

## SUMMARY

# Annual Action Programme 2017 – part II - in favour of the Caribbean Region to be financed from the 11<sup>th</sup> European Development Fund

## 1. Identification

EDF allocation	11th European Development Fund – EUR 27,950,000
Total cost	<p>i) "Binational Cooperation in favour of Haitian-Dominican Relations"</p> <p>Total estimated cost: EUR 20,393,000</p> <p>EU contribution: EUR 19,500,000</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"><li>- Caribbean Export (indicative amount of EUR 565,000)</li></ul> <p>This action is co-financed by potential grant beneficiaries:</p> <ul style="list-style-type: none"><li>- Direct grant to OXFAM for an indicative amount of EUR 233,000 and;</li><li>- Grant beneficiaries following a call for proposals for an indicative amount of EUR 95,000</li></ul> <p>ii) "Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime"</p> <p>Total estimated cost: EUR 8,450,000</p> <p>EU contribution: EUR 8,450,000</p>
Basic act	Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11 <sup>th</sup> European Development Fund (EDF)

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

The Republic of Haiti and the Dominican Republic share the island of "Quisqueya" or "La Hispaniola" in a territory of 76,480 km<sup>2</sup> and approximately 20 million people. Both countries are very interdependent in terms of economic relations and natural resources. Their relation has been volatile, with episodic political disruptions and cultural misconceptions, but also historical moments of inter-governmental and people- to-people cooperation. Trade relations are carried out following World Trade Organization rules outside any specific agreement. Uncertainties, imbalances and informality affecting their trade are a significant source of economic and political problems. The border zone of both countries is characterised by high levels of poverty and unemployment as well as low enterprise productivity of each side making the population in this area of the island very vulnerable.

Organised and transnational crime poses a threat to Caribbean governments, economies and citizens. While criminals can easily operate across borders, state prevention of crime transcending national borders is more complicated. To combat criminal activities such as cybercrime, money laundering and the financing of terrorism there is a need to build the operational capacity of state institutions. Preventing these crimes necessitates strong state systems as well as networks for collaboration and exchange of information.

### **3. Summary of the Action Programme**

#### **1) Background:**

i) The project entitled "Binational Cooperation in favour of Haitian-Dominican Relations" aims to reinforce mutually beneficial and sustainable development processes of both countries, by fostering improved relations and integration processes in key areas, such as trade and private sector development; dialogue and support to civil society; and environment, climate change and disaster risk reduction.

ii) The project "Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime" aims to support Caribbean countries in aligning their financial systems and state institutional structures with internationally agreed standards; build capacity at national and regional levels on asset recovery and cybercrime; and to promote their engagement and collaboration regionally and internationally.

#### **2) Cooperation related policy of beneficiary countries:**

i) The sectors proposed under Action 1 are embedded in both national development documents. *The Strategic Development Plan of Haiti* aims, among others, to strengthen democratic institutions, modernize and deconcentrate public administration, and strengthen civil society. On the Dominican side, the *National Development Strategy 2030* promotes an inclusive productive development and institutional reforms of public administration in order to respond to the challenges of increasing efficiency, investment and productive capacity of small & medium-sized Economies (SMEs), and to improve employability of the population.

In terms of environment, climate change and disaster risk management, this action is linked to those elements of each country's national strategies and policies that have a potential common interaction with the neighbour nation, at the central level and in the border area. The programme is linked to the implementation of the *United*

*Nations Convention on Desertification*, such as the *Contribution to the National Plan to Combat Desertification of Haiti and the Action Programme 2006-2016 to Combat Desertification and Drought in the Dominican Republic*, led by the Ministry of Environment and Natural Resources. Moreover, in July 2007 both countries signed the *Declaration of Santo Domingo* establishing the Caribbean Biological Corridor. In February 2014, Ministers of Environment of both countries reiterated through a memorandum of understanding their commitment to protect the environment of the island. More recently in December 2015, Haiti and Dominican Republic signed the *Paris Agreement* at COP 21. Each country has developed an *Intended Nationally Determined Contribution* (INDCs) by which they have committed to reduce 26% of greenhouse gases emissions in Haiti and 25% in Dominican Republic. The areas of intervention covered by INDCs for both countries include forestry, reforestation and land use change.

ii) The Financial Action Task Force on Money Laundering (FATF) is an intergovernmental body set up by the G7 group in 1989 with the objective to set policy and standards to combat money laundering as well as the financing of terrorism. FATF has produced a comprehensive set of international standards which are accepted as global policy guidelines on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). The Caribbean Financial Action Task Force (CFATF) is one of the nine FATF-Style Regional Bodies (FSRBs). Although autonomous, the FATF and the FSRBs share the common goal in combating money laundering and terrorist financing and in fostering effective AML/CFT systems.

The *Agreement for the Sharing or Return of Recovered Assets* has been drafted to support the *Caribbean Mutual Legal Assistance Treaty* which aims at providing the legal framework for the sharing or return of recovered assets among CARICOM members. It is in its final stages of approval and adoption among Member States. Additionally, an Asset Recovery Informal Network - CARIBE has been set up recently in the Caribbean to provide a platform for informal sharing among investigators and judicial officers on cross border financial and other crimes which will allow for asset recovery. The *2013 CARICOM Crime and Security Strategy*, and the *Strategic Plan for the Caribbean Community 2015-2019* both list cybercrime as a significant threat to the region. The *CARICOM Cyber Security and Cybercrime Action Plan* was further developed in 2016 and approved in 2017.

### 3) Coherence with the programming documents:

The proposed Annual Action Programme (AAP) is fully aligned with the *11<sup>th</sup> EDF Caribbean Regional Indicative Programme 2014-2020* as well as with the EU-CARIFORUM Partnership Strategy adopted in November 2012. The proposed actions are also in line with the *Agenda for Change* as well as *Regulation (EU, Euratom) No 966/2012*. The programme is also consistent with the Communication from the Commission on the *Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries (2014)*. Moreover, it is consistent with EU's gender policy and its GAP-II 2016-2020, the *Cybersecurity Strategy of the European Union*, the *EU Strategy on Citizen Security in Central America and the Caribbean*, as well as the *EU-CELAC Action Plan*.

4) Identified actions:

i) Under project entitled "Binational Cooperation in favour of Haitian-Dominican Relations", the specific objectives are:

- *Component A - Trade and Private Sector Development*- Strengthen the economic and commercial cooperation between Haiti and the Dominican Republic in a sustainable manner by supporting initiatives that can reduce the current imbalances in the long term and reduce poverty levels.
- *Component B - Environment, Climate Change and Disaster Risk Reduction* - Increase binational cooperation capacity for disaster risk reduction and sustainable management of natural resources through adaptation measures for climate change.
- *Component C - Dialogue and Civil Society*- Facilitate mutual understanding between the Dominican Republic and Haiti, at the level of inter-governmental dialogue on strategic binational issues, and at the level of people-to-people exchanges in the field of education, culture and/or sports.

ii) Under project entitled "Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime" the overall objective of the action is to contribute to the improvement of safety and security in the CARIFORUM region. This will be done through three interlinked project components:

- *Component A – Implementation of the Mutual Evaluation Programme*: aimed at strengthening financial compliance in the Caribbean region through supporting CARIFORUM Member States in undertaking the FATF Fourth Round of Mutual Evaluation Missions.
- *Component B – National Risk Assessments and National Action Plans*: designed to strengthen financial compliance in the Caribbean through supporting CARIFORUM Member States in carrying out National Risk Assessments to design and implement National Action Plans.
- *Component C – Asset Recovery and Cybercrime*: aimed at strengthening the capacity of CARIFORUM Member States on asset recovery and cybercrime, in compliance with international standards and the rule of law.

5) Expected results:

i) Under project entitled "Binational Cooperation in favour of Haitian-Dominican Relations" the expected results include: a more balanced and formal trans-border trade between Haiti and the Dominican Republic; the quality improvement of goods produced by both countries and of the competitiveness of enterprises; the cooperation between the different actors involved in binational trade strengthened; the improvement of protection of the population living in the river basin against threats; the reduction of natural resource degradation; and, the dialogue between governments more structured and mutual understanding of citizens increased.

ii) Under project entitled "Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime" the components A and B are closely interlinked and mutually reinforcing. The expected results for these two components include: increased levels of compliance with FATF AML/CFT and Proliferation Financing Recommendations; enhanced efficiency and effectiveness in fighting corruption, bribery and white collar crime; and improved monitoring and regulation of the informal financial sector and the control of cash flows. For component C, the expected results are: enhanced capacity on asset recovery and

cybercrime at national level in CARIFORUM Member States; strengthened national and regional coordination and cooperation on asset recovery and cybercrime; increased compliance with international standards on cybercrime (as prescribed in the Budapest Convention on Cybercrime); increased due-process compliant capacities of criminal justice authorities (police, judiciary) to investigate prosecute and adjudicate cases of cybercrime and electronic evidence; and increased awareness and capacities amongst decision makers, parliamentarians, relevant national authorities on asset recovery and cybercrime.

6) Past EU assistance and lessons learnt:

i) The project “Binational Cooperation in favour of Haitian-Dominican Relations” profits from mid-term evaluation of the 10<sup>th</sup> EDF binational programme carried out in early 2015, which concluded on its high relevance, but highlighted its management complexity, and its vulnerability to political ups and downs. Lessons learnt were fully integrated in the present project. In addition, the Caribbean Biological Corridor (in which Cuba, Haiti and the Dominican Republic participate), has also brought relevant experiences to be replicated.

ii) The project “Capacity Development for CARIFORM Member States on Financial Compliance, Asset Recovery and Cybercrime” benefits from lessons learnt on similar regional AML/CFT initiatives funded by the EU in South East Asia, Middle East, West Africa and South America. Of particular relevance is the regional initiative for South America (GAFILAT) which includes as member the Dominican Republic. Lessons learnt from previous and current EU engagement on cybercrime and cybersecurity (such as the GLACY, and GLACY+ projects) have informed the present project.

7) Complementary actions/donor coordination:

i) The project “Binational Cooperation in favour of Haitian-Dominican Relations” is complementary to other EU and non-EU financed programmes on sustainable economic growth and stability, entrepreneur competitiveness, disaster risk management and climate change. It is complementary to national bilateral programmes and to the regional Caribbean Investment Facility focusing on mobilising investments for “hard” infrastructure or in the case of SMEs, cooperatives and other forms of social economy, for access to finance. Ongoing and recently formulated regional projects such as the CARIFORUM Component of the 10<sup>th</sup> EDF ACP Natural Disaster Risk Management Programme, the second phase of the Caribbean Biological Corridor, the 11<sup>th</sup> EDF Regional Private Sector Development Programme (FED/2016/039-499), as well as future interventions in the field of the Economic Partnership Agreement implementation, quality infrastructure, and mobility of people, will provide valuable room for coordination and synergies.

ii) The project “Capacity Development for CARIFORM Member States on Financial Compliance, Asset Recovery and Cybercrime” is complementary to EU and non-EU financed programmes on financial compliance, counterterrorism, asset recovery, cyber security and cybercrime. Synergies will be sought in particular with the EU funded programmes for CARTAC and CFATF focusing on financial compliance and banking regulations. The donor coordination on cybercrime benefits from the network of national, regional and international stakeholders, led by CARICOM IMPACS. Other relevant EU supported programmes include the Global

Crisis Room Support Programme, the El Pacto continental programme and the COPOLAD II programme.

#### 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 implementing institution, allowing the involvement of the EU Delegations at key stages of the projects having visibility potential.

i) For the project entitled “Binational Cooperation in favour of Haitian-Dominican Relations”, the technical assistance contract will include specific objectives for the design of a communication plan contributing to ensure the coherence of the whole project and its complementarities with regional initiatives. Additional communication measures might be taken if necessary.

ii) For the project entitled "Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime", it is foreseen that all three project components will include an awareness strategy to engage and inform citizens, private sector and civil society on the issues pertaining to financial compliance, asset recovery and cybercrime. Media and relevant civil society organisations will be important partners in this outreach to sensitise both rights holder and duty bearers to the objectives and activities supported through this project.

#### 5. Cost and financing

i) “Binational Cooperation in favour of Haitian-Dominican Relations” 20,393,000

Amount allocated to each proposed programme component:	<b>EUR</b>
Trade and Private Sector component	7,750,000
Environment, Disaster Risk Management and Climate change component	6,300,000
Dialogue and civil society component	4,900,000
Evaluation and Audit	350,000
Communication and visibility	200,000
<b>Total EU contribution to the measure</b>	<b>19,500,000</b>

ii) “Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime”

Amount allocated to each proposed programme component:	<b>EUR</b>
Implementation of the Mutual Evaluation Programme	1,800,000
National Risk Assessments and National Action Plans	4,050,000
Asset Recovery and Cybercrime	2,400,000
Evaluation and Audit	150,000
Communication and Visibility	50,000
<b>Total EU contribution to the measure</b>	<b>8,450,000</b>

The Committee is invited to give its opinion on the attached Annual Action Programme 2017 – part II.



## **ANNEX I**

of the Commission Decision on the Annual Action Programme 2017 - part II - in favour of the Caribbean Region to be financed from the 11th European Development Fund

### **Action Document for 11<sup>th</sup> EDF Binational Cooperation in favour of Dominican-Haitian relations**

#### **INFORMATION FOR POTENTIAL GRANT APPLICANTS**

#### **WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF by virtue of Article 37 of the Annex to Regulation (EU) No 323/2015 in the following sections concerning calls for proposals: 5.4.1.1 . A call for proposals for civil society organizations (“People to People Exchanges”) will be launched under the dialogue component, by the last trimester 2018; and in the following sections concerning grants awarded directly without a call for proposals: 5.4.1.2. A direct grant to the Technical Secretariat of the Mixed Bilateral Commission in Haiti will be awarded. 5.4.1.2 (bis) A direct grant to OXFAM for the “Support to the economic local development, trade and border markets management” will be awarded.

<b>1. Title/basic act/ CRIS number</b>	Binational Cooperation in favour of Dominican-Haitian relations. Components: “ Trade and private sector development” “Dialogue and support to civil society” and “Environment, Climate Change and Disaster Risk Reduction” CRIS number: FED/2017/040-126 (DO) CRIS Number: FED/2017/040-148 (HT) Financed under European Development Fund (EDF)	
<b>2. Zone benefiting from the action/location</b>	The action shall be carried out at the following location: Haiti and Dominican Republic. (including border zone between the two countries and municipalities around the Pedernales river basin)	
<b>3. Programming document</b>	11 <sup>th</sup> EDF Caribbean Regional Indicative Programme (CRIP)	
<b>4. Sector of concentration/ thematic area</b>	Focal area 1: Regional Economic Cooperation and Integration  Focal area 2: Climate Change, Disaster Risk Management, Environment and Sustainable Energy	DEV. Aid: YES
<b>5. Amounts concerned</b>	Total estimated cost: EUR 20,393,000 Total amount of EDF contribution: EUR 19,500,000  This action is co-financed in joint co-financing by: - Caribbean Export for an indicative amount of EUR 565,000  This action is co-financed by potential grant beneficiaries: - Direct grant to OXFAM for an indicative amount of EUR 233,000 and; - Grant beneficiaries following a call for proposals for an indicative amount of EUR 95,000	

<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct Management- Grants – call for proposals Direct Management-Grants-direct award (Technical Secretariat of the Mixed Bilateral Commission) Direct Management-Grants – direct award (OXFAM) Direct Management - Procurement of services Indirect management with: - Caribbean Export Development Agency (CEDA) - Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)			
<b>7 a) DAC code(s)</b>	32130-Small and medium sized enterprises (SMEs) development 33110-Trade policy and administrative management 33120-Trade facilitation 25010-Business support services and institutions 41040 Site preservation 41050 Flood prevention/control Main DAC code 740: Disaster prevention and preparedness Main DAC code 151: Government and civil society			
<b>b) Main Delivery Channel</b>	Public Sector Institutions--10000 Non-Governmental Organisations (NGOs) and Civil Society -- 20000 Developing country-based NGOs –2300 Multilateral organization—40000 Other multilateral institution—47000 (Caribbean Export) Other--50000 Other--52000--(Deutsche Gesellschaft für Internationale Zusammenarbeit --GIZ)			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	X
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born	X	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input type="checkbox"/>	X	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	X



<b>9. Global Public Goods and Challenges (GPGC) thematic flagship</b>	Inclusive sustainable development (Human development, growth/private sector engagement)
<b>10. SDGs</b>	<p>Main SDG Goals:</p> <p>SDG No. 8. Decent work and economic growth (Targets 8.2 and 8.3) SDG No. 13- Climate Action (Targets 13.1 and 13.3)</p> <p>SDG No. 15- Life on land (Targets 15.1, 15.2 and 15.3)</p> <p>Secondary SDG Goals:</p> <p>SDG No. 5-Gender Equality</p> <p>SDG No. 6-Clean water and sanitation</p> <p>SDG No. 9- Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> <p>SDG No. 10 – Reduced Inequalities</p>
<p><b>SUMMARY</b></p> <p>The overall objective of the 11<sup>th</sup> EDF Haiti-Dominican Republic binational cooperation programme is to reinforce mutually beneficial and sustainable development processes of both countries, by fostering improved relations and integration processes in key areas. The programme builds on recent cooperation under the 10<sup>th</sup> EDF where significant progress has been achieved, despite interference of political and economic tensions and cultural misunderstandings, in areas such as local transboundary development, environment, trade and investment, and binational dialogue. However, much still needs to be done and collaboration mechanisms between the two countries have only been recently put in place. Therefore, continued support should be ensured in areas where political will of the two countries exists and improving their relations is in fact critical for their own sustainable development. Relevance of continuing this cooperation is unquestionable, since the two economies are interdependent to a very significant degree (trade flows, workforce...), face common challenges for their sustainable development and are highly disaster prone in terms of threats.</p> <p>The programme will put stronger emphasis on cooperation between non state actors, notably the private sector, local communities and civil society organizations. It will also promote people-to-people exchanges in areas such as education, culture and sports, recognizing the need to broaden the scope of inter-governmental dialogue. Promoting a more participative role of women in the development of both countries as well as reducing gender gaps is a significant objective of the programme. Therefore, tailored capacity building for women and activities for strengthening social organization and community participation of women, are envisaged.</p> <p>The programme consists of activities in three areas of intervention, namely: 1) Trade and private sector development; 2) Environment, Climate Change and Disaster Risk Reduction; and, 3) Dialogue and support to civil society. The current Action Document comprises the three areas. The programme will be implemented through one Action Document leading to one Commission Decision, and two separate Financing agreements, signed by the DR and HT NAOs. The implementation will include a mix of modalities such as indirect management with experienced partners (CEDA, and GIZ); as well as call for proposals in order to foster participation of civil society organizations and grants with OXFAM and STCMB. A pool of technical assistance is envisaged to ensuring global coherence of the programme, and to enhancing intergovernmental dialogue by means of providing studies or fora on strategic binational issues.</p>	

## 1. CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area

The Republic of Haiti and the Dominican Republic share the island of "Quisqueya" or "La Hispaniola" in a territory of 76,480 km<sup>2</sup> and approximately 20 million people. A ground border of 360 km separates both countries, which remain nevertheless very interdependent both in terms of economic relations and natural resources. Their relation has been volatile, with episodic political disruptions and cultural misconceptions but also historical moments of inter-governmental and people- to-people cooperation, such as at the occasion of disasters caused by natural events (Hurricane San Zenon in 1930 in the Dominican Republic, or more recently the 2010 earthquake that killed 300,000 people in Haiti and Hurricane Matthew on October 2016 affecting mostly Haiti but also the Dominican Republic).

Despite unfortunate events and disasters, there are also moments of collaboration and peaceful conviviality. Several spontaneous collaboration initiatives in the fields of culture and sports have shown their potential to progressively build trust between people. Indeed, numerous activities (fairs and sporting events) are annually organized between Haitians and Dominicans, such as sporting championships led by the Dominican Ministry of Sports in which take part Haitian teams, celebrations of the Haitian Diaspora in Dominican Republic, and meetings between journalists of both sides of the border. Furthermore, the border has a particular binational dynamic where collaboration prevails over potential prejudices between both countries.

Also in terms of trade flows, the Dominican and Haitian economies are inter-dependent. Uncertainties, imbalances and informality affecting their trade are a significant source of economic and political problems. The border zone of both countries is characterised by high levels of poverty and unemployment as well as low enterprise productivity of each side making the population in this area of the island very vulnerable. However, northern corridor has experienced a significant economic growth during last years, mainly due to the dynamic generated by the Dajabón's border market. At all, border markets constitute the heart of the economy in the zone, mobilizing twice a week a large amount of goods, people and money. Trade in the border zone is mainly informal with marginal transactions value in some border points, but it is part of the survival strategy of the populations on both sides of the border and/or, in some cases, it is part of the distribution networks for some agricultural goods of great regional impact. 80% of economic operators at the border are women, less organised and frequently exposed to any kind of abuse. Formal trade takes place mainly by road through border posts mutually recognised, particularly Jimaní/Malpasé, Dajabón/Ouanaminthe and Elías Piña/Belladere. Smuggling is exercised in all forms, both in formal and informal trade.

