

Inter-American Development Bank
Response to the UK Multilateral Aid Review Update

July 10, 2013

The Inter-American Development Bank (IDB) wishes to thank the Department for International Development for sharing the results of the MAR Update 2013. The Bank welcomes this update as an opportunity to highlight the progress made on its reform agenda. The process for updating the MAR has been constructive and useful for the Bank to better understand DFID's priorities. We look forward to continued collaboration.

The assessment points out that while the "LAC region has pockets of real poverty it does not match DFID's focus on regions with higher poverty levels". Although the majority of IDB's borrowing countries are classified as middle income, the Bank nevertheless allocates its resources, where they have the potential to have the greatest development impact. Furthermore, as part of the IDB's Ninth General Capital Increase (IDB-9), specific lending targets for small and vulnerable countries as well for poverty reduction and equity enhancement were introduced in the IDB Corporate Results Framework.

We are pleased to see the Bank's progress, in particular its increased focus on results, noted in the report. We would also like to acknowledge those areas identified in the report where the Bank can do more and to take this opportunity to provide some additional information on work underway to address these.

Strategic and Performance Management

The reform program agreed upon in the IDB-9 is deep and far reaching. The Bank has pursued it during a global crisis and a period of rapid growth in the Bank's portfolio. In its recent Mid-term Evaluation of the IDB-9 Commitments, the Bank's independent Office of Evaluation and Oversight (OVE) recognized the challenges involved in delivering on many complex initiatives simultaneously, particularly within such a short period. With time, the full benefits of these reforms will become more visible.

The Bank is committed to continue making progress in the area of strategic and performance management. The twenty Sector Framework Documents (SFDs) that are scheduled to be prepared by the end of 2015 are on track. Additionally, Management expects that the Development Effectiveness

Framework will be entirely implemented (including enhancements to the Project Completion Report) by mid-2014. In this respect, these actions are fully aligned with the MAR suggestion.

The Bank is currently preparing a proposal to update Corporate Results Framework (CRF), focusing on strengthening its vertical logic, while at the same time simplifying it. This update will also suggest refinements to the targets. The IDB also uses other Bank-wide monitoring tools, such as the Results-Based Budget (RBB) contained in departmental business plans, business reviews and Career Point, our staff management system, to not only manage for results, but also increase overall accountability. Efforts are underway to better integrate and ensure consistency among these different instruments.

Cost and Value Consciousness

The IDB is currently reviewing RBB indicators at the corporate, vice-presidency and departmental levels, driven in part by the Mid-Term Evaluation of IDB-9 Commitments, as well as a heightened interest by its Board of Executive Directors in discussing budget execution results. This process is helping to make staff more mindful of how human and budgetary resources are used.

Against a backdrop of limited public resources, Bank teams work with their country counterparts to determine the most cost-effective solution to address the respective development challenges in the design of each project. As pointed out in the MAR Update, every project is now required to present an economic analysis prior to being submitted for Board approval.

Attention to Cross-cutting Issues (Gender)

The IDB will continue to advance in the implementation of the Gender Policy, building upon actions undertaken in 2011 and 2012, with a strong focus on the Gender Policy monitoring indicators. Management has prepared an assessment of the actions and results of the Gender Action Plan (GAP), 2011-2012, that is, together with the results of the Mid-term Evaluation of IDB-9 Commitments, guiding Bank action. Furthermore, Management is developing 19 sector-specific guidelines for gender mainstreaming, and is ramping up its in-house training on the application of gender safeguards, in accordance with the priorities set out in the Bank's Policy on Gender Equality.

Transparency and Accountability

Increasing transparency and accountability continue to be key priorities for the IDB as mandated by its Board of Governors in IDB-9. The Bank is preparing a proposal for consideration by its Board of Directors concerning the treatment of country-specific information in its Access to Information Policy.

The IDB would like to highlight that all 26 of its borrowing member countries are now reporting development results through the MapAmericas platform. Additionally, the Bank began publishing data to IATI in March 2013 and improvements are already underway to make the Bank's reporting more complete.

As the MAR Update points out, the IDB is already engaging in a process to conduct a robust review and make recommended changes to the structure and policy of the Bank's Independent Consultation and Investigation Mechanism (ICIM). The review aims to ensure ICIM can continue to enhance development impact and sustainability by responding effectively to complaints by parties affected by the IDB's projects.