



United Nations

Subregional Analysis

of the

Development Context

in

Barbados and the OECS



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Prepared by United Nations Subregional Team for Barbados and the OECS in collaboration with the Governments of the OECS and the OECS Secretariat.

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## List of Acronyms

ADR	Alternative dispute resolution		Virus and Acquired Immuno-Deficiency Syndrome
BPOA	Beijing Platform of Action		
BSS	Behavioural surveillance study	HMIS	Hazardous Materials Identification System
CAREC	Caribbean Epidemiological Centre	ICCPR	International Covenant on Civil and Political Rights
CARICOM	Caribbean Community	ICESCR	International Covenant on Economic, Social and Cultural Rights
CARIFORUM	Caribbean Forum		
CCJ	Caribbean Court of Justice		
CDB	Caribbean Development Bank	ICPD	International Conference on Population and Development
CEDAW	Committee on the Elimination of Discrimination Against Women	ILO	International Labour Organization
CLICO	Colonial Life Insurance Company	IMF	International Monetary fund
CNCD	Chronic non communicable disease	LGBT	Lesbian, gay, bi-sexual and transgender
CPA	Country Poverty Assessment	LPG	Liquefied petroleum gas
CRC	Convention on the Rights of the Child	MDG	Millennium Development Goal
CRNM	Caribbean Regional Negotiating Machinery	MEA	Multilateral Environmental Agreements
CSF	Caribbean Sciences Foundation	NCD	Non communicable disease
CSME	Caribbean Single Market and Economy	NEST	National Economic and Social Transformation
CXC	Caribbean Examinations Council	OECD	Organization for Economic Cooperation and Development
EC	Eastern Caribbean	OECS	Organisation of Eastern Caribbean States
ECCB	Eastern Caribbean Central Bank	PAHO	Pan American Health Organization
ECCU	Eastern Caribbean Currency Union	PMTCT	Prevention of mother to child transmission
ECD	Eastern Caribbean dollar	RJ	Retributive justice
EPA	Economic Partnership Agreement	RTFCS	Regional Task Force on Crime and Security
EU	European Union	SIDS	Small island developing states
FAO	Food and Agriculture Organization	(S)RHR	(Sexual and) reproductive health rights
FDI	Foreign direct investment	STI	Sexually transmitted infection
GDP	Gross domestic product		
GSHS	Global School-Based Student Health Survey	UNCCD	United Nations Convention to Combat Desertification
HIV/AIDS	Human Immuno-deficiency	UN Women	United Nations Entity for

	Gender Equality and the Empowerment of Women (formerly UNIFEM)	UNFPA	Scientific and Cultural Organization
UNDAF	United Nations Development Assistance Framework	UNICEF	United Nations Population Fund
UNDAW/DESA	United Nations Division for the Advancement of Women of the Department of Economic and Social Affairs	UNIFEM	United Nations Children's Fund
UNDP	United Nations Development Programme	UNODC	United Nations Fund for Women
UNECLAC	United Nations Economic Commission for Latin America and the Caribbean	UNST	United Nations Office on Drugs and Crime
UNEP	United Nations Environment Programme	USAID	United Nations Subregional Team
UNESCO	United Nations Educational, Scientific and Cultural Organization	WB	United States Agency for International Development
		WINAD	World Bank
		WTO	Women's Institute for Alternative Development
			World Trade Organization

## Introduction

The purpose of this subregional socioeconomic analysis is to provide a background and framework to guide the United Nations Development Assistance Framework (UNDAF) 2012-2016 consultation and strategic planning process. The subregional analysis is primarily based on existing UN agency data and analytical reports, supplemented by materials from other regional and subregional sources, such as the Secretariat of the Organisation of Eastern Caribbean States (OECS). The main objective of this subregional analysis is to identify the underlying and structural causes of key development challenges relating to poverty and inequalities based on gender, age/generation and income, unemployment, weak institutions, governance issues, migration, citizen security, environmental degradation and natural disasters in Barbados and the OECS. The analysis is designed to support the preparation of the UNDAF, and to serve as the basis for engaging in dialogue with the Governments of Barbados and the OECS, as well as with other stakeholders to identify strategic priorities for UN development assistance for the period 2012-2016, taking account of the Caribbean Single Market and Economy (CSME) and OECS Economic Union Treaties.

This analysis is consistent with the UN sustainable development concept. Sustainability is the belief that social, institutional, economic and

environmental objectives are interdependent, complementary, mutually reinforcing and coherent. As such, UN Subregional Team (UNST)-supported analysis and programming are means by which to bring these concerns to the centre of the national development debate and framework. This socio-economic review will highlight the deeply embedded structural weaknesses that characterize the economies, politics and societies of the Eastern Caribbean. These manifest, respectively, in weak economic growth, poor fiscal health and high national debt; pervasive weaknesses in governance and development institutions at the local, national and regional levels; and, most importantly, in the areas that people address immediately in their daily lives: health, education, security and the environment. These structural weaknesses stem from a weak human rights-based approach to development and manifest in social marginalization, limited societal transformation and opportunities to see inter-generational class mobility and wider transformation of the subregion's economic and social structure. It is this final result that most clearly embodies the developmental challenges continuing to face the subregion a full decade into the twenty-first century. This analysis will show the structural interconnectedness of three broad areas of UN focus and concern: economy, society and the environment.



## I. The Distributional Basis of Development Challenges in the Eastern Caribbean

While the next section analyzes the subregion's growth record, this analysis takes as a starting point the distributional implications of the policy and programmatic interventions of UN agencies, member countries and other development partners to address regional growth as linked to human development. This is necessary in order to put people at the centre and ensure a holistic and integrated approach at the outset of this analysis, as this can sometimes be lost when analyzing economic data and macro-level trends. Ultimately, while economic growth, which generates important possibilities for expanding peoples' freedoms, is necessary for the subregion to realize its human development goals, distributional issues, including widespread structural poverty, inequality and social marginalization, must be recognized as the most critical and pressing concerns facing the subregion. Therefore, this analysis shows that the development challenges facing the subregion are structural and entrenched, not only at the macroeconomic level, but also at the individual and household levels. As such, UN subregional development programming must take into account the sometimes subtle structural distinctions of inequality such as class, race, ethnicity, age and gender so as to capture the reality of what it means to be an income-poor or otherwise disadvantaged man or woman in the Caribbean, whether living alone or heading a household. This includes the differential location of women and men in the economy and differences in their respective roles and responsibilities, not only in the market economy but also in the reproductive and care economies. It also includes the different ways in which men, women, boys and girls are

affected by formal and informal institutions, including enforcement, as well as discriminatory laws, social practices and cultural conventions. All of these factors operating individually and together affect how men, women, boys and girls experience poverty and social marginalization in the subregion. This differential experience of poverty among women and men, boys and girls requires a gender-responsive and human rights-based analysis for the determination of priority interventions that are strategic, cost effective and sustainable.

For many Caribbean women, poverty means responsibility for multi-person households that include members of the extended family. This gendered responsibility is often more onerous in cases where mothers face difficulties in receiving child support from fathers who live outside of the household, particularly given widespread weaknesses in the enforcement of child support through the legal system. However, it may also mean active participation in social networks in the wider community, such as sharing scarce resources or care responsibilities between households during times of need, which can help to manage the vulnerabilities and risks associated with living in poverty. Being a woman can also mean vulnerability to sexual harassment and other forms of discrimination in the home or the workplace due to structural gendered inequality and the absence or weak enforcement of appropriate legal protections in the Caribbean, such as the lack of legislation addressing sexual harassment in the workplace. It can also mean facing constraints in raising levels of skills or productivity in the labour market due to inadequate access to adult educa-

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tion or healthcare. The experience of gender also varies across socio-economic strata, allowing for more or fewer choices for girls and women in conceptualizing what they can achieve, and how they would do so. Even where opportunities do exist, women and girls may be reluctant to take advantage of them – thus illustrating the necessity of gender equality and women’s empowerment (MDG 3).

By contrast, being a man living in poverty might mean living alone, sometimes with tenuous and diffuse relationships with family, especially children and intimate partners. It can also mean participation in gendered networks that are perhaps as likely to be positive, such as obtaining information on job opportunities, as they are to be negative, such as exposure to lucrative if risky opportunities in illicit or violent activities such as the drug trade. A man’s concept of ‘life success’ in the Caribbean context may include a definition of success that is rooted in the attainment of material goods as a symbol of his masculinity, and may influence his decision making accordingly.

These prevailing cultural norms, practices, prejudices and corresponding community structures shape the life choices of women and men from a very early age. These have critical impacts on girls’ and boys’ performance in the educational system, and ultimately their position in the labour market. Therefore, adopting a human rights-based and gender-responsive approach to understanding the relationship between education and labour market outcomes in the Caribbean not only explains why women generally out-perform men in school, but also why they subsequently under-perform men in the labor market. This analytic approach is important in development programming as even in cases where women may be positively affected by interventions from government or development partners, this reality of social status or gender may severely constrain their ability to

escape poverty through taking full advantage of economic opportunities. Indeed, it provides an explanation for the structural dimension of poverty and vulnerability in the subregion.

Given this reality, a key challenge for designing development programmes and policies that encompass inclusive governance, equity and social justice is in recognizing that distributional issues are often subtle in the face of gender-specific challenges that shape individual and household-level vulnerability and risk, structural positions in society and the ability to maximize productive potential.

Gender-based differentials between men and women interact in often-complex ways with a range of other socially stratifying categories in the region, particularly class, race, ethnicity, age and the urban-rural divide, that manifest in ways that severely constrain the life chances and opportunities of the majority of Caribbean people. Class, for example, marked by level of education, participation in social networks or access to information, is one of the critical dividing and constraining forces in the region and acts as a powerful inhibitor to social mobility. Class further interacts with race and ethnicity to shape how individuals and groups are perceived within society and, critically, how they perceive themselves. When gender-based norms are factored in, we begin to see the source of regional social stratification and the foundations of a social structure that is heavy at the bottom with the poor and marginalized, particularly those living in rural areas or coming from low-income female-headed households. These are particularly important in a small country socio-economic context, as small size further limits the ability of individuals, families and groups to escape the effects of social institutions. These societal and self-perceptions are critical to explaining the social and economic rigidities characteristic of the region, and to defining effective, rights-based development responses.

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## II. Economic Growth in the Eastern Caribbean

This section discusses the pattern of economic performance in the Eastern Caribbean, building on this view of the distributional context faced by development policy making and programming in the subregion. It finds that the region faces a range of structural and institutional challenges that have hindered economic performance, measured in terms of economic growth and structural transformation. Structural transformation is seen as the ability of the sub-region's economies to progressively shift from areas of traditional production into higher value-added activities that can provide secure employment opportunities and higher incomes for the people of the Eastern Caribbean. These structural rigidities and institutional weaknesses are based in hierarchical constructions of power that limit the development of human potential and trap the subregion in low productivity areas of economic activity. This is found both at the broad level of services and industries and within the specific service or industry such as tourism or agriculture. These rigidities include a static class structure that inhibits social mobility, for example, discriminating against children from income-poor and disadvantaged households or communities by denying them the same access to and quality of early childhood and educational opportunities as those from more privileged middle-class backgrounds.

This has effects at different but related levels. At the micro-level it limits the potential for intergenerational class mobility, in spite of the fact that individuals who grow up in poverty are likely to be better educated than their parents and hence able to command higher incomes throughout their working life. In addressing this challenge, access to early childhood and higher education for all must be increased, as well as

investments in continuing education for persons who may not have completed primary and secondary school education in their formative years. The International Covenant on Economic, Social and Cultural Rights (ICESCR) in Article 13.2 calls on State parties to recognize that "(c) Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education and (d) Fundamental education shall be encouraged or intensified as far as possible for those persons who have not received or completed the whole period of their primary education ...". Failure to invest in equal access to education for all not only translates to a static class structure at the macro-level, but also constrains the quality of the workforce, which in turn has implications for economy-wide productivity and growth. Understanding and addressing the structural nature of the subregion's development challenges and these micro-macro linkages are essential for successful development programming.

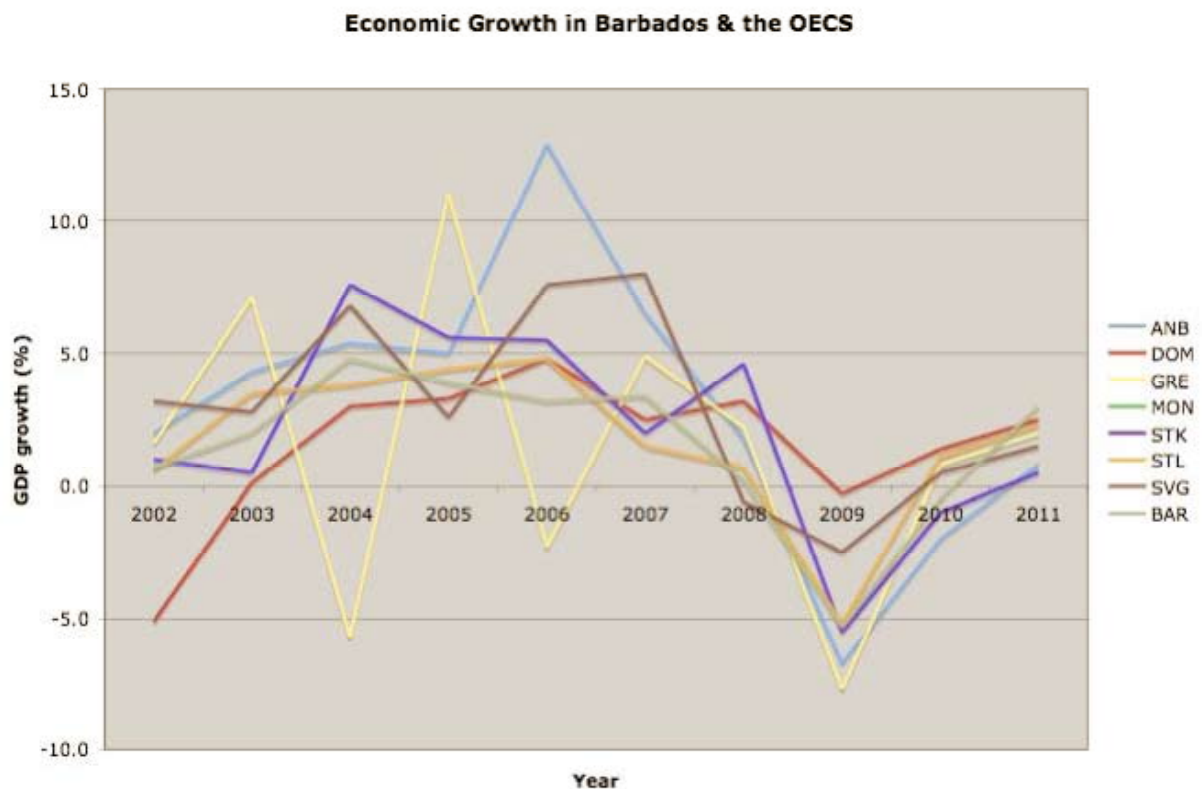
The Eastern Caribbean subregion (Barbados and the OECS) has experienced poor growth over the past 20 years. As the graph below shows, economic growth across the subregion averaged 2.3% for the period 2001-2009. In part, this reflects the effects of the global economic slowdown associated with the events of September 11th 2001, as well as the 'correction' in major stock markets and the mini-recession that followed, particularly the effect on tourist arrivals in the region and on wider global demand. It also captures the major impact of the 2008-2009 global financial crisis, which is still being felt. In addition to these major recessions that bookend the period in question, countries in the subregion were also severely affected by

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a number of country-specific crises, such as the effects of hurricane Ivan on Grenada, which can clearly be seen in the erratic pattern of Grenadian economic growth in the 2004-2007 period. This pattern reflects the massive contraction in GDP following the devastation by the storm in mid to late 2004, and then the subsequent – but somewhat false – spurt of growth associated with the immediate recovery period. Much of this reflects activity in the construction sector, rather than medium or long-term investments in Grenada’s key productive sectors, including agriculture.

