

**CARIBBEAN DEVELOPMENT BANK**



**PRIVATE SECTOR STRATEGY  
2023–2028**

**September 2023**

## **CURRENCY EQUIVALENT**

Dollars (\$) throughout refer to United States Dollars (USD) unless otherwise stated

## **ABBREVIATIONS**

AAAF	Adequate and Affordable Financing
BEE	Business Enabling Environment
BMCs	Borrowing Member Countries
BSOs	Business Support Organizations
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CFI	Commercial Financial Intermediary
CIIF	Cultural and Creative Industries Innovation Fund
CI	Cultural Industries
CSME	Caribbean Community Single Market & Economy
CTCS	Caribbean Technological Consultancy Services
DFIs	Development Finance Institutions
DL	Direct Lending
EU	European Union
EPA	Economic Partnership Agreement
FI	Financial Institution
GDP	Gross Domestic Product
GEAP	Gender Equality Action Plan
GII	Global Innovation Index
IFI	International Financial Institution
ITC	International Trade Centre
KPI	Key Performance Indicator
MDB	Multilateral Development Bank
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprise
OCR	Ordinary Capital Resources
PS	Private Sector
PD	Projects Department
PSD	Private Sector Division
PSOF	Private Sector Operational Framework
PSF	Private Sector Fund
PSS	Private Sector Strategy
RMF	Results Monitoring Framework
SDGs	Sustainable Development Goals
STI	Science, Technology and Innovation
SPU	Strategic Plan Update
TA	Technical Assistance
TOC	Theory of Change

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## **EXECUTIVE SUMMARY**

### **Context and Rationale**

1. The Borrowing Member Countries (BMCs) of the Caribbean Development Bank are caught in a regional dilemma. They are classified as high-income countries, on a per capita basis, which excludes them from concessional financing, but as has been documented, they are small, open economies, highly vulnerable to external shocks and climate events. Furthermore, they are slow to recover from economic shocks.
2. The COVID-19 pandemic had a profound impact on the region, compounding existing structural weaknesses in the BMCs, both for Governments and the private sector. The pandemic exacerbated the continuing access to finance challenge for MSMEs, highlighting their cash flow constraints and the need for working capital. More recent shocks caused by the war in Ukraine - rising global inflation, high commodity prices and high cost of funds have complicated recovery overall in the region. BMC Financing needs have increased significantly and will remain so in the short- to medium term.
3. As a result of the pandemic, the Bank has outlined an extensive development agenda for the region, framed around the need for BMCs to achieve internal resilience (IRC), with social, environmental, production, financial and institutional aspects, and linked to the achievement of the Sustainable Development Goals (SDGs). This is outlined in the bank's corporate strategy (the Strategic Plan Update [SPU] 2022-24), with an estimated cost of US\$100 billion over 10 years.
4. The resources needed for this agenda are well beyond what the CDB can provide under existing partnership arrangements. A lack of fiscal space of BMCs compounds the gap. The Bank is therefore embarking on an ambitious effort to mobilize resources from international and multilateral partners as well as the region's private sector. The goal is to transform the private sector's role from beneficiary to development partner to execute this agenda and boost sustained growth in BMCs.
5. At the same time, the Bank is committed to "moving the needle" on private sector development by increasing support, including providing adequate and affordable financing (AAAF) to the firms in the region, given their role as engines of economic growth at the national level.
6. In its focus on resilience and the "reimagined" "dual role for the private sector, the SPU goes beyond the current Private Sector Development Policy and Strategy (PSDPS) 2017-2020.
7. The PSDPS marked the beginning of increased Bank engagement with the private sector. The PSDPS focuses on transformation of the private sector in the region to become the "major driver" of economic development, and it focuses on three Strategic Pillars: i) Improving the investment and business climate in the Region; ii) Expanding infrastructure for inclusive economic and human capital development; and iii) Promoting equitable enterprise development, especially in the case of MSMEs.
8. CDB has already achieved some success in implementing various operations to support these priorities. The Bank has done considerable work (25 projects), in collaboration with the Compete Caribbean Partnership Facility (CC) to support business climate reforms both on a national and regional basis. A particular achievement under the PSDPS is the Cultural and Creative Industries Innovation Fund (CIIF), which has strengthened the ecosystem in the orange economy – a niche area for the Caribbean – through access to finance, development of knowledge products and communities of practice, as well as increasing coordination between cultural industries (CI) ecosystem stakeholders.
9. However, a new private sector strategy is needed that speaks to the current post-COVID situation in the region and that is consistent with the broader focus of the SPU on resilience and the new financing role of the private sector. The new Private Sector Strategy (PSS) 2023-2028 now being proposed seeks to expand on and deepen the private sector development aspects of the 2017 PSDPS,

maintains its focus on business climate reform and enterprise development and frames CDB's actions with the SPU's resilience approach.

10. CDB will review the key elements of the current Private Sector Development Policy as articulated in the PSDPS, to ensure alignment with the new PSS.

### **Private Sector Strategy - 2023-2028**

11. The new CDB PSS has two objectives. The first is to enhance private sector ecosystems in BMCs to facilitate the development of dynamic and internationally competitive, high-growth firms. This will lead to higher incomes and increased economic resilience at both the national and regional levels. The objective to enhance BMC ecosystems is based on a new relationship with the private sector, not only in terms of increased CDB support but also as a key partner in the region's development. Fostering this new expanded partnership with the private sector is a second objective of the PSS.

12. The PSS seeks to address a major underlying private sector ecosystem constraint -- slow implementation of BEE reforms -- with the associated effects on financial markets as well as firm productivity and competitiveness. This constraint and these two effects persist despite the work done to date by the Bank and other development partners.

13. There is still considerable scope for the Strategy to address these challenges. First, most BMCs need to make material improvements to their private sector ecosystems and have neither consistently focused on, nor received the required assistance to date to do so. Second, there are significant opportunities to develop capital markets, given the current limited range of financial instruments offered in most BMCs.

14. Therefore, the PSS focuses on three main Strategic Priorities which promote private sector ecosystem development in BMC markets: **a) improving the enabling environment; b) promoting access to finance; and c) promoting enterprise development.** These 3 Strategic Priorities will be implemented through activities in 4 Focus Areas: **a) Legal and Regulatory Reforms; b) New Financial Instruments; c) Direct Firm Lending; and d) Capacity-building for BSOs, MSMEs and FIs.**

15. The PSS has been developed within the framework of the six guiding principles developed by the CDB and outlined in the 2017 PSDPS: a) Client-focus; b) Additionality; c) Catalytic Role; d) Selectivity and Focus; e) Alignment; and f) Partnerships. The Strategy considers the Strengths, Weaknesses, Opportunities and Threats facing the Bank. It also takes into account the best practices and lessons learned from its own activities, as well as those of other multilateral development banks (MDBs).

16. The PSS is aligned with the following Sustainable Development Goals (SDGs), supporting the Bank's broader objective to assist the BMCs in meeting these targets, and in building economic resilience: SDG No. 8 - decent work and economic growth; SDG No. 9 - industry, innovation, and infrastructure; SDG No. 11 - sustainable cities and communities; and SDG No. 14 - conservative and sustainable use of oceans, seas, and marine resources. In keeping with the CDB's corporate strategy in the SPU, the PSS prioritizes knowledge management, innovation, digitalization, gender, and climate change as cross-cutting themes. It also maintains the bank's commitment to economic cooperation and regional integration in the Caribbean.

17. The PSS is framed around the need to build the internal resilience of BMCs and continues the PSDPS emphasis on the process of economic transformation of the private sector and the shift from project beneficiary to development partner. However, unlike the PSDPS, it is designed within the context of a Theory of Change (TOC), which emphasizes Outcomes (e.g., knowledge gained, behavioural change) and Impact as the basis for CDB projects and programmes for the private sector going forward. Furthermore, the PSS focuses on a new partnership with the private sector and a re-

imagining of the relationship, in terms of increased support as well as resource mobilization to facilitate the Bank's development activities at scale in the region.

### **PSS Implementation**

18. PSS implementation will be led by CDB's Projects Department and its Private Sector Division (PSD). Successful implementation of the Strategy will require adequate financial resources, particularly given the scope and range of new private sector activities contemplated. Increased financing for these interventions is constrained both by the limited fiscal space in BMCs themselves and the Bank's limited resources and stringent lending policies. Captured in the Bank's access to AAAF mobilisation will be targeted efforts at raising funds for private sector interventions. This will constitute a "multi-source", "multi-instrument approach" - that will require engaging with the private sector and a variety of partners as outlined in the proposed Resourcing Framework. The PSS will also require increasing the Bank's capabilities in private sector lending, business development, implementation, and monitoring of ongoing and new initiatives. In addition, dedicated human resources will be engaged to enhance the Bank's mobilisation efforts.

19. As with any Strategy, there are risks to be considered in implementation. These relate to issues such as the business enabling environment reforms, demand for new financial instruments, as well as resource/budgetary constraints.

20. At the heart of operationalising the TOC framework for the Strategy is a robust monitoring and evaluation (M&E) approach that maps the linkage between Inputs, Outcomes, and Impact, reinforces accountability as well as learning and ultimately mainstreams evidence-based decision-making within the Bank. Enhanced M&E will require a review and revamping of the private sector indicators (Level 2) in the RMF, in keeping with the TOC approach.

21. The implementation roadmap focuses on setting the stage for the Bank's new lending and TA activities, mobilisation of resources, M&E and marketing/communication, in the first years of the Strategy. This will be followed by the launching of new financial instruments, significantly increasing the Bank's private sector activities, increasing collaboration, and financing partnerships and evaluating the Strategy.

## 1. CONTEXT AND RATIONALE

### Context

1.01 The Borrowing Member Countries (BMCs) of the Caribbean Development Bank (CDB) are caught in a regional dilemma. They are classified as high-income countries on a per-capital basis, which excludes them from concessional financing, but as has been documented, they are small, open economies, highly vulnerable to external shocks and increasingly so, to climate change events.<sup>1</sup> In addition, they are slow to recover from economic shocks, and certainly cannot do so on their own, without external donor assistance.

1.02 The COVID-19 pandemic had a profound impact on the region, aggravating existing structural weaknesses in the BMCs. For governments, it meant the loss of revenues, coupled with unexpected budgetary expenses, particularly for tourist-dependent economies, where revenues fell by as much as 70% in some cases. In 2021, 10 of the 14 CARICOM countries had Debt to Gross Domestic Product (GDP) ratios above 80%.<sup>2</sup> The private sector, and MSMEs in particular, were especially affected, with over 50% forced to close operations during the pandemic and an average of 60% of firms seeing at least a 50% fall in revenues.

1.03 Firms in the region have been facing several ongoing constraints, which have been limiting their ability to contribute significantly to job creation, poverty alleviation and economic growth. Access to finance is a key challenge, which is linked to a number of underlying ecosystem issues: (a) an underdeveloped financial services industry, with limited financing options available; (b) the high cost of finance; (c) high collateral requirements from commercial and other lenders; (d) lack of information on financing and capacity-building options, and lack of MSME data; and (e) high levels of informality in the sector overall. COVID-19 further aggravated the access to finance challenge, highlighting MSME cash flow constraints and the need for working capital.

1.04 More recent shocks caused by the war in Ukraine - rising global inflation, high commodity prices and high cost of funds have complicated economic recovery overall in the region. BMC financing needs have increased significantly (an estimated US\$10 bn in 2020 alone) and will remain so in the short to medium term according to CDB estimates.

