

SUMMARY

Annual Action Programme 2016 (Part II) in favour of the Caribbean Region to be financed from the 11th European Development Fund

1. Identification

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| EDF allocation | 11 th EDF – EUR 30 200 000 |
| Total cost | EUR 30 200 000 |
| Legal basis | Commission Decision C(2016) |

2. Country/Thematic background

The Caribbean region comprises countries that present a high degree of heterogeneity, in terms of size, development status, history and culture, but they are facing some fundamental common challenges which can only be addressed by joint responses. Most of the countries are classified as middle to upper middle income countries by the World Bank. Only Haiti pertains to the group of the Least Developed Countries (LDCs).

At the same time, all countries are classified as Small Island Developing States (SIDS). As such, they are confronted with an inherent vulnerability to exogenous shocks including natural disasters and man-made crises beyond their control.

EU relations with Caribbean ACP countries are based on the legal framework of the Partnership Agreement with the African, Caribbean and Pacific States (the Cotonou Agreement)¹.

On October 15, 2008 an Economic Partnership Agreement (EPA) was signed between EU and Caribbean countries. The EPA represents a pioneering agreement in the international trading system, progressively opening all trade between the EU and the region.

In November 2012, the EU Council endorsed the Joint Caribbean-EU Partnership Strategy, with the aim of intensifying cooperation in a number of core areas of mutual interest, namely: regional integration, reconstruction of Haiti, climate change and natural disasters, crime and security and joint action in multilateral fora.

The 11th EDF Caribbean Regional Indicative Programme (CRIP), adopted in June 2015, is the main strategic programming document in support of the implementation of the Caribbean-EU Partnership Strategy. The total indicative allocation of the CRIP for the period 2014-2020 is EUR 346 000 000 and covers three priority sectors namely regional integration; climate change, disaster management, environment and sustainable energy; and Crime and Security.

¹ The latest Cotonou Agreement was revised in 2010. http://www.eeas.europa.eu/acp/cotonou_en.htm.

3. Summary of the action programme

1) Background: This Annual Action Programme (AAP) 2016-Part II includes two projects and is the second action in the implementation of the Regional Indicative Programme 2014-20 for the Caribbean Region (CRIP). It addresses one of the three focal sectors of the CRIP, namely regional economic cooperation and integration.

Specifically the AAP aims at:

a) Strengthening Caribbean regional cooperation and integration processes such as the Organisation of Eastern Caribbean States (OECS), CARICOM, Intra-CARIFORUM and cooperation between CARIFORUM and neighbouring regions. Further, supporting reinforced CARIFORUM-EU cooperation, including management of the EDF funds and the implementation of the Economic Partnership Agreement (EPA).

b) Supporting inclusive and sustainable private sector development, investment facilitation and external trade capacity

2) Coherence with the programming documents: The proposed actions are fully aligned with the 11th EDF Caribbean Regional Indicative Programme 2014-2020 as well as with the Agenda for Change and Regulation (EU, Euratom) No 966/2012.

3) Expected results of this AAP are:

i) The strengthening of CARIFORUM capacity to effectively promote regional cooperation, to conduct political and policy dialogue with the EU, manage EDF funding and implement EPA provisions.

ii) The enhancement of private sector productive capacity and competitiveness, the improvement of business and investment climate and the upgrading of relevant economic and trade-enabling infrastructure supporting inclusive private sector development.

4) Identified Actions:

i) Under project entitled "*Institutional Support to CARIFORUM/EU Cooperation*", identified, the following five areas of cooperation will be pursued 1) Strengthening Intra-CARIFORUM Cooperation 2) Increasing Inter-CARIFORUM cooperation 3) Reinforcing EU-CARIFORUM cooperation 4) Ensure monitoring and coordination over the 11th EDF Caribbean Regional Indicative Programme; 5) Supporting CARIFORUM capacity to implement and monitor the EU-CARIFORUM Economic Partnership Agreement (EPA).

ii) Under the project entitled "*Regional Private Sector Development Programme*", identified actions include building private sector capacity for the Micro, Small and Medium-Sized Enterprises (MSMEs) through technical assistance to increase their export competitiveness and, in particular, to become more energy efficient and using renewable energy in their operations. Further, identified actions are targeted to strengthen the Business Support Organisations (BSOs) capacity through technical assistance to provide support to private sector (Trade Business Intelligence), to support the Caribbean Business Council and to strengthen regional mechanisms aimed at promoting effective Public-Private dialogue to develop a more effective enabling environment.

5) Past EU assistance and lessons learnt: This AAP relies on lessons learned of past interventions in the concerned focal sector. Both projects will profit from mid-and end of term evaluations carried out, with constructive lessons learnt that were fully integrated in this AAP. The final evaluation of the previous 10th EDF Regional Private Sector Development Programme (RPSDP) gave a positive overall assessment of medium-high, and found the alignment with CARIFORUM policies and the EPA to be high. The AAP support will continue being beneficial for the integration of CARIFORUM into the World Economy and to strengthen the relationship between CARIFORUM and the EU, including in EPA implementation.

6) Complementary actions/donor coordination: This AAP is complementary to other EU and non-EU financed programmes on regional economic integration and sustainable economic growth and stability. It is particularly complementary to national bilateral programmes and to the regional Caribbean Investment Facility focusing on mobilizing investments in the case of SMEs, cooperatives and other forms of social economy, for access to finance.

4. Communication and visibility

The European Commission and its implementing partners will abide by the visibility rules for European Union financing as per relevant provisions in the respective project agreements and contracts. For each individual project, a communication plan will be prepared by the Lead Financing Institution, allowing the involvement of the EU Delegations at key stages of the projects having visibility potential. Additional communication measures might be taken if necessary.

5. Cost and financing

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| AAP 2016 (Part II) | EUR 30 200 000 |
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| Total EU contribution to the programme | EUR 30 200 000 |
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Annex 1 of the Commission Decision on
The Regional Private Sector Development Programme

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|---|--|-------------------------------------|-------------------------------------|-------------------------------------|
| 1. Title/basic act/ CRIS number | Regional Private Sector Development Programme CRIS number: FED/2016/039-499 financed under 11 th European Development Fund | | | |
| 2. Zone benefiting from the action/location | Caribbean Region | | | |
| 3. Programming document | 11 th EDF Caribbean Regional Indicative Programme (CRIP) | | | |
| 4. Sector of concentration/ thematic area | Private Sector Development | DEV. Aid: YES | | |
| 5. Amounts concerned | Total estimated cost: EUR 27.2 million of which EUR 24 million will be financed by the EDF. This action is co-financed in joint co-financing by CARIFORUM for an amount of EUR 3.2 million. | | | |
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality – Indirect management - with the Caribbean Export Development Agency (CEDA) Direct management – Audit and evaluation (FWCs) | | | |
| 7 a) DAC code(s) | 32130-SME Development (100%) | | | |
| b) Main Delivery Channel | 40000-Multilateral Organization (Caribbean Export) | | | |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| | Participation development/good governance | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Aid to environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Gender equality (including Women In Development) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Trade Development | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Reproductive, Maternal, New born and child health | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Main objective |
| | Biological diversity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Global Public Goods and Challenges (GPGC) | n/a | | | |

| thematic flagships | |
|--------------------|--|
| 10. SDGs | Main SDG Goal(s) No. 8. Decent work and economic growth. Secondary SDG Goal(s) No. 7 Affordable and Clean Energy, Goal No. 5 – Gender Equality and Goal No. 10 – Reduced Inequalities |

SUMMARY

Among the primary challenges identified by the regional private sector as impediments to their ability to fully realize the goals of the CARIFORUM-EU Economic Partnership Agreement (EPA) are: access to finance, with over 60% of firms indicating this is the single largest obstacle to growth; high cost of production due to high energy costs further underscoring the critical importance of the green economy and eco-entrepreneurship; market intelligence to facilitate greater market penetration; lack of an effective and conducive business enabling environment and weak **Business Support Organization (BSO)** infrastructure requiring a strong public-private dialogue framework to drastically improve the business ecosystem in Caribbean states. These challenges exist within an economic paradigm in which the debt to GDP ratio among CARIFORUM states is one of the highest in the world and is 1.7 times that of other small states. The dire necessity for the private sector to fulfill its role as the engine of economic growth is even more pronounced in light of this reality.

The final evaluation of the previous 10th EDF **Regional Private Sector Development Programme (RPSDP)** gave a positive overall assessment of medium-high, and found the alignment with CARIFORUM policies and the EPA to be high. Additionally, sustainability, coherence and EU value-added were also assessed as high and overall effectiveness as medium-high. Specific recommendations emanating from the evaluation focused on improving the **Direct Assistance Grant Scheme (DAGS)**, increasing sector focus and increased technical assistance, trade promotion and market intelligence.

This new Programme funded under the 11th EDF will therefore focus on market penetration, supply chain and intelligence frameworks, increased access to finance, promotion of green energy and energy efficiency as key factors in lowering costs, business to business forums and more targeted diagnostic tools to enhance firm capacity. An extremely critical pillar in the success of this Programme will be the improvement of the business enabling environment within CARIFORUM States. It will also seek to facilitate public-private dialogue to strengthen the private sector's ability to influence policy formulation at the national and regional levels leading to a more conducive environment for doing business and sustained economic growth.

The **Caribbean Export Development Agency (CEDA)**, as the main beneficiary of the Programme, will continue to build on the wide stakeholder consultation process it currently employs to ensure buy-in at all levels of engagement. CEDA will also be able to continue building its institutional capacity in areas such as HR (E.g. Project Management and results oriented M&E training), Information and Communication Technologies (ICT) infrastructure (E.g. CRM software) and visibility/communications. In order to ensure sustainability, CEDA has developed a Strategic Plan 2015-2019 which prioritises the objectives to be achieved in the medium to long-term so as to mitigate dependency on EU financing and to ensure long term sustainability and effective planning. CEDA will also benefit from building sustainability mechanisms through the establishment of its not-for-profit arm, CE Inc.

The **OVERALL OBJECTIVE** of this programme is to increase employment creation, inclusiveness, particularly for youth, women and indigenous groups, and overall poverty reduction in CARIFORUM states through targeted interventions that provide new and innovative framework for growth and development. The programme is also aligned with the goals enunciated in the Sustainable Development Goals (SDGs) agreed by all states in the international community in particular SDG goals 5, 7, 8 and 10. There is a critical role for the private sector in assisting the Caribbean region to achieve these goals, thereby promoting the ultimate objective of poverty reduction and sustained economic growth.

The **SPECIFIC OBJECTIVES** are:

1. Building Private Sector Capacity at the Firm Level: increasing capacities of value chain actors concerning productivity, innovation and market access, through technical assistance at the firm/cluster level; facilitating micro, small and medium-sized enterprises' access (MSMEs) to finance, for example by disseminating information among MSMEs, helping firms prepare bankable business plans, and conducting pre-investment feasibility studies and due diligence assessments; conducting energy audits to encourage use of renewable energy and adoption of sustainable production practices as requested by many of the micro firms seeking to lower production costs using alternative energy sources and improving resource efficiency. In addition, the promotion of cleaner production practices including but not limited to water usage and consumption, and improved waste management processes will contribute to overall environmental sustainability in the region.

2. Strengthening Business Support Organisations (BSOs) to Support the Private Sector: strengthening of business support organizations to assist firms which would include exploration of options to provide funds directly to National Export Promotion Agencies; enhancing private sector capability to meet trade-related requirements (quality, customs, etc.), providing tools to assist the private sector in achieving positive results through improved core business strategies; creating sustainable value chains in key productive sectors, providing assistance to develop Investment Promotion Agencies; preparing investor guides/online resources; and

3. Strengthening Public-Private and Private-Private Dialogue to promote a more effective Business Enabling Environment for SMEs: public-private and private-private dialogue and partnerships hence improving the trade, export, and business enabling environment; harnessing the potential of the private sector as a financing partner to enhance effectiveness. In addition, strengthening dialogue among private sector representatives and fostering BSO exchanges will be essential to effecting positive change within the business environment.

1. CONTEXT

1.1 Sector context/Regional context/Thematic Area

Eight years after signing the CARIFORUM-EC EPA, the five-year review has revealed that (sic.) “*the conversion of market access offered by the EPA into meaningful market presence remains a major challenge for the CARIFORUM private sector*”. The CARIFORUM private sector, which accounts for 90% of employment and 70% of GDP, comprises two major constituents: Micro, Small and Medium-Sized Enterprises (MSME) and Business Support Organisations (BSO). MSMEs primarily operate within the productive sectors, with the service sector being the largest employer¹, followed by manufacturing, agriculture, and the creative industries. However these MSMEs often have little to no internationalization capabilities and primarily specialize in low-tech activities. As a result, sales and employment growth within many of these firms lag behind those of their peers in other small economies.² According to a study on the regional private sector undertaken by the Economic Intelligence Unit released in 2015 the primary challenges faced by the Caribbean private sector are access to finance, high cost of energy, strained public finances, deficiency in human capital and lack of innovation capacity.

At the macro level, the private sector continues to face enormous regulatory and bureaucratic barriers in relation to government institutions and it has been noted that Caribbean countries are not particularly easy places in which to do business. Furthermore, a change in the Venezuela Petro Caribe Programme will present loss of revenue for the region. With one of the highest debt to GDP ratios in the world, the role of the private sector as an engine of economic growth is paramount.

