



# Imagining the End of Low Growth

## How to Deliver Performance

Dr Justin Ram

Director of Economics Department

25 July 2017



---

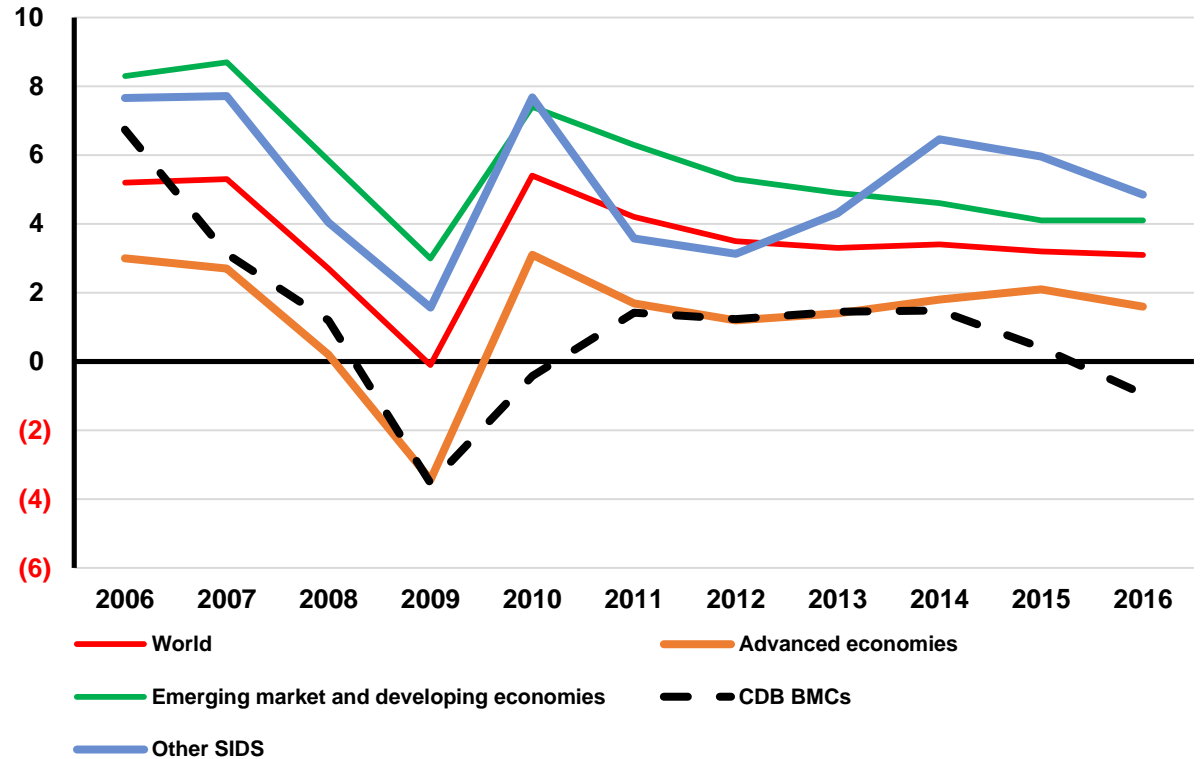
# AGENDA

1. The Regional Picture
2. Can we deliver better Performance
3. Let's practice what we preach



**GROWTH STILL  
CONSISTENTLY  
LOWER THAN  
OTHER SIDS**

Real GDP growth (%) 2006 to 2016



# PULSE OF THE CARIBBEAN



## Macroeconomic challenges

- Low growth; average 1.1 % over a decade
- High Debt; regional average 77% of GDP
- Low commodity prices/declining Reserves

## Poor Human Development Outcomes

- Poverty rate of 43.7 % (including Haiti)
- Youth unemployment as high as 47% (average 18-47%)
- Poor education outcomes, skills mismatch and brain drain
- Crime and citizen insecurity

## Low productivity and competitiveness

- Most countries fall in bottom half of doing business rankings
- High cost of doing business (electricity, telecommunications)
- Large infrastructure gaps
- Governance

## Environmental threats

- Average annual cost of natural disasters is approximately 2 % of GDP
- Parametric insurance payouts do not fully cover losses

# HIGH DEBT ACROSS BMCS

## Macroeconomic Indicators % of GDP

	2015	2016	Change in %	Primary Balance (% of GDP)	Real GDP growth
BAR	140.4	145.3	4.9	-5.0	1.6
JAM	124.8	120.3	-4.5	7.7	1.4
ANT	99.1	93.6	-5.5	7.0	4.3
BZE	81.7	90.4	8.7	-1.1	-0.8
DOM	85.5	87.7	2.2	0.0	1.0
GRE	91.7	83.4	-8.3	5.3	1.9
BAH	66.9	69.3	2.4	0.4	0.0
SLU	65.4	66.4	1.0	2.2	0.9
SKN	70.6	65.6	-5.0	1.9	3.0
TT	50.0	56.6	6.6	-4.1	-5.7
SUR	43.5	55.5	12.0	-5.3	-10.4
GUY	48.3	49.6	1.3	-2.0	3.3
ANG	24.6	44.3	19.7	3.3	3.8
HAI	30.1	33.6	3.5	-1.0	1.1



