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## NGO'S AND RURAL DEVELOPMENT IN THE CARIBBEAN REGION

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### INTRODUCTION

As we enter the 21<sup>st</sup> century, world poverty and deteriorating terms of trade have become major concerns for developed and developing countries. The quest for bilateral and multilateral aid/assistance are increasingly becoming the only option open to impoverished third world countries who have devitalized their special drawing rights with the International Monetary Fund (IMF) and the World Bank. Even though developed countries have experienced a tremendous amount of growth in the last decade, developing nations have not flourished with the same success, and the gaps between the rich and poor nations are larger and continue to widen. According to World Bank Report, poverty in developing countries is on the rise; over 730 million with inadequate diets and declining life expectancy, per capita calorie supply, and real wages in the 1990s (World Bank, 1999). For example, 47.7 percent of the population in the Dominican Republic and 24.9 percent in Jamaica is below the \$2

Purchasing Power Parity (PPP)<sup>1</sup> a day (World Development Report, 2000). With the exception of the Bahamas, most countries in the Caribbean have experienced declines in real per capita incomes in the 1980s with a decline in aggregate growth rates from 5.9 percent in the seventies to 1.1 percent in the eighties (Economic and Social Progress in Latin America, 1997).

The General Agreement for Trade and Tariff (GATT) and World Trade Organization (WTO) ideology are based on trade-led growth as a mechanism for economic development. Their philosophy is based on full liberalization which requires member countries to use trade policies that are non-discriminatory. As recently as June 2000, a WTO study proclaimed that trade liberalization helps poor countries to catch up with rich ones and that faster

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<sup>1</sup>The population below \$2 PPP a day are the percentage of the population living at those levels of consumption or income at 1985 prices adjusted for purchasing power parity.

economic growth helps to alleviate poverty. The report further confirms that although trade alone may not be enough to eradicate poverty, it is essential if poor people are to have any hope of a brighter future (WTO Secretariat Study, 2000). WTO trade-led growth has been the central core of IMF Structural Adjustment Program (SAP). As part of the liberalization paradigm, participants are encouraged to devalue their currencies, implement contractionary fiscal and monetary policies, allow market-determined exchange rate, and removal of all excise taxes. Countries in the Caribbean such as Barbados, Guyana, Jamaica, and Trinidad and Tobago adopted the SAP in the eighties despite the conditionalities and austere measures associated with the program. The program marginally promoted growth and development; notwithstanding, it led to social unrest and perpetuated poverty in the region, and these countries are no better off in the 1990s.

It is apparent that GATT/WTO policies and governments cannot achieve meaningful sustainable growth and development without the involvement of both citizens and foreign assistance. The involvement has included external non-governmental organizations (NGOs). The significant role of NGOs as agents of development in the rural agricultural sectors of the economy in developing countries is on the rise. The function of these agents is

to assist donors in developed countries disburse aid to developing countries. The southern (located in the less-developed countries (LDCs)) and northern (located in the developed countries) NGOs perform the same function which is to channel resources to local rural communities for economic development purposes. The intent of this paper is to theoretically analyze the contributions of NGOs in promoting agriculture in the rural sector of the Caribbean. Section 1 analyzes the manifestation of NGOs in the Caribbean given international trade policies such as GATT/WTO. Section 2 of the paper analyzes NGOs and its critical role for developing countries. Section 3 analyzes the assistance provided by NGOs growth and development in the rural sectors of LDCs and especially the Caribbean. And the paper concludes with recommendations on how host governments can foster efficiency and productivity in the rural agricultural sector by cultivating and using these agencies.

