



PRESENTATION

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DRIVERS OF SUSTAINABLE DEVELOPMENT)

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Thanks to ECLAC for inviting me to participate in this discussion of key sectors of the global economy, and the policy imperatives that are critical to ensuring that regional economies can and do progress these sectors with the objective of inclusive and sustainable development.

As a backdrop, the investment policy environment within CARICOM is characterized the priority of attracting external investment flows, revitalizing the domestic private sector and creating a facilitative business environment within our Member States.

As largely capital scarce economies, growth has been propelled by both public and private foreign investment flows. Foreign direct investment (FDI) flows that CARICOM Member States have been able to attract within the last decade or so, have not been sufficient to drive inclusive and sustainable economic growth and development, across Member States. The challenge of increasing investment has become more critical with the near cessation of FDI inflows (with few notable exceptions) since the first quarter of 2020, during the COVID-19 pandemic.

However, according to the UNCTAD World Investment Report 2022, while FDI flows to Latin America and the Caribbean Region

had plunged by 45% in 2020, the sharpest decline recorded in developing regions that year, this has rebounded, growing by 56%, in 2022 however, with FDI to the Caribbean increasing by a much lower 39% to US\$3.8 billion.

Investment in new sectors can stimulate structural change but for this to happen strategies must address:

- access to financing;
- accessibility of labour and human resource capacities;
- appropriate regulatory framework;
- social inclusion measures or policies.

The evolving global sectors that are important in the CARICOM context include ICT, Energy and Agriculture which join the Tourism and Services sectors as drivers of growth and development. Let us look at how CARICOM is addressing a few critical sectors:

ICT

The current work being undertaken in ICT for development is guided mainly by several strategies:

- The Regional Digital Development Strategy;
- CARICOM Single ICT Space – Vision, Roadmap and Workplan;
- World Summit on the Information Society (WSIS) Plan of Action;

- eLAC2007 – eLAC2018 (Digital Agenda for Latin America and the Caribbean).

It is important to note that CARICOM governments are all at very different stages in their journey of digital transformation, with the majority still in the early development stages. CARICOM Member States continue to advance projects in the following (but not limited to) areas: Digital IDs, Digital Currency, Public Sector Online Service Delivery, Digital Infrastructure, Digital Agriculture, Online Payments, Legislation and Policy, support to the education sector, and others.

Challenges in doing this include the need for :

- sustained actions to drive the Regional digital transformation efforts, in support of sustainable development;
- data and information strategy – to provide ‘real-time’ information to support current and future planning;
- formal, comprehensive ‘joined-up’ programme and project activities to enable cost-savings and increase efficiency.

We know that ICT can drive sustainable development in the Region through job creation as one of the largest and fastest growing sectors, generating income, GDP enhancement, increasing effectiveness and productivity, improving business services and

processes, providing accessible information and communication networks, education, innovation and human capital;

We also know that key developments such as Broadband for development - which can lead to increases in efficiency and productivity in the economy – and Technologies such as the Internet, artificial intelligence, big data and cloud computing, have the potential to bridge the gap and lessen divides between developed and developing countries; and the gap between those who have and those who do not have within our countries.

But achieving these potential gains requires investments in organisational and human capital. Accordingly, strategies to drive Sustainable development would include:

- Digital economy strategies – which allow the Region to combine ICT and other complementary strategies;
- Research and Innovation for Sustainability to uncover innovation initiatives that are already taking place in the Region in key and potential growth sectors;
- Data Strategy – for use, structure, exchange: Better information for decision-making;
- Cloud **Strategy**;
- Supportive, **appropriate legal and regulatory frameworks**

Energy

Energy is not simply an economic issue. For the Caribbean, energy is part of a longer-term sustainable development and resilience strategy. The Region requires around 20 billion USD to revitalize and modernize its energy grid. Many of our countries do not have the fiscal space or the local capital to do so. The Region has one of the highest electricity rates in the world, therefore, the urgency of the **Energy Transition** is clear. Most of the power generation systems within CARICOM rely on imported petroleum (and petroleum products), and are subject to the volatility of the global energy commodity markets.

Sustainable Energy Transition, therefore, is a key priority for the Regional Energy Programme to reduce the Region's dependence on imported fossil fuels, facilitate the achievement of ambitious Nationally Determined Contributions (NDC) under the Paris Agreement, and support economic growth and sustainable development through improved energy security.

