

9 Canadian Economic Assistance to CARICOM Countries: Assessment and Future Prospects

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INTRODUCTION

Since the 1950s, Canada's historically close trade and investment relationship with the countries of the Caribbean Community and Common Market (CARICOM) has been complemented by an important programme of economic assistance. CARICOM has 15 members: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Haiti is the newest member of the Community; it joined in July 1997.

Cordial relations between Canada and CARICOM have endured for over a century. Because of shared cultural ties fostered by immigration, a common political system and membership in the British Commonwealth, Canada has been viewed by CARICOM as a more 'benevolent' partner than the United States. Canada's affinity for the Caribbean reflects the fact that both Canada and the Caribbean have had to respond to the economic dominance and hegemony in international affairs of the United States.

Over the years, the priorities of Canada's foreign assistance programme have reflected a tension between altruistic objectives on the one hand, focusing on alleviating poverty and promoting sustainable development, and commercial, economic and foreign policy interests on the other (Mundy, 1992, p. 393). Tension has resulted in changing approaches to official development assistance (ODA), coupled with attempts to maintain a sensitivity to the development objectives and strategies of beneficiary countries (Jackson, 1992, p. 96). Initially, the objectives and allocation of Canadian assistance were similar to those of multilateral development institutions, which focused on the promotion

of development through funding for infrastructure, rural development and basic human needs. By the late 1980s, Canada's emphasis had shifted towards linking development strategies with broader foreign and domestic policy goals. In addition, as is the case with other Western donors, fiscal considerations and domestic politics adversely affected the level of Canadian aid to the Caribbean resulting in significant decline since the 1980s.

This chapter examines Canadian ODA to the Caribbean, by reviewing past performance, analysing current trends, and looking ahead to possible changes in future assistance. The first section looks at Canadian assistance in historical perspective, highlighting changes that have occurred over the years in Canada's approach to foreign aid. The second section looks at the institutional framework for ODA, with a focus on the Canadian International Development Agency (CIDA), which administers most of the economic assistance programme. This section will also highlight changing trends in the foreign aid programme. Section three examines the aid programme to the Caribbean and, more specifically, discusses the types of assistance that have been extended to the region. The final section provides concluding remarks about the aid programme and discusses future directions given existing budgetary constraints.

HISTORICAL OVERVIEW

The British colonial trade system was a combination of mercantilism and the provision of economic assistance through preferential market access and commodity price support schemes, for example, sugar and bananas. This system extended by Britain and more-developed countries to the developing countries of the Commonwealth provided economic assistance by imposing higher prices on consumers and/or transfers of financial resources. This was the forerunner of financial resource flows, which in the contemporary period have been called foreign aid or development assistance. Canada made economic aid available through trade to small developing economies in the English-speaking Caribbean, or what was then described as the British West Indies.

Canada has traditionally been the Caribbean's third largest trading partner, superseded only by the United States and Britain (see Table 9.1). Trade began early in the eighteenth century and grew steadily, based on increased trade in Canadian salt-cod and cereals. Special trade arrangements commenced in 1925 with the Canada-West Indies

Table 9.1 Distribution of CARICOM trade, 1896 and 1911-61 (percentages)

	Imports			Exports				
	UK	Canada	USA	Total	UK	Canada	USA	Total
1896	47	6	29	82	38	3	42	83
1911	41	8	33	82	22	23	41	86
1922	31	18	32	81	34	26	27	87
1928	35	19	24	78	28	25	26	79
1933	44	14	13	71	45	24	7	76
1955	40	10	14	64	44	18	8	70
1961	34	7	17	58	26	13	27	66

* Does not include Suriname.

Source: H.R. Brewster and C.Y. Thomas (1967), 'Trade Between the West Indies and Canada', in *West Indies-Canada Economic Relations* (Monr: Institute of Social and Economic Research, University of the West Indies), p. 15.

Agreement and Commonwealth preferential arrangements in the 1930s. Trade with Canada grew rapidly between 1938 and 1963: exports to Canada increased 800 per cent, while imports grew 624 per cent (Brewster and Thomas, 1967, p. 19). In 1963, exports to Canada accounted for 5.9 per cent of gross domestic product (GDP) (*ibid.*, p. 24). The Caribbean only accounted for about 1 per cent of total Canadian imports in 1964, but was still an important source of supply in certain commodities. For example, the region supplied Canada 68 per cent of its bauxite and alumina, 61 per cent of molasses, 42 per cent of unrefined sugar, and 28 per cent of rum, as well as a large share of nutmeg and arrowroot (Jefferson, 1967, p. 77).

