



PURSUING SDGS TO
ACHIEVE ECON
TRANSFORMATION IN
CARIBBEAN



Topics

- Caribbean Economic Situation
- Required Economic Transformation Strategy
- The SDGs
- Optimal Approaches to Pursuing SDGs for Economic Transformation
- Summary

Caribbean Economic Situation

- Low Savings Relative to Investment
- Significant Current Account Deficits and Debt Accumulation
 - *Shortage of Foreign Exchange*
 - *Sluggish Export Diversification (low elasticity)*
 - *High Import Dependence (high elasticity)*
- Persistent Depressed Effective Demand & Slow Growth
- Significant Unemployment / Underemployment and Brain Drain
- Capital Destruction through Environmental Disasters

Required Economic Transformation

- Productivity growth faster than capital-labour ratio and faster than wage growth
 - *Increases formal employment*
 - *Increases effective supply of labour*
 - *Restructures production to skill-intensive output*
 - *Diversifies exports to skill-intensive exports*
 - *Substitutes skill-intensive imports*
- Requires capital accumulation
 - *Foreign exchange shortages =>*
 - *Main form of capital accumulation = production and employment of domestic capital with underutilized labour potential*

The SDGs

- Internationally-Agreed Development Agenda (193 countries)
- 3-D Agenda – comprehensive picture
 - *Economic Development*
 - *Social/Political Equity*
 - *Environmental Preservation*
- Customized to national facts –> common but differentiated responsibilities and opportunities
- Intends a global partnership for implementation, recognizing
 - *Country has primary responsibility for own dev.*
 - *Specific national sustainable development strategies most important in implementation and financing SDGs*

Can Pursuit of SDGs Help with Economic Transformation? Yes

- Depends on approach of the Region
 - Build awareness of the SDGs
 - Treat all dimensions as linked and interconnected – through underlying targets
 - *Poverty and inequality reduction good for econ transformation*
 - *Econ transformation good for equity and poverty reduction*
 - *Both good for environmental preservation & vice versa*
 - *Global cooperation key to success*
- Stress science-policy interface

Can Pursuit of SDGs Help?

- Need clear plans with projects & specific timelines to commit resources to each dimension
 - *Economic Development*
 - Economic Restructuring for Growth
 - Development of the labour force – quality education and training
 - Infrastructure Development, Energy and Connectivity
 - *Socio-Political Inclusion*
 - Addressing Historical Inequality and Poverty
 - Institutional Development for Good Governance
 - *Adaptation of Production and Consumption Technology to address Climate Change*
 - *Global Partnerships for Technology Transfer, Financing & Performance Monitoring*
- Need national inclusive **Implementation Commissions** to define plans & strategies

Consider Economic Dev SDGs

- Growth with labour rights & decent work (SDG8)
- High quality tertiary education (SDG4) – supported by high quality basic (up to secondary) education
- Industrialisation, with supporting infrastructure (SDG9) - structural shift toward more innovation and technology-oriented industrial activities.
- Emphasis on Blue and Green Industries (SDGs 14/15)
- Sensitivity to environment conservation (SDGs 12/13)

Optimal Approach -> Econ Dev SDGs

- Econ Dev SDG Targets => development of DC sector
- Escape the Past by Refocusing on the Traditionally Neglected DC Industries
 - *Tertiary Education for export*
 - *ICT – high level apps development => outsourcing / nearshoring markets*
 - *Creative industries*
 - Music; Performing and visual arts; works of mas
 - Radio, TV, Film, Photography, Video
 - Advertising, marketing
 - Fashion design
 - Others
 - *Renewable energy*
- Key advantages underexploited

Key Advantages Underexploited

- Produce some of the capital needed for reinvestment
- Use small minimum efficient scale of imported capital – many can enter
- Innovate to be globally competitive; rapid transfer of knowledge beyond sector boundaries; creates macroeconomic increasing returns to scale & productivity growth
- Restructures trade towards skill-intensive exports & import substitution
- Not very vulnerable to negative commodity price shocks and TOT shocks
- Low cost of investment income going abroad
- All Blue/Green & Environmentally sustainable

Consider SDGs 1 & 2; 5 & 10

- SDG1 - complete elimination of poverty.
- SDG2 - to end hunger.
- Tackle structural and systemic inequalities
 - *SDG5 - eliminate gender-based inequality*
 - *SDG10 - reduce inequality across the board, especially affecting youth.*

