



MOPAN 2015-16 Assessments

Inter-American Development Bank (IDB)

Executive Summary

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This institutional assessment of the Inter-American Development Bank (IDB) covers the period from 2014 to mid-2016. Applying the MOPAN 3.0 methodology, the assessment considers organisational systems, practices and behaviours, as well as the results IDB achieves. The assessment considers five performance areas: four relate to organisational effectiveness (strategic management, operational management, relationship management and performance management) and the fifth relates to development effectiveness (results). It assesses IDB's performance against a framework of key indicators and associated micro-indicators that comprise the standards that characterise an effective multilateral organisation, and gives an overall view on its performance trajectory. The IDB was assessed by MOPAN in 2011.

Context

THE INTER-AMERICAN DEVELOPMENT BANK

- It is the main source of multilateral financing for economic, social, and institutional development in Latin America and the Caribbean
- It is mandated to invest its capital and funds raised in financial markets in member countries; help member states orient their development policies towards better resource utilisation; and provide them with technical assistance
- It is governed at the highest level by a Board of Governors, which meets annually and comprises representatives from all 48 member countries and by a Board of Executive Directors comprising representatives from 14 member countries who meet weekly
- It has increased its capital by USD 70 billion to USD 171 billion under the Ninth General Capital Increase (IDB-9, 2012-21) allowing it to provide around USD 12 billion a year in financing
- It has implemented extensive organisational and operational reforms under IDB-9 to strengthen its financial base, increase operational efficiency, and enhance its relevance and development effectiveness in the region

Organisation at a glance

- Established: 1959
- Lending \$11.3billion (2015)
- Active in 26 countries
- Over 2000 staff
- Operates through:
 - Washington, DC Headquarters
 - 26 country offices

Overall performance

The 2016 MOPAN 3.0 assessment finds that the IDB meets the requirements of an effective multilateral organisation and is fit for purpose. The IDB has a strong client focus, deep understanding of the regional context and commitment to development effectiveness, and exercises leadership on critical issues in the region such as sustainable cities and climate change. The IDB's structures and processes are in the main closely aligned with its mandate and strategy, and its financing and grant operations support the achievement of substantive results.

Organisational systems are cost- and value-conscious and the IDB's financial management systems have a high degree of transparency and accountability. Its operational structures and programmes support the delivery of its strategic objectives, although systems to enable new ways of working are still being introduced. Leverage and partnerships are one of the six operational guiding principles in the IDB institutional strategy. The IDB has a track record of using partnerships to strengthen the impact of its interventions. IDB's organisational structure and systems support its strategic push to expand the breadth of its partnerships for the achievement of development results.

The IDB is clearly committed to being a learning organisation as a key part of maintaining its relevance. It has also demonstrated an appetite to publicly learn from failure as well as success. The strengthening of the IDB's approach to development effectiveness has seen a concomitant increase in performance information corporately. Nevertheless, realising the operational value of this information faces challenges on the supply side, in terms of making the right information available at the right point in the process, and equally on the demand side in terms of the organisational incentives to use and integrate lessons.

Key strengths and areas for improvement

Key strengths

- **The IDB's focus on results and development effectiveness** has continued to deepen and evolve since the last MOPAN assessment in 2011
- The continued strengthening of the Bank's value proposition to clients is the main driver behind a significant **programme of organisational management reforms**
- **Financial management systems and capabilities** are a significant strength of the organisation, enhancing its capacity to meet the needs of all its clients going forward and underpinned by transparent rules and mechanisms and an impressive system for results-based budgeting
- **The staff's technical expertise, proximity and deep local knowledge, are key assets** enabling the Bank to engage credibly in policy dialogue with country clients at national and regional levels
- **The IDB has institutional credibility as a key convenor across government, private and civil society sectors**, based on its standing as an international financial institution, its regional locus and development expertise

Areas for improvement

- **Streamlining the IDB's operating procedures remains a concern for external stakeholders.** Experience elsewhere suggests clients' expectations are only likely to rise, while the Bank's focus on development effectiveness may, in the short term, actually work against streamlining ambitions
- While corporate reporting on the IDB's development effectiveness has been strengthened significantly, **extracting value in terms of actionable improvements for operations management** should be a key objective for the Bank's results-based management system
- **Important aspects of its operating model may merit attention:** annual rather than multi-year budgeting and the cap on the permanent staffing structure, with an associated heavy reliance on consultants, pose risks to the efficiency of IDB operations in many ways
- While steps are being taken, **mainstreaming cross-cutting agendas** such as gender equity and sustainability and cross-sectoral working remains a work in progress
- **Continue building upon the potential for partnership working.** Mainstreaming partnerships as a general practice within the IDB Group is an important strategic challenge for the next few years. The Bank has set ambitious targets for mobilizing resources through a diverse set of partners, but recognises that it needs to create operational incentives and tools to support staff to mobilise co-financing and work in partnership