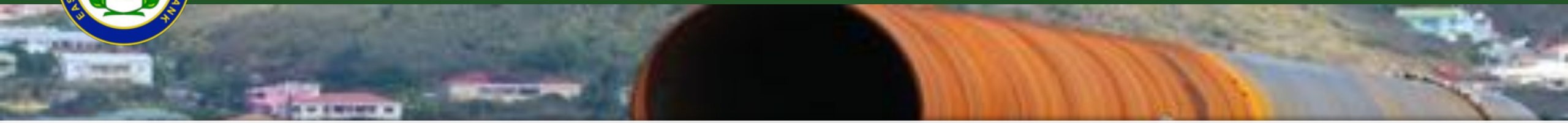
3rd Growth and Resilience Dialogue With Social Partners

"Building Resilient Institutions and Infrastructure for Sustainable Growth"

Sir Cecil Jacob Auditorium, ECCB Headquarters, St Kitts and Nevis – 14 February 2019



3rd Growth and Resilience Dialogue

Building Resilient Institutions and Infrastructure for Sustained Growth

14 February 2019

Key Messages

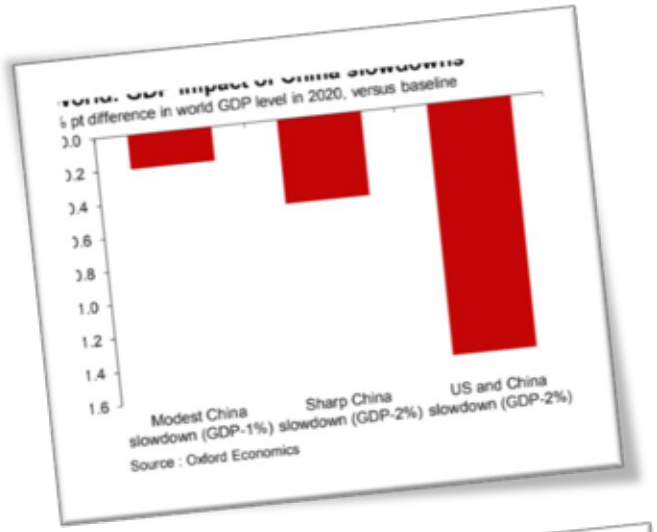
Source: International Monetary Fund, World Economic Outlook Update, January 2019

Global growth for 2019 and 2020 have been revised downwards to 3.5 per cent and 3.6 per cent respectively.

Key Messages

Downside risks are rising and include:

- Ongoing trade tensions
- Tightening of financial conditions
- China slowdown
- BREXIT
- Climate change
- Crime
- Venezuela situation

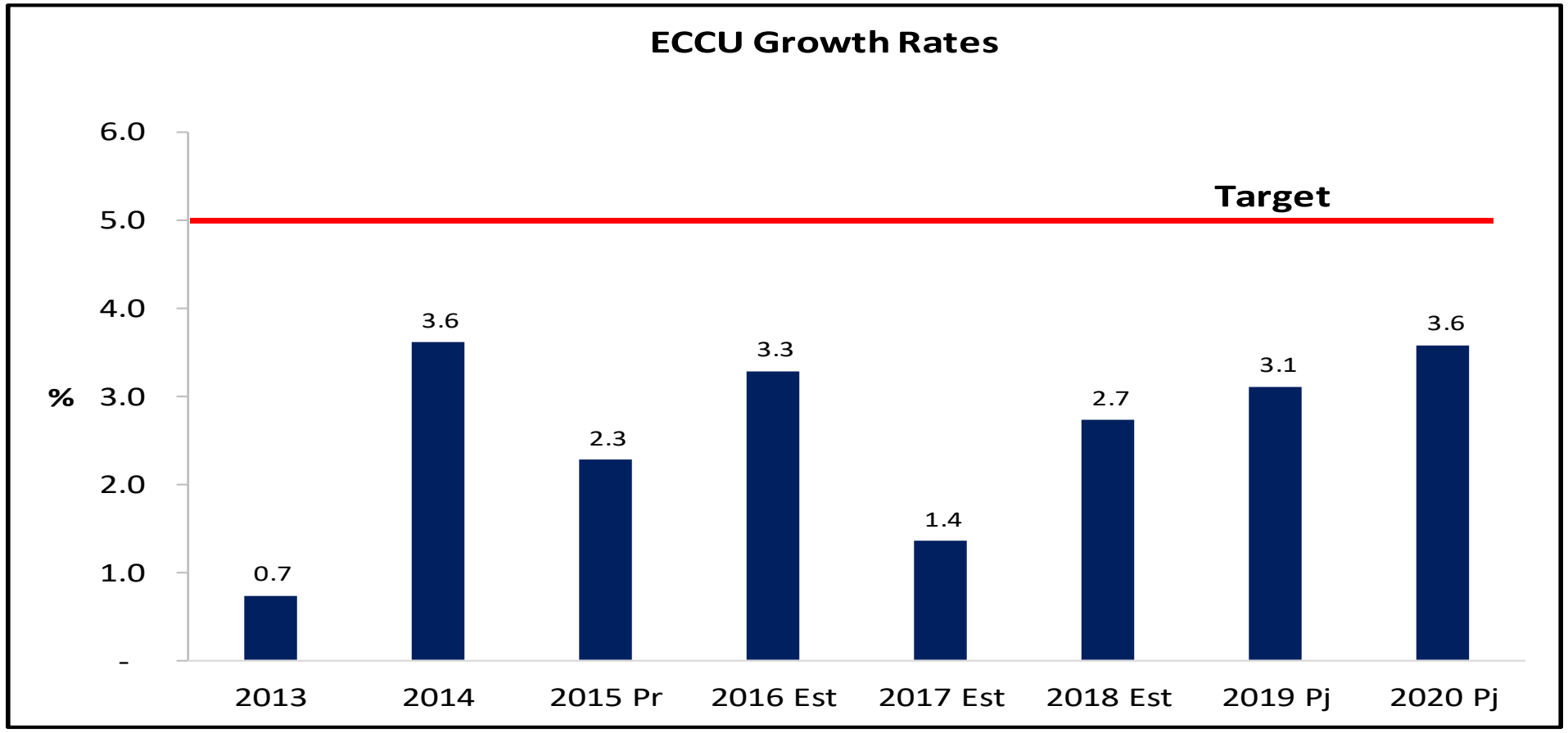


Outcome of IMF 2018 Common Policies Mission

The IMF concluded its 2018 regional surveillance mission and identified the following policy issues:

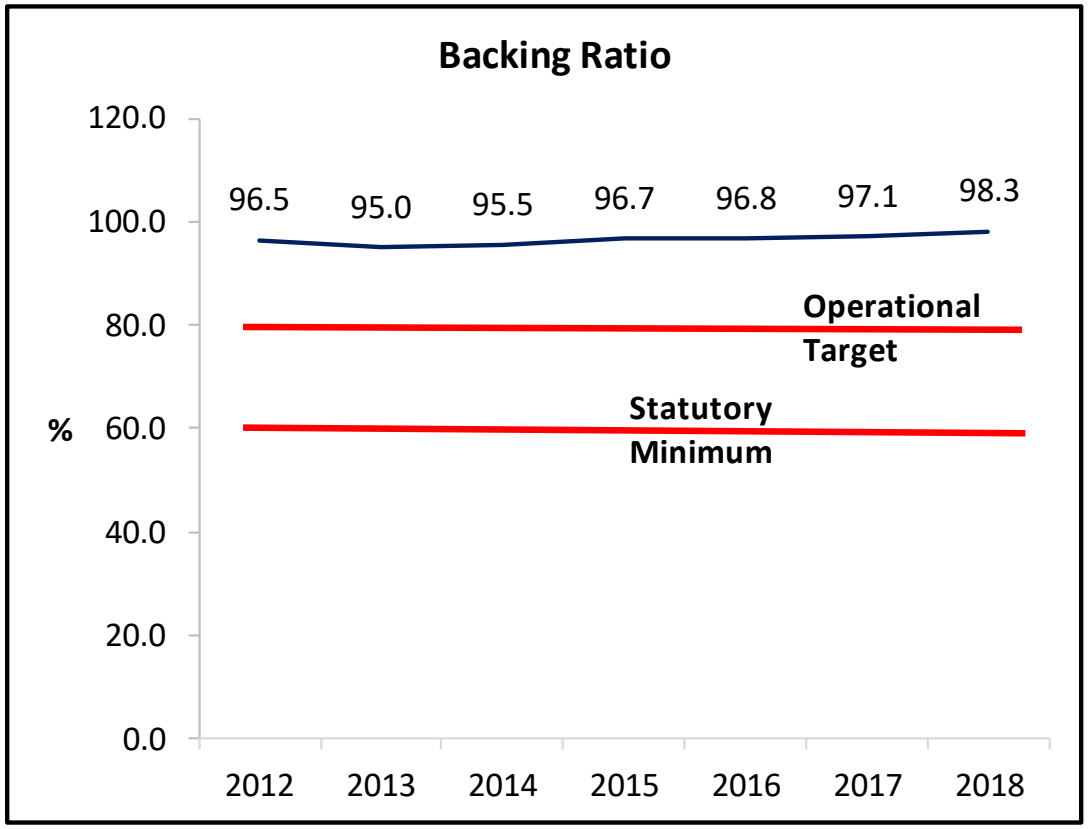
- Need for fiscal responsibility frameworks;
- Build ex-ante resilience and invest in resilient infrastructure;
- Review regulatory framework for financial sector; and
- Improve competitiveness with structural reforms – energy, labour market, education.

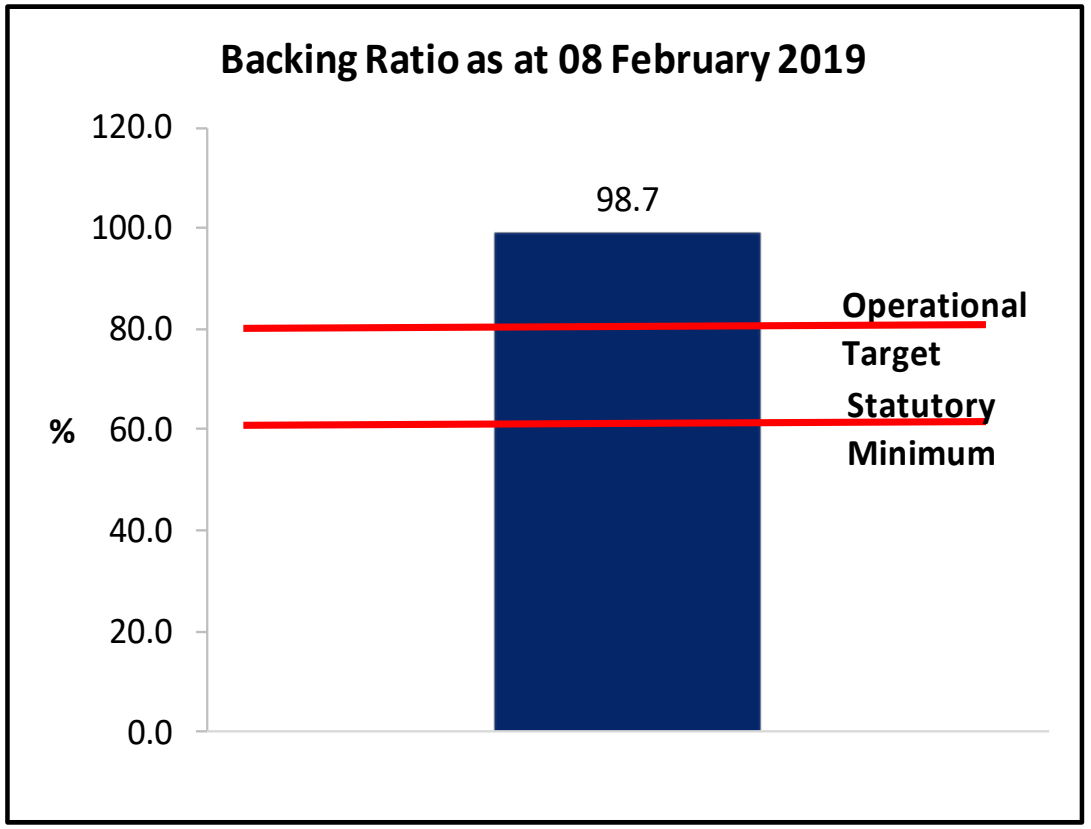
Post-hurricane Economic Recovery Continues



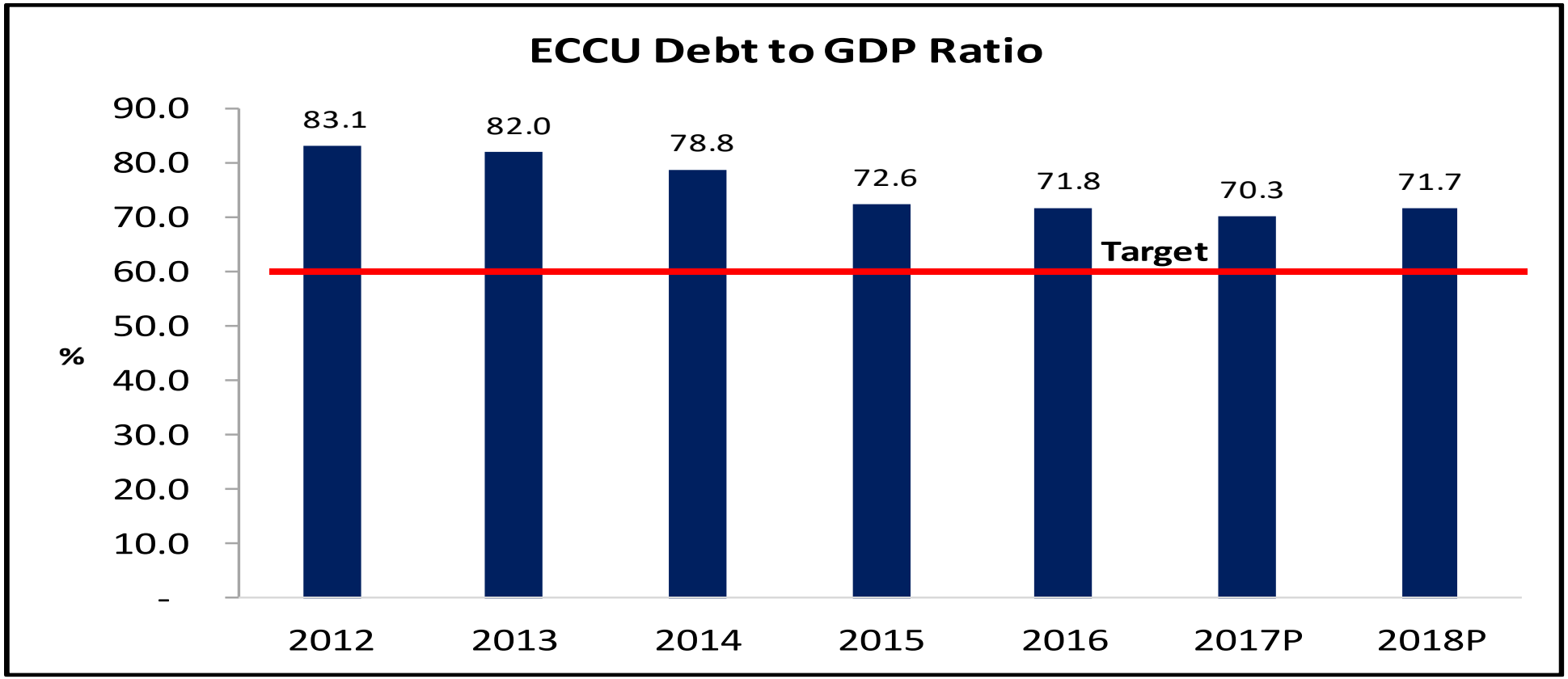
Sources:
ECCU Central Statistical Offices and Eastern Caribbean Central Bank

The Backing Ratio sustained its strong upward trend into the new year, reassuring of the Bank's ability to maintain the exchange rate peg



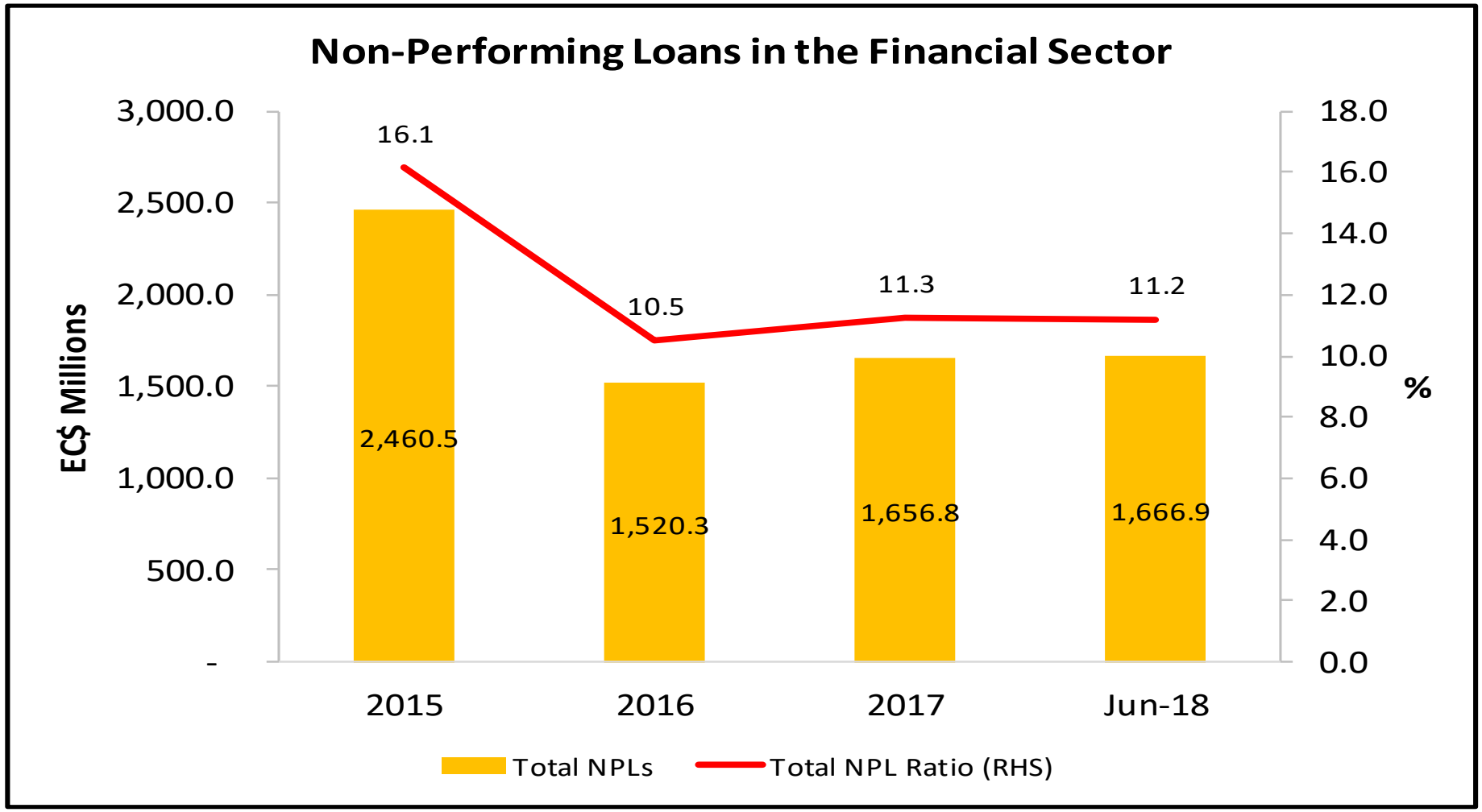


In 2018, there was a reversal of the downward path towards the Debt-to-GDP Ratio target of 60 per cent