Canada has traditionally provided aid through preferential market access. Preferential trade arrangements were first instituted in 1898, when Canada unilaterally provided a 25 per cent tariff preference to a range of imports from the region, including sugar. In 1900, the preference on sugar was increased to 33½ per cent. In 1912, preferential trade arrangements were extended with the signing of the Canada-West Indian Reciprocal Treaty, which was subsequently revised in 1920 and became the Canada-West Indies Trade Agreement in 1925. This treaty provided reciprocal tariff preferences. It was amended in July 1966, when duty-free entry for sugar was provided based on the average quantity of exports the previous five years. In 1979, a Trade and Economic Cooperation Agreement was signed, and, in June 1986, CARIBCAN

was established. CARIBCAN provides preferential, one-way, duty-free entry into the Canadian market of the large majority of goods currently being exported to that market by beneficiary countries. The following products were, however, not considered for CARIBCAN treatment: textiles and clothing, footwear, luggage and handbags, leather garments, lubricating oils and methanol. Products excluded from the programme would nevertheless continue to be subject to established preferential rates of duty under the Canadian General Preferential Tariff (GPT).

The expansion of trade attracted Canadian banks into the region, such as the Bank of Nova Scotia (BNS) which opened an office in Jamaica in 1889 (Callender, 1996). Indeed, by the First World War several Canadian banks, including BNS, the Canadian Imperial Bank of Commerce and the Merchant's Bank of Halifax (now the Royal Bank of Canada), had branches throughout the Caribbean. Canada's financial penetration into the Caribbean was important for the economic transformation of both Canada and the Caribbean and helped incorporate them into the global economy.¹ Other than banking (Baum, 1974) Canadian investment was concentrated in the bauxite/alumina sector in Jamaica after the 1950s (Bernal, 1984, pp. 10-12).

Canadian foreign aid to the Caribbean began with a \$10 million five-year programme of assistance to the West Indies Federation in 1958 (Levitt and McIntyre, 1967, pp. 107-23), in an attempt to promote economic development by fostering regional integration in the Caribbean region. These efforts continue today and are still part of the current assistance programme. Bilateral development assistance loans commenced in the region in the early 1960s.

The government of Canada has been a sympathetic donor to the Caribbean and has been creative in its lending programmes. For example, in 1990, Canada cancelled all outstanding development assistance debt owed by CARICOM member countries, which totalled Canadian \$182 million and represented 1.5 per cent of CARICOM countries' total debt (Bernal, 1991, p. 4). This was noteworthy because at the time industrialised countries were disavowing debt relief through cancellation, except for developing countries which were both the poorest and most indebted.

INSTITUTIONAL MECHANISMS

Canadian ODA is administered by four agencies. CIDA is responsible for 75 per cent of the bilateral aid programme, while the remainder is

managed by the Department of Finance (funding for multilateral institutions), the Department of Foreign Affairs, and the Department of Public Works and Government Services. CIDA was created in 1968 out of the External Aid Office set up in 1960 to coordinate Canada's external assistance efforts. That same year, the United Nations (UN) proclaimed its First Development Decade. CIDA's programmes are administered through several 'activities': the Partnership Programme, which directs Canada's assistance to multilateral institutions, including multilateral food aid; the National Initiatives Programme, which administers bilateral aid; and a special programme for Countries in Transition in Eastern Europe, which was transferred from the Department of Foreign Affairs and International Trade to CIDA in 1995.

Official development assistance to CARICOM countries is part of the Americas programme, which includes three subregions: the Caribbean, Central America and South America. In addition, CIDA also provides support through regional initiatives as well as the Canada Fund for Local Initiatives. The Canada Fund is available in a number of countries (Jamaica, Belize and Haiti, for example) and consists of a small pool of discretionary resources used to fund Canadian \$40000 and \$50000 projects. It is administered directly by Canadian high commissions and embassies in the Caribbean, and complements CIDA's bilateral programmes through emphasis on funding small-scale projects that provide technical, educational or social development assistance.

