

MOPAN ASSESSMENT REPORT

IDB Invest

PART II
Technical and Statistical
Annex



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MOPAN ASSESSMENT REPORT
2021-22

IDB Invest

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EXPLANATORY NOTE

MOPAN is the only collective action mechanism that meets member countries' information needs regarding the performance of multilateral organisations (MOs). Through its institutional assessment reports, MOPAN provides comprehensive, independent, and credible performance information to inform members' engagement and accountability mechanisms.

MOPAN's assessment reports tell the story of the multilateral organisation (MO) and its performance. Through detailing the major findings and conclusions of the assessment, alongside the MO's performance journey, strengths, and areas for improvement, the reports support members' decision-making regarding MOs and the wider multilateral system.

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ABBREVIATIONS AND ACRONYMS

CDC	Country Development Challenge	MO	Multilateral Organisation
CRF	Corporate Results Framework	MOPAN	Multilateral Organisation Performance Assessment Network
CS	Country Strategy	MSME	Micro, Small and Medium-sized Enterprise
DEA	Development Effectiveness Analytics	NSG	Non-Sovereign Guaranteed
DELTA	Development Effectiveness Learning, Tracking, and Assessment System	OVE	Office of Evaluation and Oversight
DEO	Development Effectiveness Overview	PMO	Project Management Officer
DVF	Development Effectiveness Division	RBM	Results-Based Management
FI	Financial Intermediary	SDG	Sustainable Development Goal
IDB	Inter-American Development Bank	SEG	Social, Environmental and Corporate Governance Division
IDBG	Inter-American Development Bank Group	SME	Small and Medium-sized Enterprise
IDB Invest	Inter-American Investment Corporation (IIC)	SSS	Strategic Selectivity Scorecard
KPI	Key Performance Indicator	UN	United Nations
LAC	Latin America and the Caribbean	USD	United States Dollar
MDB	Multilateral Development Bank	XSR	Expanded Supervision Report
MI	Micro-indicator		

PART II

Technical and Statistical Annex

Part II: Technical and Statistical Annex provides the background to the key findings and scores presented in the first part of the report. It starts by outlining the underlying analysis of each score by key performance indicators, micro-indicators and elements. Then, it lists the documents used as evidence for analyses and scores.

ANNEX A – PERFORMANCE ANALYSIS

METHODOLOGY FOR SCORING AND RATING

The approach to scoring and rating under MOPAN 3.1 is described in the 2020 Methodology Manual¹, which can be found on MOPAN’s website.









Each of the 12 key performance indicators (KPIs) contains several micro-indicators (MIs), which vary in number. The KPI rating is calculated by taking the average of the ratings of its constituent MIs.

Scoring of KPIs 2, 5 and 7

The scoring of KPIs 2, 5, and 7 is based on an aggregated scoring of the MIs. Each MI contains several elements, which vary in number and represent international good practice. Taking the average of the constituent scores per element, a score is then calculated per MI. The same logic is pursued at aggregation to the KPI level, to ensure a consistent approach. Taking the average of the constituent scores per MI, an aggregated score is then calculated per KPI.

Rating scales

Whenever scores are aggregated, rating scales are used to translate scores into ratings that summarise the assessment across KPIs and MIs. The rating scale used under MOPAN 3.1 is shown below.

 Highly satisfactory (3.51-4.00)	 High evidence confidence
 Satisfactory (2.51-3.50)	 Medium evidence confidence
 Unsatisfactory (1.51-2.50)	 Low evidence confidence
 Highly unsatisfactory (0.00-1.50)	
 No evidence / Not applicable	

A score of “no evidence” (N/E) indicates that the assessment team could not find any evidence but was not confident of whether or not there was evidence to be found. The team assumes that N/E does not necessarily mean that the element is not present (which would result in a zero score). Elements rated N/E are excluded from any calculation of the average. A significant number of N/E scores in a report indicates an assessment limitation (see the Limitations section in Chapter 4 of the report). A score of “not applicable” (N/A) usually owes to the organisation’s specific nature.

Changes to MOPAN’s rating system

MOPAN’s methodology is continuously evolving, and a recent notable change concerns how ratings (and their corresponding colours) are applied based on the scores at MI and KPI levels. Compared to the pre-2019 rating scale, the threshold for each rating has been raised to reflect the increasing demands of organisational performance in the multilateral system. The underlying scores and approach to scoring are unaffected.

¹ MOPAN 3.1 Methodology Manual, 2020 Assessment Cycle, www.mopanonline.org/ourwork/themopanapproach/MOPAN_3.1_Methodology.pdf

IDB INVEST'S SCORING OVERVIEW

During the 2021 Assessment Cycle, MOPAN assessments were started for the first time for multilateral organisations (MOs) which primarily focus on private sector operations. This required adaptation of the existing MOPAN assessment framework to the specificities of organisations with private sector operations. [Reference and link to published document on PSO framework]

The MOPAN Assessment Framework for Private Sector Operations was selectively applied to the Inter-American Investment Corporation (IDB Invest). Specifically, the assessment focuses on three of the four areas of organisational effectiveness (strategic management, relationship management and performance management).

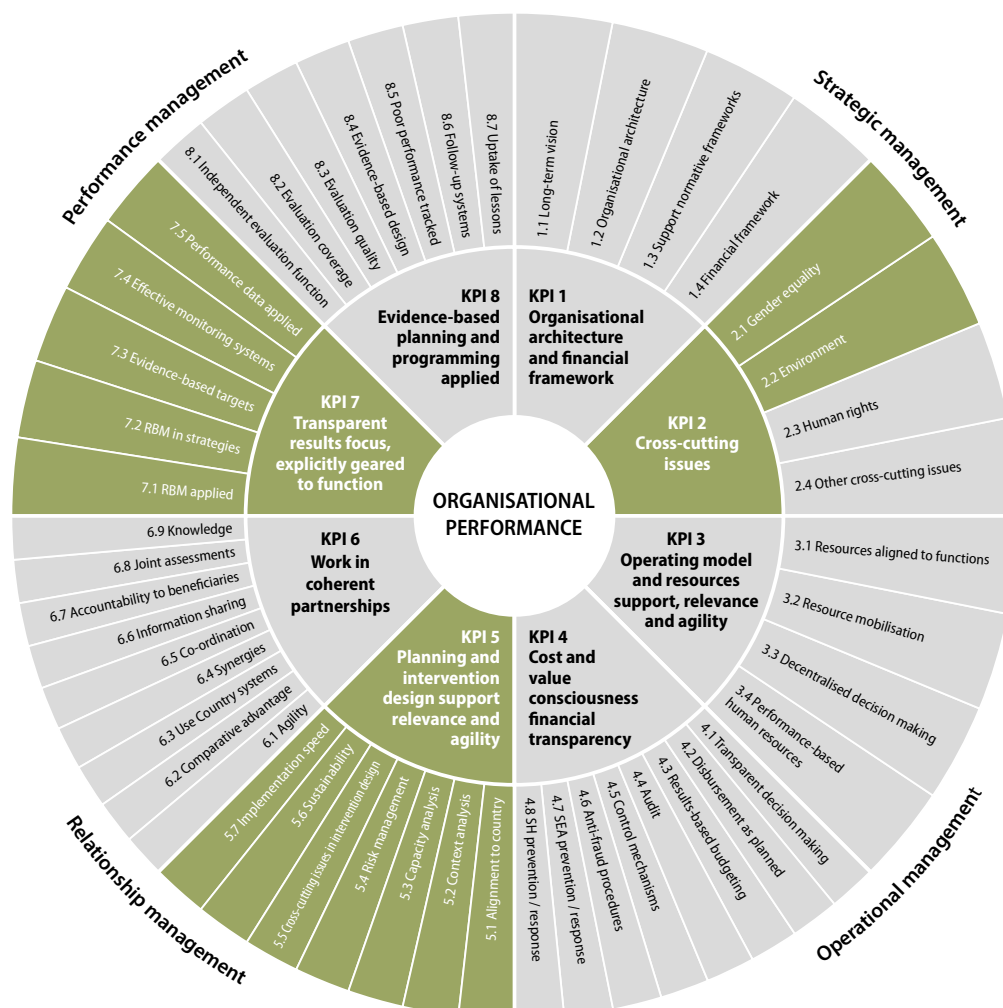
One KPI within each of the areas was selected for assessment. The three KPIs are:

- KPI 2: Structures and mechanisms are in place and applied to support the implementation of global frameworks for cross-cutting issues at all levels, in line with the 2030 Sustainable Development Agenda principles.
- KPI 5: Partnerships with clients and host governments support alignment to the strategic vision, including impact goals, financial sustainability and risk management.
- KPI 7: The focus on results is strong, transparent and explicitly geared towards function.

This assessment relies on two lines of evidence: a document review and staff interviews and consultations. A survey was not conducted due to time constraints.

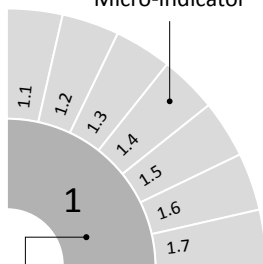
The figure on page 6 provides a snapshot of IDB Invest's scoring against the MOPAN framework of KPIs, MIs and elements according to four performance areas (strategic management, relationship management, performance management and results).

IDB INVEST'S PERFORMANCE RATING SUMMARY

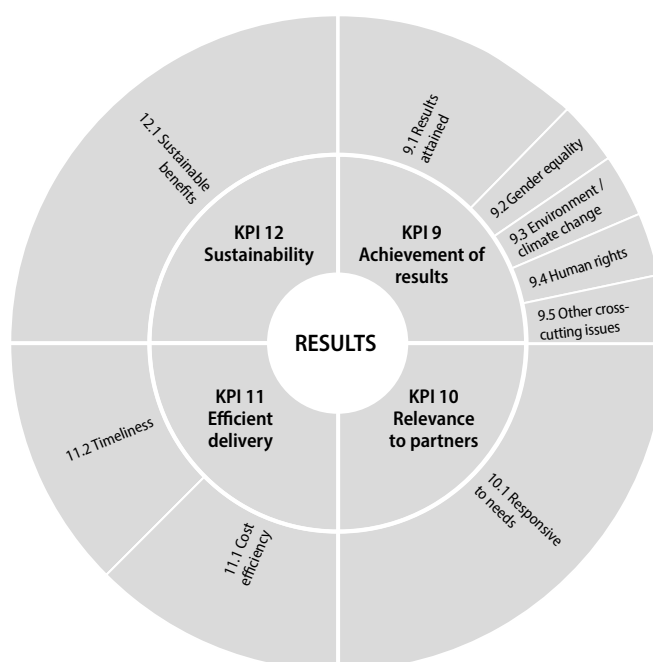


How to read these charts

Micro-indicator



Key Performance Indicator



Strategic management

KPI 1: Organisational architecture and financial framework

- 1.1 Long-term vision
- 1.2 Organisational architecture
- 1.3 Supports normative frameworks
- 1.4 Financial framework

KPI 2: Cross-cutting issues

- 2.1 Gender equality
- 2.2 Environment
- 2.3 Human rights
- 2.4 Resilient & sustainable systems for health

Operational management

KPI 3: Resources support, relevance and agility

- 3.1 Resources aligned to functions
- 3.2 Resource mobilisation
- 3.3 Decentralised decision making
- 3.4 Performance-based human resources

KPI 4: Cost and value consciousness, financial transparency

- 4.1 Transparent decision making
- 4.2 Disbursement as planned
- 4.3 Results-based budgeting
- 4.4 Audit
- 4.5 Control mechanisms
- 4.6 Anti-fraud procedures
- 4.7 SEA prevention / response
- 4.8 SH prevention / response

Relationship management

KPI 5: Planning / intervention design support, relevance and agility

- 5.1 Alignment to country
- 5.2 Context analysis
- 5.3 Capacity analysis
- 5.4 Risk management
- 5.5 Cross-cutting issues in intervention design
- 5.6 Sustainability
- 5.7 Implementation speed

KPI 6: Work in coherent partnerships

- 6.1 Agility
- 6.2 Comparative advantage
- 6.3 Use country systems
- 6.4 Synergies
- 6.5 Co-ordination
- 6.6 Information sharing
- 6.7 Accountability to beneficiaries
- 6.8 Joint assessments
- 6.9 Knowledge

Performance management

KPI 7: Transparent results focus, explicitly geared to function

- 7.1 RBM applied
- 7.2 RBM in strategies
- 7.3 Evidence-based targets
- 7.4 Effective monitoring systems
- 7.5 Performance data applied

KPI 8: Evidence-based planning and programming applied

- 8.1 Independent evaluation function
- 8.2 Evaluation coverage
- 8.3 Evaluation quality
- 8.4 Evidence-based design
- 8.5 Poor performance tracked
- 8.6 Follow-up systems
- 8.7 Uptake of lessons

Results

KPI 9: Achievement of results

- 9.1 Results obtained
- 9.2 Gender equality
- 9.3 Environment / climate change
- 9.4 Human rights
- 9.5 Interventions improved RSSH

KPI 10: Relevance to partners

- 10.1 Responsive to needs

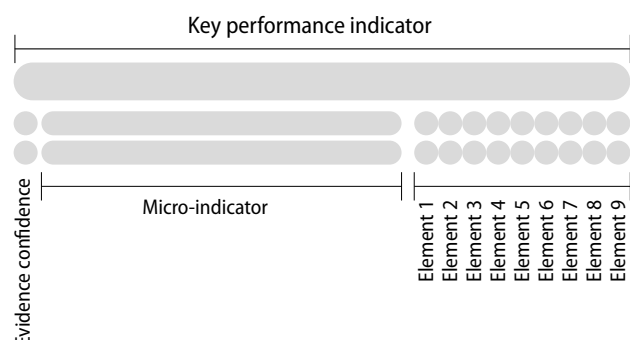
KPI 11: Results delivered efficiently

- 11.1 Cost efficiency
- 11.2 Timeliness

KPI 12: Results are sustainable

- 12.1 Sustainable benefits

- High confidence
- Medium confidence
- Little to no confidence
- Highly satisfactory
- Satisfactory
- Unsatisfactory
- Highly unsatisfactory
- No evidence/Not applicable



PERFORMANCE ANALYSIS TABLE

This section provides the background to the scoring of individual KPIs across the three performance areas, including detailed analysis and score justifications at the level of MIs and elements. It also highlights the key sources of information used for analysis and scoring. For more information on the assessment methodology, please refer to Chapter 4, Part I of the MOPAN Assessment of IDB Invest (2022).

