

**Remarks to the Opening Plenary of the “Conference on the Caribbean”
Preston Auditorium
Tuesday, June 19, 2007 - 8:30 am**

Distinguished Presidents and Prime Ministers;

Secretary of Commerce Gutiérrez,

Secretary-General Insulza;

President Moreno and other distinguished guests, ladies and gentlemen,

I am delighted to welcome you to the World Bank for this historic gathering.

We in The World Bank are very pleased to be a partner with both our regional and international colleagues at this, the first *Conference on the Caribbean*.

Today’s event brings together the Caribbean Community with one of its most important partners, the United States, as well as a number of other key organizations and entities from the international community. The Conference has also convened an often-forgotten but critical player, the Caribbean Diaspora, for discussions that will explore the development of a common agenda for economic growth and development in a region with

enormous opportunities and potential, but one that also faces a number of growing challenges.

Let me turn to the importance of Regionalism and Political Will

As the Region itself has recognized, pursuing integration and, therein, a common agenda for growth and development is critical. History has taught us that agreeing on a common agenda across so many diverse states is challenging. So we commend the Governments of the region for the courage to move along this path, notwithstanding the divergence of interests at times. Further deepening of the bonds of regionalism will require ongoing and considerable political will and commitment, but the benefits can be considerable.

We see it in the CSME agenda, in the creation of a common currency in the Eastern Caribbean, in the Caribbean Court of Justice, in the common purchase of pharmaceuticals, and the creation of a CARICOM passport. We see it in potential new initiatives for regional infrastructure, financial services, energy, and of course the free movement of labor.

But the Region Cannot do it Alone

While we know that deeper integration will reap important benefits, there are emerging issues which cannot be solved at the national or indeed at the regional level alone - initiatives which require an international response, particularly from OECD countries.

Last month, with the United Nations Office of Drugs and Crime, the World Bank published a report on crime and violence in the Caribbean. As the report made clear, while the region enjoys benefits from its natural beauty, its location, and its proximity to a large market, it can also be a victim of its geography. The location of the region as a transshipment corridor for drugs, and for weapons, is hurting growth and social development. These issues require an international response.

There are other issues where international co-operation is vital – deportees, the hiring of skilled labor, particularly teachers and nurses, environmental issues, and of course trade.

It is for this reason that this US-CARICOM conference is especially important. I hope very much that this conference can discuss concrete proposals for moving forward in some of these critical areas.

As the Region Embraces Regionalism, Innovation will be Key

As the region moves towards greater integration, we in the donor community also need more innovative approaches - instruments that recognize the special needs, and capacity constraints of small states.

We also need more flexible instruments for regional programs and projects which can allow us to support CARICOM countries as they explore regional approaches to energy, transportation, financial sector development and infrastructure. These are issues we have recently discussed at our Board and I hope we can move forward to better customize approaches both for small states and for regional integration.

We also need to work with the region to focus not just on the traditional areas of development, but to work together to support newer areas such as

youth, skills, small and medium enterprises, and financial sector development.

We must work closely with the Diaspora community and the private sector, reaching out to stakeholders across the region – to the Caribbean Congress of Labor, Parliamentarians, and women’s and youth groups whose commitment and participation will be key to the integration agenda.

We must look at innovative approaches to:

- reducing the transaction costs of remittances;
- building bridges to the Diaspora community, especially Home Town Associations;
- deepening access to credit so small and medium enterprises can flourish;
- using Conditional Cash Transfer systems to fight poverty;
- to provide regional infrastructure financing; and
- to provide options for energy provision.

In short, we have a very full agenda for the next 3 days!

Towards a Common Future

Mr. Chairman:

CARICOM encompasses countries with

- populations that range from 50,000 to almost 9 million
- with GNP per capita ranging from 450 dollars a year to \$12,000.
- with different languages, different histories, and different cultures.

Yet many of the challenges its members face are the same – high energy costs, high migration, transitions from agriculture to services, youth unemployment, and inadequate infrastructure.

But the shared potential is also considerable, whether it be in untapped private sector development, new service industries, or the financial sector. And there is room in tourism to improve backward linkages to other sectors – such as agriculture, health and wellness, craft and culture. Culture to which the Caribbean music, some of which we will hear tonight at the Kennedy Center, will give ample testimony.

Size is not Destiny

When I was told this was a 20/20 Conference, I asked whether the 2020 stood for the year or for perfect vision. I was told it was for both: for a clear vision of the way forward and a milestone to measure progress. As the Caribbean Community looks towards the next decade or so, the challenges will be numerous and may be particularly daunting for many of the smaller states in the region. But I believe we should remind ourselves of two things:

First, that size is not destiny. When we look at the World Competitiveness Index we see that small states can rank very high: Singapore is 2nd (with 4 million citizens), Iceland is 5th (with 300,000 people), Luxembourg is 9th (with less than half a million people), and Ireland 10th (with 4m citizens).

...but Regionalism Is

We must remind ourselves that this is a region which has much to gain by acting together. We saw it here in this very room 4 months ago, when 15 members of CARICOM signed onto the Catastrophe Risk Insurance Facility -- an initiative to pool risk across the region to help reduce the costs of the

devastating impact of natural disasters. It was a defining moment of regional collaboration, and it also demonstrated the importance of using new and innovative approaches to address common challenges.

Your presence here today for this historic conference is evidence of your commitment to deepen that collaboration and forge a common path to 2020.

We wish you every success in these deliberations and assure you of the World Bank's support.