

Experiences and Opportunities for Capacity Sharing through Regional Co-operation and Integration: the Case of the Caribbean Community¹

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Introduction

A major constraint to sustainable development in small states lies in capacity limitations in critical areas such as markets (product and factor), administrative and institutional structures (in public and private sectors), and negotiating power and leverage (vis-à-vis third countries, organisations and private entities). The Commonwealth Secretariat/World Bank Report concludes correctly that smallness of size adds a further dimension to capacity weaknesses in the public and private sectors, a key problem for most developing countries.

Regional co-operation and, in some cases, integration, has been regarded by many small states in relatively close geographic proximity as a basic and indispensable element of development strategy. It provides a means by which such small states can reduce some of the size-related constraints to development, especially in a competitive globalising environment characterised by mega economic blocs and mega corporations.

Most small states in the Caribbean were for centuries parts of shared colonial administrative and production systems. The British colonies attempted to maintain these structures into independence through the establishment of a Federal government. The Federation was short-lived, but recognition of the need for co-operation remained even as they became politically independent entities. The Caribbean Free Trade Area (CARIFTA) which was formed in 1968, and later the Caribbean Community (CARICOM), established structures for co-operation among independent states and economies. CARICOM initially targeted regional co-operation via:

- ◆ Economic co-operation through a Common Market for goods;

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- ◆ Functional co-operation and common services in selected areas;
- ◆ Foreign policy co-ordination, including joint external economic negotiation.

A central Secretariat, a range of ministerial policy-making bodies and several autonomous specialised institutions were established to oversee and implement co-operative initiatives. Member States, however, maintained sovereignty over all aspects of economic policy except trade policy, as well as responsibility for the implementation of most Community decisions.

The smaller states within the grouping, which coincidentally lay in the geographic centre, simultaneously established an even closer integration arrangement. A primary purpose of this arrangement was to increase the negotiating capacity of the smaller states within CARICOM and to structure and manage a range of common services among them. That integration arrangement – the Organisation of Eastern Caribbean States (OECS) – is recognised as an Associate Institution within the Treaty of Chaguaramas which established the Caribbean Community.

The challenges to development in small states generally in the post 1979–80 period – international economic recession, adjustment in a post-Cold War era and the trends of liberalisation and globalisation – have forced Caribbean Community Members to recognise the need for even deeper and wider regional co-operation and integration; for greater and more systematic involvement of the private sector and of civil society organisations; and for a more pragmatic and pro-active engagement with the wider Caribbean and the international economy and institutions. One aspect of the response has been the decision in 1989 to create a Single Market and Economy.

The legal framework for the CARICOM Single Market and Economy will be fully in place in 2000. The Single Market and Economy will have fundamental implications for national economic policy and management; for engagement with the rest of the world; and for production structures and organisation. It will also challenge the modalities for, and *modus operandi* of, the regional movement, including decision-making and implementation. The operational changes required are currently being developed.

Regional co-operation will not fully offset the cost disadvantages of smallness. Some level of duplication, especially of basic infrastructure, is usually inevitable among non-contiguous small states. The experience, however, is that regional co-operation has significant advantages vis-à-vis a situation where neighbouring small states operate in isolation from each

other. Regionalism has also proven advantageous to private sector and civil society organisations. Experience has also shown that where the international community is consistently and sufficiently supportive, the benefits of regionalism can be significantly expanded.

This paper will focus on:

- ◆ co-operation and integration in the Caribbean in the contemporary environment;
- ◆ the experience of co-operation and integration in the Caribbean to date;
- ◆ experiences of the international community facilitating integration and co-operation in the Caribbean.

It will conclude with some recommendations.

Co-operation and integration in the Caribbean in the contemporary environment

The intensification, liberalisation and globalisation of economic activity; the structuring of mega economic blocs, and the increasing emphasis on competition, have reinforced the internal dynamics for integration in the Caribbean. There is now an urgent need to:

- ◆ Enhance the efficiency of resource utilisation, production and marketing;
- ◆ Enhance governance, strengthen administrative structures and reduce administrative costs;
- ◆ Strengthen negotiating and bargaining capacity;
- ◆ Mitigate exogenous shocks and threats;
- ◆ Create critical mass in a range of areas.

Enhancing efficiency of resource utilisation, production and marketing

One policy response of the CARICOM Governments to the challenge of enhancing the efficiency of resource use, production and marketing has been to deepen the Common Market into a Single Market and Economy. The primary objective of the Single Market and Economy is to open access to the productive resources of the entire region to producers of goods and services wherever located; to permit the location of businesses

wherever they are determined by investors to be most viable; and to enhance the stability and certainty of the policy environment across the economic space.

The 1973 Treaty of Chaguaramas, which established the Caribbean Community, has been modified in a number of important ways to provide for the Single Market and Economy. Critical changes include:

- ◆ a Protocol providing for the right of establishment, the provision of services and the movement of capital;
- ◆ a Protocol to strengthen the provisions on trade policy;
- ◆ a Protocol to address situations relating to disadvantaged countries, regions and sectors;
- ◆ a Protocol to strengthen the disputes settlement arrangements;
- ◆ a Protocol providing rules of competition.

