



***Commonwealth Seminar on Fiscal Policy Options for
Sustainable and Resilient Development***

**BUILDING RESILIENCE
AMONG BORROWING MEMBER
COUNTRIES OF CDB**

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April 13, 2023

Main Points

01

**Development Challenges among
Borrowing Member Countries (BMCs)
of CDB**

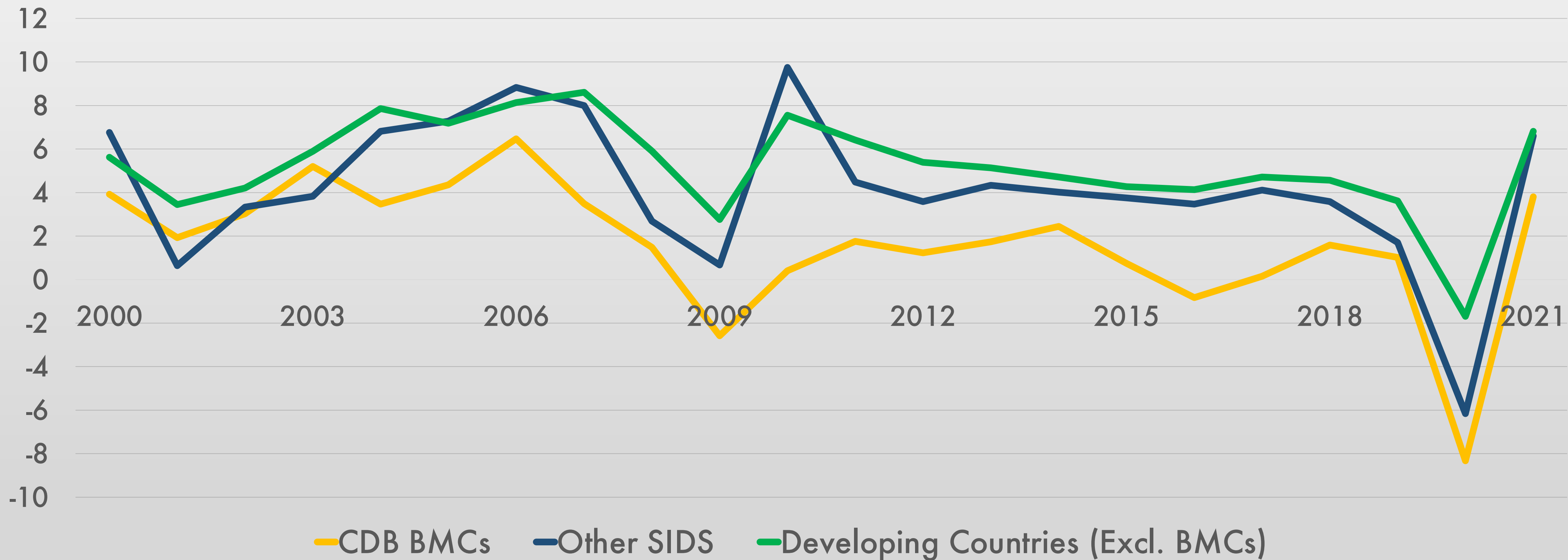
02

**Imperatives for Achieving
Sustainable Development**



Low and Volatile Growth

BMC growth consistently underperformed other country groups during the last two decades (2000-19)



Average Growth Rate (2000-19)

CDB BMCs: **2.1%**

Other SIDS: **4.6%**

Developing Countries: **5.5%**



Export Concentration

Underlying the acute impact of shocks is the high dependence on tourism within the region.

