Addressing the Caribbean’s challenges with ECLAC’s Caribbean Resilience Fund

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Persistently high public debt and low growth following the GFC has been exacerbated by the pandemic. Recovery from the effects of the pandemic has been slow as growth remains below 2019 rates (excluding Guyana).

- Public debt levels have been persistently high for some time. Pre-GFC and post-GFC public debt levels are about the same at 70.1% of GDP and 71.3% of GDP, respectively, but are above the internationally accepted threshold of 60% of GDP.

- Alternatively, GDP growth pre-GFC averaged 3.7% while post-GFC, the average GDP growth rate plummeted to 0%.

- There has not been sustainable GDP growth across the region since the GFC and the effects of the pandemic will reduce the likelihood of returning to sustainable growth without critical interventions.

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<tr>
<th>GDP growth rate (%)</th>
<th>Total Public Debt (% of GDP)</th>
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<tbody>
<tr>
<td>Pre-GFC (2001-2008)</td>
<td>3.7</td>
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<tr>
<td>Post-GFC (2009-2021)</td>
<td>0.0</td>
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</tbody>
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GFC – Global Financial Crisis
The current macroeconomic landscape

Slow improvement in GDP growth in 2021 but global issues pose risks in 2022,
Public debt has significantly widened, and fiscal positions remain weak
Key Proposals for Financing a Sustainable and Resilient Recovery

- Consideration for an expanded DSSI
- Institutionalizing State Contingent Debt Instruments eg. Hurricane clauses
- Focus on upgrading and diversifying in key economic sectors
- Implement fiscal and export-promotion reforms towards macro-stability
- Implement strong advocacy and international solidarity campaign
- Promote policies to address de-risking, EU grey and blacklisting
- Support the establishment of the Caribbean Resilience Fund

How to Finance a Sustainable and Resilient Recovery
The Caribbean Resilience Fund
A segregated portfolio trust fund supporting three critical development needs
An initial capitalization of US$10.6 billion required

Initial Capitalization for Theme 1 & 2: US$ 3.7 billion
Initial Capitalization for Theme 3: US$ 6.9 billion
The third theme will include ECLAC’s Debt for Climate Adaptation Swap
Initial CRF capitalization for Phase I countries - US$527 million
Thank you!