

*As Prepared for Delivery*



***FEATURED ADDRESS***

***‘Driving Economic Growth in 2025 and Beyond: A Vision for a Thriving Private Sector  
Ecosystem’***

by

**Mr. Daniel M. Best**

President

Caribbean Development Bank

at the

Barbados Chamber of Commerce and Industry  
“Business Luncheon & Panel Discussion”

**Hilton Barbados Resort**

**Bridgetown**

**February 28, 2025**

## **Introduction**

I am truly humbled to have been given this opportunity to address you this afternoon in one of my first external speaking engagements in my new role as President of the Caribbean Development Bank (CDB). In articulating my vision for the next five years to the Board of Governors of CDB. I indicated that this juncture of our development requires a rebirth of the Bank. However, I am aware that the need for rebirth is not limited to the Bank.

Ladies and gentlemen with your permission, I would like to invite us to have an honest conversation this afternoon. Both now and in the panel a bit later. [Family discussion] Ladies and gentlemen as a Region our development has slowed. There are fractures in our socioeconomic fabric that indicate that we are not meeting the aspirations of our people. We are seeing these fractures in the 60% or more of our citizens with tertiary education who are choosing to deploy their immense talents in developed countries. At the same time, it appears as though more of our young people are seeing illegal activities as the most effective route to meeting their consumption and income aspirations [approx. 85% of violent crime committed by young men between the ages of 16 – 30.

This is our Region and the good news is that we have the ability to change the course of our history, but the gravity of the times requires a call to action. At CDB, we have recognised the need for change. The dimensions of development remain the same, but if we are going to meet this moment, we will need to innovate, then transform to thrive. This is the mantra that I have engraved into the approach that I will be shepherding over the next five years.

This afternoon, I want to get to the heart of development—because, fundamentally, true progress leaves no one behind. I will attempt to challenge us to rethink our economic approach, exploring how we can inject new energy and competitiveness into our economies. I'll also show how your CDB is not just supporting the solution but striving to be a better, more effective part of it. And finally, I will share my thoughts on how the private sector can step up even further in shaping our region's future.

## **What is Development**

At its core, development is about people—about meeting their needs today without compromising the ability of future generations to meet their own needs tomorrow. The United Nations calls it a juggling act, where three balls must stay in the air: economic growth, social inclusion, and environmental protection. Drop one, and everything falls apart.

Rapid economic growth means little if most people are left behind—it breeds inequality, instability, and ultimately, setbacks. Social spending is vital, but if it outstrips what our economies can sustain, we face foreign exchange crises and economic disruption. And if we clear hillsides for housing or farming without regard for nature, we invite floods that wash away the very progress that we are striving for.

For this reason, development must have an all-inclusive vista to be sustainable. Growth must be inclusive. Prosperity must reach everyone. And every decision we make must recognise the deep interconnections between our economy, our society, and our environment. That’s how we build a future that lasts.

## **The Context**

Today, I want to zero in on the economic dimension, not only because I am speaking to members of the Barbados Chamber of Commerce and Industry, but because building resilient social and environmental frameworks starts with a strong, resilient economy.

In our economies, economic resilience is the bedrock of development. Let me highlight a few key features of our nations. First, we are small countries with limited production capabilities, which means we rely heavily on imports to meet both our consumption and production needs. A quick glance around this room underscores just how dependent we are on imports for the smooth functioning of our economies.

Second, we don’t have reserve currencies—our currencies aren’t used in international transactions. This means we must have foreign exchange to buy anything we import. The smooth running of our economies—social, productive, and environmental—depends on a steady flow of foreign exchange.

In short, sustainable and resilient development in all its forms hinges on maintaining and growing our foreign exchange earnings.

### **The Imperatives for Building an Ecosystem for Dynamic, Internationally Competitive Firms**

But what is resilience? Resilience is the capacity to withstand or recover from shocks. When we talk about a resilient economic system, we are referring to its ability to create and sustain decent jobs, even in the face of adversity. Our Region has faced frequent and severe economic contractions due to shocks—most recently, the COVID pandemic, but before that, the Great Recession of 2009-10.

One of the main reasons that these shocks affect our economies so deeply is because of our high export concentration. Take Barbados, where tourism accounts for 60% of foreign exchange earnings. A downturn in tourism sends shockwaves through the entire economy—affecting not just revenue, but jobs, GDP, and government finances.

Yes! Shocks will inevitably lead to economic contractions. I am not arguing that our Region is the only one in the world that is affected by shocks. What I am saying though is that the depth and duration of the impact are greater because of the high export concentration of the Region.

The most compelling examples of small island developing states (SIDS) successfully withstanding global shocks come from those with significant export diversification. In every major economic crisis—whether the Great Recession, the COVID-19 pandemic, or supply chain disruptions—the Caribbean’s most vulnerable moments have stemmed from its reliance on a narrow set of export industries, particularly tourism. By contrast, SIDS that have built diverse, resilient economies—spanning manufacturing, financial services, digital industries, and high-value agriculture—have consistently absorbed shocks more effectively, recovering faster and sustaining growth even in turbulent times.

