

*30 December 2016*

# Final Evaluation of the Compete Caribbean Program

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**Deliverable no. 3: Final Report**



In partnership with



**Final Evaluation of the Compete Caribbean Program**  
Deliverable no. 3: Final Report

technopolis |group| & Nathan Associates London  
30 December 2016

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# Glossary

BER: Business Environment Reform

CAIC: Caribbean Association of Industry and Commerce

CARTAC: Caribbean Regional Technical Assistance Center

CARTFund: Caribbean Aid for Trade and Regional Integration Trust Fund

CCARS: Compete Caribbean Administrative and Reporting System

CCfC: Caribbean Center for Competitiveness

CCIP: Cluster Competitiveness Improvement Plan

CCP: Compete Caribbean Program

CDB: Caribbean Development Bank

CEA: Cost-Effectiveness Analysis

CGF: Caribbean Growth Forum

CEDA: Caribbean Export Development Agency

CGF: Caribbean Growth Forum

CIDA: Canadian International Development Agency

CTO: Caribbean Tourism Organization

DfID: Department for International Development

EICF: Enterprise Innovation Challenge Fund

EICF IP: Enterprise Innovation Challenge Fund Investment Panel

EU: European Union

FDI: Foreign Direct Investment

GAC: Global Affairs Canada

IBP: Innovative Business Plan

IDB: Inter-American Development Bank

IPR: Intellectual Property Rights

KPI: Key Performance Indicator

NGO: Non-governmental organization

OECS: Organization of Eastern Caribbean States

PAG: Program Advisory Group

PCU: Project Coordinating Unit

PSD: Private Sector Development

PPD: Public-Private Dialogue

RCF: Regional Consultative Forum

RMF: Results & Monitoring Framework

RPD: Regional Policy Dialogue

SME: Small and Medium Enterprises

ToR: Terms of Reference

UWI: University of the West Indies

WB: World Bank



# Executive Summary

An external final evaluation of the Compete Caribbean Program (CCP) has been conducted as part of M&E obligations of the program set for in the Plan of Operations of project RG-X1044. The evaluation was conducted between May and December 2016.

The evaluation has shed light on what is commonly considered as a highly successful program in support of promoting enabling business environments and innovation in the Caribbean. All stakeholders contacted as part of the evaluation expressed very high levels of satisfaction and appreciation regarding the program's relevance, its achievements, and its overall value proposition. It is also widely considered that the program has made contributions to improving the conditions for Private Sector Development (PSD) in the Caribbean region. Certain differences are however to be noted in the level of change and appreciation brought about by each of the program's Components: while Component 2 and 3 are systematically praised for their results, the effectiveness of Component 1 appears to be more mitigated.

The policy support provided by the program under Component 2 allowed the introduction of a number of legislative proposals and reforms which were unlikely to have been introduced in the absence of the program. CCP often acted as the necessary 'a-political' voice which drove the policy making process in an informed and objective manner. Compete also facilitated the development of a common language on PSD, as well increased awareness of the importance of developing enabling business environments as drivers for growth and competitiveness among the policy-making community in the region.

The Enterprise Innovation Challenge Fund (Comp. 3) delivered support to both firms and clusters, which often led to the introduction and uptake of innovative activities. While most of these activities were non-technologically oriented, and new only to the country or region, they are generally accredited with generating increased growth and market penetration. Supported firms and clusters express very high levels of gratitude and recognition for the programs support and its quality.

Despite some initial difficulties in leaving the starting block, the program was able to get on track and deliver on most of its expected targets in terms of outputs, outcomes and intermediate results. Most of the program's KPIs were either reached or surpassed, which speaks highly of its ability to deliver activities in a timely manner. Part of the program's ability to deliver on its commitments stems from the efficiency and flexibility of its governance and management structure. This flexibility, which is often considered as one of the program's trademarks, allowed it to react to changing conditions and adapt to new realities. Most importantly however, it allowed the program to learn from its mistakes. The program's management and staff are recognized as receptive, responsive and professional.

All of the program's three pillars were relevant in light of existing needs and challenges in the region. On paper, the objectives of all three pillars were coherent and depicted a solid overall 'intervention chain' of the program: from the production and dissemination of knowledge, to the provision of very hands on and practical support to firms and clusters. In practice however, the complementarity across program pillars was not evident which actually made it seem in some cases that the program was delivering three distinct sub-programs at once. In addition, by adopting such a broad scope, the program tried to be too many things to too many target populations. This impacted its ability to generate deeper and more significant changes in a reduced number of areas or fields.

In addition to refining its thematic intervention scope, the program still needs to fine-tune its position vis à vis a number of key issues which include: the extent to which it wishes to support regional integration and promote the uptake of regional level solutions (vs. national level ones), its intent to drive gender balance and environmental sustainability in the region, as well as its geographical priorities by intervention topic. In addition, the program's component three theory of change requires incorporating additional detail in terms of a) the type of change it seeks to generate by supporting firms and cluster (i.e. provide a clearer indication of what it means by 'enhancing innovative activity') and b) the types of

firms and clusters it wishes to support. The current one-size-fits all approach to cluster and firm support is yielding inconsistent results, mainly based on the level of maturity of firms and clusters being supported.

Compete occupies a unique space in the PSD support policy landscape in the Caribbean, and is in line with expectations and donor-led interventions in the region. In spite of this, there is room for additional collaboration with other initiatives such as the EPIC and MIF initiatives. The Caribbean Growth Forum could also drive further interaction between Compete and other existing initiatives in the region.

The program has managed to leverage a significant amount of external funds through its intervention. For every dollar invested by Compete, there are approximately .90 cents of a dollar invested by third parties in projects, whether from beneficiaries themselves or other donors. The program's overhead costs appear to be in-line with those of other similar programs. The technical assistance provided by program staff to project is however widely recognized as one of the program's major strengths and specificities.

In light of the findings of the evaluation, it is recommended that the program be extended through a new phase of funding from program donors. However, there are some key recommendations to be taken into account in doing so, if program impact is to be maximized both in the short and long term. First and foremost, there is a need to review the program's theory of change in order to reflect geographical priorities, gender and environmental ambitions. It is recommended the program enhances its regional dimension by supporting an increased share of projects aimed at supporting regional integration in fields such as standards, accreditation, and certification.

It is recommended the program focuses on Component 2 and 3-related activities, while ensuring an increased level of coherence between both of these. The program could for example, support the introduction of policy measures in favor of developing clusters as part of its Component 2. Under Component 3, the program should adopt a phased approach to providing support to both firms and clusters making support for successive phases conditional on success. In addition, it should distinguish between support and types of objectives sought when supporting young firms and clusters, from support and objectives sought when supporting more mature ones.

Finally, it's recommended the program review and streamline its program and project level KPIs in order to improve coherence and consistency.

## 1 Introduction

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The present report contains the findings of the End Program Evaluation of the Compete Caribbean Program conducted by Technopolis Group and Nathan Associates, on behalf of the Inter-American Development Bank.

The report is structured around the following sections:

- A reminder of the evaluation objectives and methodology
- A presentation of the Compete Caribbean Program
- Evaluation findings by evaluation criteria
- Conclusions and answers to evaluation questions
- Preliminary recommendations

### 1.1 Scope of the evaluation

**The main objective of this assignment is to perform an external end of program evaluation of the Compete Caribbean Program.** This evaluation is conducted as part of the M&E obligations of the program set for in the Plan of Operations of project RG-X1044.

The **scope of the evaluation** is defined by the IDB projects falling under the Compete Caribbean program's umbrella: **RG-X1044, RG-X1074, RG-X1075, RG-T1767, JA-X1002**. However, the main focus of the evaluation will be the technical cooperation project RG-X1044. The remaining projects will be analyzed in light of the activities carried out under RG-X1044 and the evaluation questions addressed by this particular assignment.

On this basis, the evaluation shall focus primarily on activities conducted between **2010 and March 31, 2016**. This represents the period of implementation of action RG-X1044, for which the financial data and the outputs, outcomes and intermediate results are available<sup>1</sup>. However, to the extent that other previously implemented projects will also be considered, activities falling outside of this time period may also be taken into account for the interim and final reports.

As stated by the Terms of Reference (ToR) of the assignment, the main objective of the evaluation is to **“assess the Program’s performance with respect to its expected results, its value for money, its ability to adapt to changes in context, its alignment with donor priorities; and to identify lessons learned and opportunities for improvement”**. This implies that the evaluation addresses each of the following **specific objectives**<sup>2</sup>:

- **Assess results:** Determine the extent to which the Compete Caribbean Program and accompanying operations has performed against its Results Framework.
- **Assess relevance:** Ascertain how aligned the program is to the region’s private sector development (PSD) needs, to the technical assistance demanded by firms, to government priorities with respect to PSD, and to donors/partners’ strategy in the region.
- **Assess value for money:** Determine effectiveness, efficiency and economy of the Program, using regional comparators if possible.
- **Provide recommendations for the future:** Identify lessons learned that could be applied to the second phase of the Program.
- **Design a future impact evaluation:** Propose a methodology for undertaking an impact evaluation of the Program’s Enterprise Innovation Challenge Fund in 3-4 years following its completion.

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<sup>1</sup> Contract signature date for action RG-X1044.

<sup>2</sup> Drawn from ToR of the assignment.

It is important to highlight that, embedded among the previously-stated objectives, is the aim to assess the extent to which the Compete Caribbean program, since the time of its inception, has contributed to **advancing gender equality and building a more environmentally sustainable and resilient Caribbean region.**

The key evaluation questions have been developed during the inception phase of the evaluation. They are included in the appendix A of the report.

## 1.2 Our approach to conducting the evaluation

Due to its retrospective nature, the evaluation placed a special emphasis on assessing the relevance, results and value for money of the work carried out by the Compete Caribbean program. However, it also included a prospective dimension by exploring the sustainability of the program activities and the main challenges to ensuring impacts are generated in time.

The proposed approach and methodology was designed bearing in mind the following principles:

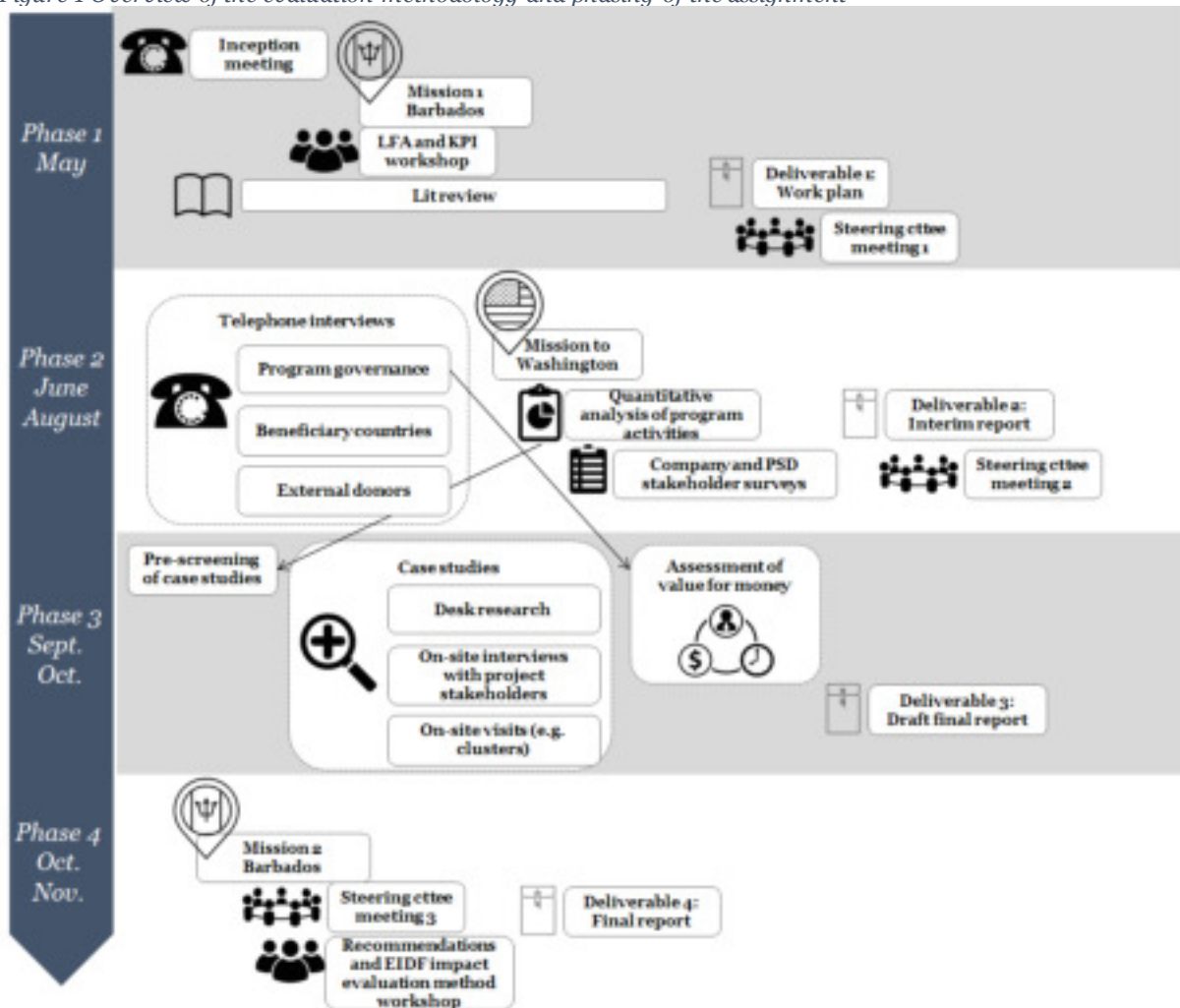
- Capitalize on the previous M&E activities implemented as part of the program. This includes building a first layer of evidence on the basis of previous program and project evaluations, as well as the data gathered through the program monitoring system (CCARS).
- Triangulate evidence by including all relevant evaluation criteria in our methodological tools systematically.
- Collecting data and evidence collection outside of the immediate circle of program beneficiaries and stakeholders.
- Using the most cost-effective methodological tools in order to reach each of the specific objectives of the evaluation.
- Spending time on the ground in beneficiary countries and with program beneficiaries.

