

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

REGIONAL

FROM MONITORING EXECUTION TO IMPACT: A MIDTERM EVALUATION MODEL FOR INSTITUTIONAL CAPACITY PROJECTS

(RG-T4811)

PROJECT DOCUMENT

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PROJECT SUMMARY		
Operation Type:	Technical Cooperation	
Sector:	REFORM / MODERNIZATION OF THE STATE	
Subsector:	MANAGEMENT FOR DEVELOPMENT RESULTS	
TC Taxonomy:	Research and Dissemination	
Project Number under the Operational Support Taxonomy:	N/A	
Technical Responsible Unit:	IFD/ICS-Institutional Capacity of the State (ICS) Division	
Unit with Disbursement Responsibility (UDR):	IFD/ICS-Institutional Capacity of the State (ICS) Division	
Executing Agency:	Inter-American Development Bank	
PROJECT OBJECTIVE		
The general objective of this Technical Cooperation (TC) is to improve the effectiveness and execution of Institutional Capacity of the State Division (ICS) operations. The specific objectives are: (i) close implementation gaps in MTEs for active ICS projects; and (ii) reduce heterogeneity in MTEs quality by promoting shared standards and best practices.		
FINANCIAL INFORMATION		
Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	W2C - OC SDP Window 2 - Institutions	100,000
Total IDB Financing		100,000
Counterpart Financing		0
Total Project Budget		100,000
Donors:	N/A	
Disbursement Period:	36 months	
Execution Period:	36 months	
ADDITIONAL FINANCIAL INFORMATION		
N/A		

I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostic.** A significant proportion of operations within the Institutional Capacity of the State Division (ICS) do not undertake Mid-Term Evaluations (MTEs), even when planned, which limits the Bank's ability to identify and correct execution or effectiveness issues early. This gap is primarily driven by determinants that fall within the scope of this TC: the absence of clear and operational guidelines, heterogeneous methodological practices, limited availability of standardized tools that reduce transaction costs and clarify roles and timing, and insufficient visibility of the benefits of conducting MTEs on time for PMR and PCR performance. These are the actionable constraints the TC is designed to address through improved information, methodological clarity, and systematized guidance.
- 1.2 However, other determinants also influence the implementation of MTEs, such as specialist time constraints, competing operational priorities, and institutional inertia, but these factors lie outside the scope of this operation and cannot be directly addressed through a knowledge- and systems-focused intervention. By concentrating on the determinants that can be effectively influenced, this TC aims to reduce heterogeneity in current practices, lower the operational burden for teams, and increase both the quality and frequency of MTEs, ultimately improving project performance and portfolio effectiveness.
- 1.3 According to Smart Portfolio¹, out of 49 active projects in the ICS portfolio, 27% (13 projects) show delays exceeding 125% of the original timeline, while another 6% (3 projects) have faced partial financial cancellations of over 15%. These challenges directly affect project effectiveness by delaying key deliverables and results. This correlation demonstrates that delays and financial cancellations significantly hinder projects' ability to achieve their objectives, reinforcing the need to improve MTE mechanisms.
- 1.4 Out of the 49 projects in the portfolio, 47% (23 projects) are estimated to undergo MTEs for the 2025-2027 period. In the same way, of the 23 operations in the active portfolio that qualified for MTEs, only 11 were scheduled to be conducted. Of these, only 7 have been completed (30%), which means 16 out of the 23 operations (70%) didn't contemplate having an MTE or didn't conduct the MTE in a timely manner
- 1.5 Likewise, of the 23 operations in the active portfolio that met the requirements for an MTE between 2025 and 2027, only 7 (30%) are expected to undergo such evaluation by the end of 2025. The division's goal is to break with the historical trend of low MTE implementation (typically 20–30%) and achieve a substantially higher level of compliance. Specifically, the division aims to more than double the current baseline, reaching 70% of the eligible portfolio (approximately 16 MTEs) by the end of this period. Among the MTEs completed to date, only 2 obtained satisfactory performance in the 2023 PMR cycle, while 4 showed alert or problem ratings. Additionally, Project Completion Report (PCR) data for 2024 suggests that

¹ The IDB Smart Portfolio is an integrated platform that tracks the performance, risks, and results of the Bank's operations in real time. The information presented was reviewed in April 2025.

only 33% of ICS projects achieve satisfactory effectiveness ratings. This suggests that current MTEs are not well integrated into the operational lifecycle, or their findings are not being used to inform timely corrective actions.

