



AS PREPARED FOR DELIVERY

## Closing Remarks

Dr. Warren Smith

President

Caribbean Development Bank

Forty-Seventh Annual Meeting  
of the Board of Governors

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Gustarvus Lightbourne Sports Complex, Providenciales, Turks and  
Caicos Islands

Madame Chair  
Heads and Ministers of Government  
Honourable Ministers  
Governors  
Directors  
Observers  
Guests  
Ladies and Gentlemen

We have come to the end of another very engaging and productive Annual Meeting. As we close, it is important for us to be reflective, focusing on some of the key messages that emerged from our deliberations. It is also important to be prospective, and look towards the future, inspired and informed by our collective considerations, over the past couple of days.

One of the most poignant global developments, which provided a backdrop for this Annual Meeting, was an apparent shift in sentiment, by some of our major trading partners, away from market openness to one characterised by increased protectionism. In their statements many Governors alluded to the improvements in global economic growth while also recognising the risks posed by policy uncertainty in some advanced economies. Indeed, during the 18th William G. Demas Memorial Lecture, our Distinguished Speaker, Dr. Daniel Lederman, advanced a very cogent and timely argument when he advised small economies, like the Caribbean countries, to think big. The central message was the need for these economies to adapt to change; to promote nimbleness and agility; and to pursue regional integration more aggressively as a potential pillar of support in sustaining income growth.

I am in full agreement with the mammoth possibilities that a more united Caribbean can achieve.

Madame Chair, the CDB Annual Meeting provides Governors with a platform for sharing their unvarnished views on the stewardship of the Bank and on its development performance during the past year. Within this context, we were heartened, yet humbled, by their observations and favourable disposition. The Bank succeeded in increasing its levels of approvals and disbursements in sectors and areas that offer real potential for changing the lives of many vulnerable people in our societies.

Chair, one Governor challenged CDB to pursue bold and transformative social and economic change that can make tangible difference to the lives and livelihoods of Caribbean people.

These words aptly reflect CDB's mission and its current portfolio of interventions. In 2016, for instance, the Bank approved its first project under its new GeoSmart Facility, for a total of USD15.4 million, to support the exploration of geothermal energy in St. Vincent and the Grenadines. This facility allows risks to be appropriately mitigated in a manner that encourages private sector participation in later stages of project development. This project, and similar ones being pursued in other islands in the Eastern Caribbean, have the potential to reduce electricity costs and to propel economic growth and development in beneficiary countries.

Many Governors also congratulated the Bank on its accreditation to the Green Climate Fund and the Adaptation Fund in 2016. They noted the acute environmental vulnerability of the Region and the important role that the Bank must continue to play in helping its Borrowing Member Countries (BMCs) to build resilience.

We concur with these views. CDB has placed considerable emphasis on accessing a larger pool of funds which we can make available to our BMCs. Yesterday, we signed an agreement with the European Investment Bank for the second Climate Action Line of Credit. This will facilitate increased climate proofing of critical infrastructure in the Caribbean. The Line of Credit for Euro 100 million is the largest single loan made by EIB in our Region. We are very encouraged by the strong statement of confidence in CDB that this line represents.

CDB also intends to explore options to support the expansion of CCRIF SPC (formerly the Caribbean Catastrophe Risk Insurance Facility) which has proved to be an extremely cost effective risk transfer vehicle in the Caribbean. Later today, we will be launching a new Integrated Sovereign Risk Management Project in the Caribbean. The project will greatly enhance the countries' ability to take account of the full spectrum of risks that they face and to make the appropriate adjustments to their risk management strategies. We are very pleased to be partnering with CCRIF SPC on this groundbreaking initiative.

Some Governors also mentioned the importance of elevating gender as a core development priority within the context of the Sustainable Development Goal 5. As has been documented in the Bank's Annual Report of the Special Development Fund as well as in the Development Effectiveness Review, we continue to make significant strides in achieving gender-related development outcomes. The percentage of projects that have been gender-mainstreamed is almost 100%; and a large portion of infrastructure projects now include gender components that screen for differential gender impacts. Gender equality remains a cross-cutting theme in the Bank's current Strategic Plan and has been adopted as a cross-cutting theme in SDF 9.