¹Clusters in the Caribbean - Understanding Characteristics, Defining Policies for their Development: Compete Caribbean

²Private Sector Development in the Caribbean: A Regional Overview: Compete Caribbean

In recognition of these challenges, CEDA has sought to design interventions at the macro, meso and micro levels to address some of the more intransigent obstacles. In the area of access to finance, the implementation of the Direct Assistance Grant Scheme (DAGS) is seen as one of the most important pillars and between 2011 to 2015, grants were awarded to 312 firms across the 15 CARIFORUM states, amounting to EUR 6.9 million (DAGS average amount – EUR 22,000) covering a wide range of sectors including agro processing, health and wellness (specialized tourism), green energy, ICT and the creative industries. Given that funding is provided on a reimbursable basis, this process reveals the level of the commitment of firms to their own development and growth. Significantly, 53% of the beneficiaries under the 10th European Development Fund (EDF) programming cycle were women highlighting the priority given to ensuring gender balance in work undertaken. CEDA has also been awarded a USD 1.6 million grant from the World Bank to create a Regional Angel Investor Network (RAIN), which will increase access to finance and encourage angel investing to expand private sector growth.

Additionally, in seeking to increase the competitiveness of firms in the international market, CEDA conducted over 125 export training and certification programmes covering areas such as branding and labeling, Hazard Analysis and Critical Control Points (HACCP) and International Organization for Standardization (ISO) certification and Productivity Network (ProNET) training to facilitate more efficient business models. Over 3000 participants benefited from these interventions but more importantly the train the trainer approach allowed for the building of capacity at the local BSO level thereby enabling sustainability at the country level for future interventions.

In accordance with definitions utilized by an International Labor Organization (ILO) study of CARIFORUM firms, over 80% of the firms that have benefited from CEDA's interventions would be considered either micro (41% with less than 5 employees) or small (39% with 6-20 employees). The remaining 20% would fall within the category of medium sized (over 20 employees) with a minute number being considered large (over 60 employees).

One of the primary goals of the 10th EDF Regional Private Sector Development Programme (RPSDP) was also to assist firms in increasing access to both regional and international markets. As such CEDA has designed market intelligence tools and digital platforms as well as undertaken targeted export promotion activities to promote greater access to markets. Under the Programme over 50% of the firms reported their ability to enter new markets and also an increase in their overall exports. CEDA has also worked very closely with the BSOs across the region to strengthen their capacity through facilitation of benchmarking programmes in partnership with the ITC as well as direct assistance and technical capacity building through the ProNET programme in collaboration with the German Agency for International Cooperation (GIZ).

Arguably the most successful facilitation of a Business Support Organisation (BSO) by CEDA has been its role as the secretariat for the Caribbean Association of Investment Promotion Agencies (CAIPA). CEDA has not only been able to build the capacity of individual IPAs across the region including those in countries from the Overseas Countries and Territories (OCTs) but has also been able to garner over USD1 million in additional funding from the Inter-American Development Bank (IADB) for the Regional Investment Promotion Strategy (RIPS) and a Regional Investment Perception Survey. These studies have formed the basis for the identification of specific sectors for targeted investment promotion at the regional level.

The CARIFORUM-EU Business Forum and the Caribbean Exporters' Colloquium have been useful platforms for facilitating increased public private dialogue between the private sector and government entities regarding private sector development and broader policies affecting Caribbean economic growth. Both fora seek to build on and complement work on business climate reforms aimed at strengthening the enabling business environment in the Caribbean being carried out by the Inter-American Development Bank's (IADB) Compete Program, as well as the Caribbean Regional Technical Assistance Centre (CARTAC) and the International Trade Center (ITC) among others.

The business-to-business (B2B) model has proven effective in increasing understanding of market demand in potential export markets and enabling increased penetration of new markets. This intervention framework will form one of the significant pillars to be enhanced under this 11th EDF Programme, particularly in relation to realizing the potential benefits of the Economic Partnership Agreement (EPA).

Among some of the findings and recommendations emanating from these platforms have been those aimed at drastically improving the enabling business environment in the region. The necessity for a reduction in government bureaucracy and administrative hurdles; access to finance; inefficient tax administration; and inflexible labor markets are among the chief complaints aired by the private sector.

1.1.1 Public Policy Assessment and EU Policy Framework

The conclusion of the CARIFORUM–EC EPA represented an unparalleled opportunity for CARIFORUM countries to access the markets of all the EU member states on a reciprocal basis. Unfortunately, the Five-year Review of the functioning of the EPA, in particular its implementation by CARIFORUM states revealed significant deficiencies in the mechanisms for implementation and realizing the opportunities created by the Agreement. Among the reasons for this was the confluence of the 2008 global financial crisis with the signing of the Agreement. Caribbean States, given their vulnerability to exogenous shocks and exposure to market volatility, were significantly negatively affected with precipitous declines in foreign direct investment, tourism revenues, foreign exchange earnings and export income.

In addition, there is a need to demystify the EPA for the private sector highlighting the specific market opportunities available, the requirements to be met, potential lucrative sectors where demand is highest and potential for partnership with EU counterparts. While regional governments signed the Agreement, the absence of, or minimal systems in place at the national level to enable the private sector to take advantage of the Agreement, has led to a very low uptake by firms in exploring the new market openings.³

The countries, having established EPA units, which in most countries are merely a desk within a ministry with no operational or technical expertise for private sector engagement, have not been able to effectively translate the opportunities into actual market penetration. Given the lack of economies of scale in the majority of small Caribbean states to promote and effectively marshal the benefits of the EPA, the importance of the regional facilitation becomes even more paramount.

The Five-year Review found that “*increased support for private sector development (largely but not exclusively through CEDA) has reached thousands of firms within CARIFORUM.*”⁴ CEDA has assisted over 6000 firms and 125 BSOs. Building BSO capacity through encouraging exchanges and dialogue will continue to be one of the major pillars of intervention under the 11th EDF recognizing however that there will need to be differentiated approaches based on size and scalability.

Coupled with the weakness of the BSO capacity has been the absence of a strong coordinated regional private sector voice for the region. The “missing link” has severely impacted the level of advocacy within states and regionally and hampered the creation of effective frameworks for public-private dialogue to foster enhanced private sector participation in public policy formulation and implementation of measures more conducive to business. This integral “missing link” will be addressed through the facilitation of the CBC in the same vein as the support given to the Caribbean Association of Investment Promotion Agencies (CAIPA) secretariat. The Caribbean Business Council (CBC) will provide a coherent voice on behalf of the regional private sector as interlocutors with the regional Heads of Government on issues affecting the business enabling environment and trade facilitation. It is anticipated that the CBC will be self-funding through membership dues within the first two years and form the basis of a framework for the engagement of the private sector with policy makers as existed in previous years.

The Five-year Review also concluded that (sic.) “*CEDA has played a leading role in channeling CARIFORUM-EC EPA funds to CARIFORUM beneficiaries - particularly in “newer generation” areas of services trade with a clear Caribbean Brand and comparative advantage.*”⁵ Due to the micro scale of most Caribbean firms, the necessity to focus on high-end niche marketing using branding and more targeted interventions to differentiate Caribbean products has been recognized as a more effective approach in export promotion. Consequently more emphasis has been placed on branding and labeling, intellectual property rights and in-market differentiation using the Caribbean trademark.

³10th EDF RPSDP – Mid Term Evaluation, August 2013

⁴Monitoring the Implementation and Results of the CARIFORUM-EC EPA Agreement, Final Report, September 2014

⁵ Id

As this Programme seeks to assist the private sector in Caribbean countries to generate inclusive and sustainable growth, poverty reduction and employment creation, it is in line with the Communication from the Commission to the European Parliament, the European Economic and Social Committee, and the Committee of Regions on the Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries (2014), which states that “*structured dialogue and joint dialogue with the private sector, the mobilization of resources through blending, and inclusive and sustainable growth are the way forward for private sector development.*” It is also in line with the Agenda for Change⁶, stating “*EU development policy should promote a ‘green economy’ that can generate growth, create jobs and help reduce poverty (...)*” Furthermore, this Programme is in line with the EU commitments under the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). Part of the Programme, contributes to the Switch to Green flagship initiative.

1.1.2 Stakeholder analysis

Major stakeholders

1. **MSMEs, Caribbean business leaders, and BSOs.** CEDA has a wide and multipronged stakeholder engagement process which includes business leaders, government representatives, BSOs and MSMEs across the region. Both the Board of CEDA and the Steering Committee of the 10th EDF Regional Private Sector Development Programme (RPSDP) include BSO representatives as well as representatives from the private sector and regional governments. Additionally, CEDA spearheaded the formation of the Private Sector Advisory Group to facilitate direct engagement with members of the regional private sector to ensure continued relevance of the Programme and more targeted interventions. CEDA has also facilitated several public private sector dialogues through the Caribbean Exporters’ Colloquium and consultations for the establishment of a Caribbean Business Council.
2. **CARIFORUM states.** As an Inter-Governmental Institution within the CARIFORUM Directorate, CEDA reports to CARIFORUM officials and Ministers on a quarterly basis through the CARIFORUM Secretariat. Representatives of fifteen CARIFORUM Member States form part of the Board. CEDA also has direct engagement with member states through their respective BSOs as well as their Ministries of Trade and Industry or the corresponding Ministries where this Ministry does not exist. Work has also been undertaken in collaboration with Non-Governmental Organizations at the national level.
3. **EU French Caribbean Outermost Regions (FCORs) and Overseas Countries and Territories (OCTs).** Over the last five-years CEDA has chaired the CARIFORUM/FCORs/OCTs Trade and Investment Taskforce which met four times and undertook several studies and trade missions to facilitate increased trade and business-to-business dialogue among Member States and firms. The FCORs and OCTs are viewed as a platform for utilizing the EPA within the region and access to the European market through these territories.
4. **Regional institutions.** As a part of the CARIFORUM Directorate in the CARICOM Secretariat, CEDA maintains continuous contact and dialogue with the OECS Secretariat. CEDA is also the Secretariat for CAIPA which comprises all the national investment promotion agencies within the Caribbean, which includes several of the OCTs. CEDA will continue to work with the regional Universities, TVET institutions and Community Colleges to improve the quality of skills available in the labor market to facilitate increased growth in private sector competitiveness.
5. **Financing Institutions including Angel Investor Networks.** CEDA has sought to address one of the key issues affecting the private sector; access to finance, through negotiations with National Development Banks as well as the development of a Regional Angel Investor Network (RAIN) in conjunction with the World Bank (WB). The continued dialogue and work with the banking and financial system in the region will continue to be a priority.

Major beneficiaries

1. **MSMEs.** Caribbean MSMEs range from 1-150 persons in terms of size and are mostly locally owned, conduct their business in small- and medium-sized towns, and lack strong links to the international

⁶COM (2011) 637 final: Communication from the Commission "Increasing the impact of EU Development Policy: an Agenda for Change"

economy. Their main constraints include limited access to affordable finance, lack of market knowledge, lack of tools to enhance their competitiveness (E.g. appropriate branding, IPRs etc.) and inadequate knowledge and use of trade agreements. They operate within a number of sectors, with services being the largest and biggest employer⁷, followed by manufacturing, agriculture, and creative industries.

2. **BSOs.** Caribbean BSOs are generally small, having 10 or fewer staff. Financing operations remain a challenge; however, some receive direct financial allotments from their national governments. In addition, many BSOs do not have sufficient linkages with international partners or markets. Their key impediments include the lack of strategic direction, frequent changes in the governance structures due to the fact that many are government agencies, lack of internal capacity (human and finance) to effectively deliver programmes, and a lack of client relationship ownership.
3. **CARIFORUM Member States.** Trade and private sector development is an important part of the CARIFORUM Development Strategy. In 2013 CARIFORUM ran a trade deficit with the EU of approximately EUR 0.8 billion.⁸ Over the period 2008 - 2014, exports from the CARIFORUM region had an average annual growth rate of 17.1%⁹. However, removing the Dominican Republic and Trinidad and Tobago from the analysis, export growth in the region was only 5.4%, which is well below the average growth rates for the rest of the World.

1.1.3 Priority areas for support/problem analysis

The main constraints for private sector development in the CARIFORUM region have been identified as follows:

A. Lack of access to sustainable financing mechanisms. There is a lack of export financing for MSMEs, due largely to a highly risk averse banking sector, absence of traditional forms of collateral by entrepreneurs and inadequate financing support mechanisms. Over 60% of firms have indicated that lack of access to finance is the leading impediment to growth and expansion for MSMEs in the region. An additional complication is that female entrepreneurs are twice as likely to be rejected when seeking financing for business as their male counterparts. Additionally, the mechanisms that have been introduced under several regional facilities remain largely inaccessible and largely untapped by over 90% of firms due to an inability to secure matching funds and other collateral needed to benefit from the facility.

B. Lack of a conducive business enabling environment. The World Bank's Ease of Doing Business Index reveals that the vast majority of CARIFORUM states fall in the bottom half of the rankings with only 4 countries breaking the half-way mark. Policy regimes and regulatory frameworks are either out-dated or under-developed leading to a high concentration of entrepreneurs remaining in the informal sector. CE is in the process of finalizing an Export Competitiveness Index (ECI) to be utilised in parallel with the World Bank's Index and will address the specific peculiarities of MSMEs. The promotion of a stronger and more coherent private sector presence is also being facilitated through the work on the Caribbean Business Council (CBC), whose objective is to create a viable framework of engagement for the regional private sector which will not only liaise with Governments but also spearhead the private sector involvement in the attainment of the region's Sustainable Development Goals (SDGs) Post 2015 and representation of the Small Island Developing States (SIDS) agenda.

