

Evaluation Report: Caribbean aid for trade and regional integration trust fund (CARTFund)

Response to Evaluation Report

The UK Department for International Development (DFID) has provided £10.1 million to help Caribbean countries and businesses implement and take advantage of the Caribbean trade and development deal with the European Union (the Economic Partnership Agreement / EPA) and the Caribbean's own regional economic integration initiative (the CARICOM Single Market and Economy / CSME). The UK's support was intended to encourage increased trade with the European Union and within the Caribbean. This would contribute to increased economic growth and prosperity in the Caribbean, reducing poverty and supporting human development.

Support was delivered through the 'Caribbean Aid for Trade and Regional Integration Trust Fund' (CARTFund). This was managed by the Caribbean Development Bank (CDB) and operated as a basket fund financing individual projects, overseen by a Steering Committee chaired by DFID to approve sub-projects. Eligible Governments, civil society and private sector organisations were invited to bid for funding for activities that were relevant to the goal of implementing and capitalising on the EPA and the CSME. 32 sub-projects were supported by the CARTFund; seven providing support to regional organisations while the remaining 25 provided direct support to national public and private sector entities in 14 Caribbean countries.

An independent evaluation of the CARTFund was completed in May 2015. It found that the major contribution of CARTFund had been towards EPA implementation, rather than the CSME. In part this may be because the EPA was new, and so there were more 'quick wins' that could be delivered, against the more difficult task of supporting progress towards a long agreed, yet slowly implemented, CSME. In general CARTFund performed well against its output indicators, reflecting effective management of the portfolio of subprojects. Performance against the outcome and impact indicators was weaker, and the evaluation found that some of these targets were unrealistic or impossible to accurately measure.

The findings, lessons and recommendations from the evaluation have been shared with the Caribbean Development Bank, which has accepted and is taking action on many of the recommendations. The evaluation has been shared within DFID Caribbean (where it will inform the development of the new portfolio of economic growth focused projects and other projects with CDB) and with DFID's Europe department, to inform the UK's approach to trade for aid and EPAs in other parts of the world.

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Recommendations	Accepted or Rejected	If “Accepted”, Action plan for Implementation or if “Rejected”, Reason for Rejection
<p>1. Ensure participation of representatives of all key stakeholders, including the private sector, in regional trade promotion programmes, particularly those related to EPA implementation.</p>	<p>Accept</p>	<p>DFID Caribbean recognises the importance of private sector engagement. There was private sector involvement in projects in the CARTFund portfolio, though they were not represented on the Steering Committee. As part of the development of the new portfolio of economic growth projects in DFID Caribbean the team will engage with private sector stakeholders to ensure they can fully contribute to the design and implementation of new projects. A new DFID skills project which is currently under development, Skills for Growth and Poverty Reduction in the Eastern Caribbean’, has already conducted an early market engagement exercises with possible private sector partners.</p> <p>The CDB has also accepted this recommendation and has implemented the recommendation in the five projects which received additional resources where private sector engagement exercises were included at the design stage, at the start of implementation and at the conclusion of the projects. CDB will continue to apply this strategy to future regional trade projects and programmes.</p>
<p>2. During project design, a careful assessment of existing administrative arrangements should be made to ensure that existing structures will serve the scope, scale and character of basket fund operations; efforts should be made to modify mechanisms / arrangements as necessary.</p>	<p>Accept</p>	<p>The new DFID project management rules (SMART Rules) already mandate that an assessment is conducted of the appropriateness of administrative arrangements as part of the development of the business case for all DFID Caribbean projects.</p> <p>The CDB is currently amending its processes for the management of technical assistance projects / grants, in particular, for externally funded, time-sensitive technical assistance (TA) projects / grants - including those related to effecting a change in methodology and approach where such changes do not impact on the planned project outcomes, scope or approval of supplementary resources. DFID</p>

