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Subregional Headquarters for the Caribbean

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**REPORT OF THE SECOND MEETING OF THE
CARIBBEAN DEVELOPMENT ROUNDTABLE
PRESENTED TO THE MINISTERIAL DIALOGUE AT THE
TWENTY-FOURTH SESSION OF THE CARIBBEAN DEVELOPMENT
AND COOPERATION COMMITTEE**

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A. CONCLUSIONS AND RECOMMENDATIONS

1. Arising out of the presentations and discussions at the Second Caribbean Development Roundtable, co-hosted by the Economic Commission for Latin America and the Caribbean (ECLAC) and the Government of Guyana, a number of conclusions and recommendations were put forward, based on the challenges to and opportunities for structural transformation and social protection in the Caribbean subregion.

1. Conclusions

2. Structural change was essential to building competitiveness for sustainable growth and development. However, it had to be based on real stability, premised on more efficient production and trade.

3. A sound macroeconomic framework was a prerequisite for structural change and improved social protection. In the aftermath of the global crisis, macroeconomic policy needed to be focused on strengthening public finances, building a stronger financial sector and improving the current account balance.

4. Robust social protection systems based on equity not only contributed to social solidarity, but also to growth and development. Moreover, social protection implied both meeting the minimum welfare needs of the poor and vulnerable and policies that improved human capital and productivity.

2. Main recommendations

(a) Development and structural change

5. The Caribbean subregion should create a more harmonious balance between the logic of economics and the logic of politics. This should involve the development of the tripartite mechanism for dialogue, cooperation and coordination among economic, political and civil society actors.

6. The subregion needed both to accelerate structural economic change based on innovation within sectors in which it now has a comparative advantage, and to pursue economic diversification. This also entailed the search for new competitive activities and markets. These activities could include the creative industries, agro-tourism and other services.

7. There was need to invest in the upgrade of the educational, health-care and housing systems, and to make these sectors exportable in order to foster growth.

8. Caribbean countries should create more robust, dynamic buffers to cushion economic shocks. One way to do this was to treat resource booms as temporary, and create stabilization funds to save resources for stimulus spending during recessions. These funds should have strict guidelines and trigger mechanisms for their use.

9. Regional development thinkers should articulate a robust and persuasive case for debt relief, based on sound indicators of the multiple vulnerabilities of the Caribbean subregion. Policymakers should endeavour to convince the international community that the gradation of countries based on – often very precarious – middle-income status could jeopardize hard-won development gains.

10. Caribbean countries needed to re-examine their exchange rate regimes as a basis for stimulating growth while maintaining stability. This would require, for example, countries with fixed regimes that were facing serious debt and other macroeconomic imbalances to consider whether fixed regimes created enough flexibility for growth.
11. Governments should design a fiscal covenant in collaboration with other stakeholders to address the costs and benefits of fiscal consolidation
12. The Caribbean subregion needed to re-evaluate all frameworks which limited the free movement of goods, people and capital.
13. High transportation, communications and logistics costs should be tackled at the subregional level, through the CARICOM regional integration framework.
14. Caribbean Governments should endeavour to merge fiscal and growth policies by “greening” their economies through the development of alternative energy policies, in order both to increase energy supply and reduce its cost, and also to provide the basis for “green growth.”
15. The Caribbean subregion should prepare for population ageing by investing in the skills and productivity of the working population to increase its capacity to provide for the aged.
16. Policymakers should develop a “Diaspora Plan” for leveraging the Caribbean Diaspora for Caribbean development. Crucial areas of focus could include a programme to incorporate the Diaspora as a network of skills, remittances, training, mentorship and entrepreneurship.
17. The Caribbean subregion should seek to advance labour market flexibility in order to enhance productivity and competitiveness. Essential to flexibility would be easier mechanisms for entry and exit within jobs; and the tying of wages and benefits to worker productivity.
18. Governments should build relationships for social dialogue in order to reduce tensions in the labour market. The successful Barbados tripartite framework of consultations between Government, the business community and trades unions, could be used as a model in this regard.
19. Caribbean countries should focus on social risk management and social protection in order to improve labour productivity and reduce social exclusion.
20. Creative ways must be found to raise resources for social protection. This could include crowd funding,¹ fiscal incentives and public-private sector collaboration as per the Brazilian experience.
21. The Caribbean subregion must embrace social protection policies and programmes that are designed to include all the poor eventually.

B. INTRODUCTION

22. The Economic Commission for Latin America and the Caribbean subregional headquarters for the Caribbean, in collaboration with the Government of the Republic of Guyana, hosted the second meeting of the Caribbean Development Roundtable in Georgetown on 30 May 2012.

¹ Crowd funding entails the pooling of funds by people in cooperation networks, using the Internet for financing enterprise start-ups, disaster relief and other activities.

23. The theme of the Roundtable was “Macroeconomic policy for transformation and social protection in small States.” The theme provided continuity with that of the previous year, “Development prospects and opportunities for the Caribbean: what are the options.”

24. The goals of the Roundtable were to analyse the development challenges facing the Caribbean in the aftermath of the global crisis, and to identify practical policies and strategies that could be implemented to tackle key challenges. In addition, the Roundtable sought to arrive at important strategies for promoting growth with equity and adequate social protection.

25. Ministers of Finance of the Republics of Guyana and Trinidad and Tobago, other Ministers of Government from Antigua and Barbuda, Jamaica and the Republic of Guyana, and a number of scholars and policymakers attended the meeting. The Executive Secretary of ECLAC participated via videoconference. High-level delegates also represented United Nations Member States Australia, France and Panama, regional organizations and funding agencies. The list of participants is attached at annex I to the present report.

26. The Roundtable covered three themes, as follows: Small States in the global economy after the crisis – a new path towards development; Diversifying productive structures and improving access to finance in the Caribbean subregion; and, Maintaining social protection in small States in the face of declining public resources. The presentations were followed by discussions brainstorming practical recommendations for policymakers.

C. SUMMARY OF PROCEDURES

1. Opening of the meeting

27. In the opening ceremony, Diane Quarless, Director of ECLAC subregional headquarters for the Caribbean, welcomed the delegates and wished them a fruitful and engaging meeting. She offered apologies on behalf Alicia Bárcena, Executive Secretary of ECLAC, who has been unable to attend the Roundtable due to illness, but who nonetheless was to make a recorded presentation.

28. The subregional Director pointed out that the agenda of the Roundtable covered a range of important development issues pertinent to the Caribbean and other small developing States, including those of Central America. She emphasised that the present forum offered the opportunity to examine afresh the prospects and opportunities for sustainable development in the Caribbean. She proposed that the two themes – macroeconomics for structural transformation, and social protection in small States – were complementary and crucial to the understanding of approaches to building resilience and achieving sustainable development in the Caribbean. She suggested that the three subthemes – macroeconomic management, access to finance, and social protection – were at the core of the post-crisis debate on ways of moving forward in an uncertain environment. It was essential that, despite crushing debt obligations, the Caribbean subregion maintain indispensable social programmes while charting a course for the achievement of growth with stability.

29. She pointed out that the Roundtable was not conceived as a final event, but as an evolving policy dialogue that examined the issues confronting small States and made recommendations on the path to sustainable development. The Roundtable also recognized a world of new and emerging actors, new prospects and imminent threats, and one of its mandates was to provide a bridge between Latin America and the Caribbean. In this regard, she welcomed the delegate from Brazil, and challenged the Caribbean subregion to explore opportunities for trade and investment with Brazil and other countries in both South and Central America.

30. Finally, the subregional Director noted that the discussions should provide policymakers with guidance on ways to advance sustainable development in a difficult environment due to reduced access to resources and limited fiscal space to buffer external shocks. She urged participants to consider innovative—but workable—solutions and recommendations.

