



**ANNUAL MEETING OF THE BOARDS OF GOVERNORS**

**PANAMA CITY, PANAMA**

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*Statement by the Temporary Alternate Governor for Ecuador*

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1. On behalf of the Ecuadorian people and their President, Rafael Correa Delgado, let me express my brotherly greetings and special thanks to our sister Republic of Panama and its authorities, who have generously welcomed us to the Annual Meeting of the Board of Governors of the Inter-American Development Bank (IDB).
2. President Rafael Correa's term in office has been one of Ecuador's greatest periods of democratic stability and continuity. It began with structural reforms introduced under a new Constitution that transformed the relationship between the State and the human being, making the individual the central concern and direct beneficiary of national development, vested and empowered with the rights needed to become a true citizen.
3. This evolution has produced results on the economic front, such as sustained GDP growth averaging 4.3% during the period 2007-2012.
4. The expansion of Ecuador's economy is based on heavy investment in infrastructure, which had been neglected for decades. Between 2006 and 2012, public investment grew sixfold and is now the highest in Latin America as a percentage of gross domestic product.
5. To finance these levels of investment, some important processes have been pursued. First, oil contracts have been renegotiated to enable the Ecuadorian people, as the rightful owners of their natural resources, to participate more actively and fairly in their exploitation.
6. Second, a progressive tax system has been implemented, based on redistributive income tax principles, which allowed Ecuador to double its fiscal revenue over the past five years.
7. Importantly, during President Correa's administration the Ecuadorian economy has developed the concept that economic growth is not the end-all; rather, the benefits of

this growth should be reflected in better distribution, so the Ecuadorian people can enjoy better quality of life.

8. Applying this concept, there is evidence that growth has allowed for a more equitable distribution of wealth. The gap between the richest and poorest households has narrowed (the Gini coefficient declined from 0.54 in 2006 to 0.477 in 2012), one million Ecuadorian households have escaped the daily grind of poverty, and 450,000 children are no longer engaged in child labor. Free education and health are guaranteed and are contributing to greater social inclusion. The rights of people with disabilities are on the policy agenda.

9. Ecuador is making the transformation from a country that exports goods to a country that exports knowledge, for which it has launched one of the most ambitious human capital development programs in Latin America, promoting academic excellence.

10. Ecuador has also shown that the global environmental and social crisis need not be put on the back burner while the economic crisis is resolved. Indeed, it has blazed a new trail to sustainable development, as the first country in the world to constitutionally guarantee the rights of nature. Ecuador is also spearheading a unique initiative—the Yasuní—in which the country would relinquish its right to exploit oil deposits in one of the most megadiverse areas on the planet.

11. As we build this new homeland, the IDB has also made its presence felt through financial support for major productive infrastructure projects in the electricity and road sectors, strengthening of the public sector, education, health, sanitation, heritage preservation, security, and housing.

12. In this scenario, the IDB is a key provider of support to the region's countries. We have agreed on a work agenda with the Bank that ensures its engagement in the country's important development sectors, with positive flows seen in 2011 and 2012 as a result of major coordination efforts to achieve significant levels of execution.

13. We would like to emphasize flexibility at the Bank, so it can support the countries and help them achieve their development objectives. As a further imperative, the Bank must be nimble and efficient, and the institutional reforms under the Ninth General Capital Increase or any future reform must not entail a cost or burden that keeps the institution from performing effectively as a development bank.

14. Ecuador will never agree with the imposition of conditions that run counter to this institution's reason for being, which is to contribute to the development of its borrowing member countries. That is its mission, and the Bank should guard it jealously so it can pursue and meet its overarching objective.

15. The Bank will always have Ecuador's full support while it continues to fulfill its objectives, reflected in a better quality of life for the people of Latin America.