

Multilateral Organisation Performance Assessment Network

Organisational Effectiveness Assessment

Inter-American Development Bank (IDB)

**Volume I
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Preface

The Multilateral Organisation Performance Assessment Network (MOPAN) is a network of donor countries with a common interest in assessing the organisational effectiveness of multilateral organisations. MOPAN was established in 2002 in response to international fora on aid effectiveness and calls for greater donor harmonisation and coordination.

Today, MOPAN is made up of 16 donor countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, The Netherlands, Norway, Republic of Korea, Spain, Sweden, Switzerland and the United Kingdom. For more information on MOPAN and to access previous MOPAN reports, please visit the MOPAN website (www.mopanonline.org).

Each year MOPAN carries out assessments of several multilateral organisations based on criteria agreed by MOPAN members. Its approach has evolved over the years, and since 2010 has been based on a survey of key stakeholders and a review of documents of multilateral organisations. MOPAN assessments provide a snapshot of four dimensions of organisational effectiveness (strategic management, operational management, relationship management, and knowledge management). MOPAN does not examine an organisation's development results.

MOPAN 2011

In 2011, MOPAN assessed five multilateral organisations: the Food and Agricultural Organization (FAO), the Inter-American Development Bank (IDB), the United Nations Environment Programme (UNEP), the United Nations High Commissioner for Refugees (UNHCR), and the United Nations Relief and Works Agency (UNRWA).

MOPAN Institutional Leads liaised with the multilateral organisations throughout the assessment and reporting process. MOPAN Country Leads monitored the process in each country and ensured the success of the survey.

MOPAN Institutional Leads	Multilateral Organisation
Norway and The Netherlands	Food and Agricultural Organization (FAO)
Spain and Denmark	Inter-American Development Bank (IDB)
Switzerland and United Kingdom	United Nations Environment Programme (UNEP)
Norway and Belgium	United Nations High Commissioner for Refugees (UNHCR)
Sweden and Finland	United Nations Relief and Works Agency (UNRWA)
MOPAN Country Leads	Countries
Canada and Australia	Bangladesh
Switzerland and Denmark	Bolivia
Germany and Spain	Brazil
France	Burundi
Spain	Ecuador
Germany and Finland	Nepal
Germany and Canada	Peru
Canada	Tanzania
Switzerland and Norway	Jordan
Norway and Austria	Lebanon
Ireland and Austria	Palestinian territories
Switzerland and Norway	Syrian Arab Republic

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We thank all participants in the MOPAN 2011 assessment of the Inter-American Development Bank. The IDB's senior management and their staff made valuable contributions throughout the survey and document review processes and provided lists of their clients to be surveyed in each country where the survey took place. Survey respondents contributed useful insights and time in responding to the survey. The MOPAN Institutional Leads, Spain and Denmark, liaised with the IDB throughout the assessment and reporting process. The MOPAN Country Leads in each country oversaw the process in the field and ensured the success of the survey. Consultants in each country provided vital in-country support by following up with clients to enhance survey response rates.

Roles of Authors and the MOPAN Secretariat

The MOPAN Secretariat, led by Germany in 2011, worked in close cooperation with the MOPAN Technical Working Group to launch and manage the survey. MOPAN developed the Key Performance and Micro-indicators, designed the survey methodology, coordinated the development of lists of survey respondents, and approved the final survey instruments. MOPAN also directed the design of the approach to document review. MOPAN oversaw the design, structure, tone, and content of the reports.

Universalialia and Epinion developed the survey instrument and carried out the survey and analysis. Universalialia carried out the document review and wrote the reports.

Epinion is a leading consulting firm in Denmark that analyses and evaluates data to support decision making. It conducts specially designed studies for public and private organisations based on data collected from an organisation's employees, members, customers, partners, and from other sources. (Website: www.epinion.dk)

Universalialia Management Group is a Canadian consulting firm that specialises in evaluation and monitoring in international development. Established in 1980, it has made significant contributions to identifying best practices and developing tools in the fields of organisational assessment; planning, monitoring, and evaluation; results-based management; and capacity building. (Website: www.universalialia.com)

Acronyms

COMPAS	Common Performance Assessment System
DEF	Development Effectiveness Framework
DEM	Development Effectiveness Matrix
DEO	Development Effectiveness Overview
IDB	Inter-American Development Bank
IDB 8	Report on the Eighth General Increase in the Resources of the IDB
IDB 9	Report on the Ninth General Increase in the Resources of the IDB
KPI	Key Performance Indicator
MI	Micro-Indicator
MOPAN	Multilateral Organisation Performance Assessment Network
ODA	Official Development Aid
OECD	Organisation for Economic Cooperation and Development
OECD/DAC	Organisation for Economic Cooperation and Development/ Development Assistance Committee
OVE	Office of Evaluation and Oversight
PRODEV	Program to Implement the External Pillar of the Medium-Term Action Plan
RBM	Results-Based Management
SPD	Strategic Planning and Development Effectiveness Division

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Executive Summary

This report presents the results of an assessment of the Inter-American Development Bank (IDB) conducted by the Multilateral Organisation Performance Assessment Network (MOPAN). MOPAN assesses the organisational effectiveness of multilateral organisations based on a survey of stakeholders and a review of documents. MOPAN does not assess an organisation's development results.

The IDB is an international development finance institution committed to accelerating the economic and social development of developing member countries. It is owned and financed by 48 members, including 26 Latin American and Caribbean borrowing members who have majority ownership, and it has 2,000 staff members.

Over the past two years, the IDB has implemented a number of reforms to improve its effectiveness, transparency and governance. These include the new Institutional Strategy, the IDB Results Framework, and the Agenda for a Better Bank which embraces several initiatives.

In 2011, MOPAN assessed the IDB based on information collected at the organisation's headquarters and in four countries: Bolivia, Brazil, Ecuador and Peru. These countries represent only a small proportion of the total number of Borrowing Member Countries where the IDB has operations. The survey targeted IDB's clients and MOPAN donors based in-country and at headquarters. A total of 132 respondents participated in the survey. MOPAN's document review assessed IDB through an examination of publicly available corporate documents and country programming documents from the four countries selected.

MOPAN assessments provide a snapshot of four dimensions of organisational effectiveness (strategic management, operational management, relationship management, and knowledge management). The main findings of the 2011 assessment of the IDB are summarised below.

Strategic Management

In strategic management, MOPAN established criteria to determine if a multilateral organisation has strategies that reflect good practices in managing for development results. Overall, the 2011 assessment found that:

- IDB 9,¹ which sets the Bank's strategic direction and lays down the results frameworks it will use to measure its performance, was endorsed as an institutional strategy linked to a clear regional mandate.
- The Bank has taken positive steps in developing the IDB 9 results framework and improving frameworks of results at the country level, particularly in more recent country strategies. It is now essential that all the necessary tools for monitoring and reporting (such as the Development Effectiveness Matrix) continue to be implemented.
- Among several cross-cutting themes, the Bank is seen to place its strongest emphasis on promoting private sector development and regional cooperation.
- The IDB has bolstered its emphasis on gender equality (a source of concern for MOPAN donors) by adopting a new operational policy in 2010 and a corresponding action plan in 2011, but it is too early to assess the extent to which gender equality mainstreaming has been applied.
- The Bank has also improved its transparency through a new Access to Information policy that makes more documents available to the public.

¹ In 2010, the Bank's Board of Governors approved the *Report on the Ninth General Increase in the Resources of the IDB* (IDB 9).

Operational Management

In operational management, MOPAN established criteria to determine if a multilateral organisation manages its operations in a way that supports accountability for results and the use of information on performance. Overall, the 2011 assessment found that:

- The IDB's greatest strength is with respect to its financial accountability. Respondents express confidence in its audit procedures (both internal and external) and its approaches to risk management. The assessment also provides high marks for its policy on anti-corruption.
- The Bank has developed a sensible approach to results-based budgeting at the corporate level, but this is a recent endeavour and IDB systems are only now being adjusted.
- The IDB is making use of information on performance to prepare its *Development Effectiveness Overview* to help shape policy and allocate its concessional resources. There is less evidence of its use of evaluations and no formal mechanism is yet in place for tracking the implementation of the recommendations that they produce.²
- At a project level, the Development Effectiveness Matrix and associated tools provide a good basis for monitoring and reporting on results, but there is still a need to ensure that the use of these tools leads to concrete action.
- The Bank has in place a system for assessing the performance of its staff and for linking performance to rewards, although these practices are not well known by donors at headquarters.

Relationship Management

In relationship management, MOPAN established criteria to determine if a multilateral organisation is engaging with its partners at the country level in ways that contribute to aid effectiveness. Overall, the 2011 assessment found that:

- The IDB's support for national plans and its contribution to policy dialogue received high marks from the MOPAN Assessment.
- Feedback received, especially from clients and donors in-country, suggests that IDB procedures need to be further streamlined, particularly to reflect local conditions.
- The IDB has generally improved alignment through its reduced use of Project Implementation Units over the years. However, its use of country fiduciary systems (public financial management and procurement systems) does not yet meet the illustrative target established by the Paris Declaration.
- The IDB is considered very strong in harmonising efforts in terms of participation in joint missions, participation in program-based approaches, and coordinated approaches to delivering technical cooperation. Bilateral donors, however, desire even closer coordination at the country level.

Knowledge Management

In knowledge management, MOPAN established criteria to determine if a multilateral organisation is developing reporting mechanisms and learning strategies that facilitate the sharing of knowledge and performance information. Overall, the 2011 assessment found that:

- The IDB is noted for the independence of its evaluation unit, the coverage of its evaluation function, and for involving beneficiaries and clients in evaluation processes. There is room for improvement, however, in terms of the quality of evaluations and use of evaluation findings.

² However, OVE and SPD presented a proposal for 2012 to put in place a platform to record, manage and monitor OVE's recommendations.

- The Bank's reports have improved due to recent efforts in defining and measuring results, but do not yet provide data on all results and indicators in its results framework.³
- Similarly, the IDB is beginning to report on its Paris Declaration Commitments in its corporate reports, but does not include all of the indicators and indicative targets that were set for 2010. The reporting to the Board on country programs (through country program evaluations) is viewed positively.
- Although the Bank is committed to disseminating lessons learned, recent reports suggest that lessons are not being disseminated widely within the organisation or at the country level.

Conclusions

The following conclusions of the assessment provide some main messages that can contribute to dialogue between MOPAN, IDB and its partners.

- **The IDB has increased its focus on results** – The Bank has improved its focus on results and increased its efforts to measure its development effectiveness with IDB 9. The Bank has new tools and processes for achieving results and improved results frameworks introduced in IDB 9 that, when fully implemented, should help the Bank address weaknesses noted in the Office of Evaluation and Oversight independent evaluations. The Development Effectiveness Matrix and associated tools provide a basis for improved monitoring and reporting on results, but there is still a need to ensure these are applied rigorously and consistently. Feedback suggests that IDB's results measurement could be further improved.
- **The IDB has successfully integrated private sector development as a thematic priority, but receives mixed views on mainstreaming gender** – The IDB is seen to promote private sector development effectively and the new operational policy on gender represents a step in the right direction, but there is a need to reinforce cross-cutting themes through accountability mechanisms (results frameworks, action plans) and ensure that themes are incorporated into country strategies.
- **The IDB is seen to have solid practices for financial accountability** – Stakeholder feedback suggests high levels of confidence in the Bank's fiduciary systems, which include external and internal audit and anti-corruption policies, and the document review found that the Bank has good practices in this area.
- **The IDB has made notable progress in operational management, but it will take time and resources to ensure the full implementation of reforms** – The Bank's realignment process has led to reforms that are likely to increase its effectiveness and efficiency (e.g., results-based budgeting). While policies and frameworks now exist, implementation has not yet caught up in areas such as results-based management and self-assessment processes. It will take time for the implementation of these reforms across the organisation, and the Bank will need leadership, training and financial resources to support these efforts.
- **IDB staff are considered one of the Bank's greatest assets** – The Bank's access to national governments and its staff's knowledge and expertise in the regions are considered some of the Bank's greatest strengths. However, its results-focused performance assessment system for senior staff is not yet widely known or used.

³ As stated in IDB 9, IDB is committed to reporting on these indicators starting in 2012. Therefore, current reporting is considered to be transitional. However, reporting on outputs is based on specific years i.e. at completion, thus in any given year it is possible that the IDB does not report on some outputs.

- **The Bank's procedures are considered an area for improvement** – Several aspects of IDB procedures are seen by clients and donors in-country as an area for improvement. These include the length of time it takes to complete IDB procedures (which stakeholders feel affects implementation), the clarity of procedures, and flexibility in project implementation. As reported by the Bank, the IDB has begun to address some of these issues through a new initiative entitled Program Optima.⁴ At the same time, the Bank can still make greater use of country procurement and public financial management systems for its operations.
- **The Bank has not yet maximised its use of performance information** – The evaluation function has many of the ingredients in place, but has lacked a formal system to track the use of evaluation findings and recommendations.⁵ Although the self-evaluation function has been rolled out, the IDB cannot yet benefit fully from this information during the transitional period.

⁴ The new initiative, Program Optima, aims to optimise operational and corporate processes through significant business process redesign supported by the implementation of an integrated information technology solution.

⁵ OVE and SPD presented a proposal for 2012 to put in place a platform to record, manage and monitor OVE's recommendations.

Overall MOPAN Ratings of the IDB

The chart below shows the ratings on the 19 key performance indicators that MOPAN used to assess the IDB in 2011. These indicators were designed to measure organisational effectiveness (practices and systems), not development results on the ground. In the survey, the IDB received ratings of adequate or better on all 19 key performance indicators. In the document review, the Bank received ratings of adequate or better on 16 of the key performance indicators assessed, with only one rating of inadequate.

STRATEGIC MANAGEMENT

- 1 Providing direction for results
- 2 Corporate focus on results
- 3 Focus on thematic priorities
- 4 Country focus on results

Survey Respondents

Document Review

4.29	6
4.42	5
4.35	5
4.44	5

OPERATIONAL MANAGEMENT

- 5 Aid allocation decisions
- 6 Linking aid management to performance
- 7 Financial accountability
- 8 Using performance information
- 9 Managing human resources
- 10 Performance oriented programming
- 11 Delegating decision making

4.33	4
4.07	4
4.64	5
4.03	5
3.83	5
4.36	4
4.43	4

RELATIONSHIP MANAGEMENT

- 12 Supporting national plans
- 13 Adjusting procedures
- 14 Using country systems
- 15 Contributing to policy dialogue
- 16 Harmonising procedures

4.44	5
3.82	NA
3.83	3
4.47	NA
4.36	6

KNOWLEDGE MANAGEMENT

- 17 Evaluating external results
- 18 Presenting performance information
- 19 Disseminating lessons learned

4.21	5
4.06	4
4.07	4

Legend	
Strong or above	4.50-6.00
Adequate	3.50-4.49
Inadequate or below	1.00-3.49
Not assessed in the document review	NA

1. Introduction

1.1 MOPAN

This report presents the results of an assessment of the organisational effectiveness of the Inter-American Development Bank (IDB) that was conducted in 2011 by the Multilateral Organisation Performance Assessment Network (MOPAN). In 2011 MOPAN also assessed four other multilateral organisations: the Food and Agricultural Organization (FAO), the United Nations Environment Programme (UNEP), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), and the Office of the United Nations High Commissioner for Refugees (UNHCR).

Background

MOPAN was established in 2002 in response to international fora on aid effectiveness and calls for greater donor harmonisation and coordination. The purpose of the network is to share information and experience in assessing the performance of multilateral organisations. MOPAN supports the commitments adopted by the international community to improve the impact and effectiveness of aid as reflected in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. MOPAN's processes and instruments embody the principles of local ownership, alignment and harmonisation of practices, and results-based management (RBM).

MOPAN provides a joint approach (known as the Common Approach) to assess the organisational effectiveness of multilateral organisations. The approach was derived from existing bilateral assessment tools and complements and draws on other assessment processes for development organisations – such as the bi-annual Survey on Monitoring the Paris Declaration on Aid Effectiveness and annual reports of the Common Performance Assessment System (COMPAS) published by the multilateral development banks. In the long term, MOPAN hopes that this approach will replace or reduce the need for other assessment approaches by bilateral donors.

MOPAN assesses four dimensions of organisational effectiveness

MOPAN has defined organisational effectiveness as the extent to which a multilateral organisation is organised to contribute to development and/or humanitarian results in the countries or territories where it operates. It does not assess a multilateral organisation's contributions to development results.

Based on a survey of stakeholders and a review of documents, MOPAN assessments provide a snapshot of a multilateral organisation's effectiveness in four dimensions:

- Developing strategies and plans that reflect good practices in managing for development results (strategic management)
- Managing operations by results to support accountability for results and the use of information on performance (operational management)
- Engaging in relationships with direct partners and donors at the country level in ways that contribute to aid effectiveness and that are aligned with the principles of the Paris Declaration (relationship management)
- Developing reporting mechanisms and learning strategies that facilitate the sharing of knowledge and information inside the organisation and with the development community (knowledge management).

Purpose of MOPAN assessments

MOPAN assessments are intended to:

- Generate relevant, credible and robust information MOPAN members can use to meet their domestic accountability requirements, and fulfil their responsibilities and obligations as bilateral donors
- Provide an evidence base for MOPAN members, multilateral organisations and direct partners to discuss organisational effectiveness and in doing so, build better understanding and improve organisational effectiveness and learning over time
- Support dialogue between MOPAN members, multilateral organisations and their partners, with a specific focus on improving organisational effectiveness over time, both at country and headquarters level.

The MOPAN methodology is evolving in response to what is being learned from year to year, and to accommodate multilateral organisations with different mandates. For example, the indicators and approach for the 2011 MOPAN review of humanitarian organisations were adapted to reflect the reality of these organisations.⁶

MOPAN assessment of the IDB

In 2003, MOPAN conducted a pilot performance assessment of the IDB with a focus on its work in the health sector in Nicaragua. Survey results were inconclusive and the IDB was not assessed again by MOPAN until this year.

1.2 Profile of the IDB

Established in 1959, the Inter-American Development Bank (IDB) is an international development finance institution owned and financed by 48 members (26 borrowing members and 22 non-borrowing members). With headquarters in Washington, D.C., the IDB has country offices in each of its 26 borrowing countries, a regional office in Asia (Tokyo), and an office in Europe (Paris), employing a total of approximately 2,000 people. The Bank's borrowing members own slightly more than 50 per cent of the Bank's ordinary capital resources.

Governance and structure

The highest tier of the IDB's organisational structure is the Board of Governors with officers from the IDB's 48 member countries. The Board of Governors meets once annually, delegating day-to-day duties to a 14-member Board of Executive Directors.

Members of the Board of Executive Directors work full-time at IDB headquarters. The Board is chaired by the IDB's president, who is elected by the Board of Governors for a five-year term and may be re-elected. The president leads the IDB management team, comprising four vice-presidents and six offices. The office of the Executive Vice-President chairs the Loan Committee, and all loans must be approved by that Committee before submission to the Board. The current IDB president is Mr. Luis Alberto Moreno. Two offices report directly to the Board of Executive Directors: the Independent Consultation & Investigation Mechanism, and the Office of Evaluation & Oversight (OVE).

⁶ MOPAN recognises the special nature of humanitarian assistance and its focus on saving lives and reducing suffering in natural and conflict-related disasters. The politically and time-sensitive nature of crisis response tends to focus greater attention on maintaining core humanitarian principles and on operational considerations such as speed of response, flexibility, and quality of coordination with other international actors over other development programming considerations such as sustainability and the thoroughness of longer-term planning. The MOPAN 2011 framework for assessing organisational effectiveness was adjusted accordingly.

Strategy and services

The IDB's purpose is "to contribute to the acceleration of the process of economic and social development of the regional developing member countries, individually and collectively."⁷

In 2010, the Bank's Board of Governors approved the *Report on the Ninth General Increase in the Resources of the IDB* (IDB 9).⁸ IDB 9 sets the Bank's strategic direction and lays down the results frameworks it will use to measure its performance now and in future. IDB 9 describes two of the IDB's central objectives: reducing poverty and inequality and achieving sustainable growth. Its two strategic goals are addressing the special needs of the less developed and smaller countries, and fostering development through the private sector.

To help it achieve its mission, the Bank offers loans, grants, knowledge and technical cooperation. Between 1994 and 2008, it financed 1230 loans for a total of \$108 billion – averaging \$10 billion annually in recent years.

The IDB website is: <http://www.iadb.org>

⁷ IDB. (2010). *Report on the Ninth General Increase in the Resource of the Inter-American Development Bank*. Retrieved 14 June 2010, from <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35291148>

⁸ IDB. (2010). *Report on the Ninth General Increase in the Resource of the Inter-American Development Bank*.

2. Methodology – Common Approach 2011

2.1 Overview

Background

In 2009, MOPAN began to apply a new methodology known as the “Common Approach,” which broadens and extends the reach of the annual assessments that MOPAN has conducted since work began in 2003. The Common Approach draws on a survey of stakeholder perceptions and a review of documents published by the organisations assessed and other sources to examine organisational systems, practices and behaviours that MOPAN believes are important for aid effectiveness and that are likely to contribute to development or humanitarian results in the field.⁹ The assessment is structured around four areas of performance (called quadrants) – strategic management, operational management, relationship management, and knowledge management.

MOPAN’s methodology has changed significantly in the last two years and comparisons of this year’s assessments with previous assessments should take this into consideration. The following is a summary of the MOPAN methodology in 2011.¹⁰

MOPAN 2011

In 2011, MOPAN assessed the effectiveness of five multilateral organisations: the Food and Agriculture Organization (FAO) of the United Nations, the Inter-American Development Bank (IDB), the United Nations Environment Programme (UNEP), the United Nations High Commissioner for Refugees (UNHCR), and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

The assessment of the IDB included perception data from MOPAN donors at headquarters and from respondents in four countries: Bolivia, Brazil, Ecuador, and Peru.¹¹

Key Performance Indicators and Micro-indicators – Within each performance area, organisational effectiveness is described using key performance indicators (KPIs) that are measured with a series of micro-indicators (MIs). The IDB was assessed using 19 KPIs and 72 MIs.

The indicators were assessed using data from a survey and document review. The survey collected perception data from a variety of stakeholders, which are described in Section 2.2. The review of documents relied on a set of criteria that provided a basis for the assessment of each micro-indicator. The approach to document review is described in Section 2.3.