As highlighted in Part I, Chapter 4, certain indicators have been adapted to fit the organisation's context. Any adaptations and interpretations to the standard methodology are underlined within the performance analysis table.

STRATEGIC MANAGEMENT

Clear strategic direction geared to key functions, intended results and integration of relevant cross-cutting priorities.

KPI 2: Structures and mechanisms in place and applied to support the implementation of global frameworks for cross-cutting issues at all levels, in line with the 2030 Sustainable Development Agenda principles	KPI score
Satisfactory	3.17
IDB Invest is rated satisfactory on KPI 2 based on: the incorporation of cross-cutting themes in the institutional strategy; up-to-date strategies on cross-cutting themes; knowledge products and diagnostic tools; and mainstreaming of cross-cutting themes into operations. Nevertheless, there are remaining challenges in interpreting how IDB Invest operations are contributing to development outcomes which need to be addressed.	
MI 2.1: Corporate/sectoral and country strategies respond to and/or reflect the intended results of global commitments for gender equality and diversity	Score
Overall MI rating	Satisfactory
Overall MI score	3.17
Element 1: Dedicated policy statement on gender equality and diversity available and showing evidence of application	4
Element 2: Gender equality and diversity indicators and targets fully integrated into the MO's strategic vision and corporate objectives	3
Element 3: Accountability systems (including corporate reporting and evaluation) reflect gender equality and diversity indicators and targets	3
Element 4: Gender equality and diversity screening checklists or similar tools inform the design of investments and other operations	3
Element 5: Human and financial resources are available to address gender equality and diversity issues	3
Element 6: Staff are trained on and/or have access to staff with expertise on gender equality and diversity	3
MI 2.1: Analysis	Evidence documents
Context. The fifth Sustainable Development Goal (SDG 5) is to “achieve gender equality and empower all women and girls”. SDG 5 encompasses many dimensions including ending discrimination against women and girls, ending all violence against and exploitation of women and girls, eliminating forced marriages and genital mutilation, valuing unpaid care and promoting shared domestic responsibilities, ensuring full participation in leadership and decision-making, and promoting universal access to reproductive rights and health. Targets for SDG 5 focus on promoting equal rights to economic resources, property ownership and financial services; promoting empowerment of women through technology; and adopting and strengthening policies and enforceable legislation for gender equality. In the context of	1-7; 14-15; 17-18; 23-25; 29-30; 37; 41; 49-50; 56; 59

multilateral development banks (MDBs) with private sector-facing operations, the focus of implementing SDG 5 has been largely on women's economic empowerment.

The tenth SDG is to reduce inequality within and among countries. To support the goal, there are ten targets: reduce income inequality, promote universal social, economic, and political inclusion; ensure equal opportunities and end discrimination; adopt fiscal and social policies that promote equality; improved regulation of global financial markets and institutions; enhanced representation for developing countries in financial institutions; promoting responsible and well-managed migration policies; special and differential treatment for developing countries; encourage development assistance and investment in lead developed countries; and reduce transaction costs for migrant remittances. In the context of MDBs, this has entailed promoting gender equality and diversity internally and externally through IDB Invest's financial and non-financial activities.

Element 1: Gender equality is reflected in IDB Invest's Renewed Vision and the IDB Group's Gender and Diversity Action Plan.

The IDB Group's 2010 Institutional Strategy had two overarching objectives: fostering sustainable growth and reducing poverty and inequality. These were reformulated during a 2019 Update to focus on: social inclusion and equality; productivity and innovation; and regional economic integration. The strategy includes a commitment to addressing three cross-cutting issues: gender equality, inclusion and diversity; climate change and environmental sustainability; and institutional capacity and the rule of law. IDB Invest's own strategy (the 2015 Renewed Vision) focuses on three principles/priorities, i.e. strengthening development effectiveness, development impact and additionality; maximising the efficient use of resources; and achieving synergies between the Group's public and private sector activities.

Within this overall strategic context, IDB Invest focuses on gender and diversity as one of the three cross-cutting themes in the Group's strategy.

IDB Invest has made concrete commitments to accelerate gender equality and diversity both within the Inter-American Development Bank Group (IDBG) strategy as well as within its own Business Plans.

- At the Group level, the Second Update to the Institutional Strategy reaffirms gender and diversity as one of three cross-cutting issues. This is further operationalized through commitments in the IDBG Gender and Diversity Action Plan 2022-2025 and monitored through the Corporate Results Framework (CRF) which has Group-wide internal actions as well as IDB Invest's specific lending targets on gender and diversity.
- IDB Invest considers gender and diversity at the institutional level (in its Business Plans). For example, the 2021 Business Plan Update indicates that micro, small and medium-sized enterprises (MSMEs) would be supported in integrating gender considerations into their businesses through offering results-based incentives programmes to accomplish pre-identified gender outcomes.

The IDBG Gender and Diversity Action Plan 2022-2025 builds on the progress, experiences, and lessons learned from previous iterations of gender and diversity plans and IDB Invest's Gender, Diversity and Inclusion Roadmap. Furthermore, the action plan builds on recommendations from the Evaluation of the Bank's Support for Gender and Diversity, such as the inclusion of lesbian, gay, bisexual, transgender, and other people. The Plan has four objectives, i.e. contribute to the creation of an enabling environment; expand the quantity and quality of IDB Group projects that support gender and mainstreaming; strengthen the focus on gender and diversity results; and refine internal incentives for improved synergies and collaboration. It also outlines four Areas of Action for IDB Invest: "(1) create more employment opportunities in the formal sector for women and diverse groups to access employment with a focus on science, technology, engineering and mathematics, green jobs, and jobs of the future; (2) increase access to finance for women and diverse groups through financial product/services, financial incentives, and

1-7; 14-15; 17-18;
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financing of action plans; (3) promote opportunities for women and diverse groups to reach positions of leadership in the private sector; (4) establish gender- and diversity- inclusive work environments; and (5) increase access to market for companies owned/led by women and diverse groups by linking to corporate value chains.”

The operational interventions focus on four aspects: mainstreaming into lending operations; targeted operations; increasing emphasis on country strategies (CSs); and knowledge generation.

IDB Invest also considers gender and diversity in specific sector/thematic strategies and action plans. For example, given the importance of lending through financial intermediaries (FIs) – which constitute around half of the portfolio – the FI Action Plan includes a specific focus on FI-lending to female-owned MSMEs as well as support to FI clients through gender-related diagnostics and action plans.

Previously, gender and diversity had also been specifically highlighted within climate change and environmental sustainability. The 2016-2020 Climate Change Action Plan had several references and identified synergies, particularly relationships with marginalized communities and indigenous people, given their dependence on the environment and natural resources. However, the current climate change action plan (2021-25) does not contain a similar level of depth in considering and identifying synergies with gender and diversity.

Finally, the COVID-19 programming approach did not initially incorporate the differential impact of COVID-19 on gender and diversity; hence, any impact achieved was part of a general solution. Over time, this issue was addressed by providing more guidance to staff and developing prototypes. This resulted in increasing alignment on gender (from 33% in 2020 to 34% in 2022) and diversity (from 8% in 2020 to 7% in 2022).

The most recent Office of Evaluation and Oversight (OVE) Evaluation of gender and diversity is from 2018. It covers activities from the 2011-16 period, hence largely pre-dating the assessment period.

Element 2: Gender equality and diversity indicators and targets are fully integrated into IDB Invest’s strategic vision and corporate objectives.

The current CRF covers the 2020-23 period and builds on the previous, 2016-19, CRF. It has a three-level structure, i.e. Level 1 - regional performance (18 indicators), Level 2 - IDB Group contributions to development results (27 indicators) and Level 3 - IDB Group performance (29 indicators). At Level 1, the CRF includes an indicator to monitor the Global Gender Gap Index. At Level 2, the CRF includes three indicators: the number of women beneficiaries of economic empowerment initiatives; the number of countries with strengthened gender frameworks; and the number of targeted beneficiaries of public services that have been adapted for diverse groups.

At Level 3, the CRF contains four indicators. Given the emphasis on mainstreaming, there are two targets focusing on strategic alignment, i.e. projects supporting gender equality as a percentage of approvals/commitments; and projects supporting diversity as a percentage of approvals/commitments. With regard to actions within the IDB Group, there are two targets, i.e. a percentage of mid- and senior-level IDB Group staff who are women; and the number of actions taken to promote diversity and inclusion at the IDB Group. The two Level 3 strategic alignment indicators have IDB Invest-specific targets: (i) at least 25% of new approvals or commitments supporting gender equality; and (ii) 5% of new approvals or commitments supporting diversity. IDB Invest has periodically revised its gender and diversity targets. In its Business Plans and related updates, IDB Invest has combined the two targets and has increased this commitment from 30% to 40%.

Progress is above expectations with regard to the targets for the proportion of new projects supporting gender and diversity.¹ A brief review of the projects making the largest contributions to the number of

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1. The targets for the number of new projects supporting gender equality stood at 16% in the 2016-2019 CRF and increased to 25% in the 2020-2023 CRF. A diversity target of 5% was added in the 2020-2023 CRF. Against this, actual results in 2022 stood at 34% for gender and 10% for diversity. IDB had a target of 70% and actual results of

women beneficiaries supported by IDB Invest shows a focus on financial services, education and health. The reviewed projects included those with a specific focus on women as well as projects that supported women (among other beneficiaries). Hence, the indicator has played an important role in focusing the attention of staff and management on gender and diversity in the development of new operations.

An important challenge in interpreting whether this achievement is leading to gender and diversity-related development outputs and outcomes lies in the scope of the current indicator. The current indicator combines both projects that have specific gender equality and diversity components as well as projects where IDB Invest has provided additionality through activities in support of the cross-cutting theme. Hence, the proportion of new projects supporting gender and equality which has contributed only to increasing the number of women beneficiaries is not identified. However, IDB Group's Corporate Results Framework now provides disaggregated results by individual institutions within the Group, providing additional information about IDB Invest's contribution to key indicators such as women beneficiaries of empowerment initiatives.

As attention to gender and diversity is now well embedded in IDB Invest operations, IDB Invest should identify, in addition to the current headline indicator, a more targeted sub-indicator that includes operations only that have both clear gender objectives and where IDB Invest is making a clear contribution to projects.² This change would complement the current focus on mainstreaming gender by providing greater attention to the subset of operations where IDB Invest's performance is making a significant contribution to specific gender development outcomes. Since IDB Invest already assigns differential ratings for both dimensions, this sub-indicator could be developed within the existing system without much additional staff work. This approach would also be more consistent with the methodology currently used for assessing gender equality activities in bilateral official development assistance.

Element 3: Gender equality is fully integrated into IDB Invest's Accountability Frameworks, including the Corporate Results Framework and the Development Effectiveness Overview.

Progress towards corporate targets is measured through a bottom-up aggregation of project-level achievement of gender-related outcomes and outputs. As of 2022, CRF reporting indicates that IDB Invest is above its targets for strategic alignment, with 34% of new projects supporting gender equality and 7% of projects supporting diversity.

In addition to the numerical monitoring, the annual Development Effectiveness Overview (DEO) reports provide detailed analysis of the factors positively and negatively affecting progress towards gender outcomes. Notably, the 2021 DEO included a separate chapter on women's economic empowerment which highlighted four key lessons: understanding needs of women (e.g. through capturing sex-disaggregated data); using tailored approaches in women's economic empowerment initiatives (e.g. through innovative lending methodologies); breaking down structural and cultural barriers in increasing women's workforce participation (e.g. provision of affordable childcare and secure transport); and the importance of women in decision-making roles in helping empower other women. IDB Invest's annual reports also provide updates on progress, albeit at a more strategic level than in the DEO. For example, the Annual Report 2021 highlights key products and achievements as they relate to gender activities and targets. Meanwhile, the 2021 DEO touched on strategic points raised in the annual report along with project management efforts such as gender mainstreaming of the project pipeline.

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86%.

2. See Box 5 in Part I for a detailed explanation of the proposed sub-indicator.

Element 4: IDB Invest has a range of tools to support the alignment of operations with its corporate commitment to gender equality; however, there is room for these tools to be further strengthened.

Gender and diversity is considered early on during project design and preparation, with projects being screened for potential to improve gender and diversity and, where possible, through the design of specific components to address gaps. In addition to assessing the gender-related contributions to its investments, IDB Invest's Gender Risk Assessment Tool has also helped clients better understand "ways in which different genders are affected by a project or a company. The analysis includes the client's workforce and the surrounding community". Gender is considered in project selection through two different metrics, i.e. through the Strategic Selectivity Scorecard (SSS) and through the Development Effectiveness, Learning and Assessment (DELTA) criteria.

