REPLIES TO THE ADDRESS OF WELCOME
ON BEHALF OF THE NON-REGIONAL NON-BORROWING MEMBERS

TEMPORARY ALTERNATE GOVERNOR FOR THE UNITED KINGDOM
DR CHRISTOPHER ATHAYDE

On behalf of the Caribbean Development Bank's non-regional members, I extend my thanks to the CDB for its preparations and to Brazil for its warm hospitality in hosting the 55th Annual Meeting of the Board of Governors.

We welcome Daniel Best as the new President of the CDB. We commend his commitment to driving institutional reform, sharpening the Bank's focus and enhancing its overall impact.

Since the last Annual Meeting, CDB has made significant progress, including successfully negotiating the eleventh replenishment of the Special Development Fund, agreeing to conduct a comprehensive Governance Review, and committing to adopt a new long-term institutional strategy by year-end. Now is the time to focus on implementation and we stand ready to support CDB's management in this.

The theme of these Annual Meetings, "Building the Future: Resilient Institutions for a Greener, Stronger, and Inclusive Caribbean," is particularly timely. Many Caribbean countries are experiencing rising climate-related losses, inflation, and high debt servicing costs, which exacerbate vulnerabilities and hinder progress toward shared prosperity. In this context, MDBs play a vital role in providing affordable, effective development finance where it is most needed.

We believe that this is a pivotal moment for the CDB. As part of the broader efforts to reform the global financial architecture, we encourage the Bank to focus on four key priorities.

First, it is crucial that the Bank sharpens its **strategic focus**. We look forward to the implementation of the new Strategic Plan next year and expect the CDB to enhance its responsiveness to client needs, with a focus on building resilience to external shocks, along with clearer sectoral priorities. In the context of the Special Development Fund, we urge the Bank to strike a balance between ambition and delivery, ensuring it remains focused on the priorities agreed during negotiations. With a structural gap in the SDF, the efficient use of its resources should remain a key consideration, and efforts should be carefully aligned with available capacity and areas of comparative advantage, avoiding the risks of overextension.

Second, we need to accelerate **institutional** reform. We look forward to a comprehensive governance review of the Bank which will identify gaps and areas for improvement with respect to internal capacity and the ability to achieve operational excellence. We encourage the Bank to thoroughly review its governance mechanisms, existing staff and talents, and other policies and processes in place, ensuring recommendations are fully implemented in a timely manner. We call upon Management and the Governance Review Committee to keep shareholders updated on progress and milestones in the coming months.

Third**,** we encourage the Bank to continue improving its **efficiency** and to have a stronger focus on **delivery**. We are encouraged by the Bank's efforts in implementing the G20 Capital Adequacy Framework Review recommendations, including efforts to reform its enterprise risk management, and balance sheet optimisation. Implementing quality-based procurement practices that promote efficiency, competition and transparency is important. Improving CDB's credit risk profile and maintaining its AA+ rating are essential to safeguard lending conditions and volumes in the interest of borrowing countries. But we also need to focus on results - now more than ever it is crucial to demonstrate greater development effectiveness and provide clear, measurable evidence of impact. That means investing in data.

Fourth, we are pleased with the Bank's renewed commitment to strengthening **partnerships** with other International Financial Institutions. In an era of declining development resources, it is vital for the CDB to collaborate with peers in support of Borrowing Member countries. This includes pooling resources, sharing data, and exchanging best practices, to ultimately enhance the impact and efficiency of development interventions. Work is needed for MDBs to reduce transaction costs for countries with very limited capacity, by aligning their requirements and processes as far as possible.

It is encouraging to see that the CDB is taking meaningful steps in these areas and we will support the Bank to go further. These reforms are vital to ensure CDB plays its part in advancing our shared goals, including supporting poverty reduction, meeting the Sustainable Development Goals, and implementing the Paris Agreement.