

The Caribbean Resilience Fund: An initiative to address debt recovery and resilience



UNITED NATIONS



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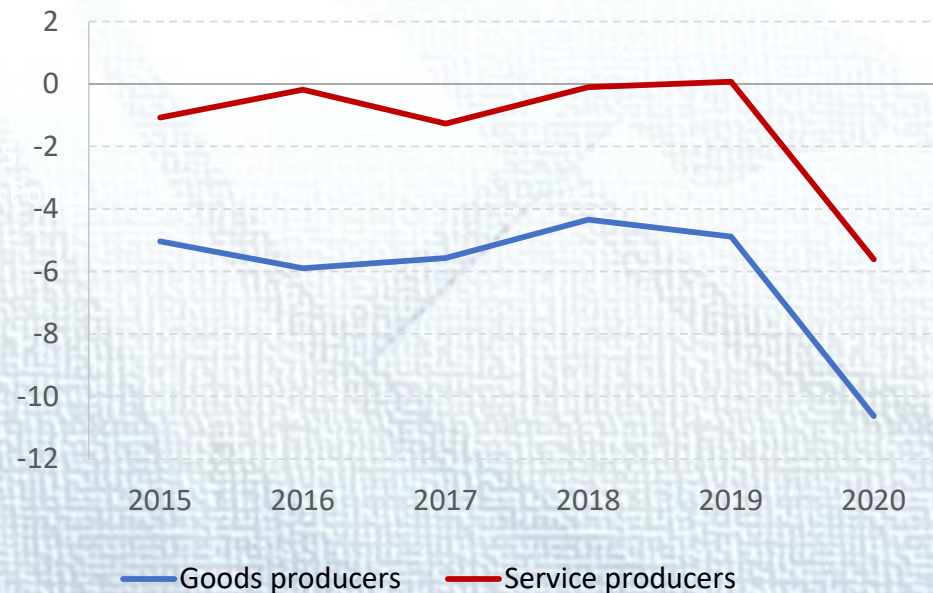
22 October 2021

A Triple Crisis and its multidimensional impacts

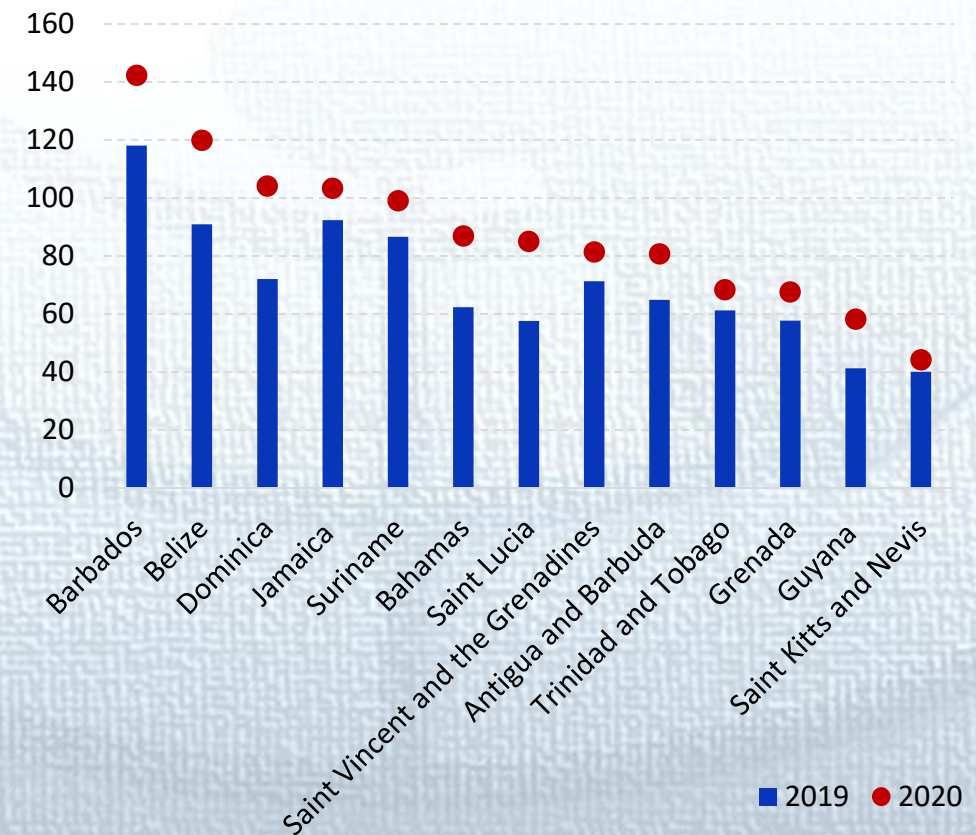
The pandemic has widened fiscal deficits and increased public debt



