

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **DEVELOPMENT EFFECTIVENESS FRAMEWORK**

**August, 2008**

## CONTENT

|      |  |    |
|------|--|----|
| I.   | INTRODUCTION .....   | 1  |
| II.  | DEVELOPMENT EFFECTIVENESS .....                                | 2  |
| III. | INSTITUTIONAL BACKGROUND .....                                 | 4  |
| IV.  | INTERNATIONAL EVALUATION STANDARDS.....                        | 6  |
| A.   | International Community and Good Practice Standards .....      | 6  |
| B.   | Where the IDB Group Stands .....                               | 8  |
| V.   | DEVELOPMENT EFFECTIVENESS FRAMEWORK ARCHITECTURE .....         | 13 |
| A.   | Governance of the Evaluation System.....                       | 13 |
| 1.   | Roles and Responsibilities for Evaluation.....                 | 13 |
| 2.   | Self- Evaluation .....   | 14 |
| 3.   | Independent Evaluation .....                                   | 16 |
| B.   | Instruments and Metrics .....                                  | 18 |
| 1.   | Sovereign Guaranteed Operations.....                           | 18 |
| 2.   | NSG/Private Sector Operations.....                             | 20 |
| 3.   | Country Strategies .....                                       | 20 |
| 4.   | Knowledge and Capacity Building Products.....                  | 22 |
| C.   | Reporting Corporate Results and Framework for Incentives ..... | 22 |

## **ANNEXES**

### **ANNEX I** Implementation Plan

## **TECHNICAL APPENDICES**

### **Appendix 1** Sovereign Guaranteed Operations

### **Appendix 2**

Development Effectiveness Framework for Non Sovereign  
Guaranteed Operations (Doc. GN-2473-1)

<http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1777697>

### **Appendix 3** Country Strategies

### **Appendix 4** Knowledge and Capacity Building Products

## **ABBREVIATIONS**

|       |   |
|-------|---|
| ARPE  | Annual Report on Projects in Execution                |
| ARPRE | Annual Report on Portfolio Performance and Results    |
| MTAP  | Medium-Term Action Plan for Development Effectiveness |

## **GLOSSARY**

|                             |   |
|-----------------------------|---|
| DEVELOPMENT<br>INTERVENTION | An instrument for partner support aimed to promote development.   |
| EFFECTIVENESS               | The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance  |
| EFFICIENCY                  | A measure of how economically resources/inputs (funds, expertise, time) are converted to results  |
| EVALUABILITY                | Extent to which an activity or a program can be valued in a reliable and credible fashion   |
| EVALUATION                  | The systematic and objective assessment of an on-going or completed project, program or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process |
| MONITORING                  | A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing development intervention with indicators of the extent of progress and achievement of objectives and progress in the use of allocated funds.  |

Source: Development Assistance Committee (DAC), Glossary of Key Terms in Evaluation and Results Based Management.

## **I. INTRODUCTION**

- 1.1 The purpose of this document is to provide the Bank with a Development Effectiveness Framework (DEF). Through the DEF, Management intends to increase the effectiveness of all of the Bank's products through: (i) setting clear standards and metrics for the evaluation of all development interventions (sovereign and non-sovereign guaranteed operations, country strategies and knowledge and capacity building products); (ii) providing clear guidance to staff about analytical requirements for meeting the standards; (iii) aligning governance structures to comply with those set out as good practice standards; (iv) establishing a results framework incorporated in the Corporate Performance Framework to monitor progress in key development effectiveness indicators; and (v) having an action plan for the successful implementation of this framework.
- 1.2 The proposal presented will provide the Bank with the tools needed to continuously assess its performance. It will promote discipline in thinking about how to achieve and measure results. It will allow the Bank to learn from past experience, which ultimately will lead to increased effectiveness of all its interventions. The proposal differs from previous efforts in that it adopts the international standards jointly developed by the Multilateral Development Banks in the past five years and organizes the activity of the Bank under a single framework focused on achieving results. It not only focuses on metrics but also on the Bank's incentive structure. By aligning performance incentives with the achievement of development results, the DEF establishes the means by which to recognize success and foster accountability.
- 1.3 During the last decade, the concept of development effectiveness has progressively gained strategic relevance within development institutions. It encompasses at least three broad concerns: (i) the need to align available resources with country priorities, including meeting the Millennium Development Goals; (ii) improving the impact of interventions in line with a results-based logic fully integrated into the management cycle; and (iii) the need to legitimate the use of resources for development policies, accounting for the results achieved. In this sense, the movement towards development effectiveness strengthens and complements the evaluation agenda that has always accompanied the efforts of development institutions.
- 1.4 This movement has materialized in an important agenda of the international community, of which a major milestone is the 2005 Paris Declaration on Aid Effectiveness, endorsed by the IDB. For the first time, it goes beyond a mere declaration of intentions, since it provides 'a practical, action-oriented roadmap with specific targets to be met by 2010', in seven areas (country ownership, alignment of agendas, harmonization, management for results and mutual

accountability)<sup>1</sup>. At the same time, the harmonization efforts carried out by the Multilateral Development Banks (MDB) have been noteworthy. Through the Evaluation Cooperation Group (ECG), MDBs have formulated and agreed upon common standards and good practices for evaluation. Finally, the MDBs have also set in motion several initiatives to support management for results, like the Common Performance Assessment System (COMPAS), which establishes a common framework for MDBs to report results.

- 1.5 These initiatives have been progressively incorporated into the IDB work, as it will be later described. Nevertheless, there is still a long way to go if the IDB wants to have a leading position on development effectiveness. The present document, elaborated within the context of the New Operational Framework, complements other initiatives that will be formulated in it. It also represents a firm strategic decision to remedy the existing deficiencies and to generate a new agenda for development effectiveness consistent with the international standards and fully satisfactory for the IDB member countries.
- 1.6 Section II of the document introduces a brief conceptual discussion on some of the key development effectiveness issues. Section III gives a quick overview of the milestones underpinning the process towards a more results-oriented management culture and development-effective institution. Section IV concentrates on Good Practice Standards agreed by the international community and discusses the Bank's compliance and relative position with other MDBs. Sections V to VII respectively present the DEF's architecture, its governance structure with the distribution of roles and responsibilities for evaluation, and the instruments for its operationalization. A roadmap and the resources needed to implement the framework are presented under Section VIII. Finally, the four Appendices attached to this umbrella document respectively contain the Results Frameworks for Sovereign-Guaranteed Operations, Non-Sovereign Guaranteed Operations, Country Strategies, and Non-Financial Products.

## **II. DEVELOPMENT EFFECTIVENESS**

- 2.1 Effectiveness, according to OECD-DAC<sup>2</sup> is 'the extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.'
- 2.2 This definition can be divided into two components: (i) *Doing the right things*. Any intervention is a choice that tells you what you prioritize in spite of the rest. Because it has an opportunity cost, choices must respond to a well-thought planning exercise that explains why certain actions are chosen. This requires a

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<sup>1</sup> See 'Synthesis Report on the First Phase of the Evaluation of the Implementation of the Paris Declaration, Copenhagen', July 2008, p. iv.

<sup>2</sup> Development Assistance Committee (DAC), Glossary of Key Terms in Evaluation and Results Based Management.

programmatic approach by country and by sector based on a common understanding as a Bank of how development comes about, and how we can support the countries in this process as partners. To understand the scope of our contribution we need to know how our products (financial and non financial) relate to the larger priorities set by the countries. Consolidating a programmatic approach implies working on the links between sector analytic work, country analytic work, operations, and knowledge and capacity building services. These strategic choices issued from programming exercises are of the essence at this stage of decision-making.

- 2.3 (ii) *Doing things right*. At the end of the day, once strategic decisions have been made we need to have an idea of how much of the intended value was actually delivered. This is done through management, monitoring and evaluation. Management involves making sure that the intervention is rightly executed, the necessary inputs are provided in a timely manner, the process that transforms inputs in outputs is in place, and that these outputs are delivered within time and budget. Further to that, evaluations involve asking the right questions to know whether the planned outputs have produced the desired outcomes, rigorously applying evaluation methods to answer them, and producing conclusions that are relevant for policy and the program<sup>3</sup>.
- 2.4 The first step in managing development effectiveness is to ensure that we can evaluate Bank interventions to know if we are doing both the right things and things right. This is known as evaluability, which according to DAC is the 'extent to which an activity or a program can be evaluated in a reliable and credible fashion'. It relies on: (i) a set of standards which are the reference base that frames the work; (ii) a basic set of dimensions we are going to report on at the different levels (corporate, country, sector, product), translated into indicators; (iii) adequate, timely and reliable monitoring systems and instruments; and (iv) the capacity and right incentives for management and staff to report and use the information produced. For the most part, these requirements have to do with making our products evaluable.
- 2.5 Along these lines, the DEF frames the Bank's activities under a new logic that aligns the constituent parts of the Bank along the same basic direction: a greater focus on results, based on hard evidence, while improving the quality of the effort. At the same time, it moves development effectiveness away from 'compliance activity –mere paperwork procedures- done to meet accountability mandates rather than to seriously support learning and decision-making'<sup>4</sup>.

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<sup>3</sup> See 'NONIE Statement on Impact Evaluation', DAC Network on Development Evaluation, Room Document 3/C. Prepared by the Chair of the Network of Networks (NONIE) for information at the 7th meeting of the DAC Network on Development Evaluation, 20 – 21 February 2008.

<sup>4</sup> Patton, Michael Quinn (2008), 'State of the Art in Measuring Development Assistance'. Presented at the Conference on Measuring Development Effectiveness: Progress and Constraints, World Bank, Washington DC.

### III. INSTITUTIONAL BACKGROUND

- 3.1 In 1999, the Board of Executive Directors mandated a change in the Bank's governance structure of the evaluation system which was to affect both, the independent evaluation office and Management's self-evaluation system.<sup>5</sup> As a result, the Office of Evaluation and Oversight (OVE) was created as an independent evaluation office reporting to the Board through its Policy and Evaluation Committee, while Management engaged in a continuous effort to strengthen its capacity to measure and report on results, and increase its development effectiveness.
- 3.2 In 2001, a Joint Board-Management Working Group on the Bank's Institutional Strategy presented a proposal for the Bank's Renewal of its Development Commitments (GN-2077-1). The purpose of the document was to provide a roadmap for the Bank to address the changes in the Region through increased effectiveness and responsiveness to country needs. It pointed out that the Bank did not have clearly established policies to ensure accountability for delivery of development results. In this context, it recommended that country programming concentrate on identifying expected development results of Bank interventions at the country level, and to take steps to enhance the focus of project execution on the achievement of results. In response to the greater emphasis on effectiveness, and to ensure a Bank-wide approach to the subject, the Office of Development Effectiveness was created as part of EVP in 2003.
- 3.3 In 2004, as part of the response to a mandate received from the Board of Executive Directors in 2003<sup>6</sup>, Management presented the Medium Term Action Plan for Development Effectiveness (MTAP)<sup>7</sup>. The MTAP was meant to establish a comprehensive system for development effectiveness at the Bank. The MTAP's Internal Pillar's objective was to strengthen the Bank's *performance so as to enable it to better help Borrowing Member Countries attain development results*. Among the mechanisms to improve effectiveness, the MTAP called for implementing review mechanisms that would strengthen self-evaluation of strategies and projects.
- 3.4 As a means to increase the relevance of results-based management, the Bank undertook a series of changes in its organizational structure in 2005, creating the Development Effectiveness and Strategic Planning Department (DEV)<sup>8</sup>. DEV's main task was to enhance the Bank's focus on measuring and monitoring

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<sup>5</sup> RE-238 Final report of the Working Group on Oversight and Evaluation entitled "Strengthening Oversight and Rebuilding Evaluation in the Bank".

<sup>6</sup> "Development Effectiveness at the IDB. Progress and Future Actions". Report of the Chairman of the Policy and Evaluation Committee", Document GN-2186-3, March 4, 2003.

<sup>7</sup> GN-2324. Medium-Term Action Plan for Development Effectiveness at the IDB.

<sup>8</sup> DEV merged the Development Effectiveness Office, Strategic Planning and Operational Policy Division, and the Regional Operations Support Office.



development results, as well as facilitating the Bank's actions outlined in the MTAP. The new department would provide support to the operational areas by focusing on the Bank's and countries' ability to measure results and outcomes from the early programming and design stages, through corrective actions during executions and at mid-term, to the Project Completion Report stage.

- 3.5 Over the years, a number of initiatives have been adopted: the quality at entry exercise (GN-2262); the Portfolio Management Action Plan (GN-2215-1); the improvement of reporting instruments with new versions of the Project Performance Monitoring Report (PPMR) and the Project Completion Report (PCR), and the Development Effectiveness Overview<sup>9</sup> (GN-2444-1) introduced in 2006, are also counted within Management's initiatives to improve the Bank's development effectiveness.
- 3.6 The review of the implementation of the Bank's 2002-2005 Lending Framework provided recommendations for adjustments to be incorporated in the 2005-2008 Lending Framework, under which the Bank is currently operating (GN-2200-13). Under its Recommendation 8, Management was encouraged to improve its systems at the different levels, strengthen its capacity and procedures, and consolidate development effectiveness into a results-focused corporate system. It also stressed the importance of public availability of the information produced particularly during project execution<sup>10</sup>.
- 3.7 The private sector windows of the IDB Groups (SCF, MIF, IIC & OMJ) have been progressively adopting the ECG-GPS as their evaluation framework. Pioneering this effort, the IIC adopted the ECG-GPS in 2001, completing since then five cycles of evaluation. Following OVE's recommendation, SCF started applying the international standards in 2006 and has completed its first round of evaluation<sup>11</sup>.
- 3.8 Acknowledged by the Board and OVE, earlier efforts from Management have paved the way but have been insufficient. In November of 2007, the Policy and Evaluation Committee of the Board of Directors considered OVE's analysis of IDB's project evaluability levels for 2005, and concluded that Management should put forth a new proposal for increasing the evaluability of Bank operational products.<sup>12</sup>
- 3.9 Finally, the realignment that started in 2006<sup>13</sup> aimed to establish that greater relevance for member countries should translate into a shift of emphasis towards results and development effectiveness, with enhanced cooperation and harmonization efforts realized with other donors and financial institutions (CC-

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<sup>9</sup> The Development Effectiveness Overview (DEO) replaced two reports: the Annual Report on Portfolio Management, Performance and Results (ARPRE) and the Medium Term Action Plan for Development Effectiveness (MTAP),

<sup>10</sup> Under the parameters established in the Bank's disclosure policy.

<sup>11</sup> RE-332. First independent evaluation of the Expanded Project Supervision Report Exercise.

<sup>12</sup> Board of Executive Directors, RE-333-4. Analysis of Project Evaluability-Year 2005. Report of the Chairman of the Policy and Evaluation Committee. Revised version.

<sup>13</sup> See the Realignment Proposal (GA-232) and the Implementation Plan (GA-232-12).

6152). The Realignment resulted in the revamping of the old structure, creating in July of 2007, the Office of Strategic Planning and Development Effectiveness (SPD). SPD, part of the Bank's Strategic Core, was charged with ensuring that the Bank's actions would be guided by the "*achievement of results and an efficient management of risks*". It was charged with developing and monitoring "*the implementation of the Bank's strategy and corporate plan, the key objective of which will be to promote development effectiveness in the institution's activities*"<sup>14</sup>.

- 3.10 These efforts reflect a common understanding between Management and the Board that the emphasis on results will have implications for the way the Bank operates, which 'will entail the adoption of methodologies for measuring results, redesigning the incentive structure in the Bank to reward results, and enhancing borrowers' capacity to evaluate results where appropriate' (PEA/03/4). The later implies, in turn, active communication with staff on development effectiveness issues; greater transparency and accountability for the results achieved by individual projects and programs; and responding to training needs in both sides: IDB staff and executing agencies (see also PEA/03/4).

#### **IV. INTERNATIONAL EVALUATION STANDARDS**

##### **A. International Community and Good Practice Standards**

- 4.1 In 1996, the Development Committee Task Force on Multilateral Development Banks (MDBs) issued a report that tasked the heads of the MDB evaluation units with "elaborating common evaluation standards, including performance indicators; exchange experience with evaluation techniques, share results; and become the repository of best evaluation practices. The immediate task would be to develop, within a specific time period, methodology and criteria for assessing and rating the MDB's operational performance and development effectiveness"<sup>15</sup>.
- 4.2 The Evaluation Cooperation Group (ECG) was formed in response to that report, to promote evaluation harmonization among MDBs. Since its formation, the ECG has elaborated and implemented Good Practice Standards (GPS) for evaluation of several types of development interventions. GPS for Private Sector Investment Operations were issued in 2001, and updated in 2003 and 2007<sup>16</sup>. GPS for public sector operations were issued in 2002<sup>17</sup>. Policy-based lending evaluation GPS were dealt with in an addendum to the public sector

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<sup>14</sup> Realignment Proposal (GA-232)

<sup>15</sup> Development Committee, Task Force on Multilateral Development Banks. *Serving a Changing World-Report of the Task Force on Multilateral Banks*. March 15, 1996, p. 18

<sup>16</sup> MDB-ECG. 2007. *Good Practice Standards for Evaluation of Private Sector Investment Operations*. Third Edition.

<sup>17</sup> MDB-ECG. 2002. *Good Practice Standards for Evaluation of MDB Supported Public Sector Operations*.

GPS in 2005<sup>18</sup>. More recently, the ECG issued GPS for the evaluation of Country Strategy and Program<sup>19</sup>. Only GPS for the evaluation of nonlending services have not yet been developed. Although the IFC has taken the lead in developing GPS for the evaluation of technical assistance/technical cooperation since 2006<sup>20</sup>.

- 4.3 ECG's Good Practice Standards for specific products were developed based on OECD-DAC's *Principles for Evaluation of Development Assistance*, of impartiality and independence, credibility and usefulness. Any evaluation should consider the following criteria:

**Relevance** The extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.

**Effectiveness** A measure of the extent to which an aid activity attains its objectives.

**Efficiency** measures the outputs - qualitative and quantitative - in relation to the inputs. It is an economic term which signifies that the aid uses the least costly resources possible in order to achieve the desired results.

**Impact** The positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended.

**Sustainability** is concerned with measuring whether the benefits of an activity are likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable.

Source: [www.oecd.dac.org/dac/evaluation](http://www.oecd.dac.org/dac/evaluation)

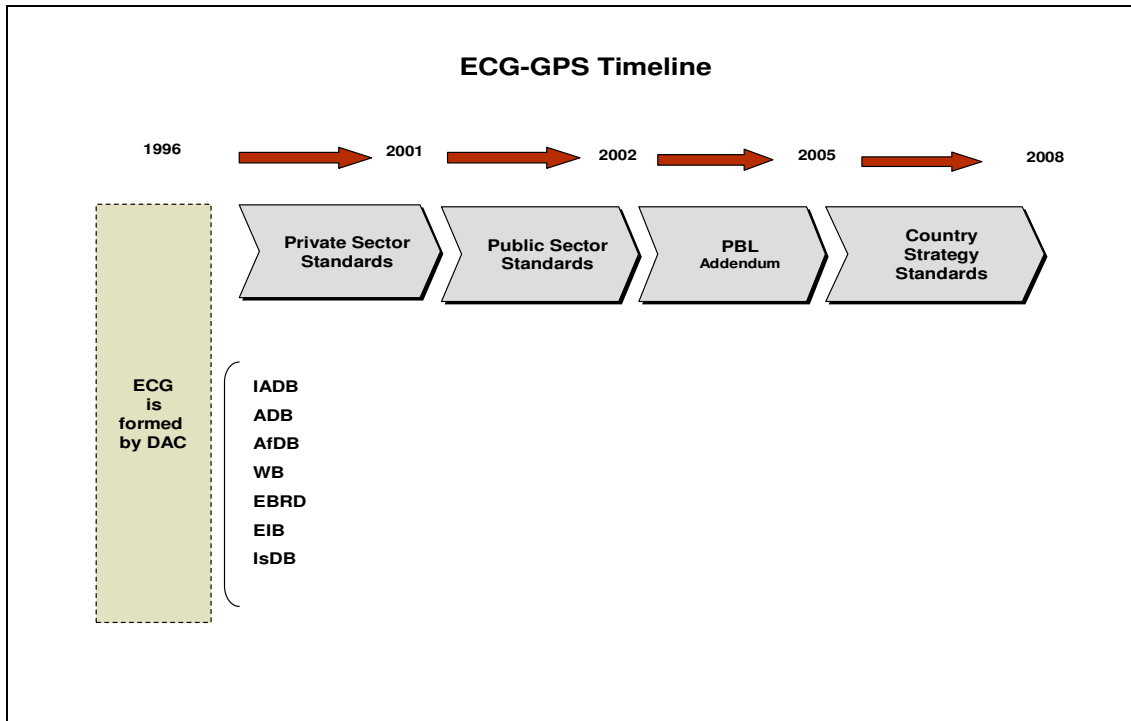
- 4.4 GPS contain **core** and **optional** standards. Core are those standards that establish key principles for evaluation and are necessary to permit comparability of results across MDBs. Optional GPS are not required for comparability but they contribute to increase accountability within a particular MDB. GPS are defined for **process** (conduct), **metrics**, and **dissemination** of products of evaluations.

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<sup>18</sup> MDB-ECG. 2005. *Evaluation of Policy Based Lending: An Addendum to the GPS for the Evaluation of MDB Supported Public Sector Operations*.

<sup>19</sup> MDB-ECG. 2008. *Good Practice Standards for Country Strategy and Program Evaluation*.

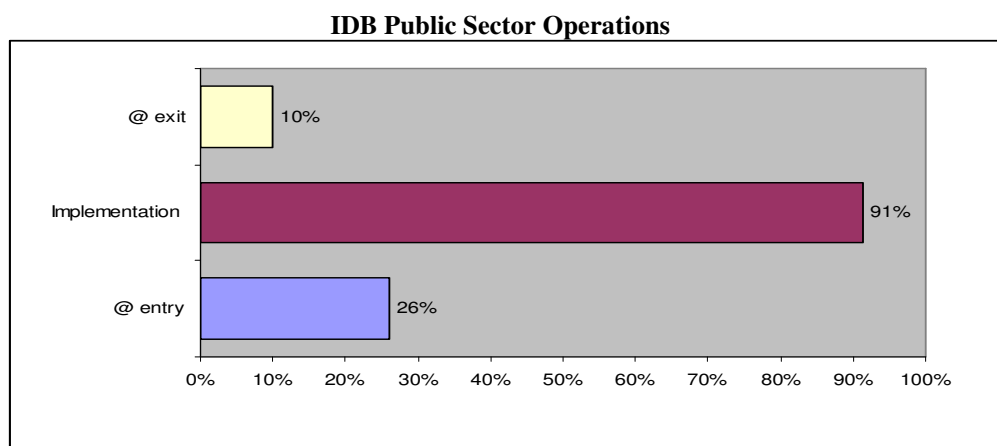
<sup>20</sup> MDB-ECG. 2006. *Presentation to the OECD DAC Evaluation Network*.



