DFID and EPA Implementation in the Caribbean

CARICOM EPA Media Workshop Roundtable Discussion - 12 November 2012

1. Introduction & Background on DFID programme

- The UK Department for International Development (DFID) leads Britain's fight against global poverty, delivering UK aid around the world.

- The UK has a long history of providing development assistance to the Caribbean region. DFID currently has a regional development programme covering the 15 CARIFORUM states. UK bilateral assistance to the Caribbean through this regional programme has increased to £75 million over the 4 years from 2011-2015, with even more funding also provided through core contributions to multilaterals like the European Commission and Caribbean Development Bank. This is particularly significant in the context of the difficult economic situation in the UK.

- DFID’s support aims to help the region tackle key areas of vulnerability, including slow growth and job creation, natural disasters, crime, and corruption. So our development programme has three main pillars:
  
  o **Wealth creation** – focussing on creating business and job opportunities, increasing exports, and improving management of debt, public finances & the financial sector.
  o **Security and governance** – helping to tackle and prevent crime and corruption.
  o **Climate change and disaster risk reduction** – helping people prepare for, and cope with the impact of natural disasters and climate change.

2. DFID and EPA Implementation in the Caribbean

2.1 The Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund)

- DFID’s flagship programme on EPA implementation is the Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund). CARTFund is a £10mn Trust Fund to help the Caribbean to implement and take advantage of the CARIFORUM-EU Economic Partnership Agreement (EPA), and the CARICOM Single Market and Economy (CSME). DFID set up the Fund in early 2009 expressly to support EPA implementation, recognising that the EPA represents an opportunity for the Caribbean to tap a huge market, and wanting to ensure the region had quick support available to capitalise on the agreement.

- The Fund is managed by the Caribbean Development Bank and overseen by a Steering Committee comprising representatives from DFID, CARICOM and CARIFORUM.

- CARTFund was set up as a demand-led basket fund. DFID set the broad parameters of the support, but left it to countries to identify what their own priority projects would be on EPA and CSME implementation. Eligible Governments, civil society organisations and private sector organisations applied for financing, the CDB appraised the projects, and the Steering Committee reviewed them for approval.

- There is therefore a diverse portfolio of CARTFund projects with 30 approved projects to date, including regional and national projects, on both the public and private sector sides. Over 90% of the project funding has been committed.
Projects supported include:

**Public Sector**
- providing technical assistance to help Governments put in place the administrative, legislative and policy systems and processes to meet their commitments under the EPA and CSME (e.g. support to the CARICOM EPA Implementation Unit, as well as national EPA implementation units/focal points in 5 countries; institutional support for the CARICOM Development Fund)
- supporting public sector work on trade promotion and competition through national bodies;
- cutting red tape in trade processing, and
- helping the Caribbean to improve product testing and quality capacity for export (through CROSQ).

**Private Sector**
- general support for service sector development (e.g. support for Coalitions of Service Industries in 5 countries);
- support for developing existing or new sectors with export potential (e.g. work with Caribbean Export to develop particular sectors such as health and wellness tourism and specialty foods, support for tourism projects);
- helping the private sector access new markets (e.g. support for market entry into the French Caribbean); and
- supporting national business support organisations to raise awareness on the EPA and other trade issues and build capacity to enter markets

* CARTFund does not provide direct support to individual firms, but does provide support for sector groups and business support organisations.

CARTFund runs until December 2014.

2.2 Other DFID Support Relevant to EPA Implementation

- Outside of CARTFund, DFID is investing heavily in private sector development and competitiveness through a **£10 million** contribution to the COMPETE Caribbean project, implemented in partnership with the IDB and CIDA. This programme is working across CARIFORUM to support growth and private sector development strategies, key knowledge products and critical business climate reforms. Moreover, COMPETE is providing direct support to firms and clusters for innovative business ideas with good growth potential through its Challenge Fund. DFID Caribbean sees COMPETE as critical in helping regional businesses to capitalise on the EPA and increase exports and investments from Europe and beyond.

- DFID is contributing **£500,000** to Caribbean Export’s work to support Caribbean businesses to increase investment and exports through investment, by helping support an investment forum and its associated “Break Point” competition for Caribbean businesses.

