Barbados' Fiscal Framework

2026/2027 to 2028/2029

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List of Acronyms

AI – Artificial Intelligence

BAMC – Barbados Agricultural Marketing Company

BADMC – Barbados Agricultural Development Management Corporation

BDF – Barbados Defence Force

BERT Plan – Barbados Economic Recovery and Transformation Plan

BIDC – Barbados Investment and Development Corporation

BNOCL – Barbados National Oil Co. Ltd.

BPI – Barbados Port Inc.

BRA – Barbados Revenue Authority

BTII – Barbados Tourism Investment Inc.

BTMI – Barbados Tourism Marketing Inc.

BWA – Barbados Water Authority

CBC – Caribbean Broadcasting Corporation

CCF – Contingent Credit Facility

EDMEs – Emerging Markets and Developing Economies

EFF programme – Extended Fund Facility programme

FF – Fiscal Framework

FMA Act – Financial Management and Audit Act

FY – Fiscal year

GAIA – Grantley Adams International Airport

GDP – Gross Domestic Product

GOB – Government of Barbados

GSC – Garbage and Sewage Contribution

HOPE Inc. – Home Ownership Providing Energy Inc.

ICC – International Cricket Council

IADB – Inter-American Development Bank

IFI – International Financial Institutions

IMF – International Monetary Fund

KOMI – Kensington Oval Management Incorporated

MSMEs – Micro, Small, and Medium-sized Enterprises

NHC – National Housing Corporation

NPC – National Petroleum Corporation

NSC – National Sports Council

PBLs – Policy Based Loans

PFM Act – Public Finance Management Act (2019)

PPE – Personal protective equipment

PPP – Public-Private Partnerships

QEH – Queen Elizabeth Hospital

SDGs – Sustainable Development Goals

SOEs – State Owned Enterprise

SSA – Sanitation Service Authority

TB – Transport Board

TMU – Technical Memorandum of Understanding

USD – United States Dollar

UWI – University of the West Indies Cave Hill Campus

VAT – Value Added Tax

W&S – Wages and Salaries

Statement of Responsibility

Referring to the PFM Act 2019, Third Schedule, Section 2g we hereby declare that the information in this Fiscal Framework is reliable and meets the information requirements of the PFM Act.

Signature: Minister responsible for Finance

Signature: Director of Finance

Purpose of the Fiscal Framework

The purpose of the Fiscal Framework is to review the performance of the previous financial year against the fiscal objectives, present a macro-economic outlook and set out the fiscal objectives and policies for the medium term.

The Minister of Finance shall submit the Fiscal Framework to Cabinet for approval no later than 31st July of the year preceding the Annual Budget and lay it in Parliament for debate no later than 15th August of the same year.

Cabinet shall consider any recommendations made by Parliament in respect of the Fiscal Framework but is not required to make changes based on the recommendations. If the Government is not adopting part or all the recommendations made, an explanation shall be laid in Parliament by the Minister of Finance no later than three (3) weeks after the Cabinet decision on the recommendations.

The Director of Finance shall publish:

a) the Fiscal Framework on an official website of Government on the same day that it is laid in Parliament and make it available to the public in printed form as soon as practicable;
b) the recommendations of Parliament and Governments response on an official website of Government no later than three (3) weeks after Government's response is laid in Parliament;
c) changes made to the Fiscal Framework in response to Parliament's recommendations no later than three (3) weeks after the changes are agreed to by Cabinet.

The Government may deviate from the fiscal objectives in the Fiscal Framework if the deviation is due to a significant unforeseeable event that cannot be accommodated using other measures provided for in the Public Finance Management Act or prudent fiscal policy adjustments.

The PFM Act, Third Schedule outlines the detailed information to be included in the Fiscal Framework.

OVERVIEW

Barbados enters the second half of 2025 with a firm economic footing, supported by resilient macroeconomic fundamentals, disciplined fiscal management, and a forward-looking policy agenda. The economy is projected to grow by 2.7 percent in 2025, with medium-term growth stabilizing around 3 percent. This momentum is driven by strong performances in tourism, construction, and business services, alongside targeted policy interventions to stimulate domestic demand and enhance sectoral resilience.

The Government's fiscal strategy is anchored in five interrelated pillars: ensuring debt sustainability, driving economic diversification, advancing social equity, accelerating the green economy transition, and deepening digital transformation.

The fiscal performance in FY2024/25 exceeded expectations, with total revenue surpassing projections, largely due to robust corporate tax collections. The Government achieved a primary surplus of $662.8 million (4.6 percent of GDP), underscoring its commitment to fiscal discipline. Expenditure also rose, driven by capital investments in healthcare, education, and infrastructure. Despite these increases, the debt-to-GDP ratio declined to 102 percent, supported by nominal GDP growth and prudent fiscal management.

The performance and outlook for state-owned enterprises (SOEs) remain a critical area of focus. While several SOEs received higher-than-expected funding in FY2025/26, the Government adhered to the cap set under the IMF-supported programme. Ongoing SOE reforms aim to improve efficiency and reduce fiscal transfers, with restructuring efforts underway for entities such as the Transport Authority, National Housing Corporation, and energy sector agencies. However, fiscal risks persist due to arrears, unfunded pension liabilities, and long-term debt obligations, particularly among entities like the Barbados Water Authority, SSA, and Hope Inc.

Debt management continues to be proactive and strategic. The Government executed a liability management operation in June 2025, issuing a USD500 million note to refinance existing debt. Barbados also concluded a landmark debt-for-climate swap in 2024, generating fiscal savings to fund climate-resilient infrastructure. The debt portfolio remains relatively low-risk, with most domestic debt held in amortizing stepped-rate bonds and external debt concentrated in multilateral loans.

The fiscal risk landscape is shaped by macroeconomic volatility, contingent liabilities, environmental threats, and demographic pressures. Climate risks are particularly acute. In response, the Government of Barbados has adopted a comprehensive climate resilience strategy, integrating adaptation and mitigation measures across sectors. These efforts reflect a bold commitment to sustainable development and climate-smart governance.

At the same time, the Government is addressing emerging risks such as cybersecurity threats and demographic shifts, including an aging population and rising pension liabilities. Through institutional reforms, cross-sector collaboration, and proactive risk management, the Government is building a more resilient and adaptive fiscal framework, one that is capable of navigating uncertainty while advancing inclusive and sustainable growth.

Economic Developments and Outlook

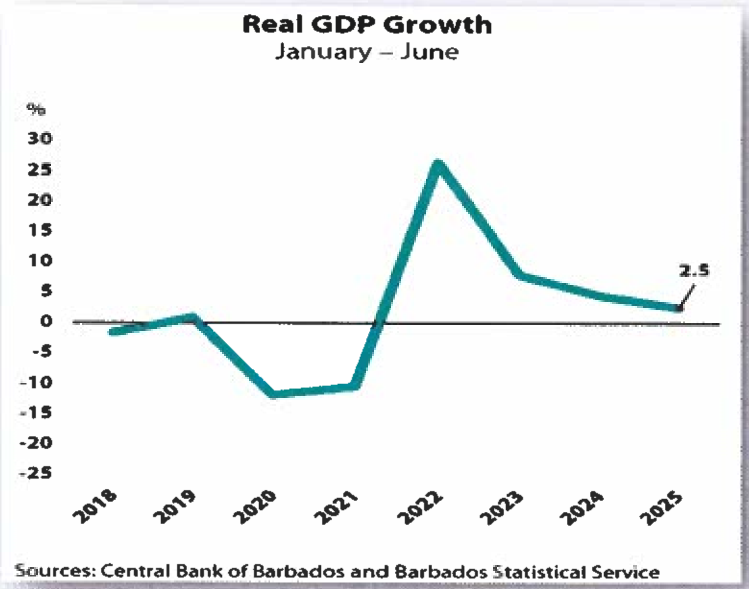
Introduction

Economic Developments

The first half of 2025 marked a period of steady economic progress for Barbados, characterized by resilient growth, fiscal discipline, and expanding external buffers. Despite global uncertainties, the economy demonstrated its capacity to navigate challenges while laying the groundwork for sustained prosperity.

Real GDP saw an estimated increase of 2.5 percent[1], driven primarily by strong performance in construction, business services, wholesale and retail trade, and the tourism sector. The non-traded sector expanded by 2.3 percent, buoyed by a substantial 5.8 percent rise in construction output, underpinned by significant projects like Royalton, Pendry, and Coverley Residences.

Figure 1: Real GDP January - June 2025[2]



During the first half of 2025, the external position strengthened, with international reserves increasing by $695.2 million to reach $3.9 billion, equivalent to 37.4 weeks of import coverage. This growth was facilitated by substantial tourism receipts and foreign direct

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1 https://www.centralbank.org.bb/news/economic-reviews/economic-review-january-june-2025

2 Depicts point to point January to June data from 2018 to 2025

investment inflows. However, the current account deficit expanded due to increased merchandise imports and profit repatriation, although this was counterbalanced somewhat by gains in travel receipts.

In the first quarter of FY2025/26, the Government achieved both overall and primary fiscal surpluses. The overall fiscal surplus was $372.9 million (2.4 percent of GDP), while the primary surplus amounted to $530.9 million (3.5 percent of GDP). Corporate tax revenues increased, attributed to asset dissolutions, structural tax reforms[3] and enhanced corporate profitability[4]. Additionally, personal income tax and VAT collections improved in tandem with the broader economic upturn.

Capital expenditure increased by $57.9 million during the first quarter of FY2025/26, supporting key infrastructure projects such as the construction of the new geriatric hospital and senior citizens' villages. Interest payments declined, primarily due to savings realized through the debt-for-climate swap. Importantly, the debt-to-GDP ratio fell to 102 percent from 102.9 percent at the end of FY2024/25, an outcome driven by stronger nominal GDP growth and a fiscal surplus.

The financial sector exhibited stability and continued support for economic growth, with private sector credit expanding by 2.9 percent. Lending increases were noted for both businesses and households, while non-performing loan ratios dropped across banks and financial institutions, indicating improved credit quality. Deposit growth supported liquidity, with domestic deposits rising by 1.7 percent and foreign deposits by 13.8 percent.

The unemployment rate stood at 6.3 percent by the end of March 2025, influenced by job creation in construction, administrative services, and retail sectors. Inflation has decelerated significantly, as evidenced by a 12-month moving average decline to 0.5 percent by May 2025, driven by waning international price pressures and lowered transportation costs.