Over the years, CIDA has moved from being an administrator of Canada's aid programme to assuming the larger role of shaping aid policy. During the early years of CIDA's existence up to the late 1970s, CIDA's raison d'être was simply to channel aid to developing countries, with little or no effort to plan for the effective use of those funds, or to rationalise aid allocation based on Canada's foreign policy and commercial objectives (Pratt, 1994, pp. 7 and 159). This was a time when Canada was rapidly expanding its foreign assistance programme and its focus was on widespread dispersal of assistance. In 1961, for example, 33 countries received economic assistance, and, by 1976, this number had grown to 84. By 1989-90, 119 countries were receiving assistance. Bilateral funding from Canada was significant in many countries, including the Caribbean. In 1975, for example, ODA, as a percentage of total aid received, was greater than 10 per cent in 18 countries, 10 of them in the Caribbean. By 1989, however, only seven countries, including Jamaica and Guyana, received aid totalling 10 per cent of ODA (Pratt, 1994, p. 7). One of CIDA's main concerns during these early years was simply using up its foreign aid budget.

During the 1970s, there were pressures for CIDA to concentrate on fewer countries. As a result, a task force was established to develop a five-year aid strategy. The 'Strategy for International Development Cooperation, 1975-80' essentially maintained the status quo in terms of aid policy, reaffirming that most assistance should be extended to the poorest countries. Continued pressures to use the aid programme to promote Canadian business abroad produced the Hatch Report (1980), 'Strengthening Canada Abroad', which advocated for bilateral aid in the 1980s and concentrating assistance in those countries where there was trade potential for Canada. As a result, the Canadian government chose to increase bilateral ODA between 1981 and 1986, at the expense of multilateral assistance, while maintaining a commitment to low-income countries (Morrison, 1994, pp. 125-40).

By the late 1980s, with Canada under fiscal restraints, Parliament undertook a major review of the aid programme. A report released in 1987 entitled 'For Whose Benefit?', benefited from input from a wide constituency, including the general public. It made several recommendations for making Canada's aid programme more effective and maintaining its 'constructive internationalism'. While seeking to give CIDA greater control over its development mandate, the report made the following recommendations: CIDA was told to: (a) emphasise poverty-lending; (b) put development priorities first; (c) establish an ODA charter and mandate a minimum level for ODA of 0.5 per cent of GNP; and (d) establish an advisory council.

The government's response came in the form of its 1988 foreign aid strategy report, 'Sharing Our Future', which accepted the first two recommendations dealing with poverty alleviation and the importance of development priorities over other foreign policy goals. Within the overall framework of promoting sustainable development, certain areas of focus for assistance were identified:

- (a) poverty alleviation,
- (b) structural adjustment,
- (c) women in development,
- (d) the environment,
- (e) food security, and
- (f) energy.

With respect to aid levels and targets, 'Sharing Our Future' pledged to gradually increase the ODA/GNP ratio to 0.7 per cent by the year 2000 and to extend all future ODA in the form of grants. Finally, a commitment

was made to reduce 'tied aid' from 80 per cent of bilateral assistance to between 60 and 70 per cent (CIDA, 1988, p. 7). By 1991, CIDA had experienced three successive rounds of annual budget cuts, forcing organisational and programme changes. There were also added pressures from both clients and 'stakeholders' in the aid programme. From 1993 to 1994, the International Assistance Envelope, used to fund ODA, was reduced by 10 per cent. While cuts were made across the board in the Americas, Canada's interest in South America meant that cuts were heaviest in the Caribbean (Morrison, 1994, p. 149).

Budget constraints still continue at the present time. While funds for the International Assistance Envelope in 1996-97 remained unchanged from the 1995-96 level, in 1997-98 funds will be reduced by 7.2 per cent and reduced by another 7.3 per cent in 1998-99 (CIDA, 1997-98 estimates, part III). As a result, CIDA has been shifting resources to accommodate a 'strategic' aid programme in keeping with the latest statement on the government's aid strategy, 'Canada in the World', released in 1995. This new approach emphasises the promotion of prosperity and employment for Canada as well as its aid partners, with emphasis on access for Canadian trade and investment abroad. While the focus on sustainable development and poverty alleviation has been reaffirmed, programme priorities now include human rights, democracy and good governance, basic human needs and private sector development, in addition to traditional areas such as infrastructure, women in development and the environment (CIDA, 1995, pp. 10, 42). Nevertheless, CIDA's activities are circumscribed by reduced resources and, to some extent, a refocusing of programming towards countries where there are clear advantages for Canadian business. CIDA's new strategy has affected all regional programmes, including the Caribbean.