#### 1. THE IMPACT OF INTERNATIONAL TRADE POLICIES ON THE CARIBBEAN

The agricultural sector in the Caribbean has not performed satisfactorily in the face of globalization because of international policies on agriculture and the relative small size of the economy. International trade and development

have been perceived as an engine of growth for developing economies, and policies from GATT/WTO have been structured to reflect trade liberalization as a source of growth. The Caribbean and other developing countries have embarked on export-led growth as the growth and development strategy until the late seventies and early eighties. This was a period of global recession with the oil shock of the seventies, high interest rates, reduced international capital flows, lower commodity prices, high unemployment, and high external debt (World Development Report 1993). The CARICOM<sup>2</sup> like all developing countries whose economies were dependent on agriculture were not immune from these external shocks. Between 1980-87, the percentage change in agricultural commodity prices was -2.4 percent (World Bank Annual Report 1990). The agricultural sector as a major export commodity lost its dominance as a principal foreign

exchange earner and the primary source of employment in the Caribbean. The agricultural sector suffered a substantial loss of employment shares in its attempt to diversify its economy. The service sector has expanded at the expense of the agricultural sector in the Caribbean. From 1980 to 1998, the value added of agriculture as a percentage gross domestic product (GDP) declined from 10 percent to 8 percent for Latin America and the Caribbean, and the value of services as a percentage of GDP increased to 58 percent from 50 percent (World Development Report, 2000 p. 253). The Caribbean like other developing economies do not have the potential to influence world price because of the size of their economies.

International policies on trade, particularly in the agricultural sector have also been biased against developing countries. The Lomé Agreement was supposed to provide African Caribbean and Pacific (ACP) countries preferential access to the EU market; however, the relationship between EU-ACP in the eighties and nineties is such that EU integration resulted in trade creation for participating EU members and trade diversion for other developing countries. The south commission noted that the establishment of regional trading blocs raises important issues for the future of the international system and went on to accuse the developed countries of direct and deliberate discrimination

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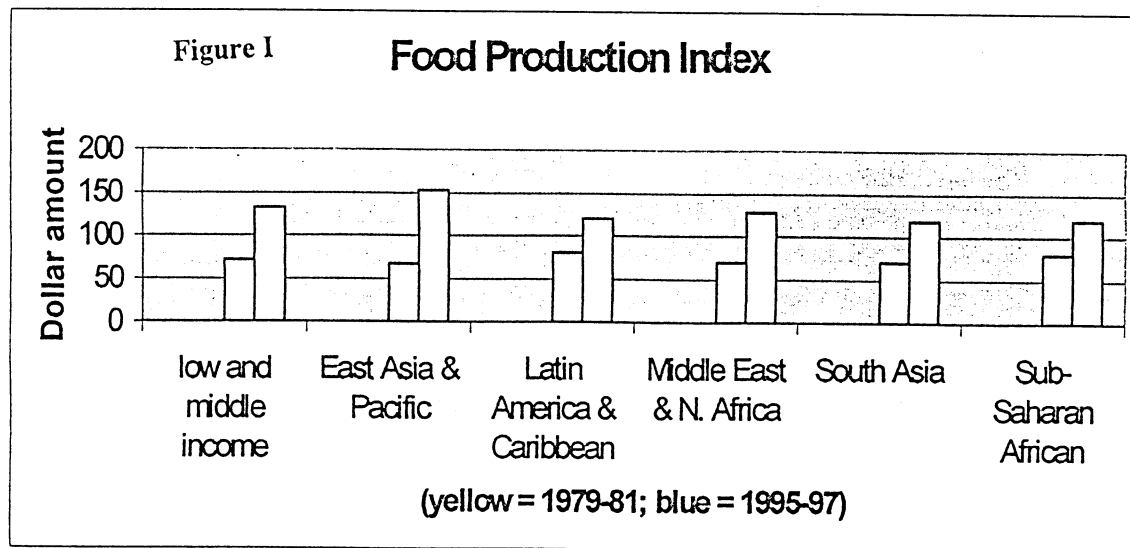
<sup>2</sup>CARICOM - Caribbean Community and Caribbean Common Market: consist of thirteen Caribbean Island countries: Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Vincent and the Grenadines, and Trinidad & Tobago. The CARICOM recently expanded to include some Latin American countries (Columbia, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, and Venezuela) and it is now referred to as Association of Caribbean States (ACS).

