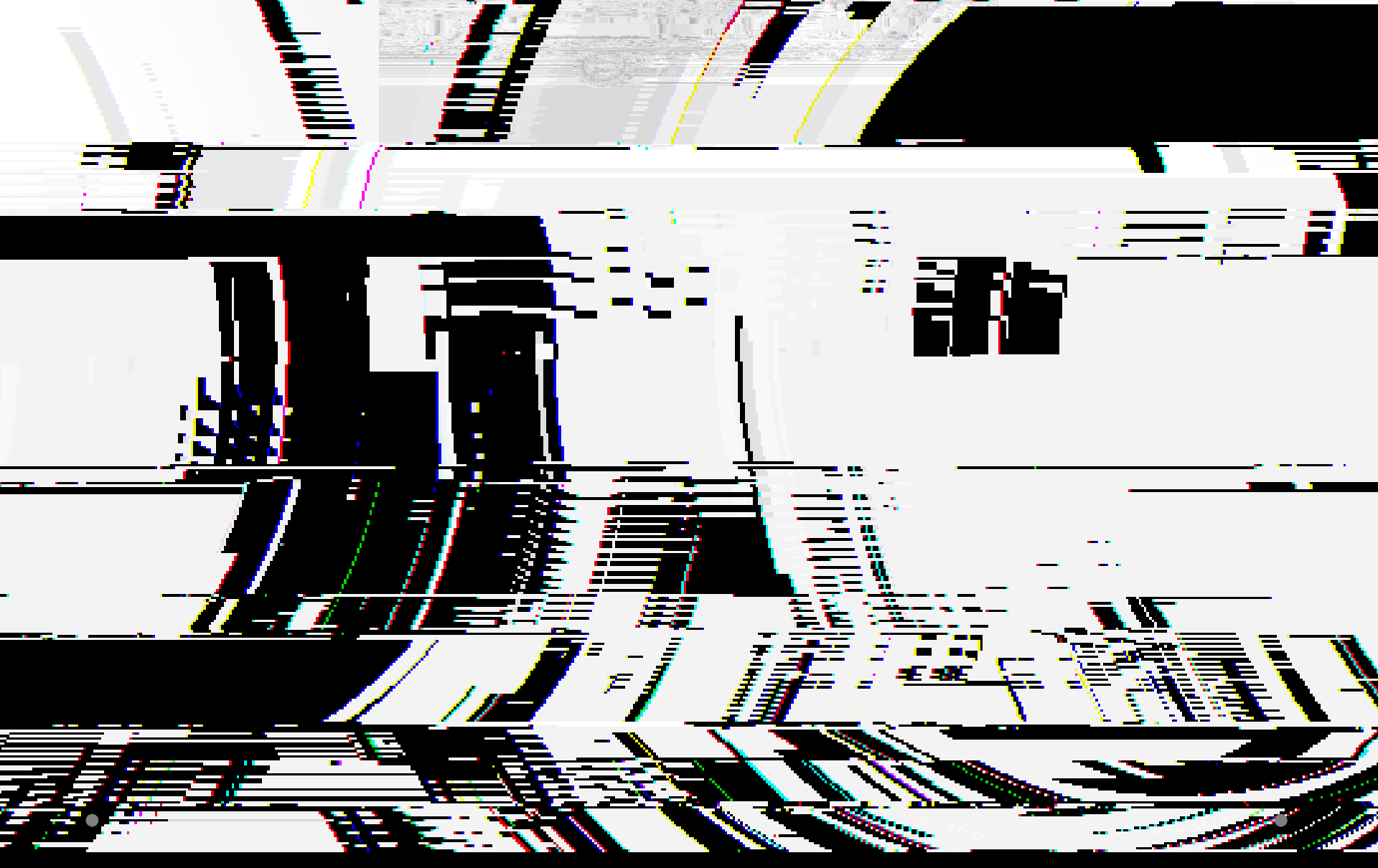


# Contributing Factors to



# Contributing Factors to High Debt

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# Contributing Factors to Financing Challenge in the Pacific Islands

The Pacific Islands face a significant financing challenge, which results in an over-reliance on official development assistance (ODA).





# The Way Forward: The Comprehensive Debt Framework

The framework is structured around four pillars, reflecting the causes and symptoms of high debt in small states.

