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Opening Address by the Chairman of the Boards of Governors,
the Rt. Hon. **HUBERT A. INGRAHAM,**
Governor of the Bank and the Fund for
the **COMMONWEALTH OF THE BAHAMAS,**
at the Joint Annual Discussion

Opening Address by the Chairman of the Boards of Governors,
the Rt. Hon. Hubert A. Ingraham,
Governor of the Bank and the Fund for the Commonwealth of The Bahamas,
at the Joint Annual Discussion

Welcome to the 65th plenary of the Boards of Governors of the World Bank Group and the International Monetary Fund.

I warmly welcome Ms. Christine Lagarde in her new role as Managing Director of the International Monetary Fund. I am confident that her extensive experience will provide the leadership required at this time.

My fellow Governors, we find ourselves in an economic landscape characterized by weak global prospects, rising financial volatility and considerable uncertainty fueled by a cycle of sovereign risks and financial system fragility.

These economic challenges have been compounded over the past year by social and political upheavals, natural and man-made disasters, and the instability of commodity prices. Notwithstanding, we must remain focused on continuing concerns of conflict, persistent high levels of unemployment, weakened consumer confidence and the fallout of climate change.

This past year, the World Bank Group committed substantial resources to its members. Support to the world's 79 poorest countries amounted to over $16 billion. The IFC and MIGA committed over $12 billion and $2 billion respectively. And the Fund committed over $222 billion in financial assistance to member countries. In view of the intense uncertainties in the global economy, the Fund proposes to activate a New Arrangements to Borrow, which would give it access to $300 billion dollar line of financing, that has been committed by its large shareholders.

Concerns over sovereign debt in a number of advanced economies, specifically in the euro zone, have been a major cause of global financial market volatility. The challenge is to find the appropriate pace of fiscal adjustment for each country, recognizing that the path of fiscal consolidation will differ across countries. In addition, market confidence in the global financial system needs to be restored. Toward this end, the Fund, in close collaboration with EU institutions, has been actively involved in providing financing to those countries most affected by the sovereign debt crisis, and will continue to be involved in finding solutions.

In addition to its lending operations, the Fund has sought to strengthen the effectiveness of its policy advice over the past 12 months. Focus has been on financial sector reform and regulation.

Unemployment has remained stubbornly high in both advanced and developing economies. High youth unemployment, in particular, is contributing to social tension in many places. The Bank Group and the Fund will discuss means of fostering employment and nurturing economic recovery in the coming days.

As the 2012 World Development Report maintains, gender equality is core to development and smart economics, for addressing poverty, raising productivity and improving other development outcomes. I urge you to read the Report and encourage the Bank Group to scale up those programs that are known to close gender gaps.

Continued focus is needed on the challenges facing the Arab world. An effective response must target our client countries, with the support of strong international partners. Earlier this year, the Bank announced $6 billion dollars of support to Egypt and Tunisia over the next two years, while the IFC, jointly with the Islamic Development Bank, will mobilize up to $2 billion dollars over the next five years through its Education for Employment initiative. The Fund could allocate about $35 billion dollars to the region's oil importers, if requested, to help secure sustainable and inclusive growth, job creation and improved living standards.

Amid resurgent global economic uncertainties, we have become even more aware of the danger of commodity price volatility. High food and commodity prices threaten poor households, adding to social and economic tensions.

The Bank will spend over $6 billion dollars in the agricultural sector, an increase of over $2 billion dollars from a few years ago, while the IFC launched a new agricultural price-risk management tool that will provide up to $4 billion dollars to protect farmers and consumers in developing countries. The Fund has undertaken substantial work on the impact of commodity price volatility on policy-making, particularly in countries where food constitutes a major portion of the consumer basket.

The tragedy in the Horn of Africa reflects the terrible confluence of state fragility, climate effects, and high food prices. Financing from the IDA Crisis Response Window, on top of the $440 million dollars from the Bank Group, is a good beginning. I call on all of us to come together in response to the needs of the poorest in the sub-region.

Like much of the Caribbean, the Bahamas is a small open economy that is highly tourist dependent. In common with the region, we are among the most susceptible to economic shocks, the effects of climate change and natural disasters. Our economic fortunes are tied very closely to that of the U.S. With a jobless low-growth recovery anticipated for the next few years, the region will need to redouble efforts to contain debt burden while making prudent public sector investments. To attract scarce global foreign direct investment, we will also need to further enhance the business environment, increase our productivity and aggressively exploit more diversified trading opportunities. We therefore foresee a heightened, multifaceted engagement by the Bank Group and the Fund within the Caribbean and other similarly placed small island states.

This past year the Bank supported its small island state members with the Caribbean Catastrophe Risk Insurance Facility, and is developing a new Pacific Catastrophe Risk Assessment and Financing Initiative.

Additionally, the Fund has continued to deliver financial assistance to Caribbean countries, including those hit by natural disasters, and to provide technical assistance via the Caribbean Regional Technical Assistance Center. I believe that envisaged enhancements to the Fund's financing instruments will enable greater response to the pointed needs of our small and vulnerable middle-income countries; and that we become even more efficient at the delivery of technical assistance given the resources-constrained environment.

We should recognize the continued efforts of the Bank and the Fund to reform institutional governance. There is, however, still more to be done.

The Bank has made progress since the last Annual Meetings, and I am pleased to welcome the third African chair, who officially joined the Boards in November 2010. I also note the strong 16^{th} IDA replenishment that resulted in donor pledges of $49.3 billion. Emerging market donors played an important role in this achievement, reflecting their growing importance as shareholders in the Bank Group.

As you know, at the end of 2010, the Fund's Board of Governors approved governance and quota reforms that encompass a doubling of the Fund's quotas and a radical overhaul of the Executive Board—all Directors are to be elected and emerging markets stand to gain two chairs. These are landmark reforms. Once implemented, they will constitute a significant step toward a stronger global safety net and a better representation of our membership in the Fund's Executive Board. Time is of the essence, however. We should spare no effort so that these reforms come into force by the target date of the 2012 Annual Meetings.

Fellow Governors, the environment as we now find ourselves in at this year's Annual Meetings, dictates that we continue to make our institutions more flexible, more responsive and results driven. The proof of our efforts will not only be in the statements we make, but in the meaningful and positive changes made in the lives of our people over the next several years.

I look forward to our discussions over the next few days to advance actions needed to chart a successful path to recovery.

Thank you for your attention.