

the same rules as those applied by the other development banks as regards the exclusion of companies and individuals. Moreover, corruption allegations will now be investigated and penalties will be imposed under a new, improved framework, and the appeals body, the Sanctions Committee, will now

include four persons from outside IDB. The annual report from the same Office reports that 154 investigations were carried out in 2010, resulting in penalties for six companies and 13 individuals. Furthermore, IDB has its own internal auditor and uses Ernst and Young as external auditor.

3. Norway's policy towards IDB

In the past few years, IDB has been the region's largest, most important development actor and 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 general goals of income equalisation and poverty reduction coincide with Norway's priorities, it is strategically important for us to be members of IDB. IDB is dominated by the regional member countries, and non-regional members generally have far less influence than in the other regional development banks. 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.

In the capital increase negotiations, the non-regional contributors exercised their otherwise reduced influence on IDB's strategic decisions in relation to the countries in the region. In this process, which is to be completed in 2011, Norwegian and Nordic priorities have been highlighted and have been the object of negotiations. In this process, Norway placed great emphasis on increased poverty orientation, higher priority for the Fund for Special Operations (FSO), and greater focus on inequality, gender equality and anti-corruption efforts. A concrete example of the fact that our priorities have won acceptance is that IDB, for the first time, will now transfer the

earnings from ordinary capital to FSO, IDB's concessional lending window for the poorest countries in the region.

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 (policies, 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 Company (IIC).
- that important cross-cutting issues such as gender equality, good governance, with particular focus on combating corruption, and environment are addressed more systematically. Through policy 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.

IDB

Inter-American Development Bank

1. Facts and figures

Type of organisation: Multilateral financial institution

Established in: 1959

Headquarters: Washington, D.C.

Number of country offices: 26

Number of member countries: 48 countries, 26 from Latin America and the Caribbean (LAC), USA, Canada and 20 non-regional countries

Board of Executive Directors: 14 members. USA and Canada are guaranteed permanent seats on the Board. Other countries collaborate in constituencies. The Board members (Executive Directors) who are permanently stationed at IDB headquarters in Washington, D.C. each head their constituency office, where each of the constituency's member countries is represented.

Dates of Board meetings in 2011: 25-28 March 2011

Norway's participation on Board: Norway is part of a constituency consisting of the Nordic countries (minus Iceland), France, Spain and Austria. France and Spain alternate as Executive Director (heading our constituency office), while the posts of Alternate Executive Directors and Advisers rotate among the Nordic countries and Austria. Norway is represented until 2014.

Number of Norwegian staff: 5

Responsible ministry: Norwegian Ministry of Foreign Affairs (MFA)

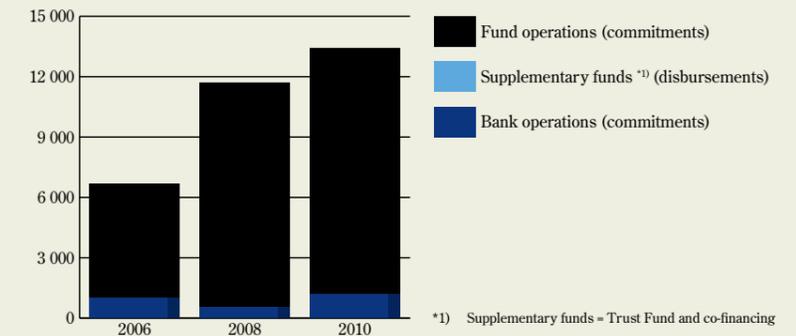
Website: www.iadb.org

The five largest donors of additional funding and Norway, in 2010 (millions USD).

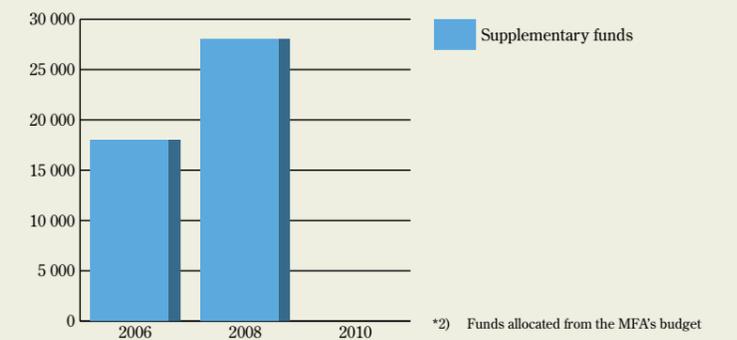
	Land	Beløp
1	Spain	142 218 307
2	Korea	17 000 000
3	Canada	8 161 640
4	Japan	7 921 223
5	Austria	3 460 258

