

A young girl with braided hair, wearing a light blue short-sleeved button-down shirt and a tan skirt, is captured mid-jump over a series of tires in a playground. She is looking down at the tires with a focused expression. In the background, another child in a similar uniform is visible, and there are green bushes and a light-colored wall. The scene is brightly lit, suggesting a sunny day.

Partners for Prosperity

CANADA AND THE INTER-AMERICAN DEVELOPMENT BANK



IDB

CANADA HAS HOSTED ANNUAL MEETINGS OF THE IDB BOARD OF GOVERNORS ON THREE OCCASIONS: 1978 IN VANCOUVER, 1990 IN MONTREAL AND 2011 IN CALGARY.

About the IDB

Established in 1959, the Inter-American Development Bank is the leading source of development financing for Latin America and the Caribbean (LAC). We support efforts by countries in the region to reduce poverty and inequality through sustainable, climate-friendly approaches. Our record of development success is built on a strong commitment to innovation, adaptability, performance, and delivering measurable results

The IDB's shareholders are 48 member countries, including 26 Latin American and Caribbean borrowing members, who have a majority ownership in the Bank.

The Bank supports clients in the design of projects and provides financing, technical assistance, and knowledge services to support development interventions. The IDB focuses on empirical evidence for making decisions and measuring the impact of these projects to increase its development effectiveness.

UNDER THE IDB'S REFORM AGENDA — BUILT ON A PLATFORM OF TRANSPARENCY AND ACCOUNTABILITY — THE BANK IS CONSTANTLY WORKING TO INCREASE DEVELOPMENT IMPACT AND VALUE DELIVERED IN LATIN AMERICA AND THE CARIBBEAN.

Canada: A Regional Leader and Vital Partner in Promoting Sustainable and Inclusive Development in Latin America and the Caribbean

Canada's involvement with the IDB predates its joining as a member country. In 1964, it established the Canadian Fund with the equivalent of \$47.2 million to support investments in physical infrastructure in Latin American countries.

Canada, which holds a seat on the IDB's 14-member board of directors, has been a member of the Bank since 1972. Since then, the Canadian government, along with non-governmental agencies and private sector companies in Canada, has worked closely with the IDB to carry out mutual development objectives in the region.

Canada is an important source of the IDB's ordinary capital for making loans. Among the IDB's 22 non-borrowing member countries, Canada is the third largest shareholder.

Canada is an important partner of Haiti reconstruction and development. Following the devastating earthquake of 2010, Canada provided immediate humanitarian assistance, adjusted its programming and forgave its share of Haiti's foreign debt in order to facilitate reconstruction efforts. In coordination with the IDB and other multilateral and bilateral donors, Canada is making a generous contribution of CAD\$20 million to Haiti's education reform, which will provide improved access to a quality education, school kits for Haitian teachers and children and reconstruction of schools in earthquake-affected regions.

Overall, Canada is the IDB's top donor of grants to the Caribbean. The Canadian government's contributions of approximately CAD\$160 million represent 27 percent of the Bank's grant funding to Caribbean countries from partners in transport, education, and private sector development.

In 2008, as the global financial crisis gripped the region, Canada boldly doubled its contribution of callable capital on a temporary basis, allowing the IDB to step up its lending at a critical time.

The IDB's Multilateral Investment Fund

Canada is the sixth largest country donor to join the IDB's Multilateral Investment Fund (MIF), a unique laboratory within the Inter-American Development Bank Group for testing, pioneering, innovating, and sharing initial risk to unlock private sector activity at the "base of the pyramid." The MIF partners with a wide variety of institutions from the private, public, and nonprofit sectors to develop, finance, and implement innovative business models that benefit entrepreneurs and poor and low-income households.

MIF's Canadian partners include Desjardin International, Scotiabank, SARONA Asset Management, Mennonite Economic Development Associates, and the International Development Research Centre. Since 1993, the MIF has backed more than 1,700 projects in the LAC region, mobilizing a total of more than \$2.2 billion.

THE IDB PARTNERS WITH CANADA ON A VARIETY OF LOANS, FUNDS, AND GRANTS — MOST NOTABLY THROUGH CO-FINANCING ARRANGEMENTS AND SPECIAL THEMATIC FUNDS AIMED AT ADDRESSING KEY CHALLENGES IN LATIN AMERICA AND THE CARIBBEAN.

