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UK-EU BALANCE OF COMPETENCES REVIEW

Call For Evidence: 7 Questions

RESPONSES FROM THE CARICOM SECRETARIAT

POLICY AREA: Development Cooperation and Humanitarian Aid

Impact on the national interest

1. What are the comparative advantages or disadvantages in these areas of the UK working through the EU, rather than working independently or through other international organisations?

- In matters of development cooperation in the Caribbean experience, the UK, as an independent national entity, shows a bit more flexibility, and can respond more quickly to beneficiary needs. The requisite bureaucracy in relevant UK decision making is logically reduced, and Caribbean recipient countries can implement aid-related programmes more quickly and effectively. A useful case in point is the £10 million **Caribbean Aid for Trade & Regional Integration Trust Fund (CARTFund)** project, fully funded by DFID.¹ That UK initiative, aimed at the boosting of Economic Partnership Agreement (EPA) and CARICOM Single Market & Economy (CSME) implementation momentum in CARIFORUM, was established in March 2009, yet, by early 2011, 25 projects were already approved for CARTFund funding, and several others were in the pipeline for consideration and approval by June 2011. To date (February 2013), several additional CARTFund projects have been approved and are at various stages of implementation. Another useful illustration of the rapidity and flexibility of direct UK ODA as regards

¹ DFID also provides development support (£338,009.00) to the Caribbean region through the project "**Support to the CARICOM Secretariat for the Change Facilitator**", an institutional reform exercise aimed at modernizing and streamlining the Secretariat's management of its development coordination mandate; and, the US\$42 million project "**Compete Caribbean**" which aims to address low economic growth in the Caribbean region. The project is managed by **Caribbean Export** (CARIFORUM's premiere export development agency) and is being implemented in partnership with the Inter-American Development Bank (IDB – US\$9 million) and the Canadian International Development Agency (CIDA – US\$16 million).

humanitarian aid, was the quick approval of CARTFund support for the Haitian reconstruction exercise in the wake of the 2010 earthquake in that country. By June 2011 the CARTFund Steering Committee had approved the project **“Strengthening Haiti’s Institutional Capacity to Implement the CARICOM Single Market & Economy.”**

- Such direct national UK support is complementary and supplementary to EU Development Cooperation Programme support and Humanitarian Aid. For example, under the 9th EDF financing cycle, a 3.4 Million Euros Financing Agreement provided important EU support to Disaster Management capacity building activities, under the project ***Institutional Support & Capacity Building For Disaster Management in the Caribbean***. Given the multilateral nature of such support, and the consequent multiplicity of design and planning inputs into the relevant regional programming, such EU support targets the sort of long-term and comprehensive disaster management programming that is vital to Caribbean disaster risk reduction and sustainable development. In this regard, the Caribbean Disaster Emergency Response Agency (CDERA), CARIFORUM’s premier disaster management institution, benefits significantly from such EDF support, in concert with CDERA’s more long-term comprehensive disaster management mandate, vis-à-vis say, ECHO’s more thematic oriented mandate.

Policy making and implementation through parallel competences

2. What is the impact of the current system of parallel competences on policy making and implementation in these areas, especially in terms of:

- a) efficiency, effectiveness and value for money;**
- b) transparency (including checks against fraud and corruption); and**
- c) working with other international partner organisations (e.g. UN, World Bank etc.)?**

As regards development cooperation, the CARTFund example constitutes a concrete example of the status of all the above criteria. DFID’s Caribbean Growth Team undertook a review of the CARTFund Programme (19–28 September 2012) and noted that “the processes and systems in place to ensure value for money are largely the CDB systems, although there is DFID oversight through the CARTFund Steering Committee and the administrative arrangement with CDB”. It was DFID’s observation that based on its Multilateral Aid Review (MAR), “CDB provides overall adequate value for money.” The MAR also observed that “wider work is ongoing with the bank to further strengthen its systems, building on the areas of reform identified in the MAR, including greater emphasis on cost effectiveness.” The MAR found that “systems are in place to minimise costs in the management of CARTFund grants” and that “systems are also in place to manage the quality of project deliverables and goods and to ensure compliance with procurement procedures.” As regards parallel competences in these matters, standard and applied EU operating procedures include regular evaluations of EDF financed programmes and projects, and in more recent years the EU has been commissioning independent Results Oriented Monitoring (ROM) missions on many of the projects in the Commission’s Caribbean portfolio. Between the UK’s programme implementation oversight mechanisms

through DFID, and the EU's various types of monitoring missions, policymaking and implementation are constantly enhanced. Inevitably, such enhancement results from the complementary activities of UK and EU mechanisms. In fact, the EU is now using the CARTFund model and has established two (2) similar facilities at the CDB; one is dedicated to building national capacity for EPA implementation, while the other is focused on building national capacity for CSME implementation.

As regards transparency and the risk of unauthorized and/or improper utilization of funds, the MAR found that "risk is judged to be low" since the CDB "has systems in place to manage this risk including provisions within each Grant Agreement and the CDB's supervision procedures." The MAR found that "discussions with selected project implementers have generally indicated adequate control systems for expenditure, both internally and through the CDB's systems and procedures." The EU's Anti-Fraud Unit's oversight activities serve to complement transparency enhancing initiatives in the region. As regards activity with other international partner organizations, the Caribbean experience has shown generally very positive results in the development and humanitarian aid sectors, emanating from the complementarity of actions from the various donor agencies, whether UK, UN, CIDA, World Bank, USAID, etc.

