



BOARD OF GOVERNORS
FORTY-FIRST ANNUAL MEETING

MAY 25 AND 26, 2011
PORT OF SPAIN, TRINIDAD AND TOBAGO

**STATEMENT BY
THE GOVERNOR FOR
ST. VINCENT AND THE GRENADINES
DR. THE HONOURABLE RALPH E. GONSALVES**

Mr. Chairman, President of the Caribbean Development Bank (CDB), Fellow Governors, Directors, Observers, Staff of the CDB, Ladies and Gentlemen.

It is an especial pleasure for me to be here in the twin-island Republic of Trinidad and Tobago to attend this Forty-first Annual Meeting of the Board of Governors of the CDB. As most of you may know, Trinidad and Tobago is home to many of our Vincentian nationals, and I thank the Government and people of this, their adopted homeland, for welcoming them to your shores and for the similar warmth and exceptional hospitality extended to my delegation since our arrival for these meetings.

Mr. Chairman, in responding to your warm Welcome Address yesterday, I noted some challenges confronting the Region that are worth repeating. Over the last decade, our Caribbean Region has had to confront immense socio-economic challenges arising largely from circumstances not of our own making. To be sure, there is home-grown crime and violence, but the trade in small arms emanating from the United States of America and the trafficking in illegal drugs, particularly cocaine, has come to us as a transit point from outside so as to satisfy mainly North American and European consumers. Additionally, there is a bundle of political, administrative, and even cultural constraints which retard our Region's development. However, it is undoubtedly true that the battering which our economies and societies have been receiving over the past ten years has its twin origins externally from the deleterious impact of external political and economic forces and from the ravages of nature.

In addition to all the disasters, whether these are man-made or natural, we have witnessed again, the recent rise in oil prices again, and hikes in commodity prices especially for staple foods such as rice, flour, and sugar. Indeed, in the case of St. Vincent and the Grenadines, we can properly speak of a "special period" of challenges, unprecedented in their scope: the awesome impact of the global financial and economic dislocations; rising commodity prices, and back-to-back natural disasters in the events of Hurricane Tomas on October 30, 2010, and the freak rainstorm and landslides, of almost biblical proportions, in the north-east of St. Vincent, in the midst of the so-called "dry season". Climate change, a matter of existential concern to us, makes a mockery nowadays of traditional seasons.

In all of this, the Caribbean economies have had the good fortune of benefitting from a stable and strong regional development bank in the CDB whose role has been critical in keeping our countries steady amidst these crises.

Now that the international financial, and economic slow-down has begun to ease in some countries, tentatively and unevenly, we here in the Caribbean continue to look to the CDB for a response by the Bank to assist its Borrowing Member Countries in ensuring that this recovery and growth reach our shores and take real traction for us. This can be achieved with continued examination and the

ongoing evaluation of the operational instruments of the Bank, including the relatively new and fast-disbursing Policy-based Loan (PBL). Such examinations should strive to achieve synergies between the objectives and mandate of the Bank, and the expectations and demand of the member countries.

Certainly, my country, St. Vincent and the Grenadines, has benefited by the Bank's rapid response in the approval of two loans during 2010.

- (a) The Financial Stabilisation Loan to assist the Government in the divestment of the National Commercial Bank (NCB). This loan aided in dealing successfully with the liquidity problems at the NCB and in reducing our debt servicing costs. We know now, that the assistance of the CDB in this special case PBL, not only averted the collapse of the NCB, but provided stability to the financial sector in St. Vincent and the Grenadines, and by extension, the Eastern Caribbean Currency Union (ECCU).
- (b) The Hurricane Tomas Immediate Response Loan to assist in the cleanup operations after the onslaught of Hurricane Tomas.

Mr. Chairman, our people's resilience and our capacity to endure hardships or creatively adapt to the most difficult conditions have been able to see us, thus far, through this "special period". Thus, notwithstanding the negative growth in our economy in 2009 and 2010, we have continued with the ECCU's Eight Point Growth and Stabilisation Strategy. We expect further that the deepening of our sub-regional integration process, through the Organisation of Eastern Caribbean States into an economic union provides a strategic framework for recovery, growth, and stabilisation. In this process, we need the continued cooperation and support of the CDB and our other development partners in this extraordinary effort.

Further, each country has certain specific constraints which demand ongoing attention. In the case of St. Vincent and the Grenadines, our thrust for further expansion of tourism is, in part, constrained by the absence of an international airport. Currently, we are building one at Argyle on mainland St. Vincent. It is due to be completed by the end of 2013. It is the largest capital project by far, in St. Vincent and the Grenadines, since conquest and settlement. Imagine building such a project during this "special period", a project which includes, for starters, the making low of three mountains, the filling of three valleys, the spanning of a river, the removal of a church and a cemetery, the dismantling and rebuilding elsewhere of 130 middle-income houses, and the making of sea defences. But given our country's topography and circumstances, there is no other feasible alternative. Our development partners cannot stand askance from our construction of this necessary and desirable infrastructure.

Mr. Chairman, I wish to sincerely thank Dr. Compton Bourne for his outstanding leadership and dedicated service to the Bank and to this Region, during difficult times. I continue to wish him well in his future endeavours.

Finally, Mr. Chairman, I congratulate his successor Dr Warren Smith on his assumption of Presidency of the Bank. I am confident that under his guidance, the Bank will continue to grow and develop into an institution of which we can continue to be proud.

Very best wishes to you for a successful meeting.