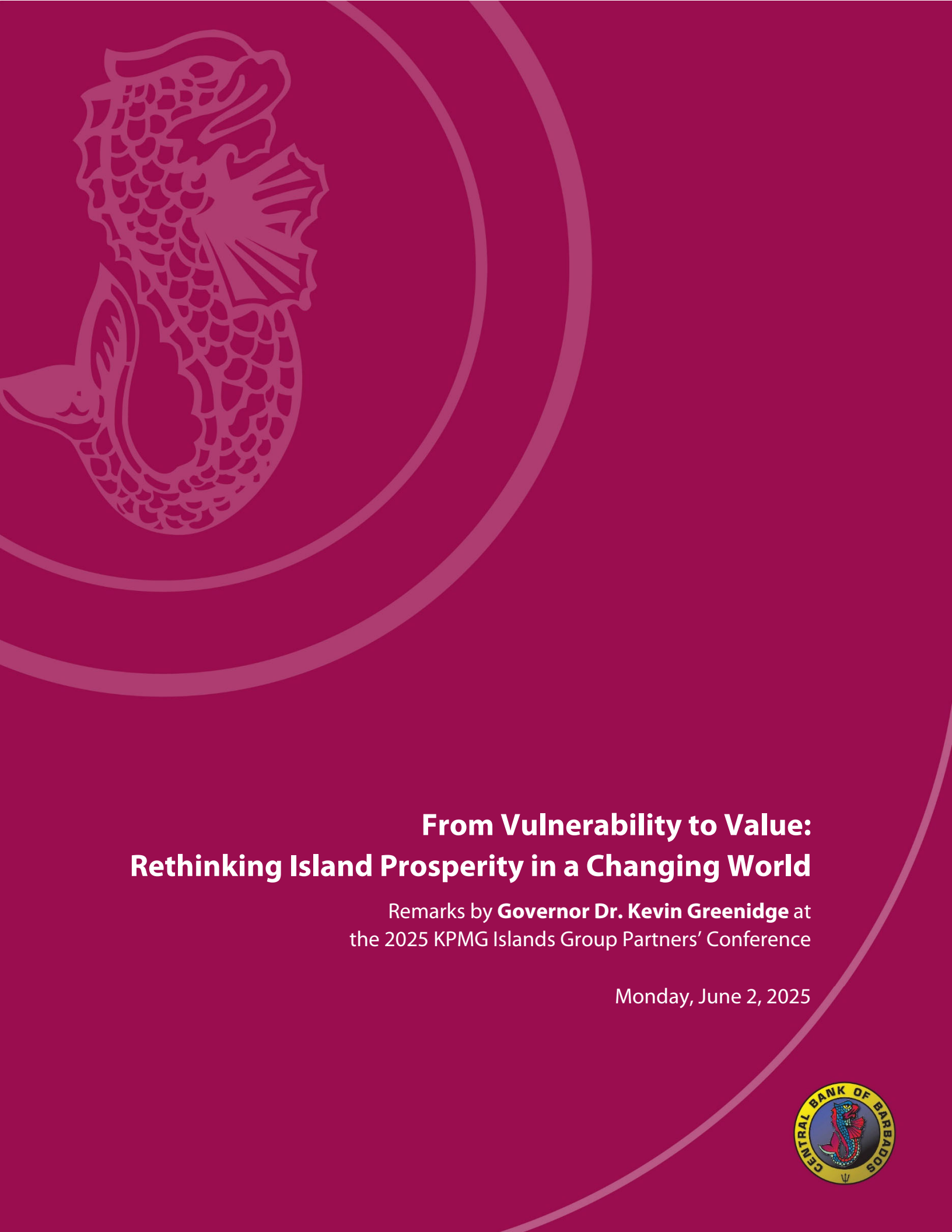




From Vulnerability to Value: Rethinking Island Prosperity in a Changing World

Remarks by **Governor Dr. Kevin Greenidge** at
the 2025 KPMG Islands Group Partners' Conference

