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## United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

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February 5, 2008

Luis Alberto Moreno, President  
Inter-American Development Bank  
1300 New York Avenue, NW  
Washington, D.C. 20577

Dear President Moreno:

As you know, I am a strong supporter of the Inter-American Development Bank (IDB) and the other multilateral development banks in their efforts to combat poverty and promote development. Over the past fifty years, the IDB has financed both public and private sector projects in Latin America and the Caribbean and emphasized benefits to low-income populations.

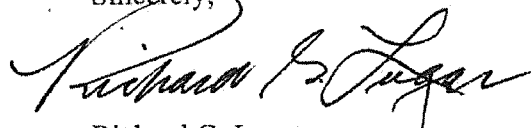
Given the global financial crisis, one would expect most investors and banks to have lost money. However, the reported scale of the IDB's investment portfolio losses of \$1.9 billion – 10 to 100 times higher than the losses of the other development banks – is of grave concern.

I would appreciate it if you could please provide me with answers to the following questions:

- How do the IDB's huge losses impact the present and future commitments of the bank?
- Could you please chronicle the decisions that led to the IDB's massive loss?
- Who will be held accountable? Could you please outline the steps that will be taken to apply accountability within the bank, particularly with regard to management?
- What reforms are necessary to ensure that the risk management of the IDB is on par with the other development banks so that these losses do not recur? What investment guidelines should be changed?
- What actions should the IDB take so that it does not have to ask donor countries for a capital increase?

Should you or your staff have any questions, do not hesitate to contact me or my staffer, Nilmini Gunaratne Rubin at (202) 224-6797.

Sincerely,



Richard G. Lugar  
U.S. Senator

cc: Secretary of State, Hillary Clinton  
Secretary of the Treasury, Timothy Geithner  
United States Executive Director Miguel San Juan

RGL/nrk