The SSS identifies alignment between IDB Invest's corporate priorities and each regional developing member country's private sector investment needs. The SSS tool pinpoints development gaps using sector/sub-sector-specific criteria as a method for identifying areas where investments can have greater development impact. Gender (specifically the female share of employment in the sector) is explicitly considered as part of inclusion criteria for two out of nine sectors/sub-sectors and could be considered to have been included (as vulnerable or excluded groups) in another three sub-sectors.

In the case of DELTA scoring, gender is considered both as part of the beneficiary/stakeholder analysis and as part of IDB Invest's additionality. In other words, a project counts towards the gender goal either if it benefits women (without a specific contribution by IDB Invest) or if IDB Invest contributes specifically towards focusing it on women (even if there are no specific results achieved based on that activity). Contributions to both development outcomes and additionality are separately scored based on the extent of the contribution specified as one out of four alternatives, i.e. exceptional, yes, somewhat or no.

A sample of 144 operations with commitments ("closings") between 2016 and 2022 from six sample countries was reviewed (see description of the countries under KPI 5) to assess application of the methodology. This review confirmed the robustness of the overall reporting as the percentage of projects that had either some development outcome related to gender or some IDB Invest additionality that significantly increased over time, from 17% in 2017 and 2018 to 25% in 2019, 32% in 2020, 48% in 2021 and 44% in 2022 – for which the data is not complete yet. This is consistent with the positive trend reported in the CRF 2020-2023 and the DEO 2021, both of which indicate that the target of strategic alignment of at least 25% of projects supporting gender equality has been easily met.

However, two-thirds of the projects contributing to the target (i.e. 29 out of 43 projects) had a rating of "some", which was the lowest possible rating if gender was included in the project. Further, the methodology allows for designating the "some" or "somewhat" classification for a project with a development outcome related to gender even if IDB Invest makes no special contribution to this outcome – or where IDB Invest provides some assistance related to gender, even if there are no direct measurable gender outcomes. A similar situation previously existed with regard to the "some" classification for additionality for gender or diversity, as projects could be classified under "some" even if additionality was not related to any actions on the part of the client to strengthen its gender focus. However, the guidance has been revised to require that the "some" classification can only be assigned when technical assistance is provided.

Beyond its lending portfolio, IDB Invest has also promoted gender and diversity efforts through other activities it undertook. First, through its knowledge products, IDB Invest has helped establish the business case for gender and diversity within the private sector in Latin America and the Caribbean (LAC) and continues to build the evidence base for improving future operations. These products are accessible through a central repository on the IDB Invest website and include: a study on gender lens

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investing (together with ESADE) which has launched a regional trend of adoption by commercial banks, FinTech, funds, etc.; the Women Empowerment Principles Gender Gap Analysis (a self-diagnostic tool for companies developed together with UN Women, UN Global Compact and IDB Lab); and participation in the Women Financial Inclusion Data partnership. Second, through its advisory services, IDB Invest has supported the adoption of best practice in gender; for example, in 2021, it partnered with 18 stock exchanges to promote gender lens investing. Finally, its Treasury issued a gender bond in Mexico – the first international development lender to do so in the region.

IDB Invest should continue its efforts to address the data limitations which have been a challenge for all MDBs, given that support to women entrepreneurs is largely implemented indirectly through FIs. Data completeness and reporting quality are significant issues both for baseline (gender disaggregated) data as well as for monitoring and evaluation since FIs supporting women-owned and -operated enterprises, which are largely MSMEs, have difficulties in providing such data. IDB Invest reports that is already helping FI clients better segment their portfolio and target women, and it will be important to maintain this focus on improving data reliability.

Element 5: IDB Invest has dedicated human and financial resources in place to support gender equality alongside corporate initiatives to promote gender equality.

IDB Invest has a dedicated team of four experts focused on diversity, equity and inclusion in the Advisory Services Division. Given the small size of the gender team, IDB Invest has leveraged officers of the Environmental, Social and Corporate Governance Division (SEG) to support gender. Therefore, SEG officers have been trained on gender. Furthermore, officers that work on projects with an instruction or construction component have been trained in the prevention of sexual assault and harassment.

In 2021, IDB Invest reached the Economic Dividends for Gender Equality Move certification, which is the leading global standard for gender equality in the workplace. The certification assessment included IDB Invest's commitment to investigate intersectional issues related to gender identity and race/ethnicity towards diversity in a broader way. IDB Invest reached its 2023 target of 38% of mid- and senior-level staff being women in 2021 and maintained this in 2022.

IDB Invest and the IDB, through their WeForLAC programme, have received financing from the Women Entrepreneurs Finance Initiative (We-FI). These funds, along with their contributions and additional resource mobilisation, aim to improve: “i) WSMEs’ access to finance; ii) WSMEs’ access to markets; iii) WSMEs’ access to skills and networks; and iv) the entrepreneurship ecosystems for WSMEs”, where WSME stands for women-owned or women-led small and medium-sized enterprises.

Element 6: IDB Invest offers training on gender equality and diversity, but it is not mandatory.

IDB Invest has established diversity, equity and inclusion training courses for staff. While the training is not mandatory, three key operational units have achieved roughly 80% participation. These are the Development Effectiveness, Corporate (especially the Tourism team) and Financial Institutions divisions.

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MI 2.1: Evidence confidence

High confidence

MI 2.2: Corporate/sectoral and country strategies respond to and/or reflect the intended results of normative frameworks for environmental sustainability and climate change

Score

Overall MI rating

Satisfactory

Overall MI score

3.17

Element 1: Dedicated policy statement on environmental sustainability and climate change available and showing evidence of application

4

Element 2: Environmental sustainability and climate change indicators and targets fully integrated into the MO's strategic plan and corporate objectives	3
Element 3: Accountability systems (including corporate reporting and evaluation) reflect environmental sustainability and climate change indicators and targets	3
Element 4: Environmental screening checklists or similar tools inform design for all new interventions	3
Element 5: Human and financial resources are available to address environmental sustainability and climate change issues	3
Element 6: Staff capacity development on environmental sustainability and climate change is being or has been conducted	3
MI 2.2: Analysis	Evidence documents
<p>Context. SDGs 7, 11, 12, 13, 14 and 15 touch on different aspects of supporting the environment and addressing climate change. These six SDGs touch on affordable and clean energy; sustainable cities and communities; responsible consumption and production; climate action; life below water; and life on land. In addition to these goals, The Paris Agreement established a goal to limit global warming to well below 2 and preferably to 1.5 degrees Celsius, compared to pre-industrial levels. MDBs, in particular, have focused on providing part of the climate finance needed to achieve these targets.</p> <p>Element 1: Policy statements. IDB Invest has dedicated policy statements on environmental sustainability and climate change and has shown evidence of its application. The IDB Group's 2010 Institutional Strategy had two overarching objectives: fostering sustainable growth and reducing poverty and inequality. These were reformulated during a 2019 Update to focus on: social inclusion and equality; productivity and innovation; and regional economic integration. The strategy includes a commitment to addressing three cross-cutting issues: gender equality, inclusion and diversity; climate change and environmental sustainability; and institutional capacity and the rule of law. IDB Invest's own strategy (the 2015 Renewed Vision) focuses on three principles/priorities, i.e. strengthening development effectiveness, development impact and additionality; maximising the efficient use of resources; and achieving synergies between the Group's public and private sector activities. Within this overall strategic context, IDB Invest focuses on climate change and environmental sustainability, as one out of the three cross-cutting themes in the Group's strategy.</p> <p>IDB Invest has made concrete commitments to address environmental sustainability and climate change both within the IDB Group's strategy as well as within its own Business Plans.</p> <p>At the Group level, the Second Update to the Institutional Strategy reaffirms environmental sustainability and climate change as one of three cross-cutting issues. This is further operationalized through commitments in the IDBG Environmental and Social Sustainability Policy and the Climate Change Action Plan 2021-25 and monitored through the CRF which has Group-wide internal actions as well as IDB Invest's specific lending targets.</p> <p>The Climate Change Action Plan 2021-25 identifies IDB Group actions consistent with the MDB common approach to addressing climate change (i.e. policy support, alignment of operations to the Paris Agreement, mitigation and temperature goals, adaptation and climate resilience, and climate finance and reporting). It also provided an overview of sector, implementation and monitoring considerations. IDB Invest-specific activities included: awareness raising among and advisory support to private sector clients, development and deployment of climate finance instruments including financing for decarbonisation, and insurance mechanisms for introducing renewable energy generation and storage solutions.</p>	1-4; 14- 16; 25-29; 37-41; 43; 56

IDB Invest has identified synergies with other cross-cutting issues and priorities, particularly regarding gender. Other critical synergies are biodiversity, green tourism, and engagement with small islands.

COVID-19 response and strategies incorporated environmental sustainability and climate change through the dual green and COVID-19 recovery. For instance, as part of COVID-19 recovery, IDB Invest further pushed to incentivise banks to take up the Task Force on Climate-related Financial Disclosures recommendations.

Element 2: Environmental sustainability and climate change indicators and targets are fully integrated into IDB Invest's strategic vision and corporate objectives. However, IDB Invest should publish its share of group contributions to development outcomes.

The CRF has thoroughly integrated environmental and climate targets at all three levels, both at the Group and IDB Invest levels. The current CRF covers the 2020-23 period and builds on the previous 2016-2019 CRF. It has a three-level structure, i.e. Level 1 - regional performance (18 indicators), Level 2 - IDB Group contributions to development results (27 indicators) and Level 3 - IDB Group performance (29 indicators).

For regional performance (Level 1), the CRF includes three indicators: CO₂ emissions from fuel combustion; forest cover as a proportion of total land area; and annual reported economic losses from natural disasters.

For IDB Group contributions to development outcomes (Level 2), the CRF includes five indicators: annual CO₂ emissions avoided; beneficiaries of enhanced disaster prevention and climate change resilience; habitat sustainably managed using ecosystem-based approaches; installed power generation capacity from renewable sources; and value of investments in resilient and/or low carbon infrastructure. The CRF also presents the separate contribution of IDB Invest to the IDB Group's contributions.

For IDB Group performance (Level 3), the CRF contains five indicators: climate finance in IDB Group operations; projects supporting climate change mitigation and/or adaptation (with a sub-indicator for projects supporting agriculture, forestry, land use and coastal zone management); new CSs considering the country's official commitments on climate change; projects with higher environmental and social risks rated satisfactory in the implementation of mitigation measures; and projects with considerable disaster and climate change risks that applied risk analysis to identify resilience actions.

IDB Invest has specific targets for Level 3 indicators including: (i) at least 30% of approvals/commitments for climate finance (per the joint MDB definitions this includes own resources and resources managed by IDB Invest); and (ii) at least 40% of new approvals/commitments for projects supporting climate change mitigation and/or adaptation with a sub-indicator of 8% for projects supporting agriculture, forestry, land use and coastal zone management. In addition, there is an indicator requiring that more than 90% of projects with higher environmental and social risks should be rated satisfactory in the implementation of mitigation measures.

IDB Invest has specific targets for Level 3 indicators including: (i) at least 30% of approvals/commitments for climate finance (per the joint MDB definitions this includes own resources and resources managed by IDB Invest); and (ii) at least 40% of new approvals/commitments for projects supporting climate change mitigation and/or adaptation with a sub-indicator of 8% for projects supporting agriculture, forestry, land use and coastal zone management. In addition, there is an indicator requiring that more than 90% of projects with higher environmental and social risks should be rated satisfactory in the implementation of mitigation measures.

1-4; 14- 16; 25-29;
37-41; 43; 56

Element 3: Accountability Systems reflect environmental sustainability and climate change indicators and targets.

IDB Invest's progress towards these targets is reviewed annually in the DEO report and annual reports. Targets for environmental and social risks and new approvals supporting climate change mitigation and adaptation have been tracked since 2020 and exceed respective targets. IDB Invest tracks progress on targets by using a traffic light system, with green meaning on track, yellow meaning on watch, and red meaning off track. For example, the sub-indicator on agriculture, forestry, land use, and coastal zone management was off track in 2020 when it stood at 4%. However, it was upgraded to on watch when it improved to 7% in 2021 and on track when it doubled to 14% in 2022. While action plans have been updated and implementation reports regularly published, there has not been an independent evaluation of the IDB Group's or even IDB Invest's climate change approaches since 2014.³

Element 4: IDB Invest has operational systems and tools on environmental sustainability and climate change to inform mainstreaming into operational designs.

As of 2021, proposals are screened as part of the Environmental and Social Due Diligence, which includes a climate risk assessment. In addition, projects are screened to avoid financing projects or entities with high exposure to sectors listed on the Environmental and Social Exclusion List. The climate risk assessment assesses projects' physical, disaster and transition risks. If these projects score medium or high for either assessment, further analysis is required as well as, if necessary, management plans as part of the Environmental and Social Action Plan. The latest Climate Change Action Plan committed IDB Invest to screening all direct investments and enhancing its methodology. As per the 2022 DEO, the implementation of mitigation measures for higher-risk projects was at 99% compared to a target of 90%; this strong progress was attributed to closer monitoring and strengthened support for higher-risk operations in recent years as a result of increased field presence of environmental and social specialists, greater awareness of environmental and social policies issues within project teams due to quarterly environmental and social risk reports and capacity-building efforts, and integration of these topics into portfolio reviews.