Formal trade between the two countries is framed by a number of bilateral and multilateral agreements and memorandums. Both countries have signed the CARIFORUM-UE Economic Partnership Agreement (EPA) but while full implementation is in place in the Dominican Republic, Haiti is yet to ratify the same. In this regard, currently the Haiti-DR trade relations are carried out following WTO rules outside any specific agreement.

The Republic of Haiti has an economy of around 8.7 billion dollars. Following a radical tariff reform which began in the 1980's, 67 % of product lines are applied a 0% tariff rate. However, such liberalization was not accompanied by support programmes for local enterprises, leading to the dismantling of several industrial sectors. The Global Competitiveness Report 2015-2016 (GCR) ranked Haiti 134 out of 140 economies analysed, and the World Bank's "Doing Business report" (2015) Haiti ranks 182 out of 189 economies. Haitian economy is characterized by low labour costs, with 80 % of the population living under the poverty line and 54% in extreme poverty, with high levels of inequality (GINI index: 60.79; Gender Inequality Index: 0.593<sup>1</sup>). Two fifths of all Haitians depend on the agricultural sector, mainly small scale subsistence agriculture. The textile sector represents close to 90% of exports and nearly 1/20 of the GDP. Remittances are the primary source of foreign exchange, representing 20%. The country suffers from a lack of investment, in part due to the weak infrastructure such as access to electricity. In recent years the Haitian Government's revenue has been based

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<sup>1</sup> The Gender Inequality Index is a composite measure reflecting inequality in achievement between women and men in three dimensions: reproductive health, empowerment and the labour market. For all indicators, except the two health indicators, this equality benchmark is considered to be 1, meaning equal numbers of women and men.

mainly on the formal international economic assistance for fiscal sustainability, with more than half of its annual budget being derived from external sources.

The Dominican Republic, with a GDP of USD 63,000 million in 2014, has been traditionally considered as an exporter of sugar, coffee and tobacco, but in recent years the service sector has overtaken agriculture as the largest employer in the country sparked by the growth of telecommunications, tourism and export-processing zones, as well as a significant participation of the mining sector since 2012. The Dominican economy is highly dependent on the USA, which represents around 50 % of its total exports (the country is currently implementing the "Central America- Dominican Republic Free Trade Agreement" (CAFTA-DR 2004). Remittances from the United States represent approximately 7 % of GDP. However, purchasing power remains very low due to high levels of poverty (40.4 % of the population living in poverty in 2011) and inequality (GINI index of 45.68; Gender Inequality Index: 0.470). High unemployment and underemployment remains a major challenge for the long term, with significant disparities against women in relation to access to higher-paying jobs. In terms of the determinants of competitiveness, the GCR positioned to the Dominican Republic in the place 98 between 140 economies, recommending improvement, among others in the areas of Institutional Performance and Productive Innovation, while the "Doing Business" report (2017) places the Dominican Republic 103rd out of 189 economies and, as in the case of Haiti, the country needs to adjust certain regulatory aspects in order to improve its business climate, such as i) management of the insolvency of economic agents and ii) access to electricity.

Environmental issues are a particular field for dialogue. Both countries are classified within the Small Island Developing States (SIDS) group and as such, face common challenges for their sustainable development: the fragility of their ecosystems and environmental degradation. Also, they are exposed to anthropic and natural threats, a high vulnerability to climate change and high poverty rate. Moreover, they have a strong external dependence on trade and energy sources. With 96 % of its population living in risky conditions, this is the island with the highest vulnerability to cyclones in the region and both countries are among the ten most vulnerable in the world. Indeed, with an economy highly dependent of tourism sector, the Dominican Republic is among the 20 countries with the greatest risk to their global economy due to disasters.

The island, second larger in the Caribbean, is one of the richest in terms of biodiversity. Nevertheless, as well as socioeconomic development between the two countries presents notable asymmetries, the environmental situation reflects similar disparity (forest coverage is frequently presented as an illustrative case, reaching 4 % of Haitian land and around 41 % for the Dominican Republic).

Both countries share similar problems at the border zone, such as the degradation and the deterioration of the hydrographic basins, the loss of biodiversity, the deforestation, the erosion of the soils and the deficit of access to primary social services (drinkable water, treatment and disposal of waste water, and management of solid residues, among others). Women, and particularly in the border communities, are frequently more affected by biodiversity loss and vulnerable to climate change and disasters. As the two countries share these resources, their management, adaptation and disaster risk reduction strategies require coordination.

This socioeconomic, environmental and cultural context gives a particular framework to political dialogue between the two countries. A Mixed Bilateral Commission (CMB) has been created in 1979, to move from a crisis-prompted to a more structured binational dialogue, but its real operationalisation didn't occur before 1996 with its reactivation and the creation of both Executive and Technical Secretariats late in the 2000's. However, this political dialogue still faces important challenges, fed by conflict and by distrust, added to the political crises and institutional weakness in Haiti, affecting negatively the efforts granted by the societies of both countries to work on the peaceful coexistence. This globally described situation requires a combined effort of governments and civil society of both countries to create the foundation of the dialogue, as a necessary condition for the peaceful coexistence and development.

Given the levels of interdependence both in terms of natural resources and trade flows, and in light of economic and development asymmetries within the two countries, supporting stronger collaboration at binational level on these issues is highly relevant as well as promoting a steady, formal and structured political dialogue. The EU has been pioneer in promoting binational cooperation, and has thereby gained significant political recognition. However, much still needs to be done in this area, and the collaboration mechanisms

between the two countries have only been recently put in place, which clearly justifies continued support in areas where political will of the two countries exist.

### **1.1.1 Public Policy Assessment and EU Policy Framework**

The present programme builds on continuity of intervention under the 10th EDF, which aimed to strengthen relations between Haiti and the Dominican Republic both at the level of governments and between non-state actors (mainly private sector and NGOs) and local authorities. At least six main reference documents place this initiative in the European Union's development agenda and the future prospects of the Dominican Republic and Haiti.

The present programme is aligned to the Joint EU-Caribbean Strategy which aims to a more integrated region by means of promoting regional business development, enhancing productive capacities, human development, social cohesion and economic growth. It also aims to develop policies to reducing the impact of climate change and environmental degradation in the region. Moreover, the programme is consistent with the Communication from the Commission on the Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries (2014).

In addition, the present programme has identified gender equality - including women in development - as one of its significant objectives. This makes it consistent with EU's gender policy and its GAP-II 2016-2020, that aims to translate its commitments on gender equality into clear and tangible outcomes. The programme responds in particular to GAP's Objectives 9, 15, 17 and 20.

Furthermore, the programme is consistent with the vision of the Revised Cotonou ACP-EU Partnership Agreement signed by both countries, which underlines the importance of regional integration in ACP countries and of ACP-EU relations, promotes cross-border cooperation and recognizes the central role of local authorities, civil society and private sector in achieving sustainable development. It is also consistent with the CARIFORUM/EU EPA which includes commitments for dialogue and cooperation in areas such as trade facilitation, technical, sanitary and phytosanitary standards, competition policy, and other trade-related areas.

The proposed action is directly relevant for two sectors of concentration of the 11th EDF CRIP, namely "Regional economic cooperation and integration" and "Climate Change, environment, disaster management and sustainable energy". It also complies with the CRIP's commitment to put special emphasis on the involvement of non-state actors. Result 1.3 of the CRIP on strengthening intra-CARIFORUM cooperation, specifically mentions "measures to enhance Haiti – DR binational cooperation" referring notably to meetings and agreements, and to trade. Results 1.1, 1.2 and 2.1 of the CRIP highlight binational cooperation respectively on climate change adaptation, on disaster management and risk reduction, and on environmental management in the transboundary area.

The sectors proposed in this intervention are also embedded in both national EU cooperation documents. On the Haitian side, the two main objectives of the 11th EDF NIP are (1) sustainable poverty reduction through support for inclusive and sustainable economic growth, and (2) consolidation of democracy based on the rule of law and good governance, and the improvement of security. Haiti's NIP also includes measures in favour of civil society. These objectives coincide with those of the Strategic Development Plan of Haiti (PSDH), which aims, among others, to strengthen democratic institutions, modernize and deconcentrate public administration, and strengthen civil society.

On the Dominican side, the 11th EDF NIP will provide financial support for inclusive productive development and for institutional reforms of public administration in order to respond to the challenges of increasing efficiency, investment and productive capacity of SMEs, and to improve employability of the population, aligned with the National Development Strategy (NDS) 2030 which priorities correspond largely to the priorities and values of EU development policy.

In terms of environment, climate change and disaster risk management, this action is linked to those elements of each country's national strategies and policies that have a potential common interaction with the neighbour nation, at the central level and in the border area. These have been prioritised by both countries in the framework

of the Mixed Bilateral Commission. More strategically, the programme is linked to the implementation of the United Nations Convention on Desertification, such as the Contribution to the National Plan to Combat Desertification of Haiti and the Action Programme 2006-2016 to Combat Desertification and Drought in the Dominican Republic, led by the Ministry of Environment and Natural Resources. Moreover, in July 2007 both countries signed the Declaration of Santo Domingo establishing the Caribbean Biological Corridor. In February 2014, ministers of environment of both countries reiterated through a memorandum of understanding their commitment to protect the environment of the island. More recently in December 2015, Haiti and Dominican Republic signed the Paris Agreement at COP 21. Each country has developed an Intended Nationally Determined Contribution (INDCs) by which they have committed to reduce 26 % of GHG emissions in Haiti and 25 % in Dominican Republic. The areas of intervention covered by INDCs for both countries include forestry, reforestation and land use change.

### 1.1.2 Stakeholder analysis

Based on lessons learnt from the 10<sup>th</sup> EDF programme, policy makers as well as direct beneficiaries of the intervention has been involved in the preparation of the Action in a participatory manner. A consultation process both at national and binational levels has taken place during the identification (including the drafting of a concept note) and formulation phases. The action will involve four main categories of stakeholders:

**Governments:** i) The Mixed Bilateral Commission, including its secretariats and thematic committees, as well as both ministries of foreign affairs, are at the centre of institutional binational dialogue. The 10<sup>th</sup> EDF programme has been instrumental in reinforcing technical and administrative capacities but still a well and structured dialogue remains a challenge mostly due to asymmetries. In addition, abrupt changes of staff in the technical Secretariat slow down the rhythm of the binational initiatives jointly undertaken and they also lack of binational strategies or joint action plans. ii) The ministries of environment, the departments for Climate Change as well as the National Offices for Civil Protection in both countries, are in need of strengthening their capacities to better perform their coordination role as well as their capacity for planning joint actions. (iii) Ministries of Trade and Industry of both countries, including in particular their departments in charge of: quality standards, trade promotion, trade agreements, investment promotion, SME development, competitiveness, competition policy, intellectual property and geographical indicators, have been supported under past programmes to build capacity in the fields of exchange of information, data collection and human resources abilities. However, they still face limitations in terms of financial resources and coordination between their various directorates and *Vis à Vis* their neighbouring partners. Particular attention will be paid to the initiative led by the Dominican Ministry of Industry to promote female entrepreneurship and to address particular challenges for women to formalize, expand their business and hence contribute to reduce female poverty levels.

In this regard, the programme will also coordinate efforts with the national institutions in charge of the gender equality (particularly the Ministry of the Women of the Dominican Republic, which currently develops initiatives to mainstreaming gender considerations through main government policies).

Other authorities also concerned are, among others, BACOS (which depends of the Haitian Prime Minister Office), the ministries of culture and ministries of public works (as regards to transport). As regards to sports, the Dominican Ministry of Sports is a key figure for the benefit of the binational relations. This ministry is been proactive in organising initiatives such as competitions, support for Haitian teams at the border, among others. Such enthusiasm will be used to encourage collaboration and joint coordination with its Haitian counterpart, which lack of financial resources is a main constrain to develop activities.

**Local authorities** (particularly those of the border zone) are relevant stakeholders for the programme. They have also received assistance in past programmes (particularly those of Dajabón and Ouanaminthe) with a view to enabling them to perform their tasks related to the binational trade and market management, but they still need technical and financial support in view of the role they will play in promoting sustainable economic and social development of their communities. Municipalities of Pedernales, José Francisco Peña Gómez, Anse à Pitre and Thiotte show among the highest levels of poverty and marginality of both countries and their authorities lack of planning and advocacy capacities.

**Private Sector** and particularly the Haitian and Dominican SMEs face major problems in their search for competitiveness and have an insufficient access to the necessary services to allow them to develop their activities outside local markets. Business Support Organizations (BSOs) (Chambers of Commerce, Associations of industries and exporters, small farmers and retail associations, including those in charge of women promotion, among others) would greatly benefit from assistance in liaising with their counterparts in the neighbouring country in order to devise a joint strategy to tackle common challenges affecting the competitiveness of Haiti's and DR's micro, small and medium sized enterprises (MSMEs). The latter will benefit under the programme from being linked to larger companies which will encourage their competitiveness and growth by strengthening and/or creating binational value chains. The programme will support the local productive associations operating in the transboundary river basin, particularly cooperatives of coffee growers, women's cooperatives of Anse à Pitre and Thiotte, and the fishermen's associations of Anse à Pitre and Pedernales. Also support will be given to the educational centres, to the small and medium operators of the border markets, including women entrepreneurs, among others.

**Civil society organizations (CSOs)** are instrumental to build trust and collaboration between the two countries and their citizens, as well as to promote alternative channels to strengthen dialogue. However, even though they have a structural frame of cooperation for potential exchanges (mostly organizations in Dominican Republic) their actions are independent and generally isolated from each other's. Key actors include a wide range of CSOs namely NGOs, consumers associations (for trade issues), academic institutions, sports clubs, cultural platforms, university departments and CSOs supporting women's rights and women's empowerment. In the domain of education, relevant institutions include among others, the Quisqueya university, the Notre-Dame university, the Episcopal University and the State university, from the Haitian side, as well as the Pontificia Universidad Católica Madre y Maestra (PUCMM), the Action pro-education and Culture university (UNAPEC), the Iberian-American University (UNIBE), the National University Pedro Henríquez Ureña (UNPHU), the Superior institute of Agriculture (ISA), and the Latin American Faculty of the social sciences (FLACSO), in the Dominican side. These institutions have already shown a big interest in the binational relations by means of research and other initiatives such as conferences and colloquiums. Most of these organizations have actively participated of the Binational Observatory on the domains of migration, education, environment and trade (OBMEC), financed under the 10th EDF programme. Other stakeholders in this domain are: the Technological University of Santiago (UTESA) and the Organization and Method University (O&M), which host a large number of Haitian students (grouped in associations too) in Dominican Republic, and the research centers Challenge and the Center of research and economic and social training for the development CRESFED, based in Haiti, which contributes with important investigation in the field of binational relations.

In the domain of culture, organizations such as Ciencia & Arte Foundation in Dominican Republic has gained a solid experience promoting an annual ecotourism fair at the border and "Nou ap Sove Ayiti" (NAPSA), organization of young professionals and students which organizes Haitian culture fairs in Santo Domingo and Santiago. Other important actors are the Centro Bono which offers Creole's courses, as well as the Centro León in Santiago and FOKAL in Port of Prince which could be instrumental in promoting binational relations due to their credibility and visibility.

Local organizations and platforms operating in the Pedernales river basin, particularly the River Basin Council, the Binational Disaster Risk Management Committee, the local civil protection committees, the local Disaster Risk Management Committees, the binational Human Rights Committee and local NGOs will also be positively impacted by this programme. Local actors also recognise a positive role to both Dominican and Haitian Red Cross; CARE, SOS, CROSE, IDEAC, FUNDACIPE, GPLA, PAN (which supports the construction of schools in Thiotte), the Ecological Society of Pedernales, the Group Jaragua, CEEDESUR (which supports the construction of lodgings in Pedernales), IDDI, and the organizations associated with past and current ECHO funding in the area such as OXFAM, Cooperazione Internazionale (COOPI) and International Solidarity.

The target population around the four municipalities of the Pedernales river basin is estimated to 24,291 people from the Dominican side and 37,761 people from the Haitian side. The programme will consider alternatives and complementary actions for the potential disadvantaged, in order to approach them as allies' partners of the action.

They will all contribute effectively to the overall implementation of the programme either as partners in the execution of specific activities and actors within relevant concertation mechanisms, or as beneficiaries of outreach activities aimed at raising awareness on binational cooperation.

### **1.1.3 Priority areas for support/problem analysis**

Binational trade flows are very important for both countries (Haiti is the second largest market for Dominican export, and the DR is the second source of imports for Haiti), but highly unbalanced and asymmetric (98% of binational exports flow from the DR to Haiti). Informality is estimated at a third of binational exchanges, largely through border markets, with a positive impact on local economies but a negative one on Haitian customs revenues, in part due to organisation constraints of trading posts at the border. Informality also impacts negatively in human rights, particularly those of women vendors at the border, who frequently suffer physical violence and merchandise losses. Despite the signature of memoranda of understanding between the governments and efforts made in the framework of the Mixed Bilateral Commission, formal trade flows suffer from unpredictable changes in rules and from a gap between legislation and its implementation, including weakness in communication, lack of accurate trade statistics and absence of dispute settlement and arbitration mechanisms. Furthermore, public institutions in charge of regulating and promoting trade and investment between both countries lack of all the necessary tools to efficiently carry out their tasks.

More than 80 % of MSMEs are micro and small enterprises that struggle to meet quality regulations in order to compete with global enterprises in their domestic markets. Factors impeding competitiveness of SMEs in both countries include, among others: insufficient quality in manufacturing processes resulting in products that do not meet international standards (including mutual recognition of quality standards) nor other certifications required by niche markets; limited skills and productivity of their human resources at both the managerial and workers level; little innovation, product recognition and market penetration; insufficient market intelligence and value chain processes; non-conducive business environment for MSMEs and lack of access to finance. Moreover, lack of associativity emerges as an important constraint, particularly for women-led MSMEs limiting not only their access to customers and supply chains but their advocacy capacity. Indeed, a very low percentage of women (2 %) declared to be a member of a cooperative in Haiti<sup>2</sup>. There are however interesting trade and investment opportunities in co-production and binational value chains, building on complementarities between both economies.

The 10th EDF programme played an important role in promoting linkages between institutions related to the binational relations and in the increase of such activities. The secretariats of the CMB and other pertinent public institutions have been strengthened by recruitments and technical support/training (as for short term courses on binational relations delivered by the Dominican diplomatic school). However, the intergovernmental dialogue works in slow motion, due mainly to a bidirectional political lack of will evidenced by the absence of a binational strategic frame between both States and a strong financial dependency of the international cooperation. This constitutes one of the factors preventing the CMB from achieving its mission to jointly planning, managing and coordinating cooperation programs, aiming to achieve a sustainable economic and social development of both countries.

Other factors affecting not only the relations between governments but also those between the civil societies are the mutual misunderstanding of both countries and political instability in Haiti. This affects negatively the climate of confidence necessary for the bilateral dialogue and increases the lack of political will of the CMB.

There is also a lack of mutual interest from a cultural perspective, which is related to historical misconceptions leading to prejudices on both sides of the island. Also gender biases and stereotypes contribute in such an important way to perpetuate social and cultural barriers. Moreover, the fact that both peoples speak different languages constitutes a barrier to exchanging experiences and to conviviality. In addition, the press and the social media play a significant role in this misunderstanding, in the sense that they tend to convey false information generally catastrophists on the binational relations. It is necessary to note that the Haitian migration towards the Dominican Republic plays a role in this regard. Finally, the civil society has a structural frame of cooperation favouring a synergy capable of prefiguring a new image in these exchanges.

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<sup>2</sup> Survey analysis from EMMUS on 2006 and ECVMAS on 2012.

As for disaster risk management, environment and climate change, the main problem of the Pedernales river basin is the vulnerability of its population to the degradation of its natural environment and to threats, dangerously increased due to the effects of the climate change. The structural poverty of the area is the main underlying cause of this vulnerability. A special attention will be paid in the Haitian side to about 550 repatriated families (around 2,500 people) established since 2015 in four settlements in the border zone. On the Dominican side, women, children, aging and disabled population deserve special attention.

In addition, it should be noted that the early warning systems do not function effectively and weaknesses in the capacities of local Disaster Risk Management committees are remarkable. Main environmental problems are related to deforestation, deterioration of the quantity and quality of water and weakness of environmental governance/institutionality. The deterioration of the quality of the superficial waters also remains critical, due to the disposal of solid residues in rivers, the use of agrochemical without control, and to inadequate sanitary habits, which represents a permanent threat for the health of the population and of the terrestrial and marine ecosystems.

