

International Monetary Fund

[Barbados](#) and the
IMF

Barbados: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

Press Release:

[IMF Executive Board Approves US\\$290 million Extended Arrangement Under the Extended Fund Facility for Barbados](#)
October 1, 2018

September 14, 2018

[Country's Policy Intentions Documents](#)

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The following item is a Letter of Intent of the government of Barbados, which describes the policies that Barbados intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Barbados, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

Appendix I. Letter of Intent

Bridgetown, Barbados
September 14, 2018

Ms. Christine Lagarde
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Ms. Lagarde,

In the last decade, the Barbadian economy has been caught in a cycle of low growth and increasing debt. International reserves have dwindled to about US\$240 million, well below reserve adequacy levels, while Central Government debt has become unsustainable.

Our Government took office at the end of May 2018. We have been rapidly developing plans to address our current economic vulnerabilities, in close consultation with our Social Partners. The Barbados Economic Reform and Transformation Plan aims to restore macroeconomic stability and to put the economy on a path of sustainable and inclusive growth. Fiscal consolidation, in conjunction with the announced debt restructuring, is needed to place debt on a clear downward trajectory. The strategy of accelerating growth focuses on attracting new investment in areas such as the renewable energy sector, creative and artistic industries, educational and health services, agro-industries, research, the international business sector and tourism.

The Government of Barbados is deeply committed to the measures and objectives of our reform programme. We intend to pursue them without prejudice to any formal financing arrangement with the International Monetary Fund (Fund). In the current context, however, support from the Fund and other multilateral financial institutions should assist in containing risks and it will boost investor confidence. It will also provide a liquidity cushion to avoid shortfalls in external inflows. Given the structural nature of many of the sources of our economic and financial vulnerability, and the extensive medium-term structural reform agenda for addressing these, sustained multilateral engagement over the medium term is essential. We will further need the provision of technical assistance in priority areas. To this end, the Government of Barbados is requesting a 48-month arrangement under the Extended Fund Facility in an amount equivalent to SDR 208 million (around US\$290 million), or 220 percent of Barbados' IMF quota, that will support the programme detailed in the attached Memorandum of Economic and Financial Policies (MEFP).

The Government believes that the policies described in the attached MEFP are adequate to achieve the programme's objectives. However, if necessary, the Government stands ready to take any additional measures that may be required. In accordance with the Fund's policies on

consultation, the Government will consult with the Fund on the adoption of these measures and in advance of any substantive revisions to the policies contained in the MEFP. The Government will also provide the Fund's staff with all of the relevant information required to complete the programme reviews and for it to monitor performance on a timely basis.

The Government will observe the standard performance criteria against the imposing or intensifying of foreign exchange currency restrictions, the introducing or modifying of multiple currency practices. Equally, we will not conclude bilateral payment agreements that are inconsistent with Article VIII of the Fund's Articles of Agreement nor will we impose or intensify import restrictions for balance of payments reasons.

As part of our communication policy, we intend to publish this letter on the websites of the Government Information Service and the Central Bank of Barbados so that we may maintain our commitment to full transparency and we may keep our citizens and our domestic and international stakeholders informed about our policy, our actions and our overall intention. We also authorize the Fund to publish this letter, its attachments, and the Staff Report.

We thank you for your partnership and your willingness to work with the Government and people of Barbados as we move to restore our economy to a sustainable and equitable growth path.

Very truly yours,

/s/

The Hon. Mia Amor Mottley Q.C., M.P.
Prime Minister and Minister of Finance, Economic Affairs and Investments
Barbados

Attachments:

Memorandum of Economic and Financial Policies
Technical Memorandum of Understanding