

DEO

Development Effectiveness Overview 2019



DEO Development Effectiveness Overview **2019**

LESSONS IN DEVELOPMENT

GENERAL COORDINATION

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Acronyms

BRT	Bus Rapid Transit
CDR	Country Development Results
CRF	Corporate Results Framework
DEA	Development Effectiveness Analytics
DEF	Development Effectiveness Framework
DEG	German Development Finance Institution
DELTA	Development Effectiveness, Learning, Tracking, and Assessment Tool
DEM	Development Effectiveness Matrix
DEO	Development Effectiveness Overview
FSR	Final Project Supervision Report
GDP	Gross Domestic Product
IDB	Inter-American Development Bank
iDELTA	Innovation DELTA
LGBT+	Lesbian, gay, bisexual, transgender and other sexual orientations and gender identities

MDB	Multilateral Development Bank
MSME	Micro, small, and medium enterprise
NDC	Nationally Determined Contributions
NEO	New Employment Opportunities
OVE	Office of Evaluation and Oversight
PCR	Project Completion Report
PMR	Progress Monitoring Report
PSU	Project Status Update
SDG	Sustainable Development Goal
SME	Small and medium enterprise
UIS	Update to the Institutional Strategy
VC	Venture Capital
XSR	Expanded Supervision Report

Note: All dollar amounts are in U.S. dollars, unless otherwise noted.

Message from the President

While Latin American and Caribbean economies continued their gradual recovery in 2018, growth remained low, testing the region's ability to maintain its development gains and continue expanding the middle class. Several countries are also facing mounting migration challenges. While migratory inflows can benefit receiving countries in various ways, they can also put pressure on public services, affect labor market conditions, and create new hurdles to social inclusion and poverty reduction.

At the same time, on the global stage, there is a growing sense of urgency around meeting the Sustainable Development Goals (SDGs) by 2030. Despite efforts undertaken by countries throughout the world to reach these targets, the United Nations has warned that the global response has not been ambitious enough, sounding an alarm about the pressing need to accelerate financing for the SDGs.

Multilateral development banks have a key role to play in mobilizing much-needed private financing toward SDG-aligned investments in developing countries and in maximizing the impact of every dollar spent. At the same time, it is critical that we continue to help countries implement their national development plans—which are linked to the SDGs—and that we continue to generate and share knowledge on effective development solutions.

In line with the roadmap laid out by the SDGs, in July 2019 the IDB Group presented an updated strategy to its Board of Governors, highlighting the continued challenges the region faces with regard to each of our institutional priorities and outlining how we propose to tackle them. These include social inclusion and equality, productivity and innovation, economic integration, gender equality and diversity, climate change and environmental sustainability, and institutional capacity and the rule of law.

Addressing these challenges calls for a multisectoral approach and integrated solutions that leverage the comparative advantages of each member of the IDB Group—IDB, IDB Invest, and IDB Lab. It also calls for tailoring solutions to each country’s evolving needs, as well as greater innovation to help the region harness the power of technology to solve pressing societal problems at scale.

As we work toward meeting these challenges, the Development Effectiveness Overview (DEO) gives us an opportunity to take stock of what we are doing well and what we can do better. We are at a critical juncture, as this is the second to last year of reporting under our current Corporate Results Framework (2016-2019). It is therefore important to not only assess lessons for improving our operations, but also for perfecting how we measure our performance and our contributions to the SDGs. Learning in this way

helps us solidify an institutional culture of continuous improvement and propel our work toward improving lives in the region.

Luis Alberto Moreno

President

Inter-American Development Bank Group

Washington, DC, July 2019

Executive Summary

Each year, the Inter-American Development Bank (IDB) Group reflects on the results of the interventions it supports in its Development Effectiveness Overview (DEO). This annual stock-taking exercise is an important opportunity to review what is working and what is not in meeting the development challenges of Latin America and the Caribbean. It is also an opportunity to review progress toward the IDB Group's strategic goals and targets as articulated in its strategy and measured through the indicators in its Corporate Results Framework (CRF).

Since the first DEO was produced nearly a decade ago, the publication has evolved substantially and has grown to increasingly rely on links to external con-

tent as the IDB Group has enhanced its CRF website, blogs, and other forms of communication regarding its development effectiveness work. This DEO continues this trend, with numerous links throughout the document to allow readers to dig deeper into topics of interest. Accordingly—and consistent with reader feedback—the content of this DEO is more streamlined than in previous years.

Since 2016, the IDB Group has supported the region in addressing its key development challenges and cross-cutting issues, helping the region advance toward achieving the Sustainable Development Goals (SDGs). Contributions range from 15.7 million beneficiaries of targeted anti-poverty initiatives and 11.6 mil-



15.7 million beneficiaries of targeted anti-poverty initiatives





11.6 million students benefited by education projects

lion students benefited by education projects to 12.2 million tons of CO₂ equivalent emissions avoided and 1.7 million micro, small, and medium enterprises financed. The Country Development Results indicators forming part of the CRF report on these and many other areas of support.

For each Country Development Results indicator, an assessment is made regarding whether it is on track to meet its expected results for the 2016 to 2019 period. Overall, the majority (79 percent) are on track and, in several cases, the results expected for the 2016-2019 period have already been surpassed. Four indicators are currently not on track to reach their expected results for 2016-2019 and detailed contributions by project can be viewed on each indicator's page on the [CRF website](#).

The indicators at the IDB Group Performance level of the CRF seek to measure the Group's advances on each of its operational guiding principles¹ to identify areas where the Group is doing well, so it can stay the course and meet its targets, as well as areas where

further efforts may be needed to make more rapid progress toward its intended objectives. It is at this level of the CRF that performance results may be used most directly to inform decision making because many of these indicators measure areas that are under the span of control of the IDB Group.

In total, 50 percent of the IDB Group Performance targets are currently on track to be met in 2019, with only two indicators on watch and six off track. For off track indicators, the IDB Group or one of its entities is making dedicated efforts to accelerate progress towards its objectives. These include improving gender parity for mid- and senior-level roles, mobilizing third-party resources, effectively mitigating environmental and social risks, and enhancing achievement of development results. These indicators are part of the IDB Group's efforts to foster a results culture and promote continuous improvement with respect to operational and organizational aspects of its work. The IDB Group must regularly assess its own business processes to improve its effectiveness and ef-

¹ The operational guiding principles of the IDB Group's Update to the Institutional Strategy (UIS) include: responsiveness; multisectorality; effectiveness and efficiency; leverage and partnerships; knowledge and innovation; and strategic alignment.



12.2 million tons of CO₂ equivalent emissions avoided



efficiency and must also keep development effectiveness at the core of the selection, preparation, and monitoring of operations.

One of the IDB Group's comparative advantages is development effectiveness. In practice, this means a continuous effort to enhance the quality and impact of all operations financed as well as the design and implementation of robust measurement tools that allow the IDB Group to monitor its active portfolio. Each of the IDB Group institutions uses a series of processes and tools to ensure a focus on results during project design and to monitor projects in the active portfolio. While the processes and tools differ, they share a common purpose of maximizing the likelihood of delivering outputs and development outcomes in a timely fashion. Furthermore, they help promote a focus on results, continuous learning, and improvement throughout the IDB Group.

In 2018, 82 percent of IDB operations were classified as having satisfactory performance as part of the Progress Monitoring Report (PMR) system. An updated PMR methodology and validation process was deployed in 2018 to fine-tune the factors used to assess whether a project is performing satisfactorily and to better capture qualitative information regarding

the project's implementation. In addition, to address issues with institutional capacity as well as other risks to successful project execution, the IDB recently developed new methodologies, procedures, and tools for carrying out institutional capacity assessments and project risk management. The combined objective of these solutions is to make decisions to reduce the probability and impact of negative events that may impede the project's execution and, accordingly, promote improvements in the percentage of projects that are able to successfully execute in accordance with their established plan.

At IDB Invest, 61 percent of active operations had satisfactory performance classification in 2018 and 20 percent were classified as on "alert," meaning that they were mostly on track but were facing delays or in need of additional support to meet their expected development objectives. Only 19 percent of projects were classified as "problem." It is worth noting that 78 percent of the active portfolio consists of legacy operations approved before the launch of IDB Invest in 2016. IDB Invest continuously strives to provide additional support to projects not performing satisfactorily to proactively address potential risks to achieving their intended development impact.

After projects are completed, it is important to assess whether results are sustainable over time and to study lessons learned throughout the process of project implementation that can feed into the design and monitoring of future operations. All IDB Group operations are evaluated at project maturity or completion through a project closeout report—called Project Completion Reports at the IDB, Expanded Supervision Reports at IDB Invest, and Final Project Supervision Reports at IDB Lab. These reports aim to determine whether operations met their goals and how well and effectively they performed, as well as to capture lessons learned.

In addition to project closeout reports, the IDB Group selects a subset of projects for more in-depth evaluations to assess whether an outcome on a given population is attributable to a specific development intervention. Taking stock of accumulated experience in specific sectors is an important part of building the knowledge base of effective development solutions. This year's DEO focuses on two sectors that are critical for the region's development and for which the IDB Group has generated substantial evidence in recent years: agribusiness and health.



1.7 million micro, small, and medium enterprises financed



Health Equity Improvement and
Services Strengthening Program,
Panama (PN-L1068)

Introduction

Each year, the Inter-American Development Bank (IDB) Group reflects on the results of the interventions it supports in its Development Effectiveness Overview (DEO). This annual stock-taking exercise is an important opportunity to review what is working and what is not in meeting the development challenges of Latin America and the Caribbean, as well as progress toward the IDB Group's strategic goals and targets.

Throughout this 2019 edition, indicators at each level of the IDB Group's Corporate Results Framework (CRF) are discussed.¹ These include Regional Context indicators that help provide a high-level picture of the region's long-term development progress, Country Development Results indicators that illustrate aggregate outputs and outcomes generated by projects in execution financed by the IDB Group, and IDB Group Performance indicators that reflect aspects of organizational and operational effectiveness and efficiency.

The IDB Group's Update to the Institutional Strategy (UIS) is a guiding thread throughout the document as are the Sustainable Development Goals (SDGs).

The UIS serves as the Group's core strategic guidance, outlining the strategic priorities for the Group's work—expressed in three development challenges and three cross-cutting issues. These strategic priorities are closely aligned to the global development agenda articulated in the SDGs, with each of the strategic priorities aligned with at least one SDG and all SDGs covered by at least one priority.² Support for operational results is described in the DEO in the context of related SDGs to illustrate how IDB Group projects are helping the region advance towards meeting the SDGs, tailoring this support to the needs of each country.

The IDB Group in 2018

The IDB Group is comprised of two separate legal entities: the Inter-American Development Bank (IDB) and the Inter-American Investment Corporation, which is branded as IDB Invest. The Multilateral Investment Fund, which is the IDB Group's innovation lab, is a trust fund administered by the IDB and was rebranded as IDB Lab in 2018.³

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- ^{1.} The CRF is the primary tool used by the IDB Group to monitor and report on its strategic objectives and contributions to strategic and operational priorities.
 - ^{2.} For more information, visit the IDB Group's [SDG website](#).
 - ^{3.} While IDB Lab is a trust fund that is administered by the IDB, information on IDB Lab operations is presented separately throughout this report due to its distinct business model, priorities, and tools.

In 2018, the Group continued to enhance its focus on supporting the region through integrated solutions that leverage the comparative advantages of each entity. Two new joint country strategies were approved in 2018, bringing to 14 the total number of IDB Group country strategies produced since the consolidation of private sector activities in IDB Invest and the approval of the new country strategy guidelines. Each of the three organizations also continued enhancing incentives for joint work and operational synergies. Of note, IDB Lab consolidated its operational model in 2018, paving the way to fulfilling its role as a platform for testing high-risk but high-impact innovations in the region.

The 2019 Development Effectiveness Overview

This 2019 DEO marks the third year of reporting on progress on the CRF 2016–2019—the first CRF to cover the entire IDB Group.

Chapter 1 focuses on the IDB Group’s support to countries to address the region’s key development challenges and cross-cutting issues prioritized in the UIS. It provides a snapshot of key operational results reported through the CRF and linked to the SDGs.

Chapter 2 reviews the IDB Group’s performance against its key performance indicators in the CRF and highlights its work to address gaps and make continuous improvements.

Chapter 3 presents findings from several of the IDB Group’s development effectiveness tools—including the Progress Monitoring Report (PMR), Development Effectiveness Learning, Tracking, and Assessment Tool (DELTA), and innovation DELTA (iDELTA)—with a particular focus on monitoring results for the active portfolio.

Finally, **Chapter 4** contains an overview of the project closeout reports and impact evaluations completed in 2018. The chapter also includes a deep dive into lessons learned from projects in the agribusiness and health sectors.

Since the first DEO was produced nearly a decade ago, the publication has evolved substantially and has grown to increasingly rely on links to external content as the IDB Group has enhanced its CRF website, blogs, and other forms of communication regarding its development effectiveness work. This DEO continues this trend, with numerous links throughout the document to allow readers to dig deeper into topics of interest. Accordingly—and consistent with reader feedback—the content of this DEO is more streamlined than in previous years.

The IDB Group supports effective development across each of the Sustainable Development Goals, which are fully aligned to its strategic priorities.



For more information, visit the IDB Group's [SDG website](#).

Road Integration Program,
Nicaragua (NI-L1092)



Chapter 1

Regional Context and Operational Results

This first chapter of the 2019 DEO is centered around the strategic priorities of the UIS, which are critical to the region's prosperity. These include the three development challenges of social inclusion and equality, productivity and innovation, and economic integration, as well as the three cross-cutting issues of gender equality and diversity, climate change and environmental sustainability, and institutional capacity and the rule of law.

For each strategic priority, this chapter takes a brief look at the current state of the region and the types of support provided by the IDB Group in 2018. In addition, a series of project spotlights are included to illustrate how results reported through the CRF relate to higher-level outcomes at a project level. Each project spotlight focuses on an op-

eration that has closed or generated substantial results in recent years and is linked to a related SDG. The project spotlights were selected to provide a glimpse of the wide-ranging outcomes supported by the IDB Group throughout different parts of the region.

With more than 1,300 operations in the IDB Group's active portfolio,⁴ it is not feasible to capture the wide range of results supported in a single publication. As such, the chapter begins with a snapshot of key operational results in Figure 1.1. Each of these results reflects progress on an indicator of the Corporate Results Framework (CRF) since 2016 and is linked to a related SDG to provide a glimpse of the IDB Group's contribution to the global development agenda.

⁴ The total number of operations in the active portfolio is as of December 31, 2018 and is based on criteria used by each IDB Group entity. For the IDB, this includes 600 sovereign-guaranteed loan and guarantee operations (including the projects for Haiti financed by the IDB grant facility). For IDB Lab, this includes 496 operations (359 grants, 84 equity investments, 40 loans, and 13 contingent recovery operations). For IDB Invest, this includes 374 projects (including IDB Invest Ordinary Capital, IDB Ordinary Capital, B-Loans, and third-party resources).

Figure 1.1 Selected Operational Results, 2016–2018





6,100 kilometers of roads built or upgraded



1.1 million indigenous beneficiaries of health services



380,000 households benefiting from housing solutions



4,400 megawatts of power capacity from renewable sources installed



12.2 million tons of CO₂ equivalent emissions avoided



10.4 million hectares of terrestrial and marine areas with improved management



484 subnational governments benefited by citizen security projects



80 regional, sub-regional and extra-regional integration agreements and cooperation initiatives supported

Social Inclusion and Equality

Propelled by sustained economic growth and stronger social policies, Latin America and the Caribbean had been making significant headway toward reducing poverty and inequality for over a decade until 2014 when commodity prices began to decline sharply. Since then, progress has largely stalled, and in some countries, gains in social conditions have begun to reverse, threatening the continued expansion of the middle class. Nearly 14 percent of the region's population lives in extreme poverty and the region continues to be the most unequal in the world.⁵ Several countries are also facing mounting migration challenges. While migratory inflows can benefit receiving countries in various ways, they can also put pressure on public services, affect labor market conditions, and create new hurdles for social inclusion and poverty reduction.

IDB Group support for social inclusion and equality in the region spans a wide range of solutions, including projects seeking to improve access to quality social services and promote the economic inclusion of poor and traditionally excluded populations, such as through the creation of income-generation opportunities. Building human capital is a critical area of support as investing in quality education, nutrition, healthcare, and training for all segments of the population promotes social progress and long-term economic growth and competitiveness. The following project spotlight showcases how the IDB has been supporting human capital development through the education sector in **Paraguay**.



⁵ The percentage of the population living in extreme poverty was calculated by IDB for the year 2017 based on per capita income of harmonized household surveys from Latin American and Caribbean countries and using a poverty line of \$3.10 per day at 2011 purchasing power parity.

Project Spotlight

Closing Learning Gaps in Paraguay

The Escuela Viva II Program in Paraguay ([PR-L1017](#)) focused on reducing ongoing gaps in access, retention, and completion of quality basic education in the country, targeting the most vulnerable segments of the population. This was part of a broader program of IDB support to the country's educational reform and was of critical importance to Paraguay in order to address disparities in both the completion rates of basic education and in learning outcomes. Over the life of the program (from 2011 to 2018), more than 675,000 students from first to ninth grade were benefited through quality improvement activities in three different school environments: 2,700 rural schools, 260 urban-fringe

schools, and nearly 300 educational institutions in indigenous areas.

By project completion, sixth grade graduation rates had increased in each of the three school environments. Notably, the graduation rate in the urban-fringe schools reached 80 percent and the rate for educational institutions in indigenous areas increased by 36 percent (to 34 percent). While challenges remain, the advances under this operation were another step forward in the country's continuing efforts to address educational deficiencies within underserved communities. For more information on results of the program and lessons learned from its implementation, visit the Project Completion Report ([PCR](#)).



This project supported SDG target 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

Productivity and Innovation

In general, Latin America and the Caribbean is characterized by low levels of productivity and innovation. A major contributing factor to lagging productivity is persistently low investment rates: from 1960 to 2017, Latin America and the Caribbean invested less (as a share of gross domestic product, GDP) than any other world region, except for Sub-Saharan Africa (IDB, 2018). In particular, the region lacks enough quality infrastructure to maintain sustainable growth rates, and the annual investment gap is estimated at nearly \$150 billion (IDB, 2019b). Consistently low expenditures on research and development, limited technology adoption among firms, regulatory barriers, and the workforce skills gap, among other factors, have led to weak innovation ecosystems throughout the region. The 2018 Global Innovation Index ranks the region's innovation performance behind other areas of the world, and only five Latin American countries fall within the top half of the 126 countries included in

the index (Cornell University, INSEAD, and the World Intellectual Property Organization, 2018). At the same time, the region is facing the challenge of how best to capitalize on the opportunities brought by the Fourth Industrial Revolution, while minimizing the risks to the labor market and to society.

Helping to spur the region's digital transformation is a core aspect of the IDB Group's work in this area through initiatives aimed at building workforce skills, narrowing the digital divide through greater connectivity and mobile broadband access, and fostering technology transfer and tech-driven solutions to social problems. IDB Group efforts to strengthen innovation policies and ecosystems, improve the business climate and competitiveness, and increase access to finance for micro, small, and medium enterprises (MSMEs) and early-stage enterprises are also critical. The following project spotlight showcases how IDB Lab is helping young women prepare for knowledge economy jobs mainly in **Peru**.

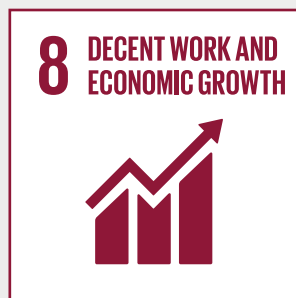


Project Spotlight

Preparing Women for Tech-driven Jobs in Peru

For many employers in the region, finding skilled technology workers is a major challenge. At the same time, women are underrepresented in the technology sector. To address both challenges, an IDB Lab project with Laboratoria ([PE-M1091](#)), a Peruvian-born social enterprise, set out to build the coding skills of young women from low-income backgrounds and place them in well-paying jobs through its employer network. This innovative talent sourcing model consists of a six-month, full-time coding boot camp that also incorporates life skills training. As part of Laboratoria's business model, there is no upfront fee for the training, though participants agree to repay about half of the program cost after graduation and job placement.

