

EUROPEAN COMMUNITY – CARIBBEAN REGION

Regional Strategy Paper
and
Regional Indicative Programme
2008-2013

The **European Commission** and the **Caribbean Region**, represented by CARIFORUM, hereby agree as follows:

- (1) The European Commission, represented by Stefano Manservigi, Director-General for Development and Relations with ACP States and CARIFORUM, represented by His Excellency Edwin W. Carrington, Secretary General and Regional Authorising Officer (RAO), hereinafter referred to as the Parties, held discussions in Bridgetown from March 2006 to September 2008, with a view to determining the general orientation of cooperation for the period 2008–2013. The European Investment Bank was consulted.

During these discussions, the Regional Strategy Paper including an Indicative Programme of Community Aid in favour of the Caribbean Region was drawn up in accordance with the provisions of Articles 8 and 10 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 as revised in Luxembourg on 25 June 2005. These discussions complete the programming process in the Caribbean Region.

The Caribbean Region includes the following ACP countries:

Antigua and Barbuda
The Bahamas
Barbados
Belize
Dominica
Dominican Republic
Grenada
Guyana
Haiti
Jamaica
St. Kitts and Nevis
St. Lucia
St. Vincent and the Grenadines
Suriname
Trinidad and Tobago

The Regional Strategy Paper and the Indicative Programme are attached to the present document.

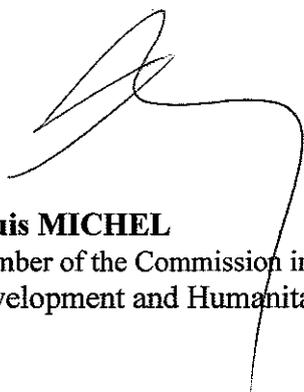
- (2) As regards the indicative programmable financial resources which the Community intends to make available to the **Caribbean Region** for the period 2008-2013, an amount of **€165,000,000** is earmarked for the allocation referred to in Article 9 of Annex IV to the ACP-EC Partnership Agreement. This allocation is not an entitlement and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 11 of Annex IV to the ACP-EC Partnership Agreement.
- (3) The Indicative Programme under chapter 6 concerns the measures funded under this allocation. It is intended to cover economic integration and trade support, sectoral policies, programmes and projects at the regional level in support of the focal or non-focal areas of

Community assistance. It does not pre-empt financing decisions by the Commission. Financing decisions shall be taken and implemented according to the rules and procedures laid down in the EC Council regulations on the implementation of the 10th EDF and on the financial regulation applicable to the 10th EDF and in Annex IV to the ACP-EC Partnership Agreement.

- (4) The European Investment Bank may contribute to the present Regional Strategy Paper by way of operations financed from the Investment Facility and/or from its own resources, in accordance with Paragraphs 2(c) and 3 of the Multi-Annual Financial Framework for the period 2008-2013 contained in Annex Ib to the ACP-EC Partnership Agreement.
- (5) In accordance with Article 11 of Annex IV to the ACP-EC Partnership Agreement, the signatories will undertake a mid-term and end-of-term review of the Regional Strategy Paper and the Indicative Programme in the light of current needs and performance. The mid-term review shall be undertaken in 2010 and the end-of-term review in 2012. Following the completion of each of these reviews, the Community may revise the resource allocation in light of current needs and performance. Without prejudice to Article 11 of Annex IV concerning reviews, the allocation may be increased according to Article 9(2) of Annex IV to the ACP-EC Partnership Agreement in order to take account of new needs or exceptional performance.
- (6) The agreement of the Parties on the attached Regional Strategy Paper and Regional Indicative Programme will be regarded as definitive within four weeks of the date of the signature, unless either Party communicates the contrary before the end of this period.

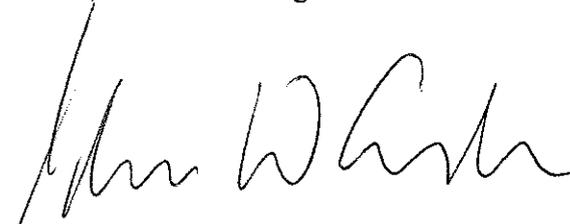
Done at Strasbourg on 15 November 2008

For the European Commission



Louis MICHEL
Member of the Commission in charge of
Development and Humanitarian Aid

For the Caribbean Region



Edwin W. CARRINGTON
Secretary General/RAO
CARIFORUM

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LIST OF ABBREVIATIONS

ACP – African, Caribbean and Pacific Countries

BPA – Barbados Plan of Action

CAFTA - Central American Free Trade Agreement

CAIC – Caribbean Association of Industry & Commerce

CAP – Common Agricultural Policy

CAREC – Caribbean Epidemiological Centre

CARICAD – Caribbean Centre for Administration and Development

CARICOM – Caribbean Community

CARIFORUM – Caribbean Forum of ACP States

CARTAC – Caribbean Regional Technical Assistance Centre

CBERA – Caribbean Basin Economic Recovery Act

CCJ – Caribbean Court of Justice

CCL – Caribbean Congress of Labour

CDB – Caribbean Development Bank

CDERA – Caribbean Disaster Emergency Response Agency

CEC – Caribbean Employers’ Confederation

CET – Common External Tariff

CGCED - Caribbean Group for Cooperation in Economic Development – now CFD (Caribbean Forum for Development)

CIDA- Canadian International Development Agency

COFAP - Council for Finance and Planning

COHSOD -Council for Human and Social Development

COTED - Council of Trade and Economic Development

CPDC – Caribbean Policy Development Centre

CRA – Caribbean Rice Association

CRID - Caribbean Regional Integration and Development Programme

CRIDNET – Caribbean Rice Industry Development Network

CRIP – Caribbean Regional Indicative Programme

CRNM – Caribbean Regional Negotiating Machinery

CSME – CARICOM Single Market and Economy

DFID – Department for International Development

DOMs – French Overseas Departments in the Caribbean

DR – Dominican Republic

EBAs –Everything But Arms

EC – European Commission

ECHO - European Community Humanitarian Office

ECLAC – Economic Commission for Latin America & the Caribbean

EDF – European Development Fund

EEA – European Economic Area

EPA – Economic Partnership Agreement

ETR – End of term review

EU – European Union

FAO – Food and Agriculture Organization
FCTC – Framework Convention on Tobacco Control
FTA – Free Trade Area
FTAA – Free Trade Area of the Americas
FVO – Food and Veterinary Office
GDP- Gross Domestic Product
HDI – Human Development Index
ICT – Information and Communication Technologies
IDA - International Development Association
IDB – Inter-American Development Bank
IHR – International Health Regulations
ILO – International Labour Organization
IMF – International Monetary Fund
LAC – Latin America and the Caribbean
LDCs – Least Developed Countries
MDGs – Millennium Development Goals
MOU – Memorandum of Understanding
MTR – Mid-term Review
NAO – National Authorising Officer
NSAs – Non-State Actors
OAS – Organisation of American States
OCTs – Overseas Countries and Territories
OECS – Organisation of Eastern Caribbean States
PAHO – Pan-American Health Organization
PANCAP – Pan-Caribbean Partnership against HIV/AIDS
PRSP – Poverty Reduction Strategy Programme
RAO – Regional Authorising Officer
RDF – Regional Development Fund
RIP – Regional Indicative Programme
RPTF – Regional Preparatory Task Force
RSP – Regional Strategy Paper
SMEs – Small and Medium Enterprises
SPS – Sanitary and Phyto-Sanitary
TCF – Technical Cooperation Facility
TFP - Total Factor Productivity
UK – United Kingdom
UN – United Nations
UNDP – United Nations Development Programme
USA – United States of America
USAID – United States Agency for International Development
WB – World Bank
WTO – World Trade Organization

EXECUTIVE SUMMARY

The EU Regional Strategy for the period 2008-2013 covered by the 10th EDF is based on the policy agenda of CARIFORUM States, the ACP-EC Partnership Agreement (hereinafter "Cotonou Agreement"), the EU Communication on the Caribbean of 2 March 2006 and the related Council Conclusions, as well the statement of European Union (EU) Development Policy of 20 December 2005. It is also based on the CARIFORUM-EC Economic Partnership Agreement (EPA). The Regional Indicative Programme (RIP) is financed through an allocation of €165 million for 10th European Development Fund (EDF) regional programming over a six-year period starting in 2008.

The Regional Strategy (RS) takes into account the recent political developments which point to stability in the Region including restoration of the democratic process in Haiti and assistance to that country in its development efforts. It also takes into account historical and current economic features and trends in CARIFORUM. More particularly, the RS seeks to frame the assistance to CARIFORUM countries in their economic diversification efforts, namely to move away from overdependence on commodity exports and into services. Such assistance is provided through support for regional integration and cooperation efforts aimed at developing economic competitiveness and gradual entry into the global economy. The RS takes into account the special relationship between the CARIFORUM and the EU through provisions to assist the region in fully implementing and deriving maximum development benefits from the CARIFORUM/EC EPA. Lastly, the RS also takes into account the physical and social vulnerabilities having the potential to negatively impact on regional economic and social development.

The RS may ultimately become a frame of reference for the RIP but may also become a point of reference for bilateral cooperation involving EU Member States in the promotion of regional integration and support for EPA implementation (via regional Aid-for-Trade packages).

Within the first six months of the signing of the Regional Indicative Programme, the strategic orientations of the regional policy agenda of CARIFORUM will be further specified in a roadmap. The roadmap will provide indications of measures and actions taken to secure progress in the CSME and other CARIFORUM integration initiatives. The roadmap will also provide information on OECS integration initiatives and on the development of closer cooperation between the Dominican Republic and CARICOM. The roadmap will also provide information on action taken and programmes initiated and being implemented by CARIFORUM in respect of building capacity for EPA implementation. It will be revised annually, by CARIFORUM, and will facilitate measurement and possible adjustments of the RIP's contribution to the regional development, integration and cooperation agenda. It will also enhance CARIFORUM's dialogue with International Development Partners and contribute to the coordination of their actions in support of the regional development agenda. Furthermore, the roadmap will provide information on institutional reforms and regional decisions and regulations affecting the regional development agenda.

On that basis, the RIP is anchored in one (1) single focal sector 'Regional Integration and Cooperation', which is indicatively allocated 85-90% of the available 10th EDF Regional Resources. The areas of intervention selected within that focal sector represent the existing levels and the various integration and cooperation processes in which CARIFORUM countries are involved. These range from the OECS Economic Union to the CARICOM Single Market and Economy to the EU/LAC Process, and the CARIFORUM/EC EPA. In addition, adequate provision is made for the human resource development/capacity-building challenges facing the people and institutions of the region.

The non-focal sector of the RIP addresses vulnerability and social issues having the potential to negatively impact on the development efforts of the region. In that regard, particular attention is

paid to Crime and Security including the fight against illegal drugs, empowering Non-State Actors and Capacity Development. 10-15% of the RIP is allocated to activities in the non-focal sector.

The RS is based on sound regional policies and aims at focused and consistent use of EU resources (EC and eventually those of EU MS), particularly since proposed 10th EDF RIP interventions are based on established policies in areas in which the EC has previously provided assistance. The implementation modalities will be designed to secure timely programming and efficient implementation through a limited number of projects/programmes and through the use of quick disbursing mechanisms which maintain transparency and accountability.

PART A: COOPERATION STRATEGY

CHAPTER 1: THE FRAMEWORK OF COOPERATION BETWEEN THE EU AND THE REGION

Article 1 of the Cotonou Agreement puts main emphasis on the Millennium Development Goals emanating from the Millennium Declaration adopted by the United Nations General Assembly in 2000, in particular the eradication of extreme poverty and hunger, as well as the development targets and principles agreed in the United Nations Conferences. Cooperation between the Community and the Caribbean Region will pursue these objectives, taking into account fundamental principles laid down in Article 2 of the Agreement and essential and fundamental elements as defined in Article 9.

The European Consensus on Development defined the primary and overarching objective of EU development cooperation as “the eradication of poverty in the context of sustainable development”, and furthermore, in the joint Statement on EU Development Policy of 20 December 2005, the Council, the European Parliament and the EC emphasised the multidimensional character of poverty eradication and identified areas of Community action on the basis of: contribution towards reducing poverty; link between trade and development; support for regional integration and cooperation; importance of economic infrastructure; food security and rural development; governance and support for economic and institutional reform; conflict prevention.

The Article 28 of the Cotonou Agreement sets out the general approach to regional cooperation and integration. “Cooperation shall provide effective assistance to achieve the objectives and priorities, which the ACP countries have set themselves in the context of regional and sub-regional cooperation and integration. In this context cooperation support shall aim to: a) foster the gradual integration of the ACP States into the world economy; b) accelerate economic cooperation and development both within and between the regions of the ACP States; c) promote the free movement of persons, goods, capital services, labour and technology among ACP countries; d) accelerate diversification of the economies of the ACP States, and coordination and harmonisation of regional and sub-regional cooperation policies; and e) promote and expand inter and intra-ACP trade and with third countries”.

Cooperation in the area of regional economic integration and regional cooperation should support the main fields identified in Articles 29 and 30 of the Cotonou Agreement. Furthermore, Article 35 provides that “economic and trade cooperation shall build on regional integration initiatives of ACP States, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy”.

In the same spirit the CARIFORUM countries and the EU recently concluded the EPA designed to recast their trade relations through a WTO-compatible agreement with a distinct development and regional integration-promoting orientation.

The above objectives and principles together with the region’s policy agenda and the Commission Communication on the EU-Caribbean partnership for Growth, Stability and Development constitute the starting point for formulating the RS in accordance with the principle of ownership of development strategies.

CHAPTER 2: ANALYSIS OF THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION OF THE REGION

2.1 The Political Situation

The CARIFORUM¹ States are generally considered democratic, with regular national elections, and well developed local government structures. This has been confirmed by the numerous successful election processes conducted in the Caribbean throughout 2005-2008 allowing incumbent governments to return to office or changes of governments. Transitions to new governments, where there have been changes, have been smooth.

National administrations and democratic institutions are in place and generally well consolidated. These democratic institutions are entrenched in the constitutions of most of the Member States. In some instances, the institutions require capacity development to enable them to successfully carry out their mandates and to implement their work programmes. Accountability structures are in place and are operational in most CARIFORUM States. They are part of the formal national governance structures.

Civil society has continued to play an important role in the maintenance of democratic traditions in CARIFORUM. A free press, active trade unions, private sector organisations, human rights bodies, professional organisations, development NGOs and other civil society bodies continue to be very active. The activities of these institutions contribute positively to the governance and accountability structures of the CARIFORUM States.

Strengthening the political partnership between CARIFORUM States and the EU, on the basis of universal values including democracy, human rights, good governance, support to civil society and peace and security, is a priority in EU-CARIFORUM relations. The Joint Statement adopted at the 3rd EU-CARIFORUM summit in Lima, May 2008, confirmed the commitment of both regions to establish a structured and comprehensive political dialogue.

2.2 The Economic and Social Situation

Preliminary estimates of the Economic Commission for Latin America and the Caribbean (ECLAC) reported **overall economic growth** of 3.9% in 2007, with growth rates ranging from 7.5% in the Dominican Republic to 1% in Dominica. A slowdown compared to the previous year in which a surge in commodity prices, and significant public and private investment ahead of the Cricket World Cup, had boosted the economic performance and led to impressive growth rates, e.g. in the case of Trinidad and Tobago of 12% or Antigua and Barbuda (11%). The slowdown can be attributed largely to global financial shocks and rising food and oil prices. While the outlook for 2008 is positive for most countries, inflationary pressures and the slowdown in the global economy emanating from developments in the US, including the depreciation of the US \$, are likely to pose downside risks to any projections with the notable exception of exports to the area of Euro influence.

In fact, the **steadily rising commodities'** prices have already had quite a negative effect on fiscal accounts and the overall balance of payments in CARIFORUM countries, except Trinidad and Tobago, reflecting in part an increase in payments for imports. Buoyed by increased earnings on petrol exports, Trinidad & Tobago could record a strong overall surplus in its balance of payments,

¹ Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Christopher and Nevis, Suriname, and Trinidad and Tobago

allowing it to adopt expansionary measures and increase output and establish a Petroleum Fund, to promote development in CARICOM Member States² with grants of some 79m USD/year.

The CARIFORUM States, with the exception of Barbados and Trinidad and Tobago, became part of the Petro Caribe Agreement with the Bolivarian Republic of Venezuela since 2005; through this agreement they can affront the rising oil prices and the energy challenge receiving crude oil on favourable terms of credit.

The Region **continues to rely largely on a narrow range of commodities** (mainly bauxite and alumina, sugar and rum, bananas) and services for growth. However, some companies and sectors have succeeded in expanding their vision beyond the confines of the Caribbean. New sectors have emerged in different areas, including aquaculture, agro-processing and services e.g. health spas, ecotourism and medical schools. The successful companies have focused on carving out niches in higher value-added products by developing brands based on local characteristics, creating domestic linkages, upgrading technology and investing in training. .

A number of Caribbean countries are engaged in the offshore financial services sector and consider further developing it. In these countries the financial services sector plays an important role in the economy of the states concerned.

Despite formal policies on non-intervention and limitation of the **role of government** to a catalyst for growth and development, the state sector continues to play an important role in national economies.

The Eastern Caribbean Central Bank reports that in OECS countries receipts from current sources of revenue grew in 2007, partly reflecting new tax measures implemented in some countries: collections from taxes on domestic goods and services rose by some 40% in 2007 while those from taxes on international trade and transactions declined by 3.1 %.

Public debts remain a major problem in many Caribbean countries, with an estimated debt-to-GDP ratio of 73% in Barbados by the end of 2007 and above 100% in four OECS countries³. The ratio of Gross External Debt to exports of goods and services for CARIFORUM States (excluding Haiti) stood at 54%. St Kitts & Nevis, Guyana, Jamaica, Grenada, Dominica and Belize rank amongst the 10 highest indebted countries in the world. In an effort to reduce the disparities in the region, CARICOM Member States have agreed to establish a CARICOM Development Fund (CDF) to help some Member States to improve their level of competitiveness so that they can be fully integrated into the CSME. Arrangements for the establishment of the Fund are advanced.

Foreign direct investment in the Region varies from country to country. In relation to the size of their economies, OECS countries have attracted significant FDI, especially St. Kitts and Nevis, Grenada and St Vincent and the Grenadines as well as Guyana. Dollar inflows have been high in the largest economies of Jamaica, the Dominican Republic and Trinidad. FDI has been concentrated in a few natural resource-related sectors, especially tourism, mineral extraction and segments within agriculture. In 2006, average FDI in the OECS stood at 19.9% of GDP. That rate was higher than for the rest of CARIFORUM. Overall, FDI in the CARIFORUM region has been on a declining trend. In the case of the Dominican Republic, FDI in 2006 increased over the 2005

² The Member States of the Caribbean Community (CARICOM) are Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

³ Particularly worrisome is the case of St Kitts and Nevis, whose debt-to-GDP ratio exceeds 175%, placing it among the world's most indebted countries. Two thirds of this debt are domestic.

level and this increase was driven primarily by new investments in tourism and telecommunications, with the US and Spain being the dominant source of investments.

Trade in goods with the European Union is important for the 15 Caribbean ACP countries. In 2007, exports to the EU amounted to 4.1 billion € and imports from the EU to 4.6 billion €. The EU is the region's second export destination after the US, accounting for some 19% of total exports in 2006. Caribbean exports to the EU are not diversified and have traditionally been dominated by bauxite and alumina, rum, sugar, fuels and bananas (see chart 1).

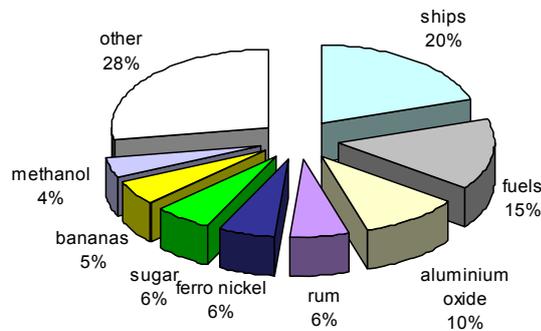


Chart 1: Main EU imports from the Caribbean, 2007⁴.

With one third of the population and the biggest GDP of the 15 Caribbean ACP countries, the Dominican Republic is a major EU trading partner in the region (in 2006, EU imports from the DR stood at € 0.8 bn), together with the Bahamas, Jamaica and Trinidad & Tobago.⁵

With the conclusion of the Economic Partnership Agreement Caribbean exports have full duty and quota free access to the EU market since 1 January 2008 except for sugar and rice a very short transition period was foreseen for rice, and a relatively longer for sugar. for Rules of origin have also been relaxed for important sectors such as textiles and garments.

Compliance with Sanitary and Phyto-sanitary (SPS) measures remain a key challenge in the fishery sector. The Commission's Food and Veterinary Office (FVO) has carried out inspections in Antigua and Barbuda, The Bahamas, Belize, Grenada, Guyana, Jamaica, St. Vincent and the Grenadines, and Suriname. The FVO's findings highlight the shortcomings in the countries SPS systems and the need to assist the region in ensuring compliance with SPS standards. The most common challenges relate to legislative framework and standards, enforcement mechanisms (inspection, certification, monitoring and surveillance, control and communication systems), management structures, laboratories and infrastructure. Improvements in these areas will also benefit the successful integration, diversification and competitiveness of the fishery sector, and will make an important contribution on the role of agriculture as a whole towards rural development, and in turn growth and employment.

Social aspects

The growth experienced by the Caribbean over the past four decades has resulted in significant human development improvements in all countries except Haiti. The region is relatively well off by comparison with the rest of the developing world. However, there are important differences in human development from country to country.

⁴ "ships" is indicated in trade tables referring to commercial transactions e.g. in the cruise ship business.

⁵ Cuba is excluded from this analysis and from the EPA negotiations because it is not a signatory of the Cotonou Agreement.

According to the UN's 2007/2008 report on **Human Development**, six Caribbean countries are in the top category: Barbados (rank 31, just before the Czech Republic), followed by Bahamas (49), Cuba (rank 51), St Kitts and Nevis (54), Antigua and Barbuda (57), Trinidad (59). The remaining 10 countries are in the medium category: starting with Dominica (rank 71), St Lucia (72), Dominican Republic (79), Belize (80), Grenada (82), Suriname (85), St Vincent and the Grenadines (93), Guyana (97), Jamaica (101) and Haiti (146).

Nevertheless, while average income inequality in the Caribbean, as measured by the Gini coefficient at 0.38, is lower than in Latin America, some countries suffer from higher inequality, such as Haiti (0.65), St. Vincent and the Grenadines (0.60), Antigua and Barbuda (0.50), and the Dominican Republic (0.47).

With the exception of Haiti (where **the poverty level** is 76%), poverty in other countries ranges between 12% in the case of Antigua and 42% in the case of the Dominican Republic, although poverty has been on the decline generally from 1990 to 2005. In the case of Haiti, about 56% of the population live on less than US\$1 per day and 76% on less than US\$2 per day. Children are the group most affected by poverty. This translates into children, particularly boys, being used as labour in the informal sector and hence losing out on schooling and quality of life. They are often victims of abuse at home, in school and in the community. Respect for children's rights and particularly the elimination of all forms of violence against children is gaining increasing levels of prominence in the national/regional consciousness as a serious issue.

Life expectancy has improved significantly in the region, with Haiti having the lowest life expectancy of 52 years. The available data suggest that most countries, except Haiti, are likely to achieve universal primary enrolment by 2015. Similarly, the region scores very high in terms of eliminating gender disparity in primary and secondary schools. The goal of reducing child mortality rates by two thirds by 2015 is on track, with eight countries having already achieved the goal. Cuba with 7.1 deaths per thousand live births ranks at the top of the list and Haiti with 106.2 followed by Guyana at 64.6 are the lowest.

Non-communicable diseases place a considerable health burden in the region, and are notably due to unhealthy lifestyles such as smoking. Among them, diabetes, cancer, heart disease and strokes were the 4 major causes of death in 2000, the latest for which complete mortality data is available. HIV was the fifth.

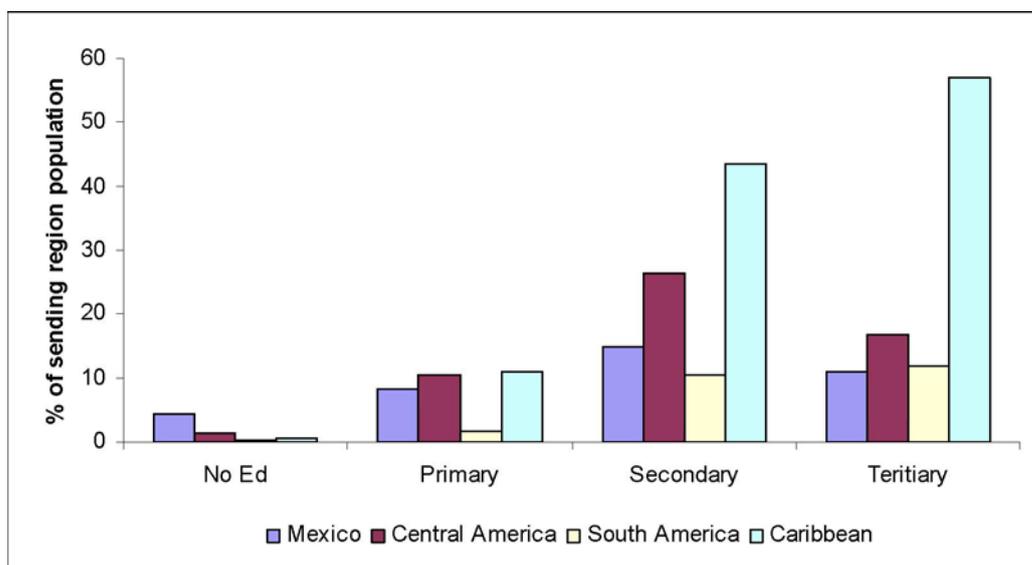
The **HIV/AIDS** epidemic in the Caribbean region is second in magnitude in the world, behind only Sub-Saharan Africa. According to UNAIDS, the Caribbean had an incidence of reported AIDS cases of between 210,000 and 270,000 in 2007 and an estimated 17,000 new infections occurred, of which approximately 50% were among women and 40% among young people in the 15-24 age group (the UNDP even estimates the total at more than 440,000 people infected with HIV). HIV prevalence reached or surpassed 1% in the Bahamas, Barbados, Belize, Guyana, Haiti, Jamaica, Suriname and Trinidad & Tobago. In general it seems that national adult HIV prevalence has stabilised in several Caribbean countries, including the Dominican Republic and Haiti. However, with some 170,000 people (270,000 according to UNDP!) living with HIV, Haiti bears the largest HIV burden in the region.