The message in these comparisons is twofold. The first, is that the way to mitigate the impact of these shocks, limit their damage and build resilience is to diversify exports. The second message is that in small economies such as ours, there is a limit to the extent of diversification that can be attained. However, the evidence shows that diversification that limits the depth of shock-

induced recessions is possible. Friends, Diversification is not just a strategy—it is a necessity for economic survival and long-term prosperity.

The way to achieve this diversification is to establish business ecosystems that create dynamic, internationally-competitive firms. This is the overwhelming lesson from the experience of small states that have built economic resilience.

The rules of the game are simple. In order for our producers to get diverse products to global markets at:

- a price that compares favourably with those of their competitors,
- a quality that is required to satisfy regulators and consumers,
- and a reliability that meets the expectations of the global market,

the ecosystem must be conducive.

Having said that, such ecosystems are broad, and the challenge is to ensure that every dimension and sub-dimension of the ecosystem is on the cutting edge. Make no mistake, every weak point in that ecosystem is a potential source of competitiveness that is ceded to other international producers.

Let me break this down into practical terms to highlight the factors that make up this ecosystem and impact firm competitiveness at every stage of a business's lifecycle:

- **Start-up Support:** An entrepreneur with a great idea may need guidance on preparing a business plan to secure financing. Business Support Organisations are crucial here.
- **Product Development:** An agro-processor looking to enter international or domestic markets may need to list nutritional content and shelf life on packaging. Access to labs for testing is essential.
- **Access to Finance:** Different stages of a business require different types of financing—whether through traditional loans, credit guarantees, invoice factoring, venture capital, or crowdfunding. A diverse capital market is key.

- **Credit Access:** Credit bureaus that reduce information gaps can increase access to finance, making it easier for firms to grow.
- **Investor Protection:** Legislative frameworks that protect investors, encourage risk-taking, and allow movable equipment as capital help ease financing access. Modern insolvency laws and movable capital registries are part of this.
- **Regulatory Efficiency:** Streamlined, digitalised processes for business registration, import/export clearance, and licensing can drastically reduce the time and cost of doing business.
- **Infrastructure:** Modern infrastructure—optimised for transportation, energy, and water—reduces costs and boosts national competitiveness.
- **Skilled Workforce:** Access to skilled professionals in fields like accounting, engineering, and management drives innovation and efficiency.
- **Communities of Practice:** These foster technological diffusion, mentorship, and information sharing, creating collaborative ecosystems.
- **Climate Resilience:** Lastly, everything we do must be climate-proof. The rising frequency and intensity of climate hazards demand infrastructure and institutions that are resilient and adaptive.

Each of these elements contributes to building a competitive, resilient business ecosystem that drives growth and sustainability.

It would be a missed opportunity if I did not highlight the enormous potential for building supply chains across our Region, particularly when it comes to food security. To unlock this potential, we need a coordinated effort to upgrade our regulatory, institutional, and infrastructure frameworks. If we are to move goods smoothly from farm to table across borders, including processing along the way, we must align our legislative and regulatory frameworks, logistics infrastructure, and key policies region-wide. This means ensuring the free movement of people

and capital, harmonising competition policies, updating company laws, and implementing seamless electronic payment solutions.

We in the Caribbean have seen firsthand the real risks to food security, most glaringly during the COVID-19 pandemic. Global supply chains were disrupted, and many of our countries were left vulnerable, at risk of being unable to meet basic food needs. This highlights the urgent need to strengthen our regional capacity and reduce dependency on imports. With the world facing unprecedented challenges—climate change, geopolitical instability, and economic shifts—we simply cannot afford to wait.

What I have outlined here is just a snapshot of the broader ecosystem that shapes the dynamism and competitiveness of our business environment. Keeping these dimensions, sharp will help businesses grow, thrive, and tap into international markets.

Our entrepreneurs have the ideas—this is evident from the fact that many, including some in this room, are already investing in countries outside the Region that offer more competitive ecosystems. These investments are happening in places like Costa Rica, Panama, Ireland, New Zealand, and parts of South America. But if we can strengthen our own business ecosystems, we can keep that investment here—creating jobs and wealth for our people.

### **How CDB is Supporting the Improvement of this Ecosystem: The New Private Sector Strategy**

As the region's sole indigenous multilateral financing institution, we know we must raise the bar. We must critically assess our operations, policies, procedures, and systems—not just to meet our clients' needs, but to exceed them. The question is therefore: How do we make everything faster and more impactful while delivering a standard of excellence? Every aspect of what we do will be scrutinised for speed and quality of results.

Regarding the specifics of our support to the private sector, we have recently launched a new private sector strategy focused on strengthening the business ecosystem in a systematic way. Many of our core operations—like financing road, port, and water infrastructure upgrades—directly or indirectly support this ecosystem.

