

THE WAVERLEY SERIES

BARBADOS

An Insight of Investment, Trade and Economy

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For Advisory & Partnership

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BARBADOS — AT A GLANCE

Capital	Bridgetown
Real GDP growth	2.7% in 2025, marking nineteen consecutive quarters of expansion; first-quarter 2026 growth of 1.7% outpaced the broader Caribbean region (excluding Guyana), which grew just 0.6% in 2025; the Central Bank projects 2.5-3.0% for 2026, trending toward roughly 3.5% over the medium term
Inflation	Regional Caribbean inflation eased to an average of 3.4% in 2025, down sharply from a 9.7% peak in 2022
Fiscal position	Government targets a primary surplus of 4.1% of GDP in FY2026/27, with a medium-term objective of reducing public debt to 60% of GDP by FY2035/36
IMF relationship	Barbados formally exited its Extended Fund Facility and Resilience and Sustainability Facility arrangements in June 2025, completing the seven-year Barbados Economic Recovery and Transformation (BERT) programme; the government subsequently secured a new precautionary IMF Standby Arrangement worth approximately USD 257 million in June 2026
Key sectors	Tourism, construction, wholesale and retail trade, business and other services, with growing emphasis on green technology, digital services and advanced manufacturing
Infrastructure	Planned expansion and upgrades at Grantley Adams International Airport are expected to increase capacity and reinforce Barbados' position as a regional hub
Governing framework	Prime Minister Mia Mottley called an early election on 18 January 2026 and won it on 11 February, with her party sweeping all 30 parliamentary seats, securing a historic third term inaugurated later that month

Barbados enters this reporting period with a rare combination for a Caribbean economy: a completed IMF programme, a restructured debt burden, nineteen consecutive quarters of GDP expansion, and an electoral mandate of unprecedented scale. Prime Minister Mia Mottley converted this fragile stability into a historic third term in February 2026, with her party sweeping all 30 parliamentary seats. Barbados has since taken a new precautionary IMF Standby Arrangement, not as a response to crisis but as insurance against future shocks, even as economists caution that continued structural reform discipline will be essential to avoid a repeat debt cycle. Investors should read Barbados as a genuine regional outperformer whose central question is not political or macroeconomic stability, both now well established, but whether that stability can be sustained through the next fiscal cycle.

1. INVESTMENT & FDI

A broad, multi-sector investment pipeline underpins Barbados' medium-term growth outlook, even as economists directly caution that continued structural discipline remains essential to avoid repeating past debt cycles.

The Central Bank of Barbados identifies a broad investment pipeline underpinning the medium-term growth outlook, spanning ongoing and planned investment in airport and seaport infrastructure, road networks, water distribution, sewage treatment, renewable energy and housing, expected to sustain construction activity and ease capacity constraints; public sector upgrades, together with private investment in tourism, real estate and energy, are expected to crowd in further investment. The FY2026/27 Budget introduced measures reinforcing private investment, improving access to finance, supporting small and medium-sized enterprises, and encouraging higher-value activity in green technology, digital services and advanced manufacturing. However, having formally exited its IMF Extended Fund Facility and Resilience and Sustainability Facility arrangements in June 2025 after completing the seven-year BERT programme, Barbados secured a new precautionary IMF Standby Arrangement worth approximately \$257 million in June 2026; economist Don Marshall specifically cautioned that structural reforms must continue and that Barbados must remain nimble, with regional lenders and economists flagging the medium-term risk of a repeat debt cycle.

- **A genuinely broad-based, multi-sector investment pipeline:** the specific combination of transport, water, energy and housing infrastructure investment, alongside private-sector tourism and real estate activity, represents a diversified foundation for medium-term growth rather than reliance on any single sector.
- **A precautionary, not crisis-driven, return to IMF engagement:** the Standby Arrangement's explicit framing as insurance against future shocks, taken immediately after successfully exiting a seven-year programme, represents prudent risk management rather than a sign of renewed fiscal distress.
- **A direct, sourced caution against complacency:** economist Don Marshall's explicit warning about the risk of a repeat debt cycle, echoed by regional lenders, represents a specific, credible concern investors should weigh directly against the otherwise strongly positive fiscal narrative.

2. TRADE & BUSINESS

Barbados' growth has genuinely outpaced the broader Caribbean region, even as a specific tourism-related diplomatic overture from Venezuela introduces a notable, currently unresolved energy-sector question.

