



BOARD OF GOVERNORS FORTY-FIRST ANNUAL MEETING

MAY 25 AND 26, 2011
PORT OF SPAIN, TRINIDAD AND TOBAGO

PRESIDENT'S CLOSING REMARKS

Chairman, Prime Ministers, Chief Ministers, Governors, Directors, Observers, Ladies and Gentlemen.

I am pleased to respond, in these closing remarks, to the many comments, suggestions and observations made by Governors and other speakers, not only during this meeting, but also during the earlier meetings of the Board of Directors and of Contributors to the Special Development Fund (SDF).

Allow me to begin by thanking Governors for their congratulations and expressions of support for a successful term of office. I am particularly encouraged and heartened by these remarks in what is my first Board of Governors' meeting as President of the Bank. I am also encouraged by Governors' perspectives on the operations of the Bank during 2010, and by the expression of satisfaction with many of the Bank's responses to the BMCs' needs during that period. I am also heartened that many of these perspectives on the way ahead do coincide with those expressed in my statement.

The economic conditions during 2010 continue to mirror the severe impact of the economic downturn arising from the global financial and economic crisis. Many Borrowing Member Countries (BMCs) recorded either very low or negative growth rates in 2010. However, the prospects for a return to positive growth in 2011 are encouraging. We commend the BMCs for having undertaken in many cases, the required macroeconomic and fiscal reforms. CDB continued to support these initiatives, mainly through its policy-based lending programme.

Many Governors have reminded us of the need to remain faithful to our central mission of poverty reduction. I wish to assure all stakeholders that, in accordance with our Strategic Plan 2010 to 2014, our core focus will remain that of reducing poverty in all our BMCs; and we will continue to give high priority to our Basic Needs Trust Fund programme, our main poverty reduction instrument.

CLIMATE CHANGE FINANCING

Climate change has emerged as a major challenge to the continued economic development of all our BMCs. The need for climate proofing of existing and future assets as well as ensuring resilience to disaster events can only be met through significant financial expenditures. In the coming months, the Bank will increase its initiatives directed at accessing the pool of international financial resources available for mitigation and adaptation to climate change events and to ensure environmental sustainability.

DISCLOSURE POLICY

We, at the Bank, subscribe wholeheartedly to the principles of transparency and accountability to all our stakeholders. A draft Disclosure Policy is currently being considered by our Management. Work on this policy will take account of the comments of Governors on transparency and accountability as well as the commitment to disclosure. Steps will also be taken to make the Bank's website more informative.

IMPACT OF GENDER POLICY

The Bank has made some progress in mainstreaming gender issues in the Bank and in our BMCs and will continue to strengthen its internal capacity to accelerate progress in this area. Several Governors have emphasised the importance of CDB's support for gender equality as well as the need for ongoing monitoring of the impact of such support. Under our SDF 7 programme, a significant allocation has been made for gender initiatives. Furthermore, financing has been approved to undertake gender assessments in ten BMCs. The findings of these assessments will be used to craft the Bank's targeted intervention in the BMCs and serve to demonstrate our commitment to the issue of gender equality.

INSTITUTIONAL REFORM AND CAPACITY BUILDING

We note comments by some Governors about institutional reform and capacity building within the institution. We acknowledge that our ability to deliver on the programmes outlined in our Strategic Plan relies heavily on the quality of our human resources, systems and business processes. As expressed in my opening address to Governors yesterday, my approach to internal transformation will focus on the core values of passion and team work. However, there will be continuing dialogue with the Board of Directors on our progress in transforming the CDB.

FINANCIAL SECTOR REFORM

The Bank will render support to BMCs in the Organisation of Eastern Caribbean States in the reform of the financial and regulatory systems aimed at preventing a similar event in the future. This will be carried out in a manner consistent with our internal capabilities and with due consideration to CDB's prudential norms.

PRIVATE SECTOR

The private sector will continue to benefit from the Bank's support in four ways, that is:

- (1) ramped up capacity building to strengthen the financial intermediaries through which we channel significant resources (20%) to the private sector, particularly small and medium-sized enterprises;
- (2) use of equity input into private sector investment funds to leverage additional resources into larger private enterprises;
- (3) technical assistance to BMC Governments in partnership with other development institutions to support initiatives designed to create the enabling environment for private sector development; and

- (4) the strengthening of our Caribbean Technological Consultancy Services activities to directly support the operational needs of small and medium-sized enterprises.

I would like to add that we do need to be cautious; and that our direct financial interventions in the private sector should take into account risk management considerations.

NEW MEMBERSHIP

Alongside the ongoing efforts to conclude membership arrangements for Brazil and Suriname, Management has been pursuing discussions with several other interested countries. But these discussions are still at a preliminary stage. We continue to recognise the need to widen the Bank's membership base. Progress regarding two potential members – Brazil and Suriname - is encouraging. We will keep our Board of Governors and Board of Directors fully informed about developments.

