

AID-FOR-TRADE: CASE STORY

EUROPEAN UNION

Caribbean Trade and Private Sector Development Programme (CTPSD) – Phase II Caribbean Export Component

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Region: Caribbean

Type: Programme – Trade and Private Sector Development

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EXECUTIVE SUMMARY

This case story aims to provide an example of how Aid for Trade can work at the regional level by channelling the support to regional organisations in order to take better advantage of economies of scale for the provision of services strengthening the export capacities in a region.

The Caribbean Export Development Agency ("Caribbean Export") is the regional export development and trade promotion agency. Its mission is to increase the competitiveness of Caribbean countries, by providing support services for quality trade, export development and investment through direct programme execution and strategic alliances. Caribbean Export received funding from the European Commission to support the region's private sector at the time of signature of the EU and CARIFORUM¹ Economic Partnership Agreement. It is an interesting case not only in terms of channelling trade-related support via regional organisations, in order to take better advantage of economies of scale in the provision of services for increased export capacity, but also because the funding was channelled effectively through a "Contribution Agreement" by which Caribbean Export was able to apply its own financial procedures when managing the project.

ISSUES ADDRESSED

The Caribbean trade performance is constrained by a strong concentration in a limited range of products and markets (often reflecting preferential access), a narrow production base, and high infrastructure costs owing to physical geography. These factors contribute to increased costs of production and low levels of competitiveness. The region's challenge is to re-position these economies in the world economy and seize opportunities presented by market access openings.

The Caribbean Export Development Agency ("Caribbean Export") was selected to implement one of the two components of the EU-supported Caribbean Trade and Private Sector Development Programme (CTPSDP)-Phase II, which has the overall objective to contribute to the gradual repositioning and integration of

¹ Antigua & Barbuda, The Bahamas, Barbados, Belize, Commonwealth of Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St. Kitts & Nevis, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago

CARIFORUM countries into the world economy. Caribbean Export received funding from the European Union to support the Caribbean private sector at the time of signature of the EU and CARIFORUM² Economic Partnership Agreement. Awareness in both the public and private sector organisations of CARIFORUM States' bilateral, regional, and multilateral trade agreements was low.

Caribbean Export was established in 1996 by an Inter-Governmental Agreement between the 15 CARIFORUM States. Its operations are financed through annual contributions from its Member States, donor funds and revenue generated from the provision of services. It is governed by a Board of Directors drawn from the public and private sectors and accountable to the CARIFORUM Council of Ministers. Caribbean Export plays an important role in regional development and integration, with a focus on enhancing competitiveness of Caribbean countries, by providing quality trade, export development and investment support services through programme execution and strategic alliances.

OBJECTIVES PURSUED

The specific objective of the programme was to strengthen the capacity of Caribbean Export to provide export development and investment support services both directly through activities for the benefit of firms in the Caribbean region which are currently involved in export or have export potential, and indirectly via public or private Business Support Organisations (BSO).

Specifically, the programme had five main result areas:

- Increased competitiveness of the private sector, through support to market expansion and export diversification
- Strengthened Business Support Organisations
- Greater cooperation between the CARIFORUM business sector and that of the French Caribbean Outermost Region and the EU Overseas Countries and Territories
- Stronger contribution and involvement by the CARIFORUM business sector to the improvement of the regulatory environment in the region
- Increased awareness in both the private and public sector about the EU and CARIFORUM³ Economic Partnership Agreement.

This was to be supported through training and technical assistance.

DESIGN AND IMPLEMENTATION

The CTPSDP Phase II programme, of which support to Caribbean Export is a component, was designed after broad-based consultations with CARIFORUM Member States. This included a survey of CARIFORUM public and private sector Business Support Organisations (BSOs) to assess the needs for trade and private sector development. A regional forum for BSOs was organised in 2006 and attended by participants from CARICOM and Overseas Countries and Territories, resulting in the definition of priority areas for Caribbean Export's strategic intervention in training and technical assistance.

The priority sectors thus targeted included: creative industries (i.e. fashion, music and audio-visual); health and wellness; professional services (including management consultants, architects and engineers); agro processing; light manufacturing; speciality foods; specialized tourism and alternative energy.

2 Antigua & Barbuda, The Bahamas, Barbados, Belize, Commonwealth of Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St. Kitts & Nevis, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago

3 Antigua & Barbuda, The Bahamas, Barbados, Belize, Commonwealth of Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Lucia, St. Kitts & Nevis, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago

Caribbean Export sought to increase the competitiveness of firms in CARIFORUM countries in these priority sectors through support to market expansion, product development, the promotion of innovation and export diversification, as well as improving regional trade and investment relations. Assistance was provided to help companies address shortfalls in business processes that result in poor product and service quality, low productivity and high production and transport costs. One of the main aspects of this component was the implementation of a direct assistance grant scheme, providing direct funding to firms and BSOs for competitiveness improvements and supply of related services. Another was provision of regional trainings for business and networking.

The project had a total value of €6.8M and was implemented over a period of two and a half years. It ended in December 2010.

PROBLEMS ENCOUNTERED

Whilst the regional character of the programme was part of its strength, it also entailed some challenges, such as tailoring the regional call for proposals to country specificities (language issues for instance)

Another challenge was the design of the direct assistance grant scheme, which was based on reimbursable grants to calls for proposals. In this system, grants were provided in the form of reimbursements to eligible expenditures already incurred. This was not sufficient to address the difficulties that small companies sometimes experience in mobilising financial resources for investment - local banks for example do not grant loans with the grant contract as collateral.

Also, the take up of the scheme was not homogeneous within the region. There was an overwhelming response from Jamaica (owing to the promotional and technical support provided by Jamaica Trade & Invest and applicants' familiarity with EU grant funding), while in other countries the participation was very limited – in particular Haiti, Suriname, Guyana or Dominica. The lack of response from some countries to the call for proposals emphasizes the need for greater collaboration with other Trade Promotion Organisations, as well as the need to actively promote the direct assistance grant scheme. Low response rates were also recorded due to language difficulties as the grant applications forms were in English. These are types of problems which can be typically encountered when implementing a programme at regional level.

In terms of project design and monitoring, the ability to link activities and outputs to outcomes and impact has proven also extremely challenging, because of the type of programme and of the way overall objectives were defined. As a very large number of companies were targeted and potential activities could range across a large number of sectors according to the response of these companies during implementation, not all activities and results could be determined during the design phase.

While there are elements suggesting that the programme has contributed to the competitiveness of the private sector in CARIFORUM, the lack of indicators that are measurable, realistic and time bound does not allow measuring the extent to which this was expected or achieved. In particular, the overall objective of the programme, namely the region's integration and the repositioning in the world economy, did not have clearly defined indicators associated to it. An increase of CARIFORUM's growth rate and trade in the region or with the world also results from government measures, private initiatives and external factors for which the programme can neither be credited nor held responsible. The same can be said for the specific objectives, for instance "increased competitiveness of the private sector".

FACTORS FOR SUCCESS / FAILURE

- i) The regional approach of the Caribbean Trade and Private Sector Development Programme brought some clear advantages. This allowed taking better advantage of economies of scale for the provision of services strengthening the export capacities in given region, building regional knowledge and networks.
- ii) The choice of Caribbean Export as a partner can be considered factors of success. Caribbean Export has been working for over a decade and is recognised as a key player in the region. It has established key partnerships with public and private sector BSOs at the regional level, and has proven effective in delivering on the planned project activities. This is inter alia confirmed by the high level of response received from firms

(although with uneven distribution in the region, for the problems explained above) to the call for proposals.

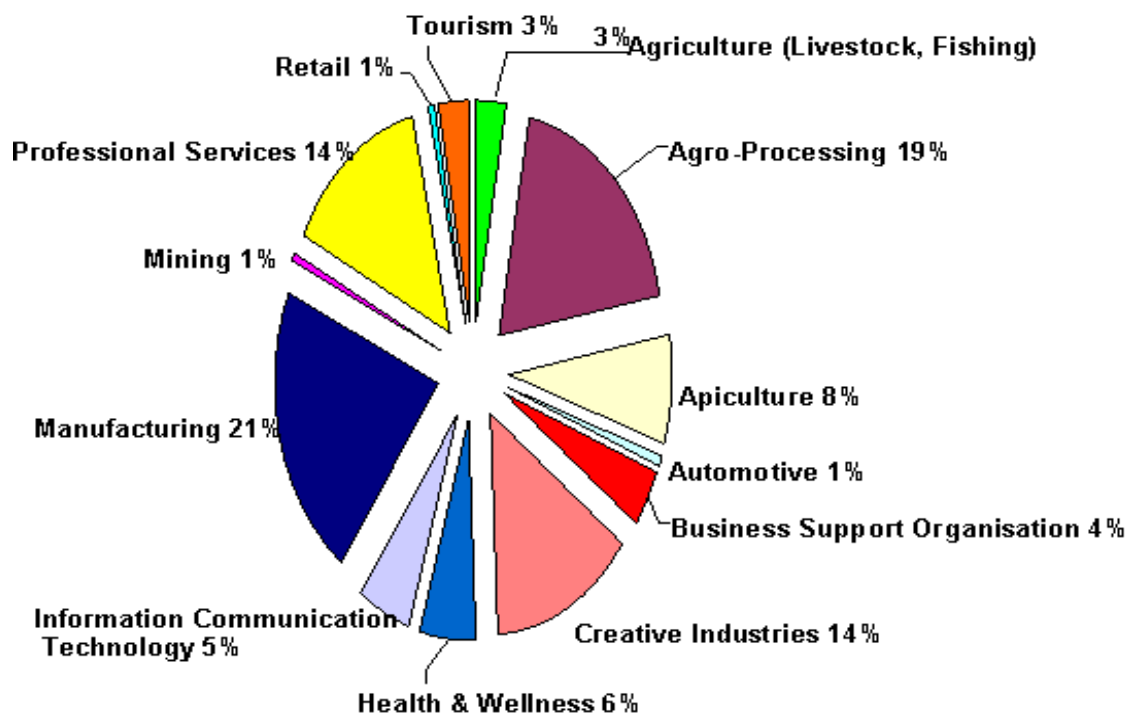
iii) The choice of the funding mechanism was another element of success: thanks to a flexible “contribution agreement”, Caribbean Export was able to use its own procedures to implement the project, instead of having to follow those of the donor. This was made possible following an assessment confirming that the Caribbean Export applies standards equivalent to internationally accepted standards in their accounting, audit, internal control and procurement procedures.

RESULTS ACHIEVED

Under Phase 2 of the CTPSDP, Caribbean Export launched three calls for proposals over the period September 2008 – April 2010, which led to the award of grants to approximately 197 companies and BSOs totalling approximately € 2.6 million.

These calls provided resources to firms and Business Support Organisations to assist in the improvement of their competitiveness and ability to offer relevant services to clients respectively.

The organisations receiving assistance operate within the following sectors / industries (See Figure 1):



The strong response rate demonstrates how the programme had tools that are of interest for the different stakeholders that Caribbean Export works with.

In addition Caribbean Export:

- provided over 50 training and technical assistance events to companies in high potential niche sectors including on export marketing; free trade agreements; standards and technical barriers to trade; mutual recognition and co-production agreements; product development and grant proposal writing
- supported CARIFORUM in developing a strategy to support a regional enabling environment for private sector trade and export development.
- undertook activities to raise awareness and skills for utilizing intellectual property rights as a trade development tool by CARIFORUM governments and private sector

- supported business and trade promotion organisations to be more effective in meeting the needs of members by improving and expanding training and technical assistance, sharing of best practices and facilitating participation in promotional and study tours, matchmaking exercises and trade missions.
- Caribbean Export also supported the development and growth of networks in the selected sectors of high market potential, and assisted budding networks to take advantage of emerging opportunities.

LESSONS LEARNED

- **A regional approach is important:** CARIFORUM needs to continue to support private sector competitiveness at national and sub-regional levels, and it is essential that actions addressing common needs are carried out through a regional approach allowing for greater coherence to CARIFORUM's development initiatives.
- **There is a need for sector strategies:** in order to have a lasting impact on private sector development, the region must develop a sectoral approach that takes advantage of economies of scale and allows exchange of best practices. The promotion of specific sectors by creating or strengthening regional working groups and/or associations is an effective way to address the challenges of competitiveness.
- **There remains a high demand for capacity building at the firm level:** direct assistance to companies is a critical component of a private sector development programme. The significant demand for direct assistance is illustrated by the strong demand by firms for Caribbean Export's grants. Additionally, there is also a need to train national BSOs to support the capacity building assistance offered to firms.
- **Awareness of trade opportunities in the region is limited:** Feedback from participants at the EPA sensitisation workshops confirms that many public and private sector organisations are still unaware of CARIFORUM States' bilateral, regional, and multilateral trade opportunities. As such the utilisation of trade opportunities have been low. There remains a great demand by public and private sector representative for training in understanding, utilising and implementing trade agreements.
- **Many firms require market intelligence to assist with market penetration:** Firms surveyed in the past indicated market penetration and the identification of new markets as high priority needs. They also requested to be introduced to new markets and buyers while at the same time getting to support to maintain market share in existing markets. There is no regional market intelligence system to assist to access new markets.
- **Private/Public partnership is critical for development:** The success of development actions is greatly dependant on the active participation and involvement of the private actors as well as public authorities in charge of promoting and regulating the sector. Therefore consultation with private/public sector actors should be ongoing to guarantee the success of the initiatives taken.
- **Preparation and participation for 'in-market activities' important to export development:** Participation in "in-market" activities such as trade fairs, trade missions, promotions, exploratory visits etc remains an important instrument for promoting internationally the region's goods and services. In order to be successful in international fairs, BSOs need to prepare participants beforehand. This might include participating in various fairs as observers before incurring the expense of participating with a stand.
- **SME encounter difficulty in accessing financing:** in order to successfully take SMEs into the world market there is a need to work closely with national and regional financial institutions. Although CARIFORUM's banks have excess liquidity, they are reluctant to fund SMEs especially in the service sector where collateral is often intangible (for example intellectual property rights). Support to preparing professional business plans and feasibility studies, and specific training for banks on the needs of SME's, would greatly contribute to facilitate access to funding.

