Report of the Chairperson of the Policy and Evaluation Committee
“IDB support to competitive global and regional integration: Background paper for a new strategic profile and regional instruments compact”
(documents GN-2565, PP-64)

The Policy and Evaluation Committee met on Monday, 19 April 2010, to consider the document entitled “IDB support to competitive global and regional integration: Background paper for a new strategic profile and regional instruments compact” (GN-2565). The Management team gave a presentation on the main topics included in the document made available to the Board (PP-64), which described the mandate received from the Governors, the rationale for global and regional integration (diagnostic and challenges), the need for a new strategic compact of integration instruments, and proposed next steps.

The Executive Directors expressed overall support for the content of the document and their agreement on the importance of financial as well as nonfinancial (KCPs, policy dialogue, applied research, and capacity-building) instruments to support integration as well as support for the incorporation of internal incentives to facilitate the preparation and execution of national programs. In addition, they indicated the need to size the scope of the ensuing strategy, in order to determine our role in response to the countries’ needs. Similarly, it was important to design incentives for moving forward on the work of integration that would not represent additional conditionality and to identify financial and nonfinancial instruments in support of integration that would not generate false expectations, an area that should be considered in the context of the more general consideration of simplification of the Bank’s instruments. The need to maintain a suitable balance between the “software” and “hardware” of integration was also mentioned. In terms of programming, several Directors indicated the importance of including regional operations programming in the country strategies.

It was also noted that the experience gained by the Regional Public Goods program and IIRSA—the mandate of which should be renewed and expanded—needed to be taken into account. Some Directors also mentioned the need to learn from the experience of other international agencies in areas like the financing and use of guarantees for projects that involve more than one country and the possibility of undertaking joint efforts in other areas such as customs. In terms of establishing a “Strategic Thematic Fund for Regional Integration,” the Directors noted that it would be necessary to have more information and to consider it in the overall context of the Bank as a whole. Another matter highlighted at the meeting was the need to take into account the particular characteristics of some regions, such as the Caribbean.

The Committee therefore resolved to take note of the document entitled “IDB support to competitive global and regional integration: Background paper for a new strategic profile and regional instruments compact” GN-2565 and to ask Management to move forward with the formulation of the respective strategy, taking into account the comments made by the Directors. In this regard, the deadlines established by the Governors—to have the
strategies envisaged in the Cancún Declaration approved by the end of the first quarter of 2011—would be observed. The sequence of approval of the strategies would be discussed by the Committee shortly.