- 1.6 Currently, the Bank lacks guidelines for conducting MTEs, no standardized information system to monitor their implementation or quality, and no structured protocols for presenting interim findings to stakeholders.
- 1.7 This initiative seeks to transform MTEs from reactive, compliance-based exercises into strategic tools for adaptive management and timely corrective measures, directly addressing systemic gaps in the Bank's current approach. It aims to reposition MTEs to focus on the implementation of critical deliverables and diagnostics for evidence-based assessments of project relevance, effectiveness, efficiency, and sustainability, beyond mere financial execution.
- 1.8 The initiative addresses core issues in MTE practice: the lack of timely, standardized, and results-oriented information, the overemphasis on -physical financial monitoring, and the disconnect between MTEs, PCRs, reformulations, execution adjustments and overall design processes.
- 1.9 **Request.** This TC is a Bank's initiative. It was selected by the Development Effectiveness Intelligence Fund (DEIF) under Window 3. Portfolio Effectiveness Enhancement Initiatives.
- 1.10 **Objective.** The general objective of this Technical Cooperation (TC) is to improve the effectiveness and execution of ICS operations. The specific objectives are: (i) close implementation gaps in MTEs for active ICS projects; and (ii) reduce heterogeneity in MTEs quality by promoting shared standards and best practices.
- 1.11 **Complementarity.** This TC complements the efforts to increase the project's effectiveness within ICS Division made by the TC "Model to increase the effectiveness and impact of Institutional Capacity operations" ([ATN/OC-21380-RG](#)), by focusing especially on the development of tools to for the evaluation of the operations and decision-making during their implementation phase.
- 1.12 **Strategic Alignment.** The Program is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objective of: (i) Bolstering sustainable growth via the "Institutional Capacity and Rule of Law" operational focus area, by enhancing the Bank's and stakeholders' capacity to increase the quality of the development programs providing tools for their evaluation.
- 1.13 This project has been selected for DEIF under a rigorous competitive process involving VPS, VPC, and SPD. The DEIF initiative supports projects that generate knowledge and address strategic gaps in development effectiveness through impact evaluations, analysis of execution factors, and effective enhancement initiatives. Following the Ordinary Capital Strategic Development Program (GN-2819-14), this initiative is aligned with the fund Window 2 – Institutions (W2C), under the priority area of "Effective, Efficient and Transparent Institutions", which includes as outcomes to strengthen institutional and policy quality and service

delivery and policy implementation to improve public sector management. Finally, this TC also aligns with the ICS Effectiveness Plan.

II. COMPONENTS

- 2.1 **Component 1. Development of an MTE guideline for Institutional Capacity projects (US\$10,000).** The objective of this component is to develop a new MTE guidelines model to standardize the process within the ICS Division. In particular, it will include the following activities: (i) assessment of the MTEs current practices within ICS, including main learned lessons from previous PCRs; (ii) identify the best international practices for MTEs; and (iii) develop an MTE guidelines model including the best practices analysis with key lessons for future evaluations.
- 2.2 For these activities, the TC will competitively source an individual consultant to assess the current state of MTEs implementation within ICS and the best practices to be considered. The main result of this component will be the development of a new MTE guidelines model for the ICS Division.
- 2.3 **Component 2. Standardization of data inputs to support PCRs, portfolio review, and project design (US\$75,000).** The objective of this component is to validate the MTE model created in Component 1. It will finance the following activities: (i) the development of a standardized data collection tool to generate inputs for PCRs, portfolio review, and project design; (ii) the development of an Artificial Intelligence (AI) based platform model that provides team leaders with synthesized insights and data extracted from existing project information to enhance the efficiency and quality of MTEs;² (iii) testing of the new MTE model in 10 MTEs of ICS operations; and (iv) the report for optimizing future MTEs and its adoption based on the pilots' findings.
- 2.4 For these activities, the TC will competitively source an individual consultant to develop and iterate the tools for the implementation of the MTEs according to manual created in Component 1. The main result of this component will be: (i) the development of a tool to standardize data collection; (ii) an IA based platform to enhance the quality of MTEs and (iii) the final version of the model including the input from the pilots.
- 2.5 **Component 3. Dissemination (US\$15,000).** The objective of this component is to communicate the final model and guidelines for the MTEs to the Bank's units and main stakeholders, specifically the executing units, officials and other participants of the activities carried out under Component 2. This component will finance the following activities: (i) the development of a protocol for communicating interim findings to key internal and external stakeholders, namely executing units and counterpart agencies; (ii) the preparation and dissemination of the MTE

