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Report

**Caribbean 2030 - new thinking for a new generation II:
innovation and entrepreneurship**

Wednesday 24 – Friday 26 February 2016 | WP1462

Held in Kingston, Jamaica

In association with:





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The first Wilton Park Caribbean 2030 meeting of almost 40 younger leaders from across the Caribbean took place in the UK in June 2015. The young leaders identified their visions for the future direction for the region. The outcomes of their discussions are provided in the report: <https://www.wiltonpark.org.uk/wp-content/uploads/WP1404-Report.pdf>

The key issues outlined in that report will form the basis of this second follow-up meeting which will take place in the Caribbean. Bringing together many of the original group from the region, with a few additional experts, the group will focus on the next steps for the region, specifically focusing on one overarching theme identified in June: Innovation and entrepreneurship and how to achieve this for the region.

In June 2015 the group concluded that the challenges facing the Caribbean region – growth, security, fiscal management, amongst others – are stronger than ever, even while new ones, like climate change, emerge. At the same time, weaknesses in the governance in the region and the limited effectiveness of both public and private leadership have become increasingly exposed.

This follow-up meeting will focus on specific questions and identify the next steps that are needed and how the next generation of leadership can lead the necessary follow-up actions to embrace and affect a new vision of the Caribbean.

Objectives

This Forum builds on the first meeting of this group and aims to:

- Enable this group of new and next generation Caribbean leaders to turn their aspirations into actions;
- Focus on specific issues, primarily economic-related, that will enable the region to prosper;
- Bring people together from different countries and sectors, sharing cross-region expertise and ideas in shaping their future;
- Provide a neutral and residential setting for them to meet together and support their network;
- Provide an opportunity to link the group to the UK and other key external stakeholders who they might not otherwise have access to.

Summary

Caribbean 2030 has been initiated to create an active network of new and younger leaders from across the region who can work towards realising the full potential of the Caribbean region.

At the first Wilton Park-convened meeting in June 2015 the group outlined their visions for 2030 for the region. Promoting prosperity was a cornerstone for the future. The second Caribbean 2030 meeting, convened in Jamaica, focussed on how to encourage and support innovation and entrepreneurship within the region to enable greater regional prosperity.

Action plans were agreed in four areas: finance, credit and business growth; trade within and beyond the region; green growth and sustainability; and IT infrastructure/technology and open/big data.

The group have the capacity to deliver (and already are delivering) on these actions to support entrepreneurship in its widest sense, and improve the local and regional frameworks in which entrepreneurship can flourish.

The energy and passion of the group, now about 50 strong, together with their diversity and network, provides an opportunity to “connect the dots” across the region, inventing new ways to achieve economic development and policymaking.

Context

Since the first Wilton Park Caribbean 2030 conference in June 2015, there have been significant changes in the regional and global context. New global development frameworks were agreed including financing for development, the 2030 sustainable development goals (SDGs) and climate change (COP21). The wider region has seen the normalisation of US-Cuba relations, a fall in prosperity in South America due to the drop in commodity prices, the economic slowdown in China which has been deepening its links with the Caribbean, and domestic challenges in Venezuela.

There has also been a significant drop in oil prices at a time when energy dynamics in the region are changing with possible oil finds off Guyana and Jamaica, the USA seeking to be an energy exporter to the region and Venezuela’s domestic challenges which may affect the Caribbean in terms of the PetroCaribe oil barter programme.

It is against this backdrop that the discussion on innovation and entrepreneurship in the Caribbean was focussed. This report sets out the main themes of discussion, the conclusions and key actions.