Key challenges to the regional sustainable energy transition include:

- **Regulatory Landscape**
- **Access to Finance**

- **Regional Approach to Energy Security.**

With the support of regional institutions such as the Caribbean Center for Renewable Energy and Energy Efficiency (CCREEE) and international development partners, we have been advancing the Sustainable Energy Transition within three key pillars: 1) Policy; 2) Information and Capacity Building; and 3) Finance; aligning the Region on a pathway for low-carbon and climate-resilient development.

Agriculture

Investment in Agriculture can drive sustainable economic growth and development for the Region. Currently, the Region imports approximately US\$6 Billion worth of food products annually. The Common External Tariff suspension rates are in the millions for the importation of mostly agricultural commodities from outside the Region. This regional gap creates opportunities for new industries within the Region. Recognizing the opportunities, the regional goal is to increase investment in agri-business.

New investments in agriculture will increase the Region's productivity with introduction of modern technologies, equipment and investments in infrastructure. It will also build human and

knowledge capital/expertise, create employment, and build marketing networks to enhance the competitiveness of agricultural production and value chains. To this end, agricultural investment is intended to enhance food and nutrition security and serve as an engine for broader economic growth, prosperity, and stability of the Region.

Even before the onset of the COVID pandemic, CARICOM had launched the 25% by year 2025 regional target which is aimed at reducing our food import bill by 25% by the year 2025. This is being pursued by significantly increasing production of key products, such as poultry, corn and soya, fish, sheep and goats, and a range of fruit and vegetable products while at the same time implementing game changing policies such as the CARICOM Trade Policy for Animals and Animal Products, a Regional Agricultural Health and Food Safety Policy, and an Alternate Sanitary and Phytosanitary (SPS) Dispute Resolution Mechanism.

The goal is to increase productivity, value addition and regional trade and investment, and to support digitization of the Region's agricultural sector through e-commerce, the adoption of smart agriculture technologies to increase sustainable production, to respond to risks associated with climate change, and to take advantage of agricultural data and market intelligence.

Equally important to the Region is increasing the participation of youth and women in the agriculture transformation and maintaining consistent supply of affordable and nutritious food. This means that along with increased production, as a matter of priority, we are also seeking to address appropriate transportation mechanisms, and greater partnership and linkages with partners in development and the private sector to develop de-risking mechanisms, which includes agriculture insurance and financing.

Programmes for strategic investment include:

- Increased productivity through investment and adaptation of climate smart agriculture technologies;
- Strengthening extension services capacity building;
- Support to agro-processing and micro, small and medium enterprises;
- Alternative fertilizers;
- Improving food quality standards and best practices throughout the Region;
- Improvement of post-harvest management and food storage capabilities;
- Improved data collection, and monitoring and evaluation of the impacts of climate change/weather patterns on agricultural production.

So how we plan and develop sectors such as **agriculture, tourism, services, ICT and energy** will affect our Region's viability and prosperity. In dealing with our challenges while our Region transitions to the endemic phase of COVID-19, we are called upon to address the persistent vulnerabilities of our economies, the realities of social inequalities, and the need to protect our natural environment. This is requiring a fundamental shift in how we do business, how we educate and train our people, how we build our infrastructure to address adaptation and building resilience in the first instance, then building societies in a reality where it may no longer be possible to adapt.

As a Region, CARICOM has been a strong voice on the global stage urging strong action to curb emissions to halt temperature rise. We, as Small Island and Low-lying Coastal Developing States (SIDS) while we contribute minimally to the emissions that fuel climate change, we bear the brunt of the impact of climate change.

We also need to address unsustainable consumption and production patterns which produce large amounts of waste, including plastics and hazardous chemicals, leading to destruction of habitats and land degradation.

As we continue to develop while confronting inherent and structural vulnerabilities, some of the short to medium term priorities for the Region include:

- Diversification of our tourism product to ensure sustainability, decreasing pressures on fragile ecosystems, increasing opportunities for cultural practitioners and local providers, retrofitting of the sector to not only be resilient to climatic events, but also to be water, waste and energy efficient;
- Uptake and expansion of climate smart agriculture;
- In addition to increased deployment of SIDS appropriate renewable energy options, of distribution networks and increased attention at the national level to energy efficiency at the commercial and domestic levels;
- Increased investment in research and development into local solutions to environmental challenges impacting us as a Region;
- Training and retraining to allow us to better benefit from available technologies that can result in greater efficiencies across the various sectors.

Thank you very much for your attention.