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		<p>Caribbean experience has suggested that the processes for initial project appraisal and approval for these kind of projects merits review, and has raised this with CDB.</p>
<p>3. Concentrate the focus of basket funds to provide more precise and programmatic support oriented at a few key targets; this may result in slower utilization of resources, but it will ensure better administrative efficiency and better prospects for measuring results.</p>	<p>Partly accept</p>	<p>While this is a useful lesson for the future use of basket funds, it should be considered in the context of the need to provide tangible, flexible and quick support to the countries to support implementation after signing of the EPA. In light of the considerable delays to spending and implementation that did occur in the CARTFund due to a lack of ready projects in the target areas identified at the start of the project, it seems likely that a tighter strategic focus would have made it impossible for the fund to meet the needs of its beneficiaries and to use its full resources, potentially reducing its overall impact.</p> <p>In the case of the CARTFund, the challenge associated with spread may have been amplified by the more important issue of weak implementation capacity of the intended beneficiaries. It is in the context of weak programme/project management capacity in Borrowing Member Countries (BMCs) that the Banks' 2015-2019 Strategic Plan commits the Bank to building capacity within BMCs. This will cover the areas of public policy analysis, project cycle management, managing for development results, social and gender analysis and impact assessment. In December 2014, the Bank's Board of Directors approved, and the Bank has commenced implementation of, a US\$6.047m capacity building project, which covers the aforementioned areas and is targeted to the BMCs.</p>
<p>4. Ensure that a gender strategy is included in the design documentation of each basket fund, and that these specific strategies build upon the strategies of both donors and implementing agencies.</p>	<p>Partly accept</p>	<p>A specific gender strategy for the CARTFund would have undoubtedly added value and built on the general gender policies and strategies of DFID and CDB. Gender issues were considered as part of the project appraisal process, though their translation to the projects in practice was limited in some cases.</p> <p>The CDB is of the view that the very limited gender analysis skills</p>

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		<p>within the executing agencies, unless addressed prior to or in parallel with the CARTFund, would have significantly reduced the benefits of a CARTFund gender strategy, these would have to be addressed in parallel. DFID supports this view, and notes that there were also capacity gaps in this area within CDB itself for part of the CARTFund implementation period (with staffing gaps), which also constrained the focus on gender strategy. Some successes were nonetheless reaped in this area, particularly after CDB ramped up its capacity and engagement.</p> <p>During the implementation of the CARTFund, CDB also initiated implementation of a capacity building programme to build capacity in the area of Gender and Trade policy, the first training workshop was conducted in June 2014 and a second workshop is scheduled for November 2015.</p>
<p>5. Consider using fully outsourced project implementation units whose financial incentives are closely tied to documented results at the beneficiary level; also, ensure that administrative support scales to the increasing size of a basket fund portfolio over time.</p>	<p>Accept</p>	<p>DFID is exploring options for output based contracting for future projects where implementation would be outsourced to a provider with financial incentives to deliver the intended results. However, this approach has to be balanced with the objectives of building capacity and promoting sustainability.</p> <p>With regard to the increasing administrative support to the portfolio over time, this recommendation is accepted by the CDB.</p> <p>While the Bank agrees that there were some internal delays in recruiting long-term consultants, the Bank remains of the view that at the start-up of the Fund, the most pressing need was providing applicants with assistance to design the sub-projects to be submitted to the Bank for appraisal.</p>
<p>6. Build sharing mechanisms through an online forum or periodic beneficiary workshops that facilitate beneficiary</p>	<p>Accept</p>	<p>CARTFund has produced a considerable range of knowledge products and it is essential that these be shared in order to maximise the benefits from the fund. Although programme staff made</p>

