ANNUAL NEWS CONFERENCE

Dr. Wm. Warren Smith
Caribbean Development Bank
Bridgetown, Barbados
February 7, 2019
International economic environment

1. Escalating trade tensions
2. Volatile commodity markets
3. Policy uncertainty
Global: Real GDP Growth (%), 2017-2019

Source: IMF WEO Update January 2019
Regional: Estimated 2018 GDP growth (%)

Source: IMF WEO, Central Banks, CDB
Regional: Estimated 2018 GDP growth (%)

Source: IMF WEO, Central Banks, CDB
Regional economic performance

- Real GDP contracted, despite modest gains in tourism
- Impact of fiscal consolidation
- Fall in construction activity
Regional economic performance

ANGUILLA

40% fall in visitor arrivals, following hurricane damage to hotel stock in 2017
Regional economic performance

ANGUILLA
- 40% fall in visitor arrivals, following hurricane damage to hotel stock in 2017

VIRGIN ISLANDS
- 50% fall in visitor arrivals
- Real GDP grew by over 2% as a result of buoyant business and financial services activity
Regional economic performance

- **BELIZE**
  Visitor arrivals increased by 15%

- **CAYMAN ISLANDS, GRENADA**
  Visitor arrivals increased by 10%
Regional economic performance

- **SURINAME, TRINIDAD AND TOBAGO**
  Higher oil production and prices drove growth

- **GUYANA**
  Construction activity boosted growth
Debt as share of GDP decreased in 10 BMCs; exceeded the international benchmark of 60% in 9 BMCs
Debt as share of GDP decreased in 10 BMCs; exceeded the international benchmark of 60% in 9 BMCs.

2017 Hurricanes continued to affect public finances in some BMCs.
Fiscal performance around the Region

**PERFORMANCE SNAPSHOT**

**Debt as share of GDP**
- Decreased in 10 BMCs;
- Exceeded the international benchmark of 60% in 9 BMCs.

**2017 Hurricanes**
- Continued to affect public finances in some BMCs.

**Anguilla**
- Tax revenues fell and recovery-related expenditure rose.
Fiscal performance around the Region

Performance Snapshot

Debt as share of GDP decreased in 10 BMCs; exceeded the international benchmark of 60% in 9 BMCs.

2017 Hurricanes continued to affect public finances in some BMCs.

Anguilla tax revenues fell and recovery-related expenditure rose.

Antigua & Barbuda rising public expenditure, lower non-tax revenue—especially from CBI programme.
Fiscal performance around the Region

**PERFORMANCE SNAPSHOT**

- **Debt as share of GDP**: decreased in 10 BMCs; exceeded the international benchmark of 60% in 9 BMCs.

- **2017 Hurricanes**: continued to affect public finances in some BMCs.

- **Anguilla**: tax revenues fell and recovery-related expenditure rose.

- **Antigua & Barbuda**: rising public expenditure, lower non-tax revenue—especially from CBI programme.

- **St. Kitts & Nevis**: CBI revenues rose, following launch of new fund in late 2017.
Grenada
Financial position continued to improve, thanks to expenditure management & enhanced tax compliance
Fiscal performance around the Region

PERFORMANCE SNAPSHOT

Grenada
Financial position continued to improve, thanks to expenditure management & enhanced tax compliance

Suriname, Trinidad & Tobago
Improved economic growth contributed to better fiscal performance
Fiscal performance around the Region

PERFORMANCE SNAPSHOT

Grenada
Financial position continued to improve, thanks to expenditure management & enhanced tax compliance

Suriname, Trinidad & Tobago
Improved economic growth contributed to better fiscal performance

Barbados
Debt restructuring and fiscal restraint helped to increase primary surplus
Fiscal performance around the Region

Grenada
Financial position continued to improve, thanks to expenditure management & enhanced tax compliance

Suriname, Trinidad & Tobago
Improved economic growth contributed to better fiscal performance

Barbados
Debt restructuring and fiscal restraint helped to increase primary surplus

Belize
Recorded a primary surplus, due to revenue enhancement measures under 2017 debt-restructuring
Economic growth of 2.0% forecast for the Region

Weighted Average: 2.0%

Source: IMF WEO, Central Banks, CDB
Three challenges limiting sustainable growth in CDB’s BMCs

CHALLENGES FACING CDB’s BMCs
Three challenges limiting sustainable growth in CDB’s BMCs

1. Climate change
Three challenges limiting sustainable growth in CDB’s BMCs

1. Climate change
2. Widening fiscal deficits, high public debt
Three challenges limiting sustainable growth in CDB’s BMCs

