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

1 JULY 2018–30 JUNE 2019

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Annual Report
Chairperson of the Programming Committee of the Board of Executive Directors
1 July 2018–30 June 2019

During the year from 1 July 2018 to 30 June 2019, the Programming Committee of the IDB Board of Executive Directors held 21 formal meetings, including 13 joint meetings with the Committee of the Board of Executive of the IIC and one joint meeting with the IDB's Budget and Financial Policies Committee.

In keeping with its terms of reference, the Programming Committee considered matters in the following areas: (i) country program evaluations and country strategies; (ii) proposals related to programming activities; and (iii) periodic execution reports. The Committee also considered the Biennial Programming Framework for Sovereign-Guaranteed Operations: Proposal for a Pilot for the 2019-2020 Period.

Country program evaluations

The Committee, together with the Board of Executive Directors of the IIC, considered the following seven country program evaluations: **Chile**, document RE-526-1, meeting of 6 September 2018; **Barbados**, document RE-525-1, meeting of 24 September 2018; **Honduras**, document RE-528-1, meeting of 19 October 2018; **Paraguay**, document RE-527-1, meeting of 3 December 2018; **Colombia**, document RE-529-3, meeting of 18 March 2019; **Costa Rica**, document RE-535-4, meeting of 29 April 2019; and **Brazil**, document RE-534-1, meeting of 7 June 2019.

As a result of these meetings, the Committees resolved to recommend that the Boards of Executive Directors of the IDB and IIC take note of the evaluation documents and request that Management implement the recommendations put forward by the Office of Evaluation and Oversight (OVE), all of which were supported by the Committees. During those meetings, the members of the Committees offered suggestions to OVE for improving future country program evaluations. Specifically, they reiterated their interest in having the country program evaluations address the activities of IDB Lab.

Country strategies

As per the New Guidelines for Country Strategies (document GN-2468-9), since 1 January 2016, all country strategies have been submitted for consideration at a joint meeting of the IDB's Programming Committee of the Board of Executive Directors and the Committee of the Board of Executive Directors of the IIC. The country strategies are then subsequently approved by the respective Boards.

The Programming Committee and the Committee of the Board of Executive Directors of the Corporation jointly considered the following four country strategies: **Honduras**, document GN-2944, meeting of 27 February 2019; **Chile**, document GN-2946, meeting of 4 March 2019; **Barbados**, document GN-2953-1, meeting of 11 April 2019; and **Paraguay**, document GN-2958, meeting of 2 May 2019.

Taking into account the Committees' support for these country strategies, the Chairpersons of the Programming Committee of the IDB and the Committee of the Board of Executive of the IIC, through a joint Chairpersons report, recommended that the Boards of Executive Directors of the IDB and IIC adopt these country strategies.

Recurring proposals related to programming activities

The Programming Committee met on 17 January and 13 February 2019 to consider the **Proposal for the Allocation of Concessional Resources 2019-2020**. The Committee members thanked Management for the additional information provided during the process and welcomed the prudence demonstrated in allocating the proposed resources. Management, in turn, would monitor the flow of concessional resources to ensure that the eligible counties were receiving appropriate support. The Committee also expressed interest in—and Management agreed to conduct an analysis (and potentially a review of)—the methodology and indicators used to identify the volume of financing for the Enhanced Performance-based Allocation (EPBA) framework before preparing the next proposal for the allocation of concessional resources (2021-2022). The Board of Executive Directors approved the proposal on 28 February 2019 (document GN-2442-57), and took note of the vote against it by the chair for Belize, Costa Rica, El Salvador, Guatemala, and Nicaragua.

Subsequently, the Committee considered the **Revised Allocation of Concessional Resources 2019-2020** (document GN-2442-64) by the streamlined procedure. The document was published for the Committee's consideration on 22 April 2019, and the deadline for the streamlined procedure expired on 26 April. The revised allocation of concessional resources was triggered by the updated EPBA envelope, owing to the Board's approval of an increase to the 2019-2020 biennial sovereign-guaranteed non-concessional lending envelope, from the originally approved level of US\$20.4 billion to US\$23.8 billion, based on the effect of the change in Standard and Poor's rating methodology (document FN-715-3). On 1 May, the Board of Executive Directors approved the new allocation of concessional Ordinary Capital and regular Ordinary Capital resources for 2019 and 2020, as shown in Table 3 of document GN-2442-64.

On 24 January 2019, the Programming Committee considered the proposal regarding **use of the country procurement systems of Colombia, Guatemala, and Honduras** (document GN-2538-25). The proposal called for the acceptance of full use of Colombia's public procurement system, partial use of Guatemala's country contracting system, and partial use of Honduras's country procurement system. The Committee expressed unanimous support for Management's recommendations, acknowledging the benefits of using country procurement and contracting systems in terms of: (i) lowering transaction costs in Bank operations; (ii) making bidding processes more efficient; (iii) promoting transparency and accountability in the use of public resources; (iv) stimulating competitiveness among vendors; and (v) countries taking ownership of processes. The Board of Executive Directors approved the recommendations set out in that report on 13 March 2019.

