

Technical Cooperation Document

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; Maria Inés Vázquez (IFD/IFD); Blanca Torrico (IFD/CTI), Project Assistant; Maria Sofia Greco (LEG/SGO), Attorney
▪ 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):	36 months
▪ Required start date:	July 1 st , 2016
▪ 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

- 2.1 Public sector experts have identified weak institutional capacity as 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:** The overall objective of this Technical Cooperation (TC) is to bolster the impact of the ICSF in terms of enhanced support to institutional capacity strengthening, portfolio quality and knowledge management and dissemination. The specific objectives of this TC are to: (i) maintain high quality performance of the projects through integral and proactive portfolio management and effective oversight mechanism; (ii) increase the visibility of the results achieved by ICSF-funded operations through innovative dissemination strategies and result-based monitoring; and (iii) develop a comprehensive evaluation and effective reporting of results to the key external stakeholders and the Bank management.

- 2.4 **Justification:** By the end of first semester of 2016, the ICSF has allocated over US\$70 million resources to 170 projects, and has currently an active portfolio of 65 projects equivalent of US\$28.3 million under execution. The projects financed by ICSF cover all the IDB borrowing member countries, and involve all the sectors at the Bank. Such a large portfolio and extended coverage requires personnel and resources dedicated to the Fund in order to facilitate its efficient management, monitoring and dissemination.
- 2.5 Previous TCs that supported the technical management of ICSF have played a significant role in systemizing the management of the fund, therefore ensuring the performance of the ICSF-funded projects and disseminating the 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. Thanks to the support of these TCs, the ICSF has achieved satisfactory performance of the portfolio maintaining below-average alert ratios and having showcased the results of the projects to internal and external audiences.
- 2.6 Regarding the exposure of the good outcomes of the ICSF-funded operations, visibility has been gained both inside and outside the Bank. The ICSF has developed its own website¹ which contains information of the background and objectives of the Fund, knowledge products, highlighted videos, events, and reports. In September 2015, a summary of the [ICSF Performance Report 2013-2015](#) was presented to the People's Bank of China (PBC), 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 special programs and other funds in IFD showcased the results and impacts of ICSF-funded projects to a broad IDB audience. This event increased exposure to the fund activities and impact.²
- 2.7 During the ICSF Eligibility and Strategic Committee meeting at the beginning of 2016, the Committee requested a final evaluation of the ICSF to analyze the results, highlight the achievements and summarize the fund's impact and main lessons. Some of the lessons learned from the past ICSF management experience are: (i) proactive and timely communication with the team leaders pre and post project approval will directly contribute to the satisfactory fulfillment of the ICSF mandate, as well as maintaining operational performance on track; (ii) effective portfolio management enables the coordinated effort of results showcasing to the key stakeholders both internally and externally; and (iii) strategic dissemination activities, such as knowledge oriented seminars, are well received by a wide range of audience, which gives the ICSF exposure and recognition.
- 2.8 This TC is aligned with the [Update to the Institutional Strategy 2010 -2020](#) (approved in March, 2015) of the Bank since it contributes to strengthening the capacity of the state and promotes cooperation among governments, civil society and private sector within the region and beyond.

