

Technical Cooperation Abstract

I. Basic Information

▪ Country/Region:	Regional
▪ TC Name:	Technical Management of the Institutional Capacity Strengthening Fund (ICSF)
▪ TC Number:	RG-T2768
▪ Team Leader/Members:	Roberto Manrique (IFD/IFD), Team Leader; Blanca Paola Torrico Duran (IFD/CTI); and Maria Sofia Greco (LEG/SGO)
▪ Taxonomy:	Research & Dissemination
▪ Date of TC Abstract:	April 27, 2016
▪ Beneficiary	IDB borrowing member countries
▪ Executing Agency and contact name:	Inter-American Development Bank (IDB), through the Institutions for Development Sector (IFD/IFD)
▪ Donors providing funding:	Institutional Capacity Strengthening Thematic Fund (ICSF)
▪ IDB Funding Requested:	US\$300,000
▪ Local counterpart funding, if any:	N/A
▪ Disbursement period (which includes execution period):	30 months
▪ Required start date:	
▪ Types of consultants (firm or individual consultants):	Individual Consultants and Firms
▪ Prepared by Unit:	IFD/IFD
▪ Unit of Disbursement Responsibility:	IFD/IFD
▪ Included in Country Strategy (y/n);	N/A
▪ TC included in CPD (y/n):	
▪ GCI-9 Sector Priority:	Institutions for Growth and Social Welfare (GN-2587)

II. Objectives and Justification of the TC

- 2.1 Public sector experts have identified weak institutional capacity as one of the single most important obstacles to sustainable economic growth and long-term poverty reduction. Building strong institutional capacity is a minimum requirement to improving the efficiency of public expenditures, safeguarding citizens' and economic rights, ensuring efficacy and transparency in government administration, elevating the quality of government policy, and strengthening social cohesion and inclusion.
- 2.2 To contribute to the region's efforts in addressing this issue, the Bank approved the "Institutional Capacity Strengthening Fund," (ICSF) in September 2009, with a special contribution of US\$75 million made by the Government of China. The ICSF was designed to support institutional capacity strengthening in all sectors.
- 2.3 **Objectives:** This TC aims to support the technical management and execution of the ICSF for the years 2016 and 2017, with the targets to 1) maintain high quality performance of the projects (a healthy portfolio with high disbursement ratio and low alert rate) through integral and proactive portfolio management and effective oversight mechanism; 2) increase the visibility of the results achieved by ICSF-funded operations through innovative dissemination strategies and result-based monitoring; 3) develop a comprehensive evaluation and effective reporting of results to the key external stakeholders and the Bank management.

- 2.4 **Justification:** The ICSF is among the largest funds in the Bank. By the end of 2015, the ICSF has allocated over US\$70 million resources to 165 projects, and has currently an active portfolio of 69 projects equivalent of US\$ 28.5 million under execution. The projects financed by ICSF cover all the IDB borrowing member countries, and involves all the sectors at the Bank. Such a large portfolio and extended coverage requires a technical advisor dedicated to the Fund in order to secure its quality management.
- 2.5 The TCs that supported the technical management of ICSF have played significant roles in systemizing the management flow of the fund, therefore ensuring the performance of the ICSF-funded projects and promoting the positive results of the operations. The management of the ICSF during 2012 and 2013 was supported through RG-T2185 and for the period 2014-2016 through the RG-T2437. Through the support of the TC, ICSF-funded interventions have gained visibility both inside and outside the Bank. Both the operational guidelines (GN-2697) and the performance report of the ICSF (GN-2524-2) were submitted to the Board of Directors in 2013, and the ICSF has been recognized for its proactive approach to portfolio management. The ICSF also has developed its own website¹ which contains information of the background and objectives of the Fund, knowledge products, highlighted videos, events, and reports.
- 2.6 Building on the previous management experiences (RG-T2185 and RG-T2437), ICSF achieved satisfactory performance of the portfolio and the exposure of the good outcomes of the operations. Under these TCs, the ICSF also maintained with below-average alert ratios. In September 2015, an ICSF presentation and the *ICSF Performance Report 2013-2015* were presented to the People's Bank of China (PBC) in September, 2015, receiving high praise for the progress and tangible results, as well as interest in the development of more exchanges and dialogues between China and LAC institutions. In October 2015, an event co-sponsored with the technical secretariat of other programs and funds in IFD showcased the results and impacts of ICSF-funded projects for audience from the entire IDB, which gained meaningful exposure of the fund and generated interest from other sectors and departments of the Bank.²
- 2.7 During the ICSF Eligibility and Strategic Committee meeting at the beginning of 2016, the Committee agreed and supported conducting a final evaluation of the ICSF to analyze the results, highlight the achievements and summarize the legacy.
- 2.8 The proposed TC, building on the results and experience achieved from RG-T2185 and RG-T2437, will allow client countries to maximize their benefits from the ICSF through timely and high quality fund management. This TC will also support an effective showcasing of the contribution that the ICSF has had to the strengthening of institutions in the region in the past years to China. Finally, the TC will implement a final evaluation of the ICSF to analyze the results, highlight the achievements and summarize the legacy as indicated by the ICSF Eligibility and Strategic Committee (ESC) in January 2016.
- 2.9 This TC is aligned with the Update to the Institutional Strategy 2010 -2020 of the Bank since it enables projects and activities that aim to strengthen the capacity of

