



# Barbados: Ripe for Investment

Investor Presentation- Dr. Kevin Greenidge

Thursday, February 22, 2024

[centralbank.org.bb](http://centralbank.org.bb)



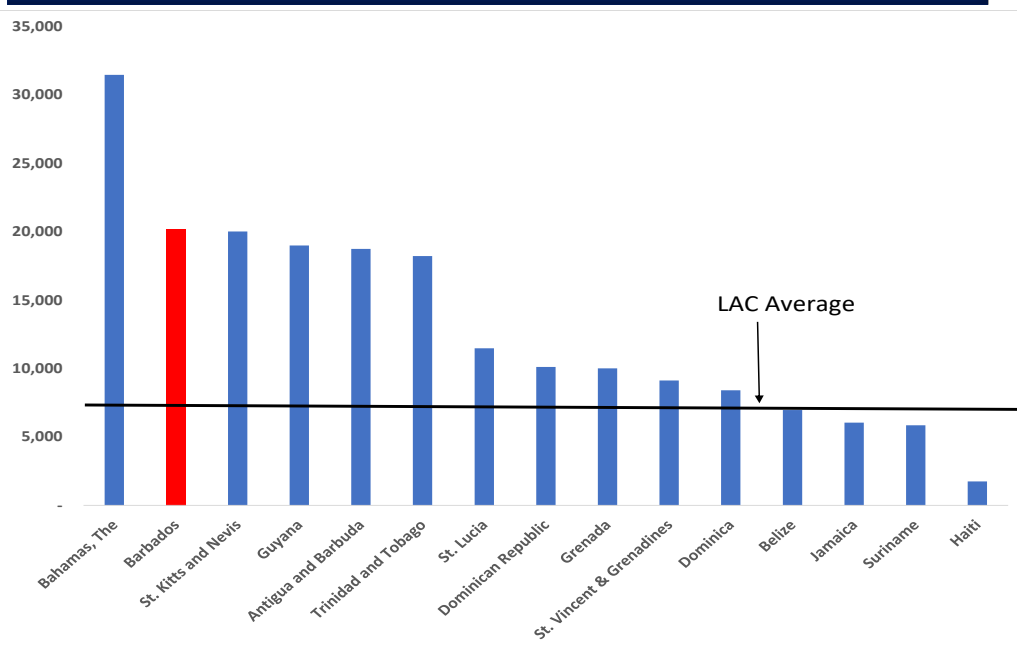
# Overview of Presentation

- Key Business Rankings for Barbados
- The Review of the Economy
- Economic Outlook
- Investment Opportunities

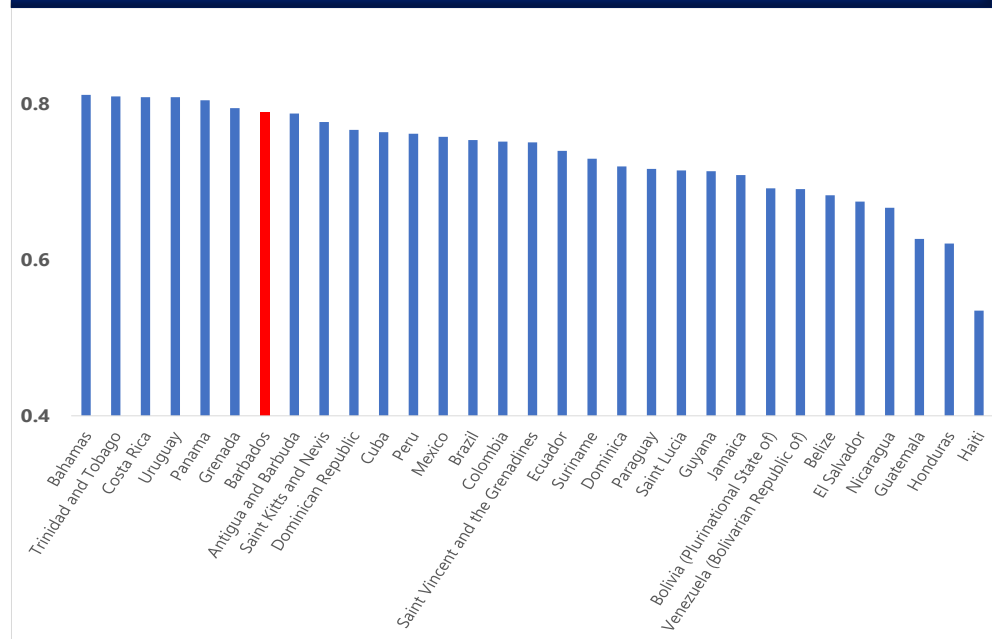
# Barbados Has A Strong and Competitive Business Environment

- The World Governance Indicators ranks Barbados very strong across its 6 categories that measures the quality of governance,
  - ranging between the 71st and 92<sup>nd</sup> percentiles, better than the average for all Latin America and the Caribbean in all categories.
  - Political Stability and Absence of Violence/terrorism indicator is Barbados' strongest indicator at the 92<sup>nd</sup> percentile, followed by Control of Corruption indicator at nearly 90<sup>th</sup> percentile rank.
- Barbados has one of the highest per capita income in the region, consistent with its high standard of living.
- Human development has been a priority of successive governments, resulting in an educated and well-trained labor force
- 2022 UN Human Development Index ranked Barbados 71<sup>st</sup> globally and one of the highest in the region.

Per Capita GDP (in current US\$)



UN Human Development Index

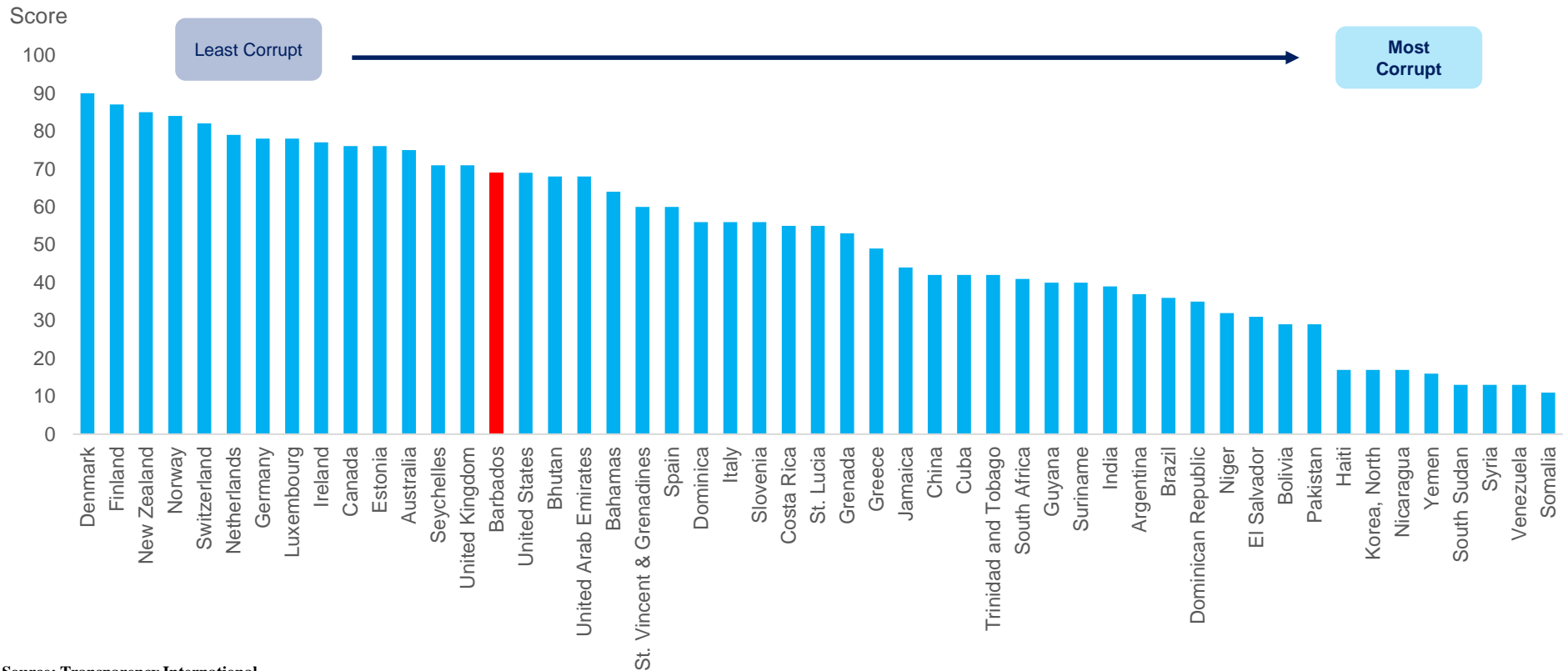


# Barbados' Advantages

## Barbados Is among the Least Corrupt Countries in the World

- Barbados has a score of 69 in the Corruption Perceptions Index 2023, which ranks the country as the 24<sup>th</sup> least corrupt countries in the world out of 180 countries.
- The index considers justice and the rule of law in its composition and are noted as the corner stones of democracy and embodies fairness and accountability.

