

**CARIBBEAN FORUM OF ACP STATES
(CARIFORUM)**

EUROPEAN COMMUNITY

**REGIONAL STRATEGY PAPER
AND
REGIONAL INDICATIVE PROGRAMME (RIP)**

For the period

2003 – 2007

CENTRAL AMERICA AND THE CARIBBEAN



The Caribbean Region, represented by the Caribbean Forum of ACP States (Cariforum), and the European Commission hereby agree as follows:

- (1) Cariforum, (represented by its Secretary General, Dr. Edwin Carrington), and the European Commission, (represented by <name and title>,) hereinafter referred to as the Parties, held discussions in <place> from to with a view to determining the general orientations for co-operation for the period <year of signature> – 2007. <If appropriate> *The European Investment Bank was represented at these discussions by <name and title>.*

During these discussions, the Regional Strategy Paper including an Indicative Programme of Community Aid in favour of Cariforum 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. These discussions complete the programming process in the Cariforum region.

Cariforum includes the following ACP countries¹: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

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

- (2) As regards the indicative programmable financial resources which the Community envisages to make available to Cariforum for the period <year of signature> -2007, an amount of €57 million is foreseen for the allocation referred to in Article 9 of Annex IV of 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. Balances remaining from previous EDFs at the date of entry into force of the Financial Protocol as well as decommitments made at a later stage, will be added to this indicative allocation, in accordance with Paragraph 5 of Annex 1 of the ACP-EC Partnership Agreement.
- (3) The Indicative Programme under chapter 6 concerns the resources of the allocation. This allocation is destined 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.
- (4) The European Investment Bank may contribute to the present Regional Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 3 and 4 of the Financial Protocol of the ACP-EC Partnership Agreement (*see paragraph 5.5 for further details*).
- (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 within two years and the end-of-term review shall be undertaken within four years from the date of signature of the Regional Strategy Paper and the Regional Indicative Programme. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in the light of current needs and performance.

¹ Cuba, though not benefiting from EDF support, became a member of Cariforum in October 2001.

- (6) The agreement of the two parties on this Regional Strategy Paper and Regional Indicative Programme, subject to the ratification and entry into force of the ACP-EC Partnership Agreement, will be regarded as definitive within eight weeks of the date of the signature, unless either party communicates the contrary before the end of this period.

Signatures

For Cariforum

For the Commission

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MAIN ABBREVIATIONS RELEVANT TO THE CARIBBEAN RSP

ACP	Africa, Caribbean and Pacific
ACS	Association of Caribbean States
BPA	Barbados Plan of Action
CARICAD	Caribbean Centre for Development Administration
CARICOM	Caribbean Community and Common Market
CARTAC	Caribbean Regional Technical Assistance Centre
CCJ	Caribbean Court of Justice
CDB	Caribbean Development Bank
CDE	Centre for the Development of Enterprises
CDERA	Caribbean Disaster Emergency Response Agency
CET	Common External Tariff
CFAT	Caribbean Financial Action Task Force
CGCED	Caribbean Group for Co-operation in Economic Development
CRIP	Caribbean Regional Indicative Programme
CROSQ	Caribbean Regional Organisation for Standards and Quality
CSME	Caribbean Single Market and Economy
DDA	Doha Development Agenda
CSP	Country Strategy Paper
DFID	Department for International Development (United Kingdom)
DIPECHO	Disaster Preparedness ECHO
DOM	Departments d'Outre Mer (French Overseas Departments)
DR	Dominican Republic
EBAS	EU/ACP Business Assistance Scheme
EC	European Commission
ECHO	European Commission Humanitarian Aid Office
EDF	European Development Fund
EDU	Export Development Unit
EIB	European Development Bank
EPA	Economic Partnership Agreement
EU	European Union
EU-LAC	European Union – Latin America / Caribbean
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FTAA	Free Trade Agreement of the Americas
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
HDI	Human Development Index
IADB	Inter American Development Bank
ICT	Information and Communication Technologies
ILO	International Labour Organisation
IMF	International Monetary Fund
INTERREG	Community Initiative for the European Regional Development Fund
IT	Information Technology
IPRs	Intellectual Property Rights
LDC	Caribbean Less Developed Country (Caricom definition)
NIP	National Indicative Programme
NSAs	Non-State Actors
MFN	Most Favoured Nation
NGO	Non Government Organisation
OAS	Organisation of American States
OCTs	Overseas Countries and Territories
OECD	Organisation for Economic Co-operation and Development
OECS	Organisation of Eastern Caribbean States
RAO	Regional Authorising Officer
RIDS	Caribbean Regional Integration and Development Strategy
RIP	Regional Indicative Programme
RNM	Regional Negotiation Machinery
RS	Response Strategy
RSS	Regional Support Strategy
RSP	Regional Strategy Paper
SME	Small and Medium Enterprises
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
UWI	University of the West Indies
WTO	World Trade Organisation
@LIS	ALLiance for the Information Society

EXECUTIVE SUMMARY

The overall aim of the Regional Support Strategy is the beneficial integration of the Caribbean region into the world economy through a global repositioning aimed at achieving sustainable economic growth, regional cohesion and stability and continued improvements in living conditions. Support to regional integration aims the establishment of a harmonised economic space that will contribute to achieving greater competitiveness. This will facilitate the Caribbean to engage in a structural transformation and repositioning of its economy, to enter into advantageous international trade negotiations, and ultimately to achieve Cotonou’s central objective of poverty reduction.

An integrated and mutually-reinforcing process of support to the *Intensification of Regional Integration* has been selected as the Focal sector:

- An expansion in the regional economic base is expected to increase market opportunities, improve the attractiveness of investments and achieve greater economies of scale. The completion and full implementation of the Caribbean Single Market and Economy by 2005 should enable the lack of international competitiveness in a number of export sectors to be tackled by easing the constraints facing small economies and markets.
- Building upon a gradually harmonised economic space, the strengthening of trade-related capacity should enable the Caribbean region to play a full part in and take full advantage of international trade negotiations, which involve the WTO agenda, the Free Trade of the Americas (FTTA) and Economic Partnership Agreement (EPA) negotiations with the EU.
- An enhanced regional economic space gradually integrated into the world economy should be the basis for an economic repositioning of the Caribbean, enabling the region to seize new and diversified opportunities.

As Non-focal sector, the support strategy will assist the Caribbean region in fighting major vulnerabilities that pose serious constraints on regional economic development and political and social stability. Support to *drugs control* will focus on developing and implementing regionally rooted strategies on demand and supply reduction. Support to *disaster management* will centre on strengthening a comprehensive regional disaster strategy.

The Response Strategy is a result of the programming analysis and develops from Cariforum’s Regional Integration and Development Strategy (RIDS), considering selected priorities that are in line with the EC policy objectives and comparative advantage in regional integration and co-operation. The strategy follows the principle of subsidiarity, takes account of the experience of EC co-operation in the region and goes together with sectors and activities that are covered by ongoing EDF and EC Budget support. It builds upon the capacity installed by former EDF programmes, seeks synergies with National Indicative Programmes (NIPs) and pursues coherence and complementarity with the strategies and activities of other donors. It follows an extensive and co-operative dialogue with Cariforum / Caricom authorities, who carried out formal consultations with National Governments, regional NSAs and civil society.

The Regional Indicative Programme with an indicative amount of €57 million will be allocated according to the following percentages of the financial envelope:

Focal Sector:	- Intensification of regional integration	75 – 90 %
Non-focal areas:	- Major vulnerabilities	11 – 14 %
	- Policy dialogue and programme review, monitoring and auditing	3 – 4 %

CHAPTER 1: THE EC REGIONAL CO-OPERATION PRINCIPLES AND OBJECTIVES

In accordance with Article 177 of the Treaty Establishing the European Community, development co-operation policy shall foster:

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- The smooth and gradual integration of the developing countries into the world economy;
- The campaign against poverty in the developing countries.

These objectives have been confirmed and reinforced in Article 1 of the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, which puts main emphasis on the objective of reducing and eventually eradicating poverty. Co-operation between the Community and Cariforum shall 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.

Furthermore, in their Statement on the European Community's Development Policy of 10 November 2000, the Council of the European Union and the European Commission determined a limited number of areas selected on the basis of their contribution towards reducing poverty and for which Community action provides added value: link between trade and development; support for regional integration and co-operation; support for macro-economic policies; transport; food security and sustainable rural development; institutional capacity-building, particularly in the area of good governance and the rule of law.

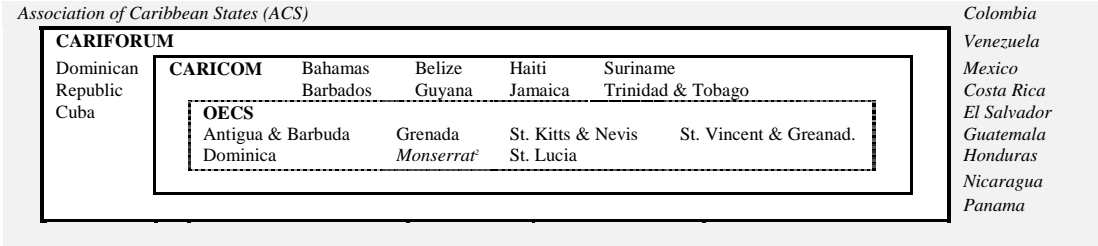
In the regional context, Article 28 of the Agreement presents the general approach for regional co-operation and integration. "Co-operation shall provide effective assistance to achieve the objectives and priorities, which the ACP countries have set themselves in the context of regional and sub-regional co-operation and integration (...). In this context co-operation support shall aim to: a) foster the gradual integration of the ACP States into the world economy; b) accelerate economic co-operation 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 co-ordination and harmonisation of regional and sub-regional co-operation policies; and e) promote and expand inter and intra-ACP trade and with third countries".

Co-operation in the area of regional economic integration and regional co-operation should support the main fields identified in articles 29 and 30 of the Cotonou Agreement. Furthermore, it is stated in article 35 that "economic and trade co-operation 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".

The Treaty establishing the EC foresees that the Community and the Member States shall co-ordinate their policies on development co-operation and shall consult each other on their aid programmes, including in international organisations and during international conferences. Efforts must be made to ensure that Community development policy objectives are taken into account in the formulation and implementation of other policies affecting the developing countries. Furthermore, as laid down in Article 20 of the Agreement, systematic account shall be taken in mainstreaming into all areas of co-operation the following thematic or cross-cutting themes: gender issues, environmental issues and institutional development and capacity building.

The above objectives and principles together with the policy agenda for the region constitute the starting point for the formulation of the RSP, in accordance with the principle of ownership of development strategies.

CHAPTER 2: THE POLICY AGENDA OF THE REGION



2.1 Assessment of the process of regional integration

2.1.1 Regional economic integration³

The *Caribbean Forum, Cariforum* comprises all Caricom members⁴, with the exception of Monserrat, plus the Dominican Republic and Cuba, the latter having adhered in October 2001. The current purpose of Cariforum is to manage and co-ordinate the policy dialogue with the EU, to manage EDF regional support in the context of its Regional Integration and Development Strategy (RIDS) and to promote the widening of regional integration and co-operation, in particular with the Caribbean OCTs⁵ and the French DOMs⁶. Though member of Cariforum, Cuba is not a direct beneficiary of ACP-EU financing.

Cariforum pursues the objective of widening the Caribbean economic space through closer economic co-operation and eventual integration of the Dominican Republic and Cuba into the *Caribbean Community and Common Market, Caricom*, that was established in 1973 with the Treaty of Chaguaramas. In the Conference of Grand Anse, Grenada in 1989, Caricom Governments decided to advance towards a *Caricom Single Market and Economy (CSME)*. Caricom widened its membership by admitting Suriname in 1995, while Haiti became a full member after ratification of the Caricom Treaty in 2002. Haiti and The Bahamas are not members of the single market, but have both expressed commitment to the CSME. Haiti’s membership will be negotiated.

The CSME aims to integrate the economies of Caricom into a unified single market in which people, goods, services and capital can move freely, and into a single economy that functions under the same co-ordinated and harmonised economic policies. An enhanced Caricom market is expected to bring greater efficiency and competitiveness, allowing the Caribbean economies to meet the challenges of globalisation and the erosion of trade preferences from developed countries on which they currently depend heavily. The main areas of emphasis include the implementation of a Common External Tariff (CET) and a Common External Trade Policy, the completion of arrangements for the free internal movement of goods, mechanisms for the free movement of services, capital and labour, and the harmonisation of laws and regulations affecting commerce, involving customs laws and procedures, intellectual property, competition policy, corporate taxation, dumping and subsidisation, as well as co-ordination of aspects of economic policy.

Nine Protocols establish the legal framework for the operation of the CSME: Protocol I - Organs and Institutions of the Community; II - Establishment, services and capital; III - Industrial policy; IV - Trade policy; V - Agricultural policy; VI - Transport policy; VII - Disadvantaged countries, regions and sectors; VIII - Competition policy, consumer protection, dumping and subsidies; IX - Dispute settlement.

² Monserrat is a British OCT.
³ Outline of the main regional institutions in Annex 7.
⁴ CARIFORUM and CARICOM => Headquarters: Georgetown, Guyana. Associate members of Caricom: British Virgin Islands, Turks & Caicos, Cayman Islands.
⁵ Anguilla, Aruba, British Virgin Islands, Cayman Islands, Monserrat, The Netherlands Antilles, Turks and Caicos.
⁶ French Guyana, Guadeloupe and Martinique.

With regard to the implementation of Protocol II, the heart of the CSME, considerable progress has been made in liberalising intra-regional trade⁷. Only the allegedly Less Developed Member Countries (LDCs)⁸ of Caricom have been permitted to retain import licensing for some products to allow time to improve the competitiveness of their industries. The Common External Tariff (CET) is the primary instrument of the Community's external trade policy providing for common tariffs on extra-regional imports. During the 1990s the maximum tariffs for non-agricultural products were reduced from 35% to 20%, reducing average tariffs from 20% to 10%. Agricultural products are subject to a CET of 40%. Remaining distortionary factors in the trade regime include differences in the CET between countries, application of supplementary duties, temporary changes in CET rates and some remaining quantitative import restrictions. A Customs Union is to be established as part of the CSME.

While the legal process of creating an internal Free Trade Area is essentially complete (though there is still room for limiting a number of legal exceptions), major challenges relate to implementation. Members still need to introduce the arrangements necessary to comply with the obligations of Protocol II and relevant provisions under other Protocols, for a full application and non-discrimination on the rights of establishment, provision of services, movement of capital (the existing land holding legislation and exchange controls), policies to remove restrictions and the provisions for the movement of skilled persons. Caricom Heads of State made a firm decision in February 2002 that the removal of restrictions should be fully completed by 2005. A programme for phasing out of those restrictions has been agreed, but adapting the legislative and institutional framework will be particularly challenging for the smaller and new member states, i.e. the OECS (Organisation of Eastern Caribbean States), Belize, Suriname and Haiti.

Provisions were made for macroeconomic policy convergence, related to greater fiscal discipline, low inflation rates, exchange rate stability, favourable balance of payments positions and co-ordination and harmonisation on fiscal policies (including double taxation agreements), financial convergence (including banks, non-bank financial intermediaries and securities) and investment policy co-ordination (fiscal incentives to the industry and a regional investment code). This will permit the creation of a more competitive environment for investment, reduce transaction costs and stimulate regional integration. A programme to monitor the extent of economic convergence is being implemented by a Committee of Central Bank Governors. Inability to deal adequately with the problems of co-ordination and lack of capacity in some Member States remain the most significant difficulties.

In 1992 Caricom Governments agreed to the establishment of a Monetary Union, but by 1994 the Committee of Central Bank Governors established to assist in operationalising it, recommended its indefinite postponement. For the successful implementation of the CSME it is crucial however that, at a minimum, Caricom States pursue currency convertibility and stability.

In the context of dispute settlement governed by Protocol IX, it has been decided to establish the Caribbean Court of Justice (CCJ). This Court will have final jurisdiction in respect of the interpretation and application of the Protocols of the Treaty establishing the Caribbean Community, as well as in acting as the final appellate in both civil and criminal matters. Member States have adhered to its independent financing through the constitution of a trust fund. Other regional institutions that are being established in the context of the CSME include the Caribbean Regional Organisation for Standards and Quality (CROSQ) and a Competition Commission.

Caricom Member countries display a high degree of openness, with foreign trade/GDP ratios of over 100%. Over two-thirds of the external trade is with the USA, EU and Canada. During the late 1990s, extra-regional imports grew by 6.7% compared with negligible growth of extra-regional exports. Intra-regional imports increased by an annual average of around 8%, representing about

⁷ It is estimated that 95 percent of the intra regional trade is free of duties.

⁸ OECS countries and Belize.

10% of the total imports. Intra-regional exports increased by an annual average of about 9.6% and account now for 22% of total Caricom exports (12% in 1990). Even allowing for the weight of intra-regional oil-related exports by Trinidad and Tobago, these figures are rather significant given the small size of the economies, the similarities in resource/production endowments and the inefficiencies in transportation.

Within Caricom a group of seven small island states forms the *Organisation of Eastern Caribbean States (OECS⁹)*, which accounts for 4.5% of the population of Caricom, around 10% of its GDP and 7% of the exports. Its aim is economic integration and co-operation at the sub-regional and international level and the harmonisation of foreign policies. Other areas are legal matters and monetary and fiscal issues, forming a Monetary Union with a single currency (the Eastern Caribbean Dollar) managed by the Eastern Caribbean Central Bank (ECCB). Despite the smallness and vulnerability of members, the OECS made substantial progress in trade, investment, agriculture, transport, environment and health. Lately, however, due to the adaptation to an evolving banana regime, declining tourist arrivals, lower availability of concessional financing and stricter surveillance of capital markets, some OECS Members have begun to experience serious fiscal imbalances.

A *Free Trade Agreement between Caricom and the Dominican Republic (DR)*, by far the largest economy among the region's ACPs, has been in force since December 2001. The FTA provides for and specifies the tariff treatment (duty free, phased reduction of duty, MFN rate of duty), rules of origin and special trading provisions for selected agricultural products (the Caricom LDCs are not required to reciprocate), as well as arrangements on government procurement and special arrangements for the temporary entry of businesspersons. It includes provisions on reciprocal promotion and protection of investment. The Caricom-DR FTA provides considerable scope for expanding trade and investment in the region and could become a learning conduit for Caribbean investors to target the Central American markets, with which the DR has a FTA. In connection with commitments under these FTAs, the Dominican Republic lowered its maximum tariff from 40% to 20%, though some restrictive tariffs remain. It implemented the WTO Agreement on Customs Valuation in 2001 and has been following a policy of liberalisation. Concerns still exist regarding the discriminatory effect of a selective consumption tax on non-essential goods ranging from 15% to 60%, Customs Department's interpretations, the use of import permits and the dealer protection legislation. Other areas requiring attention are sanitary and phytosanitary measures, government procurement, TRIPS, the ratification and application of the 5th Protocol to the GATS and the remaining barriers to investment.

There is the need to improve efficiency and pursue deregulation and regional co-ordination in transport and communications and related areas. Transport and communications costs are comparatively high and constitute a major constraint on trade and economic development (freight costs as a percentage of exports can be 30% in the region, against 4% in large economies of the hemisphere such as Brazil). High costs result from small volumes, the need to break bulk in small vessels and the lack of return cargo, and are also adversely affected by inefficient port operations and customs procedures. Protection of domestic carriers contributes to high air transport costs. Some ports in the region have taken advantage of their favourable location and have expanded on transshipment traffic. However, lack of co-ordination in the development of transshipment ports may result in excess capacity and reduced efficiency. There are still practically no direct sea links to the neighbouring Latin America. There have been some policy reform initiatives in recent years aimed at promoting the competitiveness of the transport sector. Several governments are in the process of privatising seaport and airport operations. The private sector has been investing in regional shipping services with smaller cargo vessels and several initiatives have been taken to invest in setting up regional airlines, though with varying degrees of success. Countries are also moving towards concluding open skies agreements.

⁹ OECS => Headquarters: St. Lucia. Member states: Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. Associate members: Anguilla, British Virgin Islands.

In the case of communications, competition and lower costs are hampered by monopoly positions of national telecommunication companies and lack of regional harmonisation of systems and regulations.

2.1.2 Functional co-operation in the region

To date, functional co-operation is the area that has contributed most to the promotion of a Caribbean regional identity. Functional co-operation refers not only to governmental services such as education and sea/air transport, but also to non-governmental cohesional activities such as the West Indies cricket team. Significant achievements have been noted in the joint promotion of services in education, health, culture, drugs, communications and disaster preparedness. A large number of supportive institutions exist, such as the University of the West Indies (UWI), the Caribbean Examinations Council (CXC), the Caribbean Epidemiology Centre (CAREC), the Caribbean Disaster Emergency Response Agency (CDERA), the Caribbean Agricultural Research and Development Institute (CARDI), the Caribbean Development Bank (CDB), the Caribbean Centre for Development Administration (CARICAD) and the Caribbean Food and Nutrition Institute (CFNI). Problems with members' contributions to some of these regional institutions remain characteristic of this area.

Caricom plays an important role in regional co-operation in the social areas. It co-ordinates human resource development, health sector development including HIV/AIDS, community development and regional drugs control. The main tasks involve policy and programme development and co-ordination, capacity building, information dissemination, institutional strengthening, resource mobilisation and advocacy. Cariforum, for its part, promotes interplay with non-members of Caricom such as the Dominican Republic and Cuba, and aims to facilitate co-operation with the Caribbean OCTs and the French Departments.

In education, there is still scope for the development of academic exchange and accreditation programmes, including the University of West Indies (UWI), the University of Guyana (UG) and Universities in the Dominican Republic, Suriname and Haiti. Plans are also being made to give Caribbean students access to specialised training in foreign languages and negotiations at UWI as well as at various universities in Latin America. Mutual benefits can also accrue to regional training and educational institutions from collaboration with the EU in teaching, research, exchange of graduates and mutual recognition. Alongside a process of economic repositioning, it will be crucial to promote the establishment and development of regional centres of excellence for training and education in services, including ICT.

As regards health, currently the main focus is on communicable diseases. Over the last two decades, morbidity resulting from communicable diseases has declined significantly as a result of widespread preventive immunisation and rising educational levels. However, in recent years the HIV/AIDS epidemic and tuberculosis have emerged as critical. HIV/AIDS represents a particularly serious problem in Haiti and Guyana due to inadequate resources, weak infrastructure and high levels of poverty. In addition, it is a regional problem which cuts across national boundaries, and a long-term problem requiring sustained responses by trained health-care personnel which few of these countries possess in sufficient numbers. In view of this, Caricom established in 1998 a Caribbean Task Force with the mandate to co-ordinate and strengthen the regional response to HIV/AIDS. It includes relevant institutions, NGOs and donors operating in the region. The EC is currently funding a major programme in this framework, while the World Bank and USAID have confirmed large pledges in support of the region's efforts.

In co-financing with EU Member States, the EC has been the main financier of the 1996 – 2001 Regional Plan of Action on Drugs Control - Barbados Plan of Action (BPA). Activities covered areas from demand reduction, treatment and rehabilitation and epidemiological surveillance, to maritime, customs and judicial co-operation, control of precursors and money laundering. Long-term objectives are to ensure full integration of drug-related policies into regional development strategies as well as into the social, economic and political fabric of the Caribbean. It is necessary

now to strengthen regional co-ordination 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. Essential for its success is the consideration of the wider scope of the cocaine drugs route and co-ordination and co-operation with the producing countries in Latin American.

Over the past two decades, the fisheries industry has been innovating and diversifying by developing new products and markets, modernising the fishing fleets and processing plants¹⁰. Governments have been strengthening capacity in national administrations and improving planning, policy formulation and regulations, while the industry is progressively investing in aquaculture. Cariforum countries have embraced closer regional co-operation and policies, adhered to relevant international agreements, established a Caribbean Regional Fisheries Mechanism (CRFM) and are carrying out a number of activities with the support of Canada, the EC and Japan which have been contributing to improve the Caribbean fisheries sector.

2.1.4 Regional vulnerability and stability

Other major forms of vulnerability in the region are:

Ecological: the main challenge is to ensure that all sectors play their part in reducing pressure on the fragile, vulnerable physical and social environment, which implies a careful evaluation of the use of environmentally-hostile production technologies and consumer goods. The regional process plays a major role in this, strengthening and disseminating regional policies and strategies for environmental management and reinforcing co-ordination and co-operation in disaster management. The EC is involved in both areas via ongoing activities financed by the 7th and 8th EDF RIPs and ECHO through DIPECHO and primary emergency aid.

Border disputes: Guyana has disputes with Venezuela and Suriname, and Belize with Guatemala. Illegal immigration by Haitians in the DR tends to strain the relations between the two countries, which share the island of Hispaniola. In the case of Belize negotiations sponsored by the Organisation of American States (OAS) have now successfully concluded and a donor-sponsored development trust fund should contribute to secure the settlement of the situation. For Guyana and Suriname, the regional integration process and the role played by Caricom are facilitating the resolution of the issue. The integration of the DR and Haiti in the regional process and cross-border co-operation should contribute to confidence-building. Caricom has been involved in resettlement of political disruption in Haiti, while the integration of Haiti in Caricom should open new perspectives for its economy. Enhanced links between the Caribbean region and Latin America through the ACS, the Amazon Treaty and the EU-LAC partnership should promote the dialogue between Guyana and Venezuela.

2.2 The policy agenda of the region

2.2.1 Regional Integration and Development Strategy (RIDS)

An overall RIDS has been prepared by the Cariforum Secretariat and is summarised in Annex 4. It was discussed with public officials and representatives of the regional economic and social actors, and approved by a Special Meeting of Cariforum Ministers held in Santo Domingo on 11 April 2002. The objective of the RIDS is to improve the quality of life of the Caribbean people, and the approach is through regional co-operation and integration. It pursues strategies related to economic, human and social development and good governance and vulnerability.

¹⁰ Annual nominal production reaches about 125,000 mt with a value of approximately US\$500 million in 1999, with imports standing at around 57,000 mt. Exports amount to approximately US\$150 million and are dominated by high value commodities such as shrimp, spiny lobster, tuna; snapper, etc. The industry employs around 142,000 persons.

The region's economic strategy aims to generate and sustain higher levels of economic growth in a globalised environment. Its human development and social strategies are designed to foster a stable and enabling environment within which the people of the Caribbean may live and develop. Good governance strategies include attention to illegal drugs, transnational crime, transparency in public affairs and empowerment of non-state actors. Its vulnerability approach aims to reduce pressures on the fragile, vulnerable economic, physical and social environment of the region.

Cariforum's economic strategies are based on regional economic integration, co-operation and development. The region pursues the attainment of a viable, internationally competitive and sustainable Community with an improved quality of life for the people of the region. An important plank of the RIDS is expansion in the regional economic base to increase business opportunities, improve attractiveness for investments and achieve greater economies of scale. Another element of the strategy includes investment protection and taxation arrangements.

