



# Towards a Green and Resilient Economy for the Caribbean

The Caribbean has embarked on a process to develop a position statement on moving towards a green and resilient economic pathway for the region. As an initial step in this process, a workshop was held in Trinidad in February 2011, at which key components of a regional position were discussed and agreed, for further development and discussion with a wide range of stakeholders over the coming months. This note summarizes the main points that were proposed at the Trinidad workshop.

## Rationale for shifting to a green economy

Unsustainable global economic growth is breaching ecological limits, increasing social inequality and resultant instability, and intensifying the eventual magnitude of climate change. These developments are mirrored at the local level, increasing the vulnerability and even threatening the viability of Caribbean states. Yet the region has the opportunity to use this moment of crisis to its advantage, by developing a response aimed at building the resilience of its natural, social and economic systems to both internal and external impacts and shocks. The 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 tool for moving towards a more resilient development pathway for the region insofar as it is able to contribute to addressing these key challenges:

**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”, masking wide, and growing, economic disparities. Levels of poverty and near-poverty have increased with the 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.

**Disaster risk:** The region is highly vulnerable to natural hazards. Hurricanes, earthquakes, volcanic eruptions and landslides cause tremendous loss of life as well as environmental, social and economic impacts (in some cases exceeding 180% of GDP<sup>1</sup>). Climate change is expected to increase the frequency and intensity of hurricanes, droughts and other climate-related hazards.

1: ECLAC figures impact of Hurricane Ivan on Grenada and The Cayman Islands.

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:** Public debt is skyrocketing, with combined external and domestic debt ranging from over 70% to nearly 200%<sup>2</sup>, and the cost of debt servicing is eroding state capacity. The burden of the reduction in public services has been largely felt by those who need the services the most, thus contributing to further poverty and social inequity.

**Diminishing sectoral benefits:** Returns from major economic sectors are decreasing. Growth in the tourism sector now brings only marginal net benefits because of heavy reliance on imported goods and services. Agriculture 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. 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 promote changes that could alienate powerful interest groups. Divisive partisan politics reduces the ability of many governments to achieve the political consensus to make major policy shifts.

**Weak bottom-up demand:** The voice civil society once had in development debates has been declining. Some roles once played by NGOs have been captured by the state; financial support to NGOs has therefore declined; issues that once created a sense of solidarity among civil society and academia are no longer on the table; and few young

people are engaging in development issues. As a result, civil society is increasingly demoralized and dispersed, despite the continued leadership shown by a few.

**Declining human resource base:** The region has long suffered brain drain; this is now compounded by the poor performance of national education systems. In many countries, drop-out rates are at all-time highs, especially for boys, and illiteracy is increasing. Most countries lack training programmes 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:** Legal frameworks 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 economy must be built upon a secure, equitable and democratic foundation. The key elements of that foundation include:

**A common vision,** across political parties, nations, and social sectors, 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,** which is democratic and transparent and encourages respectful dialogue involving all sectors of society.

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

2: ECLAC. 2008. *Public Debt Sustainability in the Caribbean*. Port of Spain, Trinidad: Economic Commission for Latin America and the Caribbean.

**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 development debates, engages effectively with all sectors of society, gives priority to the needs of the poor and marginalized, and reflects a diversity of viewpoints and ideologies.

**A commitment to pan-Caribbean cooperation** across political, cultural and linguistic divides, 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

A green and resilient Caribbean economy should aim for long-term prosperity through equitable distribution of economic benefits and effective management of ecological resources. It must be economically viable and resilient to both external and internal shocks; self-directed and not driven by external agendas or funding opportunities, and self-reliant. It must be pro-poor and generate decent jobs and working conditions for local people. Other characteristics of a Caribbean green economy include these:

- Industries optimize 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 heads of households, are addressed in labour and welfare policies and practices.

- Educational systems 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, and physical resources are used efficiently based on realistic assessment and optimal deployment.
- Positive and mutually reinforcing rural-urban and other inter-sectoral economic linkages are created.

## Opportunities for moving towards a green economy now

Opportunities such as the following exist now, with progress already being made on some of them:

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

**Take an integrated development planning approach**, using a resilience lens to strengthen planning laws and regulatory frameworks.

**Complete the establishment of the Caribbean Single Market and Economy** to increase regional integration through the free movement of labour and capital.

**Negotiate trade agreements that build resilience** through inclusion of 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 up the value chain**, through the generation of high-skill services and value added products in sectors such as energy, tourism, agriculture, and the cultural arts. 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 underdeveloped markets.

**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.

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## The Green Economy Coalition

The Green Economy Coalition (GEC) brings together environment, development, trade union, consumer and business sectors, North and South. The GEC is committed to a common cause: accelerating a transition to a new green inclusive economy.

The Coalition fosters a common understanding of green economy themes, and promotes learning, creativity and innovation across sectors. With its global and local reach and credibility in environmental, social, business and economic spheres, the Coalition is placed to:

- improve communication between stakeholders and among green economy initiatives
- forge a coherent new development vision that works for all
- encourage that best practice is scaled up
- promote ways of halting bad practice
- encourage innovation that explores prosperity within planetary boundaries
- influence key decision makers.

## Vision of the Coalition

A resilient economy that provides a better quality of life for all within the ecological limits of one planet.

## Aims of the Coalition

- to mobilise and build a global coalition of organisations from different sectors for a green and inclusive economy
- to provide a platform for debate on green economy issues ensuring that multi-sector perspectives and voices from the South are integrated into discussions
- to organise and share knowledge on the green economy
- to identify priority issues and strategic opportunities to influence the transition to a green economy
- to help build consensus on priority issues, and to jointly communicate policy messages to key audiences and in strategic forums.



The GEC is supported by a secretariat hosted by IIED in London. For further information on the GEC please contact: [oliver.greenfield@greeneconomycoalition.org](mailto:oliver.greenfield@greeneconomycoalition.org) [tom.biggs@iied.org](mailto:tom.biggs@iied.org) or [steve.bass@iied.org](mailto:steve.bass@iied.org) IIED, 4 Endsleigh Street, London WC1H 0DD, UK [www.greeneconomycoalition.org](http://www.greeneconomycoalition.org)