- DFID is also providing further trade support for the Caribbean through a contribution (**£910,000**) to the IDB’s Regional Aid for Trade Thematic Fund, which includes, for example, work on regional trade logistics.
3. CARTFund Achievements and Successes

- The projects in the CARTFund portfolio are at varying stages of implementation. Some of the achievements to date include:

Public Sector
- Significant progress on the legislative agenda for the EPA, including the drafting of model or national legislation in a number of areas, review of existing legislation and provision of hands-on support to Member States
- Practical progress in areas such as the use of the proper administrative forms for exports to Europe
- Helping countries with the implementation of trade in services provisions (including work on trade schedules and providing hands-on technical support)
- Improved human resources to deliver on the trade agenda (e.g. through trained/qualified personnel in key national trade agencies and ministries)
- Identification of a suitable model for reconfiguring the customs clearance logistical chain in a targeted country to improve efficiency.
- Significant progress in the development of priority export sectors in one country with technical groundwork completed or in progress and practical arrangements with producers and suppliers in place.
- Significant progress in improving testing laboratory capacity in the region, with 20+ laboratories actively working on quality management issues, and the reactivation of national accreditation focal points across the region.

Private Sector
- Better links with the French Caribbean, which is seen as a platform for accessing the continental European market, with market assessments done and viable contacts made for possible Caribbean exports to the French Caribbean, confirming strong interest in Caribbean products and raw materials.
- Increased exports and orders for some of the companies participating in the Specialty Food project trade promotion activities (e.g. 5 companies participating in trade shows increased exports to the US, and 3 of 15 suppliers who benefited from in-store promotions have penetrated the market in Texas.)
- Improvement in existing or potential exporters’ knowledge on the EPA, export planning and market intelligence.
- Strengthened public-private sector interaction on trade issues, and improved private sector contribution to economic and trade policy (e.g. recommendations for services policy White Paper)

4. Challenges & Recommendations

- The difficult economic climate in the region and beyond continues to be an overall constraint on DFID’s programmes and on EPA implementation more broadly.

- Project challenges include:
  - Slow pace of implementation and disbursement in some projects
  - Difficulties in getting adequate data to track results
  - Difficulties in getting adequate human resources/ the right skills in place
  - Difficulties in mobilising adequate resources to maximise and sustain the benefits from some projects
  - Difficulties in fully realising the opportunities for promoting gender equality across the portfolio.
Beyond the CARTFund project itself, there is also **general problem of pace in EPA implementation**. The Caribbean was the first out the blocks on signing the EPA, but the slow pace of implementation has limited the first mover advantage. With a few exceptions, we are still in an awareness-raising phase with many stakeholders 4 years on from the EPA signing. Even recognising that there are capacity issues, it is important for the private sector and other actors to fully engage and try to take advantage of opportunities, and to help identify the priorities and practical problems. This would help guide and prioritise required actions and advocacy by national governments and regional and EPA institutions.

- Also, the EPA itself is a very complex agreement, with associated technical, legislative, and administrative work for implementation, plus the practical private sector side of utilisation. The challenge in this context is getting a clear sense of the big picture, and key gaps and priorities. A **better monitoring & reporting system** for both implementation/compliance issues, as well as on the actual utilisation and benefits of the EPA, is really needed.

- **Partnerships and coordination** are very important. It is important for all stakeholders to better understand what is out there, what works, what are the priorities, challenges and gaps, so the different actors are better placed to target their programmes and activities for maximum effectiveness. DFID’s experience with CARTFund has shown that there is a real need to improve mechanisms to share knowledge products, best practices and lessons coming out of the project portfolio. Also, better co-ordination would help with the resource mobilisation challenge experienced by some Caribbean stakeholders, as it would be easier to match available resources with identified gaps from existing programmes.

- The **media** has an important role in helping build the constituency for change and accelerated action on EPA implementation, and improved Caribbean competitiveness and integration more broadly.

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**Further Contacts:**
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- For further information on DFID’s work, go to www.dfid.gov.uk