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Rethinking Caribbean economic development: exploring a green economy approach

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Abstract: *The Caribbean Natural Resources Institute (CANARI) is facilitating a regional dialogue to explore if green economy approaches can be applied in the Caribbean context to meet current economic, social and environmental challenges.*

The paper presents an overview of the results achieved so far in defining a vision and characteristics of a new model of economic development for the Caribbean. This aims for 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.

The paper also reviews the action research and learning approach being used. An independent regional multi-disciplinary Caribbean Green Economy Action Learning Group is exploring policies and testing practical actions to achieve this new vision of economic development. A research agenda and programme of work have been drafted. Priorities for testing of ideas include the use of a triple bottom line approach to guide economic investment, the role of small medium and micro enterprises and the informal economy, integrated physical planning, and inclusive governance approaches.

INTRODUCTION

Despite two decades of work on sustainable development guided by the Barbados Programme of Action¹, the Caribbean region is still facing serious development challenges, even as small island developing states (SIDS) are in the process of identifying priorities to review progress and identify new and outstanding priorities to address their development needs to be discussed at the upcoming Third International Conference of SIDS, to be held in September 2014 in Samoa.

Severe degradation of the ecosystems, rising inequality, stagnation of the economies: those alarming observations have been causes for concern worldwide. The Caribbean region is facing similar challenges, but the heavy dependence of our small island states on the natural resources, coupled with the sizes of our economies, have made those issues even more worrisome. The ever increasing vulnerability of our region to external threats, global economic shifts, and natural disasters, coupled with varying levels of social inequity and public indebtedness, seem to call for a paradigm shift in the traditional approach to economic development.

The concept of 'green economy' was forwarded as one of the most widely discussed alternative to the traditional notion of economic development. This has been at the forefront of many recent international development fora and initiatives, gaining momentum as an alternative form of development that would achieve human well-being within climate and ecological boundaries, thus ensuring social equity and environmental sustainability. However, it is critical to consider what this means for our regional context

and specific needs, so that the strategies for the greening of our economies are perfectly tailored and suited to the Caribbean region.

The work of the Caribbean Natural Resources Institute (CANARI) has sought to respond to this by facilitating a process with regional stakeholders to explore what green economy means in the Caribbean context and to develop a programme of action for research, testing, learning and capacity building to turn concrete ideas into on the ground action.

At the end of 2010, in collaboration with the International Institute for Environment and Development (IIED) and as part of the Green Economy Coalition (GEC) national dialogues on green economy, CANARI initiated a regional dialogue on what green economy means in the Caribbean context.

Having confirmed the relevance of a green economy approach for the Caribbean, this first step in what has become an ongoing dialogue sought to clearly identify the characteristics of a green economy in the Caribbean context, as well as ways in which Caribbean countries could use existing opportunities to design strategies that would lead to transitioning to a green economy.

Further to this, and as the vision and characteristics for this new model of economic development were being refined and endorsed by key stakeholders across the region, an action research and learning approach was adopted to explore policies and test practical actions that would contribute to achieve this new model of economic development. The Caribbean Green Economy Action Learning Group (GE ALG) was established as an inter-disciplinary group of experts all well-positioned and with the ability to be change agents at a national and/or regional level. They have developed a regional programme of work on green economy, including priorities for research, testing, learning and capacity building. Priority areas for work include, but are not limited to, the use of a triple bottom line approach to guide economic investment, the role of small and micro enterprises and the informal economy, integrated physical planning, and inclusive governance approaches.

Initial work implementing the programme of work is focusing on exploring how renewable energy can be a pathway to a green economy in the Caribbean, as technical support to the Caribbean Development Bank (CDB) and the role of small and micro enterprises and the informal economy.

THE SEARCH FOR A NEW ECONOMY IN 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 workshop, February 2011)

In 2010 and 2011, CANARI facilitated a regional dialogue on green economy, with support from the International Institute for Environment and Development (IIED) and the Commonwealth Foundationⁱⁱ. The objectives of the Caribbean regional dialogue were as follows:

- To **identify and raise awareness** about imperatives of a green economy.
- To **formulate innovative, effective and realistic strategy options** to create a green economy, as well as transition roadmaps of how to move forward.
- To **build a grassroots position**, endorsed by key stakeholders, on the creation of a green economy for use at the Rio+20 2012 Conference and other high profile events.