With IDB Lab support, Laboratoria consolidated its model in Peru and expanded its operations into Brazil, Chile, Ecuador, and Mexico. Over the course of the three-year project, 1,038 young women completed the coding boot camp, mostly in Peru, surpassing the initial target of 700. Furthermore, 86 percent of graduates have been placed in jobs, well above the project's initial 50 percent placement target, earning around double the minimum wage on average. Laboratoria's employer network has grown to include around 500 companies and it is continuing to solidify its model outside of Peru.



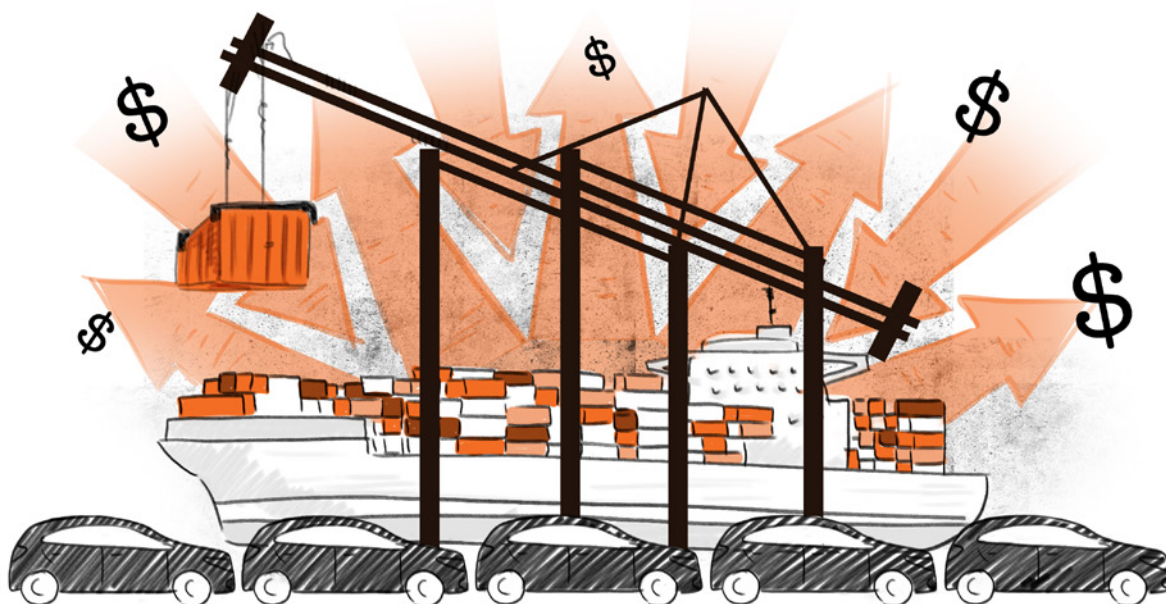
This project supported SDG target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Economic Integration

Economic integration increases growth opportunities, as firms can benefit from economies of scale and specialization, and provide a variety of goods and services at a lower cost for consumers. In Latin America and the Caribbean, the growth rate of exports of goods and services slowed to an estimated 10 percent in 2018, more than two percentage points down from the previous year.⁶ Overcoming ongoing challenges such as poor cross-border infrastructure, inefficient trade policies and regulations, and limited integration of regional value chains is crucial to maintain trade-led growth momentum and deepen economic integration across the region and with the rest of the world.

The external environment—characterized by sluggish world trade and the growing backlash against

globalization—continues to present challenges to advancing some economic integration initiatives. These difficulties underscore the importance of the IDB Group's continued support in this area. The IDB Group works on a number of fronts to build the capacity of the public and private sectors to address barriers in deepening the regional market and improve competitiveness in the global marketplace, including addressing fragmentation of the region's trade architecture, supporting the digital transformation of trade, and strengthening export and foreign investment agencies. The following project spotlight showcases how IDB Invest has been supporting international and intraregional trade through a port infrastructure project in **Argentina**.



⁶ More information on integration and trade in Latin America and the Caribbean is available in the IDB's Information System on Integration and Trade ([INTrade](#)).

Project Spotlight

Improving Port Infrastructure in Argentina

Strengthening port infrastructure is key for boosting trade. To this end, IDB Invest financed the Terminal Zárate project in Argentina ([AR3901A-01](#)), which expanded and upgraded this port, which is more than 100 years old, to alleviate pressing bottlenecks and capture strategic market opportunities in the automotive sector. As a result, Terminal Zárate is now a leading port terminal in Latin America specifically designed as an automobile handling and distribution center for import and export operations, which is a decisive factor in its competitiveness. This specialization has helped deepen trade ties with Brazil, as Argentina is the main foreign market for the Brazilian auto industry and vice versa. Furthermore, by expanding its container-handling capacity, the port

was able to capitalize on the global trend toward containerization. It can now handle more shipping containers, from more clients, more efficiently. The port doubled the volume of containers and vehicles handled from 2009 to 2017 and has also exceeded targets in terms of production levels, job creation, foreign exchange generation, and revenues, which surpassed projections by 93 percent. Terminal Zárate is continuing its growth trajectory with a second expansion project financed by IDB Invest in 2017 underway ([12068-01](#)). Thanks to its increased capacity, the port is now well suited to handle cargo, such as renewable energy equipment, and has become a point of entry for wind turbines that feed many of Argentina's renewable energy projects.



This project supported SDG target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

Gender Equality and Diversity

Gender equality, development with identity,⁷ and the inclusion of diverse populations are important considerations in addressing the region's development challenges—both to ensure the benefits of development are enjoyed by all and to drive solutions that maximize the region's prosperity. Discrimination, social exclusion, and unequal access to opportunities due to gender, race, ethnicity, and other demographic factors reduces access to talent from large segments of the population of Latin America and the Caribbean, thereby hindering their contributions to the region's economic development. Countries in the region have achieved significant gains in such areas as female educational attainment and participation in the labor market⁸ as well as legal frameworks that protect the rights of Afro-descendants, indigenous peoples, and persons with disabilities. However, challenges remain. Women, indigenous households, and Afro-descendants all face earnings gaps, higher rates of unemployment, and underrepresentation in leadership positions in both the public and private sectors. While some countries have expanded rights and protections for populations that are LGBT+ (lesbian,

gay, bisexual, transgender, and other sexual orientations and gender identities), most fail to protect them from discrimination and harassment, and others still criminalize them, perpetuating their marginalization.

The IDB Group provides support to the region's efforts to foster gender equality and inclusion, as well as the development with identity of indigenous peoples through dedicated initiatives in areas such as preventing gender-based violence, promoting female labor force participation and entrepreneurship, and supporting economic empowerment and access to quality services for diverse populations. On the private sector side, efforts also include helping companies see the value of integrating a strategy of gender equality, diversity, and inclusion into their workplace, products or services, and value chains. In addition, gender and diversity considerations are mainstreamed throughout the IDB Group's operations to ensure that attention to these goals is central to all activities across sectors of intervention. The following project spotlight showcases a project in **Honduras** that supported improved access to quality health care for women and indigenous populations.



⁷ Development with identity refers to promoting sustainable economic development, while simultaneously protecting cultural legacies and promoting respect for cultural, economic, and social values in accordance with indigenous worldviews.

⁸ In 2017, 97 percent of females in the region of secondary school age were enrolled in secondary school (World Bank, 2019b) and 52 percent of women were formally employed (IDB, 2019a).

Project Spotlight

Improving Health and Well-being for All in Honduras

The Program for Improved Accessibility and Quality of Health Services and Networks in Honduras ([HO-L1090](#)) helped improve health and well-being in that country by addressing gaps in the coverage and quality of health services, particularly in the country's poorest municipalities, with a focus on young children, reproductive age women, and indigenous populations. The program focused on integrated health network management and community- and family-based care, with services provided through primary health care teams that led health promotion, disease prevention, and care activities for specific geographic areas.

Over the life of the program, from 2014 to 2017, more than one million people received health services throughout 12 departments in Honduras. Near-

ly 40 percent of the beneficiaries were indigenous. By project completion, substantial improvements in coverage and quality of care translated into a number of important health outcomes. Among the most salient was a 27 percent increase in children aged zero to five with complete vaccinations, a 15 percent increase in the share of women of reproductive age who had four prenatal visits prior to delivery, and a 136 percent increase in women whose most recent birth was attended by a qualified health professional (from 33 percent in 2012 to 78 percent in 2017). Despite impressive gains under the program, health disparities persist in Honduras and the IDB is supporting the country in closing these gaps. For more information on program results and lessons learned, visit the [PCR](#).



This project supported SDG target 5.6: Ensure universal access to sexual and reproductive health and reproductive rights as agreed in accordance with the Programme of Action of the International Conference on Population and Development and the Beijing Platform for Action and the outcome documents of their review conferences.

Climate Change and Environmental Sustainability

Climate change and loss of natural capital threaten social and economic outcomes across the region. Changes in average temperatures and precipitation patterns, and the increased frequency and intensity of extreme events are among the many threats presented by climate change. Likewise, unsustainably managed natural capital leads to reductions in resilience and other ecosystem service provisions as well as economic losses and opportunity costs associated with the region's natural resources. While greenhouse gas emissions per \$1 of GDP have been declining, these decreases have been slower than in other regions of the world. It is estimated that Latin America and the Caribbean could lose about four percent of its GDP in the next 15 years as a consequence of climate change impacts (ECLAC, 2015). Further progress is needed to plan for progressive decarbonization and fulfillment of international climate change objectives as well as improved adaptive capacity and management of disaster and climate risks.

In line with growing country demand, the IDB Group has been increasingly mainstreaming climate change

in its portfolio to support low-carbon and climate-resilient development and meet the 30 percent climate finance target by 2020 (in 2018 the IDB Group reached 27 percent of climate finance). Support includes backing investments in renewable energy, energy efficiency, low-carbon transportation, sustainable urban development, and mainstreaming climate considerations throughout the Group's portfolio across diverse sectors, as well as capacity-building and preparing disaster risk assessments. Moreover, through its [NDC Invest](#) platform, the IDB Group helps countries formulate and implement emission reduction and long-term decarbonization plans that are compatible with various SDGs.⁹ Finally, the IDB Group's new Natural Capital Lab aims to drive innovation in the sustainable use and conservation of landscape and marine ecosystems, focusing on the nexus between environment and economic development.¹⁰ The following project spotlights showcase two projects that support renewable energy generation in **Uruguay** and **Barbados**.



⁹ The NDC Invest platform supports countries to meet their Nationally Determined Contributions (NDCs). NDCs are the specific, quantitative commitments countries have made in the context of the Paris Agreement to mitigate climate change by cutting greenhouse gas emissions and to adapt to climate change to reduce risks and vulnerability.

¹⁰ For more information on IDB efforts in support of sustainability, including climate change mitigation and adaptation, see the [2018 Sustainability Report](#).

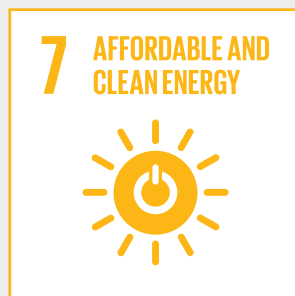
Project Spotlight

Promoting Clean Energy in Uruguay and Barbados

In Uruguay, IDB Invest is supporting renewable energy projects such as La Jacinta ([UR-L1092](#)), the country's first commercial-scale solar photovoltaic power plant. La Jacinta is generating an average of 94,000 megawatt hours of renewable energy per year, helping to displace approximately 60,000 tons of carbon dioxide equivalent emissions as of 2018. Over its 25-year useful lifetime, it is projected to displace approximately 454,000 tons. When the project was approved in 2014, there was limited commercial capital available to finance long-term renewable energy assets in Uruguay. The success of this project helped to spur the development of this industry in the country. IDB Invest has a second project ([12077-02](#)) underway with La Jacinta, including the closing of a B-bond in 2018, helping to attract additional financing from institutional investors toward the country's non-conventional renewable energy market. For more information about the La Jacinta B-bond, check out this [blog](#).

In Barbados, energy production relied exclusively on fossil fuels just a decade ago, with no clear lines of action to enhance the use of renewable en-

ergy and energy efficiency. From 2012 to 2017 the IDB supported the country in addressing this gap through the Sustainable Energy Investment Programme ([BA-L1020](#)). The project supported the design and implementation of a government initiative, known as the Smart Fund, which employed financial instruments and technical assistance to support investments in renewable energy and energy efficiency to help reduce the country's fossil fuel dependency, promote sustainable energy supply, and reduce carbon emissions. By the end of 2017, renewable energy installed capacity represented approximately 10 percent of total installed capacity in the country. The \$10 million in Smart Fund investments are expected to yield energy savings of greater than \$21 million over their 20-year useful life and will avoid an estimated 87,945 tons of CO₂ emissions. This project formed part of the IDB's broader support to Barbados in establishing a national energy policy and driving toward its goal of 100 percent renewable energy by 2030. For more information, visit the [PCR](#).



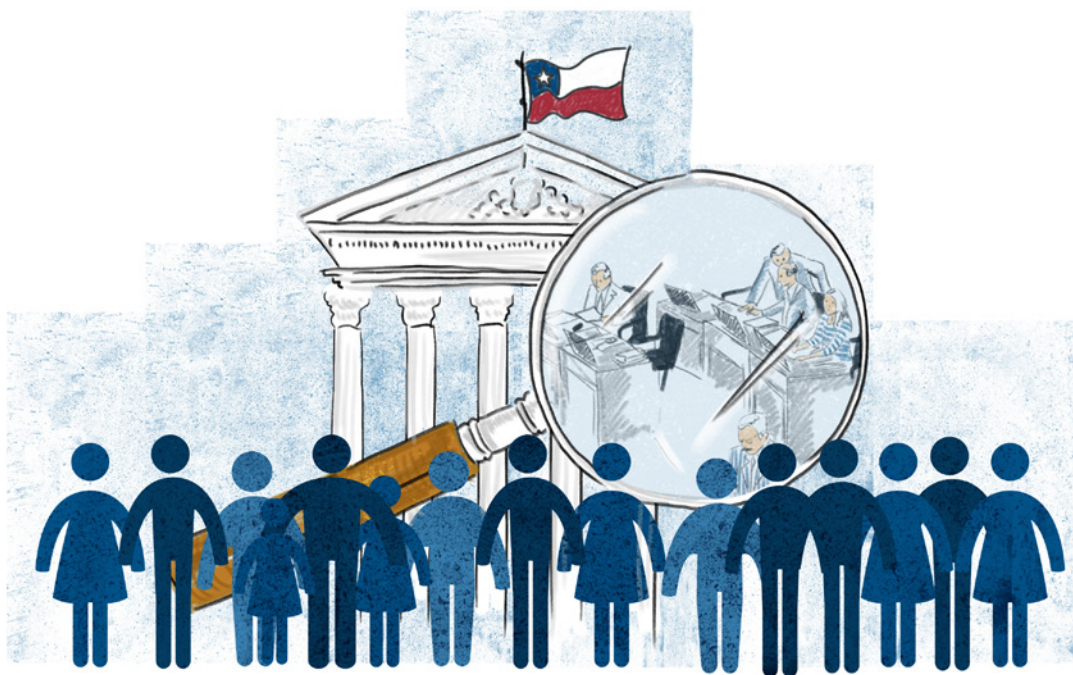
These projects supported SDG target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.

Institutional Capacity and Rule of Law

Institutions with solid organizational frameworks as well as technical and managerial capacities are needed for the effective delivery of public services and the creation of an environment that encourages private sector development. Many countries in the region have made substantial improvements to the strength of their institutions in recent decades, with reforms to strengthen tax administration and collection, enhance transparency, and foster greater decentralization and accountability to citizens. Nonetheless, significant challenges remain, and, indeed, have been exacerbated in recent years in light of corruption scandals that have eroded trust in democratic institutions throughout many parts of the region. Several countries also face political instability, high crime rates, drug-related violence, and declining citizen confidence in government.

The IDB Group provides support along the multiple dimensions of institutional strengthening—from improving the delivery of public services and strengthening

municipal management to facilitating a healthy business environment and tackling corrupt practices that undermine growth. There is an increasing focus on leveraging opportunities offered by the digital economy to achieve more effective, efficient, and citizen-centered institutions and on strengthening capacities regarding tax policy and administration, public management and spending, and citizen security. Given that natural disasters present an increasing challenge for the region, including in terms of the cost of recovery for already stretched public finances, the IDB also supports financial solutions to cushion the impact that severe disasters can have on a country's public resources. The following two project spotlights showcase distinct ways the IDB supports institutional strengthening. In the first case, the IDB supported **Chile** to strengthen the transparency and integrity of its public institutions. In the second, the IDB supported **Ecuador** in enhancing its *ex ante* approach to managing disaster and climate risks.



Project Spotlight

Promoting Transparency and Integrity in Chile

Transparent institutions with strong integrity and governance mechanisms are critical to ensure government efficiency and accountability, strengthen the rule of law and consolidate a country's social and economic development. In Chile, a series of corruption cases in late 2014 undermined public confidence in the country's institutions and highlighted the need to further strengthen its legislation to adequately prevent conflicts of interest, influence peddling and other types of corruption within and between business, politics, and public service. The country launched a robust and comprehensive Integrity and Transparency Agenda in 2015. In this context, and in line with Chile's commitment to institutional development, in 2015, Chile and the IDB partnered to finance Chile's Integrity and Transparency Agenda Support Program I and II ([CH-L1110](#) and [CH-L1111](#))—two consecutive programs—to strengthen the legal and institutional framework for integrity and transparency,

contributing to the implementation of a subset of the 35 measures included in the Agenda.

By project completion, Chile had successfully implemented 14 legislative and administrative initiatives agreed with the IDB, which included strengthening the system to prevent and sanction conflicts of interest, promoting integrity of public officials and transparency in the public service career system. The programs also contributed to incorporating the crime of corruption between private individuals into national legislation for the first time and to increasing the punishments for corruption and bribery in the exercise of public office. Finally, the programs contributed to implementing legislation to improve transparency in the political party system and strengthened the oversight functions of the institutions responsible for administering and regulating electoral activities. For more information on results under the program and lessons learned from its implementation, visit the [PCR](#).



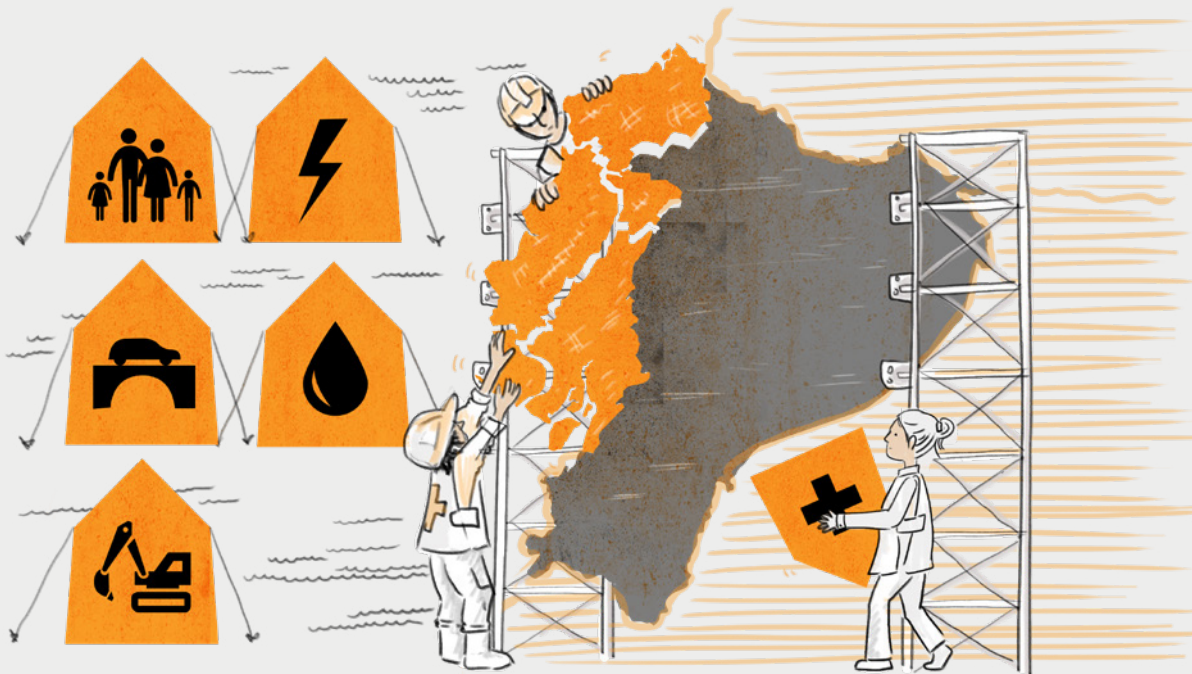
This project supported SDG target 16.6
Develop effective, accountable and
transparent institutions at all levels.