Budget Policy Priorities

The Government emphasizes continued economic recovery, fiscal discipline, and debt reduction. In this regard, the 2025 Budgetary Proposals and Financial Statement, outlines a transformative vision for Barbados. The budget is framed around key national Missions and a series of strategic interventions aimed at promoting long-term prosperity for all citizens.

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[3] From Income Year 2024 as of January 1, 2024, companies in scope for the GloBE Rules (including the 15 percent global minimum corporate tax rate) shall be required to pay corporation tax on a monthly basis. All other companies with the exception of small business companies registered under the Small Business Act will be required to prepay in monthly installments with effect from Income Year 2025 as of January 1, 2025
[4] Due to the implementation of the IFRS17 accounting framework, effective for annual reporting periods beginning on or after January 1, 2023, assets that were previously excluded are no longer deductible for tax purposes.

At the heart of the budget is the Mission-Oriented Approach to Governance, which underpins the Barbados Economic Recovery and Transformation (BERT) Plan. The six Missions—Climate Resilience, Social Cohesion, Food and Water Security, Public Health and Safety, Worker Empowerment, and Digital Inclusion—serve as the guiding framework for national development. These are supported by the "Beacons of Barbados' Renewal," five principles promoting accountability, cleanliness, respect, innovation, and global citizenship.

The budget prioritizes climate resilience by establishing a dedicated fund, leveraging a variety of funding mechanisms. This initiative underscores the Government's commitment to sustainable growth, with the Bridgetown Initiative 3.0 and the Barbados 2035 Investment Plan as pivotal frameworks for mobilizing investments in climate-centric projects.

Key measures are proposed to enhance social protection for vulnerable populations. This includes the expansion of the Special Needs Grant to encompass additional disabilities and minors with sensory impairments (blindness, deafness, mutism). Furthermore, the budget facilitates an increase in foster care stipends and the establishment of new residential and daycare facilities for elderly individuals and children. These initiatives reflect a focused commitment to support and uplift marginalized groups.

To address food security challenges and bolster agricultural resilience, the Government intends to invest in innovative agronomic practices and policies, such as vertical farming and climate-smart poultry production systems. The overarching goal is to establish stable supply chains and price stability for all citizens, ensuring a robust food safety net.

An aggressive digital strategy is outlined, emphasizing the necessity for advancements in technological infrastructure and fostering innovation. This strategy illustrates the Government's determination to diversify and modernize the economy. Key components include expanding digital payment systems and enhancing financial literacy, alongside support for Industry 4.0 initiatives, particularly in biotechnology and smart manufacturing sectors.

To facilitate homeownership, the budget proposes enhancements to housing policies aimed at promoting affordable housing initiatives which includes providing tax exemptions on family land transfers. Additionally, a $5 million Home Improvement Fund will be created to assist low-income households in enhancing their living environments.

Recognizing the imperative of public health, the budget allocates resources towards health education initiatives that seek to improve population well-being. This includes an annual investment of $1 million in public health education, the introduction of a 20 percent excise tax on high-sodium snacks, and the launch of a national podiatry initiative targeting senior citizens.

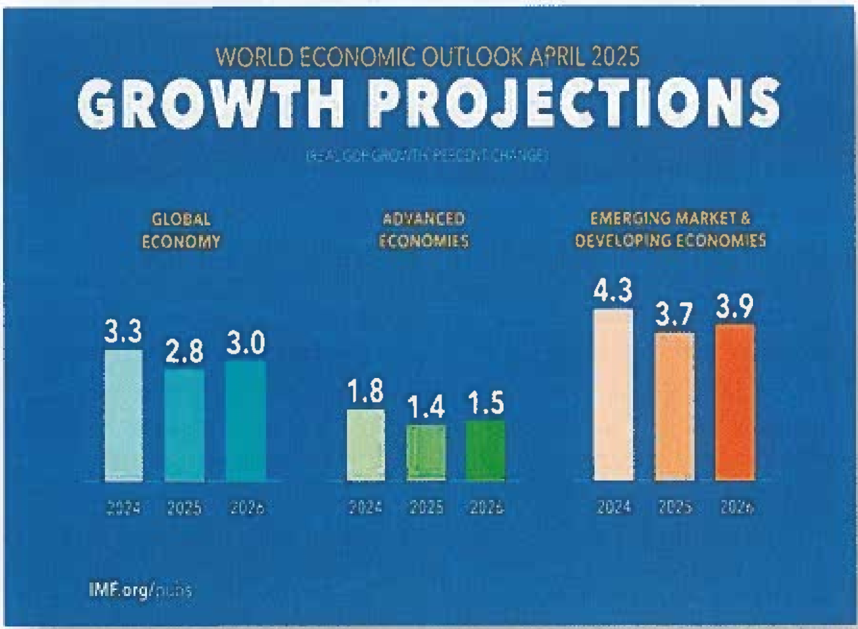
The budget reflects a comprehensive and forward-looking strategy that balances fiscal responsibility with social equity and environmental sustainability. It positions Barbados as a resilient, inclusive, and digitally empowered society, ready to meet the challenges of the 21st century.

Global Economic Outlook

In its April 2025 World Economic Outlook (WEO), the International Monetary Fund (IMF) emphasizes a transformative period for the global economy, marked by intensifying trade tensions, significant demographic transitions, and rapid technological advancements.

The global economy is expected to experience a notable slowdown, with growth projected to decelerate to 2.8 percent in 2025 and 3.0 percent in 2026, a decrease from previous predictions of 3.3 percent. In advanced economies, growth is forecasted at a modest 1.4 percent for 2025. Notably, the United States is expected to lead among these economies with a growth rate of 1.8 percent. However, the Euro Area is anticipated to struggle with a mere 0.8 percent growth, while Japan faces even tougher conditions at 0.6 percent. On the other hand, Emerging Markets and Developing Economies (EMDEs) are projected to show more robust growth, estimated at 3.7 percent in 2025, with China achieving 4.0 percent and India displaying remarkable growth at 6.2 percent. These varying rates of growth reflect the diverse economic environments and recent fiscal and monetary policy changes influencing the trajectory of these regions.

Figure 2: GDP Growth Projections 2025-2026



Source: World Economic Outlook

The outlook for global headline inflation suggests a retreat, with rates expected to decline to 4.3 percent in 2025 and further to 3.6 percent in 2026. This trend is particularly evident in advanced economies, where inflation is projected to stabilize at 2.2 percent by 2026. Meanwhile, inflation in EMDEs is forecasted to ease to 4.6 percent by the same year. The anticipated decline in inflation is largely a result of easing supply chain disruptions and a steadying of commodity prices, contributing to a more stable purchasing environment for consumers and businesses alike.

Global trade growth is expected to experience a significant deceleration, projected at just 1.7 percent in 2025. This slowdown is attributed to the increased tariff barriers that have emerged in the current economic landscape, disrupting traditional trade flows. Oil prices are anticipated to decline, reflecting changing market dynamics and demand forecasts. Additionally, natural gas prices are likely to see a steady decrease through 2030, influenced by shifting global energy needs. The rapidly growing demand for electricity driven by advancements in artificial intelligence (AI) raises concerns, as it could approach the energy consumption levels of India by 2030, highlighting potential challenges regarding energy prices and environmental emissions.

The report sheds light on a multitude of downside risks facing the global economy. These include escalating trade wars that threaten to disrupt markets, prolonged uncertainty that could hinder investment, volatility in financial markets, rising long-term interest rates which may affect borrowing costs, social unrest fuelled by economic inequality, geopolitical fragmentation leading to further isolation, climate-related disasters that could impact food supply and infrastructure, and growing food insecurity in vulnerable populations. However, the report also identifies potential avenues for positive change, including the de-escalation of trade tensions, a resurgence of momentum behind structural reforms, technological breakthroughs, particularly in the realm of AI, and new trade agreements that could foster cooperation and conflict resolution.

Rapid technological advancements, especially in the field of artificial intelligence, are anticipated to drive substantial productivity gains across various sectors. However, they also present challenges related to increasing energy demand and environmental emissions. The projected electricity consumption driven by AI applications is expected to rival that of India by 2030, necessitating a careful balance between leveraging technological innovations and managing their environmental impacts. This juxtaposition highlights the importance of sustainable practices as societies navigate the complexities of a technology-driven economy.

Regional Outlook

According to the Caribbean Economic Review and Outlook 2024-2025 report by the Caribbean Development Bank, the Caribbean region has demonstrated resilience in recovering from recent global shocks, with economic growth persisting and inflation moderating from its peak. In 2024, the regional economy, excluding Guyana, expanded by 1.7 percent, buoyed by a resurgence in tourism and increased commodity production. However, performance varied with Guyana standing out as the fastest-growing economy globally, achieving a remarkable 43.5 percent growth due to surging oil production. In contrast, Haiti faced its sixth consecutive year of economic contraction amid political instability and gang violence, while Suriname experienced slower growth due to declines in wholesale and retail trade.

Tourism and construction were key drivers of growth, supported by infrastructure upgrades and private sector investments. However, natural disasters like Hurricane Beryl caused significant damage in Grenada and St. Vincent and the Grenadines, highlighting the region's vulnerability to climate-related shocks. Inflation eased to 4.3 percent in 2024, down from 8.0 percent in 2023, though food inflation remained elevated. Labour markets improved, with declining unemployment rates, but disparities persisted, particularly for women and youth.

Fiscal performance was generally positive, with most countries maintaining primary surpluses and reducing debt-to-GDP ratios. Sovereign credit ratings were upgraded for Barbados, Belize, Jamaica, Suriname, and Anguilla, reflecting strengthened fiscal positions. However, risks remain, including limited fiscal space and high debt service burdens.

Looking ahead, regional growth is projected to reach 2.5 percent in 2025 (excluding Guyana), driven by tourism and construction. Key risks to this outlook include geopolitical tensions, slowdowns in major export markets, and natural disasters. While the Caribbean is on a path to recovery, achieving sustainable growth will require navigating external uncertainties and deepening regional cooperation to overcome persistent challenges.

