



Canadian International  
Development Agency

Agence canadienne de  
développement international

# **Caribbean Regional Program Evaluation**

## **Synthesis Report**

### **Performance Review Branch**

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We received generous support and assistance from more than two hundred interviewees in Canada and in the Caribbean. They have my sincere thanks.

Rémy Beaulieu  
Performance Review Branch  
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## **Background Studies**

This Synthesis Report summarizes four technical studies that were undertaken in the context of this evaluation. For more detailed analysis and data, please refer to:

- i) Christopher Khng, Profile of the Caribbean Regional Program, PRB, June 2003
- ii) Simon Latraverse and Isabelle Johnson, Document Review, Econotec, November 2003
- iii) Allan Barry and Trevor Hamilton, Caribbean Regional Program: Institutional Assessment, IDMAG, January 2003
- iv) Ken Watson, Strategy Evaluation, Rideau Strategy Consultants, December 2003

## **Front Page**

The sculpture depicted on the front page of this report is located at the entrance to Emancipation Park in Kingston, Jamaica. It shows a man and a woman looking upward at the sky at sunrise, symbolizing the dawn of a new era. On the base of the sculpture is carved a phrase attributed to the national hero Marcus Garvey, and made famous by reggae singer Bob Marley, "None but ourselves can free our mind". May this symbolize the ideas and principles of local ownership and partnership that have guided Canadian cooperation in the Caribbean.

The photograph was taken by Gitkson Gordon of the CIDA Program Support Unit.

## Table of Contents

<b>List of Acronyms</b> .....	<b>i</b>
<b>Foreword</b> .....	<b>ii</b>
<b>Management Response</b> .....	<b>iii</b>
<b>Executive Summary</b> .....	<b>v</b>
<b>1. BACKGROUND</b> .....	<b>1</b>
1.1 Scope of the Evaluation .....	1
1.2 Program Strategy .....	1
1.3 CIDA's OECS Strategy .....	2
<b>2. THE CARIBBEAN REGION</b> .....	<b>2</b>
2.1 Overview .....	2
2.2 Economic Situation .....	3
2.3 Human Development and Poverty .....	3
2.4 Canada's Interests in the Caribbean .....	4
2.5 Donor Activity .....	4
<b>3. CIDA'S CARIBBEAN REGIONAL PROGRAM</b> .....	<b>6</b>
3.1 Program Profile .....	6
3.2 Evaluation of Achievements, by Themes .....	8
3.3 Summary of Findings and Recommendations by Themes .....	13
<b>4. CIDA'S SUPPORT TO REGIONAL INSTITUTIONS</b> .....	<b>14</b>
4.1 CARICOM.....	14
4.2 Caribbean Regional Negotiating Machinery .....	15
4.3 Organization of Eastern Caribbean States .....	15
4.4 Caribbean Development Bank .....	16
4.5 Eastern Caribbean Economic Management Program .....	16
4.6 Caribbean Regional Technical Assistance Centre .....	17
4.7 University of the West Indies .....	17
4.8 Summary of Key Findings.....	17
<b>5. EVALUATION BY KEY QUESTIONS</b> .....	<b>18</b>
5.1 Relevance .....	18
5.2 Coherence.....	20
5.3 Efficiency .....	21
5.4 Effectiveness and results.....	21
5.5 Sustainability .....	21
5.6 Summary of Findings and Recommendations .....	22
<b>6. LESSONS FROM OTHER REGIONAL PROGRAMS</b> .....	<b>24</b>
6.1 What is a "Regional" Program?.....	24
6.2 Rationale for a Regional Approach.....	24
6.3 CIDA's Regional Programs .....	24
6.4 Lessons and Recommendations .....	25
<b>ANNEX I: Selected Bibliography</b> .....	<b>27</b>
<b>ANNEX II – Commonwealth Division Disbursements</b> .....	<b>28</b>
<b>ANNEX III – CIDA Disbursements by Branch in the Caribbean Commonwealth</b> .	<b>28</b>

## List of Acronyms

ACC	Adapting to climate change
CAREC	Caribbean Epidemiology Centre
CARICOM	Caribbean Community
CARTAC	The Caribbean Regional Technical Assistance Centre
CCS	Caribbean Community Secretariat
CD	Capacity Development
CDB	Caribbean Development Bank
CDERA	Caribbean Disaster Emergency Response Agency
CDF	Caribbean Development Forum previously CGCED
CDM	Comprehensive Disaster Management
CDMF	Caribbean Disaster Management Fund
CGCED	Caribbean Group for Cooperation in Economic Development
CSME	CARICOM Single Market and Economy
CEA	Canadian Executing Agency
CHAMP	Caribbean Hazard Mitigation Capacity Building Programme
CIDA	Canadian International Development Agency
CPEC	Caribbean HRD Program for Economic Competitiveness
CRISP	Caribbean Regional Institutional Strengthening Project
CRP	Caribbean Regional Program
CTAP	Caribbean Training Awards Project
DFID	Department for International Development
ECCB	Eastern Caribbean Central Bank
ECDPM	European Centre for Development Policy Management
ECEMP	Eastern Caribbean Economic Management Program
ECERP	Eastern Caribbean Education Reform Project
EDF	European Development Fund
ENCAPD	Environmental Capacity Development Project
ESDU	Environment and Sustainable Development Unit
EU	European Union
FTAA	Free Trade Area of the Americas
HRD	Human Resource Development
ID	Institutional Development
IDB	Inter-American Development Bank
IS	Institutional Strengthening
MTR	Mid-Term Review
MS	Member States
NRMU	Natural Resources Management Unit
OAS	Organization of American States
OD	Organizational Development
OECS	Organization of Eastern Caribbean States
OERU	OECS Education Reform Unit
PAHO	Pan-American Health Organization
RDPF	Regional Development Programming Framework
RNM	Regional Negotiating Machinery
SD	Sustainable Development
SDF	Special Development Fund
TA	Technical Assistance
UNDP	United Nations Development Program
UK	United Kingdom
USAID	United States Agency for International Development
UWI	University of the West Indies
WID	Women in Development
WB	The World Bank

## Foreword

Canada's Regional Program of Cooperation in the Caribbean has been shaped by a "special relationship" that dates back almost two centuries. In the last decade the relationship has entered a new phase. Rapid globalization has meant that the international flow of persons (immigration and tourism), trade (products and services) and ideas (internet, music) are no longer inhibited by borders.

The creation of regional blocs, alliances and groupings is one of the ways that people have chosen to cope and to take advantage of new opportunities. In the Caribbean, geography, history and culture all contribute to the possibilities. During this period of rapid change, uncertainty and insecurity, Canada and the Caribbean can both benefit from their close "special relationship."

In this new context, international development cooperation has to be thought of differently. The Caribbean Regional Program established in 1993 broke new ground by giving high priority to trade and trade negotiations, thereby contributing to policy coherence in that area. Now an even broader view of policy coherence is required, one that takes in the activities of all the departments and agencies of the Government of Canada. Can the Government's approaches to development aid, trade, security and immigration be fully integrated?

Such an approach would require crossing departmental boundaries and developing an enhanced partnership with the Caribbean. It would mean working with other Canadian federal government departments, private firms and civil society. Within CIDA, it would require an agency-wide perspective. The scope of this evaluation did not allow us to look at all aspects of an enhanced partnership with the Caribbean.

Nevertheless, we looked at a wide sample of projects and interventions. One of the first questions we considered was whether CIDA ought to maintain a cooperation program with the Caribbean at all, since, with few exceptions, the Caribbean countries are not among the poorest of the world. In the end we believe that there is still a compelling rationale for Canada's involvement.

The current Caribbean Regional Programming Exercise provides an opportunity to rethink how CIDA does business in the Caribbean and adjust the approach to reflect new policy considerations such as the Millennium Development Goals and the principles of development effectiveness. Above all, we have to figure out how regional cooperation can work for the poor.

The Caribbean Program has been able to progress from the traditional project approach to a broader institutional approach at the regional level. However, this broader approach often makes it difficult to demonstrate results at the sub-regional and national levels, especially due to the limited capacities of microstates. Developing the capacity of regional organizations to help them establish a services-oriented and result-based approach remains a

challenge. This is an area where Canadian cooperation can play a useful role.

The Caribbean Regional Development Programming Framework of 1993 suggested building a new Canada/Caribbean partnership based on mutual interests and significant linkages involving public, private and civil society organizations. At this time, it is appropriate to ask ourselves how to forge a new long-term partnership to shape the next generation of Canadian cooperation in the region.

The Caribbean Regional Program of the Americas Branch can also make a valuable contribution to the Agency in terms of lessons learned concerning "regional programming". The issue is more and more relevant in the context of the discussion related to middle-income countries. Many regional and international organizations have also expressed an interest in this issue.

### A Policy for Middle-Income Countries?

Several CIDA programs, especially in Asia Branch and Central and Eastern Europe, have developed strategies for middle-income countries. They are referred to as "graduation strategies" suggesting that CIDA and Canada are moving toward more mature relationships with these countries.

Other donors have developed similar policy frameworks. USAID, for example, has reviewed its experience in the Caribbean, to determine when 'graduation' should take place. DFID has enunciated a specific policy for middle-income countries entitled "Eliminating Global Poverty: the Middle income Countries". This policy suggests doing things differently.

CIDA does not presently have a clear policy for working with countries that are not the poorest in the world, but are still vulnerable because of their high rate of poverty. The Strengthening Development Effectiveness Policy suggests some possibilities, but further strategic analysis is needed.

Many questions remain to be answered: What do we mean by graduation? When should CIDA consider "graduating" from a country? Which options should be considered: leaving or working differently? If, we decide to work differently, then what approach or mechanism should we put in place?

In the case of the Caribbean, Canada may consider strengthening and deepening the "special relationship" based on a long-term view. In such a context the "regional approach" constitutes an option.

## Management Response

We would first like to thank the Evaluation Division of Performance Review Branch (in particular Rémy Beaulieu and Christopher Khng and their team) for a high quality, forward-looking, participatory evaluation. The exercise has been quite helpful to the Caribbean Desk by underscoring a number of lessons learned about regional programming and providing food for thought around strategic issues. The report confirms our experience of the many challenges associated with regional programming in a multi-state environment. It validates the Caribbean Program as currently structured, while encouraging us to achieve greater efficiencies in program delivery, and this endorsement is appreciated. We have noted especially the team's overall conclusion that "in the end, we believe that there is still a compelling rationale for Canada's involvement" in the Caribbean. ( see "Foreword")

We have already provided a very detailed response to the draft reports and have started to implement the key findings. We consider the majority of the observations/recommendations accurate and 'actionable'. As indicated below, the Desk is taking these points especially into account in designing the new Caribbean Development Programming Framework (CDPF). The extent to which we can implement suggestions for new programming will very much depend on our budget situation. A few findings, such as the references to the need for greater attention to RBM, will be addressed at the operational level by the Desk as well as in the forthcoming Framework. Some recommendations, particularly those addressed to the corporate level, should be of interest to the Agency as a whole and, indeed, to the broader development community. Finally, we requested a report that would help us move forward - this is what we received and we welcome the advice it provides.

**Recommendation #1 - Regional Programming Approach:** The corporate evaluation confirmed the appropriateness and relevance of regional programming for small island developing states in the Caribbean. The Desk is leading the preparation of a new Programming Framework that builds on this endorsement (completion expected December 2004).

**Recommendation # 2 – Competitiveness/Economic Integration and Trade:** We fully agree that a strategic balance between support for the enabling environment and support at the level of the firm/enterprise is the most effective way to enhance competitiveness. The Desk is developing a concept paper for a new generation of programming for economic renewal within the Caribbean regional program that will reflect this finding (completion expected July 2004).

**Recommendation # 3 – Human Resource Development:** We agree that HRD remains highly relevant in the Caribbean context. The Desk plans to continue supporting short-term training within capacity development approaches in most sectors of intervention.

We are not planning, however, to support technical and vocational training as a stand-alone project as recommended in the report. There may be some scope for employment-oriented skills training within the new generation of economic renewal programs once the budget allows us to proceed.

**Recommendation # 4 –Environmental Management:** Given the importance of the environment to the economies of Caribbean countries, the Desk has strongly supported environmental management in the past and plans to continue this emphasis in the new Programming Framework. If our budget permits, planning for our new regional environmental intervention will aim to strengthen the regulatory regimes and instruments for environmental management in the Caribbean. We think specific problems of urban infrastructure are better addressed by IFIs.

**Recommendation # 5 - Equity:** We take seriously the advice concerning the multi-dimensional nature of equity and poverty issues. Income volatility is a characteristic of Small Island Developing States (SIDS). The IFIs are assisting the region develop modern social protection systems. Access to basic health and education by indigenous peoples is an emphasis within the Guyana program and the Desk is planning to make this a stronger feature in the next generation of social development initiatives. Equity will remain part of the goal of the Program and we are examining how we can make it more integrated in our new Framework (completion expected December 2004).

**Recommendation # 6 - Relevance:** We accept the criticism that we have spread ourselves too thinly over the years through the process of accretion. The Desk has already taken steps to achieve greater focus in its program planning for Jamaica, Guyana and OECS. The Desk intends to make the new Caribbean Programming Framework more concentrated as well as more focussed while retaining the flexibility to respond in a timely manner to emerging issues of high priority to leaders in the region. The CDPF will be linked to the MDGs (completion expected December 2004).

**Recommendation # 7 -Coherence:** We agree that, in theory, a "Whole-of-Canada" approach to an enhanced partnership with the Caribbean could be attractive. It is likely to be less so in reality, however, as the Caribbean Program has a comparatively small budget with little flexibility for new programming for several years. The Desk intends to hold consultations in the fall with Canadian partners including OGDs regarding a new CDPF and these discussions will help gauge the level of interest in coherence among potential stakeholders. It would be helpful to geographic programs if the Agency (probably Policy Branch) developed some guidelines around the concept of coherence including the new ideas of Whole-of-Government/All-of-Canada approaches.

**Recommendation # 8 – Effectiveness and Results:** The Desk is very attuned to the pursuit of results and appreciates the emphasis given this topic in the evaluation. We think that the recommendation for CIDA

to help some key regional organizations develop a “service-oriented culture” is excellent advice. The Program Manager responsible for a new institutional strengthening program for the OECS Secretariat has included this emphasis in the project design. The Desk agrees also with the need to rationalize the Program’s involvement with regional organizations. The next CDPF will achieve this effect by having greater focus. We agree that full blown institutional assessments are a good idea in principle and that they are too expensive for a single donor to carry out. The World Bank carried out an institutional assessment of the main Eastern Caribbean institutions when it was preparing its sub-regional “OECS Country Assistance Strategy” in 2000 and DFID prepared an assessment of the OECS Secretariat. The Desk relied upon the background analysis prepared by other donors in designing its new project of institutional strengthening for the OECS Secretariat, instead of commissioning a separate study. The evaluation of the first phase of our support to CARICOM carried out by PRB was focussed on capacity issues. CIDA is learning how to monitor and report results at the Program level and the Desk will include a performance measurement framework in the new Caribbean Programming Framework (completion expected December 2004).

**Recommendation #9 - Efficiency:** This recommendation is partly addressed to the Caribbean Program and partly addressed to the corporate level of CIDA. We agree that the delivery costs are significant for a complex regional program like the Caribbean. The Desk is reducing the number of small projects it manages so that, by 2007, the Caribbean Program will comprise a few, relatively large programmatic interventions. This action will help reduce delivery costs. We certainly agree also that regional organizations need to accept more responsibility for promoting the value and benefits of regional programming to their members. The Desk is using annual consultations with partners to emphasize this point, however we will give this increased attention in future consultations to be held in January-February 2005. We will also offer assistance if needed to help our partner organizations develop their capacity to demonstrate their results to their members and their benefactor.

**Recommendation # 10 - Sustainability and Self-Reliance:** The evaluation calls for the Agency to develop a corporate policy and clear criteria on programming in middle income countries. This is the responsibility of Policy Branch. Americas Branch and the Desk will participate in this policy development and we have started work on a study to be completed this summer. With the exception of Haiti, the newest and poorest member of the Caribbean Community (CARICOM), all other Caribbean member states are middle income countries. We appreciate the evaluator’s conclusions that CIDA remain engaged with the Caribbean through a longer-term partnership arrangement.

**Recommendation # 11- Vulnerability and Risk Management:** We agree with the recommendation. The Desk is including a risk analysis and mitigation strategy in its new CDPF (completion expected December 2004).

**Recommendation # 12 - Lessons Learned:** The Desk has incorporated lessons from this evaluation and other sources into the design of its new CDPF. We agree that an internal, comparative analysis of regional programming across the branches could yield some very useful lessons learned and Americas Branch encourages the Agency to undertake this work at the corporate level.

## Executive Summary

This is the Synthesis Report of the Caribbean Regional Program Evaluation, undertaken by Performance Review Branch. The evaluation was done in collaboration with the Commonwealth Caribbean Program Desk at CIDA and with the participation of CIDA representatives in the field in Jamaica, Guyana and Barbados. At headquarters, the evaluation team consulted staff of Canadian Partnership Branch and Multilateral Branch.

The evaluation focused on CIDA's regional and sub-regional initiatives of the Commonwealth Caribbean from 1993 to 2003. It assessed the implementation of the Caribbean Regional Programming Framework (CRDPF), which was adopted in 1993. The Framework's goal was "To strengthen the region's capacity for greater socio-economic self-reliance on the basis of sustainable development and mutual interests". The program gave priority to three themes: i) human resources development, ii) environmental management, iii) institutional strengthening for economic integration and trade development.

