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THE CARIBBEAN MSI+5 REGIONAL REVIEW

THE TWENTY-THIRD SESSION OF THE CARIBBEAN DEVELOPMENT AND COOPERATION COMMITTEE

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PRELIMINARY OVERVIEW OF CARIBBEAN ECONOMIES 2009 - 2010
The Economic Commission for Latin America and the Caribbean (ECLAC) is one of five regional commissions of the United Nations Economic and Social Council (ECOSOC). It was established in 1948 to support Latin American governments in the economic and social development of that region. Subsequently, in 1966, the Commission (ECLA, at that time) established the Subregional Headquarters for the Caribbean in Port of Spain to serve all countries of the insular Caribbean, as well as Belize, Guyana and Suriname, making it the largest United Nations body in the subregion.

At its sixteenth session in 1975, the Commission agreed to create the Caribbean Development and Cooperation Committee (CDCC) as a permanent subsidiary body which would function within the ECLA structure to promote development cooperation among Caribbean countries. Secretariat services to the CDCC would be provided by the Subregional Headquarters for the Caribbean. Nine years later, the Commission’s widened role was officially acknowledged when the Economic Commission for Latin America (ECLA) modified its title to the Economic Commission for Latin America and the Caribbean (ECLAC).

Key Areas of Activity
The ECLAC Subregional Headquarters for the Caribbean (ECLAC/CDCC secretariat) functions as a subregional think-tank and facilitates increased contact and cooperation among its membership. Complementing the ECLAC/CDCC’s work programme framework, are the broader directives issued by the United Nations General Assembly when in session, which constitute the Organization’s mandate. At present, the overarching articulation of this mandate is the Millennium Declaration, which outlines the Millennium Development Goals.

Towards meeting these objectives, the secretariat conducts research; provides technical advice to governments, upon request; organizes intergovernmental and expert group meetings; helps to formulate and articulate a regional perspective within global forums; and introduces global concerns at the regional and subregional levels.

Areas of specialisation include trade, statistics, social development, science and technology, and sustainable development; while actual operational activities extend to economic and development planning, demography, economic surveys, assessment of the socio-economic impacts of natural disasters, data collection and analysis, training, and assistance with the management of national economies.

The ECLAC Subregional Headquarters for the Caribbean also functions as the secretariat for coordinating the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States (SIDS POA). The scope of ECLAC/CDCC activities is documented in the wide range of publications produced by the Subregional Headquarters in Port of Spain.

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Antigua and Barbuda
The Bahamas
Barbados
Belize
Cuba
Dominica
Dominican Republic
Grenada
Guyana
Haiti
Jamaica
St. Kitts and Nevis
Saint Lucia
Saint Vincent and the Grenadines
Suriname
Trinidad and Tobago

ASSOCIATE COUNTRIES:
Anguilla
Aruba
British Virgin Islands
Montserrat
Netherlands Antilles
Puerto Rico
Turks and Caicos Islands
United States Virgin Islands

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THE CARIBBEAN MSI+5 REGIONAL REVIEW

INTRODUCTION

The Mauritius Strategy for the Further Implementation of the Barbados Programme of Action for the Sustainable Development of Small Island Developing States (MSI) is the culmination of a battery of developments on the environmental front. The first environmentally focused conference was The United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro from 3 to 14 June 1992, referred to as the Earth Summit because it captured the importance of reformulation of economic development to encompass environmental concerns. Three main agreements came out of this conference, Agenda 21, The Rio Declaration and The Statement of Forest Principles, and these provided the backdrop against which the principles of the Barbados Programme of Action (BPoA) and the MSI were formulated. Although the concept of sustainable development was first internationally recognized during the United Nations Conference on the Human Environment, held in Stockholm in 1972, and further endorsed during UNCED, it was coined during the environmental movement of the 1950s and 1960s.

After UNCED, governments from small island developing States (SIDS) felt that the unique issues that SIDS faced were not adequately represented in the resulting agreements of UNCED. This created the opportunity to convene The Global Conference on the Sustainable Development of Small Island Developing States held in Barbados in April 1994, where the Barbados Programme of Action was formulated and adopted. Governments used this forum to discuss specific challenges hindering the socio-economic development of SIDS.

The BPoA was founded on the pillars of sustainable development, those being the economic, social and environmental issues which framed the drafting of the main principles, associated with distinct actions necessary for sustainable development in SIDS. Governments identified 15 priority areas and related actions critical for development at the national, regional and international levels.

In 2005, the review of the BPoA required Member States to conduct national assessment reports to measure the progress in implementation of the BPoA. A synthesis report was generated which formed the basis for the formulation of the MSI, which outlined 19 priority areas inclusive of the original themes in the BPoA.

MSI+5 OVERVIEW

General Process

Now, five years later, it is necessary to assess the progress made with the MSI. In August 2009, guidelines for the Assessment Reports were shared with SIDS, non-SIDS and United Nations agencies, major groups and regional organizations. Countries used these guidelines to develop their Assessment Reports and, ultimately, a draft regional synthesis report, which was prepared for review at regional meetings. In 2010, regional meetings were held in Pacific Vanuatu in February, in the Caribbean in Grenada in March, and the Small Island Developing States of the Atlantic, Indian Ocean, Mediterranean and South China Seas (AIMS) in Maldives also in March, 2010. This process was supported by the United Nations Department of Economic and Social Affairs (DESA) through its SIDS Unit, the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS), the Regional Commissions and other United Nations organizations.