2.2.2 *The Dominican Republic and Haiti*

The adhesion of the Dominican Republic and Haiti to the Lomé Agreement in 1989 and the EC's sponsored Cariforum regional programmes have contributed to the integration of both countries into the regional and international contexts as well as to improving bilateral relations. The two countries have adhered to regional initiatives in higher education, trade and business promotion, tourism, health, agriculture, culture and disaster management, and were beneficiaries of cross-border programmes in the areas of environment, animal health, micro-credit and integrated infrastructure development. These activities fostered mutual understanding and interaction between authorities, social and economic actors and civil society, promoting confidence-building in a context that was historically characterised by strain. Further integration into the Caribbean regional process and its sustainability will now require focus on economic and trade arrangements.

2.2.3 *Cuba*

An Agreement on Trade and Economic Co-operation was signed in 2000 between Caricom and Cuba. It aims to advance towards eventual free trade and is based on a positive list approach, incorporating lists for immediate duty-free status and phased MFN reduction. It considers the special status of Caricom LDCs and provides for Free Trade Zones (FTZ) / Export Processing Zones (EPZ), rules of origin, dispute settlement, promotion of mutual economic and social co-operation, arrangements towards a double taxation agreement, the establishment of trade promotion and services, promotion and facilitation of investment, trade financing, an agreement on IPRs, transport services, special arrangements for trade in selected agricultural products, unfair trade practices and anti-competitive business practices. In spite of limited impact on current intra-Caribbean trade due to numerous other obstacles, the intention is that the agreement should mark the beginning of a long-term objective of strengthening trade relations.

2.2.4 *External trade agenda*

In the framework of a new global trade regime aimed at progressively introducing reciprocity in trade concessions, the main elements of Caribbean external integration are being pursued with respect to:

- Introduction of ***WTO compatible regimes*** on trade, services and IPRs; preparations for and participation in negotiations under the Doha Development Agenda (01-01-2005).
- Negotiations for and participation in the ***Free Trade Agreement of the Americas (FTAA)***, whose negotiations are to be concluded by the end of 2005.
- Conclusion or enhancement of ***pre-FTAA bi-lateral agreements*** with Canada, Central America, Colombia, and Venezuela (likely in form of a Caricom / Andean Community FTA), which might strengthen Caricom's negotiating position in the Hemisphere.
- Preparation and negotiations on ***Economic Partnership Agreements (EPAs)*** with the European Union (EU).

- Search for increased opportunities through ***wider integration and co-operation with countries and territories in the region***, including Cuba, the Caribbean OCTs and the French DOMs, as well as by enhancing links with Latin American neighbours.

Cariforum / Caricom countries pursue a joint approach to international trade negotiations. The ***Regional Negotiation Machinery (RNM)*** was established in 1994 by Caricom to co-ordinate the external negotiations of the Caribbean Community, provide comprehensive trade negotiation services to Caribbean countries, prepare technical documentation, advise on a common regional position and lead negotiations. The Dominican Republic and Cuba also make use of the RNM. A particular negotiating challenge is the level, pace and provisions for adjustment which can be obtained for small and vulnerable countries to adapt to a new trade regime.

Negotiations on EPAs will take place between September 2002 and December 2007 at the latest, with a transitional period that will enter into force in 2008. This will be an opportunity to further deepen regional integration, enhance regulatory and institutional reforms, and improve the competitiveness of Caribbean economies. The Cotonou Agreement underlines that all necessary measures shall be taken to ensure that the negotiations are successfully concluded by 2007, and that the period until that date will be used for ACP capacity-building, including support to regional integration, strengthening of regional organisations and enhancement of competitiveness.

2.2.5 Hemispheric agenda

The Association of Caribbean States (ACS) is projected to enhance mutual co-operation in the wider Caribbean, in trade and functional areas such as tourism, transport, agriculture, sustainable use of natural resources and the prevention/mitigation of natural disasters. It is still a heterogeneous grouping with overlapping and at times conflicting trade and integration agendas. Mexico is a member of NAFTA, Colombia and Venezuela are involved in the Andean Community and the Central American countries form the Central American Common Market (CACM). Caricom's commitment to the ACS has also declined as events in the wider region, such as the FTAA, began to overtake the ACS agenda. The ACS constitutes however an important functional platform for the Caribbean region. There are synergies that should be jointly pursued and where Caricom and ACS Secretariats could support each other. The USA is not a member of the ACS because of Cuba's participation.

Thirty-four countries representing the whole Western Hemisphere (only Cuba is excluded) embarked in 1994 on the creation of a hemispheric-wide ***Free Trade of the Americas (FTAA)***. Following a three-year preparatory period, formal FTAA negotiations were launched in 1998 and are planned for completion by 2005. With a combined population of 800 million and a GDP of \$9 trillion, the FTAA could become the largest free trade area in the world. Progress has so far been achieved in the areas of business facilitation, customs-related measures, assistance to the smaller economies during the negotiations and the drafting of a first text of the Agreement. Following the 2001 Summit in Quebec a number of crucial issues have emerged: the ways and means of liberalisation; how to secure equitable participation and market access among countries with very heterogeneous economic dimensions, levels of development and comparative advantages; the treatment of sensitive issues such as labour and environmental standards; the promotion of synergies between the FTAA and sub-regional agreements.

After having obtained a trade promotion authority (TPA) bill in Congress, the negotiations with the largest economies in the sub-continent seem to be the crucial issue for the US. Areas of concern to the Caribbean are the progress on proposals on smaller economies and the non-existence of flanking measures and mechanisms to promote economic convergence among economies of disparate size and development. Overall issues of concern are the double standards of the US Administration in trade policy¹¹. Delays in implementation of the CSME has left Caricom internal arrangements short of crucial requirements for the FTAA (services, government

¹¹ The recent imposition of 30% tariffs on steel imports and the announced massive increases in US farm subsidies are an example of this.

procurement, competition policy, IPRs, investment, subsidies and anti-dumping, countervailing measures and dispute settlement). In addition, slow or uneven integration of the Caribbean in the hemisphere has hindered the creation of coalitions of interest with Latin American countries and prevented it from grasping emerging opportunities in the sub-continent. An effective completion of the CSME and meaningful efforts to reach out to its Latin American neighbours are therefore becoming priorities to the Caribbean.

2.2.6 The EU-LAC bi-regional strategic partnership

The Caribbean region is engaged in the EU-LAC bi-regional process, which aims to advance the political dialogue, sound economic and financial relations based on a comprehensive and balanced liberalisation of trade and capital flows, and dynamic co-operation in the educational, social and cultural fields and in scientific and technological development. In the Political Declaration agreed in the May 2002 Madrid Summit, EU-LAC Governments decided to advance the decisions of the 1999 Rio Summit and made renewed commitments in the political, economic and co-operation fields. The EU-LAC bi-regional partnership is an important platform for the defence of multilateralism in external relations, the advocacy of global shared interests in the political, economic and co-operation fields and to give a wider dimension to the regional integration processes. A strategic area of EU-LAC co-operation is the bi-regional development of the Information Society, an area with clear regional grounds and an important means to overcome the digital divide. Bi-regional interconnection through the @LIS programme will integrate business communities, services and technology, foster regional competitiveness and promote new economic opportunities.

2.2.7 Regional governance and institutional efficiency

According to Caricom, a culture of delays has generated scepticism about the seriousness of the mission and delivery of the benefits of the CSME, weakened enthusiasm among the social partners, encouraged frustration and complaints from stakeholders regarding inadequate or outright lack of consultation at the national level, and created difficulties in mobilisation. Some of these issues can be linked to imperfect regional institutions lacking the human and financial resources to take appropriate and timely initiatives. Other issues requiring urgent attention relate to the very nature of representation, competence, decision-making and implementation in Community bodies. The limited flow of information, the system of consultations at the regional and national levels, stakeholder involvement, the absence of enforcement mechanisms and the ability to fall back on national sovereignty are also issues that have hindered the integration process. Implementation also suffers from the lack of Caricom presence in and network with Member States, for promoting and monitoring of Community decisions.

The CSME, new priorities such as good governance and macroeconomic convergence need to be organically integrated into the work programme of the Caricom Secretariat. In these circumstances the Secretariat had to embark on a restructuring exercise aiming to become more operational, better distribute responsibilities, take on new tasks, improve communication and information, enhance governance, raise the ownership of the regional process by the stakeholders and popularise integration amongst the civil society. Other urgent requirements relate to capacity to deal with language diversity in the region (Dutch, English, French and Spanish) and to assist smaller and new Member States in coping with the integration and trade agendas.

The RNM, on the other hand, is now a permanent feature and needs to be made part of the Community institutional structure. It should improve communication with national governments, the private sector, NGOs and the civil society. A joint RNM – Cariforum / Caricom – national governments effort should contribute to improve research to better inform negotiating positions as well as to ensure an effective participation in trade negotiations.

CHAPTER 3: ANALYSIS OF THE POLITICAL, ECONOMIC AND SOCIAL CONTEXT OF THE REGION

3.1 Political situation

With the exception of Haiti, all Caribbean ACP countries are multi-party democracies and have acceptable levels of political stability. National elections are held at regular intervals and are generally 'fair', although in some instances deficiencies have been noted. In most countries, however, citizen involvement in the political processes is weak and declining. The plural nature of the societies in Guyana, Trinidad and Tobago and Suriname tends to present challenges to political and social stability. Recent analysis shows that government effectiveness¹² is weak in the majority of Cariforum states. Varying problems with corruption are noted in the region, with Haiti and Dominican Republic reflecting above average levels of graft¹³.

Violations of human rights including police abuse, torture and lack of access to effective justice systems are not widespread in the region, and the operations of the press in most of the countries are relatively free. However, inhuman conditions of detention, exacerbated by prison overcrowding, are a feature of many of the countries. None of the Cariforum members have experienced any sustained internal armed conflicts over the last decade.

Transnational crime has showed unparalleled growth over the last decade, the most significant being drug trafficking. It is estimated that about two-thirds of total cocaine from South America passes through the Caribbean. Money laundering (estimates indicate that about US\$60 billion is laundered in the region), illicit trade in arms, trafficking of persons and commodities, various types of computer crimes and intellectual property smuggling are other forms of transnational crime, which have led to increasing levels of corruption and domestic crime with serious implications for national security. The major illegal flow of persons from the region is to the United States and Canada. The great number of Caribbean criminals deported from the USA now constitutes a major threat to the region, as those people tend to join the Caribbean underground and bring with them levels of criminal sophistication not previously known in the region. All this has been constraining regional development with implications for the functioning of democracy, reduced integrity in the public services and the diversion of scarce public resources into non-productive crime control activities.

Critical weaknesses that need to be addressed include the reform of the justice system, training of public and private sector personnel, regional/international co-operation and operations, and a regional strategy for dealing with transnational crime. Reducing these vulnerabilities requires integration of national with regional approaches, more information-sharing, improved public consciousness and continued research to inform policy implementation.

Many regional economies which rely on offshore banking and non-bank financial institutions, expressed concerns about the negative effects of the OECD list of countries which were categorised as tax havens, identified as failing to maintain adequate financial sector regulations and/or providing "harmful tax competition". Caribbean efforts are directed to establishing international co-operation in the regulation of international business, joint and common approaches on matters related to the prevention and detection of money laundering and in regulating tax regimes for the offshore financial sector, including guidelines for offshore banking legislation and supervision. The region aims to establish or strengthen regional institutions servicing the sector, including the establishment of a Caribbean Association of Regulators of International Business and strengthening of the Caribbean Financial Action Task Force (CFATF).

¹² Measures the quality of public service provision, quality of government bureaucracy, level of civil servants' performance and success of government policy implementation. Haiti and Dominican Republic are the least effective, while The Bahamas scored the highest in this area.

¹³ Measures corruption.

Based on the Charter of Civil Society adopted in 1997, the practice of contacts between governments and civil society has become widespread with regular consultations involving government, private sector representatives, labour organisations and community based organisations, though sometimes the efforts made are considered perfunctory by civic society. One of the challenges facing the integration process is to further strengthen the involvement of the civil society and non-state actors.

3.2 Economic and social situation¹⁴

Cariforum countries	Area Km2	Population 1998	Gross Domestic Product (GDP) 1999		Human Development Index (HDI) 1999		Human poverty Index (HPI) 1999
			Total US \$ billion	Per capita US\$ PPP	Value	Rank	
Antigua and Barbuda	442	66,290	..	9,277	0.833	..	..
Bahamas	13,935	289,000	..	15,528	0.844	42	..
Barbados	431	264,870	2.5	14,353	0.864	31	..
Belize	23,667	219,500	0.7	4,959	0.776	54	11.0
Dominica	751	73,820	..	5,425	0.793	..	..
Grenada	344	95,500	..	6,817	0.785	..	..
Guyana	214,969	847,700	0.7	3,640	0.704	93	11.4
Haiti	27,750	8,200,000	4.3	1,464	0.467	134	42.8
Jamaica	10,991	2,544,000	6.9	3,561	0.738	78	13.6
St. Kitts and Nevis	267	40,820	..	11,596	0.798	..	..
St. Lucia	616	159,150	..	5,509	0.728	..	..
St. Vincent & Grenad.	346	112,420	..	5,309	0.738	..	..
Suriname	163,265	411,550	0.8	4,178	0.758	64	..
Trinidad and Tobago	5,128	1,307,300	6.9	8,176	0.798	49	7.9
Caricom	462,904	14,631,920	> 22.8				
Cuba	110,860	11,059,000	..	..	0.783	..	..
Dominican Republic	48,734	8,407,000	17.4	5,507	0.722	86	14.4
Cariforum	622,498	34,090,920					

Cariforum countries exhibit widely differing economic performances and attempting to overcome the constraints of small size is one of the most compelling reasons for regional integration. The performances of Jamaica and Haiti have been the poorest, both experiencing negative growth rates. Real GDP growth for the Dominican Republic has been particularly robust during the last five years averaging 7.3% annually. Countries have also experienced diversification in their economies, with shares of agriculture and manufacturing declining in favour of services, particularly tourism. Both agriculture and manufacturing need to improve competitiveness or embrace diversification. A significant loss in export earnings has been experienced in 7 of the 11 major products exported by Caricom since 1994. Between 1991 and 2000 the gap in the balance of trade widened significantly, with imports rising by 39% and exports by only 14%. Increased growth in the services sector as well as new products and avenues for export are urgently required.

In 2000, the EU imported slightly over €3 billion worth of goods from Caricom and another €300 million from the Dominican Republic, whilst it exported almost €3.5 billion to Caricom and €1.116 billion to the Dominican Republic. The main EU imports were aluminium, rum, sugar, bananas and oil. Main exports included various industrial goods. Trade in services increased significantly during the 1990s, while EU direct investment in the Caribbean during 1999 amounted to over €1 billion.

Monetary systems are based on national currencies with varying levels of stability. Several countries have exchange rates pegged to the US dollar. However, most of the larger economies have flexible, market-determined exchange rates. In most countries inflation has tended downwards during the 1990s. Relatively prudent fiscal policies are being pursued and several Cariforum states have recorded small surpluses in recent years. After years of growth, some OECS countries have however recently been experiencing serious economic imbalances.

Due to its close proximity to North America, the Caribbean enjoys certain locational advantages, with a favourable impact on tourism, manufacturing and financial services. North America is also

¹⁴ Economic, trade and social data in Annex 9.

an important destination for a large number of Caribbean migrants, whose remittances contribute significantly to foreign exchange flows to the region (US\$1 billion in 2000). The other side of the coin is that the brain drain in response to economic incentives and active recruitment drives in North America (and increasingly in Europe), is not economically compensated by the flow of remittances, and is depressing the level of average human capital in the Caribbean.

Cariforum Member countries have performed fairly well in terms of human development with only Haiti falling into the category of low human development. Life expectancy at birth averages over 70 years, except in Guyana (65 years) and Haiti (54 years). Adult literacy rates average over 80% (except Haiti, 48%). However, a number of social problems, including high levels of poverty¹⁵ and unemployment, inequality in the distribution of income, rising incidence of HIV/AIDS and the persistence of certain curable/preventable diseases, still prevails. It is estimated that about 400,000 people are living with HIV/AIDS, with the percentage of adults aged 15 to 49 years being almost 2%. In Haiti, the Bahamas, Barbados, Dominican Republic and Guyana, the epidemic has spread to the general population, while in other Caribbean countries it is still concentrated among the high-risk groups although growing rapidly.

Though structural problems were already affecting the industry, the events of 11 September had a great impact on tourism and related sectors, with tourist arrivals declining by as much as 20%. Declining economic activity in tourism is reducing government revenues, while expenditure has increased due to additional costs in airport and seaport security.

3.3 Sustainability of policies and medium-term outlook

The scope, efficiency and opportunities in the Caribbean market should expand through the fuller involvement of new, smaller or geographically peripheral Caricom Members (Haiti; OECS; Belize, Bahamas and Suriname), the enhancement and effective implementation of trade and economic agreements with non-Members of Caricom (Dominican Republic and Cuba) and greater interaction with the Caribbean OCTs and DOMs. Enhanced links and collaboration with Latin American countries, in particular those in the wider Caribbean, should also raise new economic opportunities and strengthen the position of the Caribbean in the international context.

In this framework, the completion of the CSME should build a harmonised economic space that promotes economic efficiencies and investment. The implementation of the CSME in anticipation of entering into wider integration arrangements is critical to the integration of the Caribbean into the world economy. It will enable Caribbean countries to tackle the lack of international competitiveness in a number of export sectors by easing the constraints faced by small economies and markets. It should induce and help them to lock into reforms, best practices and new standards, as well as afford them international visibility and leverage in international negotiations.

In order for this to be achieved, Caricom members need to reiterate their political commitment to the integration process and adopt an effective legal and institutional framework based on a balanced mix of community competencies and intergovernmental mechanisms. Members also need to implement in good time the CSME instruments and to give to the community legal function, in particular the CCJ, the necessary independence and capability. The regional institutional framework should be restructured and benefit from a predictable and stable financing system. The institutions need to rationalise their priorities and make more efficient use of the scarce means available to them. At their end, Member States should perfect market liberalisation regimes and establish all parallel arrangements at national level, as foreseen in the Treaties.

Macroeconomic policy convergence and surveillance and the maintenance of currency stability will be necessary to ensure predictability and fair competition in the internal market. Greater ownership by stakeholders and participation by economic and social actors and civil society will

¹⁵ Poverty, levels in the Caribbean range between 8 and 35 per cent of the population.

be the way forward to ensuring good governance, broad adherence and the sustainability of the integration process.

A structural transformation of the Caribbean regional economy involves long-term regional sectoral policies and regulatory frameworks, as well as geographic and sectoral rationalisation for the optimal use of the internal market and the promotion of international competitiveness. This includes the development of flanking policies and measures in areas like competition, consumer protection, arbitration, IPRs, standards, government procurement, transport and communications, international business and financial services sector, environment, agriculture, fisheries, industry, etc. Public sector reform is also required, in order to facilitate the adoption of CSME and WTO compatible legislation and regulatory practices and, ultimately, to fiscally adjust the Caribbean economies to a new trade regime. Public sector reform also involves improvements in the legal framework, strategic planning and data management, human resource development, privatisation, financial supervision and promotion of public-private partnerships. The introduction of IT and e-government should rationalise the public service and make it more accessible.

Economic liberalisation is linked to the need to improve the competitiveness of the private sector. The agricultural and manufacturing sectors will be threatened by increased international competition, requiring therefore substantial restructuring and resizing¹⁶. A strategic global repositioning involves export diversification and continuous adjustments in product mixes. Current market developments show that priority should be given to knowledge-based business development, with particular emphasis on services. Key factors of competitive development include education and training, an efficient transport system, a competitive regulatory framework for communication services and the development of the Information Society.

Regional integration and the economic repositioning process constitute the platform from which the integration of the Caribbean in the global trading regime is being pursued. The Caribbean countries will benefit from maintaining consistency among internal and external commitments to get the best trade regime obtainable in the light of their development goals. The RNM plays an important role in assisting and co-ordinating this process, but negotiations require considerable capacity, an effective representation in all relevant fora and an active process of consultations with national governments and other stakeholders. Public debate is required on the development of negotiations and the impact of external integration efforts. Considering that the crucial negotiations for the FTAA and WTO are under way and need to be completed by 2005, donor support should play a key role in helping the RNM and national governments.

There is value-added in dealing at regional level with selected aspects related to major vulnerabilities in governance and development, such as drug trafficking and transnational crime, HIV/AIDS and natural disasters. The region needs to formulate harmonised policies and strategies and develop capacity for co-ordination and co-operation. HIV/AIDS is receiving comprehensive donor assistance. Cross-border co-operation between the Dominican Republic and Haiti is currently benefiting from sizeable EC support, and future assistance will involve the development of a structured planning framework for the border area and the countries' commitment to policies and mechanisms that promote confidence building. The increasing involvement of Haiti in Caricom and the efforts deployed by this regional organisation with regard to political and economic resettlement in the country are important developments in this area.

The medium-term outlook for the region is heavily dependent on the region's adoption of positive agendas as mentioned above and on the capacity of the regional institutions and national governments to implement them. The response strategy should therefore address these issues, at

¹⁶ With 8th EDF or B-Line financing, the EC is contributing substantially to this. In the banana sector, through Stabex and the Special Framework of Assistance (SFA), a process of support is underway aimed at increasing productivity, promoting diversification and mitigating social dislocation (current financing stock amounts to around €90 M). A €70 M programme of support to the Caribbean rum industry, aimed at improving efficiency in production, developing marketing including branding and improving environmental standards, will start implementation soon. A programme of support to the Caribbean rice industry is in the final phase of appraisal.

the same time subsidiarity and an effective complementarity in donor support are necessary conditions to making effective use of the resources available.

CHAPTER 4. – OVERVIEW OF PAST AND ONGOING EC CO-OPERATION

4.1 Results analysis, lessons and experience¹⁷

EU development co-operation in the Caribbean (1975-2001)	
Instrument of co-operation	€million
Programmable co-operation (national programmes)	1,234
Regional co-operation	353
Stabilisation of export earnings (Stabex and Sysmin)	252
Structural adjustment	165
SFA bananas	132
Programme in support to the Caribbean rum industry	70
Emergency aid	117
Drugs control	25
	Sub-total
	2,348
European Investment Bank (EIB) [Risk capital (from EDF resources) and EIB own resources]	854
	Total
	3,202

Since 1975 the EC has been the largest grant donor to the Caribbean region. Overall, EC-Cariforum co-operation aimed the development of an enabling environment to facilitate integration into the global economy, sustainable socio-economic development, the observance of the principles of democracy, human rights, good governance and the rule of law.

The 6th EDF targeted agriculture and tourism, the supported sectors being trade, transport and human resources. The 7th EDF included regional integration and co-operation (private sector and trade development, agriculture, tourism and communications), and sustainable development (human resource development and environmental management). Non-focal areas included technical assistance, studies, and cultural and linguistic actions. The 8th EDF focused on trade facilitation and private sector development, tourism, agriculture, infrastructure, human development and capacity building, drug trafficking and money laundering, and disaster prevention. EDF programmes have contributed to enhance the cohesion and intensify co-operation in the region, to promote economies of scale and a greater efficiency on the economic, social and human development areas. They have contributed also to widening integration and co-operation through the inclusion of Suriname, Haiti and the Dominican Republic.

Other EDF and Budget resources provide substantial support to a range of special programmes in the region that develop outside the RIP. EC support focuses on the restructuring of the banana sector (an average of €33 million per year), the rum (€70 million) and rice industries and the fisheries sector. EC private sector support programmes have been assisting Caribbean companies in improving competitiveness (CDE, EBAS) and in the promotion of investment (Proinvest). An all-ACP trade-related assistance programme [€20 million] will contribute, alongside the RIP, to the preparations for trade negotiations. DIPECHO (Disaster Preparedness ECHO) has been contributing to the improvement of capacity in the protection and preparedness of communities at risk, with focus on the interrelationship of the various levels of action (local, provincial, national and regional), initiatives that have a reproductive impact and the co-ordination of donor efforts. The fifteen 9th EDF Caribbean National Indicative Programmes (NIPs)¹⁸ have been allocated an amount of €690 million. Support is directed essentially to the social sectors (education, health and water), transport and infrastructure, macro-economic support and private sector development. Other sectors include agriculture, tourism, trade support and capacity building.

The establishment in 1992 of the Cariforum Secretariat with its Programming Unit contributed to improve programme formulation and implementation, and also provided an institutional framework for dialogue and co-operation with various actors in the region. Even so, absorption of 8th EDF RIP resources has been notably slow. This has been due to several factors, such as: (i)

¹⁷ Please also see Annex 5.

¹⁸ Please see Annex 11.

limited application of the subsidiarity principle, i.e. sectors and programmes that are more relevant and can best be handled at regional level; (ii) a certain peripherality of the Cariforum programme in relation to economic integration, the element that cements the regional process and an area where the EC has a comparative advantage; (iii) sectoral dispersion and complexity of project design and implementation; (iv) difficulty in obtaining agreements among Caribbean countries on project identification, specification and implementation; (v) limitations in the Cariforum Secretariat’s mandate in terms of flexibility and decision-making capacity. Lack of commitment of governments (vi) in supporting regional institutions required to ensure the sustainability of programme support and (vii) an extended EC procedural system compounded by the costs of its own internal transformation contributed also to the slow absorption.

Greater interaction is required between the Cariforum and Caricom Secretariats in order to pool and cross-fertilise capacity. EDF co-operation should be directed to the most pressing integration issues, while functional co-operation should be considered when coherent and supportive. The Cariforum arrangements need to be enhanced and adapted to the changing circumstances resulting from the Cotonou Agreement, with emphasis on economic integration and trade, as well as on co-operation with OCTs, DOMs, Cuba and Latin America. Institutional support and capacity building are required to reinforce the regional dynamic and ensure the sustainability of the process. EC support should as far as possible be integrated into action plans/work programmes developed by the regional institutions and relevant actors. Benchmarks should be agreed for the regional institutions, national governments and other stakeholders. The elements of strategy support need to be integrated and mutually-reinforcing, incorporate clear monitoring indicators and review mechanisms, whilst a robust and continued policy dialogue needs to be established. Co-ordination with the national strategies (CSP) of Cariforum countries needs to be reinforced, at the same time complementarity with other donors’ support should be improved.

Lessons have also been drawn from evaluations and reviews, including: the country strategy evaluation (CSE) of the Dominican Republic (which addressed relevant regional programmes); the mid-term evaluation of the Seventh EDF Caribbean university level programme (CULP); the mid-term review of the Seventh EDF Caribbean agriculture and fisheries programme (CAFP); the mid-term evaluation of the Eighth EDF anti-money laundering programme; evaluation of North-South co-operation in the fight against drugs; the Evaluation of EC support to the education sector in ACP Countries; the Evaluation of EC institutional support to NAOs and RAOs.

4.2 Programmes of EU Member States and other donors (details in Annex 6)

Donor Regional Co-op.	Canada/CIDA	CDB	EC	EIB	France	Finland	FAO	Germany	IADB	ILO	IICA	IMF	Japan	OAS	PAHO	Netherlands	UK/DFID	UNDCP	UNDP	USAID	WB	WTO	
Eco. integrat. + trade																							
Private sector develop.																							
Educat./train. + culture																							
Health																							
STD/HIV/AIDS																							
Social welfare + labour																							
Agriculture & fisheries																							
Tourism																							
Transp. & communicat.																							
Environment																							
Disaster management																							
Governance																							
Drugs control																							

Important donor support is involved in the Caribbean development process at both national and regional levels. The main EU Member State with regional focus is the United Kingdom through DFID. France is supporting regional programmes aimed at strengthening links between the French DOMs and the neighbouring Caribbean countries. The Netherlands is active in support for drugs control. Germany is supporting a health programme and intends to embark on technical and vocational training. Other important co-operation partners include the Inter-American Development Bank, the World Bank, Canada (CIDA), CDB, USAID, the OAS and the UNDP.