Government overall balance, 2015-2020
(Percentage of GDP)

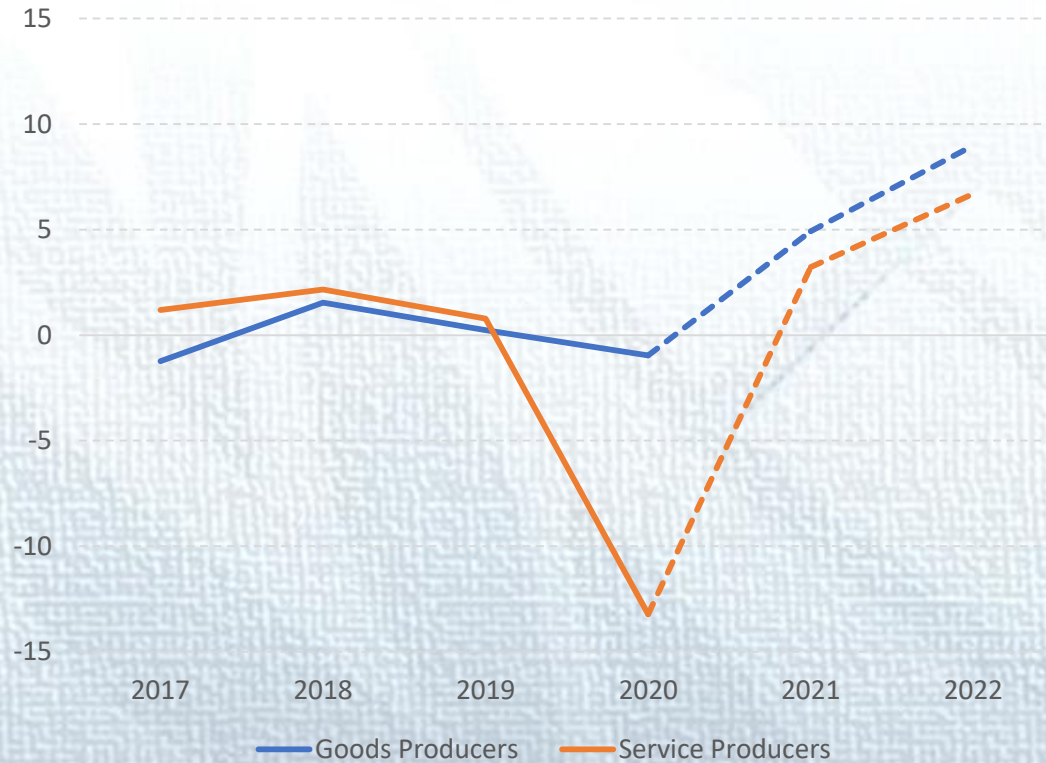


Central Government Debt, 2019 and 2020
(Percentage of GDP)