1. Climate change
2. Widening fiscal deficits, high public debt
3. High unemployment, especially among youth
CDB’s Approvals 2014-2018 ($, mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>273</td>
</tr>
<tr>
<td>2015</td>
<td>299</td>
</tr>
<tr>
<td>2016</td>
<td>377</td>
</tr>
<tr>
<td>2017</td>
<td>439</td>
</tr>
<tr>
<td>2018</td>
<td>352</td>
</tr>
</tbody>
</table>
BUILDING CLIMATE & ECONOMIC RESILIENCE
BUILDING BACK BETTER

BRITISH VIRGIN ISLANDS
$50 mn

ANGUILLA
$14.9 mn
Additional £30 million for reconstruction window for Barbuda and Dominica
PARTNERSHIPS

UNITED KINGDOM CARIBBEAN INFRASTRUCTURE PARTNERSHIP FUND
Additional £30 million for reconstruction window for Barbuda and Dominica

ACCREDITATION MASTER AGREEMENT
Opens doors for more climate finance projects in the Region, though the Green Climate Fund
PARTNERSHIPS

UNITED KINGDOM CARIBBEAN INFRASTRUCTURE PARTNERSHIP FUND
Additional £30 million for reconstruction window for Barbuda and Dominica

ACCREDITATION MASTER AGREEMENT
Opens doors for more climate finance projects in the Region, though the Green Climate Fund

DOMINICA DISASTER RECOVERY AND RESILIENCE FUND
Grant funding for post-disaster response, climate-resilient schools, community empowerment, parametric risk insurance premiums
Energy-efficient street lighting

- Lower energy bills
- Improved citizen security
- Accelerated progress on energy-efficiency commitments
Energy-efficient street lighting

THE BAHAMAS

- Sixth CDB BMC to benefit from this product
- USD14.5 million loan
- Project supported by CDB and the European Investment Bank Climate Action Line of Credit
Geothermal energy development

In partnership with IDB, mobilised $85 million for geothermal development
Geothermal energy development

- In partnership with IDB, mobilised $85 million for geothermal development
- Funding expands pool of existing resources under Sustainable Energy Facility
Geothermal energy development

- In partnership with IDB, mobilised $85 million for geothermal development
- Funding expands pool of existing resources under Sustainable Energy Facility
- $80 million from Green Climate Fund, $5.6 million from Government of Italy
Geothermal energy development

- In partnership with IDB, mobilised $85 million for geothermal development
- Funding expands pool of existing resources under Sustainable Energy Facility
- $80 million from Green Climate Fund, $5.6 million from Government of Italy
- Funding for cost-intensive stages of development
Geothermal energy development

- In partnership with IDB, mobilised $85 million for geothermal development
- Funding expands pool of existing resources under Sustainable Energy Facility
- $80 million from Green Climate Fund, $5.6 million from Government of Italy
- Funding for cost-intensive stages of development
- Beneficiaries: Dominica, Grenada, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines
WIDENING FISCAL DEFICITS & UNSUSTAINABLE PUBLIC DEBT
Far too many Caribbean countries are still grappling with the challenges of fiscal deficits and high public debt.
Barbados Economic Recovery and Transformation Programme

$75 million

- Fiscal sustainability
- Economic growth
- Social protection
Other home-grown reform programmes
Grenada, Jamaica, St. Kitts and Nevis

- Real GDP growth
- Fiscal surpluses
- Declining debt-to-GDP ratios
Youth unemployment continues to be a challenge for Caribbean policymakers.
Addressing unemployment in CDB’s BMCs

- **JAMAICA**
  Unemployment fell to an all-time low of 8.4%, due to improvements in doing-business environment and macroeconomic stability.

  Increased youth employment in business process outsourcing and construction sectors.

- **THE BAHAMAS, CAYMAN ISLANDS, GRENADE, SURINAME**
  All countries reporting declines in overall unemployment.
All of CDB’s efforts to build climate resilience, strengthen energy security and address high debt, put people first.
The private sector has to increasingly take a lead role in creating opportunities for growth.
Cultural & Creative Industries Innovation Fund

A platform for supporting innovation, increasing employment opportunities—especially for youth, driving sustainable growth.
The challenges our countries face are increasingly complex.
DIGITAL TRANSFORMATION & INNOVATION
The transformation process will enable success on the road to becoming resilient Caribbean societies.
We will need to be disciplined in ensuring we have sound governance structures and systems in place.
Strong institutions

Capacity to

- build economic resilience
- end extreme poverty
- reduce debt to manageable levels
- achieve fiscal sustainability
CDB’s Vision

To support the development of each of our BMCs, giving special attention to the lesser developed countries.
We remain focused and resolute in our vision.
We will do all we can to ensure no BMC is left behind.