

CARIB/INT 79/8

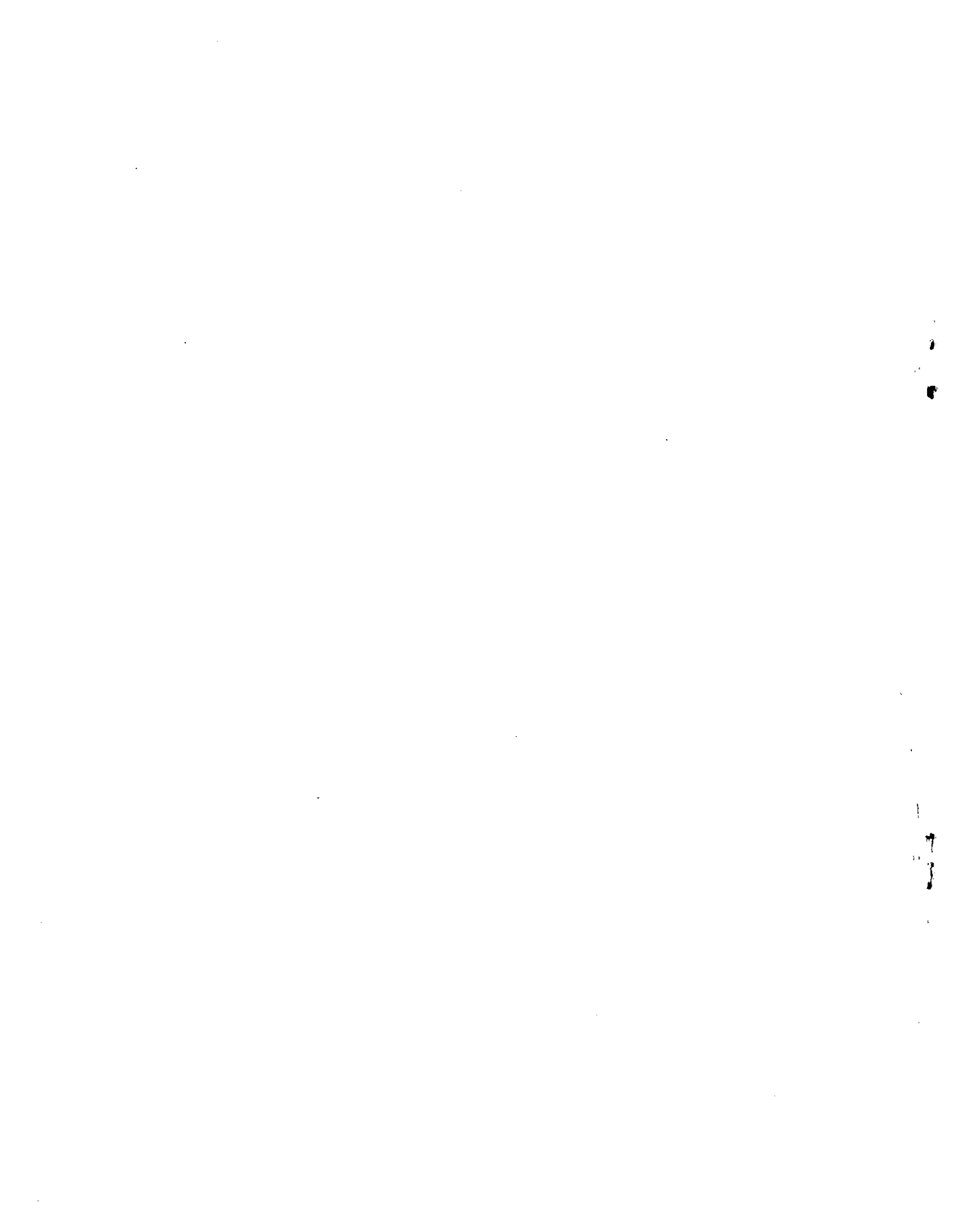
Distribution: Restricted

Date: 18 July 1979

ECONOMIC COMMISSION FOR LATIN AMERICA
Office for the Caribbean

NOTE ON THE
SECOND MEETING OF THE CARIBBEAN GROUP FOR CO-OPERATION
IN ECONOMIC DEVELOPMENT (CGCED)
(WASHINGTON, 4-9 JUNE 1979)

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Note on the
Second Meeting of the Caribbean Group for Co-operation
in Economic Development (CGCED)
(Washington, 4-9 June 1979)

1. This second meeting of the Caribbean Group for Co-operation in Economic Development (CGCED) was preceded by a meeting of Caribbean Recipient countries 27-28 April at Barbados, and a meeting of Donor countries 17-18 May in Paris. At both those meetings the draft of the main reports by the World Bank and the UNDP were considered and the initial reaction of the Caribbean communicated to the donors and international institutions.