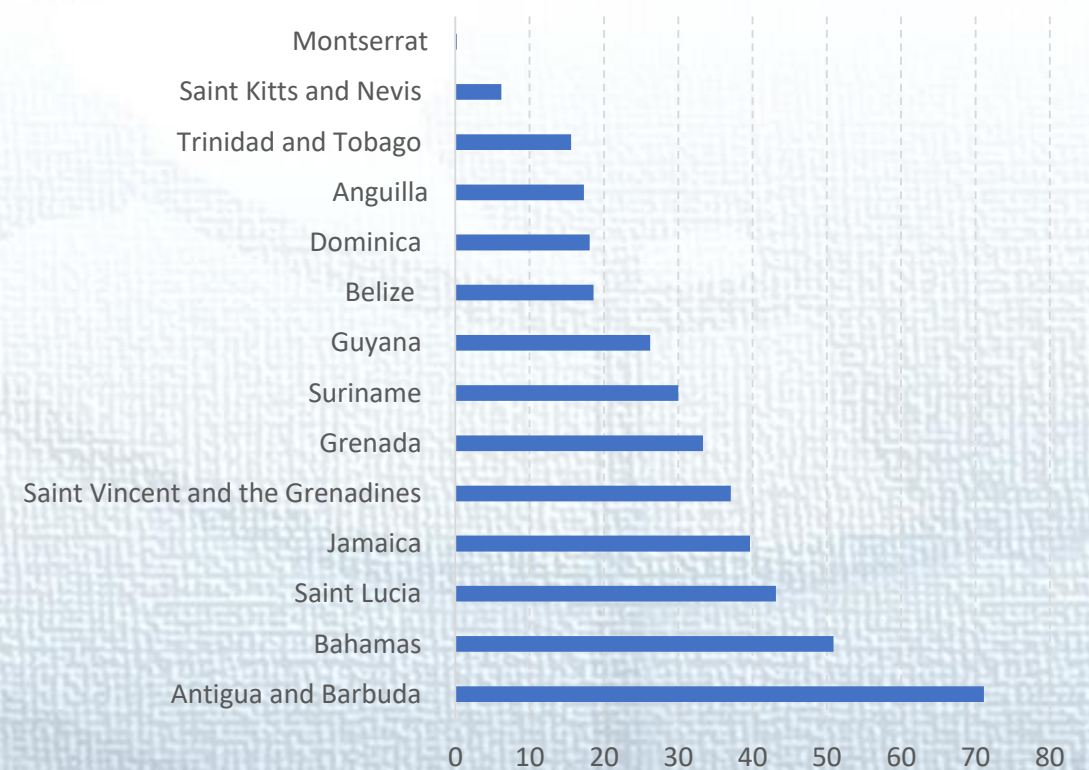


The Caribbean is plagued by low growth and high debt service payments

Caribbean GDP growth rate, 2017-2021
(Percentage)



Debt service payments, 2019
(Percentage of government revenue)



The subregion is highly vulnerable to climate change, natural disasters and other exogenous events