## B. Where the IDB Group Stands

- 4.5 ***Sovereign Operations.*** There has been no MDB benchmarking of GPS compliance for public sector operations, evaluations carried out by OVE<sup>21</sup>, show that most public sector projects at the Bank are approved with low levels of evaluability, which in turn, impacts the capacity of the Bank to demonstrate development results at completion of a given development intervention.
- 4.6 While self-reporting indicators during the life of a loan show a high probability of achieving development outcomes; independent evaluations show that projects demonstrate weak evaluation frameworks at design and low levels of verifiable results at completion. The last review of evaluability-at-entry of public sector projects showed that only 26% of the projects proposals had satisfactory evaluation frameworks. OVE's evaluation of Project Completion Report (PCR) showed that only 10% of projects reviewed could demonstrate development results at completion.

<sup>21</sup> See RE-275, RE-333, RE-315, RE-308 and sector evaluations such as RE-317, RE-324 and RE-336



Source: PISTA, 2007 for IDB, OVE RE-315, RE-333

- 4.7 While incentives for project teams are on project preparation, there is a clear indication that completion reports do not seem to be a very useful tool for either accountability or dissemination of findings and lessons learned. Most project completion reports (PCR) are not prepared on time, and most of them are not even prepared 6 months after their due date.

| PCR Completion Rates – 2007 |                   |                           |                |
|-----------------------------|-------------------|---------------------------|----------------|
| Due date for completion     | PCRs approved     | No. of completed projects | PCR completion |
| 90 days after due date      | 20                | 60                        | 33.3%          |
| 120 days after due date     | +2                | 60                        | 36.7%          |
| 180 days after due date     | +4                | 60                        | 41.7%          |
| More than 180 days          | +8 (28 out of 60) | 60                        | 46.7%          |

Source: PISTA, PCR completed as of December 31, 2007

- 4.8 After the first evaluability review by OVE in 2003, the Administration followed the World Bank's Group model of Quality-at-entry, as the instrument to tackle the deficiencies in the evaluability of public sector projects. The intervention had yielded positive results at the sister institution, and as part of the newly launched MTAP, quality-at-entry was introduced in Bank's practice.
- 4.9 The quality-at-entry exercise did include most of MDG-ECG standards for public sector operations. However, it was not able to become an integral part of appraisal, monitoring and evaluation process of operations; and as a consequence did not yield the expected results, as evidenced by OVE's second evaluability exercise. Among some of the factors that may explain the lack of

success of the chosen intervention are: (i) staff members saw little or no value to the initiative, (ii) incentives structures remained: Q@E quality standards were never part of the process of project preparation and review cycle, and (iii) dissemination of standards was low.

- 4.10 The common finding, in evaluations carried out by the OVE in the last five years, is that incentive structures, validation methods with little evidentiary data, and lack of common criteria (standards) to assess and evaluate our products are at the root of the problem of the Bank's inability to demonstrate positive results from its development interventions<sup>22</sup>. In 2005, OVEs evaluation of the new guidelines for project completion reports<sup>23</sup> found that the content of the instrument and its guidelines were not in compliance with what is required from the MDB-ECG core standards.
- 4.11 ***Non-Sovereign Operations***. Even though GPS have been developed for almost all the range of development interventions financed by MDBs, only private sector operations have been benchmarked to date.
- 4.12 The 2005 benchmarking study of private sector operations practices showed large variability among MDB, both in compliance with the ECG-GPS standards, and in the reported success rates for the achievement of development objectives. There was a clear inverse relation between compliance with GPS standards and the level of success reported. This relationship indicates that instruments and processes that have greater compliance with the GPS standards tend to reduce subjectivity in results reporting, rendering results more credible<sup>24</sup>.

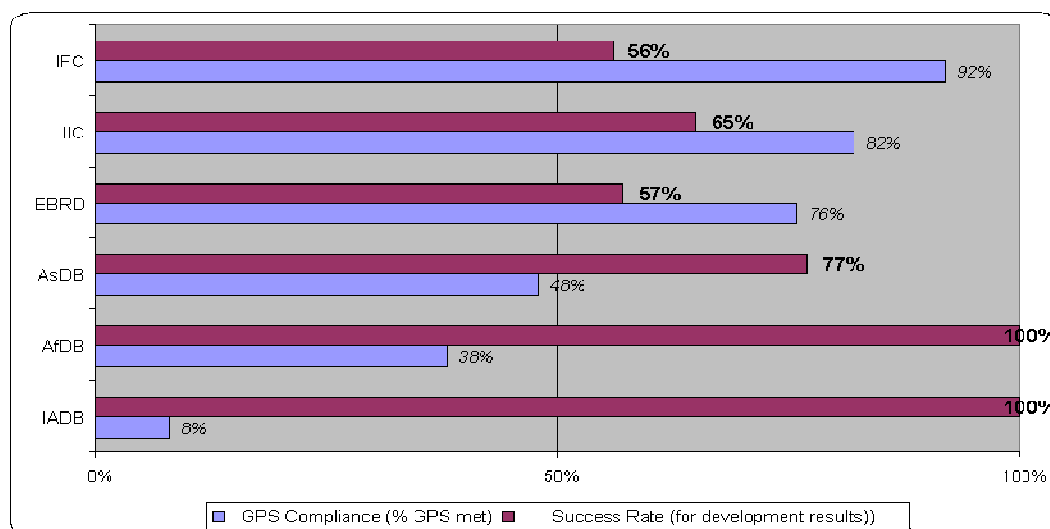
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<sup>22</sup> GN-2444-2 OVE comments on the 2006 Development Effectiveness Overview (DEO) and the 2006 Common Performance Assessment System (COMPAS)

<sup>23</sup> RE-315 Assessment of the 2004 Project Completion Reports (PCRs) produced under the Bank's New PCR Guidelines

<sup>24</sup> IDB's private sector window had 8% compliance rate at the time of the benchmarking exercise. PRI started evaluation activities based on ECG-GPS standards right after the benchmarking study.

### Benchmarking of MDB Private Sector Windows



- 4.13 The MDB benchmarking of private sector operations, however, proved to be effective in establishing accountability for results and prompting changes in the way (instruments and processes) MDBs measured their development outcomes. As far as the IDB private sector windows, the graph above shows vast variance in GPS compliance between the IIC and the rest of the windows. These results have elicited VPP to move quickly to harmonize its practices and to increase GPS compliance across all its windows.
- 4.14 All of the private sector windows of the IDB Group (MIF, IIC, SCF and OMJ) have, as of this date, adopted the ECG-GPS as their evaluation framework. The IIC has been a pioneer in this process, applying the ECG-GPS since 2001 and completing five cycles of evaluation and validation done by the IDB's external evaluation office (OVE)<sup>25</sup>, as mandated by the GPS.
- 4.15 MIF investment operations were evaluated in 2008<sup>26</sup>, and it brought MIF in compliance with ECG-GPS, which requires that completion reports by evaluated by the independent evaluation office of the MDB. The Expanded Supervision Report (ESR) is MIF's self-evaluation tool and it has been designed, according to OVE, in compliance with the ECG-GPS for consistency, efficiency, transparency and ownership of findings.
- 4.16 SCF adopted the standards in 2006 and as a result of their first self-evaluation exercise, and OVE's 2007 review<sup>27</sup>, proposed an overhaul of their practices in order to (i) harmonize with IIC, (ii) present expected development outcomes and additionality in a systematic way, and (iii) applying rigorous project screening criteria. The Board considered and approved SCFs proposal for

<sup>25</sup> CII/RE-8. *Fifth Independent Evaluation Report to the IIC Board of Executive Directors*

<sup>26</sup> MIF/RE-1. *First Independent Evaluation Report of the MIF*

<sup>27</sup> RE-332. 2007. *First independent evaluation of the expanded project supervision report exercise.*

evaluating the development effectiveness of its operations in March 2008 (GN-2473-1). SCF will need to increase the completion of their Expanded Supervision Reports (XSPR) during 2008 in order for them to reach full ECG-GPS compliance.

4.17 **Country Strategies.** In 2005, OVE reported to the Board on the degree of evaluability of country strategies elaborated in 2003 and 2004<sup>28</sup>. This review has been updated in 2008, as part of OVE's evaluation of the New Lending Framework. Preliminary results show that while evaluability remains low along the seven dimensions used by OVE, there has been a significant improvement along two dimensions: Diagnostics and Indicators. Areas that remain low are: self-evaluation, risk treatment and logical consistency.

4.18 Upon approving the New Country Strategy Guidelines, the Board requested that the administration present, as part of the Development Effectiveness Framework (DEF), a results framework and evaluation criteria for Country Strategies that follows Good Practice Standards (GPS) of the MDB-ECG. The DEF will complement the new Country Strategy guidelines by setting out the evaluation criteria, monitoring instruments and self-evaluation system for country strategies, with the purpose of providing evidence-based assessments of the results of the Bank's interventions at the country level. The ECG Country Strategies GPS include a benchmarking to be carried out in 2010.

| OVE Evaluability Dimension       | Evaluation Round |              | % Change     |
|----------------------------------|------------------|--------------|--------------|
|                                  | 2003-2005        | 2005-2008    |              |
| Logical Consistency              | 23.57            | 25.57        | 2.00         |
| Diagnostic                       | 33.24            | 43.43        | <b>10.19</b> |
| Indicators                       | 14.52            | 39.18        | <b>24.66</b> |
| Monitoring                       | 12.36            | 17.17        | 4.81         |
| Objectives                       | 20.13            | 24.24        | 4.12         |
| Analysis of previous programming | 14.91            | 16.92        | 2.01         |
| Risks                            | 23.02            | 23.23        | 0.20         |
| <b>Overall</b>                   | <b>20.25</b>     | <b>27.11</b> | <b>6.86</b>  |

Source: OVE, 2008

4.19 **Non lending services.** Knowledge transfer has been as important a component of development assistance as financial support. MDBs have, historically, provided this kind of transfer through a variety of non financial services (studies, seminars, workshops, consultancies, etc.). In 2006, OVE undertook an evaluation of IDB studies (RE- 323) as well as a review of technical assistance products generated by the MIF window of the Bank (MIF/GN-78-18).

4.20 In the case of *IDB Studies*, the evaluation found that the Bank has (i) weak programming and prioritizing of this product, (ii) production incentives are low and ad hoc, (iii) quality control process are mostly undefined, (iv) quality and

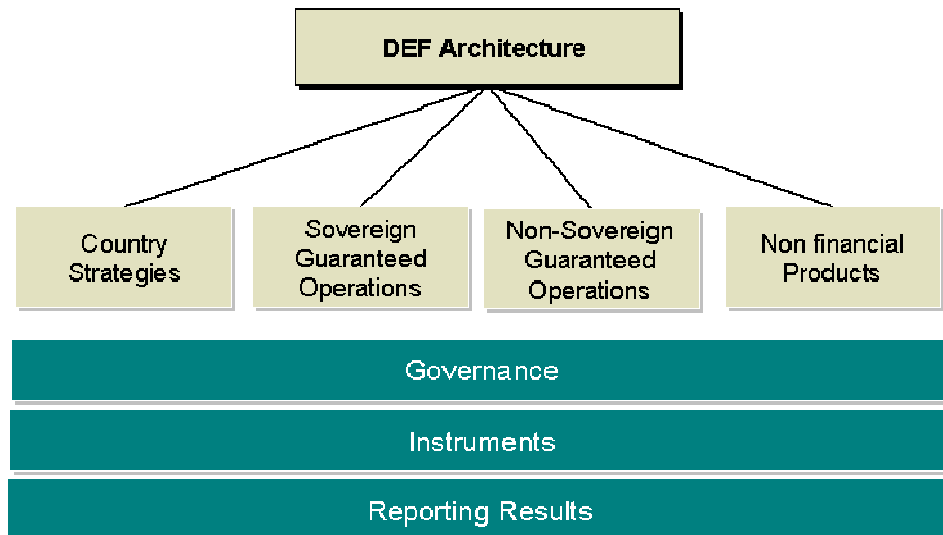
<sup>28</sup> RE-309. Report on the Evaluability of Bank Country Strategies.



utility of what is produced is low compared to other MDBs, and (v) the production function of the product is unknown (time dedicated by staff and monetary resources). These findings correspond to practice aligned more with a business model that focuses on project financing, than a programmatic approach.

## **V. DEVELOPMENT EFFECTIVENESS FRAMEWORK ARCHITECTURE**

- 5.1 The proposed DEF architecture includes all three categories included in the standards: governance, metrics and reporting. The intention is to present a comprehensive system that encompasses all Bank products: sovereign guaranteed operations; non sovereign guaranteed operations; country strategies; and non financial products.
- 5.2 In this document we discuss governance issues (process), alignment of Bank's instruments of evaluation with MDB-ECG standards, and reporting mechanisms for tracking progress in the achievement of DEFs objectives. Appendices to the main document present specific metrics and reporting instruments to be used for evaluating and monitoring development results of each product. The metrics included in the technical appendices could be subject to adjustments and improvements by Management over time.

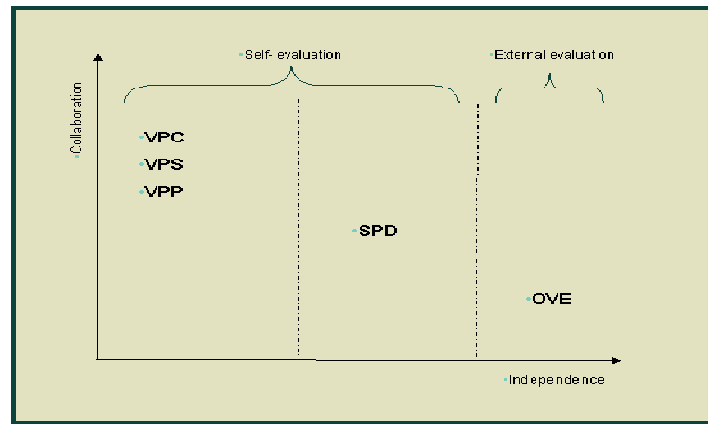


### **A. Governance of the Evaluation System**

#### **1. Roles and Responsibilities for Evaluation**

- 5.3 Aligning governance structures to standards requires reviewing responsibilities for VPs in charge of self-evaluation; responsibilities of the strategic core departments; and those of the external evaluation office and the Executive Board of Directors. The following graph places the newly realigned structure

with roles and responsibilities that are in compliance with the MDB-GPS standards for governance of the evaluation system of an MDB.



- 5.4 In accordance with GPS principles, OVE transmits its findings to the President and Board without any clearance from management. The Board oversees its work through an evaluation oversight committee, which for the IDB is the Policy & Evaluation Committee of the Board. While OVE operates with full autonomy, it should, according to GPS standards, maintain close consultation with the Bank's other departments to ensure coherence of standards and "good prospects for corporate ownership of [its] findings and recommendations for improvement" (GPS-Public Sector Operations, pg. 4)
- 5.5 SPD is part of the self-evaluation system of the Bank. Its role is to support the internal evaluation function across products, including the development of evaluation guidelines and standards, their application, and identifying problems encountered. It provides support on demand to all VPs in carrying out evaluations of different products and in the application of evaluation standards for reporting of development results. It ensures the quality and delivery of completion reports to OVE, within a previously agreed schedule, for their validation.
- 5.6 The VPs are in charge of preparing completion reports for each of their development interventions, in accordance with evaluation guidelines. They establish a delivery schedule for completion reports. They may rely on SPD for technical support in ensuring that completion reports are delivered in accordance to evaluation guidelines.

## 2. Self- Evaluation

- 5.7 The OECD-DAC defines self-evaluation as 'an evaluation by those who are entrusted with the design and delivery of a development intervention.' For the realigned Bank, the ***Vice-presidencies of Countries, Sectors & Knowledge and Private Sector*** are accountable to the PRE and the EVP for the quality of all of their products, including self-evaluations of each type of development

intervention. VPC is responsible for country strategies and country analytic products, VPS for sector coherence and SG operations, as well as for knowledge and capacity building activities, and VPP for NSG operations under all of its windows.

- 5.8 ***Country and Sector Managers*** have the primary responsibility to ensure that the annual work plan of Representatives and Division Chiefs include sufficient time and resources for developing self-evaluations, and that those are carried out according to the Bank's guidelines and international standards. This is crucial given that completion reports need to be produced on time for OVEs validation. If the evaluation unit cannot validate a 100% then the MDB will not be in compliance with the GPS.
- 5.9 Operational roles for the SCF development effectiveness framework are laid out in GN-2473-1, where operational responsibility for the framework falls directly to SCF Management. SCF Project teams will conduct the DEM analysis at approval stages, to be validated by Development Effectiveness staff in Portfolio Management Unit and SCF senior Management. The Portfolio Management Unit will conduct monitoring and self-evaluation based on DEM.<sup>29</sup>
- 5.10 VPPs and VPSs ***Division/Unit Chiefs and VPCs Representatives*** have the primary responsibility for carrying out self-evaluation of each of their corresponding products, allotting sufficient financial resources and staff time for completing a 100% of completion reports on time for validation.
- 5.11 The **Office of Strategic Planning and Development Effectiveness (SPD)** has the responsibility of monitoring progress in the implementation of OVE's recommendations, as indicated by the Policy and Evaluation Committee of the Board on their report GN-2444-5. As such, SPD has the responsibility of ensuring that all manuals for project preparation and administration, as well country strategies and non-lending activities, adequately reflect the evaluability standards proposed herein. SPD has the role as the technical arm of the Operations Policy Committee of the Administration, of ensuring an adequate review of evaluation standards at that level, and providing technical assistance on demand to VPC and VPS in the application of those standards.
- 5.12 ***Recommendation/change to current practice #1:*** Beginning September 2008, all manuals for preparation, monitoring and evaluation of operations and strategies should adequately reflect the evaluation standards that form part of this proposal.
- 5.13 ***Recommendation/change to current practice #2:*** Beginning September 2008, SPD will start working with teams preparing country strategies, operations and

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<sup>29</sup> As in the case of IIC, SCF's Development Effectiveness staff in PMU is independent from the operational Divisions, but still under the overall supervision of SCF General Manager. As presented in GN-2473-1, SCF will report to the Board periodically on the implementation of its framework, including the evaluability of its projects.

large TC programs to begin applying evaluation standards. Each VPS sector division must produce a DEM for at least one SG operation to be submitted to the Board from now until the end of the year.

- 5.14 ***Recommendation/change to current practice #3:*** Effective January 1, 2009, all SG operations will require a DEM at approval. After adequate training of staff and management, completion reports of sovereign guaranteed operations will be prepared under the new and streamlined instruments proposed in Appendix 1, in accordance with MDB-ECG standards, and will be validated annually by OVE. LRR should update their Development Effectiveness Matrices (DEM) which were included in their loan proposals.
- 5.15 ***Recommendation/change to current practice #4:*** Effective January 1, 2009 all Country Strategies will require a DEM at approval. After adequate training of staff and management, self-evaluations of country strategies will be prepared under the instruments and guidelines proposed in appendix 3. Country Strategies self- evaluation will report on results achieved and the new country strategy will include a Country Results Matrix.
- 5.16 ***Recommendation/change to current practice #5:*** Starting in January 1 2009, all KCP proposals should include a results framework and a self-evaluation as included in these guidelines. After adequate training of staff and management, all manuals for preparation, monitoring and evaluation of knowledge and capacity building products (KCP) should adequately reflect the evaluation standards that form part of Appendix 4..
- 5.17 ***Recommendation/change to current practice #6:*** QRR minutes will, if relevant, explicitly include a discussion of how the evaluation standards are being complied with @ exit (for project completion) and @ entry (for LP)

### **3. Independent Evaluation**

- 5.18 ECG-GPS standards mandate that all products be subject to an independent evaluation. The OECD-DAC defines it as ‘an evaluation carried out by entities and persons free of the control of those responsible for the design and implementation of the development intervention’,<sup>30</sup> and it assigns this responsibility to the MDBs evaluation offices (CED). The Board of the MDB “oversees the CED’s work through and evaluation oversight committee... The CED transmits its final products to the President and Board without any clearance from management.”<sup>31</sup>
- 5.19 The Bank’s evaluation system is compliant with the standards along this dimension. OVE elaborates evaluations contemplated in its work program, and

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<sup>30</sup> OECD-DAC. 2002. Glossary of Key Terms in Evaluation and Results Based Management. DAC Working Party on Aid Evaluation.

<sup>31</sup> MDB-ECG. 2002. *Good Practice Standards for Evaluation of MDB Supported Public Sector Operations*

the findings and recommendations are overseen by the Policy and Evaluation Committee of the Board of Executive Directors.

- 5.20 Evaluation timing and coverage of specific products (country strategies, sovereign and non-sovereign operations) vary according to each GPS mandate. Non-sovereign operations ECG-GPS standard states that it is best practice to prepare and evaluate 100% of the projects reaching early operating maturity, or for a random, representative sample of sufficient size to establish, for a combined three-year rolling sample, success rates at the 95% confidence level for each evaluative dimension.
- 5.21 On the other hand, country strategies ECG-GPS call for an in-depth evaluation over a “period of assistance that is long enough to ... witness development results, while providing more emphasis on evaluating recent performance”. In relation to all country strategies vs. a sample, a core standard states that “faced with limited evaluation resources, it is good practice to select those countries and programs for [evaluation] where the findings and lessons will be most beneficial to the MDB and the country”. Additionally, a core standard states “if self-evaluation are properly done and independently validated, this may reduce the need for in-depth independent [evaluations]”<sup>32</sup>
- 5.22 In the case of sovereign guaranteed operations, the ECG-GPS standard states that the independent evaluation units of MDB, should “synthesize the [OVE]-verified completion reports findings, supplemented by its performance evaluation reports (and other evaluation studies) in annual reviews to the MDB’s management and Board<sup>33</sup>”
- 5.23 To date, for NSG operations, OVE has evaluated 100% of the IIC completion reports on an annual basis, and conducted validation reports of MIF and SCF operations starting in 2007. For country strategies, OVE has produced an in-depth evaluation of assistance for each country at the time of preparation of a new country strategy for that country. For public sector operations, OVE has conducted only one evaluation of project completion reports (CRs)<sup>34</sup>, at the time that new guidelines were put in place by the Administration.
- 5.24 ***Recommendation/change to current practice #7:*** Starting in 2009, OVE will include as part of its annual program, a review of all completion reports for sovereign guaranteed operations, and the evaluation be sent for consideration to the Policy and Evaluation Committee of the Board. This change is proposed to increase accountability mechanisms at the corporate level, putting emphasis on monitoring the achievement of development results, shifting from approvals.