Relationships between development cooperation/humanitarian aid and other policy areas

3. How far do EU development policies complement and reinforce policies in areas such as trade, security, stability, human rights, environment, climate change etc., and vice versa?

The Caribbean region receives welcome donor support in the various sectors indicated above, namely trade, security, human rights, environment, climate change, etc., but EU development policies and support programmes serve to significantly complement such development support by other donors. The sectors identified above are all areas in which the EU extends its development support to the region and further afield. The EDF regional financing envelope, given its principle of strategic support to programme and project development in the Caribbean, serves to consolidate and expand development and growth in the named sectors, that might have been previously attributed to other donor activity, including CIDA, UNDP, USAID, JICA, etc. This complements and reinforces UK policies in these areas, as well as UK donor coordination principles.

Future options and challenges

4. Bearing in mind the UK's policy objectives and international commitments, how might the UK benefit from the EU taking more or less action in these areas, or from more action being taken at the regional, national or international (e.g. UN, OECD, G20) level – either in addition or as an alternative to action at EU level?

It is correct to say that from the Caribbean experience concerning donor support for development cooperation and humanitarian activities, the proportion of UK-EU support

should depend on the comparative strengths or weaknesses of the two entities, in so far as the delivery of aid and the implementation of projects in these areas are concerned. That notwithstanding, from a Caribbean perspective, the aid requirements are so large that there is adequate space for both the EU and the UK. Since EU aid takes longer to mobilise, its concentration may be on the longer term structural issues, while the UK may focus on shorter and medium term interventions that have a more direct impact on the lives of the Caribbean people. On the other hand, a generalised reduction in both areas, could presumably lead to greater migration pressures for the UK, and the attendant social and economic consequences, both positive and negative. As regards a benefit to the UK of relatively more action by regional and international agencies, indeed while this might result in less direct pressure on UK aid resources, there might be a diminishing of the relative flexibility associated with more direct UK aid to relevant development cooperation efforts in the two areas. In addition, implementation through third parties tends to diminish the ownership of the beneficiaries, while reducing the political benefits to the UK of its direct involvement in aid delivery.

5. Are there ways in which the EU could use its existing competence in these areas differently, or in which the competence could be divided differently, that would improve policy making and implementation, especially in terms of:

- a) efficiency, effectiveness and value for money;**
- b) transparency (including checks against fraud and corruption); and**
- c) working with other international partner organisations (e.g. UN, World Bank etc.)?**

The Caribbean experience illustrates that the EU could indeed use its existing competence differently, more effectively and efficiently in these areas. It is our view that the EU needs to implement a paradigm shift in attitudes and outlooks concerning the Caribbean region's ability to manage EDF financial resources for implementation. Numerous examples abound of the need for such an attitudinal shift. A case in point is the **Caribbean Knowledge & Learning Network (CKLN)** Project, in which the EU has continued to insist that the funds should be administered by the World Bank, when the Caribbean Development Bank (CDB) has amply shown that it can properly and efficiently manage development programme financial resources. The examples of the management of the **CARTFund** Programme are pellucid. Such direct funds management would not only result in quicker and less impeded programme and project implementation, but, as regards the above query on the improvement of "policy making", it would also contribute to greater capacity strengthening at CDB (and other institutions) which in turn would result in enhanced policy making. While the region has worked and continues to work rather effectively with international organizations, the EU competence should be divided differently in cases where regional institutions have shown their comparative strengths.

6. What future challenges or opportunities might the UK face in the areas of development cooperation and humanitarian aid, and what impact might these have on questions of competence and the national interest?

Given the multidimensional character of development cooperation and humanitarian aid programmes, and the multiplicity of countries belonging to the donor-assisted equation, it would be useful for the UK to continue to place emphasis on the deepening of its engagement with the EU and the EDF mechanism in particular. The historical, political, cultural, economic and social relationships that are shared between the various States of the EU, and the many donor-assisted countries, can only serve to enhance the quality and effectiveness of the European Commission's donor programme capacities. While problems of aid effectiveness will inevitably arise in the course of donor funded activities, the multidimensional character of development programmes would seem to favour greater donor collaboration vis-à-vis relative disengagement. This affirmation encapsulates both a challenge and an opportunity for the UK to better streamline its Official Development Assistance (ODA). As regards the vital aspect of bilateral aid development programmes, it would be useful for the UK to simultaneously embrace the challenge of continuing to streamline its bilateral programmes, thereby perpetuating the valuable flexibility that characterizes UK bilateral aid programmes.

General

7. Are there any general points on competence you wish to make which are not captured above?

The CARICOM Secretariat might perhaps be in a better position to make a more valuable contribution to this question at a later date, as the **Balance of Competences Review** process develops further, keeping in mind that the Review will touch on the EU's powers to act across thirty or so policy areas. Indeed the **First Semester** report will cover the following diverse areas: *the Single Market; taxation; animal health and welfare, and food safety; health; development; and foreign policy*. The Secretariat hopes to remain engaged in the monitoring of the Review process, and in that interval, based on the various findings of the process across the various sectors, additional general points on competence regarding **development cooperation** and **humanitarian aid**, that have not been captured in the above discussion, are likely to emerge.

END.