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<p>lessons sharing instead of relying on these connections to be made by program administrative staff.</p>		<p>considerable efforts to share lessons, this placed a considerable burden on their time and resources which would have been saved by an independent lesson sharing system. However, more broadly, there is likely scope to consider a wider lesson-sharing mechanism to house and share lessons across themes and sectors in the region.</p> <p>Within CARTFund, efforts at lesson sharing were made at the sub-project level where regional information sharing workshops were budgeted for and built into work programmes. For example, regional meetings were hosted and other information products produced and distributed to share information on market requirements and opportunities in continental Europe and the French Caribbean Overseas Regions. A national workshop was hosted by the Saint Lucia Coalition of Service Industries to share the experiences and lessons learnt by those enterprises which attempted to export services to EU and CARIFORUM countries.</p> <p>DFID, CARICOM Secretariat, and CDB work in partnership with other agencies to promote EPA and CSME – including the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). GIZ’s work programme includes support for the development and maintenance of the CARIFORUM EPA Implementation Network (CAFEIN) - a tool to facilitate information sharing with all stakeholders and more importantly, networking among the regional EPA implementation (http://cafein-online.net/). Extensive information sharing has taken place among agencies involved in EPA implementation. GIZ has also facilitated “EPA sharing meetings” among the various donors.</p> <p>In addition, two meetings of National EPA Coordinators were convened by the Regional EPA Unit, CARICOM Secretariat (2-3 August 2012, and 17-18 October 2013). These meetings provided, among other things, opportunities for knowledge exchange among EPA Coordinators. A Communications Specialist has been retained</p>
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		by CDB and charged with coordinating the production and dissemination of information which would have also assisted with sharing of lessons learned and opportunities.
7. Establish programme and project-level results targets that are achievable and attributable, rather than using results frameworks as a way to convey a long-term vision for the economic condition of the beneficiary country or region. Absent reasonable results targets, basket funds will struggle to demonstrate effectiveness.	Accept	The standard expectations and DFID practice in this area have evolved since CARTFund's initial design, and both outcome and output level results are generally pitched at a more attributable and realistic level. So this lesson is already being applied in DFID Caribbean's work, though there is a constant challenge of striking the balance between ambition and realism to promote maximum effectiveness.
8. For private sector projects, the focus should primarily be on laying the initial groundwork to encourage potential exporters to consider the EU as a viable market by providing in depth market research and coaching.	Partly accept	<p>It is acknowledged that there is a need for market research and coaching, and this will be applied in practice by both DFID and the CDB in future projects seeking to support exporters to European markets.</p> <p>However it is important to note that the interest in exporting to Europe and overall export orientation should originate from the privates sector itself. It should not necessarily be the role of international development partners to "create" demand.</p>
9. The programme design should be based on deep engagement with the target beneficiaries in order to ensure that assumptions about capacity and appetite are accurate; in the case of CARTFund, much more effort should have been dedicated to awareness-raising efforts about EPA and CSME.	Accept	<p>This recommendation has been accepted, with the additional observation that the development of a comprehensive risk analysis and mitigation plan during the design of the project, sub-projects and administrative arrangements was a weakness in project design.</p> <p>Initially initiatives relating to awareness raising did not clearly identify the target audience and adopt a focussed approach. Beginning 2013 CDB requested all grant recipients to ensure that they specifically identified their target audiences and implement monitoring systems to ensure that the various messages were reaching the target audience.</p>

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		<p>DFIDC notes that a number of CARTFund projects included awareness-raising elements, and that prior to the signing of the EPA, significant resources were invested in EPA awareness-raising, including through the Caribbean Regional Negotiating Machinery - CRNM (now CARICOM Office for Trade Negotiations) which DFIDC also supported.</p> <p>DFIDC also notes that in time-sensitive support such as CARTFund (intended to provide quick support and generate momentum), there is a trade-off between ideal design lead time and the need to start implementation as quickly as possible.</p>
<p>10. Select key countries that can serve as “demonstration” countries and ensure that results are well documented and publicized; this will attract strong engagement from regional governments and also on-going donor support better than the diluted impacts of a few projects in each country.</p>	<p>Partly accept</p>	<p>It is recognised that focussing limited resources to a smaller group of countries could have deepened individual country impacts. Since 2014 DFID Caribbean has been refocusing our strategy on a smaller set of countries in the region where our support can have the greatest impact.</p> <p>However, it is recognised that there is still value in regional programming, particularly where coordination, synergies and lesson sharing are applied. The EPA and CSME are by definition regional agreements which called for a certain level of access to support across the region. In supporting EPA implementation from the outset, it would have been difficult to pick “winners” in an objective way from among the countries.</p>
<p>11. Grant project design should be based on deep engagement with the target beneficiary in order to ensure that assumptions about capacity and appetite are accurate; employ an explicit preference for grant applications that do not require project coordinators to be externally procured, but rather embedded</p>	<p>Accept</p>	<p>This recommendation is accepted. While the CARTFund did endeavour to do this it is clear that in some cases deeper engagement and a fuller understanding of partner capacity would have considerably increased the effectiveness of the interventions. It is also accepted that a preference for using existing staff would have reduced the risk of knowledge and momentum being lost with the departure external coordinators.</p>