⁹ Whether or not a multilateral organisation contributes to the achievement of results also depends on how it addresses development or humanitarian issues, on the instruments it uses, and on the scale of its interventions, and on the country contexts in which it operates.

¹⁰ The full methodology is presented in Volume II, Appendix I.

¹¹ MOPAN criteria for country selection include: multilateral organisation presence in-country, presence and availability of MOPAN members, no recent inclusion in the survey, the need for geographical spread. For IDB, the sample of countries was restricted to Latin America and the Caribbean due to its mandate.

The survey did not assess all micro-indicators; some were assessed only through document review. Consequently, some charts do not show survey scores for each KPI or MI. The full list of MIs assessed for the IDB is provided in Volume II, Appendix V (KPI and MI Data by Quadrant).

2.2 Survey

MOPAN gathered stakeholder perception data through a survey of MOPAN donors and clients as shown in Figure 2.1. MOPAN donor respondents were chosen by MOPAN member countries. Client respondents were identified by the IDB.

Figure 2.1 IDB Survey Respondent Groups

Respondent groups	Description
Clients	Government, non-governmental organisations or other types of organisations such as private sector firms that receive a direct transfer from the IDB.
Donors at headquarters	- MOPAN member representatives based at headquarters in the MOPAN country with oversight responsibility for the multilateral organisation - MOPAN member representatives based at the permanent mission or executive board office of the multilateral organisation (Washington DC)
Donors in-country	MOPAN member representatives in country/regional offices (including embassies) who are familiar with the multilateral organisation

The survey was customised for the IDB and could be completed online in English, French, Spanish or Portuguese, or offline (paper, email, or interview) in the same languages. See Volume II (Appendix II) for the IDB survey. Individual responses to the survey were confidential to the independent consultants managing the online survey or collecting data offline in the field.

Respondent Ratings – Survey respondents were presented with statements describing an organisational practice, system, or behaviour and asked to rate the organisation's performance on a scale of 1 to 6 as shown below.

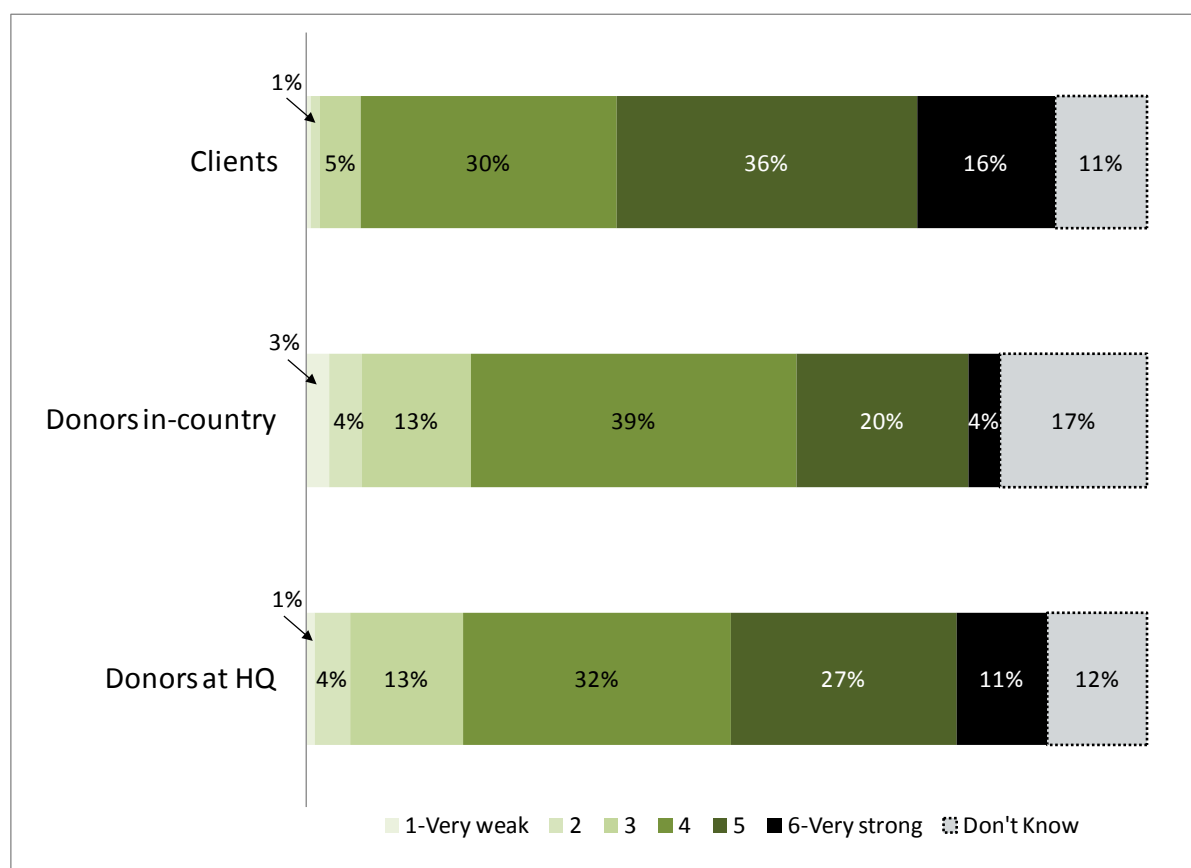
Figure 2.2 Respondent Rating Scale

Score	Rating	Definition
1	Very Weak	The multilateral organisation does not have this system in place and this is a source of concern
2	Weak	The multilateral organisation has this system but there are important deficiencies.
3	Inadequate	The multilateral organisation's system in this area has deficiencies that make it less than acceptable.
4	Adequate	The multilateral organisation's system is acceptable in this area.
5	Strong	The multilateral organisation's system is more than acceptable, yet without being "best practice" in this area.
6	Very Strong	The multilateral organisation's system is "best practice" in this area.

In some cases, not all survey questions were answered, either because: 1) the individual chose not to answer, or 2) the question was not asked of that individual. In these cases, mean scores were calculated using the actual number of people responding to the question. As noted in the methodology (Volume II, Appendix I), 'don't know' survey responses were not factored into the calculation of mean scores. However, when the proportion of respondents answering 'don't know' was considered notable for a micro-indicator, this is indicated in the report.

The responses of various categories of respondents on the six choices, plus 'don't know' are summarised across all survey questions in Figure 2.3.

Figure 2.3 IDB - Distribution of Responses (n=132) on all Questions Related to Micro-Indicators



While there were responses in all six possible choices, relatively few responses overall were at the 'weak' end of the scale. About 17 per cent of the responses from donors in-country were 'don't know,' which is understandable given their more limited interaction with the IDB. Clients and donors at headquarters gave fewer 'don't know' responses. (More data on distribution of responses for respondents can be found in Volume II, Appendix III.)

Survey Response Rate

MOPAN aimed to achieve a 70 per cent response rate from donors at headquarters and a 50 per cent response rate among the population of respondents in each of the survey countries (i.e., donors in-country and clients). The number of respondents targeted in each category (the total population) and the actual response rates are presented in Figure 2.4 below. On an overall basis, response rates of all categories of respondents exceeded the 50 per cent target rate. While there are variations in response rates by category and location of respondents, the IDB survey results reflect the views of 132 respondents.

Figure 2.4 Number of Survey Respondents for the IDB by Country and Respondent Group

Country	Actual Number of Respondents (Total Population)			
	Donors in-country	Clients ¹²	Donors at headquarters	Total
Bolivia	8 (12)	17 (20)		25 (32)
Brazil	3 (9)	13 (24)		16 (33)
Ecuador	3 (4)	19 (23)		22 (27)
Peru	5 (7)	24 (31)		29 (38)
Total	19 (32)	73 (98)	40 (52)	132 (182)
Response Rate	59%	74%	77%	73%

Converting Individual Scores to Mean Scores

As noted above, individuals responded to survey questions on a six-point scale where a rating of “1” meant a judgment of “very weak” up to a rating of “6” intended to represent a judgment of “very strong.” MOPAN calculated a mean score for each group of respondents (e.g., donors at headquarters). Since the mean score for a group of respondents was not necessarily a whole number (from 1 to 6) MOPAN assigned numerical ranges and descriptive ratings for each range (from very weak to very strong) as shown in Figure 2.5.

Figure 2.5 MOPAN Ranges and Descriptions

Range of the mean scores	Rating
1 to 1.49	Very Weak
1.50 to 2.49	Weak
2.50 to 3.49	Inadequate
3.50 to 4.49	Adequate
4.50 to 5.49	Strong
5.50 to 6.00	Very Strong

Please note that the ranges are represented to two decimal places, which is simply the result of a mathematical calculation and should not be interpreted as representing a high degree of precision. The ratings applied to the various KPIs should be viewed as indicative judgments rather than precise measurements.

Data Analysis

First level survey data analysis included calculations of mean scores, standard deviations, frequencies, ‘don’t know’ responses, and content analysis of open-ended questions. ‘Don’t know’ responses were not used to calculate mean scores, but the proportion of ‘don’t know’ responses was retained as potentially useful data.

¹² Among client respondents, 61 per cent were government officials, 22 per cent represented civil society organisations, 14 per cent represented other types of organisations, and 3 per cent did not indicate.

A weighting scheme was applied to ensure that no single respondent group or country was under-represented in the analysis. Due to the fact that the numbers of survey respondents differs – both among respondent categories and among survey countries – a weighting factor was applied to the survey data based on the survey response rate. The weighting was designed to give equal weight to: 1) the views of each respondent group, 2) the countries where the survey took place, and 3) donors in-country and clients within each country where the survey took place. The mathematical basis for the weighting is described in Volume II, Appendix I.

Second level analysis examined response differences among categories of respondents and when statistically significant differences were found, these are noted in the report.¹³ For a full description of the survey data analysis, see Volume II, Appendix I.

2.3 Document Review

The document review considered documents available on the IDB's web site, other documents provided by the Bank, and data provided by the IDB for other assessments such as the Organisation for Economic Cooperation and Development's (OECD) Survey on Monitoring the Paris Declaration and the COMPAS report.¹⁴ For most micro-indicators, five criteria were established which, taken together, were thought to represent good practice in that topic area. The rating on any micro-indicator depends on the number of criteria met by the organisation. While the document review assessed most micro-indicators, it did not assign a rating to all of them (when criteria had not been established). Consequently, some charts do not show document review scores for each KPI or MI.

The document review and survey used the same list of micro-indicators, but some questions in the document review were worded differently from those in the survey. The document review and survey also used the same rating scale, but in charts in this report, survey and document review scores are presented separately to show their degree of convergence or divergence.

2.4 Strengths and Limitations of Methodology

MOPAN continues to improve its methodology based on the experience of each year of implementation. The following strengths and limitations should be considered when reading MOPAN's report on the IDB.

Strengths

- The MOPAN Common Approach is based on the core elements of existing bilateral assessment tools. In the long term, MOPAN hopes that this approach will replace or reduce the need for other assessment approaches by bilateral donors.
- It seeks perceptual information from different perspectives: MOPAN donors (at headquarters and in-country), direct partners/clients of multilateral organisations, peer organisations, and other relevant stakeholders. This is in line with the commitments made by donors to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action regarding harmonisation, partner voice, and mutual accountability.

¹³ The normal convention for statistical significance ($p \leq .05$) was used; where significant differences occur, they are reported.

¹⁴ Most sources referenced in the report are publicly available on IDB's website. However, the IDB has provided internal documents for analysis in some cases.

- It complements perceptual data with document review, thus adding an additional data source. This should enhance the analysis, provide a basis for discussion of agency effectiveness, and increase the validity of the assessment through triangulation of data sources.
- The reports undergo a validation process, including multiple reviews by MOPAN members, and review by the multilateral organisation being assessed.
- MOPAN strives for consistency across its survey questions and document review for each of the multilateral organisations, while allowing for customisation to account for differences between types of multilateral organisations.

Limitations

Data sources

- The MOPAN Common Approach asks MOPAN members and the organisations assessed to select the most appropriate individuals to complete the survey. MOPAN sometimes discusses the selection with the organisation being assessed; however, MOPAN has no means of determining whether the most knowledgeable and qualified individuals complete the survey.
- As noted in section 2.1, the countries surveyed in the 2011 assessment were selected based on established MOPAN criteria and do not include some of the countries where the Bank has operations.
- The document review component works within the confines of an organisation's disclosure policy.

Data collection instruments

- Three issues potentially affect survey responses. First, the survey instrument is long and a fatigue factor may affect responses and rates of response. Second, respondents may not have the knowledge to respond to all the questions (e.g., survey questions referring to internal operations of the organisation, such as external and internal audit practices, seem difficult for many respondents, who frequently answered 'don't know.')
- Third, a large number of 'don't know' responses may imply that respondents did not understand certain questions.
- The rating choices provided in the MOPAN survey may not be used consistently by all respondents, especially across the many cultures involved in the MOPAN assessment. One potential limitation is 'central tendency bias' (i.e., a tendency in respondents to avoid extremes on a scale). Cultural differences may also contribute to this bias as respondents in some cultures may be unwilling to criticise or too eager to praise.

Triangulation of Data

- The validity of assessments is enhanced when multiple data sources are combined. While the Common Approach combines a stakeholder perception survey and a review of documents that can provide corroborating data (e.g., evaluation reports), it does not include interviews, focus groups, and other data collection methods with the organisation's staff or other respondents that could be helpful in analysing an organisation's current results-oriented behaviours, systems, and procedures.

Data analysis

- MOPAN's practice of weighting responses according to the number of respondents in each category amplifies the voices of smaller respondent groups. The large number of responses from IDB clients contrasts with a small number of responses from MOPAN members in-country, and underscores the need for caution in comparing ratings among respondent groups.
- While document review can comment on the contents of a given document, it cannot assess the extent to which the spirit underlying the document has been implemented within the organisation (unless implementation is documented elsewhere).

Sampling

- Country selection also determined the set of country strategies reviewed. Documents were primarily collected for the four countries selected for the survey (Bolivia, Brazil, Ecuador, and Peru). To ensure that countries with new practices were represented, a broader sample of countries was used (Dominican Republic, El Salvador, Panama).

Basis for judgment

- Although MOPAN used recognised standards and criteria for what constitutes good practice for a multilateral organisation, such criteria do not exist for all of the MOPAN indicators. As a result, many of the criteria used in reviewing document content were developed for MOPAN in the course of the assessment process. The criteria are a work in progress and should not be considered as definitive standards.
- In the document review, low ratings may be due to unavailability of organisational documents that meet the MOPAN criteria (some of which require certain aspects to be documented explicitly).
- The Common Approach assessment produces numerical scores or ratings that appear to have a high degree of precision, yet can only provide general indications of how an organisation is doing and a basis for discussion among MOPAN members, the multilateral organisation, and the organisation's clients.

Despite some limitations, the Assessment Team believes that the data generally present a reasonable picture of systems associated with the organisational effectiveness of multilateral organisations.

3. Main Findings

3.1 Introduction

This chapter presents the findings of the 2011 MOPAN assessment of the IDB. Findings are based on respondent survey data and document review.

- Section 3.2 presents overall ratings on the performance of the IDB and summarises respondent views on its primary strengths and areas for improvement;
- Section 3.3 provides findings on each of the four areas of performance (strategic, operational, relationship, and knowledge management).

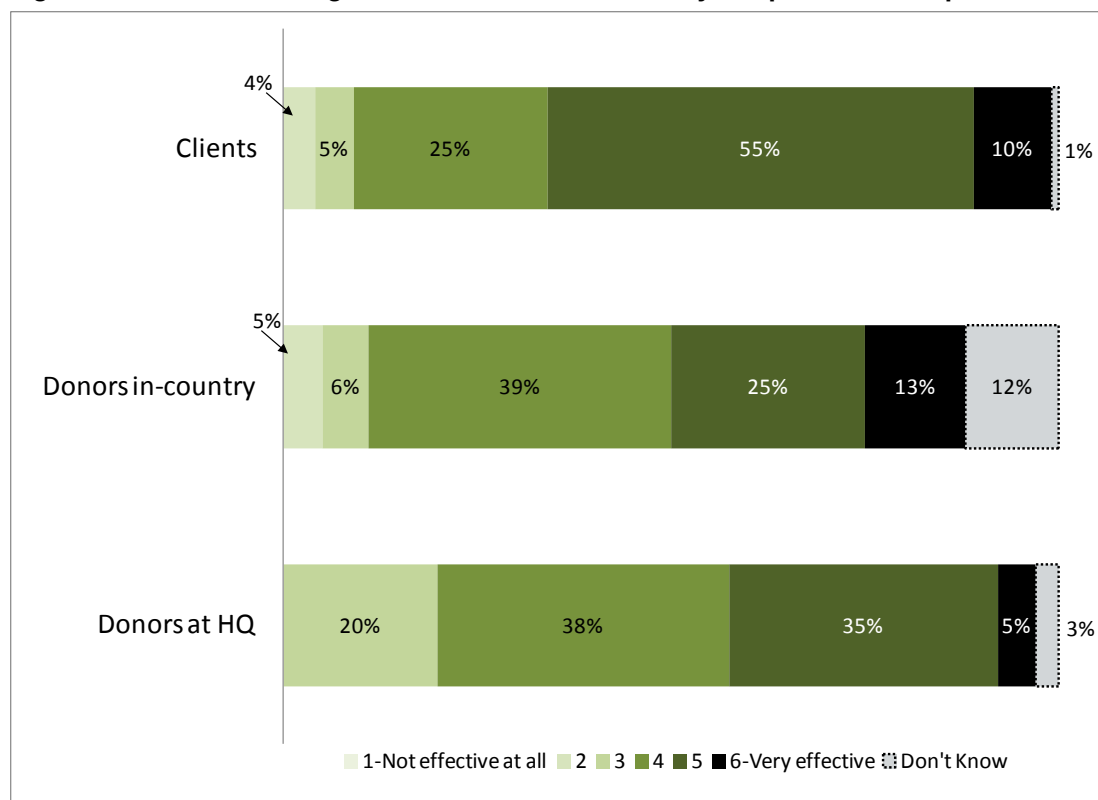
3.2 Overall Ratings

This section summarises overall ratings. It includes: survey respondent ratings of the IDB's overall internal effectiveness, survey respondent views on the IDB's strengths and areas for improvement, and survey and document review ratings for all key performance indicators.

Survey ratings of IDB internal effectiveness

MOPAN has defined “internal effectiveness” as the extent to which a multilateral organisation is organised to support clients to produce and deliver expected results. Respondents were asked the question: “How would you rate the overall internal effectiveness of the IDB?” As shown in Figure 3.1, clients gave higher ratings on the IDB's internal effectiveness (65 per cent provided ratings of 5 and 6) than donor respondents at headquarters and donors in-country. This pattern is also observed in the ratings on many of the micro-indicators in the MOPAN assessment discussed in the following sections.

Figure 3.1 Overall Ratings of Internal Effectiveness by Respondent Group



Respondent Views on the IDB's Strengths and Areas for Improvement

The survey included two open-ended questions asking respondents to identify the IDB's greatest strengths and areas for improvement. Of the 132 respondents, 130 commented on the IDB's strengths and 128 on areas for improvement.¹⁵ The comments are summarised below in order to illustrate the range of perceptions; they have been qualified by the approximate proportion of respondents holding such a view.

While many comments were consistent with survey findings, some involved factors unrelated to the MOPAN key performance indicators. Strengths such as IDB resource availability and levels, the Bank's capacity to innovate, or its reputation were mentioned even though they are not among the internal organisational effectiveness factors assessed by the MOPAN survey.

Overall, the quality of the IDB's staff and its expertise and knowledge of the region were considered the IDB's greatest strengths.

More than 30 per cent of survey respondents identified the quality of human resources as the IDB's greatest strength. IDB staff know-how, qualifications, availability and networking skills, and their capacity to engage in policy dialogue were regarded as the Bank's greatest assets.

Over 20 per cent of respondents made extensive comments about the Bank's expertise in and knowledge of Latin America and the Caribbean.

Eleven to 15 per cent of respondents noted the additional strengths below:

- The IDB's international and regional scope and outreach;
- Its network of partners and convening capacity;
- Its internal management processes; and
- Its representation in member countries and easy access to national governments.

Survey respondent comments on IDB strengths

"The IDB's personnel is very qualified and they have an excellent relationship with the Government". (Donor in-country)

"As biggest multilateral player it is in the unique position in Latin America to promote regional integration and overcome national interests". (Donor at headquarters)

"The IDB has good representation of countries in the region which offers convening power and is generally well-regarded by national governments and donors". (Donor at headquarters)

"Considero que su mayor fortaleza es su control administrativo, financiero y de procesos de acuerdo a su normas establecidas." (Client)

There were differences between respondent groups, as needs and priorities differed. Donors at headquarters most frequently cited the IDB's expertise in and knowledge of Latin America and the Caribbean as its greatest strength (40 per cent). Donors in-country and clients concurred that the quality of the IDB's human resources was its greatest strength with respectively 30 and 44 per cent of responses. Interestingly, donors at headquarters were the only group to identify the Bank's regional ownership as a strength. In contrast, clients were the only group to identify the Bank's internal management processes as a strength.

Most respondents consider the IDB's internal management processes, its need to focus more on aid effectiveness and to develop additional links with partners on the ground its greatest areas for improvement.

Three areas for improvement in the IDB were frequently cited. The first (19 per cent of responses) is the Bank's internal management and administrative processes, regarded as heavy, opaque and unable to take risk into consideration sufficiently. The second (13 per cent of responses) is the Bank's aid effectiveness, and the perceived need to expand RBM

¹⁵ Respondents who wrote "no comment" or the like were removed from the analysis.

measurements and improve reporting on results. The third (13 per cent of responses) is the absence of close coordination between the Bank and its partners (bilateral or civil society).

Other areas mentioned (approximately 10 per cent of responses) included:

- IDB procedures insufficiently aligned/adapted to country procedures;
- A need for capacity-building and training before and during project implementation; and
- A need for more focus on cross-cutting issues (environment, gender, regional integration).