against developing countries (South Commission, 1992, p.243-244). Between 1988-1997, the ACP countries total export to EU declined by 4 percent in volume, whereas those of the other developing EU member countries' volume of trade increased by 75 percent. The EU trade preference has left many small Caribbean countries in economic distress especially farmers in the banana sector. The most seriously affected countries include the Windward Islands (Dominica, St. Vincent and the Grenadines, St. Lucia, and Grenada) and Belize. These countries face economic displacement of small farmers and those employed in supporting the infrastructure of the banana industry, which comprise about 50 percent of the labor force (Elu, 1999, p.14). The agricultural industry for developing countries seems bleak because of the EU's graduation policy which is based on the withdrawal of concessional treatment with respect to a developing nation that 'graduates' from lower to higher levels of economic development, and the distorted Common Agricultural Policy (CAP) which reduces the prices of agricultural exports to developing countries. Access to EU markets has been difficult for Caribbean countries given the nature of their products and the unfavorable policies imposed.

WTO new multilateral 2000 trade negotiations policies are based on the so-called 'built-in' agenda on agriculture and service industries which are the

major export products for the Caribbean. The agenda is to continue to build on past efforts to liberalize the agricultural sector and reform the anti-dumping reform. Part of the liberalization paradigm was the prescription of Structural Adjustment Program (SAP) by the World Bank/IMF as a policy tool to developing countries. Countries such as Barbados, Guyana, Jamaica, and Trinidad and Tobago that implemented SAP had less than acceptable results. One of the objectives of liberalization is to ensure domestic food security by using inward looking policies to stimulate domestic production in the agricultural sector. As indicated in Figure I, the food production index for Latin America and the Caribbean as well as other developing countries have achieved this goal.

However, under the Uruguay Round members are committed to promoting 'progressive reductions' in agricultural support and protection which do not benefit the Caribbean countries, especially the banana industry. The agreement focuses on reduced export subsidies, lower tariffs, liberalized tariff-rate quotas, and other non-tariff barriers (Schott, 2000, p.14). In the service sector, developing countries place priority on removing barriers in sectors where they are competitive, such as labor and entertainment services. Developed countries on the other hand favor their own winners such as the audio-visual, air transport, information



Source: World Bank, *World Development Report 1999/2000*

and professional services industries (*ibid.*). Upon close observation, the Uruguay Round on which WTO is based did not integrate agriculture fully into the system. For example, the quantitative restriction and subsidization of exports that apply to trade in manufactures still do not apply to agricultural trade.

International trade policies as illustrated above, continues to marginalize export for the Caribbean countries and as such affect growth and development. Given the declining growth in the agricultural sector, it is pivotal that external assistance is needed

to provide voluntary services to promote growth in both the rural and urban sectors of the economy. Non-Government Organizations (NGOs) have become an influential entity in the journey for growth and development because of their ability to mobilize resources at a minimum cost to the LDCs. Major development institutions, such as the World Bank, IMF and philanthropists are increasingly using NGOs as agents for assistance (in the form of resources distribution) and for disbursement of funds to third world countries. Sometimes United Nations and foreign aid agencies cannot work

directly with these countries (particularly during periods of political instability), so outsiders must come through local groups in the form of NGOs. It is worthwhile to examine NGOs and what they do.

## 2. NON-GOVERNMENT ORGANIZATIONS (NGOs), WHO ARE THEY?

There are many definitions for Non Government Organizations (NGOs). A general definition would include any organization in civil society that is not part of government; however, a more specific definition would be any organization working to promote economic 'development' – one which works with people to help improve their social and economic situation and prospects (Commonwealth Foundation, 1995, p.24). The World Bank (1989) defines NGOs as private organizations that pursue activities to relieve suffering, promote the interest of the poor, protect the environment or undertake community development. Hudock 1999, refers to NGOs as the 'third sector', outside the realm of government, and distinct from business community, characterized by their nonprofit status, in some cases, a value-based orientation or a cadre of volunteers carrying out the organizations' mandates. In a nutshell, NGOs are international private voluntary organizations whose purposes

are to assist in the development process. The four major characteristics under which they operate are: Voluntarism, independent of government, non-profit, and altruism. Some examples of the large scale NGOs are: The Red Cross, Cooperative for Assistance and Relief Everywhere (CARE), OXFAM, Catholic Relief Services (CRS), International Planned Parenthood Federation, Save the Children, rural credit cooperatives, non-profit consulting firms, health committees, Squatters' Association, Peasants' League, Village Water Associations, women's associations, mosque committees, environmental advocacy groups, human rights groups, youth clubs, legal aid societies, service clubs (such as Rotary), and local development associations (Elu, 1999, p.184). Some exist to serve those who cannot help themselves, others offer mutual support, and engage in public education and advocacy or provide charity. Some are concerned only with local issues, and others are oriented to national or international concerns. Some such as Amnesty International and the American Civil Liberties Union perform watchdog functions.