Climate change is considered in project selection through two different metrics, i.e. as part of the SSS and as part of the DELTA criteria. The SSS identifies alignment between IDB Invest's corporate priorities and each regional developing member country's private sector investment needs. The SSS tool pinpoints development gaps using sector/sub-sector-specific criteria as a method for identifying areas where investments can have greater development impact. Climate change is considered as part of the sustainability criteria (with indicators such as CO2 emissions, environmental vulnerability and renewable energy). It is directly included in six out of the nine sub-sectors.

Progress was largely on track for the proportion of projects supporting climate change adaptation and mitigation, particularly since for the latter there is a clear linkage with a sector (i.e. energy/renewable energy). But progress was off track for the volume of climate finance due to various factors including: the relatively high share of short-term finance resulting from IDB Invest's counter-cyclical response to the COVID-19 crisis; and pandemic-related slowdown in infrastructure which traditionally accounted for an important share of IDB Invest's climate finance.

1-4; 14- 16; 25-29;
37-41; 43; 56

3. OVE's 2019 "Environmental and Social Safeguards Evaluation" did not focus on climate change.

<p>Element 5: IDB Invest has dedicated human resources available to work on environmental sustainability and climate change.</p> <p>IDB Invest has a climate change team in the Advisory Services Division and SEG in the Strategy Department, as well as an environmental and social risk team in the Risk Management Department, that help address climate change and environmental sustainability issues. IDB Invest has focused on ensuring that climate change experts/officers are closer to the field to support project origination and co-ordination with borrowers. As of 2022, they have climate specialists in Argentina, Brazil, Colombia, Ecuador, Panama and Peru.</p> <p>IDB Invest co-ordinates with IDB's climate change and sustainable development sector and environmental and social specialists. The co-ordination helps IDB Invest better assist companies with capacity building and their climate adaptation and/or mitigation projects. All IDB Group hubs have climate specialists except for Jamaica.</p> <p>Element 6: IDB Invest does not have any climate change training, but its mandatory sustainability policy training does cover climate change and environmental sustainability issues.</p> <p>According to the Implementation Progress on the IDBG Climate Change Action Plan, in 2019, 600 staff across IDB Group completed climate change training.</p>	<p>1-4; 14- 16; 25-29; 37-41; 43; 56</p>
MI 2.2: Evidence confidence	Medium confidence

RELATIONSHIP MANAGEMENT

Engaging in inclusive partnerships to support relevance, leverage effective solutions and maximise results

KPI 5: Operational planning and intervention design tools support relevance and agility within partnerships	KPI score
Satisfactory	3.16
<p>IDB Invest is rated satisfactory on KPI 5 based on the presence of Group-wide country diagnostics and strategies that focus on private sector development and the systematic approach to considering country and institutional priorities during the selection of operations. Areas for improvement include: revision of guidance on the preparation of CSs to enhance IDB Invest's role in engaging with stakeholders on the private sector development agenda; the strengthening of the private sector content of the country diagnostics; and a more central role in the in the preparation of the diagnostics supporting the development of country strategies.</p>	
MI 5.1: Interventions/strategies aligned with needs of beneficiaries and regional/country priorities and intended national/regional results	Score
Overall MI rating	Satisfactory
Overall MI score	3.50
Element 1: The organisation's country or regional strategies refer to national/regional body strategies or objectives	4
Element 2: Opportunities to achieve market impacts and promote a business-enabling environment through both investment and non-investment activities are identified	3
Element 3: The organisation's country strategies or regional strategies relate to national or regional goals where alignment is appropriate in the context of the strategic vision	4

Element 4: Processes and structures are in place for specialised staff, including country, sectoral and other relevant experts, that allow them to invest time and effort in alignment processes and to give guidance to the operational departments and teams for investments and other operations	3
MI 5.1: Analysis	Evidence documents
<p>Element 1: The process for producing IDB Invest country strategies promotes alignment with national development strategies.</p> <p>The CSs are documents that represent a Group-wide view for the IDB, IDB Invest and IDB Lab in a given country for a four- to six-year period. The current Country Strategy Guidelines require alignment with both the country's national development strategy as well as the IDB Group's institutional priorities. The guidelines indicate that the CSs set out strategic parameters to guide decision-making regarding the IDB Group's operational programme (the "what" should be prioritised) with the actual programme being agreed on with the client during the annual programming exercise (the "how"). The selection of strategic areas should not imply that the programme would be 100% aligned, as adjustments should be made to support countries' evolving needs.</p> <p>With regard to alignment with the national development strategy, the guidelines take into account the Good Practice Standards for Country Strategy and Program Evaluations from the Evaluation Cooperation Group and require that the results matrix should present the IDB Group's objectives and how these relate to the government's priorities. CSs are also required to indicate the way in which they contribute to the objectives of the Institutional Strategy and the New Corporation's Business Plan in force at the time. The latter reference is to IDB Invest since at the time of the approval of the guidelines, in November 2015, the merge-out was well advanced in design though implementation occurred later. Further, CSs are required to "provide flexible guidance to the public and private sector windows, respecting the demand driven nature of the latter". Finally, specific guidance is provided for the inclusion of cross-cutting issues (which include both gender equality and diversity; and climate change and environmental sustainability) in the analysis and preparation of CSs. There is no specific guidance to co-ordinate with regional bodies for economic co-operation and development or to identify regional priorities for private sector development.</p> <p>Element 2: IDB Group country strategies identify opportunities to promote market impacts and a business-enabling environment aligned to country contexts and priorities.</p> <p>The identification of market impact and a business-enabling environment, required by the CS guidelines, was usually undertaken as part of the relevant priority issues in the Country Development Challenges (CDCs) diagnostic document and led to relevant actions under one of the priority areas in the relevant CS. These priority areas had a similar focus but were titled slightly differently based on the countries' circumstances and plans including: promoting sustainable productive development (Uruguay), improving economic productivity (Colombia), increasing private sector growth and productivity (Jamaica), encouraging more buoyant investment (Mexico); and reactivating and restructuring production (El Salvador). Only one (Brazil) referred to the "business enabling environment for enhanced competitiveness", though this focus was combined with the need to "narrow gaps in infrastructure".</p> <p>With regard to alignment with national development strategies, most CSs indicated sufficient alignment, and this self-assessment was consistent with that of the relevant Country Programme Evaluations (CPEs). Only El Salvador's CS indicated that it was "partly aligned with the objectives set out by the Government of El Salvador". The partial alignment is attributed to not identifying productivity and citizen security as priority areas. Furthermore, productivity is one of IDB Invest's priority areas. All the CSs were considered to have identified their alignment with the IDB Group's institutional strategy and relevant IDB Invest Business Plan.</p>	7-12; 31-36; 41; 48; 52

The CDCs and the priority areas in the CSs did not focus only on IDB Invest but appropriately presented, in a holistic manner, the IDB Group's support across both public and private sectors. While this approach is consistent with best practice followed by other MDBs providing both public and private sector support, it also means that the CSs rarely identify specifics of IDB Invest's future interventions or provide financial estimates of the scale of future IDB Invest investments. This information gap arises from two considerations: information about transactions may not be available for the outer years of CSs since the transaction cycle for private sector operations is typically shorter, and there may be confidentiality considerations in disclosing details about transactions under preparation. This places a greater onus on ensuring that the CSs were developed with bottom-up inputs from IDB Invest and that subsequently CS priorities were taken into account in the programming of IDB Invest interventions. The IDB Group has ensured this through its processes, systems and organisational structures.

Element 3: Country strategies refer to country and regional development goals as appropriate, in line with IDB Invest's institutional priorities.

The CS development process includes a significant involvement of host governments, which helps ensure alignment with national priorities. In contrast, the method of consulting with the private sector needs to be clarified, particularly regarding areas of interest to the private sector such as market deregulation and Public Private Partnerships (PPPs). However, Country Representatives, that play a critical role in co-ordinating with the government, are increasingly also involved with the private sector, as mentioned in interviews. As a result, Country Representatives are helping introduce clients to Investment Officers and asking IDB Invest for inputs on the private sector in their country. IDB Invest has also increased training for Country Representatives to support them in their roles in relation to the private sector. All in all, the IDB CS development process includes people engaged with the private sector.

A review of six CSs indicated that IDB Invest's country and regional strategies refer to national strategies and objectives as required by the CS guidelines. CSs for the countries reviewed were (alphabetically): Brazil (2019-22), Colombia (2019-22), El Salvador (2021-24), Jamaica (2016-21), Mexico (2019-24) and Uruguay (2021-25). While many of the CSs are for time periods beyond the scope of this assessment, they all contained self-assessments of progress made under the previous four- to six-year CS cycle which fell within the scope of this assessment. In addition, OVE evaluations, which typically covered similar time periods as the previous CSs, were also included, i.e. CPEs for Brazil (2015-18), Colombia (2015-18), El Salvador (2015-19), Mexico (2013-18) and Uruguay (2016-20) and the draft Independent Country Program Review for Jamaica (2016-22). CSs prepared over this extended and differing time periods also allowed for a better understanding of the evolution of CSs, as the IDB Invest merge-out was implemented. It also allowed for understanding changes in strategy content and development pre- and post-COVID-19. These combined assessments were drawn on to arrive at conclusions regarding Elements 1 through 3, i.e. references to and alignment with national development strategies and identification of market impact and business-enabling environment activities.

Element 4: IDB Invest implements processes that bring together staff with different areas of expertise to promote alignment of country strategies and selectivity for individual projects.

The CDC and CS preparation process involves IDB Invest staff from both the Strategy and Development Department as well as the Investment Operations Department. The CDC and CS documents are validated/updated in two ways: first, based on a top-down review of the "fit" of the country activities with IDB Invest priorities; and second, a bottom-up aggregation of the pipeline under development by Investment Officers which incorporates a reality check on the extent to which sponsors exhibit demand for IDB Invest products as well as the extent to which IDB Invest can service the demand (e.g. firms meeting Integrity Due Diligence).

7-12; 31-36; 41; 48; 52

The congruence between the CS and individual projects is also validated during the project preparation and appraisal process in two ways. First, the SSS framework is used to ensure that the pipeline is consistent with the CS priorities. Since scoring well on the SSS helps improve a project's DELTA score (see KPI 7) which is a key benchmark reviewed during project approval, there is a built-in incentive to ensure alignment. Second, there are still episodes when projects fall outside of CS priorities – potentially during the outer years of CS implementation. When this occurs, the Board is informed about this situation as part of the Board presentation process. It is understood that the number and proportion of such transactions are very small.

In addition to the processes within IDB Invest, the Group's organisational structure ensures that private sector activities are duly integrated into the strategic planning process. As noted in interviews, this is done through the Country Representatives having dual reporting relationships, with the Inter-American Development Bank's (IDB's) Vice-Presidency for Countries and with IDB Invest. These joint positions participate in IDB Invest's quarterly meetings reviewing pipeline, portfolio and advisory services. Moreover, recognising that many incumbents in such joint positions have less familiarity with the private sector side of the business, there is a significant effort to ensure that they are suitably informed through relevant induction and refresher training as well as through interactions with IDB Invest's senior management team.

Cross-cutting issues, as stated in the Update to the Country Strategy Guidelines, "must be taken into account in the analyses prepared and the relevant recommendations, as well as in the strategic objectives agreed upon in the CS". All current sample CSs highlight opportunities and propose activities in the cross-cutting issues of gender and diversity and climate change and environmental sustainability. Furthermore, all sample CSs evaluations identified at least one cross-cutting issue.

To support the alignment of the process, IDB Invest has staff and specialised climate staff on the ground that can help it to participate in CS development. Still, IDB Invest has no clear process regarding the role of specific staff or positions.

Out of the sample, only Uruguay's and El Salvador's CSs were developed after the start of the COVID-19 pandemic. Both CSs highlight how the IDB Group has responded to COVID-19, albeit with limited reference to IDB Invest. In the case of El Salvador, IDB Invest, alongside IDB, deployed actions to promote the provision of financial services to women. Moreover, the new CS outlined IDB Invest's role in promoting tertiary education and increasing financial access as particularly important to the post-COVID-19 environment. In contrast, Uruguay's CS does not directly mention IDB Invest's contribution to addressing Uruguay's needs concerning COVID-19.

The selectivity of IDB Invest operations has been confirmed at exit/evaluation; more than three-fourths of investment programmes were considered as being aligned with country and institutional priorities.

There are three potential areas for enhancing IDB Invest's role in CS development. First, the CS guidelines currently in use pre-date the merge-out. After six years of implementation of the Renewed Vision, it may be timely to take into account IDB Invest's current capabilities including its field presence and increase its role in CS formulation, particularly with regard to consultations and outreach with the private sector and governments on matters of interest to the private sector such as market deregulation and PPPs. Second, while a joint diagnostic has merits in presenting a single Group-wide approach to clients, the private sector component of the diagnostic needs to be considerably strengthened, which will require IDB Invest to play a larger and more central role in the diagnostic process. The improvement of the private sector component of the diagnostic should take into account existing diagnostic products prepared by other private sector-facing MDBs in LAC, and potential for collaboration with such MDBs in preparing future diagnostic products should be explored. Finally, the Strategic Selectivity Scorecard may need to be revised based on the improved (private sector portion of the) diagnostic.

