ENHANCING COOPERATION IN THE WIDER CARIBBEAN
STATEMENT BY
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CARIBBEAN DEVELOPMENT BANK
TO THE BOARD OF GOVERNORS
AT THE TWENTY-FIRST ANNUAL MEETING
HELD AT THE HOLIDAY INN HOTEL
MERIDA, YUCATAN, MEXICO
MAY 8 AND 9, 1991

TABLE OF CONTENTS

1. OPENING REMARKS
2. ANNUAL REPORT AND CDB'S PERFORMANCE DURING 1990
3. ENHANCING COOPERATION IN THE WIDER CARIBBEAN
   Definition
   Globalisation
   Contacts
   Similarity of Approaches to Development Problems
   Financing Development
   Institutional Collaboration
   Other Forms of Cooperation

4. CONCLUSION

1. OPENING REMARKS

Distinguished Minister of Finance and Public Credit of the United Mexican States and Chairman of the Board of Governors of the Caribbean Development Bank (CDB), Distinguished Governor of Yucatan, Distinguished Governors, Members of the Board of Directors, Observers, Guests, Ladies and Gentlemen.

It is indeed a great privilege for me to have the opportunity to address you today.

The Distinguished Governor of the State of Yucatan, which includes this attractive and historic City, has extended to us a very cordial and sincere welcome
to Yucatan and to Merida.

We are grateful to you, Madam. We are delighted to be here in this fair City. And we are honoured that you have graced the opening of our Meeting with your presence and do accept your warm welcome.

Indeed, we do feel at home in Merida. There are many characteristics of this City which are very similar to those in the countries of the Caribbean from which so many of us have come. We know that the hemisphere looks forward to celebrating the 500th Anniversary of its founding. We take this opportunity to offer our early congratulations.

It is also my pleasure to say that since Mexico became a member of the Caribbean Development Bank nine years ago, its intellectual input to policy formulation within CDB has been significant; and it has certainly done its part to help ensure continuation of the process of CDB's steady growth as an instrument of meaningful development.

2. **ANNUAL REPORT AND CDB'S PERFORMANCE DURING 1990**

1990 was an intensely active year for CDB and I now wish to mention some highlights of activities which are included in the full Annual Report that will be before the Board of Governors later in this Meeting.

During 1990, the first year of what CDB expects to be a very challenging decade, CDB undertook an indepth analysis of itself, its prospects and its role in assisting the development of its Borrowing Member Countries (BMCs). Accordingly, a Symposium on "CDB to the Year 2000" was held at the Board of Governors' Meeting in The Bahamas last year. A full report of the proceedings has been prepared and circulated.

During the year too, the conclusions and recommendations of a Management and Productivity Study were received; and steps are being taken to ensure that the major proportion of CDB's activities during the 1990s will be even better focussed on achieving its prime objective, that of financing development of its BMCs.

CDB's Management has since developed a Draft Directional Plan which has drawn substantially on the many ideas and perspectives enunciated at the Symposium and in the Management and Productivity Study. The document is currently before the Directors; and Governors have had the opportunity to discuss it informally at this Meeting.
For several years, CDB's performance was somewhat constrained by rising arrears essentially by two of its BMCs. However, while arrears by one BMC persist, the arrears of a major borrowing member was cleared in 1990. The clearing of those arrears has contributed significantly to CDB's financial performance for the year under review. In this regard, it should be noted that settlement of the arrears was facilitated in no small measure by the strong international support, under the Chairmanship of Canada, given to Guyana. The cooperative support arrangement was the first of its kind; and the role played by CDB's non-regional members in support of Guyana must be recognised and applauded. Also very noteworthy is the role played by some of CDB's regional members, particularly Trinidad and Tobago, in facilitating Guyana's adoption of the Economic Recovery Programme.

CDB recognises the very significant role which the private sector has to play in the development of the economies of its BMCs. Investment in private productive activity is critical. During the past year, therefore, CDB took the opportunity to review and assess its past lending to the private sector with the expressed purpose of facilitating greater access by that sector to the resources of CDB.

The Board of Governors in 1990 approved an increase in the authorised and subscribed share capital of CDB by about 50% with subscriptions commencing in January 1991, and with 20% of the increase being in the form of paid-up capital. CDB's capacity to make further loan commitments has been significantly enhanced by that decision.