Survey respondent comments on IDB areas for improvement

"The ongoing efforts to make all of its operations development effective, based on measurable indicators in terms of outputs and outcomes, need to be strengthened further." (Donor at headquarters)

"Su voluntad de coordinar con otros donantes, en particular con actores bilaterales, es escasa." (Donor in-country)

"Adecuar políticas generales de contrataciones y operaciones a la forma y realidad del funcionamiento del país." (Client)

"Very seldom the Bank outlines how to ensure the sustainability after IDB financing has terminated. This is closely linked to revenue generation, local capacity building and management." (Donor at headquarters)

Disparities were evident among respondent groups owing to divergent needs and priorities. Donors at headquarters most frequently cited the need for IDB to improve aid effectiveness and reporting on results (36 per cent of responses). Donors in-country cited lack of coordination with partners as the main area for improvement (40 per cent of responses), while clients were more concerned with the IDB's bureaucratic processes and lack of transparency.

Overall Ratings of Key Performance Indicators

Figure 3.2 below shows scores from the document review and the survey on the KPIs of the MOPAN Common Approach. The grey bar represents the survey score; the black diamond, the document review score. For the first indicator -- "providing direction for results" -- the IDB received a score of 4.29 (adequate) from the survey and a score of 6 (very strong) from the document review.

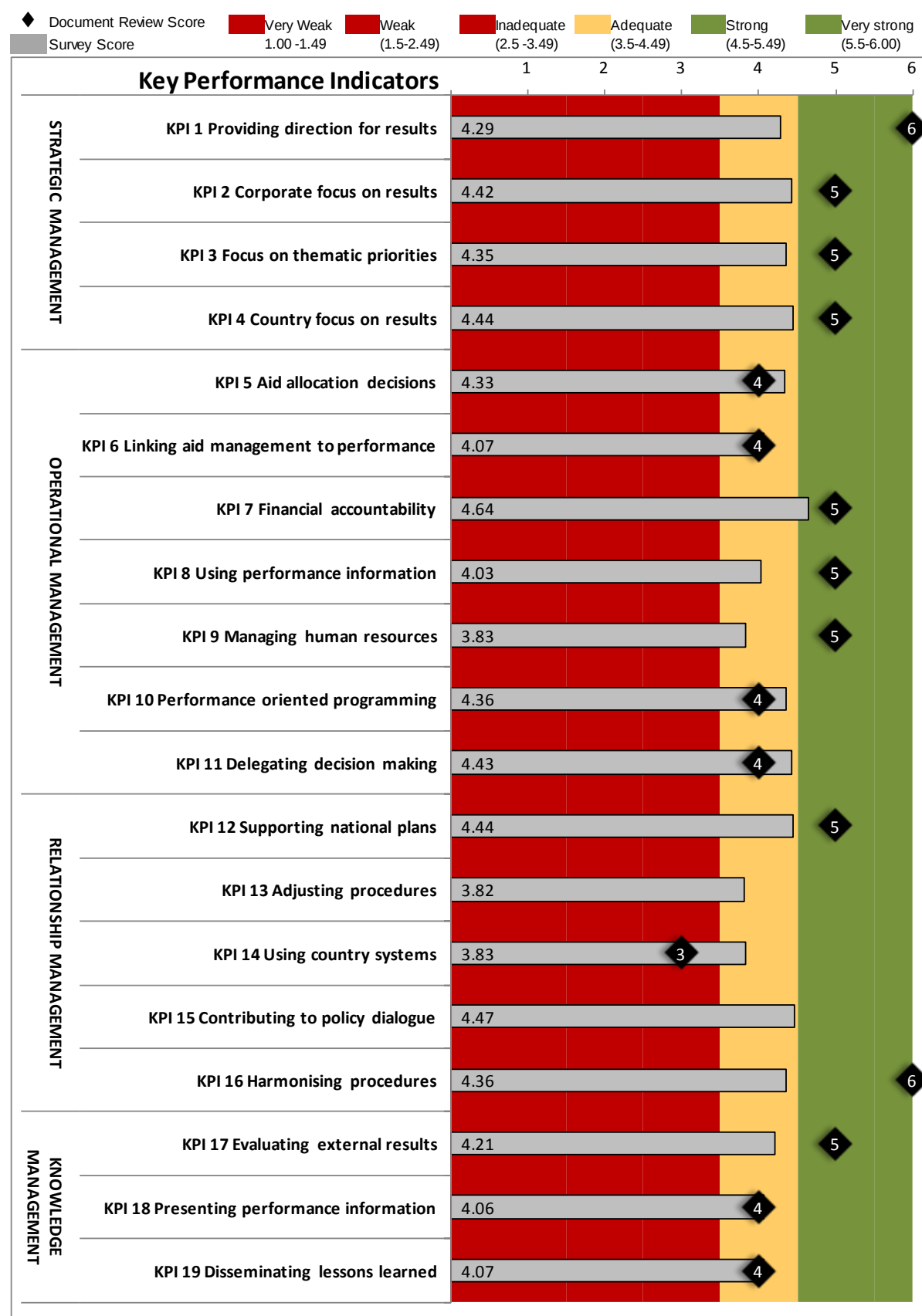
In the overall ratings from the survey and document review, the IDB was perceived as performing adequately or better on the majority of key performance indicators.

In the survey, the IDB received ratings of adequate or better on all 19 KPIs. Its performance was strongest on the KPI for financial accountability policies and practices.

In document review, ratings were adequate or better on 16 KPIs, with eight strong ratings and two very strong ratings.¹⁶ The IDB received one inadequate rating.

For all but three KPIs, document review ratings are higher than survey ratings. This may be due to the fact that the IDB has recently introduced a large number of improvements in its strategies and policies (e.g., IDB 9 and Agenda for a Better Bank) that may not yet be visible to survey respondents. There may also be discrepancies between official policies and the Bank's practices in day-to-day operations.

¹⁶ There are no document review scores for "adjusting procedures" or "contributing to policy dialogue" as these performance indicators were not included for review. See methodology in Volume II, Appendix I for additional information.

Figure 3.2 Overall Ratings on Key Performance Indicators (mean scores, all respondents and document review ratings)

3.3 IDB Performance in Strategic, Operational, Relationship, and Knowledge Management

3.3.1 Overview

This section presents the results of the 2011 MOPAN assessment of the IDB in four performance areas (quadrants): Strategic, Operational, Relationship, and Knowledge Management.

The following sections (3.3.2 to 3.3.5) provide the overall survey and document review ratings for the KPIs in each quadrant, the mean scores by respondent group, and findings based on an analysis of survey and document review ratings in each quadrant.

Where statistically significant differences among categories of respondents were found, these differences are noted. Divergent ratings between the survey results and document review ratings are also noted.

For survey data for each KPI and MI by quadrant, see Volume II, Appendix V. For document review ratings, see Volume II, Appendix VI.

3.3.2 Strategic Management

In Strategic Management, the IDB's results orientation is moving towards good practice with the introduction of IDB 9. Stakeholders rated the IDB adequate on MOPAN indicators, and the organisation's supporting documentation was judged adequate to strong.

Figure 3.3 below shows overall survey and document review ratings for the four KPIs in the strategic management quadrant. The IDB is consistently judged adequate for the four KPIs in this area. Respondents found the greatest evidence of strength in the clarity of the IDB's mandate, its results frameworks, and its promotion of private sector development.

Document review suggested that IDB performance in strategic management is strong to very strong. Ratings of very strong were given for IDB's practice of offering public access to key documents and developing a strategy with strong links to its mandate.

The document review rated IDB as very strong for its organisational policy on results management, and adequate or strong for its focus on different cross-cutting themes. Survey respondents deemed these areas adequate.

The Bank recently embarked on a major restructuring of its business model and organisational structure. Several new tools and frameworks introduced in the restructuring were reviewed for the MOPAN assessment and provide the basis for the strong ratings, yet these have been put into practice only recently. Thus, it is not surprising that respondents are not yet convinced about the effects of these changes.

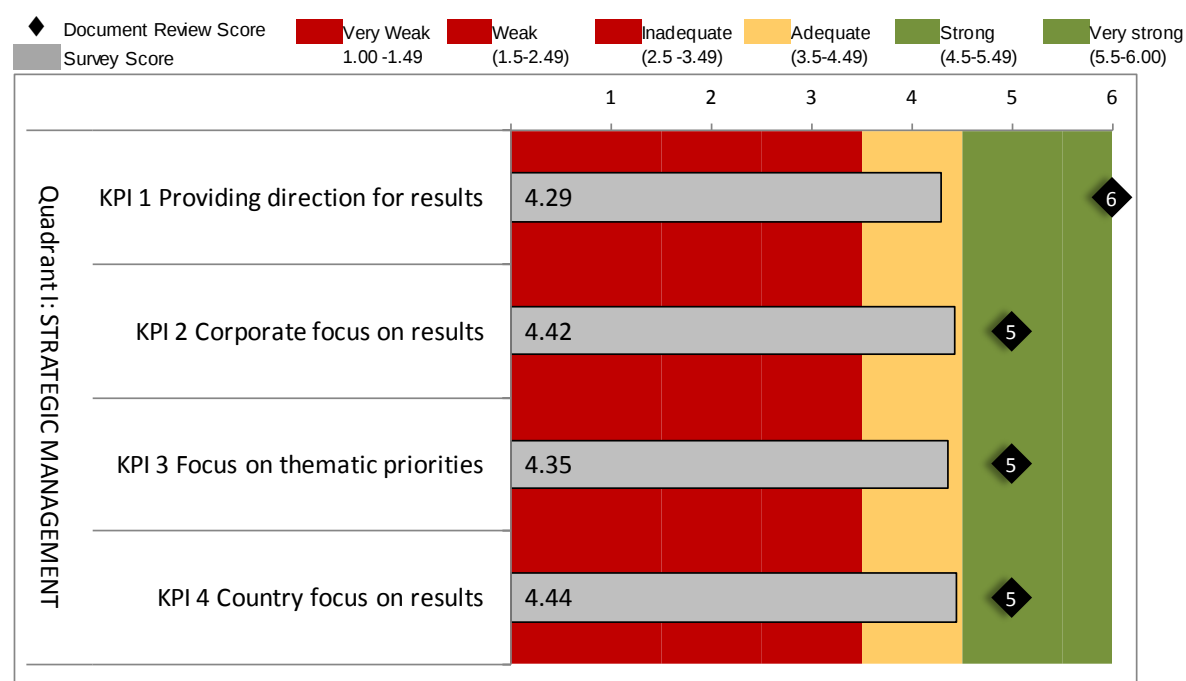
Figure 3.3 Quadrant I: Strategic Management, Survey and Document Review Ratings

Figure 3.4 displays mean scores for the four KPIs for all survey respondents, and by respondent group. On most micro-indicators, clients give higher ratings than other groups. When the differences are significant, these are reported in the findings on strategic management.

Figure 3.4 Quadrant I: Strategic Management, Mean Scores by Respondent Group

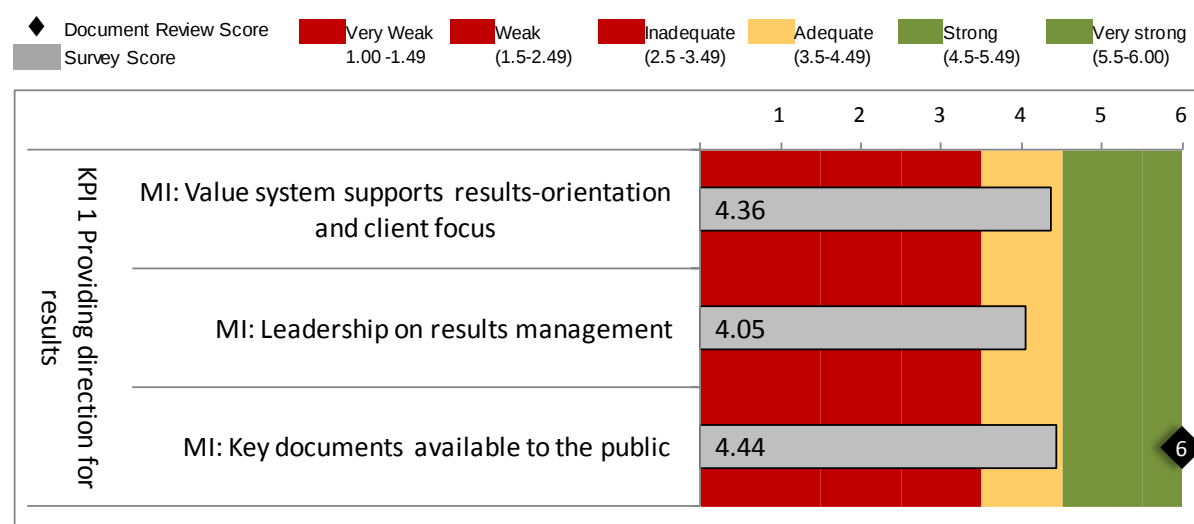
	Very Weak 1.00 -1.49	Weak (1.5-2.49)	Inadequate (2.5 -3.49)	Adequate (3.5-4.49)	Strong (4.5-5.49)	Very strong (5.5-6.00)
	Total Mean Score		Clients	Donors in Country	Donors at HQ	
KPI 1 Providing direction for results	4.29		4.60	4.10	4.35	
KPI 2 Corporate focus on results	4.42		NA	NA	4.42	
KPI 3 Focus on thematic priorities	4.35		4.74	4.06	4.20	
KPI 4 Country focus on results	4.44		4.68	4.13	NA	

KPI 1: Providing Direction for Results

Finding 1: Survey respondents believe IDB executive management provides adequate direction to achieve external/client-focused results. In the context of promoting greater transparency, the IDB's practice of offering public access to key documents is noted.

Overall, the IDB was perceived to adequately support results-orientation and a client focus, and to show signs of the requisite leadership regarding results-based management. The Bank's efforts to improve transparency have been reinforced through its new *Access to Information policy*.

Figure 3.5 KPI 1: Providing Direction for Results, Ratings of Micro-Indicators



MI 1.1 – Value system supports results-orientation and client focus

Survey respondents were asked whether the IDB institutional culture reinforced a results focus, and if the Bank was client-focused. The majority of responses to both questions rated the IDB adequate or higher.

MI 1.2 – Leadership on results management

This MI was reserved for MOPAN members at headquarters. Seventy per cent acknowledged that IDB senior management shows leadership on results management.

MI 1.3 – Key documents available to the public

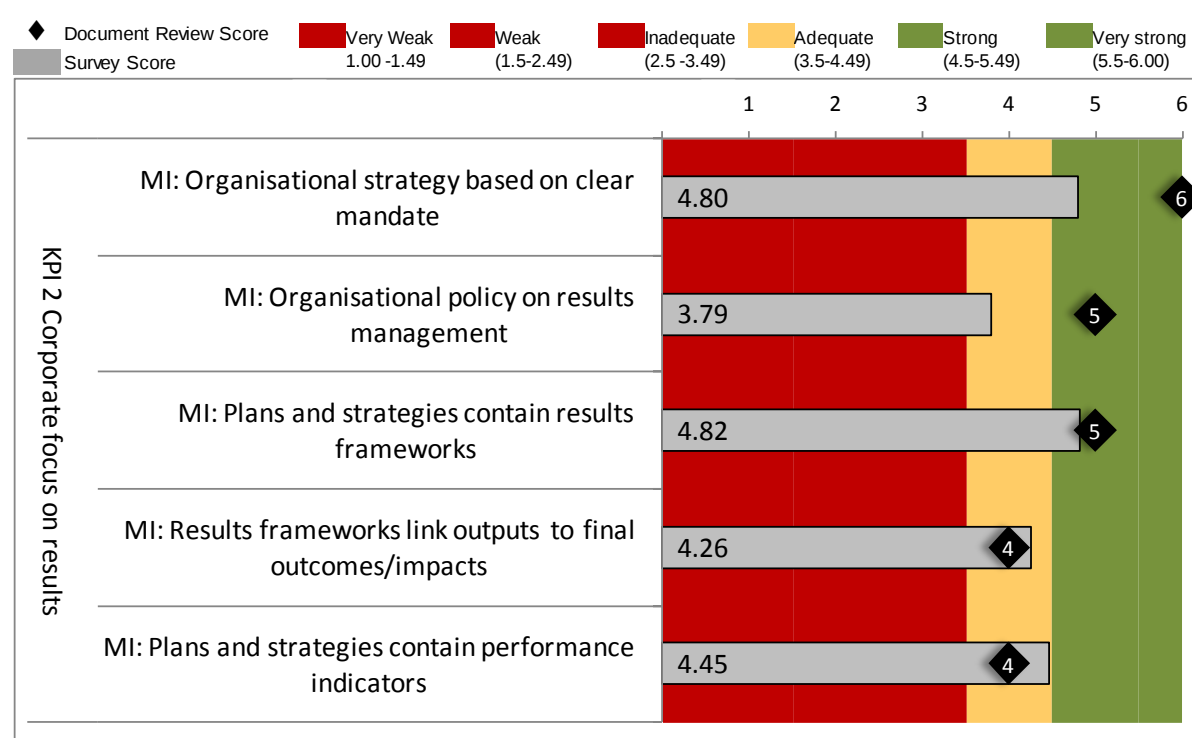
A majority of survey respondents (82 per cent) rated this MI as adequate or higher. Document review supported the survey results. The IDB's website provides all key organisation-wide documents in English and Spanish (including the *Agreement Establishing the Inter-American Development Bank*, the Board of Executive Directors' meeting minutes, the *Development Effectiveness Overview* (DEO), and the IDB 9, among others) and some in Portuguese and French. Technical publications and other communications materials, such as books, policy briefs, working papers, and newsletters are also available in more than one language. The IDB's new *Access to Information Policy*, a step forward in transparency, took effect in January 2011. Aside from exceptions noted in the policy, information is publicly disclosed.

KPI 2: Corporate Focus on Results

Finding 2: The IDB's corporate focus on results was rated adequate by survey respondents. Document review found that recent improvements to its plans and strategies described in IDB 9 enable a strong results focus.

Over the last few years, the IDB has made changes to improve its focus on results. An evaluation by the Office of Evaluation and Oversight (OVE) noted that explicit focus on results was absent in the *Report on the Eighth General Increase in the Resources of the IDB* (IDB 8).¹⁷ The Bank introduced a new corporate-level results framework (described in IDB 9), which now includes development indicators and represents an important change for the Bank. This has been accompanied by a suite of new results-focused tools that are applied throughout the project cycle to improve the Bank's overall results focus. (The new tools such as Development Effectiveness Matrix and Progress Monitoring Reports are further discussed in subsequent indicators.) Shifts introduced in IDB 9, when fully implemented, could help to address the long-standing weaknesses noted by OVE's independent evaluations. MOPAN members at headquarters were the only survey respondents questioned about this KPI.

Figure 3.6 KPI 2: Corporate Focus on Results, Ratings of Micro-Indicators



MI 2.1 – Organisational strategy based on a clear mandate

Respondents at headquarters were asked two questions about the organisation's strategy and its mandate. The first question involved the clarity of the IDB's mandate; the second, the alignment of the Bank's organisation-wide strategy with this mandate. Most respondents rated IDB performance strong on both questions. Under the *Agreement Establishing the Inter-American Development Bank* (as amended in 1996), the IDB's mandate is periodically fine-

¹⁷ OVE. (2009). *Evaluation Findings Regarding IDB-8 Guidance and Implications for Future Capital Increase Agreements*. (p.5).

tuned to address new challenges and to use resources more effectively. IDB 9's greater emphasis on income inequality is in keeping with the IDB's continuing relevance, given the inequality of income distribution in the region.¹⁸ IDB 9 articulates two strategic goals and five sector priorities that are explicitly linked to the IDB's mandate.

MI 2.2 – Organisational policy on results-based management

Sixty per cent of respondents at headquarters rated the IDB as adequate or above for its efforts to ensure application of results-based management across the organisation. The IDB's approach to results-based management (RBM) and managing for development results (MfDR) is described as both bottom-up (measuring results of each intervention at different points in the cycle) and top-down (developing a corporate-level results framework and results-based budget). Under the Development Effectiveness Framework (DEF), results of interventions are measured by a variety of tools including the Development Effectiveness Matrix (DEM) and Progress Monitoring Report (PMR). Bank guidelines define RBM terms and describe the requisite types of RBM documents. The Bank is also supporting capacity for MfDR among its clients through initiatives such as PRODEV¹⁹ which has been on-going since 2005.

MI 2.3 – Plans and strategies contain results framework

Survey respondents were asked if IDB 9 contained explicit management results, and if it contained explicit development results. A majority of respondents gave an adequate or higher rating on both questions (80 per cent and 70 per cent respectively). Document review rated the IDB strong on this MI. IDB's results framework is recent (2010) and founded upon the Bank's five institutional priorities.²⁰ It allows the Bank to monitor progress on output indicators and on operational effectiveness and efficiency, and to measure its contribution to regional development goals. Open-ended questions in the MOPAN survey (summarised in Section 3.2) reveal that respondents recognise improvement over IDB 8, which did not identify specific results or indicators for monitoring. Although certain outputs and outcomes identified in the results framework could be stated more clearly (e.g., anticipated development changes are not always explicit), the framework is clearly a step in the right direction. A technical annex is available that provides additional clarity to the indicators.

MI 2.4 – Results framework links outputs to final outcomes/impact

A majority of respondents (60 per cent) thought that the Bank's results framework adequately linked outputs to final outcomes and impact. Document review shared this assessment, also rating this MI adequate. The Bank's results framework identifies outputs and their contributions to regional development goals. The results framework always implicitly links outputs to outcomes. Moreover, outcomes identified in the results framework may not always involve explicit behavioural change. As with the frameworks at other institutions, a sizable causal distance exists between outputs and certain regional development goals. The IDB acknowledges this in IDB 9, stating that the relationship between outputs and regional goals "is imperfect at best," and that, due to intervening factors, achieving "an output does not necessarily mean that it will affect the related outcome."²¹

¹⁸ IDB. (2007). *Annual Report*. (p.49) See sections on analysis of income inequality in the region.

¹⁹ PRODEV stands for the Program to Implement the External Pillar of the Medium-Term Action Plan.

²⁰ The five institutional priorities are: social policy for equity and productivity; infrastructure for competitiveness and social welfare; institutions for growth and social welfare; competitive regional and global international integration; and protection of the environment, responding to climate change, providing renewable energy, and enhancing food security.

²¹ IDB. (2010). *IDB 9* (Annex I). (p.14).