7-12; 31-36; 41; 48; 52

MI 5.1: Evidence confidence**Medium confidence**

MI 5.2: Contextual/situational analysis (shared where possible) applied to shape intervention designs and implementation	Score
Overall MI rating	Satisfactory
Overall MI score	3.33
Element 1: Intervention designs contain a clear statement positioning the intervention within the operating context	3
Element 2: Reflection points with partners take note of any significant changes in context	3
Element 3: The MO has financing mechanisms, including restructurings, and targeted programmes available, when appropriate, to mitigate the impact of external shocks and crises that harm existing investments	4
MI 5.2: Analysis	Evidence documents
<p>Element 1: Intervention designs are linked to country strategies, with selectivity further promoted through IDB Invest's Strategic Selectivity Scorecard.</p> <p>Development challenges and opportunities and CSs shape new designs and proposals. All project proposals must describe development challenges and opportunities. Designs and proposals also need to summarise how financing supports clients beyond what is available in the market and contributes to better project outcomes (gender equality, diversity and inclusion; environmental and social outcomes; and corporate governance practices). Each project must have a theory of change and clear objectives, indicators and targets to measure results. All of these parameters help create a DELTA score, from one to ten, that assesses the impact of projects.</p> <p>In translating the CS priorities, IDB Invest also utilises an SSS to further align projects in countries based on significant gaps in six industries. Each country has its scorecard, and each industry has elements and guidelines, which are selected based on relevancy to the country. According to the documentation provided on SSSs and interviews, IDB Invest's scorecard is methodologically developed by “first comparing each country to others within Latin America and the Caribbean and then to countries outside the region with comparable income levels”. Furthermore, “only a few impact areas are chosen for each country-sector matrix, and there is a limit on the number of countries that can be selected for each area”. Importantly, each industry has at least one element (at the element and guideline level) covering gender and diversity or climate change and environmental sustainability. Projects can also be aligned if they reflect the country's selected elements or strategic priorities: small and island countries, climate, gender and diversity, small and medium-sized enterprises (SMEs), and C&D countries.⁴</p> <p>Element 2: Variations in DELTA Scores are tracked throughout the Investment Lifecycle to promote adaptation when the context changes.</p> <p>As part of the project cycle, significant changes in context are tracked and addressed as needed. The DELTA score tracks projects throughout their life cycle and is therefore updated as part of annual supervision based on interactions with the clients. Deviations from the DELTA Score at origination and supervision and along with context provided by Program Management Officers, help inform the status of the project as “Alert,” “Problem,” or “Satisfactory.” Subject to the nature of the problem, pre-emptive measures, including modifications, can be taken using lessons learned from similar projects. For instance, IDB Invest can grant a concession to enhance recoveries.</p>	3-4; 14-15; 40-41; 48; 52; 58

4. C countries: countries with insufficient markets; and D countries: least developed countries in the LAC region.

Element 3: Financing mechanisms such as crisis mitigation facilities are used to mitigate the impact of external shocks.

IDB Invest has financing mechanisms to mitigate the impact of external shocks and crises that harm investments and, where appropriate, has utilised them. IDB Invest has responded appropriately to the COVID-19 pandemic by putting in place or scaling up financing arrangements as well as taking active measures to monitor and manage the impact of the pandemic on its portfolio.

IDB Invest implemented a series of measures in response to the COVID-19 pandemic, including a counter-cyclical increase in operations including a USD 500 million crisis mitigation facility, a USD 2 billion in additional financing under the TFFP, a COVID-19 lens which IDB Invest applied to all operations as part of its Impact Management Framework, and a series of temporary governance modifications designed to provide additional flexibility and agility during the crisis. It also introduced new financial instruments, new mobilisation products, grew supply chain finance products, and continued expansion of local currency financing. For example, IDB Invest found that its Trade Finance Facilitation Program was a key route to infusing liquidity into companies during downturns. In addition, IDB Invest continued to expand local currency financing due to increasing demand amid the COVID-19 crisis.

Even as it ramped up its response, in early 2020, IDB Invest estimated that the pandemic would have a significant impact on development results from its existing portfolio. By the end of 2021, the reported impact on the portfolio was less than initially expected. Nevertheless, with regard to the achievement of development objectives, 8% of the portfolio of 226 operations under supervision was in “problem” status with another 26% in “alert” status with 58% being in “satisfactory” status.⁵

Of the three business areas (i.e. financial intermediation, corporates and infrastructure), financial intermediation – which constitutes around half of portfolio commitments – was the most affected with “alert” classifications increasing to 32% (up from 20% in 2020). This volatility was predictable since IDB Invest’s FI operations typically focus on expanding access to credit for underserved and riskier segments such as MSMEs; in crises, asset quality deteriorates faster, and lending is scaled back more quickly to this market segment. This pattern is consistent with what is observed in other private sector-oriented MOs.

There was also some impact in delaying the implementation of operations involving cross-cutting themes; some FIs that were preparing to launch portfolios for women-led SMEs or green lending put plans on hold in order to focus on their core business.

3-4; 14-15; 40-41; 48; 52; 58

MI 5.2: Evidence confidence**Medium confidence****MI 5.3: Capacity analysis informs intervention design and implementation, and strategies to address any weakness found are employed****Score****Overall MI rating****Satisfactory****Overall MI score****3.50**

Element 1: Designs for investments and other operations include an assessment of the management/implementation capacity of investee clients (e.g. Integrity Due Diligence, corporate governance, risk management, environmental and social standards)

4

Element 2: Where appropriate, weaknesses in management/implementation capacity are mitigated through the use of advisory services/technical assistance and/or reflected among conditions of disbursement

3

5. The “problem” determination only pertained to the achievement of development objectives and differed from the determination of projects in problem status which could potentially result in non-performing assets.

MI 5.3: Analysis	Evidence documents
<p>Element 1: Each project is subject to a multi-stage assessment to assess client capacity and identify and manage risks.</p> <p>Each project proposal includes a multi-stage assessment of the client's capacity to implement projects to IDB Invest standards. First, at the origination stage, the client undergoes initial integrity due diligence and assessment of business conflicts of interest. Second, at the Transaction Concept Note stage, IDB Invest assesses compliance with the IDB Group's policies, guidelines, exposure limits and key risks (credit, legal, integrity, reputational, financial, and Environmental, Social and Governance (ESG) risks) and provides a preliminary conclusion of credit analysis including the financial position of the client. Finally, if the transaction is approved for further processing, a more comprehensive assessment takes place. This assessment includes more extensive integrity due diligence, a calculation of the credit risk rating, legal due diligence, a field due diligence visit, an environmental and social review, a climate risk assessment, a corporate governance review, and a DELTA analysis.</p> <p>As a good practice, the Operations Manual provides comprehensive guidance to staff on how to assess different types of risk at different stages of project processing, supervision and closure, including for special assets.</p> <p>Element 2: Gaps in client capacity are addressed through advisory services and legal conditions.</p> <p>Where capacity constraints are assessed during the assessment process, the transaction team is expected to identify opportunities for advisory services that can enhance the transaction structure, design or development impact. Further, where clients have deficiencies in management or implementation capacity, disbursements are tied to compliance with standards and action plans, environmental and social reporting, or supervision visits. For instance, IDB Invest provides advisory services to support climate risk assessments, energy audits or sustainability certifications. Operation reports submitted to the Executive Board include risks identified and other material facts.</p>	40-41; 53; 58
MI 5.3: Evidence confidence	Medium confidence
MI 5.4: Detailed risk (strategic, political, reputational and operational) management strategies ensure the identification, mitigation, monitoring and reporting of risks	Score
Overall MI rating	Satisfactory
Overall MI score	3.14
Element 1: The organisation has identified a clear framework for assessing different types of risk during the preparation of investments and other operations and determining which are most prominent	3
Element 2: Investment assessment and structuring include a detailed analysis of commercial viability and means of mitigating financial performance risk and market risk including identification of whether there is a need for blended concessional finance	3
Element 3: A system is in place to monitor the financial performance of the investee and address risks to financial sustainability throughout the investment cycle	4
Element 4: Assessment and structuring of investments and other operations include a detailed analysis of political and reputational risk	3
Element 5: Systems are in place to assess and mitigate environmental and social risks and any risks to achieving impact in the context of the investment's sustainability throughout the lifecycle of the investment	3

Element 6: Processes are in place to assess client capacity and risks with respect to sexual exploitation, abuse and harassment during the design and implementation of investments and other operations, with action taken on any deficiencies to mitigate against reputational risks	3
Element 7: If blended concessional finance is used as a de-risking instrument, processes are in place to ensure adherence to the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations	3
MI 5.4: Analysis	Evidence documents
<p>Element 1: IDB Invest has a clear Risk Appetite Policy that identifies how the organisation addresses different types of risk.</p> <p>As an MDB making investments directly and indirectly (through FIs) in the private sector, IDB defines its risk appetite and actively manages the inherent risks in its portfolio with the goal of maintaining its long-term financial sustainability.</p> <p>IDB Invest has a clear framework and a Risk Appetite Policy for assessing different types of risk during the preparation of projects and determining which are significant. The Risk Appetite Policy is periodically updated. It specifies the key elements of the institution's risk appetite, i.e. maintaining its credit ratings; specifying a required financial profile including by optimising capital adequacy and liquidity ratios; requiring a diversified portfolio across countries (while still meeting corporate goals about enhancing engagement in C&D countries and increasing lending to small and island countries), sectors and clients (both groups and individual clients); specifying concentration limits based on available capital; and identifying the types of risks to be assessed and mitigated (including credit risk, market risk, legal risk, integrity risk, and ESG risk).</p> <p>The Risk Appetite Policy requires the provision of guidance to staff to ensure that transactions are: originated and structured consistent with the institution's risk appetite; meet adequate environmental and social sustainability criteria; assess and mitigate corporate risks; assess and mitigate integrity risks; and conduct legal due diligence including regulatory risks. Consistent with the Policy's requirement, IDB Invest identifies, mitigates, monitors and reports relevant risks, assigns a probability and impact level, and describes mitigating factors using customised templates for risk analysis (differing by product/client type). For example, the Risk Analysis section in the template for non-equity proposals includes an analysis of a variety of risks such as: macroeconomic; market/price/foreign exchange; liquidity; refinancing; market; competition; and sponsors/shareholders. Where risks are present, descriptions of mitigation measures are also required.</p> <p>Autonomy from the transaction team and team leader is maintained for staff undertaking credit risk analysis, integrity risk analysis, environmental and social due diligence, and corporate governance reviews and for transaction attorneys.</p> <p>Element 2: New investments are subject to a detailed assessment of commercial viability.</p> <p>Commercial/financial viability is assessed using the "historical and projected operating and financial performance of the businesses" and measured by "appropriate industry parameters and financial performance indicators such as cash flow, leverage, debt service coverage, and profitability".</p> <p>Element 3: The performance of investments is monitored on an ongoing basis through annual supervision reporting and DELTA scores throughout the project lifecycle.</p> <p>After approval, responsibility shifts to the Portfolio Management Division which reports on risks through Annual Supervision Reports; client updates; radar and watch list transaction reviews; and annual integrity due diligence. Annual Supervision Reports summarise changes to the risks of each transaction and include the Portfolio Management Officer's (PMO) recommendation to validate or update the credit</p>	7; 19-22; 24; 27; 30; 40-41; 42-47; 51; 53; 58-59

risk rating. Client updates are the outcome of quarterly calls by the PMO and are logged into a client relationship management database. These calls also help check on compliance with environmental and social and corporate governance obligations and any other obligations. The PMO prepares a radar or watch list report for high-risk transactions every quarter. Lastly, integrity due diligence takes place annually and must report reputational or integrity risk changes.

In addition to the risk monitoring exercises mentioned above, IDB Invest uses DELTA to monitor project performance. Similar to Annual Supervision Reports, DELTA scores are updated at least annually. Based on DELTA scores and other information provided above, projects get “alert”, “problem” or “satisfactory” ratings. These categories determine which clients may need additional support.

Element 4: Political risk is not explicitly covered through IDB Invest’s operational policies and tools.

Reputational risks are covered as part of integrity due diligence while political risk is not explicitly mentioned in templates, guides or the operations manual. Integrity due diligence addresses reputational risks in three parts: (i) general integrity review; (ii) anti-money laundering and countering financing of terrorism; and (iii) structural review where foreign entities are involved.

Element 5: IDB Invest has a clear system in place for identifying and addressing environmental and social risks that is applied systematically.

Environmental and social risks are assessed and managed according to IDB Invest’s Environmental and Social Sustainability Policy. IDB Invest will only finance operations expected to meet the policy’s environmental and social requirements within a reasonable time. Environmental and social risks are appraised and categorised/assigned a rating based on (i) the likely environmental and social risks and impacts, including both positive and negative impacts; (ii) the client’s capacity and commitment to meet the requirements of the policy; and (iii) the host country’s institutional and regulatory framework. Depending on the significance of the impacts, mitigation measures might be required as part of an Environmental Social Action Plan or an Environment and Social Management Plan. There are different processes for FIs and technical assistance).

Environmental and social risks are monitored through an annual environmental and social monitoring report and compliance review with environmental and social conditions for all projects. Also, where relevant, the identification of opportunities for the client to improve its environmental and social performance and implement additional corrective actions are identified, as needed. While the policy mentions opportunities for the client to improve, it is unclear if they include advisory services. Lastly, depending on the level of environmental and social risks, supervision can also include site visits; for example, in 2022, site visits were carried out in 75 projects.

Element 6: Risks of sexual exploitation, abuse and harassment are integrated into the management of environmental and social risks.

The risk of sexual exploitation and abuse has been integrated into IDB Invest’s Sustainability Policy. IDB Invest requires clients to identify and address gender-related risks in its project, including sexual exploitation, abuse and harassment through its Gender Risk Assessment Tool, implemented as part of the due diligence process. This includes requiring clients to implement a cumulative impact assessment, including the value chain of a project or company.

