

Goede Consultants & Calmera Advise

Creating the Caribbean 3.0 Future

Caribbean Small Island Developing States

Goede & Calmera
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Introduction

We are NOT living in an era of change but we are experiencing a change of era. Everything is changing and we, as Caribbean Small Island Developing States, need to adapt.

This book is about how the 23 Caribbean Small Island States need to adapt to experience progress or get stuck.

UNESCO SIDS MEMBER STATES

1. Antigua and Barbuda
2. Bahamas
3. Barbados
4. Belize
5. Cuba
6. Dominica
7. Dominican Republic
8. Grenada
9. Guyana
10. Haiti
11. Jamaica
12. Mauritius
13. St. Kitts and Nevis
14. St. Lucia
15. St. Vincent and the Grenadines
16. Suriname
17. Trinidad and Tobago

UNESCO SIDS ASSOCIATE MEMBERS

1. Anguilla
2. Aruba
3. British Virgin Islands
4. Cayman Islands
5. Curaçao
6. Sint Maarten

Not only on an island wide level should we create a new reality but also on an organizational level. Organizations need to transform and startups will emerge.

This book is a guide for people in charge and other stakeholders.

12 Challenges Facing Caribbean Small Island Developing States

On a daily basis we read many good articles about issues in the Caribbean. In this first article, we make an inventory of the trends we think we Caribbean people have to watch, follow and make policy on. Why? Because these trends might have significant impact on your income, job, health and live if you live on a Caribbean island. The order is random and we discuss them here one by one. Know that they can all work simultaneously on the Caribbean. And they don't necessarily start in the Caribbean either: in many cases these trends are a variation of a global trend. In next articles this month we will elaborate on these trends..

1. Climate change. For many years, it has been known that global sea levels are rising. For example, the World Heritage Site in Willemstad in Curaçao in a few years will confront certain unenviable consequences if no measures are taken to adapt. Other related issues are trends of hurricanes, extreme periods of dryness, and those marked by extreme rainfall. The United Nations for many years has been creating awareness on these issues. Despite this all, only a few islands' governments and NGOs are addressing the critical issue of climate change.
2. Oil prices. A number of Caribbean countries extract precious minerals and fuel from nature for their economies. But guess what: oil prices have dropped from above \$100 dollars a year ago to around half that price for a barrel of oil. This decline affects the Caribbean directly, as most Caribbean islands consume a significant amount of oil, often at a very high cost. The incomes of the oil producing states will be affected directly; the resource curse continues. Also some Caribbean islands are dependent on foreign direct

investments (FDI) and tourist arrivals from Russia and Venezuela, which, at a lower oil price, have trouble balancing their budgets. In a previous CJ article, we showed the effects of declining oil prices for the Eastern Caribbean islands.

<http://www.caribjournal.com/2015/01/30/how-does-the-oil-price-decline-affect-the-eastern-caribbean/>. On top of that the future of the Venezuelan PetroCaribe programme remains uncertain.

3. China. China is one of the world's main importers of oil. China's political and economic involvement in the world and in the Caribbean is relatively new and unknown, but remains a potential game changer. The Chinese government sponsors big projects in the Caribbean like hospitals, hotels, bridges, channels and roads and the foreign direct investment inflows from China are an important factor in the balance of payments of the Caribbean. But China's way of doing business is different from the West, and we do not know what the long-term effects will be. It's not only China that's getting more active in the Caribbean, but also countries like Russia.
4. Poverty. Despite increasing FDI and growing tourism sectors, poverty has been an issue in the Caribbean islands. The global trend of the rich getting richer and the poor getting poorer is also reflected on these islands. With poverty comes high levels of youth unemployment and some people unable to acquire the right skills to earn a living in their economies.
5. Crime, drugs. With high levels of unemployment and increasing poverty in some neighborhoods in the Caribbean islands comes the problem of trafficking. This is a fertile soil for transnational crime and gangs, and has been for several years now.