ANNEXES / REFERENCES

ANNEX 1 – FINANCING AGREEMENT

ANNEX 2 – ADDENDUM TO THE FINANCING AGREEMENT

Agreement N°9816/REG

FINANCING AGREEMENT
between
THE EUROPEAN COMMISSION
and
THE CARIBBEAN FORUM OF
ACP STATES (CARIFORUM)

***Caribbean Trade and Private Sector
Development Programme (CTPSD) - Phase II
(RCA/003/04)***

EDF IX

FINANCING AGREEMENT

Special Conditions

The European Community, hereinafter referred to as "the Community", represented by the Commission of the European Communities in its capacity as manager of the European Development Fund, hereinafter referred to as "**the Commission**",

of the one part, and

The Caribbean Forum of the ACP States, represented by the Secretary General of CARIFORUM, Regional Authorising Officer, hereinafter referred to as "**the Beneficiary**",

of the other part,

HAVE AGREED AS FOLLOWS:

ARTICLE 1 - NATURE AND PURPOSE OF THE OPERATION

1.1. The Community shall contribute to the financing of the following programme:

Title : Caribbean Trade and Private Sector Development Programme
(CTPSD) – Phase II

Accounting N°: 9 ACP RCA 16

9 ACP RCA 17

Identification N°: RCA/003/04

hereinafter referred to as "the programme", which is described in the Technical and Administrative Provisions in Annex II.

1.2 This programme will be implemented in accordance with the financing agreement and the annexes thereto: the General Conditions (Annex I) and the Technical and Administrative Provisions (Annex II).

ARTICLE 2 - THE COMMUNITY'S FINANCIAL CONTRIBUTION

2.1 The total cost of the programme is estimated at 11 879 069 Euro.

2.2 The Community undertakes to finance a maximum of 7 900 000 Euro. The breakdown of the Community's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions in Annex II.

ARTICLE 3 - THE BENEFICIARY'S CONTRIBUTION

3.1 The Beneficiary shall contribute 2 625 295 Euro to the programme; the private sector in the Caribbean shall contribute 1 353 774 Euro to the programme.

3.2 Where there is a non-financial contribution by the Beneficiary, the detailed arrangements shall be set out in the Technical and Administrative Provisions in Annex II.

ARTICLE 4 – PERIOD OF EXECUTION

The period of execution of the financing agreement shall commence on the entry into force of the financing agreement and end at 31 December 2011.

ARTICLE 5 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS AND PROGRAMME-ESTIMATES IMPLEMENTING THE FINANCING AGREEMENT

Contracts and programme-estimates implementing the financing agreement shall be signed by 18 September 2010 at the latest.

ARTICLE 6 - PAYING AGENT

In order to effect the payments resulting from this financing agreement, the role of paying agent shall be performed as regards payments in euro or in foreign currencies by the financial institution chosen by the Commission.

ARTICLE 7 – ADDRESSES

All communications concerning the implementation of the financing agreement shall be in writing, refer expressly to the programme and be sent to the following addresses:

for the Commission

The Head of the Delegation of Barbados and Eastern Caribbeans
Bridgetown - Barbados

for the Beneficiary

The Regional Authorising Officer :
The Caribbean Forum of ACP States (CARIFORUM)
The Secretary-General of the Cariforum
Georgetown, Guyana

ARTICLE 8 – ANNEXES

8.1 The following documents shall be annexed to this financing agreement and form an integral part thereof:

Annex I: General Conditions.

Annex II: Technical and Administrative Provisions.

8.2 Should a conflict arise between the provisions of the Annexes and those of the Special Conditions of the financing agreement, the provisions of the Special Conditions shall take precedence. Should a conflict arise between the provisions of Annex I and those of Annex II, the provisions of Annex I shall take precedence.

ARTICLE 9 - OTHER SPECIAL CONDITIONS APPLYING TO THE PROGRAMME

For the purpose of Article 3 of the General Conditions the authority responsible for carrying out the programme which is the subject of this Financing Agreement is the Secretary General of the CARIFORUM.

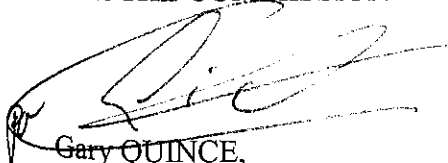
ARTICLE 10 – ENTRY INTO FORCE OF THE FINANCING AGREEMENT

The financing agreement shall enter into force on the date on which it is signed by the last party.

Done in two original copies in the English language, one copy being handed to the Commission and one to the Beneficiary.

Done at Brussels

FOR THE COMMISSION

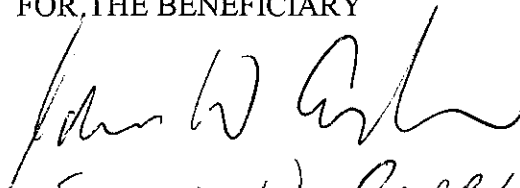


Gary QUINCE,
Deputy Chief Authorising Officer
of the EDF

Date 26/10/07

Done at Bridgetown

FOR THE BENEFICIARY



Edwin W. Carr
SECRETARY GENERAL
CARIFORUM

Date 17-12-07



ANNEX I - GENERAL CONDITIONS

TITLE I - PROJECT/PROGRAMME FINANCING

ARTICLE 1 – GENERAL PRINCIPLE

- 1.1 The Community's financial contribution shall be limited to the amount specified in the financing agreement.
- 1.2 The provision of Community financing shall be subject to fulfilment of the Beneficiary's obligations under this financing agreement.
- 1.3. The expenditure incurred by the Beneficiary before the entry into force of the financing agreement are not eligible for the Community financing.

ARTICLE 2 - COST OVERRUNS AND COVERING THEM

- 2.1 Individual overruns of the budget headings of the financing agreement are dealt with by reallocating funds within this budget, in accordance with Article 20 of these General Conditions.
- 2.2 Wherever there is a risk of overrunning the global amount set in the financing agreement, the Beneficiary shall immediately inform the Commission and seek its prior approval for the corrective measures planned to cover the overrun, proposing either to scale down the project/programme or to draw on its own or other non-Community resources.
- 2.3 If the project/programme cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may, at the Beneficiary's duly substantiated request, grant additional Community financing. Should it take such a decision, the excess costs shall be financed, without prejudice to the relevant Community rules and procedures, by the release of an additional financial contribution to be set by the Commission.

TITLE II - IMPLEMENTATION

ARTICLE 3 – GENERAL PRINCIPLE

- 3.1 The project/programme shall be implemented under the responsibility of the Beneficiary with the approval of the Commission.
- 3.2 The Commission is represented in the State of the Beneficiary by its Head of Delegation.

ARTICLE 4 - PERIOD OF EXECUTION

4.1 The financing agreement shall lay down a period of execution, which shall commence on the entry into force of the financing agreement and end on the date specified to this end in Article 4 of the Special Conditions.

4.2 This period of execution shall comprise two phases:

- an operational implementation phase, in which the principal activities are carried out. This phase shall commence on the entry into force of the financing agreement and end at the latest 24 months before the end of the period of execution;
- a closure phase, during which final audits and evaluation are carried out and contracts and, if any, programme estimates for the implementation of the financing agreement are technically and financially closed. This phase shall commence on the day after the date of end of the operational implementation phase and end at the latest 24 months after this date.

4.3 Costs related to the principal activities shall be eligible for Community financing only if they have been incurred during the operational implementation phase. Costs related to final audits and evaluation and closure activities shall be eligible up to the end of the closure phase.

4.4 Any balance remaining from the Community contribution will be automatically cancelled six months after the end of the period of execution.

4.5 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that latter date.

4.6 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that latter date.

TITRE III – PAYMENTS TO BE MADE BY THE COMMISSION

ARTICLE 5 – DEADLINE FOR PAYMENTS TO BE MADE BY THE COMMISSION

5.1 When the Commission is making payments, the Beneficiary shall undertake to provide the Commission with the contractor's requests for payment no more than 45 calendar days, for procurement contracts, and 22 calendar days, for grants, after registering an admissible payment request. The Beneficiary shall notify the Commission of the date of registration of this request. The payment request is not admissible if at least one essential requirement is not met. The time limit for payments may be suspended by the Commission by informing the Beneficiary, at any time during the period referred to above, that the payment request can not be met, either

because the amount is not due or because the appropriate supporting documents have not been produced. If information comes to the notice of the Commission which puts in doubt the eligibility of expenditure appearing in a payment request, the Commission may suspend the time limit for payment for the purpose of further verification, including an on-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The Commission shall inform the Beneficiary as soon as possible.

5.2 The deadline referred to in paragraph 1 shall also apply when payment is conditional on approval of a report. In this case, the request for payment can be considered admissible but the time limit for payment shall begin only when the Beneficiary has approved the report, either expressly, by notifying the contractor, or tacitly, by allowing the contractual deadline for approval to expire without sending the contractor a document formally suspending that deadline. The Beneficiary shall notify the Commission of the date of approval of the report.

5.3 In the event of any delay in forwarding payment requests attributable to the Beneficiary, the Commission shall not be obliged to pay the contractor the late-payment interest provided for in contracts, which will be payable by the Beneficiary.

TITRE IV – PAYMENTS TO BE MADE BY THE BENEFICIARY THROUGH PROGRAMME ESTIMATES

ARTICLE 6 – GENERAL PRINCIPLE

6.1 When the Beneficiary is making payments, programme estimates must be drawn up and adopted beforehand.

6.2 All programme estimates implementing the financing agreement must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

TITRE V – AWARD OF CONTRACTS AND GRANTS

ARTICLE 7 – GENERAL PRINCIPLE

All contracts implementing the financing agreement must be awarded and implemented in accordance with the General Regulations for works, supply and service contracts adopted by the ACP-EC Council of Ministers, supplemented by the General Conditions for contracts financed by EDF and the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

ARTICLE 8 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS AND PROGRAMME ESTIMATES IMPLEMENTING THE FINANCING AGREEMENT

8.1 The contracts and programme estimates implementing the financing agreement shall be signed by both parties within three years of the adoption of the financial commitment by the Commission, namely at the latest on the date referred to in Article 5 of the Special Conditions. That deadline may not be extended.

8.2 The above provision shall not apply to audit and evaluation contracts, which may be signed later, as well as to riders to contracts already signed.

8.3 On the date referred to in Article 5 of the Special Conditions, any balance for which contracts have not been signed will be cancelled.

8.4 The above provision shall not apply to any balance of the contingency reserve.

8.5 A contract or programme estimate which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding cancelled.

ARTICLE 9 - ELIGIBILITY

9.1 Participation in invitations to tender for works, supply or service contracts and in calls for proposals shall be open on equal terms to all natural and legal persons of the Member States of the Community and of the ACP States, and in the specific cases and under the conditions provided in Annex IV to the ACP-EC Partnership Agreement to natural and legal persons of other third countries.

9.2 This nationality rule shall also apply to the experts proposed by service providers taking part in tender procedures or service contracts financed by the Community.

TITLE VI - RULES APPLICABLE TO THE PERFORMANCE OF CONTRACTS

ARTICLE 10 - ESTABLISHMENT AND RIGHT OF RESIDENCE

10.1 Where justified by the nature of the contract, natural and legal persons participating in invitations to tender for works, supply or service contracts shall enjoy a provisional right of establishment and residence in the Beneficiary's country. This right shall remain valid for one month after the contract is awarded.

10.2 Contractors (including the grant beneficiaries) and natural persons whose services are required for the performance of the contract and members of their family shall enjoy similar rights during the implementation of the project/programme.

ARTICLE 11 - TAX AND CUSTOMS PROVISIONS

11.1 Save where otherwise provided in the basic acts governing the cooperation sector concerned, taxes, duties or other charges (including value added tax - VAT - or equivalent taxes) shall be excluded from Community financing.

