

Outline

Caribbean debt challenge

The Caribbean's major challenges

Environmental vulnerabilities

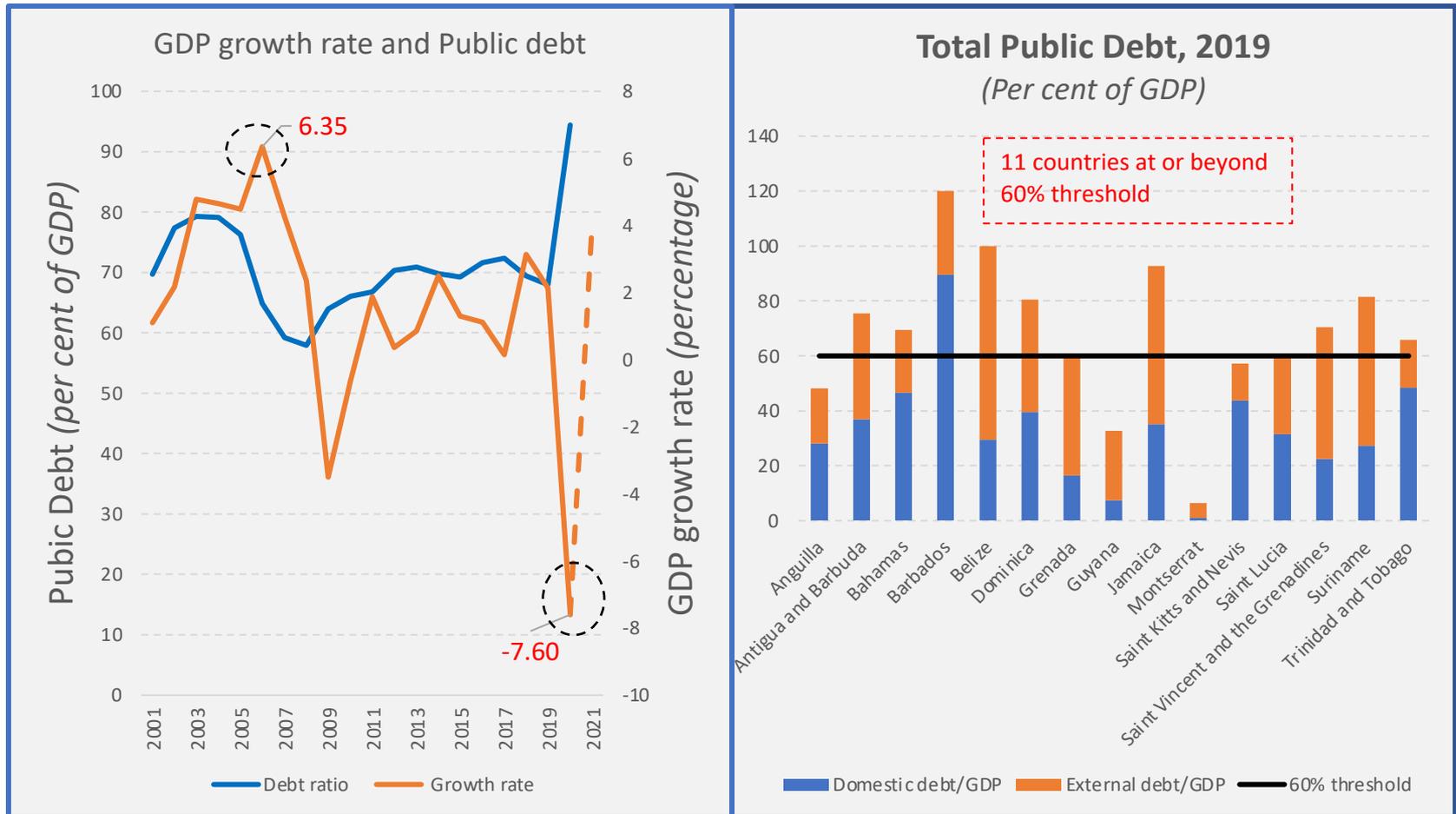
Heterogeneity of Caribbean debt

ECLAC's Debt Reduction Scenario
analysis

Developing ECLAC's Caribbean
Resilience Fund

The Way Forward

The Caribbean is faced with high public debt and low growth



Source: ECLAC, based on official figures.