A number of key features of the subregion’s

Grenada, St Kitts and Nevis and St Lucia seeing their economies contract by more than 5% in 2008. This huge impact was primarily due to reduced demand and lower prices for commodity and manufactured exports as the global economy rapidly slowed down. There was also a major impact on services exports, with the two key components – tourism and offshore finance – directly affected. The recession in North America and Europe meant fewer tourists while the offshore financial sector, primarily comprising the international financial institutions at the center of the global crisis, was directly hit. The local impacts of the crisis on the financial sector



Source: IMF World Economic Outlook, 2010.

\* 2010-2011 data reflect IMF projections

economies can be gleaned from the pattern of economic growth over the last several years. First, the vulnerability of the subregion to external economic shocks is clear from the low growth in 2002. Even more striking is the effect of the 2007-2008 global financial crisis, which immediately moved all countries in the subregion into recession, with Antigua and Barbuda,

were exemplified in Antigua and Barbuda with the collapse of the Stanford financial empire, by far the largest private employer in the country; and in other parts of the region with the collapse of the insurance giant Colonial Life Insurance Company (CLICO).

However, while the region has clearly been negatively, and in some country cases, for



example, Grenada, Dominica and Antigua and Barbuda, dramatically affected by various economic shocks, the reality is that the subregion's economic performance in the 2000s was not dissimilar from that of the 1990s, when subregional growth averaged 2.6% from 1992-2001 (IMF, World Economic Outlook 2010). These data reflect long-term economic stagnation in the subregion, a feature more often associated with the larger members of CARICOM, but which also applies to many of the smaller economies of the Eastern Caribbean. The analysis must therefore consider the sources of economic vulnerability, as well as of economic stagnation.

In analyzing the causes of this weak long-term economic performance, perhaps the most important and relevant feature of the economies of the Eastern Caribbean is their high degree of openness to the global economy. This is particularly the case with international trade in goods and services, but also with international finance, including foreign direct investment and sovereign debt (i.e., government borrowing on the international markets). Economies in the subregion have extremely high trade to GDP ratios where the aggregate of imports and exports greatly exceeds the value of goods and services produced. According to WTO data over the period 2003-2005, trade to GDP ratios in Barbados and the OECS ranged from 109.2% in St Kitts and Nevis to 127.3% in St Lucia. This level of openness, among the highest in the world, reflects the subregion's high degree of dependence on international trade and the concomitant level of exposure to the vagaries of the global economy.

Eastern Caribbean countries are further reliant on two or three major trading partners, typically the United States, United Kingdom and Canada. Given that the global financial crisis originated in the US and spread most quickly to the UK,

and recognizing the tight linkages between the Canadian and US economies, one can quickly see that the lack of diversity in trading partners means that the Eastern Caribbean region could not quickly switch economic focus to other less-affected trade partners, as was successfully attempted by many Asian countries. Further the impacts were most quickly felt in the areas that the subregion has been trying, in recent years, to switch towards – trade in services, particularly tourism and financial services, both of which were immediately and severely impacted by the global crisis. This suggests there are some important limitations to this strategy of economic diversification for reducing economic vulnerability.

More worryingly, the poor growth record of the 1990s stands in contrast to the generally rapid expansion of the global economy in this period, suggesting that the subregion was unable to take advantage of opportunities that were likely available during this period. Worse, the subregion's growth record in the 2000s shows that it has suffered tremendously from the economic volatility that has characterized this decade, as seen in the chart above. Once again these twin outcomes – an inability to take advantage of global growth and susceptibility to global recessions – are related to the subregion's static, low productivity economic structure.

This pattern of economic growth suggests that the subregion is trapped in areas of productive activity that demonstrate limited ability to take advantage of booms in the dynamic, rapidly globalizing world economy of the 1990s, but which are highly vulnerable to global busts and the recessions of the 2000s. This reflects underlying structural weaknesses and weaknesses in national and subregional institutions that should be transforming these economies.

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### III. Trade and Productive Sector Competitiveness in the Eastern Caribbean

This section will allow for a deeper analysis of the structural roots of the subregion's poor long-term economic performance.

Trade balances in the OECS have worsened significantly over the last fifteen years. This represents a huge challenge to economic planners as trade is the lifeblood of the Eastern Caribbean. Since 1995, the ratio of total exports to total imports has declined from 1:2.5 to 1:4 due to rising imports and stagnating exports (Vignoles, 2005). A quick look at patterns of trade reveals that the subregion is dependent on strategic imports such as energy, food, industrial supplies and capital goods for agricultural and construction sectors, making it difficult to reduce imports in the short or medium term and essential to increase exports continuously. A brief analysis of the pattern of OECS trade in agriculture, manufacturing and services, and of the insufficiency of investment in science, technology and innovation, sheds further light on the challenges faced.

#### 3.1 Agriculture

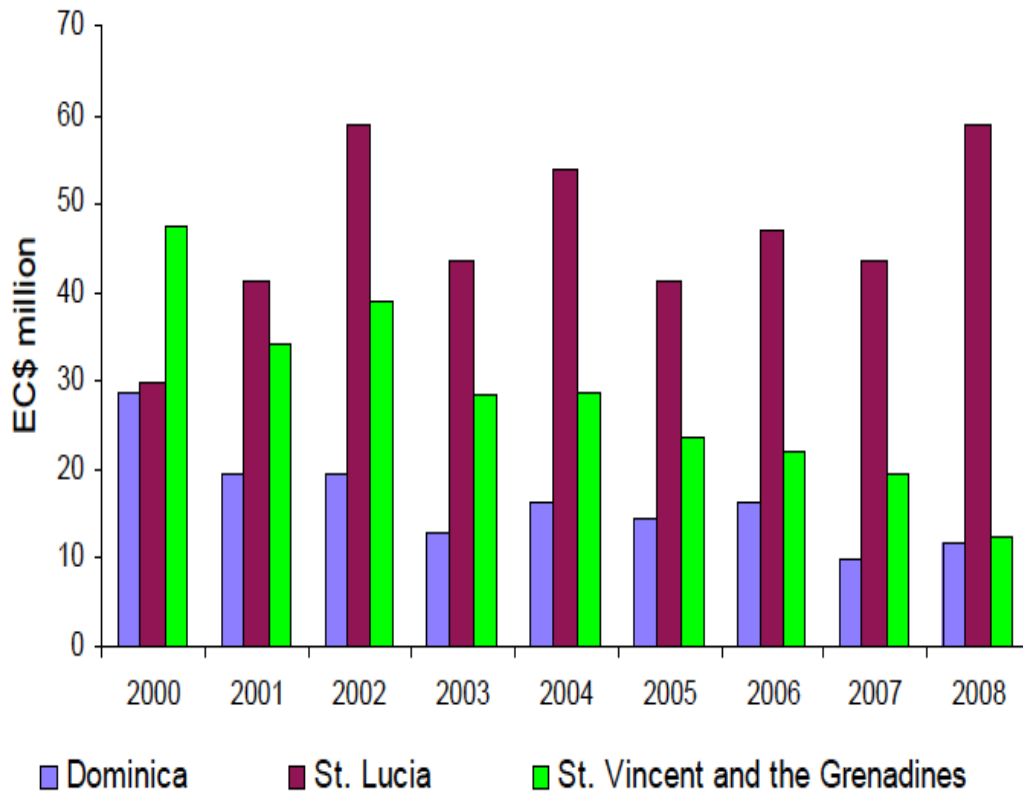
Management of agricultural resources, trade in agricultural commodities, poverty alleviation, food security and food sovereignty are inextricably linked. Typically agricultural production for local consumption and production for regional and international trade are treated in parallel. A human rights-based approach to the development of the agricultural sector takes into

account the centrality of food sovereignty<sup>1</sup> in the management of the industry.

References and guidelines for sustainable development of agriculture and the right to food include the UN Convention to Combat Desertification (UNCCD), the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the Voluntary Guidelines on the right to food, adopted by the Food and Agriculture Organization (FAO). Trade in agricultural commodities in the subregion requires a shift towards human rights-based models of agricultural development. The FAO Voluntary Guideline 3.7 stresses the sustainable increase in productivity through the revitalization of livestock, forestry and fisheries, and the development of policies and strategies that target small scale farmers and fishers in rural areas. It also encourages investment in private sector participation focusing on capacity building and the "removal of constraints to agricultural production, marketing and distribution". Furthermore, guideline 3.8 proclaims "In developing these strategies, States are encouraged to consult with civil society organizations and other key stakeholders at national and regional levels, including small-scale and traditional farmers, the private sector, women and youth associations, with the aim of promoting their active participation in all aspects of agricultural and food production strategies." With this in mind, we consider the following trends in subregional trade in traditional agricultural commodities.

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1 Food sovereignty can be defined as "the right of peoples, communities, and countries to define their own agricultural, labor, fishing, food and land policies which are ecologically, socially, economically and culturally appropriate to their unique circumstance, and the primacy of people's and community's rights to food and food production, over trade concerns. This entails the support and promotion of local markets and producers over production for export and food imports."- NGO/CSO Forum's Statement Food Sovereignty: A Right for All, 2002.



Source: UNDP Social Implications of the Economic crisis in Dominica, 2009.

*“I haven’t work since the industry close”*

*“All we know is sugar. What we know about going to town to look for work?”*

Source: St Kitts and Nevis Social Safety Net.

The structural weaknesses in the subregion’s economies are well-reflected in the export basket in the period 1995-2008, which is dominated by primary agricultural commodities such as bananas and sugar and thus is largely unchanged since the mid-1900s. Critically, these traditional industries have been performing poorly in recent years. As seen in the graph below, banana exports in Dominica fell by 58% from EC\$29 million in 2000 to EC\$12 million in 2008. St Vincent fared even worse as banana exports fell 77% from EC\$48 million to a mere EC\$11 million over the same period. This poor performance has had a devastating effect on the livelihoods of banana farmers and others who depend on the industry for employment and incomes: in Dominica for example 20% of the workforce is primarily employed in agriculture and bananas are, by far, the most important cash crop. These outcomes are largely due to changes in the EU banana regime that ultimately governs the in-

dustry, yet another sign of the subregion’s vulnerability as the changes to this regime largely reflect CARIFORUM’s weak geopolitical and negotiating power when defending its position against powerful states/partners.

While much attention has focused on the banana industry in the Windward Islands, the effects on sugar in the Eastern Caribbean should not be forgotten. The elimination of preferential trade arrangements for sugar led to the closing of the industry in St. Kitts and Nevis in 2005. The sugar industry accounted for about 2% of GDP, but more importantly, it directly employed 12% of the workforce and, like bananas in the Windward Islands, contributed to employment and incomes for many others not directly working in the industry. The combination of low income and high employment associated with the industry reflects both low productivity and the pervasive inequality this analysis seeks to highlight. It also has implications for

restructuring as the workers in the sugar industry came primarily from poor households, and typically had low literacy and skills not easily transferable to the few other activities available in the country's very narrow production base. Additionally, the roles of men in agribusiness have been given far more support and attention than that of women who also play vital roles as "... managers of natural resources and biodiversity, although the success with which they are able to execute these roles is often mitigated by restricted access to land, labour, capital and technology."<sup>2</sup> As such, commitments made in the Beijing Declaration and Platform for Action (BPFA), under Strategic Objective A.2 (b) in line with CEDAW Article 3, must be actioned at country level to remove these and other critical structural impediments and reduce vulnerability, particularly in traditional industries across the subregion. Specifically, Article 3 requires countries to "Undertake legislative and administrative reforms to give women full and equal access to economic resources, including the right to inheritance and to ownership of land and other property, credit, natural resources and appropriate technologies."<sup>3</sup> Recent efforts to diversify agricultural exports in the subregion towards fresh vegetables and other fruits have had mixed success, offering some farmers new opportunities, but doing little to transform the beleaguered agricultural sector. Similar efforts to promote semi-processed products, whether traditional goods like rum or more recent products like coconut oil or natural cosmetic products, reflect positive efforts but face separate challenges, as discussed in the sub-section below.

### 3.2 Manufacturing

Manufacturing, like the agriculture sector, is fraught with structural deficits that are reflected in economic performance. Though there was some growth in merchandise exports to CARI-

COM, the US and Canada following a mid-1990s slump, exports to the EU shrunk significantly over the 1990s and 2000s with average annual declines of close to 6%. In total, the share of OECS exports to the EU fell by 10% over the last 15 years. However, despite this steady decline, imports from the EU have increased over the period, meaning that the OECS trade balance with the EU has performed the worst relative to its balance with any of its other major trading partners in CARICOM and North America. This decline is a particular source of concern for the subregion given the importance of the recently signed CARIFORUM-EC Economic Partnership Agreement (EPA), which seeks to progressively liberalize trade between the European Union and the Caribbean over the next twenty years. This concern is compounded by an analysis of the composition of OECS goods exports. While exports to North America over the period include electronic goods with relatively high value-added, food products dominate the EU export basket, with bananas being the single most important crop. Thus, the OECS is preparing to enter a liberalized trade arrangement with the EU in the context of increasing imports and declining primary commodities exports.