Tuberculosis is on the rise and vector borne diseases, such as malaria, dengue and chikungunya, are of concern in several islands.

Levels of **emigration** from the Caribbean region are among the highest in the world. The UN ECLAC estimates that some 65% of Caribbean migrants are living in the US, the rest in Canada, the UK, the Netherlands and Spain among others. Migration brings about a heavy brain drain: It is estimated that some 60% of the population with tertiary education have left the region. Jamaica, Grenada, Guyana, Haiti, St Vincent and the Grenadines show percentages of 80%. This has resulted in a massive loss of human capital and skills creating immediate gaps in the labour force, and

affecting productivity. Resources invested in education and training may thus never be fully recovered.

Percentage of population living abroad by education level, 2000



Source: Pew Hispanic Centre, University of Southern California quoted from ECLAC Economic Survey on the Caribbean 2006-2007

On the other hand, for practically all Caribbean countries remittances now constitute a major source of foreign exchange, much more than ODA and FDI and generally also more than export earnings and even tourism net revenues. In 2005, remittances as a percentage of GDP were significant in Guyana (34.4%), Haiti (25.4%), Jamaica (17%), Belize (7.3%), and Grenada (7.3%). Annual remittances per capita are in some cases the highest amounts worldwide: In Jamaica, Barbados per capita transfers were over \$400.

Remittances Per Capita, 2001-2005 and as percentage of GDP in 2005 (in US\$)

COUNTRY	2001	2002	2003	2004	2005	2005 % of GDP
<i>OECS</i>						
Anguilla	227	494	493	497	471	4.3
Antigua and Barbuda	49	142	335	208	214	2.1
Dominica	39	50	50	72	67	2.0
Grenada	200	239	243	457	280	7.3
<i>Other Caricom</i>						
Bahamas, The	4	4	4	621	114	0.6
Barbados	442	407	425	405	464	4.2
Belize	159	68	266	272	277	7.3
Guyana	63	159	182	190	166	34.4
Haiti	78	83	98	104	126	25.4
Jamaica	370	470	542	566	621	17.0
Suriname	...	35	54	48	47	1.6
Trinidad and Tobago	38	31	38	71	74	0.7

Gender inequality in the region persists and detracts from economic growth. Females in the Caribbean are more likely to be unemployed, have lower labour force participation rates and predominate in specific sectors of the economy which have comparatively lower rates of remuneration. The women's rights are reasonably well established in the region, although the issue of violence against women, and particularly domestic violence, is a serious concern.

Transnational crime, particularly drug smuggling, money laundering and illegal trade in arms, continues to impact negatively on CARIFORUM countries. In its 2007 report, the International Narcotics Control Board (INCB) estimates that 40% of the cocaine entering Europe has passed through the Caribbean, with the 'Caribbean route' being the preferred option for Colombian drug cartels. Crime and violence are taking a heavy toll on the life of citizens in the region. According to an UN/World Bank study the region has a murder rate of 30 per 100.000 inhabitants – the crime and security problems manifest themselves, to a large extent, in the international trafficking of illicit drugs and arms, which has caused significant collateral damage in most countries of the region: scarce law enforcement resources needed for other important activities are diverted, the rule of law is being undermined and there is an increase in domestic drug abuse, local trafficking and related crimes, money laundering, corruption and violence, kidnappings and executions. In addition, there is a detrimental effect on the long-term prospects for growth, stability, development and foreign investment. The crime situation is contributing to outward migration and loss of skills as families move out of the region for security reasons. The problem of illicit drugs particularly affects Haiti and the Dominican Republic, Trinidad and Tobago, Guyana and Jamaica.

2.3 The Environmental Situation

The **environmental vulnerabilities** of the Caribbean include natural hazards (such as hurricanes, earthquakes, tsunamis, and volcanic eruptions), deforestation, global climate change and rising sea levels leading to floods.

With respect to **land classification**, 32.5% of the land in the Caribbean is classified as agricultural area (arable land plus permanent crops) ranging from 2.3% and up to 76.4% in the Dominican Republic. The percentage of land occupied by agricultural area has been decreasing over the last three decades in most Caribbean countries. Forest covers only 19% of the total land area, with the proportion of forested territory within individual countries ranging from 3.2% in Haiti to 90.5% in Suriname. Haiti has lost most of its forest due to the demand for wood as an energy source.

Climate change is already having a significant and serious impact on the Caribbean. This trend is likely to increase over the years and decades to come and is projected to include an increase in extreme weather events such as the droughts and floods that already affect the region. Projected sea-level rise will affect coastal areas where most of the economic activities take place. Climate change is a threat to development and diminishes the chances of achieving the Millennium Development Goals. In this context, adaptation to climate change becomes a precondition for sustainable development as *inter alia* highlighted in the Cariforum-EU Declaration on Climate Change and Energy adopted during the Cariforum-EU Troika Summit held in Lima on 17 May 2008.

The effects of climate change on freshwater resources and on crop susceptibility to certain diseases will have negative consequences particularly on agriculture in the region. Agriculture also suffers to varying degrees from tropical hurricanes, floods and droughts. It is very likely that crop production would be affected by alterations in the patterns of these events brought about by climate change. A reduction in coastal arable land is also anticipated as a result of the projected sea-level rise and consequent saltwater intrusion.

The impact of climate change on water supply is also a critical issue for sustainable development in the region. Annual precipitation may decrease by 4% in the Eastern Caribbean. Wetter wet seasons and more severe and longer droughts during the dry seasons are also predicted. This situation is expected to become worse with the increase in freshwater demands due to population growth and the expansion of tourism. In several countries, the adverse implications of climate change on water resources will be compounded as growing populations move into marginal areas with very limited water supply. Insufficient quantity and quality of water, particularly potable water, is correlated with increases in waterborne diseases, particularly when people seek alternative sources, which may be of poor quality.

Caribbean States are committed to the wider 2002 Latin American and Caribbean regional initiative for Sustainable Development⁶, which emphasised that timely action, must be taken to reduce the impact of climate change through the implementation of effective mitigation and adaptation measures. Various initiatives (described below) taken by the Caribbean Disaster Emergency Response Agency (CDERA) aim to address the challenges of climate change and link disaster preparedness activities with adaptation needs. Furthermore, the ongoing work of the Caribbean Community Climate Change Centre (CCCCC) in building regional capacity to cope with the challenges to regional sustainable development appears to be gathering pace.

Coastal development throughout most of the region has been undertaken without consideration of climate change and sea-level change projections. Sea-level rise of 30–55 cm for the Caribbean over the next 50 years has been considered a reasonable projection. Associated coastal erosion and saltwater intrusion into coastal agricultural lands and aquifers, an escalation in the frequency and intensity of hurricanes and tropical storms, and disruptions in precipitation and potable water supply might threaten the very existence of island nations and low-lying coastal States. Critical infrastructure such as social services, airports, ports, telecommunication facilities, roads, coastal protection structures, tourism facilities and vital utilities will be at severe risk. It has been suggested that land loss from sea-level rise, especially on the low limestone islands, is likely to be of a magnitude that would disrupt virtually all economic and social sectors.

Scarcity of prime coastal property and increasing demand from the tourism industry creates pressures to transform ecological and economically important habitats into coastal real estate by clearing and filling. This has led to removal of the natural protective function provided by coastal ecosystems.

The regional structure of national **energy consumption** shows 71% from charcoal, 20% from petroleum products, 4% from cane biogases and 5% from hydroelectricity. More recently, deforestation in the region has been fuelled by the need for land for transportation infrastructure, agriculture, housing and industrial development. Only Belize (59.1%), Guyana (85.7%) and Suriname still retain much of their original forest.

Coastal and marine pollution caused by waste water and solid waste is also a major environmental problem in the Caribbean. Most of the pollution in the coastal and marine environment comes from land-based sources such as industries, surface run-off from agricultural and urban areas and garbage that has been dumped in rivers, streams, drainage systems and wetlands. In addition, solid waste generated by shipping, commercial fisheries and the offshore petroleum industry is affecting coastal areas.

⁶ Adopted at the first special meeting of the Forum of Ministers of the Environment of Latin America and the Caribbean, held in Johannesburg, South Africa, in August 2002

Freshwater resources in the Caribbean are 2,532 cubic metres per capita compared with 17,607 cubic metres in the Western Indian Ocean and 127,066 cubic metres in the South Pacific. At current population levels, the available water supply in some countries in the region is below the international limit of 1,000 cubic metres per capita per year, thus classifying those countries (Antigua & Barbuda, Barbados and St. Kitts & Nevis) as ‘water scarce’. The vulnerability of freshwater supplies to saltwater contamination is also a critical issue for sustainable development in the region. The more pronounced rainfall patterns and rising sea water levels put additional ecological stress on the low-lying coastal and flood-prone land areas of CARIFORUM Member States.

The Caribbean region has high **biological diversity** per unit of land area as well as high endemism and a high extinction rate. The biodiversity is being lost, however, due to unsustainable natural resource exploitation, poorly managed tourism, mining, pollution, habitat destruction and conversion, natural events such as hurricanes and the introduction of alien species. There are more than 600 protected areas in the Caribbean covering between 15.6% and 18.6% of the region's territory. At least 300 of these protected areas are marine, but only 30% of them are considered to be adequately managed. The Caribbean possesses many productive and biologically complex ecosystems including coral reefs, sea grass beds, mangroves, coastal lagoons, beaches and mud bottom habitats. The health of these diverse ecosystems has declined over the years, mainly because of pollution from increased suspended solids and chemical compounds, overexploitation and habitat conversion.

The Caribbean is one of the most **disaster-prone** areas in the world. Caribbean States rank among the top 10 countries by number of disasters per land area and per head of population. In addition to welfare losses, natural disasters have an immediate impact both on the economy through contraction of economic output or worsening of balance of payments and on the budget. Natural disasters also have severe consequences for tourism since its infrastructure tends to be located on beach fronts.

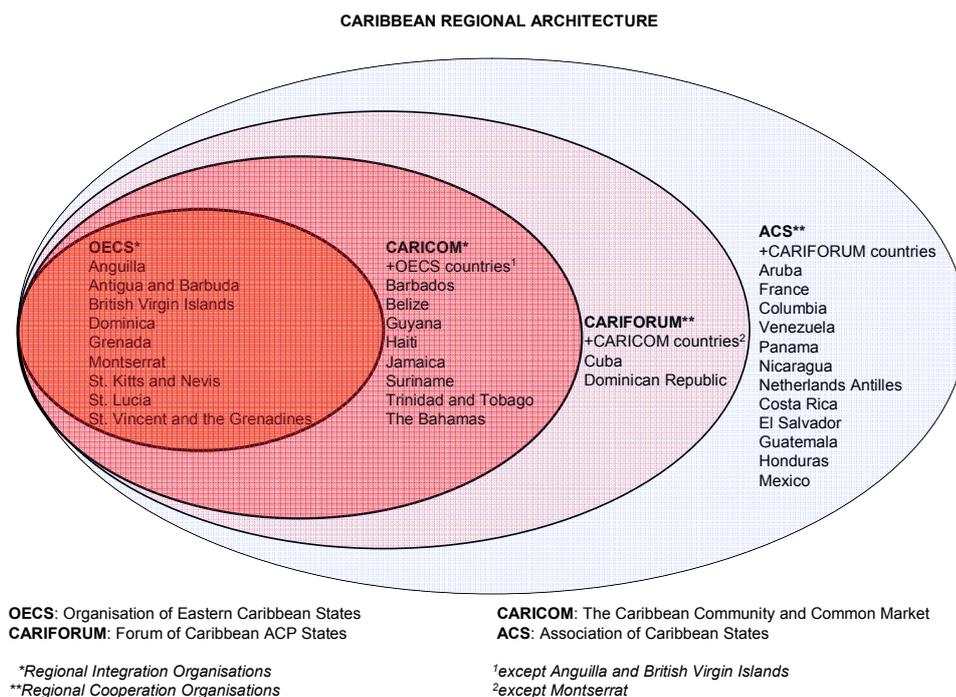
Cooperation in disaster prevention and mitigation has assumed increasing importance as a result of natural disasters affecting the region in 2004 and 2005. A Caribbean Community Regional Programme Framework for 2005-2015 and a Comprehensive Disaster Management (CDM) Framework and Strategy have been prepared by the Caribbean Disaster Emergency Response Agency (CDERA) and endorsed at the political level in the Caribbean. The only environmental convention covering the entire Caribbean is the Cartagena Convention (1983) and its Protocols concerning oil spills and Specially Protected Areas and Wildlife (SPAW), the latter having entered into force in April 2000.

In the Caribbean region, two Country Environmental Profiles have been drawn up by the EC, covering Guyana and Suriname. Furthermore, an OCT Environmental Profile that has been prepared includes environmental profiles for the Caribbean OCTs. Finally, in 2000 the EC funded the Environmental Outlook for the Caribbean, prepared by UNEP. It is expected that a Regional Environmental Profile for the Caribbean (REP) will be prepared, building on the above-mentioned documents, which should include an overview of the environmental issues for the region as a whole as well as environmental information grouped by country in order to assess the general environmental trends in the Caribbean and to recommend possible activities to be supported by the EU.

CHAPTER 3: THE PROCESS OF REGIONAL INTEGRATION IN THE CARIBBEAN

3.1. Introduction

Today the Caribbean regional architecture is comprised of at least four layers with the Organisation of Eastern Caribbean States (**OECS**) having reached the highest level of integration, the Caribbean Community, or **CARICOM**, which is still advancing towards higher levels of policy and functional cooperation with the establishment of the CSME, the CARIFORUM including all the Caribbean ACPs and Cuba, and the ACS including all States in the Caribbean.



These layers may be seen as a set of concentric circles representing different levels of integration: The OECS is the inner circle of Caribbean economic/monetary integration, incorporating seven of the smaller Caribbean states which are also its full members. Established in 1981 by the Treaty of Basseterre, its main objective is economic integration among its Member States.

The next circle and main pillar of regional integration in the Caribbean region is the CARICOM. CARICOM was established in 1973 by the Treaty of Chaguaramas. The three main areas of activity of this regional organisation are: economic cooperation, coordination of foreign policy and functional cooperation including health, education, youth, sports, science and tax administration.

CARICOM is driving the creation of the Caribbean Single Market and Economy (**CSME**) which contributes to deepening the integration process, based on both market and economic integration. To support this process, the Treaty of Chaguaramas was revised and now contains nine chapters covering the major areas of the CSME. When completed, the CSME will provide for free movement of goods, services, capital, labour and right of establishment within the Community and harmonised laws and regulations affecting commerce. In 2006, the Single Market component of the CSME was launched.

The OECS signed an agreement in July 2007 to participate in the CARICOM Single Market. The anticipated deadline for the Single Economy has been moved from 2008 to 2012. Monetary union, which already exists for the members of the Organisation of Eastern Caribbean States, is a more distant integration goal for the Community as a whole.

CARIFORUM was created in 1992, as a political group including not only the CARICOM Member States, but also the Dominican Republic, Haiti and Suriname (both non-members at the time) and Cuba. The underlying objective of its establishment was the creation of a broader group that could interact with the EC as an interlocutor at the regional level. Prior to the establishment of the CARIFORUM, regional cooperation in the Caribbean remained confined to English-speaking country members of the CARICOM. The Member States of CARIFORUM are serviced by the CARICOM Secretariat.

All Caribbean countries are also part of the **Association of Caribbean States (ACS)**⁷.

3.2. State of Play: Achievements and challenges in the regional integration process

3.2.1 OECS

The Caribbean States making up the OECS⁸ have a long tradition of cooperation. In its regional economic integration efforts the OECS established an Eastern Caribbean Common Market (ECCM) with its own CET which was later harmonised with that of the wider CARICOM. Harmonised Customs legislation is enacted, with common regulations, in each OECS Member State. There is full monetary integration with the OECS having a single currency, pegged to the US dollar, managed by an Eastern Caribbean Central Bank (ECCB). In more recent times, the ECCB has been offering common advice on fiscal and other economic policies to the OECS.

In more recent times, the nature of the intra-OECS cooperation has taken on a more functional and developmental character. The OECS shares a common judiciary, has a single telecommunications regulatory body, has a single Directorate of Civil Aviation Authority, shares joint diplomatic representation in Ottawa (Canada), Brussels and Geneva, and jointly undertakes bulk purchasing of pharmaceutical products.

3.2.2 CARICOM

The Treaty establishing CARICOM (Treaty of Chaguaramas) was signed in 1973. The Revised Treaty of Chaguaramas was signed by CARICOM Heads of Government in July 2001. Under the Revised Treaty, the Common Market provisions have been replaced with provisions for the creation of a CARICOM Single Market and Economy (CSME). The CARICOM Single Market came into existence in 2006. The Revised Treaty has so far been signed, ratified and enacted into domestic law in all Member States except The Bahamas and Montserrat.

A CSME Work Programme, financed primarily through a 9th EDF Regional Programme for a Caribbean Integration Support Programme (CISP), is currently being implemented. This is intended to result in full implementation of the Single Economy and establishment of the framework for the Single Economy by 2012.

The Single Market has entered into operation, thus creating legally binding commitments regarding: Free Movement of Goods and Services; Free Movement of Persons; Free Movement of Capital; and the Right of Establishment.

As regards *free movement of goods*, a common external tariff with common Rules of Origin is being operated. No unauthorised import duties on goods of Community origin exist and there is a schedule for the removal of the small residual of discriminatory internal taxes and other fiscal

⁷ Antigua and Barbuda, Bahamas, Barbados, Belize, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, Trinidad and Tobago, Venezuela

⁸ The Member States of the OECS are Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines.

charges. Legislative and administrative action has been taken to remove restrictions on the Right of Establishment in all States except Haiti, the Bahamas and Montserrat.

Legislation and corresponding regulations and institutional arrangements now exist for the *free movement of skills* in certain categories including university graduates, artistes, media workers, musicians and sports persons. A CARICOM passport is now being issued by most Member States. An Inter-Governmental Agreement to establish a Regional Accreditation Body is being finalised and an Agreement on Transference of Social Security Benefits is currently operational.

Restrictions have been removed on the *free movement of capital*. Cross listing and trading takes place in the Barbados, Jamaica and Trinidad and Tobago Stock Exchanges. A schedule for the removal of existing restrictions on the Right of Establishment has been established.

The twelve Member States of the Community which have been participating in the Single Market since 2006 are Barbados, Belize, Guyana, Jamaica, Trinidad and Tobago and Suriname, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

The *CARICOM Development Fund* (CDF) has been established to assist CARICOM countries, regions and sectors in mitigating negative aspects of participation in the CSME. Work is well advanced to operationalise the Fund, and pledges have been made by Member States.

A *Caribbean Court of Justice* (CCJ) with original jurisdiction in Treaty-related matters was established in 2001, and has now formally also gained appellate jurisdiction in both civil and criminal matters from common law courts. Nevertheless, while most of the Caribbean Community (CARICOM) countries have committed themselves to the original jurisdiction of the CCJ, only Barbados and Guyana are signatories to the appellate jurisdiction.

An Agreement establishing a *CARICOM Regional Organisation for Standards and Quality* (CROSQ) has been signed and enacted into domestic law in some countries, and is being provisionally applied. A *CARICOM Competition Commission* has been established and has been formally launched.

The Revised Treaty also provides for cooperation in the area of Customs administration, aiming for effective customs systems and procedures governing the movement of goods, people and conveyance across customs borders and maximising the cooperation among customs administrations and with international agencies to combat cross-border offences.

Within the past seven years a number of initiatives have been undertaken in the area of Customs administration and reform aimed at improving effectiveness. Harmonised customs legislation and procedures have been adopted, and an initiative was undertaken to strengthen technical and managerial capabilities and systems using electronic technologies for processing customs declarations, collecting revenue and improving the timeliness and accuracy of producing trade statistics using Automatic Data Processing (ADP) techniques, practices and electronic technologies.

The social sectors have also contributed to regional integration within the CARICOM. Cooperation has been particularly consistent in health. Most countries in the Caribbean have been active in implementing the International Health Regulations (IHR), which aim to ensure global health surveillance and response and are important for both the local population and tourism, particularly the cruise shipping industry. Other recent outcomes include the 2007 Heads of Government Declaration of Port-of-Spain, on chronic non-communicable diseases. Furthermore, all but one of the countries in the region are signatories to the Framework Convention on Tobacco Control (FCTC). This has allowed them to take the lead regarding non-communicable diseases in negotiations among ACP countries.

The development of the Single Economy is considered as the final stage in the CARICOM integration process. The challenge is now to create the enabling conditions which will allow the community to complete its implementation by 2015 and enjoy the full benefits of the regional economic integration process.

3.2.2.1 Relations with other partners

CARICOM Member States, except Suriname and Haiti, already benefit from a preferential *trade agreement* with **Canada** known as CARIBCAN. The Region has already notified Canada, in October 2004, of its desire to negotiate an enhanced trade agreement with Canada. No significant progress was made in negotiations during 2007. It is expected that work will continue to extend the access to the US market acquired by CARICOM through an enhanced Caribbean Basin Initiative.

A CARICOM-**Costa Rica** Free Trade Agreement (FTA) has been negotiated which provides reciprocal duty-free access except in the case of access to the markets of the OECS and Belize. Goods subject to preferential treatment must satisfy Rules of Origin Requirements and Customs Procedures. The FTA will enter into force as soon as the parties have advised each other of the completion of necessary internal procedures. Pending the full entry into force of the Agreement, it can be provisionally applied as soon as Costa Rica and any CARICOM Member State complete the necessary procedures to give effect to the Agreement.

Both CARICOM and the **Dominican Republic** have been engaged in the Free Trade Area of the Americas (FTAA) negotiations since 1994. CARICOM has been negotiating as a single entity and has consistently sought to ensure that the principle of special and differential treatment for smaller economies should permeate any eventual agreements. Discussion on the FTAA did not progress in 2007.

The Region also promotes cooperation in the **Guyana Shield** (Guyana, Suriname, Brazil, Venezuela and French Guyana). The objective is to optimise economic, social and other opportunities created by the land mass, the combined population, complementarity in economies and the rich biodiversity of the sub-region.

3.2.3. CARIFORUM

CARIFORUM was established in October 1992 and comprises Caribbean States which are signatories to the ACP/EU Cotonou Partnership Agreement. Cuba is also a Member State of CARIFORUM, but is not a signatory to the Agreement. The CARIFORUM mandate is to manage and coordinate policy dialogue between the Caribbean region and the EU, to promote integration and cooperation in the Caribbean and to coordinate the allocation of resources and manage the implementation of Regional Indicative Programmes financed by the European Development Fund and regional programmes financed by Member States of the EU and any other source.

CARIFORUM policy objectives have been two-fold in the recent past. The first area of emphasis has been strengthening of regional cooperation. A major mechanism for achieving such cooperation has been the regional programmes financed under the various Regional Indicative Programmes. By way of example, regional cooperation has been advanced through implementation of programmes including:

- Caribbean Integration Support Programme including a statistics component (€3.3M (CISP) - €37M
- The 8th EDF Tourism Programme - €8M
- Phases I and II Trade and Private Sector Development Programme – €7,9M

- 9th EDF Radar Network for Severe Weather Warning – €13,2M
- Haiti/DR Transborder Environment and Economic Infrastructure Programmes - €20M.

Intra-CARIFORUM cooperation takes place at different levels including CARICOM/DR, Haiti/DR, DR/Cuba, Haiti/Cuba and CARICOM/Cuba. The FTA between the DR and CARICOM is being provisionally implemented by some CARICOM Member States but the agreement still needs to be upgraded and fully implemented.

The CARIFORUM Trade Facilitation Office in **Cuba** was closed from mid-2004 due to lack of funds. Discussions are ongoing to reopen a CARIFORUM Trade and Investment Facilitation Office in Cuba. Trinidad and Tobago opened a National Investment and Export Promotion Office in Cuba in 2006. In the meantime, functional cooperation between Cuba and the rest of CARIFORUM continued to be strengthened, particularly in the areas of health, post-disaster management and education, during 2007. Efforts are also being made to improve the protocols of the CARICOM/Cuba Trade and Economic Cooperation Agreement.

Bi-national cooperation between **Haiti and the DR** has been increasing steadily over the years and a bi-national cooperation strategy, estimated by Haiti/DR officials to cost more than €200 million to implement, has already been designed and jointly agreed between representatives of both countries. In addition, focused cooperation initiatives in the trans-border area have been on the increase.

CARIFORUM countries continue to be fully engaged in WTO discussions and negotiations. The Region participated in most of the critical technical and political discussions/meetings in 2007. It is seeking to secure special and differential treatment as well as advantageous transitional arrangements, and to ensure maintenance of its technical capacity for full and effective participation in negotiations. The Region continues to implement existing WTO commitments after careful analysis for consistency with regional initiatives.

