



# Reimagining Regionalism

Heterodox and Feminist Policy Proposals  
from Africa and the Caribbean

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- The five policy papers included here advance heterodox and feminist policy proposals around fundamental questions of economic policy and sustainable development: trade, climate change, fiscal governance, agriculture, and debt.
- This analysis emerges from three regional workshops co-convened in 2016 and 2017 by Regions Refocus and several autonomous regional civil society groups in collaboration with the Friedrich-Ebert-Stiftung.
- Each paper addresses separate but related policy areas fundamental to the Caribbean, the African continent, and the overlaps between them to elaborate regional specificity and analytical clarity to bolster and refine ongoing work in these contexts.
- Written by leading activist intellectuals from the Caribbean (Mariama Williams, Rosalea Hamilton and Vanus James, and Don Marshall) and Africa (Tetteh Hormekue-Ajei and Mohamed Said Saadi), the papers articulate the shared imperatives of democratic participation, meaningful policy space, and targeted efforts to stimulate and bolster domestic productive capacities.





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## Introduction

In 2016 and 2017, Regions Refocus co-convened, in collaboration with the Friedrich-Ebert-Stiftung and several autonomous regional civil society groups, three regional workshops with the aim of advancing heterodox and feminist policy proposals around fundamental questions of economic policy and sustainable development: trade, climate change, fiscal governance, agriculture, and debt. In East Africa, North Africa, and the Caribbean, these spaces of learning and strategizing<sup>1</sup> garnered and expressed the need for theoretical analysis to bolster and refine ongoing work specific to these regional contexts and their particular economic, social, and environmental situations. This desire for regional specificity and analytical clarity – hallmarks of Regions Refocus’s approach – resulted in these five policy papers, each addressing a separate but related policy area fundamental to the Caribbean, the African continent, and the overlaps between them.

Addressing a range of policy issues specific to Caribbean and African realities, the papers share a framing in heterodox and feminist approaches. They engage their topics by examining social and historical dimensions of power and its imbalances, as manifested in and expressed through class and gender in particular. Guided by a body of knowledge including post-Keynesian economics, feminist economics, and the rejection of neoliberal hegemonic discourse, the authors root their analyses in social and political processes, examining how class domination, patriarchy, and the marginalization of various social groups intertwine and impact macro issues of trade, agriculture, debt, and climate change and their manifestations in the regional contexts of Africa and the Caribbean. The papers identify the ways in which monopolies of power and class affect the parameters of access and constraints on women in particular, along with expressions of patriarchy through the economic,

social, and political experiences of all people in a given society. From this foundation, they put forward policy recommendations, engaging with the 2030 Agenda for Sustainable Development and the coherencies and incoherencies of this global framework with regional priorities and agendas.

In proposing steps to confront the dominant neoliberal model of development, the papers imagine alternate modes of regionalism, including as a method of creating space for rethinking development. »The region is to be recaptured,« Mohamed Said Saadi writes, »as a space for policy reformulation on social, political, and development issues that overlook the traditional drivers of neoliberal regionalism.« Through this recapturing, the authors – as they outline regional specificities but also engage with each other in cross-regional dialogue – identify and foster new forms of regionalism on new terms. In strengthening the resolve to move away from hegemonic, neocolonial, and neoliberal influences over economies in the region, the papers describe and move towards a *transformative regionalism*, in Saadi’s framing, one that is heterodox and feminist and which enables innovative and equitable responses to regional specificities.

Commonalities between the regions examined here express themselves especially in terms of positionality vis-à-vis the dominant neoliberal economic order, as refracted through the global financial system and its effects on political contexts both national and international. Within these regional dynamics and broader global parameters, the papers put forward heterodox and feminist policy recommendations and illustrate ways in which their regions can relate to global structures and to each other to support their ability to address the challenges and crises they face. They address a range of issues that emerged from the aforementioned workshops and the work, both organizational and individual, of the authors.

This volume begins with »Sustainable Development, Fiscal Policy and Participatory Democracy in the Caribbean,« written by Rosalea Hamilton of the Institute of Law and Economics and Vanus James of University of Technology, Jamaica. Illustrating the structural inequalities facing the Caribbean and their roots in the constraints of its domestic productive sectors, Rosalea and Vanus highlight concrete recommendations to achieve equitable economic growth through democratizing fiscal governance. They cite methodologies of participatory fiscal policy-making,

1. This project emerged out of the following workshops organized by Regions Refocus in collaboration with the Friedrich-Ebert-Stiftung: »Towards an Equitable and Transformative Continental Free Trade Area: A Heterodox and Feminist Approach,« co-convened with Third World Network-Africa and SEATINI-Uganda, Kampala, Uganda, April 2016; »Caribbean Partnerships II: Co-Constructing Transformative Economic Policy (A Heterodox and Feminist Approach),« co-convened with the Institute for Gender and Development Studies (IGDS): Nita Barrow and St. Augustine Units, University of the West Indies (UWI), in collaboration with the Caribbean Development Bank (CDB), St. Augustine, Trinidad and Tobago, May 2016; and »North Africa’s Trade Relationships: Complementarities and Contradictions with the Continental Free Trade Area,« co-convened with l’Espace Associatif, Arab NGO Network for Development, and Third World Network-Africa, Rabat, Morocco, June 2017.

particularly citizens' budgets, as modes of identifying and enabling heterodox and feminist solutions to the policy challenges of their governments and societies. Linking Caribbean lived realities and social crises – of poverty, violence, and related manifestations of inequalities – to concrete strategies for democratic economic governance, the paper explores and reinforces resonances with the new global agenda for sustainable development.

Tetteh Hormeku-Ajei of Third World Network-Africa presents recommendations for rural transformation and agrarian reform in his paper »Agriculture, Rural Livelihood, and Structural Economic Transformation in Africa.« Like Rosalea and Vanus, Tetteh illustrates the relationships between specific technological conditions and social relations inherent in the structure of the economy, to present transformative policy solutions with national, regional, and international implications. His paper proposes policies to improve the productive capacities of the rural economy and the economic opportunities of rural producers through restructuring both the domestic economy and its embedded social relations of power, particularly around gender and class. In the context of the Sustainable Development Goals and regional African agendas on agriculture and trade, Tetteh calls for stringent efforts to link the agriculture and manufacturing sectors, to repair fragmentations in African domestic economies, and to create the conditions for equitable economic development.

Addressing regional and international trade and economic regimes, Mohamed Said Saadi of Arab NGO Network for Development examines the specific positionality of the Maghreb in his paper »North Africa's Trade Arrangements: Complementarities and Contradictions with the Continental Free Trade Area.« Mohamed illustrates the unique and complicated trade landscape of North Africa, characterized by stymied regional integration and the prioritization of bilateral agreements with Europe, and describes the potential impact on the economic and social realities of the region of the continent-wide free trade area currently being negotiated by the African Union. Like Tetteh, Mohamed points out that small producers, particularly women, are likely to face detrimental effects of the CFTA's neoliberal rationale and its potential decimation of North African productive sectors. His paper puts forward the aforementioned solution of *transformative regionalism*, a substantive integration responsive to the geopolitical situation of

North Africa and its agenda for social and gender equity and equality. Mohamed too articulates democratic and popular participation in decision-making as a path towards economic transformation and sustainable development, to enable economic integration and collective solidarity within and for the region.

In »Crisis Narratives, Debt and Development Adjustment: Contemplating Caribbean Small Island States' Futures,« Don Marshall takes as his subject the hegemony of the mainstream economic indicators shepherded by the »neoliberal calculus of austerity adjustments.« Don, Director of the Sir Arthur Lewis Institute for Social and Economic Studies at the University of the West Indies: Cave Hill, explores the effects on the Caribbean and its economic governance of international financial institutions and credit rating agencies in the context of a global drive towards financialization. He writes that the Caribbean, doubly constrained by high levels of sovereign debt and the mandate to improve credit scores and constrain fiscal deficits while servicing this debt, requires international reform of both the institutions and the epistemologies surrounding these metrics of fiscal normality. Considering the implications for the dual Caribbean crises of debt and climate change, Don's paper illustrates the need for meaningful policy space around budgetary governance to enable governments to implement their agendas for equitable development.

The final paper in this volume provides an extensive and nuanced illustration of the effects of and responses to climate change in the Caribbean, particularly its social and gender equity implications. »The Caribbean and Climate Change: Challenges for Development and Social and Gender Equity,« by Mariama Williams of South Centre, examines the institutional arrangements of Caribbean climate change adaptation and mitigation efforts, as well as regional attempts to access climate finance and to put forward budgeted and gender-responsive (Intended) Nationally Determined Contributions under the Paris Agreement. Mariama outlines the limited global frameworks for gender and climate change and articulates the current neglect of gender and social equity concerns in most Caribbean countries' climate action plans. She argues for the implementation of heterodox and feminist policies and approaches – as the current manifestations of the climate crises are beyond the scope of the toolkit of standard economics – towards building gender-responsive climate policies and actions in the Caribbean.



Together, these five heterodox and feminist policy papers present innovative and regionally-specific analysis, articulating shared imperatives of democratic participation (including of civil society), meaningful policy space, and targeted efforts to stimulate and bolster domestic productive capacities. The writers center on the social and economic realities of the workers, producers, carers, and people – particularly women – experiencing the implications of regional and international economic systems. They highlight regional specificities and the need to strengthen regional positioning in the global policy arenas, including the 2030 Agenda for Sustainable Development,<sup>2</sup> that shape these circumstances. In so doing, they begin to articulate transformative regionalisms, heterodox and feminist manifestations of regional solidarities and pathways for integration intended to benefit and respond to the specific needs and realities of their populations.

Regions Refocus, together with the authors' institutions, hopes that the analysis presented here can be taken forward in policy arenas that affect the Caribbean and the African continent, to help transform economic and social realities and contribute to the achievement of structural justice. As a complement to this volume, we have produced a series of video conversations between the authors, elaborating on their proposals and their cross-regional implications. The videos can be viewed on this publication's website and the Regions Refocus YouTube channel (<https://www.youtube.com/playlist?list=PLs7-xYJGUnLJF85UwsVVazoPpOmFRjDFC>).

We would like to thank Cécilie Schildberg for pioneering this project with FES, as well as each of the writers (Rosalea Hamilton, Vanus James, Tetteh Hormeku-Ajei, Mohamed Said Saadi, Don Marshall, and Mariama Williams) for contributing their insights and analysis to this effort.

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2. These papers were presented by their authors in draft form at the 2017 UN High Level Political Forum on Sustainable Development, as part of a week-long African-Caribbean Cross-Regional Exchange co-convened by Regions Refocus and the Friedrich-Ebert-Stiftung.

# 1. Sustainable Development, Fiscal Policy and Participatory Democracy in the Caribbean

**Rosalea Hamilton**, Institute of Law and Economics, Jamaica  
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## 1.1 Introduction

Caribbean countries<sup>3</sup> face problems of persistent underutilization of labor in a context of low savings to meet the desired level of investment for growth and development. Also, exports are too highly specialized and too low relative to desired imports, resulting in repeated or persistent current account deficits and dependence on foreign capital inflows. Successive efforts to increase the rate of growth through industrial restructuring have been constrained by inherited inequalities. The key growth-constraining inequalities relate to opportunity, wealth, and power among households and are also manifested in disparities by gender, age and communities. These inequalities have restrained the emergence of domestic investors capable of effectively restructuring the economy. The general objective of this paper is to identify strategies for addressing growth-constraining inequalities through citizen engagement in budgeting and fiscal governance in the Caribbean.

The paper contains another four sections as follows. Section 2 identifies the Caribbean development and policy landscape and political context surrounding use of fiscal good governance and participatory democracy as a means to address economic development needs. Sec-

tion 3 links the required participatory approaches to heterodox and feminist models of policy design. Section 4 discusses the relationship between the development methods and policy approaches and the internationally agreed Sustainable Development Goals (SDGs). Section 5 summarizes the paper.

## 1.2 Caribbean policy landscape and political context around fiscal governance and participatory democracy

For decades, Caribbean countries have embarked on several strategies to increase economic growth through industrial restructuring. However, the existing policy landscape has not adequately addressed the persistent inequalities that have constrained successful restructuring. We propose that a heterodox and hence more direct participatory approach to policy design is needed to identify and address the constraining inequalities and promote sustainable development.

### Inequalities and the sustainable development of Caribbean countries

Most Caribbean countries face continuing problems of underutilized labor together with savings that are too low relative to desired investment for development, mirroring exports that are also too low relative to desired imports. These problems result in repeated or persistent current account deficits, dependence on foreign capital inflows and debt that restrain the rate of growth. In the two decades of 1996–2005 and

Table 1:  
Trade Balance as percent of GDP, Selected Caribbean Countries, Ten Year Averages, 1996–2005 & 2006–2015

	Year	A&B	Barbados	Belize	Jamaica	SKN	T&T
<b>Trade Balance as percent of GDP</b>	1996–2005	-7 %	-12 %	-20 %	-12 %	-19 %	22 %
	2006–2015	-16 %	-2%	-6 %	-16 %	-21 %	43 %
<b>GDP Growth</b>	1996–2005	4 %	2%	6 %	1 %	4 %	8 %
	2006–2015	1 %	1 %	3 %	0.1 %	2 %	2 %

Source: UNSD Country Profiles.

3. The focus of the paper is the English Caribbean, with data drawn from the following subset of countries: Jamaica, Barbados, Belize, St. Kitts and Nevis, Antigua and Barbuda, and Trinidad and Tobago.



2006–2015, all countries except Trinidad and Tobago have logged persistent trade deficits, with falling growth rates (Table 1).

All countries have recorded declining long run growth rates over the two decades, to well below the 4.5 percent or five percent targeted to bring average living standards up to levels approximating those in the developed economies in 15 years (Government of Antigua and Barbuda, 2015:19; Government of Barbados, 2013:2 & 20; Government of Belize, 2016:3; Government of Jamaica, 2015:139).

While attempting to serve as employer of last resort, governments in these economies have also sought to solve the identified problems by moving underutilized labor into new economic sectors that could raise productivity, grow savings and investment, diversify and grow exports, and substitute and restrain imports (Lewis, 1954). Initially, the transfer of labor was expected to be from agriculture into assembly-type manufacturing. In the process, governments have sought to use social protection policy to address problems of poverty and inequality, and to ensure citizen security and social cohesion, health/longevity and environmental sustainability, with the latter commitments now codified in the SDGs. However, the efforts at economic transformation through manufacturing were challenged by the fact that the available supplies of underutilized labor and natural resources are small in comparison to supplies in other regions of the world, such as China and India. This limited the capacity to attract large-scale foreign investment of the minimum efficiency necessary to exploit economies of scale to achieve unit costs that are among the lowest in the global industry.

In contrast, some growth was achieved in services such as tourism and the linked ICT, education and creative industries. These industries make intensive use of domestic capital and underutilized labor with relatively small and versatile minimum efficient scale of plant, which allows easy entry of operators. Operators in such industries continually innovate with ideas, inputs and products, and engage in extensive information sharing, to compete successfully and survive in the local and global marketplace.

With the growing global demand for environmental sustainability tied to measures to address poverty, inequality,

citizen security and social cohesion, governments<sup>4</sup> are also seeking to achieve industrial restructuring through designated sustainable blue/green industries. These include:

- agriculture and fisheries redevelopment and the enhancement of natural capital;
- water-related and ocean-related green and blue industry opportunities;
- energy-related green industry opportunities focused on identifying and harnessing the Caribbean's clean and renewable energy potential;
- green and blue industry opportunities in environment-preservation, bio-diversity and shipping linked to forestry, the oceans, and tourism; and
- blue and green industry opportunities in manufacturing.

However, apart from the blue/green industry opportunities in environmental preservation and biodiversity linked to tourism, these industries face the same constraints which faced the traditional export agricultural sector and manufacturing industries: vulnerability to exogenous negative price shocks and unit costs that are too high to be competitive in international markets. They mainly offer opportunity for measures to address climate change, food and other supply security in the domestic market.

The successes in ICT, education and the creative industries, themselves blue/green industries, illustrate that the long-run solution to the problem of growth is to raise the capital-labor ratio and grow productivity in the economy by producing and accumulating domestic capital as a share of output. However, develop the domestic capital sector requires addressing historical inequalities of access to opportunity, wealth and power that inhibit the emergence of a new class of investors in the economy.

4. Patil et al., 2016; Government of Antigua and Barbuda, 2015:28-29; Government of Barbados, 2013:4,13,14,40,41; Government of Belize, 2016:15; Government of St. Kitts-Nevis, 2006:48-63; Government of Jamaica, 2015:32,36.

### Consequential inequalities affecting successful restructuring

Growth of productivity in any sector is driven by growth of the capital-labor ratio of its successful establishments. Data from the SERMaF random sample<sup>5</sup> show that labor productivity grows by 62 percent of the growth of the capital-labor ratio in the creative industries; and by 48 percent in the education and ICT sector, as compared to 28 percent in agriculture and agro-processing and 12 percent in the tourism-related industries. Manufacturing and services such as construction lie in the middle, with 46 percent and 44 percent, respectively (Table 2). However, efforts to grow the capital-labor ratio in education, ICT and the creative industries are constrained by significant asset inequalities in the society. Many of the private investors that could implement profitable projects in these industries lack access to necessary assets and hence access to credit.

The lack of assets for production and collateral has two aspects:

1. the small size of the assets owned; and
2. the legal form in which the asset is held, especially as this relates to the lack of proper title to real estate or the possession of unmeasured intellectual property.

In the SERMaF survey, only a few establishments could provide an estimate of their intellectual property assets. At the same time, the establishments in the creative industries and education and ICT had the smallest average level of assets of all industries at J\$19.8 million and J\$21 million, respectively, while manufacturing and tourism had the largest average levels of assets at J\$63.4 million and J\$42.1 million, respectively (Table 2). Thus, the establishments with the highest elasticity of productivity to the capital-labor ratio had the fewest assets to support access to credit.

Creation of credit for firms investing in the domestic capital industries is also limited by the banking practices of the traditional commercial sector. In the Caribbean,

5. A random sample of 739 establishments were studied as a central part of the Scotiabank Enterprise-Wide Risk Management and Financing (SERMaF) project undertaken by Scotiabank Jamaica from 2013 to 2016 to increase access to finance for women and men-owned small and medium enterprises (SMEs) in Jamaica. The SERMAF Project, executed by the Scotiabank Chair in Entrepreneurship & Development, University of Technology, Jamaica, was funded by the Multilateral Investment Fund (MIF) at the Inter-American Development Bank (IDB), Scotiabank Jamaica and the Development Bank of Jamaica (DBJ).

Table 2:  
Mean assets of sample by industry groupings

Industry Group	Mean Assets	Elasticity of Response of Productivity to Capital-labor Ratio
Manufacturing	63400000	0.46
Tourism and related	42100000	0.12
Services	28800000	0.44
Agriculture and Agro-processing	28300000	0.28
Education and ICT	21000000	0.48
Creative Industries	19800000	0.62

Source: Computed from SERMaF Survey data.

investors without real estate and cash cannot normally gain access to bank credit. Microfinance has emerged as a lauded partial solution to these problems. However, to support investment in production of domestic capital and development of new industry, microfinance has certain deficiencies, such as small size, short maturity, and high real interest rates.