Under the Lomé IV ACP-EU Agreement, the *European Investment Bank (EIB)* has aimed at promoting regional integration through global loans to financial institutions, air traffic development, OECS waste management, venture capital funds and micro finance:

Loan	Amount	Description
CFSC Global loan II	3 M€	Conditional global loan of from risk capital resources (1993), for equity and quasi-equity investments in small- and medium-scale enterprises of the OECS region.
Carib Express	4 M€	Conditional loan on risk capital resources of to Trident Ltd on risk capital resources (1994), for the purpose of creating a regional airline, Carib Express Inc.
Caribbean Development Bank GL II	20 M€	Subsidised loan from own resources and 5 M€ conditional loan from risk capital resources for onlending to and (quasi-)investments in small- and medium-scale enterprises in the Caribbean region (1996).
Tiona Fund	2 M€	Contribution of to a closed-end venture capital fund of 15 to 20m USD for equity and quasi-equity investments in small- and medium-sized enterprises in the productive sectors of the English-speakin Caribbean (1999). The Fund was promoted and sponsored by the British Commonwealth Development Corporation (CDC).
Caribbean Investment Fund (CIF)	up to 10 M€	Limited partnership interest in CIF of up to 10 M€ or 20% of total commitments, on risk capital resources (2000). The CIF is a regional venture capital fund, promoted by Caricom, of the closed-end type, created for the purpose of promoting private sector enterprise in the Caribbean region by means of equity and quasi-equity investments.
Caribbean Microfinance Ltd (CML):	5 M€	Subordinated, participating loan from risk capital, to strengthen the capital base of Caribbean Microfinance Ltd. (CML), a specialist micro finance subsidiary of Development Finance Ltd (DFL), Trinidad, and thus indirectly support micro enterprises in the southern and eastern Caribbean region.

4.3 Co-ordination and dialogue

The Caribbean Group for Co-operation in Economic Development (CGCED) is the main consultative group for the Caribbean and provides a single forum for Caribbean policy-makers to maintain a direct dialogue with the donor community. At the June 2002 meeting the WB handed over the chairmanship to the Caribbean Development Bank, whilst economic and trade integration have been further integrated into the agenda. Ownership of the region and a restructured agenda should increase the effectiveness of this co-ordination mechanism. The EDF regional programme will be prepared to assist Cariforum / Caricom to enhance their involvement in the process.

An annual Cariforum – EC Ministerial meeting provides for the policy, programming and implementation dialogue and review of the RIP programme. Consistently with the pattern of future Caribbean – EC agenda and co-operation, it is expected that economic integration and trade will be further considered in the discussions. A recently held tripartite dialogue Cariforum / Caricom – IADB – EC was an important initiative for the enhancement of co-ordination and should be continued and extended to other relevant donors, at both strategy and project levels.

4.4 Other EC policies

There are linkages between development policy and other Community policies in the field of trade, agricultural commodities, fisheries, environment, disaster management and conflict prevention.

The EC support to the Caribbean region is in line with EC policies on *trade and economic co-operation* including the provisions of the Cotonou Agreement, where the ACP and EC have agreed to conclude WTO-compatible trading arrangements for Economic Partnership Agreements (EPAs), gradually removing barriers to trade between them and enhancing co-operation in all areas relevant to trade. In line with these objectives and other major trade negotiations which the Caribbean has embarked on (WTO, FTAA and bilateral agreements in the Hemisphere), the region has been making efforts to reinforce economic preparedness and trade negotiating capacity. Enhanced Caribbean integration and rule- and policy-making are vital for benefiting not only from enhanced EU-Caribbean trading arrangements, but also from the FTAA and WTO processes. Regional trade capacity is already being strengthened, notably through the 8th EDF all-ACP €10 million and €20 million programmes aimed respectively at promoting ACP integration into the multilateral trading system (WTO) and preparing negotiations of EPAs.

Cariforum objectives of competitiveness and diversification are in line with the EU policy on EPAs and private sector development and are already being pursued with regard to Caribbean's

traditional commodities. With EC support, the banana, rice and rum sectors are being restructured in order to be prepared to face an environment characterised by further liberalisation and increased competition (a quota-free, tariff-only system for bananas in 2006; the liberalisation of high-priced non-ACP rum in 2003).

Regional developments in **fisheries** frame coherently with Community policies. The Caribbean region has adhered to relevant international agreements and has been developing activities aimed to make the fisheries sector supportive of sustainable development. The ongoing “7th EDF Cariforum agriculture and fisheries programme, CAFT (component Fisheries Institutional Development, €2.85 million, 1998-04)”, includes initiatives in fisheries data information system; resource assessment; resource development and management; human resource development, strengthening of fisheries departments and organisations, as well as the legal and regulatory framework; public education and awareness building. The All-ACP “8th EDF Programme to strengthening fishery products health conditions”, supports a number of Caribbean countries to improve market access of fisheries products to the world market, by strengthening the export health controls. A Caricom Regional Fisheries Mechanism (CRFM) aims to deepen regional integration in the management of marine resources and the implementation of a Strategic Medium-term Plan during the period 2002-09.

Sustainable economic, social and environmental development mainstreams the Cariforum / Caricom development agendas and co-operation and policy dialogue with the Commission. A 7th EDF Caribbean Regional environment programme (€9.15 million, 2000-04) supports the strengthening of regional capacity in conservation, management and sustainable development of regional amenity areas (marine, terrestrial, watersheds). The 8th EDF Haiti - Dominican Republic Environment transborder programme (€4.4 million, 2001-04) aims to reinforce capacity and co-operation in the sustainable development of the vulnerable lakes bordering area. The 8th EDF Radar Warning System (€13.2 million, 2003-06) will contribute to mitigate the economic, social and environmental losses arising from adverse weather conditions, to improve weather data for sensitive productive activities and to develop early warning and public awareness systems. The 9th EDF RSP will ensure **continuum** to the co-operation efforts in disaster management.

Conflict prevention is an implicit element in regional integration and co-operation, through awareness of common interest and mutual confidence-building. Integration contributes to improving governance and the economic environment, promotes collective action and bargaining power, stimulates economic growth and shared benefits, and all these contribute to more balanced and secure relations. Regional institutions contribute to structure the dialogue and interaction among members, acting as a peer pressure mechanism. Caricom also has initiatives on the political front, such as electoral monitoring and special missions for the resolution of political issues. It has a physical presence in Haiti and develops initiatives aimed at improving governance and creating new opportunities for this depressed economy and isolated society. The EC finances important projects in the DR-Haiti border area, which bring together authorities and stakeholders from both countries and contribute to rebuild relations that have historically been tense.

CHAPTER 5. - THE RESPONSE STRATEGY

The Response Strategy (RS) is a result of the programming analysis and develops from Cariforum’s Regional Integration and Development Strategy (RIDS), considering selected priorities that are in line with the EC policy objectives and comparative advantage in regional integration and co-operation. The strategy follows the principle of subsidiarity, takes account of the experience of EC co-operation in the region and goes together with sectors and activities that are covered by ongoing EDF and EC Budget support. It builds upon the capacity installed by former EDF programmes, seeks synergies with National Indicative Programmes (NIPs) and pursues coherence and complementarity with strategies and activities of other donors. It follows an extensive and co-operative dialogue with Cariforum / Caricom authorities, who carried out formal consultations with National Governments, regional NSAs and civil society.

Overall, the aim of the Response Strategy is the beneficial integration of the Caribbean region into the world economy through a global repositioning aimed at achieving sustainable economic growth, regional cohesion and stability, and continued improvements in living conditions. Support to regional integration aims at the establishment of a harmonised economic space for the generation of sustainable and equitable economic growth. This will facilitate the region in engaging in a structural transformation and repositioning of its economy, entering into beneficial negotiation of international trade agreements, and ultimately achieving Cotonou's central objective of poverty reduction.

5.1 In coherence with the provisions of the Cotonou Agreement a mutually-reinforcing process of support to the **Intensification of Regional Integration** has been selected as the **Focal Sector**:

Regional economic integration

The expansion in the regional economic base is expected to increase business opportunities, improve attractiveness for investments and achieve greater economies of scale. This involves fuller participation of Caribbean countries in Cariforum/Caricom integration structures, mechanisms and activities, the operationalisation and enhancement of existing trade and economic agreements and linkages with non-Caricom members (Dominican Republic and Cuba), the establishment of links with the Caribbean OCTs and the French DOMs and the pursuit of opportunities for and convergence on trade, investment and co-operation with Latin American neighbours. A more cohesive and stable regional environment is also required, involving the enhancement and stabilisation of regional interaction with and within the Hispaniola island.

The completion and full implementation of the CSME is at the heart of the economic integration process. It involves the rationalisation and strengthening of the institutional machinery, the development of the legal, regulatory and macroeconomic frameworks, and the development and dissemination of sectoral policies and flanking measures. Concurrently, the promotion of relevant public sector reforms and fiscal adjustments can be more effectively addressed collectively, bearing in mind economies of scale and the benefit of sharing best practices, as well as the need to synchronise and lock in to the reforms. As the region becomes more integrated, policy, legislative and regulatory frameworks need harmonisation and national public institutions should adhere to common principles and standards.

Economic integration and development is also a function of certainty, stability and justice within the community. Crucial to this is the establishment of the Caribbean Court of Justice (CCJ) and its independent and effective functioning in its original jurisdiction of interpreting and applying the Treaties and Protocols. Consistently, in order to reflect increased global interactions and commitments and the need for improved regulatory frameworks, the legal function and law enforcement needs to be compatible with regional and international norms and regulations. The provisions of the internal market, the free movement of people and shared criminal threats, bear out the need to reform the justice system across the region in a co-ordinated manner.

Regional governance and the sustainability require fuller participation by all stakeholders. This entails strengthening the linkages of the regional institutions with national authorities (including the ability to communicate in the four regional languages), enhancing public perception and developing a systemic process of popularisation of the regional enterprise. It involves the development of information and communication capacity in the regional institutions, as well as mechanisms to facilitate the active participation of NSAs and civil society.

Integration into the world economy

Strategy support will be also directed at the strengthening of trade-related capacity in order to help the region play its full part in and take full advantage of international trade. Support will focus on

the Regional Negotiating Machinery (RNM), involving its integration into the regional institutional machinery, the development of overarching trade policies and strategies, the enhancement of technical, financial, managerial and information-communication capacities, the strengthening of links to and capacity of national administrations and private sector organisations. Specific support will be provided to the preparation, negotiation and implementation of EPAs, the Doha Development Agenda (DDA), FTAA and sequential trade negotiations in the hemisphere.

Economic repositioning

An enhanced regional economic space further integrated into the world economy should enable the region to seize new economic opportunities through greater business collaboration, the development of new factors of competitiveness and diversification. In this framework, the RS will support the improvement of the regional business environment and competitive climate, the reinforcement of the capacity of private sector organisations and service providers, new forms of business collaboration, clustering and trade facilitation. RS support will focus on SMEs.

It will be necessary to develop new factors of competitiveness. The objective of training an internationally competitive labour force will relate with the new paradigm of Caribbean competitiveness (knowledge-based economy). Support will focus on education and training at the technical and university level, based essentially on exchanges of capacity among education and training institutions within and outside the region, the reinforcement of distance education systems and the development of language skills. It will involve the development of regional capacity for education and training in services, including Information and Communications Technology (ICT). Progress must be made to overcome the digital divide, through an harmonised regulatory framework for communications services which fosters competition, the promotion of access to ICTs, and the establishment and development of the Information Society.

Given the long distances in the region, air and sea transport play a major role. High transport costs act as a disincentive to the exchange of goods and the movement of people, and are a constraint on improving competitiveness. Improvements in transport will be linked to the implementation of Protocol VI of the CSME and will comprise regional policies, planning and networking, including synergies in the scope of the wider Caribbean. The objective is to achieve greater competition and efficiency in the transport sector, promoting a beneficial use of Caribbean locational advantages.

Co-operation will pursue synergies with other EDF and EC Budget instruments (including Stabex), such as support to the banana sector, the programmes on rum and rice, private sector support mechanisms like EBAS, the CDE and Proinvest, as well as other donors' programmes. Particular attention must be given to synergies with the EDF-sponsored Investment Facility. The same will apply to the specialised EC instruments in support of regional co-operation of OCTs (OCT Decision) and the DOMs (Interreg).

5.2 **Non-focal Sectors** support will address major vulnerabilities that pose serious constraints on regional economic development and political and social stability:

In ***drugs control*** -a vulnerability that threatens the political and social fabric of Caribbean society and constrains the creation of an environment conducive to investment and sustainable growth- RS support will give continuity to the co-operation developed in the framework of the 1996-2001 Barbados Plan of Action (BPA). It will focus on the development and implementation of Caribbean regionally-rooted strategies, involving regional co-ordination, institutional strengthening and capacity building. An important element will be the promotion of international co-ordination and co-operation, regarding in particular the cocaine route.

In the area of ***disaster management***, RS support will assist the Caribbean region in developing and implementing its strategy for a Comprehensive Disaster Management plan. The objective is to contribute to reducing the volatility of the Caribbean region which, as a disaster-prone region, experiences devastating effects on human lives and welfare, property, economic activities and natural resources. Climate change is likely to make matters worse, with frequent extreme weather

events and sea-level rise. Support will give continuity to the co-operation developed by ECHO in association with CDERA and other strategic partners. Exchanges and cross-fertilisation with Cuba, the OCTs and DOMs will be promoted.

5.3 At every stage of the implementation of the strategy, the following *crosscutting issues* will be considered:

- The involvement of relevant regional non-state actors and civil society organisations in the formulation and implementation of the strategy, in particular through activities aimed at enhancing the social dialogue and increasing participation in and popularisation of the regional integration process, including capacity-building.
- Gender and youth issues will be mainstreamed in strategy development and will be the subject of positive action, in order to enable full release of potential and enhanced access to economic, political and social development opportunities.
- A systematic and preventive approach on the basis of the precautionary principle will promote environmental sustainability.
- Systematic support will be provided to the development and strengthening of regional structures, institutions and procedures and to the development of capacity.
- The adherence of the Caribbean region to the agreed orientations of the EU-LAC bi-regional partnership process and the implementation of the joint decisions made.

5.4 The RS will promote a culture of policy analysis, strategic implementation review, involvement of stakeholders and proactive communication, all linked with the decision-making process. Continued policy dialogue and programme review will promote certainty, quality and impact of interventions, organisational learning and the rationalisation of programme support.

5.5 The **European Investment Bank (EIB)** has identified integration and economic restructuring as possible areas of intervention in the Caribbean region. Economic integration could be supported through investments in the transport sector (ports and airports; airlines and shipping companies) and in the telecommunications sector. Local initiatives for further regional integration such as Caricom's programmes to establish a Single Market and Economy (CSME), efforts to strengthen and expand the scope of the Caribbean Development Bank (CDB), and economic policy co-ordination through the Eastern Caribbean Central Bank (ECCB) in association with other central banks, could also merit the EIB's support. Economic restructuring could be facilitated through contributions to privatisation efforts and to continued private sector development, focusing (in view of the size of the local market) mainly on small- and medium-scale enterprises, by the use of traditional global instruments (credit lines, APEX loans, venture capital funds, etc.). The Bank could co-operate with suitable local and regional intermediaries in financial sector operations wherever they can be found and limit itself to directly financing the occasional big operation in power, infrastructure, etc. The EIB is also considering the possibility of putting a greater focus on operations in the tourism sector.

The EIB will administer the Investment Facility which aims to promote commercially viable businesses, primarily in the private sector and those in the public sector which meet these requirements.

PART B: INDICATIVE PROGRAMME

CHAPTER 6. – THE PRESENTATION OF THE REGIONAL INDICATIVE PROGRAMME

6.1 Introduction

Within the general framework of the present Regional Strategy Paper (RSP), and in accordance with the provisions of Article 10 of Annex IV to the Cotonou Agreement, the Parties have agreed on the main priorities for their co-operation and on the sector(s) on which the support of the

Community will be concentrated. A detailed Regional Indicative Programme (RIP) is presented in this chapter, followed by annexes containing a series of tables presenting the intervention frameworks for each focal sector, an activity pipeline chronogramme and the indicative commitment and expenditure schedules. Amounts mentioned in this chapter indicate the global distribution of funds between economic integration and trade support, other focal sector(s) and other programmes. This distribution can be modified in the context of mid- and end-of-term reviews.

6.2 Financial instruments

This Indicative Programme is based on the indicative allocation for the Cariforum Region amounting to €57 million, which will be also on an indicative basis distributed as follows:

Focal Sector:	- Intensification of regional integration	75 – 90 %
Non-focal areas:	- Major vulnerabilities	11 – 14 %
	- Policy dialogue and programme review, monitoring and auditing	3 – 4 %

Balances remaining from previous EDFs at the date of entry into force of the Financial Protocol as well as decommitments made at a later stage, will be added to the above-mentioned indicative allocation. These funds will be used for projects and programmes already identified under indicative programmes of preceding EDFs, for which no financial decision was taken before the entry into force of the Ninth EDF. Remaining balances should be used to support projects and programmes in line with the priorities set out in this indicative programme.

Apart from the above-mentioned financial instruments which are the programmable basis for the Indicative Programme, the 9th EDF includes also the **Investment Facility** as a financing instrument managed by the European Investment Bank. The Investment Facility does not form part of the Indicative Programme.

EC Budget lines could be used to finance specific operations, in particular for environmental and natural resources conservation, humanitarian aid and food security, support to democracy and human rights initiatives and HIV/AIDS related operations. Financing from this instrument will, however, be decided in accordance with the Commission's procedures for the budget line concerned and will depend on the availability of funds.

6.3 General assumptions and special conditions

A first assumption is the adherence by Member States to enhanced Cariforum arrangements, in order to adapt it to changing circumstances resulting from the Cotonou Agreement, with emphasis on economic integration and trade. This is associated with the search for greater regional interaction with Cuba, the OCTs, DOMs and Latin America, as substantiated in the Cariforum Regional Integration and Development Strategy (RIDS).

A crucial assumption for the success of the support strategy is that Caricom Members fully comply with the decision of Heads of Government at their 13th Inter-Sessional Meeting in Belize City in February 2002 to have the Caricom Single Market and Economy (CSME) fully operational by 2005. An effective decision-making process, stable financing and the operability of the regional institutions are prerequisites for the realisation of this objective.

The support programme will be conditional upon a clear political commitment by Cariforum / Caricom Member States to pursue the integration agenda. The objectives and results pursued in the RIP correspond to Cariforum / Caricom's own integration agendas, the EC support representing just a contribution towards achieving those objectives. Coherence and complementarity with strategies and activities of other donors will be systematically pursued.

6.4 Focal sector

Intensification of integration

The focal sector provides for comprehensive support to mutually-reinforcing interventions in the following areas:

6.4.1 Regional economic integration

The specific objective is to expand and stabilise the Caribbean regional economic base and integration process and in this framework contribute towards the successful implementation of the Caribbean Single Market and Economy (CSME). The RSP support will contribute to achieving the following results:

- Fuller participation by The Bahamas, Belize, Haiti and Suriname in Cariforum / Caricom structures, mechanisms and activities will have been achieved. This will involve enhancing public perception of the integration process, support to the implementation of integration provisions, development of capacity to actively adhere to the Community and CSME provisions, and the development of links within the regional market. For Suriname, it will involve Caricom's support to the development of market-oriented integration policies and regulatory frameworks. In the case of Haiti, it also concerns the consolidation of Caricom's support to governance and stability, the strengthening of links of public and non-state actors and, in co-operation with the Dominican Republic, a master plan for the development of the border region and the promotion of cross-border economic and trade relations.

The Cariforum market will have been deepened with the operationalisation of the FTA Caricom-Dominican Republic, successful negotiations and co-operative action to deal with common challenges in trade and investment. Public and private sector links, co-operation activities and a positive perception of the Caribbean integration process will have been developed.

Expanded regional integration and co-operation will have been achieved with the enhancement and operationalisation of the economic and trade agreement Caricom / Cuba, involving exchange of information and the development of links that facilitate the exchange of goods, services and know-how. Cariforum / Caricom will have promoted the participation of Cuba in regional programmes.

Synergies with the Caribbean OCTs will have been established. Cariforum / Caricom will facilitate the involvement of the Caribbean OCTs in policy formulation, regional provision of services, co-operation activities and transportation initiatives. Regarding the Caribbean DOMs, this will apply particularly in areas related to transport, trade development, public and private sector linkages and relevant co-operation initiatives. Interreg III support might contribute to facilitate this co-operation.

Enhanced links will have been established with Latin America, in particular with the countries in the wider Caribbean. The aim is to explore new opportunities in trade and investment, but it might also involve the development of synergies in transport and trade negotiations.

- A fully operational regional structure will have been established. This will include the rationalisation of the Caricom Secretariat and its specialised Units (in particular the CSME Unit) and the establishment of the Caribbean Regional Organisation for Standards and Quality (CROSQ), the Competition Commission, the Regional Intellectual Property Rights Office, the Conciliation Commission and, eventually, a Regional Drafting Facility. Cariforum and Caricom institutions will have been provided with technical, administrative capability, including IT, as well as with capacity to deal with the language diversity (Dutch, English, French and Spanish). Statistical, research, monitoring and surveillance functions will have been strengthened in the Caricom Secretariat, including cross-fertilisation with national administrations.

Policy, legal and regulatory frameworks will have been improved. This includes the provisions for disadvantaged countries, regions and sectors, competition policy, consumer protection,

dumping and subsidies, intellectual property rights (IPR), government procurement, e-commerce, standards and technical regulations. Investment regimes will have been harmonised and the Caricom Investment Code established. Flanking sectoral policies will have been formulated, promoted, disseminated and monitored in areas like agriculture, fisheries, environment and health.

The Common External Tariff (CET) will have been unified and simplified.

Full intra-regional liberalisation of trade in goods and services will have been implemented, including the removal of remaining tariff and non-tariff barriers, and effective progress will have been achieved in the free movement of capital and labour.

Greater co-ordination will have been achieved in economic legislation, including commercial legislation, taxation, customs legislation, and dispute settlement. Reform of financial services sector legislation, including banking, offshore banking, insurance and securities, will comply with international standards.

Macroeconomic policy co-ordination will have been enhanced, including instruments for collaboration among Central Banks, fiscal policy harmonisation, double taxation agreements, fiscal incentives for investment, production data bases and monetary and exchange rate policies (moving towards stable and convertible currencies). A system of rules and procedures for regional policy surveillance will have been established.

All provisions of Protocol I of the CSME will have been implemented with the creation and implementation of a system of information and consultation at the national and regional level. This will also involve the physical presence of the Caricom Secretariat in Member States and technical support to the national authorities.

Enhanced public sector governance will have been achieved through selective regional support to public sector reform in the region. Fiscal reform is a priority area, considering the impact of liberalisation on tariff revenue and the need to define other sources of public revenue. The regional specialised mechanism CARTAC will be the main channel of support in this area, while CARICAD is the appropriate conduit for support to public sector organisation and management, including e-government.

- Greater certainty, stability and justice within the Community will have been achieved through the establishment and functioning of the Caribbean Court of Justice (CCJ). Strategy support will be focussed on its original jurisdiction in respect of interpreting and applying the Treaties and Protocols. It will involve the training of judges and other qualified staff, the installation of the Court (library, IT, etc.) and the facilitation of co-operation with the European Court of Justice. The regional justice systems will have been reformed. Regional support will be directed to the training of judges, the reform and training of the magistracy, joint training for the legal profession particularly in emerging areas including international services and ICT, review and reform of national and regional regulatory frameworks. The regional capacity in law enforcement and prison services will have been reinforced, through the adoption of common standards, regional co-ordination, institutional strengthening and capacity building, joint training and planning and information exchanges. RSP support in these areas is conditioned to the respect for the provisions of the Cotonou Agreement, in particular Articles 8 and 9 of Part One, Title II.
- The provisions of Protocol VI: Transport policy will have been implemented. Support will be directed to the development of transport policies and to moving towards the harmonisation of regulations and procedures concerning air and maritime transport. It may also involve support to initiatives aimed at facilitating the rationalisation of the use of ports and airports in the region. Synergies in the context of the wider Caribbean will be pursued.
- Enhanced ownership of the regional process will have been achieved through a greater participation of stakeholders and Caribbean society. This will involve information and

communication capacity in the regional institutions, as well as mechanisms to facilitate an active participation of NSAs and civil society in regional integration and co-operation.

6.4.2 Integration into the world economy

The specific objective is to enable the Caribbean region to play a full role in, and take full advantage of, international trade, through the strengthening of trade-related capacity. RSP support will be directed essentially at the Regional Negotiating Machinery (RNM) and will contribute to achieving the following results:

- The RNM will have been fully integrated into the regional institutional framework. It will have received detailed negotiating and reporting mandates and been provided with a reliable funding system. Communication with the Caricom Council for Trade and Economic Development (COTED) and national governments will have been streamlined. Consultations with the private sector, NSAs and the wider public will have been established. An overarching trade policy informing all trade negotiations will have been established. RSP support will focus on research, technical and managerial capacity and means enabling continued participation in negotiations. It will also involve capacity for consultations, information and communication.

Specific support will be provided to activities related to the preparation and negotiation of EPAs, the Doha Development Agenda (DDA), FTAA and pre-FTAA negotiations.

6.4.3 Economic repositioning

The specific objective is to assist the Caribbean region to seize new economic opportunities through greater business collaboration, the development of new factors of competitiveness and diversification. Emphasis will be on services and the SME sector. The RSP support will contribute to achieving the following results:

- The regional business environment and competitive climate will have improved, through a greater involvement of the private sector in regional policy formulation, the rationalisation and development of private sector organisations and service providers and public-private partnerships. It will also involve support to research and trade facilitation, promotion of business collaboration and cluster development. The development of private sector links with the OCTs, DOMs, Cuba and Latin American countries will be encouraged.
- Education and training at the higher and technical level, with emphasis on the development of a knowledge-based economy, will have been developed. This will involve the establishment of regional capacity for training and education in services including ICT, networking and exchanges among Universities and training centres within the region (including OCTs, DOMs and Cuba) and beyond (Europe and Latin America), the strengthening of distance education systems and the development of language skills.
- Enhanced progress will have been achieved in the objective of overcoming the digital divide, through the establishment of a pro-competitive and integrated regulatory framework for communication services, the promotion of access to ICTs and the establishment and development of the Information Society, including the interconnection with the EU-LAC initiative @LIS.

6.5 Other programmes

Other programmes provide for support to the following areas:

Fight against major vulnerabilities

- Regional capacity in ***drugs control*** will have been developed, enabling the regional institutions to plan, co-ordinate and monitor demand reduction efforts throughout the region. This will involve institutional support and capacity building, and the preparation and implementation of

a Cariforum action plan. It will focus on research, epidemiological surveillance, education and public health, specialised training of professionals and co-ordination of demand reduction projects.