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<sup>32</sup> MDB-ECG. 2008. *Good Practice Standards for Country Strategy and Program Evaluation*. Standard # 19, #25 and #29.

<sup>33</sup> MDB-ECG. 2002. *Good Practice Standards for Evaluation of MDB Supported Public Sector Operations*. Page 5, par. 14 (v).

<sup>34</sup> RE-315 Assessment of the 2004 PCRs produced under the Bank’s new PCR Guidelines.

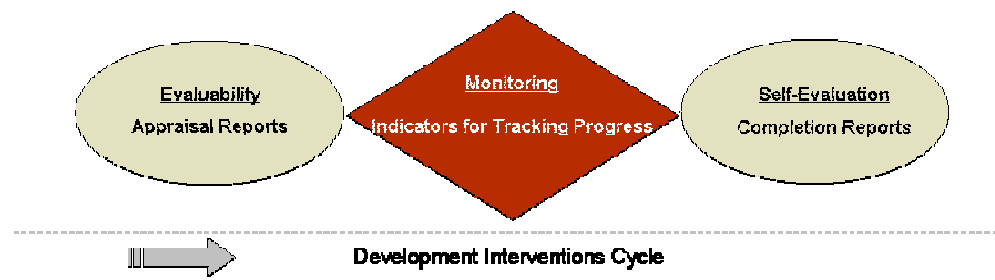
## B. Instruments and Metrics

5.25 In order to increase the Bank's capacity to demonstrate development results based on empirical evidence, all instruments will be aligned to meet MDB-ECG evaluation standards. The proposed instruments are:

(i) Evaluability instruments, that measure whether the evaluation and results proposed for a product are robust enough to be able to demonstrate results at completion of that intervention.

(ii) Monitoring Indicators, a set of indicators that allows managing the product implementation, to ensure that activities and outputs are being generated in with expected costs and timeframe.

(iii) Evaluation instruments, which define clear and objective metrics, analytics and processes by which to report results that can be independently validated.



### 1. Sovereign Guaranteed Operations

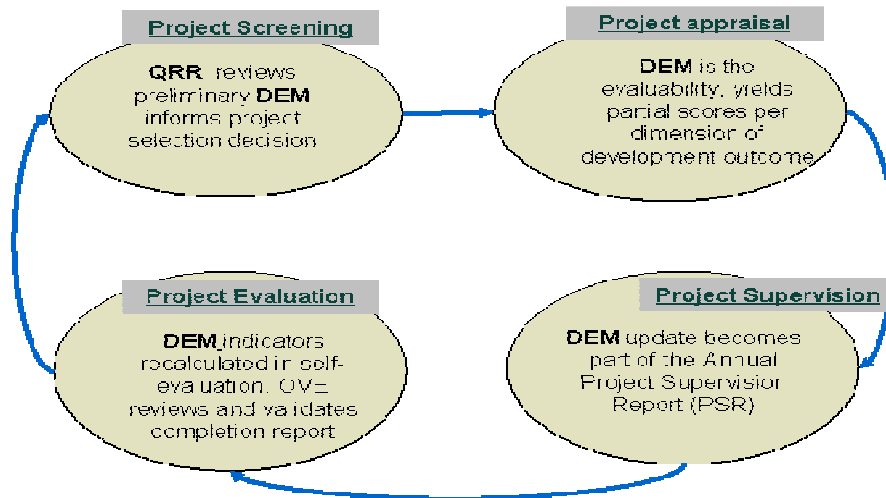
5.26 The proposal streamlines the instruments that measure performance from appraisal to evaluation by introducing, like the NSG/private sector windows, a “development effectiveness matrix” (DEM). The DEM will include development performance areas that incorporate ECG-GPS and other best practices among public sector windows of other MDBs. DEM performance areas will also include the Bank's strategic areas (i.e. IDB 8<sup>th</sup> mandates, sector specific initiatives).

5.27 **Performance Areas.** DEM performance measurements are divided in two areas, (core and optional standards), according to ECG typology. There are four core measurement areas, and one additional that recommends a summary rating be created for evaluation of the operation. DEM will include a measure of the Bank's product additionality along two areas: institutional development and environmental and social impacts. Additionally, the DEM will include at completion of an operation a measure of Bank's performance during the life of the project (rating will be gathered through the client feedback system).

|                                      |  |   |
|--------------------------------------|--|---|
| <b>Core Evaluation Standards</b>     | <b>Relevance</b>                               | Is the project consistent with (at approval and during implementation): (i) the needs of the beneficiaries; (ii) the country's development strategy; (iii) the MDB's assistance strategy for the country; and (iv) MDB's statutory requirements, comparative advantage and policy priorities?   |
|                                      | <b>Achievement of Objectives (Efficacy)</b>    | To what extent were the project's objectives or expected objectives achieved, taking into account their relative importance, while recognizing changes introduced in the project since Board approval.  |
|                                      | <b>Efficiency</b>                              | To what extent are the project benefits/outputs commensurate with the resources/inputs. This criteria considers the use of economic and financial rates of return where feasible, and when not feasible, the use of cost-effectiveness measures and costs/savings of early/late completion.   |
|                                      | <b>Risk</b>                                    | The identification of factors that can have an effect on the sustainability of net benefit flows delivered by the project after completion. Can an assessment be made of the resilience to risk of the project outcomes?  |
|                                      | <b>Aggregate project performance indicator</b> | A measure, through a single indicator, of the overall effects of the project.   |
| <b>Optional Evaluation Standards</b> | <b>Additionality</b>                           | <u><i>Institutional Development:</i></u> Does the project improve or weaken a country or region's capacity to make more efficient, equitable, and sustainable use of its human, financial and natural resources.<br><br><u><i>Environmental and Social Impacts:</i></u> Does the MDB's involvement affect the environmental, social, health and labor performance of the country? |
|                                      | <b>Bank Performance</b>                        | Did the MDB provide quality services during all phases of the project? Was the MDB focused on ensuring project quality at entry, and that effective arrangements were made for implementation and future sustainability of benefits? Was the client satisfied with the service provided?  |

5.28 Appendix 1 details performance indicators for each of the above areas of measurement. The DEM will include a partial rating for each of the above performance areas of the project and these values will be reported throughout the life of the project. The DEM is not a text document but a data and product classification repository.

5.29 **Recommendation/change to current practice #8:** At appraisal, a DEM will be elaborated for QRR, incorporating information in the Loan proposal, the results and risk matrix. A Loan Review Report (LRR) at 18 months of execution will include an updated DEM. At completion, the PCR format will be adapted to fit the DEM analytical requirements. SPD/SDV will be an on-demand technical resource to teams preparing completion reports and in the update of their DEM at LRR. The following flow chart shows how, the ECG-standards compliant DEM consolidates measurement instruments throughout the project cycle.



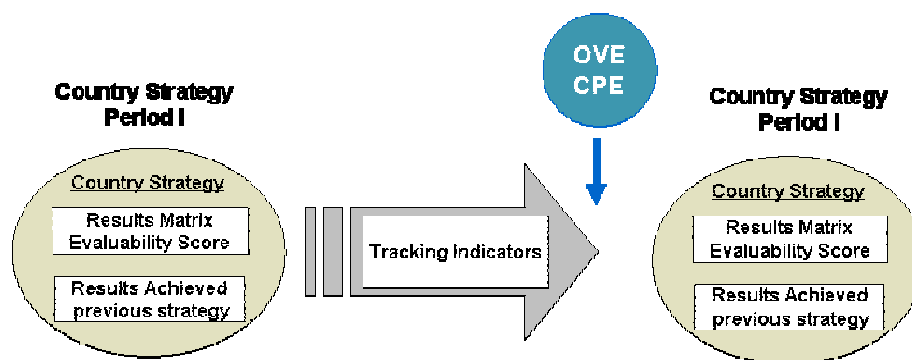
## 2. NSG/Private Sector Operations

- 5.30 SCF presented their development effectiveness framework to the Board in March 2008 (GN-2473-1). In accordance with the framework, SCF will use their DEM throughout project cycle (screening, analysis, monitoring and evaluation process). DEM consists of 5 performance areas under Development Outcome and 2 performance areas under Additionality, with indicators which are compliant with ECG-GPS standards and with practices at other private sector windows and other MDBs. SCF conducts annual monitoring of development effectiveness in PSR, which includes the update of specific sector indicators of DEM. SCF conduct self-evaluation in their Expanded Project Supervision Report (XPSR), which includes review of DEM. OVE validates results reported in XPSR. Their first validation was done for 2007 XPSR.
- 5.31 OMJ proposes to adopt the same Development Effectiveness Framework as SCF, with adjustments made in the IDB Strategic Objectives performance area, where, OMJ project's specific characteristics are reflected.

## 3. Country Strategies

- 5.32 Aligned with sovereign and NSG/private sector operations process and instruments, country strategies will include a "Country Results Matrix". This matrix will be updated periodically to track implementation progress, and to report on results achieved will also be used to report at completion of the strategy. Strategies will not produce a stand-alone document for self-evaluation, but rather report achieved results in an annex in the following country strategy proposal.





- 5.33 The country strategy cycle begins with a new Country Strategy proposal. It includes the results matrix and an evaluability score that informs Management about how robust the proposed results matrix is for verifying the achievement of results. OVE begins its in-depth evaluation process and validates the reported achieved results for the previous cycle.
- 5.34 ECG-GPS performance areas for country strategies include both core and optional standards. The Bank will include the following areas in their measurement instruments for country strategies:

|                                      |  |   |
|--------------------------------------|--|---|
| <b>Core Evaluation Standards</b>     | <b>Relevance, coherence, positioning</b> | The relevance of the Bank's Strategic Objectives given the long-term development goals of the Country and medium-term outcomes to which the Bank's program aims to contribute. For positioning, was the choice of sectors based on a diagnostic and evidence of relative development impact? Identify other development partner actions and establish division of labor and complementarity to optimize comparative advantages. For coherence, to what the degree did the MDB offered a mix of instruments (financial, non-financial and advisory services) that fit the needs of the Country and its capacity. |
|                                      | <b>Effectiveness</b>                     | Determine the extent to which the results proposed in the CS have been achieved. Degree to which the Bank is transferring resources and knowledge according to a timeline agreed with the country, providing a measure of financial effectiveness and capacity building.  |
|                                      | <b>Efficiency</b>                        | Degree to which results are achieved through a cost-effective design and delivery of assistance.  |
|                                      | <b>Risk</b>                              | Program Results are assessed against the extent to which the Bank's interventions identified risks to achieving sector outcomes. Were the instruments chosen appropriate in light of the risks identified?  |
|                                      | <b>Impact</b>                            | Assess the MDB's contribution to a country's development goals (for instance, macroeconomic balance, socioeconomic conditions and environmental sustainability). Consider the MDB's contribution to development impacts (e.g.: delivering relevant knowledge or advice and fostering more effective use of external resources, etc.).   |
| <b>Optional Evaluation Standards</b> | <b>Bank Performance</b>                  | Assess compliance with basic corporate operating principles; consistency with MDB's corporate, country and sector strategies; and client satisfaction.  |

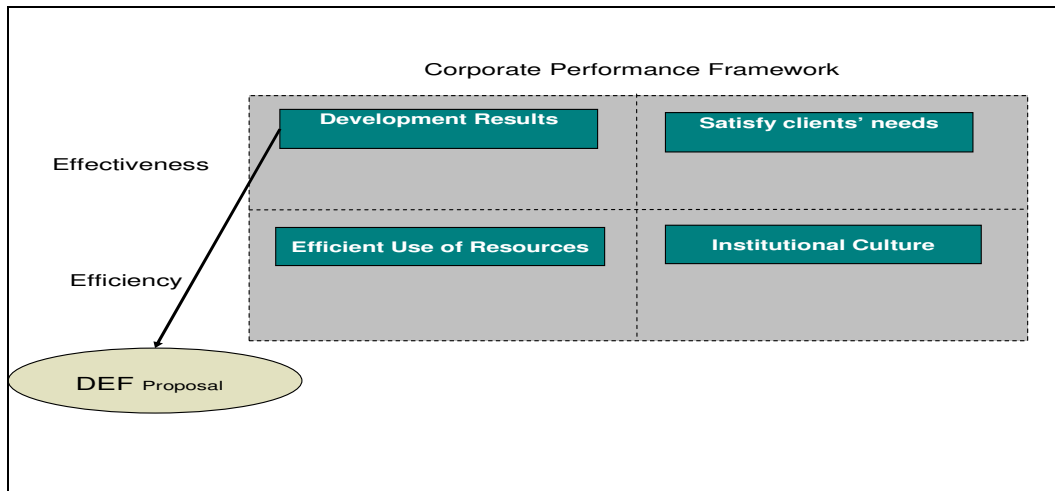
- 5.35 Appendix 3 includes the instruments for measuring results from country strategies, specifies performance indicators for each of the above areas of measurement and includes guidelines for each area.

#### **4. Knowledge and Capacity Building Products**

- 5.36 All knowledge and capacity building products (KCPs) generated by the Bank will be structured in programs. These programs establishes strategic lines of action for IDB support in a given area, and includes: core objectives, diagnostic, priority setting, program action plan, resources, and evaluation. Resources for KCP programs will be allocated according to Bank's priorities, based on country and sector needs.
- 5.37 Along the lines of sovereign and non sovereign operations, and country strategies, all KCP programs will include a clear statement of their expected development effects presented on a Development Effectiveness Matrix (DEM). Proposals for specific products will always be linked to a given program. They will consist of a brief concept note that includes a simplified version of the Development Effectiveness Matrix for that program.
- 5.38 Appendix 4 presents with greater detail the types of KCPs; the distribution of roles and responsibilities for programming, origination, selection, execution and dissemination; and the metrics and instruments for tracking progress towards the achievement of results.

#### **C. Reporting Corporate Results and Framework for Incentives**

- 5.39 The Corporate Performance Framework (CPF) defines the key objectives for the institution and provides specific indicators that will allow the Board and the public to track the Bank's progress in meeting its defined objectives. The CPF is the monitoring instrument at the corporate level and sets clear targets for improving aggregate performance.
- 5.40 The CPF has four corporate objectives. The instruments developed in the present document establish precise development results indicators for the first CPF objective: Partner with clients that can have a positive impact on development.



- 5.41 Performance indicators for strategic objectives at the corporate level will roll down to the lower levels (VPs, Departments, Divisions/Units) through balanced scorecards. The balanced scorecards will show a quarterly report on performance for each division against each of the strategic objectives. Compliance measures will be reported in the Quarterly Business Review (QBR) produced by SPD for Management's review (at OPC or other managerial instances of performance review). QBR contains a larger and more differentiated set of indicators along the four corporate objectives of the CPF, and it allows management to monitor the achievement of outputs related to corporate results. For example, "% of completed PCRs", is a key output OVEs validation of self-evaluation ratings. If OVE cannot validate results, the Administration cannot report the "% of projects achieving satisfactory ratings on development outcomes for completed operations" (see below, an indicator of the CPF). PCR completion is an indicator of the QBR; while a satisfactory rating for development outcomes of sovereign operations is a CPF indicator.
- 5.42 At the individual level, some of the QBR indicators could be a direct input to the Employee Performance Management Framework (EPMF), which has been created to support organizational performance improvement and reward excellence. Indicators of production efforts, such as # of completion reports produced on schedule, will be included, if appropriate, at individual EPMF.
- 5.43 Compliance will also be rewarded, both at the individual level, and at the corporate level by showcasing projects, products and services that have sound evaluation frameworks and are successful in generating evidence-based learning. The VPs in coordination with SPD propose to select a set of projects/products/services that excel at meeting the standards every year. The selection will encompass the full range of the DEFs instruments.

- 5.44 Tracking progress of this proposal and demonstrating the achievement of development results at the corporate level will be achieved by the proposed indicators on the table below. These indicators will measure progress made against a commonly defined starting point (baseline) and expected changes. Targets are set for the year 2012. At that time, we expect to have all products included in this document to have gone through four annual rounds of validation by the independent evaluation office (OVE). They will be reported annually as the first dimension of the Corporate Performance Framework.

| Corporate Performance Framework  |   | DEF Indicator   | Baseline 2008         | Targets 2012          |
|--|---|---|-----------------------|-----------------------|
| 1. Partner with clients that can have a positive impact on development |   |   |                       |                       |
| <b>Country Focus</b>   | 1. % of Country Strategies that have satisfactory scores in evaluability dimensions   | 1. Overall evaluability score @entry for new Country Strategies approved (as a % of max. score)   | 27.11%                | 80%                   |
|  | 2. % of Country Strategies that have results that can be validated for:<br>(i) priority areas identified<br>(ii) agreed financial envelope<br>(ii) advances in the alignment with country systems | 2. % of Country Strategy CRM @exit that have satisfactory results validated for:<br>- Sector outcomes<br>- Financial outcomes<br>- Progress for build and use country systems | N/A                   | 60%<br>70%<br>50%     |
| <b>Development Results</b>   | 2. % of new operations with satisfactory scores on evaluability dimensions  | 3. Satisfactory Evaluability @ entry  | 26%                   | 80%                   |
|  | 3. % of completed projects with results that can be validated   | 4. PCR with validated results   | 10%                   | 100%                  |
|  | 4. % of completed projects with demonstrated positive results   | 5. SG PCR satisfactory rating on,<br>Development results<br><br>6. NSG XPSRs satisfactory ratings on,<br>Development Outcomes<br>Additionality                                | N/A<br><br>60%<br>60% | 60%<br><br>N/A<br>N/A |
|  | 5. % of projects with high environmental and social risks that are rated satisfactory in implementation of mitigation measures  | 7. SG satisfactory rating on,<br>DEM environmental effects<br><br>8. SCF satisfactory rating on,<br>DEM environmental effects   | N/A<br><br>60%        | 80%<br><br>TBD        |
|  | 6. % of completed KCP programs with results that can be validated and demonstrate positive results  | 9. % of DEM @exit with validated results<br><br>10. % of DEM @exit that have satisfactory results   | 0<br><br>N/A          | 100%<br><br>60%       |

\*Environmental and social impacts are included as part of development outcome rating. They are presented separately in this table to show alignment between DEF and CPF.

### **Implementation Plan**

The implementation timeframe for this proposal is 36 months, at which time all new instruments will be operational, staff and management will have had sufficient training both on the new instruments and process, and on evaluation methodologies.

During the second semester of 2008, all guidelines, manuals and procedures for operations, country strategies and knowledge and capacity-building products will be amended to reflect the proposed changes in this proposal. Knowledge in coordination with VPs and SPD will begin establishing a comprehensive training plan for implementing the proposal. All VPS divisions must produce at least one SG operation to be submitted to the Board from now until the end of the current year.

Effective January 1, 2009, all sovereign guaranteed operations, country strategies and Knowledge and Capacity Building programs will require a DEM. Retrofitting should be limited to a subset of existing SG operations in the portfolio to ensure an adequate balance of time/impact on capacity of the retrofitting exercise. In accordance to this principle: by (i) April 1, 2009 all SG operations approved after October 1, 2007 should have prepared a DEM; (ii) by June 30, 2009 all SG operations approved after January 1, 2006 should have prepared their DEM. By June 30, 2009 all SG projects approved under the New Project Cycle will monitor their execution under the new Project Monitoring Report (PMR). The rest of SG projects in the portfolio will be phased in to the PMR at most in the next 24 months thereafter.

A detailed implementation plan will be elaborated by SPD, VPS, VPC and VPP and presented to the EVP for management of the activities to be carried out to ensure full implementation of the proposed changes. They include making the new instruments available for use of operational staff, providing clear guidelines and training in evaluation methods, economic analysis of projects, project monitoring and corporate reporting requirements.

All resources needed to implement the DEF will be included in the VPs, KNL, IT and SPD budget proposals for 2009. Increases to the personnel and non personnel budget coefficients for VPS and VPC will be included in the preparation of the 2009 budget.

### Sovereign Guaranteed Operations

#### I. INTRODUCTION

- 1.1 As part of the Development Effectiveness Framework architecture, this document presents the framework to assess the development effort and development results of sovereign guaranteed operations. More specifically, and along the lines of the standards presented in the umbrella document, the following will elaborate on the instruments that will be used at each stage of the project cycle, which includes a basic set of dimensions on which we are going to report on, the indicators that will measure them, and a simplified, more comprehensive set of monitoring, reporting and evaluation mechanisms.
- 1.2 Accordingly, Section II of this document is divided in four parts. It first elaborates with greater detail than the umbrella document on current needs for streamlining existing instruments. The three following sub-sections respectively present a proposal for @ entry, implementation, and @ exit instruments for project appraisal, supervision and evaluation of the achievement of results.
- 1.3 This document presents recommendations at the product level that will apply to each specific sovereign guaranteed operation. However, this proposal has to be seen in the broader picture of the value that we seek to deliver to our clients as a Bank, which goes beyond single interventions. In this sense, for operations to be effective they have to be part of a system that relies on well-thought, client-owned country and sector strategies and programs.

