



PRESS RELEASE

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CDB urges Region to act now to create environment for economic growth

February 17, 2017, BRIDGETOWN, Barbados – The Caribbean Development Bank (CDB) is projecting that the Region will experience economic growth of approximately 1.7 percent in 2017. However, CDB Director of Economics, Dr. Justin Ram, warns that this will not be enough to stimulate employment, particularly among youth, and reduce high regional debt levels. He points to the need for a long-term action plan that will allow the Region to participate in global supply chains, and drive sustainable economic growth.

In a presentation at the Bank's Annual News Conference, Dr. Ram urged regional policymakers to create an environment which increases productivity and enhances competitiveness, including a more welcoming doing-business environment, access to financing for MSMEs and labour market reforms.

"In this endeavor, it would be necessary to reform governance structures and institutions to support the new paradigm. Governments would have to be willing to stabilize their economies through fiscal and debt consolidation, implement structural reforms that enhance growth and develop strong, targeted social development programmes," he said.

Dr. Ram notes that fiscal reforms are necessary if the Region is to break the cycle of high debt and low growth. These must include proper institutions and frameworks to manage and mitigate debt.

"Given the vulnerabilities to natural disasters and how this has contributed to debt accumulation, it is important for countries to use revenue windfalls to set up contingency funds or sovereign wealth funds, so as to reduce the debt burden and ensure greater economic and social resilience," he added.

With respect to specific policy actions, Dr. Ram says that some reforms can be implemented immediately, and will have an impact on inclusive growth. These include the reduction of trade barriers, the use of public-private partnerships to close infrastructure and service gaps, the promotion of green energy production, the divestment of state owned assets to enhance value and efficiency and strengthening of the banking sector. Dr. Ram also recommended that governments make efforts to engage the Caribbean's vast regional diaspora.

The Director of Economics noted that underpinning such reforms is the need for a good governance agenda. He pointed out that governments must strive for accountability, and fiscal discipline, with a focus on ensuring value for money.

"Systems of government should be transparent, foster inclusion, security and growth. Moreover, government operations and resources should be managed in such a way to ensure good value for money," said Dr. Ram.

In his presentation, he noted that the action plan must drive sustainable prosperity and place greater focus on the private sector as an engine of economic growth, through targeted improvements in the doing-business environment. In support of this effort, Dr. Ram also recommended targeted assistance programmes for Micro, Small, and Medium-sized



Enterprises (MSMEs), such as the stimulation of junior stock exchanges and other funding mechanisms, in sectors that have significant growth and employment potential.

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About the Caribbean Development Bank

The Caribbean Development Bank is a regional financial institution established in 1970 for the purpose of contributing to the harmonious economic growth and development of its Borrowing Member Countries (BMCs). In addition to the 19 BMCs, CDB's membership includes four regional non-borrowing members – Brazil, Colombia, Mexico and Venezuela and five non-regional, non-borrowing members; i.e., Canada, China, Germany, Italy, and the United Kingdom. CDB's total assets as at December 31, 2015 are USD2.7 billion (bn). These include USD1.4bn of Ordinary Capital Resources and USD1.3bn of Special Funds. The Bank is rated Aa1 Stable with Moody's and AA/A-1+ with Standard and Poor's. Read more at caribank.org.

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