AID FLOWS

In 1996, Canada was ranked seventh in the world in terms of total dollars spent on foreign aid. About half of total Canadian ODA consists of bilateral assistance, while the remainder supports initiatives undertaken by multilateral institutions, Canadian non-governmental organisations (NGOs), research institutions and businesses. Canadian aid to the Caribbean has decreased significantly over the years. From 1969 to 1972, for example, Canada was the second major aid contributor to the region after Great Britain, accounting for 20 per cent of total aid flow. For fiscal year 1994/95, CARICOM countries excluding Haiti received

Table 9.2 Canadian Official Development Assistance (ODA) to CARICOM countries, 1982-96*

Fiscal years	CARICOM	Americas**	Total ODA
1982-83	29.9	111.95	1 672.06
1983-84	45.51	172.31	1 797.08
1984-85	66.93	197.93	2 104.56
1985-86	71.16	175.40	2 247.61
1986-87	90.01	330.02	2 551.77
1987-88	86.08	376.35	2 624.06
1988-89	109.72	398.01	2 946.60
1989-90	120.92	343.30	2 849.87
1990-91	113.63	348.55	3 035.34
1991-92	98.22	400.66	3 182.46
1992-93	83.77	340.05	2 972.70
1993-94	87.17	367.56	3 075.27
1994-95	74.43	310.97	3 092.46
1995-96	47.95	290.92	2 684.31

* All amounts are in Canadian dollars.

** Includes CARICOM.

Source: CIDA, *Estimates, Table M: Total Disbursements by Country*, CIDA Annual Reports, 1982/83 through 1988/89 and 1995/96 (Hull, Quebec: CIDA); CIDA, *ODA Disbursements to CARICOM Countries, 1989/90 through 1994/95* (Hull, Quebec: CIDA).

Canadian \$74.43 million, or 23 per cent of total assistance of \$310.97 million to the Americas programme. Furthermore, in terms of total ODA, CARICOM countries, excluding Haiti, received only 2.6 per cent of bilateral aid (see Table 9.2).

By CIDA's own estimates, funding for the Caribbean (including Haiti and Cuba) represented 55 per cent of all commitments to the Americas in 1990/91. Caribbean assistance fell to 41 per cent of the Americas allocation in 1995/96, and is expected to fall further to 37 per cent in 1997/98. Furthermore, although CIDA's representation in the Caribbean remains unchanged, resources have been redeployed from Jamaica and three other countries in the Americas (Peru, Colombia and Costa Rica) in order to open new offices in Cuba, Ecuador and the Organisation of American States (OAS) (CIDA, 1996b, chapter II, p. 2).

CIDA's funding programme for CARICOM focuses on assistance for the promotion of self-reliance by increasing the competitiveness of

export industries in view of the increasingly liberalised global economy. CIDA also supports projects that promote regional cooperation and integration and facilitate links to other regional markets. There is also a strong emphasis on poverty alleviation and environmental management. The largest percentage of CIDA's funds to the Caribbean is allotted to Jamaica, Guyana, and an Eastern Caribbean programme administered out of Barbados. There are also small bilateral programmes in Trinidad and Tobago, Barbados and Belize. Overall, there is evidence, based on discussions at the March 1996, Canada-CARICOM Heads of Government meeting, that Canada is moving away from ODA and towards a relationship with CARICOM countries based on trade and investment (CIDA, 1996b, chapter I, p. 17).

THE CARIBBEAN DEVELOPMENT BANK (CDB)

At the regional level, Canada has been an important contributor to the Caribbean Development Bank (CDB). The first steps towards establishment of the CDB were taken at a Canada/Commonwealth Caribbean Conference in Ottawa in 1966, where it was decided that a study should be undertaken to explore the feasibility of establishing a financial institution for the Caribbean region. When the CDB was created in 1969, Canada was a founding member, subscribing 2000 shares of the bank's authorised capital stock of 10000 shares. At the moment, Canada holds 10402 shares of CDB's current authorised capital of 115000 shares. Both Canada and the United Kingdom retain the highest non-regional voting share in the bank of 10.27 per cent. Since 1969, Canada has provided US\$126 million in paid-up capital subscriptions and other contributions to the bank's resources. Canadian assistance has been particularly important to the bank's Special Development Fund (concessional resources), having contributed 23 per cent of the resources available as of December 1996. The fund has made poverty reduction a central focus of its activities, with an established lending target for poverty of 40 per cent. To assist in this process, CIDA funded the preparation of a framework for poverty assessments in 1994, and subsequently a pilot poverty assessment process for three countries – St Lucia, St Vincent and Belize – was completed in 1995.