Coming out of these meetings, each region produced an outcome statement and an in-depth synthesis report which were incorporated into the “Review of the Implementation of the Mauritius Strategy - Report of the Secretary-General.” The Secretary-General’s report will be presented during SIDS Day of the eighteenth session of the Commission on Sustainable Development (CSD-18) in New York in May 2010, and will serve as an initial global synthesis of national and regional MSI+5 reviews. There will be an interregional meeting of SIDS in May 2010 followed by the SIDS Day, which will serve as the Preparatory Committee (Prep- Com) for the MSI+5 High-Level Review during the sixty-fifth session of the General Assembly in September 2010. The Interregional Review Meeting will provide a forum for Member States to discuss the outcomes of their respective reviews and suggest the format and conduct of the High-Level Review Meeting which will be convened during the sixty-fifth session of the General Assembly.

MSI+5 - Caribbean SIDS

The Caribbean MSI+5 Regional Review Meeting took place on 16 and 18 March 2010, hosted by the Government of Grenada and organized by ECLAC and DESA. It represented the regional preparatory meeting for Caribbean SIDS which would ultimately inform the High-Level Review during the United Nations General Assembly at its sixty-fifth session in September 2010.

It provided the forum for an in-depth assessment of the progress made, lessons learnt and constraints experienced by Caribbean SIDS during the
implementation of the MSI since 2005. The meeting also provided an exchange of concrete common actions required to address the vulnerabilities of SIDS.

Historically, the Caribbean has been, and continues to be, highly vulnerable to natural disasters and other extreme events. The devastating effect of the Haiti earthquake of 12 January 2010 was an example of just how vulnerable and fragile Caribbean countries are to such events. In Haiti, over 200,000 lives were lost, accompanied by devastating infrastructural damage and debilitating disruption in productive capacity. In spite of these challenges, the Caribbean has managed to realize significant progress in development, as reflected through the operationalization of institutional and policy frameworks for sustainable development both nationally and regionally.

Furthermore, various regional institutions to promote Caribbean cooperation and coordination in support of the development agenda have been established, including the revised treaty of Chaguaramas, the forum of environmental ministers of Latin America and the Caribbean, the Caribbean SIDS programme, the Caribbean environment and natural resources framework, the Caribbean Catastrophe Risk Insurance Facility (CCRIF), the Caribbean Community Climate Change Centre (CCCCC), the Regional Coordinating Mechanism (RCM) for the Mauritius Strategy, and the Treaty for Economic Union of the Organisation of Eastern Caribbean States (OECS).

Additionally, the Caribbean Disaster and Emergency Management Agency (CDEMA) has expanded its scope of work to enhance building resilience, response and emergency management capabilities. The Caribbean has also developed a draft regional energy policy and many countries have formulated national energy policies, all of which are aimed at achieving a level of implementation of the MSI. Many countries have reported mainstreaming sustainable development principles into national development plans, policies and strategies, securing progress against their Millennium Development Goals targets. However, the global food and energy crises, and the negative impacts of climate change and the El Niño phenomenon, further complicated by issues of vulnerability, have made Caribbean insertion into the global economy uneven and uncertain. Over the last decade, the total impact on the Caribbean subregion from natural disasters was estimated at US$ 136 billion. Food, energy and water security have also been major challenges. Health issues, such as HIV/AIDS and non-communicable diseases, and environmental challenges such as waste management, water resource management and the degradation of coastal and marine resources, sea level rise and increased coastal erosion, are growing challenges to sustainable development.

Another main constraint to sustainable development is limited access to finance. There has been a dramatic decline in official development assistance (ODA) and foreign direct investment (FDI) to the Caribbean which, unfortunately, did not consider the high level of vulnerability of Caribbean SIDS to economic shocks and natural disasters.

Most Caribbean SIDS are categorized as middle income countries based on their level of per capita income, preventing them from accessing concessory financing. They are therefore dependent on expensive financing from international financial institutions. This situation has been exacerbated by the trade liberalization process which has led to a decline in public sector revenues. Caribbean economies have been confronted by high levels of unsustainable foreign and domestic debt. Coupled with the high cost of environmentally sound technologies, this continues to retard sustainable development.

The brain drain has resulted in a shortage of qualified human resources and limited range of available expertise. Tertiary educational institutions have not been sufficiently mobilized to contribute to national and regional capacity-building efforts. Limited capacity to systematically collect analyse and apply data and indicators has hindered informed decision-making, compromising the effective monitoring and evaluation of the implementation of the Mauritius Strategy.

Lessons learnt
Past experiences of Caribbean SIDS point to an integrated and strategic approach, rather than an ad hoc approach to the implementation of discrete projects. This would enhance the sustainability of development, and result in the intensification of high level advocacy on behalf of SIDS. This could be reinforced by coordination and cooperation among institutional focal points at national and regional levels in order to strengthen synergies and harmonize actions.

Caribbean SIDS are seriously vulnerable to natural disasters. As such, current measures of vulnerability have proved inadequate to capture their true vulnerability. Therefore, it is imperative that further research be done to develop specific indicators that would reflect the true social, economic and environmental vulnerabilities of SIDS.

The way forward
Some of the issues that were highlighted as the way forward for Caribbean SIDS are, as follows:

- To build on the work done on adaptation to climate change and mainstreaming climate change adaptation concerns into national sustainable development strategies.
- Energy efficiency initiatives needed to be further explored and promoted, while renewable energy resources and related renewable energy initiatives would require continuous enhancement and sustained investment.
- Greening of the economies was considered a priority.
- Enhanced capacities for natural disaster management, while strengthening early warning systems and the expansion of a risk management framework, complemented by insurance and re-
insurance schemes. For example, The Caribbean Catastrophe Risk Insurance Facility.