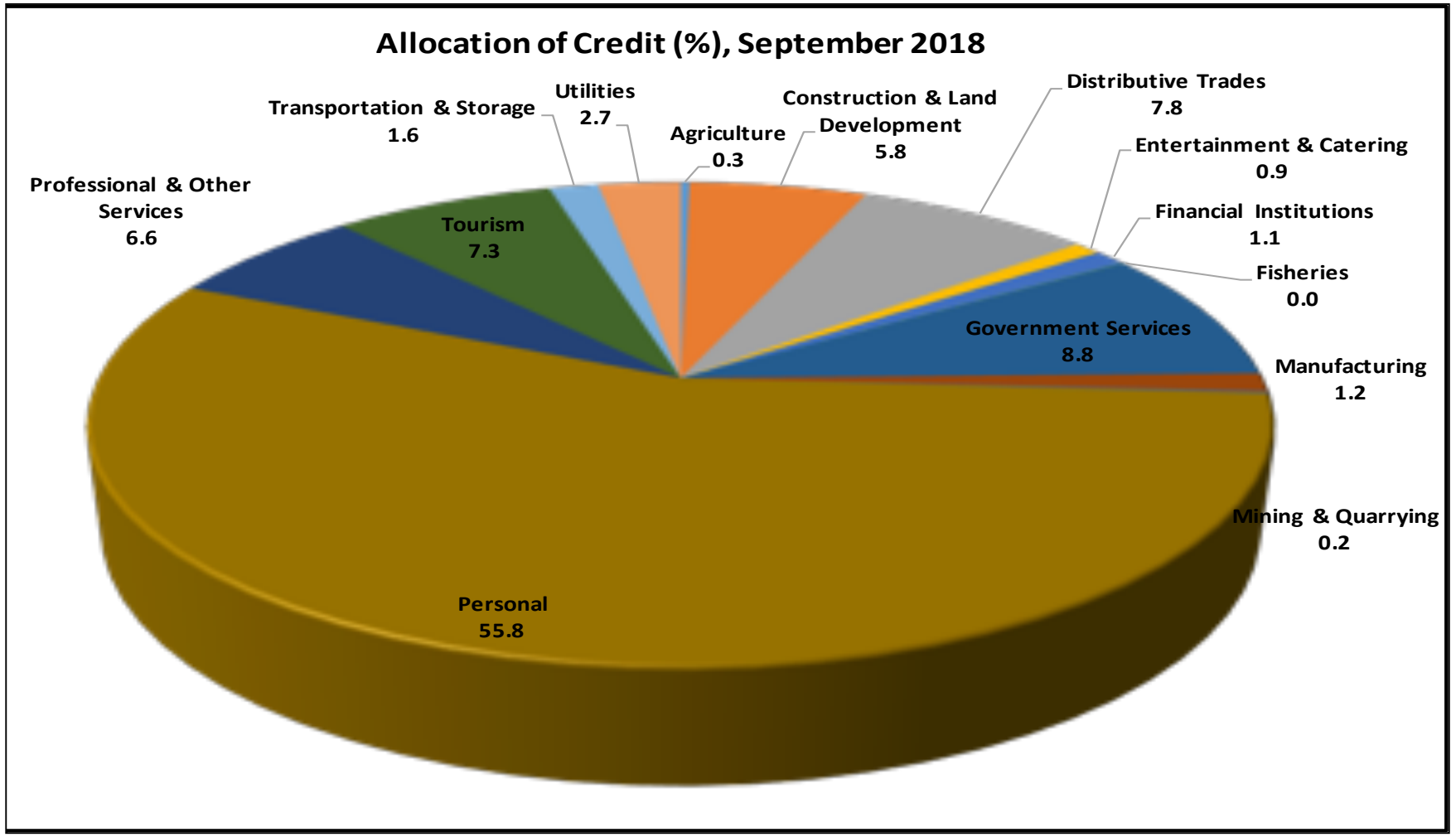
Sources: ECCB; ECCU CSOs

High Level of Non-Performing Loans is a source of vulnerability in our financial sector

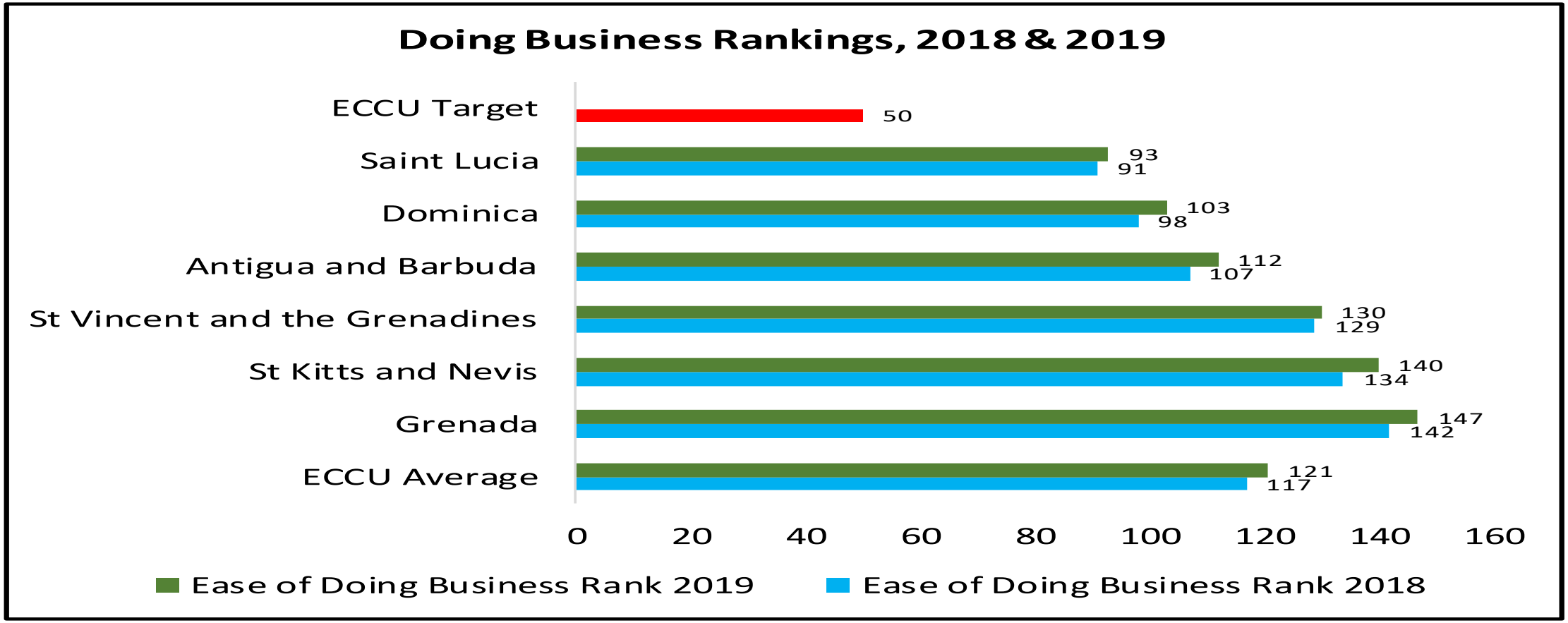


Sources: SRUs; ECCB

The productive sectors receive less than half of commercial banks' credit



Significant Deterioration in ECCU Countries' Competitiveness



Sources: World Bank, Doing Business 2018; 2019

ECCU Strategic Goals

Transforming the ECCU Together

Selected ECCB Strategic Initiatives

- Fiscal Resilience Framework
- Credit Bureau
- EC Partial Credit Guarantee Scheme
- ECCU Electronic Conveyancing Project
- Fintech Pilot

THANK YOU

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3rd Growth and Resilience Dialogue With Social Partners

PANEL ONE

Building Resilient Governance Frameworks: The Prince Edward Island and Iceland Experiences

MODERATOR

Clive Bacchus – Managing Director, Federation Media Group

3rd Growth and Resilience Dialogue With Social Partners

PANEL ONE

Building Resilient Governance Frameworks: The Prince Edward Island and Iceland Experiences

PRESENTER
Professor, University of Prince Edward Island

UNIVERSITY of PRINCE EDWARD ISLAND

people · excellence · impact

Building Resilient Islands/Institutions for Growth and Sustainability: The Prince Edward Island and Institute of Island Studies Experience

Dr. Jim Randall

jarandall@upei.ca

University of Prince Edward Island

Canada

February 14th, 2019

United Nations Educational, Scientific and Cultural Organization

UNESCO Chair in Island Studies and Sustainability, University of Prince Edward Island and University of Malta

Outline

- My Background
- Narratives of Small Islands (Vulnerability and Resilience)
- Vulnerability and Resilience on Prince Edward Island, Canada
  - The Biosciences: An Example of PEI Entrepreneurship
- The Institute of Island Studies at UPEI: Local and International Roles
  - An Example of our Approach: Symposium on Climate Change Adaptation on Small Islands
- Other Island-Based International Institutes/Centres
- Questions?

Who Am I?

- Economic geographer and university professor
- Served as Department Chair, Dean, VP Academic at several Canadian universities
- Lived on PEI, Canada for 9 yrs.

Recent roles in the Caribbean:

- Served as External Reviewer for SALISES at UWI
- Assisted Centre of Excellence for SD of SIDS and Univ. of Aruba (UNDP)
- Chair of Conference Planning Committee – March 26-29 in Aruba on *"Sharing Stories of Island Life: Governance and Global Engagement."*
- By no means a "Caribbean expert"

Current Roles at UPEI:

- Chair, Executive Committee, Institute of Island Studies (research & public engagement)
- Coordinator, Master of Arts, Island Studies post-graduate program
- Co-Chair, UNESCO Chair in Island Studies and Sustainability

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Islands as Vulnerable

Research and Popular Media:

- Islands as vulnerable, fragile, remote (economy, ecology, culture)
- Need outside help to solve their problems (e.g., Small Island Developing States & Rising Sea Levels)

AOSIS
ALLIANCE OF
SMALL ISLAND STATES

Islands as Resilient/Entrepreneurial

Counter narrative:

- Islands as resilient, high economic and political capacity
- Islanders as resourceful, mobile.
- A "World of Islands" perspective
- Ability to navigate and influence political and economic relationships (political entrepreneurship)

Poem by Derek Walcott

(the Schooner Flight, 1979)

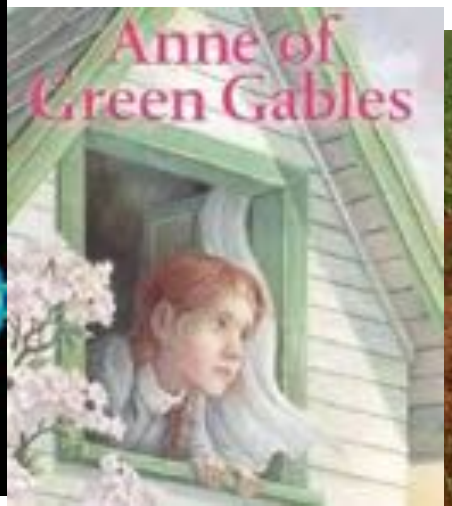
"Open the map. More islands there, man,
Than peas on a tin plate, all different size,
One thousand in the Bahamas alone...
There are so many islands!
As many islands as the stars in the Night"

islands climate resilience

Stereotypes of Prince Edward Island Economy

- Historically, strong manufacturing presence (e.g., shipbuilding)
- Now, seasonal economy:
- Agriculture and fishing/processing (potatoes, shellfish)
- Summer tourism (1.5 million)
- Iconic "Anne of Green Gables" (L.M. Montgomery)
- Image of rural society, conservative values, independent
- "Garden in the Gulf"; "Million Acre Farm"; "The Gentle Island"

P.E.I.
POTATOES



Characteristics of Prince Edward Island Economy

- Canada's smallest province in area and population
- 5,660 sq. km. (St. K&N = 270 sq.km.)
- 155,000 people (St. K&N = 56,000)
- A SNIJ (Subnational Island Jurisdiction): Powers devolved from federation
- Relatively poor:
  - Mean hhd income < 85% of Cdn. average
  - GDP/cap. 75% Cdn. average
- Unemployment Rate consistently higher than most provinces
- Transfer payments (fed. to province) a significant share of economy
  - 34% of provincial budget (2016/17)
  - $3,940/capita (highest of any province)
- Primary sector employment (6.2%) compared to Canadian average of 3.8%
- **BUT**:
- Currently fastest growing province
- Population-led development strategy
- Economic migrants/newcomers (increasing diversity)
- New slogan, "**The Mighty Island**"

The Biosciences on PEI

Two main kinds of biosciences on PEI

- Aquaculture/aquahealth (natural products development); anchor firm is Novartis
- Medical diagnostics devices and pharmaceutical (anchor firm is Diagnostic Chemicals/BioVectra)
- Normally found in larger metropolises

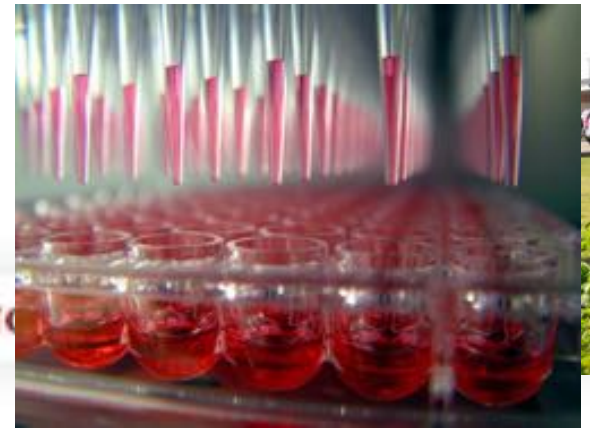
In 2017, biosciences on PEI still only 1.5% of GDP **BUT**:

- Fastest growing sector (revenue growth 33%/yr. from 2006 – 12)
- Compare to tourism at 2.4%/yr.
- Number of companies increased from 12 (2002) to 54 (2018)
- Current sales = $250 million Cdn
- Only 1,600 direct employees BUT higher average income = $54,000 (compared to $38,589 average industry)

BioVectra
BRIDGING CHEMISTRY AND BIOTECHNOLOGY

SEKISUI DIAGNOSTICS

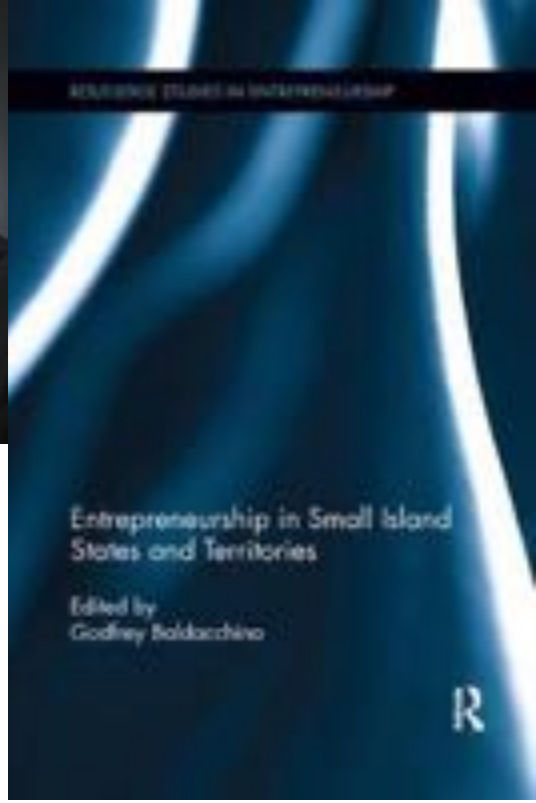
Diagnostic Chemicals Limited



UNIVERSITY of PRINC

Themes to Explain Growth of PEI Biosciences

- *Pivotal Role of Individuals*
- *Conservatism with Entrepreneurship*
- *Strategic Business Decisions*
- *Biosciences as a Cluster*
- *Diagnostic Chemicals and BioVectra as Anchor Firms*
- *Government, Governance and the Private Sector*
- *Accessibility, Isolation and Location*