In addition to the policy response, there are new institutional arrangements to manage the regional processes and to monitor national economic policies and their outcomes with a view to ensuring that the policy framework of the various economies are converging as is required in a Single Economy. Important here is the creation of a Council for Finance and Planning (COFAP), a Council for Trade and Economic Development (COTED) and a Committee of Governors of Central Banks. The functions of the Ministerial Council for Finance and Planning, for example, include:

- ◆ Primary responsibility for economic policy co-ordination and the financial and monetary integration of the Member States;
- ◆ Establishing and promoting measures for the co-ordination and convergence of national macroeconomic policies of Member States and for the execution of a harmonised policy on foreign investment;
- ◆ Promoting and facilitating the adoption of measures for fiscal and monetary co-operation among Member States;
- ◆ Promoting the establishment and integration of capital markets in the Community.

At the more operational level decisions have been made to:

- ◆ Facilitate the development of a regional capital market, thereby broadening investment opportunities and providing for businesses to draw financing from across the Region;

- ◆ Facilitate the free movement of managerial and skilled personnel and service providers;
- ◆ Prioritise human resource development at a regional level.

The pace of determining, negotiating and implementing most of the policy measures has not matched the urgency. For example, while the policy decision to create the Single Market and Economy was taken in 1989, the process of implementation was only being completed in 2000. One cause of this has been resource limitations, especially at the national level. A second explanation is the institutional arrangements. Policy-makers have long recognised the need for institutional change and the West Indian Commission Report in 1992, *Time for Action*, emphasised this. This has led to a Protocol which provides new institutional structures and decision-making arrangements, not only for the Single Market and Economy but for the entire Community arrangement. The new institutional structure is described in Box 1. An analysis of the functions of the Conference of Heads of Government and the four operational Ministerial Councils shows the wide range of areas in which co-operation is ongoing in CARICOM.

The resources to provide the technical capacity to support the new institutional structure have been difficult to mobilise. Further, the arrangements for the sharing of sovereignty which is required for optimal operation of the new structures have not yet been developed.

The Community has placed the issue of enhanced effectiveness on its Agenda at the level of the Conference of Heads of Government. While the specific proposals have not yet been negotiated, at least two elements are increasingly being recognised. First, the number of regional inter-governmental organisations, the need for predictability in their capacity for performance and the financial constraints under which many of the national administrations operate, suggest that an independent source of income to finance those institutions deemed to be critical to the integration process is absolutely necessary. In this regard, it is worth noting that the Heads of Government have already taken the decision that the Caribbean Court of Justice, which is under negotiation, should have assured funding for at least five years, although this will still come from the national budgets. Second, the individual Member States will need to cede, by Treaty, the necessary authority to the regional structures to act on their behalf within agreed parameters.

The private sector is beginning to respond positively to the creation of the Single Market and Economy. There are production and service companies which are now listed on all three active Stock Exchanges in the

Box 1. Institutional arrangements

The Conference

Functions

It is the Supreme Organ of the Community and has the final authority for the conclusion of treaties on behalf of the Community except as otherwise provided in the Treaty.

Membership

Heads of Government of the Member States of the Caribbean Community.

The Community Council

Functions

1. Primary responsibility for the development of Community strategic planning and co-ordination in the areas of economic integration, functional co-operation and external relations.
2. Responsibility for approving the programmes and budget of the Community and for mobilising and allocating resources to the implementation of Community plans and programmes.
3. Responsibility for promoting and monitoring the implementation of Community decisions in Member States.

Membership

Ministers responsible for Community Affairs in Member States of the Community.

Council for Finance and Planning (COFAP)

Functions

1. Primary responsibility for economic policy co-ordination and financial and monetary integration of Member States.
2. Establishes and promotes measures for the co-ordination and convergence of national macroeconomic policies of Member States and for the execution of a harmonised policy on foreign investment.
3. Facilitates the adoption of measures for fiscal and monetary co-operation among Member States, including the establishment of mechanisms for payment.

4. Recommends measures to achieve and maintain fiscal discipline by the Governments of Member States, pending the establishment of a monetary union in the Community.
5. Recommends arrangements for the free convertibility of the currencies of Member States on a reciprocal basis. It also has responsibility to promote the establishment and integration of capital markets in the Community.

Membership

Ministers designated by Member States.

Council for Trade and Economic Development (COTED)

Functions

1. Primary responsibility for the promotion of trade and economic development of the Community. In particular, the COTED is mandated to promote and oversee the operation of the Single Market and Economy, evaluate, promote and establish measures to enhance production, quality control and marketing of industrial and agricultural commodities so as to ensure their international competitiveness.
2. Establish and promote measures to accelerate structural diversification of industrial and agricultural production on a sustainable and regionally-integrated basis; determine and promote measures for the accelerated development and marketing of services.
3. Promote and develop policies to facilitate the transportation of people and goods; promote measures for the development of energy and natural resources on a sustainable basis.
4. Establish and promote measures for the accelerated development of science and technology; develop and promote policies for the protection and preservation of the environment, and for sustainable development; promote and develop co-ordinated policies for the enhancement of external economic and trade relations of the Community.