Since Haiti and the Dominican Republic share the same natural resource base, joint or at least coordinated management of a number of issues is of vital importance for their sustainable development, especially at the level of transboundary river basins. Water and soil management is critical, considering the impact on poorly managed land of increasingly frequent droughts (aggravated by climate change). Binational coordination is also required at country scale, notably on the issue of deforestation in both countries (which is largely due to charcoal consumption in Haiti), and of biodiversity management.

## 2. RISKS AND ASSUMPTIONS

Risks	Risk level	Mitigating measures
Political differences or tensions between Haiti and the Dominican Republic that may hinder cooperation	H	Promote dialogue and emphasize the value of technical cooperation, taking advantage of stable phases to promote more strategic aspects of the project that need political validation and adopt a purely technical approach in politically unstable phases.  Promote the dialogue between the key actors in trade and migration on both sides of the island. Encourage cordial relations between the inhabitants,
Institutional weaknesses in Haiti reflected by abrupt changes of staff functionaries; hence affecting the follow-up of binational dossier.	H	Promote the strengthening of institutions in Haiti, particularly those in charge of the binational relations, including a gender dimension. It also includes those CSOs in charge of promoting women's rights and empowerment.
Occurrence of disasters that may hinder successful implementation of activities.	H	Implementing agencies should work closely with the relevant authorities in both countries in coordination with the NAOs and EU Delegations to ensure minimal programme disruption in such cases.
Lack of and/or weak participation of rural women in groups and associations could undermine successful implementation of activities to build women's capacities, both in trade and environment, disaster risk management and climate change components.	M	The implementation of tailored capacity building activities targeting women not associated in groups, to promote advantages of associativity. Also, capacity building for the actors involved, including CSOs and women entrepreneurs, both on gender issues and topics specific to the project, could also be targeted. Strengthening social organization and community participation of women in the river basin communities.



Periods of drought or pests affecting the phasing-up of reforestation and use of land strategies	M	The Ministries of Environment and Agriculture advise the implementing agencies on the adoption of different reforestation alternatives and more resistant varieties in the project activities.
Trade disputes between Haitian and Dominican companies could undermine the cooperation initiatives between both countries' private sectors.	H	Active participation of main private sector organisations from each country at the identification/formulation level has been instrumental. Inclusion of high-level private sector representation in the programme steering committee is also envisaged as well as promotion of conciliation and mediation mechanisms.
The binational coordination of the project at the local level and the implementation of joint activities are hampered by logistical constraints and costs (eg. to cross the border).	H	NAOs and CMB coordinate with migration authorities of both countries a protocol that facilitates border crossing of the actors of the project. Visibility and sensitization campaigns to improve comprehension of the positive impact of the programme at the level of border authorities.
<b>Assumptions</b>		
<ol style="list-style-type: none"> <li>1. Convergence of both current presidential periods and implementation phase of the programme. Political will from both countries reflected in the total or partial financing of the SCMB's functioning.</li> <li>2. Strong government commitment to foster political dialogue, to improve binational trade and investment conduciveness, to jointly promote private sector development and to mobilize resources in Risk Management issues.</li> <li>3. Sectorial government institutions allocate their own resources to ensure follow-up of the project implementation and sustainability of the results obtained.</li> <li>4. Ownership of the programme by the beneficiaries and partners via their full involvement in the design of the intervention and in the programming of activities and actions, including ownership by local governments through effective exchange of information between institutions at central and local level.</li> <li>5. Highly skilled human resources are available in both countries for the implementation of the programme, including capacity building for women in charge of follow-up gender policies targeted by the programme.</li> </ol>		

### 3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

Under the 10th EDF, a global financial envelope of € 50,5 million has been implemented to support binational cooperation, through two financing agreements and around thirty contracts, all coordinated by the Dominican and Haitian NAOs and the two EU Delegations. A mid-term evaluation of the binational programme in early 2015 concluded on its high relevance, but highlighted its management complexity, and its vulnerability to political ups and downs. Lessons learned from 10th EDF programme include:

- Less tangible, but essential results for the long term: progressive building of relations and trust between Haitian and DR counterparts.
- Absence of binational strategies or joint action plans in most fields. There are many sectoral memoranda of understanding, but often summarily designed and rarely implemented. It is important to identify the most convenient strategic framework to support implementation.
- Regular interference of political tensions in the implementation of programmes. Some areas and some institutions are less affected. Civil societies and private sectors may also have a more constructive relation.
- Few results in areas where political will of either party is weak. Political presence at all stages of the programme is instrumental to ensure validation and to mitigate external crisis effects during implementation. Furthermore, such areas of insufficient ownership, despite their theoretical relevance for the binational relation, should not be prioritised for cooperation.

- Broad institutional strengthening, having been the focus of several years of support under the binational programme, needs to be followed by more specialised support. Strategies that work in one country are not necessarily functional in the other. Asymmetries between the partners in Haiti and DR should be taken into consideration in order to be able to provide tailored assistance in response to the needs of the specific beneficiaries but with a binational cooperation perspective.
- An effective approach to feminine entrepreneurship needs to take into consideration women's specific needs and realities not only in terms of market and credit access. Social stereotypes regarding traditional occupations for women and time balance must be addressed when designing training and capacity building activities for women.
- Tendency to divide the projects in two parallel national components, losing to some degree the objective of truly binational collaboration. The programme should encourage the identification of implementing partners which are able (administratively and operationally) to work in both countries.
- Heavy administrative load of the 10th EDF binational programme. Increased focus of the actions would contribute to stronger impact and more manageable administration. Coordination mechanisms are necessary, but should avoid excessive bureaucracy, considering more effective governance and monitoring structures.
- Civil society is a key driver for changing in the long term the cultural gap between citizens, and so are women. Cooperation should build on joint coalitions and initiatives with real civil society ownership in both countries.
- Experiences such as the Caribbean Biological Corridor in which, in addition to Haiti and the Dominican Republic, Cuba is participating, is a successful example of South-South cooperation to be replicated.

### **3.2 Complementarity, synergy and donor coordination**

The Haitian and DR National Indicative Programmes will not directly contribute financially to the present binational programme under the 11th EDF CRIP, but certain focal areas can complement it, for example the "Quality Strengthening for SME Development Programme in the DR" (EDF/2014/037-869) with regards to quality infrastructure, female entrepreneurship and SMEs development including value chain focus. Moreover, under the thematic line for Human Development, OXFAM is implementing a grant programme in Haiti on Economic and Social Inclusion of Informal Actors of the Border Zone (DCI-HUM/2014/342-700). Complementarities with the latter regarding empowerment of women workers will be envisaged.

The programme will also benefit from national initiatives such as the project "Restoration and Integrated Management of the Pedernales River Basin and Its Coastal Area", integrated in the Comprehensive River Basin Management Plan of the Dominican government and the project "From the mountain to the sea: Macaya Park, 3 Baies and Anse à Pitre", which addresses issues of marine ecosystems, management of natural areas and alternatives to the use of soils.

CRIP projects in relevant sectors will also strengthen capacities in the DR and Haiti which will be useful for the binational programme. Ongoing and recently formulated regional projects such as the CARIFORUM Component of the 10<sup>th</sup> EDF ACP Natural Disaster Risk Management Programme, the second phase of the Caribbean Biological Corridor (which holds a positive track record of collaboration of the two countries with Cuba in the disaster risk management area), the 11th EDF Regional Private Sector Development Programme (FED/2016/039-499) entrusted to Caribbean Export, as well as future interventions in the field of EPA implementation, Quality infrastructure, and mobility of people, will provide valuable room for coordination and synergies.

ECHO's interventions in the island on disaster preparedness, drought resilience and food assistance should bring important complementarities. Spanish cooperation (AECID) and United Nations have local development projects in the border area.

Effective donor coordination will be crucial in order to avoid overlap and duplication and maximize potential synergies and complementarities. The coordination between partners, donors and beneficiaries is being assured from the identification phase, particularly via meetings, consultation and workshops, which fed the process of programming both at national and binational levels. EU Delegations in Haiti and DR<sup>3</sup> actively participate in

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<sup>3</sup> In DR, the EU Delegation leads a donor coordination group for binational cooperation issues and a donor coordination group for Disaster Risk Management. With regards to Haiti a donor coordination group for Trade and Private sector issue was launched by the IADB and has been operating for over one year while the Ministry of Trade and Industry organises sectorial round tables.

national/binational donor coordination groups. The Binational Mixed Commission is also a major interlocutor of all the technical and financial partners who want to intervene on the binational questions and thus allows ensuring the coherence and the complementarity. At the regional level, CEDA is actively involved of the donor's group for the private sector support (a subgroup of the group of coordination chaired by United Nations in the Barbados), which aims at promoting an active collaboration between donors and the international organizations at the regional level.

Other donors working at binational level at present are:

- German development cooperation (GIZ), with two important and related projects working with target groups that coincide with those of this action such as "Integrated management of transboundary watershed Rio Libón" and "Increasing the adaptability of ecological systems in biosphere reserves close to the borders of Haiti and Dominican Republic (CAREbios)".
- The Inter-American Development Bank (IADB), which supports political dialogue via the Bilateral Mixed Commission and is helping to develop a legal framework to promote investments in the border zone.
- The World Bank and the French cooperation agency (AFD), both working in the development of agricultural value chains in Haiti as well as in business development services for SMEs.
- The Food and Agricultural Organization (FAO) will start implementing a cross-border programme for agricultural development and food security, in coordination with the Inter-American Institute for Cooperation on Agriculture (IICA).
- Finally, USAID expects to assist both Customs Administrations in building capacities, as well as to work with value chains and SME development in Haiti.

### **3.3 Cross-cutting issues**

Gender equity constitutes a cross-cutting issue in all the projects financed by the EDF and hence encouraging women participation in binational activities gains particular importance. As regards to the political dialogue, the programme will stimulate to the possible extend, a gender balance in the recruitment of public employees (e.g. the SCMB). As regards to the civil society, it means not only fostering the participation of the women in the various activities, but also and especially offering to them the space to develop their leadership.

Women entrepreneurs are very vulnerable, particularly at the border and rural zones. According to statistics, in Dominican Republic only 14.4% of microenterprises led by women experience a growth path to small and medium size. Lack or less access to productive resources (including credit access and business-related education opportunities) is usually behind this reality, since a majority of women are forced to abandon specialised training or has limited access to it, due to housekeeping and children responsibilities.

It is also a fact that women, children and the elderly persons are especially vulnerable to the effects of the climate change and disasters. On the other hand, housekeeping and the management of small business and of most of the means of life for families are on the responsibility of women, situation that is accentuated in economic deprived communities such as the border ones. Consequently, to increase the resilience of the population facing the risks caused by the environmental degradation, the effects of the climate change and disasters it is necessary to center efforts to reduce the vulnerability of the women, designing and implementing activities that promote their participation, take into account their problems and respond to the underlying causes of such vulnerability.

As regards to human rights, in the formulation of this action human displacements arisen at the edge of the Pedernales river in its Haitian margin have been particularly taken into account, by means of promoting among local actors the importance of giving protection against disasters to the whole population, despite their nationality or migratory status. Hence, potential actions of sanitation aiming to reduce the water pollution will not be isolated from other interventions reinforcing the recovery of basic rights of these populations. As for trade, the action takes into account the human rights approach to protect vendors and cross-border workers from the abuses whom they undergo, for example, when they cross the border. Activities to promote core labour standards as well as a system to denounce abuses are envisaged.

As for environment, the project will contribute directly to the Rio markers (Combating desertification, climate

change adaptation, and biodiversity) through actions for, among others, soil conservation, improvement of meteorological and hydrological information systems for the preparation of population against droughts and floods. It will also develop actions to improve access to water, for reforestation of areas and to promote conservation and collection of water.

#### **4. DESCRIPTION OF THE ACTION**

##### **4.1 Objectives/results**

This programme is relevant for the Sustainable Development Goals (SDG) of Agenda 2030. It contributes primarily to the progressive achievement of three SDG Goals, namely i) Decent work and economic growth (No. 8); ii) Climate Action (No. 13) and iii) Life on land (No. 15). It also promotes progress towards four secondary Goals: i) Gender Equality (No. 5); ii) Clean water and sanitation (No. 6); iii) Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation (No. 9); and, iv) Reduced Inequalities (No. 10). This does not imply a commitment by the countries benefiting from this programme.

The **overall objective** of the programme is to reinforce mutually beneficial and sustainable development processes of both countries, by fostering improved relations and integration processes in key areas.

Consequently, the **specific objectives** of the programme are:

SO 1: Strengthen the economic and commercial cooperation between Haiti and the Dominican Republic in a sustainable manner by supporting initiatives that can reduce the current imbalances in the long term and reduce poverty levels.

SO 2: Increase binational cooperation capacity for disaster risk reduction and sustainable management of natural resources through adaptation measures for climate change.

SO3: Facilitate mutual understanding between the Dominican Republic and Haiti, at the level of inter-governmental dialogue on strategic binational issues, and at the level of people –to-people exchanges in the field of education, culture and/or sports.

Main **expected results** of the programme are:

As regards to SO1, the envisaged outputs are:

Output 1.1: Trans-border trade between Haiti and the Dominican Republic is more balanced and more formal.

Output 1.2: The quality of goods produced by both Haiti and the Dominican Republic and the competitiveness of enterprises, particularly within four binational value chains are improved.

Output 1.3: The inter-institutional cooperation in the area of trade facilitation and the public-private and private-private dialogue are reinforced.

As regards to SO2, the envisaged outputs are:

Output 2.1: Protection of the population living in the river basin against threats is improved.

Output 2.2: Natural resource degradation is reduced in order to increase population access to environmental services.

Output 2.3: Binational coordination at local level on environmental issues is strengthened.

Output 2.4: Binational collaboration is strengthened at institutional level in Environment, Disaster Risk Management and Climate change adaptation.

As regards to SO3, the envisaged outputs are:

Output 3.1: Intergovernmental dialogue on prioritised issues for the binational relations is improved.

Output 3.2: The Secretariats of the Mixed Bilateral Commission are better structured and professionalised.

Output 3.3: Collaboration between different actors involved in border zone development is increased.

Output 3.4.: Journalists are better specialised and binational collaboration is improved in the educational, cultural and sports domains.

## **4.2 Main Activities**

*SO 1: Strengthen the economic and commercial cooperation between Haiti and the Dominican Republic in a sustainable manner by supporting initiatives that can reduce the current imbalances in the long term and reduce poverty levels.*

As regards to **Trade and Private sector development**, the envisaged activities related to each output are:

**Output 1.1: Trans-border trade between Haiti and the Dominican Republic is more balanced and more formal.**

Activity 1.1.1: Improvement of the formalization and the regulation of trans-border trade between while taking into consideration local economic realities.

It aims to simplify the process of formalization for enterprises at the border zone by using a tailored approach within decentralisation of the formalisation procedures. It also includes, among others, the establishment of a mechanism for concertation and exchange of information at local level amongst institutions related to trade, fraud and contraband and the implementation of decentralised services in favour of the phytosanitary inspections. Finally, information will be collected, analyzed and disseminated regarding abuses and illicit practices against vendors and cross-border workers, particularly women, in order to adopt corrective measures in the context of the Mixed Bilateral Commission.

Activity 1.1.2: Improvement of the functioning of the border markets within the adoption of clear and transparent rules that facilitate fair, dynamic and sustainable trade for the benefit of the local communities.

It aims to support the creation/completion of a legal frame in Haiti on the border markets as well as the enforcement of the Dominican Law 216-11 related to inhabitants of the border. It also includes the design of a regulation for the binational market of Ouanaminthe-Dajabón, which eventually leads to a binational agreement on the functioning of the cross-border markets. The activity will include the strengthening of local government capacity, as well as improvement of local products and services sold on the border markets. Attention will be paid to building economic actors' capacities to access to micro-credit and training will be specifically implemented for women associations to increase their associativity and managerial capacities.

**Output 1.2: The quality of goods produced by both Haiti and the Dominican Republic and the competitiveness of enterprises, particularly within four binational value chains are improved.**

Activity 1.2.1: Harmonization of standards and quality systems for a number of products and/or services with a view to reach equivalence and recognition.

It aims to support BHN and INDOCAL with a view to enabling them to implement their joint collaboration plan adopted during the 10<sup>th</sup> EDF programme, particularly in aspects related to harmonization of national standards for 10 products/sectors within the two countries with regional and/or international standards. It includes harmonization of technical regulations for labelling between the two countries with a view to achieving equivalences. Promotion, creation, management and coordination of binational technical quality committees will

be also envisaged, as well as setting up mechanisms for the permanent exchange of information amongst both institutions.

Activity 1.2.2: Assistance to enterprises and clusters of Haiti and the Dominican Republic for obtaining international certifications to access international niche markets.

Dissemination and promotion of international niche market opportunities for Haitian and Dominican enterprises (i.e. organic markets, geographical indications, Corporate Social Responsibility). It includes co-financing the cost of international quality certifications requested by niche markets for SMEs and farmers associations.

Activity 1.2.3: Improvement of the competitiveness of Haitian and Dominican enterprises.

It includes: the promotion of joint investments; capacity building to BSOs; fostering the implementation of SME services, particularly for two border zones (Ouanaminthe-Dajabón and Belladere-Comendador) and tailored assistance for Haitian companies to penetrate the Dominican Market. Specific studies regarding the trans-border micro-finance environment and credit access products will be carried out. Environmental Impact Assessment (EIA) and climate risk assessment will be undertaken before adopting a decision to support joint investment projects. Analysis on the national legal frameworks will be conducted with a view to reaching a binational agreement on reciprocal investments protection.

Activity 1.2.4: Creation and/or strengthen of four (4) value chains between Haiti and the Dominican Republic.

Direct support to businesses via targeted value chain programmes will be envisaged. Following specific study on the identification and mapping of binational value chains commissioned in 2016 and binational consensus during the formulation phase, four value chains were selected, namely: (i) Cacao; (ii) essential oils/cosmetics; (iii) handicraft/jewelry; and, (iv) honey. From the basis of a completed diagnosis and the definition of a binational strategy, a wide binational programme will be support over a 2-3 year period and co-financed with the beneficiary companies. Criteria for the selection of potential beneficiaries include potential best practices which allow to reaching positive environment and/or climate impact (i.e. improvement of energy efficiency, better use of production inputs). Environmental Impact Assessment (EIA) and climate risk assessment will be undertaken before adopting a decision to support projects including industrialised processes.

### **Output 1.3: The inter-institutional cooperation in the area of trade facilitation and the public-private and private-private dialogue are reinforced.**

Activity 1.3.1: Strengthening the institutional capacity of the Ministries of Trade and Industry and Customs Administrations to allow them to fulfil their trade facilitating role.

Strengthen the institutional capacity of both Ministries of Trade and Industry (MCI-Haiti / MICM-DR) including: the implementation of training plans, purchase of equipment and organization of best practices exchanges between them and with tiers. It also includes assistance in favour of both Customs with a view to increasing their operational technical capacity, particularly setting up customer attention offices in each of the four officially recognised border points. Availability of bilateral trade statistics on a regular basis including particularly sensitive products will be implemented.

Activity 1.3.2: Improvement of the collaboration between the Ministries of Trade and Industry and Customs Administrations in favour of the Haiti-DR binational trade

Support for the implementation of binational trade memoranda and customs protocols of 2014, as well as support to EPA implementation in the eventual case of ratification by Haiti. In absence of the EPA ratification or if any multilateral/regional instrument does not address particular bilateral trade needs, the programme could support the negotiation and implementation of partial trade agreement. This activity includes strengthening the commercial information exchange platform focused on binational trade between the two directorates of trade and joint training sessions for the custom and trade administrations. Coordination and cooperation with the World Customs Organization (WCO) and the International Trade Centre (ITC) will be envisaged.

Activity 1.3.3 Strengthening of the public-private and private-private dialogue between Haiti and the Dominican Republic with special attention to formal private sector organisations from both countries.

Promote and organize binational public-private and private-private dialogue and consultation meetings (at least twice a year), as well as promoting an open space to foster a national dialogue in Haiti on its trade and economic relations with the Dominican Republic. Effective participation of local economic actors from the border zones in such spaces will be promoted. It also includes the promotion of the establishment of mechanisms for trade and investment conciliation and arbitration, in coordination with the chambers of commerce of both countries<sup>4</sup>.

