



**Cayman Enterprise City
Economic Impact Assessment 2022**

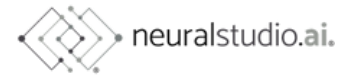
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CREATING A KNOWLEDGE-BASED CAYMAN

Published June 2023



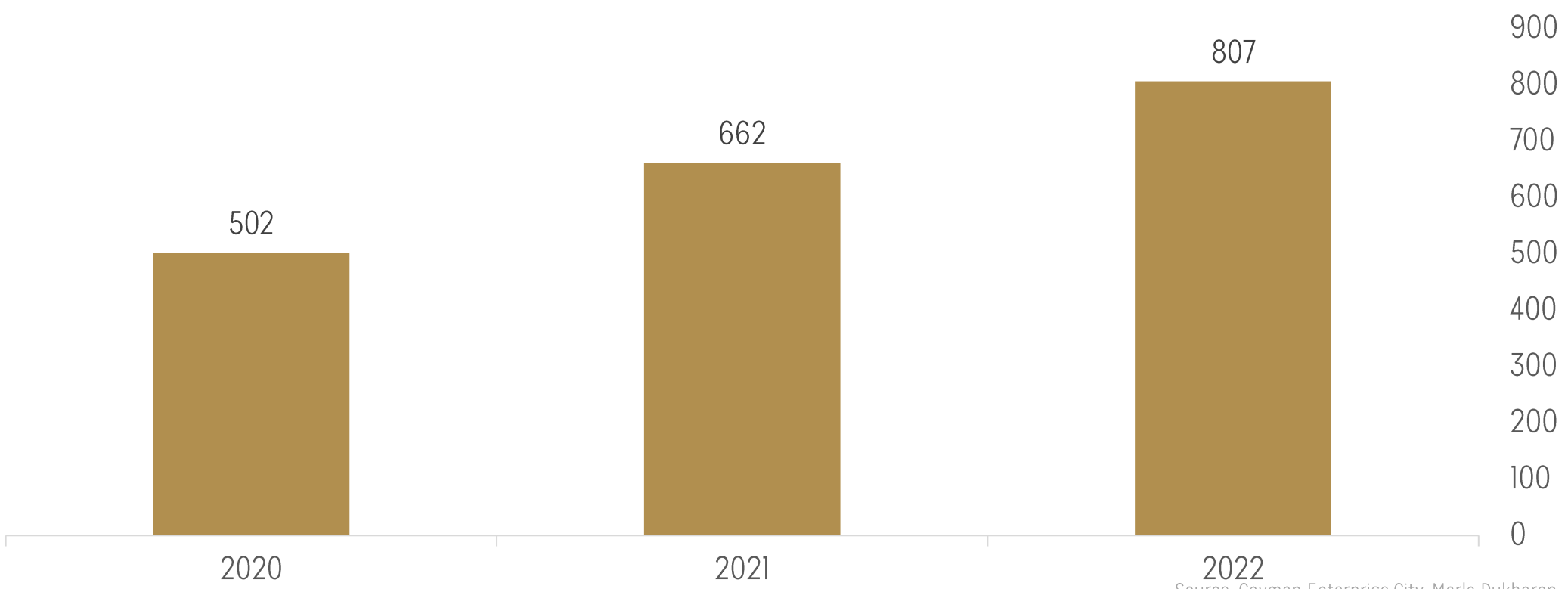
ECONOMIC IMPACT 2022



Cayman Enterprise City's (CEC) cumulative economic impact has gained momentum, growing by USD300 million over the last 2 years

Economic Impact Since Inception

in millions of USD



Source: Cayman Enterprise City, Marla Dukharan



Cayman Enterprise City's (CEC) economic impact was USD146.8 million in 2022

Economic Impacts of Cayman Enterprise City 2022

IN MILLIONS OF USD	DIRECT IMPACT	INDIRECT/INDUCED IMPACT	GOVT REVENUES	TOTAL IMPACT
CEC spending in the Local Economy	8.7	0.0	0.0	8.7
Local Consumption from Salaries	31.1	0.0	0.0	31.1
Attorney and Registered Office Fees	0.9	0.0	0.0	0.9
Setup and Annual Renewal Fees	0.0	0.0	1.2	1.2
Real Estate	42.6	39.2	3.2	85.0
Construction	7.4	11.6	0.9	19.9
<i>Total</i>	<i>90.7</i>	<i>50.8</i>	<i>5.3</i>	<i>146.8</i>

CEC's economic impact has reached USD806.8 million in 11 years since inception

Economic Impacts of Cayman Enterprise City 2011-2022

IN MILLIONS OF USD	DIRECT IMPACT	INDIRECT/INDUCED IMPACT	GOVT REVENUES	TOTAL IMPACT
CEC spending in the Local Economy	52.6	0.0	0.0	52.6
Local Consumption from Salaries	172.6	0.0	0.0	172.6
Attorney and Registered Office Fees	5.6	0.0	0.0	5.6
Setup and Annual Renewal Fees	0.0	0.0	7.9	7.9
Real Estate	254.0	233.7	18.2	506.0
Construction	23.5	36.7	1.8	62.0
<i>Total</i>	<i>508.4</i>	<i>270.4</i>	<i>28.0</i>	<i>806.8</i>

This represents an increase of 21.8% over 2021

What is the net cost / benefit to the Government, of CEC's operations?

Estimated 2022 CIG Net Revenue from CEC Operations 2022

CEC generates government revenues: **USD 5.3 million**

- Licensing and Registry Fees
- Work Permit Fees
- Import Duties
- Stamp Duties

Estimated costs to the Government: * **USD 0.46 million**

This means that CEC generates a
Net Surplus for Government: **USD 4.8 million**

- CEC receives no funding or subsidies from Government and pays full duties on imports.
- USD5.3 million in total Gov't Revenues generated in 2022.
- Revenue to Government is 10 times more than the cost to the Government.