The evaluation team examined the program's relevance, coherence, efficiency and results – also its effectiveness, sustainability, and the lessons that we can learn from it. The methodology included a program profile, a documentation review, numerous interviews in Canada and in the field, and visits to regional organizations. Approximately two hundred persons were interviewed or otherwise contributed to the evaluation. The evaluation team visited Barbados, Dominica, Guyana, Jamaica, St-Lucia and St. Kitts and Nevis.

### Program Profile & Regional Perspective

From 1993/94 to 2002/03, CIDA invested close to half a billion dollars (C\$468.6 million) in its Commonwealth Caribbean program, through various mechanisms and channels. CIDA's bilateral program provided 76% of the resources (C\$355 million) and Partnership Branch 14% (C\$64.2 million). Based on more limited data, we estimate that Multilateral Programs contributed about 10% (C\$48.7 million) in recent years (1998-2002).

CIDA's Caribbean Regional Development Programming Framework (CRDPF, 1993) favoured an increase in regional initiatives while acknowledging the diversity of national and sub-regional circumstances and the need to continue to address some issues at these levels. Over the whole period, the regional components of the Program accounted for 38% of the total (C\$135 million) divided equally between the CARICOM-regional component (C\$67.1 million) and the OECS sub-regional component (C\$68 million). Other major components of the program were direct support to countries: Jamaica, 31% (C\$110 million), Guyana, 18% (C\$64.5 million) and other countries, 13% (C\$45 million).

## Findings and Recommendations by Themes and Key Questions

The Program is complex, including regional, sub-regional and national components, covering 16 countries, involving numerous islands and three mainland states spread over four time zones. The Program intervened in several sectors and involved many people and organizations. There was a complex management structure at headquarters and in the field, with significant communications and logistical challenges. Pulling all these elements together in a coherent way was in itself an achievement the management team has undertaken successfully.

- **Regional Programming Approach**

When CIDA adopted the Caribbean Regional Framework in 1993, it was a new approach different from previous approaches that had been based mainly on local and national level interventions. Part of the reason for moving programming to the regional level was the looming resource cuts of the early-1990s but part was also the sincere belief that the countries of the Caribbean should cooperate regionally. The approach had some inherent risks, especially considering the long history of hesitations to integrate the economies of the region, and because of the weaknesses of the emerging set of regional institutions.

**Recommendation 1:** Despite changing circumstances in the Caribbean (and in Canada), ten years later we have to recognize that "regional programming" is an appropriate approach to deliver development cooperation for the Commonwealth Caribbean region. Such an approach could potentially be used for other middle-income countries.

- **Competitiveness/Economic Integration and Trade**

CIDA's bilateral program funded fourteen projects related to trade and economic integration, for a total expenditure of C\$37.3 million (29% of all expenditures). Funded projects included the CARICOM Regional Institutional Strengthening Project (CRISP), the Caribbean Regional Technical Assistance Centre (CARTAC), the Eastern Caribbean Economic Management Project (ECEMP), and the Caribbean Regional Negotiating Machinery. CIDA has also provided important support to the private sector through the CPEC initiative. Trade negotiations are underway in regard to the Caribbean Single Market Economy, the Free Trade Agreement of the Americas, the Africa-Caribbean-Pacific agreement with the EU, and the World Trade Organization multilateral round. The area of trade and competitiveness is complex because numerous actors play a role. Ensuring the coordination of all these actors within the inevitable freer trade environment remains a challenge in the region.

For the private sector to be competitive, an appropriate "enabling policy environment" is needed. Therefore, a strategically balanced approach may be required in



supporting the public and private sectors, taking into account the role of other international organizations.

**Recommendation 2:** The theme of trade, economic integration and competitiveness remains highly relevant for the region. If improved trade competitiveness is to be kept as one of CIDA's main development goals in the Caribbean, then programming should be balanced between the support to put an enabling policy environment in place and activities aimed at trade-oriented private sector organizations and small/medium enterprises.

- **Human Resources Development**

CIDA's bilateral program funded eleven human resources development projects under the Caribbean regional program over the past decade, for a total value of C\$44 million (34% of all program expenditures). These initiatives included support to the University of West Indies, the Caribbean Training Award Project and the Eastern Caribbean Education Reform Project. Generally speaking the projects were important and relevant. However, they were spread very thin across many areas - primary & secondary education, short-term technical training and long-term tertiary education. A strategic perspective and focus were not clearly apparent.

**Recommendation 3:** The theme of human resources development remains highly relevant for the region. If CIDA were to continue interventions in this sector, the evaluators would recommend more emphasis on technical & vocational training related to employment. This area would address training needs for groups that are currently under-served. It would also offer an opportunity for CIDA to develop a corporate approach by establishing a close collaboration between the Bilateral Program, the Canadian Partnership Branch and Canadian education and training institutions. Short term training for highly needed skills in targeted areas should remain a component of capacity development strategies in any area of intervention.

- **Environmental management**

CIDA's bilateral program has funded eight regional projects during the past decade that had to do with environmental management, for a total of C\$33.7 million (24% of all expenditures), including the marine fisheries and ocean projects (C\$24 million). The projects reviewed in the course of this evaluation include the Environmental Capacity Development Project in the OECS sub-region, the Caribbean Disaster Management Fund, Adapting to Climate Change, and *Iwokrama*. A clean environment is fundamental to the future of the region. However the commitment of national governments to sound environmental management remains mixed and is mainly donor-driven.

During the 80s and early 90s CIDA was involved in some major infrastructure projects in the region that were highly visible. Funding constraints obliged CIDA to withdraw

from this area leaving it to International Financial Institutions.

**Recommendation 4:** The theme of environmental management remains highly relevant for the region. If the CIDA Caribbean Regional Program decides to continue environmental programming, it could consider ways to make it more immediately relevant to people's living conditions. In the view of the evaluators, the program should consider giving more attention to environmental issues related to urban management (sprawl, sewage, traffic) and to pollution, loss of habitat, water management, and coastal zone management.

- **Equity**

The CRDPF listed equity as a primary objective "within a framework that promotes equitable distribution of economic gains". CIDA has recently produced an action plan that is innovative in linking discrimination to class and race as well as gender. However, the Regional Program has clearly paid more attention to gender equity than to class or racial equity (e.g. indigenous peoples and racial discrimination).

CIDA has supported the Caribbean Gender Equality Fund since 1996 and collaborated with DFID to fund the preparation of a gender Plan of Action under the auspices of the CARICOM. CIDA has undertaken useful interventions in gender equity; however, this theme does not seem to have been integrated successfully in all its activities in a genuine crosscutting way. With the exception of gender, the complete range of equity issues was not addressed. For example, areas such as mobility of low-skilled labour, protection of consumers, labour-intensive public works, and skills training for the uneducated/unemployed, which could improve the well being of the poor, have not figured prominently in the policies and activities of the regional organizations that CIDA has supported.

At the same time however, CIDA was pushing the Caribbean Development Bank to affirm and extend its anti-poverty activities. Canada has had a good influence on getting the Bank to adopt poverty-focused policies. Other CIDA interventions could have benefited from a strong approach to equity issues. Given the level of poverty remaining in the region, the long-term economic growth and competitiveness approach may not have been as successful as expected. Consideration may be given to more direct interventions targeting the poor. Such an approach may lead to greater integration and synergy between the regional and national initiatives of the program.

**Recommendation 5:** CIDA's Caribbean program needs to address the issues of equity and poverty more strongly. How to do this without adding a long list of domains and sectors of interventions remains a challenge for the entire organization (CIDA). However, in the case of the Caribbean program, what was considered a crosscutting issue must become an overarching consideration with a strategic and integrated perspective.

- **Relevance**

CIDA's Regional Programming in the Caribbean was highly relevant. The selection of themes was excellent. Our only concern is with the selection of areas of focus within each theme. Given the stated objectives, more attention could have been given to poor communities and the unemployed, to pressing environment problems and activities related to competitiveness that have a more direct impact on employment.

Overall, we acknowledge the way the program has been able to "respond" to the various and pressing needs of a diversity of microstates and a considerable number of regional organizations. The program is in a certain way vulnerable to high level of visibility and political pressures both from Canada and the region. However, this "responsive mode", which makes the leaders of the region appreciate Canadian support and presence, may have created a trade-off in terms of focus and effectiveness.

To be truly relevant to its core mission, CIDA must dedicate its Caribbean Regional Program to poverty eradication and equity. This does not mean neglecting economic growth but rather considering it as a means to achieve poverty reduction. CIDA's bilateral support to growth in the Caribbean needs to be more pro-poor.

**Recommendation 6:** Generally speaking we found that CIDA's interventions in the Caribbean were relevant. However, over time, flexibility and responsiveness have tended to spread the interventions too thin. This is an appropriate time to refocus the program with a strategic perspective. In the new Programming Framework, consideration could be given to linking with the international agenda of the Millennium Development Goals by "making regional cooperation work for the poor", including the goal 8 related to Global Partnership for Development.

- **Coherence**

The CRDPF mentioned the need for collaboration with different actors involved in the development agenda in the Caribbean. Strengthened partnerships and coordination with others were established as principles of effective programming in *Canada in the World* in 1995, and reiterated in *Shaping the 21st Century* by the DAC in 1996.

Considering the complexity of CIDA's program, we recognize that coherence is a multi-faceted issue. First, we looked at the internal coherence of the bilateral program itself and noted that the synergy between the regional versus the national programs could be strengthened. The internal coherence at CIDA between the bilateral, multilateral and partnership interventions faces organizational difficulties that the evaluation team itself confronted both at headquarters and in the field. In looking at its new programming, the Division may wish to try to work with other government departments as a

means of strengthening development results in some strategic areas.

We also looked at collaboration between the various regional organizations and found room for improvement. Recognizing that a high level of effort is already dedicated to donor coordination, we see the need to develop a more systematic approach to this issue. The implication may be that CIDA should get involved in fewer strategic areas where it can play a more effective role.

**Recommendation 7:** Given the complexity related to the issue of coherence (internal and external) and the absence of real lessons learned in this area, the Division may consider giving more attention to the issue in the new CDPF. An all-government and perhaps an all-Canada approach implies working in a complex web of relations with a number of actors having specific objectives, roles and responsibilities. The Division may wish to establish a plan of action to strengthen coherence, clarifying roles and responsibilities at headquarters and in the field. CIDA could consider leaving some areas to other donors or to the countries themselves based on a division of labour.

- **Effectiveness and results:**

The program evaluation team had difficulty coming to clear and definitive conclusions concerning results and effectiveness. This partly reflects the fact that evaluation and monitoring of projects over the past ten years has focused mainly on operational issues. A second reason is CIDA's focus on 'capacity building' approaches whose results are often difficult to identify let alone measure. Thirdly, it is difficult to measure results and change when no clear picture of the institution exists at the beginning of the program. We note that CIDA's results-based management policy was not in place in 1993, although other roughly similar policies were. There is also an issue of "distance" between supporting institutions at the regional level and making a difference at the national or local level. To bridge that gap, there is a need to develop a "service oriented approach" that is not yet part of the institutional culture in the region. Unless this takes place, the population in the Caribbean may lose faith (if it is not already the case) in the usefulness of regional organizations and the related integration process.

**Recommendation 8:** Support to regional organizations needs rationalization. Regional capacity building is a challenge to results-based management (outputs and outcomes) especially when base line data are not available. CIDA could consider commissioning full-fledged assessments of regional institutions, potentially in partnership with other donor organizations, before funding regional initiatives. Also, CIDA could assist some key strategic regional organizations to develop a "service oriented approach" that would help them make a difference on the ground.

- **Efficiency**

The Caribbean Regional Program is complex and remains a challenge to administer. During the last decade there were 180 bilateral projects and 595 projects supported by Partnership Branch. There were 19 staff at headquarters and 15 in the field, at the time of the evaluation. The “regional approach” brings its own costs (communication, transportation, multiple actors, etc.) and the evaluation team has not been able to document whether the savings or economies of scale were cost-effective. Our analysis tends to indicate that multi-country initiatives have been more effective than support to regional institutions. The organization needs to develop approaches to measure cost-effectiveness on a comparative basis - for national, multi-country and regional initiatives.

**Recommendation 9:** CIDA could explore ways to reduce the scope of the program and related costs, perhaps by making fewer, larger grants to a limited number of key organizations based on long-term partnerships. Regional organizations receiving CIDA financial support should be made responsible for demonstrating results. At the corporate level, CIDA could consider developing new tools to analyze cost-efficient and cost-effective alternatives especially in the context of regional programming.

- **Sustainability and self-reliance**

Self-reliance of the region and regional organizations was a key objective of the 1993 CRDPF: “to strengthen the region’s capacity for greater socio-economic self-reliance”. In 2004, the region is in fact less reliant on ODA than it was in 1993, mainly because of the rapid growth of both direct foreign investment and the tourist economy during the late 1990s. At the same time, donors tended to cut back their direct assistance. Further analysis would be needed to determine if national government and regional organizations have been able to assume the responsibilities left from international organizations. However, at the institutional level the picture is not encouraging. The regional institutions remain heavily dependent on donor funding for their program budgets.

The issue of self-reliance, therefore, is related to the presence of donors in the region and their level of effort. Many European donors have reduced, or are reducing, their involvement in the region. However, when compared to other CIDA programs, the Caribbean Program remains one which received the most resources relative to others based on criteria such as aid per capita or aid per poor person.

**Recommendation 10:** At the corporate level, CIDA should develop a policy and clear criteria concerning cooperation with middle-income countries. Our view is that CIDA should not exit the region but should develop a long-term partnership, perhaps with a lower level of effort given the middle-income country status of most countries of the region.

- **Vulnerability and risk management**

The Caribbean region ranks high on the scale of vulnerability compared to other regions of the world. In addition, the Caribbean has become a more risky place during the past decade. Crime associated with illegal drugs and illegal immigration has grown significantly, along with the attendant threat of corruption.

HIV/AIDS has exploded into a terrible epidemic that is ruining hundreds of thousands of lives. Even though HIV/AIDS was not identified as a core area of intervention in the 1993 Programming Framework, the Program was able to adjust and provide important support to the fight against the spread of this disease. The epidemic continues to accelerate and is socially and economically disastrous for the region. The evaluation team regrets that the lack of time and resources did not allow it to include this area of intervention as one theme for analysis. HIV/AIDS is one area where support to regional organizations may make a real difference on the ground.

Several countries appear to be caught in repetitive cycles of unsustainable fiscal deficits and debt-induced collapses. Urban development is vulnerable to hurricanes. Beaches have been fouled and bird life decimated by pesticides. These are true regional problems – expanding beyond the Commonwealth Caribbean to include Haiti and Guyana. Natural hazards and disasters also contribute to the vulnerability of the region.

**Recommendation 11:** CIDA’s new Framework for the Caribbean Regional Program could consider these various risks, and identify ways to address them. This also implies putting in place mitigation strategies. The high level of vulnerability of the region may suggest that a portion of the resources should be kept for unpredictable events and threats.

### **Lessons Learned**

One of the objectives of the current evaluation was to draw lessons that can be useful for the entire Agency concerning regional approaches to programming. A brief document review was undertaken looking at the experience in different branches at CIDA (Asia, Americas, Europe, Africa) as well as that of other donors. In particular, we found that little has been done to assess the appropriateness and efficiency of regional approaches. In that context CIDA may appear as a front-runner. You will find in the conclusion chapter some preliminary lessons. Many regional and international organizations have expressed interest to learn from CIDA’s experience.

### **Recommendation concerning regional approaches**

**Recommendation 12:** At the corporate level, CIDA could pursue its efforts to draw lessons from its experience in regional programming and share it with interested partners.



## 1. BACKGROUND

This is the Synthesis Report of the Evaluation of CIDA's Caribbean Regional Program undertaken by Performance Review Branch. The work was done in collaboration with the Caribbean Division at CIDA headquarters and in Jamaica, Guyana and Barbados. The evaluation team consulted with CIDA Partnership Branch and Multilateral Branch.

### 1.1 Scope of the Evaluation

The evaluation focused on the regional and sub-regional initiatives of the Commonwealth Caribbean Program 1993-2003. It had three objectives:

- To take stock of results achieved, particularly results related to strengthening regional institutions and improving regional integration;
- To analyze the efficiency and effectiveness of the approaches to capacity development of regional institutions and initiatives;
- To draw lessons in relation to regional programming that could guide CIDA's future interventions.

The evaluation assessed the implementation of the Caribbean Regional Programming Development Framework (CRDPF) adopted in 1993.

The evaluation comprised five different components and products listed below. The first four are available under separate cover:

- Program Profile;
- Documentation Review;
- Institutional Assessment;
- Strategic Analysis; and,
- Synthesis Report.

The evaluation encountered a number of limitations:

- The focus on CIDA's regional programming did not allow time to analyze the broader set of "common interests" mentioned in the CRDPF.
- The regional focus also did not permit time to analyze the relation between country and regional interventions.
- The difficulties of accessing a wide range of dispersed data concerning partnership and multilateral programming made it difficult to undertake a full analysis from the corporate perspective.

We also regret not having been able to pursue more systematically the analysis of other regional programs at CIDA. This task would require much more time, resources and energy than are available in a single program evaluation. Further research and evaluation work on CIDA's regional programming could provide useful information and learning.