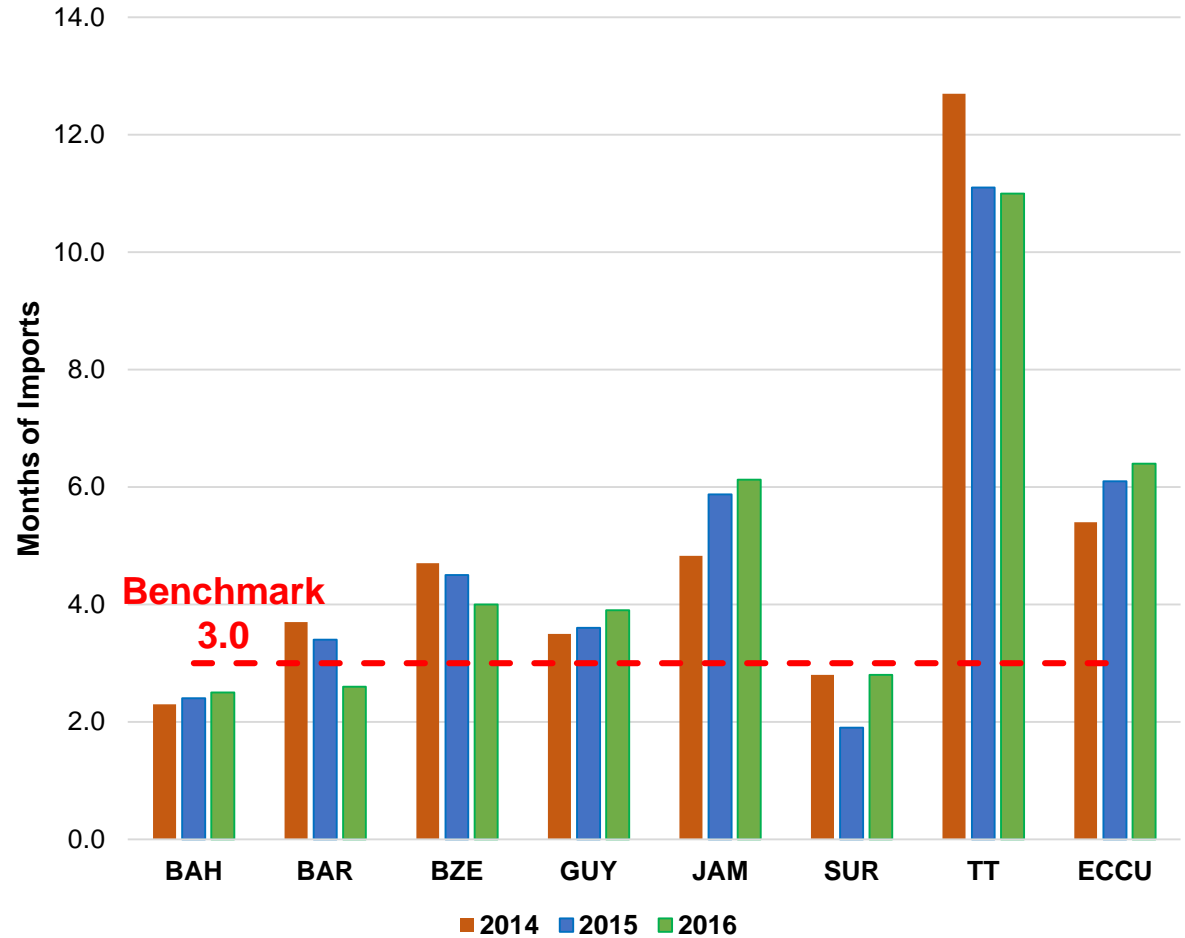
# BMCs PSIP Performance 2012-2016

Country	Public Investment Implementation Rate	Capital Expenditure (% of GDP)
ECCU	35% - 75%	5.0
JAMAICA	86%	2.0
TRINIDAD	61%	4.6
GUYANA	20%	7.3
BARBADOS	33%	2.3