- Functional cooperation and partnerships at regional and international levels were essential to advancing MSI implementation.
- The full operationalization of the Regional Coordinating Mechanism (RCM), to function as a coordinating and monitoring mechanism for MSI implementation in the Caribbean, which was currently constrained by limited financing. The support of the international community was considered crucial to its full operationalization.
- The development of the regulatory framework that would support the strengthening of public-public and public-private partnerships for sustainable development. For example, cooperation among Caribbean SIDS, South-South Cooperation, including SIDS-SIDS, and the building of alliances with multilateral and bilateral donor communities.
- There is need for a significant increase in financing specifically targeted to priority areas, especially considering the continued decline in ODA and lack of access to concessionary financing. Partners should be encouraged to fulfil all long-standing development assistance commitments.

The Secretary-General’s Report “Review of the Implementation of the Mauritius Strategy” will be presented on SIDS day. The report is meant to provide the initial global synthesis of the National and Regional MSI+5 reviews.

Generally, SIDS have showed tremendous progress but continue to be vulnerable to external shocks such as, for example, the global crisis. The report stated that, although substantial progress was made in development for SIDS, renewed efforts are necessary.

The way forward for SIDS

Despite the apparent accomplishments of SIDS, these efforts are threatened by climate change, natural disasters, and recent food, fuel and global crises. In fact, these impacts have exacerbated the limited capacity of SIDS which has translated into SIDS “lagging behind” the rest of the world, thereby increasing their exposure to vulnerability. Considering these challenges, there is a need to strengthen the support of national sustainable development strategies (NSDS) and national development planning processes, to support initiatives toward sustainable energy development, and to encourage partnership initiatives for action in further implementation of the Programme of Action.

SIDS have recognized that sustainable development is a national responsibility, which emphasizes the importance of NSDS and national development processes for the sustainable development of SIDS. As such, the following actions were identified as critical in forging the way forward:

- Strengthening national data and information systems for decision making and development of vulnerability-resilience country profiles
- Strengthening the institutionalization of indicators and databases for sustainable development for monitoring and evaluation
- Supporting the mainstreaming of sector plans into NSDS
- Streamlining of reporting requirements to reduce burdens on limited resources
- Sustainable energy is crucial to the sustainable development of SIDS as it is the driver of growth in all sectors
- The livelihoods of SIDS communities are closely linked to their natural resource base and the ecosystem services that biodiversity provides, but they are on the front line of threats caused by climate change

All the reviews reflected a common focus, that the way forward should be based on the implementation of initiatives that address SIDS vulnerabilities and strengthen their coping capacities, with support of the international community through partnerships. The reports also point towards the need to strengthen cooperation and partnerships and build on existing mechanisms with enhanced coordinated roles for regional organizations and United Nations organizations.
The Caribbean Development and Cooperation Committee (CDCC) was established by ECLAC Resolution 358 (XVI) of 1975 as a subsidiary organ of the Economic Commission for Latin America and the Caribbean, to coordinate development and cooperation activities in the Caribbean subregion. ECLAC has provided support to the Caribbean for over 40 years in the areas of economic and trade analysis, statistics, population and demographic analysis, gender, knowledge and information management, Millennium Development Goals monitoring, climate change and sustainable development. The biennial Ministerial level Meeting of CDCC provides a platform for delegates to review the work of ECLAC and to endorse its proposed strategic work programme for the next biennium.

The ECLAC 2012-2013 strategic work programme will be presented to the thirty-third Period of Session of ECLAC to be held in Brasilia from 30 May to 01 June 2010.

The Committee welcomed Cayman Islands as the newest Associate Member of CDCC. Eleven CDCC Member States – Antigua and Barbuda, Barbados, Belize, Cuba, Grenada, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago – and one Associate Member, United States Virgin Islands, attended the meeting.


Intergovernmental organizations and regional institutions were represented by the Caribbean Community Climate Change Centre, Caribbean Catastrophe Risk Insurance Facility, Caribbean Community Secretariat, Commonwealth Secretariat, Inter-American Institute
for Cooperation on Agriculture, Organization of American States, Organisation of Eastern Caribbean States, University of Havana, University of the West Indies, and University of the Virgin Islands.

Non-governmental organizations were represented by the Caribbean Association of Industry and Commerce, Caribbean Congress of Labour, Caribbean Network for Integrated Rural Development, Caribbean Policy Development Centre, and The Nature Conservancy.

The Committee heard three presentations from a High-Level Panel on Celebrating resilience, charting the way forward for Caribbean SIDS.

A representative from University of the West Indies, Mona Campus summarized the human security implications for the Caribbean of the global economic crisis, such as higher levels of youth unemployment, increasing already high levels of poverty especially in the Eastern Caribbean (30%) due to reduced earnings, increased crime, and a worsening of the status of vulnerable groups, specifically women and children. The Committee was recommended to implement measures to safeguard jobs, strengthen targeting of existing programmes, strengthen community and private sector involvement, formalize the informal sector, provide unemployment insurance, design a regional approach to international financial institutions, strengthen the risk management framework, safeguard the rights of Caribbean migrants, centre Haiti on the regional agenda, and initiate a debate on Caribbean development options.

The Secretariat urged the Committee to target foreign direct investment (FDI) flows, which have an impact on competitiveness through growth, productivity and technological sophistication, and which were being increasingly diverted away from developing countries. FDI inflows from transnational corporations, a major source, have declined over the decade 1999-2008 to 0.30% compared to 0.5% in the earlier period of 1970-1998. Furthermore, strong linkages with other sectors needed to be promoted, as FDI flows were presently concentrated in few sectors.