On the supply side, regional involvement in the fight against the production, sale and transportation of drugs will have been strengthened. Through institutional strengthening and capacity building, the regional authorities should develop capabilities to plan, co-ordinate, supervise and deliver training related to supply reduction activities. These include, *inter alia*, legal, legislative and regulatory frameworks, strengthening of institutions, maritime co-operation, police and judicial co-operation, combating money-laundering and the control of precursors.

Increased co-operation with other countries and regions will have been developed. Specific attention will be given to co-ordination and co-operation with Latin American countries. Full engagement in the Co-ordination and Co-operation Mechanism on Drugs between the European Union, Latin America and the Caribbean will facilitate the achievement of this objective.

- The regional capacity in *disaster management* will have been enhanced. In association with CDERA and building on the work developed in the framework of the Comprehensive Disaster Framework strategy, support will put emphasis on institutional strengthening, local capacity building, regional dissemination of best practices, training and awareness raising and the incorporation of hazard information into development planning and decision-making. Co-operation with Cuba, OCTs and DOMs will be promoted.

Policy dialogue and programme review

- In conformity with Art. 11 of Annex IV to the Cotonou Agreement and the Letter of Notification dated 25 September 2001, the RIP will incorporate an enhanced ***monitoring, review and evaluation system***. It will cluster all elements relevant to the implementation of the strategy and to the Cotonou review process. Quantitative and qualitative indicators will measure the achievement of the strategy goals and assess relevance, efficiency, effectiveness and impact. Indicators will be defined for the following main areas: (i) regional economic integration; (ii) the trade agenda; (iii) functional regional co-operation; (iv) governance, financial issues and financing of the regional institutions; (v) implementation of EDF programmes and projects. The indicators will relate to information that is collected in a timely manner and enable a certain degree of comparability across regions.

The successful implementation of the support strategy requires the adoption of a specific ***mechanism for policy dialogue***, opened to other co-operation partners which are relevant to the Caribbean integration process. A comprehensive policy dialogue will contribute to optimise the effectiveness and impact of regional support and will enable the region to systematically search for complementarity and value added. The practical ways and means of this mechanism will have been agreed prior to the approval of the Regional Indicative Programme. A fuller involvement of the regional institutions in the CGCED co-ordination mechanism will also be promoted and supported.

6.6 Crosscutting issues

The following will be crosscutting issues in the support strategy:

- The involvement of relevant regional non-state actors and civil society organisations in the formulation and implementation of the strategy.
- Gender and youth issues will mainstream strategy development and will be the subject of positive action.
- A systematic and preventive approach on the basis of the precautionary principle will promote environmental sustainability.
- Systematic support will be provided to the development and strengthening of regional structures, institutions and procedures and to the development of capacity.

- The adherence of the Caribbean region to the agreed orientations of the EU-LAC bi-regional partnership process and the implementation of the joint decisions made.

6.7 Implementation

An enhanced regional institutional machinery with appropriate links with Member States will allow the strategy to be implemented essentially within action plans / work programmes developed by the Cariforum and Caricom Secretariats and the RNM, according to their respective areas of competence. This will contribute to raise the ownership and sustainability of the policies and interventions. The strategy will involve an enhanced process of institutional strengthening and capacity building, including core financing if deemed appropriate. The ongoing rationalisation of the Caricom Secretariat and the RNM, the anticipated synergies of the Cariforum Secretariat with Caricom and its gradual financing by members are important developments in that regard.

In cases where resources are channelled through a regional institution but activities are implemented at country level, a Letter of Intent will be drawn up by the national government concerned. Prior to any disbursement, it will be endorsed by the Regional Authorising Officer and approved by the Commission. It will describe the policies that the government intends to implement in the context of its request for support, their coherence with the regional integration and trade agendas and the support strategy, the targets, modalities and conditions to be met, and the mechanisms of review and control. In complement of their reforms of internal taxation and if conditions allow, selected Cariforum Members might be helped with their fiscal reform measures to diminish the role of trade-related taxation, through budget support with a view to reducing transitional costs.

A joint base-line assessment will be carried out prior to the start of implementation. It will enable a thorough analysis to be made of all internal and external elements relevant to the development of the strategy, a comprehensive set of indicators to be established and the sources of verification and the modalities of review to be identified. Benchmarks will be defined for the implementation of the strategy and the organisations involved.

The participation of Cuba, the Caribbean OCTs and DOMs in Caribbean regional programmes will comply with their support strategies and intervention frameworks, and with the procedures of their instruments of support.

Regular financial and performance auditing will assure the Regional Authorities and the European Commission of compliance with best administrative and financial practices, applicable norms and regulations. The relevance, efficiency, economy and effectiveness of implementation will also be assessed. Appropriate flexibility will be incorporated in the implementation of the strategy, in order to enable the adaptation to evolving conditions and circumstances.

6.8 Duly mandated organisations

For the purpose of the implementation of this Indicative Programme the duly mandated regional organisation is the Caribbean Forum of ACP States (Cariforum).

In order to implement the activities set out in the present Indicative Programme, the duly mandated Regional Organisation appointed the Secretary-General of Cariforum as Regional Authorising Officer. The function of Regional Authorising Officer is defined by analogy to the description of the function of National Authorising Officer in the Cotonou agreement (Annex IV, Articles 14.3 and 35).

The list of duly mandated organisations 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.

ANNEX 1 – INTERVENTION FRAMEWORK

Aim	<i>The beneficial integration of the Caribbean into the world economy through a global repositioning aimed at achieving sustainable economic growth, regional cohesion and sustainability and continued improvements in living conditions.</i>	
Results	Indicators	Assumptions and general conditions
<p><i>An expanded and more stable regional economic base generating increased business opportunities, improving attractiveness of investment and achieving greater economies of scale.</i></p> <p><i>A harmonised regional economic space further integrated into the world economy.</i></p> <p><i>Reduced vulnerability to regional instability, and development.</i></p>	<p><i>Fuller integration of all Caribbean countries into the Cariforum/Caricom/CSME process.</i></p> <p><i>Expanded co-operation with Cuba, OCTs and DOMs and enhanced links with Latin America.</i></p> <p><i>CSME completed and fully implemented by 2005.</i></p> <p><i>Successful trade negotiations and integration into the world economy through DDA, FTAA and EPAs.</i></p> <p><i>Enhanced capacity to combat the drugs scourge and mitigate natural hazard risk.</i></p>	<p><i>Adherence by Members States to enhanced Cariforum arrangements and a greater interaction with Cuba, the OCTs, DOMs and Latin America.</i></p> <p><i>Caricom Members fully comply with the decision to have the CSME fully operational by 2005. An effective decision-making process, stable financing and the rationalisation and operationality of the regional institutions are prerequisites for the realisation of this objective.</i></p> <p><i>The support programme will be conditioned upon a clear political commitment by Cariforum / Caricom Member States to pursue the integration agenda. The objectives and results pursued in the RIP correspond to Cariforum / Caricom's own integration agendas, the EC support representing just a contribution towards achieving those objectives. Coherence and complementarity with strategies and activities of other donors will be systematically pursued.</i></p>

Focal sector	Intensification of integration		
Results	Indicators	Sources of verification	Assumptions
Regional economic integration			
– Fuller participation of Bahamas, Belize, Haiti and Suriname in Cariforum/Caricom structures and implementation of integration provisions.	<ul style="list-style-type: none"> - Improved public perception of the integration process. - Involvement in the regional integration process, Treaties provisions' adopted and implemented - Improved governance and stability in Haiti. - Improved trade and economic relations and public and private links established. 	<ul style="list-style-type: none"> - Cariforum/Caricom reports. - RSS monitoring and review, studies and /evaluations. - Country reports. - Surveys. 	<ul style="list-style-type: none"> - Political engagement of countries to timely enter upon integration provisions. - Involvement of the private sector, NSAs and the civil society.
– Regional relations with and within Hispaniola consolidated.	<ul style="list-style-type: none"> - Improved integration and cross-border relations. - Cross-border Master Plan established. - Public and private links established. - Improved trade and economic relations. - Increased co-operation. 	<ul style="list-style-type: none"> - Master Plan. - Cariforum/Caricom and national reports. - Links and co-operation established. - Reports from other agencies. - Trade and economic statistics. - Surveys. 	<ul style="list-style-type: none"> - DR and HA take ownership of the cross-border process, develop pertinent policies and measures to increase confidence building and facilitate economic and social relations. - Involvement of the private sector, NSAs and the civil society.
– FTA DR-Caricom upgraded and fully implemented.	<ul style="list-style-type: none"> - Improved public perception of the integration process. - Greater co-ordination on trade and investment. - FTA improved and fully operational, improved trade and economic relations. 	<ul style="list-style-type: none"> - FTA, Caricom and DR reports. - WTO and other agencies' reports. - Trade negotiations. - Economic and trade statistics. - RSS monitoring and review, studies and assessments/evaluations 	<ul style="list-style-type: none"> - Engagement of the DR in the Caribbean internal and external integration process. - Involvement of the private sector, NSAs and the civil society.
– Regional relations with Cuba enhanced.	<ul style="list-style-type: none"> - Caricom/Cuba Economic and Trade Agreement enhanced and fully operational. - Increased co-operation, public and private links established and exchanges made. - Improved trade and economic relations. 	<ul style="list-style-type: none"> - Cariforum/Caricom and national reports. - Trade and economic agreement. - Projects and activities developed. - Trade and economic statistics. 	<ul style="list-style-type: none"> - Mutual commitment to cross-fertilise capacity. - Commitment of Cuba to further integrate into a liberalised regional economy.
– Synergies with Caribbean OCTs and DOMs created and enhanced links with Latin America established.	<ul style="list-style-type: none"> - Co-operation developed, public and private links established and exchanges made. - Improved trade and economic relations. 	<ul style="list-style-type: none"> - Synergies or joint action established with OCTs and DOMs - Links, co-operation and economic and trade results of interaction with Latin America 	<ul style="list-style-type: none"> - Constructive dialogue with OCTs and DOMs and enhanced provisions to associate them to the Cariforum/Caricom process. - Identification of common interest and continued search of synergies with LA.

– Regional structure rationalised and fully operational within a participatory regional process.	<ul style="list-style-type: none"> - Improved representation, Cariforum and Caricom Secretariats strengthened and rationalised, with improved decision-making and functional capacity. - CSME Unit fully operational. - CROSQ, RIPRO, CC and RDF established and operational. - Greater popularisation of the integration process through enhanced participation of stakeholders and the civil society. 	<ul style="list-style-type: none"> - Organs and Bodies' decisions. - Cariforum/Caricom reports. - Information/communication capacity and mechanisms/activities developed to facilitate participation. - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - Commitment of MSs to enter upon deconcentration of decision-making capacity and to ensure a stable financing of the regional structures.
– Policy, legal and regulatory frameworks improved.	<ul style="list-style-type: none"> - Policies and provisions formulated, promoted, disseminated and monitored: - disadvantaged countries, regions and sectors, competition, consumer protection, dumping and subsidies, IPRs, government procurement, e-commerce, standards and technical regulations, etc. - investment regimes harmonised and Caricom Investment Code established. - sectoral policies, i.e. agriculture, fisheries, environment, health. 	<ul style="list-style-type: none"> - Research effected and policy documents. - Activities developed for dissemination and monitoring. - Cariforum/Caricom reports. - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - Compliance with Cariforum/Caricom/CSME objectives and provisions. - Subsidiarity.
– Common external tariff unified and simplified, all remaining tariff and NTB removed.	<ul style="list-style-type: none"> - All Caricom/CSME provisions implemented at the national level. - Impact on cost structures, regional production and trade. 	<ul style="list-style-type: none"> - Caricom and customs reports. - RSS monitoring and review, studies and evaluations. 	
– Caricom trade in good and services fully liberalised and progress achieved in the free movement of capital and labour	<ul style="list-style-type: none"> - Intra-regional trade and investment regimes. - Impact on trade, services and investment. - Legislation enacted and Protocol II on capital and labour implemented. 	<ul style="list-style-type: none"> - Caricom and national reports. - Trade and economic statistics. - Surveys. - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - Commitment of MSs to effectively comply with the provisions for advancing in the process of free movement of capital and labour.
– Economic policy co-ordination enhanced.	<ul style="list-style-type: none"> - Commercial legislation, taxation, customs legislation, industrial and agricultural policy, dispute settlement. - Financial services sector legislation complying with international standards. 	<ul style="list-style-type: none"> - Policy documents and legislation. - Caricom reports. - RSS monitoring and review, studies and evaluations 	<ul style="list-style-type: none"> - Compliance with Caricom/CSME provisions.
– Macroeconomic policy co-ordination enhanced.	<ul style="list-style-type: none"> - Instruments for collaboration of Central Banks. - Fiscal policy harmonised. - Double taxation agreements, fiscal incentives for investment and production data bases. - Monetary and exchange rate policies. - Rules and procedures for regional policy surveillance. 	<ul style="list-style-type: none"> - Central Banks and MOFs reports. - Caricom reports. - IMF and IFIs reports. - RSS monitoring and review, studies and evaluations 	
– Protocol I of the CSME fully implemented	<ul style="list-style-type: none"> - System of information and consultation. - Expanded presence of Caricom in Member States and technical support provided to members. 	<ul style="list-style-type: none"> - Internal reports, Caricom reports. - RSS monitoring and review, studies and evaluations. 	
– Enhanced governance in the public sector achieved	<ul style="list-style-type: none"> - Support to and contribution of CARTAC to public sector reform. - Fiscal reform across the region. - Improved public sector organisation, planning and management. - E-government introduced. 	<ul style="list-style-type: none"> - Country reports, Caricom reports. - CARTAC, IMF and IFIs reports. - RSS monitoring and review, studies and evaluations 	<ul style="list-style-type: none"> - Commitments on CARTAC. - MSs' commitment to comply with economic liberalisation agenda through public sector reform.
– Greater regional certainty, stability and justice achieved	<ul style="list-style-type: none"> - CCJ established and fully operational in its original jurisdiction in respect of interpreting and applying Treaties and Protocols. - Regional justice systems and regulatory frameworks reformed and harmonised. - Law enforcement institutions and prison systems reformed, reinforced and co-ordinated at regional level. 	<ul style="list-style-type: none"> - CCJ and Caricom reports and CDB reports on the Trust Fund. - Co-operation with the EU C. of J. - Justice system reports and reports from international agencies. - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - Respect for Articles 8 and 9 of Part I, Title II of Cotonou Agreement. - Compliance with Caricom/CSME provisions and full engagement in Cariforum RIDS.- Continued search for comparative advantage in donor support to justice and law enforcement reform.
– Provisions of Protocol VI: Transportation of CSME developed.	<ul style="list-style-type: none"> - Transport policies developed. - Progress towards harmonisation of regulations and procedures for air and maritime transport. - Synergies developed in the context of the wider Caribbean. 	<ul style="list-style-type: none"> - Cariforum/Caricom and country reports. - ACS reports - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - Enhanced co-operation with the Dominican Republic, Cuba, the OCTs, DOMs and Latin America. - Synergies with ACS.

Integration into the world economy			
<ul style="list-style-type: none"> - The Caribbean plays full part in and takes full advantage of international trade 	<ul style="list-style-type: none"> - RNM empowered with enhanced representation, role and capacity and performing with improved accountability: <ul style="list-style-type: none"> ▪ streamlined links with COTED and national governments; ▪ fully integrated into the regional institutional framework and provided with a reliable funding system ▪ provided with negotiating and reporting mandates; ▪ fully operational for the international negotiations process; ▪ consulting with the private sector, NSAs and the general public. - An overarching regional trade policy formulated and implemented. 	<ul style="list-style-type: none"> - Studies, RNM and Caricom reports. - Studies effected and strategy formulated. - Proceedings and results of negotiations. - EC and other donors' assessments. - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - MSs' commitment to enhance the role and streamline the functioning of the RNM. The same applies to its regular financing. - MSs get prepared to pool capacity at the regional level and to adhere to a enhanced system of consultations and reporting.
<ul style="list-style-type: none"> - RNM provided with the capacity to effectively prepare and participate in trade negotiations. 	<ul style="list-style-type: none"> - Trade regimes obtained in the negotiations of: <ul style="list-style-type: none"> ▪ Doha Development Agenda; ▪ Pre-FTAA and FTAA negotiations; ▪ EPAs; ▪ WTO negotiations. 	<ul style="list-style-type: none"> - Reports and results of negotiations. - Trade regimes negotiated. - WTO, FTAA, EPA reports. - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - Enhanced donor co-ordination / complementarity in trade related assistance.
Economic repositioning			
<ul style="list-style-type: none"> - Improved business environment and competitive climate 	<ul style="list-style-type: none"> - Improved private sector involvement in regional policy formulation and implementation. - Private sector organisations and service providers rationalised and developed, market/business research effected. - Trade facilitation measures and public-private partnerships implemented. - Business collaboration and development, links established with Cuba, OCTs, DOMs and Latin America. - Economic results: productivity, diversification, competitiveness, market expansion and employment. - Contribution to economic growth, intra-regional and international trade. 	<ul style="list-style-type: none"> - Cariforum/Caricom reports. - CEDA and other organisations' reports - Reports and studies of other international organisations. -RSS monitoring and review, studies, audits and evaluations. 	<ul style="list-style-type: none"> - Subsidiarity with respect to specification and implementation of interventions. - Enhanced synergies with other relevant EC instruments and programmes (Investment Facility, EBAS, Proinvest, CDE, Bananas, Rum, and rice programmes, NIP programmes, OCT programmes, Interreg and Cuba programmes.) - Members have ensured a stable financing of CEDA.
<ul style="list-style-type: none"> - Human resources with emphasis on a knowledge-based economy developed. 	<ul style="list-style-type: none"> - Capacity for education and training in services installed. - University and training centres networked and exchanges implemented. - Distance education systems reinforced and fully operational. - Language skills developed. - No. of people trained, areas developed, impact on productivity, diversification, competitiveness and employment. 	<ul style="list-style-type: none"> - Cariforum/Caricom reports - Reports of regional and international stakeholders and surveys of utilisers. - Reports of international organisations. - RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> - Emphasis on new factors of competitiveness. - Focus on transfer of capacity and knowledge and the use of ICTs. - Fuller utilisation of ODL capacity installed with former EDF projects.
<ul style="list-style-type: none"> - Information Society established and developed. 	<ul style="list-style-type: none"> - Pro-competitive and integrated regulatory framework for communication services established and access to ICTs promoted. - Information Society and interconnection with @LIS established, and applications developed. - Impact on productivity, competitiveness, market expansion, services development, trade, economic growth, employment. 	<ul style="list-style-type: none"> - Programme reports, @LIS reports. - Regional and international statistics. - Surveys with stakeholders and utilisers. 	<ul style="list-style-type: none"> - Regional and governments engagement in developing the policy and regulatory environment. - Compliance with Seville and Madrid commitments. - Interconnection with EU-LA @LIS.

Non focal sectors		Major regional vulnerabilities		
Results	Indicators		Sources of verification	Assumptions
Drugs control				
<ul style="list-style-type: none"> Greater regional capacity to plan, co-ordinate and implement drug control activities. 	<ul style="list-style-type: none"> Regional institutions strengthened and capacity developed. Regional strategies formulated and Cariforum action plan for demand reduction implemented. Regional developments in research and evidence-based prevention, policy development and advocacy, epidemiological surveillance, training, education and public health, rehabilitation and treatment. Regional developments in legal, legislative and regulatory reform, maritime co-operation, police and judicial co-operation, money laundering and control of precursors. Enhanced co-ordination and co-operation established with Latin American neighbours, in the context of the cocaine route. 		<ul style="list-style-type: none"> Cariforum/Caricom and CAREC reports. Regional institutional framework. Regional strategies. Assessment of the various areas of attention in DDR and supply reduction. Developments in the co-ordination with partners in LA. RSS monitoring and review, studies and evaluations. Reports of CICAD, UNDCP, EU-LAC mechanism and bilateral agencies. 	<ul style="list-style-type: none"> respect for the principles of shared responsibility, balanced approach between supply and demand, respect for human rights and the need to mainstream development policies. traffic route as the scope for more effective results and impact and support to multilateral approaches. enhanced international co-ordination and co-operation.
Disaster management				
<ul style="list-style-type: none"> Enhanced regional capacity and public perception and adoption of comprehensive disaster management (CDM). 	<ul style="list-style-type: none"> Regional co-ordination, institutional capacity and role of regional institutions strengthened. CDM integrated into the decision-making and regional development process. Planning and risk management strengthened and co-ordinated, national strategies promoted, capacity and best practices disseminated at the local level, private sector, etc. Co-ordination with Cuba, OCTs and DOMs promoted. 		<ul style="list-style-type: none"> Programme reports. Cariforum/Caricom, CDERA, UWI and ECHO reports. Reports of international agencies. RSS monitoring and review, studies and evaluations. 	<ul style="list-style-type: none"> Enhanced co-ordination with ECHO and complementarity with the Radar Network project. Most vulnerable will be targeted and local structures strengthened. Reproducibility and dissemination will be ensured.
Policy dialogue and programme review, monitoring and auditing				
<ul style="list-style-type: none"> Improved policy dialogue and programme review and enhanced management control. 	<p><i>Specific modalities to be established at the time of the base-line assessment.</i></p>		<ul style="list-style-type: none"> Research. Studies, reports, papers. Seminars, workshops Minutes of meetings. 	<ul style="list-style-type: none"> Enhanced and continued policy dialogue involving all relevant regional actors, the EC and selected donors relevant to the Caribbean integration process. Dialogue and review will benefit of research and support from independent expertise. Review, monitoring and auditing according to EDF criteria and best practices.

Activities	Indicative allocation in % of the RIP	Sources of verification	Assumptions
1. Regional integration , including: <ul style="list-style-type: none"> Regional economic integration Economic repositioning 	70 – 80 %	<ul style="list-style-type: none"> Base-line assessment. Feasibility and other preparatory studies. Financing Proposal. Cariforum/Caricom Action Plans - Work Programmes. Regular activity and financial reports. RSS monitoring and review, studies and evaluations. Policy dialogue. Commitment and disbursement rates. 	<ul style="list-style-type: none"> A base-line assessment will enable to analyse the current situation, to clearly define targets and benchmarks, indicators and SOVs and the modalities of intervention. Support to be provided to Action Plans / Work Programmes of Cariforum/Caricom Secretariats, building on specific elements of their Biannual Work Programmes. Compliance with EDF identification, appraisal and implementation, monitoring, review, auditing and evaluation procedures.
2. Integration into the world economy	5 – 10 %	<ul style="list-style-type: none"> Idem RNM Action Plans - Work Programmes. 	Idem, RNM.
3. Fight against major vulnerabilities <ul style="list-style-type: none"> Drugs control Disaster management 	11 – 14 %	<ul style="list-style-type: none"> Idem. Programme financing. 	<ul style="list-style-type: none"> Idem Enhanced policy dialogue on drugs along the whole project cycle. Enhanced co-ordination with ECHO on disaster management.
4. Policy dialogue and programme review	3 – 4 %	Idem	Enhanced and co-operative dialogue.

ANNEX 2: CHRONOGRAMME OF ACTIVITIES

Focal sector and activities	Identific.	Appraisal	Financing Decision	Start of Implement.	Completion	Notes
1. Regional economic integration	01/03	02/03	04/03	01/04	4/07	<i>Advanced decision Cariforum contribution of 2 M€ to Trust Fund</i>
– Institutional support to Cariforum Secretariat	03/02	04/02	01/03	02/03	02/07	
– CARTAC	03/02	04/02	01/03	02/03	02/05	
2. Integration into the world economy	01/03	02/03	03/03	04/03	04/07	
3. Fight against major vulnerabilities	02/03	03/03	01/04	02/04	02/07	
4. Policy dialogue and programme review	04/02	01/03	03/03	04/03	04/07	

A base-line assessment will have been undertaken by the 4th quarter of 2002

ANNEX 3: DISBURSEMENT SCHEDULE OF 9th EDF INTERVENTIONS

Activity	Budget (% of total)	2002	2003	2004	2005	2006	2007
		As % of the amount allocated to the activity					
1. Regional economic integration	70 – 80 %	0	4	26	24	24	22
– Institutional support to Cariforum Secretariat.		0	17	23	23	23	14
– CARTAC		0	50	50	0	0	0
2. Integration into the world economy	5 – 10 %	0	0	28	28	28	16
3. Fight against major vulnerabilities	11 – 14 %	0	0	28	28	28	16
4. Policy dialogue and programme review	3 – 4 %	0	11	23	23	23	20

ANNEX 4: CARIFORUM REGIONAL INTEGRATION AND DEVELOPMENT STRATEGY (RIDS)

The objective of the RIDS is to improve the quality of life of the Caribbean people. That objective, which is approached through regional cooperation and integration, pursues strategies related to economic, human and social development and good governance and vulnerability.

The region's economic strategy is designed to generate and sustain higher levels of economic growth in a globalised environment. Its human development and social strategies, with poverty eradication and empowerment of vulnerable groups as a theme, are designed to foster a stable and enabling environment within which the people of the Caribbean may live and develop. The region's good governance strategies are intended to increase and improve levels of good governance through attention to illegal drugs, transnational crime, transparency in public affairs and empowerment of non-state actors. Its vulnerability strategy is aimed at reducing pressures on the fragile, vulnerable economic, physical and social environment of the region.

1. Regional Economic Integration, Co-operation and Development

Cariforum's economic strategies, at the regional level, are based on regional economic integration, co-operation and development. The region pursues the attainment of a viable, internationally competitive and sustainable Community with an improved quality of life for the people of the region. An important plank of the RIDS is expansion in the regional economic base to increase business opportunities, improve attractiveness for investments and achieve greater economies of scale. Another element of the strategy includes divestment, investment protection and taxation arrangements.

As part of the process of widening Caricom economic space, *Haiti has become a full member after parliamentary ratification of the Caricom Treaty*. Strategies, in respect of Haiti, are being pursued to integrate its private sector and civil society with the regional counterparts, to strengthen Haiti/Dominican Republic (DR) relations particularly in the transborder area, to introduce confidence-building measures and provide specialised technical assistance. A specialised Caricom Unit has been established in Haiti. The strategy also includes closer economic co-operation with the DR and its eventual integration into the Caribbean economy. *An FTA has been signed between the DR and Caricom* and efforts are being made to develop trade in goods and services and the promotion and protection of investments. The strategy in respect of the DR also includes development of more efficient transport links, private sector co-operation, increased Haiti/ DR co-operation particularly in respect of transborder trade, services including labour and tourism and joint productive investments. The region's strategy facilitates and supports the DR to deepen its relations and participation in hemispheric and global trade and economic arrangements. Cariforum's strategy of widening regional economic integration and co-operation places emphasis on securing the *more intimate involvement of Belize, Suriname and the Bahamas* which have been restricted by geographic distance.

As part of its economic integration objectives, Cariforum provides support to Caricom which seeks to deepen and strengthen regional economic integration and cooperation through establishment of a CSME by 2005 and to expand its base through increases in its membership, to wit, Haiti. In the case of the former, instruments have already been signed for transitional arrangements including for provisional application and regional standards and quality. At the wider Cariforum level, special provisions are made for non- Caricom members to be involved in all elements of the economic integration and development strategy and FTAs have been established between Caricom and the Dominican Republic and Cuba.