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From Vulnerability to Value: Rethinking Island Prosperity in a Changing World

Good morning everyone,

Let me begin by welcoming you all to Barbados, and in particular to this historic site, Sam Lord's Castle, now reborn as a symbol of resilience and reinvention. This conference marks the first time that the KPMG Islands Group has brought its senior leadership to Barbados, and we are deeply honoured. I especially acknowledge Mr. Grant McDonald and his local team for their role in making this happen, and extend a warm welcome to Mr. Bill Thomas, Global Chairman of KPMG.

It is a privilege to follow Dr. Matthew Agarwala, whose insights into the future of economic measurement challenge us to think beyond income statements and instead manage national balance sheets. As he rightly said, GDP is not enough. For small island states, the critical question is not just how much we grow, but what we build, preserve, and pass on.

That is why today, I want to speak about how Barbados, and island jurisdictions like ours, can turn vulnerability into value. About how we can rethink what prosperity means, and how business, policy, and institutions must align to get us there.

The Island Trilemma: Growth, Sustainability, and Equity

Against the backdrop of an increasingly complex geopolitical and economic environment, small island states like ours confront a persistent trilemma. We must grow our economies. We must do so sustainably. And we must ensure the benefits are shared equitably. But unlike larger economies, we don't have the luxury of buffering shocks with large internal markets or deep capital pools. We are highly open, heavily import-dependent, and deeply exposed to global shifts in climate, capital, and commerce.

The COVID-19 pandemic laid bare these vulnerabilities. Barbados experienced a 17.6 percent economic contraction in 2020, one of the largest in the world. Unemployment soared, government revenues collapsed, and tourism disappeared overnight. But even before the pandemic, our economy faced the twin challenges of climate exposure and elusive growth.

Measuring What Matters: Wealth, Not Just GDP

Dr. Agarwala reminded us that countries, like companies, need more than just income statements. They need balance sheets. His framework reinforces the direction we have taken under our BERT programmes, anchoring national development not just on fiscal targets, but on a broader foundation of wealth preservation, institutional integrity, and long-term sustainability. In Barbados, we've begun applying this thinking across policy. We've prioritised investments in natural capital, our reefs, coastlines, and biodiversity, not just because they are beautiful, but because they are protective

infrastructure. We are investing in human capital through universal education, a digitized social safety net, and skills development aligned with the green and digital economies.

We are also investing in institutional capital, the kind of transparent, rules-based governance that builds trust. Credibility is a public good, especially in financial systems.

This commitment to rethinking value and embedding sustainability into the core of our development model is what has guided our national reform agenda from 2018 to the present. It is the thread that ties our past efforts to our future ambitions.

The Barbados Transformation Journey: From BERT 2018 to BERT 2025

Barbados' transformation has been anything but accidental. It's a journey that started with stabilization under BERT 2018, moved through adaptation under BERT 2022, and is now entering a new phase of transformation through BERT 2025.

BERT 2018: From Collapse to Control

In 2018, Barbados faced a national emergency. Public debt stood at 178.9 percent of GDP. Reserves had dropped to less than six weeks of import cover. We were cut off from capital markets, burdened by arrears, and downgraded repeatedly by credit rating agencies.

In response, we launched BERT 2018. It was a bold and home-grown economic recovery programme, supported by the International Monetary Fund. Its goal was clear: to restore macroeconomic stability. And we delivered. Within three years, we reduced the debt ratio by more than 60 percentage points. We achieved a primary surplus of 6 percent of GDP before the onset of the COVID-19 pandemic. We completed one of the most comprehensive debt restructurings in the world, while protecting pensions, wages, and social spending.

Beyond the numbers, BERT 2018 was about restoring credibility. We passed new public financial management and procurement laws. We began the reform of state-owned enterprises. And importantly, we protected our most vulnerable, restoring free tertiary education and launching the National Transformation Initiative to equip citizens with future-ready skills.