Project Spotlight

Supporting Disaster Preparedness and Response in Ecuador

The Contingent Loan for Natural Disaster Emergencies in Ecuador ([EC-L1216](#)) was approved in 2014 to increase the availability, stability, and efficiency of contingent financing to deal with emergencies caused

by natural disasters. It is part of the IDB's efforts to help Ecuador move from a primarily *ex post* approach to managing disaster and climate risks to one that integrates greater *ex ante* prevention, mitigation, and



adaptation measures. In order to access the financial resources, the contingent loan requires the country to have in place a comprehensive natural disaster risk management program to make continuous progress in five key areas of risk management: (i) institutional and policy framework; (ii) risk identification; (iii) risk reduction; (iv) emergency preparedness and response; and (v) financial protection and risk transfer.

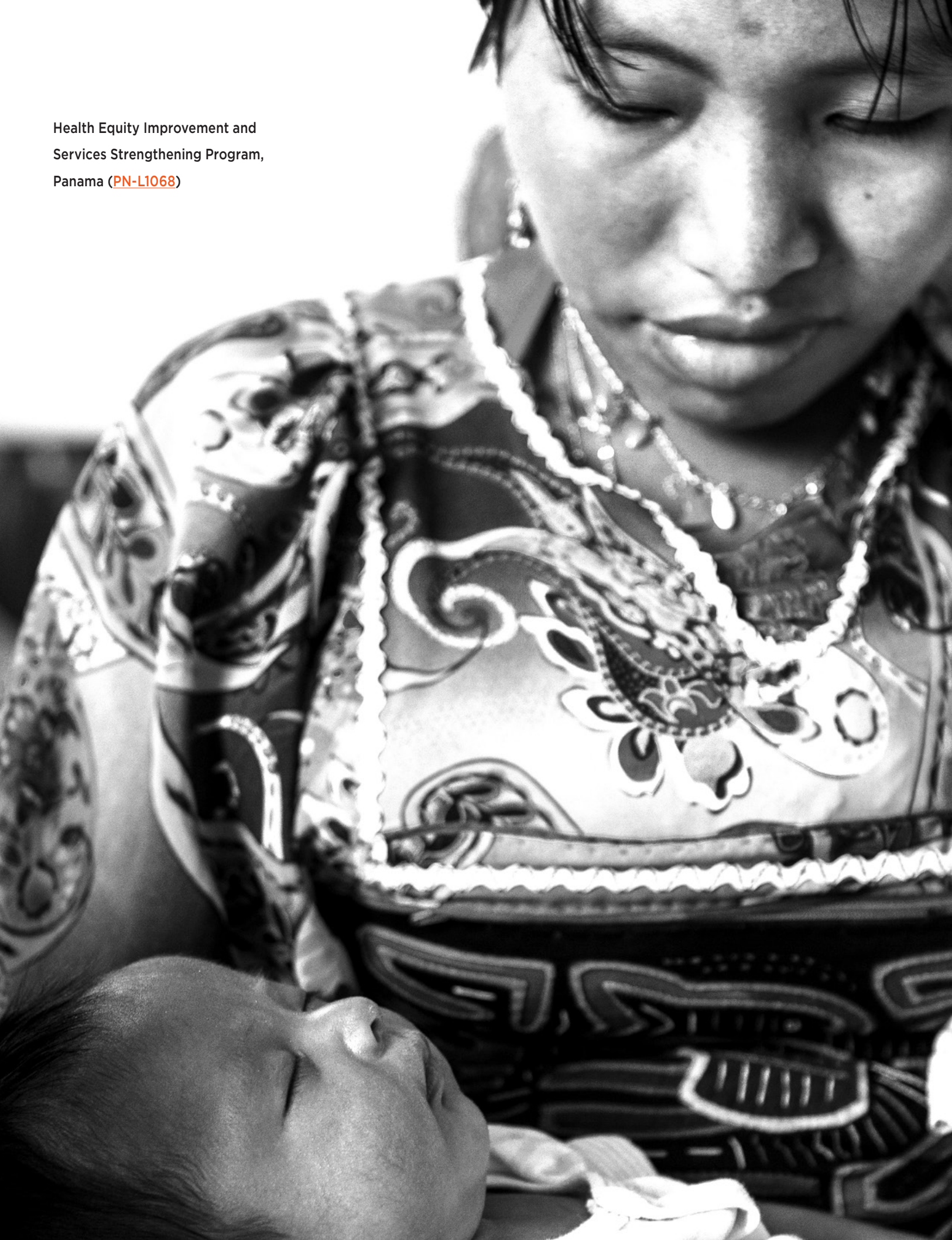
When a 7.8 magnitude earthquake struck Ecuador in April 2016, the country was able to access \$160 million in financial relief from the IDB only five days later. This emergency financing helped relieve the extraordinary financial strain resulting from the earthquake and allowed the government to deploy a quick and effective emergency response, mitigating the negative impacts on human lives and material assets.

With IDB's financial support, the government of Ecuador managed to provide shelter to more than 11,000 victims who had lost their homes, remove debris and rubble from over 10,000 damaged buildings, rehabilitate water services for 370,000 beneficiaries, recover 90 percent of the electrical service six days after the catastrophe, repair 60 kilometers of roads and nine bridges, provide health assistance to more than 650,000 patients, and benefit 412,000 students with temporary classroom facilities. In addition, it supported the rehabilitation of five integrated emergency response centers (ECU-911) to restore the country's capacity to respond to emergencies. For more information on results under the program and lessons learned from its implementation, check out the project [video](#) or visit the [PCR](#).



This project supported SDG target 11.B: By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015-2030, holistic disaster risk management at all levels

Health Equity Improvement and
Services Strengthening Program,
Panama ([PN-L1068](#))



Reflections

The results described throughout this chapter represent just a sampling of the results supported by the IDB Group in 2018 and in projects completed in recent years. The CRF indicators highlighted in Figure 1.1 provide a snapshot of the magnitude of the IDB Group's contributions to specific areas of development through its projects in execution. A deeper look at the specific projects contributing to each indicator can be accessed through the [Country Development Results page](#) of the CRF website.

The CRF website and Appendix A of the DEO also include the so-called “traffic light” assessment for each of these indicators—that is, whether the indicator is on track to meet its expected results. Overall, the majority (79 percent) of the Country Development Results indicators are on track and, in several cases, the results expected for the 2016–2019 period have already been surpassed. Indicators that are not currently on track include [beneficiaries receiving health services](#), [beneficiaries of improved management and sustainable use of natural capital](#), [households benefiting from housing solutions](#), and [MSMEs financed](#). Despite not being on track to reach their expected results for 2016–2019,

more than 100 projects have contributed to progress on these four indicators since 2016. Detailed contributions by project can be viewed on each indicator's page on the CRF website.

Progress on the Country Development Results indicators is highly dependent upon programming decisions by the IDB Group and its borrowing member countries and clients, as well as the time required for projects to be executed and generate measurable results. As such, these indicators are most useful in viewing the magnitude of the IDB Group's contributions to specific areas of development in a given year, rather than as a measure of the effectiveness of the IDB Group as an institution or as a development partner. For example, while the IDB Group is not on track as compared to its expected results for beneficiaries receiving health services, there were more than 17 million beneficiaries for 2016–2018, making this one of the CRF indicators with the largest number of reported beneficiaries. Chapter 4 of this DEO provides a deeper look at the effectiveness and lessons learned from some of the IDB's recent interventions in the health sector.

Improving the Performance of Micro and
Small Enterprises and Small Producers in
the Northwest of the Metropolitan District
of Quito, Ecuador ([EC-M1066](#))



Chapter 2

Monitoring Corporate Performance Indicators












While Chapter 1 reviewed the state of the region and the IDB Group's support for its strategic priority areas—which correspond to the Regional Context and Country Development Results levels of the CRF—this chapter focuses on indicators at the IDB Group Performance level of the CRF (see Table 2.1). These indicators seek to measure the Group's advances on each of its operational guiding principles¹¹ to identify areas where the Group is doing well, so it can stay the course and meet its targets, as well as areas where further efforts may be needed to make more rapid progress toward its intended objectives. It is at this level of the CRF that performance results may be

used most directly to inform decision making because many of these indicators measure areas that are under the span of control of the IDB Group.



The chapter begins with a look at the indicators that are on track or within close range of their established targets. This is followed by a more detailed discussion of areas where the IDB Group is falling behind with respect to its targets to understand factors contributing to progress and what actions are being taken to drive performance in the desired direction. In total, 50 percent of the IDB Group Performance targets are currently on track to be met in 2019, with only two indicators on watch and six off track.

^{11.} The operational guiding principles of the UIS include: responsiveness; multisectorality; effectiveness and efficiency; leverage and partnerships; knowledge and innovation; and strategic alignment.

Table 2.1 IDB Group Performance Indicators^a

	Indicator	Institution	Baseline	Year	Progress		Target	Status ^b
					2018	2019		
Responsiveness	Partners satisfied with IDB Group development solutions (%)	IDB Group	74	2015	79 ^c	85	-	-
	Lending to small and vulnerable countries (%)	IDB	37	2014	42	35		
		IDB Invest	38	2016	45	40		
	Operations meeting target preparation time (%)	IDB	83	2014	85	87		
IDB Invest		-	-	-	-	-	-	
Multisectorality	Partners satisfied with IDB Group use of multisector approach (%)	IDB	92	2015	89 ^c	-	-	-
	IDB Group loan operations with multidisciplinary team compositions (%)	IDB Group	54	2014	72	Monitor	-	-
Effectiveness	Active operations with satisfactory performance classification (%)	IDB	69	2014	82	75		
		IDB Invest	64	2017	61	75		
	Operations with satisfactory development results at completion (%)	IDB	78	2014	63	80		
		IDB Invest	40 ^d	2016	43	80		
	Operations with high environmental and social risks rated satisfactory in the implementation of mitigation measures (%)	IDB	88	2014	81	90		
		IDB Invest	91	2016	91	90		
	Mid- and senior-level staff who are women (%)	IDB, IDB Lab	37	2014	38	43		
IDB Invest		27	2016	33	35			

^a. For more information, visit the [IDB Group Performance page of the CRF website](#). B = billion; M = million; NSG = non-sovereign-guaranteed; TC = technical cooperation.

^b. Each indicator for which a target has been established and for which progress is available for 2018 has been categorized into one of the following three statuses based on the [Traffic Light Methodology](#):  On Track,  On Watch,  Off Track.

^c. Data reflects External Feedback System data for 2016 as these surveys are currently undergoing adjustments.

^d. The 2016 baseline has been updated to reflect the final validation rating of the Office of Evaluation and Oversight (OVE) of 40 percent favorable. The rating reported in the 2016 DEO (66 percent favorable) was not OVE-validated because the validated ratings were not available at the time the report was published.

Table 2.1 IDB Group Performance Indicators (continued)

	Indicator	Institution	Baseline	Year	Progress 2018	Target 2019	Status ^b
Efficiency	Cost-to-income ratio (%)	IDB	40.3	2014	40.7	40	▲
		IDB Invest	44.7	2016	41.5	-	-
	Cost-to-development-related-assets ratio (%)	IDB	0.84	2014	0.76	0.8	○
		IDB Invest	1.05	2016	1.39 ^e	-	-
Leverage and Partnerships	Mobilization volume by NSG financed projects / companies (US\$)	IDB Invest	8.9 B	2012-2014	10.3 B ^f	21.3 B ^g	✘
	Partners satisfied with IDB Group's ability to convene other partners (%)	IDB Group	72	2015	66 ^e	75	-
Knowledge and Innovation	Partners that consider IDB Group solutions to be innovative (%)	IDB Group	81	2015	80 ^e	85	-
	Total IDB Group blog readership (#)	IDB Group	2.1 M	2014	4.7 M	4.2 M	○
	Average visits to IDB Group publications (#)	IDB Group	139	2014	493	230	○
Strategic Alignment	New approvals aligned with at least one challenge or cross-cutting issue of the Update to the Institutional Strategy (% of lending and TC volume)	IDB Group	99.4	2016	98.9	-	-
	Social inclusion and equality	IDB Group	47		44		
	Productivity and innovation	IDB Group	56		69		
	Economic integration	IDB Group	22		22		
	Gender equality and diversity	IDB Group	17		41		
	Climate change and environmental sustainability	IDB Group	32		36		
	Institutional capacity and rule of law	IDB Group	36		43		

^e The denominator for IDB Invest's cost-to-development-related-assets includes the IDB NSG portfolio since IDB Invest's administrative expenses include costs associated with the origination of new operations for the IDB, and the management of its existing portfolio as per the terms of the capitalization scheme, cross-booking arrangements, and service level agreements between the IDB and IDB Invest.

^f Mobilization data reported for 2018 reflects cumulative progress for 2016–2018.

^g The target of 21.3 B is a cumulative target for 2016–2019.

Staying on Course

In 2018, the number of on track indicators at the IDB Group Performance level remained the same when compared to 2017. When looking at the IDB Group's **responsiveness** to country and client needs, the lending to small and vulnerable countries indicators¹² for both IDB and IDB Invest are on track. Particularly, IDB Invest intensified its business development efforts in these countries by consolidating its field presence and pursuing local currency lending opportunities, leading to 45 percent of total financing going to small and vulnerable countries in 2018, compared to 25 percent in 2017. While IDB Lab does not have a financing target for small and vulnerable countries, in 2018, 34 percent of the approved projects benefited these countries.

The reach of the IDB Group's **knowledge** products has continued to grow. In 2018, total IDB Group

blog readership reached nearly 4.7 million, more than double the baseline value of 2.1 million in 2014. The average annual visits to IDB Group publications also grew substantially from 139 in 2014 to 493 in 2018. The increased reach of the IDB Group's knowledge work can be attributed to the implementation of Search Engine Optimization best practices that made the publications more visible in internet searches and the proactive dissemination efforts of the newly formed Knowledge, Innovation, and Communication Sector department, which leverages marketing and communications to deliver products in a more targeted way.

In addition, the IDB continues to maintain healthy cost-to-income and cost-to-development-related-assets ratios (measures of **efficiency**), with the cost-to-income ratio slightly above the desired limit of 40 percent¹³ and the cost-to-development-related-assets ratio within its target range.¹⁴

^{12.} Small and vulnerable countries are those with smaller and less developed economies and populations, including the following 19 IDB Group borrowing member countries: Bahamas, Barbados, Belize, Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Suriname, Trinidad and Tobago, and Uruguay.

^{13.} The increase observed in the cost-to-income ratio in 2018 as compared to 2017 can mainly be attributed to decreases in income due to the following factors, described in IDB's 2018 [Information Statement](#): (i) the recognition in 2017 of nonrecurring gains of approximately \$81 million related to the unwinding of certain borrowing swaps for equity duration management purposes, which did not occur in 2018; (ii) a reversal of loan interest income of approximately \$60 million and the non-recognition of approximately \$48 million, due to the placement of Venezuela's loans in non-accrual status; and (iii) a reduction of sovereign-guarantee fees from 0.85 percent to 0.80 percent in 2018.

^{14.} For IDB Invest, the fluctuations of the efficiency ratios (cost-to-income and cost-to-development-related-assets) are expected and reflect the consolidation of the new institution since 2016. They are driven by various factors, including workforce growth to strengthen organizational capabilities and achieve portfolio growth and strategic business objectives, requisite investments in information technology and facilities infrastructure, and the deployment of new financial products. Targets for IDB Invest were not set for these ratios in the current CRF.

The IDB Group is also on track on several of its **effectiveness** indicators. In the case of IDB Invest, the percentage of operations with high environmental and social risks rated satisfactory in the implementation of mitigation measures remained high at 91 percent. At the IDB, the share of active operations with satisfactory performance classification (82 percent) also remained above its 2019 target of 75 percent (see Chapter 3 for additional details on this indicator).

Several of the IDB Group Performance indicators do not have established targets, but rather form part of the CRF for monitoring purposes only, including those relating to **strategic alignment** and **multisectorality**. In both cases, the trend shows an increasing level of permeation of the UIS throughout the IDB Group. The percentage of IDB loan operations with multidisciplinary team compositions has continued to grow and the participation of specialists from the Climate Change Division and the Gender and Diversity Division has been particularly high. The strategic alignment of new operations to UIS priorities also remains strong. Strategic alignment increased as compared to 2017 in all areas except for Economic Integration and Climate Change and Environmental Sustainability. Detailed information on strategic alignment by IDB Group institution as well as by project can be found on the [indicator webpage](#) of the CRF website.

The increase in strategic alignment to Gender Equality and Diversity for IDB operations was par-

ticularly substantial and can be attributed to a number of targeted efforts to further mainstream these considerations into IDB Group operations—particularly in the case of gender. First, IDB implemented a process to screen all operations in the pipeline early in the year to identify opportunities and priorities for gender mainstreaming. Second, the IDB began providing more systematic technical support for gender mainstreaming, including involvement of Gender and Diversity Division staff in Eligibility Review Meetings (the point where the decision is made to actively prepare an operation) and increased participation of Gender and Diversity Division staff and gender consultants on project teams. Finally, a revision of the methodology for determining strategic alignment to better capture projects that include gender and diversity analysis, actions and results in their design contributed to the observed increase in 2018 as compared to prior years.

IDB Lab saw a decrease in strategic alignment to Gender Equality and Diversity in 2018. This is due to fewer projects directly addressing a gender gap as a specific project objective. Instead, more projects are working with clients that have a gender focus, even if the project does not address a gender gap within its activities. Nonetheless, data from project results show that IDB Lab is having significant benefits for women and excluded groups and is increasingly reaching women as clients.¹⁵

¹⁵ For instance, the most recent review of data from IDB Lab investments in venture capital show that 56 percent of clients reached by venture firms are women. Likewise, IDB Lab has seen increases in the percentage of women-led firms supported, reaching over 60 percent in 2018.

Enhancing Corporate Performance

Ensuring the effectiveness of IDB Group operations calls for continuous monitoring of a series of key corporate indicators. As results may vary from year to year, it is important to take stock and correct course as needed. Some of the indicators that were not on track in 2017 showed improved performance in 2018. In other cases, progress remains off track as compared to targets. Each of these are discussed in detail in the rest of this chapter, highlighting dedicated efforts to accelerate progress toward IDB Group objectives.

Improving gender parity for mid- and senior-level roles

Gender equality plays a critical role in organizational performance and is a part of the core values of the IDB Group. As such, the IDB (including IDB Lab) and IDB Invest have commitments to increase the level of gender parity at mid- and senior-level roles in the institution.¹⁶

In 2018, IDB Invest experienced a substantial increase in the percentage of these roles filled by women, improving from 28 percent in 2017 to 33 percent in 2018. This increase was driven both by increases in the percentage of female hires for these positions (53 percent in 2018, as compared to 26 percent in 2017) as well as promotions (60 percent of the promotions into these positions went to female staff members in 2018, as compared to 50 percent in 2017). For IDB Invest, much of the success in advancing toward its target can be attributed to the number of hires in relation to the total number of staff (IDB

Invest staff on board increased from 267 at the end of 2017 to 303 at the end of 2018). There has also been a concerted effort by hiring managers to take advantage of the opportunity presented by the significant number of positions filled in 2018 to increase the number of women in mid- and senior-level roles. These efforts included proactively contacting strong female candidates—including individuals who were not actively looking for a job—and engaging the support of an executive search firm.

For the IDB, advancing toward its target of 43 percent female representation in mid- and senior-level grades by 2019 has been a challenge. Some of the measures put in place in the past two years have yielded increases in the number of women being hired: namely 43 percent of hires in 2018 for mid- and senior-level positions at the IDB were women (as compared to 33 percent in 2017). As of the end of 2018, 38 percent of mid- and senior-level grades were filled by women as compared to 37 percent in 2017. The measures that have contributed to advances on this indicator over time have included social media campaigns targeting senior professional women as well as the use of artificial intelligence to review the language used in job postings to avoid bias.

