

## **Representante en Europa del Banco Interamericano de Desarrollo (BID) con sede en París. (2008-2013)**

- Representante del BID ante 17 países Europeos e Instituciones Multilaterales basadas en Europa (e.g. Comisión Europea, UNESCO, OECD, Banco Europeo de Inversiones, etc.) y con las grandes empresas Europeas y Multi Latinas.
- Asesor Principal del Presidente del BID en temas de desarrollo y Diplomáticos. Sherpa en Foros Mundiales y Cumbres con Jefes de Estado.
- Dirige esfuerzos para captación y movilización de recursos financieros de países e Instituciones Europeas a países de América Latina y el Caribe (LAC). De 2008 a 2012 dirigió tareas para obtener de Instituciones Europeas 6,593 millones de dólares en co financiamientos y donaciones vía el BID a LAC. En 2007, el monto fue de 102 millones de dólares y subió a 2,123 millones de dólares en el 2011, un factor de más de 20 veces.
- Adicionalmente, apoyó negociaciones con los países europeos para lograr un aumento del 70% del capital del BID (de 100 billones a 170 billones de dólares).
- Apoyó el lanzamiento de Iniciativas como la Mesoamericana de Salud, Agua, Cambio Climático, Forestal "fast start", y de recursos para Fondos Multidonantes del BID.
- Dirigió la organización y participó en 96 reuniones bilaterales con Jefes de Estado y 105 reuniones con Ministerios de Hacienda para tratar temas de la agenda de desarrollo en LAC.
- Dirigió la negociación de nuevos Memorando de Entendimiento para colaboración con la Comisión Europea, Banco Europeo de Inversiones, UNESCO, OECD, AFD y otros organismos públicos y privados (BBVA, Santander,...)
- Co-organizó la Cumbre Empresarial Europa-América Latina y el Caribe en Mayo 2010 en Madrid, en el marco de la Cumbre de Jefes de Estado y dirigió el lanzamiento de la Secretaría Permanente de estas Cumbres.
- Dirigió esfuerzos para transferencia de tecnología entre LAC y Europa (e.g. amplios eventos de transferencia de tecnología sobre energía sustentable, transporte y ciudades sostenibles (UK); tecnología agrícola, reciclaje y energía solar (Israel) ;...)
- Representó al BID en Foros Internacionales como la Cumbre de Desarrollo Sostenible.
- Impulsó el apoyo del BID a pruebas de educación PISA de la OECD.
- Trasladó la oficina del BID en Europa de París a Madrid, al haber obtenido amplios apoyos de l gobierno español. La oficina se inauguró a mediados del 2012 por el Presidente Mariano Rajoy.

July 31, 2012

## **Report to the President**

### **Activities of the IDB Office in Europe 2007-2012**

Between 2007 and 2012, the IDB Office in Europe (EUR) realigned its functions, and its main priority became to mobilize resources through contributions to project finance and cofinance, trust funds, and other means for the IDB, the Multilateral Investment Fund (MIF), and the Inter-American Investment Corporation (IIC).

The level of resource mobilization increased significantly since 2006 (including both contributions to trust funds and co-finance of projects), up from levels of US\$ 103 million per year (in 2006-07), to an average of US\$ 1,247 million per year in 2008-2011. This was attained via activities and efforts from many areas of the Bank. Other results (such as high-level dialogues, agreements with public and private sector institutions, etc.) that led to resource mobilization have also increased significantly.

European multilateral and bilateral financial institutions have provided co-finance for IDB loans and non-reimbursable grants. Some cofinance partners include the European Commission (EC), the European Investment Bank (EIB), the Nordic Investment Bank (NIB), the German Development Bank (KfW), the French Development Agency (AFD), the Spanish Development Agency (AECID), other European Development Finance Institutions (EDFI), and other multilateral and bilateral development institutions. European member states and Israel have contributed to 11 Multi-Donor Trust Funds, as well as 16 active Single-Donor Trust Funds.

Diverse partnerships were established with public and private sector institutions, including the signature of Memoranda of Understanding, Framework Agreements, financial arrangements, etc. The agreements signed per year increased from 1 in 2007 to 12 in 2011.

The number of meetings with IDB Governors increased from 6 in 2007 to 35 in 2010; EUR also supported the organization of 34 meetings with Heads of State or Government in 2010 (none in 2007).