Domestic Economic Outlook

Barbados enters the second half of 2025 with a solid platform for sustained economic expansion, anchored in resilient macroeconomic fundamentals and a forward-looking fiscal and policy framework. The economy is expected to maintain a steady growth trajectory through the remainder of 2025, with real GDP expected to reach 2.7 percent, building on the positive momentum observed in the first half of the year. This outlook reflects underlying economic resilience, though it remains subject to emerging global challenges such as potential supply chain disruptions and shifts in international demand patterns. Nonetheless, medium-term prospects remain optimistic, with annual growth anticipated to stabilize around 3 percent. This sustained momentum is underpinned by strong performance in key sectors including tourism, construction, and business services.

Inflation is anticipated to stabilize within a manageable range of 1.7 to 3.5 percent, assuming no major external shocks. Continued vigilance in monitoring price dynamics will be essential to ensure inflation remains contained, thereby preserving consumer purchasing power and supporting business confidence

The tourism sector is poised to be a primary engine driving economic growth. The tourism sector is set to flourish, supported by a sustained influx of long-stay visitors, enhanced airlift capacity, and the addition of new cruise ship calls. These factors are expected to significantly invigorate overall tourism activity. In parallel, the construction sector is likely to experience robust growth, driven by ongoing public infrastructure projects and an uptick in private developments, including infrastructure upgrades, housing developments, and renewable energy installations. Furthermore, business services are expected to expand in response to increasing demand for legal, financial, and professional services.

Additionally, the Government has rolled out an array of policy measures aimed at stimulating domestic demand and enhancing the resilience of key sectors. Among the most notable initiatives is the temporary suspension of VAT and import duties on essential inputs for restaurants and cookshops, alongside tax concessions for hotels regarding food and beverage imports. These strategic fiscal incentives are designed to lower operational costs, enabling businesses in the hospitality and food service sectors to thrive and encourage increased consumer spending.

In its ongoing commitment to national resilience, the Government has intensified efforts to strengthen food security and reduce reliance on imports by investing in climate-resilient agricultural practices. These forward-looking techniques are essential for boosting domestic food production and safeguarding against disruptions in global supply chains. Complementing these efforts, the promotion and integration of renewable energy solutions across the agricultural sector further enhance sustainability, reduce operational costs, and contribute to the island's broader climate adaptation goals.

Labour market conditions are expected to remain favourable, supported by proactive Government measures to strengthen workforce capabilities. Targeted training programmes have been launched to equip citizens with the skills needed to compete in a modern, globally integrated economy. This emphasis on human capital development is expected to not only meet current labour market demands but also prepare the workforce for future opportunities in emerging sectors. These initiatives reflect a strategic and inclusive approach to growth, enhancing national resilience and positioning Barbados to navigate global economic uncertainties with confidence.

The Government remains steadfast in its commitment to achieving a debt-to-GDP ratio of 60 percent by the fiscal year 2035/36. This long-term target underscores a disciplined approach to public finance, aimed at maintaining macroeconomic stability and fostering sustainable growth. By prioritizing prudent debt management and aligning fiscal policy with resilience-building objectives, Barbados is laying the groundwork for a more secure and shock-resistant economic future.

The Government's strategic emphasis on resilience, inclusivity, and sustainability is evident across key sectors, supported by disciplined fiscal management, targeted infrastructure investment, and comprehensive structural reforms. These efforts have not only strengthened public finances and reduced the debt burden but also positioned the country to advance its long-term development goals. As Barbados continues to modernize its economy and enhance institutional capacity, it remains on a promising trajectory to improve competitiveness, foster inclusive growth, and elevate the quality of life for citizens.

While Barbados is strategically poised to meet its medium-term economic objectives, sustained vigilance and proactive measures will remain critical. The Government's commitment to fiscal prudence, investment in resilience-building initiatives, and fostering regional partnerships will be indispensable in mitigating external challenges and sustaining domestic economic growth.

Figure 3: A Look at Barbados' Investment Priorities

Pillar	#	BARBADOS IS...		Roofs 2 Reefs
A VIBRANT ECONOMY & THRIVING COMMUNITIES	1	Global test-bed for research and development in oceans health and climate resilience	Transform Barbados from a small island to a large-ocean State, by using significant marine protected area to catalyse investment in new 'blue economy' industries and by promoting sustainable fisheries.	E
	2	A community-centric and sustainability-driven tourism destination[10]	Elevate Barbados into a nature and people-positive tourism hub through carbon-neutral and climate-resilient facilities, and elevated, eco-conscious experiences.	E
	3	A place with equitable access to resilient housing	Build 10,000 new resilient homes, fit 30,000 low-income single-family homes with hurricane straps, and upgrade and expand housing for vulnerable people.	H
	4	A producer and processor of nutritious food	Produce affordable, nutritious food and agricultural products and become a niche exporters of higher value agricultural products.	W L
	5	A safe home for empowered communities	Deliver efficient and impactful social services tailored to meet the needs of the most vulnerable, empowering them to lead dignified and secure lives within their communities.	
ROBUST NATURAL AND PHYSICAL INFRASTRUCTURE	6	A healthy, functional and rehabilitated ecosystem	Rehabilitate Barbados' environment to enhance ecosystem services and mitigate the impacts of the climate crisis while underpinning sustainable and inclusive growth.	E W
	7	An island supported by resilient infrastructure	Upgrade Barbados' key infrastructure - major roads, drainage systems, international airport and Bridgetown Port - to serve Bajans and new industry and develop best-in-class data and resilience standards that inform planning and (re) development of the built environment, and disaster preparedness.	W L
	8	A fully renewable and energy independent island	Deliver an energy-resilient and energy-independent Barbados by increasing renewable generation and storage, driving low-carbon vehicle uptake, and electrifying industry and buildings.	E
	9	The Caribbean's gold-standard for safe and secure water[11]	Ensure all Bajans have access to reliable, clean drinking water and dignified sanitation, through upgraded water infrastructure that also enables re-use and protects coastal environments.	W
A VIBRANT ECONOMY & THRIVING COMMUNITIES	10	A leader in Caribbean healthcare	Deliver a world-class healthcare system for Bajans with resilient facilities that serve the population's needs efficiently.	
	11	A country in which every student thrives	Reshape Barbados' education system to enhance student outcomes by delivering smart and resilient school infrastructure, universal pre-primary and curriculum reform.	
	12	A digital nation powered by data and technology	Transform government service delivery to be digital, deliver a first-class and sustainable Tier 3 data centre, and institute a National Cybersecurity Unit.	

ROOFS 2 REEFS PROGRAMME: W Water, E Ecosystem, L Land Use, H Housing, E Energy, W Waste

Source: Prime Minister's Office

Risks to the Outlook

Barbados acknowledges several downside risks to the economic outlook, primarily stemming from the potential global economic slowdown, ongoing trade tensions, vulnerability to external shocks such as fluctuations in global commodity prices, sudden changes in tourism demand, and disruptions in international financial markets such as rising international interest rates. Additionally, Barbados remains vulnerable to environmental risks like extreme weather events including hurricanes, coastal erosion, and rising sea levels. Despite these challenges, the economy has shown strong resilience. The outlook for 2025, and the medium term remains cautiously optimistic, supported by strong domestic fundamentals aimed at promoting sustainable growth, enhancing economic stability, and building long-term resilience.

Key Downside Risks to the Outlook:

- **Global Economic Slowdown:** The global economic environment remains highly uncertain, with potential for slowdowns. A weaker than expected global economy could negatively impact tourism and export demand.

- **Geopolitical Conflicts:** The continuing disputes in various regions around the world including Russia–Ukraine War, and Israel–Hamas Conflict (Gaza) have created instability and uncertainty, affecting global trade and investment patterns, which could indirectly impact Barbados' economy. Such exogenous shocks hinder foreign investments, and lead to a sudden slowdown in tourism from key source countries, which could have a significant impact on Barbados, a nation heavily dependent on tourism.

- **Ongoing Trade tensions:** Escalating trade tensions between major economies such as the U.S. and China and other global partners continue to disrupt global supply chains, increase the cost of imports, and reduce export opportunities. For an open and import-dependent economy like Barbados, which relies on both imported goods and a stable global trading environment, these developments can indirectly trigger inflationary pressures and undermine overall economic resilience.

- **Supply-chain disruptions.** Constraints in global freight and logistics systems can lead to significant delays and increased transportation costs, impacting industries reliant on global supply chains. For a small island nation like Barbados, these disruptions can have significant impacts on the cost of goods and services especially food and fuel.

- **Inflationary Pressures.** Extended periods of tight monetary conditions, implemented as strategies to control inflation, can slow down economic activity and investment. This could potentially affect Barbados' economic growth if not managed effectively.

- **Debt Servicing Costs.** Rising international interest rates and external financing costs could increase the cost of servicing Barbados' public debt and constrain fiscal capacity.

- **Extreme weather conditions.** Barbados is experiencing more extreme weather events, as well as more subtle changes to temperature and precipitation patterns. Observations confirm that temperatures are rising, the frequency of extreme weather events are increasing, sea levels are rising, and coral bleaching events are more frequent. Such adverse weather conditions stemming from climate change harbor the potential to adversely affect the agricultural and tourism sectors while concomitantly contributing to inflationary stresses.

Risk Mitigation Factors Supporting the Outlook:

- Implementation of Barbados' Economic Recovery and Transformation Plan, supported by the IMF, has been strong, with all quantitative performance criteria being met.

- Barbados maintains a robust level of foreign reserves, providing some insulation against external shocks.

- Ongoing fiscal consolidation efforts including structural reforms and a declining debt-to-GDP trajectory, targeting 60 percent of GDP by FY2035/36. These efforts focus on strengthening revenue mobilization and enhancing public financial management, both of which are expected to support long-term growth and resilience.

- Growth in green energy, logistics, and digital services.

- Execution of the Barbados 2035 Investment Plan, including public-private infrastructure and climate projects.

- Building climate resilience in agriculture, coastal and marine ecosystem, energy, finance and other sectors with a focus on mitigation and adaptation, enhancing food security, disaster risk reduction and building a more resilient economy.

- Barbados routinely conducts stress testing exercises and sensitivity analysis to evaluate the resilience of its fiscal and financial sectors under various adverse scenarios. These assessments help identify potential vulnerabilities and ensure that both the fiscal and financial institutions are adequately prepared to withstand economic shocks and maintain stability.

The presence of downside risks underscores the importance of maintaining fiscal discipline, pursuing sound monetary policies, implementing structural reforms, and diversifying the economy. These measures are essential to effectively manage external shocks, strengthen economic resilience, and support sustainable long-term growth.

