



ANNUAL MEETING OF THE BOARDS OF GOVERNORS

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Statement by the Temporary Alternate Governor for Canada

Diane Ablonczy

1. On behalf of Canada, thank you to the Government of Panama for hosting the Annual Meeting of the Inter-American Development Bank and Inter-American Investment Corporation Boards of Governors, and to the Government of Uruguay for their leadership of the IDB Board of Governors this past year.
2. The Latin America and Caribbean region is an economically dynamic area, with significant opportunities for trade and investment. As a country of the Americas, Canada continues to deepen its engagement in the region, both through strong bilateral relationships with our hemispheric neighbours, and through regional multilateral organizations, such as the IDB. Our engagement in the Americas is focused on three goals: to increase economic opportunity, to strengthen security and institutions and to foster lasting relationships. Through our actions, we are demonstrating that Canada is a long-term partner of choice in the Americas.
3. Our vision for the region is one of a prosperous, secure and democratic hemisphere. As the region's oldest and largest development bank, the IDB plays an essential role in making this vision a reality. Canada's long-standing membership in the IDB is rooted not only in our shared geography, but also in our political, economic, and financial commitment to Latin America and the Caribbean. We take that commitment seriously, as we demonstrated in the darkest days of the global financial crisis through the extension of \$4 billion in temporary callable capital to the IDB, and our additional contributions to the Fund for Special Operations on behalf of the IDB's poorest member countries. Recently, we further demonstrated our commitment to the region and to the IDB by establishing the \$250 million Canadian Climate Fund for the Private Sector in the Americas.
4. It is therefore as a friend, neighbour and partner that Canada looks to the Bank to build upon its past successes and strengthen its core competencies as a development

institution. This would be achieved through a renewed emphasis on capital efficiency, accountability, and strategic programming that targets poverty reduction and sustainable, inclusive growth. Among other things, this should also include a renewed vision for the private sector and more effective programming in Haiti.

5. While the region as a whole has weathered the global financial crisis well, Canada agrees with President Moreno's assessment that the region needs to continue to pursue key reforms to ensure growth in the future. Greater economic integration to remove trade, administrative and infrastructure barriers among countries in the hemisphere can provide a way forward.

6. As we chart that path ahead, though, it is important to respect the Governors' mandate to prevent lending into unsustainable macroeconomic situations. This will help to ensure that the IDB's capital is used effectively and has the best chance to achieve maximum impact. To that end, we welcome opportunities to improve the IDB's country programming through more strategic focus, which could include stronger coordination across the IDB's various business lines and also reflect more closely the macroeconomic environment.

7. In terms of reducing poverty and inequality, considerable progress has been made. However, more can be done to ensure inclusive growth. Without growth that is truly inclusive, benefitting both rural and urban areas, results will be short-lived, and systemic problems, affecting citizen security and long-term development, will persist.

8. Investment in people, especially youth, is therefore critical to sustainable growth. Equal-paying jobs for women and acceptance and encouragement of female entrepreneurship are important elements of inclusive growth, and should get the continued support of the Multilateral Investment Fund.

9. We recognize that development is a long term process. This is especially true for a complex environment like Haiti. It is incumbent upon the IDB, as a leading development actor in Haiti, to thoroughly examine its experiences to date, to take stock of what it has achieved, to acknowledge what has worked and what has not, and to draw lessons from this experience.

10. As a close and dedicated partner to Haiti, we strongly support the Governors' commitment under the ninth general capital increase (IDB-9) to allocate \$200 million per year to Haiti. This commitment needs to be respected, and we must ensure project quality and effective implementation.

11. We encourage IDB Management to adjust its approaches as needed, and to invest more resources in monitoring, supervision, and capacity building to ensure that our programs and efforts are achieving the desired results.

12. It is widely recognized that the private sector drives development and sustainable economic growth. The IDB has a unique role to play in leveraging partnerships between the public and private sectors to achieve that result. In order to ensure that the poor and vulnerable are benefiting as intended, it is important for the IDB to focus on making value-added interventions, and to ensure that an effective, independent accountability mechanism is in place.

13. Consequently, we believe that now is an ideal time for the IDB to review its vision for private sector engagement. Articulating a clear and comprehensive vision – one that covers both sovereign guaranteed and non-sovereign guaranteed operations – is essential to our success.

14. To this end, Canada looks forward to working with the IDB to help define this vision to ensure that the Bank remains at the forefront of initiatives to leverage the private sector.

15. We appreciate the work that has been done to develop options for restructuring. However, a discussion on further capital increase would be inappropriate at this time. The IDB-9 capital increase negotiations only recently concluded, and the effective implementation of the Bank's mandate remains a work in progress. Moreover, it will be important that any new structure demonstrate its effectiveness before new resources are considered.

16. Many of the issues mentioned above featured in the midterm evaluation by the Office of Evaluation and Oversight (OVE) on the Bank's progress in implementing the IDB-9 agenda. Canada commends the Office for the high quality of its work, and welcomes its perspective on both the completeness and the effectiveness of implementation of IDB-9 commitments.

17. We welcome the IDB's openness to discussing approaches to improve its operations and activities as needed, with a view to fulfilling the IDB mandate of reducing inequality and supporting sustainable and inclusive economic growth. We encourage the IDB to ensure appropriate implementation of the evaluation's recommendations, to measure its own progress in this regard, and to communicate results to stakeholders. Through these reforms, the IDB will become a stronger institution that is better able to respond to the demands and needs of its borrowing member countries.

18. As the pre-eminent development lending institution in the Americas, there is no doubt that the IDB's impact has been deep and far-reaching. However, there is always room for improvement. We believe that more work can be done to improve capital efficiency, accountability, and strategic programming. Focussing on the IDB's core competencies and clearly articulating our goals and achievements will help to ensure we are being accountable and responsible to the Bank's ultimate shareholders – the citizens of our respective nations.

19. In its engagement in the region, Canada has focused its resources and efforts where they can have the highest impact, in cooperation with trusted partners. As a long-standing and committed member of the IDB, we want to have a strong and strategically-focussed bank that supports the region in its development endeavours, and helps us to bring about sustainable growth and reduce poverty and inequality in the hemisphere.