



Workshop

Promoting Sustained Recovery through Economic Diversification

February 7-8, 2023

Lloyd Erskine Sandiford Centre (LESC)

Bridgetown, Barbados

Co-organizer:

United Nations Conference on Trade and Development

Ministry of Finance and Economic Affairs, Barbados

Donor:

**Global Development and South-South Cooperation Assistance Fund,
China**

Concept Note

Background

The COVID-19 pandemic has negatively impacted the world economy by triggering the deepest recession since 1930s. According to UNCTAD estimates, global income loss would reach as high as USD 13 trillion due to the shock. The impact could be lasting. Despite the rebound in 2021, it is estimated that the global output would only revert to its 2017-2019 trend by 2030, even with annual growth rate of 3.5% from 2023 onwards. Since 2020, the world economy has been at the brink of recession amid the multiple and cascading crises that also includes the war in Ukraine, rising cost of living, inflationary pressure, food and fuel insecurity, and climate crises. The latest projection shows that the global growth in 2023 might be only 1.9%. The multiple crisis and volatile external environment has exposed the vulnerable economies hardest, which might suffer lasting economic damages. These include weak output growth, insufficient productive investment, rising debt distress, supply chains disruptions, and sluggish trade and FDI flow etc., all of which will severely constrain the recovery and halt progress towards meeting the 2030 Agenda in many developing countries including Barbados.

As a small island developing state (SIDS), the Barbadian economy heavily depends on tourism, one of the sectors most affected by the Covid-19 pandemic. Against this backdrop, Barbadian economy real GDP contracted significantly in 2020 aggravating the fiscal-debt situation. In 2022, thanks to the recovery of tourism, the country's economy rebounded at 10%, according to the Central Bank of Barbados estimates. However, considering the deep recession in 2020 and slow growth in 2021, its real GDP is still lower than pre-pandemic 2019 level. For 2023, given the external uncertainties and multiple structural issues, the growth prospects of Barbados, like many other SIDS, remains challenging.

As *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.

UNCTAD has therefore initiated a project of “*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 Assistance Fund (GDSSCAF). The Project aims to assist Barbados, through researching policy strategies, 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

The 2-days capacity building workshop will consist of 4 thematic sessions, namely 1) global macroeconomic situation and implications on Barbados; 2) digital transformation in developing countries and lessons for SIDS; 3) regional integration and industrialization strategy for Caribbean region; and 4) harnessing South-South trade and investment opportunities from the perspective of Barbados. For each session, a panel comprising an UNCTAD staff member, international/regional and national panelists will introduce research findings and share views around the central theme of economic diversification in the context of Barbados' economy.