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**ANNUAL REPORT OF THE CHAIRPERSON OF THE
POLICY AND EVALUATION COMMITTEE 2012-2013**

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Annual Report of the Chairperson of the Policy and Evaluation Committee 2012-2013

The Policy and Evaluation Committee met in 36 occasions (including one informal meeting) over the period July 2012 to June 2013. The workload of the Committee was heavy and a substantial number of meetings were dedicated to the consideration of the Midterm Evaluation of IDB-9 Commitments. It was a significant effort from all those involved and I want to thank Committee members for gracefully dealing with long meetings, sometimes held at early hours and at an accelerated pace. I also wish to express my recognition for the work accomplished by the Office of Evaluation and Oversight (OVE) and by Management in general. Special words of thanks to Carmen Comin for the coordination of our work, and to Miguel Empis for his support as Secretary of the Committee. Finally I want to stress the outstanding support I received from Margarita Orozco, working well after hours, that enabled me to present on time the Chairperson's report on OVE's Mid-Term Evaluation for the Annual meeting in Panama. This report is structured in chronological order.

1. Proposal for the Establishment of a Reallocation Program (19JUL12 – Document FN-672)

At a meeting held jointly with the Budget and Financial Policies Committee (BUFIPOL) Directors were supportive of the proposal which will provide additional flexibility to accommodate the needs of clients. The debate focused on the likely demand for the facility, its potential impact on the Bank's lending capacity and income generation. It was agreed that a review of the program should be undertaken after 18-24 months of its onset.

2. Strategies, Policies, Sector Frameworks and Guidelines at the IDB (24JUL12 – Document GN-2670)

Management presented a proposed new regulatory framework composed of sector strategies, cross sectoral policies, sector framework documents and sector guidelines which resulted from an extensive dialogue between the Committee and Management. The Committee welcomed Management's efforts to update and streamline the Bank's regulatory framework ensuring consistency with the mandates originating from the GCI-9. Some concerns were expressed on the Board of Director's authority regarding the Bank's regulatory framework considering that Management will have the authority to approve Sector Framework Documents which, in some cases, will replace sector policies formerly approved by the Board. It was clarified that the Board will maintain the prerogative to approve the Sector Strategy Profiles and the final Strategies as well as the profiles of Cross-sectoral Policies and the final Policies.

3. Evaluation of Transnational Programs at the IDB (26JUL12 – Document RE-415)

Several Chairs questioned the notion of transnational operations adopted by OVE, noting that many national projects had significant impact in regional integration. Management also recalled that the Bank's Integration Strategy had been designed to pursue the IDB-9 mandate regarding regional integration primarily through national operations. The political willingness of borrowing countries to commit to regional projects was debated and several Chairs believed the Bank should play a more active role in terms of coordination amongst beneficiaries and use technical assistance resources to promote this sort of

operations. Considering that the annual budget for technical cooperation had a cap established by the IDB-9, streamlining the number of special programs was recommended in order to better respond to the needs of the region. Project categorization was debated and some Chairs suggested holding a technical briefing on the subject.

4. Appointment of the Members of the Access to Information External Review Panel
(26JUL13, Document GN-2672)

In line with the Access to Information Policy, the Committee endorsed the appointment of the three members composing the Access to Information Review panel. The Panel will act as a second-stage review for requests from parties outside the Bank when a decision to deny access to certain information is maintained by Management. Decisions by the Panel are final.

5. Approach paper - 2011 Evaluability Review of Bank Projects (31JUL13 – Document RE-397)

The Committee commended OVE and Management for the constructive nature of their cooperation and Management's commitment to incorporate OVE's recommendations in the preparation of Development Effectiveness Reports. Concerns were expressed regarding the findings on the evaluability of NSG operations and it was agreed that the new evaluation tool being designed should be based on the development impact and additionality of operations. Some Chairs cautioned that evaluability measures for NSG operations should be reasonable in terms of cost in order to avoid affecting the Bank's competitiveness.

6. Approach Paper - Evaluation of the Independent Consultation and Investigation Mechanism (31JUL13, Document RE-416)

The Committee endorsed OVE's proposed approach for the ICIM evaluation basically insisting that the major focus of the evaluation should be the appropriateness of the mechanism's structure, procedures and incentives to fulfill its functions and objectives.

