



2019

ANNUAL NEWS CONFERENCE

Dr. W^m. Warren Smith
Caribbean Development Bank
Bridgetown, Barbados
February 7, 2019

International economic environment



1

Escalating trade tensions

2

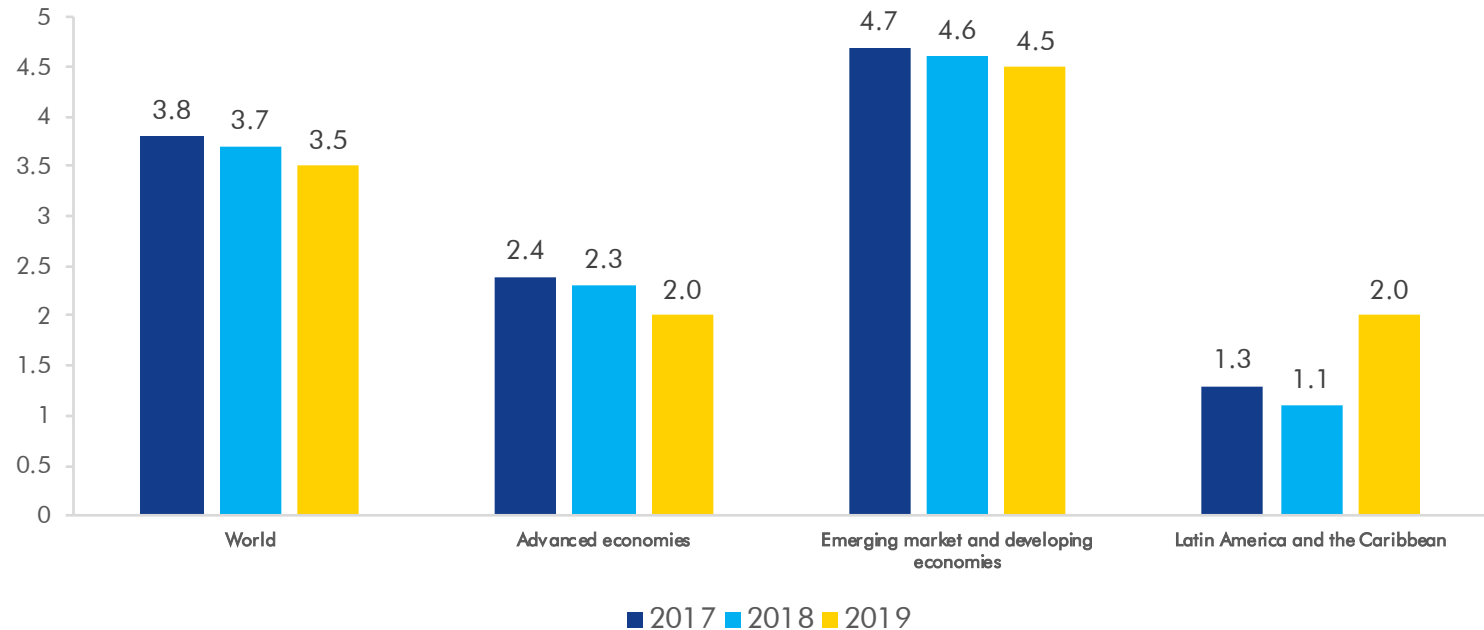
Volatile commodity markets

3

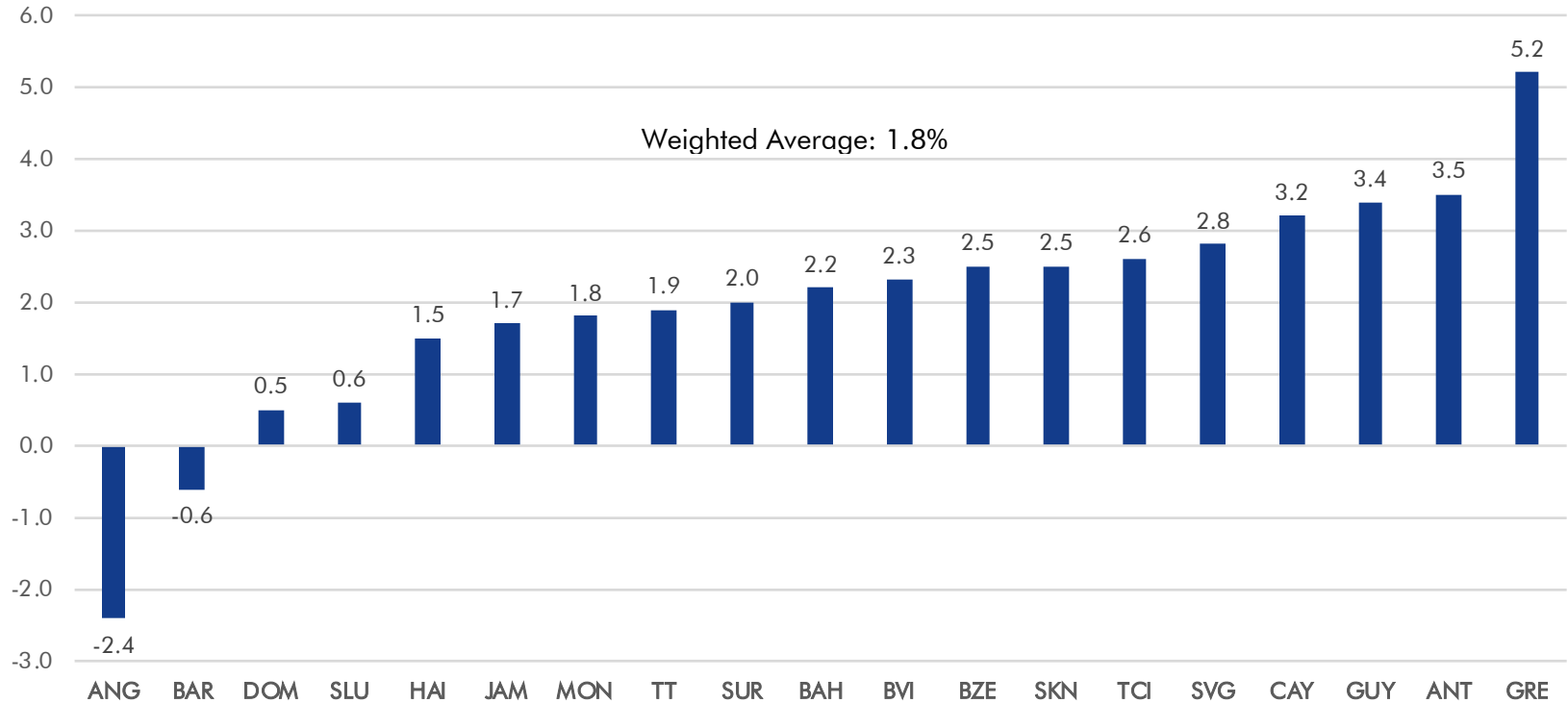