The present draft final report has been drafted on the basis of several research activities, which include:

- A first inception mission in Barbados, in May 2016 to meet the Executive Director of the Program, the Program Coordinating Unit (PCU), and the Donors;
- An inception report developing the full methodology;
- A literature analysis on the Program activities;
- A data analysis of the CCARS information system of the program;
- Interviews with the Program Governance members, a selection of beneficiary countries' policy-makers, and donors, including a mission in Washington at the IDB headquarters;
- Three electronic surveys with PSD's stakeholders in the eligible Countries (with a core focus on pillars 1 and 2 activities), with the firms (pillar 3) and with the clusters (pillar 3);
- Five country visits (Belize, Grenada, Jamaica, Saint Lucia, Suriname) to meet project beneficiaries, particularly firms and clusters that benefited from the component 3 activities of the program (cf. Appendix D – Country Visits Program);
- An assessment of the value for money of the program.

The following figure illustrates the different phase of the evaluation and the overall methodology (cf. Appendix C – Overview of the Evaluation Methodological Tools).

Figure 1 Overview of the evaluation methodology and phasing of the assignment



### 1.3 Methodological challenges and limits

The CCP Results Management Framework (RMF) has been a guiding monitoring tool towards the main funders, representing key targets for all three main components on the outputs, outcomes and intermediate results of the program. **It is important to note that the RMF indicators apply to the program level, and do not (always) align with M&E frameworks at the project level.** Due to the incompleteness of the project level database, and to a certain degree of incongruity between the project-level and program-level indicators, it has been impossible to reconstruct/validate the RMF achievements bottom-up for the totality of program-level indicators (cf. hereafter on CCARS). For RMF values presented in the following chapters, we therefore rely on the RMF report dated of April 7, 2016 (which is roughly in line with the established cut-off date for this evaluation).

In addition, the Compete Caribbean Program uses a Project Management & Monitoring & Evaluation Database Tool called **the Compete Caribbean Administrative and Reporting System (CCARS)**. This evaluation has used CCARS data for general descriptive (e.g. timelines), financial (distribution of funds) and to a limited extend output and outcome data at the program level and project level. The latter analysis was found to be particularly challenging, as the CCARS database system deals with a large backlog of unprocessed information in terms of registering output and outcome realized values (in some cases even baselines were not entered into the system yet).

In addition, the structure of the output and outcome indicators does not follow a harmonized template consistent between projects or between projects and the program level, as projects were able to use their

own indicator definitions. In total 596 different unique output indicators were formulated across 99 projects (although some relatively similar), and 451 unique outcome indicators. This made it very difficult to meaningfully aggregate these figures to a program level.

As such, the CCARS database has only been used to analyze project timeline data (starting dates etc., project status) as well as co-funding and expenditures (supported by program-level financial data).



## 2 Overview of the Compete Caribbean Program

The Caribbean region<sup>3</sup> faces a unique set of challenges due to the small size of the countries, their fragile macroeconomic environment, and the constant threat of natural disasters. Despite this, the region has achieved moderate economic growth over the last few decades. Despite the fact that the Caribbean region has been moving towards the creation of a single market economy in the hope of encouraging regional integration, the size of the countries in the region means the market will remain small.

In order to increase their competitiveness, there is a need to diversify their reliance of certain sectors. For instance, one justification for the Compete program is based on the observation that the Caribbean economies are depending on a narrow basket of products and services that are sold to an undiversified export market.

As such, the governments of these countries have been driving an agenda to promote full intra-regional trade and market liberalization so that they can take advantage of external trade agreements like the Economic Partnership Agreement signed with the EU. Whilst increased access to markets will go some way to generating increased incomes, employment and growth, there is still a vital need for improved competitiveness at the national and regional level. To do this, requires a multi-pronged approach with Governments responsible for actively supporting improvements in infrastructure, improvements in the business climate and developing a stable macroeconomic environment, and the private sector developing intra-firm collaboration, innovation, entrepreneurship and value-added exports.



### 2.1 Structure of the program

In 2009, the DFID and CIDA<sup>4</sup> partnered with the IDB to design a program that would enhance the competitiveness of the Caribbean region through implementing a Private Sector Development and Competitiveness program. The CDB has also been a founding partner, while not providing cash, it has a financial agency agreement with the IDB which has been instrumental to allow the IDB as executor of the Program to implement projects in the 6 OECS, non IDB member countries.

The Compete program's ultimate goal was to foster sustainable economic growth and enhance competitiveness in the Caribbean, by addressing three specific objectives: to reach i) an increased consensus and focus on strategic interventions to promote private sector development (PSD) ; ii) an improved enabling environment for business development, trade and integration; iii) and an enhanced capacity of clusters and firms to increase productivity and to sustainably compete in national, regional and global markets<sup>5</sup>.

In addition, a focus on gender equality, women's economic empowerment and environmentally sustainability were also considered important for the program delivery. The design of the program aimed to learn from previous programs that had demonstrated that the implementation of stand-alone interventions and projects were not sufficient to achieve significant impact in developing small country private sectors. As such, the program was designed to include three key pillars:

- Pillar 1: Comprehensive Framework for Private Sector Strategies
- Pillar 2: Business Climate and Competitiveness Enhancements Facility

<sup>3</sup> Source of map: <http://competecaribbean.org/projects/>

<sup>4</sup> Has since become Global Affairs Canada (GAC)

<sup>5</sup> Grant Proposals, April 27th 2010. Document of the IDB to the Board of Executive Directors.

- **Pillar 3: Enterprise Innovation Challenge Fund**

Interventions undertaken: Under each Pillar, a number of interventions have been designed in order to facilitate the multi-pronged approach referenced above.

Under **Pillar 1**, the objectives were to increase regional and national consensus and focus on strategic and priority interventions promoting PSD, increase the synergies among donor-supported PSD projects, and strengthen knowledge management to ensure the transmission of PSD best practices, evaluation of interventions' impact, and knowledge exchange with national and regional stakeholders. The planned activities were three fold: i) developing private sector development strategies (PSDS) for all participating countries, which will identify, guide and prioritize the set of interventions needed in each country, and those needed regionally to improve competitiveness; ii) developing a donor matrix, i.e. a common database to increase information sharing, learning and coordination among PSD projects being financed by donors; iii) linked to the last activity, implementing a knowledge management program. The purpose of which is to ensure programs remain pertinent and relevant to the context by maintaining open dialogue with key practitioners and thinkers; ensuring the impact and lessons learnt feedback into program design and intervention adaptation; and that the knowledge gained through this mechanism is shared with stakeholders in the region.

Under **Pillar 2**, the Compete program aimed at i) implementing productive development policies and business climate reforms in the countries, ii) fostering public private dialogue (PPD) and strengthening competitiveness councils and their technical units. As stated in the grant proposal, the program financed technical work to support the drafting and implementation of policies and regulations, as well as institutional strengthening activities. Regarding the second objective, it financed goods, consultation workshops, seminars, technical work and institutional strengthening activities.

Lastly, **Pillar 3** objectives were to enhance the development of the productive sector, by (i) supporting clusters and value chains to compete in regional and global markets; ii) and increase the generation of employment and income by strengthening Caribbean businesses with resources to finance innovative ventures, develop new products, implement new business models and enter new markets. For that purpose, the Enterprise Innovation Challenge Fund (EICF) has included two windows:

- The Direct Firm Support (DFS) that provided grants to eligible private sector entities for technical assistance, goods and minor works to finance innovative ventures, develop new products, implement new business models, and enter new markets.
- The Support to Cluster Initiatives (SCI) or Cluster Window, that financed the development and implementation of Cluster Competitiveness Improvement Plans (CCIP), which included financing of goods and technical assistance to develop and upgrade products and services, to innovate and improve productivity and quality, to improve employee and managerial capacity, and to access export markets and attract investments.

Over the life of the program, there have been a total of five (5) calls under the DFS and three (3) calls under the SCI<sup>6</sup>.

The **Innovation Window** operated in a two-stage process:

- Selection of Innovative Business Project (IBP): a firm could apply to the preparatory stage by submitting a Project Concept Note. If the note was approved by the Program Coordination Unit, the Program contracted (up to US\$ 75 000<sup>7</sup>) a consultant to work with the firm to develop an Innovative Business Plan (IBP);

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<sup>6</sup> Hutchinson, Marvin (2015) "Profiling caribbean firms for grant financial support. A detailed analysis of the firms and clusters that have applied for assistance to the Enterprise Innovation Challenge Fund (EICF)".

<sup>7</sup> Those consultancy works averaged US\$ 25 000.



- Innovative Business Project Implementation: on the basis of the IBP proposals, an independent Investment Panel was convened (members changed from one investment panel to the other depending on the type and profile of the IBPs), to review the IBPs and provided recommendations on whether to fund the project or not. Based on the Investment Panel's recommendation, the Executive Committee approved projects. Upon approval, matching grants of up to US\$ 500 000 were provided to finance a maximum of 50 % of the total project cost<sup>8</sup>.

The Innovation Window had a thematic call in 2013, dedicated to Eco-Innovation, but the program decided to go back to non-thematic approach for the subsequent calls<sup>9</sup>.

This strand also includes 4 Caribbean Ideas Marketplace (CIM) projects. CIM is a business plan competition which encouraged local and diaspora entrepreneurs to forge partnerships around innovative projects that generate employment and economic opportunities in fifteen Caribbean countries. CIM initially awarded US\$100,000 in matching grants to four winning projects, of which only two were implemented. Compete Caribbean managed the 2012-2013 initiative<sup>10</sup>.

The **Cluster Window** also operated in a two-stage process:

- Preparatory stage – a “cluster” could apply to the preparatory stage by submitting a Project Concept Note. If they were successful at this stage, they qualified for technical assistance in the form of a consultant (up to a maximum of US\$ 75 000) to help them develop a Cluster Competitiveness Improvement Plan (CCIP). The cluster had to commit to cover at least 20% of the cost of the project.
- Funding Stage – on the basis of the CCIP proposals, an Investment Panel was convened (members changed from one investment panel to the other depending on the type and profile of the CCIP), to review the CCIP and provide recommendation on whether to fund the project or not. Based on the Investment Panel's recommendation, the Executive Committee approved projects. Upon approval, matching grants of up to US\$ 500 000 were provided to finance a maximum of 80 % of the total project cost. The Program implemented the Cluster projects directly, but hired cluster facilitators to assist in implementation on the ground.

While the grant proposal envisioned that the clusters would be assisted on a rolling call basis, in practice there were very few good cluster proposals being presented to the Program during the two first years of execution. The Program then changed for a competitive call format (much like the DFS), and implemented a workshop with business support organizations around the region on building cluster strategies. The Program also changed the format for application to make it easier. That call had 32 applicants, of which 12 passed the first stage and 8 were recommended for funding.

A total of 15 CCIPs were funded, and of these, 11 were recommended by the investment panel for implementation.

## 2.2 Logical Framework of the CCP

The following section presents the **logical framework of the program pillars/components**, as it results from the work conducted during the inception mission in Barbados with the Executive Director, PCU members and the donors (DFID, Canada, CDB).

The original logical framework of the program (included in the operating regulation, 2010) was reviewed twice in collaboration with the donors in 2012 and late 2013 after the mid-term evaluation, with two purposes:

- a better alignment of the objectives of the program with the donors' expectations. For instance, this is the reason why the outlined objective of increasing synergies among donor-supported PSD projects in Component 1 was not considered as a core objective of the program and too ambitious

<sup>8</sup> RG X1044 Grant Proposal – pages 8

<sup>9</sup> Progress Report 2013.

<sup>10</sup> <http://www.diasporaalliance.org/caribbean-idea-marketplace/>

with regards to the activities implemented (donors matrix), i.e. not achievable by the program's activities as such.