11.2 The State of the Beneficiary shall apply to procurement contracts and grants financed by the Community the most-favoured tax and customs arrangements applied to States or international development organisations with which it has relations. For the purpose of determining the most-favoured-State treatment, account shall not be taken of arrangements applied by the Beneficiary concerned to the other ACP States or to other developing countries.

ARTICLE 12 - FOREIGN EXCHANGE ARRANGEMENTS

The State of the Beneficiary undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the project. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the contractors allowed to participate referred to in Article 9 of these General Conditions.

ARTICLE 13 – USE OF DATA FROM STUDIES

Where the financing agreement involves the financing of a study, the contract related to this study, signed for the implementation of the financing agreement, shall govern the ownership of that study and the right for the Beneficiary and the Commission to use data in the study, to publish it or to disclose it to third parties.

ARTICLE 14 - ALLOCATIONS OF AMOUNTS RECOVERED UNDER CONTRACTS

Amounts recovered from payments wrongly effected or guarantees lodged under a contract financed under this financing agreement, together with any penalties arising from non-performance of a contract, shall be allocated to this project/programme.

ARTICLE 15 - FINANCIAL CLAIMS UNDER CONTRACTS

The Beneficiary undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor and considered by the Beneficiary to be justified in whole or in part. The financial consequences may be borne by the Community only where the Commission has given its prior approval. Such prior approval is also required for any use of funds committed under the present financing agreement to cover costs arising from disputes relating to contracts.

TITLE VII - GENERAL AND FINAL PROVISIONS

ARTICLE 16 – VISIBILITY

16.1 Every project/programme financed by the Community shall be the subject of appropriate communication and information operations. These operations shall be defined under the responsibility of the Beneficiary with the approval of the Commission.

16.2 These communication and information operations must follow the rules laid down and published by the Commission for the visibility of external operations in force at the time of the operations.

ARTICLE 17 – PREVENTION OF IRREGULARITIES, FRAUD AND CORRUPTION

17.1 The Beneficiary undertakes to check regularly that the operations financed with the Community funds have been properly implemented. It shall take appropriate measures to prevent irregularities and fraud and, if necessary, bring prosecutions to recover funds wrongly paid.

17.2 "Irregularity" shall mean any infringement of the financing agreement, implementing contracts or programme estimates or Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the European Communities, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by them, or on their behalf;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud, of any measure taken to deal with them and of the name of the economic operators whom have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the European Communities' financial interests.

17.3 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever at any stage of the procedure for the award of contracts or grants or in the implementation of the related contracts. "Passive corruption" shall mean the deliberate action of an official, who, directly or

through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European Communities. "Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European Communities.

ARTICLE 18 - VERIFICATIONS AND CHECKS BY THE COMMISSION, THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AND THE EUROPEAN COURT OF AUDITORS

18.1 The Beneficiary agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot checks on the use made of Community funding under the financing agreement (including procedures for the award of contracts and grants) and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the project/programme, throughout the duration of the agreement and for seven years after the date of the last payment.

18.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by Community law for the protection of the financial interests of the European Communities against fraud and other irregularities.

18.3 To that end, the Beneficiary undertakes to grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under the financing agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the European Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

18.4 The checks and audits described above shall also apply to contractors and subcontractors who have received Community funding.

18.5 The Beneficiary shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

ARTICLE 19 – CONSULTATION BETWEEN THE COMMISSION AND THE BENEFICIARY

19.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this financing agreement further, in accordance with the relevant provisions of the ACP-EC Partnership Agreement.

19.2 Where the Commission becomes aware of problems in carrying out procedures relating to management of European Development Fund resources, it shall establish all necessary contacts with the Beneficiary to remedy the situation and, take any steps that are necessary, including, where the Beneficiary does not, or is unable to, perform the duties incumbent on it under the ACP-EC Partnership Agreement, temporarily taking the Beneficiary's place.

19.3 The consultation may lead to the amendment, suspension or termination of the financing agreement.

ARTICLE 20 – AMENDMENT OF THE FINANCING AGREEMENT

20.1 Any amendment to the Special Conditions and Annex II to the financing agreement shall be made in writing and be the subject of an addendum.

20.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

20.3 For technical adjustments, which do not affect the objectives and results of the project/programme and alterations in matters of detail which do not affect the technical solution adopted, and within the limit of the contingencies funds, the Beneficiary shall inform the Commission of the amendment and its justification in writing as soon as possible and apply that amendment.

20.4 The use of the contingency reserve is conditional on prior written agreement of the Commission.

20.5 The specific cases of the extension of the operational implementation phase or of the closure phase are governed by Article 4 (4) and (5) of these General Conditions.

ARTICLE 21 – SUSPENSION OF THE FINANCING AGREEMENT

21.1 The financing agreement may be suspended in the following cases:

- The Commission may suspend the implementation of the financing agreement if the Beneficiary breaches an obligation under the financing agreement.
- The Commission may suspend the financing agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.

- The financing agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, is not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by force majeure. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.

21.2 No prior notice shall be given of the suspension decision.

21.3 When the suspension is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.

ARTICLE 22 – TERMINATION OF THE FINANCING AGREEMENT

22.1. If the issues which led to the suspension of the financing agreement have not been resolved within a maximum period of four months, either party may terminate the financing agreement at two months' notice.

22.2. Where a financing agreement has not given rise to any payment within three years of its signature or no implementing contract or programme estimates has been signed by the date referred to in Article 5 of the Special Conditions, that financing agreement will automatically be terminated.

22.3 When the termination is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.

ARTICLE 23 - DISPUTE-SETTLEMENT ARRANGEMENTS

23.1 Any dispute concerning the financing agreement which cannot be settled within a six-month period by the consultations between the Commission and the Beneficiary provided for in Article 19 of these General Conditions shall be submitted to the Council of Ministers. Between meetings of the Council of Ministers, such disputes shall be submitted to the Committee of Ambassadors. If the Council does not succeed in settling the dispute, either party may request settlement of the dispute by arbitration.

23.2 In this case the parties shall designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.

23.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.

23.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

FINANCING AGREEMENT N° 9816/REG

ANNEX II

**TECHNICAL AND ADMINISTRATIVE PROVISIONS FOR
IMPLEMENTATION**

**THE CARIBBEAN FORUM OF
ACP STATES (CARIFORUM)**

Title : Caribbean Trade and Private Sector Development Programme
(CTPSD) – Phase II

Accounting N°: 9 ACP RCA 16
9 ACP RCA 17

Identification N°: RCA/003/04

SUMMARY

The Caribbean Trade and Private Sector Development Programme (CTPSDP), Phase 2 represents a consolidation of the achievements of Phase 1 and addresses key areas of private sector development that will promote innovation and change at policy, institutional and firm levels. It will focus on the most critical supply side constraints and allow for an early harvest in assistance at the private sector level under the EPA negotiations. The overall impact of Phase 2, will be a more diversified, export oriented and competitive private sector.

At national and regional levels, Phase 2 of the CTPSDP seeks to improve business environment and build the capacity of Business Support Organizations (BSOs) to offer better services, in order to support the survival and growth of firms across the region. Other areas of focus will be export diversification and market expansion through the development of new economic sectors with growth potential. An increase of information flow and business contacts between DOMs and OCTs, will also be emphasised.

The need for special attention to be given to companies and BSOs in the Organization of Eastern Caribbean States (OECS) is recognised in light of past program evaluations and the importance of private sector development in current OECS actions in the further integration of its member states in the Economic Union process currently taking place.

This programme will also contribute to the preparation and conclusion of Economic Partnership Agreement

1. RATIONALE

1.1. Strategic framework

Trade and Private Sector support in EU development policy

The Cotonou Agreement has as a main objective reducing and eventually eradicating poverty consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy. It aims to achieve this through actions to generate sustained economic growth, develop the private sector and increase employment. One such initiative is the conclusion of "new WTO compatible trading arrangements", or Economic Partnership Agreement, Cotonou Agreement, Title II, Chapter 2 (1). Key objectives of the EPA being negotiated between the EU and the Caribbean region are the consolidation of the ongoing regional integration process, building regional economies, improving business climate, attracting inward investment and encouraging economic diversification.

EU-Caribbean Partnership

The EC's Communication "An EU-Caribbean Partnership for Growth, Stability and Development"¹ recognises the need for development approaches to help the Caribbean region achieve the strategic target of global competitiveness. It also supports efforts to provide skills necessary for economic diversification in areas such as the service sector.

¹ SEC(2006) 268

The Communication proposes actions to support "broadly defined economic diversification, including *inter alia* support to the Private Sector". It proposes actions for "human resources development to support economic diversification and reducing poverty and social exclusion" and also recommends that cooperation between the ACP Caribbean grouping and the DOMs and OCTs should be reinforced as part of the wider integration process. The CARIFORUM Regional Integration and Development Strategy (RIDS) also targets the expansion of the regional economic bases, the integration of an expanded regional trade space and the repositioning of the Caribbean in the global economy.

Caribbean Regional Indicative Programme (CRIP)

The overall objective of the CRIP is the beneficial integration of the Caribbean region into the world economy, through a global repositioning aimed at achieving sustainable economic growth, regional cohesion and stability, and continued improvements in living conditions. The CRIP specifies that CARIFORUM, the EC's implementing partner, will endeavour to establish a harmonised economic space for the generation of sustainable and equitable economic growth aimed at entry into the global economy and poverty reduction.

Chapter 3 of the RIDS indicates "The Region seeks the attainment of a viable, internationally competitive and sustainable community with an improved quality of life for its people. An important plank of the RIDS is the expansion in the regional economic base to increase business and trade opportunities, improve the attractiveness for investments and achieve greater economies of scale".

1.2. Lessons learnt

Impact and programme evaluation

The approval of Phase 2 (consolidation phase) of the Caribbean Trade and Private Sector Development Programme (CTPSDP) was predicated on the achievements of the objectives of Phase 1 (inception phase), which are listed in Annex I.

A monitoring mission in November 2006, found the results achieved by the programme to be satisfactory, with timely interventions being made in cost-sharing grants for private sector competitiveness and the development of regional strategies to re-position the potentially most competitive industrial sectors. The mission also found that very timely interventions had been made in dissemination of information on trade policy, market research and access, strengthening Business Support Services and general collaboration with Business Support Organizations (BSOs), and training. The report considered the project critical in delivering the development dimension of the EPA negotiations and had begun to show results in this regard.

Concerns were raised about the delivery of some services in the Organization of Eastern Caribbean States (OECS). The report suggested that improved efficiencies may be obtained during Phase 2 of the programme by having the OECS/Export Development Unit (EDU) focus more on technical assistance to small OECS firms and less on implementation of the matching grants scheme. The latter is to be the responsibility of the Caribbean Export Development Agency (Caribbean Export), the main implementing agency under both phases.

An Institutional Audit also conducted in 2006, concluded that the agency's financial systems and controls were quite robust and that the agency had the capacity to manage an increased budget. Subject to certain recommendations (given at Annex II) it also determined that the controls and procedures of Caribbean Export are in accordance with internationally accepted standards, and that the necessary conditions were in place for the EC to sign a contribution agreement for the consolidation phase. All of the recommendations of the Institutional Audit have already been implemented or are schedule to be implemented.

An Operational Assistance undertaken in 2007 elaborated objectively verifiable indicators for impact assessment and evaluation of the consolidation phase, as well as performance indicators for the core activities of Caribbean Export. The five year business plan produced is being implemented to enhance the sustainability of the agency.

An independent evaluation will be launched by the EC Delegation in Barbados before the end of Phase 1.

Programme Design

Recommendations from the evaluation of programmes previously implemented by Caribbean Export, including those with other donors have been fully considered in the design of Phase 2 of the CTPSDP. In addition, recommendations from the Institutional Audit and Operational Assistance have also been taken into account.

The design of this programme also benefited from broad-based consultations with CARIFORUM Member States. Consideration was also given to the outcomes of a number of specific actions undertaken by Caribbean Export in 2006, such as 'a survey of CARIFORUM public and private sector BSOs, which was executed to determine the national needs for trade and private sector development. In addition, a regional forum for BSOs organised in 2006 and attended by participants from CARICOM and OCTs resulted in the definition of priority areas for Caribbean Export's and OECS/EDU's strategic intervention in training and technical assistance.

Primary and secondary research was conducted to determine the new/emerging sectors with growth and export potential. In several cases these sectors were identified as part of the process for the development of national export/competitiveness strategies in which a number of CARIFORUM member countries are currently engaged. Consultations were held with officials of national trade or export promotion agencies throughout the region.

Caribbean Export organised the first Meeting of the CARIFORUM/DOMS/ OCTs Task Force for Trade and Investment in March, 2006 and the recommendations of this group as well as those given at a number of meetings held with individual DOMS and OCTs have been used in this programme design.

The particular needs of OECS companies have been recognised given the experiences with the implementation of the Matching Grant Facility under the inception phase, and the capacity of companies to access the available funds. The need for more direct in-company assistance and mentoring is therefore considered a more relevant approach in the context of the size and receptiveness of OECS firms and business support organisations.

