The Programming Committee of the Board of Executive Directors met on 19 November 2009 to consider document GN-2541, “IDB: Country strategy with Paraguay (2009-2013).” During its presentation, Management underscored the country’s recent unprecedented economic performance, accompanied by very positive macroeconomic indicators and a change of administration that took place under completely peaceful and democratic conditions.

The strategy reflects an important continuity in the Bank’s work in Paraguay, where the majority of multilateral financing (81%) comes from the Bank, and is the product of the quality of the dialogue that led to a major convergence between the government’s economic and social development objectives and the Bank’s strategic priorities in infrastructure, climate change, social sectors, and poverty reduction, as well as institutional capacity. The strategy also calls for a plan of action to proceed with the use of country systems and highlights the leadership role that the Bank plays in coordinating with other financing sources. The program includes Bank approvals totaling US$1 billion for the period in question, which would entail a net flow of loans to the country in the amount of approximately US$272 million.

The Office of Evaluation and Oversight (OVE) indicated that although the strategy contains good sector work, it was still concerned about the evaluability implications of the separation of the country strategy and the respective programming document. OVE also mentioned the guiding role of the strategies, the need to treat risk as a crosscutting element, the way in which the Bank would help close the financing gap, and the participation required of other donors, while underscoring the need to give greater consideration to lessons learned.

The Executive Directors expressed support for the strategy and praised the constructive dialogue with the country. However, on a more general note, several Executive Directors reiterated their concern about the format and methodological issues associated with the conceptual separation of the strategies and the programming documents, in terms of the evaluability of the package and the way in which the two documents and their preparation processes were connected.

Regarding the specific comments on the strategy, some chairs voiced reservations about the degree of targeting of the Bank’s action, as described in the document. In addition, a request was made to better incorporate into the strategies the lessons learned about the sectors and the way in which the priorities were determined, as well as the Bank’s contribution to the change expected to be produced during the period.
Some Executive Directors said it would have been appropriate to incorporate into the strategy a crosscutting chapter on non-sovereign guaranteed (private sector) lending and a chapter on climate change. They also inquired as to how the situation between the available resources at the Bank and the quantity of resources to be disbursed in Paraguay, in addition to those corresponding to new approvals, would be handled.

As part of my commitment to the members of the Programming Committee, I took some time to work with the Vice Presidency for Countries and find ways to align the two processes for preparing strategy and programming documents. After a proposal had been identified that met the stated purpose, a technical meeting was held on Thursday, 4 February 2010, so the Vice Presidency for Countries could present it to the members of the Committee. The proposal was very well received by the Committee and favorably viewed by OVE.

Based on this development and as part of implementation of the proposal, we have circulated a revised version of the Bank’s country strategy with Paraguay (GN-2541-1), in which the original Annex I has been replaced with a version that includes a new column with indicative targets for improved evaluability.

With this process satisfactorily completed, in my capacity as Chairperson of the Programming Committee, I hereby recommend that the Board of Executive Directors approve the IDB country strategy with Paraguay, as described in document GN-2541-1.