31. The Executive Secretary of ECLAC delivered a pre-recorded presentation. She expressed her profound regret at not being able to attend the Roundtable because of ill health. The central focus of her presentation was on achieving structural change as a platform for greater equality in Latin America and the Caribbean. She argued that the Latin American and Caribbean region was facing key challenges including how to weather the financial crisis and find new opportunities for markets, capital and technology transfer that could benefit small States. With reference to the Caribbean, the Executive Secretary noted that the subregion was facing many structural weaknesses that were complicated by the decline in access to finance and high unemployment. She stressed the need for structural change to facilitate economic convergence, while helping the region achieve greater equality. Although equality must be based on rights, it must be underpinned by higher productivity and increasing employment. She pointed out that ECLAC was working on such issues as macroeconomics for development and ways to improve the role of regional integration in development. This was important since interregional trade between Latin America and the Caribbean remained relatively low. Specifically, she felt the Brazil/CARICOM agreement was critical for regional development.

32. The Executive Secretary also highlighted other major challenges, including the vulnerability of the Caribbean to natural disasters, climate change and extreme events. She emphasised the need for the subregion to build resilience capacity as a crucial public good. This would require an integrated approach to development that put disaster and climate management at the centre of development planning.

33. The Executive Secretary also stated that the Caribbean needed to build a macroeconomic approach that went beyond nominal stability to address real stability. In this regard, fiscal, monetary and exchange-rate policies needed to operate jointly to help the business sector generate long-term investment.

34. She noted that structural change involved placing qualitative changes in the production structure at the heart of the growth dynamic. Therefore, given market failure and missing markets in the Caribbean, industrial policies were indispensable to promoting structural change. Industrial policy needed to work in two complementary directions: to build the capacities and competitiveness of sectors that demonstrated a clear potential for absorbing and using technology, and to diversify the production structure through the creation of high-productivity sectors. This demanded a clear role for the State, in advocacy, leadership and the implementation of relevant policies.

35. Finally, the Executive Secretary noted that these issues would be carefully addressed at the next ECLAC session in El Salvador, and urged Caribbean representatives to attend.

36. The subsequent address was by the Minister of Finance of Trinidad and Tobago, The Honourable Winston Dookeran. The Honourable Minister noted that the Executive Secretary of ECLAC had pinpointed the issues in her presentation, and reminisced on being invited 15 years ago by ECLAC to a meeting that had culminated in the publication of “The Caribbean quest: Structural change in the emerging global order.” He argued that the fundamental issue was to determine ways to merge the logic of politics with the logic of economics in a way that allowed the Caribbean subregion to find the right path to development.

37. Minister Dookeran contended that the Caribbean was at a crossroads, one in which the direction to be pursued needed to be reassessed. There was no easy answer especially given both the challenge of

intellectual fatigue and of being open, vulnerable economies that were subject to various shocks. Mainstream thinking through the use of policy ratios had not provided a path for moving forward. A progressive agenda required innovative ways that provided flexibility to adjust to changing circumstances. This adjustment in the context of uncertainty required buffers that were both internally generated and externally supported.

38. The Honourable Minister pointed out that politicians must be engaged in advocacy for development, while intellectuals must build a body of ideas that were not shackled to the past. Academics suffered from paralysis in thinking, with an overemphasis on trade and markets rather than on production. Integration based on trade and markets did not capture the challenges of production, distribution, competitiveness and equality. He challenged the meeting to explore solutions that could make real development happen.

39. The Honourable Ashni Singh, Minister of Finance of Guyana made his apologies on behalf of the President of Guyana who had been unable to attend the Roundtable. He welcomed the participants to Guyana and wished them a productive roundtable.

40. He said that the challenges of small States were well known and that these had been highlighted in the work of ECLAC and other agencies. He added that Caribbean countries operated in a global environment with extreme vulnerability, including to climate change, even though these countries had contributed little to global degradation. To illustrate, he pointed out that in Guyana, the coastal plain was located below the Atlantic Ocean and that a few days of rainfall could decimate the economy.

41. The Honourable Minister stated that the global crisis was an external shock to which the Caribbean had made no contribution but yet from which it had suffered considerably. The coupling of Caribbean economies to markets abroad and to services created considerable challenges with little space to cushion impacts. He considered that the task was to find the balance between resolving the serious fiscal challenges and investing in both long-term growth and the social sector.

42. He warned that development thinkers needed to guard against the tendency to manage by ratios, especially those imposed by international multilateral agencies. He argued that many of the ratios by which countries were judged did not consider the high cost of bringing social services to far-flung communities. He said that Caribbean countries' development partners must be made to understand these concerns and that the United Nations system and ECLAC could help in this mission. He stressed that the advocacy must not be based on emotional argument, but that a credible and robust case must be made for external support. For instance, it had taken years of advocacy to convince the international community that there was a case for debt relief, before such relief had become a reality.

43. He stated that many small States had the albatross of middle-income status around their necks and that, therefore, the Caribbean subregion needed to build a credible case for special treatment. He also said that in such a discussion, new instruments might have to be invented to assist small States. In particular, he argued that a clear case must be made for debt relief for the most highly-indebted countries in the Caribbean, one based on rigorous, logical arguments and sound indicators of their vulnerability to multiple shocks. In addition, he pointed out that hemispheric integration opportunities must be embraced to bring benefits to small States. This required careful effort to define what the Caribbean subregion needed to do to take advantage of opportunities presented. Finally, he challenged the meeting to move from defining the challenges faced by the Caribbean to providing practical solutions.

2. Small States in the global economy after the crisis – a new path towards development

(a) Macroeconomic policy to reduce the impact of external shocks on Caribbean economies

44. The first panel dealt with the theme “Small States in the global economy after the crisis.” The first presentation, by the Adjunct Distinguished Professor of the University of Technology, Jamaica, was on the topic of “Development paths of Caribbean Community countries.” The Adjunct Distinguished Professor began by noting that the absence of data was a major challenge in undertaking research in the Caribbean. He pointed out that the study sought to examine the current state and path of Caribbean economies and to specify relevant controls to push each economy to its desired development targets. This required identifying patterns of variation in the data and the use of these patterns to identify underlying parameters, apart from random shocks. An important element of the research dealt with the mechanisms that brought economies to a halt, and methods by which the Caribbean subregion could develop self-reliance rather than self-sufficiency.

45. The Adjunct Distinguished Professor noted that today the Caribbean economy and society was relatively volatile. Whereas once the Caribbean had led many parts of the world in economic growth and social progress, it was now falling rapidly behind in some of these indicators. For instance, Caribbean countries were now in danger of losing the fight against poverty. In addition, other challenges remained, including high crime, low-quality education and health care, high and growing open unemployment, and limited marketable skills among a large part of the labour force.

46. He also pointed out that, since the period of structural adjustment in the 1980s, there had been a focus on export sector growth, whereas, it was what the Caribbean subregion exported that mattered most. For instance, the Caribbean continued to focus on consumer output, or primary and low-stage, intermediate goods. There was, therefore, an inadequate share of capital goods and services in exports. In addition, there was a policy inconsistency problem, in that policies that addressed the balance of payments deficit tended to deflate the economy, leading to higher unemployment.

47. With respect to political economy, the professor also indicated that there was a tendency of the executive function to oversee and dominate the legislative process, particularly in government. Therefore, the system needed to be reformed to facilitate cooperation and joint decision-making. In examining the prospects for the Caribbean subregion, he suggested that the necessary economic restructuring must be undertaken. However, to be effective, it required increasing the share of domestic capital² in total capital, tantamount to raising the efficiency of foreign exchange use by expanding the share of domestic capital. Therefore, there should be policies to expand and export the output of domestic capital sectors faster than all other sectors of the economy. This could include the export of educational, health-care and housing services under a “big push” programme. This could promote competition, and lead to growth in labour and import productivity.³

48. The professor also emphasised the need for improved coordination of economic and social policies to prevent conflicts. Moreover, he pointed to the need for reform to reduce the dominance of the executive over the legislative body in the decision-making process.

² Domestic capital refers to the means of production created within a country, including local physical capital and supporting institutions

³ Import productivity is a measure of GDP per unit of intermediate imports

(i) First discussant

49. The first discussant stated that the subregion faced a number of challenges, and that economic performance has been disappointing in a number of countries. He pointed out that the Caribbean had neglected the opportunity to build up the human capital stock and underscored the need to build domestic capital to expand growth. This would require industrial restructuring and production for export. He noted that the subregion is still grappling with what policies to pursue.