Caribbean 2030 – new thinking for a new generation II – key conclusions

- The Caribbean tends to compare itself to and imitate other rich countries instead of inventing new policies or ways of working specifically for the Caribbean context. The region needs to ‘think outside the box’.
- The Caribbean needs to identify its strengths rather than focus on weaknesses, and find opportunity in crisis. Strengths include its location – proximity to the world’s largest economy and to large natural resource reserves in Latin America – and its vibrant democratic environment. The expansion of the Panama Canal due later this year would also bring opportunity. Ways to provide value-added services or goods should be pursued.
- Whilst the Caribbean is composed of islands, it is not isolated from global issues and needs to work effectively as a region. Working together is the only way to overcome the challenges of scale. However, few have seen companies successfully achieve scale in the Caribbean and so are not enthusiastic about Caribbean regional integration, (CARICOM being seen by some as too fragmented and unable to work meaningfully as a regional vehicle). Regional transport remains

- a major challenge, and it is not clear what brings the Caribbean region together. Elections often disrupt a country and the region's continuity: leading up to an election Caribbean islands often find themselves looking inward and the regional agenda set aside.
- Ways of working together as a region should therefore be pursued. The Caribbean could identify a number of shared challenges on which to work together as a region to find common solutions on issues such as climate change and correspondent banking.
 - Many were enthusiastic about promoting and facilitating in practice the free movement of people in the Caribbean region to support business ties, regional integration and allow skilled labourers to find employment opportunities easily within the region.
 - As Caribbean countries look to diversify their trade partners, the region might consider working more closely with Latin America with which it has not had a traditional link.
 - The region suffers from 'implementation deficit disorder': there is often a lack of implementation and action. People needed to see themselves as agents for change and effect change.
 - A lack of thought leadership in the region was acknowledged alongside a problem of high and inappropriate wage levels in some cases, nepotism and a general human resource shortage in both the public and private sector.
 - There needs to be a change in the way the Caribbean addresses problems, with a focus on addressing the root cause rather than criticising the end result.
 - In order to encourage creative societies people need to be open to ideas, different ways of thinking and communicating, and alternative lifestyles – with equality of treatment for all citizens, it was argued. "Is there any hope of innovation without tolerant societies?" was a question posed.
 - Finding ways to 'connect the dots' to create innovative and holistic solutions to regional challenges was a theme that ran throughout the discussions.

Caribbean 2030 – new thinking for a new generation II – key actions

Working groups running through the meeting focussed on four areas, with actions identified by the groups that they could work on individually and together. These are outlined below.

i) Green growth

Identifying a green and sustainable vision for the region which minimises waste and lowers carbon emissions.

Key actions include:

1. creating a regional online database of existing good "green" practices in the region
2. championing green business approaches, for example in the hotel industry;
3. increasing awareness of the need for sustainable and green approaches;
4. encouraging a move away from the use of plastic;
5. encouraging the use of electric cars by government/public organisations, encouraging a pilot project with one government; and working towards achieving a zero rating on the importation of electric vehicles.

ii) IT infrastructure/technology and open/big data

Aiming to empower people through ICT, facilitating greater access to information and open data across the region.

Regulation, access and open data sharing are critical. Harmonising Freedom of information acts across CARICOM countries would be a good first step to increased data sharing, for example government sharing and harmonisation of legislation on e-filing.

Key actions include:

1. CaPRI will conduct an open data readiness assessment for the region, seeking technical support from UNESCO, that will look at the types of information that is available, the standards in the region, and review existing (and potentially proposed) legislation;
2. initiating a public education campaign on open data;
3. working towards proposing a harmonised model of open data and Freedom of Information Acts for the Caribbean countries.

iii) Finance, credit and business growth

The group identified three core issues impacting finance in the Caribbean: education, access and risk.

The group acknowledged that the prevailing threat of de-risking within the correspondent banking sector will affect all of the identified areas unless tackled in the immediate term.

Key actions include:

1. Education

- a) Advocating for greater deployment of financial literacy tools. Where possible, use pre-existing tools and e-learning platforms. This education is for all levels, from schools to government, to entrepreneurs, to investment promotion agents, to bankers;
- b) Organising a hack-a-thon to create an app that makes financial literacy accessible to the broad range of stakeholders.

2. Risk

- a) With the goal of encouraging financial institutions to adopt risk, develop a framework that can be used by financial institutions (particularly national credit bureaus) to evaluate/analyse risk;
- b) To the extent possible, advocating for the establishment of a pan-Caribbean credit bureau;
- c) Outlining risk assessment methods.

