



Economic Commission for Latin America and the Caribbean  
Subregional Headquarters for the Caribbean

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LIMITED  
LC/CAR/L.400  
4 March 2013  
ORIGINAL: ENGLISH

**CARIBBEAN FORUM:  
SHAPING A SUSTAINABLE DEVELOPMENT AGENDA  
TO ADDRESS THE CARIBBEAN REALITY  
IN THE TWENTY-FIRST CENTURY**

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## **Acknowledgement**

The Economic Commission for Latin America and the Caribbean (ECLAC) Subregional Headquarters for the Caribbean wishes to acknowledge the assistance of Dr. Vasantha Chase, Dr. Winston Moore, Ms. Luvette Louisy, Ms. Norma Cherry-Fevrier and Ms. Maxine Harris in the preparation of this report.

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## **Caribbean Forum:**

Shaping a Sustainable Development Agenda to address  
the Caribbean Reality in the 21st Century.

*March 2013*





## **Theme 1**

Human development, citizen security and  
human rights in the Caribbean



# PROMOTING HUMAN DEVELOPMENT, CITIZEN SECURITY AND HUMAN RIGHTS IN THE CARIBBEAN SMALL ISLAND DEVELOPING STATES

## HUMAN DEVELOPMENT IN CARIBBEAN SIDS

Human development can be defined as a process of enlarging people's choices. The most critical ones are those that lead to a long and healthy life, to be educated and to have access to resources needed for a decent standard of living. Human development also encompasses other choices valued by people ranging from political, economic and social freedom to opportunities for being creative and productive, and enjoying personal self-respect and guaranteed human rights. Essentially, human development has two sides: (i) the formation of human capabilities such as improved health, knowledge and skills and (ii) the use people make of their acquired capabilities - for leisure, productive purposes or being active in cultural, social and political affairs<sup>1</sup>. The Millennium Development Goals (MDGs) represent a global commitment to human development aimed at advancing the well-being of developing countries using a human rights approach<sup>2</sup> by reducing extreme poverty, extending gender equality and advancing opportunities for health and education<sup>3</sup>.

The Human Development Index mainly purported by UNDP's Human Development Reports is a method used to assess and measure the human development of countries. This assessment looks at the average achievements in a country based on access to a long and healthy life; access to knowledge and a decent standard of living. Based on this model, the last Human Development Report 2011 identified Barbados as the only Caribbean country with "very high human development" with a rank of 47 out of 187 countries. This was followed by Cuba (51); Bahamas (53), Antigua and Barbuda (60); Trinidad and Tobago (62); Grenada (67); Saint Kitts and Nevis (72); Jamaica (79); Dominica (81); Saint Lucia (82) and Saint Vincent and the Grenadines (85) with "high human development". The countries with "medium human development" are Dominican Republic (98); Suriname (104) and Guyana (117) while Haiti is the only country in the Caribbean in the "low human development" group with a rank of 158.<sup>4</sup>

Furthermore, according to the Caribbean Human Development Report (2012)<sup>5</sup>, significant strides have been made in human development in the Caribbean particularly in health and education. There have been marked increases in life expectancy and a marked decline in infant mortality across most of the countries of the region since the 1960s. However, according to the World Bank (2011)<sup>6</sup>, the Caribbean has undergone demographic and epidemiological transitions, whereby the population is living longer and as a result creating new demands on health systems. Creating additional demands on these health systems is the increase in non-communicable diseases (NCDs) such as cardiovascular diseases and diabetes. In

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<sup>1</sup> UNDP. (1990). *Human Development Report 1990*. [http://hdr.undp.org/en/media/hdr\\_1990\\_en\\_front.pdf](http://hdr.undp.org/en/media/hdr_1990_en_front.pdf). Accessed March 1, 2013.

<sup>2</sup> UNDP. (2004). *Regional Report on the Achievement of the Millennium Development Goals in the Caribbean Community*. <http://web.undp.org/latinamerica/docs/RegionalMDGCaribbean.pdf>. Accessed March 1, 2013.

<sup>3</sup> UNDP. Human Development Report. 2006 Beyond Scarcity: Power, Poverty and the Global Water Crisis.

<sup>4</sup> UNDP. Human Development Report. 2011 Sustainability and Equity: A Better Future for All

<sup>5</sup> United Nations Development Programme (UNDP). (2012). *Caribbean Humana Development Report 2012: Human Development and Shift to Better Citizen Security*. [http://hdr-caribbean.regionalcentre-lac-undp.org/images/PDF/caribbean\\_hdr\\_2012.pdf](http://hdr-caribbean.regionalcentre-lac-undp.org/images/PDF/caribbean_hdr_2012.pdf). Accessed February 20, 2103.

<sup>6</sup> The World Bank. (2011). *The Growing Burden of Non-Communicable Diseases in the Eastern Caribbean*. [http://siteresources.worldbank.org/LACEXT/Resources/informe2no\\_jamaica.pdf](http://siteresources.worldbank.org/LACEXT/Resources/informe2no_jamaica.pdf). Accessed March 1 2013.

keeping with these developments, the World Health Organisation (WHO) (2010) states that poverty is closely linked to NCDs and the rise in these health problems are predicted to hinder poverty reduction initiatives.

Regarding access to education, secondary education is nearly universal and there is much greater access to tertiary education. Reflected in the various Human Development Index (HDI) scores and rankings for Caribbean countries, are the numerous advances made in reducing poverty levels and improving living standards. Additional advances have also been made in political development and democratic governance. Moreover, countries of the region are relatively stable democracies with high levels of political participation and low and declining levels of political violence (mainly related to electoral cycles), only with few exceptions. Generally, there has been democratic stability in electoral systems that are supported by progressive consolidation of the rule of law. Also, other major achievements that have been made in political developments include: the reduction of undue and unlawful political influences on law enforcement and the protection of independence of the courts.

Another factor impacting on human development in the Caribbean is international and regional migration. Caribbean peoples have migrated both internally and externally for decades in search of better economic opportunities leading to the formation and structure of triangular family links. Recent literature on Caribbean kinship has reversed the image of the Caribbean family unit as one of fragmentation, breakdown and dysfunction by highlighting functioning and supportive extended family networks despite residential and geographical separation<sup>7</sup>, “viewed from the perspective of interdependent linkages the Caribbean family emerges as a transnational institution, powerful and resilient.” The Caribbean transnational family has been described as one of the most effective functioning family units brought about as a result of migration.<sup>8</sup>

Within this context the transnational family extends across national boundaries, where migrant parents live overseas leaving children and grandmother in the home country. Economic and emotional support continues to be provided through remittances which are sent home on a regular basis. Migrant parents in the host countries perform the breadwinner role, while the nurturing of children is carried out by extended family members such as grandmothers or other relatives with whom children reside, until they are reunited with their parent(s). These features are deemed the positive elements of migration but there are also some negative outcomes, which serve as a threat to sustainable development. All of these changing aspects of human development impact on the security of citizens and are particularly pertinent to the Caribbean.

### **CITIZEN SECURITY**

Citizen security may be regarded as a dimension of human security where the focus is on the citizen as the subject to be protected and served by the state. It positions the citizen as a participant, and a power to which state actors are directly accountable. In this construct, it is conceived as the social situation in which all persons are free to enjoy their fundamental rights and in which public institutions have sufficient capacity, against a backdrop of the rule of law, to guarantee the exercise of those rights and respond efficiently when those rights are violated. Furthermore, the concept of ‘citizen security’ is associated with security against the threat of crime or violence and is used to refer to the paramount

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<sup>7</sup> See UNICEF 2003.

<sup>8</sup> Rosina Wiltshire-Brodber. 1986. The Caribbean Transnational Family.

security of individuals and social groups. It does not stand in opposition to the preservation of the territorial integrity of the state.<sup>9</sup>

Citizen security rests on the following assumptions:

- That citizen involvement improves the responsiveness of the state. This is particularly true and applicable in highly centralized state systems with a weak service orientation such as those that we have in the Caribbean.
- That citizens' participation improves the effectiveness of the crime prevention and control programmes and the work of the responsible state institutions.
- With citizens' participation there is likely to be better definition and targeting of the problems, better information flows, greater trust and confidence and improved accountability. The citizen is viewed as a problem-solver.

The primary source of insecurity in the Caribbean is social violence, defined as the violence of citizens against other citizens. (Harriot 2010). Jamaica, for example is considered among the top three most violent countries in the world, a situation that is replicated through the Caribbean. "This violence may be associated with predatory crimes, drug crimes or with conflicts"... such as gang violence in communities. "The state is also a source of insecurity, but this is due mainly to the use of perverse methods to manage criminal violence" which often borders on the violation of human rights. (Ibid)

In terms of crimes of a domestic nature, available Caribbean data paints a horrific landscape of pain and suffering, confirming the fact that the region has one of the highest incidences of gender based violence (GBV) globally. For example, data for the ten year period 2001 to 2011 collected by the Crime and Problem Analysis (CAPA) unit of the Trinidad and Tobago Police Service<sup>10</sup> indicate that domestic violence claimed the lives of an average of twenty-five persons annually. A 2009 ECLAC publication<sup>11</sup> indicated that femicide (murders of women related to domestic violence) in the Bahamas represented 42% of all homicides in 2000, 44% in 2001 and 52% in 2002. The global statistics on GBV has deemed it as one of the major obstacles to the full realization of gender equality and the empowerment of women.

Public perception of limited commitment of governments to promote citizen security, reduce crime and violence, and contain conflict may result in the lack of credibility of public institutions such as the judiciary and police; as well as negatively affect trust in democratic governance and how the public views these actors. Thus, poor quality citizen security impacts people's ability to move freely in their communities, particularly women who are the subject of rape, robbery and other violent crimes.

These issues generate fear in communities and cause persons to augment their personal security e.g. through the use of wrought iron bars. Issues of fear may also further affect different sectors of the population and generate both direct and indirect social, economic and political costs.

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<sup>9</sup> Caribbean Human Development Report 2012

<sup>10</sup> Express Woman – The new fight against domestic violence. Express Newspaper of Trinidad and Tobago, September 16, 2012

<sup>11</sup> ECLAC 2009. No More! The Right of Women to Live a Life Free of Violence in Latin America and the Caribbean.



Many Caribbean countries confront severe security challenges of organized crime, such as narco-trafficking, as well as of corruption, juvenile crime, and youth gangs. Crime, violence and conflict instill fear and anxiety about personal security and hinder economic development by making the region unattractive for investment.

## **HUMAN RIGHTS AND SUSTAINABLE DEVELOPMENT**

Human development is a broader framework that includes not only the MDGs, but emphasizes broader principles of human rights, democracy and participation to shape pathways for change. The United Nations reports that today, many human rights protected in its conventions are being violated (UNIRSD, 2011)<sup>12</sup>. Despite being signatories to international agreements that have the human rights concept entrenched in them, efforts are still required by Caribbean countries to ensure that the human rights are not violated.

Caribbean Countries are signatories to a wide variety of Conventions and international standards and agreements, especially the International Labour Organization (ILO) Conventions. In addition, they have introduced national legislation and reforms and implemented State programmes and projects to complement these Conventions. As signatories to the United Nations Millennium Development Goal Declaration, the Governments of ECLAC/CDCC member and associate member states committed formally in 2000 to pursuing and achieving the United Nations (UN) Millennium Development Goals (MDGs), a common set of goals and targets to bring all people up to minimum acceptable standards of human development by 2015. Governments by signing on to these agreements have three levels of obligations, namely to respect, protect and fulfil every right of the individual. The human right based approach focuses on those who are most vulnerable, excluded or discriminated against.

These agreements provide the blueprint for action by Caribbean Governments to promote and protect the human rights of persons to live a life of dignity, free from poverty, abuse and dependence. This includes substantive rights relating to adequate standard of living, including access to adequate food, water and sanitation, housing, clothing, health services, education, employment, enjoyment of culture, freedom of expression, assembly and association, and international assistance and cooperation. The promotion of the social and economic rights is fundamental to the realization of full human development and no society can or should deny the human rights of its people. Caribbean SIDS have taken responsibility to gradually implement and progressively realise the economic social and cultural rights of their people through national legislation, policies and administrative and budgetary measures.

In the Caribbean many of the development gains have been reversed as a result of recent crises and challenges such as widening poverty gaps, food shortages, climate change, rising unemployment, popular unrest, the global financial crises, and other pressing issues which confront our subregion today. These challenges have undermined the ability of countries to mobilize resources for development, thus making it more difficult to achieve the internationally agreed development goals, most notably the Millennium Development Goals. Even when progress on MDGs is on track, stigmatized and neglected people, including minorities and people with disabilities, continue to be left behind.

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<sup>12</sup> United Nations Research Institute for Social Development (UNRISD). (2011). *Social Development in an Uncertain World: UNRISD Research Agenda 2010 – 2014*. 16 pp.  
[http://www.unrisd.org/80256B42004CCC77/\(httpInfoFiles\)/43BFA3387807E7E680257920004253C7/\\$file/ResAge10-14a.pdf](http://www.unrisd.org/80256B42004CCC77/(httpInfoFiles)/43BFA3387807E7E680257920004253C7/$file/ResAge10-14a.pdf).

The realization of a wide range of civil, political, economic, social and cultural rights is affected by the fact that many children, women and men – the very subjects of development – still live in need of the fulfillment of their entitlement to a life of dignity, freedom and equal opportunity, including citizen security, which is critical to development and key to quality of life. “Security, as elusive as this may seem in the Caribbean ... is an important element in quality of life. Citizen security should therefore be kept in view as developmental goals are pursued.”<sup>13</sup>

## **INEQUALITY AND SOCIAL EXCLUSION**

Social exclusion embraces a side set of circumstances linked to poverty but which are more pervasive and linked more directly to factors which promote inequality. Features of social exclusion, includes lack of access to opportunities which promotes full participation in political, economic, cultural and social aspects of society such as unequal distribution of income and assets, but more fundamentally is linked to social deprivation. Hence the concept of multidimensional poverty is an important aspect in defining social inequality and social exclusion. Over the past decade or more there has been a considerable shift in approaches to measuring poverty and development, where the focus includes measuring not only the economic production factors that contribute to poverty but also those factors that leads to an overall improvement in wellbeing.

These factors impinge on large groups of marginalized and vulnerable groups who lack power and voice to participate in society, and are mostly invisible in public life. The lack of voice and power is most visible in the low representation of excluded groups such as the poor, youth and women in political decision-making. For example while the number of women in decision making has been increasing, they still hold less than twenty percent of seats in Parliament, although the region has two female Prime Ministers.

Social exclusion has intergenerational dimension that locks certain groups into poverty over several generations. To combat this intractable social problem, a number of social protection programmes have been or are being implemented to help the poor, marginalized and vulnerable groups to gain access to opportunities to break the transmission of disadvantage and exclusion between generations.<sup>14</sup>

## **SOCIAL PROTECTION IN THE CARIBBEAN**

Caribbean countries provide an impressive range of social protection programmes to support vulnerable groups; however many of these initiatives are plagued by significant gaps and deficiencies and therefore do not provide the necessary support to assist households and communities. While social protection measures are often equated with social welfare policies, it is important to point out that social protection encompasses a broad range of provisions including unemployment benefits, taxation schemes, and labour market interventions, such as skills training. More recently, many Caribbean governments have implemented Conditional Cash Transfer (CCT) programmes, which are viewed as the new generation of anti poverty policies. The majority are aimed at the elimination of poverty amongst women who are often the poorest of the poor and who have major responsibility for households and the unpaid care work in the home.

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<sup>13</sup> Harriot Anthony 2010. Citizen Security and Human Development in the Caribbean – some Thoughts: Charting the Way Forward for the Preparation of the Caribbean Regional Human Development Report on Citizen’ security. Kingston.

<sup>14</sup> Buvinic Mayra. Introduction: Social Inclusion in Latin America, in Social Inclusion and Economic Development in Latin America. Inter-American Development bank.

Social protection is viewed as a long term development measure, with the goal of reducing poverty, vulnerability and risk amongst low income households by providing them with financial and other assistance to enable them to meet their basic needs with regard to consumption and services and, as such, have become an important component in social development policies. Social protection is aimed at protecting individuals and their households from poverty and deprivation. It addresses poverty and social exclusion, and include labour and employment standards, policies aimed at ensuring maternity leaves and pension for old people, and programmes directed at work related contingencies, such as unemployment or work related injuries, and basic safety nets<sup>15</sup>.

There is a growing body of evidence that shows social protection policies such as cash transfer programmes positively impacts the lives of beneficiaries and therefore can be socially transformative because they can assist in empowering marginalized and vulnerable people, by reducing poverty and strengthening of livelihoods and as such can also further progress in achieving the Millennium Development Goals.

Today, the issue of social protection has reached a historic turning point at which the subregion is called upon to take a different approach in coping with the new global order and its implications for national societies. The main reason why solidarity-based social protection mechanisms need to be rethought is that the labour market has not demonstrated a capacity for greater inclusiveness, either through the creation of decent job opportunities or in terms of the level of social protection contributions. It is important, certainly, to promote policies to create more and better jobs, but in the short and medium terms, employment cannot be expected to serve as the sole mechanism for protecting the bulk of the population from the risks associated with a possible loss of income, health problems and ageing.

## **RESPONSES AND INTERVENTIONS**

Governments have addressed the persistence of poverty through the implementation of various poverty reduction policies and strategies, social protection interventions and strategies that supports the improvement of infrastructure, reforms in health, education, and the social safety net.<sup>16</sup> Despite this, poverty remains a problem as new types of poverty are emerging and this continues to undermine the role of the family in the Caribbean as a unit of social cohesion<sup>17</sup>. More specifically, investments have been made in early childhood education in many Caribbean States with a view to reducing crime from early intervention, but the murder rate has been increasing in recent years.

## **CONDITIONAL CASH TRANSFER PROGRAMMES**

Caribbean countries have taken steps to implement conditional cash transfers (CCT) as a vehicle for the reduction in poverty as a means towards accelerating achievement of the MDGs. These programmes are premised on the long term transformation of beneficiaries who are supported to protect and build their

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<sup>15</sup> *Social Safety Nets* ensure that all the different groups of the population have reasonable access to minimal income and basic social services in situations as involuntary unemployment, old age or sudden economic crisis. They traditionally are introduced during economic crisis and phased out during period of recovery. If there are no safety nets a fall in income can lead to permanent poverty.