- a simplification and streamlining of the results framework matrix: the indicators matrix included originally more than 60 indicators (outputs, outcomes, and intermediate results) and required inefficient administrative efforts to collect the data. After the mid-term evaluation, the retreat seminar organized by the PCU team and the donors decided to focus the results framework around 47 indicators (20 outputs indicators, 13 outcomes indicators, 14 intermediate results indicators), still an important number of indicators, particularly for the Component 1 (11 outputs indicators).

The impact indicators signal the Program's alignment with donor strategies in the Region. The donors agreed that the impact indicators would be indicative, and non-attributable to the Program. It is indeed difficult to prove a direct relationship between the Program and meeting those targets. The end-of-program evaluation focuses the attribution analysis on the outcomes and intermediate results: to which extent the activities funded led to the expected outcomes, and to which extent the outcomes of the CCP activities contributed to the desired changes (intermediate results).

The ultimate goal of the program is to foster economic growth and enhance competitiveness in the Caribbean (as measured by the impact indicators). The specific objectives are to have (i) increased consensus and focus on strategic interventions to promote private sector development (PSD); (ii) improved enabling environment for business development, trade and integration; (iii) enhanced capacity of clusters and firms to increase productivity and sustainability compete in national, regional, and global markets.

The following figures represent the logical framework for each objective of the program, corresponding each to the 3 components of the program. This is the result of the inception workshop with the PCU and the donors (DFID, Canada High Commission<sup>11</sup>) Each logical framework includes a description of the issue being addressed and associated objective, the activities implemented, expected outputs, outcomes and intermediate results. A link between outputs – outcomes – intermediate results is established in the form of 'underlying hypotheses', meaning that we identify the conditions that need to be in place for outputs to be translated into outcomes, and outcomes to be translated into intermediate results. This also includes conditions or circumstances that might keep this process from taking place, as well as external events that may have contribute to the emergence of similar results.

### 2.2.1 Component 1

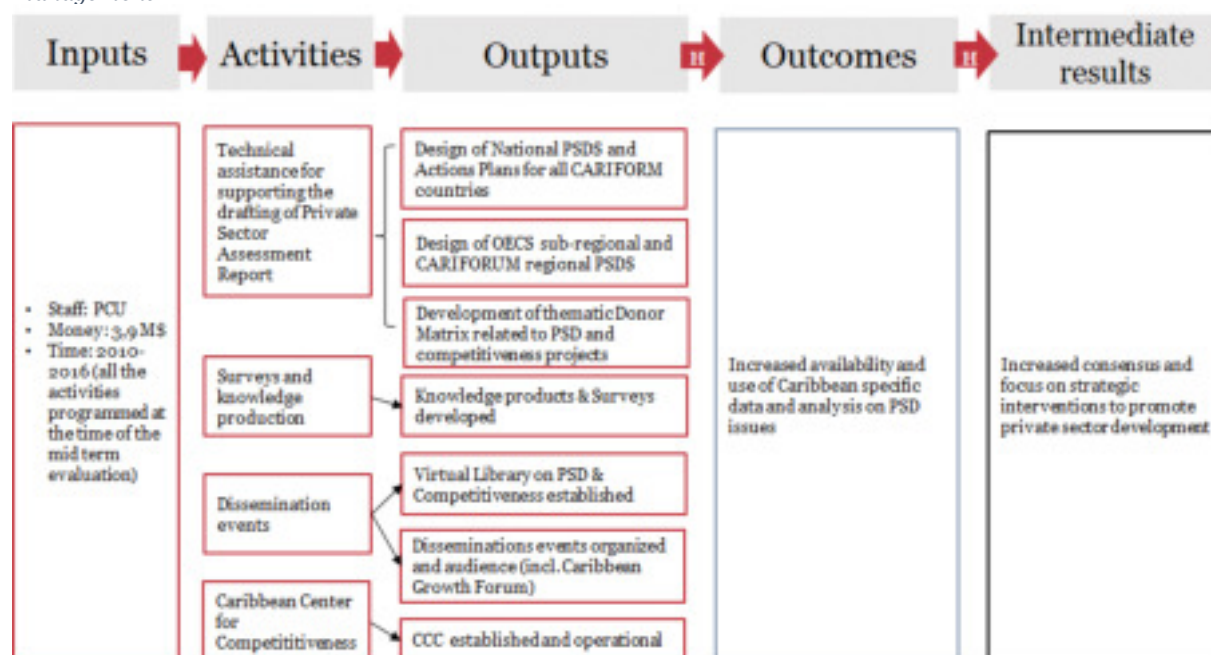
The component 1 of the program aims at achieving an increased regional and national consensus and focus on strategic and priority interventions promoting private sector development, particularly through (i) the production of new and more knowledge on needs and opportunities on PSD and Competitiveness in the Caribbean region, (ii) the increased information sharing among public and private stakeholders and donors, (iii) and exchange and dissemination of lessons and knowledge produced.

Initially, the Component 1 aimed also to achieve increased synergies among donor-supported PSD projects. This specific objective was removed from the logical framework as such, the PCU and donors considering that was too ambitious and not attributable regarding the program's activities. However, the program supported the development of a PSD strategies and programs donors' matrix, the PCU chairs the Caribbean PSD Donors' Coordination Group, and made available on-line information on the donors' strategies.

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<sup>11</sup> The Caribbean Development Bank couldn't attend the workshop.

Figure 2 Indicative logical framework for Component 1 Comprehensive Framework for PSD Knowledge management



Source: Technopolis-Nathan (nota bene: Hrefers to hypothesis) – results from the inception workshop.

The underlying hypotheses that links outputs to outcomes and outcomes to intermediate results are synthesized in the following table:

Table 1 Underlying hypotheses for Component 1

Log frame link	Underlying hypotheses	Sources of validation
From outputs to outcomes	<ol style="list-style-type: none"> <li>CC generated-data and knowledge is not available elsewhere</li> <li>CC generated-data and knowledge is easily accessible and user friendly</li> <li>Data and knowledge generated by the program is being used by targeted users</li> </ol> <p><i>Attribution analysis: Increased availability of region-specific data is not linked to the activity of other programs and initiatives</i></p>	<ul style="list-style-type: none"> <li>CCP website analysis</li> <li>Donors interviews</li> <li>Ministries interviews</li> <li>Policy stakeholder survey</li> <li>Country Case Studies</li> </ul>
From outcomes to intermediate results	<ol style="list-style-type: none"> <li>Donors, policy makers and other PSD stakeholders are using data generated by the program, and there is evidence of this in policy and legislative documents (cf. link with component 2)</li> <li>The design of PSARs, the adoption of National Private Sector Development Strategies (component 1) and Sector Strategies and Public-Private Dialogue initiatives (component 2) has influenced the PSD policy agenda at the national level and increased consensus and focus on a limited set of priority items.</li> </ol> <p><i>Attribution analysis: Increased consensus in PSD policy making is not due to other external phenomena or factors i.e. existence of political majorities, economic downturns</i></p>	<ul style="list-style-type: none"> <li>Donors interviews</li> <li>Ministries interviews</li> <li>Policy stakeholder survey</li> <li>Country Case Studies</li> </ul>

### 2.2.2 Component 2

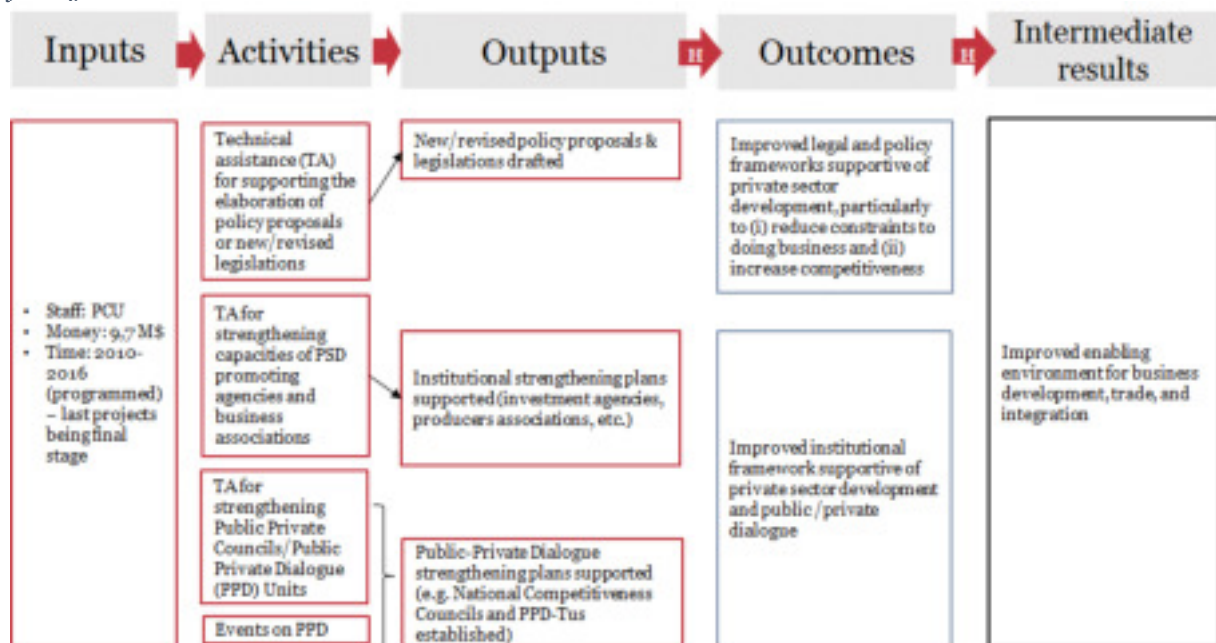
The component 2 of the program aims at improving an enabling environment for business development, trade and integration, particularly through (i) the support to legislative and policy reforms in the eligible Countries (15), (ii) the strengthening of PSD promoting institutions (e.g. Investment Promotion Agencies), (iii) and the increased public-private sector dialogue on competitiveness.

It is worth mentioning the CCP did not only support new/ revised legislations drafting, but also policies and strategies on public goods that improve the business climate and enhance competitiveness (e.g. transport plan in Belize).

In addition, the “business climate” concept encompasses a very large scope of dimensions and challenges (access to finance, property land registration, trade integration, commercial dispute resolution, etc.), aligned with the criteria of Doing Business Reports (World Bank), and consistently with the demand driven approach of the CCP implementation. The projects selection has been driven indeed by the Countries’ demands and needs. There has been no ex ante strategy for focusing the intervention either in a specific area of the business reform agenda (e.g. access to finance), or in a specific Country (however, dedicated efforts were made on OECS Countries to generate projects consistent with the agenda of the donors). The Caribbean Growth Forum (CGF Facility) has been instrumental for collecting Countries’ needs, particularly in the OECS Countries.

The Component 2 outcomes (ie. improve institutional framework supportive of PSD and PPD) may have also contributed to component 1 intermediate result (i.e. increased consensus and focus on strategic interventions to promote PSD).

Figure 3 Indicative logical framework for Component 2 Business climate and competitiveness enhancement facility



The underlying hypotheses that links outputs to outcomes and outcomes to intermediate results are summarized in the following table:

Table 2 Underlying hypotheses for Component 1

Log frame link	Underlying hypotheses	Sources of validation
Outputs - outcomes	<ol style="list-style-type: none"> <li>1. Policy projects and proposals supported by CC are being taken up and analyzed by policy circuits and adopted</li> <li>2. PSD promoting agencies supported by CC presented their plans to the Government/Cabinet (when relevant) and/or met the targets set in the plans they developed</li> <li>3. Private – public dialogue outcomes are translated into policy proposals / legislation reforms</li> <li>4. Policy proposals and legislation are being drafted (at least partly) on the basis of data and knowledge generated by the program (link to component 1)</li> </ol>	<ul style="list-style-type: none"> <li>• CCARs analysis</li> <li>• Meta-assessment of component 2 projects</li> <li>• Interviews with national ministries</li> <li>• Country Case studies</li> </ul>
Outcomes – Intermediate results	<ol style="list-style-type: none"> <li>1. Improvements in business climate and competitiveness, trade and integration can be traced back to the introduction of policy initiatives supported by the program</li> <li>2. CC supported policies and legislations are aligned and are coherent with existing policy frameworks, and do not produce counterproductive effects</li> <li>3. Support to PSD promoting agencies strengthened their capacity to support effectively the private sector</li> <li>4. Business climate and competitiveness policies and reforms supported by CC have proven to be successful (existence of evidence) based on their objectives</li> </ol> <p><i>Attribution analysis: Improvements in business climate and competitiveness are not linked to external factors (e.g. commodity prices)</i></p>	<ul style="list-style-type: none"> <li>• CCARs analysis</li> <li>• Meta-assessment of component 2 projects</li> <li>• Interviews with national ministries</li> <li>• Policy stakeholder survey</li> <li>• Country Case studies</li> </ul>

### 2.2.3 Component 3

The component 3 of the program aims at enhancing the capacity of clusters and firms to increase productivity and to compete sustainably in national, regional and global markets, through (i) giving access to funds and technical assistance to existing and to be born clusters; (ii) giving access to funds and technical assistance to firms for developing innovative projects.