6. Financial markets. Many islands have diversified their economies by getting involved in the financial markets. In recent years, rich countries, led by President Obama, were determined to reduce tax evasion and cracked down on the industry. This will eventually result in the loss of income and jobs in this sector. In some islands we see a decline in the international financial business sector and this downward trend has been difficult to reverse.
7. Cuba. Another factor affecting the Caribbean is Cuba. When Cuba was closed off, most Caribbean islands were able to cater for the United States market. The normalization of the relationship with the United States could potentially result in a drop of tourist arrivals to the rest of the Caribbean islands from America. Caribbean islands will have to try to diversify their economies and target new markets for tourism.
8. Digitalization. The Internet has had a disruptive impact on most sectors in the global economy. Caribbean islands are becoming more digitalized, but are they becoming smarter? More and more islands are changing their educational systems to meet the challenges of the digital era. Caribbean governments can also open their data and share it with their businesses so they can become more competitive in the global and regional markets.
9. Logistics. Despite the digitalization, physical goods must still be moved. This will remain a challenge for the Caribbean islands, given the geographical, political and cultural divide.
10. Terrorism. We see new terrorism using the internet to get global attention for their cause. The global trend of

terrorism sooner or later could come to the Caribbean. We hope that will not be the case.

11. Good Governance and education. To reduce corruption and the other negative trends, good governance and value-based education will become more important. Some Caribbean islands have put laws in place of Corporate Governance, while others still have yet to start.
12. Demographic changes. We are living longer. This trend has made the system of pensions unsustainable and the healthcare system very expensive as more people consume more healthcare, while the social and healthcare premiums have to be paid by a young population. This is why the aforementioned high youth unemployment can be so disruptive. Many young citizens traditionally leave the islands for opportunities abroad, making matters even worse.
13. Healthcare. In addition to the elderly's needing more care, we are faced by the threat of contagious diseases all over the world, like Chikunguyan and Ebola. These threats also pose potentially negative effects on the tourism sector in the Caribbean.

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

13 Opportunities for the New Caribbean ⁱ

We took a look at 12 challenges that face the Caribbean Small Island Developing States. These challenges are crucial for the future of the Caribbean. In this part, we take a look at opportunities for Caribbean islands. Of course, not all opportunities apply to all the islands. And some islands are already investing in one or several opportunities. Here they are.

1. **The Experience Economy.** Caribbean islands should give visitors a unique experience, not just a sea, sand and sun experience but a unique experience economy. This experience should be based on people, their culture, cuisine, music, art and architecture. Some islands have done this successfully based on their Carnival. One good example is the Curaçao North Sea Jazz Festival, which is a totally different form of offering this experience to visitors, taking place every September. Some other islands have festivals of their own. This is an opportunity to create a unique experience to attract visitors.
2. **Second Homes for the Creative Class.** The Caribbean can be the second home for the globally successful. The islands offer a great quality of life that is appealing to the creative class. The presence of this group of entrepreneurs will have a spinoff effect on the islands.
3. **The Film Industry.** Film production can become a significant industry in the Caribbean. The weather, the light and the scenery are valuable ingredients, along with Caribbean architecture. And the film industry can use already-existing local talent in areas like music and theatre. Some islands are already having great success in this area — most notably, Puerto Rico.

4. Higher Education. Higher education is a sector with great potential. Not only are offshore medical schools a growing option, but there are other forms of education like Transnational Education. Many important universities could consider spots in the Caribbean to start a campus. And students will then bring their friends, parents and relatives to visit them — meaning a positive side-benefit of increased tourism.
5. Meetings. Conference centers for business and science also offer real opportunities for the Caribbean. Professionals, practitioners and scientists can travel to the islands, combining business and pleasure, work and family time. This opportunity could be combined with transnational education and the experience economy.
6. Information and Communication Technology. The ICT industry is an opportunity for the region, given the fiber-optic infrastructure of some of the islands. And the quality of life in the region is appealing to many ICT professionals. There is a growing group of ICT professionals like bloggers, designers and online marketers who live mobile lifestyles abroad working for European and North American markets while traveling the world. The Caribbean could be their new home base.
7. Eco-tourism. Eco-tourism based on coral reefs and other unique flora and fauna in the region's national parks is also an opportunity. This is done particularly well by islands like Bonaire, Curaçao and Tobago. Dominica is perhaps the best example of an island that promotes eco-tourism in the Caribbean.