Membership

Ministers designated by Member States

Council for Foreign and Community Relations (COFCOR)

Functions

1. Primary responsibility for determining relations between the Community and Third States and international organisations, subject to the final authority of the Conference.
2. To promote the development of friendly and mutually beneficial relations among the Member States.
3. To establish measures to co-ordinate the foreign policies of Member States of the Community.
4. To co-ordinate the positions of Member States in inter-governmental organisations in whose activities the Member States participate.

Membership

Ministers responsible for Foreign Affairs of Member States. (Only Member States which have responsibility for their foreign policies or which possess the necessary competence with respect to the particular matter under consideration from time to time may take part in the decisions of the COFCOR.)

Council for Human and Social Development (COHSOD)

Functions

1. Primary responsibility for the promotion of human and social development in the Community.
2. To promote the improvement of health, including the development and organisation of efficient and affordable health services in the Community.
3. To promote the development of education through the efficient organisation of educational and training facilities in the Community, including elementary and vocational training and technical facilities.
4. To promote and develop co-ordinated policies and programmes to improve the living and working conditions of workers and take appropriate measures to facilitate the organisation and development of harmonious labour and industrial relations in the Community.

5. To establish policies and programmes to promote the development of youth and women in the Community with the objective of encouraging and enhancing their participation in social, cultural, political and economic activities.
6. To promote and establish programmes for the development of sports in the Community; promote the development of special programmes supportive of the establishment and maintenance of a healthy human environment in the Community.

Membership

Ministers designated by Member States.

Single Market. There are also regional production and service firms with operations in several of the Member States. Some alliances are also beginning to emerge among private sector firms. The extent of the private sector response, especially in the creation of new ventures, is not yet sufficient to raise either the volume of economic activity or competitiveness to the desired level. This can be attributed to, among other things:

- ◆ the novelty of the measures and the extent of the promotion and awareness function;
- ◆ the less than full implementation of some of the policies and measures;
- ◆ the relatively small size of many of the firms in the Region;
- ◆ the weakness of national and regional private sector organisations.

The shortcomings at both the public and private sector levels have been recognised and now need to be addressed.

Enhancing governance, strengthening administration and reducing administrative costs

CARICOM Governments are increasingly being challenged to provide inclusive and transparent governance in order to engender confidence in their small systems, facilitate efficiency in the private sector and, reduce the cost of administration.

CARICOM has developed a Charter of Civil Society. The Charter establishes standards and expectations for all members. As a regional Charter it has not only been accepted by all the governments but, perhaps more

importantly, by civil society in the various countries. There is still, however, a need for wider dissemination of the Charter.

The Community has also reorganised its own structure of governance by, *inter alia*:

- ◆ The creation of four Ministerial Councils, the Council for Human and Social Development (COHSOD) and the Council for Foreign and Community Relations (COFCOR), in addition to COTED and COFAP, to manage and give direction to the operational aspects of the integration arrangements;
- ◆ The creation of a Community Council comprising Ministers whose responsibilities include the promotion of consultation and co-ordination on regional issues at national level;
- ◆ The creation of an Association of Caribbean Community Parliamentarians as a deliberative assembly bringing together national teams of government and opposition representatives to discuss regional issues;
- ◆ The creation of a Caribbean Court of Justice which will have exclusive and original jurisdiction in respect of disputes concerning the interpretation and application of the Treaty of Chaguaramas, as well as serving as the final appellate court for the various jurisdictions;
- ◆ The creation of a Bureau of the Conference to take decisions on behalf of the Conference between meetings;
- ◆ Assigning, by decision of the Conference of Heads of Government, particular Heads of Government with responsibility for the promotion and implementation of agreed areas of the integration process. The positive experience with the earlier assignment of responsibility for external negotiations and for Single Market implementation provided the impetus for the widening of this initiative;
- ◆ Mandating, by decision of the Conference of Heads of Government, the Chairman of Conference and the Secretary-General of the Community to brief leaders of opposition parties systematically on the activities of the Community;
- ◆ Maintaining the arrangements for consultation among Heads of Government, business, labour and non-governmental organisations.

The Treaty has always provided for co-operation to strengthen administration and reduce cost through joint or shared operation in areas such as foreign representation and customs administration. Such co-operation as has occurred, has tended to be within the context of the national structures, for example, among customs administrations in the Customs

Committee and among the National Bureaux of Standards in the Caribbean Common Market Standards Council. The Community has decided to strengthen the co-ordinated arrangement for standards development and administration and to create a single institution, the Caribbean Regional Organisation for Standards and Quality (CROSQ), which would, among other functions, represent the Member States of the region externally on all standards matters.

Co-operation in the functional and administrative areas has been much more developed at the level of the Organisation of Eastern Caribbean States (OECS) than at the wider CARICOM level. This sub-region operates, among other joint bodies, a single central bank and currency, a common court system, a single directorate of civil aviation and joint diplomatic representation in some foreign capitals.

The CARICOM Heads of Government decided in 1992 that the wider region should identify opportunities for joint representation through the establishment of joint diplomatic missions. No opportunity has yet been identified but this will become increasingly important in centres such as Geneva where international negotiations and policy-making are taking place on a continuous basis.