1.05 As a result of the pandemic, the Bank has outlined an extensive development agenda for the region, framed around the need for BMCs to achieve internal resilience (IRC), with social, environmental, production, financial and institutional aspects, and linked to the achievement of the Sustainable Development Goals (SDGs). This is outlined in the Bank's Corporate Strategy (the Strategic Plan Update [SPU] 2022-24), with an estimated cost of US\$100 billion over 10 years.

1.06 The resources needed for this agenda are well beyond what CDB can provide under existing partnership arrangements. A lack of fiscal space for BMCs compounds the gap, as the impact of COVID-19 has limited the ability of BMCs to assume additional sovereign-guaranteed debt. The Bank is therefore embarking on an ambitious effort to mobilise resources from international and multilateral partners as well as the region's private sector. The goal is to transform the private sector's role from beneficiary to development partner to execute this agenda and boost sustained growth in BMCs.

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<sup>1</sup> For example, in 2017, culminative economic losses from category 5 Hurricanes Irma and Maria in the OECS countries of US\$12 billion. OECS, Climate Trends and Projections for the OECS Region, April 1, 2020 p. 10.

<sup>2</sup> See: <https://countryeconomy.com/countries/groups/caribbean-community>

1.07 At the same time, the Bank is committed to “moving the needle” on private sector development by increasing support, including providing adequate and affordable financing (AAAF) to the firms in the region, given their role as engines of economic growth at the national level. In its focus on resilience and the reimagined dual role of the private sector, the SPU goes beyond the current Private Sector Development Policy and Strategy (PSDPS).

### **Private Sector Development Policy and Strategy 2017-2020**

1.08 The PSDPS 2017-2020 marked the beginning of increased Bank engagement with the private sector. The PSDPS emphasises the transformation of the private sector in the region, to become the “major driver” of economic development.

1.09 The PSDS prioritises three Strategic Areas:

- (a) improving the investment and business climate in the Region;
- (b) expanding infrastructure for inclusive economic and human capital development; and
- (c) promoting equitable enterprise development, especially in the case of MSMEs<sup>3</sup>.

1.10 CDB has already achieved some success in implementing various operations to support these priorities, as seen in [Appendix I](#), which illustrates the range of support provided by the Bank in each of these Strategic Areas. Furthermore, CDB has done considerable work (25 projects) in collaboration with Compete Caribbean, to support business climate reforms both on a national and regional basis. Activities, for example, have ranged for example, from strengthening intellectual property ecosystems (Jamaica) and supporting the enabling environment for the development of the blue economy (Organisation of Eastern Caribbean States, Trinidad, Belize and Barbados), to facilitating the development of digital technologies to improve the business environment (Suriname) - See [Appendix 2](#). In addition, under the two rounds of the European Union financed Economic Partnership Agreement (EPA) and Caribbean Community Single Market & Economy (CSME) Standby Facility, the Bank has supported business climate reforms and facilitated market access and trade for MSMEs.

1.11 A particular achievement under the PSDPS is the Cultural and Creative Industries Innovation Fund (CIIF). A recent evaluation has found that CIIF interventions have been relevant as well as innovative, and the Fund has targeted a range of beneficiaries (MSMEs, women, youth, and vulnerable households). CIIF has strengthened the ecosystem in the orange economy – a niche area for the Caribbean – through access to finance, development of knowledge products and communities of practice, and increasing coordination between cultural industries (CI) ecosystem stakeholders. The 33 grants approved by the Fund (including three in the CIIF’s pilot Haiti programme) have created 144 jobs. Table 4 in [Appendix 1](#) provides an overview of the Fund’s activities.

1.12 Table 1 below illustrates results between 2017-2021 for two of the private sector indicators in CDB’s Results Monitoring Framework (RMF) that relate specifically to enterprise development, i.e., Strategic Pillar 3 of the current PSDPS.

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<sup>3</sup> CDB, Private Sector Development Policy and Strategy, June 2017, p. ii.



**TABLE 1: RESULTS: CDB PRIVATE SECTOR OPERATIONS – 2017-2021**

RMF PRIVATE SECTOR INDICATORS	YEARS						TARGETS	YEARS			TARGETS
	2017		2018		2019		2015-2019	2020	2021		2020-2024
	Yearly results	2015-2017 Total	Yearly results	2015-2018 Total	Yearly results	2015-2019 Total		Yearly results	Yearly results	2020-2021 Total	
"Value of credit made available to the private sector (\$ mn) disaggregated by sector"	5.2	16.7	3.2	19.9	3.9	23.9	30	3.3	5.7	9	34
"MSMEs benefitting from credit (number)"	115	813	103	916	149	1,165	370	39	70	109	340
"Beneficiaries from TA interventions targeted at MSMEs" (number)	863	2,283	719	3,002	1,930	4,935	7,000	742	1,231	1,972	4,500

**Sources:**

Caribbean Development Bank Development Effectiveness Reviews, 2017 - 2021. <https://www.caribank.org/publications-and-resources/resource-library/development-effectiveness-reviews/>

1.13 However, despite these achievements a new private sector strategy (PSS) is needed that addresses the current post-COVID situation in the region and is consistent with the broader focus of the SPU on resilience as well as the new financing role of the private sector. The new PSS 2023-2028 now being proposed seeks to expand on and deepen the private sector development aspects of the 2017 PSDPS, maintains its focus on business climate reform and enterprise development and frames CDB's actions with the SPU's resilience approach.

1.14 This new Strategy is being developed out of a recognition that realizing the Bank's Vision and a holistic private sector development paradigm for the region requires a sustained longer-term effort well beyond 2024.

1.15 The PSS will take into account the Private Sector Development Policy outlined in the PSDPS, which focuses on the following objectives:

- (a) increasing inclusiveness and accessibility of finance;
- (b) improving operations in private sector firms and facilitating formalization of private sector enterprises;
- (c) assisting BMCs and private sector firms to integrate gender and diversity issues into private sector operations;
- (d) assisting BMCs to develop regulatory and legislative frameworks to promote inclusive private sector development;
- (e) promoting the development of capital and financial market institutions to foster inclusive private sector development;

- (f) assisting the BMCs in developing policies to promote the growth, development and sustainability of the private sector.<sup>4</sup>

## 2. PRIVATE SECTOR DEVELOPMENT STRATEGY - 2023-2028

### A. FORMULATING THE STRATEGY

#### Objective

2.01 Given the key role of the private sector in building economic resilience in BMCs, the new PSS objective is to enhance private sector ecosystems in BMCs to facilitate the development of dynamic and internationally competitive, high-growth firms. This will lead to higher incomes and increased economic resilience at both the national and regional levels. The objective to enhance BMC ecosystems is based on a new relationship with the private sector, not only in terms of increased CDB support but also as a key partner in the region's development. Fostering this new expanded partnership with the private sector is a second objective of the PSS.

2.02 The PSS seeks to address a major underlying private sector ecosystem constraint -- slow implementation of BEE reforms, with the associated effects on financial markets as well as firm productivity and competitiveness. This constraint and these two effects still persist despite the work done to date by the Bank and other development partners.

2.03 There is still considerable scope for the Strategy to address these challenges. First, most BMCs need to make material improvements to their private sector ecosystems and have neither consistently focused on, nor received the required assistance to date to do so. Second, there are significant opportunities to develop capital markets, given the current limited range of financial instruments offered in most BMCs.

2.04 Therefore the PSS focuses on three main priorities which promote private sector ecosystem development in BMC markets: **(a) strengthening the enabling environment; (b) promoting access to finance; and (c) promoting enterprise development.**

#### Guiding Principles

2.05 The PSS has been developed within the framework of the six guiding principles developed by the CDB and outlined in the 2017 PSDPS:

- (a) **Client-focus:** The Bank will put the needs of the private sector in the region at the centre of its decision-making process.
- (b) **Additionality:** CDB's interventions will bring additionality to the flow of funds to the private sector, in cases where the project cannot be implemented without the Bank's support.
- (c) **Catalytic Role:** CDB will stimulate and mobilise the involvement of both government and financial institutions (FIs) in its efforts to support the private sector in BMCs.
- (d) **Selectivity and Focus:** CDB will be selective in its interventions, focusing only on areas where it has a comparative advantage and can have a development impact.

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<sup>4</sup> See Private Sector Development Policy and Strategy, Paper BD 43/-1 Add.5 p. 3.

- (e) **Alignment:** CDB’s support for private sector development will align the strategic priorities of its BMCs with the Bank’s core competencies, strategic priorities, and Charter.
- (f) **Partnerships:** Given CDB’s relatively small resource base and prudential exposure limits, both public and private sector partnerships/alliances will be essential for leveraging the impact of the Bank’s private sector operations.

**SWOT Analysis**

2.06 Given these Guiding Principles, CDB, through the PSS, will aim to deliver significant development impacts in the Region through its interventions to support the private sector. Table 2 highlights key issues in a SWOT analysis that need to be considered in the design of the PSS. To that end, the PSS seeks to capitalise on the Strengths of CDB, while seeking to maximise Opportunities to support the enhancement of BMC ecosystems. The PSS also seeks to address important Weaknesses that limit CDB’s ability to significantly expand private sector activities, while aiming to mitigate the Threats that pose a challenge to its private sector support.

**Table 2: Indicative SWOT analysis for the CDB’s private sector operations**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>▪ Longevity, Responsiveness to clients and regional reach</li> <li>▪ Proven experience in delivering TA to the private sector and BSOs, as well as Lines of Credit to DFIs</li> <li>▪ Reputation with governments and with financial and private sector players in the Caribbean</li> <li>▪ Capacity to engage BMC public and private sector stakeholders in development interventions.</li> <li>▪ Vast multi-sectoral knowledge of the regional market</li> <li>▪ Established relationships with international and multilateral donors and the ability to engage them as partners, to effectively leverage CDB resources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Limited access to adequate and affordable financing</li> <li>▪ Limited human resources to execute activities.</li> <li>▪ Narrow range of financing instruments to</li> <li>▪ Limited framework to accurately measure outcomes and impact.</li> <li>▪ Relative inexperience in key modalities such as direct lending and equity investments to private sector firms, and in new financing instruments.</li> <li>▪ Prudential limits on non-sovereign lending</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>▪ Increasing and expanding TA to enhance entrepreneurial ecosystem development.</li> <li>▪ Providing financing to promote increased internal resilience capacity (e.g., climate resilience)</li> <li>▪ Introducing new appropriate financial products and instruments Engaging with a broader range of commercial partners to increase access to finance for firms.</li> </ul>	<ul style="list-style-type: none"> <li>▪ New or existing institutional actors in the region) seeking to provide private sector financing - more competitive terms than CDB can offer.</li> <li>▪ BMC Institutional capacity constraints that hinder ease of doing business and project implementation.</li> </ul>

## Lessons Learned and Best Practices

2.07 A 2021 evaluation of CDB's work through Development Financial institutions (DFIs) and other FIs noted four important lessons learned about the financing environment:

- (a) **To facilitate BMC's private sector development, the underlying ecosystem needs to be strengthened.** This includes promoting digital transformation in MSMEs and other sectoral drivers of the economy.
- (b) **Private sector development financing is more effective when a broad range of instruments are used,** allowing wholesalers to improve the effectiveness and impact of their financing efforts. A singular focus on one or two financing products does not adequately address the private sector's diverse financing needs. CDB is only currently active in one of the eight product lines offered by larger International Financial Institutions (IFIs).
- (c) **BMC lending institutions need to build the capacity to competently manage new financial products.** Most financial products will perform poorly if badly managed or if there are complex eligibility criteria and application processes. To date, commercial financial institutions offer a narrow range of financial products to the private sector with mortgages accounting for about 80% of their loan portfolios.
- (d) **Targeted Private Sector lending alone through a Line of Credit strategy will not address all of the demand-side and supply-side deficiencies in the ecosystem.** The combination of financial sector deepening, financial inclusion, and strengthening the financial infrastructure will have a stronger impact.