### 1.2 Program Strategy

In the early-mid 1990s, the Government of Canada experienced major budget difficulties, resulting in a Program Review and severe cutbacks in programs. The Caribbean program adjusted to the new resource constraints by emphasizing regional-based co-operative programming rather than single-country bilateral programs and projects.

In 1993, a new Caribbean Division was created by amalgamating three divisions (Jamaica/Belize, Caribbean Regional/ Guyana, and Eastern Caribbean). The new Division was expected to provide greater coherence of policy and program development, and to achieve economies of scale.

Within the Caribbean Program there were four programming efforts: regional programming; sub-regional programming with the Organization of Eastern Caribbean States (OECS); development co-operation with Jamaica; and development co-operation with Guyana. The goal and objectives of the Caribbean Program were as follows:

- Goal: To strengthen the region's capacity for greater socio-economic self-reliance on the basis of sustainable development and mutual interests.
- Objectives: (a) To increase the region's capacity to compete in the global economy within a framework that promotes the equitable distribution of economic gains; (b) To strengthen the region's capacity in environmental management.

The Caribbean Program included three main programming themes and three crosscutting considerations.

- **Theme 1: Human Resource Development**

The HRD strategy had two elements:

- i) Building human capacities in terms of skills, knowledge, appropriate technologies and adequate health;
- ii) Developing the region's capacity in terms of policy and organizational strength to carry out building human capacities.

The HRD strategy focused on skills and knowledge in the public sector.

- **Theme 2: Institutional Development**

The institutional development strategy also had two elements:

- i) Improving the capacity of national and regional organizations to efficiently meet the demand of their clients and users;
- ii) Stimulating cooperation and linkages amongst different types of organizations to provide complementary services and sound environmental management.

Programming under this theme sought to strengthen institutional systems and to provide training to upgrade skills within institutions. The strengthening and reform of national and regional institutions was seen as important to competitiveness. Three areas were identified: strategic planning, policy implementation and program management.

- **Theme 3: Environmental Management**

The CRDP linked environment and development. Among the issues it mentioned were low environmental awareness on the part of the population and decision-makers, poor access to environment friendly technology, and budgetary constraints.

- **Crosscutting Considerations**

The three crosscutting considerations for the program were:

Promotion of regional integration and cooperation: CIDA supported the development of integrated markets, a unified approach to international negotiations, and functional integration.

WID/Gender Equity: CIDA sought to build institutional capacities in gender analysis and in gender sensitive policy, programming and management.

Canadian/Caribbean alliances: CIDA encouraged links between Canadian and Caribbean civil society.

### 1.3 CIDA's OECS Strategy

CIDA decided to have an Eastern Caribbean Sub-Regional Program within the wider Caribbean Regional Program. In 2002 CIDA produced a Sub-regional Development Program Plan (SRDPP) for the Organization of Eastern Caribbean States (OECS). The Development Plan noted continuing severe structural weaknesses in the OECS economies, made worse in the short term by deterioration in the general economic environment, accompanied by rapid and unsustainable increases in public debt. Stubborn rural poverty, increases in crime and illegal drugs, a deteriorating urban environment, and a rising incidence of HIV/AIDS all contributed to the serious problems of the region. Critical weaknesses in institutional capacity were noted at both national and sub-regional levels.

In response, CIDA proposed to focus on fewer sectors with "five relatively larger programs emerging by 2007". However, the 2002 Plan did not state what those fewer sectors would be. It suggested five sectors and four crosscutting themes/sectors, which were very broad in themselves, such as: training initiatives, strengthening public sector institutions, strengthening trade policy and negotiating capacity, strengthening HIV/AIDS response and prevention, organizational and technical capacity for disaster management and environment. Gender equality, poverty reduction, civil society strengthening, investing in youth were identified as crosscutting themes. One might

reasonably ask if more focus could not have been reached.

The Plan's implementation strategy stated that \$30 million over five years (less than \$1 million per OECS country per year) was "realistic". However, the realism of the budget has to be assessed in relation to the population of the area living in poverty.

## 2. THE CARIBBEAN REGION

### 2.1 Overview

The Caribbean stretches from 9 degrees north of the equator to 27 degrees north (about 2000 km) and from 60 degrees to 84 degrees longitude (about 2500 km). If oceans were considered part of the "Caribbean territory", the area would be about half the size of Canada. Over that broad expanse of ocean, there are a large number of small countries, from the Bahamas in the northwest to Trinidad and Tobago and Guyana in the southeast.

There is no common language. English, French, Spanish and Dutch are spoken in different countries alongside indigenous languages and local dialects. However, for the region covered under the "Commonwealth Caribbean Program", English is the predominant language. However, this situation may be changed by the entrance of Haiti as a full member of many Caribbean regional organizations.

Although all the island countries are small, they vary in population from about 11.2 million in Cuba to less than 11.4 thousand in Anguilla. The total population of the current CARICOM member countries is approximately seven million. The overall CARICOM population will increase significantly with Haiti's participation, as its population (8 million) outnumber the rest of the region (6.5 million).

Geographically and ecologically, the Caribbean basin is a natural unit, although, because of the large distances involved, adjacent island groupings are often more significant units. Economically, the Caribbean basin is closely linked with North America and Europe because of the dominance of tourism in most of the islands' economies. Cuba and Haiti are partial exceptions for historical and political reasons. The geographic, political, and linguistic variety of the Caribbean makes it difficult to define a natural region that would suit all types of 'regional' projects and programs.

Caribbean countries vary a great deal from one another. However, the Commonwealth Caribbean covered by the current evaluation share a number of strengths and weaknesses, including:

- A cadre of well-educated and capable people, both in public service and in business;
- A tradition of democratic government and rule of law (with some striking exceptions);

- Natural advantages with regard to tourism, which is a very attractive and high-growth industry;
- Closeness to major markets in North America, and established business links with Europe;
- A fund of goodwill from international partners, which shows itself both in development aid and in concessionary and preferential arrangements;
- A diaspora of émigrés who support family at home with remittances, and who bring new ideas and skills to the home market.

On the other hand, there are serious problems that are equally widespread:

- The economies exhibit high costs and low productivity. The business framework is distorted by monopolies, by trade and business restrictions, and by public ownership of enterprises.
- Despite the fact that the countries of the region are mostly middle and high-income countries, there is a high proportion of poverty and there are great inequalities of wealth and income.
- Governments have recurrent severe fiscal problems arising from unsustainable external debts and over-reliance on trade taxes and external aid for revenue.
- Small states tend to be over-governed in terms of 'national' functions and under-governed in terms of municipal functions. There has been a long history of reluctance to cede any national authority to regional organizations. Patronage politics persist and the emergence of criminal and drug-financed corruption is a growing threat to good governance.
- There are severe environmental risks, including a lack of sewage treatment, deficient solid waste management, deforestation and farmland abandonment, urban sprawl, decimation of wildlife including birds, and pollution threats to marine ecologies.
- HIV/AIDS affects social as well as economic standards in the region.

## 2.2 Economic Situation

In the 1990s countries in the Caribbean had wide variations in economic performance. Jamaica and Haiti performed poorly in general, both experiencing an extended recession. In most countries agriculture and manufacturing declined in importance relative to tourism. The Windward Islands suffered severely from a failure to adjust to the loss of preferential treatment of its bananas in the United Kingdom. Between 1991 and 2000 the gap in the visible balance of trade for all CARICOM countries widened, with imports rising by 39% and visible exports by only 14%. In the early 1990s several countries experienced national debt problems, and for some these have re-emerged.

The vulnerability of the Caribbean economies has increased in recent years for a variety of reasons. First, the terrorist disaster in New York, on September 11, 2001, had a strong negative impact on tourism in the Caribbean, adding to difficulties already apparent from cyclical economic factors and structural problems. Tourist arrivals initially declined by as much as 20% but have since largely rebounded.

Second, efforts to reposition and improve international competitiveness of the Caribbean economies (in terms of improved costs and quality) have not been easy. Many countries have had a long history of privileged access to markets abroad while maintaining protected industries at home. The heavy reliance of many governments on trade taxes also contributes to high input costs, as do restrictive policies on labour, land and product markets.

Many people hope that regional integration will cure some of these economic problems. However regional integration has been very slow in coming and even if it is more successful in future, the effects on the main engine of the Caribbean economies (tourism) may be modest. Many of the problems of the costs and quality of goods and services need to be addressed.

Third, the underground economy (particularly drugs, crime and money laundering) has grown rapidly, with the attendant corruption and social ill effects. Fourth, HIV/AIDS is becoming a pandemic risk with severe economic and social consequences.

Fifth, environmental disasters such as hurricanes and the 1997 volcanic eruption in Montserrat have caused economic and social dislocation. The long-term effects of such disasters can be significant. In Montserrat, for example, half the island is expected to remain uninhabitable for another decade; the agriculture sector continues to be affected by the lack of suitable land for farming.

## 2.3 Human Development and Poverty

Countries of the region have performed fairly well in terms of human development with only Haiti falling into the category of low human development. Life expectancy at birth averages over 70 years, except in Guyana (65 years) and Haiti (54 years). Adult literacy rates average over 80% (except Haiti, 48%). However, a number of social problems still prevail, including high levels of poverty and unemployment, inequality in the distribution of income, the persistence of certain curable/preventable diseases and the rising incidence of HIV/AIDS. It is estimated that about 400,000 people are living with HIV/AIDS, with the percentage of adults aged 15 to 49 years being almost 2%. In Haiti, the Bahamas, Barbados, Dominican Republic and Guyana, the epidemic has spread to the general population. In other Caribbean countries it is still concentrated among the high-risk groups, although the number of cases is growing rapidly.

Recent poverty assessments conducted for the Caribbean Development Bank, with CIDA financial support, have identified high levels of poverty in many

Caribbean countries. Haiti is an extreme case, with 65% of its population below the poverty line. (In fact, Haiti is ranked as the poorest country in the world.) Several other countries have poverty rates from 25% to 35%, including Belize, Guyana, Suriname, Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines.

Population, Per Capita GDP, Poverty And HDI Rankings				
COUNTRIES	Population	GNP/ Capital	% below poverty line	HDI Rank
<b>CARICOM (NON-OECS)</b>				
The Bahamas	302,000	15,010		49
Barbados	267,900	9,714	13.9	27
Belize	243,800	3,141	33.	67
Guyana	781,400	941	36.	92
Jamaica	2,581,100	1,785	16.9	78
Suriname	412,000	994	47.	77
Trinidad and Tobago	1,293,800	5,091		54
Haiti	7,647,000	367	65.	150
<b>OECS</b>				
Antigua and Barbuda	68,000	9,188		56
Dominica	74,000	3,371	33.	68
Grenada	97,000	3,832	32.1	93
St. Kitts and Nevis	44,000	7,176		51
St. Lucia	148,000	3,968	25.1	71
St. Vincent and the Grenadines	114,000	2,771	37.5	80
<b>NON-CARICOM</b>				
Anguilla	11,430			
British Virgin Islands	19,000			
Cayman Islands	41,934			
Cuba	11,263,429			52
Dominican Rep.	8,254,000	2,062	20.6	94
Turks and Caicos	19,350			
Estimates based on data from various years 2000-2003 GNP PC = Gross national product per capita % of population below poverty line, CDB, 2002 HDI = Human Development Index ranking (1999) UNDP Sources: UNDP, <i>World Factbook</i> 2003				

## 2.4 Canada's Interests in the Caribbean

The Caribbean is an important region for Canada for many reasons. Partly because of geographic proximity and historical ties, many Canadians are either Caribbean-born or have close family ties in the region. Many other Canadians holiday in the Caribbean or have business relationships there.

Receipts from tourists and remittances from workers in Canada are important to Caribbean economies. Given the people-to-people links, Canada has a strong interest in the peace and stability of the Caribbean region. Caribbean countries and Canada also have common interests in issues such as the regional and global

environment, cross-border health issues including HIV/AIDS, and the control of drugs, crime and terrorism.

Current Canadian-Caribbean merchandise trade is modest but not unimportant. In 2001, imports from Canada totalled \$US275 million, 2.8% of the total imports of the region (but representing less than one percent of Canada's merchandise exports). Exports from the Caribbean to Canada totalled US\$300 million, or 4.8% of the exports from the region. Canadian financial assets managed by subsidiaries of Canadian banks based in the Caribbean are large, probably in the range of US\$15 billion to US\$20 billion. Unfortunately, reliable data on foreign investments and non-merchandise trade are not available.

Canada's objectives for hemispheric trade integration, of which the Summit process and the Free Trade of the Americas (FTAA) are significant components, potentially benefit from partnerships with Caribbean countries and regional organizations. The Canada-Caribbean trade agreement of 1986 provides the region with free trade access to the Canadian market. Nevertheless, total merchandise trade with the region has not increased greatly since the agreement was signed.

## 2.5 Donor Activity

Canada is a significant donor in the Caribbean, although far from the largest or the most visible. CIDA has, however, been a leader among donors in making a strong commitment to a regional approach, starting early in the 1990s. Canada has been more consistent and more coherent in its approach than USAID, for example.

Development assistance to the Commonwealth Caribbean has changed in recent years. There has been a substantial increase in multilateral aid and a decrease in bilateral aid. Multilateral institutions accounted for 82% of contributions in 2002. The most important contributors were the World Bank, the Inter-American Development Bank, the Caribbean Development Bank and the European Union. Concessionary loans accounted for 63% of external aid in 2002.

The most important grant contributors are the European Union, USAID, the UN system followed by CIDA and DFID. Some donors and NGOs, mainly Europeans, have terminated their assistance programs in the Caribbean for various reasons, mainly because of the middle-income status of many Caribbean countries.



### Donor Coordination

The primary area of coordination among donors in the Caribbean focuses on information sharing and parallel support to regional organizations. Joint programming and division of labour have not yet become common. Donor coordination is affected by a number of factors: the amount of time and effort required; the fact that donor agencies' local and regional offices are in different locations; and by traditional expectations of program location. For example, CAREC (HIV-AIDS) is located in Port of Spain, Trinidad. CDERA (disaster preparedness) is located in Bridgetown, and the Regional Negotiation Machinery is split between Bridgetown and Kingston, Jamaica.

Traditionally the World Bank has convened information sharing meetings every two years. This responsibility has now been assumed by the Caribbean Development Bank, which intends to convene the (re-named) Caribbean Development Forum more frequently.

CIDA's coordination has been closest with DFID (whose program has a similar scope) and USAID (with some division of labour in regard to justice reform, for example).

CIDA's programming strategy might be best coordinated with other donors by narrowing its scope from the present very broad diversity of topics and sectors, having a lead sector where a large portion of CIDA funds will be spent (as EU does), and keeping to announced priorities over a long period of time.

### U.K. Department for International Development

In July 2003, the British Department for International Development (DFID) developed a draft regional plan for the Caribbean for 45 million pounds over three years (2004/05 to 2006/07); 16 million pounds to Guyana, 10 million to Jamaica, and 19 million to other countries. DFID is providing 25 million pounds to the Special Development Fund of the CDB for the period 2002-2006.

DFID's approach draws upon its *Middle Income Countries Policy Statement*. Its overarching goal in the Caribbean is to assist the region to achieve sustainable reductions in poverty in line with the Millennium Development Goals. The key themes for DFID are: (i) economic and fiscal management and public service delivery within the framework of poverty strategies; (ii) trade, competitiveness and economic integration; and (iii) HIV/AIDS and violent crime. In the current planning period DFID intends to support regional initiatives in Cuba but not to engage bilaterally with that country.

### USAID

The USAID Caribbean program has been 'stop and start' over a number of years. In the early to mid-1990s the tendency was to withdraw from active aid to Caribbean countries because the social indicators are, in general, relatively good. In 1996 USAID closed its Eastern

Caribbean program due to general budget constraints. It has now effectively been reopened.

USAID resources for the Caribbean expanded in the past five years from the planned \$30 million to an actual \$65 million. Expenditures from year to year have been erratic because of *ad hoc* new programs. The US has reacted to concerns about state failure, HIV/AIDS, drugs and illegal immigration. It has also focused on improving competitiveness by working directly with private business. At the time of the FTAA meeting in Quebec City, new funding of \$20 million was announced for "Trade Capacity Building and Competitiveness" to be expended during the remaining two years of the current five year plan (2002/03 to 2004/05). A new plan for the period 2005-2010 is in draft. Some areas identified in the draft plan are:

- proposals for loan guarantees
- expansion of programming into the energy sector (renewable energy)
- environment (continue to work with small hoteliers), protecting ecological diversity (coastal zone management, solid waste and sewers)
- support for a legislative drafting unit
- HIV/AIDS programs
- trade issues
- constitutional reform, corruption issues (strengthening auditor general offices and strengthen government procurement capabilities) and
- modernization of the legal system

### European Union: Africa, Caribbean and Pacific Program

The EU Caribbean regional program is administered from Guyana. The value of the program is 57 million euros plus about 20 million euros earmarked specifically for trade adjustment. Cariforum is the implementing agency, through a Cariforum Programming Unit.

A new Regional Strategy Paper sets out the main priorities and sectors on which the support of the Community will be concentrated. Specific objectives include: (i) the successful implementation of the Caribbean Single Market and Economy, (ii) fuller participation of the Bahamas, Belize, Haiti and Suriname in Cariforum/CARICOM structures, (iii) a strengthened and rationalized CARICOM Secretariat and its specialized units, (iv) the establishment of the Caribbean Court of Justice, and (v) progress towards integration in the world economy through various multilateral trade negotiations.

