



CAWI NEWSLETTER

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The Last Resort: Small States, High Stakes



In September 2017, I watched helplessly as [Hurricane Irma](#) flattened the neighboring island of Barbuda in a single night. Ninety-five percent of its buildings were damaged or destroyed. Only one resort was left standing on an island entirely reliant on tourism, and for the first time in three hundred years, no one lived there. What Irma made inescapable is that in small states like those of the Caribbean, a single storm, a single commodity price swing, a single bad tourist season can undo a decade of hard work. These vulnerabilities are not receding; they are being amplified. [Hurricane Melissa](#), which struck Jamaica last October as one of the strongest storms ever recorded in the Atlantic, was by several measures worse, and these megastorms are only becoming more frequent.

That profound sense of vulnerability, especially to disasters, has shaped how I think about development in the Caribbean, and beyond. Our countries are often classified as “high risk.” Our businesses are small because our markets are small and disconnected. Our infrastructure is vulnerable to climate disasters, and our prices are high as we import everything, including energy.

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We lose our best to brain drain, *of which even I am guilty*, and those who remain face costs of doing business and rates of crime that are structurally higher than almost anywhere else in the world. The problems the Caribbean faces are characteristic of small states everywhere, and any strategy that seeks to promote development in this context has to begin by addressing these constraints rather than engineering around them.

I have had the chance to grapple with this directly over the last year, as part of the Working Group developing the World Bank Group's new [Small States Strategy](#), launched at the recently concluded WBG-IMF Spring Meetings. It has been a labor of love from all the teams involved, taking over a year and extensive consultation both within the WBG and outside of it. Rightfully so, as the problem the strategy is trying to solve is among the most consequential of our time: how to direct resources quickly after disasters, how to treat small states as genuinely different rather than simply smaller, and how to target the bottlenecks that actually bind. The strategy anchors its response in **six Lighthouse Initiatives**: *energy, connectivity, resilient infrastructure, health, fiscal sustainability, and support for MSMEs*.

Though all six matter, energy, connectivity, and resilient infrastructure strike me as particularly urgent for the Caribbean. The region's electricity prices are among the highest in the world, despite abundant solar, wind, and geothermal resources. Over ninety percent of the region's power comes from imported fossil fuels, and every dollar spent on expensive energy is a dollar unavailable for investment, hiring, and growth. Connectivity compounds the problem: small markets can only overcome their size by linking to one another and to the world, and the Caribbean's digital infrastructure, air links, and shipping routes remain far too fragmented to enable that. Resilient infrastructure is the third component. Each hurricane season exposes the same failure, that what we build is not designed to survive what we know is coming, and rebuilding to the same standard is no longer defensible.

The factor I keep coming back to, however, is financing. Small states have for decades relied on concessional finance from IDA and development institutions, underwritten by donor replenishments that are now visibly thinning. ODA fell 23% in 2025, the largest contraction in recorded history, and the majority of donors have announced further cuts through 2027, which will likely impact the upcoming IDA replenishment. That financing model can no longer hold. The harder and more important work ahead is figuring out how to use those increasingly scarce concessional dollars as a lever to de-risk, to crowd in, to make private capital flow into markets it has historically walked past. The [Lamberts Wind Farm](#) in Barbados is the kind of structure we need more of: a PPP in which the multilateral role is to mobilize private capital rather than replace it, promoting energy security while redirecting foreign exchange to other uses.

The strategy took over a year to write, and I am proud of much of what the team landed on. Nonetheless, I know that the distance between a strategy document and a changed outcome is vast, especially in places like the Caribbean, and is bridged only by sustained, unglamorous implementation over years. Whether this strategy delivers for Antigua, Barbados, Botswana, or any of the other small states it covers will depend on whether we can close that implementation gap. It will also depend on something larger: whether MDBs can stop being the last resort for financing, and become architects of private investment instead, using public resources not as the answer but as the catalyst for one. The next time a storm flattens an island, the question will not be whether a strategy existed, but rather whether anything was built differently because of it.



Caribbean Leaders' Open Dialogue (CLOD)

From Policy to Paychecks: Strengthening the Business Climate for Jobs



On April 14, 2026, the Caribbean Association of the World Bank and IMF (CAWI), in partnership with the Office of the Executive Director for the Caribbean, hosted the Caribbean Leaders' Open Dialogue at WBG Headquarters in Washington, DC on the topic, **"From Policy to Paychecks: Strengthening the Business Climate for Jobs"**.