Efforts to mobilise further concessionary resources were continued. Contributors and potential contributors to the Third Cycle of the Special Development Fund (SDF), which is expected to span the years 1992-1995, continued negotiations to determine a desirable and acceptable level of replenishment to enable the Fund to continue to finance high priority projects and programmes that will directly and indirectly assist the process of poverty alleviation in the BMCs and ultimately contribute to their development. It is hoped that the pledges will be committed in time for the start of the SDF 3 programme in January 1992.

During 1990, CDB contracted a loan equivalent to US$20 million (mn) from the World Bank for use in its ordinary operations, and a Development Credit from the International Development Association of SDR9.1 mn (equivalent to US$12 mn) for use in CDB's special funds operations.

New grant resources were also obtained from the Governments of Canada and the United States of America (USA), to both of whom our sincere appreciation must again be expressed. Canada's grant contribution of CDN$100,000 has been used to meet the cost of training in the assessment of the environmental impact of projects financed by CDB. That training is being implemented in tandem with a similar programme, financed by the Republic of France, under which an expert in environmental impact assessment has been attached to CDB to train project personnel. The grant contributions by that country to the Basic Needs Trust Fund
(BNTF) Programme, the high developmental effectiveness and popularity of which the Management, Directors and Governors of CDB have repeatedly praised over the years.

CDB itself has provided an amount from the SDF equivalent to the USA contribution, resulting in an overall total of US$4 mn made available for an extension of BNTF activities to the end of 1991. This brings total commitments by CDB and USAID since the inception of the Basic Needs Programme in 1979, to US$40 mn, which has financed 329 sub-projects. It is CDB's hope that donors will find it possible to continue this laudable programme that has assisted in alleviating poverty by improving the social and economic infrastructure particularly for the poor in rural and depressed urban communities of the smaller countries of the Region.

As indicated in the Annual Report, the overall economic performance of CDB's BMCs was a relatively weak one, but there are encouraging signs. The countries in general have been implementing necessary structural adjustment measures and are commendably directing their attention to enhancing national economic management. CDB continued to devote much of its activities towards assisting in that endeavour.

Gross loan approvals in 1990, for 17 loans and one additional loan, totalled US$115 mn, compared with US$76 mn in 1989. Among the loans approved was one of US$42 mn from the SDF to Guyana as part of the financing for that country's three-year Economic Recovery Programme.

Net loan approvals of US$100 mn surpassed the previous highest level of US$73 mn in 1989. This brought cumulative net loan approvals for the two decades of CDB's operations to a total of approximately US$825 mn. In addition, cumulative grant financing at the end of 1990 amounted to US$84 mn, bringing CDB's total net financing to over $900 mn.

Compared with US$59 mn in 1989, total disbursements in 1990 reached a level of US$88 mn. All of the grant disbursements of US$7 mn during 1990 went to the LDCs.

Total cumulative disbursements, including $72 mn in grants, reached US$633 mn and the ratio of cumulative disbursements to cumulative approvals improved from 73% at the end of 1989 to 77% at year end 1990.

The LDCs continued to get the larger share of funds disbursed to date, receiving 56% of all disbursements and 69% of all concessionary funds disbursed out of CDB's Special Funds Resources.

Even as CDB's portfolio expanded and as it increased the quality and effectiveness of services rendered to its BMCs, CDB has been able to contain
administrative expenses to an absolute level, in current prices, that has varied only slightly since 1983.

CDB’s net income from its ordinary operations for 1990 was US$25.9 mn, compared with US$6.9 mn in 1989. The results for 1990 include extraordinary earnings of US$18.2 mn arising from the clearing of Guyana's arrears. Without those extraordinary earnings, net income would have increased by 11.4% to US$7.7 mn.

Overall, Mr. Chairman, when all factors are considered, 1990 can be assessed as having been a productive and challenging year for our Bank. On behalf of the Board of Directors, Management and Staff, I renew our commitment to maintain and enhance CDB as an effective instrument for promoting the Region's development, particularly during this daunting final decade of the twentieth century.

3. ENHANCING COOPERATION IN THE WIDER CARIBBEAN

Today, as President of the Caribbean Development Bank, whose present membership, as you know, includes 17 English-speaking Caribbean countries, Colombia, Mexico, Venezuela, Canada, France, Germany, Italy and the United Kingdom, I would like to share with you some thoughts on a topic which I have titled "Enhancing Cooperation in the Wider Caribbean".

