

How the Caribbean Government can Strategically Address the Different Challenges Facing the Region?

BY MIGUEL GOEDE

The Caribbean is a diverse group of Small Island Developing States (SIDS). While the region presents various growth opportunities, it is grappling with a number of challenges such as climate change, resulting in devastating hurricanes. By developing and executing a smart strategy, the government can address the challenges facing the region and achieve an even more pleasant way of life on the islands.

Challenges Facing Caribbean Small Island Developing States

There are several challenges facing the Caribbean. While they are impacting simultaneously on the Caribbean, they don't necessarily start in the Caribbean. In many cases, these global phenomena are a variation of a global trend.

Climate Change

For many years, it has been known that global sea levels are rising. Other related issues are trends of powerful hurricanes, extreme periods of dryness, and those marked by extreme rainfall. In 2017 the Caribbean region was hit very hard by hurricanes. Barbuda has been wiped away and Sint Maarten and Puerto Rico are still trying to recover. The United Nations for many years has been raising awareness for these issues.¹ In spite of all these efforts, only a few islands' governments and



Cancun aerial view of the beautiful white sand beaches and blue turquoise water of the Caribbean ocean

NGOs are addressing the critical issue of climate change – which is related to the use of fossil energy. In terms of Fossil-Fuel CO₂ Emission, China is at the top of the ranking.²

China

China's political and economic involvement in the world and in the Caribbean is relatively new, but it remains a potential game changer.³ Its way of doing business is different from the West, and we do not know what the long-term effects will be. In addition to China, countries like Russia is also getting more active in the Caribbean.⁴

Poverty

Despite increasing FDI and growing tourism sectors, poverty has been an issue in the Caribbean.⁵ The global trend of the rich getting richer and the poor getting poorer is also reflected on these islands. With poverty comes high levels of youth unemployment and some people unable to acquire the right skills to earn a living in their economies.

Crime

With high levels of unemployment, especially youth unemployment and increasing poverty in some neighbourhoods on the Caribbean islands comes the problem of drug trafficking. This is a fertile soil for transnational crime⁶ and gangs, and has been going on for several years now.

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Financial markets

Many islands have diversified their economies by getting involved in the financial markets. In recent years, rich countries have been determined to reduce tax evasion and crackdown on the industry especially after the publication of the Panama Papers⁷ and the Paradise Papers.⁸

Digitalisation

The Internet has had a disruptive impact on most sectors in the global economy. Caribbean islands are becoming more digitalised, but are they becoming smarter? More and more islands are trying to change their educational systems to meet the challenges of the digital era; implementing the 21st Century skills.⁹

Logistics

Despite the digitalisation, physical goods must still be moved. This will remain a challenge for the Caribbean islands, given the geographical, political and cultural divide. An illustration of this is the many airline companies that are experiencing financial problems.¹⁰

Terrorism

We see new terrorism using the Internet to get global attention for their cause. Terrorists also use the financial infrastructure to finance their activities. Sooner or later the global trend of terrorism could come to the Caribbean.¹¹ We hope that will not be the case.

Good governance and education

To reduce corruption, often related to nepotism and patronage and the other negative trends, good governance and value-based education will become more important.¹²

Healthcare

There are demographic changes.¹³ We are living longer. This trend has made the system of pensions unsustainable and the healthcare system very expensive as more people consume more healthcare, while the social and healthcare premiums have to be paid by a young population. This is why the aforementioned high youth unemployment can be so disruptive. Many young citizens leave the islands for opportunities abroad, making matters even worse.

In addition to the elderly's need for more care, we are faced by the threat of contagious diseases all over the world, like Chikungunya and Ebola. These

threats also pose potential negative effects on the tourism sector in the Caribbean.

How will Caribbean governments, corporations and organisations face these challenges? What can policy advisors, managers and small business owners do to stay ahead?

Opportunities for the New Caribbean

These challenges are crucial for the future of the Caribbean. Of course there are opportunities but not all opportunities apply to all the islands. And some islands are already investing in one or several opportunities.

Caribbean islands should give visitors a unique experience: not just sea, sand and sunshine, but a unique experience.¹⁴ This experience should be based on people, their culture, cuisine, music, art and architecture. Some islands have done this successfully based on their Carnival. One good example is the Curaçao North Sea Jazz Festival taking place every September,¹⁵ which is a different offering – giving the visitors an amazing experience.

Film production can become a significant industry in the Caribbean. The weather, the light and the scenery are valuable ingredients, along with Caribbean architecture. And the film industry can use already-existing local talent in areas like music and theatre. Some islands are already having great success in this area – most notably, Puerto Rico.

The (Information and Communication Technology) ICT industry is an opportunity for the region, given the fibre-optic infrastructure of some of the islands. And the quality of life in the region is appealing to many ICT professionals. There is a growing group of ICT professionals like bloggers, designers and online marketers who live mobile lifestyles abroad working for European and North American markets while travelling the world. The Caribbean could be their new home base; their second home.¹⁶

The Caribbean can be the second home for the globally successful. The islands offer a great quality of life that is appealing to the creative class. There are Caribbean baseball, cricket, tennis and football players in professional leagues around the world. Stadiums could be built to invite professional teams to have their spring training on the islands, or to host football teams during their winter break. The presence of this group of entrepreneurs will have a spinoff effect on the islands.