At the same time, EUR carried out efforts that reduced significantly its operating costs, including reductions in personnel and in non-personnel costs. Furthermore, the City of Madrid, Spain, offered to the IDB an office building at no rental cost, to house the IDB Office in Europe. This will represent a savings equivalent to 53 % of the current non-personnel budget. The Office was opened on July, 6, 2012, with the presence of the President of Spain, Mariano Rajoy, and the IDB President Luis Alberto Moreno.

The move to Madrid will liberate resources for the Bank, make further progress in the cost-effectiveness of the IDB Office in Europe, and will maintain the main objective of resource mobilization with all European partners.



## **1. Some Background on the Office in Europe**

Since its creation, the IDB sought to strengthen links between Latin America and the Caribbean (LAC) and Europe. The Bank's first president, Felipe Herrera appointed a Special Representative to Europe in 1961, and, in 1962, opened in Paris the Special Office for Europe.

Under the Bank's second president, Antonio Ortiz Mena progress was made, such as the expansion of shareholders to include European countries, Israel, Canada, and Japan. In 1974, the Declaration of Madrid defined the terms for the entry of the European countries into the Bank.

Between 1976 and 1977, membership was extended to 13 European countries (Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, United Kingdom and Yugoslavia) as well as Israel. Portugal joined in 1980, and Norway in 1986. After Yugoslavia ceased to be a member in 1993, Croatia and Slovenia joined the Bank as successor states.

The IDB has benefited from European and Israeli funding and knowledge in multiple sectors. Membership has enhanced the European countries' bilateral development policies in LAC and has given them the opportunity of participating in IDB policy-making, procurement, project finance, and incorporation into staff positions.

Currently, the 16 European member states and Israel represent 11 % of the Ordinary Capital, and share (with the Asian non-borrowing members) 3 of the 14 chairs on the Board of Executive Directors.

There are about 230 European staff members, which is approximately 11 % of the total staff. There are also secondments from European nations and institutions, in areas such as sustainable energy, climate change, and gender).

Prior to the realignment, the key functions of the Special Office in Europe were to promote a greater awareness of the IDB, strengthen cooperation with Europe, and encourage the exchange of information between Europe and LAC.

The previous Work Program included:

- Representing the Bank in the European member countries and Israel, and European-based international organizations;
- Networking European and LAC key constituencies in specific areas;
- Providing information and analysis to Headquarters on European events and issues;
- Representing the Bank at conferences and meetings.

## 2. Realignment and current mission

With the 2006 process of realignment, the office changed its name to IDB Office in Europe (EUR), redefined its priorities, became an IDB Group Business Center, and became a part of the Office of Outreach and Partnerships (ORP).

The relationships with governments, multilateral and bilateral organizations, private institutions, and civil society organizations continued to be strengthened.

Yet, the realignment emphasized as the main objective the resource mobilization with these partners. **The current key priority of EUR's mission is to mobilize resources through contributions to project finance and cofinance, trust funds, and other financial resources at the IDB, the Multilateral Investment Fund (MIF), and the IIC.**

Other elements include: strategic dialogues and enhanced partnerships with public sector institutions (governments, bilateral and multilateral institutions in Europe and Israel); and partnerships with private sector institutions and civil society organizations.

In 2007-2010, the realignment process was implemented, with a simultaneous process of cost reduction:

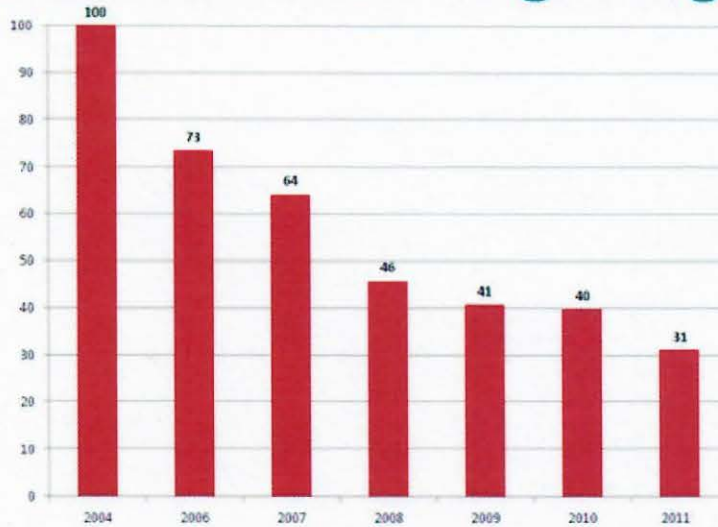
- Resources were allocated to the resource mobilization function.
- Fewer resources were assigned to conferences and publications.
- High-level dialogues were undertaken for resource mobilization (with Heads of State, IDB Governors, and other high-level authorities).
- Agreements were reached to expand co-finance of operations and contributions to trust funds.
- Memoranda of Understanding and Framework Agreements were signed with several multilateral and bilateral development agencies, with the purpose of increasing resource mobilization.
- Greater attention was placed on private sector operations.
- Support was given to the capital increase and FSO replenishment.