NGOs perform diverse activities and have been widely recognized for assisting in rural communities and small villages in support of education (formal & non-formal), health care, nutrition, family planning, sanitation, job training, and small business formation, housing,

agricultural services, transport and communication services, credit and financial services, and campaigning and advocacy. NGOs have been very effective in supporting the poor particularly those marginalized groups who are often ignored in the large-scale development projects. They stress self help and try to mobilize individuals and communities to enrich their conditions in the society. NGOs promote human rights and lobby for programs to help the lower-income classes. For example, they address issues such as services to rural schools and health clinics, services of agricultural extension agents, access to clean water in rural and urban areas, adequate waste disposal in urban areas, fair prices for farm produce, and continued access to resources, including rainforest and pastureland which is used by indigenous groups.

### 3. NGOs AND ECONOMIC DEVELOPMENT

The declining economic growth and especially development in the Caribbean suggests an investigation into an alternative development strategy. The vital objective of NGOs is promoting development and development is based on the presumption that certain people and societies are more developed than others and those who are developed have the expertise (knowledge) to help less developed achieve modernity. The presence of development remains an

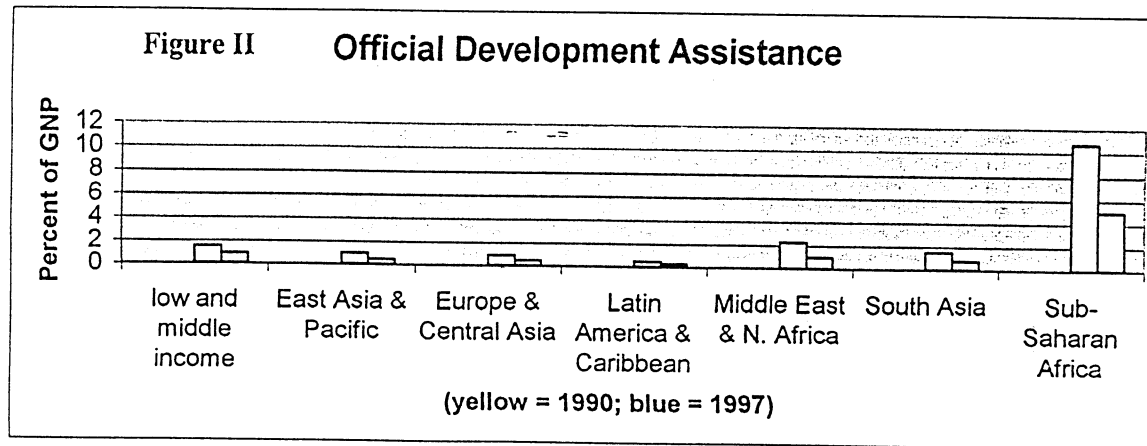
issue of concern in the Caribbean. There is a difference between growth and development. Economic growth implies the constant creation of enhanced capacity to produce wealth (Lewis, 1955); and development on the other hand, emphasizes productivity and distribution, or the creation of optimal capacity to challenge human abilities, as well as to satisfy human needs and desires over time (Uphoff, 1972). In other words, development implied some welfare gain and increased per capita income for the country. The definition of development has recently been challenged by scholars using post-modern critiques of modernity which is consistent with the western dualism ideology. Scholars are taking the development debate in a new direction (Crush, 1994; Dubois, 1991; Edwards, 1989; Escobar, 1992). Recognizing the relationship between the developing, third world impoverished backwardness in need of salvation from the developed (northern) countries remains an issue. This dualism construction, they point out, has reinforced the authority of developed agencies and specialist, whether mainstream or alternative, and provided the rationale for development policies and practices that are designed to incorporate the developing nations into a developed-dominated world. The argument is based on the increasing complex and interrelated world and the need for developed countries to assist the developing countries.