	Contribution to GDP (2019)		Share of Employment (2019)		Tourism Receipts
	Direct	Total	Direct	Total	Share of Exports
	%		% of Employment		% of Total
ANGUILLA	16.9	48.3	18.1	51.1	61.9
ANTIGUA AND BARBUDA	12.3	44.7	12.3	44.7	37.8
BAHAMAS	19.5	40.3	26.9	48.1	65.2
BARBADOS	11.6	36.2	12.2	36.4	56.6
BELIZE	15.5	44.7	13.0	38.9	42.8
VIRGIN ISLANDS	25.8	73.1	17.2	53.6	54.1
CAYMAN ISLANDS	8.4	30.1	10.0	31.9	29.1
DOMINICA	12.5	38.0	11.3	34.7	46.0
GRENADA	19.0	55.8	17.8	51.6	26.9
GUYANA	2.9	7.7	3.2	8.2	7.8
HAITI	2.9	8.3	2.4	7.2	38.0
JAMAICA	10.8	34.7	9.7	31.5	59.9
ST. LUCIA	16.0	43.0	16.0	43.0	46.9
ST. VINCENT AND THE GRENADINES	13.8	46.2	12.9	42.7	39.9
ST. KITTS AND NEVIS	19.1	62.6	19.0	60.2	31.9
SURINAME	1.6	3.7	1.6	3.5	3.2
TRINIDAD AND TOBAGO	3.0	7.8	3.8	9.9	4.7