8. Wellness tourism. The idea is based on the concept of de-stressing in the Caribbean. The Caribbean can be a beacon for people looking for recovery time, refreshment, or re-charging. This could also be combined with eco-tourism.
9. Health tourism. Healthcare tourism based on niche markets is an opportunity, as the Cayman Islands is currently doing with Health City Cayman Islands. New hospitals could be built with two audiences in mind: locals and health tourists – meaning a better quality of care at home and additional revenue.

10. The Sports Economy. There are Caribbean baseball, cricket, tennis and football players in professional leagues around the world. Stadiums could be built to invite professional teams to have their spring training on the islands, or to host football teams on their winter breaks. The Caribbean could even host championship events.

11. A living laboratory for green energy. Aruba and Bonaire have attracted a Dutch research center to have a research unit on the islands, and the Caribbean could become a living laboratory for work in green energy, especially given the prevalence of solar and wind energy.

12. The Blue Economy. There are opportunities for the region beyond green. The sea and the sky provide good opportunities, too, for the Blue Economy. Blue goes beyond green – generating energy from the oceans, for example (which Martinique is looking to do), could make even more sense for small islands.

13. Space Ports. The Caribbean's weather and climate are ideal for space ports. This has been the case in both French Guiana and Curaçao , both of which are going after this opportunity in what is a growing field. This could be combined with transnational education to create a cluster of attendant scientific industries.

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

In a recent article in this series about the Future of the Caribbean - **The fourteen opportunities for the Caribbean Small Island Developing States** – we discussed the opportunities for managers, business owners and policy makers in the Caribbean. When seizing the opportunities there are do's and don'ts. In this article we give a list of the do's. Of course these are only suggestions, not rules, to guide you.

1. Collect the water. Water is the essence of life. With climate change and pollution, clean water is not a guarantee. Water comes from the sky for free. Small island developing states (SIDS) should have a policy in place to collect and guarantee clean water.
2. Food is related to water. Growing local food is of strategic importance. In an earlier article we showed the dependence on oil imports. Likewise, food is imported by most Caribbean islands. We see a significant import of goods (food) on the balance sheet of Caribbean islands. While it is impossible to be completely self-sufficient in food, SIDS should reduce their dependence upon import of food. This is possible given the enormous progress of technology in agriculture. This strategy also strengthens the links between the local agricultural sector and tourism.
3. **Focus on sustainable development** with special focus on climate change and the rising sea level and water. Development should not leave a footprint, meaning development should not be at the expense of the next generation.

4. **Education for the information age**, making and keeping people employable, including entrepreneurship, in a rapid changing world is key. Give our children the tools to survive in the information world. Teach them that life-long learning, continuously adapting to the ever changing world will be the norm. Education should not only focus on technology, but should be holistic and also teach ethics, citizenship, values and how to live a healthy life.
5. Focus on **preventive healthcare** instead of curative. This is a strategy to turnaround or at least slow down the ever increasing costs of the Caribbean healthcare systems.
6. **Guarantee the Rule of Law**. Nobody is above the law. For a SIDS to thrive there must be order. This is positive for the investment climate.
7. Put **Good governance** in place. This means more transparency and accountability, leading to better decisions and lower cost of doing business and lower cost of government. Ultimately good governance will result in higher quality of services to the people and higher productivity of Caribbean businesses, which will increase the competitiveness of the islands.
8. Good governance will lead to a **more equal distribution** of income. This distribution could be influenced by a simple and progressive tax system.
9. Government should be **e-government**. Take Singapore as the benchmark to beat. Services to the Caribbean populations and businesses can be made much more efficient and cost effective by using online applications and proven frameworks. More than this: Caribbean islands need to benefit from the next internet waves

which are the Internet of Things and Big Data. But let's first move beyond email and static websites. This will lower the cost of government and provide better service. Caribbean islands do not have to reinvent the wheel. Proven technologies can and should be used.