¹ ICSF website: <http://www.iadb.org/en/topics/government/institutional-capacity-strengthening-fund.9239.html>

² Link to the video of the event: <https://vimeo.com/144415330>

the state and promote cooperation among governments, civil society and private sector within the region and beyond. This TC will secure the achievements of the objectives of the ICSF with concrete results, and ensure the efficiency and responsiveness of the operation process, thus improving development effectiveness in the institutional capacity area.

III. Description of activities/components and budget

- 3.1 **Component I. Integral technical management of the ICSF.** This component aims at maintaining and strengthening the Fund's technical management, benefiting the existing portfolio and future proposals. The activities of this component will include: (i) support the ICSF Eligibility and Strategic Committee (ESC) on the Fund's strategy and on the technical cooperation eligibility process; (ii) identification and management of demand for ICSF resources, including the adequate and timely analysis of potential TC proposals, providing technical guidance to project teams, and liaising with the ICSF Strategic and Eligibility Committee; and (iii) strengthening portfolio management, ensuring an updated project database, with tracking of projects' financial and performance indicators and maximization of available resources; (iv) take charge of the dissemination activities as explained under Component 2.
- 3.2 This component will finance consultancy services for the role of Technical Advisor to the ICSF, as well as travel expenses associated to this role.
- 3.3 The expected result of this component is to contribute to the selection and implementation of projects funded under the ICSF, maximizing the impact of ICSF financed projects in client countries. A timely, proactive and high quality management by the Technical Secretariat of each proposal presented is expected to lead to improved execution of the proposed activities, closer monitoring and oversight of results achieved and better outcomes for client countries.
- 3.4 **Component II. Strategic dissemination of results achieved by the ICSF.** This component aims at contributing to the dissemination of the Fund's interventions and activities, including information regarding the progress and outcomes of the projects financed with Fund resources. The proposed TC will develop efforts to consolidate and disseminate results of the ICSF funded operations. Some of the main activities of this component include: (i) periodic updates to the content and design of the ICSF website; (ii) the preparation of progress reports, presentations and/or other dissemination material (multimedia) of ICSF activities for the administration, People's Bank of China, Board of Directors and client countries (content, design, printing or production); (iii) media products highlighting results; (iv) knowledge-centered events such as brown bag lunches and seminars co-sponsored with other Special Programs and Trust Funds.
- 3.5 This component will finance consultancy services needed for the preparation of ICSF dissemination products, as well as the organization of the events.
- 3.6 The expected result of this component is to enhance accountability to client countries, People's Bank of China, the administration and the Board of Directors through stronger dissemination of the Fund's results. In addition, the impact of the operations funded by the ICSF is expected to gain more recognition and be shared among a larger audience through the dissemination activities, therefore

fulfilling the mission of the Fund. This enhanced accountability and broad visibility will contribute to the consolidation of the collaboration between Chinese institutions and the IDB.

- 3.7 **Component III: Comprehensive evaluation and effective reporting of results.** As agreed and supported by the Eligibility and Strategic Committee, it is timely and important to make a comprehensive evaluation of the results of the Fund with the perspective that the ICSF resources currently available will be exhausted in 2017. This component aims to support the in-depth analysis and evaluation of the ICSF, presenting the final results to key stakeholders, and formulating the strategy moving forward. The activities will include: (i) an integral performance review report for the period 2010-2017, with thorough evaluation of selected projects and/or areas of intervention; and (ii) an official visit to the People's Bank of China presenting the final performance and results of ICSF, in particular the achievements of ICSF in strengthening the LAC-China relations. (iii) On the basis of the results and achievements, a workshop convening key stakeholders of the ICSF to discuss and contemplate the strategies for continued effort to strengthen institutional capacity in the region.
- 3.8 This component will finance consultancy services for doing the evaluations and for preparing the final performance report, travel expenses for the technical mission to China, and organization of the workshop.
- 3.9 The expected result of this component is to formally conclude the ICSF operations and to consolidate the legacy of the ICSF funded projects. It will provide evidence of ICSF results and impact to the stakeholders both internal and external. It will also consolidate the lessons and best practices in the area of institutional capacity strengthening that will be valuable for future interventions.