<sup>16</sup> World Bank. (1995). *Trinidad and Tobago: Poverty and Unemployment in an Oil Based Economy*. [http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/IB/1995/10/27/000009265\\_3961008024114/Rendered/PDF/multi0page.pdf](http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/IB/1995/10/27/000009265_3961008024114/Rendered/PDF/multi0page.pdf). Accessed February 27, 2013.

<sup>17</sup> ECLAC. (2008). *Exploring Linkages between Poverty, Crime and Violence: A Look at Three Caribbean States*. <http://www.eclac.cl/publicaciones/xml/2/33252/L172.pdf>. Accessed February 22, 2013.

human capabilities, for example, children attend school or family members regularly visit health clinics. Evidence based on monitoring and Evaluation of CCTs in other regions indicate that well targeted programmes have contributed to improvements in the incomes of poor households, helping to lift them out of poverty and do play a valuable role as basic protection. (Eduardo Zepeda, 2006).

Conditional cash transfer programmes share the same feature of targeting women as the primary beneficiaries of the transfer. Women, particularly mothers, usually dominate caring and nurturing roles in the family. They are also more likely than men to invest their income into meeting the needs of family members. The goal of CCTs is to eliminate intergenerational poverty, by investing in children's health and education, therefore aiming to ensure the maximum benefit of cash transfer is properly spent on such investment. Thus, the transfer is given to the women in the family because the money spent by women tends to be concentrated on goods and services that are more likely to have positive effects on the children's well-being. (Soares and Silva 2010). The Caribbean have taken steps to provide more assistance to boys in recognition of the fact that boys are lagging behind girls in many areas, but more particularly in the area of education.

The government of Jamaica embarked on the reform of its social safety net programmes in order to increase their efficiency and effectiveness and ultimately contribute to the achievement of the MDGs. The PATH programme implemented in 2001 is viewed as a new approach to social protection in the Caribbean combining social assistance with the promotion of human capital development among children and young people as a means of breaking the poverty cycle, through monetary transfers to poor households to assist with ensuring that their children receive adequate health, nutrition and educational provisions. In 2008, the government implemented changes to the PATH programme by expanding the size of the target group and introduced higher benefits at the primary and secondary transition points, with an extra 10.0 per cent for boys.<sup>18</sup>

Evaluation indicates early successes in targeting the poorest households for benefits, and in particular increased school attendance among children in beneficiary families and a reduction in poverty levels. The programme was therefore deemed to have had a positive impact on school attendance, and overall poverty had fallen from 19.1% in 2002 to 16.1% in 2004. This has contributed significantly to the country being on track to achieve millennium goal one. Similar programmes have been introduced by the Government of Trinidad and Tobago who in 2006 implemented a national CCT programme providing short term food assistance and developmental initiative targeting vulnerable people and families with limited or no income. In 2011 the Government of Barbados implemented the pilot phase of the ISEE BRIDGE programme with funding from multilateral institutions. It is a rights-based targeted intervention programme which will provide assistance to address the needs of each member of households with the goal of transforming their lives through the reduction of intergenerational poverty.

## **CHALLENGES**

The Caribbean, the world's most heavily tourism dependent region, is becoming highly susceptible to crimes of opportunity as well as politically motivated crimes. With tourism destinations increasingly becoming the hosts for sporting events, and with tourism destinations and sporting events becoming the targets for both types of crime, the implementation of the Caribbean Single Market and Economy (CSME) will arguably increase region's susceptibility to such events, thereby challenging its ability to address traditional, non-traditional, as well as human security issues. Efforts have to be made to bridge

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<sup>18</sup> Economic and Social Survey of Jamaica 2008. Planning Institute of Jamaica

the gap as despite the many achievements to human development in the Caribbean, there are still many confronting challenges.

According to the Economic Commission for Latin America and the Caribbean (ECLAC) (2008)<sup>19</sup>, the linkage between poverty, crime and violence is based on two central arguments that (i) crime and violence can retard growth and development and lead to increasing poverty and inequality and (ii) that inequality, relative deprivation and social exclusion contribute to increasing levels of crime and violence much more than the absolute measures of income poverty. This is evident in the Caribbean, where economic growth, while promoting increased opportunities has at the same time created unrealistic expectations leading to high levels of inequality and exclusionary trends. These trends are manifested in high youth unemployment and jobless growth resulting in high crime rates including violent crimes. These high crime rates, in turn, are not only responsible for creating insecurities within the population, but have also inspired migration that depletes social capital and slows down the development process.

Consistent with this, the Caribbean Development Bank (CDB) (2007)<sup>20</sup> highlights the rising effects of social and economic deficiencies including: high levels of unemployment among the youth, growth in urban poverty and new types of rural poverty and the relationship between crime and poverty as issues of great concern in the region. The issue of poverty manifest in other growing issues that threaten citizen security, which includes: domestic and gender based violence, delinquency, narco-trafficking, human trafficking, movements of small arms, and food insecurity. These issues of citizen security are further complicated by criminal deportees who return to the Caribbean.

There have been efforts made at addressing domestic violence through the implementation of domestic violence legislation and stiffer penalties and rehabilitation programmes for those committing these crimes, but this problem is still not clearly understood in the region. Further, it must be noted that gender-based violence mostly affects women and children.

Transnational crimes such as drug trafficking are increasing in the Caribbean which in turn has fuelled an increase in gun violence. This further contributes to local drug use, gang violence, prostitution and property crime (ECLAC, 2008)<sup>21</sup>. Human trafficking in the region is now believed to be a growing problem and has been recognised by regional bodies such as the Caribbean Community (CARICOM), the Association of Caribbean States and the Organisation of American States (OAS)<sup>22</sup>. Another growing subject of debate is the contribution of criminal deportees to crime in the Caribbean as they return to the region without sufficient information. Apart from just being threats to society, deportees themselves are

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<sup>19</sup> Economic Commission for Latin America and the Caribbean. (2008). *Exploring Policy Linkages between Poverty, Crime and Violence: A look at Three Caribbean States*. <http://www.eclac.cl/publicaciones/xml/2/33252/L.172.pdf>. Accessed February 22, 2013.

<sup>20</sup> Caribbean Development Bank (CDB). (2007). *Annual Economic Review 2006*. Bridgetown: Caribbean Development Bank. <http://www.caribank.org/publications/annual-economic-reviews/annual-economic-review-2006>.

<sup>21</sup> Economic Commission for Latin America and the Caribbean. 2008. *Exploring Policy Linkages between Poverty, Crime and Violence: A Look at Three Caribbean States*. <http://www.eclac.cl/publicaciones/xml/2/33252/L.172.pdf>. Accessed February 22, 2013.

<sup>22</sup> Kempadoo, Kamala. (2006). *The war on Human Trafficking in the Caribbean*. Race Class, 49 (79). [http://myweb.dal.ca/mgoodyea/Documents/Migration%20studies/The%20war%20on%20human%20trafficking%20in%20the%20Caribbean%20Race%20Class%202007%2049\(2\)%20%2079-85.pdf](http://myweb.dal.ca/mgoodyea/Documents/Migration%20studies/The%20war%20on%20human%20trafficking%20in%20the%20Caribbean%20Race%20Class%202007%2049(2)%20%2079-85.pdf).

made vulnerable due to discrimination and the absence of programmes and institutions that are focused on facilitating their reintegration into society (UNDP, 2012)<sup>23</sup>.

Despite the fact that the region provides equal access to education, compared to females at the secondary school level, males continue to exhibit much higher levels of educational underachievement.

Despite these examples of ongoing programmes, efforts still prove to be inadequate as challenges are focused on addressing citizen security issues at the state level. Much more is required and there must be a move towards an integrated people-centred, citizen security approach that takes into account the six (6) central concerns of human security in order to successfully address the challenges of human development in the Caribbean. The focus must therefore shift from the view that the provision of security lies solely on the state, to building resilience at the community level by empowering communities. This would engender a participatory bottom-up approach to citizen security that increases its focus on the community and the individual that in turn feed into national policies and plans, regional policies and strategies and international partnerships so as to attain higher levels of human development.

#### **RECOMMENDATIONS FOR BUILDING SOCIAL RESILIENCE FOR SUSTAINABLE EQUITABLE HUMAN DEVELOPMENT IN THE POST-2015 DEVELOPMENT AGENDA**

The new paradigm on human security promotes a concept of security rooted in respect for all human rights and democratic principles rather than on traditional defense approaches. The concept can also contribute to sustainable development, particularly through poverty eradication and emphasizes prevention at the root of various forms of violence, discrimination and conflict. Overall, it provides an all encompassing theme on the six (6) core human security concerns that once addressed, can that benefit populations largely affected by partial and interrelated insecurities<sup>24</sup>.

The following recommendations may be considered in enhancing a rights-based approach to sustainable development:

- Incorporation of aspects of human rights in existing policies in the subregion. A policy that addresses security and rights may not in itself be necessary but will be impactful if elements of such a policy be mainstreamed into cross sectoral policies;
- Strengthening the legal framework in order to make allowances for equity in social, economic and environmental factors in the work place. For example, labour laws that address the minimum wage need to be examined to ensure that they are in keeping with international commitments to which Caribbean countries are signatory;
- Improvements in economic stability in the subregion. This will address unemployment as well as improved working conditions of the employed through the promotion of equity in remuneration and gender;
- Equity in financial allocations needs to be addressed in order to ensure that all citizens feel secure. The traditional practice of protecting citizens by maintaining military strength should be examined and attention paid to needs in the social sector;

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<sup>23</sup> United Nations Development Programme (UNDP). (2012). *Caribbean Humana Development Report 2012: Human Development and Shift to Better Citizen Security*. [http://hdr-caribbean.regionalcentre-lac-undp.org/images/PDF/caribbean\\_hdr\\_2012.pdf](http://hdr-caribbean.regionalcentre-lac-undp.org/images/PDF/caribbean_hdr_2012.pdf). Accessed February 20, 2103.

<sup>24</sup> UNESCO. (2008). *Human Security: Approaches and Challenges*. <http://unesdoc.unesco.org/images/0015/001593/159307E.pdf>. Accessed February 27, 2013.

- Improved access to natural resources according to needs may be promoted. It is important to ensure that citizens are able to access the resources that are necessary to sustain livelihoods;
- Participation of citizens in decision-making should be encouraged. This could take the form of public consultations prior to the presentation of bills in Parliament as well as the encouragement of citizens to comment on green papers;
- Preparations for adaptive and mitigative actions with respect to the rights of citizens to address vulnerabilities. Institutions with responsibility for disaster management need to be strengthened and programmes to build resilience need to be enhanced and to become more inclusive especially to citizens who reside in less accessible locations;
- Addressing the health concerns especially of the poor, elderly and handicapped. Special attention needs to be paid to vulnerable groups within the society with a view to either enhancing their capabilities or affording protection;
- Programmes that co-opt the skills of all citizens to address crime and violence need to be developed. This should include an effective monitoring mechanism for maintain law and order.



## **Theme 2**

Promoting inclusive growth through diversification,  
creativity and innovation in the Caribbean





# PROMOTING INCLUSIVE GROWTH THROUGH DIVERSIFICATION, CREATIVITY AND INNOVATION

## 1. RELATIONSHIP BETWEEN GROWTH, DIVERSIFICATION AND STRUCTURAL CHANGE

Traditional economic models place a special emphasis on economic change as a fundamental component of economic development. Lewis' (1954) *Theory of Development*, for example, largely focused on how an underdeveloped country, based primarily on subsistence agriculture, transitioned to a modern industrial based economy. The model is based on the notion that the subsistence sector is characterised by zero marginal labour productivity (and low wages) while the industrial (modern) sector has a high level of labour productivity (and high wages). Assuming an unlimited supply of labour, the modern industrial sector can expand and create new sectors without increasing the existing wage rate. This process continues until the modern industrial sector absorbs all the labour from the subsistence sector.<sup>25</sup> The model therefore suggests that with supporting policies, relatively under-developed economies can be transformed into modern dynamic economies. The process of structural transformation is also a fundamental part of theoretical models that emerged from the region, the so-called *Plantation Economy* models, which argued that the cycle of persistent under-development that characterises plantation economies can only be escaped if radical change occurs in the institutional structure of the economy (e.g. economic, social and political structures) (Best, 1968; Beckford, 1972).

While economic change is a fundamental part of economic development, economic diversification can either increase or decrease with economic development. Indeed, Imbs and Wacziarg (2003) argue that there exists U-shaped pattern in relation to per capita income: at early stages of development, diversification first increases, but after a certain per capita income threshold, diversification then begins to fall. In a closed economy, if agents have non-homothetic preferences, diversification will change as income rises (greater demand for variety). Since the economy does not engage in international trade, the demand for variety is met via greater production variety or sectoral diversification, but this limits the gains from specialization. Diversification can also increase with income by linking capital accumulation to the degree of market incompleteness (Acemoglu & Zilibotti, 1997). Assume that economic agents invest funds in imperfectly correlated risky projects (sectors). Not all of these projects are available at a given point in time, however, due to minimum scale constraints. This therefore implies that the more sectors or projects that are available, the more likely economic agents would put their funds in risky investments. In addition, as the capital stock of the economy rises, this leads to higher savings and therefore a larger number of sectors. The sectoral diversity that develops is an endogenous response to the desire to diversify idiosyncratic risk. Diversification could also emerge as a result of an increase in the range of varieties offered, extensive margin, particularly if there is a demand for a wide variety of imports.

Much of the empirical literature on structural change, diversification and development supports the theoretical analysis provided earlier. As early as the 1950s Kuznets (1956), for example, observed that the dynamics of development were quite uneven: there are shifts in terms of the size and growth of countries. Employing Schumpeterian approach, Kuznets argued that this observation was largely due to demand effects and technological change. Technological progress makes new goods available, but after a while demand reaches its saturation point, and new goods (sectors) emerge. Kuznets therefore argues that

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<sup>25</sup> The existence of unlimited supplies of labour ensures that growth can be sustained overtime.

growth is closely associated with changes in economic structure. Moore and Walkes (2010) report that more diversified economies tend to have lower rates of output, consumption and investment growth volatility. In addition, these countries are also less likely to experience any negative effects from opening their capital and trade accounts.

## 2. STRUCTURAL CHANGE AND DIVERSIFICATION IN THE CARIBBEAN

Most Caribbean economies have experienced structural change away from agriculture towards services. In 1970, the contribution of services to overall GDP was 68.5%, by 1990 this had risen to 71.4% and to a further 77.7%. This expansion has largely taken place due to the emergence of tourism and relative activities as well finance, and to some degree construction activities. At the same time, the share of GDP attributed to agriculture and industry has been declining for much of the review period. Indeed, the share of overall activity attributed to agriculture has contracted in every country considered, while Belize, Grenada and Trinidad and Tobago were the only countries report an increased share of output going to industry.

**Table 1**  
**GDP by Activity (% of GDP; 1970-2010)**

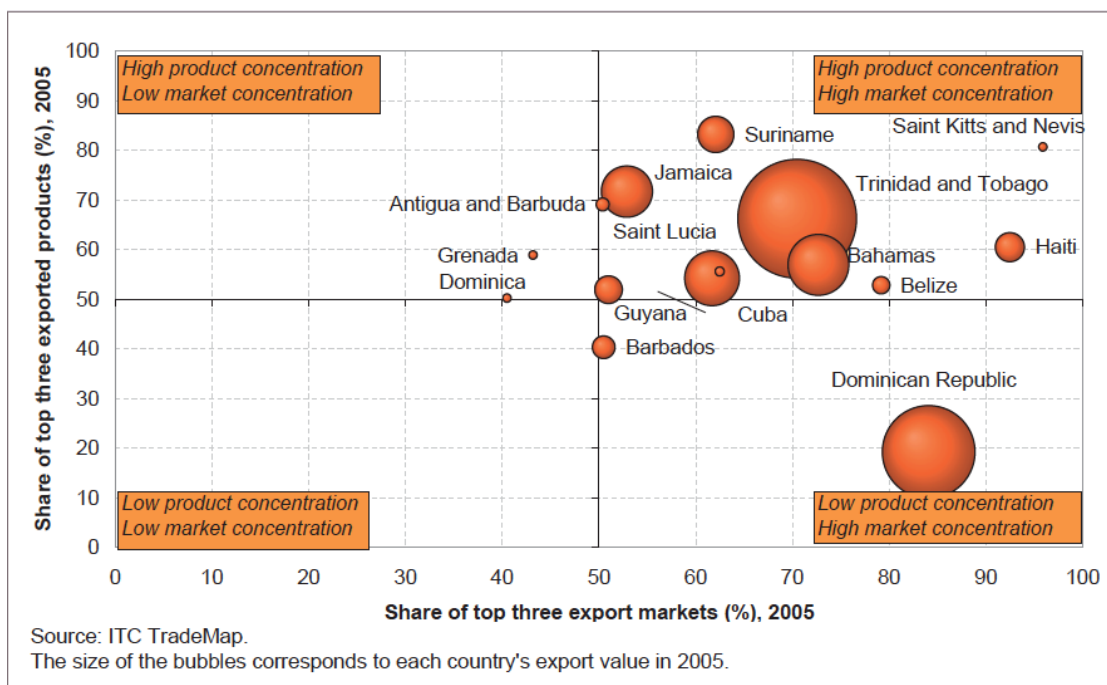
	Agriculture			Industry			Services		
	1970	1990	2010	1970	1990	2010	1970	1990	2010
Antigua and Barbuda	4.5	2.0	2.1	9.8	7.4	7.3	85.8	90.6	90.6
Bahamas	2.2	2.9	2.0	7.4	6.6	7.3	90.4	90.5	90.7
Barbados	6.5	3.8	1.6	12.4	13.2	10.4	81.1	83.0	88.0
Belize	26.2	20.7	11.8	12.6	17.8	16.6	61.2	61.4	71.6
Grenada	20.0	12.7	5.1	5.6	10.1	9.3	74.4	77.2	85.6
Guyana	10.8	31.0	17.6	37.0	21.4	24.5	52.2	47.7	57.9
Haiti	46.9	30.9	20.9	16.5	16.9	9.4	36.7	52.2	69.7
Jamaica	6.4	6.2	5.9	25.4	25.7	13.1	68.2	68.1	81.0
St. Kitts & Nevis	13.3	4.3	1.6	14.9	11.5	8.5	71.8	84.2	89.8
St. Lucia	14.7	13.7	3.2	11.2	10.7	8.4	74.1	75.5	88.5
St. Vincent & the Grenadines	14.0	16.7	7.1	10.6	12.3	10.3	75.4	71.0	82.6
Suriname	8.0	17.3	10.7	33.5	16.6	32.4	58.5	66.0	56.9
Trinidad and Tobago	4.8	2.6	0.6	34.0	36.9	42.7	61.2	60.5	56.7
Average	13.7	12.7	6.9	17.8	15.9	15.4	68.5	71.4	77.7

Source: United Nations Main National Accounts Aggregates

The structural shift observed in the region over the last 40 years, could be interpreted in Lewis' (1954) construct as a natural progression: resources are being moved from the low productivity sectors of the economy to the more modern service industries. The Plantation Economy school would argue, however, that this shift to services does not necessarily mean that the underlying characteristics of the economy have changed: economies are still undiversified (with tourism being the main driver of economic activity) and highly dependent on external demand conditions. Indeed, competitiveness is basically about choosing sets of activities that deliver a unique mix of value (Porter, 2008).

