

**CARIBBEAN DEVELOPMENT BANK**



**TECHNICAL ASSISTANCE:  
SUPPORT FOR THE CARIBBEAN GROWTH FORUM – CONTRIBUTION**

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Considered at the Two Hundred and Seventieth Meeting of the Board of Directors held in St. Vincent and the Grenadines on March 9, 2016.

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**CARIBBEAN DEVELOPMENT BANK**

**TWO HUNDRED AND SEVENTIETH MEETING OF THE BOARD OF DIRECTORS**

**TO BE HELD IN ST. VINCENT AND THE GRENADINES**

**MARCH 9, 2016**

**PAPER BD 16/16**

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**1. BACKGROUND**

1.01 The Caribbean Growth Forum (CGF) was launched in 2012 amidst growing concerns about slow growth in the majority of Caribbean countries. Its primary objective is to catalyse stakeholder engagement and aid the implementation of home-grown structural reforms to promote economic growth. Reforms span the following thematic areas: Logistics and Connectivity; the Investment Climate; and Skills and Employability. CGF is an initiative of three development partners: the World Bank (WB) Group; the Inter-American Development Bank (IDB) through Compete Caribbean (CC); and the Caribbean Development Bank (CDB).

1.02 CGF brings together renowned practitioners, policymakers, academics and representatives of other stakeholders, including civil society, private sector, youth, women, indigenous groups, and innovators and entrepreneurs. In so doing, it provides a platform that: (a) facilitates the identification and prioritisation of growth-promoting reforms; (b) supports implementation and monitoring; (c) promotes a culture of results, transparency and accountability among stakeholders; and (d) encourages participatory public policymaking. The promotion of collective responsibility for results is a key strength of CGF.

1.03 Phase I covered the period June 2012 to June 2015 and included several activities, key among those are:

- (a) the establishment of national country chapters in the Dominican Republic, Antigua and Barbuda, Grenada, St. Vincent and the Grenadines, Saint Lucia, St. Kitts and Nevis, Dominica, The Bahamas, Suriname, Jamaica, Trinidad and Tobago, and Belize;
- (b) four regional events<sup>1</sup> to support public-private dialogue (PPD) within the Caribbean, with a view to identifying policies and initiatives to stimulate economic growth; and
- (c) preparation and dissemination of knowledge products to the public.

1.04 Based on a review of Phase I conducted by independent consultants in May 2015, “*there appears to be a strong feeling among stakeholders that the CGF is a useful idea and it can be a powerful catalyst for collective action involving multiple stakeholders, and a driver of home-grown reforms and regional collaboration. However, this assessment concludes that there are several areas where the working of the Forum needs to be improved in order to realize its full potential*” (P. 5).

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<sup>1</sup> Jamaica, June 2012; The Bahamas, June 2013; St. Kitts and Nevis, June 2014; and Saint Lucia, June 2015.

## **2. PROPOSAL**

2.01 It is proposed that CDB utilise an amount not exceeding the equivalent of two hundred and forty thousand United States dollars (USD240,000) to support Phase II of CGF (the Project), which is scheduled to be implemented over the period 2016-18. Appendix 2.1 presents the Results Framework for the Project.

## **3. PROJECT DESCRIPTION**

3.01 In Phase II, the CGF approach to reform identification and implementation will be further refined and better aligned with other dialogue processes in the countries. Based on the needs identified by countries at the June 2015 Regional Conference in Saint Lucia, new sub-themes will be included under the existing three pillars as follows: (a) Access to Finance under the “Investment Climate” pillar; (b) Entrepreneurship and Innovation under the “Skills and Productivity” pillar; and (c) Growth Poles, Trade and Competitive Industries under the “Logistics and Connectivity” pillar. Appendix 3.1 presents an indicative work programme for Phase II.

3.02 Consistent with the strategic thrust and proposed work plan for Phase II, CDB’s support will focus on: (a) knowledge building through its annual thematic studies; (b) PPD facilitation by sponsoring Borrowing Member Countries’ (BMCs) participation at regional workshops and other fora; and (c) Technical Assistance (TA) for reform implementation, which could form part of CDB’s policy-based lending operations. CDB will seek to enhance its visibility with strong communications support for all of its sponsored activities.

## **4. JUSTIFICATION**

4.01 CDB’s funding for Phase I (USD225,300) was approved by its Board of Directors (BOD) in October 2012. To date, disbursements have amounted to USD203,646 leaving insufficient funds to adequately support the proposed work programme of Phase II. The effectiveness of CGF will be enhanced by building on its strengths and accomplishments to date. Appendix 4.1 highlights key results that have been achieved. Notwithstanding the achievements to date, important CGF-related reforms are ongoing in many of CDB’s BMCs. At the June 2015 Conference, the consensus among BMC representatives was that support from donors is needed to further implement CGF in all countries, as well as to expand the growth dialogue to the proposed new areas for reforms.