An important form of asset deficiency in the domestic capital sector is limited access to priority public infrastructure. For example, operators in the creative industries lack many forms of specialized public infrastructure that address market failure, including specialized public performance facilities, music studios and design or research centers. They also lack key institutional arrangements, such as the introduction and implementation of up-to-date copyright laws and regulations or investment promotion to create access to international investors and gatekeepers. Similarly, tertiary education policy has put little effort into graduating well-trained human capital with globally competitive knowledge, skills and entrepreneurial capabilities to fill identified gaps that increase the capacity of the domestic capital sector to grow its exports. An important aspect of the lack of public infrastructure is limited access to policy-making power to help to optimize the allocation of scarce public resources to fit development needs.

### Policy implications of asset inequality

The asset constraints of the domestic capital sector imply underinvestment to grow productivity and exports by employing available supplies of underutilized labor. This implies the need for targeted monetary, fiscal, and institutional development policy to increase investment in the sector, including policy to attract foreign (direct and portfolio) investment.

Monetary policies should promote financial inclusion to increase the capacity to create and insure credit for traditionally disadvantaged establishments in the domestic capital sector. Financial inclusion ensures that »individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way« (World Bank, 2016). Credit creation for establishments is the appropriate focus of monetary policy because it does not require prior forced saving as a condition for expenditure. The credit will allow the domestic capital sector to hire underutilized labor to create capital. Initially, inflation will result from the associated short run increase in demand, but will be reversed as prices fall once the capital is put to work to raise output and productivity.

Since the purpose of financial inclusion is to tackle directly the deep structural asset inequalities of the economy, it must also be supported by fiscal and institutional policies that facilitate productivity growth in the domestic capital sectors. The supporting fiscal and institutional policies would need to address:

1. technical support and tax relief to generate opportunities to increase retained earnings;
2. development of institutional capital, such as the legal and administrative framework for protection of intellectual property; and
3. identification and development of priority infrastructure to address market failure.

In the music industry, for example, technical support could include professional services to operate new recording equipment or computer software and manage acoustics. Priority infrastructure could include community recording studios or public performance facilities.

Sound design of both monetary and fiscal policies requires knowledge of the specific needs of the industries. This requires appropriate financial and other data on the establishments of the domestic capital sector, which are not routinely collected in any of the Caribbean countries. In the absence of appropriate data on the sectors, the investors and other interests in the sector must be integrally involved in the design of the policies to achieve more effective outcomes. This in turn requires reconsideration of the existing approaches to policy to determine the reforms needed to resolve the underlying problem of the inequality of access to investment assets.

### Existing landscape and political context of policy design

In Caribbean countries, the existing policy landscape is characterized by high public debt and associated restraints on fiscal revenues. This has led to considerable dependence on international financial institutions (IFIs) such as the World Bank and the International Monetary Fund (IMF). As a consequence, Caribbean policy-making tends to be dominated by the free-market perspectives of these institutions. Over the years, IFIs have encouraged a return to the practice of formulating long-term (15–20-year) plans and implementing three-year medium-term strategies. In designing those plans and strategies, Caribbean countries have adopted the broad framework represented by the UN's Sustainable Development Goals (SDGs), which include commitments to address inhibiting inequality and a participatory policy-making process.

All the strategies identify the importance of the domestic capital services to industrial restructuring, but none identify the need to address the asset and policy access inequalities that affect the domestic capital sector. The IMF has encouraged introduction of financial inclusion mechanisms, but these are designed to address the »unbanked« and not the deep structural asset inequalities that affect capacity to develop enterprise in the domestic capital sector (IMF, 2016; GOJ, 2015). Overall, the current focus of financial inclusion in the Caribbean is to use technology, including mobile and electronic currency, to make household financial transactions more affordable, flexible and convenient. The motivating logic is that if households can save, send, and receive money safely and can gain access to credit and insurance in the process, they are better placed to build assets and

invest in a more viable future. These are accompanied by perspectives that focus on training for access to jobs and consumption safety nets to address poverty and inequality, without specifically addressing the distribution of capital assets used for the creation of enterprise (Gamser, 2015).

The modern approach to financial inclusion is led by central banks, but historically it was pursued through various specialized development banks, which made it possible to focus on the needs of specific industrial sectors. The policy stance of Caribbean countries suggest that the variety and roles of such specialized institutions are not being revisited in the light of the new technologies being deployed. To address this, policy is needed that focuses on inequalities in the access of the investors in the domestic capital sector to opportunity to influence asset development, including priority public infrastructure and institutional capital. However, opportunities to design and implement policies required for the development of the domestic capital sector are limited, especially due to the exclusive political context of policy design. In that context, the process of participation in policy design, especially budget policy, would need to be adjusted to ensure that appropriate institutional arrangements are in place for more equitable participation that facilitates a focus on the needs of the domestic capital sector.

The typical budget preparation process provides no open, transparent mechanism by which the public can participate in the process of budget preparation and review. There are some opportunities for selected influential NGOs and private sector representatives of business and labor to be consulted when developing the budget. However, the organizations representing the operators in the domestic capital sector and the communities from which they originate have the least and very limited access to such consultations. In Jamaica, the 2005 Consultation Code of Practice for the Public Sector<sup>6</sup> guides the participation of the public in the policy-making process. As in the rest of the Caribbean, it provides no opportunity for policy and budget review after the ministry of finance has drafted the budget and submitted it to the cabinet for review and parliamentary approval. This

6. The 2005 Consultation Code applies to «all consultations carried out by Government Ministries, their departments and agencies, as well as Executive Agencies, Statutory Bodies, Government companies and local authorities in their development or revision of major policies, programmes, plans and services.» The Code is intended to be binding on all government ministries. See GOJ (2005).

is linked to the failure to treat access to policy-making power as a public economic asset that the public could use to help optimize the allocation of scarce public resources to improve development outcomes.

To summarize, the process of making and implementing policy in all Caribbean countries is largely an exclusive process in which the typical domestic capital investor is a spectator. Policy-making is largely dominated by free-market conservatism, which assumes that with the current distribution of assets the free market leads to the right development outcomes. In such an approach, growth must be facilitated by increasing inequality as income is redistributed to retained earnings relative to wages. The evidence above indicates that this approach to policy has not enabled the emergence of the domestic capital sector as the engine of growth. An alternative approach to policy is needed that allows it to focus on adjusting the inhibiting distribution of assets. Without governance reforms to adjust the degree of direct participation in the policy and project design processes, such a focus is not achievable. Design of the reforms should be guided by a methodology that emphasizes inclusiveness, a methodology typical of heterodox and feminist approaches to policy design.

### 1.3 Heterodox and feminist policy approaches

Policymaking using heterodox approaches considers the evolution of social and institutional processes that reflect the diverse and sometimes opposing interests of stakeholders. Heterodox approaches recognize that development outcomes are the result of a history of socio-political engagement among economic agents that are socially embedded within their respective communities and identities, including among others gender, race, ethnicity and sexuality, which influence their capacity to use the assets that they command. The methods recognize that the historical distribution of assets will have to be addressed to realize the potential of the development opportunities in the region. This implies a multi-stakeholder or pluralist perspective on the design of policy, with an attendant role for the redistribution of policy-making power between stakeholders.

A multi-stakeholder approach to policy design is inclusive, intended to address other fundamental inhibiting inequalities in society, beyond the specific economic inequalities and needs (McPhail, 2003). For example,

feminist and heterodox perspectives recognize the inherited, male-centered socio-economic structure which reproduces gender inequalities and power relations that subordinate women. Redressing this gender imbalance to promote equity and equality is beneficial to all members of society, not just women. According to Becker (1999:22), »relational feminism« suggests that all human beings, »whether men, women, or children, do not flourish when hyper-masculinity is glorified and traditionally feminine qualities (such as care, caretaking, and valuing relationships) are denigrated.« Placing care work at the center of economic analysis and policy making is thus critical to reimagining an economy that values caring of each other and public investment in systems of social provision. The point is highly applicable to the domestic capital sector, given the high rate of female participation in its industries. Feminist analysts also advocate challenging the underlying economic ideology and values of policy prescriptions of the International Monetary Fund, the World Bank, and the World Trade Organization, and the associated undue reinforcement of the »rightness« of market outcomes that reflect the inherited distribution of endowments (Williams, 1998). As the care economy is dominated by women, an inclusive approach to policy design must have not only women as stakeholders but also feminist viewpoints as part of the policy discourse.

Since social embeddedness of economic agents is a key starting point for feminist and heterodox approaches, policy making then entails consideration of whether policy proposals have gender equity goals, entail changes to gender roles, or address other social inequalities. These considerations provide a better sense of whether the anticipated changes in roles as a result of the proposed policy will affect the chances of successful implementation of policy. Feminist and heterodox economic policies address, for example, greater diversity in enterprise ownership; social infrastructure including childcare and housing; and women's participation in the policy landscape.

Such inclusive approaches to policy would strengthen the capacity of the domestic capital sectors to win the resources needed to build capacity to increase productivity and exports, and hence to transform the structure of the economy and increase the rate of growth. However, these approaches are only possible when the modes

of policy design are more fully democratized and allow stakeholders adequate opportunity to influence policy choices.

Accordingly, three sets of democratizing policy reform initiatives are recommended to increase the capacity of the domestic capital sector to use the policy process to exploit its potential to grow productivity and exports:

1. participatory budgeting;
2. introduction of joint decision-making systems at the national level; and
3. introduction of public expenditure reviews.

#### Participatory budgeting

Participatory budgeting (PB) is a community-based democratic process which provides an opportunity to involve all key community interest groups in the design and implementation of community-based projects that address equality of opportunity as well as development constraints at that level. Broadly speaking, it includes any participatory process that involves public budgets, including community-based budget discussions using a simplified budget, such as the Jamaica Citizen's Budget & Guide.<sup>7</sup> This approach addresses aspects of the historical exclusion of enterprises with a base in disadvantaged communities and, inter alia, increases investment in low income communities, improves the transparency of governance, encourages diversity of opinions and increases legitimacy of the decision-making process (Center for Urban Development Studies, 2005; Zamboni, 2007, Michels & De Graaf, 2010).

The first PB effort was made in Porto Alegre, Brazil in 1989. Its citizens and civic institutions are now major players in shaping a growing share of the municipal budgets and the projects that are funded. The effort has been rated a success by a World Bank study (Bhatnagar et al., 2003). New York City runs a large PB program. It was evaluated by Gillian (2012:15), who found

7. Jamaica is the only Caribbean country with a simplified Citizens' Budget. It offers examples on how to access information about the budget and how to track a specific development problem by looking at the information contained in the budget documents available at each stage of the budget process. A Citizens' Budget enables countries to fulfil the IMF's 2014 Fiscal Transparency Codes (s. 2.3.3) obligation which require governments to publish »an accessible description of recent economic and fiscal performance and prospects.« The »basic practice« requires publishing »a summary of the implications of the budget for a typical citizen.«

that the evidence »disprove[s] critics who contend that ordinary citizens are not able to effectively understand the intricacies of city budgets or put forth rational proposals. PB districts produced results no worse than non-PB districts, and in some respects their projects more creatively and effectively addressed community needs.« The consensus in the literature is that PB provides government an opportunity to design a material rather than symbolic participatory process that comes with funding and evaluation methods, and with a significant chance at successful implementation. Participatory budgeting therefore provides a viable approach to involvement of stakeholders in the domestic capital sector in the identification and implementation of projects designed to address market failure by building community-based priority infrastructure.

#### Joint decision-making processes

Since many of the major policies that affect the success of business are made at the national level, another important approach is to develop the joint policy process across the society to support broad-based information sharing, communication and participation in decision-making. The principles are laid out in the flagship document on sustainable development, the Rio+20 Outcome Document »The Future We Want« (UN, 2012). The method emphasizes continuous creation of opportunities to gather, share and communicate information, to enable all stakeholders to inform and shape all decisions. It places the ultimate responsibility for effective participation in the affairs of the country on the citizen. However, the authorities are responsible for providing a proper forum (physical and virtual) and process for widespread and timely participation in collecting and analyzing information in the early stages of the policy-making process and in negotiating final policy choices (Chisholm et al., 2013; Wissink, 2016).

The referenced literature indicates that the following aspects are necessary to the process:

- an independent capacity-building process for improved stakeholder participation;
- a formal process for requesting that matters be considered, for acceding to or rejecting requests, and for notification of the decision;

- an adequate process for receipt/acceptance of submissions and fair and timely hearing of live submissions, for questioning of persons making submissions, for recording and archiving of same, and for preparation of minutes of same;
- rules of participation;
- a calendar/schedule of hearings complete with dates, times, location, topics and agenda; and
- a formal process to arrive at the final agreement and decision.

While the approach improves opportunity to influence project design in the budget process, it is also well-suited to informing credit policy designed to create access to credit, fiscal policy to address taxation approaches and public infrastructure aimed at addressing market failure.

#### Public expenditure reviews

A third complementary approach to the participatory design of policy in support of the domestic capital sector is the increased use of the public expenditure review (PER) process to achieve continuous alignment of the development goals with the expenditure of public funds. The PER is an evidence-based process that allows identification of ways to improve upcoming budgets and existing medium-term plans or long-term plans to achieve faster progress towards policy objectives, such as the target growth rate. The core methods identify opportunities to increase the economy, efficiency and effectiveness of the expenditures, taking environmental factors into consideration.<sup>8</sup> Attempts to analyze and increase the economy, efficiency, and effectiveness of expenditure must address possible underlying market failure, which exists when the price mechanism cannot stimulate supply of a good or service sufficient to meet demand. A PER is normally conducted as a joint exercise with stakeholders from industry, civil society and the international community, under the leadership of government. Thus, it provides an opportunity for effective participation by stakeholders from the domestic cap-

8. Economy refers to the extent to which the expenditure patterns are on track to match planned expenditures. Efficiency refers to the extent to which the expenditures employ the best technologies available at optimal cost. Effectiveness refers to the extent to which expenditures deliver the outcomes targeted by the strategic plans of government.



ital sectors. In the Caribbean, Jamaica and Belize are the only countries that have already undertaken PERs (World Bank, 2005; Glenday and Shukla, 2006). In neither case has the focus of the analysis of effectiveness been on the extent to which resources are used to address the asset challenges of the domestic capital sector in pursuit of development goals. However, with support from ECLAC, technical training and support is currently being provided to the countries of the Caribbean with a view to adopting the practice.

#### 1.4 Relationship of policies to national implementation of the 2030 Agenda and its Sustainable Development Goals

The SDGs involve three broad, interrelated goals:

1. economic growth and restructuring to deliver decent jobs;
2. addressing historical inequality and poverty; and
3. saving of environmental resources for the future.

The goals are to be pursued subject to the context of each country. The interconnectedness is achieved through the targets. For example, target 9.1 of SDG 9 focuses on affordable and equitable access for all and is linked to SDG 10, which is concerned with reducing inequality. Also, targets 9.2 and 9.3 concern inclusive and sustainable industrialization and increasing access of small scale industrial enterprises to credit. These are links to SDG 8, which focuses on growth with sustainable jobs. The interconnectedness implies that achievement of the SDGs requires a unifying strategy.

In Caribbean economies, this unifying strategy is provided by the focus on industrialization through the development of the domestic capital sector. Evolution of the domestic capital sector provides the types of economic development and policy-making processes that are consistent with sustainably improving human development. In the Caribbean, the domestic capital sectors are blue and green industries, and therefore provide an approach to SDG 12 and 13 which promote environmental conservation for the future. Development of these industries provides an approach to achieving SDG 8, which concerns the achievement of economic growth with decent work in Caribbean economies, SDG 9, which relates to economic restructuring, and to SDG 14 and 15, which promote

optimal use of the land and ocean resources of the Caribbean. The process of development considered leads to productivity growth and economic growth by moving underutilized labor from low-end jobs into high-productivity jobs in the domestic capital sector. Thus, these blue/green industries offer the Caribbean both environmental and economic sustainability. Productivity growth redistributes incomes to investors, promotes savings growth through retained earnings of the participating enterprises and enables continuous expansion of investment. Since the economies involved are small, an important effect of the shift is the growth of exports and import substitution. The process continues until retained earnings are sufficient to fund investment and until exports converge with imports, thereby eliminating the deficits on the current account of the balance of payments.

However, in contrast to orthodox approaches to development, which take the distribution of assets as given, the growth of income inequality is counterbalanced by increasing asset equality. Specifically, many of the domestic capital sectors, especially the creative industries, evolved in disadvantaged communities of the Caribbean through gender-diverse entrepreneurship and skills. A key feature of this evolution is a high degree of inequality in the distribution of assets among investors, disfavoring investors in the domestic capital sector. Caribbean society cannot achieve development of the domestic capital sector without addressing these inherited inhibiting inequities in the distribution of assets through measures such as financial inclusion and reforms to the policy-making process to make it more inclusive. Thus, the development of the domestic capital sectors will lead to greater asset equality among business owners and among the communities of the countries, consistent with SDGs 5 and 10, which require elimination of gender inequality and inequality across the board. Poverty reduction consistent with SDGs 1 and 2 will accompany success in pursuing SDGs 5 and 10.

Finally, as considered in SDG 16, policy development along the proposed lines will have to be supported by reforms that foster institutional development in support of the domestic capital sector and the sustainable development they induce. In Section 3 it has been emphasized that this includes greater equity in the access to power and the policy process, using participatory mechanisms such as participatory budgeting, joint decision-making and multi-stakeholder public expenditure reviews. Such

inclusive approaches treat access to policy-making power as a form of wealth. They allow the diverse stakeholders in the domestic capital sectors to respond to pressing needs to support their enterprises, including an increase in security, justice and social cohesion in the communities in which they originate.

### 1.5 Summary and conclusion

The key to successful pursuit of development in Caribbean countries is industrial restructuring by growing the domestic capital share of output. However, consistent with the SDGs, implementation of such a strategy requires addressing the historical inequalities in the distribution of assets in the economy. To address these inequalities, Caribbean countries must strengthen their institutions of participatory policy design to build priority physical and social infrastructure and to increase access to credit to build up the asset pool of the domestic cap-

ital sector and its capacity to employ underutilized labor to create domestic capital and grow its retained earnings. Three key reforms are recommended:

1. participatory budgeting that enables capacity-building to address market failure in the communities in which the domestic capital sector originates;
2. strengthen the capacity for joint decision-making at the national level that enables all stakeholders to share information about the policies that facilitate economic progress; and
3. multi-stakeholder public expenditure reviews to ensure that government budget practices align adequately with the development targets and strategies adopted.

These reforms can succeed because they facilitate introduction of feminist and heterodox policies that address constraining social challenges such as social cohesion, peace, justice and security.





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## 2. Agriculture, Rural Livelihood and Structural Economic Transformation in Africa

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This paper outlines challenges in agriculture and rural livelihoods in the context of broader economic transformation for equitable development in Africa. Focusing on the situation of small farmers – the majority in rural Africa – it identifies strategies for improving productive capacities and economic opportunities for rural producers. The paper addresses the economic conditions of small-scale producers, examining the material and social conditions of rural people and the situation of agriculture within the broader economy, as a mechanism and leverage for transforming the economy as a whole.

The essential argument is for agrarian and rural transformation as an intrinsic part of structural transformation of the primary commodity export dependent economies of much of Sub-Saharan Africa (SSA). Dominant analytical approaches fall short of providing the appropriate »guidelines« for the fundamental restructuring of economic relations and frameworks required, and analyses of the challenges of agriculture and rural livelihood typically address these issues within the domain of agriculture as such. Where the relationships of these to other issues of the broader economy are recognized, this inter-relationship rarely forms the point of departure of how the issues are conceptualized and/or formulated, but is introduced later, essentially exogenously.