50. The discussant then enumerated several of the challenges and vulnerabilities faced by the Caribbean subregion. These included a production structure that was dominated by few commodities, which made the subregion prone to shocks, and high unemployment, fiscal imbalance and high public debt, especially after the crisis. Moreover, the exchange rate had appreciated in some countries, leading to loss of competitiveness. He underscored that fixed exchange rates prevented adjustment and efficient allocation of resources, and proposed that countries with fixed exchange rate regimes should consider changing to flexible regimes, to provide another policy tool for adjustment to economic shocks. Moreover, the subregion needed competitive exchange rates to stimulate output. In the crisis in the European Union, the fixed exchange rate mechanism had been associated with low employment and inadequate resource reallocation in countries such as Greece, and the Caribbean subregion should learn from that experience.

51. The first discussant noted that debt relief could provide fiscal space for upgrading infrastructure. The Caribbean needed to undertake structural reforms, trade liberalization and tax reforms. These should be underpinned by a supportive macroeconomic policy that insulated the Caribbean against currency and other crises.

(ii) Second discussant

52. The second discussant agreed broadly with the challenges set out by the presenter. He noted that commodity exporters were subject to price shocks. Nevertheless, macroeconomic policy could mitigate the magnitude and duration of shocks. In particular, fiscal policy should be countercyclical, generating surpluses in good times for stimulus spending in downturns. However, in Latin America and the Caribbean, fiscal policy had largely been procyclical. Monetary policy should also be countercyclical, but tended to be procyclical. Therefore, countries were often forced to raise interest rates in recessions to stem outflows of capital.

53. Returning to the exchange rate, he noted that some flexibility was necessary in the Latin America and Caribbean region. There had been a welcome departure from bad practices in Latin America during the most recent boom years. Unlike the 1970s, the region had saved a substantial proportion of receipts from the export boom during the period between 2000 and 2008. This had allowed Latin America to undertake countercyclical stimulus spending during the recent global crisis. However, the region needed to continue improving fiscal institutions and implementing targets in a credible and flexible manner.

(iii) General discussion

54. The discussion focused on what practical policies and approaches could be implemented to chart a more resilient path to development in the Caribbean subregion. Leading off the discussion, the representative from Jamaica asked the Adjunct Professor to clarify the real cause of the downturn in the textile industry in Jamaica, in terms of the roles played by the North American Free Trade Agreement (NAFTA), the structure of the industry, the cessation of conflict in Central America, and energy costs. He

noted that in the 1990s, Jamaica had liberalized the exchange rate and inquired whether this had really enhanced competitiveness.

55. In response, the presenter noted that 25% of the loss of value in the textile industry was indeed due to competition from NAFTA. The real issue behind the liberalization of the exchange rate was whether Caribbean countries had the reserves to defend their exchange rates. He suggested that the domestic capital -producing and -exporting sectors, such as the educational, health-care and copyright-related goods sectors, offered good prospects for the Caribbean subregion.

56. The second discussant responded that an exchange rate liberalization policy alone was not sufficient, but must be supported by a credible monetary policy. He stressed that exporting capital-intensive goods was a difficult task which required macroeconomic stability as a basic condition.

57. The representative of Grenada asked for clarification of the phrase “inadequate educational quality.” In response, the Adjunct Professor indicated that there were factors missing in the Caribbean educational system, as the system was relatively closed and lacked the free movement of persons. Also, there was inadequate competency, reflected in a weak problem-solving orientation. Moreover, the Caribbean subregion did not have an exportable research output. The current educational system only equipped citizens to earn their livelihoods, but not control their societies nor chart their own development path. Education should enable citizens to manage their governments.

58. Commenting on omissions to the discussion, the representative of the United Nations Population Fund (UNFPA) noted that a key issue in Caribbean development was the demographic challenge. In this regard, the Caribbean subregion needed an operational approach which met the requirements of both a young and an ageing population. He indicated that 60% of the Caribbean population was 25 years of age and under, but that Caribbean countries had still not invested adequately in their youth through appropriate fiscal and economic policies.

59. The representative of Suriname indicated that all policies should be people-centred, and that Caribbean citizens should be involved in a practical way in the implementation of policy. She noted the low educational quality and the mismatch between training and the demands of the job market. Further, the Caribbean subregion needed to move beyond its dependence on natural resources, which are exhaustible, towards developing new industrial activities for sustainable development. In addition, the high unemployment rate among women and youth was a cause for concern that must be tackled urgently.

60. The representative of the United Nations Children’s Fund (UNICEF) suggested that, given the loss of expertise through migration, continual investment in children and adolescents was required to replenish the stock of trained persons. Therefore, information on current investment in children and adolescents needed to be improved. He also noted that the Caribbean subregion needed to capture the rents from commodity exports better, to create buffers against shocks.

(b) Macroeconomics for development

61. The representative from ECLAC presented “Macroeconomics for development.” He noted at the outset that there were different schools of thought on development. Nevertheless, there did exist a few points of consensus. First, development was the process of closing the technological gaps between developed and developing countries, and reducing the gaps between sectors, while at the same time fostering equality. Structural change was a key driver of development. Moreover, cycles and trends in activity were closely related; and macroeconomic policy helped to determine the amount and direction of investment and technical change in the long run.

62. He indicated that the growth cycle in Latin America and the Caribbean was shorter and less intense than in other parts of the world. In addition, while investment fell by five times the rate of growth in gross domestic product (GDP) during the contraction, it only rose at twice the rate of GDP growth in the expansion. Therefore, the Caribbean subregion suffered from the “Red Queen effect”⁴ in that, if it failed to invest today, it would not be able to keep pace with the technological advancements of the world in the future.

63. The ECLAC representative also noted that foreign direct investment (FDI) could be a positive factor in building up technological capacity in the Caribbean. The problem in the Caribbean subregion was that the bulk of FDI went into low-technology sectors, especially natural resources, whereas in Asia, FDI went mainly to medium- and high-technology sectors.

64. He pointed out that Caribbean countries needed to sustain investment in the low phase of the growth cycle in order to maintain growth in the growth phase. However, to do this, they needed fiscal space, but high public debt hindered this.

65. Fortunately for Latin America, fiscal space had increased in the decade of the 2000s due to the commodity boom. This was used to undertake countercyclical fiscal policy in the crisis to maintain growth levels. Therefore, an improvement in the terms of trade contributed to increased fiscal space.

66. The presenter also emphasised the importance of investment in structural change and the impact of macroeconomic policies on the level and direction of investment. With respect to natural resources, he noted that a key factor was the way the revenues from these resources were used in the economy.

(i) First discussant

67. The first discussant emphasized three crucial points and suggested ways in which ECLAC could contribute to the debate. The first point was that stabilization was a necessary, but not sufficient, condition for development. However, stabilization strategies must be coherent and consistent. An important factor in stabilization was that Caribbean countries had to live within their means

68. Secondly, in a globalized world, the Caribbean subregion needed a broader concept of development. For instance, policies should focus on the importance of new technologies, especially the ability of citizens to leverage networks online. In addition, the concept of GDP needed to be broadened to consider issues of happiness, security and well-being. Thirdly, integration needed to be formally incorporated in national development agendas.

69. He suggested that ECLAC should use its comparative advantage in the area to develop a strong online database, including social indicators of health and well-being. Finally, he indicated that ECLAC should use its position to share the development experiences of Latin America with the Caribbean.

⁴ Carroll, Lewis (1960 (reprinted 1998)) *Through the Looking-Glass and What Alice Found There*.

"Well, in our country," said Alice, still panting a little, "you'd generally get to somewhere else - if you run very fast for a long time, as we've been doing."

"A slow sort of country!" said the Queen. "Now, here, you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

(ii) Second discussant

70. The second discussant noted that Venezuela was similar to the rest of the Caribbean. An important issue was why development problems persisted over time and that, perhaps, the conventional explanations of development failure were not convincing. For instance, she noted that the resource curse thesis had been challenged by the experiences of the 1950s and 1960s. Also, despite significant market reforms in the 1990s, countries had not achieved the expected growth rates. In effect, different growth rates in countries were related to different structural paths. In addition, countercyclical fiscal policy had been useful for boosting growth, even if debt levels had increased in the short-term. With respect to Venezuela, she noted that development space might require not less, but more public spending, especially given social concerns. She also suggested that excessive inflation targeting might lead to low growth in the Caribbean subregion.