Definition

My definition of the wider Caribbean includes all island nations and territories which lie in either the Western Atlantic Ocean or the Caribbean Sea; those mainland countries with even a part of their shores washed by that Sea; and such Atlantic Coastal countries as Guyana and Suriname. This definition of the Caribbean is largely based on geography. I do not imply that there is even the slightest degree of homogeneity in the political, ethnic, linguistic or economic characteristics of the many nations which comprise the wider Caribbean.

In fact, there is a notable diversity among these countries - in language, in art, in music, to mention a few examples. There are approximately 130 million people in the Caribbean to which I refer. About 90% of them speak mainly Spanish; about 5% mainly English; over 4% mainly French; and less than 1% mainly Dutch. All of them have their local dialects and intonations. There is a uniqueness and spark of individuality that distinguishes one nation from another and upon which national pride and achievement are inevitably founded.
There is a certain richness embodied in the diversity which pervades the Region. The current traditions, culture and identities of the individual countries and territories have been shaped by a vast array of events spanning centuries of history. Some aspects of the heritage of the Region were woven from a common thread. Others were slowly molded by indigenous forces fashioning individual gems that now gleam resplendently at separate nation states with continental cities such as Merida in the north and Paramaribo in the south, and island cities such as Nassau in the north and San Fernando, Trinidad and Tobago, in the south. The difference in language, for example, is the result of the varied contacts that various parts of the Region have had with different European States in past centuries.

While we must let that diversity thrive, we need also to build on the common aspects of our heritage. We must examine ways and means of making the wider Caribbean stronger so that it can take advantage of the opportunities associated with the trend of globalisation of the world economy.

Globalisation

Permit me, therefore, to mention, Mr. Chairman, the great strides being made in other Regions of the World to pursue cooperation. The European Community is an instructive example. The Canada/United States Trade Pact will surely create a larger economic space than that represented by the sum of the two participating economies. Indeed, I note the very enlightening and profound initiatives being contemplated in the area of freer trade between our host country, Mexico, and the United States of America. The recent discussions of a prospective arrangement between Mexico/Canada/United States towards the creation of a North American free trade area which will strengthen the competitive capabilities of the participants is another example of the trend to which I refer.

The trend towards globalisation of the world economy is a real and growing phenomenon - hopefully to the ultimate benefit of all mankind. Many nations are recognising the actual and potential gains from higher degrees of regional and international cooperation.

Contacts

The 40 or so nation states and territories that constitute the wider Caribbean that I have defined are not strangers to one another. We are not neighbours on account of geography only. Earlier in this century, a large number of people from some of the island territories migrated to some of the other countries of the wider
Caribbean and assisted in the construction of some major infrastructure projects. Recently, many small traders from some of the Caribbean islands have been developing a vibrant trade with several of the mainland countries of the wider Caribbean. But this is nothing new. The indigenous peoples of this Region travelled extensively across many of the lands that are now separate political entities. The Siboney Indians were among the first people to inhabit the Greater Antilles, including Jamaica. Some 500 years later, they gave way to the Arawaks who had moved northwards from the South American mainland. The migratory exploits of the Aztec peoples led them also to reach across the Caribbean Sea. Indeed, there is probably no better place than here in Merida in which to recognise and pay tribute to the vast and pervasive influence which the ancient Mayan civilization has had on many of the countries in this Region.

Over the years, we have established some very useful contacts. We also have in place several institutions and mechanisms that can be built upon. In many ways we have stretched our hands across the Caribbean Sea and touched each other. These contacts are somewhat like bridges. We can collaborate and make them stronger.

Such collaboration does not necessarily have to be at the Constitutional level - for there is ample scope for enhanced collaboration at less formal but functional levels.

**Similarity of Approaches to Development Problems**

Several of the sub-regional groupings have adopted more or less similar approaches to the problem of economic under-development.

For example, in the wake of a consistently low proportion of world trade accruing to Latin America and the Caribbean, sometimes with fairly persistent worsening terms of trade, and in an effort to attain sustainable levels of economic development, three basic approaches to sub-regional economic integration have been adopted over the past 40 years or so. The first could be referred to as the "free trade approach" as evidenced by arrangements such as the Latin American Free Trade Association (LAFTA) and the Caribbean Free Trade Association (CARIFTA) established in 1960 and 1968, respectively. The dominant features were the building of larger markets through intra-regional free trade and import substitution.