In contrast, this paper posits that structural transformation should address the specific issues deriving from the technical conditions and social relations of the agrarian economy, as part of restructuring the existing relations between different sectors of the SSA economy. It is not possible to address the conditions of the rural poor in an isolated manner. Efforts to address their socioeconomic situations must involve a transformation of the totality of the economy and its social and economic relationships as a means to improve overall productive capabilities towards a balanced and equitable economic development.

### 2.1 Analytical approach

The paper applies analytical perspectives deriving from considerations of social relations of power, in particular class and gender, with regard to resources of production – including land, labor, technology, and finance – as well as the structures and patterns of production within both rural and national economies overall. What are the conditions that determine the productivity of small-scale farmers? How does their labor and productivity both relate to the broader economy and manifest its fragmentations? The formulation of the analysis presented here takes the constraints and strategies for economic development through agriculture and the rural economy as its starting point, as the same challenges formulated in the sphere of agriculture are formulated broadly in the whole economy: its structure, its internal logic, and the dynamics of power and resources within it.

A heterodox and feminist framing helps to examine the monopoly of power and the abuse of its distribution over resources that are necessary for economic wellbeing. This approach identifies how monopoly over power and resources is expressed in the structure of economies and in their effects on people's lives and their abilities to realize and manifest their livelihoods and dreams. Through this theoretical stance, the paper locates its unit of analysis to enable the exploration of both the theory in terms of how society is organized, and the founding of a political commitment to eradicating the social and economic subordination of women. The agriculture sector, as the area encompassing the primary way that labor is organized, is a useful scope of analysis, especially given an understanding of labor as the driver of how all human beings earn a living and engage with society and nature.

In delineating this starting point, this paper asserts that the fragmentations of how labor is organized in rural farms limit the extent to which small-scale farmers can be productive and yield sufficient wealth to support the rest of the economy. Examining the predominant organization of labor in SSA economies and its relationships to other instruments of production such as technology and finance, enables an analysis of existing conditions as a foundation for how to improve them. This formulation is rooted in the »family labor« as the predominant unit of labor, which allows for a clear grounding of its analysis of the care economy and productive economy, as manifested in the agricultural sphere. This is not to

attach any sentimental significance to the family unit or to further entrench it as a desirable labor-form. On the contrary, this starting point enables an examination of how to unpack this social and economic structure and begin to provide the necessary conditions for improving the lives and livelihoods for those whose social and economic situations are defined by it, to whatever extent.

## 2.2 Policy context and imperatives

A number of existing policy perspectives and frameworks point to the urgency for action on rural economic conditions as well as the areas and forms of action. These include a plethora of national policy regimes and proposals, which complement and combine with regional and continental frameworks, including African Union initiatives. Particularly relevant examples include the Comprehensive Africa Agriculture Development Programme (CAADP) and the Agenda 2063, an overarching framework intended to guide the next 50 years of continental policy-making. These regional initiatives, as they attempt to address urgent policy challenges, continue to treat development policies as though they encompass a range of isolated events. The framing of these initiatives relies on market-based analysis, so that the only connection between them appears to be the market, rather than the structures they come from. This is likely to perpetuate, rather than upend, the failures of the past twenty to thirty years.

On a global level, the recently agreed 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) adopted by all United Nations member states provide another potential lens through which to think about restructuring fundamental economic and social relationships. In particular, the interlinkages of SDGs 2 (sustainable agriculture and food security), 3 (health), 5 (gender equality), 9 (industrialization, infrastructure, and innovation) and 10 (reduce inequality within and among countries) speak to a system-wide approach to addressing challenges that had hitherto been conceptualized as separate. More importantly, they presuppose a fundamental re-organization of the basic structure of economies and their internal dynamics as well as their interface with the global political economy.

These regional and global frameworks, on their own and together, constitute an acknowledgement of the failure of ongoing policy regimes and a commitment to alterna-

tive approaches. Additionally, they form a policy arena wherein heterodox and feminist approaches might intervene to shape the discourse.

## 2.3 Structural roots of policy failure

The rural economy in most of Africa consists of a series of internal fragmentations, which mirror those of the domestic economy as a whole. To begin with, »farm« and »non-farm« sectors of the rural economy have long ceased to inter-connect with each other in a meaningful way. The skills, trades, and services in the non-farm sector – blacksmiths, builders, carpenters and wood-workers, herbal medicine experts, traders – no longer form an interacting economic circuit with the those of food farmers, raisers of livestock, and fisher-folk. In any African village, an old blacksmith might still be struggling at his anvil and making cutlasses, or a woman transforming shea butter into lotion or paint, but fewer and fewer people buy these products, choosing cheap imports instead. Rather than being upgraded within a modern setting, those skills and trades silently stagnate and disappear.

Within the agriculture sector, a longstanding dichotomy is perpetuated in most African countries. For decades, the bulk of agricultural investment has been devoted to the production and marketing of commercial cash crops for export, while production for domestic consumption and industry has suffered chronic under-investment. Most interventions in African agriculture – extension services, infrastructure, etc. – have been directed towards the production of coffee, cocoa, and tea for European and Western markets. The effect of this prioritization has been the under-development of agricultural production for the domestic market, which happens to be where the overwhelming majority of Africa's populations earn their livelihoods. A key manifestation of this is the 'under-productive' nature of much of small-scale agriculture. In Zambia, for instance, 70 percent of the economically active population is engaged in agriculture as small-scale producers, but together they only produce 20 percent of the total GDP. This is both the result and the manifestation of long-term underinvestment in local productive capacity in much of SSA.

During the immediate post-independence era of the 1960s, most African governments attempted to resolve the problems of agriculture for domestic need as part

of their import substitution industrialization policies. Agriculture for domestic need therefore was intended not simply to provide food for domestic consumption but also agricultural raw materials for manufacturing industry, e.g. textiles. This strategy failed when African countries found that the inputs required to manufacture finished products required more foreign exchange than was earned through exports. This problem revealed an equally important gap: that of a capital goods sector, or the domain of economic activity that produces machines, tools, etc. to enable the production of other commodities. In a primary commodity export dependent economy, how can a domestic capital goods sector be fostered? How can a market be created to serve as the source of demand for a domestic capital goods sector?

African agriculture, as typically land-abundant, labor-short (as opposed to Asian economies, which are labor-abundant, land-short) requires mechanical technology to enhance labor. These technologies, however, are not importable without modification – as the numerous examples in development economics of donated tractors, ill-suited to farming in their new home and left to rust in West African fields, suggest. Examples abound throughout history of countries importing agricultural technologies developed in other places (the US of British technology, Germany of American technology, Japan of German technology, etc.) and adapting them to fit local needs as they industrialized. Africa could follow a similar trajectory, to import foreign agricultural technology and modify it on the basis of domestic agricultural sectors. For example, recently the Institute for Tropical Agriculture in Benin took a rice thresher made in Thailand, modified the designs, and gave it to the blacksmiths in Dakar who amended it and made it producible. Farmers in Burkina Faso and beyond were purchasing the modified rice thresher, because it met their technological needs. This technology could improve the productivity African agriculture sectors, which in turn could provide sufficient demand for local manufacturing to modify and adapt it.

These fragmentations of rural society – between »farm« and »non-farm,« between export and domestic agriculture, between agricultural production and the capital goods sector – intersect with the fragmentation of the broader primary commodity export dependent economy of which they form part. Organized around the export of (a small basket of) hardly processed agriculture and

mineral products, and the import of almost all manufactured products, the basic economic sectors (primary, manufacturing/industrial, and services) of most African economies operate as enclaves and are not interlinked. The overall effect is a national economy with a limited, shallow domestic market, driven by and dependent on external economic forces and extremely vulnerable to them, where a large bulk of the wealth generated from within the economy is pumped outside rather than re-invested within.

#### 2.4 The situation of rural producers within a fragmented economy

Within this type of economy, rural small producers, especially farmers, operate in an unequal exchange. Compelled to procure their means of consumption and some elements of production from the capitalist economy, including through imports, their incomes are constrained due to a limited basis of production and exchange. Rural producers have to buy their fuel and food externally, where prices are determined not by the costs of production in the village but by the market economy. Simultaneously, the means of production that would stimulate income are constantly being eroded, undermined, and limited. This constant unequal exchange between rural people and the rest of the economy is at the root of the impoverishment of rural areas. This situation is then exacerbated by the dominant labor form within which rural people earn their livings.

Within this sphere, »families« till farms of less than an acre in size; using little more than hoes, cutlasses and other such rudimentary implements; with little irrigation, minimal supporting infrastructure, extension services and input support; and weak or inadequate financial systems and regimes. Under different circumstances and in different times, the »family« as dominant labor form has been the strength of the rural economy. It still remains a source of resilience and a coping mechanism. However, under current conditions of marginalization, within the imbalances inherent in internally incoherent national market economies, the family as unit of production has become a source of over- and self-exploitation. What the family earns for the products of its labor is hardly enough to sustain them and meet the needs that they must pay for – consumption items they do not produce themselves, as well as inputs for their farm,

health, education, entertainment, etc. They produce for a narrow domestic market in which they are out-competed by imported products due to unjustifiable import liberalization.

To understand the combination of class and gender relationships that inform production in SSA economies, this paper examines the »household/family« as the basic unit of production in the agricultural sector, which relies on »family labor« as the predominant form. Across the African continent 650 million people work on small family farms of less than one acre, the majority of which are made up of one or two parents and children, whose labor is (freely) available to this farming unit by virtue of the family structure they inhabit.

The family unit combines production and care activities in one labor form, carried out within relationships of authority and power. These relations of production and consumption generate and manifest tensions and oppressions, which in turn reveal political problems within society, most particularly around gender. When a family unit is »complete« according to dominant standards (encompassing a woman, a man, and children), the labor of one part – women and children – routinely subsidizes the overall production and consumption needs of the family. In addition to farm work, the division of labor within the household differs according to gender and positionality, within the combinations of production and care work that form the care economy. Within and around this operates an entirety of social relations, norms and institutions which structure the social subordination and material deprivation of women and their marginalization in terms of access to land, labor, technology, finance, etc.

In female-headed households, these combine into double burdens from which women hardly escape. A woman head of household who borrows money for farm or other »economic« activities, even when she manages to secure a loan on her own, spends part of her borrowed capital on her farm but also devotes part to the consumption and care needs of herself and her children. Her loan becomes unrepayable, driving a cycle of unproductive consumption and debt that is not recognized in the dominant financial thinking about women's access to credit.

This structure of the family unit, precisely because of its inbuilt access to unpaid labor, also acts as a restraint on technology, by disincentivizing investment to improve

production capacity. If the state or another actor were to provide irrigation, seeds, extension services, etc., the production of a small family farm could be upgraded to allow children to focus on education rather than working on the farm and could even free up time for wage labor (in decent work) or other activities for women. Ultimately, this is expressed in a rural economy and domestic agriculture which occupies the majority of the economically active population but is not matched by total output and contribution to the national economy. Both it and the national economy suffer as result.

## 2.5 Agenda for transformation

Against the background of the political economy sketched above, a policy agenda for action on rural poverty and agriculture must combine interventions in the rural economy, in agriculture and in the wider economy that overcomes the mutually reinforcing series of fragmentations outlined.

Firstly, policy interventions should aim to build inter-sectoral linkages within the economy as whole. Agriculture, manufacturing, the mineral sector, etc. should be directly connected to both improve the skills of the rural economy and benefit agriculture. (Re-)establishing domestic manufacturing and productive capabilities that generate linkages between manufacturing and agriculture will widen and diversify the domestic and regional markets for agricultural products and build a domestic market for manufacturing, to the benefit of both. These linkages should not be limited to agriculture and manufacturing alone; mineral-based linkages can work to the benefit not only of agriculture, but also tap rural skills and reactivate traditional knowledge. These connections can serve as a catalyst for economic transformation, out of primary commodity economy dependency.

As an alternative to the dominant messaging soliciting foreign investment and building large-scale commercial capitalism through linkages with global value chains, SSA governments should focus on building linkages throughout the domestic economy to bolster productive capacity. Where the family farm is the motor of small-scale production in the rural sector, interventions should focus on increasing small farmers' income and liberating its participants from the drudgery of unpaid and unproductive labor. This can be done through encouraging the

free association of producers, i. e. through cooperatives, to enable people to access decent work that benefits their own interests.

Part of this reconceptualizing involves understanding manufacturing not simply as a »town« phenomenon, but also as based around rural resources and deploying and enhancing rural skills. Building a domestic capital goods sector, for example, can be encouraged through activating agriculture as the source of its demand. As most SSA economies include an agricultural sector that is technologically under-developed and a capital goods industry that is not developed, agriculture could serve as the market for machines, tools, and other capital goods. The post-independence era research on how to build domestic capital goods sectors to serve the needs of agriculture should be unearthed and reconfigured, in the context of technology. Proper investment in relevant capital goods could help to build domestic productive capacity, by focusing on what is lacking in terms of the connections between agriculture and manufacturing.

Secondly, targeted interventions are necessary within the agricultural sector itself, including ensuring access to resources like technology, finance, and land. This involves reorganizing and shifting the monopoly of power that forms the basis of the abuse of these resources. Small-scale producers, whose main resource is their labor, are almost by definition likely to fail without policies directed towards the smallholder agrarian economy and aimed at improving their technical and material conditions of production. In addition to technology, these include irrigation services, extension and other support services, infrastructure, and financing. Within that, it is important to recognize some of the inherent limitations of current structures of finance (e.g., providing microcredit to women) and reorganize it to the benefit of small producers, including women. Equally importantly, international trade policies must support the interface with domestic and regional markets, rather than undermining them.

Another key area of recommendations is around improving and reforming family-based labor forms, first of all, to boost its productivity and, secondly, to make possible the organization of labor beyond the family. This includes providing material support for enhanced productivity and encouraging associative forms of labor and ownership. As time is freed up for wage labor, the provision and ensuring of standards of decent work is extremely important. Similarly, re-organizing the interface between »production« and »care« functions in family labor is required to improve the situations of women and girls in particular by unpacking the overlap between the two, to make visible the exploitation of women and eradicate it. A key part of this is recognizing and redressing women's unpaid care work in finance and related policy.

Finally, national and international policy regimes, especially multilateral and bilateral trade agreements, are likely to undermine the conditions for the realization of this policy agenda. Agreements now being negotiated, like the Continental Free Trade Area the African Union, may exacerbate the situation of the rural economy in Africa, rather than contribute to its transformation. Policy space within international agreements, including WTO strictures and Economic Partnership Agreements between Europe and African Regional Economic Communities, must be secured to enable the kinds of government intervention that will boost productive capacity and cement linkages between different sectors of the economy. The CFTA in particular, if it simply replicates previous multilateral agreements and contributes to the flooding of domestic markets with cheaper imports, runs the risk of seriously undermining agriculture and the rural economy as a whole. Meaningful regional integration can help to support the efforts of individual African governments to bolster productive capacity, create linkages between agriculture and the capital goods sector and other manufacturing, and transform the dominant labor form in the rural economy, as a key facet of the overall structural economic transformation of African economies.





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### 3. North Africa's Trade Arrangements: Complementarities and Contradictions with the Continental Free Trade Area

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#### List of abbreviations

<b>AA</b>	Agadir Agreement
<b>AfDB</b>	African Development Bank
<b>AMU</b>	Arab Maghreb Union (French Acronym UMA)
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>AU</b>	African Union
<b>CEN-SAD</b>	Community of Sahel-Saharan States
<b>CFTA</b>	Continental Free Trade Area
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>ECOWAS</b>	Economic Community of West African States
<b>CSOs</b>	Civil Society Organizations
<b>ESCWA</b>	Economic and Social Commission for West Asia
<b>EMP</b>	Euro-Mediterranean Partnership
<b>EU</b>	European Union
<b>GAFTA</b>	Greater Arab Free Trade Area
<b>MDGs</b>	Millennium Development Goals
<b>MERCOSUR</b>	Mercado Común del Sur (Southern Common Market)
<b>NAC</b>	North African Countries
<b>RECs</b>	Regional Economic Communities
<b>SADC</b>	Southern African Development Community
<b>SDGs</b>	Sustainable Development Goals
<b>SMC</b>	Southern Mediterranean Countries
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>UNECA</b>	United Nations Economic Commission for Africa
<b>WAEMU</b>	West African Economic and Monetary Union (French Acronym UEMOA)
<b>WTO</b>	World Trade Organization

This paper examines the relationships between North Africa's trade arrangements and Africa's Continental Free Trade Area (CFTA) project. It focuses on the Maghreb region (Algeria, Libya, Mauritania, Morocco and Tunisia) and highlights the benefits and challenges likely to result from the integration of this region in the CFTA process. The main argument is that this process will not encourage the setting up of a transformative regionalism, which is essential if Africa is to meet its challenges of economic transformation, poverty alleviation, gender equality, and sustainable development.

#### 3.1 A challenging socio-political context

The region of North Africa – especially the countries of the Maghreb (Algeria, Libya, Mauritania, Morocco and Tunisia) – has been confronted with prolonged political uncertainty following the Arab Uprisings in 2011. While this political turmoil resulted in the overthrow of Arab authoritarian regimes, it has not fulfilled the demands of the Arab youth who had led the revolts. So far we have seen a context marked with political uncertainty, violence and persistent interstate struggles. While Libya has been caught up in an endless civil war, Tunisia has been struggling to establish a nascent democracy amid terrorist attacks. Morocco and Algeria have been entangled in a long-lasting dispute over the Sahara. In addition, the Algeria-Morocco border has been closed since 1994, causing ample damage to economic and human relations between the two strongest countries of the Maghreb.

This political instability is exacerbated by the disempowerment and frustrations of the population – two-thirds of which are young people. Furthermore, the Maghrebi countries face similar environmental issues: desertification; water scarcity; degradation of land, forest and pastureland; pressures on the marine environment; climate change; and industrial, urban and agricultural pollution. This inauspicious context is hindering the prospects of regional integration and development of the Maghreb, as indicated by the state of chronic lethargy that characterizes the Arab Maghreb Union. This is paradoxical, as the countries of the sub-region need to pull their resources and capacities together and coordinate their efforts to enable them to meet these urgent challenges.

#### 3.2 Landscape of existing trade arrangements

Maghreb countries participate in a variety of overlapping bilateral and regional trade agreements with (1) each other (Arab Maghreb Union, Greater Arab Free Trade Area, and the Agadir Agreement); (2) Europe (Euro-Mediterranean Partnership); (3) African states (Community of Sahel-Saharan States, COMESA); (4) the United States (Free Trade Agreements); and (5) Turkey. This paper focuses on regional trade agreements, outlined as follows.



### Arab Maghreb Union

Maghreb countries constitute, with Egypt, one of the eight recognized Regional Economic Communities (RECs) under the African Union. Aiming to strengthen economic cooperation and achieve regional economic integration, the Arab Maghreb Union (AMU) was established in 1989. Despite nearly thirty years of existence, AMU has a very poor track record: the level of intra-regional trade in the Maghreb is a mere three percent, which is the lowest of any region in the world and well below that achieved by other regional communities in Africa (9.2 percent for ECOWAS, 11.2 percent for SADC) and globally (15.0 percent for WAEMU, 19 percent for MERCOSUR, 21 percent for ASEAN and 65 percent for the European Union). The economic cost of this lack of integration has been calculated at around two to three percent of GDP (Direction des Etudes et des Prévisions Financières, 2008). Furthermore, various decisions and agreements have not been implemented and no summit of the heads of state – the AMU's main decision-making body – has been held since 1994.

