

Report No. 31863-LAC

# Organization of Eastern Caribbean States Towards a New Agenda for Growth

April 7, 2005

Caribbean Country Management Unit  
Poverty Reduction and Economic Management Unit  
Latin America and the Caribbean Region



Document of the World Bank

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### **CURRENCY AND EXCHANGE RATES**

Exchange Rate Effective: March 20, 2005

Currency Unit: Eastern Caribbean Dollar (EC\$)

US\$1.00: EC\$2.67

### **FISCAL YEAR**

St. Kitts and Nevis, St. Vincent and the Grenadines: January 1- December 31

Antigua and Barbuda, Grenada St. Lucia: April 1 – March 31

Dominica: July 1 – June 30

### **ABBREVIATIONS AND ACRONYMS**

ACP	African, Caribbean and Pacific
AHLA	American Hotel and Lodging Association
ASYCUDA	Automated System for Customs Data
BOP	Balance of Payments
BPO	Business Process Outsourcing
CARIBCAN	Caribbean Canada Trade Act
CARICOM	Caribbean Community
CARTAC	Caribbean Regional Technical Assistance Center
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CDB	Caribbean Development Bank
CET	Common External Tariff
CIDA	Canadian International Development Agency
CPEC	Caribbean Regional HRD Program for Economic Competitiveness
CPI	Consumer Price Index
CRNM	Caribbean Regional Negotiating Machinery
CSME	Caribbean Single Market Economy
CTO	Caribbean Tourism Organization
CXC	Caribbean Examination Council
DFID	UK Department for International Development
DPA	Dominica Port Authority
DSL	Digital Subscriber Lines
EBAS	EU/ACP Business Assistance Scheme
EC	Eastern Caribbean
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECEF	Eastern Caribbean Enterprise Fund
ECEMP	Eastern Caribbean Economic Management Project (CIDA)
ECEP	Export Capability Enhancement Programme
ECIPS	Eastern Caribbean Investment Promotion Service
ECSE	Eastern Caribbean Stock Exchange
ECTEL	Eastern Caribbean Telecommunications Authority
EU	European Union
FATF	Financial Action Task Force (OECD)
FDI	Foreign Direct Investment
FIAS	Foreign Investment Advisory Services
FTAA	Free Trade Area of the Americas
GATS	General Agreement on Trade in Services
GCT	General Consumption Tax
GDP	Gross Domestic Product
GEP	Global Economic Prospects
GIDC	Grenada Industrial Development Council
GNFS	Goods and Non-Factor Services
GNI	Gross National Income
GSP	Generalized System of Preference
HHI	Herfindhal-Hirschmann Index
ICT	Information and Communication Technology

IDA	Industrial Development Authority
IFS	International Financial Statistics
IMF	International Monetary Fund
INFOTEP	<i>Instituto Nacional de Formación Técnico Profesional</i>
IPA	Investment Promotion Agency
JAMPRO	Jamaica's Investment Promotion Agency
JCCP	Jamaica Cluster Competitiveness Programme
JSB	Jamaica Signature Beats
LDC	Less-Developed Countries
LIAT	Leeward Island Air Transport
MDGs	Millennium Development Goals
MFN	Most Favored Nation
MIGA	Multilateral Investment Guarantee Agency
MOU	Memorandum of Understanding
NBIA	US National Business Incubator Association
NCFMEA	National Committee of Foreign Medical Education and Accreditation
NIS	National Insurance Scheme
NORAD	Norwegian Agency for Development
NPL	Non Performing Loan
OAS	Organization of American States
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OECS	Organization of Eastern Caribbean States
OECS EDU	OECS Export Development Unit
OERU	OECS Education Reform Unit
OSPR	Office of Private Sector Relations
OSS	Open Source Software
PAHO	Pan American Health Organization
PISA	Program for International Student Assessment
PSIP	Public Sector Investment Program
REER	Real Effective Exchange Rate
SARS	Severe Acute Respiratory Syndrome
SDT	Special and Differential Treatment
SEDU	Small Enterprise Development Unit
SFA	Special Framework of Assistance
SIGTAS	Standard Integrated Government Tax Administration System
STEP	Small Tourism Enterprise Program
TFP	Total Factor Productivity
TIC	Technology Innovation Center
TIMSS	Trends in International Mathematics and Science Studies
UN ECLAC	United Nations Economic Commission for Latin America and the Caribbean
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USMLE	US Medical Licensing Exam
UTECH	University of Technology Jamaica
VAT	Value Added Tax
WDR	World Development Report
WIBDECO	Windward Islands Banana Development and Exporting Company Limited
WITS	World Integrated Trade Solutions
WTO	World Trade Organization

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**ORGANIZATION OF EASTERN CARIBBEAN STATES  
TOWARDS A NEW AGENDA FOR GROWTH**

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## FOREWORD

This report on Growth and Competitiveness in the Organization of Eastern Caribbean States is a companion piece to the pan-regional report, “*A Time to Choose: Caribbean Development in the 21st Century*”. Both volumes are intended to serve as a launching pad for debate among political parties, civil society, the private sector, the media and academic groups, on the future directions of development strategy at the national, sub-regional and regional levels.