The major challenges facing the Caribbean

MACROECONOMIC
IMBALANCES



INSUFFICIENT
PRODUCTIVITY &
COMPETITIVENESS



HUMAN
DEVELOPMENT
CHALLENGES



ENVIRONMENTAL
CHALLENGES



Implementation and Regional approach gaps

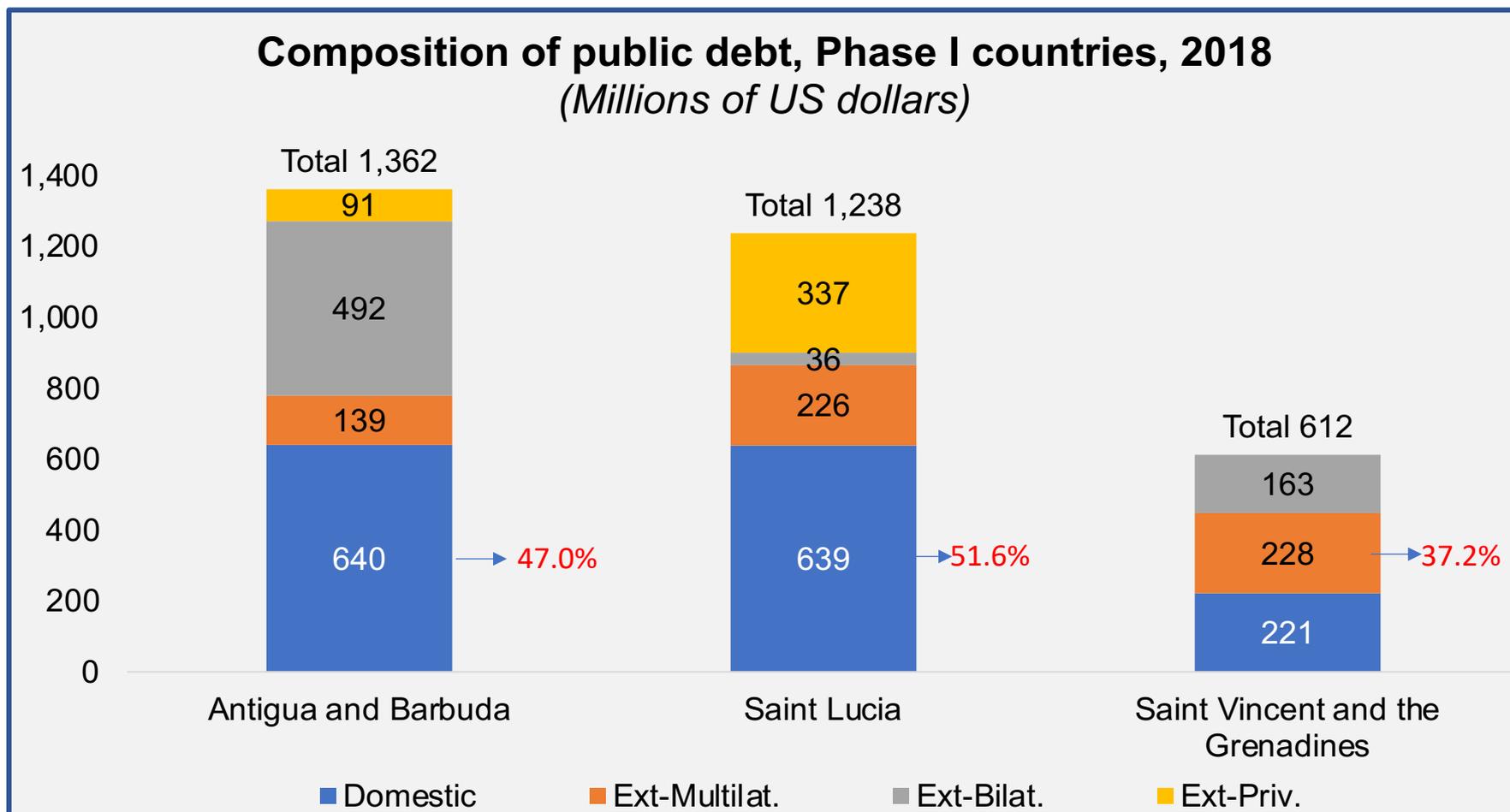
The subregion is highly vulnerable to climate changes, natural disasters and weather events