Fiscal Developments and Outlook

Introduction

Fiscal Developments and Outlook

Barbados continues to demonstrate strong fiscal resilience amid global economic headwinds, maintaining a disciplined and forward-looking approach to public finance. The Government remains committed to a medium-term fiscal strategy aimed at reducing the debt-to-GDP ratio to 60 percent by FY2035/36. This objective is supported by ongoing tax administration reforms, strategic refinancing operations, and targeted investments in climate resilience, infrastructure, and digital transformation. The Barbados Economic Recovery and Transformation (BERT) Programme 3.0 reinforces this trajectory by aligning public investment with long-term socioeconomic priorities, fostering innovation, and enhancing service delivery. Collectively, these measures are designed to preserve macroeconomic stability, create fiscal space for inclusive growth, and strengthen the country's capacity to absorb external shocks while advancing sustainable development.

The medium-term fiscal strategy, as outlined in the text box below, also demonstrates a deliberate alignment with the United Nations Sustainable Developments Goals (SDGs), integrating long-term socioeconomic priorities into public investment planning and execution.

Box 1: SDGs

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Barbados' fiscal strategy continues to align with core SDGs, particularly:

- SDG 8 (Decent Work & Economic Growth): The country recorded 2.5% real GDP growth in the first half of 2025 with strong momentum in tourism, business services, and construction.
- SDG 13 (Climate Action): The Government's debt-for-climate swap helped reduce debt service costs while funding coastal infrastructure projects under the Climate Resilient South Coast Water Reclamation Project.
- SDG 3 (Good Health and Well-being) & SDG 1 (No Poverty): Increased capital expenditure in FY2024/25 supported hospital upgrades, sanitation improvements, and targeted transfers to vulnerable groups.
- SDG 9 (Industry, Innovation and Infrastructure): Barbados expanded digital payment systems, roads, and innovation hubs under public-sector modernisation efforts.

These achievements demonstrate that fiscal prudence and economic resilience can be pursued alongside social and environmental objectives.

Source Ministry of Finance

Medium-Term Fiscal Strategy

The medium-term fiscal strategy is anchored in the principles of fiscal prudence, structural transformation, and sustainable development. The medium-term fiscal strategy targets five interrelated pillars that collectively support macroeconomic stability and national development.

1. **Ensure Debt Sustainability** by reinforcing fiscal discipline through enhanced expenditure control, improved revenue mobilization, and the adoption of innovative financing mechanisms, including concessional borrowing and strengthened fiscal rules to limit new debt accumulation.

2. **Drive Economic Diversification** as a foundation for private sector-led, export-driven growth by implementing targeted support for high-potential sectors such as agriculture, digital services, energy, and manufacturing; modernising public infrastructure; supporting the development and scaling of Micro, Small and Medium-sized Enterprises (MSMEs); and enacting reforms to enhance competitiveness, broaden the economic base, and strengthen the business environment.

3. **Advance Social Equity and Human Capital Development** through targeted social protection programs, and strategic investments in education, healthcare, and workforce training to reduce inequality, close skills gaps in high-growth sectors, and enhance labour market participation.

4. **Accelerate the Green Economy Transition and Climate Resilience** by investing in renewable energy, sustainable infrastructure, and climate adaptation initiatives to future-proof national infrastructure and align with international climate commitments.

5. **Deepen Digital Transformation** by modernizing revenue administration systems to enhance efficiency, while scaling up investments in digital infrastructure and digital literacy to support the development of a competitive, knowledge-based economy.

As national initiatives gain traction, revenue performance is expected to improve in tandem with economic activity. Structural reforms, enhanced tax administration, and the rationalization of tax expenditures are projected to yield significant efficiency gains and expand the revenue base. Collectively, these measures will support the Government's overarching goal of achieving sustainable, resilient, and inclusive growth.

Box 2: Targeted Spend for FY 2025/26

Targeted Spend FY 2025/26

For this financial year, planned spending includes increased allocations for health, education, and social development. Additionally, there will be significant investments aimed at enhancing the business environment and improving competitiveness in traditional sectors, which will be major focus areas in the policy objectives for the 2025/26 financial year.

The Ministry of Educational Transformation received funding for the current financial year as part of the Government of Barbados's ongoing investment in skills development programs. This funding includes the Skills for the Future Project and the School Digital Technologies Program.

To advance the digital transformation initiatives in Barbados, the Ministry of Innovation, Industry, Science, and Technology (MIST) included funding for GovTech Barbados Ltd., BNSI, Cyber Security, and Digital Solutions in the current fiscal year.

The government has increased its efforts to address social disparities, an aging population, and crime prevention by increasing funding for the Ministry of People Empowerment and Elder Affairs.

Source: Ministry of Finance

Fiscal Consolidation

The fiscal consolidation plan reflects a disciplined and measured approach, underscoring Government's commitment to sustaining strong revenue performance while exercising prudent expenditure management to achieve targeted primary balances. Over the medium term, the strategy prioritizes fiscal discipline through moderated growth in expenditure and strategic investments in areas that support long-term development. Central to this approach is a gradual reduction in the debt-to-GDP ratio. This balanced path demonstrates a deliberate effort to align fiscal prudence with the need to invest in inclusive growth and national resilience.

Public Sector Reform

Public sector reform stands as a fundamental component of the Government's medium-term fiscal strategy. Over the past several years, Barbados has embarked on a transformative journey, achieving advancements in this critical area. A key focus has been the restructuring and efficient management of state-owned enterprises (SOEs), which play a pivotal role in public sector operations and carry significant fiscal implications.

The ongoing public sector reforms, coupled with a strategic approach to the management of public resources, are vital in meeting long-term debt targets while paving the way for sustainable development and economic resilience for Barbados as a whole.

Overview Fiscal Performance FY2024/25

In FY2024/25, the country recorded stronger-than-expected fiscal performance, with revenue significantly surpassing projections due to robust corporate tax collections and improved economic activity. This was complemented by gains in personal income tax, VAT, and non-tax revenue. On the expenditure side, total spending rose, driven by capital investments in healthcare, education, and infrastructure. The Government maintained a focus on strategic spending aligned with national development priorities. Importantly, the Government successfully met its fiscal targets, achieving a primary surplus of $662.8 million, or 4.6 percent of GDP, underscoring its commitment to fiscal discipline and long-term sustainability.

Deviations in Revenue Outturn FY2024/25

Revenue exceeded expectations at the end of FY 2024/25. Total revenue surged by approximately $577.8 million over the previous year, exceeding projections by $412.4 million. This was primarily due to the robust performance of corporate taxes, which alone contributed $1,026.7 million, an increase of $463.5 million year-on-year and $360.1 million above target. This upswing reflected changes to the tax structure announced in November 2023, the implementation of a new accounting framework for insurance firms, which elevated tax liabilities and the profitability of some corporate entities.

Personal income tax collections also benefited from improved economic activity, particularly in the construction and accommodation sectors. These gains translated into a surplus of $22.7 million over the previous year and $6.2 million above target. However, an uptick in refunds slightly tempered the overall revenue inflow.

Withholding tax receipts rose by $11.3 million year-on-year and outperformed expectations by $12.7 million, due in part to a one-time payment of arrears. Property tax collections edged up by $4.6 million, aligning closely with projections due to improved compliance. The training levy declined by $19.9 million, primarily due to the resolution of prior year arrears. Accordingly, in fiscal year 2024/25, collections normalized, yielding a performance marginally below target by 4.3 million. Similarly, the Airline Travel and Tourism Development fee declined by 38.9 million due to the absence of residual payments made to the Government.

VAT collections followed a favourable trajectory, growing by $36.4 million over the previous year and $22.7 million above target. This was largely driven by domestic VAT, which rose by $38.1 million due to heightened economic activity. External VAT collections, however, lagged slightly behind expectations. VAT refunds increased by

$24.3 million year-on-year but remained below target by $17.2 million. Similarly, excise tax revenues, though up $12.8 million year-on-year, fell short of target by $9.4 million, reflecting the shrinking excise base amid growing imports of renewable energy vehicles. Fuel tax revenues saw a modest increase of $4.0 million. Import duties also outperformed, rising by $22.9 million and exceeding projections by $5.2 million, buoyed by higher import volumes.

The training levy declined by $19.9 million, primarily due to the resolution of prior year arrears. Accordingly, in fiscal year 2024/25, collections normalized, yielding a performance marginally below target by 4.3 million. Similarly, the Airline Travel and Tourism Development fee declined by 38.9 million due to the absence of residual payments made to the Government.

Non-tax revenue increased by $47.6 million year-on-year and above projections by $10.9 million. This was supported by dividend payments from Export Barbados linked to the digital innovation hub and health center, accrued interest income, and gains from the Ship Registry.

Table 1: Revenue Outturn

	Actual	Actual		
	FY2023/24	FY2024/245	FY24 vs FY25	%
Total Revenue	3377.97	3955.78	577.81	17.1%
Income & Profits	1053.09	1546.93	493.84	46.9%
Corporation Tax (net)	563.14	1026.65	463.51	82.3%
Income Tax (net)	443.42	466.07	22.65	5.1%
Withholding (net)	42.84	54.18	11.33	26.5%
Property	218.68	223.32	4.64	2.1%
Goods & Services	1522.43	1589.90	67.47	4.4%
Excise	228.58	241.33	12.76	5.6%
VAT (net)	1095.45	1131.82	36.36	3.3%
International Trade	257.24	280.16	22.92	8.9%
Other Tax Revenue	157.05	103.00	-54.05	-34.4%
Training Levy	54.53	34.68	-19.86	-36.4%
Nontax Revenue	169.48	212.47	47.59	28.1%

	Actual	Target	
	Mar-25	Mar-25	FY25 vs Target
Total Revenue	3955.78	3543.40	412.38
Income & Profits	1546.93	1167.96	378.97
Corporation Tax (net)	1026.65	666.58	360.08
Income Tax (net)	466.07	459.88	6.19
Withholding (net)	54.18	41.50	12.68
Property	223.32	223.04	0.28
Goods & Services	1589.90	1564.35	25.55
Excise	241.33	250.73	-9.40
VAT (net)	1131.82	1109.12	22.70
International Trade	280.16	274.96	5.20
Other Tax Revenue	103.00	106.12	-3.12
Training Levy	34.68	39.01	-4.33
Nontax Revenue	212.47	206.97	10.92

Source: Ministry of Finance, Central Bank of Barbados

Deviations in Expenditure Outturn FY2024/25

Total expenditure for FY2024/25 reached $4,084.8 million—$476.3 million above the previous year and $309.1 million over projections. This increase was driven by capital investments in public services, including the Geriatric Hospital, new school sites, garbage trucks, health centers, and roadworks.