Source: BMCs Budget reports, IMF Article IV and Staff Calculation, 2017

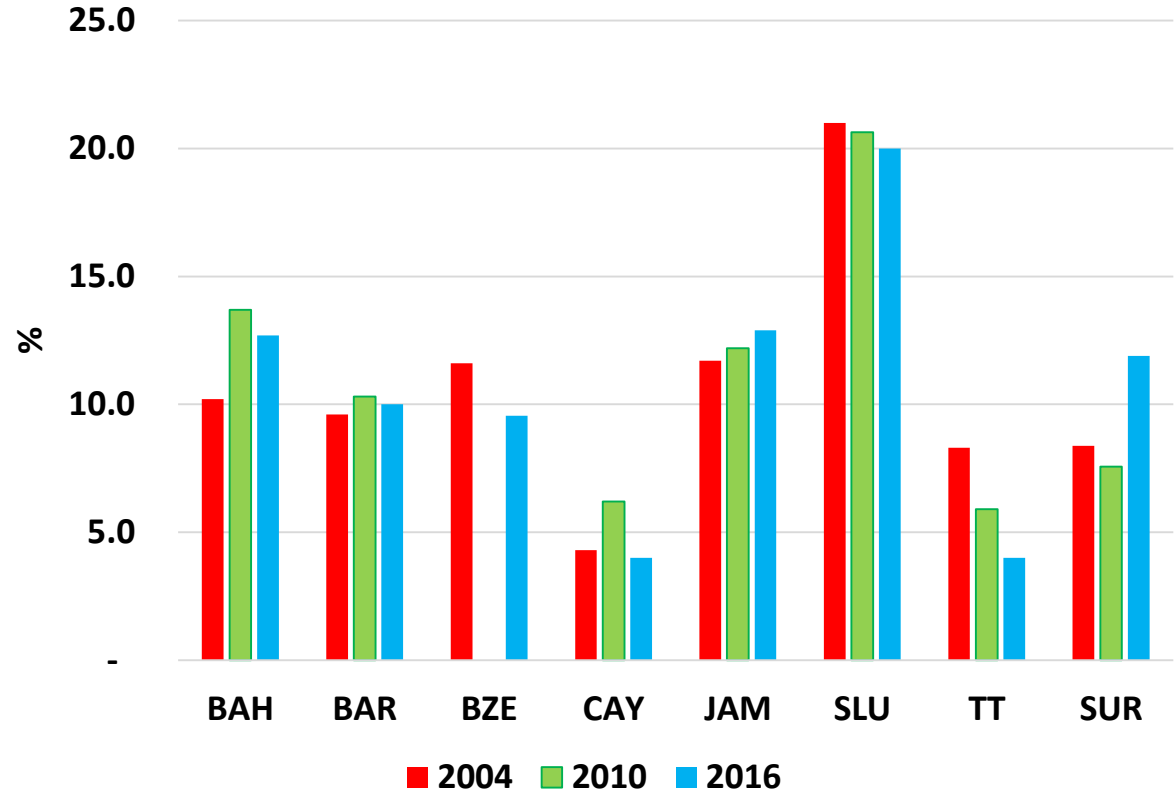


# FOREIGN CURRENCY RESERVES BELOW BENCHMARK LEVEL



**IN GENERAL,  
UNEMPLOYMENT  
HAS NOT FALLEN  
SUFFICIENTLY**

**Unemployment Rate**





Several BMCs crafted long-term national development strategies within the overarching context of the global development goals, such as:

**Faced with these challenges:**

**Some BMCs have National Development Plans**

BAHAMAS

- NATIONAL DEVELOPMENT PLAN 2040

BARBADOS

- 2006-2025

BELIZE

- HORIZON 2030

JAMAICA

- VISION 2030

TRINIDAD & TOBAGO

- VISION 2020
- VISION 2030



# Bold Vision Statements

## JAMAICA

*VISION 2030*

- THE PLACE OF CHOICE TO LIVE, WORK, RAISE FAMILIES AND DO BUSINESS

## BARBADOS

*NATIONAL STRATEGIC PLAN 2005-2025*

- A FULLY DEVELOPED SOCIETY THAT IS PROSPEROUS, SOCIALLY JUST AND GLOBALLY COMPETITIVE

## ST. VINCENT

*NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT PLAN 2013-2025*

- TO IMPROVE QUALITY OF LIFE FOR ALL VINCENTIANS

## THE BAHAMAS

*VISION 2040*

- A NATION MOVING FORWARD, UPWARD, ONWARD TOGETHER



# The Road Less Travelled- Inclusive Growth, Low Debt and Prudent Fiscal Management

<b>THE ROAD MOST TRAVELLED</b>			
	<b>Primary Balance</b>	<b>General Government Gross Debt</b>	<b>Real GDP Growth Rate</b>
<b>Greece</b>	3.3	181.3	0.0
<b>Italy</b>	1.4	132.6	0.9
<b>Japan</b>	-4.0	239.2	1.0
<b>Singapore</b>	2.3	112.0	2.0
<b>United Kingdom</b>	-1.4	89.2	1.8
<b>United States</b>	-2.3	107.4	1.6
<b>THE ROAD LESS TRAVELLED</b>			
	<b>Primary Balance</b>	<b>General Government Gross Debt</b>	<b>Real GDP Growth Rate</b>
<b>Australia</b>	-1.7	41.1	2.5
<b>Denmark</b>	-0.4	39.9	1.1
<b>Malaysia</b>	-1.3	56.3	4.2
<b>New Zealand</b>	1.2	29.5	4.0
<b>Sweden</b>	-0.5	41.7	3.3
<b>Switzerland</b>	0.1	45.4	1.3



