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Report

## **Caribbean2030 Leaders Network 4: influencing change for good governance and resilience**

Wednesday 30 May – Friday 1 June 2018 | WP1601

Held in Port of Spain, Trinidad and Tobago

In association with:





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The Caribbean 2030 Leaders' Network (C2LN) is a group of Caribbean influencers and young entrepreneurs who share a collective vision and passion of wanting the Caribbean to, and believing that it can, realise its full economic potential. The group, consisting of what we call "the next generation of business, political and civic leadership," view the problems of the region from the perspective of one, united Caribbean and likewise have a shared optimism of hope of what the region can be. The Caribbean Policy Research Institute (CAPRI), Wilton Park, and the Foreign Commonwealth Office have been the major partners in the initiative since its inception. The first gathering, held at Wilton House in the UK in June 2015, was a visioning exercise to establish the key elements for a successful, prosperous Caribbean. These elements established the parameters of the agendas for the subsequent meetings. A discussion of the key issues raised and vision outlined at that meeting is summarised in the [conference report](#).

The group met for a second time in Kingston, Jamaica, in February 2016 to build upon the foundation established at the first meeting. The meeting explored four thematic areas: finance; credit and business growth; trade within and beyond the region; green growth and sustainability; and Information Technology (IT) infrastructure and open data. The highlights from those discussions are in the [conference report](#).

The main objective of the third meeting, back in the UK in October 2016, was to discuss and identify a series of realistic and actionable targets and strategies to achieve measurable progress over the ensuing eighteen months. The action plan for harnessing the potential of the Caribbean region focused on green growth and sustainability, and on open data and good governance. The findings are in the [conference report](#).

Open data has emerged as one of the most significant policy areas for promoting efficient and transparent government, and has been demonstrated to be a catalyst for innovation. Green growth aims to foster economic growth and development while ensuring that natural assets are used sustainably and continue to provide the resources and environmental services on which well-being relies. An update is tabled below on the progress made with these two projects.

The main objective of the fourth congress, held in the Trinidad and Tobago capital, Port-of-Spain, in May 2018, was to build on previous network activities, specifically open data and good governance, and explore new ones, in particular, challenges

to the regional banking sector and opportunities for new financial technologies. Reconvening the group for this round, following the experience of the two hurricanes that devastated parts of the region last year (2017), also allowed for dialogue on resilience and vulnerabilities in the region, and actions that the Network could take (see report below).

## **An update on progress from the previous C2LN meeting**

### **Open data**

This Working Group identified four critical areas. <sup>1</sup>The first was to define the principles of open data for transparency, accountability, and integrity, and to articulate open data's economic benefits. Subsequently, six principles of open data for transparency, accountability and integrity were identified.

1. **Recognise** – that transparency and accountability of public service delivery are important in building trust in public service and state institutions
2. **Recall** – the availability of reliable, accurate and accessible information is vital to the independent assessment of public services
3. **Acknowledge** – that government is the primary customer for many private suppliers hence they need to work together to align national and commercial interests
4. **Assure** – closer collaboration between government and the private sector will serve to reduce distrust, lower costs, and foster greater innovation, and will augur for stronger and more innovative markets
5. **Agree** – to uphold the principles of transparency and accountability, civic participation and openness in the policy making and procurement processes
6. **Agree** – to advance initiatives that seek to promote openness in the Caribbean.

The second task was to conduct an assessment of the work being done by the Caribbean Open Institute and Caribbean Telecoms Union. This area, however, remains a work in progress. The group also made it a priority to seek funding to conduct Open Data Readiness Assessments (ODRA) in various Caribbean countries and identify key government persons to liaise with the World Bank programme. The group first identified those countries in the region that were already assessed.<sup>2</sup> They then secured funds from the World Bank to conduct an assessment for St. Vincent and the Grenadines, and are currently seeking funding for the other islands.

The group also mapped the state of legislation for access to information, data privacy, and anti-corruption in the region. Four main types of legislation were found: freedom of information laws, data protection laws, data privacy laws and national anticorruption laws. The group also intended to create an index and ranking of the countries. It was found that only six of sixteen countries in the region had all the aforementioned laws which are necessary for an effective open data programme. The group created an interactive dashboard, which shows open data legislation in the different territories. The index and ranking are pending.

