

MAKING THE CASE

Bermuda

Case Studies on Inclusive Economic Development



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1.0

Background



1.1 Context

Bermuda is a wealthy yet unequal society. It is a high-income, self-governing British Overseas Territory with a per-capita GDP exceeding \$138,000 USD (World Bank, 2025). The economy is highly concentrated and specialized towards international business, digital assets, insurance/reinsurance, and global financial innovation, with this sector dominating roughly 60% of GDP (Fowler, 2018). This narrow economic base has resulted in significantly uneven economic growth, making Bermuda one of the most unequal jurisdictions globally according to some researchers (Fowler, 2018; Stubbs, 2018).

Embedded spatial and demographic disparities intensify the risk that growth is not widely shared as historically Black neighborhoods and service-industry workers have seen real income declines over time relative to the ever-growing finance sector (Fowler, 2018). Bermuda's geographic isolation and small size also result in a cost of living that is often among the highest in the world, only deepening economic inequality (World Population Review, 2025). The reliance on volatile global finance and business sectors and goods importation also make the economy overly sensitive to external shocks.



Bermuda on a World Map

These structural conditions, which have only become more challenging in recent years, have created a strong incentive for Bermuda to pursue a more equitable economic environment. In response, the Government of Bermuda has identified a range of opportunities. It is prioritising diversification beyond its traditional reliance on international business by nurturing emerging industries, strengthening entrepreneurship and improving access to financing for small local businesses (Government of Bermuda, 2025; 2023). These sectors are expected to generate new, high-quality jobs for Bermudians, reduce inequality, and decrease Bermuda's vulnerability to external shocks.

At the same time, the government is investing in workforce development programmes to equip residents with digital and technical skills that match the changing labour market (Government of Bermuda, 2025; 2023). Complementing these efforts, policies to expand affordable housing, modernise infrastructure, upscale local food production, and reduce administrative 'red-tape' are intended to ensure that the benefits of growth reach a broader cross-section of society (Government of Bermuda, 2025; 2023).

1.2 Economic Empowerment Zones: Building a More Equitable Economic Environment

Bermuda has established **Economic Empowerment Zones (EEZs)** in low-income, marginalized communities to alleviate structural inequalities and achieve equal opportunity (BEDC, n.d.). EEZs are designed to encourage investment and uplift overlooked entrepreneurs (BEDC, 2023). There are four EEZ zones: Northeast Hamilton, Southeast Hamilton, Somerset, and St. George's.

Stakeholder	Description
Government of Bermuda	<ul style="list-style-type: none">• Primary Ministry: Ministry of Economy and Labour• Leads on policy, legislation, planning, strategy and the budget for EEZs through the Economic Empowerment Zone Act
Bermuda Economic Development Corporation ("BEDC")	<ul style="list-style-type: none">• Key body implementing EEZs through• financing for business, entrepreneur training and development opportunities, community consultation, and facilitation of tax incentives• Mandate specifically focuses on the economic empowerment of Black entrepreneurs
Local Businesses and Entrepreneurs	<ul style="list-style-type: none">• Recipients and participants in governmental EEZ programming
Municipal Governments	<ul style="list-style-type: none">• Support the local implementation of programs
Community Groups	<ul style="list-style-type: none">• Advocate for improved policies and ensure local identity is preserved throughout the EEZ
Financial Partner Organizations	<ul style="list-style-type: none">• Provide financing for SMEs, including banks and credit unions

EEZs target the local entrepreneurship and small business sector in selected regions. They are unique since they take a multifaceted approach to achieving equal opportunity for community members. The Government of Bermuda recognizes that economic development alone will not increase quality of life or upward social mobility. EEZs aim to strike a balance between three main areas:

1. Economic environment ([economic equality](#))
2. Social environment ([access to services](#))
3. Physical environment ([high-quality design](#))
4. Spiritual environment ([good quality of life](#)).

EEZs seek to foster local entrepreneurship among racialized individuals, increase jobs and financing access for start-ups and Small and Medium Sized Enterprises (SMEs), and to maintain cultural identity and region history in historically Black areas.

Rooted in Bermuda's history of slavery, racial wealth gaps persist. The selected regions are historically Black areas, which have faced lower rates of upward social mobility due to exclusionary hiring policies, poor access to education, and a lack of representation in the business and finance sector (Hyman, 1994). EEZs were enacted to correct structural inequalities and to close racial and geographic wealth, opportunity, and quality of life gaps. The EEZs have tailored incentives and policies to achieve sustainable development: EEZ Payroll Tax Concession; EEZ Custom Duty Deferment; and Preferential Rates and Terms (BEDC, n.d.).