**Governments around the Caribbean  
have elaborate and promising  
plans.....**



**However, the  
main challenge  
we face is the  
failure to  
implement and  
deliver ...**



---

# What choice do we have?

The certainty of low growth and poor implementation

The uncertainty of change

**The uncertainty of change with a clear Delivery Plan**

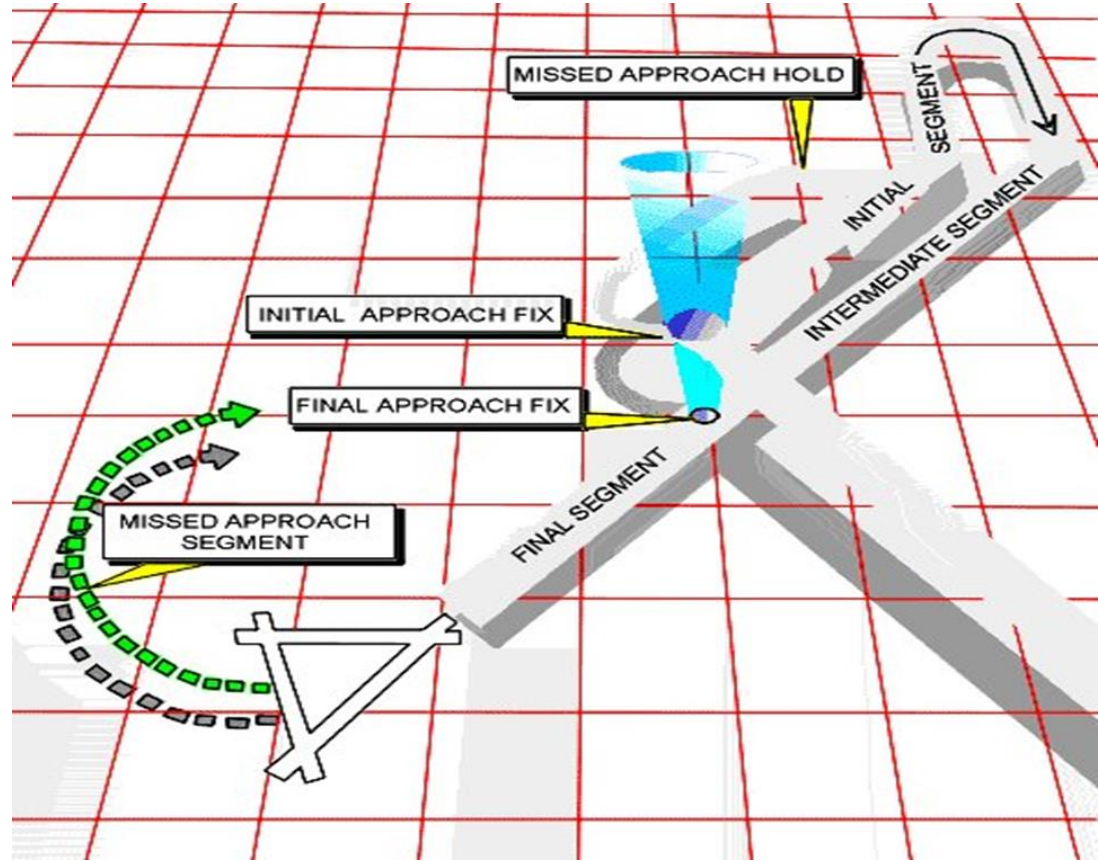


---

# Depart, cruising altitude, but to where?



A Safe  
landing in  
tumultuous  
time is  
critical

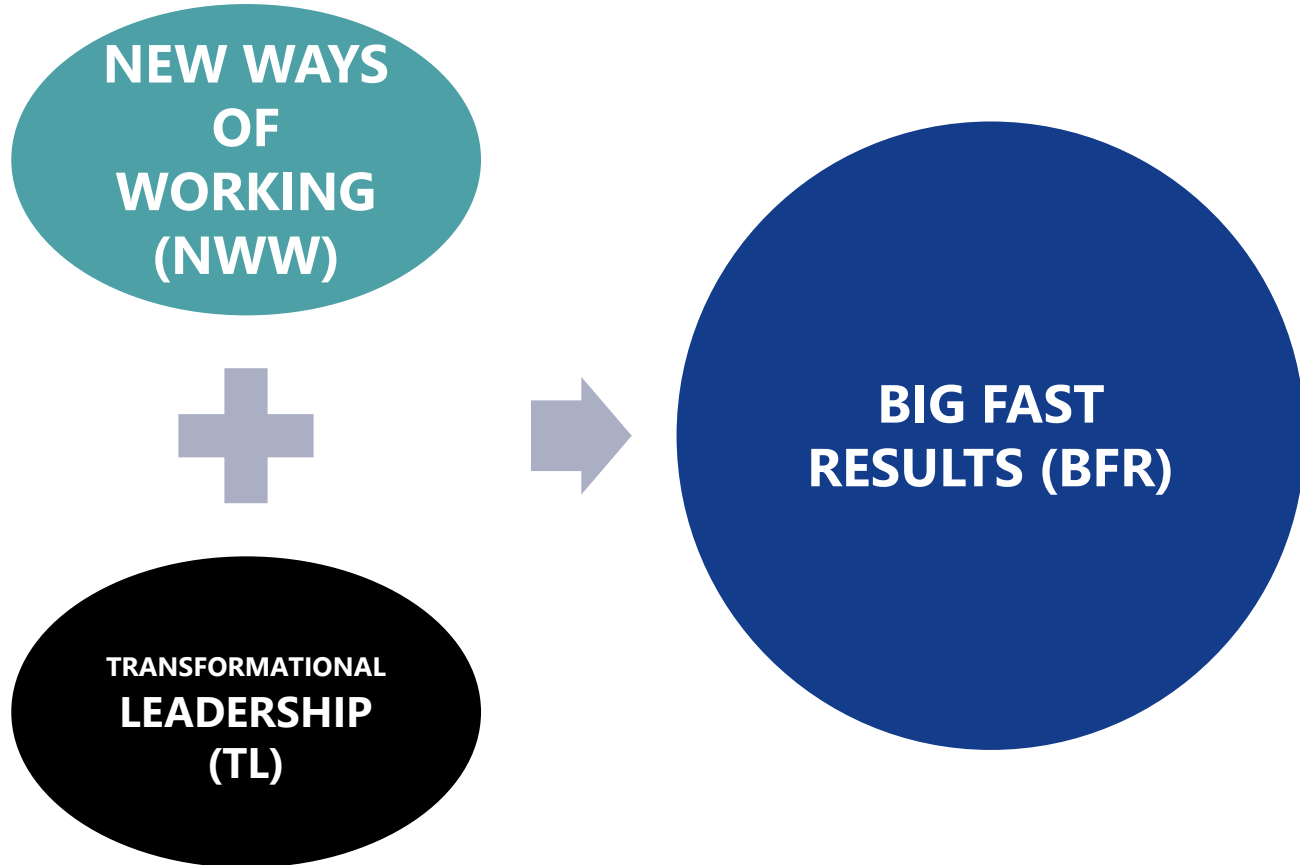


# How do we translate Policies into Citizen Outcomes?





# The Equation for Success



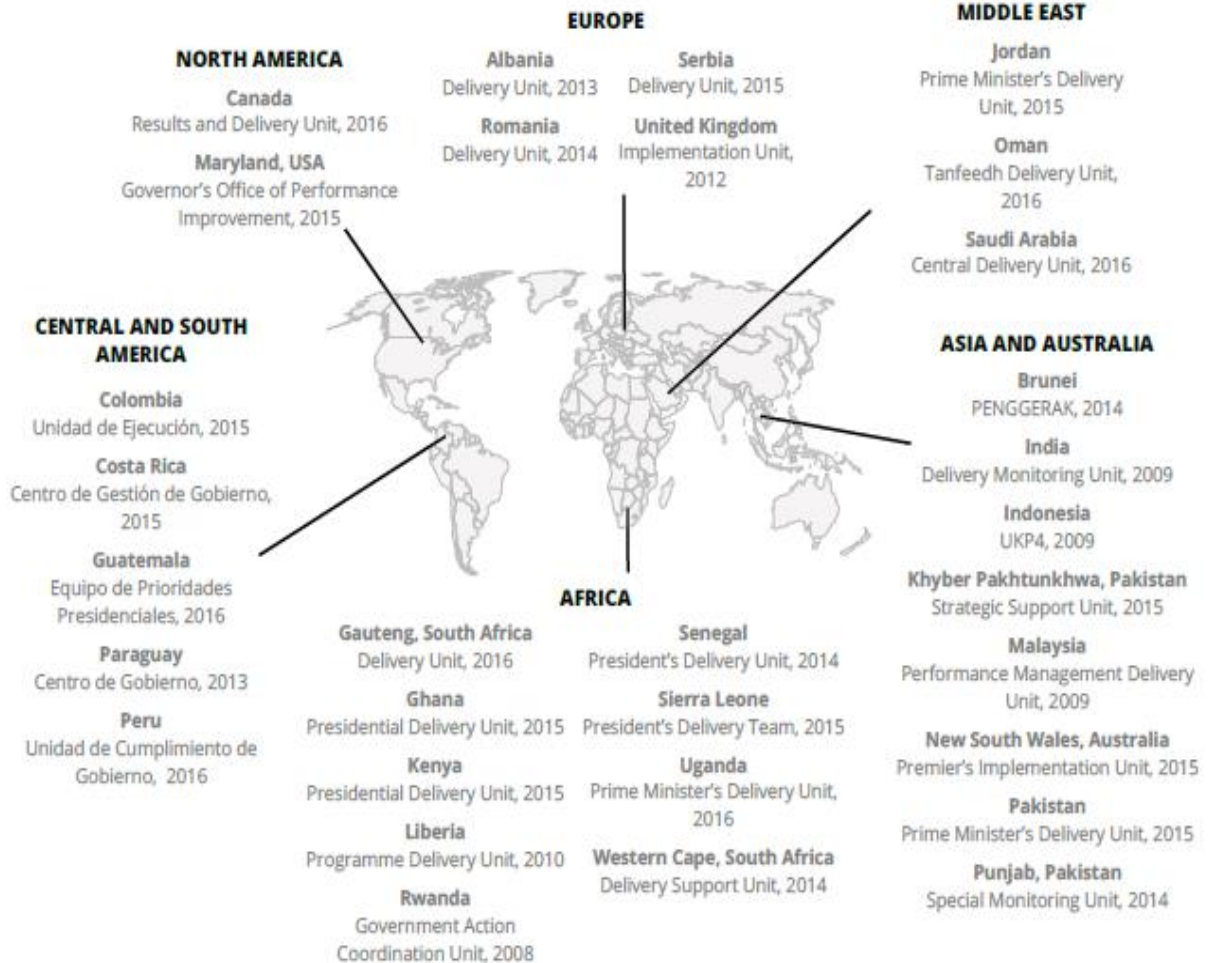
