

## Barbados in new World Bank deal

■ WASHINGTON

THE World Bank Group has endorsed a new Country Engagement Note for Barbados, formally marking a new phase of engagement with the Caribbean country and its return to the bank's International Bank for Reconstruction and Development (IBRD).

The Washington-based financial institution said Barbados, with a population of about 300,000, reached the income threshold for graduation from the IBRD, the World Bank Group's lending arm that provides financing and policy support to middle-income and creditworthy low-income countries in 1994.

'However, the country has experienced economic challenges that have hindered its development since then,' the World Bank said.

But, while the country enjoyed steady growth for over a decade after its graduation, the World Bank said the 2008-2009 global financial crisis hit the country's small and tourism-dependent economy hard, leading to a prolonged recession.

The World Bank said public debt increased from 77% to 158% of gross domestic product (GDP).

It said these challenges were exacerbated by the shock of the Covid-19 pandemic, followed by natural disasters, including volcanic ashfall from St Vincent and the Grenadines, and Hurricane Elsa in 2021.

The World Bank said 'an even more severe blow' occurred in June 2024, when Hurricane Beryl caused significant damage to vital port and fisheries infrastructure, severely disrupting the tourism sector.

The bank said Barbados' overarching medium-term development challenge is implementing a 'sustainable path to equitable and inclusive growth, developing climate resilience, and building on past social gains in an environment of fiscal constraints and limited access to external financing for its development programmes.' -CMC