- Caribbean countries are some of the most vulnerable to climate change
- Even among SIDS, natural disasters are more costly and more frequent in the Caribbean.
- In 2017, the cost of the hurricane season to Caribbean countries was US\$93 billion (this includes Cuba US\$13b and Puerto Rico US\$68 billion).
- ECLAC has estimated that in 2017, damage and loss to Antigua and Barbuda, The Bahamas, Dominica and Saint Kitts and Nevis due to hurricanes were in excess of US\$1.7 billion.
- Damage to infrastructure, agriculture and housing following the eruption of the La Soufriere volcano in Saint Vincent and the Grenadines estimated at US\$300 million.
- Caribbean governments need to respond after these events, often through more debt



ECLAC's Debt Reduction Scenarios Analysis – Phase I countries

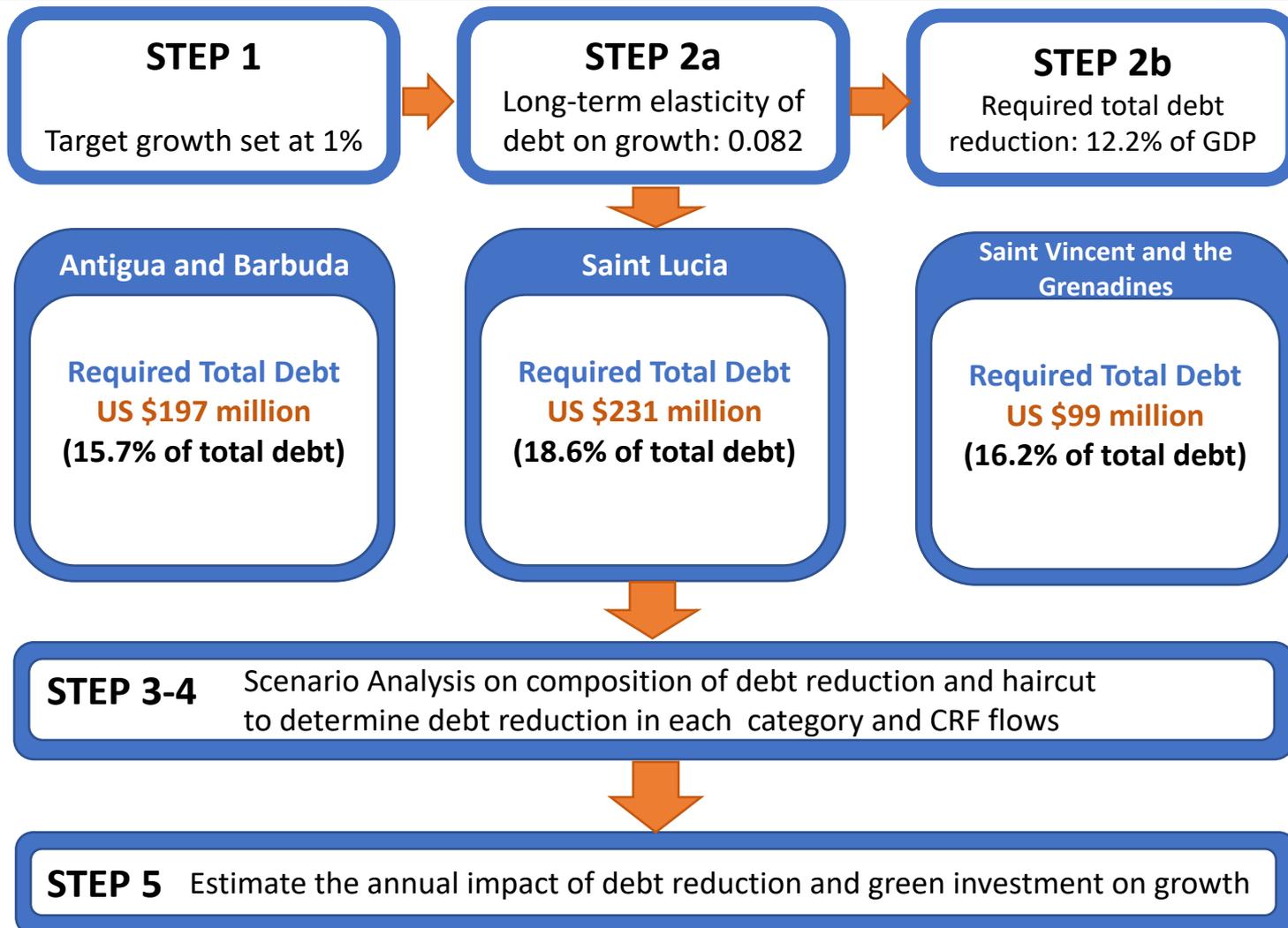
Heterogeneity of debt requires tailor-made debt reduction scenarios