10. **Innovation in ICT, green and blue energy**, not only to lower the financial costs but especially to reduce the carbon footprint. Here Caribbean businesses could participate in joint ventures with foreign companies to use existing innovations in the Caribbean.
11. **Empower society**: Not only the business sector but especially civil society; youth and even the grey power of the senior citizens. Everybody must be involved in creating the future.
12. SIDS should develop, implement and monitor a **long-term strategic plan** or master plan, driving development towards 2030. In the plan SIDS should select their niche and go for it. The key here is not only developing plans but focusing on **implementation** and **monitoring** of actionable plans with a long-term focus. Also bringing the businesses and the government together in a single strategy for the island.

How will you implement these do's into your business for this and following years? How will you implement these do's into your policy? Let us know.

The 10 don'ts of Caribbean Small Island Developing States when creating their future

In this article series about the Future of the Caribbean we discussed the do's for managers, business owners and policy makers in the Caribbean. Here we want to give you a list of the Don'ts. Of course these are only suggestions, not rules, to guide you in your choices and strategy.

Based on the trends and opportunities in the Caribbean, there are a couple of no-go's for the Caribbean Small Island Developing States.

1. Do not develop the economy based on **oil, gas or other natural resources**. These resources will end. Focusing on these resources will only lead to the resource curse. The script is as follows: first you will get a huge inflow of money. In a small open economy this will lead to consumption and imports initially. The economy and the people will become totally dependent upon these income streams and this "endless" welfare. Government will often have a surplus on the budget and base its spending on these income flows. It will often kill entrepreneurship. Why would you invest to become more competitive in this situation? And then when the end of the resource becomes obvious, or there is a strong decline in price, you have to adjust quickly. It will lead to low paying jobs and not to high quality jobs. And it makes politicians and others vulnerable for corruption.
2. Do not **bet on the financial markets** only. The financial sector is under pressure of the OECD countries and in the years to come the possibilities will become less. In some islands we see a decreasing International Financial Services sector, because they

based their sector on providing tax evasion structures. When the OECD and USA changed the rules, a lot of international corporations simply left the Caribbean jurisdictions. A new requirement is that the International Financial Services sector has to provide real substance. But the pressure will continue to increase. Another issue is the fact that also a lot of “dirty” money is attracted.

3. Do not underestimate **Transnational organized crime**. It is a source of violence and corruption. Caribbean islands simply lie between Europe and South America. Between demand and supply. As it affects our youths and our future, we have to factor this in our strategies.
4. Do not **work ad hoc and focused on the short term** only, but develop a long-term vision. If your agenda and scope is only what will happen today, next week and next month you will continue to manage incidents. If you move your scope to a year, two years and 5 to 10 years, you will manage your business, influence your sector and your island. The problems we face here do not have a quick fix.
5. Do not stay in the 1.0 and 2.0 (**colonial era (plantation economy) or the industrial age) mindset** and not embrace the information age (3.0). The rules have changed. Move to Caribbean 3.0. Becoming smart islands connected to the world, with smart businesses and organizations is the only option.
6. Do not **copy the strategy from big counties** or even from other islands. While you can learn from other islands, your strategy must be tailor made based on the unique offering of your island and the unique possibilities of your people.

7. Do not **neglect the environment**. The environment is the future.
8. Do not **become or stay inward looking**, not sharing the diversity with the world and not adopting swift modern technology is a 'no-no'. Stay out of there. The world is not centered around your island.
9. Do not **ignore the need for fiscal reform** and reform of the civil service. These are based on the old paradigms and are not suitable for the future.
10. And most importantly: do not **ignore the well-being of the people**. Use education and empower Small and Medium Enterprises, NGO's as strategies for poverty reduction.

We might miss some don'ts, but we think these are the no-go areas.

How to create a National Master Plan for an island?

The Caribbean islands must develop a Master Plan to transform the island need a long-term plan. Examples are Barbados and Aruba. Suriname and Curaçao are trying to develop a national master plan. Here we present some tips how to go about crafting such a plan.