PRINCE EDWARD ISLAND
BioAlliance
collaboration to commercializati

UNIVERSITY of PRINCE EDWARD ISL

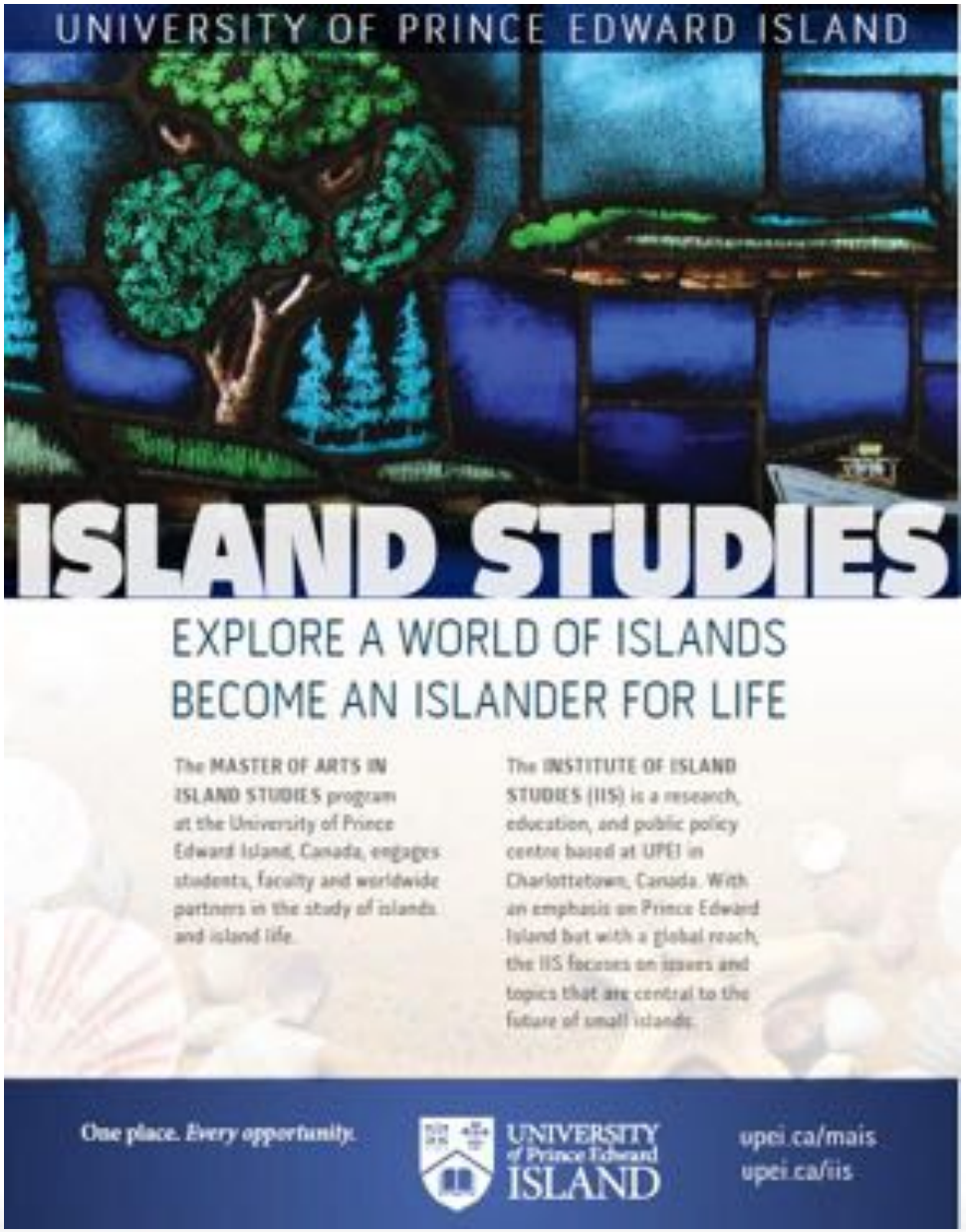
Institute of Island Studies, UPEI: Vision and Four-Point Purpose

Established – 1988

Vision: To be the leading centre of excellence on issues related to island studies scholarship, public policy and engagement.

Purposes:

1. *To encourage a deep knowledge, understanding, and expression of Prince Edward Island*
2. *To serve as a bridge between the University and Island communities*
3. *To contribute to the formulation of public policy in Prince Edward Island*
4. *To undertake and facilitate island studies research and education at local, national and global scales*



What Are We Doing on Prince Edward Island

Island Studies Press (both scholarly work and PEI non-fiction)

Public Symposia on Issues Important to Islanders ("honest broker")

- Population & Migration; Local Governance; Sustainable Agriculture; PEI as a Carbon Neutral Jurisdiction

(Often combined with workshops for government staff)

- Monthly Lecture Series (open to public)

Host International Conferences:

- Building Small Island Resilience to Global Climate Change (Sept.'16)
- Building Community Resilience: Innovation, Culture, and Governance in Place (Aug.'15)

Master of Arts in Island Studies degree:

- Thesis-based (40 graduates)
- Course & Work-study-based (Island tourism, Sustainable Island Communities; International Relations & Island Public Policy)

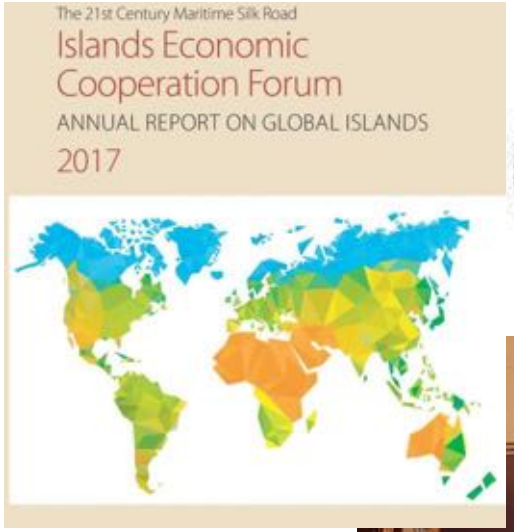
Research Contracts for Province (e.g., Survey of Islander Diaspora)

What Are We Doing Elsewhere in the World

United Nations Educational, Scientific and Cultural Organization

UNESCO Chair in Island Studies and Sustainability, University of Prince Edward Island and University of Malta

- International scholars come to PEI to teach and study
- UNESCO Chair in Island Studies and Sustainability
- Small Islands Research (e.g., Island States and Territories: building Sustainable
- Our Role in RETI (Research Excellence in Island Territories; 26 universities)
- 12 Island 3-yr. Research grant on governance and sustainable development
- Co-host International Conferences
  - UofAruba/COE Conference in Aruba March 26-29
- Hainan Island, China Contracts:
  - 2 International Conferences on Island Economies (Nov.'17/Aug.'19).
  - Boao Forum Annual Reports



ISISA International Small Islands Studies Association

Reti

An Example of Our Approach: PEI Conference on "Building Small Island Resilience to Global Climate Change"

- Partnered with UPEI Climate Research Lab
- Funding from PEI and Cdn. Govts.
- Four Sessions/Themes:
  - Cultural Heritage
  - Food Security
  - Renewable Energy
  - Innovation
- Three levels of Speakers at each session: local/PEI, National; International
- Audience = PEI and Regional Civil Servants (so Training)
- Public Forum (open to public)
- Charlottetown "Statement"
- All presentations recorded and uploaded to our website

Other Island-Related Centres/Institutes

Reviewed 20+ Institutes/Centres

Examples:

- James Michel Blue Economy Research Project (BERI), Seychelles https://www.unisey.ac.sc/research-consultancy/blue-economy-research-institute
- Institute for Sustainability and Resilience, University of Hawai'I, Manoa, Honolulu, Hawai'i https://manoa.hawaii.edu/isr/
- Institute of International Affairs/Centre for Small States Studies, University of Iceland, Reykjavik, Iceland https://english.hi.is/small_state_studies
- Islands and Small States Institute, University of Malta, Malta https://www.um.edu.mt/islands

- Others emerging in Jersey (Channel Islands); Okinawa, Japan, etc.
- Be careful about adopting any one model to another island.
- Growing Geopolitical Role of Islands

UH SUSTAINABILITY
University of Hawai'i
Office of Sustainability

INSTITUTE OF INTERNATIONAL AFFAIRS
UNIVERSITY OF ICELAND

Lessons Learned and Recommendations

Lessons Learned

1. "Small" can be a blessing and a curse
2. Islands are not remote
3. Economies of scale not always important
4. Lots of island entrepreneurship is present
5. Diversification not always the solution
6. Collaboration is key (trust/relationships)
7. Look to other small islands as models, not large mainlands
8. Champions are critical
9. Consistency in broad goals

Recommendations

1. Sign MOUs and Agreements with other islands (e.g., use my connections with Hainan, China)
2. Use your universities & colleges to develop stronger international linkages (e.g., RETI)
3. Develop a better data base on your diaspora
4. Enact population-led development policies (e.g., economic migrants)

Thank You!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of Prince Edward
ISLAND
people • excellence • impact

3rd Growth and Resilience Dialogue With Social Partners

PANEL ONE

Building Resilient Governance Frameworks: The Prince Edward Island and Iceland Experiences

DISCUSSION

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3rd Growth and Resilience Dialogue With Social Partners

PANEL TWO

Building Resilient Institutions: A New Paradigm in Doing Business

MODERATOR

D Tracy Polius – Chief Director Policy, ECCB

3rd Growth and Resilience Dialogue With Social Partners

PANEL TWO

Building Resilient Institutions: A New Paradigm in Doing Business

PRESENTER

Ernesto Franco-Temple - *Senior Private Sector Specialist, The World Bank*

Doing Business Reform in the OECS:
Regional Strengthening for Sustainable Reform

Abha Prasad
Program Leader for Caribbean

Ernesto Franco-Temple
Senior Private Sector Specialist

WORLD BANK GROUP

OUTLINE

1. The importance of regulatory reforms to improve competitiveness
2. OECS performance in *Doing Business*
3. Strategies for sustainable reform

What does *Doing Business* measure?

Doing Business indicators:

- Focus on 11 areas of business regulations relevant to the life cycle of a small to medium-size domestic business.
- Are built on standardized case scenarios.
- Are measured for the largest business city in each economy, and the second largest business city in countries with more than 100 million inhabitants as of 2013.
- Are focused on the formal sector.

"Job creation is one of the transformational gains that countries and communities can achieve when the private sector is allowed to flourish. Fair, efficient and transparent rules, which Doing Business promotes, improve governance and tackle corruption"

Kristalina Georgieva, World Bank Chief Executive Officer

How does *Doing Business* collect data?

- The *Doing Business* data are based on domestic laws, regulations as well as administrative requirements. For several indicators cost, time and procedures components are based on **actual practice rather than the law on the books.**

- To collect data for these indicators the *Doing Business* project works with legal practitioners or professionals who regularly undertake the transactions involved, including lawyers, accountants, judges, engineers, architects, business people and public officials.

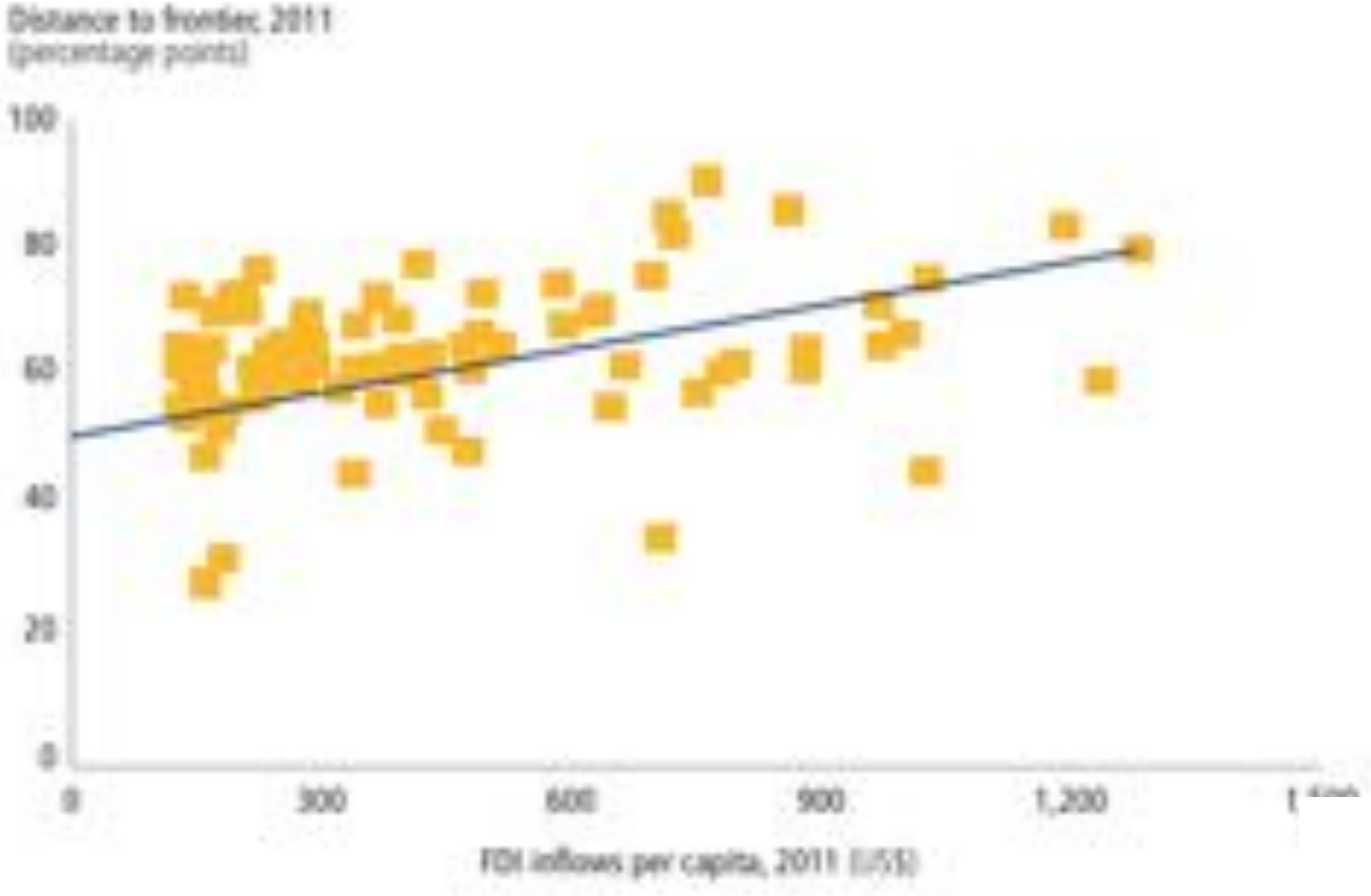
  → http://www.doingbusiness.org/en/contributors/doing-business

- *Doing Business* **does not** measure all aspects of the business environment such as security, macro-economic stability, prevalence of bribery and corruption, level of training and skills of the labor force, proximity to markets, regulations specific to foreign investment or the state of the financial system.

OUTLINE

1. The importance of regulatory reforms to improve competitiveness
2. OECS performance in *Doing Business*
3. Strategies for sustainable reform

Better overall regulation is correlated with more FDI inflows

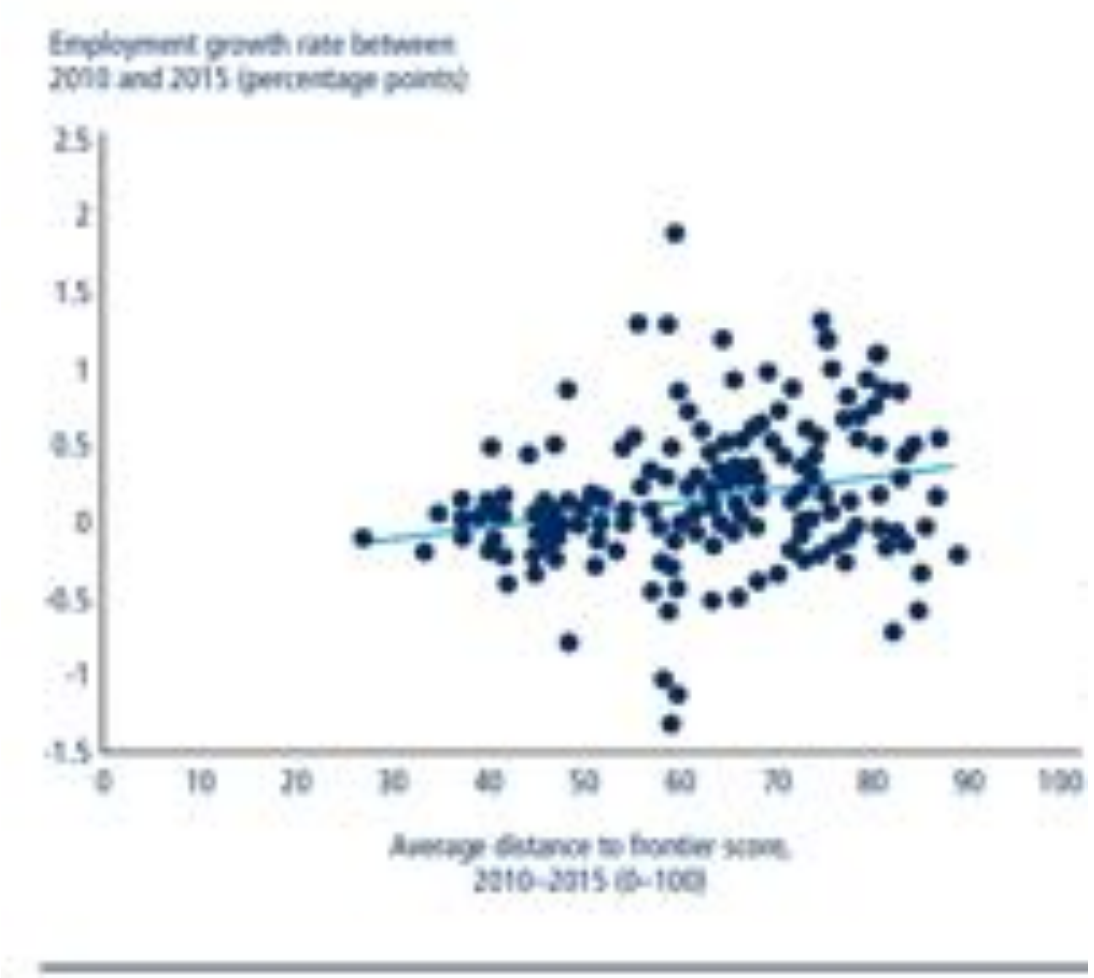


Source: *Calculations were made using distance to frontier scores for 2009 and data on FDI inflows in 2010 from the United Nations Conference on Trade and Development's UNCTAD stat database.*

Moving 1 percentage point closer to the global best practice frontier* in regulatory environment is associated with $250–500 million more in annual FDI inflows.

*An economy's distance to frontier score is indicated on a scale from 0 to 100, where 0 represents the worst performance and 100 the global best practice frontier.

Better business regulation is associated with employment growth



Across economies there is a significant positive association between employment growth and the distance to frontier score.

Economies with less streamlined business regulation have higher levels of unemployment on average *-- a one-point improvement in the distance to frontier score is associated with a 0.02 percentage point decline in unemployment growth rate.*

Source: Calculations using Doing Business data distance to frontier and employment growth rates over 2010-2015

Why does reforming the business environment matter? Other findings from recent research.

