

TECHNICAL COOPERATION DOCUMENT

I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Boosting Development Effectiveness through IDBImpact+
▪ TC Number:	RG-T4659
▪ Team Leader/Members:	Bosch Mossi, Mariano (VPS/VPS) Team Leader; Florez Timoran, Hugo (VPC/VPC) Alternate Team Leader; Martinez Carrasco, Jose Alejandro (SPD/SDV); Bonilla Merino Arturo Francisco (LEG/SGO); Molina, Silvana (VPS/VPS); Casas Rojas Laura Ximena (VPS/VPS); Suaznabar, Claudia (VPS/VPS); Cossens Gonzalez, Shakirah Del Carmen (VPC/VPC)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	n/a
▪ Date of TC Abstract authorization:	12 Nov 2024.
▪ Beneficiary:	IDB Borrowing Member Countries - IDB's Project Executing Agencies
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Economic Growth(W2F)
▪ IDB Funding Requested:	US\$1,000,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	December, 2024
▪ Types of consultants:	Consulting firms and individual consultants
▪ Prepared by Unit:	VPS-VP - Sectors & Knowledge
▪ Unit of Disbursement Responsibility:	VPS/VPS-VP - Sectors & Knowledge
▪ TC included in Country Strategy (y/n):	n/a
▪ TC included in CPD (y/n):	n/a
▪ Alignment to the Institutional Strategy:	Institutional capacity and rule of law

II. Objectives and Justification of the TC

- 2.1 **Objective.** The general objective of this TC is to enhance a culture of impact and results among IDB clients.
- 2.2 The IDB Group Institutional Strategy, Transforming for Scale and Impact, emphasizes the importance of achieving meaningful scale and development impact through enhanced effectiveness. The proposed Development Effectiveness Policy Framework highlights that effectiveness is a shared responsibility within the IDB and, critically, must extend to our clients. Ideally, we aim to advance to the "last mile," where the IDB and borrowers collaborate closely to design projects grounded in an evidence-based theory of change, and jointly implement a proactive and adaptive project management with a focus on results. This TC aim to move this agenda forward by: (i) providing foundational tools for IDB stakeholders to embrace a culture of results, (ii) aligning priorities and initiatives among operations stakeholders, and (iii) expanding clients monitoring and evaluation capacities.

- 2.3 Achieving tangible development results is a shared responsibility between the Bank and the borrower. Based on an in-depth portfolio analysis, the IDB should focus on the following key areas to strengthen collaboration with its counterparts:
- a. **Designing and Promoting Evidence-Based Projects:** Prioritizing projects with a clear and robust theory of change grounded in evidence is essential. Providing a simple explanation of a project's logic and selecting appropriate indicators are critical for effectively communicating development objectives to executing units in the field.
 - b. **Implementing a Results-Based Management Model:** It is crucial to develop tools that support a results-based approach, evaluating a project's physical and financial progress in terms of its ability to achieve development objectives. While the IDB is already advancing tools to implement this model jointly with clients, further efforts are needed to align priorities, integrate various components, and ensure all tools are centered on delivering better service to the client.
 - c. **Strengthening Client Capacity for Monitoring and Evaluation:** The cornerstone of this model's effectiveness lies in building the capacity of clients and their executing units to monitor and evaluate results effectively.
- 2.4 IDB's Project Executing agencies (PEAs) play a pivotal role in achieving the intended impacts of development projects, as they oversee daily execution. To enhance client ownership, it is essential to understand their priorities and capacity for Results-Based Management (RBM). However, there is limited knowledge about their internal structure, motivations, and decision-making processes. A recent IDB survey¹ revealed that while PEAs use key performance indicators to monitor their performance, these metrics often emphasize outputs and financial disbursements rather than broader developmental outcomes. Strengthening results ownership within PEAs and fostering a deeper understanding and commitment to project theories of change are critical to improving their effectiveness. Management has introduced significant innovations to provide agile tools that enhance effective project management. The IDB Client Portal now offers up-to-date solutions for project supervision, payment processing, and contract management. However, the key challenge lies in fostering a cultural shift toward tracking project progress with a results-oriented approach. This Technical Cooperation (TC) will play a pivotal role in building the capacity of executing units in results-based project management while consolidating the model for portfolio reviews with clients at the country level.
- 2.5 **Beneficiaries.** IDB's project executing agencies and other IDB operational stakeholders, particularly those designing, implementing/supervising, monitoring, and evaluating Bank operations will be the primary users of the tools, training and information generated by this TC. They will gain valuable guidance throughout the project cycle, strengthening their skills toward improving development results and fostering learning from past experiences, strengthening their capacity to overcome challenges during project implementation.