1.3. Complementary actions

The CTPSDP (Phases 1&2) are complemented by specific private sector initiatives at the national and sub-regional levels, financed by the EU:

- Under SFA 2004, the Grenada Business Gateway Project provides training in entrepreneurship practices for Business Managers and Counselors, assists in new business start-ups, the upgrading of existing business environment legislation and regulation and undertakes studies and initiatives in legislative and regulatory reform.
- Under SFA 2005, the Information, Communications and Technology (ICT) and e-Business Development Project in St. Vincent and the Grenadines, Grenada and Dominica is assisting in the establishment of both physical and virtual e-Business Incubator Centers, provide support to new ICT-driven small businesses in developing new market opportunities and aids existing and/or new businesses in making effective use of ICT to improve business performance.
- Under STABEX 1994, St. Lucia is receiving technical assistance in the organization of seminars/workshops/consultations on issues pertaining to trade policy formulation, the development of negotiating position strategies and the development of export promotion strategies. Support is also being provided in terms of capacity building in areas such as management, accounting, financial management, project proposal preparation/project management, customer service etc.

The ProInvest and CDE programmes are also very active in the region.

1.4. Donor coordination

Caribbean Export has in the past worked actively on projects with several donors, and has ongoing collaboration with CIDA, DFID and USAID. Priority sectors such as gift items, the creative industries and agribusiness with respect to herbal products are being coordinated with ProInvest, CDE, IADB and DFID, respectively.

During the implementation of the 1st Phase of the programme, as well as during the design stage for Phase 2 (which also coincided with the preparation of Caribbean Export's business plan), wide consultations were held with the donor community. The organizations consulted include the EC, ProInvest/CDE, CIDA, USAID, UNDP and IADB.

Caribbean Export will be proactive in arranging regular meetings with donors, implementing partners and other relevant stakeholders, collectively and individually, to ensure that actions in the region in support of trade, private sector development and investment promotion are well coordinated and benefit from synergies in their implementation.

Similarly OECS/EDU will continue its collaboration with CDE, CIDA and National Private Sector Development Programmes in the OECS, currently being funded by the EU and USAID. It is also receiving institutional support from the Commonwealth

Secretariat through the provision of technical expertise in Market Intelligence Systems Development/Information Management Systems over the next two years.

2. REGIONAL CONTEXT

2.1. Economic and social situation

The Caribbean is composed of small mostly island states with open but fragile economies, in many cases based on a few commodities or services, and located in an area notoriously prone to natural disasters. The insular nature of most of the Caribbean is perhaps the single most important factor creating limitations to the efforts of integration, economic diversification and the development of competitive industries.

Furthermore, the Caribbean is currently immersed in an internal process of deepening regional economic integration through the CARICOM Single Market and Economy (CSME), OECS Economic Union and the CARICOM/Dominican Republic Free Trade Agreement. The region is also negotiating an EPA with the EU. In all these processes, trade development and trade and investment promotion will be essential.

The region continues to suffer from general weaknesses in the enabling environment, poor/high cost infrastructure and support services, which contribute to the general low productivity of firms. As a result, the region cannot compete with "commodity" products or services because of the smallness of the countries and the inherent diseconomies of scale, as well as the logistical costs of being island states.

2.2. Development policy of beneficiary countries

CARICOM Industrial Policy

The goal of the industrial policy of the Caribbean Community, as set out in the revised Treaty of Chaguaramas², is market-led, internationally competitive and sustainable production of goods and services for the promotion of the region's economic and social development.

A number of regional policy measures have created a more conducive environment for trade and private sector development and are favourable to the development of the activities foreseen under this programme. These measures include the official launch of the single market in 2006 and the creation of the Caribbean Regional Organization for Standards and Quality (CROSQ). The establishment of the Caribbean Court of Justice is especially important in the context of dispute settlement within the Community and the implementation of the CSME itself, which will strongly impact on the Programme (free movement of goods, harmonization of laws and regulations affecting commerce).

The CARICOM internal trade policy is to remove remaining internal barriers through progressive movement to a maximum harmonized tariff of 20% with support measures which include technical assistance, further harmonization of customs procedures and establishment of a customs union. There remain quotas as well as allowed tariffs on some agricultural and other products which will have to be removed by end 2008. A

² Protocol Amending The Treaty Establishing The Caribbean Community (Protocol III: Industrial Policy)

corresponding policy of legal, institutional and judicial reform is intended to create an appropriate enabling environment.

The integration movement in the sub-region is even more advanced and the countries of the Organisation of Eastern Caribbean States have made a commitment to the establishment of an OECS Economic Union by 2008.

Although not part of the CSME strategy, but very critical to CARIFORUM regional integration are the Dominican Republic and Haiti. Haiti is slowly reinserting itself into CARICOM, although still challenged by efforts to maintain political stability. The Dominican Republic and CARICOM have negotiated a free trade agreement which outlines their trade framework. DR and CARICOM are also engaged in negotiation of an EPA with the European Union which should be finalized by the end of 2007.

CARIFORUM countries continued to be fully engaged in WTO discussion and negotiations. Hemispheric relations are also important to CARICOM/CARIFORUM as part of its global integration objectives. In that regard, the region is committed to effective participation in hemispheric and/or bi-lateral negotiating processes.

Development of competitiveness in CARIFORUM

CARICOM/CARIFORUM's private sector policy is to ensure that there is an enabling environment, in particular at the regional level, within which the private sector can grow and prosper. This is aimed at improving global competitiveness and should help expand intra-regional trade. The region seeks to involve the private sector in public policy formulation. In its attempt to create an appropriate enabling environment, CARICOM/CARIFORUM support appropriate macro-economic, fiscal and monetary policies, promote and protect investments, provide harmonised incentives and are working on liberalising factor movements at the intra-regional level. The region attempts to support the private sector through expansion of services offered, trade policy research, direct assistance to enterprises, trade information services, assistance to meet international standards, facilitation of strategic partnerships, trade promotion and facilitation and promotion of the pooling of resources by the private sector. At the same time, CARIFORUM supports public sector agencies which provide services to the private sector, seeks private sector institutional development in the OECS, desires the establishment of genuine regional private sector representation and supports capacity building for private sector agencies including specialised and commodity specific bodies.

Sector context

The Caribbean private sector, especially at the level of the small and medium size enterprises (SMEs), has been particularly affected by the rapid changes in the global trading environment and unless critical help is delivered, the impact could be entirely negative. The reduction in the benefit of preferential access to several markets, particularly in Europe, has resulted in the contraction or closure of a number of traditional economic sectors in CARIFORUM. Many of the countries have become more reliant on single or few industries for the bulk of their economic activity and are therefore now much more susceptible to external economic shocks. The identification and promotion of promising new sectors is an imperative for most CARIFORUM countries and is a concern of the current EPA negotiations. Support for development and promotion of new sectors, primarily service sectors is therefore critical.

The BSOs in CARIFORUM are challenged by a lack of capacity and resources. These organisations must play a critical role by acting as a conduit, consolidator and manager of assistance, investment and business support services needed by the private sector. They require training, capacity building and other institutional support, provided by the programme.

There is also the need for a clear, well developed and balanced regulatory environment in order to foster a competitive private sector. Governments throughout the region are supposed to provide the policy frameworks for sustained private sector development. The private sector plays a significant role in helping to shape public policy in areas such as trade and investment.

Policies for promoting competitiveness and market development should be addressed as well as a coherent legal framework for macroeconomic and development policies. The use of tax concessions is still one of the critical issues to be resolved.

3. Description

3.1. Objectives

Overall objective

The overall objective of the programme is to contribute to the gradual integration of CARIFORUM countries into the world economy, and by so doing enhance regional economic growth and help to alleviate poverty.

Specific Objective

The purpose of the programme is to increase the international competitiveness of the private sector in CARIFORUM Member states and deliver support to reposition the potentially most competitive sectors. It will provide support for improving the trade environment as well as the institutional strengthening of BSOs to enhance the range and quality of services delivered to their members and clients.

3.2. Expected results and main activities

The purpose of the programme will be achieved through the following results: a) Increased competitiveness of firms through market expansion and export diversification support; b) A vibrant Caribbean Business and Investment Support Network with strengthened Business and Investment Support Organisations; c) Greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs d) facilitate the contribution of the Caribbean business sector to the improvement of the regulatory environment for private sector development in the region through the publication of an annual report on the state of the Caribbean regulatory environment for private sector as well as on FDI, to be done in collaboration with other competent regional and international institutions (such as UN ECLAC, UNCTAD, World Bank 'Ease of Doing business' team, etc). This report will be presented to an annual meeting of concerned stakeholders; e) Contribute to the preparation and conclusion of Economic Partnership Agreement.

3.2.1 Activities

a) Market expansion and export diversification support will include five key interventions:

a.1 Market expansion:

a.1.1 Market intelligence and other information services : this component will address information in terms of international markets and will particularly address the needs of firms in the context of the CSME, access to other CARIFORUM countries, increased knowledge of the European market, as well as neighbouring markets. The Facilitation of information such as cluster information platforms and others will also be addressed by this sub-component.

a.1.2 Support to improve policy advocacy and bilateral trade: Through the business forum established by the region (CARICOM-DR, CARICOM-Cuba and soon CARIFORUM-EU) the programme will assist in providing objective data and facilitating discussions so as to arrive at an improved enabling environment for the private sector involved.

a.2 Export diversification:

a.2.1 Business linkages and innovation: This sub-component will address two critical needs of companies: facilitate the process of collaboration, clustering and connection with other firms in the region and overseas for joint investment or strategic alliances. The other very important area is innovation which will be addressed in the programme through information and technical assistance. For innovation initiatives' it will be critical to maintain cooperation with other regional organizations such as university, research labs, IP offices and others as well as with international (including European) programmes with similar objectives.

a.2.2 Support to new sectors: building on the work and research done during the 1st phase, this sub-component will continue to work with all stakeholders to boost and promote the development of export in the services sector as well as new approaches for the traditional sector

a.3 A direct assistance scheme: This sub-component will provide assistance to companies already engaged in all those other components. This will address the constraints they encounter as they enhance their capacity, develop new products or carve a niche in regional and extra regional markets. Although it will be open to all businesses in the region, there will be a prioritization through incentives for those companies in new sectors as well as innovation within the more established sectors.

b. Capacity building for the public and private sector business support organization of the region

This support is essential for the region to undertake activities which will enhance and promote changes as well as addressing the supply side constraints which are diverse in the different member states. Strong BSOs networking with each other will be an extremely important platform for any trade agreement implementation success. This component foresees the following sub- components:

b.1 Support for CARIBISNET, the network of BSOs in the Caribbean which will offer a platform for knowledge sharing, coordination of activities, meetings and programmes and a wide range of web based facilities.

b.2 Enhancing strategic capabilities: this sub-component will assist BSOs at the national level in the design and implementation of national and sectoral strategies as well as improving particularly the PSOs (private sector organizations) capacity to undertake advocacy roles on behalf of business

b.3 Direct assistance to address individual needs of BSOs in order to offer improved services and operate better within the network.

c) Support for greater cooperation between the CARIFORUM trade and business interests and those of the DOMs and OCTs.

c.1 Arrange meetings and conduct research, within the framework of CARIFORUM/DOMs/OCTs Task Force on Trade and Investment, and otherwise, to facilitate closer cooperation and dialogue between these groups in trade policy, investment promotion, private sector development and in other areas of common interest such as transport and ICT.

d) Support to the Caribbean business sector for the improvement of the regulatory environment for the private sector development in the region as well as FDI.

d.1) An annual report on the state of the Caribbean regulatory environment for private sector will be prepared in each year of the Programme for wider circulation.

d.2) A meeting with stakeholders will be held each year to review the report and discuss possible joint actions.

e) Contribute to the preparation and conclusion of the Economic Partnership Agreement.

e.1 Conduct research, launch studies, and facilitate cooperation and dialogue between the parties concerned with a view to developing WTO compatible trading arrangements.

3.3 Stakeholders

The main ultimate beneficiaries will be the unemployed poor who are experiencing the negative impact of trade liberalisation and globalisation in the Caribbean, and will continue to experience this if economic growth fuelled by greater competitiveness is not achieved. Other beneficiaries will be the firms in the region, particularly SMEs which are currently involved in export or have export potential, and business support organizations in both the private and public sectors. Specific attention has been given in the programme design to ensure that the needs of the target groups and of the final beneficiaries are clearly defined and appropriately addressed.

3.4 Risks and assumptions

The main risk is that the private firms and the various institutions concerned do not have the capacity to absorb the resources made available through the programme and to achieve the results expected. Other major risks include policy changes such as a reduced focus on regional integration, social or economic crises within beneficiary countries leading to an unfavourable business climate, reduced competitiveness within the Caribbean and/or a major international economic downturn. Other risks which can affect the rate of implementation of the project relate to natural disasters, particularly hurricanes.

