PRO-POVERTY POLICIES FROM PANDEMIC TO POLYCRISIS, NOW TO PERMACRISIS

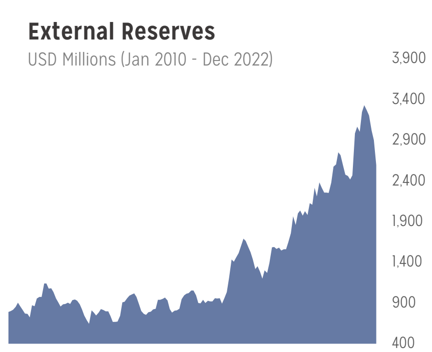
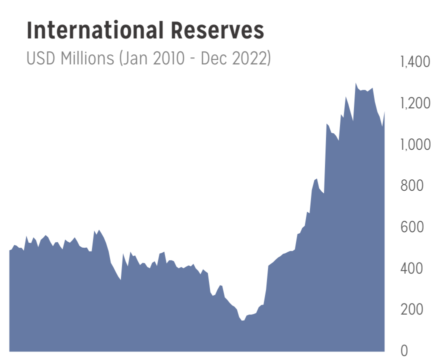
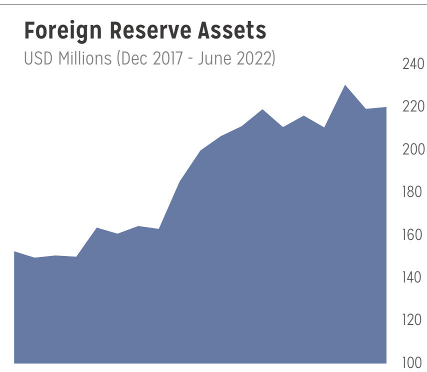
As we all struggle to cope with the (policy failures) of the pandemic, which with Russia's invasion of Ukraine became a polycrisis, and which has now morphed into what is being dubbed a 'permacrisis', it is urgent that we deliberately address the most fundamental and corrosive problem facing mankind today, for which no specific global policy intervention has existed since the end of WWII. From the Global Financial Crisis' printing to give to banks, to the pandemic's printing to give to Governments, to last year's whiplashed U-turn from manic monetary and fiscal easing to breakneck tightening – ALL of these policy interventions have had one (perhaps unintended, perhaps not) common consequence – obscene and rising levels of inequality and poverty.

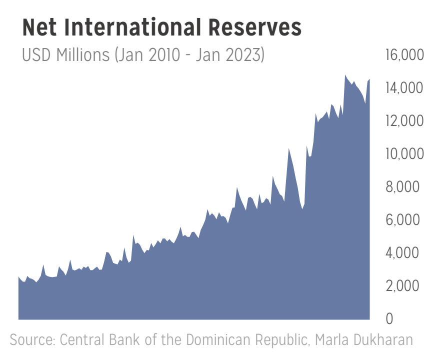
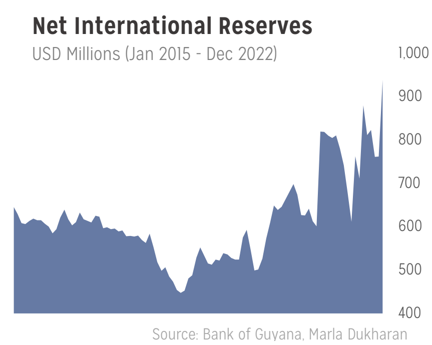
The media is (appropriately) choked with high-pitched appeals from politicians and influencers, policymakers and protesters, for climate action. But, to what end? Climate action is necessary but not sufficient in addressing poverty. Nobody is making the explicit connection that what should be at the heart of these appeals, is poverty. While poverty is indeed exacerbated by the climate crisis, and we can't solve poverty without solving the climate crisis (which affects the poor disproportionately), it is the outrageous inequality and the policy agenda driven by the powerful, that are compounding each other to drive poverty higher.