## 4 pillars for reducing long term debt:

- Enhancing private sector led growth
- Improving fiscal management
- Mitigating fiscal impact of natural disasters on debt and fiscal profile
- Restructuring debt portfolios

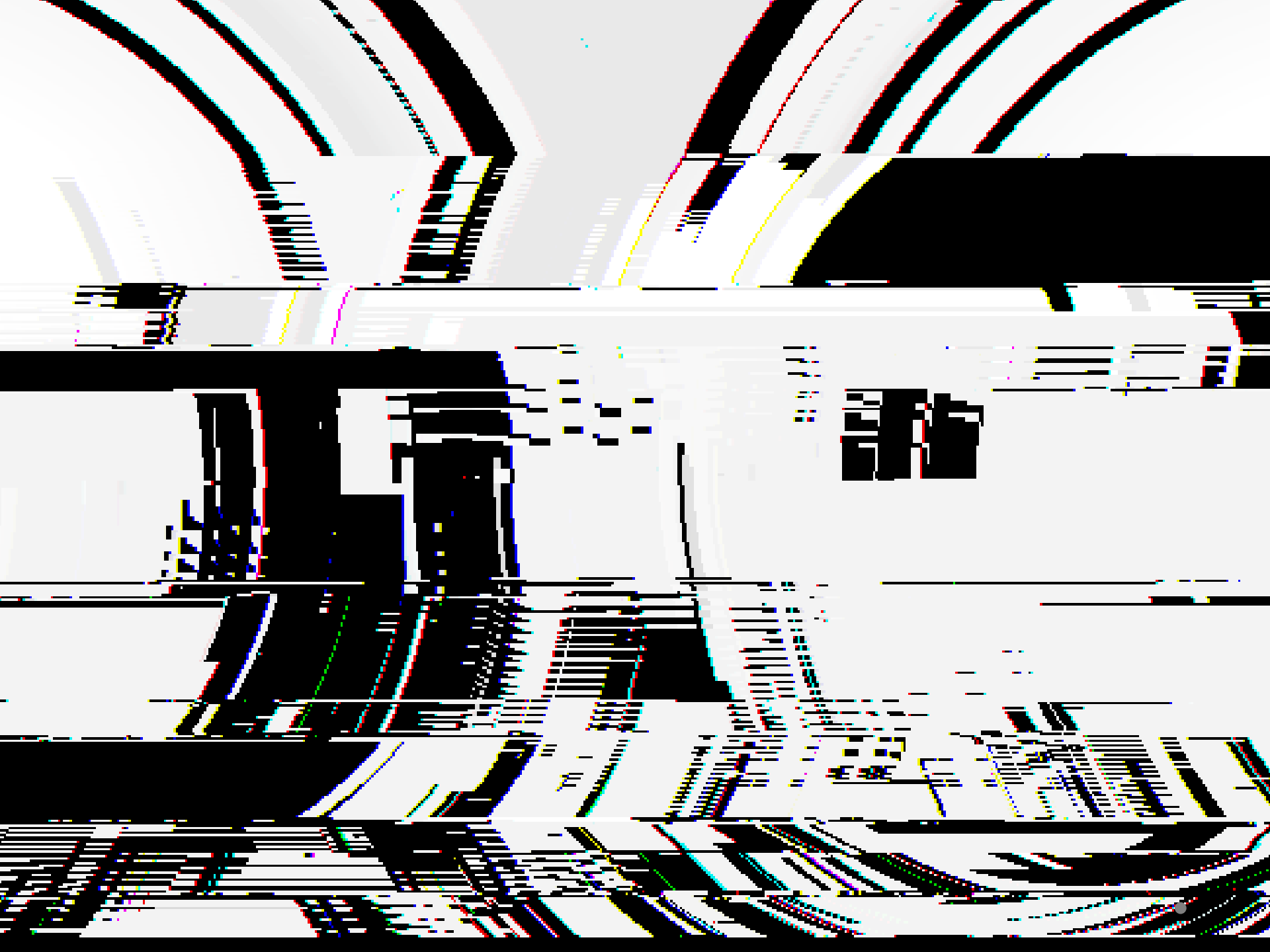


## 3 instruments for debt restructuring

- A: Debt buy-back operation
- B: Debt for debt swap
- C: Debt equity/asset swap









# Implementation of the CDF: Caribbean Small States

## Grenada

The Government of Grenada has designed a comprehensive program to boost inclusive growth and restore fiscal sustainability. The program is being supported by the IMF and the World Bank and discussions are ongoing for an ECF and DPL

## Jamaica

The Government of Jamaica is implementing a medium term economic program targeting elimination of risks associated with the high debt levels and the promotion of sustained growth. The IMF is supporting fiscal reforms and debt management through an EFF. The IDB and the World Bank are currently preparing a program .

