



**ANNUAL MEETING OF THE BOARDS OF GOVERNORS**

**MILAN, ITALY**

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ADDRESS BY THE ALTERNATE GOVERNOR FOR BELIZE  
ON BEHALF OF BELIZE, COSTA RICA, EL SALVADOR, GUATEMALA, HONDURAS, AND NICARAGUA  
AT THE FOURTH PLENARY SESSION

*Meliton J. Auil*

1. On behalf of the Governments of Belize, Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, I would like to express our appreciation to the Government of Italy, the Regional Government of Lombardy and, in particular, the city of Milan, for their warm welcome and kind hospitality. It is always a pleasure to visit this lovely city.
2. On behalf of each and every one of the Central American countries, I would also like to thank the Inter-American Development Bank, and especially its President and our good friend, Mr. Enrique Iglesias, for their support to build a better future for our people. We take this opportunity to congratulate Mr. Iglesias on his reelection, and wish him every success in his new term. Our countries are proud of his leadership in the IDB Group.
3. This annual meeting is taking place at a difficult time for the world economy, particularly for a number of Latin American countries. Central America has not been immune from the slowdown in the world economy, the decline in the terms of trade, the weakening of capital inflows, and natural disasters.
4. While our countries promote growth, they carry on parallel efforts, investing in human capital, and attaining and consolidating macroeconomic stability and structural reforms, thus progressing quickly and efficiently in our insertion in the global economy.
5. Today, Central America is home to flourishing democracies, reaffirming its commitment to strong democratic values, the rule of law, and transparency in governance. Our nations continue the promotion of reforms to open up their market economies, improve an enabling investment climate, expand the role of the private sector in areas where it is more efficient than the public sector, and build a more effective State. Moreover, as part of our insertion to the global economy, our region is speeding the Central American integration, taking actions to achieve the Puebla-Panama Plan objectives, and signing free trade agreements with a number of countries. At present, our free trade negotiations with the United States are critical for forging closer ties with the world's largest economy.

6. Projects such as the Puebla-Panama Plan, the Central American Common Market and the consolidation of customs, and free trade negotiations, are areas in which the support of the Bank must continue. We urge that these areas be priorities on the agenda of the Bank Group, as they help achieve the objectives of development, growth and opportunities for our people. In our own country of Belize, we have faced the challenges and arranged to grasp the opportunities of the new realities. Both the public and private sector work in partnership to remove unnecessary bureaucratic friction and increase production efficiency to achieve international competitiveness. Testimony to this is an average growth of 6.6% over the last five years despite five storms and 9-11.

7. We welcome the support that international organizations are providing for Latin American countries that are grappling with socioeconomic crises today. Our countries provided timely support for the Bank's emergency programs and we hope those resources will help mitigate the difficult situation of the countries that are in need of them.

8. Although we consider that the Inter-American Development Bank plays an important role in supporting countries in times of crisis, we emphasize the core mandate of the Bank should continue to be the support of sustainable development of our countries with a vision of the future, where investment lending plays a key role. In our view, liquidity problems and other initiatives managed by institutions such as the International Monetary Fund and Bladex should not be the IDB's mission. We do believe, however, that the current situation in the region calls for greater flexibility in investment lending programs, so that the Bank can promote their use in difficult circumstances. Long preparation phases, complicated and multiple conditionalities, and other features of these programs do not encourage their use in problematic times. We urge the Bank to take the necessary steps in addressing these matters.

9. Results-based instruments would expedite project execution. We ask the Bank's Board of Executive Directors and Management to make every effort to ensure that the region benefits in a prompt and timely manner from these instruments by creating the necessary framework and conditions for these results based instruments.

10. Technical cooperation continues to be a very important product for all countries, particularly for small economies with a limited pool of skilled human resources. We, the Governors, should work together to ensure that these funds are continuously available in the Bank.

11. In difficult times, such as the ones the region is going through, the international markets pay closer attention to the financial management of the Bank's Group. Therefore, we wish to stress the importance to continue demonstrating to the markets the solid financial condition of the Bank, as well as our commitment to sustain it. The financial targets of the institution must mirror the conditions demanded by the markets, and the new products it offers, such as Emergency Programs.

12. The dynamic process of globalization is demanding broader reforms. We should continue to work to boost productivity, to further develop our capital markets, strengthen small business and microenterprises, strive for even closer integration and more open trade, and make other efforts in areas where the Multilateral Investment Fund has played or could

play an important role. We support a replenishment of the MIF and hope that many countries will back our interest in providing additional financial resources that will confer high value added on private sector development in Latin America and the Caribbean.

13. Poverty and human development indicators, as well as the millennium goals, show that our region needs to make additional efforts in the social area, and in poverty reduction. The opportunities that come with free trade agreements, improvements in education, health and infrastructure are fundamental for sustainable poverty reduction, and should continue to be one of the Bank's priorities.

14. We still have countries with widespread poverty which still need resources from the Fund for Special Operations. We should open discussions on its replenishment which would enable the neediest economies to continue their poverty-reduction programs, and create more opportunities in today's world in which countries are called to increase productivity and efficiency.

15. We are seriously concerned about the small number of Private Sector Department operations in Central America as a whole, and Belize in particular. We have repeatedly pointed out the need for greater efforts in this area but the results are not what we had hoped for. Once again, we reiterate our request that the Bank's Private sector window step up its efforts to increase its presence in our region. To that end, we praise the efforts of the Board of Executive Directors to make the role of the Private Sector Department more dynamic. We hope that the Private Sector's action plan for the Group C and D countries yields concrete results.

16. We also would like to see more vigorous action by the Inter-American Investment Corporation in our Central American countries. We hope to see real support for small and medium-sized enterprises in the region.

17. We welcome the efforts of the External Review Group in pursuing an in-depth review of the Inter-American Investment Corporation. Such review is a very positive step towards solidifying the Corporation's and the Bank's vision about the future of our efforts to accelerate the development of private enterprise in Latin America and the Caribbean. We encourage the Group's findings and stress the importance of the Charter of the Corporation, in which the governments clearly expressed our wish to support the development of small and medium-sized enterprise.

18. In closing, on behalf of the governments of Central America, we wish to reiterate to President Iglesias, Vice President Flannery, the Board of Executive Directors and Management, our countries' support for their efforts to ensure that the IDB Group assists Latin American and Caribbean countries as they strive to reduce poverty, speed up growth, become partners in the globalization process, create a conducive climate for investment, accelerate integration, expand free trade areas, develop capital markets, and strengthen microenterprises and small and medium sized businesses, which are the engines of our economic progress.