The main non-focal area (11% to 14% of funds) will be the "fight against major vulnerabilities" including control of drugs, and disaster management. A small amount will be allocated to the involvement of non-state actors and civil society, and gender and youth issues.

## Inter-American Development Bank

The Inter-American Development Bank (IDB) has three modes of lending in the Caribbean region. The IDB Fund for Special Operations is restricted to the five poorest members of the Bank. Only two are in the Caribbean Region as defined by CIDA – Guyana and Haiti (the other three are Bolivia, Honduras and Nicaragua).

The Intermediate Financing Facility was established during IDB-6 (1982). It was a response to expected reductions of the resources available through the Fund for Special Operations. Eligibility is defined in terms of per capita income. For the 2002-2003 allocation, eligibility was set at per capita income of US\$1,973 in 1995 constant dollars. The eligible borrowers in the Caribbean are Jamaica, Suriname, and Dominican Republic (others are Ecuador, El Salvador, Guatemala and Paraguay).

The IDB has also allocated a small amount to the Caribbean Development Bank for lending (currently US\$20 million over three years).

In relation to CIDA's Caribbean Program, therefore, the IDB is providing loans to Guyana (Fund for Special Operations) and Jamaica (Intermediate Financing Facility).

#### EU Evaluation of Regional Programming

The EU has undertaken an evaluation of its regional programming in Latin America. It draws lessons including the observation that regional projects tend to be more complex than those of traditional projects. The fit and balance between regional management and national execution is key to the success of projects. In some cases, a project may respond to a regional demand without being relevant at the national level because there is no agreement on ways to translate the regional vision into concrete actions at national level.

In other cases, although projects may be successful in achieving results at national levels, the program's regional aspect may generate more costs than benefits. In some cases economies of scale could not compensate for the additional complexity of regional projects. On balance, the evaluation recommends focusing on national projects with regional coordination. However it also notes that, in practice, EU national and regional projects follow separate administrative paths that do not favour the development of links or synergies between them.

### 3. CIDA'S CARIBBEAN REGIONAL PROGRAM

#### 3.1 Program Profile

CIDA's Commonwealth Caribbean Regional Program in the 1990s comprised four major components: CARICOM-regional, OECS sub-regional, Guyana and Jamaica. The 1993 Policy Framework envisaged that all projects would be part of the regional program.

CIDA delivers its Caribbean programs separately through its three main program branches. Over the past decade almost \$470 million (Canadian) has been disbursed, about three quarters from bilateral programs (Americas Branch). Annual disbursements have been highly variable, from a peak of \$54 million in 93/94 to a low of \$23 million in 97/98 and recently back to \$40 million to \$50 million annually.

CIDA Disbursements in the Caribbean Commonwealth (1993/94-2002/03) \$ Million		
Branch	1993/94-2002/03	
Americas	\$355.4	76%
Canadian Partnership	\$64.2	14%
Multilateral Programs	\$48.7	10%
Communications	\$0.2	0%
Performance Review	\$0.1	0%
<b>Total</b>	<b>\$468.6</b>	<b>100%</b>

#### Bilateral Contributions

The following table illustrates the shares of Caribbean bilateral program disbursements by country for the period 1993-2003. The Caribbean Regional Program accounts for 38% of the disbursements of the Caribbean Division. It is composed of the Caribbean-CARICOM regional program and of the OECS sub-regional program.

CIDA Bilateral Caribbean Division Disbursements, 1993/94-2002/03		
Country	\$ M	%
Belize, Suriname, Trinidad & Tobago	\$9.8	3%
Jamaica	\$110.7	31%
Guyana	\$64.5	18%
OECS countries	\$35.4	10%
Regional-CARICOM	\$67.1	19%
OECS sub-regional	\$68.0	19%
Total	\$355.4	100%

#### Canadian Partnership Branch

Canadian Partnership Branch's disbursements in the Caribbean Commonwealth during this decade amounted to C\$ 64.2 million - \$53.4 million through institutional cooperation and NGO channels, and \$10.8 through the

Industrial Cooperation Program. Guyana received 11% of funding with the other countries/country groups receiving about one fifth each.

Country	\$M	%
Belize-Suriname-Trinidad & Tobago	\$10.7	20%
Jamaica	\$13.2	25%
Guyana	\$5.9	11%
OECS-countries	\$11.2	21%
Caribbean-CARICOM	\$12.3	23%
Total	\$53.4	100%

Annual disbursements of the Industrial Cooperation Program in the Commonwealth Caribbean declined sharply from \$2 million in 1993/94 to \$0.4 million in 1997/98, but they have recovered in the last few years.

Countries/Region	Number	\$C M	%
Belize, Suriname, Trinidad and Tobago	28	3.1	29
Jamaica	15	2.1	19
Guyana	10	1.0	9
OECS Countries	24	2.8	26
CARICOM Countries	10	1.8	16
Total	87	10.8	100

Source: Econotec

### Activity by Sector

CIDA codes its disbursements by priority area. The country programs in the Commonwealth Caribbean have about one quarter of disbursements coded to basic human needs. The regional programs, with a greater focus on public institutions, tended to disburse more in the areas of human rights, democracy and good governance, and private sector development (although little went directly to private sector projects and programs).

Sectoral distribution of CIDA's contributions can vary greatly according to how the coding system is applied. An example of this is provided by the environment sector, which if defined narrowly does not represent a significant proportion of the regional programming. However, when fisheries and ocean activities are added, the amount directed to the environment corresponds to approximately 15% of total disbursements.

Priority	Caribbean-CARICOM	OECS	Country Programs
Not coded	0%	0%	3%
Basic Human Needs	11%	7%	24%
Gender Equality	6%	1%	2%
Infrastructure Services	1%	1%	14%
Human Rights, & Governance	16%	41%	14%
Private Sector Dev.	22%	44%	12%
Environment	10%	4%	14%
Other Programming	33%	2%	16%
All	100%	100%	100%

### Level of effort/support

The following table shows the level of support of Canadian Cooperation to the countries or grouping of countries in the region based on a per capita calculation for a period of ten years.

Countries/Region	Population ('000)	CIDA Disbursements (M\$Can)	Disbursement per capita
Belize-Suriname-Trinidad & Tobago	1,948	\$20.5	\$10.5
Jamaica	2,581	\$123.9	\$48
Guyana	781	\$70.4	\$90
OECS	545	\$114.6	\$210
CARICOM-Regional	6,425	\$79.4	\$12.3
Total	6,425	\$468.6	\$72.9
Haiti	7,647	\$275	\$35.9

Note should be taken that Haiti is not included in the total because it has just joined the CARICOM and has not yet benefited from its program.

Our analysis indicates that the OECS countries have received a level of development assistance from Canada that significantly exceeds that of other countries in the region. The amount per capita is four times what Jamaicans have received and six times what Haitians have received during the period. The analysis could be pushed further to consider the development assistance level in relation to the number of people living in poverty.

The Policy on Development Effectiveness does not provide clear guidance to determine the level of support to middle-income countries. It mentions, "Canada does maintain considerable development cooperation programs with middle-income countries. While CIDA's presence there is determined more by foreign policy considerations, the content of its programs is driven by developmental priorities."

### Human Development in the OECS and Haiti: A Challenge for CIDA

The UNDP recently published a Human Development Report concerning the OECS countries. The human development indicators are a success story compared to other countries of the region. However, the report raises some concerns about the capacity of the region to maintain this level in the future given its high level of vulnerability.

- The OECS countries have Human Development Indices scores that classify St-Kitts and Nevis, Antigua and Barbuda in the high category and Dominica, St-Lucia, Grenada, St-Vincent in the medium category. Haiti is the only country in the Americas falling into the lowest category, ranking 150<sup>th</sup> out of 175 countries.
- Life expectancy at birth ranges from 65.7 years in Grenada to 78.1 in Anguilla, while the life expectancy in Haiti is only 49.1 years.
- Adult literacy rate in the OECS range from 75.4 in Anguilla to 97.8 in St-Kitts and Nevis, while Haiti reports only 50.8 % .
- GNP per capita ranges from US\$2,777 to US\$ 9,188 for OECS countries. For Haiti, the per capita GNP is only US\$367.
- In terms of population and needs, Haiti surpasses all the OECS countries.

Given the introduction of Haiti as a full member of both CARICOM and CDB, this may produce some friction for fair access to resources.

Source: UNDP, OECS Human Development Report, 2002 for data on the OECS and UNDP Human Development Report, 2003 for data on Haiti

### Constraints concerning Data Collection

Establishing a regional profile for a multi-country region like the Caribbean is a complex undertaking. The evaluators encountered some constraints related to the region and others related to CIDA's information systems. At the regional level, there are a number of different groupings (CARICOM, Commonwealth Caribbean, etc), sub-groupings (OECS, Leeward & Windward Islands, etc.) and a number of different sources of information with different prisms (IDB, UNDP, W.B, etc.)

In relation to CIDA's internal systems, the evaluators found many non-compatible coding systems, limited information concerning core institutional funding through the Multilateral Branch and a variety of programs at Partnership Branch.

## 3.2 Evaluation of Achievements, by Themes

### Theme 1: Trade and Competitiveness

CIDA's 1993 Policy Framework for the Caribbean Regional Program identified regional self-reliance as its goal. The CDPF suggested that self-reliance would be increased by improving competitiveness: *"to increase the region's capacity to compete in the global economy within a framework that promotes the equitable distribution of economic gains."*

In its programming strategy the following year, CIDA dedicated itself to help the region do three things: (i) improve the level of production, productivity and profitability of private firms, (ii) increase equitable distribution of gains from improvements in economic competitiveness, and (iii) lessen reliance on protected markets and preferential trade agreements.

CIDA funded eight projects and programs under the *Institutional Strengthening for Trade and Economic Growth* theme between 1993 and 2003. Evaluations or end-of-project reports were available for only three projects at the time of this study.

- The CARICOM Regional Institutional Strengthening Project (CRISP). The CRISP evaluation highlighted the difficulties of implementing CARICOM decisions. Lack of political will was identified as the principal reason for non-implementation rather than a lack of technical expertise. Member states have demonstrated a lack of willingness to delegate significant policy authority to a regional organization or to limit their own 'sovereignty' in the cause of regional integration.
- The Caribbean Regional Technical Assistance Centre (CARTAC) was a multi-donor project implemented by the IMF. CIDA provided C\$8 million and other donors contributed US\$13.7 million over the three years of the project. CARTAC provides technical assistance and training in economic and financial management, including both fiscal and monetary policy. CARTAC has assisted with corporate governance policy, budget reform initiatives, VAT applications, and Smart Stream information technology for tax collection and revenue management. CARTAC has also provided some marginal assistance to the private sector by holding seminars on issues such as corporate governance and financial-institution auditing.
- The Eastern Caribbean Economic Management Project, phase II (ECEMP II - 1993) was designed to assist government departments and agencies in the Eastern Caribbean to improve their efficiency and effectiveness. The primary objective was to strengthen economic and financial planning and management.

The Inter-American Development Bank report on *Competitiveness: The Business of Growth* (2001) noted the following factors that affect competitiveness: firms' characteristics; obstacles in the economic environment

and regulations; access to financial resources and credit; labour costs and productivity; infrastructure - electricity, transportation and telecommunications; and, capacity to innovate, including access to information, technology & innovation systems. The report stresses that private enterprises must be the focus of efforts to strengthen competitiveness. The public sector can only provide a good or bad enabling environment.

Other factors that affect competitiveness in the Caribbean include: government dependence on trade taxes for general revenue, government ownership of enterprises, and the rise in violent crime and corruption.

The ability of the private sector to produce goods and services at competitive levels of quality and price is of primary importance in increasing competitiveness. In 1994, CIDA considered the following options to achieve its objectives related to competitiveness:

- support exports and tourism promotion, focusing on firms and private sector umbrella organizations;
- support financial markets, mainly the formal financial markets in the region, but also institutions serving micro and small enterprises and women entrepreneurs;
- develop the private sector enabling environment, through public and private sector umbrella organizations;
- build institutional capacity and skilled personnel to support economic competitiveness.

CIDA ultimately decided that the bilateral program would emphasize support to the public sector. CIDA also assisted the private sector to become more competitive through activities such as CESO's work with small businesses in Guyana, and CPEC activities in tourism, offshore financial services, and fresh produce quality control in the Windward Islands. The USAID program focused on improving the management capabilities of small business in the tourism and environment industry.

CIDA's competitiveness strategy for the Commonwealth Caribbean was to work through CARICOM and the OECS towards a single 'home' market, in the expectation that competition and therefore competitiveness would be increased by mobility of labour, capital and enterprise within the region. At the same time, CIDA encouraged states to work together to negotiate continued preferential treatment from trade partners without significantly liberalizing outsiders' access to Caribbean markets (or at least to obtain long transition periods before local markets would open to competition).

In summary, CIDA's funding of 'competitiveness' projects made a major contribution to develop the "enabling environment", especially helping establish new trade regulations, encouraging fiscal probity and establishing public revenue management systems. Support was also provided to the private sector at a more reduced level. A balance between these two areas was suggested in the 1993 CRDPF and is still necessary.

## Theme 2: Human Resources Development

The countries of the Commonwealth Caribbean rank relatively high on the UNDP human development ranking. However, human resource development has been unbalanced. Primary education and tertiary education of elites have been strong. However, basic secondary education in trades and technical skills for working-class children has been relatively weak. Certain groups at risk, including the unemployed and marginalized groups, have not benefited from educational opportunities to the extent that they might have.

In 1994, CIDA produced a programming options paper entitled *Economic Competitiveness with Equity*. This paper referred to the Government of Canada's draft Foreign Policy paper that affirmed that the primary purpose of Canadian ODA was "to reduce poverty by providing assistance to the poorest people". The draft Foreign Policy paper identified three priorities - basic needs, participation of women and private sector development. It also suggested four programming options that all had HRD components. Option 4 placed the heaviest emphasis on HRD, particularly the development of technical skills and management expertise.

Over the following decade CIDA did design and implement projects that reflected the need to strengthen management expertise. However, CIDA did less for technical trades and skills among the working class, the unemployed, and marginalized communities. A partial exception was support for workforce training in economies under severe transitional stress.

The following four HRD projects were reviewed for the evaluation:

- The Caribbean Training Awards Project, Phase III (completed) provided short-term and medium-term training in business and agriculture. It was a \$34 million eight-year project in ten Leeward and Windward Islands. The mid-term evaluation and end-of-project report stressed its good reputation in the region, but did not measure its impact. Regional leaders who had benefited from it made frequent mention of this program.
- The Canada/University of the West Indies Institutional Strengthening Project (completed) provided support to the UWI central administration and helped the establishment of a Centre for Environmental Management.
- The Eastern Caribbean Education Reform Project (on-going) supported education reform initiatives by strengthening the OECS Education Reform Unit (OERU). This \$13 million seven-year project started in 1996. A mid-term evaluation undertaken in 2001 seriously questioned the relevance of the project. The evaluation noted weak management, lack of political commitment of OECS member states (as indicated by the limited funding of the OECS' Secretariat and OERU), the blurred and overlapping roles of OERU and the CARICOM Secretariat, and

member states' reluctance to delegate authority in education to a regional body.

- The Caribbean Regional and OECS HRD Program for Economic Competitiveness (CPEC) (on-going) is a \$25 million project, started in 1996. It offers training to strengthen managerial, technical and vocational skills and to develop the capacity of institutions within the region to deliver skills training on a sustainable basis. It covers mainly agriculture and related industries. The mid-term evaluation found that the project is likely to achieve its objectives in providing training but it is not possible to determine the effects on competitiveness. Note: this project can also be classified under the theme of « competitiveness ».

These projects are diverse, covering areas from curriculum reform in high schools, to strengthening university administration, to business and skills training in the private sector. The limited evaluations that do exist reported the popularity of the programs but have not measured impact or sustainability in any concrete way.

The concentration on short-term training of people in organizations avoids encouraging a 'brain drain' from the region. However, this strategy has its own risks - in particular the risk of funding training that is too brief and episodic to have much sustained impact. Overall the strategic emphasis seems to have been on tertiary education and short-term training of bureaucrats and business people. Less attention has been paid to technical and trades training, which would better meet the needs of marginalized and unemployed persons, as well as young people not on a university track.

#### Community College Model in the Caribbean

During the late 1990s, CIDA provided support to ACCC to assist Community Colleges in the Caribbean. A number of initiatives were supported such as:

- Jamaica - a diploma course in Shipping Logistics;
- Haiti - Health Training;
- Cuba - Instrumentation Training.

These initiatives mobilized a number of Community Colleges in Canada and CEGEPs in Quebec. As the availability of resources declined and other regions of the world took on higher priority, the ACCC progressively downsized its activity in the Caribbean.

However, the Inter-American Development Bank decided to take advantage of the expertise developed by ACCC in the Caribbean and called upon the organization to identify lessons learned and best practices that could help to shape a "Community College Model" for the region. To complete its mandate, the ACCC undertook studies, visits and consultations in Jamaica, Bahamas and Trinidad-Tobago, meeting college representatives and government officials to determine the level of needs and the best practices that had been used.