3. Access

- a) Looking at existing innovation funds. Based on findings, evaluate their relative success in the region and move towards developing private sector innovation funds;
- b) Rolling out a template that can be used for the development of capital markets throughout the region;
- c) Developing an inventory of funding sources for investment clubs. Developing a website (longer term action).

iv) Trade within and beyond the region

Aiming to improve private sector investment and engagement which would enhance trade within the wider Caribbean and beyond.

Key actions include:

1. Developing Public Private Partnerships (PPPs) - helping governments identify priority projects which can benefit from Private Sector capital and expertise; and ensuring technical support can be utilized to make these investment ready - ROI identified, terms defined etc.;
2. Promoting and engaging with the wider Caribbean countries that border or sit in the Caribbean seas but are outside CARICOM, through trade missions; implementing;

- trade agreements; deeper political engagement and regional events geared toward private sector investment;
3. Encouraging bids to the UK Infrastructure Fund and other European Union funding where eligible;
 4. Using media to expose/promote/advocate for change – promoting and publishing articles which advocate change and exposing current inefficiencies.

See the annex below for further details on the working groups' conclusions and actions.

Key conference subjects

The overall focus of the second Caribbean 2030 meeting was on encouraging and supporting innovation and entrepreneurship within the region to enable greater regional prosperity. A summary of the main subjects discussed is below.

Innovation and entrepreneurship in the Caribbean

A number of exciting entrepreneurial approaches were shared with the group, including Jamaican Producers, which has successfully reinvented a traditional banana trading company to a dynamic food speciality firm trading internationally; a Bitcoin revolutionising financial transactions launching across the region (using block chain technology); a home-start chocolate maker creating her growing Chocolate Dreams; and a regional social enterprise being set up online to promote and sell "Made in the Caribbean". These examples, and others, provided a number of clear insights into how entrepreneurship could succeed in the Caribbean, the framework it needed to thrive, and the changes required.

- Entrepreneurship needs to be promoted more in the Caribbean, with mechanisms of support created to help entrepreneurs with business plans, accountancy and financing. Supporting entrepreneurs to set up a business as if they are going to sell it from Day 1 was encouraged. Sharing and communicating successes for others to learn would also be beneficial.
- Challenges faced by entrepreneurs in the region include: access to finance, a lack of skilled labour. However, a challenge for foreign investors – excessive bureaucracy or "red tape" – could be an opportunity for local entrepreneurs and investors who have access to information on the ground.
- Regional markets have great untapped potential. Some entrepreneurs looked first at the opportunity in the regional market before looking further afield to international markets.
- How could the Caribbean find ways to use value added products and services to promote economic and social development?
- The role of women in the business world was also discussed, with many saying that the 'boys club' still existed and that maternity leave and flexible working arrangements are often difficult to negotiate.

Financing for the future: balancing risks with enterprise

The availability of financing (local and international) for investment to support entrepreneurial activity is critical for the region, and becoming more challenging.

- Correspondent banking is currently presenting a huge challenge to the Caribbean region. International banks are terminating their relationships with Caribbean banks due to the cost of complying with a set of complex rules for sustaining these relationships, and the fines and penalties associated with breaching these rules.
- However, there is a lack of empirical data to support the claims of these banks. Banking relations are often severed abruptly and without a strong cause. This has serious implications for foreign direct investments, trade and remittances to the region.
- It was recommended that the Caribbean could encourage local banks to adopt

know your customer (KYC) policy and start sharing data.

- This was a regional problem which required regional action and CARICOM could play a role in addressing the issue.
- Block Chain Technology provides a revolutionary opportunity and is being rolled out across the region, led by one of the Caribbean 2030 group. This technology enables cross-border interactions, and eliminates the need for a correspondent bank, allowing for decentralized KYCs. The analogy was drawn between the transformations from traditional film to digital cameras as to why block chain is the next 'big thing'. The impact for the region was suggested to be highly significant.

