



IDB at the centre of a political football match

by Andrew Thompson

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What happened?

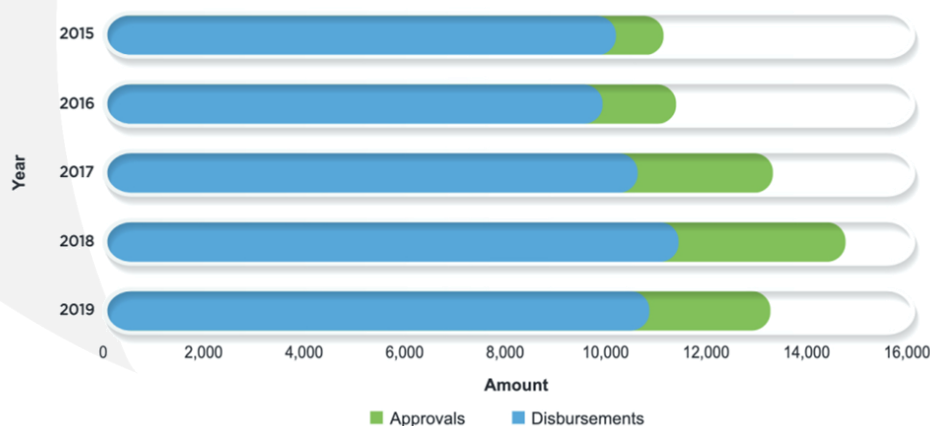
A group of 22 former Latin American, European, and Asian leaders, including Spain’s Felipe González, Brazil’s Fernando Henrique Cardoso, and Mexico’s Ernesto Zedillo, Vicente Fox, and Felipe Calderón, have proposed postponing the election of the next president of the InterAmerican Development Bank (IDB).

The details

There is a big and controversial election coming up in Washington. No, it is not to choose the next president of the United States (that will take place on 3 November). Instead, it is an earlier contest to choose the next president of the IDB. It is due to be held on 12-13 September. The IDB is important: it lends around US\$13bn every year in the region to back infrastructure and other investment projects. This year the figure may be a higher US\$20bn. The IDB is set to play a crucial role in the hoped-for post-coronavirus recovery in 2021. Breaking with a 60-year unwritten tradition which says that the head of the IDB must be a Latin American, last

June President Donald Trump announced he was nominating Mauricio Claver-Carone, a US citizen, for the job. Claver-Carone is currently Trump’s top adviser on Latin America, as Director for Western Hemisphere at the National Security

FIGURE I. Approvals and Disbursements, 2015-2019
(In millions of U.S. dollars)



IDB lending in Latin America

Council. His critics say he is the wrong man for the IDB job. They say he is an ideologue known mainly for his hard-line positions on Venezuela and Cuba. Some have described him as an “attack dog”. They say if Joe Biden wins the US presidential elections, Claver-Carone, a Republican, will be ill-placed to coax a likely Democratic-controlled Congress to increase its funding for the IDB.

The votes of IDB member countries are weighted according to the size of their capital contribution to the bank. The US has a 30% capital stake, which gives it a powerful voice. Claver-Carone himself says he has the support of 17 out of 28 regional IDB members (including heavyweights like Brazil and Colombia), with only four publicly opposing him. As he recently put it, “If this was a football game, we would be winning... 17-4, and obviously if you are winning 17-4 you are doing well.” However, his opponents have at least two tactical options which he described as stealing the ball and running away from the pitch. One would be to postpone the elections to March 2021, a move supported by countries like Argentina, Mexico and Chile. A postponement requires the support of over half the IDB board of directors. Failing that another option would be for the dissenters to stay away on voting day – since the appointment of a new president requires a 75% quorum. Should one of these options succeed, a Biden administration – if one gets elected in November – would drop Claver-Carone in favour of a different candidate, possibly Costa Rica’s former president Laura Chinchilla (2010–2014) or Argentina’s Gustavo Beliz, who worked at the IDB for 15 years.

What does it mean?

There will be an intense political and diplomatic battle over the next few weeks; the outcome will help determine the IDB’s role in any regional, post-pandemic economic recovery.

About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC’s Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



These stories are also available on Andrew’s blog site, [La Rambla Research](#).