Source: ACCC project profiles

### Theme 3: Environment

Many countries in the Caribbean are ecologically fragile. The region is one of the "top ten" global biodiversity hotspots worldwide. It is under intense population pressure and is susceptible to environmental damage from natural disasters. Flawed development planning, poor management and potential climate changes exacerbate environmental risks. Environmental quality is important in itself, but it takes on greater importance in the context of the Caribbean's dependence on tourism.

Environmental data for the small islands is often unavailable. Nevertheless, in general, it seems clear that the environment in the Caribbean has been steadily worsening. In the 2002 Environmental Sustainability Index, Trinidad and Tobago and Jamaica ranked 121 and 122 respectively of the 142 countries assessed. Political commitment to environmental protection has been weak. There have been more agreements, policies, plans and strategies than implementation.

CIDA treats environment both as a crosscutting issue and as the primary focus for particular projects. The evaluation suggests that good work has been done in both modes. CIDA's involvement in environmental projects began in the 1980s, with support for water and sanitation projects and the Pan-American Disaster Preparedness and Prevention Project (PAHO and UNDRO). In the 1990s, CIDA funded sixteen projects that had environmental management as a primary theme.

In 2003 CIDA commissioned a study of environment, climate change, and disaster management in the Commonwealth Caribbean. A consensus has not yet been reached on the findings of this review. The draft report recommended that CIDA focus on three themes: (1) sustainable livelihoods, including freshwater and marine environments, agriculture, wastewater and development, consumer products/sectoral practices and tourism; (2) trade, including agriculture, fishing, forestry, tourism and general trade; (3) multilateral environmental agreements. However, with regard to environmental agreements, the report noted that "the political will has been missing to act in more substantive ways than simply signing the agreement".

CIDA also produced a discussion paper on environment programming for the OECS sub-region in 2003. This draft paper noted "*past approaches had been ad hoc, reactive and fragmented. The landscape is dotted with a multiplicity of projects and institutions, often working in similar thematic areas, with overlapping mandates and competing with each other for resources.*" It recommends (i) no further programming in climate change, (ii) that disaster management assistance should focus on the small islands and on insurance, and (iii) more attention should be given to renewable energy and energy management.

#### Observations

(1) CIDA's minor funding of environmental projects belies its stated commitment to environmental issues. In our

opinion, the relatively small amounts CIDA has expended on environmental programming may have been enough if environment were treated solely as a crosscutting issue, but not for it to be taken seriously as one of CIDA's main thematic objectives for the region.

(2) Local governments generally have not given high priority to environmental issues. In this context, focusing on governmental capacity development is a slow and indirect way to proceed on urgent environmental problems.

(3) CIDA should focus on environmental problems that already impact strongly on every-day life, such as lack of sewage treatment, inadequate solid waste disposal, deforestation, traffic congestion, urban sprawl, illness from pollution, loss of wildlife habitat and loss of animal life from toxic pesticides.

(4) Undue concentration on governmental capacity and formalistic declarations should be avoided. A CEA's end-of-phase report that we reviewed notes the progress made by OECS member states signing the St. Georges' Declaration in 2001. However, after examining the declaration we were led to conclude that there were a very large number of 'agreements' (more than a hundred), none of which are sufficiently concrete to commit any signer to any specific action.

(5) Disaster prevention and management is more than 'environment'. Certainly it has environmental aspects, but it has other aspects as well. Documents note that there are many donors and funded agencies working in this area, and that duplication and lack of coordination may be an issue. Nevertheless, on the positive side, CDERA's work in disaster management appears, to us, to be considerably more professional than its predecessors.

**Theme 4: Equity**

The 1993 CRDPF rightly identifies the issue of equity as a major constraint to competitiveness and "growth that is socially sustainable". Among the issues to be addressed are social instability from unemployment and poverty. As potential solutions, employment opportunities and long term social policies are mentioned.

The 1993 Policy Framework for the Caribbean Regional Program stated that:

*"A WID/Gender Action Plan will be developed to ensure that gender analysis and the collection of gender disaggregated information become integral to CIDA's policy and programme development. CIDA will seek to build institutional and human resource capacities in the region in gender analysis and gender-sensitive policy, programming and management."*

The 1994 Programming Options Paper extended the concern with equity to encompass "social equity" (income distribution). It stated:

*"Significant inequities and large pockets of poverty exist in all of the Caribbean countries... Income distribution in*

*the Caribbean region is highly skewed and similar to Latin America. In Trinidad and Tobago the bottom 20% of households have 2% of income... In Jamaica, the top 10% of the population consumes 17 times as much as the bottom 10%. Characteristics of inequality and poverty in the Caribbean include high proportions of the people living below the poverty line, particularly rural residents, women and youth, highly skewed income and asset ownership, high levels of unemployment and under-employment, low wages, inadequate education and inaccessible basic services such as health, water and sanitation."*

Gini Coefficients for Selected Caribbean countries	
Countries	Gini Coefficient
Grenada	0.45
St-Lucia	0.50
St-Vincent &Grenadines	0.56
St-Kitts & Nevis	0.40
Dominica	0.49
Antigua	0.53
Jamaica	0.38
Trinidad Tobago	0.40
Bahamas	0.45
Latin America Average	0.49
World Average	0.40
Source, UNDP, OECS Human Development Report, 2002, page 188 and IDB, Facing Inequality, 1999	

The GINI coefficient measures the level of distribution of income in a given country. Latin American countries are reputed having high level of income distribution. Brazil and Paraguay are the worst cases with 0.60. Virtually all the Caribbean countries are in the bottom half of countries in the world in terms of equality of incomes among the population, and three are worse than the Latin America average.

Although income equity was a component of CIDA's goal for the bilateral Caribbean Regional Program (1993), little was done during program implementation to address income distribution as a crosscutting theme. Nevertheless some poverty initiatives were undertaken by CIDA in a broader context. For example CIDA's support to the Special Development Fund and to the Basic Needs Trust Fund at the Caribbean Development Bank is worth highlighting.

CIDA has promoted gender equity, spending approximately C\$2.8 million in 1996-2000 on a Caribbean Gender Equity Fund (CGEF). A second phase of the CGEF is being implemented for 2001-2006. CGEF is an umbrella fund, with national and regional sub-funds in Guyana, Trinidad and Tobago, Suriname, Jamaica, Belize, Barbados, and the OECS countries. Each of the sub-funds has its own objectives and priorities. The regional sub-fund (involving five regional organizations including UNIFEM, CEDAW, DAWN, CARICOM and UNECLAC) was intended to be 10-15% of the overall value of the Fund, and expenditures roughly met this target.

In 2003 CIDA and DFID jointly funded the preparation of a gender Plan of Action under the auspices of CARICOM. The Plan noted priorities related to poverty and the economy, including trade, violence against women, health (with a focus on HIV/AIDS), institutional gender mainstreaming, leadership and decision making and education. The paper adopted a "Social Justice Framework", which, it noted, applies to all dimensions of inequity including gender, race and class. While this perspective is admirable, CIDA's focus in practice has been on the problems of women. Less attention has been given to the problems of men and boys with regard to drugs, crime and low education attainment for example, or to problems related to class or race, especially problems of indigenous peoples.

#### **CIDA and the Poverty Strategy of the CDB**

CIDA is one of the two main contributors to the Caribbean Development Bank. This has enabled the Agency to influence the Bank's priorities and focus during the past decade. CIDA has consistently advocated that the mission of the Bank should be poverty reduction, and it has promoted the adoption of an explicit mission statement to that effect.

During negotiations for the replenishment of the Special Development Fund (IV and V), CIDA induced the Bank to take several important initiatives. These included the expansion of the Basic Needs Trust Fund; the adoption of a crosscutting 'poverty prism' in all funding decisions (including decisions about ordinary capital resources); the adoption of a new formula for concessionary resource allocation; and the adoption of a new project performance evaluation system that made poverty reduction an explicit and visible criterion for the first time. Soon thereafter CIDA made a major contribution from bilateral funds (the indicative figure was approximately C\$40 million over four years) for a Social Infrastructure Fund that increases the resources of the Basic Needs Trust Fund and take advantage of the CDB capacity to deliver poverty related development assistance.

For all these reasons, CIDA may take substantial credit for strengthening the poverty-reduction stance of the Bank over the past decade.

#### **Theme 5: Economic Integration**

Promoting Regional integration/cooperation was another crosscutting theme of the 1993 CRDPF. Regional integration was to be an important policy vehicle for improving productivity and use of resources. The CRDPF highlights the fact that "regional integration is not an end in itself but a means to achieve the policy objectives." However, the intra-regional share of trade has remained low and static during the 1990s.

Expansion of the regional economic base to increase business opportunities, improve attractiveness for investments and achieve greater economies of scale has long been part of the regional agenda. The CARICOM economic space is widening. Free trade agreements

have been established between CARICOM, the Dominican Republic and Cuba. Haiti has now become a full member.

#### **CARICOM 'Single Market and Economy'**

CARICOM has a long history of agreements by member governments to integrate their economies. However, implementation of these agreements has been very slow or has not happened. For example, in 1992 CARICOM governments agreed to establish a Monetary Union, but by 1994 the Committee of Central Bank Governors recommended its indefinite postponement. Currently, under pressure from incipient external trade arrangements that threaten to supersede arrangements internal to the region, there is another effort underway to establish a Caribbean Single Market and Economy (CSME), along with a Caribbean Court of Justice. Financial independence of the Court would be secured through a trust fund administered by the Caribbean Development Bank.

Results towards creating the CSME have so far been modest.

- There have been reductions in intra-regional tariff rates. Several countries reduced their average tariffs by about 25%, and Barbados and St. Vincent and the Grenadines reduced their tariffs from 17.3% to 9.7% and 9.2% respectively.
- To date the achievements of the CSME have been modest partly because of lack of diversification. It has increased from 12.4% in 1990 to 22.9% in 1998. However this is partly the result of (1) the decline of the goods-and-commodities export sector relative to tourism, and (2) high oil prices during the period. Regional suppliers' share of goods and commodities trade within the Caribbean has remained low and stagnant at 9.5%.

#### **External Economic Integration**

The region is involved in negotiations under the WTO, Free Trade Agreement of the Americas (FTAA) and the Africa-Caribbean-Pacific agreement with the EU (ACP/EU EPA).

The regional strategy for WTO initiatives is to attempt to secure special and differential treatment and advantageous transitional arrangements, in addition to ensuring its technical capacity for participation in negotiations. Under the new Cotonou Agreement, CARICOM is attempting to mitigate fiscal impacts and to increase international competitiveness of products covered by protocols, to help diversification, and to expand the region's market share of services (mainly tourism).

CARICOM's strategy for the Free Trade Agreement of the Americas negotiations is to seek special and differential treatment and transitional measures, and to design and implement measures to cushion the impact of adjustments. Related to these policies are CARICOM's



strategies to improve access to markets in the USA and Canada under an enhanced CBI and CARIBCAN. Specific strategies include optimization of existing access, the provision of trade advisory and facilitation services to the private sector and development of a more mature agreement with Canada.

The deepening of trade and economic relations with Latin America forms part of CARICOM's hemispheric strategy. This strategy includes promotion of the implementation of existing treaties and related agreements (including the Amazon Treaty), preferential agreements with Venezuela and Columbia, and gradual replacement of tariff preferences with reciprocal liberalization.

The CARICOM - Cuba free trade agreement will see protocols developed and functional co-operation strengthened, particularly in the areas of health and education and training.

### 3.3 Summary of Findings and Recommendations by Themes

CIDA's Caribbean Program is complex, including regional, sub-regional and national components covering 16 countries. The Program intervened in several sectors, and involved many people and organizations. There was a complex management structure at headquarters and in the field, with significant communication and logistical challenges. Pulling all these elements together in a coherent way was in itself an achievement of the management team.

- **Regional Programming Approach**

The Caribbean Regional Framework adopted in 1993 was new and different from previous approaches that focused on local and national level interventions. Moving programming to the regional level was motivated in part by the looming resource cuts of the early-1990s. A second motivation was the sincere belief that the countries of the Caribbean should cooperate regionally. There were some risks attached to a regional strategy, especially considering the long history of hesitation to integrate the economies of the region, and because of the weaknesses of the emerging set of regional institutions.

**Recommendation 1:** Despite changing circumstances in the Caribbean (and in Canada), ten years later we have to recognize that "regional programming" is an appropriate approach to deliver development cooperation for the Commonwealth Caribbean region. Such an approach could potentially be used for other middle-income countries.

- **Competitiveness/Economic Integration and Trade**

CIDA's bilateral program funded fourteen projects related to trade and economic integration, for a total expenditure of C\$37.3 million (29% of the total value of the program). Trade negotiations are underway with regard to the Caribbean Single Market Economy, the Free Trade

Agreement of the Americas, the Africa-Caribbean-Pacific agreement with the EU, and the World Trade Organization multilateral round. The area of trade and competitiveness is complex because numerous actors play a role. Ensuring the coordination of all these actors within the inevitable freer trade environment remains a challenge in the region.

For the private sector to be competitive an appropriate "enabling policy environment" is needed. Therefore, a strategically balanced approach may be required in supporting the public and private sectors, taking into account the role of other international organizations.

**Recommendation 2:** The theme of trade, economic integration and competitiveness remains highly relevant for the region. If improved trade competitiveness is to remain as one of CIDA's development goals in the Caribbean, then programming should be balanced between support to put an enabling policy environment in place and activities aimed at trade-oriented private sector organizations and small/medium enterprises.

- **Human Resources Development**

CIDA's bilateral interventions in the area of human resources development were, generally speaking important and relevant. However, they were spread very thin across many areas - primary & secondary education, short-term technical training and long-term tertiary education. A strategic perspective and focus was not clearly apparent.

**Recommendation 3:** The theme of human resources development remains highly relevant for the region. If CIDA were to continue interventions in this sector, the evaluators would recommend more emphasis on technical & vocational training related to employment in order to address training needs for groups that are currently under-served. This area would also offer an opportunity for CIDA to develop a corporate approach by establishing a close collaboration between the Bilateral Program, the Canadian Partnership Branch and Canadian education and training institutions. Short term training for highly needed skills in targeted areas should remain a component of capacity development strategies in any area of intervention.

- **Environmental management**

CIDA's bilateral intervention in the area of environment were important especially in relation to the long term sustainability of natural resources in the region. There is no doubt that a clean environment is fundamental to the future of the region. However the commitment of national governments to sound environmental management remains mixed and is mainly donor-driven.

During the 80s and early 90s CIDA was involved in some major infrastructure projects in the region that were highly visible. Funding constraints obliged CIDA to withdraw from this area leaving it to International Financial Institutions.

**Recommendation 4:** The theme of environmental management remains highly relevant for the region. If the CIDA Caribbean Regional Program decides to continue environmental programming, it could consider ways to make it more immediately relevant to people's living conditions. In the view of the evaluators, the program should consider giving more attention to environmental issues related to urban management (sprawl, sewage, traffic) and to pollution, loss of habitat, water management, and coastal zone management.

- **Equity**

The CRDPF listed equity as a primary objective "within a framework that promotes equitable distribution of economic gains". CIDA has recently produced an action plan that is innovative in linking discrimination to class and race as well as gender. However, the Regional Program has clearly paid more attention to gender equity than to class or racial equity (e.g. indigenous peoples and racial discrimination).

CIDA has supported the Caribbean Gender Equality Fund since 1996 and collaborated with DFID to fund the preparation of a gender Plan of Action under the auspices of the CARICOM. CIDA has undertaken useful interventions in gender equity; however, this theme may have not been integrated successfully in all its activities in a genuine crosscutting way.

With the exception of gender, the complete range of equity issues was not addressed. Mobility of low-skilled labour, protection of consumers, labour-intensive public works, and skills training for the uneducated/unemployed, which could improve the well-being of the poor, have not figured prominently in the policies and activities of the regional organizations that CIDA has supported. At the same time, however, CIDA was pushing the Caribbean Development Bank to affirm and extend its anti-poverty activities. Canada has had a good influence on getting the Bank to adopt poverty-focused policies. Other CIDA interventions could have benefited from a strong approach to equity issues.

Given the level of poverty remaining in the region, the economic growth and competitiveness approach may not have been as successful as expected. Consideration may be given to more direct interventions targeting the poor. Such an approach may lead to greater integration and synergy between the regional and national initiatives of the program.

**Recommendation 5:** CIDA's Caribbean program needs to address the issues of equity and poverty more strongly in order to contribute to achieving CIDA's mission. Usually considered as a crosscutting issue, equity must become an overarching consideration in the Caribbean program, reflecting a strategic and integrated perspective.

## 4. CIDA'S SUPPORT TO REGIONAL INSTITUTIONS

The evaluation assessed the relevance and effectiveness of CIDA's support to Caribbean regional institutions over the past decade. The following table lists the main projects examined.

<b>A Sample of CIDA Programs in Support of Caribbean Regional Institutions, 1992/3-2002/3</b>	
<b>Program</b>	<b>Disbursements Cdn\$ million</b>
<b>Caribbean Community</b>	
CCS Institutional Strengthening (CRISP & CCDP)	5.6
Protocol II (Services) Trade Policy & Facilitation	2.6
Regional Negotiating Machinery (RNM)	
<b>OECS</b>	
Environmental Capacity Development (ENCAPD)	3.0
Education Reform (ECERP)	9.7
Trade Policy Project	2.0
Judicial and Legal Reform	2.5
<b>Caribbean Development Bank</b>	
Special Development Fund (SDF)	36.7
<b>Sub &amp; Regional Programs for National Level Capacity Development</b>	
ECEMP	16.1
CARTAC	8.0
<b>University of the West Indies</b>	
UWI Institutional Strengthening	7.3

### 4.1 CARICOM

The Caribbean Community and Common Market (CARICOM) were established in 1973. It has fifteen member states, covering the Commonwealth Caribbean and, more recently, Suriname and Haiti. Its immediate objective is economic integration and harmonization of economic policies in the region. Its purpose is to strengthen members' competitiveness in a globalizing world economy.

