

WORLD BANK GROUP

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INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
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Statement by the Hon. **ERROL CORT**,
Governor of the Fund for **ANTIGUA AND BARBUDA**,
on Behalf of the Joint Caribbean Group,
at the Joint Annual Discussion

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1. Mr. Chairman, I have the distinct honor of addressing this Joint meeting on behalf of the member states of the Caribbean Community (CARICOM), namely Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Our delegations wish to express our profound appreciation to the management and staff of the Fund and the Bank together with our host, the Government and People of the United States of America, for the excellent arrangements afforded us.
2. The Caribbean Community wishes to warmly congratulate Mr. Zoellick on his recent appointment as President of the World Bank and expresses full confidence in his leadership of the Bank at this critical juncture in the Bank's history. We are supportive of current efforts to develop a long term strategy for the Bank Group and encourage the President to finalize and quickly implement this strategy.
3. Similarly, we welcome the preparation of The World Bank Group Strategy for the Caribbean, especially on private sector development. We wish to see a clear results-based framework for timely implementation and mutual accountability. The region also places on record its gratitude for the role and support of the Bank for the Conference on the Caribbean held in Washington DC in June this year.
4. The Community also wishes to express its appreciation to Mr. de Rato for his leadership, especially on some key reforms in the Fund and his demonstrated interest in facilitating a more mature dialogue with the Caribbean. We wish him well in his future endeavors and look forward to a good working relationship with his successor, Mr. Strauss-Khan.
5. Mr. Chairman, these Meetings come against the backdrop of continued robust growth in the global economy but with some turbulence in the financial markets. Many countries, including the Caribbean, are vulnerable to this turbulence in the financial markets given the downside risks for global economic growth.

6. The role of the international financial institutions in assisting the Caribbean to reposition itself to thrive in the global economy is critical. We welcome the Caribbean-wide research and outreach activities being undertaken by the Fund and the Bank, especially in support of the full establishment of the Caribbean Single Market and Economy (CSME).
7. As the region implements reforms and builds its resilience, the support of the Caribbean Regional Technical Assistance Center (CARTAC) remains invaluable. Accordingly, we urge donors to provide funding for Phase III of CARTAC.
8. We are concerned that notwithstanding higher growth and fewer conflicts in low income countries, far too many are still not on track to achieve the Millennium Development Goals. We encourage the development community to use the opportunity of the IDA 15 replenishment to demonstrate its resolve to keep its commitment to double aid to Africa by 2010. We also urge donors to make their contributions to the HIPC Trust Fund to permit certain creditors to meet relief commitments under the Multilateral Debt Relief Initiative.
9. We applaud President Zoellick on his recent announcement that the Bank Group will contribute \$3.5 billion to IDA over the next 3 years (more than double its previous pledge of \$1.5 billion). However, we call on the Bank and the Fund to demonstrate a greater awareness of and sensitivity to the significant debt challenges facing many Caribbean countries, primarily precipitated by the vulnerabilities associated with small island economies. In this regard, we encourage the Bank to be more creative in developing instruments to specifically assist middle income countries that do not qualify for IDA funding, but continue to experience significant development challenges as a result of their high debt overhang. We also commend the management and staff of the IFC for the Corporation's phenomenal financial results in fiscal year 2007 and good prospects in fiscal year 2008/2009 which have made this decision possible.
10. Mr. Chairman, on this occasion, the Caribbean Community wishes to focus on two issues of monumental importance to our region but with wider significance for all developing countries. These issues are **climate change** and **crime and violence**.

(Climate Change)

11. The 2006 Stern Review: Economics of Climate Change asserts and I quote, "the impacts of climate change are not evenly distributed – the poorest countries and people will suffer earliest and most" (end of quote). For many developing countries, this is already a harsh reality!