Wages and salaries rose by $33.0 million, exceeding projections by $27.7 million due to the final tranche of a salary settlement. Goods and services expenditures increased by $76.4 million, largely due to climate mitigation efforts and ICC World Cup-related costs, though still $48.5 million below initial estimates.

Subsidies declined by $21.9 million, while grants to individuals surged by $70.9 million, driven by the one-off solidarity allowance introduced in the 2025 budget proposals and the payment to Private Cane Farmers for the 2024 sugar crop. Grants to public institutions fell by $11.1 million year-on-year due to reduced transfers to some SOEs, such as BAMC and BADMC but still exceeded initial forecasts by $108.6 million, as some SOEs, notably QEH and CBC received increased funding to cover wages, salaries and other operating expenses.

Capital expenditure grew by $273.2 million, driven by ongoing projects like the Geriatric Hospital, land procurement for new schools, the acquisition of garbage trucks, the digital innovation hub, the Amphitheatre and continued roadworks.

Table 2: Expenditure Outturn

	Actual FY2023/24	Actual FY2024/245	FY24 vs FY25	%
Total Expenditure	3608.48	4084.79	476.31	13.2%
Goods & Services	522.37	598.77	76.40	14.6%
Wages & Salaries	852.37	885.41	33.03	3.9%
Current Transfers	1156.82	1207.81	50.99	4.4%
Grants to Public Institutions	661.90	650.82	-11.08	-1.7%
Subsidies	46.34	24.48	-21.86	-47.2%
Other Grants to Individuals	73.07	143.95	70.88	97.0%
Capital Expenditure	369.60	642.81	273.21	73.9%

	Actual Mar-25	Target Mar-25	FY25 vs Target
Total Expenditure	4084.79	3775.71	309.08
Goods & Services	598.77	647.30	-48.54
Wages & Salaries	885.41	857.71	27.70
Current Transfers	1207.81	1038.15	169.66
Subsidies	24.48	22.08	2.41
Grants to Public Institutions	650.82	542.25	108.56
Other Grants to Individuals	143.95	75.52	68.43
Capital Expenditure	642.81	442.20	200.61

Source: Ministry of Finance, Central Bank of Barbados

Medium-term Fiscal Forecasts

Revenue

Building on the strong fiscal performance of FY2024/25, total revenue forecasts for the medium term have been revised up from initial estimates. This is primarily due to the improved corporation tax forecast given the outturn at the end of FY 2024/25, adjusted for outlier revenues identified during the year. Simultaneously, forecasts related to personal income tax, excise duties, and VAT were moderated.

Over the medium term, Corporate tax projections were notably increased, reflecting high expectations as the Global Minimum Tax becomes fully implemented. Despite the upward adjustments, these forecasts remain below the actual outturn for 2024/25, adjusted for the temporary receipts realized in the prior year. In contrast, personal income tax forecasts for FY 2025/26 were slightly reduced to account for tempered growth expectations reflecting the uncertain global environment. The Forecast for FY 2026/27 includes budgetary measures such as the increased income tax threshold for pensioners to $50,000.

Property tax revenues are expected to rise in FY2025/26 due to improved compliance and real estate activity. Although the threshold increase to $400,000 in FY2026/27 may dampen collections, this is expected to be offset by gains from scheduled property revaluations. However, assumptions are largely in line with the initial Fiscal Framework.

Excise tax projections were moderated to reflect the continued erosion of the excise base due to the adoption of renewable energy vehicles. Fuel tax estimates, however, remain unchanged. VAT forecasts were revised downward, factoring in tempered expectation on growth as well as the inclusion of the 2025 budgetary proposals which includes expanded exemptions on food items and continued waivers on storage tanks and water pumps. Import duty projections were revised upward, anticipating efficiency gains in customs administration.

Table 3: Revenue

BDS$ M	FY2022/23	FY2023/24	FY2024/25	FY2025/26	FY2026/27
Tax Revenue	3112.92	3208.49	3743.31	3633.2	3837.4
Income & Profits	1074.63	1053.09	1546.93	1334.09	1397.93
Property	216.96	218.68	223.32	235.1	237.4
Goods & Services	1478.81	1522.43	1589.90	1645.2	1751.8
International Trade	241.85	257.24	280.16	294.6	319.8
Other Tax Revenue	100.67	157.05	103.00	124.3	130.5
Nontax Revenue	207.07	169.48	212.47	210.7	221.2
				Deviation from FY 2025/2026 Framework	
Total Revenue				117.9	155.7
Income & Profits				159.9	163.8
Property				-0.8	-0.9
Goods & Services				-58.1	-36.7
Other Tax Revenue				3.9	14.5
International Trade				13.1	14.9
Nontax Revenue				7.2	7.5

Sources: Ministry of Finance, Central Bank of Barbados

Expenditure

Looking ahead, with revenue inflows projected to remain strong and the government maintaining its focus on achieving targeted primary balances, expenditure forecasts have been moderately increased. These adjustments remain broadly consistent with medium-term budgetary estimates, as the government continues to advance its planned public sector investment programme.

Wages and salaries for FY 2025/26 have been revised upward to account for the hiring of additional personnel within the Office of the Attorney General, including special constables for enhanced police services. Increases are also anticipated for the Ministry of Health and the Ministry of Education. Thereafter, growth will align with legislated incremental salary growth and allowances.

Goods and services forecasts have been revised upward to accommodate climate mitigation initiatives and other budgetary proposals. Allocations have been increased for initiatives such as the Skills for the Future Project, the One Family Programme, Mission Transformation and the Alternative Care of the Elderly Programme. Over the medium term the provision of government goods and services is expected to grow nominally.

Grants to public institutions have increased in the current FY 2025/26, reflecting expanded budgetary allocations to select SOEs, including the Queen Elizabeth Hospital (QEH). However, over the medium term, these grants are projected to remain nominally flat, followed by a slight decline before experiencing a modest uptick.

Capital expenditure projections for FY2025/26 have been revised downward, signaling a cautious approach in the short term. However, projections for FY2026/27 and beyond remain stable, with increases expected to support medium-term development priorities.

Table 4: Expenditure

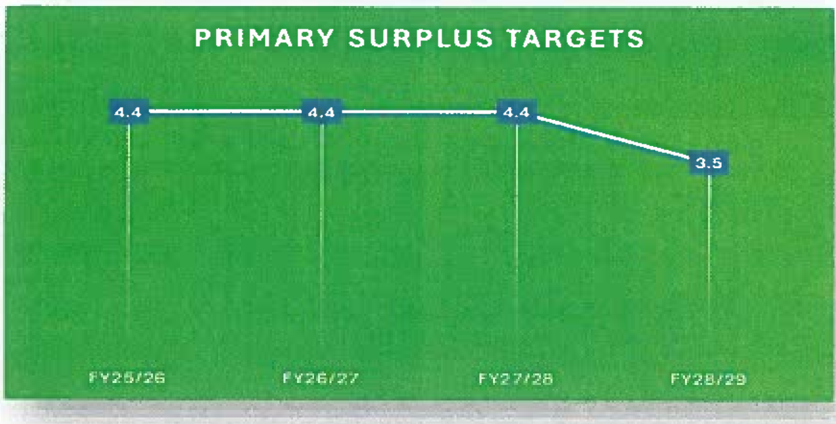
BDS$ M	FY2022/23	FY2023/24	FY2024/25	FY2025/26	FY2026/27
Current Expenditure	3088.74	3238.88	3436.71	3458.32	3486.72
Wages & Salaries	854.60	852.37	885.41	921.5	926.1
Goods & Services	528.97	522.37	598.77	726.5	745.9
Current Transfers	1155.93	1156.82	1207.81	1089.9	1114.5
Interest	549.24	707.32	744.72	720.4	700.3
Capital Expenditure	476.19	369.60	642.81	432.62	563.43
			Deviation from FY 2025/2026 Framework		
Current Expenditure				233.02	213.89
Wages & Salaries				59.32	59.36
Goods & Services				59.05	62.07
Current Transfers				17.19	18.03
Interest				97.47	74.44
Capital Expenditure				-30.39	-0.78

Sources: Ministry of Finance, Central Bank of Barbados

Consolidated Framework

For FY 2025/26, the Government aims to sustain a primary surplus of 4.4 percent of GDP through disciplined expenditure management and enhanced revenue mobilization. Over the medium term, the fiscal consolidation strategy aims to maintain primary surpluses at a stable 4.4 percent of GDP, consistent with the targets set in the previous fiscal framework, before gradually tapering to 3.5 percent by FY2028/29.

Figure 4: Fiscal Framework Primary Surplus



Source: Ministry of Finance

Public Institution	**2024/25 Initial Forecast**	**2024/25 Actuals**	**2025/26 Forecast**
Queen Elizabeth Hospital (QEH)	**100.9**	**155.4**	**120.9**
Univsersity of the West Indies (UWI)	**98.4**	**98.4**	**98.4**
Transport Board (TB)	**12.2**	**26.3**	**12.2**
National Housing Corporation (NHC)	**6.5**	**7.9**	**5.5**
Barbados Agricultural Dev. & Marketing Corp. (BADMC)	**2.5**	**14.9**	**2.5**
Caribbean Broadcasting Corporation (CBC)	**0**	**12.4**	**0**

Anticipated grants to public institutions for the 2025/26 period are estimated at $578.8 million. Of note, transfers to the Queen Elizabeth Hospital (QEH) ($120.9 million) and the University of West Indies (UWI) ($98.4 million), constitute approximately 38 percent of the total forecast. Expected transfers to entities not monitored under the TMU include $50.0 million for the Barbados Defence Force (BDF) and $33.4 million for the Barbados Revenue Authority (BRA).

Government is continuing its SOE reform programme which started in 2019, following the approval of its Barbados Economic Recovery and Transformation (BERT) Plan with the International Monetary Fund. The reform of the SOEs under the BERT Plan was aimed at improving efficiencies in the public sector and the reduction of SOE transfers over the medium term.