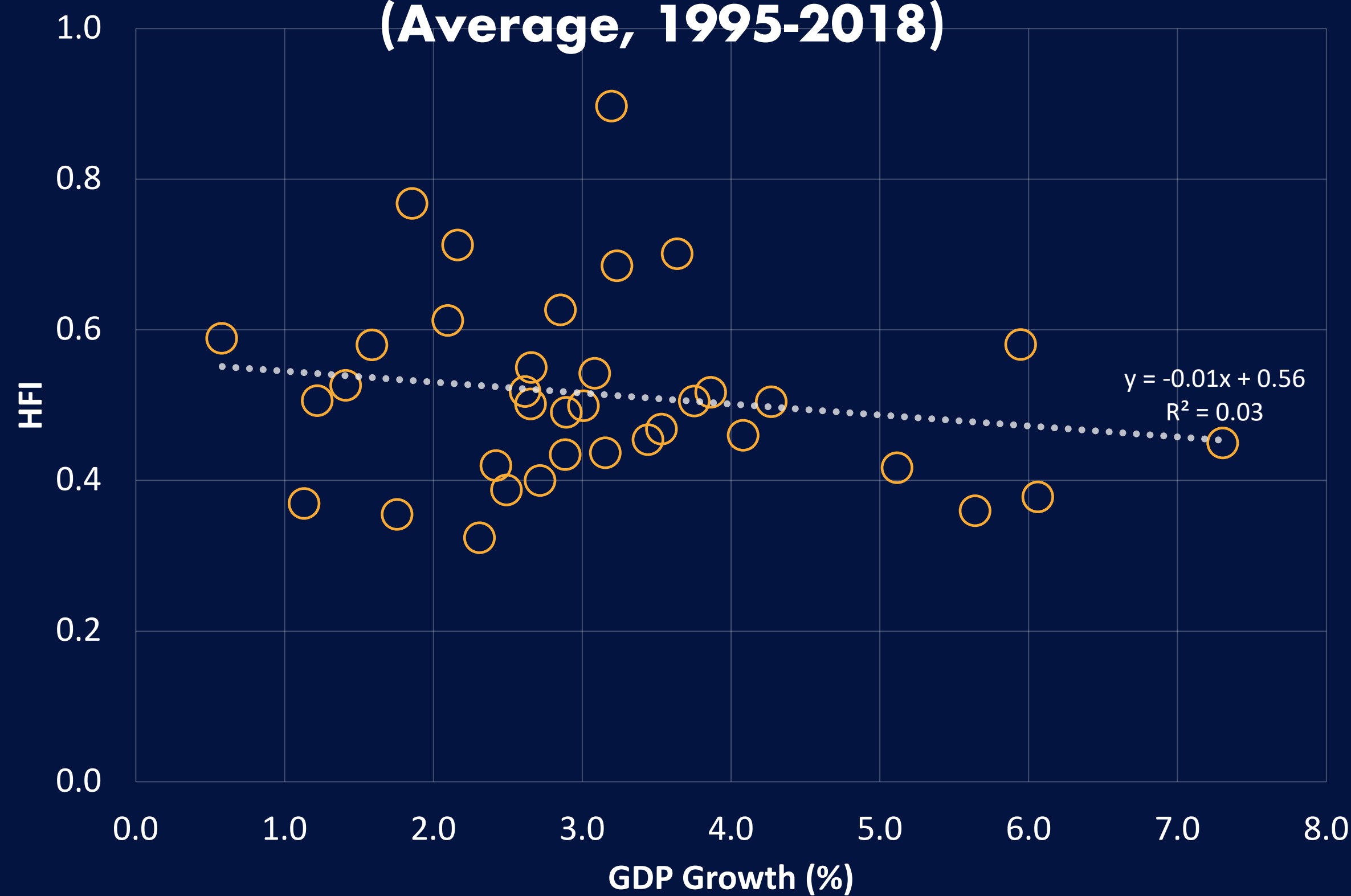
Source: WTTTC



Evidence has shown that countries with more concentrated exports experience lower growth and higher volatility.