SVG
Volcano
April 2021



Guyana
Floods
May 2021



Saint Lucia
Hurricane Elsa
July 2021



Haiti
Earthquake
August 2021

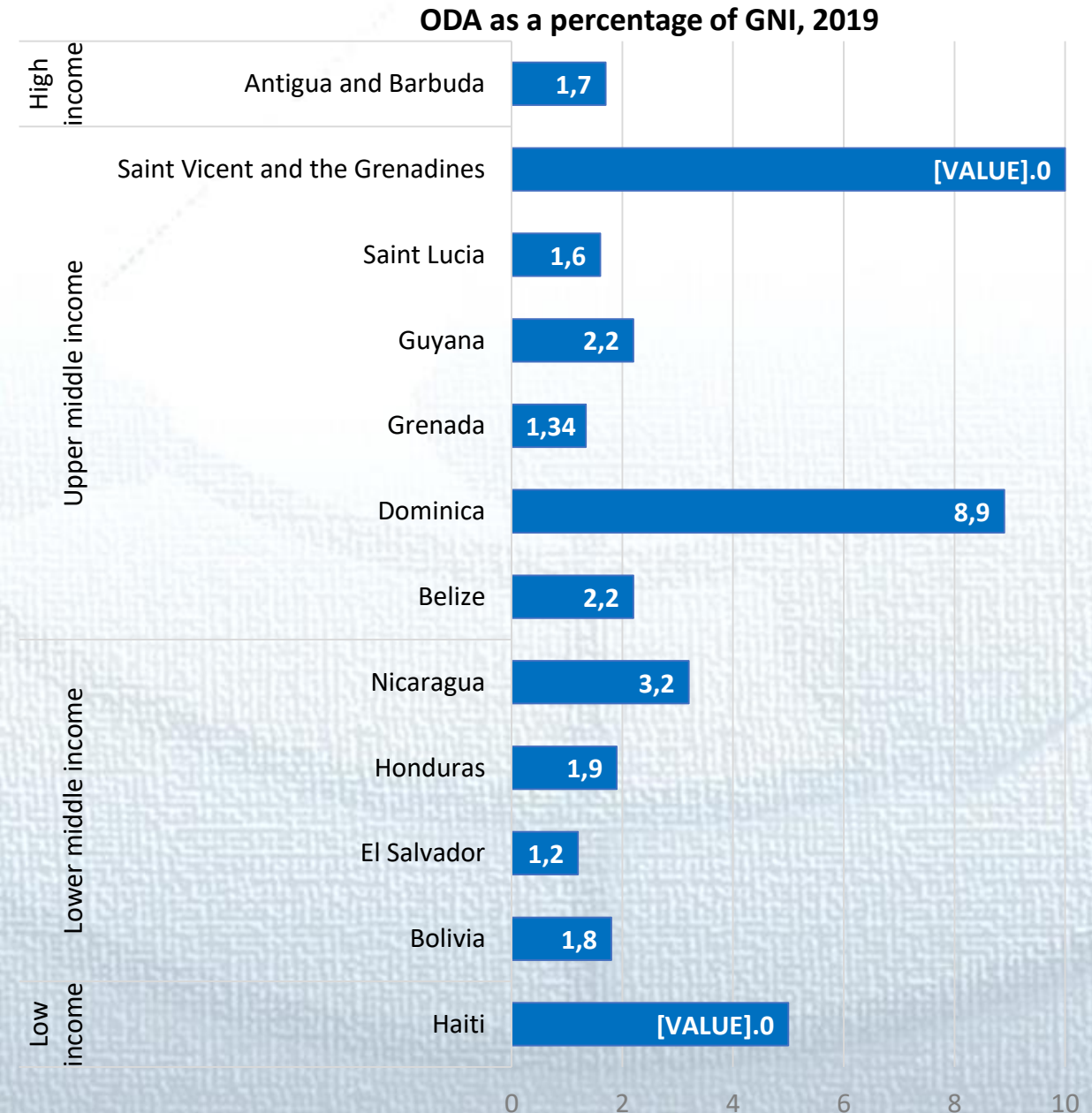


Graduation criteria is an additional constraint to resource mobilization

| Country | World Bank classification by per capita income |
|-----------------------|--|
| Antigua and Barbuda | Graduation in 2022 |
| Bahamas | Graduated |
| Barbados | Graduated |
| Chile | Graduated |
| Saint Kitts and Nevis | Graduated |
| Trinidad and Tobago | Graduated |
| Uruguay | Graduated |
| Panama | Graduation in 2022 |

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of data from the World Bank.

Six countries have been removed from the list of potential ODA recipients and two will graduate in 2022