7. Fourth Independent Evaluation of SCF's Expanded Project Supervision Report Exercise
(2AUG12, Document RE-332-6)

Although Management accepted OVE's recommendations, it was pointed out that most of the projects analyzed in the framework of the evaluation had been approved prior to the implementation of the Development Effectiveness Matrix (DEM). The question regarding the cost of evaluations was discussed and it became clear that if in the context of large operations it should not be a problem for the borrower to bear the cost, for small loans it could prove complicated. Once again, Committee members reiterated the need for a broader discussion on the Bank's private sector operations.

8. Review of the Project Completion Reporting (PCR) System for Sovereign Guarantee Operations (2AUG12, Document RE-417)

Management concurred with all the findings and recommendations from OVE, noting that joint work was ongoing to develop a new PCR template, a system of incentives and the handling of PCR-related costs. Some Directors noted that the new PCRs should present information useful for the use by borrowing countries and should generate lessons learned to be applied to future project design. Management

explained that the Development Effectiveness Framework and Sector Policy Frameworks would be the tools to reflect and compile lessons learned from PCRs. It was agreed that Management would come back to the Committee with the proposed changes to the PCR architecture.

9. Report on Implementation of the Access to Information Policy

(4SEP12, Document GN-1831-34)

A new unit - Access to Information Section (SEC/ATI) - was now in charge of the implementation of the Access to Information Policy, replacing the Department of External Relations. Committee members emphasized the importance of a user friendly website to facilitate searches and access to the Bank's documents disclosed to the public. The publication of voluntary statements by Executive Directors and the disclosure of reports commissioned by the Board were discussed. It was agreed that Management should produce a chart containing the flow of information and attributions and responsibilities of each unit involved in the implementation of the policy. The document that contains this information is GN-1831-37.

10. Proposal for Modifications and Clarifications to NSG Lending Policy

(11SEP12, Document GN-2400-14)

The majority of the Committee supported the proposal though some Chairs expressed reservations regarding its timing bearing in mind the announced debate on the Bank Group's private sector operations. Discussions centered on the structure of Public-Private Partnerships (PPPs) immunities and country eligibility. A number of Chairs disagreed with the proposal to eliminate the country eligibility requirement for NSG operations.

11. Implementation of the Strategy for Indigenous Development: Lessons learned from the portfolio review

(18SEP12, Document RE-419)

OVE noted that despite the Bank's explicit intention to address indigenous issues and the adoption of a policy and a strategy for this purpose in 2006, it appeared that the issue had become less visible in country strategies and that there had been fewer operations directly impacting indigenous populations. Many of these operations lacked the required metrics to allow the evaluation of their real impact. Management concurred with most of OVE's findings and highlighted ongoing efforts to act on recommendations, including through the preparation of a "Development with Identity" action plan identifying specific evaluations in sectors considered priorities for indigenous peoples. It was agreed to hold a technical briefing to provide more information on the action plan.

12. Evaluation of the Fund for Special Operations during the Eighth Replenishment

(1994-2010) – Part II (18SEP12, document RE-409-1)

OVE's findings reflected that the FSO had been an important source of debt relief, contributing significantly to the reduction of the debt stock and debt service of beneficiary countries. The use of FSO resources had led to substantial progress in recipient countries, especially in the areas of infrastructure and social sectors, though progress had been insufficient to significantly reduce the gap between FSO countries and the regional average. OVE noted that findings had been limited by a lack of adequate metrics for many of the operations reviewed. For this reason, OVE was not in a position to make more substantive recommendations. The sustainability of the Fund was debated and Management informed that

for the new Project Completion Report template, FSO operations would be included in the sample of projects for which ratings were to be validated.

13. OVE's Proposed 2013-2014 Work Program and Budget (16OCT13 – Document RE-421)

Committee members commended OVE for the work undertaken in 2012, recognizing the improved coordination with relevant areas of the Bank. The proposed work program and budget received ample support and issues discussed had to do with the follow up of OVE's recommendations, the articulation between Country Program Evaluations and respective Country Strategies and the possibility of OVE undertaking more analytical work on innovative instruments and initiatives.

**14. Enhancing the Development Impact of Private Sector Operations at the IDB Group:
A Renewed Vision and Preliminary Restructuring Options (6NOV12 and 1FEB13,
Document GN-2682)**

This was a preliminary discussion on the subject, following up on the consideration of document "Enhancing IDB Bank Group Assistance to the Private Sector: Review and Preliminary Options" in November 2012. The Committee agreed to submit an executive summary of the document for consideration by the Board of Governors during the annual meeting in Panama and on the importance of obtaining a mandate from Governors to begin consideration of a reform for the Bank's private sector operations.

