



**STATEMENT
BY THE TEMPORARY ALTERNATE GOVERNOR FOR CANADA
MR. PETER MAC DOUGALL**

On behalf of Canada, I would like to thank the Government and people of Turks and Caicos Islands for their warm hospitality in hosting the 52nd Annual Meeting of the Board of Governors of the Caribbean Development Bank (CDB). Canada greatly values its special relationship with the Caribbean region and is proud to partner with the CDB to reduce poverty, combat climate change, and promote broad-based economic growth.

The last few years have been especially difficult for the Caribbean region. Natural disasters, the COVID-19 pandemic and the unprovoked invasion of Ukraine have added layers of challenges for the Region, including supply chain disruptions and a surge in the price of oil, food, and fertilisers.

Over the last two years, CDB's response to the pandemic has demonstrated its capacity to react rapidly to the various challenges of its Borrowing Member Countries. This capacity will be more important than ever in the coming year. Efficiency, effectiveness and innovation will be critical in order to support countries to successfully adapt and build a future that is sustainable, inclusive, and resilient.

The compounding and lasting effects of COVID-19, climate change, unsustainable debt, inflation and the global food and energy crises, are forcing developing countries to make difficult decisions about where to invest their scarce resources. Conversely, donor countries are reflecting on how we can better allocate resources for maximum impact.

With countries facing increasing needs and significant fiscal constraints, we are particularly supportive of CDB strengthening its engagement with the private sector. A vibrant and dynamic private sector will be essential if the Caribbean is to seize opportunities, mobilise additional financial resources, foster innovation, and catalyse economic growth. Canada encourages CDB to identify ways to further innovate and take calculated risks to better leverage the Bank's capital, making the fullest use of its existing balance sheet and ensuring it is optimising its capital base. In that regard, we commend the Bank for choosing private sector engagement as a subject of discussion for this year's Governors' roundtable. As such, we

support the Bank's intent to explore options to increase private capital mobilisation, and to work together with the private sector to develop new and innovative financing mechanisms.

In so doing, we also encourage CDB to remain focused on the poorest and most vulnerable, including women and girls, as they have been disproportionately impacted by the COVID-19 pandemic. In particular, CDB needs to continue its efforts to further integrate and mainstream gender equality across its operations and *via* its support to Borrowing Member Countries of the Region.

Achieving gender equality is not only the right thing to do; it is the smart thing to do for the citizens and economies of the Region. For example, the International Monetary Fund (IMF) has estimated that, if Latin America and the Caribbean closed its gender gaps, the Region's Gross Domestic Product could grow by more than 22 percent.

Canada recognises that small States and Small Island Developing States are particularly vulnerable to economic and climate-related shocks. We welcome the efforts underway to develop vulnerability indices at the UN and Commonwealth, as well as CDB's work on a Recovery Duration Adjuster (RDA), in order to better represent the conditions faced by these countries. Such tools have the potential to bring more coherence to how vulnerability is taken into account, whether that be at International Financial Institutions, the OECD DAC, or in other development financing contexts.

Canada will continue to explore options to better address the needs of small States and Small Island Developing States. Canada has been supporting a range of tools designed for vulnerable economies, such as climate risk insurance, through the Caribbean Catastrophe Risk Insurance Facility. At the 2021 G20 Leaders Summit, Canada committed to channeling 20% of our newly-allocated Special Drawing Rights to support low-income and vulnerable countries, including small States, as they recover from the COVID-19 pandemic. Since the start of the pandemic, Canada has committed to contribute SDR 1 billion in new loan commitments along with a CA\$107 million grant commitment to the IMF's Poverty Reduction and Growth Trust. We also recently announced a CA\$2.44 billion contribution to the IMF's new Resilience and Sustainability Trust, which will be particularly beneficial to many Caribbean countries and other small states.

The current energy price crisis highlighted the high dependency of Caribbean countries oil and gas imports. Canada encourages the Bank in its efforts to achieve full alignment of its operations with the Paris Agreement, and to continue to support energy transitions in the Region towards a low carbon future, including through support for improved energy efficiency and renewable energy projects. Canada is committed to doing our part, and to this end is expanding our financial tools and tailoring our support, particularly in the areas of climate adaptation and resilience. In June 2021, Canada doubled its commitment to international climate finance to \$5.3 billion over five years. Canada is also pleased to provide risk insurance, as well as technical assistance in this area, through the \$20 million Canada-CARICOM Climate Adaptation Fund.

Given the impact of climate change on habitats and how we can use nature to support climate action, we encourage CDB to do more to tackle the twin global challenges of climate change and biodiversity loss in an integrated manner, as part of a single nature agenda. It is also important to consider that women and girls are also disproportionately affected by the adverse impacts of climate change and biodiversity loss. Women must be part of decision-making in all aspects of climate change mitigation and adaptation.

Canada welcomes the work of CDB to improve the effectiveness of its operations, as part of its on-going transformation agenda. Adequate data collection, planning, monitoring, reporting and evaluation are key to ensure that results are achieved and those in the most vulnerable situations are reached by the CDB Group's programming, as well as to maximise the use of data and evidence in programming and decision-making in order to deliver stronger results and ensure maximum value for money for shareholders.

Finally, Canada continues to encourage all multilateral development banks (MDBs) to better coordinate their work at the country level. We commend the Bank for its relationship with other MDBs in the Region, such as its broad collaboration with the Inter-American Development Bank and IDB Invest. This was notably the case in 2020 when a loan agreement between the institutions helped the fight against COVID-19 in OECS Member States. This type of collaboration can only be for the benefit of the Caribbean countries and its people.

We commend the Bank for progress to date on many of these aspects and look forward to continuing to work together in the future. The institution is a leader in the Region and Canada is proud of its partnership with CDB to help the Region recover from the pandemic, take meaningful climate action and get back on track towards achieving the Sustainable Development Goals.