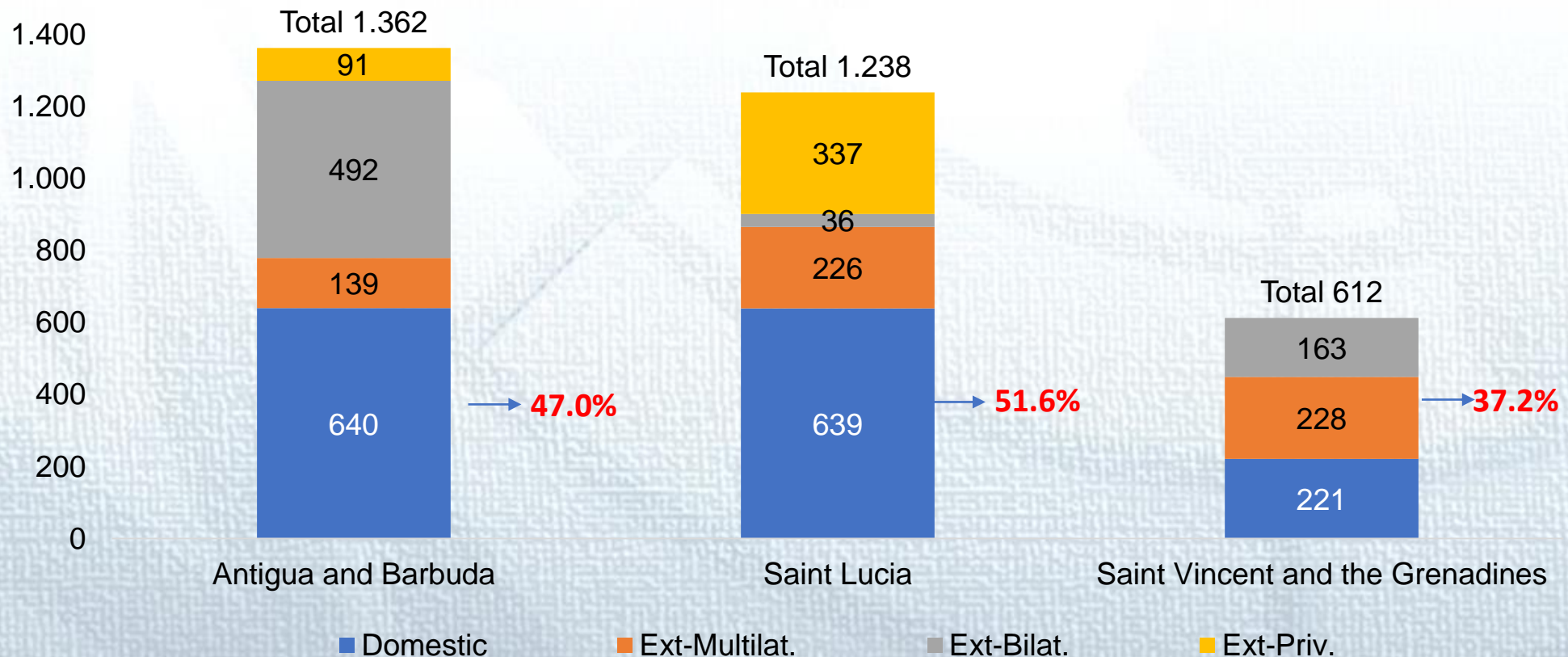


ECLAC's Caribbean Resilience Fund is a financing mechanism to spur economic recovery, build resilience, enhance liquidity and provide debt relief



Heterogeneity of debt requires tailor-made debt reduction scenarios

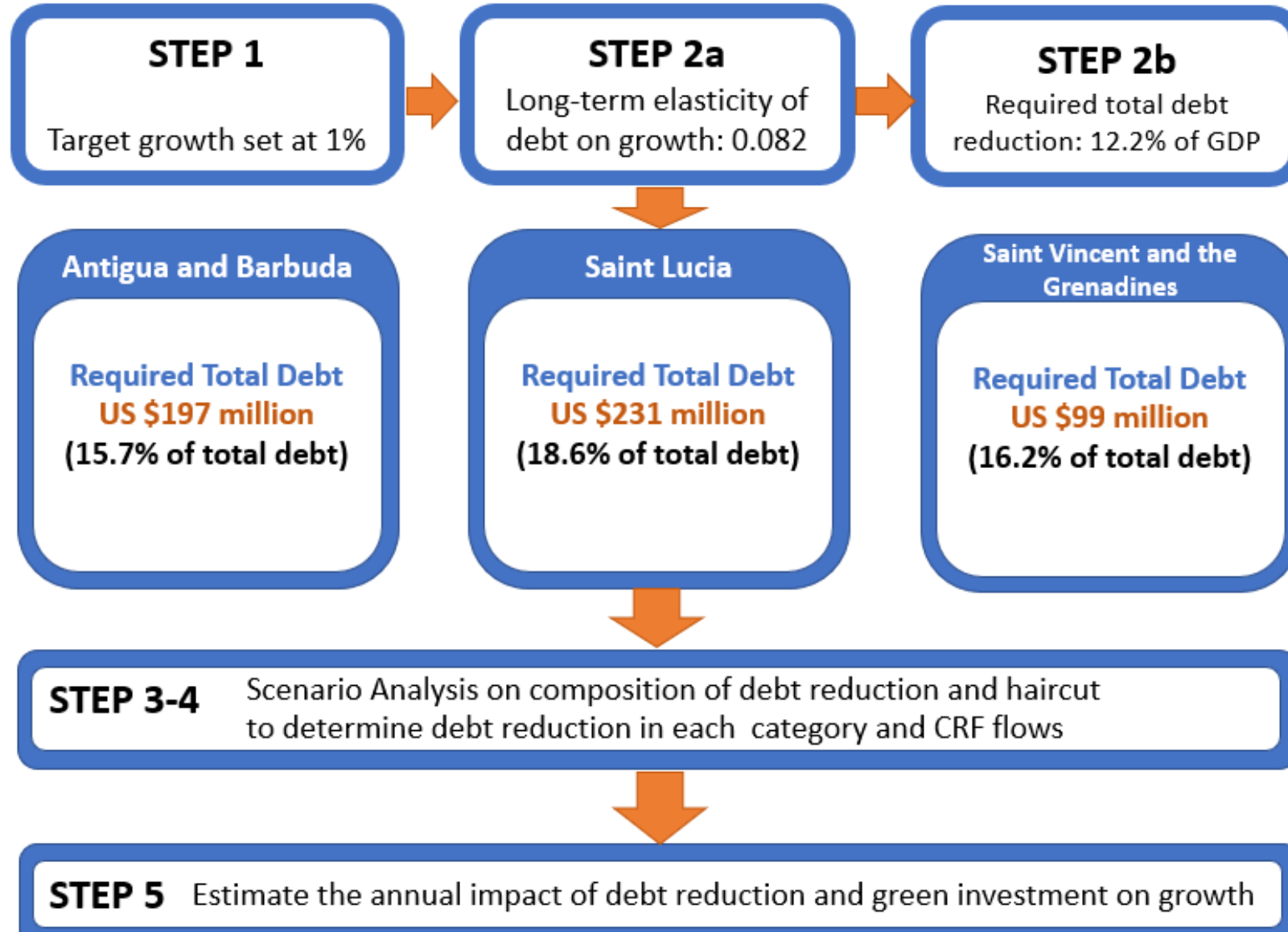
Composition of public debt, Phase I countries, 2018
(Millions of US dollars)