Education and skills training

Talent is being wasted in the region, and strong calls were made for significant improvements in education and skills training which would unlock entrepreneurship in all its forms.

- The education curriculum in the Caribbean should be revisited to encourage innovators and big thinkers rather than the traditional fields of accountancy, medicine and law. There is a need for education to create employers and not employees, with a focus on creativity and thinking rather than regurgitation of knowledge. Some islands have considered introducing entrepreneurship and financial education in primary schools.
- As the world changes, so does the curriculum with more focus needed on where there is a demand for employment (such as big data analysts on one end of the spectrum and farmers on another). There is a need to review the skills needed for current jobs in the market and understand where the Caribbean had transferable strengths relating to the global market. This is a particular issue given that many islands bring in outside talent to fill the skills gap.
- Businesses are encouraged to have more dialogue with schools and education ministries to coordinate the development of skilled labourers needed on the islands.
- A common problem is encouraging older teenagers, particularly males, to continue in full-time education. It was suggested that there was a need to find out what subjects motivated these students – which might be music or creative subjects – and that children should not be pigeonholed into traditional subjects but be able to explore what they are interested in.
- There was a concern that IT was not being introduced in schools in the most effective way. In some countries where free laptops had been distributed amongst students, there was a concern that there was a lack of educational content and teachers with strong ICT skills who could encourage learning via laptops rather than simply providing a device for access to the internet and social media.
- Social and economic exclusion remain a concern: many children still go to school hungry and are unable to concentrate in class.
- Skills training and mentors for those setting up small businesses is needed.

Infrastructure and the business environment

To ensure an enabling business environment with strong infrastructure (hard and soft) the relationship between the private sector and governments remains key, and has to be a two-way process.

- Governments need support in creating infrastructure projects that are ready for investment, with costs and feasibility studies available for investors.
- Given the huge scope for public private partnerships in the region there is a need to find innovative instruments to support this.
- Businesses need governments to provide a supportive and enabling framework in order

to succeed; governments need help in drafting legislation and regulations.

- The region should advocate in advance on regulation issues that affect the Caribbean in the US, Europe and elsewhere.
- The Caribbean received significant grants from the EU for energy but the outcomes had thus far been disheartening. There is a need for greater progress on environmentally sustainable initiatives.
- Taxes on airfares are too high which some believed limit visitor numbers and government revenue.

Conclusion

The group of younger leaders recognised that so many of the solutions to the challenges facing the Caribbean lie within the region. Their passion and energy to make a difference is visible, inspired by the individuals themselves and the entrepreneurs they heard speak. The action agenda set is ambitious, but so is this group.

Catherine Hickey with Robin Hart

Wilton Park | April 2016

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ANNEX – working group conclusions and actions

Green Growth

The main focus was on increasing output whilst minimising wastage and lowering carbon emissions, identifying a vision for the region in its green and sustainable approaches, and encouraging best practice. It was agreed that the group was “better together” – and moving forward the group will seek to work together.

Key actions agreed:

1. generate a regional online database of what good “green” practices are happening across the region, that improves information sharing. CaPRI offered to start this online, building on their existing renewable energy financing database;
2. champion green business approaches in each of the group member’s work, for example the hotel industry, and through hotel associations;
3. the group will work with existing organisations and associations to make change in the areas of green growth, for example through chambers of commerce, through hotel associations etc.;
4. increase sensitisation of the need for sustainable and green approaches, building awareness. There was discussion around the group creating a visual/performing arts piece;
5. encourage a move away from the use of plastic, for example mimicking the UK in charging for plastic bags;
6. encourage the use of electric cars by government/public organisations, encourage a pilot project with one government; and work towards achieving a zero rating on the importation of electric vehicles.

IT infrastructure/technology and open/big data

The main aims were to empower people through ICT, with the key being to facilitate greater access to information/open data across the region.

