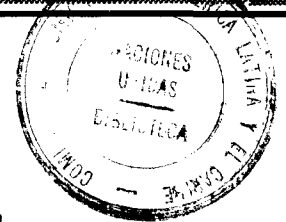
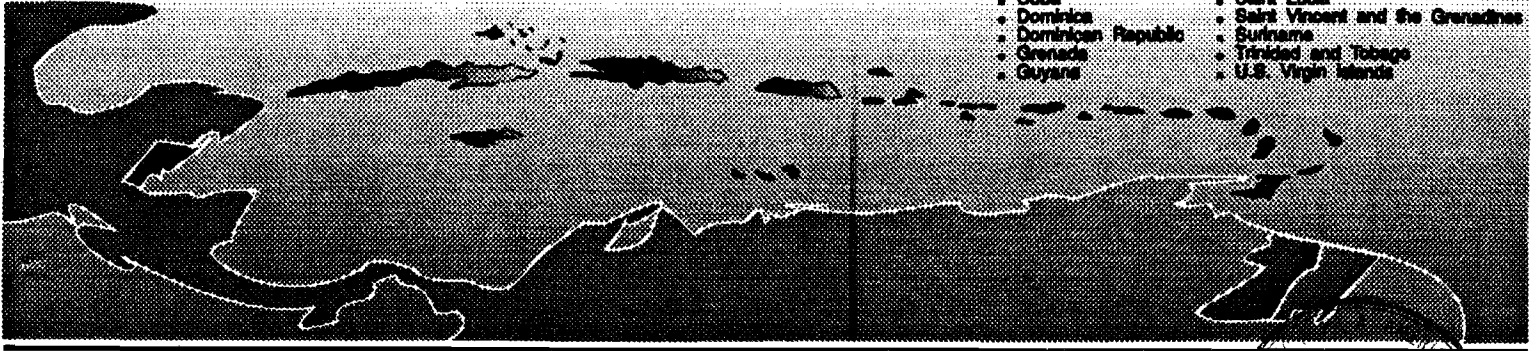




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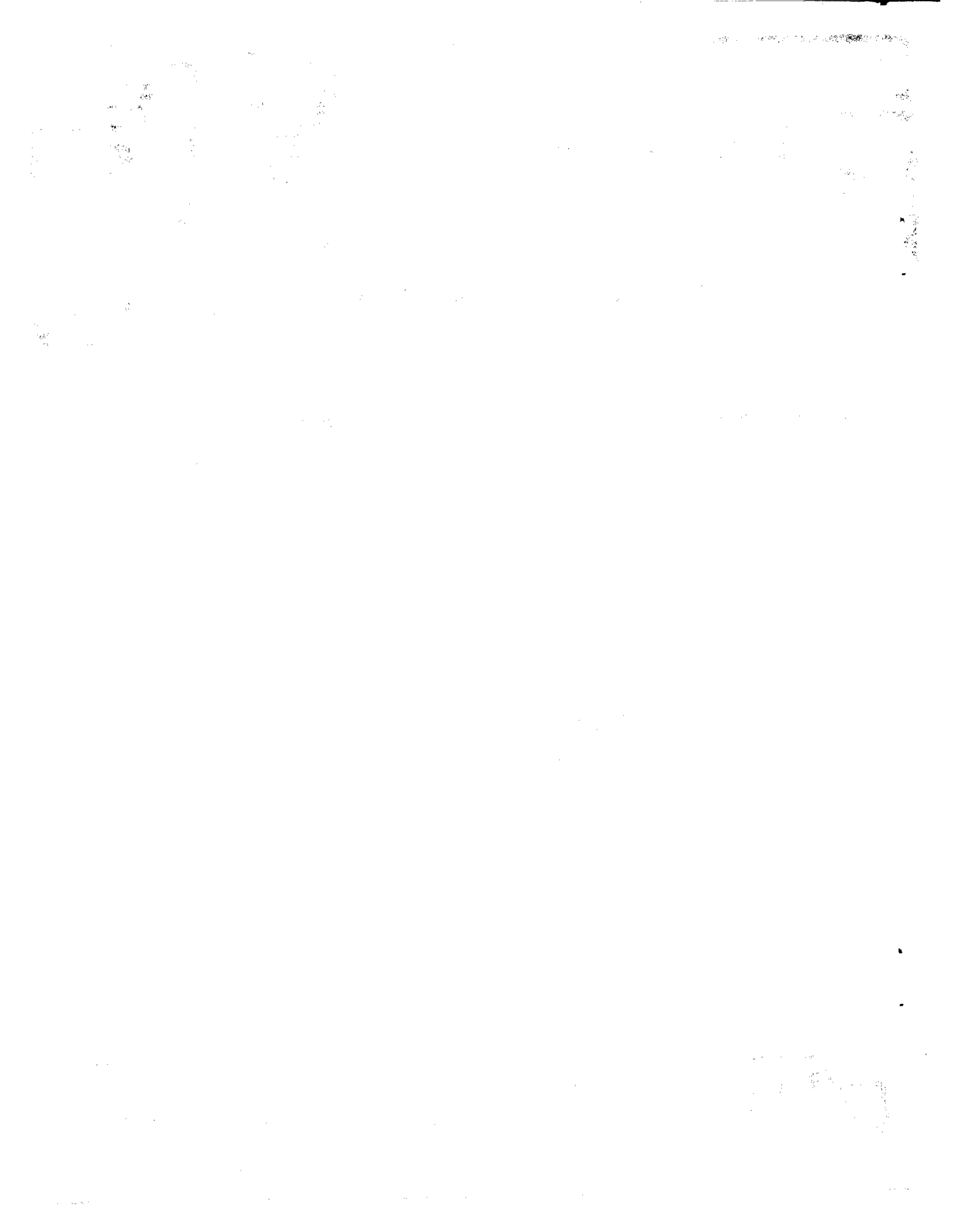
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**THE ISSUE OF SPECIAL STATUS FOR
 ISLAND DEVELOPING COUNTRIES**

16 DEC 1992



UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
 Subregional Headquarters for the Caribbean
CARIBBEAN DEVELOPMENT AND COOPERATION COMMITTEE



THE ISSUE OF SPECIAL STATUS FOR ISLAND DEVELOPING COUNTRIES

Background

This paper has been prepared in response to a mandate from the member countries of the Caribbean Development and Cooperation Committee (CDCC) to review the strategy which island developing countries (IDCs) have been pursuing to focus the attention of the international community on the special problems of island developing countries, and to make such recommendations as appear appropriate for a modification of this strategy.

It begins with a discussion of the special problems of island developing countries, before proceeding to examine the extent to which, and the success with which, international attention has been focused on this issue. It then discusses the question of the strategy which these States have adopted by way of eliciting special consideration from the international community, including obtaining a special status within the United Nations system. The paper suggests that even as they continue to seek special United Nations status, IDCs may need to place greater emphasis on seeking support from the international community in project areas which are of specific relevance to these countries.