Corruption Perceptions Index Scores 2023

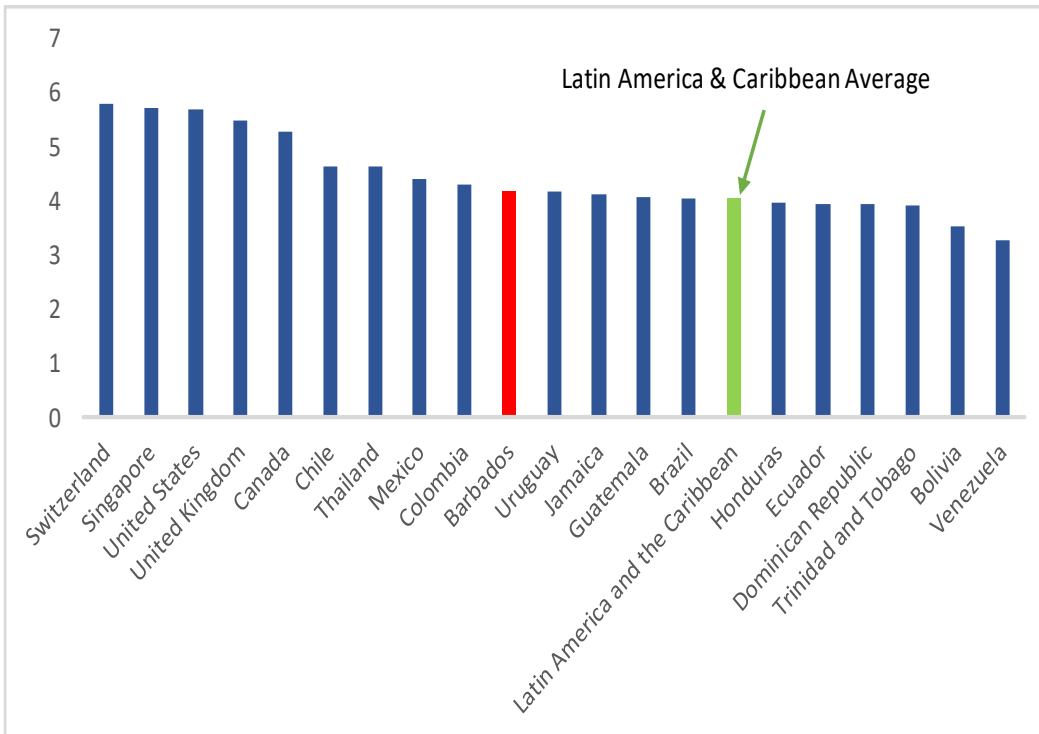


# Barbados' Advantages

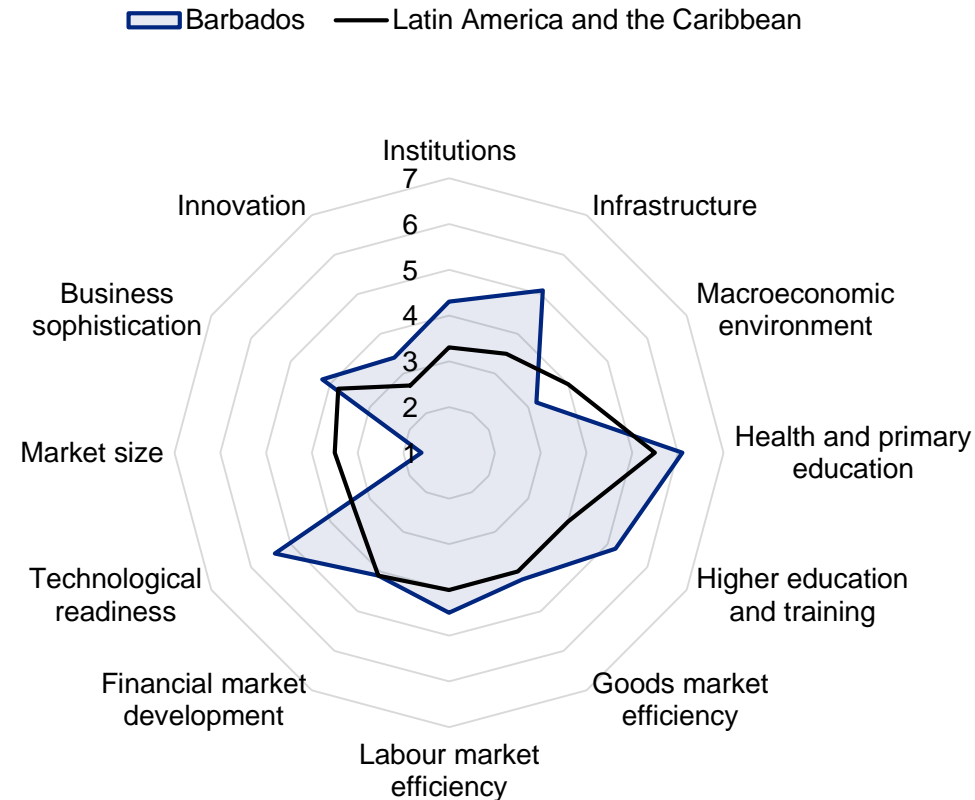
## Barbados Has a Strong and Competitive Business Environment

- Barbados continues to be very competitive as compared to the region and continues to climb the international ranking.
- Barbados tops the regional rankings in infrastructure, labor market efficiency (higher education and training and strong institutions), and technological readiness, despite having the smallest domestic market.

### Global Competitiveness Index compared to Selected Countries



### Global Competitiveness Index



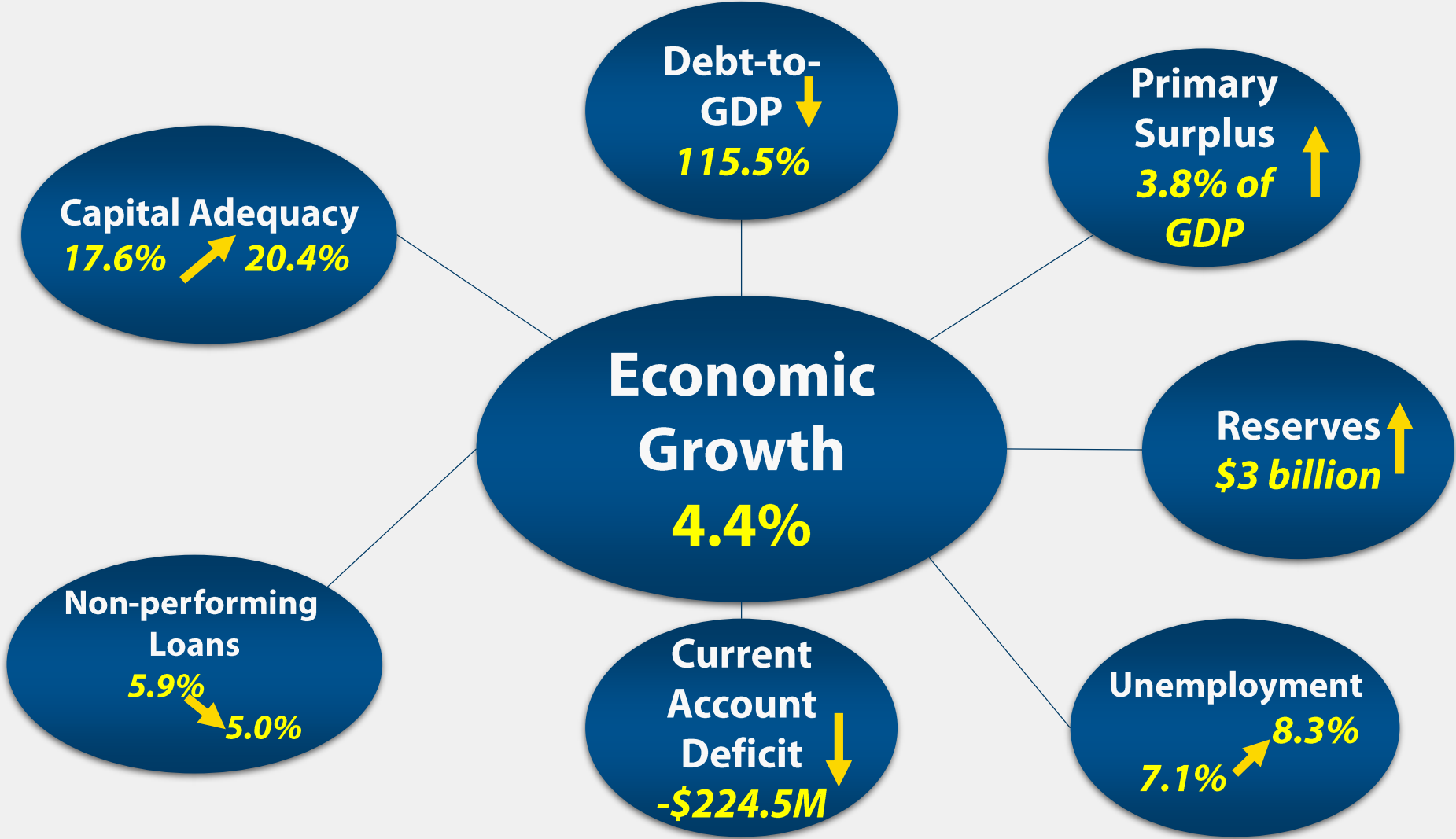


# Review of the Economy

[centralbank.org.bb](http://centralbank.org.bb)



