

**WORLD BANK GROUP**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES  
MULTILATERAL INVESTMENT GUARANTEE AGENCY

**J**

**INTERNATIONAL MONETARY FUND**

Press Release No. 52

September 24–25, 2005

Statement by the Hon. **DENZIL DOUGLAS**,  
Governor of the Bank for **ST. KITTS AND NEVIS**,  
on behalf of the Joint Caribbean Group  
at the Joint Annual Discussion



**Statement by The Honourable Denzil Douglas,  
Governor of the Bank for St. Kitts and Nevis,  
on behalf of the Joint Caribbean Group  
at the Joint Annual Discussion**

1. It is a great honor for me to speak on behalf of the Member States of the Caribbean Community (CARICOM), namely Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia, St Kitts and Nevis, St Vincent and the Grenadines, Suriname, Trinidad and Tobago and my own country St Kitts and Nevis. Our delegations would like to express appreciation to the management and staff of the Fund and Bank as well as the government of the United States of America, for the excellent arrangements made for these meetings.

2. We are meeting at a time, when the attention of the international community as a whole is on poverty reduction. Global partnership has strengthened and the focus is on achieving the Millennium Development Goals (MDGs). The current global environment, which despite the risk of higher oil prices and continued building up of global current account imbalances, provides an ideal opportunity for development partners to make firm commitments to reach the MDGs before the deadline of 2015. Global economic growth is projected to moderate at a more sustainable level of 4.3 percent after reaching 5.1 percent in 2004.

3. Within this picture, it is important to note that the world economy is still not resilient to economic and financial crisis. In this regard, it is important that

more attention be accorded to global linkages and regional systemic issues, given that countries are much more integrated than before. As the Caribbean economies become more closely integrated with each other and into the global economy, we would welcome the prospect of a Caribbean Regional Economic Outlook as part of the Fund's regional surveillance activities. This Regional Outlook would be consistent with those produced for Sub-Sahara Africa as well as Asia and the Pacific regions.

4. We welcome the progress made on the establishment of a Policy Support Instrument for low income countries by the Fund. This instrument can play a crucial role in countries that may not need the Fund's financial support, but may want the Fund to support and monitor their policies. Intensified forms of surveillance have played an important role in middle income countries as is currently the case for Jamaica. We therefore look forward to these instruments continuing to play their valuable role in policy support and signaling.

5. Achieving a significant reduction in the proportion of people living in extreme poverty in the world remains a formidable challenge. A strong commitment is needed by all of us – developing countries and donors alike. Developing countries will have to continue with their reform efforts to improve the processes conducive to growth and poverty reduction. In particular, developing countries will have to intensify their governance reform, invest in people and infrastructure, and mobilize the private sector to unleash entrepreneurship.

6. The Bank and Fund, along with other donors will have to scale up their efforts in assisting developing countries and in particular those in the Caribbean to establish strong foundations for their sustainable development. Clearly, this means increased and more effective financial aid. First, ODA should be increased and made more predictable. The EU has adopted a timetable for realizing the ODA targets. This is a highly commendable step and we urge all donors to follow suit.

7. Second, debt cancellation and reduction should be extended and deepened. We welcome the commitment of the G-8 countries to write off the debts of the heavily indebted poor countries at the IMF, IDA and Africa Development Fund (AfDF). It is vital that this debt relief arrangement is unconditionally supported by the international community and implemented relatively quickly so that additional resources are available for poverty-reducing expenditure. We also hope that this initiative will be extended to other multilateral institutions and other countries, including some in Caricom, with excessive and unsustainable debt. For instance, St. Kitts and Nevis, the smallest state in the Western Hemisphere that carries debt in excess of 175% of GDP is a special case deserving special consideration. We have been struck by mammoth hurricanes, we have been deprived of our sugar industry by the forces of trade liberalization. Yet we do not have access to the soft resources of multilateral institutions, and the rules of the game of international economic relations seems too inflexible to deal with the special needs of our tiny island state.

8. Third, there should be new sources of funds that are more stable and predictable to finance the development agenda of developing countries. In this regard, innovative financing mechanisms should be explored and promoted as additional to increased ODA.