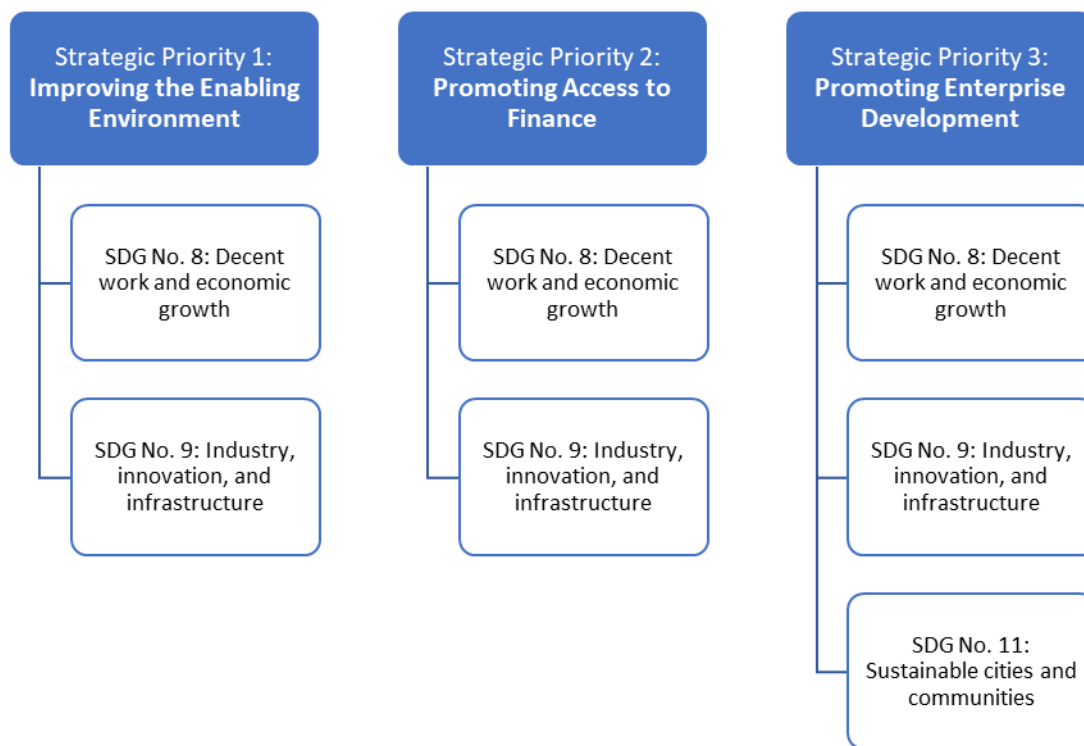
2.08 Similar observations and recommendations were made in earlier evaluations in the mid-2000s. However, these issues were not previously addressed because of the absence of AAAF to enable CDB to be a player in this space.

2.09 The PSS has also been developed keeping in mind best practices of other Multilateral Development Banks (MDBs) such as the African Development Bank, where private sector ecosystem development has been mainstreamed into its development agenda. In addition, the approach to financial sector development by MDBs extends beyond DFIs. MDBs now seek to improve financial deepening by both lending to, and investing in a broad range of FIs and by supporting improvements in the enabling environment for financial sector development. This more holistic approach, which combines both ecosystem and financial sector development leads to better outcomes.

## PSS Alignment with SDGs

2.10 The PSS is aligned with the following SDGs, supporting the Bank's broader objective to assist BMCs in meeting these targets, and in building economic resilience: (a) SDG No. 8 - decent work and economic growth; (b) SDG No. 9 - industry, innovation, and infrastructure; (c) SDG No. 11 - sustainable cities and communities. See figure 1 below.

**FIGURE 1: PSS ALIGNMENT WITH SDGS**



## **B. STRATEGIC PLAN**

2.11 In broad terms, the PSS is framed around the need to build the internal resilience of BMCs, a concept originally raised in the 2017 PSDPS and further developed in the Bank’s SPU. The proposed PSS continues the emphasis on the process of economic transformation of the private sector and the shift from project beneficiary to development partner, developed in the 2017 PSDPS. In addition, the Strategy retains the PSDPS focus on enterprise development, and includes business climate reform, as an element of private sector ecosystem development.

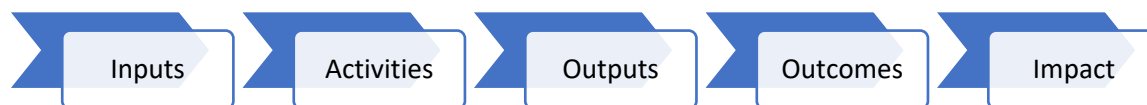
2.12 However, the PSS takes a new approach in two ways. First, unlike the PSDPS, it is designed within the context of a Theory of Change (TOC): (Inputs, Activities, Outputs, Outcomes, Impact), which emphasises Outcomes (e.g., knowledge gained, behavioural change) and Impact as the basis for CDB projects and programmes for the private sector going forward. Second, the PSS focuses on a new partnership with the private sector and a reimagining of the relationship. This is not only in terms of increased support and engagement for private sector development but mobilising private sector resources to support the bank’s development activities at scale in the region, given the CDB’s limited resources compared to what is needed.

### **Theory of Change**

2.13 A TOC emphasises stakeholder engagement to achieve buy-in and consensus, which improves outcomes. This is consistent with the Bank’s Guiding Principle of Client Focus. A TOC builds a hypothesis about how the change will occur and under what circumstances, relying on Key Performance Indicators (KPIs) to measure success, both in terms of **Outputs** and **Outcomes**, to indicate when the change desired has been achieved. This makes results more credible and provides a clear evaluation framework. Finally, a TOC explicitly examines the key assumptions underlying successful outcomes and this framework can

increase accountability for results. The key to operationalizing a TOC is a Monitoring and Evaluation framework, which systematically captures information for **Accountability, Learning and Impact**. Figure 2 highlights the Theory of Change process.

**Figure 2: Theory of Change Process**



2.14 The PSS TOC statement states the results and impact expected from PSS activities as follows:

**If adequate and affordable financing is provided to private sector actors and BMCs through technical assistance, lending, and equity transactions; if policy and legal frameworks are improved to create a conducive business environment; and if capacity-building is provided to key stakeholders – MSMEs, financial institutions and business support organizations -- then entrepreneurial ecosystems in the region will be enhanced, to create dynamic internationally competitive firms, leading to improved economic resilience at the national and regional levels.**

2.15 Consistent with the TOC framework, the Bank will place the emphasis on Outcomes, and Impact, rather than Outputs in all its activities to support the private sector. In addition, performance will continue to be measured against expected results.

### **Cross-Cutting Themes**

2.16 In keeping with the CDB’s corporate strategy in the SPU, the PSS prioritises knowledge management, innovation, digitalisation, gender, and climate change as cross-cutting themes.<sup>5</sup> These themes are all important areas of engagement and key success factors for Caribbean resilience, at both the national and regional levels. The Bank will take steps to ensure that these cross-cutting themes are reflected and supported in the priority areas of the Strategy.

2.17 **Knowledge Management:** The PSS will help to advance the Bank’s goal to become a “knowledge hub” for the Caribbean articulated in the SPU, by specifically seeking to address the lack of data on the private sector in the region. This will include systematic data collection both at the project and regional level through M&E and other efforts, as well as knowledge creation through studies and research to guide PSS activities. The Bank will also foster collaboration with regional private sector players and through the Caribbean Technological Consultancy Services (CTCS), promote or build networks with entrepreneurs (for example, women-owned businesses, scalable early-stage firms) and BSOs across the Caribbean to foster learning and knowledge exchange.<sup>6</sup> The goal is to help develop the Bank’s proposed central information repository and foster knowledge-sharing in the private sector, both within and outside CDB.

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<sup>5</sup> See the Strategic Plan Update (SPU) 2022-24, pp. 22-23 and 29-31 for a more detailed discussion of these themes.

<sup>6</sup> BSO network-building is a Focus Area in the new 3-year CTCS Strategic Plan 2023-2025.

2.18 **Innovation:** While at the regional level, BMCs have recognized the central importance of science, technology, and innovation (STI) to national and regional development, in reality, there has been uneven progress in implementing STI policies. Since 2017, a few countries in the Caribbean - Belize, Jamaica, Trinidad & Tobago - have developed national frameworks for innovation,<sup>7</sup> and in other cases, such as Barbados, they are in development. Very few Caribbean countries – only Jamaica and Trinidad & Tobago - are currently represented in the Global Innovation Index (GII)<sup>8</sup>. Since the pandemic, efforts to mainstream innovation have accelerated in the Caribbean, as a key ingredient in a sustained recovery and economic transformation. CDB recognises that promoting national resilience in BMCs must be seen through the lens of innovation<sup>9</sup>, and this is reflected in the SPU. While the investment in STI should come from the private sector, governments need to provide the necessary enabling environment as well, including investments in research and development, fiscal and other incentives. The PSS will support the Bank’s KIDS approach<sup>10</sup> to stimulating innovation in the private sector, which uses research as well as knowledge gathered and shared to ultimately generate viable business models for companies that can develop and thrive at the national, regional and/or international levels. MSMEs in all sectors need to be supported to innovate and develop solutions – products and services – to address key regional challenges such as climate change.

2.19 **Digitalization:** Despite high levels of cellular phone usage in the Caribbean – an estimated 64% of the population<sup>11</sup> reported that the use of digital and e-commerce solutions is not widespread in either the public or private sector. There are challenges related to cost, access, and lack of ICT infrastructure. The impact of COVID-19 highlighted the MSME digitalization gap and the inability to take advantage of e-commerce solutions to maintain revenues. On the public sector side, there is uneven progress in BMCs with respect to the digitalization of government services, and on a national level, there remains much work to be done to move all client-facing transactions with the governments online. Transitioning from manual, paper-based systems will increase productivity, firm competitiveness, and private sector-led economic growth. Digital transformation and the creation of a digital “culture” will increase innovation and significantly improve current weak data collection efforts to facilitate evidence-based decision-making in both the public and private sectors. The PSS will continue the Bank’s current efforts to increase digital transformation in MSMEs, complementing existing donor interventions.<sup>12</sup> The Strategy will also support the development of digital technologies by MSMEs and other innovations in the digital space.

2.20 **Gender:** The PSS recognises that women-owned firms in the region face particular challenges in terms of access to finance, capacity-building and networks. Studies show that there are significant

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<sup>7</sup> Belize have developed an Innovation Roadmap as well as an Innovation Pact and innovation self-assessment for the private sector, with support from Compete Caribbean. Trinidad & Tobago has developed a National Innovation Policy. In 2021, Trinidad & Tobago launched a US\$10 million project – Shaping the Future of Innovation – co-financed by the IDB, the European Union and implemented by the Caribbean Industrial Research Institute (CARIRI). The project will support firms at all stages to bring their innovations to market. [https://trinidadexpress.com/business/local/govt-launches-68m-innovation-programme/article\\_59063360-4f20-11ec-b8c5-07fae69c940e.html](https://trinidadexpress.com/business/local/govt-launches-68m-innovation-programme/article_59063360-4f20-11ec-b8c5-07fae69c940e.html)

<sup>8</sup> In GII 2022, Jamaica and Trinidad & Tobago ranked 9<sup>th</sup> and 15<sup>th</sup> respectively out of the 18 countries in Latin American and the Caribbean represented.