The main assumption is that political commitment to trade, investment and export development continues and that Caribbean counterpart financial contributions also continue, including the regularisation of arrears. The current policy environment and the historical political stability of CARICOM will mitigate these risks. Another assumption is that the private sector and its representative BSOs will actively participate in the programme activities and will have the capacity to share costs and, in some instances, fully finance services.

3.5 Conditionalities

An independent institutional assessment of Caribbean Export was carried out in to ensure that the conditions are in place for the Commission to sign a contribution agreement with the Agency. The overall conclusion of the assessment was positive and all recommendations to further strengthen internal mechanisms and controls have been implemented by Caribbean Export.

3.6 Crosscutting issues

Adequate account of poverty issues, environmental sustainability, gender equality and good governance are inherent in the modalities of the programme and shall be inserted in the criteria for assessment and selection of direct support proposals. More competitive firms and the resulting increase in jobs and economic activity through growth in trade and exports are vital to alleviate poverty.

Environmental sustainability can be achieved through the promotion of more efficient production technologies, more efficient use of energy and the use of cleaner/renewable energy sources, less generation of waste and more effective waste disposal. Projects that promote environmentally friendly development such as Green Globe and Blue Flag certification and organic farming will be encouraged.

Sectors with a high level of female ownership such as gift items and fashion are actively supported by the programme. Women entrepreneurs' groupings will be encouraged.

4. Implementation issues

4.1 Implementation method

The programme will be implemented through a combination of decentralized and joint management. Overall responsibility will rest with the Regional Authorizing Officer (RAO), the Secretary General of CARIFORUM.

For the implementation of the Caribbean Export component under joint management, a contribution agreement will be signed between the Commission (Delegation in Barbados) and Caribbean Export.

The OECS-EDU component will be implemented by decentralized management and the RAO has appointed the NAO of Dominica as DRAO in this regard.

Caribbean Export Development Agency

The Caribbean Export is the regional trade and investment development organization for the CARIFORUM countries established in 1995, with offices in Barbados and the Dominican Republic. The main part of this regional project will be implemented through a contribution agreement, between the Commission (Barbados Delegation) and Caribbean Export. These resources will finance thirteen (13) persons appointed to be staff of the programme. A programme director will be appointed by Caribbean Export.

Caribbean Export will contribute financially to the programme covering the costs of 14 core staff (equivalent to 336 person/month over a period of 2 years), who will support the programme staff as well as implement activities in the areas related to the core services such as market access, information dissemination, marketing assistance and training. The Operations department will offer the logistical support for the programme including equipments, office space and other resources.

The EC Delegation in Barbados will follow implementation of the contribution agreement closely.

For the administration of the direct support scheme, a Selection Committee will be established to evaluate the applications from the groups of companies and to approve them. The Executive Director, the Programme Director and the Manager of Core Services will form this committee and will base their decision on the assessment made by the technical staff of the project as well as any consultant that have assisted the companies in the preparation stage. A Manual for the usage of the funds will be developed and distributed throughout the region. The manual will identify the relationship and role of OECS/EDU in the evaluation process.

OECS Export Development Unit

The OECS/EDU has a similar mandate to Caribbean Export and will implement a sub-programme for the OECS countries in all areas of activity except 3.2 (c).

The OECS/EDU's Competitiveness Programme will give emphasis to companies' assistance and advisory services and will not include a matching grant programme. OECS firms will still be able to benefit from a similar support programme to be administered by Caribbean Export.

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The OECS/EDU's Competitiveness Programme will give emphasis to companies' assistance and advisory services and will not include a matching grant programme. OECS firms will still be able to benefit from a similar support programme to be administered by Caribbean Export.

The activities will be implemented through direct decentralized operations by the NAO of Dominica, who will designate an imprest administrator and an imprest accounting officer in agreement with the Head of Delegation.

In accordance with the powers delegated to them, the imprest administrator and the imprest accounting officer shall draw up and implement consecutive programme estimates, award contracts and grants, commit expenditure and make the corresponding payments.

The preparation, management and implementation of the project programme estimates must comply with the rules and procedures set out in the practical guide to procedures for programme estimates, in force at the time of the adoption of the programme estimates in question.

Programme Steering Committee (PSC)

A single PSC will be set up to oversee both Caribbean Export and OECS/EDU programme components. The PSC will be composed of the DRAO, the Chairman of Caribbean Export, four representatives of private sector organizations in CARIFORUM countries, and the Executive Directors of Caribbean Export and OECS/EDU. Representatives of CARIFORUM and OECS Secretariats and EC Delegation in Barbados will attend as observers. Overall supervision of Caribbean Export's component will be provided by its Board of Directors which will meet at least once a year. In the case of the OECS/EDU, overall supervision will be through the OECS Secretariat's Economic Affairs Committee. The Council of Ministers of CARIFORUM will receive regular updates of the progress of the programme.

4.2 Budget and calendar

Indicative budget breakdown by main project components.

All figures in Euros

ACTIVITY	EDF		Total EDF	CARIFORUMS (Through CEDA and EDU)	Private Sector	Total
	CEDA	EDU				
a) Market expansion and export diversification support	3,164,132	642,000	3,806,132	198,333	1,188,679	5,193,144
b) Support to the Caribbean Business and Investment Support Network and institutional strengthening of Business and Investment Support Organisations.	1,118,868	187,500	1,306,368	595,000	66,038	1,967,406
c) Programmes to foster greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.	500,000	-	500,000	330,556	99,057	929,613
d) Improve regulatory environment	300,000		300,000			300,000
e) Contribution to EPA	900,000		900,000			900,000
f) Administration,	552,714	114,786	667,500	1,501,406	-	2,168,906
Sub-total	6,535,714	944,286	7,480,000	2,625,295	1,353,774	11,459,069
g) Audit	30,000	10,000	40,000		-	40,000
h) Monitoring and Evaluations	70,000	20,000	90,000		-	90,000
i) Contingency	247,286	42,714	290,000		-	290,000
Total	6,883,000	1,017,000	7,900,000	2,625,295	1,353,774	11,879,069

Public sector counterpart funding is calculated on the basis of cash and in kind contributions made mostly by local public sector institutions, particularly at the level of BSOs. The Administration amounts are based on member states commitment to CEDA for the two years duration of the programme, as well as the OECS Secretariat's allocation for the OECS/EDU.

The tentative calendar for implementation of the programme over 2 years is given in Annex V.

The financing agreement must be concluded on 31 December of the year following the year in which the corresponding global financial commitment was adopted. Failing this, the corresponding appropriations must be cancelled.

The period of execution of the financing agreement shall end at 31 December 2011. The operational implementation phase shall end at 31 December 2009. Any balance of funds remaining available under the EC grant shall be automatically cancelled 6 months after the end of the period of execution of the Financing Agreement.

The contracts, which implement the financing agreement, must be signed no later than three years from the date of adoption of the corresponding global financial commitment. This deadline cannot be extended. The above provision does not apply to contracts relating to audit and evaluation, which may be signed later.

4.3 Procurement and award of grants procedures

CEDA component:

The procedures for procurement and award of grants will be those approved by the Commission under the terms of the contribution agreement with Caribbean Export.

CEDA's procurement procedures are detailed in its Manual of Procedures. These procedures were developed in keeping with EDF procedures and meet the required internationally accepted standards.

OECS/EDU's component:

All contracts implementing the financing agreement must be awarded and implemented in accordance with the General Regulations for works, supply and service contracts adopted by the ACP-EC Council of Ministers, supplemented by the General Conditions for contracts financed by EDF and the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

In accordance with Art 133 of the 9th EDF Financial Regulation, the funds committed under Accounting Number 9 ACP RCA 17 shall be implemented in accordance with the rules of the 8th EDF, as regards eligibility for participation in tenders and awards of contracts.

4.4 Performance monitoring

The project's indicators are set out in the Logical Framework Matrix at Annex VI. The available sources of the verification will include Caribbean Export and OECS/EDU surveys and reports, reports of meetings of the Programme's Steering Committee and Caribbean Export's Board of Directors, reports and statistics of CARIFORUM Member States, CARICOM and OECS Secretariats and Dominican Republic Government publications and documents. The work programmes that will accompany the contribution agreement with Caribbean Export and the programme estimates with OECS/EDU will also include a set of indicators and targets. Details of the frequency of reporting will also be set out in these documents.

An external monitor will visit the Region every six months to follow progress and produce a concise report for CARIFORUM and the Commission.

4.5 Evaluation and audit

There will be annual evaluations and audits of this programme. On a yearly basis, an ex-post check will be carried out by an external auditor, appointed and contracted by the Commission, to assess/verify the application of procurement and recruitment procedures.

A new institutional assessment will be carried out by the Commission within 12 months after the signature of the contribution agreement, as a follow-up on the results of the first institutional audit. This assessment will be financed from the separate audit provision.

Detailed monitoring provisions are set out in the contribution agreement between Caribbean Export and the Commission.

Audit and evaluation contracts will be concluded and executed by the Commission.

Annexes

Annex I- Achievements of phase 1 of the CTPSDP

Annex II – Implementation on recommendations of the Institutional Audit

Annex III- Table of activities outlined in the Financing Agreement 1st phase for phase 2 of the CTPSDP vs. Activities in this Financing Agreement

Annex IV- Estimated Budget

Annex V- Tentative calendar of Implementation of activities

Annex VI- Logical framework

Annex I- ACHIEVEMENT OF PHASE 1 - 9th EDF CTPSDP

Preliminary results of implementation of phase 1

a. Results related to CEDA

Financial and organizational audits

Audit has been completed. Agency procedures are robust and CEDA is found to be suitable for a Contribution Agreement.

Clarification regarding CARIFORUM Member States counterpart funding

Statements of payments and arrears have been evaluated by the auditor as well as by the consultants on the Operational Assistance.

Although a level of arrears is still high, all member countries, except Haiti has made payments to the Agency in the last three years towards the retirement of arrears. Payment schedule are being kept by Jamaica, Dominican Republic and most recently Suriname and Antigua and Barbuda. Commitment from Haiti has also being received officially.

The Agency also has increased its actions towards the recuperation of those arrears, within the constraints of the economic difficulties of some member states. This strategy, part of the sustainability strategy, has been included in the Business Plan.

CEDAs development and sustainability strategies

This was updated with the support of the Operational Assistance's consultants and it is included in the Business Plan which take into account: market development opportunities for CEDA, analysis of CEDA's role and added value compared to major stake-holders, revision of the Agency's structure (Core Structure has been in place for two and a half years now) including services outsourced and in house. Also the Business Plan presents a document to be used with other donors.

Other donors are being contacted on a regular basis by Caribbean Export with currently three projects in the pipeline. Currently CEDA is working with CIDA, through TFOC on a targeted regional project.

Analytical Accountancy system

A System was developed by the consultants and review and proposal for CEDA's activities was undertaken as part of the development of the Business Plan

Performance Indicators/Logical Framework

Log Frame was developed for the Business Plan which was also developed using the log frame approach.

Logical Framework of the phase 2 is attached.

Executive Director

An Executive Director was appointed before the Programme started and he is currently in place.

Five-year Business Plan

A complete five-year business plan was developed.

b. private sector development -CEDA

b.1 Support of new sectors

- Identification of priority sectors for the region
- Consultation and strategy development for creative industries
- Consultation and strategy development for health and wellness
- Consultation and validation of previous studies with ICT sector
- Collaboration with the CARICOM Secretariat in a workshop to discuss the establishment of the coalition of services in the region
- Joint effort with CRNM in a workshop to discuss innovation systems in the Caribbean

b.2 Collaboration with BSOS in the region

- Strategic Seminar was held in July 2006
- The Caribbean Business and Investment Support Network (CARIBISNET) was established in 2006. Currently 44 Business Support Organizations (BSOs) are part of the network in all CARIFORUM member states. Organizations are both public and private sector.
- A set of joint activities were agreed during the Strategic seminar and training programme was developed
- Furthermore collaboration of CARIBISNET member was requested for joint actions in the services sector, market information area, information for the RPTF as well as joint trade mission and other events being currently plan.
- A joint web based collaboration platform is being developed through the Caribisnet.org site.
- Technical assistance delivered to stakeholders in collaboration with BSOs

b. 3 Matching Grants

- Five successful call for proposals held
- 18 contracts awarded more than 54 organizations and firms in the region
- All awarded grants address new collaboration efforts as they were awarded to groups.

b. 4 Human resource development

- More than 40 training activities for benefit of all CARIFORUM members states were held addressing needs of companies and BSOs
- More than 500 persons received training.

private sector development –OECS/EDU

b.1 Support of new sectors

- The Services Sector has been identified as the new export sector to receive attention. Following on work initiated by EDU on the Film and Media sub-sector, the music and entertainment sub-sectors have been included. Audits of enterprises involved in those sectors have been implemented. The Professional Services Sector is also receiving attention and EDU has collaborated with CEDA and Commonwealth Secretariat on the formulation of a Strategic Marketing Plan for the promotion of this sector in St., Lucia and Dominica. The draft Plans developed were presented to the respective governments in December and are under review. EDU is providing support to a Working Group established in Dominica to advise on the implementation of the recommendations.

b.2 Collaboration with BSOS in t he region

- Development of EDU information management systems and database upgrades that will allow selected access to OECS client companies and strategic partners.
- Identification of pilot BSOs in three (3) OECS countries for implementation of a pilot project in data consolidation and dissemination. Capacity audits in the selected BSOs have been initiated.
- Collaboration with CEDA and participation in strategic workshops organized in Barbados.
- Collaboration with regional BSOs are being pursued with CAIC on a Pan-Caribbean SME-ICT Competitiveness Development Programme being undertaken

in the Eastern Caribbean (Antigua, Dominica and St. Kitts) and the development of a Sector Manager database software being designed and tested by the Commonwealth Secretariat. A trade mission from the Barbados Investment and Development Corporation was facilitated and discussions on areas of collaboration in training, information sharing and market development are taking place.

b. 3 Matching Grants and other assistance

Training was provided to a total of thirty three (33) companies in Strategic Plan Development and training in financial systems, Interior Decorating and Design, Woodworking Maintenance Best Practices.