Between 1984 and 2013, Canada contributed to five Canadian single donor trust funds; and six project specific grants in Latin America and the Caribbean, which in turn leveraged approximately another US\$367 million in financing. The leveraged operations were in Bahamas, Barbados, Belize, Guyana, Haiti, Nicaragua, Paraguay, Peru, and Uruguay and were distributed among 10 sectors: education, energy, environment and natural disasters, financial markets, health, private firms and SME development, reform/modernization of the state, trade and transport, and water/sanitation.

EXAMPLES OF CANADIAN COMMITMENTS TO IDB PROJECTS	
Reimbursable Fund	Amount (CAD\$)
Canadian Climate Fund for the Private Sector in the Americas	250,000,000
Multi-Donor Trust Funds	
Support to the Regional Infrastructure Integration Fund	10,000,000
Aid for Trade Multi-Donor Fund	10,000,000
Disaster Prevention Multi-Donor Fund	1,000,000
Gender and Diversity Multi-Donor Fund	800,000
Specific Projects	
Compete Caribbean	20,000,000
Secure Livelihoods of Small Farmers through Improved Production and Marketing	621,527
Additional Cofinancing for Rehabilitation Basic Economic Infrastructure Program	19,500,000
Rehabilitation of Road Infrastructure for Integration of the Territory	75,000,000
II Additional Cofinancing Rehabilitation Basic Economic Infrastructure Program	15,450,000
Support for the Strengthening of the Direction Générale des Impôts	150,000
Support for Haiti's Reconfiguration of the Education Sector	20,000,000
Program for a Sustainable & Efficiency Management of Peruvian Energy Resources	19,000,000
Regional Conference on Private Sector Development and Competitiveness	9,116
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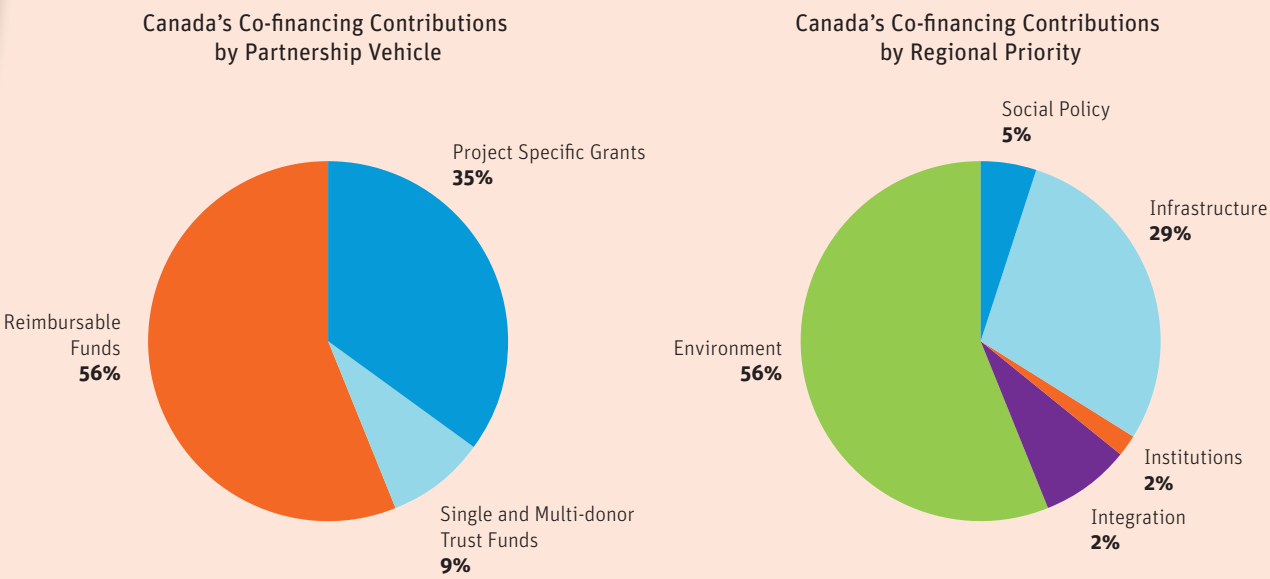
Since 1996, Canada has contributed nearly CAD\$37million to IDB-managed trust funds that make grants to support strategic priorities in the region.