MI 2.5 – Plans and strategies contain performance indicators

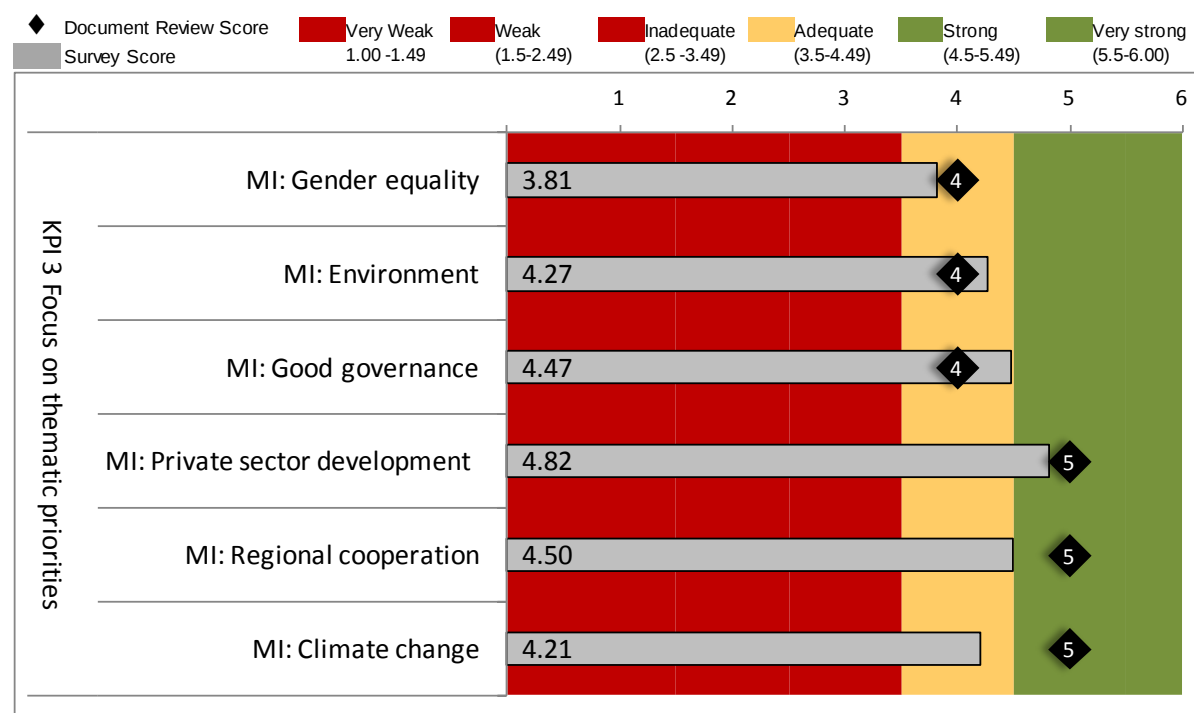
A majority of respondents (73 per cent) rated the IDB adequate or higher on the quality of its performance indicators. Document review also found IDB indicators adequate. The IDB 9 results framework is modelled after best practices from other development organisations. Most of the indicators in IDB results frameworks are relevant and based on accepted international indices (including Millennium Development Goals). Certain indicators were not judged adequate on the grounds that they were insufficiently robust for the outcomes specified. Others were perceived as unclear. The IDB has made an effort to disaggregate indicators by sex, race, and ethnicity, where relevant.

KPI 3: Focus on Thematic Priorities

Finding 3: Survey respondents rated the IDB adequate overall in integrating thematic priorities into its work. The IDB's policy frameworks, which support its work in these thematic areas, were given an overall rating of strong.

The assessment looked at six cross-cutting themes identified as priorities by MOPAN and the IDB: gender equality, the environment, good governance, private sector development, regional cooperation and climate change. Overall, respondents rated the Bank adequate on this KPI. Nevertheless, statistically significant differences did appear among respondent groups regarding the extent to which the Bank mainstreams gender equality and the environment, and promotes good governance. In general, donors at headquarters rated the IDB less positively than clients in these three areas (with ratings of inadequate in some cases). Respondents viewed the Bank's focus on private sector development as its top priority and gave it a more positive rating. The document review offered adequate or strong ratings on cross-cutting themes.

Figure 3.7 KPI 3: Focus on Thematic Priorities, Ratings of Micro-Indicators



MI 3.1 – Gender equality

There are mixed views on the extent to which the IDB has sufficiently mainstreamed gender equality in its operations. Clients rated the IDB strong while a majority of donors at headquarters rated the IDB inadequate. Of the 40 MIs answered by donors at headquarters, this one received the lowest rating.

Based on IDB documents, its performance is judged to be adequate. A review of IDB's lending operations showed that there had been a decline in the integration of gender equality in projects and country strategies between 2006 and 2009.²² The Bank has taken actions in the past two years to improve its work in this area. The Bank reiterates the importance of gender equality in IDB 9, is proposing indicators in its results framework that are disaggregated by sex, and has recently strengthened its policy framework with the 2010 *Operational Policy on Gender Equality in Development*. Open-ended questions in the MOPAN survey suggest that respondents view recent efforts to develop a gender equality policy as one of the IDB's strengths. Evidence in the *Development Effectiveness Overview 2010*, the *Annual Report 2010*, the *Approved Program and Budget 2011*, and other documents suggests that the IDB is building institutional capacity in this area and has explicitly allocated funds in support of this priority. The Gender Action Plan, presented in March 2011, includes concrete actions (e.g., planning, reporting, and allocation of resources) to be taken by relevant divisions to increase the Bank's attention to gender equality. Although the IDB seems to be moving in the right direction regarding the implementation of its policy, the mainstreaming of gender equality remains a concern as long as new initiatives have not yielded concrete results.

MI 3.2 – The Environment

Respondents generally perceive that the Bank has mainstreamed the environment in its operations, rating it adequate. The document review rating was also adequate, reflecting the fact that environmental protection has been an IDB priority for a long time and is identified as a sector priority in IDB 9. The IDB was actually the first multilateral development bank to adopt an environment policy, back in 1979.²³ The environment is central to several IDB policies (e.g., the *Basic Environment Sanitation Policy*, the *Environment and Safeguards Compliance Policy*, the *Natural and Unexpected Disaster Policy*) and to certain strategies (e.g., the *Strategy for Integrated Water Resources Management*). Furthermore, all IDB projects include social and environmental safeguards, as well as sustainability measures. An independent review of the Bank's capacity to address critical environmental and social issues affecting sustainable development found that progress had been made since the approval of its *Environment and Safeguards Compliance Policy* in 2006. However, the panel raised questions about the implementation of the mainstreaming and sustainability aspects of the policy.²⁴ According to the review, the Bank needs "to concentrate its energy on implementing the mainstreaming priorities of OP 703 [*Environment and Safeguards Compliance Policy*]".²⁵ These shortcomings illustrate that there is still room for improvement in the Bank's integration of environment in its work.

The IDB shows commitment to the environment in its business practices with a corporate environmental and social responsibility program, as well as an institutional greenhouse gas policy, an energy, waste and water at headquarters policy, and several staff-awareness campaigns, among others.

²² IDB. (2011). *Gender Action Plan for Operations 2011-2012*. (p.6-8).

²³ IDB. (2006). *Environment and Safeguards Compliance Policy*. (p.1).

²⁴ The Independent Advisory Group on Sustainability (IAG) is a group comprising nine experts, created to fulfil the Bank's commitment to report on its implementation of the *Environment and Safeguard Compliance Policy*.

²⁵ Independent Advisory Group on Sustainability. (2011). *Independent Advisory Group on Sustainability: Final Report to the Inter-American Development Bank*. (p.39).

MI 3.3 – Good governance

A majority of survey respondents rated the IDB as adequate or higher on the extent to which it promotes principles of good governance. The term “good governance” is not mentioned explicitly in IDB 9 as a sector priority, but elements of good governance are identified such as accountability, transparency, and effective institutions.²⁶ The Bank’s approach to good governance was updated in 2011 with the approval of the *Sector Strategy Institutions for Growth and Social Welfare*.²⁷ This strategy addresses issues such as institutional development, the rule of law, anti-corruption and transparency, which all refer by definition to good governance. The IDB also has an *Action Plan to Support Countries in their Efforts to Fight Corruption and Foster Transparency* that is due to be completed in 2011.

MI 3.4 – Private sector development

A majority of respondents (85 per cent) thought that the IDB promoted private sector development. IDB 9 states that fostering private sector development is one of the Bank’s two strategic goals essential to achieving its corporate mission. The IDB’s commitment to the private sector can be seen in investments reported in the DEO 2010 and in its *Annual Report 2010*. The IDB also has a *Private Sector Development Strategy* (2004). Although the 2004 strategy contains a limited results framework, a new strategy is currently being developed, mandated by the Board of Governors. The IDB has an important portfolio of projects that support private sector development. In the 2004-09 period, private sector development activities totalled US\$9.7 billion in 75 separate loan operations.²⁸

MI 3.5 – Regional cooperation

A majority of survey respondents (74 per cent) rated IDB’s promotion of regional cooperation adequate or higher. Interestingly, when asked the IDB’s greatest strength in an open-ended survey question, one of the most common responses was the IDB’s regional scope and cooperation with regional partners. This is probably due to fact that since its establishment, support for regional integration has been one of the Bank’s principal priorities.

Regional integration is identified as one of the five sector priorities in IDB 9. The IDB’s 2012-2015 results framework contains indicators of outputs and outcomes linked to regional cooperation such as the number of public trade officials and private entrepreneurs trained in trade and investment and the number of regional and sub-regional integration agreements and cooperation initiatives supported. To guide IDB 9 implementation, the Bank also has a specific sector strategy with a results framework containing indicators at output and outcome levels, and baselines and targets.²⁹

MI 3.6 – Climate change

A majority of survey respondents (92 per cent) rated the IDB’s focus on climate change adequate or higher. Response to climate change is identified as part of a broader sector priority that also includes environmental protection, renewable energy, and food security. The Bank’s results framework contains indicators at output and outcome levels for measuring its contribution to climate change. The IDB also has a specific strategy called *Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy* (2011). The Bank’s management is supposed to develop a Climate Change Strategy Action Plan to

²⁶ IDB 9 identifies results associated with good governance in one of its sector priorities called “Institutions for growth and social welfare.”

²⁷ Prior to 2011, the *Modernisation of the State Strategy* (2003) had provided the primary strategic framework for the IDB’s work on good governance.

²⁸ IDB. (2010). *Private Sector Development Strategy Profile*. (p.4).

²⁹ IDB. (2011). *Sector Strategy to Support Competitive Global and Regional Integration*.

monitor the alignment of the Bank output contributions with the results framework. An example of the IDB's support of climate change in its portfolio is the Sustainable Energy and Climate Change Initiative (SECCI), which finances climate change adaptation strategies to reduce the region's climatic vulnerability. Although the Bank was rated as strong on this MI, mainly because the documentation was deemed satisfactory, the strategy is still in its infancy and evidence of its implementation is scarce. Monitoring of this cross-cutting issue will be possible when the Bank reports on its lending target for climate change initiatives, which has been included in the Bank's Results Framework.

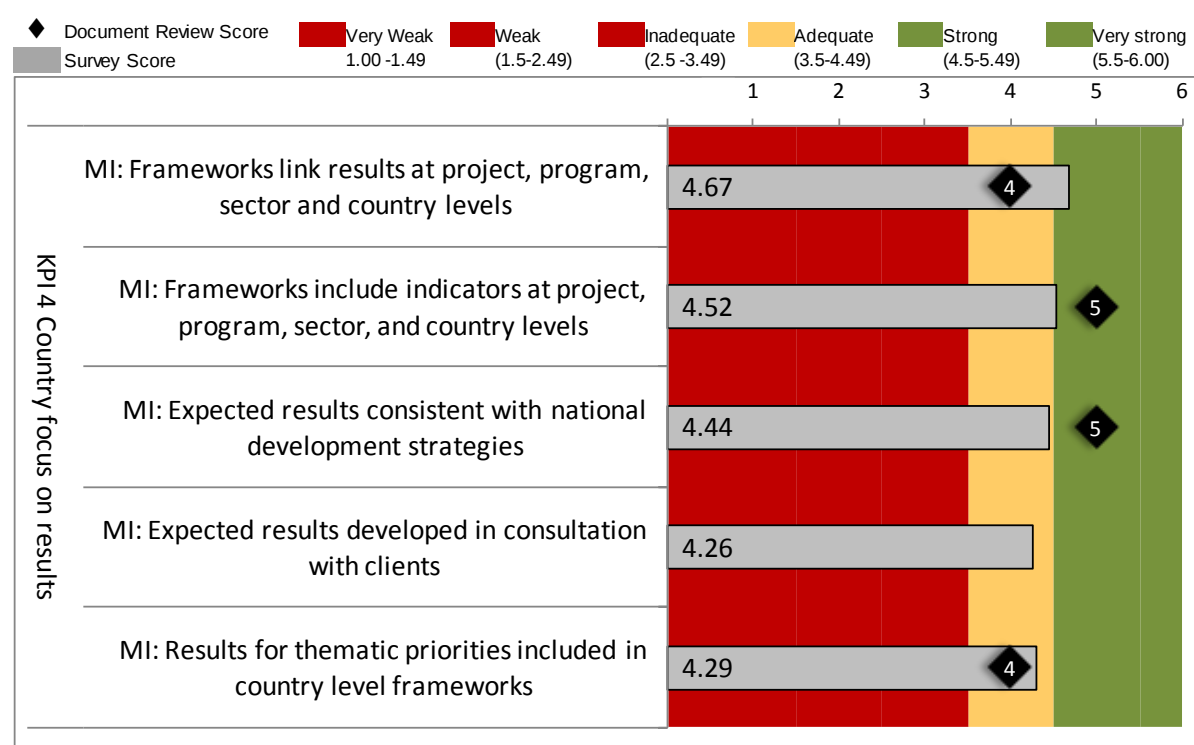
KPI 4: Country Focus on Results

Finding 4: According to survey respondents, the IDB's country strategies reflect an adequate focus on results. Document review confirmed this assessment, while noting a possibility of strengthening the identification of results for cross-cutting thematic priorities.

In recent years, the Bank has tried to improve the quality of its work with borrowing member countries. Revised country strategies and country strategy guidelines were introduced in 2008 to support this effort. Responses from the country level (the only groups asked about country strategies) gave generally adequate assessments of the IDB in this area.

The review of country-level documents noted improvements in the country strategy format and ongoing limitations such as the lack of a consolidated set of outputs (with outputs sometimes available only in the country program document). The OVE conducted a 2008 review of these country strategies and of the new guidelines, and offered a mixed assessment of their content.³⁰

Figure 3.8 KPI 4: Country Focus on Results, Ratings of Micro-Indicators



³⁰ IDB (2008). Evaluation of the New Lending Framework 2005-2008. Retrieved 23 June 2011 from <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1925198>

MI 4.1 – Frameworks link results at project, program, sector and country levels

A majority of survey respondents (80 per cent) rated the IDB's results frameworks linking results across project, sector and country levels adequate or above. This rating is consistent with the document review. The sample of country strategies reviewed contained seven strategies developed using two different sets of guidelines. The earlier model, which served as a framework for country strategies developed before 2010,³¹ was not particularly clear and systematically failed to identify and formulate adequate outputs and outcomes. However, the new format introduced in 2010 requires country strategies to identify outcomes in a detailed results matrix.³² Since each new country strategy is linked to a country program, outputs are now identified in the latter document. The more recent results frameworks also link programs and sector strategies with results at the country level. Therefore, the link between results frameworks and results at project, program, sector and country levels is stronger. According to the IDB, results-based country strategies will be fully implemented by 2013.

MI 4.2 – Frameworks include indicators at project, program, sector, and country levels

A majority of survey respondents (75 per cent) rated this MI adequate or above. In the document review, more than half of the sampled country strategies contained performance indicators that were clear and relevant and also showed data sources. A review of previous country strategy evaluations conducted by OVE noted that few of the strategies that included indicators for each result (objective) showed baselines or targets. The document review corroborates this finding. The three most recent strategies reviewed showed improvements in indicator evaluability, although the country programming documents could better identify indicators at project level.

MI 4.3 – Expected results consistent with national development strategies

A majority of survey respondents (73 per cent) rated IDB country strategies, and the consistency between their expected results and national development strategies, adequate or higher. In most country strategies reviewed, the link between the IDB's expected results and those identified in the national plans is clear. The more recent country strategies have clearer and more explicit linkages. In almost all cases, the results framework contained a column showing the link between expected results in the national plans and the IDB's expected results. The *Evaluation of the New Lending Framework, 2005-2008* had a similar positive assessment but added a caveat suggesting that "the observed consistency at the overall development goal level is due to the generality of objectives."³³

MI 4.4 – Expected results developed in consultation with clients

A majority of respondents (69 per cent) felt that the IDB adequately developed expected results in consultation with its partners.

MI 4.5 – Results for thematic priorities included in country level frameworks

A majority of survey respondents (64 per cent) rated the IDB adequate or higher regarding inclusion of thematic priorities in country level frameworks. The document review noted that organisationally relevant cross-cutting themes (the same ones assessed in KPI 3) were at least briefly mentioned in all country strategies reviewed. Nevertheless, none of the country strategies included every cross-cutting theme assessed by MOPAN for the IDB. In most cases, specific references to climate change and good governance were missing. Furthermore, the new strategies do not seem to identify results integrating relevant cross-cutting themes, even though earlier country strategies included results in these areas.

³¹ Bolivia, Brazil, Ecuador, Peru

³² Dominican Republic, El Salvador, Panama

³³ IDB. (2008). *The Evaluation of the New Lending Framework, 2005-2008*. (p.34).

3.3.3 Operational Management

In Operational Management, the IDB has recently put in place several reforms to enable the Bank to become more transparent, to address risk management more effectively, and to develop stronger financial policies. These reforms have been translated into simplified procedures and strengthened management tools.

Figure 3.9 below shows overall survey and document review ratings for the seven KPIs in the operational management quadrant. Figure 3.10 shows mean scores for the seven KPIs for all survey respondents, and by respondent groups.

The IDB received strong survey ratings for its financial accountability policies and processes. Overall, this MI received the strongest ratings in the survey. Document review agreed with this assessment, rating IDB performance strong.

Human resources was an area of concern. Performance assessment systems for senior staff were rated inadequate in the survey although many respondents answered “don’t know” to this question. According to open-ended survey questions, the expertise, qualification and experience of IDB staff was an area of strength.

Figure 3.9 Quadrant II: Operational Management, Survey and Document Review Ratings

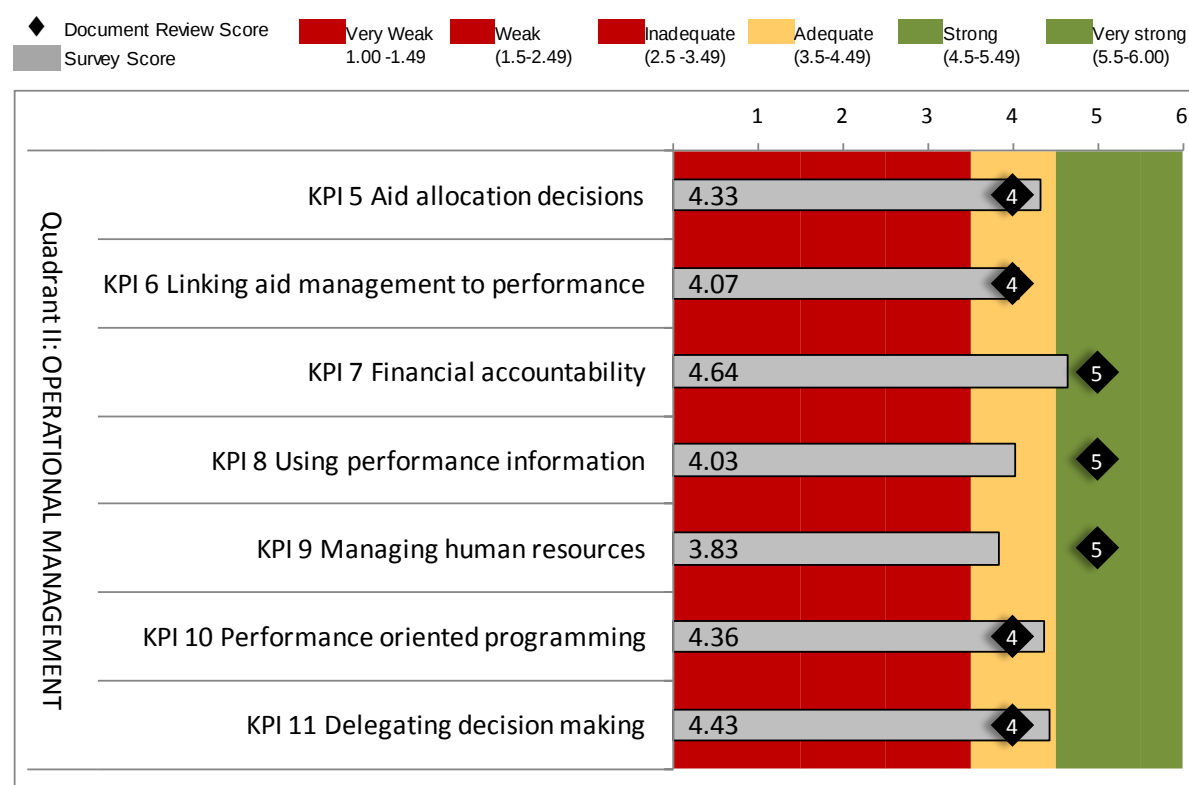
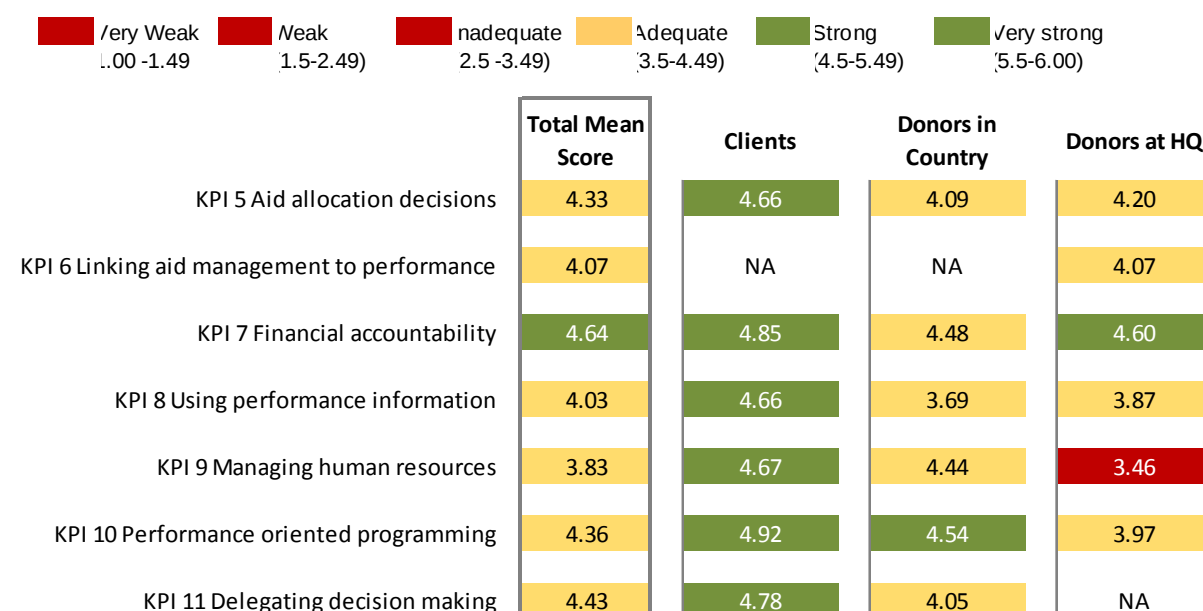
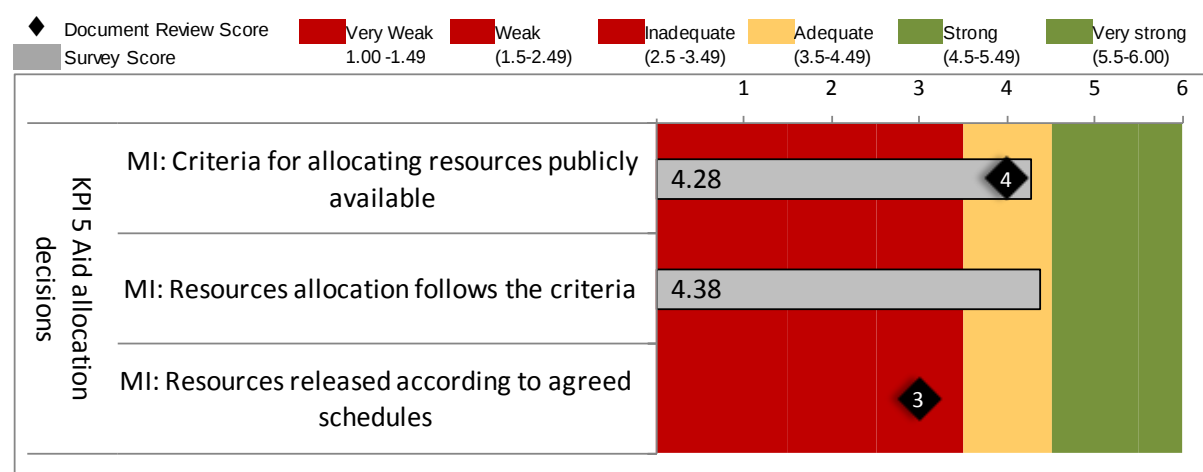


Figure 3.10 Quadrant II: Operational Management, Mean Scores by Respondent Group

KPI 5: Aid Allocation Decisions

Finding 5: Survey respondents rated the IDB's performance on aid allocation decisions adequate. The IDB also received an adequate rating for making aid allocation criteria publicly available.

