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 a 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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