



**ANNUAL MEETING OF THE BOARDS OF GOVERNORS**

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CII/AB-  
March 2012

*Address by the Governor for Trinidad and Tobago on behalf of The Bahamas,  
Barbados, Guyana, Jamaica, and Trinidad and Tobago at the third plenary  
session*

*Winston Dookeran*

1. I have the privilege, on behalf of The Bahamas, Barbados, Guyana, Jamaica, and Trinidad and Tobago to address this Annual Meeting of the Board of Governors of the Inter-American Development Bank and the Inter-American Investment Corporation. We are most grateful to the Government and people of Uruguay, and to our host city Montevideo, for their hospitality and warm welcome. Our experience in Uruguay—the "silent secret" of Latin America—leaves us with very pleasant memories.
2. Reconciling the logic of politics and the logic of economics is a necessary prerequisite that must inform the thinking as we move ahead. Indeed, confronting the challenges for a new Caribbean convergence demands co-operation, co-ordination of policies and action at all levels.
3. As the Caribbean strives to recover from the global financial crisis and to plan its future in an uncertain world, it is an opportune moment for us to reflect and redefine the economic drivers for Caribbean convergence. These drivers are predicated on the three principles of: equality as a driver of growth in the region; the inclusion of resilience measures in the sustainability matrix; and the enforcement of financial regulation as a means of buttressing the integrity of the financial system. This approach will effectively position Caribbean economies to seize the emerging opportunities in the global economy. Underpinning the new momentum for growth is the significant expansion of private and public investments to support Caribbean-based, global industries based on hydrocarbon and other natural resources.

4. While there are a few bright spots where the recovery in the Caribbean is surfacing, significant risks remain to the overall growth prospects. It is expected that medium-term growth will remain subdued, at below pre-crisis levels. The impact of commodity price volatility will present different policy challenges across countries of the region. In this regard, the Bank's continuing support for our efforts to rebuild policy buffers and reduce debt is critical. Indeed, in the absence of strong momentum in growth, fiscal consolidation will only come at the cost of significant social dislocation and contraction in domestic demand.

5. The time has come to recast the Development Partnership between IDB and the Caribbean Region. The Bank must respond to the early signals of financial stress with timely and sufficient counter-cyclical and investment lending, with clearly determined access that is well supported by technical assistance.

- *Ninth General Capital Increase (GCI-9)*

6. Mr. Chairman, since the last meeting in Calgary we have made significant progress in effecting the Ninth General Capital Increase. Member countries, in so doing demonstrated their continued commitment to the IDB. We anticipate that the Bank will expedite the full implementation of the GCI-9, including the Better Bank Agenda in the earliest timeframe.

- *CDB and Haiti*

7. We are pleased with the progress made in the negotiations between the IDB and the Caribbean Development Bank towards a loan facility to support the IDA-eligible, non-IDB member countries of the Organisation of Eastern Caribbean States (OECS). We applaud the Bank for maintaining its strong support to Haiti through grant financing. As neighbours and member states of CARICOM, we remain fully committed to being engaged on a collaborative basis with the Bank and other international organisations in Haiti's reconstruction work.

- *Caribbean Research & Presence*

8. We encourage the Bank to lend its full support to the conduct of Caribbean-specific research to inform its agenda and work in the region. We also look forward to intensifying the Caribbean presence in shaping the direction of the Bank's management perspectives, and we urge the Bank to recall its previous commitment in this regard.

- *Private Sector*

9. We concur with the Bank that the role of the private sector in development must be strengthened. As such, we acknowledge the good work of the Inter-American Investment Corporation and the Multilateral Investment Fund in the region and its support for the growth of the small and microenterprises sector. We welcome the work of Compete Caribbean and acknowledge the support rendered by the Governments of Canada and the United Kingdom in this programme, and for the recently concluded Jamaica Investment Forum. We look to the Bank to facilitate further, the development of private sector opportunities between the Caribbean and Latin America.

10. We are encouraged by the Bank's demonstrative commitment to strengthen efforts in the microfinance and financial inclusion in the Caribbean, and therefore look forward to the new thinking that will emerge from the 15<sup>th</sup> meeting of the Inter-American Forum on Microenterprise, known as FOROMIC, which will be held in Barbados from 1<sup>st</sup> to 3<sup>rd</sup> October, 2012. We look forward to hosting you all, our fellow members, in beautiful Barbados.

