

CANARI POLICY BRIEF No.25

Transitioning to inclusive, resilient and environmentally sustainable economies in the Eastern Caribbean

2019

Green Economy

Summary

The Eastern Caribbean countries and territories currently face unique environmental, economic and sociocultural challenges and are at the forefront of a changing climate. A transition to inclusive, resilient and environmentally sustainable economies presents a viable avenue to achieving sustainable development and economic growth and prosperity. This policy brief examines the concept of a Caribbean green (and blue) economy, outlines key opportunities and provides policy implications to support the transition to inclusive, resilient and environmentally sustainable economies in the Eastern Caribbean. It is based on a 2018 diagnostic study prepared by CANARI in collaboration with the OECS Commission.

Policy actions

- **Develop an OECS Green/Blue Economy Strategy and Action Plan** which define key principles, objectives, policy needs, pathways and capacity needs for economic transformation.
- **Foster partnerships with a broad spectrum of governments, national, regional and international institutions, civil society and private sector to enable effective implementation of inclusive, resilient and sustainable economies in the OECS.**
- **Actively include Ministries of Finance and Planning and other key national and regional level economic and financial institutions in key decision-making processes for transforming into inclusive, resilient and environmentally sustainable economies.**
- **Create enabling regulatory, fiscal and financing policies and programmes which support micro, small and medium enterprises (MSMEs) as a key pathway for economic transformation.**
- **Develop a clear programme of policies for greening of priority economic sectors.**



Figure 1: Economic development must be environmentally sustainable and provide opportunities for Caribbean people. (Credit: Natalie Boodram)

Introduction

The concept of a green economy is becoming increasingly influential on the way national governments and regional and international institutions design economic policies. A green economy is one which transforms our fundamental approaches to economic development to deliver benefits to people, planet and prosperity – the so called ‘triple bottom line’. A green economy is an opportunity to integrate sustainability and social



(Credit: Fitzgerald Providence)



(Credit: BVI National Trust)

Figures 2 & 3: Economic development in the small islands of the OECS is reliant on healthy natural ecosystems like the forests of St. Vincent and the coral reefs of the British Virgin Islands (BVI).

equity as key elements of a thriving economic system which operates within the boundaries of a finite and fragile planet. Special emphasis on ocean resources in a blue economy falls within this approach. The Caribbean small islands also recognise that resilience needs to be at the centre of all development approaches therefore this needs to be a core pillar for economic transformation.

This is particularly relevant for the small islands of the countries and territories of the Organisation of the Eastern Caribbean States (OECS). Economic performance since 2010 has been characterised by low and inconsistent growth, precarious national debt profiles, unsustainable fiscal positions, eroding economic competitiveness, declining national savings, and falling inward investments. The OECS faces unique inequality challenges including high unemployment, a widening poverty gap and increased crime rates. They are also, in many ways, at the frontlines of climate change. Rising sea levels, increasingly frequent and intense tropical storms, droughts and the resulting deterioration of ocean and other ecosystems are all predicted to have a major impact on the economies and societies of the Eastern Caribbean.

If the OECS is to realise its potential for economic development and prosperity, the focus must turn to strategic reforms and development opportunities that promote the economic, social, governance and environmental pillars that are critical to the growth of the sub-region. Resilience must be at the core of development. A transition to inclusive, resilient and environmentally sustainable economies presents one such avenue.

Defining a new economy for the Caribbean

Since 2010, CANARI has been engaging Caribbean stakeholders in dialogues to explore principles and pathways for transformation of Caribbean economic development to be more environmentally sustainable, inclusive and resilient. CANARI's work has also stressed the importance of recognising that blue economy approaches follow the exact principles but focus on the use of coastal and marine resources in key sectors and for local livelihoods.

A Caribbean green economy is one that seeks “long-term prosperity through equitable distribution of economic benefits and effective management of ecological resources and is economically viable and resilient, self-directed, self-reliant, and pro-poor. Important foundations are a sense of shared Caribbean identity and commitment to pan-Caribbean cooperation, human security, good governance, a strong information base for decision-making, and a well-educated and involved citizenry.”

– CANARI, 2012

A 2018 OECS diagnostic study by CANARI in collaboration with the OECS Commission recognised that a green economy is simply a novel, enlightened



Figure 4: Small scale fisheries in St. Kitts and Nevis are important for food security and livelihoods. (Credit: CANARI)

economic and social development pathway that is based on environmentally friendly values and strategies that support sustainable livelihood activities and socio-economic development at community, countrywide and regional levels.