*Source: Author's calculations based on fiscal Plan and Estimates

CEC is increasingly doing business with local vendors and fostering knowledge-sharing to support growth in local companies

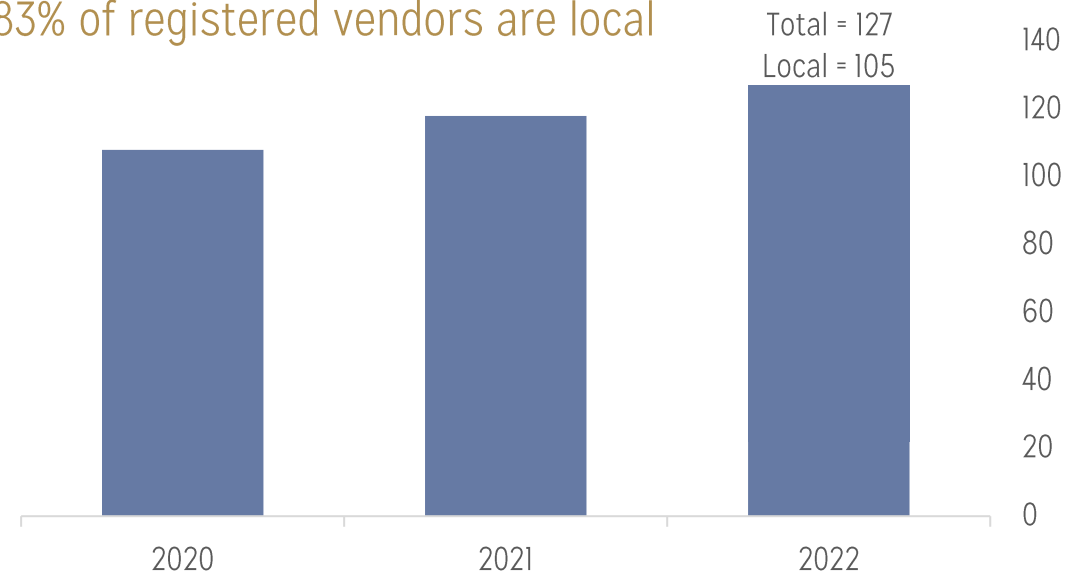
In 2022, CEC offered free training content for local businesses on topics relevant to local priorities and global trends:

- Digital Transformation
- Cybersecurity
- Precious Metals and Digital Assets
- Digital Marketing
- Blockchain
- Crypto
- Web3
- Metaverse
- DAOs
- Virtual Reality
- RegTech
- Data Privacy
- Responsible AI
- Investment Strategies
- Exchange-Traded Funds
- Risk Profiling

Number of registered vendors

Units

83% of registered vendors are local



Source: Cayman Enterprise City, Marla Dukharan

In addition to registered vendors, CEC did business with 45 local SMEs in 2022, such as restaurants, cafés, and retailers.

BUILDING LOCAL ENTREPRENEURSHIP SUCCESS CASE : SILVER PALMS STUDIOS

Enterprise Cayman mentors local visionaries to support their growth

Silver Palms Studios is making a local impact:

- Locally-owned film and media production company supported by Cayman Enterprise City.
- 100% of employees are Caymanian.
- Serves Special Economic Zone Companies, local businesses, community organizations, and NGOs with high quality content.
- Supports Cayman's entrepreneurial ecosystem and a growing number of locally launched start-ups.

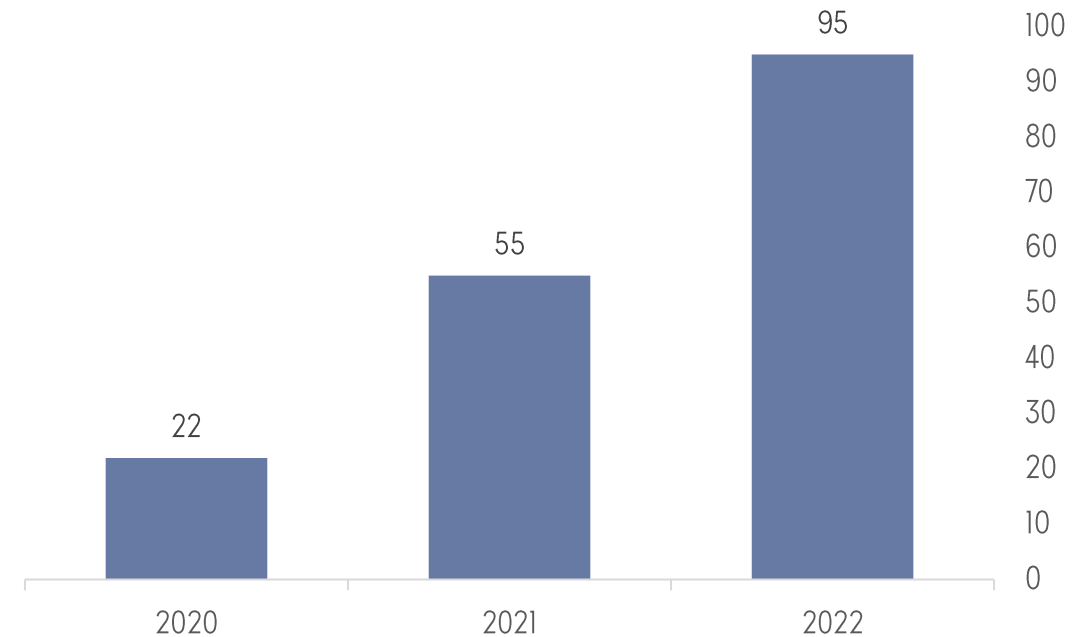


Construction has the largest economic multipliers in Cayman, with an immediate impact on jobs and local consumption

- CEC has made USD62 million in economic impact from construction to date.
- Remaining construction on first building will create a further impact of nearly USD13 million in 2023.
- CEC pays full import duties on all construction materials, providing the government with over USD1.8 million in revenues since construction began.

Number of construction jobs created

Jobs



Source: Cayman Enterprise City, Marla Dukharan

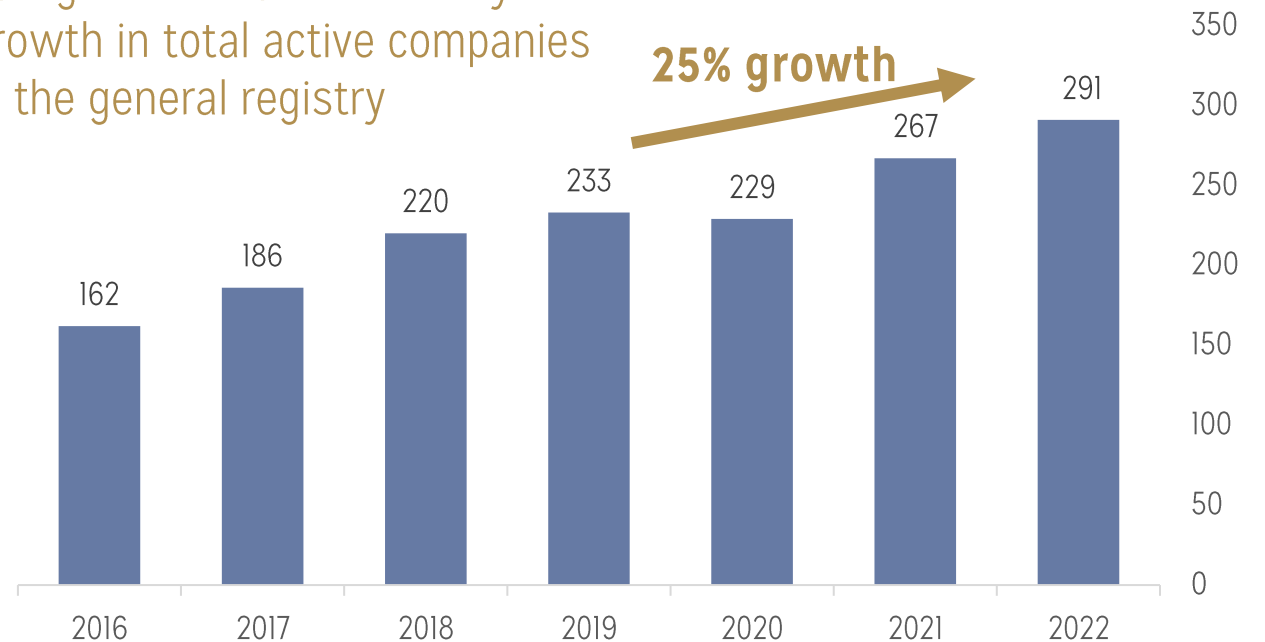
CEC is delivering consistent growth that has proven to be resilient to external shocks

