

EU Funding*

*Adapted from: "European Community—Caribbean Region, Regional Strategy Paper and Indicative Programme 2008-2013", http://ec.europa.eu/development/icenter/repository/scanned_r9CARAI_rsp-2007-2013_en.pdf

The European Commission has allocated a total of **€165million** to the Caribbean (CARIFORUM). The indicative allocation will be distributed as follows:

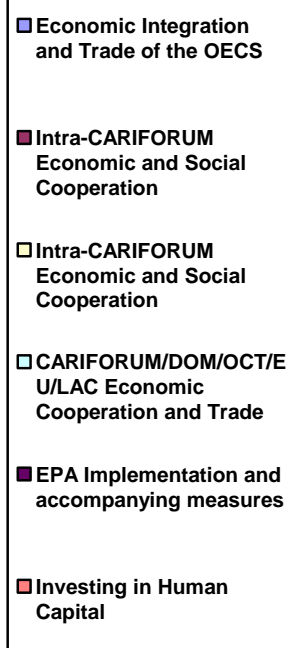
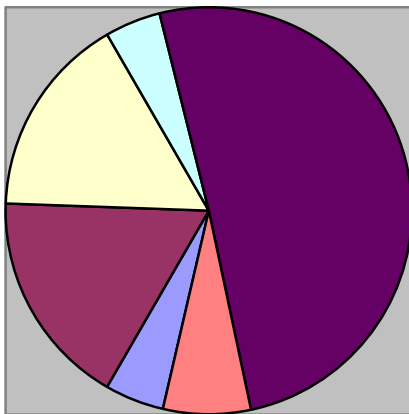
- 85-90% of €165 million is allocated to the **Focal Area**, Regional Economic Integration/Cooperation and EPA priority areas including Capacity Building.
- 10-15% of €165 million is allocated to the **Non-Focal Area**, Addressing vulnerabilities and social issues.

The Regional Strategy Paper (RSP) states that the specific objective of the funding programmes is to achieve sustainable economic development and cooperation through the regional integration dimension of an EPA and active participation in a CARIFORUM/EU EPA. This will be achieved through increased regional competitiveness in the production of and trade in goods and services and through increased regional economic integration and cooperation (for example through expansion of the Caribbean Single Market and Economy). It is intended that the RSP will contribute to increased production, diversification and export of goods and services in addition to deeper and wider regional economic integration and cooperation and enhanced human capacity for sustainable development.

Approximately €143 million will be allocated to:

- Economic Integration and Trade of the OECS – approximately 4%
- CSME and CARICOM Integration – approximately 15%
- Intra-CARIFORUM Economic and Social Cooperation – approximately 14%
- CARIFORUM/DOM/OCT/EU/LAC Economic Cooperation and Trade – approximately 4%
- EPA Implementation and accompanying measures – approximately 44%
- Investing in Human Capital – approximately 6%

Allocations: Regional Economic Integration and Cooperation



The intended beneficiaries for the following regional programmes are Governments and citizens of CARIFORUM countries, plus some Caribbean institutions such as the CARICOM and OECS Secretariats and the Caribbean Development Bank. The type of assistance to be provided will be technical and financial assistance.

Organisations

The regional organisations listed below may also be involved in implementation of the Regional Indicative Programme (RIP) and are currently eligible to conclude Contribution Agreements with the European Commission.

- (i) CARICOM Secretariat
- (ii) The OECS Secretariat

Those organisations that have to become eligible to conclude Contribution Agreements include:

- (iii) The CDB
- (iv) Caribbean Export
- (v) CAREC
- (vi) CRNM
- (vii) CDERA
- (viii) UWI/and other national universities
- (ix) Other existing institutions to be identified /selected.
- (x) The CARICOM Development Fund; as the organisational structure and operating modalities of the CDF have still to be designed, no statement can currently be made on its potential eligibility to conclude Contribution Agreement with the Commission.

Indicative list of Project and Programmes to be implemented

The Projects and Programmes in the focal sector (Regional Economic Integration/Cooperation and EPA priority areas including Capacity Building) are (preliminary project ideas to be further developed):

- 1. Deepening of Economic Integration and Trade at the level of the OECS**
 - a. Supporting the deepening of OECS integration
 - b. Support for OECS integration in CSME
- 2. CSME establishment and CARICOM Integration and Trade**
 - a. Support for the process of establishing an area of free circulation of goods, services, people and capital.
 - b. Support for monitoring the regional integration process through provision of key statistical and economic data.
 - c. Supporting closer collaboration between CARICOM and the Dominican Republic.
- 3. Intra-CARIFORUM Economic and Social Cooperation**