Strengthening of negotiating and bargaining position

The co-ordination of foreign policies is one of the three original pillars of CARICOM. Among the early successes of the movement were the co-ordinating role it played in forging the African, Caribbean and Pacific (ACP) grouping and in negotiating the first Lomé Convention with the European Union, and in organising the Caribbean and Central American input into the development of the Caribbean Basin Initiative (CBI).

The intensification of international economic relations, and the number of major negotiations in the 1990s, have forced a reassessment of the arrangements for managing such negotiations. The Community's response was firstly the creation of a Prime Ministerial Sub-committee to give policy direction to the process and, later, the establishment of a Regional Negotiating Machinery (RNM) to provide the technical base and to co-ordinate the negotiations. This has been designed to allow for the pooling and complementing of the limited technical resources in the various Member States.

The private sector has also been pooling its resources to deal with the external competitive challenges. This has been most evident in the traditional export areas of bananas (the Caribbean Banana Exporters Association (CBEA)), sugar (the Sugar Association of the Caribbean

(SAC)), rum (the West Indies Rum and Spirits Producers Association (WIRSPA)), rice (The Caribbean Rice Association (CRA))⁰ and tourism (The Caribbean Hotel Association) (CHA)). Some of the newer areas have begun to recognise the importance of co-operation and organisation. There is, for example, a Caribbean Coalition of Services Industries being promoted by the Caribbean Association of Industry and Commerce (CAIC). Even in traditional areas there is a new spirit of urgency in pooling resources, not only within the specific sectors but also with other sectors.

Mitigating exogenous shocks and threats

One of the relatively new emphases of Caribbean integration is the sustainability of the development effort. Increasingly, Caribbean co-operation must not only address dislocations arising from external economic shocks, but must cope with challenges from natural disasters and from the responsibility for the management of large maritime jurisdictions arising from the United Nations Convention on the Law of the Sea. In this latter regard, the challenges include dealing with the use of the Caribbean Sea by international criminal organisations for the transshipment of drugs; by developed countries for the transport of nuclear materials and waste and by cruise ships for the discharge of wastes; the destruction of coral reefs by local populations and visitors; over-fishing and pollution from coastal settlements, and industrial, agricultural and tourism activities.

The increasing frequency and intensity of shocks from natural phenomena – hurricanes, volcanoes and earthquakes – are forcing a reconsideration of the current arrangements for disaster planning and management. A more comprehensive approach which deals with planning, monitoring, forecasting, prevention, response, rehabilitation and reconstruction is now required.

Already, the Council of the Caribbean Disaster Emergency Response Agency (CDERA) has accepted in principle the concept of Comprehensive Disaster Management. Efforts are also underway to elaborate, for further policy consideration, the institutional arrangements and strategic framework necessary to facilitate this.

Creating critical mass in a range of areas

The need to create critical mass has been one of the underlying rationales of both the public and private sectors for co-operation in the Caribbean. The need for larger markets, high skill requirements, technological complexities and high capital costs have reinforced this need.

One response to the limitations of small market size has been an effort to

broaden the integration arrangement. This has been approached through the widening of membership with the admission of Suriname and Haiti; initiating the creation of the Association of Caribbean States (ACS); negotiating reciprocal or asymmetrically reciprocal trade agreements with the Dominican Republic, Cuba, Colombia and Venezuela; and participation in the negotiations for the Free Trade Area of the Americas (FTAA).

At the level of the public sector, the need for critical mass has been acute in areas such as:

- ◆ the provision of tertiary education;
- ◆ the undertaking of technical research and analysis;
- ◆ the development of the capacity for standardisation and for executing international obligations;
- ◆ the establishment of capital market infrastructure;
- ◆ the management of the Caribbean Sea;
- ◆ the combatting of the dislocations caused by scourges such as HIV/Aids and the use and abuse of illegal drugs and psychotropic substances;
- ◆ national security;
- ◆ the strength and independence of legal systems.

The private sector is increasingly being forced to build critical mass in areas such as:

- ◆ advocacy and negotiation;
- ◆ marketing;
- ◆ consultancy and other services;
- ◆ financing markets.

Critical mass is even more important where the private sector entities of small states seek to interact with the international private sector. This was vividly demonstrated when the private sector promoters of the Caribbean Investment Fund sought to raise US\$50 million from regional and international sources for investment in the CARICOM sub-region. The promoters and regional investors were convinced that the Fund could invest \$50 million in the 13 CARICOM Member States. International investors, in particular private investors were not convinced. The promoters had to renegotiate with the Caribbean Community

cost is a critical factor in global competitiveness. This has been a challenge for all CARICOM States, given the small economic size, sparse population and geographic separation (all the CARICOM States were non-contiguous until Suriname, which shares a common border with Guyana, joined the movement in 1995). The CARICOM States have taken several collaborative approaches to addressing the problem of transport and communication.

The Caribbean has had significant experience in the area of disaster management. The multifaceted Pan Caribbean Disaster Preparedness and Prevention Project (PCDPPP) functioned between 1981 and 1990. The PCDPPP was highly successful, involving 28 countries and working in collaboration with the UN Disaster Relief Co-ordinator (UNDRO), the Pan American Health Organisation (PAHO), and the League of Red Cross and Red Crescent Societies (LRCS). (See Box 3.)

