



## Caribbean New Economy Dialogue

### Towards a Green and *Resilient* Economy for the Caribbean

*“A Green Economy is a new approach to economic and social growth embracing ecological and eco-friendly principles and guidelines that will lead towards sustainable livelihood practices and development at community, national and regional levels.”* (Definition of a Green Economy proposed by a participant at the Caribbean New Economy Dialogue, February 2011)

#### INTRODUCTION

The term “green economy” has recently emerged to describe a form of development that addresses in a holistic way the multiple economic and environmental challenges confronting the world. The concept is rapidly being picked up in international development arenas, and the way in which it is understood and applied will have major implications for developing countries. In order to assure that the evolution of the concept is based on actual needs and priorities, the Green Economy Coalition sponsored a series of national and regional dialogues around the world. The Caribbean Natural Resources Institute (CANARI) and the University of the West Indies were invited to design and organize such a dialogue for the Caribbean. This received additional funding from the Commonwealth Foundation. One output of the dialogue process was expected to be a regional “position paper” to guide actions and positions taken by Caribbean countries at national, regional and international levels<sup>1</sup>.

As an initial step in the process, a multi-stakeholder workshop was held in Trinidad in February 2011, to develop a working draft that can be taken further through a widening discussion throughout the region over the coming months. This draft paper thus reflects a broad but as yet incomplete picture on what a Caribbean green economy could look like and aim to achieve. Clearly the final picture that emerges from the process must be one that reflects perspectives from the widest possible range of stakeholders and that accepts the inevitability and value of diverging opinion. This implies an ongoing and consciously inclusive process involving a series of discussions as well as a range of other opportunities for input.

While this Caribbean process can and should influence international initiatives, it deliberately does not reflect the premises of those initiatives or draw on the growing body of literature on green economy, much of which is based on Northern experience, opportunities and perspectives. The aim of the process is not to align the Caribbean with an international consensus on green economy, but rather to allow the Caribbean’s own unique development pathway to emerge and inform international understanding and action.

#### WHY THE DIALOGUE IS RELEVANT AND TIMELY

Unsustainable global economic growth over the last few decades is breaching ecological limits, increasing social inequality and resultant instability, and intensifying the eventual magnitude of climate change. These interacting global developments are mirrored at the local level, threatening the political, economic, social and ecological viability of Caribbean states. Yet the region has the opportunity to use this global moment of crisis to its advantage, by developing an inter-connected and mutually reinforcing response aimed at building the resilience of its natural, social and economic systems to both internal and external impacts and shocks. The major underlying objectives of such a response are the furthering of social equity, environmental sustainability, cultural resilience, economic competitiveness and good governance.

The Green Economy concept offers a lens to view this enduring quest for sustainable development from a fresh perspective, by centring the discussion on the challenge of economic development that is equitable, sustainable and resilient. In such a way the discussion is able to engage new audiences, including the private sector, labour, consumers and economists, and to speak more directly to key issues of public policy, both nationally and internationally.

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<sup>1</sup> This position paper was drafted by Green Park Consultants GPC Ltd. on behalf of CANARI.

## RATIONALE FOR SHIFTING TO A GREEN ECONOMY

The current economic paradigm has failed to address many of the major problems facing the region; these problems in turn contribute to continuing economic and environmental vulnerability.

**Poverty and social inequality:** Per capita income ranges widely, from \$24,233 in Trinidad and Tobago to only \$949 in Haiti. Many countries are classified as “middle income”, but with wide, and growing, economic disparities. For example, St. Vincent and the Grenadines, Saint Lucia and Jamaica are all estimated to have poverty rates of around 30%. Levels of poverty and near-poverty have increased with the current economic crisis, with declining educational performance also contributing to rapidly increasing rates of unemployment. Poverty is often linked to issues of social inequality. The region has a large percentage of female-headed households, many below or close to the poverty line. Underproductive domestic sectors and dependence on volatile external markets have contributed to the persistence of poverty in the region.

