RECAP: Regional and Local Challenges

**Macroeconomic**
- Low economic growth
- Trade concentration
- Output volatility
- Rising debt and declining reserves
- Poor sovereign debt ratings
- Financial sector vulnerabilities and instability

**Productivity & Competitiveness**
- Low rankings in the World Bank’s Ease of Doing Business index
- Large infrastructure gaps
- Weak governance
- Inefficient and costly transport links
- High energy and electricity costs and nascent regulation

**Human Development**
- High poverty and unemployment
- Very high youth unemployment and poor education outcomes
- High crime and citizen insecurity
- Limited social data available for designing and measuring effective strategies

**Environmental**
- High annual natural disaster costs
- Low insurance payouts
- Insufficient building codes
- Poor climate change adaptation tools

**Implementation Gap**

**Regional Approach Gap**
Caribbean Blueprint: A strategy for our resilient economies, society & environment

Stepping back in order to jump better

Macroeconomic
- Economic growth and diversification
- Strong/resilient financial sector
- Prudent fiscal management

Productivity & Competitiveness
- Private sector-led growth
- Opening new trade markets
- Regional payments facility (Fintech)
- First class and cost-effective infrastructure

Human Development
- Good quality education for all
- Workforce skills training based on employers’ needs
- Conditional cash transfers to the most vulnerable

Environmental Preparedness
- Strict building code compliance
- CCRIF, indemnity insurance, resiliency funds
- Environmental tools
- Climate change adaptation tools
- Microcredit for recovery lending

Regional Integration

Gender Equality

Statistics

Digitization

Implementation
AGENDA

PART I
BLUEPRINT FOR SUSTAINABLE DEVELOPMENT

PART II
CROSS-CUTTING INTERVENTIONS

Macroeconomic
Productivity and Competitiveness
Human Development
Environmental
AGENDA

PART I
BLUEPRINT FOR SUSTAINABLE DEVELOPMENT

PART II
CROSS-CUTTING INTERVENTIONS

- Macroeconomic
- Productivity and Competitiveness
- Human Development
- Environmental
“Nudging” towards fiscal responsibility through fiscal rules

**Nudge: Default Government Savings**

Government Revenue

- Government accesses 90% for budget expenditures
- 10% saved by default

**Flex: Government Debt Ceiling**

GDP = 100%

- 10% buffer
- 50% debt ceiling
Resilience involves budgeting for disaster before it occurs.

EX-ANTE BUDGETING

the practice of recognizing the cost of public policy for disaster relief and recovery before a loss event”
- OECD

If Governments:
- Adopted effective ex-ante policies
- Focused on disaster risk reduction and management
- Recognized the fiscal risks and the attendant implicit contingent liabilities
- Facilitated increased national savings

They could increase long-term well-being in the face of disasters:
- Increased savings
- Effective mitigation
- Disciplined pre-commitment to provide post disaster relief and recovery
Government responsibility: Building resiliency through effective budgeting

**PRIORITIZED SAVINGS**
- Save government revenue first, then apply to spend
- Building a resilience/ savings/ rainy day fund
- Contributing to CCRIF in order to receive immediate liquidity at natural event

**PRUDENT SPENDING**
- Borrowing for productive, resilient investments with minimum 12% ERR
- Max. debt/GDP ratio of 50% with 10% buffer for disaster emergency funding
- Access post-disaster concessional resources based on new resilience index

More balanced public finances → Improved sovereign credit ratings → Governments borrow cheaply on the market
AGENDA

PART I
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CROSS-CUTTING INTERVENTIONS

Macroeconomic

Productivity and Competitiveness

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Environmental
Strategies to improve regional aviation

Suggested Strategies: Reduce Costs  Harmonise Regulations  Enhance Efficiency

INCREASED AIR TRAVEL DEMAND
E.g., a 25% reduction in taxes may increase traffic in BMCs by 13% by 2036

CONNECTIVITY & TIME SAVINGS
E.g., the Bridgetown to Kingston travel time could reduce from 5 - 8 to 3 hours

ECONOMIC IMPACTS
E.g., Policy changes could provide additional 140K jobs in the sector by 2036
AGENDA

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CROSS-CUTTING INTERVENTIONS

Macroeconomic
Productivity and Competitiveness

Human Development
Environmental
An effective education system needs a dynamic export driven economy with many employment opportunities

Virtuous Circle

Source: Nancy Birdsall et al. (2000)
AGENDA

PART I
BLUEPRINT FOR SUSTAINABLE DEVELOPMENT

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CROSS-CUTTING INTERVENTIONS

Macroeconomic
Productivity and Competitiveness
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Environmental
BMCs can explore new ways to assist households and small businesses after disasters

When disasters occur...