(iii) General discussion

71. The representative of UNICEF inquired about the options of small States in the Caribbean without debt relief. He queried whether maintaining social programmes would entail higher debt or reallocating spending from other sectors. He questioned the means by which the Caribbean subregion could create fiscal space for increasing social spending.

72. Underscoring the magnitude of natural disasters and climate change in the Caribbean, the representative from CARICOM noted that macroeconomic policy needed to deal with these challenges. Therefore, strong risk assessment scenarios should be included in macroeconomic models.

73. The representative of Saint Kitts and Nevis indicated that, by greening their economies as the platform for growth and higher fiscal revenue, small States had an opportunity to merge fiscal and growth policies. The Government of Saint Kitts and Nevis had been trying to green the economy through the use of wind and geothermal energy. He noted that, by increasing energy supply, alternative energy could lead to lower electricity prices. The Eastern Caribbean countries had a strong desire to increase their energy efficiency as part of their development strategy.

74. The second discussant informed the meeting that through the PetroCaribe Energy Cooperation Agreement and the Bolivarian Alliance for the Peoples of Our America - Peoples' Trade Agreement (ALBA-TCP), Venezuela had strengthened linkages with the Caribbean. She noted that the economic space for the Caribbean was limited and that debt reduction should be pursued to widen the space. In addition, tax reform was needed to improve fiscal space.

3. Diversifying productive structures and improving access to finance in the Caribbean subregion

75. In opening the session, the moderator indicated that the discussion needed to focus on new activities into which countries in the Caribbean subregion could diversify, the means by which to do so, and the instruments for financing these activities.

(a) Developing and financing new activities in the Caribbean

76. The first presenter began by noting that problem solving was central to the idea of development. He noted that per capita income in the Caribbean subregion had doubled in the first 20 years after independence. Nevertheless, in recent years growth in per capita GDP had been weak. Moreover, the performance of the smaller States had been weaker than that of larger States, especially in the Caribbean. Huge current account imbalances in the Caribbean had been an important constraint to growth. This current account imbalance was explained by the steady growth in investment in the face of falling gross

savings. This meant that growth depended heavily on external financing. Further, the rate of return on capital had fallen in the last decade. Moreover, in the face of weak export growth, GDP growth had been relatively weak.

77. He indicated that shrinking agricultural output had led to significant social disruption in many Caribbean countries. In assessing the challenges ahead, he noted that economic transformation was a key factor. However, the new economy was not yielding enough dividends in the Caribbean. The Caribbean subregion needed to focus heavily on exporting. However, improved export performance would depend on better-quality products and services and competitive exchange rates.

(i) Discussant

78. The discussant addressed the topic largely from the standpoint of the Caribbean tourism sector. He underscored the important role of the Caribbean Hotel and Tourism Association (CHTA), a non-profit organization that advocated for the sector and evaluated the social and economic impacts of tourism.

79. The discussant noted that Caribbean tourism was a resilient industry, and an important contributor to the subregional economy. He informed the meeting that visitor arrivals had been strong prior to the global crisis, while one third of the room stock became empty after the crisis. Although the tourism sector presented opportunities, a number of challenges needed to be tackled to realize them. These included coordinated action to increase airlift to the Caribbean subregion. Also, efforts must be made to reduce the cost of operations. For example, it was still too difficult and costly to build a hotel in the Caribbean. Public-private partnerships were required to create a better policy framework for tourism to flourish. In addition, the Caribbean needed to overcome its implementation deficit, in which good policies were not implemented.

(b) Presentation by the Representative from Brazil

80. During the luncheon interval, the representative from Brazil made a presentation on Brazilian cooperation with the Caribbean and the ways in which Brazil was tackling some of its development challenges. He stated that Brazil sought cooperation with all countries in the Caribbean subregion. Its outreach was based on trade, investment and technical cooperation, which also benefited Cuba and Haiti. The focus of cooperation was on growth and social development.

81. The representative indicated that, although the statistics were different, both Brazil and the Caribbean faced similar vulnerabilities.

82. Brazil had developed a strategy to deal with both economic and social vulnerability. This entailed a focus on food for everyone. In this regard, resources - including seeds, technology, and capital for production - had been provided to small farmers. Also, farmers were still paid although they might have had a bad harvest. In return, farmers provided food at affordable prices for Government programmes.

83. Family allowance programmes had also been put in place, including direct cash transfers, and incentives for children to attend school, including school feeding programmes. There were over 52 programmes and 32 million people had been lifted out of poverty and into the middle class. Further, the proportion of the population in extreme poverty had fallen from 30% to 8% in recent decades. The next step, however, required measures to deal with invisible poverty, which was not reflected in the statistics.

(c) Financial flows to small States in the post-crisis era

84. The second presenter examined financial flows to small States in the post-crisis era. He indicated that the effects of the crisis on the Caribbean subregion had been severe. Indeed, a number of countries in the Caribbean had fallen into recession as a result of reduced demand for tourism and offshore financial services. The real issue was whether the Caribbean had the resources to finance its own development at this time. He emphasised that there had been an increase in the financing needs of developed countries in the post-crisis era. Therefore, this substantial call on resources by these developed States could crowd out small economies from global financial resources. Moreover, high government indebtedness remained a major concern in developed economies, with debt ranging from 78.9% in Germany to 106.8% in the United States of America.

85. Concerns remained about the likelihood of debt delinquency and default, especially in Europe. This had led to worsening credit ratings in a number of Organization for Economic Cooperation and Development (OECD) economies. Furthermore, there had been heightened risk apprehension among banks and investors who were seeking to reduce their risk exposure. These factors combined had limited the scope for small countries to refinance their commercial debt or access new funding. Moreover, the prospects for bond finance in the Caribbean had not been favourable. Indeed, several Caribbean countries had been downgraded by the rating agencies since 2008, thereby increasing their risk premiums for accessing international finance.

86. Another constraint for small countries was that corporate equity and debt had featured little in international financial flows to the Caribbean. This had resulted partly from tightly held family-owned business enterprises with little division of ownership and control, underdeveloped local capital market and rating institutions, weak corporate accountability frameworks, and cost disadvantages owing to diseconomies of scale for small financing requirements. In fact, only the Caribbean offshore financial centres engaged in any real corporate issue of international securities and bonds. Compounding the financing constraint was the fact that bilateral aid flows to the Caribbean had declined substantially and were no longer an important source of financing for Caribbean countries.

87. The presenter highlighted two main options for the Caribbean. The first was increased foreign direct investment (FDI). This would mean reversing the decline in FDI that had occurred during the crisis. However, this was more likely in countries with strong manufacturing bases and/or mineral resources. Unfortunately, very small Caribbean exporters of tourism services were not likely attract dynamic FDI inflows unless there was sustained recovery and growth in the sector. The second option was loans from multilateral financial institutions and development banks. However, small countries would be challenged to meet the portfolio risk and development effectiveness criteria of these institutions. The fact was that regional development banks had risk management policies, including risk-asset coverage ratios, which linked the riskiness of loans with the capital market credit rating of borrowers. This limited the lending by small subregional development banks that operated in countries with weaker credit ratings.

88. The presenter then suggested some options for increasing financing in small countries. First, these countries might access excess liquidity in their banking systems for private and public investment projects. However, priority should be given to projects having the best prospects for generating scarce foreign exchange. Second, given resource scarcity, small countries should make a concerted effort to raise levels of resource efficiency. This should include a major drive to increase productivity levels. Third, small countries should work to gain an international reputation for sound financial management, through fiscal stability and debt sustainability which could increase access to, and reduce the costs of, loans. Fourth, attempts should be made to garner funds from the Diaspora. Remittances could be used for productive investment and Diaspora bonds should be explored to provide other options. There was also scope for more portfolio investment and the development of mutual funds.