- Clearing the way for more trade between countries in the region, promoting regional integration, and facilitating access to global markets.
- Helping governments and industries better prepare for natural disasters.
- Promoting gender, racial, and cultural diversity as a way to strengthen economic development and achieve wider social progress.
- Providing Canadian technical expertise on a variety of development objectives.

Since 2006, Canada has provided more than CAD\$159 million to fund specific projects to support sustainable and inclusive development in the region.

- Building roads and other basic infrastructure in Haiti to connect people and businesses and drive economic progress.
- Empowering smallholder farmers with knowledge and tools to grow more food, get it to market, and thereby become more profitable.
- Building and equipping schools, and providing access to children to attend school through subsidies and school kits, as a means of expanding economic opportunities and enabling more children to grow up to become productive members of society.
- Helping governments and industries manage energy resources sustainably and efficiently.
- Creating platforms for small and medium-sized enterprises to become more business-savvy and to sell their goods and services in regional and global markets.

Since 2000, Canada has channeled US\$443.3 million through the IDB to support diverse reimbursable and non-reimbursable instruments for development in Latin America and the Caribbean.



IN 2012, CANADA MADE A REPAYABLE CONTRIBUTION OF CAD\$250 MILLION IN CONCESSIONAL FINANCING TO AN IDB-MANAGED FUND TO ENABLE AND ENCOURAGE PRIVATE SECTOR COMPANIES TO ADOPT CLIMATE FRIENDLY TECHNOLOGIES AND ADAPT TO GLOBAL WARMING.

Stimulating Climate-Friendly Development in the Region

For businesses, investments in cleaner and more efficient technologies often have higher initial costs and longer pay-back periods than simply continuing to rely on fossil fuels and may require some concessional finance to be viable. That's why, in 2012, the Canadian government committed CAD\$250 million through the IDB to create the **Canadian Climate Fund for the Private Sector in the Americas**. Canada's support, through the provision of repayable contributions, will focus on leveraging private sector investments to stimulate innovative initiatives that will address climate change, as well as create jobs and opportunities in developing countries. The fund will make up to half of its capital available for loans and guarantees in local currency. This will encourage the investment of local companies by protecting them from unexpected borrowing costs that might result from fluctuations in the value of the US dollar.

By making climate-friendly projects viable, this fund is expected to generate up to \$5 billion in climate change investments in the region — resulting in a reduction of up to 50 million metric tons of greenhouse gas emissions over 25 years.

Projects supported may include renewable energy, energy efficiency, agriculture and forestry, and greenhouse gas emission-reduction projects, as well as adaptation projects to reduce climate change vulnerabilities. This investment is part of Canada's \$1.2 billion contribution to the Fast Start financing under the Copenhagen Accord, through which industrialized countries are providing funding to help developing economies reduce emissions and adapt to climate change.

Thanks to Canadian leadership and support, there is now a major source of funding to help reduce the gap in financing for climate-friendly projects in LAC.

Sustainable and Efficient Management of Peruvian Energy Resources

The current regulatory framework governing public enterprises in Peru's energy sector suffers from a number of limitations and shortcomings that impair their performance and operation, and thereby undermine their competitiveness and development. In 2012, with a CAD\$19 million grant from Canada, the government of Peru has undertaken an effort to improve and strengthen its regulatory framework to bolster the competitiveness and long term sustainability of the public energy sector. The goal is to create an environment that builds confidence among potential investors, encouraging them to participate in privatization processes launched by the government. This project seeks improve efficiency and transparency in the management of the principal public enterprises in the energy sector, as well as strengthen the institutional capacity and regulatory framework for the promotion of energy projects, particularly those involving renewables and energy efficiency.

Partnership: A Key Element in the IDB-Canada Approach

The IDB's working partnerships extend beyond the Government of Canada to government agencies in the provinces, most notably through the **Ministère du Développement Économique, Innovation et Exportation de Québec (MDEIE), Société d'Habitation du Québec**, and the Government of Alberta.