The session focused on Pillar 2 of the WBG Jobs Strategy: creating the regulatory and institutional conditions necessary for firms to invest, expand, and hire. Featuring insights from Prime Minister of St. Vincent and the Grenadines, [Dr. The Hon. Godwin Friday](#), and WBG Director [Dr. Norman Loayza](#), with expert moderation by [Michelle Ottey](#), the discussion explored exactly how the region can translate reforms from policy to paychecks.

The consensus? While the Caribbean faces unique vulnerabilities, targeted improvements to the business environment can unlock substantial private-sector growth. Some key takeaways include:

- **Trust and Predictability are Foundational:** In fiscally constrained economies, growth depends on private initiative. Governments must build trust through transparent rules, predictable institutions, and public-private partnerships that operate free from political interference.
- **Closing the Implementation Gap:** Many Caribbean nations hold high-income status but score poorly on business climate indicators. The issue is rarely policy design; it is execution. For example, transferring property takes about 90 days in Barbados compared to 30 in Singapore, and commercial dispute resolution takes ten months in Trinidad and Tobago versus one month in more efficient systems. Digitizing services and establishing clear legal timelines are critical "low-hanging fruit."
- **Regional Integration is an Economic Necessity:** Small market size is a binding constraint. While businesses are already operating across borders, fragmented national regulations hold them back. True scale requires holistic connectivity across digital systems, transport, banking, and legal frameworks.

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- **Infrastructure Demands Resilience:** Foundational assets—such as ports, roads, and inter-island transport—require sustained public investment, as private firms rarely finance them directly. Given the region's exposure to climate shocks, resilience must be baked into these investments so economic progress isn't repeatedly erased.
- **Scaling MSMEs for Diversification:** To reduce economic vulnerability, the region must diversify into sectors like agriculture, the blue economy, and creative industries. Furthermore, MSMEs shouldn't just be protected to survive; they must be equipped with the capital, mentorship, and secure operating environments necessary to scale and drive employment.

The most immediate payoff for competitiveness and job creation lies in two practical priorities: reducing everyday business friction through digitalization, and improving regional connectivity to create a larger, functional market space.

Development News across the Caribbean Region

DEBT REDUCTION LESSONS FROM JAMAICA

Credible institutions and consensus building led to halving public debt

Jamaica is known for sun, sand, and reggae. It also deserves to be known for an exceptional record of debt reduction, after cutting its public-debt-to-GDP ratio from 140 percent in 2012 to just 62 percent in 2024.

How did Jamaica accomplish this? Most immediately, it did so by running very large, persistent primary budget surpluses averaging more than 6 percent of GDP for more than a decade.

“Jamaica relied on coherent rules, consensus-building, and fiscal oversight to deliver significant budget surpluses for more than a decade

But this answer raises a further question: How did Jamaica achieve a consensus on the need to run such substantial surpluses with the goal of more than halving its public debt, and how did it implement and maintain the requisite policies?

The importance of rules

In a [2024 paper](#) we argue that three elements combined to make the country's successful debt consolidation possible: a coherent set of rules and procedures, effective consensus-building efforts, and an independent fiscal oversight body.

First, the government adopted a clear and coherent set of fiscal rules and procedures. These highlighted the pressing debt problem, encouraged formulation of a multiyear plan for addressing it, and limited fiscal slippage. The fiscal responsibility framework introduced in 2010 required the minister of finance to target eliminating the budget deficit and reducing the debt-to-GDP ratio to no more than 100 percent by the end of fiscal year 2016. In 2014 that framework was augmented, requiring a multiyear plan to reduce the debt ratio to 60 percent by 2026, a timeline later postponed to 2028 during the COVID-19 pandemic. [Read more.](#)