(i) Discussant

89. The representative of ECLAC Washington, in her capacity as discussant, noted that the outlook could be bleak for small States. She noted that the Caribbean had been hit harder than Latin America by the crisis and that, as a result, recovery had taken longer. In addition, sovereign debt had been higher in the Caribbean and spreads were twice those of Latin America. Bond issues had also been low in the Caribbean. To make matters worse, a number of Caribbean countries had been downgraded.

90. With respect to the options available for financing development in the Caribbean, she noted that access to FDI was a challenge. A number of countries have had lower FDI inflows and added to that most flows went to low value added natural resource sectors. Regional development bank resources were important and reforms to make access more flexible should be speeded up. New financing mechanisms should be better tailored to the needs of small economies. She suggested that the income-based criteria for accessing some resources were very stringent and should be reformed. Also, Caribbean countries should focus on building adequate buffers. She proposed that the Caribbean use collective action to bring its concerns to the international community.

(d) Opportunities for trade and investment flows between the Caribbean and Central America and the Dominican Republic

91. The presentation by the representative of the Mexico office of ECLAC considered opportunities for trade and investment between the Caribbean Community, Central America and the Dominican Republic (CARICOM, CA and DR). He emphasized that there were good opportunities for connecting the two subregions. The presenter noted that exports from Barbados and Guyana to Central America had increased by 17% and 22%, respectively, during 2011. This was explained by measures to reduce tariffs. Generally, markets had moved faster than States, and Governments needed to be more active in promoting integration. He noted that moving forward did not have to cost much. He indicated that tourism, financial, transport and logistics services were of great importance to the small States of Central America and the Caribbean (CAC).

92. The presenter also noted that CAC countries were particularly vulnerable to natural disasters and were trapped between the producers and consumers of illegal drugs. He suggested that increased trade and cooperation between the Caribbean and Central America could benefit both subregions. There was a mandate from the Heads of States for a free trade agreement between the two subregions aimed at reducing tariffs. However, exports from CARICOM to Central America were about 3.4% of total exports and were concentrated in a few products and markets. CARICOM exported largely primary goods and natural resources such as oil, propane gas and rice. Exports of CA and DR goods to CARICOM now represented 4.8% of total exports. Exports to CARICOM grew by 30% between 2001 and 2010. The main exports consisted of natural resources (43.3%) and low technology products (34.1%).

93. He pointed out that trade in services between the two subregions had declined as a result of the global crisis. Although tourism had good potential, it had been hindered by language barriers, relatively high costs and a lack of direct routes between countries of Central America and the Caribbean. With respect to investment, he noted that Caribbean firms were seeking inputs and expansion. Bahamian firms had been taking the lead in transport and food and beverages. Caribbean firms such as the Bermudez Group Limited of Trinidad and Tobago and Goddard Enterprises Limited of Barbados were in a growth mode and had invested in Central America. Central American firms had also been attracted to the Caribbean by its political stability and proximity to the United States. For instance, the Grupo TACA Holdings had set up its operational headquarters in the Bahamas.

94. The presenter proposed strategies that could attract more investment in the Caribbean. These included measures to increase the benefits of FDI without losing fiscal capacity, and to build innovative systems and identify markets other than the United States. Further, the Caribbean subregion should prioritize restructuring strategies that facilitated investment in new activities and domestic capacity.

95. Finally, the presenter proposed three key measures for overcoming the trade and investment challenges between the two subregions: through the strengthening of the Central American Integration System (SICA) – CARICOM integration process; improved incentives for investment in science and technology, especially software; and, facilitation of the movement of persons.

(i) Discussant

96. In response, the discussant noted that it was a striking fact that exports from CARICOM to CA comprised only 3.4% of total exports. He noted that after 20 years, exports remain very low and highly concentrated. Moreover, Trinidad and Tobago accounted for 93% of CARICOM exports to CA and DR. He emphasised the need to deepen integration between the two subregions, as trade was key to growth in small States.

97. The discussant then explored some structural issues that might be constraining trade performance in CAC. He noted that specialization and trade in the subregion, especially in the Caribbean, was still largely based on low-technology products and services, and weak trade competitiveness might be the result of high marginal costs of production at home. Also, market failure, and government failure in terms of inadequate policies, served to dampen export growth. New literature pointed out that countries should watch more than the so-called ‘discovery channel’ which demanded that countries seek out new products and activities to drive exports. The ‘discovery channel’ relates to innovation and export market diversification as drivers of growth. However, given their level of development, this discovery process is very difficult in Caribbean-type economies. Moreover, he noted that the new literature indicated that expanding existing products in existing markets (the intensive margin) had been a better growth strategy than trying to develop new products for new markets (the extensive margin) in developing countries.

98. The discussant suggested that the rate of failure of firms should be investigated to glean lessons. In addition, it was essential for the Caribbean subregion to upgrade its level of technology to produce higher value added goods and services. An important consideration was whether CARICOM was willing to undertake further trade liberalization. He recommended that the subregion should identify institutional arrangements that promoted trade and addressed important market and government failures. He inquired why no firms were arising to fill important gaps in areas such as transport and logistics between the two subregions and proposed that careful assessment should be made of areas where scarce resources might be invested to obtain the greatest returns.

(ii) General discussion

99. The representative of Cuba noted that the presentations did not deal enough with South-South cooperation in accessing finance and technological assistance. Cuba was learning from the Brazilian experience and was strengthening cooperation with Brazil in areas such as science and technology. He suggested that the international community had a responsibility for providing suitable financing mechanisms to assist developing countries which had been affected by the crisis.

100. The representative of the Caribbean Hotel and Tourism Association (CHTA) noted the decline in intra-Caribbean tourism, underscoring the challenges to travel in the current difficult environment. He urged that the widest movement of Caribbean nationals should be central to policymaking. He recommended that the travel arrangements that were put in place for the 2006 International Cricket

Council (ICC) World Cup should be re-examined to facilitate the free movement of persons in the Caribbean, as the subregion needed to move beyond free movement restricted to limited categories of persons. Further, the Diaspora should be better leveraged to contribute to subregional development.

101. The representative from Guyana inquired into the way forward for regional air travel. He stated that air travel should not be seen merely as a business, but more as a public service. For example, it was cheaper to travel to Miami than to some destinations in the Caribbean. Logistics was also a serious problem in the Caribbean. He recommended that the Caribbean subregion should implement the Open Skies Agreement properly to reap suitable benefits from it. Also, Guyana had advocated for the use of a single visa for travel in the Caribbean subregion. This could be provided through a web-based system to speed up processing. Serious discussion was needed in the Caribbean to move the tourism industry forward.

102. The representative of Belize noted that Belize had been improving its export orientation, with the private sector taking the lead. Belize had a partial trade agreement with Guatemala and there were good prospects for increasing trade and investment with other countries in Central America. However, the public sector needed to become involved in facilitating trade and investment.

103. There was some discussion on the role of industrial policy in the Caribbean subregion. One panellist suggested that industrial policy could play an important role in structural transformation by facilitating dynamic production clusters. Another panellist cautioned that countries must be cautious of the way they implemented industrial policies, as these might not have the desired impact.

104. The representative of CHTA recommended that the Caribbean subregion design a strategy to deal with air travel. Growth in Caribbean tourism was coming largely from the Spanish-, French- and Dutch-speaking destinations, as the English-speaking destinations had been faltering. He suggested that service quality in these growth destinations might be higher and this was likely to be related to education and training. In the Spanish, French and Dutch territories, 35% of the population had completed tertiary education, whereas in the English-speaking Caribbean, the figure was only 5%.

105. The moderator responded that Caribbean countries needed to focus on removing the impediments to trade, investment and capital flows. Trade agreements were not enough in themselves, but needed to be complemented by strategies that built the capability of firms. Investment in the so-called soft areas, including language training and knowledge of the history and culture of Latin American countries, were critical to Caribbean trade with Latin America. If the Caribbean subregion refrained from inflating the price of air travel, the elasticity effect could generate higher volumes and higher tax receipts, whereas directly taxing air travel had only led to lower demand for travel.