### Trade arrangements between the EU and Maghreb countries

Launched in Barcelona in 1995, the Euro-Med Partnership (EMP) aims at establishing a vast Free Trade Area between the European Union and nine Southern Mediterranean countries (SMCs), originally by the year 2010. Algeria, Morocco and Tunisia have all joined this initiative. The Barcelona process is built on two pillars: a bilateral pillar, whereby each country has an association agreement (AA) with the European Union; and a regional pillar to promote strategic cooperation while emphasizing national complementarities.

Since its launch, the EMP has contributed to liberalizing trade in manufactured goods between EU and Maghreb countries; exchanges of agricultural products are regulated by the EU's Common Agricultural Policy, which provides protection to European farmers from external competition. While the liberalization of services and investment is among the key objectives of the EMP, there have not yet been any negotiations. The EMP agreements have so far mostly benefited the EU, without contributing positively to the increase of SMCs' exports to European countries. Furthermore, Maghrebi countries were confined under this agreement to the exports of labor-

intensive and low-skilled products, and/or to using a significant portion of imported inputs (textiles, leather products, fertilizers, and electrical equipment) (Ciéslik and Hagemeyer, 2009).

### Greater Arab Free Trade Area (GAFTA)

With the aim of establishing a free trade area between Arab countries by 2008, GAFTA was agreed upon by 17 of the 22 members of the Arab League, including Libya, Morocco, and Tunisia. The agreement covers trade in goods only; services and investment are excluded. Little progress has been registered towards the setup of GAFTA, mainly because of strict rules of origin and the non-inclusion of sanitary and phytosanitary standards (SPSs) and technical barriers to trade. In addition, GAFTA suffers from the absence of dispute settlement mechanisms.

### Agadir Agreement

Signed in 2004 between Morocco, Tunisia, Egypt, and Jordan, the Agadir Agreement entered into force in 2007. This agreement builds on existing regional (EMP and GAFTA) and bilateral initiatives. This agreement has not achieved the expected results of better preferential access to the EU through the sharing of accumulated production values among its members (UNECA, 2013). While the cumulation provision of the Pan-Euromed 'rules of origin' (a system made up of a network of Free Trade Agreements that provides for identical rules of origin allowing for diagonal cumulation) was expected to boost intraregional flows of manufactured goods, its outcomes turned out to be very modest – a mere 440 million US dollars of cumulated trade in 2013, compared to an estimated trade potential of 234 billion US dollars (*The Economist*, 2015). Various factors contributed to this disappointing performance, such as the aftermath of the Arab Spring on Egyptian and Tunisian economies, the Eurozone crisis and the persistence of non-trade barriers and restrictive practices among the members of the AA.

### Community of Sahel-Saharan States (CEN-SAD)

Established in 1998, CEN-SAD includes Libya, Morocco, and Tunisia among 20 other African countries in the northern half of the continent. While essentially focusing on resolving political and security issues, this organization also covers investment in the agricultural, industri-

al, social, cultural and energy fields. However, as in the above-mentioned initiatives, the track record of CEN-SAD has been limited so far.

### COMESA

Nineteen countries are members of the Common Market for Eastern and Southern Africa (COMESA); of the Maghreb states only Libya participates. While free trade was achieved between a subset of nine COMESA countries in agricultural and mineral products, Libya is not one of the nine.

The chart below shows the overlapping memberships of North African Countries in the regional trade arrangements outlined above.

### 3.3 Challenges to regional integration in the Maghreb

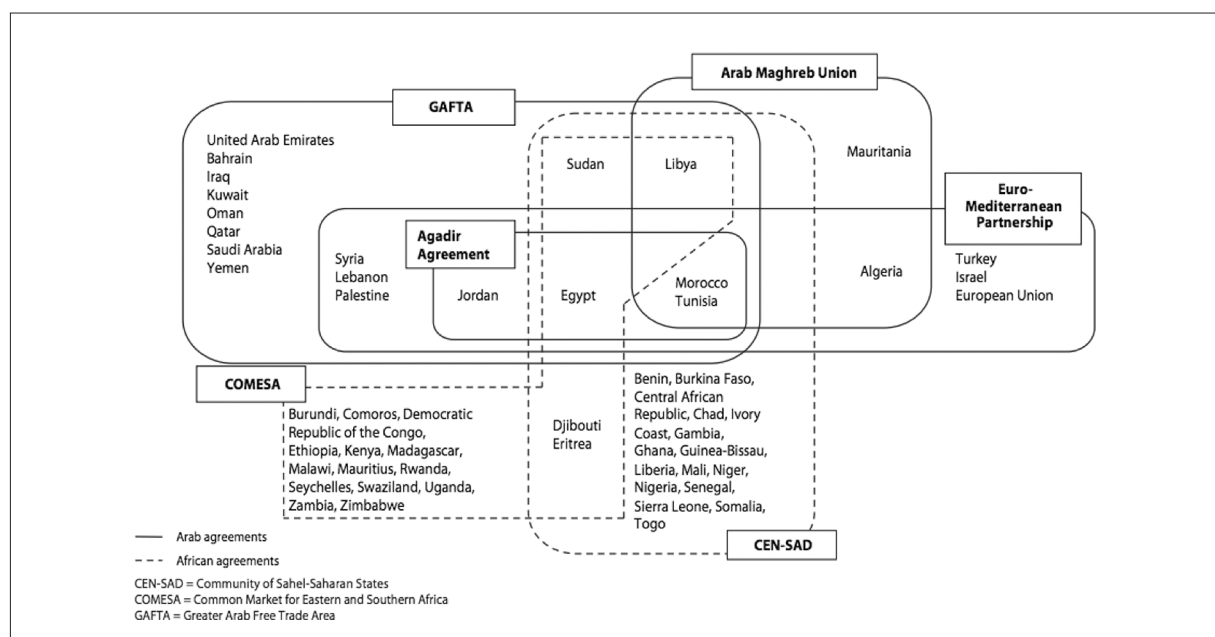
As mentioned above, the Maghreb region has faced political instability since 2011. The damages have been huge in the case of Libya, with massive bombings and destruction of infrastructure (bridges, roads, hospitals, shops, and administrative buildings) negatively impact-

ing regional trade and cooperation. The longstanding closure of the Algerian-Moroccan border has split the region into two separate parts. Further, the lack of implementation of existing agreements generates doubts about the states' level of commitment and willingness to achieve the integration project in the Maghreb.

Another challenge is the tendency of Maghrebi governments to prioritize vertical relations with the European Union above efforts towards regional integration. The intensity of interregional flows indicates that the EU is the partner with the most relative influence on the economic activities of the Maghrebi countries, which explains the tendency of Maghreb governments to focus on their relations with the EU at the expense of efforts towards regional integration. Besides confining Maghrebi economies to low-skilled and labor-intensive activities, this polarization in the direction of the EU has resulted in promoting similarities in production and export structures among Maghrebi countries, thereby undermining economic complementarities deemed necessary for a healthy and thriving regional integration.

This Eurocentrism in trade relations is compounded by the overlapping and fragmented trade arrangements to which Maghrebi countries are party (sometimes called

Chart 1:



»the spaghetti bowl effect«). Maghrebi countries have tended to retain membership in multiple regional groupings as well as various bilateral trade arrangements. This overlapping has resulted in dilution of human and technical resources, high administrative costs, and inconsistencies between integration agendas. For instance, complex rules of origin are an obstacle to properly implementing the overlapping regional trade agreements that Morocco has signed, due to contradicting and therefore inapplicable rules and institutional problems associated with these rules. As a matter of fact, it appears that the rules of origin provided for under GAFTA may prevent Morocco from reaping the full benefit of its participation in the Euromed process (Achy and Sekkat, 2005).

Finally, the dismal track record of regional integration in the Maghreb epitomizes the limits of the linear model of economic integration. This model considers the European integration process – which involves a progressive move from a free trade area to a customs union, common market, monetary union and political union in different stages – as universally applicable. According to the proponents of this theory of integration, trade reform-centered regionalism (for instance via the elimination of tariffs and non-tariff barriers) should help developing countries minimize the »smallness« problem they face and benefit from scale-economies.

This theory of regional integration presents serious shortcomings, raising questions regarding its applicability and relevance in the Maghreb region and Africa in general. Firstly, while this approach makes sense for developed countries given their diversified productive capacities, it does not work for Maghrebi countries, which have weak productive capacities and lack tradable products in both manufacturing and services. Secondly, market integration theory does not take into consideration structural inadequacies in transport, services, banking and labor skills amongst participating players. These constitute a major impediment to market-led regional integration in the Maghreb.

### 3.4 The Maghreb region and the Continental Free Trade Area (CFTA): Potential impact

The accession of the Maghrebi countries to the CFTA – ostensibly through the AMU as a first step towards regional integration – is expected to generate some economic opportunities for the sub-region. Various chal-

lenges and contradictions, however, may prevent this process from benefiting all sectors of the population. Moreover, the focus on market integration mechanisms is not consistent with the requirements of structural transformation – an essential prerequisite for genuine and meaningful development.

#### The neoliberal rationale of the CFTA

Designed as a flagship project of the African Union's Agenda 2063, the Continental Free Trade Area aims at boosting intra-African trade to achieve sustained economic growth, create jobs and alleviate poverty. Deemed important for Africa's economic development, the CFTA should be operationalized by the indicative date of 2017, according to the AU. Its implementation is expected to be sequential, concentrating on the liberalization of trade in goods and services first, followed by the harmonizing of intellectual property rights, competition and investment protection in a second phase. More precisely, the main objective of the CFTA is to eliminate tariff and non-tariff barriers to intra-African trade in goods and services as a stepping stone to an African customs union and, later, a fully-fledged African economic community (UNCTAD, 2016). The CFTA is accompanied by an Action Plan, which identifies priority action clusters as follows: trade policy, trade facilitation, production capacity (creation of regional/continental value chains), trade-related infrastructure, trade finance, trade information, and factor market integration (African Union, n.d.).

Drawing on successful integration experiences, especially the case of the European Union, which is viewed as a model to replicate, the CFTA is expected to lead to further growth in intra-African trade and to improve Africa's attraction as a destination for foreign investment as a result of scale economies induced by a more integrated and growing regional market, enhanced competition, increased diversification and regional specialization in production (Ibid). For example, it has been estimated that the removal of tariffs could raise the share of intra-African trade in total African trade from about 10.2 percent to 15.5 percent from 2010–2022. With enhanced trade facilitation measures, the gains could double to reach 21.9 percent (UNCTAD, 2015).

It follows that the CFTA will be built according to a market-led regional approach, in line with the modalities guiding the institution of the regional economic communities

(RECs) over the last decades. As Osakwe explains, »It is still the case that productive capacity development issues have not received as much attention as trade and factor market liberalization in the discourse on integration on the continent« (2015). This conclusion garners skepticism about the effectiveness of the CFTA in dealing with the major challenges of Africa's development and social progress, which is contingent upon structural transformation and the prioritization of productive capacities and infrastructure building.

### 3.5 Opportunities for the Maghreb region

The CFTA is based on the assumption that it will benefit all African countries. As a matter of fact, few studies support this assertion, apart from those that have tried to quantitatively assess (via computer modelling) the likely impact of the CFTA on intra-African trade flows and loss of public revenues.

According to Mevel, de Alba and Oulmane (2016), if all tariff barriers on goods within the African continent are removed by 2017, North African Countries (NACs) may be able to take advantage of the continent's rapid urbanization and demographic evolution to initiate their reindustrialization. As intra-African trade is predicted to expand by nearly 70 billion US dollars in 2020, North African exporters would receive as much as 20 percent of this gain. Of this expansion, 53 percent would be attributable to an increase in intra-North African trade alone and the rest to increased exports by NACs to the rest of Africa. While industrial products would see the biggest increases through intra-African trade, the positive impact of the CFTA and trade facilitation reforms of North Africa's industrialization would be much more pronounced (with about 68.8 percent and 69.7 percent of the increase in intra-African trade concentrated in industrial sectors alone following implementation of the CFTA without and with trade-facilitation reforms, respectively).

This scenario is contingent, however, upon a huge improvement in infrastructure (particularly energy and transport) and the removal of all non-tariff barriers (Osakwe, *op. cit.*). In addition, UNECA's calculations are based on data available for only 16 of the 55 African states, the other states being aggregated and calculated with tariffs at 2004 levels. Furthermore, this scenario

includes other unrealistic modelling assumptions, such as total liberalization over five years (2017–22), including of sensitive agricultural products; full employment of production factors, including labor; and one single consumer per country-region (Berthelot, 2016). Therefore, it is likely that gains will be more modest than projected.

### 3.6 Challenges and contradictions

The first challenge of the integration of the Maghreb region in the CFTA process relates to its distributive effects. According to UNCTAD (*op. cit.*), trade growth and welfare benefits from the CFTA would likely accrue unevenly, with a larger portion captured by a few countries with stronger supply capacity and competitiveness. This is reinforced by the fact that presently seven African countries account for about 60 percent of total intra-merchandise exports while the majority account for the remaining 40 percent. In addition, many African countries would be badly affected by the huge fall in tariff revenues: »almost half of African countries/regions considered in the study would be worst off in terms of real income after the formation of free trade areas« (Mevl and Karingi, 2012, in Berthelot J, *op. cit.*).

As for the losers, there are almost no studies on the distributive implications of the CFTA within countries. While one might expect that big corporations and agribusiness exporters as well as consumers would be among the winners, the losers seem mainly small and medium farmers, workers and women. The only study available (Gathii, 2016) identifies three potential risks that might result from substantial trade liberalization following the implementation of the CFTA.

The first potential risk is that since agriculture is not explicitly addressed in the negotiations as a standalone agreement, it is likely that the CFTA will fail to meet food and livelihood security goals. This means that liberalization of agriculture may result in adverse impacts on the ability of poor households and small-scale farmers to grow food for subsistence. It is equally arguable, however, that a standalone agreement that does not effectively counter the explicit sweeping liberalization orientation of the CFTA will not do much for food and livelihood security goals either.

The second potential risk is that commitments in the CFTA may undermine or eliminate existing decent work and quality jobs and/or fail to produce good quality and secure jobs that can provide adequate incomes and social protection. The third potential this study highlights are the adverse effects that may result from the CFTA's failure to deal with the insecurities that restrict small traders and temporary migrant workers who engage in cross-border informal services.

Judging from experiences across the continent over the past decades of trade liberalization, transforming agriculture for equitable transformation and development requires public investment and other interventions in support of small producers and the totality of their needs in production and trade. This approach, including as envisaged in existing continent-wide initiatives such as the Comprehensive Africa Agricultural Development Programme (CAADP), is driven by state intervention – rather than a function of tariff liberalization and other forms of simplistic market de-regulation.

In addition, relations between the Maghreb region and the CFTA may be challenged by the conflicting disciplines and benefits of the different Regional Economic Communities (RECs) already in place. Most African countries are party to more than one REC and convergence between different RECs, including North Africa's REC, as agreed upon in the Minimum Integration Programme (African Union Commission, 2010, p.11), should be made compatible with the goals and timelines set for the CFTA. To prevent the REC issue from undermining the CFTA, the AU should frame an explicit roadmap for how its member countries will take on CFTA commitments that overlap and/or replace existing trade arrangements within the RECs.

Moving decidedly towards the CFTA would also require harmonizing the multitude and varied trade commitments undertaken by practically all African countries at the multilateral (World Trade Organization), regional (Economic Partnership Agreements with the EU) and bilateral levels. Furthermore, without strengthening productive capacities, the CFTA will simply open up RECs as gateways for foreign products and platforms for multinationals outside Africa to consolidate their power over the continent. This is particularly the case of the Maghreb region, which is strongly focused on the EU. Morocco, for instance, aspires to assume a hub posi-

tion if it were to enter into one or more multilateral free trade agreements with Sub-Saharan African countries (AfDB, 2016).

Finally, it is worth mentioning that no REC has adopted a gender policy that would provide a framework within which to address gender issues. This means that the CFTA, as it is implemented through the RECs, is likely to be gender-blind, and thereby uphold the status quo or worsen labor, trade, and economic relations between men and women.

Overall, while the accession of Maghrebi countries to the CFTA might result in an increase in intra-African trade, the agreement's neoliberal rationale, focus on market integration mechanisms, and its flaws and contradictions are not consistent with a transformative agenda capable of triggering structural transformation, economic growth and poverty alleviation, for the continent or for the Maghreb.

### 3.7 Towards transformative regionalism and structural transformation

Sustainable development, employment, gender equality and poverty reduction are prerequisites if Africa is to live up to its ambition as an emergent continent in the 21st century. Yet, it is worth mentioning that development is «a process of transformation of a country's productive structures and capabilities (health and education in particular), and with the accompanying social changes (institutions, gender)» (Chang H.J., 2011). From this perspective, the track record of market-based regional integration is limited. Not only has it not resulted in an increase in intraregional trade flows, it has also reinforced specialization according to static comparative advantage, while development requires diversification and transformation of productive structures and strengthening of capabilities. Furthermore, its neoliberal rationale has contributed to the exacerbation of joblessness and preexisting inequities and inequalities, and precarious and degraded livelihoods (Third World Network-Africa, 2016).

The failure of the neoliberal approach to regional integration to promote development and poverty eradication in Africa calls for a shift in paradigm, in favor of an alternative regional project that encourages structural transformation, solidarity and cooperation among African countries.

Achieving sustainable development requires structural transformation, that is, the reallocation of economic activities from low productivity and added value sectors to higher productivity industrial and modern services sectors. This productive shift will result in economic diversification, accelerate economic growth, allow higher wages to be distributed, contribute to job creation and gender equality, and alleviate poverty. In this regard, a transformative regionalism is one that contributes to industrialization and structural transformation and promotes a »post-neoliberal regional integration« (Briceno-Ruiz and Hoffman, 2015).

In return, building productive capacities and infrastructure will make for successful regional integration thanks to diversification of production structures. For instance, regional cooperation in infrastructure, finance, and peace and security can stimulate the development of supply capacities in an economy. When coupled with a concerted effort towards collective industrialization – based in part on regional and sustainable transformation of natural resources and an active role of democratic and developmental states – it can induce structural transformation.

Transformative regionalism should constitute a continental alternative – with sub-regional poles – to neoliberal globalization. In this sense, transformative regionalism can function as a »basic building block for the construction of a polycentric world characterized by equitable development among its constituent regions and by respect for cultural diversity« (Amin, 2002). It should be based on cooperation and solidarity.

Within this process of regional integration, the need to develop a social agenda is of paramount importance. This should include »the incorporation of social distribution mechanisms, regional social and labor regulation, [and] regional sector policies concerning health and education, among others, promoted by a more active and sensitized state regarding social issues« (Riggirozzi and Tussie (eds.), 2012).

Democratic and popular participation in the decision-making process and an active role for non-state actors – especially civil society organizations, grassroots communities and social movements – is key. This is especially true in promoting gender equality, which might be put at risk by the neoliberal rationale of the

CFTA. Putting gender equity and equality at the heart of transformative regionalism requires thinking of women's rights as political rights. These political rights are attainable by fulfilling a range of social rights, including through gender-equitable access to social services, employment and decent work, and social protection.

#### Transformative regionalism in the Maghreb region

To contribute to transformative regionalism in Africa, the Maghreb countries must firstly depart from the European linear model of integration that underpins the Arab Maghreb Union. Secondly, a political solution to the conflict between Algeria and Morocco over the Sahara should be worked out within the African Union to unleash the developmental potential of the region to the benefit of its peoples. Thirdly, industrial development initiatives with proper implementation and monitoring mechanisms should be set up in the Maghreb and North Africa's REC to achieve transformative objectives. In this regard, selective industrial policy to ensure that investment is geared towards strategic sectors is key to economic transformation.