<sup>1</sup> The group members are Keron Niles, Gabriel Abed, LaTeisha Sandy, Joel Greenidge, Ryan Hoppie, Myriam Kennett, Josh Drayton and Debbie Ransome

<sup>2</sup> Open data Readiness Assessments have already been done for Jamaica, Haiti, Dom Rep, Antigua & Barbuda, St. Lucia, Trinidad & Tobago

## Green growth

This working group has been working on three initiatives, namely: <sup>3</sup>

- i. Develop and monitor Sustainable Development Goal (SDG) Indicators for the Caribbean (Micro and Macro indicators);
- ii. Identify and design a programme for the elimination of perverse incentives with regard to green growth in the region; and,
- iii. Review Styrofoam and plastics packaging policies and create input to policy processes (with specific regard to waste management).

As regards SDG monitoring, a partnership was struck with the Caribbean Development Bank (CDB) to develop suitable SDG indicators for the region, that is, translating the global SDGs into targets and measurable indicators which are representative of the specifics of the Caribbean region. The group also developed a working paper on how social impact bonds can be used to achieve SDGs in the region.

For the second initiative—to identify perverse incentives to green growth—the working group compiled a list of all custom duties applicable to equipment used in the generation of alternative energy. These duties were reviewed, with the intention of creating a campaign for their removal, and for the adoption of renewable energy-friendly policies at the highest level. The result was a letter to Ambassador Laroque of CARICOM advocating the removal of duties on these equipments.

Relating to Styrofoam and plastics, the group has been advocating limiting the use and better management of these two forms of material. To this end a public education video was put together by the working group to generate public awareness. The video was previewed by the network, and with a few more edits should be ready for dissemination to the general public.

## Summary of discussions and actions from the fourth C2LN meeting

### Transparency, open data and good governance

Open government data is the proactive collection, identification, storage, and publication of government data in a format that can be freely used, reused and redistributed by anyone for any purpose. Open data has been demonstrated to be a catalyst for innovation in many countries. Governments have to be prepared to work with academia and civil society to create value from open data. A collaborative approach must be taken with regard to how we innovate for open data, and to recognize that government's role goes beyond publishing data, but also to be users of the solutions that arise from open data. The World Bank Index for Open Data Readiness Assessment looks at leadership, policy framework, institutional preparedness, the availability of data and whether civil society is able to take advantage of the information.

#### Key issues discussed

- There should to be a regional approach to Caribbean data consensus, that is, a Regional Open Data Portal, as country-level engagement is limiting. The value of open data initiatives in the region will ultimately rely on the emergence of a Caribbean open data ecosystem (digital data common) to facilitate the sharing of solutions. The effective use of open data also means capacity-building in this area. Digital literacy will become key and so a Caribbean School of Data is proposed.
- Cultural and structural barriers to open data in the Caribbean have prevented most countries from reaping the economic benefits of this initiative. The cultural barriers stem from the notion that data collected by government is their property.

<sup>3</sup> Group members are Suzanne Shaw, Jennifer Raffoul, Holland Grant, Kevin Hope, Natania Lummen, Donna Kaidou-Jefferey, Marla Dukharan, Joanna Edghill, Keron Niles and Connie Smith

Structurally, the islands have smaller economies and have fewer resources than other larger jurisdictions do, hence the need for a regional approach to open data for good governance.

- The open data initiative has been challenged by the lack of regional collaboration and its scalability. Generally, there is still apathy on the part of the political leadership towards the open data agenda.
- There are opportunities for collaboration in open data wherein if efforts are harmonized, an integrated data ecosystem can thrive. One such way is to pair it with the Sustainable Development Goals (SDGs). To make open data a reality:
  - an ecosystem needs to be in place
  - set up advocacy groups to press to make information available
  - make information digestible for third parties
  - put in place a legislative regime
- Open data is the hub to achieve accountability and civic engagement. CAPRI's friendly budget initiative, for example, sought to break down the government's budget in simpler terms for the general public. For the open data ecosystem to evolve, it should not rely on an intermediary but persons should be able to access information readily, hence the format and user-friendliness are key.
- The private sector is a critical actor for open data to be sustainable. There should be engagement with government to find what data is of value. One key area to be explored further is open data as an enabler to innovation.
- Reusability is where there will be growth in open data adoption in the Caribbean.
- The open data approach has to be targeted and specific. In agriculture, for example, one of the major concerns is praedial larceny (the theft of agricultural produce). The push should therefore be to look at which data will make this tractable. Open data in agriculture in Jamaica can lead to solutions for how to reduce the friction between supply and demand. There are not a lot of resources available, so we must be targeted in our approach.
- C2LN has to be cognizant of the laws made in other countries. One such law is the General Data Protection Regulation (GDPR) which is a regulation in EU law on data protection and privacy for all individuals within the European Union and the European Economic Area. The European Union (EU) Data protection regulations have an extra territorial effect, that is, they apply to those outside the EU dealing with persons within it. Therefore, jurisdictional and legislative overreach must be at the fore of all conversations on open data.
- C2LN can be the champion for open data in the region.