- There are 25% more companies in the Special Economic Zone than there were pre-COVID.
- CEC supports Cayman’s diversification beyond the “twin pillars” into more knowledge / IP-based industries. Special Economic Zone Companies (SEZCs) are in growth/progressive industries, that provide opportunity to scale infinitely within Cayman’s small physical space.

Number of Special Economic Zone Companies

Year-end number of companies

25% growth in SEZCs vs only 9% growth in total active companies in the general registry



Source: Cayman Enterprise City, Marla Dukharan



GOVERNANCE

Setting a benchmark for accountability, and increasing its impact on the community it serves

- Purpose-oriented, annual reporting and accountability.
- Stewardship of the vast knowledge resources available in the Cayman Islands.
- Ranked consistently as one of the best free zones in the world.

CEC consistently sets a high benchmark by reporting annually on:

- Job creation.
- Govt revenues generated.
- Economic impact assessment.
- Community Development Initiatives.
- CEC uses economic impact assessments to ensure alignment between its strategy and the positive impact it aims to make in the community.
- This is the highest level of disclosure we are seeing among private entities in Cayman.

Award-winning status of CEC strengthens Cayman's reputation as the gold standard for doing business

Winner of 16 awards from fDi Magazine and the Financial Times



2018 Awards

- #1 Free Zone of the year for SMEs in the Americas
- Workforce Training & Development

2019 Awards

- Expansions
- Facilities Upgrades
- Red Tape Reduction
- Skills Development
- Diversity Initiatives
- Development of Technology

2020 Awards

- Ranked 5th amongst Top 10 Global Free Zones
- #1 Free Zone of the year for SMEs in the Americas
- Data Protection
- Events Organised
- Facilities Upgrades

2021 Awards

- Highly Commended for SMEs in the Americas
- ESG Practices

2022 Awards

- #1 Free Zone of the year for SMEs in the Americas

How CEC helps Cayman achieve the Strategic Policy Statement's Broad Outcomes for 2024-2026

Government Strategic Policy Statement's Broad Outcomes 2024-2026

SPS SPECIFIC OUTCOMES	WHERE CEC HAS AN IMPACT
1. Building a modern infrastructure to ensure a successful future for our islands.	✓
2. Create and encourage further diversity in the Cayman Islands economy.	✓
3. Cultivate Civic and National Pride.	
4. Enhance the entrepreneurial environment for micro/small businesses in the Cayman Islands.	✓
5. Ensuring an equitable, sustainable, and successful healthcare system.	
6. Improve our financial services as an industry, product, and economic driver for our islands.	
7. Improve our tourism as an industry, product, and economic driver.	
8. Improving education to promote lifelong learning and greater economic mobility.	✓

How CEC helps Cayman achieve the Strategic Policy Statement's Broad Outcomes for 2024-2026

Government Strategic Policy Statement's Broad Outcomes 2024-2026

SPS SPECIFIC OUTCOMES	WHERE CEC HAS AN IMPACT
9. Increase the positive sentiments of the Cayman Islands as a Global Business Jurisdiction.	✓
10. Increasing social justice in the work force.	✓
11. Maintain market/commercial leading edge in financial, maritime, and aviation services.	✓
12. Modernise Business Processes and Enhance Information Technology Platforms and Infrastructure.	✓
13. Positioning the Public Service as an "Employer of choice" to attract and retain world-class talent.	
14. Protecting the wellbeing of Cayman's youth, so they can achieve their full potential.	✓
15. Provide affordable housing and create new opportunities to access capital for homeownership.	

How CEC helps Cayman achieve the Strategic Policy Statement's Broad Outcomes for 2024-2026

Government Strategic Policy Statement's Broad Outcomes 2024-2026

SPS SPECIFIC OUTCOMES	WHERE CEC HAS AN IMPACT
16. Providing solutions to improve the well-being of our people so they can achieve their full potential.	✓
17. Strengthening Good Governance for more effective government.	✓
18. Strengthening, preserving, and enhancing public safety and security in the community.	
19. Supporting climate change resiliency and sustainable development.	✓
20. Utilising sports to enhance the lives of our people.	

Private-sector led initiatives such as training, internships, and support in job searches, offset costs to the government in providing these services.