Organization of the Meeting

2. The World Bank's Regional Vice-President for Latin America and the Caribbean was Chairman for this second CGCED meeting which had before it:

- Report on the Caribbean Group: Initial Results and Prospects (prepared by World Bank)
- Technical Assistance Steering Committee (TASC) report to the CGCED (prepared by UNDP)
- An economic memorandum on each of the countries^{1/}
- Separate papers entitled: "Economic Survey of the East Caribbean Common Market Countries", "Caribbean Energy Survey", "Industrial Incentives and Protection in the Caribbean region", "Implementation Plan for the establishment of Pools of Experts and Common Services within the ECCM Secretariat".

3. The deliberations were conducted according to the sub-groups:

- A - regional programmes
- B - CARICOM LDC's: public investment programmes
- C through F - sub-groups for Barbados, Guyana, Dominican Republic, Jamaica.

^{1/} Antigua, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, Montserrat, St. Lucia, St. Vincent;

4. The themes allocated to the sub-group A "Regional Programmes" were: tourism, transportation, energy, agriculture, export promotion, strengthening of the Caribbean countries' private sector, other regional programmes, institutional arrangements for regional programmes, 1979-1980 work programme of the Technical Assistance Steering Committee.

5. Sub-group B was required to consider also common services at the LDC level, regional agricultural programmes for the LDC's, other aspects of regional co-operation at the LDC's level, promotion and co-ordination of external assistance to the LDC's.

6. Individual country projects aid needs were dealt with in the relevant sub-group on each country separately.

Summary of main conclusions

7. The agreements reached by the meeting on matters assigned to sub-group A: Regional programmes were as follows:

- Tourism: that, the IBRD and UNDP in collaboration with CTRC consider and report on the rationalization of Caribbean governmental regional tourism promotional activities and mechanisms; immediate efforts be made to secure EEC commitment to finance the recommendations of the European Tourism Demand Study; donors consider strengthening and increasing the resources of CTRC; for the LDC's special attention be paid to procuring financial assistance for national tourism development programmes, and also strengthening the institutional capacity and expertise of national tourism organizations.

- Transportation: that the TASC continue to monitor the eight regional technical assistance projects under preparation or implementation. Four of these projects are in the implementation stage - Assessment of LIAT fleet requirements, Airport Maintenance and Operations, Port Authority Legislation, and Management and Shipping Statistics. Detailed project proposals were circulated to potential donors for Support of Small Vessels and Schooners (for which financing was identified), and Regional Co-operation in Development of Shipping. The other two transport projects for which proposals had been prepared were, Caribbean Air Transportation Council and the Container Distribution

and Load Center Study. In addition proposals were made for the establishment of a Maritime Centre which seemed to be generally acceptable.

- Energy: the major needs of the region were identified as - improvement of energy planning capacity and development of national energy plans; improved energy data base; financing of deferred maintenance and rehabilitation of existing electric power system; development of indigenous energy sources; efficient energy pricing to reflect true cost. It was generally agreed that donors should consider increasing capital flows and technical assistance to meet these needs.

- Export Promotion: it was agreed that IBRD with the participation and support of all the other appropriate institutions would prepare a proposal for a long-term regional export promotion programme. This should include estimates of the additional technical assistance in regard to both general policies and specific programmes, estimates of assistance to re-orient part of production of established industries for export, the institutional arrangements for strengthening national export promotion efforts and establishment of common export promotion exercises.

- Agriculture: it was noted that TASC had recently initiated a project for improving agricultural research in the Caribbean expected to result in policy and investment recommendations; and that under TASC, studies would begin for: developing trade information systems in the ECCM countries, reviewing their huckster trade, and evaluating manpower training and development. The CGCED also noted that CDB planned to convene a meeting of agricultural marketing specialists, and that technical assistance needs for regional programmes in food would be examined by TASC.

- Private Sector: it was agreed that a Task Force on Private Sector Activities should be established to review and make specific recommendations to CGCED III on measures to stimulate private sector activities.