The types of goods that the region exports do not tend to be unique: the Caribbean, by and large, exports a small set of goods and services that are being produced by other countries around the world. Moreover, the region tends not to be competitive in a number of these commodity goods and services. Figure 1 plots the share of the top three export markets against the share of the top three exported products. The exports from most countries in the region are highly concentrated in a few markets, primarily the US and UK and by and larger in a few product categories. In St. Kitts and Nevis, for example, the top three markets account for 95% of exports, while the top three product categories represent 80% of exports.

**Figure 1**  
**Product and Export Market Concentration**



Small Island Developing States, such as those comprising the Caribbean Basin, have undergone a series of transitions with respect to creativity and innovation in the post-colonial era. The region not only represents one of the most ecological diverse areas on the planet<sup>26</sup> but also possesses an amalgamation of cultural norms and ideals that have the potential to significantly impact upon businesses practices. The region, therefore, exhibits a comparative advantage that can be harnessed to stimulate much needed economic growth and social improvement<sup>27</sup>.

Innovation is not only the more advanced stage of creativity, but also a vital contributor to economic development. It can be described as “the application of inventions of new production processes and methods to production activities as well as the introduction of new products. It encompasses the introduction of new social and institutional methods of organization and management commensurate with

<sup>26</sup>The State of Biodiversity in Latin America and the Caribbean, UNEP 2010

<sup>27</sup>‘Biodiversity and Ecosystems: Why these are Important for Sustained Growth and Equity in Latin America and the Caribbean,’ UNDP Status Report based on the 2008–2011 UNDP Regional Programme for Latin America and the Caribbean. Available at: [http://www.bb.undp.org/uploads/file/pdfs/energy\\_environment/misc/Biodiversity%20and%20ecosystems%20in%20LAC%20-%20Concept%20Note%20Phase%20II.pdf](http://www.bb.undp.org/uploads/file/pdfs/energy_environment/misc/Biodiversity%20and%20ecosystems%20in%20LAC%20-%20Concept%20Note%20Phase%20II.pdf)

modern ways of conducting economic activities.” (Todaro & Smith, 2012). Various theories of endogenous growth attempt to model the innovative process rather than acknowledge that it may result from unexplained exogenous factors.<sup>28</sup>

Innovation allows a firm to increase its productive capacity and aids in the development of additional skills sets amongst its workforce. It has the potential to lead to increased profits, hence resulting in lower production and operating expenses as sustainable consumption and production practices are developed. Innovation spurs human capital development as it creates a knowledge platform for new ideas, promotes intergenerational equity as information is transcended and thereby promotes technical assistance and capacity building. Further, innovation especially in SMEs can expand the range of goods and services produced, thereby increasing private sector employment and reducing the burden on the state to act as employer of last resort.

### **3. KEY ISSUES CONSTRAINING DIVERSIFICATION, CREATIVITY AND INNOVATION**

#### **A. INSTITUTIONS**

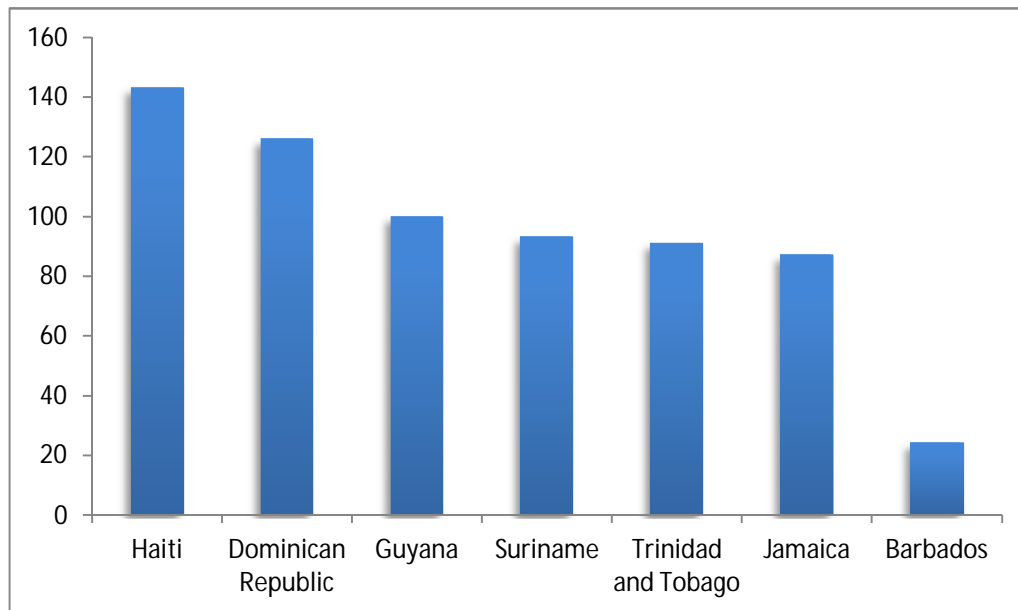
Institutions are a critical part of the long-term sustainable growth of nations. The institutional structure of a country consists of the commercial legal system, property rights, regulatory regime, public administration and bureaucracy and the business practices that exist (North, 1990). In the absence of property rights, for example, there is little incentive for individuals to invest in new technologies or upgrade physical and human capital as the returns from this investment would not only accrue to the original owner. Indeed, Holden and Howell (2009) note that there is a strong and positive association between institutions and competitiveness.

By and large, the institutional framework for doing business in the Caribbean is weak. Figure 1 provides a ranking of the strength of institutions in the region. While some countries performed quite well (e.g. Barbados), most countries were in the bottom half of the rankings, with Haiti being ranked 143 out of 144 countries considered in the assessment. Key areas identified in need of institutional strengthening were the burden of government regulation, the efficiency of government spending, transparency in government policy making, government services for improved business performance, crime and security.

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<sup>28</sup> The term creative destruction – coined by Schumpeter (1942), is often used in the literature to refer to the decisions to create and destroy production arrangements.

**Figure 2**  
**Quality of Institutions**



Source: World Economic Forum

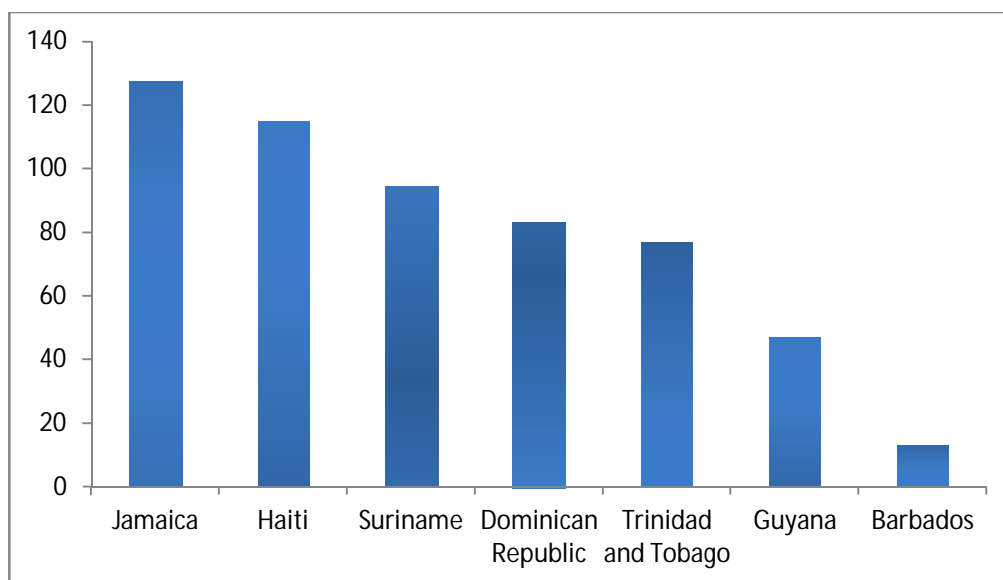
One area Holden and Howell (2009) identified in need of institutional strengthening was the process of registering and transferring land title. The authors note that in Jamaica, for example, the cost to purchase and transfer land (including commissions) can be about 25% of the value of the transaction. As a result, many land holdings, particularly in lower income areas, tend to be held via informal arrangements. In Guyana, the land tenure system impedes outright ownership (requests in some instances take more than two years to complete) and has therefore resulted in most land being held through 25-year lease arrangements. This process, however, limits the ability of leases to use the land as collateral. This is a severe hindrance to the ability to access credit to develop small business.

Most English-speaking Caribbean countries are based on the Common Law system, while French civil law has influence the legal tradition in St. Lucia and Roman-Dutch law in Guyana and Suriname. Holden and Howell (2009) note that in most Caribbean countries, laws governing the operation of business and related practices tend to be heavily influenced by colonial-era regulations as well as modifications enacted after independence. In relation to commercial law, many countries have not updated their legal frameworks since the colonial era. It was only in 2003/4 that Guyana enacted legislation for investment, while in Suriname cumbersome procedures and regulations often act as a significant impediment to doing business. In relation to bankruptcy, most lawyers in Jamaica complain that the system tends to be slow, inefficient and costly, while in Guyana proceedings can usually represent 42% of the value of the property.

A substantial component of the cost of doing business is the time and amount of money spent to comply with regulations. While regulations are necessary due to market failures, it is important that these regulations do not hinder innovation and competitiveness. **Figure 3**, however, suggests that in many Caribbean countries, regulations are significantly reducing the competitiveness of businesses. World Bank (2010) notes the senior officials in the Dominican Republic, Guyana and St. Kitts and Nevis spend more than 10% of their time dealing with the requirements of government regulations. Similar obstacles

were also highlighted in relation to obtaining business permits. In the Dominican Republic it took 138 days to obtain an operating permit, over 150 days to obtain a construction permit in Grenada, St. Vincent and the Grenadines and Suriname while 2 out of every 3 companies in Jamaica and St. Kitts and Nevis identified tax rates as a major constraint to doing business.

**Figure 3**  
**Burden of Government Regulations**



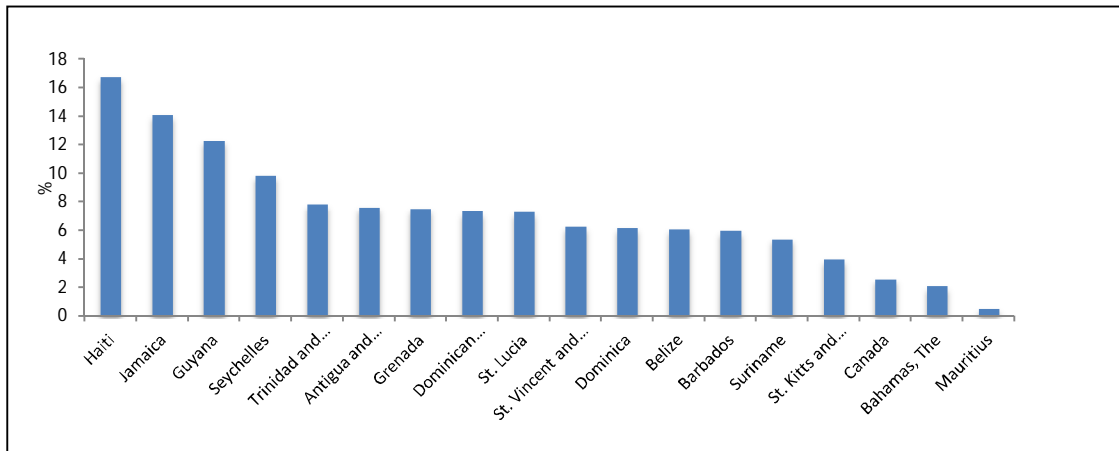
Source: World Economic Forum

Most Caribbean Countries have ratified various international treaties aimed at protecting intellectual property. These include the Berne Convention for the Protection of Literary and Artistic Works as well as the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations. These treaties have also been enforced via copyright protection legislation, aimed at supporting the growth of the creative industries. Hendrickson et al. (2013), however, note that piracy still remains a major issue in the region, while the management of copyright is weak.

## **B. ACCESS TO FINANCE**

Compared to the other countries, credit markets in the Caribbean are relatively inefficient when measured by the spread between lending and deposit rates. Most countries have spreads of roughly 8 percentage points, while Guyana, Jamaica and Haiti had interest rate spreads over 10 percentage point. Although banks complain that high spreads stem from high administrative costs and required reserve ratios, they nonetheless suggest that credit markets are relatively inefficient.

**Figure 4**  
**Interest Rate Spread, 2010**



Source: World Development Indicators

Given the importance of domestic firms in the economy, domestic savings play a fundamental role in relation to the availability of credit. At the end of 2010, bank credit as a ratio of bank deposits was also 80%. This suggests that most savings in the region are utilised to finance credit. Despite these relatively high conversion ratios, most countries were still in the bottom half of the *Doing Business* rankings in terms of the ease of getting credit. This suggests that business finance is both a supply and demand problem. On the supply-side, there is the perceived risk associated with supplying loans to the small business sector, while on the demand-side entrepreneurs and small businesses may lack the ability (e.g. record keeping and well formulated projects) to access available lending facilities. Indeed, Caribbean countries tend to have some of the highest collateral requirements among comparator countries: 220% of the value of the loan.

### C. TECHNOLOGY & INNOVATION

A National Systems of Innovation (NSI) is an important element of building the capacity necessary to develop knowledge-intensive and high-tech goods and services in small states. NSIs are simply private and public sector institutions whose activities result in the modification, diffusion and/or initiation of new technologies. Private organisations are key elements since they are the ones innovating. However, in order to benefit from economies of scale in research and development, it is important that there is a link and interaction to benefit from group knowledge and abilities (Lundvall, 1992). In this framework, innovation is seen as a national public good. Intangible investments in R&D will, by necessity need to be a private-public enterprise. Public Policy provides the overall direction and coordination of the NSI. This direction comes in the form of not only setting the rules and regulations, but also undertaking research that may not be practical, for whatever reason, for the private sector to undertake.

The NSI in the Caribbean tends to be quite weak, with little or no coordination of innovation systems. Given the small size of regional markets and the high fixed costs of engaging in R&D it is not surprising that in most countries R&D expenditures amount to less than 1% of GDP. This relatively miniscule investment in R&D is reflected in the trade statistics for the region. Table 2 shows that in 6 out of the 15 countries considered, high tech exports are less than 10% of total exports, while in the other countries, the share has been stagnant or declining.

**Table 2**  
**High Tech Exports (% of Total Exports)**

	2000	2005	2010
Antigua and Barbuda	0.092	0.780	n.a.
Bahamas, The	6.808	0.000	n.a.
Barbados	22.715	20.348	12.131
Belize	0.000	0.010	n.a.
Dominica	6.535	7.482	0.015
Dominican Republic	n.a.	8.404	3.163
Guyana	1.956	0.193	0.442
Grenada	30.109	0.111	n.a.
Haiti	n.a.	n.a.	n.a.
Jamaica	0.059	0.088	0.570
St. Kitts and Nevis	0.640	0.681	n.a.
St. Lucia	5.524	8.500	n.a.
St. Vincent and the Grenadines	0.009	0.054	0.156
Suriname	8.166	13.699	12.141
Trinidad and Tobago	0.913	1.347	n.a.

Source: World Development Indicators

**Table 3**  
**Technology and Innovation Indicators for the Caribbean**

Economy	Percent of firms with internationally-recognized quality certification	Percent of firms using technology licensed from foreign companies*	Percent of firms having their own Web site	Percent of firms using e-mail to interact with clients/suppliers
All	16.5	15.2	35.1	64.5
Latin America & Caribbean	16.7	12.8	44.8	82.9
Antigua and Barbuda	3.7	0.0	26.3	87.9
Bahamas, The	31.1	20.1	50.1	89.5
Barbados	18.3	6.6	68.2	100.0
Dominica	1.3	10.3	1.8	70.8
Dominican Republic	11.8	24.1	48.9	85.3
Grenada	32.6	15.2	42.5	80.6
Guyana, CR	29.5	17.4	46.0	92.5
Jamaica	16.5	14.6	36.4	72.6
St. Kitts and Nevis	19.4	9.6	40.4	91.6
St. Lucia	0.6	0.0	15.4	53.9
Suriname	16.9	5.4	11.0	58.5
Trinidad and Tobago	11.0	2.2	30.8	81.2
St. Vincent and the Grenadines	20.9	24.6	32.3	82.2

Source: Enterprise Surveys



The performance of the region is also due to deficiencies in both the supply and utilisation of qualified individuals. In most countries, the number of researchers per thousand persons in the labour force is less than 1, compared to more developed countries where the ratio normally exceeds 5. Even when researchers are available, the productive system of the region tends to de-emphasise knowledge investment and technological innovation as key profit-making tools (Melo, 2001).

