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# **DEO** Development Effectiveness Overview **2020**

## **Executive Summary**





# Executive Summary

Each year, the 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 where the Group has successfully met its strategic objectives and where gaps remain.

As this DEO represents the closing of the period covered by the Corporate Results Framework (CRF) 2016-2019, much of the content reflects on the four-

year period as a whole. Nonetheless, the 2020 DEO cannot overlook the unprecedented pandemic-induced changes affecting the region and the world since early 2020, so linkages to this new reality are made throughout the document.

Since 2016, the IDB Group has supported each of its strategic priorities, which are critical to the region's development and closely aligned to the Sustainable Development Goals (SDGs). The Country Development Results indicators of the CRF provide a glimpse of these contributions, which range from



**35.3 million**  
beneficiaries  
of health  
services





**16.6 million**  
students  
benefited by  
education  
projects



16.6 million *students benefited by education projects* and 35.3 million *beneficiaries receiving health services* to 14.4 million *tons of annual CO<sub>2</sub> equivalent emissions avoided* and 2.6 million *micro, small and medium enterprises financed*. Overall, the expected results for the period were met for 74 percent of the Country Development Results indicators, with an additional 11 percent reaching at least 80 percent of the expected results.

The indicators at the IDB Group Performance level of the CRF seek to measure the Group's advances on its operational guiding principles.<sup>i</sup> It is at this level of the CRF that performance results may be used most directly to inform IDB Group decision-making because many of these indicators measure areas that are under the span of control of the IDB Group. In total, more than half (11 out of 19) of the IDB Group Performance

indicators fully met their 2019 target and another two indicators made some progress against their baseline value. These include, for example, *lending to small and vulnerable countries*, and *mid- and senior-level IDB Invest staff who are women*. Among the most important performance indicators for the Group are those related to development effectiveness, particularly the achievement of results at project completion.

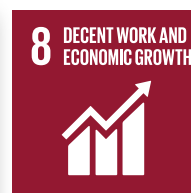
As a development institution, the most critical commitment of the IDB Group is driving toward development results. Each of the IDB Group institutions uses a series of processes and tools to ensure a focus on results during project design, to monitor projects in the active portfolio, and to assess the achievement of results at project maturity or completion. While the processes and tools differ, they share a common purpose of maximizing the likelihood of delivering results

<sup>i</sup>. The operational guiding principles of the IDB Group's Update to the Institutional Strategy include: responsiveness; multisectorality; effectiveness and efficiency; leverage and partnerships; knowledge and innovation; and strategic alignment.

and promoting a culture of continuous learning and improvement throughout the Group.

During execution, the IDB tracks project performance using the Progress Monitoring Report (PMR), which captures quantitative information on project costs as well as outputs, outcomes, and impacts to help ensure that activities and outputs are in line with the expected costs and timeframe. In 2019, 80 percent of IDB operations were classified as having satisfactory performance via the PMR. At IDB Invest, the DELTA in supervision is used to actively manage the portfolio for impact. In 2019, 75 percent of operations in supervision had a satisfactory performance classification. For IDB Lab's loan and equity investment operations, performance is monitored through the Project Status Update (PSU). In 2019, 69 percent of these operations were classified as "on track to high performance."<sup>ii</sup>

After projects are completed, it is important to assess whether results are sustainable over time and to study lessons learned 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. At IDB and IDB Invest, these reports are validated by the Office of Evaluation and Oversight (OVE). In 2019, the OVE-validated rating was favorable (i.e., "partly satisfactory," "satisfactory," or "highly satisfactory") for 52 percent of IDB projects and 58 percent of IDB Invest projects. As explained in Chapter 3, a range of factors have impacted success in those projects that did not satisfactorily meet their targets and both IDB and IDB Invest are working



**2.6 million**  
MSMEs  
financed

<sup>ii</sup>. While these supervision tools all serve the shared purpose of measuring project performance, they are tailored to the distinct types of operations financed by each IDB Group entity. Therefore, the results are not directly comparable.

to close the gap between expected performance and results achievement at completion.

