	Fully	Fully
Country Program Evaluation: Dominican Republic 2009-2013			
Rec. #2	Substantially adopted	Fully	Substantially
Rec. #3	Partially adopted	Fully	Partially
Country Program Evaluation: Honduras 2011-2014			
Rec #2	Fully adopted	Fully	Fully
Rec #5	Fully adopted	Fully	Fully
Country Program Evaluation: Jamaica 2009-2014			
Rec. #1	Partially adopted	Partially	Fully
Rec. #2	Fully adopted	Fully	Fully
Rec. #3	Partially adopted	Partially	Fully
Rec. #4	Partially adopted	Substantially	Partially
Evaluability Review of Bank Projects 2012			
Rec #1	Fully adopted	Fully	Fully
Rec. #2	Partially adopted	Partially	Fully
Rec. #3	Substantially adopted	Substantially	Fully
Rec. #4	Fully adopted	Fully	Fully
Rec. #5	Fully adopted	Fully	Fully
Evaluation of the Results of The Realignment			
Rec. #2	Fully adopted	Fully	Fully
How is IDB Serving Higher-Middle-Income Countries? Borrowers' Perspectives (recs #1 and #4 were not assessed since they are related to the Midterm Evaluation of the IDB-9 commitments)			
Rec. #2	Substantially adopted	Substantially	Fully
Rec. #3	Partially adopted	Partially	Substantially
Rec. #5	Fully adopted	Fully	Fully
IDB'S Response to Key Challenges in Citizen Security, 1998-2012			
Rec. #4	Substantially adopted	Fully	Substantially

Recommendation	Overall rating	Relevance of action plan	Implementation of the action plan
Measuring Project Performance at the IDB: Recent Developments in the PCR and XPSR Systems			
Rec. #1	Partially adopted	Fully	Partially
Rec. #1 point 1-A	Substantially adopted	Fully	Substantially
Rec. #1 point 1-B	Substantially adopted	Substantially	Fully
Rec. #1 Point 1C	Fully adopted	Fully	Fully
Rec#2	Fully adopted	Fully	Fully
Review of IDB Support to Secondary Education: Improving Access, Quality, and Institutions, 1995-2012			
Rec. #1	Substantially adopted	Fully	Substantially
Rec. #3	Partially adopted	Partially	Substantially
Rec. #4	Substantially adopted	Substantially	Fully
Review of the Bank's Support to Agriculture, 2002-2014: Evidence from Key Thematic Areas			
Rec. #2	Fully adopted	Fully	Fully
Rec. #3	Fully adopted	Fully	Fully

Source: OVE.

**Find here IDB's management response  
at [www.iadb.org/ove/ResponseAR2016](http://www.iadb.org/ove/ResponseAR2016)**

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and all our evaluations  
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