Members of this group will form a committee that will look at the important issues of regulation, access and open data sharing. Freedom of information acts are not consistent across CARICOM. This is a key first step to data sharing for example government sharing and harmonization of legislation on e-filing.

CaPRI will conduct an open data readiness assessment for the region, seeking technical support from UNESCO, that will look at the types of information that is available, the standards in the region and will be reviewing draft legislation. A private member motion will be moved in the Dominica parliament by one group member.

Taking a six month approach the group plans to start a public education campaign; by year two it is proposed that a harmonised model for the Caribbean be refined.

Trade within and beyond the region

The group focussed on “Private sector investment and engagement” with actions that could have immediate short term and long term effects and which individuals of the group were committed to work on in their individual capacities where this was possible

1. Development of Public Private Partnerships (PPPs)

Efforts should be made to help governments identify priority projects which can benefit from private sector capital and expertise. Once this is done, technical support can be utilised to make these investment ready - ROI identified, terms defined etc.

2. Promotion and engagement of wider Caribbean

As trade patterns change, the Caribbean needs to more effectively engage the states that border or sit in the Caribbean seas but are outside CARICOM.

This can be done through trade missions; implementation of trade agreements; deeper political engagement and regional events geared toward private sector investment.

Greater private sector interaction and, ultimately, trade, will force greater political engagement and, hopefully, foreign policy co-ordination. CaPRI is to look at alternative measures of development.

3. British government network and European Unions

The representatives in our group with UK government connections would try to encourage and promote bids for countries which qualified for Overseas Development Assistance to access the UK Caribbean Infrastructure Fund.

4. Use of media mechanisms to expose/promote/advocate for change.

The group discussed the ineffective role of the media as a watchdog. In any democratic country the media plays a vital role in creating, moulding and reflecting public opinion.

Members of the group, where possible, would try to promote and publish articles advocating change and exposing current inefficiencies.

Finance, credit and business growth (FCBG)

The group identified three core issues impacting finance in the Caribbean. These issues were seen as fundamental if the group is to be able to undertake strategic actions that can begin to have an impact on “Caribbean 2030” and, additionally, will be central to the core goals of encouraging innovation and entrepreneurship.

Methodology:

The group first attempted to classify a wide-ranging list of priorities into a set of overarching themes. As a second step, the group identified some of the areas that impact the ability to achieve progress in any of the themes. Finally, the group discussed each theme to understand how, and where, the participants could play a meaningful role to bring about change.



Figure 1 Themes and Overlays

SPECIAL NOTE: The group also acknowledged that the prevailing threat of de-risking within the correspondent banking sector will affect all of the identified areas unless tackled in the immediate term. To this end, actors from the FCBG group will collaborate with participants in the IT Infrastructure/ technology & open/big data group to continue this part of the discussion.

Recommendations:

For each theme (Education, Risk, Access) a sub-group leader was identified and is charged with leading a team to implement recommendations. They are as follows:

Sub-group 1: Education

Actions:

- a) Advocate for greater deployment of financial literacy tools. Where possible, use pre-existing tools and e-learning platforms. This education is for all levels, from schools to government, to entrepreneurs, to investment promotion agents, to bankers.
- b) Organise a hack-a-thon to create an app that makes financial literacy accessible to the broad range of stakeholders.

Sub-group 2: Risk

Actions:

- a) With the goal of encouraging financial institutions to adopt risk, develop a framework that can be used by financial institutions (particularly national credit bureaus) to evaluate/analyse risk.
- b) To the extent possible, advocate for the establishment of a pan-Caribbean credit bureau (this presumes a longer-term effort, but the group sees value in moving towards this goal).
- c) Outline risk assessment methods

Sub-group 3: Access

Actions:

- a) Look at existing innovation funds. Based on findings, evaluate their relative success in the region and move towards developing private sector innovation funds
- b) Roll out a template to can be used for the development of capital markets throughout the region
- c) Develop an inventory of funding sources for investment clubs. (Longer term) develop a website.

For all of these, the group recognised the importance of tapping into existing resources, such as national development banks.