Policy uncertainty



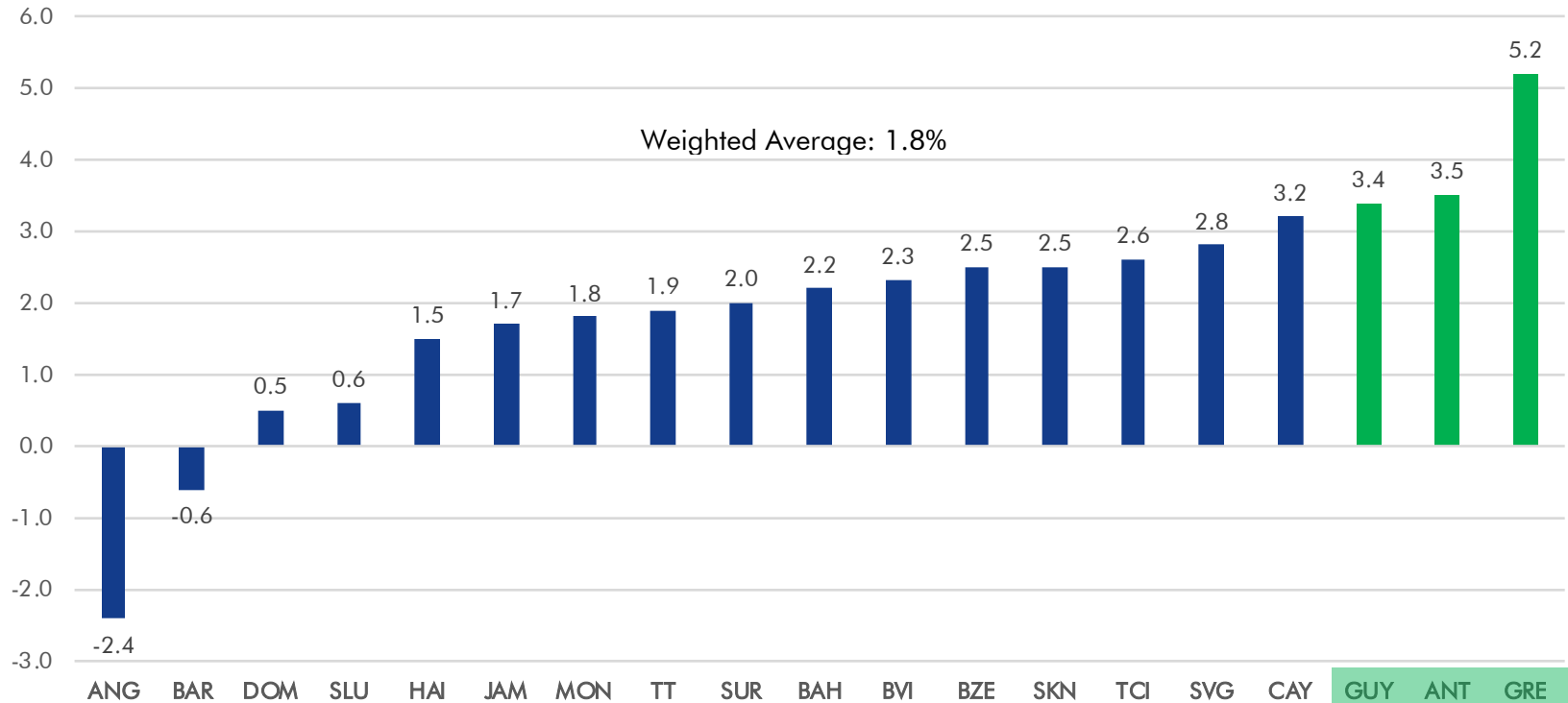
Global: Real GDP Growth (%), 2017-2019



Regional: Estimated 2018 GDP growth (%)



Regional: Estimated 2018 GDP growth (%)



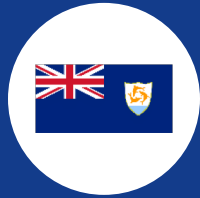
Regional economic performance



BARBADOS

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

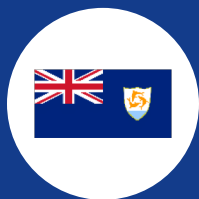
Regional economic performance



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

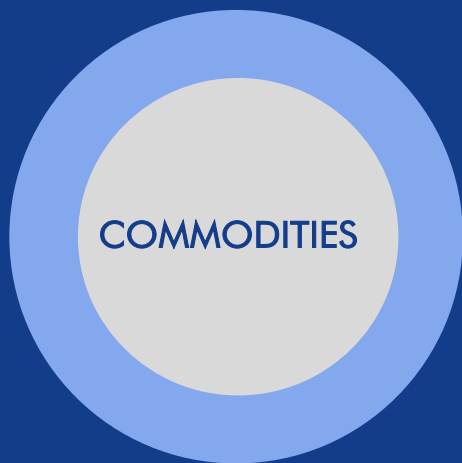
- 50% fall in visitor arrivals
- Real GDP grew by over 2% as a result of buoyant business and financial services activity