Guidance has been developed for clients to appropriately address sexual exploitation, abuse and harassment risks during implementation, such as including relevant community and civil society organisations in consultation with affected communities. Clients are also required to take firm measures to address risks related to sexual exploitation, abuse and harassment, including having a documented

7; 19-22; 24; 27; 30;
40-41; 42-47; 51; 53;
58-59

zero-tolerance commitment and related disciplinary measures, continuous training of staff, and grievance mechanisms that ensure the privacy of complainants.

IDB Invest recently established a Management Grievance Mechanism to provide a direct channel of communication with communities and project stakeholders.

Element 7: IDB Invest has actively identified opportunities to enhance the structure, design and development impact of potential investments using blended concessional finance.

IDB Invest uses blended concessional finance to de-risk projects in line with DFI principles. Transaction teams identify opportunities for financial resources to enhance the transaction structure, design or development impact. In line with the principles, a clearly stated rationale is provided for the use of concessional resources. For example, IDB Invest (through the Canadian Climate Fund) supported the de-risking of three solar projects by providing long-term project financing and structuring A/B bond placements. The project reduced counterparty risk and improved the bankability of the project. Moreover, the project demonstrated the replicability of funding renewable energy projects in the region. The project showcased that renewable energy projects can mainstream gender by setting granular gender targets within the project agreement. Overall, the case study of Developing the Solar Market in Uruguay complies with the DFI Enhanced Blended Concessional Finance Principles for Private Sector Operations. From 2009 to 2021, IDB Invest has committed USD 553 million to blended finance resources and leveraged an additional USD 5.4 billion through blended finance.

Blended finance for gender is being provided in some countries through Performance-Based Incentives to FIs and for the participation of women-owned SMEs in supply chains through funding by We-Fi.

7; 19-22; 24; 27; 30;
40-41; 42-47; 51; 53;
58-59

MI 5.4: Evidence confidence

Medium confidence

MI 5.5: Intervention designs include the analysis of cross-cutting issues (as defined in KPI 2)

Score

Overall MI rating

Satisfactory

Overall MI score

3.00

Element 1: Approval procedures require an assessment of the extent to which cross-cutting issues have been integrated into the investment design

3

Element 2: Plans for intervention monitoring and evaluation include attention to cross-cutting issues

3

MI 5.5: Analysis

Evidence documents

Element 1: Cross-cutting issues are considered systematically during the design phase. However, most concessional resources to support the integration of cross-cutting themes are targeted to climate change.

IDB Invest procedures require staff to consider the implications of cross-cutting issues and integrate them into the design. Intervention designs are required to identify implications for cross-cutting issues as part of risk assessment and identify opportunities to use blended finance or advisory services to bolster development impact when possible. The transaction team and the environmental and social officers identify climate adaptation and mitigation opportunities as part of the climate risk assessment. Concessional resources are mainly used for climate issues because most of those resources have a climate focus. Therefore, IDB Invest has relatively limited concessional resources for non-climate opportunities.

In addition to considering gender dimensions in the environmental and social assessment, a separate Gender Risk Assessment was also conducted as part of intervention design over the last few years. As highlighted in interviews and the document review, there are limited funds available to fund advisory services for gender, primarily through We-Fi, which is funding advisory services to FIs and technical assistance to increase women's access to corporate and government supply chains.

23; 27; 29; 40; 59

<p>Element 2: Cross-cutting issues are followed up systematically during project monitoring.</p> <p>IDB Invest considers cross-cutting issues as part of intervention monitoring and evaluation. Monitoring and evaluation of cross-cutting issues are dependent on the project. For example, if a project has climate change and environmental sustainability or gender and diversity risk, then the risk is tracked as part of the mitigation plan. Environmental and social officers participate in the supervision process by identifying opportunities for the client to improve environmental and social performance and, as needed, taking corrective measures.</p>	23; 27; 29; 40; 59
MI 5.5: Evidence confidence	Medium confidence
<p>MI 5.6: Investment appraisal and monitoring identifies relevant country-level considerations, including promoting principles of sound banking and creating an enabling environment for investment</p>	Score
Overall MI rating	Satisfactory
Overall MI score	3.00
<p>Element 1: Investments include a detailed analysis of implications for exposure risks associated with the institution's portfolio in different countries and regions</p>	3
<p>Element 2: Investment appraisal identifies key elements of the enabling policy and the regulatory situation, such as the legal environment to promote the ongoing viability of the investment</p>	3
<p>Element 3: Where shifts in policy and legislation are needed to promote the sustainability of future investments, opportunities are identified to address these needs through upstream activities, policy dialogue, technical assistance and/or advisory services</p>	3
<p>Element 4: Changes in the policy and regulatory environment are monitored throughout the lifecycle of the investment, and implications for continued viability are identified</p>	3
MI 5.6: Analysis	Evidence documents
<p>Element 1: IDB Invest's Risk Appetite Policy outlines a clear approach to monitoring exposure risks.</p> <p>Management analyses the implications for exposure risks associated with the institution's portfolio as it relates to country, economic group, client, sector and financial instrument exposure. The Risk Appetite Policy clearly outlines these exposure limits, which management monitors and must address if the portfolio crosses certain thresholds. The impact of new projects on the portfolio is considered during preparation, and the Board is informed if a given project would result in breaching thresholds.</p> <p>Element 2: Legal and regulatory risks as well as policy and legislative gaps are considered as part of the overall risk analysis for investments.</p> <p>As part of the overall risk analysis, legal and regulatory risks have to be assessed as part of new proposals. Staff at headquarters and regional offices monitor legal and regulatory risks throughout the project cycle at least once a year. Higher-risk projects require a higher frequency of supervision and field visits.</p> <p>Element 3: IDB Invest works with the IDB to promote an enabling environment for investment through regulatory and policy reform.</p> <p>IDB Invest considers policy and legislative gaps as a way to provide additionality and, where necessary, identifies ways to address such gaps. Furthermore, IDB Invest also works with the IDB to leverage its experience with the public sector to develop conducive regulatory frameworks, especially in pioneering markets or sectors where PPPs can be pursued to attract private investment. Importantly, there is no guidance on how IDB Invest ought to engage in these joint conversations.</p>	40-41; 53

<p>Element 4: Annual supervision considers changes in the policy and regulatory environment.</p> <p>Changes in the regulatory or policy environment are monitored throughout the project lifecycle. As mentioned previously, the frequency of supervision exercises depends on the nature of the projects. However, as indicated in the Risk Appetite Policy and Operations Manual, these supervision exercises are explicitly required to monitor regulatory and policy risks. Subject to regulatory changes, IDB Invest will have to update existing measures or develop new ones to ensure the viability of projects. Changes also incorporate lessons learned from similar projects via the Development Effectiveness Analytics (DEA) platform.</p>	40-41; 53
<p>MI 5.6: Evidence confidence</p>	<p>Medium confidence</p>
<p>MI 5.7: Institutional procedures (including systems for hiring staff, procuring project inputs, disbursing payment, making logistical arrangements, etc.) positively support speed of implementation and adaptability in line with local contexts and needs</p>	<p>Score</p>
<p>Overall MI rating</p>	<p>Satisfactory</p>
<p>Overall MI score</p>	<p>2.67</p>
<p>Element 1: The organisation has clear internal procedures for approving investments and other operations and managing commitments and disbursements (as per conditions of disbursement), which are communicated to clients</p>	<p>3</p>
<p>Element 2: The organisation implements client feedback mechanisms to assess and improve its client service performance where possible</p>	<p>2</p>
<p>Element 3: The organisation tracks client service performance, including against any agreed benchmarks</p>	<p>3</p>
<p>MI 5.7: Analysis</p>	<p>Evidence documents</p>
<p>Element 1: New transactions are managed according to an agreed transaction timeline, with disbursements subject to clear conditions.</p> <p>IDB Invest has internal standards for approving investments and managing commitments and disbursements. Once the transaction concept note is cleared internally, the team leader agrees on a transaction timeline with the client. The timeline is put into IDB Invest's business management platform; it is reviewed at the end of the transaction's processing and serves as a KPI. After approval, disbursement is "subject to the provisions of the Disbursement Process Guidelines which outline the main activities, such as the notice of disbursement, verification of availability of funds, receipt of documentation, completion of Conditions Precedent, recommendation, signoffs and approval of disbursement, and indicates the parties responsible for these tasks". Conditions for disbursement as part of the risk assessment process are made clear to clients and are part of legal agreements.</p> <p>Element 2: IDB Invest does not have clear processes in place to measure and aggregate client feedback at the corporate level to identify opportunities for improvement.</p> <p>The key issue is that IDB Invest does not systematically aggregate client feedback gathered at the transaction level into corporate reporting. Furthermore, the IDB Group's External Satisfaction Surveys gather limited information on client satisfaction with IDB Invest. These External Satisfaction Surveys are conducted only at a Group level and contain information regarding external perceptions of the Group including: familiarity with institutions within the Group, the Group's role as a provider of relevant knowledge, its performance in promoting public-private synergy, its ability to provide innovative solutions, and awareness and use of its knowledge products. However, there is limited information about IDB Invest specifically, and the extent to which survey respondents had interacted with IDB Invest (which would influence their responses) is unclear.</p>	<p>40</p>

<p>Element 3: IDB Invest implements regular engagement with clients during and after completion of investments but does not integrate this feedback into its corporate results reporting.</p> <p>IDB Invest engages with clients during and after completion of transactions, as confirmed in interviews. However, the information gathered is largely used in the context of the specific transaction and not used to systematically measure and aggregate client feedback at the corporate level. IDB Invest also conducted surveys to assess the impact of COVID-19 on clients.</p> <p>The Results-Based Management (RBM) System could be further strengthened by systematically including client feedback from surveys already conducted of IDB Invest clients and including aggregated results in the Corporate Scorecard. This would be particularly important in certain dimensions such as the assessment of additionality that rely in part on qualitative inputs and where client inputs would be important complements to internal analyses.</p>	40
MI 5.7: Evidence confidence	Low confidence

PERFORMANCE MANAGEMENT

Systems geared to managing and accounting for development and humanitarian results and the use of performance information, including evaluation and lesson-learning

KPI 7: The focus on results is strong and transparent and explicitly geared towards function	KPI score
Satisfactory	3.14
<p>IDB Invest is rated satisfactory on KPI 7 based on IDB Group and IDB Invest strategic plans, progress monitoring through the CRF and annual DEOs, its Impact Management Framework, its close collaboration with OVE which has minimised differences in ratings assessments and its ability to incorporate lessons learned into new operations. Areas for strengthening include: better integrating ex-ante supervision and ex-post assessments of development impact, and systematising the role of client feedback into its Corporate Scorecard.</p>	
MI 7.1: Leadership ensures application of an organisation-wide RBM approach	Score
Overall MI rating	Satisfactory
Overall MI score	3.33
Element 1: Corporate commitment to a results culture is made clear in strategic planning documents	4
Element 2: Clear requirements/incentives are in place for the use of an RBM approach in planning and programming	3
Element 3: Guidance for setting results targets and developing indicators is clear and accessible to all staff	3
Element 4: Tools and methods for measuring and managing results are available	4
Element 5: Adequate resources are allocated to the RBM system	3
Element 6: All relevant staff are trained in RBM approaches and methods	3

MI 7.1: Analysis	Evidence documents
<p>Element 1: IDB Invest's strategic documents demonstrate a clear commitment to a results culture.</p> <p>The IDB Group has a long-running corporate commitment to a results culture. Its Institutional Strategy was adopted in 2010 as part of the IDB-9 Capital Increase. After the First Update to Institutional Strategy in 2015, the CRF was updated for the 2016-19 period. After the Second Update to the Institutional Strategy, in 2019, the CRF was updated for the 2020-23 period.</p> <p>The strategic focus of IDB Invest is underpinned by the 2015 Board of Governors Resolution for Delivering the Renewed Vision: Organizational and Capitalization Proposal for the IDB Group Private Sector Merge-out (aka the Busan Resolution). This resolution included the following decisions: as of 1 January 2016, all non-sovereign guaranteed (NSG) operations and the administration of existing operations would be undertaken by IDB Invest. To maintain the level of NSG activity of the IDB Group during the initial period of the capitalisation, cross-booking of NSG operations was authorized for a period of seven years. The three principles/priorities of the Renewed Vision are to: strengthen development effectiveness, development impact and additionality; maximise the efficient use of resources; and achieve synergies between the Group's public and private sector activities.</p> <p>The CRF contain three levels: Level 1-- regional performance (18 indicators), Level 2-- IDB Group contributions to development results (27 indicators) and Level 3-- IDB Group performance (29 indicators). The CRF evolved from 2016-19 to 2020-23 including through a reduction in the total number of indicators from 104 to 74. However, the number of Level 3 indicators increased from 17 to 29, as IDB management wanted to increase the CRF as a management tool and wanted more granularity to be able to do this. Progress against indicators and targets set in the CRF is reviewed yearly through the annual DEOs and dedicated websites.</p> <p>The CRF contains a theory of change linking CRF monitoring indicators at Level 1, Level 2 and Level 3, mapped to each of the 17 SDGs. For example, progress in and contributions towards SDG 1 are monitored through two Level 1 indicators (Poverty Headcount Ratio and Social Progress Index), one Level 2 indicator (number of beneficiaries of targeted anti-poverty programmes) and one Level 3 indicator (number of projects supporting social inclusion and equity as a percentage of new approvals/commitments). The 2022 DEO highlights how the IDB Group contributed towards progress on various SDGs in 2021. The CRF now separately presents IDB-Invest's contribution to these figures for the IDB Group.</p> <p>The 29 Level 3 indicators and targets measure progress through 18 indicators on operational delivery and results (including 11 on strategic alignment; 4 on development effectiveness; and 3 on leverage and partnerships). Level 3 also contains 11 indicators on organisational management and effectiveness (including efficiency; knowledge and innovation; and internal alignment to cross-cutting issues). 10 out of 11 indicators for strategic alignment measure progress using the number of projects or the volume of approvals/commitments as the basis.</p> <p>At Level 3, IDB Invest has 16 specific sub-indicators and targets with 12 concentrated on operational results and delivery and 4 on organisational management and effectiveness. Within operational results and delivery, 9 indicators focus on strategic alignment (all of them measure either the number of projects or volume of financing focusing on specific issues) and 3 indicators on development effectiveness of ongoing and completed projects. Within organisational management and effectiveness, 3 indicators focus on efficiency and 1 on internal alignment with cross-cutting issues.</p> <p>Element 2: Staff incentives for RBM have been created through the cascading of corporate objectives to staff objectives and through deployment of the Impact Management Framework.</p> <p>Both the Group and IDB Invest-specific strategies have been cascaded down to the operational level through planning and programming, as described below, and are, hence, part of each Investment Officer's, division manager's, regional manager's and resident representative's KPIs.</p>	<p>14-15; 30; 37; 39-41; 57</p>

Element 2: Staff incentives for RBM have been created through the cascading of corporate objectives to staff objectives and through deployment of the Impact Management Framework.