1. The plan must be elevated above party politics to the level of national interest. This to ensure continuity when there is a change in government. To achieve this, the plan must be approved by parliament when ready. Because on the islands it is a tradition for new governments to throw good plans out of the window when they rise to power and start all over. This does not make sense because the options for the islands are relatively limited.
2. The plan should be developed in collaboration with social partners and also NGOs. All citizens, even those living off island, should be able to contribute. There are many top notch Caribbean scholars, professionals all over the globe, who are more than glad to contribute to the development of their island. They are often not considered. All citizens of all age should be able to contribute to the plan via the internet and social media.
3. A facilitator should manage, not only facilitate the process. The process should be driven, not facilitated. It is about pulling and pushing.
4. “Think out of the box”. It might seem a contradiction; the future is right in front of you. You only need to see it: vision. It is not rocket science.

5. Collect all previous plans from all sectors. There are many good studies that never have been finished, approved nor implemented. Study and discuss them. Some ideas might still be relevant.
6. Study what other islands are doing. You might learn from their process. Do not just copy, because your island is unique.
7. Do a PESTLE to (analyze the following factors: Politics, Economics, Social Issues, Technology, Legal Framework and Environmental Issues) to understand the broader context.
8. Do a SWOT analysis to identify your strengths and weaknesses. Develop a strategy based on your unique strengths. Small islands cannot be everything to everybody. Find your niche.
9. The plan should evolve on an interactive website that captures all input; written, recorded, filmed, from everybody from everywhere.
10. The plan should cover at least these areas: Planet, People, Profit, Technology and education.
11. The plan should be translated in annual program of projects. Everyone can adopt these strategies and implement them and report on the progress.
12. A dashboard should be in place to monitor the progress. Everybody should be able to see what has been accomplished and what must still be done.
13. Evaluate the process every quarter and have an annual review, to adapt the plan if needed, but also to celebrate results.

Basically the recipe to create a multi-annual plan for an organization is the same, with the necessary adjustments.

How to implement a plan

In the world, and the Caribbean islands are no exception, often plan are not executed. Given the circumstances not implementing is not an option. Here we present some considerations when implementing change.

1. The Master Plan need to be broken down in annual plans. This makes the process more controllable and manageable.
2. Specific project need to be executed and monitored. It is all about action. On certain islands there is often more talk than action. It is all about walking the talk.
3. It is important to implement quick wins. These early results convince non-believers to join the movement of change. Stakeholders that benefit from the current situations will resist the change. They will have people afraid of change at their side. For example the possible closing of the refinery in Curaçao after 2019 is resisted.
4. Adopt the plan–do–study–act (PDSA) cycle, Deming cycle, nationwide. Often people have a problem to act after the planning. Nothing is created without action.
5. Kotter'sⁱⁱ 8-Step Change Model for Leading Change, in three categories

Creating a Climate for Change

Increasing Urgency

Building the Guiding Team

Getting the Right Vision

Engaging and Enabling the Organization

Communicate for Buy-in

Empower Action

Create Short-term Wins
Implementing and Sustaining Change
Don't Let Up
Make it Stick

This model applies for all spheres (government, business and NGO's) but need adjustments for the Caribbean. For example: Increasing the sense of urgency has an effect that many people in the organization give up before the fight.

6. Monitoring and evaluation is essential because often there is a difference between design and reality. By evaluating one can consciously improve. Some islands are not data driven.

Conclusions

The small scale of the Caribbean SIDS is not necessary a disadvantage, it is also an advantage. The islands should understand this advantage and capitalize on it. To do so we need leadership and a shared vision. We should walk the talk. The possibility to move from third world to first world in one generation is possible. One *conditio sine qua non* is: education.

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Note: the opinions expressed in Caribbean Journal Op-Eds are those of the author and do not necessarily reflect the views of the Caribbean Journal.

ⁱ <http://www.caribjournal.com/2015/03/13/13-opportunities-for-the-new-caribbean/>

ⁱⁱ Dr. John P. Kotter (born 1947) is the Konosuke Matsushita Professor of Leadership, Emeritus, at the Harvard Business School.