#### **D. INFRASTRUCTURE AND COMMUNICATIONS**

Infrastructure penetration not only influences the marginal returns on additional capital investment, but also the growth rate of the nation's capital stock (Barro & Sala-i-Martin, 1992). The availability of new infrastructure allows firms to reorganise production to enhance productivity and engage in research and development. Private capital investments are closely related to the institutions in a country since private companies are unlikely to undertake major public infrastructural investments unless private property rights are in place (Henisz, 2002).

The quality of infrastructure in the region tends to be quite heterogeneous. Some countries have been able to undertake significant investments in their infrastructure and communications technology (both from the private and public sectors). On average, however, most countries in the Caribbean tend to be in the bottom half of the quality infrastructure rankings. The Dominican Republic and Guyana, for example, were ranked 96<sup>th</sup> and 83<sup>rd</sup> out of a 144 countries considered. Fay and Morrison (2007) make the following observations regarding infrastructure investment in Latin America and the Caribbean:

- infrastructure improvements in the region over the past decade have been modest;<sup>29</sup>
- private entities did not offset the decline in public investment;
- the region needs to not only investment more in public infrastructure but also needs to spend better;
- governments are key elements of infrastructure service delivery; and
- the region needs to learn from the past in terms of supporting private investment.

**Table 4**  
**Infrastructure Indicators for the Caribbean**

Economy	Quality of Overall Infrastructure	Quality of Port Infrastructure	Quality of Electricity Supply	Fixed Telephone Lines/100 pop
Barbados	21	17	24	11
Dominican Republic	96	51	130	92
Guyana, CR	83	119	117	64
Haiti	144	141	139	134
Jamaica	76	39	83	94
Suriname	68	42	91	77
Trinidad and Tobago	62	92	50	57

Source: World Economic Forum

<sup>29</sup> Repair and maintenance is a problem- there is probably a need to create "infrastructure improvement" funds out of savings from boom times

## **E. ENVIRONMENT**

The environment plays a key role in the development of most Caribbean countries (Girvan, 1991). The sustainable development challenge for the region is closely correlated to the limited physical size of land area, island topography, fragile tropical ecosystems, limited renewable and non-renewable resources, limited amounts of flat land, arable land and restrictions to the carrying capacity of land and climatic events (e.g. hurricanes and drought).

Hurricanes are the most devastating natural events to affect the region. The impact of hurricanes on small island developing states is likely to be larger given the vulnerability of the population to economic and dwelling loss as well as injury or death (Lewis J. , 1991). In terms of the infrastructural effects of tropical storms, most of the damage occurs due to (Prevatt, Dupigny-Giroux, & Masters, 2010):

- i. extreme winds and flying debris;
- ii. storm surges; and,
- iii. torrential rainfall, flooding and landslides.

Davenport (1990) estimates that after the passage of Hurricane Gilbert in 1988 over Jamaica, estimated economic losses were US\$1.6 billion or two-thirds of GDP. Approximately one house in four suffered damage, largely roofing and water damage. Gibbs (2004) obtains an even larger estimated of the impact on the housing stock due to the passing of Hurricane Ivan over Grenada (80% of houses were affected and of this number 10% was destroyed). The total economic damages suffered by the island amounted to almost twice GDP for the previous year (OECS, 2004). More recently, Hurricane Tomas (a category 1 storm) left a trail of damage throughout the region. Saint Vincent reported losses of US\$67 million (mostly bananas and plantains), Saint Lucia suffered significant damage to its road network and utilities and also experienced landslides, and Jamaica reported losses due to floods and infrastructural damage.

Small states are also particularly vulnerable to the effects of climate change. Simpson et al. (2010) estimate that a 1m sea level rise could result in nearly 1,300 km<sup>2</sup> of land area could be lost, over 110,000 people displaced, at least 149 multi-million dollar tourism resorts damaged or lost and damage to almost 1 in every 3 airports in the region. When combined with a 1 in 100 year storm event the impact on the coastal infrastructure in the region is significant. The study estimates that the capital costs by 2050 of climate change would be US\$26 billion for a mid-range sea level rise scenario and US\$61 billion for a high-range sea level rise scenario. UN ECLAC (2011; ECLAC, 1999) also note that climatic shifts are likely to also have significant impacts on agricultural production, transportation, freshwater resources, coastal and marine environment, human health, tourism and energy.

## **F. LABOUR AND TRAINING**

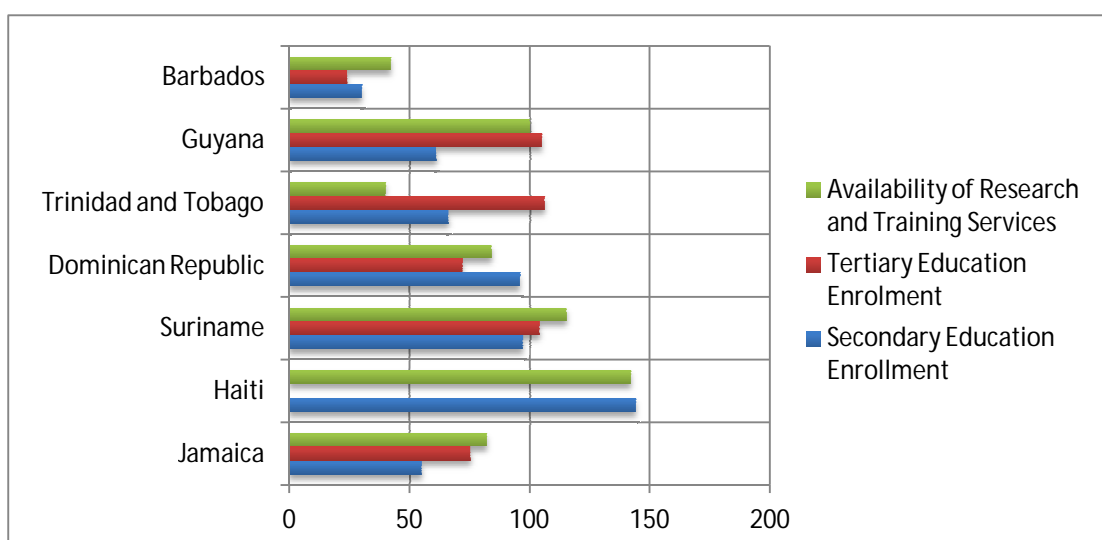
Human capital – the economic value of an employee’s skill set – is usually thought to have a positive impact on growth (Barro, 1991). These skills mean that the labour force in the country tends to be more productive and find innovative ways of doing business. In many developing countries, however, school enrolment rates tend to be relatively low. Many children are not given the opportunity to attend school for religious, financial or limited access.

Education and training programmes in the Caribbean suffer from insufficiencies in terms of access, enrolment and quality. These programmes are critical inputs necessary to provide the labour for new industries that might emerge, particularly in relation to the creative industries (**Figure 5**). Although

one normally conceptualise innovation taking place via a maverick entrepreneur working in his garage on the ‘next big thing’, in practice, tertiary and other higher education initiatives support the creation of competitive products and services.

For many persons in the Caribbean the informal economy either supplements income from the formal economy or is the main source of earnings. Sookram and Watson (2008), however, report significant wage differentials between males and females in the informal economy. Given the important link between poverty and the informal economy, policies targeted at the informal sector could have a significant impact on livelihoods of females in the informal economy as well as the overall level of poverty.

**Figure 5**  
**Higher Education and Training (Ranking)**



Source: World Economic Forum

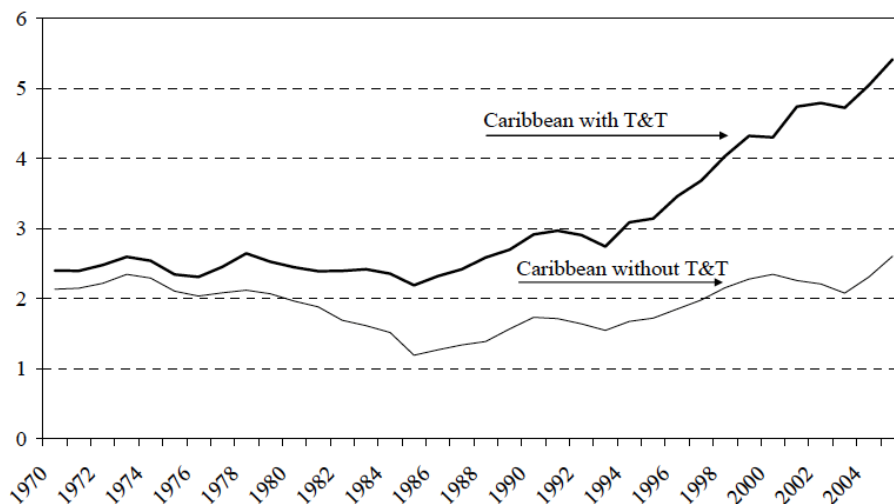
## G. ENERGY

With the exception of Trinidad and Tobago, most countries in the Caribbean are net energy importers. This feature means that economic developments are highly susceptible to international oil price shocks.<sup>30</sup>

**Figure 6** shows that the annual per capita consumption of barrels of oil equivalent over the past two decades has more than doubled, largely due to rising prices.

<sup>30</sup> In recent years some countries have received sizeable amounts of energy products from Venezuela at below-market prices and favorable financing terms (PetroCaribe Initiative).

**Figure 6**  
**Final Consumption of Hydrocarbons (boe/capita), 1970-2005**



Source: OLADE; WDI

Due to the rising cost of energy, many countries have developed national energy policies (Antigua and Barbuda, Barbados, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines). These policies mandate that utilities utilise local and/or renewable energy sources into their input mix. In order to increase the penetration of renewable energy technologies in the region the Caribbean Information Platform on Renewable Energy (CIPORE) provides links between RE agencies, Ministries of Energy and universities. A thorough programme based on the triad of reduced fossil fuel use, increased efficiency in the used of current sources of energy and the transition to feasible sources of renewable energy is perhaps needed.

#### **4. PRIORITISING ISSUES AND REGIONAL EFFORTS TO DATE**

Holden and Howell (2009) make three key commendations to enhance the institutional strength in the region: (1) legal and regulatory reforms; (2) utilise public-private sector consensus building initiatives; and (3) utilise regional institutional structures to benefit from economies of scale in regulation. In the area of legal and regulatory reforms the authors recommended that countries should harmonise legal requirements and procedural steps and draft legislation that minimises compliance costs. The reform process will also need to build legal capacity of practitioners and judges as well as the reform of bureaucratic processes. Public-private-labour forums are aimed at improving the business environment. Ideally these panels would be focus policy on sustainable development priorities, rather than short term electoral cycle aims and objectives. Given the size of the region, there is tremendous scope for obtaining economies of scale in relation to institutions. Holden and Howell (2009) identify the possibility of the formation of regional registries and a regional arbitration center. At a broader level, the region has a draft Strategic Plan for Regional Development that puts forward the idea of the development of regional public goods that would result in benefits for more than one member of the group.

A National Systems of Innovation (NSI) is an important element of building the capacity necessary to develop knowledge-intensive and high-tech goods and services in small states. NSIs are simply private and public sector institutions whose activities result in the modification, diffusion and/or

initiation of new technologies. Private organisations are key elements since they are the ones innovating. However, in order to benefit from economies of scale in research and development, it is important that there is a link and interaction to benefit from group knowledge and abilities (Lundvall, 1992). In this framework, innovation is seen as a national public good. Intangible investments in R&D will, by necessity need to be a private-public enterprise. Public Policy provides the overall direction and coordination of the NSI. This direction comes in the form of not only setting the rules and regulations, but also undertaking research that may not be practical, for whatever reason, for the private sector to undertake.

There is tremendous potential for renewable energy in the Caribbean. At the Fourteenth Inter-sessional meeting of CARICOM (2003), Barbados, Grenada, Guyana, Jamaica, Suriname and Trinidad and Tobago were asked to develop a regional energy policy. In 2007, the report on the Region's Energy Policy was put forward and this made recommendations in a number of areas related to energy management in the Caribbean. Key recommendations included intra-community trade in energy, greater use of energy conservation and efficiency as well as enhance of the human and institutional capacity of the region. ECLAC (1999), however, notes that in addition to this initial policy framework significant work is needed in the area of funding trials of various renewable energy technologies, national policies on inter-connection and the use of an integrated planning to energy management.

CARICOM Heads of Government adopted a regional Science and Technology policy aimed at integrating and harmonising national policies and a regional policy framework for action was formulated in 2007. The plan identifies 12 key priority areas and nine supporting institutions and mechanisms.

The 12 priority policy areas were identified as:

1. agriculture and the food sector;
2. biotechnology and biosafety;
3. environmental management;
4. coastal and marine resources management;
5. waste management;
6. integrated water resources management;
7. alternative energy and energy management;
8. disaster preparedness;
9. health;
10. sustainable tourism;
11. development of small, medium and micro enterprises; and,
12. information and communication technology.

The supporting institutions and mechanisms were:

1. infrastructure;
2. policy and planning;
3. development finance;
4. innovation and entrepreneurship;
5. standardisation;
6. human resource development;
7. science and technology education;
8. research and development; and,
9. regulatory framework and intellectual property rights.

Hendrickson et al. (2013) identifies a number of creative industries that can be considered as part of the regional diversification effector. These included music, the audio-visual sector, visual as well as performing arts. However, challenges in relation to product development, cost of and access to financing, education and training as well as data collection would have to be overcome. Nurse (2009) also note that the trade in cultural goods and services has been hampered by cumbersome and restrictive border measures, weak institutional capacity in key government departments, limited infrastructure development and poor marketing and distribution of regional cultural goods and services.

To address the significant challenges posed by climate change, CARICOM Heads of States recently approved a *Regional Framework for Achieving Development Resilient to Climate Change* as well as an *Implementation Plan*. The document provides a roadmap for action by member states and key regional institutions. Key strategic objectives of the plan included: mainstreaming climate change adaptation strategies in the sustainable development agenda for the region; promoting actions to reduce greenhouse gas emissions; encourage action to reduce vulnerabilities to natural disasters and promote policies that derive social, economic and environmental benefits via prudent management of forests. To achieve these objectives, the *Implementation Plan* identified the establishment of a framework outlining how regional and country bodies would work together, securing investment, promoting monitoring and evaluation systems and obtaining buy-in from member governments as key. A green growth strategy would be consistent regional climate adaptation plans and also facilitate diversification objectives.

## 5. CONCLUSIONS

Structural change is a fundamental part of economic development. Indeed, traditional development theory is largely focused on how an underdeveloped country, based primarily on subsistence agriculture, transitions to a modern industrial based economy. If this structural change results in greater economic diversity, the result may be realised in lower rates of output, consumption and investment growth volatility. In addition, more diversified economies are also less likely to experience any negative effects from opening their capital and trade accounts (Moore & Walkes, 2010).

If the region is to achieve the goal of sustainable development, key factors constraining diversification a programme of diversification based both on upgrading traditional sectors and the development of new innovation-intensive sectors that produce high quality, differentiated products and services is required. The paper identifies seven key factors that will need to be addressed in order to support these objectives: (1) institutions; (2) access to finance; (3) technology and innovation; (4) environment; (5) labour and training; and, (6) energy. Three key commendations were made to enhance the institutional strength in the region: enact legal and regulatory reforms; utilise public-private sector consensus building initiatives; and utilise regional institutional structures to benefit from economies of scale in regulation. The study also recommended the adoption of national systems of innovation, greater institutional support and investment in renewable energy technologies, the implementation of the regional Science and Technology policy, greater support for the creative industries and a regional strategy for adaptation to climate change.

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## **Theme 3**

Building resilience and social cohesion in the Caribbean



# BUILDING RESILIENCE AND SOCIAL COHESION BY LEVERAGING CULTURAL CAPITAL AND COMMUNITY EMPOWERMENT

## 1.0 SOCIAL VULNERABILITIES IN THE CARIBBEAN

Caribbean nations are amongst those most at risk from natural disasters and global climate change. They have also experienced far-reaching social change in the last decade that has reshaped patterns of vulnerability. Recent moves towards democratisation, privatisation, and participatory development may have freed social capital and allowed civil society to reduce grassroots vulnerability. On the other hand, urban growth, modernisation, and the decline of group leisure activities may have contributed to social fragmentation.<sup>31</sup>

Godfrey St. Bernard<sup>32</sup> who developed an index of social vulnerability for the Caribbean countries suggested that: “...social vulnerability is the inability of human units (individuals, households or families to cope with, and recover, from stresses and shocks, their inability to adopt to and exploit changes in physical, social and economic environments and their inability to maintain and enhance future generations.” Resilience, on the other hand, often embedded within the vulnerability construct, speaks to the capacity of the population, system, or place to buffer or adapt to changing hazard exposures<sup>33</sup>. St. Bernard<sup>34</sup> also opines that vulnerability of social systems can be defined as the flipside of sustainability.

Chambers and Conway<sup>35</sup> have defined social sustainability as “the ability of a human unit (individual, household or family) to cope with and recover from stresses and shocks, to adapt to and exploit changes in its physical, social and economic environment”.

Based on these definitions, social vulnerability within the Caribbean is an attribute that is critical in determining the survival of the region’s sustainable development processes.

## 1.1 CAUSES OF SOCIAL VULNERABILITY IN THE CARIBBEAN

Since 1992, significant progress has been observed in the Caribbean with regard to access to drinking water, sanitation and energy, in mortality rates and in nutrition and limited food security, although some of those gains have been cancelled out by the recent global crises. Increasingly large numbers of people

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<sup>31</sup> <http://www.eldis.org/id21ext/5amp1.html> Accessed on February 28 2013.

<sup>32</sup> St. Bernard, Godfrey (2004). “Social Vulnerability Measurement in the Caribbean Sub region – a Pilot Test”. Paper prepared for the ECLAC/CDCC Seminar: Reporting on the Results of the Social Vulnerability Index 24-25 June 2004, Port of Spain

<sup>33</sup> Cutter, S. L., L. Barnes, M. Berry, C. Burton, E. Evans, E. Tate, and J. Webb. (2008). “A place-based model for understanding community resilience to natural disasters.” *Global Environmental Change* 18(4): 598-606.