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

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

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

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

Fiscal performance around the Region

PERFORMANCE SNAPSHOT

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

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

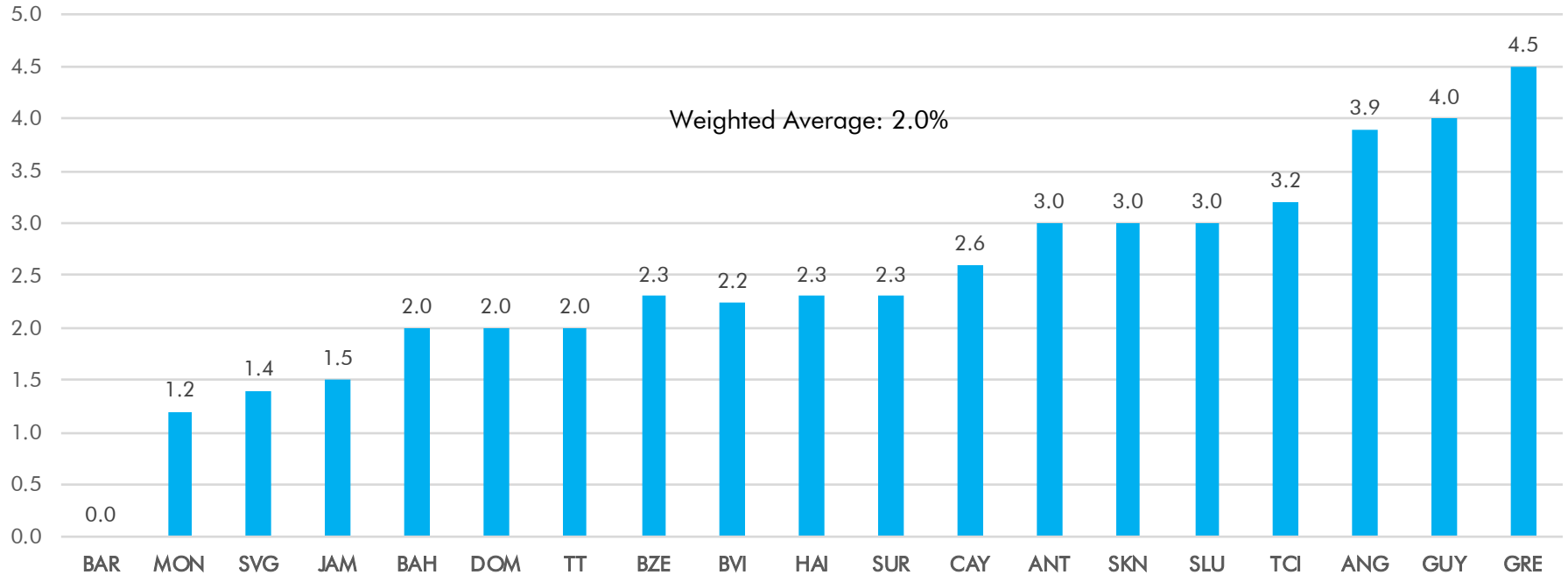
Barbados

Debt restructuring and fiscal restraint helped to increase primary surplus

Belize

Recorded a primary surplus, due to revenue enhancement measures under 2017 debt-restructuring