For CCP, a cluster is a group of at least two firms (horizontally or vertically linked) that agree and demonstrate their will to work together, or a geographically aligned conglomerate of public and private actors whose purpose is to promote and better integrate the productive activities of the area. The clusters supported are not necessarily working on innovation projects; a cluster is seen as a means to overcome the fragmentation and stimulate economics of scope and scale in a region where firms and the local markets are very small. To a certain extent, a cluster in the Caribbean region is innovative per se.

In the case of support for firms however, the firms supported directly by CCP had to submit a project which was based on the development and/or improvement of products, processes, business models and access to new markets that had not been: (i) implemented before in the national territory, (ii) which presented clear commercial opportunities, with the prospect of sustainable profitability and growth, (iii) could stimulate creativity and ambition to innovate at the enterprise level, (iv) could enable the testing of new ideas and to rapidly abandon them if they do not work and (v) improve the capacity to implement and scale up successful innovation.

The original results framework matrix made a distinction between two fairly distinct intervention windows (formerly sub-components). However, the distinction between both windows is blurred by the fact that the framework uses similar intermediate result and outcome indicators for both windows. The use of similar indicators for both windows raises questions regarding the relevance of such indicators for the purpose of measuring expected performance. For example:

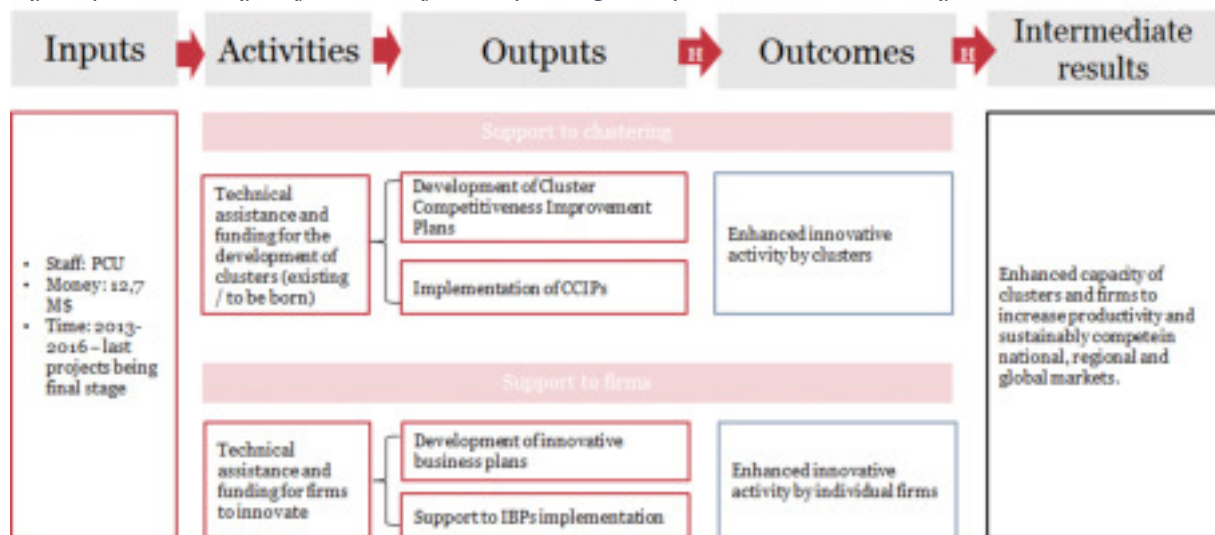


- Intermediate results, i.e. productivity or job creation (indicators) can be thought to be more directly impacted by the implementation of innovative business plans (Innovation Window) than by Cluster Competitiveness Improvement Plans (Cluster Window);
- Outcomes, i.e. clusters do not adopt new technological or quality control processes, as such (but the companies that are members of the clusters).

An additional observation regarding the results framework matrix relates to the fact that despite the emphasis given to innovation in the Component’s expected outcomes (e.g. enhanced innovative activity by clusters and by individual firms), no mention is made within the matrix of ‘traditional’ innovation indicators e.g. access to knowledge; IP rights (e.g. trademark), and other forms of knowledge transfer (not only technology); investments in R&D at firm level; university and SMEs collaborations; etc.

The result matrix did not capture the types of innovation which were expected to arise as a result of program support (e.g. product, services, organizational, marketing, technological vs. non-technological, eco-innovations, etc.). Instead, it adopts a broad definition of innovation which gives room for a diversity of innovative activities to be supported.

Figure 4 Indicative logical framework for Component 3 Enterprise Innovation Challenge Fund



The underlying hypotheses that links outputs to outcomes and outcomes to intermediate results are summarized in the following table:

Table 3 Underlying hypotheses for Component 1

Log frame link	Underlying hypotheses	Sources of validation
<p>Outputs outcomes -</p>	<p>Clusters Window</p> <ol style="list-style-type: none"> <li>1. Clusters succeeded in establishing collaborative network of firms willing to collaborate and implement joint actions</li> <li>2. Joints actions promoted/supported by Clusters led to the adoption by the members of technological or quality control processes ; and/or the development by the members of new/improved products or services</li> </ol> <p><i>Attribution analysis : the adoption of innovations or quality control processes by the clusters (its members) is not linked to other external support received (i.e. technology upgrading support schemes &amp; other public innovation support schemes)</i></p> <p>Innovation Window</p> <ol style="list-style-type: none"> <li>1. The CCP has increased the ability/capacity of the firms to innovative by developing new/improved services/products, or by adopting technological or quality control processes</li> <li>2. Firms receiving program support are able to leverage funds (internal and external) to implement their innovation plans</li> </ol> <p><i>Attribution analysis : Increased firm innovation capacities is not linked to other external support received (i.e. technology upgrading support schemes &amp; other public innovation support schemes)</i></p>	<ul style="list-style-type: none"> <li>• CCARs analysis</li> <li>• Firm &amp; Cluster Survey</li> <li>• Country Case studies</li> <li>• 2<sup>nd</sup> mission in Barbados (Clusters Workshop)</li> </ul>
<p>Outcomes – Intermediate results</p>	<ol style="list-style-type: none"> <li>1. Innovations introduced/adopted as a result of CC support turned into productivity gains, new sales or more exports (ie. new markets)</li> <li>2. Productivity gains, new sales, increased exports led to new jobs created at the firm level</li> <li>3. The support provided by the CC is a real ‘game changer’ for firms – beneficiaries would have not otherwise engaged on the path of innovation</li> <li>4. Innovation conducted by firms and clusters is ‘frontier’ at either the local, regional or international level</li> </ol> <p><i>Attribution analysis : Increased firm productivity and competitiveness is not linked to other external support received (i.e. technology upgrading support schemes &amp; other public innovation support schemes)</i></p>	<ul style="list-style-type: none"> <li>• CCARs analysis</li> <li>• Firm &amp; Cluster Survey</li> <li>• Country Case studies</li> <li>• 2<sup>nd</sup> mission in Barbados (Clusters Workshop)</li> </ul>

## 2.3 Governance of the program

In order to implement the program, the following governance structure has been put in place.

Figure 5 Overview of the Compete Caribbean's program governance



Source: Compete Caribbean Strategic Review (October 2012), Mid Term Evaluation of CCP (October 2014) based on the Operating Regulations (April 2010).

The **Program Advisory Group (PAG)** is the steering body in charge of the strategic direction of the program. It is the ultimate decision-making body for the Program and includes a mix of representatives from IDB and Donors: the head of the Competitiveness and Innovation Division (CTI) which oversees Compete, and also chairs the PAG; the IDB Caribbean Country Department, the Head of DFID Caribbean Department, the Head of Foreign Affairs, Trade & Development Canada, now called Global Affairs Canada (Caribbean), and one representative from the Caribbean Development Bank (CDB). In addition, the Executive Director (ED) of the Program, who is chairing the Executive Committee, is an ex-officio member and acts as executive secretary to the PAG.

The PAG is to meet once every six months or more often as deemed necessary, and is convened by the President or when a member requests that the President arranges such a meeting. Only program contributor members (DFID, DFATD and IDB) have the right to vote. The CCP Executive Director may speak but may not vote.

The **Regional Consultative Forum (RCF)** was envisioned to provide the PAG with the view from the Caribbean private sector development stakeholders on the CCP strategic direction. The rationale was to better align the CCP implementation with the Caribbean stakeholders needs along the whole life cycle of the Program. The RCF was originally composed of the members of the PAG, a representative of the CARICOM/CARIFORUM Secretariat, a representative of the Secretariat of the OECS, a representative of the Council of Ministers for Trade and Economic Development (COTED), a representative of the Caribbean Association of Industry and Commerce, and a representative of the Caribbean Export Development Agency (CEDA).

Only in April 2013 the first meeting of the RCF was held. At that meeting the RCF provided feedback on the CCP's PSD strategies and work plans and several organizations presented their PSD strategies and



work plans. The PAG members and the CCP management team saw this first meeting as a good opportunity to learn more about the PSD responsibilities of each organization. In attendance at this meeting were: 1. All members of the PAG; 2. Representatives of the CARICOM Secretariat; 3. Representatives of the Secretariat of the Organization of Eastern Caribbean States (OECS); 4. Representative of the University of the West Indies (UWI); 5. Representative of the Caribbean Center for Competitiveness (CCfC); 6. Representative of the Caribbean Tourism Organization (CTO); 7. Representative of the Caribbean Association of Industry and Commerce (CAIC); 8. Representative of the Barbados and the Trinidad & Tobago Chambers of Commerce; 9. Representative of the Caribbean Export Development Agency (CEDA).

At the PAG Meeting of October 2013, the decision was made to include (1) two private sector representatives from different countries, who sit on boards of SME associations and (2) two ministers of trade/industry/investment (replacing the original COTED representative) and, a representative of a commercial bank with strong regional presence. The PAG may also invite any other regional organization or national organization.

However, while the RCF should have met on an annual basis, it met only once during the life of the Program. The PAG took the decision to explicitly remove the obligation to convene the RCF on an annual basis, but rather on an ad-hoc basis. This change was reflected in the Operating Regulations of the Program. While the Regional Consultative Forum (RCF) only met once, the PCU regularly consulted governments over CCP activities, etc. The lack of RCFs appears not to be due to the disinterest of governments but the inconvenience of physically attending a regional meeting. The CCP Phase II design eliminates the RCF and introduces the IDB's existing Regional Policy Dialogue (RPD) mechanism into PAG meetings.

The **Executive Committee (EC)** is the body responsible for implementing the decisions of the PAG and approving and assigning resources to projects that apply for Program funding based on the strict application of eligibility criteria for beneficiaries and project selection established by the PAG.

The EC is comprised of four members: (i) The Program Executive Director, who chairs it, as designated by the President of the PAG (Division Chief of IFD/CTI) and must be a full time senior specialist in private sector development from the IFD/CTI Division ; (ii) the IDB Country Representative for Barbados (IDB Barbados Office is hosting the PCU) ; (iii) a representative from the IDB FOMIN/MIF ; (iv) an IDB Private Sector Development specialist ; (v) an IDB Capital Markets and Finance Specialist<sup>12</sup>. Additionally, any Bank group specialist with specific expertise may be invited to participate in the EC on a case by case basis in an advisory capacity. DFID, Global Affairs Canada and CDB representatives are invited to participate in the EC meetings in an advisory capacity: they have the right to speak but not to vote at the meetings<sup>13</sup>.

The **EICF Investment Panel (IP)** role and functions are strictly limited to Component 3. The IP's core role is to evaluate submissions competing for Enterprise Innovation Challenge Fund (EICF) grants IBPs and CCIPs and recommend awards to ensure the EICF achieves its objectives in the most effective and efficient way. This selection process takes place through a number of bidding rounds for each of the two windows of the Fund. Selection is based on the IP's assessment of the project against each window's criteria and of its potential to meet the broader objectives that have been set for each of the windows. An IP is composed of at least three members from the Caribbean private sector community appointed on an ad-hoc basis by the PCU with the Executive Director of the EC serving as an ex-officio member of the IP. Members of the IP receive an honorarium and are reimbursed for travel and accommodation costs associated with attendance at meetings following Bank guidelines.

The **Program Coordination Unit (PCU)** is the professional team directly responsible for the execution of Program components, subcomponents and activities. The PCU, under the supervision of

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<sup>12</sup> CCP Program website

<sup>13</sup> Operating Regulations, 2010

the program Executive Director, is in charge of the coordination, management, implementation and monitoring of the Program. That includes the following main functions:

- Technical and administrative management of the Program following the guidance of the operating regulations, the original grant document, the results framework and any strategic recommendations made by the PAG;
- Planning, directing, monitoring, overseeing and reporting on all Program activities.
- Advocacy of the CC Program throughout the region (including communication)
- Liaison with regional trade and integration organizations;
- Maintenance of contact and coordination with other multilateral and bilateral development agencies active in the region;
- Coordination of CC Program activities with other related IDB initiatives in the region;
- Regarding technical and administrative management of the Program, all plans of operation for Components 1 and 2 are prepared by the PCU in collaboration with the IDB staff. For both Components 3.1 and 3.2, CCIPs and IBPs are prepared by external consultants for approval of the IP. These are summarized and converted into Plans of Operation by the PCU team for final approval by the Executive Committee.