The issue of uniqueness

All developing countries share a number of problems. However, many of these problems are more pronounced in their impact on IDCs, particularly the very small ones. Even among the very small IDCs there are significant differences.

Much discussion has centered on the issue of the peculiarities or the "uniqueness" of island developing countries. Some commentators have justified the case for special and privileged treatment to small countries on the basis that these countries had certain unique characteristics which derived from their smallness. This contention has been rejected by certain other commentators. T.N. Srinivasan, for example, in a thought-provoking World Bank discussion paper, concludes: "It would appear that many (though not all) of the alleged problems of small economies are either not peculiar to small economies or can be addressed through suitable policy measures". He continues "...causes of economic and social stagnation in some of these economies cannot be attributed to their smallness...".¹

As far as Trevor Farrel is concerned, it is more normal to be small than to be large; it is not true that small States are

¹ Srinivasan, T. N. The costs and benefits of being a small, remote, island, landlocked or mini-state economy, World Bank Discussion Paper, March 1985.

generally poor; it is not true that small States are not viable; and in specific reference to the Caribbean: "the essential problem of small States has little to do with their small size".² Both of these commentators, however, do occasionally concede that one is not necessarily talking about absolutes, but that special problems of small States (in particular, small island countries), may be more a matter of degree and of proportion. Srinivasan: "... the particular vulnerability of small (island) economies is attributed to the disproportionate effect which natural disasters could have on them".³ And while Farrel's essential problem with small States has little to do with their smallness, he admits that "this particular characteristic may exacerbate the problem and its effects".⁴

In an important sense this is all that needs to be established. Elsewhere, it has been suggested "much of this debate can be circumvented by not attempting to establish that small island countries are unique and special; or that they are characterised by circumstances which affect them and no other category of developing countries. It seems sufficient for present purposes to agree that small developing countries are afflicted by similar kinds of economic difficulties and development imperatives as in the case of developing countries generally, but that these problems seem rather more intractable in the case of at least some small and particularly very small countries such as those that are found in the Caribbean".⁵ So that the issue is not about smallness itself as a problem, but about development problems which may take on enlarged proportions in small, or very small countries.

Much time has also been spent in defining smallness. It is now more or less agreed that population size may be the single best indicator. There is, however, less of a consensus on categorization: Srinivasan denoted a country with a population of less than 5 million as small, and less than 1.5 million as very small. Farrel considers 500,000 to 5 million to be small, and under 500,000 to be micro. Definitions will be arbitrary; and in some cases tailored to suit the cloth. The Commonwealth Secretariat, for example, uses a cut-off population of 1 million in its programme of special assistance. From a Caribbean standpoint, a working definition of under 5 million, with particular attention

² Farrel, T. "The Concept of Small States: Current Problems and Future Prospects; with special reference to the Caribbean", March 1991.

³ Srinivasan, T. N. *op. cit.*

⁴ Farrel, T. *op. cit.*

⁵ Lestrade, S. "Economic Issues Affecting the Development of Small Island States: the Case of the Caribbean", The Courier, No. 104, July-August, 1987.

being focused on countries with populations of less than 1 million, may appear to be acceptable.

Characteristics of IDCs

There is no question that small countries, and especially small island countries, experience a set of economic and social problems, which have dimensions which are in some way accountable to the fact of smallness, or to the fact of islandness. To the extent that this is accepted, to that extent it might behove the international community to pay special attention to these countries in their economic cooperation relations with them.

There is now an abundance of documentation on the characteristics of small or island developing countries and on the implications of small size for their development potential. These characteristics are very well known, and only a summary listing of them is being provided here. Since most of the island developing countries are also very small countries, the characteristics of the one classification are often also applicable to the other.

The United Nations Conference on Trade and Development (UNCTAD) provides a useful summary of the more significant characteristics of these countries. It suggests that the specific problems of small IDCs arise out of the interplay of a number of factors: ⁶

(a) Small size of the economy, as manifested by small population, GDP and natural resource base leading to diseconomies of scale (e.g. high cost of infrastructure and public administration, and of overseas representation);

(b) Geological characteristics (volcanic/coral) often causing water and soil problems;

(c) Geographic location, remoteness and fragmentation leading to high unit costs of transportation and communication;

(d) Fragility of ecosystem and vulnerability to natural disasters affecting the whole or the major part of IDCs;

(e) Very open and dependent economies, as evidence by the high ratio of external transactions to GDP and the concentration on a few primary export commodities or services;

(f) Weak indigenous technological capacity;

⁶ UNCTAD, Report of the Meeting of the Group of Experts on Island Developing Countries, 5 July, 1988.

- (g) Migration, particularly of high-level skills; and
- (h) Low bargaining capability.

The above factors apply to many developing countries, but it is the tendency of many or most of them to occur concurrently in IDCs which makes them particularly disadvantaged and results in relatively less resilience, and greater vulnerability and dependence.

Elsewhere, it has been argued that among the more significant of the characteristics of these countries are the following:⁷

(a) Dependence on a very limited range of exports of goods and services; this makes small States highly vulnerable to unstable world demand and price conditions;

(b) Limited public and private savings deriving from high unit costs and low returns, a situation which requires significant inflows of concessional aid and foreign investment to finance capital formation. This greater dependence on external financial aid makes these countries susceptible to changes in the international environment for foreign aid, especially concessional aid;

(c) Their economic structures are for various reasons, fragile and their economic fabrics, tenuous -- another dimension to their vulnerability;

The case has also been put in terms of limited development options: "One interpretation of smallness is that it is a situation of limited options; limited development options. Small countries tend to be characterised by natural resource deficiencies, restricted agricultural potential, limited domestic market size which constrains the potential for non-export industry, and limited opportunities for the employment of both skilled and unskilled labour, a situation which results in brain-drain as well as significant levels of unemployment. These circumstances conspire to circumscribe the scope of the countries for active, not to mention, independent, development policies".⁸

⁷ Lestrade, S. op.cit.

⁸ The foregoing is intended to be an illustrative listing of the characteristics or constraints of IDCs. Additional characteristics deal with maritime and archipelagic considerations, and implications for absorptive capacity of external aid, for example. IDC limitations are discussed in all of the documentation under reference.

Regional and international action

At the subregional level, a number of Caribbean institutions have been involved in work on the small States issue. In various ways, the Caribbean Community (CARICOM) and the Organization of Eastern Caribbean States (OECS) Secretariats, the Caribbean Development Bank (CDB) and others, have contributed to the process of conceptualising the issue, and to advancing the cause of small States in the international system, including the United Nations system as well as the multilateral financial institutions. Perhaps the most comprehensive institutional effort, at the subregional level, aimed at impacting the approach of the United Nations system to dealing with the problems of island, and in particular, small island countries, was organized by the Economic Commission for Latin America and the Caribbean/Caribbean Development and Cooperation Committee (ECLAC/CDCC).