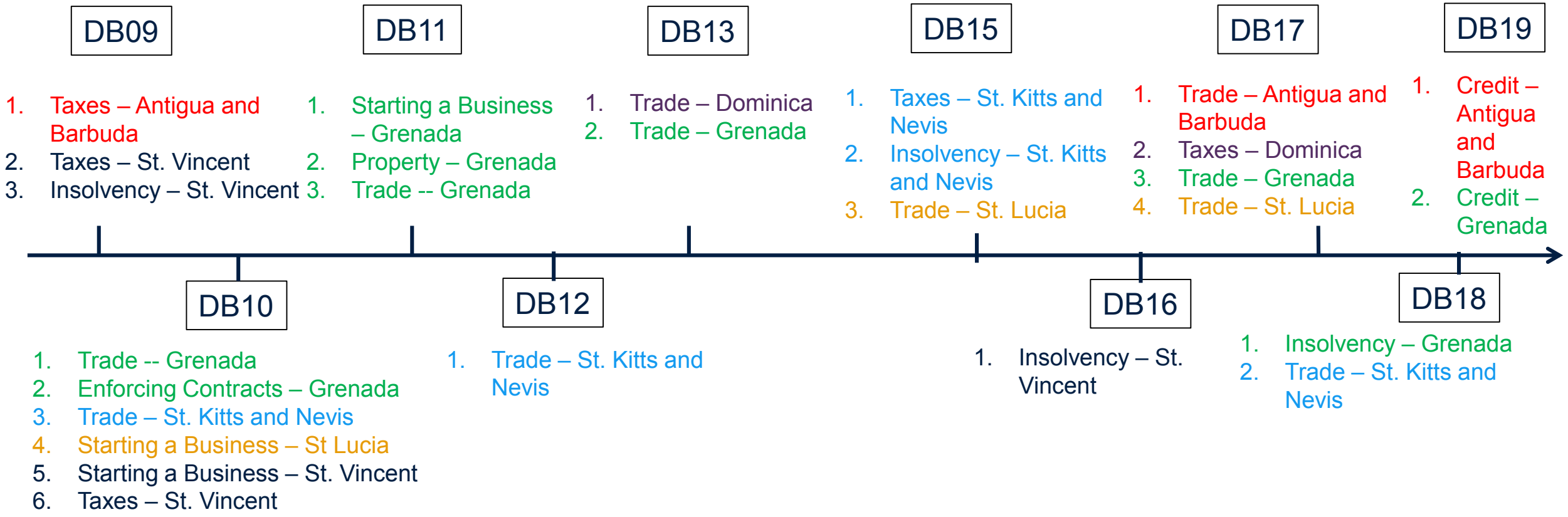
- Economies with more transparent and accessible information have **lower levels of corruption** on average.
- In economies with effective regulation, firms are also more inclined to join the **formal sector.**
- Improving port efficiency can lower shipping costs, **increasing the volume of bilateral trade.**
- Better performance in *Doing Business* is associated with **less income inequality** on average, particularly regarding the starting a business and resolving insolvency indicator sets

OUTLINE

1. Importance of regulatory reforms to improve competitiveness
2. OECS's performance in *Doing Business*
3. Strategies for sustainable reform

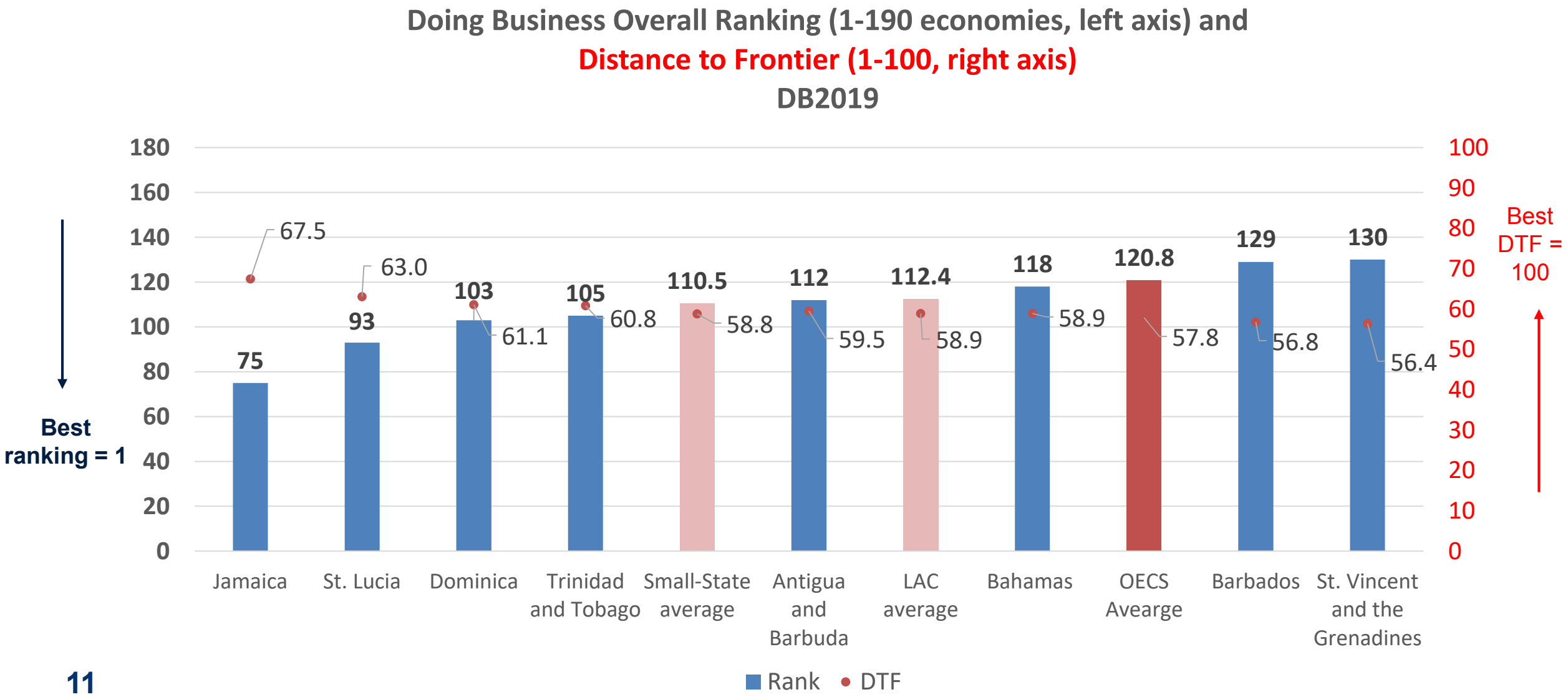
WORLD BANK GROUP

Thanks to sustained reform efforts, *Doing Business* has recognized 27 reforms implemented by OECS countries over the last decade.

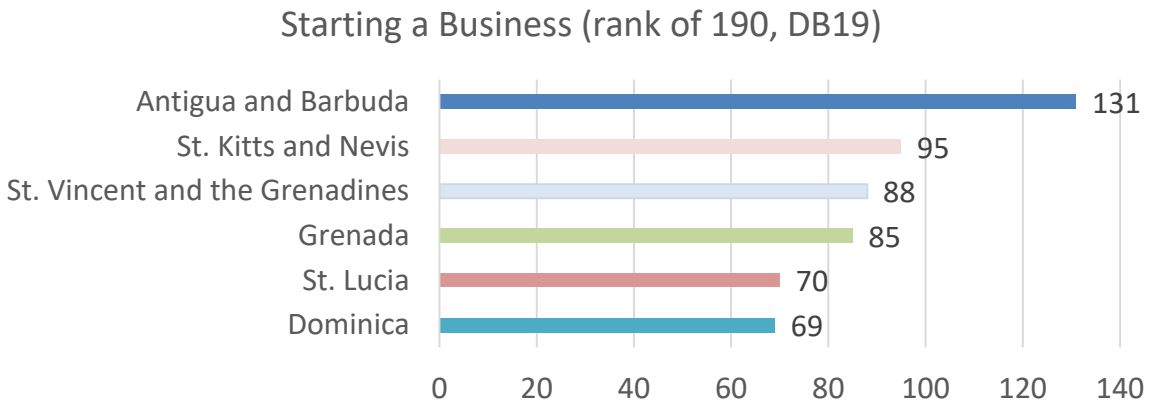


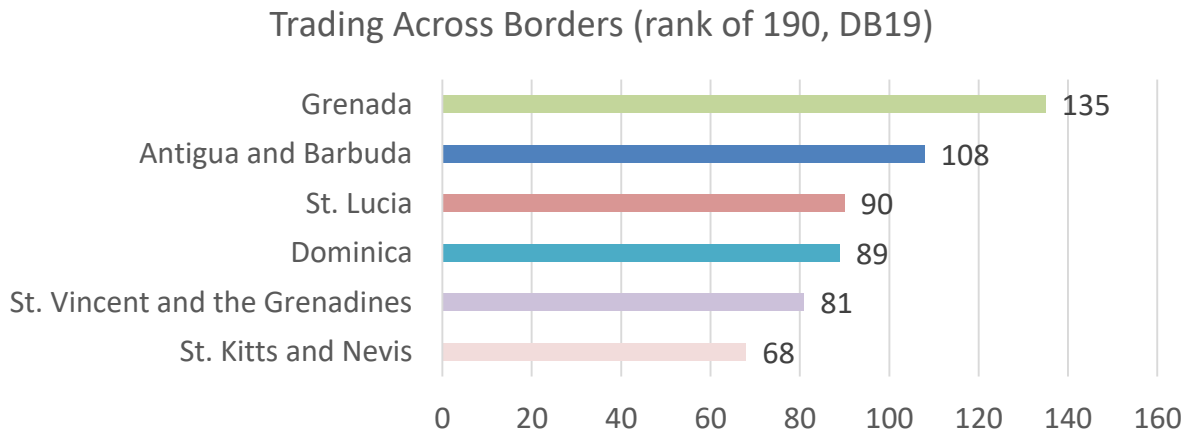
Of the 27 reforms: 11 were in Trade, 5 in Taxes, 4 in Insolvency, 3 in Starting a Business, 2 in Getting Credit, 1 in Enforcing Contracts, 1 in Registering Property

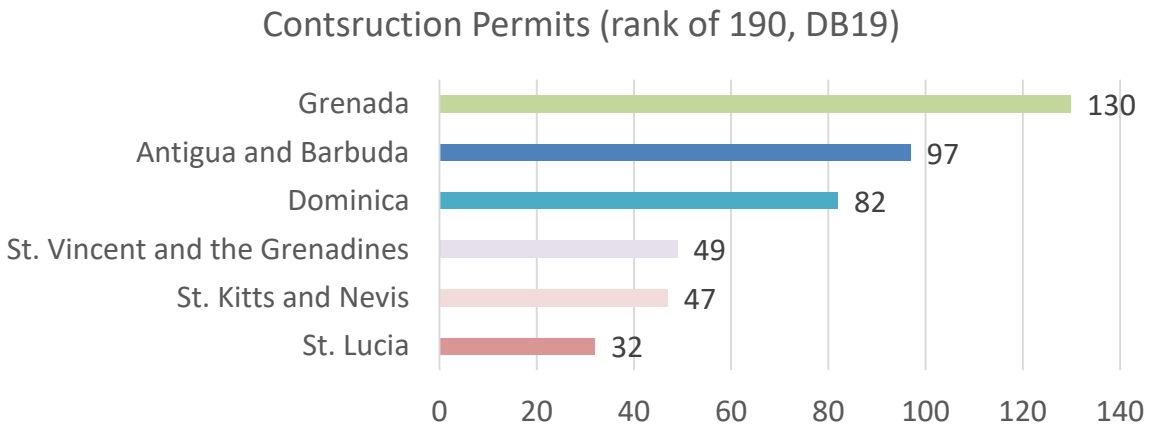
The OECS countries perform similarly to the LAC and Small-States averages for ranking and distance to the best practice frontier…

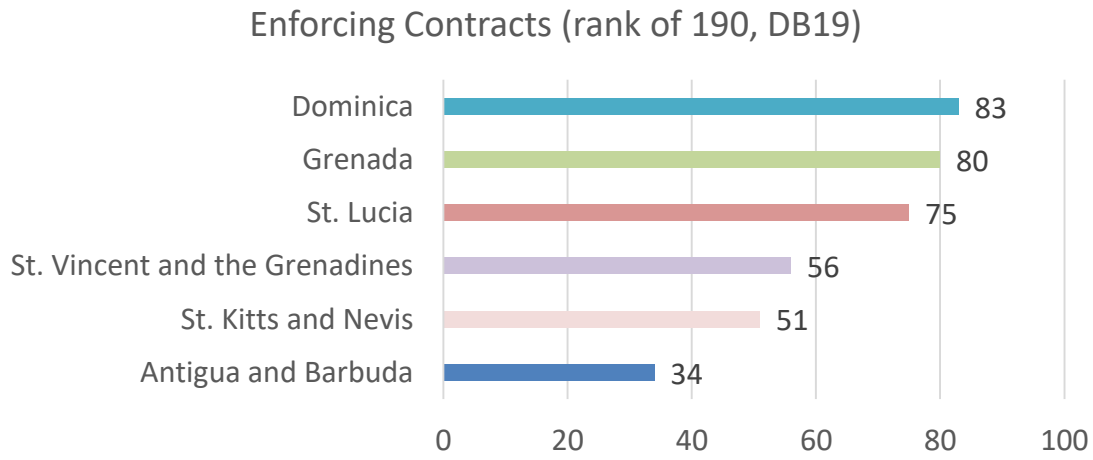


…although there is much variation among the OECS states and across indicators.

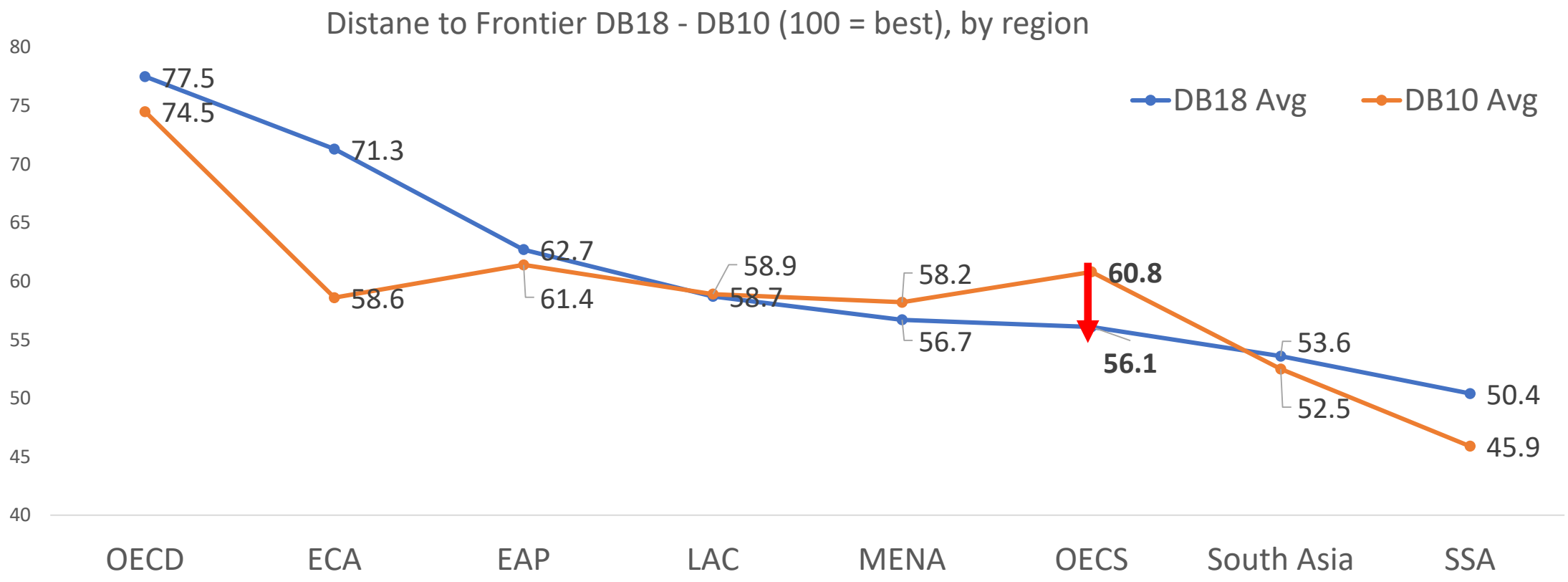








Over the last 8 years, the OECS countries on average have fallen farther away from the best practice frontier…



* Methodology form DB18 and DB10 are not comparable
**Barbados was not included in DB10

…indicating that there is much work to be done.

Regulatory improvement and enforcement

Streamlining processes and procedures

Improving coordination between agencies…

…and connectivity with other island economies

Improving institutional transparency

Implementation of electronic systems

And Importantly: Strengthening Institutions for Sustainable Improvements

Small States face unique challenges compared to larger economies, which necessitates targeted strategy for reforms.

- Small economies – in particular the island states -- face unique challenges arising from their remoteness, small populations, lack of economic diversification, high transportation and communication costs, and vulnerability to natural disasters.

- Private-sector-led growth and a diversified economic base can be difficult for small states to achieve.

- The narrow population base means a low demand for goods and services, which limits domestic production and international investment targeted at the local market.

- Production costs are generally high because of the lack of economies of scale.

OUTLINE

1. The importance of regulatory reforms to improve competitiveness
2. OECS's performance in *Doing Business*
3. Strategies for sustainable reform

STRONGER TOGETHER: The OECS can work together to promote connectivity and best practices across the region, leading to greater gains for all.

If each OECS country were to adopt the region's best practice in each of the *Doing* Business indicators, they would rank **80 out of 190 countries – an improvement of 40 places.**

OECS countries can learn from each other's best practices to create a stronger, regional market:

- Achieve **economies of scale**
- Focus on improving and **harmonizing regulations** to attract and develop local investment.
- Coordinating the reform efforts to **reduce the costs of adopting technologies** to improve the efficiency of government.