*SO 2: Increase binational cooperation capacity for disaster risk reduction and sustainable management of natural resources through adaptation measures for climate change.*

As regards to **Environment, Climate Change and Disaster Risk Reduction**, the envisaged activities related to each output are:

**Output 2.1: Protection of the population living in the river basin against threats is improved.**

Activity 2.1.1 Undertake an analysis of actors involved in the binational river basin. Carry out a comprehensive mapping of the actors involved at different levels (national governments, local governments, civil society organizations, community based organizations, international cooperation agencies) in order to establish potential alliances, complementarities and synergies; to ensure protection of most vulnerable groups, and to avoid duplication of efforts.

Activity 2.1.2 Increase knowledge management and learning for disaster management

Increase the level of education of the population regarding sanitation, environment, disaster risk management and climate change adaptation, taking into account vulnerable groups such as women, children, aging and disabled population in a sustainable way. The design and promote information campaigns for preparation and response to disasters, as well as on water sanitation and hygiene practices is envisaged. It will also encourage knowledge exchanges with Cuba on disaster risk management practices.

Activity 2.1.3 Strengthen capacity for a culture of safety and community resilience in Pedernales river basin

Establish and/or improve multi-hazards early warning systems (EWS) and increase EWS knowledge transfer, providing integrated and sustainable solutions in coordination with the competent institutions of both countries. It also includes the establishment of protocols and training sessions for technicians, local authorities and representatives of the communities. This activity also includes strengthening humanitarian protection of most vulnerable groups living in the Pedernales river basin with particular emphasis on better shelter. This activity includes the support for the creation and operation of local structures for disaster risk management. As well as the development of resilience plans to manage risks for prevailing hazards.

Activity 2.1.4 Improve the access to clean water for most vulnerable communities.

It will include an adaptation of the “safe water points” concept to the local conditions and installation of cisterns or rainwater collection tanks.

**Output 2.2: Natural resource degradation is reduced in order to increase population access to environmental services.**

Activity 2.2.1: Implement mechanisms adapted to local conditions for the financing or co-financing of initiatives of binational interest.

These initiatives will include, among others, reforestation, rehabilitation of mangroves, recovery of coffee crops, support to small and medium agricultural producers, as well as to fisherman associations, solid waste management and signaling evacuation routes. National authorities and local governments will be involved.

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<sup>4</sup> During the implementation of this action, coordination will be envisaged with the initiative funded by INTERREG-Caribbean to create a regional chamber of arbitration, in view of taking advantage of potential synergies.

Activity 2.2.2: Improve producers associations' knowledge and capacities to disseminate sustainable practices among their partners.

It includes training in good practices of sustainable management of soils and water conservation, recognizing the local ancient knowledge, as well as identifying alternatives of subsistence and income generation, taking into account the sustainable use of the natural resources. Local producers which do not participate in any forms of associations should be taken into account (e. g. sharecropping farmers).

### **Output 2.3: Binational coordination at local level on environmental issues is strengthened.**

Activity 2.3.1 Support the development of annual strategic and coordinated action plans for local disaster risk management and civil protection institutions of both countries.

This will include technical support in order to improve their performance, share and harmonization of work plans between local governments with support of national institutions, also promote coordination between communes of Anse a Pitre and Thiotte and local governments associations in southeast of Haiti in disaster risk management.

Activity 2.3.2 Strengthen managerial capacities of the four relevant local governments to better perform their responsibilities in the territory.

Authorities involved are those of Pedernales, Municipal District José Francisco Peña Gómez, in Dominican Republic, as well as Anse a Pitre and Thiotte, in Haiti. It includes strengthening of planning capacities and the supply of basic equipment (complementary to their respective budgets) for territorial planning.

Activity 2.3.3 Strengthen social organization and community participation in environmental and disaster risk management.

This will include the creation or formalization, among others, the binational and national councils for river basin management, binational disaster risk table, and local committees for disaster risk management.

Activity 2.3.4 Strengthen technical capacities of the local representation of the Ministries of Environment and the entities responsible for disaster risk management, civil protection and climate change.

Including the support for formulation and put in place of a harmonized management plan for the river basin for both countries, the organization of spaces of discussion to contribute to a common vision of the management of environment, climate change and disaster risk management.

### **Output 2.4: Binational collaboration is strengthened at institutional level in Environment, Disaster Risk Management and Climate change adaptation.**

Activity 2.4.1 Improve binational knowledge on the state of the environment and natural resources, disaster risk management and the fight against climate change in the binational Pedernales river basin.

Compile and analyze the existing knowledge and determine knowledge gaps of information related to management of natural resources, disaster risk management and climate change. Undertake studies where gaps are identified. This will include of policies and instruments assessment to be shared, harmonized, whenever possible and desirable.

Activity 2.4.2 Sustain and strengthen cooperation mechanisms between countries and institutions involved in environment, disaster risk management and climate change.

Including the design and promotion of a sustainable system of common indicator to monitor the evolution of critical parameters related to environment, climate change and disaster risk management. Also support the acquisition of specialized equipment for the development of shared information systems, based on existing ones at the national level. And conduction of regular meetings for consultation and information exchange between



qualified personnel of the relevant national ministries and institutions in order to develop basic instruments for territorial planning and disaster risk prevention.

SO3: Facilitate mutual understanding between the Dominican Republic and Haiti, at the level of inter-governmental dialogue on strategic binational issues, and at the level of people –to-people exchanges in the field of education, culture and/or sports.

As regards to **Dialogue and support to civil society**, the envisaged activities related to each output are:

**Output 3.1: Intergovernmental dialogue on prioritised issues for the binational relations is improved.**

Activity 3.1.1 Implementation of an action plan with the relevant agenda themes identified by both states.

The issues considered are trade, environment and communication. However, these choices do not exempt a revision of the documents defining the priorities established by both States in order to review the topics allowing an effective dialogue and the strengthening of mutual understanding. These documents include the agenda presented by the two Ministries of Foreign Affairs in 2012, the Dominican Border Development law and other documents related to binational relations. This activity will be carried out under the leadership of the CMB's Secretariats with civil society actors' participation, among others, in education, culture and sports sectors. Border areas must be considered.

Activity 3.1.2 Support the definition of a long-term vision of Haitian-Dominican relations aiming to address binational challenges.

Design a document aiming to provide guidelines for the orientation of the Haitian-Dominican relations, taking into account the multidimensionality of such relations (security, migration, education, health, culture, sport, transport, commerce, communication and gender issues). This work requires the involvement of various public sector actors (the CMB Secretariats, ministries linked to Haitian-Dominican relations and border authorities) and the main civil society actors working in each of these areas. Relevant policy documents including the Haitian National Strategy and the National Development Strategy of the Dominican Republic will be taken as key references.

Activity 3.1.3 Promotion of the signing, implementation and monitoring of bilateral agreements on priority issues with civil society participation for binational relations harmonization.

It is recommended that these agreements be linked to the relevant topics of the priority issues defined in activity 3.3.1.

**Output 3.2: The Secretariats of the Mixed Bilateral Commission are better structured and professionalized.**

Activity 3.2.1 Design a communication program for the Secretariats visibility.

It will include the design of a website, press briefings and conferences, leaflets and visits to public, private and civil society institutions in order to promote the Secretariats of the Mixed Bilateral Commission. It should be noted that all products will be used, to publish all activities and initiatives (government, civil society and private sector) associated to binational relations. It will be presented in Spanish, French and Creole and managed by a committee of members of both Secretariats.

Activity 3.2.2 Design a restructuring plan for the Secretariats of the CMB

This plan will include: (a) the establishment of similar administrative and technical structures of both Secretariats, (b) the establishment of a communication and information system between both Secretariats, and (c) the definition of the technicians' profile and the posts description to be filled in. It is recommended that the coordinators of the thematic axes be civil servants assigned to the Secretariats. This decision can considerably

reduce wages, counteract Secretariats' competences leakage, and ensure the administration sustainability of these institutions. It will ensure complementarity with other ongoing initiatives including the Inter-American Development Bank project.

#### Activity 3.2.3 Design a plan for the professionalization of the Secretariats staff

The plan aims to strengthen strategic planning capacity by establishing an annual calendar of three workshops (and others when necessary) between both Secretariats and, on the other hand, the development of the Secretariats staff performance through the development of a continuing training plan to level the skills of both entities. This plan will include an annual training seminar for servants of both Secretariats, a course (Diplomado) in binational relations offered by the Ministries of Foreign Affairs, a Spanish course to Technical Secretariat staff and a French and Creole course for those of the Executive Secretariat, and other courses or seminars, in computer for example, if necessary.

#### Activity 3.2.4 Provide financial support for the functioning of the Technical Secretariat of the CMB

Given the budgetary constraints of the Haitian state, the 11th EDF will continue to finance part of the operating budget of the Technical Secretariat with an annual regressive trend until the Haitian State fully assumes its responsibilities to this entity, which falls within its budgetary functions. The funding level of the first year will depend on a realistic analysis of the needs of the Secretariat and the Haitian Government's will expressed in its financial commitment.

### **Output 3.3: Collaboration between different actors involved in border zone development is increased.**

#### Activity 3.3.1 Definition of a border development plan

This involves (a) designing a local development plan between the four most important border zones (Anse-à-Pitre/Pedernales, Malpasse/Jimaní, Belladère/Comendador, and Ouanaminthe/Dajabón), (b) promoting the establishment and strengthening of cooperation networks between border organizations of both countries, and (c) promoting the implementation of the Dominican Border Development law and encouraging the establishment of a similar legal framework on the Haitian side.

#### Activity 3.3.2 Strengthen the relations between national authorities and local governments.

This activity consists in organizing two annual updating meetings between the authorities of both sides of the border. These meetings will include in Haiti the CMB's Technical Secretariat, the Border mayoralties, the Border Technical Commission and the civil society institutions linked to binational relations. In the Dominican Republic, these encounters will be done between the corresponding institutions, which are the Executive Secretariat of the CMB, the Border mayoralties, the General Directorate of Border Development and the non-state institutions working on relations between both countries.

### **Output 3.4: Journalists are better specialised and binational collaboration is improved in the educational, cultural and sports domains.**

#### Activity 3.4.1 Promote cooperation between Haitian and Dominican universities

An exhaustive diagnosis of the academic system of both countries is necessary in order to identify the programs or initiatives related to Haitian-Dominican relations and those that are susceptible to contribute to the project's objectives. It follows the creation of a framework of collaboration between Haitian and Dominican universities and the strengthening of existing relationships. This collaboration framework has three dimensions. The first dimension is to promote research on binational issues such as trade, history, environment, migration, education, health, border development, trans-border poverty reduction. Another activity linked to this first dimension of collaboration is the realization of symposiums and seminars on the Haitian-Dominican relations focused mainly on the studies carried out. The last activity of this dimension is the organization of an annual essays' competition on binational topics between Haitian and Dominican students. The advantage of this initiative is its capacity to reach a wider audience, which will substantially contribute to the visibility of the

programme.

The second dimension is the establishment of exchange programs for students and professors between Haitian and Dominican universities. In order to consolidate the results in education field, it is preferable that the participative institutions are those already involved in binational issues. Another activity is the implementation of internship programs for Haitian students in the Dominican Republic, both public and private institutions. The same is to be done with Dominican students in Haiti.

The third dimension includes courses of Creole and French in the Dominican Republic and Spanish in Haiti for the strengthening of the linguistic skills of actors of both countries working on binational relations. Other courses if needed may also be provided. It is recommended that these courses be offered in the capitals and on border zones and be anchored in a framework of relations harmonization.

Courses on Haitian-Dominican relations to communicators of both countries will be also provided. It is recommended that these courses be offered each semester by specialists in main topics (i.e. history of both countries, namely the post-dictatorship period, trade relations and migration).

#### Activity 3.4.2 Promote collaboration between border secondary schools

It deals with organizing, for secondary students, recreational and awareness days and an annual small projects competition lasting no more than four months. Awareness rising can focus on topics such as environment, trans-border trade and migration. Apart from the competition which has its own dynamics, it is recommended that the other activities be carried out at the four most important border zones in order to exert greater impact and visibility. As far as the competition is concerned, ideally the participants should be binational groups instead of individuals.

Activity 3.4.3 Organize a binational cultural and sporting festival on the border and two national cultural and sporting festivals in main cities (Santo Domingo, Santiago, Port-of-Prince and Cap-Haitian).

In order to achieve these events, it is required that cultural and sports actors improve their language skills in Creole, French or Spanish, as the diagnosis revealed a high linguistic lack. Young people have to play a leading role in these initiatives because they are among the bearers of the new vision of the binational relations that can be easily communicated by culture and sports.

#### Activity 3.4.4 Promote and strengthen synergies between Haitian and Dominican civil society organizations

This involves (a) organizing and strengthening two annual binational forums of civil society organizations (one in Haiti and the other in the Dominican Republic) and (b) implementing exchange programs and promoting agreements between these entities of both countries, for the sake of diverse sectors including, among others, childhood, health, environment, microfinance and community development.

#### Activity 3.4.5 Promoting investigative journalism on Haitian-Dominican relations

An inventory of the media of both countries will be made with a view to identifying those focusing on binational issues and encourage them to undertake special research on binational issues. Among others, investigation related to rural women and other vulnerable population realities in both countries will be encouraged. It will also include the organization of annual meetings or forums (twice a year) between Haitian and Dominican journalists, one in Haiti (Port-au-Prince, Cap Haitian or other cities) and the other in the Dominican Republic (Santo Domingo, Santiago or other cities).

### **4.3 Intervention logic**

The programme aims to reinforce mutually beneficial and sustainable development processes of both countries, by fostering improved relations and integration processes in key areas, namely trade, environment/climate change/disaster risk management and dialogue. Based on lessons learnt from the 10<sup>th</sup> EDF programme, the

Action will capitalise on the positive dynamics which were generated in the former programme: cooperation BHN-INDOCAL; cooperation CFI / CEI-RD for designing the binational strategy of investment promotion; cooperation between the Secretariats of the Bilateral Mixed Commission; among others, to strengthen and replicate them. At the macro level, it will promote ownership and collaboration in areas of strategic and collective interest expressed by both countries to achieving sustainable results (i.e. actions such as designing a binational border development plan).

At the meso level, main objective is to reduce identified imbalances in the relations between Haiti and Dominican Republic in order to generate a more sustainable cooperation. Therefore, the programme will take into account asymmetries between partners in the two countries, to incorporate a tailor-made approach with a binational cooperation perspective. This strategy will be mainstreamed in the three areas of intervention of the programme and it will be particularly relevant to trade. Technical assistance, trainings and capacity building activities will follow this perspective. A gender approach will be included within the objectives of the TA services, with a view to mainstreaming gender in all activities of the programme and to ensuring exchanges and proper coordination among the implementing partners.

At the micro level, the aim is to maximize the impact and sustainability of the intervention in a particular selected geographic area. Results from the 10<sup>th</sup> EDF intervention at the border zone have proved the need to continue technical and financial support to promoting a sustainable economic and social development of these communities. This is the rationale behind the adoption of a comprehensive transboundary river basin development approach for the intervention in environment, disaster risk management and climate change adaptation. It has been also taken into account in the formulation of the trade activities related to formalization of MSMEs, decentralization of services to the economic operators and support of local value chains to promote local economic development.

Finally, based on their potential to contribute to reducing cultural gap and information disequilibria, the programme will capitalize experiences from the civil society, by means of promoting people-to-people exchanges and collaboration in domains where smooth dialogue could be increased such as education, culture and sports. The programme will build on the evidence that promoting cooperation between non state actors, notably the private sector, local communities and civil society organizations is instrumental to guarantee sustainability of any cooperation effort.

## **5. IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is foreseen to conclude two financing agreements, one with the Haitian government and the other with the Dominican government respectively, both having been delegated by the Regional Authorizing Officer referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

### **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 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 the Annex to Regulation (EU) No 322/2015.

### **5.3 Implementation of the budget support component. N/A**

### **5.4 Implementation modalities**

#### **5.4.1.1 Grants: call for proposals “People to People Exchanges” (direct management)**

- (a) Objectives of the grants, fields of intervention, priorities of the year and expected results

As mentioned in section 4.2, this programme puts stronger emphasis on cooperation between non state actors. The objective of the call for proposals is to strengthen mutual knowledge and binational cooperation by promoting exchanges in education, culture and sports among non -state actors, including civil society organisations.

In the domain of education, emphasis should be made on proposals (investigations, fora, exchanges of students, among others) stronger oriented to promoting a better understanding of binational relations. In the domain of culture and sports, when prioritizing initiatives with a higher visibility potential such as binational fairs, it will be considered the constitution of binational organizing committees.

#### Type of actions eligible for financing

- Joint researches on binational issues such as trade, history, environment, migration, education, health, border development, trans-border poverty reduction. Researches shall take into consideration gender issues in the content of their research.
- Programmes of exchanges between teachers and students from both sides of the island.
- Strengthening girls' and women's voice and participation in both countries, particularly in the border communities.
- Master classes on binational issues conducted in both countries.
- Performances (music, theatre, dance, video clips) showing positive aspects of binational relations.
- Organization of binational cultural and sporting festival/tournaments on the border and in main cities of both countries.

#### Expected results

- Mutual knowledge between civil society actors of both countries is increased.
- Binational collaboration in the educational, cultural and sport domains among people of the two countries is improved.
- People to people exchanges leading to reduce misunderstanding and stereotypes between the two countries are increased.

#### (b) Eligibility conditions

Applicants must be legal entities, natural persons, or NGOs, established either in one or both countries, presenting a proposal with binational coverage. In the domain of education, researchers must be ideally working in universities, or being graduating students working on their dissertation. Studies shall be carried out jointly by Haitian and Dominican researchers and students intending to include these researches in their dissertation and should be enrolled at universities on the island.

Actions should take place in both countries of the island. However, the programme could also support activities organized by one of the countries at the national level which clearly demonstrate their impact in the binational relations. Collaboration among entities from both countries will be one of the criteria for financing activities. Actions shall include a clear right-based approach and gender equality must be at least a significant objective.

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR minimum 50,000 euros (e.g. for research) and maximum 400,000 euros (e.g. for binational festivals) and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 24 months.

#### (c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

#### (d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95%.

In accordance with Articles 192 of Regulation (EU, EURATOM) No 966/2012, if full funding is essential for

the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

Last trimester 2018.

Commission's Authorising Officer: the EU Delegation in Dominican Republic.

#### **5.4.1.2 Grant direct award: to the Technical Secretariat of the Mixed Bilateral Commission in Haiti (direct management)**

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results.

The programme will provide financial means to support the functioning of the Technical Secretariat of the Mixed Bilateral Commission, with an annual regressive trend until the Haitian State fully assumes its responsibilities of this entity, which falls within its budgetary functions.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Technical Secretariat of the Mixed Bilateral Commission in Haiti.

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 on a legal or factual monopoly of the beneficiary which has exclusive competence in the field of conducting the binational dialogue as indicated in its mission to "plan, manage, coordinate and standardize cooperation plans and programs between the Republic of Haiti and the Dominican Republic, with a view to promoting, in an integral and sustainable manner, the economic and social development of both countries, mutually respecting the exercise of the attributes of sovereignty and the constitutional prerogatives of each other".

Given the budgetary constraints of the Haitian state and considering the administrative and technical weaknesses of the Secretariat of the Mixed Bilateral Commission, there is a need to face current asymmetries with its homologue to better engage in joint strategic activities such as the definition of plans.

(c) Eligibility conditions. N/A

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 100% for duration of 3 years.

In accordance with Article 192 of Regulation (EU, EURATOM) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement: Second trimester of 2018

Commission's Authorising Officer: the EU Delegation in Haiti.

#### **5.4.1.2 (bis) Grant: direct award "Support to the economic local development, trade and border markets management" (direct management)**

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The objective of the grant is to promote a more balanced and formal binational trade, particularly by means of a better organization of the cross-border markets and by a facilitation of the movement of people, goods and

services at the cross-border level.

#### Type of actions eligible for financing

- Organization of the border markets in particular the binational market of Ouanaminthe-Dajabón through the application of clear and transparent rules (both national and binational) and through an efficient management by the local authorities, including participation of key actor, among others: local BSOs, customs and sanitary and phytosanitary services; and taking into account particular needs of women who participate as economic operators in the markets.
- Promoting economic development of the border zones by boosting trade and local economic potentialities (farming, services, SMEs, women enterprises);
- Strengthening dialogue and cooperation between different local actors from both sides of the border zone.

#### Expected results

- Cross-border cooperation between the various local actors (local authorities, government's services, local organizations, producers, women associations and civil society actors) is effective.
- Cross-border trade is better organised, more formalised, sensitive to gender differences and effectively contributes to fight poverty at the border zone.
- Border markets in both countries are regulated.
- Economic activities in particular those of the SMEs are developed in the border zones and allow reducing the current imbalance in the bilateral trade.

