

## **Kevin Greenidge: Charting the course for sustainable and inclusive economic growth in the Caribbean**

Remarks by Dr Kevin Greenidge, Governor of the Central Bank of Barbados, at the Third Lecture of the Distinguished Owen S. Arthur Lecture Series, Bridgetown, 4 October 2023.

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Good evening to all of you.

I am deeply honoured to stand before you today to deliver the Third Lecture of the SCR /CDB Distinguished Owen S. Arthur Memorial Lecture Series in this auspicious year marking CARICOM's fiftieth anniversary. We are gathered to celebrate and delve into the intellect of a stalwart, the late Owen Seymour Arthur, a man whose unyielding advocacy for regional integration left an indelible mark, engraving pathways of cooperation and solidarity.

I extend my heartfelt gratitude to the Shridath Ramphal Centre and the Caribbean Development Bank for this esteemed platform. Preceded by esteemed speakers, Dr. Gene Leon and Dr. Carla Barnett, tonight, I humbly contribute my voice to this evolving discourse on CARICOM's economic development.

### **INTRODUCTION**

My address will focus on a topic that has been the cornerstone of our collective endeavours and intellectual pursuits – sustainable economic growth for the region. The intellectual footprints of Owen S. Arthur underscore our conversations on sustainable and inclusive economic growth. Arthur's insights emanated not just from profound knowledge but from a fervent belief in the Caribbean's potential. He once proclaimed, "The pursuit of national development requires more than just economic growth," a clarion call illuminating our pathway to holistic, equitable progress.

Economic growth therefore is a dynamic force that holds the power to shape societies and transform lives. However, it is not an end in itself; it is a means to an end. Economic growth is a tool that can help us achieve our ultimate goal of sustainable development which enhances the well-being and prosperity of our people. Our research, our analysis, and our policy recommendations should always be guided by this fundamental principle. We must ask ourselves how can economic growth be harnessed to improve the quality of life for all members of society over generations. In other words, how can we get economic growth that is sustainable and inclusive.

As we forge ahead, our dialogue on growth is interwoven with complexities and nuances, each thread contributing to a tapestry that mirrors our diverse, resilient, and interconnected region. Tonight, drawing from the esteemed writings of Arthur and our collective insights, I explore a regional narrative grounded in sustainable and inclusive economic growth. I used meta-analysis and AI to distil the key elements needed for

sustainable growth from over 5, 000 empirical studies including writings by our own late PM Owen Arthur. These insights allow me to propose an economic model for sustainable growth tailored to the Caribbean's unique context.

Before delving into the determinants of sustainable inclusive economic growth, let us first define what it means. Sustainable inclusive economic growth refers to an economic system that thrives without depleting the natural resources it depends on, while also ensuring social equity and meeting the needs of future generations. It is a delicate balance that requires integrating environmental, social, and governance factors into the economic development process. In other words, while economic growth lays the foundation, sustainable economic growth adds an environmental layer, ensuring that growth is environmentally friendly. Sustainable inclusive economic growth takes it a step further by ensuring that this environmentally friendly growth is also equitable, reaching all segments of society and reducing inequalities. Each evolution of the concept builds upon the previous, leading to a more holistic, balanced, and equitable approach to development.

Based on that comprehensive meta-analysis of the empirical literature, several key determinants of sustainable inclusive economic growth have emerged.

## **Part I: Determinants of Sustainable Inclusive Economic Growth**

### **1. The Imperative of Environmental Sustainability**

At the top of our list is environmental sustainability. Every bit of empirical evidence underscores the profound linkage between economic growth and environmental well-being. Effective resource utilisation, waste reduction, investment in renewable energy, and conservation of biodiversity are all foundational to sustaining long-term economic prosperity. In the Caribbean, with our pristine beaches, rich marine ecosystems, and vulnerability to climate change, this is not just strategy-it's survival.