One of the successful areas was collaboration to mitigate the impacts of disasters through the adoption of measures such as a Caribbean Uniform Building Code (CUBIC). The CUBIC was developed by the technical expertise of the Caribbean Council of Engineering Organisations (CCEO) and the University of the West Indies (UWI). It has since been customised for the smaller countries, with assistance from the UNDP and the UN Centre for Human Settlement (UNCHS) in the light of the hurricanes of the 1980s and 1990s.

When the PCDPPP was closed as a result of a shift in strategy and the withdrawal of key international partners, the CARICOM countries established the Caribbean Disaster Emergency Response Agency (CDERA) to continue some of the critical functions. CDERA has emerged as an important institution and has been successful in achieving its objectives. In the absence of other arrangements, CDERA has been forced to undertake some of the elements previously undertaken by PCDPPP. It has had a degree of success but has not really been empowered and provided with sufficient resources to discharge these functions on a continuing basis. As a consequence, CDERA is now in the process of designing a more comprehensive and strategic approach to disaster management for the region. Such a comprehensive programme will require international co-operation.

In the area of human resource development, in particular tertiary level training and scientific research and testing, the co-operation experience has been deep and varied. The most important demonstrations have been in university education through the UWI, which is over 50 years old, and the Caribbean Examinations Council (CXC), which was formed more than 25 years ago. Some information on the UWI is presented in Box 2

governments to permit the option of investing in the wider ACS region in order to persuade international investors that the region was of a sufficient size to permit the operation of a viable investment fund.

The experience of co-operation and integration in the Caribbean

The English-speaking Caribbean has had significant experience over the past 30 years from systematic engagement in a wide range of integration and co-operation processes. This has built on less systematic engagements from the colonial period and, more particularly, from the federal experiment. These experiences have not been confined to governments but have also been features of private sector and civil society operations. Some of the initiatives of the public and private sectors and of civil society organisations have benefited from international co-operation.

In this section, we highlight some of the past experiences, successful and unsuccessful, mainly to point to lessons for current and future action.

Regional co-operation at governmental level

Governments established arrangements for economic co-operation first through CARIFTA in 1968 and the Caribbean Common Market in 1973. The primary objective was to increase both intra- and extraregional exports, especially of manufactured and non-traditional agricultural goods.

This co-operation increased trade significantly in the early stages, admittedly from a small base, and stimulated the growth of a small manufacturing sector, especially in the smaller less developed territories. The rate of growth of trade was not sustained, although intraregional exports now account for over 20 per cent of total regional exports, only led by exports to the USA which account for about 36 per cent.

Initially, intraregional production was expected to be stimulated through joint ventures, mainly organised by governments, to take advantage of different natural resource endowments. Most of the public sector ventures in this area, such as the Caribbean Food Corporation (CFC) were not successful. There were no specific measures or policies to facilitate and stimulate private sector initiatives, either singly or in joint ventures since the CARICOM Enterprise Regime (CER) was never made operational in the various Member States. Accordingly, the stimulation of competitive intraregional production has not been achieved.

The availability of adequate transportation and communication at low

Box 2

Name: The University of the West Indies (UWI)

Sponsors/collaborators: Participating governments.

Date of origin: 1948.

Objectives/functions: To actively support the growth and development of West Indian society through training, research and the provision of technical advice.

Membership: Serves 14 countries of the Commonwealth Caribbean. Full campuses in three countries (Mona, Jamaica; St. Augustine, Trinidad and Tobago; Cave Hill, Barbados) with university centres serving the other countries.

Highlights of achievements:

- ◆ Cost-effective training of the high quality human resources, and the generation, adaptation and dissemination of knowledge, which the peoples and institutions of the region require to formulate and implement development plans from time to time;
- ◆ Delivering expertise and advisory services to Governments and the wider West Indian community;
- ◆ Acting as a catalyst to enhance the capability of the Tertiary Learning Institutions (TLI) and generally operating as the hub of the tertiary education system in the region;
- ◆ Serving as a bridge joining the region with sources of information, markets, resources and opportunity in the rest of the world;
- ◆ Enhancing the standing of the people of the region in international fora by contributing meaningfully to the world stock of knowledge on development issues and to the arts and literature;
- ◆ Providing a congenial atmosphere for its on-campus and off-campus students and maintaining a friendly and mutually beneficial relationship with its alumni.

Box 3**Name: The Pan Caribbean Disaster Preparedness and Prevention Project (PCDPPP)**

Sponsors/collaborators: Participating Caribbean governments, external donor governments, namely Canada, Norway, Italy and United Kingdom and international organisations, namely UNDRO, LRCS and PAHO up to 1990.

Date of origin: 1981.

Objectives/functions: To strengthen the individual and collective capacity of the Member States to reduce the disastrous effects of natural and other hazards so as to contribute to the socio-economic and environmental health of the Caribbean Region.

Membership: 28 countries.