---

# A new way of working- Performance Management and Delivery Units

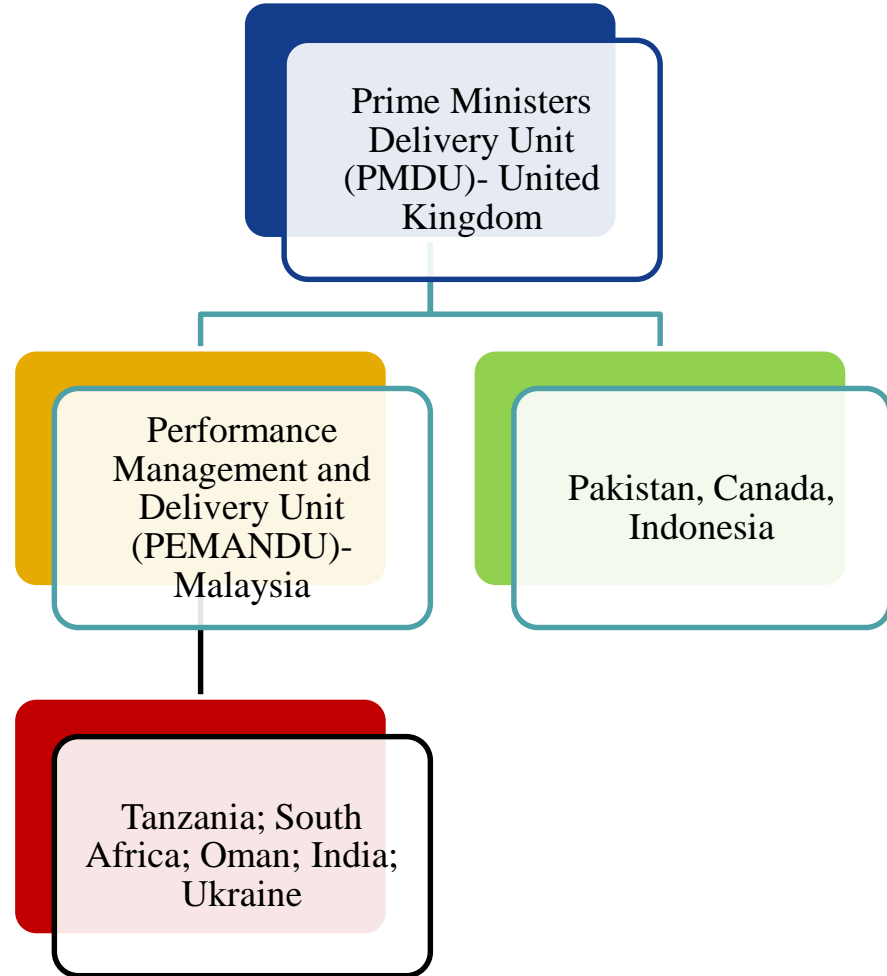


- Delivery units are small teams that help political leaders to stay focused on the delivery of key policy priorities;
- The nature of these units varies from one jurisdiction to the next;
- They fulfil two main functions:
  - **tracking progress** against a select number of top priorities through collecting, analysing and routinely reporting on a constant stream of performance data
  - **investigating and intervening to solve problems** where progress appears to be slipping off track (e.g. by conducting in-depth investigations, convening stakeholders or providing technical assistance)

