At its 23 June 2009 meeting, the Programming Committee of the Board of Executive Directors considered the country strategy with Guatemala for the period 2008-2011. The strategy, as proposed by Management, will focus on the government agenda goals to reduce chronic malnutrition, reduce the intergenerational transmission of poverty, upgrade and maintain production infrastructure, and meet the tax revenue collection targets established in the Peace Accords.

The Committee members expressed support for the country strategy, citing the high quality of the document produced by Management and of the analytical studies on which it was based, the instruments selected for implementation, and the intensive dialogue with the Guatemalan authorities during preparation. The Executive Director for Guatemala emphasized the analytical basis and sustained dialogue with the government for preparation of the strategy, as well as the strategic relationship that the Bank historically has had with the country on structural issues of its development agenda. The Committee also noted that the strategy objectives were clearly consistent with the challenges identified, particularly in the area of fiscal reform. Several Executive Directors described the goal of increasing tax revenue collection as crucial for halting the intergenerational transmission of poverty.

In addition, the Committee discussed in some detail the incorporation into the country strategy of the recommendations made by the Office of Evaluation and Oversight (OVE) in its country program evaluation of Guatemala for the period 2004-2007, which Management noted was described in Annex 8 to document GN-2501. In order to provide some kind of guideline, the Committee agreed to have a future discussion of adding an annex to country strategies dealing with the way OVE’s country program evaluation recommendations have been incorporated into the strategies, providing an overview of the dialogue that should take place beforehand.

Since the development effectiveness matrix had not yet been formally approved by the Board of Executive Directors at the time the country strategy was prepared, Management had gone to the effort of producing one based on its first experience with the country strategy with Belize 2008-2012. The matrix was circulated to the Committee members at the meeting and will be attached to the respective minutes as an annex.

In my capacity as Committee Chairperson, I recommend that the Board of Executive Directors approve the IDB country strategy with Guatemala, as described in document GN-2501.