CARIFORUM countries are seeking an extended and enhanced Caribbean Basin Initiative (CBI) with the USA. The Dominican Republic will benefit from the Central American Free Trade Agreement (CAFTA), which was passed by the US Congress in 2005. CAFTA should have entered into force on 1 March 2007 in the Dominican Republic.

Initiatives aimed at developing closer cooperation are being promoted through the setting up of **CARIFORUM/DOM/OCT/EU** Task Forces in the following areas: HIV/AIDS, Disaster Management, Trade and Investment and Interconnectivity. DOMs and OCTs are beginning to participate in CARIFORUM Regional Projects where possible and to work on deeper levels of functional cooperation and mutual cooperation/assistance in agreed areas. Task Force meetings were held in 2007 in all areas of activity except Disaster Management, for which there was no budgeted support. The OCTs' cooperation with CARIFORUM in the recent past has included participation in a project on Strategic Planning in Public Services, and a CARIFORUM Regional Laboratories Project. Political activity in 2007 was limited to CARIFORUM Ministerial discussions on the DOMs becoming Associate Members of CARIFORUM and a continuing dialogue has been developed with the French DOMs under the auspices of INTERREG and the 10th EDF through CARIFORUM.

The deepening of trade and economic relations with **Latin America** forms part of CARIFORUM's hemispheric strategy. Action being taken includes promotion of the implementation of existing treaties and related agreements (such as the Amazon Treaty, exploration of increased opportunities in trade, investment, cooperation in tourism, the environment and functional cooperation). CARIFORUM is taking action to optimise use of its preferential agreements with Venezuela and Columbia and to prepare for gradual replacement of tariff preferences with reciprocal liberalisation. The participation of the Caribbean in the EU-LAC process and its bi-annual summits (latest in Lima

in May 2008) has contributed to further deepening the relations between the Latin American countries and the Caribbean.

EPA negotiations were concluded in December 2007 between the CARIFORUM States and the European Community and its Member States. The main objectives of the EPA are to strengthen the regional integration process and assist with economic development in the region, by commitments and improving access to the EU market via a duty-free, quota-free trade regime and simplified rules of origin for CARIFORUM goods, together with unprecedented access for certain services and service providers. In addition to market access in goods and services, the agreement covers a comprehensive set of provisions on trade rules and disciplines (e.g. Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Agriculture and Fisheries, Competition, Innovation and Intellectual Property, Public Procurement, Environment and Social Aspects), institutional provisions, as well as an important development component to ensure that the Caribbean States are able to adjust to the new challenges of globalisation and to maximise the benefits from the agreement (see annex II). It also contains a built-in agenda for future negotiations in a number of areas such as services and government procurement.

The EPA is a tool that builds on and reinforces regional integration in the Caribbean by means of market building and, through subsequent market opening, is designed to use asymmetric flexibility for the benefit of the Caribbean in terms of product coverage and periods for tariff elimination, and to provide tailor-made assistance as a way of helping to promote sustainable development. In addition, the introduction of specific cooperation provisions in the text of the agreement ensures that the EPA will become a genuine development tool.

In market access terms, the EPA has established a WTO-compatible free trade area between the EU and the CARIFORUM countries. This implies significant trade liberalisation, even though the need for an element of asymmetry both in terms of schedules and cover has been recognised through provision of transition periods up to 25 years, and for the exclusion of a number of sensitive products.

Already the preparatory phase (2002-2007) has been used for capacity-building, supporting regional integration, strengthening of regional organisations and enhancement of competitiveness, inter alia through a range of activities under the 9th EDF Regional Programme, all-ACP programmes as well as sector-specific programmes, for instance to facilitate transition in the banana, sugar, rice or rum industries.

3.3 Next steps for deepening regional integration

OECS

The gains made by the OECS would be consolidated through the creation of an integrated system of governance. The Economic Union will provide an appropriate platform from which the ultimate objective of political union among the Member States of the OECS can be easily visualised and the effort required for its attainment can be better assessed.

The OECS Economic Union will seek to build on free movement factors provided by the CSME. It will extend the immediate provisions of the CSME, in respect of the free movement of labour, to all classes of labour. It will promote policy coordination or harmonisation in areas such as foreign policy, trade and fiscal management, thereby consolidating the gains of the existing monetary union.

A revised OECS Treaty, which seeks to establish an OECS Economic Union, has been signed and is in the process of ratification. It is envisaged that consultations and public awareness campaigns

will be undertaken by each Member State, in collaboration with the OECS Secretariat, to ensure widespread participation and public buy-in at the national level.

CARICOM

CARICOM is the pillar around which economic integration activities in the region revolve. The major policy instrument guiding this initiative is the CARICOM Single Market and Economy (CSME).

In the context of the CSME the free movement of services entails the removal of all barriers to the right of establishment, and the free movement of persons entails providing for the free movement of specified skills, contingent rights, facilitation of travel and an equivalence and accreditation infrastructure. The free movement of capital entails removal of restrictions on capital movements, capital market integration and intra-regional double taxation arrangements. The removal of barriers to the right of establishment is intended to facilitate free movement of business enterprises and the Common External Tariff based on 2007 HS establishes the common external policy. All of these initiatives are to be complemented by the harmonisation of laws in all the relevant areas. These laws are to be enacted into legislation in each Member State.

The purpose of creating the Single Economy is to establish a single economic space in CARICOM. The key policy perspectives are the adoption of common sectoral programmes and the establishment of common support measures. The sectoral programmes and enabling environment will focus on industry, micro and small enterprise development, services, tourism, agriculture, transportation and energy. Common support measures will involve Human Resource Development, Research and Development, Environmental Protection, Intellectual Property Rights, Investment Policies and Incentives, Macro-Economic Policies, Monetary Policy, Financial Infrastructure, Social Infrastructure and Public/Private Sector relations.

The integration perspectives of CARICOM go beyond the CSME. These perspectives include Functional Cooperation in social, economic, political and external economic areas and Foreign Policy Coordination. Taken together, these three initiatives are the pillars of the CARICOM Development Vision. A regional task force has been established to make proposals for the further development of that vision, the pursuit of which would serve to guide future CARICOM development initiatives.

CARIFORUM

CARIFORUM focuses on the regional cooperation dimension of Caribbean development with an emphasis on improving economic and other forms of cooperation between CARICOM and the Dominican Republic. In addition, emphasis will be placed on policy formulation to promote deeper and expanded cooperation between the Dominican Republic and CARICOM. Cooperation is taking place on two levels: The first level of cooperation is the CARICOM/Dominican Republic Free Trade Agreement (FTA), the objective of which is to develop trade in goods and services and the promotion and protection of investments between CARICOM and the Dominican Republic. At the second level, the focus is on possible forms of deepened and widened cooperation between the Dominican Republic and CARICOM. In the medium term, the CARIFORUM policy is to complete negotiations on the CARICOM/Dominican Republic FTA and seek its full implementation. In addition, emphasis will be placed on policy formulation in respect of possible forms of deeper integration between the Dominican Republic and CARICOM.

Given the special circumstances of Haiti and its geographic proximity to the Dominican Republic, CARIFORUM economic cooperation policies aim to strengthen Haiti/Dominican Republic cooperation particularly in respect of trans-border trade, services including labour, tourism and joint

productive investments. That strategy promotes efficient transportation links and private sector cooperation. A bi-national strategy for cooperation between the two has been prepared. Efforts will be focused on implementing that strategy. In the medium term, emphasis will also be placed on integrating Haiti fully into the CSME.

Deepening and enhancing Regional Cooperation is a major element of Caribbean policy in general. This ties in with objectives aiming at achieving global competitiveness, honouring international commitments, and creating strategic trade and economic partnerships.

The expansion in the regional economic base with a view to boosting business and trade opportunities, attracting more investment and achieving greater economies of scale is considered crucial for creating a viable, internationally competitive and sustainable community with an improved quality of life in the Caribbean.

The CARIFORUM States will face the need to undertake a variety of reforms in the implementation of the EPA. The most immediate challenge will involve the development of national and regional institutional, legal and regulatory and human resource capacities to implement commitments made in the EPA. For instance, non-harmonised SPS constitutes a significant trade barrier. Harmonised SPS will provide a mechanism for addressing regional food safety, helping to prevent plant and animal disease across the borders.

The medium to longer-term challenge will involve the fiscal reforms and adjustments occasioned by the progressive removal of import duties and other internal charges. A constant challenge will lie in developing regional infrastructure, private sector capacities and competitive supply capacities in order to minimise the costs of adjustment for national/regional enterprises and labour and to take advantage of the opportunities created by the EPA. Furthermore, the commitments made under the EPA will have to be synchronized with the region's agenda for regional integration and cooperation.

Since its creation in 2004, the Regional Preparatory Task Force (RPTF) has been instrumental in cementing the strategic link between EPA negotiations and development cooperation. Upon provisional application this role will be taken over by the EPA's own institutional set-up, which is expected to include a joint trade and development committee. Most recently the RPTF is overseeing the establishment of a comprehensive set of studies aimed at assisting in providing better understanding of the region's needs to the region, the EU and other potential donors, and translating the final cooperation provisions of the EPA text into concrete and actionable sector programmes destined for any potential donor, detailing timing and activities required in order to allow the region to fully implement the commitments undertaken in the agreement (see annex II for listing of studies).

Nevertheless, CARIFORUM States will require existing and new technical and financial support within the context of future EDF cycles, from EU Member States and other donors, in order to put in place the institutional, legal and other frameworks that are necessary in order to be able to fully implement EPA provisions. In the Joint Declaration on Development Cooperation, annexed to the EPA agreement, the Member States of the European Union have confirmed their intention to ensure that an equitable share of Member States' Aid for Trade commitments will benefit the Caribbean ACP States, including for funding programmes related to the implementation of this Agreement. In that same Joint Declaration, both CARIFORUM and the EU agree on the benefits to be derived from regional development mechanisms and addresses regional and joint CARIFORUM/EU institutions required for implementation, including a regional development fund, accessible to all CARIFORUM States, to mobilise and channel EPA-related development support from the different sources.

Relations with OCTs, DOMs and Latin America

The CARIFORUM policy is to actively and continuously seek to broaden and deepen its cooperation with the DOMs, the OCTs and Latin America. That policy/strategy for the short to medium term includes, *inter alia*:

- (i) seeking to establish a formal status for the DOMs and the OCTs in the CARIFORUM process either as observers or as associate members.
- (ii) ensuring the existence of continuous platforms for dialogue and action on economic and social issues through CARIFORUM and OECS participation in INTERREG-Caribbean Space 2007-2013 and the establishment and operation of joint Task Forces in agreed areas.
- (i) Promoting OCT/DOMs/CARICOM/CARIFORUM Cooperation through regional projects/programmes involving the "Clovis Beaugard" taskforces grouping Cariforum, the British and Dutch OCTs, the DOMs and the European Commission in the fields of natural disaster management, health (AIDS), interconnections, trade and investments.
- (iv) promoting trade and economic and social cooperation between the DOMs and OCTs and individual CARIFORUM States, including in areas covered by the EPA. The EPA provides for joint endeavours to facilitate cooperation involving the EU's outermost regions in all areas covered by the agreement. It also includes the possibility to revise the EPA to bring OCTs within the scope of the agreement.
- (v) giving priority to bi-regional cooperation in the larger context of the EU-LAC, in which the EU-Caribbean partnership needs also to be considered.

CHAPTER 4: OVERVIEW OF PAST AND ONGOING EC COOPERATION

4.1 Past and Ongoing EC Cooperation

Since 1975 the EC has been the largest grant donor to the Caribbean region. Overall EC/CARIFORUM cooperation is aimed at poverty reduction through interventions in economic regional integration and cooperation, as well as addressing vulnerabilities and social issues. The EU has been assisting the region in meeting the MDGs through the provision of development assistance in the areas of health, education and investment in human capital under the previous and present EDF programmes.

The 8th EDF CRIP (€90 million) focused on Regional Economic Integration and Cooperation and Human Development and Capacity Building, based upon newly established ties between the regional partners. The major lesson learnt was the need to improve staffing levels and technical capacities at Delegations in the Region, particularly in Guyana, which hosts the lead regional Delegation, and the need for more direct and continuous contact between Brussels-based Commission officials and the Caribbean regional experts engaged in programming and implementation.

The focal sector of the 9th EDF RIP (€57 million) was Intensification of Regional Integration. The 2003-2007 RSP/RIP was based on the Regional Integration and Development Strategy of CARIFORUM. The overall aim of the Response Strategy was the beneficial integration of the Caribbean into the world economy through global positioning aimed at achieving sustainable economic growth, regional cohesion and stability and continued improvements in living conditions. Support given to regional integration is aimed at the establishment of a harmonised economic space for generating sustainable and equitable economic growth.

The Medium-Term-Review (MTR) of the CARIFORUM 9th EDF Regional Indicative Programme concluded that despite programming delays, there was no need for the region to adjust its strategy. The MTR pointed to policy and institutional issues which, when addressed, would resolve programming constraints. The 2005 Joint Annual Report did not show any significant progress in the levels of primary commitments in the 9th EDF Regional Programme over the MTR but reflected progress made by CARIFORUM in its regional economic integration and cooperation process, particularly in respect of the CSME.

Even if the 2005 evaluation did point to the absence of political dialogue on both programming, implementation and impact, the 9th EDF RIP End of Term Review (ETR) Conclusions specify that “significant progress was made by CARIFORUM in its original integration and cooperation process particularly in respect of the CARICOM Single Market and Economy (CSME)” and that “in view of the fact that the 9th EDF MTR for the CRIP was a special case and was only adopted in 2006, there are not any significant changes with respect to the MTR Conclusions”.

The 9th EDF RIP ETR identified a number of projects in the pipeline. The major project was a €40.5 million Caribbean Integration Support Programme (CISP). A Financing Agreement has since been signed, although not allowing for application of CARICOM procedures, a Contribution Agreement was signed with the CARICOM Secretariat for €36.0 million (end 2006) and the Year 2 Work Plan under the Contribution Agreement is now being implemented. The Contribution Agreement provides support for CSME, External Trade and Economic Negotiations, Economic Statistics, a Caribbean Regional Information and Translation Institute (CRITI), Information Society and Institutional Support for a strengthened CARICOM Secretariat.

In addition and in complementarity to the CISP, the following major regional projects are among those currently being implemented:

- Caribbean Export Development Agency – €10,5 m
- Dominica Air Access Improvement Programme - €11,95 m
- Regional Radar Warning System €13,2 m
- Caribbean Trade and Private Sector Development Programme (CTPSDP) – €2,6 m
- Haiti/Dominican Republic Transborder Economic Infrastructure Programme €45 m
- Haiti/Dominican Republic Transborder Environment Programme €4 m
- Support for the Caribbean Court of Justice – €1,315€
- Regional Law School in the Bahamas - €1,689 m
- Caribbean Knowledge and Learning Network €1,999 m and CKLN II €10 m
- Support for the Caribbean Rum Industry - €70 m
- Support for the Caribbean Rice Industry - €24m

The European Community Humanitarian Organisation (**ECHO**) has been active in disaster prevention and preparedness through its Disaster Prevention Programme (DIPECHO) which commenced operations in the Region in 1996.

Since that time, EC programmes have been providing assistance to the Region in strategy formulation and capacity building and have been leading international responses to natural disasters in the Region. These activities are coordinated through the ECHO office in the Dominican Republic. An example of this activity is the €1.7 million contribution made by ECHO to the flood relief activities in Guyana at the beginning of 2005 as part of an international and regional relief effort, as well as in Suriname to combat the effects of the floods there in 2006 and in Jamaica after Hurricane Dean in 2007. ECHO also made significant contributions of €1.5 million each to Haiti and the Dominican Republic as part of the relief effort associated with Hurricanes Noel and Olga at the end of 2007. ECHO participates in the work of CDERA, as do various other donors (USAID, CIDA, DFID et al.)

In addition it is worth noting that €8 million of the regionalised B envelope of the 9th EDF was channelled into the Caribbean Catastrophe Insurance Facility, €7.5 million was provided to the Dominican Republic following hurricane Noel, and €14 million was allocated to the Stand-by Facility.

The EU has **provided trade-related assistance** from all-ACP programmes to the Caribbean so as to build capacity to engage in trade negotiations and to facilitate the adjustment by the private sector and governments to the reduction in the special and differential treatment afforded the Caribbean. This support has been provided to the CRNM, which is the regional organisation spearheading the trade negotiations. The region has continued to receive support from the CDE and PROINVEST. The EU provides additional trade-related support to CARIFORUM through establishment of the CARIFORUM-EU Business Forum and the Trade.com and BizClim - All ACP programmes for institutional trade capacity building.

Major Achievements, Obstacles and lessons learnt from Previous EDFs

The establishment of the CARIFORUM Secretariat with a Programming Unit in 1992 contributed to improved programme formulation and implementation and has also provided an institutional framework for dialogue and cooperation between CARICOM and non-CARICOM States in the region.

Implementation of the 6th and 7th EDFs was satisfactory. However, absorption of the 8th EDF was less so, due to the following:

- Limited application of the subsidiarity principle i.e. sectors and programmes that are more relevant can best be handled at the regional level.
- Peripherality of the CARIFORUM programme in relation to economic integration and in areas where the EC has a comparative advantage.
- Sectoral dispersion and complexity of project design and implementation.
- Difficulty in obtaining agreements among Caribbean countries on project identification, specification and implementation.
- Limitations in the CARIFORUM Secretariat's mandate in terms of flexibility and decision-making capacity.
- Lack of commitment of governments in supporting regional institutions required to ensure the sustainability of programme support.

As a response, the Region adopted an inclusive strategy towards 9th EDF Programming. Non-State Actors and regional institutions were involved in developing a Regional Integration and Development Strategy from which a 9th EDF RIP was drawn.

In addition, emphasis in programming was placed on areas where the EU appeared to have had a comparative advantage. The result was a CRIP more closely focused on existing regional strategies and priorities.

The main problems and constraints that delayed implementation of the 9th EDF are related to the late adoption of the regional programme as well as to procedural and financial implementation and institutional issues. In an effort to address the institutional issues, the CARIFORUM and CARICOM Secretariats were integrated in March 2006 to allow for greater interaction in 9th EDF programme implementation. A new implementation modality in the form of a Contribution Agreement was signed between the CARIFORUM Secretariat and the EU for the implementation of regional projects. This arrangement enables the CARIFORUM Secretariat to largely manage programmes according to its own procedures which boosts ownership and assists with co-ordination of donor activities.

A number of points were made in the Commission Evaluation of the regional strategy undertaken in 2005. In this context, attention was in particular drawn to the fact that the policy dialogue could be enhanced, a long-term vision could be developed and asymmetries between countries in the region could be considered. To this end, the 2006 Commission Communication on the EU-Caribbean Partnership and the related Council Conclusions have highlighted the need for strengthening of the political dialogue. Heads of State and Government reiterated their commitment at the 3rd EU-CARIFORUM summit in Lima in May 2008. Special consideration of the particularity of Haiti – and Hispaniola cooperation (through the regional as well as the National Indicative Programmes) should help to address the regional asymmetries.

4.2 Programmes of EU Member States and other Donors

The EU Aid for Trade (AfT) strategy emphasises the need for enhanced coordination and increased predictability in the planning and delivery of AfT contributions, which is important in terms of maximising benefits and avoiding "AfT orphans". Whilst the exact share for the Caribbean region remains to be confirmed, the target for 2010 is to have €1 billion annually by EU Member States respectively the EC, with 50% of the increase going to ACP countries. In order to put together regional aid-for-trade packages the Commission has been very active in bringing together EU Member States in order to coordinate programmes funded by them in this area.

The major multilateral donors in the region are the EU, IDB, WB, IMF, OAS and the UN. The major bilateral donors are Canada, China, India, UK and USA, with Japan and Taiwan mainly

supporting the Windward Islands, and Finland, France, Germany and Norway also active in the region.

The EIB's mandate is for project financing, principally through long term lending. Over time, and through the various EU/ACP Conventions the Bank has contributed significantly to the interconnectivity of the Caribbean region through national projects both public and private sector that also have had a significant regional impact. In the present portfolio of the Bank there are around EUR 140 million worth of lending and investments signed which have significant regional integration and regional inter-connectivity attributes including airports, air traffic control, transborder energy transmission, port developments and mobile telecommunications (for details please see annex). In the financial sector, where the Bank has been requested to work towards broadening and deepening of the markets, EIB projects have made a contribution to providing funds on a regional or sub-regional basis - in regional venture capital and investment capital, in microfinance and in global loans to support small and medium sized enterprises. Under the Second Financial Protocol of Cotonou the EIB has developed a pipeline of projects that should ensure continued financing of regional infrastructure and private sector capacities to contribute to the interconnectivity and integration of the region. Significant multiplier benefits would be achieved if this could be aligned with Commission grant funding. The Bank's move towards a regional approach to venture capital, global loan and micro-finance will also continue to be pursued and will be supported by the recently opened Regional Office in Martinique.

Donors employ a variety of instruments ranging from stand-alone projects to budget support at the national level. Many of these instruments impose high transaction costs on governments, with capacities already stretched too thin. As the region moves towards closer integration, many of the donors are seeking to develop regional or sub-regional strategies and programmes. This makes it more complex for national and regional institutions to coordinate donors operating from various regional headquarters. It is therefore necessary to have coherence of donor strategies and modes of implementation within the framework of CARICOM priorities so as to achieve greater effectiveness of international assistance and reduced burdens on national governments and regional institutions. Development agencies also need to move towards an integrated approach to programming rather than a project approach and to have a more flexible approach in the delivery of their programmes. Joint execution of regional projects (e.g. CARTAC, PANCAP, CRNM and in the case of many OECS projects) should be further pursued since it yields greater benefits through the realisation of economies of scale and synergies.

In co-financing with EU Member States, the EC was the main financier of the 1996 – 2004 Regional Plan of Action on Drugs Control - Barbados Plan of Action (BPA). Activities covered areas ranging from demand reduction, treatment and rehabilitation and epidemiological surveillance, to maritime, customs and judicial cooperation, control of precursors and money laundering. Long-term objectives are to ensure full integration of drug-related policies and the fight against money laundering into regional development strategies as well as into the social, economic and political fabric of the Caribbean.

DFID is the UK department responsible for promoting sustainable development and reducing poverty. Its regional programme focuses on Trade, Macroeconomic stability, public sector reform, vulnerabilities (such as disasters, HIV/AIDS). DFID has a £10.5 m budget for the Caribbean which is distributed as follows: (i) PANCAP - £3.5 M; (ii) Guyana - £4.5 M; (iii) Jamaica - £2.5 M. One third of DFID's budget goes through regional institutions such as the CRNM, CARTAC, CARICAD and CDB. With the CDB, DFID has a two level relationship: as a member of the bank and as a donor partner. DFID provides support to the CDB in capacity building and technical support in social policy and poverty reduction. DFID also works with PANCAP on improving the work of the Global Fund to Fight AIDS, Tuberculosis and Malaria and DFID is involved with the HIV/AIDS alliance to work with the private sector in the tourism sector of Barbados and Jamaica as

part of a regional approach. DFID is currently considering taking a more Regional approach to its work in the Caribbean.

The IMF operates the CARTAC through the UNDP, which is co-financed by a range of donors, including the EU and CARICOM states. The centre provides technical assistance in the areas of fiscal administration, public debt, statistics and financial sector regulation and supervision. The World Bank funds a regional HIV/AIDS programme and offers sub-regional support to the OECS in vulnerability reduction with respect to disaster management and capacity building. The bank is also regional coordinator of the CFD, a role which will now be shared with the CDB.

The IDB channels its funds for the OECS countries through the CDB. Belize, Jamaica and Guyana have bilateral arrangements with the IDB and lending is done on a stand-alone basis. Funds generated by the CDB from borrowing on the international capital markets are used to fund grants and low interest rate (1%) loans to Member States. The grant funds are used to fund the Basic Needs Trust Fund programme of Member States up to a maximum of US\$ 150,000. Grant funds are also used for institutional strengthening in the public sector. Loan funds are used by the bank to finance physical and institutional infrastructure projects of Member States.

CIDA, in 2007, announced a shift from bilateral national-level assistance to CARICOM to regional programming, and a sum of CDN \$600 million has been pledged for a period of 10 years commencing in 2008. CIDA and the CARICOM Secretariat, in collaboration with the OECS Secretariat, are engaged in a joint programming exercise. In addition, there is a separate programme for Haiti valued at CDN \$100 million per annum.

The USAID office is responsible for implementing America's foreign economic and humanitarian assistance programme. The office in Jamaica is responsible for the Caribbean Regional Programme. The regional programme is managed under a grant agreement with the CARICOM Secretariat and, though region-wide in scope, has a special focus on the Eastern Caribbean. The regional programme has four strategic objectives.

- Improved business environment to meet international standards.
- Improved environmental management by public and private entities.
- Increased efficiency and fairness of Legal Systems; and
- Enhanced Caribbean response to the HIV/AIDS crisis in target countries.

In addition, as a result of hurricane damage in 1998 and 1999 in the Eastern Caribbean, USAID set up a recovery and reconstruction programme that involved infrastructure repair, training and technical assistance. USAID has a Disaster Risk Mitigation Facility with the CDB which ends in September 2006.

The UNDP supports agriculture, social policy development, environment baseline assessments and institutional capacity development. FAO is active in disaster relief and mitigation. PAHO supports the health sector including environmental health, non-communicable disease prevention, and health systems development. The International Labour Organization (ILO) is engaged in HIV/AIDS policy, labour productivity, child labour and labour information issues. FAO is active in promoting Food Security in the Region and provides assistance to the Jagdeo Initiative which currently forms the focus of attention for CARICOM's Agricultural Development.

Multilateral Donor Coordination

The Regional Preparatory Task Forces set up to accompany the EPA negotiations and to help translate the provisions of the agreement into concrete assistance have systematically invited other donors (on local level) and have thus contributed to donor coordination and to structuring the dialogue between donors in particular on aid-for-trade programmes.