Under this reform programme, several agencies were identified for reform, with a few of them already completing the reform process.

The agencies that were previously reformed/restructured include:

- The Barbados Agricultural Management Co. Ltd. - The operations of this entity involving sugar production and processing were divested to the Co-operative movement;
- Gymnasium Ltd – entity was absorbed into National Sports Council;
- Barbados Cultural Industries Development Authority – entity was absorbed into the National Cultural Foundation;
- Caves of Barbados – operations of Harrisons Cave were leased to a private sector entity
- National Productivity Council – entity ceased operations and was wound-up
- Merger of the Rural and Urban Development Commission into the Rural and Urban Development Commission

As it relates to entities that are currently in the process of reform, the following should be noted:

- Detailed plans have been drafted for the restructuring of the Transport Authority and sections of the Transport Board into the Mass Transit Authority;
- Plans are being developed for the reorganisation of National Housing Corporation aimed at improving operational efficiencies;
- The amalgamation of key energy entities – National Petroleum Corporation, the Barbados National Oil Company Ltd. and Barbados National Terminal Co. Ltd to form the Barbados National Energy Co. Ltd. The merger of the latter two (2) entities took effect from April 1, 2025, while the NPC should complete the merger during the second half of FY 2025/26;
- Amalgamation of the social services entities of the Child Care Board, National Assistance Board, Welfare Department and the National Disabilities Unit.

State-Owned Enterprises Arrears

As June 2025, total arrears amounted to $77.3 million, with $58.9 million (approximately 80 percent) of the arrears belonging to four entities (NPC, SSA, QEH, and the BWA).

In addition, of the total arrears noted above, $34.3 million pertained to entities that were subject to the IMF's TMU and deemed as high risk.

Regarding the arrears of four (4) entities noted above, the following should be noted:

- The arrears of the NPC stemmed from liquidity challenges which have occurred due to the company not being able to pass on the increased purchase costs of LNG to its customers. This situation has resulted in the company experiencing successive net losses over the last seven FYs, 2019 to 2024.

- The SSA's arrears were largely attributed to timing delays in the remittance of funds collected from the Garbage and Sewerage contribution levy. The agency was also experiencing declining profitability due to increasing costs of operations, which as a result was negatively impacting cash-flow, leading to an accumulation of arrears.

BWA's arrears were mainly due to cash flow issues as the agency was experiencing significant delays in the collection of receivables.

Contingent Liabilities

Explicit SOE guarantees

Guaranteed debt stood at $69.4 million at June 30, 2025, an increase of $13.4 million from the same period in the previous year, due to a disbursement from the KOMI facility. Guaranteed debt consists of external multilateral loans and one external bond issue secured on behalf of three SOEs.[5]

Implicit SOE guarantees

Operational Performance

The financial situation of several SOEs poses a fiscal risk as the Government's implicit guarantee of their liabilities may become a reality in the future.

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[5] University of the West Indies (UWI), KOMI and Barbados Investment and Development Corporation (BIDC).

This risk is most significant for a few SOEs with total liabilities exceeding total assets, making them technically insolvent, namely TB, CBC, BTMI and Hope Inc.

Additionally, other SOEs, such as NPC, SSA, QEH and the BWA, were facing liquidity challenges which were affecting their ability to settle accounts payables arrears in a timely manner and contributing to an increase in pension liabilities.

Due to the underperformance of the SOEs noted below, this presents increasing exposure to the Government as it relates to these implicit guarantees:

- Hope Inc. – It should be noted that this agency has been experienced recurring annual net losses since its inception in January 2021 to present;
- The Barbados Water Authority (BWA) – This agency has been adversely affected by prolonged delays in the collection of its accounts receivables;
- NPC - This agency has been facing cash-flow issues for several years, which was the result of consecutive net losses over the FYs 2019 to 2025.

Unfunded Pension Liabilities

SOEs' unfunded pension liabilities amounted to $282.7 million as of June 30, 2025. The largest pension liabilities were attributed to the Barbados Water Authority ($130.4 million) and the Caribbean Broadcasting Corporation ($47.7 million).

It should be noted that given these entities ongoing fiscal challenges, it is likely they would require Central Government support to address the pension deficits/liabilities at some stage in the future.

Long-term Debt

As of June 30, 2025, the SOEs' long-term debt liabilities totaled $732.5 million, with seven SOEs responsible for approximately 90 percent of the total debt. These included BPI: $212.2M; GAIA: $131.6M; BTII: $84.0M (currently serviced by the GOB); BWA: $70.3M; Hope Inc.: $54.0M; BNOCL: $50.9M; and NPC: $47.4M.

While the SOEs have been meeting their debt repayments, the fiscal risk remains elevated due to the liquidity and cash-flow issues which have been previously identified above for a number of these SOEs.

Debt

Summary on Debt

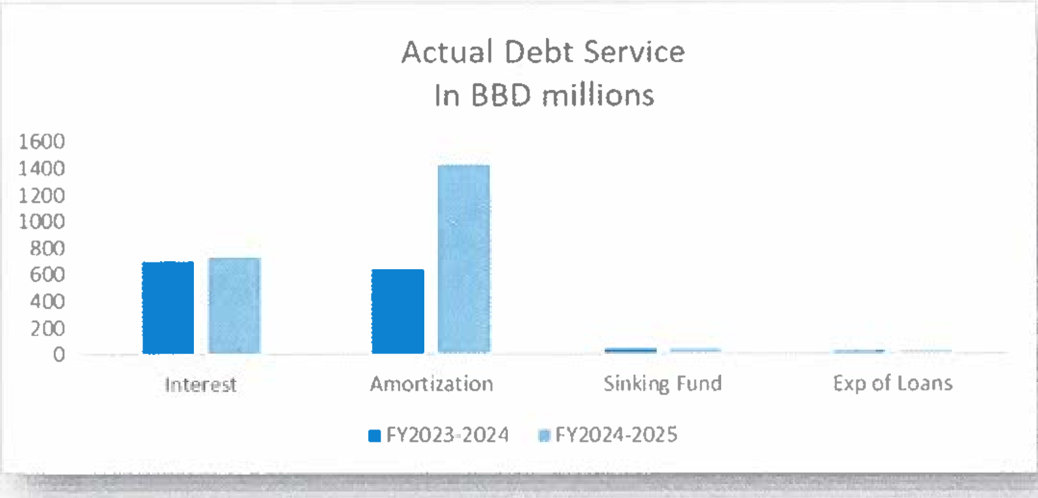
At the end of June 2025, the debt-to-GDP ratio, at 102.0 percent, continued its downward trajectory, in line with the expanding economy. Though the debt stock was higher at end-June 2025 compared to June 2024 by approximately $333.6 million, primarily due to disbursements from IADB and the IMF's EFF and RST facilities along with an issuance of the USD500 million 8 percent Domestic Note. The continuous expansion in economic activity underpinned the improvement in the ratio.

Amortization increased by $786.7 million in FY2024/25 when compared to FY2023/24. This increase was largely attributable to a reverse auction regarding Series B and D bonds along with the buyback of Series E bonds as part of the debt for climate swap, as well as a prepayment of Series B and D bonds that occurred at the end of FY2024/25. Amortization payments for the first quarter of 2025-2026 totalled $917.7 million, an increase of $786.7 million compared to the same period in the previous financial year. This was due primarily to a liability management operation on the GOB's existing USD530.6 million 6.5 percent 2029 bond.

Interest payments for FY 2024/25 were $37.4 million higher than the previous year due mainly to additional disbursements of foreign funds and domestic securities. Sinking Fund contributions increased from $31.5 million in FY2023/24 to $32.8 million in FY2024/25. Expenses related to loans increased by $6.3 million to $18.1 million at March 2025. This increase was due primarily to expenses paid regarding the recently concluded debt for climate swap.

By the end of June 2025, interest payments totalled $169.3 million, approximately $4.0 million more than the corresponding period for the previous financial year. There was an increase of $1.25 million for the Sinking Fund contributions for the quarter ending June 2025 when compared to the previous period in the corresponding year. Similarly, there was also an increase of $2.70 million in the period for Expenses related to loans. This increase was due primarily to expenses paid regarding guaranteed loans from the Inter-American Development Bank (IADB) and the European Investment Bank (EIB) with reference to the recently concluded debt for climate swap.

Figure 5: Actual Debt Service



Source: Ministry of Finance

During FY 2024/2025, foreign financing of approximately $536.7 million was led by support from the IADB with $225.4 million followed by disbursements from the IMF's Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) with $225.2 million. Other project related loans made up the remainder of the foreign financing.

The Government raised domestic financing in FY2024-2025 by issuing debt securities and drawing on Central Bank deposits. The net issuance of Treasury Bills during the fiscal year, yielded approximately $118.1 million. Purchases of BOSS++ bonds totaled approximately $72.2 million followed by GOB's 7.75 percent Debenture 2044 totaling approximately $245.2 million. Hence, GOB's domestic financing was boosted by approximately $317.4 million dollars. Additionally, the Government withdrew approximately $660.9 million from its deposits at the Central Bank. As at June 2025, financing totalling approximately $1,152.6 million has been met predominately from the issuance of the USD500 million 8 percent Domestic Note.

Review of Debt Management Strategy

Barbados' 2025-2026 to 2027-2028 debt management strategy which was predicated on capitalizing on greater liquidity in the domestic securities market, increased the domestic securities issuances by utilizing innovative financing mechanisms such as debt for climate and other swaps which assisted with building out Barbados' critical infrastructure while mitigating the impact on debt sustainability.

The 364-day Treasury Bill was introduced in the first quarter of the FY 2025-2026 giving investors another option within the Treasury Bill portfolio, as the Government seeks to simplify the investment mechanisms for individuals and broaden its investor base.

Barbados increased its domestic securities issuance with a 7.75 percent 250 million Barbados Government Debenture 2044 and a further continuation of the popular 4.50 percent BOSS Plus Bonds which was issued in June 2025. Also, adding to its external securities issuance, the Barbados Government issued a 3.0 percent 100 million USD Treasury Note with the purpose of assisting the financing of the Development Plan.