#### **Related action items**

- Conduct a gap analysis (open data barometer) which will encompass a narrative with top facts and persuasive arguments, limitations and demands.
- Compile a one-pager—a simplified document with important facts and persuasive arguments from the gap analysis
- Conduct stakeholder engagement with a view to garnering a consensus on open data.
- Identify strategic priorities and draft an action plan.

#### **Challenges for the regional banking sector and opportunities presented by new financial technology**

The regional banking sector has been severely challenged by the correspondent banking problem. International banks have terminated some of their relationships with Caribbean

banks due to the cost of complying with a set of complex anti-money-laundering (AML) rules for sustaining these relationships and the fines, penalties and reputational damage associated with breaching them. The Eastern Caribbean has lost fourteen correspondent banking relationships. This so-called “de-risking” issue is of particular importance for the Caribbean as the region is highly open and dependent on international trade, remittances, and foreign direct investment. This is a regional problem so collective action is required.

#### **Key issues discussed**

- Banks have been shifting revenue schemes towards fees and away from interest and currently much of bank profits are based on fees. It is being touted that blockchain can eliminate much of these fees.
- Blockchain technology provides a revolutionary opportunity that can enable cross-border interactions and eliminate the need for a correspondent bank. Independence has been cited as the reason for buying into cryptocurrency.
- Cryptocurrencies and digital assets is a new and rapidly evolving area which potentially holds opportunities for Caribbean firms and governments. Given the dearth of knowledge and understanding, the approach should be to look at crypto assets and digital currency in an exploratory manner, ideally with a regional approach. Where some Caribbean countries have already adopted agreements and regulation, the approach could be bilateral agreements, towards expanding a network.
- Financial inclusion is one of the most important goals that the Caribbean needs to achieve to secure economic development. The World Bank has set a target of achieving Universal Financial Inclusion by 2020. Universal Financial Inclusion is a critical enabler for eight of seventeen SDGs. Not being financially inclusive is one of the causes of poverty.
- With low levels of financial inclusion in the region being an obstruction to economic growth, digital currency might be the opportunity to leap ahead. Digital currencies might also be a way around embargoes, thus the potential impact of facilitating cryptocurrency adoption in the region could be significant.
- Universal financial inclusion cannot be achieved with regular banking, hence digital currency could provide a solution to those with no current access to formal banking. The creative industry is one of the untapped sectors in the Caribbean where a lot of financial transactions are informal. Cryptocurrency confers an advantage in that it allows people to transact financial resources more freely and in the case of the creative industry, would be able to capture this segment more readily.

#### **Related action items**

- Model a regulatory “sandbox” to allow for small-scale testing of cryptocurrency in a controlled environment under regulatory supervision.
- Attend Asset Recovery Inter-Agency meeting in November 2018.
- Submit article to World Economic Forum Global Shapers Blog about cryptocurrency
- Prepare a Fiscal Rule policy brief
- Carry out a public awareness campaign to demystify cryptocurrency.

#### **Improving national and regional resilience to economic and natural shocks**

The devastation caused by hurricanes Irma and Maria in the last hurricane season exposed, with catastrophic consequences, the vulnerability of the region. These disasters have destroyed years of gains made in infrastructural, economic, and social improvement. Climate change scientists predict that there will be storms of even greater intensity in the



future. Hence, there is an urgent need to build resilience and reduce vulnerabilities.