<sup>9</sup> Caribbean Development Bank, Strategic Plan Update (SPU) 2022-2024, p. 1.

<sup>10</sup> The KIDS approach involves several steps. First, **K**nowledge Accumulation, i.e. gathering, organising, refining and disseminating information. Second, undertaking **I**nnovation **D**iagnostics to transform this Knowledge into a value-added product. Third, **S**trategies, further transform this synthesised knowledge into viable business models that can be implemented.

<sup>11</sup> See <https://www.ookla.com/articles/caribbean-mobile-performance-q2-2022#:~:text=Mobile%20connectivity%20in%20the%20Caribbean,global%20market%20penetration%20of%2067.1%25>.

<sup>12</sup> These include the Caribbean Digital Transformation Project (CARDTP) for the OECS funded by the World Bank and Strengthening the Entrepreneurship and Innovation Ecosystems in the OECS, funded by Compete Caribbean, and Digital Innovation to Boost Economic Development (Belize) funded by the IDB, all of which provide support for the adoption of digital technologies by MSMEs.

differences between men and women entrepreneurs in terms of Motivation, Support, Training, Confidence, Experience and Size.<sup>13</sup> Women often start a business out of necessity, or for work flexibility, rather than to fulfill a market need. They are more likely to be sole proprietors with fewer networks and support, and more likely to want training when starting their business, because of less professional and technical experience compared to their male counterparts. Women tend to be less confident than men as business owners and often operate micro-businesses that are home-based, and which are less likely to scale. These businesses are largely concentrated in the tertiary sector in economically vulnerable activities – for example, wholesale/retail activities and services -- which are severely affected by shocks to the wider economy, such as climate events and COVID-19. The Bank’s gender mainstreaming efforts, as articulated in the Gender Equality Action Plan (GEAP) 2020-2024 will be maintained under the new Strategy, given the link between gender equality and sustainable socio-economic growth. This includes continuing efforts to level the playing field for women-led businesses, integrating gender aspects into all PSS projects, and also expanding gender equality in the BMCs.

**2.21 Climate Change:** The countries of the Caribbean are highly susceptible to climate events, despite their low contribution to the production of greenhouse gases. Droughts, floods, and hurricanes, resulting in severe economic losses every year, with associated effects on economic growth, public sector debt and achievement of the SDGs. It is estimated that between 2000 and 2017, direct physical damage to buildings and infrastructure in BMCs was approximately US\$27 billion.<sup>14</sup> The impact is being felt disproportionately on the most vulnerable (e.g., women and youth), as well as micro and small businesses. Projections point to increasingly severe climate events in the future and therefore the need to accelerate climate mitigation and adaptation measures in the region to ultimately achieve climate resilience. This is in line with the Climate Resilience Strategy 2019-2024 of CDB. The Bank has significantly increased its commitments for climate change projects, with a target of 30% of total project approvals to be achieved by 2024.<sup>15</sup> The PSS will seek to support the Bank’s broader climate resilience goals<sup>16</sup>, while focusing on climate mitigation and adaptation in particular, in the private sector.<sup>17</sup>

**2.22 Regional Integration:** In addition to these cross-cutting themes, the PSS will maintain the Bank’s commitment to economic cooperation and regional integration, which will be reflected in the regional initiatives to be implemented under the Strategy.

### **Strategic Priorities and Focus Areas**

**2.23** The three (3) Strategic Priorities of the PSS: **a) Improving the enabling environment; b) Promoting access to finance; and c) Promoting enterprise development** are designed to address the ecosystem challenges previously highlighted i.e., Business Environment Constraints, Underdeveloped Capital Markets, and the Lack of Competitiveness of firms in the region. These 3 Strategic Priorities will be implemented through activities in 4 Focus Areas: **(a) Legal and Regulatory Reforms; (b) New Financial Instruments; (c) Direct Firm Lending; (d) Capacity-building for BSOs, MSMEs and FIs.**

**2.24 Priority 1. Improving the Enabling Environment.** The Strategy recognises that improving BEE increases firm competitiveness, which relies on good infrastructure and institutions that minimise costs,

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<sup>13</sup> See, Into The Minds: Entrepreneurship: 7 Key Differences Between Men and Women.

<https://www.intotheminds.com/blog/en/entrepreneurship-differences-women-men/> ; OECD, Policy Brief on Women’s Entrepreneurship. <https://www.oecd.org/cfe/smes/Policy-Brief-on-Women-s-Entrepreneurship.pdf>.

<sup>14</sup> Caribbean Development Bank, Climate Resilience Strategy 2019-2024, p. 1.

<sup>15</sup> In 2022, funding commitments for climate projects increased to US\$40 million, compared to US\$20 .4 million. CDB Annual Report, 2022. p.8.

<sup>16</sup> These goals include: the mobilization of concessionary funds for climate activities; helping to scale-up climate resilient activities in key sectors; and supporting an enabling environment to support climate interventions.

<sup>17</sup> Comparatively speaking, much less attention and financing has been dedicated to climate adaptation as compared to mitigation in the private sector in the region.



maximise factor productivity. A strong business environment also supports the emergence and sustainability of enterprises, promotes export diversification, and overall private sector development. By contrast, current BEE gaps in BMCs such as dated institutional frameworks (e.g., paper-based systems and inefficient business processes) in public agencies, lengthen the time and resources necessary for firms to navigate regulatory processes, and conduct business, ultimately increasing the cost of getting goods and services to market. The PSS will focus on BEE improvement, which will emphasise legal and regulatory reforms to increase the “ease of doing business”, as well as the development of legal and regulatory frameworks to facilitate to support the expansion of financing options for firms. These options are limited in particular for so-called “missing middle” firms and women-owned companies in the region. Missing-middle firms are too large to qualify for microfinance, often considered too risky to qualify for commercial bank loans and not yet attractive to investors. Women-owned firms cite unfavourable loan terms --- high-interest rates and high collateral requirements -- as barriers to scaling their business.<sup>18</sup> Both groups of firms often face other challenges as well, such as lack of access to markets, and these barriers are further aggravated by BEE gaps. The Bank will support BEE regional and national programs that will help to “level the playing field” for these firms.

- (a) **Focus Area 1: Legal and Regulatory Reforms** – Using policy-based financing instruments, technical assistance (TA) resources and other financing vehicles, the Bank will promote country-led reforms (legal, institutional, regulatory, infrastructure) to improve BMC business environments in general and overall country competitiveness. These reforms will include, for example, improvements in property registration, reforms of intellectual property regulations, and revamping insolvency legislation and laws surrounding the enforcement of commercial contracts. Through TA, the Bank will provide broad-based advice to BMCs on improving their BEEs. The focus will be on establishing new legislation, introducing new business facilitation processes and effecting reforms of existing processes. This will improve operational efficiency and reduce costs associated with high-frequency business facilitation services (e.g., starting a business, eliminating (credit) information asymmetry, improving turnaround times for permits, customs approvals, etc. The Bank anticipates that its efforts to help improve BEEs will lead to enhancements in operational efficiency and reduced transaction costs – resulting in improved productivity and competitiveness in the private sector.

2.25 **Priority 2. Promoting Access to Finance** - Ideally, to grow and scale, businesses need a suite of financing instruments available and suitable to each stage of development, from the seed and early stage to maturity. Access to finance and an underdeveloped capital market are both limiting factors to economic growth in the Caribbean. MSMEs in BMCs currently face a narrow range of financing options compared to their counterparts in other frontier markets. Overall, the financial sector’s use of deposit liabilities is below average, with most banks having loan-to-deposit ratios of less than 60%. In addition, financial institutions tend to offer a limited range of loan products with one product (mortgages) accounting for about 80% of loan portfolios. Institutions refrain from lending most of their deposit liabilities or creating new financial instruments that will result in financial deepening because (i) they lack the technical knowledge to do so and (ii) the absence of proactive legislation to encourage them to create new product offerings. The Strategy seeks to realise the Bank’s goal of access to adequate and affordable financing for MSMEs. As such, it supports a comprehensive access to finance approach which seeks to address develop the capital market and broaden financing options for firms. First, the Bank will expand the suite of lending options for existing financing DFI partners; establish financing partnerships with new FI intermediaries beyond DFIs; and increase the Bank’s existing suite of financing products (e.g. equity). Second, the Bank will develop new financing instruments, increase direct lending to private firms, and develop initiatives such as

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<sup>18</sup> Across the Caribbean, between 30%-45% of women-owned firms (excluding the OECS) cite collateral as a major barrier to credit access. Finance for Firms: Options for Improving Access and Inclusion, Caribbean Economics Quarterly, Vol. 11, Issue 2, July 2022, p. 13.

loan syndication, to address the specific financing needs of large firms. The Strategy also includes capacity-building for DFIs and other financial intermediaries to support the roll-out of the new financing products.

- (a) **Focus Area 2: New Financial Instruments** – In keeping with the more comprehensive approach to private sector financing, the Bank will support expanding the range of loans and financial services provided through DFIs, which generally offer more attractive financing terms than commercial banks. In fact, DFIs are often lenders of last resort for micro and small businesses. This increase in financing options will be undertaken bearing in mind the need to address MSME liquidity and working capital needs. This is a major business constraint, which has been exacerbated by COVID-19. Addressing the MSME liquidity challenge will transform the financial health of MSMEs, facilitate more unconstrained growth and make these firms more attractive to finance providers. CDB will also expand its own financing offerings while seeking to increase participation in equity and other financing operations through co-investment with the regional and international private sector and IFI players. The Bank will also seek to establish new financing instruments, many of which are currently being offered by other IFIs – e.g., a regional partial credit guarantee scheme, creating a Global Credit finance instrument for financial intermediaries and trade finance. The Bank will also continue to support efforts to value and collateralize the IP assets of MSMEs, to increase access of these firms to financing. CDB will also broaden access to its conventional Lines of Credit to a broader range of financial intermediaries.
- (b) **Focus Area 3: Private Firm Lending** - The PSS calls for the Bank to go significantly beyond its current support to the private sector and in particular to take on a major role in providing adequate and affordable financing for firms in the region. Finally, the Bank will leverage OSF to facilitate direct lending to private sector firms including infrastructure providers, in BMCs. To date, the Bank has focused almost exclusively on intermediary lending (sovereign guaranteed) through DFIs. It has not had a track record in direct loans, due to limited bank resources relative to potential demand, lending policies and procedures that limit non-sovereign lending, based on the potential risk to the bank's balance sheet and credit rating. Only 5.5% of the Bank's Ordinary Capital Resources (OCR) Loan portfolio was classified as non-sovereign debt as of December 2022. The challenge now is to expand direct lending to the private sector without compromising the Bank's balance sheet and international credit rating. Expansion of CDB direct lending to the private sector will require a review of the Bank's existing financing and governance policies, including interest rates policy. This will mean the Bank will need to reconcile its prudent lending policies with its commitment to a significant expansion of its non-sovereign interventions. The Bank will explore possibilities for co-financing and loan syndication arrangements with FIs and other international and multilateral partners to support an initial series of private sector development projects in agriculture (food security), as “proof of concept”.<sup>19</sup>

2.26 **Priority 3. Promoting Enterprise Development** – The establishment and growth of dynamic businesses in the private sector contributes significantly to employment creation, income generation, poverty reduction, and economic resilience in BMCs. Sustained efforts in enterprise development can also promote innovation and economic diversification, which fosters more inclusive and sustainable economic growth in the region. Enterprise development includes activities to facilitate access to finance, access to markets, business development services (BDS) and capacity-building. Over the years, CDB has provided grant support to BMCs in all these areas, either in stand-alone operations or in collaboration with partners, such as the Compete Caribbean Partnership Facility. However significant challenges remain. The Strategy will focus on capacity-building for firms as well as business support organisations that provide business development services (BDS) to the private sector, in order to close important knowledge gaps that constrain

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<sup>19</sup> These projects are in line with the CARICOM goal of reducing the region's food imports by 25% by 2030.

firm competitiveness and result in uneven quality in BDS delivery. This will build on the previous and existing work of CTCS.