HIV/AIDS is already receiving comprehensive donor assistance and coordination through PANCAP. This includes annual meetings of all organisations involved in the fight against HIV/AIDS. The EC has just taken over the lead role in donor coordination in PANCAP. There is also donor coordination (IDB, USAID, CDB, CIDA, UNDP, IMF and EU) with respect to the funding of CARTAC which provides advice and training in fiscal, monetary, financial and related statistical areas to countries of the Caribbean region. CARTAC is a UNDP cost-sharing/contribution project and the centre is run by the IMF. With respect to CDERA, there are many donors involved in disaster management so it is clear that good coordination is vital but, at present, it is not clear that CDERA can play this role without considerable additional support. Work is also currently being undertaken through UNDP on a donor matrix across the region on the basis of which increased donor coordination can be organised.

Donor coordination has improved over the past few years. Nevertheless, there is still room for further improvement and steps need to be taken to avoid overlapping funding. The fact that donors' regional offices are in different countries in the Region and that the CARICOM headquarters is not in the easiest of countries to access, does not help. CARIFORUM, however, needs to continue to work towards strengthening its donor coordinating mechanisms.

4.3 Policy Coherence

With respect to the **MDGs**, emphasis is placed on human and social development, thus investment in human capital is a major EU policy response to the challenges of globalisation and inequality worldwide. If the MDGs are to be achieved, there has to be increased spending on the social sector. CARIFORUM countries have also invested in their social sector so as to reduce poverty and improve living conditions for their citizens. The region is working towards achieving the MDGs by 2015 and has made this a priority under the human and social development policy and strategies of the region. The EU has also provided assistance to the CARIFORUM countries in health, education, training and research.

However, accelerated growth will be a necessary – if not sufficient – condition if the central objectives of poverty reduction and MDGs are to be achieved. Support for regional integration has been part of Europe's development policy since the Second Lomé Convention of 1979.

The EC's **Trade Policy**, which seeks to improve trade and economic growth in developing countries, is an important tool for supporting regional integration. The comprehensive EPA (where the EC signed up to duty-free-quota-free market access, with the exception of rice and sugar where transition periods have been foreseen) will complement regional efforts to strengthen governance of regional integration and cooperation and the consolidation of regional markets. The EC has provided trade-related assistance to the Caribbean so as to build capacity to engage in trade negotiations and to facilitate the adjustment by the private sector and governments to the reduction in the special and differential treatment afforded to the Caribbean. In the EPA context, account has been taken of the sensitivity of the agricultural sector: long transition periods or even exclusion of liberalisation have been provided for a number of agricultural products originating in Cariforum. The limited transition period foreseen for imports of rice and that for sugar (until 2015) have been designed to take into account the Common Agricultural Policy reform process. In the case of sugar in particular, the full liberalisation of sugar imports will occur on 1st October 2015 to allow the sector to get adapted to the new price conditions and carry out restructuring. Bananas, which are a key commodity for some Caribbean countries, can now be exported to the EC without any duty nor quota.

In addition, in order to facilitate the adaptation to changing global (and EU) market conditions, the EC has supported the transition in key commodities sectors in the Caribbean: To enhance

competitiveness and support the diversification of the **banana** sector, a Special Framework of Assistance (SFA) was established in 1999. By 2008, when the SFA will have run its course, the Caribbean will have received a total allocation of around €270 million, which is more than 73% of the total value of the SFA. The "**Accompanying measures for Sugar Protocol countries**" (AMSP) include actions to make the sugar industry more competitive, to bring about diversification and to mitigate the social effects of the changes in the trade regime, which entered into force on 28 February 2006 in six Caribbean countries (Jamaica, Belize, Barbados, Trinidad & Tobago, St Kitts & Nevis, and Guyana). Under the 2006 budget, sums amounting to €19.4 million, nearly 50% of the total funds were made available for the six Caribbean countries. Further Commission Decisions for the Financial Years 2007-2010 are expected before the end of 2007. The total amount for the Caribbean is then expected to be around €345 million for the period 2006-2010. After this period, and following a mid-term evaluation of the AMSP, there will be additional funds for the period 2011-2013. In order to develop the competitiveness of the Caribbean ACP **rice industry**, the Commission has set up a programme to support the sector, worth €24 million. This programme runs until 30 September 2008. In addition, the EC has progressively made its Common Agricultural policy more development-friendly through successive reforms which have led to a drastic reduction of export subsidies and trade-distorting-domestic subsidies. . By 2011, at which time the CAP reforms launched in 2003 and 2005 will be fully implemented, almost 90% of EU direct payments will be decoupled from production. In the context of the WTO negotiations, it needs to be recalled that the EU offered to eliminate all export subsidies by 2013 and to reduce trade-distorting-domestic support by 60% on average.

EC assistance to the region in the fight against **illicit drugs** is an integral element of the priorities established by the EU Drugs Action Plan as well as the priorities and actions of the EU-LAC Panama Action Plan, the blueprint for EU-LAC cooperation in the fight against illicit drugs and related crimes.

In general, the **EU-LAC strategic partnership** creates a comprehensive common platform for a bi-regional dialogue and cooperation on political and socio-economic issues. Since the first EU-LAC Summit in Rio in 1999, the Summits are key events in this partnership. The most recent Summit took place in Lima in May 2008. This strategic partnership offers significant opportunities for the countries concerned in their efforts to expand their relations to the wider Caribbean and Latin America. In addition to the above-mentioned cooperation on drugs, regular dialogues have been set up on issues such as social cohesion, environment, migration, etc.

The Caribbean region has also supported the International Decade for **Natural Disaster** Reduction (IDNDR) and by extension the Yokohama Strategy and Plan of Action for a Safer World. The region also participated in the Second World Conference on Disaster Reduction in Hyogo, Japan, in January 2005. The only environmental convention covering the entire Caribbean is the Cartagena Convention (1983) and its Protocols concerning oil spills and Specially Protected Areas and Wildlife (SPAW), the latter having entered into force in April 2000. Finally, as mentioned above, it is worth noting that the European Community Humanitarian Organisation (ECHO) is active in disaster prevention and preparedness in the Region and its Disaster Prevention Programme (DIPECHO) commenced operations there in 1996.

CHAPTER 5: THE RESPONSE STRATEGY

The Response Strategy results from a process which takes into account a number of factors.

The first is the promotion of CARIFORUM participation in the global economy through regional integration as a key instrument for the sustainable development of the region. In this context, an important objective is the creation of more and better business and trade opportunities, increasing the attractiveness for investors and achieving greater economies of scale. The Response Strategy takes into account and builds on the various levels, depth, scope and coverage of regional and sub-regional integration and cooperation processes (e.g. in the context of the OECS, CARICOM, CARIFORUM). In accordance with the principle of subsidiarity it favours intervention at the regional level only when there is an added value.

Another factor determining the Response Strategy is the policy of the EU towards the Caribbean as defined by the Communication on the "EU-Caribbean Partnership for growth, stability and development" (COM (2006) 86 final) and the respective EU Council Conclusions.

The Economic Partnership Agreement (EPA) as an instrument for development is an integral part of the EU-Caribbean Partnership. While the EPAs are trade agreements, they aim at achieving development objectives through the promotion of regional integration, the gradual integration of CARIFORUM countries into the world economy, capacity building in trade policy and trade-related issues, supporting the conditions for increased investment. (Part 1, Art. 1). As such, the EPAs are therefore a tool for promoting the overall objectives of reducing poverty, ensuring sustainable development and boosting regional integration.

At the 3rd EU-CARIFORUM summit, held in Lima in May 2008 in the margins of the EU-LAC summit, Heads of State and Government of the two regions confirmed the policy framework and key priorities that should govern the partnership in the future, among which are regional integration and EPA implementation and the special vulnerabilities and challenges of the region, including those linked to the rising cost of food and energy, the environment, climate change and natural disasters as well as crime and security concerns. To this end, leaders agreed on the broad areas of intervention for the 10th EDF regional programme as defined below, and underlined the need to find innovative and flexible implementation mechanisms in order to achieve optimal disbursement rates (see Joint Communiqué in Annex VIII).

5.1 The Response Strategy

The overall aim of the Response Strategy is to support the beneficial integration of the Caribbean region into the world economy, allowing the region to better reap the benefits of globalisation and countering its negative impact, thus leading to sustainable economic growth, regional cohesion and stability, and continued improvements in living conditions. The primary focus of the strategy is to provide support for regional integration and cooperation among CARIFORUM countries, taking into account the objectives of the region and the needs related to implementation of the EPA, which is considered to be a vehicle for regional integration. In order to promote regional integration and cooperation through the Response Strategy within the first six months after the signing of the Regional Indicative Programme the strategic orientations provided by the CARIFORUM states policy agenda will be further specified in a roadmap. Because of the dynamic nature of regional integration the roadmap will be revised annually, detailing the various measures and actions bringing forward the CSME and ensuring convergence between the CARICOM, the cooperation with the Dominican Republic and the functioning of the OECS. This roadmap will be action oriented and will facilitate measuring and adjusting the RIP's contribution to the regional integration agenda. It is expected to enhance dialogue with donors and coordination of their actions around a clearly articulated operational plan. Furthermore, the roadmap should indicate adoption of institutional reforms and other measures such as regional decisions and regulations.

The increase of the EDF resources under the 10th EDF and the complexity of the programme require a concomitant increase in regional and national institutional capacity so as to ensure that the pace of implementation responds to the expectations of the region. This may also involve further improvements of the regional institutional framework. The roadmap may, therefore, be accompanied by an outline of institutional capacity enhancing measures at regional, but also national level where relevant, to implement effectively the proposed RIP. Regional and national institutional capacity building measures may also be defined in individual interventions to be financed under the 10th EDF Regional Indicative Programme. Both approaches could involve reinforcing the regional bodies as well as their capacities to translation of regional decisions into national actions and promote simplification of implementation processes

In the Joint Declaration on Development Cooperation, annexed to the EPA text, the parties recognise the important adjustment challenges that the implementation of this Agreement will pose, in particular to smaller economies among the CARIFORUM States. The Parties agree that an important number of commitments undertaken in this Agreement will require the rapid start of reforms.... The Parties reaffirm the importance of ensuring the most efficient use of development finance resources, in order to meet the objectives of this Agreement, to maximize its potential and support its proper implementation, as well as to support the CARICOM Development Vision".

Obviously, funding for the totality of EPA-related needs cannot come from the resources of the 10th EDF RIP alone. Several of the National Indicative Programmes are also oriented towards activities linked to the EPA: five programmes will target competitiveness, three programmes will contribute to governance and public administration reforms, and three will focus on infrastructure. In total, this concerns €454 million (\$ 635 million) out of some €600 million (close to US\$ 840 million), that is 75% of the national programmes.

In addition, in the above-mentioned "Joint Declaration on Development Cooperation" of the EPA Agreement the Parties also "... recall that under the Revised Cotonou Agreement, a successor to the current Financial Protocol will be agreed for the period 2014 – 2020. The Parties further recognize that the funds allocated to the Caribbean Regional Indicative Programme (CRIP) in the 10th EDF are to be complemented by Aid for Trade contributions by Member States of the European Union (EU)."

To this end, in line with the EU Council Conclusions of 27 May 2008, the European Commission will take the initiative in designing jointly with ACP partners specific regional Aid-for-Trade packages that include EPA accompanying measures, building on the 10th EDF regional programming process and in which EU Member States have agreed to participate.

The RIP of the 10th EDF also builds on the activities financed under previous programmes and has been developed with careful consideration of other activities envisaged: support for regional integration and EPA implementation is to be supplemented by recently launched 9th and 10th EDF Intra-ACP programmes providing support in specific areas such as trade and the private sector, commodities, fisheries, infrastructure, and culture; examples of Intra-ACP activities financed under previous programmes in the SPS field are:

- €42M Strengthening Fishery Programmes
- €30M Strengthening Food Safety Systems through SPS measures – agricultural and fishery products
- €30M support program to adjust the SPS control System in the ACP countries in line with the EC regulation on Official Feed and Food controls.

Cooperation in the areas of climate change and natural disasters will be supported through various instruments. These include:

1. the funds available under the EC budget and the European Development Fund for the Global Climate Change Alliance (GCCA), the platform for political dialogue underpinned by technical and financial support launched by the European Commission in 2007⁹ in order to help LDCs and Small Island Development States to increase their capacity to adapt to the negative effects of climate change;
2. the funds available under the EC budget and the European Development Fund for implementation of the EU Strategy for Disaster Risk Reduction (DRR) in developing countries currently being prepared by the European Commission and due to be adopted in October 2008. Such strategy represents the response to the increasing number of disasters most probably due to the effects of climate change. The EU has wide experience with individual DRR projects but is lacking a comprehensive strategic framework to steer DRR action and exploit synergies. The Strategy will frame the scaling up of support for DRR, building on the EC's extensive experience gathered in particular through relevant regional projects including in the Caribbean.

In general, the Response Strategy is also supported by the various Intra-ACP programmes and other EC budget lines from which the Caribbean will be able to benefit and that are suggested to cover besides the above mentioned also areas such as natural disaster preparedness, environment, health, SPS, energy, science and technology, migration, education, biotechnologies.

National Indicative Programmes geared to achieving sustainable economic development and cooperation through deeper regional integration and addressing trade development, competitiveness and productivity enhancement constitute an integral part of the Response Strategy: Focal sectors for NIPs lie in the areas of governance and competitiveness or infrastructure/interconnectivity (Haiti, Suriname and Guyana), macroeconomic budgetary support (Jamaica) or poverty reduction (Grenada). Non-focal sectors concentrate among other things on governance (Guyana, Trinidad and Tobago), good governance in the tax area (Barbados, Belize, Dominica, Grenada, St. Lucia, St. Kitts & Nevis, St. Vincent & the Grenadines) as well as capacity building related to EPA (Jamaica).

Although statistics are recognised as an important tool in CARICOM's integration policy, there is still considerable variation in the range and coverage of economic and social indicators in Member States. In none of the Member States does the supply of statistical information meet the expressed demand, in terms of either coverage or timeliness. The CARICOM Standing Committee of Caribbean Statisticians (CSSC), composed of the Directors of the National Statistical Offices (NSOs), is responsible for the coordination of CARICOM Statistical Systems. The CARICOM Secretariat has responsibility for implementing the Regional Work Programme (RWP) which covers such areas as training, capacity building actions in areas such as national accounts and trade and price statistics, and harmonisation of tools, nomenclatures and classifications as well as the development of regional databases. Depending on the final evaluation of the statistical component of the 9th EDF CISP, further capacity building in the area of statistics may be essential in order to enable the region to establish a sound information base for policy development and decision making. The programme for Improved statistical systems in the OECS countries should also be supported.

Finally, the loans granted by the EIB to the region, with the objective of furthering the Cotonou Agreement's goal of reducing poverty, by contributing to sustained economic growth and private sector development, are also furthering the objectives of the Response Strategy.

⁹ COM(2007) 540

5.2 Objectives of the Strategy

The global objectives are Poverty Reduction and Integration into the Global Economy.

5.3 Results Anticipated from Strategy Choice

- (i) Deeper and wider regional economic integration and cooperation.
- (ii) Deeper and wider regional cooperation in addressing vulnerabilities and social issues.
- (iii) Improved capacity to meet commitments arising out of the EPA.
- (iv) Greater involvement of non-state actors in the decision-making process.

5.4 Main Areas of Focus

5.4.1 Focal Area - Regional Economic Integration/Cooperation and EPA Capacity Building

5.4.1.1 Objectives

The global objective is to promote economic growth and increased international competitiveness through regional economic integration and cooperation, thereby contributing to Poverty Reduction.

The specific objective is sustainable economic development and cooperation through expansion of the regional economic base and active participation in a CARIFORUM/EC EPA. The specific objective is directly related to CARIFORUM's long-term economic development objectives, it promotes the use of regional integration and cooperation as a mechanism to realise these objectives and emphasises the role of CARIFORUM/EU relations in the realisation of CARIFORUM development objectives. This objective is maintained from the previous Regional Strategy supported by the 9th EDF RIP, thus ensuring continuity and demonstrating the long-term commitment to the selected strategy.

5.4.1.2 Themes for Intervention

The themes selected for intervention are based on the various integration and cooperation processes in which CARIFORUM States are involved, namely the OECS Economic Union, the CSME, enlargement of regional markets and the need to build capacity to meet EPA commitments. The intent is to achieve a concentration of interventions to be made under the regional programme. Selected themes for intervention are as follows:

Focal Area: Regional Economic Integration/Cooperation and EPA priority areas including Capacity Building

- (1) CSME establishment and fostering CARICOM Integration
- (2) Deepening of integration of OECS Economic Union both internally and with the CSME
- (3) Strengthening Intra-CARIFORUM Regional Cooperation
- (4) EPA implementation

- (5) Investing in Human Capital
- (6) Integration and cooperation in the wider Caribbean

5.4.2 Non-Focal Area – Vulnerability and Social Issues

5.4.2.1 Objectives

The global objective is to contribute to Poverty Reduction through the reduction of special vulnerabilities. The specific objective is sustainable social development, continued improvement in living conditions and engagement of Non-State Actors as partners in the development process.

5.4.2.2 Themes for Intervention

Non-Focal Area: Addressing vulnerabilities and social issues

- (1) Crime and Security Cooperation;
- (2) Civil Society participation
- (3) Institutional support / programme implementation

5.5 Implementation Modalities

Implementation requires prior definition of the exact combination of appropriate delivery mechanisms ensuring the required flexibility and feasibility in terms of timeliness, coordination and co-funding with Member States, e.g. in the context of the regional Aid for Trade package, and with other donors.

Within the first six months of the signing of the Regional Indicative Programme, the strategic orientations of the regional policy agenda of CARIFORUM will be further specified in a roadmap. The roadmap will provide indications of measures and actions taken to secure progress in the CSME and other CARIFORUM integration initiatives. The roadmap will also provide information on OECS integration initiatives and on the development of closer cooperation between the Dominican Republic and CARICOM. The roadmap will also provide information on action taken and programmes initiated and being implemented by CARIFORUM in respect of building capacity for EPA implementation. It will be revised annually, by CARIFORUM, and will facilitate measurement and possible adjustments of the RIP's contribution to the regional development, integration and cooperation agenda. It will also enhance CARIFORUM's dialogue with International Development Partners and contribute to the coordination of their actions in support of the regional development agenda. Furthermore, the roadmap will provide information on institutional reforms and regional decisions and regulations affecting the regional development agenda.

This roadmap will facilitate measuring and adjusting the RIP's contribution to the regional integration agenda. It can serve to enhance dialogue with International Development Partners and coordination of their contributions.

In addition, the guiding principles should be compatible with EDF procedures, and simple implementation structures in terms of minimising the number of projects, the number of implementation institutions and therefore the number of Contribution Agreements. Financing by provision of grants via contribution Agreements should be prioritised.

In this respect the Parties agree on the benefits of a regional development fund, accessible to all CARIFORUM States allowing for pool funding in support of programmes in CARIFORUM

countries. Whilst a CARICOM Development Fund was formally launched at the CARICOM Heads of Government Conference in Antigua and Barbuda on 1-4 July 2008, modalities allowing for full CARIFORUM coverage are not clear. A proposal currently exists for the establishment of a CARIFORUM Facility within the CARICOM Development Fund, for the financial management of CARIFORUM EDF and other sources. The feasibility of such a facility is to be examined. The proposed road map will provide information on the establishment of this or other suitable mechanism as a disbursement mechanism for EU resources to CARIFORUM. However, if the CARICOM Development fund is not operational in time or if its operating modalities are found to be incompatible with EDF procedure, especially relating to the conclusion of a Contribution Agreement, other implementation modalities will have to be identified jointly. In this process the implementation capacities of both Parties have to be taken into full consideration.

For all interventions the amount and the implementation modalities mentioned in this document and the Annexes attached to it are indicative only. These will ultimately be determined on the basis of the recommendations of (still to be conducted) feasibility studies and on the recommendations of assessments and audits of implementation institutions proposed by the Parties.

PART B: REGIONAL INDICATIVE PROGRAMME

CHAPTER 6: PRESENTATION OF THE INDICATIVE PROGRAMME

6.1 Introduction

Within the general framework of the present Regional Strategy Paper, and in accordance with Article 10 of Annex IV to the Cotonou Agreement, the Parties have agreed on the main priorities for their cooperation and on the areas on which the support of the Community will be concentrated. A detailed Indicative Programme is presented in this chapter, followed by annexes containing a series of tables presenting the intervention frameworks for each focal area, an activity pipeline chronogram and the indicative commitment and expenditure schedules.

Amounts mentioned in this chapter indicate the global distribution of funds between the focal areas and other programmes. This distribution which will be reflected in the annually revised regional roadmap to be established can be modified by the parties in the context of mid- and end-of-term reviews.

6.2 Financial instruments

This Indicative Programme is based on the allocation for the Caribbean Region amounting to **€165 million**. The indicative allocation will be distributed as follows:

Focal Area: Regional Economic Integration/Cooperation and EPA priority areas including Capacity Building – 85-90% of €165 million.

Non-Focal Area: Addressing vulnerabilities and social issues – 10-15% of €165 million.

Other financial instruments:

Specific activities may be supported by external actions funded by the general budget of the European Community carried out under the financial framework for 2007-2013 subject to special procedure and availability of funds, and out of the own resources of the EIB. Actions funded by the general budget include, among others, programmes funded under the Development Cooperation Instrument such as the thematic programmes "investing in people", "non state actors in development", "migration and asylum", "environment and sustainable management of natural resources" and "food security" *<and the programme for accompanying measures for ACP Sugar protocol countries>*, as well as actions funded from other instruments such as the stability instrument, the instrument for the promotion of human rights and democracy or the instrument for humanitarian and emergency assistance.

Monitoring and evaluation

Monitoring of results and evaluations of impact of individual activities (programmes, projects, sectors) under this RSP will be undertaken in line with the Technical and Administrative Provisions that are attached to each individual Financial Agreement prepared to implement this RSP.

The results and impact of the Community's cooperation with the Caribbean Region implemented through the RIP and through other external actions funded by the general budget of the European Community, will be assessed by means of an independent external evaluation. This evaluation may be undertaken jointly with EU Member States and possibly also with other donor agencies.

6.3 Focal Area: Regional Economic Integration and Cooperation

6.3.1 Specific objective

The following specific objective shall be pursued:

To achieve sustainable economic development and cooperation through the regional integration dimension of an EPA and active participation in a CARIFORUM/EU EPA.

6.3.2 The Means to Achieve the Objective:

- (i) Increased regional competitiveness in the production of and trade in goods and services.
- (ii) Regional Economic Integration and Cooperation with the CSME in place and functioning.

6.3.3 Results

The RSP will contribute to achieving the following results:

- (i) Increased production, diversification and export of goods and services.
- (ii) Deeper and wider regional economic integration and cooperation.
- (iii) Enhanced human capacity for sustainable development.

6.3.4 Intervention (Programme) Areas

For indicative purposes, approximately **€143 million (or 85-90% of €165 million)** shall be reserved for the Focal Area.

The major interventions envisaged for the focal area are:

- (i) Economic Integration and Trade of the OECS – approximately 4%
- (ii) CSME and CARICOM Integration – approximately 15%
- (iii) Intra-CARIFORUM Economic and Social Cooperation – approximately 14%
- (iv) CARIFORUM/DOM/OCT/EU/LAC Economic Cooperation and Trade – approximately 4%
- (v) EPA Implementation and accompanying measures – approximately 44%
- (vi) Investing in Human Capital – approximately 6%

The intended beneficiaries for the following regional programmes are Governments and citizens of CARIFORUM countries, plus some Caribbean institutions such as the CARICOM and OECS Secretariats and the Caribbean Development Bank. The type of assistance to be provided will be technical and financial assistance (See annex X for indicative list of projects and programmes).

6.3.5 Accompanying Measures

Regional Integration

(i) OECS

The Caribbean Regional Economic Integration Strategy provides for the special circumstances of the OECS through Chapter 7 of the Revised Treaty of Chaguaramas governing the establishment of the CSME. The accompanying measures required include effective implementation by CARICOM of these treaty-related and other arrangements for the OECS.

(ii) CARICOM

CARICOM will have to secure the intimate involvement of Haiti, Belize, Suriname and the Bahamas in CARICOM activities, consolidate the Single Market and establish the framework for the Single Economy by the end of 2008.

The process of economic integration in CARICOM is orchestrated by the COTED, the COFAP and the COHSOD with a view to fostering economic integration; the Ministerial Councils (COTED, COFAP, COHSOD) are active in certain priority areas of macroeconomic policy such as convergence, fiscal and investment policies, sectoral policies and rules in areas such as transport, agriculture and fisheries, energy, and external policies. The objective is to have the framework for the Single Economy completed by the end of 2008. CARICOM must take effective implementing action to realise that objective. In addition, the institutional frameworks, regulations, operating procedures, financing and sustainability of the proposed CARICOM Regional Development Agency and CARICOM Regional Development Fund must be clearly defined.

(iii) CARIFORUM

At the CARIFORUM level, attention will need to be paid to accompanying measures including:

- (a) Effective implementation of the CARIFORUM/EU EPA.
- (b) Effective implementation of the CARICOM/DR FTA.
- (c) Effective implementation of the CARICOM/Cuba Trade and Economic Cooperation Agreement.
- (d) Completing and implementing a Plan of Action in respect of bilateral cooperation between Haiti and the Dominican Republic.
- (e) Complete consideration of the status of the DOMs in CARIFORUM and of the possibilities for facilitating cooperation in all areas covered by the EPA in line with Article 239 (1).
- (f) Taking action to deepen relations with the OCTs.
- (g) Developing and implementing a plan of action for more substantial participation in the EU/LAC process.