## 3. Resources (budget, staff)

In addition to reallocation of resources towards its main task of resource mobilization, EUR carried out efforts to reduce its operating costs. The Non-Personnel Budget of the Office in Europe (excluding rent and office maintenance) declined by 69 % between 2004 and 2011. Taking as a basis of 2004 equal to 100, the non-personnel budget (in euro) fell to a level of 31 by 2011. The following graph illustrates this declining trend in budgetary resources available.



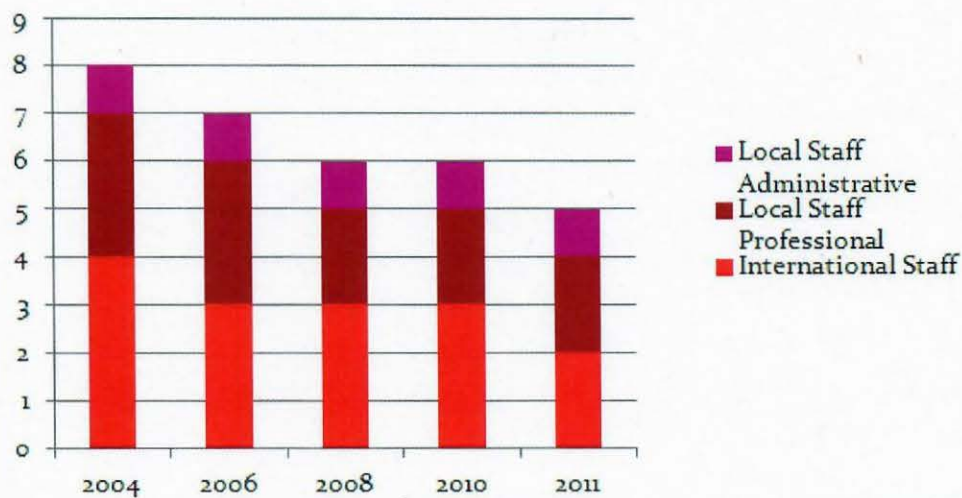
## Resources: declining budget



Evolution of EUR Budget – Non Personnel Costs, excl. Rent (in Euro and Real Terms)

At the same time, the number of staff members declined, both for international and national professional staff (see next graph). Professional international staff at the Office in Europe decreased from four to two.<sup>1</sup> The number of consultants also decreased.

## Resources: declining staff



<sup>1</sup> From the end of 2010, there has been a staff member from IFD/FMM. From 2005 to 2007, there was one staff member from INT.