With increased diversity and complexity of activities, substantial levels of financing and growing levels of external support and internal legitimacy, the proliferate of external and internal NGOs has become one of the key new factors on the development scene. A growing number of aid agencies and national governments have turned to NGOs as potential instruments for enacting official development projects, especially those intended to channel public resources to the poor. Because NGOs based in the industrial countries mobilize US\$3 billion a year in development resources from private sources and manage another US\$1.5 billion from official aid agencies (OECD, 1986) their role in development efforts has become critical. The collaboration between governments and multilateral agencies with NGOs has increased over the years. The World Bank-NGO Committee was formed to facilitate this cooperation.<sup>3</sup> A growing share of development spending, emergency relief and aid transfer passes through them. According to Carol Lancaster, a former deputy director of United States Agency for International

Development (USAID), NGOs have become "the most important constituency for activities of development aid agencies" (Economist January 9, 2000). Red Cross report indicates that NGOs now disburse more money than the World Bank. For example, the Integrated Agricultural Development Project (IADP) main objective is to assist small farmers by providing the necessary farm inputs and credit to facilitate the adoption of recommended agricultural innovations, and the program has been successful in some sub-Sahara African countries especially Ghana, Sierra Leone and Kenya. The USAID is performing the same function in the Caribbean, however, more collaboration with government is necessary to ensure success.

The major donors for the Caribbean region are European Union (EU), World Bank, Inter-American Development Bank (IADB), Multilateral Investment Fund (MIF), and the Caribbean Development Bank. Canada and the UK are the major bilateral donors, and other donors include USAID. Despite the above donor agencies, development assistance and economic support funds (aid) to the Caribbean has been minimal. Development assistance in 1999 was estimated to be \$700,000, even though \$1,200,000 was requested. This year, only \$700,000 out of \$7,000,000 requested (U.S. Agency for International Development Report, 2000, p.7) were

<sup>3</sup>In 1993, NGOs collaborated in approximately one-third of World Bank-supported projects. In sub-Saharan Africa and South Asia, the participation rates were greater than 40%. See: "Working with NGOs," The World Bank: A Partnership for Development, Washington, DC: World Bank 1994.



Source: World Bank, *World Development Report 1999/2000*

funded. It is estimated that between 1990 and 1994, the proportion of the EU's relief aid channelled through NGOs rose from 47 per cent to 67 per cent (*ibid.*). However, official development as a percentage of GNP for Latin America and the Caribbean as illustrated in Figure II between 1990 and 1997 was less than desirable as compared to other less developed regions.

The loss in revenue resulting from the banana industry (Dominican Republic, St. Vincent and the Grenadines, St. Lucia, Grenada, and Belize) due to European Union trade preference, and the need to restructure and diversify the economy (Jamaica, Guyana, Haiti) of the Caribbean region means that assistance from developed nations is imperative. The USAID has small programs in Haiti, the Dominican Republic, Jamaica, and Guyana which

are meant to help support economic diversification, and they also have programs to support the displaced workers in the banana industry. The challenge of the next century for the Caribbean region is how to adjust to globalization and liberalization, and the USAID plan is to build on the Barbados Caribbean/United States Summit Plan of Action to achieve this goal. The USAID's Caribbean Region Program in collaboration with NGOs and the private sector are actively preparing for the whole globalization/liberalization paradigm. Aid and assistance are important to small states such as St. Lucia, St. Vincent and the Grenadines, Grenada, Dominica, and Belize who were affected by the reduction of banana preferences. The EU is also working collaboratively with Christian Aid, and the Dominican Small Project Advisory Team (SPAT) to

channel resources to small banana farmers whose crops had been damaged by tropical storms and possibly empower them to diversify and restructure their economies.