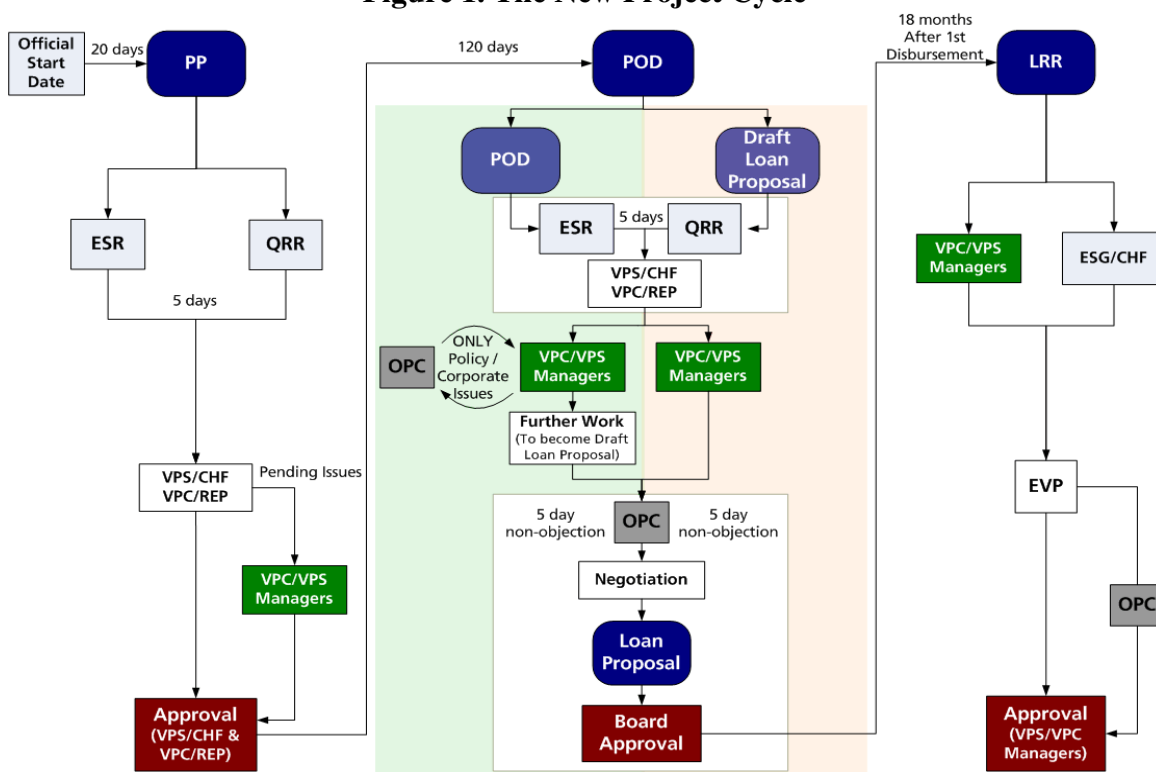
#### II. INSTRUMENTS AND METRICS

##### A. Streamlining existing instruments

- 2.1 Sovereign guaranteed operations are currently approved with low levels of evaluability, which means that, even if effort is present, we are unable to demonstrate results at completion. Weak evaluation frameworks translate into discrepancies between assessments of probability of achieving development results from self-reports, and actual results at project completion.
- 2.2 Traditionally, the Bank has place more emphasis on approvals than on implementation and demonstrating results at completion. The new project cycle focused on shifting the attention from approvals to the beginning of full implementation. It emphasized the reduction of compliance activities and procedures for project preparation, and focused the project proposals on results and risk related to the achievement of those results.

- 2.3 The present proposal complements that endeavor, by (i) carrying the process through effectively supervising implementation, to the achievement of development objectives at completion of the project cycle; (ii) it moves reporting of key data and information from texts documents to IT systems that can aggregate data across projects and/or sectors for more effective management.
- 2.4 The following presents an overview of current documents and information systems for the new project cycle.

Figure 1. The New Project Cycle



- 2.5 @ **Entry**. During project preparation, and 20 days after the official start date of the project (i.e., when project is registered in the Operations Update System-OPUS), project teams present the Project Profile (PP).
- 2.6 At this stage, in terms of development impact instruments, the document includes Risk Assessment Matrix and a preliminary assessment of environmental and associated social potential impacts and risks, using the Safeguards Screening Toolkit. Those Investment projects classified as A or B at PP (high and medium safeguard risk), require an environmental assessment and an environmental and social management plan at POD.
- 2.7 Project teams present a Proposal for Operation Development (POD) 120 days after approval of PP. The proposal includes a Results Matrix (Annex I of POD),



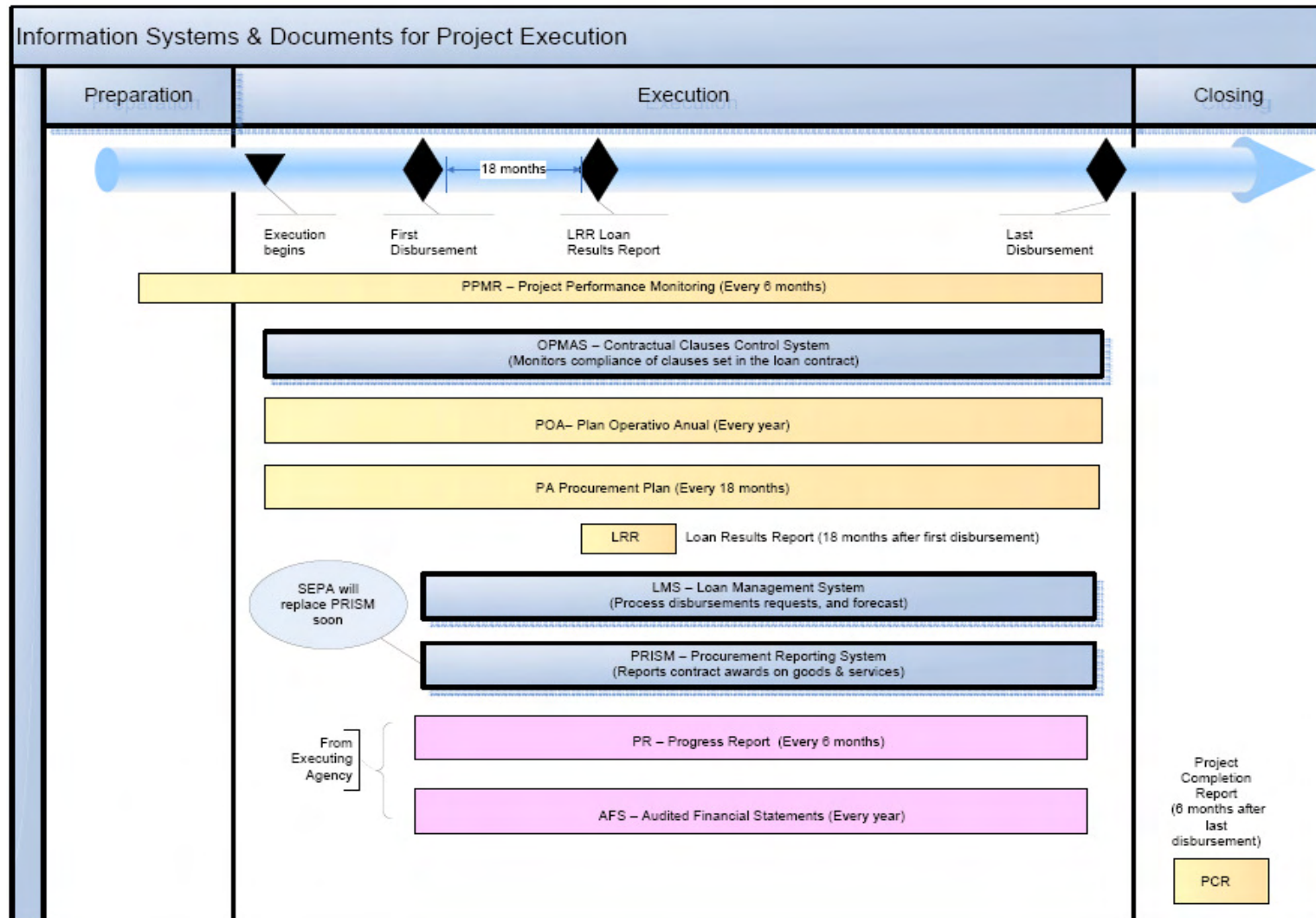
and a Procurement Plan for the first year of execution. The first Project Performance Monitoring Report (PPMR) should be filled before final project approval. PPMR continues to be used during implementation for performance monitoring. All these requirements, with the exception of the PPMR, are text documents. The PPMR is an IT system, but its data cannot be aggregated for analysis of trends at the country or sector level. Another IT application, PISTA, was created in order to be able to see trends across PPMR. PISTA is an IT reporting system that allows the user to analyze data across individual projects.

- 2.8 **Implementation.** Under the new Project Cycle team leaders are also responsible for execution (CS-3734). Currently, managing the implementation of a project requires the use of a multiplicity of fragmented IT systems and text documentation. OVE's Evaluation of the Project Supervision System (RE-293) highlighted these issues and concluded that, "supervision ... has been divided into separate instruments that are neither sequenced nor integrated"
- 2.9 Project Implementation information must be input through a multiplicity of entry points for assessing, tracking and evaluating project results, which translates into, inconsistencies between reports, poor quality of reported data and low completion rates, and, therein, low consumption of the information, and little feedback from lessons learned into decision-making processes.
- 2.10 Figure 2.3 reproduces the different entry points for managing project execution and tracking implementation progress. Each system and document serve the following purposes:
- a. *Project Performance Monitoring Review* (PPMR). An IT application for organization and systematization of key project information. Oriented to 1) improve portfolio monitoring, 2) develop a results oriented and decision making focused dialog between the Bank and Executing Agencies (EA), and 3) guide specific actions for project performance improvement.
  - b. *Loan Management System* (LMS). An IT application for loan financial transactions management. Oriented to 1) processing of loan disbursements, 2) management of loan financial modifications and changes, and 3) manage loan disbursements forecasts and monitoring the delivery of audited financial statements.
  - c. *Operations Management System* (OPMAS). An IT application for monitoring compliance of contractual clauses set in the loan contract. Oriented to 1) monitor financial and non-financial clauses compliance, 2) monitor loan revolving fund status, and 3) manage project inspection visits.
  - d. *Annual Operating Plan* (POA). An annual text document, with a project execution plan (PEP), performance indicators with annual targets. Includes a i) list of output and outcomes, 2) activities and implementation schedule, and 3) procurement planning, and budget, and disbursements. There is no official

Bank IT application for managing the POA. That has prompted some COF, and some old Regional Departments, to create specific application to manage POAs. Some Team Leader relies on commercial applications, such as, MS Project to systematize the information in the absence of a Bank-wide application.

- e. *Procurement Plan (PP)*. A text document oriented to 1) list all contracts and their procurement methods including prequalification if required, 2) estimated costs, 3) supervision methods, and 4) estimated dates. Updated at least once a year.
  - f. *Loan Results Review (LRR)*. A text document produced 18 months after first disbursement. Oriented to 1) update project outcome information, 2) compare expected versus achieved results to date, and 3) reports on actions taken in order to achieve project results.
  - g. *Procurement Contracts on Goods, Works, and Services Awards (PRISM)*. An IT application for collecting information on goods & services contract awards over US \$50,000. Oriented to provide publicly available information on contracts at the Project Procurement web page of the Bank. Currently, being replaced by SEPA.
  - h. *Procurement Plan Execution System (SEPA- Spanish acronym)*. An IT application for providing information on project procurement planning, execution, and goods, works, and services contract awards. Oriented to 1) improve management and monitoring of public investment, 2) improve transparency and accountability on Bank financed projects, and 3) improve management and execution of Bank funded projects. SEPA is a joint effort of the Bank and The World Bank.
  - i. *Progress Report (PR)*. A text document that includes information on the status of project execution. Prepared every 6 months.
  - j. *Audited Financial Statements (AFS)*. A mechanism for independent verification of project's financial transactions. Oriented to 1) verify financial status, 2) monitor compliance with financial contractual clauses, 3) Bank's external audits requirements, and 4) follow-up external auditor recommendations. Prepared at the end of every fiscal year.
- 2.11 The lack of capacity for project management and detailed planning during implementation is one of the major causes of delays in project execution. There is large heterogeneity as to how projects are managed. Some projects are very detailed in the planning and account they give of their implementation progress, while others are not. These decisions depend very much on individuals as there are no clear institutional standards on implementation management. In a majority of the cases, many of these processes are manual and information is not accessible for corporate use.

**Figure -1.1**



- 2.12 @ *Exit*. Six months after the last disbursement, project team leaders have to prepare a Project Completion Report (PCR) that is reviewed and approved by VPS Division Chief and COF Representative. Once the PCR is approved, the team leader publishes the document and its annexes, per Disclosure of Information Policy OP-102.
- 2.13 Independent evaluation. For public sector operations, OVE has conducted only one evaluation of project completion reports (PCRs)<sup>1</sup>, at the time that new guidelines were put in place by the Administration.
- 2.14 In what follows, a proposal for each stage of the project cycle is developed: preparation, execution and evaluation. Its purpose is threefold, as it intends to provide timely and accurate information on status of projects; clear accountability lines; and simple rules.

## **B. Development Effectiveness Matrix for Public Sector Operations**

- 2.15 The proposal streamlines the instruments that measure performance from appraisal to evaluation by introducing, like the private sector windows, a “development effectiveness matrix” (DEM). The DEM will be used as a common instrument for rating the evaluability of projects and reporting on achieved results at exit. The DEM includes development performance areas that incorporate ECG-GPS and other best practices among public sector windows of other MDBs. It is not a text document but a data and product classification repository.

### **1. Instruments @ Entry**

- 2.16 A DEM will be elaborated for QRR incorporating all information currently reported on text documents like the Loan Proposal, the results framework and the risk assessment matrix. The partial scores on evaluability of the operation will be distributed to the QRR chair for consideration at the meeting. If an operation is scheduled for discussion at the Operations Policy Committee, SPD will provide its technical opinion on the evaluability of the operation at that time.
- 2.17 At 18 months after approval, the LRR will report on how initial results and activities are developing as comparison to the expectation at approval. LRRs should provide updated information on results and risk and an updated rating of the loan’s DEM should be carried out at that time.
- 2.18 DEM performance measurements are divided in two broad categories: development outcome and additionality. At project completion a third dimension, for evaluation of the Bank’s performance, is added.

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<sup>1</sup> RE-315 Assessment of the 2004 PCRs produced under the Bank’s new PCR Guidelines.

- 2.19 ***Development Outcome*** includes the following dimensions:
- a. Contribution to Development;
  - b. Project Performance;
  - c. Economic Performance;
  - d. Risk Management; and
  - e. IDB Strategic Development Objectives.
- 2.20 ***IDB's Role Additionality*** includes two dimensions:
- a. Institutional Development; and
  - b. Environmental and Social Impacts.
- 2.21 The DEM establishes ratings for different dimensions of development effectiveness—or performance area—of a given product. It will include a partial rating for each of the above performance areas of the project and these values will be updated and reported throughout the life of the project. In that sense, a product can have low quantities along one dimension and high along another, allowing the evaluation to present the achievement of results in a multidimensional form. Annex I provides a more detailed explanation of each performance area that makes up the DEM in accordance with the ECG-GPS evaluation areas.

## **2. Instruments @ Implementation**

- 2.22 The three fundamental pillars that a risk-based supervision model needs to incorporate are: (i) a change in the focus of supervision, (ii) capacity building for executing agencies and, (iii) risk analysis linked to the management and results instruments. All risk mitigation needs to be associated with results, given that risk is but a probability that a result will not be achieved.
- 2.23 Risk-based supervision with a focus on results has the following characteristics:
- (i) Design and execution are a continuum, where design defines the key action areas for execution, but adjusted according to feedback collected in execution.
  - (ii) Instruments to execute and supervise projects are integrated in a logical sequence, with the objective of reducing their number to only those that are essential.
  - (iii) There is a change in the focus of the Bank's relations with the client, from transactions for disbursement and no-objections for procurement to substantive exchanges on issues of risk analysis of the Project, effectiveness in achieving results and adjusting processes to ensure achieving objectives.
  - (iv) The executing agency is the Project manager, therefore promoting that the production and updating of the action plan for risk mitigation and the Plurianual Operating Plans, updated yearly, are their responsibility and these define the execution agreement with the Bank.

### Development Effectiveness Matrix for Sovereign Guaranteed Operations

|  | Indicator Expected Results                             | Indicator Rating | Performance Area Rating |
|--|--|------------------|-------------------------|
| <b>A. Development Outcomes</b>   |  |                  | <b>(Area Rating)</b>    |
| <b>Contribution to Development</b>   |  |                  | <b>(Area Rating)</b>    |
| <i>1. Country Strategy</i>   |  |                  |                         |
| a. Are the objectives of the program consistent with the government development strategy and priorities at sector level? | Country Results Matrix - Country Development Indicator |                  |                         |
| b. Does the program fit into the Bank's country strategy sectors of interventions?                                       | Country Results Matrix - Program Results Indicator     |                  |                         |
| <b>Project Performance</b>   |  |                  | <b>(Area Rating)</b>    |
| <i>1. Project Logic</i>  | 0-9  |                  |                         |
| a. The problem the project addresses is supported by empirical analysis  | Poor(0)-Fair (1) –Good (2) - Excellent (3)             |                  |                         |
| b. The diagnostic has been done in consultation with the program stakeholders  | Poor(0)-Fair (1) –Good (2) - Excellent (3)             |                  |                         |
| c. Expected outcomes at the end of the project are linked to the problems identified in the diagnostic                   | Poor(0)-Fair (1) –Good (2) - Excellent (3)             |                  |                         |
| <i>2. Results Framework Score (RFS)</i>  | 0%-100%  |                  |                         |
| <i>3. Evaluation Methodology</i>   | Naïve-Quasi-Experimental                               |                  |                         |
| <b>Economic Performance</b>  |  |                  | <b>(Area Rating)</b>    |
| ERR  | %  |                  |                         |
| Cost-Effectiveness Analysis  | \$ saved   |                  |                         |
| <b>Risk Management</b>   |  |                  | <b>(Area Rating)</b>    |
| Environmental & Social Risk classification   | a-b-c  |                  |                         |
| Risk Matrix Score (RMS)  | 0%-100%  |                  |                         |
| Mitigation Matrix Score (MMS)  | 0%-100%  |                  |                         |
| Environmental & Social Safeguards Compliance   | Yes- No  |                  |                         |
| <b>IDB Strategic Development Objectives</b>  |  |                  | <b>(Area Rating)</b>    |
| Country Diversification - C&D  | (1) Yes - (0) No                                       |                  |                         |
| Poverty Targeted Investment (PTI)  | (1) Yes - (0) No                                       |                  |                         |
| Programmatic Operational Instrument  | (1) Yes - (0) No                                       |                  |                         |
| Priority Sector (Infrastructure & Water, SECCI, OMJ, Education)  | (1) Yes - (0) No                                       |                  |                         |
| <b>B. IDB's Role – Additionality</b>   |  |                  | <b>(Area Rating)</b>    |
| Institutional Development  |  |                  |                         |
| Improvements in Environmental Standards  |  |                  |                         |

- (v) Supervision of sector specialists is focused on risks, reviewing the operation plans for the Project and ensuring that the actions agreed with the execution agency on a yearly basis are completed.

- 2.24 In order to increase project monitoring and its management during implementation, metrics and instruments used today will need to be aligned to include development performance areas of the DEM. The interconnectivity of current systems will be a top priority of the IT Roadmap proposal currently underway.
- 2.25 The Progress Monitoring Report (PMR) replaces the PPMR. The PMR will be used to track project performance. The PMR includes the following from DEM (i) the results framework, the risk mitigation matrices, (ii) the ERR or cost-effectiveness values and (iii) the evaluation methodology.
- 2.26 Second, it will include all activities programmed each year for achieving each previously identified output with time and cost characteristics for each output. The indicators identified in the environmental and social management plans for risk management will be monitored through implementation and evaluated at completion. As such, they are part of the PMR.
- 2.27 Annual ratings for implementation progress will be a product of implementation progress achieved for that year's agreed upon POA. The following are the three indicators that will be used for tracking implementation progress. The PMR and implementation progress indicators could be the basis for performance contracts (EP) agreed to at the beginning of each year with executing agencies.

| <b>Implementation Progress (IP)</b> |  |
|-------------------------------------|--|
| Outputs Performance                 | $A_j = \text{Accumulated Achieved Outputs/Proposed Outputs}$ |
| Disbursement Performance            | Real accumulated disbursements/Programmed                    |
| Components Performance              | Activities completed on time/Activities programmed           |

| Project Monitoring Report  |   |  |            |            |            |            |                                 |
|--|---|--|------------|------------|------------|------------|---------------------------------|
| <b>Expected Results Framework @entry (DEM)</b>   |   |  |            |            |            |            | Final Outcome vs. Target        |
| Results Matrix Score   | 80%   |  |            |            |            |            |                                 |
| Economic Analysis  | Cost-effectiveness  | \$ saved in the life of the project by reducing repetition |            |            |            |            |                                 |
| Evaluation Method  | Experimental  | randomized schools   |            |            |            |            |                                 |
| <b>Outcomes of the Program</b>   |   |  |            |            |            |            |                                 |
| <b>Outcome 1:</b> Increase the educational achievement of rural sector students                                | 5% net increase (compared to control group) in language and mathematics score for 3rd grade graduates |  |            |            |            |            |                                 |
| <b>Outcome 2:</b> Increase in the rate of graduate students in the first grade of basic rural education        | # of 3rd grade students w passing grade/ # of 1st grade enrolled students three years before          |  |            |            |            |            |                                 |
| <b>Implementation Progress</b>   |   |  |            |            |            |            |                                 |
| Rate of Outputs Achieved   | Outputs on time/Outputs planned   |  |            |            |            |            |                                 |
| Rate of Activities Achieved  | % of activities completed   |  |            |            |            |            |                                 |
| Rate of Actual Disbursements   | Accumulated disbursements/programmed  |  |            |            |            |            |                                 |
| <b>Outputs of the Program</b>  | <b>Indicator</b>  | <b>Baseline</b>  | POA year 1 | POA year 2 | POA year 3 | POA year 4 | <b>Final Outcome vs. Target</b> |
| Pedagogical Workbooks, in-classroom library and educational materials  |   |  |            |            |            |            |                                 |
| <b>Output 1:</b> 1st grade workbooks   | Materials distribute to schools (June - August)   |  |            |            |            |            |                                 |
| <b>Output 2:</b> 2nd, 3er and 4th grades workbooks   | Materials distribute to schools (June - August)   |  |            |            |            |            |                                 |
| <b>Output 3:</b> Print of workbooks for 5th to 8th grades  | Materials distribute to schools (June - August)   |  |            |            |            |            |                                 |
| <b>Output 4:</b> Print teacher manuals for teachers  | Materials distribute to schools (June - August)   |  |            |            |            |            |                                 |
| <b>Output 5:</b> Maps,   | Materials distribute to schools (June - August)   |  |            |            |            |            |                                 |
| <b>Output 6:</b> Classroom Library Sets  | Materials distribute to schools (June - August)   |  |            |            |            |            |                                 |
| <b>Activities for each Output</b>  | <b>Indicator</b>  | <b>Baseline</b>  | POA year 1 | POA year 2 | POA year 3 | POA year 4 | <b>Final Outcome vs. Target</b> |
| <b>Output 1:</b><br>- Contract graphic design for workbooks<br>- Print of guidelines<br>- Distribute to school |   |  |            |            |            |            |                                 |
| <b>Output 2:</b><br>- Activity 1<br>- Activity 2<br>- Activity 3   |   |  |            |            |            |            |                                 |
| <b>Risk Matrix</b>   |   |  |            |            |            |            |                                 |
| <b>Environmental &amp; Social Risks</b>  | <b>Indicator</b>  |  |            |            |            |            |                                 |
| - Measure 1  |   |  |            |            |            |            |                                 |
| - Measure 2  |   |  |            |            |            |            |                                 |
| <b>Fiduciary Risks</b>   | <b>Indicator</b>  |  |            |            |            |            |                                 |
| - Measure 1  |   |  |            |            |            |            |                                 |
| - Measure 2  |   |  |            |            |            |            |                                 |
| <b>Other Risks identified @entry</b>   | <b>Indicator</b>  |  |            |            |            |            |                                 |
| - Measure 1  |   |  |            |            |            |            |                                 |
| - Measure 2  |   |  |            |            |            |            |                                 |



- 2.28 Information systems for project performance monitoring will be inter-connected.<sup>2</sup> There will be one entry point interface through which professionals at different levels of the responsibility line can access project management information (compliance with contractual clauses, execution plans, disbursements, and progress) stored in different systems. Bank information systems will directly pull information from the executing agency data bases. This will allow the Bank to interact with the counterparts based on real time data and information. Today, most projects are utilizing off-the-shelf MS Project or applications developed by COFs or by the regional departments. These systems will be standardized across the Bank and interconnected to other implementation applications.

