

*Statement by the Temporary Alternate Governor for the United States of America
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1. On behalf of Treasury Secretary Yellen, I would like to thank Colombia for the flexibility, perseverance, and creativity in overcoming the challenges presented by the COVID-19 pandemic to host these Annual Meetings. We are saddened not to be able to experience the warmth and hospitality of the people of Barranquilla and look forward to a safe and strong recovery that allows the Governors of the Inter-American Development Bank (IDB) Group to come together in person again at our next IDB meeting. Also, on behalf of the Secretary, I would like to give special thanks to the staff of the IDB Group, who have over-delivered for the people of Latin America and the Caribbean during this pandemic crisis despite high stress and the personal costs to you and your families. We recognize and applaud your efforts.

2. The people of the United States and of the Latin America and the Caribbean region are inextricably linked, bound not just by geography but also shared values and aspirations to be prosperous, democratic, and secure. The Biden-Harris Administration looks forward to deepening its partnerships with the region based on mutual respect, equality, and a commitment to human rights and dignity as we return to American values that work best for our own workers and firms, and for the people of our partner countries. You can expect the United States to act forcefully to make up for lost time in addressing the existential challenge of climate change, and we stand ready to work with you to support sustainable economic growth. We are also eager to work with you in addressing our voters' legitimate demands for growth that is equitable, and government that is transparent and free of corruption.

Regional Economic and Political Developments

3. The pandemic's tide swept away conventional expectations for the region's near-term future. Yet those prior expectations were already falling short of the aspirations of the region to address entrenched inequality, lack of gender parity, weak productivity, and low domestic savings and investment. In many countries in the region there remains deep public dissatisfaction with institutions. Few countries are growing quickly enough to produce quality jobs, and these gaps are exacerbated by global challenges such as climate change, which require a forceful and well-coordinated international response.

4. The pandemic has pushed more people into poverty: roughly 1 in 3 people in the region now live in poverty, with more than 1 in 10 living in extreme poverty. In a region that is largely middle income, it should not be acceptable to any of us that many families in the region face the prospect of slipping out of the middle class, and that the pandemic's disproportionate impacts on women, ethnic and indigenous minorities, and marginalized groups are aggravating existing inequalities.

5. The immediate challenge remains to cushion the economic impact of the pandemic, and to prepare domestic and international financing for robust national programs for vaccine delivery. We support multilateral efforts like the Access to COVID-19 Tools Accelerator initiative and its COVAX Facility, to which the United States has allocated \$4 billion, to deliver vaccines to all parts of the world. An allocation of new Special Drawing Rights (SDRs) at the

IMF could enhance liquidity for low-income countries to facilitate their much-needed health and economic recovery efforts.

6. Although we each continue to grapple with the pandemic, now is the time to focus on building back better. Looking forward, the challenges for Latin America and the Caribbean are immense. Secretary Yellen has stressed that the importance of multilateral engagement and cooperation in tackling COVID-19 and other global challenges, though we recognize that macroeconomic frameworks in many countries in Latin American and the Caribbean may not allow for significant additional fiscal support or new programs for public investment. Further complicating the prospects for a swift recovery, the private sector often lacks a favorable environment to grow. Many countries in the region were in the vanguard to build frameworks for public/private provision of services, yet public support for such models, such as for infrastructure, health, or pensions, has eroded in some of those countries. We should see clearly the threat of failing to deliver on our citizens' aspirations, and put renewed efforts into improving productivity and the structural reforms needed for strong and sustainable growth with equity.

7. The United States views the IDB Group as a critical partner to help governments in the region navigate these challenges and deliver the productivity gains, more effective bureaucracies, dynamic private sectors, and deeper integration in global value chains needed to return to a path of sustainable and equitable growth. This includes combatting the scourge of corruption. After the pandemic, the IDB needs to do its utmost to help its borrowing members compete for investment capital which is increasingly demanding robust environmental, social and governance frameworks.