REFORM STRATEGIES: Five Common Features of Successful Reformers

CONCLUSIONS: Key elements to consider for OECS

- High-level vision has to be translated into **key performance targets and detailed action plans at all levels**
- **Institutionalized leadership** – a transparent and effective system of interaction between government agencies and subnational units, periodic reporting and escalation/arbitration mechanisms at different levels are needed to support implementation
- **Incentives have to be in place** – peer-learning, financial incentives, recognition and public sector performance, public commitments and annual/bi-annual public performance reports
- **Keeping the end-user/beneficiary in mind** – private sector participation in agenda/priority setting (surveys, private organization input, membership in steering committees); consultation mechanisms on new legislations, notice and comment, feedback loops, user surveys
- **Building resilient institutions** – strong institutions are necessary to trigger reform AND ensure that the results are long lasting.
- **Coordination for regional growth –** collaboration and harmonization across the region can achieve economies of scale and lead to increased competitiveness of the regional market.
    - **Regional organizations** can also catalyze reforms in small markets **--** the role of the ECCB, OECS Commission, and Eastern Caribbean Supreme Court in leading reform efforts

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3rd Growth and Resilience Dialogue With Social Partners

PANEL TWO

Building Resilient Institutions: A New Paradigm in Doing Business

PRESENTER

Dr Kieron Swift - Project Development Consultant, Compete Caribbean Partnership Facility (CCPF)

COMPETE CARIBBEAN

IDB

UKaid

Canada

Innovation: Transforming the regional business environment and driving competitiveness

3rd Growth and Resilience Dialogue with Social Partners

Kieron Swift, PhD

February 2019

The Caribbean is falling behind

In the early 1970s real GDP per capita in the Caribbean was **4x** the rest of small economies (ROSE). Today it is **0.9x**, and forecasted to fall further. (Ruprah and Sierra 2014)

1970

ROSE

Caribbean

2014

ROSE

Caribbean

The Productivity Challenge

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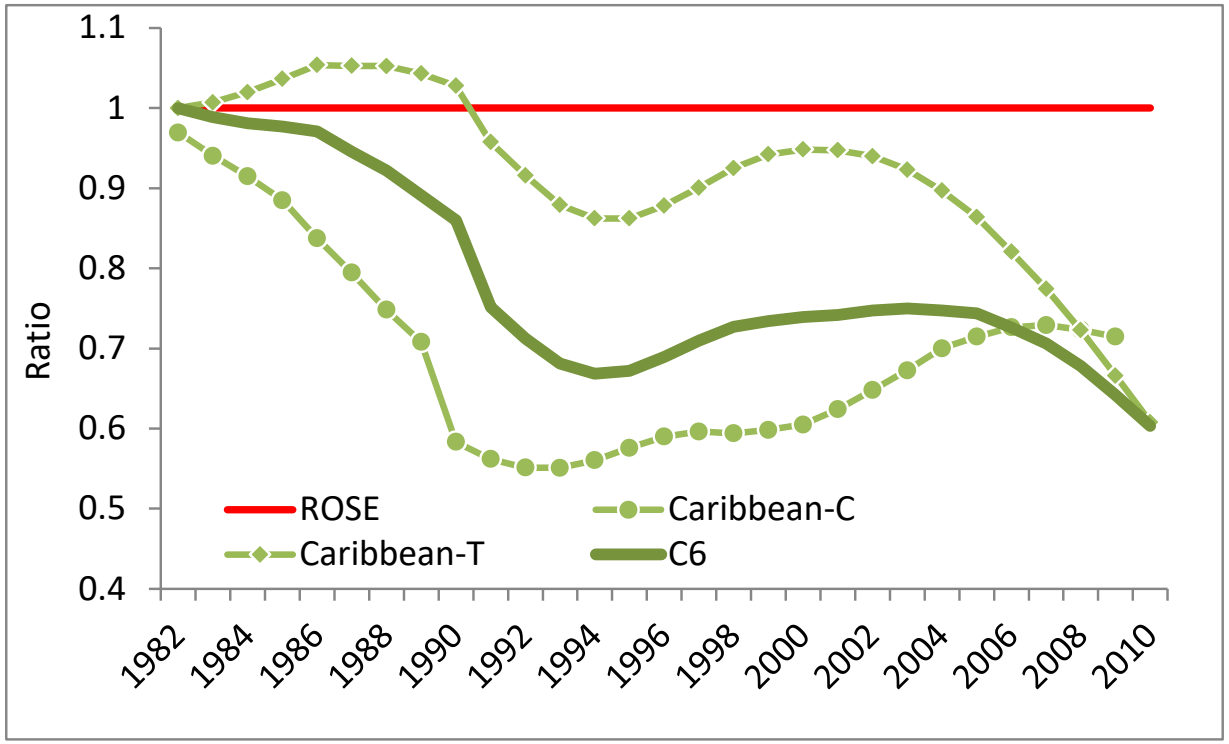
Why?...Lower Total Factor Productivity Growth (TFPG)



Underlying the relative decline is the relatively worse performance of total factor productivity.
(Ruprah and Sierra 2014)

Empirical evidence: About half of the variation in income levels and growth rates among countries is due to differences in total factor productivity
(Hall and Jones, 1999).

Research findings: Investment in Research and Development (R&D) explains up to 75% of the differences in total factor productivity growth rates
(Griliches, 1979).

Economic growth = change in human capital + change in physical capital + TFPG

Total Factor Productivity Growth

TFPG is a measure of long-term technological change or technological dynamism.
It measures how resources are being combined to produce more outputs.

TFPG accounts for up to 60% of growth within economies

Which of these two workers…

- Produces more?
- Requires more skill?
- Is paid more?

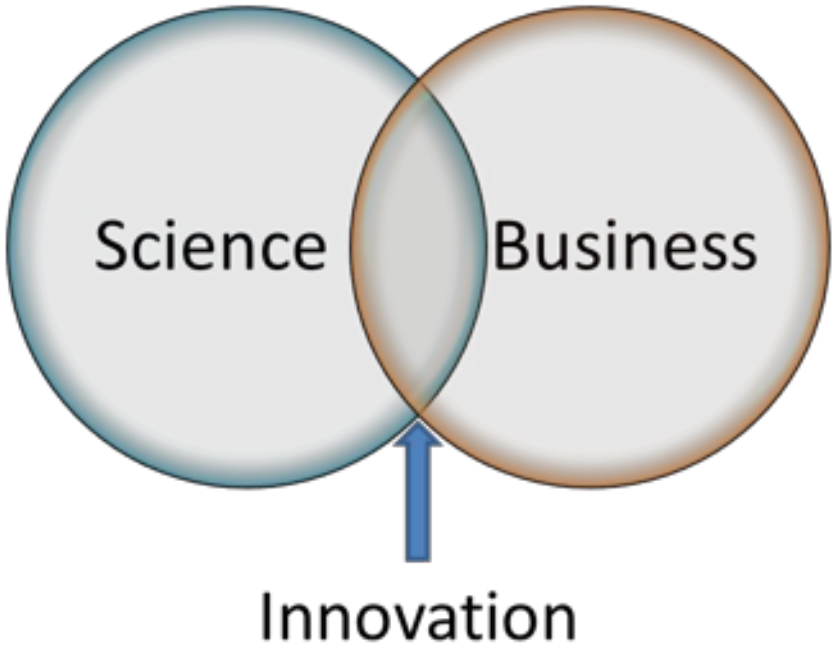
Productivity drives profits
Productivity drives wages

If productivity rises, wages and profits rise as well.

Innovation drives productivity

Innovation…

…. is the transformation of new ideas into economic and social solutions.



… can be the execution of a new way of doing things more efficiently (a more effective use of resources), a new or significantly improved product (good or service) or process, a new marketing practice, or a new organizational method in business practices, workplace organization or external relations (OECD and Eurostat, 2005).

…is not the same as invention

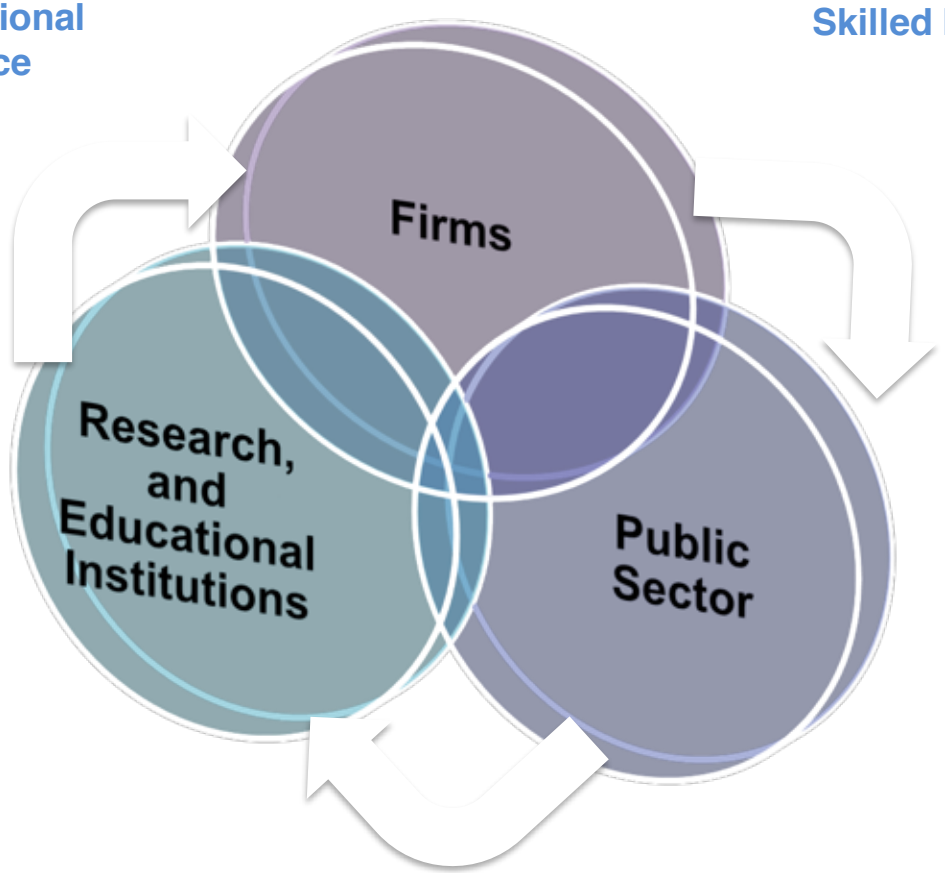
Innovation is systemic

… and it depends on many factors

Long term investment in innovation

Openness to Investments and international Commerce

Skilled Labor Force



National Development Strategies

Information and Communications Technology (ICT) infrastructure

Firm innovation

Legal and institutional Framework

Networks and Business Development

Venture Capital

Technological and Institutional services

General challenges for innovation

Markets produce a sub-optimal level of innovation

Knowledge has the characteristics of a **public good** → requires intellectual property framework

Risk and uncertainty → requires specific financial instruments

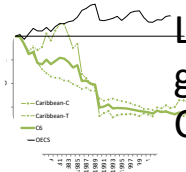
Coordination failures → requires presence of actors and trust

The **innovative firms that fail to exist** → requires an eco-system of entrepreneurship and innovation

Special challenges Latin America and the Caribbean must overcome

- Weak linkages between firms
- Markets and firms tend to be smaller
- Scarcity of complementary products
- Scarcity of specialized technicians and engineers
- Weak market incentives to overcome obstacles
- Pressing social issues seem to leave little room for innovation
- Lower degree of institutionalization → dynamic inconsistency and/or capture

Productivity situation in the Caribbean

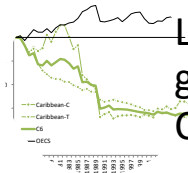


Low productivity growth in the Caribbean

Difficult business and innovation climate

Low productivity of firms

Productivity situation in the Caribbean



Low productivity growth in the Caribbean

Difficult business and innovation climate

Low productivity of firms

Barriers to innovation in the Caribbean

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59% of Caribbean businesses want to innovate, but don't

1. Access to finance
   - 26% of businesses report severe difficulties in accessing finance

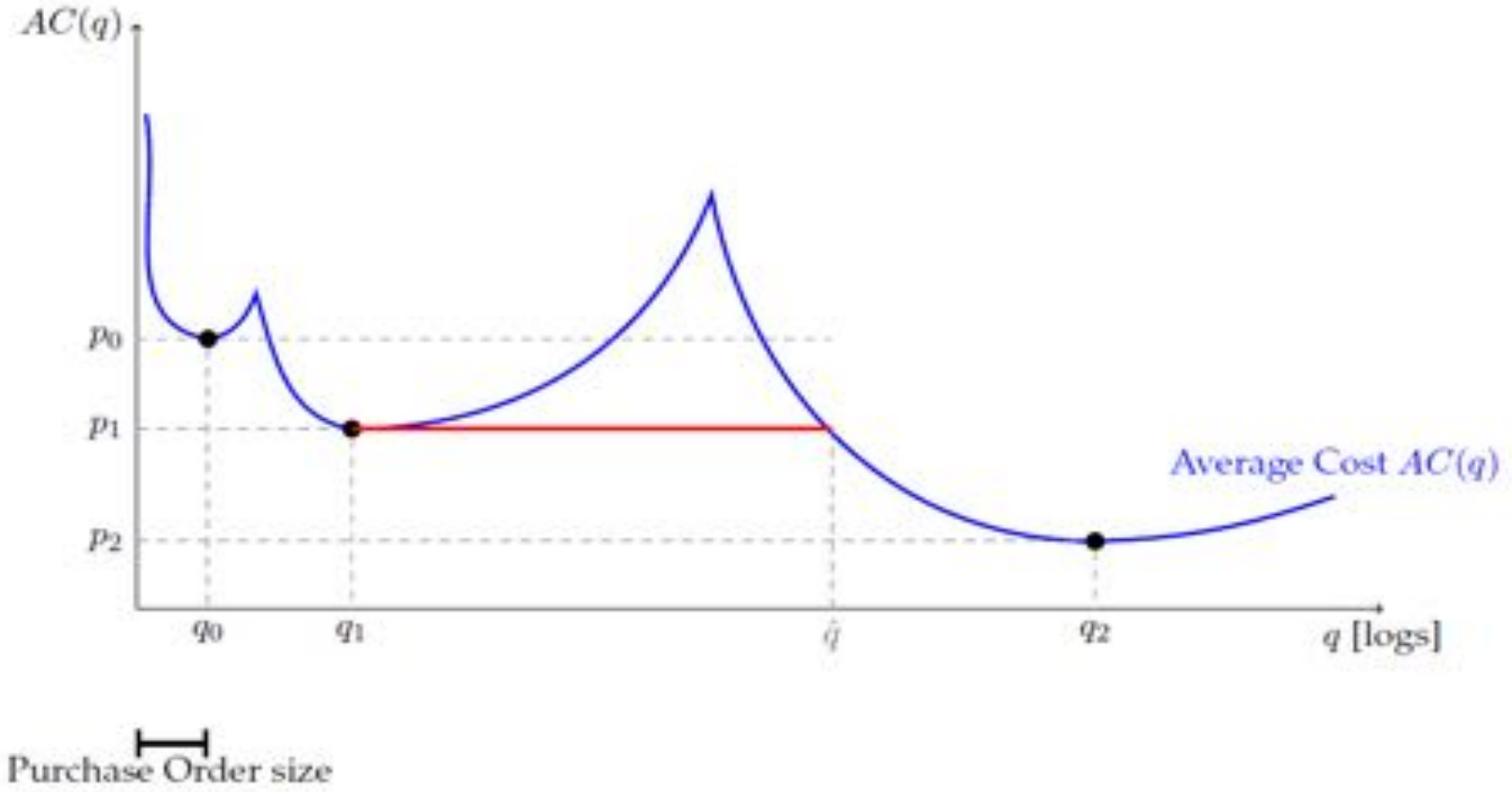
2. Cost and time to export
   - It takes twice as long and costs much more to export from the Caribbean than from Central American countries competing in the same industries

3. Knowledge barriers
   - Weak protection of intellectual property rights
   - Scant contact with universities and research centers
   - Low level of skills in the workforce
   - Lack of collaboration between firms, or between firms and research labs

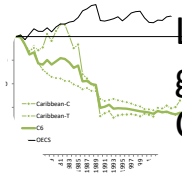
4. Business climate
   - Too much competition from informal businesses, not enough from formal ones
   - Foreign firms not linked to local innovative activity, except through foreign suppliers