The PCU team is currently composed of the Executive Director, the Operations Coordinator, the Business Climate Reforms Coordinator, the Enterprise Innovation Challenge Fund Coordinator, three Project Development Officers, the Project Finance Coordinator, and the administrative staff (a financial administration support, a communication officer, and an administrative assistant).

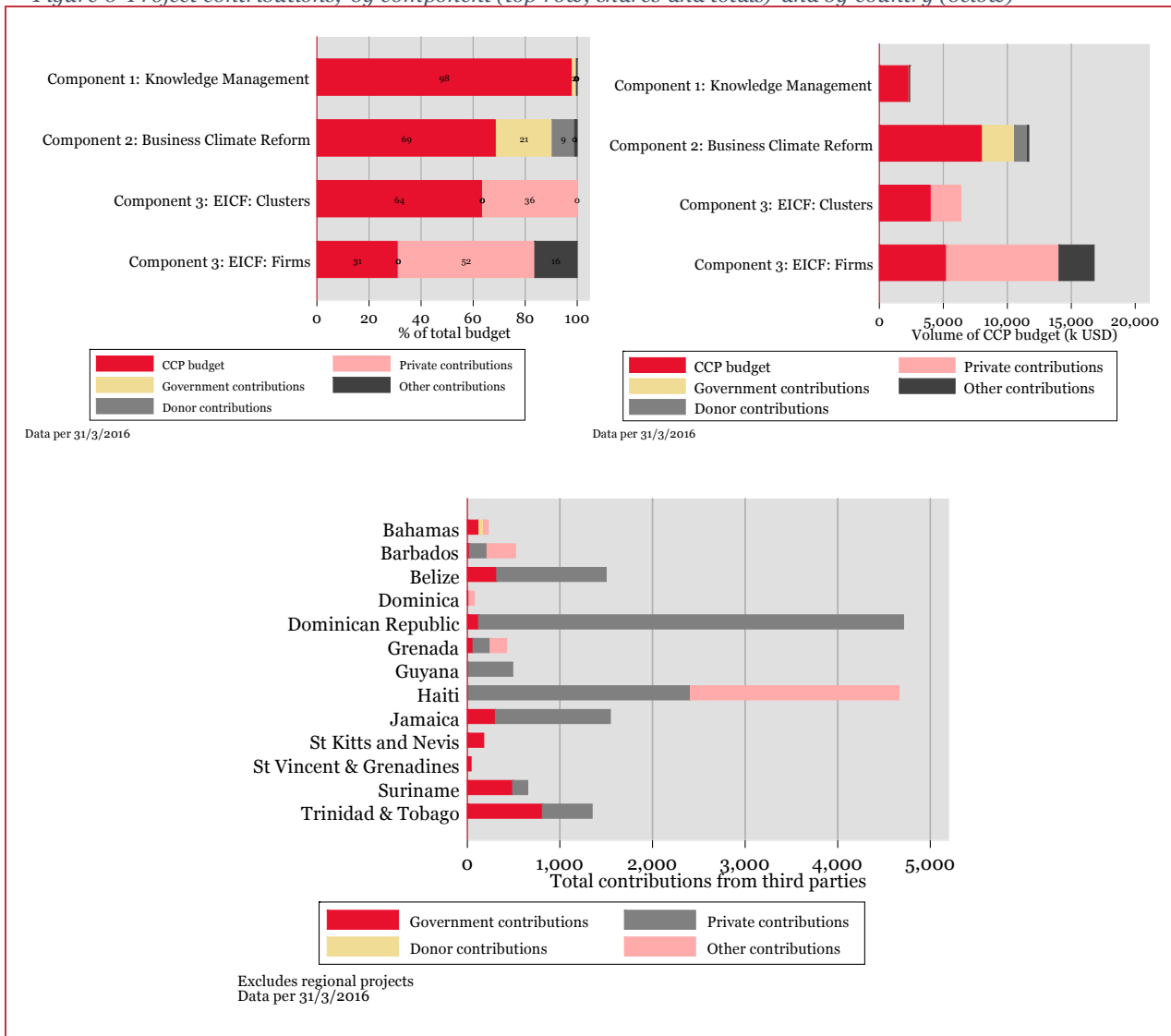
## 2.4 Program inputs: Compete Caribbean budget and spending

### 2.4.1 Source of project funding

CCP (RG X1044) is funded through the donors the UK Department for International Development (DFID) 8, 656k GBP) and CIDA (20m Canadian Dollars) in a fund managed by the Inter-American Development Bank. This grant initially represented a value of 32,550k USD (USD is the working currency for CCP) at the contractual start of the program. In addition, 4 COFAB projects were also implemented by the Compete Caribbean Program but under a separate budget envelope of 2,424k USD, bringing the total budget to 34,974k USD. However, due to currency devaluations this amount has been impaired to 33,007k USD, representing a loss of 6% of available budget. This program-level budget has been spent on projects, support activities and overhead costs (see next sections), but also has been complemented by co-funding on the project level (see Figure below).

The total CCP contributions to *projects* (by 31/3/2016) has been \$19.7m, whereas governments additionally contributed \$2.5m, Other Donors \$1.0m, Private partners \$11.1m, and other partners \$2.9m. This translates to a 47% co-financing rate from other partners on CCP projects, meaning that for every dollar invested by the CCP \$0.89 was co-invested by partners. The total volume of funding in CCP projects by the CCP program and co-funders together has reached \$37,190k by the cut-off date.

Figure 6 Project contributions; by component (top row; shares and totals) and by country (below)



Source: CCARS Database, analysis Technopolis

As can be seen from the charts, co-funding was mostly sourced from private parties (mostly firms) in the component 3 (Enterprise Innovation Challenge Fund), where co-funding was an explicit requirement. Component 1 (Knowledge Management) was almost exclusively financed by CCP directly (98%), whereas Component 2 (Business Climate Reform) saw 31% co-funding by Caribbean governments and donors. From a geographic perspective, Haiti and the Dominican Republic saw particularly large private sector contributions (>\$4m), whereas the governments of Trinidad & Tobago, Suriname contributed more than \$500k or more to the CCP.

A final source of project resources are the in-kind contributions from the IDB’s experts on the program, which are shown in the table below, based on time reporting. This includes the salary costs of the CCP Executive Director and the CCP Operations Coordinator. The total contribution will have totaled \$7.4m by the end of the CCP program in 2016<sup>14</sup>. This however does not take into account the contributions from the IDB to five regional technical cooperation projects<sup>15</sup> that were complementary to CCP (but not

<sup>14</sup> Estimate based on cost incurred until end of December 2015 and 2016 projections.

<sup>15</sup> For additional information on these projects consult :

financed by the program) which amounted to \$3.38m. This includes projects such as REACH, a project aiming at fostering innovation and competitiveness in Caribbean SMEs through the development of a Regional Entrepreneurial Asset Commercialization Hub; and the Harmonized Caribbean Spectrum Planning and Management project.

Table 1 In-kind contributions from IDB

<i>IDB in-kind Source</i>	<i>End of December 2015</i>	<i>2016 Projection</i>	<i>Total</i>
Time and Labor Reporting	\$5 330 050	\$7 50 000	\$6 080 050
IDB+MIF Consultants	\$465 000	\$20 000	\$485 000
CBA Overheads	\$525 000	\$83 333	\$608 333
Events and Knowledge Dissemination	\$145 000	\$45 000	\$190 000
Investment Panels	\$30 000	-	\$30 000
<b>Total</b>	<b>\$9 875 050</b>	<b>\$898 333</b>	<b>\$7 393 383</b>

Source: CCP PCU

#### 2.4.2 CCP Budget and its realization

The following table and figure present a detailed overview of how the CCP budget has been committed and realized by 31/3/2016. Out of the total available (impaired) budget of \$33.0m, \$29.6m (90%) has been committed and \$26.8m has been disbursed (81%). The disbursement rate is mostly due to the ongoing projects in Component 3, where 82% of committed budgets have been disbursed (many of these projects will only finish towards the end of 2016). In total \$3.5m (10%) remained uncommitted.

Administrative costs amounted to 13% of the overall committed budget (\$3.9m), or 17% when the COFAB administrative fees of \$1.1m (4%) taken into account. It should be noted that \$2.4m were used for four projects that pre-dated the official start of the CCP (RG-T1767, RG-X1074, RG-X1075; JA-X1001)<sup>16</sup> and did not go through the official CCP screening and selection process. Within the component-based spending, three types of cost categories can be distinguished. Direct Project costs (the largest share) is expenditure that directly benefits beneficiaries and is spent within the specifications of the regulation. Preparation costs refer to the expenditure on preparing projects and generally included the engagement of external consultants to prepare business plans, cluster competitiveness improvement plans, and plans of operations requiring technical input. Unlike non project-specific cost, these expenditures have been assigned to individual projects. Non project-specific costs include costs associated with the identification of projects, communication and dissemination of information on the components and project results, M&E workshop, investment panels etc. Finally, there is also a category of ‘other project related expenditure’. This includes costs associated with the engagement of procurement, environmental, gender and M&E specialists to assist in the design of projects, as well as time of PCU staff and travel costs<sup>17</sup> that was spent on technical assistance on the project and component

<http://www.carib-export.com/1-million-usd-awarded-by-the-idb-towards-increasing-foreign-direct-investment-into-the-caribbean/>

<http://www.iadb.org/en/news/news-releases/2014-05-14/index-that-measures-broadband-penetration.10816.html>

<http://www.iadb.org/en/projects/project-description-title.1303.html?id=RG-T2272>

<http://www.iadb.org/en/topics/citizen-security/citizen-security-projects.2888.html>

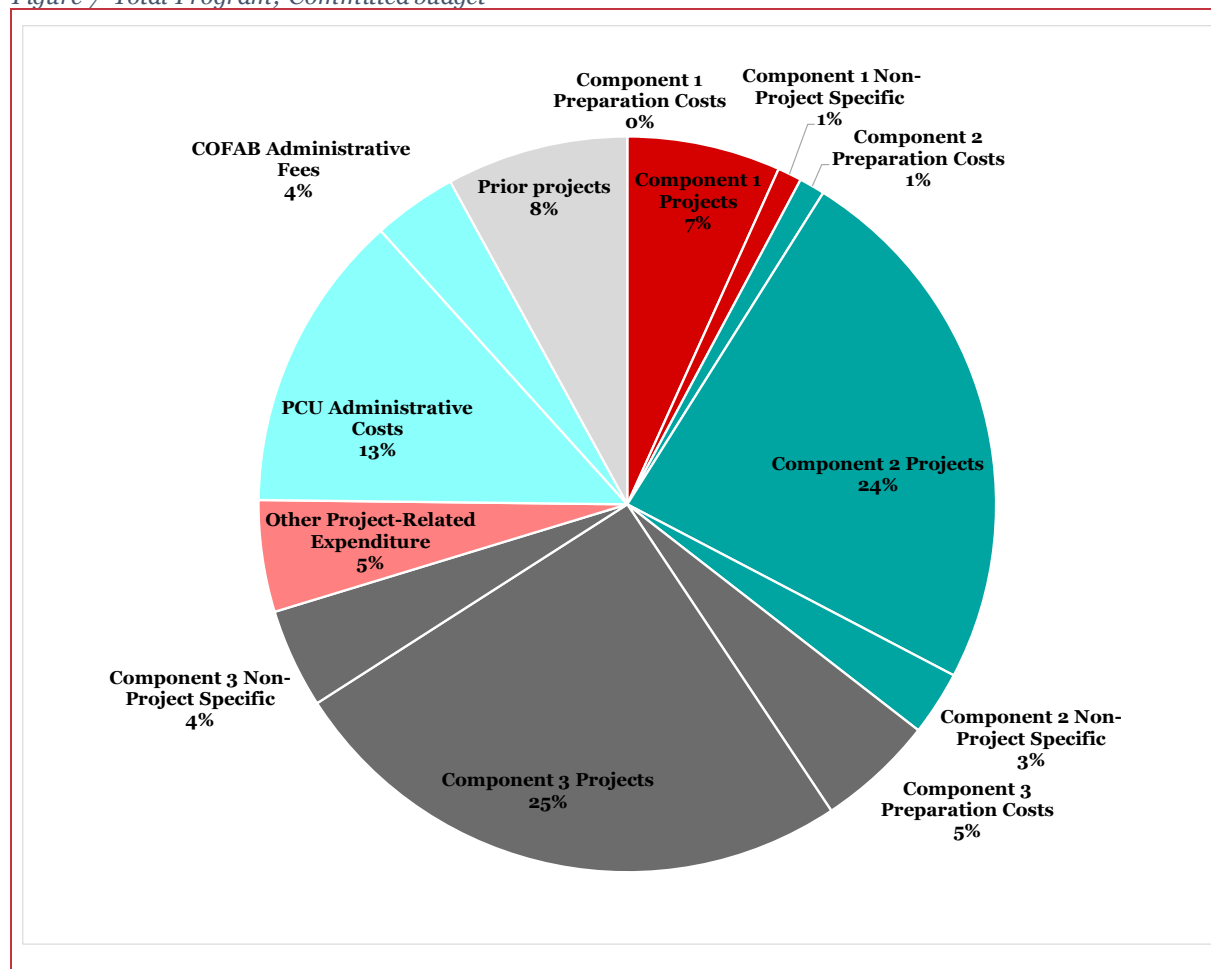
<http://www.iadb.org/en/topics/competitiveness-technology-and-innovation/reach-supporting-caribbean-entrepreneurs-in-commercializing-ideas.19235.html>

<sup>16</sup> Commonly labelled by the program as COFAB projects.