- (a) **Focus Area 4: Capacity-Building for Business Support Organisations, MSMEs & FIs** – The PSS will significantly expand the Bank’s capacity-building activities through CTCS. As reflected in the new CTCS Strategic Plan, CDB will undertake a variety of training activities at the regional level. First, the Bank will support capacity-building (training-of-trainer programs) for BSOs to facilitate knowledge-sharing and to enable them to effectively deliver MSME training at the local level, thereby ensuring consistency in the quality and content of the programmes being offered. Second, direct technical assistance and training will be provided to dynamic MSMEs at the regional level with the potential to scale, aligned with areas of particular growth potential in the Caribbean – for example, the blue economy, and the silver economy<sup>20</sup>. Training to these firms will also include capacity-building in climate mitigation/adaptation strategies to build environmental resilience in the private sector, and training to enable them to participate effectively in national and regional value chains<sup>21</sup>. CDB will build on ongoing capacity-building efforts providing women-owned businesses in BMCs with access to networking, finance and markets, such as the SheTrades (Caribbean) Initiative with the International Trade Center (ITC)<sup>22</sup>. Third, the Bank will finance technical and capacity-building training to private lending institutions, DFIs and other commercial intermediaries to: (a) effectively incorporate technology and digital solutions to improve operational efficiency and reduce the cost of loan processing; (b) roll out new financial instruments to support CDB’s expanded private sector lending; and (c) to enable them to value and accept new forms of loan collateral such as intellectual property<sup>23</sup>.

2.27 In the design of PSS projects and programs, the Bank will strengthen collaboration and coordination efforts with other Multilateral Development Banks (MDBs) to avoid duplication of effort, effectively leverage resources, pursue co-financing opportunities, and strengthen partnerships. [Appendix 3](#) provides an indicative list of projects being currently implemented by MDBs and other donors.

2.28 The link between the entrepreneurship ecosystem challenges to be addressed in the PSS, the Strategic Priorities and Focus Areas, as well as the Stakeholders targeted are summarised in Figure 3.

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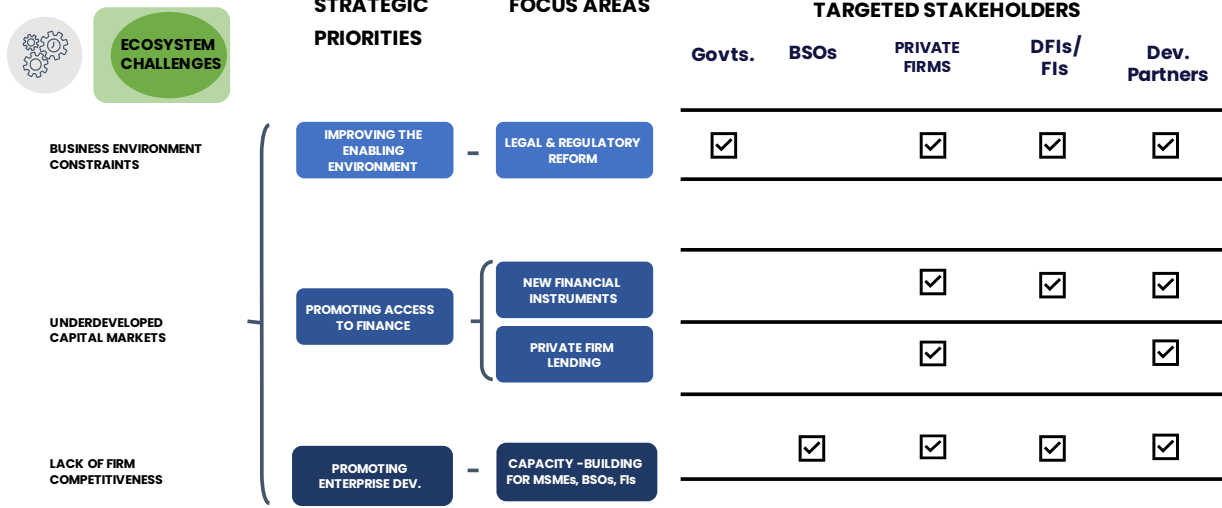
<sup>20</sup> This is a new area of innovation and economic opportunity for MSMEs in the Caribbean, to address the consumption, living and health needs of the older ageing population. Innovative projects to address this market niche are being encouraged in Latin and Central America, with the support of the Inter-American Development Bank (IDB).

<sup>21</sup> The “business case” for climate adaptation measures must be made to the private sector in the region, in particular to firms in sectors other than agriculture and tourism, where the need for adaptation is not readily apparent.

<sup>22</sup> SheTrades Caribbean is part of a broader global initiative by the ITC, which offers online training, access to markets and investment to women-owned small businesses. <https://www.shetrades.com/>.

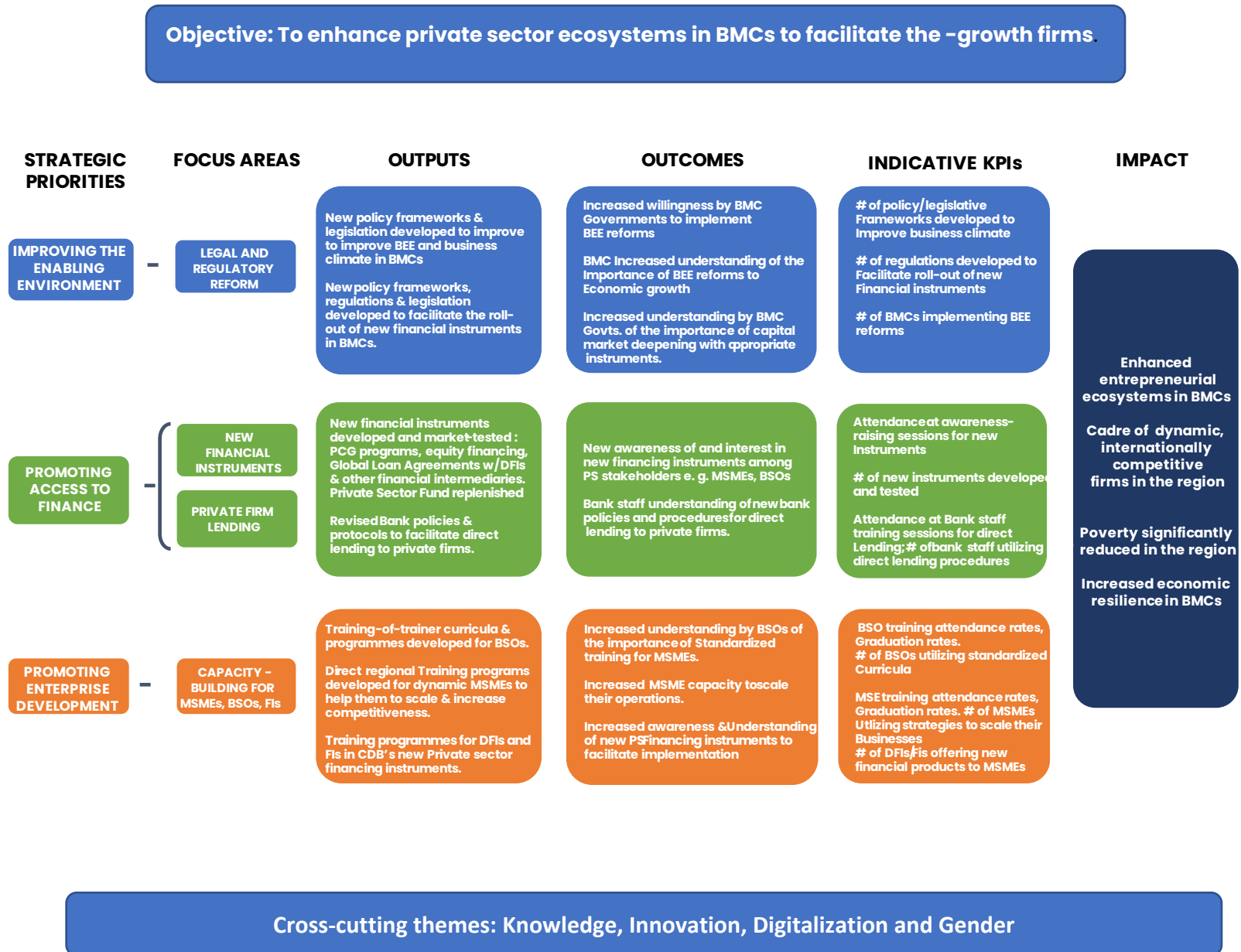
<sup>23</sup> In 2021, the Bank financed a regional capacity-building program to train Caribbean IP valuers in the IDB-funded project, Strengthening the Intellectual Property (IP) Ecosystem to Increase Innovation, Competitiveness and Growth of Micro, Small and Medium-Sized Enterprises (MSMEs) in Jamaica.

**Figure 3: PSS Stakeholders**



2.29 Building out the Strategic Framework, the linkages between the Overall PSS Objective, Strategic Priorities and Focus Areas, Indicative Outputs, Outcomes and KPIs are illustrated below in Figure 4.

Figure 4: PSS Key Elements



### 3. PRIVATE SECTOR STRATEGY IMPLEMENTATION

3.01 PSS implementation will be led by the Private Sector Division (PSD) within CDB's Projects Department. PSD has responsibility for: (a) improving access to credit and strengthening the regulatory environment and broader ecosystem within the private sector; and (b) facilitating trade and promoting MSME growth.

#### **Resource Mobilisation**

3.02 Successful implementation of the Strategy will require adequate financial resources, particularly given the scope and range of new private sector activities contemplated. Increased financing for these interventions is constrained both by the limited fiscal space in BMCs themselves and the Bank's limited resources and stringent lending policies. Therefore, captured in the Bank's broader mobilisation effort to access adequate and affordable finance for the regional development agenda will be targeted efforts at raising funds for private sector interventions. This will constitute a "multi-source", "multi-instrument approach" - that will include sourcing funds from a variety of existing and previously untapped partners, which along with CDB will form a "coalition for development" to achieve PSS goals.

3.03 Consistent with the approach in the proposed Resourcing Framework<sup>24</sup>, the private sector will play a key resource mobilisation role in the new financing arrangements – for example, resource blending schemes and co-financing. The Bank will "crowd in" more private capital through market-based debt financing arrangements (e.g. loan syndication), equity and quasi-equity, guarantee instruments, and mobilise additional concessionary resources, including an increased replenishment of CTCS.<sup>25</sup> It will form partnerships with bilateral, multilateral and international agencies for co-financing opportunities to effectively leverage CDB's limited resources and also replenish the Private Sector Fund to expand the Bank's private sector lending in the short term.<sup>26</sup>

3.04 Resource mobilisation from the private sector will be based on a new partnership with the Bank, emphasizing the co-creation of markets to achieve national development outcomes. Resourcing efforts in turn will be bolstered by the Bank's interventions to enhance BMC ecosystems outlined in the strategy, which involve regulatory and market infrastructure improvements that will encourage the private sector to participate in the new financing and co-financing arrangements as a CDB partner.