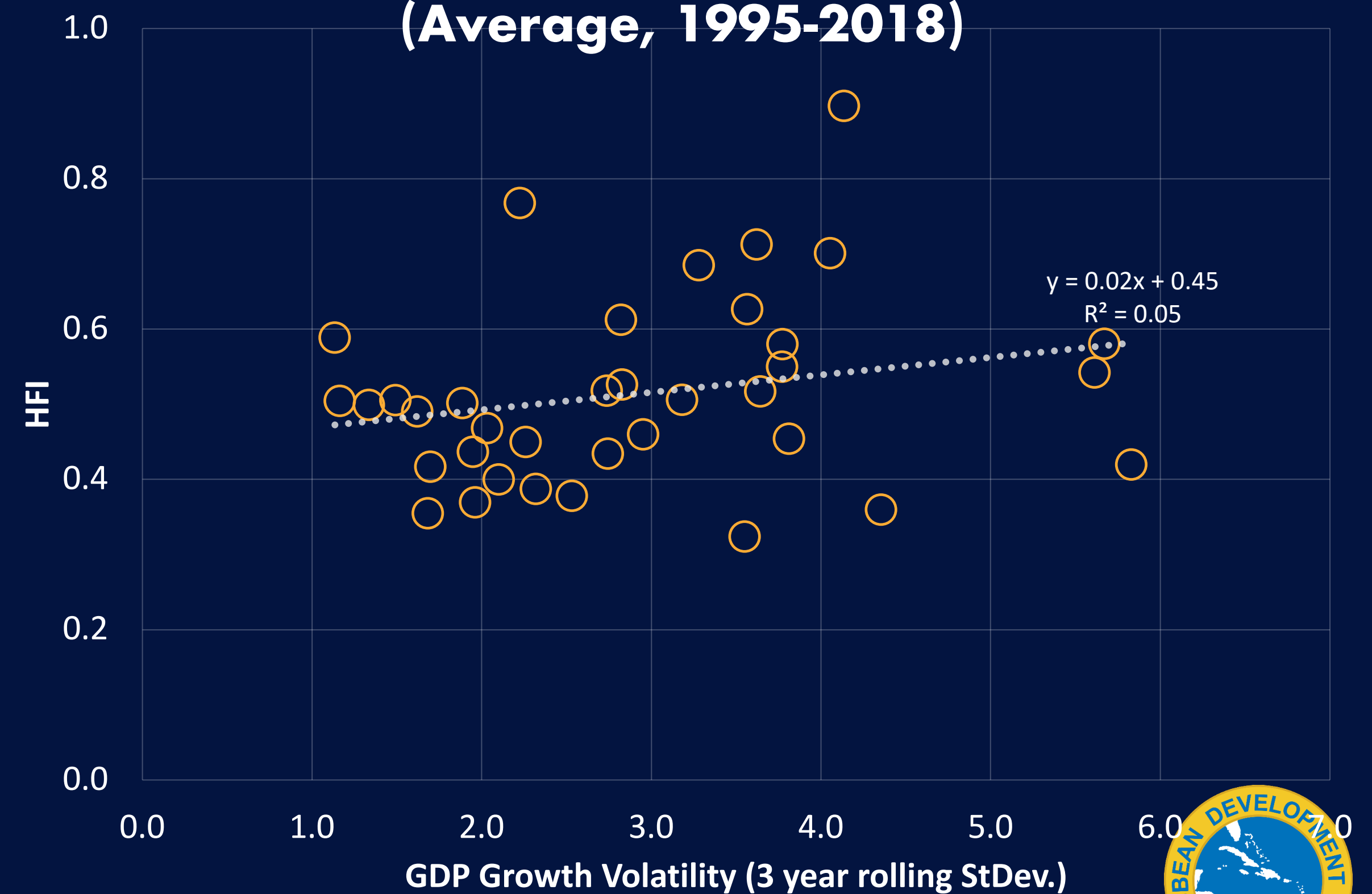
HHI AND GROWTH IN SMALL STATES

(Average, 1995-2018)



HHI AND VOLATILITY IN SMALL STATES

(Average, 1995-2018)



Vulnerability to natural hazard events also interrupts development and progress towards the SDGs



Hurricane Maria, Dominica (September 2017)

The Category 5 storm resulted in Total damage of US\$931 million and losses of US\$382 million which was equivalent to 226% of 2016 gross domestic product (GDP). Identified recovery needs for reconstruction and resilience interventions amounted to US\$1.37 billion. (World Bank)



La Soufrière volcanic eruption in St. Vincent and the Grenadines (April 2021)

Prime Minister Gonsalves estimates the volcano caused \$150 million in infrastructure damage and \$150 million in agriculture and housing losses. (Bloomberg, 2021)



Haiti's 7.2 Earthquake (August 2021)

Results of the assessment of the effects...indicate a total amount of \$1.62 billion in terms of damage and losses. (UNDP, 2021)



Hurricane Dorian in the Bahamas (September 2019)

The estimated damage and losses amount to \$3.4 billion. (IDB, 2019)

Duration of Recovery

BMCs recover slowly from shocks

Country	No. of Years to Recover
ANGUILLA	Remained below
ANTIGUA AND BARBUDA	10
BAHAMAS	9
BARBADOS	Remained below
BELIZE	0
BRITISH VIRGIN ISLANDS	5
CAYMAN ISLANDS	7
DOMINICA	10
GRENADA	5
GUYANA	0
HAITI	0
JAMAICA	9
MONTSERRAT	2
SAINT KITTS AND NEVIS	4
SAINT LUCIA	2
SAINT VINCENT AND THE GRENADINES	7
SURINAME	0
TRINIDAD AND TOBAGO	4
TURKS AND CAICOS ISLANDS	8
BMC	4
OTHER SIDS	0