SOCIAL AND DEVELOPMENT IMPACTS

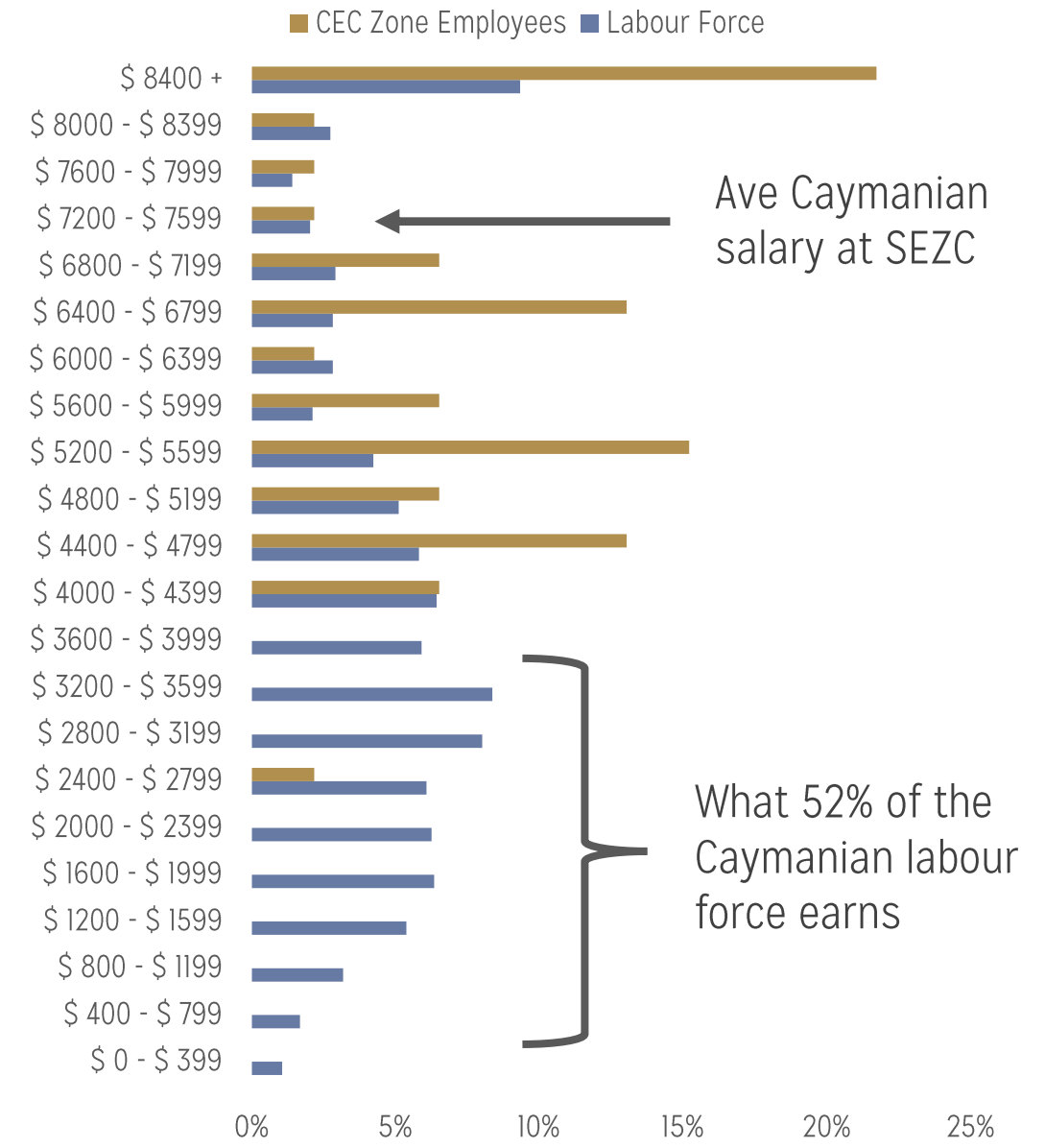


CEC supports higher pay for Caymanians:

- Estimated earnings of Caymanians working at SEZ companies are higher than average earnings of Caymanians overall.
- 52% of Caymanians earned less than KYD4,000 per month in Fall 2022.
- The average monthly salary for Caymanians at SEZ companies was estimated at KYD7,232.

Earnings by Status: Caymanians

KYD monthly, Percent of total Caymanians (%)

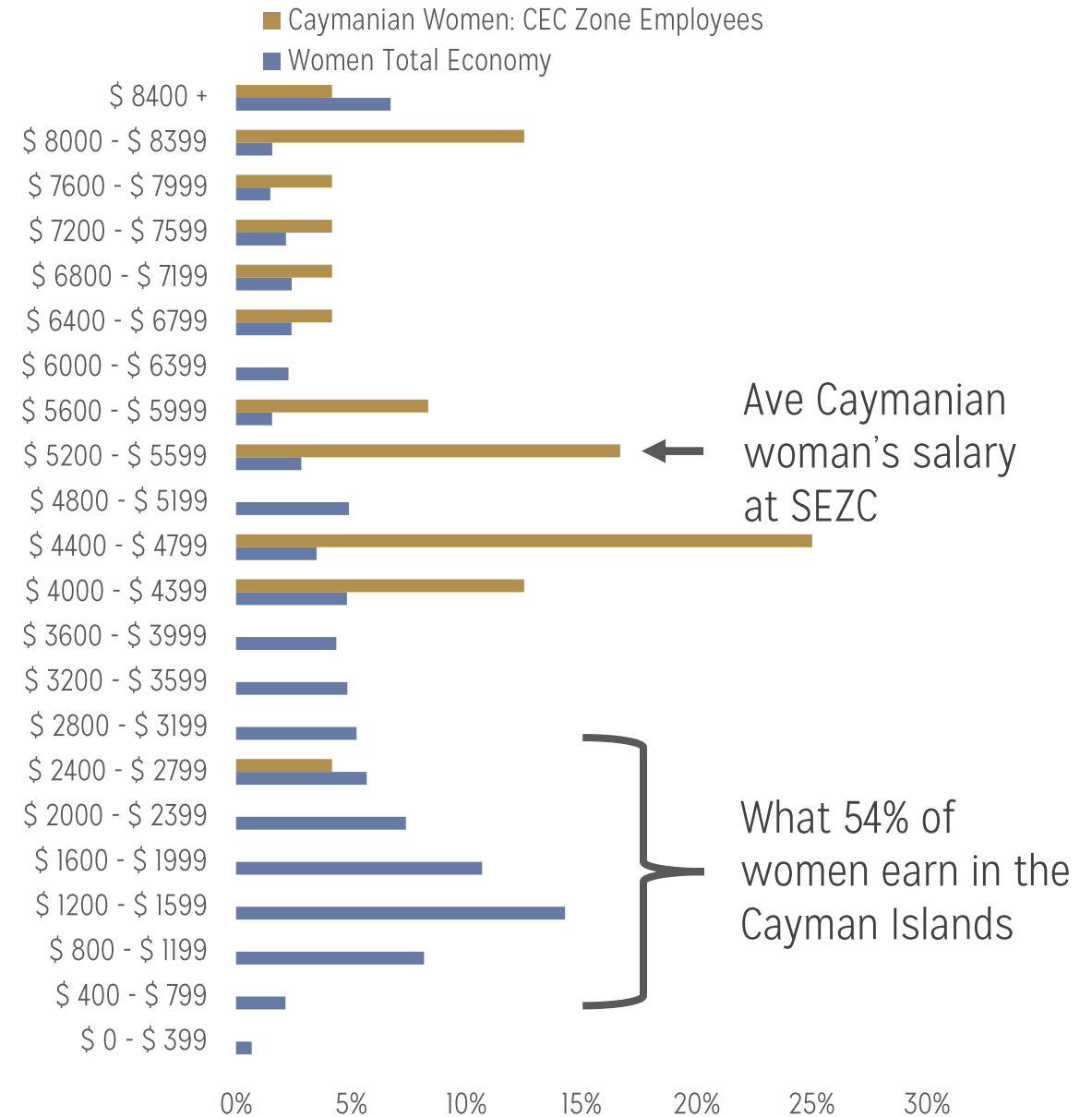


Access to high paying jobs for Caymanian women:

- Caymanian women employed in the SEZ companies earn higher salaries than women do in the broader economy, on average.
- 54% of women in Cayman earned less than KYD3,200 per month in Fall 2022.
- The average monthly salary for Caymanian women at SEZ companies was estimated at KYD5,459.