12. In the Caribbean, we are already experiencing some of the impacts of climate change. Higher atmospheric temperatures are already negatively impacting the region's economy and environment through: the need for increased use of energy derived from imported fossil fuels; increased loss of water through higher evaporation rates; higher use of limited water resources for agriculture irrigation; salt water intrusion into coastal aquifers and increased prevalence of vector-borne diseases.
13. In addition, as a result of warmer sea temperatures, the Caribbean has experienced extensive social, economic and environmental impacts of intensive storms and hurricanes. Climate change will affect all sectors within the region but most critically tourism, agriculture, fisheries, human habitat and physical infrastructure, all of which impact the region's prospects for sustainable development.
14. Many developing countries (large and small) have taken steps to integrate adaptation into their national development strategies but financial support is desperately needed for implementation especially with infrastructure. The international community has a moral obligation to provide financing for adaptation and mitigation efforts in developing countries including small island developing states. As the Stern Review notes "without such support there is a serious risk that development progress will be undermined". In this regard, the Caribbean Community strongly supports the Alliance for Small Island States in urging the operationalisation of the UNFCCC Adaptation Fund.
15. This brings me to a more general point about the need for the Bank Group to work with its 45 Small States to develop a clear results-based framework to systematically address these countries' requirements. This imperative was recognized by the Development Committee in April 2000 when it declared that "the circumstances of Small States should be taken into account in the policies and programs of the multilateral trade, finance and development organizations".
16. In June of this year, the Bank in collaboration with 18 Caribbean countries and territories and some key development partners launched the Caribbean Catastrophe Risk Insurance, the first ever multi-island climate insurance facility. This is an example of the type of innovation the Bank can create in partnership with small states and should serve as a model for replication in other regions.
17. Though pleased with this innovative Facility, we must register our disappointment that notwithstanding combined damages of approximately

US\$500 million in Jamaica, Dominica, St. Lucia and Belize following the passage of Hurricanes Dean and Felix, policies were not triggered because recorded wind speeds were not strong enough. We urge the Bank to work with us to incorporate recent lessons learned and make the Facility more responsive to our needs. In short, the parametric indicators must better reflect the structure of our economies, many of which are agriculture-based and payout must be more closely aligned with the damages on the ground. We would also reiterate our previous appeal that the Facility should provide flood coverage.

(Crime and Violence)

18. The 2007 UN-World Bank study on Crime and Violence in the Caribbean issues a clarion call for crime and violence to be regarded as a development issue, given its direct implications for human welfare and its short and long run effects on economic growth and social development.
19. The study highlights that one of the major reasons for the high level of crime and violence is narcotics-trafficking. The Caribbean is a transshipment point for the producing south to the consuming north. So how is our region responding to this scourge which is not of its own making? Already, the Caribbean Community has adopted a regional plan and each country is diverting scarce resources from health and education to fight this scourge. In particular, Trinidad and Tobago and Barbados are spearheading investments in interdiction technology. It is quite evident that we have taken the responsibility for fighting this menace into our own hands. That said, we cannot fight it alone. The Caribbean Community urges the Bank to rethink its approach to crime and violence and to recognize it as an urgent development issue. As a first step, the Bank could convene all the development partners to review the findings of the study and identify areas of partnership on the regional security plan.
20. We are encouraged by the improvement in the peace and stability of Haiti. The Caribbean Community is currently engaged in various technical assistance programmes to improve Haiti's ownership and absorptive capacity of externally financed development projects. We urge donors to remain supportive given the window of opportunity that now exists for an irreversible break with the past.

21. We take this opportunity to warmly thank and bid farewell to Ms. Caroline Anstey, Country Director of the Caribbean for the past four years. We found her to be a good friend of the Caribbean. She listened to our needs and always tried to be responsive. Under her leadership, the Caribbean Management Unit has made a positive difference to the quality of life in the Caribbean. We wish Caroline well in her new position.
22. In conclusion, we reaffirm our support for the vital work of the Bretton Woods institutions. We urge them to pursue the requisite reforms that will furnish them with the legitimacy required to more effectively deliver their mandates for global financial stability and poverty reduction.
23. I thank you.