Finally, successful regional integration in the Maghreb requires full democratization of decision-making processes in terms of social and gender issues. Maghrebi civil society can contribute to building the Maghreb through networking to bring peoples of the region closer and putting pressure on governments to revive the Arab Maghreb Union through a transformative approach.

#### 3.8 Advancing heterodox policies in various regional fora, including the CFTA

To advocate heterodox policies, several venues can be targeted. Firstly, the United Nations Economic Commission for Africa (Rabat Office) is currently conducting studies on strategies and mechanisms to connect North Africa's REC to the CFTA. Secondly, it is possible to engage with the AMU's Secretariat in Rabat, even though this intergovernmental organization is currently on hold due to inter-state political disputes. Thirdly, Maghrebi civil society organizations might take part in the annual monitoring of 2030 Agenda conducted by the Economic and Social Commission for West Asia (ESCWA). Finally, events set up around the CFTA's negotiations, such as the Africa Trade Forum, the biannual reviews, and the



African Business Council, offer the opportunity to interact with officials, policy-makers and economic actors.

To that end, various activities can be organized: side events, media outreach, awareness and capacity building, CSOs networking and lobbying to play an active role in determining negotiation mandates, regular monitoring of progress, and sharing perspectives and heterodox and feminist proposals.

### 3.9 Possible implications for heterodox policies of the 2030 Agenda and its SDGs, particularly goals 8, 10, and 17

The 2030 Agenda for Sustainable Development, adopted by the member states of the United Nations in 2015, rightly stresses the need to consider the three pillars of sustainable development: economic, social and environmental. The Maghreb region, alongside other regions, suffers from problems of poverty, poor health, vulnerability of economies to shocks and climatic conditions, and substantial environmental degradation, i.e., the kind of issues that the 2030 Agenda is set up to tackle.

In this respect, the CFTA is expected to act as an enabler, in line with the inclusion of trade in the 2030 Agenda as a means of implementation as outlined in Sustainable Development Goal 17. According to UNECA's experts, African regional integration will substantially boost »inclusive development on the continent, by supporting the continent's economic transformation towards sectors that add more value to goods, rather than simply growing or extracting commodities« (Luke, 2015). More specifically, »the CFTA will provide African economic operators and firms with better access terms vis-à-vis exporters from outside the continent in supplying Africa's demand for value-added goods and services, meaning that their market share within Africa will expand«. An African CFTA that includes services would contribute to the achievement of some SDGs such as SDG 3 on health, through better access to higher-quality health services; SDG 4.3 on access to technical, vocational and tertiary education; and SDGs relating to infrastructure – »since access to better quality and more affordable construction services can also be expected through the CFTA and boosting intra-African trade initiative, leading to a reduction in infrastructure costs« (Ibid). The CFTA should also facilitate mobilization of financial resources

as well as cross-border investments within Africa. This optimistic perspective from UNECA's experts should be qualified in line with the limitations and shortcomings raised above in Section 2.

For the North African region, the contextualization of SDGs has led UNECA to prioritize four main goals, 36 targets and 54 indicators (Mohamed Salek, 2013). The four goals are as follows: reducing poverty, marginalization and social inclusion of vulnerable population; ensuring universal access to basic services; operating a structural transformation of economies and achieving a green and inclusive growth; and building a sustainable peace on a transparent basis. Regional integration is expected to boost economic growth and contribute to the sustainable management of natural resources.

While SDGs might improve the prospects of economic growth in Africa, especially through the CFTA, the 2030 Agenda does not address the structural factors that impede sustainable development and reinforce poverty and social exclusion, particularly power imbalances within countries (based on gender/race, class, geography) and among them (between »developed« and »developing« countries, the predominance of transnational corporations and inter-governmental institutions – particularly those dealing with trade and finance – and technocratic elites). Oblivious of power relations, the Agenda »fails to confront the current state of society and the state, and to deliver commensurate transformative ideas« (Koehler, 2016).

Given the aforementioned limitations of both the CFTA and the SDGs, the combination of the two is unlikely to contribute to the structural transformation of the Maghreb in economy and society, which is badly needed if the Maghreb is to achieve real and meaningful socio-economic development, social justice, gender equality and sustainability. Besides, important challenges may impede a serious and proper implementation of the 2030 Agenda (see for example, Saadi 2016).

Firstly, the Maghrebi countries are still committed to carrying out neoliberal policies that have demonstrated their limitations in the past (privatization of public services such as education and health for example, a persistent blind faith in the private sector, austerity and public spending cuts, etc.). Secondly, issues such as democratic governance, fighting corruption and inequalities, and

decent employment do not feature high on the political agenda of Maghrebi countries, despite recurrent rhetoric about good governance and transparency. Thirdly, the failure to mobilize sufficient domestic resources, especially domestic ones, might also impede the implementation of the 2030 Agenda if it is not taken into account more seriously. Finally, the potential contribution of regional economic integration to the SDGs might not materialize unless geopolitical issues and interstate disputes are tackled in a serious and effective manner.

On the operational level, growth in GDP is positioned as the main determinant of poverty reduction and general progress of development both in the 2030 Agenda and the CFTA. Through this approach, these initiatives do not call into question the neoliberal economic paradigm focused on growth, profitability and competitiveness. The fact is that economic growth does not necessarily result in full employment and decent jobs or structural transformation. Empirical evidence shows that economic growth can be jobless, and many countries have growth without structural transformation of the economy. Furthermore, growth has led in other circumstances to an increase in the informal sector and work precariousness (lack of social protection, failure to respect workers' rights). This focus also ignores the reality that setting a global goal per capita economic growth of at least seven percent in developing countries will be very damaging to the planet's ecosystems.

#### Sustainable Development Goal 10: Reduce inequality within and among countries

The adoption of a standalone goal on inequality within and between countries (SDG 10) constitutes a clear departure from the MDGs, which simply ignored this pressing issue. In contrast, the CFTA does not address it at all. The issues within SDG 10 range from wealth and income inequalities to regulating global financial markets and the question of power imbalances in global governance. SDG 10 commits to the social, economic, and political inclusion and empowerment of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, and economic and other status. It also seeks to ensure equitable treatment for all. While targeting inequalities as a specific goal of the 2030 Agenda is an important step towards a more just and equitable world, its achievement is unlikely unless the profit-driven economic rationale is questioned. As Donald (2016) puts it, »success will require

significant redistribution of wealth, resources, opportunities and power, which in turn means robustly addressing the financial and political privileges of wealthy elites and transnational corporations... This kind of redistributive actions, while profoundly necessary from the point of view of human rights, are needless to say politically unpalatable for many governments«.

#### Sustainable Development Goal 17: Strengthen the Means of Implementation (MoI)

SDG 17 of the 2030 Agenda is focused on implementing the policies through which many of the other goals are to be realized. The MoI involve issues of finance, trade, technology and information, data, and global partnership. Among these means of implementation, however, are several flaws and caveats that risk seriously undermining the »transformational« potential of the 2030 Agenda.

SDG 17 includes the implementation of free trade law and has an explicit focus on the WTO. This commitment will result in the commodification of vital public services such as water, health, education, via the General Agreement on Trade and Services (GATS) (Weber, 2017). SDG 17 emphasizes the need to create a rule-based multilateral trading system, and developing countries in particular are advised to »significantly increase« their exports. Such advice overlooks the fact that these countries have been penalized by such orientation as they have incurred a deterioration in the prices they have obtained for their manufactured products. In many cases, the result has been more gender inequality (women's low wages, lack of social protection, bad working conditions).

Within the MoI, the financing sub-goal overlooks the issue of macroeconomic policy as a means of addressing employment concerns and public investment in social services. The fact is that many countries are currently following orthodox economic policies and pursuing adjustment policies that limit fiscal space. In addition, the overreliance on the private sector to deliver public services might undermine »the state's ability to protect, respect and fulfill human rights« as this strategy not only »does involve higher costs than direct public procurement, [and] privatizes gains while socializing risks, it changes the nature of public services and profoundly alters governance relations« (Prato, 2016).



### 3.10 Recommendations

Based on the analysis included here, the following steps are recommended.

- Overcoming the civil war in Libya and settling the historical conflict between Algeria and Morocco are a prerequisite to reinvigorate the Maghreb region and the North African REC and make it a key building block for productive pan-African integration. Of special interest is the reopening of the Algerian-Moroccan border. Pressure from civil society and social movements might help overcome political resistance from governments.
  - Alternative models of development that contest the neoliberal orthodoxy should be adopted. These should focus on structural transformation driven by »conscious and purposive public policy choices« (Third World Network-Africa, op. cit.) and led by a democratic and developmental state. Gender equality and equity and environmental sustainability must be top priorities. Implementing these alternative models of development is contingent upon regaining policy space, which requires the revision of international, regional and bilateral agreements, especially Euro-Mediterranean commitments (in this case of the Maghreb).
  - For the SDGs to be achieved, it is important to make a shift so that »sustainable and just social and ecological outcomes are the primary policy consideration rather than the capitalist economic rationale« (Koehler, 2016). In addition, by equipping SDGs with policy recommendations and »making creative connections across goals and targets« (Koehler, op. cit.), it would be possible to make room for some modest policy evolution. This is especially relevant for gender equity and equality policy.
  - Transformative regionalism must represent a move away from neoliberal and trade-led regionalism. The region is to be recaptured as a space for policy reformu-
- lation on social, political, and development issues that overlook the traditional drivers of neoliberal regionalism. Priority has to be given to the coordinated promotion of productive capacities – especially manufacturing and high-productivity service activities in the region or sub-region (in this case the Maghreb); strategic trade and industrial policies with regional harmonizing mechanisms should be adopted. In this regard, a step-by-step approach to trade liberalization must be co-related and contingent upon concrete achievements in areas such as industrial policy, investment, and other co-operation among the parties (Regions Refocus and Third World Network-Africa, 2016).
- The sequencing of trade liberalization must give priority to the concerns of workers, small and medium farmers, traders, producers, and women’s groups, and be based on transparent, participatory and accountable procedures. It should also be associated with compensatory mechanisms for losses from liberalization mechanisms and longer transition periods to adjust to import competition for countries that need them.
  - Re-establishing and strengthening the Arab Maghreb Union – as part of the North-African REC – to serve as a key instrument of transformative regionalism. For instance, it is of utmost importance to implement provisions of the AMU treaty regarding joint ventures to produce certain goods and services and joint action to develop common resources and to improve bargaining positions.
  - Democratic governance and citizen participation is contingent upon a new balance of power in favor of marginalized economic and social groups and the expansion of deliberative public spaces that leads to a more informed citizenry.



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#### 4. Crisis Narratives, Debt and Development Adjustment: Contemplating Caribbean Small Island States' Futures

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This paper seeks to provide a relational understanding of an endemic crisis in accumulation/development across the Commonwealth Caribbean. This crisis is both ideational and material. It is material insofar as households continue to bear the brunt of wage stagnation, income inequality, rising personal debt and cuts in social expenditure – the net effects of failing development paradigms. It is ideational as authority for assessing the scope of our development predicaments is left to an international public policy community of experts drawn from international financial institutions (IFIs), the Organisation of Economic Cooperation and Development (OECD) donor states and United Nations agencies. It sets up encounters between domestic elites who function as translators of such discourse and jurisdictional elites who share in the neoliberal consensus and assumptions but are inclined to fashion home-grown solutions. I argue that this is proxy for what is indeed an intra-elite crisis on the way forward as the limits of the post-independence models of accumulation and development have been reached.

It appears that Caribbean elites have succumbed to the influence of the »global development agenda« as governing code for modeling national development going into the 2020s. Global development agendas since 1999 have identified poverty reduction, debt relief, the provision of development financing, and staving off sovereign default risk as key responses to national and global development emergencies. Each of these responses reveals a problem-solving mentality; they present a set of management tools and mastery of the technical and institutional implementation that bear upon how governments come to be assessed by the IMF and credit rating agencies. This paper sits within the tradition of critical international political economy, paying particular attention to Anthony Payne's (2001, 2005) appeal to identify the role agents play in producing and structuring neoliberal outcomes.<sup>9</sup> It also accords with a neostructuralist

understanding of the world system.<sup>10</sup> There are stakes in all encounters and a fundamental interdependency among countries and elites. Although domination and subordination, an uneven distribution of goods, and new alignments shadow many kinds of engagements within the world system, a range of cooperative and ambiguous possibilities also necessarily structure the field of international relations.

To be sure, the export development emphases of the various island states have undergone shocks spawned by global competition and capital markets dynamics. These run up hard against the commercial-dealing bias of the wealthy elite, where a predominantly low-risk, conservative enterprise culture has long been spawned. Economic recovery in the Caribbean will, of necessity, entail the embrace of new emphases in value-added enterprise, risk and industrial deepening commensurate with an appropriate developmental statecraft, both at the national and regional levels. The policy space required to undertake such remains uncertain. This is in light of the powerful influence of expert communities who circulate within IMF's orbit or are drawn to neoliberal assumptions about a presumed link between financial sector enhancement and sustained economic recovery.

To weave these strands together, an unpacking of the ratings logic and discourses in favor of IMF Stand-By Arrangements is necessary. This paves the way for problematizing budgetary governance and debt management among a set of small developing Caribbean countries. Coextensive with battles for public policy autonomy and political discretion, the Caribbean experience of debt management highlights the urgent need to:

- Review the criteria, logics and distinctions between small vulnerable economies and small island developing states given prevailing debt-to-GDP ratios. As the latter are also at the frontlines of climate change, consideration should be given to the implications of graduating a sub-set of these to middle-income status, where they will no longer have access to concessionary financing.
- Engage in international campaigns for reforms of credit rating methodologies and techniques. These are subjective estimations susceptible to serious incon-

9. See A. Payne (2001), »The Global Politics of Development: Towards a New Research Agenda«, in *Progress in Development Studies* 1(1): 5-9; and A. Payne (2005) *The Global Politics of Unequal Development*, Basingstoke: Palgrave.

10. For more on neostructuralism see D.D. Marshall (1998), *Caribbean Political Economy at the Crossroads*, London and New York: Macmillan Publishers, chap. 1.

Table 3:

Gross Domestic Product Growth Rates in Select Caribbean Countries 2011–2017

Real GDP growth (Annual percent change)	2011	2012	2013	2014	2015	2016	2017
Barbados	0.8	0.3	-0.1	0.1	0.9	1.6	0.9
Grenada	0.8	-1.2	2.4	7.3	6.4	3.7	2.5
Jamaica	1.4	-0.5	0.2	0.5	0.9	1.3	1.7
Saint Kitts and Nevis	-0.8	-0.8	6.6	5.1	4.9	3.1	2.7

Source: Based on calculations drawn from IMF Country Reports 2011-2017, and the World Economic Outlook database.

Table 4:

Ratio of Public Debt to GDP for Caribbean (CARICOM) Countries circa 2016

Haiti	36.84 %
Guyana	48.30 %
Antigua and Barbuda	92.1 %
Bahamas	66.9 %
Barbados	107.9 %
Belize	98.6 %
Dominica	81 %
Grenada	84 %
Jamaica	115.2 %
St. Kitts-Nevis	65.8 %
St. Lucia	82.6 %
Suriname	64.6 %
Trinidad and Tobago	61 %

Source: Data drawn from CIA World Factbook and the IMF Country Report 2016.

sistencies and bias. Indeed, attempts to synthesize the quantitative (risk) and qualitative (uncertainty) in order to render a rating score remains a fallacious practice.

- Consider negotiations with China for concessional financing to meet balance of payments challenges, shore up foreign exchange reserves and tackle infrastructure renewal. This should form part of an overall campaign to avoid Paris Club debt deals other than those that can address debt reduction or concessionary financing for middle income countries.

#### 4.1 Fiscal governance and governmentality

The interacting and converging crises of the global political economy notwithstanding, stagnant growth and the sustainability of public debt occupy center-stage in Caribbean national development debates (see Tables 3 and 4). As a consequence, credit ratings and debt management play a strong role in the analytics of government. National governments' annual Article IV consultations with the IMF, the subsequent economic forecasts, and their media coverage unwittingly function to restrict discussion mainly to fiscal rather than developmental matters. Debates over the interpretation of forecasts bears this out. In circumstances where a credit rating downgrade is at issue, the discussion turns to the country's credit worthiness and the associated costs for government and financialized firms to secure loans from international capital markets. It affirms the appeal of financial elites as much as it extols the benefits of disciplinary, finance sector-led growth. It beckons technical expertise and scotches artifice around fashioning an industrial policy ushering in an anti-politics of national and regional development. Ratings and debt management have become the litmus test through which sovereign debt is made into a »problem of government« and its management an »issue of competence and fitness for leadership«. Here the quest for investment grade and smaller debt-to-GDP ratios represent »correct« and »normal« budgetary conduct and are central to a government's legitimation.

This is a dubious fiscal normality when we consider the realities of national budgetary sovereignty, the operational dimension of fiscal relations in small societies, contradictions within the narrow rating range of credit

agencies, and how the prescribed austerity or embrace of an IMF Stand-By Agreement conflicts with efforts to contain inequality and stimulate a value-added, economic diversification.<sup>11</sup>

However the populace is expected to trust that a fiscal correction featuring reduced government expenditure, debt re-scheduling and business facilitation will unlock greater private capital flows and yield sustainable growth. Such a discourse, I argue, normalizes otherwise harmful debt financialization of development and a managerial approach to state leadership.

For a rounded depiction of what the development community deems most appropriate for Caribbean small island developing states, the initiatives extend to harnessing remittances as an important source of development financing; implementing a fiscal correction to reduce sovereign debts and deficits; and leveraging access to concessionary finance given climate adaptation and infrastructural challenges. As the arguments go, the pursuit of these initiatives matched by changes to ensure an ease of doing business will lead to economic growth, eventual recovery and attainment of targets linked to the UN Sustainable Development Goals. Essentially, however, the above remain defensive strategies as broad-based developmental planning efforts are required to tackle underlying causes of poverty, inequality and underdevelopment in the region. But, as I argue below, the operational dimension of fiscal relations pursuant to sovereign ratings and fiscal consolidation constrains policy choice. It also sets the parameters against which democratic governments are judged and managed.

#### Narrow rating range of CRAs

In 2014, the Inter-American Development Bank published a study asking: »Is there a Caribbean Sclerosis?

Stagnating Economic Growth in the Caribbean«.<sup>12</sup> Even as the commissioned authors acknowledged the effects of the global economic downturn, they felt compelled to treat the CARICOM region of small island states as struck by the following weaknesses:

- lower factor inputs and total factor productivity;
- inferior competitiveness;
- worse institutional quality;
- a weak private sector;
- greater macroeconomic instability;
- a tougher economic and geographical neighborhood; and
- a frustrated regional integration agenda.