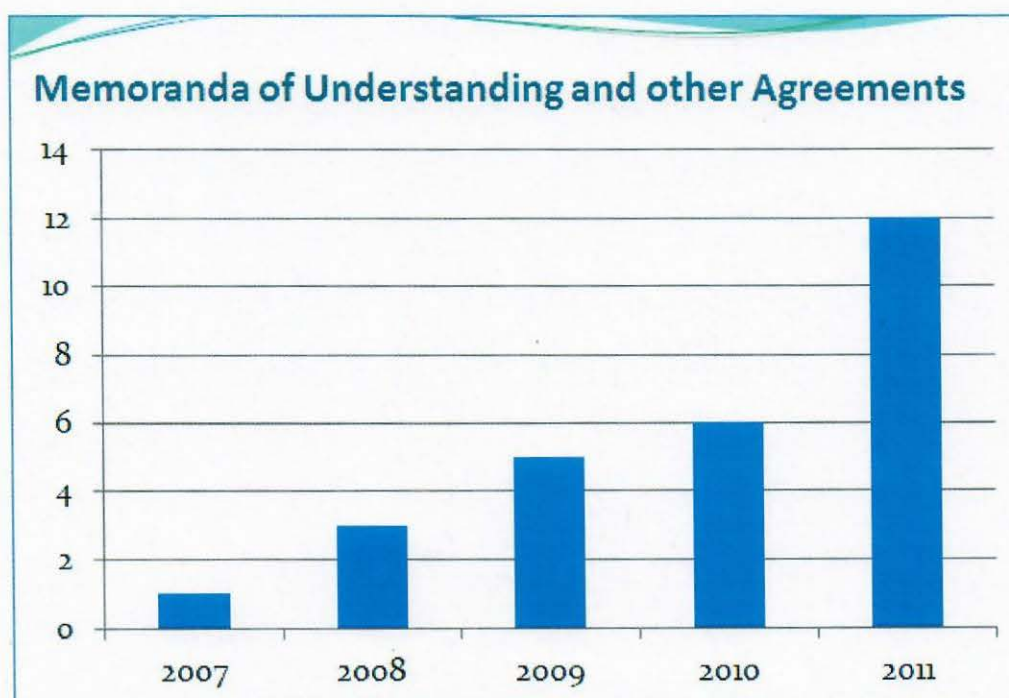
#### 4. Results of Realignment

In order to support resource mobilization two main tasks were the signature of Memoranda of Understanding and implementation of their Action Plans; and high-level dialogue for resource mobilization.

##### a) Expanded Partnerships

Diverse partnerships have been established with public and private sector institutions, including the signature of Memoranda of Understanding, Framework Agreements, financial arrangements, etc. These agreements have highlighted the areas of mutual comparative advantage and collaboration, have contributed to resource mobilization, and have led to the development of Action Plans and Working Programs with different areas of the IDB Group.

The agreements signed per year increased from 1 in 2007 to 12 in 2011, as illustrated in the following graph. In most cases, EUR initiated the contacts for the Memoranda of Understanding, financial agreements, and other agreements with different public and private sector partners.