2. Full Caricom Internal Free Trade

The strategy for the *CSME* includes full implementation of all protocols and the establishment of support mechanisms for its implementation and management. That strategy also includes gradual integration of non-Caricom states into the CSME and expanding the scope of the CSME beyond the already-agreed protocols. The CSME focuses on liberalisation and promotion of factor movements and sector development. The strategy is to speed up implementation of the various already agreed protocols. Implementation policy related to the strategy includes popularisation of the protocols, refinement of some areas and national and regional initiatives to ensure timely implementation.

The support mechanisms to be put into place are intended to facilitate implementation, management and expansion of the CSME. These include legal, institutional and judicial initiatives. The legal initiatives are aimed at the provision of assistance to facilitate national and regional legislative action required to give effect to the CSME.

Institutional initiatives include the establishment of high level technical and political oversight bodies, the establishment of a specialised Caricom Secretariat CSME Unit and the establishment of an Advisory Committee with civil society representation. Judicial initiatives are based on the establishment of a CCJ by 2003, with original jurisdiction and empowered to interpret and adjudicate on the revised Treaty and disputes arising from implementation of the CSME. The strategy for establishment of the CCJ includes initiatives to guarantee its independence, secure its sustainable funding through a trust fund and ensure that support facilities are put into place.

The Caricom external trade regime is based on progressive and harmonised tariff reduction to a 20% maximum level to a new regional tariff structure. The strategy to achieve that objective includes the provision of technical assistance, continuous reform of procedures for tariff suspension, removal of remaining non-tariff barriers, further harmonisation of customs procedures and establishment of a customs union. The strategy for Caricom's internal trade regime is to remove remaining barriers to internal free trade.

3. Deeper Economic Integration and Co-operation

Cariforum pursues its objective of *gradual integration into the global economy through wider economic integration*. That strategy is aimed at achieving global competitiveness, honouring international commitments and creating strategic trade and economic partnerships. This involves the region in WTO, FTAA and ACP/EU (EPA) negotiations at the same time that it is deepening and expanding its own arrangements. The region, therefore, sequences its negotiations by developing positions across negotiations, linkages between negotiations and aiming for internal consistencies among negotiations.

With respect to the *WTO*, the region intends to implement existing commitments after careful analysis for consistency of regional initiatives and by the provision of common technical services and the development of regional capacities to advise on and supervise implementation. The region, in respect of ongoing and new WTO initiatives, attempts to secure special and differential treatment, advantageous transitional arrangements and to ensure its technical capacity for full and effective participation in negotiations.

Global developments and the new Cotonou Agreement are resulting in qualitative changes in *Cariforum - EU relations*. The region adopts a strategy which consolidates, diversifies and makes preparation for the adjustments in its trade and economic relations with the EU. With respect to consolidation, Cariforum attempts to mitigate fiscal impacts, increase international competitiveness of products covered by protocols and expand market share for services. As regards diversification, the region attempts to diversify its range of products as well as to explore alternative markets. In order to prepare for the adjustments which will be required, Cariforum proposes to formulate joint positions based on technical studies, seek special and differential status while moving to WTO compatibility, seek advantageous transitional arrangements, create linkages between EPAs and the FTAA, and to optimise the use of trade, economic and aid arrangements. Cariforum approaches these initiatives as an integral part of the ACP.

The *FTAA* is important to Cariforum as part of its hemispheric integration objectives. In that regard, the region is committed to effective participation in the negotiating process. Cariforum strategies include strong technical and political representation securing special and differential treatment and transitional measures, design and implementation of measures to cushion the impact of adjustments, monitoring of parallel negotiations and consistency with other multilateral negotiations. Related to these policies are Cariforum's strategies in respect of access to markets in the USA and Canada under the enhanced CBI and CARIBCAN. These strategies include optimisation of existing access, the provision of trade advisory and facilitation services to the private sector and development of a more mature agreement with Canada.

The deepening of trade and economic *relations with Latin America* forms part of Cariforum's hemispheric strategy. This includes promotion of the implementation of existing treaties and related agreements, including the Amazon Treaty, exploration of increased opportunities in trade, investments and co-operation in tourism and the environment and promotion of functional co-operation. Cariforum intends to take action to optimise use of its preferential agreements with Venezuela and Columbia and prepare for gradual replacement of tariff preferences with reciprocal liberalisation. In respect of Cuba, the region intends to strengthen existing trade facilitation services, complete protocols for the Caricom - Cuba FTA, and seek to strengthen functional co-operation particularly in education and training and health. The region's hemispheric co-operation includes the EU-LAC bi-regional strategy process. The region seeks to participate fully in this bi-regional process and to implement joint decisions made.

Cariforum is of the view that Caribbean integration and development cannot be complete without the *involvement of the OCTs and DOMs*. With respect to OCTs, Cariforum seeks to secure their participation in policy formation, provide services through existing Caricom agencies, promote reciprocal trade, strengthen private sector bodies, facilitate participation in regional functional co-operation initiatives and improve transportation links. As regards the DOMs, Cariforum seeks to improve transportation links, promote trade, create links with private sector bodies, seek convergence between regional programmes and INTERREG III and promote DOM participation in Cariforum Regional Programmes.

Cariforum's overarching strategy is that all of *its external trade and economic negotiations should be conducted on a joint basis*. The RNM is the designated body for that purpose. The region's approach, utilising the RNM, to develop joint negotiating strategies, undertake regional technical preparatory work and consultations, seek political consensus, establish a physical presence in strategic locations and jointly provide the financial, personnel and other resources required.

4. Private Sector Development and Competitiveness

A major facet of Cariforum's RIDS is to ensure that the state functions to maintain an *enabling environment* within which the private sector can grow and prosper. This is aimed at improving global competitiveness and expanded intra-regional trade. In pursuit of that objective, the region seeks to involve the private sector in public policy formulation. In its attempt to create an appropriate enabling environment, Cariforum implements appropriate macro-economic, fiscal and monetary policies, promotes and protects investments, provides harmonised incentives and is liberalising factor movements at the intra-regional level. In addition, the region attempts to support the private sector through expansion of services offered, trade policy research, direct assistance to enterprises, trade information services, assistance to meet international standards, facilitation of strategic partnerships, trade promotion and facilitation and promotion of the pooling of resources by the private sector. At the same time, Cariforum supports public sector agencies which provide services to the private sector, seeks private sector institutional development in the OECS, desires the establishment of genuine regional private sector representation and supports capacity building for private sector agencies including specialised and commodity specific bodies.

Cariforum responds to challenges facing the *agriculture, livestock, fisheries and agri-business* sector by pursuing strategies at increasing competitiveness and through diversification for export. This involves improving production efficiencies, seeking higher added value, product and market diversification and promotion of adherence to international standards. With respect to the regional banana industry, the region pursues strategies intended to maximise existing opportunities and prepare for adjustments. The same strategy is pursued in respect of the rice industry. As regards the rum industry, the region, with the assistance of the EU, is pursuing a strategy to make a transition from bulk to branded exports in attempts to maintain and increase market shares.

The Cariforum strategy for the *manufacturing sector* is to increase international competitiveness. The region promotes free movement of factors of production and niche marketing, has reduced tariffs on plant, equipment and raw materials, promotes agro-processing, is continuously reviewing origin criteria and removing non-tariff barriers and reducing the regional CET.

The region's objective is maintaining an internationally competitive and sustainable *tourism industry*. The related strategy attempts to create linkages with other productive economic and service sectors, consistency between national and regional strategies and pays focused attention on the terrestrial, coastal and marine environment, the development of ancillary services, regional co-operation in promotion in traditional and new markets, air transport and common and joint approaches to regulation of the cruiseship industry. The strategy involves new product development, joint policy formulation and planning, common standards and regional human resource development and capacity building.

One element of Cariforum's economic diversification strategy is the promotion of *international business*. In that regard, the region attempts to create the best regimes capable of attracting the best people, build in dynamism through continuous adjustments and maintain transparency. The region also pursues a joint approach to international co-operation in regulating the sector, including regulations related to anti-money laundering and off-shore banking.

Another element of the region's economic diversification strategy is *Information, Communication and Technology (ICT)*. The region pursues strategies which seek to liberalise telecommunications facilities, promote investments in the sector, develop harmonised incentives, develop technical and regulatory standards to promote transparency, seek to develop regional centres of excellence for training, to strengthen institutions providing the region with technical advice for the sector and the development of the Information Society.

Cariforum recognises that a proper **transportation** system is essential for its development. The region, therefore, seeks to establish a strong and efficient regional air and sea transportation network. This involves review of Air Access and Transportation Agreements and regulatory and legal frameworks, rationalisation and modernisation of existing systems and tariffs, promotion of private sector investments and training and human resource development in conformity with international standards and regulations. With respect of **energy**, Cariforum seeks to exploit the use of available fossil fuels, including creation of energy intensive industries, promote rural electrification, deregulate and privatise energy production and distribution, promote conservation and explore and develop new and renewable and alternative sources of energy.

5. Regional Functional Co-operation

Regional Functional Co-operation, which focuses on human, social and other developments, is extremely important to the people of Cariforum as it represents the dominant outcomes of co-operation experienced by the people of the region. Cariforum is of the view that functional co-operation yields economies of scale in a wide range of areas. One such area is in **education and training** where the objective is to train an internationally competitive labour force through equitable and effective systems. Co-operation, in pursuit of that objective, is organised at the secondary, tertiary, undergraduate and post-graduate levels. At the secondary level, Cariforum attempts to promote course and materials development, examination and certification, capacity building and inter-change among its languages at the regional level. At the tertiary level, the emphasis is on certification, equivalence, articulation, policy reform, course and materials development, networking and capacity building. At the undergraduate level, focus is on providing opportunities for those without national universities, capacity building, development of centres of excellence and certification, equivalence, articulation and accreditation. The post-graduate level deals, primarily with course and materials development, capacity building, distance education and teaching, language training and intra-regional and Cariforum / non- Cariforum / EU and Latin America exchanges and networking.

One major facet of Cariforum's regional functional co-operation is in the area of **illegal drugs and arms**. With respect to demand reduction, Cariforum seeks to increase levels of epidemiological surveillance, revise national and regional action plans, place priority on public health, education and research, link treatment and law enforcement, provide specialised training and develop regional institutional capacities. On the supply side attempts to deepen its involvement in the international fight, improve regional capacities to disrupt flows, increase regional co-operation, expand regional co-ordination in anti-money laundering and provide specialised training and institutional capacity development.

The Cariforum regional objective in **health** is to improve and sustain health to improve the quality of life and maintain labour productivity. Increasing levels of preventable diseases and the **HIV/AIDS** pandemic constitute the major challenges. The region seeks to promote investments in the sector, develop resource sharing strategies, promote family health, strengthen and network laboratories and develop human and institutional capacities. With respect of HIV/AIDS, Cariforum seeks to adopt regional approaches to advocacy, policies and legislation, establish care standards, promote regional production and procurement of drugs used in treatment, intensify public relations and education programmes, strengthen national and regional capacities and co-ordinate approaches to resource mobilisation.

Given its physical characteristics and vulnerability, Cariforum places significant emphasis on the **environment**. Through regional co-operation, Cariforum attempts to train adequate number of professionals, develop a regional action plan, adopt common approaches to natural resource management, global warming and climate change, strengthen regional institutional capacities and promote the sustainable use of its biodiversity for commercial purposes.

The region's **human and social development strategy** takes into account gender inequality, the exposure of its youth and its rich culture. The Cariforum gender strategy attempts to balance development planning and to discriminate positively in favour of women. Its approach to youth issues seeks to focus on HIV/AIDS and illegal drugs, training for remunerative employment and empowerment. With respect to culture, the regional focus is on preservation, promotion, interchange and its use as viable commercial activities. In addition, emphasis is placed on training, regional institutional capacity development and sustainable funding.

6. Good Governance

Good governance promotes economic, social and human development and provides an environment in which people can prosper. Cariforum recognises that fact and seeks **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 has established mechanisms for consultation and supports initiatives for empowerment and capacity

building for non-state actors. Cariforum also promotes networking of non-state actor organisations and their use to implement regional programmes. The Cariforum Strategy also includes the creation of an enabling environment in which non-state actors can operate effectively. In that regard, the region intends to 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.

Another component of Cariforum's good governance strategy involves *public sector reform*. As part of the strategy, the region attempts to train a cadre of professionals, strengthen strategic planning and enhance regional capacities to deliver sustainable training. In addition, the region is introducing measures to enhance transparency and is developing regional governance instruments. Related to that strategy is the establishment of an independent, politically insulated and sustainable CCJ in its appellate jurisdiction in civil and criminal matters.

Strategies on governance and economic, social and human development places emphasis on the *labour sector*. The regional strategy includes protection of the rights of workers, adherence to and promotion of internationally agreed principles, promoting the health and social wellbeing of workers, training and re-training of workers and institutional support and capacity building for worker representation.

Cariforum's governance strategy is completed by attention to *Legal and Legislative Reform and Police and Prison Services Reform*. The legal and legislative agenda is set by reform initiatives to improve regulatory frameworks for compatibility with international norms and regulations. It also includes national anti-corruption legislation, retraining of judges, reform and retraining of magistracy and measures to guarantee free and fair national political elections. Police and Prison Services Reform measures seek to strengthen regional co-operation and co-ordination, joint training and the development of national and regional institutional capacities to sustainably deliver training which is required.

ANNEX 5: ONGOING AND FORTHCOMING EDF PROJECTS AND PROGRAMMES

CARIFORUM / EC REGIONAL CO-OPERATION

AREAS OF EC SUPPORT		
AREA 1: REGIONAL ECONOMIC INTEGRATION AND CO-OPERATION		
Projects / programmes		
1.1 – Trade and private sector development		
All ACP 8th EDF Programme of support to the Caribbean rum industry	Location : Cariforum region (Barbados)	Duration : 2002 - 2006
	Financing : 70,000,000 €	Status : approved
Brief description: To enhance the competitiveness of the rum sector by making it export-ready in the segment of branded products; components are : 1) Institutional capacity building to WIRSPA; 2) Marketing and distribution strategy; 3) Plant modernisation and meeting environmental needs.		
All ACP 8th EDF Programme of support to the Caribbean rice industry	Location : Cariforum region (Guyana)	Duration : 2003 - 2007
	Financing :	Status : final phase of appraisal
Brief description: To assist the Caribbean exporters of rice (Guyana and Suriname) in enhancing the competitiveness and efficiency of the sector in order to maintain a viable and sustainable industry and thereby contribute to the smooth integration into the world economy.		
All ACP 8th EDF Programme to strengthening Fishery products health conditions	Beneficiary : various in the Cariforum region	Duration : 2002 - 2007
	Financing : [44,860,000 €]	Status : approved
Brief description: To improve the market access of ACP fisheries products on the world market, by strengthening the export health controls in a number of specific ACP countries, and to generate a sustainable system of health controls for fishery production, ensuring that products from small-scale fisheries are not excluded from the global market.		
8th EDF CRIP Caribbean regional trade sector programme (Caribbean Export)	Location : Cariforum region (Bar, DR)	Duration : 1999 - 2002
	Financing : 11,200,000 €	Status : in implementation
Brief description: To prepare the private sector enterprises in Cariforum Member States for increased regional, hemispheric and global trade by improving their relative competitiveness. Support is being provided in the areas of export competitiveness, trade facilitation services, trade information services, human resources development and programme management and execution.		
7th EDF CRIP OECS Export Enhancement Programme	Location : OECS countries (Barbados)	Duration : 2000 - 2002
	Financing : 1,180,000 €	Status : in implementation
Brief description: Support to the OECS to enable it to deliver services directly to the private sector, to thereby improve competitiveness and prepare for trade liberalisation and global trade. Provision of financial and technical support to the Export Development Unit (EDU), the OECS institution charged with responsibilities for trade, export and private sector development.		
1.2 – Development of services		
7th EDF CRIP Caribbean Telecommunications Union project	Location : Cariforum region (Trinidad & Tobago)	Duration : 2001 - 2003
	Financing : 750,000 €	Status : in implementation
Brief description: To assure a regulated and integrated development of the Caribbean telecommunications sector: 1. Human resources and capacity development; 2. Design of legislation; 3. Monitoring the use of the radio-electric spectrum; 4. Development of common/compatible technical standards.		
7th EDF CRIP Caribbean Broadcasting Union / News Agency project	Location : Cariforum region (Barbados)	Duration : 2000 - 2003
	Financing : 3,500,000 €	Status : in implementation
Brief description: To strengthen regional integration by improving access to upgraded regional audio, visual and print information services. It is intended to establish a CARIFORUM Information Network supplied by the Caribbean Broadcasting Union (CBU) and the Caribbean News Agency (CANa).		
8th EDF CRIP Strategic planning for public services	Location : Cariforum region (Barbados)	Duration : 2000 - 2003
	Financing : 1,300,000 €	Status : in implementation
Brief description: To promote and adopt strategic planning and management skills, systems and structures by the public sector administrations of Cariforum MSs: 1. Strengthen regional collaboration in public sector reform; 2. Enhance human resources planning databases; 3. Building of CARICAD's capacity.		
7th EDF CRIP Establishment of a Caribbean Postal Union (CBU)	Location : Cariforum region (Barbados)	Duration : 1998 - 2002
	Financing : 640,000 €	Status : in implementation
Brief description: To contribute to the establishment of the CBU aimed at improving the efficiency of the National Postal Administrations.		

8th EDF CRIP Caribbean Regional Tourism Sector Development Programme	Location : Cariforum region (Barbados)	Duration : 2003 - 2007
	Financing : 8,000,000 €	Status : final phase of appraisal
Brief description: To foster the sustainable development of the Caribbean tourism sector through: 1. Formulation and development of regional policy and standards for sustainable tourism, ; 2. Capacity building to the Caribbean Tourism Organisation (CTO) and the Caribbean Hotel Association (CHA); 3. IT development; strengthening of regional and national tourism-related public and private organisations; human resources development.		
7th EDF CRIP Caribbean Regional Tourism Sector Development Programme	Location: Cariforum region (Barbados, DR)	Duration : 1998 - 2002
	Financing : 12,800,000 €	Status : in implementation
Brief description: To improve the performance of the tourism sector by developing capacity in the following areas: 1. Tourism marketing and promotion; 2. Product development; 3. Human resources development; 4. Research; 5. Cultural heritage.		
1.3 – Infrastructure development in transport and communication		
8th EDF CRIP Air Access Improvement for Dominica	Location : Dominica	Duration: 2003 - 2005
	Financing : 8,500,000 €	Status : studies in course
Brief description: 1. Study phase => to review the options to improve the country's air accessibility in feasible and sustainable way for the short and longer term; 2. Construction phase => upon the results of the study. [possible co-financing with France]		
8th EDF CRIP Airport Development in Monserrat	Location: Monserrat	Duration : 2003 - 2005
	Financing : 4,300,000 €(RIP) + 4,000,000 €(TIP) + 4,900,000 €co-financing UK + 1 M€Government	Status : final phase of appraisal
Brief description: To re-establish fixed wing air access to Monserrat: construction of airport runway, terminal and access roads (uses also 8 th EDF TIP resources) [co-financing with the UK]		
8th EDF CRIP Regional Airports Programme II	Location : Guyana and Suriname	Duration: 2003 - 2005
	Financing : 1,300,000 €	Status : final phase of appraisal
Brief description: To contribute to the improvement and integration of regional air transport by: 1. Improving and co-ordinating ATM; 2. Enhancing human resources capacity.		
8th EDF CRIP Haiti - Dominican Republic Transborder Infrastructure Programme	Location: Dominican Rep. and Haiti	Duration: 2003 – 2007 (?)
	Financing: 20,000,000 €(?)	Status : final phase of appraisal
Brief description: To enhance regional integration by improving cross-border economic and other ties between the DR and Haiti. The project might cover: 1. Road Cap Haitien – Dajabon; 2. Bridge over the Massacre river and border posts; 3. Market of Dajabon (DR) and cross-border trade enhancement.		
1.4 – Rural development and agricultural diversification		
7th EDF CRIP Integrated Caribbean Regional Agriculture and Fisheries Development Programme	Location : Cariforum region (Trinidad & Tobago)	Duration: 1998 - 2004
	Financing : 22,200,000 €	Status : in implementation
Brief description: To improve the utilisation of natural resources through market-led development of sustainable regional initiatives, at both public and private sector levels of agriculture and fisheries: 1. To facilitate investment; 2. To promote diversification and market development; 3. To improve sector development services, with emphasis on the private sector.		
Sub-programmes: a. Agribusiness Research and Training Fund; b. HA-DR Rural Credit Project; c. Regional Market Information System; d. Strengthening Agricultural Quarantine Services; e. Caribbean Amblyoma Programme; f. Classical Swine Fever; g. Rice Industry Development Network; g. Integrated Pest Management; h. Biotechnology Network; i. Fisheries Institutional Development.		
AREA 2: HUMAN DEVELOPMENT AND CAPACITY BUILDING		
Projects / programmes		
2.1 – Education, training and culture		
8th EDF CRIP UTech project, Jamaica	Location : English-speaking Caribbean	Duration: 2002 - 2007
	Financing : 2,600,000 €	Status : to start implementation
Brief description: To support the extension of the capacity of the University of Technology of Jamaica (UTech), in order to increase the pool of skilled and qualified labour in the Caribbean: 1. Academic and administrative staff development; 2. Introduction of ODL systems; 3. Upgrading of facilities and IT.		
7th and 6th CRIP EDF Cariforum University Level Programme (CULP)	Location : Caribbean region (DR and JMC)	Duration: 1999 - 2003
	Financing : 25,200,000 €	Status : in implementation
Brief description: 1. Establishment of regionally integrated Masters Degrees Programmes in economic development and reform, public sector management, international business, agricultural diversification, natural resources management, tropical architecture and monument conservation; 2. Promotion of professional interaction across the region and with the EU; 3. Development of ODL and IT systems; 4. Promotion of co-operative research.		
7th EDF CRIP OECS Human Resources Development Programme	Location : OECS sub-region (Barbados)	Duration: 2000 - 2004
	Financing : 5,950,000 €	Status : in implementation
Brief description: To upgrade the level of trained HR in the OECS in priority sectors: 1. Physical improvement to tertiary institutions; 2. Strengthening of sub-regional co-operation; 3. Training of secondary school teachers; 4. Management support.		

8th EDF CRIP Retooling and Upgrading of the Jamaica Maritime Institute (JMI)	Location : Cariforum region (Jamaica)	Duration: 2001 - 2003
	Financing : 2,000,000 €	Status : in implementation
Brief description: To enhance the JMI's capacity to provide improved training for the maritime sector in internationally accepted standards: 1. Design and building of classrooms; 2. Supply of equipment; 3. Staff development; 4. Introduction of ODL systems.		
7th EDF CRIP Cariforum Cultural Centres	Location: Jamaica, Dominican Republic, T&T	Duration : 1999 - 2002
	Financing : 1,600,000 €	Status : in implementation
Brief description: To promote Cariforum cultural identities and cultural exchanges and encourage cultural communication, by: 1. Establishing Cultural Centres in Jamaica, DR and T&T and undertaking its networking; 2. Developing multicultural lexicography.		
2.2 – Health		
8th EDF CRIP Strengthening of Medical Laboratories Services in the Caribbean	Location : Region (T&T)	Duration : 2001 - 2005
	Financing : 7,500,000 €	Status : in implementation
Brief description: To improve management of, and co-ordination between, public and private laboratories in the Cariforum region, leading to increased availability of high quality laboratory information: 1. Legislation and accreditation; 2. Human resources development; 3. Laboratory management; 4. Regional co-ordination; 5. Operational research.		
All ACP 8th EDF Strengthening the Institutional Response to HIV/AIDS/STI in the Caribbean	Location : Cariforum region (T&T)	Duration : 2001 - 2005
	Financing : 6,950,000 €	Status : in implementation
Brief description: To strengthen the capacity of existing regional institutions to plan and co-ordinate an effective response to HIV/AIDS/STI, especially in the worst affected countries: 1. To increase pool of skilled staff; 2. To increase regional awareness; 3. To expand the regional network of advocacy; 4. To reduce high-risk behaviour; 5. To improve surveillance, monitoring and evaluation.		
2.3 – Fight against illegal drug production, processing, trafficking and consumption (Barbados Plan of Action)		
8th EDF CRIP Caribbean Anti-money-laundering Programme	Location : Cariforum region (T&T)	Duration: 1999 - 2003
	Financing : 4,000,000 €	Status : in implementation
Brief description: To reduce the incidence of the laundering of the proceedings of serious crime and to facilitate the confiscation of assets relating to such activity, in particular drug offences: 1. Legal and judicial development; 2. Establishment of an enforcement agency; 3. Advice to the financial sector.		
8th EDF CRIP Epidemiological Surveillance Programme	Location : Cariforum region (T&T)	Duration: 2000 - 2003
	Financing : 1,300,000 €	Status : in implementation
Brief description: To establish a sound database and early warning surveillance system to assist national and regional policy makers in demand reduction: 1. Training and organisation of epidemiological teams; 2. Research and collection of regional drug epidemiological data; 3. Programme management and co-ordination.		
2.4 – Environmental management		
8th EDF CRIP Haiti - Dominican Republic Environment Transborder Programme	Location : Haiti and Dominican Republic	Duration : 2001 - 2004
	Financing : 4,400,000 €	Status : in implementation
Brief description: To reinforce the capacity and co-operation of the 2 countries in the protection and conservation of the lakes bordering area: 1. Centre for sustainable development; 2. Master plan for the lakes area; 3. Involvement of the populations in the sustainable development of the area.		
7th Caribbean CRIP Regional Environment Programme	Location: Cariforum region (Barbados)	Duration : 2000 - 2004
	Financing : 9,150,000 €	Status : in implementation
Brief description: To strengthen regional co-operation and capacity in conservation management and sustainable development of amenity areas, in order to assure that greater attention is given to environmental issues: 1. Development of a regional environmental information network; 2. Promotion of education and awareness; 3. Institutional and capacity building; 4. Enhancement of management of amenity areas (marine, terrestrial, watersheds).		
2.5 – Natural disasters		
8th EDF CRIP Radar Warning System	Location : Cariforum region (T&T)	Duration: 2003 - 2006
	Financing : 13,200,000 €	Status : final phase of appraisal
Brief description: To mitigate the economic and social losses arising from adverse weather conditions and to improve weather data for sensitive productive activities: 1. To install 4 meteorological radar systems; 2. To establish a communication network; 3. To strengthen the capacity of human resources; 4. To develop warning and public awareness systems.		
AREA 3: OTHER INTERVENTIONS		
Specific objectives		
Other initiatives aimed at reinforcing the regional integration and co-operation process.		
Projects / programmes		
7th EDF CRIP Cariforum Secretariat Programming Unit	Location : Guyana	Duration: 1997 - 2003
	Financing : 3,940,000 €	Status : in implementation
Brief description: To provide technical assistance, support staff and other facilities and services for preparing, appraise, implement and monitor-evaluate regional programmes financed by the EDF.		