In addition to the specific tools discussed for each entity, impact evaluations are used throughout the IDB Group to measure the impact of operations in a rigorous way. In 2019, the IDB Group completed more than 60 impact evaluations spanning a wide range of sectors in 17 countries. As a knowledge broker, the IDB Group ensures that the results of impact evaluations and other studies are disseminated widely, using various channels.

This DEO marks the conclusion of a critical period. As the Group moves into a new decade, the focus on development effectiveness will be as vital as ever. We are now within the “decade of action” to achieve the SDGs by 2030 and the global community recognizes the need to accelerate progress on these goals. This has become increasingly complex as humankind faces the most threatening pandemic in a century, bringing new challenges for public health, social well-being, and economic growth.



**14.4 million**  
tons of  
annual CO<sub>2</sub>  
equivalent  
emissions  
avoided














































# Corporate Results Framework Tables

## Level 1. Regional Context Indicators<sup>a</sup>

Indicator	Baseline	Year	Progress	Year	IDB Group Strategic Priorities <sup>b</sup>
Poverty headcount ratio (US \$3.10 per day PPP) (%)	13.4	2013	14.5	2018	
Gini coefficient	0.492	2013	0.496	2018	
Social Progress Index	68.7	2015	70	2019	
Growth rate of GDP per person employed (%)	1.4	2013	1.5	2019	
Global Innovation Index (LAC average)	33.5	2014	30.4	2019	
Research and development expenditure as a percentage of GDP (%)	0.63	2011	0.64	2017	
Intraregional trade in goods (%)	16	2014	15.3	2018	
Growth rate of the value of total exports of goods and services (%)	-1.99	2014	6.8	2018	
Foreign direct investment net inflows as percentage of GDP (%)	3.7	2012	3.6	2018	
Greenhouse gas emissions (kg of CO <sub>2</sub> equivalent per \$1 GDP (PPP))	0.45	2012	0.45	2016	
Proportion of terrestrial and marine areas protected (%)	13.3	2014	NA	-	
Government effectiveness (average LAC percentile)	48.6	2013	44.1	2018	
Rule of law (average LAC percentile)	39.8	2013	39.6	2018	






- <sup>a</sup> The specific country mix included in the progress values reported varies according to the data available for each indicator. Data is reported based on the most recently available data for each indicator from each data source. For more information and links to original data sources, visit the [Regional Context page](#) of the CRF website. NA = not applicable. 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; PPP = purchasing power parity; RICyT = Red de Indicadores de Ciencia y Tecnología Iberoamericana e Interamericana; The World Development Indicators are produced by the World Bank.
- <sup>b</sup> 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.














## Level 2. Country Development Results Indicators<sup>a</sup>

Indicator	IDB Group Strategic Priorities <sup>b</sup>	Progress 2016-2019	Expected Results 2016-2019 <sup>c</sup>	Status <sup>d</sup>
Reduction of emissions with support of IDB Group financing (annual million tons CO <sub>2</sub> e)		14,369,323	8,000,000	✓
Students benefited by education projects (#)		16,629,592	15,790,000	✓
Beneficiaries receiving health services (#)		35,309,425	38,000,000	○
Beneficiaries of targeted anti-poverty programs (#)		16,736,019	8,000,000	✓
Beneficiaries of improved management and sustainable use of natural capital (#)		1,646,862	4,900,000	✗
Households benefitting from housing solutions (#)		401,148	850,000	✗
Beneficiaries of on-the-job training programs (#)		950,890	875,000	✓
Jobs created by supported firms (#)		387,590	140,000	✓
Women beneficiaries of economic empowerment initiatives (#)		2,094,388	1,300,000	✓
Micro / small / medium enterprises financed (#)		2,550,378	3,400,000	✗
Micro / small / medium enterprises provided with non-financial support (#)		925,769	260,000	✓
Households with new or upgraded access to drinking water (#)		976,632	950,000	✓
Households with new or upgraded access to sanitation (#)		1,140,664	1,300,000	○
Installed power generation capacity from renewable sources (%)		100	80	✓
Roads built or upgraded (km)		8,005	6,300	✓
Professionals from public and private sectors trained or assisted in economic integration (#)		171,678	40,000	✓
Regional, sub-regional and extra-regional integration agreements and cooperation initiatives supported (#)		45	28	✓
Subnational governments benefited by citizen security projects (#)		487	52	✓
Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)	 	641	150	✓



