



## PRESS RELEASE

An *infoDev* Workshop in Cooperation with the World Bank and the European Commission

### **Improving Competitiveness and Increasing Economic Diversification in the Caribbean: *The Role of ICT***

The Savannah Hotel, Barbados, February 24-25, 2005

How can the Caribbean successfully compete in today's global knowledge-driven economy and how can ICT help by improving competitiveness and creating new economic opportunities? This was the focus of *infoDev*'s two day workshop which brought together regional and international specialists in innovation, entrepreneurship, and venture capital, as well as international donors and policymakers from more than 15 countries in the region to discuss the findings and recommendations from the *infoDev* study on Improving Competitiveness and Increasing Economic Diversification in the Caribbean: *The Role of ICT*. The workshop featured an Opening Address by Senator Lynette Eastmond, Minister of Commerce for Barbados and a Keynote Address by Mr. Michael D. Armstrong, Chief Executive Officer and Director of Illuminat (Barbados) Ltd.

#### **Rethinking the Role of ICT – Key Messages from the Workshop**

Over the past decades, the Caribbean region has relied on a growth strategy fueled by preferential trade arrangements for agricultural goods and low-cost all-inclusive tourism services. As evident by stagnating growth rates in recent years, this strategy is no longer sustainable. Global competition in agricultural commodities and tourism has increased dramatically leading to declining growth rates in both sectors. This decline in addition to the region's perilously high debt levels has created a volatile economic environment and has increased the urgency for action to improve competitiveness and spur economic diversification in the region.

In the past, ICT has all too often been perceived as the panacea for region's economic ills promising job creation and spillover to the broader economy. Past ICT initiatives have typically been based on unsustainable business models that encourage upfront investment in infrastructure for call centers and cyberparks and rely on low labor costs. Unfortunately, this misperception has led to substantial investments which in most cases have not produced the desired results and have only added to the region's debt.



Photo: L to R - Ambassador Amos Tincani, Head of Delegation, European Commission in Barbados and the Eastern Caribbean, The Honorable Senator Lynette Eastmond, Minister of Commerce, Consumer Affairs and Business Development, Barbados, and Mr. Timothy Odle, Deputy Program Manager, CARICOM Secretariat.

*"It [infoDev's workshop] was interesting because it looked at ICTs not as magic wands, but as part of the competitiveness agenda for small island states." Ambassador Amos Tincani, Head of Delegation, European Commission in Barbados and the Eastern Caribbean*

In the face of these economic challenges how can the region stimulate private sector innovation and new business creation that will create jobs and drive the region's future economic growth? During the workshop, participants discussed the recommendations produced by the *infoDev* study which focused on: niche agricultural production and manufacturing including cultural products; community-based tourism and health services; business support services for domestic sectors; and tools for supporting private sector development including business incubation. Unlike call centers dependent on low-wage business models, these business opportunities are rooted in the comparative advantages of the region and based on on-the-ground experience. For Caribbean firms to compete in these sectors,

they must be able to effectively market their products and services to both domestic and international customers and build a responsive network of suppliers.

*“There have been numerous metrics developed to determine whether a country has a competitive technology platform. But these all boil down to one thing: **can a businessperson get on the Internet and talk on the telephone with reasonable reliability, and at a cost on par with our global competitors?**” Marcela Escobari, OTF Group*

To do this competitively, ICT is an essential tool. For instance, Jamaica Signature Beats a cluster of musicians, recording studios and technicians market their services online through a collective website. The website is the cluster’s only access point for potential customers enabling them to listen to and download songs and inquire about the cluster’s services. Another example is the Centre for Energy Enterprise Development (CEED) a consulting firm that services the oil and gas industry in Trinidad & Tobago, which outsources approximately USD 500 million in services a year. Currently, most of these services are provided by firms in the United States but slowly CEED is building local capacity to provide these services which are all delivered online. These are just two of the many case studies that are noted in *infoDev*’s study and demonstrate a growing entrepreneurial base in the region. By harnessing ICT as tool, in particular the Internet, these Caribbean-based firms will continue to develop and become the engines of job creation and sustainable economic growth for the region in years to come.

### **Turning Recommendations into Action**

In the coming weeks, *infoDev* will work closely with policymakers, private sector representatives and donors to implement the recommendations produced by the study. Already the study’s findings and recommendations are being taken into account in the World Bank’s Growth and Competitiveness Report for the Caribbean and for the OECS, as well as the European Commission’s draft financing proposal for Competitiveness and ICT programs in Dominica, St. Lucia, St. Vincent and Grenada. In addition, *infoDev* is exploring opportunities to leverage its business incubator initiative to support entrepreneurs and new business creation in the region.

For more information about the workshop and study, as well as *infoDev*’s support for scaling up ICT-enabled innovation and new business creation in developing countries, please visit our website: [www.infoDev.org](http://www.infoDev.org).

### ***About infoDev***

*infoDev* is a consortium of public bilateral and multilateral development agencies, working in close cooperation with partners from civil society and the private sector, and assisted by an expert secretariat housed at the World Bank. Its mission is to help developing countries and their international partners use information and communication technologies (ICT) broadly and effectively as tools of poverty reduction, sustainable economic growth, and empowerment of individuals and communities. Its work is rooted in the conviction that information and communication are indispensable elements of effective and responsive institutions (including governments), markets and societies.

The *infoDev* study on Improving Competitiveness and Increasing Economic Diversification in the Caribbean: *The Role of ICT* was prepared by OTF Group, Inc., a consulting firm that focuses on Country Competitiveness projects in emerging economies around the world.