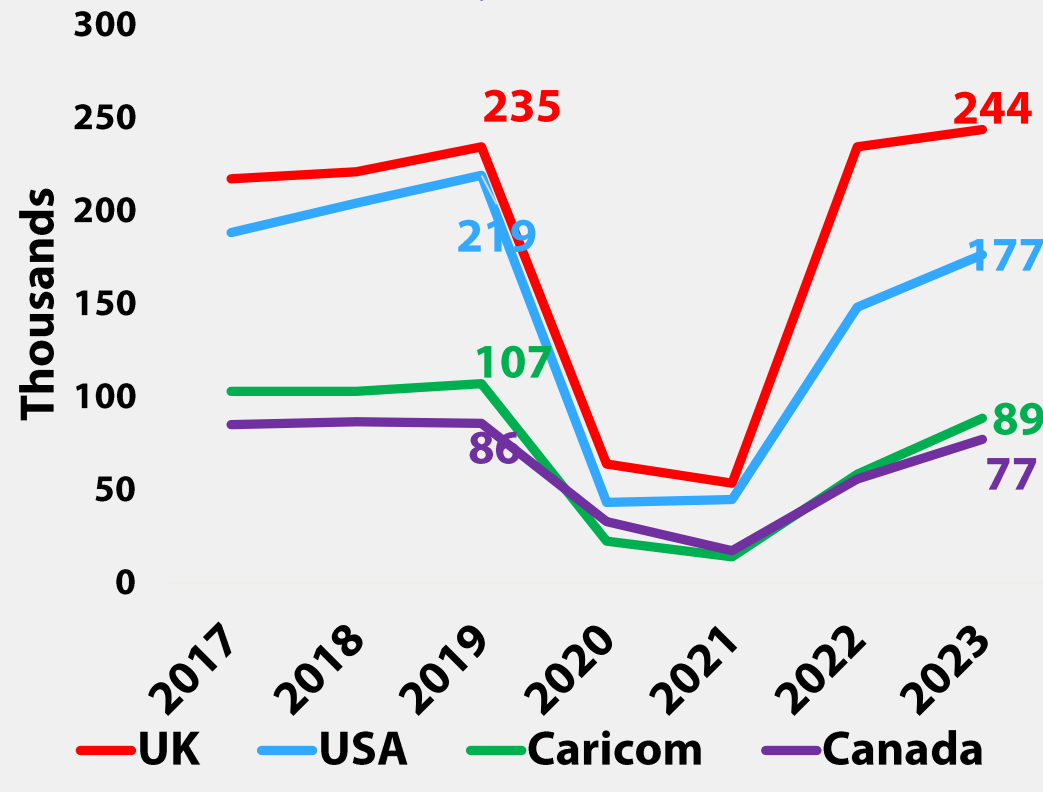
# Economic growth continued, strengthening resilience.



# Broad-based growth led by continued strong performance in tourism

**Arrivals up 18% on 2022 and now 93% of pre-COVID average ...**

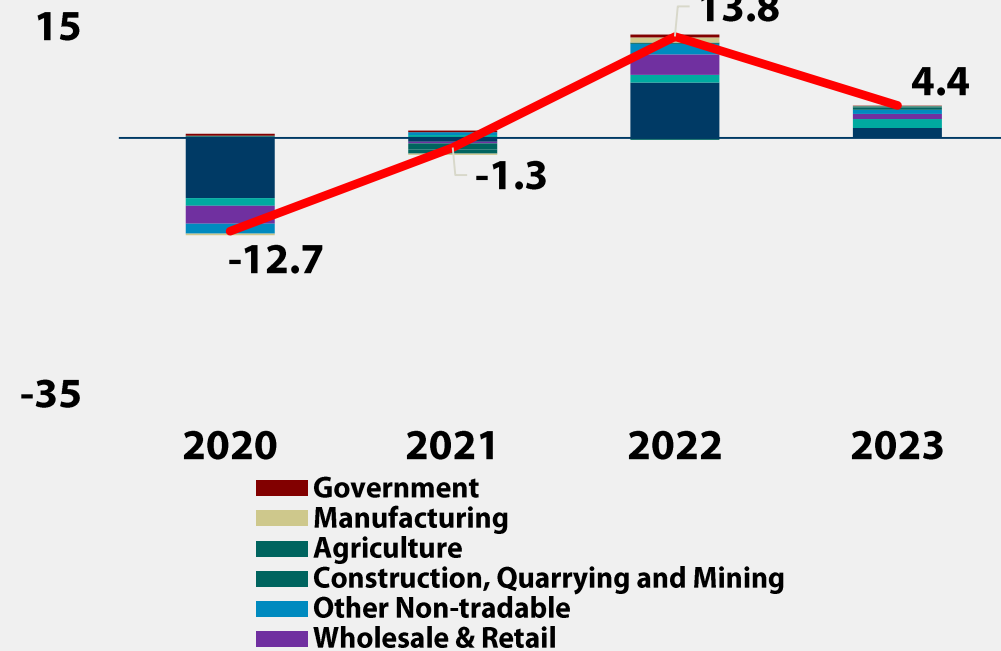
## January - December



**... supporting broad-based growth.**

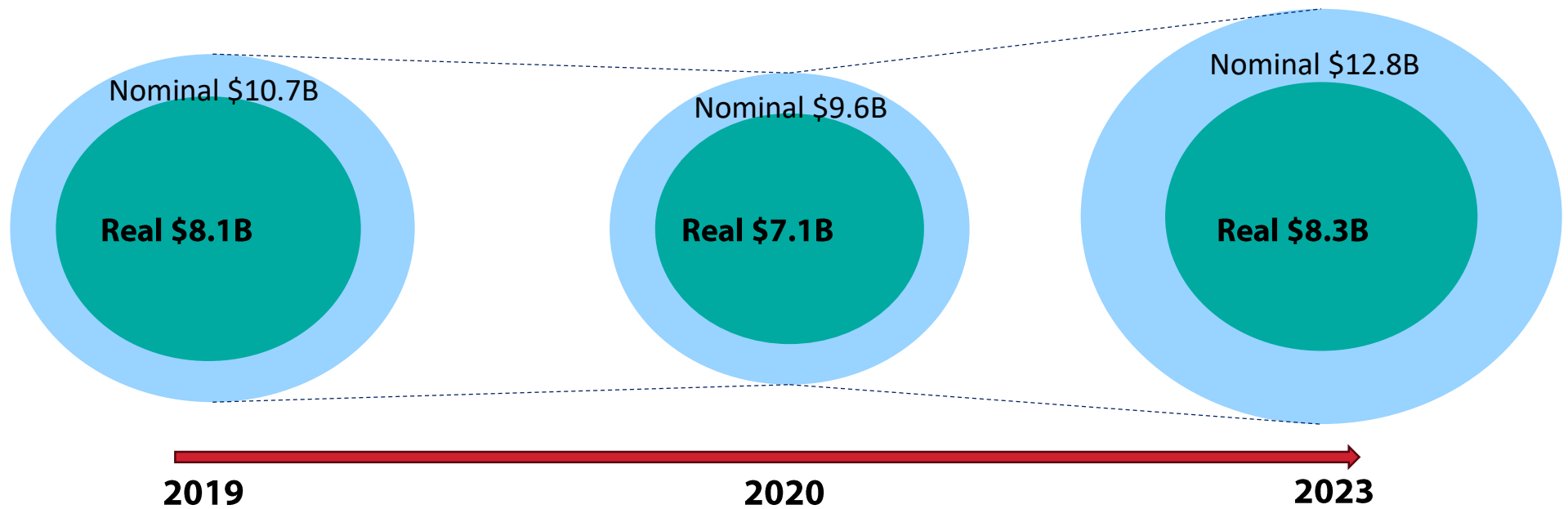
## Real GDP Growth and Sectoral Contributions

(Percentage change)