### **3. Instruments @ Exit: Project Evaluation**

- 2.29 **XPMR.** At completion, the current PCR will be substituted by the Expanded Performance Monitoring Report (XPMR). The XPMR will report on three areas:
- a) Time and cost of outputs achieved (from last PMR),
  - b) Results achieved, evaluation methods used, recalculation of ERR and/or cost-effectiveness realized, risks, (DEM performance areas are recalculated ex post)
  - c) Bank's performance during the life of the project. Rating for MDB performance will be gathered through the client feedback system.
- 2.30 The XPMR compares actual results achieved with the expected results presented in the DEM or its adjustments. SPD/SDV will provide support to teams in the production of XPMRs and produce partial scores for each dimension of evaluability, which will then be validated by OVE.
- 2.31 **XPMR results validation.** Starting in 2009, OVE will include as part of its annual program, a review of all completion reports for public sector operations, and the evaluation be sent for consideration to the Policy and Evaluation Committee of the Board.

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<sup>2</sup> To be contemplated under the IT Road Map project.

**DEM @COMPLETION**

|  | Indicator Expected Results                             | Indicator Rating | Performance Area Rating |
|--|--|------------------|-------------------------|
| <b>A. Development Outcomes</b>   |  |                  | <b>(Area Rating)</b>    |
| <b>Contribution to Development</b>   |  |                  |                         |
| <i>1. Country Strategy</i>   |  |                  |                         |
| a. Are the objectives of the program consistent with the government development strategy and priorities at sector level? | Country Results Matrix - Country Development Indicator |                  |                         |
| b. Does the program fit into the Bank's country strategy sectors of interventions?                                       | Country Results Matrix - Program Results Indicator     |                  |                         |
| <b>Project Performance</b>   |  |                  | <b>(Area Rating)</b>    |
| <i>1. Project Logic</i>  | 0-9  |                  |                         |
| a. The problem the project addresses is supported by empirical analysis  | Poor(0)-Fair (1) -Good (2) - Excellent (3)             |                  |                         |
| b. The diagnostic has been done in consultation with the program stakeholders  | Poor(0)-Fair (1) -Good (2) - Excellent (3)             |                  |                         |
| c. Expected outcomes at the end of the project are linked to the problems identified in the diagnostic                   | Poor(0)-Fair (1) -Good (2) - Excellent (3)             |                  |                         |
| <i>2. Results Achieved Matrix Score (RAMS)</i>   | 0%-100%  |                  |                         |
| <i>3. Evaluation Methodology</i>   | Naïve-Quasi-Experimental                               |                  |                         |
| <b>Economic Performance</b>  |  |                  | <b>(Area Rating)</b>    |
| ERR  | %  |                  |                         |
| Cost-Effectiveness Analysis  | \$ saved   |                  |                         |
| <b>Risk Management</b>   |  |                  | <b>(Area Rating)</b>    |
| Environmental & Social Risk classification   | a-b-c  |                  |                         |
| Risk Matrix Score (RMS)  | 0%-100%  |                  |                         |
| Mitigation Matrix Score (MMS)  | 0%-100%  |                  |                         |
| Environmental & Social Safeguards Compliance   | Yes- No  |                  |                         |
| <b>IDB Strategic Development Objectives</b>  |  |                  | <b>(Area Rating)</b>    |
| Country Diversification - C&D  | (1) Yes - (0) No                                       |                  |                         |
| Poverty Targeted Investment (PTI)  | (1) Yes - (0) No                                       |                  |                         |
| Programmatic Operational Instrument  | (1) Yes - (0) No                                       |                  |                         |
| Priority Sector (Infrastructure & Water, SECCI, OMJ, EDUC)   | (1) Yes - (0) No                                       |                  |                         |
| <b>B. IDB's Role – Additionality</b>   |  |                  | <b>(Area Rating)</b>    |
| Institutional Development  |  |                  |                         |
| Improvements in Environmental and Social Standards   |  |                  |                         |
| <b>C. IDB'S Performance</b>  |  |                  | <b>(Area Rating)</b>    |
| At appraisal   |  |                  |                         |
| At supervision   |  |                  |                         |

## Annex I

### EXPLANATION OF THE PERFORMANCE AREAS THAT MAKE UP THE DEM

#### Development Outcomes

Development outcomes are grouped into five dimensions following closely ECG-GPS: (i) contribution to development; (ii) project performance; (iii) economic performance; (iv) risk management; and (v) IDB strategic development objectives.

#### Performance Area 1 – Contribution to Development (relevance):

According to ECG-GPS, a project's development outcome is partly based on the project's contribution to development. It is measured by the project's consistency with: (i) the government's development strategy and priorities at the sector level; and (ii) the Bank's country strategy and sectors of intervention.

#### Performance Area 2 - Project Performance (efficacy)

Under ECG-GPS, a project's development outcome is also partly based on the project's performance in terms of achievement of the project's objectives. It includes: (i) analysis of the project logic; (ii) results matrix score; and (iii) the evaluation methodology. The **project logic** takes into account whether the definition of the problem is supported by empirical analysis, whether there was consultation with key stakeholders during the diagnostic and finally, whether the expected outcomes of the project are linked to the problems identified and are logically sequenced (inputs-activities-outputs-outcomes). The **results matrix** looks at the extent to which expected project outcomes were achieved based on the analysis of end data for each specific outcome indicator. The **evaluation methodology** refers to the methodology utilized for determining whether or not expected results were achieved and assessing the project's impact on beneficiaries. This is usually done by comparing outcomes between beneficiaries and a control group both before and after project implementation (experimental methods).

#### Performance Area 3 – Economic Performance (efficiency)

A project's development outcome is also partly based on its economic performance. Economic performance is measured by the project's economic rate of return (ERR) and a cost-effectiveness analysis. Both will be measured at entry and at completion (during self-evaluation).

#### Performance Area 4 – Risk Management

In addition, a project's development outcome depends on how well risks are identified at entry and managed during implementation. An assessment of risks at project completion provides also a measure of its sustainability. Risk management looks at environmental and social safeguard risk, fiduciary risk (related to both financial systems and

procurement) and other project-related risks such as institutional capacity, financial sustainability and legal/regulatory framework. Four indicators are included: (i) environmental and social risk classification; (ii) risk matrix score; (iii) compliance with safeguards; and (iv) mitigation results matrix score.

### **Performance Area 5 – IDB Strategic Development Objectives**

This last area is not a requirement under ECG-GPS but it is included in order to account for a project's alignment with the Bank's strategic objectives in terms of: (i) country diversification; (ii) poverty targeted investment; (iii) programmatic operational instrument; and (iv) priority sectors (infrastructure & water; SECCI; OMJ; education).

### **IDB's Role (Additionality)**

Additionality is the value that the Bank's participation adds to the development impact of a project. It looks at: (i) whether the Bank's involvement contributed to strengthening public institutions and improving governance; and (ii) whether the Bank's involvement contributed to improvements in environmental standards and management practices.

### **IDB's performance**

IDB's performance looks at the extent to which services provided by the Bank ensured quality at entry of the project and supported effective implementation through appropriate supervision. It measures two dimensions: quality at entry and quality of supervision. It is measured at project completion.

## Annex II

### SAMPLE DEM PROGRAM TO SUPPORT THE NATIONAL EDUCATION SECTOR POLICY (GU- L1023)

|  | Indicator Expected Results   | Indicat<br>or<br>Rating | Performance Area<br>Rating   |
|--|--|-------------------------|------------------------------|
| <b>A. Development Outcomes</b>   |  |                         | <b>(Area Rating)</b>         |
| <b>Contribution to Development</b>   |  |                         | <b>(Partly Satisfactory)</b> |
| <i>1. Country Strategy</i>   |  |                         |                              |
| a. Are the objectives of the program consistent with the government development strategy and priorities at sector level? | YES  | YES                     |                              |
| b. Does the program fit into the Bank's country strategy sectors of interventions?                                       | YES<br>No indicator available<br>Country Strategy and Project preparation began at the same time | YES                     |                              |
| <b>Project Performance</b>   |  |                         | <b>(Highly Satisfactory)</b> |
| <i>1. Project Logic</i>  | 0-9  | 8                       |                              |
| a. The problem the project addresses is supported by empirical analysis  | Poor(0)-Fair (1) –Good (2) - Excellent (3)   | 3                       |                              |
| b. The diagnostic has been done in consultation with the program stakeholders  | Poor(0)-Fair (1) –Good (2) - Excellent (3)   | 2                       |                              |
| c. Expected outcomes at the end of the project are linked to the problems identified in the diagnostic                   | Poor(0)-Fair (1) –Good (2) - Excellent (3)   | 3                       |                              |
| <i>2. Results Framework Score (RFS)</i>  | 0%-100%  | 80%                     |                              |
| <i>3. Evaluation Methodology</i>   | Naïve-Quasi-Experimental   | Quasi                   |                              |
| <b>Economic Performance</b>  |  |                         | <b>(Highly Satisfactory)</b> |
| ERR  | Income differential for rural beneficiaries with primary completed vs. incomplete                | 73%                     |                              |
| Cost-Effectiveness Analysis  | Budgetary savings through internal efficiency gains  | 35.6 millions           |                              |
| <b>Risk Management</b>   |  |                         | <b>(Satisfactory)</b>        |
| Environmental & Social Risk classification   | a-b-c  | C                       |                              |
| Risk Matrix Score (RMS)  | 0%-100%  | 100%                    |                              |
| Mitigation Matrix Score (MMS)  | 0%-100%  | 80%                     |                              |
| Environmental & Social Safeguards Compliance   | Yes- No  | YES                     |                              |
| <b>IDB Strategic Development Objectives</b>  |  |                         | <b>(Highly Satisfactory)</b> |
| Country Diversification - C&D  | (1) Yes - (0) No   | YES                     |                              |
| Poverty Targeted Investment (PTI)  | (1) Yes - (0) No   | YES                     |                              |
| Programmatic Operational Instrument  | (1) Yes - (0) No   | YES                     |                              |
| Priority Sector (Infrastructure & Water, SECCI, OMJ, Education)  | (1) Yes - (0) No   | YES                     |                              |
| <b>B. IDB's Role – Additionality</b>   |  |                         | <b>(Satisfactory)</b>        |
| Institutional Development  | Use of country systems   | YES                     |                              |
| Improvements in Environmental Standards  | NO   | NO                      |                              |

Ratings : Highly satisfactory, Satisfactory, Partly Satisfactory, Partly Unsatisfactory, Unsatisfactory and Highly unsatisfactory

- 2.32 The specific objectives of the program are to (i) increase coverage of preschool education, (ii) improve access and internal efficiency of the first grades of primary education, (iii) increase math and reading levels in the same grades, (iv) strengthen bilingual education for preschool and first grades of primary, (v) improve educational infrastructure and (vi) school management, in targeted school in the poorest municipalities in the country.

## **Appendix 2**

### **Development Effectiveness Framework for Non-Sovereign Guaranteed Operations**

**<http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1777697>**

### Country Strategies <sup>1</sup>

#### I. INTRODUCTION

- 1.1 The International Community is complementing its view of the project as the unit of measurement of development assistance effectiveness towards a broader focus on country level results. The Bank has also recognized the importance of understanding the outcomes of its interventions individually and as they collectively contributed towards sector results. In this context, the New Lending Framework 2005-2008 recommended that the Bank strengthen country programming and adopt a programmatic approach. This will allow the Bank to move from a project focus to a country focus in its interventions, ensuring that the mix of instruments used in each country meets the specific development goals, institutional capacity and financial needs of that country.
- 1.2 The Bank's commitments under the Paris Declaration on Aid Effectiveness (PD) call for partner countries to have the leadership role in developing and implementing their development strategies. The Bank aligns its overall support to the country's national development strategy and government priorities, and engages through instruments that provide both sector relevant outcomes and capacity building for countries.
- 1.3 The objective of this document is to complement the recently approved Country Strategy Guidelines (GN-2468), with a framework to assess the development effort and results of the Bank's interventions at the country level. Operations need to be part of a system that is based on country-owned strategies and sector programs and outcomes. On one hand, financial and non-financial products delivered provide an input measure of the effort based on an agreement with the country. On the other, accurately measuring the results of these interventions, and valuing their relative contributions to the country's development priorities is essential both for learning and for accountability.
- 1.4 This document is divided into three further subsections that will present a proposal for systematically tracking country interventions and results. This will involve the implementation of instruments @entry, during implementation and @exit for Country Strategy appraisal, implementation and achievement of results.

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<sup>1</sup> This document was prepared by SPD/SDV with contributions from the Working Group for Country Strategy Guidelines and VPC/VPC.



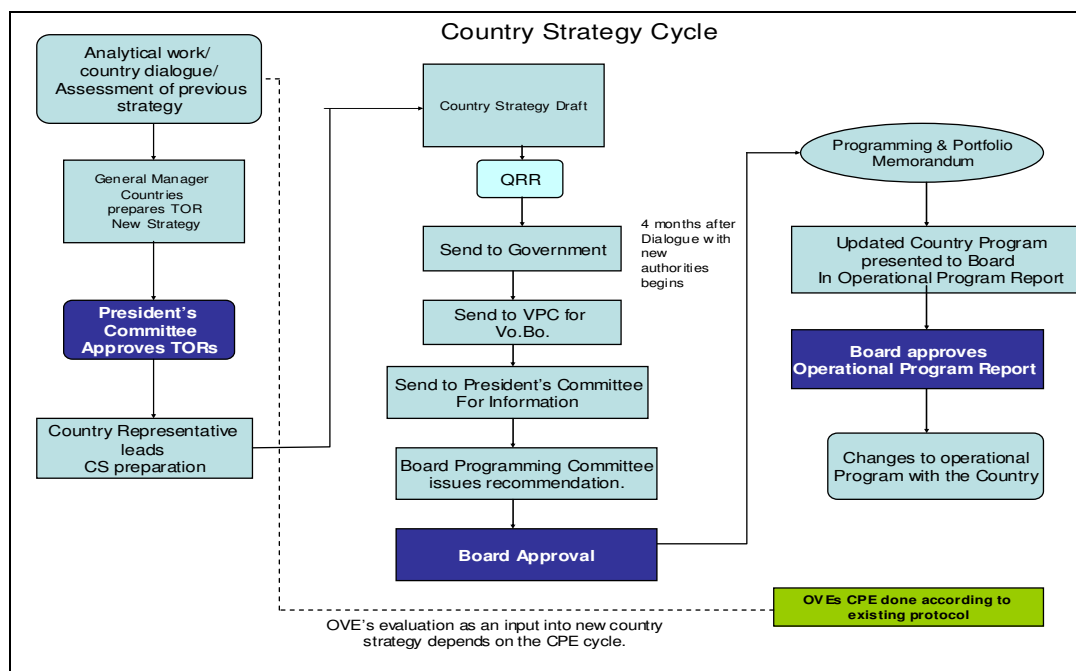
## II. INSTRUMENTS AND METRICS

### A. Existing instruments for design, implementation and evaluation of Country Strategies

- 2.1 The Board of Directors of the Bank, in its meeting of June 25<sup>th</sup>, approved the new Country Strategy Guidelines and requested that Management present, as part of the Development Effectiveness Framework (DEF), a results framework for Country Strategies, aligned with the Good Practice Standards (GPS) of the MDB-ECG. The new guidelines for Country Strategies are focused on: (i) results oriented programming; (ii) alignment to country priorities; and (iii) establishing a programmatic and flexible approach.
- 2.2 To meet the challenges posed by the guidelines, Country Programs need to be managed for results. This implies that it is necessary to ascertain if development interventions took place in the agreed areas, if they achieved the expected results, and what lessons can be extracted from these interventions. At the same time, if the thematic areas of intervention changed, it is important to understand the logic and input of the changes. To evaluate interventions at the Country Level, we seek to answer three fundamental questions: (i) did the Program work; (ii) what made it work; and (iii) how can we make it better. The challenge at the country level is that not all development products within a strategy will be mature enough to be able to demonstrate results specifically for that particular intervention.
- 2.3 Furthermore, managing for results at the country level includes ensuring that Bank's interventions support capacity building measures at the national and sector level. This implies having commonly agreed assessments of the country's systems for managing, monitoring and evaluating, and well-defined action plans to move to increase the use of these systems. This requires that sector interventions streamline capacity building activities, and move away from creating "bubbles" to manage Bank provided resources, while fulfilling Bank fiduciary requirements.
- 2.4 How does the Bank, at present, track country strategy implementation? Today, the Bank does not have a single IT application that keeps track of objectives at the country level. Neither are results achieved by the set of Bank's interventions at the sector level systematically reported. We also do not have a IT application that tracks country indicators for those sectors that we propose to contribute to; all this is currently monitored by hand at the time of drafting updates to the CS.
- 2.5 The Country Strategy approval and implementation cycle (as stated in the New Country Strategy Guidelines) is presented below.
- 2.6 **@Entry:** the Country Strategy Guidelines call for the design of a Country Strategy in accordance with Terms of Reference approved by the President's Committee. The TORs include an assessment of the results to date of the previous country strategy. The TORs should be prepared with enough time for the Strategy to be approved within four months of a new government signaling the Bank for formal engagement.

The new Country Strategy would be short, no more than 15 pages, and have the backing of sector analytical work (for those sectors which will be the focus of Bank support) and a consultation process agreed with the authorities.

Figure 2.1: Country Strategy Cycle



- 2.7 **@Implementation:** during CS implementation the programming and portfolio memorandum (PPM) updates and provides specificity to the CS parameters. The PPM incorporates new operations into the country program demonstrating their consistency with CS objectives and expected results, volume of financing, instruments, portfolio results and updated results and risk frameworks. The PPM also feeds into the country business plan, which links programmed activities to budget and staffing requirements.
- 2.8 **@Exit:** an assessment of the previous country strategy is undertaken as part of the analytical work for the new CS. OVE undertakes an independent evaluation according to the protocol (to be revised according to the new Country Strategy Guidelines). This independent evaluation does not necessarily coincide with each CS cycle. OVE's protocol calls for CPEs to be undertaken for a country over a time period of normally two or three programming cycles (RE-271-1). The current protocol supports the current practice of in-depth independent CSPEs every CS cycle. According to GPS-core standards, if self-evaluation reports are properly done and independently validated, this may reduce the need for in-depth CSPEs.
- 2.9 **Information Systems.** Currently, for Bank staff to be able to measure the Bank's contribution at the country or sector level, they have to access multiple systems and

do manual recording of data. At this time, the Bank's system infrastructure is composed of:

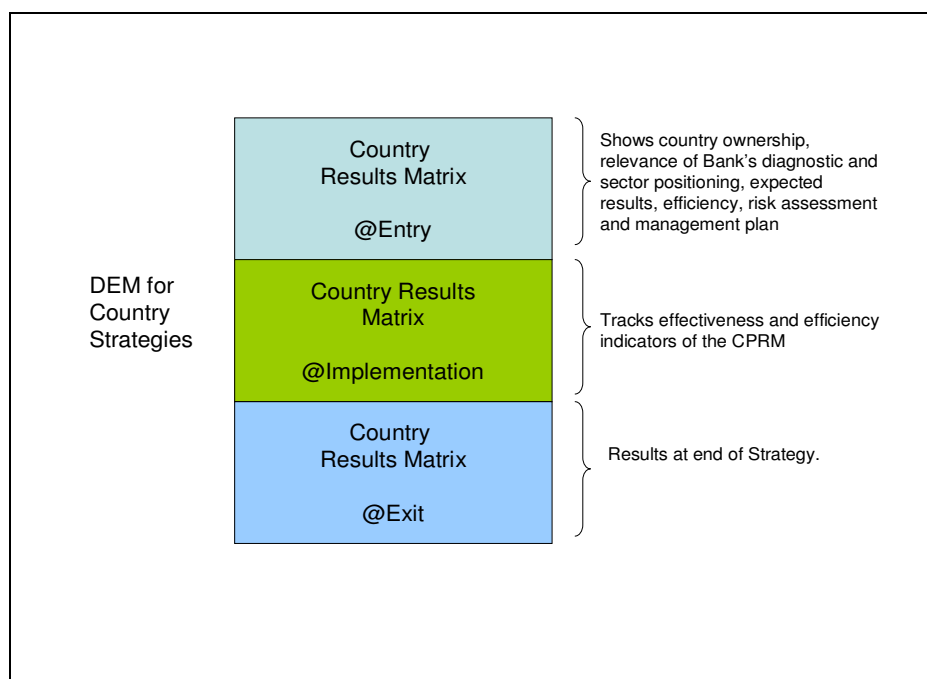
- a. OPUS:* tracks the pipeline for both financial and non-financial products, as well as the project cycle to approval;
- b. PPMR:* tracks project implementation progress;
- c. PCR:* reports on project results;
- d. LMS:* reports on Disbursements
- e. T&L, Lawson, Concur report to OPERA (to be incorporated into COBALT in 2009):* costs of products

- 2.10 The DEM is will eventually be supported by an IT application, that is both used to input the Country Strategy information (document and supporting analytical work) at the time of approval; and to track implementation. The future IT application will need to be interconnected to the systems listed above (or their future equivalents), in order to keep track of implementation of the strategy in a comprehensive and on-time format.

## **B. The Development Effectiveness Matrix for Country Strategies**

- 2.11 This proposal includes, as part of the Country Strategy, an instrument that will report on progress from approval to evaluation through a Development Effectiveness Matrix (DEM) for Country Strategies in accordance with ECG-GPS issued for Country Strategies. The DEM for country strategies is one matrix that assesses the same evaluability dimensions through the life of the country strategy.
- 2.12 During preparation and approval of a new country strategy the key dimensions of relevance, effectiveness, efficiency, and risk to sustainability are assessed. During implementation relevance becomes relatively static, unless changes in the country require an adjustment of the original CS parameters; and thus tracking the implementation focuses on the remaining evaluability dimensions. At strategy completion, and in accordance with the standards, two aspects are included: Impact (a mandatory GPS) and Bank's Performance (an optional GPS).