Women's Earnings

KYD monthly, Percent of total Women (%)

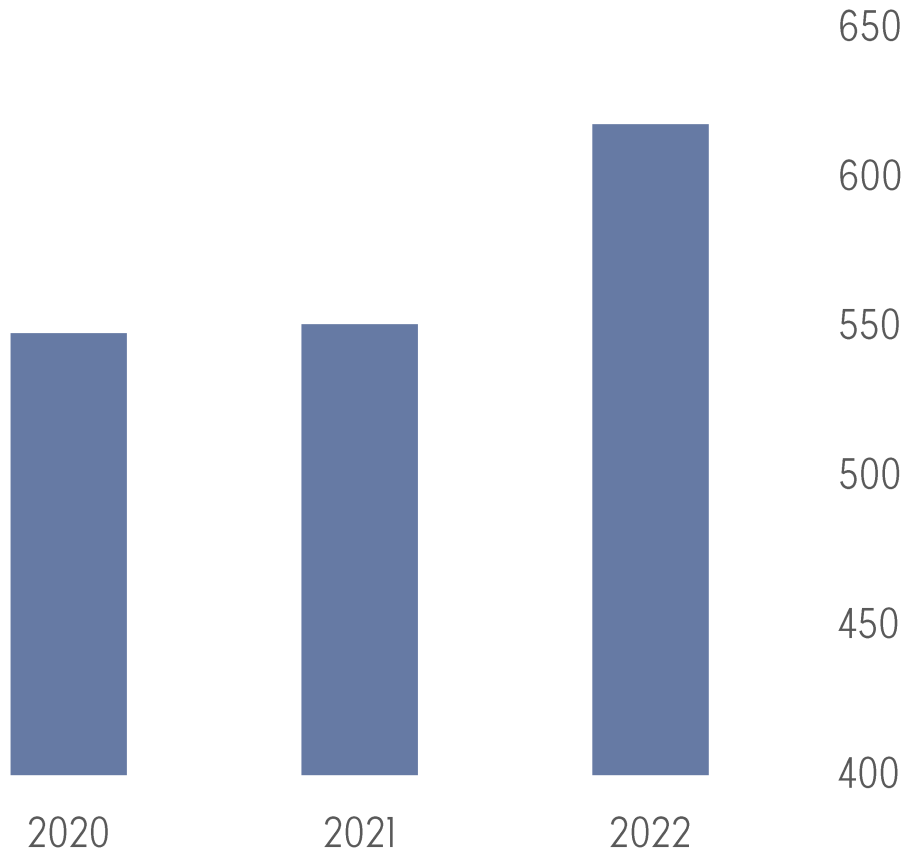


ESO, Labour Force Survey Report Fall 2022, Cayman Enterprise City, Marla Dukharan

In the SEZC, 43% of 2022 job gains were PR/Citizens, which supports a workforce invested in the Cayman Islands for the long-term

Total SEZC Jobs

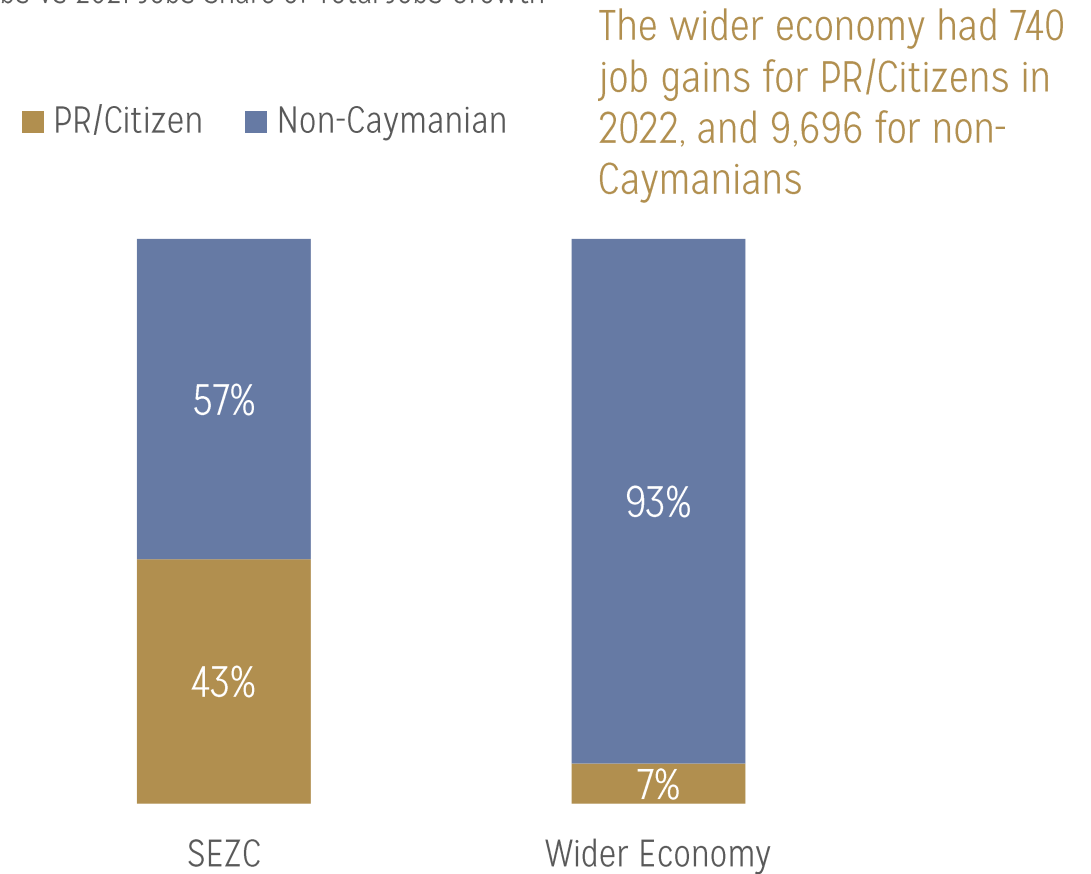
Number of Jobs in the SEZ



Cayman Enterprise City, Marla Dukharan

Jobs Growth: SEZC vs Wider Economy

2022 Jobs vs 2021 Jobs Share of Total Jobs Growth



Source: Cayman Enterprise City, Marla Dukharan

CEC is driving a shift to a knowledge-based economy, a sector that can easily scale irrespective of physical space

CEC's business model taps into the 4 pillars for developing a knowledge-based economy:

- Efficient creation of knowledge / intellectual property from the Cayman Islands
- Training and development of the local workforce to create and use knowledge
- Innovation that taps into the global stock of knowledge and transforms it to value-added products and services, and
- Dynamic infrastructure that facilitates communication and community for advancing knowledge