## **5. EXECUTION**

5.01 Activities under Phase II will continue to be executed by the Coordinating Secretariat, with support from its Steering Committee<sup>2</sup> and Advisory Board<sup>3</sup>. The Coordinating Secretariat comprises staff members of IDB, WB and CDB. WB employees have the day-to-day responsibility for planning all aspects of CGF programme.

## **6. COST AND FINANCING**

6.01 Funding for the next phase of CGF will continue to be provided by CDB, WB and IDB. Consistent with the original funding arrangement, financial resources will not be pooled into a common fund but, rather, each institution has agreed to execute and be responsible for its own contribution. Contributions from CDB, WB and IDB are USD0.2 million (mn), USD0.13 mn<sup>4</sup>, and USD0.1 mn, respectively. Appendix 6.1 presents the estimated budget.

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<sup>2</sup> Comprises the: President of CDB; Pro-Vice Chancellor of The University of the West Indies; and Secretary General of the Caribbean Community.

<sup>3</sup> There are nine members drawn from the regional private sector, academia, civil society and the youth.

<sup>4</sup> WB is currently in fund-raising negotiations with development partners, including the Department for International Development and the European Union (EU) Commission to fund specific activities as needed.

## 7. **RISKS**

7.01 As identified in the review of Phase I, there are a few risks which, if not adequately mitigated/minimised, can pose a challenge to an efficient execution of Phase II. Table 7.1 outlines potential risks and corresponding mitigation measures.

**TABLE 7.1: RISK AND MITIGATION**

<b>Risks</b>	<b>Mitigation</b>
Reform Implementation Fatigue	A strong focus on concrete actions, as well as the design of an accountability mechanism, should create the right incentives to push the reform agendas that have been already discussed.
Insufficient Stakeholder Engagement	Mitigation measures consist of clearly communicating the practical benefits of the process for the whole society, and concentrating on outreach activities (during the events and beyond) that explain in a simple way that reforms are for everybody and “universal”. Outreach to stakeholders engaged across the whole of the political spectrum is key to ensure the sustainability of the process and its political acceptance. The role of facilitators is also important in the dialogues to moderate the discussions and bring people with opposite interests to find consensus around the proposed reforms by focusing on actions that have universal benefits.
Inadequate Underpinning Institutional Support for Reforms	CGF is organised in such a way to use the technical expertise already existing within the institutions, identifying the government reform champions that need the initiative’s support to move forward the government agenda and to fit into the existing strategies. CGF also aims to map ongoing dialogues in order to coordinate with government, private sector and other partners to avoid duplications. Where the process of preparation of national development plans and poverty reduction strategies is parallel to CGF, outputs of the dialogues will be included in the overall strategies.

## 8. **FUNDING SOURCE**

8.01 It is proposed that CDB’s contribution of an amount not exceeding the equivalent of two hundred and forty thousand United States dollars (USD240,000) be financed from CDB’s Special Funds Resources (SFR). Funds are available within existing resources.

## 9. **PROCUREMENT**

9.01 If applicable, CGF Secretariat will prepare a post-procurement plan.

## 10. **RECOMMENDATION**

10.01 It is recommended that the BOD approve the use of an amount not exceeding the equivalent of two hundred and forty thousand United States dollars (USD240,000) from CDB’s SFR to assist in financing the Project.

**RESULTS MONITORING FRAMEWORK**

<b>Design Summary</b>	<b>Performance Targets</b>	<b>Data Sources/Reporting Mechanisms</b>			<b>Assumptions</b>
<p><b>Impact:</b></p> <p>Growth-enhancing reforms implemented and embedded in national development agendas, based on broad stakeholder engagement.</p>	<p><b>By 2018:</b></p> <p>2-5% increase in the number of reform actions completed relative to a baseline of 90 in Phase I.</p>	CGF Secretariat's reports.			<p>(a) Stakeholders remain committed to the reform agenda.</p> <p>(a) Underpinning institutional support for reform implementation is adequate.</p>
<p><b>Outcome:</b></p> <p>Enhanced and formalised engagement strategy between the public and private sectors, as well as civil society on priorities for economic growth.</p>	<p>The frequency of the National Accountability Workshops increased to quarterly from semi-annually in Phase I.</p>	Minutes from National Accountability Workshops.			<p>Stakeholders remain committed to the reform agenda.</p>
<p><b>Outputs:</b></p> <p>(a) Thematic policy papers completed.</p> <p>(b) Exchange of dialogue at regional public-private workshops.</p>	<p>(a) 2 to 5% increase in the number of knowledge outputs (books, reports, policy papers) relative to the number produced in Phase I:</p> <p>(i) Books – 3. (ii) Reports – 3. (iii) Policy Papers – 16.</p> <p>(b) Greater participation in regional workshops relative to participation (approximately over 300 persons in total) in Phase I.</p>	<p>(a) Copies of policy-oriented reports and background thematic documents.</p> <p>(b) Lists of participants.</p>			<p>(a) Targeted stakeholder personnel available and willing to participate.</p> <p>(b) Stakeholders remain committed.</p>
<b>Inputs:</b>	<b>Items</b>	<b>CDB</b>	<b>WB</b>	<b>IDB</b>	<b>TOTAL</b>
<b>TOTAL</b>		<b>240,000</b>	<b>130,000</b>	<b>100,000</b>	<b>470,000</b>