As part of its drive toward achieving gender parity, there are specific actions that the IDB will take to work toward reaching higher female representation in mid- and senior-level grades by year-end. A review of the Diversity and Inclusion Strategy by the Diversity and Inclusion Advisory Group has already identified

¹⁶ The targets for the IDB and IDB Invest differ due to differences in the grade levels considered mid-level and senior-level at each institution. At the IDB, these positions include all positions at Grade 4 and above, whereas for IDB Invest, those at Grade C and above are included.

the following five impact areas in which efforts will be focused: data, accountability, budget, culture, and engagement. The IDB will be identifying specific key performance indicators linked to each area, tracking time that the organization spends on diversity and inclusion matters, and creating incentives and methods to hit targets, including incorporating gender diversity metrics in the performance process. In addition, since hiring and promotion are two important levers to work toward the target, the IDB will take steps to create awareness about bias in the hiring and evaluation processes, providing access to unconscious bias training at all levels.¹⁷ Further, a procedural review of the recruitment process that is underway seeks to introduce new tools—driven by technology—that will encourage panelists to think more critically about their selections.

Mobilizing third-party resources

Mobilization of third-party resources, particularly those stemming from the private sector, continues to be of critical importance to the IDB Group in supporting the region's development and the Group's commitments under the Billions to Trillions agenda toward meeting the SDGs.¹⁸ Since 2016, IDB Invest

has mobilized more than \$10.3 billion in third-party resources through its non-sovereign-guaranteed instruments, including A/B loans, bonds, co-loans, guarantees, and unfunded credit protection. While this figure has continued to grow each year since the consolidation of the Group's private sector operations into IDB Invest, it falls short of the ambitious target of \$21.3 billion mobilized for 2016–2019. In 2018, using \$3 billion in its own commitments, IDB Invest mobilized \$1.1 billion in core mobilization and an additional \$3.5 billion indirectly for a total catalytic mobilization of \$4.6 billion.¹⁹ While core mobilization in 2018 was lower than in 2017 due to fewer large transactions taking place, the number of transactions for which IDB Invest mobilized funding was greater and included several small and vulnerable countries. See Box 2.1 for an example of IDB Invest's mobilization impact for the Posorja Port in Ecuador.

In the coming years, IDB Invest will continue to design and deploy new financial and non-financial tools capable of capturing more private finance, such as bond products, specialized investment vehicles, and unfunded credit protection products. At the same time, the IDB has improved its ability to track its mobilization efforts, introducing changes to its operational

¹⁷ Unconscious bias training aims to create awareness of unintentional prejudices and provide tools to adjust automatic patterns of thinking and behavior to reduce or eliminate the impact of these biases. This includes biases that may negatively impact women in the hiring process.

¹⁸ The IDB and several other MDBs and the International Monetary Fund articulated their vision for contributing to implementation of the 2030 Sustainable Development Agenda in a joint statement and discussion note entitled [From Billions to Trillions: Transforming Development Finance](#).

¹⁹ The total mobilization figure of \$4.6 billion reported in the CRF is based on the definition used by IDB Invest in its corporate reporting. This definition is broadly aligned with the definitions used in the report [Mobilization of Private Finance by MDBs and Development Finance Institutions](#), with some differences in the types of mobilization included. The largest factor explaining the differences in values reported in the MDB report and for the CRF indicator is the inclusion of \$2.97 billion mobilized through IDB public sector operations in the MDB report, which is not captured in the CRF indicator. In addition, the MDB report includes sponsor financing and excludes public sector resources, whereas the CRF indicator does not include sponsor financing and does include public sector resources.

Box 2.1

Mobilization for the Posorja Port in Ecuador

A major deep-water port project is underway in Posorja, Ecuador, thanks in large part to the financing provided and mobilized by IDB Invest for the first phase of construction, operation, and maintenance. The new terminal will be able to handle bigger ships more efficiently and is expected to drastically reduce transit time and create nearly 500 new jobs. IDB Invest's financing package includes a \$147 million loan and \$230 million in resources mobilized from other investors, including \$50 million from the China Co-Financing Fund, \$100 million from B Lenders, \$50 million from the French Development Finance Institution (Proparco), and \$30 million from the German Development Finance Institution (DEG). The project will require a total investment of over \$1 billion in several phases and is the first to be developed under

Ecuador's new public-private partnerships law. Given the scope of the project and the uncertainty of being a first-mover, IDB Invest's participation was pivotal for bringing other commercial lenders on board. In addition, this project is the first transaction led by IDB Invest under a co-financing framework agreement entered into with DEG, Proparco, and FMO, the Dutch development finance institution, aiming to increase mobilization of private sector financing to Latin America and the Caribbean. The agreement streamlines the co-financing provided by each entity, benefiting the client through lower transaction costs and faster delivery of funds. This sort of development finance institution collaboration will help pave the way for greater mobilization from the private sector in the future.

system to systematically capture mobilization amounts through sovereign-guaranteed operations (in accordance with the co-financing guidelines discussed in the [2018 DEO](#)). Additionally, it approved two innovative guarantee operations that are expected to attract private investors through de-risking. Across the Group, efforts continue to increase employee incentives to focus on mobilization, revamp financing modalities with high mobilization potential, and introduce new instruments and vehicles that attract institutional investors.

Mitigating environmental and social risks

As part of its commitment to effectiveness, the IDB focuses on implementing appropriate measures to identify and mitigate a wide range of environmental and social risks—from environmental protection and disaster risk management²⁰ to gender equality and protecting the rights of indigenous peoples. In 2018, 81 percent of IDB projects with high environmental and social risks were found to have satisfactory implementation of mitigation measures, which represented a slight increase over its 2017 value of 80 percent. Of the remaining 19 percent of projects, 28 percent (nine projects) were found to have material noncompliance in the implementation of mitigation measures, while the remainder were at risk of noncompliance.

While performance on this indicator in 2018 fell short of the ambitious target of 90 percent, its relative stability over the last several years can be viewed positively in light of recent changes to the risk assessment supervision processes, which have resulted in more accurate assessments of compliance. At the same time, a multi-year plan to strengthen environmental and social supervision has led to a 24 percent increase from 2017 to 2018 in the number of high and substantial risk projects under safeguard supervision and the identification of additional projects with compliance issues. This trend is expected to continue as the IDB extends environmental and social supervision to a greater number of operations to cover all projects classified as high and substantial risk by the end of 2019.²¹

To continue addressing gaps in mitigation measures and strengthening supervision more broadly, the IDB will gradually transfer environmental and social specialists to select country offices to be in closer proximity to its clients and projects. In addition, it will continue efforts to strengthen risk management, including through differentiated levels of supervision according to project risks, portfolio risk reviews, and the integration of environmental and social risks into the IDB's overall risk management

^{20.} To complement the existing Disaster Risk Management Policy and fulfill the 2016 commitment to integrate disaster risk assessment and management across its portfolio, the IDB published the [Executive Summary of the Disaster and Climate Change Risk Assessment Methodology](#) in 2018 as a technical reference for teams.

^{21.} During execution, projects may be classified as having high, substantial, moderate, or low risk and this classification may evolve over time. In 2017, the IDB was actively supervising 60 percent of high and substantial risk projects. By the end of 2018 this figure had increased to 74 percent. In 2019, the figure is expected to increase to 100 percent. As reporting on the CRF indicator is dependent upon the availability of monitoring data for those projects under active supervision, the denominator used to calculate those with satisfactory performance has increased over time.

methodology and system. Finally, the IDB is developing a certification program for IDB personnel to better manage low and moderate risk projects to complement the existing emphasis on supervision of high and substantial risk projects.

Enhancing achievement of development results

The achievement of development results is the *raison d'être* of the IDB Group and, as such, both IDB and IDB Invest focus heavily on efforts to maximize the effectiveness of development interventions and to learn from project successes and failures. Both institutions also set a high bar for determining whether projects are on or off track during execution and whether project results have been satisfactorily achieved.

At IDB Invest, the indicator *active operations with satisfactory performance classification* is off track (61 percent), compared to its target of 75 percent. A contributing factor is the significant portion of legacy operations within the active portfolio that were approved before the consolidation of private sector operations into IDB Invest. It is also important to note that in 2018 only 19 percent of projects were classified as “problem,” with the rest either on track or partially on track. IDB Invest continuously strives to provide additional support to projects not performing satisfactorily to proactively address potential risks to achieving their intended development impact. See Chapter 3 for further details.

With regard to the indicator *operations with satisfactory achievement of development results*, the targets of 80 percent established for IDB and IDB Invest in the CRF are quite ambitious, particularly in light of a recent change to the methodology for preparing PCRs at IDB and for calculating this indicator. Beginning with the 2017 reporting cycle, CRF reporting on this indicator is based on a more stringent approach to assess whether results have been achieved. It relies on the level of achievement of outcomes—as validated by the Office of Evaluation and Oversight (OVE)—established at project initiation, whereas the previous approach considered adjustments to indicators and targets made during project execution and also took into consideration project outputs.²²

As 2018 was the first year that project teams prepared PCRs based on the updated methodology and the second year that OVE conducted their validation using this methodology, it was an important year of learning for both project teams and validators. The percentage of projects rated favorably in the 2018 exercise was 63 percent, representing a considerable increase from the 2017 value (54 percent). This figure is expected to continue to improve gradually over time as project teams and validators fine-tune their application of the methodology and lessons from its application are incorporated into the design of new projects. While this is not yet approaching the ambitious CRF target, it is within the range of progress reported by other multilateral development banks (MDBs) with comparable evaluation methodologies.²³

²² The current PCR guidelines specify that achieved project results must be compared against those indicators and targets established when projects were approved as well as any changes in outcomes that were established within 60 days of the project reaching eligibility.

²³ For example, in recent years, performance on similar indicators at other MDBs has ranged from 50 to 78 percent.

At IDB Invest, 35 projects reached early operating maturity and had an XSR conducted in 2018. The OVE-validated project development outcome results were favorable for 43 percent of these projects.²⁴ While this indicator decreased compared to 2017 (58 percent favorable rating for 43 projects), it increased compared to 2016 (40 percent favorable rating for 30 projects). Therefore, it is difficult to draw conclusions about changes in performance year-by-year because the sample sizes are generally small. In addition, fluctuations in this indicator are expected as it varies according to the type of projects that reach the evaluation stage each year. Furthermore, all XSRs conducted to date have covered legacy projects, and due to the

application of different tools, methodologies, and reporting requirements at the time of project approval, lack of data and low evaluability are common factors in underperformance. This indicator is expected to improve gradually since projects approved by IDB Invest starting in 2016 have been designed taking into account the revised XSR standards.

For the 2019 cycle, the IDB is focusing efforts on improving the quality of PCRs through increased training and support to project teams to enhance their ability to document project outcomes with evidence. The final project rating is dependent not only upon the achievement of results, but also upon the quality of documentation of results in the PCR.²⁵

IDB and IDB Invest focus heavily on efforts to maximize the effectiveness of development interventions and to learn from project successes and failures.

²⁴ It is worth noting that nine out of the 20 projects that received an unfavorable rating were classified as “Partly Unsuccessful,” representing 26 percent of the overall sample.

²⁵ In the first half of 2019, four full-time equivalents were dedicated to PCR and PCR workshops, which represented nearly twice the level of effort dedicated in the same time period in 2018.

In 2018, IDB Invest conducted training sessions for staff, and the quality of XSRs improved considerably, with 89 percent of XSRs rated as being of excellent or good quality, compared to 58 percent in 2017. IDB Invest will continue to provide training throughout 2019. In addition, the IDB Group continues to focus on setting realistic outcomes and targets for projects for the timeframe they cover and to ensure that data will be available to assess achievement of those targets at project completion. See Chapters 3 and 4 for further information.

Reflections

The indicators discussed in this chapter are part of the IDB Group's efforts to foster a results culture and

promote continuous improvement with respect to operational and organizational aspects of its work. The IDB Group must regularly assess its own business processes to improve its effectiveness and efficiency and must also keep development effectiveness at the core of the selection, preparation, and monitoring of operations. As such, the indicators that reflect the status of the active portfolio and the level of achievement of development results for completed projects are among the most critical indicators at the IDB Group Performance level of the CRF. The following two chapters explore each of these indicators in greater detail, with a focus on the business processes and tools that support development effectiveness, as well as reflections on lessons derived from the use of these tools.

Innovative Health Service Delivery
Systems in Rural Dominican
Republic (DR-M1049)



Natural Disaster
Mitigation Program II,
Haiti (HA-L1097)



Promoting Effective Development

One of the IDB Group's comparative advantages is development effectiveness. In practice, this means a continuous effort to enhance the quality and impact of all operations financed, as well as the design and implementation of robust measurement tools that allow the IDB Group to monitor its active portfolio.

Each of the IDB Group institutions uses a series of processes and tools to ensure a focus on results during project design and to monitor projects in the active portfolio. While the processes and tools differ, they share a common purpose of maximizing the likelihood of delivering outputs and development outcomes in a timely fashion. Furthermore, they help promote a culture of results and continuous learning and improvement throughout the IDB Group. This chapter reviews highlights from 2018 in terms of the enhancements to and findings derived from the tools used during project preparation and monitoring. The tools used for project evaluation are discussed in Chapter 4. Appendix B provides a summary of the IDB Group's development effectiveness tools.

IDB

At the IDB, the Development Effectiveness Matrix is used to rate loans during the design phase to ensure that they adequately diagnose the relevant development challenges, incorporate evidence-based solutions, safeguard resources by including an *ex ante* economic analysis, and allow for proper measurement of results throughout the life of the project. Since 2010, all projects have been required to meet a minimum evaluability threshold before being sent to the Board of Directors for approval. In 2018, the average evaluability score was 8.7 out of 10 (as compared to 8.6 in 2017).

Once a project is approved, the IDB monitors its execution using the PMR, which captures project costs as well as outputs, outcomes, and impacts. The PMR is also used to rate the execution of each project as "satisfactory," "alert," or "problem" based on how the execution of outputs compares to planned execution and country benchmarks. In 2018, 522 operations were classified via the PMR, with 82 percent rated as

“satisfactory,” 11 percent rated as on “alert,” and six percent rated as “problem.”²⁶ The percentage of projects rated satisfactory ranged from 76 percent for the Climate Change and Sustainable Development Sector department to 88 percent for the Institutions for Development Sector department. The specific factors used to determine the rating vary depending upon the project’s stage of execution. Details by project stage are available on the CRF website [here](#).

An updated PMR methodology and validation process was deployed in 2018 to fine-tune the factors used to assess whether a project is performing satisfactorily and to better capture qualitative information regarding the project’s implementation. Under the updated methodology, project teams are asked to document within the PMR system three distinct elements of project execution: (i) implementation status; (ii) likelihood that development outcomes will be achieved; and (iii) lessons learned.

This information is intended to document the course of the project’s execution in a timely manner, feeding into more targeted course corrections when they are required to achieve the project’s objectives as well as better documentation of lessons learned that can improve the design and implementation of future projects. For 2018, project teams rated the likelihood of achieving the expected results as “high” for 61 percent of operations, “medium” for 33 percent, and “low” for six percent.

The most common issues cited by project teams as negatively affecting the likelihood of achieving results concerned project design, project management

capacity, underperformance of contractors for project works and services, and changes in government priorities. Projects without a sound vertical logic²⁷ and those with highly complex designs with interdependent interventions were more likely to under perform. Issues of project management and technical capacity were shown to have an effect throughout the project lifecycle. For example, some studies with poor technical quality failed to identify issues that later generated delays in project execution. Similarly, in some cases, inadequate contractor performance impaired the quality and timeliness of execution of project works and services. With regard to government priorities, shifts arising from regular electoral processes as well as institutional and political instability put the achievement of results at risk. Further information on the factors affecting project classification and their evolution over time is available in this [2018 study](#).

To address issues with institutional capacity as well as other risks to successful project execution, the IDB recently developed new methodologies, procedures, and tools for carrying out institutional capacity assessments and project risk management. The institutional capacity assessment reviews the potential of an executing agency to fulfill its responsibilities during the execution of a project through a series of six thematic questionnaires that look at project management, technical quality management, human resource management, financial management, procurement management, and environmental and social impact management. The results of this assessment become one of many inputs

^{26.} A small percentage of operations did not receive a classification because their results matrix did not cover 2018, nor any previous years.

^{27.} The vertical logic refers to the cause and effect relationship between the project’s inputs, activities, outputs, outcomes, and impacts, representing a hypothesis postulated at entry concerning how the intervention will bring about the desired results.

into the project's risk management framework and response plan.

In 2018, 21 pilots were carried out to test the new capacity assessment and risk management procedures and 82 IDB employees were trained in project risk management.²⁸ In addition, a new module was developed in the IDB's operational system to capture the institutional assessment results, and the risk matrix module was redesigned to reflect the new framework. The combined objective of these solutions is to make decisions to reduce the probability and impact of negative events that may impede the project's execution and, accordingly, promote improvements in the percentage of projects that are able to successfully execute in accordance with their established plan. For more information on the IDB's risk management approach, visit this [blog](#) post.

IDB Invest

IDB Invest's Impact Management Framework includes a series of tools to support the operational cycle from beginning to end, helping to guide project selection and structuring, manage and evaluate portfolio performance, add value to clients, and ensure continuous learning. At the core of this framework is Portfolio 2.0, an innovative approach launched in 2018. It is comprised of two critical tools that together help IDB Invest quantify and manage its development impact and financial sustainability in a standard way. The Development Effectiveness, Learning, Tracking, and Assessment tool (DELTA) assesses the development impact potential and additionality of each op-

eration at the design stage and tracks development performance throughout implementation. The Financial Contribution Rating measures the financial contribution of each operation to IDB Invest, based on the risk-adjusted return on capital (RAROC). By combining the DELTA project score and the Financial Contribution Rating, IDB Invest gains a comprehensive view of both the expected development impact and financial contribution at the individual project and portfolio level, helping to guide project selection and inform decision making throughout project implementation.

IDB Invest continued to improve the DELTA guidelines in 2018, incorporating elements from new institutional action plans (for MSMEs and financial intermediaries), as well as internal feedback received. For example, a new productivity category was added to assess the extent to which a project channels financing toward improving the productivity of final beneficiaries, placing emphasis on activities across the value chain for corporate projects.

As far as the overall DELTA project score at approval, which is a combination of the development outcome and additionality scores, the median in 2018 was 8.3 (out of 10), up from 8.1 in 2017. By business segment, the median score was 8.6 for infrastructure and energy, 8.2 for financial institutions, and 8.1 for corporates.²⁹ Financial institution projects experienced the largest median increase in DELTA scores (nearly one point), mainly due to higher development outcome scores. While the development outcome and financial additionality of corporate projects increased substantially, their non-financial additionality was lower

²⁸ The pilot phase concluded in December 2018. The results of the pilots are being evaluated and any recommendations will be released in the second half of 2019.

²⁹ The corporates sector refers to loans to companies in agribusiness, manufacturing, telecommunications, and tourism.

in 2018. Trends for infrastructure and energy projects remained similar to 2017.

Finally, the DELTA also gauges the quality of project design with an evaluability score, which is key to ensuring proper measurement of results throughout the project lifecycle. Overall, the average evaluability score (8.2 out of 10) in 2018 was similar to the previous year, indicating that progress toward improving the quality of project design is being maintained.

Moving to the supervision stage, this is the second year of deploying IDB Invest's standardized supervision approach. The DELTA project score is updated annually to assess project performance toward achieving development targets. Operations are pre-classified as "satisfactory," "alert," or "problem" based on both the absolute DELTA score in supervision and the deviation between that score and the DELTA score at approval. The final classification also takes into account relevant DELTA sub-scores, results matrix performance, and other complementary information as needed.

An "alert" classification does not mean that projects are at high risk of not achieving their development outcomes at maturity, but rather refers to projects that are mostly on track but may be facing delays or are not meeting certain development targets in a given year. To correct course, additional support is provided to clients as needed to achieve the expected development objectives. When a project is at high risk of not reaching its development goals, it is classified as "problem."