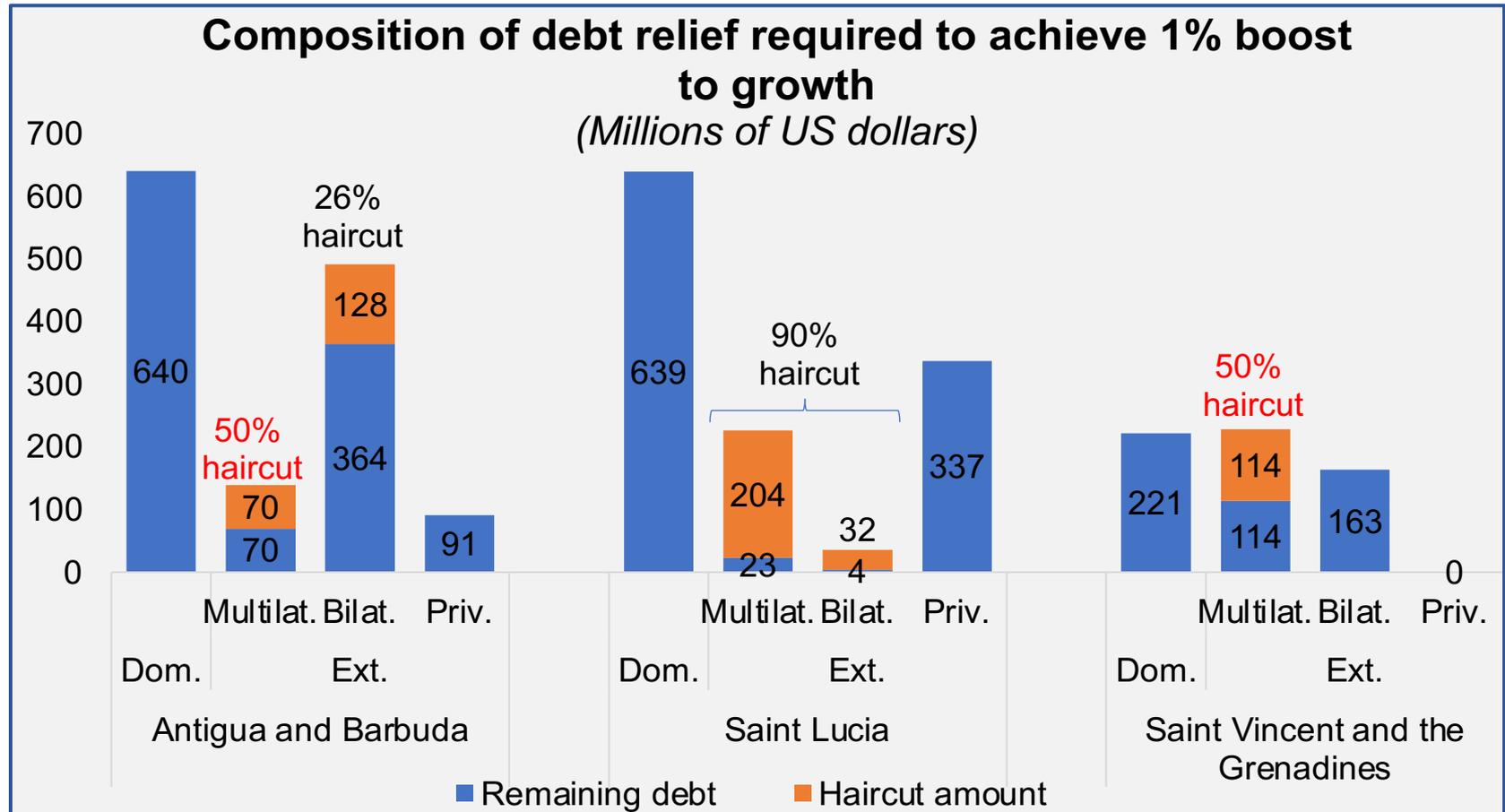
Source: ECLAC, based on official figures.

Scenario Analysis Process Chart

Initial CRF capitalization for Phase I countries of US\$527 million



Debt reduction scenarios



Source: ECCB and ECLAC, based on official figures.