Canadian companies that are partnering with the IDB on Latin American development:

- Scotiabank
- Research In Motion Ltd.
- Redline Communications
- Wesley Clover International
- OneXOne

Additionally, Export Development Canada (EDC) has been instrumental in facilitating the IDB's work with business enterprises in Canada, particularly with regard to the Bank's strategy of offering opportunities to engage more effectively with local and national governments and businesses in the LAC region. The agency has been an active collaborator with the IDB on its broadband initiative, hosting a meeting in Ottawa of small and medium-sized Canadian enterprises looking to contribute their expertise to the region. EDC also recruited Canadian firms working in agricultural industries to contribute their private sector knowledge to the Bank's recent efforts to boost agricultural growth in LAC and thereby enable the region to become a key part of the solution to global food security challenges.

BETWEEN 2010 AND 2012, CANADIAN FIRMS WON A TOTAL OF 54 CONTRACTS ON IDB-FINANCED PROJECTS IN A VARIETY OF SECTORS, INCLUDING ENERGY, AGRICULTURE, TRANSPORTATION, INFORMATION TECHNOLOGY, EDUCATION, STATE REFORM AND MODERNIZATION, AND HEALTH.

VALUE + IMPACT = RESULTS

Canada as a Development Pacesetter: Making its Investments Count

THE CANADIAN GOVERNMENT’S SUPPORT OF KEY IDB PRIORITIES HAS BEEN LEVERAGED BY CONTRIBUTIONS FROM OTHER COUNTRIES, THEREBY STRENGTHENING ITS DEVELOPMENT INITIATIVES AND THEIR IMPACT IN THE REGION.

- » A \$10 million Canadian contribution to the IDB’s *Aid for Trade* fund was followed by an additional \$4 million from the United Kingdom, Switzerland and Chile.
- » In the *FIRII+* fund that promotes regional integration and trade, each \$1 in Canadian contributions was leveraged by \$1.20 from Spain, the United States, Mexico and Colombia.
- » An \$800,000 contribution from Canada to the IDB’s Gender and Diversity Trust Fund was added to \$9 million in funding from IDB partners Norway, Austria and Denmark.
- » Canada also joined partners Spain, Japan and Korea in contributing a combined \$14 million to the IDB’s Disaster Prevention Fund.

Rebuilding Haiti for a New Generation

WITH CANADIAN SUPPORT, THE IDB IS THE BIGGEST MULTILATERAL DONOR IN HAITI, HAVING CANCELLED THE COUNTRY’S OUTSTANDING DEBT AFTER THE 2010 EARTHQUAKE AND PROVIDING \$2.2 BILLION IN RECONSTRUCTION GRANTS THROUGH 2020.

Canadian leadership has been critical to Haiti’s recovery and long-term development, with the government providing CAD\$20 million through the IDB on an initiative to improve education for as many as 360,000 Haitian children. This support is funding construction of new schools, tuition-free primary education, and student health programs, while strengthening Haiti’s Ministry of Education and Professional Training and its executing agencies. Overall, the Canadian grant will fund the construction of 20 new public schools, benefitting 8,200 children from preschool through grade nine. It will also subsidize education expenses for 35,000 children attending primary non-public schools for two school years.

Through the IDB, Canada has for many years contributed resources to help Haitian ministries and decentralized government agencies undertake medium-size infrastructure projects in areas they can have a high economic impact and raise the quality of life of the local population — roads bridges, ports, airports, cargo terminals, irrigation ditches, potable water and sanitation systems, public marketplaces and abattoirs.

RECENT PROJECTS CO-FINANCED BY CANADA IN HAITI

Project	Amount (CAD\$)
Additional Co-financing for Rehabilitation Basic Economic Infrastructure Program	19,500,000
Rehabilitation of Road Infrastructure for Integration of the Territory	75,000,000
II Additional Co-financing Rehabilitation Basic Economic Infrastructure Program	15,450,000
Support for the Strengthening of the Direction Générale des Impôts	150,000
Support for Haiti’s Reconfiguration of the Education Sector	20,000,000

CANADA AND THE IDB HAVE LONG WORKED TOGETHER TO HELP COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN INTEGRATE INTO THE GLOBAL ECONOMY AND TO BENEFIT FROM LIBERALIZED TRADE AND INCREASED MARKET ACCESS. INITIATIVES HAVE BEEN FOCUSED ON MAXIMIZING THE POTENTIAL FOR TRADE TO BECOME AN ENGINE OF GROWTH AND POVERTY REDUCTION — PARTICULARLY WHEN FACILITATED BY FAVORABLE PUBLIC POLICIES AND ACCOMPANIED BY PRIVATE SECTOR INITIATIVE AND DEVELOPMENT.