5. Infrastructure
   - Power outages and reliable electricity supply

Scale-up chicken and egg problem



Productivity situation in the Caribbean

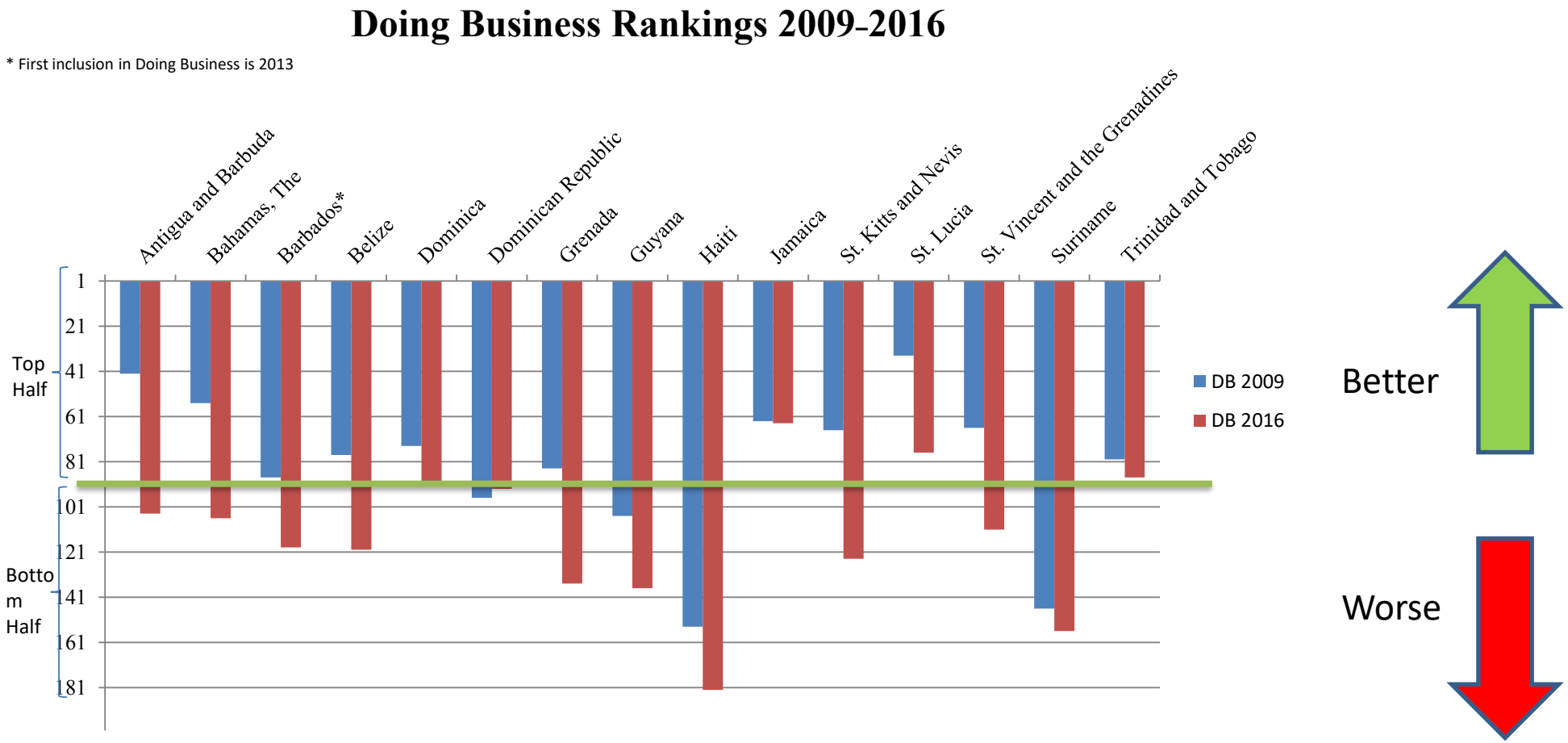


Low productivity growth in the Caribbean

Difficult business and innovation climate

Low productivity of firms

Costly business regulations & lengthy transactions

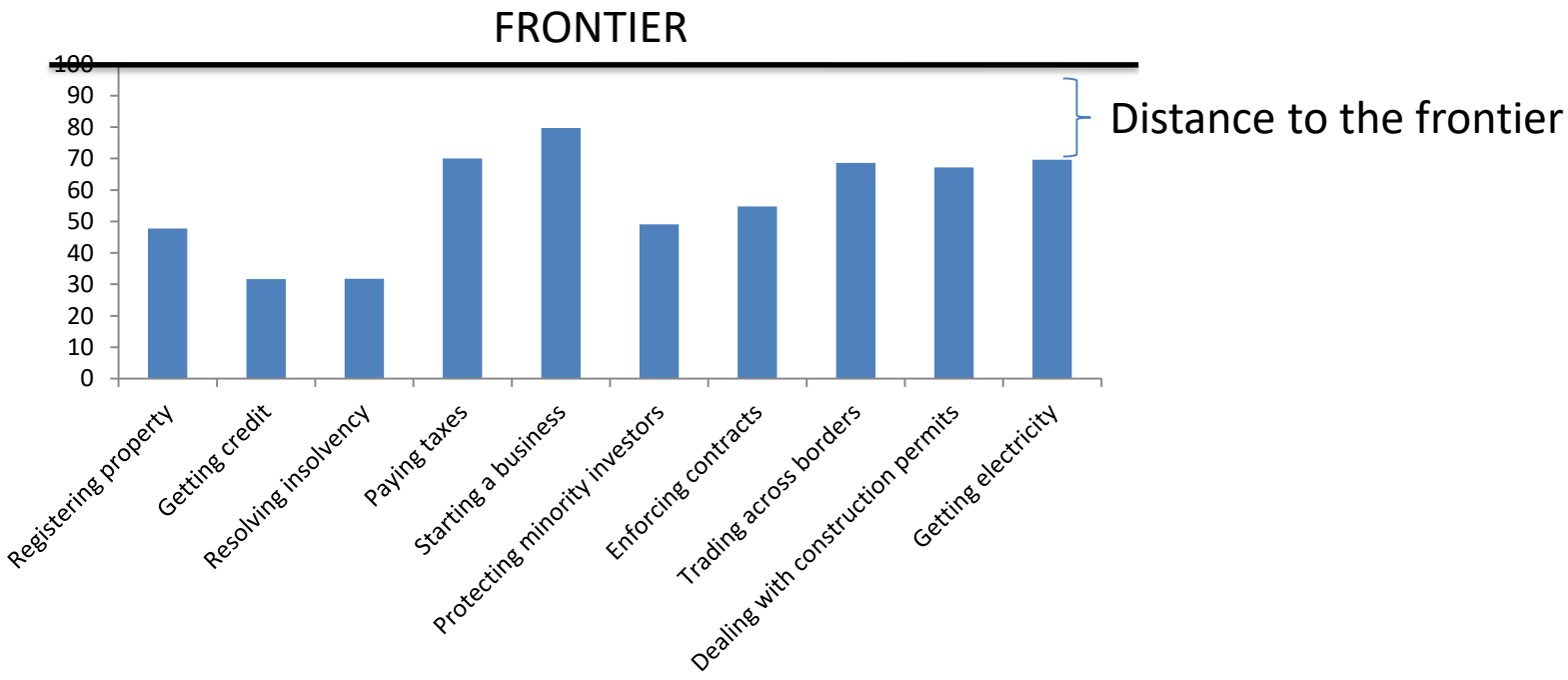


The business climate measures the cost and time it takes to comply with regulations.
In the Caribbean, the business climate has worsened since the global crisis.

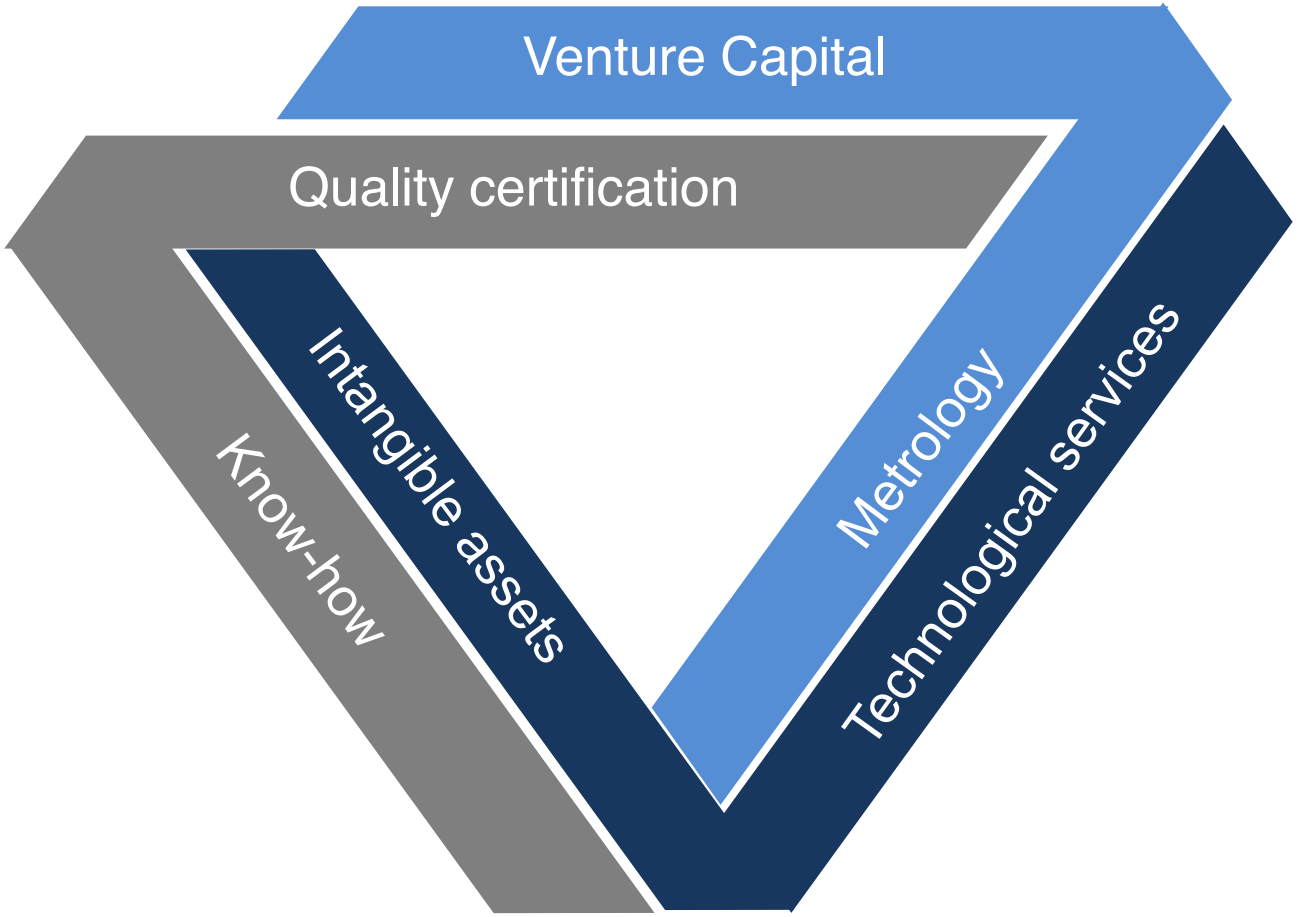
Most difficult business processes

Distance to the frontier – CARIFORUM average (2016 Doing Business Rankings):

- Procedures that are farthest from the frontier:
  - Getting Credit, Resolving Insolvency and Registering Property

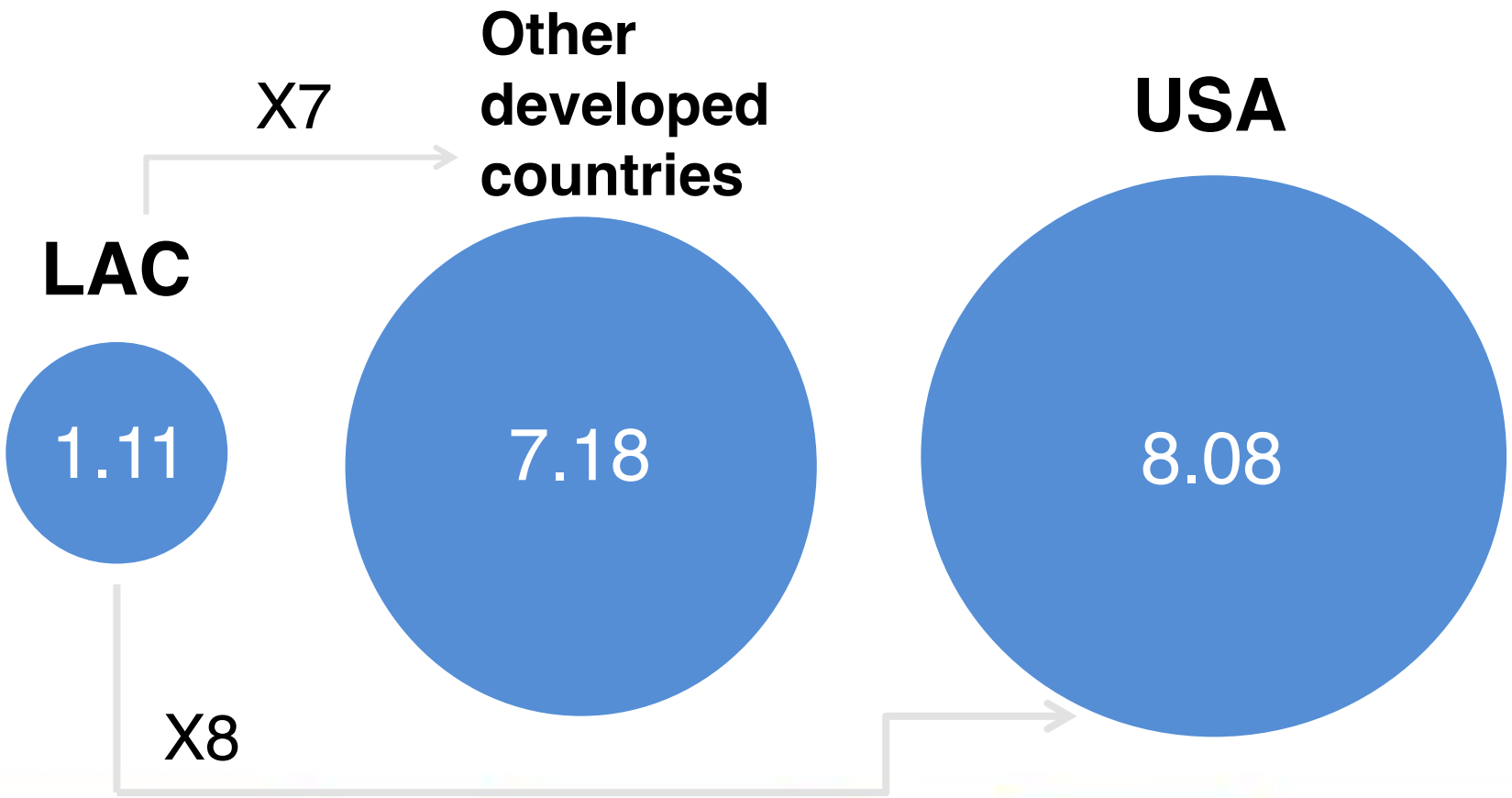


Weak innovation climate



Shortage of human capital for innovation

Researchers per 1,000 in the labor force



Source: RICYT and MISTI, accessed December, 2014.

A new generation of ~~challenges~~

- Increasing ICT adoption and use and the impact of the 4th Industrial Revolution.
- Making innovation relevant for social issues

…These challenges justify policy intervention…

Priority areas

- Increasing public and private investment in science, technology and innovation
- Better access to financing for investments in science, technology and innovation
- More high skilled human capital
- Higher public and private investment in infrastructure for science, technology and innovation
- Improving the innovation climate, including increasing collaboration

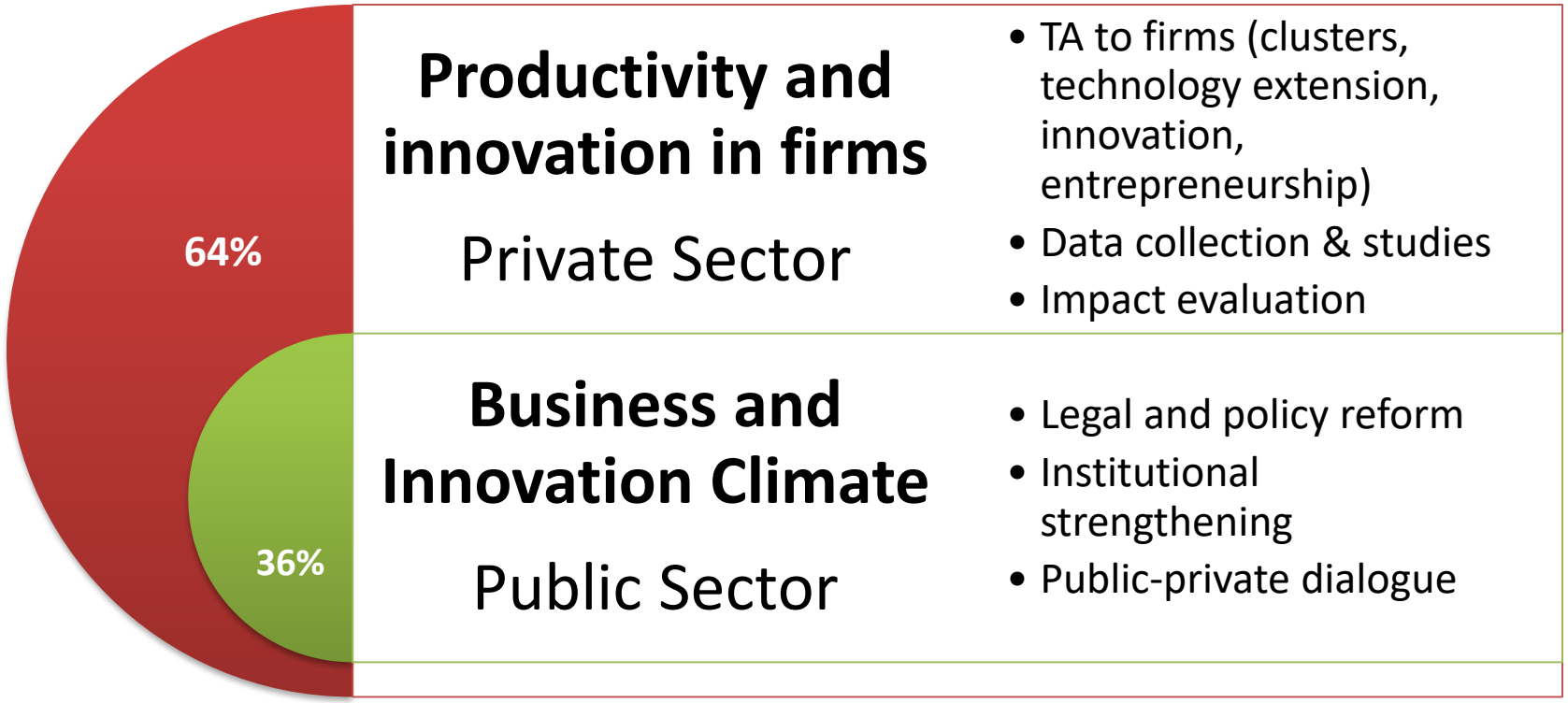
Compete Caribbean I (2011-2017)

- US$30.5 million
- 101 projects across 15 countries
- 29% invested in regional projects
- 96.4% disbursed
- Nearly 12,000 new jobs created → 80% for women and youth
- USD$153m (41%) increase in revenues of firms and clusters
- USD$37m (23%) increase in exports
- Private sector projects introduced environmental technologies or adopted climate change innovation

13 national growth agendas developed through public private dialogue, and implementation supported
20 institutions in charge of supporting private sector, investment promotion and/or competitiveness strengthened
50 Regulatory and policy reforms to improve business climate formulated and/or implemented
525+ firms benefited through 14 innovative firms and 9 cluster projects
Generated previously unavailable data and information for informed decision making

Compete Caribbean Partnership Facility (Phase II)

US$22.6 million – IDB, DFID, Canada, CDB contributions



Focus:

- Specific needs of more vulnerable countries
- Gender and diversity
- Climate Change

Emphasis:

- Institutional Strengthening
- Scalability
- Innovation

Current projects – strategic view

- **Strengthening 10 Business Support Organizations across 8 countries to support cluster/value chain projects**
- **Design and implementation of 4 cluster projects in 3 countries**
- **Supporting policy, regulatory reform and institutional strengthening in 12 countries**
- **Research on variables affecting women owned firms**
- **Design of extension services to foster the use of digital technology in agro-processing and tourism**
- **Blue Tech Challenge**
- **Design of funds to support entrepreneurship and innovation (Jamaica, OECS)**

In conclusion…

- Productivity has to grow in the Caribbean, which means that:
  - The private sector has to innovate much more, in order to create new, more value added products and services
  - The business climate needs to support and stimulate innovation

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Thank you!