Highlights of achievements:

- ◆ Success in the collaboration with other organisations in the finalisation of the Caribbean Uniform Building Code (CUBIC);
- ◆ Development of landslide maps and spatial analysis or risk mapping of high-risk areas and the application of land-use zoning techniques to reduce losses;
- ◆ Introduction of an effective telecommunications network for alerts regarding possible disasters and to communicate during the emergency period and systems to link countries together. In some instances, radio communications equipment was provided to states/territories;
- ◆ Training and research.

and on CXC in Box 4. Co-operation in areas relating to health has been spectacularly successful. This has involved the training of health professionals, research, the development/formulation of policies and the management of health systems. The work of the Caribbean Epidemiology Research Centre (CAREC) is highlighted in Box 5, while the experience of the Caribbean Basic Health Management Project is detailed in Box 6.

Box 4

Name: The Caribbean Examinations Council (CXC)

Sponsors/collaborators: Participating Governments as well as donor agencies such as USAID, CIDA, CFTC and ODA.

Date of origin: 1972.

Objectives/functions: To provide a regional secondary level examination pertinent to the needs and circumstances of Member States

Membership: All Member States (except The Bahamas).

Highlights of achievements:

- ◆ Certifies in over 35 subject areas currently in the traditional academic, technical, vocational and other areas;
- ◆ Contributes to the strengthening/building of National Accreditation bodies through the Accreditation Component of CXC, ACTI/Lomé Funded CAPE Project;
- ◆ Sets and marks Common Entrance/11 plus examination papers for some Member States;
- ◆ Building capacity in the region in syllabus development, delivery and evaluation;
- ◆ Conducts research and develops programmes to help the large body of secondary school students not adequately catered for at the present time.

Box 5

Name: The Caribbean Epidemiology Centre (CAREC)

Sponsors/collaborators: Administered by PAHO. Donations from DFID, CIDA, GTZ, FTC, NCI, IDRC, NSL, IBRD, IADB, WRAIR, CDC, Emory School of Public Health & Fogarty International.

Date of origin: 1975.

Objectives/functions: To improve the health of Caribbean people by working with member countries to implement health promotion and disease prevention programmes based on sound epidemiology, laboratory technology and other relevant disciplines.

Box 5 (continued)

Membership: PAHO and 21 members (CARICOM states and Aruba, Bermuda, British Virgin Islands (BVI), Cayman Islands, Netherlands Antilles, Turks and Caicos Islands).

Highlights of achievements:

- ◆ Investigation and control of many major outbreaks and emergencies, such as cholera in Belize and Guyana, dengue fever in Jamaica, Barbados and Trinidad and Tobago.
- ◆ Surveillance and information sharing through a process of collection, analysis, feedback and use of information for policymaking, planning and evaluation of interventions.
- ◆ Training and capacity-building of health professionals and upgrading skills in epidemiology, surveillance, the conduct of surveys, outbreak investigation and in other applied public health disciplines. Distance education strategies are also used.
- ◆ Reference and referral laboratory service provided to all members in areas such as virology, immunology and molecular biology.
- ◆ Researching and disseminating information on regional health issues.

Projects and Programmes:

- ◆ **Expanded Programme on Immunisation** – the Caribbean became the first region in the world to successfully eliminate polio and measles transmission.
- ◆ **Special Programme on Sexually Transmitted Infections** – huge success in helping the development of National Policy plans and programmes in the establishment of a Caribbean surveillance system.
- ◆ **The Caribbean Tourism, Health and Resource Conservation Project** – this is part of a public-private partnership with the Caribbean Hotel Association (CHA) and its subsidiary company, the Caribbean Alliance for Sustainable Tourism (CAST). The programme aims to improve the quality and competitiveness of the region's tourism industry through improved health and hygiene standards, training, audit systems, surveillance and response to disease problems.

Box 6

Name: The Basic Health Management Development Project (BHMDP)

Sponsors/collaborators: USAID/CARICOM.

Date of origin: 1979.

Objectives/functions:

- ◆ To assist Member States in the decentralisation of their health care delivery service in accordance with the primary health care concept;
- ◆ To upgrade the management skills of health care delivery professionals.

Membership: Nine CARICOM States (Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines).

Highlights of achievements:

- ◆ Training of more than 700 personnel in Basic Management; in excess of 500 persons from the Health sector, related ministries, government departments and community-based organisations in Team Building; 250 people in supervisory management; 150 in project design and implementation;
- ◆ Technical assistance in the preparation and development of health plans; development of Health Management Information Systems; the establishment of model district health teams for the assessment and analysis of the Ministries of Health; and the development of strategies for the more efficient delivery of health services.

Regional co-operation at the private sector level

The private sector has been involved in co-operation at the regional level, both for the purpose of advocacy and for operations. In the area of advocacy, there is the umbrella organisation, the CAIC, and sectoral associations such as the Caribbean Hotel Association (CHA), Sugar Association of the Caribbean (SAC), Caribbean Banana Exporters Association (CBEA) and the West Indies Rum and Spirits Producers Association (WIRSPA).

These associations represent private sector interests in the appropriate regional forums as well as externally.

At the more operational level, firms have been effecting co-operation through several modalities. Firstly, there has been some co-operation among firms to set up joint marketing and promotional services. Some of these have been sector-wide. Examples are the Caribbean Tourism Organisation (CTO) and the Caribbean Hotel Association (CHA) for tourism; the SAC for sugar; the WIRSPA for rum; and the CBEA for bananas, as well as the Windward Island Banana Development and Export Company (WIBDECO) and Banana Export Company (BECO) for the marketing of Windward Islands and Jamaica bananas, respectively.