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>

III. DESCRIPTION OF ACTIVITIES/COMPONENTS AND BUDGET

- 3.1 **Component I. Comprehensive technical management of the ICSF.** This component aims at maintaining and strengthening the Fund's technical management and oversight, benefiting the existing portfolio and future proposals. The activities of this component will include consultancy services to support: (i) the ICSF Eligibility and Strategic Committee (ESC) on the Fund's strategy and on the technical cooperation eligibility process; (ii) the identification and management of demand for ICSF resources, including the adequate and timely analysis of potential TC proposals, providing guidance to project teams, and liaising with the ICSF Strategic and Eligibility Committee; (iii) strengthening the technical management of the portfolio, tracking projects' performance indicators and maximizing available resources; and (iv) the dissemination activities as detailed under Component 2.
- 3.2 The expected result of this component is to contribute to the selection, design and implementation of projects funded under the ICSF, maximizing the impact of ICSF financed projects in client countries. A timely, proactive and efficient technical management of each proposal submitted to and financed by the Fund should lead to improved execution of the initiatives and the overall evaluation of the ICSF.
- 3.3 **Component II. Strategic dissemination of results.** This component aims at generating the dissemination materials of the Fund's activities and results of the projects financed with Fund resources. This TC will help consolidate and disseminate results of the ICSF funded operations with the support of consulting services. Some of the main activities of this component include: (i) periodic updates to the content and design of the ICSF website, which will involve contents upload, video upload, site design improvement, promotion of website usage and exposure, etc. in alignment with Bank's technical requirements and the corporate identity; (ii) the preparation of dissemination material (multimedia) of ICSF activities and results for the various stakeholders including our member countries, Bank management and representatives of the People's Bank of China (content, design, printing or production); and (iii) knowledge-centered events such as brown bag lunches and seminars co-sponsored with other Special Programs and Trust Funds.
- 3.4 The expected result of this component is the enhanced ICSF visibility and accountability to client countries, the Bank and other stakeholders. In addition, the impact of the operations funded by the ICSF is expected to contribute to the consolidation of the collaboration between Chinese institutions and the IDB.
- 3.5 **Component III: Comprehensive evaluation and effective reporting of results.** Given that the current available ICSF resources are expected to be exhausted in the coming months, it is timely and important to make a comprehensive evaluation of the Fund. This component will finance consulting services for the evaluation of the ICSF, including the following activities: (i) a comprehensive evaluation for the period 2010-2017; 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; and (iii) a workshop convening key stakeholders of the ICSF to discuss, based on the evaluation report, the strategies for efforts for a possible continuation of the ICSF and other efforts to strengthen institutional capacity in the region.

- 3.6 With the support of consulting services, the evaluation is expected to develop three levels of analysis: First, the evaluation will cover the management of the ICSF within the Bank, and the relations established with the main stakeholders. At this level, the evaluation will address the following topics: (i) alignment of the Program with the IDB Institutional Strategy and other relevant sector and country strategies; (ii) governance, quality and effectiveness of the technical management and (iii) stakeholder management and networks established with the main stakeholders (member countries, donors, senior management, and project team leaders, among others). Second, the evaluation will provide an assessment of the alignment of the TCs with the general objectives and components of the ICSF and their contribution to support and enhance Banks's loan portfolio. Third, the evaluation will focus on a representative sample of TCs financed by the ICSF to assess the impact of the results achieved by these projects in the client countries in the region.
- 3.7 The expected result of this component is a consolidated assessment of the results of the ICSF funded projects and activities, providing evidence of results and impact to both internal and external stakeholders. It will also consolidate the lessons and best practices in the area of institutional capacity strengthening that should be valuable for future interventions.

Table 1. Indicative Results Matrix

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Component	Indicator	Unit of measure	Baseline June 2016	Year 2016-2017		Year 2017-2018		Means of verification
				Target	Date	Target	Date	
Component 1: Comprehensive technical management	Quarterly Business Reviews prepared	# of reports	2	2	Q4 2016	4	Q4 2017	Business reviews distributed by the IFD Office of the Manager
	Annual Business Reviews prepared	# of reports	2	1	Q1 2017	1	Q1 2018	Business reviews distributed by the IFD Office of the Manager
	2017 ICSF pipeline prepared	# of pipeline reports	0	1	Q1 2017	--	--	Pipeline reports used by the ICSF Technical Secretariat at the beginning of the year
	Report on dissemination activities submitted	# of reports	0	1	Q1 2017	1	Q1 2018	Report distributed by the ICSF Technical Secretariat
	Specific reports on portfolio performance prepared (upon request)	# of reports	0	3	Q2 2017	3	Q2 2018	Report distributed by the ICSF Technical Secretariat
Component 2: Strategic dissemination of results	BBLs and seminars held related to ICSF supported areas of intervention	# of events	0	1	Q4 2016	1	Q3 2017	Event invitation sent by the ICSF Technical Secretariat
	Total number of participants in ICSF sponsored dissemination events	# of attendants	170 ³	100	Q4 2016	100	Q4 2017	Reports for the dissemination events
	Media products showcasing ICSF results produced	# of infographics, videos or other type	4	1	Q4 2016	1	Q3 2017	Infographics, videos and etc., published on the ICSF website
	ICSF website updated	# of updates to the ICSF website	0	1	Q1 2017	1	Q1 2018	Screenshot and web link to the ICSF website
	# of visitors to the ICSF website	# of visitors annually	0 ⁴	300	Q4 2016	300	Q4 2017	Website traffic record
Component 3: Comprehensive evaluation and effective reporting of results	ICSF performance and evaluation report published	# of reports	0	--	--	1	Q3 2017	ICSF evaluation report made available on IDBdocs
	Reporting activity – technical missions to China delivered	# of missions	0	1	Q4 2016	1	Q4 2017	Back to office report
	Workshop convened – strategies going forward	# of workshops	0	--	--	1	Q1 2018	Minutes from the meetings