¹ Mejía, C. A., Carrizo, G. I. C., Martínez-Carrasco, J., Cerda, M., Kang, M., Villalba, H., & Yépez, C. (2024). Unveiling the IDB's Project Executing Units: Performance Indicators, Results-Based Management, and Demand for Knowledge.

- 2.6 **Strategic alignment.** The TC aligns with the IDB Group Institutional Strategy Transforming for Scale and Impact (CA-631) and supports the objectives of *reducing poverty and inequality, addressing climate change, and bolstering sustainable growth*. By revamping the Bank's operational approach across sectors and enhancing staff capacities, this TC aims to review and update project instruments and processes across the operational cycle to strengthen knowledge and improve development effectiveness, enabling a more effective response to the regional challenges. The TC is also aligned with the operational focus area of *institutional capacity, rule of law, and citizen security* through strengthened management, institutional capacity for project implementation and transparency at the national and subnational level to ensure impact in IDB Group operations. Additionally, the new institutional strategy calls for transforming the way we serve our region. It puts forward an impact-oriented vision, as well as the generation, access, and use of more and better knowledge to take timely actions during the implementation of the operations. Also, this operation is aligned with numeral 6.3 of the Strategy, which emphasizes the focus on "building a culture of impact, restructuring its processes, decision-making, and incentives to solidify an impact orientation" (IDB Group, 2024).²
- 2.7 This TC is also aligned with "The Ordinary Capital Strategic Development Program (OC-SPD)" (GN-2819-14), specifically with: i) the Inclusive Economic Growth Priority Area (W2F) while contributing to sustainable economic growth through the knowledge generation and operational support for Bank's clients; and ii) the strategic initiatives related to the implementation of IDBImpact+ (e.g. data and knowledge generation for greater impact, to collect or generate strategic and sustainable development effectiveness intelligence data).

III. Description of activities/components and budget

- 3.1 **Component 1. Providing foundational tools to embrace a culture of results among IDB stakeholders (US\$600,000).** This component supports the development and revamping of tools, methodologies, data analytics and strategies to improve the technical rigor of projects during preparation, implementation and supervision, focused on ensuring successful execution and improving the attainment of results. The implementation of all these activities will be done with our government counterparts in the region. This component will finance activities such as: (i) the development of evidence gap maps with country-specific data to support the selection and design of effective policies for IDB counterparts; (ii) the creation of sector-specific results indicator catalogs to support the monitoring of effective policies in the region; (iii) the design of robust economic analysis prototypes for investment operations to assess efficiency of policy interventions aiming at contributing towards countries' expenditure allocative efficiency; and (iv) the consolidation of tactical response teams at both the country and sector levels to proactively address delays and complexities during project execution, promoting rigorous adaptive management with a focus on development results in evolving country contexts.
- 3.2 **Component 2. Aligning priorities and initiatives among operations stakeholders (US\$200,000).** This component aims to enhance and develop cross-cutting instruments and processes to bolster capabilities of member countries, standardize planning and monitoring processes with our counterparts, and leverage data and

² IDB Group. 2024. IDB Group Institutional Strategy: Transforming for Scale and Impact.

technology to enable better monitoring of the impact of IDB country programs. Among these instruments and processes stand the following: (i) project kick-off process and supervision plans; (ii) Pluriannual Execution Plan (PEP) and the Annual Operational Plan (POA per its acronym in Spanish); (iii) proposal to standardize the and align them with other development effectiveness reforms; (iv) a results-focused project management model tailored to PEUs and IDB staff, and aligned to the results-based comprehensive portfolio management process; (v) analytic knowledge tracking system aligned with the knowledge platform; and (vi) the monitoring module within the Smart Portfolio platform.

- 3.3 **Component 3. Expanding clients monitoring and evaluation capacities (US\$200,000).** This component aims to strengthen a results-focused project management model tailored to PEUs and aligned with the results-based comprehensive portfolio management process. This component will finance activities such as training programs focused on enhancing the supervision, monitoring and evaluation capacity with multiple and modular paths according to the required depth of knowledge, emphasizing generating institutional capacity in PEUs. It will also fund activities aimed at disseminating new instruments and processes to strengthen the results-based management capabilities of PEUs, such as those developed in Component 2.
- 3.4 **Indicative Budget.** The total cost of this TC will be US\$1,000,000, financed by the Ordinary Capital Strategic Development Program (OC-SPD), Window 2 (W2F). Counterpart funding is not contemplated. The indicative budget for the operation is shown in Table 1. The disbursement and execution period will be 36 months.