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IDB Inter-American Development Bank

UKaid from the British people

Canada

in partnership with

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3rd Growth and Resilience Dialogue With Social Partners

PANEL TWO

Building Resilient Institutions: A New Paradigm in Doing Business

DISCUSSION

3rd Growth and Resilience Dialogue With Social Partners

"Building Resilient Institutions and Infrastructure for Sustainable Growth"

Sir Cecil Jacob Auditorium, ECCB Headquarters, St Kitts and Nevis – 14 February 2019

3rd Growth and Resilience Dialogue With Social Partners

PANEL THREE

Building Resilient Infrastructure for Sustainable Growth:

Plans and Prospects for Regional Fast Ferries

MODERATOR

His Excellency Dr Didacus Jules – Director General, OECS Commission

	 PEOPLE	 GOODS	 SERVICES	 CAPITAL
	Tourism Work travel Exchanges Relocation	Perishable cargo services Time sensitive cargo Courier services	Rapid response support services Courier services	Professional conferences
	Tourism Work travel Exchanges Relocation	Agricultural & Agua produce Manufactured goods Inputs to production	Yachting & ancillary services Cruise industry support Itinerant professional technical services	Trade exhibitions & shows
	Tourism Work travel Exchanges Relocation	E-Commerce Digital goods	E-Commerce Distance learning Marketing & digital services Graphics and Animation	E-Commerce Mobile banking & transactions Plastic money Financial services Wealth management services

3rd Growth and Resilience Dialogue With Social Partners

PANEL THREE

Building Resilient Infrastructure for Sustainable Growth:

Plans and Prospects for Regional Fast Ferries

PRESENTER

S Brian Samuel - Head of Public-Private Partnerships,
Caribbean Development Bank

3rd Growth and Resilience Dialogue with Social Partners

"Building Resilient Institutions and Infrastructure for Sustainable Growth"

Building Resilient Infrastructure for Sustainable Growth: Prospects for Regional Fast Ferries

S. Brian Samuel
Head of Public-Private Partnerships
Caribbean Development Bank

Sir Cecil Jacobs Auditorium, ECCB Headquarters, St Kitts and Nevis
14 February 2019

The Original Caribbean Ferries:

A few travel truths:

- **There's no cheap travel in the Caribbean**
  - LIAT air fares are more than **four times higher** than intra-European air fares on a per-mile basis
- **Taxation is killing regional travel**
  - Between 2009-2016, taxes increased by **56%***
  - On current ticket BGI-SKB-BGI, taxes/charges = **60%** of total price
- **Hence: we don't visit each other**
  - LIAT traffic down **33%** over 10 years*
- **Tourists don't go island-hopping**
  - But many would, if it was feasible - and cheap

* Presentation by LIAT CEO Mrs. Julie Reifer-Jones, ICAO Air Transport Meeting, Guyana, 2018

Pent-up demand for regional travel:

- **Most common reasons for Regional travel*:**
  - Visiting friends/relatives: 59%
  - Business: 29%
- **Music festivals and Carnivals:**
  - Every island has at least one
  - During which travel becomes impossible
- **Cricket:**
  - Visiting teams
  - CPL
  - Regional competitions
- **Groups:**
  - Church
  - Student
  - Others

* **Air Transport Competitiveness and Connectivity**: Caribbean Development Bank, 2018

Tourists also interested in a ferry:

In a 2014 poll of UK Tour Operators*:

- **90%** said that clients often inquire about multi-destination holidays
- But **84%** are discouraged because of the high cost of regional air travel
- UK tour operators believe they could deliver a steady stream of bookings for a reliable, safe, and inexpensive ferry
- **70%** of operators feel a ferry service could increase tourists to the Eastern Caribbean by more than **5%**, over time

* **Driving Tourism in the Eastern Caribbean; the Case for a Regional Ferry:** World Bank, 2015
(S. Brian Samuel, Rachel Shahidsaless, Julie Barbet-Gros & Trang Tran)

There are ferry services in the Region:

	Company/Vessel	Country	Number of vessels	Type	Capacity
1	Osprey	Grenada	2	Fast catamaran	320
2	L'Express des Iles	International	3	Fast catamaran	1,150
3	Barbuda Express	Antigua & Barbuda	1	Fast catamaran	40
4	Twin Islands Ferry Service	International	1	Fast catamaran	100
5	Jaden Sun	St. Vincent and Grenadines	1	Fast catamaran	218
6	Barracuda	St. Vincent and Grenadines	1	RO-Ro Ferry	200
7	Admiralty	St. Vincent and Grenadines	1	RO-Ro Ferry	200
8	Gem Star	St. Vincent and Grenadines	1	RO-Ro Ferry	200
9	Trinidad-Tobago	Trinidad and Tobago	2	Fast catamaran	1,605
10	San Fernando Water Taxi	Trinidad and Tobago	4	Fast catamaran	1,620
11	St. Kitts-Nevis ferries	St. Kitts and Nevis	4	Passenger ferry	200
	Total		21		5,853

Source: Operator websites.

But they don't join up the dots:

- **Only L'Express des îles operates international services:**
  - Martinique, Guadeloupe, Dominica St Lucia
- **Plus the "schooners":**
  - Cargo with a few hardy passengers
- **Ferries are cheaper than planes:**
  - Avg. Regional ferry fare: **US$1.06/mile** = **57%** of avg. LIAT fares/mile, as at May 2014
- **So why aren't there more cross-border services?**
  - "It's a nightmare!" Archaic, cumbersome rules regulating international marine trading

Points to ponder:

- **Ferries are best for short distances:**
  - Ferry voyages should not be more than 4-5 hours, especially on fast ferries
  - Slower vessels can do overnight trips
- **The key is low fares:**
  - People will not go through the extra time to travel by ferry, unless there are savings
  - Ferry strategy should be to **expand** the Regional travel market by making travel more affordable (i.e. not just to compete with LIAT)
- **Investments needed in ferry terminals**

Points to ponder:

- There is room for multiple ferries, with coordinated schedules:

- No one would take a ferry from, say, Trinidad to Antigua – unless they <u>really</u> have a lot of time on their hands!

Points to ponder:

- **You need lots of bodies:**
  - Ships have very high running costs, which do not vary with passenger loads
  - Typical breakeven level 80-100 pax/voyage
  - A tall order for slim routes like ours
- **Let's drive:**
  - Would be big boost for Regional travel
- **Barbados is debatable:**
  - Sea conditions can be very rough
  - Would require larger, slower vessels
- **Subsidy versus taxation:**
  - Would ferry attract ticket taxes, like air transport?
  - Are subsidies feasible, given the Region's fiscal challenges?

Points to ponder:

- **Speed is expensive:**

	Average ferry fare US$/mile	Percent of avg LIAT fare US$/mile
Caribbean Fast Ferries	$0.67	35.8%
Caribbean Slow Ferries	$1.31	69.9%

- **And is it really worth the extra cost and discomfort?**

One-way ferry trip	By Air (flight time only)	By Sea (at 20 knots)	By Sea (at 15 knots)
	Minutes	Hours	
Trinidad–Grenada	30	4.5	6
Grenada–St. Vincent	20	4	5
St. Vincent–Barbados	35	5	6.5
Barbados–St. Lucia	35	5	6.5
St. Lucia–St. Vincent	15	2	3

Source: World Bank Group Calculation.

Quo Vadis?

The WB study is a good beginning …

- "Tweak the assumptions"
- Arrive at a financial model that works, and requires zero or minimal subsidies
- Talk to existing ferry operators about expanding their route networks
- Streamline outdated maritime regulations (e.g. movement of vehicles)
- Do detailed Business Case studies
- Obtain buy-in from all Regional stakeholders (including Trinidad & Tobago and Barbados)
- Bid out ferry package/s

THANK YOU

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3rd Growth and Resilience Dialogue With Social Partners

PANEL THREE

Building Resilient Infrastructure for Sustainable Growth:

Plans and Prospects for Regional Fast Ferries

PRESENTER

Judith Green – Programme Leader for Caribbean, IFC

WORLD BANK GROUP

Building Resilient Infrastructure for Sustainable Growth: Plans and Prospects for Regional Fast Ferries

Judith Green, IFC Head of English Speaking Caribbean

February 14, 2019

Context

In his address at the 29th Intersessional Meeting of CARICOM Heads of Government in February 2018, PM Keith Mitchell highlighted ***"The issue of Regional Transportation and Travel continues be a major challenge. As a Community, we must take due responsibility for our failure to improve in this regard. Addressing matters of connectivity among our people is an urgent priority for which we cannot have this continued divide."***

In the 39th Regular meeting of CARICOM Heads of Government (July 2018), PM Gaston Browne noted ***"In the context of CSME, as much as in the broader consideration of regional integration, I turn attention to regional transportation. This single issue causes the greatest irritation to all our peoples. They are rightly infuriated at the high cost of travel in the region, and the profound difficulties to direct travel between our countries".*** *He went on* ***"The leadership of our Caribbean Community cannot continue to abdicate responsibility for ensuring the availability of reliable and regional air and sea transportation."***

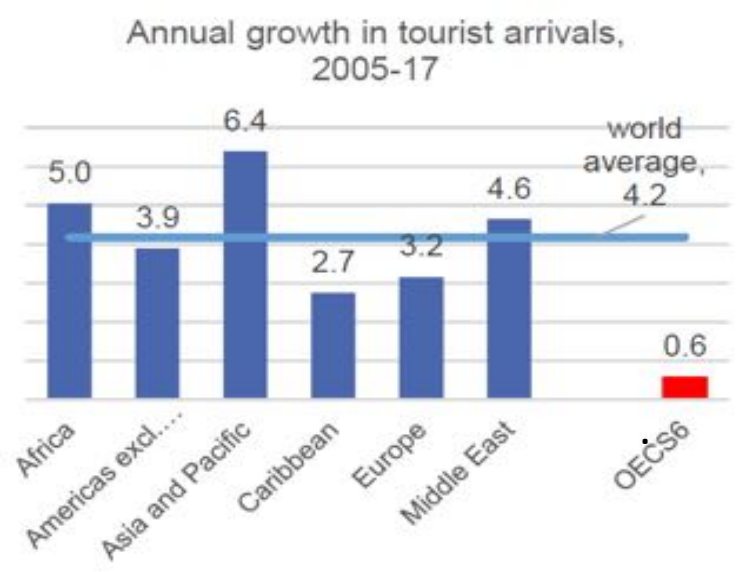
The OECS Growth and Development Strategy makes specific reference to the goal of developing an inter-island ferry system Further in the ECCU background paper, improving the cost and efficiency of regional travel was listed as a priority to operationalize the single economic space and enhance competitiveness.

In the St. Ann's declaration on CSME coming out of the special meeting on the CSME in December 2018, transportation was again highlighted as a priority and the topic of the Inter Sessional Meeting of CARICOM Heads will be focused Air and Maritime Transportation. (Feb. 26-27,2019)

The Key Development Challenges in the Eastern Caribbean

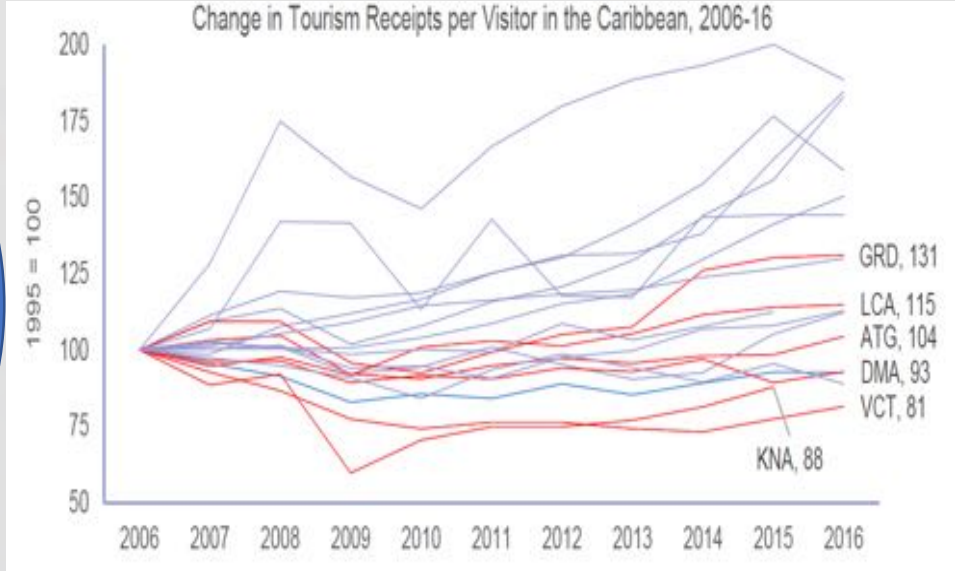
Heavily reliant on tourism, but weak growth impetus

Growth in tourist arrivals lags behind other regions



Islands compete, often over the same market segments instead of collaborating and providing a Caribbean offering

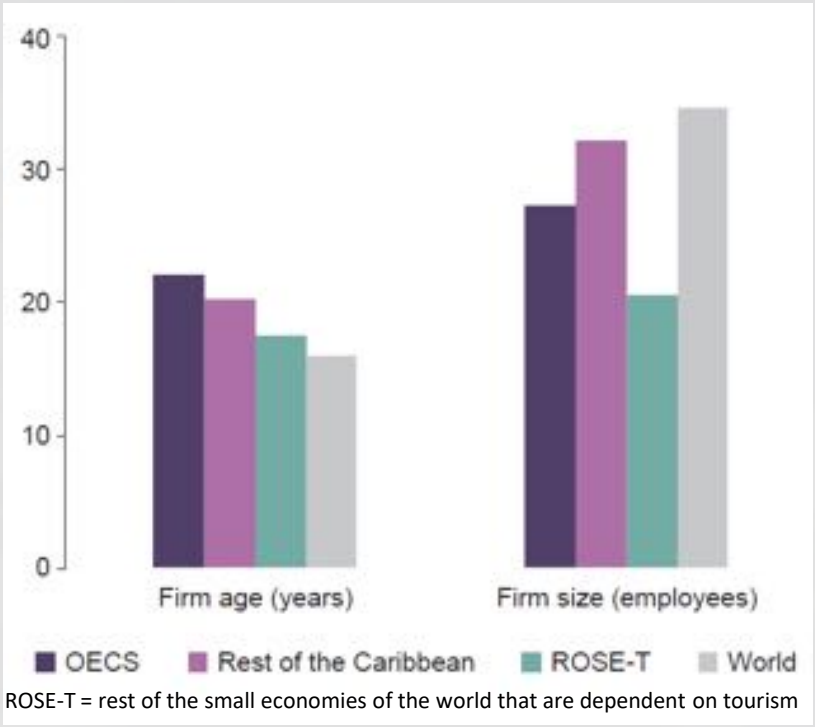
Growth of tourism receipts per visitor has lagged behind many other countries in the Caribbean



Netherlands Antilles, Anguilla, Aruba, the Turks and Caicos and the US Virgin Islands record the highest tourism receipts per visitor in the region.

Limited market size constrains firm growth and fosters import dependence - Average OECS Firm Is Small, Older, Locally Owned, and Doesn't Export

Firm Size and Age, 2010

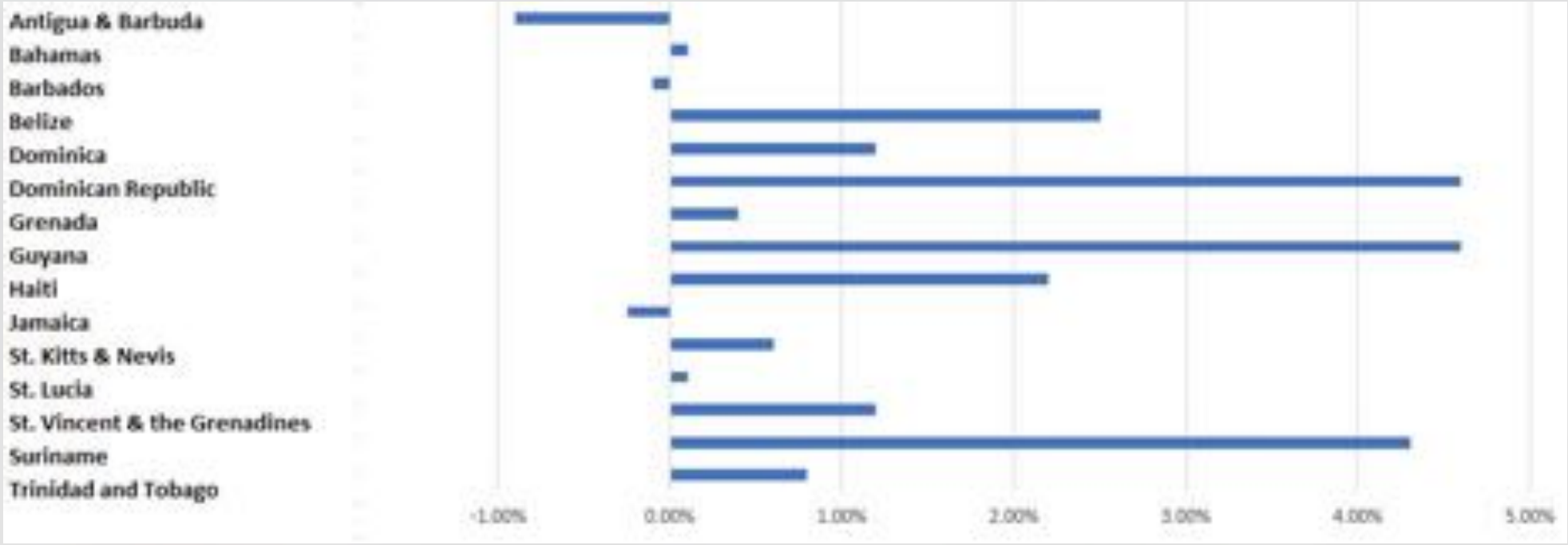


ROSE-T = rest of the small economies of the world that are dependent on tourism

The typical business supplies to the local market and imports most inputs. About 65.3 percent of OECS firms import raw materials and around 19.5 percent of them export to foreign markets. Only 15 percent of those exporting receive over 50 percent of their sales income from abroad.

….. Resulting in low growth….

