



ANNUAL MEETING OF THE BOARDS OF GOVERNORS

FORTALEZA, BRAZIL

AB-2189
CII/AB-826
12 March 2002
Original: English

**ADDRESS BY THE GOVERNOR FOR GERMANY
AT THE THIRD PLENARY SESSION**

Uschi Eid

1. Let me thank the government and the people of Brazil for inviting us here and for organising this year's Annual Meeting of the IDB and the IIC in such a professional way. I am particularly pleased that we are meeting here in Fortaleza, a city that is beautifully situated by the sea in a region with a rich historical and cultural heritage. Here in the North-East of Brazil, the government of the state of Ceará —also in cooperation with the IDB— continues very successfully its efforts to promote a more diverse economy.
2. I would also like to thank you, Mr President, and all your staff for the same perfect organisation and staging of our meeting as every year.
3. Only recently, the importance of the countries of Latin America for Germany was underlined when Chancellor Schröder visited Mexico, Argentina and Brazil and Foreign Minister Fischer visited Peru, Chile and Argentina. These visits were part of our longstanding and intensive relation with the countries of the region.
4. We are, of course, all following the situation in Argentina with great concern, particularly because the present social situation could plunge the country into an even deeper crisis. Despite being, in essence, an economically strong country, Argentina will be depending on international support to cope with its present difficult situation. The IDB, the IMF and the World Bank could be the most important institutions at the moment in terms of assisting the country on the right path. Of course, this can only support the own efforts of Argentina.
5. During the German Chancellor's visit, together with the Brazilian government, an "Action Plan for German-Brazilian Partnership" was endorsed to intensify bilateral co-operation especially in the field of environmental policy. Given the severe trends that are to be observed in Latin America and the Caribbean with respect to urban environmental problems and the sustainable use of natural resources, this can be an important initiative. In this context I would like to mention that within the IDB, we must also try to rapidly overhaul our strategy on environmental policy.

6. I am particularly pleased that you, President Iglesias, have already emphasised on several occasions how important this task is in the light of the Rio Plus 10 conference being held in Johannesburg this autumn. I can only endorse that position. Since 1992, "Rio", and thus also our host country Brazil, has become a synonym for sustainable development; it was here for the first time that economic, ecological and social issues were integrated within a development strategy. The Rio process has become irreversible over the last decade and we have no doubt that future administrations act in the same spirit. I welcome the broad consensus also on the interlinkages between economic growth - which is necessary no doubt, social justice and ecological sustainability as well as poverty reduction. Tangible improvements in environmental policies and their implementation within the region have to be reached.

7. It is the rapid pace of urbanisation that is the cause for increasing environmental degradation in the towns and cities. As regards natural resources, the main problems are deforestation, erosion, land degradation, water shortages and water pollution and the decline in biodiversity. Given this, it seems to me vital that the IDB acknowledges its responsibility and that the Bank, which has already made the preservation of natural resources an overarching goal of its institutional strategy, at last accord it the priority it deserves in its operational activities.

8. I am pleased that IDB and Germany were able to stage a seminar on "Development of Rural Economies in Latin America and the Caribbean" in the run-up to our meeting. The main issues for discussion were the connection between the reduction of rural poverty and sustainable management of natural resources and also the need for stable financial options in rural areas. Among other topics it has been discussed how to support efforts that land is distributed fairly and that financial support is available for the purchase of land, thus making it easier for a broader section of the population to gain access to farmland.

9. In the light of the forthcoming Rio Plus 10 conference, it is high time to continue the dialogue and forge alliances to adopt a change of trends in lending policy. Germany would like once again to call on all concerned to specifically incorporate programmes for the preservation and sustainable utilisation of the tropical rainforest into their efforts to protect natural resources. We would therefore welcome the participation of the IDB in the "Pilot Programme to Conserve the Rainforest", the PPG7, and in the complementary initiative for the countries bordering on the Amazon region.

10. When I look back over the time that has passed since our last Annual Meeting, in Santiago de Chile, a number of positive developments in the work of the IDB are obvious. The Report of the External Advisory Group just has been presented, with its proposals on how to better equip the Bank to face its constantly growing challenges.

11. When further scrutinizing this report, this has to happen in light of the ongoing discussion on "development effectiveness". Especially in today's world, it is becoming more and more difficult to live up to these standards we have set ourselves. Yet it is precisely for this reason that we have an obligation to be unceasing in our efforts and to improve the development effectiveness of all our activities of the IDB. Here, we can make use of the special comparative advantages offered by a regional development bank. Bank policy should

also incorporate the aims adopted by all the UN member states at the Millennium Summit in September 2000 and expressed in the Millennium Declaration.

12. By following this policy, the IDB, with its development mandate, will be better able to perform its special role in integrating Latin America into the world economy. In addition to this important continuing discussion, I particularly welcome the IDB's efforts to reform its lending instruments. It is important that we reintroduced fast disbursing loans. I am pleased that the decisions were based on a consensus. As a result, I feel that we can, to that extent, look with confidence to the challenges of the future.

13. In closing, allow me to look ahead briefly to an event that will also be of great importance for the IDB: The Mexican city of Monterrey, and thus the region as a whole, will next week be playing host to the United Nations International Conference on Financing for Development. Together with our partners in the European Union, we have taken all efforts to play a constructive role in the preparation for this important conference. Of course, we also wish to contribute to make it a success. When implementing the Monterrey agenda the IDB will have to play an important role.

14. May I assure you, Mr President, of our full support in all your efforts to face the objectives and challenges with which the Inter-American Development Bank is being confronted in a complex world. Germany will continue to be a serious partner.