**Disaster risk:** The region is highly vulnerable to natural hazards, including hurricanes, earthquakes, volcanic eruptions and landslides, which have caused tremendous loss of life as well as environmental, social and economic impacts (in some cases exceeding 180% of GDP<sup>2</sup>). Climate change is expected to increase the frequency and intensity of hurricanes, droughts and other climate-related hazards. The current strategy of externalizing the costs of disasters on the assumption that the state or international aid agencies will cover them is unreliable and unsustainable.

**Public indebtedness:** Levels of public debt have skyrocketed in recent years, with combined external and domestic debt ranging from over 70% to nearly 200%<sup>3</sup>. The cost of debt servicing has been eroding state capacity, making this economic crisis feel especially acute. The burden of the adjustments that have been made to public services have been largely felt by those who need the services the most, thus contributing to further poverty and social inequity.

**Diminishing sectoral benefits:** Returns from key economic sectors have been decreasing. In the tourism industry, growth now brings only marginal net benefits to the region, largely because of the sector’s heavy reliance on imported goods and services. The agricultural industry, long the mainstay of the rural economy, has been neglected into virtual stagnation. In the energy sector, unsustainable consumption and lack of investment are shrinking the benefit-cost ratio even in oil-producing countries such as Trinidad and Tobago. There is insufficient effort to create mutually reinforcing sectoral linkages, which could increase sectoral resilience while reducing dependency on imports.

## FACTORS LOCKING THE REGION INTO ITS CURRENT PARADIGM

While the need for a new direction is widely acknowledged, the obstacles to shifting to a new economic paradigm are formidable, and include:

**Political disincentives:** Few politicians are prepared to take substantive leadership towards changes that could alienate powerful interest groups that benefit from the current paradigm. Divisive partisan politics in most countries reduces the ability of any government to achieve the political consensus required to make major policy shifts.

**Weak bottom-up demand:** Over the past twenty years the influence of civil society on national and regional development has declined significantly. Some of the roles once played by NGOs have been captured by the state; financial support for civil society work has therefore declined; issues that created a sense of solidarity among civil society and academia in earlier decades are no longer on the table; and few young people are engaging in development action and debate. As a result, civil society organizations are becoming increasingly demoralized and dispersed, despite the continued leadership and engagement of a few.

**Declining human resource base:** The region has for decades suffered from significant brain drain; this is now being compounded by the poor performance of national education systems. In many countries, drop-out rates are at all-time highs, especially for boys, and rates of illiteracy and innumeracy are increasing. For example, over 70% of boy

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<sup>2</sup> ECLAC figures impact of Hurricane Ivan on Grenada and The Cayman Islands.

<sup>3</sup> ECLAC. 2008. *Public Debt Sustainability in the Caribbean*. Port of Spain, Trinidad: Economic Commission for Latin America and the Caribbean.

school leavers in Jamaica failed their qualification exam in maths. Most countries also lack any system of training in skills that match the opportunities available. Skilled jobs are often outsourced or filled by outsiders, and opportunities to add value to existing sectors through enhanced human resources are lost.

**Outdated and inadequate regulatory frameworks:** Existing legal frameworks and regulations do not encourage improved environmental and economic practices or innovations that could create new, sustainable economic opportunities. In some cases, they actually encourage perverse practices.

## **FOUNDATION FOR SHIFTING TO A GREEN AND RESILIENT ECONOMY**

A shift to a more resilient and green economic pathway must be built upon a more secure, equitable and democratic foundation. The key elements of that foundation include:

**A shared vision**, across political parties, nations, and sectors of society, which demonstrates a sense of a shared Caribbean identity and commitment to the collective social good.

**Human security**, including equitable access to health care, education, and economic opportunity.

**Good governance** that is democratic and transparent and that encourages respectful dialogue involving all sectors of society.

**A strong research and information base**, for understanding the underlying causes of problems and developing effective and efficient solutions.