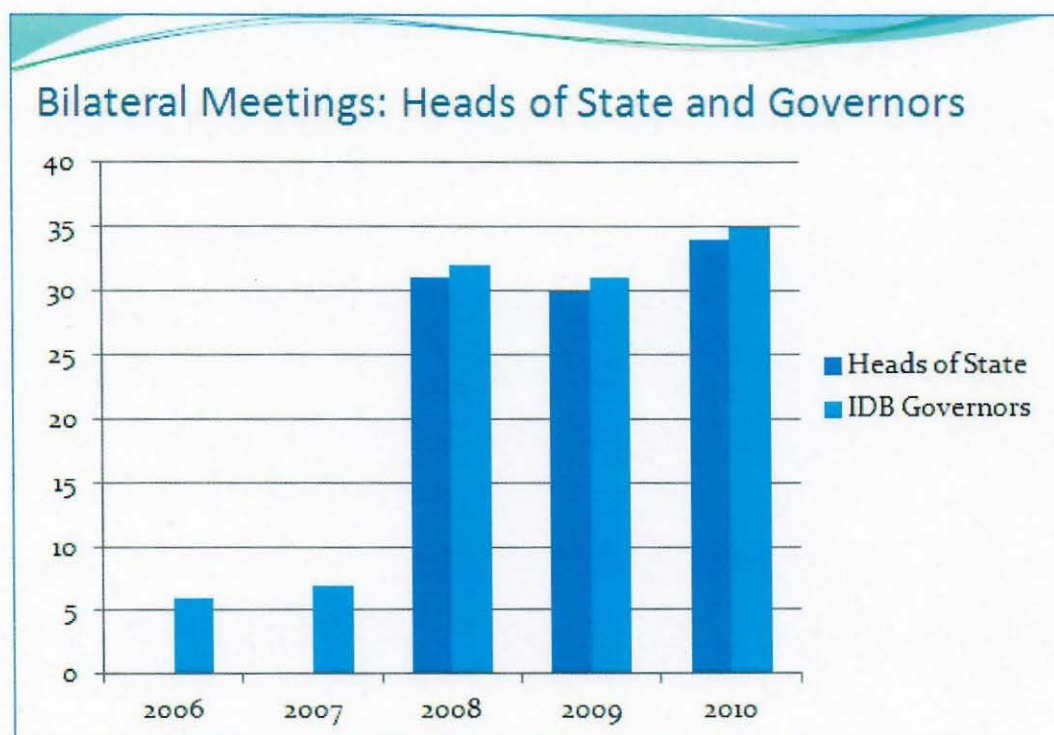
##### b) High-Level Dialogue

The Office in Europe has also coordinated and supported high-level dialogues with Heads of State, IDB Governors, and other high-level authorities (other Ministers, heads of multilateral and bilateral development agencies, etc.). In 2010, for example, the organization of 34 bilateral



meetings of President Moreno with Heads of State and Government was supported. EUR also supported the organization of 35 meetings with IDB Governors (Ministers of Finance or Development).

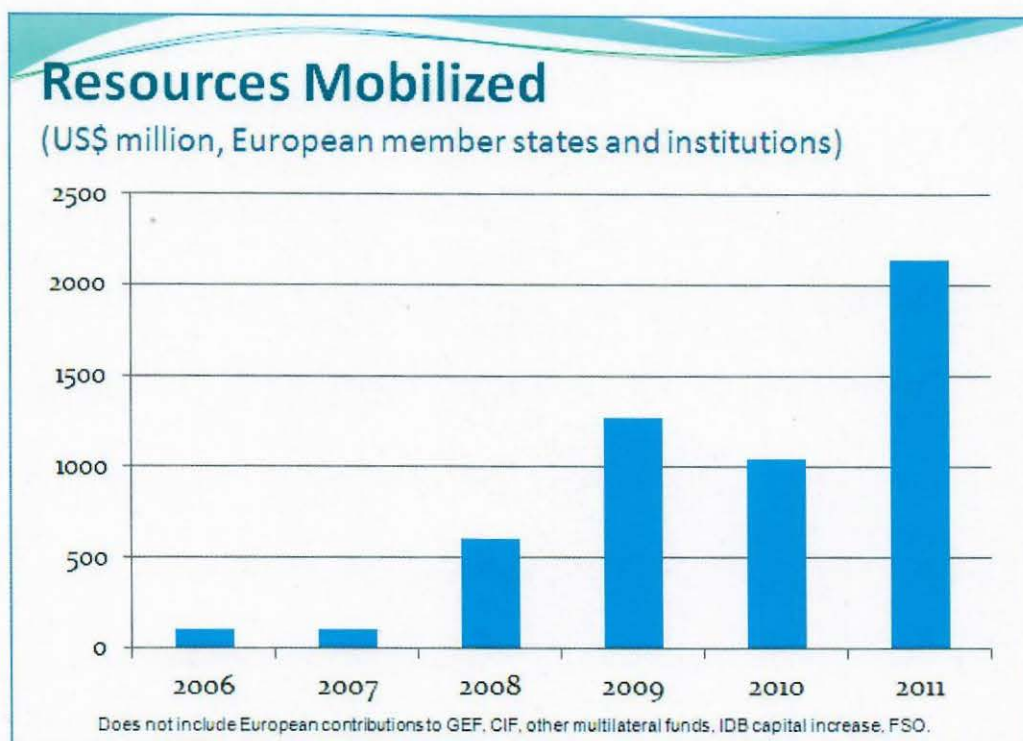
Support was given to missions by President Moreno, Vice-Presidents, Managers, and other senior IDB staff. EUR organized and participated in missions (of the President, Vice-Presidents, Managers and other senior IDB staff), held meetings with Governors, other senior authorities from Member States, as well as with different multilateral and bilateral development agencies. EUR prepared the Agendas, provided Briefing Notes and Talking Points, communicated with the counterparts, provided support prior and during these missions and meetings, and carried out follow-up.



### c) Resource Mobilization

The greater allocation of resources to activities leading to resource mobilization; the signing of MoU's and the corresponding implementation of their Action Plans; the high-level dialogue; and technical level meetings including many areas of the Bank, contributed to increase resource mobilization. The average amount of resources mobilized (including grants and cofinance), has increased from an average of \$103 million per year in 2006-07, to an average of \$1,247 million per year in 2008-2011. This represents an increase of more than 1 to 10 with respect to the levels that existed in 2006-07, with the participation of many areas of the Bank, and of course the generous support of donors and partners. Detailed information is available in the 2008-2011 annual EUR Activity Reports (available at: <http://www.iadb.org/europe>).