Survey respondents felt the IDB performs adequately in making transparent aid allocation decisions. Document review concurred. The IDB publishes its criteria for allocating concessional resources, albeit with limited detail. The IDB was rated as inadequate on the predictability of aid.

Figure 3.11 KPI 5: Aid Allocation Decisions, Ratings of Micro-Indicators

MI 5.1 – Criteria for allocating resources publicly available

On average, respondents rated the IDB adequate in making criteria for allocating resources readily available. The majority of respondents (78 per cent) found the IDB adequate or better on this MI. As in the other multilateral development banks (MDBs), the IDB establishes specific criteria for allocating concessional resources. However, at the IDB, concessional resources make up a small percentage of its total loan financing.³⁴ The formula, which uses a distribution coefficient based on need, economic strength and country performance, is known as Enhanced Performance-Based Allocation and was implemented for the first time in 2009-2010. The criteria are described in general terms in the *Review of the Implementation of the Debt Sustainability Framework and Enhanced Performance-based Allocation* (2011), available on the IDB website in English and Spanish. However, this publication does not provide all the details of the allocation formula.

MI 5.2 – Resource allocations follow criteria

Most respondents (77 per cent) rated the IDB adequate or higher on this MI. Clients were significantly more positive about the IDB's allocations according to established criteria, rating it strong.

MI 5.3 – Resources released according to agreed schedules

This indicator is based on Indicator 7 of the *Paris Declaration on Aid Effectiveness*, which measures the gap between aid scheduled and aid effectively disbursed and recorded in countries' accounting systems. The most recent data collected by the OECD are reported in *Aid Effectiveness 2005-2010: Progress implementing the Paris Declaration*, which shows that 48 per cent of IDB's aid disbursements were released according to an agreed schedule in 2010.³⁵ This falls short of the illustrative target for this indicator (which is 71 per cent), thus resulting in a rating of inadequate.

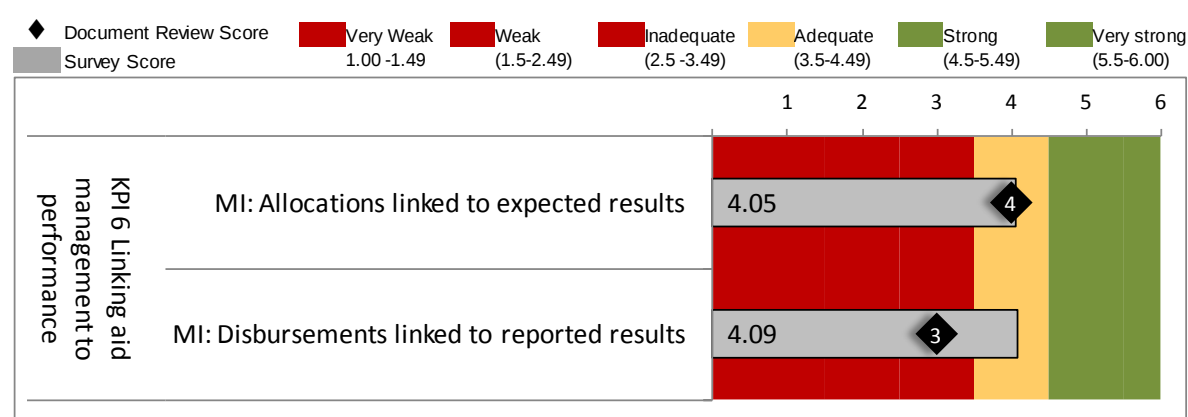
KPI 6: Linking Aid Management to Performance

Finding 6: Donors at headquarters perceive the IDB as adequately linking aid management to performance. The review of documents notes that IDB has adopted an approach to results-based budgeting that is moving the Bank in the right direction in terms of accountability for results.

The survey respondents indicate that IDB adequately links its loans and grants to expected results and that its reports provide adequate information on disbursements in relation to outputs and outcomes. This suggests that at the level of individual operations, it is possible to link resources to results achieved. Document review takes a broader view, considering corporate approaches to results-based budgeting and reporting on results, which are in early stages of implementation. The document review noted that the new approach is adequate, overall, and will improve the IDB's focus on results.

³⁴ Countries eligible for concessional resources for 2009-2010 include Guatemala, Paraguay, Bolivia, Guyana, Honduras and Nicaragua. Haiti is also eligible for concessional financing, but a different approach is used.

³⁵ OECD. (2011). *Aid Effectiveness 2005-10: Progress in Implementing the Paris Declaration*. (p.180). The IDB information is based on data reported for 10 countries.

Figure 3.12 KPI 6: Linking Aid Management to Performance, Ratings of Micro-Indicators**MI 6.1 – Allocations linked to expected results**

In the survey, respondents were asked how IDB links loans and grants to expected results. Survey respondents rated the IDB adequate on this question. Their responses suggest that there is a strong link between resources and results at the level of individual operations. Under IDB 9, the Bank was mandated to develop a corporate approach to results-based budgeting (RBB). Based on the review of documents, the rating provided was adequate. The Bank recently approved an action plan for implementing RBB and adjusting its budget cycle over the next three years. By the end of 2013, the IDB is planning to establish relevant metrics for performance information; apply performance information within the budget cycle; create incentives to achieve results; and ensure managerial capabilities to execute planned objectives. The Bank's approach will link budgetary inputs to lending program priorities and operational effectiveness and efficiency targets, the areas of the results framework that are more directly within the Bank's control. The IDB's contribution to outcomes will be tracked through a more strategic assessment provided by the *Development Effectiveness Overview* (DEO).

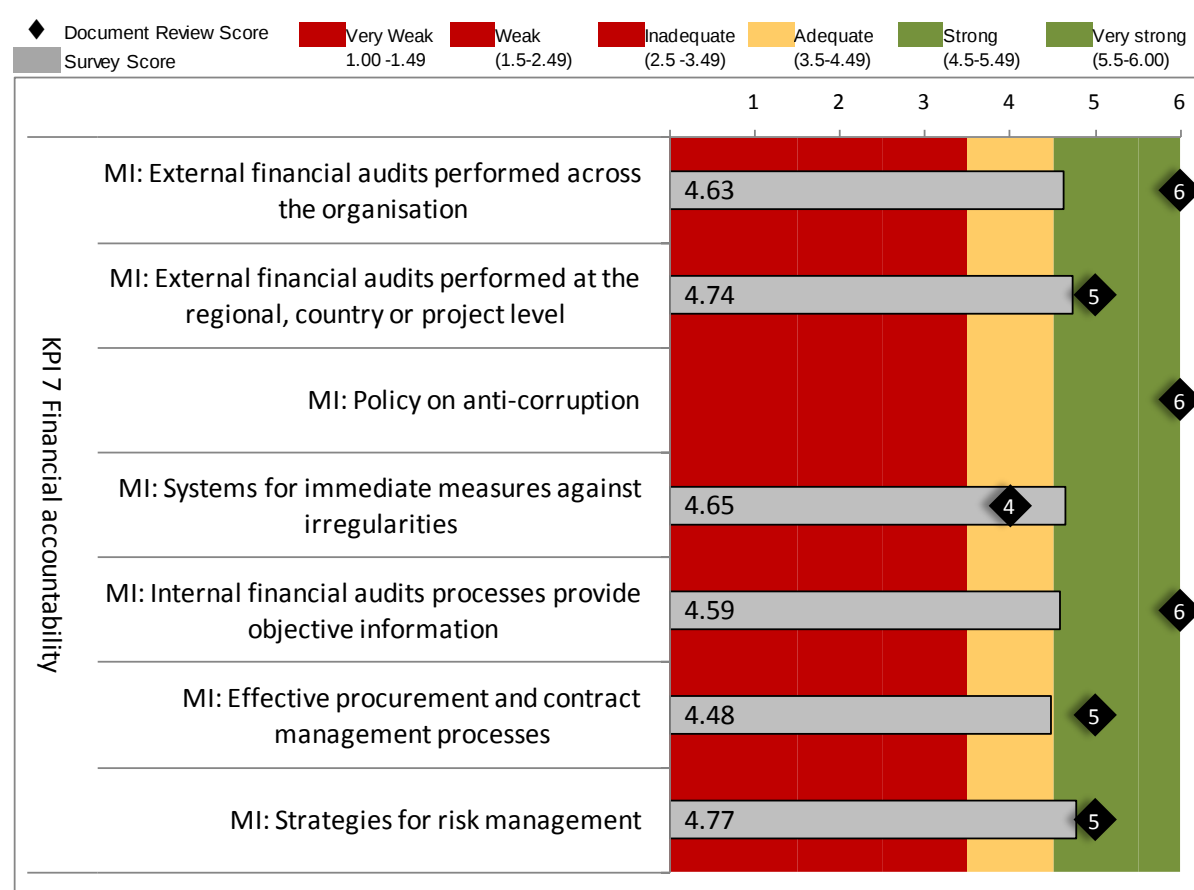
MI 6.2 – Disbursements linked to reported results

Although survey respondents rated the IDB adequate on this MI, document review rated it inadequate. At a corporate level, IDB reports do not yet illustrate an association between expenditures and results achieved. However, at the project level, the Progress Monitoring Report (PMR) links expenditures to outputs and outputs to outcomes. Consequently, future DEOs will be able to report on expenditures for each Results Framework output delivered. This will require full implementation of the processes related to RBB, the Development Effectiveness Framework (DEF), and the PMR. The tools that are being introduced will enable the Bank to compare actual results achieved against expected results for its portfolio of projects and report on other project performance metrics such as cost, schedule, disbursements, risks, and lessons learned.

KPI 7: Financial Accountability

Finding 7: On average, survey respondents and document review gave the IDB strong ratings for its policies and processes for financial accountability, risk management and anti-corruption.

Respondents surveyed felt that the IDB had instituted successful policies and processes for financial accountability. Document review concurred. Financial audits meet recognised international standards and are performed at different levels within the organisation. Risk management strategies, anti-corruption guidelines and procurement processes guidelines and policies are in place.

Figure 3.13 KPI 7: Financial Accountability, Ratings of Micro-Indicators**MI 7.1 – Financial audits performed across the organisation**

The survey asked respondents at headquarters if the IDB's external audits are meeting donor needs. A total of 40 per cent of survey respondents rated the IDB strong or above on this MI. Document review inquired whether financial audits (that met recognised international standards) were performed across the organisation and rated the IDB very strong on this MI. All annual financial reports reviewed had accompanying letters from an external auditor (Ernst and Young) stating that the audit was conducted in accordance with the Public Company Accounting Oversight Board (United States).³⁶

MI 7.2 – Financial audits performed at the regional, country or project level

A majority of survey respondents (53 per cent) rated the IDB as strong or higher for audits on programs and projects at the country level. The IDB has clear rules and procedures for conducting audits. External audits of operations are generally completed yearly and are required to meet international standards. External audits are used for project executing entities and are conducted at the project level, but the Bank does not disclose external audit reports unless the borrower and beneficiary agree. The Bank's strong internal audit function (noted below in MI 7.5) also audits at country and project level.

³⁶ IDB. (2011). *Annual Report: Financial Statements 2010*; IDB. (2010). *Annual Report: Financial Statements 2009*; IDB. (2009). *Annual Report: Financial Statements 2008*.

MI 7.3 – Policy on anti-corruption

Document review rated the IDB very strong for its anti-corruption policy. Survey respondents were not asked about the issue. Through a collection of publicly available documents, the IDB has shown it takes decisive action against corruption and fraud. The IDB has policies and procedures regarding fraud and corruption in mandates of the *Oversight Committee on Fraud and Corruption (OCFC)* and *Office of Institutional Integrity (OI)*. Documents reviewed show that the Bank has operational policy measures such as *Reporting on Fraud and Corruption*, and *Whistleblower protection to counter corruption*. The IDB also has a *Code of Ethics and Professional Conduct*, and a *Code of Conduct of the Board of Executive Directors*, which show its commitment to integrity. The organisation reviewed its anti-corruption framework in 2008 and subsequently adopted measures to expand on it.

MI 7.4 – Systems for immediate measures against irregularities

A majority of respondents rated the Bank's systems for following up on financial irregularities, including fraud and corruption, adequate. Documents reviewed revealed that the Office of the Executive Auditor (AUG) has a quality assurance and improvement program enabling compliance of audits with internal policies, procedures and standards to be assessed. The IDB has norms and procedures in cases of non-compliance with financial management arrangements that include timelines for the response, although the procedure to be followed is not described in detail.

MI 7.5 – Internal financial audit processes provide objective information

MOPAN donors at headquarters felt internal financial audits provided objective information for its governing body, and gave an overall rating of strong (45 per cent rated this MI strong or above). This question was not asked of clients or donors in-country. The internal audit practice is considered very strong, based on the review of documents. The AUG reports directly to the Office of President and the Audit Committee of the Board of Executive Directors, thus independent from programming areas. The Institute of Internal Auditors recently performed an external quality assessment of the Bank's internal audit activity and the AUG received the highest available rating.³⁷

MI 7.6 – Effective procurement and contract management processes

According to donors in-country and clients, the IDB's procurement and contract management processes for providing services or goods is effective. Overall, respondents rated the IDB adequate. Document review rated the IDB strong on this MI. In April 2011, the IDB introduced two new policies; one for the *Procurement of Goods and Works*, and one for the *Selection and Contracting of Consultants*. Those policies – as well as past policies – contain clauses that provide for timeliness of delivery and requirements regarding the quality and efficiency of products and services. On its website, the IDB provides ample information on contracts, opportunities, guidelines and summaries of the investigation and outcomes of potential violations and prohibited IDB practices. Finally, the IDB maintains a list of firms and individuals sanctioned by the IDB Group's Sanctions Committee on the grounds that they "engaged in fraud, corruption, collusion or coercion, in violation of the IDB Group's anti-corruption policies."³⁸

³⁷ IDB. (18 January 2011). *Board of Executive Directors Audit Committee Minutes*. Retrieved 15 June 2011 from <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35796755>

³⁸ IDB. (2011). *Institutional Integrity: Sanctioned Firms and Individuals*. Retrieved 23 June 2011 from <http://www.iadb.org/en/topics/transparency/integrity-at-the-idb-group/sanctioned-firms-and-individuals,1293.html>

MI 7.7 – Strategies for risk management

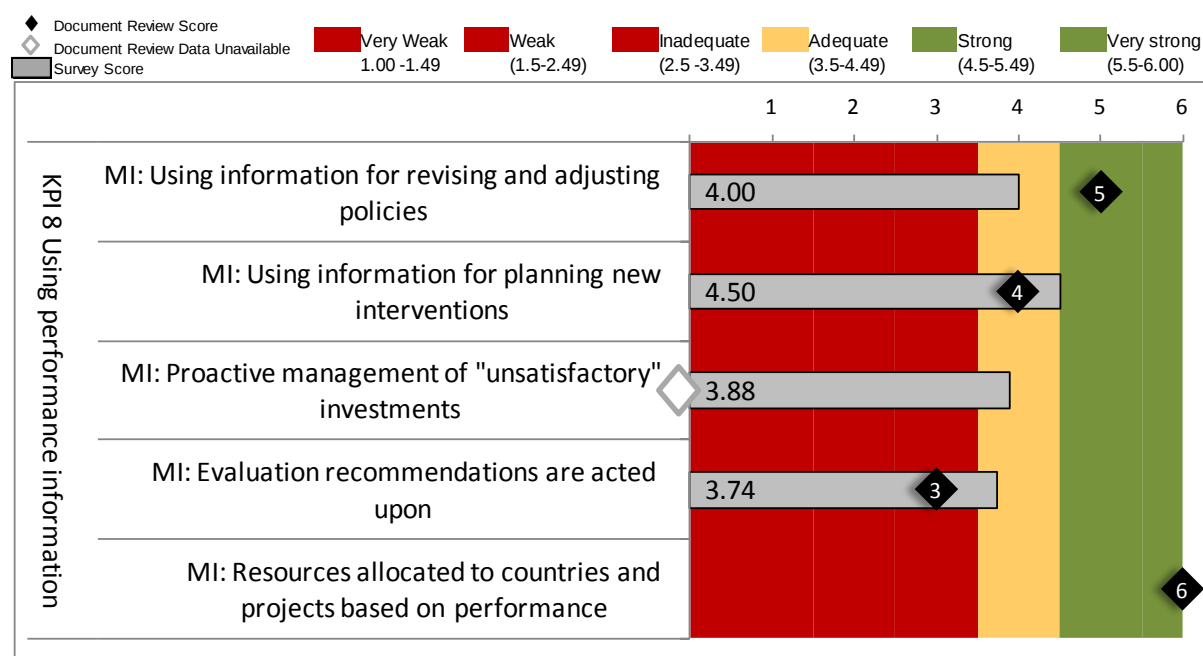
Overall, MOPAN members at headquarters gave IDB a strong rating (58 per cent as strong or above) for strategies and plans for risk management. Neither clients nor donors in-country were asked about this micro-indicator. Document review gave the IDB a strong rating for this MI. The IDB has identified different types of risk (strategic, financial, compliance, operational, environmental and social), thus illustrating a comprehensive and structured bottom-up approach to risk management. Nonetheless, at the project level, risk management may require on-going attention. Although the *Development Effectiveness Overview* has shown improvement in risk management scores during the last three years, OVE has voiced some concerns over the adequate identification of risks at the project level in its *Evaluability Review of Bank Projects 2009* (only 4.1 per cent had adequate information).³⁹ As noted by the IDB, the standard for risk management of sovereign guaranteed operations has been updated as recently as July 2011. The new risk procedures consolidate several different methodologies previously used in country offices and incorporate best practices to provide a single standardised and flexible methodology to assess and manage risks at the project level.

KPI 8: Using Performance Information

Finding 8: Survey respondents rated the IDB's use of performance information adequate in adjusting policies and strong in planning new interventions. Document review revealed uneven use of performance information by the Bank.

Document review showed that the Bank uses performance information to review policies, plan new interventions, manage unsatisfactory projects and allocate resources. There was little evidence, however, that evaluation recommendations are acted upon by responsible units.

Figure 3.14 KPI 8: Using Performance Information, Ratings of Micro-Indicators



³⁹ IDB. (2010). *Evaluability Review of Bank Projects 2009*. (p.5)

MI 8.1 – Using information to revise and adjust policies

The survey asked whether the IDB uses project, sector and country performance information to revise corporate strategies. A majority of donors at headquarters (63 per cent) provided a rating of adequate or higher on this question. Document review also examined the extent to which performance information on results was used for revising and adjusting programming and policies. IDB performance information is available and analysed in the DEO as well as in evaluation reports. Minutes of the Policy and Evaluation Committee (whose purpose is to review IDB policies and their modifications) suggest that adjustments have sometimes been made to IDB policies based on evaluation findings, including the *New Lending Framework*. Furthermore, internally-led reviews have also provided input to policy revision: a case in point is the review carried out on the IDB's work in gender equality, which contributed to the revised policy in this area.⁴⁰

MI 8.2 – Using information to plan new interventions

A majority of donors in-country and IDB clients (76 per cent) thought the IDB used country or sector performance information to plan new interventions at country level. In document review, the IDB was rated adequate on planning new interventions using performance information. At least half of the country strategies reviewed contain an analysis of the Bank's past performance. The OVE completes Country Program Evaluations at the end of a Country Strategy cycle. These documents give information on IDB performance in the country and provide a set of recommendations that should be used to incorporate new elements into future country strategies. A review of a small sample of country strategies demonstrated that recommendations from country program evaluations were inconsistently used by management to introduce new interventions in subsequent country strategies. As part of the Development Effectiveness Framework implementation and in response to an OVE recommendation, all strategies have a results matrix for which progress is tracked annually through the country programming document.

