



Workshop

Building Economic Resilience through South-South Cooperation and Targeted Policy Strategies

February 27-29, 2024

Bridgetown, Barbados

Co-organizer:

Ministry of Economic Affairs and Investment of Barbados

United Nations Conference on Trade and Development

The University of West Indies, Cave Hill Campus

Funded by:

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Concept Note

Background

Since 2020, the COVID-19 pandemic and multiple cascading crises that range from geopolitical tensions and conflicts, financial distress, inflationary pressures, to food and energy insecurity have shocked global economy with lasting impact. According to UNCTAD estimates, global income would have experienced a cumulative income loss of about USD 13 trillion in 2020-2022. Following a rebound in 2021 the global economy would only revert to its 2017-2019 trend by 2030, on the obviously optimistic assumption of an annual growth rate of 3.5% from 2023 onwards. However, global growth in 2023 and 2024 is projected to decelerate to 2.4% and 2.5%.

In parallel to an increasingly fractured global economy, which is again in a state of flux, climate change is fast becoming one of the most serious global challenges. Research shows that the global mean surface temperature in 2011–2020 was 1.09°C above that in 1850–1900, yet mitigation commitments in nationally determined contributions fall far short of what is required, and will, based on current trajectories, push warming well above the target to limit the temperature increase to 1.5°C above pre-industrial levels.

For the Global South, the cascading crises and climate urgency pose serious challenges to the economy and development. The economic shocks have revealed weaknesses and hindered progress towards the Sustainable Development Goals. For SDG 1 of no poverty, the number of people living in extreme poverty rose to 724 million in 2020, surpassing the pre-pandemic projection by 90 million and reversing approximately three years of progress on poverty reduction. Under current trends, 575 million people will still be living in extreme poverty in 2030, and only about one third of countries will meet the target to halve national poverty levels. For the climate crisis, developing countries, particularly the Least Developed Countries and Small Island Developing States, have been impacted by climate change more than developed countries due to their greater vulnerability, limited response capacities and lack of adequate financial and technical resources. UN Secretary-General has therefore warned that “unless we act now, the 2030 Agenda will become an epitaph for a world that might have been”.

Barbados is a small island developing State (SIDS) whose economy heavily depends on tourism, one of the sectors most affected by the Covid-19 pandemic. Against this backdrop, Barbados’ real GDP contracted significantly in 2020 aggravating the fiscal-debt situation. In 2022 and 2023, thanks to the recovery of tourism, the country’s economy rebounded strongly. However, considering the deep recession in 2020 and slow growth in 2021, its real GDP is still lower than pre-pandemic 2019 levels or even 2008 when the Global Financial Crisis shocked the global economy. For 2024, given the external uncertainties and multiple structural issues, the growth prospects of Barbados, like many other SIDS, remains challenging. The underperformed growth in the last decade indicates inadequate economic resilience of Barbados to the external shocks, which is also the common concern for many other SIDS. In addition to the persistent issues such as narrow

production base and external markets, the pandemic, debt distress, climate emergencies and recent food and fuel crises have added further concerns on resilience for those small and vulnerable economies.

As the ***Bridgetown Covenant***, the Outcome Document of UNCTAD XV, highlights, “transforming economies through diversification” is among the major transformations that are needed to move to a “more resilient, digital and inclusive world of shared prosperity”. For Barbados and many other SIDS economies, diversifying the economic structure and external economic cooperation might be an effective way to enhance resilience and ensure sustained growth. Furthermore, international support is also essential for these economies to build their resilience, as called for by the ***Bridgetown Initiative***.

In this vein, UNCTAD has therefore initiated a project entitled “*Promoting Economic Diversification and Resilience in Barbados for a Sustained Recovery from Covid-19 Shock*”, funded by China’s Global Development and South-South Cooperation Fund. The Project aims to assist Barbados, through policy strategies research, building the capacity of policy makers and researchers, as well as harnessing the opportunities from regional and broader South-South Cooperation to strengthen its economic diversification and resilience and achieve sustained recovery from the recent shocks.

Format, objective, and outcome

Further to the first project workshop in 2023 on the theme of *Promoting Sustained Recovery through Economic Diversification*, the second capacity building workshop will focus on the topics of enhancing Barbados’ economic resilience. It will last 3 days and consist of 5 thematic sessions, focusing on overall strategies, fiscal and debt sustainability, green development, digital transformation, and South-South cooperation and integration. For each session, a panel comprising UN staff members, international/regional and national experts will be formed to share views on respective topics and interact with workshop participants.