EEZs have fostered increased foreign investment and entrepreneurship in local communities. In 2023, the first three EEZ zones generated USD\$154,000 in sales revenue (Hall, 2025). Across the four EEZs, 12 new businesses were opened, leading to 21 new jobs (Government of Bermuda, 2025). The BEDC approved 24 microloans and loan guarantees – providing USD \$687k to start-ups and SMEs (Government of Bermuda, 2025). There has been increased interest in Bermuda by foreign investors due to the availability of payroll tax concessions, customs duty deferments, and letter of credits with 100% guarantee to allow payment deferrals (U.S. Department of State, 2018).

USD\$ 154,000

Sales revenue in 2023

12

New businesses

24

Microloans approved by
BEDC

2.0

Built For All: Applied



2.1 Pillar One: A Level Playing Field for Work and Competition

Bermuda's EEZs align closely with the ideal outcome that *labour markets are competitive for workers and employers* and *everyone has the training necessary for the future of work*. Throughout the implementation of these zones, workshops and training sessions are designed to provide local entrepreneurs with higher business and leadership skills. EEZs provide youth with training programs as well, teaching them basic entrepreneurship and financial skills. The BEDC has introduced an education series, providing residents with social capital through networking opportunities, strengthening their competitiveness in the labour market.

The EEZs also connect to the ideal outcome that *capital is circulating throughout the economy and used productively*. A key aspect of the EEZ strategy is to stimulate local investment through targeted incentives. For example, the Payroll Tax Concessions program allows new startups or existing businesses relocating to an EEZ to receive temporary tax relief for up to 2.5 years (Government of Bermuda, 2023). The BEDC also provides direct financial assistance to businesses within EEZs through two loan guarantee products: a traditional guarantee covering 50% of loans up to \$200,000, and a Microloan Guarantee offering a 100% guarantee up to \$7,500 through Clarien Bank (Lodge, 2014). These policies encourage economic activity and help circulate capital more equitably throughout the economy.

In addressing the ideal outcome that *marginalized communities do not face barriers to finding and keeping work*, EEZ's are designed to affect and support communities with significant income disparities. The purpose of EEZs is to protect the community culture in these regions and foster economic growth from within, focusing on SMEs (BEDC, 2025).

2.2 Pillar Two: Equitable Access to Resources and Opportunities

Bermuda's EEZs achieve the first pillar's goals by creating clear *pathways to build individual wealth* by providing targeted access to capital and business incentives in disadvantaged neighborhoods (Finigan, 2023). Locating this policy in "Back of Town, predominantly Black" areas underscores the initiative's goal to directly support those

previously excluded from economic participation, aiming to reduce “systemic discrimination” (Royal Gazette Staff, 2006).

Empowerment and economic inclusion of all stakeholders are features of all policies within the EEZ framework. One such example is the Area Redevelopment Scheme (ARS), which aims to stimulate local economic growth by diversifying demand for residential units (BEDC, 2022). Notably, this policy includes specific anti-gentrification and anti-displacement measures to ensure the inclusion of local residents in the economic development of these areas. Such measures ensure equitable returns to residents as areas undergo redevelopment.

Opportunities for growth in terms of ensuring that *technology, data, and digital networks benefit everyone* may arise from synergies with national initiatives such as the Bermuda Coders Initiative. By offering free digital-skills training in coding and data science, the government can complement EEZ objectives with opportunities for technological empowerment of businesses and entrepreneurs (Government of Bermuda, 2024). Together, these initiatives create a greater holistic model for sustainable and inclusive economic growth.

2.3 Pillar Three: Collective Stewardship of Shared Resources for Future Generations

Turning towards Pillar 3, the localized focus of the EEZs lends itself well to *all places build community wealth across neighborhood residents*. There may be room to incorporate more community-led governance mechanisms into EEZs, such as educational programs/additional incentives for entrepreneurs forming business cooperatives, which utilize participatory, democratic-led governance.

The BEDC has noted that infrastructure presents an opportunity for further improvement. *All places and generations benefit from well-maintained public infrastructure* is reflected by the proposal to expand the Northeast Hamilton EEZ to Southeast Hamilton, which included recommendations to update traffic lights, paving, and sidewalks to promote the economic development in the area (BEDC, 2023). Established in Fall 2023, this EEZ is relatively new; infrastructural improvements are presumably still underway.

Looking forward, the Bermuda government could consider incorporating into EEZs *renewable energy sources to meet demand and lessen the effects of climate change*. Bermuda has introduced a *Blue Economy Strategy* to promote sustainability in ocean-based resources and is committing to green energy projects as well, such as solar panels and micro wind turbines (Government of Bermuda, 2023). Raising awareness of economical clean energy options among EEZ entrepreneurs, or additional incentives for businesses involved in the clean energy supply chain could be some ways to tie these strategies together



3.0

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VISIONING THE FUTURE Brunswick and Elliott Streets



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