The Ambassador of Grenada to the United Nations pointed out the negative impact on the Caribbean in global institutional arrangements resulting from being classified as middle income countries by the World Bank. She urged that the creation of a vulnerability index was imperative, to capture the true features of vulnerability, inequality and poverty experienced by Caribbean SIDS.

Ms. Bárbara, Executive Secretary of ECLAC recognized the need for a new vision for ECLAC to meet the demands of this new era.

She pointed out that Caribbean economies had declined by approximately 2.1% in 2009, as the global economic crisis affected major income earners such as tourism, trade and commodities. Caribbean governments had limited resources to respond with fiscal and monetary stimuli. A slow recovery of the world economy was expected in 2010 and Latin America and the Caribbean would grow by 4.3%, mainly led by South America, while slower growth was expected for the Caribbean countries most dependent on the United States economy. She invited key parties such as Caribbean Community, the Organisation of Eastern Caribbean States, the Caribbean Development Bank, the Latin American and Caribbean Economic System, and the Inter American Development Bank, to join with ECLAC to spearhead a Caribbean Development Round Table on a biennial basis at least. Ms. Bárcena also pledged ECLAC to a leadership role in the disaster assessment process in Haiti and Chile.

The Committee was presented with a review of the role of the ECLAC in the Caribbean. The report concluded that ECLAC publications, analyses and statistics were widely used by Caribbean countries, and that ECLAC had developed methodologies on disaster and loss assessments which were invaluable to the region. Furthermore, CDCC remained relevant to cooperation and integration, particularly as a mechanism for generating a Caribbean regional perspective to global development dialogue. The internal review process recommended ECLAC to develop a more results-based management system, a more comprehensive engagement strategy targeting member States and regional institutions, a mechanism to support development thinking, and to review the role, function and mandate of CDCC.

The Committee considered and adopted with amendments the report of the technical level Meeting of the twenty-third session of the Caribbean Development and Cooperation Committee, which had been held on 15 March 2010, and endorsed the ECLAC programme of work for the 2012-2013 biennium. The Committee noted that the work programme could take into account subregional preparations for and follow-up to global conferences, including the Rio+20 (2012) and migration (2013). The work programme could also include outputs to address issues of climate change and natural resource management, including biodiversity.

The Committee received a report of the Damage and Loss Assessment conducted in Haiti following the earthquake in January 2010, estimated at US$ 7.7 billion. The Assessment concluded that reconstruction of Haiti would require long-term commitment from the international community, since 80% of the country’s productive capacity had been destroyed. The Committee was informed that CARICOM had set up an office to assist reconstruction and that the Caribbean Disaster Emergency Management Agency was coordinating the significant humanitarian assistance received from countries throughout Latin America and the Caribbean, including medical care. In addition, the United Nations would be organizing a fundraising conference for Haiti on 31 March 2010.

The Executive Secretary informed the Committee that the thirty-third session of the Commission would be held in Brasilia from 30 May to 1 June 2010. The programme of work and report of the Economic Commission would be discussed on the first day of the thirty-third session. In Brasilia, Grenada would be reporting on the twenty-third session of CDCC, a South-South Cooperation Committee would discuss the role of middle income countries in development, and there would also be a discussion on Haiti. (continued on page 9)
ECLAC CONTRIBUTES TO HAITI’S RECONSTRUCTION

On January 12, 2010, an earthquake with a catastrophic magnitude of 7.3M hit near the town of Léogane, 25 km west of Port-au-Prince and shook the city and its environs. By February 2010, two weeks after the earthquake, 300,000 deaths had been reported, 869 persons missing, 310,928 people were injured in the earthquake and 604,215 people have been displaced. More than 1,514,885 people have been affected by this earthquake and now 1,301,491 men, women and children live in makeshift camps. The government reported at the donors conference that the total value of the damage and losses caused by the earthquake is estimated at US$ 7.804 billion.

From February 18 to March 24, 2010, approximately 250 national and international experts including a delegation from ECLAC, worked together under the direction of the Haitian Government, to determine Haiti’s damages and losses in eight areas; governance, environment, risk and disaster management, social sectors, infrastructures, production, cross-cutting themes, regional development and macro-economic analysis. The results provided by the group of experts were presented at a technical meeting in Santo Domingo and at the International donors conference on March 31, 2010, in New York.

ECLAC’s contribution to the reconstruction of Haiti included training of persons in the DALA and technical assistance in the actual conduct of the macro-socio economic assessment. The ECLAC DALA methodology is primarily a tool to assess the macro-socio economic and environmental damages caused by natural disasters to a country. It assesses the damage and losses caused by a disaster through a bottom-up approach that aggregated data sector by sector for the country affected. DALA-based assessments play an important role in the recovery process for countries of the subregion following the occurrence of catastrophic events. The reports constitute critical inputs into the conduct of negotiations with donor agencies and funding partners for recovery, as evidenced by the experience of Jamaica in its successful negotiation of grant funding from the World Bank Group to assist in the recovery process from damages caused by Hurricane Gustav. Given the vulnerability of the subregion to the effects of catastrophic events such as natural disasters and the need to establish a standardized measure by which the impacts are quantified, the subprogramme has further built the capacity in the subregion to conduct DALA-based assessments.

ECLAC experts who supported the use of the DALA methodology looked at several sectors such as the social sector, the environment, urban planning, housing, macroeconomic analysis and transversal or cross-cutting issues. Through the use of the DALA, the Government of Haiti was able to determine Haiti’s total damage and loss to be US$7,804 billion which is about 120 percent of Haiti’s GDP in 2009.