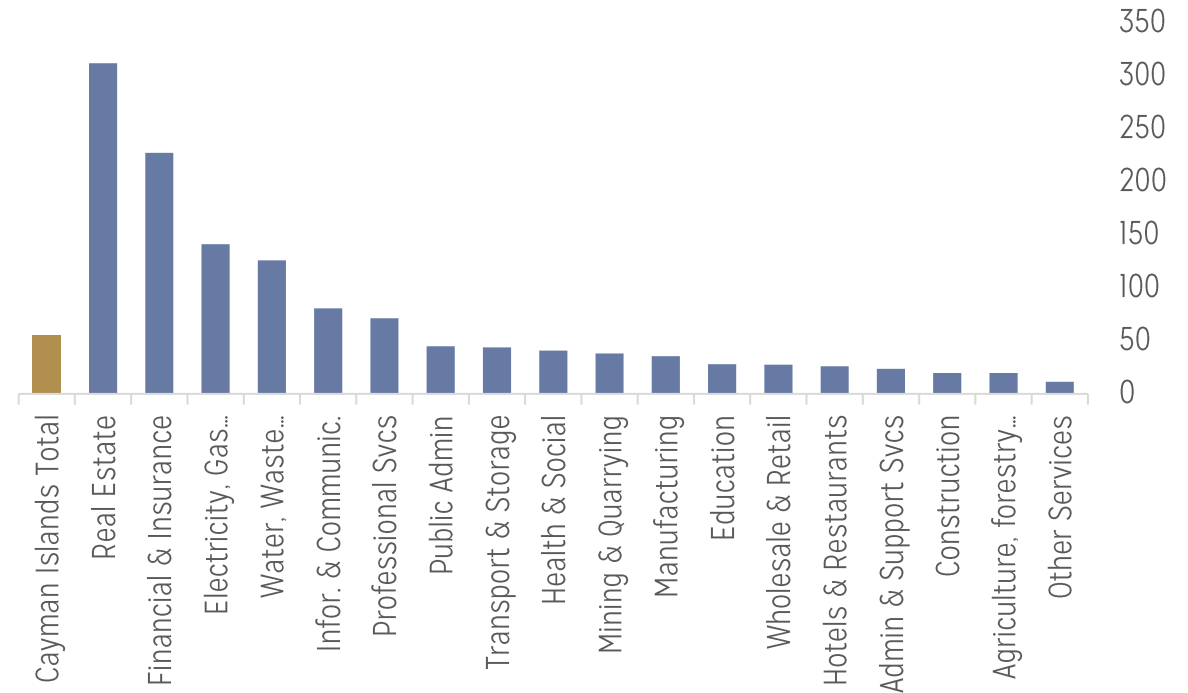
Development of human knowledge and resources: Why it matters to Cayman

CEC develops sectors that deliver high productivity:

- Knowledge-based sectors have the potential to achieve high productivity and increasing output without a commensurate increase to inputs.
- The Cayman Islands economy generated USD55 in GDP for every manhour worked in 2019.

GDP per hour worked: Cayman Islands

USD in GDP per hour worked



Source: Economics and Statistics Office, Marla Dukharan Modeled Estimates

Developing knowledge-based sectors builds on existing strengths. Cayman already has a comparative advantage in human capital sectors. The people with the knowledge are increasingly Caymanian / PR.

Services classification	Revealed Comparative Advantage (RCA) 2019 <1 disadvantage / >1 advantage
Manufacturing services on physical inputs owned by others	0
Maintenance and repair services n.i.e.	0.0005
Personal, cultural, and recreational services	0.0010
Government goods and services n.i.e.	0.0224
Charges for the use of intellectual property n.i.e.	0.0383
Telecommunications, computer, and information services	0.0386
Construction	0.0638
Transport	0.1878
Other business services	0.9328
Travel	0.9698
Financial services	4.0923
Insurance and pension services	8.3906

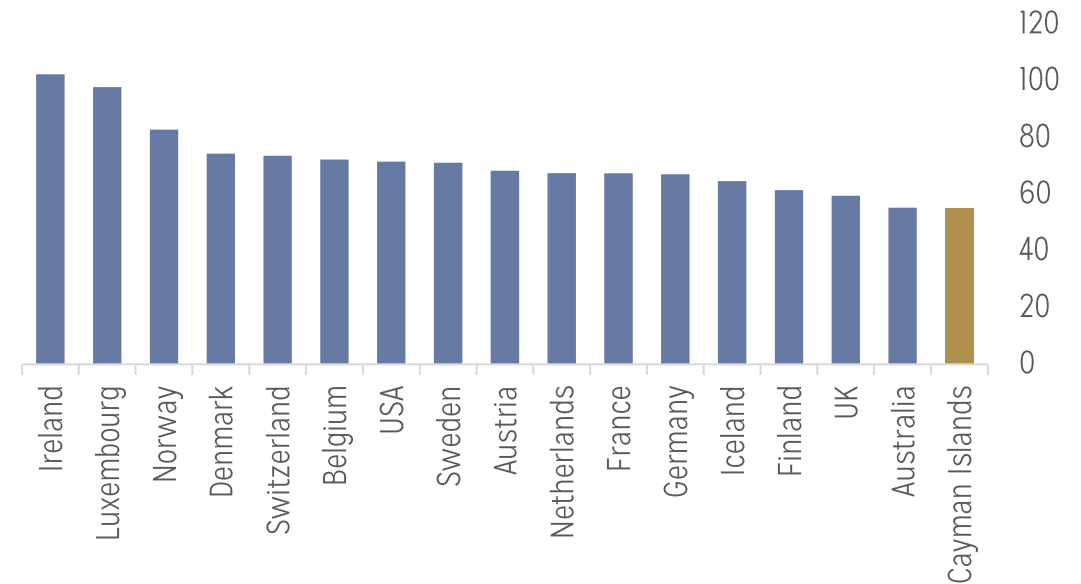
Knowledge-based sectors give countries more bang for their buck

Knowledge-based sectors enable higher marginal returns:

- By growing its high productivity sectors, the Cayman Islands can increase its GDP with **less strain on its natural resources** while defying the law of decreasing marginal returns.
- If the Cayman Islands had the average productivity level registered in Ireland, its GDP would more than double.