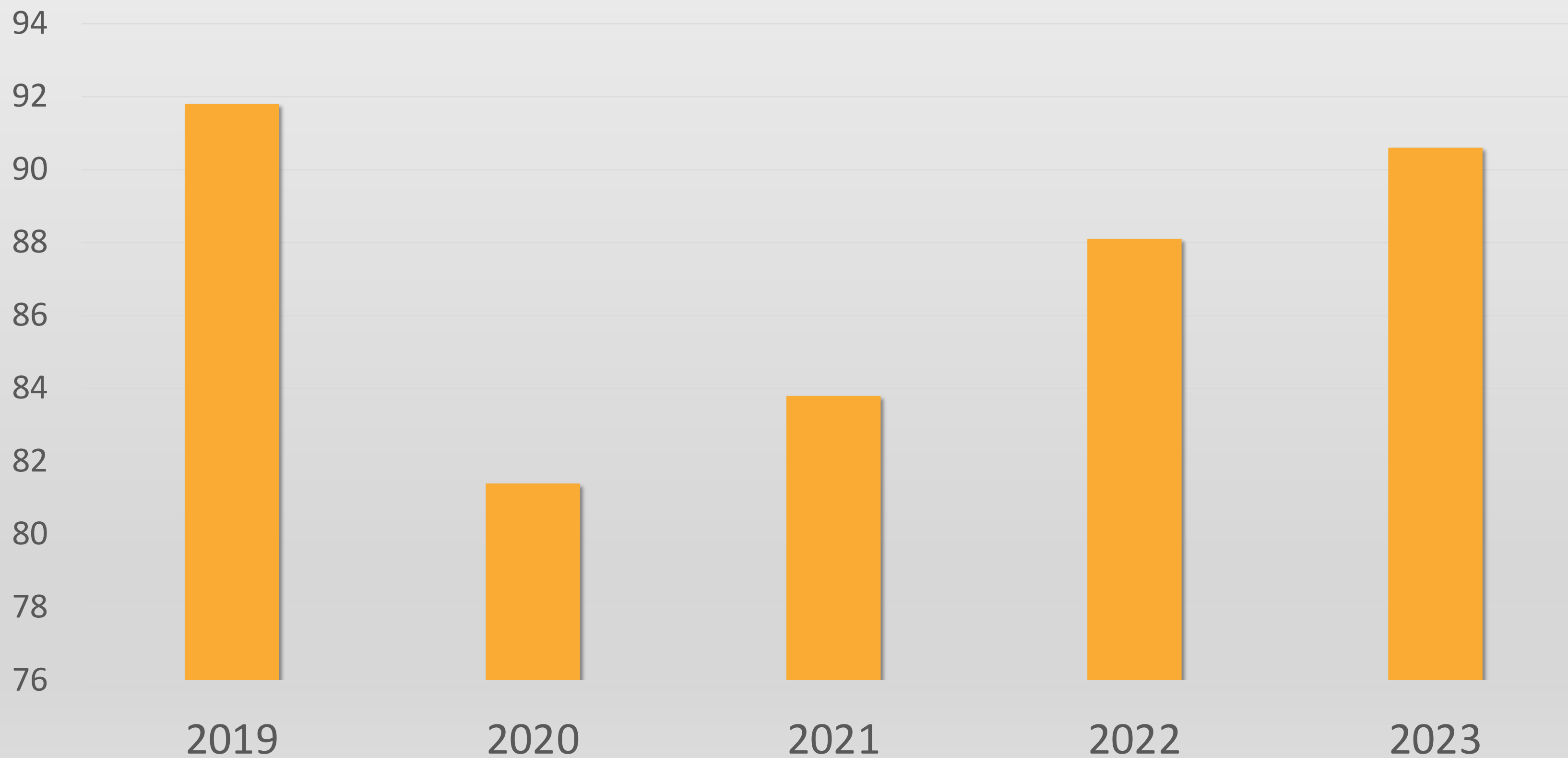
- Recovery of BMCs after the Global Financial Crisis averaged 4 years.
- What does this portend for recovery in the face of the poly-crisis?



BMC Real GDP

Even with robust growth rates in 2021-23, many BMCs will not equal or surpass their 2019 real GDP.