Canadian funding for technical assistance has been particularly important to the CDB's activities. The Canadian Agricultural Trust Fund was established in 1971. The Canadian \$2.5 million fund, later replenished with \$6.88 million, was used to increase agricultural productivity

and diversify output in 11 countries. Four years later, the Canadian Commercial Livestock Fund was created, with Canada contributing US\$4.3 million (Government of Canada, 1996). In 1992, Canada extended \$300000 to the bank for technical cooperation in the areas of poverty alleviation, environment and women in development. In 1994, the two-year agreement was extended to 1994 and assistance increased to \$630000.

In October 1996, Canada agreed to establish a US\$2.4 million Canadian Technical Cooperation Fund (CTCF) within the CDB to support the bank's work in economic and social analysis, and support project development using Canadian technical assistance. Priority is to be given to activities that coincide with Canada's objectives, such as poverty reduction, human resource development and environmental protection. In addition, the new facility will ultimately be a mechanism with which to support the participation of Canadian consultants in the early stages of CDB-funded projects. Recruitment of consultants will be limited to Canadians residing in Canada, Canadian firms and NGOs located in Canada (*Caribbean Development Bank News*, 1997, p. 4).

As a further indication of Canada's close involvement with the CDB, the twenty-seventh annual Meeting of the bank was held in Toronto in May 1997 – the first occasion in the bank's history that such a meeting was held outside the Caribbean.

JAMAICA

Canada's assistance to Jamaica began in 1963, focusing on infrastructure projects in keeping with the Canadian government's goals. By 1972, however, CIDA began to concentrate on agricultural development. Accordingly, the lending programme in Jamaica began to reflect this orientation. The idea was to increase employment opportunities in rural areas by modernising agriculture, and early projects focused on technical assistance to (a) the cattle and pig industry, (b) improvements in potato production, and (c) improvements in the system of transporting sugar cane from field to factory. This was the period of Michael Manley's efforts to implement democratic socialism in Jamaica, focusing on redistribution of wealth through land settlement schemes, social programmes and government subsidies. Accordingly, CIDA extended technical assistance in agriculture not only to specialised producers, but to government agencies such as the Agricultural

Development Corporation and workers' production cooperatives (Jackson, 1992, pp. 87-9).

By 1976, with the onset of balance of payments problems in Jamaica, CIDA began to extend balance of payments support via lines of credit, consisting essentially of inputs for the agriculture and manufacturing sectors. Edward Seaga's Jamaica Labor party victory in October 1980 was the beginning of what would be a sustained series of structural adjustment programmes in Jamaica and a refocus on the private sector as the engine of growth. CIDA's lending programme was revised accordingly to reflect these new realities. In agriculture, for example, CIDA aimed to assist in the revitalisation of the sector by funding projects that generated employment opportunities for 'vulnerable' groups (women and young people); generated or saved foreign exchange; and increased production, particularly at the level of the small farmer. From 1981 to 1986, CIDA provided Canadian \$70 million in agricultural inputs as lines of credit under its revised programme. Commodities were sold either through private companies, such as T. Geddes Grant, or producer organisations, such as the Jamaica Agricultural Society and the All-Island Cane Farmers Association. Part of the counter-part funds generated by these sales were designated for small farmers through a revolving credit fund in the Agricultural Credit Bank (Jackson, 1992, pp. 93-6).

In 1996, Jamaica ended its borrowing relationship with the International Monetary Fund (IMF), and structural reform measures have improved Jamaica's external position. Hence, the government now focuses on poverty alleviation and economic growth. CIDA's current lending programme in Jamaica at the present time focuses on private sector development, environmental management and agriculture.