There are important technical and institutional challenges that contribute to weak trade and manufacturing sector performances. These include poor access to finance due to conservatism of local commercial banks (a major problem across the wider Caribbean region, cf. Tennant, 2010), and a weak capacity among subregional businesses to draft technical project proposals and loan requests. These institutional weaknesses, along with other limitations in technology and technical skills, act as important limits to competitiveness and are a barrier to trade with extra-regional markets. The need to upgrade capital equipment and speed up transfer of technology to increase productivity

## **Institutional weaknesses, along with other limitations in technology and technical skills, act as important limits to competitiveness.**

2 Agriculture, Trade Negotiations and Gender. FAO, 2006.

3 Beijing Declaration and Platform for Action, Fourth World Conference on Women.



is hampered as firms cannot access finance to buy new equipment. Other well-known issues, such as expensive air cargo and inefficient sea cargo, high tariffs on inputs and non-tariff barriers in export markets, especially the US, weak knowledge of alternative export markets including tastes, import regulations and appropriate technology, limitations due to small firm and market size, and a regulatory framework, make it difficult to start a business (Lazare, 2005). These are compounded by an educational system, labour market and skill profile that, the regional private sector consistently complains, are mismatched with the requirements of regional business. These then are the numerous inter-related areas that must be addressed as part of a competitiveness drive.

### 3.3 Science, Technology and Innovations

Science, technology and innovation are essential components of a competitiveness drive. Science and technology are critical drivers for achieving sustainable development, poverty eradication, and ultimately peace. Scientific and technological innovations and advances yield economic benefits and unique opportunities to meet basic human needs, eradicate poverty, protect the environment and improve the quality of life. Countries of the subregion should fully exploit the strong potential that South-South and North-South co-operation has in science, technology and innovations to propel their structural transformation. Governmental and industrial partners, such as the Caribbean Sciences Foundation (CSF) newly established jointly with UWI, CARISCIENCES and other partners, can contribute to facilitating the integration of a developmental approach to national science and technology and innovation policies,

and to building capacity in science and technology through providing policy advice, exchange of experience and best practices, as well as supporting exchange of students and scientists.

Furthermore, the perception of science and technology as fields requiring 'rare' intelligence and gender specific skills must be challenged if these sectors are to expand in the Eastern Caribbean. Therefore, there should be increased access to knowledge on the diversity of these sectors, the range of skills that are employed and the opportunities for growth available.

### 3.4 Services and the Creative Industries

Services exports play a critical role in the subregion's long-term economic growth yet the sector faces considerable challenges. Services is the fastest growing sector in the subregion, leading most subregional governments to target services exports as the engine of future economic growth, particularly given the pessimism around the future of agriculture and manufacturing. It is therefore useful to analyze the role the sector plays in the subregion and the level of international competitiveness it enjoys as an indicator of its future potential. Antigua and Barbuda is the most services-dependent Caribbean country and so provides a useful country case. From 2000-2006 services exports in Antigua averaged 56% of GDP. At present services geared at both domestic consumption and export markets employ over 80% of the labor force, making the sector by far the dominant source of employment and income. The employment dynamics in the services sector are especially illuminating. Women comprise the majority of the services sector labor force, accounting for 54% of labour in the domestic wholesale and

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retail trade, 55% in the financial services sector and 60% in the hotel and restaurant sector, the latter two of which form the backbone of the services export economy of the Eastern Caribbean, including Barbados.

While women are employed in higher numbers than men in these areas, the key question is the relative placement of women and men in these industries. In the Eastern Caribbean, gender-based power constructs in the services sector strongly impact economic security and access to 'decent work'. Across the region, women are generally concentrated in the lowest rungs of employment in the hotel sector, primarily as housekeeping staff. As such, given the importance of tourism, this may point to a dual problem: the industry might be providing few 'men's' jobs while simultaneously providing low quality 'women's' jobs. If men are unable to take advantage of employment growth in the industry, and women are mostly consigned to low quality jobs in the industry, then this raises serious questions about the distribution of benefits arising from a tourism-based development strategy.

The rights of migrant workers in the service industry are also worthy of attention in charting the course for development in the subregion, especially as progress is made towards implementation of the CARICOM Single Market and Economy (CSME) and the OECS Economic Union. As the International Labour Organization (ILO) notes, "Development gains from migration for the countries involved and the protection of the rights of migrant workers are inseparable." In addressing accountabilities, both destination countries and countries of origin are urged to take appropriate measures to ensure that the rights of migrant workers are protected.

Offshore finance is the other pillar of the subregion's services sector strategy, but countries have also suffered some direct effects of the

financial crisis due to weak financial sector regulation and contagion. The growth of offshore finance represented something of a success story in the 1990s and early 2000s, but the local industry has come under pressure in recent years due to OECD tax avoidance measures. Unsurprisingly, the financial crisis has also been a huge blow. Financial services trade in this sector was directly impacted by the financial crisis in parent companies in Canada, the US and the UK, as well as by the collapse of major regional financial institutions - the locally-owned Caribbean Life Insurance Company (CLICO) based in Trinidad and Tobago and the US-based Stanford financial empire that was deeply entrenched in Antigua and Barbuda. The effect of the collapse of Allen Stanford's operations on the Antiguan economy has been especially devastating as Stanford was the largest private employer in the country, directly employing 5% of the country's labor force and indirectly supporting many more.

As with tourism, the offshore finance industry also raises some questions of distribution. Given its knowledge-intensity, this sector requires highly skilled workers in a range of areas from back office processing and accounting to financial analysis and law. To the extent that boys continue to under-perform compared to girls in the educational system, women are increasingly likely to occupy the more skill-intensive areas of this sector although, as in tourism, there are subtle complexities that have to be taken into consideration. Continued labour market discrimination has limited the gains that women could have been expected to make in newer export-oriented sectors and has increased their vulnerability to job losses during times of crisis, despite their relatively high education and skill levels. The persistence of glass ceilings in Caribbean business not only precludes highly educated women from attaining the highest positions in management, but also prevents

**The creative industries are particularly well suited to serve as a driver for local development and to draw on the creativity and enterprise of local artists and to engage communities.**

women from more modest class backgrounds from moving beyond clerical posts, even if they have the ability. The result is that skilled Caribbean women workers in export services industries paradoxically find themselves in a similar situation to unskilled South Asian, Latin American or Chinese women workers in global export manufactures. Gender inequity and the gendered division of labour thus continue to take precedence over skills in the international division of labour.

The creative industries in the Caribbean play a dual role as an economic sector with growth potential and an arena for identity formation and social development. The sector is an area of the global economy where SIDS possess some

comparative advantage in production and, as such, is a critical strategic resource that offers sustainable development options to Caribbean countries. The creative industries are particularly well suited to serve as a driver for local development and to draw on the creativity and enterprise of local artists and to engage communities. They generate new and indigenous forms of employment, production and exports, aid in the diversification of mono-production economies and facilitate a more competitive development platform; all this, along with a more empowered population that has greater involvement in the management of resources and decision making about the future.

## IV. Public Sector Finance

Low economic growth, poor trade performance, weakening international competitiveness, declining investment in the social sector and increasing debt simultaneously affect Eastern Caribbean economies and societies. These relationships can be observed through the impact of poor productive sector performance on public finance (in this section), and ultimately on social sector outcomes, in the following sections.

The subregion's long-term macroeconomic vulnerability is intimately related to the challenges in sectoral productivity and wider economic growth and compounded by vulnerability to natural disasters and climate variability. Current account balances in the subregion have shown signs of deterioration from the growing trade deficit created by increasing imports and stagnant exports, including weak export services growth. This is yet another sign of the structural interconnectedness of the subregion's development challenges, as this poor performance strains the health of public finances and creates the need for alternative sources of foreign exchange inflows, such as remittances, foreign direct investment (FDI) and foreign aid, to prevent balance of payments (BOP) crises (Vignole, 2005).

Economic vulnerability is not limited to growth. It extends to the state of public finances in the subregion and thus the capacity of governments to address the development needs of its citizens. In this respect the picture is gloomy. Eastern Caribbean countries carry some of the highest levels of public debt in the world. Debt to GDP ratios in 2009 were 108% in Antigua and Barbuda, 109% in Grenada and 186% in St Kitts and Nevis (see graph below). Even in Barbados, the strongest economy in the subregion, debt to GDP is projected to surpass 100% in 2010/11. In addition, countries in the subregion

consistently run fiscal deficits of 5% or greater. These deficit levels mean that governments have constantly to borrow funds to meet their obligations, including providing social protection assistance, operating schools and hospitals, and paying civil service salaries in a context of governments often being the largest single employers. Further, high debt to GDP ratios limit the ability of governments to borrow on the international market, particularly in times of crisis when fiscal flexibility is most desperately needed. Governments also find it difficult to find funds to invest in infrastructure or productive sector development, again reflecting the cyclical nature of the subregion's development challenges: lack of investment funds hampers productivity, which lowers productive sector income and, in turn, taxable revenue. (Source: IMF World Economic Outlook, 2010)

As noted above poor fiscal health constrains the ability of governments to respond to crises, such as natural disasters and economic shocks like the global financial crisis, again increasing subregional vulnerability. The impact has been clear as Caribbean governments have had limited policy tools to bring to bear on mitigating the effects of the current crises unlike other countries that have been able to respond with a host of counter-cyclical 'stimulus' policy measures. Eastern Caribbean countries like Antigua and Barbuda find themselves facing the crisis with little fiscal space to respond to crisis demands. In response, the Eastern Caribbean Central Bank (ECCB) has formulated the Eight Point Stabilization and Growth Programme supporting ECCU Member Countries to strengthen policy frameworks and coordinate required economic and financial adjustments. Instead, structural adjustment has required a 25% mandatory reduction in expenditure for

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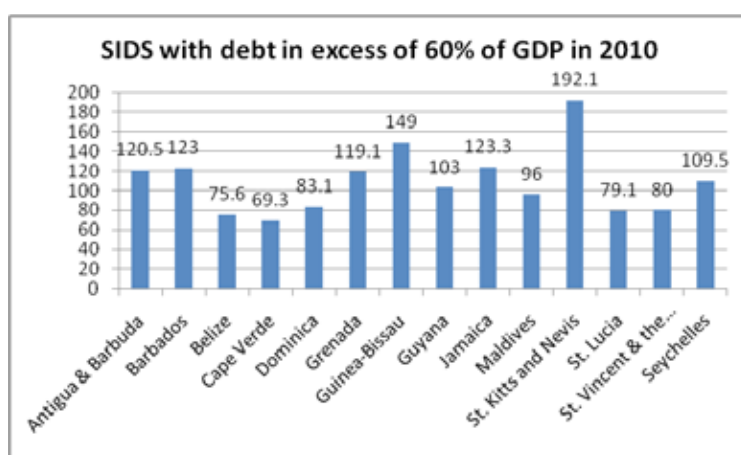
all ministries, employment freezes and mandatory retirement for all government employees aged 60 and hence eligible for pensions, reductions in capital expenditure and widespread programmatic cutbacks. Mindful of the social implications of these cuts, austerity measures including fiscal consolidation and large-scale restructuring of the National Economic and Social Transformation (NEST) plan have been designed to provide fiscal space for longer term spending on social and economic transformation. However, as UNDP analysis of the crisis argues, though necessary, these austerity measures will doubtless contribute to short-term negative social impacts on the most vulnerable members of society. Further, if compensatory interventions are not crafted, the country could suffer social fallout that undermines any gains to be made from wider economic restructuring (UNDP, *Social Implications of the Economic Crisis in Antigua and Barbuda*, 2009).

High debt and its link to gains and investment is a new and emerging development issue and a recent UNDP review study noted that external debt service to exports ratios are also high across several small island developing states. In 2010, SIDS with high external debt service to export ratios (defined as more than 15 percent), include: Barbados (25.7 percent); Comoros (20.2 percent), Grenada (15 percent),

Jamaica, the Maldives (17 percent), Marshall Islands (59 percent), St. Kitts and Nevis (15.2 percent), and St. Vincent and the Grenadines (18.5 percent). Tonga's external debt service to export ratio will more than double over the next five years from 8.7 percent in 2009 to 17.5 percent by 2015.<sup>24</sup>

The study further noted that small island developing states have historically underperformed in terms of economic growth when compared to other developing countries and the rest of the world. Over the last decade, small island developing states have registered average annual economic growth rates of 2.8 percent; this compares to more than 6 percent for developing countries as a whole over the same period.<sup>25</sup>

SIDS are also projected to recover from the global financial and economic crisis more slowly than other countries and the rest of the world, as measured by forecasts of economic growth over the next few years. As such, it will be very difficult for many small island nations to simply 'grow out' of extremely high levels of public debt. Specific review of two Caribbean small island developing economies pointed to their transformation, in less than a decade, into economies with the highest ratios of debt to GDP, due in part to hurricane impacts, adverse effects of the global economic crisis and

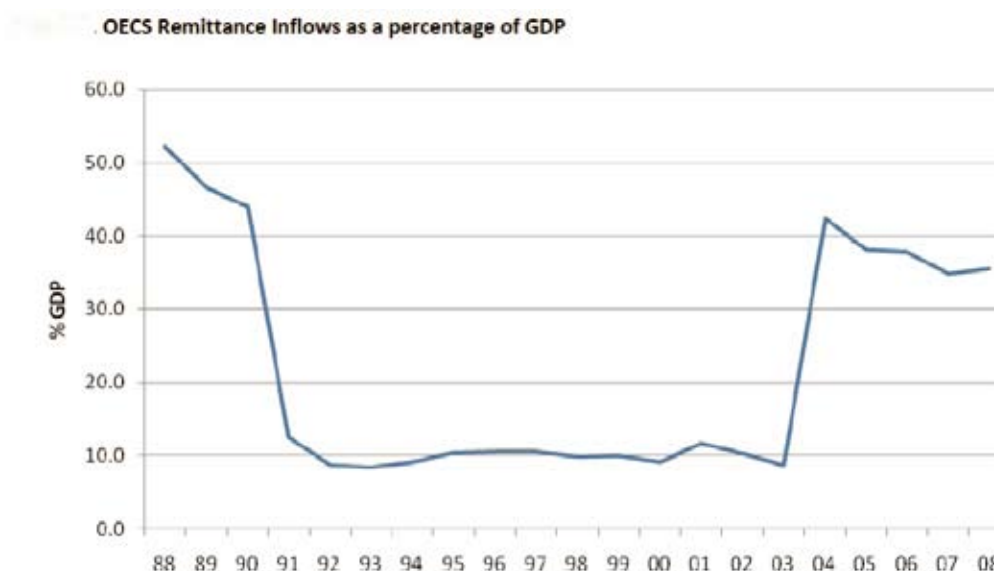


Source: Individual Governments and IMF Article IV Consultations and Review Documents.