# Delivery Units around the World (25 countries)



# Most DUs derived from UK or Malaysia models



---

# BFR- 8

## Steps of Transformation



### PLANNING/ THINKING-- 10%

**STRATEGIC DIRECTION** – Setting a clear and Distinct Direction

**LABS** – Conduct comprehensive Labs Sessions

**OPEN DAY** – Share Lab output with people and seek feedback

**ROADMAP** – Publish a clear and comprehensive Roadmap

### IMPLEMENTATION /DOING--90%

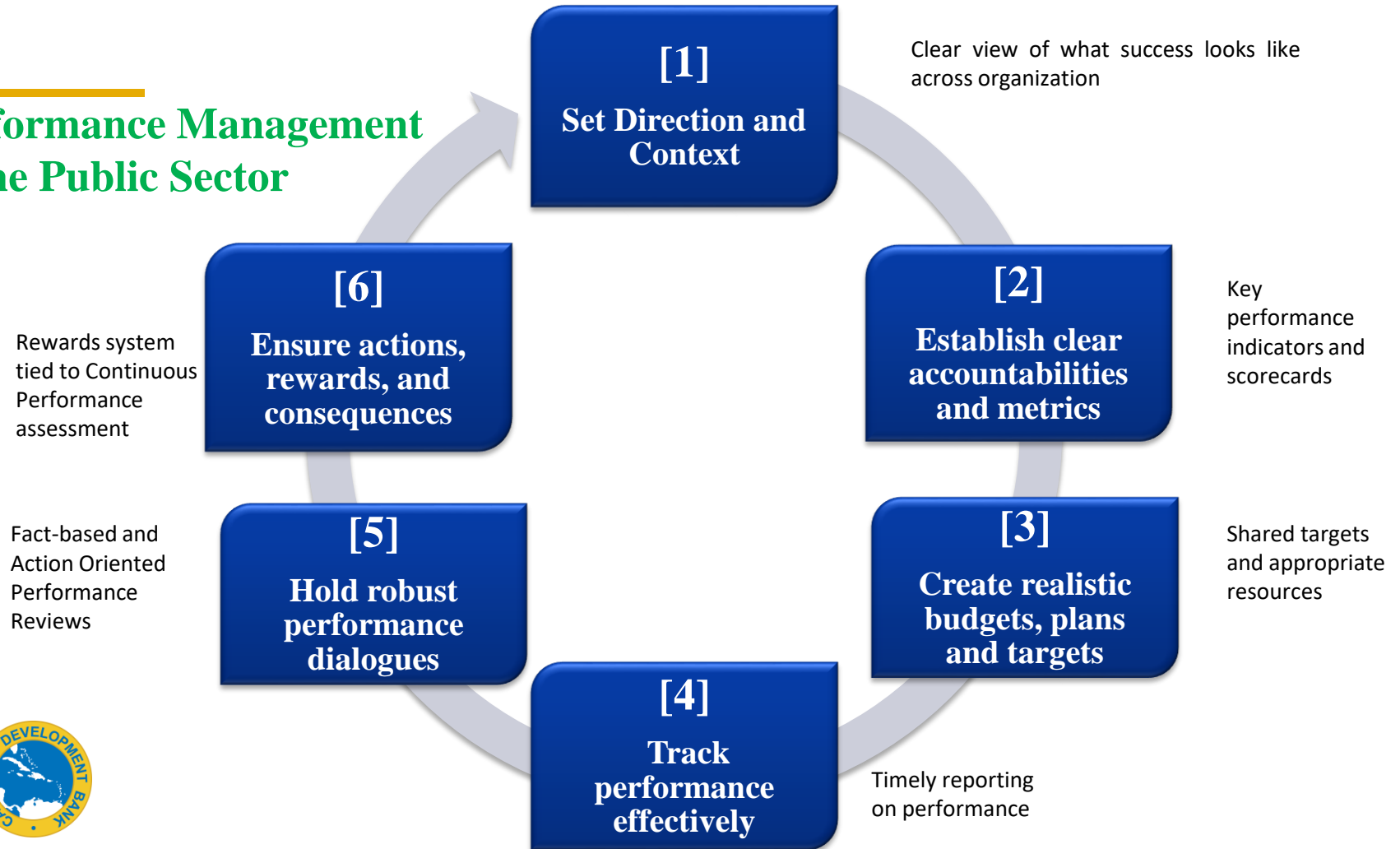
**KPI TARGETS** – Setting KPIs and targets for monitoring and tracking