The second or the "common market approach" was reflected in institutions such as the Central American Common Market set up in 1960 and the Caribbean Community and Common Market commencing in 1973. That approach expanded on the free trade arrangement by incorporating common external tariffs and protective policies and provided mechanisms to facilitate some integration of
production, some coordination of domestic and external policies, and, as in the case of CARICOM, functional cooperation in areas such as education, health, meteorology and the like.

The third is illustrated by the arrangement which superseded LAFTA and became known as the Latin American Integration Association (ALADI). This approach focused on enabling bilateral rather than multilateral cooperation between participating countries in matters of trade and production. It is no doubt based on the view that bilateral negotiations could more readily facilitate trade arrangements between states with common interests and enhance intra-regional trade flows.

Under the CARICOM framework, the English-speaking Caribbean has been making tremendous efforts to deepen the degrees of cooperation and integration among themselves. It is my understanding that those countries see this as only a first step in the direction of greater cooperation with others in the wider Caribbean. At the same time, I know that the Caribbean sub-region recognises the need for a cohesive approach if the benefits from integration on a wider basis are to be maximised. In that context, it is imperative that the sub-region move forward with urgency to implement, in full, the provisions of the Treaty of Chaguaramas and become a single market so that, as a fully integrated sub-region, it can join the other countries of the wider Caribbean to take full advantage of the various initiatives which have recently been launched with a view to promoting sustainable growth and development in our hemisphere.

It is of some significance that several observer delegations from non-CARICOM Caribbean and Latin American countries attended the Caribbean Regional Economic Conference in Port-of-Spain, Trinidad and Tobago, from February 27 to March 1, 1991. That Conference was somewhat unique in that it brought together for the first time all the social partners in the CARICOM region - the public sector, private sector organisations, the labour movement, the Universities, regional financial institutions, and non-governmental organisations (NGOs) - to "begin a dialogue toward consensus on the policies, strategies and measures which the (CARICOM) region should adopt to move to a higher and sustainable growth path and to improve the quality of life of all the people of the Region".

I would like to take this opportunity to draw attention to the four main pillars of the development strategy which emerged from that CARICOM Conference and particularly to the one that lends weight to the theme of regional cooperation which I am today advocating.

The consensus of the CARICOM Conference states very clearly that CARICOM perceives that sustainable development, in which human, social, economic and environmental considerations are integrated, can be achieved by:

a. giving highest priority to Human Resource Development;
b. preserving and enhancing the region's democratic traditions and processes - especially with the consultative involvement of all the social partners in policy formulation and implementation;
c. pursuing outward-looking development strategies along with measures to enhance the autonomous sources of growth; and
d. enlarging and deepening regional cooperative arrangements with "strong outreach to the wider Caribbean, to Latin America, and to the hemisphere as a whole".

Cooperation can be a powerful medium for resolving problems which are not too dissimilar.

**Financing Development**

There have been some important first steps taken together in the area of financing development.

For instance, we may look at the area of cooperation in financing development. The fact that Colombia, Venezuela and Mexico are members of the Caribbean Development Bank is significant. Along with those from the other member countries, the Directors from these countries play a vital role in the formulation of our policies as we go about the business of contributing to the development of CDB's borrowing members.

Similarly, opportunities arise for procurement of goods and services from the pooled resources available to the institution. Indeed, CDB's financing of the extensive upgrading of the runway of the Philip S.W. Goldson International Airport in Belize is an excellent example of how non-borrowing members of CDB channel resources for high priority projects in the BMCs, create procurement opportunities for nationals within the donor country, and thereby foster closer contact and interaction among peoples as the projects are being implemented. That project was funded from concessionary resources from Mexico; and much of the work - which I am advised was of excellent quality - was done by Mexican contractors.

I can point also the relationships which have been fostered between the countries of the Region through membership in the Inter-American Development Bank (IDB) of which the five larger English-speaking Caribbean countries are members. Admittedly, the countries of the Organisation of Eastern Caribbean States (OECS), Belize and the other smaller territories are not members of that institution and, for access to its resources, rely on the arrangements, embodied in the 1977 Amendment to IDB's Charter, which provide that IDB's resources can be
channelled to them through CDB.