4 Draft UNDP Study on Highly Indebted SIDS, July 2010.

5 IMF World Economic Outlook database, April 2010.





Source: World Bank 2009. No data available for Anguilla and Montserrat. However, according to Eastern Caribbean Central Bank (ECCB) data remittances into Anguilla declined 10% from 2008 to 2009 and Montserrat's remittances inflows declined by 13.09% over the same period.

Source: Jones 2010, Figure 8.

increases in social assistance spending. There will be need for determined action on MDG 8, which requires that relevant international bodies “deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt

sustainable in the long term”, and complementary action at country level.

The Remittances, FDI and foreign aid flows that have become important supplements to sub-regional fiscal health in the context of declining trade earnings are all three highly vulnerable

#### Remittance transactions, Western Union Barbados, 2009 v. 2008

<b>Western Union Barbados Trend of Remittance Transactions</b>				
			Number of Transactions	Principal Sent
Jan 09	vs	Jan 08	0.96%	-1.56%
Feb 09	vs	Feb 08	4.97%	4.33%
Mar 09	vs	Mar 08	-2.34%	-9.73%
Apr 09	vs	Apr 08	-3.24%	-12.87%
May 09	vs	May 08	1.18%	-1.67%
Jun 09	vs	Jun 08	-0.14%	-7.84%
Jul 09	vs	Jul 08	-5.79%	-9.06%
Aug 09	vs	Aug 08	0.36%	-8.18%
Sep 09	vs	Sep 08	-2.90%	-11.87%
Oct 09	vs	Oct 08	-2.88%	-1.78%
Nov 09	vs	Nov 08	0.52%	-0.94%
Dec 09	vs	Dec 08	-0.57%	-6.87%
Jan 10	vs	Jan 09	-6.02%	-1.30%
Feb 10	vs	Feb 09	4.31%	5.25%

Source: Jones 2010, Table 3.

to economic shocks. The importance of remittances is illustrated in the graph, on the following page, showing remittances as a proportion of GDP in the OECS.<sup>6</sup>

Remittances have become the most important alternate source of foreign exchange inflows, but remittance inflows suffered immediately with the onset of the crisis. Even in Barbados, the strongest economy with the lowest poverty levels in the subregion, the effect was immediate and sharp, as seen in the table below.

This has had implications for both current account balance at the macro level, as well as livelihoods at the household level. For example, Dominica suffered a 20% decline in remittances in 2009, a huge blow for a country where remittances accounted for 7% of GDP in 2008 (in fact, remittances in Dominica accounted for as much as 12% of GDP in 2004, the end of a period of very low growth). There are important micro-level distributional outcomes from declining remittances as the Department of Local Governments has reported a more significant decline in remittances in rural versus urban areas (UNDP, Social Implications of the Crisis). Further, while the latest Dominica Country Poverty Assessment (CPA) suggests only a

slight difference in dependency on remittances between the poor and non-poor households (38% vs 35%), the UNDP report on the effects of the crisis notes that remittances to poor households accounted for a higher proportion of total expenditure than in non-poor households, suggesting that the loss of remittance assistance had a more direct impact on poor households. Thus, we see the linkages between remittance inflows and both macro and micro level vulnerability in the subregion.

This inability to spend in key areas, particularly workforce and productive sector development, in turn reduces the medium and long term scope for raising revenue through taxation from a expanded economic activity. Further, economic policymaking in the subregion is complicated by the effect of liquidity arising from the drug trade, money laundering and other illegal activities that bring in hard currency funds outside governments' control and thus their ability to monitor the formal economy. It is these types of cyclical and complex connections that confine the subregion to low growth, high vulnerability and limited social and economic transformation.

**There will be need for determined action on MDG 8, which requires that relevant international bodies “deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term”, and complementary action at country level.**

6 The relatively low proportion of remittances to GDP during 1990-2003 and the sharp increase in 2004 are likely due to changes in accounting methods that resulted in better data collection.

## V. Human Capital, Labour Force Development, and Citizenship

The bleak record of economic performance and the poor state of public finances in the region are directly linked with weaknesses in the education sector, development of the subregion's workforce, and in turn with the high levels of poverty and inequality seen across the Eastern Caribbean. Inequality, as MDG 2, target 2 notes, thwarts progress to universal education. It is instructive that in St Kitts and Nevis over half of men and women in the poorest income quintile have no formal educational certification (UNICEF-UNIFEM, St Kitts and Nevis Social Safety Net Analysis, 2009).

Despite significant investments in the education sector in all countries (ranging from 3.5% percent to 6.7% of GDP in 2008 for five countries in the subregion), issues of access, inclusiveness, quality and relevance of the sector are apparent. Significant gains have been made in the extension of universal primary and, latterly, secondary education. However, the dominant model emphasizes academic certification with lesser attention to the building of technical and vocational skills and with limited resourcing for remedial or early childhood education. Merit-based exam systems (common entrance examinations) contribute to socio-economic inequity and vulnerability as exams determine which secondary school a child will be attending and "by extension a child's educational and employment future". A USAID-commissioned Gender Assessment of Barbados and the Eastern Caribbean, August 2010 notes, "This system was designed to allocate the most gifted students to scarce high-quality places in well-resourced high schools and colleges (most of which were built in the 19th century to serve the children of colonial masters and bureaucrats) with the remainder being sent to lower quality secondary

and technical schools (which were built much later to create a mass labor force). This system effectively consigns children from poorer households or disadvantaged backgrounds to an inferior education relative to their counterparts from wealthier homes." Over the years there has been some shift in this regard as the current system, which uses a common entrance examination to facilitate student transfer from primary to secondary school, allows for children from poor households with strong academic skills to access better quality secondary schools. At the same time, however, this system places undue pressure on students throughout primary school and leads to streaming in primary school with an unspoken message to many students from an early age that they are not "good enough". There is also inadequate and unequal system-level support for those students who do not make it to the top secondary schools to achieve their full potential.

Therefore, at the onset, the design of the education system is such that it promotes inequality and exacerbates existing socio-economic vulnerabilities among children. In addition, structural issues at the administrative level in the education sector work to exacerbate some of its key challenges, namely underperformance of children living in poverty, and the increasing student-initiated violence in schools.

Violence in the form of gang violence, bullying and fighting is also an environmental factor contributing to children's underperformance, and compromising the development of human capital. Violence in schools should be interpreted as including corporal punishment. The Convention on the Rights of the Child (CRC), in stipulating the child's right to education, also requires States to "take all appropriate measures to ensure that

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school discipline is administered in a manner consistent with the child's human dignity and in conformity with the present Convention"<sup>7</sup> and that "No child shall be subjected to torture or other cruel, inhuman or degrading treatment or punishment"<sup>8</sup>. If no action is taken to prohibit the use of corporal and other degrading forms of punishment as teaching tools, children will continue to receive and enact these conflicting messages about the use of violence. Additionally, this form of discipline may be compounding trauma from violence perpetrated against students at home. These characteristics of the school environments have negative implications for the development of self-esteem and, by extension, interest in the future (citizenship). The growing acknowledgement of corporal punishment as a form of violence towards children in schools runs alongside the growing awareness, through research, of its dangers and of the links between childhood experience of violence and violent and other anti-social behaviour in childhood and later life.

The role of the education sector in enhancing protective factors for greater resilience among youth, both in and out of school, is not one that is comprehensively understood. Furthermore, enhancing the protective factor of the education sector asserts community-based obligations, including building capacity for parenting and addressing pervasive child sexual abuse, transactional sex and incest. The state of adolescent health is of grave concern as pertains to quality of life, emotional health and academic achievements. Global School Based Student Health Survey (GSHS) data reveal high reported rates of mental health challenges among students surveyed in the Eastern Caribbean. For example,

2009 survey data for Dominica demonstrate that 20% of students surveyed - 25% of girls and 16% of boys - said they had seriously considered committing suicide in the past 12 months. In the same report, 15% of students - 14% of boys and 16% of girls - said they had attempted suicide in the last 12 month. Without a human rights-based and gender responsive approach to education, the education sector, and by extension the labour market, will continue to be impeded by these challenges in human development.

Weaknesses in the labor market, therefore, reflect long-term inequalities in educational systems that fail to adequately prepare young people, particularly those who are drawn from poor households, for the demands of a modern economy and to help workers adapt to changes in the economy. Further, one of the major complaints from the private sector is that the educational curriculum is poorly geared towards real labour market needs or a changing economy. This is evidenced by the co-existence of high enrollment and high repetition and dropout rates with low skill levels and an often surprisingly high capital to labour ratio in industries where firms compensate for low availability of skills with greater mechanization. Critically, it also reflects structural rigidities in reorienting the labour force towards new income earning activities (and the wider economy towards new productive activities) that produce higher incomes and are less vulnerable to the vagaries of the international economy. Without addressing these structural rigidities and the evolving needs of the labour market, investments in the education sector mostly meet recurrent expenses but do not realize the expected gains in a flexible, creative labour force since the majority

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7 CRC, Article 28.2.

8 CRC, Article 37(a).

of young adults leave school with few labour market skills or certification.

These issues are critical from the standpoint of subregional development programming interventions through the related programmatic perspectives of workforce development and youth entrepreneurship. Furthermore, it emphasizes the need for development of critical thinking in academic curricula to help young people develop and apply transferable skills.

The data from the region show the extent of the challenge in labor force development. The August 2007 Survey of Living Conditions in Antigua and Barbuda shows the weaknesses of the educational system and how they manifest in relatively low skills, differing between boys and girls.

that there were 10,000 more people whose highest level education was secondary. The disparity increases to 19% among those educated at the Antigua State College, 64% women versus 36% men. This data is consistent with findings around the Eastern Caribbean and wider Caribbean region.

Another gender dynamic worth pointing out is the wide gap between men and women in vocational versus hotel school, reflecting the gendered roles that are ascribed to different occupations (and indeed, ultimately to different industries) in the region. Sixty percent (60%) of those whose highest level of education is vocational training are men, while a whopping 80% of those whose highest educational level is hotel school are women. This is borne out in a

Highest level of education	Female	Male	Total	
	(%)	(%)	%	No.
None	38.6	61.4	0.3	140
Primary	52.8	47.2	29.1	14398
Secondary	58.3	41.7	49.8	24651
Antigua State College	64.3	35.7	7.2	3575
University	57.8	42.2	8.5	4216
Vocational and technical	40.4	59.6	2.0	985
Hotel School	79.7	20.3	0.3	158
Antigua and Barbuda Institute of Technology (ABIIT)	51.4	48.6	0.2	111
Other	53.1	46.9	2.5	1222

Source: Survey of Living Conditions, Antigua and Barbuda, 2007.

According to the data, 29% of Antiguan and Barbudans have only a primary school education, suggesting that almost a third of the entire workforce has very limited formal education. On the other end of the spectrum only 8% have a university degree, though a further 7% received tertiary training at Antigua State College. The gender disparities are also clear. There is little difference amongst men and women at the lowest level of educational attainment, with women making up 54% of those with only a primary school education versus 46% men, a percentage difference of 8%. By the secondary school level the disparity has jumped to 16% with women making up 58% at this level as opposed to 42% men. The disparity is even more dramatic given

labor market where jobs such as carpentry and metal work are largely held by men, while jobs in the hotel industry, particularly at the low end, are majority held by women. As in other areas, this dynamic holds across the subregion, despite differences in economic structure and performance. Data from the latest CPA from St Kitts suggests that the labour market exhibits significant gender segmentation, with women having higher levels of labour market participation but also competing heavily for low wage jobs. Further, women on average make EC\$2,700 less than men per annum. This is particularly worrying given that 43% of households in St Kitts are headed by women, a figure which rises

in the lowest income quintiles (UNDP, St Kitts and Nevis Social Safety Net Analysis).

These challenges are exacerbated by what appears to be a shift away from traditional extended families (and the support this entails) towards smaller families with fewer children, but also often a single parent or income earner. In the Caribbean the institutional form of the extended family structure has in many cases acted as an implicit subsidy to government, compensating for weaknesses in social services delivery, particularly early childhood education and childcare. However, decreased extended family support, such as from grandparents, means an even greater need for formal early childhood development (ECD) and day care services which, at present, are severely underprovided across the Eastern Caribbean region. This is clearly reflected in the data from a recent UNESCO study which found that in the cohort up to 2-years-old ECD enrollment varies between 5% in St. Vincent and the Grenadines to 53% in St Kitts and Nevis. Even in the critical 3-5 age cohort enrollment rates are as low as 55% in Dominica<sup>9</sup> (UNDP Social Safety Net Analysis, Antigua and Barbuda)

Thus, educational performance translates directly into labor market outcomes and critically, into differing levels of income, poverty and inequality amongst men and women, and the households that they head. Further, the data show how education levels and gender of members of the labor force relate to the distribution of income. The World Bank compares data on three categories of educational attainment

by exams passed with the lowest and highest income quintiles and shows that over 60% of men and over 50% of women who have no exam passes at the Caribbean Examinations Council (CXC) level are in the lowest income quintile. By contrast the proportion of men and women in the lowest income quintile who have 5 or more CXC passes plummets to 5% for women and 0% for men. That is, performing well on the key secondary level exams all but guarantees one will not be in the poorest income quintile (World Bank 2007, Ch 4, cited in Vaux UNDP Social Safety Net Analysis, Antigua and Barbuda).

Poor educational outcomes and their effects on the labor force, along with the entrenched gender dynamics, have implications for programmatic efforts to foster entrepreneurship amongst youth in the subregion. At the minimum, they restrict the type of entrepreneurial activities in which most youth can engage. That is, given weak educational attainment across the subregion with up to 70% of youth leaving school with less than two CXC passes and few productive skills, aspiring entrepreneurs will likely form ventures in relatively low productivity activities. What else will their low educational and skill level allow? The answer unfortunately leads to the vulnerability of sub-regional youth to drugs and criminal activities. While this type of ‘push entrepreneurship’ is doubtless better than unemployment, the other very real option facing most Caribbean youth upon leaving school given that subregional unemployment rates are highest amongst youth, the data suggest that it nevertheless may not bode well for long-term income earning opportunities.<sup>10</sup> Additionally,

**Educational performance translates directly into labor market outcomes and critically, into differing levels of income, poverty and inequality amongst men and women, and the households that they head.**

9 Charles, Leon Derek and Sian Williams, (2006) Early Childhood Care & Education in the Caribbean (CARICOM states) UNESCO p.13.

10 ‘Push entrepreneurship’ refers to entrepreneurial ventures that arise because individuals are forced to seek self-employment due to a lack of labour market opportunities. ‘Pull entrepreneurship’ by contrast refers to entrepreneurial ventures that are emerge when individuals who have options in the formal labour market choose to leave their jobs to pursue entrepreneurial activities due to their perceptions of high level of success. In sum, pull entrepreneurship reflects entrepreneurship by choice; push entrepreneurship represents entrepreneurship when the alternative is unemployment.

as emphasized in earlier sections, this also has implications not only at the individual and household levels but also at the wider macro national and regional levels. Entrepreneurship within low productivity activities is unlikely to produce the level of economic growth that is required to lift citizens of the subregion out of poverty. This underscores the importance of not neglecting the creation of employment with the capacity for livable, sustainable wages.

