

As prepared for delivery



KEYNOTE ADDRESS

“Partnership for Resilient Prosperity”

by

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President

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at the

53rd Annual Meeting of the Board of Governors

Opening Ceremony

Saint Lucia

June 20, 2023

[Misye Gouvener-Jeneawal, Misye Pwemyea Minis, Misye Spika, Minis Gouvernman, Gouverner Bank-nou, Diplomat Lot-peyi, Moun-envitay, Madam ek Misye, ek toot saki ka swiv-nou assou Internet ici, ek lot peyi...

[Bonjou ek bien vini pou senkant-twazeme wey-you-nyon annuwelle Bank Devloppman Kawaib-noo. Ek e-ka faire mwen bokoo playzi ossi, pou bienvini zot-toot ici en payi-natal-mwen, Sent Lisi, Helene Kawaib-la!]

His Excellency Cyril Errol Charles, Acting Governor General of Saint Lucia, and Her Excellency.

Mrs. Anysia Charles, Chairman, Governors, Directors, specially invited guest.

Good morning and welcome to the 53rd Annual Meeting of the Caribbean Development Bank.

It is a pleasure to for the Bank to host this meeting in the Helen of the West and my hometown Saint Lucia.

Setting the Context

The Borrowing Member Countries (BMCs) of the Caribbean Development Bank (CDB/the Bank) are being challenged like never before.

The advent of a one-in-one-hundred-year pandemic layered on existing economic and environmental vulnerabilities, plus the war in Ukraine, thrust the world into a period of geopolitical realignment, supply disruptions, food and energy insecurity and volatile financial markets. These shocks led to sharp declines in output, eroded some of the socio-economic gains made in past years and further slowed the Region's progress towards the attainment of the Sustainable Development Goals (SDGs). They have also contributed to rising debt levels, the erosion of fiscal space and increased inequality and poverty levels.

Equally concerning is the global trend towards fragmentation into distinct economic blocks with different ideologies, political systems, technology standards, cross-border payment systems and reserve currencies. This potentially exposes the Region to additional risks as fractures in the flow of capital, goods, services and technology across borders could add to inflationary pressures, eliminate jobs and deprive people of food, medicine and other essentials. In other words, fragmentation could result in another supply side shock leading to sharper increases in prices and less output. These difficult circumstances have increased the development challenges in the Region.

What We Delivered

To better address the challenges of BMCs, CDB recognised that it must reimagine its approach to development – we needed a paradigm shift. At a basic level, this shift began with our understanding of development.

[Pou nous a pli-merriere enday say-peyi-ah ki mamm-bank-nou, nou kai ni-pou-shanjay manière nou ka gaday ek kopann konseps-devloppmann – ek nou ni pou shanjay tet-ah-pyay...]

We pivoted our understanding of development to promote a holistic systems approach, where productive and institutional capacity, environmental sustainability, social resilience, and financial affordability are seen as essential components of the evolution of the system. While implementation at a point in time may be specific, each part must be located within the systemic picture over time. In other words, we cannot leave any part behind.

Your bank, CDB, was at the forefront of the regional effort to accelerate recovery from the COVID-19 pandemic and supported programmes for health, social resilience and learning continuity in the Organisation of Eastern Caribbean States (OECS). CDB in partnership with the CARICOM Secretariat and OECS Commission, developed the “*Let’s REAP Programme*” to provide schools in BMCs with a roadmap to address the pandemic related learning gaps and increase inclusion.

The REAP Programme provided certification training for **two thousand, nine hundred and ten** (2,910) educators in Caribbean schools. We also strengthened special education training for **one hundred and seventy-five** (175) teachers in Saint Lucia to better respond to varied student needs and improve their quality of education.

In 2022, total disbursements increased by 12.2% to **two hundred and eighty-five point nine** million United States Dollars (USD285.9 mn) comprising USD180.7 mn in loans and USD105 mn in grants. Behind these approval and disbursement figures are human lives which were positively affected as the bank worked closely with countries, communities and development partners to deliver on the SDGs. The bank also made strides with key projects in Suriname, Guyana, Bahamas, St Vincent and the Grenadines and Belize and has expanded its partnerships with member countries and development partners. Among these new partnerships is the soft loan of USD50 mn with the Government of Italy for a Programme to Support Sustainable Development Projects in the Caribbean. Interventions are also underway to increase climate resilience, trade and agriculture. Of note are the 14 mn Euros from the European Union to implement the Caribbean Action for Resilience Enhancement (CARE) Programme and USD9.9 mn from the Adaptation Fund to implement the “Building Resilience for Adaptation to Climate Change (CC) and Climate Variability in Agriculture in Saint Lucia Project.”

In the past year, the Bank committed an estimated **USD41 mn of its own funds** towards climate change initiatives, mainly in energy and infrastructure. The Bank has also stepped up its level of ambition and adopted a climate finance target of 25-30% of its own resources towards CC adaptation and mitigation by 2024, up from 11% in 2021.

Call to Action

We will continue to build on these achievements and deepen our ambition for the road ahead.

[Nou kai kontinay konstwi sa nou zha kommansay-bien, ek ossi faire ambisyon-nou pli-for, pou assiway siksay assou shimmen-douvan-nou...]