The Caribbean dialogue process, which included a research and analysis phase and review of the relevant literature, as well as interviews and consultations with experts and stakeholders from a wide range of sectors and countries, culminated in a regional workshop held in Trinidad in February 2011. The regional dialogue on green economy in the Caribbean highlighted the following:

- **The discussion on transitioning to a green economy is relevant and timely for the Caribbean region.** Poverty and increasing social inequality, vulnerability to natural disasters, as well as decreasing returns from key economic sectors such as tourism, seem to prevent Caribbean SIDS from making steady progress on their development pathways. Therefore, a new model of economic development designed to achieve human well-being and long-term prosperity; equitable distribution of economic benefits; and effective management of the ecological resources seems to be called for.
- **In the Caribbean context, the transition to a green economy must be based on a number of key principles if the shift to this new economy is to achieve the desired objectives.** A green economy should therefore aim to invest in resilience and adaptation to climate change and other external shocks; it should be self-directed and resistant to foreign control and agendas; it should be self-reliant, and operate within a realistic assessment and sustainable use of our resources at a national and regional levelⁱⁱⁱ.

The first phase of the regional dialogue on green economy highlighted a number of existing initiatives and approaches adopted by several Caribbean countries to respond to development challenges across various sectors. The government of Barbados, for instance, committed, back in 2010, to building a resource efficient green economy, and has since then adopted a cross-sectoral approach resulting from a Green Economy Scoping Study, undertaken in collaboration with the United Nations Environment Programme and the University of the West Indies, Cave Hill Campus^{iv}. The study provided input into how enabling conditions for transitioning to a green economy should be met across the key sectors of the Barbadian economy, namely tourism and agriculture along with the cross cutting issues of water, energy, waste. Other national and cross-sectoral country initiatives noted included the adoption by Jamaica of a National Renewable Energy Policy that seeks to provide the framework for using renewable technologies, the Grenada Alternative Growth and Poverty Reduction Strategy, and the Trinidad and Tobago valuation of ecosystem services into national accounting.

If these national policy initiatives are all to contribute to address some of the development challenges Caribbean countries have to face via a transition to a green economy, Caribbean stakeholders must commit to this shared vision of a new model of economic development. More specifically, and as an intensely political process^v, this transition will require the integration of green economy principles into national planning processes. Targeted communication will therefore have to be directed at policy makers to make sure they have a clear understanding of the issues at stake and take the required steps related to governance, institutions, and accountability mechanisms that would contribute to create the enabling environment for transitioning to this new model of economic development.

At this stage in the ongoing regional dialogue on green economy, therefore, it became necessary to find a mechanism that would help facilitate communication of this vision, sharing of experiences and collaboration across the Caribbean on green economy initiatives.

PATHWAYS FOR TRANSITIONING TO A GREEN ECONOMY: THE ACTION AND RESEARCH LEARNING APPROACH

“The GE ALG process is the only available mechanism around that can make a significant contribution to the advancement of a green economy for sustainable development. At this time there is no other mechanism that can link the green economy processes now underway in several Caribbean countries and promote synergies between them and related international process.” Mr. Cletus Springer, member of the GE ALG, Director of Sustainable Development of the Organisation of American States (OAS)

Further to the dialogue on green economy started in 2010, CANARI developed an initiative to continue to engage Caribbean stakeholders on ways to address the development challenges faced by Caribbean countries through a new model of economic development and via an innovative approach of action research and learning.

The cycle of action research and learning^{vi} is one that requires research, planning and action, applied to specific issues. Members of an action and research learning group use their expertise and experience to suggest and apply concrete solutions to the issues at stake, and then review and analyse results and lessons learned to inform further action.

The Caribbean Green Economy Action Learning Group (GE ALG), an independent Caribbean-led initiative, was officially launched in 2012. CANARI serves as the convenor for the group. The GE ALG comprises a group of professionals from across the region, with a wide range of experience and expertise across key sectors such as macroeconomics, urban development and planning, tourism, agriculture, gender, climate change. Appointed in their individual capacity, they come from government and inter-governmental agencies, civil society organisations, labour, academic institutes and community-based organisations, and are all very well positioned to be change agents at a local, national and regional level.

As a regional multi-stakeholder group, the GE ALG was therefore established with the aim of identifying and promoting ways in which green economy can advance sustainable development in the Caribbean through shaping visions, perspectives, positions and actions. Based on the findings of the first phase of the regional dialogue, and the principles defined for a green economy in the Caribbean context, members of the GE ALG will therefore work to refine the Caribbean vision of economic development. In particular, and using their current involvement in their respective areas of work, they will work together towards making clear and specific recommendations to advance the development agenda at a national and regional level.