Average real GDP growth (2007-2014)



…and severe financial constraints

- Lack of tax revenue and fiscal constraints
- High debt
- Lack of resources for basic services in infrastructure, health, education

Better Connectivity to Break the Cycle - Inter-island travel (whether by OECS residents or international tourists) is very small

Number of OECS Visitors by Origin and Destination, 2017

	Country	To										
		Anguilla	Antigua & Barbuda	British Virgin Islands	Dominica	Grenada	Montserrat	St. Kitts & Nevis	St. Lucia	St. Vincent & the Grenadines	Total	Total Tourism Arrivals, 2017
From	Anguilla		648	413	294	32		1,021	146	149	2,703	68,254
			24%	15%	11%	1%		38%	5%	6%		
	Antigua & Barbuda	531		921	2793	257		1,430	1,858	895	8,685	247,320
		6%		11%	32%	3%		16%	21%	10%		
	British Virgin Islands	186	1,371		1075	69		1,185	370	1,418	5,674	334,830
		3%	24%		19%	1%		21%	7%	25%		
	Dominica	1,270	2960	1,061		728		456	1,959	520	8,954	60,855
		14%	33%	12%		8%		5%	22%	6%		
	Grenada	128	719	648	317			256	1434	977	4,479	146,375
		3%	16%	14%	7%			6%	32%	22%		
	Montserrat	79	1577	22	120	20		105	98	42	2,063	n/a
		4%	76%	1%	6%	1%		5%	5%	2%		
	St. Kitts & Nevis	1,577	2,753	1,788	426	304			764	340	7,952	n/a
		20%	35%	22%	5%	4%			10%	4%		
	St. Lucia	508	1,984	695	1,918	1,468		653		1,796	9,022	386,127
		6%	22%	8%	21%	16%		7%		20%		
	St. Vincent & the Grenadines	276	887	819	431	1,376		381	2,280		6,450	75,972
		4%	14%	13%	7%	21%		6%	35%			
	Guadeloupe		710	182	15,676	31		76	1853	85	18,613	n/a
			4%	1%	84%	0%		0%	10%	0%		
	Martinique		332	98	6,687	55		29	18,924	228	26,353	535,646
			1%	0%	25%	0%		0%	72%	1%		
	Other Caribbean	19,203	17,860	73,602	10,479	21,047		10,435	30,835	18,104		

Better Connectivity to Break the Cycle - Insufficient cross-island connectivity limits market size for local firms

Trade in goods is very small and is currently being accomplished by a system of vessels, and involves almost no vehicle traffic. The inter-island trade in services (such as plumbers, electricians, and construction contractors) is also very small, because of the lack of vehicle transport capacity.

Trade 2008 summary by origin and destination (Tonnes)

		From						
	Country	Barbados`	Dominica	Grenada	St. Lucia	St. Vincent & the Grenadines	Trinidad & Tobago	Total
To	Barbados		38,167	523	8,467	5,127	399,673	451,957
	Dominica	1,666		4,027	4,388	3,104	44,995	58,180
	Grenada	5,084	218		1,014	1,648	160,098	168,062
	St. Lucia	21,870	531	3,690		10,910	146,442	183,443
	T. Vincent & the Grenadines	21,810	403	502	2,166		106,418	131,299
	Trinidad & Tobago	59,168	2,129	414	51,883	12,331		125,925
	Total	109,598	41,448	9,156	67,918	33,120	\857,626	1,118,866

Better inter-islands connectivity through improved Ferry transport as a potential solution

- **Creating a more attractive tourism offering:**
  - Survey of travel agents within OECS and tour operators outside the region suggested that facilitating intra-OECS ferry travel could increase tourism:
    - 81 percent of travel agents say that clients frequently enquire about traveling around the Eastern Caribbean by ferry.
    - Similarly, about 90 percent of tour operators say that clients often enquire about multi-destination holidays to the Eastern Caribbean.
    - Nearly 77 percent of the respondents believe that a regional ferry service could increase intra-OECS tourism by over 10 percent.

The true story of a normal small business owner in Grenada (name changed)

Kosmo Amonhana owns a printing business in St. George's, Grenada. His clients are mainly small businesses in Grenada.

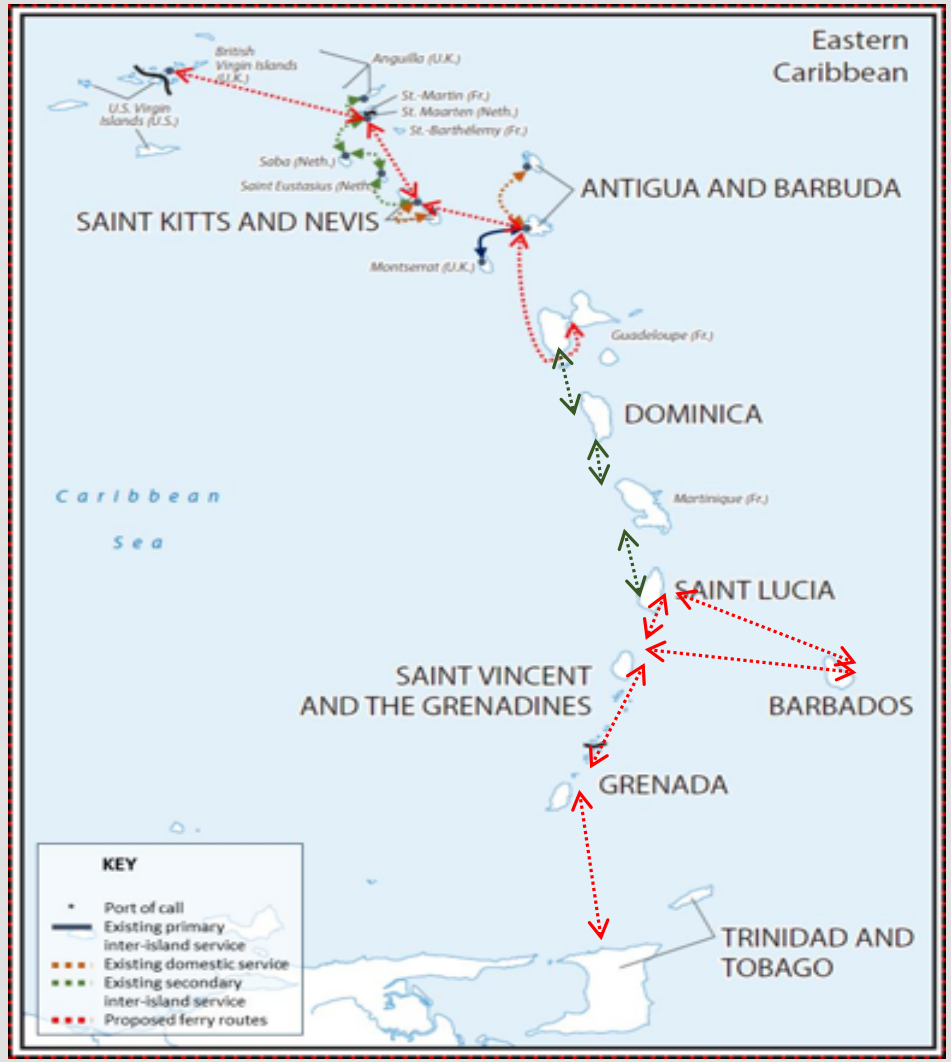
When the major printing company in St. Lucia went bust, and consumers were scrambling to find substitutes, he had the opportunity to capture that market, take printing orders from St. Lucia, and ship the finished goods back to St. Lucia. What prevented him from expanding his business was his inability to get the finished goods to his customers in St. Lucia in a cost-effective and reliable manner due to connectivity and transport issues between the islands.

Proposed Ferry System

Proposal of the New Commercial Ferry (RoPax) System

Where are we today?

Where could we be tomorrow?



Source: MTBS

Expected Benefits to Society

- US$ 536.3 million in additional stay-over tourist spend over the next 23 years
- US$ 80.4 million in additional VAT revenues from tourism spend
- US$ 144 million in VAT collected just from ticket sales alone over 23 years
- Improved growth opportunities for local SMEs

Consideration was given to both passenger only and Ropax ferry

6 route options where considered based on projected passengers (derived from tourism arrivals), and then extensively analyzed. For the RoPax ferry the team used the same passenger assumption and then looked at the potential for cargo and cars to justify the additional cost.

Passenger only Ferry

	Route	Ferry type	Recommended
Option 1	Trinidad – Grenada – St. Vincent – St. Lucia – Barbados	Fast	✓
Option 2	Trinidad – Grenada – St. Vincent – St. Lucia – Barbados	Slow	×
Option 3	Trinidad – Grenada – St. Vincent – St. Lucia	Fast	✓
Option 4	Trinidad – Grenada – St. Vincent – St. Lucia	Slow	×
Option 5	BVI – St. Maarten – St. Kitts – Antigua – Guadeloupe	Fast	✓
Option 6	BVI – St. Maarten – St. Kitts – Antigua – Guadeloupe	Slow	×

RoPax Ferry

	Route	Ferry type	Recommended
Option 1	Trinidad – Grenada – St. Vincent – St. Lucia – Barbados	Fast	✓
Option 3	Trinidad – Grenada – St. Vincent – St. Lucia	Fast	✓
Option 5	BVI – St. Maarten – St. Kitts – Antigua – Guadeloupe	Fast	✓

A RoPax Ferry is designed to maximize efficiency and the seamless transfer of vehicles, cargo and passengers.

Two Ferry options considered

Ferry Characteristics		
Vessel characteristics		
Vessel type	Damen Fast RoPax 5114	Gold Coast Ships Wave Piecing 30
Manufacturer	Damen Shipyards	Gold Coast Ships
Passenger capacity	490	150
Vehicle capacity	40	6
Draught (m)	1.9	1.05
DWT (tons)	82.0	82.0
Diesel consumption	667.5	88.7
Cost (each)	$17,500,000*	$3,500,000*
Horsepower	12,015	3,600
Max speed (knots)	36.5	28

*Assumes 2 ferries purchased per route

Proposal of the New Commercial Ferry (RoPax) System: Three case models

The pre-feasibility study recommended (and analyzed) the Damen Fast RoPax 5114 vessel which allowed the system to grow as these ferries are larger and can accommodate more cars. Further analysis was done to reduce the size ferry considered, to a Gold Coast Ships Wave Piecing 30, to reduce the capital expenditure needed assuming the following two scenarios:

- Maintaining the # of passengers. (i.e. higher load factors and lower vehicle & cargo revenue)
- Increasing ticket prices

1. Base Case: The original study, large RoPax Ferry
2. Scenario 1: Smaller Gold coast ferry, with lower fuel consumption (this model is not yet adjusted for the smaller passenger capacity and therefore the load factors jump.) Lower operating costs of the smaller ferry, except for fuel burn, are ignored, as well as vehicle and cargo revenue.
3. Scenario 2: Smaller Gold coast ferry, with lower fuel consumption, and the new, increased ticket prices

Other key assumptions

- Study contemplates a 23 year implementation period
- 2.5 percent of passengers carry cargo
- An average passenger spends 3.50 USD on board (snacks, etc.)
- 95% of people buy round-trip tickets and 5% buy single trip
- Single trip prices are 60% of round trip
- Price of carry on cargo is 80 USD per 100 kg
- 2 ferries are deployed under option 1, option 3, and option 5
- Governments will need to undertake infrastructure requirements for ferry service such as docking facilities, scanner and security systems, immigration and customs and parking facilities

Expected Fares based on preliminary projections

- Options 1 & 3: Base case and scenario 1

Ticket price per leg	Trinidad-Grenada	Grenada-St. Vincent	St. Vincent-St. Lucia	St. Lucia-Barbados	Barbados-St. Vincent
Ferry return ticket price (US$)	117	125	91	109	101
Ferry single ticket price (US$)	70	75	54	65	61

- Options 5: Base case and scenario 1

Ticket price per leg	BVI-St. Maarten	St. Maarten-St. Kitts	St. Kitts - Antigua	Antigua-Guadeloupe
Ferry return ticket price (US$)	140	134	146	177
Ferry single ticket price (US$)	84	81	88	107

- Options 1 & 3: Increased fares (scenario 2)

Ticket price per leg	Trinidad-Grenada	Grenada-St. Vincent	St. Vincent-St. Lucia	St. Lucia-Barbados	Barbados-St. Vincent
Ferry return ticket price (US$)	137	150	100	182	166
Ferry single ticket price (US$)	82	90	60	110	94

- Option 5: Increased fares (scenario 2)

Ticket price per leg	BVI-St. Maarten	St. Maarten-St. Kitts	St. Kitts - Antigua	Antigua-Guadeloupe
Ferry return ticket price (US$)	150	150	160	200
Ferry single ticket price (US$)	90	90	96	120

Expected Travel Times

Options 1 & 3 (Base Case – Larger RoPax Ferry)

Model Assumption	Trinidad-Grenada	Grenada-St. Vincent	St. Vincent – St. Lucia	St. Lucia - Barbados	Barbados-St. Vincent
Return trips/week	5	5	5	5	5
Return trip transit time (including turnaround time)	6.5h	5.2h	4.5h	7.4h	6.5h
Number of ferries deployed	2	2	2	2	2

Option 5 (Base Case – Larger RoPax Ferry)

Model Assumption	BVI-St. Maarten	St. Maarten-St. Kitts	St. Kitts - Antigua	Antigua-Guadeloupe
Return trips/week	5	5	5	5
Return trip transit time (including turnaround time)	6.4h	4h	4.4h	6.7h
Number of ferries deployed	2	2	2	2

Expected Travel Times

Options 1 & 3 (Smaller RoPax)

Model Assumption	Trinidad-Grenada	Grenada-St. Vincent	St. Vincent – St. Lucia	St. Lucia - Barbados	Barbados-St. Vincent
Return trips/week	5	5	5	5	5
Return trip transit time (including turnaround time)	7.9h	6.3h	5.4h	9.0h	7.9h
Number of ferries deployed	2	2	2	2	2

Options 5 (Smaller RoPax)

Model Assumption	BVI-St. Maarten	St. Maarten-St. Kitts	St. Kitts - Antigua	Antigua-Guadeloupe
Return trips/week	5	5	5	5
Return trip transit time (including turnaround time)	6.4h	4h	4.4h	6.7h
Number of ferries deployed	2	2	2	2

Snapshot of Financial Analysis Results – Base Case (Large RoPax Ferry)

	CAPEX	OPEX	Operator Revenues	Forecast of Governments Support Required (total for 23 years)	Government Revenues (total for 23 years)	Estimated Annual Governments Support
Option 1 –POS-GND-SVG-SLU-BGI	US$ 38.2 million	US$ 362.7 million	US$ 566.0 million	US$ 79.6 million	US$ 129.7 million	US$ 3.5 million
Option 3 – POS-GND-SVG-SLU	US$ 37.6 million	US$ 210.0 million	US$ 388.2 million	US$ 34.4 million	US$ 77.3 million	US$ 1.5 million
Option 5 – BVI-SXM-SKB-ANU-PTP	US$ 32.8 million	US$ 253.8 million	US$ 409.0 million	US$ 67.3 million	US$ 76.6 million	US$ 2.9 million

Snapshot of Financial Analysis Results– Scenario 1 Smaller ferry (no fare increases)

	CAPEX	OPEX	Operator Revenues	Forecast of Governments Support Required (total for 23 years)	Government Revenues (total for 23 years)	Estimated Annual Governments Support
Option 1 –POS-GND-SVG-SLU-BGI	US$ 10.4 million	US$ 142.4 million	US$ 311.9 million	0	US$159.6 million	0
Option 3 – POS-GND-SVG-SLU	US$ 9.6 million	US$ 110.2 million	US$ 194.5 million	0	US$91.1 million	0
Option 5 – BVI-SXM-SKB-ANU-PTP	US$ 9.8 million	US$ 127.3 million	US$ 174.0 million	US$67.3 million	US$ 80.1 million	US$ 2.9 million

Snapshot of Financial Analysis Results– Scenario 2 Smaller Ferry (increased ticket prices)

	CAPEX	OPEX	Operator Revenues	Governments' Support Forecast (total for 23 years)	Government Revenues (total for 23 years)	Annual Governments' Support
Option 1 –POS-GND-SVG-SLU-BGI	US$ 10.4 million	US$ 142.4 million	US$ 412.9 million	0	US$205.4 million	0
Option 3 – POS-GND-SVG-SLU	US$ 9.6 million	US$ 110.2 million	US$ 225.2 million	0	US$96.1 million	0
Option 5 – BVI-SXM-SKB-ANU-PTP	US$ 9.8million	US$ 127.3 million	US$ 190.1 million	0	US$87.2 million	0

Other Critical Issues to be Addressed

- **Private operators expressed that in order to have an effective regional ferry system, government coordination would be needed for both setting a consistent affordable price for port access and harmonize regulations among countries.**
- **Governments' Investments for upgrade ports to accommodate RoPax including necessary immigration, customs, security and parking facilities.**
- **Competitive bidding process to select concessionaire – should be an experienced operator**
- **Governance arrangements across islands: Jointly commit to a regional ferry system and define governance structure and regulatory framework beforehand**
- **Policy/regulatory reforms to improve efficiency of customs and immigration**
- **Regulation reform to facilitate vehicle movement between islands**
- **Regional growth strategy and development model, including the ferry-based tourism value chain**
- **Link the ferry to key value chains for the trade of goods and services**

Possible next steps

⇒ Needs a joint strategy and implementation plan with full commitment by all members

- Joint reforms
- Parallel and coordinated infrastructure upgrades
- Agreement on burden and revenue sharing
- Coordinated tourism development strategy

⇒ The World Bank Group can provide technical assistance for promoting these dialogues

- ***Key regional partners / stakeholders to engage:***
  - OECS Commission (working group member)
  - ECCB (working group member)
  - CDB, for its role in the region, as well as host to regional PPP backstopping facility (working group member)
  - Private Sector and Associations: Engage with industry, such as Port Management Association of the Caribbean (PMAC), OECS Business Council, Caribbean Hotel and Tourism Association, Association of Tourism Authorities (CTO)

Thank You

3rd Growth and Resilience Dialogue With Social Partners

PANEL THREE

Building Resilient Infrastructure for Sustainable Growth:

Plans and Prospects for Regional Fast Ferries

DISCUSSION

3rd Growth and Resilience Dialogue With Social Partners

"Building Resilient Institutions and Infrastructure for Sustainable Growth"

Sir Cecil Jacob Auditorium, ECCB Headquarters, St Kitts and Nevis – 14 February 2019

3rd Growth and Resilience Dialogue With Social Partners

"Building Resilient Institutions and Infrastructure for Sustainable Growth"

Plenary Discussions

Sir Cecil Jacob Auditorium, ECCB Headquarters, St Kitts and Nevis – 14 February 2019

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Summary of Key Takeways and Conclusion

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