- Ten (10) companies received in plant technical support in the areas of plant layout, equipment procurement and commissioning, accounting automation, purchasing processes and inventory control. (St. Lucia, Dominica and Grenada)
- The Matching Grant facility allows companies to request financial support for technical assistance type activities undertaken by the companies themselves. Through a formal process of Calls for Proposals companies are invited to submit projects. Two (2) Calls were completed with five (5) companies submitting proposals for Matching Grant support in response to the 1st Call for Proposal on its closure in August and two (2) proposals approved for companies in Antigua and St. Lucia. A further eight (8) companies presented proposals under the Second Call completed in March. However only One (1) has qualified for consideration.
- Marketing support was provided to Eight (8) companies in the Food & Beverage sector to an International Food & Beverage Exhibition of the Caribbean in Guadeloupe, Ten (10) craft companies were selected to participate in the Caribbean Gift and Craft Show, (7) companies in furniture and craft Caribbean Home Expo.

b. 4 Human resource development

- A total of Sixty OECS companies benefited in Two (2) Regional Workshops were convened in Intellectual Property and Trade facilitation.
- Thirty (30) companies participated in a World Class Manufacturing Executive Seminar.

Recommendation	Justification	Status																
Search for alternative contributions different from counterpart	Too big dependence on counterpart contributions (80%). Significant outstanding items.	The Agency is currently addressing the matter of diversifying its revenue streams to reduce the dependence on counterpart contributions. The Business Plan 2007-2011 has sought to address this matter. Revenue mix for the years 2007-2011 for an Agency financed with donor funding as follows: <table border="0" data-bbox="1167 399 1888 507"> <tr> <td>2007</td> <td>2011</td> <td>Counterpart</td> <td></td> </tr> <tr> <td>Government</td> <td>70%</td> <td>59%</td> <td>CGCS</td> </tr> <tr> <td>13%</td> <td>13%</td> <td>Private</td> <td>Sector</td> </tr> <tr> <td>17%</td> <td>28%</td> <td></td> <td></td> </tr> </table>	2007	2011	Counterpart		Government	70%	59%	CGCS	13%	13%	Private	Sector	17%	28%		
2007	2011	Counterpart																
Government	70%	59%	CGCS															
13%	13%	Private	Sector															
17%	28%																	
More side lines and lines and information the Organisational Chart	Chart should provide a complete information of the Structure	The revised Organisational Chart has been included in the Staff Handbook and includes the structure for both offices.																
Organisational structure of the SRODR to be included	Chart should provide a complete information of the Structure	Refer to 2																
Provide a Substitution policy of the ED described in the position description	Avoid conflicts of competence between the DED and the MO	A 'Substitution Policy' -has been added to the Staff Handbook. (see Section 4.20.4)																
Cover positions of Financial Officer and Financial Assistant vacant	MO with additional burden of work affordable in 2006 but difficult to cope for new projects implementation	The Agency will fill the post of Financial Officer – HQ by July 2007																
Engage in medium term a full time Financial Officer in SRODR as now is outsourced	If the level of project increase in the SRODR a full time position should be considered	The Agency will continue to outsource the finance position in the SRO until at least August 2007. An assessment will be made in relation to the full time post when the Consolidation Phase (phase 2) of the Work Programme commences.																
Responsibility of auditing the financial statements from Core Services to ED	This responsibility is too important to be in the hands of the Manager of Core Services	The appointment of the auditors will be undertaken by the Executive Director.																

	Recommendation	Justification	Status
3	IT independent from Core Services	IT Dep. Should be independent as a provider of technology to the Agency as a whole	Relocation of IT function will be undertaken under the new outline of functions for the implementation of the business plan
3	Include all schedules used in the Staff Handbook as Annexes	More complete information in the Handbook	The Appendices have been added to the Staff Handbook (see Appendix 1 of this document for this list)
0	Include description of the recruitment of the Senior Staff and involvement of the DRAO in the recruitment procedures of the Staff Handbook	More complete information in the Handbook	A description has been included in the Staff Handbook re senior staff and the involvement of the DRAO (see section 5.2 Recruitment Procedure in the Staff Handbook).
1	Declaration of impartiality signed by the members of the Selection Committee	Recruitment process more rigorous	The declaration procedure has been included in Section 5.2 No.x in the Staff Handbook. As well as at Appendix XIV.
2	Define the substitution policy in the position description in case of absences or leaves of the staff members	Avoid conflicts of competences among the staff in case of absences	Management will consider the inclusion of the substitution policy in the job descriptions for Management Level personnel. Final recommendation will go to the Board of Directors
3	Salary increases should follow increases in the cost of living on year basis	Avoid loss of purchase capacity of the staff. Higher motivation	The Board of Directors agreed to revise salary structure
4	Additional training in some issues (languages)	Increase staff's qualifications	The Agency will continue to note areas where training is required to assist staff in carrying out their duties efficiently and effectively & budget for this activity accordingly.
5	Include a secondment policy in the Staff Handbook	More detailed Handbook. This situation never arrived in the Agency	A secondment policy has been included in the Staff Handbook. (See Section 5.3 – Secondment Policy).
5	Incorporate as Annexes to the Operations Manual all schedules used in the procedures	Operations Manual more detailed	The Appendices have been added to the Operations Manual (See Appendix II of this document for the list)

RECOMMENDATION	Justification	Status
Develop in the Operations Manual the procurement procedures for big contracts subject to EDF procedures	Open procedures for bigger contracts clearly specified. For the time being this situation never arrived	The Tender Procedure for large contracts will be included as Appendix XXVIII to the Operations Manual . The procedure will be based on EDF procedures.
Define in the Agreement which is the accounting principle to be used (cash or accrual)	Agreement more clear in such an important issue	The Board will be asked to consider the matter of the cash/accrual basis in its next Board meeting, the matter then would have to go to the CARIFORUM Council of Ministers as it relates to the Agreement establishing Caribbean Export
The combined Statement of Income has to be audited	In the Agreement it is said that the financial statements of the Agency are the combined Statement of Income and Expenditure subject to audit	The Management has agreed that the combined Statement of Income will be prepared and audited.
The combined Statement should include all financial statements of the Agency (HQ and SRODR) disclosed in separate columns and include project accounts	More transparent and complete information of all the activities of the Agency as a whole.	The combined Statement will be produced, but the format to be used is being considered and will be approved by the Board in its next meeting
Move to accrual basis in the long term (2 years)	Information of the Agency in accordance with IFRS as the majority of the organisations in the world are moving to this system	Board of Directors approved that the Agency will move to accrual basis for its annual statements by 2008
Include a payable column in the monthly reporting	More clear and transparent information in the monthly reports of the available funds	A payable line has been included in the monthly reporting for all accounts (see report Appendices X to XVII in the Operations Manual). The sub-ledger information generated by ACCPAC in the form of an Accounts Payable aged listing will contain the detailed information (This comment would be void in an accrual accounting scenario).

Recommendation	Justification	Status
Include the breakdown of the pending items in the reconciliation statements	Reconciliation statement more detailed	A breakdown of the pending items in the bank reconciliations has been included as part of the bank reconciliation format (see Appendix XXVII in the Operations Manual).
Leave a track of the reconciliation between the Trial Balance and the Monthly reports	Monthly report more clear and comprehensive	The preparation of a reconciliation sheet between the Trial Balance and the Monthly Reports commenced with the month of October 2006.
Rates of exchange RD \$ - BBD Included in the SRODR reports	Monthly report more clear and comprehensive	As noted in previous discussion, the rate of exchange for the RD to the BBD is already included in the monthly reports the HO receives from the SRO.
Copies of the cheques issued should be included in the files (HQ)	Signature of cheques verifiable by auditors	Cheques are not returned to the Organisation by the bank, therefore cheque copies would not provide proof that the cheques passed through the banking system as evidenced by a bank stamp. The bank has mandates with the signatures of the signatories, and has its own verification procedures regarding the matter. The office would not therefore have copies of the cheques in the files.
File separately the monthly reports and the bank statements (SRODR)	Files more accessible	The SRO will file separately the monthly reports and bank statements from 2007.
Keep a hard copy of the ledgers and the journal on annual basis	Hard copy always available for consultations, audits and recovering of accounting files in case of disruption in the computer system	A hard copy of the general ledger, financial reports and audit schedules will be kept on an annual basis. A hard copy of the financial reports and batch listings will be kept on a monthly basis.
Consider the internal audit function in the long term (40 employees)	If the level of projects and staff increases, this function should be created	The Management has noted the comment re the internal audit function being implemented and should the organisation reach 40 persons the appropriate recommendation will be taken to the Board of Directors
Rotation of the partner of PWC and the auditors (10 years)	More objectiveness and independence of the external audit	The Management has noted the comment for action

Recommendation	Justification	Status
Identify risky areas as a previous step for a risk assessment as a section of the Operations Manual in the long term	Identify and control potential risks.	A risk assessment committee will be formed composed of the Executive Director, Deputy Executive Director and Manager Operations. The Board of Director has already approved this committee. The Committee will meet at least once annually to review the risk situation as it relates to the Agency. The aforementioned will be included in the Operations Manual.
Description of the Budget formulation and follow-up processes included in the Operations Manual	OM more clear and complete	A description of the Budget formulation is now included in the general section on Budgeting which is Section 2.6 in the Operations Manual.
Define policy for deviations in the OM	OM more clear and complete	A budget variances policy has been included in the Operations Manual – see section 2.6.3 ‘Budget Variances’.
Produce cash flow statements	A useful tool for forecasting cash shortages and cash needs	The Management has noted the comment and will prepare statements from 2007 as required.
Raise the limit of payments by cash from 50 to 100 BBD	Cash Management system less bureaucratic	The Management prefers to leave the Petty Cash limit at BBD50 for greater control of cash expenditure.
More visits of the MO to the SRO-DR	More personnel monitoring	The MO and ED have agreed that more visits to the SRO will be made by the MO as was the case in the past. The number of visits will depend on the status and volume of work.
Do not include Suriname in the Budget for 2007	Budget more adapted to reality	The Management agrees that Suriname will not be included in April 2007 budget, unless a written commitment is made. Please note Suriname has made a payment in 2007 towards retirement of arrears.
Audit the financial statements asap (6 months after closing date)	Audit reports available as an independent guarantee of the financial information of the Agency	The cash flow situation of the Agency has prevented the timely auditing of the records. For instance, at the HO the audit schedules for 2005 were completed in the first quarter of 2006 but funds were not available to commence the audit process. The Agency will attempt to address the matter as quickly as possible.
Audit of the 2005 Financial Statements	Same comments	Please refer to 38

Recommendation	Justification	Status
Audits of SRODR financial statements not available	Same comments	Please refer to 38
Management letters not available for 2000, 2001 and 2002	Minor issues were included and, apparently have been addressed	Management letters have been sent to the Consultant.
Include a logical framework of activities in the Work Programme	Work Programme more detailed	The log frame methodology is used with the exception of the log frame diagram, and the key log frame elements are included in the Work Programme report
Include a follow up matrix in the 2007 Work Programme	Work Programme more committed	Consideration will be given to the inclusion of a follow up matrix in the 2007 Work Programme
More Disclosure of the counterpart contributions in the WP	Work Programme more detailed	The management will seek to enhance the disclosure regarding counterpart contributions in the Work Programme
List of Acronyms in the WP	Work Programme more detailed	A list of Acronyms will be included in the future Work Programmes
More disclosure in the Budget (HQ and SRODR separately and combined)	Budget more clear and transparent	Separate HO and SRO budgets are prepared but only the combined budget is displayed in the Work Programme. In the future consideration will be given to displaying the individual reports along with the combined report.