Economic growth of 2.0% forecast for the Region



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

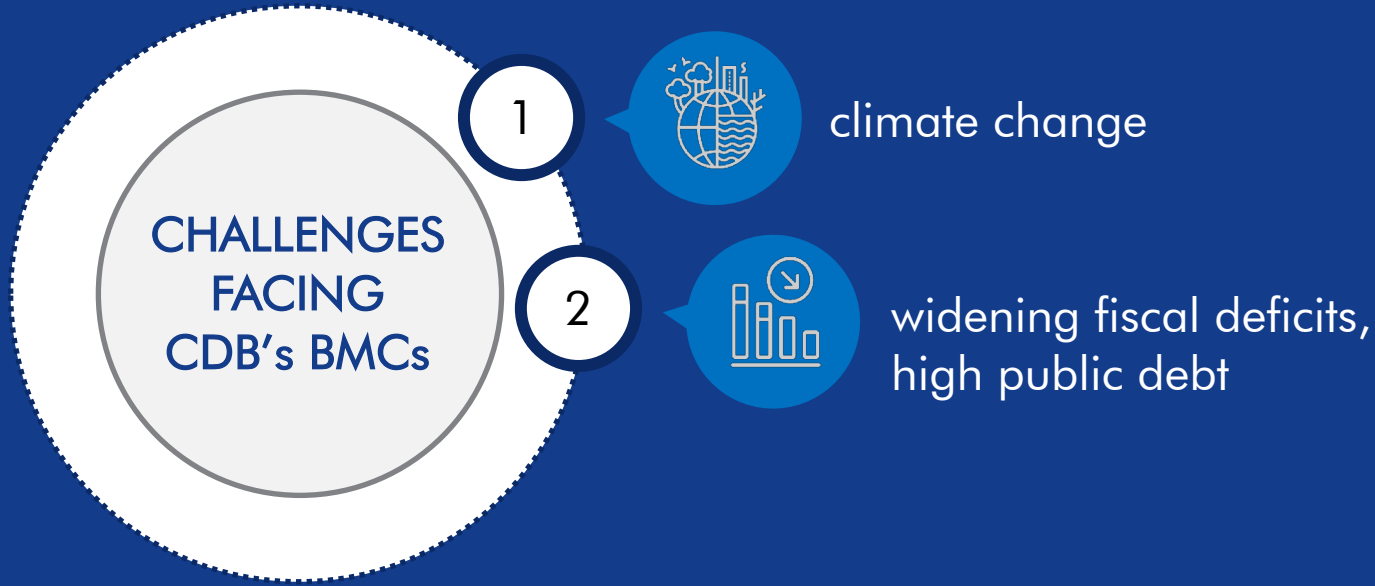


1

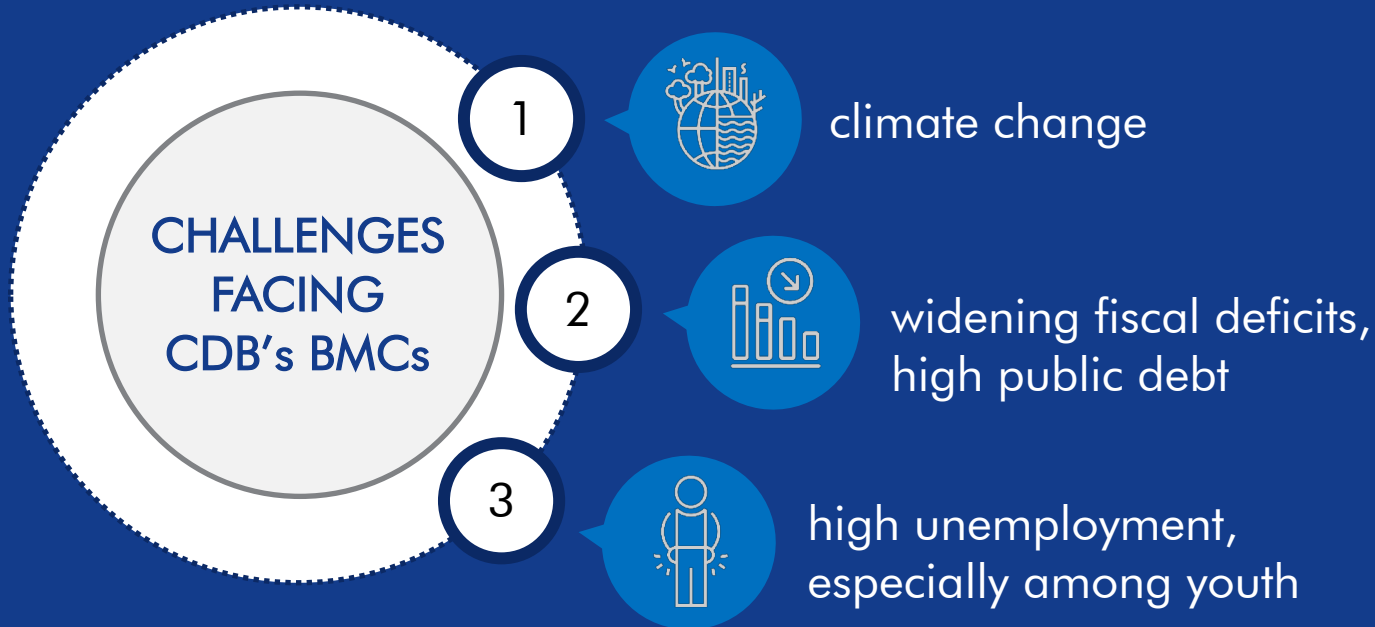


climate change