Both the Group and IDB Invest-specific strategies have been cascaded down to the operational level through planning and programming, as described below, and are, hence, part of each Investment Officer's, division manager's, regional manager's and resident representative's KPIs.

IDB Invest deploys an Impact Management Framework which, inter alia, helps to translate institutional priorities into actionable steps across the project cycle. The framework has five elements: selecting the right projects and clients; assessing potential impact and designing projects for results; managing and evaluating the portfolio for impact; generating and transferring knowledge; and implementing operational findings.

Element 3: Detailed guidance is available to all staff to promote strategic selectivity and development impact throughout the investment cycle.

IDB Invest has an Operational Manual which provides detailed guidance to staff for all stages of the project preparation, approval and supervision cycle. In addition, specific guidance is provided for various steps including: strategic selectivity (SSSs); development impact (DELTA ratings, initially provided at approval and closing, and updated during supervision); gender assessment; climate risk assessment; etc.

In addition to process guidance, IDB Invest has also identified the delegated authority for staff to handle different stages of its RBM process. For example, the Development Effectiveness Division (DVF) Officer assesses the development impact of the transaction and, along with the transaction team and the team leader, prepares the DELTA analysis and scores as well as the development effectiveness annexes. A peer reviewer from within DVF is also assigned to validate the ratings, and the management team of the Division signs off on all ratings having discussions with transaction teams, in case of disagreements, but DVF has the ultimate say in assigning the ratings.

In response to COVID-19, IDB Invest applied a COVID-19 lens into all its approvals – a total of USD 5.5 billion. It also developed additional guidance for the infrastructure and agriculture sectors, virtual stakeholder engagement and corporate governance.

Element 4: IDB Invest implements a range of tools to promote and monitor selectivity and development impact.

IDB Invest has a number of tools to measure and manage results. Alignment with country and corporate strategies is supported by using SSSs. Project design is facilitated by the use of the DELTA tool and the Financial Contribution Rating. Portfolio management is supported by the DELTA tool as well as by Expanded Supervision Reports (XSRs), prepared when projects reach Early Operating Maturity. OVE validates management's XSRs and assigns a final project performance rating to each operation (that includes relevance, effectiveness, efficiency and sustainability) and also assesses IDB Invest's additionality, work quality and investment outcome. Finally, the DEA platform, Impact Evaluations and other studies and communications are used to generate and transfer knowledge to the next generation of projects. For example, there is a searchable repository of lessons, into which all lessons from XSRs and also from supervision are being fed. There is also the "Mountain of Knowledge", a repository of lessons derived from transactions whose complex situations bring into question the prospect of a full recovery ("Special Assets"). While the focus is on ensuring that each project is appropriately designed and implemented, the goal is to ensure a portfolio that systematically balances development impact and financial returns.

These systems have all been improved over the last six years through an iterative learning process and have been periodically updated to incorporate new institutional priorities. For example, the DELTA tool has gone through four iterations since its launch in 2016. The DEA is a best practice example of a system

14-15; 30; 37; 39-41;
57

which addresses one of the key challenges faced by all institutions, i.e. ensuring that lessons learned from completed projects are considered in the design of new projects. Unfortunately, this is often done in a “check the box” manner in many institutions, including MDBs. The DEA seeks to overcome this inertia using both demand-side (allowing staff to select lessons by sector, product/instrument, country, etc.) and supply-side measures (lessons are provided automatically for consideration by project design teams based on project characteristics).

Element 5: Specific divisions support RBM for investments and corporate results.

Staff from the DVF are part of the project team – and are also engaged throughout the project cycle (this also facilitates application of lessons). IDB Invest has dedicated staff to manage its corporate results management and monitoring system including Portfolio Management Officers, who gather inputs from other relevant offices, and DVF staff.

Element 6: IDB Invest implements mandatory training for its results measurement systems.

In 2022, IDB Invest introduced mandatory training for its Impact Management Framework and DELTA Impact Rating System. Two hundred seventy-six staff completed the training which translates to 60% of the 460 employees at the end of 2021. Given that 2022 was the first year of mandatory training, it is too early to assess the efficacy of the training and its impact.

14-15; 30; 37; 39-41;
57

MI 7.1: Evidence confidence

Medium Confidence

MI 7.2: Corporate strategies, including country strategies, based on a sound RBM focus and logic

Score

Overall MI rating

Satisfactory

Overall MI score

3.20

Element 1: Organisation-wide plans and strategies include results frameworks

3

Element 2: Clear linkages exist between the different layers of the results framework, from project to country and corporate level

3

Element 3: An annual report on performance is discussed with the governing bodies

3

Element 4: Corporate strategies are updated regularly

3

Element 5: The annual corporate reports show progress over time and note areas of strong performance as well as deviations between planned and actual results

4

MI 7.2: Analysis

Evidence documents

Element 1: IDB Invest's results reporting contributes to the broader IDB Group Corporate Results Framework.

As previously noted, the Second Update to the Institutional Strategy resulted in the latest version of the CRF, which provides the Group-wide results framework at three levels: regional performance, IDB Group contributions to development results and IDB Group performance.

The CRF contains a theory of change linking CRF monitoring indicators at Level 1, Level 2 and Level 3 mapped to each of the 17 SDGs. For example, progress in and contributions towards SDG 1 are monitored through two Level 1 indicators (Poverty Headcount Ratio and Social Progress Index), one Level 2 indicator (number of beneficiaries of targeted anti-poverty programmes) and one Level 3 indicator (number of projects supporting social inclusion and equity as a percentage of new approvals/commitments).

The 2022 DEO highlights how the IDB Group contributed towards progress on various SDGs in 2021. However, Level 2 indicators are presented only at the Group level, and it is not possible to identify IDB Invest's contribution towards the various SDGs.

5-6; 14-15; 30; 37;
40-41

The 29 Level 3 indicators and targets measure progress through 18 indicators on operational delivery and results (including 11 on strategic alignment; 4 on development effectiveness; and 3 on leverage and partnerships). Level 3 also contains 11 indicators on organisational management and effectiveness (including efficiency; knowledge and innovation; and internal alignment to cross-cutting issues). Ten out of the 11 indicators for strategic alignment measure progress using the number of projects or the volume of approvals/commitments as the basis.

IDB Invest contributes to indicators at all three levels – particularly to IDB Group performance. At this level (Level 3), it has 16 specific sub-indicators and targets for which it is directly accountable. Ten out of the 16 IDB Invest-specific indicators focus on strategic alignment. Eight indicators utilise the number of projects (as a percentage of new approvals/commitments) which are: aligned with CSs; support social inclusion and equality; support productivity and innovation; support economic integration; support gender equality; support diversity; support climate change mitigation and/or adaptation; and (as a subsidiary indicator of climate change) support agriculture, forestry, land use and coastal zone management. Two indicators utilise the volume of commitments (as a percentage of approved/committed amounts) focusing on: support to small and vulnerable countries; and climate finance. Three indicators assess project performance using a percentage of the number of projects including: active loan projects with satisfactory performance classification; projects with higher environmental and social risks rated satisfactory in the implementation of mitigation measures; and projects with satisfactory development results at completion. Finally, three indicators focus on efficiency: cost-to-income ratio; cost-to-portfolio ratio; and number of credit rating agencies providing targeted ratings.

Element 2: IDB Group corporate priorities are reflected in IDB Invest's three-year Business Plans and inform project selection.

The Group's vision (as captured in the Second Updated Institutional Strategy and the Renewed Vision) as well as CSs were translated into IDB Invest three-year Business Plans with annual updates in the interim years. Since the latest plan dates from November 2019 and in recognition of the significant changes resulting from the COVID-19 pandemic, a COVID-19 Response Plan was approved and introduced measures to support the private sector including an updated plan of operations and a COVID-19 lens for investments. The last (2022) Business Plan Update highlights the challenges of adapting to and operating in the pandemic context. It highlights management's commitment to specific CRF targets (i.e. 25% of the number of long-term commitments supporting gender equity; 5% of the number of long-term commitments supporting diversity; and 30% of total commitments supporting climate finance). In addition, it renews management's commitment to other key objectives including: reaching 40% of Development Related Assets in C&D countries by 2025; a floor of 10% of commitments – applied separately to long-term and short-term commitments – in small and island countries; and 30% of total commitments supporting MSMEs.

As previously discussed, the priorities in CSs are used as part of the criteria for project selection. Similarly, corporate priorities are also considered among the criteria for project selection. Hence, a linkage is maintained across the different layers of the results framework even though CSs do not contain IDB Invest-specific outcomes and/or outputs. Moreover, IDB Invest's results management systems allow for project results to be aggregated up towards the country, sector or corporate level.

Element 3: An annual presentation of the DEO presents IDB Group performance to the Executive Board.

Through the annual presentation of the DEO to the Board of Executive Directors of both the IDB and IDB Invest, the IDB Group reviews progress against the indicators and targets in the CRF. The DEOs provided detailed explanations of positive and negative factors affecting progress in each indicator.

5-6; 14-15; 30; 37;
40-41

Element 4: The CRF and IDB Invest's Business Plans are updated regularly.

Over the assessment period, there were two Business Plans – 2016-19 and the ongoing 2020-22 plans. Annual updates are issued during interim years. The CRF is updated every four years, and lessons learned are then distilled and used to inform the next CRF.

Element 5: The DEO discusses deviation from planned and actual results as well as factors influencing performance.

The 2022 DEO assesses progress in 2021 for each indicator, noting whether the indicator is on track (36 indicators), on watch (7 indicators) or off track (8 indicators). Within this, IDB Invest is assessed as being on track for 9 indicators, on watch for 4 indicators (percentage of active projects with satisfactory performance classification; percentage of projects with satisfactory development outcomes; percentage of support for small and vulnerable countries; and percentage of new projects supporting agriculture, forestry, land use and coastal zone management) and off track for 1 indicator (climate finance as a percentage of approved/committed amounts).

The DEO then discusses in detail the factors hampering progress. For example, with regard to IDB Invest's share of active projects with "satisfactory" performance being below the target, there is a discussion regarding a key contributing factor being the impact of the pandemic on financial institutions – which constitute roughly half of project approvals – which resulted in FI projects on "alert" increasing from 20% in 2020 to 32% in 2021. In response, financial institutions reacted to this risk by adjusting "lending in these areas, in order to maintain healthy capital and liquidity buffers, while contending with deteriorating asset quality".

The annual periodicity and level of detail provided by the DEO with respect to performance against indicators in the CRF and factors contributing to shortfalls are fairly unique among MDBs.

5-6; 14-15; 30; 37; 40-41

MI 7.2: Evidence confidence**High confidence****MI 7.3: Results targets set on a foundation of sound evidence base and logic****Score****Overall MI rating****Satisfactory****Overall MI score****3.20**

Element 1: Targets and indicators are adequate to capture causal pathways between interventions and the outcomes that contribute to higher-order objectives

3

Element 2: Indicators are relevant to expected results to enable the measurement of the degree of goal achievement

3

Element 3: The development of baselines is mandatory for new interventions

3

Element 4: Results targets are regularly reviewed and adjusted when needed

4

Element 5: Results targets are set through a process that includes consultation with beneficiaries

3

MI 7.3: Analysis**Evidence documents****Element 1: Each transaction is required to have a clear theory of change, supported by IDB Invest's DELTA analysis.**

As previously noted, the CRF indicators measuring contributions to development outcomes (Level 2) are not disaggregated between the IDB, IDB Invest and IDB Lab. Given this shortcoming, IDB Invest's targets and indicators can only be indicative of causal pathways between investments and its other operations and the outcomes. The DVF Officer assesses the development impact of each transaction and, along with the transaction team and the team leader, prepares the DELTA analysis and scores as well as the development effectiveness annexes.

13-15; 41; 43; 51

Element 2: Each transaction is expected to incorporate indicators and targets to assess development impact, which are followed up through supervision.