Table 1. Indicative Budget (US\$)

Component	IDB/W2F	Counterpart Funding	Total Funding
Component 1. Providing foundational tools to embrace a culture of results among IDB stakeholders	600,000.00	0.00	600,000.00
Component 2. Aligning priorities and initiatives among operations stakeholders	200,000.00	0.00	200,000.00
Component 3. Expanding clients monitoring and evaluation capacities	200,000.00	0.00	200,000.00
Total	US\$1,000,000.00	0.00	US\$1,000,000.00

IV. Executing agency and execution structure

- 4.1 The Bank will be the executing agency of this TC through the Vice-Presidency for Sectors and Knowledge (VPS) in collaboration with the Vice-Presidency for Countries (VPC).
- 4.2 For Component 1, VPS' Sector Departments (INE/INE, SCL/SCL, IFD/IFD, CSD/CSD, PTI/PTI)³ and VPC's Country Departments (CSC/CSC, CAN/CAN, CCB/CCB, and

³ Based on the organizational changes approved by the Board of Executive Directors, starting January 1, 2025, a new Productivity, Trade, and Innovation Sector (PTI/PTI) will replace the current Integration and Trade Sector (INT/INT).

CID/CID) implement the activities under Component 1. The executive structure will facilitate the coordination of the TC, which will involve the participation of distinct VPS sectors or units, country departments and executing agencies.

- 4.3 For Component 1, resources will be allocated through a structured process designed to select proposals from country and sector departments. These proposals should prioritize the activities outlined in paragraph 3.1 and enhance the technical quality of projects during preparation, execution, and supervision. Key selection criteria include: (i) a clear assessment of each sector or country's specific needs and starting point; (ii) the robustness and scope of the proposal; and (iii) alignment with the effectiveness plans outlined in the new institutional strategy.
- 4.4 Execution of Component 2, cross-cutting themes, will be led by VPS/VPS and VPC/VPC.
- 4.5 The Research and Dissemination taxonomy of this TC justifies the execution by the Bank. The Bank's execution is also warranted as this is a regional TC where a regional entity with the legal capacity to execute the TC cannot be identified (as stated in the guidelines (OP-619-4)). The TC will finance activities in and across multiple countries and institutions in LAC and thus needs a centralized and internalized execution from Bank Headquarters.
- 4.6 **Procurement arrangement.** All procurement to be executed under this Technical Cooperation has been included in the Procurement Plan (Annex III) 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 and contracting of non-consulting services, in accordance with the Corporate Procurement Policy (GN-2303-33) and its Guidelines. VPS/VPS will be the responsible disbursement unit.
- 4.7 **Monitoring and reporting arrangement.** The monitoring and reporting activities for this TC will be managed by the VPS/VPS under the responsibility of the Project Team Leader in collaboration with VPC/VPC. Monitoring of the planned activities in this TC will follow the TC Monitoring and Reporting System–TCM (OP-1385-4).

V. Major issues

- 5.1 Two primary risks have been identified for TC executing and achieving its objectives:
 - a. PEUs may be hesitant to adopt new tools, particularly if they perceive these as adding complexity or extra burdens. This risk will be mitigated through the deployment of a robust change management strategy that includes: (i) adequate training and support for PEUs and internal stakeholders; (ii) dedicated support channels (e.g., helpdesk, coaching, mentoring) to address their questions or concerns in a timely manner; and (iii) leveraging early adopters and peer-to-peer learning, while encouraging a collaborative environment where PEUs can collectively troubleshoot challenges and find solutions.
 - b. With the involvement of various PEUs and multiple divisions, there is a risk of coordination challenges that could hinder the effective implementation of the new tools and processes. This risk could mitigate establishing a coordination mechanism, through already established focus points in the effectiveness

networks (one in VPC and one in VPS), to oversee the implementation, foster knowledge sharing and ensure alignment across divisions and countries.

VI. Exceptions to Bank policy

6.1 No exceptions to Bank policy have been identified.

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:

[Results Matrix_95492.pdf](#)

[Terms of Reference_22898.pdf](#)

[Procurement Plan_78107.pdf](#)