3.05 Consistent with the objectives of the PSS, CDB will need to increase its human resource capabilities in private sector lending, business development, knowledge management, monitoring and evaluation, as well as the implementation of ongoing and new initiatives. This will include training of existing Bank staff as well as securing new hires for PSD, in alignment with the Bank's approved Work Programme (2022-23). In addition, dedicated human resources will be engaged to enhance the Bank's resource mobilisation efforts.

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<sup>24</sup> See, Updated Report on The Establishment of an Expanded Private Sector Financing Vehicle.

<sup>25</sup> The new CTCS Strategy makes this recommendation, in order to increase its effectiveness and impact in the region.

<sup>26</sup> The Private Sector Fund had an estimated US\$12.5 million at the end of 2022, which should be fully obligated by the end of 2023.

## Risk Assessment

3.06 As with any Strategy, there are risks to be considered. Table 3 below highlights the key risks to successful PSS implementation.

**TABLE 3: PSS 2023–2028 -- RISK ASSESSMENT**

<b>Risk Category</b>	<b>Risk Type</b>	<b>Description of Risk</b>	<b>Mitigation Measures</b>
Political/ Developmental	Policy/ Political	BMCs do not adequately prioritise PSD matters and do not respond appropriately to challenges e.g., strengthening the enabling Frameworks – necessary for increased private investments and firm competitiveness	Develop compelling evidence-based case for urgent and bold actions for PSD – reflecting each BMC’s context; Work with regional agencies to further the key messages through policy dialogue.
Strategic	Market	Lower than expected demand in the region for CDB’s new financial products	Increased resource mobilisation efforts by CDB anchored in an agreed re sourcing framework to secure AAAF for private sector development initiatives.
Financial	Institutional	Limited human resource capacity in PSD and boundary partners who support PSD transactions (recovery, legal, PPU) for PSS implementation	Progress made on recruitment
Financial	Credit/Market	Potential losses from private sector transactions, particularly direct lending.	CDB to ensure adequate absorptive capacity for losses ( e.g., use of concessional resources) Development and approval of appropriate credit approval process to be more congruent with new financing modalities.
Financial	Institutional	Gestation period between approval of strategy and closure of deals. (Time to hire, train, design projects )	Design of a PSS roadmap including timelines, with implementation activities beginning immediately after approval of the Strategy.
Financial	Resource	Inadequate availability of OCR and concessional resources to meet the demand in BMCs considering the maintenance of CDB’s current credit rating.	Establishing the widest partnerships to mobilise resources in the context of the AAAF Framework including : <ul style="list-style-type: none"> <li>(a) more explicit and intentional efforts at crowding in /partnering with the regional private capital in both debt and equity solutions.</li> <li>(b) exploring new instruments that can be leveraged by the CDB against its own capital while protecting its credit rating (for example, SDR/Hybrid capital); guarantees and credit insurance;</li> <li>(c) exploration of approaches by the CDB to increase its own capital base through increased membership; and the possibility of a much higher capital subscription (lower callable capital);</li> <li>(d) pursuing efforts to tap into new or augmented concessional resources;</li> <li>(e) efforts to increase and deploy national savings amongst BMCs, and the promotion of strong intermediation</li> </ul>

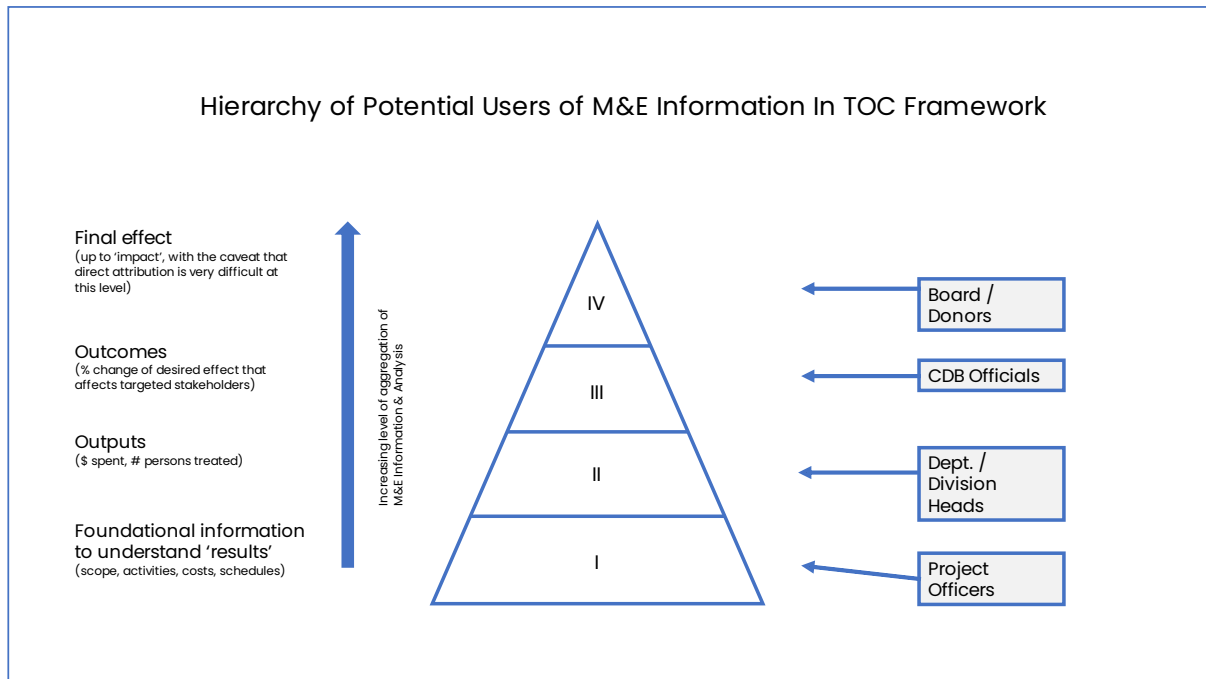
Risk Category	Risk Type	Description of Risk	Mitigation Measures
			frameworks within BMCs and cross border by CDB in partnership with national central banks; and  (f) rationalising the need to integrate existing financing institutions within the overall development financing framework to build capacity to implement development at scale and with enhanced efficiency and coherence

**Measuring Results - Monitoring & Evaluation**

3.07 At the heart of operationalising the PSS TOC is a robust M&E framework that serves two purposes: accountability and learning, and ultimately mainstreams evidence-based decision-making within the Bank. Through the TOC framework, the Bank will demonstrate and map in a systematic way the link between Inputs and Outcomes/Impact, both at the level of individual Bank interventions and at the level of the PSS itself.

3.08 Overall, CDB’s activities are structured around an RMF. The Bank’s increased engagement with the private sector under the new PSS will require a review and revamping of the private sector indicators in Level 2 of the RMF, in keeping with the TOC approach. The emphasis on project Outcomes and Impact will generate knowledge which can be shared with stakeholders and partners to support the Bank’s ongoing resource mobilisation efforts. This can also foster adaptation and learning both on the part of stakeholders and Bank staff, which should lead to better project outcomes. Figure 5 below demonstrates the value of the M&E information generated under a TOC scheme to the various levels of users in CDB.

**Figure 5: CDB Users of M&E Information in PSS**







<b>PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) Loans &amp; Equity</b>					
<b>CDB Private Sector Strategy Pillar 2: “Expanding infrastructure for inclusive economic and human capital development”</b>					
<b>YEAR</b>	<b>PROJECT</b>	<b>DESCRIPTION</b>	<b>PARTNER(S)</b>	<b>BENEFICIARY COUNTRIES</b>	<b>APPROVED AMOUNT (\$ millions)</b>
2017	Ninth Consolidated Line of Credit	<ul style="list-style-type: none"> <li>• Student Loans: loans for tertiary education both within and outside of the Caribbean region</li> <li>• Housing: Funding provided to lower and lower-middle income households for renovations, repairs and retrofitting with Energy Efficiency/Renewal Energy options</li> </ul>	Dominica Agricultural and Industrial Development Bank (AID Bank)	Dominica	\$10.00
2017	Ninth Consolidated Line of Credit	Student loans to financially disadvantaged students	Government of the Commonwealth of Dominica	Dominica	\$2.00
2021	Belizean agricultural capacity building project	Support to increase the “productivity, quality, standards, and competitiveness” of the members of the association	Toledo Cacao Growers Association Limited	Belize	\$0.50
2021	Bahamian standards and quality project	Evaluating the sufficiency of existing calibration infrastructure and proposing a new more sustainable metrology and calibration infrastructure based on the findings of the evaluation	The Bahamas Bureau of Standards and Quality	The Bahamas	\$0.33
2021	Barbadian export capacity building project	A project with the port aimed at “increasing the efficiency and transparency of its goods clearance and trading processes”	Barbados Port Inc.	Barbados	\$0.25

**TABLE 1: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) Loans & Equity**

<b>CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs</b>					
<b>YEAR</b>	<b>PROJECT</b>	<b>DESCRIPTION</b>	<b>PARTNER(S)</b>	<b>BENEFICIARY COUNTRIES</b>	<b>APPROVED AMOUNT (\$ millions)</b>
2020	Pandemic Adaptation	Assistance for MSMEs that export, to help them adapt to the pandemic	Caribbean Export Development Agency	Regional	\$0.60
2021	Line of Credit: Support for MSME Financing	Line of Credit for on-lending to MSMEs to cope financially with the pandemic.	Inter-American Development Bank (IDB), Government of the Commonwealth of Dominica (GOCD), Dominica Agricultural and Industrial Development Bank (DAIDB)	Dominica	\$10.34

**TABLE 2: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) Technical Assistance**

**CDB Private Sector Strategy Pillar 1: “Improving the investment and business climate”**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES
2017	Response to De-risking	Assist Caribbean countries to improve AML/CFT frameworks, through: Creation of national risk assessments and action plans, initiation of legal and regulatory reforms, creation and implementation of a communication strategy, and training of financial institutions in AML/CFT strategies.	Inter-American Development Bank (IDB) and Multilateral Investment Fund (MIF)	Caribbean Countries
2019	Development Bank restructuring	Reviewing the operations of the Bahamas Development Bank to improve access to resources	Bahamas Development Bank	The Bahamas
2019	Partial credit feasibility study	Funding for feasibility study to support partial credit guarantee scheme (\$0.045 million)	No partners. CDB-led study.	OECS, Barbados, Jamaica
2020	Partial credit feasibility study	Capacity-building for feasibility study: Partial credit guarantee scheme	No partners. CDB-led study.	Turks and Caicos Islands
2021	Technical assistance intervention	Financing proposals for the extension of DFI lines of credit for on-lending to MSMEs and households to finance climate mitigation and adaptation	Green Climate Fund (GCF)	Belize, Jamaica, and Saint Lucia
2021	Technical assistance intervention	Assistance to the Belize DFC to encourage the private sector to take climate action	Green Climate Fund (GCF) and Belize’s Development Finance Corporation (DFC)	Belize
2021	Technical assistance intervention	Facilitate DFC accreditation to the GCF	Green Climate Fund (GCF) and Belize’s Development Finance Corporation (DFC)	Belize