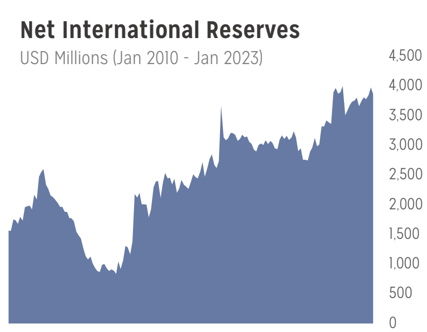
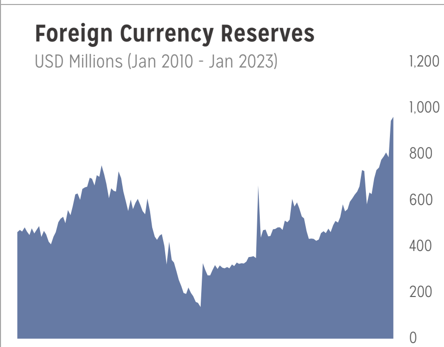
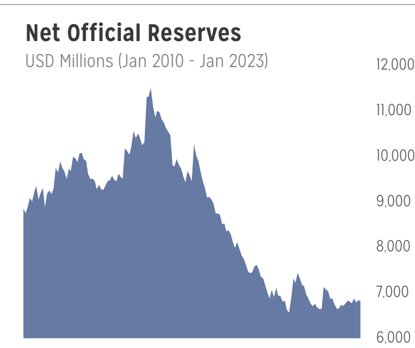
| YOU CAN'T FIX WHAT YOU DON'T, OR WORSE YET, WON'T MEASURE

Global poverty levels have increased for the first time in 25 years, and "global inequalities are close to early 20th century levels, at the peak of Western imperialism," according to World Inequality Lab. And speaking of imperialism, as Oxfam discussed in detail, inequality at current levels means that policymakers are captured by the rich perhaps more than ever before, such that policies will continue to favour the rich, which will further worsen inequality, and so on. It is no accident that these captured policymakers employed pro-poverty interventions in response to a virus which has claimed 6.8 million lives in 3 years, far less than malnutrition (3.1 million infants annually), alcohol (3 million annually), tobacco (8 million annually), or poor diet (11 million annually). When have we ever seen global policy intervention to end malnutrition, to ban alcohol or tobacco, or to mandate healthy eating? You see, poverty and malnutrition are not contagious and won't affect the wealthy, so the policy urgency is absent and will continue to be absent until brave and independent leaders decide that current inequality levels present an existential crisis and balance must be restored. Urgent global fiscal and social policy action must be taken, as it was for COVID.

The IMF and World Bank have been raising the volume, and the UN recently passed a resolution "that would give low-and middle-income countries decision-making power over global tax affairs," all of which open doors for global policy action to address poverty and inequality. But domestic policy is even more important -"in 2020, between-country inequality makes-up about 1/3 of global inequality between individuals. The rest is due to inequality within countries". But we can't fix what we don't, or worse yet, won't measure. The most recent poverty data in the Caribbean is Jamaica's 2019 statistic of 11%. This is the real obscenity, beyond any poverty and inequality discussed earlier. In a region where 3/5 persons are food insecure and human development is deteriorating, our leaders are flying everywhere to lobby for climate finance, net zero, debt forgiveness, a global financial architecture overhaul, and reparations – why? To what end, if not to end poverty for their people? Our leaders' evident refusal to even measure poverty, and the absence of poverty and inequality reduction from their own policy agenda, is shameful.