Development News across the Caribbean Region

SMALL STATES STRATEGY

The World Bank Group (WBG) has prepared a Small States Strategy to help address the unique challenges they face, including remoteness, small populations, heavy import dependence, narrow economic base, and high exposure to shocks. The Strategy is guided by the WBG's jobs framework and will focus support on a selective set of Lighthouse Initiatives—health, connectivity, affordable energy, resilient infrastructure, fiscal sustainability, and MSME development—where sustained engagement can most effectively unlock growth, strengthen businesses, and create more and better jobs. The Strategy takes a more coordinated and differentiated approach to reflect the diversity of needs—shaping not only what we prioritize but how we deliver, through regional projects and aggregated procurement to overcome issues of scale and high transaction costs, capacity building, leveraging partnerships to overcome partner fragmentation. The strategy is being implemented through our Country Partnership Frameworks. [Read more.](#)

WORLD BANK SUPPORTS BELIZE IN EXPANDING EARLY CHILDHOOD EDUCATION AND WOMEN'S ACCESS TO JOBS

“Access to quality education and care is as much an economic issue as it is an education one. When caregivers can trust that their children are in safe, nurturing environments, they are free to participate fully in the economy and society.” - Lilia Burunciuc, World Bank Director for the Caribbean.

The World Bank's Board of Executive Directors has approved the new Belize Early Childhood Development and Female Empowerment Project, which will generate opportunities for women and future generations by boosting women's employment and expanding the access of quality, inclusive early childhood education.

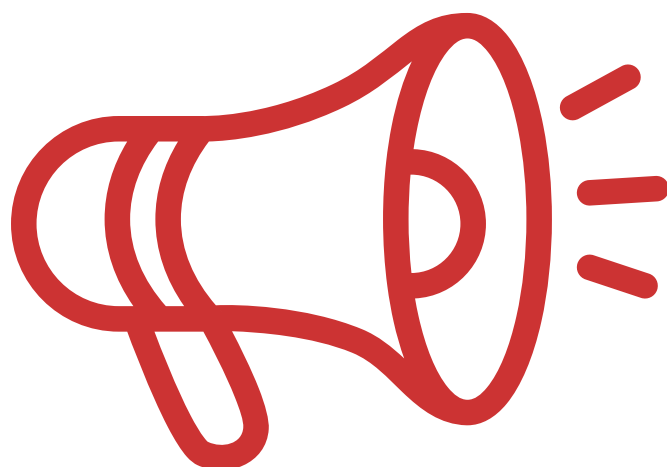
Belize faces significant gaps in early childhood education. During the school year 2023-24, only 39 percent of 3- and 4-year-olds were enrolled in preschool, and access to formal childcare is limited, with just 24 registered daycare centers, all located in Belize's main cities. Evidence confirms that early learning is associated with improved school readiness, lower repetition and dropout rates, and higher academic achievement – laying foundations for a more skilled and productive workforce.

The lack of affordable, accessible childcare weighs heavily on women: the female labor force participation rate in Belize is 43.6 percent, below the Latin America and Caribbean average. The 2022 census showed that 65 percent of women in households with children aged 0-4 left employment to take up family responsibilities; more than double the rate in households without young children, and with even higher rates in rural and Mayan communities.

To expand access to quality early childhood education and care, the project will add 60 new classrooms to existing primary schools in communities which currently have no preschools but have high demand for preschool, and rehabilitate or upgrade 30 existing preschools to improve learning environments and teaching quality. Moreover, around 80 early development centers will be established or upgraded in partnership with communities, community organizations and private providers to offer developmental services for children up to age 4. [Read more.](#)



Announcements: Call for Volunteers



The **CAWI Mentorship Program** is a community-driven initiative that connects Caribbean professionals across the WBG, IMF, IDB, OAS, and PAHO through meaningful mentor–mentee relationships. The program creates space for connection, shared learning, and professional growth, helping participants gain practical insight into navigating our institutions, build confidence, and strengthen their sense of belonging within the CAWI community.

Feedback from mentors and mentees has been consistently positive, highlighting the value of trusted relationships, candid advice, and the mutual benefits of learning from one another.

As interest in the program continues to grow, **CAWI is inviting a volunteer to help support the Mentorship Program, particularly with coordination and communications.** This is a rewarding opportunity to contribute to an initiative that is making a real difference for colleagues across institutions—and to help strengthen and sustain the CAWI community.

What's in it for you? You'll gain leadership and coordination experience, expand your cross-institutional network, and play a visible role in supporting professional growth across the Caribbean community.

Please contact rbrathwaite@worldbank.org.



CAWI CLOD
Spring
Meetings





CARIBBEAN CONNECT & LUNCH MEET-UP