### **2. The Role of Robust Institutions**

Our next determinant is the quality of our institutions. Across studies, transparent governance, effective rule of law, and anti-corruption measures stand out as pillars of sustainable growth. Institutions provide the framework within which economic activities flourish. They safeguard rights, ensure fair play, and foster an environment of trust – all essential for both domestic and foreign investment. Conversely, weak institutions can hinder investment, innovation, and economic diversification. Reforming institutions should be a priority for governments in the pursuit of sustainable economic growth.

### **3. Empowering Our People: Human Capital Development**

Human capital, representing the skills, health, and knowledge of our population, emerges as a cornerstone. A healthy, educated, and skilled populace drives innovation, boosts productivity, and ensures adaptability in the face of change. From the classrooms in Kingston to the clinics in Bridgetown, our investment in our people is our investment in our future. Indeed, the research has shown that nations that have invested in education, healthcare, and skill development have not just grown; they have ascended. Singapore, South Korea, and Finland come to mind as exemplary nations

that have ascended due to significant investments in human capital development. Singapore transformed from a small port city into a global powerhouse, attributed to its world-class education and healthcare systems and emphasis on skill adaptation for future economies. South Korea, marked by its focus on technology and skills training and advanced healthcare, metamorphosed from war devastation to hosting a robust economy with global brands like Samsung. Finland, boasting one of the world's best education systems and accessible healthcare, enjoys a high standard of living and is often cited among the happiest countries globally. These nations epitomise the profound impact of comprehensive investments in human capital on national ascension and global prominence. Therefore, policies that focus on improving access to quality education, vocational training, and lifelong learning opportunities are crucial for sustainable economic growth.

#### **4. Productivity: The Silent Workhorse of Growth**

A core determinant that often operates behind the scenes is productivity. Efficient production processes, technological adoption, and continuous skill upgrades are key. For the Caribbean, enhancing productivity means leveraging technology, embracing innovative agricultural and manufacturing practices, and fostering a culture of continuous learning and adaptation.

#### **5. Embracing Technological Innovation**

In this digital age, technology and innovation are the winds beneath our wings. Technology is not just about gadgets and apps; it's about transformative change. Technological innovation and the adoption of sustainable practices are key determinants of long-term sustainable and inclusive economic growth. The ability to upgrade and diversify economies through the adoption of new technologies not only boosts productivity but also fosters resilience to changing global market dynamics. Embracing green technologies and sustainable practices, such as clean energy, waste management, and sustainable agriculture, is essential for sustainable economic growth.

#### **6. Inclusive Growth: Leaving No One Behind**

An economy that benefits only the elite is an economy built on shaky ground. Empirical evidence suggests that addressing income disparities, promoting gender equality, and ensuring opportunities for all are not just morally right but economically astute. Our strength lies in our unity, in ensuring every Caribbean citizen share in our collective prosperity.

#### **7. A Stable and Vibrant Financial System**

No economic model is complete without a robust financial backbone. The financial sector should not only be stable but also agile, innovative, and inclusive. This means mobilising savings, effectively allocating resources, and providing resilience against economic shocks.

#### **8. Furthering Regional Integration**

Regional integration and cooperation can play a vital role in unlocking the full potential of sustainable Inclusive economic growth in the Caribbean. By leveraging economies of scale, further reducing trade barriers, and developing synergies, regional cooperation can lead to increased investment flows, knowledge transfer, and enhanced competitiveness. The CARICOM Single Market and Economy (CSME) have already made significant progress in this direction, but further efforts are needed to maximise the benefits of regional integration.

## **Part II: Crafting A Model of Sustainable Inclusive Growth for The Caribbean**

Now that we have identified the key determinants of sustainable economic growth, I now turn my attention to proposing an economic model for sustainable inclusive growth in the Caribbean. The Caribbean faces unique challenges such as vulnerability to climate change, limited resource endowments, and high dependence on tourism and foreign investment. Therefore, a tailor-made economic model is required to address these challenges and ensure sustainable economic growth. In this regard, I present 5 pillars or channels by which we can further our progress toward sustainable economy growth and development.