Data illustrated in figure 1, suggests the damage and loss to the housing sector is over 3 billion US dollars and the damage and loss in the health sector is over US$500 million. The housing sector’s total damage was $2,300 billion and represents 40% of the damages from the earthquake.

Out of 222,570 deaths, it was estimated that 56 percent were female and 44 percent were male as illustrated in figure 2. Such an estimate allows the government to allocate resources in

Figure 1. Presents damage and loss by sector using the DALA methodology
support of families affected considering the fact that women were not just mothers but also bread winners.

Haiti’s infrastructure was severely impacted, 105,000 homes completely destroyed and 280,000 were damaged. The earthquake destroyed 1,300 educational establishments along with 50 health clinics and hospitals which were made unusable.

Even though Haiti has received the technical support that it required to the assessment of damage and losses and some financial support from several countries and organizations, to many Haitians the biggest loss still remains the loss of human life. The women and men of Haiti look forward to a positive future, a future which would allow them to go to school, further their education and establish small businesses. While some Haitians are positive, many are still traumatized and unable to find hope for fruitful future. A young Haitian musician was asked what he saw for himself in the future which he confidently responded “Haitians’s can do anything. I am a musician but if I have to work in a factory, I will do that.”

What can Haitians look forward to for their future? The Action Plan for National Recovery and Development uses an eighteen month timescale for which certain actions will take place. The Action Plan looks at four main areas which are part of the Haitian Head of State’s vision for Haiti to become an emerging country by 2030:

- **Territorial rebuilding**: stimulating local development and the rebuilding of affected areas;
- **Economic rebuilding**: modernizing the agricultural sector, organizing tourism development and supplying opportunities to export of fruit, vegetables and other products. The development of construction sector laws which will pay special attention to the production of earthquake and hurricane resistant materials.
- **Social rebuilding**: creating a system of education which will guarantee education for all. Also improving health, food safety, water, sanitation and nutrition.
- **Institutional rebuilding**: The restructuring of public administration and other state institutions.

It is suggested that it will take thirty years to build back what a thirty-five second long earthquake took away from the people of Haiti. Support from the UN system; the UNDP and ECLAC, IDB, the World Bank and the European Commission and other agencies to the Government of Haiti, has influenced the financial support received from donors. Together with the material support provided by its neighbors; CARICOM, Venezuela, the Dominican Republic and Cuba, who has committed to building a comprehensive health care system in Haiti, the LAC region can be assured that initiatives to support Haiti will aid the country as it works towards its rebirth as an independent and prosperous nation who will forever live by their motto “L’Union Fait La Force”: Unity Creates Strength.

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Figure 2. Estimated Proportion of deaths by sex

![Figure 2. Estimated Proportion of deaths by sex](image)

**Source:** ECLAC based on official data

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1 Cross-cutting themes: gender equality, youth and disabled persons.

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The meeting would also focus on issues of equality, closing gaps and opening trails in the post crisis scenarios, linking the state and fiscal policy and looking at productive convergence. The final session of the Brasilia meeting would focus on the experience in Brazil in becoming a successful economy.

The Committee discussed the following Resolutions which were adopted with amendments incorporated:

(a) Resolution 72 (XXIII) Urgent support for international cooperation in humanitarian aid and the subsequent reconstruction of Haiti
(b) Resolution 73 (XXIII) Support for the role of ECLAC in the Caribbean and enhancing the functions of the Caribbean Development and Cooperation Committee
(c) Resolution 74 (XXIII) Follow-up to and realization of the outcomes of the five-year review of the implementation of the Mauritius Strategy for Caribbean small island developing States (including the functioning of the Regional Coordinating Mechanism)
(d) Resolution 75 (XXIII) Support for the work of the ECLAC Subregional Headquarters for the Caribbean.

The fifteenth meeting of the CDCC Monitoring Committee will be held at the ECLAC Subregional Headquarters for the Caribbean in Port of Spain on 18 April, 2011.
Policy Responses to the
Global Economic Crisis

The global economic crisis has prompted a myriad of policy responses in Caribbean countries on different fronts. Despite limited fiscal space due to excessive public debt stocks, various countries have managed to introduce some counter-cyclicality through some combination of larger public infrastructure investment and higher social spending. This welcomed policy stance went hand in hand with a small widening of fiscal deficits at the regional level, which climbed from 2% of GDP (simple average of 13 Caribbean countries) in fiscal year 2007/2008 to 2.3% in fiscal year 2008/2009. The fiscal deficit of 11% of GDP recorded by Jamaica was one of the highest worldwide. The fiscal stimulus in Trinidad and Tobago represented more than 13 percentage points of GDP, going from a surplus of 7.8% of output in fiscal year 2007/2008 to a deficit of 5.3% in fiscal year 2008/2009. In contrast, in Barbados and Guyana, the fiscal deficits contracted by 2.7 and 1.4 percentage points of GDP in 2008/2009 relative to 2007/2008, respectively. The fiscal surplus posted by Belize widened slightly from 0.3% of GDP in 2007/2008 to 1.2% in 2008/2009. In the six independent countries of the Eastern Caribbean Currency Union, limited fiscal space forced three member States to implement a pro-cyclical fiscal policy.

Given the chronic shortfall in fiscal revenue in all Caribbean countries except for Suriname and Trinidad and Tobago, fiscal policy responses to cope with the global economic crisis in 2009 would not have been possible, in the context of weakening tax revenue and demanding public debt service, without financing from external sources. The most notable effort was made by Jamaica, in securing some US$ 900 million in contingent credits from the World Bank, the Caribbean Development Bank and other international financial institutions, in order to support its Fiscal and Debt Sustainability Programme and to enable the expansion of its main social programme, the Programme of Advancement Through Health and Education. Another interesting measure was initiated during 2009 by the members of the ECCU: their Eight Point Stabilization and Growth Programme, agreed upon in June, included fiscal reform, debt management and public investment, among other issues.