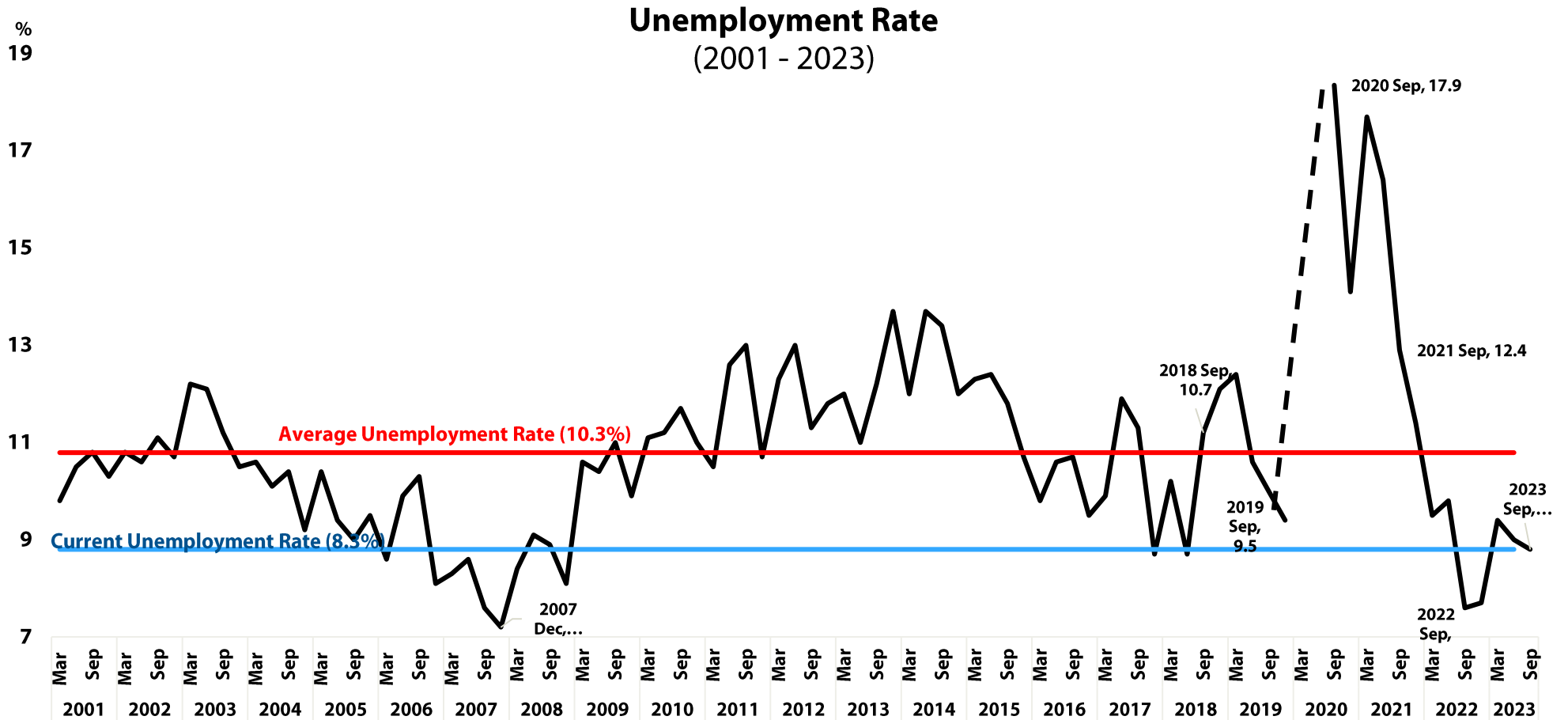




# The Economy is now larger than pre-COVID, both real & nominal terms

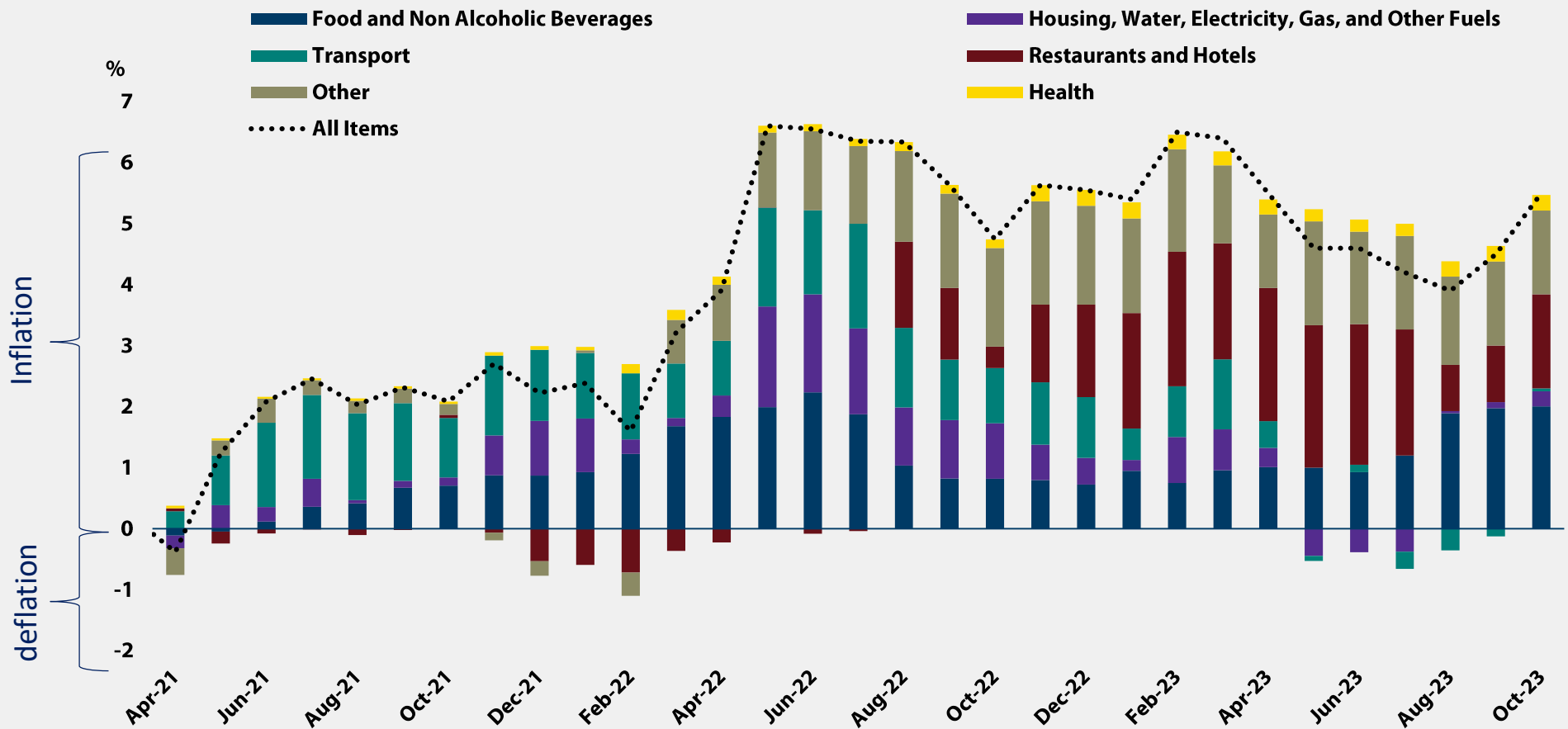


# Despite a slight increase in the unemployment rate, it remains below the historical average.



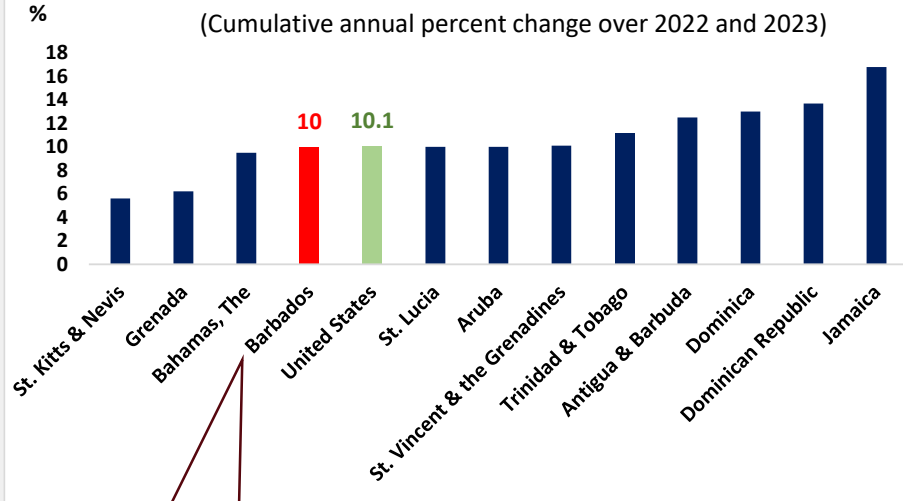
# Inflation edged up slightly in 2023, primarily due to local factors.