	THE BAHAMAS	BARBADOS	THE CAYMAN ISLANDS
UPDATE	Tourism continued to rebound, with total tourist arrivals for Jan-Nov 2022 reaching 6.1 million or 92.6% of 2019 levels. For Nov 2022, air arrivals exceeded 2019 levels by 13.3%. Inflation was 6% in Dec 2022 with recreation +21%, food +16% and restaurant & hotel +13% y/y. At the end of Dec 2022, total public sector debt outstanding reached BSD12.4 billion, up 6.5% y/y, with foreign currency debt accounting for 45.7% of total debt, up 2.4 pp y/y. Public sector debt service costs at the end of 2022 was up by 76.5% y/y at BSD989.9 million, with foreign currency debt service costs accounting for 33.1% of the total. Debt/GDP reached 86.9% in Dec 2022. External reserves fell further by 10% m/m in Dec 2022 to USD2.6 billion as the gov't accessed USD233 million in SDRs to finance fiscal expenditure. Reserves remained 5.6% higher y/y therefore. For Dec 2022, foreign currency deposits were up by 66.3% y/y. Unemployment remains above 2019 levels, but the Central Bank expects the ongoing tourism recovery to create jobs in 2023, along with construction sector expansion.	Stopover arrivals in Dec 2022 alone surpassed 2019 levels by 4.5%. Overall 2022 stopover arrivals reached 64% of 2019 levels, with the UK and US accounting for 40% and 29% of total, respectively. Tourism underpinned growth of 9.5% y/y in Q4 2022 - the 7th consecutive quarter of real growth. The economy grew 10% y/y in 2022, with tourism sector activity +180%, agriculture +1.2%, manufacturing +3.4% and construction +5.2%. A current account deficit on the Balance of Payments of 11.2% of GDP was recorded for 2022. For Nov 2022, inflation reached 12.5% y/y, with food +21.5%, household furnishings and maintenance +13%, and restaurant prices +11.1%. Fuel prices were increased in Feb 2023, which could add further inflationary pressure. Imported inflation somewhat offset foreign exchange earnings from tourism in 2022. Borrowing from IFIs boosted foreign currency on hand by 118% y/y at the end of Dec 2022, contributing to net reserves at BBD2.3 billion at the end of 2022, equivalent to 29 weeks of imports, down by 11% y/y.	The tourism sector continued to rebound in the last quarter of 2022, reaching 89% of 2019 levels for Oct-Dec 2022. The USA accounted for 81% of air arrivals in 2022. Tourist arrivals figures surpassed the govt's target by 84,000 visitors in 2022. Gov't targets 70% of 2019 visitor levels in 2023, or 351,000 visitors. For Q3 2022, headline inflation was 9.2% with housing and utility +14.2%, transportation +10.5%, and food +10.3%. A 5.4% hike in electricity rates is expected to come into effect at the end of Feb 2023, as the proposed increase was deferred in June 2022 due to high inflation, which was ~12.1% for Q2 2022. Gov't will begin exploring the expansion of the cargo port which is considered a necessity as the current port draft will not support the larger ships expected to arrive in the coming years. Effective March 31 2023, employers will be mandated to advertise job opportunities for 14 days through the JobsCayman portal before applying for temporary work permits (TWP). 21,040 TWPs were approved in 2022 and 1,830 in Jan 2023 alone.
TOURISM	Stay-over: 2022: 1,470,244 (Dec) @ 88% of 2019 Cruise: 2022: 5,390,016 (Dec) @ 99% of 2019	Stay-over: 2022: 442,576 (Dec) @ 64% of 2019 Cruise: 2022: 357,853 (Dec) @ 64% of 2019	Stay-over: 2022: 284,274 (Dec) @ 57% of 2019 Cruise: 2022: 743,394 (Dec) @ 41% of 2019
GROWTH	+13.7% (2021) / 2022: 8% (IMF)	-0.7% (2021) / 2022: 10% (CBB/IMF)	+1.8% (2021) / 2022: 3.4% (ESO)
RESERVES	 Source: Central Bank of The Bahamas, Marla Dukharan	 Source: Central Bank of Barbados, Marla Dukharan	 Source: CIMA, Marla Dukharan
OUTLOOK	We expect growth of 6% in 2022 and 4% in 2023, backed by reconstruction and tourism, with economic activity below its 2019 level to 2025. The IMF forecasts 8% growth for 2022, 4.1% for 2023, averaging below 2% to 2027.	Growth is estimated at 10% in 2022 by the Central Bank and projected at 5% for 2023, driven largely by tourism and construction. The IMF forecasts 10.5% growth for 2022 and 5% for 2023, averaging 2.4% to 2027. ECLAC projects growth of 5.9% for 2022.	ESO currently projects growth at 3.4% for 2022 and 3.0% for 2023, backed by construction activity and the gradual recovery of tourism. We expect growth to pick up in 2023 to around 4% then average around 3% to 2027.