Since 1997, CARICOM has focused on the proposed *Caribbean Single Market and Economy* (CSME). In 2001, its members revised the *Treaty of Chaguaramas* and committed themselves to harmonize economic policies and regulatory frameworks through legislation in each member state rather than by delegating powers to CARICOM. Countries that comply will harmonize policies; remove restrictions on mobility of services, goods, capital and people; and enable businesses based in any member country to establish an enterprise. These are long-standing objectives of the Community but various previous commitments have not been implemented.

In addition to economic integration, CARICOM has promoted functional cooperation in education, health and transport, disaster management, food security, environmental health, agricultural research, public administration and other fields.

The CARICOM Secretariat (CCS) has an annual operating budget of US\$10.8 million contributed by member states, and a program budget contributed by non-member donors that totalled US\$28.3 million for 1997-2003. CIDA has been the largest contributor, providing approximately 26% of the program budget. CIDA's support has included funding for institutional strengthening of the Secretariat.

The CARICOM objectives of harmonization, coordination and integration are a reasonable strategy for a group of small countries facing competitiveness challenges and needing to cooperate to achieve efficiencies.

CIDA's support for the Caribbean Community and the CCS, therefore, is highly relevant to regional objectives. However institutional capacity remains an important issue. CIDA's CRISP program achieved some useful results; however, achievements were less than expected due to serious weaknesses in project delivery and control mechanisms. The overall effectiveness of the CCS is uncertain, at best. It is burdened by unfunded mandates from member governments, and there has been a pattern of long delays between agreements and implementation.

The Secretariat could potentially have an important impact by helping member states in the complex task of legislative change and harmonization. However, its resources are generally inadequate, and its management and attention to priorities need to be improved. The proposed Commission to monitor CSME implementation, if empowered, might help. If CIDA assists the CARICOM Secretariat further, with full awareness of the institution's weaknesses, the assistance should: (i) be focused, (ii) include performance indicators to assess progress, and, (iii) as far as possible, the assistance should include incentives for prompt and effective implementation.

#### **4.2 Caribbean Regional Negotiating Machinery**

The Regional Negotiating Machinery (RNM) was established in 1997 as an agency of CARICOM to support international trade negotiations. The RNM operates in four negotiating theatres: WTO under the 'Doha Round', FTAA negotiations, the proposed Economic Partnership with Europe, and bilateral negotiations, in particular with Canada on a replacement for CARIBCAN.

RNM builds negotiation capacity, consults on regional negotiating positions, represents members at talks, conducts research, and offers technical cooperation and general administrative services.

The largest donor is DFID, with CIDA currently second. CIDA is providing C\$2.5 million over 5 years. Other major donors are USAID, IDB and CDB. The EU has made provision for a program that would make it the largest donor in the future.

The RNM supports negotiations that are of considerable importance to the countries of the region. No single CARICOM country has the experience and capacity to participate as effectively on its own in complex trade

negotiations. The RNM has helped build consensus among member states as a basis for negotiating positions, e.g. in the preparations for the WTO Cancun meeting. It has also helped build negotiating capacity within the region. It has developed relations with CCS (after a somewhat strained beginning) and with the OECS (in regard to the services sector).

The proposed OECS Trade Policy Unit will be a coordination challenge. Donor assistance needs to be more coherent and coordinated, as well, and sunset provisions for external support, with gradual transition arrangements to full support by member governments, would be a good idea.

#### **4.3 Organization of Eastern Caribbean States**

The small island countries of the Eastern Caribbean established the Organization of Eastern Caribbean States (OECS) in 1981. The OECS promotes cooperation among members, common services and economic integration. There are nine member states, six of which are independent countries. Common institutions include: the OECS Secretariat, the Eastern Caribbean Central Bank (which is responsible for the common currency and monetary union), the Eastern Caribbean Supreme Court, a Civil Aviation Authority, functional agencies in areas such as export marketing, joint procurement of pharmaceuticals, telecommunications, stock exchange, and other units dealing with natural resources management and education reform. In addition to the OECS Authority, consisting of Heads of Government, there are ministerial committees for foreign affairs, defence and security, and economic affairs. In 2001, the OECS announced that it would seek an economic union, including free movement of people, goods, services and capital.

The OECS Secretariat has an annual operating budget (2003/ 2004) of EC\$11.5 million, covered by member states, and a program budget of EC\$18.6 million, financed by multiple donors of which the EU and CDB have been the largest. CIDA has funded OECS joint programs, mostly associated with the Secretariat, including an Education Reform Project (ECERP), Environmental Capacity Development Project (ENCAPD), Trade Policy Project (TPP) and a Judicial and Legal Reform Project, with disbursements of C\$17.5 million (1993-2003). Three of these projects are on-going, and CIDA is considering whether to fund a program for institutional strengthening of the Secretariat itself.

CIDA's OECS programs have achieved results, although there have been serious issues of effectiveness and efficiency in the case of ECERP and the Judicial and Legal Reform Project, partly because of weak performance by the Canadian EAs. More generally, the project management capability of the Secretariat and the units dealing with ECERP and ENCAPD continues to be weak. This is in part the result of the Secretariat's limited resources and the uncertainty of payments from some financially hard-pressed members.

The CIDA-assisted OECS Education Strategy appears to have been a useful framework for obtaining financing for education from IFIs. The Trade Policy Project is well timed. The potentially important role of the Secretariat might justify a program of institutional strengthening, of which one element might usefully be a review of management systems. Key issues are how selective the Secretariat's focus should be and whether alternative modes of more stable and reliable financing might be developed, perhaps similar in some respects to that proposed for the Caribbean Court of Justice. Nevertheless the resource and management weaknesses in the Secretariat raise sustainability issues.

#### 4.4 Caribbean Development Bank

The Caribbean Development Bank (CDB) is a multi-lateral lending institution with seventeen borrowing members. Its largest contributors are Canada and the U.K. CIDA's participation is the responsibility of CIDA's Multilateral Branch. Recently, however, Americas Branch has funded a C\$40 million program for social infrastructure to be managed by CDB through its *Basic Needs Trust Fund*.

CDB is a significant instrument of regional cooperation and economic integration. It has supported the Caribbean Community and the OECS through technical assistance and lending for multi-country programs. Most recently, the Bank played a decisive part in making possible the establishment of the Caribbean Court of Justice.

Canada's support to the CDB is complementary to CIDA's other programs. The Special Development Fund (SDF) and the Basic Needs Trust Fund and similar programs work directly with poor communities in a way that is not typical of the rest of CIDA's regional programming in the Caribbean. CIDA was prominent in requiring the Bank to meet specific targets for the percentage of its programming that was specifically poverty targeted – 45% during 1996-2000 and 55% thereafter.

CDB has also supported sub-regional programs in the OECS, for waste management and environmental protection, where country lending was involved. In the OECS education sector, CDB insisted on a strategic development plan as a pre-condition for its lending.

Canada's influence as a major contributor to the Special Development Fund and a principal CDB shareholder has been considerable. The increasing emphasis on poverty alleviation and the social sector reflect Canadian and U.K. leadership. Canada and the UK each hold 9.63% of the Bank's subscribed capital and are contributing 27.2% of funds committed to SDF V.

Similarly, the widening of the CDB's membership to include Haiti reflects Canadian objectives. As a bilingual French/English country, Canada may play a special role in the integration of Haiti within the CDB.

#### 4.5 Eastern Caribbean Economic Management Program

The Eastern Caribbean Economic Management Program (ECEMP) is a sub-regional capacity-building initiative in economic and financial management begun in 1986 and now in its third phase. There are two partners, the Eastern Caribbean Central Bank (ECCB) and the OECS Secretariat (OECS).

The rationale for the program was based on the need for OECS governments to have more effective economic and financial management. National institutions at the sub-regional level were chosen for attention. The program has made practical technical contributions to skills and systems.

ECEMP and the newer regional program, CARTAC, both provide assistance in economic management. There is scope for both as long as they are coordinated. As far as we can tell the level of joint effort has so far been modest.

ECEMP has designed and 'piloted' regionally appropriate solutions to economic management problems, and then replicated them in other OECS countries. The use of regional consultants and secondees from one country to another, in addition to Canadians, has helped to contain program costs; it has also contributed to sustainability. Project administration, nevertheless, is a significant cost. There is probably no alternative to a Canadian Executing Agency for such a technically demanding program.

The short-term outcomes of ECEMP are clearly positive, and there are performance measures that support this conclusion, including, for example, increases in tax revenues that can be attributed to the new systems.

ECEMP has promoted regional solutions to economic management problems and financial systems issues. It has enhanced co-operation among Accountants-Generals and Budget Directors, Comptrollers of Inland Revenue, Registrars of Co-operatives, and Audit Directors.

Sustainability has been strengthened by a multi-country approach - i.e. use of the same systems and approaches in several countries; by a collaborative approach, which has successfully produced a high degree of 'ownership'; by use of specialized sub-regional networks, which can be expected to continue over the longer term; by use of regional consultants and seconded officials from one country to another; and by cost-sharing with national governments for equipment.

Risks include the frequent mobility of trained officials from one to another field of responsibility (both in-country and regionally). Nevertheless the rationale for ECEMP-like activity remains valid. Capacity development is a long-term task, and ECEMP has achieved generally good results and a high (although declining) level of recognition.

#### 4.6 Caribbean Regional Technical Assistance Centre

The Caribbean Regional Technical Assistance Centre (CARTAC) is a multilateral program aimed at improving economic and financial management through policy and technical advice and capacity development. It is a joint initiative of multilateral and regional agencies, regional countries, and bilateral donors, and is patterned after a similar program in the Pacific. CARTAC operates in twenty countries, as a UNDP project, with the IMF as executing agency. It is supported by the World Bank, CDB, CIDA and other donors.

The decision to establish the Centre was taken by the CARICOM's Council of Ministers of Finance and Planning in September 1999, and CARTAC became operational in November 2001. CIDA is the largest donor, providing US\$5.1 million out of a total of US\$12.4 million pledged for the Centre's 3-year initial mandate. The next largest donors are the World Bank and the EU, followed by DFID, IDB and USAID. Annual contributions are made by each of the 20 Caribbean countries. The Centre is based in Barbados.

CARTAC provides technical assistance services in four areas: public expenditure management, taxation and customs policy and administration, financial sector regulation and supervision, and economic and financial statistics. Assistance is provided in various forms: by CARTAC resident advisers and short-term regional and international experts, and through training programs and professional secondments.

A recent mid-term review (October 2003) reported positive results. The Steering Committee, which includes a CIDA representative, has agreed to extend the program.

CARTAC's technical assistance delivery model is well suited to the needs of small countries, since it has the ability to provide on-going advice and capacity support. The use of experts from regional governments and regional consultants is probably cost-effective (as well as having other benefits). The outputs have been impressive in number.

Sustainability is an important consideration. The difficulties of government staff retention, and the small size of many Caribbean governments, means that a longer-term 'capacity addition' may continue to be necessary, as well as 'capacity development.'

#### 4.7 University of the West Indies

The University of the West Indies (UWI) was established in 1948, as an affiliate of the University of London, and became a full university in 1962. It is an affiliated institution of the Caribbean Community.

From 1991 to 1997 CIDA provided C\$9.8 million for institutional strengthening at UWI. The aim was to strengthen management at the Mona University Centre, improve the extension and outreach capacity, and

upgrade capacity in gender studies and environment. UWI has maintained a Centre for Gender and Development Studies and a Centre for Environment and Development since CIDA's funding ceased.

UWI faces many challenges:

- Competition from universities and colleges in other countries (mainly the U.S. and Europe) which offer distance education;
- Competition from local institutions starting to offer tertiary diplomas without necessarily having adequate qualifications and resources;
- The absence of a regional authority to license and certify diplomas;
- The out-migration of trained people.

UWI is an asset to the region. However, it needs to be more flexible and efficient. We heard the comment that UWI makes only a "traditional academic response to any new challenge or request for services". Formal degree programs make an important contribution; however, short-term training is also effective to strengthen human resource skills in many different areas.

#### 4.8 Summary of Key Findings

The sustainability and capability of regional institutions remains an issue. If CIDA is to take seriously its stated objective of encouraging self-reliance in the Caribbean then it could consider, in conjunction with other donors, formulating a self-sustainability strategy for each institution that would contain clear steps, milestone targets, and incentives.

Specifically the institutional assessment team offers the following observations:

1. The desire of the Commonwealth Caribbean countries for closer economic integration to create a single internal market, and to compete better in world markets, remains valid. In this context, the objectives of CIDA's regional institutional support remain valid.
2. Given its objectives, CIDA chose appropriate institutions to support. The regional and sub-regional secretariats, however, continue to need capacity strengthening in many areas. In addition, member countries continue to be hesitant to grant significant policy and decision-making powers to regional agencies. Commitments to integration have been too often rhetorical rather than binding.
3. Haiti's recent accession to CARICOM and to the Caribbean Development Bank poses challenges because of the extent and degree of poverty in Haiti and because Haiti is French speaking. CIDA might be particularly well suited to assist the integration of Haiti into regional institutions.
4. Functional integration and common services are important and potentially effective engines of economic integration.

5. The number of widely dispersed functional regional agencies, funded directly by donors and only loosely managed by the CCS, raises questions about regional integration strategy.
6. The proposed reforms of the CCS governance structure (the proposed Commission and the critically important CSME implementation program), and funding reform, may, if implemented, provide a new sense of urgency and an improved context for CIDA's capacity development efforts. However, a full-fledged assessment of the organization and development of an organization-strengthening strategy may be needed before new funding is provided.
7. The OECS Secretariat still needs strengthening in its powers and management capacity. Support by CIDA for institutional strengthening might be more valuable if real changes in OECS governance and increased empowerment of the Secretariat by member states were to occur. Therefore a thorough strategic assessment in collaboration with external partners would be a good precursor to new funding.
8. CIDA's support for multi-country skills and capacity-building programs, such as ECEMP and CARTAC (in economic management) and CDERA (in disaster preparedness and management) has been relatively successful. Such multi-country interventions to improve policies, systems and institutions at the national level offer an alternative, service-oriented "regional" model for future programming.
9. We observed that CIDA's support to the Caribbean Development Bank, in so far as it is focused on poverty and social themes, complements its support to other regional institutions where these themes are less prominent. CDB's poverty reduction activities could have a greater impact by being closely linked to the policy oriented activities of the OECS and CARICOM.
10. CIDA could consider assisting regional institutions in integrating crosscutting themes such as equity, poverty, and RBM. Future support by CIDA for institutions could consider what institutional actions have been taken in these areas.
11. Multi-donor support for a regional institution may have advantages but it can also lead to a lack of responsibility of any one donor for institutional performance. Donor coordination must involve more than 'information coordination'. CIDA could consider various options for improving coordination, including single sponsorship of certain institutions, pooled resources under the management of a single donor that may not be CIDA, or a division of labour with other donors on a long-term basis.

12. Some lessons from CIDA's experience include:
  - i) CIDA could undertake or commission a thorough study of institutional capacity, and develop a strategy and incentives for the institution, before committing substantial funds to capacity building.
  - ii) CIDA could consider various options in its choices of executing agency, including Canadian or Caribbean executing agency, or direct funding of the target institution itself to manage the project. To the degree that local management is feasible and reliable, it is generally preferable.
  - iii) CIDA could bring to discussion with the regional and international partners, the use of results-based management techniques, including institutional capacity support in that area. (See the Institutional Assessment Report of this evaluation for some initial suggestions on performance indicators.). The existing trend of donor harmonization practices may favour such a discussion.

Overall we have found that the capacity development strategy adopted for the regional institutions in the Caribbean is relevant to the development trends of the region. However, there is potential for improvement in areas such as overall coherence, coordination of actors, effectiveness of interventions on the ground, and efficiency of actions. The sustainability of regional organizations remains a challenge given the level of external support and funding compared to endogenous resources.

If we were to summarize in a few words our assessment of CIDA's contribution to regional institutions in the Commonwealth Caribbean, we would say that the Agency has been a strong and reliable partner. To move that relationship to a more mature level may imply some strategic thinking and rationalization.

For more detailed analysis of regional institutions and initiatives, readers are invited to read the technical report prepared in the context of the current evaluation "Caribbean Regional Program Evaluation: Institutional Assessment, an Overview Perspective".

## 5. EVALUATION BY KEY QUESTIONS

This evaluation considered five aspects of performance of the Caribbean Regional Program: relevance, coherence, efficiency, effectiveness and impacts, and sustainability.

### 5.1 Relevance

The Regional Policy Framework in 1993, and CIDA's Programming Options Paper in 1994, noted several development problems in the Commonwealth Caribbean. These included:

- A business community whose competitiveness needed to be improved (i.e. price and quality) under the shelter of domestic protection and preferential access to certain markets.
- A deteriorating natural environment, severe sanitation problems, and growing pollution (solid waste, chemicals and pesticides, and untreated sewage).
- Extreme disparities of wealth and income, linked to class, race and sex.
- Governments whose capacities to address their problems were limited and that were, in several cases, undemocratic or fiscally imprudent or both.

