The Backdrop:
Growth & Development

SLOW AND DECELERATING GROWTH IN CCB ECONOMIES...
Caribbean real GDP growth has been volatile, and lagged comparable economies...

Relative performance fell further behind during the past decade...
COVID-19 Shock to Growth (2020): Unprecedented for many...

Figure 4. The COVID-19 Shock to Growth: Caribbean Economies Among the World’s Worst Affected (Percent change in real GDP for 2020)

Source: Authors’ calculations based on data from the International Monetary Fund’s April 2022 World Economic Outlook.

Note: Latin American and Caribbean countries ranked by severity of shock compared to 195 countries globally.

Source: Caribbean Economics Quarterly (July 2022)
Major Challenge: Productivity in Decline

KEY TO FASTER PROGRESS...
Growth Accounting: by factor of production.

\[ Y = A \cdot K^\alpha \cdot L^\beta \]

where:

- \( Y \) = total output
- \( A \) = Total Factor Productivity (TFP)
- \( K \) = capital input
- \( L \) = labor input
- \( \alpha, \beta \) = inputs’ respective shares of output.
Productivity (TFP) in decline since the 1970s—now below levels of 50 years ago...

Source: Caribbean Quarterly Economic Bulletin (January 2022)
Financial Development: Lagging behind peers...

Sources of capital remain constrained...
FINDING 1. Financial depth improving, but still limited compared to peers...

Source: Caribbean Economics Quarterly (July 2022)
FINDING 1. Equity markets developing, but trade volumes and availability remain limited...

Source: Caribbean Economics Quarterly (July 2022)
Enterprise Surveys:
Firms need more funds...

FIRMS REPORT ACCESS / COST OF FINANCE AS KEY BARRIERS...
FINDING 2. COVID-19 shock drove a deterioration of access vs. 2014...

Figure 5. Survey-Reported Barriers to Financial Access for All Firms, 2014 vs. 2020
a. Barriers to Credit Access (e.g., Collateral Requirements)

Source: Caribbean Economics Quarterly (July 2022)
FINDING 3. Smaller firms in the Caribbean face outsized challenges...

Figure 6. Survey-Reported Barriers to Financial Access for Firms by Size, 2020

b. Barriers from Cost of Credit (e.g., Interest Rate) by Firm Size

Source: Caribbean Economics Quarterly (July 2022)
FINDING 4. Firms owned and/or operated by women face greater difficulty...

Figure 7. Severity of Survey Reported Barriers to Financial Access by Gender, 2020

a. Barriers to Credit Access (e.g., Collateral) by Gender

Source: Caribbean Economics Quarterly (July 2022)
Policies and Reforms that can help...

RESEARCH POINTS TO REFORMS WITH POTENTIAL...
While too many to list, some key reforms and policies worth highlighting...

<table>
<thead>
<tr>
<th>Reform</th>
<th>Objective</th>
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<tbody>
<tr>
<td>Macroeconomic Stability and Policy Prudence</td>
<td>Avoid crowding out and bolster investor sentiment through predictable growth, interest rate, inflation, and policy environment</td>
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<tr>
<td>Availability of Credit Information</td>
<td>Facilitate creditor decision making and project risk assessment via improved creditor information (e.g., credit registries and bureaus, information availability, credit scoring, etc.)</td>
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<tr>
<td>Property Rights and Insolvency Procedures</td>
<td>Encourage investment via improvements in property rights, judicial institutions and processes (e.g., bankruptcy courts, contract enforcement, collateral attachment and seizure, workout mechanisms, etc.).</td>
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<tr>
<td>Credit Sector Competition</td>
<td>Avoid concentration and limited participation by facilitating market entry, while ensuring regulatory and prudential standards are met to avoid systemic risks (e.g., new entrants, new technologies, etc.)</td>
</tr>
</tbody>
</table>

Source: [Caribbean Economics Quarterly (July 2022)](https://example.com)
Links:

- Publication
- Blog
Thank you!

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