- 1) adverse weather conditions impacting supply of certain crops,
- 2) higher demand for dining, alcoholic beverages, clothing, and household furnishings.



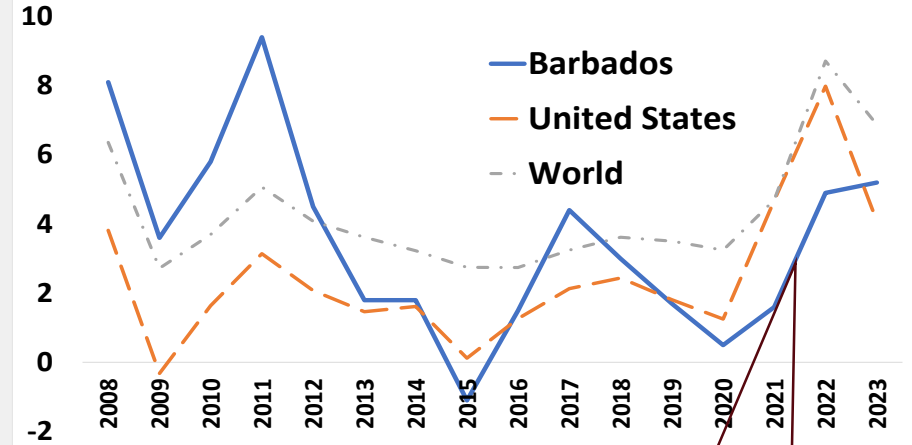
# Insights about Inflation in Barbados

**Inflation Rates in the Caribbean and USA**  
(Cumulative annual percent change over 2022 and 2023)



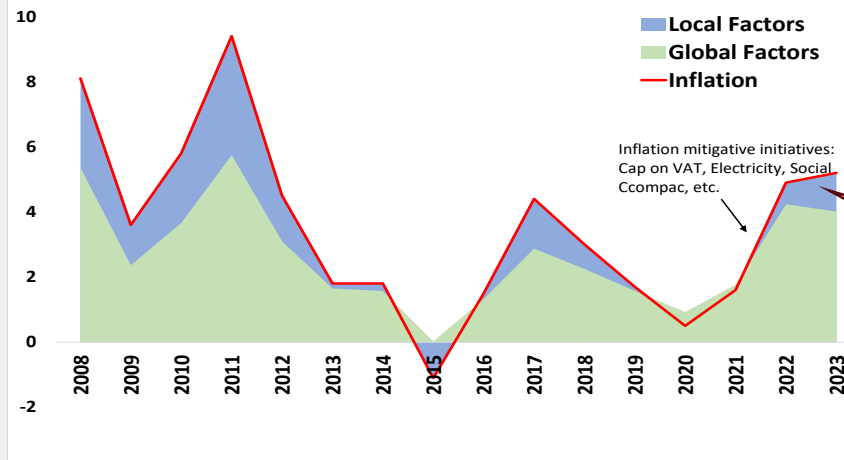
1. It is lower than most in region.

**Inflation Rates**  
average consumer prices (annual % change)



2. Follows the USA pattern because of the peg.

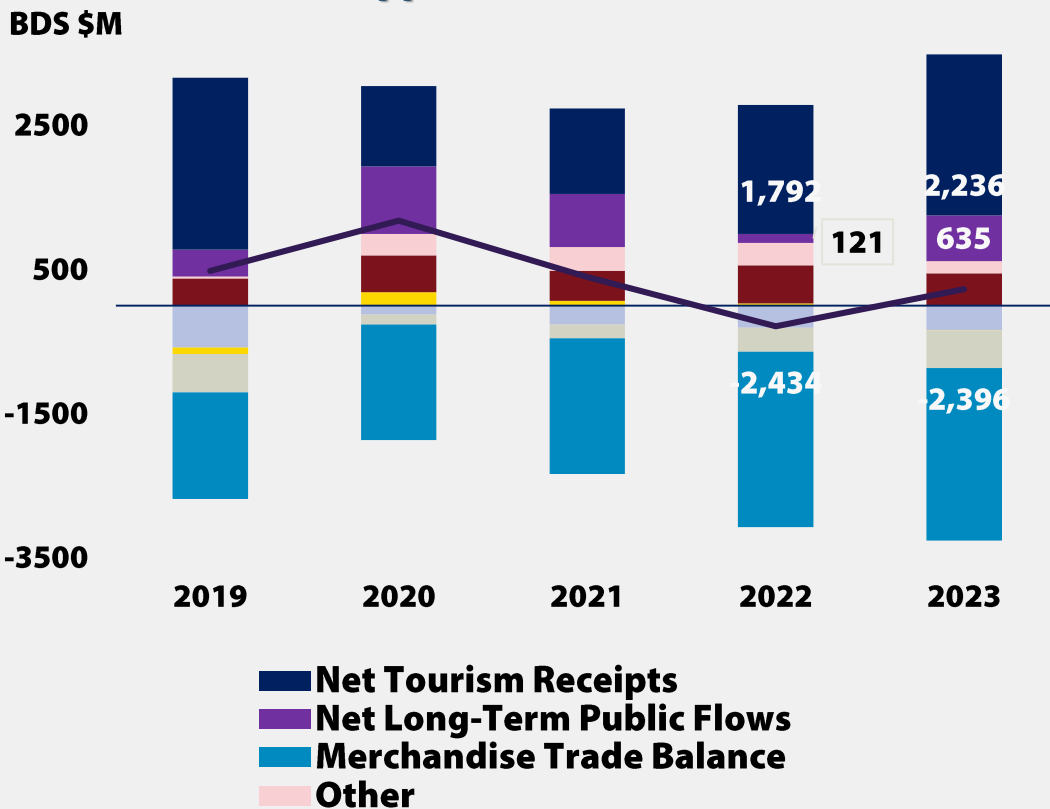
**Barbados: Contributions to Inflation**  
(Percent)



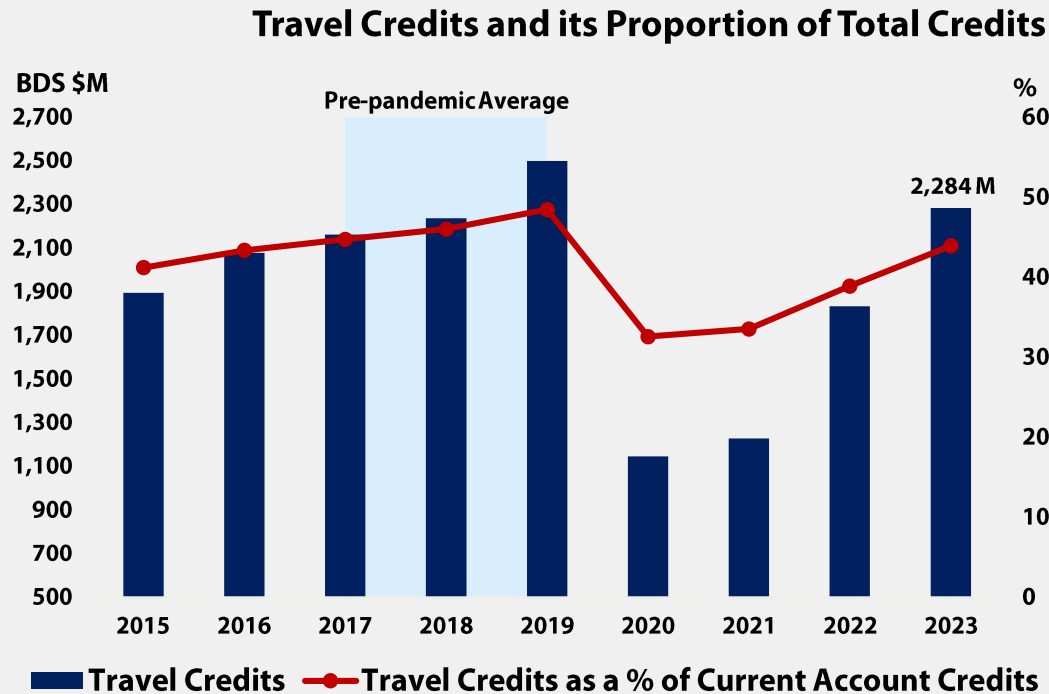
3. But local factors can cause deviations!