6.4 Non-Focal Area – Vulnerability and Social Issues

6.4.1 Specific Objective

Sustainable development and adequate capacity to implement agreed regional programmes.

6.4.2 Means to Achieve the Objectives

- (i) Improving collaboration between regional actors in addressing physical and social vulnerability issues.
- (ii) Continued process of empowering non-state actors. (not mentioned elsewhere)
- (iii) Strengthening of capacities of agencies/institutions involved in the implementation of regional programmes.

6.4.3 Results

The RSP will contribute to achieving the following results:

- (i) Wider and deeper levels of regional cooperation in addressing social vulnerability issues.
- (ii) Greater involvement of Non-State Actors in decision-making processes in the region and in programme implementation.
- (iii) More effective regional programmes.

6.4.4 Intervention

An indicative amount of **€22 million (or 10-15% of €165 million)** has been reserved for non-focal areas.

- (i) Crime and Security Cooperation - approximately 6%

- (ii) Civil Society Participation - approximately 5
- (iii) Institutional Support/Programme Implementation – approximately 2

The intended beneficiaries of the following programmes are Governments and citizens of CARIFORUM countries and, possibly, some Caribbean institutions. The type of assistance to be provided will be technical and financial assistance (See Annex X for indicative list of projects and programmes).

6.4.5 Accompanying Measures

The region will continue to take policy initiatives on vulnerability and social issues.

(i) Good Governance

The region must pursue good governance strategies which promote balanced and fair economic, social and human development and provide an environment in which people can prosper. The Region's good governance strategies must serve to increase and improve levels of good governance through attention to Crime and Security issues, including drug trafficking and money laundering, accountability and transparency in public affairs and empowerment of Non-State Actors. They must also cover demand and supply-side approaches to the fight against drugs and crime.

(ii) Crime and Security

The region must continue to negotiate and implement mutually beneficial arrangements with third parties to fight crime. In addition, it must improve national and institutional capacities and place the relevant national and regional crime and security agencies on a secure and reliable funding/financing status.

(iii) Non-State Actors and Civil Society

CARIFORUM must seek to engage non-state actors as partners in development, in the design of policies, strategies and initiatives intended to create that environment. In that regard, the region must establish mechanisms for consultation and support initiatives for empowerment and capacity building for non-state actors. CARIFORUM should promote networking of non-state actor organisations and their use to implement regional programmes. The region must address, jointly with non-state actors, matters related to regional framework legislation and regulations on registration and operations, financial sustainability including philanthropy legislation and codes of ethics.

(iv) Cross-cutting Issues

In all programmes the following cross-cutting issues form part of the support strategy:

- (i) Gender issues
- (ii) Youth and unemployment
- (iii) Environment
- (iv) Migration
- (v) Development and strengthening of regional structures, institutions, and procedures to develop capacity
- (vi) Human rights, childrens rights and indigenous peoples' rights

Gender mainstreaming must be emphasised as a strategy for promoting gender equality in the region. Such an approach must take into account the social, cultural, economic and political inequality between women and men in all activities (e.g. policy, administrative, human resource and financial) and promote the empowerment of women.

Environment will be mainstreamed into the different priority and non-priority programs of the strategy. For each sector, a screening will be made in order to determine what type and what level of environmental impacts could be expected. This will help decide whether a Strategic Environmental Assessment is needed or not. If needed, SEAs will be undertaken and their conclusions will be integrated in the design of the proposed actions.

6.5. Duly mandated organisations

For the purpose of implementing this Indicative Programme the duly mandated regional organisation is the Caribbean Forum of ACP States CARIFORUM. The duly mandated regional organisation appointed the Secretary General of CARIFORUM/ CARICOM as the Regional Authorising Officer (RAO). The function of Regional Authorising Officer is defined by analogy with the description of the function of National Authorising Officer in the Cotonou Agreement (Annex IV, Articles 14.3 and 35).

The regional organisations listed below may also be involved in implementation of the RIP: These consist of organisations that are currently eligible to conclude Contribution Agreements with the Commission.

- (i) CARICOM Secretariat
- (ii) The OECS Secretariat

Those organisations that have to become eligible to conclude Contribution Agreements.

- (iii) The CDB
- (iv) Caribbean Export
- (v) CAREC
- (vi) CRNM
- (vii) CDERA
- (viii) UWI/and other national universities
- (ix) Other existing institutions to be identified /selected.
- (x) The CARICOM Development Fund; as the organisational structure and operating modalities of the CDF have still to be designed, no statement can currently be made on its potential eligibility to conclude Contribution Agreement with the Commission.

The list of duly mandated organisations and Governments of ACP States, as well as their respective responsibilities in the implementation of the Indicative Programme can be amended by exchange of letters between the Regional Authorising Officer(s) and the Chief Authorising Officer, provided that conditions concerning positive outcome of institutional audit are fulfilled.

**ESTABLISHMENT OF THE CARICOM SINGLE MARKET AND ECONOMY
SUMMARY OF STATUS OF KEY ELEMENTS**

ELEMENTS	STATUS	ACTION REQUIRED
1. TREATY REVISION	Currently applies to 12 of the 15 CARICOM Member States	The Bahamas to decide Haiti to complete process Montserrat awaiting entrustment from U.K
1.1 Signature of Revised Treaty	The Twelve (12) Member States have signed Revised Treaty	The Bahamas and Montserrat to sign
1.2. Protocol on the Revision of the Treaty	The twelve (12) Member States have signed	
1.3. Ratification of Revised Treaty	The twelve (12) Member States have ratified Revised Treaty. Treaty entered into force on 1 January 2006.	
1.4. Enact Treaty into Domestic Law	The twelve (12) Member States – Antigua and Barbuda, Barbados, Belize, Dominica, Guyana, Grenada, Jamaica, St. Kitts and Nevis, Saint Lucia, St Vincent and the Grenadines, Suriname and Trinidad and Tobago have enacted Treaty into Domestic Law	
2. NATIONAL ADMINISTRATION		
2.1. Ministry with responsibility for CARICOM Affairs	The twelve (12) Member States and The Bahamas, Haiti and Montserrat have identified Ministry with responsibility for CARICOM Affairs	
2.2. National Consultative System - Inter-Ministerial Consultative Committee -Business and Labour Advisory Committees	All Member States except Dominica have IMCC 5 Member States have confirmed formal BLAC- Antigua and Barbuda, Grenada, Guyana, Jamaica, St Vincent and the Grenadines though other Member States have some arrangement in place	Other Member States to ensure establishment of systems
2.3. Establishment of CSME Unit or focal point.	All 12 Member States and Haiti and Montserrat have formally identified a designated Official.	Member States to support the effective functioning of its Focal Point
3. ENFORCEMENT, REGULATION AND SUPPORTING INSTITUTIONS		
3.1. Caribbean Court of Justice (In its Original Jurisdiction)		
3.1.1. Signature of Agreement	The twelve (12) Member States have signed.	The Bahamas and Montserrat to sign

ELEMENTS	STATUS	ACTION REQUIRED
3.1.2. Ratification of Agreement	The twelve (12) Member States have ratified the Agreement. The Agreement entered into force with the deposit of the third instrument.	
3.1.3. Enactment of Agreement into Domestic Law	The twelve (12) Member States have enacted legislation with respect to the Original Jurisdiction of the Court.	
3.2. CARICOM Regional Organisation for Standards and Quality (CROSQ)		
3.2.1. Signature of Agreement establishing CROSQ	Agreement signed by the twelve (12) Members The Agreement is being provisionally applied among these Member States.	Montserrat to sign, which signature will bring the Agreement into force
3.2.2. Enactment of Agreement into domestic law	Belize, Jamaica and Suriname have enacted the Agreement into law	Other Member States to indicate status of enactment or to enact into law
3..3 National Standards Bodies	National Standards Bureaux established in eleven (11) Member States.	Efforts being made to establish NSB in Suriname as well as Montserrat
3.4 National Competition Authorities	National Competition Bodies established in Barbados, Jamaica and Trinidad and Tobago. St Vincent and the Grenadines has an Act but it is not yet proclaimed. Guyana has also enacted legislation.	All other Member States to establish national competition authorities.
4. FREE MOVEMENT OF GOODS		
4.1 Tariffs and Non-Tariff Barriers		
4.1.1 Removal of unauthorized import (or equivalent) duties on goods of Community Origin	Belize applies a Revenue Replacement Duty on a specific list of goods of Community Origin;	Belize to remove discriminatory application of Revenue Replacement duty on goods of Community Origin.

ELEMENTS	STATUS	ACTION REQUIRED
4..1. 2 Removal of discriminatory Internal Taxes and Other Fiscal Charges	<p>Discriminatory taxes and charges have been identified as follows:</p> <p>Discriminatory Environmental Levy applied Barbados.</p> <p>Discriminatory Environmental Levy applied by Belize.</p> <p>Discriminatory Environmental Levy applied by Guyana.</p> <p>Discriminatory Environmental Protection Levy applied by Saint Lucia.</p> <p>A discriminatory Consent Fee is applied by Suriname on all imports of Community Origin.</p>	Member States applying measures deemed to be contrary to the Revised Treaty, to take action to make relevant legislation consistent with the Treaty.
5. FREE MOVEMENT OF SERVICES		
5.1. Removal of Restrictions to Provision of Services		
5.1.1. Implementation of Programmes for Removal of Restrictions	<p>Legislative and administrative action was taken by the twelve (12) Member States to remove restrictions on the Right of Establishment in order to become Single Market ready</p> <p>Montserrat's Programme to remove restrictions has been approved by the Conference after a two-year derogation from its obligation to implement Programmes</p> <p>The Conference has agreed that Programmes for the removal of restrictions on international maritime and air transportation would be negotiated at a later date.</p>	Member States, as applicable, to comply with Single Market obligations by July 2007 in cases where some restrictions remained
6. FREE MOVEMENT OF PERSONS		
6.1. Free Movement of Skills		
6.1.1. Implementation of Skills Legislation [Free movement of University Graduates]	Legislation in eleven (11) Member States	Antigua and Barbuda to amend legislation Suriname to amend legislation to cater for indefinite stay of CARICOM Nationals.

ELEMENTS	STATUS	ACTION REQUIRED
6.1.1.1 Regulatory and Administrative arrangements for free movement of graduates.	Action to facilitate free movement of graduates completed by 11 Member States	Antigua and Barbuda to take the necessary action.
6.1.2. Implementation of legislation for free movement of Artistes, Media Workers, Musicians, Sports persons	Eleven (11) Member States have explicit legal provision for free movement of artistes, media workers, musicians and sports persons.	Antigua and Barbuda to amend existing legislation to provide for free movement of these categories All Member States, except Antigua and Barbuda to include teachers and nurses on the schedule of eligible categories
6.1.2.1. Regulatory and Administrative arrangements for free movement of Artistes, Media Workers, Musicians, Sports persons	Ten (10) Member States have completed action to facilitate free movement.	Antigua and Barbuda to implement arrangements.
6.1.3. Legislative and Administrative arrangements for Free Movement of Self employed service providers, entrepreneurs, technical, managerial and supervisory staff, spouses and immediate dependent family members, persons consuming services abroad.	Chapter Three expanded the categories of persons eligible to move freely, to include Removal of Restrictions on these additional categories at latest in accordance with the time line of December 2005.	Member States to take legislative and administrative action to give effect to the free movement of these categories
6.2. Contingent Rights	The Revised Treaty provides for the subsequent addition of a Protocol treating with Contingent Rights	A Consultancy on Contingent Rights was completed in December 2006, so in 2007 the focus will be on the development of policy framework in this area.
6.3. Facilitation of Travel		
6.3.1. Elimination of need for passport by CARICOM Nationals, for intra-regional travel (e.g use of ID card)	Guyana has amended its legislation to provide for acceptance of photo IDs. OECS Members accept photo-IDs from other OECS nationals Conference agreed that a common machine-readable passport should be used for intra-regional travel	

ELEMENTS	STATUS	ACTION REQUIRED
6.3.2. CARICOM Passport	Antigua & Barbuda introduced Passport in January 2006; Dominica introduced Passport in December 2005; Suriname introduced Passport in January 2005; St. Vincent & the Grenadines introduced Passport in June 2005; St. Kitts & Nevis introduced Passport in November 2005.	All other Member States to introduce the CARICOM Passport as soon as feasible with, but ultimately on 31 December 2007.
6.3.3. Common E/D Form.	Immigration and other Regional Officials have agreed on core elements for a CARICOM E/D Form.	Member States to agree on common design
6.3.4. Lines identified for CARICOM and Non-CARICOM Nationals at Ports of entry	All 12 Member States have implemented two sets of lines at ports of entry - •Common Lines for (their own and other) CARICOM Nationals; and •Lines for Non-CARICOM Nationals / Visitors. Montserrat also in compliance.	Member States to monitor to ensure national treatment is accorded
6.4. Mechanism for equivalency and accreditation		
6.4.1. Establishment of National and Regional Accreditation Infrastructure	Fully functioning national body in Jamaica and Trinidad and Tobago. Institution established in St. Kitts and Nevis with limited functions and Barbados and Guyana are seeking to operationalise their Bodies; Member States are at various stages in the process of establishing national institutions.	Member States to implement COHSOD decision to establish National Accreditation bodies. Inter-Governmental Agreement to be finalised and Regional Accreditation Body to be put in place to oversee accreditation and equivalency.
6.4.2 Caribbean Accreditation Authority for Education in Medical and Other Health Professions	The Agreement in Force among six Member States –Antigua and Barbuda, Belize, Jamaica, Suriname, Trinidad and Tobago. The Bahamas has also signed the Agreement which entered into force with the fifth signature.	All other Member States to sign the Agreement
6.5. Agreement on Transference of Social Security benefits		

ELEMENTS	STATUS	ACTION REQUIRED
6.5.1. Signature and Ratification of Agreement	<p>Agreement entered into force on 1 April 1997.</p> <p>Eleven (11) Member States and also The Bahamas and Montserrat have signed and ratified the Agreement.</p> <p>Suriname does not have a national social security system similar to that in other Member States.</p>	
6.5.2. Enactment of Social Security Legislation	<p>Eleven (11) Member States, also The Bahamas and Montserrat have enacted national legislation to give effect to the Agreement</p> <p>Most countries have started to process claims under the Agreement.</p>	
7. FREE MOVEMENT OF CAPITAL		
7.1. Removal of Restrictions to Movement of Capital		
7.1.1. Notification of Restrictions	List of existing restrictions notified by all Member States in 2000	
7.1.2. Implementation of Programmes for Removal of Restrictions	<p>The Thirteenth Inter-Sessional Meeting of the Conference in February 2002 formally approved the Schedules of Commitments for removal of Restrictions by Member States, which took effect from 1 March 2002.</p> <p>Montserrat's Programme has been approved by the Conference after a two-year derogation from its obligation to implement Programmes.</p>	Legislative and administrative action to be taken by all Member States to remove restrictions to the Free Movement of Capital at latest December 2005.
7.2. Capital Market Integration		
7.2.1. Establishment of Stock Exchange	National Stock exchanges established in The Bahamas, Barbados, Guyana, Jamaica, Suriname, Trinidad and Tobago and the OECS (serving all OECS Members)	Belize to establish national Stock Exchange
7.2.2. Cross-listing and trading	Barbados, Jamaica and Trinidad and Tobago are the only countries comprising the Regional Stock Market. Regional Capital Markets Committee has been developing recommendations re possibilities for Regional Stock Exchange. Caribbean Credit Rating Agency has been established in Trinidad & Tobago	Legislative and administrative framework to be developed and implemented to facilitate Cross-Listing and Trading by other Member States.
7.3. Intra-Regional Double Taxation Agreement		

ELEMENTS	STATUS	ACTION REQUIRED
7.3.1. Signature and Ratification of Agreement	Eleven (11) Member States have signed and ratified	Suriname to sign and ratify Agreement and also Montserrat
7.3.2. Enactment of Legislation	National Legislation enacted by nine (9) Member States - Antigua and Barbuda, Barbados, Belize, Dominica, Guyana, Jamaica, Saint Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.	Of the Member States which have signed and ratified the Agreement, Grenada and St. Kitts and Nevis to enact national legislation to give effect to the Agreement.
8. RIGHT OF ESTABLISHMENT		
8.1. Removal of Restrictions		
8.1.1. Identification and Notification of Restrictions	List of existing restrictions notified by all Member States in 2000	
8.1.2. Implementation of Programme for Removal of Restrictions	Legislative and administrative action was taken by the twelve (12) Member States to remove restrictions on the Right of Establishment in order to become Single Market ready Montserrat's Programme to remove restrictions has been approved by the Conference after a two-year derogation from its obligation to implement Programmes	Member States, as applicable, to comply with Single Market obligations by July 2007 in cases where some restrictions remained
9. COMMON EXTERNAL POLICY		
9.1. Implementation of Fourth Phase of CET	Eleven (11) Member States and Montserrat have implemented Fourth Phase	St. Kitts and Nevis to take action to implement.
9.2. Implementation of Revised Structure of the CET based on 2007 HS	Nineteenth COTED agreed that Member States should aim for implementation of the Revised Structure of the CET based on the 2007 HS from 1 January 2007	Member States to advise of implementation status
9.3. Implementation of Amended Schedule I (Rules of Origin) based on 2007 HS	Nineteenth COTED agreed that Member States should aim for implementation of the Amended Schedule I based on the 2007 HS from 1 January 2007	Member States to advise of implementation status
10 HARMONISATION OF LAWS - to include:		
10.1. Implementation of Harmonised Customs Legislation, Regulations and Forms	Draft of 20 modules of model Customs Legislation have been reviewed by Chief parliamentary Counsels (CPCs) and Customs Officials and have been redrafted.	Finalisation of the redrafting by CPCs and CARICOM Legislative Drafting Facility (CLDF)

ELEMENTS		STATUS	ACTION REQUIRED
10.2	Legal Regime for Establishment, Services and Capital	Draft Model approved by Legal Affairs Committee (LAC). Also Draft of amendments submitted to Member States.	Meetings of Registrars of Companies have agreed on the principles and basic requirements for a “carve out” for CSME companies. Work is underway with respect to the harmonization of the companies’ regime in accordance with Article 74(2) of the Treaty.
10.3	Competition Law	Draft Model approved by LAC	Member States other than Barbados, Jamaica and St Vincent and the Grenadines to take action
10.4	Consumer Protection	Draft Model Act must be refined. Barbados has Legislation	CPCs to examine
10.5	Anti- Dumping and Countervailing Measures	CPCs are examining Draft Model Bill. Trinidad and Tobago has legislation.	
10.6	Banking and Securities Legislation	Draft Financial Institutions Act and Draft Financial Services Agreement has been prepared	Review by the relevant institutions National consultations in Member States
10.7	Investment Agreement and Investment Code	Drafts have been prepared and submitted to Member States	Completion of consultations
10.8	Companies/Other Legal Entities		
10.9	Intellectual Property Rights		
10.10	Standards and Technical Regulations	Ongoing	
10.11	Accreditation	Model National Accreditation Bill has been considered by CPCs and is being finalised	
10.12	Labeling of Food and Drugs		
10.13	Sanitary and Phyto-sanitary Measures	Some drafts are with Member States	
10.14	Commercial Arbitration		
10.15	Subsidies		
10.16	Other		

ELEMENTS	STATUS	ACTION REQUIRED
<p>11. SECTORAL PROGRAMMES AND CREATION OF ENABLING ENVIRONMENT</p> <p>11.1 Industry 11.2 Micro and Small Economic Enterprise Development 11.3 Services 11.4 Tourism 11.5 Agriculture 11.6 Transportation</p>	<p>11.3 Coalition of Service Industries being established in Member States</p> <p>11.4 Caribbean Tourism Development Plan agreed by Member States</p> <p>11.5 Conference has accepted recommendations from the Lead Head of Government for strengthening Agreement.</p>	<p>Community to turn its attention to Single Economy issues</p>
<p>12. COMMON SUPPORT MEASURES</p> <p>12.1 Human Resource Development 12.2 Research and Development 12.3 Environmental Protection 12.4 Intellectual Property Rights 12.5 Community Investment Policy 12.6 Harmonisation of Investment Incentives 12.7 Macro Economic Policies 12.8 Financial Infrastructure 12.9 Industrial Relations 12.10 Legal Infrastructure 12.11 Development of Social Infrastructure 12.12 Role of the Public Authorities and interface with the private sector.</p>	<p>12.4 Committee has been meeting</p> <p>12.5 Technical work on Regional Investment Code has been completed</p> <p>12.6 Technical Work completed</p> <p>12.7 Convergence criteria being monitored</p> <p>12.8 Drafts of Financial Services Agreement and Financial Institutions Act with Member States</p>	<p>12.1 COHSOD to continue to address these issues.</p> <p>12.5 COFAP to continue to address this issue.</p> <p>12.7 Member States to incorporate convergence criteria into budgetary and policy formulation.</p> <p>12.8 COFAP to consider recommendations</p>
<p>13. PUBLIC EDUCATION</p>	<p>Public education activities undertaken by Member States independently and by Member States in collaboration with the Secretariat continue to be ongoing.</p>	<p>Intensification of Public Education Programme at national and regional level.</p>

Updated:
March 2006

(To be further revised to show situation at 31 December 2006 as soon as the relevant information becomes available).

WORK PROGRAMME TOWARDS THE CARICOM SINGLE ECONOMY

POLICY INSTRUMENT	STATUS REPORT
<p>A. Development of the vision for and framework within which the Single Economy would be constructed</p>	<p>The Seventeenth Inter-Sessional Meeting mandated that four high level engagements be organized on Production Integration, Policy Harmonization, Monetary Cooperation and Institutional Capacity. The first Symposium was held on 18 May 2006 in Montego Bay, Jamaica, on Monetary Cooperation and was followed by a Symposium on 28-30 June 2006 in Barbados on the remaining three areas - Policy Harmonisation, Production Integration and Institutional Capacity.</p> <p>Professor Norman Girvan was requested to facilitate the development of a Strategy Paper on the Vision and Framework for the Single Economy drawing from the results of the consultations. A third consultation was organized on 4 October 2006. A Task Force appointed by the Consultation met at the CDB on 21 October 2006 to consider the revised paper and the CARICOM Secretariat was identified to revise it for presentation proposed Special Meeting of the Conference to be convened before December 2006 on the Single Economy</p>
<p>B. Sectoral Development Policies</p> <p>1. Agriculture</p> <p>2. Transportation</p> <p>3. Research and Development</p>	<p>Twenty-first Meeting of COTED has mandated the establishment of a Regional Research and Development Committee to urgently develop the Research and Development Strategy for the Region</p> <p>The Caribbean Animal Health Food Safety Agency (CAHFSA) is scheduled for startup on 1 July 2007.</p> <p>A special Meeting of the COTED comprising stakeholders and policy- makers in both Transportation and Agriculture was scheduled for the last quarter of 2006.</p> <p>A Research and Development Committee comprising representatives from Member States, the Private Sector and Caribbean Agricultural Research Development Institute (CARDI) supported by Inter-American Institute for Cooperation in Agriculture (IICA) to develop a framework for a “new” coordinating networking mechanism for Agricultural Research to be established by 31 August 2006 and become operational by January 2007;</p> <p>the Task Force on Regional Energy Policy was mandated by the Twenty-Seventh Meeting of the Conference of Heads of Government to submit the Draft Regional Energy Policy document to its next Inter-Sessional Meeting in 2007 for consideration and approval</p>
<p>C. Enhanced Monetary Cooperation/ Monetary Union</p> <p>1.Currency Convertibility</p>	<p>Process set in train in 1996. Only fixed exchange rate currencies of Barbados and OECS accepted by financial intermediaries and large business establishments. The main constraint is the reluctance of commercial banks to conduct transactions using the floating exchange rate currencies, even at a discount for risk.</p>

POLICY INSTRUMENT	STATUS REPORT
	<p>With greater success in attaining the convergence target for floating exchange rate stability, renewed efforts at marketing currency convertibility could commence after the 30 June 2006 full establishment of the CARICOM Single Market.</p>
<p>2. Exchange Control</p>	<p>The floating exchange rate currencies have for some time operated without nominal exchange control (although a managed float is sometimes practiced). The OECS countries also maintain that their foreign exchange system is fully liberalized. Only Barbados and Belize currently practice exchange control with respect to all, including intra-CARICOM, transactions.</p> <p>Barbados will review the situation at the end of the 2007 World Cup Cricket competition when foreign exchange demands would have subsided, but Intra-CARICOM interest rate differentials will also be a consideration. Belize, owing to the difficult current macro-economic situation, will wait until 2007 to decide whether to engage in further liberalization.</p>
<p>3. Single Currency</p>	<p>A Summary Report submitted to the COFAP by the Committee of Central Bank Governors indicates the readiness of Member States as follows:</p> <p>First Club: Bahamas, Barbados, Trinidad and Tobago – where the degree of convergence has been most consistent;</p> <p>Second Club: Belize, ECCU, Guyana and Suriname – less rapid rate of convergence;</p> <p>Third Club: Jamaica – farther away from satisfying the criteria.</p> <p>However, instead of the focus on adopting a single currency, consideration should be given to the forms of enhanced monetary cooperation which could be practiced by the Community as a preparatory process. The Committee of Central Bank Governors is yet to address this issue.</p>
<p>4. Macroeconomic policy coordination and Convergence</p>	<p>Deepening of monetary integration leading towards the adoption of a Single Currency/Monetary Union requires economic convergence among prospective members in order to avoid a concentration of resources in any Member State that offers a greater return on either human or financial capital. The assessment of economic convergence in CARICOM has been based on the 3-12-36-15 criteria established in 1992, under which Member States were required to:</p> <ul style="list-style-type: none"> - hold external reserves equivalent to at least three months of merchandise imports for at least a year; - maintain a stable exchange rate for at least 3 years; - have external debt service obligations amounting to no more than 15 per cent of exports of goods and services; - contain fiscal deficits below 3.0 per cent of GDP; and - maintain an inflation rate, which is the median for the 3 countries with the lowest but positive rates of inflation in the previous year, plus or minus 1.5 per cent. <p>While the overall macroeconomic performance of the region has been positive since 1991 and there has been some amount of convergence since 1995, there is wide variation in the speed of convergence among countries. However, such convergence that may have occurred has been more by accident than as a result of any coordinated action since Member States do not generally take the convergence indications into account in their economic management and planning processes.</p> <p>Commitment to the achievement of the convergence indicators may be pursued through the adoption of</p>