Secondly, firms have engaged in joint research and development (R&D) activities to share the developmental costs of new products or varieties.

Thirdly, firms may engage in joint ventures in production to exploit resource complementarities among small states. Hence a firm in a land-rich, thinly populated small state may enter into a joint venture with another firm based in a densely populated small state. Complementarities in human resources and skills may also form the basis of joint ventures.

While operations in joint R&D activities and joint ventures in production should be particularly relevant for the small and medium-sized firms in the Caribbean and there have been expressions of interest, there have not been many examples outside of the traditional areas of sugar and bananas. This is an area in which additional research could be of value.

Fourthly, some firms have engaged in cross-border investments in other CARICOM States. The aim has been to exploit firm-specific competitive advantages (product innovation, technology, management) where the firm concerned has reached a critical threshold in its domestic market. Examples include multi-country investments by Trinidad and Tobago companies such as Neal and Massey, Trinidad and Tobago Cement Ltd. (TCL), CLICO and Republic Bank; investments in Jamaican firms by Guardian Life of Trinidad and Tobago and by Barbados Mutual Life; and Grace Kennedy Company Ltd., CIBC (West Indies Ltd.) and TCL which are listed on all three stock exchanges.

The indigenous commercial banks in the Caribbean have been co-operating systematically since 1974 to develop and strengthen the sector. This is effected through the Caribbean Association of Indigenous Banks (CAIB) which was established in 1974. More information on the CAIB, which has a membership of 33 banks, is in Box 7.

Box 7

Name: The Caribbean Association of Indigenous Banks

Sponsors/collaborators: CARICOM Secretariat.

Date of origin: 1974.

Objectives/functions:

- ◆ To foster closer relations with indigenous banks across the region;
- ◆ To help and develop a vibrant domestic banking environment in the Caribbean Region.

Membership: Indigenous banks in the Caribbean including Anguilla and the Cayman Islands but excluding the Bahamas and Belize:

1. Caribbean Commercial Bank, Anguilla; 2. National Bank of Anguilla;
3. Antigua Commercial Bank; 4. Antigua and Barbuda Investment Bank Limited; 5. Bank of Antigua; 6. Swiss American National Bank, Antigua;
7. Caribbean Commercial Bank, Barbados; 8. The Mutual Bank of the Caribbean, Barbados; 9. Barbados National Bank; 10. Caribbean Conference of Credit Unions; 11. National Bank of Industry and Commerce, Guyana;
12. National Commercial Bank of Dominica; 13. National Bank of Grenada Ltd.; 14. Grenada Co-operative Bank; 15. Guyana Bank for Trade and Industry;
16. Guyana National Co-operative Bank; 17. Demerara Bank Limited, Guyana;
18. Citizens Bank Inc., Guyana; 19. National Commercial Bank Jamaica Ltd.;
20. Union Bank Jamaica; 21. Bank of Montserrat; 22. St. Kitts/Nevis/Anguilla National Bank; 23. The Bank of Nevis; 24. National Commercial Bank of St. Lucia Limited; 25. St. Lucia Co-operative Bank Limited; 26. National Commercial Bank (St. Vincent and the Grenadines); 27. Republic Bank Ltd., Trinidad and Tobago; 28. Royal Bank of Trinidad and Tobago; 29. First Citizens Bank, Trinidad and Tobago; 30. Citibank Trinidad and Tobago;
31. De Surinaamsche Bank N.V, Suriname; 32. Hakrinbank N.V., Suriname.

Highlights of achievements:

- ◆ Strengthening correspondent banking relationships;
- ◆ Providing training through seminars and workshops;
- ◆ Exchanging personnel to assist with particular needs of members especially in the area of auditing;
- ◆ Setting up of the Caribbean Credit Card Corporation;
- ◆ Collaborating in the joint purchase of shares in LIAT (1974) Ltd.;
- ◆ Purchasing of shares in NCB Grenada;
- ◆ Creating an independent Secretariat to oversee the affairs of the CAIB.

Civil society

There is now widespread recognition that active involvement of civil society at various levels is an essential part of good governance. However, the role of regional co-operation in strengthening civil society and the ability of civil society organisations (CSOs) to impact policy outcomes have not always been recognised. CSOs in small states are likely to suffer from ‘critical mass’ deficiencies in key skills and organisation capabilities and ability to influence policy agendas. Regional co-operation can play a role in the following areas:

- ◆ The training of research and technical officers in specialised areas related to international issues and to project management, financial management and organisational management;
- ◆ The pooling of resources and exchange of information and experiences on advocacy related to development policy issues;
- ◆ Adoption of joint advocacy positions at the regional level to influence the policies of a regional or sub-regional grouping in areas such as external trade negotiations and economic and social policies.

Examples of regional NGOs involved in various areas of co-operation in the Caribbean are the Caribbean Policy Development Centre (CPDC), the Permanent Forum of Civil Society of the Greater Caribbean, the Caribbean Conservation Association (CCA), the Caribbean Council of Churches (CCC), the Caribbean Congress of Labour (CCL), the Caribbean Consumers Association (CCA) (which existed formerly as the Caribbean Consumers League and is now trying to re-establish itself), the Caribbean Credit Union League and the Caribbean Bar Association.