The massive allocation of International Monetary Fund Special Drawing Rights to Caribbean countries during August-

### Table 1 Effects of the global crisis, 2009

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<th>Tourism receipts (% of GDP)</th>
<th>Remittances (% of GDP)</th>
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<tr>
<td>The Caribbean</td>
<td>-4.0</td>
<td>-1.5</td>
<td>-1.1</td>
<td>-1.5</td>
</tr>
</tbody>
</table>


1 Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago.
2 Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.
September amounted to some US$ 950 million. This operation bolstered the international reserves position of countries in need, and facilitated the conduct of exchange rate policy and the financing of current account deficits.

**Effects of the World Economic Meltdown**

The world economic recession has had significant negative effects throughout the Caribbean. Perhaps the most representative impact was the collapse of CLICO – part of a major conglomerate – that spilled over the subregion. But there were others. ECLAC estimates show that the impact was significant in terms of real GDP, particularly in most ECCU countries, and affected tax revenue in Trinidad and Tobago, tourism receipts in the Bahamas, Barbados, Belize, Saint Kitts and Nevis, Saint Vincent and the Grenadines and Suriname, and remittances in Guyana, Grenada and Jamaica (table 1). Real output losses amounted to 4 percentage points of Caribbean GDP in 2009.

**The World Economy after the Great Recession of 2009**

The new world economy to emerge after the Great Recession of 2009 would at least have two distinctive new features. First, slower world economic growth associated with less dynamic private consumption spending in the United States of America, due to lower real estate prices, excessive household debt and lower retirement funds. By the same token, the Chinese economy would not be capable of expanding at the same impressive rates observed since the 1980s which had been led by its export sector, due to the lower import capacity of the rest of the world. The second main characteristic of the new world economy would be less globalization, that is, slower world trade growth, as a direct consequence of a less dynamic global economy, coupled with less abundant foreign financing, due to a smaller – and more regulated – international financial system, and less appetite for risk on the part of investors, bankers, savers and firms.

**Challenges from the New Economic International Scenario**

The new international setting will pose a number of challenges to Caribbean economies. Broadly speaking, two economic growth patterns have been put in place in the Caribbean subregion. The first is based on the export of commodities, and is represented by Suriname and Trinidad and Tobago. The second is based on the export of tourism services (all others except Guyana) and financial services (The Bahamas and Barbados). Guyana, an agriculture-based economy, shares with the services exporters the recurrent presence of massive current account deficits financed from abroad, in other words, debt-led or capital inflows-led growth. One important characteristic of these perceptible external gaps is that they are not mainly fed by fiscal deficits, but by private sector overspending (table 2). The rewards of these two strategies in terms of economic growth have been uneven, and unsatisfactory, in most countries.

### Table 2: Triplet deficits, 2005-2009 (Percentage of GDP)

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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Fiscal deficit</td>
<td>Private sector deficit</td>
</tr>
<tr>
<td>Antigua and Barbuda</td>
<td>7.1</td>
<td>24.6</td>
</tr>
<tr>
<td>The Bahamas</td>
<td>2.2</td>
<td>13.2</td>
</tr>
<tr>
<td>Barbados</td>
<td>2.7</td>
<td>6.0</td>
</tr>
<tr>
<td>Belize</td>
<td>2.5</td>
<td>3.9</td>
</tr>
<tr>
<td>Dominica</td>
<td>-1.7</td>
<td>24.1</td>
</tr>
<tr>
<td>Grenada</td>
<td>3.1</td>
<td>33.7</td>
</tr>
<tr>
<td>Guyana</td>
<td>11.4</td>
<td>10.0</td>
</tr>
<tr>
<td>Jamaica</td>
<td>4.5</td>
<td>7.1</td>
</tr>
<tr>
<td>Saint Kitts and Nevis</td>
<td>3.0</td>
<td>15.1</td>
</tr>
<tr>
<td>Saint Vincent and the</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grenadines</td>
<td>3.9</td>
<td>23.0</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>4.9</td>
<td>23.1</td>
</tr>
<tr>
<td>Suriname</td>
<td>-1.9</td>
<td>-6.1</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>-4.4</td>
<td>-24.2</td>
</tr>
<tr>
<td>The Caribbean</td>
<td>2.8</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Sources: ECLAC, Preliminary Overview of the Caribbean Economies 2009-2010, Port of Spain, March 2010.

* A minus sign indicates a surplus.  † Annual simple average.  ‡ Simple average.
10% of GDP. Given the small share of agriculture and manufacturing in most countries, most inputs for the tourism industry are imported, which brings about an enclave-like tourism sector with little or no value chains or productive linkages with the rest of the economy. This jeopardises the potential of tourism as the engine of growth.

LOOKING AHEAD

Should the world economy recover in 2010, the Caribbean would post an output growth of 1.8%, a substantive rebound from the 2.1% contraction recorded in 2009 (table 3). Countries more dependent on tourism activities are expected to post a GDP growth rate of some 2% in 2010 as the recovery of the main source market, the United States economy, gains momentum over the year.

In Guyana and Suriname, the expected acceleration in world demand should boost both prices and the production of commodities and allow output in 2010 to expand more than in 2009. Despite the improvement in international conditions, the perspective is less optimistic in Jamaica, as the inevitable fiscal adjustment needed to try to put public finance back on track will undoubtedly slow down any rebound in economic activity. In Trinidad and Tobago, the increase in international hydrocarbons prices associated to the expected global recovery would boost economic activity, despite the slowdown in public investment due to the culmination of large projects.