**IMPLEMENTATION** – Problem solving on the ground/implementing initiatives

**REVIEW/VALIDATION** – Conduct third party review and validation; external validation of results

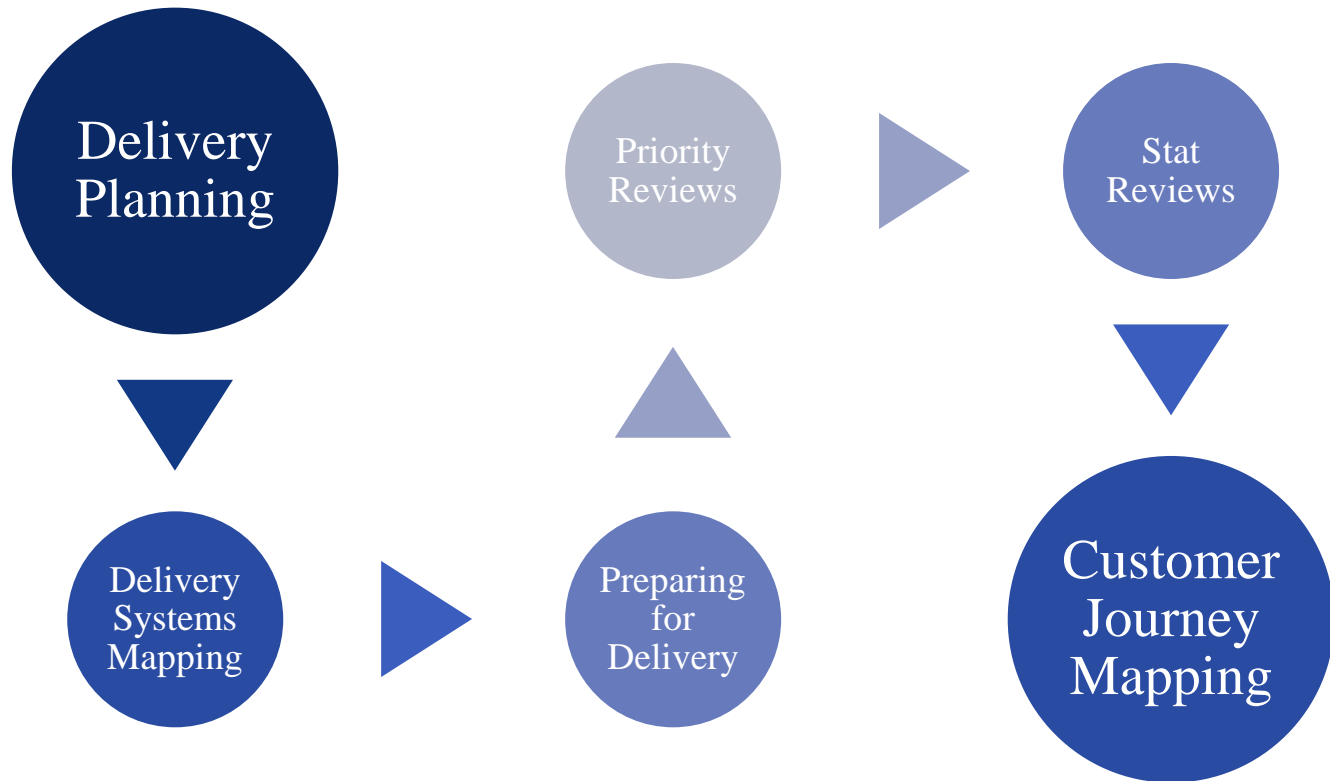
**ANNUAL REPORTS** – Tell people what has been delivered/publish annual reports

# Performance Management in the Public Sector



---

# What is important? Some possible tools



---

**What is  
important?**

**Having the  
right skills**

**Have the right skills – quantitative, qualitative,  
Creative problem solving**

**Given that: “if you do what you have always done,  
you will get what you have always got” – build  
new capability and change behavior**

**We intend to work closely with UWI, Office of  
Development and Open campus**





---

# Collaboration UWI Open Campus initiative-

# 4<sup>th</sup> Industrial Revolution



Leading  
Transformation  
to Achieve the  
SDGs

Leadership, results  
based management,  
sustainable  
development...etc.

