



Regional Workshop on Funds and Instruments for Financing South-South Cooperation Projects in Latin America and the Caribbean

“Contribution of Integration Schemes and South-South and Triangular Cooperation”

Presentation by:

THE CARIBBEAN COMMUNITY (CARICOM)
SECRETARIAT

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OUTLINE OF PRESENTATION

Section 1: Context/Background

- ❑ Sets South-South Cooperation in context of regional integration thrust
- ❑ Describes the role of the CARICOM Secretariat in this process

Section 2: Main funds and mechanisms for SSC in CARICOM

- ❑ Outlines the process for developing technical cooperation initiatives
- ❑ Discusses the funding structure at the intra-regional level
- ❑ Discusses the funding structure at the regional and third-party level

Section 3: SSC as part of the programme of work

- ❑ Briefly illustrates the SSC initiative

Section 4: The way forward

- ❑ Summarises and provides an analysis of the experience
- ❑ Describes future action to be taken by CARICOM

CONTEXT AND BACKGROUND

HISTORICAL/POLITICAL RATIONALE:

- Deepened and widened integration is the development trajectory
- Yardstick for success measured against objectives of the Revised Treaty
- The post-independence nation-building and transformation drive
- The perception that Member States individually lacked the requisite capacity to survive and sustain growth and development
- Significant developmental potential in the capacity building of Functional Cooperation

GIVING EFFECT TO SSC:

- CARICOM Secretariat is the administrative arm of the Community
- Increasingly required to perform its resource mobilisation and technical assistance roles
- The ability to fund implementation threatens to be outside of the means
- Increased focus on 'partnering' with some measure of success

TRADITIONAL AND EMERGING PARTNERS

Traditional	Emerging
Canada	South Korea
United Kingdom - Department for International Development	Mexico
United States of America	India
Spain	Turkey
Italy	Brazil
Germany	Argentina
Japan	Finland
Australia	
European Union	
Inter-American Development Bank (IDB)	
Caribbean Development Bank (CDB)	
World Bank	
Commonwealth Secretariat	
United Nations Development Programme and other UN agencies	

MAIN FUNDS AND MECHANISMS FOR SSC IN CARICOM

- The process starts at the political level:
 - Community's Foreign Policy Coordination – one of the four pillars of the Caribbean Community
- The Secretariat supports through the establishment and/or conclusion of:
 - Cooperation Agreements
 - Memoranda of Understanding
 - Creation of Joint Commissions
 - Other formal country and/or organisation specific arrangements
- Funding mechanism operates in the following two structures:
 - Intra-regional; and
 - Regional with (i) other organisations and (ii) with third states

INTRA REGIONAL

Caribbean Development Bank (CDB):

Created to:

- “contribute to the harmonious economic growth and development of the member countries in the Caribbean”
- “to promote economic cooperation and integration among them, having special and urgent regard to the needs of the less developed members of the region”

Services include:

- Assistance to the borrowing member countries to optimise the use of their resources,
- Promotion of private and public investment
- Mobilisation of financial resources from both within and outside the region for development;
- Provision of technical assistance to its regional borrowing members;
- Support to regional and local financial institutions and a regional market for credit and savings; and
- Support and stimulation of the development of capital markets in the region.

CDB CONTINUED

The CDB also operates various programmes across strategic sectors such as:

- The **Disaster Risk Management Fund** to respond to requests from its member countries for assistance with post-disaster rehabilitation.
- The **Basic Needs Trust Fund** to directly target poverty reduction programmes
- The **Special Development Fund (SDF)** to provide loans of high development priority.
- The **Unified Special Development Fund [SDF (U)]** to overcome the problems associated with individual donors and funding arrangements.
- **Caribbean Technological Consultancy Services** is a network operated by the Private Sector Development Division

CARIBBEAN DEVELOPMENT FUND

- The CDF was established under Article 158 of the Revised Treaty :
 - “for the purpose of providing financial or technical assistance to disadvantaged countries, regions and sectors.”
- Centre-piece of a regime to address disparities among the Member States
- The CDF has its own legal identity but is linked to CARICOM through several Ministerial Councils.
- All Member States are required to contribute to the Capital of the Fund on the basis of an agreed formula
- Only the designated disadvantaged countries - the LDCs (OECS and Belize) and Guyana have access to resources during first contribution cycle.
- In each Contribution Cycle, the Board will earmark up to US\$10 million to finance private sector projects that are regional or sub-regional in scope.