4. Maintaining social protection in small States in the context of declining public resources and limited access to finance

(a) Protecting labour rights while improving productivity in small States

106. Professor Andrew Downes made a presentation on “Protecting labour rights while improving productivity in small States.” He advanced two critical concerns: the decline in both per capita income and total factor productivity in the Caribbean since the 1960s. There had been a further decline since the recession of 2008, with only the goods-based economies of Belize, Guyana and Suriname posting growth rates from 2007 to 2011. The Caribbean had lagged behind Latin America and East Asia and the Pacific in economic and productivity growth. Improved growth before the recession had brought down unemployment in the Caribbean, but levels had increased again after the recession.

107. Governments had been trying to protect jobs by containing layoffs in the public sector and encouraging the private sector to limit their job layoffs. Unemployment tended to be highest among the young, especially school-leavers and females. Compounding the unemployment situation had been relatively high levels of poverty. A critical challenge for the Caribbean was how to increase economic growth through enhanced productivity in order to reduce unemployment and poverty. Productivity growth might require greater labour market flexibility, which can have a negative effect on employment in the short run.

108. However, in small developing countries the labour market was the main or only source of income for the mass of the population, hence, changes in the labour market impacted directly on socioeconomic welfare. Policymakers needed to consider the main drivers of productivity, the way the labour market affected productivity, and the measures that would make the labour market a facilitator of productivity growth. At the macroeconomic level, important determinants of productivity included human resource policy, research and development, technology change policies and the regulatory environment. At the microeconomic level, differences in human capital development, labour market flexibility and the degree and quality of training also affected productivity. Unfortunately, there was little research on the determinants of productivity in the Caribbean.

109. He noted that labour protection measures could either have a positive or a negative impact on productivity. In developed economies, evidence of the impact of labour protection measures on productivity growth was ambiguous. He recommended that the 'flexicurity' model, that balances labour flexibility to enhance productivity with reasonable levels of labour market protection (security), should be considered by Caribbean countries. In particular, he commended the Danish 'flexicurity' model, which was the most relevant to the Caribbean. This model was characterized by a high degree of mobility of workers between jobs, high rates of unemployment benefits, and active labour market policies, including training, education and social dialogue.

110. The presenter indicated that the Caribbean was still a long way from a 'flexicurity' model. In the Caribbean subregion, the mobility of workers between jobs was limited. Also, intraregional mobility was still a concern. Job security remained high, especially in the public sector, unemployment benefits were weak, training systems for youth were underdeveloped, and systems of social dialogue were weak, except in Barbados. Caribbean countries needed to determine the costs of protection versus the benefits associated with high productivity.

(i) First discussant

111. The first discussant noted that there was a legitimate concern about productivity in the Caribbean. The rate of technical progress was a problem, related to the low capital per worker, which was a greater driver of growth than labour productivity. Moreover, the subregion needed to remove barriers to free trade, as increased openness to trade tended to raise productivity levels. Alongside trade, the structure of production mattered. Therefore, strategies to promote structural transformation could boost productivity and innovation.

112. The discussant noted that FDI tended to exhibit higher productivity than domestic investment. However, FDI in the Caribbean was constrained by limited horizontal linkages and generation of spillovers in the domestic economy. This was related to the low capacity development of factors including skilled labour, technology and institutions to optimize the gains from FDI. The market alone was insufficient to bring about the change that was required in the subregion. Interventions such as productive development and export promotion policies could help to promote welfare. The discussant recommended soft industrial policy to enhance local capability. Policies could include strengthening institutions, and active development policy.

113. Regional cooperation was also vital, and could be used to reduce the barriers to and the costs of doing business, and transportation and communications costs. However, policymakers must take note of potential government failures that could thwart desired outcomes. In addition, political stability should be matched with economic flexibility. This implied allowing international competition, while maintaining social safety nets.

114. In the way forward, public-private partnerships, and voluntary and informal coordination could help the subregion overcome some of its policy constraints.

(ii) Second discussant

115. The second discussant highlighted the strategic relevance of health care and education for productivity growth in small States. Investment in human capital created cultural and institutional goods that could help to reduce crime and violence. The low tertiary enrolment in the Caribbean was an important constraint on development. The subregion needed to invest in tertiary education and to reduce underemployment in the state sector. A flexible model should be developed that focused on the development of services based on high skills and qualifications.

(b) Managing social safety nets in an era of declining resources

116. The presenter noted that social safety nets were designed to help the poor and vulnerable groups in society. These were largely public measures to provide income security through labour market, social insurance and social assistance interventions, but could also include the private sector. A crucial aspect of safety nets was social risk management aimed at reducing people's exposure to risk and increasing their resilience to withstand risks. Social risk management, social protection and increasing productivity could lead to reduced social exclusion.

117. With respect to individual countries, the presenter indicated that, in Jamaica, rural areas had twice the average poverty rate. Also, 75% of the population had no educational certification. Moreover, unemployment remained high and intractable. In Saint Lucia, poverty levels were also high, with the youth being the most vulnerable group. A growing trend in the Caribbean subregion was that of the working poor, where labour incomes were insufficient to lift persons out of poverty. In Grenada, for instance, 37% of the population was poor. In addition, social safety nets lacked sufficient resources to be effective.

118. The presenter also argued that targeting of beneficiaries was weak and inconsistent across agencies. There were large gaps in the provision of social services. There also lacked an integrated mechanism for identifying the vulnerable in society. Increasing the effectiveness of social service provision required clear exit strategies, such as transition from skills training to jobs.

119. In her recommendations for the way forward, the presenter suggested that safety nets must complement market-based provision of basic services. Further, a social risk management approach, which accounted for multiple sources of risk and used multiple strategies to deal with risk, might be best suited to improving the welfare of the poor and vulnerable. This approach matched suppliers of risk management instruments with key groups that demanded these services. In addition, it could facilitate a participatory, bottom-up approach to social protection.

120. There was need for effective monitoring and evaluation of social protection and poverty reduction programmes to ensure their effectiveness. This required adequate disaggregated data at the

level of households to track outcomes. Finally, she advocated that the Caribbean subregion strive for equity in the provision and delivery of social services.

(i) Discussant

121. The discussant provided insights into the Brazilian experience in dealing with social safety nets. He underscored that social protection challenges had been addressed by changes in the constitution. Further, in the face of declining resources, Brazil had explored partnerships for the provision of safety nets. The State had partnered the private sector to improve the provision of social services. The Government had created a fund for children and adolescents through fiscal incentives. In addition, civil society organizations had been encouraged to participate in providing social services.

122. Furthermore, Brazil had explored innovative ways of providing sustainable livelihoods for the poor. ‘Crowd funding’ or the pooling of funds by people in cooperation networks, using the Internet for financing enterprise start-ups, disaster relief and other activities, had been actively facilitated.

(c) Child-sensitive child-protection policies

123. The presenter outlined key challenges in the current state of child protection in the Caribbean subregion. These included limited fiscal space, and inadequate safety nets that were not meeting the needs of the poor. He indicated that a healthy, well-fed child was likely to do better at school. However, to meet those needs, growth was not enough. Countries needed active policies to meet the needs of children.

124. Social protection was required for a number of reasons. These included the care of children who were victims of abuse and neglect. A specific instrument in the form of conditional cash transfers was increasingly being used. However, this instrument suffered from low efficiency, punished the poor and might perpetuate gender stereotyping. Although conditional cash transfers worked in carefully selected trials, they might not work in all contexts.

125. The presenter highlighted, as child-sensitive instruments, cash or in-kind support, unusual child allowances, school feeding programmes, care services, and inheritance rights. Crucially, he noted that means testing was only a temporary solution. Social protection measures should include all the poor, eventually. However, there was need for some practical reforms to make social protection systems work better. Important among these were: training and child-care support for single parents; a single registry of participants; transportability and migration of benefits, and enforcing alimony and child support.

126. In concluding, the presenter reiterated that social protection should go well beyond conditional cash transfers. He urged countries to take a broad, integrated view of social protection that epitomized the kind of society in which they wanted to live.