In 2012, through July, an additional \$857 million in resources have been mobilized, and 7 additional institutional agreements have been signed, including the Agreement on Immunities and Privileges with the Kingdom of Spain.



The participation of the Office in Europe (EUR) has been important to attain these results. For example, EUR initiated and led the process for the negotiation, approval and implementation of the Framework Agreement with the European Commission. EUR led the Inter-Departmental Working Group, and held numerous meetings with EC staff to negotiate and finalize the Framework Agreement, as well as the review of the “four-pillars” of IDB procedures. EUR held technical level meetings with EC staff to explore potential direct contributions through the IDB.

Contributions from the EC to cofinance IDB projects have increased from an average of 0 in 2000-2005, to 3.6 million euro in 2006-2009, and 42.4 million in 2010-2011. Yet, at full implementation this Framework Agreement could potentially lead to channeling several hundred million euro per year via the IDB.

Also, EUR initiated the discussions with the European Commission related to the creation and operation of the Latin American Investment Facility (LAIF) and the Caribbean Investment Facility (CIF), starting with their conceptualization, and the meetings of the Financial Institutions Group, the Strategic Board and the Operational Board of the Facilities. EUR met with LAC Ambassadors to the EU to promote IDB participation in these Facilities. EUR also coordinated with the operational staff of the IDB and the European Financial Institutions to identify and present proposals for LAIF/CIF donations (10 proposals presented to date).



Among many initiatives, project cofinance has been strengthened within the context of the Latin American Investment Facility (LAIF) of the European Commission, where the IDB partners with European financial institutions (e.g. AECID, AFD, EIB, KfW, Nordic Investment Bank, OeEB, SIMEST, SOFID and other European Development Finance Institutions), providing a comparative advantage to the IDB.

In addition to their participation in the Ordinary Capital, the Fund for Special Operations, the IIC and the Multilateral Investment Fund (MIF), European member countries have also contributed to single-donor and multi-donor trust funds. European contributions to multi- and single-donor trust funds have increased substantially in recent years.

EUR participated in the negotiation from the very beginning and organized technical level meetings related for example to the proposal and approval of the Spanish Fund for Water and Sanitation. Meetings included the President of Spain, Foreign and Finance Ministers, and other senior Spanish authorities, as well as staff from the Ministry of Finance, AECID, FONPRODE, ICO, and other areas. EUR also participated in negotiations for other trust fund contributions, including the Mesoamerican Health Initiative, the Social Investment Fund for SMEs in Haiti, and other trust funds. Similar examples could be noted for other donor countries.

European multilateral and bilateral financial institutions have also provided co-finance for IDB loans and non-reimbursable grants. Some cofinance partners include the European Commission (EC), the European Investment Bank (EIB), the Nordic Investment Bank (NIB), the German Development Bank (KfW), the French Development Agency (AFD), the Spanish Development Agency (AECID), other members of the European Development Finance Institutions (EDFI), and other multilateral and bilateral development institutions.

EUR holds frequent technical level meetings with several multilateral and bilateral financial institutions in Europe, seeking cofinance and collaboration. This includes the European Investment Bank, AECID, AFD-PROPARCO, the German Development Bank (KfW), the Belgian Investment Company for Developing Countries (BIO), the Swiss Agencies SDC and SECO, SIMEST from Italy, among others.

The Office in Europe also represented the Bank, by request from Headquarters, at high level forums in Europe, such as: meetings of the G-8; Annual Meeting of the Food and Agriculture Organization (FAO); Annual Meeting of the Bank of International Settlements (BIS); meetings of the OECD Council; and other meetings held in Europe by different institutions (SEGIB, European Commission, UNESCO, World Food Programme, UNODC, UNEP, World Bank, Regional Development Banks, etc.). These meetings have also been opportunities for resource mobilization.