<sup>34</sup> St. Bernard, Godfrey (2003a) “Towards the Construction of a Social Vulnerability Index – Theoretical and Methodological Considerations”, Paper Submitted for Publication in the Journal of Social and Economic Studies, The University of the West Indies, Mona, Jamaica

<sup>35</sup> Chambers, Robert and Gordon R. Conway (1991) “Sustainable Rural Livelihoods: Practical Concepts for the 21st Century” IDS Discussion Paper 296.

live in slums, and health systems remain fragmented and are challenged in keeping up with epidemiological and demographic trends.

The causes of these social vulnerabilities in the Caribbean can be summarised, *inter alia*, as follows:

- a. The negative fallouts of the global financial crisis<sup>36</sup> have resulted in increased unemployment, decline in real wages<sup>37</sup> and an increase in the number of vulnerable persons and communities with a resultant increase in poverty and a decline in consumption<sup>38</sup> in poor households.
- b. Involvement in crime and violence among Caribbean youth is linked with high levels of youth unemployment, poor educational opportunities, and feelings of voicelessness and exclusion from national and regional governance processes. Overall, youth crime is costing CARICOM countries between 2.8% and 4% of GDP annually, in terms of direct expenditure on fighting crime and in lost revenues due to youth incarceration and declines in tourism revenues<sup>39</sup>.

At the same time, increased youth involvement in violence has contributed to popular perceptions of growing insecurity in the Caribbean. The feelings of insecurity among Caribbean citizens on account of youth violence have stemmed from inadequate attention to youth development and youth empowerment, which has increased the risk of youth offences and victimization<sup>40</sup>.

- c. Impact of degraded ecosystems<sup>41</sup> continues to undermine food production and the availability of clean water, hence threatening human health, and livelihoods. In the Caribbean, land degradation caused by poor land management practices such as slash and burn agriculture, uncontrolled livestock grazing on fragile lands, poor road construction and unplanned or poorly planned settlements in landslide-prone areas is of great concern. Evidence also shows that the use of pesticides during the era of intensive monocrop agriculture has contributed to land degradation in the Caribbean. Every year untold amounts of valuable top-soil is eroded away and washed into rivers and out to sea during heavy rains. Over time, the productivity of land for agriculture is lost, as is the productivity of coral reefs as they become blanketed by silt. In both cases this presents challenges in maintaining food security. Siltation of rivers (caused by build-up of eroded soil in the river channels) increases the flood-risk in low-lying areas with potential for loss to life and property.
- d. Due in part to its geography the Caribbean is faced with the daily challenge of securing large, porous and remote sea and land borders against the illicit flows of guns and ammunition, illegal

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<sup>36</sup> Given the strong linkages of the region with the US and Europe, the effects of the crisis through a reduction in the demand for Caribbean exports, the deceleration of the inflow of remittances and the slowdown in FDI generated a growth contraction of approximately 0.2 percent for the entire Caribbean region.

<sup>37</sup> The crisis has threatened the positive trend in employment of recent years for men and women in the service sector (tourism, finance, telecommunications) and has further exacerbated the declining employment in industry and agriculture

<sup>38</sup> Based on a model of household consumption sensitivity with respect to GDP growth, it was estimated that household consumption contracted by 6.2 percent in 2009 in the English Speaking Caribbean countries as a result of the global financial crisis.

<sup>39</sup> UNDP (2012) Caribbean Human Development Report: Human development and the Shift to Better Citizen

<sup>40</sup> UNDP (2012) *Ibid* Chapter 2, "Youth Violence: Reducing Risk and Enhancing Resilience"

<sup>41</sup> Caused by climate change, environmental degradation, increasing human population and demand for finite resources, especially within limited land masses of Caribbean SIDS

drugs, the trafficking of persons and the illicit flows of money and equipment that could also be used to commit acts of terror, in the region or elsewhere. These illegal activities weaken the rule of law and deprive the State of vital revenue. In some of the Caribbean jurisdictions, overcrowded urban slums, plagued by deep poverty, limited economic opportunities and the weakness of government institutions breed armed groups and remain a source of broader instability.

- e. Climate change related events are already profoundly impacting the region's geophysical, biological and socio-economic systems, depleting national budgets, compromising livelihoods and exacerbating poverty. According to the United Nations Framework Convention on Climate Change (UNFCCC) Fourth Assessment Report<sup>42</sup> these natural hazards are expected to grow in intensity in the future. Climate change, climate variability and rising sea levels on coastal<sup>43</sup> areas are already beginning to show effects on coastal and inland communities, livelihoods, and food security.
- f. The increasing risk of natural disasters in the Caribbean region shows that disasters leave individuals out of their familiar environment at a time when community solidarity is unlikely, and public services are unavailable or severely disrupted. In addition, recent evidence from hazard events in the region indicate that fatalities, which constitute a permanent shock to a household's welfare, leave individuals orphaned and widowed at a time when community and extended family solidarity is not available.
- g. Rapid urbanisation, decline in rural livelihoods, and the growth of unplanned human settlements<sup>44</sup> have increased the exposure of more persons, especially in vulnerable groups and communities to hazard events. Poverty is also forcing people in the Caribbean to live on dangerous, marginal sites and in poorly built houses. Overcrowding, subdivision and other conversions of dwellings, lack of amenities and deterioration of buildings are common characteristics of such settlements.
- h. The Caribbean has the highest prevalence of chronic Non Communicable Diseases (NCDs) in the Americas, with heart disease and cancer being the leading causes of death among males and females. Diabetes ranks number five among males and number three among females<sup>45</sup>. These diseases<sup>46</sup> cause premature loss of life, productivity loss and spiralling health care costs. In

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<sup>42</sup> UNFCCC. 2007. Vulnerability and adaptation to climate change in small island developing states – Background paper for the expert meeting on adaptation for small island developing States. UNFCCC Secretariat. Bonn, Germany. <[http://unfccc.int/files/adaptation/adverse\\_effects\\_and\\_response\\_measures\\_art\\_48/application/pdf/200702\\_sids\\_adaptation\\_bg.pdf](http://unfccc.int/files/adaptation/adverse_effects_and_response_measures_art_48/application/pdf/200702_sids_adaptation_bg.pdf)>

<sup>43</sup> It is estimated that 60% of the Caribbean population live within 1.5 kilometres of the coast, making them particularly susceptible to the vagaries of rising sea levels and its attendant threats such as: (i). Salt water intrusion and a reduction and growing scarcity in freshwater resources; (ii). Deteriorating coastal conditions through beach erosion and coral bleaching, which adversely affect local resources and reduce their value as tourist destinations; and (iii)Floods, storm surge, erosion and other coastal hazards, exacerbated by sea-level rise that threaten vital infrastructure, settlements and facilities that support the livelihood of island communities.

<sup>44</sup> Bad location, lack of regulations in land use, hillside and coastal settlements, no risk management, unavailability of low cost insurance mechanisms, and poor housing stock, lack of compliance with building codes and standards, lack of capacity in the informal construction sector, and dearth of ingenuity among architects and engineers to offer low cost, aesthetically pleasing and safe housing designs suitable for Caribbean SIDS.

<sup>45</sup> <http://www.caribbeannewsnow.com/headline-Uniting-to-stop-chronic-non-communicable-diseases---CARICOM-leads-the-charge-7862.html> Accessed on February 22 2013.

<sup>46</sup> Many of which are linked to poor diet and nutrition e.g obesity amongst young children

addition, lagging health care infrastructure<sup>47</sup>, inadequate training and prevention practices, coupled with a lack of equipment leave many non-communicable diseases undiagnosed and untreated. High costs of health care and lack of easy access in rural areas (due in some cases to poor infrastructure and lack of transportation) also exacerbates the health problems in the Caribbean. In addition, although the research task of assessing the actual and potential health impacts of climate change is still lagging in the Caribbean, note is made of an increased incidence of dengue fever and malaria. Some countries have also reported an increase in leptospirosis as a result of flooding and heavy rainfall.<sup>48</sup>

## **2.0 RESPONDING TO THE SOCIAL VULNERABILITIES - BEST PRACTICES FROM THE CARIBBEAN**

Although the conceptual understanding of vulnerability still continues to be weak in the Caribbean, the economic, social and ecological vulnerabilities caused by a range of factors, is apparent. Consequently, it is understandable that Caribbean countries have individually and collectively attempted to respond to these vulnerabilities. Some of the responses are examples of good practices while others remain challenging. A few of the good practices are:

- a. Caribbean governments implemented a number of policies to counter the effects of the global financial crisis. These were wide-ranging in focus and included: expenditure programmes, tax waivers and reliefs and selective credit availability. In general, fiscal expenditure programmes implemented by the various governments tended to be medium term strategies and were aimed at lifting the growth prospects of the countries by directing funds primarily towards investments in economic and social infrastructure<sup>49, 50</sup>. Examples of these programmes included; a capital programme for residential housing, roads and the international airport in The Bahamas; continued work on roads, schools, and air and seaports in Barbados; increased capital expenditures on water control facilities, education, health, roads and bridges, and a technology park in Guyana; road and drainage works in Jamaica; expenditures on rural roads in Grenada; road rehabilitation, agricultural feeder roads, residential construction, and hospital construction in Saint Lucia.

Governments also offered tax waivers and other reliefs on payment obligations by business and households. For businesses, such waivers and reliefs were to assist with cash flow constraints and to reduce the severity of declining profitability brought on by the crisis. From the household perspective, tax reliefs and waivers provided an implicit income cushion through more disposable income and thus moderate reductions in households' standard of living.

- b. For the people of the region, crime, violence and insecurity are profoundly linked to key development issues such as freedom of choice, equality of opportunity, increased life chances, especially for the most vulnerable, and the greater responsiveness of state institutions to the needs of people. Governments have led in establishing crime and violence prevention plans and

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<sup>47</sup> Nevertheless mention must be made of the Cuban exception. Cuba's health system, which implements several programs to improve the quality of life of the people, is based on state-of-the-art technology and methods created by local institutions

<sup>48</sup> <http://www.ncbi.nlm.nih.gov/pubmed/20813388> Accessed on February 28 2013.

<sup>49</sup> ECLAC (2009). The Reactions of the Governments of the Americas to the International Crisis: An Overview of Policy Measures up to 31 July 2009. ECLAC Occasional Paper.

<sup>50</sup> Commonwealth Secretariat (2009). Sustaining Development in Small States in a Turbulent Global Economy. Summary Report of July 2009 International Conference

programmes, but NGOs and community groups have also contributed: many citizen groups have established themselves to secure their own communities. The Pride of Gonzales initiative<sup>51</sup>, for example, was begun in 2003 in a violence-ravaged Port of Spain suburban community of approximately 1,000 households. It was the brainchild of the community's parish priest after there had been six murders in a five-week period. In another example, one component of the Jamaica Inner Cities Basic Services for the Poor Project financed by the World Bank focused specifically on the reduction of the very high levels of homicide, youth violence, and associated risk factors in the participating inner cities. Integrated citizen security approaches have seen success in Capotillo in the Dominican Republic. These programs combine modern methods of policing with prevention interventions undertaken by both government and non-governmental organisations<sup>52</sup>.

- c. The rapid degradation of Caribbean marine and terrestrial ecosystems as a result of anthropogenic and natural causes will continue to remain a challenge. Nevertheless, numerous national and regional interventions have been designed to control such degradation. The Partnership Initiative for Sustainable Land Management (PISLM) through the Ya'axche Conservancy Trust is supporting an ecotourism project that is part of Belize's sustainable land management strategy. The primary objective of this project is to introduce agricultural and land-use techniques that will sustain traditional livelihood practices and reverse the substantial land degradation caused by the slash and burn subsistence farming techniques used by the communities in the Village of Indian Creek<sup>53</sup>.

In Barbados, in order to obtain approval of proposed land development, developers must submit plans outlining measures to be taken in respect of preservation and conservation and detailing the management initiatives that will be applied to safeguard the land from degradation.

- d. In order to counter the serious issues of border security the Caribbean Community (CARICOM) established the regional Crime and Security Framework in 2005. In recognition of the inter-linked nature of growing levels of crime and violence in the region fueled by the illicit movement of drugs, guns and ammunition, CARICOM Leaders, in 2007, established crime and security as the fourth pillar of the region's integration. In 2009, The Caribbean Basin Security Initiative (CBSI) was established bringing all members of the CARICOM and the Dominican Republic together to jointly collaborate on regional security with the United States of America as a partner<sup>54</sup>. Programmes under the CBSI have produced tangible results says Secretary General of the CARICOM Ambassador Irwin LaRocque. Speaking at the Third Meeting of the Caribbean-United States Security Cooperation Dialogue in Port of Spain, Trinidad and Tobago in December 2012, Ambassador LaRocque cited the fact that CARICOM States were reporting illicit drug and small arms and light weapons seizures at record levels<sup>55</sup>.

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<sup>51</sup> United Nations Office on Drugs and Crime and the Latin America and the Caribbean Region of the World Bank (2007). *Crime, Violence, and Development: Trends, Costs, and Policy Options in the Caribbean*

<sup>52</sup> United Nations Office on Drugs and Crime and the Latin America and the Caribbean Region of the World Bank (2007) *ibid*

<sup>53</sup> Scope, ACP, and the Global Mechanism (2011). *Opportunities of ecotourism in promoting sustainable land management in the Caribbean*

<sup>54</sup> <http://www.state.gov/p/wha/rls/fs/2012/201417.htm> Accessed on February 25 2013.

<sup>55</sup> <http://www.thestkittsnevisobserver.com/2012/11/30/cbsi-results.html> Accessed on February 25 2013.

CARICOM Member States, both collectively, through the conclusion of the 2011 CARICOM Declaration on Small Arms, and individually have been undertaking a number of measures to secure their borders against illicit flows; border management and security have thus become one of CARICOM's major security priorities. In addition, working through the CARICOM Implementation Agency for Crime and Security, (CARICOM IMPACS), in collaboration with the Caribbean Centre for Development Administration, efforts have been undertaken in various CARICOM Member States to harmonise and standardize policies, practices and procedures utilized by border security agencies throughout the region<sup>56</sup>.

- e. In 1994, the Caribbean<sup>57</sup> embarked upon a course of action to prepare for the adverse effects of climate change through adaptation planning, and demonstrated its commitment to such planning by undertaking a series of initiatives designed to build capacity, assess vulnerability and mainstream adaptation planning into the decision-making and planning processes at the national and regional levels. The milestones in this process were, and are still in effect.

The world's first regional insurance resource, the Caribbean Catastrophe Risk Insurance Facility (CCRIF) was launched on 1st June 2007. The CCRIF provides participating Caribbean governments with immediate access to liquidity if hit by a hurricane or earthquake.

In 2012, Guyana received additional funding from the Government of Norway for its climate services in maintaining extremely low levels of deforestation while advancing the nation's landmark Low Carbon Development Strategy (LCDS). These funds are facilitated through the Guyana REDD+ Investment Fund (GRIF), and now beginning to flow to investments identified in Guyana's Low Carbon Development Strategy<sup>58</sup>.

Jamaica is presently implementing an EU financed Climate Change Adaptation and Disaster Risk Reduction Project which aims at increasing resilience and reducing risks associated with natural hazards in vulnerable areas due to climate change threats, including rising sea levels, warmer global temperatures, and more severe weather events such as hurricanes and droughts. This will be achieved through rehabilitating watersheds, improving coastal ecosystems management and building climate change capacity and awareness as articulated in Vision 2030, Jamaica's National Development Plan<sup>59</sup>.

Caribbean countries also have access to the Climate Change Adaptation Fund that was established to finance concrete adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change.

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<sup>56</sup> H.E. Ambassador Raymond Wolfe, Permanent representative of Jamaica to the United Nations, On behalf of The Caribbean Community (CARICOM). At the open debate of the United Nations Security Council – “*Threats to international peace and security: Securing borders against illicit flows*”. Wednesday, 25<sup>th</sup> April 2012

<sup>57</sup> A number of regional and international agencies are involved in Climate Change projects and projects in the Caribbean. These include the Caribbean Community Climate Change Centre, OECS UNECLAC, DfID, UKAID, AusAid

<sup>58</sup> [http://www.lcds.gov.gy/index.php?option=com\\_content&view=article&id=454:guyana-to-receive-additional-45-million-from-norway-for-climate-services&catid=58:slide-show&Itemid=176](http://www.lcds.gov.gy/index.php?option=com_content&view=article&id=454:guyana-to-receive-additional-45-million-from-norway-for-climate-services&catid=58:slide-show&Itemid=176) Accessed on February 25 2013.

<sup>59</sup> [http://www.jamaicaobserver.com/environment/Multi-agency-climate-change-adaptation-project-meeting-targets\\_13277192#ixzz2LuXIBBT6](http://www.jamaicaobserver.com/environment/Multi-agency-climate-change-adaptation-project-meeting-targets_13277192#ixzz2LuXIBBT6). Accessed on February 23 2013.



- f. In 2001 the CARICOM, through broad based Stakeholder consultations, adopted a Strategy and Results Framework for Comprehensive Disaster Management (CDM) in the region. The goal was to link CDM to development decision-making and planning. Five (5) years after embracing CDM by the region and against a background of regional and global catastrophes between 2001 and 2006, the Enhanced Framework (2006-2012) was developed. The overarching goal of the CDM Strategy is articulated as: Regional Sustainable Development enhanced through Comprehensive Disaster Management.

In the aftermath of Hurricane Sandy in 2012, the Jamaican Office of Disaster Preparedness and Emergency Management (ODPEM) has pointed to a number of disaster mitigation projects which it says may have prevented the loss of millions of dollars in property and may even have saved lives. With financing provided by CIDA, 28 communities had benefitted from micro-disaster risk reduction projects, including mangrove replanting, shelter retrofitting, and the building of foot bridges<sup>60</sup>. A similar programme is also on-going in Guyana.