**15. OMJ Plan for Implementing Recommendations 1 (a-c) of the Evaluation of the
Opportunities for the Majority Initiative (4DEC12 – Document GN-2430-18)**

The action plan was prepared in response to OVE's evaluation and was welcomed by Committee members. The importance of focusing efforts aiming at impact evaluations in quality rather than in quantity was agreed, and several Chairs recommended OMJ to be selective with the operations to be evaluated in order to maintain an adequate balance between the cost and benefits of evaluations. OVE expressed doubts about the viability of OMJ's business model to finance projects aiming at reaching the poor and at the same time generating profits without using subsidies. Committee members reiterated their interest in seeing the harmonization of the various development effectiveness tools for the Bank Group's private sector windows.

**16. Evaluation of the Independent Consultation and Investigation Mechanism (ICIM)
(18 DEC12, Document RE-416-1)**

In a joint meeting with the Organization, Human Resources and Board Matters Committee (OHRA) a majority of Directors expressed preference for an orderly transition aiming at reforming the Mechanism while maintaining its activities and the policy in force until a revised policy was approved by the Board of Directors. All Chairs reiterated the support for the existence of an independent and well-functioning Mechanism to ensure the compliance of Bank operations with its policies. The Committees agreed with the need to proceed as soon as possible with the recruitment of an interim Director for the Mechanism to whom its three principals would report, and of a consultant who would be in charge of preparing proposals for a new structure of the ICIM and for a revision of the current policy. It was also agreed that internal and external communication strategies should be developed to keep audiences informed of the process and that the revised policy should be submitted to the regular public consultation process.

17. OVE's IDB-9 evaluation (16JAN13 to 26FEB13, Document RE-425)

The Mid-term Evaluation of IDB-9 Commitments was composed of an overview report, summarizing the conclusions of evaluations and containing ten priority recommendations to help the Bank implement the reforms agreed in the framework of the Ninth General Capital Increase, and of twenty two background papers comprising detailed observations and suggestions regarding specific areas evaluated. Management prepared responses to the overview report and to all the background documents. A total of fourteen meetings of the Committee were dedicated to the subject, from December 2013 to May 2013. The most relevant part of the Committee's work however, took place in January and February since there was a need to present a report (RE-425) on the ten recommendations from OVE to the Governors in the Annual Meeting in Panama.

Considering that the Chairperson's report (RE-425-4) contains a detailed description of discussions regarding each recommendation and conclusions reached, I will refrain from repeating them in this annual report. The remaining background papers which were not associated with the ten recommendations were also considered by the Committee after the Annual Meetings at a more reasonable pace.

18. Development Effectiveness Overview (DEO) 2012 (26FEB13, Document GN-2702)

With the purpose of reaching to a broader audience, the report incorporated internet links to information that could be updated and a more visual and interactive layout with more user-friendly technology. The new format was applauded by part of the Committee members whilst others believed it made reading harder and obscured its contents. Considering the DEO's dual purpose of serving as an accountability tool as well as an institutional learning instrument, Directors asked Management to strengthen the part related to project evaluation and to improve the presentation of results and lessons learned from both project successes and failures. Management noted that in 2013 the Development Effectiveness Framework would be completed with the rollout of the improved project completion report and the new evaluability matrix for non-sovereign guaranteed operations.

19. IDB and Higher-Middle income Countries (11 MAR13, Document RE-447 and 12APR13, Document RE-447-2)

The Committee considered this subject on two occasions, starting by OVE's evaluation followed by Management's proposal for implementation of OVE's recommendations. Several Directors expressed disappointment at the evaluation considering that it was too broad and that it would have benefitted from differentiating the countries comprised in this group by criteria like their level of development, size, structure of economies, etc. This would have allowed the formulation of more targeted recommendations based on country-specific needs. OVE noted that the findings of the evaluation were sound and reflected the alignment of positions expressed by the ten countries involved. Management confirmed that the findings of the evaluation were consistent with the responses received from countries through the external feed-back system, to be presented to the Board in the near future. Management committed to conduct an annual review of the Bank's lending instruments and to present proposals resulting from this exercise to the Committee.

In considering Management's proposal for the implementation of OVE's recommendations, several Directors reiterated their frustration that OVE's recommendations were valid for all member countries and, therefore, were not conducive to provide for specific recommendations on how the Bank could better

respond to the needs of higher-middle-income countries. Management explained that considering that several of OVE's recommendations had been previously made in the framework of the Mid-Term Evaluation of IDB-9 Commitments, many of the required actions were already underway or had action plans being prepared.