**Pillar 1: Blue Economy.** Our seas aren't just a source of beauty; they are a source of livelihood. The Blue Economy emphasises sustainable use of ocean resources for economic growth, improved livelihoods, and job creation while preserving the integrity, resilience, and biodiversity of marine ecosystems.

The Blue Economy encompasses diversified sectors that include sustainable fisheries and aquaculture, focusing on balancing economic growth and ecological preservation to combat overfishing and habitat destruction. It emphasises the harnessing of ocean energy, utilising renewable sources like tidal, wave, and ocean thermal energy for enhanced energy security and climate change mitigation. Maritime transport is another pivotal sector, with efforts centred on improving efficiency, safety, and environmental performance to reduce emissions and pollution. Lastly, the Blue Economy underscores the promotion of sustainable marine tourism that not only boosts economic growth but also ensures the protection and conservation of delicate marine ecosystems.

The Caribbean region holds abundant opportunities within the Blue Economy framework. The rich marine biodiversity offers prospects for bioprospecting, aiming at the conservation and commercialization of marine genetic resources. Coastal and marine ecosystems, including mangroves, seagrasses, and coral reefs, are pivotal for carbon sequestration and climate resilience. Additionally, there's an opportunity to harness innovative technologies to optimise the sustainable management and conservation of marine resources, ensuring both economic and environmental benefits for the Caribbean nations.

Strategic implementation of the Blue Economy in the Caribbean entails developing comprehensive policies and regulatory frameworks that endorse sustainable practices, foster regional collaboration, and encourage international partnerships. Investment in research and development is crucial to broaden knowledge, spur innovation, and apply technology in the sustainable utilisation of marine resources. Additionally, raising public awareness and education regarding the value and opportunities inherent in the Blue

Economy is vital to galvanise societal support and participation, ensuring that the exploration of marine resources is both sustainable and beneficial.

Regional and global collaboration is essential in amplifying the impact of the Blue Economy in the Caribbean. Integrated coastal and ocean management approaches are crucial to harmonize economic development with ecological preservation. Cooperation among Caribbean nations is necessary to manage shared marine resources effectively, mitigate common threats, and maximise economic opportunities. International partnerships enable access to additional funding, technology, and expertise, fostering a robust, sustainable Blue Economy that's globally connected and locally relevant.

**Pillar 2: Digital Caribbean.** The digital space offers boundless possibilities. The Caribbean must become digitally fluent. Establishing tech hubs, bolstering digital infrastructure, and promoting e-commerce can redefine our economic narrative.

I am talking Digital Infrastructure Development where we are investing in high-speed broadband infrastructure for the provision of universal and affordable internet access for all; and where we encourage the construction of regional data centres to ensure faster local access to digital services and encourages international tech businesses to see the Caribbean as a reliable digital hub.

I am talking about E-Government Services where we streamline the delivery of public service, making it more efficient and accessible. For instance, online business registrations, e-visa applications, and digital tax filings can make bureaucratic processes seamless.

I am talking about digital education and training where we incorporate foundational digital skills into educational curricula, and where we partner with global tech giants or universities to establish tech institutes or coding bootcamps. This can provide young people with skills in areas like AI, data analytics, or app development.

I am talking about digital health initiatives like telemedicine which in my opinion is especially relevant for the scattered geography of the Caribbean, as telemedicine can ensure everyone has access to quality healthcare advice, irrespective of their location or station. We should also be seeking to digitise health records thereby streamlining medical services and ensure timely care.

I am talking about promoting e-commerce and digital marketplaces. Specifically, we should encourage the development of local e-commerce platforms to reduce reliance on international giants. This can keep capital within the region and cater more closely to local needs. We should also seek to strengthen and expand digital payment solutions, from mobile wallets to online banking. This can boost e-commerce and reduce transaction costs.