A budget allocation to carry out initial studies to set the baselines will be provided under the grant to OXFAM for the first year (2018). It will allow establishing: (i) the income level of target beneficiaries at the border zone, and (ii) number of abuse cases reported at the border cross. The grant implemented by OXFAM Italia on "Economic and Social Inclusion of Informal Actors of the Border Zone" (DCI-HUM/2014/342-700) partially collects some of this information. These data will be exploited but precision and complements will be necessary at the beginning of program to correspond to indicators to be followed.

#### (b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to OXFAM.

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 on a two-fold basis: i) OXFAM has the capacities and technical expertise to manage these type of actions, and ii) the urgency to carry out these activities having regard the potential tensions to which trade imbalances could lead at the border zone<sup>5</sup>.

Moreover, OXFAM has a long time commitment for gender as well as a proven expertise in implementing actions geared to promote gender equality with a rights-based approach. This is fundamental to ensuring an effective mainstream of the gender dimension in local development activities foreseen in this action.

Furthermore, OXFAM will be in a near future the only institution working in the border zone on issues related to binational and cross-border markets, informal trade and the development of local value chains and which is able to work in both countries, hence with a binational scope. Indeed, it will be urgent to take over from UNDP-HT the support for accompanying measures in the market of Ouanaminthe that ends in December 2017. It will be necessary to set the proper conditions to continue building capacities in Ouanaminthe for the future management of this market and to work on the future binational cooperation agreements with the same in Dajabón. Due to its experience, only OXFAM is able to perform these tasks with the sense of urgency required. Moreover, OXFAM is already on the ground and already works on these issues within the framework of the project "Economic and Social Inclusion of Informal Actors of the Border Zone".

#### (c) Eligibility conditions. N/A

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<sup>5</sup>Art. 6.4.2 PRAG, points f) and a) respectively.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 90% of the eligible costs of the action.

In accordance with Article 192 of Regulation (EU, EURATOM) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement: Second trimester of 2018

Commission's Authorising Officer: the EU Delegation in Haiti.

**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
Procurement (direct management)	Services	1	1 <sup>st</sup> trimester 2018 (Technical Assistance )
Evaluations	Services	2	2nd Trimester 2020 (Mid-term evaluation) 1st trimester 2023 (Final evaluation)
Audits	Services	2	1st trimester 2023 (audit of two contracts)

A Technical Assistance will be contracted with direct management (service procurement) with three (3) specific objectives, namely:

1) Provision of short-term assistance, studies or fora on strategic binational issues, mobilised on request of one or both government(s). To ensure constant relevance of EU cooperation, taking into account the unpredictability of the binational relations, the sector coverage of this TA fund should be broad. As regards to studies, further complementarities with Trade and Environment sectors will be envisaged. A steering committee for the TA fund, including among others the Ministries of Foreign Affairs and the NAOs, would decide on the relevance of the different TA requests to be made by specific governmental institutions.

2) Reinforce coordination and monitoring mechanisms of the three components in order to ensure coherence of the whole intervention. It includes follow-up of indicators and the achievement of the results. The TA will also ensure and reinforce the implementation of gender approach in all the actions of the programme. Provisions will be taken to ensure this dimension within the profile of main experts.

(3) Ensure global visibility of the programme as well as management and design of communication and visibility products. Building on the binational communication strategy defined at the 10th EDF programme, the TA will exploit its main products (including its graphic line) and create new ones (i.e. videos, short films, media



tours, spots on radio, television and social networks in both countries). Content will be jointly supervised by the National Authorizing Officers (NAOs) and Delegations of the European Union in both countries. A departmental and local coverage of the broadcasted messages should be ensured.

Specific terms of reference for the TA service contract will be further defined by both NAOs and both Delegations of the EU.

Commission Authorising Officer: the EU Delegation in DR for the TA services, EU Delegation in HT for the evaluation and audits services.

#### **5.4.1.4 Indirect management with an international organisation**

A part of this action may be implemented in indirect management with Caribbean Export Development Agency (CEDA) 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 the binational trade and private sector component, except for the activities related to border markets and local development, entrusted to OXFAM. This implementation is justified because Caribbean Export has a good track record in implementing the 10th EDF programme (effectiveness and political sensitivity), ensuring involvement and ownership of Haitian and Dominican institutions, as well as close collaboration with and visibility of the EU Delegations. Moreover, the Agency has been mandated by the Caribbean Group of ACP States for trade and export development and investment promotion in the region.

The entrusted entity would carry out the following budget-implementation tasks: contracting personnel who would technically and financially manage the programme; establishing the needed premises at the zone of intervention; contracting other specialised implementation entities to support the execution of certain particular specialised components; launching calls for tenders and/or proposals; evaluation of tenders and proposals; awarding of grants and contracts; managing contracts, carrying out payments and recovering moneys due.

As regards the baseline to measure impact of the intervention on the four value chains to be supported, financial resources will be planned on the CEDA contract (activity related to studies on value chains). Furthermore, an expertise through the program VCA4D (Value Chain analysis for development) managed by DEVCO with AGRINATURA will be mobilized to facilitate this task.

Commission Authorising Officer: the EU Delegation in Haiti.

#### **5.4.1.5 Indirect Management with a Member State Agency**

A part of this action may be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) 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 the binational Environment, Climate Change and Disaster Risk Reduction component. This implementation is justified because GIZ has the capacity to work on both sides of the island, and to work both at central governmental level and at local field level. Thanks to its two successful projects on transboundary watersheds (Libón Verde and Bahoruco – La Selle), and to its provision of technical assistance to the Dominican and Haitian ministries of environment and climate change institutions, it has a good knowledge of the sector issues, and has gained recognition in both countries. To support the implementation of specific actions in Disaster Risk Management, GIZ may include in its delegation agreement the possibility of associating national or international specialized NGOs in this sector.

The entrusted entity would carry out the following budget-implementation tasks: contracting personnel who would technically and financially manage the programme; establishing the needed premises at the zone of intervention; contracting other specialised implementation entities to support the execution of certain particular specialised components (e.g. Disaster risk management and Civil Protection for which collaboration with international NGOs such as OXFAM and Alliance for Solidarity--APS will be envisaged); launching calls for tenders and/or proposals; evaluation of tenders and proposals; awarding of grants

and contracts; managing contracts, carrying out payments and recovering moneys due.

The contract with GIZ will envisage an allocation to conduct an initial gender analysis (analysis of different gender and age groups in terms of their roles and control over resources; inequality/discrimination, among others). This study will contribute to adapting the foreseen activities to specific needs and capacities of different beneficiaries, ensuring an adequate balance in their participation.

Commission Authorising Officer: the EU Delegation in Dominican Republic.

## 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 <sup>(1)</sup>

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
5.4.1.1 Grants: call for proposals "People to People Exchanges (direct management)	1,800,000	95,000
5.4.1.2 Grant: direct award to the Technical Secretariat of the Mixed Bilateral Commission in Haiti (direct management)	1,100,000	N.A.
5.4.1.2 (bis) Grant: direct award to OXFAM "Support to the economic local development, trade and border markets management" (direct management)	2,100,000	233,000
5.4.1.3 Procurement (direct management): Technical Assistance	2,000,000	N.A.
5.4.1.4 Indirect management with an international organization (CEDA)	5,650,000	565,000
5.4.1.5 Indirect management with a member state agency (GIZ)	6,300,000	N.A.
5.9 – Evaluation, 5.10 – Audit	350,000	N.A.
5.11 – Communication and visibility*	200,000	N.A.
Contingences	0	N.A.
<b>Totals</b>	<b>19,500,000</b>	<b>893,000</b>

(1) See annex explain which part of the budget will be included in which financial agreement as two financial agreement will be signed by the DR and HT NAOs.

\* Costs of communication and visibility will be included within the contract for the Technical Assistance. Complementary provisions will be envisaged under the agreements with implementing partners.

## 5.7 Organisational set-up and responsibilities

The global coordination of the Binational Programme of Cooperation Haiti-Dominican Republic is entrusted to the two EDF National Authorising Officers of each country, for the three axes, namely: 1) Trade; 2) Environment, Climate Change and Disaster Risk Reduction; and, 3) Dialogue. For that purpose, the following structures are envisaged:

A binational Steering committee: will provide overall strategic direction to the whole binational programme and guarantee its coherence with the political priorities of both countries in sectors concerned. It will involve the two NAOs, the ministries in charge of domains covered by the binational cooperation, the Customs offices, local authorities of the concerned border zones, the two secretariats of the Mixed Bilateral Commissions, representatives of professional organizations, of the private sector and the civil society of each country. The heads of the two EU Delegations will intervene as observers. The Steering Committee will meet on an annual basis, alternately in Haiti and in Dominican Republic and hosted by the respective NAO.

A joint Coordination Committee: in charge of the operational follow-up of the binational programme. It will be constituted of the NAOs or their representatives, the Heads of Delegations (or their representatives) as well as representatives appointed by the ministries concerned, by the concerned local authorities, by the Secretariats of the Mixed Bilateral Commission and the representatives of professional organizations, of the private sector (including women's associations) and of the civil society of each country. It will also include representatives of the implementing partners (CEDA, OXFAM, and GIZ). It will meet on two days, the first day being reserved for binational meetings of the binational technical committees for the follow-up of each sectorial programme, which will report the second day to the joint Coordination Committee on the progress of every programme. This joint committee will meet every six months and will be followed, every second time, by the binational Steering committee above.

Binational technical committees: in charge of the follow-up of every sectorial programme, which will meet every six months on request (videoconference and related systems will be privileged). These committees will be responsible for the regular follow-up of the progress of the respective programs, for proposing solutions to problems encountered within the implementation and for formulating proposals of adjustments and/or reorientations to be submitted to the Joint Coordination Committee and the Steering Committee. It will comprise representatives of key stakeholders of each sector, the indicative list of which appears in appendix.

## **5.8 Performance monitoring and reporting**

In order to ensure global coherence and coordination of the programme and its three areas of intervention, the follow-up of indicators and the achievement of the results will be entrusted to a technical assistance contracted under the current Action.

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 log frame 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 nature of the action, mid-term and final evaluation(s) will be carried out for this action or its components contracted by the Commission.

A mid-term evaluation is foreseen. It will be carried out for problem solving, learning purposes, in particular with respect to the binational value chain intervention as regards to trade.

A final evaluation is foreseen. It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that a civil society (“people-to-people”) approach will be included as a value-added element.

The Commission shall inform the implementing partner at least three months 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 countries 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, 2 contracts for evaluation services shall be concluded under a framework contract.

### **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, two (2) contracts 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 5.6 above. The cost of visibility will be covered as follows: i) the TA services contract, as part of the objectives to be achieved by the technical assistance; ii) grants awarded to implementing partners, such as OXFAM; and iii) the indirect management agreements with CEDA and GIZ. As previously set, the TA will be responsible for the design of a communication plan contributing to ensure the coherence of the whole intervention.

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.





## ANNEX 2

of the Commission Decision on the Annual Action Programme 2017 - part II - in favour of the Caribbean Region to be financed from the 11<sup>th</sup> European Development Fund

### **Action Document for Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime**

#### **INFORMATION FOR POTENTIAL GRANT APPLICANTS**

##### **WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF by virtue of Article 37 of the Regulation (EU) No 323/2015 in the following sections concerning grants awarded directly without a call for proposals: 5.4

<b>1. Title/basic act/ CRIS number</b>	Capacity Development for CARIFORUM Member States on Financial Compliance, Asset Recovery and Cybercrime CRIS number: FED/2017/040-086 financed under the 11 <sup>th</sup> European Development Fund	
<b>2. Zone benefiting from the action/location</b>	CARIFORUM Member States; Antigua & Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, Saint Kitts & Nevis, St. Vincent & the Grenadines, Suriname, Trinidad and Tobago and the Dominican Republic.  The action shall be carried out at the following location: Two project teams which will be based in Trinidad and Tobago, and one project team location to be determined (implementing partner to be selected via PAGO 2 Delegation Agreement).	
<b>3. Programming document</b>	Caribbean Regional Indicative Programme 11 <sup>th</sup> European Development Fund	
<b>4. Sector of concentration/ thematic area</b>	Focal area 3 – Crime and Security	DEV. Aid: YES
<b>5. Amounts concerned</b>	Total estimated cost: EUR 8,450,000 Total amount of EDF contribution EUR 8,450,000	
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Component A: Direct management – Grant, direct award to CFATF Component B: Pillar Assessed Grant Agreement Component C: Direct management – Grant, direct award to CARICOM/IMPACS	

	Direct management – Procurement of services			
<b>7 a) DAC code(s)</b>	15110 – Public sector policy and administrative management 15111 – Public finance management 15220 – Security system management and reform			
<b>b) Main Delivery Channel</b>	10000 – Public sector institutions			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)		x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>	N/A			
<b>10. Sustainable Development Goals (SDGs)</b>	SDG 16 "Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels" and in particular targets 16.4, 16.6 and 16a.			

## SUMMARY

The overall objective is to contribute to improvement of safety and security in the CARIFORUM region.

The specific objectives are to increase compliance in the CARIFORUM region with international norms on money laundering, countering the financing of terrorism and other financial crimes while also improving the capacity of CARIFORUM Member States to deal with the issue of cybercrime.

Supporting Financial Compliance is an explicit objective in the Caribbean Regional Indicative Programme (CRIP) under Result 3.1. Financial Compliance is also listed as an area of specific concern in the Joint Caribbean-EU Strategy and is fully in line with the CARICOM Crime and Security Strategy. Combating money laundering is also listed as cooperation area of importance in the EU Strategy on Citizen Security in Central America and the Caribbean. Cybercrime is deemed as an immediate and significant threat in the CARICOM Crime and Security strategy and in the CARICOM Strategic Plan for the Caribbean Community 2015-2019. Cybercrime is also included in the Joint Caribbean-EU Strategy as an area of specific concern to both regions.

Component A– Implementation of the Mutual Evaluation Programme

This component will support countries to carry out and follow up on the Financial Action Task Force on Money Laundering (FATF) Fourth Round of Mutual Evaluation Missions, which will

include support in the form of financial support (50 % of the cost of the missions) and training packages.

#### Component B – National Risk Assessments and National Action Plans

This component will support CARIFORUM Member States in carrying out National Risk Assessments as well as support to the design and implementation of National Action Plans. Additionally support will be given to Work Plans that have been developed as result of National Risk Assessments.

#### Component C – Asset Recovery and Cybercrime

This component will focus on capacity building for CARIFORUM Member States on two separate issues with similar stakeholders; asset recovery and cybercrime. As the capacity building for these two activities will be coordinated by the same implementing agency (CARICOM/IMPACS) they are included within one component.

There are important interlinkages between these three components and therefore the implementing partners will coordinate closely to ensure complementarity, avoid duplication and build synergies.

## 1. CONTEXT

### 1.1 Regional and thematic context

Organised and transnational crime poses a threat to Caribbean governments, economies and citizens. While criminals can easily operate across borders, state prevention of crime transcending national borders is more complicated. To combat criminal activities such as cybercrime, money laundering and the financing of terrorism there is a need to build the operational capacity of state institutions. Preventing these crimes necessitates strong state systems as well as networks for collaboration and exchange of information. International initiatives, such as the Financial Action Task Force on Money Laundering (FATF) and the Council of Europe's Convention on Cyber Crime (the Budapest Convention), provide guidelines and information on how to strengthen state capacity to counter organised and transnational crime.

This project aims to support the Caribbean countries in aligning their financial systems and state institutional structures with such international standards and to promote their engagement and collaboration regionally and internationally<sup>1</sup>.

#### *Component A – Implementation of the Mutual Evaluation Programme*

#### *Component B – National Risk Assessments and National Action Plans*

Financing of terrorism and money laundering – while differing in several aspects – exploit similar vulnerabilities in national and international financial systems. The **Financial Action Task Force on Money Laundering (FATF)** is an intergovernmental body set up by the G7 group in 1989 with the objective to set policy and standards to combat money laundering as well as the financing of terrorism. FATF has produced a comprehensive set of international standards which are accepted internationally as the global policy guidelines on **Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)**. The 2012 FATF standards consist of core recommendations relating to AML/CFT with additional guidance on how countries can comply with these standards. To further international compliance with the standards, the FATF conducts peer reviews for its

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<sup>1</sup> The programme is supporting the region to comply with international guidelines (FATF and the Budapest Convention) – the compliance requirement with these guidelines would not change or be significantly impacted by the anticipated Brexit process.

members to assess the level of their implementation of the FATF recommendations. These mutual evaluations aim to analyse each country's ability to prevent criminal abuse of their financial system.

The October 2016 FATF Report to the G20 Finance Ministers and Central Bank Governors outlines the current global agenda on AML/CFT which is intended to inform the regional agendas. The overall objective is to reinforce the FATF's work on counter-terrorist financing measures in five (5) key policy objectives: 1) Identifying best practices and opportunities to improve effective use of financial intelligence; 2) Ensuring that the FATF standards provide effective tools against terrorist financing; 3) Assisting countries in effectively applying the tools; 4) Monitoring and advocating for urgent progress on remedial action, especially in the fifteen (15) jurisdictions which have strategic deficiencies; 5) Promoting effective cooperation and coordination.

The **Caribbean Financial Action Task Force (CFATF)** is one of the nine (9) **FATF Style Regional Bodies (FSRBs)** that exist across the world. Although autonomous from each other, the FATF and the FSRBs share the common goal in combating money laundering and terrorist financing and in fostering effective AML/CFT systems. FATF and FSRBs operate on the basis of (mutual or joint or common) recognition of their work, which implies that FSRBs and FATF put in place similar mechanisms for meaningful participation and involvement into each other's activities.

The CFATF was created by virtue of the Kingston Declaration in November 1992 and began operations at the Secretariat in 1994. Its establishment was encouraged by the Financial Action Task Force (FATF) with the objective to spread the commitment to confront and defeat money laundering as a consequence of drug trafficking and transnational organised crime to all corners of the globe.

The CFATF has twenty-five (25) members (not including the Dominican Republic as it is a member of GAFILAT - El Grupo de Acción Financiera de Latinoamérica). CFATF is the only organisation in the Caribbean Basin Region that has the mandate to undertake the specialist responsibilities of monitoring regional compliance with the FATF Standards. In this regard the CFATF has undertaken three (3) Rounds of Mutual Evaluations and in January 2015 embarked upon the **Fourth Round of Mutual Evaluations** which is due to continue to 2022. These assessments have begun globally and are generally seen as more onerous than the previous rounds as they are very resource intensive in human and financial terms.

### ***Component C – Asset Recovery and Cybercrime***

A number of CARIFORUM Member States have enacted **asset recovery** legislation and have included in some instances civil asset recovery. Scarce resources and limited capacity to set up necessary structures and programmes have rendered these national efforts largely ineffective. There is a need to build capacity of law enforcement professionals who can be tasked with the responsibility of investigating, tracing, seizing, forfeiting and confiscating criminal assets. Information sharing, pooling resources and building capacity should further be supported at regional level to promote national recovery of assets efforts.

International networks have been set up for experts in the field of asset tracing, freezing and confiscation. The members of **the Camden Assets Recovery Interagency Network (CARIN)** include all twenty-eight (28) EU Member States as well as nine (9) international organisations. Similar networks have been created for West Africa, Eastern Africa, Southern Africa, Asia and the Pacific, and Latin America.

**CARICOM** in conjunction with the **United Nations Office on Drugs and Crime (UNODC)** and under the auspices of the Regional Anti-corruption Academy for Central America and the Caribbean, drafted the Agreement for the Sharing or Return of Recovered Assets. The Agreement



supports the Caribbean Mutual Legal Assistance Treaty which aims at providing the legal framework for the sharing or return of recovered assets among CARICOM members. This Agreement is intended to aid Member States to use Proceeds of Crime legislation which will strip criminals of their illicit wealth and remove their access to the financial system as well as expose the criminal activities hidden behind legitimate fronts. It is in its final stages of approval and adoption among Member States.

Additionally, an Asset Recovery Informal Network (ARIN) - CARIBE has been set up recently in the Caribbean region as a joint effort between the United States Bureau of International Narcotic and Law Enforcement Affairs (INL), Regional Security System Asset Recovery Unit (RSS ARU), IMPACS, and CFATF (financed by OAS in the first year) in order to provide a platform for informal sharing among investigators and judicial officers on cross border financial and other crimes which will allow for asset recovery.

**Cybercrime** has evolved into one of the fastest growing forms of crime and a significant global challenge for the rule of law across criminal jurisdictions. It has emerged as a particular criminal activity that threatens citizens, businesses, governments and critical infrastructures alike in parallel to the increased digitalisation and broad use of information communication technology.

