



**STATEMENT
BY THE ALTERNATE GOVERNOR FOR THE UNITED KINGDOM
HON. VICKY FORD**

The United Kingdom (UK) welcomes the Annual Meetings and thanks the Caribbean Development Bank (“the Bank”) and our Hosts, the Turks and Caicos Islands, for their preparations. The Caribbean region is an important partner and friend to the UK. We greatly value our relationship with countries across the Region and look forward to continuing close partnership and valuable conversations as part of these Annual Meetings. The theme of ‘measuring better to target better’ and focus on evidence-based decision making is important – a strong evidence base is vital for good decision making and targeting resources to support the most vulnerable population groups, including women and girls and those with disabilities. The Bank has a critical role to play in supporting members to build this evidence base and the UK thanks Bank staff and management for their work.

The impacts of the coronavirus pandemic in Latin America and the Caribbean will be long-lasting, with the Region having experienced a 10-year reversal in social gains. The World Bank is now forecasting that the post-pandemic recovery of Small Island Developing States (SIDS) is likely to be undermined by the global spillovers of Russia’s illegal invasion of Ukraine, due to SIDS especially sharp vulnerabilities to external shocks. The UK stands united with partners in condemning Russia’s outrageous attack on Ukraine as a clear breach of international law and the UN Charter. Across the world, the poorest people are now bearing the huge cost from this war. The Bank has a key role to play in supporting clients to respond as countries face the impacts of high food price inflation and the wider global economic downturn.

In the context of these compound crises, the UK recognises the unique economic and climate vulnerabilities facing the countries supported by the Caribbean Development Bank, the majority of which are SIDS. The UK is committed to supporting SIDS to address these vulnerabilities and to grow resilient green and blue economies. Alongside Belize, Fiji, and AOSIS, we have published a Call to Action on Access to Finance, with practical recommendations to resolve the financial challenges facing SIDS, including on debt and ODA eligibility. We plan to build on this work further, including through the establishment of a ‘friends of SIDS’ coalition, which will work to secure the implementation of the Call-to-Action recommendations.

At the heart of those recommendations is the principle set out in the Glasgow Climate Pact, that decisions on finance must consider vulnerability issues. In the age of climate change, traditional cliff edge approaches to eligibility and graduation from finance are no longer fit for purpose. Donors and Multilateral Development Banks (MDBs) must consider whether States have economic and climate resilience. Resilience will also require improvements in the quality of support to SIDS, through processes such as the new Principles for Improved Aid Impacts in SIDS, being developed jointly by

Development Partners and SIDS. These will encourage aid to be better tailored to SIDS needs, including in areas such as economic diversification. As part of our commitment to more resilient economic futures, we are also developing a new Sustainable Blue Economies programme to support SIDS. In addition, at COP26, the UK's Prime Minister announced a new £40 million 'Small Island Developing State Capacity and Resilience' (SIDAR) programme, which will build capacity to access funding and technical solutions at scale.

SIDS are on the frontline of climate change, in many SIDS over 10% of the population will be threatened by chronic coastal flooding or permanent inundation by the year 2100, displacing close to 40 million people. SIDS are also frequently hit by climate-related extreme weather events resulting in extensive loss of lives and livelihoods. The Bank has a critical role to play in supporting members as they face these challenges. As an accredited agency of the Green Climate Fund and Adaptation Fund, we encourage new efforts by the Bank to strengthen its institutional capacity to assist Member states with effective prioritisation and programmatic approaches for delivery of climate resilience finance at scale and increased pace. We will look to collaborate through SIDAR to achieve this. The Bank also has an important role to play in helping build resilience through stronger disaster risk financing in the Region (for example through expanded regional risk pool coverage of critical public assets and improving socially vulnerable protection, contingent finance, or effective early action plans).