**PHASE II – INDICATIVE WORK PROGRAMME**

<b>Country</b>	<b>Proposed Activities</b>
Anguilla (Observer Status)	<ul style="list-style-type: none"> <li>(a) Embed CGF monitoring and accountability mechanisms within the framework of the Business Council of Anguilla.</li> <li>(b) Engage the (informal) private sector group with the new government and discuss how to implement the relevant components of CGF methodology as needed.</li> </ul>
Barbados (Observer Status)	<ul style="list-style-type: none"> <li>(a) Try to move from the periphery (in terms of implementation) to the core in CGF process.</li> <li>(b) Explore setting up a competitiveness commission.</li> <li>(c) Embed the relevant components of CGF methodology into the existing tripartite structure.</li> <li>(d) Embed the monitoring and accountability tools into the implementation of the long-term development strategy.</li> </ul>
Belize	<ul style="list-style-type: none"> <li>(a) Set up a website to monitor and provide information on the implementation of sectoral and policy reforms.</li> <li>(b) Embed the relevant components of CGF monitoring and accountability methodology into the existing PPD process.</li> </ul>
Dominica	<ul style="list-style-type: none"> <li>(a) Review and update the dashboard.</li> <li>(b) Hold accountability workshop.</li> <li>(c) Continue integration of CGF reform actions into work programmes and budgets.</li> <li>(d) Gain further buy-in from policymakers and implementers.</li> </ul>
Grenada	<ul style="list-style-type: none"> <li>(a) Establish a civic observatory, leveraging on existing platforms (e.g. social partners).</li> <li>(b) Finalise the Terms of Reference for CGF civic observatory.</li> <li>(c) Agree on how the observatory will engage the different stakeholders.</li> <li>(d) Develop a communication plan to make CGF more visible.</li> <li>(e) Set up a platform to inform what is taking place within the context of CGF.</li> <li>(f) Embed CGF monitoring mechanism in the long-term strategy development plan.</li> <li>(g) Review CGF reform actions to make them more specific.</li> <li>(h) Introduce performance indicators for each reform action.</li> </ul>
Jamaica	<ul style="list-style-type: none"> <li>(a) Strengthen the Public Accountability Framework: it is useful not only as an accountability framework, but also as a communications mechanism. It will help hold the social fabric together.</li> <li>(b) Mobilise resources in terms of technical cooperation, particularly from international financial institutions to help implement CGF reform actions.</li> <li>(c) Encourage/strengthen knowledge sharing across the Region through CGF – leverage on lessons learned in other countries in the Region that Jamaica can benefit from.</li> </ul>
St. Kitts and Nevis	<ul style="list-style-type: none"> <li>(a) Integrate CGF actions in the development agenda.</li> <li>(b) Embed CGF methodology of identifying priority actions into the national development agenda.</li> <li>(c) Strengthen the Competitiveness Council by leveraging on relevant CGF monitoring and accountability tools.</li> </ul>