Key Factors Inhibiting Econ Trans

- Investors in ICT and the creative industries tend to have small assets – agile and innovative
 - *Disadvantaged by the historical distribution of assets of land and cash*
 - *Disadvantaged by the historical lack of specialised public infrastructure that address market failure*
 - For example: Minimal leadership from tertiary education sector in terms of collaborating with global players on co-creation of new knowledge or to identify skills gaps and produce globally-competitive graduates to boost their export capacity

Optimal Approach to SDGs 1/2 / 5/10

- Tackle historical inequalities to achieve econ dev.
 - *Improve measurement of performance of creative and ICT sectors, including the intellectual property assets of creative establishments*
 - *Address rights to economic resources, and feasible equivalents to access to ownership and control over land*
 - *Create credit for the targeted sectors using modern financial inclusion methods – including new forms of specialised development banking*
 - *Target development of priority infrastructure to address market failure, including*
 - Specialised production and performance facilities
 - Reforms to enable inclusive policy-making
 - Reforms to address social and personal security/crime issues

Consider SDG 5 / 9 / 10 / 16

- Implementation turns critically on the rule of law and the quality of governance (SDG 5, 10, 16)
- Participatory approach to policy-making for justice, peace, security (SDG 5, 16)
- Effective, accountable and inclusive policymaking and institution-building to support implementation (SDG 9, 16)
- Learning and adaptation of policies and political will needed to support process

Optimal Approach to 5/9/10/16

- Reforms needed to strengthen rule of law and the quality of governance in Caribbean countries – Intent to ensure broad participation
 - *Create opportunities for citizen dialogue on implementation, especially for marginalized groups*
 - *Bring those affected by poverty and inequality into design of solutions, strategies & plans*
- Treat access to policy-making as a form of wealth –> helps to identify objectives, policies and implementation steps that improve outcomes
- Upgrade participatory approach to policy design
 - *Multi-actor, multi-level, multi-sector participation for policy coherence*
 - *All data domains (statistical, socio-political, engineering, environmental) for rule of science and evidence*
 - *Full participation of women and youth for relevance and effectiveness*

Optimal Approach to 5/9/10/16, Cont'd

- Stress accountability and transparency
- Deploy public-private and civil society partnerships for effective implementation
- Necessary learning and adaptation of policies and need for political commitment imply key reforms for inclusive policymaking:
 - *Exploit synergies and overcome silos between different ministries and departments*
 - *Participatory budgeting*
 - *Joint Decision-making*
 - *Public Expenditure Reviews – increased inclusion of citizens in monitoring public administration and politics*
- Encourage private sector and civil society to report on their progress towards the SDGs

Consider SDG 17 – Global Partnerships

- Adequate funds / resources required for prioritizing investment for sustainable development
- International collaboration to pursue transformation agenda
 - *Financial support properly addressed*
 - *Address debt sustainability*
 - *Technology transfer*
 - *Trade restructuring*
 - *Data systems development – strengthening national information systems*
 - High-quality, accessible, timely, reliable, suitably disaggregated
 - To support regular, open, transparent, and inclusive reviews of progress

Optimal Approach to Global Partnerships

- Plan for international collaboration for investment and transformation agenda
 - *Basic Principles:*
 - Domestic public finance is largest stable contributor
 - Commit to achieving levels of productivity that yield government revenue to sustainably fund inequality reduction, poverty eradication and sustainable development
 - *Strengthen the institutions responsible for revenue policy and collection and their oversight*
- Regional and Sub-regional Strategies offer significant advantages
- Stress mechanisms that encourage sharing of knowledge, co-creation of new knowledge and providing adequate finance

Optimal Approach, Cont'd

- Participate in Technology Facilitation Mechanism, (Addis Ababa Action Agenda)
 - *UN Interagency Task Force; Multi-stakeholder Forum; Online Forum*
- However
 - *Target support to development of the feasible domestic capital sector*
 - Investment in linked education, training, science, technology, and innovation
 - International collaborations to achieve knowledge-sharing and capacity building for co-creation of new knowledge
 - Special role for export-oriented tertiary education institutions

Summary

- Pursuing the SDGs is great opportunity to achieve Economic Transformation
- However, approach must fit the facts of the Caribbean Case
- This means focusing its application on development of the domestic capital sector
 - *Provides a unified approach to all goals and targets*
 - *Creates the right balance between short-term private and political returns and a country's long-term capacity building and strategic direction*

Thank You

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