Barbados grew 1.7% in the first quarter of 2026, a result Central Bank Governor Dr Kevin Greenidge described as achieved despite sustained global headwinds, placing Barbados well ahead of the broader Caribbean region excluding Guyana, which the Caribbean Development Bank reported grew just 0.6% in 2025, down sharply from 1.4% in 2024. Separately, Venezuela's acting president Delcy Rodríguez visited Barbados on 28 April 2026 and met Prime Minister Mottley, inviting Barbados to invest in Venezuelan oil and gas exploration; Mottley acknowledged the island faces 'a very difficult time' for energy security while signalling that any partnership should extend into renewable energy specifically, with the two leaders also discussing food production, tourism and trade cooperation.

- **Genuine, verified regional growth outperformance:** Barbados' 1.7% first-quarter growth, set directly against the broader region's 0.6% full-year 2025 figure, represents a real, quantified competitive advantage relative to Caribbean peers.
- **A notable, currently unresolved energy-diplomacy overture:** Venezuela's direct invitation to invest in its oil and gas sector represents a specific, sourced diplomatic development that remains at an early stage, with Mottley's own acknowledgment of energy-security difficulty and insistence on a renewable-energy dimension both worth tracking as this relationship develops.

3. MAJOR ECONOMIC DEVELOPMENTS

An unprecedented electoral sweep converted years of fiscal stabilisation into a historic political mandate, even as the government's own transition to a new reform phase signals the work is not yet complete.

Prime Minister Mia Mottley, who first announced Barbados' debt restructuring on 3 June 2018 just days after taking office, called an early general election on 18 January 2026 and won it on 11 February, with her party sweeping all 30 of Barbados' parliamentary seats, an unprecedented result securing her a historic third term. Barbados formally exited its IMF Extended Fund Facility and Resilience and Sustainability Facility arrangements in June 2025, completing the seven-year BERT programme; the government has since shifted to a new phase labelled BERT 3.0, with emphasis on growth, productivity and structural reform. Real GDP grew 2.7% in 2025, marking nineteen consecutive quarters of expansion, with the World Bank forecasting continued growth of 2.7% in 2026. The government continues targeting a primary surplus of 4.1% of GDP in FY2026/27, with a medium-term objective of reducing public debt to 60% of GDP by FY2035/36, requiring careful management of cost-of-living measures, continued state-owned enterprise reform, and disciplined execution of the public investment programme.

- **An unprecedented, uncontested democratic mandate:** the complete 30-of-30 parliamentary sweep represents one of the most decisive electoral outcomes of any market in this series, reflecting broad, verified public confidence in the government's economic stewardship.
- **A genuinely sustained, multi-year growth streak:** nineteen consecutive quarters of expansion represents real, durable economic momentum rather than a single strong year, providing a credible foundation for the government's medium-term growth projections.
- **An explicit acknowledgment that fiscal consolidation remains a work in progress:** the government's own framing of a specific 60%-of-GDP debt target for FY2035/36, nearly a decade away, indicates that despite genuine progress, debt reduction remains an active, multi-year undertaking rather than a completed achievement.
- **A structured transition to a named next reform phase:** the explicit 'BERT 3.0' branding signals continued institutional commitment to the reform agenda that produced the original stabilisation, rather than treating the 2025 IMF exit as an endpoint.

4. MAJOR PROJECTS & INFRASTRUCTURE

Grantley Adams International Airport expansion anchors Barbados' infrastructure pipeline, directly reinforcing the country's position as a regional transport and tourism hub.

- **Grantley Adams International Airport expansion:** planned capacity increases and passenger-flow improvements are expected to support higher tourist arrivals over the medium term, reinforcing Barbados' position as a regional hub specifically.
- **Water, sewage and road infrastructure:** continued investment in water distribution, sewage treatment and road networks forms part of the broader capital programme easing capacity constraints across the economy.
- **Renewable energy and housing investment:** identified alongside transport infrastructure as core components of the government's medium-term capital investment pipeline.

5. CONFERENCES, FORUMS & EXHIBITIONS

Barbados hosted IDB Invest Sustainability Week for the first time on Caribbean shores, directly positioning Prime Minister Mottley alongside the region's top development-finance leadership.

- **IDB Invest Sustainability Week 2026:** held in Barbados for the first time, this gathering of regional leaders, investors, development banks and private-sector executives featured a headline fireside chat between Prime Minister Mottley and IDB Invest CEO James Scriven; IDB Group President Ilan Goldfajn specifically highlighted the Caribbean's growing importance in global investment discussions, stating the region has 'a real opportunity to attract more private investment in infrastructure, energy, connectivity, and resilience.'

6. BUSINESS & INVESTMENT EVENTS

Prime Minister Mottley's direct appeal to the domestic private sector this year framed business leadership as central to Barbados' next growth phase.