ANNEX 6: DONOR MATRIX

The main EU Member State with regional focus is the United Kingdom through DFID, which has supported programmes at regional and sub-regional (OECS) level. Programmes include support to the RNM, tertiary education (UWI), primary teacher education through distance learning, poverty studies through CDB, HIV/AIDS through CAREC, drugs control and a number of environmental programmes (natural resources management, support to the CANARI, Caribbean Natural Resources Institute, and solid waste management). DFID is in the process of developing a new support strategy for the Caribbean. It is expected that this strategy will focus on trade, including support to CSME and the RNM, private sector development, regional economic integration, governance (public sector reform) and social development (education and HIV/AIDS).

France is supporting regional support programmes aiming at strengthening links between its DOMs and neighbouring Caribbean states through education (student exchange and distance education), HIV/AIDS, agricultural development (studies and exchange of information), cultural exchange and drugs control. Germany is supporting a health programme and intends to embark on a regional technical and vocational training programme. Other important co-operation partners include the IDB, the World Bank, Canada (CIDA), CDB, the USA (USAID), the Organisation of American States (OAS) and the UNDP.

The IDB's activities are based on a strategy presented in its 1998 Regional Programming Paper for Caricom. The strategy aims at contributing to (i) a harmonised process of economic liberalisation, (ii) the convergence towards modern regulatory frameworks, and (iii) rationalisation and strengthening of institutions in Caricom. It is conducting technical assistance to the implementation of WTO legislation, harmonisation of the legal investment framework and external trade negotiations through the RNM. A new initiative is a regional labour market development programme aimed at improving the efficiency of labour.

The World Bank played an important regional role as a co-ordinator of the CGCED (Caribbean Group for Co-operation in Economic Development). Its main new programme in the region is a US\$ 150 million loan programme to combat HIV/AIDS. The World Bank is also providing technical assistance for the adaptation of the Caribbean to problems arising from global climate change. It has also formulated a support strategy for the OECS sub-region aiming at vulnerability reduction in terms of man-made and natural disasters, and capacity building. An important WB sub-regional capacity building project is the telecommunications reform project, which aims at deregulating the OECS telecommunication sector. The WB also provides support to institutional strengthening of the OECS Secretariat and to CARTAC. In the area of vulnerability, it supports catastrophe risk management and ship waste management.

Canada implements a wide range of regional and sub-regional programmes. It supports regional co-operation and by strengthening Caricom, the RNM and the OECS Secretariat. CIDA is providing support to the CAREC, to enable it to carry out a project in HIV/AIDS prevention in Caricom Member States, and also supports scholarship programmes. The Canada-Caricom Gender Equity Fund is designed to strengthen the institutional capacities of governmental and non-governmental organisations involved in gender relations. The Caribbean Regional Oceans and Fisheries Project helps to improve environmental management by developing fisheries data collection and analysis, and by strengthening fisheries management structures. Private sector support is provided through its CPEC programme, a human resource development project for economic competitiveness, through which companies in selected sectors are supported in terms of training, especially with respect to the introduction of standards. At OECS level CIDA is implementing the ECEMP (Eastern Caribbean Economic Modernisation Project) programme, aimed at strengthening financial management capacity. It has also supported a Small Project Implementation Facility, for small-scale infrastructure initiatives that enhance employment opportunities in agriculture, fisheries, forestry, small business and tourism. The Eastern Caribbean Education Reform Project (ECERP) aims at enhancing the quality and efficiency of education delivery at the sub-regional level. Assistance is also given to NGOs that target the poor, the unemployed and persons with low income. Other efforts aim at strengthening the region's capacity to deal with trade issues and to support institutional strengthening in environmental resource management.

The CDB supports, at OECS level, technical assistance for monitoring volcano activity and institutional strengthening for statistics, standards enhancement and trade related legislation. The establishment in Barbados of CARTAC in 2001, by regional governments, has been supported by the IMF, as well as CIDA and UNDP. The Centre provides technical assistance in the areas of fiscal administration (customs and tax administration, tax policy including VAT, budgeting and treasury), public debt, statistics (economic and social) and financial sector regulation and supervision (regulatory frameworks and supervisory practices).

The strategy for USAID's Caribbean Regional programme for FY 2000-FY 2005 has three objectives: increased economic growth and diversification; improved environmental management; and increased effectiveness and efficiency of judicial-legal systems in the Caribbean; programmes are being implemented in each of these areas. USAID is also implementing a regional HIV/AIDS programme in the region. Assistance is being provided to CAREC, the Caribbean Regional Network of People Living with HIV/AIDS (CRN+), to the Caribbean Red Cross to work in youth peer counselling and to national youth federations to work on HIV/AIDS education and prevention. At the OECS level USAID supports disaster mitigation. The UNDP supports agriculture, through FAO, disaster relief and mitigation, health (through PAHO: environmental health, health promotion and health systems development), social policy development, environmental baseline assessments and institutional capacity development.

Economic development		Budget M €	Time schedule							
<i>Regional economic integration</i>			1999	2000	2001	2002	2003	2004	2005	2006	2007
Donor	Programme description									
EC 8 th EDF	Policy studies through Caribbean export (see also under private sector development)	--								
EC 8 th EDF	ACP programme of capacity building in support of Economic Partnership Agreements (budget for all ACP)	[20]								
UK (DFID)	Support for the RNM as follow up to a project completed in 2001	n.a.								
UK (DFID)	Strengthening legal/institutional development division of CARICOM	1.2								
CDB	Support to economic integration, trade negotiations (CARICOM Secretariat) co-funded by IDB	0.9								
CDB	Strengthening CARICOM Secretariat	0.3								
CDB	Support to RNM	0.5								
CDB	Establishment of an agricultural unit in the RNM	0.4								
CDB	Strengthening OECS Secretariat	0.3								
CDB	Institutional strengthening statistical offices (OECS)	0.85								
CDB	Strengthening of trade related legislation for OECS	0.1								
IDB	Technical assistance to CARICOM, by (i) harmonisation investment incentives/promotion (ii) WTO compliance (iii) update CET (iv) support to Caribbean Court of Justice, (v) study on government procurement	0.5 0.6 0.15 0.2 0.2								
IDB	Support to the RNM: technical studies; strengthening negotiation capabilities through training (completed, extension being considered)	1.2								
UNDP	Support strategy formulation OECS and strengthening OECS Secretariat	1.1								
UNDP	Support for establishing CSME to CARICOM (studies on restrictions/obstacles)	1.1								
Canada (CIDA)	CARICOM Capacity Development Programme in support of CSME (successor of CRISP, which was completed in 2001)	4.0								
Canada (CIDA)	CARICOM Trade policy responsive fund	1.6								
Canada (CIDA)	Strengthening the RNM	2.0								
Canada (CIDA)	OECS Trade policy support	1.9								
Canada (CIDA)	OECS Legal reform	3.1								
Canada (CIDA)	Tax reform programme (OECS: ECEMP II: reduce reliance on trade related taxes)	6.8								
IMF	Establishment of the Caribbean Technical Assistance Centre (CARTAC) with support from CIDA, CDB, UNDP and Government of Barbados	13.7								
Norway	Support to CARICOM office in Haiti, two-year project to facilitate Haiti's membership of CARICOM and participation in CSME. (3 full-time experts)	n.a.								
USAID	Support to RNM (completed in 2001)									
World Bank	Strengthening OECS Secretariat	0.275								
World Bank	Support for the Caribbean Group for Co-operation and Economic Development (CGCED)									
WTO	Trade policy review OECS									
OAS	Training for government officials in integration	0.5								
<i>Private sector development</i>										
Donor	Programme description	Budget								
EC 8 th EDF	Caribbean regional trade sector programme	11.2								
EC 7 th EDF	OECS Export enhancement programme	1.18								
EC 8 th EDF	Programme of support to the rum industry	70.0								
EC	ACP company assistance programmes: EBAS, CDE and investment promotion: Pro-Invest	€€								
EIB	Global loan for risk capital for OECS region	3.0								
EIB	Loan to CDB	20.0								
EIB	Contributions to venture capital funds (TIONA Fund and Caribbean Investment Fund)	12.0								
EIB	Support to Caribbean Micro Finance Ltd	5.0								
DFID	Private sector development, competitiveness, investment promotion and micro finance	n.a.								

CDB	Enhancement of standards management capacity (OECS)	0.6																	
CDB	Establishment of certification programme for consultants	0.5																	
UNDP	Micro enterprise development in OECS, introduction of best practices, finance	n.a.																	
Japan	Support to visits of trade fairs in Japan	n.a.																	
Canada (CIDA)	Human resource and institutional development for private sector development and improving competitiveness (CPEC), with regional and country components	9.6																	
Canada (CIDA)	OECS micro credit	1.5																	
USAID	Increased employment and diversification in non-traditional activities	13																	
Social development																			
Education and culture																			
Donor	Programme description																		Budget
EC 7 th EDF	CARIFORUM University Level Programme (CULP)																		24.3
EC 7 th EDF	Support to Caribbean Examination Council																		2.5
EC 7 th EDF	OECS Human Resources Development Programme																		5.95
EC 8 th EDF	Utech project																		2.6
EU 8 th EDF	Retooling and upgrading the Jamaica (Caribbean) Maritime Institute																		2
EC 8 th EDF	Cultural centre programmes																		2.5
France	Student exchange, distance education and cultural exchange with DOMs																		n.a.
Germany	Technical and vocational training (proposed).																		n.a.
UK (DFID)	Tertiary education (Support to UWI)																		n.a.
UK (DFID)	OECS primary teacher education, through distance learning.																		1.6
UK (DFID)	CXC support project (pipeline)																		0.7
UK (DFID)	Windward island education programme																		0.4
CDB	Strengthening the Jamaica Maritime Institute																		0.3
World Bank	OECS Education project																		
Canada (CIDA)	Education reform in OECS (ECERP)																		8.3
Japan	Distance learning																		0.5
OAS	Literacy, spanish languagw instruction, teacher training for IT, ditance education UWI																		0,25
Health																			
Donor	Programme description																		Budget
Health general																			
EC 8 th EDF	Strengthening of medical laboratory services																		7.5
CDB	Review of health institutions																		0.6
PAHO	Health sector co-operation programme (health systems, human resource development, family health, food and nutrition, communicable and chronic non-communicable diseases, mental health and environmental health) for OECS																		6.4
HIV/AIDS																			
EC 8 th EDF	Strengthening the institutional response to HIV/AIDS																		6.95
France	HIV/AIDS in collaboration with DOMs																		n.a.
Germany	Health																		n.a.
UK (DFID)	Support of CAREC for STD/AIDS																		1.2
ILO	HIV/AIDS; prevention among workers and enhancing workplace protection																		1
Canada (CIDA)	HIV/AIDS prevention and treatment through support to Caribbean Epidemiology Centre																		18.3
Japan	HIV/AIDS																		1.2
USAID	HIV/AIDS																		12.0
World Bank	HIV/AIDS																		150
Poverty, social welfare and labour																			
Donor	Programme description																		Budget
DFID	Assistance to CDB for development of poverty projects																		2.0
DFID	Civil society development programme																		1.5
Canada (CIDA)	Small scale community based projects which assist in poverty alleviation (Canada Fund);																		n.a.

Canada (CIDA)	Gender equity programme	4.8																	
Canada (CIDA)	Institutional strengthening to the NGO community (Partnership Branch)	n.a.																	
UNDP	Poverty eradication through community participation	n.a.																	
UNDP	Development of social statistics and indicators	n.a.																	
UNDP	Social policy development	3.5																	
CDB	Training programme for disabled	0.8																	
CDB	Domestic violence intervention training for police officers	0.2																	
Labour																			
CDB	Institutional strengthening of CCL	0.3																	
IDB	Improving efficiency of labour (action plan for labour markets)	30																	
ILO	Management-labour co-operation, alliances for productivity, dialogue, social benchmarking, two-year programme	1.8																	
ILO	Elimination of child labour	0.5																	
ILO	Labour market information	1																	
Productive sectors																			
Agriculture and fisheries																			
Donor	Programme description	Budget																	
EC 7 th EDF	Integrated Caribbean Regional Agriculture and Fisheries Development	22.2																	
EC	Support to the rice industry (in preparation)	--																	
EC	Support to the banana industry (STABEX and SFA national programmes)	€€																	
France	Agriculture and livestock (studies, information exchange) with DOMs	n.a.																	
FAO	Agricultural disease control (pink mealy bug)	n.a.																	
FAO	Training for ACP countries to enhance their capabilities to deal with Multilateral Trade Negotiations and Agreements (agricultural trade policy/legal issues)	n.a.																	
FAO	Food security project (planned)	25-30																	
Canada (CIDA)	Fisheries (resource assessment)	n.a.																	
Japan	Fisheries (training, data collection, stock assessment) and study on aquaculture and mariculture (proposed)	n.a.																	
USAID	Food safety	n.a.																	
IICA	Technical co-operation to support the sustainable development of agriculture and rural environment	3.2																	
CDB	Agricultural scholarship programme at Simon Bolivar United World College of Agriculture	1.1																	
CDB	UWU certificate programme in agriculture	0.15																	
CDB	Preparation of WTO-consistent trade position for poultry sector	0.1																	
OAS	Improving food safety by strengthening quality assurance labs, networking in bio-technology,	0.15																	
Tourism																			
Donor	Programme description	Budget																	
EC 8 th EDF	Caribbean regional tourism development programme	8																	
OAS	Tourism development (heritage, data on competitiveness, conference resort development)	0.6																	
UK (DFID)	Data base for services	0.5																	
CDB	Caribbean tourism health, safety and resource conservation project	0.4																	
CDB	Assessment of demand for securitised tourism related assets	0.2																	
Japan	Tourism (participation in fair in Japan)	n.a.																	
Transport and telecommunications																			
Donor	Programme description	Budget																	
EC 6 th , 7 th and 8 th EDF	Airport and air access development programmes (Montserrat, Beef Island, Nevis, Regional Airports Programme, Dominica Air Access)	22.9																	
EC 8 th EDF	Dominican Republic transborder infrastructure programme (road, bridge and market development)	20																	
EC 7 th EDF	Telecommunications union project	0.75																	
EIB	Loan for setting up of regional airline Carib Express	4.0																	

World Bank	Telecommunications reform (OECS), involving deregulation, and training.	6.0																	
Japan	Caribbean capacity in development in IT	0.5																	
OAS	Strengthening Caribbean professionals through ICT	0.2																	
EC 7 th EDF	Caribbean broadcasting union project																		
Thematic/crosscutting issues																			
Donor	Programme description	Budget																	
Environment																			
EC 7 th EDF	Caribbean regional environment programme	9.15																	
EC 8 th EDF	Haiti-Dominican Republic environment transborder programme	4.4																	
Finland	Preparedness for climate variability and global climate change	3.5																	
UK (DFID)	Support to Caribbean Natural Resources Institute (CANARI)	0.7																	
UK (DFID)	Solid waste management for 3 Windward countries	0.6																	
UK (DFID)	OECS Natural Resources Management Unit (NRMU)	2.2																	
World Bank	OECS Ship waste management	5.3																	
CDB	Approach to the management of the Caribbean Sea	0.6																	
UNDP	Environmental data gathering (methodology development and operation), funding by IDB	1.0																	
OAS	Water resources management	0.4																	
USAID	Environmental management	11.0																	
Disaster management																			
EC 8 th EDF	Radar warning system	13.2																	
World Bank	Disaster management (OECS)	4.0																	
World Bank	Adaptation to climate change	11.3																	
UNDP	Disaster management and preparedness (strategy development, institutional strengthening);	0.4																	
Japan	Disaster management, search and rescue training	3.0																	
Drugs																			
Donor	Programme description	Budget																	
EC 8 th EDF	Anti-money laundering programme	4.0																	
EC 8 th EDF	Epidemiological surveillance programme	1.3																	
EC B-Line	Treatment & rehabilitation	0.7																	
EC B-Line	Project Management Office (PMO), co-fin. with UK, F, NL, E	0.3																	
EC B-Line	Law enforcement training project	1.0																	
EC B-Line	Training for national joint headquarters staff	0.3																	
EC B-Line	CCCLEC regional clearing system	0.6																	
EC B-Line	Precursors control mechanism	0.2																	
EC B-Line	Forensic laboratories upgrading	0.5																	
EC B-Line	Integration and harmonisation of forensic services	0.1																	
EC B-Line	Caribbean Co-ordination Mechanism (CCM)	0.2																	
Governance																			
Donor	Programme description	Budget																	
EC 8 th EDF	Strategic planning for public services (CARICAD)	3.5																	
CDB	Strengthening of CARICAD	0.5																	
CDB	Training programme for development finance institutions	0.25																	
CDB	Training programme for NGOs	0.3																	
USAID	Increased efficiency of legal systems	6.0																	

ANNEX 7: THE REGIONAL INSTITUTIONAL FRAMEWORK: STRUCTURE AND RECENT DEVELOPMENTS

I – CARIBBEAN FORUM OF ACP STATES (CARIFORUM)

1.1 Background

The CARIFORUM was established on 19 October, 1992 with the objective to co-ordinate and monitor available European Development Fund (EDF) resources for the purpose of financing regional projects in the Caribbean Region, which fall within the framework of the Lomé IV Convention. During the preceding Lomé Convention, regional projects were co-ordinated and monitored by the CARICOM Secretariat. When, for Lomé IV, Haiti and the Dominican Republic joined the Convention, the need to create a new forum of consultation on regional co-operation emerged as neither of these countries were members of Caricom at that time. In this regard, the European Commission and the Caribbean ACP States agreed that the programming of the Caribbean regional resources under the 7th EDF under the Lomé IV Convention would be the responsibility of the CARIFORUM.

All Decisions of the Forum are made by consensus. The Rules of Procedures, adopted by Cariforum Ministers in October 1992 in Trinidad and Tobago, also specify that the Caribbean Overseas Countries and Territories (OCTs) shall be invited to the Meeting of Ministers of CARIFORUM as observers. At the 8th Meeting of Ministers of Cariforum, convened in October 1998 in Trinidad and Tobago, Cuba was granted observer status. The responsibilities of the Cariforum are set out in the Caribbean Regional Indicative Programme (CRIP):

- Decisions on the overall management of the Regional Programme on the Caribbean side, and for the setting of the thematic and policy framework for Caribbean regional co-operation under the Lomé Convention.
- Identification of proposals made by Caribbean ACP States, neighbouring countries and regional organisations, which will be proposed to the EC within the regional co-operation.
- Proposed modifications to the CRIP in light of experience and with a view to expedite the programming of resources for regional projects.
- Designating, in agreement with the EC, the Regional Authorising Officer for projects and programmes.

1.2 Current developments

A Special Meeting of Ministers of Cariforum met on 11 April 2002 in Santo Domingo took *inter alia* the following decisions to be submitted to Cariforum Heads of Government:

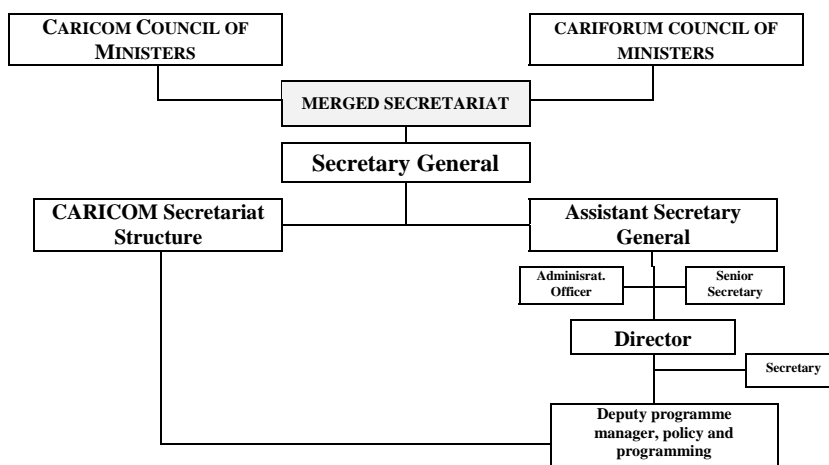
- a) Revised mandate for Cariforum: a.1) regional co-operation and co-operation particularly with the DOMs and OCTs; a.2) management of EDF regional and other aid resources to Cariforum; a.3) such other tasks and responsibilities as may be agreed by Heads of State and Government of Cariforum Member States on the recommendation of the Council of Ministers.
- b) Principles: b.1) the Council of Ministers shall remain as an independent body for the political representation of its Member States; b.2) provisions be made, within Cariforum's Rules of Procedures, for a Summit of Heads of Government and State of Cariforum to be convened on the advice of the Council of Ministers of Cariforum; as far as is convenient, advantage will be taken of arrangements already in place, in the region, for Meetings of Heads of State and Government.
- c) Agreement to the merger of the Cariforum Secretariat into the Caricom Secretariat and the following principles: c.1) existence of an independent relationship between the Cariforum Council of Ministers and ministerial bodies of Caricom; c.2) operation of a merged Secretariat incorporating the Caricom and Cariforum technical functions (a proposal for a Caribbean Secretariat, functioning as the merged Secretariat, required to be considered at the highest political level in Cariforum); c) the Secretary-General of the merged Secretariat would be a national of Cariforum since a non-Caricom national could not lead a Secretariat which serves Caricom; c.3) a high level professional, reporting directly to the Secretary-General, would be responsible for managing the provision of technical services related to the Cariforum function within a merged Secretariat; c.4) provisions for the engagement of adequate professional and support staff, within a merged Secretariat, to service the revised Cariforum mandate; c.5) absorption, where possible, of current support staff of the Cariforum Secretariat into the Caricom Secretariat; c.6) that the Deputy Secretary-General of the merged Secretariat would act on behalf of the Secretary-General, in his absence, on matters related to Cariforum.
- d) Endorsed the structure proposed for the servicing of the Cariforum function and directed the Secretariat to revise and circulate, to Member States, terms of reference for the positions proposed in the Annex.
- e) Proposal in regard to future of EDF support: e.1) adoption of cost projections presented as the basis of a request for continued financial support; e.2) an approach which results in the EDF supporting the servicing function of

Cariforum 100% in the first two years of implementation of the merger; e.3) a 10% per annum combined contribution of Cariforum Member States in year three with an increase of 10% points per annum up to year seven and a fifty/fifty contribution from Cariforum Member States and the Commission from thereon; e.4) provision of future EDF support as capacity building and institutional development support to the merged Secretariat.

- f) A Committee comprising Guyana, Suriname and the Cariforum Secretariat will undertake a first revision of this proposal and the revision will be circulated in the official language of Cariforum for consideration by Member States.
- g) Follow-up action and schedule in respect of finalisation of matters related to the Future of Cariforum: 1) submission of proposals from Ministers of CARIFORUM to Heads of Government and State of Caricom in July 2002.

Jamaica and Saint Lucia could not now support the proposals at (5) above but would consider them when details on national contributions were available.

PROPOSED REVISED ORGANIGRAM



II – CARIBBEAN COMMUNITY AND COMMON MARKET (CARICOM)¹

2.1 Structure and recent Developments

In the light of trends in good governance, CARICOM Governments have committed themselves to increased transparency, participation and accountability as well as to reduce administrative costs and provide better and more efficiency to the private sector in the delivery of services. Protocol I, which provides for the institutional structure of the Community, was adopted with the latter objectives in mind. It attempted in 1997 to restructure its Organs and Institutions.

The *Conference of Heads of Government* is the Supreme Organ of the Community. It consists of the Heads of Government of the Member States and is the final authority of the Community. The primary responsibility of the Conference is to determine and to provide the policy direction for the Community. The Conference is the final authority for the conclusion of Treaties on behalf of the Community and for entering into relationships between the Community and International Organisations and States. It is also responsible for making the financial arrangements to meet the expenses of the Community but has delegated this function to the Community Council. Decisions of the Conference are generally taken unanimously.

The *Community Council of Ministers* is the second highest organ. It consists of ministers responsible for community affairs and any other minister designated by Member States in their absolute discretion. The Council is responsible for the development of Community strategic planning and co-ordination in the areas of economic, integration, social and functional co-operation and external relations.

The above principal organs of the Community are assisted in the performance of their functions by the following four Ministers’ Councils:

- 1. The *Council for Trade and Economic Development (COTED)*², which manages the internal and external trade regime, the policies relating to movements of factors and the sectoral programmes of co-operation. The COTED

¹ Source: Caricom, Trade and integration report, Anthony P. Gonzales, 20-01-02

promotes trade and economic development of the Community and oversees the operations of the CARICOM Single Market and Economy;

2. The *Council for Foreign and Community Relations (COFCOR)* determines relations with international organizations and third States;
3. The *Council for Human and Social Development (COHSOD)* promotes human and social development; and
4. *The Council for Finance and Planning (COFAP)* co-ordinates economic policy and financial and monetary integration of Member States.

Other key supportive mechanisms that were instituted were a *Bureau of the Conference* to take decisions on behalf of the Conference between meetings and *the designation of particular Heads of Government with responsibility for the promotion and implementation of agreed areas of the integration process* on the basis of agreement of the Conference of Heads of Government.

In addition, CARICOM has developed a *Charter of Civil Society* which establishes standards and expectations for all members. It has also created an *Association of Caribbean Community Parliamentarians* as a deliberative (rather than legislative) body to bring together government and opposition representatives to discuss regional matters. There is also the *Caribbean Court of Justice*, which, in addition to serving as the final appellate court for the various jurisdictions, will have exclusive and original jurisdiction in respect of disputes concerning the interpretation and application of the Treaty of Chaguaramas.

Co-operation to reduce administration cost through joint or shared action in areas such as foreign representation and customs administration has been in effect for some time. The former area has had its fair share of problems but efforts are on-going. National Customs Administrations like the National Bureaux of Standards have also co-operated to improve efficiency. The Community recently decided to create the *Caribbean Regional Organisation for Standards and Quality (CROSO)*, which would assist Member States of the region externally on all standards matters.

Protocol 1 is currently in provisional application and has been ratified by nine Member States. All of the Ministerial Organs (the Community Council, the COFAP, the COFCOR, the COHSHOD, the COTED) and their subsidiary bodies have been constituted and currently are operation. Their effectiveness for enhancing governance is not quite clear and would require in-depth study. The experience after three years of operation, however, would suggests that some adjustments may be needed. This could be gauged from the critical delays³ in implementing Treaty commitments as well as important decisions of the Conference, Ministerial Councils and Committees.

In regard to the functioning of the Councils, particularly the COHSOD and the COTED, that are multi-disciplinary, it has been observed that often, decisions are made without the benefit of the expertise of the competent officials. Attendance at COTED tends to be heavily weighted in favour of trade officials, although in many instances the Agenda is framed to take on board cross-sectoral interests. In addition, many delegations have oftentimes not been thoroughly briefed on the issues and, thus lack the ability and power to present positions on issues requiring decisions.

Article 16 of Protocol I requires a structured system of consultation at the national and regional levels to inform the decisions of the Organs and Bodies. These structured systems have not, however, been created or adequately implemented. In general terms. Important issues that still have to be addressed are promoting sustainability in national consultative structures; creating a better understanding of the matters to which stakeholders are to respond; increasing the information flow; and getting stakeholders to take ownership of the initiatives.

The implementation of Protocol I has also been affected by the very nature of decision-making and implementation in Community Organs and Bodies. While Protocol I does make some provision to address the issue of informed decision-making (Article 16) and resource requirement (Article 17), the problem is that these provisions have not really been applied in a manner to allow for decisions to be taken based on the needed information. The absence of a strict regime of sanctions and the ability to fall back on national sovereignty would also have affected implementation.