I am talking Smart Tourism where we offer virtual tours of tourist spots, catering to the growing market that prefers exploring destinations digitally before visiting. How about digitising our tourist services, from digital check-ins at hotels to Augmented Reality-guided city tours; let us use the technology to enhance the tourist experience.

I am talking about building a remote work infrastructure. With the global shift towards remote work, the Caribbean can position itself as a paradise for digital nomads. Reliable internet, co-working spaces, and digital services can attract a global workforce.

Like I said, the possibilities are endless when it comes to the digital space, but I will mention one last low-hanging fruit and that is digitalising the arts and culture sector. Two ideas immediately come to mind 1) Online galleries where we promote Caribbean culture by digitising and showcasing art, music, and literature on global platforms. 2) digitalise our festivals: our various carnivals can have digital counterparts, thereby broadening their reach.

Digital transformation isn't a mere trend; it's the future. The Caribbean stands at an inflection point, with the potential to harness the digital revolution's winds to sail towards prosperity, inclusivity, and resilience. By investing in infrastructure, skills, and innovation, we can ensure that our digital voyage is not just successful but also distinctly Caribbean in its flavour and spirit.

**Pillar 3: Green Energy Transition.** The urgent need for a green energy transition is a global imperative, and for regions like the Caribbean, it is not just a pathway to sustainable development but a crucial strategy for survival and resilience. Our unique geography, abundant natural resources, and the collective spirit offer us unparalleled opportunities to lead in this domain. Solar farms, wind turbines, and innovative solutions like wave energy can power our growth sustainably.

The Caribbean's transition to green energy can be achieved through a comprehensive approach involving:

1. Harnessing the potential of solar power (solar farms and promote the installation of solar panels on residential and commercial buildings), wind energy (wind farms and offshore wind turbines), and ocean energy;
2. Implementing policy reforms and regulations, such as incentivising green energy adoption and introducing energy efficiency standards;
3. Building capacity and public awareness through education and training programmes, as well as public awareness campaigns;
4. Securing investment and financing including by issuing green bonds and collaborating with international agencies and other governments;
5. Appropriate infrastructure development including modernising the electrical grid to make it compatible with diverse renewable energy sources and ensure efficient distribution, and investing in battery storage technologies;
6. Enhanced regional cooperation in sharing resources, knowledge, and innovations, while harmonising policies to create a unified, efficient, and competitive energy market.

**Pillar 4: Agri-Revolution.** Our fertile lands hold untapped potential. Organic farming, farm-to-table movements, and agro-tourism can rejuvenate our agricultural sector. In this blueprint of a model of economic sustainability, the synergy of modern technology and ingrained traditional practices can forge a revolutionary path to sustainable and efficient farming. Precision agriculture, enabled by advancements in artificial intelligence, is at the forefront, transforming expansive fields into meticulously

monitored ecosystems. Every planting, irrigation, and harvesting step can be optimised, ensuring maximum yield and resource efficiency. Biotechnology can instil resilience and abundance in crops, and dispel fears and apprehensions associated with genetically modified crops and foods.

The prominence of organic farming and the holistic approach of agroecology assist in preserving the sanctity of the soils and ecosystems. Every farming practice must be a conscientious effort to bolster biodiversity, ensuring that the land is not just cultivated but nourished and cherished. Innovations in smart irrigation and efficient rainwater harvesting systems are not optional but integral, each ensuring judicious use and conservation of every precious drop.

Food security emerges as a resounding theme in this agricultural narrative. The enhanced resilience and productivity resulting from technological and sustainable practices directly correlate with increased food security. With this agriculture revolution, the Caribbean community is not just farming but ensuring that every citizen, every community, has unwavering access to nutritious, abundant, and varied food. Thus, food security is not a distant goal but an imminent achievement.