ECLAC/CDCC convened a workshop in Saint Lucia in 1987 with a view to developing "a plan of action for the small island States of the Caribbean". Co-sponsors of this workshop were UNCTAD and the United States Man and the Biosphere Programme. This workshop discussed a number of presentations on problems of the countries of the Caribbean, and recommendations for dealing with these. It also agreed on a number of project ideas which it was intended to develop further.

Following that meeting, the agreed "Plan of Action for small island developing countries" was presented to the CDCC at its eleventh session which took place in the United States Virgin Islands in 1988.

What this plan did was to list a number of suggested programmes intended to enhance the development performance of the countries of the Caribbean in a number of sectors. Under agricultural development, for example, programmes were suggested under-land capability and land use, small livestock development, establishment of marketing units abroad, home economics programme, agricultural research and agro-industrial development, agricultural extension, agricultural finance, agricultural education, soil and water management, and forestry development. Programmes are also suggested under community development, fisheries, health and housing, tourism, industrialization, education, infrastructural development, science and technology and administrative reform.⁹ This action plan was duly endorsed by the CDCC at its eleventh session in December, 1988.

⁹ ECLAC/CDCC, Report of the workshop to develop a plan of action for the small island States of the Caribbean, (LC/CAR/G.237), 28 September, 1987). The CCST reports that there has been specific follow-up by agencies of the United Nations on some of the elements on the action plan.

What appears to have been produced was not so much a plan of action for addressing the special problems and concerns of small, or small island, developing countries, but more of a sketching of some of elements for possible inclusion in a development strategy for the countries of the Caribbean.

In the meantime the foreign ministers of CARICOM had met in New York in October 1988 and prepared a submission for the consideration of the General Assembly at its forty-third session in 1988. This submission appears to resemble closely the action plan which resulted from the 1987 meeting organized by ECLAC/CDCC.

The resolution (no. 43/189) adopted at the forty-third session (December 1988) of the United Nations General Assembly, however, bears little resemblance to the "action plan", and appears instead to have been based on the outcome of an expert group meeting which took place in Malta in May 1988. This resolution dealt with island developing countries as a grouping of countries having special aid and development requirements. It appealed to the international community to make provision for increased access to concessional assistance, for compensating them against falls in export earnings, for improving their administrative efficiency. It also urged UNCTAD to strengthen its role as the focal point for action at the global level on island developing countries, and called for a meeting of international experts to propose specific actions in their favour.

At the international level UNCTAD has functioned as the focal point for action on island developing countries at the global level. UNCTAD has been responsible for much of the technical work on aspects of the special development problems of small States, or of island developing countries, and for the organization of a number of expert group meetings on these issues. UNCTAD's expert group meeting in Malta in May 1988, was an important input into the General Assembly resolution already referred to above.

By way of preparation for the forty-fifth session of the General Assembly, the United Nations convened an expert group meeting in New York in June 1990, preparatory to which representatives of CDCC member countries convened in Saint Lucia in March of that year. This meeting agreed on a presentation to be made to the June meeting which consisted of two parts: "elements of the island developing countries' problems requiring special attention", and "measures required". These "measures required" fell under external financial and technical assistance; areas of opportunities; proneness to natural disasters; problems of remoteness; environment, conservation and development; agriculture, manufacturing and industry; tourism; science and technology for development; trade and export promotion; institution building and human resource development; regional cooperation; non-independent Caribbean countries; and the United Nations system.

The main working document at the New York meeting was prepared by UNCTAD and was entitled: "Problems of Island Developing Countries and Proposals for Concrete Action: Issues for consideration". It is reported that most of the statements made at that meeting, including statements made by representatives of industrialised countries, were sympathetic of the situation of island developing countries. The report of the chairman of this meeting, however, constitutes an interesting attempt at a balanced approach to the development challenges of island developing countries which takes into account the need for international support to these countries, as well as the need for appropriate measures at the national level.

The General Assembly resolution which resulted (forty-fifth session, December 1990) repeats much of the "appeal" of the 1988 resolution. It urges island developing countries to promote regional cooperation arrangements, and environmental protection measures. It requests the Secretary-General of UNCTAD to continue the search for measures for the particular benefit of island developing countries. It also requests UNCTAD to provide resources to assist island developing countries in a number of areas, including periodic reviews of their socio-economic performance, assessment and exploitation of their marine potential, development of inter-island transport services, and development of the statistical socio-economic databases of these countries with a view to improving their planning capacities.

In preparation for further reporting on this issue at the forty-sixth session of the General Assembly, UNCTAD convened an expert group meeting in Geneva in July 1992.

The Response

United Nations resolutions 43/189 adopted in 1988 and 45/202 adopted in 1990 are similar in their objectives and content. These resolutions identify the characteristics ("handicaps") of IDCs, and point to their vulnerability and dependence; acknowledge the efforts of IDC's to take domestic measures to overcome their vulnerabilities and deal with their problems of development; call upon the international community to maximise access of IDCs to concessional financial resources, to provide support to IDC's over a longer time frame; to assist with human resource development, and generally to take account of the fact that in the context of international economic cooperation in favour of the developing countries, that IDC's have special problems and needs. The resolutions also call for measures to compensate for the export vulnerabilities of IDC's; and they urge UNCTAD to adopt a more catalytic role as focal point for action in favour of IDC's.

Essentially then, action at the global level in relation to the issue of the special needs of developing countries, appear to

consist of exhortations to the international community to take account of the special case of IDC's, and attempts to identify specific kinds of action in favour of IDC's, such as improving schemes for compensating for loss of export earnings.

It would be interesting, if it were possible within the constraints attendant on the production of this paper, to review the extent to which these resolutions have resulted in specific actions in favour of IDC's. There is evidence from a number of UN agencies, and organizations such as the Organization of American States for example, of some sensitivity to the situations of IDCs. What seems certain is that there is a measure of dissatisfaction with the outcomes, on the part of the IDCs, and that there is a sense that the issue of the special situation of IDC's may be slipping off the agenda of international attention.

Presumably, the international community to which the resolutions refer, include the various organs of the United Nations system, and also (perhaps particularly), the multilateral financial institutions such as the World Bank, the International Monetary Fund (IMF) and the Inter-American Development Bank (IDB). One is not aware of the extent to which these exhortations on the issue of IDCs have permeated the thinking, analysis and programmes of these institutions as they relate to IDCs. One of these institutions, the IDB, practically precludes the smaller States of the hemisphere from membership in the Bank, although it makes resources available to them through the intermediation of the CDB. The World Bank's per capita income criterion renders most of the CDCC member countries ineligible for its most concessional (International Development Assistance) resources. This issue of the graduation of countries out of eligibility for the Bank's "softest" resources is one which has been much discussed in the Caribbean. The per capita income criterion, it was argued, was by itself an inadequate measure of a small country's fiscal condition and debt servicing capability, because it did not reflect the disabilities and vulnerabilities which were inherent to these countries. The relatively high per capita incomes painted a false picture of the solidity or self-sustaining capacities of these economies.