8. Regarding the discussions on the LDC's (Sub-group "B") the Group agreed to support the establishment of ECCM regional programmes on such matters as Pools of Experts and Common Services, Basic Needs Trust Fund, food aid, and the financing of inputs into the agricultural sector. It was considered necessary to strengthen the ECCM Secretariat and the East Caribbean Currency Authority, and the Pools of Experts/Common Services proposals were based primarily on location in those two institutions.

The suggestion was made that an ad hoc meeting of donors and recipients take place in due course to finalise details and financing of these schemes.

External Assistance (other sub-groups)

9. Bilateral and multilateral donors considered in some detail the country investment programmes for which sub-groups were convened, and generally indicated their intention to maintain technical support to these projects and programmes.

CGCED Organizational Aspects

10. Most of the active discussion by the donors related to the CGCED itself and its pattern of operations, against the background that regional co-operation needed to be pursued simultaneously at three levels: the East Caribbean Common Market, the Caribbean Community, and the "wider" Caribbean framework which was defined as the CARICOM countries, Bahamas, Dominican Republic, Haiti and the Netherlands Antilles.^{2/}

11. For working at the CARICOM and "wider" Caribbean levels, the meeting agreed to establish an Ad Hoc Advisory Committee comprising high officials of ten member governments who would jointly represent all the members of the CGCED. The ten selected were: (donors) Canada, U.K., U.S.A., Venezuela; (recipients) Antigua, Barbados, Dominican Republic, Guyana, Jamaica, St. Lucia. Foreign Minister Forde of Barbados was designated Chairman of the Ad Hoc Advisory Committee. The technical services required by this committee would be provided by international institutions under the joint co-ordination of UNDP (as chairman of TASC) and the IBRD (as chairman of the CGCED).

12. It was agreed that the participating international institutions would prepare detailed operational proposals for regional co-operation in the fields that were assigned to sub-groups "A" and "B". These proposals would be submitted to the Ad Hoc Advisory Committee, which would discuss them and transmit them to all member governments.

The Task Force on Private Sector Activities would be linked to the committee but would also include participants from the private sector.

^{2/} This coverage excludes three of the CDCC member states - Cuba, Trinidad and Tobago and Suriname.

13. There was consensus that the TASC because of its promotion and co-ordination of technical assistance which was essential to the CGCED objectives, should continue implementation of its work programme, but be subject to periodic reviews by the Ad Hoc Committee.

CDF Financing

14. It was estimated that the Caribbean region as defined would require about US\$275m. of CDF financing for the period June 1979 - May 1980. Pledges for the facility during the meeting by some donors totalled US\$183m, which when added to previously announced assistance would amount to some US\$225m. Contributions were pledged by Venezuela (US\$12m); Brazil (US\$5m); USA (US\$20m plus US\$4-6m for the Basic Needs Trust Fund for the LDC's); UK (to Jamaica £5m, and for the Basic Needs Trust Fund £10m); Germany (to Jamaica DM 16.5m, to Dominican Republic DM 12m, to Haiti DM 25m, to CDB DM 5m, and DM 20m line of credit to Jamaica for 1980); Japan (to Jamaica \$10m); Netherlands (to Jamaica Dg 10m).

15. In terms of CDF type assistance the situation at the end of the meeting was:

Jamaica	:	estimated need	\$65m,	pledged	\$47m
Barbados	:	"	"	\$6m,	" \$1.5m
Guyana	:	"	"	\$25m,	" \$22.5m

The British and Canadian delegations were not in a position to indicate the final level of their pledges, new governments having only then assumed office.

Some Necessary Observations

16. It would immediately be seen that in this note emphasis has been put on the regional projects and economic co-operation measures before the CGCED. This accords with the concern deriving from the CDCC mandate that the highest level of co-ordination between CDCC projects and CGCED regional projects should be promoted by the ECA Office for the Caribbean.

17. In fact the core of the meeting was more political than it was finance and technical assistance oriented. There were several discernable strands that underlay all the discussions:

- (i) disturbing as little as possible the old donor-recipient relationships, which continue to be related directly to market interests of metropolitan countries in the Caribbean;
- (ii) reducing the pressure by the Caribbean countries for increases in donor commitments, and minimising the participation of the international institutions;
- (iii) shifting the emphasis from developmental projects, to greater concentration on strengthening various private sector oriented activities;
- (iv) defining a Caribbean that would be restricted to CARICOM, Haiti and the Dominican Republic.