**TABLE 2: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) Technical Assistance**

**CDB Private Sector Strategy Pillar 2: “Expanding infrastructure for inclusive economic and human capital development”**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES
2017	Technical assistance intervention	TA to improve the AID Banks’s capability to handle the risks posed by climate change and for AID bank itself to consider CC risk by using risk assessments in their policies and procedures	Dominica Agricultural and Industrial Development Bank (AID Bank)	Dominica
2021	Technical assistance intervention	Assistance to AID bank for a Gender Equality Policy and Action Plan (GEPAP)	Dominica Agricultural and Industrial Development Bank (AID Bank)	Dominica
2021	Technical assistance intervention	Assistance to AID bank to create an Environmental and Social Policy and taking this policy into consideration in investment policies and procedures	Dominica Agricultural and Industrial Development Bank (AID Bank)	Dominica

**TABLE 2: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) Technical Assistance**

**CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES
2017	Technical assistance intervention	Capacity-building of development institutions and business support organisations to improve their ability to serve the private sector, and enhance their business models	N/A	N/A
2018	Green business entrepreneurs	Grant support to 300 green entrepreneurs in the OECS	N/A	OECS and Suriname
2019	Strengthening the Entrepreneurial Spirit of Caribbean Youth and the Caribbean Tech Entrepreneurship Programme	Support to further the bank’s goal of digital transformation through the training of 600 young entrepreneurs	Youth development agencies	12 BMCs
2019	Green business entrepreneurs	Support to green entrepreneurs in the OECS through two capacity-building boot camps	Caribbean Climate Innovation Centre	The Bahamas and St. Kitts and Nevis
2020	Webinar Series	Sensitising BSO staff about the natural disaster and mental health impacts, needs and challenges of MSMEs and coping strategies	Pan-American Health Organization	N/A

**TABLE 3: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CTCS**

**CDB Private Sector Strategy Pillar 2: “Expanding infrastructure for inclusive economic and human capital development”**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2018	Train-the-trainer workshop: “Improved Practices for the Construction of Houses”	To train individuals in constructing hurricane resilient housing in the aftermath of Hurricanes Irma and Maria which impacted the Caribbean in 2017.	Caribbean Disaster Emergency Management Agency (CDEMA) and Ministries and Departments of Housing and Planning	Antigua, Anguilla, Barbados, Belize, Bahamas, BVI, Cayman Islands, Dominica, Grenada, Haiti, Jamaica, Saint Lucia, Montserrat, St. Kitts & Nevis, St. Vincent and the Grenadines, Turks and Caicos	\$0.279
2019	Agri-business training	Training 67 farmers, exporters and airport staff in the handling of agricultural produce after they are harvested to prevent waste	Suriname Business Forum	Suriname	Portion of \$0.80
2019	Train-the-trainer	Training educators who work in technical training institutions in using the Computerised Job Estimation Tool (CJET) so that they can train artisans and small contractors in the CJET Tool	Technical and Vocational Training institutions	Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, BVI, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos	Portion of \$0.80
2021	Climate Action Innovation Project (CTCS)	Supporting innovations in climate change mitigation and adaptation	Caribbean Climate Innovation Center	Barbados, Jamaica, Saint Lucia, Trinidad and Tobago, Suriname	Portion of \$1.83

**TABLE 3: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CTCS**

**CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2017	Citrus quality management system	Creation of a Citrus quality management system so that MSME Belizean citrus production will meet international standards	Belize Bureau of Standards	Belize	\$0.806
2017	Aquaponics capacity building grant	45 farmers and 20 extension officers trained in aquaponics farm management	INMED	Jamaica	
2017	Beekeeping Training	Training provided to Amerindian communities, young people, women and disabled individuals in the practice of beekeeping	Georgetown Chamber of Commerce and Industry	Guyana	
2017	Rapid Training of Artisans programme	234 Artisans trained to build hurricane-resistant houses (restoring roofs and timber-framed walls) and that comply with the country’s building codes	Ministry of Housing and Planning/Emergency Operation Centre	Dominica	
2017	CTCS Technical assistance grants	Other CTCS projects: 41 technical assistance programmes, benefitting 863 business persons	Caribbean Tourism Organisation, SOFIHDES Haiti, Jamaica Association of Composers, Authors, and Publishers Ltd., Jamaica Ministry of Health, and Saint Lucia Ministry of Commerce and Industry,	Belize, Guyana, Haiti, Jamaica, Montserrat, St. Kitts & Nevis, Saint Lucia, St. Vincent & The Grenadines	
2018	CEDA’s WE-XPORT programme	Funding to improve the capacity of MSMEs to access finance	Caribbean Export Development Agency (CEDA)	Antigua, Bahamas, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, St. Kitts & Nevis, St. Vincent and the Grenadines, Suriname	\$0.055

**TABLE 3: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CTCS**

**CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2018	CTCS Technical assistance grants	Technical assistance grants: 34 TA interventions were implemented, benefitting 719 business persons	Ministries and Departments of Housing and Planning, Caribbean Tourism Organization, Saint Lucia Coalition of Services Industries, Barbados Industrial Development Corporation, Youth Business Caribbean (Youth Business Trusts), and Orbit Innovation Project Inc.	Antigua, Anguilla, Barbados, BVI, Dominica, Grenada, Haiti, Jamaica, Saint Lucia, Montserrat, St. Kitts & Nevis, St. Vincent and the Grenadines, Trinidad and Tobago	\$1.10
2019	CTCS Technical assistance grants	Two regional and 15 national workshops - benefited 1,781 business persons in 19 BMCs	Technical and Vocational Training institutions, Ministries and Departments of Housing and Planning, Youth Business Caribbean (Youth Business Trusts), Suriname Business Forum, and Saint Vincent and the Grenadines Hotel and Tourism Organisation	All 19 BMCs	Portion of \$0.80
2019	Improved Construction Practices for the Construction of Houses	Training support for individuals (432 artisans, small contractors, building inspectors, engineers, and architects) in constructing hurricane resilient housing in the aftermath of Hurricanes Irma and Maria which impacted the Caribbean in 2017.	Ministries and Departments of Housing and Planning	Antigua and Barbuda, Belize, Cayman Islands, Grenada, Guyana, and Jamaica	

**TABLE 3: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CTCS**

**CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2020	Proposal-writing facility (CTCS)	Funding provided to establish a proposal-writing facility to aid MSMEs in writing proposals to access CTCS resources	Business support organisations and micro, small and medium-sized enterprises (MSMEs)	All 19 BMCs	\$0.082688
2020	CTCS Webinar Series	A webinar series to increase MSMEs (1000 operators) capacity to cope with their pandemic-related challenges.	Various Business Support organisations	All 19 BMCs	N/A
2020	Loan Application Appraisal Training (CTCS, CIIF)	Training provided to DFIs’ staff and consultants in assessing loan applications made by the creative sector	Development Finance Institutions (DFIs)	Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, St. Kitts and Nevis, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago	\$0.178450
2021	COVID-19 response Grant Facility	Grants were “awarded to 61 export-oriented MSMEs ”	Caribbean Export Development Agency (CEDA)	All 19 BMCs	\$0.80



**TABLE 3: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CTCS**

**CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2021	“Future Tourism: Rethinking Tourism and MSMEs in times of COVID-19” (CTCS)	Promoting the digital transformation of 300 MSMEs in the tourism industry that were affected by the COVID-19 pandemic	United Nations Development Programme (UNDP)	Barbados and the OECS	Portion of \$1.83
2021	Incubator programme (CTCS)	Funding to increase the competitiveness of participating MSMEs, and to provide access to Massy’s distribution networks in Trinidad and Tobago, Barbados and Saint Lucia	Massy Group and Nudge Caribbean	Barbados, Saint Lucia, Trinidad and Tobago	
2021	Enhancing the operational capacity of MSMEs in Anguilla	Capacity-building support (training and business advice/mentorship) to 20 MSMEs with high growth potential in key operational areas (Business Planning, Accounting and Bookkeeping, Market and Human Resource Management)	Anguilla Chamber of Commerce and Industry	Anguilla	
2021	Crowdfunding Framework (CTCS)	Support to create a crowdfunding framework in Eastern Caribbean Currency Union countries	Eastern Caribbean Securities Regulatory Commission	OECS Countries	
2021	Development of a virtual trade show platform	Funding to facilitate B2B and B2C commerce with local and overseas businesses and consumers	Jamaica Manufacturers and Exporters Association	Jamaica	

**TABLE 4: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CIIF**

**CDB Private Sector Strategy Pillar 1: “Improving the investment and business climate”**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2018	Solutions to collateral issues with financial institutions	Improving the intellectual property ecosystem in Jamaica to support the use of intellectual property by MSMEs as collateral for funding from financial institutions	Jamaica Intellectual Property Office	Jamaica	\$0.1499

**TABLE 4: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CIIF**

**CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2017	Establishing the Cultural and Creative Industries Innovation Fund (CIIF)	New fund aimed at encouraging innovation and strengthening Business Support Organisations (BSOs) and MSMEs in cultural and creative industries through the provision of grants	BSOs re national interventions	All BMCs.	\$2.60
2019	CIIF accelerator programmes	Capacity-building for firms in the creative sector: fashion (20 businesses), animation (34 businesses), and film (8 businesses)	Caribbean Export Development Agency (CEDA) and Caribbean Tales	All 19 BMCs	\$0.07
2019-2021	Enabling Environment Grants	Grants aimed at improving the business environment for the creative industries (music, animation, and fashion and carnivals)	Grant recipients (BSOs and creative practitioners)	All 19 BMCs	\$0.70
2019	Cultural and Creative Industries Innovation Fund (CIIF)	Other Grants to support the work of creatives( Not Enabling Environment Grants)	Grant recipients (creative practitioners)	Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St. Vincent and the Grenadines, Trinidad and Tobago, Virgin Islands, Saint Lucia, and Suriname	\$0.20

**TABLE 4: PRIVATE SECTOR DEVELOPMENT PROJECTS (2017 - 2021) CIIF**

**CDB Private Sector Strategy Pillar 3: “Promoting equitable enterprise development” with a focus on MSMEs**

YEAR	PROJECT	DESCRIPTION	PARTNER(S)	BENEFICIARY COUNTRIES	APPROVED AMOUNT (\$ millions)
2020	Emergency relief financing	Emergency relief financing (\$100,00) to creative industry entrepreneurs whose businesses were negatively impacted by the pandemic	Grant recipients (BSOs and creative practitioners)	All 19 BMCs	\$0.10
2021	CIIF accelerator programmes	Three accelerator programmes. Capacity building of music and visual arts entrepreneurs	Barbados Industrial and Development Corporation (BIDC) CEDA and Anima Caribbean (T&T)	Barbados, Haiti, Jamaica, The Bahamas, Belize, Dominica, Guyana, Suriname and Trinidad & Tobago	\$0.48
2021	CIIF E-learning schemes	Two E-learning schemes: “Proposal Writing for the Cultural and Creative Industries” and “Gender Sensitisation. Training for CIIF Grantees” - a total of 180 individuals participated.	CDB led intervention in partnership with the Bank’s Social Sector Division (SSD)	All 19 BMCs	

**SOURCES for Tables 1-4:**

CDB Staff

Caribbean Development Bank Annual Reports 2017 - 2021. <https://www.caribank.org/publications-and-resources/resource-library/annual-reports/cdbs-2018-annual-report>

Caribbean Development Bank Private Sector Development Policy and Strategy. (2017, July). Caribbean Development Bank. [Private Sector Development Policy and Strategy | Caribbean Development Bank \(caribank.org\)](#)