The Commonwealth Secretariat, which has a special interest in small countries because of the composition of its membership, has carried out a tremendous amount of work on the subject and has played a role in sensitizing the international community to the special needs of IDC's through its research and publications.

In regard to the United Nations system itself, the position is summarised in an interesting survey by Alain Gourdon of the Joint Inspection Unit (JIU) on the responsiveness of the United Nations system, aimed at enhancing the responsiveness of that system to the needs of "small member States" of the United Nations. The report states "... although small States have a specific political status in the United Nations, they are almost neglected socially and

economically. There is no mention of small States either in the programme budget or in the medium-term plan of the United Nations". It continues: "... social and economic problems of small States as a distinct group have not been a matter of special concern of the United Nations, though some of them have been addressed within the framework of activities related to other groups of countries, such as least the least developed, landlocked, and island developing countries". It mentions the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Food and Agriculture Organization of the United Nations (FAO) as among the specialized agencies which have addressed small countries as a separate group; and observes that "... the understanding that smallness serves as a constraint to development is gaining ground in the regional economic commissions".¹⁰

Questions of strategy

There may be need for a greater degree of precision as to what the issues are as they pertain to IDCs, and precisely in which areas or for what kinds of programmes these countries would wish support from the international community. These countries might wish to be careful not to be argue on the basis of the supposed of their situations, nor on the basis that they are among the neediest countries of the world community. Many of the recommendations for dealing with IDC's too closely resemble general development prescriptions and do not often enough appear to hinge on particular characteristics of these countries. Uniqueness may not so much be inherent, but may consist of specific features such as the magnified effect of certain natural and economic occurrences, the disproportionately large degree of economic dependence on a very few (usually tropical agricultural) commodities, the lesser resilience of these economies, and the high per capita cost of public administration, physical infrastructure and overseas representation. On the positive side certain IDC characteristics may render them particularly deserving of international support in certain areas, such as the development of tourism potential, and off-shore financial services.

Too often IDC recommendations are in the nature of generally applicable development prescriptions and appear to be too unfocused for purposes of concentrating the attention of the international community on the situations of these countries. This observation may be applicable to some of the recommendations coming out of UNCTAD's most recent meeting of experts on the specific problems of

¹⁰ Gourdon, A. "A review of specific development needs of small member States and the responsiveness of the United Nations Development System in meeting these needs", Geneva, 1991.

island developing countries.¹¹ For illustrative purposes a listing of these recommendations follows:

1. As a general strategic orientation, national development policy of IDCs should be outward-oriented, in the sense that it should not seek to close off the economy from the rest of the world. Policy should also encourage flexibility together with some sort of focus within the economy;

2. IDCs should seek to increase their international competitiveness. In practice, they can effectively gain competitive advantage through a niche-filling export strategy. Government support for this should not consist of "picking-winners" in the sense of seeking to identify the precise niches in which entrepreneurs should specialise, but rather in providing a broad focus for the economy and establishing an enabling which encourages and supports entrepreneurial activity;

3. IDCs should explore the concept of flexible specialisation as the basis for a development strategy linked to world trade, and capable of responding to new consumer driven demand;

4. Whilst in those IDCs which are relatively well-endowed with fertile land and lagoon and marine resources, the potential of agriculture and fishing should not be neglected, IDCs should explore service export strategies. In developing tourism, efforts should be made to encourage forward and backward linkages within the domestic economy to agriculture, marine resource development, local manufacturing, construction, transport and other service sectors. Tourist developments should also be environmentally sensitive;

5. IDCs should adopt policies which support the development of indigenous entrepreneurial capacities;

6. There is a need to review economic development policies with a view to deregulating the economy and enabling more contributions to be made by the private sector to development;

7. The governments of IDCs should strengthen their countries' institutional structures and participate actively in the design of stabilisation and structural adjustment programmes so that these programmes are sensitive to local conditions. Increased regional cooperation offers opportunities for collective security. International agencies need to be sensitive to local conditions in the design of stabilisation and structural adjustment programmes

¹¹ UNCTAD, Report of the Meeting of Group of Experts on Island Developing Countries, Geneva, 15 July, 1992.

and to make more resources available for safety-net arrangements;

8. Existing regional efforts to meet the needs of IDCs must be addressed;

9. Regional cooperation measures should focus upon specific functional tasks. There is scope for IDCs developing common services and a common approach with respect to marketing and planning in trade; employment and training, including higher education facilities; the negotiation of multilateral fishing agreements; surveillance of exclusive economic zones; private sector development; outer island development; disaster relief; environmental management, particularly pollution clean-up; high technology medicine; and the rationalisation of transport and communications. More comprehensive approaches to regional integration amongst IDCs should not be seen as a protectionist measure, but rather as a means to better their integration into world markets;

10. Potential donors should be encouraged and advised to coordinate aid in shipping, and IDCs should seek to integrate with regional transport services;

11. IDCs should be kept informed of international developments on a regional basis. There is a need to conduct regional seminars on such matters as the outcome of the Uruguay Round, the Single European Market, and the emergence of new regional groupings, such as (NAFTA). The seminars should provide insights into the implications of these developments for IDCs;

12. Developed countries should seek to remove the protectionist measures.

No one will dispute the desirability of these measures from a general development standpoint. Yet they may not go far enough towards identifying and dealing with those features of IDCs which may stand them apart from other developing countries in terms of the need for particular kinds of support.

The question arises as to precisely what it is that the IDCs are seeking from the international community. Clearly they would wish the international financial institutions and bilateral donor countries to have regard to their situations in negotiating financing arrangements. These terms should be as concessional as possible and for as long a term as possible. This may appear to be justified by the strains on the budgetary and fiscal situations of these countries deriving from the inevitable smallness of the tax net, and the high per capita cost of public administration and infrastructure of all kinds. This is a small country consideration. They would wish arrangements to be put in place which seek to address particular identifiable vulnerabilities. Examples of such arrangements might be export compensation arrangements, disaster

relief and rehabilitation programmes, and measures to deal with global warming and sea level rise. Problems in these areas are felt particularly severely in island developing countries; and constitute justifiable areas of need from this standpoint.

From a more all-encompassing standpoint, they require special programmes of economic diversification, either within the agricultural sector, or away from the agricultural sector depending on the situation of particular countries. This exaggerated dependence, which tends to afflict island economies, especially the smallest among them, is an important aspect of the vulnerability of these countries. Focused and sustained programmes for economic diversification would be particularly desirable for purposes of assisting the countries to reduce dependence, increase the possibilities of sustained economic growth and also deal with a pervasive aspect of smallness. It may be that the scope for diversification is itself constrained by the small size of IDCs, for which reason it has been argued that "flexible specialization" is the approach that small countries should adopt towards decision-making on the allocation of resources to productive activities.¹²

The countries also require assistance to deal with other aspects of smallness, for example in other high unit cost areas such as overseas representation. Here the request for assistance might consist in seeking support for programmes by the countries specifically aimed at dealing with this issue. Joint representation arrangements, established with financial support from the international community are obvious examples of assistance programmes with an IDC focus.