# Foreign reserves rose to \$3 billion (31.6 weeks of import cover!)

*Supported by increased tourism earnings and policy support from MDBs*

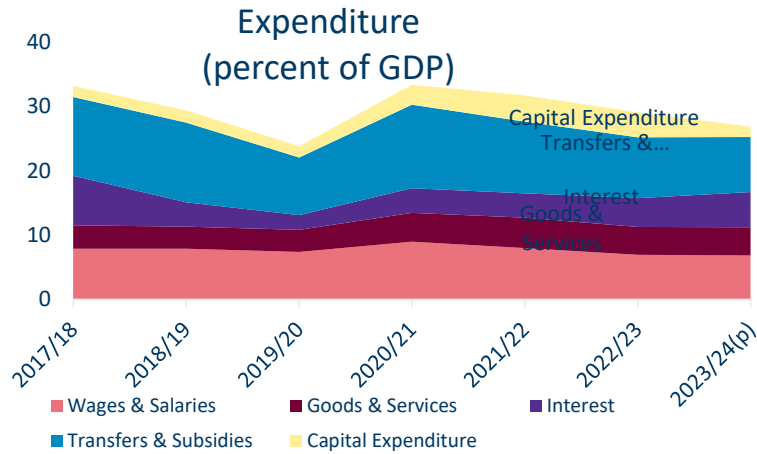


*Tourism receipts continued to be the main foreign exchange earner.*

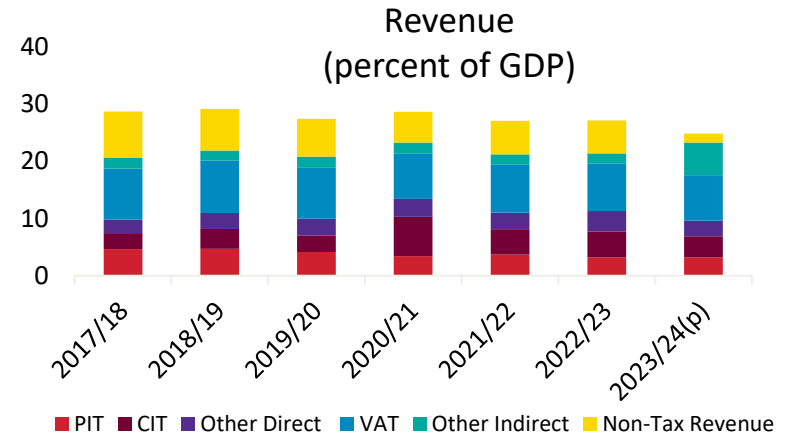


# Economic expansion further strengthens the debt and fiscal positions

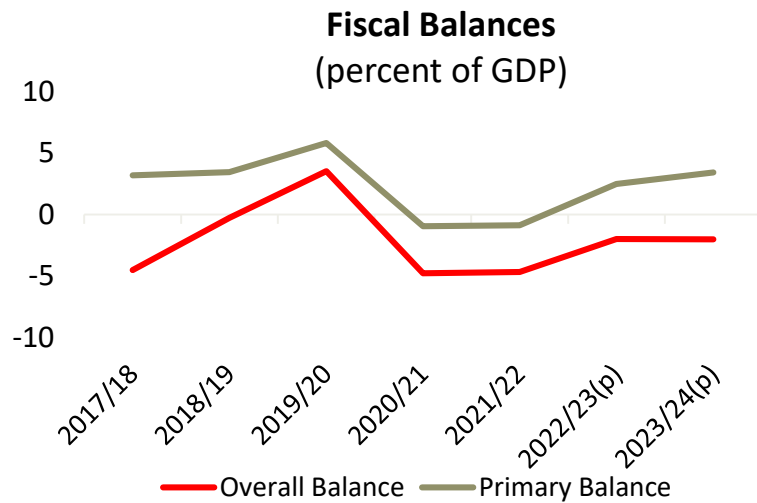
After rising during the pandemic, expenditure ratios have declined over the last two years ...



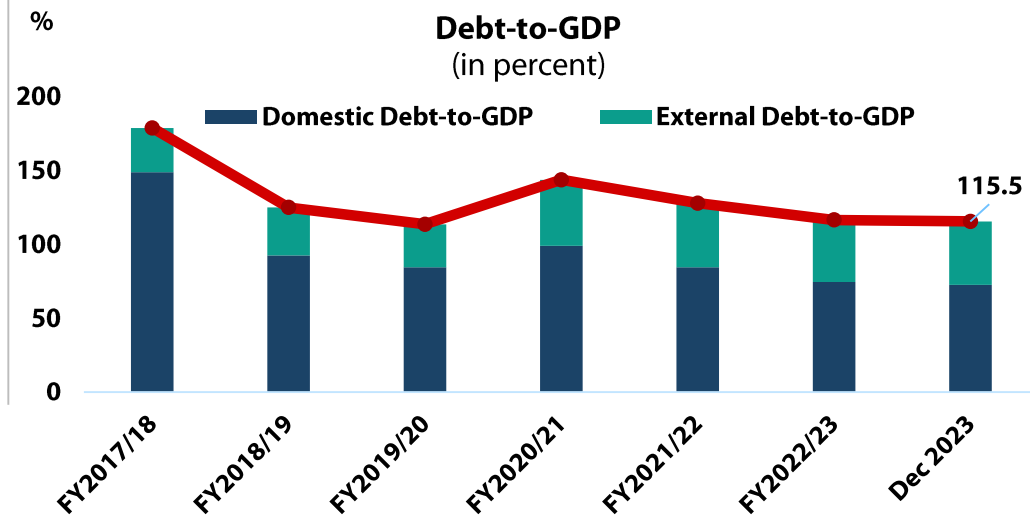
... while higher economic activity bolstering transaction-based taxes...



... and contributing to an improved fiscal position

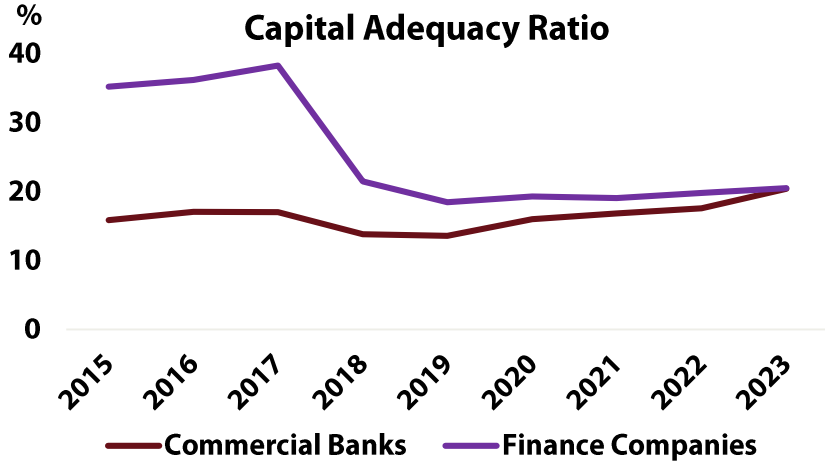


... keeping debt on its sustainable downward trajectory.

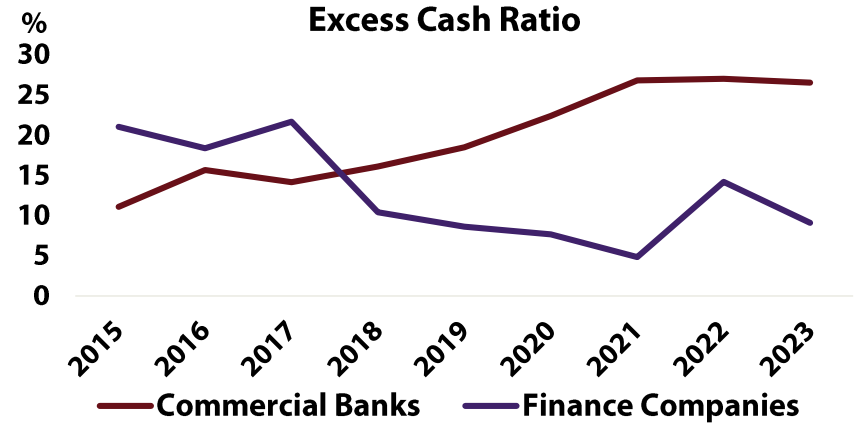


# The financial system continues to be healthy.

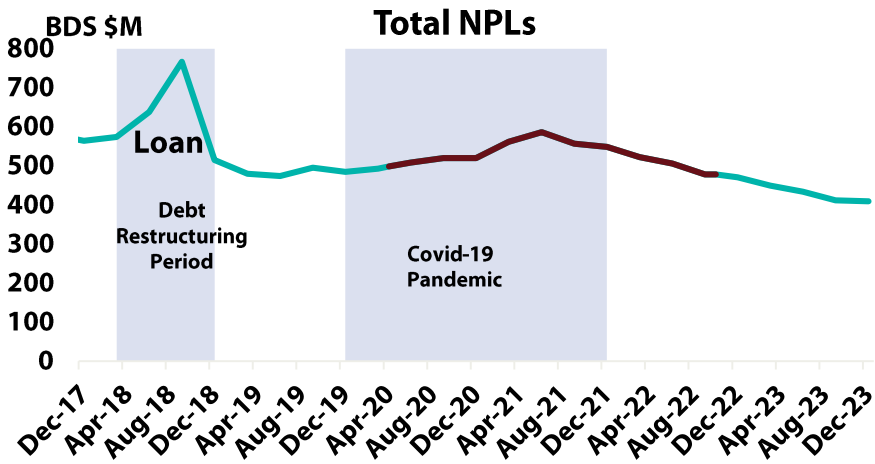
## Financial institutions are well capitalised.



