

**As prepared for delivery*

Inaugural Address

President Ilan Goldfajn

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Good afternoon!

It's great to begin the year here with you – our friends and colleagues from Latin America and the Caribbean and so many other countries.

Esteemed Governors and Executive Directors of the Bank; Ambassadors, members of the diplomatic corps and multilateral organizations; officials from the U.S. government and Congress; officials from other governments; members of academia, think tanks and private-sector partners; colleagues from the IDB, IDB Invest and IDB Lab; friends.

Thank you for coming and for everything you do for this great institution and the region we serve.

Today, I want to start **first** by offering **an overview of the challenges** facing our region and our Bank.

Second, I'll discuss **how we can help** the region. And **third**, I'll talk about **my vision** for the Bank **and my priorities**.

But before that, let me tell you why I wanted to join the IDB.

Tackling those challenges is a calling.

I wanted to come here to heed that call.

My motivation is simple: **it's about purpose**.

I've worked in the private sector and in academia, and what I know is that here, at a multilateral development bank like the IDB, is the place where you can truly improve lives on a large scale.

I don't think "improving lives" is just a tagline.

I believe that with hard work, and the right approach, we can more effectively meet the needs and aspirations of people in the region.

They deserve better jobs, safer streets, quality healthcare, faster internet, better public services, better infrastructure and other essential elements of life that they rightly aspire to.

And yes – a sense of hope in the future.

I can't think of any institution that can better help the region fulfill that hope than the IDB.

And so, here I am – **here we are** – at a historic juncture for the region and the IDB.

You all know why this moment is historic.

This is a time of unprecedented, overlapping crises: the first global pandemic in a century; the largest land war in Europe since World War II; the highest inflation in generations; global food and energy insecurity; climate change.

The decisions we make – **and the actions we take** – will help define how the region recovers and how our people progress for decades.

The IDB was born during another period of geopolitical and economic uncertainty – the Cold War.

In the late 1950s, like today, leaders from across the hemisphere faced multiple crises: poverty, inequality, disease and polarization.

One of those leaders – one of the original architects of the IDB – was Brazilian President Juscelino Kubitschek.

In 1958, just before the IDB was created, Kubitschek wrote to U.S. President Dwight Eisenhower, urging closer hemispheric cooperation.

"The time has come," he wrote, "to ask ourselves whether or not all of us are **doing our utmost** to weld the indestructible union of sentiments, aspirations and interests called for by the graveness of the world situation."

Today, Kubitschek's words *have new relevance*.

The region faces intricate challenges.

It needs to address social inequalities and immediate demands for better public services, while having limited resources to do so.

Simultaneously, it needs to overcome decades-old structural problems to increase productivity and growth.

Over the past two decades, the region has grown 12 times less than emerging Asian economies.

And in the five-year period preceding the pandemic, while countries grew their output virtually everywhere else, our economies shrank.

During the pandemic, deficits doubled and public debt soared.

And today, rising borrowing costs and tightening global financial conditions are putting even more pressure on member countries.

This makes it harder for countries to obtain the public resources they need to offer citizens the services they demand.

To meet those demands, we must better prioritize available resources, while accelerating growth, boosting productivity and increasing innovation – all of which is necessary to address social issues, to tackle poverty and inequality, in all its dimensions.

Inequality has been a stain on our region for generations, but the pandemic hit women and vulnerable populations especially hard.

Lower-income families lost three times as many jobs as wealthier families, and women face higher unemployment rates than before the pandemic.

Last year, extreme poverty likely affected 82 million people, reversing a quarter-century of gains.

Today, record inflation is testing families that were already teetering on the edge.

In addition to these challenges, countries also need to tackle climate change that is already generating more natural disasters in the region.

Before getting to my vision and priorities, I'd first like to acknowledge ***the building blocks we already have – and the basics we must reinforce*** – as we begin this new chapter at the IDB.

No other organization has the experience or on-the-ground presence to work with the region's countries like the IDB.

And as a true knowledge bank, the IDB offers unparalleled know-how for improving public policy.

And yet, I believe we can do more.

As I told our employees this morning, I will support them as they expand the IDB Group's work as the region's leading source of knowledge and preferred partner of choice for innovation.