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with existing staff.		
12. Tailor the procurement guidelines to integrate lessons learned from CARTFund beneficiaries, including interviews, case-based testing for candidates and reference checking within the overall procurement process.	Reject	<p>CDB has rejected this recommendation, as they are of the view that CDB procurement guidelines are in harmony with best practice used by other MDBs. Moreover CDB used project start-up meetings to familiarise participants with the procedures and encouraged beneficiaries to undertake due diligence and where practicable conduct live or online interviews to assist in the recruitment of consultants.</p> <p>Further, CDB reports that their experience has shown that procurement issues often stem from an inability to properly apply the guidelines rather than the guidelines themselves; and/or limited capacity to manage the performance of consultants. As such, CDB delivers procurement workshop in its Borrowing Member Countries to address this capacity constraint. CARTFund grant recipients typically had not received grants from the CDB prior to the CARTFund and would not have benefitted from this training.</p>
13. Revise the grant administration structure to leverage existing management structures within the beneficiary organization, with the option of establishing stakeholder consultation groups to serve as an advisory/consultative body when a project necessitates such a structure.	Reject	<p>Project Level Steering Committees (PSCs) were only recommended where there was no functioning mechanism to provide project governance and support key stakeholder participation in the implementation of the sub-project.</p> <p>CDB will review the performance of the PSCs, in those CARTFund sub-projects where they were established, and examine alternative approaches to promoting good project governance and stakeholder participation.</p>
14. Either (a) focus on governments that demonstrate experience and previous investment in EPA implementation to pursue “demonstration cases” and maximize impact of scarce CARTFund resources or (b) tailor support to building	Partly accept	<p>It is not clear how identifying governments with previous experience in EPA implementation would be a viable option in a project like CARTFund which was supporting EPA implementation from the start.</p> <p>It is accepted that clearer objectives with regard to EPA-implementation capacity could have resulted in greater effectiveness,</p>

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<p>up capacity and fiscal revenue streams to support EPA implementation, rather than directly funding EPA units over a relatively short period.</p>		<p>although the CARTFund did achieve some notable successes with the adopted approach. Longer-term support for some EPA units and development of a clear strategy and action plan for integrating the responsibilities of the EPA Units into the normal functions of the ministries of trade would have been beneficial given the difficult financial situation facing some partner countries.</p>
<p>15. Build legislative drafting capacity at the programme level, which can then be provided to relevant beneficiaries on a programmatic basis rather than as part of a project-level activity that must be procured for each project.</p>	<p>Reject</p>	<p>Legislative reform was undertaken at both the regional and national level, including training, technical assistance and the preparation of model bills.</p> <p>EPA-compliant legislation was drafted or enacted in Grenada, Antigua and Barbuda, St. Kitts and Nevis and St. Vincent and the Grenadines. In St. Vincent an assessment of the EPA-compliant legislation status quo has been completed and selected priority legislation drafted. While the CARTFund has provided significant support in the drafting of legislation, it is up to the political directorate to enact them. Antigua and Barbuda in recent months has made significant strides in enacting some of the legislation drafted under the CARTFund. Backlogs within national Parliaments and Cabinets have proven to be a significant bottleneck, which would not have been over-come through the suggested approach.</p>
<p>16. Provide more in depth support through local business development service (BDS) and international market intelligence firms through the grantee agency, rather than relying on one-off training services for end-beneficiary staff.</p>	<p>Reject</p>	<p>Increasing export readiness is an ongoing and dynamic process for any exporter operating in a dynamic and competitive market. CARTFund interventions were intended to assist grant recipients, such as trade and business support organisations, with the execution of their mandates. The CARTFund sub-projects were intended to increase the export readiness of targeted sectors and were never intended to address all of the major issues faced by the region's private sector enterprises.</p>
<p>17. Ensure grant activities include follow-on and post-care support to trade</p>	<p>Accept</p>	<p>Accept that this would have been a valuable addition to following up the successes of the trade missions but would require closer</p>

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<p>show/mission participants, particularly in fostering continued interaction with potential buyers/suppliers in the destination market.</p>		<p>supervision and the provision of additional technical support. Post-mission support will be considered in any future trade support programme, though some beneficiary contribution should also be considered.</p>
<p>18. Donor support to identify and build connections with destination-market import assistance (e.g. chambers of commerce) would complement trade promotion programmes and help to ensure continued engagement between beneficiaries and target export markets after funding has ended.</p>	<p>Accept</p>	<p>Accepted. Like all recommendations this has been shared with DFID teams working on other trade projects and EPAs to allow this to be incorporated into the design of new instruments.</p>