Total BMC Real GDP (2015 USD bns)

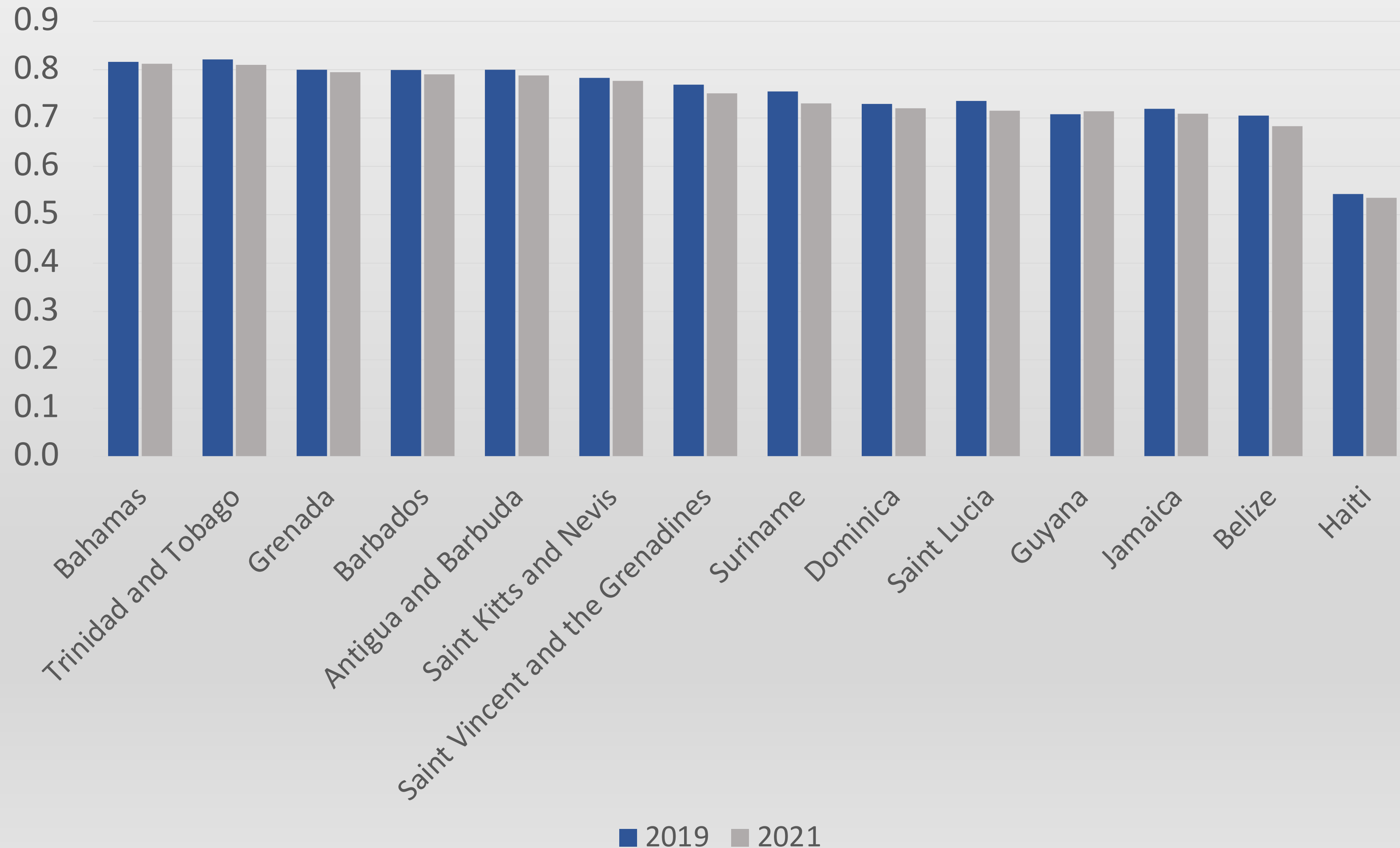


Excluding Guyana, the duration of recovery of BMCs from the health crisis in 2020 will exceed 4 years



UNDP HDI Scores

HDI scores receded in the face of the poly-crisis.