**Pillar 5: Intensifying Regional Collaboration.** As we sail through this discourse, navigating the profound waters of a new model of economic sustainability for the Caribbean, we arrive at a pivotal anchorage, that of intensifying the momentum of regional integration and cooperation. While the golden jubilee of CARICOM marks our strides, the untapped terrains of possibilities urge us to leap, not just with optimism but with actionable, strategic, and concerted initiatives.

*Progress Realised:* CARICOM has delivered significant milestones. It has ushered an era where the free movement of goods, services, and skills is not an aspiration but a living reality. A legal and institutional framework underpins our collective actions, whilst functional cooperation amplifies our shared objectives.

Trade barriers have receded, and in their place, avenues of vibrant economic exchange have flourished. The integration is not inscribed in policy documents alone but is echoed in the seamless exchange of goods and the uninhibited flow of skills and ideas across our beautiful islands.

*The Path Ahead:* Yet, as we bask in the achievements, we are also awakened to the truth that the tapestry of integration is intricate and evolving. The journey to deepen our regional unity is akin to the continuous dance of our oceans – majestic yet unending.

One avenue to further intensify our integration lies in ***policy harmonisation***. Aligning our regulatory frameworks, taxation policies, and business laws can dismantle residual barriers, fostering an environment where trade and investments flourish unencumbered.

***Enhancing physical infrastructure and connectivity*** is pivotal. Imagine a Caribbean where goods, people, and services move seamlessly, unbridled by logistical constraints. Enhancing our air, sea, and digital connectivity can catalyse this vision.

We must also turn our gaze towards ***educational and cultural exchanges***. The richness of the Caribbean isn't encapsulated in economic figures alone but resonates

profoundly in our diverse cultures, traditions, and intellectual wealth. Establishing regional centres of excellence, promoting student and faculty exchanges, and fostering collaborative research can infuse fresh vigour into our intellectual and cultural landscape.

The shared challenge of climate change beckons a shared response. *Intensifying our environmental cooperation*, investing in joint initiatives for disaster risk reduction, and sharing technologies for climate resilience can ensure that our paradise isn't just economically robust but environmentally resilient.

In a world where innovation is the currency of progress, *fostering a regional ecosystem of innovation* – where ideas are birthed, nurtured, and realised collectively – can be our pathway to an economy that's not just growing but evolving.

### **Part Iii: Financing the Sustainable Inclusive Growth Vision**

Achieving a sustainable Caribbean requires financial strategies that are both innovative and diversified. The approach to financing serves as the bedrock for translating aspirations of prosperity and environmental balance into tangible outcomes.

Public-private sector partnerships (PPPs) provide a practical avenue for blending the agility of the private sector with the scale and reach of the public domain. These collaborations are essential for launching projects that are both economically viable and beneficial to society at large.

The significant liquidity surplus in the Caribbean's financial markets presents both a challenge and an opportunity. The central banks have a pivotal role in devising and executing strategies to channelize this abundant liquidity into investments that promote sustainable growth. Their focus needs to be on directing funds towards green initiatives, technological advancements, and infrastructure projects that resonate with the region's sustainable objectives.

Green bonds and climate finance, coupled with foreign direct investments (FDIs), are avenues through which dedicated capital for environmentally and socially responsible projects can be accessed. The key is creating an ecosystem that attracts investment while ensuring adherence to rigorous environmental and social standards. Technology and innovation funds are another source, ensuring that the Caribbean is not only attuned to global tech advancements but also adept at tailoring these innovations to meet regional needs and aspirations.

The intricate landscape of international funding and collaboration is significantly enriched by the strategic inclusion of export-import banks, with the African Export–Import Bank (Afreximbank) and the Export–Import Bank of China (China Exim Bank) emerging as cornerstone entities. These institutions are not just repositories of vast financial resources but are also epicentres of technical expertise and conduits for bilateral and multilateral trade and investment synergies. The Afreximbank, with its roots deeply embedded in fostering trade and economic development, has extended its focus towards the Caribbean nations, with the establishment of an office in Barbados and the provision of \$1.5 billion to support sustainable development in various sectors across Caribbean nations. Similarly, the China Exim Bank, with its expansive global



footprint, continues to be instrumental in driving substantial infrastructure and development projects in the region.