	CUBA	DOMINICAN REPUBLIC	GUYANA
UPDATE	Rolling blackouts lasting 3 hours on average are planned until at least May as repair work begins on power plants which were affected by fire in March 2022. Power outages have been a major constraint to economic activity in recent years with the power grid falling to only 37% availability at the worst point last year. Foreign currency pressures have mounted given that support from Venezuela has waned. Cuba imported USD1.7 billion in fuel in 2022. According to official data for Jan 2023, inflation was 42.1% y/y, with food +68%, restaurant and hotel +60% and transport +15.2%. For Dec 2022, tourist arrivals reached 62% of 2019 levels. Total tourist arrivals for 2022 were 1.6 million, only ~38% of 2019 levels. Canada was the largest source market for tourism in 2022, accounting for 33% of visitors, up from 26% in 2019. For 2022, there were 63% less visitors from Russia compared to 2021, and 70% less than 2019. The informal exchange rate has remained relatively stable since Nov 2022, ending Jan 2023 at CUP160/USD1.00.	Headline inflation for Jan 2023 was 7.24%, with core inflation at 6.6% y/y - still above the 3-5% target. However, the Central Bank maintained its policy rate of 8.5% in Jan 2023. Real GDP growth for 2022 was 4.9% with agriculture output +5%, domestic manufacturing +2.2%, free zone manufacturing +5.4%, and services +6.5%. Mining & quarrying contracted 7.2%. In 2022, the value of exports increased by 10.5% y/y driven by the manufacturing sector, particularly for medical equipment and textile & clothing. For 2022, FDI reached roughly USD3.8 billion, the highest ever recorded, with the tourism and energy sectors absorbing 24% and 22% of investment respectively between Jan-Sep 2022. The unemployment rate fell to 4.8% in Q4 2022, from 8% during the height of the pandemic. For Jan 2023, the DOP appreciated by 2% y/y to DOP56.40/USD1.00. International reserves ended Jan 2023 at USD14.6 billion, an 18% increase y/y. Remittance inflows continue to increase into 2023, reaching USD803 million in Jan 2023, up 5.6% y/y.	The fiscal budget for 2023 is the largest ever at GYD781.9 billion, with an expected deficit of 11.5%/GDP, which we have flagged. For 2023, fiscal revenue is projected to increase by 11% with no new taxes announced, and expenditure budgeted +27.5% y/y. Gov't anticipates 25% real GDP growth in 2023, with the non-oil sector growing by 7.5% and public debt/GDP remaining low, currently at 24.6%. In 2022, loans to the local private business enterprises increased by 19.7% y/y with loans to manufacturing +31% and loans to services +17.7%. Headline inflation for Dec 2022 was 7.2% y/y, with food prices +14.1%, furniture +2.9%, and housing +1.5%. Guyana is listed as a significant improver in its corruption perception rating, which increased by 11 points since 2015 to 40/100 in 2022. Greater levels of transparency, especially in the extractive sector, are encouraged to foster further improvement. At the end of 2022, foreign reserves increased by 15.8% y/y to USD939.2 million or roughly 1.6 months of imports.
TOURISM	Stay-over: 2022: 1,614,118 (Dec.) @ 38% of 2019 Cruise : n/a	Stay-over: 2022: 7,163,392 (Dec) @ 111% of 2019 Cruise: 2022: 1,325,442 (Dec) @ 120% of 2019	Stay-over: 2022: 105,905 (May) @ 86% of 2019 Cruise : n/a
GROWTH	+1.3% (2021) / 2022: 2% (Min. of Fin.)	+12.3% (2021) / 2022: 4.9% (Central Bank)	+23.8% (2021) / 2022: 57.8% (WB/IMF)
RESERVES	n/a		
OUTLOOK	Govt anticipates 3% real growth in 2023, while growth for 2022 was estimated at 2%. Recovery beyond this depends mainly on FDI, tourism, investments in Agriculture and Power Generation, international relations / sanctions, and Russia's invasion of Ukraine.	The external sector will continue to see robust activity, with the recovery of tourism to continue in 2023. The IMF's growth forecast for 2022 was revised to 5.25% and growth is expected to remain around 5% over the next 5 years.	Growth is projected at 25.2% in 2023 following the highest ever at 57.8% in 2022, according to the World Bank. For 2023-2026, oil GDP is forecast to increase by an average of 30% and non-oil GDP by 5.1%.