POLICY INSTRUMENT	STATUS REPORT
	a specific enabling instrument by Member States.
5. Development Fund (and Regional Development Agency)	<p>A Single Economy requires pro-active policies to promote economic convergence and prevent uneven development and other manifestations of economic polarization (Articles 6 (c) and 51(h) of the Revised Treaty). Article 158 therefore provides for the establishment of a Development Fund for Disadvantaged Countries, Sectors and Regions of the Community.</p> <p>The 17th Intersessional Meeting of the Conference decided that the Fund would have a capital base of US\$250 million of which US\$120 million will be provided by Member States and the remainder by the Community's development partners. A Technical Team led by the President of the CDB has been advising COFAP on the modalities for operationalizing the Fund. To date, COFAP has agreed on the formulae which will be used to determine Member States contributions to the Fund. Two task forces are proposed for establishment to address resource mobilization and implementation issues. Implementation of the arrangements for the operation of the Fund is planned for second half of 2006.</p> <p>At the Twenty-Seventh Meeting of the Conference of Heads of Government that was held in St. Kitts and Nevis on 3-6 July 2006, agreement was reached with respect to some important structural aspects of the Development Fund, as shown below:</p> <p>Governance and Management Arrangements</p> <p>(i) the Fund would be established by Charter and a Headquarters Agreement would be concluded between the Development Fund and the Government of the Member State in which the headquarters would be located;</p> <p>(ii) the determination of policy, operational guidelines and oversight of the Development Fund would be assigned to a Board of Directors acting under the overall direction of the COFAP;</p> <p>(iii) the Board of Directors would comprise a maximum of seven (7) Directors and a Chairman and would be appointed by the COFAP on the basis of recommendations from Member States which have contributed to the capital of the Development Fund. Such a Board should be constituted as follows –</p> <p>(a) two Directors representing the Less Developed Countries (LDCs) (OECS and Belize);</p> <p>(b) two Directors representing other Member States;</p> <p>(c) one Director appointed by the OECS Secretariat;</p> <p>(d) one Director appointed by the CARICOM Secretariat;</p> <p>(e) one Director representing the private business sector; and</p> <p>(f) a Chairman appointed by the COFAP;</p> <p>(iv) the Chairman of the Board would be appointed by the COFAP for a two-year renewable term and Directors would be appointed for a two- or three-year period on a renewable basis, with the rotation staggered to promote continuity;</p>

POLICY INSTRUMENT	STATUS REPORT
	<p>(v) the operational management of the Fund would be undertaken by a Chief Executive Officer who would be appointed by, and report to, the Board of Directors, subject to the approval of the COFAP;</p> <p>(vi) a formal request would be made to the CDB for the operations of the Fund to be housed at its Headquarters; and</p> <p>(vii) an agreement for the purchase of services from the CDB by the CARICOM Development Fund would be concluded.</p> <p>Fund Purpose and Priorities</p> <p>Prioritisation of the activities of the CARICOM Development Fund would be addressed within the context of the provisions set out in Chapter 7 of the Revised Treaty and policy guidelines and criteria provided by the COFAP.</p> <p>Country Eligibility and Intervention Size</p> <p>The Fund would be authorised to offer at least three financial products – capital or technical assistance loans; capital or technical assistance grants; and interest subsidy grants;</p> <p>(ii) With respect to the criterion “temporary low levels of economic development”, as stated in the Revised Treaty, the word “performance” would be substituted for the word “development” and the word “temporary” would be disregarded for operational purposes, since if the performance shortfall is known to be temporary, there might not be need for special intervention;</p> <p>(iii) A country should not have access to the Fund if it had not contributed</p> <p>The Formula for and Contribution to the Development Fund by Member States</p> <p>(i) Contributions to the capital of the CARICOM Development Fund should be on the basis of the Basic Contribution Formula for the More Developed Member States and on the basis of the CARICOM Contribution Formula for the Less Developed Member States in accord with the schedule below:</p>

POLICY INSTRUMENT	STATUS REPORT		
	More Developed Member States	Contribution (US\$M)	US\$
	Barbados	11.48	
	Guyana	3.50	
	Jamaica	19.69	
	Suriname	4.54	
	Trinidad and Tobago	37.07	
	Sub-total		76.28
	Less Developed Member States	Contribution (US\$M)	
	Antigua and Barbuda	2.23	
	Belize	3.05	
	Dominica	1.40	
	Grenada	1.76	
	St Kitts and Nevis	1.61	
	St Lucia	2.37	
	St Vincent and Grenadines	1.64	
	Sub-Total		14.06
	Total		90.34
	Shortfall from Petroleum Fund		9.66
	Grand Total		100.00

(ii) The shortfall of US\$9.66 million (that is, the difference between the proposed contributions from Member States and the US\$100 million) would be met from the resources of the Petroleum Fund;

(iii) Member States encountering difficulties to frontload their contributions should apprise the Secretariat of this situation with a view to facilitating their accessing assistance through the Petroleum Fund;

(iv) The establishment of a Resource Mobilisation Task Force to pursue the identification of other sources of financing for the CARICOM Development Fund (namely, the private sector and other development partners). The Task Force shall be led by Prime Minister Owen Arthur and include the Ministers of Finance from Antigua and Barbuda, Jamaica, Suriname and Trinidad and Tobago, representatives from the Caribbean Development Bank (CDB), the University of the West Indies (UWI), the Private Sector (Financial Services), as well as Professor Norman Girvan and Professor Havelock Brewster.

Sustainability of the Fund

During the implementation phase of the operationalisation of the Development Fund, a Fund capitalized at US\$120 million and fully paid up within a short period of time could be fully disbursed in four years resulting in its termination unless the resources were replenished;

(ii) therefore replenishment of the CARICOM Development Fund should be undertaken at regular intervals, possibly every four (4) years.

POLICY INSTRUMENT	STATUS REPORT
	<p>Next Steps in the Operationalising of the CARICOM Development Fund,</p> <p>THE TWENTY SEVENTH MEETING OF THE CONFERENCE OF HEADS OF GOVERNMENT:</p> <p>Also agreed to the establishment of an Implementation Task Force under the coordination of the CARICOM Secretariat and the CDB to pursue the implementation of the decisions made on the operationalisation of the CARICOM Development Fund and, inter alia, advise the COFAP on –</p> <p>(a) the guidelines and criteria for determining the approach to be adopted in the prioritisation of Fund activities for the consideration of the COFAP;</p> <p>(b) whether the Less Developed Member States of the Community would receive only grants or would be eligible for loans as well;</p> <p>(c) the arrangements under which Fund resources could be made available to the More Developed Member States of the Community, bearing in mind that under the Revised Treaty, all Member States qualify for Fund access under the disadvantaged countries, regions or sectors criteria, or as a result of “temporary low levels of economic development”, apart from the natural disaster or HIPC-status qualifiers;</p> <p>(d) the issue of differential access to Fund resources between the more developed and less developed Member States which could be addressed through the application of different access terms and conditions, for example –</p> <p>(i) loans could be accessed by the More Developed States while grants would be provided to the Less Developed States;</p> <p>(ii) loans on more concessionary terms could be granted to the Less Developed Member States;</p> <p>(iii) the management of the Fund could be directed to pay particular attention to the needs of the Less Developed Member States thereby ensuring that a conscious effort is made to direct a substantial flow of financial resources and technical assistance support to these States;</p> <p>(e) guidelines which could be applied to determine the dollar size of Fund interventions in Member States given that –</p> <p>(i) Fund interventions should be large enough to have meaningful impact; and</p> <p>(ii) The overall availability of resources will affect the size of each intervention, having regard to equity in the distribution of resources across countries.</p> <p>The Establishment of a Regional Development Agency,</p> <p>the Framework for a Regional Development Agency that will provide technical and financial assistance to the private sector is being developed for consideration by Community institutions. It is intended that this Agency would complement the activities of the CARICOM Development Fund and start-up should follow soon after the Fund is operational.</p>

POLICY INSTRUMENT	STATUS REPORT
	<p>THE TWENTY-SEVENTH MEETING OF THE CONFERENCE OF HEADS OF GOVERNMENT</p> <p>agreed that the issue of the establishment of the Regional Development Agency should be addressed by the Implementation Task Force set up to give effect to the decisions regarding the operationalisation of the Development Fund.</p> <p>A Meeting of the Coordination Committee of the Implementation Task Force was held on 6 October 2006 at the Caribbean Development Bank (CDB). Among the subject areas fleshed out for furthering the process of operationalising the Development Fund were:</p> <ol style="list-style-type: none"> 1. Charter and Headquarters Agreement for the Development Fund 2. Framework and Guidelines for the Regional Development Agency 3. Recommended Priority Activities for Funding and Intervention Size 4. Proposed Schedule of Activities for the Resource Mobilisation Task Force <p>With respect to follow-up activities undertaken by the Secretariat</p> <p>Letters were dispatched to the earmarked Member States and Regional Institutions inviting them to nominate their representative to the Board of Directors of the Development Fund and the Resource Mobilisation Task Force for formal ratification by the COFAP.</p>
<p>D. Financial Policy Harmonization</p> <p>1. CARICOM Financial Services Agreement</p>	<p>Given both the sensitive/prudential characteristics and cross-cutting nature of the sector, a draft CARICOM Financial Services Agreement (CFSA) emerged out of a regional workshop process, as an initiative to take advantage of the new climate of cross-border liberalization following removal of restrictions and, also, to codify those regionalization arrangements on which COFAP had reached consensus in recent years.</p> <p>Consultations involving stakeholders have been held in eleven (11) CARICOM States, to date.</p> <p>A Revised Draft which has benefited from the consultation process has recently been circulated to Member States and other stakeholders for review and comments.</p>
<p>2. Integrated Stock Exchange System</p>	<p>For over a year COFAP and the Regional Capital Markets Committee have been deliberating on the choice between, at least, three (3) competing stock exchange mechanisms for giving expression to Article 44 (d) on the “establishment of an integrated capital market in the Community”, viz:</p> <ul style="list-style-type: none"> - an enhanced system of cross-listing and cross-trading (substantially beyond the present 14 companies); - electronic inter-connectivity between the existing stock exchanges in the Region; and - a single Regional Stock Exchange, using as its platform the Eastern Caribbean Stock Exchange. <p>Prime Minister Arthur, within the context of the CSME Consultations process, had requested that the</p>

POLICY INSTRUMENT	STATUS REPORT
	<p>Committee of Central Bank Governors/Caribbean Centre for Monetary Studies (CCMS) give an objective view on the matter.</p> <p>The CCMS is currently finalizing a report for re-submission to the CCBG for its consideration. This report will, however, be constrained by the shortage of resources to conduct assessments of the technological feasibility of the various options under consideration.</p>
<p>3. Interest Rate Coordination</p>	<p>Among the Measures to Facilitate Establishment, Provision of Services and Movement of Capital that COFAP is required to adopt are "Policies relating to interest rates" (Article 44 (e)). It is expected that the CSM regime for free movement of capital will result in a tendency towards convergence of interest rates within the Region. However, markets are not perfect and adjustment mechanisms are subject to various degrees of failure, especially since not all CARICOM countries have removed exchange control measures.</p> <p>CCBG/CCMS has been monitoring movements of interest rates in the Region within the context of the biannual convergence reports.</p> <p>This situation will be reviewed at the end of 2007, by which time Barbados and Belize should have removed their remaining exchange control measures and, the CARICOM Financial Services Agreement would have been adopted and having the desired impact.</p>
<p>C. Investment policy Harmonization and Coordination</p> <p>1. Harmonized Investment Policy Framework</p>	<p>A Special Technical Team on Investment Policy was established by the COFAP to "<i>formulate recommendations on a harmonized investment policy framework including an appropriate system of incentives, which could be the basis for an investment code, for the Community, while taking into account the differential levels of development of Member States</i>".</p> <p>In pursuant of this mandate, National Diagnostic studies of all CARICOM countries were completed in 2003, along with a study of international best practice investment policies. A set of Guidelines on Strategies, Instruments and Institutional Reform was formulated, along with a Plan of Action for implementation was prepared and discussed and refined at several meetings of the Technical Team on Investment Policy. The recommendations have been submitted to Member States for their comments since 2004. A revised framework taking into account those comments received by the CARICOM Secretariat will be submitted to Member States for consideration.</p> <p>An Investment Policy Summit, involving a joint session with COFAP, COTED and COHSOD and other stakeholders will be scheduled during the latter half of 2006.</p>
<p>2. CARICOM Investment Code</p>	<p>In accord with its mandate, the Special Technical Team on Investment Policy has given consideration to a draft CARICOM Investment Code. Consultations on the draft have been conducted in 11 Member States in which a wide cross-section of stakeholders participated. A Revised Draft has been formulated that has the effect of making CARICOM into single investment location. The composite instrument</p>

POLICY INSTRUMENT	STATUS REPORT
	<p>relates to both intra-CARICOM and extra-CARICOM investment relations, with appropriate distinctions in treatment between investment by CARICOM nationals and investment by Third Party nationals.</p> <p>This revised draft has been circulated to Member States for their review and comments.</p>
<p>3. CARICOM Incentives System</p>	<p>The 1973 CARICOM Harmonised Agreement on Fiscal Incentives to Industry/Manufacturing is now obsolete, partly because it has been ignored in the past by Member States and partly because the WTO rules prohibit local content and export ratio requirements, which had been the basis for the incentives legislation. A general incentives study was done in 2004 which recommended CARICOM countries lowering the corporate tax rate to between 25% and 30% and recouping lost revenues via a much more selective and targeted system of industry incentives. Work is currently ongoing towards deriving an incentives regime in accord with Article 69 of the Revised Treaty (Harmonization of Investment Incentives).</p> <p>A Draft instrument on investment incentives is expected to be ready for discussion by Member States in late 2006. COFAP will be presented with the revised draft in mid-2007 so as to allow synchronization with ideas emerging from the Fiscal Harmonization project.</p>
<p>D. Fiscal Policy Harmonization</p> <p>1. Intra-CARICOM Double Taxation Agreement</p>	<p>This Agreement is in operation and more and more investors are attuned to the benefits to be derived.</p> <p>Accounting and Finance Practitioners have stated that this Agreement has acted as a stimulus to the regional (cross border) market for corporate and government bonds.</p>
<p>2. Corporate Tax Code</p>	<p>There is already fairly broad agreement among tax administrators with respect to the following items: capital allowance deductions; interest; trade losses; deductions re: pensions and annuity payments; insurance premium tax; minimum corporation tax; acquisition and disposal of assets and treatment of losses with respect to Mergers and Splitters of Corporations; withholding taxes; and exploration and research expenses.</p> <p>This exercise will be merged with the results of technical studies currently being undertaken for the Fiscal Impact Project (see below). The objective is to propose general guidelines re: a regional corporate tax rate (if feasible) to prevent a race to the bottom.</p>
<p>3. Fiscal Policy Harmonization</p>	<p>Article 44 of the Revised Treaty of Chaguaramas requires the COTED and COFAP to adopt appropriate measures for, inter alia <i>“convergence of macro-economic performance and policies through the coordination or harmonization of monetary and fiscal policies, including, in particular, policies relating to interest rates, exchange rates, tax structures and national budgetary deficits”</i>. These measures are intended to facilitate establishment of business entities, provision of services and the movement of capital within the Community.</p> <p>Six studies on the Fiscal Impact of Trade Liberalization and Integration were commissioned in the third quarter of 2005. The studies on Guyana, Suriname and Trinidad and Tobago are almost completed and progress is being made with respect to the ones for Bahamas, Jamaica and Haiti. The findings of these studies will be merged with the findings of those previously undertaken for the OECS to generate</p>

POLICY INSTRUMENT	STATUS REPORT
	<p>recommendations on a reform agenda and proposals for fiscal policy harmonization.</p> <p>Given the importance of the Tourism Sector in most CARICOM Member States, a separate study on taxation in the Tourism Sector has recently been commissioned. The objective of this study is the formulation of proposals for the rationalization and harmonization of the taxation regime for the tourism sector.</p> <p>The Fiscal Impact Project is expected to be completed in the second half of 2006.</p>
E.	
F	<p>Caribbean Catastrophe Risk Insurance Facility :</p> <p>The World Bank met with Member States at the CDB during October to discuss the Facility. The Facility would allow CARICOM Governments to purchase coverage that would provide early cash payment after the occurrence of a major disaster based on a "Parametric Trigger" mechanism</p>
<p>G. Selected Research Supporting the Single Economy Process</p> <p>1. Report on the Economic Performance and Convergence of the CARICOM Region</p>	<p>Bi-annual reports produced by the Caribbean Centre for Monetary Studies (CCMS) address both economic convergence and the performance of the regional economy, within the context of the emerging international environment and developmental prospects. There is, however, the need to improve the timeliness of the data as well as for the Report to be more oriented towards required future policy action.</p> <p>A few attempts have been made to complement these reports with economic reviews prepared by the CDB to produce a CARICOM Economic Performance Report. This document has been prepared jointly by the CARICOM Secretariat, CDB and CCMS for submission to the COFAP. In 2006, a report on Regional Economic Prospects with a focus on debt is currently under preparation for submission to the Conference of Heads of Government.</p>
<p>2. Annual Business Review</p>	<p>At its Tenth Meeting of 21 May 2005, COFAP decided that it would meet with the private sector at the beginning of each year. The intention is to have a dialogue on business developments and prospects via a proposed CARICOM Business Council.</p> <p>The decision was operationalized when the First Meeting of Ministers of Trade and Finance with the Private Sector was convened with the collaboration of the CAIC on 10 June 2006 in Barbados. This event included the launch of the CARICOM Business Council.</p>
<p>3. Caribbean Trade and Investment Report</p>	<p>Following the publication of the Caribbean Trade and Investment Report 2000, another quinquennial (five yearly) benchmark survey has been completed. It deals firstly with trade and investment trends and policy-related issues and, secondly, with corporate integration, as its special developmental theme. This publication will be launched on 29 June 2006 during Caribbean Connect, an event being organized to stimulate discussions on the CARICOM Single Economy Framework.</p>

(Status as of 31 October 2006. To be updated to situation as of 31 December 2006 as soon as the information becomes available).

EPAs are trade agreements - But they aim at achieving development objectives through the promotion of regional integration, the gradual integration of CF countries into the world economy, capacity building in trade policy and trade related issues, supporting the conditions for increased investment

Objectives

The EPA will help strengthen the governance of regional integration and consolidate the integration of regional markets. In particular, they will:

- Foster the effective implementation of regional trade commitments by supporting existing or planned trade integration projects.
- Expand regional trade to services and investment through more transparent, stable and liberal regional rules, where regions choose to include these issues in the EPA.
- Consolidate a set of regional trade-related rules by addressing "behind the border" issues that have acted as a brake on trade, such as TBTs and SPS. Where the region is ready, cooperation in, and the harmonisation of, competition, intellectual property and public procurement rules, will improve business conditions.

The importance of development aspect of EPA reflected in Part 1 of the Agreement (trade partnership for sustainable Development) recalling the basic principles of the partnership:

sustainable development, regional integration, monitoring and last but not least, general provisions on development cooperation, recognizing that dev cooperation is a crucial element in the new trade partnership as well as the exemplary summary of cooperation priorities (Art 8).

In addition, each sectoral chapter contains a specific article outlining cooperation priorities which are areas in which the Parties agree to cooperate.

Actions

Hence, the establishment of the EPA entails reforms at regional and national level but also include detailed development cooperation provisions that commit the EU to support these EPA-related reforms in order to maximise the benefits and minimise the costs.

In addition to the above, the benefits of the EPA include improved access to the EU market via a duty free, quota free trade regime and simplified rules of origin for CARIFORUM goods but also unprecedented access for certain services and service providers. This implies significant trade liberalisation, even though the need for a sufficient element of asymmetry both in terms of schedules and cover has been fully recognised by the EC, by providing for long transition periods of up to 25 years and for the exclusion of a number of sensitive products

In addition to market access in goods and services, the agreement covers a comprehensive set of provisions on trade rules and disciplines (e.g. Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Agriculture

* This fact sheet describes the content of part of the EU-Cariforum EPA. It does not in any way replace or interpret the provisions of this agreement.

and Fisheries, Competition, Innovation and Intellectual Property, Public Procurement, Environment and Social Aspects), institutional provisions, as well as an important development component to ensure that the Caribbean states are able to adjust to the new challenges of globalisation and to maximise the benefits from the agreement. It also contains a built-in agenda for future negotiations in a number of areas such as services and government procurement.

Approach

The general approach of the EPA is to build on and reinforce regional integration in the Caribbean by means of market building and, in subsequent market opening, to use asymmetric flexibility for the benefit of the Caribbean in terms of product coverage and periods for tariff elimination and provide tailor made assistance thereby helping to promote sustainable development. In addition, the introduction of specific cooperation provisions in the text of the agreement ensures that the EPA will become a genuine development tool.

Financial Support

Already the preparatory phase (2002-2007) has been used for capacity-building, supporting regional integration, strengthening of regional organisations and enhancement of competitiveness, inter alia through a range of activities under the 9th EDF Regional Programme, all-ACP programmes as well as sector specific programmes, such as to facilitate transition in the banana, sugar, rice or rum industries i.e., € 76 million for regional cooperation (9th EDF), and € 680 million for adjustment in sensitive productions (bananas, rum, rice and sugar),

Similarly the 10th EDF (2008-2013) entails very significant assistance to EPA related needs: The regional programme, which focuses on regional integration and EPA, more than doubled between the 9th and the 10th EDF to € 165 million.

In addition, the national indicative programmes are also oriented towards activities linked to the EPA: 5 programmes will target competitiveness, 3 programmes will contribute to governance and public administration reforms, and 3 will focus on infrastructure. In total, this concerns € 454 million (\$ 635 million) out of € +/- 600 million, that is 75% of the national programmes.

Obviously the Cotonou agreement will last until 2020. Accordingly, the 10th EDF – representing over € 760 million (\$ 1 billion) - will be followed up by a third financial protocol, covering the period beyond 2013.

Finally it is noteworthy that The Declaration on Development Cooperation reiterates commitment to ensure that Cariforum countries will benefit from an equitable share of EU Member States' Aid for Trade. EU Member States are committed to reach an annual amount of € 1 billion by 2010 in trade-related assistance, with a range of 50% available for ACP countries.

INTERVENTION FRAMEWORK

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Overall Objective – Poverty reduction and integration into the global economy				
Specific Objective – To achieve sustainable economic development through regional integration and cooperation				
Focal Area 1: Specific Objectives: – Sustainable economic development and cooperation through expansion of the regional economic base and integration process so as to improve standards of living in the Region.				
Result 1				
Deeper and wider regional economic integration and cooperation				
1.1 OECS Economic Integration deepened.	1.1.1 Complete OECS Economic Union	New OECS Treaty Ratified.	Treaty Depository.	OECS Member States will ratify Treaty on time.
	1.1.2 Enhance OECS Trade and Competitiveness	Improvement in trade policy, production diversification, firm level competitiveness, market access and transportation.	Eastern Caribbean Central Bank, CDB and UN/ECLAC Reports.	OECS Secretariat and OECS/EDU capacities will be enhanced.
1.2 CARICOM Economic Integration and Cooperation deepened and widened.	1.2.1 Complete the CARICOM Single Market and Economy.	<ul style="list-style-type: none"> ▪ Legal and Institutional Framework completed. ▪ Regime of Free Movement of goods, services, capital and natural persons completed. ▪ Framework for macro-economic and sectoral policy coordination established. ▪ Business facilitation measures put into place. ▪ Stakeholder interests protected. ▪ Internal market further developed and strengthened. ▪ Public Education Programme implemented. ▪ Bahamas, Belize, Suriname and Haiti participating in the CSME. 	<ul style="list-style-type: none"> ▪ Records of Ministerial Meetings. ▪ Public records. ▪ Single Economy established in 2008. ▪ Report of Meeting of Comptrollers of Customs. ▪ CAIC, CCL and other Stakeholder Reports. ▪ CSME Unit Reports on the removal of internal barriers. ▪ Newspaper, Radio and TV programmes. ▪ Reports of CSME Unit and COTED. 	<ul style="list-style-type: none"> ▪ Governments and Stakeholders take implementing action as required. ▪ The plan and schedule for completion of the CSME is maintained. ▪ The Region supports the institutional infrastructure required to implement the CSME.
	1.2.2 Facilitate regional business development	<ul style="list-style-type: none"> ▪ Increased levels of intra-CARICOM and extra-regional trade. 	<ul style="list-style-type: none"> ▪ CARICOM Trade Statistics. ▪ Labour productivity surveys/analysis. 	<ul style="list-style-type: none"> ▪ The Region will provide financial support for business development programmes.
	1.2.3 Activate	<ul style="list-style-type: none"> ▪ Level of disbursement 	<ul style="list-style-type: none"> ▪ Records of the Fund 	<ul style="list-style-type: none"> ▪ CARICOM Member

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
	CARICOM Regional Development Fund	from the Fund		States will fully subscribe to the capital of the Fund.
	1.2.4 Establish a CARICOM Regional Development Fund.	<ul style="list-style-type: none"> CARICOM Member States benefiting from TA provided through the Agency. 	<ul style="list-style-type: none"> Report of the operations of the CARICOM Development Agency. 	<ul style="list-style-type: none"> CARICOM Member States will complete preparatory work on the establishment of the Agency.
	1.2.5 Deepen CARICOM/DR Cooperation	<ul style="list-style-type: none"> DR/CARICOM FTA being implemented. Modalities for further DR/CARICOM Cooperation agreed. DR national institutions cooperating with CARICOM regional institutions. 	<ul style="list-style-type: none"> Records of Meeting of DR/ CARICOM Joint Commission. Formal agreement between DR and CARICOM. Reports of CARICOM regional institutions. 	<ul style="list-style-type: none"> CARICOM/DR exercise the necessary political will.
1.3 Intra-CARIFORUM Trade and Social Cooperation expanded.	1.3.1 Implement Haiti/DR Bi-National Development Strategy.	<ul style="list-style-type: none"> Number of projects/ programmes completed or being implemented. 	<ul style="list-style-type: none"> Records of the Haiti/DR Bi-National Development Committee. 	<ul style="list-style-type: none"> Both countries and donors will contribute the necessary resources.
	1.3.2 Develop and implement programme for deepening DR/Haiti Economic and Trade Cooperation.	<ul style="list-style-type: none"> Increased levels of cross border trade, investments and tourism. 	<ul style="list-style-type: none"> National statistics of Haiti and the DR. 	<ul style="list-style-type: none"> Both countries will agree on a programme of action.
1.4 CARIFORUM/DOM/OCT/ EU-LAC Relations improved.	1.4.1 <ul style="list-style-type: none"> Operationalise CARIFORUM/DO M/ OCT/EU Task Forces. Deepen CARIFORUM/DO M Cooperation. 	<ul style="list-style-type: none"> Increased cooperation in HIV/AIDS, Disaster Management, Interconnection and Trade and Investment. DOM status in CARIFORUM finalised and INTERREG being efficiently implemented. 	<ul style="list-style-type: none"> CARICOM statistics and Task Force Reports. Records of CARIFORUM Ministerial Meetings and records of INTERREG Meetings. 	<ul style="list-style-type: none"> Stakeholders will participate in Task Force activities. Ministers of CARIFORUM will take final decisions.
	1.4.2 Deepen CARIFORUM/ OCT Regional	<ul style="list-style-type: none"> Number of CARIFORUM projects in which OCTs participate. 	<ul style="list-style-type: none"> Quarterly and Annual CARIFORUM Project Reports. 	<ul style="list-style-type: none"> OCTs will agree to access OCT Regional Funds.