The Government of Suriname has received financing from the Inter-American Development Bank (IDB) for improving integrated disaster risk management for climate resilient development”, and for mainstreaming of disaster risk management into development planning<sup>61</sup>.

- g. Social housing and related projects to improve living circumstances, while at the same time reducing the impact on nature and environment, are being developed by some countries and being mainstreamed into national development plans. The Ministry of Housing and Environment in Trinidad and Tobago launched the Neighborhood Upgrade Programme in 2011. The goal of the Programme is to enhance the quality of life of low and middle income groups, and thus promote the equitable development of wholesome and sustainable communities. It is an approach that “promotes self- reliance, builds capacity, ensures affordability and equity, and preserves the environment for current and future generations.”<sup>62</sup> Another example is the Saint Lucia Housing Assistance Programme. Funded by the Government of Saint Lucia and the European Union this programme provides assistance to needy and indigent individuals who live in deplorable housing conditions. Special consideration is given to the elderly, persons with disability and households with young children, as well as households affected by natural disasters and fires.
- h. In order to address the increase in non-communicable diseases, which are mainly life style related a declaration committing the CARICOM Heads of Government to collective action to stop the epidemic of Chronic Non-Communicable Diseases was adopted. The Pan American Health Organization (PAHO) is giving its support to the monitoring and evaluation of the Declaration. There is a general shift in the region towards preventive programmes and health style -related education.

The Sport for Life! uses the power of sport to inspire children and young people who need personal development support outside school to make a success of their lives. It combines sport, education and healthy lifestyle training in a structured programme delivered by qualified teachers and coaches. The programme is based at the principal sports stadiums in the countries where it

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<sup>60</sup> <http://www.jamaicaobserver.com/environment/Mitigation-projects-may-have-helped-saved-millions-in-Hurricane-Sandy---ODPEM#ixzz2Lud8jddU>. Accessed on February 23 2013.

<sup>61</sup> <https://www.devex.com/en/projects/275696/print> Accessed on February 23 2013

<sup>62</sup> Excerpt from the speech delivered by Dr. the Honourable, Roodal Moonilal, Minister of Housing and the Environment at the launch of the Ministry’s Neighbourhood Upgrade Programme on Friday October 28<sup>th</sup>, 2011.



operates, with outreach to local schools and communities. It targets children from poorer backgrounds who are underperforming at school. Sport for Life! is active in Barbados, Saint Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.<sup>63</sup>

### **3.0 RECOMMENDATIONS: BUILDING SOCIAL RESILIENCE**

Cognisant of the extreme vulnerabilities of the region, Caribbean governments have over the last 2 decades worked towards building resilience of their institutions and their people. Nevertheless there have been many instances when that resilience has been eroded because of factors beyond the control of these governments: natural hazard events caused by hurricanes and flooding, climate variability resulting in the drought of 2009/2010; increase in food prices; and the global financial crisis are all recent instances that magnify the fragility of the small States of the Caribbean. While the global debate on whether or not small States and SIDS have unique features as a result of their fragility and vulnerability still rages on the Caribbean has enough evidence and experience to know that economic, social and ecological vulnerabilities will always remain permanent in the landscape. Hence vulnerability analysis, inclusive of all its dimensions, economic, environmental and social, should become an integral part of the national development planning framework of Caribbean States. Such inclusion could result in more realistic national goal setting particularly where the achievement of growth targets, the meeting of the Millennium Development Goals and other sustainable development goals are concerned.

#### **3.1 A NEW PARADIGM FOR BUILDING SOCIAL RESILIENCE IN THE CARIBBEAN**

There is now an urgent need for a new paradigm to mitigate the vulnerabilities that plague the Caribbean. Building resilience, which involves increasing the ability of a system (social and ecological) to withstand shocks and surprises and to revitalise itself, if damaged, offers the prospect of a sustainable response. Thus the new paradigm for building resilience in the Caribbean should focus on creating social capital at the community level; developing capacities at the community and individual household levels; and building social resilience and cohesion by creating redundancies<sup>64</sup> through community networks, social safety nets, civil society organisations.

At the present time, social capital at the community level in the Caribbean is somewhat weak and most communities, in the main, are poorly organised.<sup>65</sup> In addition, typically, there is an expectation and an assumption that government (central and local) takes charge and responds to the people's needs following a natural or man-made hazard. Following recent natural disaster and climate variability events<sup>66</sup> that assumption has proven false resulting in devastation to entire communities.

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<sup>63</sup> <http://www.sport-for-life.org/caribbean/> Accessed on February 28 2013

<sup>64</sup> There is more than one system of coping -- when one system is impacted the other systems help with continued functioning; the greater the redundancy, the more resilient the system.

<sup>65</sup> This being said, it is also noted that there are some good examples of community organisations linked to the fight against crime e.g neighbourhood watch schemes in Barbados, which are organised with the assistance of the Royal Barbados Police Force. It has been an avenue for building solidarity within the community. There are also community level District Emergency organizations (which operate as the volunteer arm of the Department of Emergency Management) and assist with mobilization of community resources to respond to recovery efforts following a natural disaster -- which is another avenue of building community networks

<sup>66</sup> Hurricanes Tomas and Sandy in 2010 and 2012 respectively and the earthquake in Haiti in 2010

The model for social resilience that is proposed is a model developed by Guy Sapirstein<sup>67</sup> and it recognises that social resilience is a complex and multidimensional concept. Nevertheless, much of this process is a local, bottom-up approach, rather than the traditional top down approaches. In this respect it differs from many of the policies aimed at reducing social vulnerability. Many such programs are dependent on central governance in assisting in attaining the development goals.

Experience from the Caribbean and elsewhere shows that social resilience has to be developed community by community. Assistance from centralized or local government is of secondary importance. As long as there is buy-in from organisations in the community - employers, businesses, faith based organizations, community groups - one can efficiently and cost-effectively enhance the ability of communities to “bounce forward” after a potentially devastating event.

The model of social resilience that is proposed uses a “human preparedness” lens which focuses directly on people and community needs and moves away from the doctrine of independence to embracing a culture of *interdependence*. Organisations and networks at the local level can help their various stakeholders to prepare for, adapt to, and mitigate the effects of vulnerabilities. Thus enhancing social resilience requires cooperation and collaboration of all stakeholders: private sector, government (public sector), Non-Governmental Organizations (NGO's) and other community organisations (such as faith based organisations). It also requires the promotion of community based responses by increasing access to relevant information.

### **3.2 USING CULTURE AND CULTURAL INDUSTRIES TO BUILD CARIBBEAN SOCIAL RESILIENCE**

At the heart of Caribbean social fabric is culture. Culture shapes the Caribbean peoples identities, aspirations and relations; it also shapes the places and landscapes they live in, and the lifestyles they develop. Heritage, visual and performing arts, cinema, music, publishing, fashion or design manifest themselves strongly in daily life but the contribution that cultural and creative sectors can bring to building social resilience in the Caribbean is still not fully recognised. Cultural heritage, cultural and creative industries, sustainable cultural tourism, and cultural infrastructure all lend themselves as strategic tools for revenue generation, and harnessing greater social inclusiveness and rootedness, resilience, innovation, creativity and entrepreneurship for individuals and communities, and the use of local resources, skills, and knowledge.

Respecting and supporting cultural expressions contribute to strengthening the social capital of a community and fosters trust in public institutions. Cultural factors also influence lifestyles, individual behaviour, consumption patterns, values related to environmental stewardship, and our interaction with the natural environment. Local and indigenous knowledge systems and environmental management practices provide valuable insight and tools for tackling ecological challenges, preventing biodiversity loss, reducing land degradation, and mitigating the effects of climate change.

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<sup>67</sup>Sapirstein, Guy (N.D.) Social Resilience: The Forgotten Element in Disaster Reduction. Senior Partner Organizational Resilience International Boston, Massachusetts, USA



## **Theme 4**

Enhancing institutional infrastructure and governance  
for sustainable development in the Caribbean



# ENHANCING INSTITUTIONAL INFRASTRUCTURE AND GOVERNANCE FOR SUSTAINABLE DEVELOPMENT IN THE CARIBBEAN SMALL ISLAND DEVELOPING STATES

## BACKGROUND AND INTRODUCTION

Coming out of the Rio+20 Conference, Small Island Developing States (SIDS), continue to pursue urgent and concrete actions to find solutions to the major challenges facing SIDS in their efforts to achieve sustainable development. Caribbean states have identified some of the critical issues which must urgently be addressed if the subregion is to remain on a path of sustained growth and development, and if the benefits of that development are to be distributed equitably to all its citizens. One of the priority concerns identified for the region is the enhancing of institutional infrastructure and governance for sustainable development.

This chapter seeks to link two complex concepts, sustainable development and governance. Within the context of the definition published in 1987 by the Brundtland-Commission in their report 'Our Common Future', van Zeijl-Rozema et al (2007)<sup>68</sup> have determined sustainable development to be a normative concept, dealing with different temporal and spatial scales and with multiple stakeholders. It indicates a process of changes whereby the development goal is not clearly outlined and is subject to changes throughout the process. Governance is further explained as a means to steer the process of sustainable development, which is also not a straightforward concept either. Governance is viewed as a collection of rules, stakeholder involvement and processes to realise a common goal.

### 1. GOVERNANCE FRAMEWORKS – THE CONTEXT

The Caribbean regional report for the five-year Review of the Mauritius strategy for the further implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing states (MSI+5) notes the progress made by Caribbean SIDS at both the national and regional levels, with regard to increased the frameworks for delivery of good governance, including institutional capacity for carrying out policy reforms and in formulating appropriate strategies and action plans. The report acknowledges that this achievement was primarily through the efforts of the Caribbean SIDS themselves, with critical support from international development partners and intergovernmental regional organizations and non-governmental organizations, and the international financial institutions.

#### 1.1 Policies and Plans

The available data show substantial achievements in policy formulation, with an impressive range of documents created in response to the international environmental agenda, as well as the social dimensions covered in the Millenium Development Goals (MDGs), such as poverty reduction, education, health and labour matters. Further, over the BPoA implementation period there have been significant changes in the perception of countries about the role of the environment in sustainable development. Many countries

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<sup>68</sup> van Zeijl-Rozema Annemarie, Ron Cörvers and René Kemp. 2007. **Governance for sustainable development: a framework.** International Centre for Integrated assessment and Sustainable development (ICIS) Maastricht University, Maastricht, The Netherlands. Paper for Amsterdam Conference on "Earth System Governance: theories and strategies for sustainability", 24-26 May 2007.

have developed a comprehensive set of plans and strategies in which issues related to the Mauritius Strategy are typically well integrated with the economic and social.

Policy changes have been further demonstrated in the integration of emerging issues related to climate change and sea level rise, renewable energy, food security, health (HIV/AIDS), sustainable tourism, into national development strategies. Belize for example, has also taken a holistic approach to sustainable development through a National Poverty Elimination Strategy and Action Plan. Fiscal and monetary policies have also been adjusted in recent times to respond to the global economic crisis.

Some Caribbean SIDS have also embraced major policy shifts, adopting various approaches to transform their economies into green economies. For example, Dominica is using the concept of transformation into an Environmentally Sound Organic Island; while in Guyana, the emphasis is on implementing a Low Carbon Development Strategy, and in Barbados focus is being placed on the transformation into a Green Economy.

## **1.2 Governance Architecture - Institutional Roles and Responsibilities**

The regional review report on the five-year review of the Mauritius Strategy details the institutional architecture for governance in the region, demonstrating the strong integration of the countries in international, regional and subregional governance mechanisms. The governance architecture for sustainable development includes regionally based UN agencies and other international institutions, major regional intergovernmental institutions (such as Association of Caribbean States, ACS; and CARICOM, CARIFORUM, Organisation of Eastern Caribbean States, OECS), as well as powerful international NGOs, notably the Caribbean Policy Development Centre (CPDC) and the Caribbean Natural Resources Institute (CANARI).

The region has a number of substantive regimes for environmental governance – of the Caribbean Sea, through the CEP (one of the UNEP Regional Seas Programmes) – for energy policy, for coastal zone management, and for sustainable tourism<sup>69</sup>, regional intergovernmental organisations with an environment-related remit or focus such as the Organisation of Eastern Caribbean States Environment and Sustainable Development Unit (ESDU) in Saint Lucia, as well as other initiatives to implement the Multilateral Environmental Agreements (MEAs); the Caribbean Community Climate Change Centre (CCCCC, Belize), sectoral initiatives such as the Caribbean Large Marine Ecosystem Project (CLME)<sup>70</sup> and the CREDP. There are also other important regional CSOs, such as the Caribbean Network for Integrated Rural Development, the Caribbean Environmental Health Institute, the Island Resources Foundation, and the University of the West Indies Centre for Environment and Development and CERMES.

More recently established institutions of importance to the governance framework include Caribbean Court of Justice (CCJ), Caribbean Catastrophe Risk Insurance Facility (CCRIF), Caribbean Community Climate Change Centre (CCCCC) and Regional Coordinating Mechanism (RCM).

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<sup>69</sup> Protocol to the Convention Establishing the Sustainable Tourism Zone of the Caribbean (STZC).

<sup>70</sup> CLME is run out of UWI's Centre for Resource Management and Environmental Studies (CERMES), a major regional environmental research institute

### **1.3 Knowledge Management**

The knowledge management process in the Caribbean is evolving and systems built on a modern information and communications technology infrastructure, continue to be pursued for mitigating the effects of limited capacity, isolation and remoteness of Caribbean SIDS. E-governance initiatives were reported from Antigua and Barbuda, Dominica, Grenada, and Saint Kitts and Nevis. Another noteworthy regional ICT initiative is the establishment of a Caribbean Knowledge and Learning Network (CKLN) whose main objective is to enhance the competitiveness of Caribbean countries by upgrading and diversifying skills and knowledge through increased regional collaboration and use of ICT to connect citizens. However, there is still a paucity of good quality data and limited documentation of adequate metadata to facilitate the use of empirical data in the planning and systematic monitoring of government initiatives and programmes.

Efforts to address these data and information gaps include various regional initiatives, such as the multi-donor initiative, 'Support to poverty assessment and reduction in the Caribbean' (SPARC), and an ECLAC subregional project that provides technical assistance to the subregion to enhance monitoring and reporting capacities on Millennium Development Goals and other internationally agreed development goals.<sup>71</sup> The various reviews also indicate that the technical possibilities to monitor environmental change at scales appropriate for small islands have improved greatly. However, effective knowledge-sharing is still hampered by cultural and social barriers, including the multicultural and multilingual diversity in some Caribbean SIDS.

### **1.4 Participatory Mechanisms**

Non-Governmental Organisations (NGO) representatives play a significant role in both advising and supporting government negotiating positions in international forum, where these are consistent with the positions of the NGO representatives themselves. Such non-State actors also have a consultative status with Caribbean Governments through the Regional Coordinating Mechanism. Guide

Some Caribbean countries have created participatory governance mechanisms at the local level through the establishment of local government councils or community development councils. Caribbean countries in general, have also put in place institutional arrangements to respond to disasters and are increasingly adopting a more mitigative approach to disaster management. There is also clear evidence that attention has been paid to the emphasis of CSOs place in a participatory approach to policy formation and implementation. CSOs are more light-footed in the regional political arena than their governmental counterparts, who lack this type of flexibility. Three key regional CSO's have been able to negotiate an effective functional division of labour across the three pillars of sustainable development, CANAR and CPDC.

### **1.5 Infrastructure**

The infrastructure for the governance and management of sustainable development in the Caribbean region has been largely embedded in environmental law. Caribbean countries have made significant progress in establishing comprehensive policy, institutional and legal frameworks for sustainable development, although these vary widely across countries. As active participants in the main environmental treaties and conventions, these international instruments dealing with the environment, represent a form of "soft" law, and play a vital role not only in supranational governance, but also in the development of domestic environmental policy and law. It must be noted though that the provisions of

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<sup>71</sup>[www.eclac.cl/id=37073](http://www.eclac.cl/id=37073)

many of these international agreements have not been incorporated in many of our local laws and therefore have no legal applicability in Caribbean jurisdictions.

New legislation in support of the sustainable development agenda has been proposed in some countries ranging from a Climate Change Act, an Environmental Management Act, a Disaster Management Act, Physical Planning and Development Act, and the general inclusion of the Precautionary Principle in local legislation. The implementation of these new pieces of legislation will go a long way in addressing the issue of outdated laws.

From a regional standpoint, the legal context in which some of the Caribbean SIDS that are also member States of the Caribbean Community operate, is also changing, as a result of the incorporation of the key tenets of the Revised Treaty of Chaguaramas establishing The Caribbean Community inclusive of the CARICOM Single Market and Economy (CSME) into their national legislation and the jurisdiction of the Caribbean Court of Justice (CCJ).

## **1.6 Funding/Financing**

The United States Agency for International Development has assisted the OECS Secretariat for interventions in disaster risk management, biodiversity management, and to facilitate the transition of selected Member States to open trade, and to enable the countries to compete more successfully and be more sustainable in the global economy. Similarly, the Canadian International Development Agency has, among other things, provided assistance for capacity development for environmental management in the OECS subregion. The CARICOM Secretariat continues to receive assistance from the EC and a number of friendly governments (such as Spain, France, Brazil and Mexico), to undertake a number of regional sustainable development initiatives.

Much of the funding for sustainable development initiatives in the region often takes place in the context of UN programmes, especially Global Environment Facility (GEF) programmes. The German Agency for Technical Cooperation (GTZ) is actively supporting initiatives in renewable energy. The United Nations Department of Economic and Social Affairs (UNDESA) has focused efforts in programmes for the promotion of tools for self-empowerment by civil society partners in the governance process.

## **2. GOVERNANCE CHALLENGES AND GAPS**

The major challenges in governance challenges facing the Caribbean region, within the three pillars of sustainable development – environment, economic and social, derived from Caribbean Regional Synthesis Report MSI+5, and corroborated through official and academic sources on Institutional Framework for Sustainable Development (IFSD) – Rio+20 and International Environmental Governance (IEG) reform effort, are presented in the subsequent sub-sections.

