

Inter-American Development Bank (IADB)

Multilateral Aid Review (MAR) Update 2013 progress rating:

2

MAR 2011: *Adequate Value for Money for UK Aid*





Progress Assessment	
Summary	Demonstrated strong commitment to implementing reforms. Some progress made against gender, transparency and accountability, and cost and value consciousness. Reasonable progress made on strategic and performance management.
Baseline	
<p>IADB is the largest multilateral lender to Latin America and the Caribbean (LAC). It works with regional governments and leads on climate change, cross-border infrastructure and regional integration.</p> <p>The MAR highlighted several strengths:</p> <ul style="list-style-type: none"> • IADB has a strong focus on wealth creation and expanding poverty and climate change operations. • It effectively responds to natural disasters, particularly in Haiti. • It links loan charges to administrative costs to encourage cost savings and has good financial and risk management systems. <p>The MAR also highlighted several weaknesses:</p> <ul style="list-style-type: none"> • LAC region has pockets of real poverty but does not match DFID's focus on regions with higher poverty levels. • Challenges remain on gender equality, especially in the harder areas, such as infrastructure projects. • There is no evidence of emphasis on securing cost effectiveness in the design of development projects. <p>DFID's reform priorities for the MAR Update were:</p> <ul style="list-style-type: none"> • Strengthening the impact of gender policy and activities – assessed under <u>attention to cross-cutting issues (gender)</u>; • Delivering clear sector strategies and targets for results – assessed under <u>strategic and performance management</u>; • Improving cost and value consciousness in administration budgets and in project design – assessed under <u>cost and value consciousness</u>; • Demonstrating whether increased transparency has resulted in enhanced accountability to project beneficiaries/borrowing governments/shareholders – assessed under <u>transparency and accountability</u>. 	
Summary of Overall Progress	
<p>DFID MAR reform priorities were included in the Bank's institutional strategy, which set out reforms (known as Ninth General Capital Increase reforms - GCI-9). DFID agrees with the conclusions of an independent review commissioned by the Bank's Board of Governors. This concluded that the reforms were being implemented fully and effectively. It found that:</p> <ul style="list-style-type: none"> • "full implementation" had been met or was in process but progress toward 	

“effective implementation” has been mixed;

- the focus on results has increased, particularly at the project level;
- safeguards, including gender, have been strengthened, but implementation challenges remain;
- the policy on information disclosure needs further clarification;
- the independent complaints mechanism needs reform.

In March 2013, the Bank’s Governors recommitted themselves to fully implement reforms to ensure that all objectives are achieved by 2015.

Progress against Reform Priorities

MAR Reform Component	MAR 2011 Score	Progress Rating	MAR Update Score, if any change
Attention to cross-cutting issues (gender) Some progress has been made in meeting targets on gender diversity of Bank staff. The Gender Action Plan has made a good start, with stronger progress on the proactive (country and sector-specific analytical work, direct investments and mainstreaming) than the preventive (safeguards screening in the design and supervision of lending operations) side. Making gender concerns an integral part of loan operations especially in harder to reach sectors (e.g. trade and infrastructure) remains work in progress.	2	 Some progress	
Strategic and performance management The Bank made good progress in improving results measurement and monitoring at the project level. It has delivered new sector Strategies on time. The Bank is updating all of its policies and introducing new Sector Framework Documents by end 2015.	2	 Reasonable progress	
Cost and value consciousness Information related to the budget and work program has improved, but more progress is needed on a dialogue with partners on programme cost effectiveness.	3	 Some progress	
Transparency and accountability Several key initiatives have contributed to increased transparency, but the Access to Information Policy could be further improved and the Bank’s Independent Consultation and Investigation Mechanism has been ineffective and needs thorough redesign.	3	 Some progress	