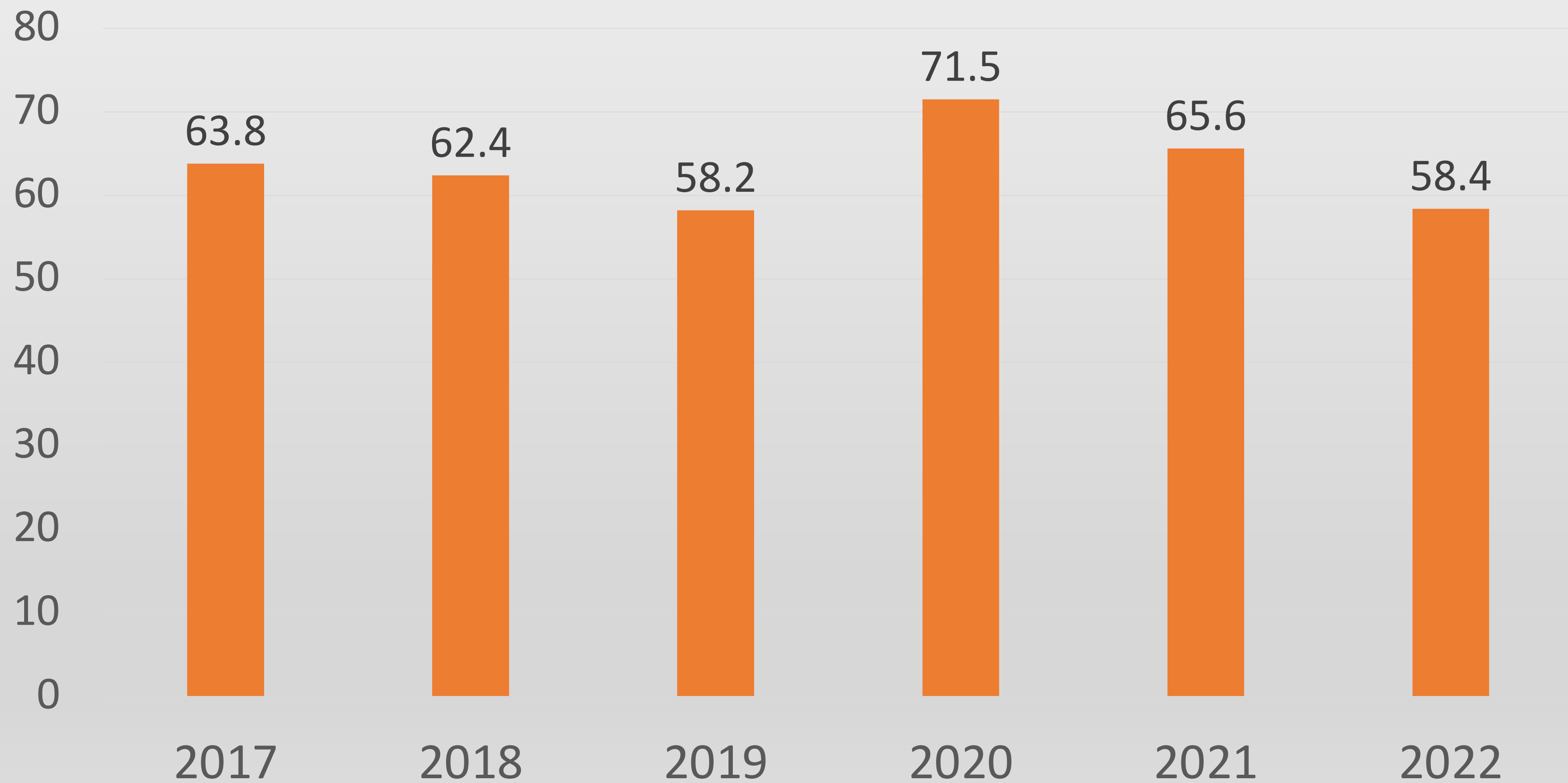


Development remains susceptible to shocks despite high per capita incomes



BMC Debt-to-GDP Ratios (%)

Debt overhang remains a challenge in the region despite efforts to achieve sustainability.