As the current COP26 President, we applaud the Bank for its commitment last October to full alignment with the Paris Agreement by the end of 2022. In Glasgow, the Bank also signed up to the Joint MDB statement on nature which committed MDBs to mainstream nature across all of their operations. We look forward to an update from the Bank on how both of these workstreams are progressing. At last year's Annual Meetings, the Bank set the ambitious target of up to 30% of all investments being for climate finance. It is vital that the Bank maintains focus on this target and reports on its climate finance annually to the OECD.

The Bank is an important partner for the countries of the Region as they draw up strategies and plans to reduce emissions, adapt to climate change, boost disaster risk finance measures and protect nature and biodiversity. As part of this, we welcome the review of the Bank's energy strategy, and the Region's commitment to generate almost half of its power from sustainable sources by 2027. We look forward to reviewing the energy policy when it goes to the Board of Directors this year, and we thank the Bank for its commitment to ensuring that as part of this strategy the Bank is committing to ending finance for oil projects.

Unlocking greater volumes of private climate finance will be a critical part of meeting the Region's financing needs, including for climate change. As was set out in the Bank's updated Strategic Plan, signed off by the Board of Directors in December last year, the private sector will be the engine of future growth and job creation in the Caribbean. To enable us to best support the Bank in this, the Bank should provide an update to the Board of Directors on the implementation of its 2017 private sector strategy. We also encourage the Bank to support clients to improve their 'enabling environments' and build a strong pipeline of investable projects. Moreover, we encourage the Bank to work with other MDBs to develop new investment vehicles which can mobilise private finance at scale, as well as expand efforts to support its members to issue green sovereign bonds, which will be critical to financing the public investments needed to meet our shared climate goals.

The scale of development finance required to support the region in a green, inclusive and resilient recovery from COVID-19 was already substantial, and with recovery now being further undermined by the global spillovers of Russia's illegal invasion of Ukraine this need is likely to grow. All MDBs should optimise their balance sheets as far as possible to unlock additional financing for borrowing member countries. To this end, the UK welcomes the Bank's engagement with the G20 Independent Review of MDBs' Capital Adequacy Frameworks and looks forward to the CDB implementing the recommendations of the review.

Given these large financing needs, it is critical the Bank's resources have the maximum possible impact. In this respect, we urge the Bank to continue to deliver on commitments of improved efficiency

and effectiveness and to ensure that the implementation of the Bank's work matches the ambition of the Bank's agenda. Levels of disbursements suffered during COVID – it is good to see the recent improvements on these, but these must be sustained.

Good use of Bank financial tools will also be critical, including ensuring that Policy-Based Operations deliver concrete reforms. The UK thanks the Bank for its recent engagement on Policy Based Operations at the Board of Directors and looks forward to a full and comprehensive discussion of the Bank's Policy Based Operations later this year.

Strong engagement with Borrowing Member Countries is central to the Bank's delivery model and to ensuring disbursements and approvals remain on track. We welcome the opportunity to further strengthen this engagement through a number of Country Engagement Strategy updates this year. We look forward to reviewing agreed plans and priorities, with clear outcomes and trackable results, in due course. We stand ready to support the development of plans, including through UK posts.

As the second-largest donor to the Special Development Fund (SDF), the UK would like to recognise the critical work that this part of the Bank's financing plays in supporting the most vulnerable countries across the Region. We look forward to engaging with the Bank on the mid-term review of SDF10.

Finally, the UK Caribbean Infrastructure Fund, or UKCIF, is an important component of the UK's partnership with the Bank and the Region. We are proud that it demonstrates a best practice model for climate-resilient and socially inclusive infrastructure and will support countries in their recovery from the economic impacts of the pandemic. Despite the significant implementation challenges presented by the pandemic and recent pressures on global markets, we are encouraged by the steady progress of these critical infrastructure projects. We look forward to continuing the fruitful partnership with the Bank in delivering this vital programme in the Region.

We wish everyone a safe year and look forward to the continued strong partnership of the UK and the Caribbean region.