In response, CIDA articulated a clear strategy focused on capacity development, with clear goals and objectives. The desired results were clearly stated, and were to a considerable extent measurable (improved self-reliance and decreased reliance on external aid, for example).

CIDA did an excellent job of identifying and analyzing programming options within the framework of the Policy. Staff described the options well, and ranked them against explicit criteria, including country/regional fit and ten high-priority criteria. All of this was very relevant to the region's development needs.

In particular, CIDA's programming practices were very relevant to the problems of governments whose capacities to address their problems were limited or that were fiscally shaky. The area of trade and economic integration, human resources development and environmental management were, and still are, appropriate areas for potential Canadian cooperation.

While some interventions were clearly related to the poor (such as the CDB-SDF activities) most interventions, (some may say too many) were long term and indirect interventions at the governmental and policy levels with little potential for making a difference on the ground. Some of our interlocutors even suggested that we might need an act of faith (in the present and the future) to believe that such interventions would ultimately have a positive impact on the well being of people in the Caribbean. An appropriate strategy may be the missing link to make the regional program work for the poor.

*Were priorities clear and appropriate?*

CIDA's Policy Framework and Programming Options Paper made priorities clear. However, in practice, probably because of the intent to be responsive, the focus was lost. Disbursements by the Caribbean Regional Program were varied, and do not appear to have followed any deliberate pattern. Approximately one third of the disbursements were coded under the "miscellaneous category". This situation may have resulted from the fact that the Programming Framework did not include specific allocations of resources and from the high level of flexibility and responsiveness of CIDA management.

*Was the program design based on adequate analysis?*

We were impressed with the Policy Framework and, particularly, with the Programming Options Paper on "Economic Competitiveness with Equity in the Caribbean Region". These were intelligent papers and well written. They showed understanding of the region and its development challenges. Strategy and program planning were really quite admirable and among the best we have seen over a number of years of evaluating CIDA programs.

However, the analytical preparation for programming should have had more depth. In 2003, the World Bank is planning a study of competitiveness in the Caribbean. Given the large scale of CIDA expenditures over a decade – not far from half a billion dollars – CIDA's policy and programming strategy should take advantage of, and build on, studies like the World Bank.

On the institutional assessment side, we regretted not being able to count on full-fledged assessments of regional organizations before providing support. The team responsible for institutional assessment was not able to undertake its assessments based on base-line institutional data that should have been established before launching a capacity development initiative. Showing results in such context is rather difficult.

Undertaking institutional assessments of regional organizations could be a perfect area of collaboration of external funding organizations, each one taking the lead in one or more specific areas of interest.

CIDA seems to be moving progressively from the "project" mode where an initiative is looked at based on its specific goals, objectives targets and resources to a broader approach looking at the more global institutional context and capacity. We strongly support this process.

*Was the program relevant to Canada's wider interests in the region?*

A broad assessment of Canada's interests in the Caribbean, involving other departments and agencies of the Government of Canada, is outside the scope of this evaluation. The evaluation team believes that such an assessment, perhaps as a joint evaluation involving several departments, would be very worthwhile.

*Did circumstances change during 1993-2003 and, if so, did the program respond?*

During the 1990s, security threats became much more prominent aspects of Canada's 'self-interest' in the region (in addition to drugs, crime, corruption, illegal immigration, and the attendant problems that failed states have for neighbours). Also HIV/AIDS became a serious and growing problem that threatens Canadian interests. The Regional Program did respond to the changing context, more in the area of HIV/AIDS than in regard to other emerging threats.

The recent accession of Haiti to CARICOM and to membership in the Caribbean Development Bank has

implications for CIDA's regional program. It issues a challenge to break out of traditional assumptions about the program being essentially defined by the Commonwealth Caribbean. It may provide Canada, a bilingual country, with an opportunity to make a major contribution to regional integration.

*Is the program likely to remain relevant in the next decade?*

It is difficult to say whether the program will remain relevant over the next decade. The discussion concerning concentration of ODA resources in a limited number of enhanced partnership countries may lead to a lower level of effort in the Caribbean where, as indicated earlier, most countries are middle or high income countries. However, in our view, exiting the Caribbean is not an option. Wherever we were in the region, we were received and looked at as allies - more than allies, partners - more than partners, "neighbours" - we may even risk "friends". In that context, CIDA and Canada can count on a capital of mutual trust that we may not wish to spoil.

If, for example, CIDA were to focus its attention on the LLDCs then only Haiti and Guyana in the Caribbean would remain relevant. However, the geographical proximity and the integration process in the Americas provide forceful arguments for the continued relevance of the regional program over the next decade but perhaps at a reduced scale.

The support to trade negotiations may become less relevant as rounds of negotiations are completed. Support to the private sector to become more competitive within a liberalized trading regime will remain relevant for as long as one can reasonably foresee. CIDA may analyze how relevant its proposed Regional Program is to the Millennium Development Goals to which it subscribes, and, particularly, to poverty reduction and social equity. If regional cooperation does not make a difference in people's lives, then it may not get the support from both the population and political leaders that it needs. In such a context, external support may become obsolete if not irrelevant.

## **5.2 Coherence**

*Was CIDA's programming strategy coherent?*

It seems unlikely that CIDA's overall programming in the Caribbean was coherent across Branches (bilateral, partnership and multilateral). We have not been able to tell because little information has been forthcoming from Canadian Partnership and Multilateral Branches. It seems that branch activities were conducted within 'stovepipes' during this past decade and that cross-branch coherence was not high on the agenda. CIDA's Policy Framework and Programming Strategy were mostly bilateral. It is not clear to us that it had any influence on the activities of the Canadian Partnership and Multilateral Branches in the Caribbean.

Within the bilateral program, the main coherence issue was to achieve focus. The Program worked in many sectors and on many topics. In the end this also led to the lack of visibility of Canadian cooperation in the Caribbean. Much was done across many countries, regional organizations, sectors and topics; but, as useful as much of the work was, it seems fair to describe it as more reactive than strategic.

The Policy Framework extols the crucial need for coherence and focus in CIDA's programming, but, at the same time, lists a wide variety of sectors and topics where CIDA could intervene.

*Was the portfolio of individual projects coherent?*

The phased flow of projects over time appears to have been well managed. Movement from one phase of a project to the next appears to have been sensible and, to a good extent, guided by lessons learned in the earlier phases. However, evaluations generally did not address the larger development agenda, focused mainly on management issues, and did not contribute to establishing outcomes and impact.

*Were CIDA's regional strategy and its individual country strategies well integrated?*

The Policy Framework in 1993 stated that aid would be delivered through a single Caribbean Division at CIDA, composed of the former Jamaica/Belize, Caribbean Regional/Guyana, and Eastern Caribbean Divisions. It also stated "programme integration will facilitate a redressing of the national/regional programming balance. While CIDA's regional programming has accounted for some large and effective projects through the 1980s, as a proportion of the total IPF for the region it is quite modest at roughly 12%."

CIDA was successful both in creating a single Caribbean Division, and in increasing the share of funds going to regional initiatives. Caribbean regional initiatives (CARICOM) accounted for 19% of disbursements in 1993-2003 and OECS sub-regional disbursements for another 19%.

However, the little information we have gathered on this issue, based on interviews and document review, tends to indicate that there have been few substantial links between CIDA's interventions at the regional level and interventions at the national level. The potential complementarity of interventions, on one side related to the long-term economic growth agenda and on the other side to the more direct poverty related activities, suggests that such synergy should be reinforced.

*Was CIDA's strategy well coordinated with other donors?*

Based on our interviews, a lot of staff time and energy, especially from staff positioned in the field, seems to have been dedicated to donor coordination. Also, CIDA participated in the Consultative Group on Co-operation in Economic Development, led by the World Bank. The lead has been recently transferred to the Caribbean



Development Bank and the name changed to the Caribbean Development Forum. The function of the group has been to facilitate information exchange between donors, and in this, it has been reasonably successful.

In some instances CIDA has informally divided responsibilities with another donor (different areas of judicial reform shared with USAID, for example). As well, there have been many projects jointly funded with other donors. However, donor coordination remains relatively reactive to specific needs and external invitations. This places a heavy burden on our resources. Given that the donor harmonization process could potentially lead to even more demands, CIDA may consider making donor coordination a line of business with specific work plans and strategies. Donor coordination is a problem much broader than only the Caribbean program - it needs to be addressed at a broader level by CIDA and other donor agencies.

### 5.3 Efficiency

*What were the main results of the program?*

Outputs were often unmeasured and very seldom related to costs. There was almost no efficiency analysis in the documents we reviewed.

*Were results achieved at reasonable cost?*

We did not see evidence of egregious inefficiency or waste. However, project documents seldom contained any substantial cost analysis.

There is no evidence that regionalization of programs produced cost efficiencies through 'economies of scale'. In fact, they may have been less efficient because of additional complexity and additional layers of project management.

*How effective was CIDA's (and partners') results-based management methodology?*

The RBM methodology was not a standard practice in the Agency at the time of the approval of the regional programming Framework in 1993. This may explain why RBM was often used as a planning tool but had limited influence on the conduct of the program and its projects, as far as we could tell from interviews and documents.

### 5.4 Effectiveness and results

The conclusion of the Document Review was that the available project evaluations were not sufficient to demonstrate overall effectiveness of the Caribbean Regional Program. Further interviews and document analysis during field visits did not provide a clearer picture on this issue.

However, this conclusion provides a compelling argument for strengthening the evaluation systems that CIDA currently employs. The fact that project evaluations are not providing information related to specific results

whether at the output, outcome or impact levels, forces a program evaluation to rely on secondary source of information.

Should we rethink the methodology for program evaluation to include more outcome and impact assessments or rethink our entire approach to evaluation including project, program and policies? We would argue in favour of the later. However such a challenge goes well beyond the scope of the present evaluation.

### 5.5 Sustainability

One of the main goals stated in the 1993 Policy Framework was to improve self-reliance and decrease dependency on external aid. Concessional loans and grants to Caribbean Commonwealth countries and to OECS countries declined by 40% and 60% respectively over five years from 1996 to 2000. CIDA's contributions increased in relative importance over this period. Overall aid is now smaller in proportion to GDP in most countries in the region. However, the decline may be partly a result of declining donor budgets rather than being a result of less dependency in the Caribbean.

*Are the results of the program sustainable?*

The rapid and severe deterioration in the fiscal health, and external accounts, of several countries in the region (despite the low interest rate environment) casts doubt on whether changes in government practices are likely to be sustained.

Capacity development in ministries and regional institutions has probably made them more self-sustaining, but this is yet to be seen. The main regional institutions (CARICOM, the OECS and the Caribbean Development Bank) are heavily dependent on donor aid for program funding and partially dependent for core funding. In the early 1990s, for example, it was envisaged that the Special Development Fund of the Caribbean Development Bank would become self-financing and periodic replenishments by donors would cease. This has not happened and is not likely to in the near future.

The fact that member countries of CARICOM have chosen to proceed by individual legislation in each country on each topic, rather than by formal delegation of powers to the regional institutions, raises doubt about how sustainable regional integration might be. Legislation of this sort can be changed at the discretion of each new government.

Lastly, to the degree that trade negotiations strategy in the region places emphasis on maintaining preferences for as long as possible, the strategy is not sustainable in the long term.

*What risks affected sustainability and were they handled well?*

The main threats to sustainability are the failure of the recipient organizations to make adequate provision for continuing activities after CIDA's support finishes, and the possibility of creating dependencies where local

resources are inadequate in the long term to sustain a project or program.

The EU is experimenting with a graduated reduction in support, over five to seven years, to the CARICOM Secretariat for project implementation. CIDA has not used such schemes to gradually wean recipients off financial support. The overall assessment of the evaluation would favour a long-term partnership at a reduced level of support, instead of an exit strategy as other international bilateral players have done or are currently doing.

### Canadian Executing Agency or Canada-Caribbean Partnerships

For the implementation of its projects and programs CIDA often relies on Canadian Executing Agencies. In doing so a number of criteria are considered and technical capacity is generally the most important. However, this approach raises issues of appropriateness to the local context, the cost and the transfer of capacity to locals.

The Caribbean Regional Program has transferred some project management responsibilities to local and regional institutions. Using local organizations may be less costly if the needed capabilities are available. However, in many cases, capacities equal to those of Canadian EAs are not available locally. In such cases, CIDA should consider promoting partnerships between Canadian and Caribbean EAs, with deliberate transfer of skills during the project. Involving Caribbean organizations in project management might not prove to be less costly or more reliably effective, but may build local capacity over time.

Over and above the issue of efficiency and effectiveness of using one or another approach to deliver cooperation programs, this approach may require thinking differently to build long-term partnerships.

The challenge remains however to establish a new type of relation between Canadian and Caribbean regional institutions, relations based on long-term partnership and mutual interest.

## 5.6 Summary of Findings and Recommendations

- **Relevance**

CIDA's Regional Programming in the Caribbean was highly relevant. The selection of themes was excellent. Our only concern is with the selection of areas of focus within each theme. Given the stated objectives we would have liked to see more support to trades, technical and vocational education (with specific attention to poor communities and the unemployed) rather than tertiary education. We would also have liked to see attention to some pressing environment problems and activities that addressed competitiveness with a variety of actors including national governments, regional institutions and the private sector.

To be truly relevant to its core mission, CIDA must dedicate its Caribbean Regional Program to poverty eradication and equity. This does not mean neglecting economic growth but rather considering it as a means to achieve poverty reduction. CIDA's bilateral support to growth in the Caribbean needs to be more pro-poor.

**Recommendation 6:** Generally speaking we found that CIDA's interventions in the Caribbean were relevant. However, over time, flexibility and responsiveness have tended to spread the interventions too thin. This is an appropriate time to refocus the program with a strategic perspective. In the new Programming Framework, consideration could be given to linking with the international agenda of the Millennium Development Goals by "making regional cooperation work for the poor", including the goal 8 related to Global Partnership for Development.

- **Coherence**

The CRDPF mentioned the need for collaboration with different actors involved in the development agenda in the Caribbean. Strengthened partnerships and coordination with others were established as principles of effective programming in *Canada in the World* in 1995, and reiterated in *Shaping the 21st Century* by the DAC in 1996.

Considering the complexity of CIDA's program, we recognize that coherence is a multi-faceted issue. First, we looked at the internal coherence of the bilateral program itself and noted that the synergy between the regional versus the national programs could be strengthened. The internal coherence at CIDA between the bilateral, multilateral and partnership interventions faces organizational difficulties that the evaluation team itself confronted both at headquarters and in the field. In looking at its new programming, the Division may wish to try to work with other government departments as a means of strengthening development results in some strategic areas.

We also looked at collaboration between the various regional organizations and found room for improvement. Recognizing that a high level of effort is already dedicated to donor coordination, we see the need to develop a more systematic approach to this issue. The implication may be that CIDA should identify a few strategic areas where it can play a more effective role.

**Recommendation 7:** Given the complexity related to the issue of coherence (internal and external) and the absence of real lessons learned in this area, the Division may consider giving more attention to the issue. An all-government and perhaps an all-Canada approach implies working in a complex web of relations with a number of actors having specific objectives, roles and responsibilities. The Division may wish to establish a plan of action to strengthen coherence, clarifying roles and responsibilities at headquarters and in the field. CIDA could consider leaving some areas to other donors or to the countries themselves based on a division of labour.

- **Effectiveness and results**

The program evaluation had difficulty coming to clear and definitive conclusions concerning results and effectiveness. This partly reflects the fact that evaluation and monitoring of projects over the past ten years has focused mainly on operational issues. A second reason is CIDA's focus on 'capacity building' approaches whose results are often difficult to identify let alone measure. Thirdly, it is difficult to measure results and change when no clear picture of the institution exists at the beginning of the program. We note that CIDA's results-based management policy was not in place in 1993, although other roughly similar policies were. There is also an issue of "distance" between supporting institutions at the regional level and making a difference at the national or local level. To bridge that gap, there is a need to develop a "service oriented approach" that is not yet part of the institutional culture in the region. Unless this takes place, the population in the Caribbean may lose faith (if it is not already the case) in the usefulness of regional organizations and the related integration process.

**Recommendation 8:** Support to regional organizations needs rationalization. Regional capacity building is a challenge to results-based management (outputs and outcomes) especially when base line data are not available. CIDA could consider commissioning full-fledged assessments of regional institutions, potentially in partnership with other donor organizations, before funding regional initiatives. Also, CIDA could assist some key strategic regional organizations to develop a "service oriented approach" that would help them make a difference on the ground.

- **Efficiency**

The Caribbean Regional Program is complex and remains a challenge to administer. During this decade there were 180 bilateral projects and 595 by Partnership Branch. There were 19 staff at headquarters and 15 in the field, and large sums were expended on Canadian Executing Agencies. The "regional approach" has its own costs (communication, transportation, multiple actors, etc.) and the evaluation team has not been able to document whether the savings or economies of scale exceed the costs. Our analysis tends to indicate that multi-country initiatives have been more effective than support to regional institutions but at what cost?

