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**ANNUAL REPORT OF THE CHAIRPERSON  
PROGRAMMING COMMITTEE OF THE BOARD OF EXECUTIVE DIRECTORS**

**1 JULY 2015 TO 30 JUNE 2016**

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During the year from 1 July 2015 to 30 June 2016, the Programming Committee met on 22 occasions, four of which were informal meetings. Joint meetings were held with the Budget and Financial Policies Committee (BUFIPOL) and with the Committee of the Board of Executive Directors of the Corporation. The Programming Committee had two Chairpersons over this period of time: first Andrea Molinari, Executive Director for Argentina and Haiti, and then myself from 12 February onward.

In keeping with its terms of reference, the Programming Committee considered matters in the following areas: (i) country strategies and country program evaluations; (ii) periodic execution reports; (iii) proposals related to programming activities; and (iv) sustaining concessional assistance (consolidation of the Fund for Special Operations (FSO)), together with the Budget and Financial Policies Committee (BUFIPOL).

**Country strategies and country program evaluations**

The Programming Committee considered seven country strategies (Bolivia, Brazil, Colombia, Costa Rica, El Salvador, Panama, and Uruguay) and four country program evaluations (Argentina, Bolivia, Brazil, and Uruguay). Given the Bank's new structure, now that private-sector activities have been consolidated, three country strategies (Bolivia, Brazil, and Colombia) were considered jointly with the Committee of the Board of Executive Directors of the Corporation. Under the new rules, all country strategies are to be considered in this matter.

**Periodic execution reports**

The Programming Committee met twice to receive reports on the Bank's program in Haiti. It also met on two occasions to hear the last reports on non-sovereign guaranteed (NSG) operations directed exclusively to the IDB, since the task of periodic monitoring of the portfolio of private-sector operations has been delegated to the Corporation.

**Proposals related to programming activities**

The Programming Committee held four joint meetings (two formal and two informal) with the Committee of the Board of Executive Directors of the Corporation in the second half of 2015 to discuss the Proposal to Update the Country Strategy Guidelines (document [GN-2468-9, CII/GN-308-2](#)).

The members of the Committees supported the proposal, citing the multisector approach, the advantage of having IDB departments and the IIC prepare analytical inputs in an integrated manner at an earlier stage in the process, the strengthening of strategic selectivity, the participation of the IDB Group's private-sector windows in the preparation of country strategies from the beginning of the process, the role played by the Country Representative in coordinating these activities, and the advisability of monitoring at the midpoint of the country strategy period. At the same time, they emphasized the importance of supporting the implementation of the new guidelines with sufficient incentives to facilitate the coordination and collaboration of the different units involved in the country strategy preparation process. The Committees escalated a revised version of the document that was approved by the Board of Executive Directors on 10 November 2015.

In the first quarter of 2016 the Programming Committee and the Committee of the Board of Executive Directors of the Corporation jointly considered the 2016 Operational Program Report (document [CII/GN-316](#), [GN-2849](#)) describing the IDB's indicative operational program for the year and its (preliminary) alignment with the country strategy priority areas and the indicators of the IDB Group's 2016-2019 Corporate Results Framework (document [GN-2727-5](#)).

It was made clear that the 2016 Operational Program Report was transitional as it related to private-sector operations and reflected the IDB Group's new organizational structure. For the sake of completeness, the document included all IDB Group NSG operations that were eligible as of the cutoff date. However, it was pointed out that the strategic alignment of the NSG program was only measured for those operations originated by the IDB. The mechanism to perform a preliminary validation of the alignment of the operations originated by IIC was not in place at the time of preparation of this document. This mechanism was to be refined during the course of 2016 and fully implemented for the 2017 Operational Program Report. Upon discussion, the Programming Committee recommended that the Board of Executive Directors approve the use of the simplified procedure for the indicative pipeline of projects for 2016.

### **Sustaining concessional assistance (consolidation of the FSO)**

Also in the first half of 2016, the Programming Committee and BUFIPOL met once informally and once formally to review the document, Sustaining Concessional Assistance by Optimizing the IDB's Balance Sheets. Consultation Paper (document [GN-2846-3](#)). In it, Management sought the endorsement of the Board of Executive Directors to consult the Bank's Governors regarding options for sustaining the IDB's concessional assistance to its low-income member countries.

The Committees expressed unanimous support for adding the consultation paper to the agenda of the Annual Meeting of the Governors of the Bank in The Bahamas. They also noted the importance of continuing to provide concessional support to the FSO-eligible countries with greater certainty. The members of the Committees also said certain aspects of the consultation paper should be clarified: (i) point out that the objective would be to enhance support to the low-income countries; (ii) offer a sensitivity analysis of the volume and cost of concessional assistance; (iii) clarify the difference between simulations of demand and financial simulations; (iv) show more clearly why the recommendation was made to rule out other modalities; and (v) leave open the question of how the process would occur, for the Governors to decide.

Following the Annual Meeting in April 2016 on instructions from the Governors, Management prepared the Proposal for Sustaining Concessional Assistance by Optimizing the IDB's Balance Sheets (document [GN-2846-4](#)), which was submitted to the Programming Committee and BUFIPOL at two meetings (formal and informal).

The main features of the proposal to transfer the resources of the FSO to the Ordinary Capital were as follows: (i) the sustainability of FSO countries' access to Ordinary Capital concessional loans under a wide range of scenarios would be ensured, maintaining the structure of blended loans; (ii) the rules governing the allocation of concessional resources approved by the Board of Executive Directors in the context of Multilateral Debt Relief Initiative (MDRI) implementation were maintained; (iii) the eligibility criteria for concessional resources were clarified and updated; and (iv) the need to consider the

possibility of providing countercyclical financing to the FSO countries in the context of the respective discussions was acknowledged.

The Executive Directors welcomed Management's proposal. A revised version was prepared with a few changes (document [GN-2846-7](#)), which was approved by the Board of Executive Directors at its 27 July 2016 meeting.

### **Conclusion**

Under the next Chairperson's leadership, the Programming Committee will continue to solidify the new modus operandi for joint consideration of country strategies and, from January 2017 onward, country program evaluations with the Committee of the Board of Executive Directors of the Corporation. The Operational Program Report will also be considered jointly.

I would like to thank the Programming Committee members for their work in fulfillment of the committee's terms of reference, as well as Management and the staff of the Office of the Secretary for their support in execution of the work program.