Finally, poor quality education and inadequate outcomes, particularly for boys, are also causally related to issues of youth in conflict with the law, crime and insecurity. Violent crime rates in the Caribbean are reportedly higher than in any other region in the world and youth are both the primary perpetrators and victims.

The World Bank/UN Office on Drugs and Crime (UNODC) report suggests that the risk factors for youth, and in particular male youth violence, include poverty and unemployment, both of which are in part consequences of a weak education system. Other factors include large-scale migration to

urban areas, drug trafficking, ineffective policing, widespread availability of weapons, drug and alcohol use, and the presence of organized gangs. A number of important recommendations made in the World Bank/UNODC report emphasize the strengthening of early childhood development and interventions to increase retention of high-risk youth in secondary schools.

Weak participation, particularly by youth, in civic and governance processes is also a challenge in the region. Additionally, Barbados and the Eastern Caribbean countries all have very low levels of women's participation in parliamentary processes, all with under 20% participation and none meeting the MDG targets.

Efforts to build human capital and social solidarity should realize the democratic goal of participation as an expression of citizenship. In this regard, attention needs to be paid to the cultural and gendered barriers to equal participation of women in political and governance decision-making.

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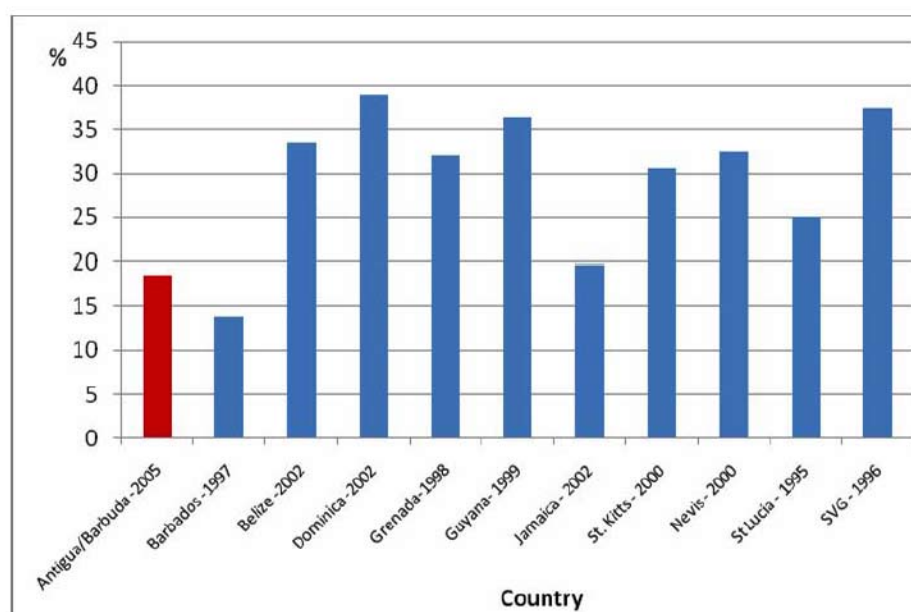
## VI. Income Poverty and Social Marginalization

Income poverty is a structural issue in the sub-region that arises from the macroeconomic and sectoral challenges discussed above. Poverty rates in the subregion range from 14% in Barbados to 39% in Dominica. Worryingly, poverty rates are over 25% in all OECS countries (see graph below).

Poverty in the Eastern Caribbean is discriminatory: numerous UNDP, UNIFEM, UNICEF and World Bank studies have found that income poverty is concentrated amongst women-headed households. Children, women and the elderly are the most affected, as are those living in rural areas.

vided through the Caribbean Epidemiological Centre (CAREC), show a large population of people in the 65+ age group<sup>11</sup> who will put additional pressure on caregivers and on the state. These effects are already being recognized in the health sector. According to the World Bank, “In the coming years, demand for nurses in the English-speaking Caribbean will increase due to the health needs of the aging population. Under current education and labor market conditions, however, supply will slightly decrease. The World Bank expects that unmet demand for nurses will more than triple during the next 15 years — from 3,300 nurses in 2006 to 10,700

**Poverty rates in the Caribbean**



Source: UNDP Social Implications of the Global Economic Crisis (based on CDB CPAs).

It is worth mentioning here that accommodating the rights and needs of the aging population in the Eastern Caribbean exacerbates the challenges faced in income-poor, female-headed households. The census data for 2010, as pro-

nurses in 2025.”<sup>12</sup> Of further note, the number of job vacancies does not match demand, but rather is subject to budgetary constraints, with over 90% of nurses employed in the public

11 Pan American Health Organization (PAHO) - CAREC internet data source: [http://new.paho.org/carec/?option=com\\_content&task=view&id=127&Itemid=304](http://new.paho.org/carec/?option=com_content&task=view&id=127&Itemid=304).

12 The Nurse Labor and Education Markets in the English-Speaking CARICOM: Issues and Options for Reform, June 2009.

sector.<sup>13</sup> This illustrates some of the challenges faced by the state in securing the right to health and will be discussed in greater detail.

Poverty is also inter-generational. Limited social mobility arising from poor education and minimal labour market opportunities means that children who grow up in poor households are themselves likely to remain poor as adults. One out of every two children in Grenada (53%) is income poor. In St. Lucia, over 50% of the income poor are under the age of 20 and the incidence of poverty is higher among children than among adults. In St. Vincent and the Grenadines, children account for about 36% of income poor persons though they represent only 31% of the population. Children account for about 40% of all income poor in St. Kitts and Nevis, amounting to more than one of every three children.<sup>14</sup>

These children live predominantly in female-headed households where there is no resident male contributing regularly and dependably to child care. Additionally, single parenthood is, in no country, a category of eligibility for social safety net support by the state. The OECS study on social safety nets in the Eastern Caribbean reveals that less than 12% of expenditure is targeted at single parent households. Child care is therefore essentially privatized and gendered, with women carrying the predominant burden of care given that shared family responsibilities between mothers and fathers are not embedded in culture.

Enlargement of the state's financial contribution to the poorest households is a policy concern, given the declining fiscal capacity of the states. Steps have been taken by the OECS Secretariat through its model legislation to improve the administration of justice around child support in ways that would result in increased contributions to the poorest households. However, this

legislation has not been enacted in most of the countries in the subregion.

Women, children and young people are suffering in different ways from the effects of the economic crisis. Governments are facing growing pressure to increase levels of social spending, threatening to place greater demands on limited public budgets. However, despite the challenging situation facing women, men and children in the subregion, most countries have actually reduced public spending by almost one-third. This reflects the reality of the situation facing poor and disadvantaged households in the subregion.

Despite differences in national poverty levels, there are important similarities in the nature and distribution of poverty in the subregion: the experience of poverty is familiar, given the concentration in rural areas and in large usually woman-headed households, as well as in the unemployment, urban migration and violence that some disadvantaged young men experience. External migration, both within and outside the subregion, is yet another indicator of income poverty and its effects. While the importance of remittances at the macro and household levels was noted earlier, these financial flows alone do not fully compensate for the social effects of migration, particularly on the families and children who are left behind.

Again, the impact of the financial crisis highlights the structural connections that have been emphasized in this analysis. As noted earlier the crisis was especially devastating in Antigua and Barbuda given the collapse of the Stanford financial empire and the loss of its contribution to employment. The crisis forced the government to increase taxes and remove some key price supports and subsidies. For example, the state introduced a new sales tax and simultaneously reduced number of items in the basket of

**Limited social mobility arising from poor education and minimal labour market opportunities means that children who grow up in poor households are themselves likely to remain poor as adults.**

13 Ibid.

14 National Safety Net Assessments (2009) supported by UNICEF, UNIFEM and the World Bank.

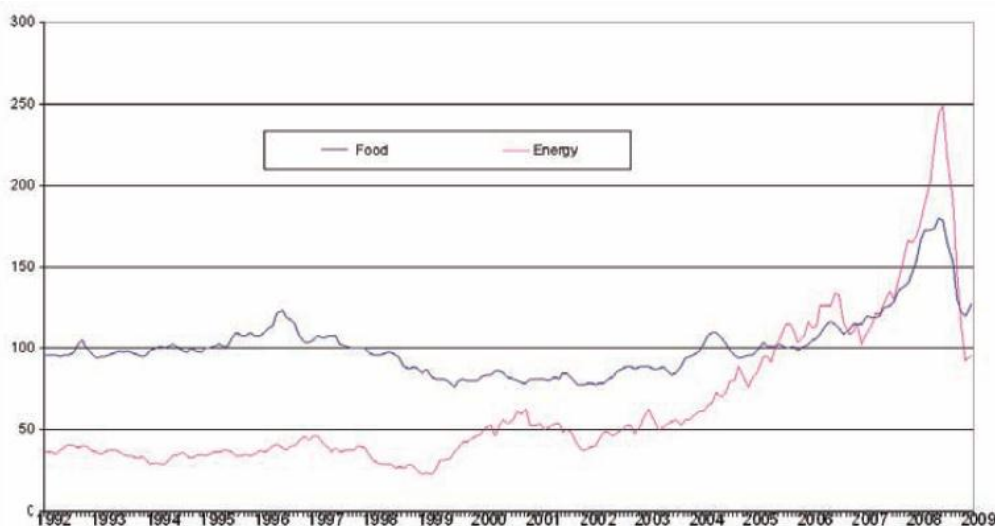


zero-rated goods from 80 to 30, and reduced the subsidy on liquefied petroleum gas (LPG). These measures can be expected to have a disproportionate effect on poor households, as sales taxes are highly regressive, disproportionately affecting households that spend all their income on consumption goods. Further, as zero-rated items tend to include food products, their removal combined with the removal of the LPG subsidy will directly impact food consumption. Like other countries in the subregion Antigua and Barbuda also experienced a sharp decline in remittances that would otherwise be used to offset these price increases at the household level. The effect has been immediate: the UNDP study of the social implications of the crisis in Antigua and Barbuda noted that an increased dependence on the state, particularly by the elderly, was due to declining remittances as relatives abroad were unable to send sufficient funds to provide for their care.

The pressure that poor households have come under as a result of these crisis effects are only

worsened by the fact that the region faced not only a financial crisis, but a ‘triple crisis’ as food and fuel prices shot up rapidly in the 2007-8 period immediately preceding the global recession (see graph below). FAO reports on rising food prices show a 30-40% increase in regional food prices in 2008 alone. St Lucia experienced 30-50% food price increases from January – August 2008. This includes both imported and domestically produced foods such as rice (52%), chicken (50%), cassava (29%), cooking oil (31%) and vegetables (35%). The price inelasticity of grains and other basic foodstuff means that consumers, particularly poorer consumers for whom these goods make up a majority of their consumption basket, have little means of escape. Rising fuel prices meant direct increases in cooking gas as well as increased transportation costs, in addition to indirect effects on the prices of most other non-food goods through economy-wide inflation, to which the poor are especially vulnerable.

**Global Food and Energy Prices, 1992-2009**



Source: African Development Bank in UNDP Social Implications of the Economic Crisis in Antigua and Barbuda, 2009:37

## VII. Health and Population Outcomes in the Eastern Caribbean

*Poor people can't afford to eat healthy. I have to make choices between paying utilities and paying other bills.*

59-year-old self-employed man, Antigua and Barbuda.

Understanding the linkages between population and socio-economic development, as well as between population, poverty and the environment, remains a challenge in the subregion, largely due to limitations in local, national and regional data collection and analytic capabilities. This situation reflects a broader problem where economic data tend to be collected with much greater depth and consistency than are social data, which are severely underemphasized in national statistical collection efforts. However, regional cooperation between the OECS and CARICOM, as well as partnerships and technical assistance from UNFPA, have provided important help. Available data for informed planning within the health sector is outdated and major surveys have not been conducted within the region in several years. In this regard, the UN system could contribute significantly to ensuring availability of data for planning purposes, including support for the Hazardous Materials Identification System (HMIS).

Technical assistance from UNFPA has given important support to the OECS for the preparation of the current round of censuses that will provide a set of updated indicators. UNICEF, in collaboration with the UN agencies, will collect other health sector data with the implementation of the Multiple Indicator Cluster Survey (MICS) in the year 2011.

This region continues to deliver health services in the context of inadequate human resources. The need for forecasting, planning and addressing recruitment and retention issues in the health sector (private and public) is critical. The importance of strengthening primary health

care systems to satisfy the right to health cannot be overstressed since they incorporate the social determinants of health as a foundation for response to the needs of marginalized groups. This response ensures a human rights-based approach to health systems and safeguards their sustainability. Furthermore, the Declaration of Alma Ata has placed primary health care at the centre of national health systems, stressing that "States formulate national policies, strategies and plans of action to launch and sustain primary health care as part of a comprehensive national health system" (art. VIII).

Poverty has a major impact on health outcomes in the subregion. Rising food prices, increasing unemployment and declining incomes have led households in the subregion to cut back on spending on both quality and quantity of food, as the quote above shows. This reduced caloric and nutritional intake has direct effects on children's ability to perform in school, as well as on adult labour market productivity. Poor households also adopt other coping strategies such as removing children from school, further entrenching the long-term structural relationship between household poverty, low educational performance and ultimately poor labour market prospects and low incomes.

Poverty is also closely related to the subregion's disease profile. UNECLAC notes that the Caribbean is undergoing an epidemiological transition, as diseases typically associated with developing countries have been largely eliminated, with corresponding decreases in infant and child mortality. However, improvements in life expectancy have stagnated or even been

**The importance of strengthening primary health care systems to satisfy the right to health cannot be overstressed since they incorporate the social determinants of health as a foundation for response to the needs of marginalized groups.**



reversed, reflecting the need for improvement in health care, particularly in the public sector. The region now suffers from high levels of non-communicable diseases such as hypertension, cardiovascular disease and cancer. Obesity and diabetes are especially troubling, with the latter occurring at twice the rate of North America. PAHO health system reports show that Barbados, like much of the rest of the subregion, exhibits this developed country pattern of shift from communicable to chronic non-communicable diseases. In 2000, 56% of men and 64% of women were either overweight or obese. Rates among young people were also high and even more gendered at 30% in young men and over 50% in young women. High weight levels went along with poor health, as 24% and 38% of men and women respectively reported being diagnosed with one or more chronic diseases, rising to 39% and 69%, respectively, in men and women over the age of 50, according to a 2007 PAHO survey.