Programme to provide support for Haiti/Dominican Republic Economic Integration and Cooperation and support for the Haiti/Dominican Republic Strategy for bi-national development.
- 4. A CARIFORUM/DOM/OCT/EU/LAC Cooperation Programme**
 - a. Parallel co-financing to INTERREG Programmes and promotion of DOM/CARIFORUM Relations (including CARIFORUM/DOM/OCT Task Force follow-up)
 - b. Parallel co-financing with OCT regional funds and promotion of OCT/CARIFORUM Relations.
 - c. Implementation of cooperation and activities within the EU/LAC context.
 - d. DR/Cuba/South and Central America Cooperation activities.
 - e. Support for activities in the Guyana Shield.
 - f. Increased cooperation between Suriname and the Dutch-speaking OCTs.
- 5. EPA Implementation and accompanying measures**

The objective of the programme is to support EPA implementation and accompanying measures at OECS, CARICOM and CARIFORUM levels to assist in obtaining full benefits from the EPA, honouring EPA commitments and promoting development through effective participation in the EPA with the EU. The interventions to be facilitated by the support programme will focus on:

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a. The cooperation priorities agreed upon in each substantive chapter of the EPA (Some areas of intervention have already been taken up in the work programme of the Regional Preparatory Task Force (RPTF)- and at a later date the EPA's own institutions - charged with ensuring the links between development initiatives and the conclusions arrived at in EPA negotiations).

b. Other areas identified by CARIFORUM countries where it is perceived that there are capacity constraints to be addressed in areas covered by the EPA negotiations.

These interventions would seek to cover all CARIFORUM States that have needs in the identified areas of intervention. The interventions would also seek to draw synergies with the National Indicative Programmes (NIPs) of individual CARIFORUM Member States and would seek to harness technical and financial support from other donors including EU Member States.

6. Investing in Human Capital

Preparing the people and institutions of CARIFORUM to respond to the challenges posed by global trade and economic realities including the CARIFORUM-EU EPA, in partnership with Caribbean centres of excellence such as regional universities, will allow for greater use of existing scientific knowledge on social, economic and environmental issues relevant to the Caribbean to support implementation of regional objectives and programmes and associated.

CARIFORUM countries and the EC will jointly pursue the establishment and operation of a Fund as a quick disbursing mechanism for financing activities of the programme. In the absence of a Fund, the following programming and implementation modalities will apply:

- (a) Interventions 1, OECS Economic Integration and Trade and 2, CARICOM Integration and Trade - Financing Proposal and Agreement implemented through separate contribution agreements with OECS and CARICOM Secretariats.
- (b) Intervention 3, Intra-CARIFORUM Economic and Social Cooperation- Financing Proposals and Agreements will be implemented by public authorities in Haiti and the Dominican Republic.
- (c) Intervention 4, CARIFORUM/DOM/OCT/EU/LAC Economic Cooperation and Trade - Financing Proposal and Agreement implemented through a Contribution Agreement with the CARIFORUM Secretariat.
- (d) Intervention 5, EPA Support -) Financing Proposal and Agreement implemented through a Contribution Agreement with the CARIFORUM Secretariat.
- (e) Intervention 6, Investing in Human Capital -) Financing Proposal and Agreement implemented as much as possible through Contribution Agreements with a limited number of Implementing Agencies based on the final decision of the agreed intervention. As a general rule, attempts will be made to limit the number of Contribution Agreements without slowing down the pace of programming.

Programmes of EU Member States and other Donors

The EU Aid for Trade (AfT) strategy emphasises the need for enhanced coordination and increased predictability in the planning and delivery of AfT contributions, which is important in terms of maximising benefits and avoiding "AfT orphans". Whilst the exact share for the Caribbean region remains to be confirmed, the total AfT target for 2010 is to have €1 billion annually by EU Member States respectively the EC, with 50% of the increase going to ACP countries. In order to put together regional aid-for-trade packages the Commission has been very active in bringing together EU Member States in order to coordinate programmes funded by them in this area.

The major multilateral donors in the region are the EU, IDB, WB, IMF, OAS and the UN. The major bilateral donors are Canada, China, India, UK and USA, with Japan and Taiwan mainly supporting the Windward Islands, and Spain, Finland, France, Germany and Norway also active in the region.

The European Investment Bank's (EIB) mandate is for project financing, principally through long term lending. Over time, and through the various EU/ACP Conventions the Bank has contributed significantly to the interconnectivity of the Caribbean region through national projects in both the public and private sector that have had a significant regional impact. In the Bank's present portfolio there are around EUR 140 million of lending and investments signed which have significant regional integration and regional inter-connectivity attributes including airports, air traffic control, transborder energy transmission, port developments and mobile telecommunications. In the financial sector, where the Bank has been requested to work towards broadening and deepening of the markets, EIB projects have made a contribution to providing funds on a regional or sub-regional basis - in regional venture capital and investment capital, in microfinance and in global loans to support small and medium sized enterprises. Under the Second Financial Protocol of Cotonou the EIB has developed a pipeline of projects that should ensure continued financing of regional infrastructure and private sector capacity to contribute to the interconnectivity and integration of the region. Significant multiplier benefits would be achieved if this could be aligned with Commission grant funding. The Bank's move towards a regional approach to venture capital, global loan and micro-finance will also continue to be pursued and will be supported by the recently opened Regional Office in Martinique.