**Figure 2.2: Development Effectiveness Matrix for  
Country Strategies**



### C. Instruments @Entry: Country Results Matrix

- 2.13 To ensure that Country Strategies (CS) can be evaluated @Exit, they need to include a robust results framework to verify the achievement of results. To ascertain the outcomes of the Bank's work at the Country Level, the CS needs to provide information about the results and means to achieve them ex-ante and during the Strategy Cycle.
- 2.14 @Entry, the Country Results Matrix (CRM) is completed by the Country Strategy Team as the Strategy is designed. SPD/SDV works with the teams to ensure alignment in the application of the standards. SPD/SDV produces the partial scores @entry of the degree of evaluability of the Country Strategy, and remits the information to the QRR Chair for information.
- 2.15 The CRM maps the relationship between country objectives, Bank Program objectives, and the sector outcome indicators aligned to the country development indicators, identifying the risks that can affect achieving the agreed targets. In other words, it provides a logic-model of the Bank's future actions to achieve certain results, agreed with the country. A model CRM is presented below.

Figure 2.3: Country Results Matrix @entry

| CRM @entry   | Score @ entry |
|--|---------------|
| <b>Relevance</b>   | Partial Score |
| <b>1. Ownership and Alignment</b>  |               |
| Consistency of Bank's proposed interventions (i.e. alignment) with the government's development strategy and priorities (for each major objective)<br>- Government strategy priority areas to proposed Bank interventions  |               |
| <b>2. Coherence</b>  |               |
| a. The strategy is aligned and complements the assistance provided by other development partners<br>b. The strategy identifies a range of instruments to maximize the impact of the Country and Bank's objectives. (Y/N)<br>c. Does the Strategy explain the link between the Bank's priorities, current and proposed activities and expected results (logic consistency). (Y/N)   |               |
| <b>Effectiveness<sup>1/</sup></b>  | Partial Score |
| <b>1. Program results</b>  |               |
| a. Expected results of sector interventions are anticipated in the strategy (Bank's objective in sector).<br>- Bank's objective 1<br>- Bank's objective 2<br>b. Sector interventions that are underway (portfolio) to generate outputs and outcomes identified in the country strategy and/or program.<br>c. Implementation Progress of Country portfolio is assessed (Y/N)  |               |
| <b>2. Financial Transfers</b>  |               |
| a. Analysis of Country's and Bank's financial agreement<br>- Country's financing gap.<br>- Bank support (disbursements, net flows, etc).<br>b. Are you planning to lend at the subnational or municipal level (Y/N) If Y:<br>- DSA for Subnational of municipal level<br>- Expected flows to subnational or municipal level  |               |
| <b>3. Build-up and Use of Country Systems</b>  |               |
| a. Systems are assessed through jointly agreed diagnostic tools (country and other development partners).<br>b. An action plan for capacity building is defined, and a strategy for sector mainstreaming is incorporated. (List capacity building measures)<br>c. Division of labor on the support to action plan implementation is incorporated<br>d. Use of country systems for the country is defined in the Strategy |               |
| <b>Efficiency<sup>1/</sup></b>   | Partial Score |
| a. Project design and implementation average administrative costs are identified (baseline)<br>b. Project implementation financial costs to the country are identified. (Baseline)   |               |
| <b>Risk</b>  | Partial Score |
| a. Risk assessment and recommendations for mitigation are included:<br>(i) Fiduciary<br>(ii) Macroeconomic / financial (e.g.:debt sustainability analysis)<br>(iii) Environmental / Social<br>b. Sector specific risks are identified for each sector where the Bank proposes to target interventions.<br>Sector 1<br>Sector 2   |               |

1/ Both criteria will be tracked through the Country Results Matrix Implementation.

**D. Instruments @Implementation: Monitoring the Country Results Matrix**

- 2.16 The CS will be monitored by pulling information from the Bank's existing systems to: (i) map completed project results to country strategy objectives; (ii) map new projects to country strategy objectives; (iii) report, on a pre-established frequency, on progress in country strategy outcome indicators; and (iv) monitor risk and changes in objectives caused by country circumstances such as those brought about by exogenous events. Monitoring will be done using the Country Results Matrix, by expanding it to include progress in the implementation of Bank interventions, outcome indicators of those interventions that contribute to the objectives defined in the Strategy.
- 2.17 Similarly, the cost of implementing the strategy will be tracked to ensure that results are obtained in a cost-effective way. This will provide a baseline for country-specific costs for different instruments and products. This tracking should include costs for all financial, non-financial, programming and advisory services both in time and labor. This Matrix will also track costs to the country (financial costs) of Program implementation. In essence, this part of the instrument will be tracking the cost of implementing the Country Business Plans.
- 2.18 The CRM reports on changes to country goals if these occur, and their effect on the expected results. This allows for the instrument to provide flexibility and recognize the dynamic nature of the Bank's relationship with the country. To achieve relevance, the Bank must also ensure responsiveness to country needs.
- 2.19 In this context, the ECG-GPS standards for country strategies recognize the importance of responsiveness to effectiveness. Changing the Country Program to address emerging issues, and reflecting these changes by documenting new objectives and their relationship to the higher-end goals is an integral part of measuring country level outcomes and the Bank's contribution.

**Figure 2.4: Country Results Matrix @implementation**

| CRM @ implementation <sup>1/</sup>  | Baseline | Y1 | Y2 | Milestone | Y3 | Y4 | Target | Final Outcome vs. Target |
|---|----------|----|----|-----------|----|----|--------|--------------------------|
| <b>Effectiveness</b>  |          |    |    |           |    |    |        |                          |
| <b>1. Program results</b>   |          |    |    |           |    |    |        |                          |
| a. Indicators, Baselines, Milestones and Targets are included for the Bank's interventions (sector outcomes). |          |    |    |           |    |    |        |                          |
| - <b>Current portfolio</b>  |          |    |    |           |    |    |        |                          |
| - <b>Sector 1</b>   |          |    |    |           |    |    |        |                          |
| - Financial activities  |          |    |    |           |    |    |        |                          |
| - Project 1   |          |    |    |           |    |    |        |                          |
| - Non-Financial activities (list of TC's, E&SWs, etc)   |          |    |    |           |    |    |        |                          |
| - <b>Sector 2</b>   |          |    |    |           |    |    |        |                          |
| - Financial activities  |          |    |    |           |    |    |        |                          |
| - Project 1   |          |    |    |           |    |    |        |                          |
| - Non-Financial activities (list of TC's, E&SWs, etc)   |          |    |    |           |    |    |        |                          |
| - <b>New operations</b>   |          |    |    |           |    |    |        |                          |
| - <b>Sector 1</b>   |          |    |    |           |    |    |        |                          |
| - Financial activities (list of projects)   |          |    |    |           |    |    |        |                          |
| - Non-Financial activities (list of TC's, E&SWs, etc)   |          |    |    |           |    |    |        |                          |
| - <b>Sector 2</b>   |          |    |    |           |    |    |        |                          |
| - Financial activities (list of projects)   |          |    |    |           |    |    |        |                          |
| - Non-Financial activities (list of TC's, E&SWs, etc)   |          |    |    |           |    |    |        |                          |
| <b>2. Financial Transfers</b> <sup>2/</sup>   |          |    |    |           |    |    |        |                          |
| a. Evolution of Bank's exposure according to estimated (disbursements and net flows)                          |          |    |    |           |    |    |        |                          |
| - Disbursements   | N/A      |    |    | N/A       |    |    |        |                          |
| - Net Flows   |          |    |    |           |    |    |        |                          |
| <b>3. Build-up and Use of Country Systems</b> <sup>3/</sup>   |          |    |    |           |    |    |        |                          |
| a. Measures taken to build-up Country systems   |          |    |    |           |    |    |        |                          |
| b. Project use of Country Systems according to Strategy   |          |    |    |           |    |    |        |                          |
| <b>Efficiency</b> <sup>4/</sup>   |          |    |    |           |    |    |        |                          |
| a. Administrative costs of Country Program Implementation   | N/A      |    |    | N/A       |    |    |        |                          |
| b. Actual financial costs to Country of Bank's Program Implementation   |          |    |    |           |    |    |        |                          |
| <b>Risks Monitoring</b>   |          |    |    |           |    |    |        |                          |
| a. Fiduciary  |          |    |    |           |    |    |        |                          |
| b. Macroeconomic / financial  |          |    |    |           |    |    |        |                          |
| c. Environmental / Social   | N/A      |    |    | N/A       |    |    |        |                          |
| d. Sector specific risks  |          |    |    |           |    |    |        |                          |

1/ Any significative change in objective as well as its indicator should be registered to correctly evaluate the intended program impact.

2/ The Bank's planned vs. actual financial envelope will be evaluated at the end of the programming period in terms of the agreed program with the country. However, annual figures should be reported

3/ Procurement, Financial Management, Environmental and Social Safeguard, Planning, Monitoring and Evaluation, and Statistics.

4/ Efficiency will be tracked through the Country Business Plan.

**2.20 Information Systems.** For monitoring, the DEM system will, when operational, pull information on approved projects per sector objective from the OPUS. From the DEM for projects it will pull outcome indicators relevant for the Bank's sector objective. From OPERA (COBALT), it will pull information to track efficiency indicators on program implementation costs.

**E. Instrument @Exit: Reporting Results in the Country Results Matrix**

- 2.21 The instrument for self-evaluation of Country Strategies is the Country Results Matrix @exit, The CRM compares actual results achieved with the expected results presented in the CS or its adjustments (to reflect responsiveness, see paragraph 2.15). The CRM@exit receive partial scores reviewed by SPD/SDV, which will then be validated by OVE prior to the presentation of the Terms of Reference for the new Strategy and included in the new Country Strategy for the assessment of the previous programming cycle. This is meant to link the lessons learned and outcomes of the Strategy cycle with the development of the new Country Strategy, ensuring that the Bank recognizes both the contributions it made to development outcomes and the remaining challenges.
- 2.22 **Information Systems.** The DEM system for country strategies will pull information from OPUS on current portfolio, from the DEM for projects in execution for outcome indicators and implementation progress of the current portfolio, from the LMS for disbursements, and from COBALT for the baseline for administrative costs of the implementation of the previous strategy.



Figure 2.5: Country Results Matrix @exit

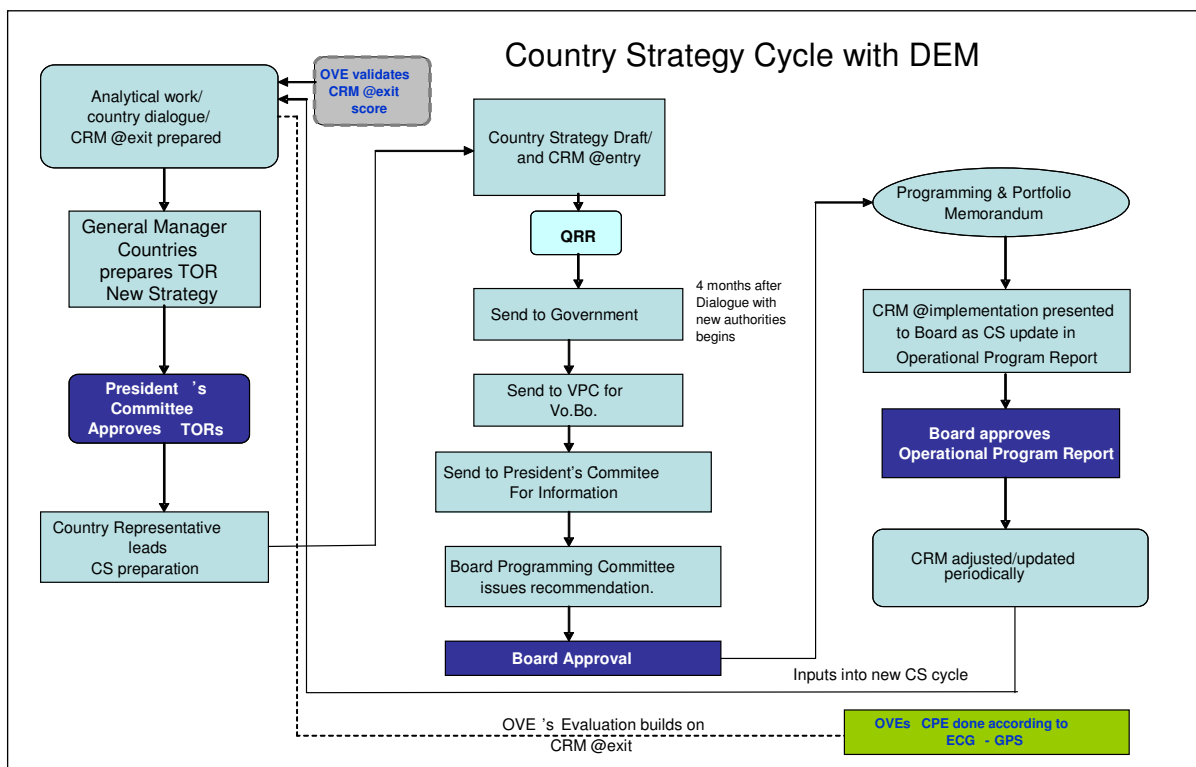
| CRM @exit   | Evaluation Results |
|---|--------------------|
| <b>Relevance</b>  |                    |
| <b>1. Ownership and Alignment</b>   |                    |
| Did the Bank maintain consistency with the government's development strategy and priorities? (Country Dev. Indicators).<br>Were the Bank's outcomes relevant to the Country's priorities?.  |                    |
| <b>2. Positioning</b>   |                    |
| Did the Bank respond to the evolving development challenges and priorities of the government, even if not contemplated in the original CS?<br>Was the Bank's contribution in line with the agreed Country Strategy?   |                    |
| <b>3. Coherence</b>   |                    |
| a. Was there a rationale for the proposed interventions?<br>a. How did the Bank collaborate in fostering the agreed division of labor among development partners?<br>b. How well were Bank instruments combined to maximize the impact of the Strategy's objectives?  |                    |
| <b>Effectiveness</b>  |                    |
| <b>1. Program results</b>   |                    |
| a. What expected results by sector were achieved? Which ones were not?<br>- Bank's sector objective 1...N<br>b. Which interventions generated outputs and outcomes identified in the country strategy and/or program that contributed to objectives.<br>- Financial activities<br>- Non-Financial activities (list of TC's, E&SWs, etc)<br>c. What should be learnt from the current program for the next CS? |                    |
| <b>2. Financial Transfers</b>   |                    |
| Was financial envelope agreed with country delivered?   |                    |
| <b>3. Build-up and Use of Country Systems</b>   |                    |
| a. How much did the Bank increase the usage of Country Systems.<br>b. What kind of agreed measures were taken to improve country institutional capability.<br>c. How effective was the agreed upon division of labor on the implementation of actions plans?  |                    |
| <b>Efficiency</b>   |                    |
| a. Were financial costs as expected?<br>b. Was the financial package delivered within the agreed-upon costs and time frame?   |                    |
| <b>Risk</b>   |                    |
| a. Risk assessment and recommendations for mitigation were implemented:<br>(i) Fiduciary<br>(ii) Macroeconomic / financial<br>(iii) Environmental / Social<br>b. Sector specific risks were identified for sectors targeted for Bank interventions.   |                    |
| <b>Impact</b>   |                    |
| a. Outcome Indicators changes.<br>- Indicator 1<br>- Government Development Outcome Indicator 1...N   |                    |
| <b>Bank Performance</b>   |                    |
| Client views on:<br>(i) Relevance of ideas and products;<br>(ii) Responsiveness to client needs;<br>(iii) Effectiveness as an implementation partner  |                    |

- 2.23 The CRM@exit aims to answer, in a systematic and evidence-based way the following evaluation questions, that are aligned with the ECG-GPS for Country Program and Strategy Evaluations (CSPE):
- a. Were the Bank's strategy and Program relevant to the challenges facing the country?
  - b. Were suitable instruments of assistance selected to achieve strategic priorities?
  - c. Did the Bank's assistance achieve its desired objectives?
  - d. If it did, were these achieved efficiently (costs)?
  - e. Are the achievements sustainable over time (risk management)?
  - f. Were the Bank's interventions effective in achieving both results at the project level and at the country level?
- 2.24 **Information Systems.** The CRM @exit will pull information on project results (outcome indicators at end of project) from the DEM for projects. This will produce the final Results Matrix for the Country Strategy and the evidence to assess performance at the country level.
- 2.25 In Annex I, guidelines are presented to complete the DEM for Country Strategies from entry to self-evaluation. The guidelines are meant to provide a roadmap to ensure that Country Strategies are robust, that monitoring is undertaken yearly and results can be assessed in a timely manner for the next Strategy Cycle.

**F. Proposed Adjustments to Country Strategy Cycle**

- 2.26 The DEM provides instruments for ensuring that Country Strategies comply with ECG-GPS. In this context, the Country Strategy Cycle would incorporate the DEMs instruments and the respective OVE validation.

Figure 2.6: Country Strategy Cycle with DEM



## Country Strategy DEM Guidelines<sup>2</sup>

### **Definitions<sup>3</sup>**

|  |   |
|--|---|
| <b>Attribution</b>   | The ascription of a causal link between observed (or expected to be observed) changes to a specific interventions. It refers to that which is to be credited for the observed changes or results achieved. It represents the extent to which observed development effects can be attributed to a specific intervention or to the performance of one or more partners taking into account other interventions (anticipated and unanticipated) confounding factors, or external shocks. |
| <b>Counterfactual</b>  | The situation or conditions which hypothetically may prevail for individuals, organizations, or groups were there no development interventions.   |
| <b>Country Program Evaluation/<br/>Country Assistance Evaluation</b> | Evaluation of one or more donor's or agency's portfolio of development interventions, and the assistance strategy behind them, in a partner country.  |
| <b>Development Intervention</b>                                      | An instrument for partner (donor and non-donor) support aimed to promote development.   |
| <b>Development objective</b>   | Intended impact contributing to physical, financial, institutional, social, environmental, or other benefits to a society, community, or group of people via one or more development interventions.   |
| <b>Effect</b>  | Intended or unintended change due directly or indirectly to an intervention.  |
| <b>Effectiveness</b>   | The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.   |
| <b>Efficiency</b>  | A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results.   |
| <b>Evaluability</b>  | Extent to which an activity or a program can be evaluated in a reliable and credible fashion.   |
| <b>Evaluability Assessment</b>                                       | Early review of a proposed activity in order to ascertain whether its objectives are adequately defined and its results verifiable.   |
| <b>Evaluation</b>  | The systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors.                  |

<sup>2</sup> These guidelines follow the ECG-GPS for country strategies, but aim to provide more specific information for country teams to be able to effectively collect and report relevant information to meet those standards.

<sup>3</sup> OECD-DAC, *Glossary of Key Terms in Evaluation and Results-Based Management*.

|  |  |
|--|--|
| <b>Goal</b>                                | The higher-order objective to which a development intervention is intended to contribute.  |
| <b>Impacts</b>                             | Positive or negative, primary and secondary, long-term effects produced by a development intervention, directly or indirectly, intended or unintended.   |
| <b>Independent evaluation</b>              | An evaluation carried out by entities and persons free of the control of those responsible for the design and implementation of the development intervention.  |
| <b>Indicator</b>                           | Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor.  |
| <b>Internal evaluation/self-evaluation</b> | Evaluation of a development intervention conducted by a unit and/or individuals reporting to the management of the donor, partner, or implementing organization.   |
| <b>Lessons learned</b>                     | Generalizations based on evaluation experiences with projects, programs, or policies that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact. |
| <b>Monitoring</b>                          | A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an on-going development intervention with indicators of the extent of progress and achievement of objectives and progress in the use of allocated funds.        |
| <b>Outcome</b>                             | The likely or achieved short-term and medium-term effects of an intervention's outputs.  |
| <b>Outputs</b>                             | The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes. (In the case of CS monitoring, outputs are the financial and non-financial products delivered).       |
| <b>Relevance</b>                           | The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies.   |

| Processes                               | Description   |
|---|---|
| <b><u>Completing the CRM @entry</u></b> |   |
| <b>Objective and Scope of the CRM</b>   | Provides the Program logic that explains how the Bank will contribute to a country's development goals, aligned with the government's priority outcomes. It provides a systematic view of the casual relationships and the alignment of development interventions to the sector objectives.<br>For each area of the CRM, the Country team needs to focus on addressing certain issues in the strategy, in accordance with the CS Guidelines, and reflecting these in the CRM. The analytical and diagnostic work attached to the strategy should be linked to the respective area of the CRM. |
| <b>Relevance</b>                        | <i>Ownership:</i> Provide information that describes the country's long-term development goals (from a National Development Plan or Poverty Reduction Strategy if there is one) only for the sectors in which the Bank has agreed to  |

intervene.

*Alignment:* for those long-term development goals, identify the government's priorities linked to those goals (these are the medium-term outcome indicators).

*Positioning:* what is the Bank's focus, present the relevant diagnostic that led to the decisions on sectors, and attach to the DEM the analytical studies undertaken to arrive at the diagnostic and intervention decisions in the Strategy.

*Coherence:* identify Bank, other MDB and donor interventions if this is relevant for the country. For aid dependant countries, this subcriteria has greater weight to determine coherence.

**Effectiveness**

*Program results:* for each long-term development goal and government priority identified, describe the Bank's objective in the sector, and map the outcomes of the portfolio (pulled from the DEM for projects system for both SGO and NSG operations, non-financial products and services) to this objective (i.e. show how the on-going products are contributing to the aggregate objective). Report the aggregate IP indicator for the country portfolio. This will provide information on output progress. Relate this to your expected results.

**Financial Transfers**

For the public sector, provide an analysis of the fiscal needs of the country and the agreed envelope of financing that will be approved and disbursed over the strategy period. Link this part of the CRM to analytical work done on debt sustainability, fiscal sustainability, macroeconomic framework etc.

**Build-up/use of country systems**

Identify diagnostic tools used per system (Financial management, procurement, monitoring and evaluation, statistics, and environmental and social safeguards). What other donors participated? If there is an action plan for build-up agreed with the government, attach it here, along with documentation on actions that IDB is supporting. How are these actions going to be mainstreamed to the sector? Briefly describe and attach documents on sector specific diagnostic if available, or identify if work will be done in the strategy cycle.

Include the strategy for use of country systems in the Country. List the systems or subsystems that will be used, unless an exception is requested for sector specific concerns during project preparation.

**Efficiency**

Present the cost of implementing the previous country program. This will provide you with a baseline linked to the results achieved. Information should be pulled from OPERA (COBALT). Provide information on country transaction costs from the previous strategy if they can be measured, at a minimum include the financial costs associated with Bank financing (not interest) paid vs. expected. Provide an indicator for average administrative cost and financial cost per loan product (PIU and credit commission).