The importance of communicating the vision for a Caribbean green economy to influence policy in the region was recognised as one of the key objectives of the GE ALG. Equally critical is working towards building or strengthening existing partnerships with regional and international partners to be able to leverage Caribbean efforts towards the adoption of more appropriate policies and practices for sustainable development.

In light of this, and through their active participation at key national and regional fora, GE ALG members contributed to improving the ongoing dialogue, analysis and consensus-building on the principles of a green economy in the Caribbean context.

The establishment of the GE ALG therefore sought to address the need for a mechanism for sharing of knowledge and ideas and independent regional analysis of existing and feasible approaches and strategies for the Caribbean to shift to a new model of economic development. It therefore allowed the dialogue to be expanded into action learning.

The next phase would then require developing a programme of work to focus on concrete actions targeting specific sectors of Caribbean economies.

OPPORTUNITIES FOR CHANGE IN POLICY AND PRACTICE IN THE CARIBBEAN: THE GE ALG PROGRAMME OF WORK

The Caribbean vision on pathways to more socially equitable and environmentally sustainable economic development was refined and validated by GE ALG members at their regional meeting held in Saint Lucia in May 2013.

Characteristics of a Caribbean green economy

- promotes equitable distribution of economic benefits and effective management of ecological resources;
- is economically viable and resilient to both external and internal shocks;
- is more self-directed (more independent of external forces) and having greater self-reliance; and
- has as an objective being pro-poor and generating decent jobs and working conditions for local people

A number of priority issues had previously been identified to guide the work of the GE ALG as follows:

- a. Physical and land use planning for green economies
- b. Inclusive and participatory governance models to guide new economic development processes and approaches
- c. The role of creative industries, including cultural events sustainable economic development strategies
- d. Catalysing, supporting, and empowering SMMEs, including the informal sector
- e. Managing sustainable energy investments
- f. Green economy approaches to public, private local and foreign investments
- g. Sustainability indicators for measuring a green economy
- h. Developing a Caribbean "road map" towards green economies

Further discussions, however, identified the following themes as more immediate areas of work for testing ideas and applying actions for transitioning to a green economy:

- **The use of a triple bottom line approach to guide economic investment**

A triple bottom line approach requires an assessment of economic investments based on the environmental, social and economic benefits they have the potential to generate. Saint Lucia's national investment promotion company, Invest Saint Lucia, has been pioneering this approach, thus ensuring that investments in key sectors of the economy contribute to social equity, economic efficiency and environmental sustainability and ecological integrity^{vii}. Such a strategy can be further analysed and applied in the region, while there will be tremendous potential for sharing of best practices and lessons learned for such an approach to be integrated in national development planning processes.

- **The role of small medium and micro enterprises and the informal economy^{viii}**

Small, medium and micro enterprises, including those based on the sustainable use of the natural resources (for example community ecotourism), already contribute significantly to the workforce and Gross Domestic Product (GDP) of CARICOM states. The fact that many of these enterprises are part of the informal economy makes it challenging for them to benefit from the existing SMME development programmes. In addition, existing programmes, mechanisms and national policies are usually not tailored to address the critical capacity needs of these SMMEs in key areas such as financial management, business planning, marketing, as focus is placed almost solely on growth and competitiveness. Further, while a number of these SMMEs do generate social and environmental benefits, available programmes should place greater emphasis on ways to increase these types of benefits to make a more significant contribution to greening of the economy.

- **Inclusive governance approaches**

The transition to a green economy is and will continue to be an intensely political process. Clear and strong commitments from governments will certainly contribute to some countries' progress towards shifting to a new model of economic development. However, this does not diminish the need for inclusive dialogues and planning processes to design strategies for achieving a green economy. A wide range of stakeholders must be involved, including government agencies, private sector, civil society and community groups. Actions by policy makers should be informed by dialogues that will have benefited from the input of all sectors of society, in a transparent and accountable manner.

EARLY ACTIONS TO IMPLEMENT THE PROGRAMME OF WORK

The programme of work of the GE ALG can contribute to rethinking pathways for economic development in the Caribbean and has piqued the interest of key stakeholders in economic development in the region.

The Caribbean Development Bank (CDB) approached CANARI and the GE ALG to undertake a detailed study for publication, entitled "*A New Paradigm for Caribbean Development: Transitioning to a Green Economy*". The study focuses on the potential of renewable energy as a pathway to transitioning to a green economy in the Caribbean and the attendant implications for policy and institutional arrangements. The study assesses the net socioeconomic and environmental impacts of moving to

renewable energy strategies and will help countries craft green development strategies by providing practical recommendations to governments and other key stakeholders in the development process on how to identify and exploit green opportunities for productive transformation and, by extension, inclusive and sustainable development. This study will be presented to the Board of Governors of the CDB in May 2014.

