



**ANNUAL MEETING OF THE BOARDS OF GOVERNORS**

**NASSAU, BAHAMAS**

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*Statement by the Temporary Alternate Governor for the Netherlands*

*Hendrik Albert Hilberink*

1. On behalf of the Government of the Kingdom of the Netherlands, and more in particular on behalf of Minister Lilianne Ploumen, Governor of the Inter-American Development Bank and of the Inter-American Investment Corporation for the Kingdom, I would like to express my deep appreciation to the Government of The Bahamas and the people of Nassau for their warm hospitality.
2. Last year the international community reached agreement on major global commitments which have a direct bearing on the business of the IDB Group: (i) the Addis Ababa Action Agenda; (ii) the 2030 Agenda for Sustainable Development, and the Paris Agreement under the United Nations Framework Convention on Climate Change. Starting this year we should focus on implementation of these commitments. We are happy to note that the IDB Group has high aspirations to join others in taking up these challenges, and is already taking action accordingly.
3. At the Annual Meetings of last year in Busan, Governors reached agreement on the transfer of both financial and non-financial resources associated with private sector operations from the IDB to the IIC. As scheduled, the new IIC has taken up business since January. I would like to flag our satisfaction with the progress made over the last year. We realize this has been and still is a major effort by staff as well as by IDB Group Management, including, since last November, General Manager James Scriven. We are hearing positive feedback from the Netherlands private sector on the new IIC: the first taste of doing business with a unified and bigger window for private sector operations within the IDB Group is good and promising. This is good news for the countries of the region, which are facing serious development challenges. In this context it is my pleasure and honor to inform the Governors and the wider IDB Group family that the Governments of Aruba and Curaçao have expressed their interest to affiliate themselves with the IIC, as parts of the Kingdom. The third of the Kingdom's Caribbean countries, Saint Maarten, is expected to follow shortly.

4. We noted that the IDB at the end of last year had to weather a storm in terms of safeguarding its sound capitalization. We commend IDB Management for taking swift and firm action, in order to maintain the Bank's AAA credit rating.

5. One of the recommendations of the Addis Ababa Action Agenda is for the Multilateral Development Banks to make optimal use of their resources and balance sheets, consistent with maintaining their financial integrity, in order to contribute to mobilizing the necessary funding, both public and private, to help realize the Sustainable Development Goals. In this context we are happy to note that the IDB has not wasted time in taking up this challenge. We fully support the proposals on the table to combine the FSO's resources with those of the Ordinary Capital. Last January, at the meeting of the non-regional IDB members with the President in Rome, the Netherlands proposed to seize the opportunity of the FSO-OC merger to settle outstanding Maintenance of Value obligations of the FSO to donor countries (like the Netherlands), as part of the "merger-package." As we have seen in a recent IDB presentation, the total net amount of MoV payables is USD 104 million. In comparison with the proposed merger into the OC of an FSO balance of over USD 5,000 million, this should be manageable by the Bank. Speaking to different delegations here in Nassau, we have sensed an emerging consensus on this issue, and we would like to request Management to take the proposal into account in the preparation of a definitive proposal to be considered and approved by the Board of Executive Directors, by no later than mid-August 2016, and for subsequent consideration by the Board of Governors.

6. We have taken note, with great interest, of the Report and road map on options for the future of the MIF in the context of the reorganization of the IDB Group's private sector activities. We highly value the role of the MIF within the IDB Group as a sort of laboratory to pilot innovative developmental projects in the region, by encouraging increased private investment and advancing private sector development. We fully support the proposals on the table. We acknowledge the need for, among other things, a bridge replenishment to enable the MIF to continue to carry out operations in the next couple of years. We would like to stress the importance of a solid review of the various options for financial sustainability beyond 2023. We enter into this discussion with an open mind; however, we do think that the various options to be reviewed should include (i) structural financing from IDB and IIC net income, and (ii) integration of the MIF into the IIC organization, on balance or off balance.

7. We commend President Moreno for being pro-active by formulating his aspirational goal to double the IDB Group financing to assist countries in the region to address climate change, in line with the agreement reached in Paris. We are happy to endorse this goal as tabled at the Governors' meeting here in Nassau. We take it that this goal will be operationalized in the Corporate Results Framework for the three constituent parts of the IDB Group. We consider effective coordination among MDBs important, also in this area. We are therefore pleased to note that the OECD-DAC has expanded its Rio Marker system to accommodate the joint Multilateral Development Banks (MDBs) approach on tracking and reporting climate finance. We also welcome the consensus reached in 2015 between the MDBs (including the IDB Group) and the International Development Finance Club, on using common principles for tracking and reporting climate finance. We welcome the different measures proposed by Management of the

IDB Group in this context. Having stated that, we think it would be useful to also adopt a dedicated Climate Action Plan for the IDB Group.

8. We took note of the initiative by IIC Management to prepare a Policy on the use of Off-shore Financial Centers by project sponsors and other partners and bring the proposal to the Board of Directors later this year. We realize this issue is not on the agenda of our meeting in Nassau, but we would like to take this opportunity to commend IIC Management for the initiative, and to elevate the status of the current guidelines to a full-fledged Policy. We think this is appropriate, given the reputational risk involved for the IDB Group, in particular for the IIC. Its importance has become only more apparent with the recent release of the so-called Panama papers.

9. Finally, I would like to thank staff and the IDB Group's Management together with President Moreno for their firm commitment and dedicated work in continuing to build an even more efficient and better Development Bank for the Caribbean and Latin American region.