In 2018, a total of 185 operations were under supervision,³⁰ of which 36 projects (19 percent) were unable to be classified due to evaluability issues or unclear or incomplete data from clients. The majority of these cases are legacy projects, and more than half are projects that were either repaid or prepaid during the supervision year, making it harder to obtain information from the client. To address this problem, new reporting standards, including requirements after loan repayment, were introduced into loan agreements starting in 2019. Ongoing efforts to retrieve information from clients will improve the assessment potential of those projects that currently have incomplete or unclear client data. Encouragingly, in 2018, pending data was collected for 22 projects previously classified as "lack of or unclear data" in 2017, moving them out of this category.

Of the 149 operations in supervision that were classified, 19 percent were "problem" and the rest were either "satisfactory" (61 percent) or "alert" (20 percent). Most infrastructure projects are on track and are expected to reach their development objectives. Infrastructure projects classified as "alert" have experienced construction delays, but are not at high risk of not achieving their development objectives. Most corporate projects are also on track. Those classified as "problem" have mainly been affected by weather conditions or price volatility. Overall, operations with financial institutions as a group have a higher risk of not reaching their development objectives, with 33 percent classified as "problem." In most cases this is due to the targeted portfolio not increasing in line

³⁰ The universe of operations under supervision includes those in the 2018 Annual Supervision Report Distribution List that did not have an XSR validated by OVE.

with expectations, either because the financial intermediary pursued a different strategy, or the specific economic and financial context drove the targeted portfolio down.

It is worth noting that 78 percent of the active portfolio consists of legacy operations approved before the launch of IDB Invest in 2016.³¹ Of the remaining 40 operations that were approved with the DELTA tool starting in 2016, 75 percent were deemed “satisfactory.”

Finally, capturing lessons learned and feeding learning back into project design is a key part of IDB Invest’s Impact Management Framework, as shown in Box 3.1.

IDB Lab

In 2018, IDB Lab continued to implement its Results Framework and Development Effectiveness Approach, in line with its role as the innovation laboratory for the IDB Group.

IDB Lab rolled out its new innovation DELTA (iDELTA) tool. The iDELTA is a management tool to measure project impact, innovation, and scalability. It significantly expands how IDB Lab projects are assessed, providing a much more granular view of the type, level, phase, intensity, and validation of the innovation being proposed by the project, as well as the use of new business models and technology and the presence of key attributes for scale. In turn, the tool guides project design, promotes project quality, and aligns project selection with IDB Lab’s mission.³² The

tool was applied to the 43 projects that were both pitched and approved in 2018. It was also applied retroactively to a random sample of 40 percent of projects approved in 2016 and 2017 to allow for comparability over time.

In 2018, the average iDELTA project score was 7.9 out of 10, slightly higher than for the previous two years because projects pitched in 2018 were designed under new guidelines emphasizing development impact, innovation, scalability, resource mobilization, and IDB Group alignment. The innovation score is the driving force behind this increase in the iDELTA score, showing that project selection and design have responded to IDB Lab’s reinforced focus on innovation. More specifically, as far as the type of innovation supported, there has been a notable shift from financing projects that strengthen the technical capabilities of clients through new processes or delivery methods toward projects that deploy new products and services into different markets, reflecting IDB Lab’s focus on solutions with the potential to generate broader, scalable impact.

In 2018 IDB Lab expanded the use of new business models and technology to foster inclusion and address poverty. This is reflected in the increase in the percentage of projects deploying tech-enabled solutions, from around 40 percent of approvals in 2016 to more than 95 percent in 2018. Importantly, more than half (56 percent) of the tech-enabled solutions

³¹ Legacy projects were approved using different development effectiveness tools and supervision methodologies, information technology systems, and reporting processes. Therefore, an extensive process of standardization was conducted in 2017 to update results matrixes and calculate an equivalent “DELTA in supervision” score.

³² For a more detailed description of the iDELTA, see Chapter 3 of the [2018 DEO](#).

Terminal Zárate Project,
Argentina (AR3901A-01)



Box 3.1

The DEA: A Game-changer for IDB Invest

To complete the learning cycle, IDB Invest launched the Development Effectiveness Analytics (DEA) platform in 2018. The DEA is a one-stop-shop for accessing Expanded Supervision Reports (XSRs) and lessons learned to help inform project design. It showcases which projects succeeded or failed in meeting their objectives and includes project performance ratings and lessons for future operations. To date, the platform includes over 440 lessons from nearly 300 completed projects in 23 countries and 11 sectors. The DEA also includes DELTA analytics dashboards at the approval and supervision stages that provide a real-time snapshot of the portfolio in terms of devel-

opment impact. At the approval stage, the analytics also indicate the SDGs to which the projects expect to contribute. The DEA is a gamechanger for IDB Invest in terms of knowledge management. This is the first time all XSRs have been systematized and housed in one place, providing easy access to this knowledge base across the organization. The DEA also includes links to knowledge products, such as impact evaluations and sector studies. Moving forward, the platform will continue to be improved, using case studies and machine learning to detect patterns in the data, helping IDB Invest to build on past successes and avoid prior mistakes.

supported by projects approved in 2018 target poor and vulnerable populations. And innovative solutions are occurring across country groups. On average, IDB Lab is supporting just as many innovative projects in small and vulnerable countries (including small and island countries) as in larger countries.

The iDELTA results also reflect IDB Lab's ongoing challenge with scaling successful innovations.³³ In particular, regarding the path to scale identified by each project, many still rely on passive scale strategies (30 percent) such as knowledge dissemination, or on loosely structured partnerships (9 percent) rather than strategic collaboration. Moreover, projects typically do not include sufficient activities to favor the future scalability of the innovations tested (such as clearly defining partners for scale and their respective roles, devising plans for continuous engagement of key market players to actively pursue scale during implementation, and quantifying the potential market for scale). In order to improve the scale potential of its projects, IDB Lab is focusing on the selection of strategic partners and improving the quality of project scale plans.

To monitor ongoing operations, IDB Lab began implementing its Portfolio Management Tool in 2018. This tool categorizes grant operations in the active portfolio based on their operational and financial performance, as well as on their strategic value. To do so, it collects quantitative data from IDB Group project information systems and qualitative data from a sur-

vey of IDB Lab project supervision leaders. The implementation of the Portfolio Management Tool, as well as ongoing portfolio optimization efforts, led to the closing or cancellation of 99 operations in 2018.³⁴

The Portfolio Management Tool was deployed one region at a time to ensure user uptake and to continuously calibrate results by country. A total of 280 active operations were reviewed (excluding the group of 99 closed or cancelled operations), including IDB Lab grants, Social Entrepreneurship Program operations, and regional programs managed from the country offices.³⁵ Of these, 29 percent were classified as Category A (projects with high strategic value and performance); 61 percent as Category B (projects to be monitored closely with an eye toward upgrading them to A or keeping them from falling into C); and 10 percent were "under review" (projects that comply with cancellation criteria, or are reaching their completion date).

A closer look at Category A projects shows that 30 percent were either developed in parallel to or directly complement an IDB Group operation. These operations also have more solid scalability plans and their implementing agencies show high potential for future partnerships. Moving forward, IDB Lab will maximize the knowledge generated by these high-performing operations by analyzing the most successful models, creating learning communities and networks, and closely following those with high scalability potential.

Finally, the performance of IDB Lab's loan and equity investment operations is monitored through the

³³ The percentage of IDB Lab projects scaled or replicated has essentially remained constant at 16 percent since 2014.

³⁴ See the Quarterly Progress Report to the Donors Committee through December 31, 2018 for more details.

³⁵ Equity investments and loans are covered by a different tool, the Project Status Update (PSU), with specific financial metrics to report performance.

ShellCatch: Promoting
Sustainable Fishing, Regional
(RG-L1120)



Project Status Update (PSU). As of December 2018, IDB Lab had an outstanding loan and equity investment portfolio of \$154 million, distributed among 83 operations. In terms of portfolio quality, 72 percent of operations were classified as green flag (“on track to high performance”); 10 percent as yellow flag (“underperforming, minor losses expected” for equity investments and “in breach of covenant and likely to default” for loans); and 18 percent as red flag (“underperforming, major losses expected” for equity investments and “in default with risk of principal loss” for loans). The percentage of green flag operations slightly increased both in the loan and equity investment portfolios compared to 2017. Red flag operations represented \$30 million in risk exposure, or 20 percent of the outstanding amount at the end of 2018. Performance as of December 2018 reflects IDB Lab’s

risk appetite and continues to be consistent with IDB Lab’s current provision policy and long-term financial projections. For a closer look at the impact of IDB Lab’s venture capital fund portfolio, see Box 3.2.

Reflections

Designing projects based on the best evidence available and monitoring their achievement of results while they are in execution are clearly critical aspects of supporting the region’s development. However, these efforts are not enough. Even after projects are completed, it is important to assess whether results are sustainable over time and to study lessons learned throughout the process of project implementation that can feed into the design of future operations. The final chapter of the DEO explores findings from project closeout reports and impact evaluations.

Box 3.2

VC Funds: Scaling Inclusive Innovation

Venture capital (VC) funding for startups in the region reached a record of approximately \$2 billion in 2018, nearly doubling the 2017 total (Azevedo, 2019). Increasingly, entrepreneurs are leveraging new technologies to solve pressing social and environmental problems in commercially viable, rapidly scalable ways. Directing capital to such enterprises can have a profound effect on improving the lives of the poor and vulnerable in the region at scale.

In 2018, for the first time, IDB Lab captured impact data from the startups financed through its portfolio of 50 active VC funds. To date, the 542 startups financed by these funds—10 percent of which have at least one woman co-founder—have reached over 16 million clients in sectors such as finance, health, education, and energy, and created more than 92,000 direct jobs. About eight million of these clients are people who now have access to credit or mobile money for the first time, or are able to send and receive remittances at a lower rate, thanks to 65 fintech startups. For example, Moni, a digital financial

services company operating primarily in Argentina, targets its lending and bill payment services to customers typically overlooked by banks, providing over 500,000 loans to date. Moni is a prime example of how the IDB Group can support impactful companies at different stages to scale inclusive innovation. IDB Lab provided initial seed capital to the company through NXTTP Fund I in 2014 ([RG-Q0019](#)), followed by an IDB Invest investment in 2018 ([12116-01](#))—its first in a fintech company—to expand Moni’s credit portfolio to underserved clients. Another portfolio highlight is Zolvers, a digital platform operating in Argentina, Mexico, Chile, and Colombia that facilitates the hiring of domestic workers, helping to formalize this largely informal industry. IDB Lab supported the startup through NXTTP Fund I in 2013, followed by a direct investment in 2018 ([AR-G1004](#)) aiming to help domestic workers access credit through the Zolvers platform, as well as other products such as health insurance and remittance services for migrant domestic workers.

Improving the Performance of
Micro and Small Enterprises and
Small Producers in the Northwest of
the Metropolitan District of Quito,
Ecuador (EC-M1066)



Chapter 4

Lessons from the Field

All IDB Group operations are evaluated at project maturity or completion through a project closeout report—called Project Completion Reports (PCRs) at the IDB, Expanded Supervision Reports (XSRs) at IDB Invest, and Final Project Supervision Reports (FSRs) at IDB Lab. These reports aim to determine whether operations met their goals and how well and effectively they performed. They also capture lessons learned to incorporate into future project design and monitoring. In addition to project closeout reports, the IDB Group selects a subset of projects for more in-depth evaluations to assess whether an outcome on a given population is attributable to a specific development intervention.

This chapter presents a brief overview of IDB Group project closeout reports and impact evaluations completed in 2018. These assessments cover a wide range of sectors and it is not possible to detail the breadth of their findings in a single publi-

cation. As such, this chapter provides a glimpse of the types of findings that have been gathered from impact evaluations, highlighting four impact evaluations jointly carried out by the IDB and IDB Invest that were completed in 2018. Appendix D provides the complete list with links to the studies themselves, so readers can access more information on the topics they choose.

Finally, taking stock of accumulated experience in specific sectors is an important part of building the knowledge base of effective development solutions. While the IDB Group has generated evidence in a wide range of sectors, two were selected for a deeper look in this year's DEO in order to capture areas for which both IDB and IDB Invest have generated substantial evidence and lessons learned in recent years. These include a look at IDB Invest's experience in supporting agribusiness operations and IDB's learnings from projects in the health sector.

Project Closeout Reports

At project completion, project teams conduct comprehensive *ex post* evaluations to assess the accomplishments and shortcomings of every project financed by the IDB Group. These project closeout reports are then validated by [OVE](#), providing an external and independent assessment of the project.

The project closeout reports provide project teams and management with valuable insights on project design and implementation, allowing teams to learn what works and what does not work in different contexts. They also include a systematic assessment of the efficiency, effectiveness, relevance, and long-term sustainability of the project. In 2018, the IDB Group produced and submitted to OVE for validation 97 project closeout reports. The main findings of these reports are described next.

IDB

In 2018, 62 PCRs were completed and submitted to OVE for validation of the overall effectiveness rating. These projects were approved between 2009 and 2017 for a total amount of \$5.8 billion. They spanned a wide range of sectors and covered 20 countries.

Overall, the OVE-validated rating was favorable³⁶ for 63 percent of the projects, representing an increase of 11 percentage points as compared to 2017—the first year for which OVE validated the complete set of eligible IDB PCRs.³⁷ The greatest proportion of favorable rat-

ings was for projects corresponding to the Infrastructure and Energy Sector department, with 92 percent of projects for this department rated as successful. The strength of the executing agency and the quality of the original project design were frequently cited as contributing to the positive assessment. For those not rated successfully, some of the most common factors cited as contributing to the unfavorable assessment included unrealistic targets for the timeframe of the project, unforeseen issues in execution, and changes in the priorities of the governing administration. As such, these areas are being targeted in current project preparation and supervision processes to reduce the risk they may pose to the achievement of outcomes in future operations (see Chapter 3 for more information).

The complete list of PCRs and their associated ratings and PCR documents can be found in Appendix C.

IDB Invest

In 2018, IDB Invest prepared 35 XSRs for projects approved between 2012 and 2015 for a total amount of \$606.5 million. Overall, the OVE-validated project development outcome rating was favorable³⁸ for 15 (43 percent) of these projects. The assessment is based on a counterfactual analysis—that is, considering a “with versus without project” analysis.

Looking at the breakdown by segment, the projects evaluated include four in the infrastructure and energy sector, two of which (50 percent) received favorable

^{36.} Positive (or favorable) outcome categories refer to scores of “Partly Successful,” “Successful,” or “Highly Successful” in the six-point classification of the project overall.

^{37.} Note that the percentage of operations achieving development results at completion is not directly related to the percentage of active operations with satisfactory performance classification discussed in Chapter 3 as the former is focused on the achievement of intended project outcomes, whereas the latter is based on how the execution of outputs compares to planned execution and country benchmarks.

^{38.} Positive (or favorable) outcome categories refer to “Partly Successful,” “Successful,” and “Highly Successful” ratings in the Overall Project Outcome six-point classification range.

ratings; 24 with financial institutions, 10 of which (42 percent) achieved favorable ratings; and seven in the corporate sector, which includes agribusiness, manufacturing, and education, three of which (43 percent) achieved favorable ratings.

Key success factors for favorably rated projects include the selection of high-quality sponsors with good track records, clear alignment between IDB Invest and client objectives, and strong additionality in terms of the long-term financing and technical assistance provided. In contrast, one of the common reasons for underperformance includes lack of data due to different reporting requirements at the time of project approval. For example, in the case of financial institutions, collecting data on non-performing loans for the targeted portfolio was not an original requirement. Nonetheless, in this XSR exercise, IDB Invest was able to get this information from all but three of the financial institution projects under review, signaling ongoing efforts to overcome issues concerning lack of data. Other reasons for underperformance include adverse economic, regulatory, and climate conditions.

For a more detailed analysis of key success and failure factors, see the thematic review of agribusiness XSRs later in this chapter.

IDB Lab

Upon project completion, IDB Lab evaluates project performance and the achievement of results and outcomes, including scaling results, through the final Project Status Report. In 2018, 100 IDB Lab projects were completed. These projects were approved between 2000 and 2017 for a total amount of \$105 million.³⁹

Since IDB Lab's final Project Status Reports are not validated by OVE, there are no comparable ratings to include in this section. Instead, this section focuses on scale examples, as the degree to which projects supported by IDB Lab are replicated or scaled by the IDB Group or others is a key measure of success.

For example, two projects completed in 2018 under the regional New Employment Opportunities (NEO) for Youth program ([PN-M1027](#); [DR-M1044](#)) are now being expanded. This program served to increase young people's employability, help place them in jobs, and strengthen the quality of employment training and services provided by training agencies and technical secondary schools. The solutions developed under the NEO projects supported by IDB Lab are now being scaled up by the IDB through operations in Panama ([PN-L1153](#)) and the Dominican Republic ([DR-L1127](#)). In Panama, the number of technical secondary schools implementing NEO quality standards will increase tenfold, tripling the number of teachers trained. In the Dominican Republic, NEO's internship placement model will be expanded across the country with the creation of 10 new internship management offices to connect students at over 76 technical institutes with practical work experience.

Among the key success factors allowing these NEO projects to be scaled was early and active participation of the relevant government ministries in the design of the pilot programs, including selecting geographic areas of intervention and which technical schools would participate. Timely involvement of different levels of decision-makers within the ministries, from more technical and administrative officials to staff working directly in the Minister's office, was also important to maintain engagement and work towards

³⁹ Completed projects included 88 grants, nine equity investments, and three loans. Given the long-term horizon of equity investments in VC funds, the earliest approval in this cohort was in 2000.

scale throughout the execution of the IDB Lab project. Finally, the executing agencies selected to manage the NEO projects were well-respected intermediaries by both the public and private sectors, which greatly facilitated strategic communication and partnerships with the right actors.

Another highlight from 2018 involved the replication in Australia of an open innovation model developed in Chile. The project ([CH-M1062](#)), executed by Fundación Chile, created the Expande platform to foster collaborative innovation among mining companies and SME suppliers, serving to connect specific challenges faced by four companies with technology solutions offered by more than 500 SMEs and startups.⁴⁰ This new approach to sourcing innovation from out-

side the mining companies also called for strengthening the local innovation ecosystem, including training and incubation support for entrepreneurs.

Reflecting the value that mining companies see in being able to access and co-create new technological solutions through the Expande platform, BHP is interested in replicating this open innovation model in other areas where it operates, starting in Australia. Fundación Chile has transferred its well-systematized model to a public sector entity in Australia that plays a similar ecosystem connector role for the country's mining sector and will implement the pilot. Other sectors within Chile and countries in Latin America and the Caribbean are also interested in the model, boding well for further replication.

The project closeout reports provide project teams and management with valuable insights on project design and implementation.

⁴⁰ For an overview of this project's experience, see [Open Innovation in Mining: Models and Implementation](#).

Impact Evaluations

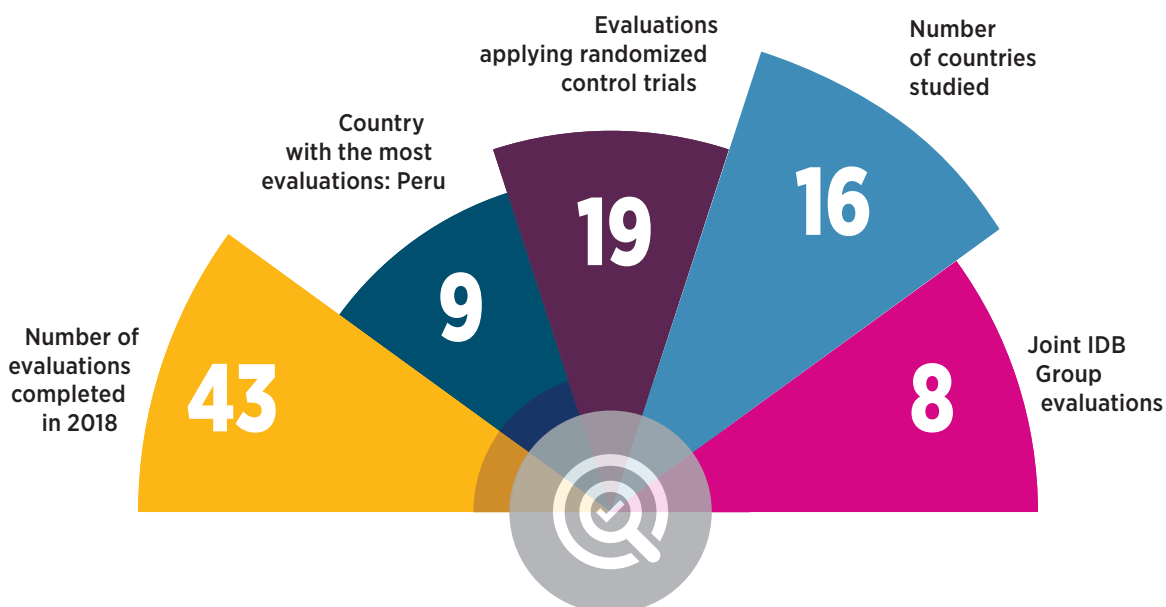
As discussed in previous editions of this report,⁴¹ impact evaluations are a key tool within the IDB Group's development effectiveness toolkit, as they rigorously measure the effects of a project and identify who benefits the most and why. In addition, the evidence produced by impact evaluations is increasingly used to mobilize additional resources to finance effective models and to guide institutional decision making.