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The islands could be living laboratories for green energy.¹⁷ But there are opportunities for the region beyond green – the Blue Economy.¹⁸ The sea and the sky can provide good opportunities for such an economy. As such, generating energy from the oceans, for example, could make even more sense for small islands.

Higher education is also a sector with great potential. Not only are offshore medical schools a growing option, but there are other forms of education like Transnational Education.¹⁹ Many important universities could consider spots in the Caribbean to start a campus. Conference centers for business and science also offer real opportunities for the Caribbean. Professionals, practitioners and scientists can travel to the islands, combining business and pleasure, work and family time.

Healthcare tourism based on niche markets is another opportunity.²⁰ New hospitals could be built with two audiences in mind: locals and health tourists – meaning a better quality of care at home and additional revenue.

Eco-tourism based on coral reefs and other unique flora and fauna in the region's national parks is also an opportunity. The idea is wellness tourism, based on the concept of de-stressing in the Caribbean as the region can be a beacon for people looking for recovery time and some refreshment. This could also be combined with eco-tourism.

The do's for the Caribbean Small Island Developing States when creating their future

When seizing the opportunities, there are do's and don'ts. Water is the essence of life. With climate change and pollution, clean water is not a guarantee. Water comes from the sky for free. Small island developing states (SIDS) should have everything in place to collect and guarantee clean water.

Food is related to water. Growing local food is of strategic importance.²¹ While it is impossible to be completely self-sufficient in food, SIDS should reduce their dependence on the import of food. This is possible given the enormous progress of technology in agriculture. This strategy also strengthens the links between the local agricultural sector, tourism and the living lab.

The Caribbean should focus on sustainable development with special focus on climate change and the rising sea level and water. Development should not leave a footprint, meaning development should not be at the expense of the next generation.

Education for the information age, making and keeping people employable, including entrepreneurship, in a rapidly changing world is key. Give our children the tools to survive in the information world. Teach them that life-long learning, as continuously adapting to the ever-changing world will be the norm. Education should not only focus on technology but should be holistic and should also teach ethics, citizenship, values and how to live a healthy life.²² Focus on preventive healthcare instead of curative healthcare. This is a strategy to turnaround or at least slow down the ever increasing costs of the Caribbean healthcare systems.

The Caribbean must guarantee the Rule of Law. Nobody is above the law. For a SIDS to thrive, there must be order. This is positive for the investment climate. There must be good governance available. This means more transparency and accountability leading to better decisions and lower cost of doing business and lower cost of government. Ultimately good governance will result in higher

quality of services to the people and higher productivity of Caribbean businesses, which will increase the competitiveness of the islands. Good governance will lead to a more equal distribution of income. This distribution could be influenced by a simple and progressive tax system.

Government should be e-government.²³ Services to the Caribbean populations and businesses can be made much more efficient and cost effective by using online applications and proven frameworks. Innovation in ICT, green and blue energy, not only to lower the financial costs but especially to reduce the carbon footprint. Here Caribbean businesses could participate in joint ventures with foreign companies to use existing and test innovations in the Caribbean. Not only the business sector but especially civil society; the youth and even the grey power of the senior citizens. Everybody must be involved in creating the future toward an empowered society.

The don'ts of Caribbean Small Island Developing States when creating their future

The Caribbean islands must not develop the economy based on oil, gas or other natural resources. These resources will end. Focussing on these resources will only lead to resource curse.²⁴ The scenario is as follows: first you will get a huge inflow of money. In a small open economy, this will lead to consumption and imports initially. The economy and the people will become totally dependent on these income streams and this "endless" welfare. Government will often have a surplus on the budget and base its spending on these income flows. It will often kill entrepreneurship. Why would you invest to become more competitive in this situation? And

then when the end of the




resource becomes obvious, or there is a strong decline in price, the island has to adjust quickly. It will lead to low-paying jobs and not to high quality jobs. And it will make politicians and others vulnerable to corruption.

The financial sector is under pressure of the OECD countries and in the years to come there will be less possibilities.²⁴ Another issue is the fact that also a lot of “dirty” money is attracted. Do not underestimate transnational organised crime. It is a source of violence and corruption. Caribbean islands simply lie between Europe and South America, between demand and supply. As it affects our youths and our future, we have to factor this in our strategies.

The Caribbean must not work ad hoc and focus on the short term only, but develop a long-term vision. The problems we face here do not have a quick fix. The rules have changed. Move to Caribbean 3.0.²⁶ Becoming smart islands connected to the world, with smart businesses and organisations is the only option. It is not about adapting the strategy from big countries or even from other islands. While you can learn from other islands, your strategy must be tailor-made based on the unique offering of your island and the unique possibilities of your people. It is not about becoming or staying inward looking either; not sharing the diversity with the world and not adopting swift modern technology is a “no-no”. The islands should not ignore the need for fiscal reform and reform of the civil service. These are based on the old paradigms and are not suitable for the future. Do not ignore the well-being of the people. Use education and empower Small and Medium Enterprises and NGOs as strategies for poverty reduction.²⁷

How to create a National Master Plan for an island?

SIDS should develop a master plan that will drive development towards 2030.²⁸ In the plan, SIDS should select their niche and go for it. The key here is to not only develop plan, rather, focus on the implementation and monitoring of actionable plans with a long-term focus. Also to bring businesses and the government together in a single strategy for the island. 



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SIDS SHOULD DEVELOP A MASTER PLAN THAT WILL DRIVE DEVELOPMENT TOWARDS 2030.

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