GDP per hour worked: Top World Economies

USD in GDP per hour worked

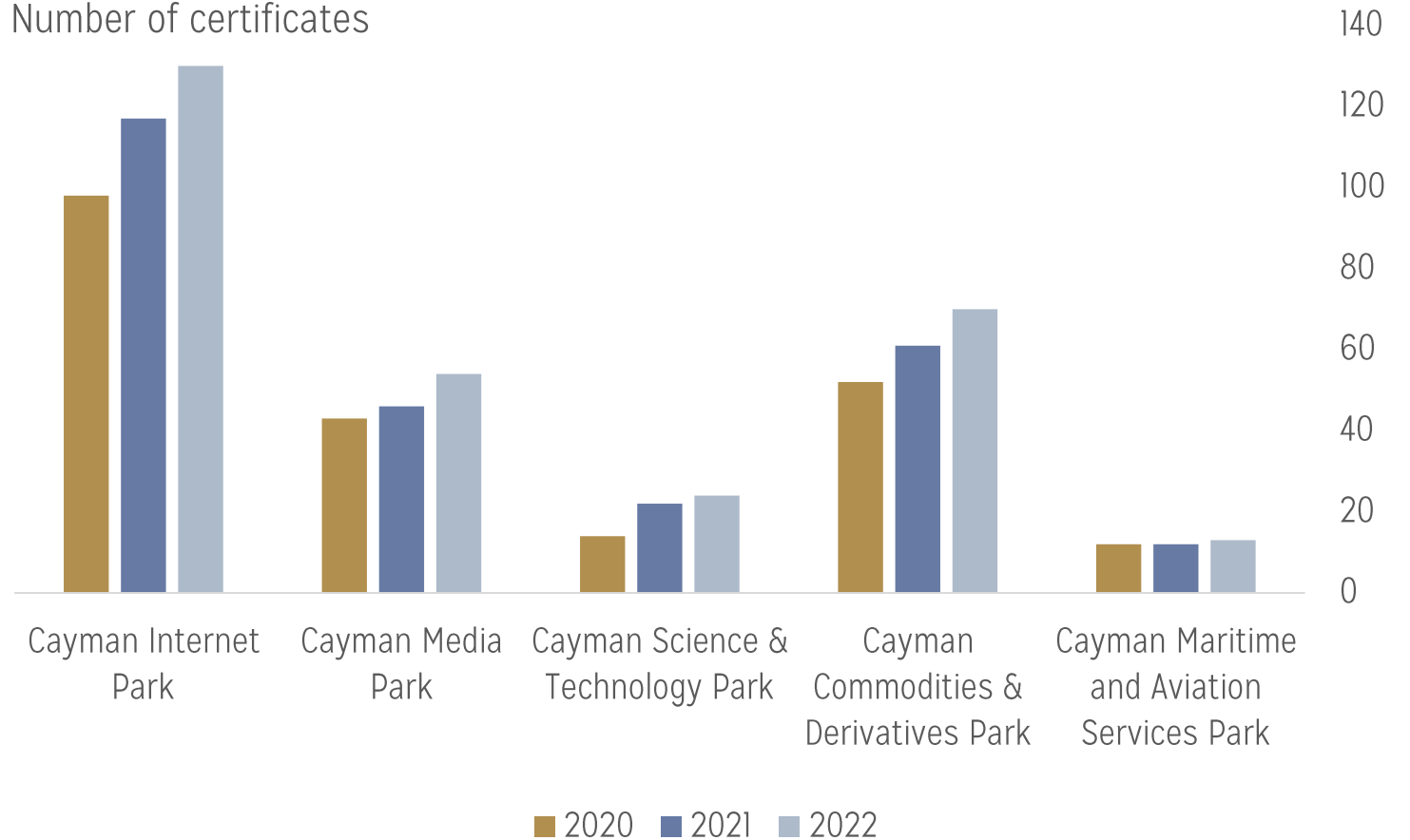


Source: Economics and Statistics Office, OECD, Marla Dukharan Modeled Estimates

How CEC is already helping Cayman to move toward the productivity level of Ireland or Luxembourg

- Path to breaking free of the “twin pillar” model.
- Scaling IP creation and knowledge-based industries.
- Prioritizing sectors with higher wages.
- Educating and preparing the population for jobs in growth sectors. This highlights the role private capital can play in transforming public education.

SEZ Trade Certificates Issued:
Number of certificates



CEC facilitates tradability, scale, innovation, competitiveness, knowledge transfer, and productivity

Tradability

SEZ companies do not earn revenue onshore, meaning that their revenues contribute directly to USD inflows / Cayman's balance of payments, and ensuring they remain internationally competitive.

Scale

Low resource intensity model – With one campus serving hundreds of companies, the SEZ enables companies to scale using shared infrastructure. SEZC do not need another campus or building to double their revenues.

No Gov't Investment Required

The creation of additional SEZC does not require the government to invest in additional infrastructure such as airports and roads.

Knowledge Transfer

Enterprise Cayman organized or supported 38 events and workshops, and helped with 11 internship placements in 2022, providing the local population with access to knowledge in growing industries that only exist in Cayman within the SEZ.



DEVELOPING
HUMAN POTENTIAL
AND PROMOTING
PROSPERITY

CEC creates a resilient environment where people can fully develop their potential and become part of the global workforce

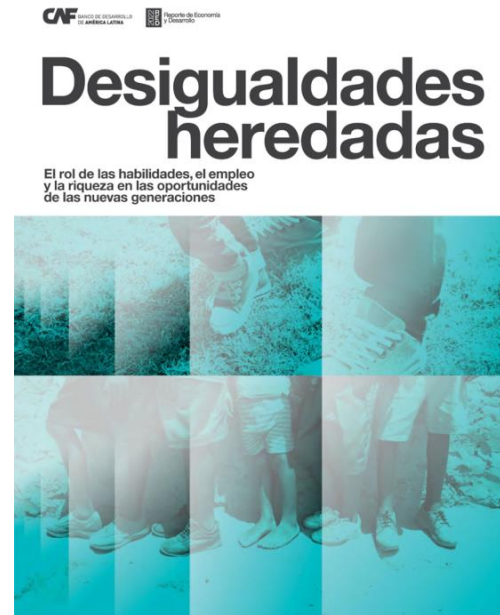
- By creating jobs in sectors that can be done remotely, the vulnerability of the population to any local or global shock is reduced.
- Training programs and career fairs provide young Caymanians with labour market opportunities in emerging sectors, enabling them to pursue careers outside of traditional sectors and find meaningful employment domestically.
- The potential reduction in brain drain of young Caymanians and brain gain of young workers from abroad also supports a more sustainable demographic structure for the Cayman Islands.
- Training programs provided by CEC offer skills that will be useful throughout their career and enable workers to adapt in the face of changing employer demands - particularly as it relates to technology.
- Work placement and development of local talent provides efficient mechanisms for finding career opportunities, applying, matchmaking with employers, and facilitating networking.

CEC's business model helps close the gap in intergenerational wealth mobility

Intergenerational mobility must be intentionally created

“Increasing educational mobility increases the probability by 18 percentage points that children of parents with lower education levels will rise in their occupation.”