We have some of the best minds in the international development world. Only when they feel valued, respected and heard can we truly shine.

This is not just a human resources issue. It's an operational imperative.

I want them to feel encouraged and enabled to co-create a better Bank that meets our development effectiveness targets.

As I told them, I've got their back.

As president, I will appeal to their hopes and aspirations.

And in doing so, I pledge to lead with integrity, so that, together, we can build trust and achieve more for Latin America and the Caribbean.

Now is the time to move forward.

Internally, we will foster trust and openness – a genuine openness. We will create an environment where – ***starting with me*** – we listen, learn and respect different approaches. Not a place of intolerance and polarization.

We will start by creating an environment where we learn from our successes ***and*** our failures. This calls for more dialogue throughout the Bank and with you, our partners and stakeholders.

Together, we can create a more effective IDB Group, where we nourish the co-creation of new ideas.

Trust is a powerful enabler of success. It will be the bedrock of our internal work at the Bank and with you.

All of this will be predicated on a commitment to meritocracy, ethics and diversity at all levels.

And let's be clear.

We need a more agile and effective IDB, based on solid governance – an IDB that puts our clients in the center of what we do and that is based on a solid human-capital strategy and a successful digital transformation.

It's interesting that, even in this context of polarization and uncertainty that we are seeing globally, there is **an overwhelming consensus** about the need for a stronger IDB.

We will seize upon this to fortify the IDB Group.

My vision is to build on the Bank's legacy to ensure that the IDB is **the most important** multilateral development institution for Latin America and the Caribbean.

We must be the region's most trusted partner. A center for expertise and knowledge. A beacon of innovative solutions to our region's challenges.

Staff must be **proud** of the institution they work at.

There are at least three elements to achieving this vision.

First, the IDB will aspire to be far better at delivering **effective results**.

We must be **more effective** at lifting people out of poverty, reducing all types of inequality, addressing climate change, accelerating productivity and growth, and creating economic opportunities for member countries.

Our work will be driven by data and evidence.

In 2021, just 53% of completed IDB projects evaluated by our Office of Evaluation and Oversight received a positive rating.

We can and should do better.

This requires better measuring our impact and providing the right incentives, processes and policies. It means partnering closely and creatively with the private sector to mobilize capital and **effectively impact development**.

In the end, what truly matters is not only how many loans we approve or even how much we lend.

What is paramount is **tangible, measurable development impact**.

Because of that, I intend to spearhead a Bank-wide effort to deliver more effective results.

Also, we need to be efficient internally – ensuring that our work is not siloed, duplicated or fragmented, so it will allow us to better address the region's problems.

The second key to achieving the vision is continuing to grow on private-sector operations.

We plan to advance the mandate for reforms at IDB Invest and IDB Lab that our Board of Governors approved last year, providing plans that allow us to unlock their great potential.

We must ensure that these private-sector operations effectively impact development providing, public goods across the region.

Third, we must better use and leverage our capital. As a Group, we will ensure that we are using our capital to **maximize its impact**, consistent with the adequacy guidelines, and we will plan future growth on this solid basis.

Now I would like to talk about our vision for the region.

The vast natural resources and entrepreneurial spirit of Latin America and the Caribbean offer enormous potential.

We just need to **unlock it sustainably**.

Our vision includes positioning Latin America and the Caribbean as a space for new solutions to shared global challenges, such as food insecurity and the need for clean energy.

For example, if we produce more clean energy more efficiently, that benefits our region, but also other countries and regions, helping the world edge closer to meeting Paris climate goals.

Our Amazon Initiative, which aims to empower indigenous communities while promoting forestation, the bioeconomy and sustainable farming, will benefit countries in the region, while also helping the world protect biodiversity and address global warming.

When we help countries lower trade and transportation costs, we reduce the price of food – and alleviate food insecurity in the region and globally.

We also believe the IDB is particularly suited to promoting physical and digital projects that will boost regional integration.

Our vision includes support for policies that boost productivity and promote inclusive growth, **to take full advantage** of our region's rich diversity.

To do that, we should think more creatively about how new developments redefine old problems.