## Level 2. Country Development Results Indicators (continued)

Indicator	IDB Group Strategic Priorities <sup>b</sup>	Progress	Years	Expected Results 2016-2019 <sup>c</sup>	Status <sup>d</sup>
Countries in the region with improved learning outcomes according to PISA (%)		Math: 27 Reading: 36	2018	-	-
Maternal mortality ratio (number of maternal deaths per 100,000 live births)		74	2017	-	-
Property value within project area of influence (% change)		112	2016	-	-
Public agencies' processing times of international trade of goods and services (% change)		-73.3	2016-2018	-	-
Formal employment of women (%)		45.9	2018	-	-
Percent of GDP collected in taxes (%)		22.3	2018	-	-

- 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 [Appendix 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 were established has been categorized into one of the following three statuses based on the [Traffic Light Methodology](#):  Achieved;  Mostly Achieved;  Not Achieved. For previous years, indicators were categorized into the following statuses:  Achieved;  On Track;  Moderate Progress;  Off Track.

### Level 3. IDB Group Performance Indicators<sup>a</sup>

Indicator		Institution	Baseline (Year)	2016 Progress	2017 Progress	2018 Progress	2019 Progress	2019 Target <sup>b</sup>
Responsiveness	Partners satisfied with IDB Group development solutions (%)	IDB Group	74 (2015)	79	-	-	88	85
	Lending to small and vulnerable countries (%)	IDB	37 (2014)	37	34	42	44	35
		IDB Invest	38 (2016)	38	25	45	46	40
	Operations meeting target preparation time (%)	IDB	83 (2014)	88	92	85	83	87
Multisectorality	Partners satisfied with IDB Group use of multi-sector approach (%)	IDB	92 (2015)	89	-	-	71	-
	IDB Group loan operations with multidisciplinary team compositions (%)	IDB Group	54 (2014)	59	58	72	79	Monitor
Effectiveness	Active operations with satisfactory performance classification (%)	IDB	69 (2014)	76	82	82	80	75
		IDB Invest	64 (2017)	-	64	61	75	75
	Operations with satisfactory development results at completion (%)	IDB	- <sup>c</sup>	- <sup>c</sup>	54	63	52	80
		IDB Invest	40 <sup>c</sup> (2016)	40	58	43	58	80
	Operations with high environmental and social risks rated satisfactory in the implementation of mitigation measures (%)	IDB	88 (2014)	82	80	81	83	90
		IDB Invest	91 (2016)	91	92	91	91	90
	Mid- and senior-level staff who are women (%)	IDB and IDB Lab	37 (2014)	38	37	38	40	43
		IDB Invest	27 (2016)	27	28	33	37	35

<sup>a</sup>. For more information, visit the [IDB Group Performance page of the CRF website](#). B = billion; M = million; NSG = non-sovereign-guaranteed; TC = technical cooperation; A dash indicates that data is unavailable. For some indicators, preliminary data is reported early in the year in other reports. The data reported in this DEO reflects the final, validated data.

<sup>b</sup>. Each indicator for which a target has been established and for which progress is available for 2019 has been categorized into one of the following three statuses based on the [Traffic Light Methodology](#): Achieved, Some Progress, Not Achieved. For previous years, indicators were categorized into the following statuses: On Track; On Watch; Off Track

<sup>c</sup>. Note that data for IDB prior to 2017 is not included in the above table given that it was based on Management's assessment and is not comparable to data for 2017-2019, which is based on ratings validated by OVE. The 2016 data for IDB Invest 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.