Through our Accelerated Sustainable Energy and Resilience Transition framework, we are driving the integration of renewable energy sources to reduce and stabilise energy costs across the Region. As part of this effort, we're backing geothermal energy exploration in Dominica, Grenada, St. Kitts and Nevis, and St. Vincent and the Grenadines.

Additionally, we are enhancing the efficiency of regulatory frameworks. A prime example is our work in Barbados, where we're financing the implementation of an electronic Port Community System. This system will streamline interactions between importers, exporters, and regulatory agencies, cutting down on red tape and making the process easier for everyone. These initiatives are crucial in lowering production costs, particularly for Micro, Small and Medium-sized Enterprises (MSMEs) where such costs are a significant burden.

The centerpiece of our new private sector strategy is unlocking innovative ways to enhance access to finance. We're focused on expanding trade and non-traditional private sector activity—particularly in export industries, women-owned MSMEs, and the creative sector—through portfolio guarantees and counter-guarantees.

Consequently, we are actively designing and will deliver to the Region a new CDB Trade Financing Programme which will unlock new opportunities for Caribbean trade by partnering with local financial institutions (LFIs) through a tailored risk-sharing initiative. This programme will support de-risking LFIs' portfolios, enabling them to finance more trade, both within the Region and globally. Beyond expanding trade flows, it also strengthens CDB's relationships with regional central banks and commercial banks, creating new avenues for collaboration. Fundamentally, this initiative aligns with CDB's strategic focus on institutional growth and trade development—two pillars essential for the region's economic resilience and competitiveness.

For women-owned MSMEs, we've already taken action. Partnering with the International Trade Center, we have established a regional She-Trades Hub—a platform designed to expand opportunities for women in global trade by connecting them to markets, networks, resources, and knowledge. This is about breaking barriers and ensuring that women entrepreneurs have the tools to compete and thrive.



## **The Role of the Private Sector**

The private sector is integral to the development process. After all, in our economies, the private sector largely generates jobs and earns the foreign exchange that is so necessary for us to provide decent, sustainable jobs to our people and protect the most vulnerable among us. We recognise that the profit motive determines where investment is made, and we also recognise that government and the development finance community have a role to play in enhancing the ecosystem that determines that return on investment.

However, we all live in this Region and are invested in the viability, stability and prosperity of our countries. It means that we not only need to redouble our efforts in the traditional roles that we all play, but we need to step outside of these traditional roles and sign up for duties in areas where we can help. For the private sector, this may mean advocating for some of the changes that need to be made within the ecosystem. Which I know many here have been quite vocal about on several occasions. But it will also mean joining with other stakeholders to undertake activities that may seem to be outside of your traditional sphere of reference but that you may realise are in fact critical when considered from a perspective of enlightened self-interest.

Imagine, for example, a private-sector sponsored academy for public sector training that results in government agencies becoming more efficient, responsive, and business-friendly. That's the kind of ecosystem shift that benefits everyone.

Moreover, how do we enroll the full talents and abilities of our young people and other vulnerable groups in the process of building economic resilience. Research has shown that enrolling previously excluded groups in the production process can add percentage points to growth.

There are benefits to be derived from joining with schools, universities, think tanks and NGOs to underwrite research which fosters innovation. My friends, innovation is change that brings value, and many times the solutions that are needed are out there waiting to be discovered. The private sector can be a catalyst for that discovery, raising the tide that lifts all boats.

## Conclusion

In conclusion, I believe that the Region is at a crossroads. The signs are clear that we need to engineer a structural uplift in our development trajectory. We have to examine the specific dimensions of our development and ask ourselves how we can improve these dimensions in a harmonious way, mindful of the danger in leaving any dimension behind. If I were to put it into cricketing terms, I would say that we must take fresh guard, play each ball on its merit, but increase our scoring rate while making prudent decisions.

Ladies and gentlemen, the time for incremental change is over. The global landscape is shifting rapidly, and we cannot afford to stand still. Our region's resilience—our ability to withstand and thrive in the face of shocks—depends on bold, decisive action. It requires us to rethink, reimagine, and rebuild the ecosystems that power our economies. This is not just about government policies or financial institutions; it is about a collective effort—the private sector, public sector, academia, civil society—every single one of us stepping up.

The private sector must lead the charge, not just as the engine of economic growth but as a driver of systemic change. We must break barriers, unlock innovation, and create an environment where businesses can thrive, where entrepreneurs can dream big and succeed right here in our Region. This means pushing for the right policies, embracing new technologies, and investing in the people who will shape our future. It means building an economy that is inclusive, competitive, and sustainable.

We stand at a pivotal moment. The decisions we make today will determine whether the Caribbean is a passive player in a changing world or a Region that takes control of its own destiny. I choose the latter. I choose ambition over complacency, action over rhetoric, and transformation over stagnation. And I know that if we commit—if we work together with urgency and purpose—we will build a Region that is not just resilient, but thriving. The time is now. Let us get to work.

I thank you!