C. Weak and inconsistent business support infrastructure. BSOs continue to struggle in fulfilling their mandates in an effective manner in part because they are poorly resourced (financial and human) and therefore unable to deliver adequate services. However it must be noted **that the vast majority of BSOs in the region are female-led.** BSOs in the Organisation of Eastern Caribbean States (OECS) face additional challenges due to economies of scale.

D. Weak institutional system for private sector development, policy formulation and implementation. There is currently no fully operational or recognised regional private sector body to foster engagement on behalf of the private sector with policy makers in order to create an enabling business environment and facilitate trade. This vacuum has resulted in a very fragmented and incoherent approach to addressing the

⁷ Clusters in the Caribbean - Understanding Characteristics, Defining Policies for their Development: Compete Caribbean.

⁸ <http://ec.europa.eu/trade/policy/countries-and-regions/regions/caribbean/>

⁹ International Trade Centre (ITC) Trade Map Data

needs of the private sector and in providing a sustained coordinated mechanism for engagement with regional governments. As such the private sector has been severely hindered in its ability to drive the economic growth of the region and to harness the opportunities presented through the Economic Partnership Agreement (EPA) (including, among others, the opportunities for co-production between the CARIFORUM States using the preferential EPA tariffs) and other market opening agreements. CE has supported consultations and technical assistance to pursue the formation of the Caribbean Business Council (CBC). This body is expected to incorporate the various private sector interests under one umbrella inclusive of sector groups, MSME business associations, large pan-Caribbean firms, and labour and civil society representatives.

E. Lack of robust market intelligence and supply chain networks to facilitate access to markets.

Entering, supplying, and operating in target markets are compounded by an exporter's limited information and knowledge of the factors that determine supply and demand in these markets. While, market intelligence and research are key ingredients for success in export target markets, they are not the only components. The current success of Caribbean firms entering foreign markets is the result of a wide variety of complex and interrelated determining factors that need to be addressed in a comprehensive, integrated manner. These include a deliberate and increased focus on product and service innovation, building market intelligence and research capacity, providing market and economic intelligence reports, and facilitating access to this information.

F. High cost of production as a result of high energy costs. Within the Caribbean context, increased attention is being placed on Green Economy as a new economic paradigm for inclusive and sustainable development. The relevance of this paradigm for the Caribbean private sector is evident in many ways. In general, regional countries have high fuel import bills, resulting in some of the highest electricity prices in the world, which, combined with the low energy efficiency of production practices, are translated into uncompetitive exports, exposure to external economic shocks and volatility in oil prices. As such, the transition to a Green Economy, notably through improved resource efficiency (e.g. energy, water consumption and waste management) and use, assumes greater prominence in the regional and global context. Raising awareness of such issues and building the capacity of BSOs and beneficiaries to address operational deficiencies in these areas will be critical.

G. Absence of adequate Digital infrastructure to facilitate e-commerce. Information and Communication Technologies (ICT) is recognised as a regional priority, having emerged as a central underpinning of competitiveness and private sector development¹⁰. The region's ability to compete internationally and access markets through the new digital framework is extremely low underscoring the need for new regulations to facilitate increased penetration of external markets. This includes improvement in the ICT infrastructure and more intensive use of ICT to augment competitiveness through increased access to markets using e-commerce platforms, innovation in products and processes; technology transfer; attracting investment to Research and Development (R&D); and focusing on the linkages between SMEs and R&D.

H. Lack of understanding of international value chain and clusters. The majority of firms within the region do not comprehend the importance of insertion into global value chains as a mechanism for increasing exports and enhancing revenue-earning potential, including using the Economic Partnership Agreement (EPA) as a tool for cost-reduction in cross-border business cooperation projects.

I. Low skills and productivity levels in the regional labour force. The Caribbean region faces a structural challenge in terms of the relatively low level of skills in both the employed and unemployed labour force, as well as a mismatch between the available skills set and those demanded by the private sector. In addition, the cost of labour in the region is relatively high especially when compared to the low levels of productivity. CE has been working with the regional Universities (the University of the West Indies (UWI), the University of Technology (UTECH), **URIBE et al**) to improve the relevance of the curriculum to the new areas of innovation, market intelligence, technology and entrepreneurship among other skill sets critical for the private sector.

¹⁰ CARICOM's Regional Aid for Trade Strategy 2013-2015

J. Weakness of linkages to Green Economy. There is a need to spur the development of MSMEs in the green economy by encouraging the formation of clusters to take advantage of market opportunities and to create an understanding of the constraints that MSMEs in this sector experience (E.g. financing, regulations etc.). MSMEs also need to develop and strengthen relationships with European companies through networks such as the Enterprise Europe Network (EEN) to transfer skills, technology (eco-innovations or renewable energy solutions) while regional governments can benefit from solutions that the EU has used to strengthen the growth of firms in the green economy.

K. Weakness of the linkages to social economy and inclusiveness. The programme will focus on integrating SMEs into value chains of larger companies (using in-bound missions to secure contracts for SMEs). Additionally, due to the high levels of informal businesses in the region, the programme will assist SMEs to move from the informal to the formal sector and will encourage the formation of networks to help these SMEs to gain access to contracts and opportunities not otherwise accessible to them. Focus would include integration and prioritization of marginalized groups (such as indigenous people, women or informal businesses) into the various activities and programmes.

2. RISKS AND ASSUMPTIONS

| Risks | Risk level (H/M/L) | Mitigating measures |
|---|--------------------|--|
| Natural disasters can have a significant impact on the ability to implement programme activities successfully. | High | CEDA will work closely with the relevant national disaster mitigation agencies and the Caribbean Disaster Emergency Management Agency to ensure minimal programme disruption. |
| International markets disrupted by major economic, social, and political crises and instability. | Medium | CEDA should continue to foster and strengthen regional strategic alliances among sector players to strengthen that partner's bargaining position so as to limit the impact of these disruptions. |
| Exchange rate volatility affecting implementation | Medium-High | CEDA will seek to insulate the programme implementation from such fluctuations with the implementation of broadened treasury management strategies |
| New and existing trade rules discourage most Caribbean SMEs' trade and investment. | Medium-High | CEDA will continue to raise awareness about international trade developments, and increase the use of its advocacy platforms to share this information and educate and engage stakeholders. |
| Regional integration policies and main barriers to the flow of goods, services, capital and labour impacted by wider political context | Medium-High | CEDA will advocate for regional approaches to sector and industry development at the regional policy level, and continue to share evidence of beneficiary success among key stakeholders. |
| Assumptions | | |
| 1. There is a continued commitment by CARIFORUM Member States to the implementation of the Economic Partnership Agreement (EPA) as a framework to promote private sector development. | | |
| 2. Member states remain committed to pursuing reform of regulations and procedures to create a | | |

more conducive business enabling environment for private sector growth.

3. Regional integration remains a priority for CARIFORUM Member states given changes within the Caribbean political landscape.

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Several assumptions underpinned the 10th EDF Regional Private Sector Development Programme (RPSDP), chief of which was the utilisation of the EPA as a major catalyst for increased exports and revenue generation by the private sector. The five-year review, the mid-term evaluation and the final evaluation of RPSDP have revealed several systemic challenges within CARIFORUM which need to be addressed. Despite CEDA's success in assisting thousands of MSMEs and being recognised as the only instrument available within CARIFORUM to foster regional private sector development, there are critical lessons that must be considered and recommendations that need to be incorporated into the design of the 11th EDF programme. These are outlined as follows:

1. **Market access does not equal market penetration.** The five-year review has shown that most CARIFORUM countries have failed to increase exports to EU markets and in fact have registered a reduction in their exports. The private sector will require more direct in-market interventions in the EU through increased engagement with entities such as the Enterprise Europe Network (EEN) and European and Latin American Business Services and Innovation (ELAN) as well as the utilization of in-market business brokers. The Final Evaluation Report highlighted that there were specific trade missions which brought excellent results. CEDA will continue to build on such trade missions to expand the in-market presence of *Brand Caribbean*. Moreover, continued efforts should be made to leverage existing agreements, such as the CARICOM-DR FTA, to promote regional integration. Greater attention should be placed on strengthening trade between Cuba and CARIFORUM and building on existing French Caribbean Outermost Regions (FCOR) / Overseas Countries and Territories (OCT) relationships with the aim of deepening market penetration regionally.
2. **Direct assistance.** The Direct Assistance Grant Scheme (DAGS), while effective in assisting firms to improve capacity and increase exports, needs to be more targeted to support firms in sectors that have the highest potential to contribute to growth and decent job creation. The approach thus far has been too broad-based, thereby diluting the potential impact across a very broad spectrum of sectors. This was confirmed in the Final Evaluation Report which recommended that the DAGS should be more sector-specific. Direct support to the private sector must be used to leverage other forms of financing, such as Angel Investments, and facilitate greater access to other financing options. Additionally, the private sector must demonstrate shared ownership of the intervention and be able to demonstrate scalability in their projects.
3. **B2B contacts vs. Task Forces.** The implementation of both the FCORs/OCTs and CARICOM/DR components clearly revealed that the incorporation and focus on Business-to-Business (B2B) engagements, as opposed to solely task force meetings, was more effective in engaging the private sector. e.g. the CARIFORUM-EU Business Forum brought private and public sector players together to enable a frank and open dialogue on the issues affecting private sector development.
4. **Strengthen BSOs and improved coordination.** A differentiated approach to the trade and export facilitation organisations, including the Business Support Organisations (BSOs), the Trade and Promotion Organisation (TPOs), etc., that are still under-resourced¹¹, require tailored approaches based on their specific needs. The mid-term review further reinforced that the success rate of the programme was enhanced by CEDA's approach in presenting national workshops in conjunction with local business support stakeholders to assist in building capacity in a variety of areas (e.g. grant proposal writing, export marketing). The modality for delivery has been the train-the-trainer approach, which allows for the proposal of lessons that are appropriate to the country's setting.

¹¹ Results Oriented Monitoring Report, European Union, 2013 and 2014-2015 Beneficiary Assessments.

5. **Innovation, Research & Development and Green Economy.** There is an unmet need for the development of an innovation eco-system within the region, which will craft a culture of innovative methods, promote technology innovation take-up, encourage the adoption of an innovation policy, encourage more investment in Research and Development (R&D) and improve product development. The integration of all aspects of the green economy in facilitating development and lowering production costs and high overheads will be a fundamental aspect of transforming the competitiveness of these small economies.

3.2 Complementarity, synergy and donor coordination

Complementarities / synergy

Since 2010, CEDA has managed several initiatives in collaboration with other international development partners that complement the work executed under the 10th EDF RPSDP. The final evaluation found that *“the EU value added was assessed as high, as the complementarity with other donor activities and with national strategies for foreign trade, investment promotion and competitiveness improvement is good, and CEDA has managed to use efficiently the different sources of funds from donors (...)”*.

These initiatives seek to address the priority needs of the private sector, in areas such as access to capital, promotion and marketing and capacity building, among others. Annex II contains a list of projects that have been implemented since 2009 and a list of prospective partners for the 11th EDF. Moreover, this new Programme under 11th EDF will aim at establishing strategic partnerships with the CIF and EIB activities.

Given the importance and potential of the private sector to drive economic growth, programmes that support the contribution to entrepreneurship, technology change, and green productivity growth will be the focus of any Caribbean private sector development programme implemented by CEDA. Thematic priority areas will seek to 1) Build private sector capacity at the firm level (including building on the work done under the 10th EDF in harnessing the green economy for sustainability, utilising the grants to support the small hotels use of solar energy and the introduction of electric vehicles to the region); 2) Strengthen BSOs to better support the Private Sector and; 3) Increase Public-Private Dialogue to facilitate the private sector's, in particular MSMEs, engagement in moving towards an improved business enabling environment.

CEDA will seek to provide support in the areas that are relevant to both firms and intermediary business organisations, improve access to finance by facilitating greater blending grant/loan options, and initiate innovative approaches and business practices for MSMEs and technologically competent enterprises. CEDA also recognises that greater success can be derived in an environment that is conducive to business, as such support to the broadening of Public-Private Dialogue (PPD) mechanisms, and engagement of the private sector in action oriented public private dialogue to improve and harmonise regulations in favour of sustainable growth and development remains a priority.

Donor Coordination

Effective donor coordination will be critical to the overall successful implementation of interventions under the 11th EDF in order to avoid duplication and maximize potential synergies and results. Donor coordination continues to be a challenge and there is a need for a more collaborative approach moving forward. CE is part of the Regional Private Sector Development Donor Coordination Group (a thematic sub-group of the UN lead donor coordination group) in Barbados, which has begun to promote active collaboration among all donors and donor-funded organizations in the region.

CEDA has presented its programmes and activities to the donor groups and will seek to assume the Chairmanship of the Group in 2016 with a view to increasing the level of coordination, collaboration and cohesion in private sector interventions and avoiding duplication and unnecessary overlap. CEDA will continue to build on its relationships with African, Caribbean and Pacific Group of States (ACP), ACP Business Climate Facility (BIZClim), the INTERREG programme, EU Delegations to CARIFORUM region, the Inter-American Development Bank (IADB), Global Affairs Canada (formerly CIDA), the Department for International Development (DFID), the International Trade Centre (ITC), **IICA**, World Bank, the Organisation of American States (OAS), **WIPO** and GIZ.

Additionally, CEDA views its continued coordination of programme activities with regional organizations such as the Caribbean Development Bank, the Organisation of Eastern Caribbean States (OECS) Secretariat, the CARICOM Regional Organisation for Standards and Quality (CROSQ) and CARICOM Office of Trade Negotiations, as indispensable to the effective implementation of the proposed development programme.