By 2017, the contributors to a Caribbean Development Bank Report proffered that the blights extended to an absence of political will combined with a lack of implementation capacity.<sup>13</sup> Add to this the scale of debt accumulation and debt servicing among Caribbean small island independent states - most of them middle income countries – and we get a fair picture of the macroeconomic environment within which individual governments operate.<sup>14</sup>

However, the Anglophone Caribbean region's economic policy elite and policy-oriented intellectuals are in lock-step in their support of finance-led growth. Theirs is an ideational echo chamber with remedies rooted in a neoliberal calculus of austerity adjustments that appeases officials of credit rating agencies (CRAs), speculative investors and financial elites. It turns on what counts as authoritative knowledge in guiding and managing an economy. Political discretion is decried and marginalized in favor of mathematical/risk models that produce

11. See J.D. Ostry, P. Loungani and D. Furceri (2016), »Neoliberalism: Oversold?« in *Finance and Development* 53(2): 38-41. Here three IMF based economists question the effectiveness of austerity policies and mainstream policies undertaken in Standby Agreements. They note that »fiscal consolidation, sometimes called 'austerity', which is shorthand for policies to reduce fiscal deficits and debt levels ..[lead to]..three disquieting conclusions: The benefits in terms of increased growth seem fairly difficult to establish when looking at a broad group of countries. The costs in terms of increased inequality are prominent. Such costs epitomize the trade-off between the growth and equity effects of some aspects of the neoliberal agenda. Increased inequality in turn hurts the level and sustainability of growth.« (38-39).

12. See J.I. Ruprah, K.A. Melgarejo and R. Sierra (2014), *Is there a Caribbean Sclerosis? Stagnating Economic Growth in the Caribbean*, Washington: Inter-American Development Bank.

13. See J. Ram, D. Kaidou-Jeffrey, K. Hope, O. Peters and I. Durant (2017), *Implementation: Delivering Results to Transform Caribbean Society*, Wilbey, Barbados: Caribbean Development Bank.

14. For more on this see C. Rustomjee (2017) »Pathways through the Silent Crisis: Innovations to Resolve Caribbean Unsustainable Debt«, CIGI Papers 125 (April), Centre for Innovation Governance Waterloo, Ontario Canada. Website: [www.cigionline.org](http://www.cigionline.org).

their own form of reason. This reason, this intelligibility is aligned with perceptions of contingency and normality. Take the current fiscal politics around sustaining a credit rating: the authority of credit ratings agencies goes unchecked.

Investment grades grant access to liquid capital markets. The politics of credit worthiness thus entails managing against downgrades, or worse, sovereign default. Ruling regimes seek to adhere to austere criteria and align with the »norm« in satisfying ratings agencies in order to perform the functions of »government«. Competing notions of budgetary normality by politicians and civil society captured by concerns to do with social protection, wage stagnation and industry incentives are sidelined as the risk of sovereign default assumes primacy from the vantage point of the Fund, CRAs and financial elites. By extension, ruling regimes are inclined to forego prior understandings of the IMF as lender of last resort, opting to embrace counsel that advises entry into an IMF Stand-By Agreement at the first sign of budgetary profligacy. Such a move, it is argued, will allow for access to cheap loans, create space for refinancing existing debt obligations and allow for a revised outlook leading to a restoration of investment grade.

To ruse with CRAs' methodologies and techniques is not just to question their authority and epistemic privilege but to prick their pretensions of neutrality. Surely the analytics of ratings becomes an important task in destabilizing the internal form of governmentality that pervades Caribbean discussion of fiscal responsibility.

Standard & Poor's and Moody's Investor Service are leading agencies that offer sovereign credit ratings. These function as ordinal rankings of creditworthiness for investors to note.<sup>15</sup> The assessment criteria feature calculations of what Standard & Poor's refer to as the »tolerability of debt« weighing up factors ranging from – to wit Moody's – the regime's credibility and legitimacy through to macroeconomic indicators of growth and current account balances. The qualitative inputs informing their scope of judgment about fluid and contingent fiscal relations are not clearly spelled out. Moreover, a quantitative score is produced based on all informa-

tion and judgments to transform uncertainties into a risk proposition, leading to an investment rating. Forward-looking evaluations are supplemented to facilitate peer comparisons.

Haspolat (2015) undertook an analysis of Moody's sovereign credit ratings of several countries following the East Asian meltdown of the late 1990s and the fall out of the global financial crisis that started in 2008.<sup>16</sup> He found Moody's focus on GDP per capita, governance quality, current account balance, growth performance, a competitive industrial outlay and having a reserve currency conditioned positive sovereign ratings for core countries. On the other hand, Moody's issued negative ratings for countries without robust industrial sectors and reserve currencies in the corresponding periods, referring in the respective national economic profiles to exchange rate volatility, interest payments and high debt stock. This bias speaks in part to a desired state of fiscal normality aligned with Anglo-American forms of capitalism.

Indeed, the coercive power of CRAs is captured in their support of IMF outlooks and advice. Barbados experienced a triple notch downgrade by Moody's in June 2014 to B3 from Ba3 – six months after a December downgrade to B3. This was Moody's demonstrating its ability to influence outcomes in the contestation among local social partners about the form austerity should take given IMF advice to cut expenditure.

#### 4.2 Fiscal discipline and the IMF equation

To recognize the authoritative capacity of ratings is to understand how their construction underscores the power of scientific finance. There is no insulation from politics in the fiscal and budgetary planning process. The ministry of finance and the office of the prime minister are influenced by a privileged group of insiders with access to routines around determinate estimates of expenditure; powerful lobbies command audiences with state elites; and lower-level functionaries are required to not only overcome problems of new tax or institutional design but also navigate certain dilemmas that state withdrawal may create. Fiscal temperaments are fluid and idiosyncratic and therefore not amenable to capture

15. See Moody's Investor Services (2008), *Moody's Rating Methodology: Sovereign Bond Rating*, New York: Moody's Investor Services and Standard & Poor's (2011) *Sovereign Government Rating Methodology and Assumptions*, New York: Standard & Poor's.

16. See F. H. Haspolat (2015), »Analysis of Moody's Sovereign Credit Ratings: Criticism Toward Rating Agencies are Still Valid?«, *Procedia Economics and Finance* 30: 283-293.



in a probability distribution. However, many publics treat the ratings as an indicator of regime (read managerial) competence. Statecraft is less linked to developmentalism than to a demonstration of fiscal discipline.

In the Caribbean, the prevailing expert counsel is for a significant reduction in government expenditure featuring cuts in spending across a range of public goods together with public sector reform that leads to greater efficiencies in tax administration, customer service and business facilitation. The corollary to this is the recommendation that governments move to renegotiate the debt payments schedules with creditors and/or enter a Stand-By Arrangement (SBA) with the International Monetary Fund in order to access cheap loan financing through Special Drawing Rights (SDRs). When converted to currency, the SDRs are expected to finance recovery and buttress the foreign reserve stock. The two governing equations at work are:

1. fiscal consolidation + debt restructuring = stable outlook; and
2. leaner, smaller government + business facilitation = growth.

St. Kitts and Nevis, Grenada and Jamaica have entered SBAs with the IMF. In each case a fiscal correction occurred, but at the price of national self-determination programs.

Jamaica's arrangement in 2011 follows structural adjustment programs with the Fund extending back to 1982. A four-year Extended Arrangement was facilitated under the IMF's Extended Fund Facility (EFF). This was set for expiration in April 2017. The new government elected in February 2016 requested cancellation of the arrangement under the EFF in exchange for a new three-year SBA. The proposed new SBA will represent a near doubling of the Fund's commitment to Jamaica, as 78 percent of US\$1.7 billion will be made available to the Andrew Holness administration upon approval.<sup>17</sup> The new government's reform intentions spoke to job creation, sustained growth and protecting the vulnerable. The program pillars under which the tranche of the

SBA will address future commitments to: further reduce the public debt to 60 percent of GDP by 2025/26 »by maintaining primary surplus at seven percent of GDP for the duration of the new arrangement«; to continue to build precautionary reserves through market-based purchases of foreign exchange; and to improve public sector efficiency, shifts to indirect taxation, strengthening the social safety net, and infrastructure spending. The IMF Factsheet acknowledges that SBAs are more often used by middle-income member countries, since low-income countries have access to a range of concessional instruments and monies tailored to suit their needs.<sup>18</sup>

A St. Kitts and Nevis SBA with the IMF approved in 2011 involved a three-year program. It featured access to cheap financing of approximately US\$52 million. By 2014 the IMF reported that improvements occurred in the area of fiscal sustainability, and that the country's debt was substantially reduced. The report lamented the pace of reform in tax administration and public-sector efficiency. Since then the government has embarked on a homegrown economic program extending its citizenship-by-investment program as a spur to construction-led growth.

Grenada had undergone a structural adjustment program with the Fund after its revolution was ended in 1983. In June 2014, the Keith Mitchell Administration entered an SBA with the IMF. This was against the backdrop of rising public debt exceeding 110 percent of GDP and a steep fiscal crisis. Under an arrangement with the Extended Credit Facility, the Grenada government accessed US\$3 million in 2015, US\$2.9 million in 2016, and is set to receive US\$2.8 million in 2017. In its sixth and final review of Grenada's performance in May 2017 the IMF applauded its successful fiscal adjustment, debt restructuring and stronger growth.<sup>19</sup>

It is important to consider the role of the state in these three Caribbean territories and, say, Barbados at the point of contemplating an SBA with the IMF. Structural adjustment programs led to a reduced role of the state in the areas of corporate and social welfare in Jamai-

17. See International Monetary Fund (2016), »IMF Executive Board Approves 1.64 billion Stand By Arrangement for Jamaica«, press release 16/503. November 11. <https://www.imf.org/en/News/Articles/2016/11/11/pr16503-IMF-Executive-Board-Approves-US164-billion-Stand-By-Arrangement-for-Jamaica>.

18. See International Monetary Fund Fact sheet on IMF Stand-By Arrangements [www.imf.org/about/factsheets](http://www.imf.org/about/factsheets).

19. See International Monetary Fund (2016), »Grenada: Staff Report for the 2016 Article IV Consultation, Fourth Review under the Extended Credit Facility«, IMF Country Report 16/133 (May). <https://www.imf.org/en/Publications/CR/Issues/2016/12/31/Grenada-Staff-Report-for-the-2016-Article-IV-Consultation-Fourth-Review-Under-the-Extended-43922>.

ca prior to its 2011 SBA. Grenada itself experienced significant state adjustments in the 1980s and 1990s. St. Kitts and Nevis's social and corporate spend remains modest by comparison. Based on the 2016 Human Development Report, Barbados ranked 54th in the Human Development Index among 188 countries; St. Kitts and Nevis is 74th; Grenada 79th; and Jamaica is 94th.<sup>20</sup> It is worth noting that the citizenship-by-investment programs of Grenada and St. Kitts-Nevis serve as a foreign investment strategy and a stimulus to growth. Indeed, the Fund supports economically motivated investments but questions »politically motivated« – meaning foreign government – investments. This constrains exploring options outside of loan arrangements with members of the Paris Club. In essence, the emphasis placed on financial sector enhancement rather than measures to ensure a robust economic diversification is one shared by local policy elites as well as those drawn from the Fund and CRAs. The recent passage of the Fiscal Responsibility Act in Grenada can be said to represent a high-water mark in the authoritative ascendancy of financial elites and relegation of democratic government in the region. According to several scholars, many elites think like the IMF, choosing policies that fit within the neoliberal continuum.<sup>21</sup>

#### 4.3 Beyond the Paris Club

The world is marked by diverse power centers. This extends to novel sources of investment and donor support outside of Western investment tied to conditionalities. Brazil, China, Taiwan and Venezuela – before its recent political-economic crisis – have been deepening investment and diplomatic relations in Latin America and the Caribbean. In the scholarly world, the body of literature that typically portrayed countries of the global South as »vulnerable to manipulation« has been debunked in favor of approaches that balance the potential benefits of the country (or state company) offering assistance with accounts of the active role recipient countries play in negotiating the power of influence and geopolitical ten-

sions. Foreign aid and loan programs are an important part of a »go-global« strategy on the part of non-Western donors and countries.

The United Arab Emirates (UAE) is the third largest donor outside of the OECD Development Assistance Committee (DAC), after Saudi Arabia and China. In its first full report to the DAC in 2009, we learn that it disbursed US\$1.2 billion in official development assistance, exceeding the aid volumes of six DAC donors.<sup>22</sup> The regional distribution of this assistance was mostly to the Middle East (61 percent), but South Central Asia (22 percent), North Africa (nine percent) and Sub-Saharan Africa (five percent) also received government aid. Venezuela under the Multilateral Debt Relief Initiative of the Fund, World Bank and the IDB provided debt relief to Guyana under its PetroCaribe agreement in 2007, writing off its debt against rice imports from Guyana. Venezuela under the PetroCaribe facility also provided US\$1.5 billion in the form of liquidity deposits to Haiti's commercial banks.

In the case of China, both state-owned and private Chinese companies have become major investors in Africa in the past 15 years. Today China is the single largest bilateral source of annual foreign direct investment (FDI) to Africa's 54 countries. To be sure, China took advantage of opportunities to increase its investment in Africa following the 2008 banking crisis that saw an exit of Western interests. The long-term nature of Chinese investment contrasts sharply with commercial ones as bulk investments have been made in roads, energy, mining and manufacturing.<sup>23</sup> China's concessional lending through the China Exim Bank features low-yield loans averaging US\$20 to \$30 million which are made available to Chinese exporting firms to develop infrastructure and facilities in developing countries. This collaboration both benefits Chinese producers and workers and develops productive infrastructure. The Chinese government also offers grants and interest-free loans administered through state finances. These loans are provided for 20 years, which includes five years of use, a five-year grace period and ten years of repayment.

20. See the Human Development Report (2016), United Nations Development Report [www.hdr.undp.org](http://www.hdr.undp.org).

21. See for example, B. Thirkell-White (2005), *The IMF and the Politics of Financial Globalization*, Basingstoke: Palgrave; A. Broome and L. Seabrooke (2007), »Seeing like the IMF: Institutional Change in Small Open Economies«, *Review of International Political Economy*, 14(4): 576–601; J. Chwieroth (2010), *Capital Ideas: The IMF and the Rise of Financial Liberalization*, Princeton, NJ: Princeton University Press.

22. See K. Smith (2011), »United Arab Emirates Statistical Reporting to the OECD Development Assistance Committee«, <http://www.oecd.org/dac/stats/47283752.pdf>.

23. See D. Brautigam (2009), *The Dragon's Gift: The Real Story of China in Africa*, Oxford: Oxford University Press; and M. Kailemia (2017), »Enter the Dragon: The Ecological Disorganisation of Chinese Capital to Africa«, *Third World Quarterly* 38(9): 2082–2096.





Of particular interest is the case study by Matthew Dorman and Philippa Brant of Chinese development assistance in the Pacific since 2006.<sup>24</sup> China had announced US\$492 million in concessional loans and in 2013 pledged another US\$1 billion. Dorman and Brant examined the approaches of the governments of Tonga, Vanuatu, Samoa and the Cook Islands in negotiating, overseeing and/or implementing Chinese aid projects as well as disbursements from its soft loan facility. They found that state capacity, legitimacy, and political culture affected planning and decision making. Where the ministries of finance in the Cook Islands and Samoa could establish institutional arrangements that support aid and loan effectiveness, these in turn helped shape Chinese-funded projects meet the objectives of government. The countries also experienced mixed fortunes with respect to debt sustainability: Tonga and Vanuatu could realize rescheduling deals, while Samoa saw more conversion of EXIM loans to grants and the Cook Islands managed its debt servicing schedules.

#### 4.4 Conclusion

Battles for discretionary policy space are important for developing countries, sovereignty expression and good governance. So long as financial sector enhancement remains a primary goal, sovereign ratings are important. The analytics of government are restricted in scope as technical competence in managing deficits and debt servicing becomes the new fiscal normality. Fashioning a political economy to effect industrial deepening is scotched as the scores of CRAs and the outlook of the IMF become the main report card of government performance. The ratings are announced every quarter; the IMF outlook every six months. Turning to the IMF to ensure fiscal discipline reinforces the priority of building a market order while leaving to chance the urgent task of diversifying the local economy. There is no getting around the need for an industrial policy, but it can only prove effective where there is public policy autonomy. The China-African and China-Pacific examples remind us of the heterogeneity of budgetary relations and political economies. It also makes clear that other options besides IMF Stand-By Agreements are possible. To not explore these is to default on sovereignty.

24. M. Dorman and P. Grant (2014), »Chinese Assistance in the Pacific: Agency, Effectiveness and the Role of Pacific Island Governments« in *Asia & Pacific Policy Studies* 1(2): 349-363. Available [onlinelibrary.wiley.com/doi/10.1002](http://onlinelibrary.wiley.com/doi/10.1002) Accessed: 11/28/17.



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## 5. The Caribbean and Climate Change: Challenges for Development and Social and Gender Equity

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Climate change and climate variability – which are manifested in rising temperatures; rising sea levels; frequent and intense extreme weather events such as storms, increasing floods, more droughts and heat waves; and stronger and more intense hurricanes – have significant importance for the well-being, lives and livelihoods of girls, boys, women and men in all regions and countries of the global South. Driven in part by human induced greenhouse gas emissions, global average temperature has risen pervasively since at least the era of the industrial revolution. Each year the earth's average surface temperature is higher than the previous year, making for historical records. A rise in temperature above 1.5°C spells trouble for small islands and coastal areas in large developing countries: increases in flash floods and landslides, coastal flooding, increasing air and sea surface temperature linked to rising sea levels causes coral bleaching and reef degradation with impacts for coastal protection and hence the lives and livelihoods of persons living in these areas, particularly those involved in subsistence fishing and tourism.

We are now living in a world characterized by 400 parts per million (ppm) emissions of carbon dioxide (CO<sub>2</sub>). Scientists argue that this level is unlikely to drop. This means that we are close to breaching the 1.5°C (2.7F) temperature guard rail and have breached the 350ppm threshold that African, Latin American and small island developing states (SIDS), such as those in the Caribbean, have put forward as their safe zone (relative to the 2°C threshold advanced by the G7 coalition of developed countries in 2009).<sup>25</sup> These ever-warming trends also threaten the successful achievement of the two seminal events in 2015: the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. The 17 Sustainable Development Goals (SDGs) and 169 targets of the 2030 Agenda focus on critical life-supporting measures such as access to food, water, sanitation, employment and livelihood opportunities creation.

25. Scientists assert that »the last time CO<sub>2</sub> levels were this high, humans did not exist«. James Hansen, formerly of NASA, argues that the safe level of carbon dioxide in the atmosphere is 350 parts per million.

Under the Paris Agreement, over 190 nations agreed to take actions to protect the global climate and to maintain the temperature guard rail at 2°C above the pre-industrial level, while aspiring to 1.5°C. Like the SDGs, the Paris Agreement (in its preamble), also urged parties to the agreement to take into account gender equality, empowerment of women and intergenerational equity in their climate actions.

Climate scientists point out that by following our current trajectory (through a »business-as-usual« approach), the global mean temperature increase could reach 4°C above pre-industrial levels by the end of this century, even if current mitigation commitments by both developing and developed countries under the Paris Agreement are fulfilled; and 6°C, if they are not fulfilled. Such results portend devastating consequences: unprecedented heatwaves and an increase in drought and aridity with severe implication for food security and malnutrition, particularly for the world's poorest women and men (World Bank 2012). The rise in sea levels and ocean acidification will accelerate, which will adversely affect the habitat of fish species. Additionally, there could be a further worldwide loss of biodiversity of 15 percent by 2050. Already as global temperature rise approaches 1°C, millions of men and women worldwide are experiencing the effects of record-breaking year-on-year temperature increases and record-breaking typhoons, hurricanes and superstorms. The Caribbean has struggled through the 2009–2010 drought (»the worst in over 40 years«) and is now undergoing a period of so-called »water scarcity« or »drought-like conditions« evident from Cuba to Trinidad and Tobago. Particularly negative food security impacts have been observed in Haiti (impacting well over a million women, men and children) and water stress in Cuba (Reliefweb 2015). Overall, the World Bank forecasts that climate warming will push 100 million women, men, girls and boys into poverty by 2020.