### Level 3. IDB Group Performance Indicators (continued)

Indicator		Institution	Baseline (Year)	2016 Progress	2017 Progress	2018 Progress	2019 Progress	2019 Target <sup>b</sup>
Efficiency	Cost-to-income ratio (%)	IDB	40.3 (2014)					40
		IDB Invest	43.6 (2016)		44.4	41.3	<b>43</b>	-
	Cost-to-development-related-assets ratio (%)	IDB	0.84 (2014)					0.80
		IDB Invest	1.02 (2016)		1.23	1.38	<b>1.38<sup>d</sup></b>	-
Leverage and Partnerships	Mobilization volume by NSG financed projects / companies (US\$)	IDB Invest	8.9 B (2012-2014)					21.3 B <sup>f</sup>
	Partners satisfied with IDB Group's ability to convene other partners (%)	IDB Group	72 (2015)		-	-		75
Knowledge and Innovation	Partners that consider IDB Group solutions to be innovative (%)	IDB Group	81 (2015)		-	-		85
	Total IDB Group blog readership (#)	IDB Group	2.1 M (2014)					4.2 M
	Average visits to IDB Group publications (#)	IDB Group	139 (2014)					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)	99.4	99.8	98.9	<b>98.4</b>	-
	Social inclusion and equality	IDB Group	47	47	43	44	<b>47</b>	-
	Productivity and innovation	IDB Group	56	56	65	69	<b>72</b>	-
	Economic integration	IDB Group	22	22	31	22	<b>26</b>	-
	Gender equality and diversity <sup>g</sup>	IDB Group	17	17	12	41	<b>43</b>	-
	Climate change and environmental sustainability	IDB Group	32	32	45	36	<b>39</b>	-
	Institutional capacity and rule of law	IDB Group	36	36	40	43	<b>55</b>	-

<sup>d</sup> 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.

<sup>e</sup> Mobilization data reported for 2019 reflects cumulative progress for 2016-2019.

<sup>f</sup> The target of 21.3 B is a cumulative target for 2016-2019.

<sup>g</sup> In 2018, the IDB criteria for strategic alignment to gender equality and diversity was modified to allow all projects with a gender or diversity analysis, related actions and at least one related result indicator to be considered as aligned. It was no longer a requirement that these three gender or diversity elements be directly aligned with the project's main objective and central vertical logic.

# IDB Group Development Effectiveness Tools

	At origination/At entry	During execution	After completion/At maturity	
IDB	The <b>Development Effectiveness Matrix (DEM)</b> 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 <b>Progress Monitoring Report (PMR)</b> captures results generated during project execution on a semi-annual basis as well as project costs over time.	The <b>Project Completion Report (PCR)</b> 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 <b>Strategic Selectivity Scorecard</b> 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 <b>Development Effectiveness Learning, Tracking and Assessment (DELTA)</b> tool 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, IDB Invest, and countries, as well as assesses project contributions to the SDGs. 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 <b>Financial Contribution Rating (FCR)</b> 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 <b>DELTA in supervision</b> tracks the achievement of project results during execution on an annual basis. It measures progress against targets and expected SDG contributions, identifies opportunities to take corrective action as needed, and provides information about project performance.</p> <p>The <b>Development Effectiveness Analytics (DEA)</b> platform systematizes data collected on results and impact throughout the project cycle to produce portfolio-level insights for IDB Invest stakeholders and to inform strategic decision making. Real-time analytics dashboards visualize data captured by the DELTA at the approval and supervision stages, including portfolio-level SDG contributions. The DEA also includes a repository of lessons learned from completed operations.</p>	The <b>Expanded Supervision Report (XSR)</b> 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 <b>iDELTA</b> 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 <b>Project Supervision Report (PSR)</b> (grants) and the <b>Project Status Update (PSU)</b> (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 redesign projects that are off track.	The <b>Final Project Supervision Report (FSR)</b> 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.	









## **LESSONS IN DEVELOPMENT**