MI 8.3 – Proactive management of "unsatisfactory" investments

Donors in-country and IDB clients felt that the IDB's unsatisfactory investments, programs, and projects in the previous fiscal year were subject to adequate proactive management. Forty-five per cent of all survey respondents answered 'don't know' for this MI. In the document review, this indicator draws on COMPAS indicator 8, which refers to the number and percentage of projects that were unsatisfactory in FY08 and that became satisfactory in FY09. Since a new methodology for reporting during project implementation (i.e., Progress Monitoring Report) has been introduced by the IDB, the COMPAS data were not available for the assessment.⁴¹ The IDB indicates that it now uses a performance index to rate project performance. All projects identified as "problem" or "alert" under the new methodology are reviewed to determine corresponding corrective actions and the Bank has committed resources to support such actions in 2012.⁴²

⁴⁰ IDB. (2007). *Promoting Gender Equality through Gender Mainstreaming and Investing in Women's Empowerment Report 2002-2005*.

⁴¹ COMPAS. (2010). *Multilateral Development Bank's Common Performance Assessment System: 2009, COMPAS Report*. (p.25).

⁴² Specific resources have been allocated to those projects in the 2012 budget to support the team leaders in assisting the executing agencies to resolve the issues delaying projects. Additionally, team leaders will be required to prepare corresponding action plans.

MI 8.4 – Evaluation recommendations are acted upon

Donors at headquarters were asked whether the IDB tracks implementation of evaluation recommendations reported to the Board in an appropriate fashion. They rated this MI adequate. Document review revealed no formal system for tracking the implementation of recommendations from evaluations reported to the Board and accepted by management. In general, OVE studies are presented to the Board with written comments from Management. Management is also invited to participate in Board discussions of OVE reports.⁴³ Nevertheless, Management responses do not seem to be required and only a few are publicly available. In response to the recommendations stemming from an external review of the evaluation function at the IDB, OVE and the Strategic Planning and Development Effectiveness Division (SPD) jointly presented a capital project proposal for 2012 to install a tracking system to record, manage and monitor OVE's recommendations.

MI 8.5 – Resources allocated to countries and projects based on performance

Document review rated the IDB as very strong in allocating resources to countries and projects based on performance. As noted earlier, the Enhanced Performance-Based Allocation (EPBA) provides a formula for the allocation of concessional resources.⁴⁴ The EPBA is based on a combination of country needs and performance and takes a number of factors into account. Apart from population and gross national income per capita of the country, it measures a weighted average of portfolio performance and the quality of the country institutional and policy evaluation (CIPE).⁴⁵

KPI 9: Managing Human Resources

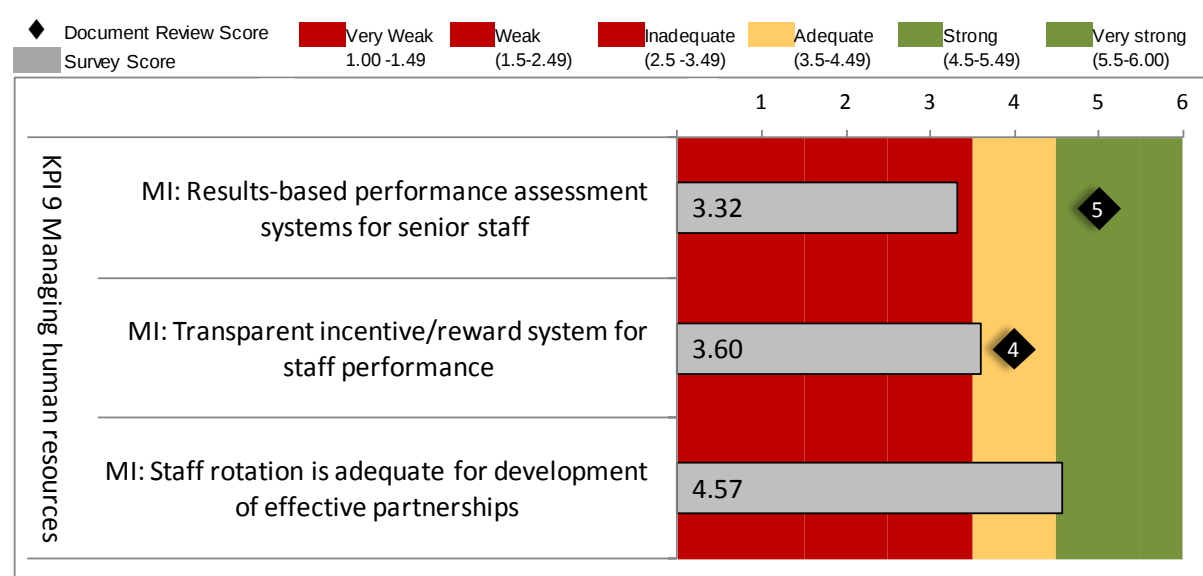
Finding 9: IDB documentation illustrates that reasonable human resources management systems are in place. Survey responses suggest that human resources practices – such as the results-focused performance assessment for senior staff – are not widely known by MOPAN donors.

As noted in the following MIs, the review of documents identifies systems for managing staff performance that are adequate or better. Survey respondents felt that the results-based performance assessment system for senior staff was inadequate. On the other hand, the IDB's approach to deploying staff in country offices facilitates effective partnerships, and was rated as strong. These human resource management practices will also be influenced by the new *Human Capital Strategy*, which aims to better align human resource management with the Bank's Institutional Strategy.

⁴³ OVE. (2006). *OVE's 2004-2005 annual report and proposed 2006 work program and budget*. (p.8).

⁴⁴ Concessional funding represents subset of IDB's activities and encompasses only a few countries. Concessional funding represents less than 3 per cent of ordinary capital approved in 2010. (Source: IDB Annual Report 2010)

⁴⁵ CIPE draws on a series of variables: economic management, structural policies, social inclusion/equity policies and public sector management and institutions.

Figure 3.15 KPI 9: Human Resource Management, Ratings of Micro-Indicators**MI 9.1 – Results-focused performance assessment systems in place for senior staff**

Donors at headquarters rated the IDB's use of results-focused performance assessment systems for senior staff inadequate. While 28 per cent of these donors rated the IDB inadequate or worse on this question, over half the survey respondents (53 per cent) answered 'don't know'. Document review rated the organisation strong on this MI. The *IDB Manual: Employee Performance Management (2009)* explains that the system for creating performance assessments is applicable to "all international staff, including supervisory staff at the level of Division Chief or Country Representative, Manager, and Executive."⁴⁶ With sections on objectives, performance documents, the management cycle and the performance process, the manual outlines the aims and content of the performance assessment system, which provides a reasonable basis for managing staff performance. Nevertheless, no evidence was found of compliance with this relatively new performance assessment system which many respondents were not familiar with. This might explain the discrepancy between results of the survey and the document review. In the new *Human Capital Strategy*, the IDB plans to strengthen the performance management system by aligning institutional goals with individual work plans and focusing on supervisor accountability regarding its capacity to manage and develop talent.

MI 9.2 – Transparent incentive/reward system for staff performance

Donors at headquarters were asked whether the system used by IDB to manage staff performance was transparent. On this MI, donors at headquarters rated the IDB adequate but more than one-third (38 per cent) indicated 'don't know' on this question.

Document review also gave a rating of adequate for the staff performance reward system as described in *The Career Management Framework (CMF)* and *Employee Performance Management*. Evidence suggests that the IDB is making efforts to link the assessment of staff performance with incentives and/or rewards. An employee's final score in the performance review process is one of the primary factors for determining eligibility for merit pay and salary raise.⁴⁷ The IDB does seem to be moving in the right direction in its attempts to harmonise and reform staffing rules and promotion policies. As part of the new *Human Capital Strategy* the IDB

⁴⁶ IDB. (2009). *Staff Rule: Employee Performance Management*. (p.2).

⁴⁷ IDB. (2009). *Staff Rule: Employee Performance Management*. (p.5).

is reviewing and designing new frameworks and programs that further align recognition, compensation and benefits with performance.

MI 9.3 – Staff rotation is adequate for developing effective partnerships

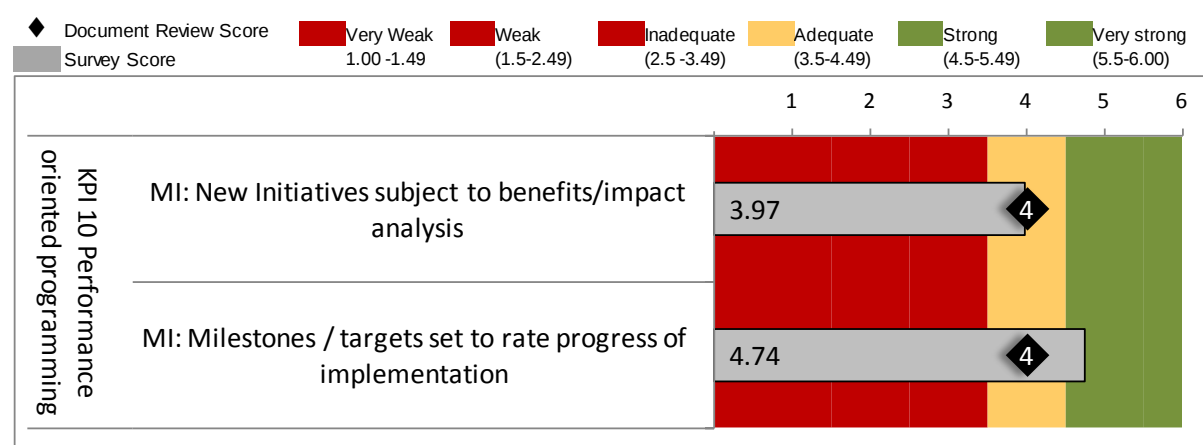
In the survey, donors in-country and clients were asked whether the IDB keeps international staff deployed in country offices for sufficient time to maintain effective partnerships at the country level. Overall, respondents rated the IDB strong on this MI.

KPI 10: Performance Oriented Programming

Finding 10: The IDB was rated as adequate and strong by survey respondents on the MIs covering its performance-oriented country/regional programming processes. Document review rated the IDB adequate in this area.

A majority of respondents (67 per cent) shared the perception that the IDB's country/regional programming processes are performance-oriented. Document review rated the IDB as adequate on this KPI.

Figure 3.16 KPI 10: Performance Oriented Programming, Ratings of Micro-Indicators



MI 10.1 – New initiatives subject to benefits/impact analysis

A majority of donors at headquarters (60 per cent) perceived the IDB's performance as adequate or higher in subjecting new loans and credits to impact analysis prior to approval. The IDB has taken steps to ensure that new initiatives are subject to benefits/impact analysis prior to approval. The Development Effectiveness Framework (DEF) provides for economic analysis, program logic, monitoring and evaluation and risk management. These instruments, which are all part of the Development Effectiveness Matrix (DEM), are used to rate the evaluability of projects at entry and will be used to report on achieved results at exit. Document review rates this MI as adequate.

According to the *Development Effectiveness Overview 2010*, sovereign-guaranteed operations have been rated with the DEM since 2009 under the guidance of the Strategic Planning and Development Effectiveness Division (SPD) and show signs of improvement in evaluability levels.⁴⁸ There were divergent views on the DEM as the IDB's main evaluability instrument. While the OVE noted that the DEM had not been "effectively integrated" and that it misses "important qualitative dimensions of project evaluability" which may create "inconsistencies between the judgments made by reviewers and information contained in documents", other

⁴⁸ IDB. (2011). *Development Effectiveness Overview 2010*. (p.40-41).

sources indicate that the DEM provides an appropriate assessment.⁴⁹ The IDB Research Department concluded that the use of the DEM methodology is an appropriate tool for highly complex tasks, that the DEM weights and the aggregation algorithm are effective and robust, and that they do not lead to loss of information.⁵⁰ The report of the Independent Review Panel on Evaluation suggested the need to harmonise the methodological processes used by SPD and OVE to assess project evaluability.⁵¹

MI 10.2 – Milestones/targets set in rating progress of implementation of projects

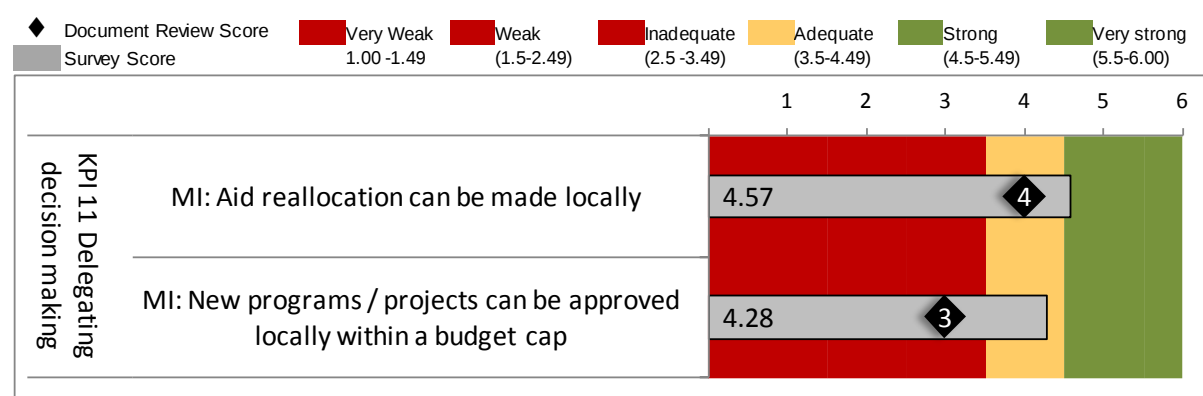
The majority of donors in-country and clients felt that the IDB adequately sets targets to enable monitoring of progress during project implementation at the country level. Overall, they gave the IDB a strong rating for this MI. Document review rated the IDB's performance adequate in setting milestones/targets to rate the progress of project implementation. Most loan proposals sampled contained a description of proposed milestones and baselines in addition to activities. Since the Bank recently introduced a series of new tools, some of the loan proposals were not aligned with the new policies. In terms of rating progress during project implementation, each Progress Monitoring Report sampled contained a clear list of milestones and targets. However, only a small number of them contained all baseline values for the indicators at outcome and output levels. IDB data in the 2009 COMPAS report suggests that 54 per cent of projects had explicit baseline data for the outcomes to be achieved. The evidence reviewed suggests that the new tools will enhance the monitoring function of the Bank.

KPI 11: Delegating Decision Making

Finding 11: Survey respondents and the document review indicate that the Bank is adequate in delegating authority to the country level for aid reallocation, but less so for project approval.

As an international financial institution in which all loans are approved by the Executive Board, the IDB has limitations in terms of delegating decisions about loans to the country level. Survey respondents viewed the Bank's delegation of decision making positively in terms of project task management and the ability to propose new projects. The review of documents looked at both processes and other products of the Bank that can be decentralised.

Figure 3.17 KPI 11: Delegating Decision Making, Ratings of Micro-Indicators



⁴⁹ OVE. (2010). *Evaluability Review of Bank Projects 2009*. (p.20; 25).

⁵⁰ IDB. (2011). *Review of the Development Effectiveness Matrix for Sovereign Guaranteed and Non Sovereign Guaranteed Operations*. (Annex 1: p.1).

⁵¹ Independent Review Panel on Evaluation. (2011). *Strengthening Evaluation to Improve Development Results*. (p.37-38).

MI 11.1 – Aid reallocation decisions can be made locally

The survey asked donors in-country and clients about the extent to which IDB's project tasks are managed at country level. On average, survey respondents rated the IDB strong on this MI.

The document review rated the IDB adequate on this MI. As noted above, all loan operations include legal and contractual obligations and require approval by the Board of Executive Directors. The amount of funding that country offices can reallocate without Board approval is limited. However, the IDB is implementing new policies that will foster greater ownership and use of country systems. As part of this, countries will have a greater role in decision making on portfolio changes (e.g., consolidation of projects), although the exact parameters for their role were not readily available.

MI 11.2 – New programs/projects can be approved locally within a budget cap

Donors in-country and clients felt that the IDB performed adequately in proposing new projects locally. However, all IDB loan operations must be approved by the Board. To reduce transaction costs and speed up approval processes, the Board delegates authority, in some instances, to the President to approve technical cooperation, and the President further delegates this authority to senior IDB staff. Thus, there are certain types of products that may qualify for approval at the country level. However, the extent of IDB's efforts to decentralise processes or decisions about such products is not clear in the documentation available.

3.3.4 Relationship Management

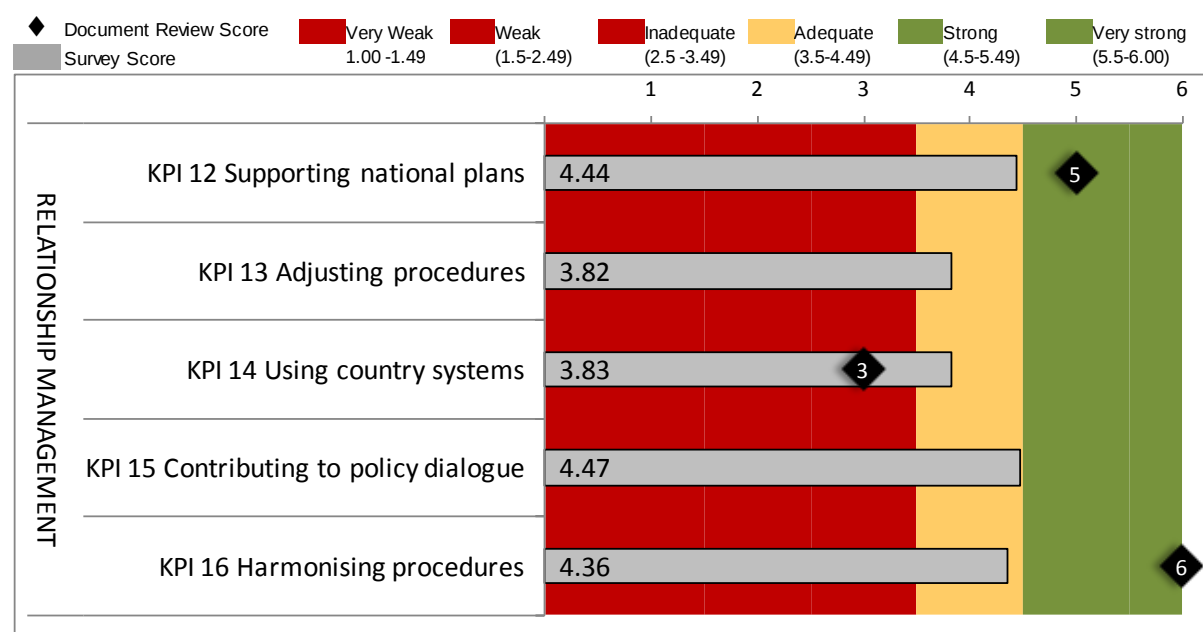
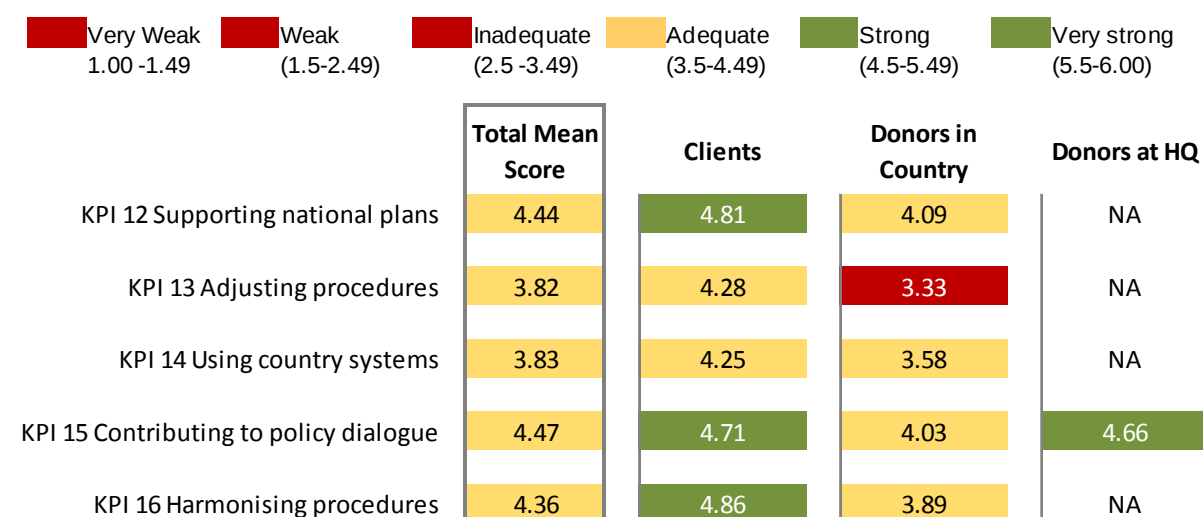
In relationship management, the IDB has taken valuable steps to integrate the Paris Declaration and aid effectiveness principles into its work. It has improved in most Paris Declaration indicators since they were last measured in 2008.

Relationship Management indicators assess the IDB's progress in its commitment to the international aid effectiveness agenda, namely the *Paris Declaration on Aid Effectiveness* and the *Accra Agenda for Action*. Most survey questions concerning these KPIs targeted clients and donors in-country. Donors at headquarters were asked only about the Bank's contribution to policy dialogue.

Figure 3.18 below shows the overall survey and document review ratings for the five KPIs in the relationship management quadrant. Figure 3.19 shows the mean scores for the five KPIs for all survey respondents and by respondent groups. Respondents felt that the IDB performed adequately across all the key performance indicators in Relationship Management. There were statistically significant differences between donors in-country and clients on most questions, with clients giving higher ratings.