Annex III

Activities outlined on the Financing Agreement of 9th EDF CTPSDP Phase 1 for the Consolidation phase and actual Phase 2 activities

Phase I Financing Agreement Activities	Phase 2 Activities
<ul style="list-style-type: none"> • <i>Matching grants schemes</i> • <i>Identification and promotion of new sectors</i> • <i>Human resources development</i> 	<ul style="list-style-type: none"> • <i>Market expansion and export diversification</i>
<ul style="list-style-type: none"> • <i>Elaboration of common goals for trade and private sector development</i> • <i>Collaboration with BSOs</i> 	<ul style="list-style-type: none"> • <i>Support to the Caribbean Business and Investment Support Network and institutional strengthening of Business and Investment Support Organisations.</i>
	<ul style="list-style-type: none"> • <i>Programmes to foster greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.</i>
	<ul style="list-style-type: none"> • <i>Improve regulatory environment</i>

ANNEX IV- ESTIMATED BUDGET PHASE 2nd PHASE CTPSDP			
	CEDA	EDU	Total
a. Market Expansion and Export Diversification Support	3.164.132	642.000	3.806.132
a.1 Market Intelligence and Other Information Services	125.000	94.223	219.223
-- Website/Portal Development	45.000	10.000	55.000
-- Publications	30.000	20.000	50.000
Service	30.000	39.778	69.778
-- Training and Consultancy	20.000	24.445	44.445
a.2 Support for Trade Policy Advocacy and Bilateral Trade	300.000	10.000	310.000
-- Meetings	200.000	10.000	210.000
-- Training and Consultancy	100.000	-	100.000
a.3 Support for business linkages and innovation	175.221	-	175.221
-- Meetings	30.000	-	30.000
-- Development of Business Linkages Services	35.000	-	35.000
-- Regional Innovation System Support	35.000	-	35.000
-- Development of an Innovation Support Programme	40.221	-	40.221
-- Promotion	20.000	-	20.000
-- Coordination, Monitoring and Evaluation	15.000	-	15.000
a.4 Support to new/emerging sectors with growth and export potential	171.112	98.888	270.000
-- Support for Collection & Dissemination of Strategic Information	35.556	10.000	45.556
-- Marketing	25.000	44.444	69.444
-- Advisory Services	40.000	44.444	84.444
-- Investment Missions and Meetings	70.556	-	70.556
a.5 Design and implement direct assistance scheme for individual exporters and groups of firms working in clusters or other collaborative arrangements.	2.392.799	438.889	2.831.688
-- Design of Assistance Programme	28.556	-	28.556
-- Promotion	20.000	10.000	30.000
-- Delivery of Assistance	1.979.243	378.889	2.358.132
-- Clusters/Association/Group assistance	25.000	-	25.000
-- Coordination, Monitoring and Evaluation	340.000	50.000	390.000
b. Institutional strengthening of Business Support Organisations (BSO)	1.118.868	187.500	1.306.368
b.1 CARIBISNET Support	275.000	-	275.000
-- Meetings	100.000	-	100.000
-- Network Coordination	25.000	-	25.000
-- Website and ICT Assistance for Network	85.000	-	85.000

-- Promotion	65.000	-	65.000
b.2 Enhancing Strategic Capabilities	279.778	42.222	322.000
-- Online Training and Videoconference	53.333	6.666	59.999
-- Promotion	20.000	2.222	22.222
-- Training and Consultancy	206.445	33.334	239.779
b.3 Direct support to BSOs	564.090	145.278	709.368
-- Meetings	111.111	30.000	141.111
-- Delivery of Assistance	178.979	81.389	260.368
-- Support Strategies & Activities	75.000	20.000	95.000
-- Coordination, Monitoring and Evaluation	199.000	13.889	212.889
c. Support for greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.	500.000	-	500.000
-- Meetings	120.000	-	120.000
-- Market Intelligence Support	140.000	-	140.000
-- Trade Missions and Visits	140.000	-	140.000
-- Coordination, Monitoring and Evaluation	100.000	-	100.000
d. Support to the Caribbean Business Sector for the Improvement of the Regulatory Environment	300.000	-	300.000
-- Meetings	100.000	-	100.000
-- Support for Collection & Dissemination Of Strategic Information	200.000	-	200.000
e. Support to EPAs	900.000		900.000
f. Administration	552.714	114.786	667.500
Sub-total	6.535.714	944.286	7.480.000
e. Audit	30.000	10.000	40.000
f. Monitoring and Evaluation	70.000	20.000	90.000
g. Contingency	247.286	42.714	290.000
Total	6.883.000	1.017.000	7.900.000

Annex VI: Logical Framework Phase 2 CTPSDP

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives:	To contribute to the gradual integration of CARIFORUM countries into the world economy and in turn to enhance regional economic growth and thus help to alleviate poverty.	<ul style="list-style-type: none"> CARIFORUM economic growth rate % CARIFORUM trade/world trade 	<ul style="list-style-type: none"> National, regional and international statistics 	
Project Purpose:	To increase the International competitiveness of the private sector in CARIFORUM Member states and to develop regional strategies and deliver support to reposition the potentially most competitive sectors.	<ul style="list-style-type: none"> Total exports of the region grow and diversify Increased export sales of new sectors 	<ul style="list-style-type: none"> National, regional and international statistics Company sales reports 	<ul style="list-style-type: none"> Sound political, social macro-economic framework. Absence of major natural disasters or external economic shocks
Results	a) Increase competitiveness of firms through market expansion and export diversification support	<ul style="list-style-type: none"> 30 training programmes delivered to firms. 150 companies assisted Innovation activities in place 4 new sector developed for export Enabling environment needs for these sectors identified and addressed Support for targeting new sector enhanced through increase availability of information and in market activities At least 10 intra regional market activities (CSME and CSME-non CSME Carioffum countries) 5 new markets explored for Caribbean products 	<ul style="list-style-type: none"> Caribbean Export Reports. Evaluation Reports Companies data Market reports produced New sector export data collected through BSO, companies data 	<ul style="list-style-type: none"> Continued Member States support and funding. Companies willingness to participate in the programmes Government support for innovation initiatives CSME harmonization process deepen during the duration of the programme Trade agreement arrangements are improved and/or completed New sector strategy in place in most member states Investment facilitated by Governments

	<p>b) A vibrant Caribbean Business and Investment Support Network with strengthened Business and Investment Support Organisations.</p>	<ul style="list-style-type: none"> • Business Support network portal established. • 40 Caribbean BSOs join CARIBISNET • 3 projects coordinated through the network • Number of services offered by BSOs grow 	<ul style="list-style-type: none"> • Caribbean Export Reports • CARIBISNET portal • BSOs surveys 	<ul style="list-style-type: none"> • Continued Member States support and funding. • Proactive participation of BSOs • Support by governments and members of BSOs • Institutional and political stability in member states
	<p>c) Greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.</p>	<ul style="list-style-type: none"> • 6 meetings arranged to within the framework of CARIFORUM/DOMs/OCTs Task Force on Trade and Investment to facilitate closer cooperation and dialogue between these groups. • 2 research studies undertaken areas of common interest such as trade, transport, and investment. • Number of new products/services being exported to DOMs/OCTs market 	<ul style="list-style-type: none"> • Caribbean Export Reports. • Reports of research studies • Data on companies 	<ul style="list-style-type: none"> • Interest of DOMs and OCTs in trade with CARIFORUM • EPA completed • Funds from EDF resources for DOMs and OCTs can also be used to match region wide initiatives
	<p>d) facilitate the contribution of the Caribbean business sector to improvement of the regulatory environment for private sector development in the region through the publication of an annual report on the state of the Caribbean regulatory environment for private sector as well as on FDI,</p>	<ul style="list-style-type: none"> • 2 annual report indicating status of Caribbean regulatory environment • 2 stakeholders meeting 	<ul style="list-style-type: none"> • Published reports • Report of meetings • Records of dissemination of reports info through various media • Caribbean Export's reports 	<ul style="list-style-type: none"> • Commitment of government sin improvement of regulatory environment • Desire of stakeholders for active participation

Activities	Costs	Assumptions
a) Competitiveness Programme a.1.1 market intelligence and other information services a.1.2 support to advocacy and bilateral trade	o 3,164,132	
a.2.1 Support for business linkages and innovation a.2.2 Support to new sectors a.3 Direct assistance to firms		
b) Institutional strengthening of Business Support Organisations (BSO) b.1 Network facilities for BSOs b.2 Support for strategic capabilities b.2 Direct support to BSOs	o 1,118,868	
c. Support for greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.	o 500,000	
d. Improvement of Caribbean regulatory environment	o 300,000	
e. Support to EPA	o 900,000	
f. Programme Administration	o 667,500	

ADDENDUM No. 1

To Financing Agreement No. 9816/REG

CARIFORUM – Caribbean Trade and Private Sector Development Programme (CTPSD) – Phase II – CRIS Decision No. 2007/020-834 (9 ACP RCA 16 & 17)

Extension of periods of implementation and execution; budget reallocation; use of contingencies

The European Union, hereinafter referred to as "the Union", represented by the European Commission in its capacity as manager of the European Development Fund, hereinafter referred to as "**the Commission**",

of the one part, and

The Caribbean Forum of ACP States, represented by the Secretary General of CARIFORUM, Regional Authorising Officer, hereinafter referred to as "**the Beneficiary**",

of the other part,

HAVE AGREED AS FOLLOWS:

I) The above-mentioned Financing Agreement signed on 17 December 2007 is modified as follows:

A. Special Conditions

ARTICLE 1 - NATURE AND PURPOSE OF THE OPERATION

1) The accounting number of point 1.1. is hereby replaced to read as follows:

"Accounting No.: 2007/020-834 (9 ACP RCA 16 - 9 ACP RCA 17)"

ARTICLE 4 - PERIOD OF EXECUTION

2) This article is replaced to read as follows:

"The period of execution of the Financing agreement shall commence on the entry into force of the Financing agreement and end at 31 December 2012. This period of execution shall comprise two phases: an operational implementation phase, which shall commence on the entry into force of the financing agreement and end at 31 December 2010. As from this date shall commence the closure phase, which shall end at the end of the period of execution."

B. Annex II: Technical and Administrative Provisions for Implementation (TAPs)

4.1. *The 1st sentence of the 5th paragraph is replaced as follows:*

"Caribbean Export Development Agency (CEDA) will contribute financially to the programme covering the costs of 14 core staff (equivalent to 504 person/months over a period of 3 years), who will support the programme staff as well as implement activities in the areas related to the core services such as market access, information dissemination, marketing assistance and training"

4.2 Budget and Calendar

3) *The table after the first line is hereby replaced by the following table:*

Activity	EDF (Euros)		Total EDF (Euros)	CARIFORU M MS (through CEDA and EDU) (Euros)	Private Sector (Euros)	Total (Euros)
	CEDA	Export Development Unit (EDU)				
a) Market expansion and export diversification	3,546,713	642,000	4,188,713	198,333	1,188,679	5,575,725
b) Support to the Caribbean Business and Investment Support Network and institutional strengthening of Business Support Organizations	1,235,505	187,500	1,423,005	595,000	66,038	2,084,043
c) Programmes to foster greater cooperation between the CARIFORUM business sector and that of the Domains d'Outre Mer (DOMs) and Other Countries and Territories (OCTs)	504,708	-	504,708	330,556	99,057	934,321
d) Improve regulatory environment	290,934	-	290,934	-	-	290,934
e) Contribution to (Economic Partnership Agreement) EPA	652,426	-	652,426	-	-	652,426

f) Administration	552,714	114,786	667,500	1 501,406	-	2,168,906
Sub-Total	6,783,000	944,286	7,727,286	2,625,295	1,353,774	11,706,355
g) Audit	30,000	10,000	40,000	-	-	40,000
h) Monitoring and Evaluations	70,000	20,000	90,000	-	-	90,000
i) Contingency	-	42,714	42,714	-	-	42,714
Total (€)	6,883,000	1,017 000	7 900,000	2,625,295	1,353,774	11,879,069

In keeping with Article 9.2 of the General Conditions of the Contribution Agreement the use of the contingency related to Caribbean Export Development Agency was approved via exchange of letters between the Delegation and CEDA. The resources were used to increase the allocation of the Market Expansion and Export Diversification budget line."

4) *The 4th paragraph is hereby modified to read as follows:*

"The period of execution of the Financing agreement shall end at 31 December 2012. The operational implementation phase shall end at 31 December 2010. Any balance of funds remaining available under the EU grant shall be automatically cancelled 6 months after the end of the period of execution of the Financing Agreement."

Annexes to the TAPs

5) *Annexe "IV – Estimated budget" is replaced as shown on enclosure 1 to the present addendum.*

6) *Annexe "V – Tentative Calendar of Implementation of activities" is replaced as shown on enclosure 2 to the present addendum.*

7) *Annexe "VI – Logical framework" is replaced as shown on enclosure 3 to the present addendum.*

II) A table showing the modification to each item of the budget is attached (Enclosure 4 to the present addendum).

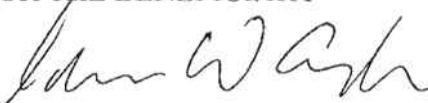
III) The addendum shall enter into force on the date on which it is signed by the last party.