Although constitutional hitches prevented Puerto Rico from becoming a founder member of CDB in 1970, and although subsequent initiatives by Puerto Rico with regard to membership in CDB have not so far led to Puerto Rico's membership in CDB, cooperation between Puerto Rico and CDB's BMCs has increased tremendously since 1970 particularly in trade, finance and transportation.

Indeed, it is worth recalling that since Governor Hernandez Colon of Puerto Rico pledged his support in January 1985 to the Caribbean Basin Initiative, by proposing the use of Puerto Rico's financial, technical and human resources for the benefit of its neighbours in the Caribbean region, Puerto Rico, through its Caribbean Development Program, has played an active role in helping to promote the Region's economic development.

Several eligible projects in some of CDB's BMCs have benefitted from that programme which aims at promoting joint investment, production-sharing and industrial cooperation between the Commonwealth of Puerto Rico and Caribbean Basin Countries eligible for access to what has been called "Section 936 Funds".

Institutional Collaboration

In the matter of institutional collaboration in the area of trade and international affairs, there are many examples which I could cite.

It should be noted that many of the States to which I refer are members of the Caribbean Development and Cooperation Committee, a sub-committee of the Economic Commission for Latin America and the Caribbean (ECLAC); and that many of these countries come together as part of the Latin American Economic System (SELA) to jointly consider ways towards economic development through collaboration on economic and industrial fronts.

I can also mention the Mexico/CARICOM Cooperation Agreement which has been a most useful source of contact for cooperation between Mexico and a subset of Caribbean States; or the fact that the Dominican Republic; Haiti, Mexico, Puerto Rico and Venezuela have been accorded observer status in several CARICOM institutions. The collaboration between CARICOM, Suriname, Haiti and the Dominican Republic in the context of the African, Caribbean and Pacific grouping under the Lomé Convention is also significant. So too are events such as the historic meeting and discussions between CARICOM Governments and Venezuela in 1990 and earlier this year.

Many people in the Region have recognised the provisions and spirit of the San Jose Accord which demonstrates a commendable measure of fraternal concern
and cooperation in the face of critical developments in the all-important field of energy,

In that regard, I believe that it is widely recognised, particularly in the context of the Latin American Energy Organisation (OLADE), that the field of energy, specifically hydrocarbons, offers this region excellent opportunities for cooperation. For those countries with oil and natural gas resources, the scope for cooperation is vast - in exploration, in production, in the use and transfer of technology, in investment and in transportation. Increased commercial flows of oil and gas between the countries of this Region are likely to bring significant benefits both to those in the Region who export the commodities and those who must import them.

The proneness of the Region to the disasters created by nature such as hurricanes and earthquakes, its common marine environment, and its quite similar ecosystems, are all factors which indicate the need for regional cooperation in the areas of disaster preparedness and conservation of the environment.

In that regard, I am aware that some very useful contacts have been made between the countries of the Region under the aegis of the United Nations (UN) in the context of the Regional Coordinating Unit of the Caribbean Environment Programme; and that the Seventh Ministerial Meeting on the Environment in Latin America and the Caribbean, held in Port of Spain, Trinidad and Tobago, in 1990, has approved an agenda and draft action plan for Regional Cooperation in Environmental Matters. Further collaboration of the wider Caribbean in the preparation of a common position for input into the UN Conference on Environment and Development, scheduled for June 1992, appears likely.

And finally, as an example of the initiatives towards collaboration, I draw attention to the invitation by the Rio Group to Central American and CARICOM Leaders, who as far as I know have accepted, to join in a renewed commitment to integration and cooperation for development that will lead to a true community of all our nations. The key objective is to be pursued by a joint Latin American/Caribbean project founded on concerted action and integration for peace, security, democracy and social well-being.

**Others Forms of Cooperation**

Some of the contacts made has been on a bilateral basis.

