



Remarks

by

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at the

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*Building Growth Into The  
Caribbean Sustainability  
Agenda - A Concerted Approach*

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## **INTRODUCTION**

It is an honour to share this platform with Prime Minister Christie, and our development partners. I join them in welcoming you to this Conference on “Building Growth into the Caribbean Sustainability Agenda - A Concerted Approach”.

Exactly twelve months ago, we collaborated with the International Monetary Fund (IMF) on another high level conference under the theme “Rethinking Policy to Address Low Growth and High Debt in the Caribbean” in Trinidad and Tobago. At that Conference, we undertook to examine the nexus between debt and growth.

That Conference has also provided a platform for more in-depth assessment of economic growth. Over the next two days, it is our expectation that an agenda for a more robust growth trajectory for the Caribbean can be crafted.

We, at CDB, welcome the emphasis on finding solutions, taking action, and getting results. Sustainable economic growth is an imperative for our Region.

The Bahamas is a fitting venue for us to continue this broader conversation. Earlier this year, the regional chapter of the Caribbean Growth Forum was launched right here. Prime Minister, “thank you”, for hosting both events. This is testament to the important role that economic growth occupies in your Government’s own development agenda.

I am extremely pleased with the warmth and hospitality that have been extended to me since my arrival. A special thank you to the conference staff and other key individuals for the flawless arrangements and outstanding support they have been providing.

As I look around the Conference Room, I see many familiar faces from last year’s conference. I am encouraged by your presence. I sense that we share a common desire to unleash the growth potential of our Region and a personal commitment to participate in the process.

I applaud the IMF’s initiatives to encourage increased dialogue on a growth agenda. The effort this year to broaden the collaboration to include IDB, IFC and the World Bank is also commendable. The integration of ongoing growth initiatives, including the Caribbean Growth Forum and Compete Caribbean, into the conference design will help to ensure that our collective work can be leveraged to bring about the desired impact on economic growth in these countries.

The challenges to our Region have been well documented and are very familiar:

- Economic growth is less than 3 per cent (%) per annum in many countries, and still too low to make a significant dent in the high rate of unemployment;
- Government spending is excessive; and the overall fiscal deficit of almost 4% is unsustainable;
- Fiscal problems, have, in turn, led to debt accumulation; and several countries are now ranked among the most indebted countries in the world;
- Many of these countries face extreme vulnerabilities which create severe economic and social setbacks when impacted; and

- Poverty levels continue to rise, with more than 21% of the population living below the poverty line.

None of these indicators augur well for our Region's quest for sustainable economic growth.

While these challenges may seem daunting, we can look for inspiration, at the experiences and achievements of countries which have overcome similar obstacles. It is noteworthy that it is the emerging and developing world, including those in East and South East Asia, Latin America and, more recently, Africa which have been the global growth leaders over the past few decades.

This morning, I will briefly outline some key pillars upon which, I believe, a robust regional growth agenda can be built.

The first of these pillars is macro-economic stability, undergirded by sound fiscal policy; transparent and enforceable fiscal rules; and a monetary policy which is consistent with low inflation and a competitive exchange rate.

The second pillar is a prudent public investment strategy, targeting projects which provide an acceptable economic and social rate of return. This strategy should be aligned with the goal of providing infrastructure which lowers the transaction cost of doing business, produces an appropriately skilled labour force, and optimises the use of domestic savings.

Third, and in support of an appropriate public investment strategy, should be an effective public debt management strategy and capacity. The emphasis here is on appropriately balancing the mix and tenor of local and foreign borrowings whilst maintaining a keen eye on the critical drivers of favourable debt dynamics and prudential debt limits.

Fourth, Highly-indebted Caribbean Small Island Developing States, whose debt has reached unsustainable levels, must commit to and set out on the reform path outlined above, whilst vigorously and persistently making the case for access to Donor-assisted debt relief. The evidence from other parts of the world is indisputable that, without this, and in spite of herculean efforts, they will face extreme difficulty reversing the high debt/low growth spiral. The credibility of this case can only be built around the now widely accepted fact of the Caribbean's peculiarly vulnerable circumstances and evidence of a demonstrated willingness to fully embrace appropriate fiscal and structural reforms.

Fifth, we must take lessons from the evidence that a common factor among fast growing economies is greater openness and integration into the global economy. Autarchic policies will militate against rapid economic growth. Greater global integration will necessitate a judicious and progressive removal of barriers to trade, whilst encouraging investment and creating the conditions for increased productivity.

Sixth, the Caribbean must confront its vulnerability in all of its forms. A solid macro-economic position with adequate fiscal reserves and low debt can be a strong bulwark against the vulnerability to external economic shocks and to natural hazards. But this strategy needs to be complemented by investments in appropriate disaster risk management and climate adaptation to protect the productive economic infrastructure already in place and to be able to realise the expected return on such investments. These investments build resilience and also help to spur economic growth and create employment.

Seventh, governments must strive for better accountability to build trust and commitment to their policies and strategies. Governments must develop the institutional and policy infrastructure necessary to support good governance practices; and the general public and the private sector, need to be adequately equipped to hold their governments accountable.

Finally, for growth to be sustainable it must be inclusive and the benefits widely shared. Appropriate mechanisms must be in place to protect as well as empower the most vulnerable groups. And policymakers must commit to pursuing credible policies, and to engaging stakeholders early in the dialogue to solicit their support.

Ladies and gentlemen, those of us who were brought up in a cricketing culture will appreciate that much of what I have just outlined amounts to “rolling the pitch”, or preparing the ground for the game to begin. In a recent engagement with the media in Jamaica, I had to remind a journalist that there is something called the private sector that has the lead role in generating economic growth. If the State has appropriately “rolled the pitch” and the business community remains on the sidelines as spectators, then the state-driven activities described above will likely lead to compression rather than growth. What is the Bottom line? The private sector needs to be engaged from the outset.

And finally, as we learnt in the growth forum, a growth strategy for the Caribbean which ignores the youth of our region who have helped us to punch way above our weight internationally in music, sport and culture, is destined to be sub-optimal. It is my conviction that mechanisms need to be in place to enable them to fully release their creative energies in support of economic growth.

## **CONCLUSION**

My list of priority actions is, by no means, an exhaustive prescription for growth.

Some elements may mirror actions already included in your personal agenda.

Bearing in mind that each country response must be tailored to suit its own circumstances, I hope we will be inspired to reach consensus on an agenda for action around some key initiatives which will lay the basis for more robust and sustainable Caribbean growth.

I assure you that the CDB remains committed to assist every borrowing member country to deal with the challenges to growth and is prepared to continue working with the development partners to make it happen.

Thank you.