BERT 2022: Recovery with Resilience

Then came the pandemic, and with it a fresh wave of global uncertainty. But Barbados did not retreat. We adapted. BERT 2022 focused on inclusive growth, social protection, and climate resilience. We became the first country in the world to access the IMF's Resilience and Sustainability Facility. We executed a historic debt-for-climate swap. We expanded our fleet of electric buses, now the largest per capita in the Caribbean.

Since then, the economy has recorded 15 consecutive quarters of growth. Reserves now stand at more than 32 weeks of import cover. Unemployment is at its lowest level in over 15 years. And the debt ratio has declined steadily, reaching just over 102 percent of GDP by the end of the last fiscal year.

BERT 2025: From Stability to Transformation

Today, Barbados stands at a new threshold. BERT 2025 is not a recovery plan. It is a national transformation strategy. It is a blueprint for a high-performing, inclusive, and climate-resilient economy. An economy where sustained primary surpluses are matched by increased investment. Where

competitiveness is driven by innovation. And where climate action is integrated into every aspect of our development model.

BERT 2025 is anchored on five strategic pillars:

1. **Productivity and Competitiveness**, through trade facilitation, business climate reform, and digital infrastructure.
2. **Debt and Fiscal Sustainability**, through fiscal rules, improved oversight, and prudent debt management.
3. **Financial Market Development**, including diaspora bonds, SME financing, and new domestic investment tools.
4. **Climate Resilience and Green Transition**, aiming for 100 percent renewable energy by 2035 and major infrastructure adaptation.
5. **Human Capital and Inclusion**, with a focus on education reform, youth employment, and 10,000 new affordable homes.

This journey has required sacrifice, unity, and resolve. And it has laid the groundwork for a future defined not by survival, but by sustained progress. Success under BERT 2025 will mean a Barbados that is fiscally sound, globally competitive, socially inclusive, and firmly on the path to climate resilience—a nation where all citizens have a stake in and benefit from our collective prosperity. It has reminded us that when we come together with purpose, Barbados can overcome even the most difficult odds. BERT 2025 builds on that foundation. It is not just about reducing debt. It is about raising ambition. It is about creating an economy that works for all Barbadians.

Our transformation is not finished, but it is well underway. Together, we will continue to move forward.

The Role of Business: Knowledge Capital in Action

But we need the private sector more than ever. Not just for capital, but for innovation, talent, and systems thinking. You have what Dr. Agarwala called knowledge capital, and we need it now more than ever.

Whether it's helping us model risk, structure blended finance instruments, or digitize services, the expertise in this room is critical to the journey ahead.

In return, we're building the enabling environment:

- A simplified tax system with corporate rates aligned globally
- Financial sector reforms that prioritise market conduct and consumer protection
- A modernized Instant Payment System (IPS) being installed at the Central Bank to enhance the efficiency, speed, and inclusivity of domestic digital payments
- A regional payments platform, CAPSS, that allows for instant, local currency trade across CARICOM

Regionalism and Global Partnerships

We cannot do this alone. We are deepening ties with other regions including Africa through the Afreximbank Caribbean Trade Centre. We are strengthening our role in climate finance as Chair of the

V20 Central Bank Governors Working Group. We are building regional reserve mechanisms, supporting cross-border innovation, and advocating for fairer credit ratings that reflect climate vulnerability.

Island states may be small, but we are global actors with global responsibilities.

Conclusion: A New Narrative for Island Economies

Let me leave you with this. The story of small states is often told through the lens of vulnerability. But that's not our full story. We are also adaptable, innovative, and deeply interconnected.

To everyone in this room: you have a stake in that story. Whether as advisors, investors, policymakers, or innovators—you have a role in shaping it. The decisions we make today will define the Barbados, and the region, we leave for future generations.

Thank you.