



**ANNUAL MEETING OF THE BOARDS OF GOVERNORS**

**NASSAU, BAHAMAS**

AB-3080  
CII/AB-1451  
9 April 2016  
Original: English  
French

*Statement by the Temporary Alternate Governor for Canada*

*Rick Stewart*

1. On behalf of Canada, I would like to thank the Government of the Bahamas for hosting this year's Annual Meetings of the Inter-American Development Bank (IDB) and the Inter-American Investment Corporation (IIC) Boards of Governors. I would also like to thank the Government of the Republic of Korea for their leadership of the Boards of Governors this past year.
2. Our new Government places a great value on our relationship with our Latin American and Caribbean neighbours and our continued engagement in the region, both through strong bilateral relationships, and through regional multilateral organizations, such as the IDB.
3. Canada considers it important to play a leadership role in international efforts to combat climate change and to champion the values of inclusive and accountable governance, peaceful pluralism, respect for diversity, and human rights.
4. Given current economic challenges and the implementation of the 2030 Agenda for Sustainable Development, the IDB will play an important role in supporting sustainable economic growth for the hemisphere in the years to come. Through these challenging times, Canada will continue to support the IDB and its mission in Latin America and the Caribbean.
5. Canada's commitment to the Bank and the region is visible through our decision to increase our shareholding as part of the consolidation of the IDB Group's private sector operation into the Inter-American Investment Corporation. We believe that a renewed IIC can help increase private sector development in the region, and catalyze new private sector investment. Canada wishes to thank and congratulate Management and staff of the Bank and the Corporation, for their ongoing efforts to manage and implement such a complex operation. Notwithstanding the important progress that has been made, Canada would like to see the pace of implementation accelerate, and expand to all areas

of the IIC's work, including its approach to measuring and reporting on the ambitious development results we are expecting it to achieve.

*Balance Sheet Optimization and IDB Financial Position*

6. Since 2013, G20 Finance Ministers and Leaders have been calling for Multilateral Development Banks (MDBs) to “optimize their balance sheets to increase lending”. This reflects a view that MDBs remain critical development partners, but that there is still room to maximize their development impact. The G20 reiterated this message at the Antalya Summit in November and agreed to an MDB Action Plan on Balance Sheet Optimization which calls on the institutions to report back to Finance Ministers by July 2016 on progress in implementing the Action Plan.

7. Overall, Canada has been pleased with actions taken so far by the IDB on this issue and looks forward to hear more about IDB's progress in July. We especially wish to congratulate Management for the recently concluded exposure exchange agreement with the African Development Bank and the World Bank Group, as an excellent example of MDBs working together to optimize their resources. Given that the current pressures on IDB's capital ratios are the result of regional concentration, we think the Bank should consider entering into additional exposure exchange agreements with other MDBs as possible.

8. Canada also recognizes that the IDB currently is facing particularly challenging conditions which have forced a degree of consolidation. Measures were necessary to maintain the Bank's financial position in the short term, and we commend the Bank and borrowing countries for these quick and decisive actions.

9. We would especially wish to commend Haiti and the Bank for their proposal to optimize the IDB Grant Facility transfer. These changes will help improve the Bank's financial position, while still respecting the IDB allocation to Haiti of US\$2 billion.

10. Another initiative undertaken by the IDB to optimize their balance sheet is the recent proposal to transfer FSO's net assets to IDB's Ordinary Capital. Canada welcomes this proposal, as it also exemplifies one of the many innovative measures that MDBs can take to use their resources optimally.

11. We look forward to actively engaging with the Bank to further strengthen the Bank's position and find ways to optimize the use of its resources.

*Climate Change*

12. 195 countries came together last December in Paris to adopt a historic and ambitious new climate change agreement. The Paris Agreement strengthens global efforts to transition to a low-carbon, resilient economy, while recognizing the need to support developing countries' efforts to reduce greenhouse emissions and adapt to the adverse impacts of climate change.

13. Canada is committed to supporting the poorest and most vulnerable countries to adapt to the adverse effects of climate change, and is doing its part to mobilize critical investments that will achieve sustained emissions reductions in developing countries. To this end, Canada has committed C\$2.65 billion over 5 years to help developing countries tackle climate change. This contribution will be delivered through a variety of channels

and instruments, and will support both mitigation and adaptation, particularly in the poorest and most vulnerable countries.

14. Canada has long been a strong supporter of MDBs' action on climate change, and we are encouraged to see that all of the key MDBs have also committed to scale up climate finance. In recent years, Canada has established climate facilities at multilateral organizations, including providing US\$250 million to establish the Canadian Climate Fund for the Private Sector in the Americas at the Inter-American Development Bank. This fund co-finance private sector climate projects in Latin America and the Caribbean and aims to catalyze private sector investments in climate change mitigation and adaptation across the region.

15. Canada has been pleased by the Inter-American Development Bank's past announcements that it will seek to increase its climate finance lending from around 14% to 30% by 2020.

16. In our view, one key element to achieve the Bank's objective will also be to systematically incorporate climate change considerations at the initial stages of all project development. While we recognize that one of the Bank's priorities is indeed mainstreaming climate and sustainability considerations across the IDB Group, we believe that the current timeline of screening all investments by 2018 must be more ambitious if the Bank is to achieve its 2020 target.

17. Finally, we encourage IDB to continue its efforts to leverage private sector climate finance. Unlocking private finance is a critical step in the transition to sustainable low-carbon growth. In this respect, the IDB's consolidation of private sector operations into a single entity should enhance the Bank's ability to develop and offer innovative financial products that mobilize private finance and support the transition to low-carbon growth throughout Latin America and the Caribbean.

#### *The Future of the Multilateral Investment Fund*

18. Canada is a strong supporter of the Multilateral Investment Fund (MIF) and believes that it plays an important role in the IDB Group. Canada places high value in the MIF's ability to innovate and experiment, and sees the MIF as serving a unique and important segment of the private and non-governmental sectors in the region. Helping these sectors flourish is essential for inclusive growth and sustainable development. We believe that the MIF should continue, and that it continues to serve a distinctive role in the IDB Group. Accordingly, Canada calls on MIF Management to present different options on the future of the MIF. Furthermore, Canada agrees that a negotiation process for MIF's replenishment be launched this year in October.

#### *Conclusion*

19. Canada remains committed to the IDB Group.

20. As the pre-eminent development lending institution in the Americas, the IDB's impact on poverty reduction has been deep and far-reaching. We are confident that the IDB Group's increased focus on the private sector will further improve its development impact in the region and help the hemisphere progress towards the 2030 Sustainable Development Goals.