In June 2025 the Barbados Government executed a Liability Management Operation (LMO) by way of a tender offer on its existing USD530.6 million 6.5 percent 2029 bond. Through the LMO the Barbados Government issued an USD500 million 8 percent Note. A portion of the funds used from the Eurobond issuance, prepaid USD340 million of the USD530.6 million 6.5 percent 2029 bond.

Barbados continues to proactively adopt strategies for building climate resilience into its debt portfolio with the recently concluded Debt for Climate Swap in November 2024. Through the Debt for Climate Swap, a reverse auction of Series B and D bonds took place whereby the Government of Barbados gave investors the option of specifying the price at which they are willing to sell rather than purchase securities. Additionally, through the Debt for Climate Swap, a prepayment of Series E bonds was also conducted. Through the swap Government of Barbados swapped the higher interest debt from the reverse auction and the prepayment for cheaper lower interest debt.

As of June 2025, Barbados successfully received the final disbursement under the Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) arrangements with the International Monetary Fund (IMF), marking the conclusion of its formal engagement under these programs. The IMF Executive Board approved the fifth and final reviews, allowing for a disbursement of approximately USD19.6 million under the EFF and USD39.2 million under the RSF. This signifies the successful completion of the Barbados Economic Recovery and Transformation (BERT 2022) plan, leading to macroeconomic stability and the implementation of key reforms.

Cost and Risks Characteristics of the Existing Debt Portfolio

Box 3: Risk Definitions

Risk Definitions

Interest rate risk
Interest rate risk refers to the vulnerability of the debt portfolio, and the cost of Government debt, to higher market interest rates at the point at which the interest rate on variable rate debt and fixed rate debt that is maturing is being re-priced.

Refinancing (roll-over) risk
Refinancing risk captures the exposure of the debt portfolio to unusually higher interest rates at the point at which debt is being refinanced; in the extreme, when this risk is too high it may not be possible to roll over maturing obligations.

Foreign exchange rate risk
Foreign exchange risk relates to the vulnerability of the debt portfolio, and the government's debt cost, to a depreciation/devaluation in the external value of the domestic currency.

Source: Debt Management Unit, Ministry of Finance

The debt portfolio currently has low refinancing risk, with the majority of domestic debt held in stepped rate bonds which amortize over an extended period and the external debt portfolio consisting primarily of multilateral loans along with two (2) sovereign bonds that amortizes over five (5) years and a USD Domestic Treasury Note which will be paid as a bullet payment in November 2026. This risk is expected to remain largely unchanged over the medium term. Debt service costs increased due to prepayments, reverse auctions and disbursements primarily from IMF and IADB facilities. However, global interest rates declined for the FY 2024-25 and in the medium term, is expected to decline even further.

Foreign debt accounts for approximately 40.6 percent of the overall portfolio, however as the majority of this is in USD, the foreign exchange rate risk is largely mitigated due to the fixed Barbadian dollar: United States dollar peg.

The Fiscal Risk Report

Barbados faces considerable fiscal risks that may cause fiscal outcomes (on revenue, spending, borrowing and debt) to differ from the Government's forecast or expectations. Barbados' main sources of fiscal risks are detailed in Table 6.

Table 6: Barbados Main Sources of Fiscal Risks and Implications

Risk Factor	Implications for Fiscal Risk Position
Macroeconomic Risk	
Reduced Real GDP growth Elevated Inflation Increased Interest rates	Volatility in the macroeconomic indicators can caused deviations in fiscal outputs relative to initial forecasts
Specific Fiscal Risk	
Contingent Liabilities: Government Guaranties State-Owned Enterprises (SOEs)	Possible future explicit and implicit claims that a Government guarantees to settle if some unexpected event occurs. These represent unplanned fiscal costs that if realized can worsen Government's short, medium- and long-term fiscal position.
Environmental Risks	
Disasters/Climate-related Events	Barbados is in a multi-hazard zone, making it susceptible to natural events such as hurricanes, flooding, excess rainfall, coastal erosion, high wind speeds and sea level rise. Realization of these events can impair fiscal outcomes due to their inherent uncertainty.
Institutional Risks	
Overestimating revenues or underestimating expenditures	Overestimating revenues or underestimating expenditures can lead to budget deficits. When revenues fall short or expenditures exceed expectations, it can lead to fiscal instability, making it difficult for the Government to balance its budget and manage its debt.
Geopolitical factors	
Military Conflicts/Wars, Trade Tensions, Cutbacks on Official Development Assistance (ODA)	Geopolitical tensions can impact global economic conditions which can significantly pose a risk to Barbados growth prospects. Risks such as slower global growth, elevated inflation and disruption to tourism, trade and financial aid could limit the benefits of the demand for Barbados' goods and services.
Social and Long-term Risks	
Non-communicable diseases (NCDs), Population dynamics, and Pension schemes.	Social and long-term risks such as NCDs, aging population and low birth rates, and the NISSS pension scheme can be a significant risk due to increase fiscal pressures for the Government of Barbados (GoB). Risks such as reducing the working age population can lead to reduce workforce productivity, increased healthcare costs and the unsustainability of social welfare programs.

Source: Ministry of Finance

Macroeconomic Risks

Forecast of macroeconomic and fiscal aggregates informs the Barbados Medium Term Fiscal Framework. Barbados key macroeconomic aggregates (real and nominal GDP growth, inflation and interest rates) influence the fiscal aggregates such as Government revenue, public expenditure, fiscal balance and debt levels. The Government of Barbados realization of its macroeconomic risks is often driven by global and domestic shock, financial market volatility and environmental risks.

A sensitivity analysis was conducted to estimate the impact of a shock of one (1) standard deviation to three (3) macroeconomic variables used in the fiscal forecasts, particularly the fiscal balance as a percentage of GDP and debt as a percentage of GDP. One (1) standard deviation of real GDP growth was 2.7 percent from the baseline. The aim was to identify the macroeconomic variables to which fiscal variables are most sensitive, helping to direct risk mitigation efforts. Three scenarios were undertaken:

- **Scenario 1**: 1 standard deviation decrease in real GDP growth in 2025/26.
- **Scenario 2**: 1 standard deviation increase in inflation in 2025/26.
- **Scenario 3**: 1 standard deviation increase in interest rates on Government debt in 2025/26.

Table 7: Macroeconomic Risk Sensitivity Analysis

Scenario	Revenues 2025/26		Expenditures 2025/26		Budget Balance 2025/26		Public debt stock 2027/28
	% GDP	BBD	% GDP	BBD	% GDP	BBD	% GDP
1 standard deviation **decrease in real GDP growth** in 2025/26							
Baseline value	27.2	3955.9	28.1	4084.8	-0.9	-128.9	94.1
Value after shock	25.6	3723.2	28.1	4084.8	-2.5	-361.6	102.0
Difference	-1.6	-232.7	0.0	0.0	-1.6	-232.7	7.9
1 standard deviation **increase in inflation** in 2025/26							
Baseline value	27.2	3955.9	28.1	4084.8	-0.9	-128.9	86.0
Value after shock	27.8	4043.4	28.3	4107.3	-0.4	-63.9	85.0
Difference	0.6	87.5	0.2	22.5	0.4	65.0	-1.0
1 standard deviation **increase in interest rates** on government debt in 2025/26							
Baseline value	27.2	3955.9	28.1	4084.8	-0.9	-128.9	86.0
Value after shock	27.2	3955.9	28.2	4100.4	-1.0	-144.5	86.3
Difference	0.0	0.0	0.1	15.6	-0.1	-15.6	0.3

Source: Ministry of Finance

Table 8: A Summary Output of the Macroeconomic Risk Sensitivity Analysis

Scenario	Impact as a percentage of GDP on...	
	Budget balance in 2025/26	Public Debt stock in 2027/28
1 standard deviation decrease in real GDP growth in 2025/26	-232.7%	7.9%
1 standard deviation increase in inflation in 2025/26	65.0%	-1.0%
1 standard deviation increase in interest rates on government debt in 2025/26	-15.6%	0.3%

Source: Ministry of Finance

Based on the output values in Tables 7 and 8, a shock to real GDP, in comparison to inflation rate and interest rate, poses the biggest risk to public finances. If there is a shock to GDP, the mitigation measures that policymakers can take include being conservative in the revenue forecast, building fiscal buffers (savings), and having some fiscal headroom as a source of financing to cushion that shock and cope with low revenues.

Inflation Rate

Elevated inflation[6] can cause increases in the cost-of-living, disproportionately affecting low-income households. This may lead to higher demand for social assistance programs, placing additional strain on public finances. To mitigate the impact on broader society, the Government continues to monitor price controls on a specific basket of essential goods and services.

International Risks

The unpredictable nature of international investments, business operations, and cross-border relations can lead to unexpected, external shocks. The external factors driving inflation and economic slowdown are tied to geopolitical tensions, including the ongoing conflict in Ukraine, which has triggered a downside risk to GDP growth and disruptions in the supply chain. These disturbances persistently affect food and energy prices, especially given that the island heavily relies on imports.

[6] Barbados inflation is primarily driven by imported inflation.

Climate Risks

Barbados due to its geographical exposure, is highly vulnerable to a range of climate-related risks, including hurricanes, storm surges, coastal inundation, floods, landslides, and saline intrusion. In 2024 alone, the country was impacted by Hurricane Beryl, severe storms, droughts, and flooding. These disasters events not only weaken fiscal forecasts by undermining economic growth through increasing disaster-related expenditure and eroding the public revenue base, but it also disrupted the lives and livelihoods of citizens. The resulting increase in disaster-related expenditures places additional strain on public finances, affecting debt sustainability and delaying capital projects that are vital for long-term development.

The growing frequency and intensity of these climatic events demand larger and more frequent fiscal adjustments for immediate relief and reconstruction—often spanning multiple financial years. This diverts resources from other critical areas due to the Government's limited fiscal space.

In response, Barbados has positioned itself at the forefront of the global climate crisis, demonstrating leadership through innovative and integrated climate resilience strategies. The country continues to embed both **adaptive** and **mitigative** measures into its national development planning and sectoral policies. Notably, Barbados has aligned its disaster risk reduction (DRR) efforts with the **Sendai Framework for Disaster Risk Reduction**, under the umbrella of its comprehensive **Roofs-to-Reefs Programme**. This approach reflects a bold commitment to sustainable development, resilience-building, and climate-smart governance in various sectors. Some examples are:

The Ministry of Agriculture, Food and Nutritional Security

The agricultural and fisheries sectors have been particularly vulnerable. Droughts, erratic rainfall, and storm damage have reduced crop yields, affected livestock, and disrupted fishing operations. Hurricane Beryl, a Category 4 storm in July 2024, caused significant damage to fishing infrastructure.