Transactions must have clear theories of change, indicators and targets. During supervision, DVF Officers annually update the DELTA rating, the supervision classification and extract lessons learned. In addition, they are also responsible for flagging any risks or deviations from plans that may impact the project.

Some indicators, wherever appropriate, qualitatively measure the extent of contribution to goal achievement; for example, the extent of gender contributions to development outcomes is measured on a four-level scale, i.e. exceptional, yes, somewhat and no.

Element 3: Projections and baselines for development results are identified as part of project design.

Projections for development results are identified and included as part of the project design process. After that, they are monitored and assessed annually and at completion. Baselines are established at the origination/preparation stage.

Element 4: Development Effectiveness Officers update indicators as needed as part of annual supervision exercises.

Through IDB Invest's annual supervision exercises, DVF Officers are expected to update the indicator values in the results matrix to capture any useful additional information. Deviations from DELTA score at origination and updated scores at supervision are factored into the classification of the project as "satisfactory", "alert," or "problem". Beyond annual updating of operational-level indicators, the Development Effectiveness Unit enjoys independence in determining changes to ratings from the rest of the project team. The success of this approach is evidenced in low levels of disconnect between management and OVE XSR ratings.

13-15; 41; 43; 51

Element 5: Project design, including the identification of results indicators, involves consultation with beneficiaries and host governments, building on the process for developing country strategies.

Operations are expected to be aligned with CSs which have themselves been subjected to beneficiary consultations and are aligned with national strategies which are inevitably developed through consultations. According to interview evidence, where an operation is outside of the priorities in the CS, the Board of Executive Directors is informed about this deviation; it was reported that this rarely happens. During project preparation, consultations by the client with beneficiaries are a requirement as part of IDB Invest's Environmental and Social Sustainability Policy. Finally, host governments are also consulted and have a 30-day "no objection" period prior to projects being considered by the Board.

COVID-19 prevented consultations with beneficiaries as part of project preparation; IDB Invest revised its guidelines to allow for virtual consultations. Guidance for stakeholder engagement plans allowed for a variety of remote modalities as well as the provision of personal protective equipment where face-to-face meetings were undertaken. Guidance on assessing and managing risks from the pandemic and impacts on corporate governance were issued as well as specific guidance for the agriculture sector.

MI 7.3: Evidence confidence

Medium confidence

MI 7.4: Monitoring systems generate high-quality, useful performance data in response to strategic priorities	Score
Overall MI rating	Satisfactory
Overall MI score	3.00
Element 1: The corporate monitoring system is adequately resourced	3
Element 2: Monitoring systems generate data at output and outcome levels of the results chain	3
Element 3: Reporting processes ensure data is available for key corporate reporting and planning, including for internal change processes	3
Element 4: A system for ensuring data quality exists	3
MI 7.4. Analysis	Evidence documents
<p>Element 1: Corporate results monitoring is supported by Portfolio Management Officers and Development Effectiveness Officers who are engaged throughout the investment cycle.</p> <p>IDB Invest has dedicated staff to manage its corporate results management and monitoring system including Portfolio Management Officers, who gather inputs from other relevant offices, and DVF staff.</p> <p>Element 2: Monitoring data are available at the input, output and outcome levels and feed into the CRF.</p> <p>Project monitoring systems produce data at the input, output and outcome levels, which feed into the CRF. The CRF is updated every four years, and lessons learned are then distilled and used to inform the next CRF.</p> <p>Element 3: Sector-specific indicators help ensure data can be aggregated to support corporate reporting.</p> <p>IDB Invest has reporting processes that ensure data is available for critical corporate reporting and planning. As mentioned previously, under the current CRF, IDB reduced the overall number of indicators but increased the number of Level 3 indicators, which measures Group-level performance. In turn, this has provided management with more granularity at the output and outcome level and furthered management's use of the CRF as a tool.</p> <p>At the design stage, IDB Invest identifies indicators that contribute to CRF reporting, business priorities and SDGs. Furthermore, IDB has sector-specific indicators such as households with improved access to water and sanitation or installed power generation capacity from renewable sources (MW). These indicators can be updated during supervision and must be updated when an XSR is being prepared for the project. As previously noted, these indicators can be aggregated at the country, sector and portfolio levels.</p> <p>Element 4: IDB Invest supports data quality through data collection guidelines and the use of standard indicators. Additionally, clients are supported to improve data quality.</p> <p>IDB Invest does not provide detailed guidance on data quality though it has data collection guidelines and data quality control procedures consistent with common standards observed by MDBs (for example, the Harmonized Indicators for Private Sector Operations). Moreover, as identified during interviews, IDB Invest is supporting clients in improving data. In particular, with regard to FIs, IDB Invest is helping clients gather better gender data, which has proved difficult for baselines and monitoring. In addition, IDB Invest instructs Investment Officers to collect complete data from clients as part of the supervision process and follow-up to ensure collection.</p>	14-15; 30; 40; 42
MI 7.4: Evidence confidence	Medium confidence

MI 7.5: Performance data transparently applied in planning and decision-making	Score
Overall MI rating	Satisfactory
Overall MI score	3.00
Element 1: Planning documents are clearly based on performance data	3
Element 2: Proposed adjustments to interventions are clearly informed by performance data	3
Element 3: At the corporate level, management regularly reviews corporate performance data and makes adjustments as appropriate	3
Element 4: Performance data support dialogue in partnerships at the global, regional and country levels	3
MI 7.5: Analysis	Evidence documents
<p>Element 1: Planning documents integrate past performance data, and project selection is informed by an evidence-based assessment of potential development outcomes.</p> <p>IDB Invest factors lessons learned and past performance to frame plans such as action plans, administrative budgets, planning frameworks and targets. IDB Invest stores lessons from completed operations in the Development Effectiveness Analytics and those from Special Assets⁶ in the “Mountain of Knowledge”.</p> <p>DELTA considers development outcomes (65% of the weighting) and additionality (35%). Within development outcomes, 70% of the score is attributed to economic and stakeholder analysis and 30% to sustainability. Different components are “added up”; for example under project beneficiaries, there are 10 very different items (e.g. gender, MSMEs, climate change, and indigenous and traditional peoples) that are each rated with 6 points for an “exceptional” rating, 3 points for a “yes” rating and 1.5 points for a “somewhat” rating. The theoretical basis for treating all agenda items as equally weighted is unclear, and the scoring method may result in difficulties in making comparisons across priorities; for example, a project that scores “exceptional” on climate change is “equivalent” to a project that scores “yes” on two other dimensions (e.g. indigenous people). An additional issue is that, given the number of items involved, a project could get up to 60 points, but since the score for this category is capped at 10 points, this is easily achieved. For example, in the project sample from the six case study countries, over a third of projects approved in the last three years had more than full points (which were thus capped at 10), and over half of the projects scored 90% or more. While the approach was designed to prevent projects that attempt to address too many different beneficiary groups, it may also act as a disincentive to serious consideration for adding a project component that may be valuable. Nevertheless, the scores steer investment selection, which requires a minimum score (depending on the financial contribution rating) and a median DELTA target of 8 at origination at the portfolio level.</p>	14-15; 28-30; 40-42; 54-55
<p>Element 2: Performance data informs the management of ongoing investments.</p> <p>Project data is collected for DELTA and the results matrix as part of the supervision process and is used to categorise the project as “satisfactory”, “alert” or “problem”. The categorisation helps to focus on problems and, if necessary, find solutions. In addition, project teams must share “any material fact or circumstance that could adversely affect the transaction with the relevant Credit Risk Officer or other Transaction Team members, as appropriate, in a timely manner”.</p> <p>In addition, the Development Effectiveness Analytics (DEA) platform helps visualize trends using data from DELTA scores throughout the portfolio to inform management decision-making. If a project is experiencing or about to experience financial, operational, management, reputational, integrity,</p>	

⁶ Special Assets are projects that encounter serious difficulties that bring into question IDB Invest’s prospects for recovering the investment.

or market issues that could jeopardize the project, the PMO “must inform the Chief of the Portfolio Management Division, the INO Division Chief, the Chief of the Credit Risk Management Division, the Chief of the Special Assets Division, the Chief of Development Effectiveness and the applicable Legal Division Chief as promptly as possible”.

One potential issue is the different, if similar, criteria and weights used in the DELTA and XSR tools. The XSRs, with which projects are evaluated when they reach Early Operating Maturity, consider under the overall development outcome relevance, effectiveness, efficiency and sustainability, with all items weighted at 20% except for effectiveness (40%), and separately consider additionality. IDB Invest Management shared analysis that the DELTA scores are a reasonably good predictor of OVE-validated XSR scores, but since this was based on a relatively small number of projects (49), this should continue to be analysed.⁷ In any event, using different tools at the front end and for supervision (DELTA) than for evaluation (XSR) bears the risk of potential misalignment and the transaction costs of utilising two tools. It may be useful for IDB Invest to consider how best to integrate the use of these two potentially overlapping tools. In this regard, it would be useful to involve OVE in the same spirit that was adopted in seeking their inputs in developing appropriate project-level results matrices (e.g. for new types of operations) and developing a strong feedback loop from evaluation to the front end (in terms of both lessons learned and appropriateness of the results matrix).

Element 3: Management annually reviews corporate results and uses them to inform decision-making.

The CRF is reviewed annually as part of the annual DEO report and contains data both from XSRs and from DELTA. These reports help inform targets and identify trends and steps needed to address off-track indicators. In 2020, in response to COVID-19, IDB Invest took measures to protect its portfolio and support countries during the pandemic. Efforts taken by management and revised throughout the pandemic reflect management’s use of corporate results annually and through its dashboards and analysis to inform decision-making. In early 2020, IDB Invest conducted an exercise to estimate the impact of the COVID-19 pandemic on the development results from its existing portfolio. By the end of 2021, the reported impact on the portfolio was less than initially expected. Nevertheless, with regard to the achievement of development objectives, 8% of the portfolio of 226 operations under supervision was in “problem” status, with another 26% in “alert” status and 58% in “satisfactory” status. It should be noted that the “problem” determination only pertained to the achievement of development objectives and differed from the determination of projects in problem status which could potentially result in non-performing assets.

Reviews also encompass the cross-cutting themes. For example, on gender, the 2021 DEO contained an entire chapter on Women’s Economic Empowerment: Lessons and Applications, with thoughtfully derived lessons. The 2022 DEO also contains data from the IDB Group on achieving targets related to “mid and senior-level IDB Group staff who are women” (indicator 3.27). IDB Invest reached its 2023 target of 38% in 2021 and maintained this in 2022.⁸

IDB Invest also reports on the results from XSRs, appropriately using data validated by its independent OVE. More importantly, the DEO also contained an analysis of the reasons for shortfalls and how the lessons are fed back into new projects, indicating a strong feedback loop. In addition, OVE produces an annual validation report. The OVE report provides the five-year history of ratings which indicates that, other than a one-year drop-off for the 2019 cohort, ratings steadily improved on most dimensions.

14-15; 28-30; 40-42;
54-55

⁷ The 49 projects are the total number of projects which reached Early Operating Maturity (and had XSRs prepared) since the introduction of DELTA ratings.

⁸ The IDB and IDB Lab target is higher at 43%.

- Development outcome ratings were relatively stable at around 60% except for 2019 (i.e. 58% in 2018, 41% in 2019, 58% in 2020, 61% in 2021 and 62% in 2022).
- Relevance was the highest-rated dimension (i.e. 74% rated satisfactory or excellent in 2018, 56% in 2019, 71% in 2020, 79% in 2021 and 87% in 2022).
- Sustainability was the next highest-rated dimension (i.e. 65% in 2018, 44% in 2019, 53% in 2020, 55% in 2021 and 62% in 2022).
- Efficiency was the next highest-rated dimension (i.e. 44% in 2018, 41% in 2019, 50% in 2020, 53% in 2021 and 55% in 2022).
- Effectiveness was the lowest-rated dimension with less discernible patterns (i.e. 49% in 2018, 35% in 2019, 50% in 2020, 39% in 2021 and 51% in 2022).

XSR results are also reported in OVE's annual Review of Project Completion Report and Expanded Supervision Reports. The latest such report (2022 Validation Cycle) shows that management's self-evaluations were quite reliable – with a very small disconnect in the assessed success rate with over 80% of XSRs rated positive on quality. IDB Invest's performance in that respect was remarkably better than that of the IDB, which had serious quality issues with its evaluation reports.

Nonetheless, there were also some areas for improvement suggested for IDB Invest (i.e. ensuring that all projects, including some that were missed in the past, are covered by XSRs; collecting relevant information prior to project closure as projects are prepaid or repaid; and updating baselines when a long time passes between approval, commitment and disbursement). IDB Invest has initiated activities to address OVE recommendations including: improving information systems to ensure full visibility on Early Operating Maturity dates for the active portfolio, automating prepayment notifications to trigger data-gathering for completion reporting and issuing guidance (agreed with OVE) on the process and methodology for updating baselines.

There may be benefits in further integrating the two tools within the Impact Management Framework – the DELTA tool focused on ex-ante estimation and monitoring of development outcomes during supervision and the XSRs focused on evaluation of development effectiveness when projects reach Early Operating Maturity.

Element 4: Performance data feed into dialogue around corporate commitments.

Performance data help the IDB Group and IDB Invest better outline targets for commitments. For example, lessons from the Climate Change Action Plan from 2016-20 demonstrated that since the Group consists of three entities, it was more appropriate to set a climate finance floor for each institution.

14-15; 28-30; 40-42;
54-55

MI 7.5: Evidence confidence

Medium Confidence

ANNEX B: EVIDENCE LIST

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