Regional cooperation arrangements, possibly including regional economic integration schemes, aimed at combining the scarce resources and limited potential of individual island countries, would appear to commend themselves excellently to the international community. It may perhaps be difficult to make a case for support on the basis of some of the island (especially, small island) characteristics, while these countries continue their hesitation in taking certain obvious steps towards further cooperation in areas such as joint overseas representation. Another possibility for addressing the high level manpower resource shortages of IDCs which takes into account the openness and dependence of these countries, is for United Nations and other bodies to assist in informing of

¹² Flexible specialization refers to an approach to the organization of production which has been recommended for IDCs and has been adopted by a number of them. Fiji calls it a "niche-filling export strategy". It involves competition on the basis of products rather than price, by creating niches in a variety of small-scale, high value added industries, in which design would be a major component and in which all aspects of production from management, design, distribution, and sourcing to strategic thinking would be flexible. (See Report of the secretary-general of UNCTAD to the General Assembly on "Specific problems and needs of island developing countries", August, 1992.)

the implications of certain global developments for the situations of IDCs.

In addition to arguing the case, which has been done in many a forum, even now in more focused terms along the lines indicated above, island developing countries must now seek to intensify their efforts to put specific proposals to the international community. IDC-focused programmes must be carefully formulated for consideration by the appropriate institutions. Perhaps, even as they continue to work on additional resolutions, which have become a hardy, non-binding biennial on the General Assembly's list of resolutions, IDCs need to take their case to the various forums within the system. In particular, representation may need to be made to the governing councils of agencies such as the United Nations Development Programme (UNDP) and the United Nations Population Fund (UNFPA), for IDC-related programmes which might be formulated with the assistance of these institutions; and the funding of which might amount to some distinct additional. At the levels of other forums of the United Nations system, in particular the relevant regional commissions, work programmes and technical assistance packages might reflect more distinctively, an IDC-consciousness; even if, given the resource scarcities of these institutions, such assistance might consist of assisting these countries to formulate such programmes and in assisting in the appropriate interventions with the United Nations system or with the international community generally. The Commonwealth Secretariat may be one of the very few international institutions which have assisted IDCs specifically to deal with the need for common service arrangements in recognition of small-country realities.

Quite apart from compensating for disadvantages, project proposals with an IDC perspective may be geared to taking advantage of potential advantages which IDCs may be perceived to possess. Pursuit of such project possibilities would be part of the "normal" pursuit of development possibilities, and exploitation of development potential in which all countries engage. To say this, in no way minimises the necessity, with donor support where appropriate, of identifying this potential and taking every possible opportunity of developing it.

Inter-institutional cooperation

Within the context of the foregoing discussion, attention may need to be given to the kind of institutional support which is indicated. UNCTAD has been playing an important role as institutional focal point for action at the global level in favour of island developing countries. Through its in-house work on the subject, and through the various consultancies and expert group meetings which it has commissioned it has been mainly responsible for keeping the subject alive on the international agenda. UNCTAD's technical work on the subject has been the main input into the

resolutions on the subject which have been adopted at past sessions of the United Nations General Assembly.

UNCTAD, however, may have been less successful in its catalytic role; that is, in "... organizing and facilitating the cross-regional interchange of information and experience in full cooperation with regional and subregional organizations, both within and outside the United Nations system, as appropriate".¹³ Nor does the institution appear to view this as a part of its role. In its report to the forty-seventh session of the General Assembly, UNCTAD identifies a number of areas, coming out of its expert group meeting in July 1992, in which it expects to be engaged. These are specific studies on the measurement of vulnerability, the potential for IDC's of the new technologies and flexible specialisation studies, the impact of natural disasters and a review of regional cooperation schemes. There is not much indication in the report relating to UNCTAD's role as catalyst in the way indicated above.

Yet it may be difficult for UNCTAD to carry out such a role, given the nature of the institution, and the kind of approach which it is suggested that the IDCs should be adopting for purposes of securing greater attention from the international community. UNCTAD should perhaps continue to be the research base and intellectual force in this issue, and should relate with regional and subregional United Nations or other institutions which should more explicitly take up the mantle of catalyst in assisting the countries to advance their interests within the international community. The regional commissions (in particular ECLAC and ESCAP) may be the most appropriate institutions for taking on this responsibility. They have the advantage of greater familiarity with the countries, and of being able to more accurately reflect the concerns, priorities and needs of the countries. ECLAC/CDCC in particular, through its work which in very large measure relates to development issues affecting island countries, may be very well positioned to bring its expertise to bear on the issue, and to engage in a liaising and coordinating relationship with UNCTAD in regard to the countries of the Caribbean.

For purposes of the Caribbean countries, it may be useful if the inter-organizational meetings, which take place at the time of the sessions of the CDCC, would receive reports from the United Nations and other organizations on ways in which their programme implementation may have taken account of IDC concerns, or otherwise took heed of the exhortations contained in United Nations resolutions on the subject. These inputs might be put together in a report which might be put to the sessions of the CDCC for the consideration of member governments. Subject to the limitation of its resources, the ECLAC/CDCC secretariat might assume

¹³ From the United Nations General Assembly resolution 43/189.

responsibility for a more continuous monitoring of this subject from the standpoint of the Caribbean countries than might be possible through UNCTAD, always however, with as much inter-organizational collaboration as the respective institutional responsibilities may require.

One of the four recommendations of the JIU referred to above, is that "special measures to assist small developing countries within the framework of the United Nations technical cooperation activities should be worked out by the office of the Director-General for Development and International Economic Cooperation". There is the need for a central coordinating mechanism for purposes of the United Nations system itself, in regard to the IDC issue. This might be even more necessary, given the acknowledged unlikelihood of a special United Nations status for this grouping of countries ever being granted. In the context of the restructured United Nations secretariat, this role may now fall to the Department of Economic and Social Development. It is a recommendation to which IDCs may want to give their strong support within the appropriate forums of the United Nations.