Norway 0

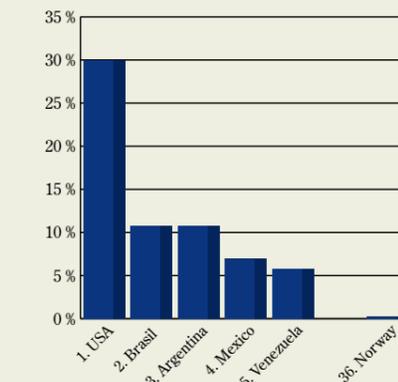
Total resources (in US\$ million), by loans, grants:



Norway's contributions (in NOK 1000)



The five largest IDB shareholders, and Norway, in 2010:



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

Mandate and areas of application

IDB's overarching goals are to help reduce poverty and inequality and promote sustainable economic growth in Latin America and the Caribbean. To achieve this goal, IDB provides loans to qualifying member countries in the region from the following two windows:

- Ordinary capital. IDB borrows money from world capital markets on the basis of its share capital. 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 medium-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 by the non-borrowing countries as development assistance 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 seeks to achieve its primary goals by contributing to and strengthening social development to promote equality and growth, infrastructure to improve competitiveness and social welfare, institutions for growth and social welfare, competitive regional and global integration, and by protecting the environment, responding to climate changes and investing in renewable energy and food security. In 2010, IDB shareholders agreed to increase the Bank's ordinary capital by 70 per cent, to USD 170 billion. This increase was partly in response to the financial crisis.

On 12 January 2010, Haiti was struck by the strongest earthquake in history. Even before the earthquake, Haiti was the poorest country in the region. As the largest donor by far to the country, IDB has decided to provide USD 2.2 billion up to 2020 for reconstruction and the country's long-term development. All support is provided in the form of grants. IDB's flagship in Haiti is the education sector. The Bank intends to invest USD 0.25 billion in this sector over the next four years. The social effects of the Bank's extensive support for the country will gradually be seen, but in IDB's Development Effectiveness Overview — 2010, the Bank provides evidence of already substantial user impacts in the education sector; over 70 000 children have returned to school. Among key products and services provided by the Bank in the education sector, IDB and Haiti's Ministry of Education have drawn up a new education strategy, IDB has provided financial support for 1 188 schools and teaching materials for 100 000 schoolchildren, and built 826 temporary classrooms in 57 towns.

Results achieved in 2010

The number of poor in the region declined in 2010 in relation to 2009, as has the number of persons living in extreme poverty. In 2010, 32.1 per cent of the population of Latin America and the Caribbean were poor¹. Some of this improvement can probably be ascribed to IDB's activities, as the largest multilateral development actor in the region in recent years. The region has also seen an aggregate rise in GDP in 2010, compared with 2009. On the other hand, economic disparities within the countries have increased since 2009. This is particularly serious as the region already comprises 16 of the 30 countries in the world that scored lowest on the Gini income inequality barometer. With regard to these general development trends, it should be noted that they are influenced by external factors and other actors. One example is the effects and aftermath of the financial crisis.

IDB's Development Effectiveness Overview — 2010 documents the results achieved in key sectors. The Bank is particularly active in carrying out infrastructure projects, as can be seen in the 2010 results in this sector: IDB projects in the region provided or upgraded water supplies for 43 785 households and sanitation services for 49 154 households, and provided 1 418 km of new or upgraded electric power grids. Education is another important sector for IDB; 1.5 million pupils have participated in IDB's education projects, while 80 000 teachers received training in 2010.

In 2011, IDB's ordinary lending capital will be increased by USD 70 billion, as decided in 2010. The last time the Bank received capital from its shareholders was in 1994. Since then, the region has undergone significant economic growth. For this reason, and due to the effects of the financial crisis, it was decided in 2010 to increase IDB's ordinary capital so as to enable the Bank to maintain its relative size and influence as a development actor in the region. Prior to the capital increase, demand for financing exceeded what the Bank was able to offer.

