

## 1. Facts and figures

**Type of organisation:** Multilateral financial institution

**Established in:** 1959

**Headquarters:** Washington DC

**Number of country offices:** 26

**Head of organisation:** Luis Alberto Moreno (Columbia)

**Dates of Board meetings in 2013:** Every Wednesday

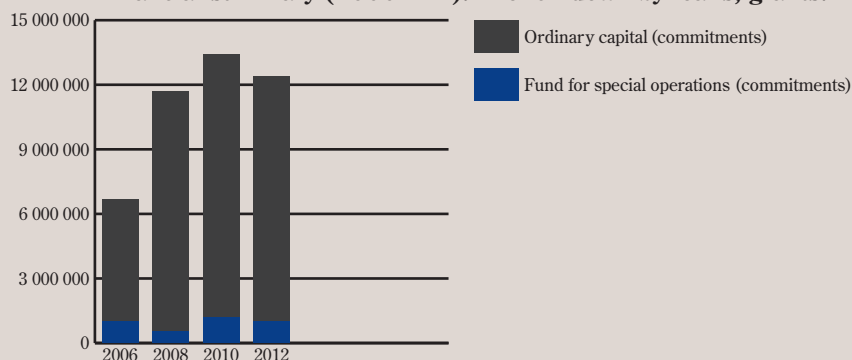
**Norway's representation on Board:** Alternate Executive Director (until September 2014) representing Austria, Denmark, Finland, France, Norway, Spain and Sweden

**Number of Norwegian staff:** 1 (2)

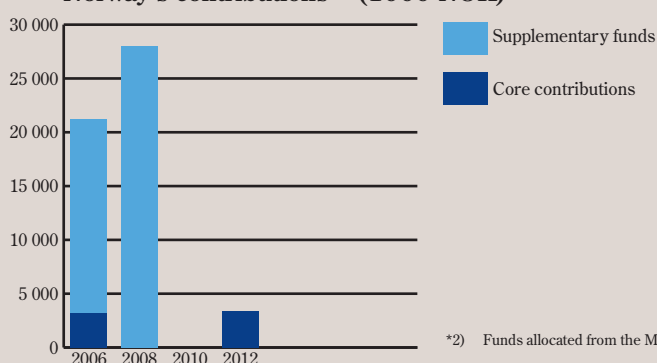
**Competent ministry:** Norwegian Ministry of Foreign Affairs

**Website:** [www.iadb.org](http://www.iadb.org)

**Financial summary (1000 IDB). Broken down by loans, grants.**

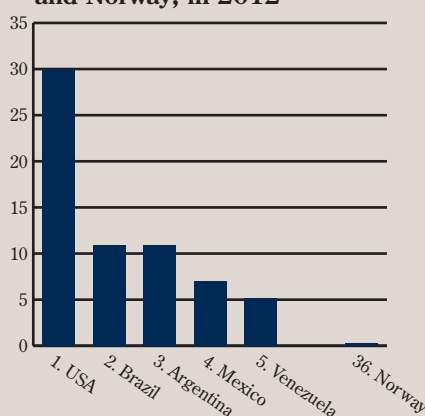


**Norway's contributions\*<sup>2</sup>) (1000 NOK)**



\*2) Funds allocated from the MFA's budget

**The five largest IDB shareholders (%), and Norway, in 2012**



## Mandate and areas of activity

The mandate of the Inter-American Development Bank (IDB) is to foster the economic and social development of IDB's borrowing member countries, both individually and collectively. IDB's overarching objectives are to reduce poverty and inequality and promote sustainable economic growth in Latin America and the Caribbean. IDB also has two strategic goals: addressing the special needs of the less developed and smaller countries and fostering development through the private sector.

To achieve these objectives, IDB provides loans, grants and TA (technical assistance) funds to qualifying member countries in the region from the following two windows:

- Ordinary capital. IDB borrows money from global capital markets on the basis of its equity. Because of its capital base, to which all the member countries have contributed, IDB is highly creditworthy and can therefore borrow funds on very favourable terms. IDB then provides loans to middle-income countries on the same low terms plus a small interest rate margin, which are normally far more favourable terms than these countries could have obtained themselves in the capital markets.
- The Fund for Special Operations (FSO) is IDB's concessional lending facility for the poorest member countries, which are unable to meet the terms of ordinary loans. Lending capital has previously been contributed from donor countries' development-assistance budgets through replenishments negotiated at irregular intervals. In the next ten years, FSO will be sustainable, in part due to the transfer of earnings on ordinary capital and lower lending costs for FSO. FSO funds are lent out at a low interest rate and with a long grace and repayment period. Some of the funds may also be provided as grants. At present, only Haiti receives grants. IDB's grants to Haiti have increased significantly since the earthquake disaster in January 2010 and will total USD 2.2 billion by 2020.