Experiences of the international community facilitating integration and co-operation in the Caribbean

Caribbean regional co-operation efforts, at both governmental and private sector levels, have benefited from international co-operation in a variety of respects. Areas of positive co-operation have included:

At the governmental level:

- ◆ Favourable or asymmetrically preferential market access, including provisions for the use of inputs from different countries in the region in the qualifying requirements in trade arrangements such as the Lomé (now Cotonou) Convention, the Caribbean Basin Initiative (CBI), CARIBCAN, CARICOM/Colombia and CARICOM/Venezuela;

- ◆ Part IV of the GATT Agreement which has permitted the operation of the Eastern Caribbean Common Market and the Caribbean Common Market, including the differential arrangement in the latter for the Less Developed Countries (LDCs);
- ◆ The provision of developmental resources through the Caribbean Development Bank (CDB) which has as specific mandates the support of the regional integration process and the promotion of development in the LDCs. The CDB has not only facilitated the development of basic infrastructure in the LDCs but has reduced much of the tension which would have arisen between the MDCs and the LDCs;
- ◆ Support, particularly by the UNDP, CIDA, the EU and USAID, for institutional development and strengthening of several regional organisations, including the Secretariat of the Caribbean Community, the University of the West Indies, the OECS Secretariat and the Caribbean Examinations Council;
- ◆ Support, by a multi donor group, for the broad-based PCDPPP.

At the private sector level:

- ◆ Support, particularly by USAID, for the institutional strengthening and outreach programmes of the CAIC;
- ◆ Support, particularly by the EU and UNDP, for the activities of the Caribbean Export Development Project (Caribbean Export) which focuses on the development and strengthening of the private sector companies;
- ◆ Investment by the Inter-American Development Bank (IDB) and the European Investment Bank (EIB) in the new Caribbean Investment Fund (CIF);
- ◆ Support, particularly by USAID and CIDA, for the national development foundations and the sub-regional grouping of national development foundations – Eastern Caribbean Organisation of Development Foundations (ECODEF).

There is, however, a need for more consistent international support for regional co-operation. In the past such support has varied not only with donor country/institution capacity but also with shifts in donor policy towards regional co-operation, particularly regional vis-à-vis bilateral assistance. Greater consistency would facilitate long-term planning and implementation and also enhance the credibility of regionalism.

Conclusion

The Caribbean has a network of intergovernmental, private and non-governmental institutions which have demonstrated the possibilities for capacity-building and sharing through regional co-operation and integration. These can be built on in this era of globalisation which simultaneously requires increased capacity and greater efficiency of resource use. The opportunities inherent in regional co-operation for supporting and facilitating the adjustment and repositioning of small states in the global economy can be optimised by the actions of small states themselves and by the international community.

The small states need urgently to support their strategy of regional co-operation through three related sets of actions, namely, reforming and refocusing their co-operative institutions to address the strategic challenges to their effective functioning in the new global economy; giving greater priority to them in the allocation of their limited financial resources and demanding value for money; and endowing the institutions with the authority necessary for effective functioning in an environment in which time is a most important factor. The sharing of sovereignty will require the establishment of systems in which the small states, especially the smallest ones, are satisfied with the checks and balances.

The international community can assist and facilitate the co-operative effort of small states in many ways. Firstly, the international community needs to give policy recognition to regional co-operation as a legitimate and important part of the strategy for the development and global repositioning of small states. It should not be merely a means of reducing the administrative costs of international institutions in their relationship with small states, but a long-term commitment to the small states among their membership.

Secondly, the international community will need to modify its approach to co-operation with, and providing assistance to, small states by:

- ◆ greater preparedness to involve small states and their institutions in the design stage of programmes;
- ◆ greater willingness to use and strengthen national and regional institutions and experts as a means of building capacity;
- ◆ supporting technical co-operation among small states, including private sector and non-governmental organisations;
- ◆ a greater willingness to co-operate, as a group, in assisting small states to deal co-operatively with major challenges and issues which are not country-specific, such as natural disasters.

Thirdly, the design of international agreements must continue to recognise the importance of special and differential treatment for small states and, where appropriate, should provide for small states to discharge some of their obligations, especially technical requirements through regional co-operation and regional mechanisms.

Fourthly, the international community could and should provide facilities which can be used on a co-operative basis by small states in key capitals where major international organisations are located. The facility provided by the Commonwealth for small states in New York provides an example in this regard.

Fifthly, the international community should provide greater support for regional institutional structures in the public, private and non-governmental sectors. In this regard, the placement of experts in, or the execution of programmes through, regional organisations, in particular technological and training institutions, would assist in building and strengthening permanent capacity.

Sixthly, the international community will need to modify its attitude to the support for the private sector and private sector institutions in small states. The building of institutions which directly support private sector development and operation is critical. The small private sector operations and institutions need support to begin to compete. Support does not put them at any advantage vis-à-vis large firms in developed countries which, in any event, benefit from the institutional and informational capacities of their governments.

Finally, the international community needs to build in predictability and consistency in its support for small states, especially for the private sector within small states.