**A well-educated citizenry** that is exposed to a wide range of ideas and perspectives and has the skills and tools to participate actively in the economy.

**Involved young people** who have a vision of the region's potential and the talents and motivation to become its future leaders.

**An informed and mobilized civil society** that takes a prominent role in national and regional debates on development priorities, that engages effectively with all sectors of society, that gives priority to the needs of the poor and marginalized, and that reflects a diversity of viewpoints and ideologies.

**A commitment to pan-Caribbean cooperation** across existing political, cultural and linguistic divides, and extending throughout the Caribbean diaspora, in order to expand economic markets and opportunities, facilitate the exchange of skills and labour, reduce dependence on uncontrollable external economic drivers, spread risk and increase resilience.

## **CHARACTERISTICS OF A GREEN ECONOMY**

In the context of the Caribbean, a green economy is one that aims for long-term prosperity, rather than solely for growth, through equitable distribution of economic benefits and effective management of ecological resources. It is economically viable and resilient to both external and internal shocks; self-directed and not driven by external agendas or funding opportunities, and self-reliant by being based predominantly on domestic production and investment. A Caribbean green economy is pro-poor and generates decent jobs and working conditions that offer opportunities for self-advancement for local people. Other characteristics of a Caribbean green economy include these:

- Industries optimise the relationship between demand and domestically produced supply.
- Best practices are rewarded and bad practices discouraged.
- Businesses apply “triple bottom line” principles to produce net flows of economic, social and environmental benefits.
- The needs and constraints of specific groups such as female single heads of households are addressed in labour and welfare policies and practices.
- Educational systems and options offer young people knowledge, disciplines and skills that are relevant to their lives and potential career opportunities.

- Dependency on imported or high carbon sources of energy is reduced and eliminated where feasible.
- Available natural, human, cultural and physical resources are used efficiently based on realistic assessment and optimal deployment.
- Positive and mutually reinforcing intersectoral and rural-urban economic linkages are created.

## **OPPORTUNITIES FOR MOVING TOWARDS A GREEN ECONOMY NOW**

Developing this vision of a green and resilient economy for the Caribbean can be best achieved through a mutually reinforcing process of discussion and action. Many opportunities for action that can move the region forward while broadening and strengthening the dialogue exist now. This preliminary list of opportunities, with progress already being made on some of them, offers an initial agenda for action over the coming year by different stakeholders, from governments and regional organizations to businesses and NGOs.

**Learn from and scale up best practices**, including traditional practices, through the creation of action learning groups and establishment of demonstration centres of excellence.

**Take an integrated development planning approach**, as Jamaica is doing with its Vision 2030 National Development Plan, using a resilience lens to consider and strengthen planning laws and regulatory frameworks.

**Complete the establishment of the Caribbean Single Market and Economy** to build resilience by increasing regional integration through the free movement of labour and capital.

**Negotiate trade agreements that build resilience**, such as the one currently being negotiated between CARICOM and Canada, which includes strong environmental and labour protections.

**Create incentives for sustainable practices**, including energy efficiency, use of renewable energy and waste recycling.

**Transform the housing sector** through regulatory frameworks that discourage waste and encourage energy efficiency and sustainable construction materials.

**Move existing industries up the value chain**, through greater emphasis on the generation of high-skill services and value added products, in sectors such as energy, tourism, agriculture, and the cultural industries. This can increase returns on investment, reduce vulnerability to competition and expand employment opportunities.

**Diversify export markets** to reduce dependency on a small number of trading partners; reach out to currently underdeveloped markets such as Latin America.

**Build local markets to serve the diaspora**, for example through the development of food market chains servicing Caribbean communities abroad.

**Develop business continuity plans**, at scales from micro-enterprise to industry-wide, to enhance resilience to shocks such as natural disasters.

**Tap existing but unexploited incentives** to stimulate green jobs and businesses; for example, through REDD+ facilities or the Trinidad and Tobago Green Fund.