<sup>17</sup> It was not possible to separate travel costs for overhead-related travel and project-related travel. Since the majority of travel related to component or project-related technical assistance travel, we have assigned the entire amount to other project related expenditure.

level, e.g. the support of financial reporting, compliance workshops etc. The principle of registering PCU staff time for technical assistance started in 2013 after recommendation of the PAG. Associated costs before time registration started was extrapolated using the post 2013-ratio.

Figure 7 Total Program; Committed budget



Source: Compete Caribbean PCU; Analysis Technopolis

Table 4 Overview of Budget approval, commitment and disbursement

	Approved	Committed	Disbursed	% Disbursal of committed
Component 1 Preparation Costs	-	-	-	-
Component 1 Projects	\$2 449 348,32	\$1 990 103,00	\$1 915 209,14	96%
Component 1 Non-Project Specific		\$311 745,85	\$302 756,50	97%
Component 2 Preparation Costs	\$5 677 781,83	\$333 837,14	\$333 837,14	100%
Component 2 Projects	\$8 817 120,69	\$7 026 682,00	\$6 616 829,44	94%
Component 2 Non-Project Specific		\$835 763,78	\$777 829,59	93%
Component 3 Preparation Costs	\$2 760 356,75	\$1 519 774,39	\$1 520 105,04	100%

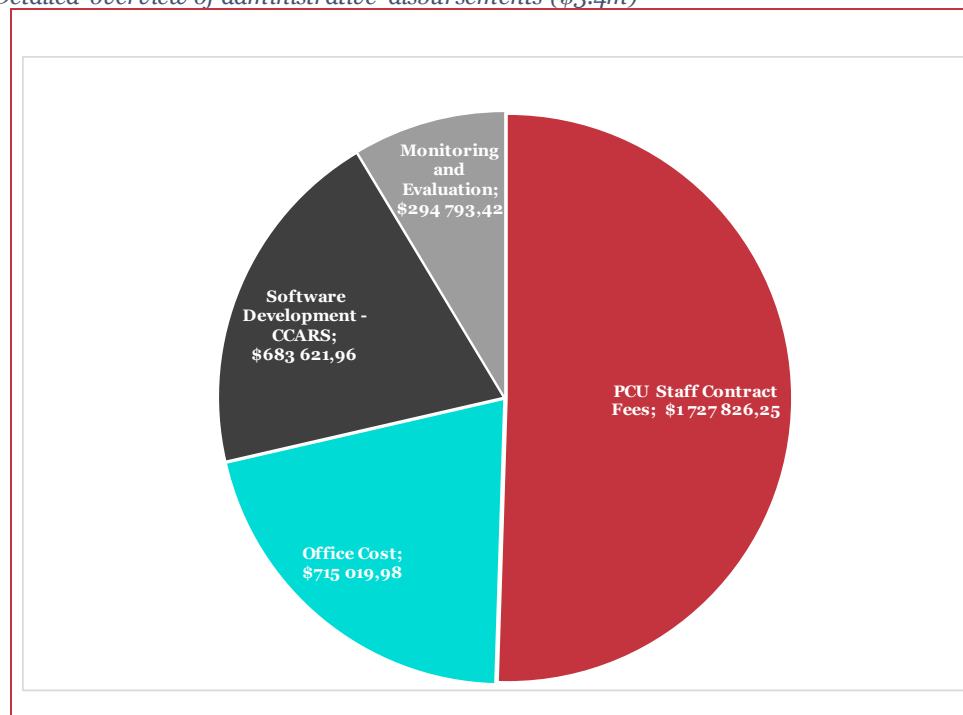
Component 3 Projects		\$7 459 378,00	\$5 813 222,78	78%
Component 3 Non-Project Specific	\$10 365 330,00	\$1 292 319,52	\$1 125 803,33	94%
Other Project-Related Expenditure		\$1 449 854,84	\$1 527 112,39	105%
PCU Administrative Costs	\$5 236 934,00	\$3 888 303,26	\$3 421 261,61	88%
COFAB Administrative Fees	\$1 088 900,00	\$1 088 900,00	\$1 088 900,00	100%
Prior projects (COFAB projects)	\$2 423 919,00	\$2 355 544,00	\$2 355 543,66	100%
Total (based on impaired approved total)	\$33,709,680.59	\$29 552 205,78	\$26,798,410.62	91%
Difference with total approved (uncommitted/ not disbursed)	N/A	\$3 455 089,00	\$6 208 886,38	--

Source: CCARS Database, Analysis Technopolis

### 2.4.3 Administrative costs

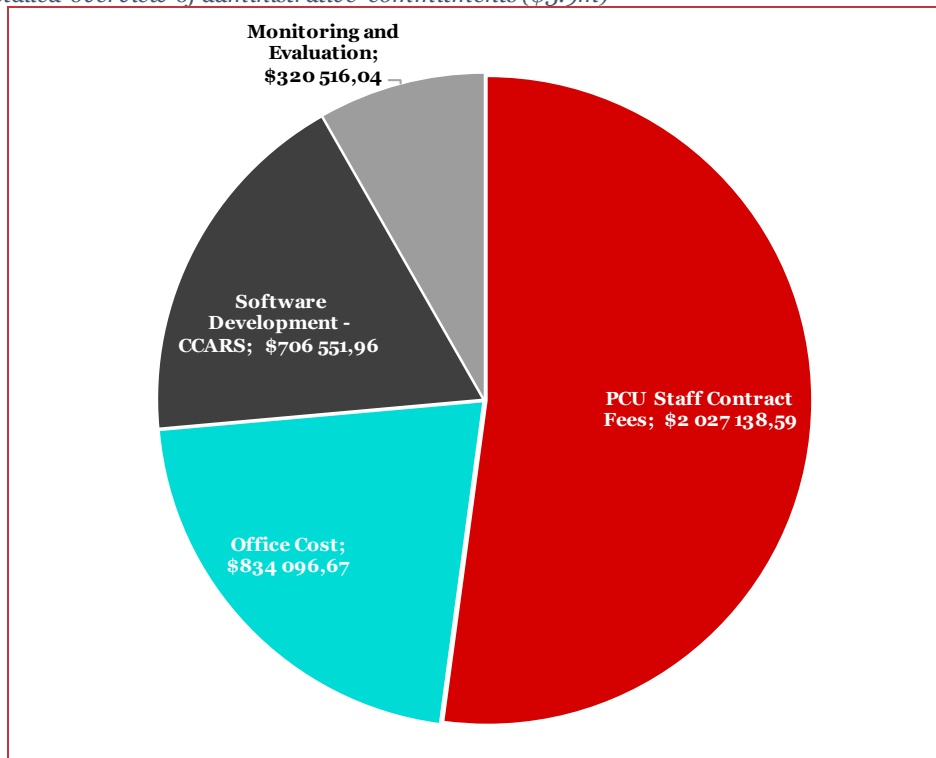
The following figures present a more detailed overview of the allocation of administrative costs. For the purpose of clarity and due to the fact that the evaluation was conducted before the end of the budgetary year 2016, we have presented this distribution of administrative costs for both the committed as well as the disbursed budget (\$3.9m and \$3.4m respectively). Please note that elsewhere in this report, only committed budgets are being presented.

Figure 8 Detailed overview of administrative disbursements (\$3.4m)



Compete Caribbean PCU; Analysis Technopolis

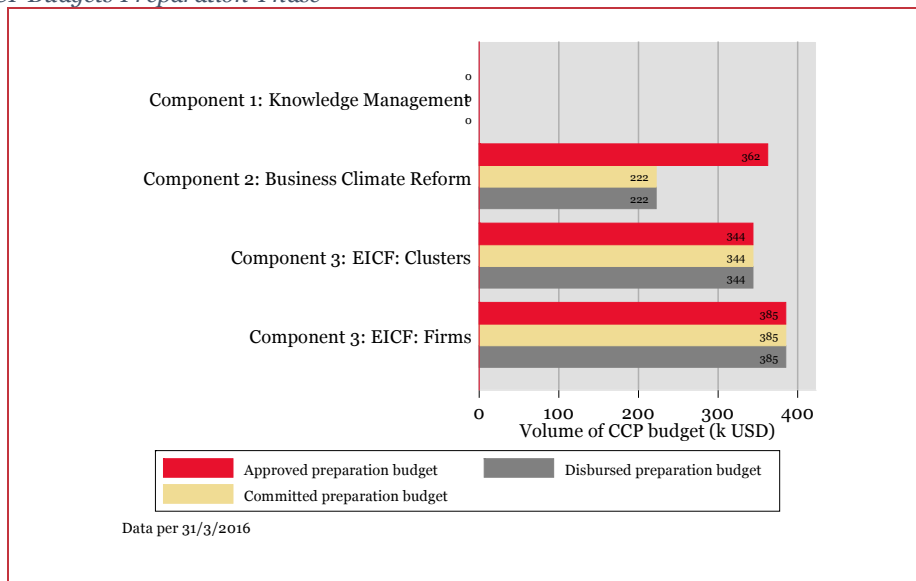
Figure 9 Detailed overview of administrative commitments (\$3.9m)



Compete Caribbean PCU; Analysis Technopolis

The figure below shows how project preparation budgets were split across the components. The program did not allow for preparatory costs for component 1. Component 3 used \$729k for preparation and Component 2, \$222k.

Figure 10 CCP Budgets Preparation Phase



Source: CCARS Database, Analysis Technopolis

## 2.5 Activities: Overview of Projects and Technical Assistance

By 31/3/2016, as registered in CCARS<sup>18</sup>, 200 projects<sup>19</sup> had been considered for execution, of which in the end 91 projects were fully implemented. Of those, 62 projects are closed in terms of execution, whereas 27 projects were still running (mostly in Components 2 and 3). Two projects (AI-CC2023, Antigua & Barbuda & SX-CC4003 St. Lucia) were cancelled while already in operations due to a change of government and, for the project in St. Lucia, due to prohibited practices respectively.

The following table (~~Table 5 Component 3 Project Concept Notes~~~~Table 5 Component 3 Project Concept Notes~~ ~~Table 5 Component 3 Project Concept Notes~~) shows the number of applications (or project concept notes) for phase 1 of the selection process under Comp. 3 of the program. As can be seen, the number of projects that were funded (funded PCNs column) is very low compared to the number of project applications received (number of PCNs submitted). The gross selection rate of the program under Comp. 3 amounts to approximately 2.5% under the Innovation Window, and 12% under the Support to Clustering Initiatives Window. This selection rate is mostly explained by the very high level of ineligible or unfit number of project proposals.

While this indicator should be interpreted as purely informative, and does not reflect any particular strength or weakness in program performance, it is interesting to note some of the underlying factors behind this selection rate:

- Firstly, out of all PCNs submitted, only 11.1% of these were considered eligible and of adequate strength by the program under the Innovation Window, and 38% under the Support to Clustering Initiative. Filtering at this stage was performed on the basis of basic eligibility criteria, as well as project strength assessed by technical specialists of the bank with expertise in the industry/area of innovation prevalent in each cohort, against the degree of congruence with a seven category criteria set developed to identify competitive projects for the window. Based on the information provided by the program as part of this evaluation, some of the main deficiencies of PCNs which led to their exclusion at this stage were:
  - Eligibility (both windows)
    - Failure to submit project budget
    - Failure to provide indicative value of required contribution
    - Incomplete application
    - Failure to submit required Annexes (evidence of legal status, financial statements, letter of commitment for required counterpart
    - Failure to submit on time
  - Project Strength – Innovation Window
    - Degree of innovation vis-a-vis the entire cohort
    - Validity of the business model
    - Managerial experience
    - Project coherence
    - Impact on income/employment/environment/women
  - Project Strength – Support to Cluster Initiatives
    - Degree of potential importance to national/regional economies
    - Validity of the business model and strength of linkages to global markets
    - Ability to sustain collective action

<sup>18</sup> The figure does not reflect the 4 'prior projects'. Since April 1st until the end of 2016, 8 additional projects were approved.

<sup>19</sup> This figure excludes applications for component 3, which had a two-phased approach with a business development plan phase and an implementation phase.