Also on 13 March 2019, the Programming Committee and the Board of Executive Directors of the IIC jointly considered the **2019 Operational Program Report** (document GN-2948). It describes the IDB Group's indicative sovereign-guaranteed and non-sovereign-guaranteed operational program for 2019, as of the cut-off date of 15 November 2019. It is the first report presented under the Biennial Programming Framework for Sovereign-guaranteed Operations. Proposal for a Pilot for the 2019-2020 Period (document GN-2929), approved by the IDB's Board of Executive Directors in August 2018. The Committees welcomed the report and appreciated the improvements that had been incorporated into the document. On 21 March 2019, the Board of Executive Directors took note of the 2019 Operational Program Report and authorized the use of the no-objection procedure for the subsequent submission of sovereign-guaranteed project proposals to the IDB Board of Executive Directors whenever they qualified under said procedure, in accordance with the applicable rules of the Bank and as set out in Annex III (2019 Consolidated Indicative Pipeline) of document GN-2948.

On 2 May 2019, the Committee considered the **Review of the Implementation of the Debt Sustainability Framework and Enhanced Performance-based Allocation 2017-2018** (document GN-2442-63). Resolution AG-03/07, adopted by the Board of Governors on 15 March 2007, states that every two years there shall be a review of implementation of the Debt Sustainability Framework (DSF) and EPBA. The Committee's members underscored the need for Management to closely monitor and inform them about the International Development Association's review of its nonconcessional borrowing policy and the International Monetary Fund's review of its debt limits policy. On 22 May 2019, the Board of Executive Directors took note of the document's revised version (document GN-2442-68) and authorized its transmittal to the Board of Governors for information.

Periodic execution reports

In August and November 2018, the Programming Committee and the Committee of the Board of Executive Directors of the IIC met in joint session to consider the **semiannual progress reports of the Bank's work in Haiti**. On 1 August 2018, the Committees discussed the June 2018 Haiti Progress Report (document GN-2610-21). Their members expressed satisfaction with the implementation of the Bank's program in Haiti, the levels of disbursements achieved during the period, and congratulated the IDB team on its efforts in the field. On 19 November 2018, the Committee took up the November 2018 Haiti Progress Report (document GN-2610-22). On that occasion, the Executive Directors welcomed the Bank's efforts to make headway on the strategy's implementation. They also acknowledged the work of the team in the field and its commitment to the country's development.

Nonrecurring matters

The Budget and Financial Policies Committee and the Programming Committee held a formal meeting on 1 August 2018 to consider the document **Biennial Programming for Sovereign Guaranteed Operations: Proposal for a Pilot for the 2019-2020 Period** (document GN-2929). The members of the Committees welcomed the proposal, underscoring that it had addressed the requests put forward by the Executive Directors in recent years. The Board approved this proposal on 29 August 2018. Management indicated that the Board of Executive Directors would receive an updated version of Annex III to the Operational Programming Report in the third quarter of the first year of the biennial cycle, with information regarding changes in the amounts of operations for that year and the programming anticipated for the second year of that cycle.

Documents for information

Management presented the **Action Plan for Implementation of the IDB Group–Civil Society Engagement Strategy for Operations and Initiatives 2019-2021** (document GN-2232-9). The Board of Executive Directors approved this strategy in June 2018 (document GN-2232-7).

The report **2018 Approvals and Disbursements** (document GN-2945), which reports on the IDB Group's approval and disbursement amounts in 2018 at the aggregate level and by country, was also distributed to the Committee for information.

The Extension of the Transition Period of the Country Strategy with Nicaragua 2012-2017 (document GN-2683-2) was distributed to the Committee for information.

Approach papers for the following country program evaluations were also distributed to the Committee for information: Honduras (document RE-528), Colombia (document RE-529), Brazil (document RE-534), Costa Rica (document RE-535), Mexico (document RE-536), and El Salvador (document RE-539).

Conclusion

Under the leadership of the incoming Chairperson during the latter half of 2019, the Programming Committee will continue to jointly consider country program evaluations and country strategies with the Committee of the Board of Executive Directors of the IIC, as well as recurrent proposals from Management on programming activities for the next period.

I would like to thank the Programming Committee members for their work in fulfilling the Committee's work program. I would also like to thank the Committee's First and Second Vice Chairpersons, Mr. Silva and Ms. Bazzoni; Mr. Diaz Granados and Mr. Yasuri, with whom I have co-chaired numerous joint meetings; the Office of the Secretary; OVE; and Management.