The Comprehensive Debt Framework has been presented in the OECS, Barbados and Belize

# Implementation of similar approaches in other small states

Sao Tome and Principe

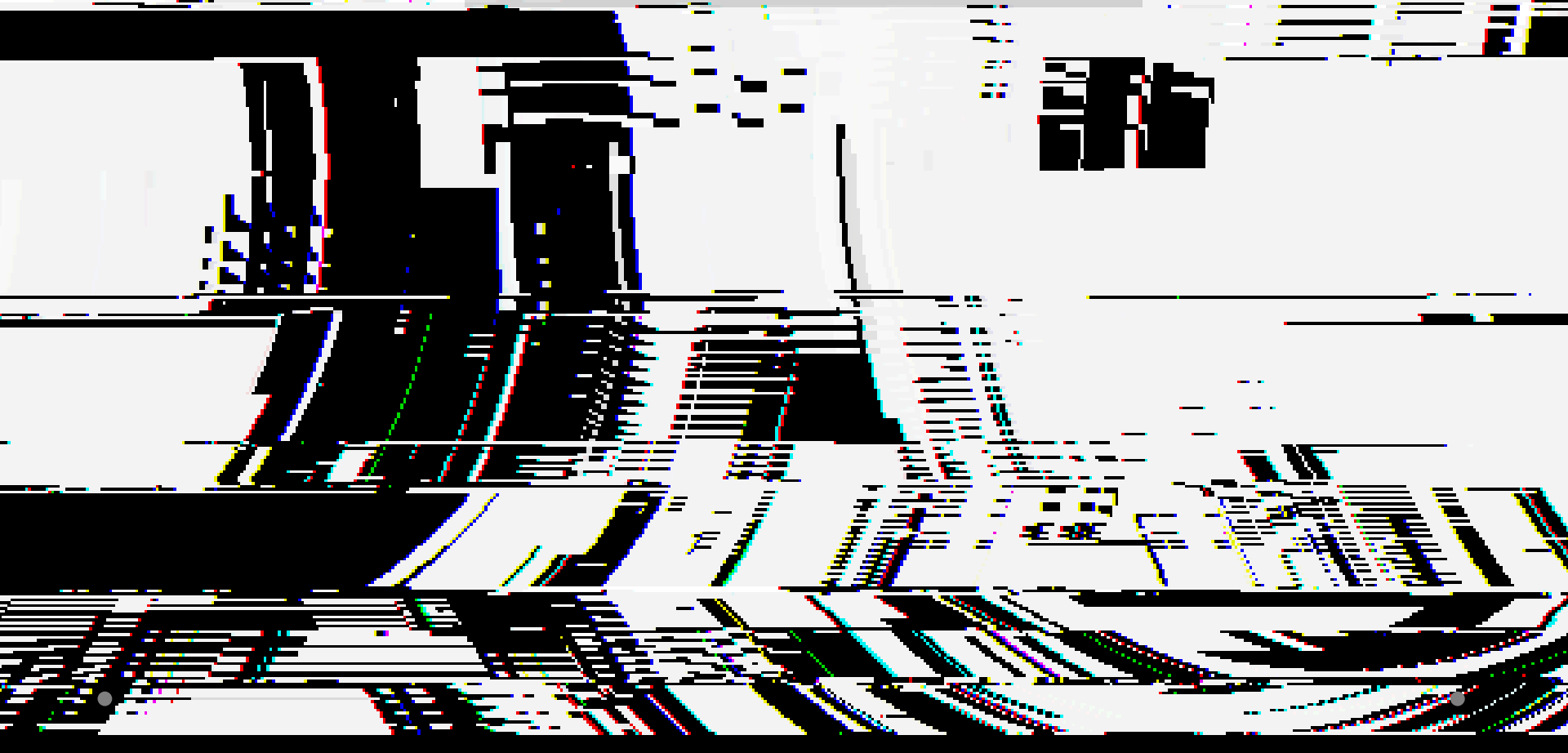
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# Seychelles crisis response program

- High GNI per capita (US\$11,070 in 2011)
- High standards of living
- Good levels of human development
- Better governance indicators than many comparator countries

High external indebtedness and loss of competitiveness built up over prior years precipitated a depletion of foreign exchange reserves and a payment default.