CIDA has been relatively successful in promoting private sector development in Jamaica through CANEXPORT. The four-year Canadian \$4 million project (1993-96) aimed to increase exports to Canada in the following areas: fresh produce, cut flowers and processed foods. Approximately 70 small and medium-sized firms were involved in the project. Executed by Jamaica Promotions (JAMPRO), the project resulted in increases of between 42 and 173 per cent in the following product categories: papaya, citrus/oratiquine, sweet potatoes, yams, mangoes, peppers, tilapia, sauces, jams and jellies, coffee and biscuits. Export earnings in these categories totalled Canadian \$9 million in 1996, compared to \$3.35 million in 1991 before the project's inception. CIDA also provides credit and technical assistance to micro and small-scale enterprises through the National Development Foundation, by

funding approximately a third of the cost of a \$7.28 million project. The Canadian component is funding the costs of services by Canadian consultants, acquisition of computer and office equipment as well as motor vehicles and spare parts. This project will be completed in March 1998 (Planning Institute of Jamaica, 1996, p. 8).

CIDA is also making a significant contribution in the area of environmental management. The Canadian \$2 million Green Fund supports community-based initiatives in natural resources conservation. Fund staff work closely with the Environmental Foundation of Jamaica and other local groups to identify weaknesses in environmental management and design appropriate interventions. The Fund has provided assistance in a number of areas, such as waste recycling, energy conservation, sanitation, and informal sector activities related to environmental management. As of March 1996, a total of 56 projects had been funded through several local NGOs (PIOJ, 1996, p. 26).

The Environmental Action Programme (ENACT) is an eight-year programme designed to strengthen environmental management capacity in Jamaica. The programme provides Canadian \$12.4 million in three phases. Phase I, launched in 1994, provides technical assistance to build capacity in the National Resources Conservation Authority (NRCA) to formulate environmental policy. Phase II, which began in January 1997, builds on the work of the NRCA Canadian consultant to implement environmental policies in the public and private sectors, as well as within local community organisations. Emphasis will also be placed on environmental education. Phase III will consolidate the lessons learned from the first two phases and complete Phase II projects, handing over responsibility for ongoing environmental work to Jamaican partners. Canada is also funding a Canadian \$350000 Environmental Baseline Study in the Salt River, the site of a proposed power plant. The study will assist the Jamaican government in environmental impact assessment to determine whether such a plant ought to be constructed (PIOJ, 1996, pp. 24-5).

CIDA is funding two important projects in the agricultural sector. First, it is supporting the existing network of rural cooperative banks with a grant of Canadian \$4.9 million. The Agricultural Credit Bank is coordinating the project, which also includes technical assistance and training. Second, the project by which CIDA provided bulk fertilizers for balance of payments support (Soil Nutrients for Agricultural Productivity, SNAP), is now in its second phase. The provision of fertilizer for balance of payments support, a Canadian \$47.16 million CIDA grant, ended in September 1994. The second phase, or technical assistance

component (\$2 million), has awarded several research grants to the Banana Board, the Coconut Board, the Citrus Growers Association, and RADA. In April 1996, an additional grant of \$2 million was approved for continuation of research activities.

Finally, in the area of technical assistance to the financial sector, CIDA funded the services of a consultant between 1993 and 1996, who ultimately served as Governor of the Bank of Jamaica until 1996.

HAITI

Canada has taken the lead, along with the United States, France and Germany, in Haiti's reconstruction. During the period of military rule (1991-94), the bilateral programme was suspended. However, the Canadian government continued to provide Haiti with humanitarian assistance to Haiti through multilateral agencies and various Canadian NGOs. Following restoration of the constitutional government of Jean Bertrand Aristide in October 1994, Canada, together with other bilateral and multilateral donors, agreed to provide approximately US\$1 billion in foreign assistance between October 1994 and April 1996 (CIDA, 1996a, p. 9). A reconstruction plan, the Plan d'Urgence de Reconstruction Economique (PURE), was drawn up which included balance of payments support, funds for reconstruction and humanitarian assistance (36 per cent of the total), infrastructure (21 per cent), governance (9 per cent), social sectors (11 per cent), the environment (4 per cent), and support for the productive sectors (8 per cent). More specifically, Canada agreed to provide US\$121.4 million in assistance (see Table 9.3 for breakdown).

