



ANNUAL MEETING OF THE BOARDS OF GOVERNORS

PANAMA CITY, PANAMA

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Statement by the Temporary Alternate Governor for Austria

Gunther Schonleitner

1. We would like to begin by expressing our sincere gratitude to the authorities in Panama for the excellent organization of this meeting and for the warm welcome and hospitality you have extended to us.
2. During the past 2-3 years, the Bank has had to undertake a great number of reforms and adjustments to the way it works. As has been mentioned many times before, rarely has a multilateral institution had to implement such an expansive catalogue of reforms in such a short period of time. Therefore, we would like to start out by commending the Management of the Bank for the enormous effort it has invested in this process and congratulating the Bank for already meeting the “full implementation” requirement on most fronts.
3. OVE’s mid-term evaluation raises a number of important issues that the Bank is already underway to addressing. We are pleased to see that the Bank is improving its focus on results and increasing project evaluability standards, and that the Bank continues to strengthen its safeguard and accountability mechanisms. We would like to emphasize at this point that the establishment of an effective and independent accountability mechanism that is anchored in a clear and unambiguous commitment and mandate must be a priority for the IDB over the coming year.
4. The evaluation also highlighted a number of concerns that we need to talk about frankly and confront with renewed vigour: in particular, several findings of the evaluation point towards the lack of strategic selectivity and guidance in the Bank’s work. This has become quite relevant with respect to the sector strategies, the country strategies and programming, the corporate results framework as well as in relation to the Bank’s approach to private sector operations.
5. The review process following the evaluation is a good opportunity to refocus the Bank’s long-term vision and institutional strategy. This is particularly relevant as the Bank seeks to compete with other financial institutions in the region. The IDB’s added

value and distinctive feature must be its commitment to address the needs of the poorest segments of the population, and its contribution to the development of more equitable and inclusive societies. Given its stature in the region, the Bank has an opportunity to set ambitious social and environmental standards in the region. As such, the Bank should stand out not for the quantity, but the quality of its portfolio.

6. The IDB can be an important agent for change in Latin America and the Caribbean. This pertains also to the Bank's engagement with the private sector. As remarked elsewhere, we urge Management not to rush the reform process with respect to its private sector operations and to set out a common vision of the IDB's role and objectives before deciding on the appropriate institutional structure. We are supportive of the document transmitted to Governors ahead of this meeting, but would like for the Bank to be even more ambitious in trying to devise effective and innovative ways to reach unserved and low-income communities. The Bank should pioneer innovative approaches, especially with respect to Public-Private Partnerships and promote higher standards of conduct and social responsibility in its work with Multilatinas and big corporations. We would like to see the Bank positively influencing how the private sector operates and promote a culture of CSR and climate awareness in the region.

7. Again we would like to applaud OVE for producing an excellent report which has already helped shareholders from capitals tremendously in steering the discussion and focusing our thinking. We would like to recommend that Management and OVE consider undertaking some form of strategic review ahead of every Governor's meeting, to be the basis for fruitful discussions amongst shareholders. Obviously a review of that kind does not have to be as extensive and all-encompassing as the current one, but it would help Governors to move towards a better understanding and common vision amongst themselves as regards the most critical issues of the Bank's work.