Indicative Results Matrix

Outcomes			
Indicator	Baseline	Target	Date
% of TCs in alert	10% ³	8%	Q2 2017
Total number of participants in ICSF sponsored dissemination events	170 ⁴	300	Q4 2017
Outputs			
	Indicator	Target	Date
Component 1: Integral technical management	Quarterly Business Review prepared for Office of the Manager IFD	8	Q4 2017
	Annual Business Review prepared for Office of the Manager IFD	2	Q1 2018
	2017 ICSF pipeline	1	Q1 2017
	Report on dissemination activities	2	Q1 2018
	Report on portfolio performance (at request)	TBD	TBD
Component 2: Strategic dissemination of results	BBLs and seminars held related to ICSF supported areas of intervention	2	Q1 2017
	Media products showcasing ICSF results	2	Q3 2017
	ICSF website updated	2	Q1 2018
Component 3: Comprehensive evaluation and effective reporting of results	ICSF Performance and evaluation report	1	Q3 2017
	Reporting activity – technical mission to China	1	Q4 2017
	Workshop – strategies going forward	1	Q1 2018

³ Q1 2016

⁴ Participants in dissemination activities organized in 2015.

IV. Description of activities/components and budget

Indicative Budget

Activity/Component	Description	Total Funding (US\$)
Component 1. Integral technical management	International Consultant Technical Advisor	140,000
Subtotal Component 1		140,000
Component 2. Strategic dissemination of results	BBLs and seminars	20,000
	Media products and other dissemination products	20,000
Subtotal Component 2		40,000
Component 3: Comprehensive evaluation and effective reporting of results	ICSF performance and evaluation	70,000
	Technical mission to China	15,000
	Key stakeholder workshop	15,000
Subtotal Component 3		100,000
Contingent resources		20,000
TOTAL Budget		300,000

V. Executing agency and execution structure

- 5.1 The executing agency for this TC will be the IFD/IFD. The Front Office team at IFD is the direct managing body of trust funds and special programs under the department, including the ICSF. Additionally, IFD's close working relationship with China through the ICSF positions IFD well both as convener and facilitator for the proposed dissemination activities.
- 5.2 The unit of disbursement responsibility will be IFD/IFD, in its role of Technical Secretariat of the ICSF.
- 5.3 Procurement: The Bank will contract all the consulting firms and services in accordance with the Corporate Procurement Policies (GN-2303-20) since it is a TC for research and dissemination. For the selection and contracting of individual consultants will apply the norms of IDB Human Resources Department (AM 650).

VI. Risks and Mitigation Measures

- 6.1 **Comprehensive management, dissemination and reporting of results:** One of the main risks is the potential difficulties in obtaining reliable, timely and substantial performance information regarding the TCs funded by the ICSF. This risk may affect both the adequate management of the Fund and the dissemination of results achieved. This risk will be mitigated by allocating resources to closely and regularly monitor and work with project teams in documenting the results achieved by TC activities, and properly systematize the information submitted by them or reported in Bank systems. The Technical Secretariat is expected to work with project teams in the preparation of communication products and the organization of dissemination activities (BBLs, seminars, workshops) in order to encourage them to share quality information.
- 6.2 **Evaluation:** Given the ample nature of the fund and the multiplicity of countries and sectors supported with ICSF resources, the results of the evaluation may not lead to a substantive assessment of the ICSF results and a set of enhancements for a subsequent phase of the fund. To mitigate this risk, the project team will prepare terms of reference with scope of works that detail the specific tasks to be conducted by the consultants, the subset of projects to be reviewed, and the

expected results; and closely oversee the work of the consultants. The project team will also work closely with team leaders to ensure access that quality information is provided, and that key beneficiaries are interviewed in the process

VII. Exceptions to Bank policy

- 7.1 There are no exceptions to Bank policy.

VIII. Environmental Strategy

- 8.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "C." (see [Safeguards Policy Filter Report and the Screening Form](#)).