



The Executive Board of the International Monetary Fund (IMF) concluded the third review of the IMF's extended arrangement under the Extended Fund Facility (EFF) for Barbados. The completion of the review allows the authorities to draw the equivalent of SDR 101 million (about US\$139 million), bringing total disbursements to the equivalent of SDR 206 million (about US\$283 million).

The four-year extended arrangement under the EFF was approved on October 1, 2018 (see Press Release No. [18/370](#)). Including the augmentation approved by the Executive Board today, the extended arrangement is for an amount equivalent of SDR 274 million (about US\$377 million).

Barbados continues its strong implementation of the comprehensive Economic Recovery and Transformation (BERT) plan aimed at restoring fiscal and debt sustainability and increasing reserves and growth. The ongoing global coronavirus pandemic poses a major challenge for the economy, which is heavily dependent on tourism, and is expected to have a large impact on the balance of payments and the fiscal accounts.

Following the Executive Board discussion, Mr. Tao Zhang, Deputy Managing Director and

Acting Chair said:

“Barbados continues to make good progress in implementing its comprehensive Economic Recovery and Transformation plan, with all performance criteria for end-March 2020 met. Prospects for continued strong program performance are good.

“The policy response to the global coronavirus pandemic is adequate with a reduced primary surplus target of 1 percent of GDP for fiscal year 2020/21 to accommodate significant revenue losses and support spending on public health and social protection. The reduction of the primary surplus is financed by additional resources from international financial institutions, including an augmentation of the IMF's extended facility.

“The accommodation in fiscal year 2020/21 will be compensated by higher primary surpluses in the medium term to ensure that the debt target of 60 percent of GDP in fiscal year 2033/34 is reached.

“State-owned enterprise (SOE) reform remains an essential element of Barbados' economic program. To secure fiscal space for investment in physical and human capital, transfers to SOEs need to decline after the global coronavirus pandemic with a combination of stronger oversight of SOEs, cost reduction, revenue enhancement, and mergers and divestment.

“Progress in restoring fiscal sustainability must be safeguarded by adopting a new central bank law that limits its financing of the Government to short-term advances and strengthens the central bank's mandate, autonomy, and decision-making structures. Addressing the identified deficiencies in the AML/CFT framework is important going forward.

“A strong recovery after the global pandemic will depend on accelerating structural reforms. There is much room for improvement in the business climate. Establishing a credit registry and credit collateral registry, in addition to broadening the types of eligible collateral, would facilitate access to credit. In addition, priority should also be given to improving resilience to natural disasters and climate change.”

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