Done in two original copies, one copy being handed to the Commission and one to the Beneficiary.

Done at Brussels
FOR THE COMMISSION


Gary QUINCE
Authorising Officer of the EDF
by sub-delegation

Done at
FOR THE BENEFICIARY



29 DEC 2009

C. EICH
CHEF D'UNITÉ

23 DEC. 2009

**Enclosure 1 to ADDENDUM No. 1 to Financing Agreement No. 9816/REG
ANNEX IV - ESTIMATED BUDGET PHASE 2 CTPSD**

	CEDA (€)	EDU (€)	Total (€)
a. Market Expansion and Export Diversification Support	3,546,713	642,000	4,188,713
<i>a.1 Market Intelligence and Other Information Services</i>	136,334	94,223	230,557
-- Website/Portal Development	76,288	10,000	86,288
-- Publications	27,040	20,000	47,040
-- Development of a Market Intelligence Service	12,223	39,778	52,001
-- Training and Consultancy	20,783	24,445	45,228
<i>a.2 Support for Trade Policy Advocacy and Bilateral Trade</i>	226,762	10,000	236,762
-- Meetings	127,020	10,000	137,020
-- Training and Consultancy	99,742	-	99,742
<i>a.3 Support for business linkages and innovation</i>	231,868	-	231,868
-- Meetings	39,207	-	39,207
-- Development of Business Linkages Services	48,234	-	48,234
-- Regional Innovation System Support	122,871	-	122,871
-- Development of an Innovation Support Programme	-	-	-
-- Promotion	19,852	-	19,852
-- Coordination, Monitoring and Evaluation	1,704	-	1,704
<i>a.4 Support to new/emerging sectors with growth and export potential</i>	225,302	98,888	324,190
-- Support for Collection & Dissemination Of Strategic Information	62,537	10,000	72,537
-- Marketing	7,790	44,444	52,234
-- Advisory Services	49,171	44,444	93,615
-- Investment Missions and Meetings	105,804	-	105,804
<i>a.5 Design and implement direct assistance scheme for individual exporters and groups of firms working in clusters or other collaborative arrangements.</i>	2,726,447	438,889	3,165,336
-- Design of Assistance Programme	-	-	-
-- Promotion	19,517	10,000	29,517
-- Delivery of Assistance	2,280,085	378,889	2,658,974
-- Clusters/Association/Group assistance	-	-	-
-- Coordination, Monitoring and Evaluation	426,845	50,000	476,845

b. Institutional strengthening of Business Support Organisations (BSO)	1,235,505	187,500	1,423,005
<i>b.1 CARIBISNET Support</i>	242,355	-	242,355
-- Meetings	116,268	-	116,268
-- Network Coordination	-	-	-
-- Website and ICT Assistance for Network	91,114	-	91,114
-- Promotion	34,973	-	34,973
<i>b.2 Enhancing Strategic Capabilities</i>	261,214	42,222	303,436
-- Online Training and Videoconference	6,216	6,666	12,882
-- Promotion	58,063	2,222	60,285
-- Training and Consultancy	196,935	33,334	230,269
<i>b.3 Direct support to BSOs</i>	731,936	145,278	877,214
-- Meetings	141,073	30,000	171,073
-- Delivery of Assistance	86,384	81,389	167,773
-- Support Strategies & Activities	270,313	20,000	290,313
-- Coordination, Monitoring and Evaluation	234,166	13,889	248,055
c. Support for greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.	504,708	-	504,708
-- Meetings	94,532	-	94,532
-- Market Intelligence Support	60,329	-	60,329
-- Trade Missions and Visits	200,580	-	200,580
-- Coordination, Monitoring and Evaluation	149,267	-	149,267
d. Support to the Caribbean Business Sector for the Improvement of the Regulatory Environment	290,934	-	290,934
-- Meetings	71,482	-	71,482
-- Support for Collection & Dissemination Of Strategic Information	219,452	-	219,452
<i>e. Support to EPAs</i>	652,426	-	652,426
<i>f. Administration</i>	552,714	114,786	667,500
<i>Sub-total</i>	6,783,000	944,286	7,727,286
g. Audit	30,000	10,000	40,000
h. Monitoring and Evaluation	70,000	20,000	90,000
i. Contingency	-	42,714	42,714
Total	6,883,000	1,017,000	7,900,000

Enclosure 2 to ADDENDUM No. 1 to Financing Agreement No. 9816/REG
ANNEX V – CALENDAR OF IMPLEMENTATION

	Months																																				
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33				
a) Market Expansion and Export Diversification Support																																					
a.1 Market Intelligence and other information services																																					
Website / Portal Development																																					
Publications																																					
Development of Market Intelligence																																					
Training and Consultancy																																					
a.2 Support for Trade Policy Advocacy and Bilateral Trade																																					
Meetings																																					
Training and Consultancy																																					
a.3 Support for business linkages and innovation																																					
Meetings																																					
Development of Business Linkages																																					
Services																																					
Regional Innovation System Support																																					
Development of an Innovation Support Programme																																					
Promotion																																					
Coordination, Monitoring and Evaluation																																					
a.4 Support to new/emerging sectors with growth and export potential																																					
Support for Collection & Dissemination of Strategic Information																																					
Marketing																																					
Advisory Services																																					
Investment Missions and Meetings																																					
a.5 Design and Implement direct assistance scheme for individual exporters and groups																																					
Design of Assistance Programme																																					
Promotion																																					
Delivery of Assistance																																					
Clusters/Associations/Group assistance																																					
Coordination, Monitoring and Evaluation																																					
b) Institutional strengthening of Business Support Organizations (BSO)																																					
b.1 CARIBISNET Support																																					
Meetings																																					
Network Coordination																																					
Website and ICT Assistance Network																																					
Promotion																																					
b.2 Enhancing Strategic Capabilities																																					
Online Training and Videoconference																																					
Promotion																																					
Training and Consultancy																																					
b.3 Direct Support to BSOs																																					
Meetings																																					
Delivery of Assistance																																					
Support Strategies & Activities																																					
Coordination, Monitoring and Evaluation																																					
c) Support for greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.																																					
Meetings																																					
Market Intelligence Support																																					
Trade Missions and Visits																																					
Coordination, Monitoring and Evaluation																																					
d) Support to the Caribbean Business Sector for the Improvement of the Regulatory Environment																																					
Meetings																																					
Support for Collection & Dissemination of Strategic Information																																					
e) Support to EPAs																																					
f) Administration																																					
g) Audit																																					
h) Monitoring and Evaluation																																					

**Enclosure 3 to ADDENDUM No. 1 to Financing Agreement No. 9816/REG
ANNEX VI: LOGICAL FRAMEWORK PHASE 2 CTPSD¹**

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives:	To contribute to the gradual integration of CARIFORUM countries into the world economy and in turn to enhance regional economic growth and thus help to alleviate poverty.	<ul style="list-style-type: none"> CARIFORUM economic growth rate % CARIFORUM trade/world trade 	<ul style="list-style-type: none"> National, regional and international statistics 	<ul style="list-style-type: none"> Sound political, social macro-economic framework Absence of major natural disasters or external economic shocks
Project Purpose:	To increase the International competitiveness of the private sector in CARIFORUM Member states and to develop regional strategies and deliver support to reposition the potentially most competitive sectors.	<ul style="list-style-type: none"> Total exports of the region grow and diversify Increased export sales of new sectors 	<ul style="list-style-type: none"> National, regional and international statistics Company sales reports 	<ul style="list-style-type: none"> Continued Member States support and funding Companies' willingness to participate in the programmes Government support for innovation initiatives CSME harmonization process deepen during the duration of the programme Trade agreement arrangements are improved and/or completed New sector strategy in place in most member states Investment facilitated by Governments
Results	<p>a) Increase competitiveness of firms through market expansion and export diversification support</p>	<ul style="list-style-type: none"> 30 training programmes delivered to firms. 150 companies assisted Innovation activities in place 4 new sector developed for export Enabling environment needs for these sectors identified and addressed Support for targeting new sector enhanced through increase availability of information and in market activities At least 10 intra regional market activities (Caribbean Single Market & Economy (CSME) and CSME-non CSME Cariforum countries) 5 new markets explored for Caribbean products 	<ul style="list-style-type: none"> Caribbean Export Reports Evaluation Reports Companies data Market reports produced New sector export data collected through BSO, companies data 	<ul style="list-style-type: none"> Continued Member States support and funding Proactive participation of BSOs
	b) A vibrant Caribbean Business and Investment Support Network with strengthened Business and Investment Support Organisations.	<ul style="list-style-type: none"> Business Support network portal established. 40 Caribbean BSOs join CARIBISNET 3 projects coordinated through the network Number of services offered by BSOs grow 	<ul style="list-style-type: none"> Caribbean Export Reports CARIBISNET portal BSOs surveys 	<ul style="list-style-type: none"> Continued Member States support and funding Proactive participation of BSOs

				<ul style="list-style-type: none"> Support by governments and members of BSOS Institutional and political stability in member states
	<p>c) Greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.</p>	<ul style="list-style-type: none"> 6 meetings arranged to within the framework of CARIFORUM/DOMs/OCTs Task Force on Trade and Investment to facilitate closer cooperation and dialogue between these groups. 2 research studies undertaken areas of common interest such as trade, transport, and investment. Number of new products/services being exported to DOMs/OCTs market 	<ul style="list-style-type: none"> Caribbean Export Reports. Reports of research studies Data on companies 	<ul style="list-style-type: none"> Interest of DOMs and OCTs in trade with CARIFORUM Economic Partnership Agreement (EPA) completed Funds from EDF resources for DOMs and OCTs can also be used to match region wide initiatives
	<p>d) facilitate the contribution of the Caribbean business sector to improvement of the regulatory environment for private sector development in the region through the publication of an annual report on the state of the Caribbean regulatory environment for private sector as well as on FDI,</p>	<ul style="list-style-type: none"> 2 annual report indicating status of Caribbean regulatory environment 2 stakeholders meeting 	<ul style="list-style-type: none"> Published reports Report of meetings Records of dissemination of reports info through various media Caribbean Export's reports 	<ul style="list-style-type: none"> Commitment of governments in improvement of regulatory environment Desire of stakeholders for active participation
	Activities	Costs (€)		Assumptions
	<p>a) Market expansion and export diversification</p> <p>a.1.1 market intelligence and other information services</p> <p>a.1.2 support for advocacy and bilateral trade</p>	3,546,713		
	<p>a.2.1 Support for business linkages and innovation</p> <p>a.2.2 Support for new sectors</p> <p>a.3 Direct assistance to firms</p>			
	<p>b) Support for the Caribbean Business and Investment Support Network and Institutional strengthening of Business Support Organisations (BSO)</p> <p>b.1 Network facilities for BSOS</p>	1,235,505		

	b.2 Support for strategic capabilities			
	b.2 Direct support for BSOs			
	c. Programmes to foster greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs.		504,708	
	d. Improvement of Caribbean regulatory environment		290,934	
	e. Support for EPA		652,426	
	f. Programme Administration		552,714	

Enclosure 4 to ADDENDUM No. 1 to Financing Agreement No. 9816/REG

MODIFICATION TO EACH ITEM OF THE BUDGET
(All amounts in Euros)

Activity	Before Addendum No. 1		Addendum No. 1		After Addendum No. 1		After Addendum No. 1	CARIFORUM MS (through CEDA and EDU) (€)	Private Sector (€)	After Addendum No. 1
	EDF (€)	EDU	EDF (€)	EDU	EDF (€)	EDU				
a) Market expansion and export diversification	3,164,132	642,000	382,581	-	3,546,713	642,000	4,188,713	198,333	1,188,679	5,575,725
b) Support to the Caribbean Business and Investment Support Network and institutional strengthening of Business Support Organizations	1,118,868	187,500	116,637	-	1,235,505	187,500	1,423,005	595,000	66,038	2,084,043
c) Programmes to foster greater cooperation between the CARIFORUM business sector and that of the DOMs and OCTs	500,000	-	4,708	-	504,708	-	504,708	330,556	99,057	934,321
d) Improve regulatory environment	300,000	-	9,066	-	290,934	-	290,934	-	-	290,934
e) Contribution to EPA	900,000	-	247,574	-	652,426	-	652,426	-	-	652,426
f) Administration	552,714	114,786	-	-	552,714	114,786	667,500	1,501,406	-	2,168,906
Sub-Total	6,535,714	944,286	247,286	-	6,783,000	944,286	7,727,286	2,625,295	1,353,774	11,706,355
g) Audit	30,000	10,000	-	-	30,000	10,000	40,000	-	-	40,000
h) Monitoring and Evaluations	70,000	20,000	-	-	70,000	20,000	90,000	-	-	90,000
i) Contingency	247,286	42,714	247,286	-	-	42,714	42,714	-	-	42,714
Total	6,883,000	1,017,000	-	-	6,883,000	1,017,000	7,900,000	2,625,295	1,353,774	11,879,069