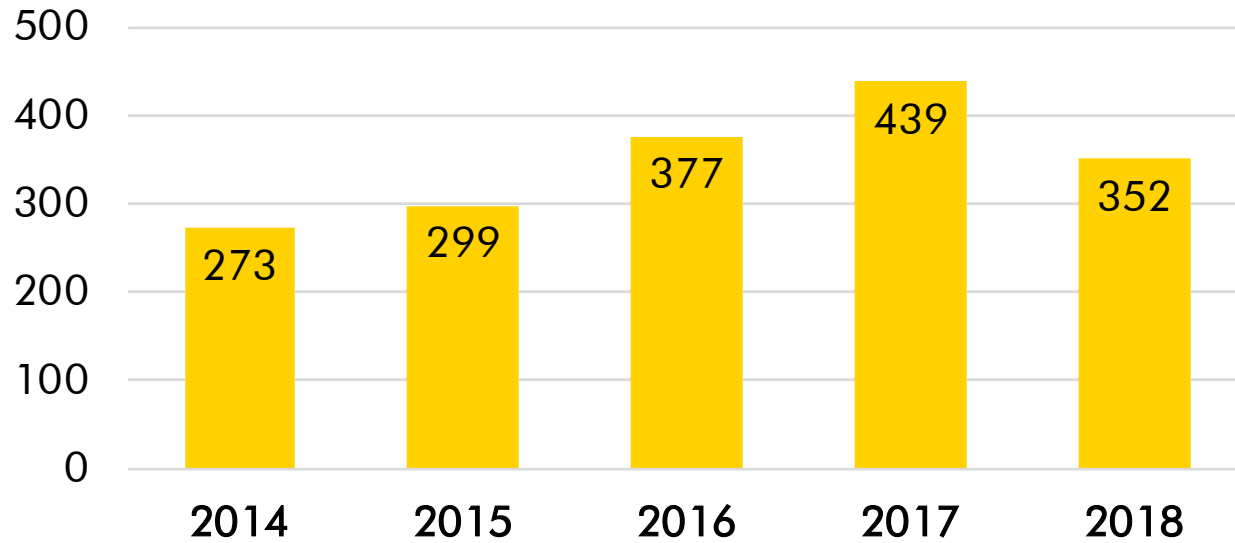
Three challenges limiting sustainable growth in CDB's BMCs



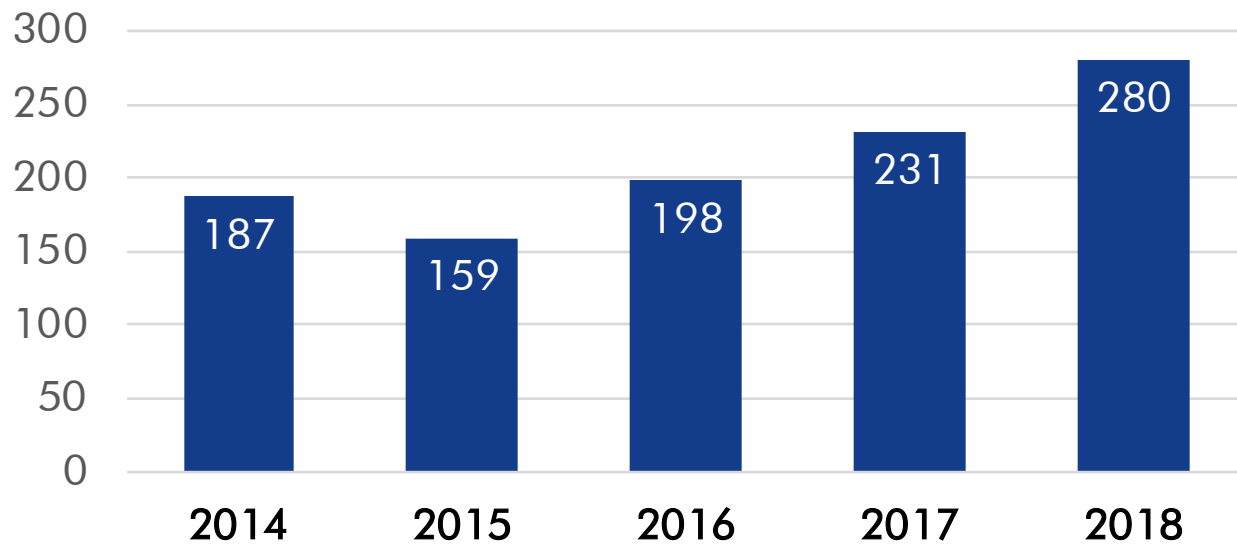
Three challenges limiting sustainable growth in CDB's BMCs