¹ Source: Economic Commission for Latin America and the Caribbean (ECLAC). This is a decline from 33.1 per cent in 2009. According to the same source, the proportion of the population living in extreme poverty in 2010 was 12.9 per cent, down from 13.3 per cent in 2009.

2. Assessments: Results, effectiveness and monitoring

Norway's assessments of IDB generally concur with reviews carried out by other donor countries (such as the UK's Multilateral Aid Review, MOPAN, COMPAS). Like many other development actors, IDB does not satisfactorily correlate user impacts at project level with the institution's overarching social goals. This makes it difficult to tell whether and how IDB projects have alleviated poverty, increased growth and reduced regional disparities. Up to now, the Bank has largely measured its results by counting projects and the number of millions of dollars provided as loans.

In connection with IDB's discussions regarding a capital increase in 2010, the Bank introduced its long-term strategy with its associated results framework for the same period, and in 2011 presented its second annual report on results (Development Effectiveness Overview — 2010). For the first time, IDB will systematically and methodically link its inputs and results at project level to the Bank's general social goals. In 2010, however, IDB was unable to aggregate data on and document the causal relationship between its efforts and development impacts in the region.

IDB has therefore initiated a reorganisation process aimed at strengthening its results-based management. Among other things, IDB has developed a general Results Framework (RF) with social targets (impact) and associated indicators, and a set of standardised goods and services delivered by the projects (outputs) that is designed to help achieve the social goals in the region. The same structure is applied in the country plans. IDB has collected baseline data and established target figures for the general outputs. Procedures have been established for regular reporting under the RF. This makes it possible to aggregate project and country results. Reporting at project level must also cover user impacts (outcomes), and evaluations must be carried out with focus on user impact at project completion. The evaluations are organised by IDB's independent Office of Evaluation and Oversight. All in all, this system will ensure that results are documented.

However, IDB's primary challenges in the next stages of the results management process appear to lie in setting more clearly defined goals at the various levels, and in presenting project outcomes more systematically. This will highlight more clearly the causal relationship between IDB's efforts at project level and regional development trends.

As is the case in most multilateral financing institutions, senior management staff have not been held sufficiently accountable for the results achieved. To too great a degree, results have been measured in terms of activities and lending volume. The new results framework is expected to promote an organisational culture that to a far greater extent is results-based.

IDB attaches great importance to learning and makes active use of evaluation findings in its project management. IDB's Development Effectiveness Overview — 2010 reports that the Bank adapts its interventions and focus on the basis of findings from project evaluations.

IDB has a special Office of Evaluation and Oversight (OVE) which is independent and reports directly to the Board of Executive Directors. The Board allocates funds to the OVE in the annual budget process. The evaluations, which are considered to be of good quality and are often critical, provide input for both country programmes and sector strategies.

A new and improved operational policy on gender and gender equality was drawn up in 2011. Norway has been critical of IDB's inability to effectively integrate a gender equality perspective into its activities, and has therefore been a key donor to the IDB Gender and Diversity Unit. Norway will keep close track of this issue and the implementation of the new policy.

IDB wishes to be as flexible and responsive as possible to the needs of its borrowers, which can make it difficult to manage its activities strategically. At the same time, the borrowers assume considerable responsibility for monitoring projects and there are practically no cases of loan default. IDB has country offices in all borrower countries, and its activities are decentralised to an extensive degree.

IDB, like the other development banks, quite regularly carries out various types of reforms of its administration, lending policy and methods, with a view to increasing effectiveness, adaptation and modernisation. The Bank is considered to be a relatively effective institution, based on extensive ownership and participation in borrower countries. Generally speaking, the level of ownership of both the institution and projects is high. The monitoring of individual projects is increasingly based on national systems rather than on those of the Bank. This can give rise to challenges if, for instance, the national systems do not have adequate corruption and financial controls.

IDB faces challenges related to compliance with international standards for harmonisation and coordination, related to information flows and transparency and related to internal governance and organisational culture, such as gender equality and anti-corruption. In the discussions on the capital increase in 2010, it was agreed that these efforts would be strengthened in 2011 and 2012.

In connection with the publication of IDB's annual report (2010), the Bank's Office of Institutional Integrity announced changes aimed at strengthening efforts to prevent corruption in the Bank. For example, IDB is changing the procurement rules for goods and services so as to be able to implement