According to initial assessments, the recent wrath of the 2017 Atlantic storm systems have caused at least \$10 billion in damage across the Caribbean and approximately 68 deaths. This preliminary damage estimate does not include damage in Cuba and the Dominican Republic. The island of Barbuda has suffered damage to 90 percent of its structures and is reported to be completely empty for the first time in 300 years. At least eight other islands (Bahamas, Cuba, Dominica, Dominican Republic, Haiti, US Virgin Islands, British Virgin Islands, Dutch and

French Antilles) in the region have suffered damage to structures, land, telecommunications and crops and a lack of drinking water in some places. Scientists warn that such intense hurricanes in the category 4 and 5 range will become more frequent.

The global community must make urgent efforts to implement the Paris Agreement, and countries, particularly developed countries, must scale up their commitments to reduce emissions and to provide financial support to developing countries for climate actions that can help to protect the lives of billions of children, women and men and other species on this planet. This will involve radical alterations to how we produce, distribute and consume goods and services as well as changes in the underlying basis of how we value, cost and measure economic parameters such as national and domestic output, investment, productivity and efficiency. Undoubtedly, keeping global warming from reaching catastrophic levels and ensuring that known tipping points are not breached, giving rise to irreversible consequences,<sup>26</sup> will also require a reformed and enlightened approach to economics as well as a reduction in its influence on climate policy-making at global, regional and national levels.

### 5.1 The economics of climate change and climate policy: Limitations and opportunities

Orthodox economic analysis underlies much of the global and national policy responses to climate change. Historically, this approach, in terms of its analysis and policy prescriptions, has underplayed the threat of climate change. In so doing, it has tended to forestall the acceleration of investment in low carbon architecture and technologies, and reinforced a »business-as-usual« orientation in production and consumption decision-making and action at the level of firms, industrial sectors, governments and households. This traditional approach discounts the value of the future benefits of acting now to forestall climate change, and thus fosters continued spending on dirty energy, which in models may appear to be more affordable, relative to taking mitigation actions as early as possible. The landmark Stern Review on

26. Tipping points or climate tipping elements signal an abrupt shift or critical threshold beyond which it is not sure there can be recovery. These include Arctic Sea ice melts, an ice free Greenland, Amazon rainforest dieback (to savannah and grassland), and west Antarctica ice sheet disintegration.

*the Economics of Climate Change* (2006) challenged this view, estimating that »if we don't act, the overall costs and risks of climate change will be equivalent to losing at least five percent of global GDP each year, now and forever.«<sup>27</sup> If a wider range of risks and impact is taken into account, the estimates of damage could rise to 20 percent of GDP or more. In contrast, the costs of action – reducing greenhouse gas emissions to avoid the worst impacts of climate change – can be limited to around one percent of global GDP each year (Ibid).

#### Re-thinking the economics underlying climate policy: Heterodox approaches

Climate change involves complex, multi-scale dynamics which are inherently uncertain and imply tremendous risks and heightened vulnerability for all natural and human systems, including ecological and economic systems. Hence, solving the climate challenge will require combined and joint networks of active involvement of inter-disciplinary teams working on a multiplicity of alternative strategies and diverse options for climate actions. So far, the economic contribution to this large-scale effort, both in terms of its analytical discourse on climate change and its resistance to comprehensive (prescriptive) policy formulation for addressing climate change, is coming up short.<sup>28</sup>

The neoclassical or neoliberal approach to climate change seems to be challenged by its focus on short time horizons, the central role of marginal costs and benefits analysis – which downplays fixed costs – and the implicit assumption of non-irreversibility. Furthermore, there is also the underlying technology optimism that presumes that in the long run (if we are not all dead, to paraphrase Keynes), technology will inevitably come to the rescue. Thus, the analytical approach and policy prescriptions of conventional economics have tended to belie the true costs and ultimately, the damaging effects of climate change.

27. The Stern Review was widely reviled by economists (such as Nordhaus [2007]) for being too value-judgment laden, too policy prescriptive and using too low a discount rate. Orthodox economics relies on a high discount rate (3–5 percent – linked to current rate of market investments), whereas Stern applied a discount rate of 1.4 percent in his calculations and argued that climate change could be tackled in the present relatively cost-effectively versus in the future.

28. To some extent, this shortcoming can be attributed to the over-reliance on (and hence the limitation of) cost-benefit analysis (with the underlying market influenced discount rate) as a key tool for informing climate policy, exemplified in the current approach of the economics of climate. However, there are other factors at work.

It is increasingly clear that identifying and implementing the urgent and radically needed climate policy solutions may be beyond the scope of the framework and the tools currently available within the toolkit of standard economics. Increasingly, other economic points of view are coming to the fore. These so-called heterodox approaches comprise a wide range of perspectives that break with neo-classical orthodoxy and include ecological, radical political, post-Keynesian and feminist economics. The seminal coherent and cohesive point of departure for heterodox thinking is the questioning of what are seen as the limitations of the conventional approach to economics, such as androcentric bias, focus on individuality, assumption of continued economic growth and accumulation, inadequate attention to sustainability (the carrying capacity) of the ecosystems and the services it provides humanity and the economy, lack of attention to distributional issues, and adherence to flawed (and failing) methodologies for measuring the economy, such as gross domestic product (GDP).

From ecological to feminist economics, these schools of thought have systematically focused on introducing new ways of thinking and new measurement frameworks for how men and women organize and participate in the production, distribution and consumption of goods and services within an economic system that is embedded in a broader ecosystem. Both ecological and feminist economics are trans-disciplinary, integrating ideas, theories, commentaries and activism from the broad range of social sciences and the humanities (Costanza 1989). The common positive agenda is constructed around issues such as social provisioning, well-being, equity and arguments for more urgent and broad-spectrum approaches to human interactions with the climate system and underlying domains of economic behavior.

Ecological economists argue that climate change is real and is linked to human »addiction to GDP growth,« hence the focus on social provisioning. They propose material limits to growth and have called for de-growth, no-growth or a steady state economy (as compared to the varying shades of green growth models of environmental economics, which remains committed to ongoing growth). However, ecological economics – to the extent that it relies on conventional economic tools such as getting prices right (in terms of the pricing of externalities) and cost benefit analysis (tweaked to assign »higher existential value to nature« and a lower discount rate) –

can easily lead to narrowed policies focused around, for example, support for emissions trading systems. While the framework is anchored in sustainability and inter-generational, intra-generational, and inter-species equity, ecological economics does not pay sufficient attention to gender issues and concerns and is often critiqued for externalizing unpaid and non-market activities in the economic system.

Feminist economic analysis, in contrast, while it also focuses on sustainability and social provisioning (Power 2009), has a more comprehensive framework that links sustainability not just to the ecosystem and ecological systems but to economic, political, and social concerns. Furthermore, feminist economic analysis is grounded in explicit acknowledgement of the application of the historicity of power and differentiation. Its critique, methodologies and approaches are contra to those that privilege the market over nature and the care/reproductive economy and do not pay serious attention to gender equity.

Feminist economics posits the critical interlinkage of addressing the climate challenge, impacts and vulnerability in a framework that integrates issues around unpaid care work, social reproduction, the local economy and non-monetary exchanges. Feminist methodology explicitly focuses on power and difference, and the role and extent of mediation of conflicts-of-interest in terms of gender, class and ethnicity and their impacts on ecological outcomes (Agarwal 1994). Thus, critical feminist economists have a built-in appreciation of the principles underlying climate change governance frameworks, such as equity and common but differentiated responsibility.

#### Feminist economics and gender-responsive and socially just climate policy

Like the main body of heterodox approach to climate change and the environment, feminist economists argue for the importance of transformative economic actions and seek to find the essential triggers that would generate those transformations. In the first instance, feminist economists question whether the tools of standard economics can be applied to climate change without

modifications, or at all.<sup>29</sup> Though many of the central concerns of feminist economics, including risk, uncertainty, ethics and equity, and concerns about marginal analysis are fundamental to the climate problems (Randalls 2011), thus far feminist economic analysis has had little headwind in the climate debate, discussion and policy advice.<sup>30</sup>

With regard to specific climate policy recommendations, integrating some elements of other heterodox, particularly ecological economics, thinking on the issues, and taking into account the participation of different feminist economist-activists in the UNFCCC process to date, a proposed tentative feminist economic agenda for climate change would likely incorporate the following seven pillars<sup>31</sup>:

1. climate protection as a pure public good;
2. a »no-regrets« approach to climate policy making;
3. support for public investment in abatement (seen as the supply of public good);
4. taxes (carbon taxes) preferred to emission trading;
5. caution with regard to market based mechanisms;
6. concerns over unproven speculative mitigation technology; and
7. support for the just transition (for workers, communities and men and women, especially those in the bottom fifth).

29. For example, feminist economists question the adequacy and application of cost-benefit analysis and the social discount rate, which some view as more of a tool for dealing with individual decision-making vis-à-vis opportunity costs and benefits, rather than for determining issues for collective action around accountability, responsibility, fairness and equity and long-run uncertainties as well as non-monetized dimensions of climate change (e.g. loss of lives, loss of biodiversity). Feminist economists such as Nelson (2008) would tend to argue for a precautionary approach regarding the utilization of the discount rate in climate policy; she posits a negative social discount rate (hence, giving priority to the future well-being of others) as the right discount rate. Additionally, Nelson and others may agree with Laurie Johnson of NDRC on the need for »equity weights« in the use of the discount rate and cost benefit analysis to overcome the in-built assumption of equality of interests, concerns and starting points between men and women, and developed and developing countries, etc. For more see Roberts (2011) and Johnson & Hope (2012).

30. The reasons for this are varied, but most prominently depend on output, location and control with regard to the academic-institutional policy-power nexus. Feminist economics ideas do not feature prominently in climate change economics, analysis, or policy-focused research in the institutions of global governance that work on climate change such as the UNFCCC, other UN entities, or the World Bank. Additionally, feminist economic analysis does not appear to be significantly tracked by institutions and mechanisms, such as the Inter-Governmental Panel on Climate Change, that survey and analyze such outputs for policy application and diffusion. Feminist economic analysis does appear to have gained some traction as a component of climate policy decisions and discussions that focus on gender and climate change.

31. These features would need further study and elaboration before contributing to the discussion on climate change economics.

However, feminist economic analysis has suffered from the same deficit as other heterodoxies: it lacks a coherent set of methods and policy tools for measuring and analyzing the economy while integrating environmental issues that have strong policy-making buy-in. There is scope for feminist economics to address these deficits with regard to climate change economics and policy broadly, and gender and climate change specifically. The latter has benefited from at least two strands of analysis: the work of gender and environmental activists supported by other feminists working on issues of political ecology, and heterodox and feminist economic analysis.

The emphasis of feminist economics on rights, justice and sustainability, social reproduction and provisioning has been useful in helping to elaborate both the impacts of climate related hazards on men's and women's lives and their different capabilities to respond to the effects of such hazards. Furthermore, some of the tools and conceptual frameworks developed by feminist economics, e.g. time-use studies and metrics of integrating the care economy and unpaid work, have undergirded the plethora of empirical case studies that are so important for helping to make the case of the gender differentiated pathways of climate change impacts.

#### Gender and climate change in the global climate policy framework

Gender and climate change is now embedded as an emergent part of the policy and operational arm of the global climate regime under the United Nations Framework Convention on Climate Change and related processes. Starting with a focus on promoting gender balance in decision-making, the Conference of the Parties of the UNFCCC set in place Decisions 36/CP.7 (2001, COP7) and 1/CP.16 (2010, COP16), both focused on improving the participation of women in the Convention's negotiations processes and in the representation of Parties in bodies established under the Convention. This initial starting point was reinforced and enhanced by numerous gender and related decisions in the priority/thematic areas under the convention, culminating in the so-called gender decision of 2012 (23/CP.18).<sup>32</sup>

32. Decision 1/CP.16 is flagged here because it gives prominence in the preamble to the decision on the Lima Work Programme on Gender, but it only makes two references to gender: first, in the preamble: »and notes the differential impacts of climate change on segments of the population, owing to the intersections such as age and gender«; and second, in the operative section on »Shared Vision«, where it recognizes that gender equality and the effective participation of women are important for effective climate action on all aspects of climate change. For more in-depth treatment of these decisions please see UNFCCC 2015.



In 2014, the Lima Work Programme on Gender (LPWG) was adopted (Decision 18/CP.20, COP 20) to enhance the implementation of the decisions made up to 2014. The Lima decision and its implementation involve multiple gender aspects including training, awareness for female and male delegates on issues related to gender balance and climate change, capacity building for female delegates, and in-session workshops on gender responsive climate policy vis-à-vis adaptation, mitigation, technology transfer and development and capacity building. The decision also laid the initial foundations for the institutionalization of gender mainstreaming by requesting the Executive Secretary to appoint a senior gender focal point to develop and ensure an action plan for the implementation the LWGP. Notably, however, the decision provided no additional resources for this position.

While the preamble of the Paris Agreement (1/CP21) made references to gender equality and women's empowerment, the agreement did not break new ground in advancing the work on gender and climate, but reinforced work already under way. It reaffirmed and urged governments to integrate gender issues particularly with regard to adaptation and capacity building processes. The subsequent Marrakech Conference of the Parties (COP22, 2016), however, not only extended the timeframe of the LPWG, but also sought to enhance and expand its scope by mandating a process for the design of a gender action plan within the framework of the UNFCCC during the 2017-2018 period.<sup>33</sup>

While the work on gender and climate change seems to be proceeding on track at the global level, at the national and local levels there are still on-going struggles to understand and uptake gender and climate framework. This is the case across all regions. The Caribbean, notably one of the most vulnerable regions of the world to climate change impacts, is no exception. While Caribbean governments participate actively in the coalition of the »1.5°C to stay alive« advocacy campaign and have had notable success in influencing the global policy regime, the region has not used its considerable weight to advance gender and climate change issues locally, regionally or globally. This needs to change.

33. This will complement existing frameworks and instruments for gender mainstreaming, including gender action plans, in UNFCCC's bodies and ancillary bodies, such as the Least Developing Countries Expert Group and the operating entities of the financial mechanism of the Convention, the Green Climate Fund and the GEF. These entities have gender action plans in operation.

## 5.2 Climate change and the Caribbean: adapting to the new »normal«

The CARICOM Caribbean<sup>34</sup> contributes about one percent of global greenhouse gas emissions, but these islands are and will be the most impacted by rising sea levels as a result of climate change, which will have consequences such as lost land area (Das Gupta et al 2007, cited in Simpson et al 2010). This will have implications for the more than 50 percent of the population of islands such as St. Lucia, who live within 1.5 km of shoreline (CBD 2014), as well as Grenada and Jamaica whose populations in the coastal areas will face inundation, inland floods, and great storm surge damage (CBD 2014). People throughout the Caribbean, particularly those dependent on tourism and rain-fed agriculture, will face continuing climate-related challenges, including the livelihood consequences of rising ocean acidity (decreasing PH of 0.14-0.35 units according to IPCC medium-term scenario): coral bleaching and coastal erosion. They are already dealing with the day-to-day challenges of drought-induced water stresses and the impacts of seasonal hurricanes on infrastructure, lives and well-being.

In many Caribbean countries, longer, hotter days are no longer predictably offset by cooler ones: annual drought-like events may be the new normal for islands from Cuba to Trinidad and Tobago. Climate science predicts a drier Caribbean by the end of the century (FAO 2016). These drier wet seasons and longer dry seasons are creating havoc for domestic and local agricultural production and food security as well as exacerbating health issues. The period since 2009 has seen strong trends of drought-like conditions in the Caribbean affecting both agricultural production and the availability of water, particularly severely from 2009–2010 and during the 2015–2016 drought.

Increasing intensity and frequency of drought and drought-like conditions affect agriculture and water resources most directly. In the Caribbean, agriculture is primarily rain-fed, so drought and drought-like conditions linked to inadequate precipitation (rainfall) cause declining crop yields and productivity as well as the increased

34. Associate members of the Caribbean Community (CARICOM), Organisation of the Eastern Caribbean (OECS). Broad references to 'the Caribbean' in this paper, unless otherwise specified also include Cuba (which though not a member of CARICOM belongs to the broader political CARIFORUM).



potential for premature deaths of livestock and poultry. Decreased availability of water resources impacts rural and peri-urban communities, and drought conditions can also favor bush fires. These present very serious challenges for water-stressed Caribbean countries such as Barbados, Antigua and Barbuda, and St. Kitts and Nevis, which are among the seven Caribbean countries in the 36 water stressed countries in the world. (They each have less than 100m<sup>3</sup> fresh water resources per capita, FAO 2016.)

At the same time, for Caribbean states such as Grenada, rising sea levels (projected to rise 0.18 to 0.59 m in IPCC medium term scenario, IPCC 2007) cause the intrusion of sea water into fresh water aquifers and, along with increasing temperatures, contribute to the bleaching of corals with serious implications for marine life and hence fisheries and aquaculture. All these manifestations (and evidence) of a warming planet create difficulties for women and men, particularly those who are poor and most particularly those who depend on artisanal fishing and rain-fed agriculture.

Ultimately, climate change and climate variability have implications for economic growth conventionally measured in terms of GDP, in the past, present and future. Sea level rise alone is estimated to have an annual cost of \$41 million (four percent of regional GDP, under a medium-term scenario). A recent FAO report (2016) argues that »between 1970 and 2000, the Caribbean region suffered direct and indirect losses estimated between US\$700 million and US\$3.3 billion due to natural disasters associated with weather and climate events«.

#### Caribbean climate change policy processes

The development challenges of the Caribbean have propelled the islands' leaders to act and to remain embedded in the foreground of global climate protection policy discussions, debates and formulations. Caribbean governments' active involvement in international norm-setting and the development of policies and programs around climate change is driven by the issues of equity and justice emanating from the vulnerability of Caribbean islands and the serious constraints (human, financial and technological) on their ability to respond to the adverse impacts of climate change. Hence, the political call of Caribbean states, negotiating as part of Alliance of Small Island States (AOSIS, which includes Pacific and African island nations) have at its core five elements:

common but differentiated responsibilities; justice; high mitigation ambition; loss and damage; and access to climate finance. In recent years, CARICOM has ambitiously called for a 1.5°C degree temperature guardrail (and a ceiling of 350 ppm), and made a concerted push for the development and acceptance of the thematic area of »loss and damage« as an independent climate response to complement adaptation in the Paris Agreement.

At the domestic level, Caribbean states are busy formulating national climate change action plans and strategies. However, unlike their counterparts in Asia, they have not yet set up national climate funds.<sup>35</sup> Institutional processes for addressing climate change in the Caribbean vary. In some cases, the projects and programs are under the ministries of environment, in others the office of the prime minister and multilateral support division, with some sectoral ministries such as agricultural, water commissions and their networks involved in the implementation of projects and/or linking with international climate financing and implementing entities such as UNDP, UNEP, the World Bank's Climate Investment Funds and various bilateral cooperation climate efforts, other international and regional entities and NGOs.

So far, a few Caribbean countries have developed and implemented national climate change policies or frameworks. Belize and Trinidad and Tobago each have a National Climate Change Policy in place. Barbados and Dominica have Climate Change and Environment Bills, Jamaica's national climate change policy is in process, and St. Vincent and the Grenadines is developing its national climate change policy. Dominica is working on setting up a Climate Change Trust Fund that will support »vulnerable groups,« including women. Haiti, as an LDC, has a National Adaptation Plan of Action and is working on setting up a national committee to monitor its commitments under the Paris Agreement.