	JAMAICA	SURINAME	TRINIDAD & TOBAGO
UPDATE	The economy expanded 3.4% in Q4 2022 with agriculture benefitting from recovering demand in tourism and the JAMALCO refinery restarting activity. The IMF Article IV report lauded the country's institutional strengthening, underpinning its macroeconomic stability and resilience to external shocks. The climate crisis remains the major development challenge. Headline inflation reached 8.1% in Jan 2023, down from a peak of 11.8% in April 2022. Rest. & accomm. +15.8%, food +12.7%, and household furn. & maintenance +9.5% y/y. T-bill rates more than doubled y/y to 8.04% and 8.44% for 3-mo and 6-mo T-bills, respectively in Feb 2023. FDI inflows began to improve after falling substantially in 2020 and early 2021, reaching USD169.5 million for H1 2022, +47% y/y. Stopover arrivals surpassed 2019 levels for all months between Aug-Nov 2022. Int'l reserves remain robust at USD3.9 billion or ~25 weeks of goods and services imports at the end of Jan 2023. Remittance inflows for 2022 were USD3.6 billion, almost on par with 2021. The JMD appreciated 1.3% y/y averaging JMD153.95/USD1:00 for Jan 2023.	Moody's affirmed its Caa3 rating and revised the outlook on the rating from negative to stable, citing that balanced risks are expected with the government's fiscal consolidation efforts. Minimum wage was increased by 92.5% from SRD20 to SRD38.50 per hour, effective Feb 1 2023. Protests erupted against the high and rising cost of living and government's plan to implement austerity measures, including the removal of subsidies which will drive higher prices for electricity and fuel. Inflation for Dec 2022 reached 54.6% y/y, with housing and utilities +67.4%, food +61.3%, and prices of food away from home +70.8%. The SRD continued to depreciate, from SRD21.60/USD1.00 in Jan 2022 to SRD33.70/USD1.00 in Jan 2023. In Sept 2022, the economy contracted 2.3% y/y overall, with contractions of -21.6% and -21.3% y/y in information & communications and agriculture & forestry, respectively. Accommodation & food services activity expanded 49.2% y/y and transportation & storage +34.2%. Foreign currency reserves were USD962.5 million at the end of Jan 2023 or roughly 6 months of imports.	The fuel subsidy reduction has shown up in inflation figures, with core inflation reaching 5.6% and headline inflation at 8% y/y in Nov 2022. Transportation prices rose 14.6%, food prices +13.8%, and hotel & restaurant prices +9.5% y/y. Real GDP growth for Q1 2022 was revised upwards to 1.6% from -0.1% y/y, with growth for Q2 at 6.6% y/y. The non-energy sector grew 10.5% mainly driven by professional service and food & beverage manufacturing up 72% and 28% y/y, respectively. Overall energy sector output declined by 2.5% in Q2 however. In Jan 2023, international reserves were USD6.8 billion or 8.6 months of imports. The ratio of the money supply to International Reserves reached TTD14.65/USD1.00 in Nov 2022, demonstrating the immense pressure building on the exchange rate, which remains around TTD6.78/USD1.00. New vehicle registration for 2022 was up by 16.6% y/y while used vehicle registration was down by 2.7% y/y. Carnival tourist arrivals are expected to rebound, but crime levels and overall economic softness post-pandemic may reduce the usual impact of the festival.
TOURISM	Stay-over: 2022: 2,206,928 (Nov) @ 92% of 2019 Cruise: 2022: 704,661 (Nov) @ 52% of 2019	n/a	Stay-over: 2022: 226,489 (Dec) @ 58% of 2019 Cruise: 2022: n/a
GROWTH	+4.6% (2021) / 2022: 2.8% (IMF)	-3.5% (2021) / 2022: 1.3% (IMF)	-0.7% (2021 est) / 2022: 4% (IMF)
RESERVES	 Source: Bank of Jamaica, Marla Dukharan	 Source: Centrale Bank van Suriname, Marla Dukharan	 Source: Central Bank of Trinidad and Tobago, Marla Dukharan
OUTLOOK	BoJ expects growth of 2-4% in FY 2022/23 as the tourism recovery strengthens. Pre-COVID GDP levels could return in FY2022 /2023. The IMF forecasts growth of 3% in 2023, averaging 1.8% to 2027.	The IMF program underway supports a recovery from the debt / balance of payments crisis. The IMF projects growth of 1.3% in 2022, 2.3% in 2023, averaging 3% to 2027.	The IMF lowered its GDP growth forecast to 4.0% for 2022, then averaging 2.5% to 2027. We expect a debt restructure in the coming years, absent significant reforms to address debt and declining reserves.