Bearing in mind the frustration expressed by some Directors with the evaluation, I suggested them to send their comments to OVE in writing with copy to Committee members.

20. Policy Proposal for Fee-Based Advisory and Knowledge Services at the IDB

(12APR13, Document GN-2706)

The need to ensure the quality of services to be provided was emphasized by most Committee members, in order to serve demanding parties well, but also to avoid reputational risk for the Bank and any potential negative impact on the dialogue with countries. Cost recovery was one of the main subjects of discussion with some Directors noting that a distinction between price of services provided to public or to private entities should be considered at a later stage. Potential demand was also debated and several Directors warned about the risk that a strong demand for Advisory and Knowledge Services (AKS) could put pressure on the Bank's core activities. Therefore, they recommended Management to monitor demand in order to avoid possible unbalances in terms of instruments, groups of countries served and departments. Taking into consideration the uncertainty regarding demand and its potential impact, and bearing in mind that the evaluation of the policy would only be carried out three years after inception, it was agreed that Management would prepare a mid-term progress report for consideration by the Committee. Specific operational guidelines will be prepared for delivering services to public sector clients and to private sector clients and submitted to the Board of Directors for information. Though cost-recovery was the scheme being considered, Management indicated that the possibility of income generation by AKS provided to private sector entities would be analyzed in the context of the private sector reform.

21. Sector Framework Document on Agriculture and Natural Resources Management

(16APR13, Document GN-2709)

These two Sector Framework Documents (SFDs) were the first to be presented to the Committee as part of the process for updating the Bank's regulatory framework following the GCI-9. Upon completion of the process, the Bank would have five general strategies corresponding to the GCI-9 priorities, six sector policies and twenty SFDs.

The SFD on Agriculture and Natural Resources Management offered strategic guidance to meet the sector's challenges with lines of action that targeted public expenditure on the delivery of rural public goods. The success of the SFD would be measured by the alignment of Bank interventions with this approach. The audience of SFDs was debated and Management noted that it was the Board of Directors, which could judge if operations proposed were in line with the respective SFD, Management, and clients as well. The latter in the context of the regional policy dialogue and country programming exercises. Management took note of the comments and suggestions of Committee members which would be incorporated in the final document to be submitted to the approval of the Operations Policy Committee (OPC).

22. Sector Framework Document for Education and Early Childhood Development
(16APR13, Document GN-2708)

Committee members reiterated most of the general comments previously made regarding SFDs and insisted on questioning the lack of detail regarding specific activities in the sector. Management explained that it was difficult for SFDs to go into greater detail than the one proposed due to the tension existing between having the Bank approaching its activities more strategically, on one hand, and being flexible enough to meet country demand, on the other. Management took note of the comments and suggestions of Committee members which would be included in the final document to be submitted to the OPC's approval.

23. Infrastructure Strategy for Competitiveness. Profile (19APR13, Document GN-2710)

The Committee welcomed the document, taking into consideration that it was a strategy profile still subject to contributions from the Board and those resulting from OVE's recommendations and from the public consultation process. Management recalled that strategies provided general direction for Bank work in the area. Greater detail was to be handled at the level of sector framework documents and for each country, in the respective country strategy. The Committee authorized the public consultation and a final document was to be submitted to Board approval.

24. Proposal for a partnership between the Office of Evaluation and Oversight of the Inter-American Development Bank and The Swiss Agency for Development and Cooperation
(23APR13 and 21MAY13, Document RE-449)

The Committee met twice jointly with the BUFIPOL Committee to consider this issue because a significant number of Chairs expressed concern over whether OVE's independence could be affected by this type of partnership. OVE insisted that the funding provided was totally untied and that only operations included in OVE's work program – subject to Board approval – were to be eligible for funding through the initiative and up to a maximum of 25% of their total cost. OVE's core program would continue to be funded through its regular budget. Though a majority of Committee members supported the proposal, a significant number of Chairs maintained that OVE should not receive external funding in order to preserve its independence. It was eventually agreed that the initiative should be conducted as a pilot, should not be considered a precedent and that OVE should not seek additional external funding prior to the results of the evaluation of the initiative to be conducted after three years.