<b>Country</b>	<b>Proposed Activities</b>
Saint Lucia	<ul style="list-style-type: none"><li>(a) Reach agreement amongst stakeholders to set up one representative body to serve as the civic observatory.</li><li>(b) Re-prioritise existing reform actions.</li><li>(c) Brainstorm on the way forward to include reform actions related to enabling integration with global value chains, supporting innovation and competitive sectors.</li><li>(d) Source funding from the private sector and the donor community to finance TA to facilitate the implementation of specific reform actions.</li><li>(e) Streamline CGF methodology and further integrate it into the current work programmes.</li></ul>
St. Vincent and the Grenadines	<ul style="list-style-type: none"><li>(a) Conduct a second accountability workshop.</li><li>(b) Revise reform actions collaboratively to make them more concrete.</li><li>(c) Strengthen the engagement of the public sector in CGF process.</li></ul>
Suriname	<ul style="list-style-type: none"><li>(a) Broaden the scope of reforms in logistics and connectivity, and productivity and skills themes.</li><li>(b) Prepare a shortlist of reform actions identified through CGF process and select the ones that are more feasible for the short term (quick wins) to strengthen credibility and engagement.</li><li>(c) Make CGF implementation period a three-year programme.</li><li>(d) Seek higher-level commitment from the Government.</li><li>(e) Ensure proper allocation of resources to implement the shortlist of reform actions.</li><li>(f) Embed the monitoring and accountability mechanism to strengthen the institutional framework of the Competitiveness Unit Suriname.</li><li>(g) Fully align and streamline CGF methodology with the ongoing dialogue processes in the country.</li></ul>
Trinidad and Tobago	<ul style="list-style-type: none"><li>(a) Conduct a stocktaking exercise to assess: (i) progress towards achievement of CGF-identified reform actions (gap analysis); and (ii) the existing PPD mechanisms in the country.</li><li>(b) Assess how CGF methodology (i.e. accountability workshops and monitoring tools) can be embedded into existing processes.</li><li>(c) Table the inception of a civil society board to support the monitoring and accountability of the reform agenda.</li><li>(d) Encourage discussions among CGF countries and multilaterals on how to enhance the knowledge sharing across the Region (this should not be left to individual countries or bilateral discussions).</li></ul>



## RESULTS ACHIEVED

<b>Hard outputs: Policy Reform Implementation at National and Regional Level</b>	<b>Hard Outputs: Knowledge</b>	<b>Impact Outputs: Behavioral Changes</b>	<b>Communication and Outreach</b>	<b>Donors' Coordination</b>
<p>(a) Over 90 actions completed after 12 months, in 7 countries:</p> <p>(i) Of these, 46 are policy reforms (change in legal frameworks, regulations and bankruptcy laws, for example).</p> <p>(b) Initial implementation timeframe (12 months), which allowed addressing quick wins, extended to refocus dialogue on complex stalling reforms (e.g. infrastructure development and Customs reforms in Saint Lucia; Vocation and Professional Training Curriculum reforms in various Organisation of Eastern Caribbean States [OECS] countries; and reforms of tax incentives for private sector in OECS).</p>	<p>(a) 12 power point presentations with hard up-to-date data on Caribbean Growth Challenges.</p> <p>(b) 16 Policy Notes in English.</p> <p>(c) 4 Policy Notes in Spanish.</p> <p>(d) 14 Policy Notes Summary and Policy Implications in Spanish.</p> <p>(e) 3 books published in English<sup>1</sup>.</p> <p>(f) 2 books in the pipeline (Trade and Investment Promotion).</p> <p>(g) 3 Regional Thematic Reports (Logistics and Connectivity, Investment Climate, Skills and Productivity).</p> <p>(h) 12 private sector assessments.</p> <p>(i) 12 enterprise surveys.</p> <p>(j) 6 Caribbean Policy Briefs.</p> <p>(k) 1 report on debt.</p>	<p>(a) Appropriation of a structured public-private consultation mechanism to enable dialogue. Before there was resistance in engaging (Dominican Republic, for example).</p> <p>(b) Private sector and civil society are changing their engagement strategy with the governments. Before they were advocating without engaging; now they are contributing to fix problems (Grenada, for example).</p> <p>(c) Center of Government is using CGF dashboard and methodology to increase incentives for middle management to deliver faster and better (Dominican Republic, for example).</p>	<p>(a) 1400+ followers on Twitter and Facebook.</p> <p>(b) 2500+ views on YouTube.</p> <p>(c) 70+ interviews on local media outlet, printed media, television programmes.</p> <p>(d) Public and private sector participate in joint press conferences before and after each event.</p>	<p>(a) CGF dashboards help coordinate new interventions and provide information about donors support in specific areas (helps avoid duplication, e.g., CC and WB joint efforts in support of the information and communications technology sector and in providing support to Antigua and Barbuda's Investment Authority).</p> <p>(b) Mapping of reforms agendas of 12 countries developed at the beginning of the process is shared among donors.</p> <p>(c) Regular quarterly video conference or audio meetings with the EU offices in the Region despite limited participation and no funding, attendance of EU staff to accountability workshops.</p>

<sup>1</sup> Making Reforms Work in the Caribbean: a collective action approach to growth; Connectivity for Caribbean Countries: An Initial Assessment.

**INDICATIVE BUDGET  
(USD)**

<b>Item</b>	<b>CDB</b>	<b>IDB</b>	<b>WB</b>	<b>Total</b>
<b>Knowledge Building</b>	120,000	-	20,000	140,000
<b>Regional Fora</b>	70,000	50,000	50,000	170,000
<b>Technical Assistance</b>	50,000	50,000	60,000	160,000
<b>TOTAL</b>	<b>240,000</b>	<b>100,000</b>	<b>130,000</b>	<b>470,000</b>

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