For example, just recently, Chat GPT, an extraordinary new artificial intelligence chatbot, was launched. How can we help the region ensure that people have the right skills to thrive in this new era?

There is also an underlying value that underpins our vision – **promoting the rule of law and effective democratic institutions** that are critical to development. This is essential to remember these days.

As some of you have heard me say before, **when everything is a priority, nothing is.**

Because of that, our priorities focus on the following areas, which will be discussed as potential elements for the Bank's next broad-based institutional strategy.

First, we are emphasizing social issues, **including poverty, inequality in several dimensions, health needs, and food insecurity**, all of which are related.

Despite a massive decline of income inequality in the 2000s, inequality remains incredibly high.

In Latin America and the Caribbean, the income gap between the top and bottom 10% was twice as big as similarly developed countries before the pandemic.

If we don't act boldly, the impact of recent school closings could permanently widen income inequality and education levels for an entire generation of children.

In the region, about 200 million people are poor and 60 million face hunger.

Just last week, the UN reported that global food prices had surged and are the most expensive they've been since 1990.

The **second** priority is **climate**.

We must make it easier to invest in climate mitigation and adaptation, and more ambitiously help countries responsibly meet targets.

Today, our region experiences three times more destructive climate events per decade than 50 years ago. And those events cause about 10 times more economic damage. We must be more responsive, agile and creative to deal with them.

Third, we must invest more in sustainable physical and digital infrastructure and boost productivity.

Between 2008 and 2017, Latin America and the Caribbean put just 2.8% of GDP into infrastructure. That's half what East Asian and Pacific countries invested.

In addition to the traditional work of building bridges and ports, **we need to invest more in digital infrastructure.**

Today, our mobile broadband speeds can be 10 times slower than in OECD countries. That impedes growth.

Investing in digital infrastructure will not only improve connectivity, but also public services, educational opportunities and small-business growth.

And to help address these priorities, we plan to boost and elevate the role of two all-important areas **throughout the IDB Group**: one is **climate** and the other is **gender, diversity and inclusion**. We will make these **central** at the IDB.

Let me end by saying, we are just beginning. I don't have all the answers.

But after discussing the challenges we face, as well as my vision for the IDB and the region, and our priorities, I can tell you that I am eager to lead this institution.

I believe that **successful leadership is collaborative leadership.**

One of the challenges the world and our region faces is a lack of dialogue and increasing polarization. We have let our differences overshadow our common interests.

As IDB president, I plan to seize all opportunities for dialogue, both within the region and with non-regional member countries, between small and large countries, between South, Central and North American countries.

I will also promote greater dialogue with our private-sector partners, think tanks, and civil society.

At this time of polarization and uncertainty, our future depends not on being confrontational, but on being more collaborative.

The IDB will stand out not for imposing our views on others, but for **valuing different opinions**. We will succeed by inspiring dialogue and transparency that foster trust and promote prosperity.

If you've seen my Twitter account, you've seen that great video of my doppelganger, dancing his head off at a concert.

That's not me, unfortunately – **believe me, I wish I had his dancing skills** – but we can all learn something from him. I want all of us to take some inspiration from that guy and bring that same enthusiasm and agility to the IDB.

Together, we can reenergize the IDB and better fulfill our noble mission.

The region is counting on our energy, agility and passion to take this Bank to the next level.

So, today, I ask you to please join me.

Join me in dialogue and collaboration.

Join me in being inspired by what we can accomplish together.

Join me in working to bring out the best in this Bank and the region.

Join me in working to improve the lives of the **millions of people** we may never meet, but who are counting on us.

The IDB's challenges and the region's biggest problems weren't created overnight, and we won't solve them in a day.

So, as I ask for your help, I also for your patience and persistence.

But today, we have an incredible opportunity to elevate expectations for the future and to create hope at the very outset.

Decades ago, when Brazil's President Kubitschek wrote to President Eisenhower, he asked if they were doing their utmost to unite the region, to help it overcome its challenges and to fulfill the aspirations of its people.

Today, I ask you to join me in heeding Kubitschek's call.

Join me so that, **together**, we can ensure that we are doing **our utmost** to uplift our people and our region.

Thank you.