3.3 Cross-cutting issues

CEDA believes that there are certain cross-cutting issues which are critical pillars of any successful private sector development programme; these include gender equality, youth mainstreaming in trade, environmental sustainability through the green economy (including the creation of green jobs), innovation, and regional integration.

Although in recent years there has been a positive trend to the inclusion of these elements, there still remains a gap when compared to the more successful developed economies. These issues are extremely relevant for the region where women constitute a significant portion of the labor force; where the youth are still marginalized in business development; where the effect of the incorporation of renewable energy and resource efficiency into businesses would be immediate and transformative; and where innovative business practices, including eco-innovations, are not widely adopted in export development.

CEDA has been engaged in numerous initiatives and partnerships to promote female entrepreneurship. These interventions have included collaboration with the World Bank Women Innovators Network in the Caribbean (WINC) as well as the Commonwealth Businesswomen's Network. The Caribbean has a history of robust representation of labor and human rights and is ranked as one of the regions with the greatest stability in its governance and transparency framework. In building on this framework, and in accordance with the work done by the ILO on the implementation of core labor standards under the Economic Partnership Agreement (EPA), CE will work with the regional International Labor Organization (ILO) office, the Caribbean Congress of Labor (CCL) and the Caribbean Employers' Confederation (CEC) to assist the private sector and MSMEs to incorporate these standards at the firm level. Ensuring private sector's compliance with environmental standards will also duly considered in this programme because of their crucial role in the long-term growth and sustainability of the private sector, its overall competitiveness and full development of its export potential.

3.4 Sustainability

CEDA's Strategic Plan 2015-2019 has been developed at a time of pronounced global unpredictability. In the current global context, the international trade regime, political commitment to regional integration and open markets, as well as the future of international donor support are all factors impacting our the Caribbean region. Given these realities, CEDA aims not only to minimise the impact of this instability on Caribbean MSMEs, but also to enhance its own institutional capacity for sustainability and the generation of diverse revenue streams. In this context, the Strategic Plan prioritises those objectives that CEDA is in a position to achieve in the medium to long-term; they include increasing market intelligence and research capacity; fostering access to finance for export-ready MSMEs; strengthening regional investment promotion capacity; facilitating export development and promotion; advocating for an enabling environment; and ensuring sustainable corporate capacity building.

CEDA is fully cognizant of its dependence on EU financing since its inception and the implications for long-term sustainability, effective planning and predictability. In recognition of this fundamental weakness, CEDA has conceptualized a business model (CEDA Inc.), which is currently being explored and developed by an international consulting firm to determine its feasibility and the required operational protocol for its implementation. Additionally, CEDA will continue to utilize its growing reputation as a strong agency promoting private sector growth to leverage programme financing from other donors, as has occurred under the 10th EDF.

4. DESCRIPTION OF THE ACTION

This programme is relevant for the Sustainable Development Goals (SDG) Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal No. 8. Decent work and economic growth, but also

promotes progress towards Goal No. 5 on Gender Equality, Goal No. 7 on Affordable and Clean Energy and Goal No. 10 on Reducing Inequalities¹². This does not imply a commitment by the Member States of CARIFORUM benefiting from this programme.

4.1 Objectives/results

The overall objective of this programme is to increase employment creation, inclusiveness, particularly for youth, women and indigenous groups, and overall poverty reduction in CARIFORUM countries through targeted interventions that provide new and innovative frameworks for growth and development. Activities under the programme will be structured to achieve results at the macro (regulatory framework), meso (BSOs/TPOs) and micro levels (MSMEs), with three (3) specific objectives and results as follows:

4.1.1 Specific Objective 1: Build private sector capacity at the firm level in order to increase export competitiveness

Expected results:

4.1.1.1) Reduced cost of production through increased innovation and greater utilization of green energy alternatives as well as the formation of clusters. (priority problem areas F, I & J)

4.1.1.2) Increased access to finance by the private sector through technical assistance activities and new financing mechanisms (priority problem area A) - Continued emphasis will be placed on signing the Memorandum of Understandings (MOUs) with local Development Banks, engaging indigenous banks & cooperatives, exploring non-traditional means of finance and through the Regional Angel Investor Network (RAIN). Assistance will also be provided to firms to enhance access to the Caribbean Investment Facility (CIF) as a mechanism for broadening access to finance for competitiveness.

4.1.1.3) Enhanced productivity of the private sector through increased use and adoption of Information and Communication Technologies (ICTs) (priority problem area G) - This will involve more intensive use of ICT to augment competitiveness through increased access to markets using e-commerce platforms, innovation in products and processes; technology transfer; attracting investment to Research and Development (R&D); and focusing on the linkages between SMEs and R&D.

4.1.1.4) Increased private sector awareness and understanding of the benefits of trade agreements increased through trade information dissemination and export promotion activities (priority problem area E)

4.1.2 Specific Objective 2: Strengthen BSOs capacity to provide greater support to the private sector

Expected results:

4.1.2.1) Strengthened Trade and Business Intelligence (TBI), and research capacity of BSOs through increased technical assistance. (priority problem areas E& I)

4.1.2.2) Enhanced capacity of Caribbean IPAs through the provision of technical assistance and supporting the implementation of NIPS. (priority problem area C)

4.1.2.3) Strengthened IPA capacity to attract Foreign Direct Investment (FDI) flows by increasing leads through outward and inward promotion activities. (priority problem area C)

4.1.2.4) Strengthened regional and international BSO networks through outward and inward missions. (priority problem areas C & D)

¹² If a partner country has established country specific SDG targets (as foreseen by the UN Resolution on SDGs agreed in September 2015), the text may also refer to those country specific SDG targets, assuming that data for the corresponding indicators are available and of adequate quality.

4.1.2.5) Increased understanding and utilization of the Economic Partnership Agreement (EPA) and other market opening Agreements through the use of market opportunity profiles. (priority problem area E)

4.1.2.6) Strengthened BSO capacity at the national level through increased access to specific funds provided through technical assistance. (priority problem area C)

4.1.3 Specific Objective 3: Strengthen regional mechanisms aimed at promoting effective public-private and private-private dialogue in order to develop a more effective business enabling environment

Expected results:

4.1.3.1) Improved business environment for the private sector through action-oriented Public-Private and Private-Private Dialogue mechanisms. (priority problem areas B, C &D)

4.1.3.2) Increased access by Caribbean firms to the EU market through a **strengthened CARIFORUM-EU Business Forum as a business to business platform**. (priority problem areas C, E&H) - Strategic partnerships between regional BSOs and networks such as the Enterprise Europe Network (EEN) will help to increase the utilisation of the Economic Partnership Agreement (EPA) and enhance access to the EU market. In addition, funding through technical assistance, specifically geared to enhance BSO/TPO capacity and strengthen their ability to provide sustained in depth capacity building to firms at the national level will be provided.

4.1.3.3) **Increased SME integration into key strategic sectors, clusters and value chains through training and capacity building programmes**. (priority problem area H) -The Programme will identify pilot projects with CARIFORUM MSMEs and larger firms so that the former can become suppliers and service providers to the latter in order to increase MSME competitiveness.

4.1.3.4) **Strengthened regional private sector representation through the operationalization of the Caribbean Business Council (CBC)** .(priority problem area D) – The intent is to incorporate all the various private sector interests under one umbrella inclusive of sector groups, MSME business associations, large pan-Caribbean firms and labour and civil society representatives.

4.1.3.5) Improved access to finance for private sector development through collaboration with traditional and non-traditional financial sector stakeholders. (priority problem area A)

4.2 Main Activities

Specific Objective 1: Build Private Sector Capacity at the Firm Level in Order to Increase Export Competitiveness

The main activities that will be undertaken to achieve Objective 1 are: train MSMEs in energy efficiency and the use of renewable energy solutions; conduct an assessment of the financing landscape for SMEs and develop the requisite platforms for increasing access to support including but not limited to the development of a Regional Angel Investor Network; train MSMEs to improve their capacity to take advantage of financing/investment opportunities; train MSMEs in Information and Communication Technologies (ICTs) to improve competitiveness; train MSMEs in preparing proposals for funding and offer specific funds through technical assistance for MSMEs to build their capacity including but not limited to becoming more energy efficient and using renewable energy in their operations.

Specific Objective 2: Strengthen BSOs Capacity to Provide Greater Support to the Private Sector

The main activities that will be undertaken to achieve Objective 2 are: provide Trade & Business Intelligence (TBI), research and advisory services to BSOs, train BSOs in generating TBI; build strategic alliances and partnerships with key regional and international partners to increase access to TBI; train and provide funding through technical assistance to BSOs and Caribbean Investment Promotion Agencies (IPAs); provide

institutional support to the Caribbean Association of Investment Promotion Agencies (CAIPA); and implement the Regional Investment Promotion Strategy (RIPS) which was developed under the 10th EDF.

Specific Objective 3: Strengthen Regional Mechanisms Aimed at Promoting Effective Public-Private Dialogue in Order to Develop a More Effective Enabling Environment

The main activities that will be undertaken to achieve Objective 3 are: provide technical assistance support to the Caribbean Business Council; organize and strengthen platforms for the Public-Private Dialogue (PPD) including the Caribbean Exporters' Colloquium & the CARIFORUM-EU Business Forum; promote business linkages with intra and extra regional partners to address private sector needs; publish the Caribbean Export OUTLOOK to address private sector constraints; train MSMEs on value chains & cluster formation and provide support to integrate them into international value chains.

4.3 Intervention logic

For ease of reference an initial logical framework is attached. It may be updated or adapted in the Overall Work Plan, to which it will be annexed, without this necessarily requiring an amendment to the financing agreement.

The intervention aims to firstly address the capacity of the private sector by tackling challenges such as high energy costs, the difficulty in accessing export financing, the difficulties associated with the private sector's understanding of trade agreements, which limit their integration into international value chains and a general failure to capitalise on the Information and Communication Technologies (ICTs) for competitiveness. These challenges can be addressed through training programmes, diversifying and increasing the number of new financing mechanisms to the private sector, including funding through technical assistance and by providing continued support for market penetration activities/export promotion. It is assumed that the private sector will be interested, willing and able (financially, human resources wise) to make adjustments based on new knowledge transmitted.

Secondly, the intervention aims to ensure that the Business Support Organisation (BSOs) are strengthened to provide greater support to the private sector. This is critical given that BSOs are unable to deliver adequate services and the fact that exporters lack sufficient information on export markets, including how to enter global value chains. This will include building BSO capacity in the area of the Trade and Business Intelligence (TBI), greater understanding of the Economic Partnership Agreement (EPA) and Investment Promotion. Ensuring that BSOs are able to access funding provided through technical assistance at the national levels will also be critical. It is assumed that the Caribbean Investment Promotion Agencies (IPAs) will be one of the key types of BSO beneficiaries, that they will prioritise the implementation of NIPS and that BSOs overall will view the Trade and Business Intelligence (TBI) as a necessity.

Finally the intervention will focus on the Public-Private Dialogue (PPD) as a means of effecting change in the business environment in order to address issues with out-dated or underdeveloped policy regimes. Strengthening the Caribbean Business Council (CBC) as the private sector body to drive the Public-Private Dialogue (PPD) as well as economic growth by harnessing opportunities through the Economic Partnership Agreement (EPA) will be prioritised. Fostering linkages with EU and CARIFORUM private sector through the business forum will also be undertaken and assist in building an understanding of value chains and clusters. It is assumed that the private sector will embrace the Caribbean Business Council (CBC) as the main mechanism for the Public-Private Dialogue (PPD) and that there will be continued support from both the Caribbean and European private sectors for the Business Forum.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen that a financing agreement with Caribbean Export Development Agency as identified in the Caribbean Regional Indicative Programme (Article 6, III), signed by the European Commission on 11 June 2015.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date on which the financing agreement is concluded.

Extensions of the implementation period may be agreed by the EC's authorising officer responsible, by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.4 Implementation modalities

5.4.1.3 Procurement (direct management)

| Subject in generic terms, if possible | Type (works, supplies, services) | Indicative number of contracts | Indicative trimester of launch of the procedure |
|---------------------------------------|----------------------------------|--------------------------------|---|
| Evaluation (section 5.9) | services | 2 | Year 3 2 nd trimester |
| Audit (section 5.10) | services | 1 | Year 5 2 nd trimester |

5.4.1.4 Indirect management with an International Organisation (Pillar Assessed Delegation Agreement with Caribbean Export)

This action may be implemented in indirect management with Caribbean Export Development Agency in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) No 323/2015. This implementation entails a Caribbean Regional Private Sector Development Programme. This implementation is justified because CEDA has been mandated by the Caribbean Group of ACP States for trade and export development and investment promotion in the Caribbean region. CEDA has successfully implemented 4 EDF programmes from the early 1990's. In addition, CEDA passed the 5 Pillar Assessment in 2010 and subsequently the 7 Pillar Assessment in 2014. This places CEDA in a unique position and is evidence that the Agency has an efficient internal control system, a reliable and timely accounting system, is subjected to an independent external audit, applies appropriate rules and procedures for the disbursement of grants and applies appropriate rules and procedures as it relates to EU procurement criteria.

The entrusted entity would carry out the following budget-implementation tasks (the list is not exhaustive): hiring of long term and short term technical assistance; the launch and management of Calls for Proposals and the award and management of grant contracts; the procurement of vehicles, equipment and supplies; and, the procurement of printing/publication/visibility and communication services.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions:

In accordance with Article 22(1)(a) of Annex IV to the ACP-EU Partnership Agreement; the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: ACP States. The supplies originating there shall also be eligible.