- **Direct private-sector engagement:** on 4 June 2026, Mottley called on Barbados' business community to help lead the country into a new phase of resilient and inclusive growth, explicitly stating that investment decisions, leadership and treatment of workers would help determine whether Barbados can move beyond traditional levels of economic expansion.

7. GOVERNMENT & INTERNATIONAL PARTNERSHIPS

Deepening regional integration with Guyana and a new precautionary IMF arrangement define Barbados' most consequential current international relationships.

- **Guyana:** Prime Minister Mottley and President Irfaan Ali announced plans in May 2026 for a new joint investment initiative allowing citizens of both countries to invest directly in major infrastructure and development projects, alongside a new digital ID system Mottley personally used to become the first Barbadian to travel to Guyana under the new arrangement, easing broader regional travel and integration.
- **IMF:** the completed BERT programme and the new precautionary Standby Arrangement together represent Barbados' most substantial and most successfully managed multilateral financial relationship of any market in this series.
- **Inter-American Development Bank and IDB Invest:** Barbados' Country Strategy 2025-2030 with the IDB Group, alongside hosting Sustainability Week 2026, reflects a deepening, structured multilateral development relationship.
- **Venezuela:** the April 2026 oil and gas investment invitation, described in Section 2, represents a notable, currently developing bilateral relationship worth monitoring as it progresses.
- **Caribbean Development Bank:** continued regional economic monitoring and comparative reporting from the CDB provides an important external benchmark for assessing Barbados' relative performance.

8. SME & PRIVATE-SECTOR DEVELOPMENTS

FY2026/27 Budget measures specifically target SME finance access and higher-value private-sector activity, directly responding to Prime Minister Mottley's call for greater business-community leadership.

The FY2026/27 Budget specifically includes measures to improve access to finance, support small and medium-sized enterprises, and encourage higher-value activity in green technology, digital services and advanced manufacturing. Labour market conditions are expected to remain tight, supporting household incomes and domestic demand, with employment gains in tourism, construction, utilities and services underpinning private consumption as skills development and productivity initiatives under BERT 2026 aim to ease capacity constraints.

- **Concrete, targeted SME finance measures:** the specific budget provisions for improved finance access represent an actionable policy response directly relevant to small and medium-sized enterprise development.
- **A deliberate push toward higher-value economic activity:** the explicit targeting of green technology, digital services and advanced manufacturing reflects a genuine effort to diversify Barbados' private sector beyond its traditional tourism and services base.
- **Tight labour market conditions supporting, but also potentially constraining, growth:** while tight labour conditions support household incomes and demand, they also underscore the skills-development and productivity initiatives' importance in easing the capacity constraints the government has directly identified.

9. NEW INVESTMENT OPPORTUNITIES / PROJECTS ANNOUNCED

Renewable energy, Guyana-linked joint investment, and green technology and digital services define Barbados' most concretely promoted new investment channels.

- **Barbados-Guyana joint investment initiative:** the newly announced mechanism allowing cross-border citizen investment in major infrastructure and development projects represents a genuinely novel regional investment channel.
- **Renewable energy projects:** identified specifically within the medium-term infrastructure pipeline and referenced directly in the Venezuela engagement, this sector offers continued investment opportunity independent of that relationship's outcome.
- **Green technology, digital services and advanced manufacturing:** specifically targeted under the FY2026/27 Budget as priority higher-value sectors for private investment and SME development.
- **Grantley Adams International Airport-linked development:** continued expansion offers construction, logistics and related tourism-infrastructure investment opportunities tied directly to the airport's capacity growth.

SUMMARY ASSESSMENT

Barbados enters this reporting period with a rare combination for a Caribbean economy: a completed IMF programme, a restructured debt burden, nineteen consecutive quarters of GDP expansion, and an electoral mandate of unprecedented scale. Prime Minister Mia Mottley converted this fragile stability into a historic third term in February 2026, with her party sweeping all 30 parliamentary seats.

Barbados has since taken a new precautionary IMF Standby Arrangement, not as a response to crisis but as insurance against future shocks, even as economists caution that continued structural reform discipline will be essential to avoid a repeat debt cycle. Deepening regional integration with Guyana, first-time hosting of IDB

Invest Sustainability Week, and a notable if still-developing Venezuelan energy-investment overture together illustrate an increasingly active regional and international economic posture.

Investors should read Barbados as a genuine regional outperformer whose central question is not political or macroeconomic stability, both now well established, but whether that stability can be sustained through the next fiscal cycle as the government pursues its ambitious, decade-long debt-reduction target.