18. What emerged at the first CGCED meeting was that aid allocation would derive from donors designating the countries and the projects that they would support. This was in contrast to the original conceptions for the establishment of the Caribbean Group that it should be multi-lateral in its operation, with allocations to projects being made on the basis of collective decisions after screening and recommendations by the TASC. The hard fact is that up till now there has been no donor country financial support for the regional projects prepared by the TASC. All the financing for such projects have so far come from the multi-lateral financial institutions, mainly UNDP, CDB and the IDB.

19. While it is inevitable that balance-of-payments support under the CDF would be allocated according to the most acute needs, what has emerged is that such financing has normally been negotiated bilaterally and committed in advance of CGCED meetings. Most of this support has gone to Jamaica and Guyana where the negotiations were conducted outside of the CGCED framework; a little to Barbados, and none to the CARICOM LDC's. Further, so far there have been no substantial discernable benefits to Haiti and the Dominican Republic that can be directly attributed to multilateral action within the CGCED.

20. At the first CGCED meeting, the only regional projects that were accepted for action were those identified by the CDCC within the transport sector. In the interval between the first and second CGCED

meetings, the TASC had identified a range of projects, and had undertaken necessary preparatory work so they could be presented to donors for financing. This process gave better articulation to the case of the recipient countries, and inevitably increased the pressure on the donors for additional project financing. During this second CGCED meeting, the discussions at one point were even at the stage of considering whether the TASC should be discontinued. The general contention from the donors was that the CGCED did not meet regularly enough to be effective, that there should be more frequent meetings of recipients and donors and this could be through an Ad hoc committee, there would be no effective need for TASC type activities as under the Ad hoc committee could be established subject area groups to which specialists might be co-opted at need.

21. From the side of the recipients there was the more general question of whether the CGCED itself should continue to meet. The final compromise was that an Ad hoc committee would be established, and that the TASC continue to operate. The Ad hoc Committee would be supplemented by the other specialised groups to which reference has already been made.

22. In terms of the subjects of focus in the meeting, the exchanges on private sector encouragement, industrial investment incentives, export promotion and related non-central Government activities did not result in a coherent dialogue. These private sector oriented proposals had come forward in the World Bank paper, and which were being quietly but obviously being pressed by the donors, resulted in decisions that seemed lukewarm. The recipients put the case that their governmental policies already commit them to promotion of the private sector in their own countries; and beyond that they were willing to assist in linkages of their own private sectors to private sectors in other Caribbean countries. While they can support any reasonable suggestion to strengthen the private sector, it must be recognized that the private sector is not poor, and that most agencies (governmental and international) direct aid to low income groups. There is therefore a dilemma of (a) directing resources to the people who already can produce; and (b) channelling resources to bring other people into the productive sector. For their part there is a long history of codes and incentives for encouraging the private sector. The main thrust should be to get assistance of high expertise for promoting exports to competitive markets. Implicitly, there was also the point that the emergency

developmental aid being sought should be directed to more fundamentally structural priorities.

Finally, account has to be taken of the definitional aspects of the Caribbean as seen from the side of the donors, which contrasts with the attitude of the recipients. The latter had indicated in the common opening statement that their definition of the wider Caribbean did not exclude any country in the Caribbean Archipelago. A similar approach was indicated in the UNDP statement delivered by Mr. Gabriel Valdes. There was full consensus that priority should be given to strengthening ECCM and CARICOM; but up to the end the dichotomy of views about the wider Caribbean remained.

Annex

1. Under the Technical Assistance Steering Committee (TASC) working groups on Agriculture, Transport, Industry and Tourism had operated.

The proposed specialist groups under the Ad Hoc Committee are: Tourism, Export Promotion, Development of the Private Sector, Transport, Agriculture.

2. The composition of the Ad Hoc Committee is that there would be 10 members. For the donors - U.K., Canada, U.S.A. and Venezuela. For the recipients - Barbados, Jamaica, Dominican Republic, Guyana, and two from the ECCM (St. Lucia and Antigua).

The arrangement is that on the recipient side there would be sharing of membership:

- Barbados with Bahamas and the Netherlands Antilles
- Jamaica with Belize
- Dominican Republic with Haiti

Presumably the two ECCM seats would be shared by St. Lucia and Antigua with the other ECCM member states.