Implementation also suffers from the lack of an effective CARICOM presence and network in the Member States. Protocol I encourages Member States to appoint a Minister with responsibility for CARICOM Affairs, and in that capacity to serve as a member of the Community Council of Ministers to have inter alia, “...primary responsibility for promoting and final monitoring the implementation of Community decisions in Member States”. This approach has never been comprehensively put into application. It has also been too costly for CARICOM to be physically present in all member states and even though efforts are made to work through CARICOM programmes or projects located in some countries, the results have not been satisfactory.

² The COTED is now responsible for trade and economic development issues, which were previously dealt with by the Common Market Council, and which has been replaced by the Community Council.

³ Important examples include: the programme for the reduction of rates under the GET; the free movement of skills and unimpeded travel; notification and negotiation of restrictions and negotiation programmes for their removal as provided under Protocol II; concluding arrangements for the Caribbean Court of Justice, and the Caribbean Regional Organisation for Standards and Quality; and, developing the technical and financing arrangements for the Development Fund under Protocol VII. See CARICOM. Working Document for the Second Special Consultation on the CARICOM Single Market and Economy in St. Philip, Barbados 20-21 November 2000. May 2000

The *CARICOM Community Secretariat* is the nerve-centre of the functioning of Community Organs and Institutions. It needs more capacity to cope with the scale of the implementation agenda, in particular to carry out the technical programming aspects of the *CSME*.

The CARICOM Secretariat has been facing certain challenges in pace with changes in the internal and external environment, forcing it to adapt. New priorities such as good governance and macroeconomic convergence have now become so important to the region that they need to be more organically integrated into the work programme of the CARICOM Secretariat. The Single Market and Economy as well as the repositioning and integration of Caribbean countries into the world economy have also taken on an added dimension along with external trade negotiations: and poverty reduction with its emphasis on the social sectors:

In these new circumstances, the CARICOM Secretariat has had to review itself and undertake a restructuring exercise. It is expected that the restructuring exercise will seek to create a new structure that will operationally better distribute responsibilities, take on board the new tasks, enhance communication and information flow and adjust the divisional structure. One aim would be to better integrate the *Regional Negotiating Machinery (RNM)* into the Community structure. RNM is no longer regarded as a temporary outfit that can be expected to disappear at the end of extra-regional trade negotiations, as was initially envisaged. It is now a permanent feature and must be made part of the Community institutional structure so as to enable it to develop proper links with these institutions, in particular COTED. RNM would certainly need the flexibility in operational terms but this autonomy can be accommodated without disrupting its more integrated functioning within the Community.

A number of institutional arrangements are required to give effect to the implementation arrangements. Urgent among them are the specific regional institutions provided for under the Protocols such as the *Caribbean Regional Organisation for Standards and Quality (CROSQ)* provided for in Protocol III; the *Development Fund* provided for in Protocol VII; the *Competition Commission* provided for in Protocol VIII; and the Caribbean Court of Justice (CCJ). Financing of the expertise needed to assist with the preparation of and amendments to appropriate laws would also be required. In addition, resources must be mobilized at the national level to ensure the implementation of the national programmes.

In conclusion, while the process of institutional reform has strengthened CARICOM in some areas of negotiation and implementation, at this point it needs to be underpinned by a larger reform of the CARICOM Secretariat as well as the creation of a number of regional institutions and Commissions discussed above to make further progress in institutional development.

2.2 Institutions and Associate Institutions

The Caribbean Community has a number of Institutions, namely:

- Caribbean Disaster Emergency Response Agency (CDERA);
- Caribbean Meteorological Institute (CMI);
- Caribbean Meteorological Organisation (CMO);
- Caribbean Food Co-operation (CFC);
- Caribbean Environment Health Institute (CEHI);
- Caribbean Agriculture Research and Development Institute (CARDI);
- Caribbean Regional Centre for the Education and Training of Animal Health and Veterinary Public Health Assistants (REPAHA);
- Association of Caribbean Community Parliamentarians (ACCP);
- Caribbean Centre for Development Administration (CARICAD); and Caribbean Food and Nutrition Institute (CFNI).

The following are Associate Institutions of the Community:

- Caribbean Development Bank (CDB);
- University of Guyana (UG);
- University of the West Indies (UWI); and
- Caribbean Law Institute / Caribbean Law Institute Centre (CLI/CLIC).

III – ORGANISATION OF EASTERN CARIBBEAN STATES (OECS)

The Organisation of Eastern Caribbean States (OECS), based in St. Lucia, was formed in July 1981 and comprises nine members:

- six independent island States, which are full members: Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines.
- three dependent territories of the United Kingdom: Monserrat (also a full member), Anguilla and the British Virgin Islands (associate members).

The objectives of this sub-regional organisation are to promote economic integration and co-operation among members at the regional and international level and the harmonisation of foreign policies. Other areas of integration are legal

matters and monetary and fiscal issues. The OECS form a single market and a monetary union, with a single currency (the Eastern Caribbean Dollar) managed by the Eastern Caribbean Central Bank, which is based in St. Kitts. Despite vulnerability as small island states, the traditional monocrop economy and high costs for economic and social infrastructure, the OECS members have made an important progress in integration areas relating to trade, investment, agriculture, transportation, environment and health.

The *Authority of Heads of Government* is the supreme decision-making body, responsible for the guidance of the institution and the conclusion of treaties and international agreements. The Chairmanship of the Authority is rotated annually and is assisted by four *Ministerial Committees*: Foreign Affairs, Defence and Security, Economic Affairs and Legal Affairs. The Organisation is headed by the *Director General* who is responsible to the Authority for the functioning of the Secretariat and the other institutions. The Secretariat consists of four divisions: (i) Economic Affairs, dealing with trade, statistics, common market affairs, tourism, industries and other sectoral areas; (ii) Functional Co-operation, responsible for the programming, negotiation and co-ordination of development co-operation support; (iii) External Affairs, responsible for the overseas Missions, dealing with regional and international countries and organisations and responsible for support to the Eastern Caribbean Supreme Court and the Regional Security System.

The *Eastern Caribbean Central Bank (ECCB)* was established in October 1983. It is the Monetary Authority for Anguilla, Antigua and Barbuda, Commonwealth of Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia, and St Vincent and The Grenadines.

The monetary arrangements are characterised by the issuance of a single common currency, the flow of which is unrestricted among its members, a common pool of foreign exchange reserves and the existence of a Central Monetary Authority which decides on the Union's monetary policy. The purposes of the Bank are:

- to regulate the availability of money and credit.
- to promote and maintain monetary stability
- to promote credit and exchange conditions and a sound financial structure conducive to the balanced growth and development of the economies of the territories of the Participating Governments.
- to actively promote through means consistent with its other objectives the economic development of the territories of the participating Governments

The governing bodies of the Eastern Caribbean Central Bank are the Monetary Council and the Board of Directors. The Monetary Council is the highest decision making authority. It is comprised of one Minister appointed by each Government of the participating countries. The function of the Council is to provide directives and guidelines on matters of monetary and credit policy to the Bank. The Board of Directors is composed of ten Directors - the Governor and Deputy Governor, and one Director appointed by each Government of the eight participating countries. The Board of Directors is responsible for policy and general administration of the Bank, while the Governor, the Chief Executive, is responsible for the day-to-day management and operations.

The *Eastern Caribbean Supreme Court* was established in 1967 and is a superior court of record for the OECS countries, having the following functions and powers:

- Unlimited jurisdiction in the Member States, in accordance with the respective Supreme Court Acts.
- Section 17 of the Courts Order empowers the Chief Justice and two judges of the Supreme Court, selected by the Chief Justice, to make rules of court for regulating the practice and procedure of the Court of Appeal and the High Court.
- Also, National Legislation in the countries served by the Court confers rule-making authority on the Chief Justice in relation to matters outside the Court of Appeal and the High Court.

The Eastern Caribbean Supreme Court is composed of the Chief Justice, who is the Head of the Judiciary, three Justices of Appeal, thirteen High Court Judges and two Masters. Judicial appointments except that of the Chief Justice, who is appointed by the Sovereign of the Commonwealth, are made by the Judicial and Legal Services Commission.

The Court sits in two divisions: the Court of Appeal and the High Court of Justice – Trial Division. The four-member Court of Appeal is itinerant and sits in each member state to hear appeals. There are thirteen High Court Judges who are assigned as resident Judges in the various member states. The Trial Courts sit throughout the year. Criminal Assizes convene in each jurisdiction on dates specified by statute.

Other institutions within the OECS include the Eastern Caribbean Telecommunications Authority (ECTEL) and a Directorate of Civil Aviation (DCA). The OECS Secretariat is comprised of several operating Units, responsible for various functions: Education and Human Resource Development (OERU), Export Development Unit (EDU), a Legal Unit, a Natural Management Resources Unit (NRMU), a Social Development Union (SDU) and a Pharmaceutical Procurement Service (PPS).

IV – ASSOCIATION OF CARIBBEAN STATES (ACS)

The Convention establishing the ACS was signed on 24 July 1994 in Cartagena de las Indias, Colombia. Current members, associates and observers are:

Full members (25)	
<i>The Group of Three</i>	<i>CARICOM</i>
- Colombia	- Antigua and Barbuda
- Mexico	- The Bahamas
- Venezuela	- Barbados
<i>Central America Common Market</i>	- Belize
- Costa Rica	- Dominica
- El Salvador	- Grenada
- Guatemala	- Guyana
- Honduras	- Haiti
- Nicaragua	- Jamaica
<i>"Non-grouped countries"</i>	- St. Kitts and Nevis
- Cuba	- St. Lucia
- Dominican Republic	- St. Vincent and the Grenadines
- Panama	- Suriname
	- Trinidad & Tobago
Associate members (3)	
- Aruba	- France (on behalf of French Guyana, Guadeloupe and Martinique)
- The Netherlands Antilles	
Observer countries (16)	
Italy, The Netherlands, Spain and the United Kingdom	
India, Brazil, Ecuador, Argentina, Russia, Canada, Egypt, Peru, Chile, Morocco, Korea, Turkey.	
Observer organisations	
Caricom, Latin American Economic System (SELA), Central American integration System (SICA), SIECA, ECLAC.	

The founding principles of the ACS focus on:

- Strengthening the regional co-operation and integration process with a view to creating an enhanced economic space in the region.
- Consultations and concerted action on matters of common interest to the region, especially in the various multilateral fora.
- Preserving the environmental integrity of the Caribbean Sea, regarded as the common patrimony of the peoples of the region.
- Promoting the sustainable development of the Caribbean region.

Aimed to widen integration to the whole Caribbean basin, the ACS, seen as the first response of the Caribbean to the challenges of globalisation, is aimed at enhancing mutual co-operation in economic and trade-related areas such as tourism, transportation, agriculture, sustainable use of natural resources and the prevention/mitigation of natural disasters. Its mandate includes the convergence of trade policies, trade and tourism promotion, and the strengthening of private sector participation in trade and regional developments. The development of the potential of the Caribbean Sea through sustainable economic co-operation is also a stated objective.

Though at present ACS activities are limited to functional co-ordination/co-operation on tourism development, telecommunications and transport, this second generation integration mechanism is seen as having the potential to build an economic bridge between the English-speaking Caribbean and their outnumbering Spanish-speaking neighbours. The inclusion of OCT/DOM offers a good potential for greater consistency and complementarity in the overall Caribbean development efforts.

The permanent organs of the ACS are the Ministerial Council and the Secretariat. The *Ministerial Council*, which meets once a year and take decisions by consensus, is the main policy organ for policy-making and direction of the ACS. The *Secretariat*, responsible for administrative matters and comprising a Secretary-General and 24 support staff, is elected on the basis of rotation for a period of 4 years. The yearly operational budget amounts to US\$1.5 million, raised from contributions from members. The Secretariat manages a Special Fund designed to carry out studies and for project development. France, Italy and Spain have contributed to the fund.

Heads of State or Government of a Member State may propose the convening of a *Summit of Heads of State or Government*. The first Summit, held in Port of Spain, Trinidad and Tobago, established a *Declaration of Principles* and *Plan of Action*, highlighting three sectors, Tourism, Trade and Transport, as being central to creating a more viable economic space and advancing the integration process in the Caribbean. The third Summit was held in December 2001 in Venezuela, having reiterated the objectives of the 1999 Declaration of Santo Domingo and its Plan of Action.

ANNEX 8: IMPLEMENTATION OF THE CSME

**CARICOM SINGLE MARKET AND ECONOMY
KEY ELEMENTS
(10 July 2002)**

ELEMENTS	STATUS	ACTION REQUIRED
1. TREATY REVISION		
1.1. Signature of Revised Treaty	11 Member States have signed Revised Treaty - Antigua and Barbuda, Barbados, Belize, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago	Dominica and Montserrat to Sign
1.2. Protocol on Provisional Application of Revised Treaty	Twelve(12) Member States have signed - Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and The Grenadines, Suriname, Trinidad and Tobago.	Montserrat to sign
1.3. Protocol on the Revision of the Treaty Twelve	(12) Member States have signed - Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago.	Montserrat to sign
1.4. Ratification and Accession	No Member State has ratified Revised Treaty	All Member States to ratify Revised Treaty
1.5. Enact Treaty into Domestic Law All	No Member State has enacted Treaty into Domestic Law	Member States to enact Treaty into Domestic Law
2. NATIONAL ADMINISTRATION		
2.1. Ministry with responsibility for CARICOM Affairs	All Member States have identified Ministry with responsibility for CARICOM Affairs	
2.2. Appointment of CEO (administrative support/focal point) within CARICOM Ministry	All Member States have identified designated Officer	
2.3. Establishment of National Consultative System (Inter-Ministerial Consultative and Business and Labour Advisory Committees)	System of consultations established and maintained by Member States	
3. ENFORCEMENT, REGULATION AND SUPPORTING INSTITUTIONS		
3.1. Caribbean Court of Justice		
3.1.1. Signature of Agreement	10 Member States have signed - Antigua and Barbuda, Barbados, Belize, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, Suriname and Trinidad and Tobago	Dominica, Montserrat and St. Vincent and The Grenadines to sign
3.1.2. Ratification of Agreement	Of the Member State which have signed, none has ratified the Agreement.	Member States which have signed, to deposit Instruments of Ratification.
3.1.3. Enactment of Agreement into Domestic Law	No Member State has enacted legislation giving effect to Agreement	Member States to enact legislation giving effect to Agreement
3.2. CROSQ		
3.2.1. Signature of Agreement establishing CROSQ	Agreement signed by 11 Member States - Antigua and Barbuda, Barbados, Belize, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago.	Dominica and Montserrat to sign
3.2.2. Protocol on Provisional Application of Agreement Establishing CROSQ	Protocol on Provisional Application signed by eleven 11 Member States - Antigua and Barbuda, Barbados, Belize, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.	Dominica or Montserrat to sign
4. FREE MOVEMENT OF GOODS		
4.1. Implementation of Rules of Origin (Schedule I of Revised Treaty) structured on 1996 HS	10 Member States have implemented Rules of Origin - Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Trinidad and Tobago	Antigua and Barbuda, Montserrat, Suriname to implement Rules of Origin structured on 1996 HS
4.2. Implementation of Revised Structure of	10 Member States have implemented Revised	Antigua and Barbuda, Montserrat and

CET based on 1996 HS	Structure - Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Trinidad and Tobago	Suriname to implement Revised Structure.
4.3. Removal of unauthorised import (or equivalent) duties on goods of Community Origin	Belize applies a Revenue Replacement Duty on a specific list of goods of Community Origin; Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent & the Grenadines apply Customs Service Tax on goods of Community origin. Jamaica applies a Customs Users Fee(JM\$600 - 3000) on goods of Community origin	Belize to remove application of import duty on goods of Community Origin. Member States applying Customs Service Tax to ensure that charges reflect the cost of processing imports rather than as a tariff.
4.4. Removal of export duties on goods of Community Origin	With the exception of Suriname which applies an export tax on lumber, no other Member States apply export duties on goods of Community Origin	Suriname to remove the application of the export tax on lumber.
4.5. Removal of discriminatory Internal Taxes and Other Fiscal Charges	Discriminatory Environmental Levy applied by Antigua and Barbuda and Barbados on goods of Community origin. Discriminatory Environmental Tax applied by Belize; Discriminatory Environmental Surcharge applied by Dominica, Grenada and Guyana; Discriminatory Bottle Deposit Levy applied by St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines. A discriminatory Standard Compliance Fee is applied by Jamaica on all imported goods of Community origin on which there are compulsory standards; An Inspection Fee is applied by Trinidad and Tobago on a certain goods of Community origin. A Statistics Fee and a Consent Fee are applied by Suriname on all imports of Community origin. Discriminatory Consumption Tax applied by Antigua and Barbuda on all imports of Community origin; and by Guyana on imports of apparel of Community origin. Montserrat applies a Special Produce Import Tax on wine, beer and rum of Community origin.	Member States to remove the discriminatory application of Internal Taxes and other Fiscal charges on goods of Community Origin
4.6. Removal of unauthorised import licenses on goods of Community origin	Import licences applied by Antigua and Barbuda, Dominica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines and Suriname on various goods of Community origin.	Antigua and Barbuda, Dominica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines and Suriname to remove unauthorised import licensing on goods of Community origin.
4.7. Removal of unauthorised Government Assistance	No reports of unauthorised Government Assistance in place in Member States	
4.8. Elimination in practices of Public Undertakings	No Reports of Public undertakings in Member States	
4.9. Implementation of Harmonised Customs Legislation, Regulations and Forms	Draft of 21 modules of modern Customs Legislation have been prepared and submitted to Member States for implementation. St. Vincent and the Grenadines has taken action to enact into national legislation.	Member States except St. Vincent and the Grenadines to take action to implement Harmonised Customs Legislation
4.10. National Standards Bodies	National Standards Bureaux established in 11 Member States - Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Trinidad and Tobago.	Montserrat and Suriname to establish National Standards Bureaux.
5. FREE MOVEMENT OF SERVICES		
5.1. Removal of Restrictions to Provision of Services		
5.1.1. Notification of Restrictions	List of existing restrictions notified by all Member States in 2000	
5.1.2. Implementation of Programmes for Removal of	The 13 th Inter-Sessional Meeting of the Conference in February 2002 formally approved	Legislative and administrative action to be taken by Member States to remove

Restrictions	<p>the Schedules of Commitments for removal of Restrictions by Member States, which took effect from 1 March 2002.</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> <p>Montserrat granted two-year derogation from its obligation to implement Programmes.</p>	restrictions to provision of Services Programmes for the removal of restrictions on the provision of Transportation Services to be developed
6. FREE MOVEMENT OF PERSONS		
6.1. Free Movement of Skills		
6.1.1. Implementation of Skills Legislation	CARICOM Skilled National Bill enacted in 11 Member States - Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Trinidad and Tobago.	Montserrat and Suriname to enact Skilled National Bill for the free movement of skilled nationals.
6.1.2. Legislative and Administrative arrangements for free movement of Media Workers, Artistes, Musicians, Sports persons	Belize, Dominica, Guyana, Jamaica and St. Vincent and the Grenadines have explicit legal provisions for free movement of university graduates, media workers, artistes, musicians and sports persons. Barbados is currently facilitating free movement of these categories administratively.	Antigua and Barbuda, Barbados, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia, Suriname, Trinidad and Tobago to make necessary Order or amend existing legislation to provide for free movement of these categories.
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.	Removal of Restrictions under Protocol II has expanded the categories of persons eligible to move freely, to include these categories.	Member States to take legislative and administrative action to give effect to the free movement of these categories.
6.2. Contingent Rights	The Conference has agreed to the subsequent addition of a Protocol treating with Contingent Rights	The Secretariat to commence work to consider 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)	Member States continue to require CARICOM Nationals to present passports at ports of entry. Regional Immigration and other officials holding ongoing discussions on the matter.	Determination on the way forward and the acceptability of other forms of Identification to be agreed at Regional level.
6.3.2. CARICOM Passport	Work is on-going at the Regional level and technical proposals have been developed.	Determination on the way forward to be taken at Regional level.
6.3.3. Common E/D Form.	Work is on-going at the Regional level on the matter. Immigration and other Regional Officials have agreed on core elements for a CARICOM E/D Form.	A decision on the way forward to be agreed at the Regional level.
6.3.4. Elimination of Intra-CARICOM visa requirements	Visa requirements have been eliminated except in the case of St. Kitts and Nevis which require visa for Suriname nationals. However, St. Kitts and Nevis administratively facilitates entry for Suriname nationals.	St. Kitts and Nevis to amend existing legislation to provide for elimination of visa requirements in respect of Suriname nationals
6.3.5. Lines identified for CARICOM and Non- CARICOM Nationals at Ports of entry	Agreement reached at the Regional level on the implementation of two lines at ports of entry - (1) Lines for CARICOM Nationals; and (1) Lines for Non-CARICOM Nationals.	Member States to take action to fully implement decision.
6.4. Mechanism for equivalency and accreditation		
6.4.1. Establishment of National and Regional Accreditation Infrastructure Regional Accreditation Body to oversee accreditation and equivalency to be put in place.	Fully functioning national bodies in Jamaica and Trinidad and Tobago; Institution established in St. Kitts and Nevis with limited functions; Barbados, Saint Lucia, Belize, Guyana and Suriname in the process of establishing national institutions.	National Accreditation Bodies to be put in place by Member States which have not yet done so.
6.5. Agreement on Transference of Social Security benefits		
6.5.1. Signature and Ratification of Agreement	Agreement entered into force on 1 April 1997. Twelve (12) Member States have signed and ratified the Agreement - Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana,	Suriname to regularise its Social Security Arrangement.

	Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Trinidad and Tobago. The Bahamas has signed and ratified the Agreement. Suriname does not have a national social security system as the other Member States.	
6.5.2. Enactment of Social Security Legislation	10 Member States have enacted national legislation to give effect to the Agreement - Antigua and Barbuda, Barbados, Belize, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Trinidad and Tobago. The Bahamas has enacted national legislation. Barbados, Dominica, Guyana, St. Kitts and Nevis and Trinidad and Tobago processing claims under the Agreement.	Dominica and Grenada to enact national legislation to give effect to the agreement.
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	The 13 th 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. Montserrat granted two-year derogation from its obligation to implement Programmes.	Legislative and administrative action to be taken by Member States to remove restrictions to the Free Movement of Capital
7.2. Capital Market Integration		
7.2.1. Establishment of Stock Exchange	National Stock exchanges established in - Barbados, Jamaica, Trinidad and Tobago and the OECS(serving all OECS Members)	Belize, Guyana and Suriname to establish national Stock Exchanges
7.2.2. Cross-listing and trading	Barbados, Jamaica and Trinidad and Tobago are the only countries comprising the Regional Stock Market.	Legislative and administrative framework to be developed and implemented to facilitate Cross-Listing and trading in Member States which are not currently part of Regional Stock Exchange.
7.3. Intra-Regional Double Taxation Agreement		
7.3.1. Signature and Ratification of Agreement Eleven	11 Member States have signed and ratified Agreement - Antigua and Barbuda, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.	Montserrat and Suriname to sign and ratify Agreement
7.3.2. Enactment of Legislation	National Legislation enacted by eight (8) Member States - Antigua and Barbuda, Barbados, Belize, Guyana, Jamaica, Saint Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.	Of the Member States which have signed and ratified the Agreement, Dominica, Grenada, 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	The 13 th 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 . Montserrat granted two-year derogation from its obligation to implement Programmes	Legislative and administrative action to be taken to remove restrictions to Right of Establishment.
8.2. Areas Ancillary to Rights of Establishment		
8.2.1. Treatment of Transnational Corporations	Work on-going at the level of the Secretariat to identify donor resources to undertake a policy study on the role of transnational corporations in the CSME	
8.2.2. Treatment of Monopolies	Work on-going at the level of the Secretariat to identify resources to undertake a policy study on treatment of monopolies in the CSME	
8.2.3. Transfer Pricing	Secretariat making efforts to secure resources to	

	conduct study to develop policy proposals on corporate dimensions of regional integration and transfer pricing arrangements.	
9. COMMON EXTERNAL POLICY		
9.1. Implementation of Fourth Phase of CET	Nine (9) Member States have implemented Fourth Phase - Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.	Antigua and Barbuda, Montserrat, St. Kitts and Nevis and Suriname to implement Fourth Phase.
10. PUBLIC EDUCATION	Public education activities undertaken by Member States independently and by Member States in collaboration with the Secretariat continue to be on-going.	Intensification of Public Education Programme at national and regional level.

ANNEX 9: STATISTICS

a) ECONOMIC AND SOCIAL DATA

Table a.1 - CARIFORUM Countries: Selected Economic Indicators (2000)

Indicator	Antigua & Barbuda	Bahamas	Barbados	Belize	Dominica	Dominican Republic	Grenada	Guyana	Haiti	Jamaica	St. Kitts & Nevis	St. Lucia	St. Vincent & the Gren.	Suriname	Trinidad & Tobago
Area (km2)	442	13,888	431	22,966	750	48,308	345	214,970	27,750	10,991	269	616	389	163,820	5,128
Pop. (000)	68.0	302	267.9	255.2	74.0	8,495	97.0	883	8,357	2543	44.0	148	114	44.7	1293.8
GDP (p.c.) (USD)	9,188	15,010	9,714	2,940	3,483*	1,928**	4,057	876*	412.5	2,659*	7,176*	4,562	3,060	2,184**	5,091*
GDP m.p. (USDmn)	651.5	4,800	2,602	796.8	264.7*	43,700*	410.5	679.4	3,300	6,864.7*	330	707.1	343.4	1,480*	6546*
CPI%change	1.1	1.3*	2.5	0.6	1.2*	5.1*	2.2	9.5*	8.3*	(1.3)	2.1	3.6	1.4	19**	3.4*
XGNFS%GDP	71.1*		50.4*	47.9	57.8*	30.4*	48.9*	98.9*	10.7	48.9*	48.3*	57.9*	52.0*		49.6*
IGNFS%GDP	87.2*		55.4*	57.6	67.2*	38.8*	76.5*	107.2*	27.7*	58.6*	69.8*	68.3*	70.8*		43.9*
ForeignTrade%GDP	158.3*		105.8*	107.2*	125.0*	69.2*	125.4*	206.1*	40.1*	107.5*	118.1*	126.2	122.8*		93.5*
External public debt(%GDP)			9.7			22.3**	8.5							12**	
Debt service(%GDP)		2.7	1.2	3.5	4**	2.2*	0.9	15.5*	17.9*	57.8	3.4**	2.6**	7.3**		30.3
Debt service(%XGNFS)			2.4	88.3*	18.1**	8.3	1.9	118.5*	8.3	16.5	19.5**	15.4**	45.8**		19.8**

NOTES: * represents 1999 statistics
** represents 1998 statistics

Sources: (1) Caribbean Development Bank (CDB) database; (2) Caribbean Trade and Investment Report (CTIR) 2000; (3) Association of Caribbean States (ACS) Statistical Data; (4) Dominican Republic Diagnostic Report 2000;; (5) World Development Indicators database, April 2001

Table a.2 - CARIFORUM Countries: GDP Growth Rates (%): 1990-2000

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Antigua & Barbuda	2,3	2,7	0,8	5,1	6,2	-5,0	6,1	5,6	4,9	4,9	2,5
Bahamas	...	...	...	...	...	...	...	...	...	...	...
Barbados	-3,3	-3,9	-7,2	0,8	4,5	2,3	2,5	2,9	4,4	2,4	3,7
Belize	...	3,2	9,5	4,4	1,4	4,0	1,5	4,2	1,7	6,4	8,1
Dominica	6,3	2,1	2,7	1,9	2,1	1,6	3,1	2,0	2,8	1,6	0,1
Dominican Republic	...	...	...	...	...	...	...	...	...	...	...
Grenada	2,5	3,6	1,1	-1,2	3,3	3,1	2,9	4,2	7,3	7,5	6,4
Guyana	-3,0	6,0	7,8	8,2	8,4	5,1	7,0	6,2	-1,7	2,9	-0,6
Haiti	...	...	...	...	...	...	...	...	...	...	...
Jamaica	...	7,0	1,9	2,0	0,9	1,0	-1,3	-1,8	-0,4	-0,4	0,8
St Kitts & Nevis	3,1	2,3	3,1	5,4	5,4	3,4	5,9	7,3	1,0	3,7	7,5
St Lucia	4,3	0,2	7,3	1,0	1,8	1,7	1,4	0,6	3,1	3,5	1,7
Suriname	...	...	...	...	...	...	...	...	...	...	...
Trinidad and Tobago	-8,5	2,8	9,3	-1,5	3,6	4,0	3,9	4,4	5,4	7,3	6,4

Notes:

... not available / negative numbers denote economic contraction / Source: CDB database

Table a.3 - Percentage distribution of GDP by main sector and CARICOM country, 1990 and 2000.