Source: ECLAC, based on official figures.

Scenario Analysis Process Chart

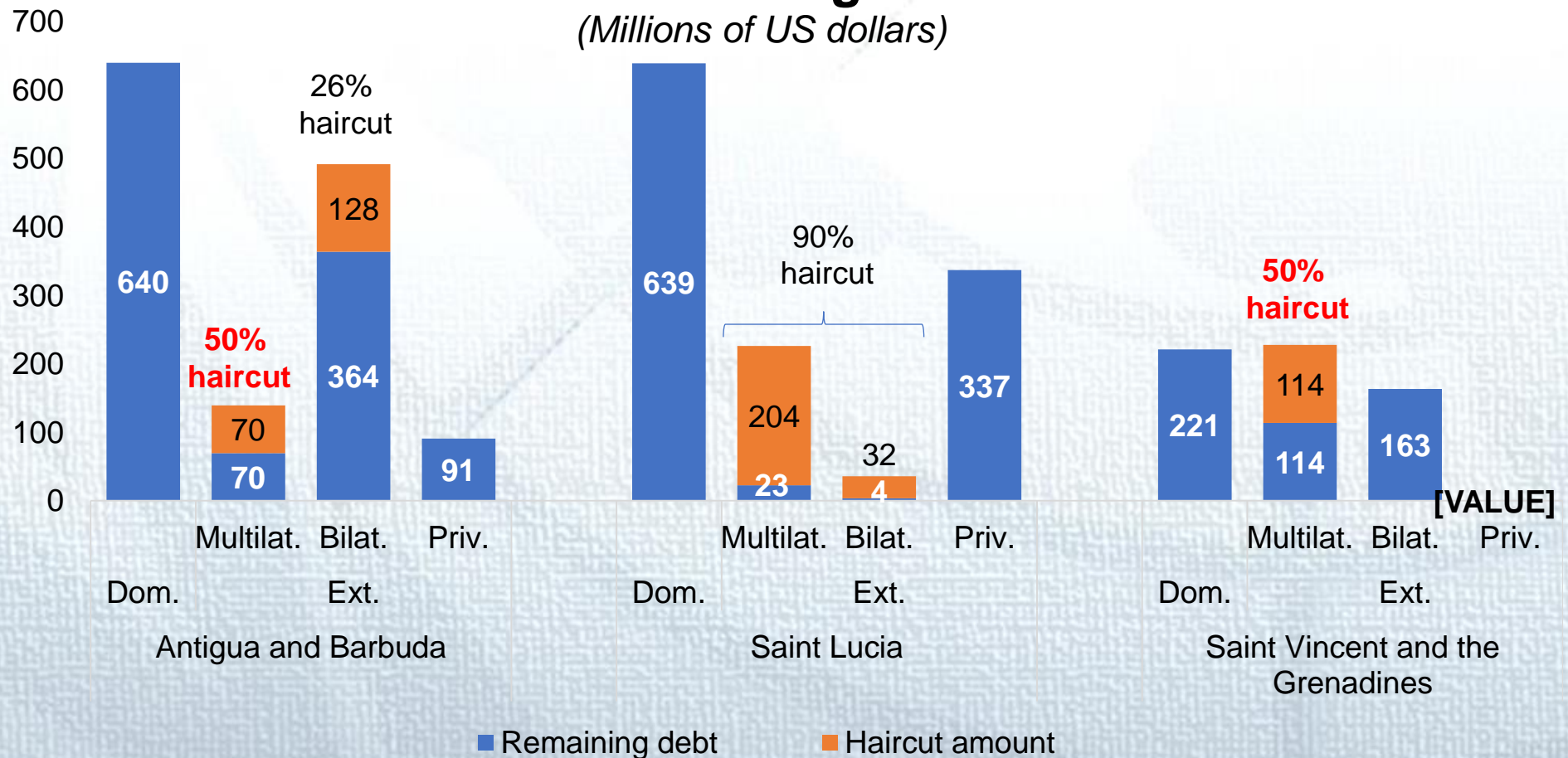
Initial CRF capitalization for Phase I countries of US\$527 million