Note: Haircut percentage refers to ratio of haircut value to total debt.

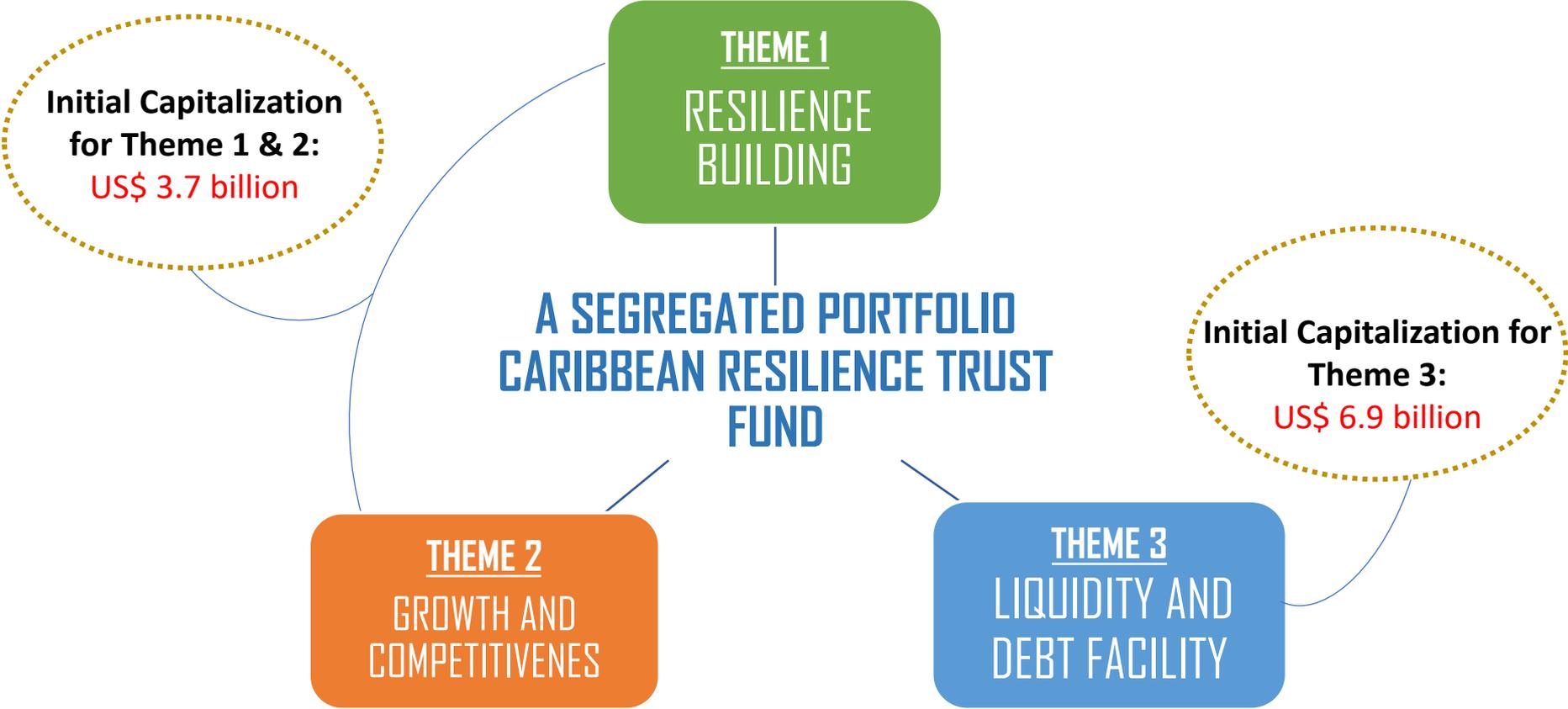
Potential categories of public debt to target during initial negotiations among Phase I countries