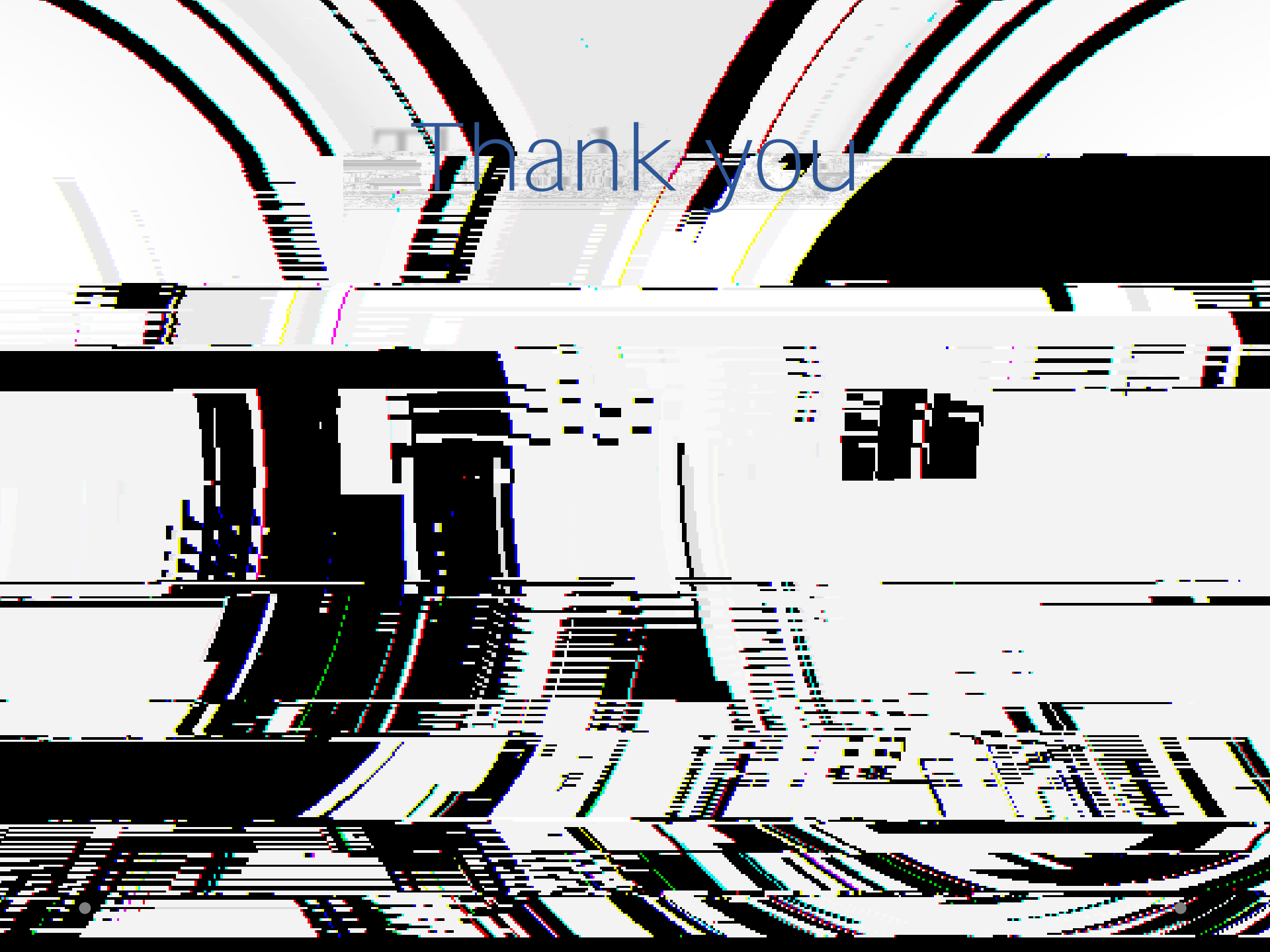
# Building natural resources resilience







Thank you

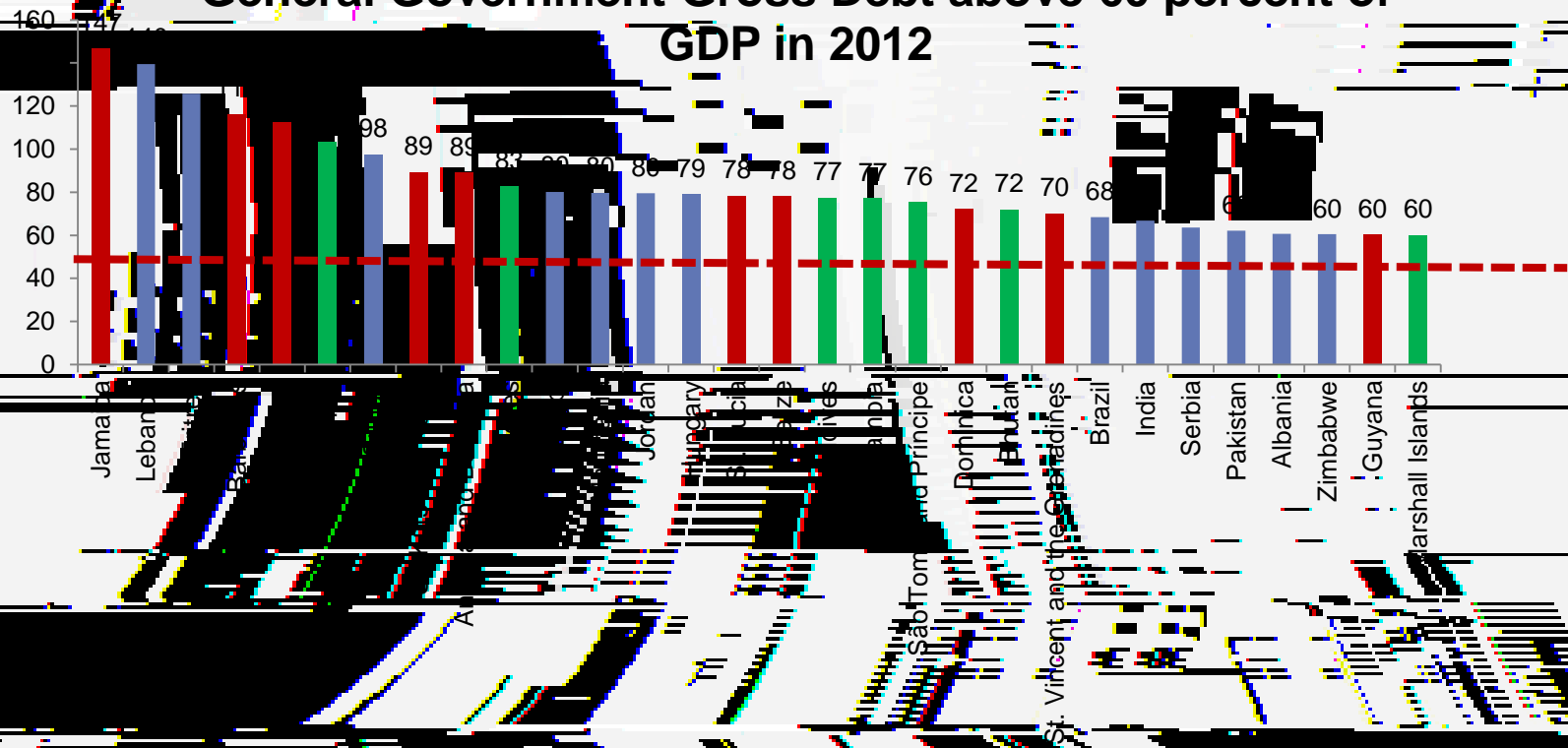


# Annex



# Caribbean Countries and other small states are amongst the most highly indebted in the World

**Emerging Markets and Developing Countries with General Government Gross Debt above 60 percent of GDP in 2012**



147% is just 10% above the 137% average in emerging markets and above the 60% average in most Caribbean countries.