



**STATEMENT BY THE ALTERNATE GOVERNOR
FOR THE UNITED KINGDOM, LORD AHMAD
CARRIBBEAN DEVELOPMENT BANK, ANNUAL MEETINGS 2021**

1. The United Kingdom welcomes the Annual Meetings and thanks the Caribbean Development Bank for its preparations, for this year's expanded programme. We congratulate Dr Leon on his appointment and welcome all other newly appointed staff. We look forward to close work with the CDB, which is an important UK regional partner.
2. We congratulate the Bank on delivering a substantial increase in the volume of project approvals and disbursements in 2020, to support its clients to respond to the impacts of the pandemic crisis. We also welcome the successful replenishment of the Special Development Fund to maintain the Bank's support for the region's most vulnerable countries. The UK has maintained its 14% share in the Fund, pledging £21m over four years.
3. It has been a very challenging year for the region. The pandemic crisis has severely impacted economic development following a decade of relatively slow growth. The IMF forecasts that tourism-dependent countries in the region, which experienced a 10.1% drop in GDP in 2020, now face a drawn-out recovery to pre-pandemic levels. In this context, the technical assistance and financing provided by the Bank has never been more important.
4. The Bank's initial response to the pandemic crisis was impressive. However, we urge management to continue to target the Bank's financing to where it is most needed, including to support the most vulnerable. We encourage the Bank to expand support for social protection, for access to education and for MSMEs. The Bank should also support its clients to develop national plans to accelerate the rollout of safe and effective, accessible and affordable vaccines across the region. Strong partnerships with the Inter-American Development Bank, the Pan-American Health Organisation, the Caribbean Public Health Agency, and

the Caribbean Disaster Emergency Management Agency and others will continue to be critical.

5. Debt across the region is expected to increase from 67% of GDP in 2019 to 80% this year. The Bank's efforts to reduce debt service burdens during the initial pandemic response should now be complemented with technical support from the Bank to strengthen debt management and debt transparency. For some eligible countries, coordinated debt restructuring involving all bilateral and private creditors may be required, under the G20 Common Framework.
6. This year is critical for climate action. As the President of COP26, the UK applauds the Bank for setting a new target for 25-30% of investments to be climate finance. We urge the Bank to join other MDBs in announcing, before COP26, a timeframe for aligning all investments with the Paris Agreement, building on the existing plans for institutional alignment where the CDB has been a leader. We encourage increased efforts to screen and manage climate risks across the portfolio, in partnership with the World Bank and the Coalition for Climate Resilient Investment and others. We also urge the Bank to scale up assistance to help borrowers develop ambitious climate strategies supporting Nationally Determined Contributions, Long Term Strategies, National Adaptation Plans, and National Biodiversity Strategies and Action Plans.
7. The Bank has a critical role to play in ensuring that the region's recovery from the pandemic crisis is green, inclusive and resilient. The Bank should work with its clients to prioritize investments that create jobs and restore livelihoods, while also supporting countries to move to low carbon and climate-resilient development pathways. The recovery phase is an opportunity to invest more in clean energy, biodiversity, and disaster risk preparedness.
8. Given the scale of development finance required to support a green, inclusive and resilient recovery, the G7 have urged all MDBs to explore all options to unlock additional financing for developing countries, including more efficient and effective use of their resources, further work on balance sheet optimization and further analysis of their capital adequacy frameworks. The G20 International Finance Architecture Working Group have also discussed and indicated support for an independent review of MDBs capital adequacy frameworks. We encourage the Bank to engage positively with this.
9. The Bank should also accelerate its efforts to mobilise more private climate finance, by supporting its clients to identify reforms and actions needed improve their 'enabling environments'. It should build a strong pipeline of projects and platforms that have the potential to attract private investment and consider whether it can mobilise more climate finance directly by issuing green bonds from its own balance sheet. We encourage the Bank to raise its ambitions on this agenda and set out an action plan, ahead of COP26, for increasing the mobilization of private climate finance.
10. We welcome the review of the Bank's energy policy and strategy in support of borrowers' plans for sustainable power and the regional ambition for 47% of power to come from sustainable sources by 2027. Wind, solar, hydro, and geothermal investments provide environmental benefits which go hand in hand

with fiscal ones. In parallel, we urge the Bank to take a stronger position against the financing of fossil fuels, including ending finance for oil and only financing gas under exceptional circumstances.

11. To help build the region's resilience to the impacts of climate change, we encourage the Bank to support its members protect their critical infrastructure and the continuity of key services like health and education after disasters. We hope to see the Bank and the Caribbean Catastrophe Risk Insurance Facility work in close partnership on this, including to meet the costs of disaster insurance. CDB should also use its accreditation to the Green Climate Fund to help its members access their support more easily.
12. The UK strongly encourages the Bank's new senior leadership team to implement the Transformation Programme to further strengthen the Bank's performance and to draw on best practice across the sector to manage change effectively. While disbursement rates and project implementation performance are moving in the right direction, the pace of improvement should increase. The Board of Directors continues to welcome regular updates.
13. We also note that key regional socioeconomic data in the corporate results framework, which are needed for assessing the regional poverty context and development impact of the Bank's operations, are either out of date or missing. Some reported poverty data is almost 15 years old. The Bank should review plans to support borrowers to increase their capacity in this area.
14. Strong engagement with Borrowing Member Countries is central to the Bank's delivery model. 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.
15. Finally, the UK Caribbean Infrastructure Fund, or UKCIF, is an important part of the UK's partnership with the CDB and the region. We are proud that it demonstrates a best practice model for climate resilient and socially inclusive infrastructure. The pandemic has impeded progress on all projects financed by the Fund, from Belize in the North to Guyana in the South, but we look forward to getting projects back on track under CDB's new senior leadership.
16. We wish everyone a safe year and look forward to meeting again in-person in future meetings.