Adaptation measures implemented include:

- Expansion of greenhouse farming and drip irrigation systems.
- Recovery grants and boat replacement programs for the fisheries sector.
- Solar-powered pumps and rainwater harvesting under the Roofs-to-Reefs initiative.
- Promotion of climate-smart agriculture and regional risk insurance partnerships.
- Capacity building in climate-resilient practices through initiatives like the Barbados Coastal Fisheries Resilience Project (in collaboration with the Government of Japan and UNDP).

Mitigation strategies include:

- Implementation of the Roofs-to-Reefs national strategy, focusing on water resource management, renewable energy integration, and marine ecosystem protection.
- Use of the Caribbean Catastrophe Risk Insurance Facility (CCRIF) to provide financial buffers post-disaster.
- Advocacy for climate finance mobilization and debt-for-nature swaps.
- Promotion of hazard-resistant construction, climate-resilient farming, and public awareness campaigns.
- Restoration of affected economic and environmental systems in line with the "build forward better" principle.

The Ministry of Energy and Business

The Ministry of Energy and Business has also played a critical role in enhancing national resilience including spearheading Barbados' ambitious goal of achieving 100 percent renewable energy by 2035.

Adaptation measures focus on:

- Strengthening energy infrastructure to withstand extreme weather events.
- Supporting micro, small, and medium enterprises (MSMEs) in adopting climate-resilient business models.
- Facilitating access to green financing and technical support for businesses transitioning to sustainable practices.

Mitigation efforts include:

- Accelerating the transition to renewable energy sources such as solar PV installations in homes, electric and hybrid vehicles, and wind.
- Promoting energy efficiency upgrades across public and private sectors.
- Encouraging innovation in clean technologies and sustainable business operations.
- Integrating climate risk assessments into business continuity planning

Some other Adaptation and Mitigation measures implemented include:

- Debt-for-Climate Swap (2024): The world's first of its kind, this swap generated approximately $125 million in fiscal savings to fund climate-resilient water and sewage projects, including upgrading the South Coast sewage treatment plant into a water reclamation facility.

- Natural Disaster Clauses: Barbados pioneered "debt pause" clauses in sovereign loans, allowing a temporary suspension of payments during disasters or pandemics, freeing up resources for emergency response.

- Contingent Credit Facility: In partnership with the IDB, this facility provides immediate liquidity based on parametric triggers (e.g., wind, rainfall) and includes a pandemic clause.

- Debt-for-Nature Swap (2022): Barbados restructured part of its Eurobonds into the Blue Bonds for Ocean Conservation, financed by a 15-year blue loan.

- Blue Green Bank (BGB): A national climate finance institution that mobilizes private investment for mitigation projects aligned with Barbados's NDCs, freeing public funds for adaptation (like costal defenses) and mitigation projects (like renewable energy).

- Multi-Hazard Early Warning Systems (MHEWS): Real-time weather monitoring and alerts.

- Comprehensive Disaster Management Plan covers prevention, mitigation, preparedness, response, and recovery

Together, these cross-sectoral efforts reflect Barbados' commitment to building a climate-resilient economy that safeguards livelihoods, promotes sustainable development, and ensures long-term fiscal and environmental sustainability.

Cyber Risks

Barbados has not been immune to cyber-attacks in recent years, with incidents affecting both public and private sectors. These attacks have primarily targeted financial institutions and attempted to compromise sensitive data. In several cases, they have disrupted operations and resulted in financial losses.

As cyber threats continue to evolve, understanding and managing cyber risk has become essential for safeguarding Barbados' assets, reputation, and long-term sustainability. In response, the country has been actively strengthening its cybersecurity framework through updated legislation and strategic oversight.

Leading these national efforts is the Ministry of Industry, Innovation, Science and Technology (MIIST), which plays a central role in advancing cybersecurity, digital innovation, and technology infrastructure. MIIST works in close collaboration with key regulatory bodies such as the Central Bank of Barbados and the Financial Services Commission (FSC) to enforce and support national cybersecurity standards.

Among the core regulations and protocols supported by MIIST are:

- The Cybercrime Act
- The Data Protection Act
- The Technology and Cyber Risk Management Guidelines

These frameworks are designed to enhance the resilience of financial institutions and other critical sectors against cyber threats.

For example, the Technology and Cyber Risk Management Guidelines, issued by the strengthen fiscal stability but also position the country to better navigate the challenges of a changing global and environmental landscape.

ANNEXURES

ANNEX 1: Glossary of key terms used in the document

Arrears – The stock of domestic expenditure arrears of the central government and state-owned enterprises (SOEs) is defined as the sum of:

(a) any invoice that has been received from a supplier of goods, services, and capital goods delivered and verified, and for which payment has not been made within the contractually agreed period (considering any applicable contractual grace period), or in the absence of a grace period, within 60 days after the due date;

(b) non-contributory pension transfers (by central government only), wages and pensions contributions to the NISSS for which payment has been pending for longer than 60 days;

(c) rent and loan payments to the NIS pending for longer than 60 days; and

(d) arrears on refunds of Personal Income Tax (PIT), Reverse Tax Credit (RTC), Corporate Income Tax (CIT), and Value Added Tax (VAT). Tax refund arrears are defined as obligations on tax refunds in accordance with tax legislation that remain unpaid six months after the filing date.

Debt - Outstanding financial liabilities arising from past borrowing. Debt may be owed to external or domestic creditors and typically, debt financing is in the form of loans or bonds. The debtor may be either a public (government) or private sector entity.

Fiscal balance = Total Revenue – Total Expenditure (If positive results in a surplus, if negative results in a deficit)

Fiscal consolidation – Policies aimed to minimize government deficits and debt levels. Fiscal year – The financial year for the Government of Barbados runs from 1st April to 31st March.

GDP - Gross domestic product is the most commonly used single measure of a country's overall economic activity. It represents the total value of final goods and services produced within a country during a specified time period, such as one calendar year.

Go green – This includes conducting practices that help to protect the environment and preserve its natural resources.

Inflation - A sustained increase in the general price level, often measured by an index of consumer prices. The rate of inflation is the percentage change in the price level in a given period.

Interest - Scheduled payments made to a creditor in return for the use of borrowed money and which will be determined by the interest rate, the amount borrowed (principal) and the duration of the loan.

International reserves – These are external assets that are readily available to and controlled by monetary authorities for direct financing of payments imbalances, for indirectly regulating the magnitudes of such imbalances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes.

Nominal GDP – This is a measure of the country's gross domestic product using current market prices without adjusting for inflation.

Primary balance = Total Revenue – Non-Interest Expenditure (If positive results in a surplus, if negative results in a deficit)

Real GDP - This is a measure of the country's gross domestic product that is adjusted by the price level within a given financial year.

ANNEX 2: Other sources for additional information on key aspects covered by the FF

PFM Act – Public Finance Management Act (2023):
View Bills (barbadosparliament.com)

Barbados Economic Recovery and Transformation (BERT) Plan 2022 (available upon request from the Ministry of Finance)

Central Bank of Barbados Quarterly Economic Reviews: Central Bank of Barbados > Research & Publications > Publications > Quarterly Economic Review

IMF Staff Reports for Barbados for Extended Fund Facility programme:
Barbados and the IMF

(ii) **The Government is working to increase the efficiency and quality of the public procurement process**. In this regard, the Cabinet approved Procurement Regulations to help operationalize the 2021 Procurement Act and support 'green procurement' processes (proposed *reformulated reform measure for end-September 2023*).

- The effectiveness of the Public Accounts Committee has been strengthened to allow the public to monitor in real time its oversight role, thereby ensuring full transparency. A new procurement law was approved by Parliament in December 2021 to promote integrity, fairness, transparency, and value for money in public procurement and ensure that outlays—including those related to COVID-19—are efficiently allocated.

- The GOB is committed to the implementation of enhanced public procurement practices, including from a sustainable-green perspective.

- Enhancing governance frameworks is an overarching priority. The 2021 Procurement Act includes several innovations to enhance governance, such as by charging the Chief Procurement Officer with the responsibility to i) conduct procurement audits and ii) establish and maintain a register for all suppliers. It also requires the publication of all procurement contracts awarded in the year as well as reports on supplier performance.

- The publication of beneficial ownership information of companies bidding for public procurement would face legal impediments relating to data privacy.

- As a result, we propose to remove this element originally contemplated under reform measure #2 under the RSF and reformulate this reform measure incorporating new climate-related policy actions.

- In addition to the procurement reforms, we have reintroduced into Parliament a revised Integrity in Public Life Bill, which seeks to mitigate scope for acts of corruption by persons in public life. This initiative builds further on the GOB's previous efforts to fight against corruption. Specifically, the Government laid two key pieces of legislation in Parliament in September 2021:

  (i) a revised Prevention of Corruption Act to provide for the prevention, investigation, and prosecution of acts of corruption (passed both Houses of Parliament in October 2021);

  (ii) a Deferred Prosecutions Act to empower the Director of Public Prosecutions to meet with and construct agreements concerning criminal liability (passed both Houses in December 2021). Cabinet also approved a Whistle-blower Protection bill in October 2021 that was passed by Parliament in December 2021. October 2021); and

  (iii) a Deferred Prosecutions Act to empower the Director of Public Prosecutions to meet with and construct agreements concerning criminal liability (passed both Houses in December 2021). Cabinet also approved a Whistle-blower Protection bill in October 2021 that was passed by Parliament in December 2021.

- **Strengthened cash management.** An absence of dedicated cash management functions in the Central Government complicates the adequate management of daily cash balances and risks a build-up of payment arrears. We intend to establish a cash management unit within the Treasury by end March 2024 (*structural benchmark).* The functions of the unit would include the day-to-day management of the Consolidated Account, managing Government's suite of bank accounts, preparing a monthly cash plan, addressing bank reconciliation issues, and monitoring the execution of MDAs' and SOEs' cash plans. The unit would also define and lead on the key policies, procedures, and processes to facilitate cash management functions across Government.

- We are reviewing our legal and regulatory framework for engaging in Public-Private Partnerships (PPPs).