- Managerial experience
- Project coherence
- Impact on income/employment/environment/women
- The real<sup>20</sup> selection rate under Comp 3 of the program amounts to 21% for the Innovation Window and 33% for the Support to Clustering Initiatives windows. In other words, on average one quarter of projects which were found to be eligible and fit for a full appraisal by the Investment Panel, ended up being selected under Comp. 3. Selection of projects was mainly merit-based based on the project strength criteria presented above.

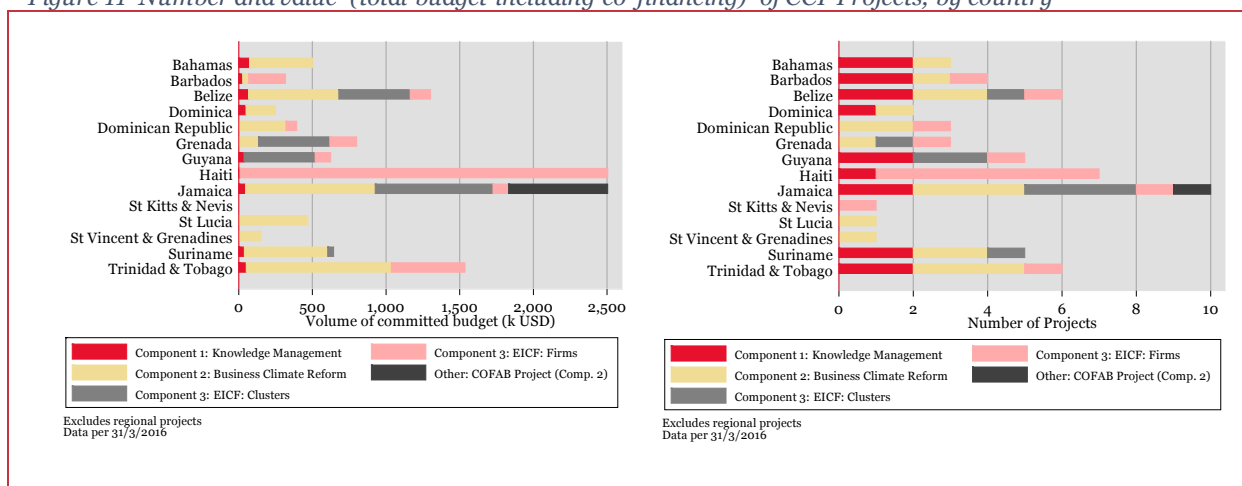
In addition, and as is the case in any type of program adopting a selection-based approach, the total number of projects supported was also determined by the amount of resources available within the program.

Table 5 Component 3 Project Concept Notes

Comp 3 window	Number of PCNs submitted	Eligible PCNs (total and %)	Eligible PCNs and of adequate project strength (total and %)	Funded PCNs (total and %)
<b>Innovation Window</b>	592	Total: 360 60% submitted PCNs	Total: 66 11% of PCNs submitted 18% eligible PCNs	Total: 14 2.4% of PCNs submitted 3.9% of eligible PCNs 21% of eligible PCNs and of adequate project strength
<b>Support to Clustering Initiative</b>	71		Total: 27 38% of PCNs submitted	Total: 9 12% of PCNs submitted 33% of eligible PCNs and of adequate project strength

Source: Hutchinson (2015) and data provided by CCP. Analysis conducted by Technopolis.

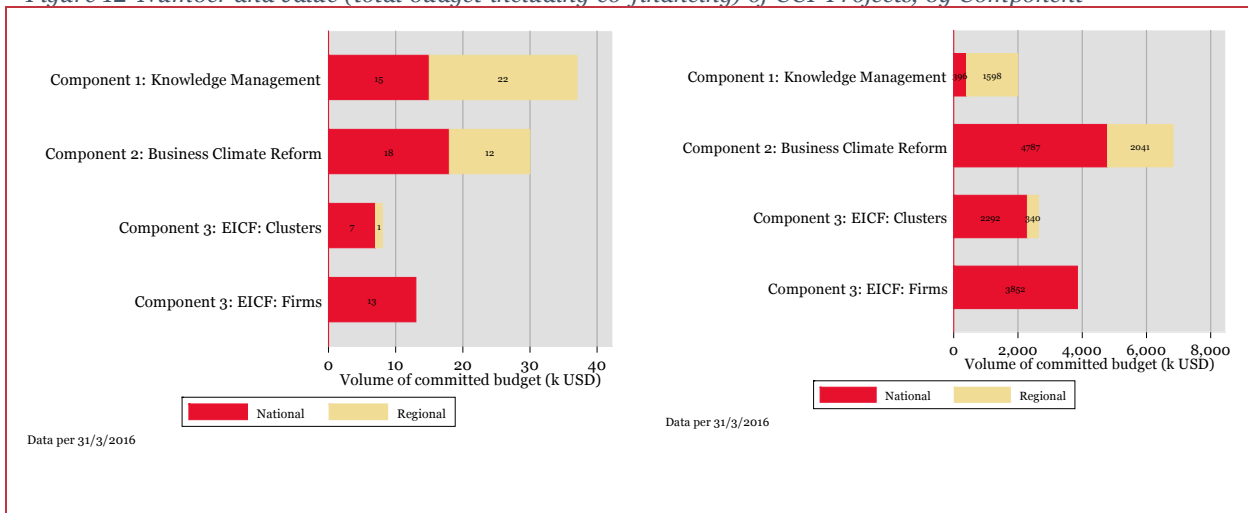
Figure 11 Number and value (total budget including co-financing) of CCP Projects, by country



CCARS Database, Analysis Technopolis

<sup>20</sup> Eligible or of adequate strength vs. Selected.

Figure 12 Number and value (total budget including co-financing) of CCP Projects, by Component



CCARS Database, Analysis Technopolis

The previous figures show the project portfolio (in total 91 projects) across the three components and by Country, both in terms of number of projects as well as the volume of committed budget by 31/3/2016. The figure includes all eligible countries, which indicates that each country benefitted from at least one program-supported project. Note that Antigua & Barbuda is not included in this figure, although it did have a project which was later cancelled (a total of \$199,415 was still disbursed under this project). Out of the 91 supported projects, a total of 35 projects were regional, which meant they covered several countries. Most of these regional projects were implemented under Component 1 (22 projects for a total budget including co-financing of \$1.6m). However some regional projects were also conducted under Component 2 (12 projects for a total budget including co-financing of \$2m), and Component 3 (1 project for a total budget including co-financing of \$1.3m)

### 2.5.1 Geographical distribution of program activities and beneficiaries

The geographical distribution of program inputs and activities is presented in [Figure 11](#). As illustrated by the figure, not all eligible program countries benefitted from all of the program’s components, and there are important differences in the level of support provided by each component across individual countries (i.e. under Component 2, Jamaica and Trinidad and Tobago are the two countries having benefitted from the highest number of projects - three projects each- , followed by Belize and Suriname - two projects each). This unequal distribution of support is also reflected in the amount of funding provided to these countries by the program, as part of Component 2 and Component 3.

The original intervention logic of the program didn’t foresee any particular geographical focus for the activities to be supported under any of its three Components. Priority target countries were not identified in light of existing needs. Rather, the program adopted a demand-driven approach to project development and selection (particularly under Comp. 2 & 3), which is currently reflected in the diversity of countries supported under all three components.

As a result of this, the evaluation cannot assess the extent to which this geographical distribution of program inputs, activities and outputs (across all three components) is relevant, or responds to program objectives. Interviewees contacted as part of the evaluation tend to agree however that the open-ended approach adopted by the program in terms of geographical focus is relevant and has contributed to achieving positive results. According to them, this flexibility and merit-based selection procedure allows supporting initiatives and projects in countries where demand for support is high. This is generally considered as a fundamental pre-requisite for projects to succeed, and local stakeholders to become invested and committed to projects themselves.

In spite of this, the program would benefit from a more clear-cut definition of what its geographical focus and scope is. This would allow the program to avoid any potential misinterpretations regarding the level of support provided across eligible countries. For example, by analyzing the current geographical spread of program support, external stakeholders could easily come to the conclusion that the program is not yet sufficiently present in all Caribbean countries.

## 2.6 Overview of program outputs

The following sections provide an overview of program achievements in terms of outputs, by individual component. The program has achieved the great majority of output targets, which speaks highly of its capacity to conduct planned activities and produce expected outputs.

### 2.6.1 Component 1

The Table below presents an overview of the output goals for Component 1. As can be seen, almost all output goals have been met or exceeded. Given that almost all Component 1 projects have been fully concluded, this shows that the CCP has been effective in implementing the Component 1 projects in terms of reaching desired target levels.

*Table 6 Overview of Component 1 Output RMF Targets and achievements*

\* Data on achievements in partially based on CCP Summary sheet obtained on CCP website due to CCARS data being outdated

Outputs	Measurement unit	Baseline	Target (2015)	Achievements by Apr 7, 2016
National, Regional and Sub-regional Private Sector Development Strategies/Growth Strategies and Action Plans developed	Document	0	32	<b>21 PSA Rs</b> <b>27 National Sector Strategies</b>
Donor Matrices developed and accessible on the Compete Caribbean website	Document	0	17	<b>14</b>
Surveys that capture micro-level data on the private sector in each country completed	Dataset	0	15	<b>27</b>
Knowledge products developed	Document	0	50	<b>54</b>
Dissemination events funded by the Program held	# events	0	30	<b>38</b>
Persons attending dissemination events funded by the program	# persons	0	500	<b>1469</b>
Number of events not funded by CCP at which consultants present CCP-funded knowledge products	# events	0	20	<b>18</b>
Virtual library (with all CCP knowledge products plus other relevant PSD knowledge products) developed	Web portal	0	1	<b>1</b>
Caribbean Centre for Competitiveness established and operational	Unit	0	1	<b>1</b>
Dissemination strategy developed	Document	0	1	<b>4</b>

The program has not faced any particular challenges in producing the intended outputs and conducting planned activities under this component. It's worth highlighting that the number of persons attending dissemination events funded by the program is estimated to stand at approximately 1 500, which is significantly higher than the original 500-person objective. Comparatively, only 14 donor matrices are reported to have been developed, which is slightly inferior to the original intended objective of 17. This can be partly explained by the fact that the objective of donor coordination was dropped by the program, and resources were redirected to other activities.

The table below presents an overview of the output results rate at the project level. As can be seen, the large majority of output targets established at the project level have been met. All outputs have been reported by 31/3/2016.

Table 2 Outputs Reporting CCARS Component 1

Output	#
Outputs Not Met	12
Outputs Met	85
Outputs Exceeded	4
Outputs Not reported	0
% of Outputs met or exceeded	88%

### 2.6.2 Component 2

The table below presents an overview of the program-level output goals for Component 2 (Business Climate Reform). Just like for Component 1, most output target goals have been achieved, with some additional increases of achieved values expected for the rest of 2016. Especially the number of policy proposals supported and new/revised legislations drafted (50) was significantly higher than the target value (30). However, the number of Public-Private Councils / Public-Private Dialogue Technical Unit strengthening plans was lower than expected (5 instead of 8), mainly because of the existence of lower demand than expected. The target of eight plans does not seem excessive given 15 countries and the objective of outcome 3 (i.e. improved institutional framework supportive of private sector development and public/private dialogue).

Table 7 Overview of Component 2 RMF Outputs and achievements

Outputs	Measurement unit	Baseline	Target (2015)	Achieved (Mar 2016)
Policy proposals supported	# Policies	0	30	25
New/revised legislation drafted	Document	0		25
PSD institutional strengthening plans supported	# of plans	0	12	15
Public Private Councils/PPD Technical Unit strengthening plans supported	# of plans	0	8	5
Public/Private Dialogue Activities supported	Event	0	20	51

Data on achievements is partially based on CCP Summary drawn from CCP website sheet due to CCARS data being outdated)

A total of 14 countries benefitted from support under Component 2 (all eligible countries with the exception of Haiti). While Guyana and St. Kitts did not have specific projects, Guyana received project preparation funds. St. Kitts received support under the Caribbean Growth Forum Facility consultancy. However, despite significant CCP activity supporting PPD in general across the region, for example

through the Caribbean Growth Forum (CGF), ten countries did not request support from the program to strengthen or develop their PPD mechanisms. This could be interpreted as being the result of these countries either being already satisfied with the capacity of their PPD mechanisms, or unwilling to request or provide support to strengthen them.

Box 1 Overview of Comp. 2 projects

The average project budget spent by CCP among these 16 projects was \$326,000 – with nine projects receiving more than \$400,000 from CCP. Host governments contributed \$114,000 on average to these projects. The average project completion delay, as measured by the final disbursement, was ten months. However, about one third of the projects finished on time or early.

At the project level, the level of achievement of output targets is 73% for Comp 2 (cf. following table), which is slightly lower than for Comp 1 (88% - cf. previous section). This is probably explained by the more complex nature of Component 2 operations compared to those implemented under Component 1.