IDB currently has several channels for promoting private-sector development, including the Inter-American Investment Cooperation (IIC). IDB's private-sector strategy is now under revision.

IDB seeks to achieve its overarching objectives by strengthening social development to promote equality and growth, creating infrastructure to improve competitiveness, supporting institutions for social welfare, establishing competitive regional and global integration, and by protecting the environment, responding to climate change and investing in renewable energy and food security. In 2010, the Bank's shareholders agreed to increase IDB's capital by 70 per cent to USD 170 billion, partly in response to the financial crisis.

## Results achieved in 2012

In 2012, the Bank approved funding for 169 projects for a total of approximately NOK 68 billion, compared with 167 projects for a total of NOK 65 billion in 2011. This included around NOK 1.5 billion for the Bank's operations in Haiti. In the past

five years, IDB has almost doubled its project approvals, from around NOK 41 billion in approved projects in 2003–2007 to around NOK 74 billion in 2008–2012. Some 38 per cent of all approved projects were in the infrastructure and environment sector, 34 per cent focused on strengthening development-promoting institutions, 22 per cent on the social sectors, and 6 per cent on integration and trade. In terms of volume, infrastructure and environment was by far the largest sector, accounting for as much as 49 per cent of approved lending. In 2012, IDB disbursed some NOK 44 billion in loans, compared with around NOK 50 billion in 2011. Although this is a decline from the previous year, the general trend in IDB since the financial crisis has been a rise in the level of disbursements.

The general regional trend is a marked improvement in all focus areas, from social inequality via environment development to improved regional integration. Unfortunately, environmental protection and climate change need further targeting in order to be on track with established targets.

IDB's contributions to achieving the regional development goals may be seen in the results achieved by investing in such key sectors as education, health, environment, private-sector development and regional integration. IDB has developed a traffic-light system for assessing its own performance. IDB's results framework shows many green lights. In the past few years, for instance, IDB has helped to provide schooling for just over 4 million boys and girls, and teacher training for 67,000 people. A slightly higher number of boys than girls have received schooling.

IDB continues to focus on the infrastructure sector, as a result of which a further 381,000 households now have a new or upgraded water supply and 156,000 more households have better sanitation, in relation to baseline measurements in 2005–2008. Unfortunately, the environmental and climate-change challenges faced by the region are also reflected in IDB's weaker performance in this field. Little is being done to promote environmentally friendly public transport, and few low-emission power plants have been built. The road-construction, formal employment and entrepreneurship sectors also present challenges. The Bank's lending for direct reduction of poverty and more equitable income distribution has unfortunately not been as significant as might have been expected, and must be followed up better in order to achieve the long-term goal.

IDB's 2012 Annual Report shows that the Bank has increased its new lending to small and vulnerable countries by 43 per cent. The Bank's long-term goal towards 2015 is to allocate as much as 35 per cent of total lending to small and vulnerable countries. Continuous efforts are made to strengthen the operational and technical aspects of programme implementation at the local level so that this objective can be achieved. An important task for IDB is to provide funding for reconstruction in Haiti through IDB's special grant mechanism for Haiti. In addition to purely financial grants, substantial technical assistance is also being provided to Haiti.

### **Good progress towards regional development goals for Latin America and the Caribbean**

Extreme poverty declined from 12.6 per cent in 2007 to 12.3 per cent in 2010. A comparison of the Gini coefficient in the periods 1999–2004 and 2006–2011 indicates a reduction in inequality in the region. Substantially fewer women have died in or after childbirth: the maternal mortality ratio fell from 100 per 100,000 live births in 2000 to 80 per 100,000 live births in 2010. There are also fewer infant deaths than three years ago. The population's physical standards of living have significantly improved, as has its access to financial services.

