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

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Statement by the Hon. **HUBERT A. INGRAHAM**,
Governor of the Fund and the Bank for **THE BAHAMAS**,
on Behalf of the Joint Caribbean Group,
at the Joint Annual Discussion

**Statement by Prime Minister the Rt. Hon. Hubert A. Ingraham
Governor of the Fund and the Bank for The Bahamas
on behalf of the Joint Caribbean Group
at the Joint Annual Discussion**

Mr. Chairman,

As Governor for The Bahamas, I have been given the distinct honour to speak on behalf of the Caribbean Community (Caricom), namely, Antigua, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago.

We express our gratitude to the management and staff of the Fund and the Bank as well as the Government of the United States of America for the arrangements made for these meetings.

Mr. Chairman,

These meetings are being held at a critical time. Global economic growth is being eroded by exorbitant increases in commodity prices gravely impacting the living standards of our people. The tremendous uncertainty in global financial markets is seriously threatening employment levels in our countries, with further negative effects on the living standards of our people.

The medium term outlook for Less Developed Countries and Small Island States, such as ours, appears especially challenging. However, we believe that these challenges can also present opportunities to us all if the appropriate international responses are effective.

For our part, we intend to do all we can to implement policies and measures that will reposition our economies for early, resilient, sustainable and strong growth to meet the aspirations of our peoples.

RISE IN ENERGY AND FOOD PRICES

Mr. Chairman,

While we have been doing our best to overcome these difficulties, the sustained increases in energy and food prices have presented serious macroeconomic, social and human development challenges for small, open economies such as ours.

Like others around the world, the Governments of Caricom have been pre-occupied with the accelerating rates of inflation fuelled by the unprecedented spikes in energy and food prices.

Since food and fuel account for a large component of our consumption baskets, the impact of the price increases has been hugely damaging to the living standards of our people.

Moreover, the growing cost of energy is affecting the travel plans of many internationally, with direct negative consequences for tourism, a principal industry for most Caricom countries.

The severity of the problem has compelled regional Governments to implement various support programs to mitigate the adverse effects on poor and vulnerable groups. These actions have placed additional burden on already strained fiscal accounts.

Since the high prices are expected to persist over the medium-term, there is an elevated risk of social and economic dislocation. We have therefore intensified our efforts to formulate sustainable regional agricultural and energy policies. We hope that these will bolster our ability to absorb external shocks.

MILLENNIUM DEVELOPMENT GOALS

Mr. Chairman,

Despite the challenges facing the region, our countries remain firmly committed to achieving the Millennium Development Goals by the year 2015. However, we cannot accomplish these goals and maintain these standards on our own.

We look forward to and we welcome continued assistance from the Bretton Woods Institutions (BWIs) and from our development partners. It is within this context that we wish to express our sincere appreciation to the President of the Bank for his invaluable efforts in overseeing a successful IDA 15 replenishment exercise. This concessional window has contributed significantly to the economic development of some of our member countries.

We recognize IDA's eligibility criteria in terms of per capita GDP and that some of our members are surpassing these levels. But given the special circumstances of Small Island States, we urge the Bank to continue IDA support to the region.

CLIMATE CHANGE

Mr. Chairman,

We welcome the enhanced awareness and attention our developed country partners are paying to climate change. The recent G7 meeting witnessed the adoption of a proposal by member countries to reduce green house gas emission by 50% by the year 2050.

The persistent challenge of climate change, with its dire twin prognosis of sea level rise and stronger and more frequent hurricanes, is especially troubling for the Small Island Developing States (SIDS) of Caricom.

Much of our land mass is within 1.5 metres of sea level and our most significant economic development has taken place in susceptible coastal zones. So we are very much aware of the impact of climate change on the productive sectors of our economies.

We have moved with urgency to effect numerous adaptation and mitigation strategies. We believe that our efforts, although small, will make a meaningful contribution to the global effort.

The introduction of the Climate Investment Funds (CIF) is timely, and we congratulate the Multilateral Development Banks for their efforts in designing a financial mechanism to assist developing countries in addressing climate change.

PUBLIC DEBT

Mr. Chairman,

We cannot over emphasize the issue of public debt sustainability which is a serious and growing concern in our region of primarily Middle Income Countries (MIC). Too often our ability to address social issues is hampered as a result of heavy debt servicing burdens.

In the case of Jamaica, 54 cents out of each dollar collected in government revenue goes to debt servicing. Similarly, our Eastern Caribbean States are challenged by rising debt. Consequent to the collapse of the Doha Round of trade talks, it is possible that these countries could witness further deterioration of their debt positions and heightened social challenges.

While we are indeed grateful for the assistance of the Bank in determining options for addressing this issue, we believe that our classification as MIC countries limits the Bank's potential range of interventions. We therefore recommend that the Bank review the status of Small Island States and their unique needs.

VOICE AND REPRESENTATION

Mr. Chairman,

We note the options presented for discussion by the Bank to increase the level of Voice and Representation for Developing and Transitional Countries (DTCs). We consider reforms arising from dialogue on this subject as salient to the effectiveness of the institution.

Our hope in this regard is for an agreement on a roadmap that addresses in sequence, and in a timely manner, the options deemed necessary for significant enhancement to the Voice and Participation of developing countries in the World Bank Group.

CARIBBEAN TECHNICAL ASSISTANCE CENTRE

Mr. Chairman,

Once again, we place on record our deep appreciation to the Bank, the Fund and the Caribbean Regional Technical Assistance Centre (CARTAC) for their invaluable contributions to institutional and capacity building, and the improvement of economic management in the Caribbean. As we continue to implement the regional agenda and strengthen our ability to respond effectively to challenges and to exploit opportunities, we will require well-coordinated assistance from the Bank, the Fund and international donors.

Notwithstanding the planned budget cuts, the Caribbean needs to remain a focus of the work of the Fund. To avoid crises, it is important that the Fund invest not only in those countries that are systemically important but also in those that are vulnerable.

CONCLUSION

Finally, Mr. Chairman, we know that the institutions listen carefully and with understanding to the views which we have expressed at these meetings.

We are sure that the institutions will respond urgently and positively to the needs which I have expressed today on behalf of the Caribbean Constituency, needs which are extremely urgent in the present unsettled global economic and financial environment.

We wish both institutions every success in their future endeavours to fulfill their respective mandates.

Thank you.