In accordance with Article 20(6) of Annex IV to the ACP-EU Partnership Agreement and with regard to the regional¹³ nature of this action, the Commission decides that natural and legal persons from the following countries, territories or regions shall be eligible for participating in procurement and grant award procedures: ACP States. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realization of this action impossible or exceedingly difficult.

5.6 Indicative budget

| | EU contribution (amount in EUR) | Indicative contribution of CARIFORUM States (EUR) | TOTAL |
|---|--|--|-------------------|
| 5.4.1.4 Indirect management with Caribbean Export Development Agency (including 5.11 Communication and Visibility) | 23,850,000 | 3,200,000 | 27,050,000 |
| 5.9 Evaluation and 5.10 Audit | 150,000 | 0.0 | 150,000 |
| Total | 24,000,000 | 3,200,000 | 27,200,000 |

5.7 Organisational set-up and responsibilities

The Programme will be implemented by CEDA which is the only regional trade and investment promotion agency among the African, Caribbean and Pacific (ACP) group, and was established in 1996 by an Inter-Governmental Agreement among the Forum of the Caribbean Group (CARIFORUM) of ACP States.

CEDA is managed by the Executive Director and management team consisting of the Deputy Executive Director, the Chief Operating Officer, the Manager, Competitiveness & Export Promotion and the Manager, Services. Caribbean Export is governed by a Board of Directors appointed by the member states from the public and private sectors. It includes Observers from the CARICOM Secretariat, the CARIFORUM Directorate, the OECS Secretariat and the European Union. Board meetings are held twice annually. The Board is accountable to the CARIFORUM Council of Ministers.

A steering committee (SC) shall be set up to oversee and validate the overall direction and policy of the programme. The SC will be chaired by the Chairman of the Board of Caribbean Export and will meet twice annually. The SC will include representatives from: CARICOM Secretariat/CARIFORUM Directorate; Caribbean Export's Board and Management; the OECS Secretariat; and, Private Sector Representatives. The European Union's representative will sit on the Steering Committee only as an observer.

In addition CEDA having successfully passed the required institutional pillar-assessment will be using its own internal systems during the implementation of this Programme.

5.8 Performance monitoring and reporting

CEDA will conduct structured annual surveys and field visits of all clients and beneficiaries to determine the impact of interventions; these will be led by CEDA's M&E department along with technical staff to support.

¹³ Pursuant to Article 20(6) of Annex IV to Cotonou Agreement, the regional dimension is the only option for EDF – ACP States.

In addition, surveys pre and post interventions to beneficiaries will be used to measure programme impacts. Quarterly reports will be prepared which will feed into the publication of CEDA's Annual Report. Baseline studies will be determined at the start of the implementation period (stated in the log frame) and will be measured on an annual basis to determine project progress, until the end of the project period. A final study will be undertaken at the end of the implementation period summarizing successes as well as lessons learned throughout the implementation period.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports.

Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The European Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, mid-term and final evaluation(s) will be carried out for this action or its components contracted by the European Commission. The mid-term evaluation will be carried out for problem solving and learning purposes. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least one (1) month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two (2) contracts for evaluation services shall be concluded under EU's Framework Contract modality.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, 1 contract for audit services shall be concluded under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures, which shall be, based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

CEDA's Public Relations team will be responsible for all visibility actions and will work with the EU Delegation to ensure that the visibility requirements are respected.

ANNEX I - Acronyms

| | |
|-----------|--|
| ACP | African, Caribbean and Pacific Group of States |
| B2B | Business-to-Business |
| BIZClim | ACP Business Climate Facility |
| BSO | Business Support Organisation |
| CAIPA | Caribbean Association of Investment Promotion Agencies |
| CARICOM | Caribbean Community |
| CARIFORUM | Forum of the Caribbean Group of ACP States |
| CARTAC | Caribbean Regional Technical Assistance Centre |
| CARTFund | Caribbean Aid for Trade and Regional Integration Trust Fund |
| CBC | Caribbean Business Council |
| CCL | Caribbean Congress of Labor |
| CDB | Caribbean Development Bank |
| CE | Caribbean Export Development Agency |
| CEC | Caribbean Employers' Confederation |
| CELAC | Community of Latin American and Caribbean States |
| CIF | Caribbean Investment Facility |
| CRIP | Caribbean Regional Indicative Programme |
| CROSQ | CARICOM Regional Organisation for Standards and Quality |
| CSME | CARICOM Single Market and Economy |
| DAGS | Direct Assistance Grant Scheme |
| DEDTT | Department of Economic Development, Trade and Tourism |
| DfID | Department for International Development |
| DR | Dominican Republic |
| EC | European Commission |
| ECI | Export Competitiveness Index |
| EDF | European Development Fund |
| EEN | Enterprise Europe Network |
| ELAN | European and Latin American Business Services and Innovation |
| EPA | Economic Partnership Agreement |
| EU | European Union |
| FCORs | French Caribbean Outermost Regions |
| FDI | Foreign Direct Investment |
| FTA | Free Trade Agreement |
| GDP | Gross Domestic Product |
| GIZ | Gesellschaft für Internationale Zusammenarbeit |
| H&W | Health and Wellness |
| HACCP | Hazard Analysis and Critical Control Points |
| ICT | Information and Communication Technologies |
| IDB | Inter-American Development Bank |
| ILO | International Labor Organization |
| IPA | Investment Promotion Agency |
| ISO | International Organization for Standardization |
| ITC | International Trade Centre |
| MOU | Memorandum of Understanding |
| MSMEs | Micro, Small and Medium-Sized Enterprises |
| NIPS | National Investment Promotion Strategy |
| OAS | Organisation of American States |
| OCTs | Overseas Countries and Territories |
| OECS | Organisation of Eastern Caribbean States |
| PPD | Public-Private Dialogue |
| ProNET | Productivity Network |
| R&D | Research and Development |
| RAIN | Regional Angel Investor Network |

| | |
|--------|--|
| RIPS | Regional Investment Promotion Strategy |
| RPSDP | Regional Private Sector Development Programme |
| SBDC | Small Business Development Centre |
| SDGs | Sustainable Development Goals |
| SIDS | Small Island Developing States |
| SME | Small and Medium-sized Enterprises |
| TBI | Trade and Business Intelligence |
| TBT | Technical Barriers to Trade |
| TEPA | Trade and Export Promotion Agency |
| TIC | Trade and Investment Convention |
| TPO | Trade and Promotion Organisation |
| TVET | Technical & Vocational Education and Training |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| US | United States of America |
| USTA | University of San Antonio at Texas |
| UTECH | University of Technology |
| UWI | University of the West Indies |
| WINC | Women Innovators Network in the Caribbean |
| WTO | World Trade Organization |



ANNEX 2

of the Commission Decision on the
Support for CARIFORUM role in regional cooperation and EPA Implementation

| | | | | |
|--|---|-------------------------------------|-------------------------------------|---------------------------|
| 1. Title/basic act/ CRIS number | Institutional Support for CARIFORUM/EU Cooperation CRIS number: FED/2016/038925 financed under European Development Fund | | | |
| 2. Zone benefiting from the action/location | Caribbean Region The action shall be carried out at the following location: CARIFORUM Member States | | | |
| 3. Programming document | Caribbean Regional Indicative Programme (CRIP) 11 th European Development Fund | | | |
| 4. Sector of concentration/ thematic area | Focal Area no. 1 Regional Economic Cooperation and Integration | DEV. Aid: YES | | |
| 5. Amounts concerned | Total estimated cost: EUR 7,000,000 Total amount of EDF contribution EUR 6,200,000 This action is co-financed by CARIFORUM for an amount of EUR 800,000 | | | |
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality Direct Management – grants – direct award (Pillar Assessed Grant) | | | |
| 7 a) DAC code(s) | 33130 - Regional trade agreements (RTAs) – 100% | | | |
| b) Main Delivery Channel | Other multilateral institution – 47000 – | | | |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| | Participation development/good governance | <input type="checkbox"/> | x | <input type="checkbox"/> |
| | Aid to environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Gender equality (including Women | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

| | | | | |
|--|---|-------------------------------------|-------------------------------------|--------------------------|
| | In Development) | | | |
| | Trade Development | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Reproductive, Maternal, New born and child health | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Main objective |
| | Biological diversity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. Global Public Goods and Challenges (GPGC) thematic flagships | | | | |
| 10. SDGs | Main Sustainable Development Goal (SDG): Goal 8 Secondary SDG Goal(s): Goals 7,13 and 16 | | | |

SUMMARY

The project will focus on four areas: 1) Strengthening Intra-CARIFORUM Cooperation 2) Increasing Inter-CARIFORUM cooperation 3) Reinforcing EU-CARIFORUM partnership , 4) Ensure monitoring and coordination over the 11th EDF Caribbean Regional Indicative Programme; 5) Supporting CARIFORUM capacity to implement and monitor the EU-CARIFORUM Economic Partnership Agreement (EPA).

CARIFORUM and the EU are traditional partners in a range of areas including global issues, trade related matters and development cooperation. In this context, it is important to recall the CARIFORUM Cotonou mandate which includes political/policy relations with the EU, development cooperation with the EU, Intra-CARIFORUM cooperation and CARIFORUM cooperation with its hemispheric neighbours.

The proposal aims at strengthening capacity to promote regional cooperation and integration in the Caribbean as well as CARIFORUM capacity to implement Development Cooperation, through the reinforcement of the responsible structures. It also aims at strengthening CARIFORUM capacities to conduct more effective and frequent political and policy discussions with the EU, and to carry out the necessary related preparatory and other work. This should contribute to closer and more effective EU-Caribbean relations and joint action on global challenges. The proposal also addresses the institutional capacity of CARIFORUM to implement the CARIFORUM/EU EPA. In this area, it focuses on the internal technical and political consultation which CARIFORUM must undertake to effectively participate in the Joint Institutions of the Economic Partnership Agreement (EPA). It facilitates CARIFORUM participation in the Joint Institutions. It aims to set up a monitoring mechanism through which implementation and impact of the EPA could be continuously reviewed. The project also aims to promote the EPA among the various Caribbean stakeholders of the EPA.

Achieving CARIFORUM sustainability is a fundamental objective under this project. The EU has been supporting CARIFORUM since its creation and the new project will guarantee

further support over an extended period (from 2016 to 2020). This protracted engagement must lead to long term sustainability of the CARIFORUM cooperation. This also entails the survival of the Directorate after the end of the Cotonou agreement to be achieved primarily through contributions by the benefiting member states. The CARIFORUM Directorate will actively raise the awareness of the CARIFORUM Members on the need to set up mechanisms, processes and funding commitments and will make proposals to ensure the long term sustainability of CARIFORUM. This will require a renewal of the political engagement based on the shared understanding of the benefits that CARIFORUM brings to its member states and ultimately to all Caribbean citizens.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Established on 19 October 1992, the **Forum of Caribbean ACP States (CARIFORUM)** comprises 16 Caribbean countries¹. All Participating States, with the exception of Cuba, are signatories to both the ACP/European Union Cotonou Agreement and the CARIFORUM-European Community Economic Partnership Agreement (EPA). The Group also allows observer status and Associate Membership for other Caribbean territories including British and Dutch Overseas Territories and Countries (OCTs)² as well as three French Caribbean Outermost Regions (FCOR)³: French Guiana, Guadeloupe and Martinique.

An opinion of the CARICOM Secretariat Legal Counsel issued in 2009 on the legal status of CARIFORUM maintains that CARIFORUM is an International Organisation of limited competence and that its rules and procedures are set in the establishment act and in a following inter-governmental decision of 2002 and October 2013.

The Council of Ministers of CARIFORUM is the highest decision-making body of CARIFORUM, meets at least once a year and decides by consensus. Below the Council of Ministers is the Secretary General of CARIFORUM whose duties and responsibilities are carried out by the Secretary-General of CARICOM. At the next level is the Director General of the **CARIFORUM Directorate** and who also serves as the Regional EPA Coordinator. The CARIFORUM Directorate, which currently comprises: the Office of the Director General, the EPA Implementation Unit and the Development Cooperation and Programming Unit, is (since 2005) administratively integrated into the CARICOM Secretariat.

The major objectives of CARIFORUM include: 1) to promote intra-CARIFORUM cooperation; 2) to develop and manage CARIFORUM cooperation with its neighbors; 3) to engage in policy and political dialogue with the EU; 4) to manage the development cooperation relationship between CARIFORUM and the EU; 5) to promote, coordinate and monitor the implementation of the CARIFORUM/EU Economic Partnership Agreement (EPA).

¹ Antigua and Barbuda, The Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Suriname, Saint Lucia, St. Christopher and Nevis, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago.

² Anguilla, Aruba, British Virgin Islands, Cayman Islands, Montserrat, Turks and Caicos Islands and the Netherlands Antilles.

³ French Guiana, Guadeloupe and Martinique.

Deepening and expanding **intra-CARIFORUM cooperation** necessitates continuous technical level consultation on a variety of areas and sectors to determine the form, level and content of regional level cooperation in the areas. In some instances, special mechanisms such as the CARICOM/DR Free Trade Agreement (FTA), Haiti/Dominican Republic (DR) Commission, Caribbean Regional Information and Translation Institute and Caribbean Export facilitate regional cooperation in specific areas.

CARIFORUM serves as a mechanism for **facilitating involvement of its members in hemispheric level cooperation**. In this context, CARIFORUM relations with its immediate neighbours, the French Caribbean Outermost Regions (FCORs) and the British and Dutch Overseas Territories (OCTs) is an important pillar of Caribbean regional integration. Similarly, CARIFORUM engagement with its Latin American neighbours, through the CELAC grouping, provides additional opportunities for expanding the scope of Caribbean hemispheric level cooperation.