8. The Biden Administration has reversed its predecessor's abrupt abandonment of assistance to El Salvador, Guatemala, and Honduras. We again look to the IDB to work with us to strengthen these countries' ability to deliver economic opportunity for their people, reducing the need for migrants to make the perilous journey northwards in search of better prospects.

9. We respect the sovereignty of countries in the Amazon basin, and welcome an opportunity to engage on the best way to combat the climate crisis, while ensuring sustainable livelihoods for those in and around the Amazon.

10. We support the IDB Group's valuable preparations for Venezuela's economic recovery, when conditions permit. The Biden Administration has granted Temporary Protected Status to Venezuelans who fled, and we salute the efforts of regional partners who have made great efforts to absorb the Venezuelan diaspora. The widespread ecological destruction now occurring in Venezuela is a prime example of the threat to nature from illicit activities that we must all oppose vigorously.

11. The Caribbean region's dependence on tourism has meant that the pandemic has hit Caribbean economies especially hard, leading to deep recessions and raising serious concerns about future growth. We commend the strong reform efforts of Jamaica and Barbados to improve public finances, and support a role for the IDB Group to partner with Caribbean countries with ambitious plans to foster more dynamic private sectors and diversify sources of growth. We strongly welcome IDB partnership to enhance physical and financial resilience to

growing climate-related risks that confront the region. We continue to urge the Government of Haiti to organize free and fair elections in 2021 so that Parliament may resume its constitutional role, and to allow for a peaceful transfer of presidential power in 2022. We believe the IDB should continue to play a lead role to assist the poorest country in the hemisphere to improve governance and provide for a better future for Haiti's people.

Inter-American Development Bank Group Highlights

12. The IDB ably weathered last year's financial and economic volatility, underscoring the strength of its financial and operational framework. Despite the erosion of credit quality across the region, the IDB was able to provide very significant countercyclical assistance and to maintain its forward-looking base case for assistance. The IDB and IDB Invest successfully consolidated organizational reforms to deliver better investments in core businesses and approved new Environmental and Social Policies aimed at strengthening the sustainability of their operations.

13. Businesses in the region faced extraordinary disruptions and transformations across sectors, value chains, and financial markets—many of which accelerated underlying trends or may likely prove to be durable. Going forward, the private sector will play a critical role in the region's recovery as the public sector faces even greater fiscal constraints. We welcome IDB Invest's work with the private sector to deliver solutions that helped mitigate the worst of the pandemic's effects on families, workers, and firms.

14. Climate change represents an existential threat to the environment and the global economy. The United States has moved swiftly to rejoin the Paris Agreement and will take an active leadership role in a variety of fora. The United States will no longer be a brake on international cooperation. We underscore the important role that finance and planning ministries must play in responding to this threat in Latin America and the Caribbean. The IDB Group must be prepared to forcefully address climate change and ensure an equitable and just transition to the mid-century goal of net zero carbon emissions. It is particularly critical that IDB Invest implement project and staff incentives to catalyze significant climate finance flows, including by providing local financial institutions the right tools to on-lend in support of green investments. We urge the IDB Group to increase its support to the region's efforts to combat the climate crisis and lay out a clear pathway for alignment with the Paris Agreement.

15. The outlook for the region depends on its ability to advance an ambitious reform agenda that addresses both the lasting effects of the pandemic and underlying development gaps, particularly those impeding more inclusive societies that offer opportunities to all, particularly women and minorities. In Busan in 2015, Governors made an explicit strategic decision – and a capital allocation – that value-added for the IDB Group lay in stronger attention to developing the private sector. The IDB Group must leverage its human capital and understanding of the region's challenges to develop a robust program of analytic work that will inform Governors' understanding of the evolving development landscape and the priority investments needed to address structural weaknesses and development gaps. Further analytical work will also help Governors to better assess the region's absorptive capacity and fiscal constraints; the

effectiveness of the Group's existing instruments, structure, and resources to deliver adequate solutions; and its comparative advantages in addressing the region's needs.

16. The IDB has supported the economic development of this dynamic and diverse region for over 60 years. The United States stands as a committed partner with Latin America and the Caribbean, and with the IDB Group, in supporting the countries of the region in advancing their development goals.