### **1.1 Objective Challenges**

One of the perceived challenges for implementing good governance for sustainable development stems from differences in sustainable development objectives as it relates to linking environment to the traditional economic development paradigm. Sustainable development is indeed a cross cutting issue that should consider all economic, environmental and social aspects before making development decisions. These different rationales tend to create obstacles for achieving convergent development objectives and targets, often resulting in weakened political will for participatory decision-making.

When considered in the context of international or global governance institutions as a whole, including the UN system and International Financial Institutions (IFIs), the environmental pillar is generally weak in authority, priority and profile, and capacity relative to the economic pillar (although some governments and stakeholders dispute this contention). Competition between economic development and environment is well evidenced in clashes in government priorities, for example, with tourism tending to be given a higher priority than environment. Also the social agenda is largely obscure.

Substantial engagement of all state actors in the participatory decision-making process will be required in order to facilitate the alignment of objectives and assist in the clearer definition of development objectives and targets.

## **1.2 Policy Challenges**

The policy gap stems largely from the fragmentation of sustainable development roles and functions across sectors (ministries and agencies) and communities. Fragmentation – of treaties, financing, and overall authority for environmental and sustainable development governance – has resulted in a lack of policy coherence.<sup>72</sup> Further, silo approaches to policy development result in incoherence between sub-national policy needs and national policy direction. In addition, the integration of sustainable development into decision-making is lacking at all levels, especially in the wider macro-economic policy domains of finance and trade.

The three pillars of sustainable development lack integration at the global, regional, and national levels, hence environmental and sustainable development policy content, may have the tendency to be externally skewed in Caribbean SIDS. Moreover, the science-policy interface remains inadequate and suffers from a lack of capacity, especially at the national level. Furthermore, the social aspect of sustainable development seems to be the least prominent on the policy agenda.

A multi-dimensional systematic approach to policy development, which involves the participation of all involved stakeholders in the formulation of public policies and in the decision-making process particularly those that impact on social services and pro-poor development will be required to overcome the policy gap. Further, strong political leadership and commitment will be required to drive the adoption of such an approach.

## **1.3 Administrative Challenges**

Inadequacies and gaps identified in the existing institutional and administrative arrangements include *inter alia*:

- Current sustainable development institutions are weak and fragmented.
- Environment negotiations conducted by environment ministries may be poorly coordinated with the ministries in charge of foreign affairs, finance and development planning. In the current developmental context of globalization and privatisation, these latter departments may not be receptive to commitments made by environment ministries at negotiating tables.
- Lack of legal authority and institutional capacity needed for implementation and enforcement stemming from the lack of regulatory and outdated legislative frameworks, as well as legislative uncertainties.

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<sup>72</sup> UNEP 2011; Biermann et al. 2009; Inomata 2008; Bernstein and Ivanova 2007



- Monitoring, data collection and assessment are lacking on progress toward sustainable development. Improved accountability and review mechanisms could create incentives for performance and early action.
- Genuinely effective participation by all the relevant stakeholders in policy development and decision-making, especially by the marginalised, socially excluded and disadvantaged groups, are still more of an exception than the rule.
- Meaningful engagement of participatory mechanisms are likely to create a new institutional difficulty, with regard to challenging the capacity of governments' to act rapidly, as well as contradict the ways policies have been formulated and developed.
- Slow progress on a wide range of sustainable development priority areas and environmental concerns, such as economic security, poverty reduction, climate change, forestry and fisheries, while new and/or deepening concerns are emerging in areas such as energy demand and access, fresh water, and oceans management. In addition, concerns about consumption in the North, but also in emerging economies, is increasing.
- Reasonable strides have been made to promote partnerships between government or intergovernmental authorities, business and civil society, but there is still a lack of cohesion and mutual support between traditional multilateralism or governance through international organizations.
- At country level, there are various strategies, but inadequate inter-institutional coordination and infrastructure for the delivery of services which has hindered capacity to foster good governance.

Creating the institutional and administrative framework for effective participation by all stakeholders in the conduct of public affairs is a complex task. The architecture for sustainability governance thus needs to be re-built to include better integration and deepening of the participation of state, non-state actors and other groups in the society, as well as improved institutions and decision-making mechanisms which reflect changes in natural and social systems, and network approaches, and incorporate strong accountability and transparency safeguards.

#### **1.4 Information Challenges**

Instruments for revealing and sharing information to enhance decision-making are largely inadequate. Where data is available it exists in differing formats and in different locations, which makes it problematic for decision-makers to obtain information on a sustained basis and at opportune moments. This scenario also has an added impact on the effectiveness of regulation and enforcement practices. There are also cultural issues related to such as hoarding knowledge as a source of power, different values, and perceptions on the use of knowledge.

The integration of scientific knowledge into intergovernmental decision-making also needs to be improved. Most existing scientific assessment institutions, such as the Intergovernmental Panel on Climate Change, are issue-specific and tied to governmental mandates. In addition, many areas of concern are not covered by such assessment institutions nor are interlinkages between issue areas.

Communicating sustainable development to the general population is also a challenge. This involves maintaining the balance between generating information for environmental and social awareness

and ensuring a substantive focus on the “grey” issues of local and personal importance, notwithstanding the “green” issues that usually frame the language of global environmental management.

In addition, the analysis of public awareness is a rare activity in the Caribbean, and it is a weakness that needs to be remedied. Without such analysis, any policy initiative based on assumptions about changes in public behaviour is bound to have uncertain effects.

Addressing information challenges in governance for sustainable development will require the re-building of existing systems and knowledge-management processes with particular focus on infrastructure, a coherent analytical framework and specialised expertise to create regional, national and sub national networks for information sharing and dissemination, and opportunities to support lesson learning through shared knowledge.

### **1.5 Capacity Challenges**

Capacities for policy-relevant knowledge production and retention however, tend to be severely impacted on by the combination of small population size, brain-drain, and also of the ‘brain-drift’ whereby skilled individuals stay in-country but move out of the environment sector. Improving the human resource capacity through training and skills improvement, particularly with regard to policy, research and analytical capability, is a key requirement for bridging the capacity gap. Further, capacity challenges are inextricably linked to information challenges. Hence measures to address the latter are also an integral part of bridging the capacity gap.

### **1.6 Funding Challenges : Nature and level of funding to support SD initiatives**

While the international community has provided some financing and technical assistance in some sectors, for the most part, countries in the region, within the constraints of limited financial resources, have utilised national resources while at the same time addressing increasing obligations under international agreements. This, unfortunately, has resulted in an increase in *ad hoc* stand alone projects, rather than a programmed or strategic approach to sustainable development.

Moreover, the adoption of expansionary fiscal policies in recent times in response to the global economic crisis has served to expand the fiscal deficit and increase the public debt, which has become a serious constraint to growth for many Caribbean SIDS. The heavy debt burdens of these countries now pose a significant challenge to effective financial governance. Moreover, given their classification as “middle income states”, many CARICOM countries do not now qualify for debt relief assistance and are increasingly being considered as ineligible for development aid. Thus, while increased levels of funding from both internal and external sources are now needed, this unfortunately coincides with a period of declining sources of revenue.

### **1.7 Accountability Challenges**

Ensuring the transparency of practices and mechanisms across constituents remains a real challenge to governance. There appears to be insufficient user commitment to establish adequate instruments for measuring institutional quality, instruments to strengthen the integrity framework and instruments to enhance citizens’ involvement to ensure accountability, at both the regional, national and sub national levels.

From the perspective of Caribbean SIDS, the regulatory and control mechanism in environmental law suffers from inadequate enforcement because of over-riding concerns for achieving economic growth.

Compliance with environmental law and enforcement of the regulatory mechanism has become matters of major concern in the developing countries, and in particular here in the Caribbean.

Tackling accountability challenges in Caribbean SIDS will consequently require a mix of formal and informal measures including administrative and judicial procedures for scrutinising the performance of government officials, and improving representation in the current intergovernmental system to add a mechanism of checks and balances (between Governments and non-State actors).

### **3. RECOMMENDATIONS**

Most Caribbean countries have well established public administration systems based on the rule of law, rational specialisation of functions, reasonable transparency and accountability systems. These are generally accepted as the elements constituting the building blocks of good governance. Hence it may be deduced that in the region the countries are reasonably well equipped to carry out the complex challenge of sustainable development, with maybe some minor adjustments to be made. In this context, achieving sustainable development would require in the main, political commitment to apply well-defined policy objectives. However, there is so far little evidence of a shared vision of sustainable development or, consequently, well-defined policy objectives. This is even more disconcerting, when the weaknesses in the current framework for Sustainable Development such as the lack of the resources, of political legitimacy, skills and finance are considered.

The ongoing dialogue of the Global Thematic Consultation on Governance in the post-2015 Development Agenda<sup>73</sup>, has emphasized the centrality of governance to sustainable development, taking into account capacity development needs of both people and institutions for good governance at different levels, from local to global. Key suggestions include streamlining governance into the vision and outputs of other sustainable development goals and the adoption of a regional approach for governance with national and sub-national indicators.

The following are recommended:

- Build participatory governance capacities for policy development and decision-making, by strengthening existing national, sub-regional and regional mechanisms and enhancing inter-institutional co-operation across ministries and public agencies; use of multi-level governance approach with clearly define roles and responsibilities of public authorities. In this regard, the Regional Coordinating Mechanism of which ECLAC is the Secretariat should be strengthened. This would provide direction and oversight to implementation of the MSI, would promote environmental governance, and would report on the policy measures that SIDS have adopted to address the negative impacts of the global food and energy crisis of 2008. This would be done within the context of the MDGs and the countries' development objectives.
- Proposals for the establishment of a Sustainable Development Council, configured within the institutional framework for sustainable development (including, but not limited to, the UN system), should also be explored. Institutionalisation of existing multi-sectoral, multi-stakeholder platforms such as national and community Disaster Management platforms and integrating within the sustainable development governance framework.

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<sup>73</sup> The consultation is co-led by UNDP and the Office of the High Commissioner for Human Rights, in association with the Governments of Germany and South Africa. A reference group with 20 members, comprising parliamentarians, civil society and academia, and including UN agencies and more than 10 CSO (networks) is also supporting the consultation.

- Address legislative/ regulatory shortcomings for creation of a governance framework that devolves and decentralizes decision-making power at local levels, where the scope for direct participation by the people is the greatest; focus on strengthening of legislative framework to cover multi-sectoral issues such as employment and labour; planning and property rights; statistics and data collection etc. ; focussing also on the need for institutions - such as the Judiciary and legal systems - to promote the enforcement of legislation and to deliver justice in a timely manner to enhance good governance.
- Fundamental improvements in the economic system to achieve reconciliation of environmental considerations and social planning with economic growth and guarantee minimum economic security; reflected in sustainable economic alternatives including sustainable livelihoods, economic incentives for clean technologies, and economic diversification that can supplement national income or absorb exogenous shocks.
- Improve monitoring and evaluation tools for sustainable development, through a re-design of policy frameworks for sustainability metrics in the Caribbean, adopting broader measures of progress or alternative metrics to Gross Domestic Product (GDP), such as the Human Development Index (HDI), which measure actual improvements in well-being at all scales; further development of sustainable development indicators, combining variables from the three pillars of sustainable development, or a small suite of indices that have to be pursued simultaneously, which can be used as a policy tool. In addition mechanisms to ensure checks and balances in existing inter-governmental systems such as enabling the meaningful involvement of other actors, for example through the inclusion of highly respected persons or organizations, cities, communities and social movements in governance for sustainability, are needed. Public procurement policies could also be used as tools for mainstreaming sustainability in development programmes;
- Foster capacity-building at all levels of government. This implies combining investment in technical, scientific and infrastructure in the institutions upon which sustainable development outcomes rely.
- Create, update and harmonise appropriate mechanisms / platforms, including information systems and electronic databases for sharing knowledge and experiences, utilising improved/reliable information from diverse sources of knowledge; establishment of a permanent science-policy interface and/or an information clearinghouse mechanism such as national and regional Information Networks” to provide real-time access to environmental information to support socio- economic decision-making, at community, national, regional and international levels. The use of information and communication technologies (ICTs), including social media, will further support governance for sustainability by increasing the participation of those groups and individuals that have been marginalized in the decision-making process, and stimulating and facilitating trans-boundary communication and deliberation.
- Adopt innovative financial approaches for increasing FDI flows in the various sectors to build infrastructure and expand export capacity; removal of all existing tariff and non-tariff barriers; combining the efforts and capabilities of public, private sectors and the communities through the strengthening of public-public and public-private partnerships, including south-south cooperation and cooperation among small island developing States to provide greater support for social sector development; pursue mechanisms such as payment for environmental services (PES) and sustainable financing for protected area networks, green growth and implementation of climate change policies through the creation of protected area trust funds, debt-for-nature swaps and other approaches.

#### 4. CONCLUSION

The “Hakone Vision”<sup>74</sup> submits that despite the several decades of discussion on reforms of the institutional framework for sustainable development, both in scholarly and political terms, the process has not yet shown an indication of converging expectations. The main reason proposed is a growing gap between the United Nations (UN) institutions, in particular institutions for environment and sustainable development, and political reality on sustainable development issues.

The issues and political dynamics in the twenty-first century are different from those of 1945, when the systems of the United Nations system were founded. Today’s problems are more intense and diverse, and are characterized by temporal, spatial and sectoral interdependencies, and complexity, as well as uncertainty.

Admittedly, incremental changes have enabled some progress towards sustainability. However, the current system governing sustainable development is no longer sufficient, given the number, impact, interdependence and complexity of problems associated with global change. Governance for sustainable development now calls for transformative reform with clear vision.

The Hakone Vision Factory proposes principles and recommendations to guide this transformation clustered around three interrelated issues: Aspirations, Actors, and Architecture. Aspirations: requires that objectives, underlying values and norms, as well as knowledge and uncertainty, be refined and operationalized; Actors: demands the meaningful and accountable participation and solutions from people, for people; and Architecture: calls for suitable arrangements based on a set of criteria including meaningful participatory approaches, authority/mandate, compliance and implementation, funding, adaptability, and accountability.

Experts contributing to the ongoing Governance Thematic Consultations have surmised that a new sustainable development framework can serve three main objectives: building normative consensus, boosting neglected policy issues and strengthening accountability, while being easily communicable. Clear criteria to prioritize goals, targets and indicators were suggested. Many governance and human rights variables are now measurable and can be justified for inclusion in the new agenda. The use of these would however, require different data sources and capacities for data collection and analysis would have to be strengthened accordingly.

Arguably, the answer to effective sustainability governance will depend on a stronger reliance on bottom-up approaches driven by the private sector and civil society, including through nongovernmental agreements, transnational movements, and non-binding multisectoral partnerships. CSOs can, given the resources, get on with the job in the vacuum left by states. In the post-Johannesburg world of Type II partnerships, this role fits the emergent norm for cooperation in sustainable development.

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<sup>74</sup> Hakone Vision Factory on Earth System Governance: Bridging the Science-Policy Boundary” was held in Hakone, Japan, 27-29 September 2011.



## **Theme 5**

Financing for sustainable development in small,  
middle income countries



# **FINANCING SUSTAINABLE DEVELOPMENT IN SMALL, MIDDLE INCOME COUNTRIES IN THE CARIBBEAN**

## **1. INTRODUCTION**

After more than 12 years into the 21<sup>st</sup> Century, Caribbean countries are expected to continue to face considerable challenges in their path towards development post 2015. These include redefining their niche in the global market place in line with significant shifts in global production systems and trade; recovering from burdensome fiscal deficits and coping with climate change and the negative effects of more frequent natural disasters. In some countries poverty levels are increasing after years of decline. Most have defined a vision for development into the next 20 years but, in light of the global recession this looks like a long, hard road ahead. They will require continued international support in the medium-term.

### *The Monterrey Conference and Consensus*

In March 2002, Heads of State met in Monterrey, Mexico to review the challenges of financing development, in particular the achievement of the Millennium Development Goals (MDGs) and committed to finding innovative ways to meet the challenges of financing. They emphasized the need for a partnership between developed and developing countries in this regard.

More recently, in June 2012, at the UN Conference on Sustainable Development in Rio de Janeiro, Heads of State and Government renewed the call for promoting sustained, inclusive and equitable economic growth, and considered “innovative financing mechanisms” as a way of expanding the financing options open to developing countries. While countries recognized that some progress had been made since 2002, they called for a “scaling-up of initiatives” to achieve the agreed goals.

## **2. CARIBBEAN ECONOMIES: THE CHALLENGES OF FINANCING**

In line with the Millennium Development Goals (MDGs), Caribbean governments have given priority to the following areas for achievement in their quest for development:

- A healthy and educated population in line with international standards
- Macroeconomic stability
- Effective social protection
- Strong economic infrastructure
- Globally competitive industries
- strong governance

New communication technologies and travel opportunities have led to increased citizens' demands on governments for improved basic services and more effective governance. Governments are being driven to accelerate development.

Basic health and education for most of the population in the Caribbean are usually financed from central government budgets, although there is increasing involvement of private actors at the secondary and tertiary education levels. On the other hand, certain elements of social protection such as micro credit and insurance and disaster preparedness and relief are sometimes the subject of significant donor interventions. National Insurance schemes are usually managed by governments with contribution from employers (including governments) and employees, but there are gaps in their coverage.

### **3. THE CHANGING GLOBAL ENVIRONMENT AND IMPACT ON FINANCING FOR THE REGION**

Owing to their small size, limited productive capacity as well as certain weaknesses in policy making, Caribbean countries are constrained to internally generate adequate levels of resources for development. As a result, they have been heavily dependent on overseas development assistance (ODA) and foreign direct investment to sustain development initiatives.

At the time of the Monterrey conference in 2002, Caribbean countries were already experiencing a downturn rather than an increase in ODA. Development assistance declined from approximately US\$1.2 billion in 1995 to US\$400 million in 2002. While in the new decade Foreign Direct Investment (FDI) inflows continued apace, this did not make up for the significant drop in ODA.