³ Participants in dissemination activities organized in 2015.

⁴ The tracking of the number of visitors will start once the TC starts its execution.

- 3.8 The total amount of this project will be US\$300,000 fully funded by the Bank through the Institutional Capacity Strengthening Fund (ICSF). Table 2. splits this budget among the different components, for more details see the Annex II.

Table 2. Indicative Budget (in US\$)

Activity/Component	Description	Total Funding (US\$)
Component 1. Comprehensive technical management	Consultancy to support ICSF technical management of the portfolio, supervising and coordination of dissemination activities and the final evaluation	140,000
Subtotal Component 1		140,000
Component 2. Strategic dissemination of results	BBLs and seminars	10,000
	Media products and other dissemination products	30,000
Subtotal Component 2		40,000
Component 3: Comprehensive evaluation and effective reporting of results	ICSF performance and evaluation	70,000
	Technical missions to China	15,000
	Key stakeholder workshop	15,000
Subtotal Component 3		100,000
Contingent resources		20,000
TOTAL Budget		300,000

IV. EXECUTING AGENCY AND EXECUTION STRUCTURE

- 4.1 The executing agency for this TC will be the Inter-American Development Bank (IDB), through the Institutions for Development Sector (IFD), which is responsible for the technical management of the trust funds and programs, including the ICSF. Additionally, IFD's close working relationship and partnership with China positions IFD well both as convener and facilitator for the proposed activities.
- 4.2 The unit of disbursement responsibility will be IFD/IFD.
- 4.3 **Procurement.** The Bank will contract individual consultants, consulting firms and non-consulting services in accordance with Bank's current procurement policies and procedures.
- 4.4 Prior to the initiation of the activities in any regional countries, letters of non-objection will be sought from the Bank's liaison offices in such countries.

V. RISKS AND MITIGATION MEASURES

- 5.1 **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.

- 5.2 **Evaluation:** Given the ample nature of the fund and the multiplicity of countries and sectors supported, the results of the evaluation may not lead to a substantive assessment of the ICSF results. To mitigate this risk, the project team has prepared detailed terms of reference with a viable approach and methodology for the evaluation and will work closely with the consultants throughout the process. 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.

VI. EXCEPTIONS TO BANK POLICY

- 6.1 There are no exceptions to Bank policy.

VII. ENVIRONMENTAL STRATEGY

- 7.1 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](#)).

Required Annexes:

- Annex I - [Terms of Reference](#).
- Annex II - [Procurement Plan](#).

TECHNICAL MANAGEMENT OF THE INSTITUTIONAL CAPACITY STRENGTHENING FUND (ICSF)

RG-T2768

CERTIFICATION

I hereby certify that this operation was approved for financing under the Institutional Capacity Strengthening Thematic Fund (ICS) through a communication dated **May 25, 2016** and signed by Kai Hertz. Also, I certify that resources from said fund are available for up to **US\$300,000** in order to finance the activities described and budgeted in this document. This certification reserves resource for the referenced project for a period of **four (4) calendar months** counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, i.e. represent a risk that will not be absorbed by the Fund.

Original Signed

Sonia M. Rivera

Chief

Grants and Co-Financing Management Unit

ORP/GCM

7/19/16

Date

Approved:

Original Signed

Ana María Rodríguez Ortiz

Manager

Institutions for Development Sector

IFD/IFD

7/21/2016

Date