In 2018, the IDB Group continued to expand its evidence base, completing a total of 43 impact evaluations across six sectors (see Figure 4.1). While almost half of these evaluations are in the education and health sectors, evaluations in less-explored areas, such as transportation, regional integration, and fiscal policy, are on the rise. The full list of impact evaluations completed in 2018 is presented in Appendix D.

As part of increasing synergies across the IDB Group, the public and private sectors joined forces to generate more evidence on the effectiveness of infrastructure projects, particularly in the transportation sector, where until recently very few impact evaluations were available.

Over the past two decades, there has been a renewed focus on transport investments in the region, particularly in cities, in response to rapid urbanization and widespread use of motor vehicles, which have caused major mobility challenges (Yáñez-Pagans et al., 2018). Given significant financing gaps and the need to improve operational and managerial efficiency, governments are also increasingly engaging with the private sector through public-private partnerships to improve the provision of transport infrastructure. Box 4.1 presents findings from the joint IDB and IDB Invest impact evaluations completed in this sector in 2018.

Figure 4.1 Highlights of Impact Evaluations Completed in 2018



⁴¹ See, for example, Chapter 4 of the [2018 DEO](#) for a more detailed discussion of the IDB Group's Impact Evaluation Framework.

Box 4.1

Evaluating Urban Transport Solutions

The direct benefits of transport projects are well known. Paving roads reduces vehicular operating costs, mass transport systems reduce commuting times, and road maintenance prolongs the operating lifespan of roads. Impact evaluations reveal a range of ways in which transport projects improve lives. The empirical evidence shows that paved roads encourage preventive health care and increase employment opportunities; mass transport systems improve air quality and reduce crime; and satisfaction with road maintenance increases when services are provided by local communities.

To continue building on this evidence base, in 2018, the IDB and IDB Invest published four joint impact evaluations, focusing on what works best in the urban transport sector, as described next.

Getting a Lift: The Impact of Aerial Cable Cars in La Paz, Bolivia

While cable cars are typically associated with tourist attractions in high-income countries, they are becoming an increasingly attractive public transportation option in some cities in the region. In densely populated settings and those with complex topography, cable cars offer multiple advantages over subways or light-rail systems. This [evaluation](#) quantifies the effects of Mi Teleférico, the largest aerial cable car system in the world, which serves the metropolitan area of La Paz and El Alto in Bolivia. The results show that

cable car users substitute private transport in favor of public transit and benefit from significantly reduced commute times, reallocating time savings toward educational and recreational activities. Users also increase self-employment activities, potentially reflecting improved access to local labor markets. The positive effects of the cable car system are driven by the benefits to the residents of the city of El Alto, which is located on the high plateau bordering La Paz and is home to a high concentration of poor and indigenous households. Cost-benefit calculations indicate that the economic benefits of cable cars are double the size of their cost, showing that they could be a smart investment in the right setting.

Bright Investments: Measuring the Impact of Transport Infrastructure using Luminosity Data in Haiti

Roads play an important role in alleviating poverty. Yet, our understanding of how road improvements influence socioeconomic outcomes in the region is still limited, especially in highly poor and vulnerable settings where data limitations make it difficult to conduct rigorous causal analyses. This [evaluation](#) quantifies the impacts of transport infrastructure investments on economic activity in Haiti. Given the lack of data in the country, the evaluation uses nighttime satellite luminosity data, which has proven to be a good proxy for economic activity on the ground. The

results indicate that implementing the road rehabilitation project led to an increase in luminosity values of between six percent and 26 percent at the communal section level, which may translate into GDP increases of around 0.5 percent to 2.1 percent. The findings also reveal that larger impacts appear once projects are completed, and impacts are concentrated within two kilometers around rehabilitated roads.

A Rapid Road to Employment? The Impacts of a Bus Rapid Transit System in Lima

Despite the growing interest in and proliferation of Bus Rapid Transit (BRT) systems around the world, their impacts on labor market outcomes remain relatively unexplored. Reduced travel times for those who live near BRT stations or near feeder lines may increase access to a wider array of job opportunities, potentially leading to increased rates of employment, access to higher quality jobs, and increased labor hours and earnings. This [evaluation](#) assesses the effects of the Metropolitano, a BRT system in Lima, Peru, on job market outcomes at the individual level. The findings show significant benefits to employment (increased by nearly four percentage points), hours worked (increased by 19 percent), and monthly labor income (increased by 32 percent) for those individuals living close to the BRT stations. However, the study finds no evidence of impact for people living near the feeder lines in lower-income areas in the north and south of

Lima. This seems to suggest that despite the potential BRT systems offer for connecting poor populations to better job opportunities in city centers, complementary policies and interventions may be needed to help make this happen.

Connecting to Economic Opportunity: The Role of Public Transport in Promoting Women's Employment in Lima

Limited access to safe transportation is one of the greatest challenges to women's labor force participation in developing countries. This [evaluation](#) quantifies the impacts of improved urban transport systems on women's employment outcomes in the Lima metropolitan area by looking at the BRT, once again, as well as elevated light rail investments. The results show that increased use of urban transport systems among women led to gains in employment and hourly earnings. More specifically, the employment rate among women increased between eight percent and 16 percent and their earnings rose between 11 percent and 23 percent. None of these effects are observed among men in the study's sample. Overall, these findings suggest that infrastructure investments that make it faster and safer for women to use public transport can generate important labor market improvements. However, the evaluation also highlights that women entering the labor market are not necessarily accessing higher quality jobs.

Thematic Review of Lessons Learned in Agribusiness

Overview

Through its private sector windows (now consolidated under IDB Invest),⁴² the IDB Group has been supporting the agribusiness sector for many years. While Latin America and the Caribbean is one of the world's largest net exporters of agricultural products (Duff and Padilla, 2015) thanks to abundant land, water, and natural resources, the sector continues to face significant productivity and efficiency challenges, as well as mounting climate change-related threats that hinder its growth and competitiveness.

Moreover, while family farming accounts for 80 percent of all farms and occupies 35 percent of land under cultivation (FAO, 2012), only about eight percent of small-scale farmers are fully integrated into value chains, greatly inhibiting their market access. Key barriers to value chain integration include information asymmetries, high transaction costs, and insufficient access to inputs and credit. Further up the value chain, processors, distributors, and exporters also face challenges related to areas such as marketing and supply risks and limited access to credit. Challenges such as these need to be addressed in order to meet SDG 2, aiming to end hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

Against this backdrop, IDB Invest efforts have largely focused on expanding agricultural production, creating jobs in rural areas, increasing productivity, strengthening smaller farmers' integration into value

chains, expanding exports and generating foreign exchange, and improving environmental practices.

Scope

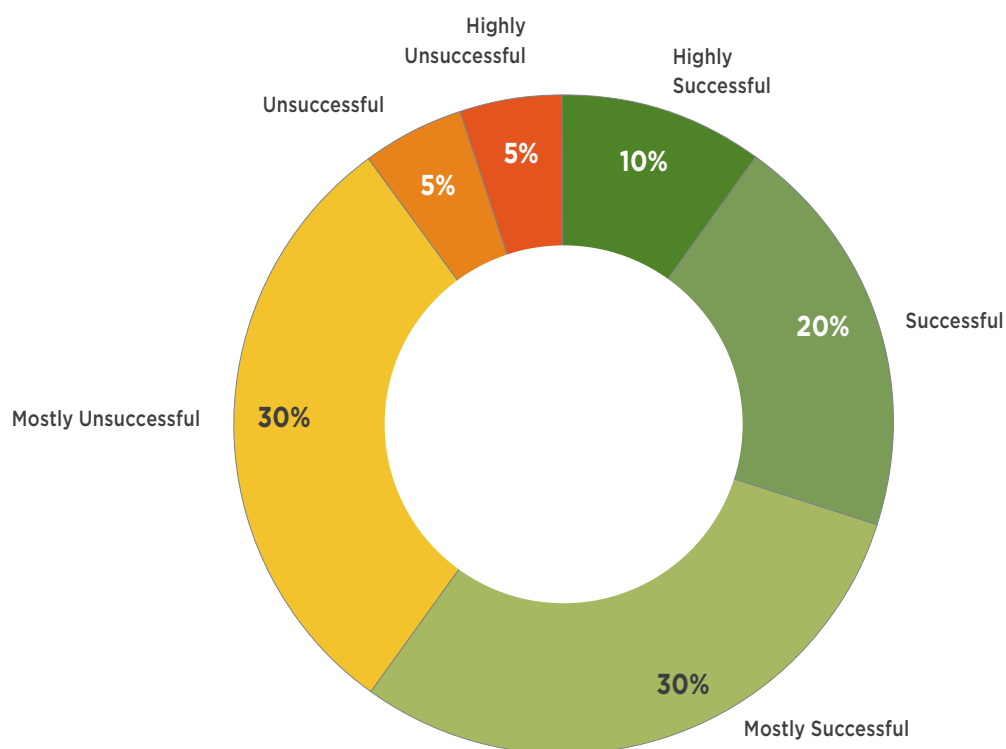
In 2018, IDB Invest carried out a systematic review of agribusiness projects with an XSR to identify the main challenges and lessons learned from this experience, as well as how this learning is being incorporated into new operations.

The review includes 20 XSRs for agribusiness projects approved between 1999 and 2013. The group of projects is diverse, covering most agribusiness sub-sectors including aquaculture, floriculture, meat and dairy, fruits and vegetables, and other crops, such as soybeans and sugar. It also covers projects with financial intermediaries and machinery and equipment distributors that provide agribusiness financing. The analysis is solely based on the content provided by the XSRs and has not considered information from outside sources. The findings identify recurring factors that have appeared in agribusiness projects, ultimately influencing their success or failure.

The main performance rating produced by XSRs is the Overall Project Outcome score, which takes into consideration whether or not a project achieved its development objectives, as well as its relevance, efficiency (that is, financial and economic performance), and sustainability. As shown in Figure 4.2, most of the projects included in this review received favorable ratings. The range of scores provides a rich base from which to extract lessons about internal or external factors that may have influenced project results.

⁴² Before IDB Invest was created in 2016, the Inter-American Investment Corporation executed various agribusiness projects. In addition, the Structured and Corporate Finance Division within the IDB also provided financing to agribusiness companies. For simplicity, this section will refer to all former IDB Group private sector windows as IDB Invest.

Figure 4.2 Distribution of Overall Project Outcome Scores for Agribusiness XSRs



Note: Data is based on 20 XSRs for agribusiness projects approved between 1997 and 2013.

Lessons Learned

The main lessons gleaned from this analysis have been grouped according to where they fit within the operational cycle: (i) origination and structuring; (ii) supervision; and (iii) achievement of results.

Origination and Structuring

- Designing more flexible loan structures and financial covenants is key to respond to the cyclical-ity and volatility of agricultural markets due to climate change, long gestation periods, changes in world market prices, demand, and competition. For example, in some projects, the nature of the agricultural activities pursued, or fluctuating commodity prices, contributed to clients' low cash flows and high debt levels during the initial years

of implementation. Linear loan amortization and financial covenants that did not consider the cyclical repayment capacity of many agribusinesses increased the risk of non-compliance with these covenants. To address this issue, IDB Invest has recently included an innovative "climate events clause" in transactions in Argentina and Peru, which allows clients to reschedule one-year capital payments if a climate event has had adverse effects on their ability to pay. This is a prime example of a loan structure with added flexibility, that reflects the unique characteristics of agricultural production.

- The economic analysis of each transaction should include comprehensive sector analyses that consider the impact of relevant regulatory policies on



Improving the Performance of
Micro and Small Enterprises and
Small Producers in the Northwest of
the Metropolitan District of Quito,
Ecuador ([EC-M1066](#))

local consumer welfare and the potential effects on market concentration in the sector. This is particularly relevant for subsectors and countries that have large tariffs and subsidies, which can lead to local food prices that are substantially higher than reference world prices. In a few cases, the XSRs analyzed the *ex post* impact that the project had on the size of the company's market share but did not assess the impact on consumer or supplier prices. Understanding the impact on local prices is critical to know whether they are competitive and, therefore, whether the operation had a positive net impact on development.

- It is important to conduct more realistic sensitivity analyses of project projections, taking into consideration the historical behavior of agricultural commodity prices and potential public policy or regulatory changes. Given the frequency of price and climatic shocks in the sector, realistic sales drops should be considered. For example, in some projects, the sensitivity analysis only considered a modest potential reduction in sales of 10 percent, when in fact sales fell by around 40 percent due to a sharp drop in agricultural commodity prices. In addition, the analysis should consider a detailed country-level understanding of potential government policy or regulatory changes that might affect business performance, such as import and export restrictions, price regulations, and foreign exchange controls. For example, agribusiness clients in Argentina were affected by increases in export taxes on soy-based balanced feed, which led to drastic cost cuts and layoffs. In Peru, regulated sugar prices dropped significantly in the local market while world market prices soared.
- Productivity improvement was mostly overlooked as a project objective. In cases where objectives did include productivity or operational efficiency

gains, the indicators needed to measure these gains were frequently missing at both the anchor company and farmer level, making it impossible to evaluate these important factors. In contrast, a horticultural project in Peru explicitly aimed to increase productivity and tracked crop yields to assess productivity improvements, which proved to be a good measure of performance.

Supervision

- Inadequate data reporting by clients is one of the main supervision challenges encountered. Therefore, it is important that during the structuring phase clients have a clear understanding of and are in agreement with IDB Invest's information requirements, which in general, exceed standards of commercial banks. In some of the unsuccessful projects reviewed, companies did not adequately report on details of program implementation or financial covenants and did not comply with contractual obligations. Sometimes this clash between the credit cultures and standards of IDB Invest and clients made supervision challenging.
- When gaps in corporate governance are identified during execution, it is important to consider providing technical assistance to help overcome these weaknesses. The quality of corporate governance, particularly in family-owned businesses, is a crucial factor for successful project outcomes. In some cases, when governance-related problems occurred during implementation or when there was a fundamental change in a firm's strategy, technical assistance should have been deployed to address these issues. On the other hand, there were a number of successful cases in which IDB Invest's technical assistance helped improve corporate governance practices, including the implementation of new governance structures and mechanisms.

Achievement of Results

- Vertical integration and strengthened value chains were common factors in successful projects. Projects with a component of vertical integration that included consolidating activities upstream (for example, with suppliers) and/or downstream (for example, with distributors) were largely successful. For example, in some projects that successfully integrated marketing and distribution channels, exports greatly outperformed projections. For others, increasing the supply of quality raw materials through integration of land for cultivation led to large increases in sales. Likewise, companies providing farmers in their value chain with loans, seeds, fertilizers, or technical assistance were able to ensure product quality and productivity. A strengthened value chain not only benefits the MSMEs that are integrated into it, but also contributes to improving the financial standing of the anchor company. This lesson is reflected in recent IDB Invest transactions, which provide support to clients to improve communication with their suppliers using new technologies, aiming to improve suppliers' incomes and productivity, which can in turn increase sales to the anchor firm. In-depth evaluations of the effectiveness of these approaches are underway.
- A focus on niche markets and specialized or new products helped increase sales and market share, but firms with no product or client diversification remained vulnerable. Several examples show how companies producing asparagus, flowers, and ultra-processed milk have benefitted from investing and producing a specialized or new product for a niche market that had the potential to turn into a mainstream product. Yet, focusing on niche markets was only successful when the company had enough product and client diversification to withstand possible shocks in demand or prices.

Therefore, future projects with companies targeting niche markets should mitigate risk by ensuring sufficient client and product diversification.

- Companies, especially exporters, benefited from investing in technology to increase production and comply with the higher standards of international markets. Firms that invested in new technologies were able to increase productivity and offer higher-quality products, which led to dramatic increases in sales. For example, investments in packaging and sterilization, as well as in the certification of food quality control systems, were game changers for some clients in Chile and Ecuador.
- Given the potential poverty-reducing effects of agribusinesses in rural areas, job creation was a common project objective. While projects with positive results were able to attribute direct job creation to the intervention, attribution claims surrounding the indirect jobs created throughout a value chain are more difficult to verify.
- Working with companies that have experienced management is key for project success. For example, in some projects, experienced managers were able to shift toward higher-value-added products as a strategy to respond to increases in export taxes. In other contexts, where lending by local banks contracted considerably, some dealers of agricultural equipment were able to expand financing to their clients, effectively filling the gap left by the banking sector. This result was achieved thanks to well-managed loan divisions and close relationships with clients.

Looking Forward

IDB Invest's work in the agricultural sector has great potential for strengthening development impacts in the region. Therefore, more rigorous impact measurement of projects in this area has been rapidly increasing. For

example, IDB Invest is currently conducting in-depth evaluations that will shed light on how technical assistance provided to farmers with the support of technology innovations can strengthen the relationship between anchor companies and their value chains and help increase farmer productivity and resilience to weather shocks. As part of this work, insights from behavioral economics are being applied to learn more about farmers' decisions to adopt technology. In addition, studies are underway to measure the effects of innovative business training schemes and access to security cameras for women microentrepreneurs in this sector. A series of thematic studies to better understand the configuration, achievements, and challenges experienced by key value chains in the region is being finalized. Lessons garnered from both practical operational experience and empirical evidence will continue to guide and strengthen IDB Invest's support to the agribusiness sector in the region.

Thematic Review of Lessons Learned in the Health Sector

Overview

The IDB has a long history of supporting the region in addressing its health challenges through diverse initiatives to expand access to healthcare, promote quality, and insure low-income populations. While improvements have occurred in the region in recent years in areas such as maternal and infant mortality and life expectancy (UNICEF, 2019; World Bank, 2019a), pockets of highly vulnerable populations remain, with important health inequities for indigenous, rural, and low-income populations (de Leon et al., 2019; Mesenburg et al., 2018; Restrepo-Méndez et al., 2015). Furthermore, countries in the region increasingly face disease profiles similar to those in developed countries, with non-communicable diseases such as cardiovascular disease, cancer, and diabetes



IDB Invest efforts in the agribusiness sector have supported SDG 2, focusing on expanding agricultural production, creating jobs in rural areas, increasing productivity, strengthening smaller farmers' integration into value chains, expanding exports and generating foreign exchange, and improving environmental practices.

responsible for almost four out of five deaths in the region (PAHO, 2016). In order for the region to reach the targets under SDG 3 (Good Health and Well-Being), well-functioning health systems will play a vital role (Lewin et al., 2008; United Nations, 2019). Therefore, understanding what interventions work best, and under what circumstances, is critical for designing effective approaches.

The IDB's active portfolio of work in the health sector includes efforts to produce rigorous evidence and document operational experiences regarding the effectiveness of alternative approaches to strengthening health systems. Many evaluations in the health sector use the rich administrative data generated through health information systems, sometimes coupled with additional data obtained through vital statistics, health surveys, and other sources. Since health information systems report population-level outcomes continuously over time, panel data sets can be constructed to analyze indicators related to the utilization of health services, the quality of service provision, and final health outcomes. Combined with program-specific operational data on the geographic coverage and timing of interventions, panel data allow for the comparison of changes in outcomes in treated areas and untreated areas using difference-in-difference and synthetic control estimation strategies, permitting a causal interpretation of effects under standard assumptions. In other cases, randomized control trials have been implemented to establish rigorous estimates of an intervention's effects (Gertler et al., 2016). While numerous operations geared toward strengthening health systems are being implemented throughout the region, some recently completed projects offer valuable operational lessons and evidence regarding the effectiveness of different approaches.