The issue of special status for IDCs within the United Nations system

The least developed countries have been accorded a special status within the international community. In the words of the Secretary-General of UNCTAD: "In 1971, the international community recognized the existence of a category of countries whose distinctness lies not only in the profound poverty of their people but also in the weakness of their economic, institutional and human resources, often compounded by geophysical handicaps. Currently, 42 countries with a combined population of nearly 440 million (1990 estimate) are identified as 'least developed countries' (LDCs). These countries are particularly ill-equipped to develop their domestic economies and to ensure an adequate standard of living for their populations. Their economies are also particularly vulnerable to external shocks and natural disasters. The group of LDCs thus constitutes the weakest segment of the international community and the economic and social development of these countries represents a major challenge for themselves as well as for their development partners".¹⁴

The United Nations General Assembly followed up this formal recognition with the First United Nations Conference on the Least Developed Countries which took place in Paris in 1981. This conference adopted a "substantial new programme of action for the 1980s for the least developed countries, involving action at the

¹⁴ United Nations, Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s, New York, 1992.

domestic level, to be complemented by international support measures. In the 1980s, as it turned out, the economic situation of the LDCs deteriorated. Failure to achieve the objectives of the first conference led to the convening of the Second United Nations Conference on the Least Developed Countries, in Paris in 1990, which led to the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s.¹⁵ Specifically in regard to financial support, the international community, particularly the developed countries, committed itself to "a significant and substantial increase in such support". The Paris Declaration and the Programme of Action were endorsed by the General Assembly at its forty-sixth session which called upon all governments and organizations to give full and prompt effect to the provisions of the Programme.

While it may be too soon to ascertain the efficacy of the Declaration and Programme of Action, the grouping of least developed countries, 42 countries and 440 million in population, appears to be fairly influential and to carry substantial weight within the Group of 77. The programme of action specifically commits the multilateral financial institutions, and named United Nations bodies (in particular, UNCTAD), to provide support to the (mainly African) countries in identified development areas.

It is perhaps not surprising that the group of IDCs may not have been able to obtain the required support from the international community in favour of special recognition for these countries as comprising a distinct grouping, deserving of special and favourable treatment. Special status for the LDCs involves institutional arrangements for continuous oversight of international action towards the alleviation of the situations of these countries, and of the extent to which the United Nations and the international financial community are responding to the very pressing concerns of these countries.

It may be interesting to reflect on Table 1 which contains information on the categories under which member countries of the CDCC fall, depending on whether the per capita income (PCI) criterion is used for such categorisation, or whether recourse is had to the more inclusive human development index (HDI) which was developed by the UNDP. The PCI has been criticised for its narrow concentration on income, for its failure to account for the way in which such income is distributed, and generally for being an inadequate reflection of living standards of the population. It has also been suggested that especially in small countries, the size of the (PCI) may be over-influenced by small high income communities or high income sectoral enclaves, may overstate the living standards of large segments of the population, and may also

¹⁵ United Nations, *Ibid.*

Table I

CDCC COUNTRIES BY PCI AND HDI CATEGORIES

Countries	PCI	PCI Category	HDI	HDI Category
Antigua/Barbuda	4600	medium	0.781	medium
Bahamas	11420	high	0.875	high
Barbados	6540	high	0.927	high
Belize	1990	medium	0.665	medium
Cuba	n.a.	n.a.	0.732	medium
Dominica	2200	medium	0.783	medium
Dominican Republic	830	medium	0.595	medium
Grenada	2190	medium	0.758	medium
Guyana	330	low	0.539	medium
Haiti	370	low	0.276	low
Jamaica	1500	medium	0.722	medium
St. Kitts/Nevis	3330	medium	0.686	medium
Saint Lucia	1900	medium	0.712	medium
St. Vincent/Grenadines	1720	medium	0.693	medium
Suriname	3050	medium	0.749	medium
Trinidad/Tobago	3610	high	0.876	high

Notes:

1. PCI = Gross National Product per capita in 1990 US\$ (source: World Bank);
2. HDI = Human Development Index as developed by UNDP. It combines life expectancy, educational attainment and income indicators to give a composition measure of human development. The highest possible index is 1.0.
3. Of the categories: high = above US\$6000, medium = US\$501 to US\$6000, and low = US\$500 and below.
4. n.a. = not available.

understate the fragility of the economy and its dependence on external financial support. The HDI, on the other hand, was developed partly in response to this criticism. In addition to income, it takes account of social considerations, such as education and life expectancy.

It emerges from Table 1 that most of the CDCC member countries, already in the high per capita income category among developing countries, also appear in the high category when the HDI criterion is used. Barbados, the Bahamas and Trinidad and Tobago are in the high PCI and HDI categories, and most of the remaining CDCC countries appear in the medium categories under both criteria. Haiti, (the only CDCC member country which is included in the LDC category, appears in the low PCI and low HDI categories, while

Guyana's HDI rating is medium, though its PCI is low.

IDCs may need special consideration from the international community not because they are as poverty-stricken as the least developed countries, but because they constitute a group of countries which do have their own set of problems which are deserving of international attention, over and above the more generalized problems and issues of underdevelopment.

Poverty is a large and pressing concern which motivates and drives international action in favour of the LDCs. These countries all share one basic, inescapable characteristic -- their poverty is a factor of uniqueness and of commonality. It is easily identifiable, easily quantifiable and manifestly in need of massive international attention. Compared with this situation, it may not be too difficult to appreciate the failure, thus far, of IDCs to achieve a similar special status within the United Nations. IDCs do have the factor of smallness in common, but this characteristic may be too evocative of a sense of the idyllic to elicit greater sympathy from the international community. IDCs are not uniquely and commonly in need of international assistance to the same extent as the LDCs; and are not even commonly small.

Towards an action agenda

Special United Nations status

In spite of considerable and to some extent justifiable pessimism in some quarters regarding the likely outcome of this course of action, IDCs appear to wish to continue to seek special United Nations status, more or less along the lines of the status enjoyed by the LDCs. The view has been expressed that such status would confer greater institutional responsibility through the United Nations, an opportunity for greater focus of the international community on the concerns of IDCs, and better opportunity for increased financial flows to these countries. While such special United Nations status may not in itself be essential to advancing the case of the IDCs, it could reasonably be expected to result in some aid additionality.

It may be argued that in the context of the changed global economic climate, there is a real danger that IDCs, especially small IDCs, are at great risk of becoming increasingly marginalised in global economic terms. Through having to respond to the liberalizing of international trade and economic relations, these countries may have to undergo very difficult economic adjustment, which could be exacerbated by the very vulnerabilities which derive in large measure from their smallness, or from their islandness. If this kind of argument is accepted, it carries a strong implication of the need for continued, if not increased, concessional resources to those countries.

Sector and project focus

There may be merit in an approach to this issue which is more explicitly sector or project focused. Where the generality of the case may fail to persuade, a well identified sectoral case may have a better chance of success. An approach may need to be adopted which is based on the specifically identified specialness of the country's situations, and on a well articulated strategy for dealing with it.