Households and SMSEs lose their primary incomes and collateral for new loans

MFIs often cannot help due to their own liquidity and solvency issues, and lack access to donors and humanitarian relief aid

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**MICROCREDIT**

Humanitarian relief programmes can work with MFIs to invest in rebuilding livelihoods of those affected

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**MFI INSURANCE**

Insurance-like disaster risk management schemes can protect MFI portfolios so they can better support poor communities post-disaster

Source: VisionFund International
AGENDA

PART I
BLUEPRINT FOR SUSTAINABLE DEVELOPMENT

PART II
CROSS-CUTTING INTERVENTIONS

Blue Economy

Digitalization

Gender Equality

Statistics

Regional Integration

Implementation
Key Caribbean Blue Economy Opportunities:

- **Fisheries and Aquaculture**
  - Marine shellfish aquaculture

- **Coastal and Marine Tourism**
  - Marine Protected Areas; Cruises

- **Marine Renewable Energy**
  - Offshore wind, ocean and wind action

- **Marine Transport or Shipping**
  - Passenger transport; Freight transport
If we imagine an Advanced Caribbean Digital Economy, benefits include:

- Economic diversification and growth
- Improved productivity across sectors
- Global competitiveness
- Enhanced distribution systems
- High-skilled job creation
- Improved service resiliency
- More opportunities for efficient and accurate data capture and analysis
- Reduced corruption

inhibitors include:

- Digital skills gap
- Poor broadband access and quality
- High costs of telecommunications and energy services
- Weak cyber security regulation
- Challenging environment for doing business (including ICT ventures)
- Investment needs
Case Study: Applying Estonia e-Identity to the Caribbean

Blue Economy
Digitalisation
Gender Equality
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Implementation

Birth Certificate  Child Records  Tertiary Subsidy  Household  Tax and Social Security Payments  Public Health  Transfer of Estate

Unique e-Identification Number
201810100100
Gender Wage Gap Index, 2016

Female earnings (per dollar male) vs Earnings Differential (per dollar male)

- Barbados: 68%
- The Bahamas: 67%
- Jamaica: 61%
- Trinidad and Tobago: 55%
- Belize: 51%
- Suriname: 45%

Source: Global Gender Gap Index
PART II
DEVELOPMENT
PRIORITIES

Gender Equality is critical too

Responsive Policies

Gender Equality

Economic Growth

Social Wellbeing

Blue Economy
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Poor data can be amplified into bad policy

- Developing country statistical offices lack the resources to establish strong data collection and dissemination practices.

- The effectiveness of development policies is dependent on the relationships identified in the research. Poor data means low effectiveness.

- Stronger data systems means better statistics leading to more informed decisions.
PART II
DEVELOPMENT PRIORITIES

Key Regional Statistics Challenges

- Statistics skills gap across the Region
- Irregular periodicity of key variables
- Time lags in dissemination

Main CDB-Supported Interventions

- 2020 Census Round
- Regional Strategy for the Development of Statistics
- SDG Monitoring and Data Collection
- Strengthening Donor Coordination for the Statistics Dissemination
Progress has been slow in fully implementing the CSME

12 (of 14) countries report implementing all of the phases of the CET.

Some countries still maintain monetary policy mechanisms that make it hard for capital to move freely.

All 12 countries have enacted legislation in line with the Model CARICOM Skilled Nationals Act.

No legislative support for movement of managerial, technical and supervisory staff. Less than ½ of members report giving administrative support to such movements.

13 signatories to the revised treaty. Much of the institutional arrangements have been put in place to facilitate regional entities.

Insufficient data to assess regime utilization. Some indication exists that services are being supplied through the four modes.
PART II
DEVELOPMENT PRIORITIES

Driving Effective Implementation

1. Cabinet Prioritization
2. Planning Labs
3. Open Day
4. Roadmap
5. KPI Targets
6. Implementation
7. External Audit
8. Annual Report

Source: Adapted from PEMANDU
We should not let the **urgent** stop us from thinking about the **important**. The linked challenges of climate and development will shape humanity’s future”.

- Martin Wolf, FT Columnist