CIDA's current priority for Haiti is poverty alleviation. The assistance programme concentrates on three areas: basic human needs, economic growth and democracy/good governance. Therefore, in terms of these development goals, Canada is focusing on (a) reconstruction projects, such as the rebuilding of schools and clinics, and small-scale community projects through the Canada Fund for Local Initiatives; (b) the creation of an Environment Support Fund; (c) technical assistance to the private sector; and (d) training for the police force, court personnel and local judges, as well as institutional support to the Ministry of Justice (CIDA, 1996a, p. 19). In addition, since March 1996, Canada has taken charge of internal security under a UN mandate which was originally due to expire on 30 November 1997.

Table 9.3 Canadian ODA grants for reconstruction in Haiti 1996-98 (US \$ millions)

Sector	Pipeline
Balance of payments support	3.7
Social and health sectors	12.1
Food aid	21.8
Finance	0.7
Justice	22.4
Agriculture	3.7
Environment	8.4
Health	0.4
Education	5.3
Energy	8.15
Water and urban infrastructure	11.05
Private sector development	9.9
Women in development	0.5
Special grants	9.9
Special funds	3.4
Total	121.4

Source: United States Agency for International Development (USAID) (1996), *Haiti: Donor Pipeline and Disbursements* (Washington, DC: United States Agency for International Development), November.

GUYANA

As in the case of Jamaica, Canada has consistently supported Guyana's development efforts since its independence. However, with the launch of Guyana's Economic Recovery Programme in 1988, CIDA's bilateral assistance has increased significantly. Canada led the international 'rescue' effort enabling Guyana to clear its external debt arrears and put structural adjustment measures in place, by chairing the Donor Support Group. Indeed, Guyana was a test case for this new Donor Support Group approach to the debt crisis, which originated with the IMF and World Bank. The idea was that these groups would be chaired by a country considered 'friendly' by the debtor. This country would renegotiate the debtor's Paris Club debts, monitor the debtor's progress in implementing structural reforms, and, finally, arrange bilateral support from Western donors to pay off outstanding arrears, thereby clearing the way for new capital inflows from the World Bank and IMF (Black and McKenna, 1995, p. 65).

Between 1989-90 and 1992-93, Canada was the lead bilateral donor, providing balance of payments support, technical assistance and funding for economic reform projects. For example, the Fertilizer Line of Credit project provided Canadian \$36.3 million in balance of payments support to increase agricultural production. The goal was to increase the availability of fertilizers to agricultural producers to increase the productivity of rice and sugar, the country's major export crops. The funds generated from the sale of fertilizers was used to create the Futures Fund, a counterpart fund managed by the Canadian Hunger Foundation to offset the social costs of adjustment by supporting poverty reduction activities. By March 1996, when the project ended, the Fund had provided assistance for several hundred small-scale community projects geared towards empowering Guyana's most vulnerable groups: the unemployed, single mothers, children, the elderly, and the Amerindian population.

To increase economic competitiveness, the Canadian Executive Service Organisation (CESO) Business Advisory Service focuses on strengthening the operations of small businesses in Guyana. The programme provides volunteer advisers for short-term assignments with Guyanese employers. Phase I of the project ended in 1996. Two hundred and fifty assignments were made, mostly with the private sector. Evaluation impact studies show that most of the clients experienced increases in their productivity. The project has also established the Guyana Volunteer Consultancy Programme, a local business advisory system for micro-enterprises, NGOs and community organisations. Phase II of the project is in progress and will continue until 2001.

Canada is also assisting in the area of governance. The Guyana Economic Management Programme will focus on strengthening the institutional capacity of government institutions by focusing on fiscal planning, budgeting and expenditure management, primarily in the Ministry of Finance.

THE EASTERN CARIBBEAN

CIDA's funding to the Eastern Caribbean is provided on a multi-country basis, through regional programmes such as the Canada Fund for Local Initiatives, Organisation of Eastern Caribbean States (OECS) projects, and Commonwealth Regional programming. Projects focus on human resources development, infrastructure, environmental management and economic management.

More specifically in education, the Eastern Caribbean Economic Reform Project, which was launched in 1995, aims to strengthen the capacity of Eastern Caribbean countries to plan and implement educational reform. An ongoing Training Awards Project, which ended in 1996, focused on increasing the pool of skilled workers in agriculture, forestry, fisheries, small industry and tourism. Overall, 825 long-term scholarships were awarded and more than 10000 people benefitted from short-term training courses.