The Alliance of Small Island States (AOSIS) may provide an illustration of the potential of this approach. By coalescing around the issue of the special environmental problems of small island (and low-lying) countries, these countries have been able to organize for the more effective representation of these countries' special interests in the United Nations conference on environment and development (UNCED). They have been successful in ensuring adequacy of representation of their concerns in the conclusions of the conference; and are now well placed to share in future funding of environment and development projects, depending on the resources which may become available and the arrangements which may be agreed upon for their effective allocation.¹⁶

AOSIS constitutes a useful example of the potential for organizing around a particular sectoral issue and making a good case for special treatment from the international system. This was possible, at least in part, because environment is an issue which permits rather easily of the identification of a uniqueness which derives from the fact of being an island (or low-lying) country. IDCs have been able to get the world to accept that their ability to achieve sustainable development will be further reduced because of environmental problems which are peculiar to islands and low-lying countries. Having recognised that climate change was an important problem, the international community was in a position to accept that the consequences of climate change have a special relevance for, and pose an immediate and fundamental threat to, small island countries. Among the consequences of global warming for small island countries are sea level rise, coral bleaching, and an increase in hurricane and cyclone activity.

AOSIS was successful not only in gaining recognition for the small island position at the Second World Climate Conference, but also in securing special consideration at the Earth Summit in Rio.

¹⁶ AOSIS, the alliance of small island States, is a loose alliance to which 26 islands from the Caribbean, the Indian Ocean, the Mediterranean and the Pacific are affiliated. It also includes Belize and Guyana. It was formed during the second world climate conference which was held in Geneva in November 1990. The group was drawn together on the initiative of the Caricom Secretariat and the South Pacific Regional Environment Programme. The name was suggested by Mr Lincoln Myers, then Minister of the Environment of Trinidad and Tobago.

AGENDA 21 (the major action programme resulting from UNCED) provides for special consideration to be accorded to IDCs in the action to be carried out by the international community by way of follow-up to the Rio Conference, including the identification of a programme of support activities and associated costs.¹⁷ Whether or not the countries succeed in eliciting these resources from the international community, there may be no gainsaying the extent of the achievement of AOSIS, nor perhaps the appropriateness of the environment as a good example of an IDC issue.¹⁸

Concessional financial resources

Access to international financial resources is an issue which may need to be taken directly to the multilateral financial institutions themselves, and to the bilateral donors. The IDCs need for continued financial inflows on the most concessional terms possible and for as long a term as possible, derives from the high per capita cost of development and public administration. Representations on these questions, in particular in regard to the graduation of the Caribbean countries from eligibility for World Bank resources, produced limited success. Competing demands on the resources of the multilateral financial institutions make it extremely unlikely that any greater success will be achieved by high per capita income IDCs in restoring their eligibility for concessional resources. The issue of IDC access to international development finance may need to be further investigated; it would be useful to know, for example, whether IDCs have reached the limits of their ability to access concessional aid, whether there may be scope for further access through modified approaches, or what might be the extent of the debt-carrying capacities of a number of these countries.

From the standpoint of the Caribbean countries, the (CGCED) may be the most appropriate forum within which direct interventions can be made on this question, consisting as it does of practically all the bilateral and multilateral organizations which are engaged in the business of international economic cooperation, and all of the countries of the Caribbean. It is a forum which may already have an in-built advantage over any new United Nations-centered arrangement which may be created. It is coordinated by the World Bank, includes the IMF and the IDB, all other donor agencies, bilateral and multilateral, traditional and non-traditional. The United Nations, through the UNDP, is a part of the coordinating

¹⁷ The conference secretariat estimated the total annual cost of the programme for IDCs over the period 1993-2000, to be about \$130 million, including about \$50 million from the international community on grant or concessional terms.

¹⁸ A follow-up meeting of AOSIS-affiliated countries is scheduled to take place in 1994 in Barbados.

group, as is the CDB; and the meetings are attended by other United Nations bodies, such as ECLAC/CDCC. Caribbean regional organizations such as CARICOM and the OECS participate actively in the CGCED process. It includes all the independent member countries of the CDCC, and meets every 18 months. Meetings of the CGCED are well organised events, involving a considerable amount of documentary preparation, including consultations with representatives of the governments of these countries. It may already be the case that the programmes and projects agreed at this forum, at national and regional levels, already accommodate IDC-related concerns; whether this is the case or not, it may be useful to explore with the coordinating institutions, such scope as may exist for making the CGCED more IDC-focused and more IDC-responsive.

At the conclusion of the CGCED meeting in June 1990, the closing statement from the World Bank Vice President may bear testimony to IDC-sensitivity within the Group: "Island developing countries ... can experience specific problems and thus have special needs". "Given the limited prospects for the development of most IDCs without assistance from the international community, efforts should be made to ensure that within resource limitations, donor countries and organizations remain responsive to their needs. International support, including concessional assistance, should be provided over a longer-term time frame given the debt problems of some IDCs, weak institutional structure and low levels of human resource development. Interim assistance programmes for IDCs as well as terms and condition of overseas development assistance need to be flexible, given the special vulnerability of these countries. Assistance procedures should be simplified in recognition of the limited institutional capacity of almost all IDC governments to handle heavy administrative burdens".¹⁹

Export compensation schemes

There are already a number of export compensation schemes in favour of developing countries. One of these is operated under the EEC-ACP Lome Convention and another by the IMF. One is not aware that these arrangements are necessarily IDC inspired, since they operate in the interests of developing countries generally, including a number of Caribbean countries. It may yet be that in their application (e.g. in regard to trigger mechanisms, compensation thresholds, repayment terms), they may take special (favourable) account of these countries circumstances; but this could only be determined on the basis of a closer examination of the operation of these arrangements.

¹⁹ World Bank, "Challenges and Opportunities", Chairman's Draft, 28 June, 1990.

Agriculture

In agriculture, forestry and fisheries, the FAO organized an interregional conference of small island countries on sustainable development and environment in agriculture, forestry and fisheries in Barbados in April, 1992. This conference was attended by representatives from 47 small countries, and had as its objective to mobilize the agricultural sector for the implementation of UNCED's Agenda 21, and promote joint action by small island countries. One of the recommendations of this meeting was to expand the scope of AOSIS to cover agriculture, forestry and fisheries. The meeting issued "the Bridgetown Declaration" which urged the international community to support small island countries by providing access to appropriate technology, by removing conditionalities in establishing preferential trade arrangements for specific commodities, by helping to improve their databases, by assisting in developing more appropriate indicators of development and by promoting self-reliance.

Science and technology

Development of capabilities in science and technology may be beyond the reach of many IDCs, which would require international support for the exploitation of opportunities which may present themselves. Opportunities have been identified for cooperating with other IDCs through joint programmes in science teaching and teacher training, organization and management of structures and institutions to promote science and technology and foster change, science popularization and consultation, and technical and technological information exchange and transfer.²⁰

Natural disasters

In regard to natural disasters, the issue would appear to be the need for the international community to assist the countries to put arrangements in place for disaster relief and rehabilitation, in recognition of the special and acknowledged vulnerabilities of IDCs in this area. One is not sure as to the adequacy of existing arrangements such as the Caribbean Disaster Relief Organization, and this question may need to be researched; but action in this area on the part of the international community is one of the more obvious kinds of assistance to be provided to IDCs.

