



ANNUAL MEETING OF THE BOARDS OF GOVERNORS

PANAMA CITY, PANAMA

AB-2942
CII/AB-1360
17 March 2013
Original: English

Statement by the Temporary Alternate Governor for Italy

Carlo Monticelli

1. It is a pleasure for me to participate in this Assembly on behalf of the Italian Government.
2. First of all, I would like to thank the Panamanian Authorities for their warm hospitality and the excellent organization.
3. In 2012 Latin America and the Caribbean Region were not immune to the effects of the global financial situation. Real GDP growth in the Region declined to 3.2 percent in 2012, from 4.5 percent in 2011, reflecting the performance of the global economy.
4. We are particularly glad to see that poverty, even in this context, has continued to decrease in the Region. The share of the population living below the poverty line in all Latin American countries decreased from 43.9 percent in 2002 to 28.8 percent in 2012 and inequality is also decreasing.
5. Nonetheless, there is no room for complacency. In the Region, economic performance continues to be uneven and an important part of the population has still to reap the full benefits of economic growth. Challenges to development continue to be significant and make the Bank's mission to promote inclusive growth and job creation all the more important.
6. We look at the increasing demand that the Bank is experiencing as a sign of positive and productive engagement with the borrowing member countries.
7. In our view, with the entry into force of the 9th General Capital Increase, the Bank has been equipped with adequate resources to carry out its mission with effectiveness. Such resources should be focused where the need is more intense. It is therefore important that the Bank drive the demand for financing, rather than be driven by it.

8. Some regions of several Latin American countries have now achieved levels of development similar to the ones existing in the most advanced parts of the world. The Bank might want to consider how best to engage with them. In order to boost further prosperity, knowledge, innovative solutions and advice are likely to be more important than financial resources.

9. It is also important that the Bank make every effort to manage its resources with prudence and increased efficiency. Looking at the increase of administrative expenditures approved for 2013, I seize the occasion to recall the importance, for a public institution, to pursue prudent budgetary discipline, paying particular attention to salary costs.

10. We also look forward to seeing, by the next Annual Meeting, a comprehensive reform of the Bank's Retirement Plan striving to preserve the Bank's financial sustainability whilst ensuring that it remains a competitive employer, capable of attracting and retaining qualified staff.

11. We are pleased to see that the mid-term evaluation of the implementation of the GCI-9 mandate that we have established in Cancun has shown that the Bank is fundamentally on track in this endeavor. We commend the Bank for these results and look forward to a full effective implementation of the mandate.

12. In this process Italy attaches particular importance to the development of a clear regional integration strategy, support to SMEs and strengthening of the climate change agenda, with a focus on energy efficiency.

13. As for the few areas where results have not met expectations, such as the implementation of the Macroeconomic Sustainability Assessment framework and the creation of an Independent Consultation and Investigation Mechanism, we reaffirm our commitment to the mandate we approved in Cancun, which was the basis for our participation in the 9th General Capital Increase. The Bank should swiftly address those issues still pending.

14. As regards the possible reorganization of the private sector windows within the IDB Group, Italy welcomes and will support any action aimed at increasing operational efficiency and developmental effectiveness. We support, therefore, Management's request to start working on a renewed vision for private sector operations and its implementation. This vision, however, should be developed within the framework of the present capitalization levels across the Bank Group.

15. Mr. President, Italy is a determined supporter of the Bank, which we see as a crucial instrument for the development of a region that is so important to us. We thank you and the entire Bank's staff for the work done so far and we trust that, under your leadership, the Bank will achieve the ambitious objectives that the Governors have set in this meeting.