The review of documents draws on OECD's bi-annual *Survey on Monitoring the Paris Declaration*. The 2011 OECD report *Aid Effectiveness 2005-2010: Progress in Implementing the Paris Declaration* published data for the IDB based on 10 countries that participated in the 2010 survey.⁵²

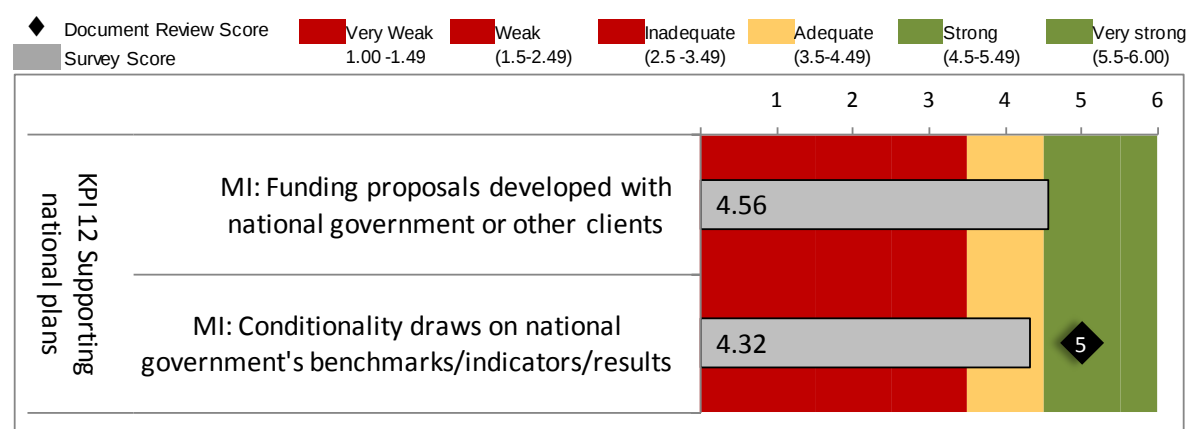
⁵² Bolivia, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Peru

Figure 3.18 Quadrant III Relationship Management, Survey and Document Review Ratings**Figure 3.19 Quadrant III: Relationship Management, Mean Scores by Respondent Group**

KPI 12: Supporting National Plans

Finding 12: Clients of the IDB gave a strong rating to its performance in supporting national plans. Document review concurred with this assessment.

This key performance indicator measures the extent to which IDB support for governments is developed collaboratively with clients, and the extent to which lending conditions for aid are based on government benchmarks. Only clients and donors in-country were questioned on this KPI.

Figure 3.20 KPI 12: Supporting National Plans, Ratings of Micro-Indicators**MI 12.1 – Funding proposals developed with national government or other clients**

In funding proposals with national government or clients, the IDB's performance was rated adequate. In 89 per cent of cases, survey respondents rated it adequate or higher.

MI 12.2 – Conditionality draws on national government's benchmarks/indicators/results

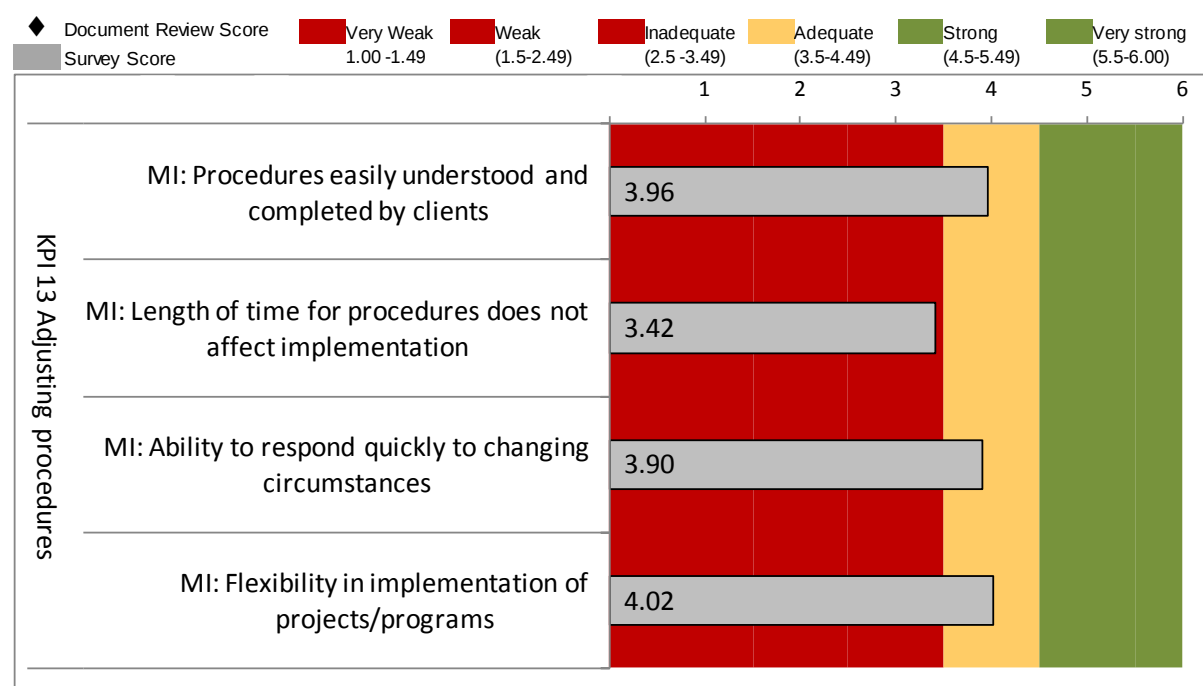
Survey respondents felt that IDB loan conditions correspond to the goals and benchmarks of national governments (77 per cent rated this MI adequate or higher).

The IDB tries to ensure that loan conditions respect the principles of country ownership set out in the Paris Declaration. Document review gave the Bank a strong rating on this MI. Documentary evidence showed that the IDB aligned government strategy priority areas (also known as National Development Strategy) with country strategies. Once the Bank validates a country strategy, that strategy is used to align individual projects. Evidence of implementation of the principles of country ownership was also noted in the new *Results-based Country Strategies*, and in the guidelines related to *Proposal for Operations Development*. Recent revisions to country strategy and the emphasis on country ownership keep the IDB's conditions in line with government benchmarks.

KPI 13: Adjusting Procedures**Finding 13: Survey respondents rated the IDB as adequate overall in adjusting procedures to local conditions and capacities, but suggested the Bank needs to reduce the time required to complete procedures.**

The IDB's efforts to adjust procedures to local conditions and capacities received an overall rating of adequate, but with a lower rating on the indicator that assesses the amount of time required to complete procedures.

For the last 10 years, the Bank has experimented with new and flexible lending instruments containing simplified and fast-track review processes to ensure timely approval. The *Evaluation of the New Lending Framework, 2005-2008* notes shorter average processing and disbursement times. However, as noted above, the time frame for completing procedures is still a concern.

Figure 3.21 KPI 13: Adjusting Procedures, Ratings of Micro-Indicators**MI 13.1 – Procedures easily understood and completed by clients**

Donors in-country rated the IDB inadequate in its use of procedures that could be understood easily by clients. In contrast, clients felt the Bank's procedures were easy to understand, with 88 per cent giving a rating of adequate or higher. This difference was also reflected in responses to open-ended questions: Donors-in country saw room for improvement in IDB procedures, while clients seemed satisfied. However, as noted below, clients are concerned about the length of time required for completing Bank procedures.

MI 13.2 – Length of time for procedures does not affect implementation

This MI received the lowest overall mean score out of the 40 micro-indicators assessed by IDB clients. Among donors in-country, respondents gave an overall rating of inadequate (57 per cent rated it inadequate or lower). In open-ended questions, some client respondents highlighted delays in procedures as a main area for improvement. As reported by the Bank, a new initiative, the Optima Program, aims to optimise operational and corporate processes through significant business process redesign. This initiative should help to address this concern.

MI 13.3 – Ability to respond quickly to changing circumstances

Respondents were asked to rate the Bank's ability to respond quickly to changing circumstances in the field. Donors in-country were split on this issue: 44 per cent rated this MI adequate or above, while 41 per cent rated it inadequate or below.

MI 13.4 – Flexibility in implementing projects/programs

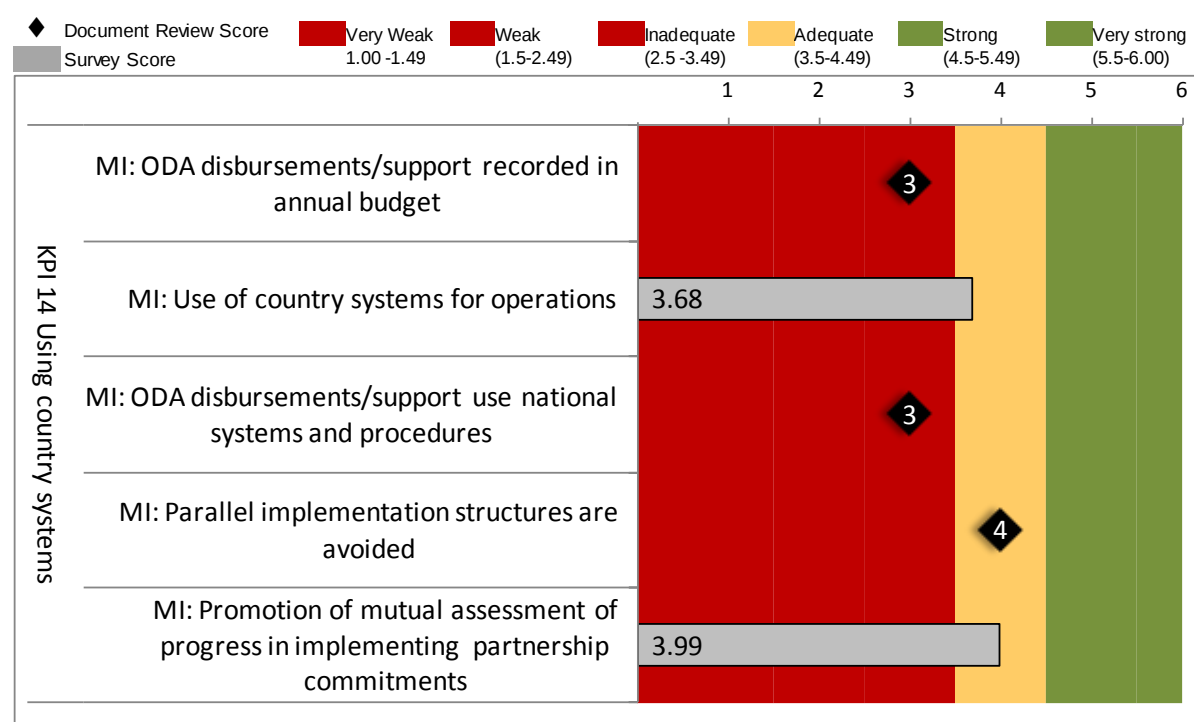
Donors in-country rated this MI inadequate. Again, they were split on the issue, with 44 per cent rating the IDB adequate or higher and 41 per cent rating it inadequate or lower. Clients found the IDB more flexible in implementing programs, with 88 per cent rating it adequate or higher.

KPI 14: Using Country Systems

Finding 14: Survey respondent felt that the IDB's use of country systems was adequate. Document review suggests that the Bank could make more use of country systems in its operations.

The Paris Declaration contains a number of indicators for monitoring the Bank's use of country systems. According to available data, the IDB has made progress on its use of country systems and reducing its use of Project Implementation Units since the 2008 Survey on Monitoring the Paris Declaration. The Bank introduced a strategy for strengthening its use of country systems in 2009. Survey respondents rated the Bank adequate on indicators in this area, but answers to open-ended questions revealed a need for increased IDB efforts to adapt to country specificities. Questions in this KPI were addressed only to donors in-country and clients.

Figure 3.22 KPI 14: Using Country Systems, Ratings of Micro-Indicators



MI 14.1 – ODA disbursements/support recorded in annual budget

Data from the 2011 Paris Declaration Survey on the alignment of aid flows with national priorities (Indicator 3 of the Paris Declaration) show that 51 per cent of IDB aid flows are recorded in country budgets.⁵³ This reflects an improvement when compared to the 2007 data, but IDB still falls short of the illustrative target of 85 per cent and is thus rated as inadequate. However, in multilateral development banks this should be “automatic,” if for no other reason than the Bank requires contractually that counterpart funding be included in national budgets. Moreover, loans in some countries must be approved by the legislative branch of government and incorporated in the national budget, by law.

MI 14.2 – Use of country systems for operations

Donors in-country gave the IDB an overall rating of adequate (50 per cent rated it adequate or higher) on its use of country systems for operations. Similarly, the majority of clients rated it adequate or above (55 per cent).

MI 14.3 – ODA disbursements/support use national systems and procedures

This MI is based on the data collected by IDB for Indicators 5a and 5b of the Paris Declaration.⁵⁴ The data collected for 10 countries in 2011 indicate that 45 per cent of the Bank's aid flow uses country public financial management systems (financial reporting, budget procedures, and national audit systems) and 34 per cent uses country procurement systems.⁵⁵ Because these percentages fall below the Paris Declaration illustrative target for 2010, the document review rated the IDB as inadequate on this MI.⁵⁶ Further improvement may come as a result of revisions to procurement policies and the adoption of the *Strategy on Strengthening and Use of Country Systems* (2009), which noted the limited use of country procurement systems by Bank-financed operations.

MI 14.4 – Parallel implementation structures are avoided

The Paris Declaration aimed to reduce the use of parallel project implementation units (PIU) by two-thirds by 2010 (Indicator 6). In 2010, the IDB reported an average of 6.6 PIUs per country, which represents a reduction of 59 per cent from 2007. The IDB therefore received a rating of adequate on this indicator.

MI 14.5 – Promotion of mutual assessment of progress in implementing partnership commitments

Donors in-country and clients felt that the IDB adequately encouraged mutual accountability of Paris Declaration and Accra Agenda for Action commitments. Donors in-country rated the Bank adequate or higher in 49 per cent of cases. Clients also provided an overall score of adequate, but 57 per cent responded ‘don't know’.

⁵³ For this indicator, governments provided data for the numerator and the IDB provided data for the denominator. There were some asymmetries in the data provided by the countries. One of the ten countries participating in the survey adopted a broad interpretation of official development assistance, rather than reporting strictly on concessional funds. This caused the IDB percentage to be very low, which is not representative.

⁵⁴ Due to a reported error in the OECD data for 2010, this indicator draws on data provided by the IDB.

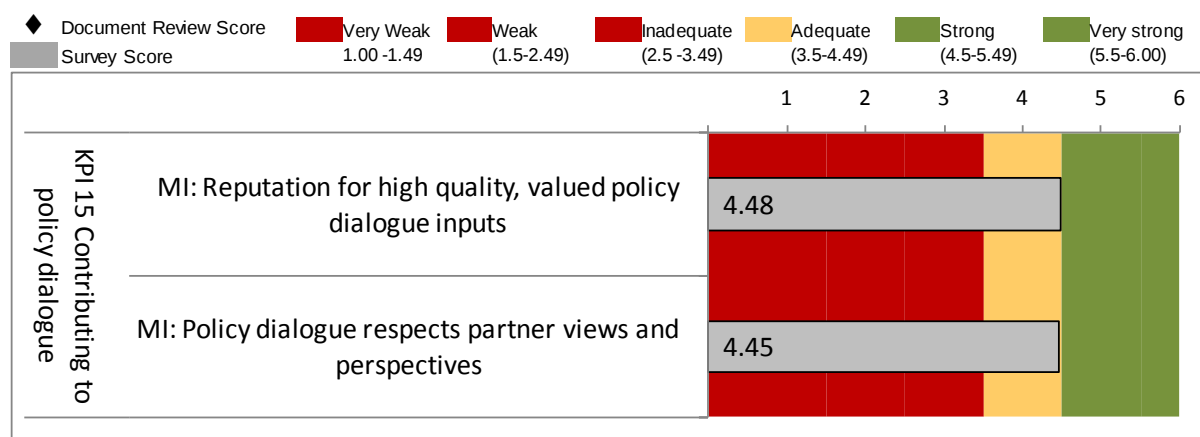
⁵⁵ It is important to note that the percentages are driven down by only one country of the 10 assessed that weighs heavily in the data reported. In its yearly budget, this country does not take into account recurrent cost estimates for investment projects, lowering the budget execution indicator.

⁵⁶ In the most recent OECD report, a target of 55 per cent is suggested for Indicator 5a on use of PFM systems (OECD, 2011). In the 2008 Survey on Monitoring the Paris Declaration, the targets for Indicators 5a and 5b were each set at 80 per cent.

KPI 15: Contributing to Policy Dialogue

Finding 15: Donors at headquarters and clients were more positive than donors in-country on the IDB's contribution to policy dialogue. The first two groups rated the Bank strong in this area.

Figure 3.23 KPI 15: Contributing to Policy Dialogue, Ratings of Micro-Indicators⁵⁷



MI 15.1 – Reputation for high quality, valued policy dialogue inputs

Survey respondents felt that the IDB had a reputation for high quality inputs to policy dialogue (86 per cent rated this MI adequate or higher).

MI 15.2 – Policy dialogue respects partner views and perspectives

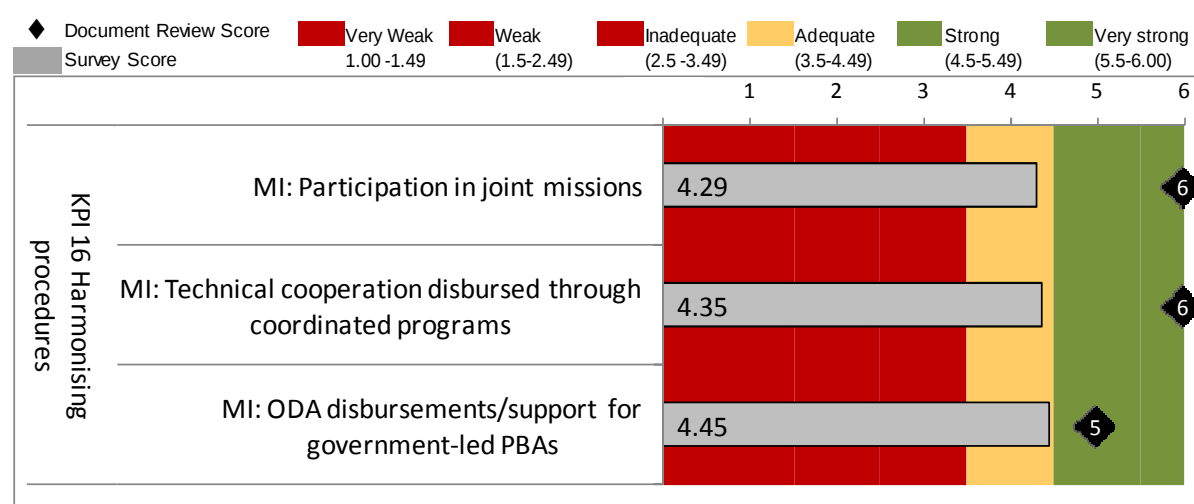
Eighty-two per cent of survey respondents gave a rating of adequate or above on the extent to which IDB policy dialogue respects partner views.

⁵⁷ None of the indicators were rated using document review. For more information, please see the methodology in Volume II, Appendix I.

KPI 16: Harmonising Procedures

Finding 16: Clients rated the IDB's harmonisation of procedures at the country level as very strong. Paris Declaration monitoring data show improvement since 2008 with regard to IDB participation in joint missions, disbursement of technical cooperation through coordinated programs, and support for program-based approaches.

Figure 3.24 KPI 16: Harmonising Procedures, Ratings of Micro-Indicators



MI 16.1 – Participation in joint missions

Survey respondents provided ratings of adequate or above in 70 per cent of cases. In open-ended questions, donors in-country identified the need for greater coordination with bilateral donors as a main area for IDB improvement.

The Paris Declaration (Indicator 10a) set an illustrative target for donors of 40 per cent of all missions to be coordinated as joint missions in the field. The IDB's 2010 data show 67 per cent of its missions are conducted as joint missions. Document review gave a score of very strong.

MI 16.2 – Technical cooperation disbursed through coordinated programs

A majority of survey respondents (76 per cent) rated the IDB adequate or above on technical assistance offered through coordinated programs to support capacity development.

Indicator 4 of the Paris Declaration looks at coordinated technical cooperation provided as a percentage of total technical cooperation. The 2010 illustrative target is to implement 50 per cent of technical cooperation flows through coordinated programs. The IDB surpassed this target, with 65 per cent of its technical cooperation provided through coordinated programs in 2010. The document review rated IDB as very strong on this indicator.

MI 16.3 – ODA disbursements/support for government-led PBAs

Regarding IDB participation in program-based approaches (PBAs), clients gave an overall rating of strong, while donors in-country rated the IDB adequate.

The Paris Declaration Indicator 9 focuses on the use of common arrangements or procedures for aid delivery. More specifically, the indicator measures the amounts of ODA disbursed in support of initiatives adopting PBAs, as a percentage of total ODA disbursed. The Paris Declaration set an illustrative target of 66 per cent to be achieved by 2010. IDB data for 2010 show that 80 per cent of its disbursements is provided through PBAs, an increase over 2007.

The document review thus gave it a score of strong. This rating is based on the 10 countries for which the IDB provided data to the OECD for the Survey on Monitoring the Paris Declaration.

However, the use of PBAs is not as widespread in all countries of the IDB portfolio.⁵⁸ When looking across all countries, 33 per cent of the Bank's total disbursements in 2010 were made through PBAs.

3.3.5 Knowledge Management

In knowledge management, the IDB has developed the tools and procedures to report effectively on its performance. More efforts are needed for the Bank to effectively disseminate and use lessons learned and performance information.

Figure 3.25 below shows the overall survey and document review ratings for the three KPIs in the knowledge management quadrant. Figure 3.26 shows the mean scores for the three KPIs for all survey respondents and by respondent groups. In knowledge management generally, survey respondents rated the IDB adequate.