Looking ahead, Caribbean countries should pay more attention to domestic markets to enhance growth and productive diversification. The small size of local markets imposes the need to redouble efforts in regional integration both within and outside the Caribbean Community (CARICOM). The task is not to move away from tourism activities benefited by natural comparative advantages, but to increase the value added in the tourism industry, through the generation of more sophisticated products, and diversification of the supply of services. The promotion of value chains or upwards linkages between agriculture, manufacturing and tourism are crucial in this effort.

The road towards productive diversification calls for a set of economic policies:

i. To keep securing official foreign lending to implement sectoral policies to promote productive diversification, taking care to maintain the debt-to-GDP ratio constant.

ii. To continue to keep inflation under control to preclude the real exchange rate from appreciating.

iii. To allocate preferential credit to priority activities conditional to performance goals related to productive diversification and complemented by technical assistance on innovation and technology, standardization and quality control and certification of agriculture and manufacturing products devoted to the tourism industry.

iv. To promote Public-Private Partnerships to achieve long-term agreements on far-reaching development goals which are above the political cycle.

v. To expand the demand for locally produced goods and services, both within the Caribbean and outside.

The Economic Partnership Agreement between CARIFORUM (CARICOM plus the Dominican Republic) and the European Union regains importance, as do the negotiations with Canada towards a Free Trade Agreement. These and other potential integration schemes, including with Latin American countries such as Brazil, and other emerging global players such as China and India, should be integrated into the policy agenda towards productive diversification.
A STUDY ON CLIMATE CHANGE IN THE CARIBBEAN: IMPACTS OF CLIMATE CHANGE IN SMALL COUNTRIES

Published 1 December 2009
L/CAR/L.232

Climate change is arguably the biggest environmental global challenge of our time. It has captured international public imagination in a way that few environmentalists thought possible. The impacts of climate change on the livelihoods of small communities and island States is expected to be significant, since residents of such communities, particularly those living in coastal areas, are already vulnerable and disadvantaged. They experience significant health problems, insecure and inadequate housing, comparatively lower levels of education and training, and lower economic standards of living. The impacts of climate change would exacerbate these conditions and render these people more vulnerable.

These communities may well suffer the impacts of climate change in areas of agriculture, health and housing, all of which would inevitably have downstream effects on education, life expectancy and the general quality of life. It is, therefore, important that measures be put in place to adapt to, and mitigate against, the impacts of climate change. Such measures would include the development of salt-tolerant crops, engineering of drought-resistant crop varieties, building/reinforcing sea defences, developing measures to protect drinking water sources, and embarking on public education and awareness strategies so as to empower communities to cooperate with, and to take action in adapting to, climate change. Public awareness strategies to reduce community anxiety about climate change and loss of well-being should also be pursued.

A FURTHER STUDY ON DISABILITY IN THE CARIBBEAN: RIGHTS, COMMITMENT, STATISTICAL ANALYSIS, AND MONITORING

Published 14 December 2009
L/CAR/L.237

The study aims to describe the initiatives taken by the United Nations and other regional and international organizations in relation to persons with disabilities. It provides examples of some country initiatives and commitments, and shows how census and survey data from countries in the Caribbean subregion can be used to quantify the incidence and prevalence of disability. The study also decides on a questionnaire that can be used for a more detailed assessment both of the situation of persons with disabilities in the Caribbean, and the extent to which governments have implemented policy measures and taken real action to improve the lives of citizens living with disabilities.

However, the global events of the last year have clearly shown the need for a most critical and structured approach to development issues, and have renewed the debate over the best ways to promote economic growth in a balanced and sustainable manner in the Caribbean.

With this in mind, this seminar reviewed the role of ECLAC as a major centre for economic thinking in Latin America and the Caribbean, and re-assessed the work of Sir Arthur Lewis and the evolution of Caribbean development thinking.

ECLAC considers that input from such assessments should be the basis for an in-depth intellectual discussion, aimed at articulating new and improved development paradigms for the Caribbean subregion, in accordance with its unique political, social and economic characteristics. Presentations and discussions were conducted in four sessions, which included a formal opening, followed by three technical sessions.

REPORT OF THE SEMINAR ON CARIBBEAN DEVELOPMENT THINKING: THE PATH COVERED AND THE WAY FORWARD

Published 14 December 2009
L/CAR/L.242

Contributions from ECLAC and the Caribbean intellectual community to the field of development theory are now more relevant than ever. The current global environment, marked by widespread recession and deep uncertainty, has given rise to criticism and debate over the validity and relevance of the development paradigms adopted by most Latin American and Caribbean countries during the last decade. Such paradigms are based on market liberalization, excessive deregulation and the diminished role of the State.

The impacts of climate change on the livelihoods of small communities is expected to be significant, since residents of such communities, particularly those living in coastal areas, are already vulnerable and disadvantaged. They experience significant health problems, insecure and inadequate housing, comparatively lower levels of education and training, and lower economic standards of living. The impacts of climate change would exacerbate these conditions and render these people more vulnerable.

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THE IMPACT OF THE FINANCIAL CRISIS ON WOMEN IN THE CARIBBEAN

Published December 2009
L/CAR/L.243

Much has already been written and discussed about the overall macro economic impact of the crisis within the Caribbean whereas, so far, little has been said about its impact from the perspective of gender. This may be a result, in part, of the mistaken notion that economic crises are gender neutral. This paper therefore examines, in the first part, the nature of the differential impact of the crisis on men and women and, secondly, provides recommendations which assist in shaping policy options around the important link between gender equality and overall economic sustainability.