Together, these institutions amplify the Caribbean's access to a diverse array of financial instruments, trade opportunities, and international markets. The synergy between these banks and the Caribbean nations promises to weave a narrative of enhanced economic resilience, diversified trade portfolios, and collaborative innovation, positioning the Caribbean at the forefront of sustainable global economic integration.

Before I conclude, a few words on the role of the University in stimulating the necessary thought and action to spur the type of sustainable economic growth model that I have proposed in this Lecture.

Let me start by commending SRC for this annual Lecture Series that provides us all with an opportunity to think - as an academic community - about the seminal role of economic policy in driving growth in our region, much in the way that the Honourable Owen Arthur would have wanted and embodied through his writings and approach to policymaking.

But beyond just Lecture Series, the region is also looking to UWI to create the necessary global action: and it is delivering, especially on the sustainability agenda. The University recently announced at the SDG Summit in New York that it is launching a new International School for Development Justice that will help accelerate progress towards the Sustainable Development Goals. I also welcome the work of the Shridath Ramphal Centre in stimulating a new paradigm for trade reform that is built on a recognition that environmental, economic and social progress towards the SDGs can only be achieved through an inclusive and transparent approach. The Centre, working with Yale and Tufts University, is part of a Remaking Trade Project that has released proposals to reform the multilateral trade agenda.

Similar, the Sagikor Cave Hill School of Business and Management, known for fostering research and innovation, is working on initiatives aimed at enhancing economic and social sustainability at both national and regional levels. In collaboration with the Barbados Private Sector Association, the school has developed the Barbados Business Environment and Indicators (BBEI) Data Repository and Dashboard to measure and optimise the private sector's performance in alignment with the Sustainable Development Goals (SDGs). Additionally, the school is working with African partners to enhance trade facilitation and infrastructure, promoting increased trade between West Africa, Brazil, and CARICOM, emphasising green trade and the SDGs, and identifying opportunities for reducing trade barriers and investing in infrastructure.

The Central Bank of Barbados wants to add to these efforts of making UWI a beacon for the region's development: we are pleased to announce that we will be working with the SRC and the Cave Hill Campus to organise and digitise the works and files of PM Owen Arthur so that they can be made available to the researchers to draw inspiration from.

## **CONCLUSION**

In conclusion, I want to emphasise that we're not just passive witnesses to the transformation unfolding in the Caribbean - we're active participants, changemakers, shaping our narrative. The goals I've outlined for environmental sustainability, human capital development, and tech innovation aren't distant landmarks; they're stepping stones in our daily journey. Every effort, every initiative, brings this vision to life, reflecting our unwavering spirit and resilience.

We stand on the brink of unparalleled opportunities, illuminated by the golden jubilee of CARICOM and our strengthening ties with Africa. Our growth is tangible, felt in the lives of our people, the preservation of our environment, and the enriching of our regional and global partnerships. We're not confined to the echoes of the past; instead, we're scripting a dynamic future where prosperity, inclusivity, and resilience are not aspirations but our lived reality.

Our reflections are not abstract but grounded in actionable insights. Owen Arthur's advocacy for functional cooperation is not a vestige of the past but an enduring framework. As we venture into intricate dialogues on growth, Arthur's words serve as both a compass and catalyst. His belief that, "the future of each is bound up in the future of all," encapsulates our journey of weaving individual progress into collective prosperity.

Our engagement tonight isn't a culmination but a continuation. Each idea, insight, and aspiration contributes to a narrative enriched by diversity and solidarity. In the esteemed words of Owen Arthur, "In unity, there's not just strength but an invincible resilience," a testament to our collective journey of crafting a Caribbean narrative where sustainable and inclusive economic growth isn't a distant aspiration but a living, evolving reality.

Thank you!