The CARIFORUM/EU relationship is based on three major pillars. The first is the shared commitment to global peace, democracy, human rights and the rule of law. This is manifested in bi-regional policy and **political dialogue and collaboration on matters of mutual interest in global fora**.

The second pillar relates to the EU/CARIFORUM **Development Cooperation relationship**. The EU has been and remains a reliable Caribbean development partner whose support is important in the region's efforts towards its sustainable and inclusive growth and development. Successive Regional Indicative Programmes have provided much needed support to the Caribbean.

The third pillar is the CARIFORUM/EU EPA. CARIFORUM is committed to **full implementation of the EPA**. It seeks to honour all of its obligations. At the same time, CARIFORUM with the assistance of the EU is attempting to take advantage of the opportunities which may be created by the EPA. In that regard, it has established and is operating mechanisms to ensure its full participation in the EPA.

1.1.1 Public Policy Assessment and EU Policy

The 11th European Development Fund (EDF) Caribbean Regional Indicative Programme (CRIP) specifies that "Regional Cooperation in the Caribbean must primarily take into account the multi-faceted dimension of the Caribbean cooperation and integration contexts and specifies the fundamental role played by CARIFORUM". The CRIP also specifies that the "11th EDF proposes to address the challenges of the Caribbean African, Caribbean and Pacific (ACP) Countries, following objectives and approaches spelt out in the 2012 Joint Caribbean-EU Partnership Strategy....". In addition, the Cotonou Agreement specifies the role of the Duly Mandated Regional Organisation in the relations between the EU and the ACP Regions and the proposed Action will provide capacity to CARIFORUM to play this role.

The CARIFORUM/EU EPA defines the commitments, measures and actions which both CARIFORUM and the EU must take in respect of EPA implementation. It defines the joint institutions to be established and specifies both development as an important element of the Agreement as well as regional cooperation and integration as a critical objective of the EPA.

1.1.2 Stakeholder analysis

The 16 members of CARIFORUM, the EU, and its member states, the French Caribbean Outermost Regions (FCORs) and the EU Overseas Countries and Territories (OCTs) in the Caribbean are **major stakeholders** in the implementation of this proposal.

The **direct beneficiaries** are, inter alia, the CARIFORUM Directorate and technical departments of national ministries in CARIFORUM member states including National EPA Implementation Units. Other beneficiaries will be Joint Institutions of the EPA, such as the Joint Council, the Trade and Development Committee, the Consultative Committee, the Special Committee on Customs and Trade Facilitation as well as national, regional and other institutions involved in the implementation of projects under the 11th EDF Regional Indicative Programme including Caribbean Export, IMPACS, CCCCC, the CARICOM Secretariat, Organisation of Eastern Caribbean States (OECS) Secretariat, the Caribbean Development Bank (CDB), CDEMA and the University of the West Indies (UWI).

Indirect beneficiaries of this project are all countries of CARIFORUM and more generally all citizens of CARIFORUM.

CARIFORUM Member States, the CARIFORUM Directorate, and representatives of regional organisations, such as CEDA, CDB, the UWI, and civil society organisations have been in close **consultations and worked jointly** with CARIFORUM and the EU Delegation during the design phase of the 11th EDF.

1.1.3 Priority areas for support/problem analysis

The EU-Caribbean Cooperation has gradually shifted from a traditional donor-beneficiary relation to a much more **equal cooperation** with space for dialogue, mutual enrichment and exchanges of experiences and lessons learnt. Due progress has been made so far in the region. While provision was made under the 10th EDF to facilitate such engagement, the progress was stymied, due to lack of scheduled implementation. Moreover political dialogue between the EU and CARIFORUM had not taken place in the 2012-2015. This has been a concern also in the light of the comprehensive and ambitious EU-Caribbean Strategy jointly agreed in 2012 which represents the overarching framework for EU-Caribbean relations. In July 2015 a High Level CARIFORUM/EU Meeting involving CARIFORUM Heads of State was held. In March 2016 Political Dialogue at the level of Senior Officials was held and plans are being made for CARIFORUM/EU Ministerial Meetings. In addition, the Joint Working Group to monitor the Joint CARIFORUM/EU Partnership Agreement Strategy has been launched.

CARIFORUM faces **challenges in the management of its development cooperation programmes**. Most of CARIFORUM's Regional Programmes are implemented by third institutions (e.g. CARICOM, CEDA, IMPACS, CPDC, the CARICOM Regional Organisation for Standards and Quality (Croos-Q), CRITI, CARPHA, and many others). The commitment rate under the 10th EDF was extremely high. However, difficulties were experienced by Implementing Agencies in respect of commencement of project implementation, following signature of Financial Agreements. This is also demonstrated in the analysis of financial expenditure of the 10th EDF CRIP at the end of 2015, where the overall expenditure was 32%. The implementation trend improved since 2012, and even more after 2014, but progress under some components of the CARICOM Single Market and Economy (CSME) and the EPA has been limited.

CARIFORUM is committed to **regional cooperation** in its relations with the French Caribbean Outermost Regions (FCORs), the Overseas Countries and Territories (OCTs) and the Community of Latin American and Caribbean States (CELAC). However, the implementation of 10th EDF programmes supporting these processes is anticipated to commence only in the 4th quarter of 2016.

CARIFORUM and the EU completed a Five Year Review of the CARIFORUM/EU EPA at a Joint Council Meeting held in Guyana in July 2015. This review noted that the EPA was signed on the brink of the global 2008 recession which was preceded by the 2006 economic shocks triggered by spike in oil and food prices. These global economic shocks placed major economic and financial constraints on CARIFORUM states, most of which, being heavily dependent on tourism, Foreign Direct Investments (FDI) and limited Government revenues, were immediately over-whelmed by short term priorities, in deference to the longer term perspectives of the EPA. Consequently all major economic aggregates for CARIFORUM fell precipitously until 2010, with various outcomes thereafter, some recovered, some stagnated and some remained on the decline. The conduct of this review also highlighted **challenges with the implementation of the EPA**. Among the challenges listed were delays in the establishment of an agreed monitoring mechanism, particular delays affecting the implementation of the provisions of the agreement relating to trade in services, lack of communication and information vis a vis the functioning of the agreement and the opportunities entailed.

All of the EPA Joint Institutions have been established and are operational. Most EU and CARIFORUM States have ratified the Agreement and most CARIFORUM States have implemented the agreed tariff cuts as scheduled. Discussions have commenced on Geographic Indicators (GIs) and on Intellectual Property. A Work Plan has also been agreed for addressing priority areas and emphasis will now include getting Caribbean States to fully benefit from the Agreement.

In order for the EPA Implementation unit to provide advice and prepare technical documentation for CARIFORUM and to assist States to implement the EPA, the capacity of the unit needs to be reinforced. This need of reinforcement also includes the resources to participate in the Joint Institutions of the EPA, as well as for the internal consultations which must take place beforehand

The Proposed Action responds directly to Result 1.3 of the Intervention Framework “Intra-CARIFORUM Cooperation Strengthened” with “support Intra-CARIFORUM Cooperation through improved functioning of the CARIFORUM mechanism including capacity building” identified as a possible operation. Furthermore the action responds to Result 3.1 “Cooperation between CARIFORUM and the EU strengthened as well as Result 3.2 “CARIFORUM Capacity to effectively implement EPA provisions strengthened” identifies possible operations which include “Support CARIFORUM participation in Joint Institutions of the EPA”, “Implementation of recommendations of the 5 Year Review” and “Establishment of EPA Monitoring Framework”.

2 RISKS AND ASSUMPTIONS

| Risks | Risk level (H/M/L) | Mitigating measures |
|---|--------------------|--|
| Staff turnover constrains capacity to implement the programme and deliver services on a continuous basis. | High | To mitigate this risk medium term (3 year) contracts will be issued to technical staff. |
| CARICOM Secretariat may review its in kind no cost contributions to the operations of CARIFORUM | Low | A medium to long term MoU will be negotiated and signed with the CARICOM Secretariat for in kind contribution (legal, logistics, technical support, finance, audit, etc.) |
| CARIFORUM States do not participate in consultations, meetings etc. to formulate policy, take decisions | High | The CARIFORUM Directorate will establish and operate a network of national counterparts on political and policy relations, development as well as a network of EPA Coordinators. |
| Assumptions | | |
| The Programme assumes that the CARIFORUM Directorate, based on existing CARIFORUM Rules of Procedure, will remain the entity, for the duration, delegated with the responsibility for acting on behalf of CARIFORUM States in respect of the CARIFORUM mandate. | | |
| It is assumed that CARIFORUM States will remain committed to the policy of regional economic integration and cooperation as an element of its sustainable and inclusive growth and development | | |
| It is assumed that CARIFORUM States will remain committed to close political relations with the EU as well as to implementing obligations under the EPA and attempting to take advantage of the opportunities created by the EPA. | | |
| It is assumed that the intervention(s) of CARIFORUM with the Dominican Republic and Haiti will promote in greater cooperation between the two countries. | | |

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

A Mid-Term Evaluation of the 10th EDF Programme “Support to the CARIFORUM in the Implementation of Commitments undertaken under the EPA” concluded in respect of the component for Institutional Support for CARIFORUM that:

- (i) The design of the intervention was in line with the specific needs.

- (ii) The intervention is relevant and provides “support to the beneficial integration of CARIFORUM into the World Economy”.
- (iii) Implementation had a satisfactory effectiveness profile.
- (iv) “The impact is relevant with the requirements of CARIFORUM to coordinate actions with the EU and other institutions and that Support for CARIFORUM and the Joint Institutions is essential to strengthen the relationship between CARIFORUM and the Joint Institutions under the EPA Environment”.
- (v) “CARIFORUM should strengthen liaison with EPA National Units and create a permanent network with prevalent role of support local governments and private sector”.
- (vi) EPA Regional Implementation Unit must be strengthened: increasing professional staff.
- (vii) sustainability was a challenge as the CARIFORUM Directorate largely depends on EU funding for its operation.

The EPA Grant was extended at “no-cost” to 31 December 2016. By June 2016 73.3% of the Grant resources has been spent. All resources under the Grant are expected to be spent by 31 December 2016. The MTE conclusions to the Grant were positive.

However the 10th EDF grant experienced some issues which affected the implementation of the programme and correspondingly the financial absorption of its budget. These issues are, inter alia,: 1) Delays in recruitment of staff, which adversely affected implementing the work programme on schedule; 2) Lack of full implementation of some activities (e.g. convening of Joint CARIFORUM EU Council meeting, the CARIFORUM-EU Parliamentary Committee Meetings, the CARIFORUM-EU Consultative Committee and the Special Committee on Customs and Trade Facilitation); 3) challenges in the execution of some obligations envisaged in the CRIP Financing Agreements (e.g. Project steering committees); 4) irregular EU-CARIFORUM Political dialogue ; 5) delays in the implementation of the CRIP (low disbursement rate),

On the EPA side, the five year review has also shown weaknesses both in the implementation of the Agreement, and in the capacity of the CARIFORUM States to reap the benefits from it. It also underlined the need to rapidly undertake a regular monitoring of the agreement. The review also found that the 'EPA Signal' is still struggling to be heard both in the EU and in CARIFORUM. Continuing dialogue between CARIFORUM and the EU confirms that for the EPA to be fully implemented and beneficial all the joint institutions must function effectively and there must be close EU/CARIFORUM collaboration on sectoral issues (e.g. services), special subjects (GIs and Intellectual Property) and on an agreed Work Programme.

In order to improve the situation a number of innovations are proposed:

- a. The results of the present project will not be process oriented (e.g. number of meetings held, numbers of studies developed) but entirely results oriented (e.g. concrete progress on the ground in terms of EU-CARIFORUM cooperation and implementation of the EPA); All resources and staff deployed under the Programme will be efficiently devoted to the achievement of the project

objectives. The nature and form of support will be defined on the basis of the results of an evaluation of the implementation of the 10th EDF Grant for Institutional Support to CARIFORUM and participation in the Joint Institutions to be carried out by external consultants;

- b. The current project would work to reinforce the network of EPA units in the Caribbean in their capacity to implement the agreement by providing regular technical support on relevant subjects. It will facilitate the exchange of best practices among members of the network and will seek solutions to common problems. It would also put a high priority on the monitoring the agreement, reinforcing the Directorates internal capacity in monitoring and working closely with national units on this aspect. The network of EPA Units will have an important role in operating the EPA monitoring system.
- c. Special emphasis would be made through communication and visibility strategies to ensure that the 'EPA Signal' is heard within the EU, the Caribbean and the general public raising awareness of its benefits and the real outcomes of the EU/CARIFORUM cooperation.
- d. Special attention will be paid to timely and appropriate staffing, realistic planning and timely start up/implementation of the activities of the grant, planning for timely oversight support to/for the 11th EDF programmes.
- e. Implementation of a robust communication and visibility strategy for the 11th EDF programmes and CF/EU development cooperation.
- f. Seriously address the issue of sustainability post 2020. The EU has been supporting CARIFORUM since 1992. This protracted engagement must lead to long term sustainability of the CARIFORUM cooperation. This also entails the survival of the Directorate after the end of the Cotonou Agreement to be achieved primarily through contributions by the benefiting member states. The issue of sustainable financing for the core activities of the CARIFORUM Directorate would be actively perused. The CARIFORUM Directorate will actively raise the awareness of the CARIFORUM Members on the need to set up mechanisms, processes and funding commitments and will make proposals to ensure long term sustainability to CARIFORUM. This will require a renewal of the political engagement based on the shared understanding of the benefits that CARIFORUM brings to its member states and ultimately to all Caribbean citizens. The further developments of relations between CARICOM, Dominican Republic and Cuba are fundamental in this respect. Special attention will be paid to the benefits derived by CARIFORUM Member States individually and collectively from the operations of CARIFORUM. Special attention will also be paid to the operations of the CARIFORUM Directorate in a post Cotonou context.