Debt reduction scenarios

Composition of debt relief required to achieve 1% boost to growth

(Millions of US dollars)



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

- Paris Club debt
- **US\$122 million**

Antigua and Barbuda



- Short- and Medium-term Domestic debt
- **US\$178 million**

Saint Lucia



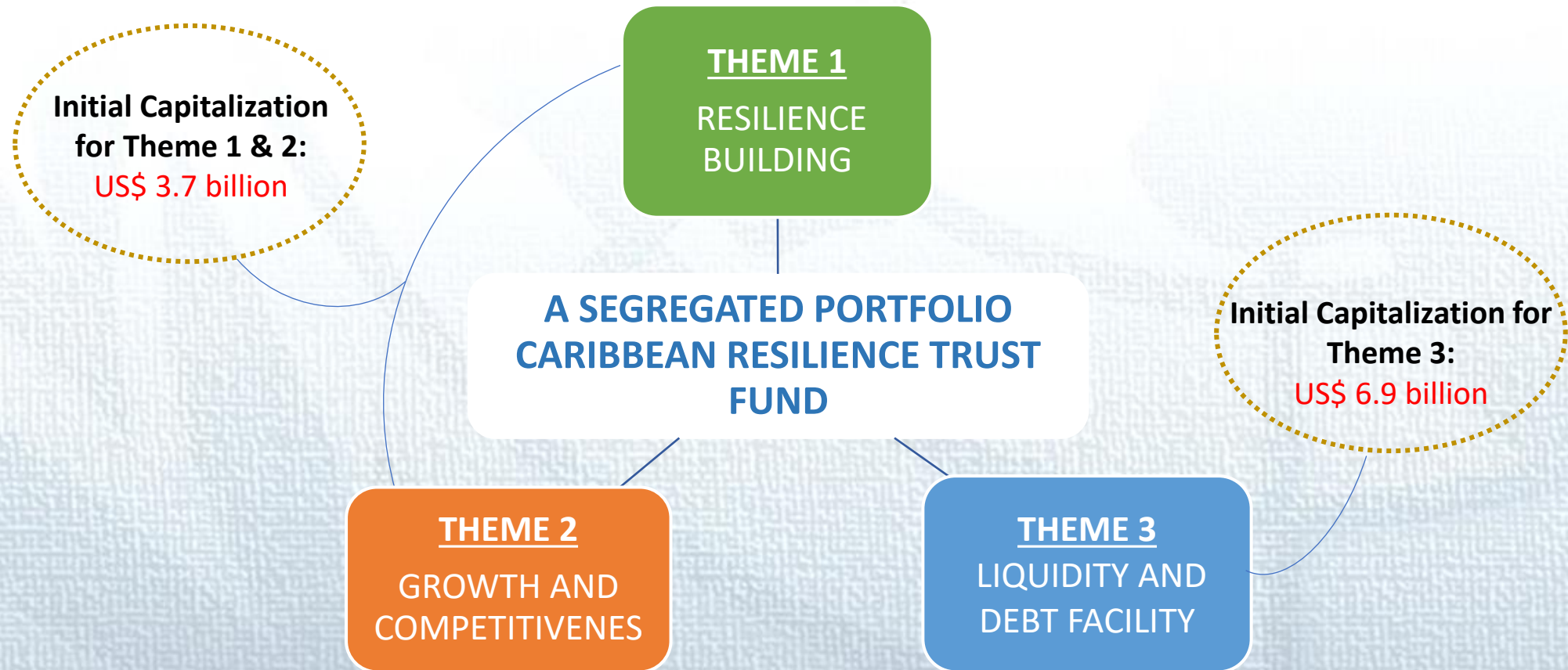
- ALBA Bank &
- Venezuelan debt
- **US\$94 million**

