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Statement by the Hon. **AUDLEY SHAW**,
Governor of the Bank for **JAMAICA**

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THE GOVERNOR FOR JAMAICA
THE HON. AUDLEY SHAW, MP**

As the global economy grapples with the effects of the recent crisis, several economies have, for a much longer period, been grappling with fundamental development challenges.

Jamaica, for the greater part of the last two decades was caught in a pernicious cycle of low growth and unsustainable fiscal and debt dynamics. This type of situation was not sustainable, as high public sector debt imposes high debt servicing costs and limits fiscal space, leaving the country vulnerable to adverse shocks, increasing macroeconomic uncertainty and lowering the country's ability to engender long term growth as public investment capacity is crowded out by debt service obligations.

The period of slow growth has left Jamaica with a legacy of social challenges that the government is working hard with our development partners to address. Indeed, these challenges present investment opportunities and the basis for real collaboration with our partners as we secure the social safety net and protect the most vulnerable during the period of adjustment.

When this administration took over the government in 2007, we immediately set about implementing a bold and ambitious economic programme designed to deal with, among other things, this monster of debt. Over the last three years we have seen:

- a re-engagement of multilateral development institutions,

- the successful execution of the Jamaica Debt Exchange (JDX), which saw a participation rate of over 99 percent, and interest rates reducing from an average of 18% to 12%,
- a medium-term economic programme supported by a Stand-By Arrangement (SBA) with the International Monetary Fund (IMF),
- the implementation of a Fiscal Responsibility Framework,
- the control of the deficit,
- greater control over public expenditure,
- the divestment of loss-making public entities.

These represent progress in the Jamaican economy, which has been achieved through bold and necessary initiatives which, while necessary, were by no means sufficient. We still have a long way to go.

The Government of Jamaica would like to commend the IMF and the World Bank Group for its longstanding support for the Government and people of Jamaica, and moreso in recent years, which has helped to facilitate the progress to date in the country's macroeconomic programme.

The expansion of the World Bank's lending programme with Jamaica, the establishing of an office of the International Finance Corporation (IFC) in Jamaica, and the SBA entered into with the IMF, all signal the intention of both the World Bank Group and the IMF for continued long-term engagement with Jamaica.

In the context of this continued partnership, Jamaica calls on both the IMF and the World Bank Group to work with countries of the Caribbean Community to move from a partnership for stability to a partnership for growth.

We note Jamaica's and the region's continued vulnerability to exogenous shocks, the most recent of which is the devastating effects of flood damage in Jamaica caused by Tropical Storm Nicole.

In this regard, we call upon the IMF and World Bank Group to further enhance the Caribbean Catastrophe Risk Insurance Facility (CCRIF), and to facilitate greater access to financing for climate change mitigation and adaptation.

We join with all other small vulnerable economies in calling for a special focus on issues pertinent to our economies, particularly crime, energy solutions, natural disaster risk reduction and management, and investment promotion, while enhancing social protection mechanisms.

Finally, we continue to call for special consideration of Heavily Indebted Middle Income Countries (HIMICs), as well as a more comprehensive assessment of the criteria governing the graduation of countries.

The continued press toward advancing our economies and furthering the development of our peoples requires political will, courage and strong leadership. It will take all of us, and our continued valued partnership, to realize these critical changes and desired outcomes.

Thank you.