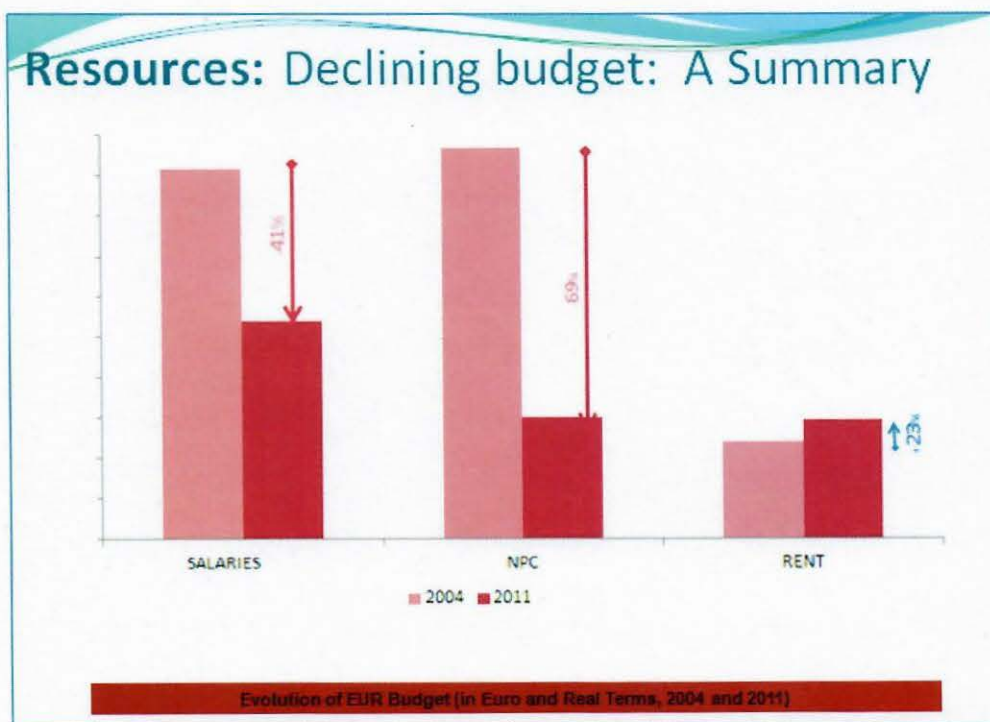
EUR organized seminars and dissemination events for Bank programs, research and publications (such as the *Development in the Americas* Report), as well as organized some International Conferences, such as the Annual International Economic Forum on Latin America

and the Caribbean, with the OECD and the French Ministry of Economy and Finance; the annual Latin American Competition Forum with the OECD; and conferences such as the EU-LAC Business Summits in the context of the EU-LAC Summits of Heads of State.

## 5. Further Savings

The Board has asked Management to continuously increase efficiency and reduce costs. EUR has carried out substantial efforts in this regard. Yet, further increases in its productivity will be obtained with the reduction in office rental costs. Some of the liberated resources could be reallocated by the Bank for resource mobilization activities and other initiatives.

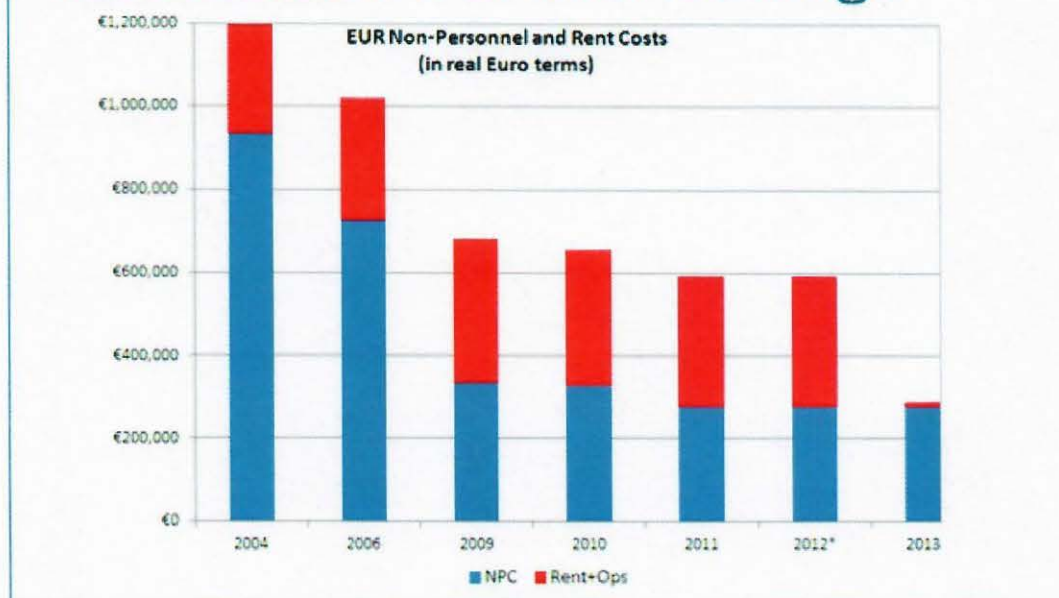
In the last few years, efforts led to a reduction of about -30 % in total costs (2011 vs. 2004). By component, there was a reduction of -41 % in wages (see graph); and a reduction of -69 % in non-personnel, non-rent costs. In contrast, there was an increase of +23 % in rental costs (all of these in real terms).