Scope

This review included an analysis of the evidence from five PCRs for health projects completed in 2017 and 2018, with related impact evaluations. These PCRs covered three core areas of support for the health sector in Central America and Mexico.

The first area relates to support for the consolidation of integrated health networks, focused on investments to improve service delivery, strengthen the labor force through recruitment and training of personnel, implement state-of-the-art information systems, and ensure the availability of essential medication, vaccinations, medical equipment, and technology (de Savigny and Adam, 2009). A second area of support relates to improving access to health care and protecting households from financial hardship through insurance coverage, including cases in which payments to providers were conditioned on standards of care to promote quality. The third area reviewed includes performance-based models, which condition funding on health outcomes as an incentive for providers to boost coverage and improve quality. The section closes with a summary of lessons learned from implementing the health projects analyzed in this review.

Evidence from Impact Evaluations

Health Networks

While the literature on standalone interventions and vertical health programs is expansive, the effects of strategies that integrate and strengthen existing health care services have been studied less frequently. Starting in 2011, the IDB provided financing for strengthening health networks in Nicaragua through three operations, all of which shared the common goal of improving health outcomes among the country's

Integrated Health Care
Networks, Nicaragua
([NI-L1068](#))



most vulnerable populations. The Program for Improving Family and Community Health in municipalities of high social vulnerability ([NI-L1054](#)), approved in 2011, aimed to increase utilization of high-quality maternal and child health care and improve the quality of care and the resolute capacity of health facilities. The Integrated Health Networks Program ([NI-L1068](#)) followed in 2012, seeking to improve access to and quality of health services. Finally, in 2013 the Program for Community Health Strengthening and Extension of Health and Nutrition Services in the Dry Corridor Communities of Nicaragua ([NI-L1081](#)) was approved with the objectives of increasing primary care personnel, especially technical and nursing profiles, as well as expanding the community health model and improving access to nutrition services for children under the age of two and women of childbearing age.

These three programs focused on strengthening health networks through investments in clinic and hospital infrastructure, contracting and training health personnel, implementing agreements within the public sector that reward effective coverage, offering demand side subsidies and incentives to promote the use of prenatal care and institutional delivery, and building maternal houses to facilitate access to healthcare for pregnant women in remote areas.

An ongoing impact evaluation using health information system data is shedding light on the effectiveness of these interventions. The programs' difference-in-difference analysis compares changes in the utilization of health services, such as institutional delivery, prenatal consultations, and vaccinations, in municipalities that were funded through the programs to changes in the same outcomes in municipalities that did not receive funding but were subject to the same national health policies. The evaluation also analyzed final health out-

comes including maternal, infant, and neonatal mortality, and adolescent births.

Assuming that the rate of change of outcomes in municipalities without interventions represents the counterfactual scenario, preliminary results from the impact analysis are promising. The interventions increased the number of pregnant women with four prenatal care visits and boosted the proportion of institutional deliveries and checkups for newborns. The number of vaccinated children has also increased. These improvements in coverage resulted in a decrease in maternal, infant, and neonatal mortality rates as well as a reduction in the percentage of teenage births (Martinez, 2019).

Improving Access to Quality Care and Insurance Coverage

In contrast to the programs in Nicaragua that financed health inputs and services directly, in Mexico, quality and coverage were promoted through support to the country's public health insurance program for children not covered by social security. The Growing Healthy: Improving the Health of Mexican Children Program ([ME-L1128](#)),⁴³ approved in 2012, helped finance per capita payments to states for enrollment of eligible children and their families, and reimbursements to health providers for a set of medical procedures covered by the program at the secondary and tertiary levels of care. The program sought to protect low-income families from the adverse economic consequences of health shocks and to reduce mortality from causes not covered by other public health insurance programs. The insurance model promoted quality by requiring providers to meet minimum standards of care to become eligible for partial reimbursement (equivalent to 50 percent of the reimbursement value), and to be accredited for full reimbursement. The expansion of the

⁴³ This project PCR was rated by OVE as partly successful. For more details, see the PCR document [here](#).



The IDB has a long history of supporting the region in addressing its health challenges, in support of SDG 3, through diverse initiatives to expand access to healthcare, promote quality, and insure low-income populations.

program between 2006 and 2016 resulted in over five million children obtaining health insurance coverage.

An impact evaluation of the health insurance program analyzed effects up to eight years after the program's onset in 2006, using multiple administrative datasets and national surveys, and identifying impacts through the staggered roll-out of the program using a difference-in-difference approach. The evaluation found that the program reduced the infant mortality rate for conditions covered by the program by 5.3 percent, and the effects were largest in areas with high baseline mortality. Three to six years after the program started, children in treated areas were found to have better health status. Through an analysis of a national school census of height and weight collected eight years after the program started, the study found that children covered by the program as infants experienced gains of 0.434 cm in height. This effect was doubled (0.879 cm) for children in vulnerable schools.

Furthermore, the program accomplished its financial protection objective, with a 10 percent reduction in out-of-pocket expenditures for families not covered by social security, primarily from hospital-related ex-

penses. No effects on hospital discharges were detected, suggesting that the program may not have increased utilization. Rather, the evaluation found that resources from the program contributed to improvements in the quality of health care and more specialized personnel, indicating that higher quality of care, rather than increased utilization, drove improvements in health outcomes (Celhay et al., 2018).

Performance-based Models

A third category of health financing supported by the IDB used financial incentives linked to results to promote greater coverage of health services, better quality, and improved health outcomes. Pay-for-performance arrangements with non-governmental health service providers have been used in Panama and Honduras. Other initiatives have provided results-based aid through incentives to national governments conditional on the achievement of health outcomes. Evaluations led by the IDB have also tested innovative supply side performance-based models such as offering in-kind incentives to government health teams.

The Program for Equity Improvement and Strengthening of Health Services in Panama (PN-L1068)⁴⁴ approved in 2011, applied a pay-for-performance model to incentivize the provision of quality services in highly marginalized indigenous areas, with the ultimate objective of improving health conditions. Using administrative data from the health information system and a difference-in-difference with matching approach, the [impact evaluation](#) of this program identified the effects of the pay-for-performance approach on the delivery of health services. Results indicated that the strategy increased the number of services delivered to children younger than five years old by approximately 10 percent.

The IDB has also pioneered the use of incentive models in the health sector at the national level through the Salud Mesoamerica Initiative. In El Salvador, the results-based aid approach funded the country's community health model in 14 out of 98 municipalities targeted for the country's health reform (ES-G1001, ES-G1002, and ES-L1027).⁴⁵ While the same health model was implemented in all municipalities, only those supported by the Salud Mesoamerica Initiative received financial rewards tied to externally measured maternal and child health targets. The remaining municipalities financed inputs using conventional aid or national funds. Using a difference-in-difference approach and national health system data, the evaluation found that, compared to national funds, preventive health services increased by nearly 20 percent in conventional aid municipalities and by 42 percent in results-based aid municipalities. These results suggest that the results-based conditions roughly doubled aid effectiveness in this context (Celhay, Bernal, and Martinez, 2018).

To study how health providers respond to incentives in the same context, a subset of community health teams in El Salvador were randomly assigned to receive in-kind incentives linked to performance over a 12-month period. The incentives allowed health teams to acquire work equipment such as computers and appliances that would improve their work environments. All providers received monitoring, performance feedback, and recognition for their achievements, allowing the study to isolate the impacts of the incentive. While performance improved for both treatment and control groups, the group with in-kind incentives achieved significant improvements in community outreach, quality of care, timeliness of care, and increased utilization of services after 12 months. The gains were largest for health teams at the bottom and top of the baseline performance distribution. These results suggest that even small in-kind incentives can be a powerful tool to improve health worker performance and may be a viable alternative to monetary incentives in some cases (Bernal and Martinez, 2018).

Lessons from Implementation

Rigorous research of projects that strengthen health systems for poor and vulnerable populations in the region suggest that these efforts have been largely successful at expanding coverage and improving key health outcomes, such as reduced maternal and child mortality. From an implementation standpoint, experiences documented in the PCRs of these projects have produced valuable insights that illuminate the public management aspects of project execution, and that could inform the design and implementation of similar projects in the future.

⁴⁴ This project PCR was rated by OVE as partly successful. For more details, see the PCR document [here](#).

⁴⁵ This project PCR was rated by OVE as successful. For more details, see the PCR document [here](#).

In Nicaragua, the first two years of program execution for [NI-L1081](#) focused on establishing the operational conditions required by the interventions, including data collection, identification of the target population, meeting regulatory requirements for implementation of the health and nutrition programs, and securing the availability of basic equipment to monitor growth. Completion of these requirements delayed the initiation of service delivery until the third year of the program because the contracting and training of health personnel was conditional on the availability of these inputs. In addition, the human resources plan, designed at the national level, required a more targeted approach to quickly fill the personnel needs of the prioritized municipalities. Future programs could benefit from careful sequencing of planned activities, ensuring that the necessary conditions are met at the community level before implementing the human resources plan. Furthermore, when establishing yearly health targets in the program's monitoring plan, this initial preparatory period before starting health interventions must be considered.

For [NI-L1068](#), which had a large infrastructure component, continuity of the investment plans following a prior operation ([NI-L1014](#)) was important for maintaining consistency with the priority medium and long-term investments in the health sector. Nevertheless, the investment plans required periodic updates of targets, timetables and costs in order to meet the required investments in each cycle, including updated projections for medical equipment and personnel. Delays in the implementation of some construction and rehabilitation projects required extensions to complete the work, indicating that programs that include multiple small and medium infrastructure investments may benefit from refining criteria for selecting contractors, to ensure institutional and financial solvency, as well as “bundling” of works to reduce the number of procurement processes and make contracts more

attractive to contractors. Strengthening of capacity for planning and supervision of works within the executing agency would have provided an added benefit for the timely implementation of the infrastructure component. Finally, turnover of key personnel in the Ministry of Health limited procurement capacity under IDB policies. Better enforcement of existing agreements with the counterpart on maintaining key personnel and continuous procurement training of staff in the executing unit would help minimize delays in the future.

In Panama ([PN-L1068](#)), the time lags inherent to the processes underpinning the performance-based model were an important factor to consider in replicating this experience in other contexts. As the PCR points out, the time lags that occurred from the time each responsible party generated a report to the time the auditing entity validated the information to the time the corresponding government entity issued the final payment may delay the provision of goods and services across health facilities and the performance of the activities planned under each project component. In this sense, it may be prudent to consider adapting the operational rules surrounding the model and improve coordination between the executing entities to aim for a smoother monitoring, evaluation, and payment process.

In a similar vein, the experience in the Growing Healthy: Improving the Health of Mexican Children Program ([ME-L1128](#)) points to the need for a simpler, easier-to-understand reimbursement process to facilitate the smooth operation of the health insurance program. For example, it may be helpful to strengthen the training of network providers in the management and monitoring of reimbursement requests with an eye toward reducing claim rejections and, thus, processing times. At the same time, the program could have benefited from protocols and clinical guidelines for the conditions covered by the insurance, as well as from training hospital personnel to reduce heterogeneity in



Growing Healthy;
Strengthening Health
Care for Mexican Children,
Mexico ([ME-L1128](#))

the quality of services across different hospitals. A need for clear operational guidelines for the package of health services, together with close supervision to ensure quality of care, was also highlighted in El Salvador's community health model ([ES-L1027](#)).

Finally, for programs that expand health services in remote areas under decentralized models, the PCRs highlight the role of regional and local administrators and health providers as a key to successful implementation. Local actors involved in service delivery must have a clear understanding of the service delivery model, as well as the technical and administrative capacity and incentives to meet the program's goals. Furthermore, high levels of personnel turnover can be an important factor to consider. It may be helpful to formalize procedures and competencies to sustain service provision, including permanent, up-to-date training plans and strengthening of the technical, administrative, and financial capacity to manage effective and efficient service delivery on an ongoing basis.

Looking Forward

By partnering with member countries to strengthen health service provision, the IDB's experience illustrates how different approaches to expanding coverage and promoting quality can have measurable impacts on the health and quality of life of citizens in Latin America and the Caribbean. Early evidence from PCRs and impact evaluations shows encouraging results. However, a wealth of additional operational lessons and evidence from the sector will become available in the future through multiple health strengthening programs recently approved or currently underway, including in Argentina, Bolivia, Brazil, Peru, and Suriname. Many of these programs have included rigorous

impact evaluations as part of their design. Through these initiatives, the IDB will continue expanding the evidence base and helping countries adapt effective solutions to address current and future challenges in the health sector.

Reflections

Project assessments, impact evaluations, thematic reviews, and research studies provide valuable lessons from the field. Development challenges are complex, multifaceted, and mutually reinforcing. Meanwhile, the world is changing rapidly, and development solutions must also evolve to address each country's unique and dynamic needs. In this rapidly evolving context, the effectiveness of the IDB Group depends upon its ability to continuously evaluate the programs and projects it supports to ensure they are delivering the best value for money to the region.

This culture of learning also entails embracing opportunities to bridge gaps across sectors and areas of work that have traditionally been disconnected. The ambitions of the SDGs and the countries of the region call for unprecedented levels of financial support for sustainable development, requiring innovative solutions to crowd in private financing and develop public-private solutions to the region's challenges.

The evaluations discussed in this chapter aim to play a role in closing knowledge gaps in the region. They are part of the IDB Group's broader efforts to have an effect far beyond the dollar value of its investments in the region—reaching out to strengthen knowledge development and exchange and mobilize additional resources to support innovative interventions to foster prosperity in the region.

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Appendix A.

Corporate Results Framework Tables

Note: In some cases, values may be updated over time to reflect revisions to the source data or adjustments to indicator definitions to ensure consistency over time. Please refer to the [CRF website](#) for the latest data, as well as information on how each indicator is calculated.

Table A.1 Regional Context Indicators^a

Indicator	Baseline	Year	Progress	Year	IDB Group strategic priorities ^b
Poverty headcount ratio (US \$3.10 per day PPP) (%)	13.4	2013	13.8	2017	
Gini coefficient	0.492	2013	0.492	2017	
Social Progress Index	68.6	2015	69.4	2018	
Growth rate of GDP per person employed (%)	1.3	2013	0.2	2018	
Global Innovation Index (LAC average)	33.5	2014	30.8	2018	
Research and development expenditure as a percentage of GDP (%)	0.64	2011	0.68	2016	
Intraregional trade in goods (%)	16.0	2014	15.3	2017	
Growth rate of the value of total exports of goods and services (%)	-1.99	2014	10.41	2017	
Foreign direct investment net inflows as percentage of GDP (%)	3.7	2012	3.0	2017	
Greenhouse gas emissions (kg of CO ₂ equivalent per \$1 GDP) (PPP)	0.44	2012	0.42	2014	
Proportion of terrestrial and marine areas protected (%)	13.3	2014	NA	NA	
Government effectiveness (average LAC percentile)	48.6	2013	44.9	2017	
Rule of law (average LAC percentile)	39.8	2013	38.7	2017	

^a The specific country mix included in the progress values reported varies according to the data available for each indicator. For more information and links to original data sources, visit the [Regional Context page of the CRF website](#). External sources include: Social Progress Imperative, World Development Indicators, Global Innovation Index, RICYT, World Resources Institute (CAIT Climate Data Explorer), UN Department of Economic and Social Affairs, and the World Bank. LAC = Latin America and the Caribbean; NA = not applicable. PPP = purchasing power parity; RICYT = Red de Indicadores de Ciencia y Tecnología Iberoamericana e Interamericana.



^b The Update to the Institutional Strategy outlines a number of strategic priorities, organized into the following three challenges and three cross-cutting issues:  Social inclusion and equality;  Productivity and innovation;  Economic integration;  Gender equality and diversity;  Climate change and environmental sustainability,  Institutional capacity and the rule of law.







Table A.2 Country Development Results Indicators^a

Indicator	IDB Group strategic priorities ^b	Progress	Years	Expected results 2016-2019 ^c	Status ^d
Reduction of emissions with support of IDB Group financing (annual tons CO₂ equivalent)		12,156,188	2016-2018	8,000,000	
Students benefited by education projects (#)		11,630,665	2016-2018	15,790,000	
Beneficiaries receiving health services (#)		17,195,401	2016-2018	38,000,000	
Beneficiaries of targeted anti-poverty programs (#)		15,696,276	2016-2018	8,000,000	
Beneficiaries of improved management and sustainable use of natural capital (#)		1,144,784	2016-2018	4,900,000	
Households benefitting from housing solutions (#)		384,891	2016-2018	850,000	
Beneficiaries of on-the-job training programs (#)		834,069	2016-2018	875,000	
Jobs created by supported firms (#)		292,347	2016-2018	140,000	
Women beneficiaries of economic empowerment initiatives (#)		1,090,083	2016-2018	1,300,000	
Micro, small, medium enterprises financed (#)		1,731,533	2016-2018	3,400,000	
Micro, small, medium enterprises provided with non-financial support (#)		283,652	2016-2018	260,000	
Households with new or upgraded access to drinking water (#)		792,457	2016-2018	950,000	
Households with new or upgraded access to sanitation (#)		968,711	2016-2018	1,300,000	
Installed power generation from renewable energy sources (%)		100	2016-2018	80	
Roads built or upgraded (km)		6,075	2016-2018	6,300	
Professionals from public and private sectors trained or assisted in economic integration (#)		116,291	2016-2018	40,000	
Regional, sub-regional, and extra-regional integration agreements and cooperation initiatives supported (#)		80	2016-2018	28	
Subnational governments benefited by citizen security projects (#)		484	2016-2018	52	

Table A.2 Country Development Results Indicators (continued)

Indicator	IDB Group strategic priorities ^b	Progress	Years	Expected results 2016-2019 ^c	Status ^d
Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)		257	2016–2018	150	
Countries in the region with improved learning outcomes according to the Programme for International Student Assessment (PISA) (%)		Math: 50 Reading: 50	2015	-	
Maternal mortality ratio (number of maternal deaths per 100,000 live births)		67	2015	-	
Property value within project area of influence (% change)		112	2016	-	
Public agencies' processing times of international trade of goods and services (% change)		13.6	2016	-	
Formal employment of women (%)		51.8	2017	-	
Percent of GDP collected in taxes (%)		22.1	2017	-	

^{a.} Data reported for the Country Development Results indicators relies on the monitoring processes and tools described in Chapter 3, including the PMR for IDB operations, the DELTA for IDB Invest operations, and the PSR/PSU for IDB Lab operations. For most indicators, data is provided by executing agencies and clients with subsequent validation by IDB Group project teams. For more information, visit the [Country Development Results page of the CRF website](#) or [Annex I of the CRF Technical Guidance Note](#).

^{b.} The UIS outlines a number of strategic priorities, organized into the following three challenges and three cross-cutting issues:  Social inclusion and equality;  Productivity and innovation;  Economic integration;  Gender equality and diversity;  Climate change and environmental sustainability;  Institutional capacity and the rule of law.

^{c.} Six Country Development Results indicators do not have expected results because they capture higher-level intermediate outcomes that materialize over a longer time frame. For several of these indicators, it is not feasible to quantify the IDB Group's contribution to progress. Instead, the IDB Group tracks which projects align to these indicators and reports this information on each indicator's page of the CRF website. For the indicators "property value within project area of influence (% change)," and "public agencies' processing times of international trade of goods and services (% change)" progress is reported only for years in which projects with the corresponding indicator in their results matrix were completed.





^{d.} Each indicator for which expected results have been established has been categorized into one of the following four statuses based on the [Traffic Light Methodology](#):  Achieved,  On Track,  Moderate Progress,  Off Track.