² The AI platform will be developed from the ground up and will be for internal use, primarily by team leaders. It will integrate with other Bank platforms that provide data related to the execution of ICS projects, such as Convergence, SmartPortfolio, and SGDelta, among others, to collect PMR information and current physical and financial progress. These data will be used to generate inputs and alerts that will inform the design and execution of the MTEs.

reports produced by the participating project teams as part of the pilot exercise; and (iii) sessions with stakeholders to improve the accountability of projects.

- 2.6 For these activities, the TC will competitively source an individual consultant in charge of conducting the dissemination of the TC results. The main result of this component will be the development of a protocol including the strategies to share the results and improve the adoption of the MTEs model.
- 2.7 **Expected Results.** The main expected outcomes are: (i) and increased percentage of ICS projects effectively implementing MTEs; and (ii) a reduced heterogeneity of the quality of MTE-generated data for timely decision-making, early sharing of key findings with stakeholders, compilation of lessons learned, and input for the closure and final evaluation of operations (PCRs).
- 2.8 **Beneficiaries.**³ The direct beneficiaries of this TC are the executing units, as well as the officials and participating firms involved in the ten Mid-Term Evaluation pilots, who will gain access to standardized tools, methodologies, and guidance for conducting evaluations in Bank-supported operations. In addition, future users of the guidelines and technical inputs developed under the TC, particularly teams designing and implementing new projects, will also benefit from these products. Ultimately, the final beneficiaries are the citizens who will be positively impacted by better designed and more effective development interventions resulting from improved guidance and timely evaluation practices.

III. BUDGET

- 3.1 **Budget.** The total cost of this TC will be US\$100,000 and will be financed with ordinary capital (OC SDP Window 2 – Institutions (W2C)). Counterpart funding is not expected. The following table includes the main activities and their costs:

Budget in US\$		
Components	IDB/W2C	Total
Development of an MTE guideline for Institutional Capacity projects	10,000.00	10,000.00
Standardization of data inputs to support PCRs, portfolio review, and project design	75,000.00	75,000.00
Dissemination	15,000.00	15,000.00
Total	100,000.00	100,000.00

³ At the moment, no country is involved in any activity or exchange of information under this TC. If, during the execution of this TC, activities with borrowing countries are considered, a non-objection letter from the countries' liaison offices will be duly requested and obtained by the operation team before such activities begin.

IV. EXECUTION STRUCTURE

- 4.1 The TC will be executed by the Inter-American Development Bank (IDB), in accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), through the Division of Institutional Capacity of the State (IFC/ICS). This TC is an initiative promoted by the Bank, and therefore the justification for the Bank acting as Executing Agency is based on the Research and Dissemination taxonomy and the regional nature of the TC.
- 4.2 **Procurement.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 4.3 **Execution and Disbursement Period.** The execution and disbursement period for this TC will be 36 months.
- 4.4 **Monitoring, Reporting, and Supervision.** The monitoring and supervision activities of this project will be under the responsibility of the project team leader, who will implement, following the results matrix included in Annex II, a monitoring scheme for the execution of the TC, in accordance with the methodology for monitoring TCs under execution established in the document Technical Cooperation Monitoring and Reporting System (OP-1385-4).

V. POTENTIAL RISKS

- 5.1 The main risks identified are: (i) lack of data in projects managed by low-capacity counterparts; and (ii) resistance to change among specialists, teams, and executing agencies. These risks will be mitigated by: (i) selecting projects with minimum data availability; (ii) validating procedures with counterparts, specialists, and project teams; and (iii) applying effective communication and training strategies during pilots to facilitate uptake.
- 5.2 **Intellectual Property.** All knowledge products derived from this Technical Cooperation including any platforms, tools, or materials developed will be the intellectual property of the Bank.

VI. EXCEPTIONS TO BANK POLICIES

- 6.1 This TC doesn't consider exceptions to any Bank policy.

VII. ENVIRONMENTAL AND SOCIAL ASPECTS

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

REQUIRED ANNEXES:

- Annex II: Results Matrix
- Annex III: Terms of Reference
- Annex IV: Procurement Plan