(i) Discussant

127. The discussant acknowledged that the subregion needed a child-sensitive development strategy. She emphasised that countries had protection rights, but not participation rights. Also, countries had problems with provision rights, which partly reflected their priorities. She underscored the importance of mainstreaming child-sensitive child protection in government budgets. On a practical note she pointed to the absence of spaces for children to play in many countries in the subregion and urged countries to pursue carefully crafted, child-sensitive policies.

5. Summary of conclusions and recommendations

128. In concluding the meeting, the Minister of Finance of Guyana noted that the Roundtable had tackled a number of important issues that went to the heart of Caribbean development. He highlighted the following key points:

(i) The nexus between social investments and productivity needed to be reaffirmed when hard fiscal decisions were being made. Countries should focus on their long-term future and recruit development partners to give priority to development needs.

(ii) Strategies for increasing production and productivity were important and should be a key part of the Caribbean subregional integration enterprise. Key mechanisms, in this regard, were full free movement of labour, capital and other factors of production.

(iii) Member countries should focus on stakeholder buy-in and ownership in their efforts to raise production and productivity.

(iv) Information and communications technology should be better leveraged to raise production and productivity in the subregion.

(v) Countries should consider reform of their social safety nets to make them more resilient to fluctuations in revenues and fiscal space. Also, greater effort should be made to get the self-employed to participate in national insurance and other schemes.

(vi) Creative alternatives to public funding should be found to finance social safety nets.

(vii) Structural change should be re-examined to determine its implications clearly and the best approach under given circumstances.

(viii) Practical ways should be found to accelerate the regional integration enterprise.

(ix) There should be a concerted focus in Caribbean development on putting children first.

6. Closure of meeting

129. The Director of ECLAC subregional headquarters for the Caribbean thanked the participants for a very engaging and fruitful meeting that had provided useful recommendations for advancing Caribbean development. She then brought the Roundtable to a close.

Annex I
LIST OF PARTICIPANTS

A. Countries

ANTIGUA AND BARBUDA

- The Honourable Joanne Massiah, Minister of State, Ministry of Legal Affairs

BELIZE

- Orla Erlene Kantun-Coleman, Deputy Director, Foreign Affairs, Ministry of Foreign Affairs

CUBA

- Raúl Gortózor Murrero, Ambassador, Guyana
- Ruben Ramos Arrieta, Director, Division of Latin America and the Caribbean, Ministry of Foreign Trade and Investment

GRENADA

- The Honourable Patrick Simmons, Minister of Youth Empowerment and Sports, Ministry of Youth Empowerment and Sports
- Podie K. Chitan, Foreign Service Officer, Ministry of Foreign Affairs

GUYANA

- The Honourable Pauline Sukai, Minister of Amerindian Affairs
- The Honourable Jennifer Webster, Minister of Human Services and Social Security
- Wycliffe Abrams, Economist, Guyana Geology and Mines
- Vanessa Benn, Project Coordinator, Iwokrama International Centre
- Navin Chandarpal, Presidential Adviser
- Abraham Dorris, Aviation Officer, Guyana Civil Aviation Authority
- Vijay Garbaran, Economic and Financial Analyst, Ministry of Finance
- Renato Gonzales, Adviser, Ministry of Amerindian Affairs
- Bobby Gossai, Senior Policy Analyst/Adviser, Ministry of Natural Resources and the Environment
- Rajdai Jagarnauth, Director, Ministry of Foreign Affairs
- Mortimer Livan, 1st Vice President, Guyana Public Service Union
- Marissa Lowden, Advocacy and Research Officer, Georgetown Chamber of Commerce and Industry
- Angela Johnson, Permanent Secretary, Ministry of Home Affairs
- Hardai Raghbir, Commercial Assistant
- Lakeram Ramkoomar, Audit Manager
- Sonya Roopnauth, Director, Office of the Budget
- Air Transport Officer, Guyana Civil Aviation Authority
- Sabina Anne Savory, Economic and Financial Analyst
- Lawrence Williams, Governor, Bank of Guyana

JAMAICA

- The Honourable Arnaldo Brown, Minister of State, Ministry of Foreign Affairs and Foreign Trade
- Sharon Saunders, High Commissioner, High Commission for Jamaica, Port of Spain, Trinidad and Tobago

SAINT KITTS AND NEVIS

- Ernie Stapleton, Permanent Secretary, Ministry of Communications and Works, Nevis Island Administration, Nevis

SAINT LUCIA

- John Calixte; Deputy Permanent Secretary, Ministry of Economic Affairs

SAINT VINCENT AND THE GRENADINES

- Janelle Hannaway, Economist, Central Planning Division, Ministry of Finance and Economic Planning

SURINAME

- Manorma Soeknandan, Ambassador, Embassy of Suriname, Guyana

TRINIDAD AND TOBAGO

- The Honourable Winston Dookeran, Minister of Finance, Ministry of Finance.
- Michael Mendez, Deputy Permanent Secretary, Ministry of Finance

B. States Members of the United Nations

BRAZIL

- Nelson Antonio Tabajara de Oliveira, Minister, Ministry for External Relations

CANADA

- David Devine, High Commissioner of Canada to Guyana

CHINA

- Yu Wenzhe, Ambassador, Embassy of China, Guyana

FINLAND

- Peter Abdool, Honorary Consul General, Guyana

FRANCE

Saint Arroman, Honorary Consul, Guyana

INDIA

- M. Sengphi, First Secretary (Commerce), High Commission of India, Guyana

MEXICO

- Francisco Olguin Uribe, Ambassador, Embassy of Mexico, Guyana

PANAMA

- Arline González Costa, Ambassador, Embassy of Panama, Trinidad and Tobago

RUSSIA

- Sergey Tarasov, Counsellor, Embassy of Russia, Guyana

UNITED STATES OF AMERICA

- Michael Fraser, Political and Economic Chief, United States Embassy, Guyana
- Eric Moore, 2nd Secretary and Economic Commercial Officer, United States Embassy, Guyana

C. United Nations bodies

United Nations Population Fund (UNFPA)

- Geeta Arun Sethi, Director, UNFPA office in Jamaica
- Patrice LaFleur, Assistant Representative, Guyana
- Luis Mora, Regional Deputy Director, Panama

United Nations Children's Fund (UNICEF)

- Jawad Aslam, Representative, Trinidad and Tobago
- Enrique Delamonica, Social and Economic Regional Advisor, Latin America and the Caribbean Regional Office, Panama

D. Specialized agencies

Food and Agriculture Organization of the United Nations (FAO)

- Lystra Mona Fletcher-Paul, Representative in Guyana

International Labour Organization (ILO)

- Giovanni Francesco di Cola, Representative, Trinidad and Tobago
- Kelvin Sergeant, Specialist, Sustainable Enterprises

International Organization for Migration (IOM)

- Rui Oliveira Reid, Chief of Mission, Guyana

World Bank

- Sona Varma, Senior Economist

E. Other intergovernmental organizations

Association of Caribbean States (ACS)

- Mathieu Fontanaud, Advisor, Transport and Disaster Risk Reduction

Caribbean Community (CARICOM)

- Garfield Barnwell, Director, Sustainable Development
- Hilary Brown, Programme Manager, Culture and Community Development
- Ivan Oeando-Lora, Director General, CARIFORUM Directorate

European Union (EU)

- Robert Baldwin, Chargé d'Affaires, Guyana

Inter-American Development Bank (IDB)

- Sophie Makonnen, Representative in Guyana

Inter-American Institute for Cooperation on Agriculture (IICA)

- Maxine Parris-Aaron, Active Representative and Agricultural Health Specialist, Guyana

Organization of American States (OAS)

- Dennis Moses, Representative in Guyana
- Riyadh Insanally, Representative in Trinidad and Tobago

F. Funding agencies

Australian Agency for International Development (AusAID)

- Trionne Bianca Preddie, Programme Manager, Trinidad and Tobago

Canadian International Development Agency (CIDA)

- Drouin Raymond, Counsellor, Head of Development Cooperation, Canadian High Commission, Guyana
- Sharissa Barrow, Programme Officer, Canadian High Commission, Guyana

Department for International Development (DFID)