11. We recognise the Bank's efforts in 2011 in launching the Emerging and Sustainable Cities Platform, and for the inclusion of Port-of-Spain, Capital of Trinidad and Tobago as one of the pilot cities. We commend the Bank for its imaginative approach and urge early attention to the second stage of the Sustainable Cities Initiative and to the "Establishment of a Special Programme and Multidonor Fund," to scale up financing for the initiative and its extension to other cities.

- *Macroeconomic Sustainability & Resilience*

12. Mr. Chairman, I would like to raise the issue of Macroeconomic Sustainability & Resilience. International financial institutions and those in the world of finance tend to define sustainability in terms of debt ratios, balanced budgets and credit ratings. While these indicators are necessary, they are not sufficient measures of a country's capacity for macroeconomic sustainability and resilience in the current global environment.

13. In addition to the three broad areas that define sustainability and resilience referred to earlier, we understand the importance of equality as part of the growth equation. Equality must not be viewed as an externality of growth, but rather as the driver of growth.

14. The capacity to create both internal and external buffers is crucial in building resilience. The Caribbean region is faced with an onslaught of major economic disruptions, especially in regard to global recessionary trends. As such, we have placed on the international agenda the need to establish new and enhanced forms of international buffers for small economies and look forward to the active support of the IDB.

*Macroeconomic Sustainability Assessments (MSAs)*

15. Sustainability assessments for the small economies should not be confined to the standard metrics relating to fiscal balances and debt ratios as these states, by their very nature, face unique challenges in adjusting to shocks. It is clear that the sustainability of small states cannot not be taken lightly or ignored. In today's world even countries on the periphery since, as in the case of Greece, have the potential to pose major financial risk to the world system.

16. The Cancun Declaration of 2010 mandated the Bank to undertake rigorous assessments of macroeconomic sustainability, based on objective criteria when called for by country conditions to ensure adequate safeguards against lending into unsustainable macroeconomic situations. We note that the Article IV Consultations of the IMF have traditionally discharged this function adequately. We would like to record our deep concern on the conduct of the MSAs and we urge the Bank to review this exercise with urgency before the

next MSAs are issued. We will submit detailed and concrete recommendations regarding the process for the conduct and communication of MSAs consistent with the mandate of the Cancun Declaration.

- *Consultation Dialogue*

17. Looking to the future, the Bank's annual consultation meeting that was first held in Suriname, and next to be held in Jamaica, between Governors of the Caribbean Country Department (CCB), Bank Management and the President in advance of the Annual Meeting is a welcome initiative. The consultation meeting has shown that it can result in more efficient and focused dialogue at the Annual Meeting.

18. Recent experience and current circumstances demonstrate that it is now appropriate to re-examine and re-think the development architecture for integration and Caribbean convergence that recognises the Caribbean's unique reality. The limits to Caribbean integration may have been reached. A new architecture must be designed for extending our economic space into the wider region. In addition, the new Caribbean convergence will include the integration of capital markets and development of regional industries. We envisage the potential for the "Kabalebo Initiative" recently held in Suriname to facilitate the Caribbean convergence agenda.

19. In this regard, we suggest that the IDB, in collaboration with ECLAC develop appropriate mechanisms for catalyzing with other regional institutions, the dialogue to bring these efforts to fruition.

20. The IDB continues to be the premier development partner in promoting sustainable, economic growth in the Caribbean. In 2011, the Bank approved US\$836 million and disbursed US\$559 million to this Constituency. We expect that the increase in the Bank's resources will allow the IDB to provide more financing to small, open and vulnerable, developing economies of the region, and consequently to report next year an increase in both approvals and disbursements in 2012 over 2011 for this Constituency.

## *Conclusion*

21. We look forward to the IDB continuing as a reliable, relevant and responsive development partner, unrelenting in its resolve to transforming social and economic development in the region. In particular, we look forward to this new partnership that will define our collaboration in addressing the issues of development, achieving social progress and ameliorating the persistence of poverty in the region. We recognise the effort made by President Luis Alberto Moreno to increase the support of the Bank and congratulate him for his personal and dedicated effort in this regard.

22. Mr. Chairman, as we conclude this meeting in Montevideo, and recognising that we are at a tipping point in the thinking for a stronger global financial architecture, we are confident that a new era is imminent for confronting the challenges of convergence and recasting of our partnership for development with the IDB. We are confident that the passion exists in both the Bank and the region to address these issues frontally and candidly, and we encourage the leadership of the IDB to shape a Platform of Engagement that will spell real progress by the time we next meet in Panama.