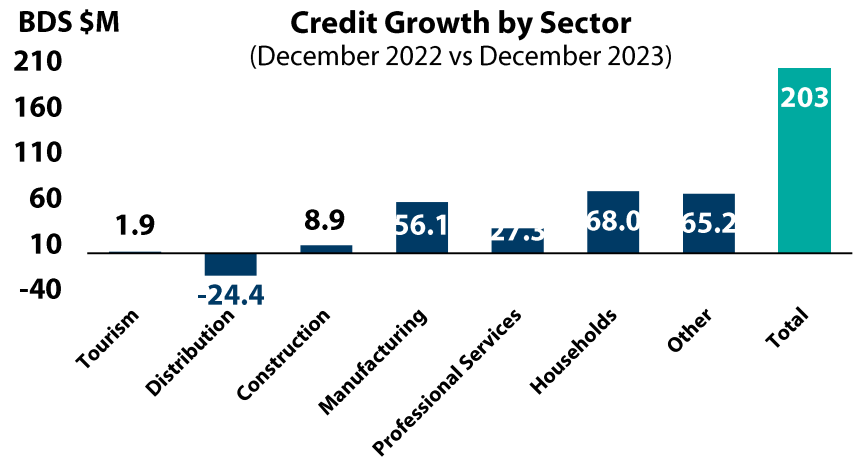
## Liquidity is high and remains above statutory requirements.



## NPLs have fallen to their lowest levels in recent years...



## ... and credit has expanded.





# The Economic Outlook

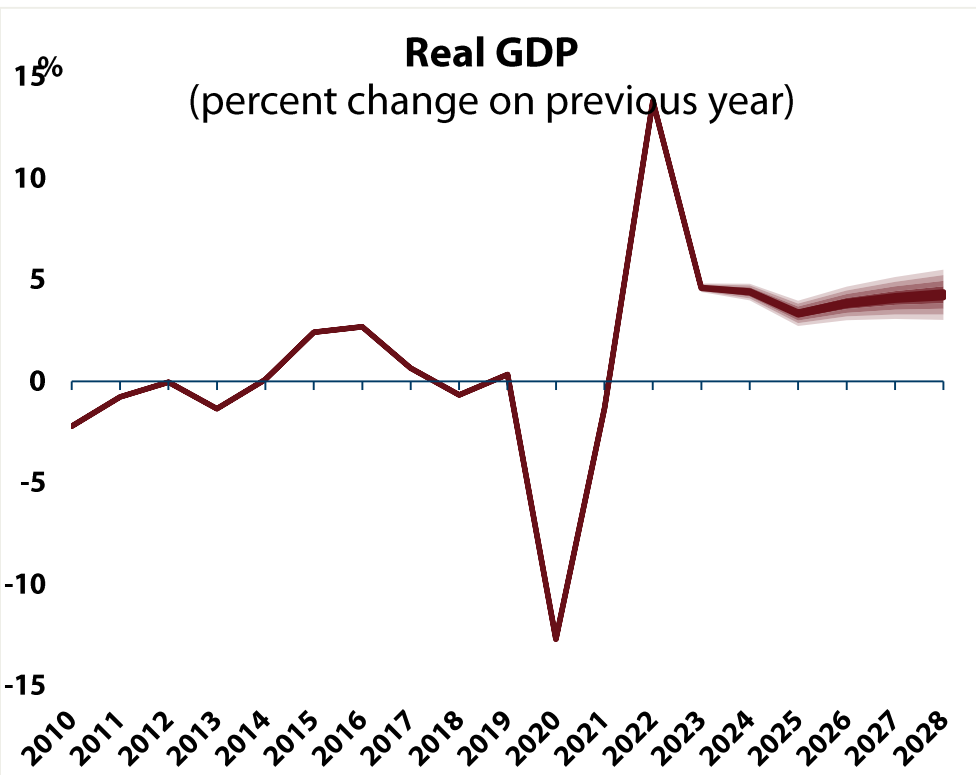
[centralbank.org.bb](http://centralbank.org.bb)



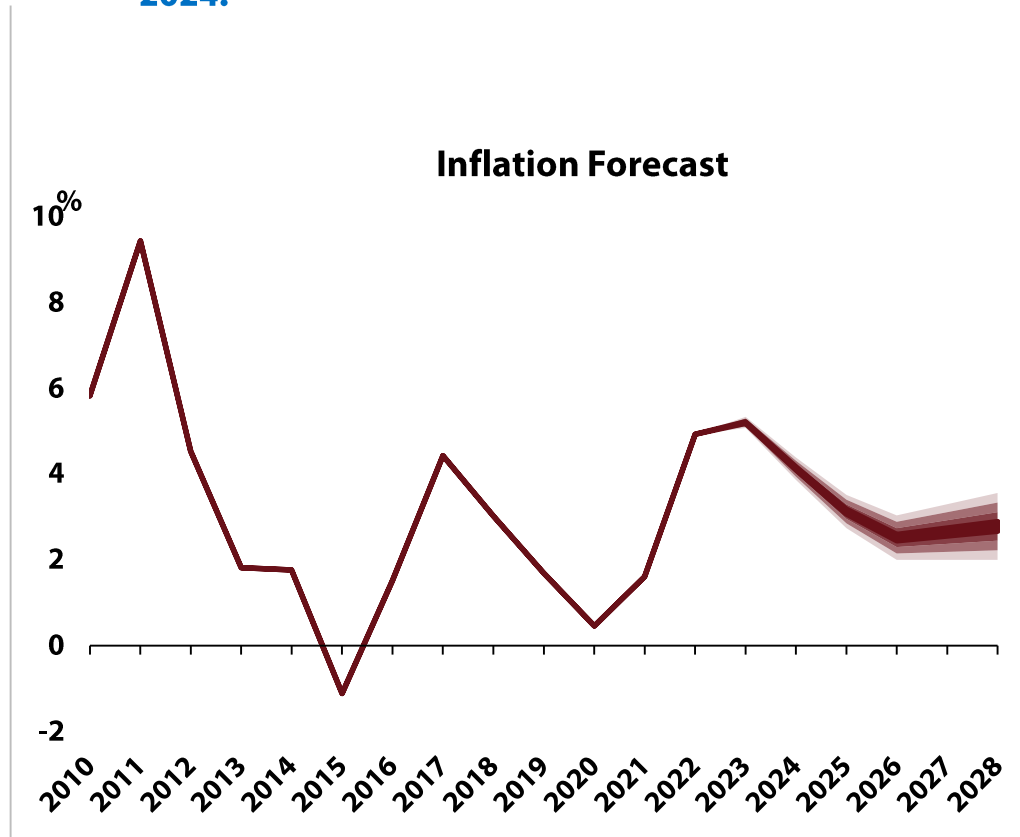


# Growth will remain robust while inflation moderates

Real GDP will expand further, by about 4 percent in 2024 and into the medium term, predicated on strong tourism performance and continuous investments by both the public and private sectors.