Table A.3 IDB Group Performance Indicators^a

	Indicator	Institution	Baseline	Year	Progress Target		Status ^b
					2018	2019	
Responsiveness	Partners satisfied with IDB Group development solutions (%)	IDB Group	74	2015	79 ^c	85	-
	Lending to small and vulnerable countries (%)	IDB	37	2014	42	35	🟢
		IDB Invest	38	2016	45	40	🟢
	Operations meeting target preparation time (%)	IDB	83	2014	85	87	🟡
IDB Invest		-	-	-	-	-	
Multisectorality	Partners satisfied with IDB Group use of multisector approach (%)	IDB	92	2015	89 ^c	-	-
	IDB Group loan operations with multidisciplinary team compositions (%)	IDB Group	54	2014	72	Monitor	-
Effectiveness	Active operations with satisfactory performance classification (%)	IDB	69	2014	82	75	🟢
		IDB Invest	64	2017	61	75	🔴
	Operations with satisfactory development results at completion (%)	IDB	78	2014	63	80	🔴
		IDB Invest	40 ^d	2016	43	80	🔴
	Operations with high environmental and social risks rated satisfactory in the implementation of mitigation measures (%)	IDB	88	2014	81	90	🔴
		IDB Invest	91	2016	91	90	🟢
Mid- and senior-level staff who are women (%)	IDB, IDB Lab	37	2014	38	43	🔴	
	IDB Invest	27	2016	33	35	🟢	

a. For more information, visit the [IDB Group Performance page of the CRF website](#). B = billion; M = million; NSG = non-sovereign-guaranteed; TC = technical cooperation.

b. Each indicator for which a target has been established and for which progress is available for 2018 has been categorized into one of the following three statuses based on the [Traffic Light Methodology](#): 🟢 On Track, 🟡 On Watch, 🔴 Off Track.

c. Data reflects External Feedback System data for 2016 as these surveys are currently undergoing adjustments.

d. The 2016 baseline has been updated to reflect the final validation rating of the Office of Evaluation and Oversight (OVE) of 40 percent favorable. The rating reported in the 2016 DEO (66 percent favorable) was not OVE-validated because the validated ratings were not available at the time the report was published.

Table A.3 IDB Group Performance Indicators (continued)

	Indicator	Institution	Baseline	Year	Progress 2018	Target 2019	Status ^b
Efficiency	Cost-to-income ratio (%)	IDB	40.3	2014	40.7	40	
		IDB Invest	44.7	2016	41.5	-	-
	Cost-to-development-related-assets ratio (%)	IDB	0.84	2014	0.76	0.8	
		IDB Invest	1.05	2016	1.39 ^e	-	-
Leverage and Partnerships	Mobilization volume by NSG financed projects / companies (US\$)	IDB Invest	8.9 B	2012-2014	10.3 B ^f	21.3 B ^g	
	Partners satisfied with IDB Group's ability to convene other partners (%)	IDB Group	72	2015	66 ^e	75	-
Knowledge and Innovation	Partners that consider IDB Group solutions to be innovative (%)	IDB Group	81	2015	80 ^e	85	-
	Total IDB Group blog readership (#)	IDB Group	2.1 M	2014	4.7 M	4.2 M	
	Average visits to IDB Group publications (#)	IDB Group	139	2014	493	230	
Strategic Alignment	New approvals aligned with at least one challenge or cross-cutting issue of the Update to the Institutional Strategy (% of lending and TC volume)	IDB Group	99.4	2016	98.9	-	-
	Social inclusion and equality	IDB Group	47		44		
	Productivity and innovation	IDB Group	56		69		
	Economic integration	IDB Group	22		22		
	Gender equality and diversity	IDB Group	17		41		
	Climate change and environmental sustainability	IDB Group	32		36		
	Institutional capacity and rule of law	IDB Group	36		43		

^e. The denominator for IDB Invest's cost-to-development-related-assets includes the IDB NSG portfolio since IDB Invest's administrative expenses include costs associated with the origination of new operations for the IDB, and the management of its existing portfolio as per the terms of the capitalization scheme, cross-booking arrangements, and service level agreements between the IDB and IDB Invest.

^f. Mobilization data reported for 2018 reflects cumulative progress for 2016–2018.

^g. The target of 21.3 B is a cumulative target for 2016–2019.

Appendix B.

IDB Group Development Effectiveness Framework Tools

Table B.1 IDB Group Development Effectiveness Framework Tools

	At origination/At entry	During execution	After completion/At maturity	
IDB	The Development Effectiveness Matrix (DEM) is used to rate all loans to ensure that they adequately diagnose the relevant development challenges, incorporate evidence-based solutions, safeguard resources by including an <i>ex ante</i> economic analysis, and allow for proper measurement of results throughout the life of the project.	The Progress Monitoring Report (PMR) captures results generated during project execution on a semi-annual basis as well as project costs over time.	The Project Completion Report (PCR) is used to evaluate completed loans in terms of the extent to which they were effective in achieving results, efficient, relevant to local needs, and sustainable.	Impact evaluations are used to estimate the causal effect of projects, particularly in areas where knowledge gaps exist.
IDB Invest	<p>The Impact Management Framework includes a series of tools to support the operational cycle from beginning to end:</p> <p>The Strategic Selectivity Scorecard is a tool for <i>ex ante</i> identification of areas with the highest potential development impact. It is tailored to IDB Invest's business segments, reflects corporate and institutional targets, and feeds into and is informed by IDB Group country strategies.</p> <p>The Development Effectiveness Learning, Tracking and Assessment (DELTA) is used to score all IDB Invest investments in terms of their development impact and level of IDB Invest additionality (project score). It also ensures the investment's alignment with the strategic priorities of the IDB Group and IDB Invest (alignment assessment). Finally, the DELTA assesses the quality of the design at entry for the proper measurement of results throughout the life of the investment.</p> <p>The Financial Contribution Rating (FCR) complements the DELTA by measuring the financial contribution of each transaction to IDB Invest, based on the Risk-Adjusted Return on Capital (RAROC).</p> <p>Together, the DELTA and FCR comprise Portfolio 2.0, which provides a comprehensive view of the portfolio's development impact and financial contribution.</p>	<p>The DELTA in supervision tracks the achievement of project results during execution on an annual basis. It measures progress against targets, identifies opportunities to take corrective action as needed, and provides information about project performance.</p> <p>The Development Effectiveness Analytics (DEA) system systematizes development effectiveness data collected throughout the project cycle to produce relevant portfolio-level insights and analytics for IDB Invest stakeholders. Data analytics are based on the DELTA Project Score and key project indicators, and also include aggregate analyses at the portfolio level to inform strategic decision making. The DEA also includes an online lessons learned repository.</p>	The Expanded Supervision Report (XSR) is used to evaluate projects once they reach operating maturity. It assesses the extent to which the project was effective and efficient in achieving results that are relevant to local needs and sustainable. The report for projects approved after 2016 will include a DELTA at maturity.	
IDB Lab	The iDELTA scores all IDB Lab projects in terms of their development impact, innovation level, scale potential, and resource mobilization (project score). It also ensures project alignment with strategic IDB Group and IDB Lab priorities. Finally, the iDELTA assesses the quality of the design at entry for the proper measurement of results throughout the life of the project.	The Project Supervision Report (PSR) (grants) and the Project Status Update (PSU) (loans and equity) capture the progress of project execution, achievement of milestones, completion of project objectives, and financial performance in the case of investments. In addition, mid-term evaluations are deployed to provide sector expertise needed to realign or re-design projects that are off track.	The Final Project Supervision Report (FSR) is used to evaluate projects at completion. It is the main tool for reporting on project implementation and results, providing early evidence of replication and scaling, and offering lessons learned.	

Appendix C.

Ratings of IDB Project Completion Reports 2018

Table C.1 Ratings of IDB Project Completion Reports, 2018

Country	Number	Name	Lending instrument	OVE rating
Climate change and sustainable development sector				
Argentina	AR-L1120	Provincial agricultural services program III	ESP	Partly Unsuccessful
Bolivia	BO-L1039	National community tourism program	ESP	Partly Unsuccessful
Bolivia	BO-L1040	Direct support for the creation of rural agrifood initiatives	ESP	Partly Successful
Brazil	BR-L1078	Urban upgrading and social inclusion program	ESP	Partly Unsuccessful
Ecuador	EC-L1071	National system for rural land information and management and technology infrastructure	ESP	Successful
El Salvador	ES-L1022	Housing program and integral improvement of urban informal settlements	PFM	Partly Successful
Guatemala	GU-L1014	Establishing cadastral registry and strengthening legal certainty protected areas	ESP	Partly Unsuccessful
Mexico	ME-L1045	Program to strengthen rural public goods	ESP	Partly Unsuccessful
Nicaragua	NI-L1039	National program of tourism	ESP	Unsuccessful
Nicaragua	NI-L1048	Environmental program for disaster risk and climate change management	ESP	Successful
Uruguay	UR-L1016	Support for agricultural public management	ESP	Partly Successful
Infrastructure and energy sector				
Barbados	BA-L1020	Sustainable energy investment program	ESP	Successful
Belize	BL-L1013	Flood mitigation infrastructure program for Belize City	ESP	Partly Successful
Bolivia	BO-L1043	Miticuni renewable energy hydroelectric project	ESP	Partly Successful
Bolivia	BO-L1050	Rural electrification program	ESP	Partly Unsuccessful
Bolivia	BO-L1065	Water and sanitation program for small localities and rural communities	GOM	Successful
Bolivia	BO-L1072	Cochabamba - La Paz transmission line	ESP	Partly Successful
Ecuador	EC-L1065	First road infrastructure and maintenance program	ESP	Successful
El Salvador	ES-L1045	Sustainable roads for development	GOM	Partly Successful
Guyana	GY-L1025	Georgetown sanitation improvement program	ESP	Successful
Honduras	HO-L1033	Agricultural corridor road program (Tegucigalpa - Puerto Castilla)	ESP	Partly Successful
Nicaragua	NI-L1029	Water supply program for Managua	ESP	Successful

Table C.1 Ratings of IDB Project Completion Reports, 2018 (continued)

Country	Number	Name	Lending instrument	OVE rating
Nicaragua	NI-L1144	Program to strengthen the electricity sector in Nicaragua III	PBP	Successful
Suriname	SU-L1018	Water supply infrastructure rehabilitation	ESP	Partly Successful
Institutions for development sector				
Argentina	AR-L1141	Technological innovation program III	ESP	Partly Successful
Barbados	BA-L1007	Barbados competitiveness program	ESP	Highly Unsuccessful
Brazil	BR-L1165	PROFISCO Pernambuco	ESP	Partly Successful
Brazil	BR-L1202	PROFISCO State of Maranhao	ESP	Partly Successful
Brazil	BR-L1207	PROFISCO State of Rio Grande do Norte	ESP	Partly Successful
Brazil	BR-L1235	PROFISCO Mato Grosso do Sul	ESP	Partly Unsuccessful
Brazil	BR-L1238	PROFISCO State of Piauí fiscal management development and improvement project	ESP	Partly Successful
Chile	CH-L1060	Program for institutional modernization of the state defense council	ESP	Partly Unsuccessful
Chile	CH-L1111	Chile's integrity and transparency agenda support program II	PBP	Successful
Colombia	CO-L1041	Project for strengthening judicial services	PFM	Unsuccessful
Colombia	CO-L1132	Third Loan for investment financing, restructuring and exporting development	ESP	Successful
Colombia	CO-L1214	Financial system reform support program II	PBP	Successful
Ecuador	EC-L1084	Program for strengthening the preinvestment cycle	ESP	Partly Successful
Ecuador	EC-L1094	Public administration institutional reform program	ESP	Partly Unsuccessful
Ecuador	EC-L1216	Contingent loan for natural disaster emergencies	CND	Highly Successful
El Salvador	ES-L1017	Legislative branch modernization II	ESP	Partly Unsuccessful
Haiti	HA-L1068	Northern economic pole business accelerator program	ESP	Unsuccessful
Mexico	ME-L1115	Management and investment strengthening project 3x1 for migrants, phase II	PFM	Partly Successful
Mexico	ME-L1145	First program for the financing of investment and productive reconversion project of the rural sector	ESP	Highly Successful
Mexico	ME-L1186	Program to boost productivity in Mexico II	PBP	Partly Unsuccessful
Nicaragua	NI-L1096	Program to improve productivity in Nicaragua II	PBP	Unsuccessful

Table C.1 Ratings of IDB Project Completion Reports, 2018 (continued)

Country	Number	Name	Lending instrument	OVE rating
Panama	PN-L1066	Program to strengthen fiscal management	ESP	Partly Unsuccessful
Paraguay	PR-L1101	Public investment management program	PBL	Successful
Suriname	SU-L1027	National population and housing census and household budget survey	ESP	Partly Successful
Integration and trade sector				
Argentina	AR-L1092	Export promotion program	ESP	Partly Unsuccessful
Social sector				
Argentina	AR-L1142	Multiphase primary health care program for managing chronic non-communicable disease	PFM	Highly Successful
Bolivia	BO-L1070	Master registry of beneficiaries program	ESP	Partly Unsuccessful
Brazil	BR-L1177	Expansion and strengthening of specialized health services in Ceará	ESP	Successful
Dominican Republic	DR-L1056	Second individual loan to support the 10-year education plan	ESP	Successful
Ecuador	EC-L1075	National infrastructure program for the universalization of quality education	ESP	Partly Unsuccessful
El Salvador	ES-L1027	Integrated health program	ESP	Successful
Honduras	HO-L1072	Mother and child hospital network strengthening program	ESP	Successful
Honduras	HO-L1087	Social safety net support program II	ESP	Partly Successful
Honduras	HO-L1090	Program for improved accessibility and quality of health services and networks	ESP	Successful
Mexico	ME-L1091	Support to the Oportunidades human development program	ESP	Unsuccessful
Mexico	ME-L1114	Multiphase training and employment support program (PACE), phase III	PFM	Partly Unsuccessful
Mexico	ME-L1128	Growing healthy: strengthening healthcare for Mexican children	ESP	Partly Successful
Mexico	ME-L1171	Educational physical infrastructure program	ESP	Unsuccessful

Note: PCRs are only available in the original language in which they were written. PCR overall effectiveness scores range from 1 to 6. A project is considered to be Highly Successful if its score is equal to 6, Successful if its score is equal to 5, Partly Successful if its score is equal to 4, Partly Unsuccessful if its score is equal to 3, Unsuccessful if its score is equal to 2, and Highly Unsuccessful if its score is equal to 1. CCLIP = Conditional Credit Line for Investment Projects; ESP = Specific Investment Operation; GCR = Global Credit Operation; GOM = Global of Multiple Works Operation; IGR = Investment Grant; IRF = Immediate Response Facility for Emergencies; OVE = Office of Evaluation and Oversight; PBP = Programmatic Policy Base Loan; PFM = Multi-Phase Lending Project.





















Appendix D. **IDB Group Impact Evaluations Completed in 2018**

Table D.1 IDB Group Completed Impact Evaluations in 2018

Country	Title of evaluation	Methodology	Institution
Institutions for development			
Argentina	Compliance Spillovers Across Taxes: The Role of Penalties and Detection	Randomized-control trial	●
Argentina	Impact Evaluation of the Electronic Invoicing in Argentina	Difference-in-difference	●
Ecuador	Electronic Invoicing in Ecuador: Impact Evaluation in Tax Compliance	Difference-in-difference and propensity score matching	●
Peru	Sumaq Warmi: Reducing Violence Against Women in Microfinance	Randomized-control trial	●
Trinidad and Tobago	Evaluating Cure Violence in Trinidad and Tobago	Difference-in-difference	●
Climate change and sustainable development			
Brazil	National Tourism Program: PRODETUR Nacional-Pernambuco (Forthcoming)	Difference-in-difference	●
Haiti	Technology Transfer to Small Farmers Program (PTTA) in Haiti Implementation, Evaluation and Lesson Learned	Randomized-control trial; Propensity score matching	●
Nicaragua	Livestock Transfers, Food Security and Women's Empowerment: Evidence from a Randomized Phased-in Program in Nicaragua	Difference-in-difference and Propensity Score Matching	●
Infrastructure and energy			
Bolivia	Getting a Lift: The Impact of Aerial Cable Cars in La Paz Bolivia	Randomized-control trial	● ●
Ecuador	Rural and Urban Electrification Program (FERUM II) (Forthcoming)	Difference-in-difference	● ●
Haiti	Bright Investments: Measuring the Impact of Transport Infrastructure Using Luminosity Data in Haiti	Difference-in-difference	● ●
Mexico	How Effective is Energy-efficient Housing?: Evidence From a Field Experiment in Mexico	Randomized-control trial	●
Peru	A Rapid Road to Employment?: The Impacts of a Bus Rapid Transit System in Lima	Difference-in-difference	● ●
Peru	Connecting to Economic Opportunity: The Role of Public Transport in Promoting Women's Employment in Lima	Difference-in-difference	● ●
Integration and trade			
Costa Rica and Uruguay	How Effective is the Promotion of Investment? Evidence at the Firm Level from Costa Rica and Uruguay (Forthcoming)	Difference-in-difference	●
Peru	Information and Exports: Firm-level Evidence Based on an Online Platform (Forthcoming)	Difference-in-difference and instrumental variables	●
Peru	Information, Imports and Employment: Evidence at the Firm Level Based on ConnectAmericas (Forthcoming)	Difference-in-difference and instrumental variables	●
Uruguay	Impact Evaluation of Policy Changes on Foreign Direct Investment (Forthcoming)	Synthetic control	●
Uruguay	Impact Evaluation of Trade Facilitation Measures on Exports and Imports (Forthcoming)	Difference-in-difference and instrumental variables	●
Small and medium enterprises and financial inclusion			
Ecuador	Less is More: Experimental Evidence on Heuristic-Based Business Training in Ecuador	Randomized-control trial	● ●

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Table D.1 IDB Group Completed Impact Evaluations in 2018 (continued)

Country	Title of evaluation	Methodology	Institution
Ecuador	Retail Stores and Financial Inclusion: Quantifying the Benefits of Being a Non-bank Correspondent (Forthcoming)	Difference-in-difference	
Paraguay	Does Formal Credit Leads to More Financial Inclusion or Distress? Lessons from Scoring Tools for the Poor (Forthcoming)	Regression discontinuity	
Peru	Meld Program: Women Entrepreneurs Leading the Development (Forthcoming)	Randomized-control trial	
Peru	The Impact of Financial Education for Youth	Randomized-control trial	
Peru	The Impact of School-Based Financial Education on High School Students and their Teachers: Experimental Evidence from Peru	Randomized-control trial	
Social sector			
Brazil	Improving Socioemotional Skills using a Game-based Method (Forthcoming)	Randomized-control trial	
Chile	Does Rewarding Pedagogical Excellence Keep Teachers in the Classroom?: Evidence from a Voluntary Award Program	Regression discontinuity	
Chile	Evaluation of Chile's Job Training Program, FOTRAB (Forthcoming)	Randomized-control trial	
Chile	Training Vouchers and Labour Market Outcomes in Chile	Difference-in-difference: Propensity Score Matching	
Dominican Republic	The Causal Effect of Competition on Prices and Quality: Evidence from a Field Experiment	Randomized-control trial	
Ecuador	Can Cash Transfers Help Households Escape an Intergenerational Poverty Trap?	Regression discontinuity	
Ecuador	The Effect of Welfare Payments on Work: Regression Discontinuity Evidence from Ecuador	Regression discontinuity	
El Salvador	Effect of Education on Gender: Experimental Evidence from Secondary Education in El Salvador	Randomized-control trial	
El Salvador	In-Kind Incentives and Health Worker Performance: Experimental Evidence from El Salvador	Randomized-control trial	
El Salvador	Is Results-Based Aid More Effective than Conventional Aid? Evidence from the Health Sector in El Salvador	Difference-in-difference	
India	Do Non-Monetary Prizes Target the Poor? Evidence from a Field Experiment in India	Randomized-control trial	
Mexico	Do Larger School Grants Improve Educational Attainment? Evidence from Urban Mexico	Difference-in-difference	
Mexico	Effects of Changing the High School Grant Recipient of Conditional Cash Transfers in Mexico	Randomized-control trial	
Mexico	Impact Evaluation of Medical Insurance Siglo XXI: Effects on Out-of-pocket Expenses, Hospital Discharges, Mortality, Anthropometry and Morbidity	Difference-in-difference	
Paraguay	Social Interactions and Female Voting in Rural Paraguay: The Role of Urbanization Patterns on the Effectiveness of GOVT Campaigns	Randomized-control trial	
Peru	Do Children Benefit from Internet Access? Experimental Evidence from a Developing Country	Randomized-control trial	
Peru	Tailoring Instruction to Improve Mathematics Skills in Preschools: A Randomized Evaluation	Randomized-control trial	
Uruguay	Providing Academic Opportunities to Vulnerable Adolescents: A Randomized Evaluation of Privately Managed Tuition-free Middle Schools in Uruguay (Forthcoming)	Randomized-control trial	

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