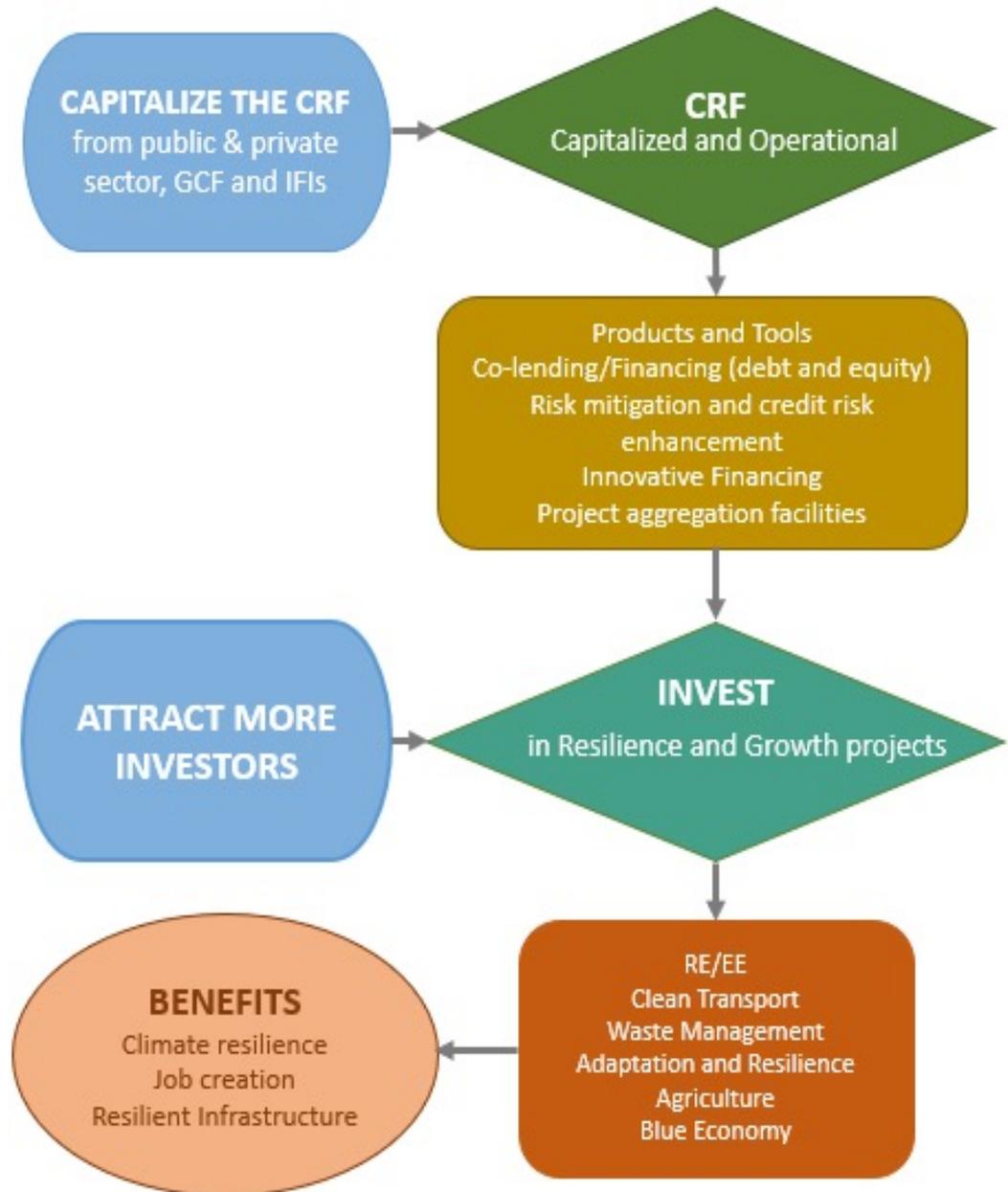
PHASE I Member States

Developing ECLAC's Caribbean Resilience Fund

Establishing the CRF – A Segregated Portfolio Caribbean Resilience Trust Fund requiring an initial capitalization for Caribbean of **US\$10.6 billion**



The Mechanics of establishing and operationalizin g the CRF



The Way Forward

- In the near future, ECLAC will convene an Expert Group Meeting for feedback and finalization of the CRF debt proposal
- The finalized CRF proposal will be share with the Prime Ministers of the pilot countries (Antigua and Barbuda, Saint Lucia and Saint Vincent and the Grenadines) to garner their continued support and to agree on a plan of action to establish the CRF
- Collaborations with IFIs, the GCF, CDB and IDB, elements of the private sectors and other relevant agencies will be conducted to continue to advocate for support for the establishment of the CRF within the global discussions on FFD during the COVID pandemic and beyond and also to generate initial financing for the proposed CRF
- Collaborate with member States for the refined CRF to be launched as a viable agency based on an agreed structure
- Continue to develop and initiate new innovative financing instruments under the CRF

Thank you!