- Two countries with debt ratios above 100%
- Another 8 with ratios above 60%
- Limits the capacity for development-oriented expenditure
- Results in uncertainty among investors and acts as a drag on investment
- Increases risk premia and worsens debt dynamics



SUSTAINABLE DEVELOPMENT IMPERATIVES

Resilience building in all dimensions is necessary for sustainable development.

Production Resilience

- ✓ Appropriate entrepreneurial ecosystem
- ✓ Blue Economy

Environmental Resilience

- ✓ DRR/DRM
- ✓ Climate Change adaptation and mitigation
- ✓ Sustainable Energy

Financial Resilience

- ✓ BMC Financial Capacity
- ✓ Facilitative development finance ecosystem

Social Resilience

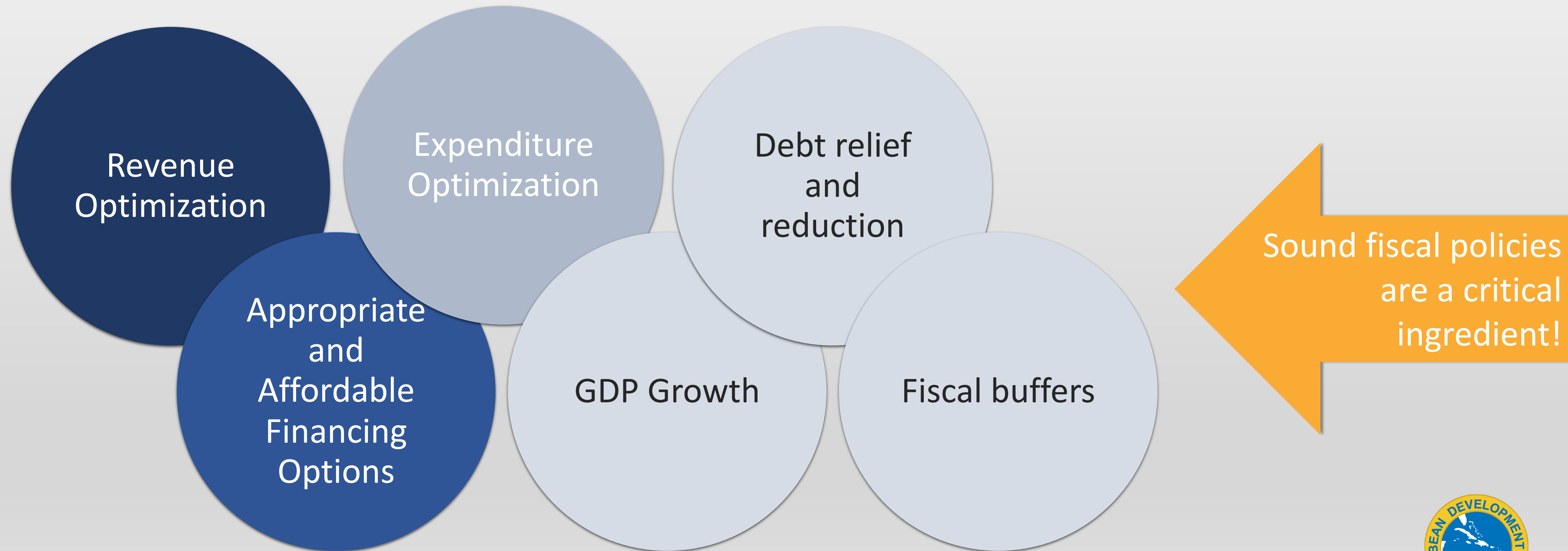
- ✓ Education
- ✓ Youth Development
- ✓ Social Protection

Institutional Resilience

- ✓ Implementation Capacity



Achieving financial resilience relies on debt sustainability.





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