Saint Vincent and the Grenadines

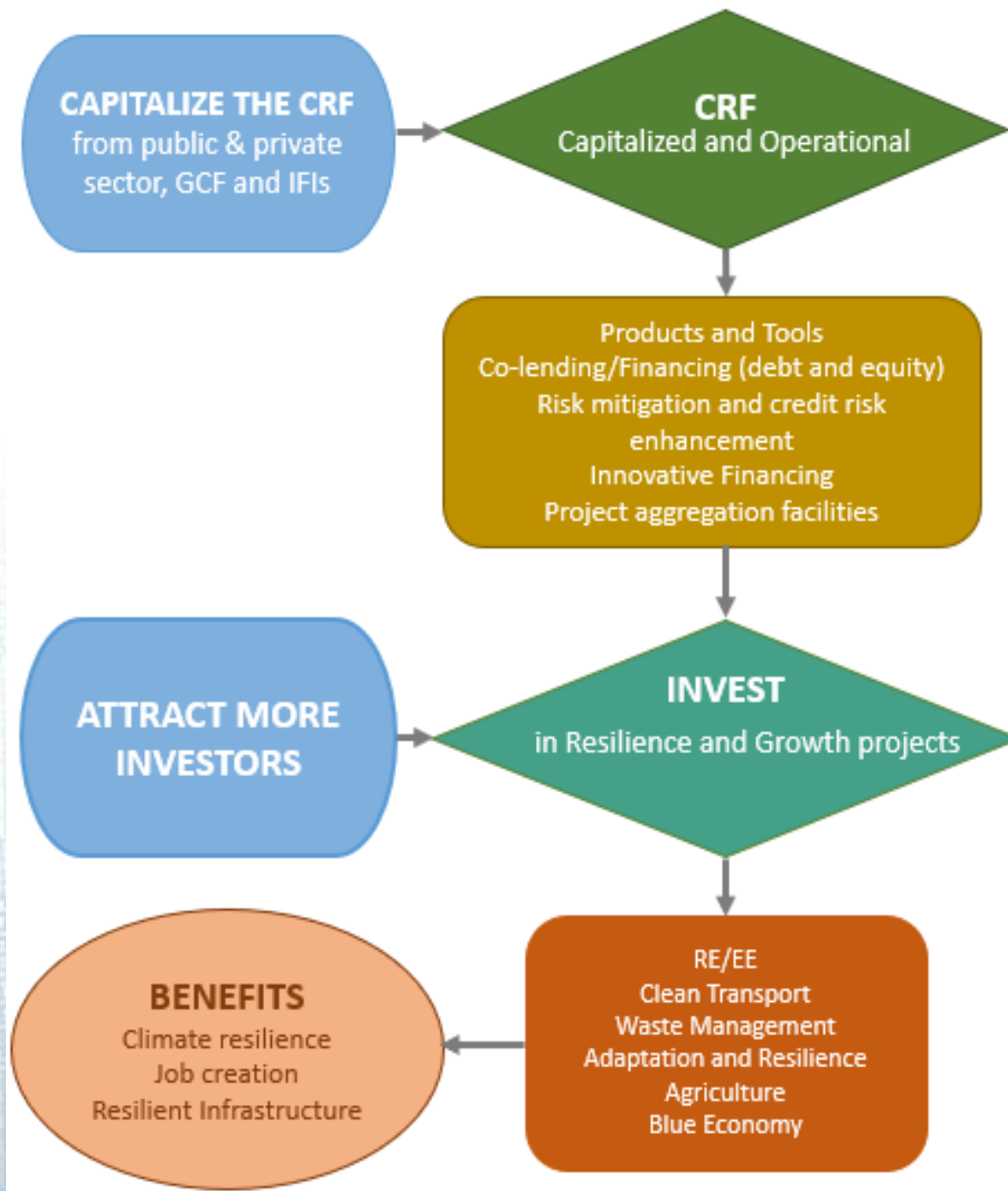


PHASE I Member States

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



The mechanics of establishing and operationalizing the CRF



Thank You!

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