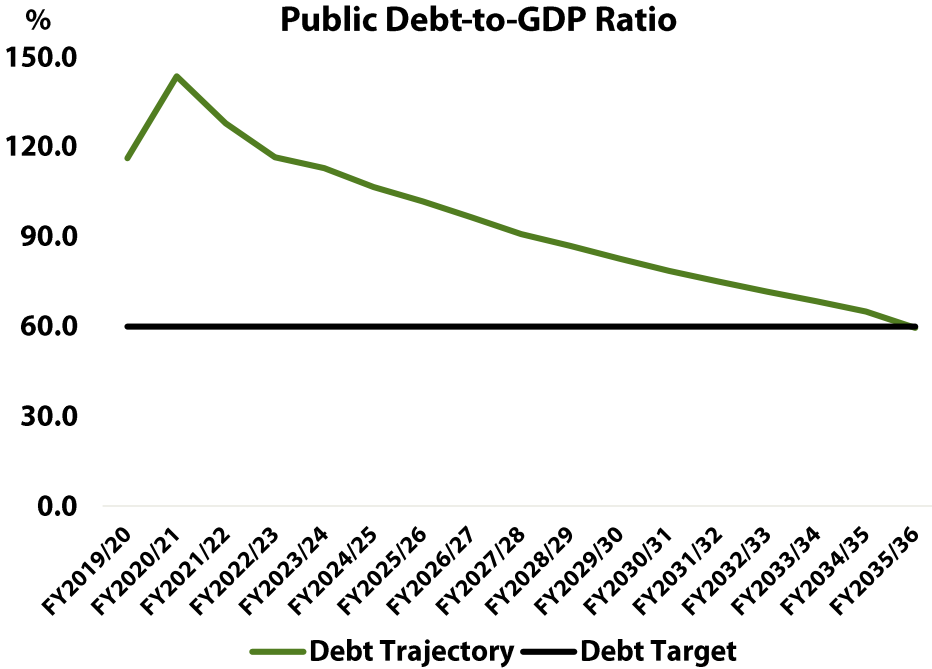
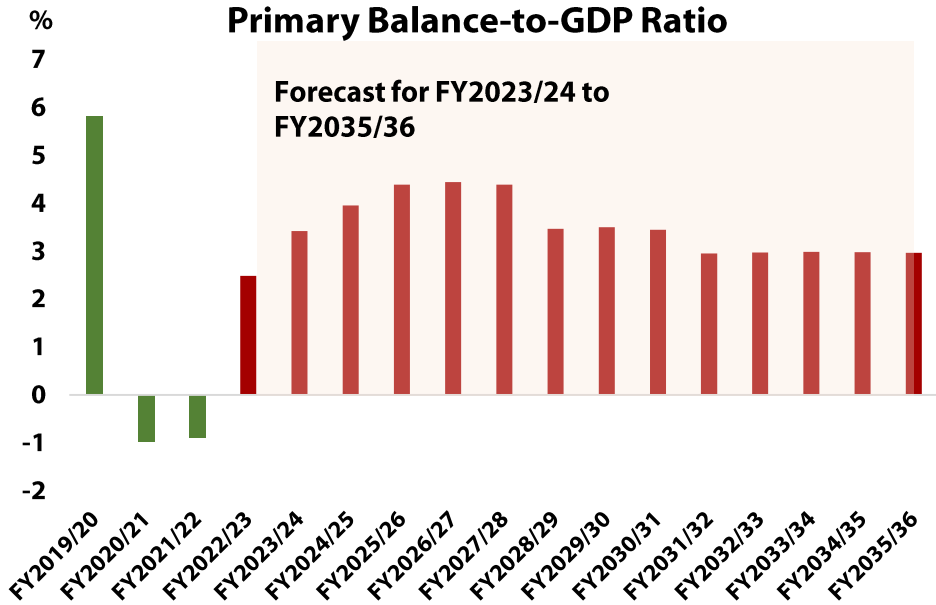


Domestic inflation expected to recede, with the 12-month average rate moderating to 3.5-4% by end of 2024.



# Debt should remain sustainable on its downward trajectory. Robust growth and a strong fiscal stance will drive down debt!

*The primary balance path is consistent with achieving the long-term debt anchor of 60 percent of GDP.*



## Risks are still tilted to the downside

- 
- **Lower growth in key trading partners**
  - **Geo-political conflicts**
  - **Continued high global inflationary pressures**
  - **Climate-related shocks**
  - **Slower-than-anticipated pace of SOE reform**

- 
- **Faster global growth**
  - **Inflation declines faster than anticipated**
  - **Lower scarring from recent shocks**
  - **Improved public sector efficiency in doing business environment**
  - **Higher levels of investment**



# Investment Opportunities

[centralbank.org.bb](http://centralbank.org.bb)



# Growth Strategy

- BERT 2022: Incentivizes public and private sectors to invest in green transition; boost competitiveness; and diversify the economy. Invests in health, education, poverty eradication, social development. Manages public debt.
- Government is using all its powers to play a catalytic role, through legislation, regulation, investment, facilitation and empowerment.
- **Growth will be predominantly private sector driven and export-led, and supported through:**
  - investment in climate resilient infrastructure and in the green transition;
  - investment in low and middle-income housing;
  - investment in enhanced skills training and education, especially in new niche sectors in a high-skilled, knowledge-based economy –digitisation, AI, robotics;
  - the mobilization of domestic savings for local investment for Barbadians;
  - establishing Barbados as a logistics hub;
  - improving productivity; and
  - the continuing adaptation of more open and flexible labour market policies.
- **Barbados has maintained a peg since 1975 and anchors economic policy on the exchange rate and maintaining the peg since it :**
  - Is the best incentive for long-term investment
  - Moderates inflation pressures originating from external pressure

# Investment Opportunities in Tourism

## **There are opportunities in increasing productivity and competitiveness in Tourism**

- Government will build on the BEST program to expand access to affordable capital to upgrade and enhance an ageing tourism product.
- Private investors are needed in the advertising space to partner BTMI, our main marketing agency, to increase reach and add versatility when promoting the local tourism product.
- Creating attractive investment packages for investors abroad by floating a bond linked to upcoming tourism projects
- Investment in new tourism projects based on a strategy to diversify business models away from sand & sea, including for example adventure travel, ecotourism, cultural experiences, and wellbeing trips. Focus on local capacity building and business support.
- Recent Tourism Projects include the Sam Lord's Castle Barbados, a Wyndham Grand Resort. Upcoming projects in Hotel Indigo; Pendry Hotel; Royalton Hotel; Marriott's Group Refurbishment; Pierhead Project, Apes Hill, and other high-end villa-based projects.
- BDS \$300 million Public-Private Partnership for the development of the Grantley Adams International Airport.

## **W.r.t the USA, we have very strong demand:**

- Which necessitates additional air links between the two nations despite the establishment of new flight routes by United Airlines, American Airlines, and JetBlue.

## Agro-Processing and Logistics Hub

- **Barbados' geographical position serves as an advantage in establishing itself as a transshipment point for agricultural products for both coastal Latin America and the Caribbean island chain.**
- **Two hubs are being proposed for Barbados**
  - The Regional Logistics Hub is intended to be a transshipment point for emergency supplies in the event of an emergency, and is in partnership with the World Food Programme, Caribbean Disaster Emergency Management Agency and the Government of Barbados
  - The Barbados-Guyana-Brazil food terminal will import Guyanese and Brazilian produce and also serve as a base for exports to other Caribbean islands and to Miami
- This is expected to improve food security regionally and improve intraregional trade and logistics capacity

## Agro-Processing and Logistics Hub

- **Climate smart & regenerative tropical agriculture & nutritious food:**
  - PPP to deliver national compost facility, soil health equipment; reclaimed water pipeline and water catchments, with cost recovery from farmers (fee-for-service).
  - Private sector investment to deliver fertilizer bulk blending plant, supported by incentives from Government
  - PPP to deliver food terminal, national packhouse and modern abattoir, with cost recovery from farmers (fee-for-service).
- **Efficiencies are expected through the reclamation of water from the Home Ownership Powered by Renewable Energy Programme (HOPE programme).**
  - Harvesting rain run-off from its roofs and roads and utilizing water treatment plants to re-purpose the water.
  - Water collected is then used for agricultural irrigation to further Barbados' food security initiative.



# Climate Resilient Infrastructure and the Green Transition

## Green Transition

- **Barbados has committed to becoming 100 percent renewable by 2035 under its National Energy Policy Framework; with a regulatory framework that promotes investment in clean energy.**
- Investment opportunities exist in wind power, solar power, and green and blue hydrogen:
  - 180 MW centralised solar PV
  - 100 MW distributed solar PV
  - 60 MW solar thermal
  - 166 MW onshore wind
  - 25 MW biomass-to-energy:
  - 8 MW waste-to-energy
- Opportunities for storage investment include
  - Battery - 203 MW battery storage
  - Renewable chemistry
- Tax incentives are offered to allow participants within the clean energy space to reduce their tax payable and costs related to their business which include:
  - Reduction or exemption of import duties and VAT on inputs
  - Reduction in income and corporation tax

# Climate Resilient Infrastructure and the Green Transition

## Transportation and Housing

- **Greening the Transport sector**
  - Public sector investment has included the conversion of the public transportation fleet to electric buses
  - Private sector investment in the green transport sector have been encouraged through access to finance for electric or plug in hybrid vehicles
  - Government incentives to encourage expansion of EV & infrastructure.
  
- **Procurement of climate resilient housing**
  - Government has led the charge in procuring low and middle income homes through the Home Ownership Powered by Renewable Energy Programme (HOPE)
  - Procurement strategy/partnership (for commercial entities) that reduces the cost of building – finishings etc.
  - Joint Partnerships are being sought to provide capital while government entities provide land
  - Other government initiatives include the access to financing to households to install roof straps and water tanks.

# Conclusion

- The bottom line is Barbados is ripe for investment
- We welcome your partnership

An aerial photograph of a city at dusk, with a large yellow triangle in the bottom left corner. The text "THANK YOU" is overlaid in the center.

**THANK YOU**