While the prevalence of communicable diseases has generally fallen, HIV/AIDS is the key exception. It is now well known that the Caribbean region has the second highest prevalence rates of HIV in the world. The goal for development programming is to halt and begin to reverse the spread of HIV by 2015 (MDG 6). The HIV prevalence rate in Barbados is 0.62%, while in the OECS it is 1.1-1.4% for adults. Further, these rates are particularly high amongst young people, especially women in the 15-24 age group, as gender disparities abound in sexual and reproductive health. The OECS Secretariat and the OECS countries, respectively, have recently developed a new Regional Strategic AIDS Plan and National Strategic AIDS Plans with the assistance of UNAIDS. The plans consistently place both better understanding of

the epidemic and reaching groups with high risk behaviors as priority areas in the subregion. The UNECLAC Cairo review notes that the regional epidemic is driven by unprotected sex with multiple partners, a “thriving” sex work industry and unprotected sex among men having sex with men (MSM), who may also be having unprotected sex with women. Caribbean gender roles play a critical role in the spread of the virus for both men and women. Social pressures encourage boys to engage in early sexual activities, have unprotected sex with multiple sexual partners and to participate in risky behaviors including unprotected sex and high alcohol consumption. Girls and women also face specific age and gender vulnerabilities to sexual violence and participation in inter-generational and transactional sex (with older men), often in exchange for material resources to support their household or to pursue their education. As a result, girls aged 15-19 are three to six times more likely to contract HIV than boys in the same age group, and new infections among women are quickly outstripping those among men. This also highlights the risk of teenage pregnancy facing young girls in the subregion. MDG 5, Target 5 B, Achieve access to reproductive health notes that “Progress has stalled in reducing the number of teenage pregnancies, putting more young mothers at risk.” Finally, sexual activity amongst girls and boys is influenced by the high levels of sexual abuse reported around the subregion, with up to 18% of teenagers reporting that their first sexual encounter was forced.<sup>15</sup> The inadequate treatment of child sexual abuse in the Eastern Caribbean including transactional sex with minors and incest needs to be addressed. Girls in particular engaging in transactional sex are stereotyped as ‘loose’ without attention paid to the power im-

**The subregion, exhibits this developed country pattern of shift from communicable to chronic non-communicable diseases... The Caribbean region has the second highest prevalence rates of HIV in the world.**

15 UNICEF Office for Barbados and the Eastern Caribbean (2009) Strengthening Health and Family Life Education in the Region: The Implementation, Monitoring and Evaluation of HFLE in four CARICOM Countries”.

balances in transactional sex among underaged or young women and older men. Accountability typically is placed on the more vulnerable party, without strong sanction placed on the actions of the adult. Furthermore, transactional sex among minors and older men is an ‘accepted fact’ in many Caribbean societies and rarely acknowledged as child sexual abuse.<sup>16</sup>

Stigma and discrimination against sexually active youth is a barrier to their access to sexual and reproductive health and rights. Additionally, the disparities in the age of consent to sex and the age of medical consent exacerbate the challenge of their lack of access to sexual and reproductive health services. Furthermore, the reluctance to provide comprehensive sexuality education predisposes adolescents to contracting STIs including HIV. UNICEF, UNIFEM and UNFPA among others have been advocating, and supporting capacity building for the teaching of comprehensive sexuality education through Health and Family Life Education (HFLE) programmes in schools, but there is resistance from school administration, teachers and parents.

Obesity, hypertension, cardiovascular disease and several forms of cancer and diabetes, as well as the HIV/AIDS, are preventable diseases that require strengthening prevention programmes with the involvement of all sectors.

Populations who vary from cultural norms around sex and sexuality, and in particular gender based norms, face stigma and discrimination, which disproportionately expose them to HIV vulnerability and risk. These include men who have sex with men, transgendered

populations, sex workers, women and youth. These groups are first and foremost affected by stigma and discrimination based on cultural perceptions of what is appropriate sexual conduct. This is compounded by HIV related stigma and discrimination. Whether they are HIV positive or not, they are often seen as vectors of the virus. Stigma and discrimination extend to policy circles where the difficulties facing these groups are often not fully acknowledged and discriminatory cultural attitudes still prevail among decision makers. The socio-cultural environment in the Caribbean serves to reinforce the social alienation of lesbian, gay, bisexual, and transgender (LGBT) groups, and there is limited anti-discrimination legislation in the subregion to act as a counterbalance. As a result, members of the LGBT community face a legal and cultural environment that sees their sexual activities as illegal and immoral, which can make them vulnerable to exploitation and violence by partners or clients (in the case of sex workers), law enforcement officials and members of the general public. The resulting social and legal environment that provides little protection to – and in many cases actively persecutes these groups – serves to drive them underground, with serious and negative implications for their own sexual and reproductive health, as well as wider health outcomes at the national level, and the subregional, given high inter-island migration.

Social institutions, including laws, cultural conventions and individual behaviour, are therefore the keys to halting the spread of the epidemic. CAREC reports that up until 2005 none of the

**The socio-cultural environment in the Caribbean serves to reinforce the social alienation of lesbian, gay, bisexual, and transgender (LGBT) groups, and there is limited anti-discrimination legislation in the subregion to act as a counterbalance.**

16 The report of a study carried out across the Eastern Caribbean during the period October 2008 to June 2009 by Adele D. Jones and Ena Trotman-Jemmott. The study emerged out of the UNICEF Governments of the Eastern Caribbean Programme of Cooperation 2008-2011 and was a joint programming initiative (UNICEF/UNIFEM together with stakeholders from the region), aimed at reducing sexual violence against children.

OECS countries had reliable national data to track HIV prevalence or behavioral trends. The 2005-2006 Behavioral Surveillance Surveys (BSS) were set up as a direct response to this major shortcoming in the subregion's public health capacity. The 2005-2006 youth BSS, conducted by CAREC in six Eastern Caribbean countries, found that 31-46% of respondents had had multiple sex partners in the past 12 months. The BSS led to some worrying conclusions with CAREC noting that, despite HIV education efforts, many myths about HIV still prevailed and that there was a gap between knowledge and practice in the OECS, for example around condom use. There were important gender dimensions as well. In some countries, women were less knowledgeable than men about condom use – a finding that is especially worrying given the higher physiological vulnerability of women and girls to contracting HIV. In this climate of gender inequality, men are empowered in decision making about sexual matters, with women and girls often seen as 'objects' of sexual pleasure and adopting submissive sexual roles. Men are sometimes reluctant to use condoms as a result of gender norms that promote masculinities that are dependent upon the goal of sexual pleasure, and condoms are typically seen as barriers to this. Given their high dependence on men for economic support, and the endemic violence against them, women may also be reluctant to insist on condom use for fear of economic abandonment or threat of violence.

There was also limited knowledge about Prevention of Mother to Child Transmission (PMTCT) of HIV, another sign of gender-based knowledge gaps.<sup>17</sup> Rates of HIV testing were low, with

fewer men than women being tested, and confidentiality concerns in testing a challenge in the context of small countries. Additionally, the majority of the women tested would be accessing pre-natal care as part of a PMTCT protocol. Universal access to testing is compromised in the Eastern Caribbean by a challenged primary health care system which has limited human and material infrastructure. In Grenada, for example, there is only one government lab, located in the capital, for testing blood. Additionally, health clinics, while they may have testing facilities, 'take blood' at certain times, in some cases once a week, and in some smaller medical stations, once a month. Nurses have reported turning away persons coming to get tested, asking them to come back on the allocated day.<sup>18</sup>

These data and trends reflect the failure of Eastern Caribbean governments to protect their populations, despite the fact that all governments in the subregion are obligated to promote the sexual and reproductive health rights (SRHR) of their citizens through a series of international conventions to which they are signatories, including CEDAW, the CRC and ICPD Plan of Action.

The available data and trends reflect major failures of Eastern Caribbean governments to implement the ICPD plan of action. The findings of the CAREC BSS would suggest that governments are failing in this obligation, to the detriment of the sexual health of Eastern Caribbean youth and adults. Other institutional issues arise from the failure to implement ICPD and other international conventions such as the Beijing Platform of Action, CEDAW and the Convention on the Rights of the Child (CRC). These international agreements required action

**Eastern Caribbean countries have lagged in the implementation of their international obligations, with serious implications for sexual and reproductive health rights.**

17 While the BSS Survey data is clear comments on this analysis from UNODC note that PMTCT has been an area of relative success in Caribbean HIV/AIDS prevention efforts.

18 Rapid Assessment of Sexual and Reproductive Health and HIV Policies, Systems and Services in Grenada, 2010. Prepared by Cherise Adjodha for the UNFPA Sub-regional Office for the Caribbean/Barbados.

towards legislative change in most territories in the subregion, particularly around gender equality and the protection of children through laws on spousal rights, domestic violence and the maintenance of children. However, despite some legislative progress among OECS countries in the recent publication of Bills and preparation of draft bills on Family Life and Domestic Violence, Eastern Caribbean countries have lagged in the implementation of their international obligations, with serious implications for SRHR. In a 2004 UNDAW paper, Sonia Correa points to vertical funding streams in HIV/AIDS, reproductive health, and the wider health sector as a major impediment to the implementation of the Beijing Plan of action (BPOA) and the realization of sexual and reproductive health right (SRHR). The issue arises when HIV/AIDS programming is not developed or implemented in the context of a wider sexual and reproductive health approach. We may even observe in the region that the provision of sexually transmitted infection (STI) services lacks adequate resources to deliver these integrated services despite the high levels of resources invested in HIV/AIDS, which is an STI. Therefore, sexual and reproductive health is a priority area for development in the health sector in the Eastern Caribbean. Currently, resources are being allocated for maternal and child care, primarily focused on pre- and post-natal care. Prevention of sexual and reproductive ill health and morbidity goes

beyond STI prevention as multiple sexual health challenges arise from the presence of NCDs like diabetes, hypertension and obesity. The impact of sexual and reproductive ill health on mental and emotional health is also a concern, and is both a cause and consequence of depression and obesity. Therefore, the development of sexual and reproductive health strategic plans inclusive of comprehensive attention to HIV is the most effective approach.

In the Eastern Caribbean these challenges are further aggravated by existing institutional weaknesses in public sector programming that create the numerous redundancies in social services delivery, including welfare and social protection systems, to which the analysis now turns.

The UN system should strengthen its advocacy work for implementation of the HFLE curriculum, especially the aspects concerning sexual and reproductive health education and family planning, for lower and higher secondary education and for out of school children. Continued technical assistance, advocacy and financial resources are to be provided for ensuring implementation and proper follow up of the curriculum. With such high prevalence of child sexual abuse, Eastern Caribbean countries must make efforts towards strengthening teaching the primary school HFLE curriculum as well as supporting corresponding programmes.

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## VIII. Institutional Challenges in Social Protection in the Eastern Caribbean

UNDP assessments of the effects of the financial crisis found that the macroeconomic impact of the crisis clearly revealed the inefficiencies and inconsistencies of existing social and economic programmes and the inability of governments to design and implement new social protection measures to protect their populations from the crisis. The reports revealed that in addition to the financial and other resource-based constraints that have been identified in this analysis the challenge of tackling poverty is seriously hampered by an underdeveloped rights-based approach and consequent institutional weaknesses that reflect the broader problems of governance in the subregion. A more serious challenge in the region is the lack of reliable social statistics, especially when compared to the efforts put towards collecting economic data. This inherent lacuna has hampered Governments' ability to make sound evidence-based decisions towards social development and stymied the design of targeted social policies and programmes.<sup>19</sup>

Most countries in the Eastern Caribbean have articulated social policy frameworks but analyses through the OECS social protection assessments conducted by UNDP, UNIFEM, UNICEF and the World Bank reveal a number of institutional weaknesses. The findings from the assessment in St Kitts and Nevis revealed systemic weaknesses in the governance of their social safety net programme, and are representative of the rest of the subregion. It found that the social safety net comprises a series of disjointed programmes, and the government has no clearly articulated

social protection strategy with social safety net priorities and no clear guidelines for fiscal prioritization of programmes. Further, the social assistance programme was found to be complex, spread across many ministries and consisting of a series of small programmes, resulting in poor coordination and high administrative costs. These institutional weaknesses have the clear impact on target populations of not adequately protecting children and single parents. Benefits do not fully defray out-of-pocket expenses of education and there is not enough support to small children under school age, resulting in many poor families unable to afford to send children to school. Also, smaller per capita support to larger families discriminates against women who typically support larger households. Finally, married mothers receive higher benefits than unmarried mothers (UNDP, St Kitts-Nevis Social Safety Net Analysis).

Besides these myriad administrative issues, other sources of worry lie in the politicization of social protection programmes in some countries. The UNDP Social Safety Net Analysis in St. Kitts and Nevis found that the safety net implementation is subject to political interference as Members of Parliament are the main sources of referrals to the programme. The report notes that while referral by politicians is legitimate, stakeholders have consistently described political interference in the actual selection of beneficiaries, and social worker decisions being reversed by the political directorate. These administrative and political issues in the governance of St Kitts' social protection programmes

**A more serious challenge in the region is the lack of reliable social statistics, especially when compared to the efforts put towards collecting economic data.**

19 Capacity Development in the Barbados and the OECS, Report No. 1, Executive Summary and Major Recommendations, GEF SGP and UNDP Office for Barbados and the Eastern Caribbean, March 2009, Margaret Harris.

are not unrelated, as they ultimately arise from weak accountability and control mechanisms and poor evaluation. Major shortcomings in information systems and poor documentation of policies and procedures also contribute to these problems.

These institutional and governance issues are not unique to St Kitts, but rather reflect a sub-regional challenge. Assessments in Barbados, Grenada, St. Lucia and St. Vincent and the Grenadines have documented similar findings. UNDP research suggests that St Lucia also lacks a clearly articulated social protection strategy and that programmes are incoherent and lack synergies, imposing high administrative costs on government and high transaction costs on beneficiaries. As in St Kitts there are critical gender dimensions as the social safety net provides inadequate protection to children and single parents, most of whom are women, par-

ticularly in the lower income quintiles. Further, employment and educational programmes are inadequately targeted at those living in poverty, limiting the ability of St Lucia to truly realize a strategy of poverty reduction and social transformation (UNICEF-UNIFEM-World Bank (UNDP, St Lucia Social Safety Net Analysis).

Finally, these institutional weaknesses extend beyond social protection mechanisms to a general problem of outdated and weakly enforced laws and legislation to protect the weak and vulnerable and a lack of civil society participation in governance. The slow pace of adoption and implementation of legal reform in areas such as domestic violence and family law provide apt examples. At present Antigua and Barbuda, Grenada and St Vincent and the Grenadines are still in the process of adopting subregional model bills created in 2007.