**Risk**

Identify cross-sectional risks. Link fiduciary risks to your strategy for build-up of country system capacity. Identify sector specific risks for each sector chosen in DEM positioning entry and how they defined your objective in the sector in the effectiveness section.

**Monitoring the CRM @implementation**

**Purpose of Monitoring the CRM**

Provide updated information on implementation of the country program, documenting changes to objectives and expected results. Monitoring will be continuous for the effectiveness and efficiency criteria. Changes to other criteria should be reported systematically, as they will affect your outcome indicators under effectiveness, your financial envelope and your capacity building efforts. You should not be inputting data manually in this section; it

should be generated through other systems., unless there are changes in strategy objectives, which should be documented.

**Effectiveness**

Pull from DEM for projects (NSG. SGO and non-financial) outcome (and outputs?) indicators for products that contribute to your objective as they are approved. Baseline data should be provided by DEM automatically. Update the outcome indicators of your existing portfolio (automatically pulled from DEM @implementation instrument). Record projects that are using country systems. Identify projects that are contributing to implementing the build-up measures agreed with the country. Track disbursements, repayments and credit payments.

**Efficiency**

Track program cost implementation from OPERA (COBALT). Track flows from the country to the Bank, and administrative costs to the client of new projects entering implementation phase.

**CRM @exit: Self-evaluation of the Country Strategy Outcomes**

**Scope**

Prior to beginning the work, the self-evaluation team should assess the relative importance of the different sectors and areas of the Bank's intervention for the country outcomes and the Bank's objectives. With a clear reasoning on this, the Team can justify the scope of the evaluation, taking into account costs and time constraints.

**CS Self-Evaluation Objectives**

Provide credible and useful information on Bank performance at the country level. Used for both accountability and lesson learning purposes.

**Responsibility for preparation**

VPC, with inputs from VPS and VPP. Support from SPD as requested.

**Timing**

The Self-evaluation should be ready to feed into the preparation of the new Country Strategy. The recommended time for preparation is 6 months prior to the new Strategy.

**Preparatory Steps/Inputs**

Collection of Information: Annual Portfolio Reviews, previous CPE, annual reports of CRM @implementation and CRM @exit. In addition, evaluations of key projects, programs and NFP's should be scheduled to precede the CS Self-evaluation. The DEM @implementation and @exit for projects will be key inputs in feeding the information requirement.

**Coverage**

Newly initiated, completed and ongoing operations are covered. The full content of bank assistance is to be covered in depth though it will depend on client needs and those areas in which Bank's interventions were more relevant.

**Preparation Period**

A Self-Evaluation, that addresses the main questions for each criteria should take between 2 to 6 months, depending on the magnitude of the Bank's interventions, as well as the country context. Terms of reference clearly identifying the scope, coverage, costs and steps already taken for preparation should be presented to Management for approval.

**Guidelines**

ECG-GPS for Country Strategies and Program Evaluation. The DEF, identifies the five core criteria and one optional criteria which should be evaluated. The actual methods, scope and approach may be tailored to the country specific conditions.

## **Methodology**

### **Overview**

Explicit the link between the Bank's and Country's objectives, interventions and expected results. To assess these links, it will be fundamental to analyze country context, assess validity of the Bank's diagnosis, and analyze relevance of the strategy and program, both in design and delivery. In addition, findings and lessons are drawn, and future recommendations provided. Finally, methods used should be explained.

### **Evaluation Questions**

The Self-Evaluation needs to answer the six questions posed in the document which are linked to the six evaluation criteria being applied at the Bank. To answer those questions, subquestions linked to the criteria and sub-criteria according to the GPS need to be addressed. The subquestions are presented in the appendix.

### **Counterfactuals**

Should only be included only were possible and defensible. They could be proxied through comparisons with similar countries or for those programs for which impact evaluations were carried out.

### **Contribution**

The Bank's contribution to results will be assessed by examining the extent to which the Bank assistance delivered additional value beyond the financing provided.

### **Evaluability**

Self-assessment must include an evaluability analysis of the Country Strategy, describing how the logic model in the CRM ensured that @exit outcomes would be evidence based.

### **Client Participation**

Stakeholder participation is encouraged, but its depth needs to be placed in the context of the timing and costs. The Client Feedback System of the Bank could provide relevant information on stakeholder views refereeing to different aspects of the evaluation.

## **Reporting**

### **Findings, lessons and recommendations**

It should include findings that are relevant, country specific, evidence-based, and follow from the evaluation questions.

Lessons should be evidence-rooted and have operational implications. Recommendations should be constructive, actionable, few in number, strategic and non-obvious.

### **Reporting and Review**

Uniform formats should be followed but tailored to consider country features. It should include the final CRM. The self-evaluation will be validated by OVE and the main findings along with the CRM @exit incorporated into the new Strategy. The CRM should be updated automatically, and reviewed annually (or biannually according to Bank's activity in the country) to ensure that data is collected and changes are justified.

## **Evaluation Criteria**

### **Relevance**

a) Relevance will be examined vis-à-vis the country context. The self-evaluation should assess the alignment of the Bank's Strategic Objectives with the long-term development goals of the Country and medium-term outcomes to which the Bank's program aims to contribute. Ownership should establish to



what degree the Bank based its intervention decisions on both the Government's Program and a broad consultative process during the design of the strategy. Was the choice of sectors based on a diagnostic and evidence of relative development impact

b) Assessing relevance requires that, where applicable, the CS identify other development partner actions and establish division of labor and complementarity to optimize its comparative advantages.

c) Coherence requires that the evaluation assess the degree to which the Bank offered a mix of instruments (financial, non-financial and advisory services) that fit the needs of the Country and its capacity.

## **Effectiveness**

To evaluate the effectiveness of the Bank's Program, results in three areas will be assessed: (i) expected versus actual program results; (ii) expected versus actual financial transfers; and (iii) expected and implemented actions to build-up and use country systems.

(i) The sector outcome indicator results will be compared to their targets, to determine the extent to which the results proposed in the CS have been achieved.

(ii) The extent to which the portfolio performs according to established benchmarks will determine the degree to which the Bank is transferring resources according to a timeline agreed with the country, providing a measure of financial effectiveness.

(iii) Effectiveness is directly correlated to the development of capacity in the country to manage resources and measure results in a social and environmentally sustainable way. The evaluation needs to assess the implementation of actions to improve country's following systems: (i) Financial Management; (ii) Procurement; (iii) Social and Environmental Assessments; (iv) Statistics; and (v) Monitoring and Evaluation (M&E). Furthermore, the evaluation should incorporate a judgment on the implementation of the use of country systems strategy outlined in the CS and the extent to which it was achieved, to determine if corporate priorities (as stated in the CPF and NOF) were achieved in this area.

## **Efficiency**

Degree to which results are achieved through a cost-effective design and delivery of assistance. The Bank's transaction costs can be tracked by determining the resources spent in project design and implementation, and assessing them against benchmarks for similar groups of countries. Country transaction costs can be measured through the increased costs of project implementation due to delays or excessive use of PIUs. In this context, increased administrative and financial costs that occur due to delays in program implementation need to be evaluated.

## **Sustainability**

Sustainability of Program Results is evaluated against the extent to which the Bank's interventions identified risks to achieving sector outcomes and mitigated those that could be addressed through Bank or country actions. The risk assessment needs to be linked to the choice of sector interventions, instruments and services that are made by the Bank and the country throughout the programming cycle. Were the instruments chosen appropriate in light of the risks identified?

## **Impact**

ECG-GPS recognizes that determining attribution of development goals is a difficult task. In line with this concept, CSPEs seek to assess the MDB's

contribution to a country's development goals (for instance, macroeconomic balance, socioeconomic conditions and environmental sustainability). It assesses the extent to which the MDB contributes to the Government's capacity development in key sectors or areas to manage its resources (human, financial and natural). Finally, the standard also considers the MDB's contribution to development impacts (e.g.: delivering relevant knowledge or advice and fostering more effective use of external resources, etc.). Generally, it is not possible to measure the impact of the Bank's interventions after a single strategy cycle. A longer timeframe is required, although an attempt to update expected impacts from the Bank's sector work should be made.

#### **Bank Performance**

Assess compliance with basic corporate operating principles; consistency with MDB's corporate, country and sector strategies; and client satisfaction. Evaluate the degree to which country interventions contributed to the Development indicators of the CPF. Evaluate client satisfaction through the review of client feedback instruments.

## Annex II

### Sample DEM at approval for Country Strategy (Colombia)

| CRM @entry  | Score @ entry <sup>1/</sup>   |
|---|---|
| <b>Relevance</b>  | <b>Satisfactory</b>   |
| <b>1. Ownership and Alignment</b>   | Highly Satisfactory   |
| Consistency of Bank's proposed interventions (i.e. alignment) with the government's development strategy and priorities (for each major objective)<br>- Government strategy priority areas to proposed Bank interventions | Highly Satisfactory   |
| <b>2. Coherence</b>   | Satisfactory  |
| a. The strategy is aligned and complements the assistance provided by other development partners  | Highly Satisfactory   |
| b. The strategy identifies a range of instruments to maximize the impact of the Country and Bank's objectives. (Y/N)  | Satisfactory  |
| c. Does the Strategy explain the link between the Bank's priorities, current and proposed activities and expected results (logic consistency). (Y/N)  | Satisfactory  |
| <b>Effectiveness</b>  | <b>Satisfactory</b>   |
| <b>1. Program results</b>   | Satisfactory  |
| a. Expected results of sector interventions are anticipated in the strategy (Bank's objective in sector).<br>- Bank's objective 1<br>- Bank's objective 2   | Satisfactory  |
| b. Sector interventions that are underway (portfolio) to generate outputs and outcomes identified in the country strategy and/or program.   | Satisfactory  |
| c. Implementation Progress of Country portfolio is assessed (Y/N)   | Satisfactory  |
| <b>2. Financial Transfers</b>   | Highly Satisfactory   |
| a. Analysis of Country's and Bank's financial agreement<br>- Country's financing gap.<br>- Bank support (disbursements, net flows, etc).  | Highly Satisfactory<br>Highly Satisfactory                                      |
| b. Are you planning to lend at the subnational or municipal level (Y/N) If Y:<br>- DSA for Subnational of municipal level<br>- Expected flows to subnational or municipal level   | N/A   |
| <b>3. Build-up and Use of Country Systems</b>   | Partially Unsatisfactory  |
| a. Systems are assessed through jointly agreed diagnostic tools (country and other development partners).   | Satisfactory  |
| b. An action plan for capacity building is defined, and a strategy for sector mainstreaming is incorporated. (List capacity building measures)  | Unsatisfactory  |
| c. Division of labor on the support to action plan implementation is incorporated   | Unsatisfactory  |
| d. Use of country systems for the country is defined in the Strategy  | Partially Unsatisfactory  |
| <b>Efficiency</b>   | <b>Unsatisfactory</b>   |
| a. Project design and implementation average administrative costs are identified (baseline)   | not available   |
| b. Project implementation financial costs to the country are identified. (Baseline)   | not available   |
| <b>Risk</b>   | <b>Satisfactory</b>   |
| a. Risk assessment and recommendations for mitigation are included:<br>(i) Fiduciary<br>(ii) Macroeconomic / financial (e.g.:debt sustainability analysis)<br>(iii) Environmental / Social                                | Satisfactory<br>Satisfactory<br>Highly Satisfactory<br>Partially Unsatisfactory |
| b. Sector specific risks are identified for each sector where the Bank proposes to target interventions.<br>Sector 1<br>Sector 2  | Partially Unsatisfactory<br><br>Partially Unsatisfactory                        |

### Knowledge and Capacity Building Products <sup>1</sup>

#### I. INTRODUCTION

- 1.1 Knowledge transfer has been as important a component of development assistance as financial support. MDBs have, historically, provided this kind of transfer through a variety of non financial services: studies, seminars, workshops, consultancies, etc. More recently, the 2008 report of the External Advisory Group (CS-3737-5) identified capacity building as the most strategic area for IDB activity in the near future. As many countries in the region have gained increasing access to international capital markets, their main constraint has shifted from liquidity to knowledge and institutional capacity.
- 1.2 The Bank has traditionally used different terms to refer to knowledge transfer products (technical assistance, technical cooperation and non-financial products), and has had difficulties to set up a stable framework to guide their funding, selection, execution, dissemination, and use. Recognizing the need to upgrade its services, a Working Group on Non-Financial Products was created as part of the New Operational Framework to be developed for 2009-2012. The present document follows the proposal drafted by that Working Group.<sup>2</sup>
- 1.3 In that document, Knowledge and Capacity-building Products (KCP) are defined as those which (i) directly or indirectly increase the intellectual and institutional capital of regional member countries; (ii) are stand-alone, that is, do not depend on being part of a loan to contribute to the economic and social development of the country; (iii) draw down the capital of the Bank or trust funds; and (iv) are managed and funded as products (i.e., their main objectives and means to attain them are identified).
- 1.4 This definition creates an explicit distinction between technical assistance provided in a 'stand alone' form, from technical assistance provided as an input either to financial operations or the corporate management of the Bank. The present framework affects only the first (KCP). It excludes non-financial products whose effects are mostly limited to the Bank (corporate inputs) as well as those whose impact upon countries is embodied in the preparation or content of a loan (operational inputs).<sup>3</sup> The results of TCs and NFPs that are operational or

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<sup>1</sup> This document was prepared by ICF/ICF with contributions from the Working Group on Development Effectiveness and the Working Group on Non Financial Products.

<sup>2</sup> 'Meeting the Realignment Objectives. Towards a New Framework for Knowledge and Capacity-Building Activities at the IADB'. Document prepared by the NOF-Working Group on Non-Financial Products.

<sup>3</sup> Operational inputs like feasibility or programming papers are basically aimed at providing information necessary for the identification and design of financial operations (loans, guarantees or TCs executed by countries). Corporate inputs are aimed at improving the operation of the Bank as an organization. It includes operational guidelines, policy papers, corporate financial reports, training to Bank staff, internal conferences and seminars.

corporate inputs should be evaluated as part of the projects and corporate products to which they contribute.<sup>4</sup>

- 1.5 One of the recommendations of the Working Group is that all knowledge and capacity building activities should be included under a common operational and accountability framework, independently of their source of financing. Within this logic, and as part of the Development Effectiveness Framework architecture, this document presents the framework and instruments to assess the development effort and development results of all knowledge and capacity building products (KCP) as here defined. In doing so, it also contributes to the process of developing standards for non-lending services that are still due by the Evaluation Cooperation Group (ECG).
- 1.6 In what follows, Section II presents a typology of knowledge and capacity building products. Section III introduces the incentive system, with a distribution of roles and responsibilities across the institution for programming, origination, selection, execution and dissemination. Finally, Section IV presents the metrics and reporting instruments for tracking progress in the achievement of results for each type of KCP.

## **II. STANDARDS AND CURRENT PRACTICE**

- 2.1 Increasing the developmental value of our products and measuring it, is part of a process that responds to both, the growing strategic relevance gained by the concept of development effectiveness within the international community, and the commitment to the principles of increasing the Bank's responsiveness to its clients and accountability to its stakeholders.

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<sup>4</sup> See in Appendices 1, 2 and 3 the DEFs for Country Strategies, Sovereign Guaranteed Operations, and Non-Sovereign Guaranteed Operations.

- 2.2 As described in the umbrella document, the Evaluation Cooperation Group (ECG) was formed in 1996 to promote evaluation harmonization among MDBs. Since its formation, the ECG has elaborated and implemented Good Practice Standards (GPS) for evaluation of several types of development interventions. However, GPS for the evaluation of nonlending services have not yet been developed. Although the IFC has taken the lead in developing GPS for the evaluation of technical assistance/technical cooperation since 2006<sup>5</sup>.
- 2.3 At the Bank, in 2006, OVE undertook an evaluation of IDB studies (RE- 323) as well as a review of technical assistance products generated by the MIF window of the Bank.
- 2.4 In the case of *IDB Studies*, the evaluation found that the Bank has (i) weak programming and prioritizing of this product, (ii) production incentives are low and ad hoc, (iii) quality control process are mostly undefined, (iv) quality and utility of what is produced is low compared to other MDBs, and (v) the production function of the product is unknown (time dedicated by staff and monetary resources). These findings correspond to practice aligned more with a business model that focuses on project financing, like the model prior to the one proposed by New Lending Framework.
- 2.5 The review of MIF activities finalized by OVE in 2004 (MIF/GN-78-18), found a number of issues that also apply to non-financial products in general:
- a. **Programming.** Products lack integration into the Bank's overall sector knowledge. They are isolated efforts, disconnected from a comprehensive assessment of beneficiaries' needs, priorities and demands.
  - b. **Origination.** To increase its technical value added, Bank efforts should focus on areas where there is a comparative advantage, developing niches of expertise.
  - c. **Selection.** Lack of a system to guarantee and enhance the quality of the outputs produced. Duplication in spending for the same type of services, and high disparities in "unit costs" of similar products (a range of almost 300%).
  - d. **Execution.** Weak risk management and institutional analysis of executing agencies. Technical assistance and advisory services should be sustained on a more permanent basis.
  - e. **Dissemination.** Unavailability of key documentation related to the projects. Low use of lessons learned for improvement of new products. Weaknesses of the Bank's systems to capture best practices and foster innovation

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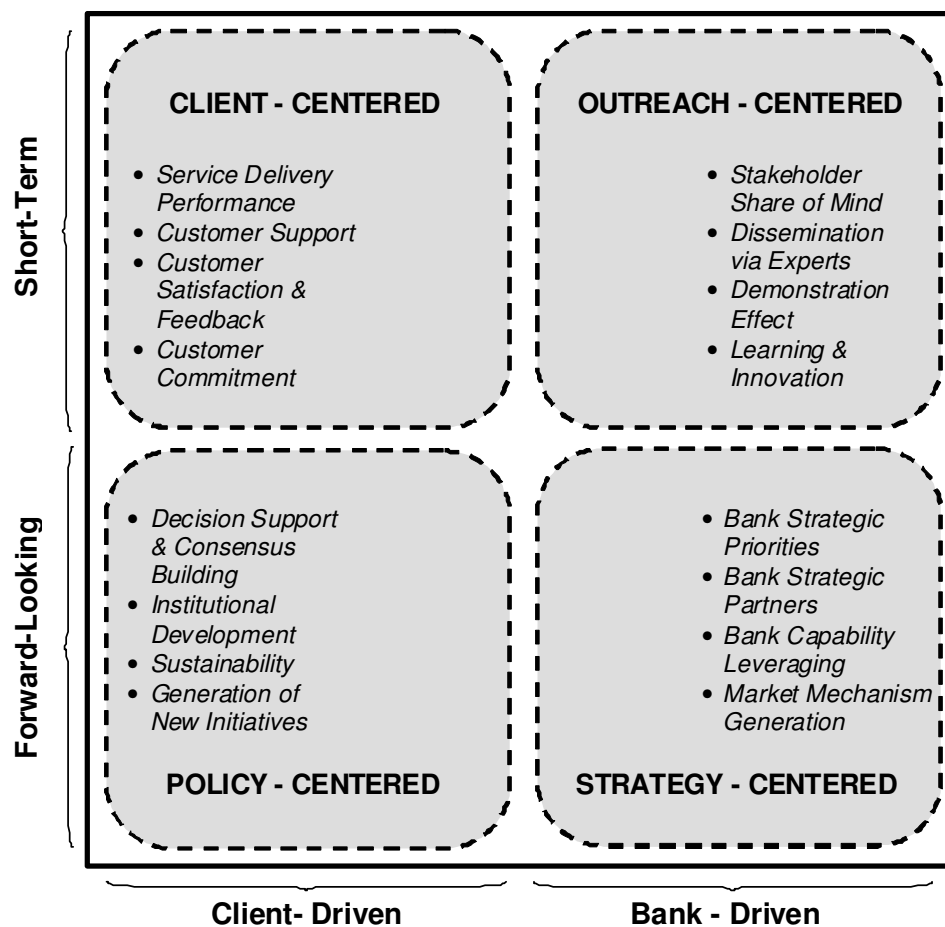
<sup>5</sup> MDB-ECG. 2006. *Presentation to the OECD DAC Evaluation Network*.

- 2.6 Along these lines, the diagnostic elaborated for the Realignment of the Bank's performance in producing and applying knowledge concluded that (i) fragmentation had contributed to dilute quality and relevance of sector research; and that (ii) even when departments had a successful knowledge-creation model in terms of quality and recognition, learning was not incorporated and used in the development of new Bank products (GA-232).

### III. TYPOLOGY OF KNOWLEDGE AND CAPACITY BUILDING PRODUCTS

- 3.1 Following the definition specified above in the Introduction, KCP are classified according to two criteria: (i) origination; and (iii) scope. KCP can be both, the result of the demand coming from countries, or "supply-led" initiatives, i.e., proposals initiated within the Bank. At the same time, demand for KCP can respond to an immediate, short-term need, or it can serve a more long-term, forward looking purpose. Figure 2.1 presents a basic taxonomy for KCP. The combination of those cases produces four types of KCP.
- 3.2 KCP derived from *short-term, client-driven needs* are fundamentally Client-Centered for which performance is to be measured in terms of delivery speed and customer satisfaction. In contrast, *long-term, client-driven needs* are usually associated with Policy-Centered KCP, for which success revolves around the quality of the analytical work produced to support countries' policy decisions and the degree to which this helps to build consensus on the required investments.
- 3.3 KCP may eventually develop a closer connection with corporate or operational products. However, at the time of deploying the KCS that link is uncertain, which makes them independent or stand-alone products.
- 3.4 KCP derived from *short-term, bank-driven needs* are Outreach-Centered. Its performance hinges around their reach and influence over key stakeholders, as well as their innovativeness and demonstration effect. Finally, KCP derived from *long and medium term, bank-driven needs* are Strategy-Centered. Its contribution is associated with their advancement of the Bank's strategic initiatives, the development of key Bank capabilities and the generation of strategic partnerships and new market approaches. Strategic priorities have a dynamic nature as they evolve and change over time.

**Figure 3.1**  
**Types of Knowledge and Capacity Building**  
**Products**



- 3.5 It is important to stress that KCP are multifaceted products, which means that a product that is primarily outreach-centered (e.g. a seminar) can at the same time respond to an immediate client-need (client-centered type), and support a specific policy in that country (policy-centered type).