With the move to Madrid, Non-Personnel Costs will be reduced further, as show in the following graph. .



## Resources: Further Savings



The new offices in Madrid have been provided fully furnished and equipped, and the total cost of relocation would be lower than the savings obtained in 2012 alone. From 2013 onwards, there will be annual savings of at least \$400,000, plus additional cost of living savings.

### 6. IDB Partnership with Europe

The EUR office would continue to be an Office for Europe, supporting activities in the 16 European member countries plus Israel, as well as European-based international institutions, as has been done from Paris, France.

European executives and staff members have brought with them knowledge and experience that have greatly enriched the Bank's operational and intellectual work.

European suppliers of goods, public works, services and consulting services can compete for contracts on IDB projects. European firms can also benefit from IDB products and services to finance projects in LAC.

Many development areas have been supported by Memoranda of Understanding, project cofinance and the creation of trust funds under Bank administration. There is increasing access to non-reimbursable grants, concessional loans and blending instruments (grants with loans) provided by European financial institutions.

Closer collaboration with European firms has led to the establishment of lines of financing for renewable energy, energy efficiency, climate change, sustainable cities, and other high priority areas.

These benefits have also been very clear to other Multilateral Development Banks, which have (some much larger) offices in Europe for similar purposes as those of the Office in Europe of the IDB.

There is increasing knowledge exchange with multilateral organizations based in Europe, and collaboration with different academic institutions on sustainable development policies and strategies.

The IDB has been providing support both to the Summits of Heads of State (including the EU-CELAC and Iberoamerican Summits), as well as the parallel Business Summits. EUR also collaborates closely with the European Union, the Iberoamerican General Secretariat (SEGIB), the EULAC Foundation, the Permanent Secretariat of EUROLAC Business Summits, and other institutions.

The move to Madrid will liberate resources for the Bank, make further progress in the cost-effectiveness of the Office in Europe, and will maintain the main objective of resource mobilization.



## **Annex 1**

### **Trust Funds with European Participation**

#### **Multi-donor Trust Funds with European participation**

- Aid for Trade (Switzerland, UK)
- Anticorruption Fund (Norway)
- Aquafund (Austria, Switzerland)
- Disaster Prevention Fund (Spain)
- Emerging and Sustainable Cities (Austria)
- Gender and Diversity (Austria, Denmark, Norway, UK)
- Knowledge Economy (Finland, Spain)
- Market Solutions to Mobilize Social Change (Austria)
- Mesoamerican Health Initiative 2015 (Spain)
- Sustainable Cities (Austria)
- Sustainable Energy and Climate Change (Austria, Finland, Germany, Italy, Spain, UK)

#### **European Single-donor Trust Funds**

- Danish Trust Fund for Consulting
- Finnish Technical Assistance Fund
- French Technical Cooperation Fund
- Italian Consulting Firms Trust Fund
- Italian Fund for MIF Project Preparation
- Italian Fund for Microenterprise Development
- Italian Fund for Information and Communication Technology
- Italian Fund for Regional Competitiveness
- Norwegian Consulting Services
- Portuguese Technical Cooperation Fund
- Spanish Fund for Water and Sanitation
- Spanish Fund for Social Entrepreneurship Program
- Spanish General Cooperation Fund
- Swedish Fund for Consulting Services
- Swiss Fund for Consulting Services
- UK Markets and Governance for Poverty Reduction Fund