## IX. Citizen Security, Crime and Violence

The 2007 World Bank/UNODC study, the UNODC programme for human security and good governance in the Caribbean (2008-2010) and other research and analysis point to trends of deteriorating security throughout the English-speaking Caribbean. Violent crime as addressed in the WB/UNODC 2007 report<sup>20</sup> includes homicide and assault, violence against women and property crime. Crime trends in the Caribbean, according to the report, include murder rates exceeding that of any in the world at 30 for every 100, 000 people; recorded incidents of assault above global rates; violence against women reported as affecting a significant percentage of women and girls, with “3 of the top 10 recorded rates of rapes in the world occur[ing] in Caribbean countries”; and political corruption and kidnapping. Systemically entrenched contributors to increasing violent crime in the Caribbean include gender inequality and the growth of drug trade, with the Caribbean serving as a significant transshipment point to the United States, Canada and Europe.

Criminal activities are increasingly conducted by organized gangs, attracted by the significant amount of money to be made in the drug trade, particularly cocaine transshipment. The importation of weapons through the drugs-for-arms trade and rising competition between gangs leads inevitably to growing violence. This poses a major challenge for the subregion, not least because of the minimal capacity of most countries to deal with this security threat. Barbados has a fairly strong security force but most OECS member-states lack the capacity to deal with an increasingly violent, organized and well-armed criminal threat, with no military force to aug-

ment overburdened police, and police units that have benefited in only a few cases from the paramilitary training useful in confronting the new criminal challenge. Further, even where perpetrators are caught the wider justice system has limited effects. The prison system is overburdened in many countries and jail sentences do not appear to deter repeat offenders. While there are few official data, studies based on interviews with senior prison officials suggest recidivism rates greater than 50%. This is perhaps unsurprising given the limited options facing individuals when released from the prison system as well as the social stigma and exclusion of having been in jail. Under these circumstances individuals may feel they have little choice but to return to the supportive networks of the gangs. This highlights the reality of a weak economy, poor employment prospects and social marginalization and the institutional limitations in trying to deal with the outcome - a rising threat from drugs and violence.

The main security issues faced by OECS member-states revolve around the production of marijuana and related trafficking of various drugs, the availability of firearms, and youth violence. Marijuana is produced in St Vincent and the Grenadines on a commercial scale for export and is cultivated, albeit on a smaller scale, in St Lucia and St Kitts and Nevis (Vaux and Harriott). Marijuana cultivation is deeply embedded in local small farmer networks which facilitate collaboration on production and marketing, including the employment of young men to traffic drugs, particularly to Barbados where there is a lucrative market. The increased price of marijuana has affected the dynamics of the

**Most OECS member-states lack the capacity to deal with an increasingly violent, organized and well-armed criminal threat.**

20 Crime, Violence and Development: Trends, Costs and Policy Options in the Caribbean – UNODC and World, March 2007.

trade, which has become associated with organized crime and increased levels of violence. Further, this local trade has become intertwined with trans-national networks of drug traffickers who export marijuana and, critically, facilitate the transshipment of South American cocaine to Europe. Local marijuana traffickers are now deeply involved in the much higher value and more violent cocaine trade. Estimating the size of the drug problem in the OECS is a major challenge. However, a recent study suggests that 23-32% of Class A drugs consumed in the UK are routed through the OECS<sup>21</sup> (Vaux and Harriott). This highlights the challenge facing the subregion.

While not yet suffering from the same level of organized crime facing other Caribbean countries like Jamaica, gangs are a growing problem in the subregion. These gangs are deeply embedded in the drug trade, and use their wealth to establish and assert influence over local communities through a variety of means, such as “sponsoring” sports facilities. They have also established links with politicians and prominent businesspeople, reinforcing their

growing power. Finally, these gangs engage in various types of violent activities and, as a result of their growing power and entrenchment in local communities and in the formal political and governance system, serve to intimidate community members who are unlikely to come forward when witnesses to crimes. Worryingly, political parties are beginning to exert influence through these “local leaders”, reflecting the increasingly powerful ties between organized crime and formal political governance (Vaux and Harriott).

Of further concern is the potential corruptive impact of the illicit drugs and transnational organized crime financial flows on the banking and financial industry services of the subregion. According to a 2011 UNODC study, “The Caribbean, in contrast, appears to be affected by laundering attempts by [cocaine] traffickers in North America (US\$3.3bn), South America (US\$2.5bn) and, to a lesser extent, by traffickers from West and Central Europe (US\$0.2bn). Countries in the Caribbean would thus be the most important destination for the laundering of cocaine-related trafficking income with annual

**Table 61:** Model results - base version (Power for gravity model distance = 1): Estimates of cocaine-related profits, funds available for laundering and amounts leaving the country and net outflow, in million US\$, in 2009

	Gross profits generated out of cocaine trafficking (retail and wholesale)	Profits available for laundering	Profits domestically laundered	Total outflows: Funds leaving the jurisdiction of the respective countries in the region	Net outflows: Funds leaving the respective region taking inflows from other regions into account
<b>Americas*</b>	<b>52,584</b>	<b>35,135</b>	<b>17,614</b>	<b>17,521</b>	<b>4,687</b>
- North America	34,825	20,022	10,465	9,557	7,822
- South America	16,035	12,895	5,539	7,356	4,744
- Caribbean	1,074	904	544	360	-6,019
- Central America	650	533	285	248	-1,860

\* The subregional totals do not always add up fully to the regional averages due to rounding errors and the extrapolations used.

Sources: UNODC calculations based on UNODC, FATF, UNDP and UNCTAD.

21 In fact Vaux and Harriott note that a UNODC study also suggests that up to 60% of Class A drugs in Europe come through the Netherlands Antilles, though they cast some doubt on the veracity of these estimates, mainly given the role of other Caribbean, African and Asian countries in facilitating the movement of illegal drugs to Europe.



net inflows of around US\$6 billion [in 2009], equivalent to some 2.3% of GDP.”<sup>22</sup> Even if just transiting, such important financial flows if left unchecked may become a source of international liability for the financial industry of the region, as well as a cause for the rooting of a white collar criminal elite interested in protecting its illicit profits by all means.

Youth violence is a particularly worrisome outcome of these developments, particularly when combined with declining agricultural income, growing urbanization and high rates of youth unemployment. High youth unemployment also arises from the weaknesses in education and the formal economy discussed in other parts of the UNDAF analysis, and is a particular problem amongst young men from income poor and disadvantaged backgrounds, given their particularly weak performance in school and the social and economic attractiveness of entering into illegal drug activities. There are thus few areas where the inter-related social and economic challenges facing the subregion are more clearly demonstrated than in the challenges facing youth in the subregion. Limited youth participation in governance contributes to their social marginalization and to feelings of isolation and a sense of loss about their futures. This reduces self-esteem and diminishes their internal resilience to navigate towards ‘health resources’ in times of adversity. A key element in building youth resilience<sup>23</sup> for prevention of criminal activity is allowing access to governance processes starting at community levels, which help identify the “psychological, social,

cultural, and physical resources that sustain their well-being, and their capacity individually and collectively to negotiate for these resources to be provided in culturally meaningful ways.”<sup>24</sup>

In Small Island Developing States (SIDS) these trends impact significantly on the social, political and economic well-being of Caribbean populations. A report by the Women’s Institute for Alternative Development (WINAD), entitled ‘Women’s Conversations: Empowering women and girls to prevent and address the impact of small arms in communities across Trinidad and Tobago’, stated that “gun ownership as a means of protection or recreation, whether ownership is legal or illegal, is embedded with gender identities and meanings” (WINAD, 2009: 21).

Global drug trade patterns also influence local drug use, gang violence, prostitution, property crime, kidnapping and money laundering. The CARICOM Regional Task Force on Crime and Security (RTFCS) was established in 2001 to address the linkages within the region between drug trafficking and crime and their overall impact on national and regional security.

In many of the Caribbean SIDS, crime and fear of crime increasingly undermines quality of life. Crime has created social disequilibrium, threatening peace and stability of many island states, with police reports and victimization surveys indicating that domestic and sexual violence is a prominent feature of the lives of many women and girls. There are also data that point to increased involvement of young people as both victims and perpetrators of violent crime, including homicide.

### **Limited youth participation in governance contributes to their social marginalization and to feelings of isolation and a sense of loss about their futures.**

22 UNODC, Estimating illicit financial flows resulting from drug trafficking and other transnational organized crimes - Research Report, October 2011 pg 10.

23 Definition of resilience used by the Resilience Research Centre Dalhousie University: “In the context of exposure to significant adversity, resilience is both the capacity of individuals to navigate their way to the psychological, social, cultural, and physical resources that sustain their well-being, and their capacity individually and collectively to negotiate for these resources to be provided in culturally meaningful ways.” - Dr. Michael Ungar

24 UNODC Training Manual on Alternative Dispute Resolution and Restorative Justice, 2007.

In addressing particularly youth criminal activity, progressive community-led approaches to governance include integrated models of alternative dispute resolution (ADR) and restorative justice (RJ). These can go a long way in strengthening the justice sector by encouraging community-based, citizen-led action on community crime, promoting more sustainable behaviour change among offenders, and meeting other human development goals. For example, ADR and RJ models can strengthen civil society through training of community leadership and facilitating constructive public participation in social change, decision making and the political process. They can also teach conflict resolution towards the reduction and management of social/community tensions and

conflicts that can impair other development goals.<sup>25</sup> ADR employs the processes of arbitration, by private individuals or panels; mediation, a voluntary and confidential process between mediator and disputing parties; and conciliation, a judge-initiated process guiding litigants toward settlement rather than court trial.

Finally, a human rights-based approach to justice sector reforms is needed for more effective exercise of the rule of law, based on the four principles of justice, i.e., accessibility, transparency, efficiency and institutional strength.

In the face of organized and violent crime that often overwhelms the small resources of the justice sector, more preventative action at the community level is pivotal for cultivating security in these small island developing states.

**A human rights-based approach to justice sector reforms is needed for more effective exercise of the rule of law, based on the four principles of justice, i.e., accessibility, transparency, efficiency and institutional strength.**

25 Online source: <http://www.un.org/millenniumgoals/environ.shtml>

## X. Environment and Sustainability: A Key Pillar for Long-term Competitiveness of the Subregion

A discussion of the viability of highly vulnerable Small Island Developing States (SIDS) like those comprising Barbados and the OECS subregion is dependent on the development paradigm, which drives and creates the relationship between the people, the environment and sustainability, and provides an excellent way to wrap up the analysis for at least three reasons. First, it encapsulates the economy. Second, this tri-pillar analytical construct also emphasizes the structural relationship between economic, social and physical vulnerabilities, allowing for consideration of institutional issues. Third, it highlights the critical importance of long-term planning and disaster risk reduction and management in a region where policies and programmes are all too often exposed to climatic and geophysical hazards.

The subregion is heavily dependent on natural resources for development that is extremely vulnerable to natural hazards. Reducing the speed of destruction and deterioration of these resources is a key imperative for the economic and social development of the subregion and should therefore be an integral part of a strategy for reducing susceptibility and building resilience to geophysical and climatic hazards. So important is the environmental dimension of sustainable development that the region's competitiveness in areas such as tourism and its ability to sustain hard-earned social and economic investments will diminish without significant investment to protect the environmental resource base on which the economy depends.

In general, the prevalence of short-term, reactive and crisis management processes in many respects contributes to a lack of effective environmental management in the subregion. This latter point is absolutely critical as this tendency

is in many ways linked to the structural challenges facing development in the subregion and reflects long-term issues with deep-rooted historical causes that can only be addressed through deliberate, adaptive and long-term planning.

While often viewed as a technical, scientific and engineering domain, environmental issues, including sustainability and disaster risk reduction, encompass all of the inter-related structural issues that this analysis has sought to highlight. There is a close relationship between governance, the environment, the economy and ultimately society, particularly when viewed from a poverty perspective.

Caribbean countries may too often look outwards rather inwards for solutions to challenges, probably reflected nowhere more than in its under-utilization of renewable energy resources from the sun, wind and geothermal, biomass and waste-to-energy sources. The poor often live in the fringe areas that tend to be most seriously affected. Energy in most Eastern Caribbean countries is supplied almost exclusively by imported fossil fuels, the major exception being Dominica, where over 40 percent of energy is generated from hydropower. However, in more recent times, there has been a trend towards the exploitation of renewable sources of energy, as exemplified by commencement of the Caribbean Wind Power Initiative, in St Lucia, St. Vincent and Grenada and geo-thermal development in Nevis.

Energy programming for sustainable development requires:

- finding a balance in production and consumption and the development of regenerative energy sources;

**The subregion is heavily dependent on natural resources for development that is extremely vulnerable to natural hazards.**

- improving accountability of energy service providers - mostly the State in the Eastern Caribbean, including putting in a functioning mechanism to address human rights complaints related to energy programming, environmental contamination, and particularly water supplies;
- participatory decision making; and
- taking into account the impact of energy policies at national, regional and global levels.

Caribbean nations have not fully utilized the potential contribution of renewable energy resources to national development for several reasons. These include the presence of monopolies in the energy sector, which in many cases are protected by legislation that makes it close to impossible for other companies to enter the energy market; the lack of coordination and common energy planning among energy companies across the region, which prevents inter-connection and the accompanying efficiencies; and the absence of a coordinated approach to standards for equipment and incentives. Energy efficiency is an extremely cost-effective way to enhance energy security, lower costs and reduce environmental impacts, but the pervasive minimalist approach needs to be changed and a full panoply of measures explored and exploited in this respect.

The lack of capital and of skilled human resources and the limited research in the subregion are also contributing factors to the underutilization of renewable energy sources and of natural resources in general. A significant deficiency is the absence of a conducive framework for risk taking and entrepreneurship and the exclusion of natural resources from national accounts. In the case of renewable energy, in a region blessed with huge and diverse energy assets the positive implications for reducing the negative balance of trade and environmental impacts,

increasing energy independence, creating energy security, releasing financial resources for other developmental goals, reducing pervasive fiscal incentives to fossil fuels and contributing to climate change mitigation have not yet been fully quantified and understood. The strides made in household-level solar water heaters need to be emulated in and adapted to other areas. It is obvious that environmental assets are under-researched and therefore their contribution to economic diversification cannot be realized, neither can they be protected from bio-prospectors. The vision and policies required have today still not been fully developed.