The time for such a debate could not be more opportune. While poverty has declined, many of the sub-region’s impressive social gains risk being eroded. Unemployment, particularly of youth, is a major issue and there is growing concern about recent increases in crime and violence. Tourism, too, is under increasing pressure from new markets in Cuba and Central America, and the sub-region now has the dubious distinction of hosting six of the world’s most highly indebted emerging economies. While none of these challenges is insurmountable, all will require political leadership and strong national support. Deepening the bonds of regionalism will also require considerable political will, but the pay-offs, we believe, in terms of economies of scale and long term improvements in growth and competitiveness, will be considerable.

As this volume shows, there are also important new opportunities to be seized: in services such as education and health, in technology, and in tourism. A number of these opportunities are already being explored in parts of the OECS and we have tried to bring together examples from across the region and beyond which can serve to illustrate a range of possibilities and approaches.

While focusing primarily on decision makers and publics in the Caribbean, there is a set of players who are largely absent from this report’s pages, but whose role is none the less crucial. For more than three decades, the international donor community has supported Caribbean development. If wrong choices have been made, they have been made by donors together with Governments. This report is not intended to ascribe blame, but to point to the fundamental need to choose a better path for the future. That choice must also include greater country ownership of development programs, better harmonized and coordinated donor support, and a reduction in the burden donors too often impose on recipient countries, particularly small states such as those of the OECS. We hope that this volume will provide an opportunity for the international donor community to debate and finally resolve many of these longstanding issues.

Finally, both of these reports have been informed by extensive consultations across the Caribbean. We would like to thank all those who took the time to share their expertise, their insights and their unique brand of Caribbean hospitality. We have endeavored to capture the richness of the input we received, although ultimately the responsibility for the reports’ conclusions remains ours alone.

Caroline Anstey  
Director  
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## ACKNOWLEDGEMENTS

This report was prepared by Camille Nuamah (Team Leader and Sr. Economist). The preparation was undertaken jointly with the team preparing the companion report on Growth and Competitiveness in the wider Caribbean: Sanjay Kathuria; Mustapha Rouis; Elizabeth Ruppert Bulmer; Harpinder Oberai and Michael Corlett; and has benefited from their excellent collaboration and exchange of ideas. Technical assistance was provided by Phaedra Chrousos, Anna Musakova and Margarita Chavez de Silva. Special thanks is reserved for Theresa Beltramo who provided outstanding support as a research analyst and for Antonella Bassani, Lead Economist for the Caribbean, who provided great coaching and technical advice.

Preparation of the report has benefited from additional financial assistance provided by the European Community to the World Bank, through the Investment Climate and Trade and Integration Trust Fund under the Knowledge for Change Program #TF050264.

Background papers were prepared by Mizuho Kida (growth accounting), Caroline Freund, Adiitya Matoo, Mohammed Amin (impact of trade liberalization), Elizabeth Ruppert-Bulmer (labor markets), Abhas Jha and Castalia, Inc. (infrastructure), Andreas Blom (skills and training), On the Frontier Group, Inc for *infoDev* (technology, Internet Communication Technology (ICT)-based services and telecom), Gunnar Eskeland, CICERO and James Hanson (role of the state), Donald Mitchell (sugar), Steve Jaffee (phytosanitary regulations), the Foreign Investment Advisory Service (investment climate in Grenada, and foreign investor survey), Swedish Development Advisers (offshore education), David Russell Consulting and Michael Corlett (tourism) and Logan Brenzel (health services).

The World Bank peer reviewers were William Maloney (Lead Economist, Office of the Chief Economist, Latin America and the Caribbean Region) and David Rosenblatt (Lead Economist, Development Economics, Vice President's Office). External peer reviewers were Garth Nicholls (Director of Research, Eastern Caribbean Central Bank), Paul Mullard (Lead Economist for the Caribbean, UK Department For International Development Caribbean (DFID – Caribbean) and Sarah Dunn (Private Sector Development Adviser, DFID – Caribbean).

The World Bank wishes to extend its gratitude to the many officials from each of the governments of Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and to the staff of the Eastern Caribbean Central Bank and the OECS Secretariat and all its units, as well as to the numerous firms, development partners and their project teams, who graciously shared their perspectives, insights, reports, data and other information with the Bank in the preparation of this report.