An Economic Management Programme, which has entered its second phase, focuses on strengthening economic policy analysis and decision-making as well as financial management. To date, the project has developed a new government financial system and tax administration system tailored to the needs of the OECS. The project includes a training component for tax officers and drafting of new tax legislation.

Infrastructure projects have focused on water and sanitation. In Dominica, funding has been provided to improve the delivery of drinking water and sanitation services in ways which are cost-effective, while the Roseau Basin Water Development project in St Lucia provided funding for a dam to meet the needs of households and commercial/industrial users in Castries and the northern part of the island to the year 2025 (CIDA, CIDA and the OECS - March 1997, pp. 3-5).

CARICOM

CIDA administers several regional programmes through CARICOM which also benefit countries, such as Barbados, Belize, Suriname, and Trinidad and Tobago, with small bilateral programmes under the Canada Fund for Local Initiatives. In the area of human resources development, the Canada/CARICOM Scholarship programme provides training for managerial personnel in public administration, tourism, agriculture and industry. Twelve scholarships are awarded each year for study in the Caribbean and Canada. Institutional strengthening is provided both to the University of the West Indies (UWI) through the UWI Institutional Support Project, and to CARICOM through the Caribbean Regional Institutional Strengthening Project (CRISP). Canada is assisting the fisheries industry in the region through a Regional Oceans and Fisheries project, which will provide the region with information on fish stock and how to strengthen institutions that manage fishery resources. Finally, CIDA is working closely with the Pan American Health Organization (PAHO) to help the Caribbean Epidemiology

Centre to start up a project on HIV/AIDS prevention for CARICOM member-states.

CONCLUSION

It is clear that Canada has maintained a very long, consistent involvement in the development of Caribbean countries and has provided aid since the colonial period. In spite of changing foreign policy goals, CIDA has been responsive to the varying needs of recipient countries in the Caribbean, while playing a vital role in cushioning the effects of adjustment in Jamaica in the 1980s and more recently in the ongoing economic reconstruction of Haiti. Canada has maintained a consistent aid programme, regardless of the development strategy pursued by beneficiary countries. For example, the Canadian government continued its support for Jamaica, Grenada and Guyana during periods when these countries declared themselves committed to 'socialist' policies. In spite of US pressure, Prime Minister Pierre Trudeau gave critical support to Grenada during the early 1980s. Speaking at a CARICOM Heads of Government meeting in 1983, Trudeau reiterated Canada's commitment to extending economic assistance to Caribbean countries regardless of their domestic policies (Simmons, 1984, p. 21). As he said:

States have the right to follow whatever ideological path their people decide. When a country chooses a socialist or even a Marxist path, it does not necessarily buy a 'package' which automatically injects it into the Soviet orbit. The internal policies adopted by countries of Latin America and the Caribbean, whatever these policies may be, do not in themselves pose a security threat to this hemisphere. (1984, p. 3)

In addition to transfers of financial resources, Canada has provided aid through a range of mechanisms, in particular through: (a) preferential trade arrangements, starting as early as 1898 and continuing until the present in the form of CARIBCAN, and (b) debt relief through debt cancellation.

Given declining bilateral aid resources and present global trends, it is clear that the Canada-CARICOM relationship in the future will have to adapt to changing circumstances. There are pressures on CIDA to make aid more effective, and the institution has already begun a shift toward initiatives with 'multiplier effects' in sectors outside that of the

original project. The tension between poverty alleviation, the promotion of sustainable development and the pursuit of commercial objectives, which have characterised Canadian aid policy since CIDA's inception, will continue. However, if Canada and the CARICOM countries are to thrive in the current environment of global economic competition, more emphasis will have to be placed on business and investment relations in this partnership. The President of the Caribbean Development Bank (CDB), stated this explicitly at the CDB annual meeting in Toronto, Canada, in May 1997. He suggested that the CDB could be a mechanism for fostering business alliances between Canada and CARICOM. There is also scope for strengthening the Canada-CARICOM trading relationship, and successful projects such as CANEXPORT in Jamaica should be encouraged and duplicated elsewhere in the region.

Note

1. Statement by Sir Neville Nichols, President of the Caribbean Development Bank (CDB), entitled 'Preserving and Strengthening Old Partnerships in a New Dynamic Global Environment', during the Twenty-Seventh Annual Meeting of the Board of Governors of the CDB, Toronto, Canada, 21 May 1997.

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