Cybercrime commonly refers to a broad range of different criminal activities where computers and information systems are involved either as a primary tool or as a primary target. Cybercrimes can be categorised as:

- Traditional offences committed online (e.g. fraud, forgery, and identity theft)
- Offenses unique to computers and information systems (e.g. attacks against information systems, denial of service and malware)
- Content-related offences (e.g. on-line distribution of child pornography or incitement to racial hatred) and offences

In addition to the above categories, **electronic evidence** can be an issue for any crime where emails, and other data stored on computer devices are relevant for investigation and prosecution purposes. The more real-world crime involves e-evidence, the greater the chances that any law enforcement officer, prosecutor or judge will come across and need to have the skills to deal with e-evidence.

**The fight against cybercrime is a basic tenet of any comprehensive effort and strategy to increase cybersecurity** which is a broader framework commonly referring to the safeguards and actions that can be used to protect the cyber domain from those threats that are associated with or that may harm its interdependent networks and information infrastructure. As cybersecurity strives to preserve the availability and integrity of the networks and infrastructure and the confidentiality of the information contained therein, there are clear spill-over issues between the two fields that are often overlapping and mutually reinforcing. Cybersecurity strategies aim to build the security, resilience and reliability of Information Communication Technologies (ICT). Cybercrime strategies are more focused on an effective criminal justice response to crimes targeting or using ICT.

Societies are increasingly reliant on ICT which makes them vulnerable to cybercrime. Cybercrime presents a threat to individuals as well as to states and societies as a whole. Building capacity to address cybercrime is a vital part of an overall cybersecurity strategy. A comprehensive legal substantive and procedural legal framework that is based on common standards and allows for effective international cooperation is considered as the minimum foundation in tackling cybercrime. The **Council of Europe's Convention on Cybercrime** (also referred to as "the Budapest Convention") which entered into force in 2004 is the only international binding instrument on cybercrime and also serves as a blueprint for any country that wishes to develop its national legislation in this field. The Convention includes safeguards that aim to protect and uphold **human**

**rights** while promoting stronger rule of law enforcement and international cooperation on cybercrime. The principles outlined in the convention correspond to EU core human rights values, such as the protection of fundamental rights, freedom of expression, personal data and privacy. Ensuring that adequate human rights safeguards are incorporated is central to all EU engagement on cybercrime and cybersecurity issues. To date, **the Dominican Republic** is the only country in CARIFORUM that has signed and ratified the Convention while there are countries in the region that have elaborated with the Budapest Convention as their blueprint (indicatively: Jamaica, Dominica).

Another key challenge faced by countries everywhere is that the evolution of cybercrime techniques has accelerated rapidly and the criminal justice actors, mainly law enforcement, judges and prosecutors, have limited capacities to apply cybercrime and electronic evidence legislation in practice to effectively investigate, prosecute and adjudicate such cases. **Specific skills** are needed within the criminal justice chain, coupled with awareness raising for decision makers and as well as for IT professionals working in both the public and private sector. As cybercrime is a transnational threat it is imperative to promote **regional and international cooperation** which necessitates a level of harmonisation of national legislation with international standards. It further requires a multi-stakeholder approach including decision makers and parliamentarians, government agencies, private sector representatives, academic institutions, international and regional institutions.

Cybercrime is deemed as an immediate and significant threat in the CARICOM Crime and Security strategy and in the CARICOM Strategic Plan for the Caribbean Community 2015-2019. Cybercrime is also included in the Joint Caribbean-EU Strategy as an area of specific concern to both regions.

Examples of reported occurrences of cybercrimes committed in the CARICOM region include:

- Cyber-attacks to governments' intranet systems, posing threats to the portals for sending and receiving emails also resulting in system crashes and login problems;
- Hacking of governments' official websites, attacks on ministry websites, tertiary institutions and private institutions wherein items of data from the website, including usernames, e-mails and encrypted passwords, were leaked and dumped online;
- Automated Teller Machine (ATM) skimming scams conducted by thieves using well-hidden cameras to capture the personal identification numbers of some customers' debit and credit cards, from a few major banking institutions
- Attempted domain hijacking and fake antivirus
- Reported net annual losses of millions of dollars due to cybercrimes, outstripping the front running narcotics crimes in some cases.

In some cases, national actions have been taken to enact legislation to provide criminal sanctions for the misuse of computer systems or data and to facilitate the investigation and prosecution of cybercrimes. However, even where cybercrime legislation has been enacted, the prosecution level remains low due to lack of capacity and knowledge on how respond to cyber and cyber-enabled crime.

### **1.1.1 Public Policy Assessment and EU Policy Framework**

The European Commission adopted its Fourth Anti-Money Laundering Package in May 2015. In December 2015, the Commission proposed a Directive on combatting terrorism which criminalises terrorist financing and the funding of recruitment, training and travel for terrorism purposes. At the beginning of 2016 the Commission approved an Action Plan calling for increased efforts in a number of areas to combat terrorism financing. The Commission specifically endorses the work

under way, in particular by the United Nations and the Financial Action Task Force (FATF). The European Commission also committed to actively contribute to the work of the Financial Action Task Force (FATF) as well as to the implementation of its recommendations.

The proposed action is strongly aligned with the Caribbean Regional Indicative Programme (CRIP) Logical Framework and specifically with Result 3.1 "Levels of compliance with FATF AML/CFT Global Commitments to Tax Information Exchange and Transparency increased". As possible operations under this Result, the CRIP explicitly mentions that the EC will assist the region in 1) Supporting Mutual Evaluations, National Risk Assessments and Anti-Money Laundering measures, combatting the financing of terrorism and improving tax information exchange and transparency; 2) Strengthening the capacity of Financial Investigators, Analysts and Supervisors at Financial Intelligence Units; 3) Supporting outreach and public education programmes; and 4) Support the implementation of the Work Plan that has been developed as result of the National Risk Assessments as well as the Improvement Plan AML/FT System following the Fourth Round of Mutual Evaluation. As objectively verifiable indicators, the CRIP mentions the level of compliance with the FATF Recommendations during the Fourth Round of Mutual Evaluations (with the specific target of moving from an average compliance rate of 40% to at least 75% - although this might have to be adjusted in view of the new methodology of the Fourth Round), the number of common exercises and number of persons trained and the number of national and regional institutions supported in public education and awareness raising/advocacy activities on AML/CFT and corruption.

The action is also fully consistent with the EU-CARIFORUM Partnership Strategy adopted in November 2012. The strategy specifies that areas of specific concern to the Caribbean and the EU should include "the promotion of cooperation and collaboration between the Caribbean Financial Action Task Force (CFATF) and partner institutions, and the promotion of and compliance with Internationally agreed standards of transparency and tax cooperation".

The proposal is in line with important policy objectives of the EU as well as the Caribbean spelt out in a number of different documents including the **EU Strategy on Citizen Security in Central America and the Caribbean**, the aforementioned European Commission **Action Plan for strengthening the fight against terrorist financing** launched in February 2016, the European Agenda on Security as well as the **CARICOM Crime & Security Strategy (CCSS)** adopted in 2012.

Cybercrime is an issue of growing concern in the CARIFORUM region. In the **CARICOM Crime and Security Strategy**, adopted in 2013 by the conference of Heads of Government of CARICOM, cybercrime is listed under the "Tier 1 – Immediate Significant Threats" with strategic goal 8 being "Strengthening CARICOM's Resilience to Cyber Crime". CARICOM is seen as becoming increasingly susceptible to cyber-attacks and while presently most cybercrimes originate from countries outside the region, there is a clear risk that the Caribbean region could emerge as a potential base for cybercriminals due to the region's lack of resources and trained personnel, as well as due to gaps in regulatory systems and enforcement mechanisms. In 2012, a **Caribbean Cyber Security Framework** was developed by the Organisation of American States (OAS) and the Caribbean Telecommunications Union (CTU). It encompasses four strategic areas: 1. Awareness and Capacity Building, 2. Technical Standards and Infrastructure, 3. Legal Environment and 4. Incident Response and International and Regional Cooperation.

Further to the framework, the **CARICOM Cyber Security and Cybercrime Action Plan (CCSCAP)** was developed as a coordinated effort between CARICOM IMPACS, the Caribbean Telecommunications Union (CTU), the Organisation of American States (OAS) and the Commonwealth Secretariat. This action plan seeks to address the cybersecurity vulnerabilities in

each participating Caribbean country and to establish practical, harmonised standard of practices, systems and expertise for cybersecurity, to which each Caribbean country could aspire. It also seeks to build the required capacity and infrastructure to allow for the timely detection, investigation and prosecution of cybercrime and possible linkages to other forms of criminal activity. This action plan which builds upon the Caribbean Cyber Security Framework identifies five (5) priority areas of intervention for addressing cybersecurity and cybercrime issues in the CARICOM region.

1. Public awareness;
2. Building sustainable capacity;
3. Technical standards and Infrastructure;
4. Legal Environment; and
5. Regional and International Cooperation Collaboration - Incident response, cybercrime investigation and capacity building.

The CARICOM Cyber Security and Cybercrime Action Plan (CCSCAP) was approved by the CARICOM Council of Ministers responsible for National Security and Law Enforcement (CONSLE) in November 2016 and by the CARICOM Heads of Government in February 2017.

In the **Strategic Plan for the Caribbean Community 2015-2019** cybercrime is listed as an obstacle and threat to social and economic development in CARICOM. Strengthening cybersecurity is seen as a strategy to achieve technological resilience but is also linked to strategies needed to achieve social resilience and citizen security. Steps outlined include capacity building for professionals in the law enforcement and judiciary and the establishment of a CARICOM Cyber Crime Centre and a CARICOM Emergency Response Team.

The objectives of the project are also fully consistent with the strategic objectives outlined in the **Caribbean Regional Indicative Programme (CRIP)** for the 11<sup>th</sup> European Development Fund (EDF). In particular, the proposed project supports the implementation of *Focal Area 3: Crime and Security*, in line with the three specific objectives: *1) Crime Prevention, Risk Reduction and enhancement of Restorative Justice*, *2) to Enhance Citizen and Border Security* and *3) Increasing compliance with international norms on financial crimes, terrorism financing and corruption*. Strengthening regional capacity to fight cybercrime also builds cybersecurity in the region which is in support of CRIP *Focal Area 1: Regional Economic Cooperation and Integration* as strengthened ICT systems promote a stronger business and investment climate.

In the **Joint Caribbean-EU Strategy**, adopted in 2012, cybercrime (including identity theft and copyright infringement) is included as an area of specific concern to both regions. The strategy further specifies that the Caribbean-EU common fight against crime must include cooperation with the UN, Interpol, Europol, OAS, IMPACS and other regional organisations.

The **Cybersecurity Strategy of the European Union**, adopted in 2013, goes beyond promoting cybersecurity within the EU to include the development of capacity building measures and resilient information infrastructures in third countries. It specifies that EU aid instruments should be used for cybersecurity capacity building measures such as promoting the Budapest Convention to address cybercrime, training of law enforcement, judicial and technical personnel as well as to give support to national policies, strategies and institutions in third countries. The objective for the EU to support third countries in the fight against cybercrime is further reiterated in the **EU Strategy on Citizen Security in Central America and the Caribbean**. Additionally, the project is in line with the **EU-CELAC Action Plan** under the umbrella of citizen security by promoting and strengthening action related to awareness raising, mutual confidence and understanding concerning the issue of citizen security. It will also seek to strengthen cooperation between the EU and the region in relation to capacity building, transfer of technology and methodologies in the area of crime detection.

The proposed project is conformant to EU aid effectiveness commitments under the **Paris Declaration on Aid Effectiveness (2005)** and the **Accra Agenda for Action (2008)**.

### **1.1.2 Stakeholder analysis**

The implementation of the project will necessitate engagement with a wide array of stakeholders from public and private sectors. Key stakeholders for all project components will be the competent government authorities.

#### ***Component A – Implementation of the Mutual Evaluation Programme***

#### ***Component B – National Risk Assessments and National Action Plans***

Key stakeholders for Components A and B will be the competent government authorities in the CARIFORUM Member States, including Ministries of Finance, Justice, Interior and Foreign Affairs of the Member States.

Further stakeholders include:

- Financial Intelligence Units
- Customs service, border agencies, and where relevant, trade promotion and investment agencies.
- Task forces or commissions on money laundering, financing for terrorism or organised crime.
- Supervisors of financial institutions, including the supervisors for banking and other credit institutions, insurance, and securities and investment.
- Supervisors or authorities responsible for monitoring and ensuring AML/CFT compliance by other types of financial institutions, in particular bureaux de change and money remittance businesses.
- Exchange agencies for securities, futures and other traded instruments.
- Central Banks/other regulatory bodies.
- The relevant financial sector associations and financial institutions (including both senior executives and compliance officers, and where appropriate internal auditors).
- External auditors.

The private sector will also be engaged in the design and implementation of the actions. These will include Designated Non-Financial Businesses and Professions (DNFBP) – i.e. non-financial businesses and professions in casinos, real estate agencies, precious metals/stones businesses as well as lawyers, notaries and accountants. Furthermore media and civil society are valuable stakeholders for awareness raising activities as the components will include visibility/communications strategies in order to strengthen awareness on AML/CFT issues.

#### ***Component C – Asset Recovery and Cybercrime***

The key stakeholders in the region for the capacity building on Asset Recovery are the Financial Intelligence Units and the newly formed Asset Recovery Informal Network ARIN-CARIBE. In identifying support activities for the ARIN-CARIBE, close coordination will be sought with the United States Bureau of International Narcotic and Law Enforcement Affairs (INL), RSS Asset Recovery Unit (RSS ARU) and OAS.

On cybercrime capacity building, key stakeholders will be the law enforcement and judiciary professionals from the CARIFORUM Member States. Legislators will also benefit from trainings on cybercrime to facilitate legislative review and possible reform. To ensure sustainability, training institutions will be important stakeholders as the programme will support the design and

development of cybercrime training modules to be incorporated in educational institutions in the region. While a thorough mapping and educational design strategy will be part of the project activities, beneficiaries already identified include the University of the West Indies, the Regional Police Training Centre (in Barbados) and national police training schools (through a regional approach).

Regional stakeholders include the Caribbean Community Implementation Agency for Crime and Security (CARICOM/IMPACS) as the coordinator of the regional Action Plan on Cybercrime and Cybersecurity which will receive technical assistance to promote its effective coordination of initiatives on cybercrime/cybersecurity in the region. The Regional Intelligence Fusion Centre (RIFC), a sub-section of CARICOM/IMPACS will receive training and capacity building as it relates to cybercrime in the area of strategic analysis to allow for a regional approach and to allow for the creation of linkages to other possible criminal activities, thus significantly improving its intelligence product (particularly in areas such as transnational crime), for action within the CARIFORUM Member States. Additionally, National Intelligence Points of Contacts in Member States will be targeted alongside RIFC staff to receive training with respect to the gathering and monitoring of cybercrime information and intelligence. This will also support the work of the Regional Cyber Committee and the Establishment of a Regional Capacity Centre for Cyber Security and Incident Response as outlined in the CCSCAP.

Decision makers, parliamentarians and other professionals employed in selected government ministries who will benefit from awareness raising efforts and training on asset recovery and cybercrime. The private sector will be involved, especially the Internet Service Providers in relation to their cooperation with law enforcement in the fight against cybercrime, and the private owned critical infrastructure for any overlaps pertaining to cybersecurity. The projects will include visibility/communications strategies in order to strengthen awareness on AML/CFT issues and cybersecurity/cybercrime. This cybercrime communications strategy will also aim to promote reporting on cybercrime, including child online abuse and cyber violence against women and girls (cyber VAWG). Media and civil society are valuable stakeholders for these awareness raising activities.

An important stakeholder for coordination purposes will be the stakeholders' network, involving CARICOM IMPACS, Commonwealth Secretariat, the Caribbean Telecommunications Union (CTU) and the Organization of American States (OAS).

The project component will further seek to engage those CARIFORUM Member States who have advanced legislation and/or capacity on cybercrime as "regional champions" to promote inter-region cooperation and share context-relevant lessons learnt. The Dominican Republic can play an important role as it is a ratifying state of the Budapest Convention and also has an advanced regulatory framework on cybercrime. Similarly Jamaica could contribute its experiences with its legislation that is in line with the Budapest Convention and considerable expertise/capacity on cybercrime forensics.

### **1.1.3 Priority areas for support/problem analysis**

#### ***Component A – Implementation of the Mutual Evaluation Programme***

The average compliance rate under the Third Round of Mutual Evaluations in the Caribbean Region was only **40%**. This situation leaves the CARIFORUM Member States with the challenges of tackling the needs and gaps at regional and national levels to boost the levels of compliance while adapting to and effectively engaging in the new methodology of the Fourth Round of Mutual Evaluations. This new methodology will not only assess whether the necessary laws, regulations or

other required measures are in force and effect and whether the supporting institutional framework is in place, but also, with its new effectiveness component, examine whether the AML/CFT systems are working, and the extent to which the countries are achieving the defined set of outcomes.

This component therefore seeks to provide support to CARIFORUM Member States to prepare, carry out and follow-up on the ongoing Fourth Round of **Mutual Evaluation Missions** which are supposed to produce high quality reports that will withstand the rigorous regional and international scrutiny of the global Quality and Consistency review process.

As part of its core mandate, CFATF will implement the Mutual Evaluation Programme. Key costs associated with the Mutual Evaluation Missions that will need to be covered by the Programme, will be mainly travel, accommodation and per diem costs of the experts/assessors. Half of the costs of the missions will be borne by the Member States that are to be evaluated, and half by the Programme. The CFATF Project Team will assist with the provision of a **training package**. This will include Standards Training, Assessors Training, Pre-Assessment Training Seminars, Typology Exercises, Legislative Drafting as well as specialist guidance on Terrorist Financing and Proliferation. Emphasis will be placed on selection of beneficiaries for these trainings to ensure that they hold positions where the skills can be used as intended by the programme and to ensure sustainability of the programme activities.

### ***Component B – National Risk Assessments and National Action Plans***

To further strengthen the level of financial compliance in the Caribbean region, support will be provided to implement **National Risk Assessments** in consultations with key stakeholders, and in partnership with CFATF. National data capturing mechanisms which are essential to justify the risk based approach to implementing the FATF Recommendations will also be upgraded.

This component will also include the design of **National Action Plans** which would address all outstanding deficiencies found in past Mutual Evaluations and Follow-up Reports, and refer to those legal, regulatory and institutional measures that must be put in place so that the national AML/CFT infrastructure is in keeping with all FATF Recommendations. The National Action Plans will seek to ensure that the necessary reforms in keeping with the requirements of the Fourth Round of Assessments in preparation for the Mutual Evaluation Missions and rectification of identified deficiencies thereafter are expeditiously implemented. Preparation of the National Action Plans will also require the involvement of a wide and diversified range of national stakeholders and will be assisted by specialised agencies in the EU with previous experience of international cooperation in this sector. National Action Plans will need the investment of significant political capital to materialise, especially when a change of the legislative and regulatory framework will have to be adopted. **Outreach campaigns** targeted at political decision makers, the private sector, civil society and the general public will need to be launched.

Support will be given to the establishment of a **strong continuous monitoring system** which will oversee not only the implementation of the plans, but more generally financial compliance standards throughout the region. The CFATF Vision 2022 platform will maintain an easily accessible central database of the FATF Recommendations and Interpretative Notes, the AML/CFT Methodology, legislation, regulations, guidance notes and all documentation relevant to the assessment process, including the comments and amendments by each Assessor on each Mutual Evaluation Report. This will expedite the consultative mechanism between those CFATF Members being assessed, the Assessment Teams and the CFATF Secretariat and allow the Mutual Evaluation

Assessors, Assessed Country and Reviewers to work simultaneously in one document so as to draft, finalise and present high quality Mutual Evaluation Reports.

Additionally, assistance will be given for the implementation of Work Plans that have been developed as result of National Risk Assessments as well as the Improvement Plans AML/FT System emanating from the Fourth Round of Mutual Evaluations.

### ***Component C – Asset Recovery and Cybercrime***

Asset recovery actions form an important part of the global effort to address AML/CFT issues. The FATF Recommendations require jurisdictions to implement measures that will freeze, or if appropriate, seize terrorist-related funds or other assets without delay in accordance with relevant United National resolutions. As noted earlier, a number of CARIFORUM Member States have enacted **asset recovery** legislation and have included in some instances civil asset recovery. Scarce resources and limited capacity to set up necessary structures and programmes have rendered these national efforts largely ineffective. The programme will therefore seek to build capacity of law enforcement professionals who can be tasked with the responsibility of investigating, tracing, seizing, forfeiting and confiscating criminal assets. Information sharing, pooling resources and building capacity should further be supported at regional level to promote national recovery of assets efforts. It is therefore also envisaged that the programme will engage closely with as well as support the newly established ARIN-CARIBE network of investigators from law enforcement in the region.