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
	Cooperation.			
	1.4.3 Increase CARIFORUM participation in EU/LAC Process.	<ul style="list-style-type: none"> Number of EU-LAC projects/programmes/activities in which CARIFORUM participates. 	<ul style="list-style-type: none"> EU/LAC Reports. 	<ul style="list-style-type: none"> CARIFORUM will decide on priorities in the EU/LAC process.
	1.4.4 Support DR/Cuba/Central America Cooperation Activities.	<ul style="list-style-type: none"> Level of DR/Cuba /Central American Cooperation increased. 	<ul style="list-style-type: none"> Reports of CAFTA and other independent reports. 	<ul style="list-style-type: none"> Central American countries will agree to proposed cooperation.
	1.4.5 Support activities for cooperation in the Guyana Shield.	<ul style="list-style-type: none"> Level of cooperation activities in the Guyana Shield increased. 	<ul style="list-style-type: none"> Reports from Guyana and Suriname. 	<ul style="list-style-type: none"> Brazil and French Guiana will agree to cooperate.
1.5 EPA Support Programme implemented.	1.5.1 Regional Preparatory Task Force (RPTF) Work Programme is finalised.	<ul style="list-style-type: none"> Agreement reached on areas of intervention. 	<ul style="list-style-type: none"> RPTF Report to Principal EPA Negotiators. 	<ul style="list-style-type: none"> The RPTF will meet.
	1.5.2 Prepare Financing Proposals and arrange for project implementation.	<ul style="list-style-type: none"> Studies undertaken and projects prepared in at least six (6) areas. Regional and national agencies involved in implementation. 	<ul style="list-style-type: none"> Financing Agreement for EPA support. Project monitoring and progress reports. 	<ul style="list-style-type: none"> RPTF will agree on priorities. Existing regional agencies will agree to implement projects.
1.6 Human Resources and Capacity to implement regional development strategies enhanced.	1.6.1 Develop one (1) integrated programme at tertiary, technical/vocational, undergraduate and post-graduate level.	<ul style="list-style-type: none"> Training/capacity building services being delivered with increased coverage across the region. 	<ul style="list-style-type: none"> Financing Agreement and project monitoring and progress reports. 	<ul style="list-style-type: none"> CARIFORUM Member States will agree on priorities.
	1.6.2 Support at least two (2) Centres of Excellence in Non-University Countries.	<ul style="list-style-type: none"> OECS Countries delivering cheaper training on a sustainable basis. 	<ul style="list-style-type: none"> Performance Reports on the Centres of Excellence. 	<ul style="list-style-type: none"> OECS Countries will agree on location and specialisation.
<u>Non-focal Area – Vulnerabilities and Social Issues</u>				
<u>Specific Objectives</u> – Sustainable social development, continued improvement in living conditions and engagement of Non-State Actors as partners in the development process.				
<u>Result 2</u> – Wider and deeper level of regional cooperation in addressing vulnerabilities and social issues.				
2.1 Regional Cooperation in	2.1.1 Establish Crime and	<ul style="list-style-type: none"> Increased levels of drug 	<ul style="list-style-type: none"> Drug Epidemiology 	<ul style="list-style-type: none"> Specialised institutions

RESULTS	ACTIVITIES	INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
Peace and Security and the Fight Against Illegal Drugs enhanced.	Security Coordinating mechanism.	<ul style="list-style-type: none"> use surveillance. ▪ Revised national and regional Drug Action Plans. ▪ Treatment linked to Law Enforcement. ▪ Specialised training being provided and regional training capacities being developed. ▪ Regional capacities and cooperation to disrupt drug flows being improved. ▪ Regional Coordination in money laundering and drug law enforcement improved. ▪ Security training, cooperation, institutional capacities and exchange of information improved and increased. 	<ul style="list-style-type: none"> Reports. ▪ Regional and National Plans. ▪ Treatment Reports. ▪ Project Monitoring and Performance Reports. ▪ UNDCP Reports. ▪ CFATF Reports ▪ Project Monitoring and Performance Reports. 	<ul style="list-style-type: none"> will cooperation. ▪ Member States will cooperate. ▪ National institutions agree to participate. ▪ Regional training institutions will agree to participate. ▪ Governments will continue interdiction efforts. ▪ Member States will participate in CFATF activities. ▪ National and regional law enforcement agencies and training institutions agree to cooperate.
Result 3 – Greater involvement of Non-State Actors in the regional Development Process				
3.1 Capacity of Non-State Actors to participate in regional development efforts improved.	3.1.1 Provide capacity building support to Non-State Actors.	<ul style="list-style-type: none"> ▪ Training and capacity building programmes. ▪ Institutional strengthening, networking and exchange programmes. ▪ Non-State Actors assisting in implementing regional programmes. 	<ul style="list-style-type: none"> ▪ Reports of Training/Capacity Building Workshops. ▪ Project Monitoring and Performance Reports. ▪ Project Monitoring and Performance Reports. 	<ul style="list-style-type: none"> ▪ Regional Non-State Actors will agree to implement. ▪ Stakeholders will agree to participate. ▪ Specialised stakeholders will agree to participate.
3.2 Capacity to manage/implement the RIP enhanced.	3.2.1 Provide TA for programme design and training, etc.	<ul style="list-style-type: none"> ▪ Technical Cooperation Facility established. 	<ul style="list-style-type: none"> ▪ Project monitoring and Performance Reports. 	<ul style="list-style-type: none"> ▪ EC/CARIFORUM will agree on project design.
	3.2.2 Provide institutional support to agencies implementing the RIP.	<ul style="list-style-type: none"> ▪ Regional projects/programmes being efficiently implemented. 	<ul style="list-style-type: none"> ▪ Project Monitoring and Performance Reports. 	<ul style="list-style-type: none"> ▪ EC/CARIFORUM will agree on areas of support.

CHRONOGRAMME OF ACTIVITIES

ACTIVITIES	INDICATIVE ALLOC-ATION	2009		2010				2011				2012				2013			
		HALF YEAR		QUARTERS				QUARTERS				QUARTERS				QUARTERS			
		1	2	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Focal Area 1 – Regional Economic Integration and Cooperation	143																		
1. OECS Economic Integration and Trade	6.6	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И	И	И
2. CSME and CARICOM Integration	24.4	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И	И	И
3. Intra-CARIFORUM Trade and Social Cooperation	23.1		FS	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И
4. CARIFORUM/DOM/OCT/EU/LAC Economic Cooperation and Trade	6.6		FS	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И
5. EPA Support	72.6	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И	И	И
6. Human Resource Development /Capacity Building	9.9		FS	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И
Non-Focal Area – Vulnerabilities and Social Issues	22.00																		
7. Crime and Security	10.0		FS	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И
8. Civil Society Participation	8.0		FS	FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И
9. Institutional Support/Programme Implementation	4.0		FS	FS	FP	FD	FD	И	И	И	И	И	И	И	И	И	И	И	И
Total Commitments	165.0																		

FS: Feasibility Study
FP: Financing Proposal

FD: Financing Decision
И: Project Implementation

The amounts and timing of the actions mentioned in this table are for indication only. The final amounts and timing will depend on the recommendations of the proposed feasibility studies and on the recommendations of the assessments and audits of proposed implementation institutions as mandated by CARICOM or the OECS. The Commission reserves the right to adjust the budgetary allocations in consultation with CARICOM (the Regional authorising Officer) in function of the mentioned recommendations.

INDICATIVE TIMETABLE FOR GLOBAL COMMITMENTS

ACTIVITIES	INDICATIVE ALLOCATION €M	2010		2011		2012	
		1	2	1	2	1	2
<u>Focal Area 1: Regional Economic Integration and Cooperation</u>							
1. OECS Economic Integration and Trade		-	6.6				
2. CSME - CARICOM Integration			24.4				
3. Intra-CARIFORUM Trade and Social Cooperation			-	23.1			
4. CARIFORUM/DOM/OCT/EU-LAC Economic Cooperation and Trade			-	6.6			
5. EPA Support			72.6				
6. Human Resource Development/Capacity Building				9.9			
Sub-total of Focal Area 1			103.6	39.6			
<u>Non-Focal Areas –Vulnerability and Social Issues</u>							
7. Crime and Security Cooperation				10.0			
8. Civil Society Participation				8.0			
9. Institutional Support/Programme Implementation			4.0				
Sub-total of Non-Focal Areas			4.0	18.0			
Total of Focal and Non-Focal Areas			107.6	57.6			
Cumulative Total			107.6	165.0			

The amounts and timing of the actions mentioned in this table are for indication only. The final amounts and timing will depend on the agreements reached between CARIFORUM and the Commission following the proposed feasibility and design studies and on the recommendations of the assessments and audits of proposed implementation institutions as mandated by CARIFORUM, CARICOM or the OECS. The budgetary adjustments may be adjusted following agreement by CARIFORUM (the Regional Authorising Officer) and the Commission.

INDICATIVE TIMETABLE FOR DISBURSEMENTS

ACTIVITIES	INDICATIVE ALLOC- ATION	2010	2011	2012	2013	2014
<u>Focal Area 1: Regional Economic Integration and Cooperation</u>						
10. OECS Economic Integration and Trade	6.6	1.65	2.65	2.3		
11. CARICOM Economic Integration and Trade	24.4	6.8	9.5	8.1		
12. Intra-CARIFORUM Trade and Social Cooperation	23.1	-	5.7	9.3	8.1	
13. CARIFORUM/DOM/OCT/EU-LAC Economic Cooperation and Trade	6.6	-	1.65	2.65	2.31	
14. EPA Support	72.6	18.60	30.5	23.5	-	
15. Human Resource Development/Capacity Building	9.92	-	2.48	3.97	3.47	
Total of Focal Area 1	143.2	27.05	52.48	49.82	13.88	-
<u>Non-Focal Areas –Vulnerability and Social Issues</u>						
16. Crime and Security	10		3.0	4.0	3.0	-
17. Civil Society Participation	8	-	2.0	3.5	2.5	-
18. Institutional Support/Programme Implementation	4	1.0	1.5	1.5	-	
Total of Non-Focal Areas	22.00	1.0	6.5	9.0	5.50	
Total	165.20	28.05	58.98	58.82	19.32	
Cumulative Total	-	28.05	87.03	145.35	164.67	
Balance to be disbursed	165.20	137.15	78.17	19.35	-	

MAIN ONGOING PROJECTS AND PROGRAMMES FINANCED BY THE COMMUNITY

Project No.	Project Name	Value in Euros			
		Primary Commitment	Secondary Commitment	Total Disbursed	Total Uncommitted
8 ACP RCA 20	Strengthening of Medical Laboratories	7,500,000	7,369,951		
8 ACP RCA 24	Tertiary Education and Training	2,600,000	1,887,000		
8 ACP TPS 125	Integrated Development Programme for the Rum Sector	70,000,000	70,000		
9 ACP RCA 001	Regional Weather Radar System	13,200,000	13,200,000		
9 ACP RCA 003	Dominica Air Access Improvement Programme	11,950,000	4,582,740		
9 ACP RCA 006	Support to the Competitiveness of the Rice Sector in the Caribbean	24,000,000	23,977,000		
9 ACP RCA 007	Technical Cooperation Facility	1,999,000	1,307,428		
9 ACP RCA 008	Caribbean Trade and Private Sector Development Programme	2,600,000	2,348,700		
9 ACP RCA 004	Haiti/DR Transborder Cooperation	20,000,000			
8 ACP TPS 110	Caribbean Regional Negotiating Machinery	1,030,000			
8 ACP RCA 035	Caribbean Regional Sustainable Tourism Development Programme	8,000,000	6,485,517		
9 ACP RCA 010	Caribbean Knowledge Learning Network	1,999,000			
9 ACP RCA 009	Disaster Management	3,400,000			
9 ACP	Caribbean Integration Support Programme	-			

(to be finalised on the basis of information to be obtained from the OLAS so as to give the latest position as of 31 December 2006)

DONOR MATRIX – PAST AND PRESENT SUPPORT TO THE REGION

Donor	Sector/Area	Beneficiary country (ies)	Project/Programme Title	Project No.	Project Objectives	Primary Commitment/Budget	Total Disbursement	Actual Commence-ment Date	Completion (FA)Date
Current Programmes									
Economic Dev									
CIDA	Economic and Social development	Barbados and the OECS	Canada Fund for Local Initiatives		To provide financial support to small scale projects in Barbados and the OECS region, supporting economic, technical and social development assistance to communities and NGOs				
CIDA	Economic management capacity building	OECS	Eastern Caribbean Economic Management Programme (ECEMP) III		To strengthen governance and builds capacity of public sector institutions to formulate and implement sound management solutions to common economic management problems	C\$ 12.9 M			
CIDA	Macro-economic management	CARTAC	Caribbean Regional Technical Assistance Centre (CARTAC)		To support macroeconomic stability and the acceleration of structural reforms to increase the development potential of the Caribbean region.	CIDA - C\$8 M			
UNDP IMF/CDB	Macro-economic management	CARTAC	Strengthening Economic and financial management	RLA/01/011	To strengthen tax administration and budget management so as to increase public sector savings to hep finance economic and social infrastructure	UNDP - US \$ 200,000 IMF - US \$ 2,664,000 CDB - US \$ 300,000		May 2001	
Education									
CIDA	Education	OECS	Eastern Caribbean Education Reform Project (ECERP)		To enhance the quality and effectiveness of education in the OECS sub-region in collaboration with national governments and other development partners.	C\$13 M			
Disaster Prevention and Mitigation									
CIDA	Disaster Reconstruction and development	Grenada	Grenada Reconstruction Project		To support the government of Grenada in managing national reconstruction, redevelopment and rehabilitation, post Hurricane Ivan (2004). Assistance specifically covers support to the Agency for Reconstruction and Development.	C\$4.8 M			
CIDA	Disaster Management	Caribbean	Caribbean Disaster Management Fund		To support capacity building for disaster management by reducing the vulnerability of the Caribbean via hazard mitigation planning and short term emergency assistance in response to natural disasters.	C\$5 M			
Japan	Disaster Management capacity building	CDERA	Caribbean Disaster Management Project		To develop professional expertise, expert training and equipment to enhance the capability within CDERA.			2002	
UNDP	Disaster Management		Caribbean Risk Management			US\$2 M		Sept 2004	Dec 2007

Donor	Sector/Area	Beneficiary country (ies)	Project/Programme Title	Project No.	Project Objectives	Primary Commitment/Budget	Total Disbursement	Actual Commencement Date	Completion (FA)Date
	and Environment		Initiative						
UNDP	Disaster Management and Environment	CDERA	Search and Rescue			US\$3 M		2004	2007
Institutional Strengthening /Capacity building									
CIDA	Environment capacity building/institutional strengthening	OECS	OECS Environmental Capacity Development Project (ENCAPD)		To strengthen environmental institutions and enhances their capacity for human resource development and information technology.	C\$4.5 M			
CIDA	Institutional strengthening	OECS Secretariat	OECS Institutional Strengthening		To promote the economic and social development of OECS member states by strengthening the institutional capacity of the OECS Secretariat and providing support to the sub-region integration process.	C\$4 M			
CIDA	Trade policy and institutional strengthening	OECS	OECS Trade Policy Assistance Project		Through policy and institutional development, strengthens the OECS sub-region's capacity to participate in, and benefit from, international trade liberalization.	C\$3.7 M			
CIDA	Trade	CRNM	Caribbean Regional Negotiating Machinery (CRNM) Support		Through technical and capacity support in external trade negotiations, strengthens the capacity of the Caribbean region to participate and compete in the global economy, thereby reducing poverty.	C\$2.7 M			
CIDA	Trade policy	private sector and civil society	Caribbean Trade Policy Responsive Fund		To provide assistance to the private sector and civil society in order to undertake research in areas related to trade policy, so as to allow their membership to be better informed of and engaged in trade negotiations. Funds for this project are fully committed.	\$1.35 M			
CIDA	Trade	CARICOM countries	CRNM		To strengthen the effectiveness and success of the CRNM in its role of negotiating trade agreements on behalf of CARICOM			Feb 2006	Oct 2008
CIDA	Trade liberalization	Antigua & Barbuda, Dominica	Caribbean open Trade Support (COTS)		To facilitate the transition of targeted countries to open trade and position them to compete successfully and sustainably.			Sept 2005	Sept 2009
CIDA	Strengthening of Public sector entities	Caribbean	Canada Cooperation Fund		To strengthen public sector entities for the effective and efficient delivery of services. Contributes to the modernization of public and private sector institutions and addresses investment climate bottlenecks to private sector development.	C\$18.2 M			
UNDP	Social	Barbados and the OECS	Strengthening Support to Poverty Reduction &		To build capacity to collect data, policy planning and harmonization, monitoring & evaluation for HIV/AIDS, social	US\$ 9.3 M		2004	

Donor	Sector/Area	Beneficiary country (ies)	Project/Programme Title	Project No.	Project Objectives	Primary Commitment/Budget	Total Disbursement	Actual Commence-ment Date	Completion (FA)Date
			Assessment		development and poverty monitoring				
Social Dev									
CIDA	Gender equality	Caribbean	Canada Caribbean Gender Equality Program (CCGEP)		To increase opportunities for women to participate in the sustainable development of their societies by supporting gender equality.	C\$7.5 M (OECS Sub-region: C\$1.4M) -			
Health									
CIDA	HIV/AIDS	Trinidad & Tobago, Suriname and OECS countries	HIV/AIDS Prevention – International HIV/AIDS Alliance (IHAA)		To expand access to risk reduction behaviour change interventions			Oct 2005	Sept 2009
CIDA	HIV/AIDS		HIV/AIDS Service Delivery		To expand access to prevention and treatment services by establishing training centres, ensuring the transfer of knowledge and technologies, serving as the coordinating body/focal point in the region.			Nov 2004	Sept 2009
CIDA	HIV/AIDS	OECS	HIV/AIDS Prevention – Peace Corps		Prevention interventions through small-scale community activities.			Oct 2005	Sept 2009
CIDA	HIV/AIDS	CARICOM countries	HIV/AIDS Monitoring and Evaluation		Improve the availability an use of accurate and reliable HIV/AIDS data			Oct 2005	Sept 2009
CIDA	HIV/AIDS	CAREC	Caribbean Epidemiology Centre (CAREC) AIDS/HIV Project Phase II		To assist CAREC in fighting AIDS and the spread of HIV in the Commonwealth Caribbean.	C\$8.5 M			
CIDA	HIV/AIDS	CAREC, UNAIDS, CARICOM Secretariat, NGOs	Expanded Support to HIV/AIDS in the Caribbean (ESAC)		To improve the response of key organisations (CAREC, UNAIDS, CARICOM Secretariat, NGOs), to combat HIV/AIDS in the Caribbean region.	C\$20 M			
CIDA	HIV/AIDS	CARICOM countries	Pan-Caribbean Partnership Against HIV/AIDS (PANCAP)		To support the Caribbean Regional Strategic Framework for HIV/AIDS			April 2005	Sept 2009
Programme Support									
CIDA	Programme support to CIDA	OECS	Program Enhancement Project (PEP)		To provide program analysis, program monitoring and administrative/logistical services to the CIDA program in the OECS and in the Caribbean region	C\$1.4M			
CSME/ Regional Integration									
CIDA	CSME Support	CARICOM Secretariat	CARICOM PROTOCOL II (Services) Trade Policy and		To assist the CARICOM Secretariat in the implementation of the CARICOM Single Market and Economy.	\$1M			

Donor	Sector/Area	Beneficiary country (ies)	Project/Programme Title	Project No.	Project Objectives	Primary Commitment/Budget	Total Disbursement	Actual Commencement Date	Completion (FA)Date
			Facilitation Project						
CIDA	Policy Formulation	CARICOM countries	CARICOM Capacity Development Project (CCDP)		To help to promote economic and social development in CARICOM member states by deepening the regional integration process. Will increase the capacity of CARICOM to formulate policies and frameworks for implementing CSME.	C \$5 M			
CIDA	Legislation (CSME)	CARICOM countries	Regional Legislative Drafting Facility		To draft model laws to facilitate the creation of an enabling environment for the establishment of the CSME and other trade regimes aimed at increasing trade and competitiveness in the CARICOM region			Oct 2005	Sept 2008
Legal									
CIDA	Judicial and Legal	OECS	Judicial and Legal Reform in the OECS		To strengthen the role of the judicial system by providing an enabling environment for equitable social and economic development. Aims to increase efficiency of the judicial system in the OECS states and improve management of the legal system.	C\$4.8 M			
CIDA	Civil Code Reform	St. Lucia	Reform of the Civil Code of St. Lucia		To assist in addressing civil rights issues through legislative reform and public education.	C\$500,000			
Social Infrastructure									
CIDA/CDB	Social Infrastructure	Caribbean	Caribbean Social Infrastructure Program (Executed in partnership with the Caribbean Development Bank through their Basic Needs Trust Fund)		To increase the extent to which basic human needs are met in the Caribbean region by increasing access to social infrastructure for vulnerable groups and by making sustainable increases and improvements to social infrastructure.	\$40 M			

(to be further revised after submission to Donor Agencies in the Caribbean for review/updating so as to reflect the latest situation as of 31 December 2006)

AREAS OF FOCUS FOR DONORS IN THE REGION

Sector	Canada /CIDA	CDB	EC	EIB	UK/DFID	USAID	IADB	ECHO	WB	IMF	UNDP	PAHO	FAO	ILO
Economic integration, cooperation + trade	////		////		////									
Private sector development	////		////			////								
Social policy development											////			
Basic Needs		////												
Education training + culture														
Secondary school reform	////													
Youth development	////													
Human development			////											
Health												////		
HIV/AIDS & Policy					////	////								////
Social welfare														
Labour														////
Infrastructure, rural development and food security		////	////											
Agriculture & fisheries												////		
Tourism														
Transport & ICT			////											
Environmental management/ Assessment						////							////	
Disaster Prevention/ Relief and Preparedness					////	////		////	////				////	
Governance and the rule of law			////											
Legal System						////								
Economic Management	//////													
Drugs control			////											
Violent crime					////									
Public sector reform		////			////									
Macroeconomic policies/ Statistics			////		////					////				
Fiscal administration										////				
Financial regulation/ supervision										////				
Capacity building			////		////				////		////			
Technical cooperation support					////									

(to be further refined after submission to Donor Agencies in the Caribbean for reviewing/updating so as to reflect the latest situation as of 31 December 2006)

CARIFORUM-EU TROIKA SUMMIT*Lima, Peru, 17 May 2008***- Joint Communiqué -**

1. The Heads of State and Government of the Caribbean Forum (CARIFORUM) and the European Union (EU) represented by the Troika, held their Third Meeting in Lima, Peru on 17 May 2008, on the occasion of the V Summit of Heads of State and Government of the European Union and Latin America and the Caribbean. They discussed, inter alia, issues relating to CARIFORUM-EU relations, regional integration and intra-CARIFORUM cooperation, implementation of the Economic Partnership Agreement (EPA) between the CARIFORUM States, the European Community and its Member States, energy costs and food prices, economic vulnerabilities, sound management of natural resources including adaptation measures and development co-operation.
2. The CARIFORUM and EU Heads of State and Government exchanged views on progress in regional integration. The EU welcomed also the new impetus given to the CARICOM integration process, through, inter alia, the decisions taken at the 19th Inter-Sessional meeting of the Conference of Heads of Government of the Caribbean Community (CARICOM), which was held in Nassau, The Bahamas on 7 – 8 March 2008, which seek to extend the benefits accruing to the region's people from the integration movement, including the operationalization of the CARICOM Development Fund.
3. The Heads of State and Government welcomed the successful conclusion of the Economic Partnership Agreement negotiations in December 2007 and confirmed their commitment to co-operate towards the successful implementation of the Agreement.
4. The Heads of State and Government agreed that the focus of co-operation under the 10th EDF Caribbean Regional Indicative Programme (CRIP) of €165M should be support for the EPA implementation, regional integration and intra-CARIFORUM cooperation. In that regard, they issued a Joint Statement highlighting the principal elements of EU-CARIFORUM Partnership.
5. The EU leaders expressed solidarity with the efforts of CARIFORUM to address the challenges that the rising cost of food and energy pose to the livelihood of citizens of the region. The EU and CARIFORUM leaders agreed on the urgent need to enhance CARIFORUM's capacity and to develop policies for managing key threats to food security including the strengthening of domestic food supply networks, marketing systems and enterprises. Both sides agreed to engage in renewed dialogue on these issues and explore avenues for enhanced collaboration within the framework of new and existing mechanisms for cooperation, including the appointment of a Joint Task Force. The Task Force would address immediate, medium and long term issues of climate change, energy and food security and agricultural productivity and diversification, with a view to ameliorate the problems in CARIFORUM states and to contribute to their sustainable development.
6. The CARIFORUM Heads of State and Government welcomed the EU's reaffirmed commitment to work together with the Caribbean States to tackle the specific challenges they face and they welcomed the finalisation of the programming exercise for the 10th EDF under which some €737M of programmable funds have been made available for national programmes, aimed at reducing poverty, supporting regional integration and cooperation and addressing the specific vulnerabilities of the countries.

