



ANNUAL MEETING OF THE BOARDS OF GOVERNORS

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**ADDRESS BY THE TEMPORARY ALTERNATE GOVERNOR FOR CANADA
AT THE SECOND PLENARY SESSION**

Susan Whelan

1. May I take a moment, first, to thank the Government of Brazil and the people of Fortaleza for such a warm welcome and such kind hospitality.
2. Over the past few days, I have had the pleasure of visiting both the Caribbean and Latin America. It is clear from what I have seen that partnership and cooperation among countries of the hemisphere can bring truly remarkable results.
3. In my role as Canada's Minister for International Cooperation, I hope the people of the Americas will continue working with us as our partners in many different fields. In this spirit, I am pleased that Canada and the IDB yesterday signed a framework agreement to make this partnership even more fruitful. This can only help us build on our rich and rewarding bilateral—and multilateral—relationships.
4. This is the first meeting of the Board of Governors since the Summit of the Americas in Quebec City last year. So let me begin with a few observations.
5. At the Summit, leaders agreed on an ambitious Plan of Action. It called for renewed focus on:
 - developing the hemisphere;
 - reinforcing co-operation and integration;
 - strengthening democracy;
 - creating prosperity; and
 - realizing human potential.

6. Remember, these were collective commitments made by the IDB's borrowing members—and the IDB was there pledging its support. The Bank—and President Iglesias—deserve a lot of credit for their involvement in this process.

7. Let me simply note that leaders of the hemisphere have invested a great deal of energy into shaping the Summit Plan of Action. As our countries strive to achieve these goals, Canada knows that our fellow IDB Governors are uniquely placed to help translate the Plan into financing, action, and long-term development.

8. Canada believes the Bank serves an important role for the hemisphere. It is an important source of stable development funding for countries in the region. Not only does it provide a forum for policy dialogue. If used effectively, the Bank has the special ability to help us all achieve the Millennium Development Goal of cutting poverty in half by 2015.

9. At the Eighth Replenishment in 1994—backed by the Bank's Corporate Strategy—Governors endorsed the Bank's mandate to promote the economic and social development of Latin America and the Caribbean. This mandate is equally valid today. Indeed, it is completely in line with the Summit Plan of Action.

10. I applaud the fact that the IDB has devoted over half of its loans to poverty reduction and social equity. In effect, the Bank has exceeded the goal set by its Governors. Canada encourages the Bank to continue on this course.

11. The Bank has also strengthened governance and integration among borrowing member countries. Under the Eighth Replenishment, we said that participation in world markets is an important tool for modernizing the State. And the Bank has acted on this.

12. At one level, it has supported negotiations for the Free Trade Area of the Americas. At another, it has supported the governance and structural reforms needed to fully realize the benefits of globalization. Canada fully supports this challenging agenda; and we believe more will need to be done to better equip countries in this regard. We commend the Bank on its recent initiative for a regional policy dialogue on competitiveness.

13. The Bank *has* increased lending for poverty and social equity. I hope it will maintain its momentum on this score. But, as recognized under the Eighth Replenishment, increased resources alone are not enough. Lending must be accompanied by governance reforms, modernization of the State, and inclusiveness in decision-making.

14. The agenda of the IDB in support of the Summit of the Americas lists five critical themes:

- governance and democracy;
- economic development and integration;
- ecology and sustainable development;
- equity and human well being; and
- connectivity and technology.

15. All of these can help turn globalization into a process of poverty reduction; all are consistent with the Millennium Development Goals.

16. Now we need to work together to reach these goals. Let me outline a few areas of potential action.

17. First, the Bank needs to stay the course on its support for equity and inclusion—whether is for indigenous people or other marginalized groups. We strongly urge a continued, intensified effort to build on the levels of lending for poverty and social equity attained in 2001.

18. Second, the Bank should continue increasing its development effectiveness through implementation of its Corporate Strategy. In other words, it should:

- preserve the Bank's financial strength;
- strive for improved monitoring and evaluation—especially of policy-based lending and the need to integrate evaluation into the front end of project design and approval;
- forge stronger links between country programming and all of the Bank's operations—from the largest program loan to the smallest technical assistance operation;
- and, it means focusing on results. Our governments and our citizens are concerned that the funds provided through their taxes are used as effectively as possible and reach those who most need them. The key to greater effectiveness lies in making better use of what we already have.

19. And this leads me to my third point: the Bank's role in relation to others — both bilateral and multilateral. The Bank must be on the leading edge and succeed in putting a human face on development. Lending that is fast-disbursing, or crisis-driven, often confuses the IDB's mandate with those of the International Monetary Fund (IMF) and the World Bank. There are opportunities for enhanced cooperation with the IMF and the World Bank. When the IDB does respond to a crisis, for example in proposing a reprofiling of loans to Argentina, it must focus on mitigating the social impact and reducing poverty, as well as respond in ways which best use its vast knowledge and experience.

20. Fourth, we have witnessed a decade during which the gap between the "haves" and "have-nots" has widened. Expanded trade, broadened opportunities, increased efficiency — these can generate economic activity and greater wealth, which can substantially reduce poverty. But that can only happen if opportunities and wealth are shared widely and fairly. As a *regional* institution, with a mandate to strengthen hemispheric cooperation and integration, the Bank has a special role to play to make sure that globalization in the Americas starts to benefit the poor.

21. Given lagging growth in many countries and continued poverty, I believe it is vital to safeguard resources, which means ensuring that the poorest, Group II countries—including the smaller, more vulnerable countries—receive the help they need *and deserve*.

22. The Bank's core mandate—its focus on long-term economic and social development, and its emphasis on overcoming poverty—is ever more pressing and relevant today. Indeed, the Millennium Development Goals, the Summit Plan of Action, the Bank's mandate, and the priorities of Canada's development cooperation program appear to be entirely in harmony.

23. In closing, let me simply note that our shared goal must be nothing less than a better life and a brighter future for all the people of the Americas.