The existing capacity of the CARIFORUM Member States to address cybercrime varies from country to country. Some countries are further along in their legislative efforts to counter cybercrime, such as the Dominican Republic who already has enacted a regulatory framework on cybercrime and moreover has ratified the Budapest Convention. The Dominican Republic is a member of CARIFORUM, but not of CARICOM or CTU. Early discussions on the project with the Dominican Republic showed that they would consider their participation both as beneficiary and as a resource to the project as they have already enacted a regulatory framework on cybercrime and moreover have ratified the Budapest Convention. Potential synergies with the GLACY+ project would need to be explored as the Dominican Republic may function as a regional hub for the continuation of GLACY activities in the region (see more on GLACY in point 3.2 on complementarity, synergy and donor coordination). Other countries, such as Jamaica and Trinidad and Tobago, have established dedicated law enforcement units with more targeted experience and knowledge on cybercrime. While a regional approach is necessary to maximise resources and ensure regional collaboration on cybercrime, the envisaged support would have to address the countries' individual needs.

The outcome of the most recent regional stakeholders meeting held in Saint Lucia in March 2016 included a joint communication that highlighted the need for **criminal justice and information communication technology expertise**.<sup>2</sup> This need was also identified in the five (5) needs assessments done by the Commonwealth Secretariat, under its *Commonwealth Cybercrime Initiative (CCI)*. These assessments were done on the existing capacity to combat cybercrime in five (5) Commonwealth member states; Antigua and Barbuda, Barbados, Dominica, Grenada and Trinidad & Tobago. As agreed in the Saint Lucia discussions, the Caribbean region needs skills to be developed on prevention, detection and prosecution of cybercrime as well as skills to build the security of national networks. Crucially, the approach would have to be sustainable and continuous

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<sup>2</sup> Gros Islet Communique, the Caribbean Stakeholders Meeting on Cybersecurity and Cybercrime (CSM-II), Saint Lucia 16-18 March 2016.



as cybercrime/cybersecurity expertise is constantly in need of “upgrading” in view of its changeable nature. This is also substantiated by the Cyber Security and Cybercrime Action Plan CCSCAP.

This component has four (4) main scopes of engagement – legislation review and update to meet international standards; capacity building/training of law enforcement, judiciary and legislators including through incorporation of cybercrime/cybersecurity modules in selected national and regional educational institutions; engagement and awareness raising of decision makers, parliamentarians, public sector ICT professionals and private sector representatives; and strengthened regional capacity to coordinate efforts to counter cybercrime through support to the RIFC and IMPACS in implementing the CCSAP.

Throughout the project activities, particular focus will be given to ensuring **human rights** safeguards in compliance with international standards and best practices. The project will make use, where applicable, of existing international guidelines developed for capacity building on cybercrime and cybercrime legislation.

Special emphasis will be placed on ensuring **sustainability** of the trainings developed for law enforcement and judiciary. Training modules developed and designed specifically for inclusion into existing educational programmes for law enforcement and judiciary will be a concrete output of the project. Early liaison with relevant regional educational institutions will be imperative to ensure ownership and support for these modules.

Insufficient reporting and lack of **awareness** have been identified by CARICOM as challenges contributing to cybercrime in the region. The project’s support to regional coordination and exchange on cybercrime would promote a greater situational awareness. The technical assistance to CARICOM/IMPACS will strengthen the agency’s ability to raise awareness on cybercrime with the region’s Ministers of National Security and with CARICOM and CARIFORUM secretariats. The project’s visibility strategy will further aim to raise awareness with citizens in the region, including on issues pertaining to child online abuse and on measures to promote child online protection.

A particular aspect of the cybercrime dimension is in relation to gender. Cyber-violence against women and girls is emerging as a global problem with serious implications for societies and economies around the world. Cyber violence against women and girls (cyber-VAWG) is under-reported both in western countries with high internet penetration as well as in the Global South.<sup>3</sup> This emerging trend requires a gender sensitive development of the response to cybercrime, not only at the stage of legislation but also in the investigation, prosecution and adjudication of crimes entailing cyber-VAWG. To this end, the Cybercrime Convention Committee established a new working group on "cyberbullying and other forms of online violence especially against women and children" in November 2016. The first report and recommendations are expected in late 2017, which could be taken up by the proposed action.

## 2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Failure of Member States to bear costs of CFATF Missions as	M	Political dialogue through CARICOM and at national level on importance of AML/CFT

<sup>3</sup> There are six broad categories that encompass forms of cyber-VAWG and fall under different elements of cybercrime or cyber-enabled crimes: hacking, impersonation, surveillance/tracking ("cyber-stalking"), cyber-harassment, use of the internet to lure potential victims into violent situations (ex. trafficking); and malicious distribution (ex. "revenge porn").

expected		compliance.
Varying levels of AML/CFT and cybercrime capacities in Member States which may lead to difficulties in designing and delivering regional training modules	L-M	This risk can be mitigated through a flexible context-driven approach to the trainings.
Strengthened measures on AML/CFT negatively impacts financial inclusion in the Caribbean.	L-M	FATF guidance will be applied on AML/CFT and Financial Inclusion + a social dialogue with be held through engagement with media and civil society stakeholders to exchange on the impact of measures taken on citizens in the region.
Strengthened law enforcement on cybercrime encroaches on human rights (such as right to privacy).	L-M	Internationally accepted principles will be advocated from the start with strong emphasis that fundamental human rights values must be at the core of all project activities with risk mitigation strategy developed.
Duplication and overlapping of training initiatives	L	Coordination and exchange with all stakeholders in the region
Weak institutional capacity to absorb the assistance provided and to trickle down to national level	M	Tailored approach based on good initial assessments and flexibility in implementation
Lack of gender awareness, gender sensitivity, gender understanding increase existing gender inequality.	L	Include gender analysis and gender desegregated data. Make sure there is gender balance among beneficiaries of the action.

### Assumptions

Continued commitment of CFATF countries to the Mutual Evaluation Missions.

Timely engagement of European and international specialised agencies (such as EUROPOL, EUROJUST, CARIN network)

Sufficient political engagement by CARIFORUM/CARICOM Member States to enable required changes of the legislative and regulatory frameworks.

Sufficient willingness by universities and other educational institutions (for law enforcement and judiciary) to adopt modules on cybercrime/cybersecurity as this is vital in order to ensure the sustainability of the capacity building trainings.

Ability of participants in project training activities to translate acquired knowledge into actions, thereby strengthening the capacity of the criminal justice chain.

### 3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

EU funding has already been used to support law enforcement agencies<sup>4</sup> in the Caribbean, with main emphasis on drug control. Additionally, the Caribbean region has been able to benefit from EU funding to global programmes lending support to capacity building to counter organised crime and drug trafficking.

The 1998-2002 EU "Caribbean Regional Anti-Money Laundering Programme" financed together with the US and UK, provided 4 million EUR for building institutional capacity to reduce money laundering in the Caribbean region. CFATF was the main beneficiary of these capacity building efforts. While the evaluation of the programme was largely positive (see ROM report in 2002) it was recommended to ensure regionally sourced funding for CFATF activities to avoid full dependency on outside donors.

In its enlargement process, the EU has gathered considerable experience with support to Financial Intelligence Units (FIUs) and capacity building on the enforcement side through twinning arrangements and would be happy to contribute this expertise to an intervention. Lessons learnt may also be drawn from similar interventions on financial compliance such as the new EU funded AML/CFT Global initiative (16 million EUR; AAP 2016) which is targeting the South East Asia (SEA) region, notably Indonesia and the Philippines (and Lao PDR, Myanmar, Vietnam, Thailand, and Cambodia) as well as the Middle East and North Africa (MENA) region (with the following target countries: Jordan, Lebanon, Tunisia, Iraq, Egypt, Algeria, Morocco, Libya and, as appropriate, Iran). The EU has supported a number of regional initiatives<sup>5</sup>: including the Financial Action Task Force of South America (GAFILAT) which includes the Dominican Republic as a member.

The GAFILAT-EU project spanned 90 months, from December 2009 – June 2017. Main activities included the assessment of current situations and legislations in place to prevent money laundering in the non-banking financial sector in GAFILAT Member States; strengthening of administrative, judicial and law enforcement cooperation to fight money laundering; assessment of the current capacity to meet the investigation needs; promoting inter-institutional coordination and multidisciplinary working groups; improvement and standardization of the existing investigation capacities; strengthening of police and judicial cooperation to fight asset laundering; establishment of cooperation agreements and opportunities with other countries and/or regional groups; and the promotion of implementation at national level of the new international standards and train the experts in charge of future mutual evaluations. Lessons learnt from the GAFILAT-EU project will be taken into account for the implementation of the programme in reference. As an example, the 2012 Mid Term Review found that there was little progress in trans-regional collaboration, i.e. that GAFILAT did not engage in a significant manner with its neighbouring regional organisations

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<sup>4</sup> Predating the 9<sup>th</sup> EDF (1975-2001) support in the total amount of 25 million EUR was given to the Regional Drug Law Enforcement Training Centre (REDTRAC) in Jamaica, the Regional Police Training Centre (RPTC) in Barbados, the Inter-Agency Drug Control Training Centre (CIFAD) in Martinique and the Regional Search Centre (RSC) in Jamaica. Under the 9<sup>th</sup> EDF 2002-2007 the Caribbean Integration Support Programme (CISP) allocated 2 million EUR for the continuation of the 1996-2001 Barbados Plan of Action (Regional Plan of Actions on Drugs) and 1 million EUR in support of the newly developed IMPACS. Under the 10<sup>th</sup> EDF CRIP 2007-2013, a total amount of 12.2 million EUR was allocated to drug supply control and crime prevention. Main implementing parties included IMPACS, RSS, CFATF and CARIFORUM.

<sup>5</sup> Such as GIABA, the Inter-Governmental Action Group against Money Laundering in East Africa; a CFT Programme in the Horn of Africa implemented by CIVILPOL Conseil; the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG); and le Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale (GABAC) in West Africa

CFATF and Inter-Governmental Action Group against Money Laundering in West Africa (GIABA). However, it was deemed successful in achieving the regional goals of strengthened financial compliance in GAFILAT Member States. There is an opportunity for this programme to include CFATF-GAFILAT joint activities, also through the programme activities benefitting the Dominican Republic, a member of GAFILAT (developed further under 3.2).

While a number of CARIFORUM Member States in response to increased phenomena of financial crimes have enacted asset recovery legislation and have included in some instances civil asset recovery, scarce resources have severely hampered the establishment of necessary structures and programmes. There is a prevalence of unskilled and untrained persons in law enforcement that are tasked with the responsibility of investigating, tracing, seizing, forfeiting and confiscating criminal assets. Many acts of seizures do not run the full extent of prosecution as untrained investigators sometimes breach the perpetrators' rights or use improper methods which give way to failed cases or return of assets. Judicial officers do not have much experience in this subject area. The network of regional investigators will seek to address this.

Previous support to cybersecurity in the Caribbean has to a large extent focused on the development of model laws on cybercrime, including the Commonwealth Model Law, the International Telecommunications Union (ITU) (EDF funded) Model Laws for the ACP countries and the World Bank funded OECS Model Law (under the Electronic Government for Regional Integration Project – therefore often referred to as the EGRIP Model Law). Only the Commonwealth Model Law is the result of an official inter-governmental approvals process. As a result of these initiatives, cybercrime/cybersecurity legislation has been enacted in many countries in the Caribbean with variant results in relation to compliance with the international legislative standards set by the Budapest Convention on Cybercrime. According to a 2014 Council of Europe study<sup>6</sup>, the Harmonization of ICT policies and legislation across the Caribbean (HIPCAR) Model Law has influenced legislation in St Kitts and Nevis, Jamaica, Bermuda, Barbados and Trinidad & Tobago. Likewise the Electronic Government for Regional Integration Project (EGRIP Model Law financed by the World Bank) has been largely adopted by Grenada and Dominica, and the Commonwealth Model Law has influenced legislation in Antigua. The CCSCAP will further address a regional approach to the legal environment for cybercrime and cybersecurity.

Lessons learnt have shown that despite enacted cybercrime legislation, there is still need for improvement in prosecution levels, and for further work to build capacity and knowledge on how respond to cyber and cyber-enabled crime. The programme will therefore pursue the update of legislation and train legislators where necessary to meet international standards that also facilitate regional and international cooperation, and develop trainings targeted at the appropriate stakeholders to raise capacity to enforce existing legislation. To achieve more sustainability the trainings will be designed and developed also for inclusion into the curricula of selected regional and national educational institutions.

### **3.2 Complementarity, synergy and donor coordination**

In 2016 CFATF was awarded a direct grant of 1.233M EUR under the 10<sup>th</sup> EDF CARIFORUM Crime and Security Cooperation Programme. The objective of the grant was to provide training for financial analysts and investigators from Financial Intelligence Units (FIUs) across the region in investigation techniques relating to transnational criminal activity and financial crime. The implementation of this Grant started in September 2016 and three workshops for financial analysts have been held in 2017. No reports or evaluations are available on the progress to date. The Asset Recovery activities proposed under this action will complement the trainings designed under the previously awarded grant and emphasis will be given to explore synergies between the two

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<sup>6</sup> “Cybercrime Model Laws”, Discussion paper, 23 December 2014, Council of Europe, [www.coe.int/cybercrime](http://www.coe.int/cybercrime)

programmes. Additionally, CFATF has from its inception in 1992 received funding from a range of donor partners in sums ranging from US\$25,000 to US\$300,000. These donor partners include the Commonwealth Secretariat, the European Union, CARIFORUM, Rand Corporation, Swiss Development Corporation, United Nations Office on Drugs and Crime Policy, the Caribbean Development Bank, the Central American Bank for Economic Integration, Trinidad and Tobago, Canada, France, Spain, Mexico, the Netherlands, United States of America and the United Kingdom. At present there is no other donor supporting the Mutual Evaluations carried out by the CFATF. Close dialogue will continue with donors present in the region to ensure there is no duplication of efforts in the programme's capacity building activities on financial compliance and asset recovery.

As mentioned earlier, the Financial Action Task Force of South America (GAFILAT) has received EU funds 2009-2017 to support its activities. Linkages already exist between CFATF and GAFILAT. The CFATF Executive Director provided technical assistance and shared experiences for the establishment of GAFILAT and both organisations continue to close working relations on a variety of AML/CFT related topics which will be of benefit to the members of both organisations. The Joint Seminar for the Training of Mutual Evaluation Examiners which was held in Panama in August 2017 and Joint Training Seminar on Terrorist Financing in Bolivia in September 2017 are examples of joint CFATF/GAFILAT collaboration. Continued joint activities will be explored under the programme and the programme's support for the Dominican Republic will form a natural link between the two regional organisations.

The EU has supported the Regional Technical Assistance Centre in the Caribbean (CARTAC) since its establishment in 2001. The latest support of 5M EUR over the period January 2017 – April 2019 will support CARTAC's 5<sup>th</sup> phase which focuses on capacity building in twenty (20) Governments and Territories across the Caribbean region in the implementation of the Basel II and III Accords. Synergies will be sought and discussions are ongoing with IMF/CARTAC on AML/CFT issues in the Caribbean region. It is possible that the IMF through CARTAC could make available AML/CFT expertise as part of future programme activities.

In the area of asset recovery, the United Kingdom (UK) Crown Prosecution Office installed a number of Officers in the region which have assisted mainly the Eastern Caribbean States in enhancing their asset recovery legislation to include civil asset recovery. The UK has also established an Asset Recovery Office within the Regional Security System (RSS) to refine the capacity within the Organisation for Eastern Caribbean States (OECS) sub-region only in an effort to collect and prosecute forfeiture of criminal proceeds.

Canada is supporting an OAS project on asset recovery for the Caribbean which is to be launched in the fall of 2017. Canada will contribute 1.6 million CAD (approx. 1 million EUR) for a period of three years to conduct two regional assessment (one on the current state of asset recovery processes and one on the asset management systems), to hold four regional workshops in the Caribbean and in Central America on asset recovery and asset management, and to develop two guidelines for the Caribbean (on asset recovery and on asset management). The Delegation and CARICOM/IMPACS are liaising with the Canadian colleagues and with the OAS to ensure full complementarity of mutual activities and to explore possible joint actions.

CARICOM through CARICOM IMPACS has partnered with the United Nations Office on Drugs and Crime (UNODC) under the auspices of its Regional Anti-corruption Academy for Central America and the Caribbean and drafted the **Agreement for the Return and Sharing of Recovered Assets**. This Agreement will aid Member States in the use of Proceeds of Crime legislation which will strip criminals of their illicit wealth and remove their access to the financial system as well as expose criminal activities hidden behind legitimate fronts. This Agreement is in its final stages of

approval and adoption by Member States pending the approval by the Legal Affairs Committee of CARICOM which is foreseen to take place in mid-October 2017.

CARICOM has commenced the drafting of Model Civil Asset Recovery Legislation in conjunction with the RSS Asset Recovery Unit further to a mandate of the Conference of Heads of Government at its meeting in July 2017. The Model Legislation is at an advanced stage of completion and has included review challenges and gaps within existing Member States legislation.

As noted earlier in the document, an Asset Recovery Informal Network (ARIN) has been set up in the Caribbean region as a joint effort between the United States Bureau of International Narcotic and Law Enforcement Affairs (INL), RSS Asset Recovery Unit (RSS ARU), IMPACS, and CFATF (financed by OAS in the first year).

In the field of cybercrime, the Caribbean countries have benefited from a range of ongoing and planned activities. Through the ongoing collaboration with critical agencies such as CARICOM IMPACS, Commonwealth Secretariat, the OAS and the CTU, liaison and close coordination will take place with other regional and international actors throughout the project cycle so as to ensure maximisation of synergies and to avoid duplication of efforts.

The Global Action on Cybercrime (GLACY) project is a joint EU/Council of Europe project that aims to support countries to implement the Budapest Convention. This would enable the national criminal justice authorities to engage in international cooperation on cybercrime and electronic evidence. This project is closing in October 2016 and a second phase of the project, GLACY+, was launched in March 2016 and will run to February 2020. It will expand the engagement of GLACY (which supported seven priority countries in Africa and the Asia-Pacific region – Mauritius, Morocco, Senegal, South Africa, Sri Lanka and Tonga) to also include countries in Latin America and the Caribbean. It is foreseen that the Dominican Republic will be a beneficiary under this project.

The EU, led by EEAS, further supports a capacity building programme under the Global Crisis Room Support Programme (GCRSP). This programme includes regional agencies involved in crisis management in the Caribbean (CARICOM IMPACS; including its sub agencies JRCC & RIFC RSS, CDEMA and CARPHA). A training course on cybersecurity in crisis response has been delivered under this programme in June 2016 by the OAS Inter-American Committee against Terrorism (CICTE). The Delegation is liaising closely with the project team to benefit from the GCRSP project's experiences and knowledge of the region.

Coordination will also be sought with the El Pacto continental programme (Europa-Latinoamerica Programa de Asistencia Contra el Crimen Transnacional Organizado: Por el Estado de Derecho y la Seguridad Ciudadana) and the COPOLAD II programme (Cooperation Programme between Latin American Countries and the European Union on Drugs Policies).

The Commonwealth Secretariat, through the Commonwealth Telecommunications Organisation (CTO) has developed a *Commonwealth Cybergovernance Model* with an accompanying *Commonwealth Approach for Developing National Cybersecurity Strategies*. Additionally, the Commonwealth Secretariat has created a programme on cybercrime, the *Commonwealth Cybercrime Initiative (CCI)*. The aim of this initiative is to provide assistance and build capacity for member states to combat cybercrime. As mentioned earlier in the document, initial needs assessments have been done on the existing capacity to combat cybercrime in five Commonwealth member states; Antigua and Barbuda, Barbados, Dominica, Grenada and Trinidad & Tobago. The results form an integral part of the CCSCAP which emanated from the stakeholders meeting in Saint Lucia in March 2016.

OAS Ministers of Justice or Attorneys General of the Americas (OAS/REMJA) and its Working Group on cybercrime is the principal hemispheric forum to strengthen international cooperation in the prevention, investigation and prosecution of cybercrime; facilitate the exchange of information and experiences among its members; and make necessary recommendations to enhance and strengthen cooperation among the OAS member states and with international organizations and mechanisms. OAS/REMJA organises several regional trainings on cybercrime for judges and law enforcement annually. OAS/CICTE is assisting countries in the region with the development of National Cybersecurity Strategies, policies and the establishment of Computer Emergency Response Teams (CERTS). Next step is to build the capacity of individual states to manage these CERTS in a manner that would benefit the national criminal justice systems in combating cybercrime and to further promote information exchange on the regional and international level. The OAS/CICTE receives funding from Canada and the UK for this project (as well as in-kind expertise from donors like Spain and Estonia).

Canada further funds INTERPOL to give training and equipment in cyber forensics to the Americas, including the Caribbean. Canadian funds have also been given to UNODC to strengthen authorities in Central America (including Belize and the Dominican Republic) to investigate and combat internet crimes against children.