35. Bangladesh, Indonesia and the Philippines have created national climate funds to directly channel both domestic and international funds for climate change adaptation and mitigation. In addition, working with UNDP, some Asian nations have set up projects to track and assess the linkages between national climate change policy and resource allocation of public funds to climate policy objectives. For example, Bangladesh and Cambodia are seeking to assess the Climate Public Expenditure and Institutional Reviews (CPEIRs) developed by UNDP and the World Bank – see Bird et al. (2012).

Complementary to national climate approaches, CARICOM has established a few regional mechanisms to address the climate change challenges in the region. The premier institution is the 5Cs: the Caribbean Community Climate Change Centre, which has been in operation since 2004, and is mandated to coordinate the regional response to climate change and its efforts to manage and adapt to its projected impacts. The Centre has developed, and with other partners is in the process of implementing, the Caribbean Regional Framework for Achieving Development Resilience to Climate Change (CRFDR), 2012–2022.<sup>36</sup> There is also the Caribbean Catastrophe Risk Insurance Facility (CCRIF) SPC, the region's risk pooling parametric insurance scheme. Additionally, there are at least three significant frameworks for drought management in the region: the Comprehensive Disaster Management Strategic Framework, the Jagdeo Initiative and the Caribbean Drought and Precipitation Monitoring Network.

In principle, both national and regional mechanisms should align with national development plans, be grounded in gender equality principles, and be implemented in alignment with gender policy and action plans at the national, local and sub-regional levels. But this is not always the case. The 5Cs has a database of over 300 entries for projects between 2000 and 2010, of which only one had an explicit title dealing with gender (Enhancing Gender Visibility in DRM and Climate Change in the Caribbean – Report for Belize, Mendoz 2009). A word search for gender and women returned six to seven individual items. Furthermore, the 5Cs did not have a coherent gender policy or gender action plan in place by the time of its application to be an accredited

36. Endorsed by the governments of CARICOM in 2009, the CRFDR involves five strategic elements: mainstreaming climate change adaptation strategies into the sustainable development agendas of CARICOM states; promoting the implementation of specific adaptation measures to address key vulnerabilities in the region; promoting actions to reduce greenhouse gas emissions through fossil fuel reduction and conservation, and switching to renewable and cleaner energy sources; encouraging action to reduce the vulnerability of natural and human systems in CARICOM countries to the impacts of a changing climate; and promoting action to derive social, economic, and environmental benefits through the prudent management of standing forests in CARICOM countries. Other regional Caribbean institutions include the Caribbean Centre for Renewable Energy and Energy Efficiency, CARIBSave, Caribbean Disaster Emergency Management Agency, Caribbean Institute for Meteorology, Climate Study Group (Mona, UWI) and INSMET: Instituto de Meteorología de la República de Cuba.

entity with the Green Climate Fund, and neither does CCRIF SPC integrate gender analysis in its focus area. However, CARICOM's Energy Policy (2013) recognizes gender as a cross-cutting issue.<sup>37</sup>

Prior to the signing of the Paris Agreement, Caribbean states submitted Intended Nationally Determined Contributions (INDCs) to the UNFCCC, and all but four countries, Haiti, Montserrat, Suriname and Trinidad and Tobago, have submitted their first NDCs under the agreement since it has come into force. Ten countries included cost assessments for the implementation of their I/INDCs, with cost estimation for implementing mitigation measures ranging from \$99 million (Dominica) to \$8.77 billion (Haiti). Thirteen countries highlighted information on adaptation and building resilience to different extents and identified their most vulnerable sectors to climate change as including agriculture, water, fisheries, tourism, human health, and coastal resources, as well as human settlements.

On a whole, Caribbean INDCs are weak on gender, social and economic justice issues. Only one Caribbean country's INDC made any reference to gender. The Dominican Republic flags the »gender perspective« as a cross-cutting issue in the national development model,<sup>38</sup> and only two CARICOM countries mention women and youth as »particularly vulnerable.«<sup>39</sup> Guyana and Suriname highlighted the vulnerability of indigenous groups, while Dominica and Trinidad and Tobago mentioned youth. Others refer to the vulnerability of the agriculture

37. It notes that »(t)he role of gender has evolved as an important factor for consideration in many areas of development«. It can be reasonably concluded that the energy sector development in CARICOM is not gender neutral. Increasingly, in CARICOM, households are headed by females and they also figure highly in energy products and services buying decision. Furthermore, in territories where there are significant energy access challenges it has been well established that women and children bear the brunt of the energy poverty problem. The energy-gender link needs to be given carefully consideration and attention in the development of strategies for transforming the energy sector. See [http://cms2.caricom.org/documents/10862-caricom\\_energy\\_policy.pdf](http://cms2.caricom.org/documents/10862-caricom_energy_policy.pdf).

38. »Aware that climate change will impact vulnerable groups of people in different ways, the gender perspective is a cross-cutting issue in the national development model. Therefore, the role of women as agents of change is recognized, and their participation is encouraged in the transformation of society towards a low-carbon and resilient development.« p. 3, Intended nationally determined contribution, Dominican Republic. Unofficial translation.

39. According to an IUCN Review of the 160 national climate action plans, 38 percent explicitly mention »women« or »gender« in the context of national ambitions. Thirty-one INDCs reference a gender dimension for both mitigation (efforts to curb emissions) and adaptation components of their commitments and four countries specifically address gender in mitigation.

sector and food security to climate change and identify these as priorities areas for climate change adaptation (IUCN 2016, FAO 2016).

#### Financing challenges and opportunities

Climate finance is of course a great hurdle for the Caribbean; states face challenges around access to finance for renewable energy and implementing adaptation. As with many developing countries, Caribbean countries' INDCs were partly conditional (on external finance) and partly unconditional (will use domestically available resources). The reality is that no CARICOM country can finance its climate programs solely from domestic resources – for two compelling reasons. First, the debt to GDP ratio for the Caribbean is above sustainable levels, particularly for Barbados (145.5 percent of GDP) and Jamaica (123.9 percent), Bahamas (74.15 percent), Guyana (52.35 percent), Trinidad and Tobago (61 percent) and Suriname (70 percent). The region's debt to GDP ratio on average is between 74.3 and 85 percent, which, according to conventional expectations of a debt-GDP ratio of about 70 percent, is above the sustainable level.

The second relevant reason is the staggering costs of climate change in the Caribbean region. Damages from climate-related disasters between 1990 and 2008 were estimated at around \$136 billion. Lost GDP will reach \$10.7 billion by 2025. Future medium-term costs are predicted to range from \$22 billion (by 2050) to \$46 billion (by 2100) for just three areas: hurricane damages, lost tourism revenues and damages to infrastructure due to sea level rise. This is expected to be equivalent to about 10–22 percent of the region's GDP (Bueno et al. 2008).

Fortunately for the region, the UNFCCC articles secured commitments from developed countries to provide climate finance to support developing countries in meeting their obligations and commitments under the convention. This has been re-affirmed in the Paris Agreement. On the table is the commitment for \$100 billion per year by 2020, now extended under the Paris Agreement to 2025 and the understanding that post-2020 climate finance will be scaled up from the \$100 billion level. A significant proportion of this should be made available through the Green Climate Fund, which currently has mobilized initial resources, primarily from developed countries, of approximately \$10.2 billion over the next four years.

At the same time, the Caribbean countries have been slow to put in place some of the mechanisms for receiving climate finance and making this a high national priority. Thus far, there are only two regionally accredited entities to the Green Climate Fund: the Caribbean Development Bank (it is also accredited to the Global Environment Facility) and the Caribbean Community Climate Change Centre (the 5Cs). Though most islands have set up National Designated Authority (NDAs) as their key interface with the GCF,<sup>40</sup> very few have thus far nominated national direct access entities (either public or private) for accreditation under the GCF Readiness and Preparatory Support program. (While the Planning Institute of Jamaica has been accredited as a national entity with the Adaptation Fund, thus far the Government of Jamaica has nominated the Development Bank of Jamaica and the Jamaica Social Investment Fund as its two Direct Access Accredited entities with the GCF.)

Though the GCF funding process has been operational since fall 2015, when it approved its first set of funding proposals, to date there is only one approved project funded by the GCF in the Caribbean. Antigua and Barbuda<sup>41</sup> and Guyana are the two countries in the region that have availed themselves of part of the \$1 million per country per year and are implementing programs under the GCF Readiness Support Programme. (Each has accessed \$300,000 to set up or strengthen their NDA and related activities.) Many other Caribbean countries are in the pipeline for readiness project approval for the \$300,000 NDA strengthening funding, each using direct access entities, either ministries of finance or other ministries. Bahamas is relying on the 5Cs and Cuba is utilizing international organizations. For the most part, Caribbean countries, like a number of developing countries, have left significant sums on the table since at least November 2016. This money does not accumulate.

40. NDAs provide broad strategic oversight of GCF's activities in a country and serve as the point of communication with the Fund. Funding proposals are submitted through these NDAs, ensuring that investments are aligned with local needs and existing climate change planning. (<http://www.greenclimate.fund/partners/countries/about-ndas>).

41. Antigua and Barbuda have also completed their roadmap for engagement with the GCF, outlining a Country Programme pipeline of over USD 245 million in projects for potential GCF funding to help meet its low-emission and climate-resilient sustainable development targets.

None of the CARICOM countries has yet applied or been approved for the one-time \$3 million support for the formulation of national adaptation plans and/or other adaptation planning. These are funds that could be used to build capacity to receive more funds for both the governmental sector and communities and/or to enable capacity for gender analysis and gender action planning in climate finance institutions.

Running parallel to the readiness program, the GCF is also accepting proposals for projects and programs to carry out climate actions in developing countries. So far, there is only one submitted and approved project for the region: an eight-year, \$190 million project to create a sustainable energy facility for the Eastern Caribbean (Dominica, Grenada, St. Kitts & Nevis, St. Lucia, St. Vincent and the Grenadines), with IDB as the accredited entity and the Caribbean Development Bank as the executing entity. As with all GCF funding, the project must meet environmental and social safeguards and gender considerations. However, the gender assessment accompanying the plan did not focus in-depth on documenting the gender and climate situation in the region. In fact, most of the analysis was taken from a 2010 USAID gender assessment of the region and did not draw on the wealth of case studies undertaken in the region.

#### Gender issues and policy deficits

The demonstrated knowledge and involvement of Caribbean institutions on gender and climate issues is limited and uneven. Despite over sixty UNFCCC decisions integrating gender considerations into its various provisions and institutional frameworks, implementation of these provisions in the Caribbean region is fragmented. The Caribbean as a region has not been an important player in the formulation of gender provisions in the UNFCCC or the development of gender-responsive climate policy. In fact, regional representation is significantly missing or occurs ad hoc in many of the discussions on this thematic area within the UNFCCC. There have not been any systematic submissions on the gender issues under the Lima Work Programme on Gender (LWPG) by Caribbean countries or organizations, despite multiple calls for submissions from parties on various dimensions of the elaboration and implementation of the LWPG since 2015. The most recent call for submission of views from parties »on the possible elements of the gender

action plan« elicited one response from the region (as of April 25, 2017): a one-page submission by Antigua and Barbuda which focused on »the participation of grassroots women in discussions under the Convention to allow them to share experiences and inform the development of gender-sensitive climate policy.«<sup>42</sup>

Moreover, as noted above, Caribbean INDCs are weak on the integration of gender and other social concerns, including human rights and poverty eradication and linkages with 2030 Agenda on Sustainable Development. (Though some of the underlying frameworks such as adaptation and national climate change policies, where these exist, may integrate social consequences and concerns.) Overall, Caribbean countries are strong on broader issues of justice and survival, but seem to neglect gender and social equity concerns in their domestic policy frameworks.<sup>43</sup>

Among Caribbean countries, Guyana has quite a strong and straightforward human rights emphasis in its INDC. Caribbean I/INDCs are strong on agriculture and some do refer to vulnerable groups. Barbados, Dominica, Haiti, and St. Vincent and the Grenadines refer to women and gender. (St. Vincent and the Grenadines flag gender as part of the Pilot Program for Climate Resilience,<sup>44</sup> and there is a gender-sensitive Disaster Response Management Initiative.) Jamaica's INDC refers to community-based adaptation and vulnerable groups. Given the political context in which CARICOM operates, it is surprising that neither gender nor human rights pervade member countries' I/INDCs. This lacuna can be corrected in the forthcoming review of the I/INDCs, which will require political commitment from the highest level to support gender and climate considerations in all levels of policy instruments and institutional frameworks.

42. [http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/268\\_302\\_131300042594124817-Antigua%20and%20Barbuda\\_submission\\_Gender%20Action%20Plan.pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/268_302_131300042594124817-Antigua%20and%20Barbuda_submission_Gender%20Action%20Plan.pdf).

43. This is in contrast with Africa, where countries in the ECOWAS and COMESA regions are quite strong on the inclusion of gender issues in their INDCs. Cameroon and Democratic Republic of Congo, for example, make quite detailed reference to gender issues such as women's participation, women's agency and women as drivers of change – rather than relegating women to the category of »vulnerable«. See WEDO 2016.

44. This is a \$1.2 billion funding window of the World Bank's Climate Investment Fund for climate change adaptation and resilience building in developing countries.

### 5.3 Gender responsive climate change and CARICOM: A way forward

A process for forging a common understanding of what constitutes gender responsive climate policies and actions in the Caribbean must be set in place. Critically, gender advocates and machineries in the region must identify the strategic priorities and/or thematic issues that must be confronted in each sub-regional and national context according to specific timelines. In gearing up for the process of review of policies and programs, especially around the review of I/NDCs, knowledge will need to be enhanced and institutional capacity will need to be built.

This will include accessing the Green Climate Fund, as an operating entity of the financial mechanism of the UNFCCC, which has been implementing the mandate of its governing instrument to ensure fund-wide gender sensitization.<sup>45</sup> Caribbean governments can secure funding for implementing multi-stakeholder processes and for integrating gender considerations in climate actions, which could include the institutional strengthening of gender and women's machineries to build their knowledge and ability to act on gender and climate change issues. Funds are also available through both the GCF and the Global Environment Facility (GEF) for the review of NDCs, some of which could be earmarked to support the effective and meaningful participation of gender and women's machineries. In addition, UNDP is actively developing processes and programs specifically for the gender sensitization of the nationally determined contributions (NDCs), which Caribbean countries could potentially access.

Guidance notes, assessment tools and knowledge products must be prepared by gender and climate advocates in the region and globally, working with the gender focal points in the UNFCCC as well as the GCF, to facilitate compliance with regard to the integration of a gender perspective in climate policy and the mandate of Marrakech, which invites parties to undertake and participate in the training and awareness building of both female and male delegates on issues related to gender

45. The Fund now has a Gender Policy and Action plan (interim, currently [2017] under review) and as part of its implementation requires that National Designate Authority and (national) accredited entities develop their own gender policies to meet the Fund's conditions of gender equality and women's empowerment. This is in addition to the Fund's environmental and social safeguards policies.

balance and climate change; building the skills and capacity of their female delegates to participate effectively in the UNFCCC meeting; mainstreaming a gender perspective in the enhancement of climate technology development and transfer; integrating local and traditional knowledge in the formulation of climate policy; and recognizing the value of the participation of grassroots women in gender-responsive climate actions at all levels (Decision 21/CP.22, paras 7 and 24).

#### Engendering approaches to adaptation and mitigation

Studies with explicit policy implications should be presented to policy makers and climate negotiators, addressing the interplay between adaptation and mitigation actions and women's agency, their assets and resources, and their ability to access climate finance, participate in mitigation projects, and undertake sustainably adaptation. Grassroots women, researchers and gender machineries should become more involved in national adaptation and related processes. Ideally, some of the \$3 million that the GCF has set aside for each country to support the adaptation planning process could be accessed for gender and climate education, training and public awareness.

The area of mitigation (and energy) is least researched with respect to gender, poverty and social dynamics. Caribbean approaches to energy should be integrated into sustainable development and should be contextualized and linked to poverty, water, disaster reduction, climate change, health, human resources development, human rights and coastal and marine management.<sup>46</sup>

As noted above, the energy-gender link in energy efficiency and energy access is already embedded in CARICOM's Energy Strategy. So, there is scope for developing this work and elaborating content and guideline for how to proceed. This wider approach to energy is deficit in the Caribbean policy making. Surely, women's capability to access energy and function in the energy value chain must be a key aspect of energy policy nationally and regionally. There are quite a few examples of how to do this in Asia and elsewhere that can be distilled for the Caribbean region.

46. Kim Osborne of the Executive Secretariat for Integral Development at the Organization of American States pointed this out at a recent meeting of the Caribbean Sustainable Energy Forum (January 2017).

Additionally, NDAs in the Caribbean should actively work with the MSME sector to secure portions of the GCF and other available funding that seek to promote better integration of this sector into both climate change adaptation and mitigation actions. NDAs should also be enabled through gender sensitization programs to integrating women's CSOs and women-owned MSMEs into strategic country programs and project pipelines for considerations for GCF funding.

#### Capacity building for gender networks and women's machineries

The scope and need exists to build capacity of women's machineries at all levels on climate change and gender issues. As key stakeholders, these entities need to better understand climate and gender issues, to engage more constructively with adaptation planning, the review of I/NDCs, and the setting in place and implementation of energy strategies. By building on and enhancing experiences with gender-responsive planning and budget processes, capacity building workshops can also explore the fiscal expenditure linkages with climate change adaptation and mitigation actions as well as promote access to and the efficient and effective utilization of climate finance. This can be achieved by NDAs and/or climate focal points working collaboratively with academics, CSOs, grassroots women's organizations and gender machineries and accredited entities to set in place processes and mechanisms to:

- improve the understanding of the primary role of women and men in adaptation and mitigation;
- show how adaptation and mitigation policies impact women's and men's multiple roles: as workers, producers, parents, care-givers, and consumers (highlighting the differential constraints, challenges and opportunities of each gender in these areas);
- ensure that climate protection policies have gender-based analytical components;

- embed climate focused gender analytical tools (policy focused) in global, regional and national climate protection policies, programs and projects; and

- ensure that climate change adaptation and mitigation policies, programs and strategies aim to support the elimination of gender and other social gaps and promote women's and men's well-being.<sup>47</sup>

The next step is clear: the development and implementation of gender and climate change capacity building programs for CSOs, grassroots organizations, gender machineries and climate policy decision-makers in countries in the region, with the possibility of being extended to regional organizations. Such programs should include awareness-raising about the nature, scope and flow (including distribution and benefit-sharing) in the region and in particular with regard to GCF funding.

NDAs must be supported in following their core mission through to organize multi-stakeholder engagement, to reach out to women's groups at the grassroots, and to participate with researchers and NGOs in workshops to discuss gender and climate change issues locally and nationally, to help them develop gender-sensitive country programs.

Furthermore, since Accredited Entities must include mandatory initial socioeconomic and gender assessments, including gender action gaps, in their project funding documents for the GCF, this should be a key incentive for commissioning more updated and specific sectoral and economy-wide gender-sensitive research that helps to move these documents from a procedural approach (counting up numbers of women participation in consultations, etc.) to more qualitative and distributional issues that better integrate gender equality and women's empowerment into climate policies, programs and projects in the region.

47. UN Women with support and guidance from the GCF has recently released a guidebook, *Leveraging co-benefits between gender equality and climate action for sustainable development* (2017). This and Williams (2015), *Gender and climate finance: coming out of the margin could be useful contributions to this endeavor*.





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