At the same time as engaging in such partnerships and technical assistance, the GE ALG is independently developing projects to implement components of the programme of work. One such project will explore how small and micro enterprises, including those operating in the informal or semi-formal sectors, can be a pathway to a green economy in the Caribbean using an action research and learning approach with GE ALG members and other key partners in the region.

This was identified as one of the priority areas of work in the GE ALG programme and a preliminary work plan was developed. The overall learning question identified was *“How can we catalyse, support and empower SMMEs so that they bring co-benefits (economic, environmental sustainability, social equity) and address issues of the informal sector?”*

An Action Research and Learning Group on SMMEs in the Caribbean will be established and members will include leaders of enterprises and small enterprise associations or networks at regional, national and local levels. It will also include representatives of key agencies working to support small enterprises from civil society, government, and inter-governmental technical agencies. These may be for example national credit unions, regional banks and programmes, national governmental enterprise development agencies and NGO support organisations.

Members of the Action Research and Learning Group will develop a research agenda, share experiences, and identify and test strategies to catalyse, support and empower SMMEs so that they bring co-benefits. Members will collectively analyse learning and identify recommendations which will be communicated to policy makers and practitioners in the region.

CONCLUSION

Based on the extensive research and ongoing regional dialogue on green economy coordinated by CANARI, with the support and input from members of the Caribbean Green Economy Action Learning Group and other key Caribbean partners and stakeholders, there is evidence that a new model of economic development could contribute to addressing the current economic, social and environmental challenges plaguing our small islands economies. Rethinking Caribbean development will require a paradigm shift, away from the traditional notion of economic development, as we work towards making sure that human well-being and social equity are achieved, within climate and ecological boundaries.

As an indigenous and independent process, the action learning approach to transitioning to a green economy certainly has tremendous value and potential for the region, as it is based on a clear understanding and definition of what green economy could mean in the Caribbean context. Engaging Caribbean stakeholders as leaders in this process is important to help ensure that external agendas and generic global ideas do not hijack national and regional decision-making.

Further, while the concept of green economy is increasingly understood and generally supported, Caribbean governments and other actors need to know which specific avenues they can use to achieve

this. The work of the GE ALG is contributing to the identification of specific opportunities and ideas to explore policies and test practical actions. Promoting specific approaches such as the use of a triple bottom line approach to guide economic investment, and piloting research on the use of renewable energy and ways to tap into the potential for SMMEs to bring co-benefits, among other key areas of work of the GE ALG, can have valuable trickle down effects within the region, thus confirming the relevance and potential, for Caribbean SIDS, of transitioning to a green economy.

ⁱ The UN Global Conference on the sustainable development of SIDS, held in Barbados in 1994, adopted the Barbados Programme of Action on the Sustainable Development of SIDS (BPOA), a 14-point programme that identifies priority areas and indicates specific actions necessary for addressing the special challenges faced by SIDS.

ⁱⁱ The Caribbean regional dialogue on green economy was part of the Green Economy Coalition (GEC) National Dialogues Series, organised by members in Asia, Africa, Latin America and the Caribbean, and Europe. The GEC is a broad alliance that brings together environment, development, trade union, consumer and business sectors, in the North and the South, for the purpose of accelerating a transition to a new green economy. See www.greeneconomycoalition.org.

ⁱⁱⁱ For more information, see the [Caribbean regional dialogue on green economy workshop report](#) and CANARI Policy Brief #13. Towards a green and resilient economy for the Caribbean, available in [English](#), [French](#), and [Spanish](#)

^{iv} Moore, W. 2013. Greening the economy: the Barbadian perspective. CANARI Discussion paper #5 <http://www.canari.org/documents/CANARIGE5BdoscasestudyMoore.pdf>

^v Bass, S. 2013. Scoping a green economy. IIED, London. <http://pubs.iied.org/16554IIED>

^{vi} CANARI 2013 Policy Brief No. 14. Supporting Green Economy Pathways in the Caribbean through Action Learning, available in [English](#), [French](#) and [Spanish](#)

^{vii} Andrew, M. 2013. Triple bottom line methods for assessing public investment: the case of Invest Saint Lucia. CANARI Discussion paper #2 <http://www.canari.org/documents/CANARIGE2TriplebottomlineAndrew.pdf>

^{viii} McIntosh, S. 2013. Catalysing and supporting sustainable small, medium and micro enterprise development. CANARI Discussion paper #4 <http://www.canari.org/documents/CANARIGE4SMMEsMcIntosh.pdf>