7. The Heads of State and Government recalled the high degree of vulnerability of the wider Caribbean Basin to natural disasters, the increased occurrence and severity of these phenomena as well as the fact that the Caribbean has been internationally regarded as being among those suffering most from the impact of climate change. In this context, CARIFORUM Heads of State and Government welcomed the various activities launched recently under the 9th EDF in the area of natural and man-made disasters, including a contribution to the Caribbean Catastrophe Risk Insurance Facility (CCRIF), support to the Caribbean Disaster Emergency Response Agency (CDERA) and the creation of a € 22m standby facility on disaster preparedness and rehabilitation. The Parties welcomed the discussions on the new ACP/EU Natural Disaster Facility under the 10th EDF and agreed on the need to ensure its prompt implementation, building on the experience gained under the 9th EDF.
8. The Heads of State and Government welcomed the recent EU Global Climate Change Alliance (GCCA) with developing countries, which is designed to help Least Developed Countries (LDCs) and Small Island Developing States (SIDS) in particular to increase their capacity to adapt to climate change and pursue sustainable development strategies. In this respect, they noted that the GCCA will provide a platform for dialogue and exchange as well as practical cooperation in support of the international negotiations on an ambitious post-2012 climate change agreement and of effective measures at national and regional level. They adopted a CARIFORUM-EU Declaration on the Global Climate Change Alliance and underlined its significance for the Caribbean region.
9. The Heads of State and Government commended the progress made by the Haitian authorities towards democracy and stabilisation of the macro-economic framework. They welcomed Haiti's deeper involvement in the regional integration movement including through its ratification of the Revised Treaty of Chaguaramas as well as its accession to the Rio Group. In addition, Heads of State and Government renewed the call for the continued support of the international community to Haiti.
10. The Heads of State and Government acknowledged that common regional institutions are a prerequisite for the continued deepening of regional cooperation as well as increasing cohesion, cooperation and understanding in the Region. CARIFORUM Heads of State and Government welcomed EU support to regional institutions including the recently established Caribbean Regional Information and Translation Institute (CRITI) in the Republic of Suriname.
11. The Heads of State and Government underlined the benefit of a continuous and constructive dialogue between the two regions and agreed to hold their next meeting on the occasion of the VI Summit of Heads of State and Government of the European Union and Latin America and the Caribbean in Spain in 2010.

(ANNEX 1)

JOINT STATEMENT ON CARIFORUM-EU PARTNERSHIP

POLICY FRAMEWORK

1. The Heads of State and Government of the Caribbean Forum (CARIFORUM) and the European Union (EU) represented by the Troika met in Lima, Peru on 17 May 2008 for discussions on regional cooperation in the Caribbean and more particularly the programming of the 10th EDF Caribbean Regional Programme.

2. The Heads of State and Government discussed the regional integration and cooperation processes in the Caribbean region and acknowledged the substantial achievements to date as well as future steps. Their discussions covered the different levels of regional integration and cooperation in the Caribbean, particularly amongst the OECS, CARICOM and CARIFORUM countries, Haiti – Dominican Republic and ACP/DOM/OCT cooperation. They also discussed broader cooperation in the Caribbean and Latin American context.
3. The discussions took place against the background of Caribbean and European policy documents including the Revised Treaty of Chaguaramas, the OECS Treaty of Basseterre, the European Consensus, the EU-Caribbean Strategy and the Economic Partnership Agreement between the CARIFORUM States, the European Community and its Member States (EPA) and its Joint Declaration on Development Cooperation.
4. The Heads of State and Government agreed on the importance of establishing mechanisms for a structured and comprehensive political dialogue in order to further strengthen their relationship.
5. They also took stock of the future prospects for regional integration and cooperation in CARIFORUM as well as the probable impact of the Economic Partnership Agreement on these processes and the related commitments in terms of trade and development cooperation.

CARIFORUM VULNERABILITIES AND CHALLENGES

6. The Heads of State and Government considered the current situation in the Caribbean, its special characteristics, economic challenges and vulnerabilities including those related to rising costs of food and energy, environment, climate change and natural disasters and crime and security issues.
7. They considered the region's essential need for human resource development, to counter the effects of migration, to meet the growing demands of economic diversification and to build capacity both in the private and public sectors. The Parties recognised the importance of interconnection and the related issues of air and maritime transport infrastructure for the sustainable economic development of the region.

EU-CARIFORUM DEVELOPMENT FINANCE COOPERATION

8. The Heads of State and Government analysed the situation in the region, and took note of the allocation of the € 165 million for the 10th EDF Caribbean Regional Programme for the period 2008-2013. The Parties also agreed to work together towards attracting additional resources to the Region from EU Member States under their respective national cooperation programmes and Aid for Trade (AfT) funding and from other development partners, including those active in the Caribbean. The Parties acknowledged that aid coordination in line with the Paris Declaration on Aid Effectiveness and regional ownership is crucial to the successful management of the funds that accrue to the region and agreed that the Caribbean region will take the initiative to effect such coordination and that the EC will support these efforts.
9. Recognising that efficient use of funds also entails timely mobilization, the Heads of State and Government agreed to work together to achieve optimal disbursement rates, through the adoption of innovative and flexible implementation mechanisms. They also agreed to consider the best ways of establishing the regional development fund referred to in the EPA Joint Declaration on Development Cooperation, by the nearest possible date, as an effective channel for aid disbursement.

INFRASTRUCTURE AND PRIVATE SECTOR DEVELOPMENT

10. Recognising the importance of infrastructure and particularly interconnection infrastructure to regional integration and the economic development of the region the Parties agreed to work together towards establishing an infrastructure fund in which the EC will participate and will also explore the possible involvement of the European Investment Bank, EU Member States, other development partners and international financial institutions.
11. The Parties also recognised the critical importance of the private sector contributions and private sector development for achieving the development objectives of the region.

10TH EDF CARIBBEAN REGIONAL INDICATIVE PROGRAMME

12. The Parties agreed, in principle, that the 10th EDF Caribbean Regional Programme would be programmed along the following lines.

Focal Area: Regional Economic Integration/Cooperation and EPA priority areas including Capacity Building (approximately 85-90% of €165 million)

- a) CARICOM Integration
 - Supporting the process of CARICOM integration including the establishment of a Single Market Economy (CSME), an area of free circulation of goods, services, people and capital;
- b) OECS Economic Union
 - Supporting and deepening of OECS integration and support for OECS integration into the CSME
- c) Strengthening Intra-CARIFORUM Regional Co-operation
 - Focusing on Dominican Republic/Haiti Bi-lateral Cooperation
 - Supporting closer cooperation between CARICOM and the Dominican Republic
- d) Investing in Human Capital

Preparing the people and institutions of CARIFORUM to respond to the challenges posed by global trade and economic realities including the CARIFORUM-EU EPA, in partnership with Caribbean centres of excellence, such as regional universities.
- e) EPA implementation

Supporting priority EPA implementation and accompanying measures at the OECS, CARICOM and CARIFORUM levels.
- f) Integration and cooperation in the wider Caribbean

Supporting CARIFORUM/DOM/OCT integration and cooperation;
Supporting CARIFORUM-cooperation with Latin American Caribbean countries and sub-regional institutions or integration processes.

Non-Focal Area: Addressing vulnerabilities and social issues (approximately 10 -15% of €165 million).

- (g) Crime and Security Cooperation:
Supporting regional security cooperation structures building on the CARICOM Action Plan and foster all-CARIFORUM cooperation in the fight against illicit drugs and related crimes;
- (h) Civil Society participation
- Promoting stakeholder ownership and participation in the development, integration and cooperation processes in the region.
- (i) Institutional support / programme implementation

CONCLUSION

The Heads of State and Government instructed the European Commission and CARIFORUM Secretariat to finalise the 10th EDF Caribbean Regional Indicative Programme for urgent commencement of implementation.

(ANNEX 2)

CARIFORUM –EU DECLARATION ON CLIMATE CHANGE AND ENERGY

BACKGROUND

1. The Heads of State and Government of the Caribbean Forum (CARIFORUM) and the European Union (EU), represented by the Troika, exchanged views on climate change, energy and food security at their meeting in Lima, Peru on 17 May 2008.
2. They noted that the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol, measures for adaptation to climate change provided for under the Nairobi Work Programme, the Barbados Programme of Action for the Sustainable Development of Small Islands Developing States (BPoA), the Mauritius Strategy as well as the outcomes of other relevant United Nations conferences and summits, represent the main framework for addressing global warming, climate change and sea level rise, which impact on the sustainable development of Small Island and Low-lying Coastal Developing States (SIDS). They further noted that the Global Climate Change Alliance (GCCA) is designed to complement these key instruments, to which all CARIFORUM and EU states are Party.
3. The Heads of State and Government recalled that the GCCA is a mechanism for improving political dialogue and promoting the exchange of experiences between the European Union and developing countries most vulnerable to climate change on the integration of climate change issues into development policies and strategies. The results of the GCCA dialogue will feed into the discussions for an appropriate post 2012 multilateral framework agreement on climate change under the (UNFCCC).

4. The Heads affirmed the intent of the GCCA to ensure that poor developing countries increase their capacities to adapt to the negative effects of climate change in their pursuit of sustainable development, including the provision of concrete support for adaptation and mitigation measures in particular, as an integral element of poverty reduction strategies.
5. The Heads of State and Government affirmed the outcome of the United Nations Climate Change Conference held in Bali in December 2007 as a major step in the global fight against climate change and noted that the international community now has the major task of formulating an effective, comprehensive and global agreement on a future framework for a post 2012 climate change agreement before the end of 2009. They welcomed in particular, the Bali Action Plan and the decision to finalize the operational details of the Adaptation Fund without delay, in light of the role that the Adaptation Fund will play in financing concrete adaptation projects in developing countries.
6. Considering that unprecedented finance and investments will have to be mobilised to meet the current and future challenges of both mitigation and adaptation and the needs of developing countries in this respect, they agreed to seek to mobilize all possible resources to further the implementation of the Barbados Plan of Action, the Mauritius Strategy for Implementation and the Caribbean Regional Strategy on Climate Change and other relevant programmes in the Caribbean region.
7. The Heads of State and Government, emphasised that emission reductions will have to be far more ambitious than in the framework of the Kyoto Protocol in order to limit global warming to 2° C. They also highlighted the global nature of the problem and hence the importance of agreeing on deeper absolute emission reduction commitments by developed countries and of facilitating further fair and effective, nationally appropriate mitigation actions by all major emitters of greenhouse gases.
8. Recalling the provision of Article 32 of the Cotonou Agreement regarding ACP-EU cooperation on environmental protection and the sustainable utilization of natural resources and the Joint ACP-EU Declaration on Climate Change and Development adopted in Port Moresby in June 2006, the Heads of State and Government underscored that climate change should, given its critical importance, be mainstreamed in development cooperation and support programmes and projects, within the context of the ACP-EU Partnership.

CARIBBEAN POLICY

9. The Heads of State and Government acknowledged that climate change is an important developmental issue for Caribbean States that needs to be addressed within the broader perspective of poverty reduction, energy, food security and sustainable development.
10. They also commended the commitment of Caribbean states to the wider 2002 Latin American and Caribbean regional initiative for Sustainable Development^a which emphasised that timely action be taken to reduce the impact of climate change through the implementation of effective mitigation and adaptation measures.
11. The Heads of State and Government also commended the various initiatives taken by the Caribbean Disaster Emergency Response Agency (CDERA) to address the challenges of climate change and link disaster preparedness activities with adaptation needs, including the development of a Comprehensive Disaster Management Strategy.

^a Adopted at the first special meeting of the Forum of Ministers of the Environment of Latin America and the Caribbean, held in Johannesburg, South Africa, in August 2002

12. They further acknowledged the significant achievements of the Caribbean Community Climate Change Centre (CCCCC) in building regional capacity to cope with the challenges to regional sustainable development.

EU POLICY

13. Heads of State and Government welcomed the EU's recent climate change and energy related policy initiatives, highlighting the need for absolute emission reduction commitments and reflecting that developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990 with a view to collectively reducing their emissions by 60 to 80% by 2050 compared to 1990;
14. They took note the EU's commitment to a reduction of 30% of greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries adequately contribute according to their responsibilities and respective capabilities;
15. Heads of State and Government also took note of the EU's decision, until a global and comprehensive post-2012 agreement is concluded, to make a firm independent commitment to achieve at least a 20% reduction of greenhouse gas emissions by 2020 compared to 1990;
16. They also commended the adoption of a comprehensive EU energy Action Plan for the period 2007-2009 setting highly ambitious quantified targets on energy efficiency, and all forms renewable energies.

JOINT CARIFORUM-EU ACTION

17. The Heads of State and Government of CARIFORUM and the EU affirmed the need to take urgent action to address the issues of climate change, energy and food security.
18. Both sides also agreed to work together to mobilise political support for stronger action on climate change and to examine how the international framework could facilitate such action. This action should be guided by a shared vision for long term cooperative efforts and should include perspectives on low-carbon development, climate-safe paths and reduced climate vulnerabilities.
19. The Heads of State and Government therefore affirmed their commitment to work together to:
 - enhance cooperation in international negotiations and strengthen efforts by all Parties to address climate change, energy and food security including through regular consultations, joint initiatives and leadership in their respective regions;
 - cooperate towards the successful conclusion of a post-2012 agreement under the UNFCCC and its Kyoto Protocol and in the implementation of their respective commitments (still to be negotiated).
20. The Heads of State and Government of CARIFORUM welcomed the European Union's intention to assist and support the Caribbean region in its adaptation and mitigation efforts, through the Global Climate Change Alliance, and other appropriate instruments. They also urged that priority attention be given to implementation of energy and food security programmes through instruments such as "Intra ACP" cooperation under the 10th European Development Fund.

21. Recalling those commitments, CARIFORUM and the EU jointly identified, inter alia, the following immediate priorities for action:
- a) Support for the implementation of the Caribbean Regional Climate Change Strategy
 - b) Development of a comprehensive inventory and valuation of existing critical facilities to assess the vulnerability of key infrastructure and economic sectors to climate change, particularly in the agriculture, biodiversity, forestry, fisheries, tourism, health and water resources management sectors;
 - c) Improved management of the region's natural resources, by way of the creation of an enabling environment for the sustainable development of agricultural productivity and the promotion of agricultural diversification.
22. The Heads of State and Government of CARIFORUM and the EU have therefore agreed to appoint a joint CARIFORUM-EU technical group at the regional level to ensure appropriate follow-up action to this Declaration. The technical group will translate the above immediate priorities for joint action into meaningful concrete activities that will be part of the GCCA support framework, to be included in the EU/LDC and SIDS GCCA Joint Declaration on Climate Change, for consideration by the Parties' Development/Finance Ministers at their meeting in Poznan in December 2008 during UNFCCC Conference of Parties -14.

CARIBBEAN OCTs

In the Caribbean, there are seven OCTs. Two of them are Dutch, the other five British. It should be noted that Bermuda is included in the list of OCTs annexed to the EC Treaty, but that the OCT-EC association has nevertheless not been applied to this British territory, at its own request.

1. Anguilla is a British OCT. The UK remains responsible for foreign affairs, defence, internal security, the public service and the offshore financial sector. In other areas, executive power is exercised at island level. Anguilla is an associate member of CARICOM and of the Organisation of Eastern Caribbean States (OECS).

2. Aruba is a Dutch OCT and part of the Kingdom of the Netherlands. The Netherlands are responsible for external relations, defence and justice. Apart from that, Aruba is autonomous and has its own government. Aruba is an observer to CARICOM.

3. The British Virgin Islands (BVI) are a British OCT. The UK remains responsible for foreign affairs, defence, internal security and the public service. In other areas, executive power is exercised at island level. The BVI are an associate member of CARICOM and the OECS.

4. The Cayman Islands are a British OCT. The UK remains responsible for foreign affairs, defence, internal security and the public service. In other areas, executive power is exercised at island level. The Cayman Islands are an associate member of CARICOM.

5. Montserrat is a British OCT. The UK remains responsible for foreign affairs, defence, internal security, the public service and the offshore financial sector. In other areas, executive power is exercised at island level. Montserrat is the only OCT that is a full member of CARICOM, but with certain exceptions (e.g. regarding the CSME, at least for the time being). It is also an observer in CARIFORUM (Montserrat is the only member of CARICOM which is not a member of CARIFORUM). Montserrat is moreover a full member of the OECS.

6. The Netherlands Antilles are a Dutch OCT and part of the Kingdom of the Netherlands. The Netherlands Antilles currently consist of a sort of Federation of five islands (Curaçao and Bonaire, St Maarten, St Eustatius and Saba). St Maarten is adjacent to Saint Martin, which is part of France. While the Netherlands control external affairs, each of the five islands has its own island government and the Netherlands Antilles as a whole has a central government.

Following ongoing constitutional evolutions, the Netherlands Antilles will in principle be restructured and cease to exist at central level. St Maarten and Curaçao will then become autonomous within the Kingdom of the Netherlands, whereas all other islands will integrate more closely in the Kingdom of the Netherlands.

The Netherlands Antilles have on several occasions indicated that they are seeking closer ties with CARICOM, where they currently have observer status. They are also member of the Association of Caribbean States (ACS).

7. The Turks and Caicos Islands are a British OCT. The UK is responsible for foreign affairs, defence, internal security, the public service and the offshore financial sector. In other areas, Turks and Caicos enjoys a large measure of internal autonomy. The Turks and Caicos Islands are an associated member of CARICOM.

Indicative list of Project and Programmes to be implemented

Focal Sector

The Projects and Programmes in the focal sector enabling the above objectives to be attained are to be further developed but below are some preliminary project ideas.

1. Deepening of Economic Integration and Trade at the level of the OECS

- (i) Supporting the deepening of OECS integration
- (ii) Support for OECS integration in CSME

2. CSME establishment and CARICOM Integration and Trade

- (i) Support for the process of establishing an area of free circulation of goods, services, people and capital.
- (ii) Support for monitoring the regional integration process through provision of key statistical and economic data.
- (iii) Supporting closer collaboration between CARICOM and the Dominican Republic.

3. Intra-CARIFORUM Economic and Social Cooperation

Programme to provide support for Haiti/Dominican Republic Economic Integration and Cooperation and support for the Haiti/Dominican Republic Strategy for bi-national development.

4. A CARIFORUM/DOM/OCT/EU/LAC Cooperation Programme

- (i) Parallel co-financing to INTERREG Programmes and promotion of DOM/CARIFORUM Relations (including CARIFORUM/DOM/OCT Task Force follow-up)
- (ii) Parallel co-financing with OCT regional funds and promotion of OCT/CARIFORUM Relations.
- (iii) Implementation of cooperation and activities within the EU/LAC context.
- (iv) DR/Cuba/South and Central America Cooperation activities.
- (v) Support for activities in the Guyana Shield including:
- (vi) Increased cooperation between Suriname and the Dutch-speaking OCTs.

5. EPA Implementation and accompanying measures

The objective of the programme is to support EPA implementation and accompanying measures at OECS, CARICOM and CARIFORUM levels to assist in obtaining full benefits from the EPA, honouring EPA commitments and promoting development through effective participation in the EPA with the EU. The interventions to be facilitated by the support programme will focus on:

- (i) The cooperation priorities agreed upon in each substantive chapter of the EPA (Some areas of intervention have already been taken up in the work programme of the RPTF - and at a later date the EPA's own institutions - charged with ensuring the links between development initiatives and the conclusions arrived at in EPA negotiations.

Other areas identified by CARIFORUM countries where it is perceived that there are capacity constraints to be addressed in areas covered by the EPA negotiations.

These interventions would seek to cover all CARIFORUM States having needs in the identified areas of intervention. The interventions would also seek to draw synergies with the NIPs of individual CARIFORUM Member States and would seek to harness technical and financial support from other donors including EU Member States.

6. Investing in Human Capital

Preparing the people and institutions of CARIFORUM to respond to the challenges posed by global trade and economic realities including the CARIFORUM-EC EPA, in partnership with Caribbean centres of excellence, such as regional universities, also allowing for greater use of existing scientific knowledge on social, economic and environmental issues relevant to the Caribbean to support implementation of regional objectives and programmes and associated.

CARIFORUM countries and the EC will jointly pursue the establishment and operation of a Fund as a quick disbursing mechanism for financing activities of the programme. In the absence of a Fund, the following programming and implementation modalities will apply:

- (a) Interventions 1, OECS Economic Integration and Trade and 2, CARICOM Integration and Trade, will be the subject of one (1) Financing Proposal and Agreement but will be implemented through separate contribution agreements with OECS and CARICOM Secretariats.
- (b) Intervention 3, Intra-CARIFORUM Economic and Social Cooperation, will be the subject of one (1) Financing Proposal and Agreement and will be implemented by public authorities in Haiti and the Dominican Republic.
- (c) Intervention 4, CARIFORUM/DOM/OCT/EU/LAC Economic Cooperation and Trade, will be the subject of one (1) Financing Proposal and Agreement and will be implemented through a Contribution Agreement with the CARIFORUM Secretariat.
- (d) Intervention 5, EPA Support, will be the subject of one (1) Financing Proposal and Agreement and will be implemented through a Contribution Agreement with the CARIFORUM Secretariat.

- (e) Intervention 6, Investing in Human Capital, will be the subject of one (1) Financing Proposal and Agreement but will be implemented, as much as possible, through Contribution Agreements with a limited number of Implementing Agencies based on the final decision of the agreed intervention. As a general rule, attempts will be made to limit the number of Contribution Agreements without slowing down the pace of programming.

Non-focal Sector

The projects and programmes in the non-focal sector for attaining the above objectives are to be further developed but should include:

1. Crime and Security Cooperation and Peace and the Fight against Illegal Drugs

Supporting regional security cooperation structures building on the CARICOM Action Plan and fostering all-CARIFORUM cooperation in the fight against illicit drugs and related crimes.

It is necessary now to strengthen regional coordination of the various drug control programmes by reinforcing relevant, sustainable regional institutions and implementing priority programmes. A CARICOM Task Force has recently reviewed the recommendations of the BPA and will come forward with comprehensive regionally rooted strategies. If this is to be successful, consideration must be given to the wider scope of the cocaine drugs route and coordination and cooperation with the producing countries in Latin America.

The objective is to develop and properly coordinate regional mechanisms for fighting the activities of illicit trafficking networks and their related crimes as well as improving regional cooperation and exchange of know-how in the areas of demand reduction and rehabilitation and treatment of illicit drug users, in order to contribute to a safer and peaceful environment for economic and social development within the region.

The activities in this regard will build on and complement existing cooperation structures (e.g. IMPACS), ongoing EU-CARIFORUM cooperation (e.g. in the area of demand reduction under the 9th EDF Caribbean Integration support Programme), or other intra and inter-regional cooperation activities, including the activities under the EU-LAC Coordination and Cooperation Mechanism on Drugs in pursuance of the Panama Action Plan and the priority areas identified at the IXth High level Meeting in Port of Spain. The continuation/extension of the work of the Intelligence Sharing Working Group and implementation of its recommendations might also be considered.

The anticipated result of the intervention is the establishment and operation of a Crime and Security Coordinating Mechanism in the region and improved coordination in fighting drugs and crime.

2. Civil Society Participation

Promoting stakeholder ownership and participation in the development, integration and cooperation processes in the region.

The objective is to secure deeper involvement of Non-State Actors in Caribbean development, integration and cooperation efforts and processes. The anticipated result of the intervention is strengthened institutional capacities of Non-State Actors.

3. Institutional Support/Programme Implementation

The objective is to ensure effective programming and implementation of the 10th EDF RIP. The anticipated result of the intervention is timely programming and enhanced regional capacities to implement the 10th EDF RIP.

The amounts and timing of the actions mentioned in this table are for indication only. The final amounts and timing will depend on the recommendations of the proposed feasibility studies and on the recommendations of the assessments and audits of proposed implementation institutions as mandated by CARICOM or the OECS. The Commission reserves the right to adjust the budgetary allocations in consultation with CARICOM (the Regional authorising Officer) in function of the mentioned recommendations.