**CDB: COLLABORATION WITH COMPETE CARIBBEAN PARTNERSHIP FACILITY**  
**BUSINESS CLIMATE REFORM PROJECTS**

<b>TC NUMBER</b>	<b>TC NAME</b>	<b>SCOPE/COMPONENTS</b>	<b>STATUS</b>
<b>RG-T3520</b>	Improving the Business and Innovation Climate and Capacity to Attract Investment in OECS Member Countries	<ul style="list-style-type: none"> <li>• Establishing Electronic One-Stop-Shops for Business Registration (OSS BSR) in Antigua and Barbuda, Dominica, Grenada and St. Vincent and the Grenadines, inclusive of digitization of hard copy records, legislative reforms, and change management and communications.</li> <li>• Legislative reforms to support the establishment of the Government of Saint Lucia's e-government platform/DigiGov.</li> <li>• Capacity building of Invest SVG and establishing a Unit within the Government of St. Vincent and the Grenadines to coordinate business and investment climate reforms.</li> <li>• Replicating in the other OECS Member Countries, reforms to Protecting Minority Investors and Enforcing Contracts started under RG-T3269.</li> </ul>	In progress
<b>RG-T3269</b>	Supporting the Implementation of a Business Climate Reform Program in St. Lucia	Support for the implementation of a business climate reform agenda that creates an enabling environment for Small and Medium Sized enterprises in St. Lucia	Completed
<b>BL-T1110</b>	Leveraging Digital Technology for Improving the Business Climate in Belize	<ul style="list-style-type: none"> <li>• Streamline Business Processes</li> <li>• Legislative Review and Drafting</li> <li>• Digitization of Records</li> <li>• Communication and Public Awareness</li> </ul>	Completed
<b>RG-T3267</b>	Streamlining the Issuance of Construction Permits in Antigua and Barbuda	<ul style="list-style-type: none"> <li>• Business Re-engineering and System Design, Testing and Installation</li> <li>• Communications and Outreach</li> </ul>	Completed
<b>RG-T3268</b>	Support for Business Climate Reforms in Grenada	<ul style="list-style-type: none"> <li>• Customs and Excise Division, improving technical and performance management skills critical to reducing the time and cost to trade across borders.</li> <li>• International Business Unit, building capacity to lead the business climate reform process</li> </ul>	Completed -- however enactment of the updated customs Act to operationalize the full advanced ruling system remains outstanding.

<b>TC NUMBER</b>	<b>TC NAME</b>	<b>SCOPE/COMPONENTS</b>	<b>STATUS</b>
<b>BA-T1056</b>	Capacity Building for Barbados in Alternative Dispute Resolution Systems	<ul style="list-style-type: none"><li>• Business Strategy Formulation and Implementation</li><li>• Training to improve service delivery capacity.</li><li>• Client Relationship Management System</li></ul>	Completed
<b>GY-T1141</b>	Implementation of a Secured Transaction Regime and Green Business Framework in Guyana	Electronic Hire Purchase and Secured Transactions Registry Moveable Assets Registry and gap analysis and amendments to legislation to facilitate same.	Completed
<b>RG-T3270</b>	Institutional Strengthening to Promote the Development of Small and Medium Sized Enterprises in St. Vincent & the Grenadines	Digitization of hard-copy records and complete population of CIPO databases	Completed
<b>BA-T1063</b>	Strategic Roadmap for the Blue Economy	Design and kick start the implementation of an Integrated Blue Economy Policy Framework and Strategic Action Plan which was approved by Cabinet in October 2021; Design and implementation of an Institutional Capacity Building Program; Stakeholder Sensitization and Communications Program; and Sensitization of High-Level Government officials and establishment of multi-sectoral coordinating mechanism.	In Progress

TC NUMBER	TC NAME	SCOPE/COMPONENTS	STATUS
<p><b>RG-T4017</b></p>	<p>Support to Economic Recovery in the Caribbean through Trade and Investment in Blue Economy</p>	<ul style="list-style-type: none"> <li>Increasing BE investments flows in Belize This component will be executed in coordination with BELTRAIDE. Its objective is to foster BE FDI in Belize and will finance: (i) a BE Investment Promotion Strategy and Action Plan targeting the 2-3 subsectors with a stronger value proposition (ii) Capacity Building Program for BELTRAIDE focused on BE sector promotion and facilitation; and (iii) BE upskilling pilot program to fill industry skill gaps identified with the private sector.</li> </ul>	<p>In Progress</p>
		<ul style="list-style-type: none"> <li>Increasing BE investment flows in OECS. Its objective is to foster BE FDI in OECS and will finance: (i) investment Promotion Strategy &amp; Action Plan, which must include situational analysis, preliminary feasibility assessment, and impact on SDGs; (ii) creation of digital content, based on value propositions, and a platform to support the digital generation of FDI leads; and (iii) capacity building for OECS' IPAs to maximize lead generation and cooperation synergies in sustainable BE sectors in Grenada, St. Lucia and St. Vincent and the Grenadines.</li> </ul>	<p>In Progress</p>
		<ul style="list-style-type: none"> <li>Dissemination and coordination.</li> </ul>	<p>In Progress</p>

TC NUMBER	TC NAME	SCOPE/COMPONENTS	STATUS
<b>BL-T1145</b>	Strengthening the Policy and Institutional Framework for the Development of the Belize Blue Economy	<ul style="list-style-type: none"> <li>• Reviewing and analyzing existing blue economy policies, legislation, and regulatory and institutional frameworks in Belize, designed to promote investments and policy planning on the Blue Economy</li> <li>• Capacity building to support Blue Economic development in Belize (i) assess the institutional capacity of the Ministry of the Blue Economy and Civil Aviation and other ministries and departments which play key roles in the management and coordination of the Blue Economy (ii) to propose an institutional strengthening action plan with gender considerations and concrete measures to improve policy development &amp; program management; Improving the monitoring, reporting, and verification (MRV) of the Blue Economy; Generation of partnerships within the institutional arrangements of Belize and with other countries.</li> <li>• Communications and Public Awareness</li> </ul>	In Progress
<b>RG-T4169</b>	Supporting the Development of the Blue Economy in the OECS	<ul style="list-style-type: none"> <li>• Strengthening the policy and strategy framework for the development of the OECS Blue Economy.</li> <li>• Strengthening Coordinating Mechanisms and Reporting, Monitoring and Evaluation Systems.</li> <li>• Implementation of Gender Sensitive Communication Strategy</li> <li>• Monitoring and Evaluation</li> </ul>	In Progress
<b>TT-T1103</b>	Promoting the Blue Economy for Sustainable Economic Recovery in Tobago	<ul style="list-style-type: none"> <li>• Elaboration of an integrated Blue Economy Roadmap for a sustainable and resilient recovery from the COVID-19</li> <li>• Blue Economy Investment and Innovation promotion.</li> </ul>	In Progress
<b>TT-1096</b>	Trinidad and Tobago Accreditation Service for Conformity Assessment (TTASCA)	<ul style="list-style-type: none"> <li>• Regulatory Impact Assessment and Development of Legislation</li> <li>• Capacity Building of TTASCA</li> </ul>	Completed

TC NUMBER	TC NAME	SCOPE/COMPONENTS	STATUS
<p><b>JA-1161</b></p>	<p>Strengthening the Intellectual Property Ecosystem to Increase Innovation, Competitiveness and Growth in Jamaica</p>	<ul style="list-style-type: none"> <li>• Addressing IP Data &amp; Knowledge Gaps</li> <li>• Capacity-building in Valuation &amp; Valuation Techniques</li> <li>• Piloting IP Collateralization</li> <li>• Support for the Digitization of JIPO's Administration of IPR</li> <li>• Project Management and Communications</li> </ul>	<p>In Progress</p>
<p><b>RG-T3365</b></p>		<ul style="list-style-type: none"> <li>• Structuring to Accommodate for Regulatory and Supervisory Responsibilities</li> <li>• Implementation of Gender Sensitive Communication Strategy and Monitoring and Evaluation</li> </ul>	<p>Completed</p>
<p><b>SU-T1149 -</b></p>	<p>Leveraging digital technology to improve the business environment in Suriname</p>	<ul style="list-style-type: none"> <li>• Review of Legislative Framework for expediting the review and approval of business licenses and permits</li> </ul>	<p>In Progress</p>
		<ul style="list-style-type: none"> <li>• Automation of the Business Licensing System including (i) review of the existing business licensing and permitting system and processes in Suriname and design a solution that will leverage digital technology to improve transparency and efficiency and facilitate the tracking of applications and (ii) implementation of an automated system per the specifications provided by the diagnostic study.</li> </ul>	<p>In Progress</p>
		<ul style="list-style-type: none"> <li>• Communication and Change Management (US\$20,000). This component will facilitate the development of a Communication/Change Management Plan to guide non-technical changes in EZOTI, such as organization structure, staff allocation, management style, service culture etc., that will facilitate automation of services and support the public awareness campaign which is an integral and important part of the launch of the automated system.</li> </ul>	<p>In Progress</p>



**DONOR ACTIVITIES IN PSS STRATEGIC PRIORITY AREAS (2020-2023)**

<b>Strategic Priority 1: Improving the Enabling Environment</b>				
<b>Donor</b>	<b>Country</b>	<b>Project Name</b>	<b>Project Description</b>	<b>Implementing Agency</b>
Inter-American Development Bank	Belize	Digital Innovation to Boost Economic Development in Belize	US\$10 mil. loan to promote digitalization of MSMEs and government services to improve efficiency and ease of doing business (2022)	Ministry of Finance, Economic Development & Investment
Inter-American Development Bank	Belize	Trade & Investment Facilitation Program for Belize	US\$8 mil. loan to improve investment facilitation and trade processes for SMEs (2022)	Ministry of Finance, Economic Development & Investment
Inter-American Development Bank	Jamaica	Support for National MSME Innovation, Competitiveness and Productive Growth	US\$200,000 grant to a) evaluate the policy and regulatory framework and recommend reforms to support innovation, productivity and technology adoption for MSMEs; and b) raise awareness of technical and financial support available for MSMEs (2023)	Inter-American Development Bank
Inter-American Development Bank	Regional	Strengthening the Investment, Innovation & Business Climate in the Caribbean	US\$1.25 mil. grant to improve the business climate to promote increased private sector investment and innovation in the English-speaking Caribbean and Suriname (2022)	Inter-American Development Bank
Inter-American Development Bank	Suriname	Leveraging digital technology to improve the business environment in Suriname	US\$206,239 grant to improve the process of establishing a business	Inter-American Development Bank
Inter-American Development Bank	Trinidad and Tobago	Promoting Business Productivity and Economic Diversification for Recovery	US\$250,000 grant to improve the governmental institutions' capacity to encourage innovation in the digital space of the private sector (2022)	Inter-American Development Bank
World Bank	Jamaica	Jamaica Foundations for Competitiveness and Growth Project	US\$50 mil. loan to promote private sector investment by strengthening the business environment (2021)	Planning Institute of Jamaica

<b>Strategic Priority 1: Improving the Enabling Environment</b>				
<b>Donor</b>	<b>Country</b>	<b>Project Name</b>	<b>Project Description</b>	<b>Implementing Agency</b>
European Union (European Commission)	Trinidad and Tobago	Leveraging digital finance to increase resilience of ACP countries	EUR 14.5 million project to support nations with the creation of policies that foster financial inclusion (with a focus on disadvantaged groups and MSMEs) via digital finance (2020)	United Nations Capital Development Fund