



Opening Remarks

by

Dr. W^m. Warren Smith

President

of the

Caribbean Development Bank

at the

***Caribbean PPP Forum: Public-Private Partnerships
for Sustainable Growth***

Hilton, Barbados Resort

Needham's Point

Barbados

November 19, 2013

INTRODUCTION

Good Morning

I am delighted to be here this morning and to join with my colleagues from the Inter-American Development Bank (IDB) and the World Bank (WB) Group in welcoming you to this two-day exchange of experiences and ideas around the important theme of Public-Private Partnerships for Sustainable Growth in the Caribbean.

This convergence of representatives from governments and multilateral institutions to share knowledge and experience on using PPPs to finance infrastructure development in a sustainable manner could not have been timelier.

Every single Caribbean leader today has on his or her list of priorities:

- (a) the achievement of acceptable rates of growth in a sustainable manner;
- (b) building resilience against climate impacts in their varied manifestations;
and
- (c) finding mechanisms for shifting more of the responsibility for financing growth-inducing infrastructure from the balance sheet of the government to that of private enterprise.

If we were to poll Caribbean policy-makers attending this gathering; if we were to ask them to identify their “wifms” in joining us today; most would probably say that they are looking for solutions to those three challenges. And they would no doubt say that they will be listening carefully to learn from our deliberations how the PPP approach can contribute to the resolution of these quandaries.

The organisers of this meeting have, from all accounts, assembled an impressive line-up of speakers and panellists who have both the requisite knowledge and experience to be able to answer most of your queries.

Let me, therefore, thank each and every one of you for attending this event. Without your active participation and involvement over the next two days, the admittedly stretched objectives we have set for this Forum will not be within our reach.

In my brief remarks this morning, I want to speak about the concept of partnership from two perspectives.

First, I want to address the partnership between the public and private sector that PPPs encourage.

In most of CDB's borrowing member countries (BMCs) today, far-reaching fiscal, debt, and structural reforms are at various stages of implementation. These reforms, painful as they are, must be pursued until the destabilizing imbalances at which they are targeted are adequately addressed.

The contraction in government expenditure and the inevitable imposition of new revenue measures inherent in the reform process are generally antithetical to the objective of robust economic growth.

Indeed, capital budgets for badly needed economic and social infrastructure frequently have to be targeted, thereby rendering more difficult the stimulation of economic growth.

It is because of the conundrum inherent in the need for governments to put their fiscal houses in order, whilst at the same time needing to get on with the business of investing in economic and social infrastructure, that the interest in PPPs is so great. On the face of it, the PPP instrument can represent an escape route out of the dilemma.

But, as you will doubtless hear over the next two days, whilst there are many successful PPP undertakings, the history of this instrument is not without its share of unfavourable outcomes, often the consequence of poor design and unbalanced contractual arrangements, frequently traceable to inadequate capacity within the public sector. This Forum will explore some of the lessons learnt from both the successes and the failures.

As part of our general assistance to our BMCs, CDB intends to assist them by providing up-stream capacity building through the provision of technical assistance and down-stream support through the financing of private sector investment in PPPs. In respect of the latter, we will work in partnership with other multi-lateral development banks (MDBs) as we build our own capacity in this important area.

I believe that our deliberations during this Forum will demonstrate the versatility of the PPP mechanism in enabling the public and private sectors to function as true partners in development to deliver public goods and services. Through co-operation, they can better cope with threats to their economic systems; build resilience to natural hazards; and create a stable environment for regional prosperity and growth.

Secondly, I want to deal with the role of partnerships between MDBs.

CDB welcomed the opportunity to collaborate with the IDB in the design and delivery of this Forum. The IDB has been a valued partner to CDB for a very long time.

Two recent initiatives which have benefited from the partnership approach are the Caribbean Growth Forum and Compete Caribbean. Both ventures assign a central role to the private sector stimulating economic activity and promoting balanced and sustainable development.

This PPP Forum marks another phase in CDB's ongoing collaboration with the IDB to support the emergence of a strong private sector in the Caribbean. Our willingness to work as partners on this exercise is an expression of our shared objectives for the development and sustainability of Caribbean economies.

The concept of PPPs is still relatively new to this Region. The examples of such arrangements are few, and found mainly in road transportation, energy, and in the water sector. As in the rest of the world, the experiences with PPPs have been mixed, with questionable development gains, in some cases.

CDB has a lot to learn from this collaboration with the IDB. We intend to draw on their experiences, and use the knowledge gained to determine how best to leverage our own resources to facilitate the deeper involvement of the private sector in the development process across the Region.

We have recognised that there is a dearth of Caribbean-specific research on PPP performance and operations. As a result, we have recently commenced a major research project entitled 'Public-Private Partnerships in the Caribbean: Lessons of Experience and Leveraging for Growth.' We anticipate that the results of this study will deepen our understanding of PPPs; provide valuable information on practical applications; and guide the formulation of an appropriate reform agenda for this region.

CONCLUSION

Ladies and gentlemen, in closing, let me once again thank each of you for coming today. I extend sincere best wishes for a productive and successful Forum.

Thank you.