#### IV. INCENTIVES, ROLES AND RESPONSIBILITIES

- 4.1 The document ‘Internal Review Mechanisms for Non-Financial Products’ prepared by Management in 2003 (GN-2168-5), noticed several deficiencies in the current governance structure for NFP: (i) as the primary interface for dealing with NFP is through the budget process, less emphasis is put on programming<sup>6</sup>. This means that products have low relevance for the overall Bank priorities and individual country and regional programs; (ii) NFP do not follow the internal institutional review process followed by financial operations. Processes are for the most part informal and a large variation in terms of treatment and procedures is observed between departments.
- 4.2 To address these issues the present document proposes that:
- a. KCP involve a diversity of contents that respond to a variety of needs emerging both from clients and the Bank. The institutional management of such diversity of products requires providing them with distinct institutional streams that respond to their specific motivations and dynamics.
  - b. The allocation of resources for KCP should be based on Bank’s priorities and should be structured as programs. The allocation of resources will no longer be based on a ‘first come first served’ basis. This implies that there will be an opportunity cost associated to each product approved in terms of budgetary space available for that program.
  - c. All KCP programs should include an instrument (Development Effectiveness Matrix) to assess and report on progress against their stated objectives.
  - d. Product-level results will be aggregated at different levels (Division/Unit, Department, corporate) and reported quarterly in the Quarterly Business Report, and annually in the Corporate Performance Framework (see Section V). At the individual level, this information will also serve as an input to the Employee Performance Management Framework (EPMF), which has been created to support organizational performance improvement and reward excellence.
- 4.3 Figure 4.1 reproduces the Governance Structure proposed for the different types of KCP. Short-term needs will follow intra-departmental review processes, whereas forward looking KCP will require inter-departmental cooperation.
- a. *Short-term.* VPC (and particularly COFs) will have the main responsibility for developing client-centered products/programs, whereas VPS will be responsible for knowledge-centered KCP.

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<sup>6</sup> See also RE- 323.

- b. *Forward-looking*. VPC and VPS will share responsibility in approving policy-centered KCP. Strategy-centered KCP will be jointly developed by VPS-VPC, under the supervision of SPD/SDV. ORP has primary responsibility for identification and development of strategic alliances and partnerships.
- c. GCM will ensure consistency between programs and the funds allocated to specific proposals. Each proposal will include a field linking that product to one of the existing programs. GCM will provide the list of programs and relevant contacts to applicants.
- d. VPP will implement similar mechanisms to coordinate all private-sector-related initiatives in a way compatible with this proposal. KCP generated within VPP will also be structured along programs based on country and sector needs. VPP will work on enhancing the synergies between existing KCP initiatives at both the MIF and the IIC.
- e. OVE will evaluate KCP every two years on a sample basis to ensure consistency with programs, and assess their developmental value.

**Figure 4.1**  
**Governance Structure for KCP**

|       |                 | Self-evaluation                   |   | Independent Evaluation                             |
|-------|-----------------|-----------------------------------|---|--|
|       |                 | Intra-Department                  | Inter-Department                          | OVE  |
| Scope | Short-term      | KCP - Client centered (VPC/VPP)   |   | OVE will evaluate KCP on a multi-year sample basis |
|       |                 | KCP - Outreach centered (VPS/VPP) |   |  |
|       | Forward-looking |                                   | KCP - Policy centered (VPC-VPS/VPP)       |  |
|       |                 |                                   | KCP - Strategy centered (SDV-VPS-VPC/VPP) |  |

- 4.4 The following sub-sections elaborate with greater detail on the specific processes underlying each stage of the KCP cycle: programming, origination, selection, execution, and evaluation and dissemination.

**A. Programming**

- 4.5 As part of the Realignment, a number of broad strategic areas have been identified in which the Bank will develop and deepen its knowledge and technical capacity. Alongside with the identification of strategic areas, greater value will be provided by creating niches of expertise within the VPs.
- 4.6 Along the lines of the strategic areas and the niches of expertise, programs will be elaborated on a multi-year basis. In this sense, both, niches of expertise and programs are the concrete, operational translation of the strategic areas of action identified at the corporate level: the niches of expertise focus on the staff competencies, whereas the programs structure the analytical and technical support work.
- 4.7 The programs establish strategic lines of action for IDB support in a given area. Proposals for programs will be submitted every three years. Ongoing programs can present a new proposal for another three years renewal. At completion, all programs will be evaluated. The scope may be different but the principles of program development remain the same. Program includes: core objectives, diagnostic, priority setting, program action plan, resources, and evaluation.
- 4.8 KCP programs should be managed within a medium-term 3-year framework including a multi-year budget envelope, its sources of financing, priorities and main programs. Such framework should be approved by the Board of Executive Directors. Management and OVE should regularly provide the Board with information and assessments of performance under such framework.
- 4.9 Applicants to trust funds will need to link their proposals to one of the existing programs. A multi-purpose program will be created to allow some flexibility in the use of resources. However, priority will be given to those proposals that are linked to thematic programs.
- 4.10 Programs will contribute to prioritize products, to formalize and harmonize quality control processes for all products, to improve budgeting and monitoring information systems to track the products, and to create the right incentives for the production of quality KCP. Programs will also strengthen accountability to stakeholders and donors.
- 4.11 Proposals for specific products are always linked to a program. They will consist of a brief concept note that includes a simplified version of the Development Effectiveness Matrix for that program (see Section V and Annex I).

**B. Origination**

- 4.12 VPC will have the main responsibility for identifying demand for KCP coming from our clients.

- 4.13 Needs for KCP originated within the Bank, will be channeled through VPS and SPD.

**C. Selection**

- 4.14 Individual products under the medium-term framework should be approved by management according to pre-established and transparent procedures. To this end, the KCP program should establish eligibility criteria and selection procedures.
- 4.15 Even in the case of KCP that are processed within Departments, project selection should be preferably made through a collegiate body representing the relevant areas of the Bank. The internal procedures that regulate selection should be kept as simple as possible.
- 4.16 Policy-centered KCP should be reviewed by the Committee of Studies (CEP)<sup>7</sup>, composed by representatives from VPC and VPS.
- 4.17 Strategy-centered KCP also require inter-departmental review as they are forward-looking. An instance similar to the CEP should be created with representatives from VPS and possibly VPC, and chaired by SPD.
- 4.18 All proposals should include a Development Effectiveness Matrix (DEM). DEM is completed by the team as the product is designed. The DEM maps, among other things, the relationship between the KCP proposed and the overall objectives of the program line.

**D. Execution**

- 4.19 Progress towards the objectives established in the KCP proposal will be tracked throughout execution. Team leaders will be responsible for updating relevant information in the system that for this purpose will be created (see Section V). All relevant documentation will have to be stored within the Bank repositories.
- 4.20 The Vice-presidencies of Countries, Sectors & Knowledge and Private Sector are accountable to the PRE and the EVP for the quality of all of their products, including self-evaluations.
- 4.21 All KCP should be evaluated and the results of such evaluations should be used not only for accountability purposes but also to feedback into the KCP decision-making process. Evaluations should be based on the objectives and expected development effects of each product/program. Evaluation methodologies should be adapted to suit the features of different products/programs.

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<sup>7</sup> *Comité de Estudios* (CEP) is the formal instance for approval of resources of the Initiative to support country studies (GN-2381-1). The Initiative of Studies approved in 2006 was created to support the country departments in the production of high quality inputs for programming, policy dialogues and operations. Governance of CEP: Chief Economist is the president; 4 economic advisors; and 5 technical coordinators (1 per country department, plus RES).

**E. Evaluation and Dissemination**

- 4.22 Achievement of development objectives of each program will be assessed @exit by a separate office (SPD) using the DEM. Programs will also be subject to an independent evaluation by OVE.
- 4.23 In a self-reporting exercise, team leaders responsible for the specific products linked to a program will have to complete the DEM @exit. DEMs will be validated by the program coordinator, who will be responsible for the quality of the information reported.
- 4.24 There will be a systematic storage of products in institutional archives. For this purpose, information systems will be integrated, and made more user-friendly.
- 4.25 VPs will develop active dissemination efforts, including dissemination plans and budgets. Each VP will be responsible for producing the information necessary to track the use of the KCP produced.
- 4.26 SPD will elaborate reports identifying good practices and most innovative products.
- 4.27 OVE will evaluate KCP and generate lessons learned to retrofit the KCP cycle.

**V. INSTRUMENTS AND METRICS**

**A. Development Effectiveness Matrix for KCP**

- 5.1 All KCP should have a clear statement of their objectives and expected development effects presented on a Development Effectiveness Matrix (DEM). Overall, the four types of KCP share a common metric, but their emphasis on a particular set of needs is tracked through mission-specific dimensions: Relevance; Policy Development; Knowledge Management; and Customer Service (see Annex II).
- 5.2 All KCP receive a partial score along these perspectives. The specifics for each type of KCP are taken into account by emphasizing that perspective with a higher relative weight.<sup>8</sup>

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<sup>8</sup> For example, a Customer-Centered KCP – namely, a KCP that seeks to respond to a short term demand originated by a client of the Bank – will be measured by assigning a 40% relative weight to the indicators corresponding to the Customer Service perspective. The other three mission specific perspectives – Policy Development, Knowledge & Innovation and Strategy Development – would still be considered, but with a relative weight of 10% each. Finally, the Core Performance dimension is always assigned a 30% relative weight.

**Table 5.1**  
**Proposed Development Effectiveness Matrix for KCP Programs and Products**

|   | Indicator Categories                                 | Program Level | Product Level |
|---|--|---------------|---------------|
| <b>A. Relevance</b>   |  |               |               |
| 1. Relevance of the program for the Bank's strategic priorities   | Yes (1) – No (0)                                     | x             |               |
| 2. Relevance of the program for the countries' strategic priorities   | Yes (1) – No (0)                                     | x             |               |
| 3. Relevance of the project within the program  | High (3) – Low (0)                                   |               | x             |
| 4. Potential for the intervention to lead to follow-up projects, programs and/or policy changes             | High (3) – Low (0)                                   | x             | x             |
| <b>B. Policy Development</b>  |  |               |               |
| 5. Was the program/product instrumental to shape the formulation and/or implementation of country policies? | Highly inst. (3) - Not at all (0)                    | x             | x             |
| 6. Contribution to institutional development of the countr(ies)   | High (3) – Low (0)                                   | x             | x             |
| 7. Viability of continuing to deliver the services developed by the intervention                            |  | x             | x             |
| <i>a. Financial Viability</i>   | High (3) – Low (0)                                   |               |               |
| <i>b. Institutional Viability</i>   | High (3) – Low (0)                                   |               |               |
| 8. Has any market-based mechanism been generated to sustain the production of similar services?             | Yes (1) – No (0)                                     | x             |               |
| <b>C. Knowledge Management</b>  |  |               |               |
| 9. Effective dissemination of lessons learned   | High (3) – Poor (0)                                  | x             | x             |
| 10. Interest demonstrated by other parties about the program/product  | High (3) – Poor (0)                                  | x             | x             |
| 11. Have any aspects developed in the program/product been imitated by others?                              | Yes (1) – No (0)                                     | x             | x             |
| 12. Have innovative elements been developed via the program?  | Yes (1) – No (0)                                     | x             |               |
| <b>D. Customer Service</b>  |  |               |               |
| 13. How timely were the outputs of the program/project?   | Earlier than expected (3) - Very late (0)            | x             | x             |
| 14. Client satisfaction with the service provided   | Very satisfied (3) - Very dissatisfied (0)           | x             | x             |
| 15. How much commitment to the program has the client demonstrated?   |  | x             |               |
| <i>a. Customer's Financial Commitment</i>   | Greater than Bank's (3) - None (0)                   |               |               |
| <i>b. Customer's Non-financial Commitment</i>   | Greater than Bank's (3) - None (0)                   |               |               |
| 16. How likely are customer and/or end-beneficiaries to be willing to pay for these types of services?      | Very likely (3) - Not likely at all (0)              | x             |               |
| <b>E. Project Management</b>  |  |               |               |
| 17. Were the expected results achieved?   | Fully achieved (3) - Significantly underachieved (0) | x             | x             |
| 18. Were risks properly identified and mitigated?   |  | x             | x             |
| <i>a. Risks Properly Identified</i>   | Yes (1) - No (0)                                     |               |               |
| <i>b. Risks Properly Mitigated</i>  | Yes (1) - No (0)                                     |               |               |
| 19. Did the selected indicators properly reflect the desired objectives?                                    | Yes (1) - No (0)                                     | x             |               |
| 20. Were monitoring and evaluation activities adequately planned and funded?                                | Yes (1) - No (0)                                     | x             |               |

**B. Reporting and Evaluation**

- 5.3 **Reporting.** An information system connected to existing product management systems of the Bank will be created to store, update and track information produced through the DEM. Storage of studies and documentation will be periodically tracked and reported.
- 5.4 Reporting of KCP performance will include client feedback that connects the KCP production cycle back to the client. For this purpose there will be consulting mechanisms to gather information on the use, quality and relevance of KCP products from policy makers, opinion leaders, think tanks, and academia. Client feedback surveys, citation indexes, and downloads from the web will also be included as instruments to assess utilization of KCP and client satisfaction.
- 5.5 **Self-Evaluation.** Since KCP are process-based instruments - whose development impact depends much less on the amount of resources invested in a particular area, and much more on the on-going interaction with executing agents - the proposed DEM for KCP also incorporates specific indicators of value aggregation along the three main stages of the KCP lifecycle: ex-ante, during execution and ex-post.
- 5.6 Those results will be periodically aggregated by thematic clusters, and reported annually in the Corporate Performance Framework. This will provide a composite view of the Bank's portfolio in each area, independently of the lifecycle stage of individual projects.
- 5.7 **Independent Evaluation.** OVE will include as part of its program, a bi-annual review of a sample of each type of KCP produced during that period. The evaluation will be sent for consideration to the Policy and Evaluation Committee of the Board.
- 5.8 Lessons learned from self-evaluation and independent evaluation will retrofit into new products through a feedback loop system to be developed with OVE.

Concept Note for KCP Project Proposals

**PROJECT PROPOSAL**

**Department:**

KNOWLEDGE AND CAPACITY BUILDING PROJECTS

Select One:

1. Program I

2. Program II

3. Program III

4. Program IV

5. Program V

|  |
|--|
|  |
|  |
|  |
|  |
|  |

**A. Title**

**B. Motivation**

Please indicate to which program belongs this project.  
Clearly explain the relevance of the project.

**C. Objectives and Expected Results**

Clearly specify the purpose and goals of the project, results and performance indicators. [Results Framework]

**D. Description of the project**

Please indicate the main activities of the project.

**E. Dissemination**

Please indicate tentative dissemination strategy.



## F. Organization and Financial Aspects

1. The project will be led by (name/division)
2. The core study team (including other departments/division) will be organized in the following manner:

| Staff Name | Department/<br>Division | FTE  |
|------------|-------------------------|------|
|            |                         | 2009 |
|            |                         |      |
|            |                         |      |

3. The total estimated cost of the project will be US\$ XX, distributed as follows:

## Explanation of the Performance Areas that Make Up the DEM for KCP

### 1. Relevance

The *Relevance* dimension seeks to capture the extent to which KCP contribute to the advancement of the Bank's strategic priorities and themes. Given that initiatives and strategic directions will evolve dynamically, it is expected that KCP will be responsive to those evolving needs. Accordingly, performance will be assessed against the list of sector and country priorities prevailing at the time of each KCP approval and execution.

### 2. Policy Development

The *Policy Development* dimension measures the extent to which KCP provide elements to support policy decisions and build the required consensus. The quality and timeliness of the supporting analytical work, and the engagement with key stakeholders are critical to this dimension. Equally important to this dimension are the institutional development of the corresponding executing entity, as well as their financial and non-financial viability. It also considers the degree to which the KCP lead to policy initiatives that may need to be coordinated and/or financed - with or without financing from the Bank. Finally, it also tracks whether the KCP can be eventually transferred to market participants, via existing or newly created market-mechanisms.

### 3. Knowledge Management

The *Knowledge-Management* dimension captures traditional aspects important to knowledge generation activities - e.g., sector and economic studies, such as the generation of awareness, and the demonstrated interest among key stakeholders. In addition, it considers the demonstration effect, i.e., the potential for adoption of applied knowledge via replication. Finally, the *Knowledge-Management* measures the aspects of learning and innovation, including the collection and application of lessons learned; as well as the fostering of content and process related innovations.

### 4. Customer Service

The *Customer-Service* dimension considers KCP's service delivery performance - e.g., delivery times. Service performance is measured versus predefined service delivery standards. This dimension also incorporates a measurement of the continuity of support given to each customer, and the type and amount of follow-up work. In addition, it incorporates feedback from the clients regarding their satisfaction with the Bank's work; as well as the on-going ability of the Bank to assess emerging customer needs. Finally, this dimension accounts for the demonstrated commitment of customers, as evidenced by their counterpart contributions, as well as their potential willingness-to-pay for the services rendered by the Bank.

## **5. Project Management**

The *Project-Management* dimension explores executional excellence aspects related to the proper definition of objectives, baselines and targets (evaluability). It also measures the appropriateness of monitoring systems and evaluation. In addition, it includes an assessment of the effectiveness in the production of expected outputs and the management of risks that might prevent their production.

## KCP Typology Checklist

| Criteria                 |  | Response |
|--------------------------|--|----------|
| <b>Client-Centered</b>   | 1. Originated in client  | Yes      |
|                          | 2. Short-term purpose  | Yes      |
|                          | 3. Rapid response to a need emerging directly from countries   | Yes      |
|                          | 4. This product:   |          |
|                          | 4.1 Addresses a public discussion  | Yes/No   |
|                          | 4.2 Is an advice for the drafting of a law or a regulation   | Yes/No   |
|                          | 4.3 Contributes to the development of performance standards  | Yes/No   |
|                          | 4.4 Is an evaluation of an ongoing program   | Yes/No   |
|                          | 4.5 Contributes to capacity improvement for the execution of a recently approved program or policy     | Yes/No   |
| <b>Outreach-Centered</b> | 1. Originated in Bank  | Yes      |
|                          | 2. Short-term purpose  | Yes      |
|                          | 3. Knowledge to be disseminated is readily available   | Yes      |
|                          | 4. This product is:  |          |
|                          | 4.1 A seminar  | Yes/No   |
|                          | 4.2 A workshop   | Yes/No   |
|                          | 4.3 A regional policy dialogue   | Yes/No   |
|                          | 4.4 Training   | Yes/No   |
|                          | 4.5 A publication  | Yes/No   |
| <b>Policy-Centered</b>   | 1. Originated in client  | Yes      |
|                          | 2. Forward-looking purpose   | Yes      |
|                          | 3. Supports policy-decisions   | Yes      |
|                          | 4. This product:   |          |
|                          | 4.1 Contributes to the preparation of development plans at the national, sectoral or subnational level | Yes/No   |
|                          | 4.2 Is a good practice analysis to support policy decisions  | Yes/No   |
|                          | 4.3 Is an analysis of public policy problems   | Yes/No   |
|                          | 4.4 Contributes to the build-up of institutional capacity in government-wide systems                   | Yes/No   |
|                          | 4.5 Is part of a consensus-building exercise   | Yes/No   |
| <b>Strategy-Centered</b> | 1. Originated in Bank  | Yes      |
|                          | 2. Forward-looking purpose   | Yes      |
|                          | 3. This product:   |          |
|                          | 3.1 Contributes to deepening Bank's knowledge in a new topic   | Yes/No   |
|                          | 3.2 Contributes to interpret new developments in the region  | Yes/No   |
|                          | 3.3 Contributes to innovation  | Yes/No   |
|                          | 3.4 Is part of a long-term capacity building strategy targeted at key institutional actors             | Yes/No   |

## Sample DEM for a KCP product (PRODEV)

## PROGRAM PRODEV - POLICY-CENTERED

|  | Indicator Categories                                 | Rating | Partial Scores (0-10) |
|--|--|--------|-----------------------|
| <b>A. Relevance</b>  |  |        | <b>0.7</b>            |
| 1. Relevance of the program for the Bank's strategic priorities  | Yes (1) – No (0)                                     | 0      |                       |
| 2. Relevance of the program for the countries' strategic priorities                                      | Yes (1) – No (0)                                     | 1      |                       |
| 4. Potential for the intervention to lead to follow-up projects, programs and/or policy changes          | High (3) – Low (0)                                   | 3      |                       |
| <b>B. Policy Development</b>   |  |        | <b>2.5</b>            |
| 5. Was the intervention instrumental to shape the formulation and/or implementation of country policies? | Highly inst. (3) - Not at all (0)                    | 3      |                       |
| 6. Contribution to institutional development of the countr(ies)  | High (3) – Low (0)                                   | 3      |                       |
| 7. Viability of continuing to deliver the services developed by the intervention                         |  | 1.5    |                       |
| <i>a. Financial Viability</i>  | High (3) – Low (0)                                   | 2      |                       |
| <i>b. Institutional Viability</i>  | High (3) – Low (0)                                   | 1      |                       |
| 8. Has any market-based mechanism been generated to sustain the production of similar services?          | Yes (1) – No (0)                                     | 0      |                       |
| <b>C. Knowledge Management</b>   |  |        | <b>0.9</b>            |
| 9. Effective dissemination of lessons learned  | High (3) – Poor (0)                                  | 3      |                       |
| 10. Interest demonstrated by other parties about the intervention  | High (3) – Poor (0)                                  | 2      |                       |
| 11. Have any aspects developed in the intervention been imitated by others?                              | Yes (1) – No (0)                                     | 1      |                       |
| 12. Have innovative elements been developed via the program?   | Yes (1) – No (0)                                     | 1      |                       |
| <b>D. Customer Service</b>   |  |        | <b>0.5</b>            |
| 13. How timely were the outputs of the intervention?   | Earlier than expected (3) - Very late (0)            | 2      |                       |
| 14. Client satisfaction with the service provided  | Very satisfied (3) - Very dissatisfied (0)           | 2      |                       |
| 15. How much commitment to the intervention has the client demonstrated?                                 |  | 1.5    |                       |
| <i>a. Customer's Financial Commitment</i>  | Greater than Bank's (3) - None (0)                   | 1      |                       |
| <i>b. Customer's Non-financial Commitment</i>  | Greater than Bank's (3) - None (0)                   | 2      |                       |
| 16. How likely are customer and/or end-beneficiaries to be willing to pay for these types of services?   | Very likely (3) - Not likely at all (0)              | 1      |                       |
| <b>E. Project Management</b>   |  |        | <b>2.7</b>            |
| 17. Were the expected results achieved?  | Fully achieved (3) - Significantly underachieved (0) | 2      |                       |
| 18. Were risks properly identified and mitigated?  |  | 1      |                       |
| <i>a. Risks Properly Identified</i>  | Yes (1) - No (0)                                     | 1      |                       |
| <i>b. Risks Properly Mitigated</i>   | Yes (1) - No (0)                                     | 1      |                       |
| 19. Did the selected indicators properly reflect the desired objectives?                                 | Yes (1) - No (0)                                     | 1      |                       |
| 20. Were monitoring and evaluation activities adequately planned and funded?                             | Yes (1) - No (0)                                     | 1      |                       |
|  |  |        | <b>7.4</b>            |