All of these observations/findings influence the design proposed for this intervention.

3.2 Complementarity, synergy and donor coordination

The proposed programme will build on the results obtained under the 10th EDF Programme for “Support to CARIFORUM in the Implementation of Commitments undertaken under the EPA”.

The monitoring and reporting on implementation of projects under both 10th and 11th EDF will be coordinated and strengthened. This programme will now coordinate programming of the 11th EDF and implementation of both 10th and 11th EDF Programmes now that negotiations for an 11th EDF programme have been completed. Intra-CARIFORUM activities and CARIFORUM activities commenced with the French Caribbean Outermost Regions (FCORs), the Overseas Countries and Territories (OCTs) and within the EU/CELAC process under the 10th EDF will be expanded under this programme. The programme will also seek to place policy/political dialogue with the EU on a more predictable footing and will seek to implement recommendations for the Five Year Review of the EPA conducted under the earlier 10th EDF Programme and the jointly agreed follow-up Work Plan.

This programme presents synergies with the 10th and 11th EDF Regional Indicative Programmes and the individual projects/programmes which they support and finance. The CARICOM Secretariat traditionally organises Donor Coordination events, on a bi-lateral and multi-lateral basis, on CARICOM related matters. Efforts will be made to determine if CARIFORUM regional projects could be integrated into the CARICOM multi-lateral donor coordination activities or, alternatively, to determine whether CARIFORUM-specific donor coordination activities must be scheduled and organised.

Regarding the complementarity with other similar actions, the Wider Caribbean Technical Cooperation Facility under the framework of the 10th EDF contains provisions for the development of a regional training plan based on needs for training in the design, formulation, implementation and monitoring/evaluation of EDF-financed regional projects. There is also provision for organizing a policy dialogue, activities to support participation in the joint EPA institutions, and activities to strengthen cooperation with the FCORs, the Community of Latin American and Caribbean States (CELAC) and other neighbors. Complementarity between this project and the TCF will have to be ensured.

3.3 Cross-cutting issues

Technological and related innovation and research will receive attention as one of the elements of the built-in agenda of the EPA. Inclusiveness of EPA-related benefits should be monitored and highlighted. In addition, the CARIFORUM Directorate will promote gender, youth and vulnerable elements of the society as cross-cutting themes in and implementation of the development projects and actions in respect of EPA Implementation for projects to be developed and implemented under the 11th EDF Regional Indicative Programme. Special attention will be paid to the integration of the Rights-based approach to Development cooperation as well as to the environment objectives and impacts. Labour organisations and Civil Society will continue to receive focus under the EPA and greater participation of civil society in CARIFORUM decision making processes will be sought.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of the Sustainable Development Goals (SDG), Goal(s) 8, but also promotes progress towards Goals 7, 13 and 16.

Overall Objectives

The overall objective of this programme is to increase the integration of CARIFORUM States into world economy, and to enhance the Caribbean Regional Cooperation and Integration processes as well as the CARIFORUM-EU Cooperation.

Specific Objectives

The specific objectives of this programme are:

- (i) To strengthen Caribbean Regional Cooperation processes;
- (ii) To support the policy and political dialogue as well as the development cooperation relationship between CARIFORUM and the EU;
- (iii) To support the implementation of the CARIFORUM/EU EPA.

Main Expected Results

Specific Objective 1: To strengthen Caribbean Regional Cooperation and Integration processes

Result 1: CARIFORUM Directorate institutional capacity and its sustainability is strengthened

Result 2: Intra-CARIFORUM technical, policy, trade and political cooperation processes strengthened

Result 3: CARIFORUM relations with FCORs, OCTs, CELAC, EU/CELAC and ACP enhanced

Result 4: Public awareness and participation on regional economic cooperation processes enhanced

Specific Objective 2: To support the policy and political dialogue as well as the development cooperation relationship between CARIFORUM and the European Union

Result 1: Coordination, steering, monitoring and Implementation of 10th and 11th EDF Regional Programmes strengthened

Result 2: CARIFORUM/EU Political Dialogue meetings facilitated

Result 3: Joint CARIFORUM - EU actions carried out

Specific Objective 3: To support the implementation of the CARIFORUM/EU Economic Partnership Agreement (EPA)

Result 1: EPA Joint Institutions fully functioning

Result 2: CARIFORUM capacity to elaborate position papers and contribute to the work of Joint institutions of the EPA is ensured

Result 3: EPA Implementation rate advanced

Result 4: An EPA Monitoring System is established and implemented

Result 5: The recommendations of the five year review are implemented

Result 6: Increased knowledge and awareness among stakeholders such as civil society, private sector, academia, and Caribbean citizens on the benefits of the EPA for the region

4.2 Main activities

Activities related to specific Objective 1, Result 1

- Coordination of the delivery of technical and administrative services.
- Analysis and recommendations on Post 2020 sustainability of CARIFORUM.
- Participation in political, technical and project/programme related missions/meetings and consultations.

Activities related to specific Objective 1, Result 2

- Organisation of intra-CARIFORUM technical, policy trade and political meetings and consultations.
- Provision of technical analysis and advice to intra-CARIFORUM technical and political meetings.
- Preparation of technical briefs on specific and specialised subjects for consideration by CARIFORUM Officials and Ministers.

Activities related to specific Objective 1, Result 3

- Participation in meetings with FCORs, OCTs, CELAC, EU/CELAC and the ACP.
- Preparation of technical briefs to inform CARIFORUM meetings with FCORs, OCTs, CELAC, EU/CELAC and ACP.
- Consultations, technical and political missions and exchanges with FCORs, OCTs, CELAC, EU/CELAC and ACP.
- Participation in activities, programmes and other FCOR, OCT, CELAC, EU/CELAC and ACP activities.

Activities related to specific Objective 1, Result 4

- Preparation and dissemination of information on CARIFORUM, CARIFORUM/EU/ CARICOM/OCT/FCOR, CARIFORUM/CELAC and CARIFORUM/ACP Cooperation.
- Preparation of technical briefs and participation in CARICOM and OECS consultations.
- Consultations, in collaboration with civil society and others on integration issues/subjects in the Caribbean.

Activities related to specific Objective 2, Result 1

- CARIFORUM Programming Management Committee and other related internal CARIFORUM Consultations.
- 11th EDF Thematic Task Force, Programming Committee and Piloting Committee Meetings.
- Steering Committee and Technical Advisory Committee and other meetings for 10th and 11th EDF Regional Programmes.
- Production of quarterly and annual reports on implementation of 10th and 11th EDF Regional Indicative Programmes.
- Field missions on project monitoring and implementation.
- Recruitment and retention of technical staff.

Activities related to specific Objective 2, Result 2

- CARIFORUM Preparatory Consultations for Policy and Political Dialogue between CARIFORUM and the EU.
- Regular and scheduled CARIFORUM/EU policy and political level meetings.
- Bi-annual High Level (Summit) between CARIFORUM and the EU.
- Technical and political CARIFORUM missions to the Commission, the EEAS, the European Parliament and other European institutions.

Activities related to specific Objective 2, Result 3

- Meetings of the Joint Working Group on the Implementation of the Joint CARIFORUM/EU Partnership Strategy.
- Joint CARIFORUM/EU Consultations at technical level on matters of mutual interest.
- Joint CARIFORUM/EU Consultations for possible joint positions on global issues and at international fora.
- Action on areas to be jointly agreed.

Activities related to specific Objective 3, Result 1

- CARIFORUM Preparatory Meetings for participation in Meetings of the EPA Institutions of the EPA.
- Preparation of technical and political briefs for CARIFORUM participation in the Joint Institutions of the EPA.
- CARIFORUM participation in Joint Institutions of the EPA.
- Follow-up actions to the discussions of the Joint Institutions of the EPA.

Activities related to specific Objective 3, Result 2

- Desk and field research undertaken on technical subjects related to EPA implementation and Joint Institutions of the EPA.
- Internal CARIFORUM consultations on technical issues in preparation for participation in sessions of the Joint Institutions.
- Organisation and coordination of follow-up work agreed by the Joint Institutions of the EPA.

Activities related to specific Objective 3, Result 3

- Provision of technical information and advice to CARIFORUM States on EPA implementation.
- Reporting on the status of implementation of the EPA in CARIFORUM States and promoting action to rectify deficiencies and/or slippage.
- Designing and implementing specific Plans of Action to resolve specific EPA Implementation Units.
- Dissemination of information from EU Coordinator, Customs Authorities etc. to CARIFORUM focal points.
- Recruitment and retention of technical staff.

Activities related to specific Objective 3, Result 4

- Analysis and research on an EPA Monitoring System.
- Internal CARIFORUM Consultation on finalisation of an EPA Monitoring System.
- Joint agreement with the EU on an EPA Monitoring System.
- Training of CARIFORUM States on the operation of an EPA Monitoring System.
- Coordinating and reporting on the operation of an EPA Monitoring System.

Activities related to specific Objective 3, Result 5

- Revision of the Plan of Action for follow-up to the first Five Year Review of the EPA.
- Establishment and operation of specialised Task Forces and Committees.
- Specific assignments arising out of the conclusions/recommendations of the Five Year Review (e.g. revenue impact of EPA Implementation).
- Coordination, with the EU, of follow-up action to the Five Year Review of the EPA.

Activities related to specific Objective 3, Result 6

- Analysis and determination of the most effective channels of communication for promoting the EPA in CARIFORUM.
- Production, promotion and dissemination of EPA promotion materials.
- Dissemination of regular information on EPA implementation including benefits being derived, actions being taken and programmes being financed.
- Provision of direct assistance to CARIFORUM States in the design and operation of their EPA Public Information/Relations Programme.
- Consultations with civil society, private sector, academia and others on EPA implementation.

4.3 Intervention logic

For ease of reference an initial Logical Framework is attached. It may be updated or adapted in the Overall Work Plan, to which it will be annexed, without this necessarily requiring an amendment to the Financing Agreement.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement EDF.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

5.3 Budget Support

NA

5.4 Implementation modalities

5.4.1.2 Grant : direct award (direct award - Pillar Assessed grant)

The project is aimed at achieving sustainable results in terms of Intra-CARIFORUM Cooperation, Inter-CARIFORUM cooperation, EU-CARIFORUM cooperation as well as Implementation and monitoring of the EPA. Success of the programme will be measured against results. All indicators will be results based and not process based. Due to these reasons it is proposed that support is not provided through an operating grant, but it is instead focused and targeted on the actions and results envisaged.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified by the situation of monopoly (de jure) of CARIFORUM, which is the Duly Mandated Regional Organisation for the Caribbean under the Partnership agreement 2000/483/EC concluded between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000. The role of CARIFORUM is also officially recognised by the Economic Partnership Agreement signed between the CARIFORUM States, of the one part, and the European Community and its

Member States, of the other part, and published in the Official Journal on 31 October 2008 L289/1/4.

The administrative structures of CARIFORUM and CARICOM were merged in 2006, CARIFORUM being "integrated within CARICOM" (see opinion on the legal status of CARIFORUM, note no. 403 of 25 April 2009). Since then support by the EU to CARIFORUM has always been channelled through CARICOM. CARICOM has passed the six pillar assessment in 2015. Support for the current project would be given via a Pillar Assessed Grant using the Pagoda template.

5.4.1.3 Procurement (direct management)

| Subject | Type | Indicative number of contracts | Indicative trimester of launch of the procedure |
|--|--------------|---|---|
| Communication and Visibility (section 5.11) | Services/FWC | 2 | 4 th trimester Year 1 |
| Evaluation and Audit (sections 5.9 and 5.10) | Services/FWC | <u>Evaluation:</u> 2 contracts (of which one Framework Contract) <u>Audit:</u> 4 contracts (Framework Contracts) | 4 th trimester Year 2 |

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply. The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

| Objectives | EU contribution (amount in EUR) | Indicative third party contribution |
|--|---------------------------------|-------------------------------------|
| 5.1.4.2. – Direct grant (Pillar Assessed Grant)* | 5,990,000 | 800,000 |

| | | |
|------------------------------------|-----------|---------|
| 5.9 - Evaluation, 5.10 - Audit | 80,000 | |
| 5.11. Communication and Visibility | 130,000 | |
| Total | 6,200,000 | 800,000 |

*In the PA grants are included indirect administrative Costs which are limited to the 7% of each PA grant

5.7 Organisational set-up and responsibilities

A Financing Agreement will be signed with CARIFORUM.

The overall supervision and steering of the project will be performed by a Steering Committee. This Committee will be chaired by a High Level Representative of the country chairing CARIFORUM. The Committee will comprise of one representative each of the past, current and future chair of CARIFORUM, a representative of the Dominican Republic, the Secretary-General of CARIFORUM or his representative and a representative of the EU Delegation in Barbados as an observer. The Steering Committee will meet at least once in each calendar year.