Implementing  
change to  
support the  
SDGs

Online Course

UWI Open  
Campus &  
PEMANDU  
Associates

SUNY-UWI  
Center for  
Leadership and  
Development

PEMANDU  
Associates

Technical  
Capacity on  
the "HOW"

Culture of  
"Discipline of  
Execution"

Systematic  
Goal Setting

Recursive re-  
alignment of  
Strategy and  
Resources

Monitoring

Evaluation

---

# We need more Microeconomic Analysis

- Our analysis and implementation rigour will drive the need for more data
- How we use that data will be important
- Detailed distributional and geographic microeconomic analysis
- Active monitoring and evaluation



# TRANSFORMATIONAL LEADERSHIP:



QUALITY NO. 1

**PURSUE THE GAME OF THE IMPOSSIBLE**



QUALITY NO. 2

**ANCHORING THE TRUE NORTH (KPIs)**



QUALITY NO. 3

**DISCIPLINE OF ACTION**



---

# Key Elements for Success

**Strong, highly visible  
leadership**

**Clear Mandate**

**90% Relentless  
Implementation**

**LABS to develop  
3ft implementation  
plans and  
ownership**

**Cross government  
and stakeholder  
ownership and  
partnership**

**Collect real time  
data; Establish  
routines to review  
effectiveness;  
Measure success  
using data**



# Some Success Stories

## Pakistan and Tanzania

Tanzania: Vaccinator attendance improved from 22 % to 90%

Pakistan: 1.5m more children in school; 90% school attendance; 90% of schools with basic facilities; 81,000 new teachers hired

## United Kingdom

Education outcomes; improved literacy rates

Reduction in hospital waiting times reduced from 40,000 persons per year to 10,000 per year between 2001 and 2003

## Malaysia

5,286 km of rural roads completed; 334,593 rural houses with access to clean water; 144,025 rural households with electricity

99.1 % numeracy rate and 96 % literacy rate in primary schools;

## Georgia

Government Debt to GDP almost halved, from 63% in 2003 to 34.8% in 2012

Accelerated business regulatory reforms; improving Doing Business ranking from 112<sup>th</sup> in 2006 to 16<sup>th</sup> in 2017 (ranked 8<sup>th</sup> in 2012)

GDP per capita quadrupled from USD\$928 in 2003 to USD\$4142.9 in 2012



# The Caribbean context- Jamaica



## New Way of Working

The Economic Policy Oversight Committee (EPOC) monitors and reports on reform programme

Public Sector Transformation Team (PSTIT) facilitates improvements in Public Sector efficiency

Economic Growth Council promotes growth initiatives and job creation

## Outcomes

Macroeconomic Stability; generate primary surpluses of 7.0% over 4 year period; reduction on public debt to GDP ratio;

Doubling of net international reserves; Improvements in Doing Business Indicators

## Illustration: Delivering Private Sector led Growth

Country	2017	2016	Diff 2016-2017
New Zealand	1	1	0
Singapore	2	3	1
<b>Georgia</b>	<b>16</b>	<b>23</b>	<b>7</b>
Mauritius	49	42	-7
Jamaica	<b>67</b>	<b>64</b>	<b>-3</b>
Barbados	<b>117</b>	<b>119</b>	<b>2</b>
<b>LAC Regional Average</b>	<b>107</b>	<b>104</b>	<b>-3</b>

World Bank  
Doing  
Business  
Reports



# Illustrative target: Improve Business Climate and below 50 Doing Business ranking in medium term (3-5 years)

2017 Ease of Doing Business Ranking		Regional Average	Barbados	Jamaica	Georgia
Starting a Business	Procedures (number)	8.3	8.0	2.0	3.0
	Time (Days)	31.6	15.0	10.0	3.0
Dealing with Construction Permits	Procedures (number)	14.4	9.0	17.0	7.0
	Time (Days)	181.3	442.0	129.5	48.0
Registering Property	Time (Days)	68.6	105.0	18.0	1.0
Getting Credit	Ranking (from 190 countries)	89.0	133.0	7.0	16.0
	Distance from Frontier (Highest Score = 100)	50.3	35.0	85.0	80.0





---

# What can you do in the next 2 months

1

Conduct Workshop to determine direction and set priorities

1  
weekend

2

Run labs to identify initiatives; translate them into 3 ft. implementation programmes

6  
weeks

3

Organize Open Day to share Lab outcomes with the staff and public and obtain feedback

1 day



---

# What is CDB doing?

**Caribbean Leadership and Transformation  
Forum (CLTF)– September 18-19<sup>th</sup>, 2017**



**Working Paper to develop CDB strategies  
for engagement with BMCs on  
Implementation and Delivery Units (DU)**



## Esther Duflo at the *AEA 2017* Richard T. Ely lecture

---

- Economists should think of themselves more as plumbers who lay the pipes and fix the leaks.
- Economists should not merely be concerned with *what* policy to implement ...but to work out the details and practicalities of such implementation.



---

If the accusation is that we have an  
excess of ambition, let us plead guilty!



---

# The End!