Source: Development Effectiveness Overview 2012

## **2. Assessments: Results, effectiveness and monitoring**

### **The organisation's results-related work**

In the past few years, IDB has developed a comprehensive reporting and evaluation system. The annual Development Effectiveness Overview, which was launched in 2010, has now been produced for the third time and appears to be a good tool for regular performance assessment. IDB's independent Office of Evaluation and Oversight recently undertook an evaluation of IDB's implementation of the goals set for the Ninth Capital Replenishment in 2010. This report shows that IDB is well on its way to achieving its long-term goals, both development-related and organisational. This is also evident in the 2012 Development Effectiveness Overview, which by and large documents satisfactory performance. However, there are a number of weaknesses in terms of operational efficiency and cost-effectiveness. Administrative costs are still higher than they should be in relation to the long-term goal, there is less co-financing than desired, and disbursements take longer than expected. The independent evaluation indicates that there is insufficient use of both country strategies and sector strategies as steering documents for the respective operations.

### **Planning and budgeting systems**

IDB has a well-developed system for planning and results-based budgeting, to which it applies internationally recognised standards. The latest evaluation report particularly highlights the financial-management system as a first-class tool for financial and risk management. At the same time, a certain amount of work remains to be done to ensure that planning and budgeting processes are in fact guided by the Development Effectiveness Overviews. Since the systems are still being implemented, the effects will not be seen until a few years from now. Moreover, it takes time to change systemic, "corporate culture" aspects.

### **Oversight and anti-corruption**

In the past few years, IDB has strengthened its internal efforts in the fields of internal auditing and anti-corruption. In-

formation on transparency and anti-corruption is reported on a special website. The Office of Institutional Integrity (OII), which heads the Bank's anti-corruption work, also reports on a dedicated website, which provides information on how to report suspected financial irregularities. IDB has a special internal website for whistle-blowers. In addition to its internal anti-corruption efforts, IDB focuses on transparency and corruption in relation to its partner countries. Norway supports a much-demanded programme to promote greater financial transparency and anti-corruption efforts in the region.

### **Institution-building and national ownership**

Capacity- and institution-building form the core of all development cooperation, yet are also the most complex and demanding component precisely because so many external factors impact on the result. For a development bank like IDB, lending will naturally be its main activity, while institution-building and capacity-building are part of the technical advisory services that the Bank offers to its (cooperation) partners. Consequently, direct institution- and capacity-building are only partly defined in IDB's results framework. On the other hand, IDB's country and sector strategies are aligned with the recipient countries' own development plans and goals, and this is reported on regularly in the Bank's annual reports.

### **Willingness to learn and change**

The process in connection with the latest independent evaluation report (the Mid-Term Evaluation of IDB-9 Commitments) shows that IDB's management has made extensive efforts to live up to the standards and long-term objectives that have been set. The report is favourable, although it makes several recommendations and voices criticism of a few areas. The report has been well received by the Bank management, which has agreed with 85 per cent of the recommendations. The Bank management has also taken constructive note of the report's more critical comments and sought solutions in response to the criticism, even though the management did not agree on all counts.

### 3. Norway's policy towards IDB

In recent years, IDB has been the largest, most important development actor in the region and has played a key role in providing input for regional and national development policy through its analyses and policy development. Norway's activity in terms of bilateral development assistance in the region is very limited. Since IDB's overarching goals of income equalisation and poverty reduction coincide with Norway's priorities, it is strategically important for us to be IDB members. In IDB borrowing countries are in the majority, in contrast to what is normal in other regional development banks, where lenders have the greatest voting power.

Norway nevertheless seeks to gain acceptance for key Norwegian development policy goals through its work on the Board, in negotiations and by providing thematic support.

Norwegian and Nordic priorities that have recently been highlighted in the dialogue with the Bank, including at its annual meeting in Panama in 2013, are greater poverty orientation and more focus on inequality, gender equality and anti-corruption. President Moreno specifically stressed inequality and the need for increased income distribution in his speech at the annual meeting. The Bank has also focused particular attention on financial issues and tax policies in its latest publications.

In Norway's efforts in respect of IDB, importance is attached to ensuring:

- that a focus on combating poverty and social inequality is mainstreamed into all stages of IDB's operational activities (strategies, programmes, technical assistance and other activities). Strengthening the poverty orientation of the private sector is also an important goal of our membership of the Inter-American Investment corporation (IIC).
- that important cross-cutting issues such as gender equality, good governance, with particular focus on increasing transparency, and environment are addressed more systematically. Through their dialogue with IDB, the Nordic countries give special priority to efforts to integrate a gender-equality perspective and focus on other under-represented groups.
- that efforts are made to further improve IDB's internal governance (results orientation, a more transparent personnel policy, strengthening of the role of the country offices by increasing expertise and delegating responsibility), and to strengthen further contact with civil society, promote greater transparency and increase participation at country level.

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<http://www.regjeringen.no/en/dep/ud/selected-topics/un>.