Private sector operations also received considerable attention from Governors, and rightly so. CDB has argued repeatedly that private sector growth must be a cornerstone of Caribbean development. Our views, in this regard, have not altered. We note the call by many Governors to hasten the completion of the Private Sector Policy and Strategy. I assure you that that strategy is at an advanced stage of preparation; and that it is our intention to present it for consideration by the Board of Directors before year-end.

Let me assure you also that our private sector support continues in very tangible ways. For instance, we have posited, in the past, that the business environment must be such that it induces the private sector to invest and that policy predictability must be sufficiently clear so as to obviate surprises. The Bank has been working with other development partners, including the Inter-American Development Bank through the Compete Caribbean project, to identify and to treat with impediments to business development. Through our policy-based operations, we have also been supporting reforms that, for example, improve customs logistics, and ultimately reduce the cost of doing business.

In the area of Public Private Partnerships (PPPs), we have been expanding our footprint by strengthening technical knowledge. In the margins of this meeting, we marked another milestone when we officially launched, in collaboration with IDB and the World Bank, our new PPP Toolkit. This instrument will go some distance in strengthening the BMCs' understanding of the relevant risks in transactions and ultimately in improving deal structuring.

Some Governors alluded to the many internal changes the Bank has pursued over the last couple of years. We have strengthened our risk management function, and have boosted our credit worthiness. I am happy to report that the Bank has recently received a rating upgrade from Standards and Poor's (S&P); and we

have equalised Ratings between S&P, Moody's and Fitch, which enhance our ability to provide much needed development funding at cost-effective pricing.

Chair, I want to close by linking two other areas that are of strategic importance to the Bank and which we discussed during our deliberations. These have to do with our Special Development Fund (SDF) and membership in CDB.

The SDF has become indispensable to the work of our Bank in tackling deep-seated poverty in some of our most vulnerable BMCs. Governors drew attention to the dampening effect that fiscal and other challenges had on the size of the SDF 9 replenishment, which fell slightly below target.

On the question of membership, the issue is two-fold. A growing concentration in the Bank's portfolio, combined with the high debt burden of some credits has the potential to undermine adequate capital growth, which is required to maintain CDB's current strong capital base.

The Bank, in my view, must contemplate possible responses to these market and portfolio trends. An expansion of membership, both borrowing and non-borrowing, seems like one of the best available options. New BMCs will have the effect of increasing support for the SDF, and augmenting capital while providing portfolio diversification opportunities. New non-BMCs, which are investment grade, would also expand the callable capital base and undergird the Bank's market rating.

As we contemplate this option, we must also think about wider issues that may potentially stymie the pace of membership expansion. Within this context, we must think about how we, as a Region, can look outward even as large countries look inward. For me, this will undoubtedly determine how we go forward. These times require us to be bold and ambitious. Harnessing the future requires us to shed some of the inaction of the past.

So with these remarks Chair, permit me to express my sincere appreciation and heartfelt thanks to the Government and people of the Turks and Caicos Islands for your warmth and hospitality, which are only matched by the beauty and serenity of your lovely islands.

Madame Chair, I wish to thank you personally for taking the time to guide our deliberations, whilst managing the many commitments of your new administration.

I also want to thank your supporting team for their efforts and to acknowledge the contribution of CDB staff, here in TCI, and the supporting team in Barbados. We have leveraged the technology wisely to make this Annual Meeting the success that it has been.

Chair, as I look ahead, I am inspired by our enormous possibilities rather than daunted by our challenges. We can realise those possibilities if we remain steadfast in our focus on dismantling the inhibitors of growth and development.

When we meet in the Spice Isle of Grenada in 2018, I trust that we will be able to report on even better development outcomes in our Region. Indeed, while we are small, together we can make a real difference.

So until then, Governors, Directors, Observers, guests and staff of the CDB, I wish you all a safe journey home.

Madame Chair, I thank you.