25. Revised Development Effectiveness Framework for Non-Sovereign Guarantee Projects
(23APR13, Document GN-2489-7)

Several Chairs expressed concerns about the timing of the proposal, bearing in mind the ongoing debate on the Bank Group's private sector operations. Other Directors recalled that proposed changes were in accordance with OVE's recommendations and the Committee's request, acknowledging that any decisions agreed in the context of the current private sector debate would be incorporated in the revised framework. Issues like the potential impact in terms of workload, costs and project preparation times were discussed. Management indicated that the appropriate measures had been taken to minimize a negative impact in those areas. It was not anticipated that the revised framework could lead to any additional burden to clients in terms of monitoring of project indicators. Responding to questions regarding

harmonization within the Bank Group, Management explained that SCF and OMJ had worked jointly with the MIF and IIC in the preparation of the framework. The respective development effectiveness tools were quite similar and were based on the guidelines of the Evaluation Cooperation Group of Multilateral Development Banks for Private Sector Operations.

- 26. Background Paper: IDB Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy** (9MAY13, Document RE-430-1)
Background Paper: Assessment of Social Sector Strategy for Equity and Productivity (9MAY13, Document RE-427-1)
Background Paper: IDB's Institutions for Growth and Social Welfare Strategy (9MAY13, Document RE-434-1)

The Committee considered in conjunction the evaluation of these three strategies, out of the four sector strategies developed to respond to the IDB-9 requirements. The Committee deemed the evaluations useful for the preparation of forthcoming strategies, policies and sector framework documents, as well as for improving the implementation and dissemination of current strategies. Some Directors believed the strategies to be too broad, but Management explained that this was the objective as strategies were meant to be vision documents, establishing major priorities. Therefore they needed to be broad enough to accommodate the significant differences in terms of needs and specificities of all member countries. Detail was to be dealt with at the level of country strategies, sector notes and program documents. The intersection between country needs and Bank priorities was debated and Management agreed that flexibility and policy dialogue with countries were the key to find an adequate middle ground.

- 27. Background Paper: Operational Performance and Budget** (13MAY13, Document RE-440-1)

Committee members acknowledged the Bank's progress in improving the quality and availability of budget related information and welcomed the agreement expressed by Management to the suggestions made in the evaluation. Directors stressed the importance of having all levels of Management involved in the effort to adopt a results-based budgeting (RBB) culture.

- 28. Grant Leverage Mechanism - A Proposal** (13MAY13, Document GN-2711)

This item was considered jointly with the Budget and Financial Policies Committee. The Committees endorsed Management's proposal but serious concerns were expressed regarding the financial sustainability of the Fund for Special Operations (FSO). The selection criteria for operations financed by the Mechanism and the linkage of these operations with country strategies were also debated. Management noted that the initiative was a response to the Board's request to find innovative ways to support FSO countries and aimed at improving the Bank's contribution to this group of countries.

It was agreed to include a limit of three years as the effective term of the Mechanism.

- 29. Background Paper: Lending Instruments** (14MAY13, Document RE-446-3)

In general, the Committee expressed satisfaction with the Bank's range of lending instruments and several members emphasized that flexible products to meet changing country needs as well as lower transaction costs and shorter processing times should be maintained amongst the top objectives of the Bank's agenda. Some Directors noted that the evaluation should have incorporated an analysis of instruments aimed at

providing guarantees to public sector entities and Management informed that a new policy for guarantee instruments would be circulated to the Board by August 2013.

30. Background Paper: Competitive Regional and Global International Integration
(14MAY13, Document RE-443-3)

The Committee agreed with the findings and recommendations of the evaluation, emphasizing that regional integration was part of the Bank's core mandates. It was noted that the targets established for regional integration operations did not reflect the countries' demand for that type of projects. The Committee agreed that the classification system for regional integration operations needed to be reviewed to reflect a clearer picture of the Bank's work in the area. Management reported that the plan for implementing the proposed recommendations would include more precise criteria for project classification and explore new instruments the Bank could use to implement the Regional Integration Strategy more efficiently. The possibility of allocating specific resources for regional integration initiatives was also debated.

31. Background Paper: Country Systems (21MAY13, Document RE-429-1)

The evaluation included both the fiduciary (financial management and procurement) and the nonfiduciary systems (development effectiveness, including the subsystems for strategic planning and for monitoring and evaluation). The Committee endorsed OVE's suggestions and recognized the progress made by the Bank in this area, highlighting the importance of the forthcoming review of the strategy on the use of country systems.

Management informed that the review of the "Strategy for Strengthening and Use of Country Systems three years after approval", would be delivered early in the second semester of 2013.