REGIONAL (WITH INDIVIDUAL THIRD STATES)

Argentina

- In 1998 an Agreement was signed for the “Establishment of a Joint Commission on Consultation, Cooperation and Coordination”.
- The proposed objective:
 - “to promote and develop closer relations between the Parties in the political, commercial, economic, scientific, technical and cultural fields.”

Chile

- Formalised May 1996 with the Agreement to Establish a Standing Joint Commission on Consultation, Cooperation and Coordination and the Agreement on Scientific and Technical Cooperation
- Provides for cooperation in a range of areas including tourism; modernisation of the productive sectors; industry; agriculture; mining; natural disasters; financial management of the State; education and culture; scientific and technological research; port infrastructure and management, among others.

Colombia

- The 1994 Agreement predominantly focused on the trade and economic relations between the Parties.

Brazil

- Technical cooperation only formalised into a technical cooperation agreement in 2010.
- The technical cooperation agreement with Brazil mentions several areas of mutual interest -Cooperation for Development

Mexico

- Technical cooperation has been in place since 1990.
- The CDB serves as funds manager for the cooperation and the Mexican subventions for the Programme are deposited to the CDB's Special Development Fund.
- Phase IV Programme in the amount of US\$0.5M is currently underway

REGIONAL (WITH OTHER ORGANISATIONS/SUBREGIONAL GROUPINGS)

Inter-American Development Bank (IDB)

- The last programming cycle was under the 2007 - 2010 Regional Strategy for CARICOM
- The strategy outlined two major areas of focus:
 - Full intra-regional market liberalisation, aligned with CARICOM's external liberalisation efforts; and
 - Enhanced Regional Cooperation to improve CARICOM's Social and Economic Infrastructure in Critical Areas of Development.
- CARICOM has also been able to tap into the **Regional Public Goods Programme**
- The IDB has approved **Compete Caribbean**, a programme to support private sector development and competitiveness in 15 Caribbean countries
- An MOU has been signed for the purpose of accessing support under the Programme which is a joint initiative of the IDB, CIDA, and the UK's DFID

SSC AS PART OF THE SECRETARIAT'S PROGRAMME OF WORK

SSC serves as a means and an end in itself.

- Systems and procedures to facilitate management and administration of the CSME at the national level required under the CSME
- A comprehensive Attachment Programme developed providing on-the-job training support for key officials

The goal of this SSC intervention:

- was to provide an administrative framework for the effective and efficient implementation of the CSME.
- The purpose was:
- to improve capability in all national level departments to meet responsibilities of implementing regional decisions.

SSC AS PART OF THE SECRETARIAT'S PROGRAMME OF WORK CONTINUED

- **Outcomes were:**
 - “coordinated national approaches to regional decision-making and implementation” and
 - the requisite human resources in place at the national level.
- The process of support using SSC is an ongoing one, continuously utilised by specific units and the wider Secretariat in its support to Member States.

THE WAY FORWARD

- The region has enjoyed reasonable success with the SSC/Functional Cooperation modality.
- The development needs of CARICOM far outweigh its capacity to finance through internal regional and national resources
- There is no existing harmonised and coordinated approach to resource mobilisation from IDPs
- The consequences are:
 - The institution with the most effective marketing approach secures resources;
 - Institutions with activities more aligned to the preferences of traditional IDPs attract resources; and
 - Different regional institutions sometimes end up approaching the same Development Partners for financing of identical or related activities.

THE WAY FORWARD CONTINUED

- CARICOM continues effort to improve coordination regionally
- Steps have been taken to explore alternative funding mechanisms including:
 - Establishing and operating a Regional Fund and Development Agency
 - Investment for stimulating public, private and development partner investments in critical sectors and industries
 - Private sector financial contributions and/or funding of specified activities
 - Automaticity in core funding of regional institutions/agencies.
 - Establishment of specific (Trust) Funds
- The Community also seeks to encourage SSC and promote cooperation with countries of the South.
- This requires ownership to be established by Member States through acceptance and endorsement not only of the programmatic approaches but of the implementation modalities.

THANK YOU!