²⁰ There may be other opportunities for inter-IDC cooperation, including attempts to benefit from other countries' approaches to dealing with IDC problems. This may apply to the experiences of the many "IDCs" which comprise parts of developed "mainland" countries.

Economic diversification

Over-dependence on one export commodity is perhaps the most visible aspect of the vulnerabilities of IDCs; particularly in the very usual case when these commodities are traditional agricultural export commodities such as sugar or bananas, and when these exports have an institutionalized dependence on concessional access to traditional markets. The threat currently hanging over a number of the banana-exporting countries of the OECS bears testimony to this kind of vulnerability.

While countries, such as Belize and Jamaica, are also affected by the debate currently taking place in the European Community, it is the very small island countries of Dominica, Grenada, Saint Lucia and Saint Vincent and the Grenadines which have a much higher relative economic dependence on the earnings from bananas, and a relatively larger vulnerability. A case appears to exist for assistance to these affected countries with diversification studies and projects aimed at reducing this over-dependence. There may be a case for a series of well-conceived diversification studies, or economic viability studies, geared towards identifying implementable projects; or geared towards identifying opportunities for flexible specialisation. This may be an area which permits of, and may require, a coordinated inter-agency approach through the CGCED or by United Nations organizations. Efforts already in place may need to be intensified or given renewed urgency.

Human resource development

Small countries are for various reasons particularly affected by high level manpower scarcities, especially in public administration. Economic management, social and economic planning, the management of line ministries and public sector or quasi-public sector corporations suffer from an insufficiency of needed skills.²¹ In this area, properly conceptualised and well formulated projects may need to be prepared with a view to eliciting support from the international community. UNCTAD has produced a draft project document for support to IDCs in economic management and planning. This is an example of the direction which IDC-sensitizing may usefully take.

Especially in the case of subgroupings of small island developing countries, such as the OECS, there may be an excellent case for the provision of requisite manpower capability in certain high skill areas, where because of the limited need and scope in any one of these islands, it may be difficult to retain these

²¹ Skill shortages in small countries are usually a factor in the limited absorptive capacity of many of these countries.

services on an individual island basis. This approach is already in evidence in the OECS countries and may well have the potential for further development. It is a useful part of an approach to dealing with an acknowledged IDC limitation and one which may elicit support from the international community. The pooling of overseas representation is a specific example of this approach, and one which applies not only to the OECS countries but also to the entirety of the CARICOM, if not the CDCC, subregion.

Beyond the common service approach there may be scope for regional integration as perhaps an obvious approach to compensating for some of the disabilities of island developing countries. The CARICOM member countries of the CDCC are already involved in a process of economic and non-economic integration, although even these countries sometimes appear to be in need of continual exhortation regarding the need for action towards the deepening of this process in meaningful and sustainable ways.

In recognition of the limited manpower capabilities of a number of these countries, international agencies have an added responsibility to coordinate their relations with these countries. Many a tale is told by the few hard-pressed government officials of some of these countries regarding the unnecessary expenditure of time, energy and money which can result from failure of the agencies to coordinate their country programmes and activities.

A greater effort at technical cooperation among developing countries (TCDC) may be indicated, by way of coming to terms with the manpower deficiencies of some IDCs. The limitation is that these countries may be the very ones which, for reasons of limited financial resource availability, are often unable to meet the local costs associated with TCDC. There may be a case for finding ways to assist such countries to meet their share of the costs of TCDC. This may involve either traditional donor countries or the larger developing countries which may be the providers of such cooperation. United Nations bodies, such as UNDP, ECLAC and others, may possibly become more proactive in assisting governmental and non-governmental organizations (NGOs) to identify opportunities for TCDC and in its implementation.

Overseas representation

The issue of overseas representation applies both to United Nations representation and to the maintenance of other foreign missions in the important capitals of the world. The maintenance of effective missions in high cost world capitals is beyond the capability of most small countries, and these countries may be denied the opportunity, as full-fledged members of the international community of nations, to participate in global deliberations, or to represent their interests in capitals of relevance. An excellent precedent in this area has been provided

by the Commonwealth Secretariat which provides office space and facilities for the United Nations missions of the smallest members of the Commonwealth. Some of the OECS countries currently benefit under this arrangement. The provision of support with overseas representation is one of the recommendations contained in the report of the JIU. It recommends that the United Nations Secretary-General should "... create conditions for more effective representation of small developing countries at the forums held under United Nations auspices".²² Beyond merely seeking assistance with overseas representation, small countries may need to rethink the nature and effectiveness of their traditional diplomatic representation, from the standpoint of those issues which are of particular relevance to their countries' situations.

The foregoing are examples of the kinds of project areas which may be of particular interest to IDCs, because they address problem areas which are of particular relevance to them. These problem areas affect IDCs particularly severely, in part because of their very small size, a fact which exacerbates their vulnerabilities. Action in these project areas can have a positive impact in areas which are IDC-sensitive. The approach is being suggested of focussing on these kinds of problem areas and projects which can be easily situated within the context of the IDC issue. This would serve the interests of the international community and of the IDCs themselves, and assist in bringing about a clearer conceptualisation and delineation of the IDC issue, as against issues which belong to the problem of underdevelopment in its more generalized sense.

Conclusion

IDCs have received attention from the United Nations, in particular through a series of General Assembly resolutions which have urged special consideration from the international community to this group of countries. IDCs have received the attention of international organizations such as the World Bank and the Organization of American States, and a number of United Nations agencies, but a separate review may need to be carried out to determine the extent to which IDC concerns have been reflected in the programmes or activities of these organizations.

Efforts to secure special status from the United Nations for IDCs, with focused institutional support and financial resources from that institution, along the lines of that achieved by the least developed countries, do not appear likely to succeed, notwithstanding the recent recommendation from the JIU. Nor do the biennial (non-binding) resolutions from the General Assembly appear

²² Gourdon, A. op. cit.

likely, in themselves, to lead to delivery in practical terms of the special consideration which these countries require. Yet, there is no convincing argument for ceasing efforts in regard to either of these.

IDC efforts to win special consideration from the international community may now need to become more targeted on issue areas which are more identifiably IDC issue areas; which apply more specifically to IDCs or which apply to them with exaggerated effect. Too many IDC presentations tend to include every identifiable development issue or policy imperative, of general developing country applicability. IDC-specific projects need to be formulated for the consideration of identified segments of the traditional and non-traditional donor communities. Efforts need to become more sector focused where it appears that circumstances may be conducive to such an approach; and more project oriented in areas where the IDC relevance can be more easily demonstrated.

Institutionally, UNCTAD should continue its research and analytical role as "global focal point" in this issue; and at the operational and regional level, ECLAC/CDCC may need to become more concentrated on the issue. Sessions of the CDCC may be a useful forum for regular review of programmes and activities of United Nations and other bodies as they relate to IDCs. The United Nations itself, through its Department for Economic and Social Development, should devise special measures to assist small IDCs within the framework of United Nations technical cooperation activities.