The Delegation has also exchanged with the FBI representative at the US Embassy and while they have delivered some training and given investigation support in response to specific requests, the US Embassy (State Department, FBI and USAID) do not have any current programmes on cybercrime/cybersecurity in the Caribbean but the US implements training activities in the field of cybercrime particularly under the framework of REMJA.

It should be noted that the purpose of the CARICOM Cyber Security and Cybercrime Action Plan is to provide a framework within which all initiatives of Cyber Security and Cybercrime in the region will be developed, implemented and controlled in order to ensure they are properly synchronised, duplication is eliminated and the benefit to the region is maximised.

### 3.3 Cross-cutting issues

The design of the Financial Compliance/Asset Recovery activities will be in line with the guidance provided by the FATF on AML/CFT measures and Financial Inclusion<sup>7</sup>. As noted in this guidance, the promotion of AML/CFT standards could negatively impact the access to financial institutions/banking services – often with disproportional impact on **vulnerable groups**. These vulnerable groups include low income and rural populations, often with women as head of households. This FATF guidance, together with context-specific data on vulnerable groups in the Caribbean countries, will promote a **gender and rights-based perspective** on design of project activities. Close engagement with media and civil society will also be sought throughout the project's implementation cycle as a means to promote social dialogue on AML/CFT.

The Cybercrime component will be implemented through a **rights-based approach (RBA)** with special attention to ensure that human rights form a central part of the project's capacity building activities. Through RBA the design of activities addresses the capacity gaps of both rights-holders and duty-bearers. The rights-holders, mainly the citizens in the CARIFORUM member states, will be assisted in claiming their rights through raised awareness on cybercrime and cybersecurity, including the issue of child online abuse. Strengthened capacity to detect, prevent and combat

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<sup>7</sup> FATF Guidance: "Anti money laundering and terrorist financing measures and Financial Inclusion, 2011 <http://www.fatf-gafi.org/media/fatf/content/images/AML%20CFT%20measures%20and%20financial%20inclusion.pdf>

cybercrime will aid the duty-bearers (CARIFORUM governments, law enforcement and judiciary) to meet their obligations toward the citizens. Close engagement with media and civil society will be sought throughout the project's implementation cycle as a means to promote social dialogue on cybercrime and cybersecurity. **Gender** is an integral part of RBA and further receives a strong focus in the cybercrime component. Stronger capacity to counter cybercrime also includes stronger capacity to counter online sexual abuse of women and children as well as the spread of child sexual abuse material. Child online protection will be integrated into the trainings and the training curricula for law enforcement and judiciary. Child online protection will further be given specific focus in awareness raising and visibility activities. Throughout, a gender sensitive analysis shall make the action more sustainable through: (i) ensuring that national authorities are aware of relevant women's human rights norms and standards and that they are trained to respect and protect these rights while performing their functions; (ii) supporting the legislative reforms that are gender-sensitive; (iii) promoting the balanced representation of women in the security sector; (iv) fostering the increased participation of women in all operational activities related to the actions; and (v) be at the foundation of the design of trainings, visibility and awareness raising activity, with the aim to address gender specific abuse.

#### **4. DESCRIPTION OF THE ACTION**

##### **4.1 Objectives/results and options**

The **overall objective** of all project components is to contribute to the improvement of safety and security in the CARIFORUM region.

This Action is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 16, and particularly targets 16.4 "*By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime*", 16.6 "*Develop effective, accountable and transparent institutions at all levels*" and 16a "*Strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime*". This does not imply a commitment by the countries benefiting from this programme.

##### ***Component A – Implementation of the Mutual Evaluation Programme***

The specific objective of this component is to strengthen financial compliance in the Caribbean region through supporting CARIFORUM Member States in undertaking the FATF Fourth Round of Mutual Evaluation Missions.<sup>8</sup>

##### ***Component B – National Risk Assessments and National Action Plans***

The specific objective of this component is to strengthen financial compliance in the Caribbean region through supporting CARIFORUM Member States in carrying out National Risk Assessments as well as to design and implement National Action Plans. Additionally support will be given to Work Plans that have been developed as result of National Risk Assessments.

Components A and B are closely interlinked and mutually reinforcing. The estimated results for these two components are:

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<sup>8</sup> See annexed the CFAT indicative calendar for Mutual Evaluation Missions, and the CFATF compliance table



1. Increased levels of compliance with FATF AML/CFT and Proliferation Financing Recommendations, as well as global commitments to tax information exchange and transparency.
2. Enhanced efficiency and effectiveness in fighting corruption, bribery and white collar crime including money laundering.
3. Improved monitoring and regulation of the informal financial sector and the control of cash flows
4. Enhanced efficiency in the management of the International Business Sector.

### ***Component C – Asset Recovery and Cybercrime***

The specific objective is to strengthen the capacity of CARIFORUM Member States on asset recovery and cybercrime, in compliance with international standards and the rule of law. The estimated results are:

1. Enhanced capacity on asset recovery at national level in CARIFORUM Member States.
2. Strengthened national and regional coordination and cooperation on asset recovery activities through the ARIN-CARIBE network.
3. Increased compliance with international standards on cybercrime (as prescribed in the Budapest Convention on Cybercrime).
4. Increased due-process compliant capacities of criminal justice authorities (police, judiciary) to investigate prosecute and adjudicate cases of cybercrime and electronic evidence and engage in effective inter-agency, public-private and international cooperation.
5. Increased awareness and capacities amongst decision makers, parliamentarians, relevant national authorities including public service ITC professionals on cybercrime and cybersecurity policies.
6. Strengthened regional coordination of cybercrime/cybersecurity activities through IMPACS as the main coordinating agency for the implementation of the CCSCAP, including capacity building for IMPACS and the Regional Intelligence Fusion Centre (RIFC).

## **4.2 Main activities**

### ***Component A – Implementation of the Mutual Evaluation Programme***

Specific activities are planned to include inter alia, and not limited to:

- Series of trainings for Member State representatives including Standards Training, Assessors Training, Pre-Assessment Training, Typology Exercise Training, Legislative Drafting Training as well as specialist guidance on Terrorist Financing and Proliferation
- Organise national pre-assessment workshops
- Undertake Mutual Evaluation Missions of Member States
- Plenary discussion and adoption of Mutual Evaluation Report (MER)

### ***Component B – National Risk Assessments and National Action Plans***

Specific activities will be developed further in the programme component inception phase in compliance with global efforts as well as EU processes<sup>9</sup> on financial issues and in consultation with experts at CFATF, EC DG HOME and DG JUST. A preliminary list would include inter alia, and not limited to:

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<sup>9</sup> Including the EU list on non-cooperative tax jurisdictions

- Undertake high-level advocacy missions to solicit political support for AML/CFT programs in CARIFORUM Member States
- Organise stakeholders' sensitisation workshops on roles and responsibilities with the partnership of regional and national AML/CFT agencies
- Strengthen cooperation to guide long-term partnerships between regional governments, civil society, private sector and the international community in addressing AML/CFT gaps
- Develop implementation and action plan for operationalisation of National Risk Assessment Reports
- Assess capacity of current national data capturing mechanisms and make recommendations for necessary upgrades
- Develop or review existing templates risk mapping in engagement with the CFATF
- Carry out data collection on AML/CTF risks and prevalent predicate offences
- Write the National Risk Assessment reports
- Validate the National Risk Assessment reports with a wide range of stakeholders (organise validation workshop, conduct official adoption and approval of report)
- Design of National Action Plans which would address all outstanding deficiencies found in past Mutual Evaluations and Follow-up Reports, and refer to those legal, regulatory and institutional measures that must be put in place so that the national AML/CFT infrastructure is in keeping with all FATF Recommendations.
- Validate the National Action Plans with a wide range of stakeholders (organise validation workshop, conduct official adoption and approval of action plan)
- Support to the establishment of a strong continuous monitoring system which will oversee not only the implementation of the plans, but more generally financial compliance standards throughout the region.
- Support the implementation of the Work Plans that have been developed as result of the National Risk Assessments as well as the Improvement Plans AML/CFT System following the Fourth Round of Mutual Evaluations.

### ***Component C – Asset Recovery and Cybercrime***

Specific activities are planned to include inter alia, and not limited to:

- Review current asset recovery legislation and assess regional capacity on asset recovery to determine training strategy. This activity will benefit the work already commenced by CARICOM and the RSS Asset Recovery Unit on a Model Civil Asset Recovery Legislation as well as two regional assessments carried out by OAS and Canada.
- Design and deliver training to judicial officers towards enhancement of prosecution and judgments that facilitate asset recovery in the Region.
- Coordinate the development of dedicated Asset Recovery Units in Member States with a dedicated regional reporting structure that facilitates information sharing
- Workshop towards implementation of the Agreement for the Return and Sharing of Recovered Assets within Member States emphasising the use and strategic link between Caribbean Mutual Legal Assistance Treaty to facilitate information sharing in the promotion of the sharing of recovered assets.

- Regional stakeholder workshop of Legal and Policy Experts to identify existing legislative gaps on cybercrime at the national level in relation to already existing models
- Technical assistance to Member States regarding legislative and policy improvements/amendments with respect to anti-cybercrime legislative frameworks, including training of legislators
- Design, development and delivery of targeted trainings on cybercrime for law enforcement and judiciary professionals in Member States
- Design and develop cybercrime training modules to be included in the curricula of the regional universities and educational institutions (including regional and national police schools)
- Undertake needs analysis for the implementation of the CARICOM Cyber Security and Cybercrime Action Plan (CCSCAP)
- Technical assistance to CARICOM/IMPACS as the lead implementing agency of the CCSCAP
- Design, development and delivery of training on cybercrime as it relates to information gathering and strategic analysis for The Regional Intelligence Fusion Centre (RIFC) and National Intelligence Points of Contacts in Member States.
- Undertake awareness actions targeting decision makers and parliamentarians

### **4.3 Intervention logic**

#### ***Component A – Implementation of the Mutual Evaluation Programme***

#### ***Component B – National Risk Assessments and National Action Plans***

The aim of the action is to assist in strengthening the AML/CFT regimes in the CARIFORUM Member States through support at national and regional level, and through support to the CFATF, with the overall goal of increasing financial compliance in the Caribbean region.

Identifying and addressing weaknesses in the AML/CFT regimes through the National Risk Assessments and National Action Plans allow for concrete actions to be taken by Member States and their national AML/CFT agencies. Monitoring the compliance level with the FATF standards is furthermore an effective way to ensure that actions taken by national authorities are sustained and improved upon. Over time the mutual evaluation exercise conducted by the FATF and other Assessment Bodies, like the World Bank and the IMF, has proved to be a useful tool in ensuring compliance with international standards.

#### ***Component C – Asset Recovery and Cybercrime***

The aim of the action is build capacity on Asset Recovery and Cybercrime issues in the region.

Efforts are underway to strengthen the CARIFORUM Member States legislation on asset recovery while also supporting regional coordination through the recent establishment of the ARIN-CARIBE network. This action aims to complement the process by the delivery of targeted trainings to build capacity of judicial officers in the region as well as support to regional coordination and information sharing on asset recovery. The rationale is that in addition to establishing legislation and coordination structures, targeted trainings and support are needed to move forward in practice.

Similarly, legislation on cybercrime has been enacted in most CARIFORUM Member States. There is a remaining need to build capacity for law enforcement and judiciary personnel in particular on

how to address and counter cybercrime in practice. To ensure sustainability of the action, the targeted trainings will also be developed as training modules to be included in the curricula of regional and national educational institutions. A review of the current state of cybercrime legislation in the region is necessary to ensure that the trainings developed are in support of legislation compliant with international standards on cybercrime (the Budapest convention). Finally, while there are regional structures in place to promote regional coordination on cybercrime, capacity is still a concern. The action will therefore seek to strengthen these regional structures (CARICOM/IMPACS and subagency RIFC) to promote coordination at the regional level as well as the implementation of the CARICOM Cyber Security and Cybercrime Action Plan (CCSCAP).

## **5. IMPLEMENTATION**

### **5.1 Financing agreement**

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

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 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 Implementation of the budget support component**

N/A

### **5.4 Implementation modalities for an action under project modality**

#### **5.4.1.1. Grant: direct award: Component A: Implementation of the Mutual Evaluation Programme, Caribbean Financial Action Task Force (CFATF)**

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The specific objective of the grant is to enable the CFATF to implement the Mutual Evaluation Programme in the region. Specifically CFATF will support countries to prepare and carry out the ongoing Fourth Round of Mutual Evaluation Missions which started in January 2015 and are due to continue to 2022. Main expected outcome is to have reports produced for the global quality and consistency review process.

(b) Justification of a direct grant

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 as CFATF is specifically mandated by its Member States to coordinate, organise and implement the evaluation missions. CFATF has already supported three countries through the Fourth Round of Mutual Evaluation Missions (Jamaica, the

Bahamas and Trinidad and Tobago<sup>10</sup>) which makes them well placed to continue carry out these activities in the region.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 100%. In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing is increased to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

The programme will be financing a maximum of 50% of the costs of the missions, the remainder to be financed by the Member States that are to be evaluated.

(e) Indicative trimester to conclude the Grant agreement

2018 Q2.

#### **5.4.1.1 (Bis) Grant: direct award: Component B: National Risk Assessments and National Action Plans**

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The specific objective of this grant is to strengthen financial compliance in the Caribbean region through supporting CARIFORUM Member States in carrying out National Risk Assessments as well as to design and implement National Action Plans. Additionally support will be given to Work Plans that have been developed as result of National Risk Assessments. Main expected outcome is to have increased knowledge and awareness of weaknesses in the region's AML/CFT regimes with corresponding national action plans to address these issues.

(b) Justification of a direct grant

This component will be implemented with a Member State Agency or with an International Organisation, preferably in a consortium, in accordance with Article 58(1) (c) of Regulation (EU, Euratom) No 966/2012. This implementation is justified because of the nature of the activities foreseen (provision of capacity building and technical assistance in a highly specialised topic in accordance with the principles of rule of law) but also in order to avoid duplication and overlap with similar activities of the entities that are active in the region with relevant interventions.

(c) Eligibility conditions

EU Member States Agencies and/or International Organisations are best placed to cover the fields of expertise required to perform interventions in the areas of financial compliance, best practices for tax information exchanges, capacity building, and regional cooperation while ensuring transparency and confidentiality. A consortium would be preferable as it allows for the inclusion of

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<sup>10</sup> <https://www.cfatf-gafic.org/index.php/documents/4th-round-meal-reports>

implementing partners providing expertise on highly specialised topics, also with context-specific expertise on financial compliance issues in the Caribbean region.

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 100%

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing is increased to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the Grant agreement

2018 Q3

**5.4.1.1 (Bis) Grant: direct award: Component C: Asset Recovery and Cybercrime, CARICOM/IMPACS**

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The specific objective of the grant is to enable CARICOM IMPACS to support capacity building in the region on asset recovery and cybercrime. Main expected outcome is to have strengthened capacity at national level in CARIFORUM Member States and greater collaboration/coordination at regional level on asset recovery and cybercrime.

(b) Justification of a direct grant

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 as CARICOM/IMPACS is the region's mandated implementing agency on crime and security.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 100%

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing is increased to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the Grant agreement  
2018 Q2.

#### 5.4.1.2 Procurement (direct management)

Subject	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Evaluation and Audit	services	3	Q2/2020 and Q4/2022
Communication and visibility	services	1	Q4 2018

#### 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 Budget 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

Programme activity	EU contribution (amount in EUR)	Indicative third party contribution
5.4.1.1 Component A: Grant to CFATF Implementation of the Mutual Evaluation Programme	<b>1,800,000</b>	N.A.
5.4.1.1 Component B: Pillar Assessed Grant Implementation of National Risk Assessments and Design of National Action Plans	<b>4,050,000</b>	N.A.
5.4.1.1 Component C: Grant to CARICOM / IMPACS Asset Recovery and Cybercrime Asset Recovery Cybercrime	<b>2,400,000</b>  <i>600,000</i> <i>1,800,000</i>	N.A.

5.4.1.2 Evaluation and Audit	<b>150,000</b>	
5.4.1.2 Communication and visibility	<b>50,000</b>	
Totals	<b>8,450,000</b>	

## **5.7 Organisational set-up and responsibilities**

### ***Component A – Implementation of the Mutual Evaluation Programme***

The implementation of this component will be coordinated and led by CFATF through a programme steering committee with a view to also promote (potentially host) yearly donor forums on AML/CFT issues in the region.

CFATF is an organisation of twenty-five (25) states (Antigua & Barbuda, Anguilla, Aruba, The Bahamas, Barbados, Belize, Bermuda, The British Virgin Islands, The Cayman Islands, Curacao, Dominica, , El Salvador, Grenada, Guyana, Republic of Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia , St. Maarten, St. Vincent & The Grenadines, Suriname, The Turks & Caicos Islands, Trinidad & Tobago, and Venezuela) of the Caribbean Basin, which have agreed to implement common countermeasures to address the problem of criminal money laundering. It was established as the result of meetings convened in Aruba in May 1990 and Jamaica in November 1992. The meeting in Aruba convened representatives of Caribbean and Central American countries to develop a general approach to the problem of criminal proceeds, resulting in nineteen (19) recommendations. The subsequent meeting of ministers in Jamaica concluded with the Kingston Declaration which endorsed the commitment of Member States to the implementation of the nineteen (19) recommendations and further that the implementation should be coordinated through the establishment of the CFATF secretariat. The main objective of the CFATF is therefore to achieve effective implementation of and compliance with FATF recommendations to prevent and control money laundering and to combat the financing of terrorism. The Secretariat has been established as a mechanism to monitor and encourage progress to ensure full implementation of the Kingston Ministerial Declaration. The CFATF is specifically mandated by its Member States to coordinate, organise and implement the evaluation missions and as the only organisation officially assigned in CARICOM to guide such a process it is therefore in a position of de jure and de facto monopoly.

### ***Component B: National Risk Assessments and National Action Plans:***

The implementing organisation(s) would be selected for a Pillar Assessed Grant, through a process managed by the Commission in close coordination with CARIFORUM and the CFATF.

### ***Component C: Asset Recovery and Cybercrime***

CARICOM IMPACS will be the agency responsible for implementing the component and coordinating the interactions of the various agencies and partners involved including consultants as required. CARICOM IMPACS is the nerve centre of the Region's multilateral Crime and Security management architecture, designed to administer a collective response to the crime and security priorities of CARICOM Member States. The agency is charged with primary responsibility for the implementation of the regional crime and security agenda and reports directly to the Council of Ministers Responsible for Crime and Security (CONSLE). The Agency also receives inputs and direction regarding regional security priorities through regular meetings of the Standing



Committees of Commissioners of Police, Chiefs of Military, Chiefs of Immigration, Comptrollers of Customs and Heads of Intelligence and Financial Crimes and Heads of Correctional Facilities.

The agency will seek to recruit a competent Project Manager to coordinate all the activities related to Cybercrime and Asset Recovery components. The project will be executed through engagement of other critical stakeholders such as the Caribbean Telecommunications Union (CTU) and the Organisation of American States (OAS/CICTE), the Regional Security System including the Asset Recovery Unit (RSS ARU), the Caribbean Financial Action Task Force (CFATF) as well as in collaboration with CARIFORUM Member States, international organisations and third state partners with whom we have established relationships with such as formal Memorandums of Understanding. These include the United Nations and its agencies, United Kingdom (UK), United States (US) to facilitate the capacity building aspects of the programmes and technical expertise required.

IMPACS technical staff will assist the Project Unit (consisting of a Project Manager and a Project Assistant) with the interactions with the technical expertise required from our partner agencies. There will be two oversight committees for the two components comprising of key stakeholders to guide and assess activities – one for asset recovery and one for cybercrime

### **5.8 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of these actions will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners 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. Particular attention shall be given from the outset to the logframe matrix which will be updated at the start of the implementation to include baseline data and corresponding indicators, including gender disaggregated data where applicable. The structure of the Monitoring and Evaluation system of each Component shall be elaborated on the basis of these parameters prior to the start of the implementation with clear indication of the reporting responsibilities and adequate allocation of human and financial resources to follow up. The reporting 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.

In addition to the reporting requirements in accordance with implementing contracts, Implementing Agencies for components A, B and C shall submit timely reports to the Regional Authorising Officer (RAO) of CARIFORUM.

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 a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to ensuring that sufficient progress is being made with the capacity building activities under the three components.

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 action is aimed at strengthening the region's compliance with FATF recommendations as well as the capacity of the region (at regional as well as national level) to counter cybercrime.

The Commission shall inform the implementing partners at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partners 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 partners and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, 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 for evaluation services shall be concluded under Framework contract in months 33 and 66 of the project.

#### **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, one contract for audit services shall be concluded under a framework contract in month 66 of the project.

#### **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, 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.