Figure 3.25 Quadrant IV Knowledge Management, Survey and Document Review Ratings

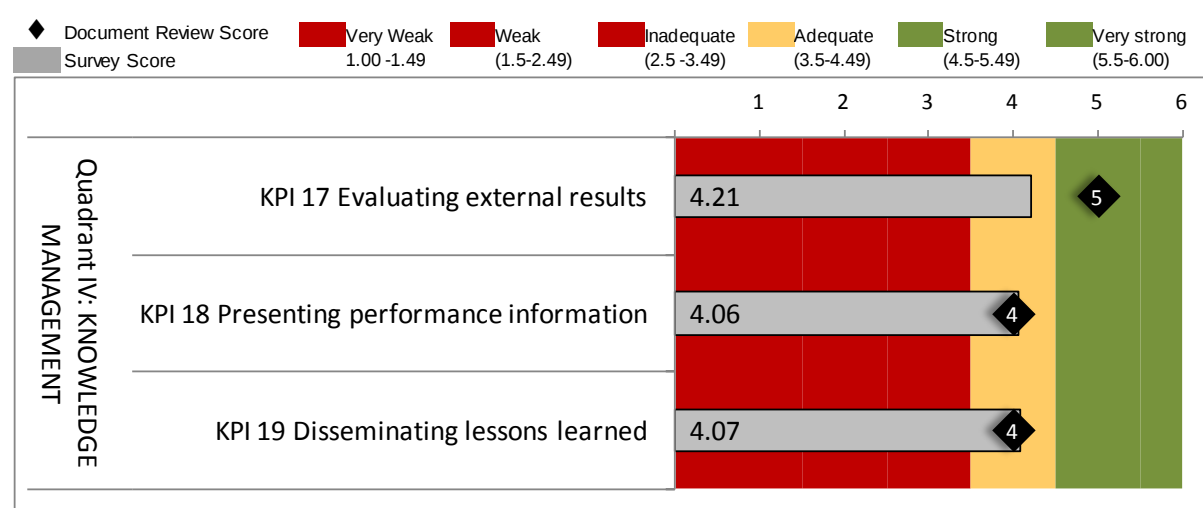


Figure 3.26 Quadrant IV: Knowledge Management, Mean Scores by Respondent Group

	Total Mean Score	Clients	Donors in Country	Donors at HQ
KPI 17 Evaluating external results	4.21	4.95	3.91	3.92
KPI 18 Presenting performance information	4.06	NA	NA	4.06
KPI 19 Disseminating lessons learned	4.07	NA	NA	4.07

⁵⁸ Based on data provided for 26 borrowing countries of the IDB. The difference is due to the fact that the sample of countries in the Paris data set for 2007 and 2010 included countries that received significant disbursements through Policy Based Loans (PBL).

KPI 17: Evaluating External Results

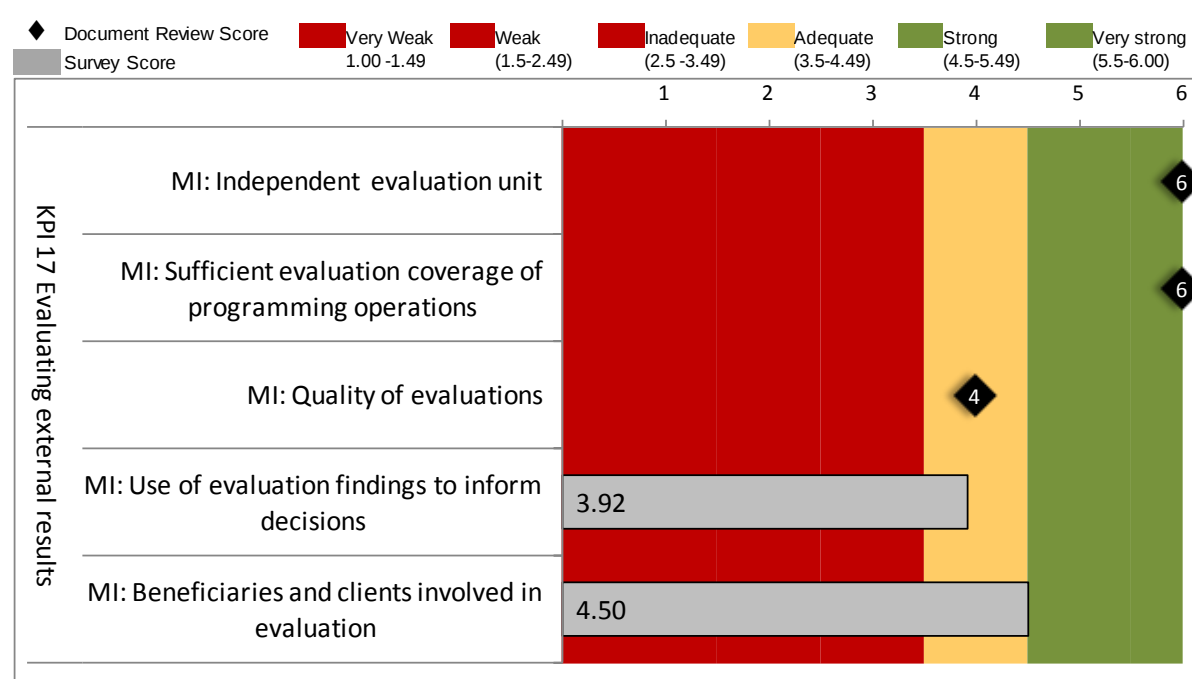
Finding 17: Both survey respondents and the document review rated the IDB as adequate in evaluating external results. An independent evaluation unit exists, but evaluation findings could be more frequently used to inform decision making.

The evaluation function is a shared responsibility between Management, the Office of Evaluation and Oversight and the Board. The role of the Board is to oversee the evaluation system. The OVE is mandated to ensure that the IDB's strategies, policies and programs comply with IDB objectives and mandates. Management is responsible for the self-evaluation function.

Survey respondents felt that evaluation of external results was adequate. Donors at headquarters suggested that evaluation findings could be better used to inform decisions. Clients were satisfied with their involvement in the Bank's project and program evaluations.

The first three MIs were assessed through document review only; the last two, through the survey.

Figure 3.27 KPI 17: Evaluating External Results, Ratings of Micro-Indicators



MI 17.1 – Independent evaluation unit

Document review showed that the OVE is a structurally independent evaluation unit reporting to the IDB's Board of Executive Directors. The OVE designs evaluations proposed in its work program, has complete authority in the hiring of staff, and has its own separate line item in the Bank's budget. Findings and recommendations are overseen by the Board's Policy and Evaluation Committee. The OVE was created in 1999 when the Bank's evaluation function was redesigned. A major change in the new monitoring and evaluation framework was the shift towards outcome monitoring and evaluation. The OVE works with five thematic areas: oversight studies; country program evaluations; sector, thematic and ex-post evaluations; policy and instrument evaluations; and evaluation capacity development.

MI 17.2 – Sufficient evaluation coverage of programming operations

Every year, the OVE produces a work program containing the five thematic areas identified above, specific Board mandates, and a budget constructed around this work program. Specific targets exist with regard to ex-post evaluation. For instance, ex-post performance and sustainability assessments are conducted on at least 20 per cent of completed projects, and ex-post impact evaluation reports on at least two projects completed in the previous four years or more.

IDB 9 contains three specific instructions for the OVE: it must report annually to the Board of Executive Directors on project evaluability; it must validate reported results for completed projects; and it must deliver an evaluation of the implementation of the Cancun Declaration⁵⁹ reforms to the governors. Most OVE evaluation reports are available on the IDB website, and all sampled country strategy reviews were available for document review.

MI 17.3 – Quality of evaluations

Document review rated the IDB as adequate on this indicator. The IDB has in place some policies and procedures to ensure the quality of its evaluations. For instance, each evaluation report goes through a review process by internal and external peer reviewers. The final evaluation report is sent to the Board for consideration once the review is completed. In 2010, the Board commissioned an external review of the evaluation function, which has been the most comprehensive effort to assess quality of evaluation at the IDB. The report noted that OVE has been “producing a large number of quality reports”, but that OVE should amongst other things “change its culture, adopt a more inclusive process, sharpen their recommendations, reduce work slippages and improve follow-up”.⁶⁰ Such changes would support quality and use of evaluation.

Documentary evidence suggests that the IDB respects relevant evaluation standards. OVE reports generally cover the Organisation for Economic Cooperation and Development, Development Assistance Committee (OECD/DAC) criteria for evaluating development assistance. The OVE is a founding member of the OECD/DAC Network on Development Evaluation (NODE). Both groups collaborate on the development of good practice standards for evaluation.

MI 17.4 – Use of evaluation findings to inform decisions

This question was asked only of donors at headquarters. A majority (73 per cent) rated the Bank’s use of evaluation findings to inform decisions adequate or higher.

MI 17.5 – Beneficiaries and clients involved in evaluation

Donors in-country and clients were asked whether the IDB required their involvement in evaluation processes. A majority (76 per cent) rated this MI adequate or higher.

KPI 18: Presenting Performance Information

Finding 18: IDB performance reports have improved due to recent efforts to emphasise performance measurement. Document review ratings reflect this change, but indicate a need for further improvement.

The IDB publishes performance information primarily in the *Development Effectiveness Overview* (DEO). Introduced to cover performance reporting in 2008-2009, the DEO is relatively new. Prior to this period, the IDB published performance information in the *Annual Report on*

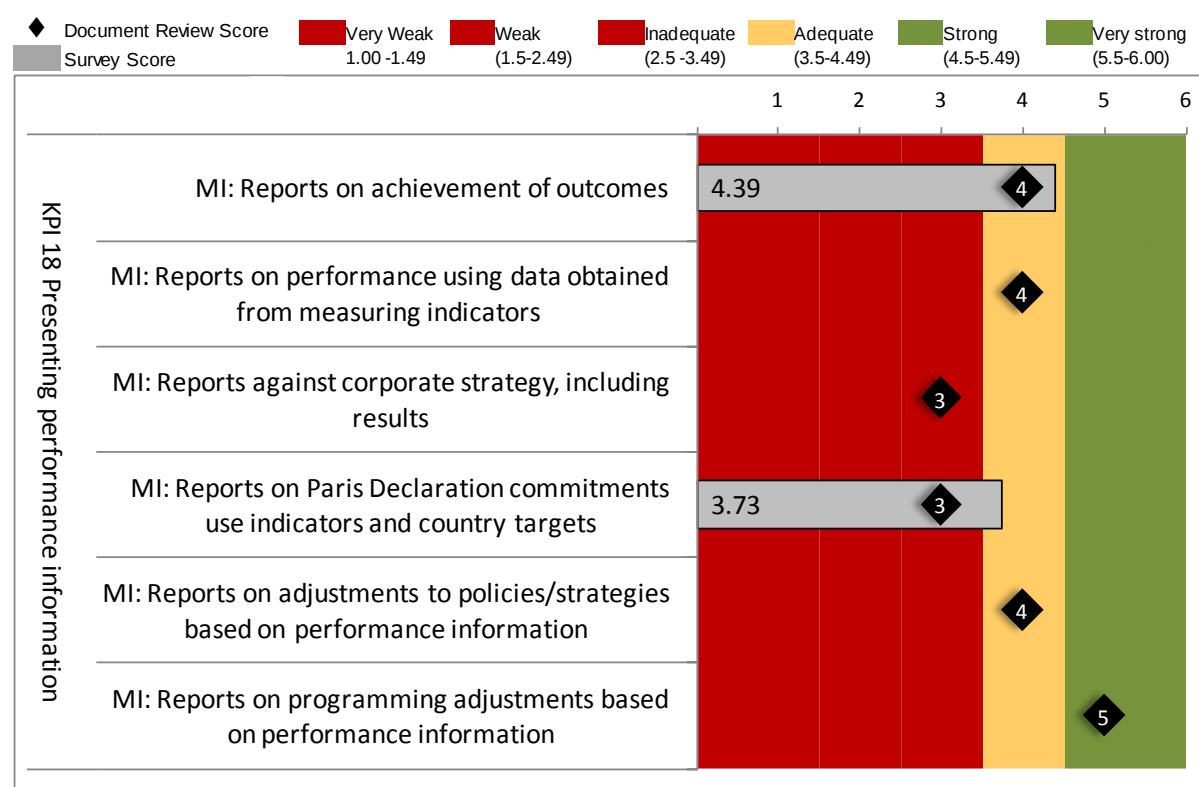
⁵⁹ Office of Evaluation and Oversight. IDB. (2010). *2011-2012 OVE Work Program and Budget*. (p.4).

⁶⁰ Independent Review Panel on Evaluation. (2011). *Strengthening Evaluation to Improve Development Results*. (p.17-18).

Portfolio Management, Performance and Results (ARPRE). ARPRE reported on the probability of achieving development objectives rather than the results themselves.

Most of the MIs in this KPI were assessed through document review only. In the survey, two questions were asked of donors at headquarters.

Figure 3.28 KPI 18: Presenting Performance Information, Ratings of Micro-Indicators



MI 18.1 – Reports on achievement of outcomes

In the survey, respondents were asked whether the IDB reports to its governing body on performance in general, and specifically on progress regarding targets set in corporate strategies. A majority of donors at headquarters rated the IDB adequate or higher on its reporting on achievement of outcomes (80 per cent). Document review revealed that the IDB reports on the achievement of some outcomes, and also on inputs, activities and outputs. The IDB was rated adequate on this MI. Since 2008-2009, the Bank has been publishing a DEO, tracking its progress with regards to its results framework for 2012-2015 introduced in IDB 9. The DEO provides data on the IDB's contribution to outputs and outcomes.

MI 18.2 – Reports on performance use data obtained from measuring indicators

The document review rated the IDB as adequate on performance reporting using data obtained from measuring indicators. The IDB's annual performance report, the DEO, reports on the indicators of the Bank's results framework. These indicators were rated adequate according to criteria typically used for assessing indicators (see MI 2.5). The DEO compares indicator measurements to baseline and estimated targets and thus illustrates trends over time.

MI 18.3 – Reports against corporate strategy include results

The IDB received a rating of inadequate on reporting against its corporate strategy, including expected management and development results. The IDB's DEO contains expected development and management results identified in the Bank's results framework. An entire section of the DEO is dedicated to reporting components of the results framework: lending program priorities, regional development goals, outputs contribution to regional goals and operational effectiveness and efficiency.

Despite improvements in the DEO, further work remains to be done. The DEO does not explain variances between actual results and planned results identified in the results framework. This is likely because the results framework targets are set to be achieved in 2015. In addition, the Bank does not yet report on every result and indicator in its results framework. Reporting on the results framework is considered transitional until 2012. Nonetheless, the IDB is clearly moving in the right direction with regard to performance reporting.

MI 18.4 – Reports on Paris Declaration commitments use indicators and country targets

A majority of donors at headquarters (53 per cent) gave the IDB a rating of adequate or above in reporting on its Paris Declaration commitments. The IDB reported to the Board on its performance against its Paris Declaration commitments for the first time in 2010, in the DEO. The DEO has a section entitled "IDB Performance in Implementing the Principles of the *Paris Declaration on Aid Effectiveness*," which contains a description of the work done by the IDB on Paris Declaration indicators. In particular, this table contains data from the IDB's results framework linked to indicators in the Paris Declaration. The IDB's annual reporting on its Paris Declaration commitments is brief and does not cover all indicators. It does not describe the extent of achievements to date, nor does it report on country-level performance information.

MI 18.5 – Reports on adjustments to policies/strategies are based on performance information

The document review rated the IDB adequate on this MI. Documents reviewed contained evidence that the Executive Board receives periodic updates based on performance information, often through its Standing Committees (SC), evaluation studies (OVE) and reviews, and self-evaluation (DEO). The information received by SC is provided by Project Completion Reports (PCR) and eventually the Expanded Performance Monitoring Report (XPMR) and annual performance reports such as the DEO. Some evaluation studies and reviews have had an impact on the adoption of new policies (e.g., the new DEF and IDB 9). Nevertheless, no evidence was available on adjustments made to policies or strategies following recommendations from the DEM and DEO. As mentioned earlier, the IDB's performance reporting tools and framework are new and it was difficult to find evidence of the use of performance information in reports.

MI 18.6 – Reports on programming adjustments are based on performance information

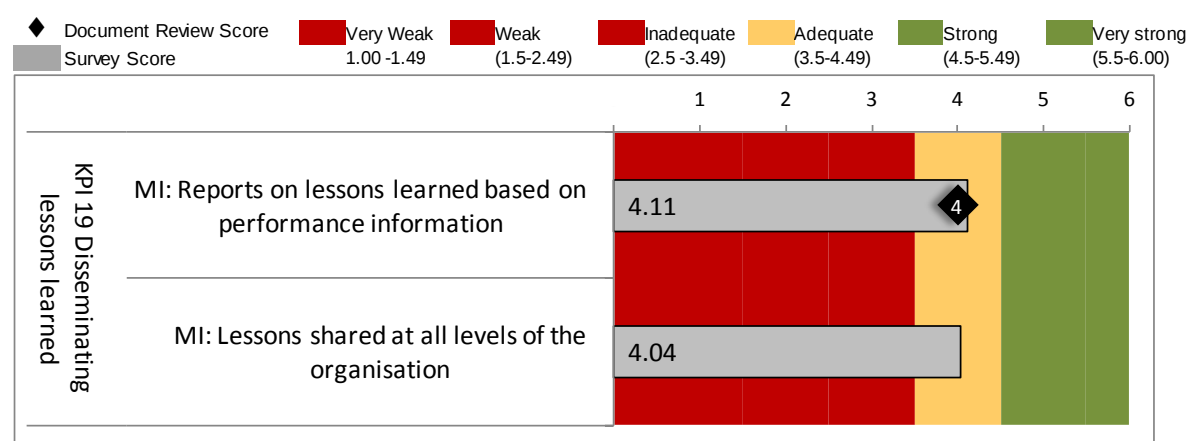
Document review gave the IDB a strong rating for its reporting on programming adjustments made at the country level based on performance information. Country program evaluations, which report on performance at the country level and are shared with the Board, were available for all the countries sampled for document review. Most of these evaluations review results achieved in the countries assessed and contain lists of lessons learned as well as recommendations bridging performance information and plans for future interventions. Moreover, most country strategies include a section describing changes to plans for new interventions, and reporting on new interventions implemented in accordance with these changes. Evidence therefore exists of adjustments made to programming on the basis of country program evaluation recommendations.

KPI 19: Disseminating Lessons Learned

Finding 19: Survey respondents rated the IDB adequate on efforts to disseminate lessons learned.

This KPI involved two MIs, only one of which was assessed by document review. Survey questions about this KPI were asked only of donors at headquarters.

Figure 3.29 KPI 19: Disseminating Lessons Learned, Ratings of Micro-Indicators



MI 19.1 – Reports on lessons learned are based on performance information

The majority of donors at headquarters rated the Bank's identification and dissemination of lessons learned from performance information adequate or higher (70 per cent).

Although there is no policy regarding the systematic reporting of lessons learned, the IDB is committed to identifying lessons learned and good practices. Moreover, the Board adopted a Knowledge and Learning Strategy in 2008. One motivation for the creation of the OVE was institutional learning. Internally, lessons are captured by the knowledge exchange section of the IDB's intranet which contains lessons pulled from the IDB's knowledge products, impact evaluations, and accounts of changes. Dissemination of evaluation findings and performance information is done through reports to the Board and publication on IDB's website. Recent reports suggest, however, that lessons are not being disseminated widely within the organisation or at the country level. These elements contributed to a document review rating of adequate for the IDB.

MI 19.2 – Lessons are shared at all levels of the organisation

Overall, donors at headquarters rated the IDB adequate in sharing lessons from practical experience in the field at the organisational level.

4. Conclusion

The MOPAN 2011 assessment of the IDB indicates that the Bank has several key organisational systems in place and good practices in most areas. Overall, the IDB's clients had more positive perceptions of the Bank's internal processes than other respondent groups.

This conclusion steps away from the specific ratings of the MOPAN assessment and looks at the messages that can contribute to dialogue between MOPAN, the IDB, and its clients on the Bank's successes, its progress in realising the potential in its organisational development process, and the challenges for the future.

The IDB has increased its focus on results

The Bank has improved its focus on results and increased its efforts to measure its development effectiveness with IDB 9. Survey respondents were positive about the Bank's new tools and processes for achieving results and the document review noted improvements in the Bank's results framework. The results framework introduced in IDB 9, when fully implemented, should help the Bank address weaknesses noted in the Office of Evaluation and Oversight independent evaluations.

The IDB has successfully integrated private sector development as a thematic priority, but receives mixed views on mainstreaming gender

The vast majority of respondents feel the IDB adequately promotes private sector development and this received the highest ratings for its work in thematic areas. Respondents did not view gender integration as favourably. The new operational policy on gender represents a step in the right direction. There is a need to reinforce all cross-cutting themes through accountability mechanisms (results frameworks, action plans) and ensuring that relevant themes are incorporated into country strategies.

The IDB is seen to have solid practices for financial accountability

Respondents expressed confidence in the Bank's fiduciary systems, which include external and internal audit, and anti-corruption policies, and the document review found that the Bank has good practices in this area.

The IDB has made notable progress in operational management, but there is a lag in feeling the full effects of the reforms

The Bank's realignment process has led to reforms of procedures that are likely to increase its effectiveness and efficiency (e.g., results-based budgeting). While policies and frameworks now exist, implementation has not yet caught up to the theory in areas such as results-based management and self-assessment processes. It will take time for implementation of these reforms across the organisation, and the Bank will need leadership to support these efforts along with the training and financial resources required.

IDB staff are considered one of the Bank's greatest assets

The Bank's access to national governments and its staff's knowledge and expertise in the region were cited by survey respondents as some of the Bank's greatest strengths. Respondents noted the need for more results-focused performance assessment systems for senior staff. The document review indicated that such a system does exist, but survey responses indicated it is not widely known.

IDB procedures could take more account of local conditions and capacities

Feedback from clients and donors in-country suggests that IDB procedures need to be further streamlined, particularly to take account of local conditions. Donors in-country were critical of the length of time it takes to complete IDB procedures, which they feel affects implementation. They also feel that the Bank could improve the clarity of procedures and its flexibility in project implementation. The use of country systems for operations was noted as an area for improvement.

The Bank has not yet maximised its use of performance information

Survey respondents consider the Bank adequate in using evaluation findings to inform decisions. The evaluation function has many of the ingredients in place, but has lacked a formal system to track the use of evaluation findings and recommendations.⁶¹ The self-evaluation function in the Development Effectiveness Framework (DEF) and the Development Effectiveness Matrix (DEM) has been fully rolled out since the end of 2010 and requires that Teams assess the extent to which past performance can provide relevant evidence that expected results will be achieved. While the Bank recognises that it cannot yet fully benefit from this information, it has optimised the use of this information to the extent that this is now available, including for accountability purposes.

⁶¹ OVE and SPD presented a proposal for 2012 to put in place a platform to record, manage and monitor OVE's recommendations.