In due consideration of the principle of ownership, the European Commission reserves the right to change the delegated body indicated above or the scope of the delegation, without this necessarily requiring an amendment to the Financing Agreement. In that case, it shall consult the beneficiary on this change, and notify him about the name of the new delegated body and/or the scope of the task(s) delegated to it, once the change has been made.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a mid-term and final evaluation will be carried out for this action via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the ACP-EU cooperation is under review.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The mid-term and final evaluation reports shall be shared with CARIFORUM and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with CARIFORUM, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts, one for the mid-term evaluation service and one for the final evaluation service s shall be concluded under a framework contract in mid-2019 and end of 2021.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, four contracts for audit services shall be concluded under a framework contract following each replenishment request.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in the financing agreement and the Pillar Assessed Agreement.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ⁴

| | Results chain | Indicators | Baselines 2015 | Targets 2022 | Sources and of verification |
|--|--|---|---|--|---|
| Overall objective: Impact | To support the increased integration of CARIFORUM States into world economy and to enhance the Caribbean Regional Cooperation and Integration processes as well as the CARIFORUM-EU Cooperation. | Regional/Country level exports and growth rates. 1. Growth rate in CARIFORUM (**EU RF Level 1 # 3) 2. CARIFORUM regional exports (**EU RF Level 1 # 30) | 1. 2.25% growth rate in the Region. 2. 2014 levels of global and intra-regional exports = US\$3.175 billion (minus Haiti/Dominica) | 1. 4% annual economic growth. 2. 10% increase in exports over base year. | 1. World Economic Outlook, Regional Economic Outlook 2. Regional Statistics. |
| Specific objective(s): Outcome(s) | Specific objective 1 To strengthen Caribbean Regional Cooperation and Integration processes | No. of Regional Projects being implemented. | | | |
| Output 1 | Output 1. CARIFORUM Directorate institutional capacity and its sustainability is strengthened. | 1.1. Percentage of the CARIFORUM Directorate cost covered by member states (ownership) 1.2. % of policy, technical and other decisions successfully followed up/implemented. | 1.1.-5% | 1.1. 50% of CARIFORUM Directorate costs covered by CARIFORUM States. 100% | CARIFORUM Reports |
| Output 2 | Output 2. Intra-CARIFORUM technical, policy, trade and political cooperation processes strengthened. | 2.1.% of actions implemented for the Institutional Framework for the CARICOM/DR Cooperation 2.2 % of actions taken to support the CARIFORUM/DR Free Trade Agreement | 2.1.0% 2.2 No action taken in 2015. | 2.1. 10% increase in Intra-CARIFORUM Trade.??? 2.2 50% of Free Trade Provisions implemented by 2020 | 2.1 Reports CARICOM meetings 2.2. Reports Free Trade Agreement |

⁴ Mark indicators aligned with the relevant programming document mark with '**' and indicators aligned to the EU Results Framework with '***'.

| | | | | | |
|--|--|--|---|--|---|
| | | 2.3. Number of bilateral meetings regarding Haiti/DR binational cooperation | 2.3 Quarterly Joint Commission Meetings in 2015 | 2.3. Joint Commission and four other Joint Meetings | 2.3 Reports Haiti/DR B Mixed Com |
| | | 2.4. Number of capacity building measures for Intra CARIFORUM Trade and Development. | 2.4 One in 2015 | 2.4. Four by 2020 | 2.4 CARIFORUM reports |
| | | 2.5 Number of capacity building measures for Non- State actors | 2.5 None in 2015 | 2.5. Four by 2020 | 2.5 Non –S reports |
| | Output 3. CARIFORUM relations with FCORs, OCTs, CELAC, EU/CELAC and ACP enhanced. | 3.1. Number of actions (such as EDF/INTERREG projects) implemented in agreed cooperation areas* | 3.1 None in 2015 | 3.1. Five annually by 2020 | 3.1. INTERCELAC, EU and ACP re |
| | | 3.2. Number of FCOR, OCTs, CELAC, EU/CELAC and ACP meetings, consultations and political missions attended by CARIFORUM* | 3.2 Four in 2015 | 3.2. Eight annually by 2020 | 3.2. CARIFORUM Annual Rep |
| | Output 4. Public awareness and participation on regional economic cooperation processes enhanced | 4.1. Technical information and technical briefs prepared | 4.1. Four information documents in 2015 | 4.1. Four information documents, 4 press briefings annually by 2010 | 4.1. CARIFORUM Reports |
| | | 4.2. Number of consultations with Civil Society? | 4.2. None in 2015 | 4.2. One annually by 2020 | 4.2 CARIFORUM Annual Rep |
| Specific objective(s): Outcome(s) | Specific objective no. 2 To support the policy and political dialogue as well as the development cooperation relationship between CARIFORUM and the European Union | Decisions of Policy and Political Dialogues and Development cooperation implemented? | | | |
| Outputs | Output 1. Coordination, steering, monitoring and Implementation of 10th and 11th EDF Regional Programmes strengthened. | 1.1 % of financial execution rate of the 10 th EDF & 11 th EDF development programmes | 1.1. Financial execution rate of 10th EDF CRIP is 32% | 1.1. Commitment level of 11th EDF CRIP is over 95% of the total resources. | Monitoring including R reports. |
| | | 1.2. Number of 11 th EDF contracts prepared by the TTF and approved by the Technical Committee and | 1.2. None in 2015 | 1.2. Implementation rate of 11th EDF (actual | CARIFORUM reports CRIS report Expenditure |

| | | | | | |
|--|---|---|--------------------------------------|--|---|
| | | approved by the Commission | | disbursement over contracted amount) is at least 70% by 2020. | verification Evaluation m |
| | | 1.3. Number of monitoring and field missions conducted | 1.3Two in 2015 | 1.3. At least 4 annually by 2020 | CARIFORU Annual Rep |
| | Output 2. CARIFORUM/EU Political Dialogue meetings facilitated. | 2.1. Number of political dialogue meetings conducted at senior officials level* | 2.1. None in 2015 | 2.1. At least one political dialogue at Senior Officials' level every year | Reports of Political/pol dialogue me |
| | | 2.2. Number of EU/CARIFORUM meetings conducted at the level of foreign ministers* | 2.2. None in 2015 | 2.2. Increase in No. of meetings | CARIFORU Visibility an communica reports |
| | | 2.3. Number of EU/CARIFORUM high level (Heads) Meetings.* | 2.3. One in 2015 | 2.3. One High EU/CARIFORUM level (Heads) meeting bi-annually | CARIFORU Annual Rep |
| | | 2.4. Number of joint decisions implemented | 2.4. None in 2015 | 2.4. 90% of all joint decisions implemented | CARIFORU Annual Rep |
| | Output 3. Joint CARIFORUM-EU actions carried out | 3.1. Number of Meetings of the Working Group on the Joint Strategy. | 3.1. None in 2015 (launched in 2016) | 3.1. Four quarterly meetings per annum by 2020 | Working Gr Meeting Reports |
| | | 3.2. Number of joint positions in Global Fora | 3.2. One in 2015 | 3.2. More than 50% of the time by 2020 | CARIFORU Annual Rep |
| | | 3.3. Number of joint actions foreseen under the Joint Strategy implemented* | 3.3. None in 2015 | ▪ 3.3. None in 2015 | Evaluation o implementa the Joint Str |
| Specific objective(s): Outcome(s) | Specific Objective 3: To support the implementation of the CARIFORUM/EU Economic Partnership Agreement (EPA) | Level of compliance of CARIFORUM states with their EPA commitments* | | | |

| | | | | | |
|----------|---|--|---|--|---|
| Outcomes | 1. EPA Institutions fully functional | 1.1 Number of meetings of Joint Institutions 1.2. % of joint decisions implemented | 1.1. Two in 2015 1.2. Less than 50% in 2015 | 1.1 16 meetings of Joint Institutions 1.2. At least 75% by 2020 | Reports of meetings of Joint Institutions Reports of Meetings of the Joint Institutions |
| | 2. CARIFORUM capacity to elaborate position papers and contribute to the work of the EPA Joint institutions ensured | 2.1. Number of technical papers presented to Intra-CARIFORUM and CARIFORUM/EU Meetings 2.2. % of recommendations accepted for implementation | 2.1. Four in 2015 2.2. 50% in 2015 | 2.1. At least 20 Technical Papers presented to EPA Joint Institutions by 2020 2.2. At least 80% of the recommendations made are accepted for implementation | EPA Technical papers Reports of Intra-CARIFORUM and Joint EPA Meetings |
| | 3. EPA implementation rate advanced | 3.1. Status of scheduled tariff cuts 3.2. % of other commitments/obligations implemented | 3.1. Thirteen CARIFORUM States made all relevant tariff cuts by 2015 3.2. Less than 50% in 2015 | 3.1. All CARIFORUM States make all scheduled tariff cuts by 2020 3.2. 90% of EPA commitments implemented by 2020 | Trade and Development Committee Trade and Development Committee |
| | 4. EPA Monitoring System established and implemented | 4.1. Monitoring system operational 4.2. No. of EPA Monitoring Reports issued. 4.3. % of respondents providing information 4.4. No. of countries providing requested information | 4.1. No Monitoring system 4.2. No Reports issued in 2015 4.3. System not established in 2015 4.4. System not established in 2015 | 4.1. Monitoring system established in 2017 4.2. Annual Monitoring Reports issued by 2020 4.3. 75% of interviewees 4.4. All EPA signatories? | Annual Monitoring Reports Annual Monitoring Report Annual Monitoring Report Annual Monitoring Report |

| | | | | | |
|--|--|---|--|--|---|
| | 5. The Five Year Review recommendations are implemented | 5.1. % of recommendations successfully implemented | 5.1. % in 2015 | 5.1. At least 75% of Five Year Review recommendations implemented by 2020 | EPA Annual Plan of Action follow up of Year Review Reports from specialised Forces and Committees |
| | 6. Increased Knowledge among stakeholders of the benefits of the Economic Partnership Agreement for the Region | 6.1. Number of EPA related meetings and activities in which NSA and stakeholders participate* 6.2. Number of media events BSOs trained/informed 6.3. Documents for the relevant sectors produced (Services, goods, etc) and disseminated. | 6.1. One meeting in 2015 6.2. Two media events in 2015 6.3. Two sector specific documents produced in 2015 | 6.1. At least 4 media events/products per annum 6.2. At least 4 information events per annum 6.3. At least 2 sector specific document produced per annum | CARIFORU Annual Report Feedbacks from participants Press articles CARIFORU Annual Report |

ANNEX I - Acronyms

| | |
|-----------|--|
| ACP | African, Caribbean and Pacific Group of States |
| B2B | Business-to-Business |
| BIZClim | ACP Business Climate Facility |
| BSO | Business Support Organisation |
| CAIPA | Caribbean Association of Investment Promotion Agencies |
| CARICOM | Caribbean Community |
| CARIFORUM | Forum of the Caribbean Group of ACP States |
| CARTAC | Caribbean Regional Technical Assistance Centre |
| CARTFund | Caribbean Aid for Trade and Regional Integration Trust Fund |
| CBC | Caribbean Business Council |
| CCL | Caribbean Congress of Labor |
| CDB | Caribbean Development Bank |
| CE | Caribbean Export Development Agency |
| CEC | Caribbean Employers' Confederation |
| CELAC | Community of Latin American and Caribbean States |
| CIF | Caribbean Investment Facility |
| CRIP | Caribbean Regional Indicative Programme |
| CROSQ | CARICOM Regional Organisation for Standards and Quality |
| CSME | CARICOM Single Market and Economy |
| DAGS | Direct Assistance Grant Scheme |
| DEDTT | Department of Economic Development, Trade and Tourism |
| DfID | Department for International Development |
| DR | Dominican Republic |
| EC | European Commission |
| ECI | Export Competitiveness Index |
| EDF | European Development Fund |
| EEN | Enterprise Europe Network |
| ELAN | European and Latin American Business Services and Innovation |
| EPA | Economic Partnership Agreement |
| EU | European Union |
| FCORs | French Caribbean Outermost Regions |
| FDI | Foreign Direct Investment |
| FTA | Free Trade Agreement |
| GDP | Gross Domestic Product |
| GIZ | Gesellschaft für Internationale Zusammenarbeit |
| H&W | Health and Wellness |
| HACCP | Hazard Analysis and Critical Control Points |
| ICT | Information and Communication Technologies |
| IDB | Inter-American Development Bank |
| ILO | International Labor Organization |
| IPA | Investment Promotion Agency |
| ISO | International Organization for Standardization |
| ITC | International Trade Centre |
| MOU | Memorandum of Understanding |
| MSMEs | Micro, Small and Medium-Sized Enterprises |
| NIPS | National Investment Promotion Strategy |
| OAS | Organisation of American States |

| | |
|--------|--|
| OCTs | Overseas Countries and Territories |
| OECS | Organisation of Eastern Caribbean States |
| PPD | Public-Private Dialogue |
| ProNET | Productivity Network |
| R&D | Research and Development |
| RAIN | Regional Angel Investor Network |
| RIPS | Regional Investment Promotion Strategy |
| RPSDP | Regional Private Sector Development Programme |
| SBDC | Small Business Development Centre |
| SDGs | Sustainable Development Goals |
| SIDS | Small Island Developing States |
| SME | Small and Medium-sized Enterprises |
| TBI | Trade and Business Intelligence |
| TBT | Technical Barriers to Trade |
| TEPA | Trade and Export Promotion Agency |
| TIC | Trade and Investment Convention |
| TPO | Trade and Promotion Organisation |
| TVET | Technical & Vocational Education and Training |
| UN | United Nations |
| UNCTAD | United Nations Conference on Trade and Development |
| US | United States of America |
| USTA | University of San Antonio at Texas |
| UTECH | University of Technology |
| UWI | University of the West Indies |
| WINC | Women Innovators Network in the Caribbean |
| WTO | World Trade Organization |