Promoting Jobs and Growth by Reducing Trade Barriers within the LAC Region

While trade with other regions of the world offers enormous potential for LAC countries to boost job creation and economic development, trade between LAC countries themselves is still far below its potential. This is because of insufficient regional infrastructure, as well as a lack of trade facilitation measures and inadequate or ineffective regulatory architecture. The Canadian government is the largest donor to the IDB's **Regional**

Infrastructure Integration Fund (FIRII+),

which works to finance infrastructure and other initiatives that will open new pathways to intra-regional trade — and thereby promote job growth and economic development in the region.

The IDB works to mobilize donors worldwide to facilitate economic ties and help private sector investors make important connections with potential business partners in LAC — and gain access to the region's markets.

The fund's goal is to help reduce the costs of cross-border trade and reduce obstacles related to transport and logistics. With these new investments in the FIRII+ fund, it is envisioned that a new round of trade-focused, cross-border projects across the region will help lower transaction costs, boost export capacity, lead to a better distribution of trade benefits — and enable LAC to move decisively toward realizing its full potential for intra-regional trade.

Promoting Private Sector Growth in Caribbean Countries



Compete Caribbean, a private sector development program that is jointly funded by Canada, the IDB and the United Kingdom Department for International Development (DFID), is a \$40 million program that expects to double non-traditional exports from 15 Caribbean countries and

create 8,000 new jobs across the sub-region. The program provides technical assistance grants and investment funding to support policy improvements, business climate reforms, clustering initiatives, and small and medium-size enterprise (SME) development activities.

Connecting Women-owned Businesses into Global Supply Chains

With new and emerging global supply chains offering enormous opportunities for small and medium-sized enterprises in Latin America and the Caribbean, the IDB is collaborating with Walmart and the international women's business group WEConnect — with support from Canada — on a program to help women-owned business in Chile, Costa Rica and Peru gain access to new markets and increase their economic productivity as employers and community leaders. For Alpacifica, a Peruvian designer and producer of alpaca clothing products, the partnership with WEConnect enabled the company to develop the connections and know-how to tap into the U.S. market. The company's products are made in a women-run cooperative in Lima that provides free child care. WEConnect helped the company through the certification process and helped it find advance financing for production. Alpacifica's first big contract, through the Full Circle Exchange, a non-profit social enterprise dedicated to empowering women, represented a 50 percent increase in sales for the company.

“WEConnect has opened up a whole new world of opportunity. We now have access to the U.S. market, and are learning how to export,” said Alpacifica’s owner Meg McFarland

THE IDB'S PARTNERSHIP WITH WECONNECT AND WALMART'S FULL CIRCLE DISTRIBUTORSHIP HAS ALSO HELPED FIDENZA DISEGNO, A LARGE, WOMEN-OWNED JEWELRY PRODUCER BASED IN LIMA, SELL ITS PRODUCTS TO INTO WALMART'S GLOBAL SUPPLY CHAIN.

PERU

A MONITORING AND EVALUATION SYSTEM FOR TRADE AGREEMENTS

In recent years, trade liberalization has made an important contribution to Peru's growth and development. But the country's success in pursuing free trade has brought with it a need to bolster the capabilities of the country's Ministry of Foreign Trade and Tourism (MINCETUR), and particularly its ability to collect, research, analyze, and consolidate large amounts of highly technical information. The IDB and Canada have supported the development and implementation of an online tool, the Monitoring and Evaluation System for Trade Agreements (MESTA), that gives the negotiating teams and ministry officials access to real-time information on Peru's trade agreements. The MESTA has changed the way MINCETUR operates by creating a centralized data base that ensures accurate tracking of the process and content of trade agreements.

“MESTA is an example of our commitment to continually enhance the efficient implementation of trade policy, and has placed MINCETUR at the vanguard of public sector modernization and competitiveness”, said Carlos Posada Ugaz, Peru’s Vice Minister of Trade.