The study emphasised that a Caribbean response cannot be simply a reaction to externally imposed concepts or models – it needs to be based on the sub-region’s reality, innate attributes, indigenous talents and specific conditions. It must be appropriate and

adaptive to local economic structures, social norms and environmental conditions as well as national developmental needs. In the OECS, a green economy is one which creates better well-being and social equity, while at the same time reducing environmental risks and ecological scarcities. So, it is a means to creating a resilient economy which provides a better quality of life within established ecological limits.

Assessing the green economy in the OECS

The 2018 diagnostic study posited that the traditional one-dimensional focus on development through a narrow profit or Gross Domestic Product (GDP) only “bottom line” has not worked for the OECS. The study noted that overall, the status of the transition to a truly green and inclusive economy in the Eastern Caribbean is below average when compared with efforts globally.

There is already consensus for a transition to green economies by almost all OECS member governments and a few public and private stakeholders to address the continuing environmental degradation, general economic and social malaise and the high vulnerabilities to natural disasters in the sub-region. However, most definitions of green economy are quite narrow with almost no consideration of equity and inclusion. In addition, the role of micro, small and medium enterprises (MSMEs) and informal entrepreneurs are generally not factored into the official approaches. There is also little or no uptake of



Figure 5: Caribbean culture is intimately tied to the natural environment. (Credit: CANARI)



Figure 6: Most of the mangroves in the BVI were destroyed by 2017 hurricanes, leaving coastlines vulnerable. (Credit: BVI National Trust)

natural capital valuation by public and private actors, which has resulted in continuing poor protection of ecosystem health and natural resources. Actions are not being led by, or necessarily mainstreamed in, finance and economic development agencies.

Green economy in the OECS is thus undoubtedly a work in progress and there are several encouraging elements that support the transition, including

initiatives on renewable energy and sustainable tourism. Although some existing national development plans and strategies do recognise the need for sustainable development approaches and incorporate the United Nations Sustainable Development Goals (SDGs), they have not yet been fully integrated into implemented policy and action at the national level. Moreover, these plans and strategies are not yet detailed or comprehensive enough to be capable of delivering successful green economy implementation. Still, some scoping studies and other related activities have been conducted at the sub-regional and national level which offers hope for the economic transition process.

Policy implications for an OECS economic transition

Transitioning to inclusive, resilient and environmentally sustainable economies is not an easy undertaking, especially for small island developing states like those of the OECS. Opportunities already exist to build on ‘green shoots’ of positive initiatives. The following section outlines the key policy implications to support this transition in the OECS.

A Green/Blue Economy Strategy and Action Plan

The OECS countries and territories need to lead and champion the process themselves, if it is to



Figure 7: Development of Grande Anse beach is one element of Grenada’s Blue Growth Coastal Master Plan. (Credit: CANARI)



Figure 8: Many OECS livelihoods, like charcoal production in Saint Lucia, are based on the sustainable use of natural resources. (Credit: CANARI)

succeed in transforming their economies into ones that are pro-poor, climate resilient, socially inclusive, economically vibrant and sustainable. As such, a Green/Blue Economy Strategy and Action Plan for the OECS should be developed to define key principles, objectives, policy needs, pathways and capacity needs for economic transformation considering OECS members' own unique contexts.

Partnerships for inclusive, resilient, sustainable economies

Effective implementation of inclusive, resilient and environmentally sustainable economies in the OECS requires partnerships across the broad spectrum of governments, national, sub-regional, regional and international institutions, civil society and private sector. This will enable success of the transition to green economies, given the need for policy coherence, pooling of resources and expertise and effective sustainable development, which supports implementation modalities. Key sub-regional and regional partners include CANARI, the University of the West Indies, the Caribbean Development Bank and the Eastern Caribbean Central Bank.

The OECS would need to reorganise its current structure to reflect the need for a dedicated green economy focus for the sub-region; the Economic Advisory Council (made up of Ministers of Finance)

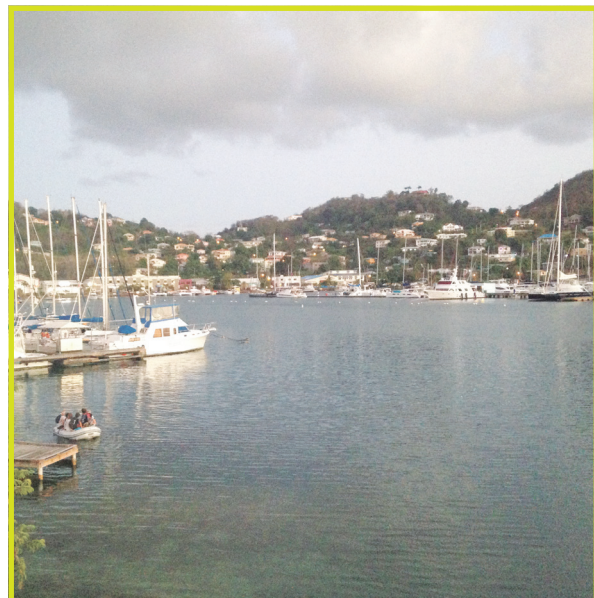


Figure 9: Yachting is important to the OECS tourism industry. (Credit: CANARI)



Figure 10: Valuing natural ecosystem services, like those supporting farming in the hills of Montserrat, is central to economic transformation. (Credit: CANARI)

would need to play a leadership role. Additionally, appropriate partnerships with investors, donors and the international community is needed to enable the transition in the sub-region.