Only recently, in October 1990 to be exact, Mr. Chairman, I attended the Second Seminar on the Caribbean, held in this very city of Merida, under the aegis of your Governments Ministry of Foreign Affairs. I could not but notice the open arms stretched out to the Caribbean by Ambassador Hector Manuel Ezeta in his
presentation on Developments in Mexico’s Foreign Policy Towards the Caribbean, and the ease with which he was able to identify potential areas for Mexican assistance to, and cooperation with, the Caribbean including the teaching of Spanish, the provision of scholarships, the use of the Mexican contribution to CDB’s Special Development Fund for activities in the field of education, developing cultural ties through increased cultural activities and exchanges, increasing trade, strengthening commercial ties and more.

It is hoped that in a short while, the Caribbean Development Bank will conclude a Joint Memorandum of Understanding with the Andean Development Corporation (ADC), the Central American Bank for Economic Integration (CABEI) and the Financial Fund for the Development of the River Plate Basin (FONPLATA). The four regional institutions will undertake to exchange information and documentation on policies and on research; to invite each other to their respective meetings on topics of common interest and to their mutual benefit; and to identify areas for joint consideration and research. This is another instance of a small but important way in which collaboration can be further pursued to the benefit of the wider Region.

Perhaps in a way I am simply adding my voice to previous calls which have been made for the wider Caribbean to avidly explore all available avenues for greater cooperation in the Region. I recall that at CDB’s Annual Meeting in St. Kitts and Nevis in 1988, the distinguished Governor for Mexico suggested that Latin American and Caribbean institutions get together to elaborate a working programme and define concrete activities to their mutual benefit. Among other things, he reminded us that we must buy from each other if we are to be able to sell in each others markets.

Against this background of contacts and initiatives for greater cooperation among the countries of the wider Caribbean, the critical questions may be:

   e. whether we are paying sufficient attention to the scope which these opportunities offer; and
   f. whether we are pursuing them with sufficient vigour and urgency as will enable all of us to gain the maximum possible benefit.

4. CONCLUSION

Cooperation among the countries of this Region can contribute immensely to meeting the challenges that we face individually and collectively. And while I would not attempt here to elaborate an exhaustive work programme or a comprehensive set of concrete activities through which to deepen and widen that
cooperation, I would suggest that there is a scope for further fruitful collaboration at least in the following areas:

a. The Acquisition, Use and Development of Technology;
b. Disaster Preparedness;
c. Trade and Industry, including Tourism and Transportation;
d. Energy;
e. Environmental Issues, including Marine Resource Development; and
f. Participation on International Bodies.

What I am suggesting therefore is that:

- Together, our capacity for advancement through negotiation in the various international bodies can be immeasurably strengthened; and we can contribute significantly to the pursuit and consolidation of democratic government and respect of human rights, and thereby contribute to the maintenance of peace and security in the Region and indeed in the world.
- Together, we can meaningfully enhance the capacity of our respective societies to generate and sustain development.
- Together, we can deepen the process of economic integration in the Region to the benefit of all, and forge a highly competitive place for each and all of us in the field of business and trade.
- Together, we can enhance our respective productive capacities by promoting and pursuing policies that ensure not only that the best possible use is made of available technology, but that the Region's contribution to its own development of science and technology will increase rapidly.

I do not necessarily ask for the creation of new institutions! I do not even suggest the immediate creation of new mechanisms - although I readily admit that if they are seen as necessary, then nothing should prevent them from being established. What I do suggest is that we build on the contacts which we have already made; that we leave no stone unturned, in our day-to-day dealings with each other, to try to make maximum use of our proximity to, and acquaintance with, each other to the benefit of all of us; that we consciously and positively seek to build larger and better bridges between us. I urge that we intensify our contacts; that we improve the process of consultation between us; that we collaborate to confront the common challenge that faces us - development; that we consciously continue to cooperate with each other whether in commerce or culture. In brief, I urge an intensification of the comity between the states that comprise the wider Caribbean. We are now at a juncture which demands that we seize every opportunity to cooperate. I propose that we could usefully mount a campaign for more positive action towards enhancing Caribbean cooperation. And perhaps we
could call that campaign - in typical terminology of the military strategists, but in the spirit of all of us who desire that the Caribbean be always a zone of peace - Operation Cooperation.

The CDB, I can assure you, will be constantly looking for opportunities to intensify its contacts, deepen the process of collaboration and widen the span of its cooperative efforts to the fullest extent possible.

Cooperation among the countries of the wider Caribbean deserves a firm and prominent place on the agenda for future relations among all the countries of this Region. In the long run, the dividends will be high.