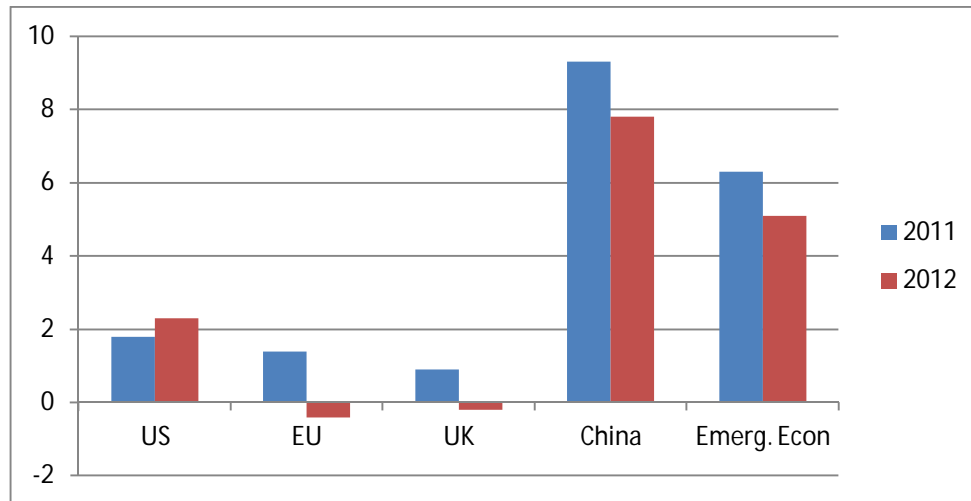
Both ODA and FDI inflows have now been negatively affected by the global recession. Overall, the global economy experienced sluggish growth in 2012. Traditional sources of FDI and ODA for the region – the OECD countries - have been the most affected by the recession. While there have been signs of slow growth in the US since the latter part of 2012, the current prediction for the EU Commission is that the Euro zone is likely to experience negative growth of 0.3 for the first half of the year.

The global trade environment and terms of trade have also changed leaving the open Caribbean countries excluded from more valuable international production chains and transiting countries from one-way trade preferences with the EU, Canada and the US to new reciprocal partnerships and agreements. This transition means that these small countries will have to transform their economies and become more globally competitive to take advantage of these markets. Further, the recession in key markets has worsened the current account deficit, leaving many with little room to finance needed economic transformation. Trade diversification into the less recession-affected emerging markets has not been significant to date. As most are considered middle-income countries they are not eligible for certain concessionary loans to assist with the transformation made more difficult by the inherent constraints of size.

On the positive side, the World Bank has reported that remittance inflows to Latin America and the Caribbean have rebounded following a dip in the early days of the recession and grew by 2.9% on 2011. Remittances play a big role in the economy of Guyana, Haiti and Jamaica. In the case of Jamaica, according to the Bank of Jamaica, in 2009 remittances fell by US\$230M from US\$ 2billion in 2006. By 2011, remittance inflows were almost back to their 2008 levels. The trend was similar in Guyana where inflows peaked at about US\$325 million in 2008, dipped in 2009 and then rebounded. The challenges for Caribbean countries with significant remittance inflows are (i) the cost of transfers and (ii) the more productive use of the funds.



**Figure 1**  
**Global Growth levels (%) 2011 and 2012**



Source: CDB 2013

#### 4. THE CARIBBEAN'S DIFFICULT MACRO ECONOMIC SITUATION

Probably one of the most constraining factors for financing is the high debt-to-GDP ratio - one of the highest in the world on average - and high levels of outflows for debt service payments. When a country has to pay out annually 45 -55% of its gross revenues on debt payments, there is not much left over to meet the growing demands of development and transformation. A few of those who had moderate debt ratios experienced a sharp rise following the recession. Several of the region's governments are currently in the midst of IMF sponsored adjustment a programme which has limited social spending. OECS countries as well as Belize and Jamaica are among those countries which have embarked on debt restructuring. Barbados has seen its creditworthiness downgraded by Moodys because of fiscal weaknesses and Belize, which prior to 2008 had very moderate debt accumulation, declared in August 2012 that it was unable to meet its commitment of interest payment of US\$46 million on Belize's accumulated US\$544 million foreign debt.

The debt problem has been exacerbated by persistently high and increasing prices for oil and now natural gas. Most Caribbean countries are net-importers of oil and gas. According to Cleantech Investor, a UK-based business intelligence service, the cost of electricity in the Caribbean is probably the most expensive in the world. CARICOM countries, with a combined GDP of US\$52 billion, spent US\$12 billion on imported fuel in 2007, almost double the 2004 bill of US\$6.5 billion, using up already scarce foreign exchange and reducing company productivity. The small size of the countries militates against their attracting private investment for less costly sources of energy or benefit under the UNFCCC's Clean Development Mechanism.

As countries reduce spending in response, social protection becomes a casualty, but this is precisely when social safety nets are needed to support the growing number of poor households. Barbados and the OECS countries are receiving multi donor support for the development of conditional cash transfer programmes. Jamaica, however, has the most mature programme in CARICOM which is linked

to enrollment in educational facilities and primary health care. Initially this was donor-funded but the government now funds about 70%. The programme was underfunded with eligible households getting significantly less than the minimum wage. Given the current budgetary constraints and expected rise in inflation due to the domestic economic crisis, eligible households will have even more difficulties.

## **5. THE DOMESTIC PRIVATE FINANCIAL MARKET**

The narrowness of the private financial market has always been a constraint to development even more so now than ever. The commercial banks have been the core of the financial sector in the Caribbean. However, notwithstanding high liquidity levels, SMEs continue to complain about lack of financing. Venture capital is limited to a very few small companies of which Caribbean Development Capital Limited (Dev Cap) is the most known. Credit unions continue to play a key role in micro financing, along with other informal sources, but they usually insist on traditional sources of collateral. The capital markets are still fairly underdeveloped, but growing. Activity is limited in some of these very small markets and consolidation and growth through a regional market has not fully materialized.

Wider and more integrated domestic and regional financial markets are critical to supporting development “from the bottom-up” through the availability of financing that supports small and micro-level innovation, especially among SME’s as well as financing smaller, sub-national but important social and physical infrastructure services at the community level. The IDB’s Multilateral Investment Fund (MIF) has provided financing for micro projects of this kind, through NGOs in other parts of Latin America, but its presence in the Caribbean in this regard is not strong. Its activities can be broadened to the Caribbean.

## **6. INTERNATIONAL DEVELOPMENT ASSISTANCE**

Current indications from the OECD suggest that current aid levels, especially for budget support, are not likely to increase meaningfully in the immediate future.

On the other hand, assistance from emerging donor partners has been increasing significantly in the last 6 years or so. Of special importance are growing relations between the region and the People’s Republic of China and Venezuela, although the long-term viability of the Petro Caribe programme has come into question lately as the Venezuelan Opposition has always made known its objection to this use of oil dollars. There are also opportunities for increasing cooperation with emerging economies like Brazil and India as well as OPEC countries.

Expanded ODA levels will not be very effective however if Caribbean countries do not create stable economies. The role of the IMF is vital here. The Fund successfully expanded quota subscriptions in order shore up countries’ vulnerabilities and undertake crisis lending. It is now being called on to leverage these funds to expand its policy advisory services to small, middle-income countries to assist them towards a sustainable growth path. At the IMF annual meeting in 2012 the Governor of the Bank of Grenada called on the Fund to expand its technical assistance. He argued that “innovative approaches need to be fashioned to reduce the cost of non-concessional resources for highly at risk, small middle-income states” and expand access to subsidized financing under the Poverty Reduction and Growth Trust.

The UN has negotiated and signed off on development assistance frameworks for many Caribbean countries for the period 2012 – 2016. These incorporate the MDGs.

Assessed financial needs for the 5-year development programme include:

Barbados and the OECS:	US\$35.36M
Guyana:	US\$15.9M
Jamaica:	US\$ 37.6M needed

The UN has committed to identifying much of the needed financing while the rest will require financing from other development partners.

## **7. INNOVATIVE FINANCING MECHANISMS**

At the UN Conference on Sustainable Development in Rio de Janeiro, governments agreed “that innovative financing mechanisms can make a positive contribution in assisting developing countries to mobilize additional resources for financing for development on a voluntary basis”. Although there was no particular focus on the special situation of small, vulnerable states, at a follow-up ECOSOC conference, there were some useful proposals. Panelists noted opportunities from the effective use of remittances, public-private partnerships, pooling demand and creating a critical mass to facilitate lower prices in drugs and an international financial transaction tax or a marginal currency transaction tax which, with SDRs, could collect billions of dollars annually. Most of these are relevant to the development financing challenges faced by the Caribbean. Some of these are explored below:

### *Public Private Partnerships (PPPs)*

PPPs can be a cost-efficient method for attracting new private resources to implement needed infrastructure projects, especially for the cash-strapped countries of the Caribbean. It works when certain systems are in place such as the regulatory framework and the planning and oversight capacity to ensure that outcomes meet agreed objectives. Governments choose projects appropriate to the model, attract investors, negotiate long-term contracts and oversee implementation in line with key objectives. This can strengthen capacity building in infrastructure project monitoring and delivery as well as transfer new technologies. A few Caribbean governments are looking at PPPs for the development of new sources of energy.

In Health services related to the achievement of the MDGs the Gates Foundation has largely funded the Global Alliance for Vaccines and Immunisation (GAVI), and the International AIDS Vaccine Initiative (IAVI) and the Medicines for Malaria Venture are also funded through PPPs

The IDB/MIF sees itself as a catalyst for private investment involving PPPs, but, until recently, its experience in this regard has been mostly with the larger countries of Latin America. In July 2012, the MIF launched the Building PPPs for Development programme, which aims to strengthen government capacities in the design, execution and management of PPPs through advisory services in institutional strengthening and projects selection, and with a focus on smaller countries. This February it organized a conference in Colombia on new frontiers in PPP including for sub national projects. In the Caribbean there is need for more knowledge and information/experience sharing on these “new frontiers”.

### *Remittances as a Development Tool*

In the case of Guyana, Haiti and Jamaica among others, remittances amount to about 10% of GDP and as such make an important contribution to the balance of payments. The Recipients usually uses these funds

for basic (and occasionally not so basic) needs including food, education and health expenses and sometimes to finance a small business.

While cash-to cash transaction have been the most popular mode for transfers, new developments as others enter the market have been: account to account, cash to account and, in development, cash to card transfers. Most of these other methods are undertaken by commercial banks, building societies and other institutions which ordinarily offer savings or investment services and could offer these to remittance recipients.

The challenge is to shift the remittance conversation from poverty reduction and beyond balance of payments to investments, savings and wealth creation. The IDB is beginning to promote this shift by interesting financial institutions in providing savings products that suit the receivers, and give them more opportunities to access the services of the formal finance sector and efficiently use these funds for uses such as mortgages and business development. In addition, Caribbean countries with highly migrant populations have been reaching out to the Diaspora in the UK and North America to garner additional resources for development. Ideas of diaspora bonds and crowd funding are being floated.

#### *Pooling of Resources*

This has worked well to finance targeted challenges, especially in an environment of declining ODA. The Global Fund for Aids Tuberculosis and Malaria which comprises donor governments, Foundations, other NGOs and international agencies has raised billions of dollars since its establishment.

The same concept could be used in efforts to promote access to quality education. International agencies with responsibility for Education could partner with CARICOM and NGOs to galvanise financial and technical support around common challenges such as gender inclusion in primary and secondary education as throughout the region boys seem to have a difficulty relating to, and staying in the system. Programmes to increase the use of information technology tools in the delivery of education and to develop a life-long learning mindset could be considered here.

#### *Financing Small Infrastructure projects at the sub national level*

In a recent UN/DESA Working paper it was noted that development banks and other agencies tend to finance large national infrastructure projects, but little attention is paid to smaller infrastructure projects at the local or sub national level. The weakened fiscal situation of many governments has left citizens, especially in the rural areas, demanding better services such as parochial roads and water as well as cheaper sources of energy. One response might be the de-centralization of the management of water (community wells, irrigation systems) and other services, including waste water management with the support of donor programmes. International agencies, working with local financial institutions such as credit unions could foster the development of small infrastructure investment funds, possibly using a system of matching grants combined with the right government incentives for community participation through various ways.

This would mean capacity building in project management at the local/sub national level, and risk mitigation for participating local financial institutions but as the fiscal difficulties globally and in the region are prolonged, Caribbean governments may have to reconsider their “paternal” role and give space to civil society, local private sector and sub regional government structures to play a more significant role in local development. After all, communities best understand their environment and are most impacted by challenges. This has been well understood by disaster preparedness and mitigation programmes in the region.

## **8. EXPANDING THE GOALS FOR HEALTH AND EDUCATION: FINANCING ISSUES**

The reduction in instance of HIV/AIDS is one of the goals of the MDGs. On the basis of this, the Pan Caribbean Partnership against HIV/AIDS was awarded over US\$29.8M over five years to assist with the fight against HIV/AIDS and the social and economic impact on households. Other resources have been received from donors to complement this amount. Strategies for promoting public/community health probably have the most impact on the welfare of the underserved and poor in every country. With the support of PAHO and other international agencies CARPHA, the newly-formed Caribbean Public Health Agency, CARPHA, which is an amalgamation of 5 agencies, has received grants of over US\$10M

However, in the Caribbean there are non-communicable diseases such as diabetes, stroke and hypertension and gaps in the delivery of health services such as mental health which are increasingly affecting people in their productive years and equally undermining employment and development.

According to PAHO, while non-communicable diseases account for 60% of the disease burden, they only receive less than 30% of the ODA for health. The overarching issue facing cash strapped governments of the Caribbean is how to deliver affordable health care to the wider population. Most citizens do not have health insurance which is relatively expensive in a narrow insurance market.

The provision of quality primary and secondary education through appropriate strategies, services and infrastructure, continues to be a challenge for Caribbean governments whose vision of productive investment and poverty reduction is based on an enlarged skills pool.

### **FINANCING CLIMATE CHANGE RESILIENCE**

Mainstreaming environmental sustainability is still a challenge for Caribbean small states and will continue to be after 2015. This encompasses a range of interrelated issues and challenges. The Small island states with high dependence on the economic use of their marine and coastal areas are already seeing their beaches and fish stock declining and as a result, livelihoods compromised due to pollution.

Following the Cancun Agreements of December 2010 to commit about US\$30 billion for climate change adaptation and mitigation, developed countries have pledged about US\$39 billion. Delivery modalities include grants, concessionary loans, equity and private investment. Countries have signaled their modes: Norway for example has indicated that its contribution will be all grants, while the US has contributed \$4.7 billion in grants and 2.7 in concessionary loans. Some of these funds are being channeled through multilateral institutions.

Caribbean governments should focus on strategic measures to carve out and make full use of these resources to address targeted sustainable development problems such as land and coastal erosion, marine pollution and degradation of reefs, clean energy solutions, including at the micro level and integrate environment sustainability into sectors such as tourism, agriculture and industry.

### **MORE TARGETED, PRODUCTIVE FOREIGN DIRECT INVESTMENT**

Foreign Direct Investment has played a key role in Caribbean government's strategies for creating productive employment and attracting new technologies and financing for development. Tourism, ICT and non-oil mining and for Trinidad & Tobago oil and natural gas have been the main sectors attracting FDI on the Caribbean in the last decade.

A key tool used by many Caribbean governments for attracting FDI has been tax incentives to potential investors to set up business. The value of this policy tool to promote sustained growth and development has been placed into question several times. A Research paper by ECLAC in 2012 noted that FDI should be viewed as a part of a country's overall development vision and strategy and not used to create enclave industries which have little link to the rest of the economy and are not/ cannot be leveraged to facilitate growth and competitive advantage in other areas of the economy. This is critical for small Caribbean countries with limited market-size and little room for manoeuvre on the difficult path to rapid development.

### **CONCLUSIONS & RECOMMENDATIONS**

1. Continue to assertively remind developed country governments of their commitment targets in respect of MDGs, most of whom have not reached these targets, but take into account the difficult fiscal situation of the OECD countries which – especially in the case of the EU – are inward focused at this time as they struggle with deficits. Greater donor coherence could be used to improve efficiencies in the use of available grant funds.
2. In this regard, post 2015, countries may need to reduce their dependence on traditional development assistance sources and strengthen their relations with the emerging economies of the “South”. Foreign policy strategies at the national and regional levels should reflect this.
3. Governments should continue to pressure international agencies to tangibly recognize the particular characteristics of small, vulnerable, middle-income countries and to work together to develop financing instruments which can best address this group. The Commonwealth/World Bank Task Force on Small States had recommended that the special situation of small should be taken into account in the programmes of multilateral trade, finance and development agencies. The World Bank, with the IMF which has begun a review on the needs of small, middle-income states, can take the lead in close collaboration with the CDB. They should also use the new funds made available for addressing the global economic crisis, to help Caribbean countries become more resilient to external shocks.
4. As resources dwindle, Governments may need to be more strategic in their investment planning, targeting those sectors and industries that can have the greatest socio-economic impact in the medium and long-term and focus FDI efforts within this context. FDI, if used wisely can complement available development resources. In 2002 at a workshop organized by the OECD and the Dominican Republic, Caribbean Basin countries called for future conferences in areas such as identifying competitive advantage to create a higher-value economy; tax treatment of investment including incentives and measuring the impact of investment promotion agencies. These are still very relevant for a future OECD and international agency-supported work programme.
5. If the small states of the Caribbean are to generate the kind of income needed for transformation and development with equity, goals will have to go beyond universal primary education to strengthening secondary/vocational and even tertiary education and more effectively include males in the education process.
6. Given its importance to the survival of island states, environment sustainability, and especially marine and coastal preservation, should be high on the post 2015 agenda.

7. Serious consideration should be given by both governments and regional development financing partners to expanding new modes of financing development and in particular, funding social services and small infrastructure in communities. Empowering sub national agents and the financial institutions with community reach and long-term funds would relieve the pressure on cash-strapped governments and better deliver services and infrastructure like farm roads, water wells and even support for primary health care. The involvement of regional development banks and other international development agencies would be crucial to catalysing efforts in the regard.
8. The further development and financing of social security programmes will be critical in the medium term with the expected continued contracting of government budgets.