Reforming finance for resilient, inclusive and environmentally sustainable economies

Currently, there is little or no structured fiscal policy that support the transition to a green economy in any of the OECS members, including the integration into private sector initiatives and the facilitation of green investments in the sub-region. Ministries of Finance and Planning and other important national economic and financial institutions (e.g. Central Banks, entrepreneurship support agencies) have been largely absent in the green economy transition dialogue. The Caribbean Development Bank has entered the debate, publishing reports on renewable energy as a pathway to a green economy in the Caribbean in 2016 and on financing the Caribbean blue economy in 2018. A successful transition in the OECS requires the inclusion of these national and regional economic and financial institutions in fundamental decision-making processes that favour sustainable use of

natural capital in government and fiscal decisions. Integration of natural capital accounting approaches is key.



Figure 11: Anguilla's protected harbours are key to its economic development. (Credit: CANARI)



Figure 12: Dominica's natural hot springs are an attraction for locals and visitors alike and support local green enterprises. (Credit: CANARI)

Enabling micro, small and medium enterprises (MSMEs) to be a key economic transformation pathway

Micro, small and medium enterprises (MSMEs) are recognised as a key pathway for economic transformation in the Caribbean. However specific actions are required to ensure that enterprise development initiatives incorporate key tenets of environmental sustainability and social benefits and equity. Building an enabling regulatory, fiscal and funding environment to effectively support green enterprises is critical to support MSMEs as a pathway for resilient, inclusive and environmentally sustainable economies in the OECS. MSMEs will also need to 'green' their own practices, services, products and value chains.

Greening priority economic sectors

Greening priority economic sectors such as energy, agriculture and tourism has remained uneven in the OECS and there is little evidence of a 'green' policy agenda. A clear programme of policies for

the green economy transformation at the national and sub-regional levels should be developed. These should clearly outline a roadmap of how 'greening' will take place in priority sectors. This will enable more strategic investments towards a successful transition to inclusive, resilient and environmentally sustainable economies and create more opportunities for financial, economic, environmental and social benefits for OECS countries and territories.

Conclusion

The imperative for meaningful, sustainable growth and transformation requires a quantum leap in visioning, administration and implementation modalities in the OECS for successful transition from the current 'brown economies' to new inclusive, resilient and environmentally sustainable economies. There is an urgent imperative to do it efficiently and simply, if one expects this new way to be widely and popularly embraced. The transformation should be driven from within the sub-region, build on existing 'green shoots' and use partnerships that can catalyse real action. The



Figure 13: The people of the OECS, like these fishers in Dominica, must be at the centre of economic transformation.

(Credit: CANARI)

current challenging economic and social situation in the OECS could be another opportunity to point fingers, whine incessantly and lay blame for mistakes past and current. Or it could be a veritable watershed

– an occasion to usher in a new approach to problem solving, a fresh commitment to building a brighter future for the sub-region, its countries and territories, and the people who live there.



The 2018 diagnostic study *Exploring opportunities for transformation to inclusive, sustainable and resilient economies in the Eastern Caribbean* and this policy brief were produced in collaboration with the OECS Commission.

Other CANARI publications that may be of interest to you:

CANARI. 2012. *Towards a green and resilient economy for the Caribbean*. CANARI Policy Brief No. 13. Laventille, Trinidad and Tobago: CANARI.

Andrew, M. 2018. *Exploring opportunities for transformation to inclusive, sustainable and resilient economies in the Eastern Caribbean*. Technical Report No. 404. Port of Spain, Trinidad and Tobago: CANARI.

Andrew, M. 2018. *Eastern Caribbean Green Economy Barometer 2018*. Port of Spain, Trinidad and Tobago: CANARI and Green Economy Coalition.

Caribbean Natural Resources Institute

The Caribbean Natural Resources Institute (CANARI) is a regional technical institute which has been working in the islands of the Caribbean for over 30 years. Our mission is to promote and facilitate equitable participation and effective collaboration in the management of natural resources critical to development in the Caribbean islands, so that people will have a better quality of life and natural resources will be conserved, through action learning and research, capacity building and fostering partnerships.

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