**Recommendation 9:** We recommend that CIDA explore ways to reduce the scope of the program and related costs, perhaps by making fewer, larger grants to a limited number of key organizations based on long-term partnerships. Regional organizations receiving CIDA financial support should be made responsible for demonstrating results. At the corporate level, CIDA could consider developing new tools to analyze cost-efficient and cost-effective alternatives especially in the context of regional programming.

- **Sustainability**

Self-reliance of the region and regional organizations was a key objective: "to strengthen the region's capacity for greater socio-economic self-reliance". In 2004, the region is in fact less reliant on ODA than it was in 1993, mainly because of the rapid growth of both direct foreign investment and the tourist economy in the late 1990s. At the same time, donors tended to cut back their direct assistance. Further analysis would be needed to determine if national governments and regional organizations have been able to assume the responsibilities left from international organizations. However, at the institutional level, the picture is not encouraging. The regional institutions remain heavily dependent on donor funding for their program budgets.

The issue of self-reliance, therefore, is related to the presence of donors in the region and their level of effort. Our view is that CIDA should not exit the region but should develop a long-term partnership, perhaps with a lower level of effort given the middle-income country status of most countries of the region.

**Recommendation 10:** At the corporate level, CIDA should develop a policy and clear criteria concerning cooperation with middle-income countries. Until this is done, we cannot make a rules-based judgement about whether the total Regional Program funding is appropriate in scale. However, when compared to other CIDA programs, the Caribbean Program remains one that received the most resources relative to others based on criteria such as aid per capita or aid per poor person.

- **Vulnerability and risk management**

The Caribbean region ranks high on the scale of vulnerability compared to other regions of the world. The Caribbean has become a more risky place during the past decade. Crime associated with illegal drugs and illegal immigration has grown significantly, along with the attendant threat of corruption.

HIV/AIDS has exploded into a terrible epidemic that is ruining hundreds of thousands of lives. Even if HIV/AIDS was not mentioned as a core area of intervention in the 1993 Programming Framework, the Program was able to adjust and provide important support to the fight against the spread of this disease. The epidemic continues to accelerate and is socially and economically disastrous for the region. The evaluation team regrets that the lack of time and resources did not allow it to include this area of intervention as one theme for analysis. HIV/AIDS is one area where support to regional organizations may make a real difference on the ground.

Several countries appear to be caught in repetitive cycles of unsustainable fiscal deficits and debt-induced collapses. Badly built and badly placed urban development is vulnerable to hurricanes. Beaches have been fouled and bird life decimated by pesticides. These are true regional problems – expanding beyond the Commonwealth Caribbean to include Haiti and Guyana.

Natural hazards and disasters also contribute to the vulnerability of the region.

**Recommendation 11:** CIDA's new Framework for the Caribbean Regional Program could consider these various risks (that are risks to the poor), and identify ways to address them. This implies more than risk analysis; it also implies putting in place mitigation strategies. The high level of vulnerability may imply that a portion of the resources should be kept for unpredictable events and threats.

## 6. LESSONS FROM OTHER REGIONAL PROGRAMS

One objective of this evaluation was to draw lessons from CIDA's and other donors' experiences regarding regional programming.

### 6.1 What is a "Regional" Program?

A multi-country program with a single implementing agency might be characterized as having a regional dimension although perhaps a weak one. If, in addition, the program has an inherent regional rationale (benefits or costs inevitably spill across borders, or no solution in one country is possible without a solution in all) then the regional dimension is stronger. If the countries in a region have adopted a common policy and strategy, and the program has the other characteristics described previously, and there is an appropriate institutional underpinning with resources and authority commensurate with the common task, then it is a strongly regional program. Three criteria are key: common needs, common strategy to address those needs, and common implementation mechanisms.

### 6.2 Rationale for a Regional Approach

Four reasons are put forward for a regional approach to development: (1) to work with a whole ecosystem (natural/human); (2) to be able to provide public services efficiently; (3) to improve the size of the market and promote competition by mobility of people, enterprises and capital; and (4) to have more clout as a group.

The risks inherent in a regional approach include the possibility of adding complexity and costs unnecessarily (including additional layers of bureaucracy), and the risk of over-emphasizing multi-state problems compared with problems that can be solved within each country.

#### Typology

As part of this evaluation study, the Document review analysed CIDA's regional interventions, and proposed the following typology. It found the some 'regional' programs were essentially only administrative groupings, some were multi-country but had no particular regional rationale, and some (including CIDA's Caribbean Regional Program) were fully regional.

Regional programs in capacity building have had mixed success at best. A recent World Bank anthology of studies on the effectiveness of regional programs noted that "Subsidies are best used to improve transport, communications, power, water, education and other infrastructure in depressed regions. The benefits are much more durable and widely distributed than if the same money is spent, say, on small business incentives."

Typology of regional programs
1. Administrative grouping of bilateral projects in countries for which there is no bilateral program.
2. Multi-country bilateral projects, each undertaken independently.
3. Multi-country projects that involve institutions of the beneficiary countries.
4. Regional Fund covering several countries and addressing common issues.
5. Regional programs supporting multilateral or regional institutions.
6. Regional program in support of a clear regional integration strategy and plan owned by a group of countries.
Source: Econotec

### 6.3 CIDA's Regional Programs

All of CIDA's geographic branches have regional programs. Americas Branch expends the highest proportion of its funds on regional programs (23% in 2001-02). Other branches expend about 15% of their funds on regional programming. The regional programs of each branch are as follows:

- Asia Branch: the Southeast Asia Regional Program;
- Americas Branch: the Inter-American Program, the Central American Regional Program, and the South-Cone regional program;
- Africa and Middle-East Branch: the Pan-Africa Program, the La Francophonie Program, the Southern Africa regional program;
- Eastern and Central Europe: Eastern and Central Europe Regional Program.

#### Asia Branch Regional Programs

The Southeast Asia Regional Program is similar in some respects to the Caribbean Regional Program. It has funded activities of the Association of Southeast Asian Nations (about C\$77 million to 1999) and also various regional institutions and multinational agencies (C\$78 million). The list of institutions and agencies includes: the Asia-Pacific Economic Cooperation (APEC), a political organization; the Asian Institute of Management and the Asian Institute of Technology, two universities having a regional reach; and regionally located UN agency offices such as UNAIDS and UNDP. At present, the program disburses about C\$16 million per year in three areas: (1) governance, security and rule of law (2) environment and (3) economic integration. Gender is a crosscutting issue.

CIDA's regional program in Southeast Asia has moved away from support to regional integration and institutional strengthening of ASEAN institutions towards supporting independent regional organizations and UN agencies that play a functional rather than a political role in regional integration.

### **Regional Programming in Americas Branch**

Americas Branch has two regional initiatives similar to the Caribbean Regional Program - the Inter-American Program in Latin America and the Central American Regional Program. Two others, the Andean and Southern Cone programs, are less similar.

The Inter-American Program spends about C\$15 million annually on multi-country activities linked by a regional organization. Areas of focus are: cooperation and integration, strengthening of inter-American institutions, and policy dialogue among public, private and civil society actors in the Americas.

The Central America Regional Program spends about C\$5.3 million annually to improve access to electricity in the region through the Regional Electrical Energy Project, to help women and to enhance Central America's ability to trade. CIDA also supports a project to promote primary health care nursing in Central America. Canada has expended C\$198.9 million on Central American regional programs since 1986.

CIDA's regional programs with the Andean countries (Ecuador, Bolivia and Peru) and the Southern Cone countries (Argentina, Chile, Paraguay and Uruguay) consist mainly of multi-country, bilateral initiatives financed through special-purpose regional funds.

### **Africa Branch Regional Programming**

Africa and Middle-East Branch has three regional programs: the Pan-African Program, the Francophonie Program, and the Southern Africa Regional Program. The C\$23.4 million-per-year Pan-African Program helps pan-African institutions develop their capabilities. It works with the African Union (formerly known as the Organization of African Unity), the African Capacity Building Foundation and the Forum for Agricultural Research in Africa. The program funds initiatives on regional topics such as conflict resolution and gender, regional health projects, and regional networks.

#### **La Francophonie**

CIDA's funding for La Francophonie focuses on five priorities: democracy, culture, education, economic development, and worldwide dissemination of French. However, the past three summits have emphasized La Francophonie's political role, particularly efforts to strengthen democracy and the rule of law and to promote linguistic and cultural diversity. Approaches to regional programming include both multi-country multilateral initiatives and multi-country bilateral initiatives.

### **Southern Africa Regional Program**

CIDA has had a regional program in Southern Africa for twenty years in support of regional integration efforts of the Southern African Co-ordination Conference (SADCC). The SADCC was replaced in 1992 by the Southern African Development Community (SADC), which aims to establish a common market and to develop functional cooperation. SADC has faced the same problems as SADCC and little progress has been made. CIDA's most recent regional programming framework, prepared in 1997, placed a low priority on regional cooperation and did not mention regional integration or strengthening of regional institutions. The program presently consists of a series of multi-country projects addressing similar problems with similar approaches, and in some cases with the same executing agency. Regional integration might again become a priority if significant progress is made towards a Southern Africa common market.

#### **Regional Programming**

This evaluation elicited much interest from many of the people we met. Few donors have analysed the subject of regional cooperation in depth, with the partial exception of the European Union. Very recently the World Bank has produced a conceptual paper on the topic.

CIDA's Caribbean Regional Program broke new ground in seeking to implement a wide-ranging development agenda substantially through regional organizations.

Many people in the regional organizations, countries and the donor community have asked us to share with them the results of CIDA's experience.

### **6.4 Lessons and Recommendations**

One of the objectives of the current evaluation was to draw lessons that can be useful for the entire Agency concerning regional approaches to programming. A brief document review was undertaken looking at the experience in different branches at CIDA (Asia, Americas, Europe, Africa) as well as that of other donors. Regrettably the time, resources and information available to undertake this task were not sufficient. In particular, we were surprised by the fact that little has been done to assess the appropriateness, effectiveness and efficiency of regional approaches. In that context CIDA may even appear as a front-runner. Here are a few lessons that we have identified.

- **Functional Cooperation & Broad-based Integration**

Integration is a political process that takes a long time to bring about. Functional cooperation is more immediate and can show results in a shorter term. Both approaches can reinforce each other. Success in the former is primarily a matter of political will and local ownership.

Investing in the latter may help bring support for the former.

- **Partnership**

Intervening mainly at the regional level raises the possibility that Canada's partnerships with individual governments might be weaker than they might otherwise be. For all the benefits of regional programming, this partial disconnect with individual governments gives one pause in the high-risk environment of the 21<sup>st</sup> century.

- **Donor coordination**

Donor coordination is certainly complex in a regional environment of many countries, institutions and problems. Exchange of information and partial alignment constitute essential first steps. However, over the years, donor collaboration is evolving more and more towards greater harmonization and division of labour.

- **Policy Coherence**

The issue of Canadian policy coherence is important in the Caribbean. This issue was beyond the scope of the present evaluation. However, it should be noted that the importance given to trade and trade negotiation in the cooperation initiatives did a lot to bring policy coherence on that front. Policy coherence is something that program management should undertake even more broadly, and that the evaluators should assess more thoroughly in the future, maybe in a collaborative mode with other departments.

- **Results-based Management**

Achieving, documenting and demonstrating results on the ground that make a difference to peoples' lives through regional programming remains a challenge. The missing link between global and regional considerations and national and local needs is difficult to find. "Making regional cooperation work for the poor" is a nice slogan that, in practice is quite a challenge.

**Recommendation 12:** At the corporate level, CIDA should pursue its efforts to draw lessons from its experience on regional programming and share it with other interested partners.

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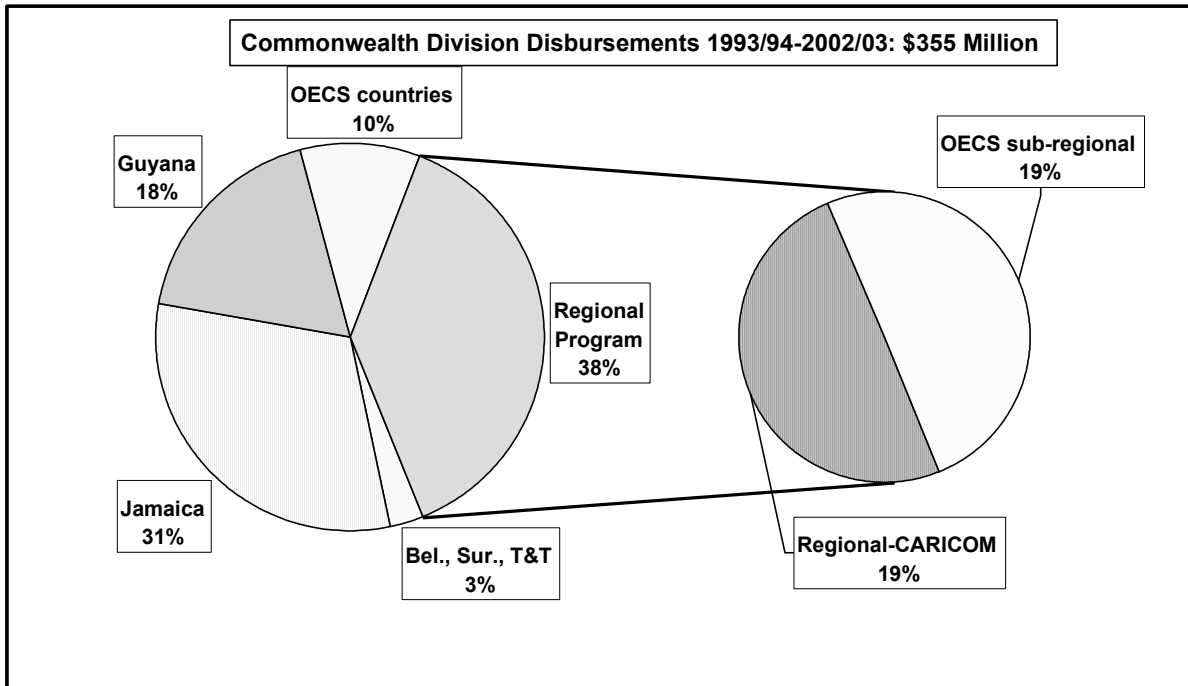
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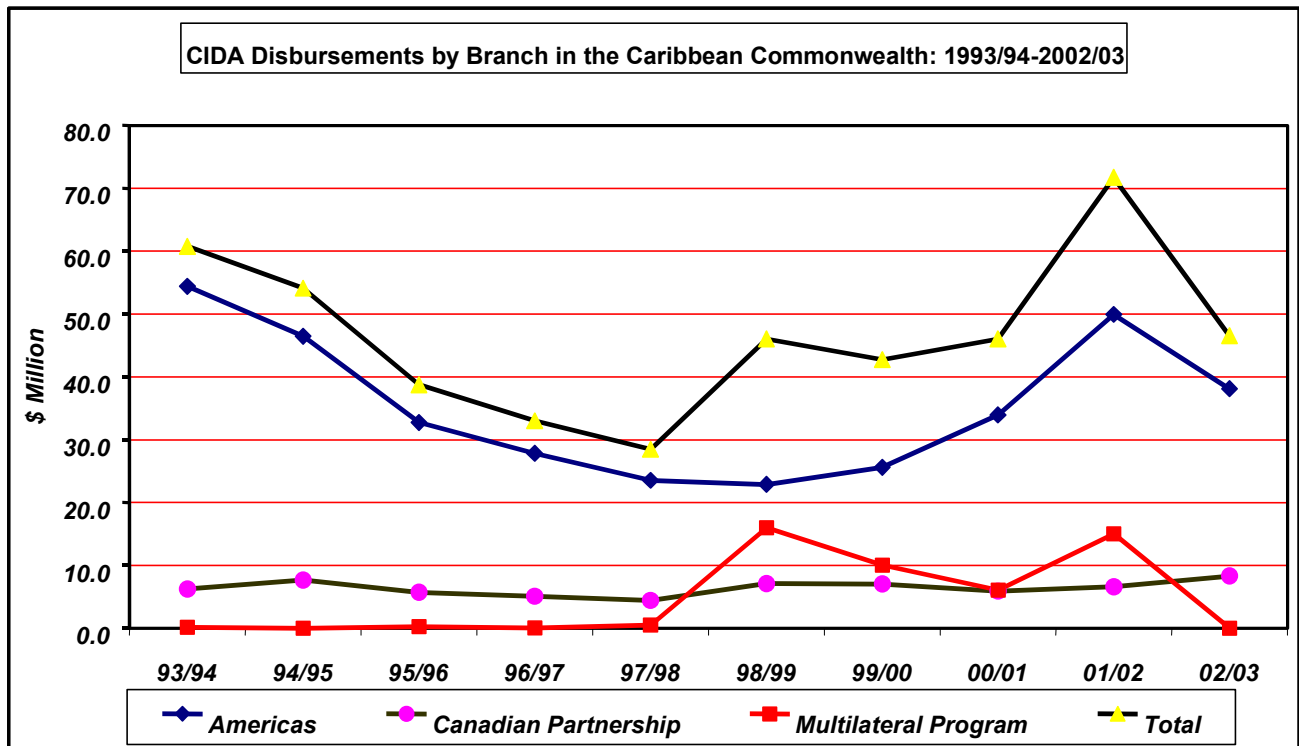
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### ANNEX II – Commonwealth Division Disbursements



### ANNEX III – CIDA Disbursements by Branch in the Caribbean Commonwealth



Source: Document Review, Econotec, 2003