## 10. Climate change

The pervasive and cross-cutting nature of climate change in many ways affects all aspects of life. Climate change increases the vulnerability of the islands to hydro-meteorological hazards, such as more intense storms and hurricanes, with severe impacts from flooding, coastal erosion, and the migration of species. The region is also susceptible to seismic hazards such as volcanoes, landslides and tsunamis. Vulnerability to the range of natural hazards identified is a function of the exploitative rather than balanced principles which drive land use and natural resource management and the inadequate systems and technologies for waste management and pollution abatement and control. Environmental health concerns emanating from water, air, and soil pollution and the new effects brought on by climate change will all impact adversely on economies. Land use and land use management also have implications for both the quantum and quality of water resources available in each island. Issues such as population growth and density and the adaptation or development and enforcement of environmental standards have also not yet been adequately addressed and supported by relevant policies.

Also to be strengthened is the transparency and

**Caribbean nations have not fully utilized the potential contribution of renewable energy resources to national development.**

accountability of state policies and regulations on the protection of biodiversity with respect to private enterprise. While local populations, often living in poverty along coastal areas and water sources, are charged with biodiversity and watershed protection, they are also the most adversely affected by environmental degradation caused by agreements made between the state and private enterprise. It is well understood that “Biodiversity plays an important role in ensuring that the targets of the MDGs for sustainable development are successfully achieved.”<sup>26</sup> Environmental management in the Eastern Caribbean must stress the maintenance and increase in biodiversity for the protection of ecosystems. This will contribute to poverty reduction through the protection of livelihoods and the maintenance of population health.

The nexus between poverty, environment and livelihoods is inextricably linked to issues of ownership and/or equity in access to the use and benefits of land and natural resources. Many farmers earn their livelihoods from marginal lands, which has implications for medium and long-term agricultural productivity and environmental integrity. While traditional analytical approaches have suggested that poor farming practices associated with poverty contribute to environmental degradation, more recent work has cast doubt on the strength of this relationship. Further, revisionist approaches by analysts such as Dennis Pantin suggest that it may also be the case that higher income farmers and fishers may over-irrigate, leading to pollution from run-off, or use more technologically advanced boats and fishing gear, both of which may de-

plete fish stocks. The structural relationships between income, wealth and the environment must therefore be problematized.<sup>27</sup> A closer look must be given to the need to help the poor through appropriate fiscal incentives that reduce negative environmental impacts such as deforestation and reduction in the quantity and quality of water resources, and the destruction of coastal ecosystems and fish populations.

Environmental vulnerabilities threaten key industries and livelihoods through related mechanisms. In industries such as agriculture and tourism, unsustainable agricultural practices lead to high levels of soil erosion and reduced land fertility. Erosion coupled with poor coastal zone management and improper disposal of household and industrial waste accelerates damage to coral reefs already under threat from factors exogenous to the region that contribute to global climate change. These factors affect the quality of beaches, the subregion’s key tourism asset, and hence the performance of the tourism industry, the subregion’s most important employer and foreign exchange earner. There are also direct and indirect impacts on livelihoods, especially among poor and rural households. Farming on marginal lands due to poverty, lack of property rights and insecure land tenure reduces soil fertility, crop yields and hence agricultural incomes. At the same time unhealthy reefs cannot support a vibrant ecosystem, reducing the catches for fisher folk.

Accordingly, the combination of impacts from climate change, adverse forms of land use and land management, and waste and pollution has already started to increase the vulnerability of

**The combination of impacts from climate change, adverse forms of land use and land management, and waste and pollution has already started to increase the vulnerability of the islands and reduce their resilience to natural and anthropogenically induced shocks and hazards. Together, they will ultimately affect the economy and the social safety net, with particular impact on the poor and marginalized.**

26 Dr. Balakrishna Pisupati and Emilie Warner (2003). Biodiversity and the Millennium Development Goals.

27 Human Rights in Practice Fact Sheets on the Human Rights Based Approach on Development Cooperation - BMZ Information Brochure, 2010.



the islands and reduce their resilience to natural and anthropogenically induced shocks and hazards. Together, they will ultimately affect the economy and the social safety net, with particular impact on the poor and marginalized.

### 11.2 Institutional Issues

Barbados and the OECS Member States are party to a large number of Multilateral Environmental Agreements (MEAs), many of which have not been incorporated into national legislation, and as such do not have legal effect nationally. In addition to the MEAs, Barbados and the OECS Member States have ratified and integrated into their national laws the Agreement Establishing the Caribbean Court of Justice (CCJ) and the Revised Treaty of Chaguaramas Establishing the Caribbean Community Including the CARICOM Single Market and Economy. Since the CCJ has exclusive and compulsory jurisdiction to hear and resolve disputes regarding the interpretation and application of the Revised Treaty, the judgments of the Court will have implications for the use and management of common and transboundary resources (including environmental resources) of the Caribbean Community. Similarly, the trade and economic agreements to which Barbados and the OECS Member States are party will have significant implications for regional approaches to environmental and sustainable development issues, as is the case with the Economic Partnership Agreement.

The member countries of the OECS subregion have reached consensus on an approach to environmental management, codified in the St. Georges Declaration of Principles for Environmental Sustainability and incorporated as Article 24 of the Protocol of Eastern Caribbean Economic Union, both parts of the Revised

Treaty of Basseterre (2009). The Declaration provides a framework for minimizing environmental vulnerability, improving environmental management and protecting the region's natural and cultural resource base for ". . . optimal and economic benefits". The framework is managed through the Environmental and Sustainable Development Unit of the OECS. Comparatively, in Barbados, there is a National Strategic Plan (2005-2025) which clearly articulates a comprehensive strategy for sustainable development, with one strategic goal being the preservation of the environment and a specific target being the production of 40% of national energy needs through renewable energy sources by 2025. These frameworks are attempts to create a common vision for sustainable development that guides national planning and environmental management and reduces the chronic lack of coordination in national planning and development, and more specifically in institutional structures.

At the national level, the institutional issues emerge from the lack of a clear sustainable development vision, the reactive nature of policy and legislation, and the absence of effective coordination among organizations within the national institutional framework. There are instances in several countries where one organization is responsible for conservation, another for exploitation, and a third for enforcement, with little or no collaboration in planning, creating a serious impediment to effective environmental management. Getting the institutional structure right will go a long way toward addressing environmental and sustainable development issues.

### 11.3. Environmental Management: the need

**The St. Georges Declaration of Principles for Environmental Sustainability ... provides a framework for minimizing environmental vulnerability, improving environmental management and protecting the region's natural and cultural resource base for ". . . optimal and economic benefits".**



### for long term planning

Environmental management requires the management of the human impact on and with the natural environment. Particularly a human rights-based approach to environmental management seeks to protect persons living in poverty. Protection of environmental resources is included in general comments of both the ICCPR and ICESCR (general comments 4, 12, 14 and 15) which highlight that a clean environment is pivotal to the realization of many other human rights, especially the right to safe food and water. Additionally they interpret access to and use of natural resources as an important socio-cultural identity of indigenous minorities,<sup>28</sup> for the Kalinago People of Dominica come to mind in this instance. While comprising a small percentage of the Eastern Caribbean population, what indigenous communities do exist, require tremendous attention to environmental protection.

An analysis of environmental issues provides a lens through which to consider the central importance of institutional issues, much as was done in the previous section on social protection. The three issues of sustainability, disaster risk reduction and climate change can be used to highlight the challenges. Sustainability requires appropriate management of environmental resources such that they are available for future generations. Water, for example, is one of the most valuable resources in the Caribbean, particularly in the context of global population growth, climate change and what many analysts see as a looming global water crisis. Barbados is already a water-scarce country and UNEP analysis suggests that a water crisis could strike the wider subregion soon. UNEP research suggests that even well rain-fed countries such as St. Lucia are under threat, not

due to physical attributes, but rather because of poor environmental practices and a weak policy framework for securing and managing water resources. This potential has important distributional implications as the rising cost of water and privatization of water provision will hurt the poor most, particularly those in rural areas with high water needs and in areas where concerns with public health and sanitation are the greatest. Institutional weaknesses again must be seen as the key to reducing the region's vulnerability. The management of water for public use and commercial enterprise is fraught with complexities, especially in tourism dependent economies where hotels and golf courses are often priority water consumers.

Disaster risk reduction has become a major area of focus for UN development partners and member countries in the Caribbean. The region is highly vulnerable to hurricanes and seismic activity, including tidal waves or tsunamis. Poor households tend to be the most vulnerable, primarily because of the quality of housing stock and location on marginal lands that are prone to flooding or landslides. These vulnerabilities do not arise by chance, but reflect a failure of housing and land policy. Similarly, climate change in the Eastern Caribbean threatens rising sea levels, more frequent and intense storms and water insecurity through changing rainfall patterns. Climate change has further implications for food security, public health, housing, tourism infrastructure, and for other sectors in ways that have not yet been systematically explored in the subregion. The causes of climate change may be largely exogenous to the region but designing appropriate responses is entirely within regional control. The complexity of environmental challenges such as climate change, natural resource management and disaster risk

**The complexity of environmental challenges such as climate change, natural resource management and disaster risk reduction requires integrated approaches to the institutional frameworks**

28 Human Rights in Practice Fact Sheets on the Human Rights Based Approach on Development Cooperation - BMZ Information Brochure, 2010.

reduction requires integrated approaches to the institutional frameworks designed to address these challenges. Appropriate institutional approaches that can coordinate the activities of regional scientific bodies with those of national ministries to provide long-term local planning solutions are a key element in properly addressing the real challenge. Another key element is re-engineering to make public and private sector and community level organizations more receptive to change and to provide avenues for popular participation in decision making, in search of actionable solutions. Resilient and learning organizations and people along with proper policies and an effective institutional framework are the sine qua non for addressing environmental and resource management issues.

The extent to which the subregion adequately prepares for this major challenge will not be known until well into the future, as the impacts of climate change become more apparent. However, if the institutional infrastructure as well as policy and legal instruments have not been put in place the effects could be much more devastating than any of the crises the subregion has faced to date. Climate change thus offers an opportunity to design new institutions that can manage long-term planning. If successful, benefits will not just accrue in fifty years, but can be enjoyed at present, as the institutional architecture can be leveraged to tackle many of the short and medium-term challenges that the subregion faces today.

## XI. Conclusion

To date, subregional development has been governed by a focus that puts economic growth before the protection of human rights and the environment. Countries of the region must strengthen efforts to meet the requirements of international conventions and protocols if the MDGs are to be met.

To address the subregion's development challenges, development policy and planning must move beyond the narrow pursuit of policies based on the assumption that promoting growth will lead to poverty reduction without addressing the structural rigidities that hinder the redistribution of wealth. These rigidities are high levels of economic inequality; and social marginalization that excludes the majority from productive assets such as a good education, jobs with secure tenure, rising incomes and potential for advancement, and finance. This is no accident as, historically, the institutional environment in the Caribbean was designed to be static, facilitating the retention of a narrow class of economic elites at the very top, followed by a larger but still relatively small educated middle class conservatively guarding its privileges from the masses of urban and rural poor. Gender inequity and inequality also account for a large component of social marginalization and poverty among women, children and the elderly. The reality is that the institutions of Caribbean society have not been conducive to dynamic social mobility nor economic change. Much of the explanation for the region's reliance on traditional goods and organization of production can be found here, as can the severe lack of high-productivity entrepreneurship by individuals and small and large firms in the subregion.

Explicit recognition of this institutional context is critical in the context of UN development programming, given that policy and programmatic interventions and economic growth are rarely distribution neutral, with not all incomes rising at the same rate, and some not at all. Approaches to economic growth that do not explicitly take distributional issues into account risk providing disproportionate if inadvertent benefits to those

economic actors that are best positioned to take advantage of growth-oriented policies and programmes, even though the poor or members of marginalized groups may benefit.

Finally, it is worth reiterating that macro-level economic growth and household vulnerability are not unrelated. High levels of violent crime, natural disasters and climate change are considered the main sources of vulnerability but these are related to the challenges of growth, poverty and distribution. Violent crime in the 2000s is largely driven by economic rather than political factors, as international drug trafficking and other forms of organized crime dominate regional security concerns. Further, violence has explicit gender dimensions, particularly in poor communities where crime is concentrated. With the exception of rape, violent crimes are largely perpetrated by young men against other young men, though women and children are increasingly being targeted. These issues have direct and indirect impact on various issues including the spread of HIV/AIDS. These patterns are exacerbated by pervasive gender inequality, which sees high levels of sexual and domestic violence perpetrated against women who are often economically dependent on men for support for themselves and their children. This dependence is further linked to the inter-related issues of economic growth, employment opportunities, gendered labour market dynamics and weak social protection mechanisms that have been stressed throughout this report. Similarly, the recent natural disasters across the region serve as reminders of the extent to which natural hazard impacts can compound poverty and unequal social structures. Hurricanes and earthquakes have a disproportionate effect on people living in poverty in homes in geographic areas that significantly increase their vulnerability, whether because their houses cannot withstand the winds or they live on hillsides prone to landslides and floods. The structural relationships between all these issues – economic, societal and environmental – must be considered together in order to guide the 2012-2016 UNDAF process.

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This subregional socioeconomic analysis provides a background and framework to guide the United Nations Development Assistance Framework (UNDAF) 2012-2016 process and is based on existing data and analytical reports. Its main objective is to identify the underlying and structural causes of key development challenges relating to poverty and inequalities based on gender, age/generation and income, unemployment, weak institutions, governance issues, migration, citizen security, environmental degradation and natural disasters in Barbados and the OECS.

Sustainability is the belief that social, institutional, economic and environmental objectives are interdependent, complementary, mutually reinforcing and coherent. UN Subregional Team analysis and programming are means of bringing these concerns to the centre of the national development debate and framework in the context of the deeply embedded structural weaknesses that characterize economies, politics and societies in the Eastern Caribbean, and manifest in social marginalization and limited societal transformation and opportunities to see fundamental change in the subregion's economic and social structure.

While economic growth is necessary for the subregion to realize its human development goals, distributional issues must be recognized as the critical and pressing concerns facing the subregion. The sometimes subtle structural distinctions of inequality such as class, race, ethnicity, age and gender must be taken into account in order to capture what it means to be an income-poor or otherwise disadvantaged man or woman in the Caribbean.

The differential experience of poverty among women, men, girls and boys requires a gender-responsive and human rights-based analysis for the determination of priority interventions that are strategic, cost effective and sustainable. For many Caribbean women, poverty means responsibility for multi-person households, a gendered responsibility often more onerous where mothers get little support from fathers living outside the household. Being a woman can also mean vulnerability to sexual harassment and other forms of discrimination arising from structural gendered inequality and weak enforcement of legal protections. Prevailing cultural norms, practices, prejudices and corresponding community structures shape the life choices of women and men from a very early age with critical impacts on the performance of girls and boys in the educational system, and ultimately their position in the labour market.

The UN Development Assistance Framework, which this analysis informs, is the UN's strategic response to these development challenges in the Eastern Caribbean.