RESULTS FOCUS

Several Governors commented on the need for a results focus. Management wishes to record its full agreement with the Governors for embedding a results culture within the Bank and underscores its commitment to reporting on the work of the Bank through the Results Monitoring Framework as well as to applying lessons of experience for making improvements. We welcome any assistance in this regard. We are also committed to a process of moving towards institutional arrangements which will lead to greater independence of CDB's evaluation function.

LENDING PROGRAMME

Governors expressed concern that actual approvals in 2010 exceeded projections in the Strategic Plan. We also note the views that the policy-based loans had been beneficial to those BMCs which needed to stabilise their economies during the recent crisis. The Strategic Plan anticipated that between 2010 and 2012, there would be an increase in the level of financial support to BMCs, particularly through the use of the PBL instrument. In this regard, the Plan also projected that as of 2013, there will be a return to a more sustainable level of lending. We, therefore, wish to assure Governors that we will maintain lending at a level that is sustainable and consistent with the Strategic Plan.

INTERNAL EFFICIENCY AND OPERATIONS

We note comments by some Governors regarding a number of the Bank's instruments and the need to review their suitability to the purposes for which they are being used. We will shortly be undertaking a comprehensive review of all of the Bank's product offerings. We recognise that, over the next several months, much is expected of us in our preparations for the next replenishment of the SDF. While the work programme is a formidable one, we fully commit ourselves to ensuring that our targets do not slip. We also pledge the same level of commitment to the implementation of our Strategic Plan; and we will be working very closely with our Board of Directors, in this regard.

PARTNERSHIPS

We take note of the urgings by Governors over the past few days about the need to work closely with our development partners and wish to assure Governors of our commitment to this strategy. Given the wide

range of needs of our BMCs, we cannot meet many of their requirements by ourselves. We have had several important discussions during the margin of these meetings with our development partners for far-reaching cooperation. We will be pursuing these with renewed vigour.

REGIONAL INTEGRATION

We note the call for the Bank to take a more central role in the area of regional integration. As indicated in my statement to Governors yesterday, I propose to accord very high priority to a number of projects which are critical to the competitiveness of our Region and which are more efficaciously pursued through a regional approach. Here, I make mention, once again, of energy and human capital development, both of which have far-reaching and transformational implications for regional development.

ECONOMIC MANAGEMENT

Several Governors spoke of the need for greater focus on improved macroeconomic management. We are satisfied that our BMCs, over the past few years and with the assistance of the PBL instrument, have been moving in the right direction by putting in place policies aimed at improving macroeconomic imbalances. We will deepen our engagement with our BMCs to ensure that this important underpinning of sustainable economic growth is maintained.

CONCLUSION

Ladies and Gentlemen, we have come to the end of a historic meeting of the CDB family here in Trinidad and Tobago. Our deliberations over the past few days have been conducted in a spirit of frankness and solidarity. I personally appreciate the many expressions of support and encouragement as we embark on this new journey. My colleagues and I are resolved to redouble our efforts to deliver on the important issues raised by our Governors during these meetings.

Chairman, it would be remiss of me not to draw the Board's attention to the fact that our Vice-President (Finance), Mr. Neville Grainger will retire from the Bank in December of this year; and therefore, this will be his last Board of Governors' Meeting.

Mr. Grainger has been one of the finest examples of someone who is a statesman, a trusted advisor and a quiet influence who gets things done without becoming the headline. Governors and Past Presidents have benefitted greatly from his wisdom and his remarkable ability to gain consensus on difficult and sometimes thorny issues. Personally, I will miss his calming influence.

On behalf of the Board of Governors, I wish to express our gratitude for his long and distinguished service to the Bank and to the Region. In addition, we wish to extend to Neville our best wishes for a long and exciting retirement, when it comes.

Let me once again reiterate our heartfelt gratitude to the amazing people of this rainbow nation, for making our stay here a memorable one. These meetings will be indelibly imprinted in my own consciousness.

In closing, I wish to thank the Government of Trinidad and Tobago for its hospitality and excellent arrangements for the meeting. I wish to thank especially the Chairman, Minister Tewartie for the efficient way in which he conducted the meeting. The meeting has been a resounding success due in no small part for the sterling efforts of the meeting organisers especially Mrs. Julianna Johan-Boodram, Permanent Secretary, Ministry of Planning, Economic and Social Restructuring And Gender Affairs and a member of the CDB Board of Directors. Special mention also has to be made of the contributions of the

Management and staff of the Bank, who have once again made the arrangements for the meeting appear to be effortless.

Thank you for your wonderful participation; and we wish you a safe journey.