CDB's Approvals 2014-2018 (\$, mn)



CDB's Disbursements 2014-2018 (\$, mn)



BUILDING CLIMATE & ECONOMIC RESILIENCE

BUILDING
BACK BETTER



BRITISH VIRGIN ISLANDS

\$50_{mn}



ANGUILLA

\$14.9_{mn}

PARTNERSHIPS



UNITED KINGDOM CARIBBEAN INFRASTRUCTURE PARTNERSHIP FUND

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, through 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, through 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

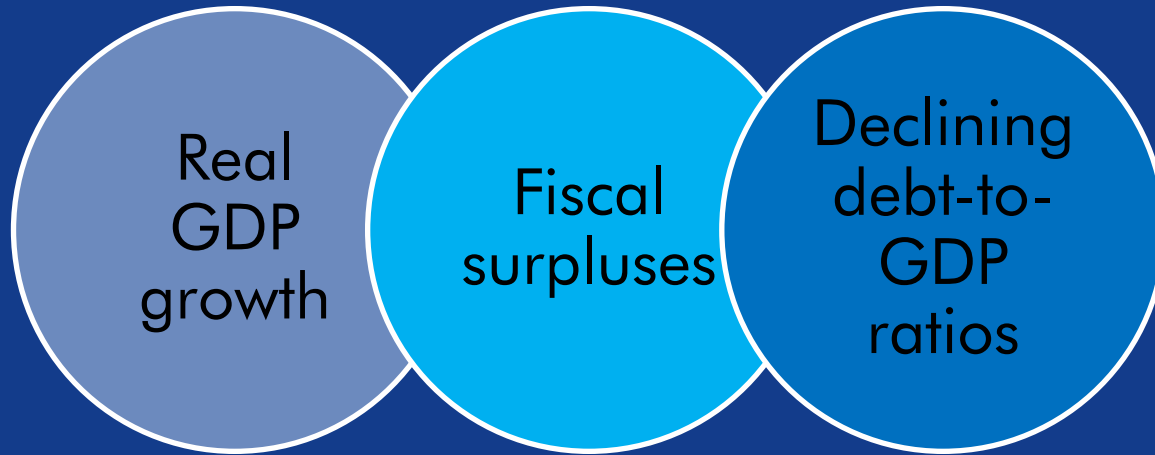
\$75
million



- Fiscal sustainability
- Economic growth
- Social protection

Other home-grown reform programmes

Grenada, Jamaica, St. Kitts and Nevis



A photograph of a street in a Caribbean neighborhood. The scene is captured in a slightly desaturated, blue-tinted style. On the left, there is a light blue house with a white door and window frames. In the center, a dark brown house has a sign that reads "MY BROTHER RESTAURANT". To the right, a yellow house with a dark lower half is visible. A person in a striped shirt and dark pants is pushing a yellow and black stroller in the foreground. Another person is walking away on the right. The sky is overcast, and power lines are visible in the upper left.

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, GRENADA, 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.


A photograph of a busy street in a developing area, possibly a market or a neighborhood with informal housing. The street is paved and has yellow markings. On the left, there is a market stall with various items for sale. People are walking in both directions. The background shows buildings with some signs, including one that says "P" with a red circle and slash. The overall scene is one of a bustling, everyday life in a developing region.

The challenges our countries face
are increasingly complex.

DIGITAL TRANSFORMATION & INNOVATION

An aerial photograph of a city, likely in the Caribbean, showing a mix of modern and older buildings, green spaces, and a road with a roundabout. The image is framed by a thick yellow border. Overlaid on the center is white text.

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.

An aerial photograph of a city, likely in the Caribbean, showing a mix of modern and older buildings, green spaces, and a road with a roundabout. The image is overlaid with a semi-transparent blue filter and a yellow border. The text is centered in the middle of the image.

We will do all we can to ensure
no BMC is left behind.