COSTA RICA AND PANAMA

CLEARING A TRADE CHOKEPOINT

The speed and efficiency with which vehicles can traverse border crossings makes an enormous difference in the development of trade between two countries. In Central America, long delays at the sub-region's numerous border crossings are associated with cost factors such as fuel to refrigerate cargo and paying drivers to wait, as well as adverse impacts on social and environmental conditions in border areas. With Canadian support, the IDB is helping Costa Rica and Panama are modernize a busy and important border crossing at Paso Canoas, so that wait times for trucks can be cut from 17 hours to less than one hour. The key element of the project is the establishment of Integrated Control Centers, to be paid for by a border-crossing fee of \$25 per truck, which will provide state-of-the-art infrastructure and administrative procedures needed to optimize border transit and control.

Costa Rica’s Vice Minister of Foreign Trade, Fernando Ocampo, said, “It’s important for Costa Rica to build world class border facilities. We have made an important effort to open new markets through free trade agreements and now we need to create the conditions to take full advantage of them, through faster and easier procedures. The IDB has been a strategic partner in helping us align the various interests of the parties to reach this agreement.”

LAC Flavors — Making Connections for the Region's Food Producers

LAC Flavors is an annual food industry buyer-seller meeting sponsored by the IDB and supported by the Canadian government, with the aim of introducing small and medium size food businesses in the Mesoamerica region to food companies in Europe, Asia and North America. Over the past four years LAC Flavors has generated more than 2000 facilitated business meetings through the IDB's "matchmaking" system, leading to more than \$14 million in business and almost \$50 million in future opportunities for regional food businesses.

One company that has benefited from this event is Tropix, a food processor based rural town El Salvador and specializing in authentic, traditional Salvadoran foods, including frozen tropical fruit, tamales, traditional refreshments, and dried herbs. Its principal markets are supermarkets in El Salvador, as well as distributors in the United States, Nicaragua and Guatemala. At the Tropix factory, 95 percent of the employees are women, including high level managers for quality control, sales, production, and accounting. According to sales manager Claudia Merlos, attending the LAC Flavors event has enabled her to identify opportunities in neighboring countries and meet potential buyers, with the 2012 event in Guatemala generating more than \$300,000 in sales for the company.

"Networking offers infinite opportunities. It's important to stay focused on maintaining the long-term relationships. It's the long-term alliances that provide real value, particularly when dealing in agricultural and food products."

A Road Brings Business

Before work began on its rehabilitation, the RN7, a road linking the cities of Les Cayes and Jérémie in southwestern Haiti, could have been mistaken for a dry riverbed. The 88-km (55 mile) trip took about eight hours. Two-day delays along the route were not uncommon when vehicles would break down on a narrow stretch.

Financed with \$142 million grants from Canada and IDB, major improvements on the RN7 are nearing completion. The rutted track is being smoothed and widened. Drainage ditches will prevent water from washing away the road. At times the project employed as many as 800 people, with two crews working from both ends of the road. Even before asphalt was poured, drivers found they could now cover the distance between the two cities in under four hours. There are now at least 15 daily bus departures along the route, up from just one departure prior to the start of the project. And Weppslen Exama, manager of microlender Fonkoze in Beaumont, a market town along the route, said his clients were already benefitting from lower transport costs and shorter travel times. "This road is a good investment," he said. "Companies that didn't deliver here are now doing business in Beaumont."

"Participating in the 'feria' gave me an opportunity to grow and opened doors to learning new things. I met several new potential buyers through the organized interviews as well as networking on my own."

ROSA ALMANZA, OWNER FOR LATIN FRUIT, LOCATED IN OCÚ, HERRERA PROVINCE, PANAMA. THE COMPANY HAS BEEN IN THE BUSINESS OF EXPORTING YAMS, TARO, AND OTHER TUBERS FOR FIFTEEN YEARS. AFTER ATTENDING THE 2011 AND 2012 LAC FLAVORS EXPORT FAIR SPONSORED BY THE IDB'S AID FOR TRADE FUND, SHE NOW EXPORTS TO MIAMI, THE DOMINICAN REPUBLIC, AND PUERTO RICO.

For more information:

Inter-American Development Bank
www.iadb.org/partnerships

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Foreign Affairs, Trade and Development Canada
www.international.gc.ca

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