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ADDRESS BY THE GOVERNOR FOR JAMAICA, ON BEHALF OF THE  
ENGLISH-SPEAKING MEMBER COUNTRIES OF THE CARIBBEAN  
AT THE SECOND PLENARY SESSION

*Omar Davies*

1. I have the honour of speaking in the name of the countries of the Caribbean Constituency, which comprises The Bahamas, Barbados, Guyana, Trinidad and Tobago, and my own country, Jamaica.
2. All our delegations wish to express deep appreciation to the Government and people of Chile for the kind hospitality extended to us.
3. I also take this opportunity of conveying to fellow Governors and to President Iglesias the regrets of the Governor for Guyana and his Delegation for their absence from this Meeting. I am sure you will find his absence understandable given the elections in that country.
4. As in previous years, the Bank registered a somewhat mixed performance in the Caribbean Constituency countries in the year 2000. Our Constituency is gratified that the joint effort of the Bank and the Guyana authorities led to full commitment early in 2000 of that country's FSO allocation for the 1998-1999 biennium. The Guyana authorities are determined to collaborate with the Bank in a similarly strong joint effort to achieve full commitment of the country's FSO allocation for the 2000-2001 biennium.
5. In the case of Trinidad and Tobago, we are encouraged that there has been evidence of increased effort to advance the items in the Bank's pipeline. We look forward to an early resumption of loan approvals for this member of our Constituency.
6. I am pleased to place on record Jamaica's appreciation for the responsiveness of the Bank at all levels, in providing strategic and expeditious support for the country's programme of rehabilitation and reform of its financial sector. We commend the Bank

not only for its own direct support for this programme, but also for its catalytic role in the coordination of related support from the IMF and the World Bank.

7. We are pleased that in the case of The Bahamas, the Bank approved an operation late last year to support urgently needed rehabilitation and reconstruction of infrastructure in the wake of Hurricane Floyd. We hope that the Bank will work with the Bahamian authorities to advance other items in the country's pipeline.

8. We are concerned that over the past two years no item in the pipeline for Barbados has reached the point of approval.

9. We in the Caribbean Constituency are disturbed that the Bahamian and Barbadian authorities received a direct intimation in recent weeks of a possible initiative to graduate them from the Bank's lending programme, on grounds of per capita GDP and of a presumed favourable access to private capital markets.

10. It is high time we carry out a more incisive analysis of the per capita GDP data of our smallest members and recognize that their struggle for growth and development is no less difficult than that being waged by others. Per capita GDP data do not adequately reflect the persistence of stubborn pockets of poverty in our societies. Nor do per capita GDP data matter when, because of smallness, their entire economies and societies are periodically overwhelmed by the destructive forces of nature. Per capita GDP does not reveal the vulnerability of small states to wild swings in the private capital markets, often in reaction to developments in other countries. Is this not one of the important reasons why the Bank was created as a common institutional asset to support fragile economies with the strength of its collective ordinary capital, and with the efficiency of its intermediation between financial markets and its borrowing members?

11. Unbelievably, there is also the notion that, by graduating The Bahamas and Barbados, resources would be released that could be channeled to more needy borrowers. This notion flies in the face of logic for two reasons:

- (i) there is considerable unused headroom in the Bank's lending capacity, and
- (ii) of total loan approvals of US\$23.3 billion over the 4-year period 1997-2000, the share of The Bahamas was \$59 million or 0.25 percent, and that of Barbados was \$98 million or 0.42 percent. Clearly, these amounts cannot make any significant difference to other borrowing members.

12. During the past year the Bank advanced its efforts to increase its relevance and responsiveness to its borrowing members, and we hope that no member of our Constituency will be denied the opportunity of continuing to tap into the evolving arrangements of the Institution. We welcome the attention that Management and the Board of Executive Directors have been addressing to the Institutional Strategy, since the Governors last met in New Orleans a year ago.

13. We believe that the launching during the last year of a number of new flexible lending instruments gives practical meaning to the important commitment in the Institutional Strategy to increase the Bank's responsiveness to its members. These new instruments will furnish useful means to support borrowing countries in strengthening their project development efforts. The adoption of a Disbursement Guarantee Facility, albeit on a pilot basis, is similarly a path breaking development. We earnestly hope that by the time the Bank comes to evaluate the pilot phase of this facility, a representative mix of countries will have drawn on it, so that we can have a balanced understanding of its effectiveness across the board.

14. We are encouraged that even with these new lending initiatives, the drive is continuing to devise additional, or to elaborate existing, lending instruments. We have before us at this Annual Meeting a far-reaching proposal for a new mode of lending that would finance broad comprehensive programmes and ease the limitation on borrowing imposed by the fiscal constraints that many of our countries experience. The Caribbean Constituency looks forward with great interest to the follow-up work to be undertaken in finalizing the design of this instrument, which we expect will be available equally to all borrowing countries.

15. This Annual Meeting has also been considering the further development of the lending operations of the Private Sector Department. We only wish to repeat a refrain we have echoed in the past; and it is that we continue to look forward to the first Private Sector Department operation in our Constituency. Our Constituency believes that as private sector lending takes up an increasing share of overall Bank lending, it will be important for the Bank to work with interested national authorities in the smaller borrowing members to secure private sector lending in their countries. In this connection, we strongly endorse the recommendation in the report of the External Review Group that we increase the number of approved areas in which private sector lending can take place. This would increase the possibilities of finding viable projects in the small borrowing members.

16. In the general area of the functioning of the Bank's private sector windows, we also remain strongly interested in IIC financing of small and medium enterprises in our region. The special characteristics of these enterprises in our Constituency present a challenge to the IIC to find the right strategy to enhance its presence in our countries. In the context of the capital increase now being implemented in which the members of our Constituency are participating, we look forward to the Corporation maintaining and intensifying its efforts to achieve this objective.

17. In previous years our Constituency has prodded the Bank to advance the matter of membership of the OECS countries in the Institution. This year we are happy to note that the Board of Executive Directors has now given a mandate to Management to actively enter into negotiations with the OECS countries on the terms and conditions of membership, so that a proposal could be submitted to the Board of Governors in due

course. We urge that these negotiations be executed expeditiously, and that the Board of Executive Directors submit its recommendation early to the Board of Governors.

18. The IDB Group has completed one more year, working to promote the development agenda of Latin America and the Caribbean. We look forward to another year in which the Bank enhances its responsiveness to its borrowing members, and strengthens its role as our common regional Institution.