32. Background Paper: Environmental and Social Safeguards, Including Gender Policy
(21MAY13, Document RE-445-1)

Management agreed with the conclusions and suggestions of the evaluation, noting that some were already being implemented. The Committee recognized the substantial progress made on the initial implementation of the Policy on Gender Equality and the associated action plan. However, both Committee members and Management acknowledged that there was still a fair deal to be done to effectively and systematically integrate gender issues into the Bank's operational work.

On the environmental and social safeguards front, Committee members emphasized the importance of ensuring that the environmental and social evaluation processes be completed before projects were submitted to the Board for approval. Management confirmed that the guidelines being developed for the purpose would be mandatory, as instructed by the Board. There was general agreement that the safeguard supervision role needed to be strengthened and that safeguard performance assessments should be integrated in project monitoring reports (PMRs) and in project completion reports (PCRs). Management confirmed the ongoing work on the subject noting that initial results would appear in the implementation of the strengthened PCR pilot to be presented in the second semester of 2013. Management committed to provide the Committee with additional information on the timeline for implementing the actions identified in its response to OVE's evaluation.

33. More Transparency for Improved Service Delivery (11JUN13, Document GN-2713)

The subject was presented to the Committee for information purposes with the aim of keeping Executive Directors abreast of the Bank's work in the areas of strengthening transparency and combating corruption. Committee members took note of the report, commending Management for the work carried out in this important area and extending special thanks to the Norwegian Government for its commitment to the issue and contribution to the "Transparency Trust Fund".

34. Background Paper: Combating Fraud and Corruption (11JUN13, Document RE-433-1)

In general, Committee members agreed with OVE's suggestions and with actions undertaken by Management to address them. The debate centered on the three pillars of the Bank's agenda to combat fraud and corruption: - 1. Preventing fraud and corruption in Bank financed projects; 2. Support member countries in improving public integrity; and, 3. Ensure internal integrity.

Directors expressed general support for the implementation of commitments regarding the first pillar and Management informed that the process for selecting the chief of the Office of Institutional Integrity (OII) was well advanced. On the second pillar, concerns were raised because of the limited actions undertaken, partly due to weak demand by borrowing countries and partly because they had been displaced by other priorities. Committee members sustained that additional dialogue with member countries would be crucial for achieving results in this area. Regarding the third pillar, the situation was deemed to be more satisfactory and Committee members suggested that a survey on the Bank's new ethics and grievances systems should be carried out two years after its entry into force.

35. IDB's Evaluation Recommendation Tracking System. Protocol for Implementation (18JUN13, Document GN-2707-1)

Following bilateral meetings with most Chairs, Management submitted to the Committee a revised version of the document containing additional details regarding the role of the Board. It was agreed that in the context of specific evaluations, the Committee's Chairperson would have to clearly conclude which of the recommendations were endorsed by the Committee and submit them to Board approval through the respective Chairperson's report. Several Directors noted that the system would contribute for greater precision in the decision-making process and clarity on what the Board was asking Management to do. With regard to the recommendations from the IDB-9 evaluation, document RE-425-4 contained a record of the Executive Directors' support for each of the OVE recommendations, in some cases by consensus and in others by majority. Several recommendations were already being implemented. With regard to the other evaluations the Committee had examined that year, i.e. those on issues other than the IDB-9, the detailed position of each Executive Director had been noted, reflecting which recommendations had enjoyed support by consensus or by majority. In view of this, the recommendations that the Executive Directors had backed would be tracked.

A revised version of the document was presented to the Committee by streamlined procedure and approved by the Board through a Chairperson's report submitted by my successor, Director Larrazabal.

36. Public Utilities Policy Profile (25JUN13, Document GN-2716)

The proposal intended to replace the current Public Utilities Policy dating from 1996 in line with the new framework of Strategies, Policies, Sector Frameworks and Guidelines referred in point 2 of this report. The profile defined objectives and broad principles of the policy covering five sectors – Water and Sanitation, Electricity, Natural Gas, Waste Collection and Telecommunications. The debate centered on subjects like the desirable level of detail of proposed principles, subsidies, sustainability and the public consultation process. Management explained that policy principles had to be broad as they applied to all sectors covered which were fairly diverse and to distinct situations and needs of borrowing countries. Sector Frameworks were the regulatory instruments that would go into detail and could be subject to more frequent revision. Regarding subsidies, it was agreed that further documents should make it clear that subsidies would be admissible in specific situations with a strong focus on the lowest income groups. The proposal incorporated a timeline for the public consultation process that received the support from a majority of Committee members.