9. A successful conclusion to the Doha Development Round is crucial in achieving the MDGs and for sustainable development. In this context, the WTO Ministerial Conference in Hong Kong in December 2005 is an opportunity not to be missed. We recognize that trade reform is a highly political issue and therefore, there must be compromise and realistic efforts on all sides so that trade can be truly leveraged for sustainable growth and poverty reduction. It is, however, imperative that the special needs of weak and vulnerable countries, as they relate to the special and differential treatment provisions, should be fully reflected in the outcome of the negotiations.

10. We welcome the continued support by the Bank and Fund in their advocacy for a good pro-poor deal as well as financial and technical assistance to support developing countries in their efforts to maximize the possible gains from trade openness. However, we would like to point out that for developing countries to reap the benefits of trade liberalization and to meet the challenge of integrating in the multilateral trading system; they have to incur huge adjustment costs. In this regard, trade related assistance and investment; especially in infrastructure and human capital are urgently required to help vulnerable developing countries in trade-based economic adjustment and to help create real opportunities for development.

11. The timing of the World Bank's position on climate change is appropriate in light of the effects of the high levels of carbon dioxide emission and pollution as well as the huge differences in approach to the problem by developing, emerging and developed countries. The United Nations Framework Convention on Climate change has identified small island states, such as ours in the Caribbean, as among the most vulnerable to anticipated impact from climate change and the resultant significant effect on sustainable development. We believe that the World Bank can play a major coordinating role in having the key stakeholders resolve to agree on a comprehensive framework to tackle climate change. Such a framework would obviously have to include not only technological improvement but rapid improvement of alternative energy sources, given the impact of high oil prices on the global economy in general and on developing countries in particular.

12. High and volatile energy prices have strained economic growth of oil importing countries, such as those in the Caribbean, not only destroying economic opportunities but also exacerbating the challenges for economic management and diversification of their export sector. We can no longer be complacent about energy matters. We agree with the Bank's position on investment in the extractive industries and notes that increased access to affordable energy is crucial for poverty reduction and sustainable growth in developing countries. We are pleased that the Bank will scale up its support for renewable energy and hope that this will be done urgently and within the context of sustainable energy supplies that are efficient, affordable and accessible.

13. The 2002 Monterrey Consensus encouraged the Bank and Fund to find pragmatic ways of enhancing the voice and participation of developing and transition countries in the work and decision making of these institutions so as to address the development needs and concerns of these countries. We recognize the progress achieved so far in strengthening capacity at both the Bank and Fund and the need for a consensual approach to effectively increase voice. We are aware of the many options available to increase voice and would encourage the directors and governors of the Bretton Woods Institutions (BWIs) and other concerned parties to discuss all these options with an open mind so that the voice of developing and transition countries can be advanced in an efficient and effective manner.

14 We note the range of country situations that the Bank is engaged in is very large and therefore a major challenge is how to manage several different client segment approaches within the Bank. We also believe that differentiation is critical to developing effective strategies for growth and poverty reduction among the Bank's clients. We encourage the continuing active participation of the World Bank in the Small States Forum whose Agenda is set out in the Commonwealth/World Bank Joint Task Force Report of 2000. This year's Forum focused on a review of the Small States Agenda. The background study document for the review clearly points out that the vulnerabilities of small states outlined in 2000 are not only still relevant but have become more acute and additional vulnerabilities have emerged in some of our Caribbean countries.



15. The huge economic and human losses caused by hurricanes and floods in many of our countries clearly reflect our vulnerability as well as our inability to deal both economically and financially with the devastation. It is obvious that countries in the Caribbean region will not only need increased access to ODA to supplement our domestic resources for achieving the MDGs and growth, but also for post disaster reconstruction, disaster prevention and mitigation of future cost. We urge the BWIs to continue their efforts in exploring further options for increasing access to grants and new financing modalities. In addition, the BWIs should also take the lead in deepening coordination with development partners on a comprehensive risk management initiative to promote best practices in reducing disaster risk and future costs.

16. We accept responsibility for our own development and are committed to strategic re-positioning for accelerating growth and poverty reduction with special emphasis on continued strengthening of our financial systems. The region, as usual, will continue to work with the international financial institutions and the donor community to improve the welfare of our people.

17. Finally, we would like to take this opportunity to wish the new President of the World Bank, Mr. Paul Wolfowitz every success in fulfilling the mission of the Bank. Thank you.