- Rosanne Kadir, Programme Officer, c/o British High Commission, Guyana

G. Panellists

- Ennio Alberto Rodríguez Céspedes, Professor, University of Costa Rica
- Hugo Beteta, Director, ECLAC, Mexico Office
- Compton Bourne, O.E. Executive Director, Caribbean Centre for Money and Finance, The University of the West Indies, St. Augustine, Trinidad and Tobago
- Ines Bustillo, Director, ECLAC, Washington Office
- Luis Felipe Céspedes Cifuentes, Doctor in Economics, SCL Partners
- Enrique Delamonica, Social and Economic Regional Adviser, UNICEF Latin America and Caribbean Regional Office
- Andrew Downes, Pro Vice Chancellor, Planning and Development, The University of the West Indies, Cave Hill Campus
- Gabriel Porcile
- Edgardo Miguel Favaro Fuscaldo, Independent Consultant
- José Luis Rodríguez García, Advisor to CIEM

H. Other guests

- Dame Billie Antoinette Miller
- Alexa Khan

I. Observers

Curaçao

- Saresca Yrsyca Nicolaas, Senior Policy Advisor, Directorate of Foreign Relations, Curaçao

J. Interpreters

- Ayana Danette Nadine Jack
- Danute Statkus Rosales
- Maria Ines Perez Turco

K. Secretariat

Economic Commission for Latin America and the Caribbean (ECLAC)

- Guillermo Acuna, Legal Adviser

ECLAC subregional headquarters for the Caribbean

- Diane Quarless, Director
- Dillon Alleyne, Economic Affairs Officer
- Charmaine Gomes, Sustainable Development Officer
- Johann Brathwaite, Associate Programme Officer
- Sylvan Roberts, Statistician
- Michael Hendrickson, Economic Affairs Officer
- Willard Phillips, Economic Affairs Officer
- Sheila Stuart, Social Affairs Officer
- Dale Alexander, Computer Information Systems Assistant

ECLAC subregional headquarters in Mexico

- Hugo Beteta, Director
- Gabriel Porcile

ECLAC office in Washington D.C

- Ines Bustillo, Director

Annex II

PROGRAMME

- 0830 hrs - 0900 hrs **Registration**
- 0900 hrs - 0930 hrs **Opening of the meeting** (agenda item 1)
- Welcome remarks by Ms. Diane Quarless, Director, Economic Commission for Latin America and the Caribbean subregional headquarters, Port of Spain
- Statement by The Honourable Winston Dookeran, Minister of Finance, Government of Trinidad and Tobago
- Statement by His Excellency Donald Ramotar, President, Republic of Guyana
- 0930hrs - 1030 hrs **Small States in the global economy after the crisis - a new path towards development** (agenda item 2)
- Moderator: The Honourable Winston Dookeran
Minister of Finance, Government of Trinidad and Tobago**
- The fiscal crisis among several Caribbean countries will be discussed, along with approaches to create better fiscal outcomes that will lead to economic transformation. In light of the many challenges which many small states face such as limited fiscal space and lower growth, it is expected that new approaches to limiting the impact of internal and external shocks on the economies of small states will be identified. Focus will be given to two themes; macro-policy for limiting external shocks on Caribbean economies and small states in the global economy after the crisis with a view to charting a new development path.
- a) Macroeconomic policy to reduce the impact of external shocks on Caribbean economies**
- Presenter:** Dr. Vanus James, Professor
University of Technology, Jamaica (20 minutes)
- Discussant:** Dr. Gobind Ganga, Deputy Governor
Central Bank, Republic of Guyana (10 minutes)
- Discussant:** Mr. Luis Felipe Céspedes, General Manager
SCL PARTNERS, Chile (10 minutes)
- Discussion (20 minutes)
- 1030 hrs - 1045 hrs **Coffee break**
- 1045 hrs - 1145 hrs **Small States in the global economy after the crisis - a new path towards development** (agenda item 2, cont'd)

b) Macroeconomics for development

Presenter: Mr. Gabriel Porcile, Director
Economic Development Division, Economic Commission for Latin America
and the Caribbean, Santiago (20 minutes)

Discussant: Dr. Alvin Hilaire, Chief Economist, Director of Research,
Central Bank of Trinidad and Tobago (10 minutes)

Discussant: Ms. María Antonia Moreno, Professor
The Central University of Venezuela (10 minutes)

Discussion (20 minutes)

1145 hrs - 1230 hrs **Diversifying productive structures and improving access to finance in
the Caribbean subregion** (agenda item 3)

**Moderator: Dr. Compton Bourne, Professor Emeritus
University of the West Indies, St. Augustine, Trinidad and Tobago**

The challenges in financing new service activities in small States will be
explored in the context of the decline in access to international finance.
Attention will be given to identifying alternate sources of finance including
funding from Diaspora communities, as has occurred in other regions.

a) Developing and financing new activities in the Caribbean

Presenter: Dr. Edgardo Favaro, Independent Consultant (20 minutes)

Discussant: Mr. Alec Sanguinetti, Director General and Chief Executive
Officer, Caribbean Hotel and Tourism Association (10 minutes)

Discussion (15 minutes)

1230 hrs - 1400 hrs **Lunch**

1400 hrs - 1530 hrs **Diversifying productive structures and improving access to finance in
the Caribbean subregion** (agenda item 3, cont'd)

**Moderator: Dr. Compton Bourne, Professor Emeritus
University of the West Indies, St. Augustine, Trinidad and Tobago**

b) Financial flows to small States in the post-crisis era

Presenter: Dr. Compton Bourne, Professor Emeritus
University of the West Indies, St. Augustine, Trinidad and Tobago
(20 minutes)

Discussant: Ms. Ines Bustillo, Director
Economic Commission for Latin America and the Caribbean, Washington
(10 minutes)

Discussion (15 minutes)

c) Opportunities for trade and investment flows between the Caribbean and Central America and the Dominican Republic

Presenter: Mr. Hugo Beteta, Director
Economic Commission for Latin America and the Caribbean, Mexico (15 minutes)

Discussant: Mr. Dillon Alleyne, Economic Affairs Officer
Economic Commission for Latin America and the Caribbean, Port of Spain (15 minutes)

Discussion (15 minutes)

1530 hrs - 1545 hrs **Coffee break**

1545 hrs - 1810 hrs **Maintaining social protection in small States in the context of declining public resources and limited access to finance** (agenda item 4)

**Moderator: The Honourable Ashni Singh
Minister of Finance, Republic of Guyana**

This agenda item discusses the challenges to maintaining social safety nets in an era of reduced government resources and limited fiscal space in the Caribbean. It also examines ways of improving labour productivity while creating the conditions for labour protection and security in the Caribbean. In addition, this agenda item will also consider the importance of child-sensitive protection policies in the Caribbean subregion.

a) Protecting labour rights while improving productivity in small States

Presenter: Dr. Andrew Downes, Professor
University of the West Indies, Cave Hill, Barbados (20 minutes)

Discussant: Dr. Ennio Rodriguez, Professor
University of Costa Rica (10 minutes)

Discussant: Dr. Jose Luis Rodriguez, Professor
Centro de Investigaciones de la Economía Mundial, Cuba (10 minutes)

Discussion (15 minutes)

b) Managing social safety nets in an era of declining resources

Presenter: Dr. Annicia Gayle-Geddes, Monitoring and Evaluation Specialist, Jamaica Social Investment Fund (20 minutes)

Discussant: The Honourable Nelson Antonio Tabajara de Oliveira,
Minister of External Relations, Government of Brazil (10 minutes)

Discussion (15 minutes)

c) **Child-sensitive child protection policies**

Presenter: Mr. Enrique Delamonia, Advisor
United Nations Children's Fund, Panama (20 minutes)

Discussant: Dr. Aldrie Henry-Lee, Senior Research Fellow
University of the West Indies, Mona, Jamaica (10 minutes)

Discussion (10 minutes)

1810 hrs - 1825 hrs **Conclusions, recommendations** (agenda item 5)

The Honourable Winston Dookeran, Minister of Finance, Government of
Trinidad and Tobago

Closure of meeting (agenda item 6)

1825 hrs - 1830 hrs Ms. Diane Quarless, Director, Economic Commission for Latin America and
the Caribbean subregional headquarters, Port of Spain