Meanwhile, we are cognizant of the fact that headwinds remain, as growth in the Caribbean is expected to moderate when tourism returns to pre-pandemic levels. Tighter global financial conditions could make it harder to finance fiscal deficits and rollover debt. Additionally, the threat of climate related disasters may cause large economic and social losses and weaken economic activity.

Nevertheless, we will remain steadfast and single minded in our aspiration to accelerate the pace of economic activity, close the gap to achieving the SDGs, and fundamentally alter the development path to place countries on a higher and more sustainable welfare path in the future by building Internal Resilience Capacity.

We can frame our thinking about building Internal Resilience Capacity as a Trilogy comprising: refining the international development paradigm, building partnerships and strengthening policies.

The first part of the Trilogy is refining the international development paradigm – we need to measure better to target better. So, let us agree that the use of Gross National Product/Income as a proxy for development is insufficient and therefore our usual set of policies to grow Gross Domestic Product (GDP) will also be insufficient. Let us agree that in a world with a multiplicity of shocks, sustainability remains a dream unless we can conquer resilience. Let us agree to advance the global development agenda by adopting beyond-GDP measures (like the UN’s Multidimensional Vulnerability Index (MVI) as our guideposts and by extension a broad GDP, vulnerability, and resilience policy tool to target improving internal resilience capacity of a country, and thereby its sustainable development.

Many stakeholders are proposing specific institutional reforms to make international development assistance and climate finance architectures more suitable for the 21st Century. A prominent example is the Bridgetown Initiative. To complement the Bridgetown Initiative the CDB is exploring new and innovative ways to shape how concessional financial assistance is allocated, including through the MVI/Internal Resilience Capacity/Recovery Duration

Adjudicator framework. Multilateral Development Banks, including the CDB, were also designated as prescribed holders of Special Drawing Rights (SDRs) by the International Monetary Fund and can use these SDRs for loans, swaps, pledges in exchange for currency or settling financial obligations, among other purposes. There are also efforts underway to establish a more robust architecture to address vulnerable countries' Loss & Damage (L&D) needs, including through the Santiago Network and the new L&D fund that United Nations Framework Convention on Climate Change (UNFCCC) Parties agreed to establish at COP27.

The second part of the Trilogy is partnerships. Accelerated sustainable development requires partnerships for development between the private sector, government and the international community. In fact, I have repeatedly said that Sustainable Development is too important for it to be the exclusive purview of government. Let us agree we need to share to grow - sharing opportunities, burdens, and responsibilities. Partnerships should take place at various levels: partnerships among multilateral financial institutions (let's use financial partnerships to effect scale along thematic lines (e.g., a green, just energy transition) that goes beyond national/continental boundaries. Regional and external associates can also pursue partnerships in knowledge creation - sharing technology to improve global productivity; and focusing on national goals that can be effectively delivered through complementarities and synergies between private and public sectors, breaking trust barriers and unifying a focus on country prosperity. Partnerships can also occur in capacity building. For example, we can re-imagine our learning systems and develop centers of excellence through using technology to bridge skills gaps across Caribbean islands particularly in new and emerging areas such as animation and gaming, robotics, digital media and Green Engineering. This can expand skills sets and create jobs and business opportunities particularly for the youth and help to mitigate some of the outward migration of our best and brightest young people.

The third part of the Trilogy is policies. We need policies and supporting instruments that are designed to drive fit-for-purpose investment activities, enhance implementation capacity for building resilience and increase access to adequate and affordable financing for investments. I want to focus on the financing aspect. It includes creating policies and designing instruments geared toward developing a resourcing ecosystem that provides liquidity for rescue, for recovery,

and for repositioning based on need, not only on GDP. Examples include: contingent disaster financing instruments (e.g., a class of guarantees for financing the impact of natural hazards), contingent debt instruments to cushion the effect of an exogenous shock, instruments for mobilising and intermediating private sector financing for development, revisiting debt sustainability frameworks to incorporate a wide class of debt clauses, exploring guarantees to enhance the quality of the portfolio, and expanding insurance instruments to facilitate resilience. Let us agree we need a suite of instruments and affordable financing, with appropriate governance frameworks, to customise our varying needs and deliver on the promise of resilient prosperity for all.

CDB has a special role to play in navigating these challenging times. The Bank will relentlessly pursue its ambitious agenda to build internal resilience capacity in the BMCs using the Trilogy of improving the international development paradigm, building partnerships, and strengthening policies. However, our efforts alone will not take us over the finish line. We request your continued and unwavering support as we are determined to introduce and execute novel and innovative approaches to support our membership. We will continue to demonstrate unmatched resilience and improved responsiveness as the Region's development bank as we remain true to our mandate of transforming Caribbean societies and committed to safeguarding the vision of Resilient Prosperity. The fate of the Region and the Bank are inextricably linked. When the Region succeeds, the Bank succeeds. It is, therefore, in our collective interest to work together.

[Ler Bank-la faire bien, nou-toute faire bien; alor, nou ni pou twayay ansam pas c'est en lentayway-nou pou twavay-ansam...]

Let us Act now and Act TOGETHER!