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Statement

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Introduction

Good Morning.

Let me express my gratitude to the United Nations and the CARICOM Secretariat for convening this important and timely event, and for affording me the opportunity to speak today in this session entitled "Risk Informed Development– Securing a Resilient Future for Caribbean SIDS."

In October 2017, hurricanes Irma and Maria had the eyes of the world riveted on the Caribbean as they wreaked havoc on five small island states. The media broadcasted real-time images of the widespread destruction of critical infrastructure and human suffering in Anguilla, Antigua and Barbuda, British Virgin Islands, Dominica and Turks and Caicos Islands.

The devastation caused by these two hurricanes is just another chilling reminder that we, Caribbean residents, live in a neighbourhood which is enthrallingly beautiful and yet extremely vulnerable to natural hazards. Our region is ranked as the second highest in terms of climate vulnerability; and the science suggests that a climate regime characterised by more intense and destructive meteorological systems is emerging.

Our small size plays a significant role in our vulnerability. For a small island state, the onslaught of a major cyclone is likely to wreak havoc on the infrastructure and the economy of the entire country! Consequently, Caribbean countries incur damage costs of 2.4 % of GDP per annum, on average, compared with 0.4% of GDP in larger states.

A big challenge for policy-makers, then, is to manage the impacts of the many risks associated with climate change as it relates to our critical infrastructure and to better prepare our communities to withstand the related shocks and disruption.

This morning, I wish to make three general points about managing these risks, and the role of the Caribbean Development Bank.

Disaster Risk Management

First, in the face of the inescapable reality of the climate vulnerability of our neighbourhood and the prognosis of worse to come, Caribbean countries have no option but to place disaster risk management and the construction of climate resilient infrastructure at the centrestage of our policy agenda. In short, all major public infrastructure must be designed to pass the litmus test of resilience to our new climate reality.

Almost four years ago, CDB adopted its Disaster Management Strategy and Operational Guidelines, which mandate us to screen for climate resilience, all infrastructure projects being placed before our Board of Directors for approval. In short, climate resilient infrastructure financing is now part of our organisation's DNA. Social and economic infrastructure, including disaster risk management, account for over 60% of our portfolio. We assign, therefore, a high priority to disaster risk management, which can reduce the burdens caused by climate-related disasters.

By operationalising an integrated climate risk framework that includes the initial screening of projects and climate vulnerability assessment of those projects at greatest risk, we are acknowledging that the impacts of disasters can create a cycle of vulnerability that can seriously hamper a country's development prospects. Studies show that, for every dollar invested in disaster risk reduction, between two and four dollars are returned in terms of avoided or reduced disaster impacts. These sobering statistics should serve to concentrate all our minds!

Although CDB and other multilateral donor agencies finance a significant share of the critical infrastructure in the Caribbean, it is important that governments ensure that **all** major new infrastructure projects are subjected to climate resilience screening to avoid the rebuilding of same before the end of its useful life.

Fiscal Resiliency

My second point speaks to how our region sets about financing new resilient infrastructure and how we retrofit old, existing infrastructure which needs to be climate-proofed. The significance of this point is that we do not want our infrastructure to be resilient and, at the end of it all, we are saddled with a mountain of unsustainable debt! In short, “we don’t want to dig a hole to fill a hole!”

The good news is that there is a growing pool of very soft financing becoming available for Caribbean countries to address resilience. CDB has managed to mobilise a sizeable portfolio of these funds through grants and loans at very low interest rates. These funds have come about through partnering with institutions like the EIB, the UK-CIF and the EU-CIF. With CDB’s recent accreditation to the Adaptation Fund and the Green Climate Fund, more such funding will become available.

A country’s ability to build resilience whilst eschewing unmanageable debt accumulation will necessitate a level of fiscal prudence not heretofore widely evident in our region. It will require, for example, the establishment of fiscal buffers which, alongside the external resources, will be able to contribute to resilience building. The quality of internal governance, especially as it relates to transparency in procurement of goods and services, will also need to be improved.

In preparation for ramping up our response to the funding needs of the region, CDB has introduced far-reaching internal reforms in order for us to become a more attractive fiduciary to providers of climate finance. These reforms have already started to bear fruit; and we will be able to respond effectively to the current crisis.

Whilst the governments of our region will be required to carry the burden of building and maintaining resilient infrastructure, some Caribbean countries are coming to the realisation that the private sector can be an effective partner in improving the quality and resilience of our economic and social infrastructure. What the state needs to ensure is that privately-funded infrastructure adheres to the country's building codes; and that those codes are fit for purpose. CDB's PPP Help Desk, established with the assistance of the World Bank and the IDB, will work with our countries to mobilise the funding and to ensure that the risks are appropriately shared between the state and private sectors.

Implementation Capacity

Ladies and gentlemen, I close my remarks this morning on the vexed question of in-country implementation capacity as a major constraint to building resilient infrastructure across our region.

The solution calls for a structured response. CDB, for its part, has provided soft financing to set up implementation units within the implementing ministries, for CDB-funded projects. In some countries, it has worked well and local capacity has been built. But, as a general rule, the problem remains unresolved; and projects take far too long to be implemented.

Every development partner has a responsibility to ensure that the required capacity to implement their projects within the agreed timeframe is in place. For jointly-funded projects, CDB is also ready to work with other partners to define a suitable implementation framework to deliver the expected results.

Mr. Chairman, I thank you.