Building resilience is a macroeconomic issue. There are implications that affect lives, resources and the economy if emphasis is not placed on building resilience. Resilience is the ability to respond, cope, and adapt to exogenous shocks. Vulnerabilities on the other hand are the characteristics determined by physical, social, economic and environmental factors or processes which increase the susceptibility of an individual, a community, assets or systems to the impacts of hazards. The major causes of vulnerabilities in the region are the small markets, especially for energy; the proneness to natural disasters; the depth of the financial markets and its susceptibility to what is happening in foreign markets; the dependence on imported fossil fuels and the region's limited economic diversity, for example its dependence on tourism.

#### **Key issues discussed**

- Climate change continues to move faster than climate action. Droughts are increasingly becoming a problem and rising heat levels affect poultry, livestock, and agriculture. Therefore, the level of discussion around climate action needs to be intensified as the effects of climate change is becoming more grave.
- A concerted effort must be made to stop natural events from becoming natural disasters. In some islands, for example, no building codes exist. Holding back on investing in disaster preparedness results in more being spent on restoration. Many disaster preparedness plans exist, but not enough disaster recovery initiatives.
- The Caribbean has six of the ten most indebted countries in the world and most of the debt originates from natural disasters occurring – the number one area of vulnerability in the region. Whenever there is a disaster, there is usually a decline in the gross domestic product of the affected country suggesting a strong correlation between the two. The heavy dependence on fossil fuels and also the accessibility to renewable energy is problematic for the region.
- With all the resilience plans, there is a need to build human resource capacity. One example is Dominica which has set up a National Emergency Committee and has managed to mobilize its citizens to give assistance to one another. There was widespread communication after the last hurricane and no disease outbreak despite being without water for a long period.
- Building resilience and reducing vulnerabilities requires a shift in thinking and policies to transform economies. The resilience of the public sector is crucial as it affects how countries are able to deal with these occurrences. They must be equipped to fulfill their potential. The transformation will require renewed focus in four key areas: (a) fiscal and debt sustainability; (b) physical infrastructure; (c) human and social capital; and (d) climate and the environment.
- There is a psycho-social dimension to climate change as persons are traumatized long after a disaster. More attention needs to be given to this area. The response to resilience tends to be based too much on economics. The impact of the disaster is at the local level so more consideration should be given to the poor and marginalized in order to be able to adapt.
- There are lessons to be learned from the Cuban experience with extreme weather events. This was highlighted during the passage of Hurricane Matthew in 2016. Significantly less persons perished in the wake of the hurricane than in other impacted countries. One of the major reason is the fact that there is widespread training in case of emergencies and above all, it is entrenched in Cubans that life matters the most. That is to say, protect the individual before property. This framework ought to be adopted by other Caribbean Islands.
- To be better able to assist neighbours in times of emergencies, there needs to be a defined and robust system in place to render assistance. A decentralized

support system ought to be put in place so citizens can support efforts within communities and leverage resources to assist each other.

- Advances in technology can help build resilience in the region.
- An enabling environment for resilience requires a stable macroeconomic environment, the correct policies and institutions to be put in place, directly targeting vulnerable groups to strengthen their capabilities, and most importantly, building a regional mechanism to adequately address these vulnerabilities.

#### **Related action items**

- Explore secure options to pool funds for disaster relief support (such as payment platforms for disaster relief support)
- Develop a database of legitimate entities for making donations after disasters
- Make contact with CDEMA about the collection of donations and look at the role of an independent agency to coordinate alongside them
- Produce a public education video about what to do after a disaster
- Create a map of safe/unsafe areas.

#### **Next steps**

The group recognized the importance of the work of the Network, and the work stream between meetings. The frequency of meetings came up for mention where online meetings between general meetings were proposed to sustain the momentum. The idea of setting up local chapters was also raised. As a matter of priority a listing of all members of the network, to include a brief bio about each person, is to be compiled.

It was agreed that the number of focus areas for the group should not increase beyond four. This current meeting spanned three pertinent topics that have built on the foundation set at the inception of Caribbean 2030. The draft mission statement is to be fine-tuned based on the feedback from the participants.

The groups identified and agreed to undertake the projects listed under the related action items. Members of the Caribbean 2030 Leaders' Network committed themselves to lead and support the specific projects tabled.

#### **The team from The Caribbean Policy Research Institute**

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