Donors employ a variety of instruments ranging from stand-alone projects to budget support at the national level. Many of these instruments impose high transaction costs on governments, with capacities already stretched too thin. As the region moves towards closer integration, many of the donors are seeking to develop regional or sub-regional strategies and programmes. This makes it more complex for national and regional institutions to coordinate donors operating from various regional headquarters. It is therefore necessary to have coherence of donor strategies and modes of implementation within the framework of CARICOM priorities so as to achieve greater effectiveness of international assistance and reduced burdens on national governments and regional institutions.

The UK Department for International Development (DFID) is responsible for promoting sustainable development and reducing poverty. Its regional programme focuses on Trade, Macroeconomic stability, public sector reform, and vulnerabilities (such as disasters, HIV/AIDS). DFID has a £10.5 m budget for the Caribbean which is distributed as follows: (i) PANCAP - £3.5 M; (ii) Guyana - £4.5 M; (iii) Jamaica - £2.5 M. One third of DFID's budget goes through regional institutions such as the CRNM, CARTAC, CARICAD and CDB. With the CDB, DFID has a two level relationship: as a member of the bank and as a donor partner. DFID provides support to the CDB in capacity building and technical support in social policy and poverty reduction. DFID also works with PANCAP on improving the work of the Global Fund to Fight AIDS, Tuberculosis and Malaria and DFID is involved with the HIV/AIDS alliance to work with the private sector in the tourism sector of Barbados and Jamaica as part of a regional approach.

The International Monetary Fund (IMF) operates the Caribbean Regional Technical Assistance Center (CARTAC) through the United Nations Development Programme (UNDP), which is co-financed by a range of donors, including the EU and CARICOM states. The centre provides technical assistance in the areas of fiscal administration, public debt, statistics and financial sector regulation and supervision. The World Bank funds a regional HIV/AIDS programme and offers sub-regional support to the OECS in vulnerability reduction with respect to disaster management and capacity building. The bank is also regional coordinator of the CFD, a role which will now be shared with the CDB. The IDB channels its funds for the OECS countries through the CDB. Belize, Jamaica and Guyana have bilateral arrangements with the IDB and lending is done on a stand-alone basis. Funds generated by the CDB from borrowing on the international capital markets are used to fund grants and low interest rate (1%) loans to Member States. The grant funds are used to fund the Basic Needs Trust Fund programme of Member States up to a maximum of US\$ 150,000. Grant funds are also used for institutional strengthening in the public sector. Loan funds are used by the bank to finance physical and institutional infrastructure projects of Member States.

Canadian International Development Agency (CIDA), in 2007, announced a shift from bilateral national-level assistance to CARICOM to regional programming, and a sum of CDN \$600 million has been pledged for a period of 10 years commencing in 2008. CIDA and the CARICOM Secretariat, in collaboration with the OECS Secretariat, are engaged in a joint programming exercise. In addition, there is a separate programme for Haiti valued at CDN \$100 million per annum.

The USAID office is responsible for implementing America's foreign economic and humanitarian assistance programme. The office in Jamaica is responsible for the Caribbean Regional Programme. The regional programme is managed under a grant agreement with the CARICOM Secretariat and, though region-wide in scope, has a special focus on the Eastern Caribbean. The regional programme has four strategic objectives.

- Improved business environment to meet international standards.
- Improved environmental management by public and private entities.
- Increased efficiency and fairness of Legal Systems; and

- Enhanced Caribbean response to the HIV/AIDS crisis in target countries.

The UNDP supports agriculture, social policy development, environment baseline assessments and institutional capacity development. FAO is active in disaster relief and mitigation. PAHO supports the health sector including environmental health, non-communicable disease prevention, and health systems development. The International Labour Organization (ILO) is engaged in HIV/AIDS policy, labour productivity, child labour and labour information issues. FAO is active in promoting Food Security in the Region and provides assistance to the Jagdeo Initiative which currently forms the focus of attention for CARICOM's Agricultural Development.

Multilateral Donor Coordination

The Regional Preparatory Task Forces set up to accompany the EPA negotiations and to help translate the provisions of the agreement into concrete assistance have systematically invited other donors (on local level) and have thus contributed to donor coordination and to structuring the dialogue between donors in particular on aid-for-trade programmes.

There is also donor coordination (IDB, USAID, CDB, CIDA, UNDP, IMF and EU) with respect to the funding of CARTAC which provides advice and training in fiscal, monetary, financial and related statistical areas to countries of the Caribbean region. CARTAC is a UNDP costsharing/contribution project and the centre is run by the IMF. With respect to CDERA, there are many donors involved in disaster management so it is clear that good coordination is vital but, at present, it is not clear that CDERA can play this role without considerable additional support. Work is also currently being undertaken through UNDP on a donor matrix across the region on the basis of which increased donor coordination can be organised.

Donor coordination has improved over the past few years. Nevertheless, there is still room for further improvement and steps need to be taken to avoid overlapping funding.