To this end, the paper provides a short overview of the specific impacts of
The economic crisis and recession on the Caribbean, then attempts to locate gender equality and empowerment of women within the discourse. It uses labour market indicators to examine the gendered impacts within the Caribbean subregion, and looks at policy responses of governments to the crisis. Finally, the paper offers several specific recommendations formulated using a gender sensitive approach to policy responses.

CARIBBEAN DEVELOPMENT REPORT, VOLUME II

December 2009
LC/CAR/L.245

The biennial Caribbean Development Report has been offered as a forum to the academic community, policymakers and researchers in the Caribbean since its inaugural issue in 2007. The framework for the Report is contained in the mandate given to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) Subregional Headquarters for the Caribbean, to monitor and report on the implementation of major United Nations global agreements on social and economic development, and to support Caribbean governments in their efforts to achieve the Millennium Development Goals.

The second volume of this refereed journal contains seven articles by nine contributors:

- “Global economic crisis: CARICOM impacts and responses” by Clive Thomas identifies the transmission channels through which the global financial and economic crisis which have been unfolding since 2008, have affected CARICOM countries.
- “Human security and the financial crisis in the Caribbean,” by Patsy Lewis analyses the impact of the crisis on social and economic development in the subregion and demonstrates how the crisis has affected progress in achieving the Millennium Development Goals.
- “The escalation in world food prices and its implications for the Caribbean” by Armando Mendoza and Roberto Machado, uses modelling techniques to identify the factors that have had the strongest influence on escalating food prices in the Caribbean.
- “Gender and the Economic Partnership Agreement: An analysis of the potential gender effects of the CARIFORUM-EU EPA”, by Jason Jackson and Judith Wedderburn, looks closely at the Economic Partnership Agreement from a gender perspective and recommends ways in which Caribbean Governments might target policy initiatives to take advantage of the trade agreement with the European Union to promote development.
- “The status of Millennium Development Goals monitoring and reporting in selected Caribbean countries” by Karoline Schmid examines current data collection and reporting structures in the Caribbean and recommends that statistical arrangements be given a strong and centralized mandate from Caribbean Governments.
- “The impact of climate change on the tourism sector in selected Caribbean countries” by Sandra Sookram focuses on climate change, an area of growing significance to the Caribbean subregion, and uses a mathematical model to estimate the cost to the Caribbean tourism economy of three climate change scenarios to the end of the twenty-first century.
- “Is the payoff to over education smaller for Caribbean immigrants? Evidence from hierarchical models in the United States labour market” by Dillon Alleyne uses modelling techniques to focus on the returns to education of migrants from the Caribbean, an issue of significance to the Caribbean in terms of capturing returning skills and the contribution of remittances to GDP and development.

The final section of the Report contains the authors’ biographies and guidelines to contributors on manuscript preparation and style.
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Strategy and Results Framework for stakeholder consultations, adopted a 2001 CARICOM, through broad based

In order to address this situation, in 2004 alone from all these disasters US $46 million. In fact, economic losses in the Bahamas while $890 million respectively; Hurricanes Frances and Jeanne resulted in losses of $3.5 million, US $600 million and US $551 million in the Bahamas. Earthquake activity in Haiti where 4% of the population was affected, 3,000 deaths resulted and 13,535 dwelling places damaged; Jamaica with 14% of the population was affected, 28 reported deaths and 28,000 dwelling places damaged.

Cayman Islands stood at 83%, two (2) areas that are vulnerable to these natural hazards. In some of the islands of the eastern Caribbean, the physical terrain increases and developmental pressures are usually the first locations impacted negatively on the economic, social and environmental strata of these vulnerable economies of these islands, their national infrastructures, their national public infrastructure, and their national economies. They are having significant negative impacts, several international, regional and national agencies, institutions and organizations have given their support to efforts that is, in the disaster prevention needs into the countries’ planning. Five years after the embracing of CDM by the region and against a pending climate change. Recognising the vulnerability of the Caribbean Region is particularly set back the process of development.

Comprehensive Disaster Management (CDM). The goal was to link CDM to development decision-making and a revisit of the CDM Strategy to accelerate initiatives of CDM by the region and against a pending climate change. Recognising the vulnerability of the Caribbean Region is particularly set back the process of development.

However, the magnitude of impacts wrought by natural disasters requires a holistic approach as it is clear that the impacts of disasters on societies, the socio-economic impacts on the already vulnerable economies of these islands in terms of risk identification, risk mitigation and risk reduction and assessing the impacts are having significant negative impacts, several international, regional and national agencies, institutions and organizations have given their support to efforts that is, in the disaster prevention needs into the countries’ planning. Five years after the embracing of CDM by the region and against a pending climate change. Recognising the vulnerability of the Caribbean Region is particularly set back the process of development.

To properly address the vulnerability of CDM by the region and against a pending climate change. Recognising the vulnerability of the Caribbean Region is particularly set back the process of development.

To properly address the vulnerability of the Caribbean Region as a result of CDM by the region and against a pending climate change. Recognising the vulnerability of the Caribbean Region is particularly set back the process of development.

Over the last decades, population increases and developmental pressures have developed or are developing methods for addressing disasters. It approaches it would be expedient to determine how existing methodologies focus largely on addressing the impacts of disasters. The pre-disaster phase essentially focuses on identifying and assessing the impacts of these islands in terms of risk management into the following two components:

- Pre-disaster Phase
- Disaster Phase