“Children with parents having highly complex jobs have better chances of improving their education and health”



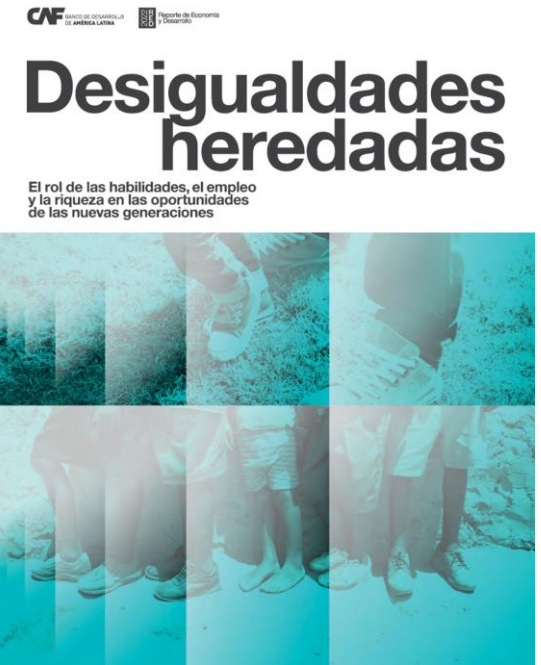
CAF Development Bank of Latin America
De La Mata, D., Berniell, L., Schargrodsky, E., Álvarez, F., Arreaza, A., & Alves, G. (2022). Desigualdades heredadas. El rol de las habilidades, el empleo y la riqueza en las oportunidades de las nuevas generaciones. Caracas. Retrieved from <https://cafsciotea.azurewebsites.net/handle/123456789/1981>

By creating training, professional development opportunities, and internships for jobs of greater complexity, CEC is helping break the cycle of intergenerational inequality.

CEC creates a more level playing field and high-value opportunities for young Caymanians to experience upward economic mobility

In the US for instance, 44% of children in the top 20% remain there and 35% of children in the bottom 20% remain there.

“1 in 5 workers in Latin America gets a job with the help of family members... this creates an obstacle to intergenerational (socioeconomic) mobility since families with the highest status have access to better recommendations.”



CAF Development Bank of Latin America

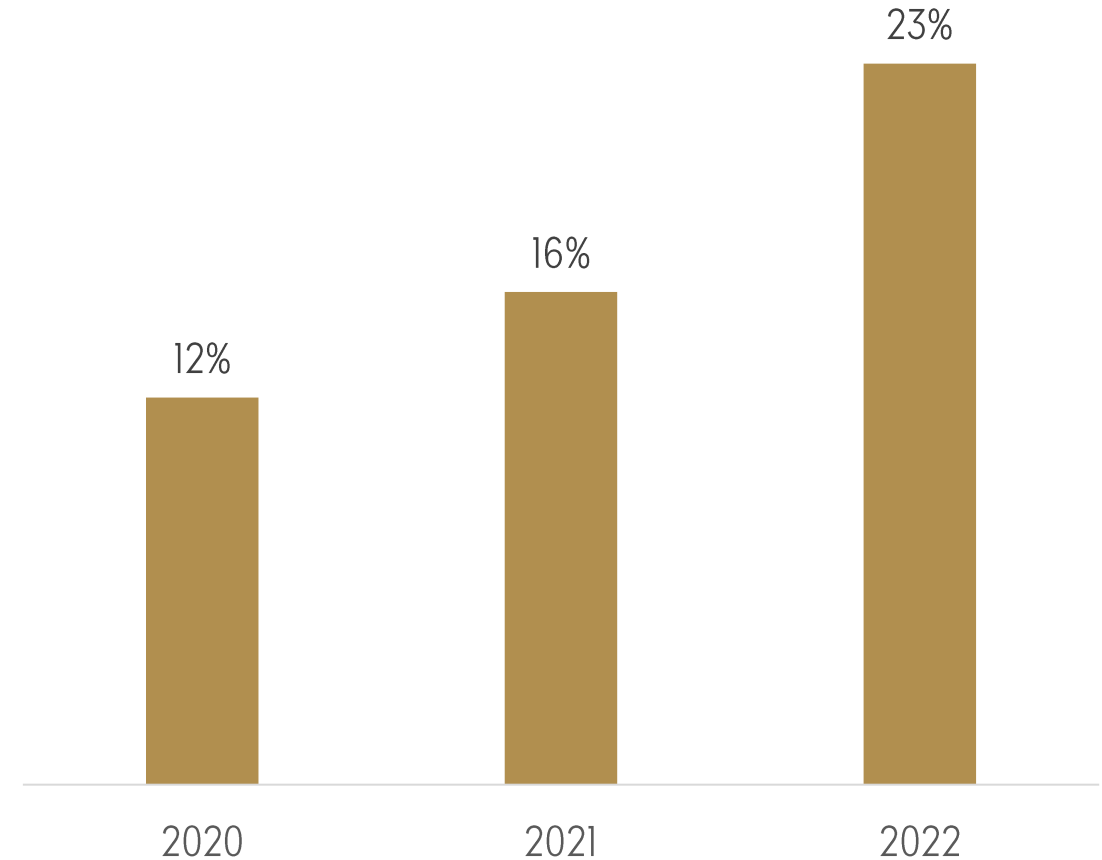
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Caymanians and Permanent Residents are becoming an increasingly important part of the SEZ workforce

The benefits of investing in people take time to materialize and with 11 years of operation, the effects of upskilling is creating a virtuous cycle that will provide the Cayman Islands with benefits for long-term prosperity.

Growing share of PR/Citizens employed at SEZC

Percent



CEC, through Enterprise Cayman, has directly contributed to closing the skills gap for the most vulnerable demographic, 15-24 years old, thereby providing a bridge for transforming education services.

Caymanian Youth Unemployment:

In fall 2022, for Caymanians 15-24

- Unemployment was 11.1%
- Underemployment was 8.1%

A total of **425 Caymanians** 15-24 were either unemployed (230) or underemployed (195)

In 2022, Enterprise Cayman provided youth with school fairs, clubs, resume building workshops, networking events, scholarships, entrepreneurial opportunities, access to code education, and internships.

- 11 internships in 2022; **100+ since inception**
- **26 participants in Cayman Code Academy** beginner level course with USD10k in scholarships
- **9 student-centered events** in 2022 with an average of 38 participants

Technology advances are transforming all countries, all industries, all business, and all tasks. CEC is preparing the foundation for Cayman to build on and lead in new sectors.

Beyond the quantifiable economic impacts, Cayman Enterprise City is driving an important shift that can make Cayman's economic fabric more resilient and the future more prosperous.

- CEC is growing and introducing new industries to the economy of the Cayman Islands.
- Companies in CEC's Special Economic Zone are creating meaningful employment in high-productivity sectors that will help the Cayman Islands economy expand and improve its competitiveness over the long term.
- CEC attracts businesses that can easily scale without placing high demands on Cayman's natural resources and environment.
- Through Enterprise Cayman, CEC is making a major contribution in preparing youth for a successful and prosperous future, at home in Cayman.



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