These programs are complemented by current bilateral assistance programs in Jamaica, Haiti, the Dominican Republic, and Guyana and limited to where value is added (USAID Report, 2000). The USAID strategy for the island is to increase funding, of which \$2 million will support justice, \$2.5 million will support economic growth and diversification, \$1.2 million in development assistance, and \$2.5 million will be designated to environmental sustainability (*Ibid.*) The mission is to increase economic growth and diversification especially in the rural agricultural sector, improve environmental management, and increase effectiveness and efficiency in the judicial/legal systems. If globalization/liberalization is to be successful in the Caribbean, government collaboration with USAID will be necessary. For example, in a country such as Trinidad and Tobago, there is a lack of support for the implementation of sustainability and a national plan to embrace NGOs. Services such as public awareness programs and economic and fiscal incentives offered by NGOs are not utilized. The lack of transparency, insufficient information, lack of documentation, and quantifiable evaluation of success continues to be reasons

for the lukewarm attitudes toward NGOs.

NGOs have managed to maintain autonomy from government over their operation using sustainable financing strategies and as such have been criticized for lack of transparency. This autonomy has strengthened their link with grassroots groups, and as a result their ability to contribute to civil society development. These strategies are: (1) soliciting philanthropic contributions from external sources; (2) engaging with the corporate sector: for example, in Venezuela, community groups have received funding from state owned oil company Petroleos de Venezuela (PDVSA) and have an agreement with Inter-American Foundation to co-fund grassroots initiatives in employment and income generation, agricultural production, alternative education and occupational training for youth, community organization, and democratic participation; (3) hosting special events such as using sports events to raise funds, e.g., Instituto Dominicano de Desarrollo Integration (IDDI). Between 1992 and 1995 IDDI raised US\$115,110 by organizing special events and encouraging famous professional baseball stars to contribute their names and money to campaigns, and courting Dominicans who would pay for the privilege to golf with the stars; (4) using returnable loans: NGOs established returnable donations which are used to finance new projects, which

in turn attract new projects. By adopting and supporting innovative financing methods northern NGOs and donors can increase the southern NGOs capacity manifold, and facilitate their contributions to civil society. Example, USAID and other donors have incorporated endowments into its work in Latin America in the form of farm credits to farmers (Hudock, p.98, 1999).

NGOs are known to promote social welfare which is necessary for a civic society. For example, the UNFPA has collaboratively worked with southern NGOs and advocates for population and reproductive health issues, raises awareness, galvanizes broad based political commitment and mobilizes resources, and provides technical assistance in countries such as Venezuela, Dominican Republic, Barbados, Paraguay, Nicaragua.

#### 4. CONCLUSION

The declining role of the agricultural sector is questionable and leaves one to wonder if current international trade policies by WTO have the potential to promote long term sustainable growth for the Caribbean if outward-looking policies are implemented. The depressed performance of the agricultural sector and unfavorable policies have led to a drastic decline in rural income and outward migration, leaving the urban sector to provide employment for the growing economies of these countries.

The increased migration into the urban area has not only resulted in high unemployment, but also increased poverty in the sector. According to World Bank Report (1996), the unemployment rate in the Caribbean is about 15 per cent, with 30 per cent unemployment rate among youths between the ages of 15-25. The increase in urban unemployment was attributed to the distortions in the labor market since most of the countries are concentrating on the service industry as a way to cultivate growth. The discrimination policy in the form of low price and declining demand for agricultural products (especially banana) following the graduation policy by EU and the built-in policy by WTO have caused production in the agricultural sector to further deteriorate, exposing the economy to internal and external shocks. For sustainable growth and development to occur, the interdependency and link between the rural (agricultural) and urban sector is necessary. Globalization policies in the form of WTO agenda should focus on reducing trade barriers on agriculture, and services. Providing technical support to farmers should be a priority on the agenda.

The WTO can utilize some of the activities of the NGOs to ensure efficiency and promoted national development agenda. NGOs have the potential to promote growth if adequately monitored by the

government, and it is in the best interest of host governments to collaborate and learn to utilize the services of NGOs. A country such as South Africa has refused to accept aid from NGOs if such aid is not approved by the government. For example, organizations like UNFPA have successfully collaborated with South Africa Development Community to promote growth in rural South Africa (King, 1997). In other words, UNFPA has enhanced effective use of resources needed in poor and hard to reach rural communities and strengthened the national development agenda in South Africa. The Caribbean can also use NGOs to collaborate with host countries where they operate and achieve the same results.

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