Country	1990					2000				
	Agriculture	Manufactur.	Other industry	Services	Total	Agriculture	Manufactur.	Other industry	Services	Total
Antigua	4,1	3,4	16,7	75,8	100	3,9	2,2	16,9	77	100
Barbados	7,4	10,1	9,6	72,9	100	6,3	9	12	72,7	100
Belize	20,7	14,9	10,5	53,9	100	21,4	17,4	9,6	51,6	100
Dominica	25	7,1	11,5	56,4	100	17,4	8,3	15,2	59,1	100
Grenada	13,4	6,6	11,4	68,6	100	7,7	7,6	16,3	68,4	100
Guyana	38,1	12,1	12,8	37	100	35,1	10,1	18,4	36,4	100
Jamaica	6,5	19,5	23,7	50,3	100	6,5	13,4	17,9	62,2	100
St Kitts	6,5	12,8	16,1	64,6	100	3,6	10,4	15,6	70,4	100
St Lucia	14,5	8,1	10	67,4	100	7,9	5,5	14,1	72,5	100
St Vincent	21,2	8,5	14,4	55,9	100	9,8	6,3	19,2	64,7	100
Suriname	11,2	13,3	14	61,5	100	9,7	9,8	10,6	69,9	100
Trinidad	2,5	8,6	37,6	51,3	100	1,6	7,7	35,5	55,2	100
Haiti	33,3	15,7	6,1	44,9	100	29,6	7,1	14	49,3	100
DR	13,4	18	13,4	55,2	100	11,1	17	17,1	54,8	100

Source: World Bank data base

Table a.4 - CARIFORUM Countries: Fiscal Current Account Outturns (% of GDP)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Antigua & Barbuda	-1,3	-1,0	-0,8	-1,4	-1,7	-0,6	0,6	0,7	-0,8	-2,4	-3,1
Bahamas	0,5	-0,5	0,1	2,0	2,0	1,4	...	...	...	...	...
Barbados	-3,4	-4,4	-2,6	-3,8	-2,8	-2,0	-2,0	2,5	4,8	3,6	4,3
Belize	9,0	8,5	5,9	2,9	2,1	1,8	1,9	2,9	2,6	2,2	2,3
Dominica	2,1	0,7	0,7	-1,8	0,0	1,8	1,2	0,2	0,8	-0,3	-1,2
Dominican Republic	...	...	...	...	...	...	...	...	...	...	...
Grenada	-1,1	-0,5	-0,5	1,7	1,3	2,1	2,1	0,7	1,0	4,2	6,0
Guyana	-14,6	-16,8	-11,3	1,9	0,2	6,5	11,3	5,6	2,7	4,0	-1,1
Haiti	...	...	...	...	...	...	...	...	...	...	...
Jamaica	8,1	5,3	7,2	9,4	5,6	6,6	-0,6	-3,2	-4,8	-2,5	0,9
St Kitts & Nevis	2,2	-0,3	0,4	2,5	1,0	-0,2	0,4	1,4	0,4	-1,1	-4,4
St Lucia	5,4	6,1	6,4	7,4	6,0	4,3	3,6	3,4	6,4	8,0	4,3
St Vincent	0,4	4,6	3,0	4,0	3,9	3,2	3,9	3,7	4,3	3,5	2,2
Suriname	...	...	...	...	...	...	...	...	...	...	...
Trinidad and Tobago	-0,1	3,1	-1,2	1,4	1,4	2,0	2,2	-0,4	-1,1	0,0	1,7

Table a.5 - Human Development Index Ranking for the CARIFORUM Countries:1990-1999

Country	1999	1998	1997	1996	1994	1993	1992	1991	1990
Antigua & Barbuda	38	37	38	29	29	60	58	53	46
Bahamas	42	33	31	32	28	32	26	31	28
Barbados	29	30	29	24	25	20	25	20	22
Belize	54	58	83	63	63	82	29	73	67
Dominica	53	51	53	41	41	51	69	52	53
Dominican Republic	86	87	88	87	87	97	96	83	80
Grenada	52	54	52	51	54	59	67	54	64
Guyana	93	96	99	100	104	105	105	92	89
Haiti	134	150	152		156	134	148	124	125
Jamaica	78	83	82	84	83	69	88	63	59
St. Kitts and Nevis	51	47	51	50	49	79	37	68	65
St. Lucia	81	88	81	58	56	72	84	65	68
St. Vinc. & Gren.	75	79	75	55	57	76	79	66	79
Suriname	64	67	64	65	66	65	77	56	55
Trinidad and Tobago	49	50	46	40	40	31	39	30	39

Notes: ... data not available

Sources: (1) Caribbean Trade and Investment 2000

(2) Human Development Report (various years)

Table a.6 - Human Development Index Values for the CARIFORUM Countries: 1990-1999

Country	HDI Value 1999	HDI Value 1998	HDI Value 1997	HDI Value 1996	HDI Value 1994	HDI Value 1993	HDI Value 1992	HDI Value 1991	HDI Value 1990
Antigua & Barbuda	...	0.833	0.828	0.895	0.892	0.785	0.840	0.781	0.832
Bahamas	0.82	0.844	0.851	0.893	0.894	0.875	0.894	0.875	0.920
Barbados	0.864	0.858	0.857	0.909	0.907	0.928	0.900	0.927	0.945
Belize	0.776	0.777	0.732	0.807	0.806	0.689	0.884	0.665	0.700
Dominica	...	0.793	0.776	0.879	0.873	0.819	0.776	0.783	0.800
Dominican Republic	0.722	0.729	0.726		0.718	0.586	0.705	0.595	0.622
Grenada	...	0.785	0.777	0.851	0.843	0.787	0.786	0.758	0.751
Guyana	0.704	0.709	0.701	0.670	0.649	0.541	0.622	0.539	0.589
Haiti	0.467	0.440	0.430		0.338	0.275	0.362	0.276	0.296
Jamaica	0.738	0.735	0.734	0.735	0.736	0.736	0.721	0.722	0.761
St. Kitts & Nevis	...	0.798	0.781	0.854	0.853	0.697	0.873	0.686	0.719
St. Lucia	...	0.728	0.737	0.839	0.838	0.720	0.732	0.713	0.699
St. Vincent & Grenadines	...	0.738	0.744	0.845	0.836	0.709	0.761	0.712	0.636
Suriname	0.758	0.766	0.757	0.796	0.792	0.751	0.762	0.749	0.792
Trinidad & Tobago	0.798	0.793	0.797	0.880	0.880	0.877	0.872	0.876	0.876

Sources: CTIR 2000

...not available

b) ECONOMIC AND SOCIAL DATA

Table b.1 - CARICOM's Intra-Regional, Extra-Regional and Total Imports: 1995-1999

CARICOM	1995	1996	1997	1998	1999	1995-1999 % Growth Annually
Total Imports	7,249,626	7,496,556	9,026,067	8,193,525	8,096,037	
% Growth	21.8	3.4	20.4	-9.2	-1.9	6.9
Extra-Regional Imports	6,541,308	6,734,830	8,172,725	7,415,952	7,117,707	
% Growth	23.1	3.0	21.4	-9.3	-4.5	6.74
Intra-Regional Imports	708,317	761,726	853,342	777,573	978,330	
% Growth	11.0	7.5	12.0	-9.1	22.4	8.76
Intra-Regional as a % Total Imports	9.8	10.2	9.5	9.5	12.1	

Table b.2 - CARICOM's Intra-Regional, Extra-Regional and Total Exports: 1995-1999 (US\$000)

CARICOM	1995	1996	1997	1998	1999	1995-1999 % Growth Annually
Total Exports	5,102,062	5,121,690	5,330,174	4,287,182	4,662,296	
% Growth	14.3	0.4	4.1	-19.6	8.4	1.5
Extra-Regional Exports	4,259,497	4,246,474	4,410,484	3,303,649	3,629,614	
% Growth	12.1	-0.3	3.9	-25.1	9.4	0.0
Intra-Regional Exports	842,565	875,216	919,690	983,533	1,032,681	
% Growth	27.1	3.9	5.1	6.5	5.2	9.6
Intra-Regional as a % Total Exports	16.5	17.1	17.3	22.9	22.1	

Source: Caribbean Trade and Investment Report 2000

Table b.3 - CARICOM exports by main destinations, 1990-1999, millions of dollars and percentages

Exports to:	Total (USD million)	%	CARICOM %	Other ACS %	USA %	EU %	Rest of World %
1990	4,345	100.0	11.8	2.8	41.8	20.3	23.3
1991	4,089	100.0	11.7	2.9	40.3	21.0	23.8
1992	3,654	100.0	12.0	4.9	40.2	19.3	23.6
1993	3,261	100.0	17.1	4.6	43.5	16.1	18.7
1994	4,132	100.0	14.2	4.7	37.5	20.3	23.3
1995	5,070	100.0	15.2	5.1	38.3	21.3	20.2
1996	5,039	100.0	16.7	5.0	41.0	20.9	16.5
1997	5,238	100.0	16.6	6.1	36.6	23.0	17.8
1998	5,068	100.0	18.5	6.0	38.2	21.0	16.3
1999	5,097	100.0	19.3	7.0	42.4	17.8	13.5

Table b.4 - CARICOM imports by main origin, 1990-1999, millions of dollars and percentages

Imports from	Total (USD million)	%	CARICOM %	Other ACS %	USA %	EU %	Rest of World %
1990	5,058	100.0	8.8	8.2	43.1	16.8	23.1
1991	6,523	100.0	7.1	8.3	48.5	16.1	20.0
1992	5,346	100.0	8.1	9.1	46.0	15.3	21.5
1993	5,277	100.0	8.9	10.5	45.3	14.4	20.9
1994	5,546	100.0	10.5	6.0	48.7	15.0	19.8
1995	8,166	100.0	8.3	5.0	54.4	13.6	18.8
1996	8,745	100.0	8.5	9.6	52.5	13.2	16.2
1997	10,645	100.0	8.1	7.7	54.4	13.5	16.3
1998	10,740	100.0	8.2	7.9	53.4	13.5	17.1
1999	10,092	100.0	8.7	9.3	52.0	11.9	18.1

Source: ECLAC (2000) The main trends in trade, trade policy and integration agreements in the countries of the Association of Caribbean States (ACS)

Table b.5 - Geographic distribution of Caribbean exports within the Western Hemisphere, 1992-94 and 1996-98

	Average 1990-92, US\$ m	Average 1996-98, US\$ m	% change	% distribution 1996-98
Andean Community	80.7	111.5	38.2	2.5
Central American Common Market	15.5	59.1	281.3	1.3
Mercosur	37.5	31.5	-16.0	0.7
Other ALADI	148.4	204.1	37.5	4.5
NAFTA	1671.2	1916.7	14.7	42.5
Other West. Hemisphere	658.9	1088.2	65.2	24.1
(A) Total above	2612.2	3411.1	30.6	75.6
Other destinations	1131.5	1098.2	-2.9	24.4
(B) Total exports	3744.7	4509.3	20.4	100.0
a/b per cent.	69.8	75.6		

Source: CARICOM (2000)

Table b.6 - Trade liberalisation in the Caribbean

	Average tariff		Tariff range Maximum/minimum		Quantitative restrictions (coverage ratio)	
	1987	1998	1987	1998	1987	1998
The Bahamas	32.3	32.0 ^d	160/0	-	0.1	-
Antigua and Barbuda	12.0 ^a	9.0	70/0	-	2.5 ^a	-
Barbados	17.3 ^a	9.7	70/0	70/0	11.9 ^a	0
St. Kitts and Nevis	12.9	9.2	70/0	70/0 ^c	13.0	0 ^c
Trinidad and Tobago	17.3 ^c	9.2	70/0	40/0	23.4 ^a	1.8
St. Lucia	12.0	9.7	70/0	70/0	4.6	0
Grenada	12.0	9.3	70/0	40/0 ^c	9.1	0 ^c
Dominica	12.8	9.0	70/0	45/0 ^d	0.2	0 ^d
Belize	17.3 ^a	9.2	70/0	70/0 ^c	10.2 ^a	0 ^c
St. Vincent & Grenadines	17.3 ^a	9.2	70/0	40/0	6.8 ^a	0 ^c
Dominican Republic	-	14.5 ^c	-	40/3	-	0 ^d

Notes: ^a1986 ^b1999 ^c1998 ^d1996 ^e1999 Source: 1980 data: UNCTAD Handbook of Trade Control Measures of Developing Countries, supplement 1987. 1990s data: World Bank, World Development Indicators 2000; World Bank Trade and Development website, Tariff Database, IDB Quantitative and Statistical Analysis Database 2000; TRAINS 2001

ANNEX 10: EU-LAC BI-REGIONAL STRATEGIC PARTNERSHIP

In June 1999 when the Heads of State and Government of the European Union and of Latin America and the Caribbean met in Rio de Janeiro for the first EU-LAC Summit, they launched a strategic partnership based upon shared values and positions. This relationship is built upon a common cultural heritage and underpinned by a commitment to the principle of democracy, respect for human rights, the rule of law and social equity, among others. It is built on the conviction that multilateralism is the best, if not the only way to confront the new global challenges and opportunities, as well as on the importance of developing solid economic and financial relations based on the liberalisation of trade and capital flows.

The objective to strengthen the links of political, economic and cultural understanding between the two regions has been reinforced by the development of a number of bi-regional initiatives concentrating in the short term on three priority areas: the protection of human rights, the promotion of the information society and the reduction of social imbalances. Education complemented this approach.

Reaffirming their perseverance with the advancement of democratic processes, social justice and equity, modernisation efforts, trade liberalisation, structural reforms, sustainable development and equitable sharing of the benefits created by economic globalisation and the new technologies as well as their support to the progress made by the integration processes in both regions, the second EU-LAC Summit of May 2002 in Madrid, provided the opportunity for the Heads of State and Government to agree on **THE MADRID COMMITMENT** and thereby give fresh impetus to the bi-regional relations and set the agenda for the years to come :

From Madrid in 2002 to Mexico in 2004

In the political field:

- ❑ To strengthen the multilateral system on the basis of the purposes and principles of the United Nations Charter and international law.
- ❑ To reinforce the democratic institutions and the rule of law, strengthening judicial systems ensuring equal treatment under the law and promoting and protecting the respect for human rights.
- ❑ To welcome the imminent establishment and functioning of the International Criminal Court, and to seek universal adherence to the Rome Statute.
- ❑ To combat terrorism in all its forms and manifestations, in accordance with the UN Charter and with full respect for international law, including human rights and humanitarian law provisions.
- ❑ To strengthen co-operation to combat the scourges of illicit drugs and related crimes, corruption and organised crime.
- ❑ To eradicate racism, racial discrimination, xenophobia and related intolerance and to work together in the implementation of the commitments of the 2001 Durban Declaration and Programme of Action.
- ❑ To promote gender equality and the empowerment of women, as well as the well-being of each child in accordance with the UN agreed document "A world fit for children".
- ❑ To reinforce bi-regional political dialogue in international fora and consultations in the UN system and in major UN Conferences on the main issues of the international agenda.

In the economic field:

- ❑ To promote economic growth to combat poverty through, inter alia, the strengthening of democratic institutions, macroeconomic stability, the closing of the technological gap, wider access to, and better quality of education, health care and social protection.
- ❑ To promote trade and investment flows for sustainable economic growth and the equitable distribution of the benefits. To work expeditiously on the Doha Work Programme in order to achieve further trade liberalisation and the clarification, improvement and strengthening of multilateral rules.
- ❑ To work together to contribute to the success of the 2002 World Summit on Sustainable Development. To protect the environment with emphasis on the modification of unsustainable patterns of production and consumption, the conservation of biological diversity, the global ecosystem and the sustainable use of natural resources, working to achieve the ratification and entry into force of the Kyoto protocol at the earliest possible stage.
- ❑ To act on the commitments of Monterrey Conference on Financing for Development, especially by mobilising international and domestic resources, putting in place internal and international environments for poverty reduction, substantially increasing co-operation for development and by pursuing relief measures to deal with the problem of unsustainable external debt in developing countries. To promote in this framework a speedy and effective implementation of the enhanced Heavily Indebted Poor Countries Initiative (HIPC).
- ❑ To address the challenges faced by small economies and in particular by small island states.
- ❑ To improve the functioning of the global financial system taking into account the concerns of developing countries and to actively participate in ongoing international efforts to reform the international financial system. To welcome the introduction of the Euro, whose contribution to increased transparency of economic relations and to further stimulate trade and investment growth between the two regions is acknowledged and recognised.
- ❑ To firmly reject all measures of unilateral character and with extraterritorial effect, which are contrary to international law and the commonly accepted rules of free trade and pose a serious threat to multilateralism.

- ❑ To work together to develop the Information Society by enhancing access to information and communication technologies in all priority areas including government services.

Co-operation in cultural, education, scientific, technological, social and human fields:

- ❑ To preserve the capabilities to develop, promote and respect cultural diversity, to create more opportunities to education, culture and access to knowledge as keys to success in the 21st century.
- ❑ To build a European Union – Latin America and Caribbean Common Area of Higher Education.
- ❑ To carry out an integrated analysis in order to implement solutions and to guarantee the rights of migrant workers and their families, in accordance with international law and national legislation.
- ❑ To combat HIV/AIDS through programmes of prevention, treatment and support, in particular in the countries more affected, bearing in mind the right to adequate levels of health care and the need to promote greater access to medicines.
- ❑ To co-operate in the promotion of preparedness for natural disasters and the mitigation of their consequences.

A great potential in trade relations

EU exports to LAC have increased from approximately €17,000 million in 1999 to €54,000 million in 2000, while EU imports from LAC increased from approximately €27,000 million in 1999 to €48,000 million in 2000. However, despite continued expansion, trade exchanges between the EU and LAC still account for just over 5% of the EU's foreign trade.

Potential exists for increased trade exchanges. LAC represents a market of 550 million consumers with an average per capital income of €3,430 (US\$3,000). The region is rich in natural resources. With improved governance and a positive trade agenda, LAC will benefit from improved economic performance. This will have a multiplying effect.

1.1.1 A major destination of FDI

Since the mid-1990s, the region has become a major destination for EU foreign direct investment. During this period, the EU has displaced the US as LACs main direct investor, accounting for an average €23,614 million against €12,127 million from the US. At the end of 1998 EU investments in LAC stocks amounted to €15,524 million compared to the US' €13,150. tion and development initiatives

The EU is the main provider of development assistance to Latin America and the Caribbean (60% of the total received by that region). The European Community provides about 16% of this assistance, with the remainder granted by EU Member States bilaterally.

1.1.2 Bridging the digital divide

It is critical that the LAC region moves towards creating the policy and regulatory frameworks needed to bridge the digital divide by fostering a thriving Information Society. Boosting interconnections between research networks and communities, stimulating business and technological partnerships, setting up networks of stakeholders, users and intermediary institutions are important first steps to this end.

The @LIS programme, Alliance for the Information Society, fosters dialogue between the EU and LAC regions and strengthens the networks of business support organisations and other stakeholders, including educational and cultural institutions as well as research & development partners. Particular emphasis is placed on the needs of local communities and citizens. Other areas for future development include e-commerce, e-central and local governance, e-education and cultural diversity, e-public health and e-inclusion. A global interconnectivity will enable the vertical integration of regional technology and business communities, promoting new opportunities and fostering regional competitiveness.

The programme is prepared to accept Caribbean participation.

1.1.3 The war against drugs

The EU-LAC Co-ordination and Co-operation mechanism, based on the principles of shared responsibility, is the foundation to tackle one of the most serious problems sapping social and economic development in LAC drug producing and transit countries and increasingly affects bi-regional societies. The Panama Plan of Action against drugs, agreed in April 1999 and endorsed at the Rio Summit, bears in mind the importance of promoting inter-regional and intra-regional co-operation and co-ordination on drug issues and the need to enhance a regular interchange of ideas and experiences between the political and technical authorities from both regions.

The EU-LAC parties are committed to: dismantle all the components of the world drug problem as an important contribution in the fight against terrorism and eliminate one of the underlying causes of destabilisation of democratic systems; place drug co-operation higher than in the past among the priorities for the bilateral co-operation, among the European Commission and Member States of the European Union and the Latin American and Caribbean countries; co-ordinate between both regions the development of common positions in other international fora on drugs.

Bi-regional efforts in drugs control focus on priority areas like demand reduction, money laundering, alternative development, maritime co-operation. They will not neglect other areas, such as prevention and control of chemical precursors diversion, police and judicial co-operation, the strengthening of institutions and the development of laws for the adequate formulation of regional and national policies.

EU countries	Area Km2	Population 1998	Gross Domestic Product (GDP) 1999		Human Development Index (HDI) 1999		Technology Achievement Index (TAI) 1999
			Total US \$ billion	Per capita US\$ PPP	Value	Rank	
Bolivia	1,098,581	7,767,000	8.3	2,355	0.648	104	0.277
Colombia	1,138,914	40,042,000	86.6	5,749	0.765	62	0.274
Ecuador	280,667	11,937,000	19.0	2,994	0.726	84	0.253
Peru	1,285,216	24,371,000	51.9	4,622	0.743	73	0.271
Venezuela	916,050	22,777,000	102.2	5,495	0.765	61	..
<i>Andean Community</i>	<i>4,709,428</i>	<i>106,894,000</i>	<i>268.0</i>				
El Salvador	21,041	5,927,780	12.5	4,344	0.701	95	0.253
Costa Rica	51,060	3,464,000	15.1	8,860	0.821	41	0.358
Guatemala	108,890	10,518,740	18.2	3,674	0.626	108	..
Honduras	112,088	5,985,670	5.4	2,340	0.634	107	0.208
Nicaragua	130,000	4,676,700	2.3	2,279	0.635	106	0.185
Panama	75,517	2,719,000	9.6	5,875	0.784	52	0.321
<i>Central America</i>	<i>498,596</i>	<i>33,291,800</i>	<i>63.1</i>				
Antigua and Barbuda	442	66,290	..	9,277	0.833	..	..
Bahamas	13,935	289,000	..	15,528	0.844	42	..
Barbados	431	264,870	2.5	14,353	0.864	31	..
Belize	23,667	219,500	0.7	4,959	0.776	54	..
Dominica	751	73,820	..	5,425	0.793	..	..
Grenada	344	95,500	..	6,817	0.785	..	..
Guyana	214,969	847,700	0.7	3,640	0.704	93	..
Haiti	27,750	8,200,000	4.3	1,464	0.467	134	..
Jamaica	10,991	2,544,000	6.9	3,561	0.738	78	0.261
St. Kitts and Nevis	267	40,820	..	11,596	0.798	..	..
St. Lucia	616	159,150	..	5,509	0.728	..	..
St. Vincent & Grenad.	346	112,420	..	5,309	0.738	..	..
Suriname	163,265	411,550	0.8	4,178	0.758	64	..
Trinidad and Tobago	5,128	1,307,300	6.9	8,176	0.798	49	0.328
<i>Caricom</i>	<i>462,904</i>	<i>14,631,920</i>	<i>> 22.8</i>				
Cuba	110,860	11,059,000	..	..	0.783	..	..
Dominican Republic	48,734	8,407,000	17.4	5,507	0.722	86	0.244
<i>Cariforum</i>	<i>622,498</i>	<i>34,090,920</i>					
Argentina	2,776,889	35,676,200	283.2	12,277	0.842	34	0.381
Brazil	8,511,965	163,689,184	751.5	7,037	0.750	69	0.311
Paraguay	406,752	5,085,000	7.7	4,384	0.738	80	0.254
Uruguay	176,215	3,266,000	20.8	8,879	0.828	37	0.343
<i>Mercosur</i>	<i>11,861,821</i>	<i>207,716,444</i>	<i>1,063.2</i>				
Mexico	1,958,201	94,348,864	483.7	8,297	0.790	51	0.389
Chile	756,945	14,622,000	67.5	8,652	0.825	39	0.357
Total Latin America and Caribbean (LAC)	20,407,489	490,964,118		6,880	0.760		

(..) : data not available

Sources: HD Report 2001; Pooth and Kirton, March 02; Atlaseco 2000, NO

ANNEX 11: ALLOCATIONS AND FOCAL AREAS OF CSPs IN THE CARIBBEAN

Countries	Sectors M€											Total allocation (A envelop.) and Sysmin
	Education	Health	Transport /other infrast.	Mining sector	Agricult.	Private sector	Tourism	Macro- economic Support		Non focal sectors		
									(yes/ no)	allocation	sectors	
Dominican Rep	54	53		30					no	12	Co-op. with Haiti, capacity building	149
Haiti	54		108						no	18	Democratisation, regional integration, institut. supp.	180
Jamaica			24			17		26	yes	6	Decentral. co-op, institutional support	73
Belize					6,8					1	Capacity building	7,8
Bahamas												3,9
Barbados		5,85								0,65	Regional integration	6,5
Guyana			24					10	yes	4,9	Transport, institutional supp.	38,9
Suriname			15,1						no	2,9	Institutional support	18
Trinidad	13,6									3,4	Health	17
Grenada							3,15		no	0,35	Information technologies	3,5
St Lucia		4,275							no	0,225		4,5
Si Vincent	5								no	0		5
St Kitts Nevis	2,9									0,5	Studies	3,4
Antigua	2,2									0,4	Studies	2,6
Dominica			3,7						no	0		3,7
TOTAL(M€)	132	63	175	30	7	17	3	36		51		517
%	26	12	34	6	1	3	1	7		10		100
%(***)	27	14	34	6	1	4	1	5		8		100

- 1) of which, Sysmin 30 MEURO
- 2) of which, Sysmin 4.9 MEURO
- 3) of which, Sysmin 7 MEURO