Table 8 Output Reporting Component 2 CCARS

<b>Output Results</b>	<b>#</b>
Outputs Not Met	51
Outputs Met	104
Outputs Exceeded	33
Outputs Not reported	11
% of Outputs met or exceeded	73%

However, there appears to be very strong differences among projects in terms of level of achievement of outputs, as illustrated by the following table. While some projects such as the Support for Investment in Dominica project appear to have produced all of their expected outputs, other projects such as the Framework for Public Offerings in T&T have only reached the 50% mark of their intended output targets.

Table 9 % Share of outputs targets Met/Exceeded for a sample of Component 2 Projects

<b>Project Code</b>	<b>Project Title</b>	<b>% Outputs Met</b>
DO-CC2040	Support for Investment Promotion in Dominica	100
JA-CC2046	Implementation of Business Climate Reforms in Jamaica	100
BH-CC2003	Policy and Inst. Framework for SME Development in the Bahamas	100
SX-CC2007	Strengthening Public-Private Dialogue in Saint Lucia	92
SU-CC2020	Framework for Private Sector Development in Suriname	86
BL-CC2005	Strengthen Inst. Architecture for Investment Attraction in Belize	71
TT-CC2009	Support for Economic Growth, Comp. and Innovation in T&T	63
RG-CC2044	Caribbean Growth Forum (CGF)	50
TT-CC2016	Framework for Public Offerings in Trinidad and Tobago	50
JA-CC2006	Investment Promotion and Economic Dev Framework in Jamaica	33

Projects for which end-of-project evaluation reports have been completed. Source: CCP Project Database updated from End-of-Project Evaluation Reports

However, the figures presented in the previous table only tell one part of the Comp. 2 story. While it's true that a handful of projects reporting output indicators have not managed to reach all of their intended targets, the qualitative analysis of Project Completion Reports depicts a richer portrayal of the outputs being generated by Comp. 2 projects. Many of the projects implemented under Comp. 2 underwent significant evolutions during their lifetime, either in terms of their scope, general or specific ambitions. This in turn made many of their original performance indicators no-longer relevant to measure their success and progress. As a result, a number of the projects which were considered as highly successful by the program and program implementers (i.e. Jamaica Investment Forum, for which funding original budget was extended) appear to have performed poorly on the basis of their originally envisioned and achieved outputs.

In addition, many of the delays and under-achievements (in terms of output targets) undergone by Comp. 2 projects were a result of:

- Some of them were very ambitious from the start. Projects often included multiple components, objectives and impacts.
- Others encountered difficulties respecting original time-tables for implementation and regularly ran overtime (the short time-frames did however focus attention and resources to move agendas along).
- Changes in government also often contributed to causing delays in implementation.

### 2.6.3 Component 3

As illustrated in the following table, Component 3 (EICF) activities came very close to meeting, or exceeded their output targets. While outputs under the Cluster window or only slightly (1) below expected targets, the Innovation window appears to have over-performed (39 IBPs developed vs. 20 targeted, and 14 IBPs implemented with CCP support vs. 10 targeted).

Table 10 Overview of Component 3 RMF Outputs and achievements

Outputs	Measurement unit	Baseline	Target (2015)	Achieved
Cluster Competitiveness Plans Developed	# of CCIPs	0	15	15
CCIPs implemented with CCP support	# of clusters	0	10	9
Innovative Business Plans Developed	# of IBPs	0	20	39
IBPs implemented with CCP support	# of Firms	0	10	14

Results Management Framework (7/4/2016)

The table below presents an overview of the outputs and their achievement under the two Component 3 windows. As can be seen, the vast majority of outputs are not yet reported. For the small number of projects where outputs have been reported, the results look promising. However at this stage, it's too early to draw any conclusions about the level of achievement of results for Component 3, even at the output level.

Table 3 Output Reporting CCARS Component 3

Output Results	Innovation Window	Cluster Window
Outputs Not Met	1	3
Outputs Met	7	18
Outputs Exceeded	4	0

Outputs Not reported	140	142
% of Outputs met or exceeded	92%	86%

The field visits revealed that one of the key determinants in Comp 3 (cluster window) project’s capacity to achieve expected outputs is heavily determined by the prior existence of links and past collaboration among cluster members, as well as by the project management capacity of beneficiaries to run complex projects.

Field studies also confirmed the existence of a common trait among Comp. 3 outputs, which is the diversity of beneficiaries, both in terms of clusters and firms supported. The analysis of beneficiary clusters and firms reveals diversity in terms of:

- **Level of maturity:** The main distinction here relates to the previous existence of links among cluster members. In some cases, the program supported “to be born” clusters or networks (e.g. Regional Animation Cluster, Suriname Rainforest Cluster) characterized by the existence of no or very limited previous contact among members. In other cases, the program supported more ‘mature’ organizations or structures such as the Belize Shrimp Cluster, or the Grenada Tourism Cluster. In both the former and the latter, CCP support was provided on the basis of a pre-existing association
- **Project management capacities and leadership** (low: Suriname Rainforest Cluster; strong: shrimp cluster with a strong leader, Grenada Tourism Cluster project)
- **Type of activity supported:** rebranding (e.g. Grenada Tourism Cluster project), innovative quality process (e.g. Shrimp cluster), innovative services (e.g. Animation)
- **Horizontal clusters vs. Value chains:** The Ornamental Fish Cluster in Jamaica aims at structuring the whole production value chain of the Ornamental Fish sector around the processing organization that stores, packages and exports the local product produced by the farmers that are members of the cluster. On the other hand, the Regional Animation Cluster is grouping (only) three animation companies from Jamaica, Barbados and Saint Lucia which are objectively competitors on international markets. However, building a regional cluster allows them to pool their supply of animation services, to reach a critical mass of animators, and to market it to larger studio companies in US and Europe that outsource part of their animation movie. This is a “horizontal” cluster.

The following table presents the profiles of three of the firms met as part of the evaluation field studies, which benefitted from CCP direct firm support. While this sample is not necessarily representative of the entire population of CCP beneficiaries, it does illustrate diversity in terms of the variety of countries (population size and landmass), age and nature of the business, as well as the sector in which the company operated.

Table 11 Overview of firms benefitting from CCP direct firm support, met during Evaluation field visits

Firm	Country	Type of innovation	Support received for	Some characteristics
Premier Products (PP)	Belize	Proprietary natural juice formula which might help against some chronic diseases	<ol style="list-style-type: none"> <li>1. Equipment</li> <li>2. Research</li> <li>3. Market access</li> <li>4. Certification</li> <li>5. Capacity building</li> </ol>	Local, for profit, established 2009, limited vertical integration
Waste to Protein (WTP)	Grenada	Using waste from fish, breweries and abattoirs to produce protein supplements for livestock and poultry	<ol style="list-style-type: none"> <li>1. Equipment</li> <li>2. Testing proof of concept</li> <li>3. Capacity building</li> </ol>	New, not-for-profit, extensive vertical integration, circular economy project



Isocon	Jamaica	Washing bulk liquid containers in Jamaica for reuse in the Caribbean	<ol style="list-style-type: none"> <li>1. Equipment and construction</li> <li>2. Marketing (website)</li> <li>3. Capacity building</li> </ol>	Established, JV between Jamaica and Scotland
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This diversity of beneficiaries raises questions in terms of the selection criteria and the focus of Comp. 3. For example, to what extent should the program be focused on supporting well established clusters to develop new type of innovative activities, rather than supporting new cluster initiatives with a stronger focus on capacity development?

The answer to these questions is not straightforward, but it's surely one which should be addressed as part of the set-up of a new generation of CCP. In principle, the likelihood of generating tangible outcomes (i.e. jobs) on a short-term is higher when supporting 'mature' clusters. Supporting younger networks implies a higher level of risk (and likelihood of failure); but it also has the potential to lead to longer-term impact. In addition, supporting the development of a new cluster is a medium-term endeavor. Based on our experience, building a real cluster with leadership & high level of trust, may require up to 3 years.

The approach adopted by the Investment Panel for the Treasure Beach Tourism Cluster project could be scaled-up and used as a model for the selection of future operations:

- The objective of the CCP grant to the Treasure Beach Tourism Cluster was to increase the capacity of the cluster to attract more tourists and provide services.
- The Investment Panel recommended that the project be divided into 2 phases (phase 2 being conditional upon success of phase 1)
- Phase 1 funding was focused on establishing a permanent governance structure for the cluster, conducting a tourism asset inventory, and defining a cluster business plan and strategy. Hence, starting from the scratch, the first phase of the cluster project was focused on knowledge exchange among members and trust building.
- Phase 2 (after successful completion of phase 1) was approved in 2015. Originally focused on implementing a marketing campaign, financing the up-grading of hotel, lodge, and bed & breakfast facilities, training employees, etc., the Phase 2 activities were only focused on marketing: establishment of a marketing organization/office ; design of the branding of Treasure Beach area; development of e-commerce through website.

This is particularly relevant for clusters which can be considered to be starting from scratch, where potential members are micro-firms which are not well structured, and for which managers have limited capacities. Supporting these types of clusters requires more time to build trust amongst members.

Some of the selection trade-offs which are visible at the cluster level, are also apparent at the firm level. This applies particularly to the need to focus on a single vs. multiple themes (i.e. certification only, or equipment, or market access or value chain management).



### 3 Evaluation findings

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The following section of the report provides an overview of the findings of the evaluation. Findings have been organized around the five different evaluation criteria having been addressed by the evaluation exercise. On the basis of the information presented in this section, as well as in section 2, we have developed a set of general conclusions by evaluation question which can be found in section 7.

#### 3.1 Results (effectiveness)

One of the key questions tackled by the evaluation refers to the extent to which the CCP's results (outputs, outcomes, intermediate results and other spill-overs) are in line with the program's objectives. A first level of analysis aimed at answering this question – mostly in the form of a quantitative review of program outputs – has already been provided in the previous section of the report (cf. section 2). The following paragraphs will provide a more qualitative view of whether and how the program has led to expected changes over the course of its implementation, as well as some of the driving and hindering factors in this process.

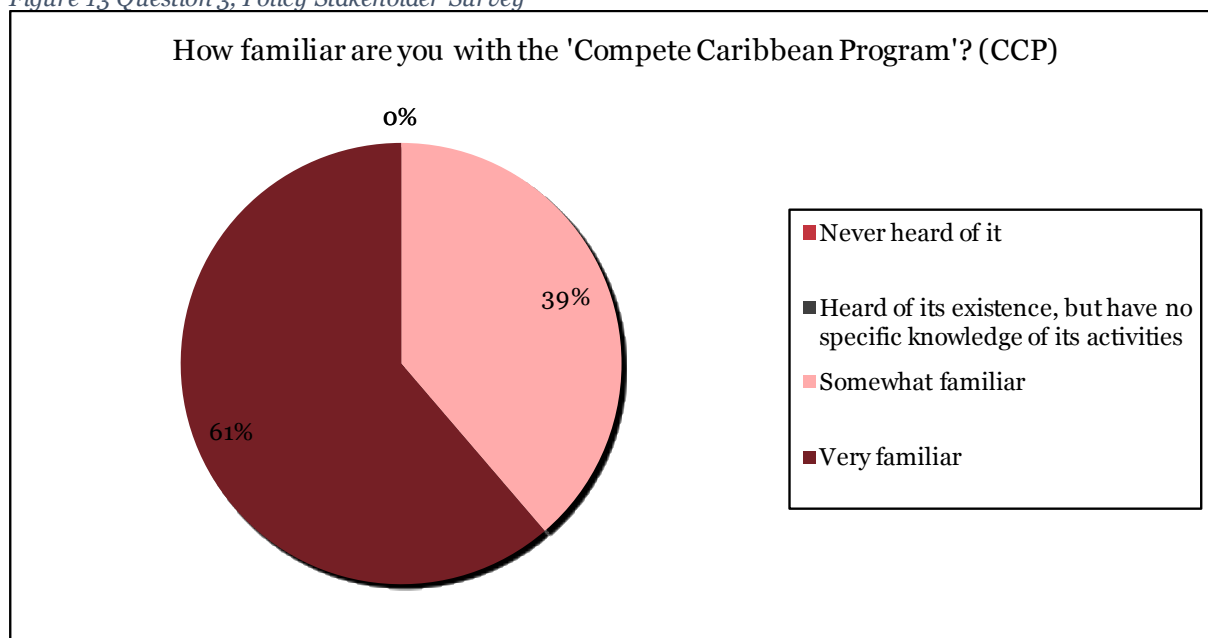
##### 3.1.1 *Visibility & overall appreciation*

Before analyzing the extent to which the program has managed to reach its targets in terms of outputs, outcomes and intermediate results; this section explores the level of visibility of the program as a whole, as well as its individual components and specific activities. In addition, it provides preliminary insight into the general level of appreciation expressed on behalf of program beneficiaries (i.e. private sector development policy stakeholders) in the Caribbean region, as well as program donors.

##### 3.1.1.1 Policy stakeholders

The totality of policy stakeholders having participated in the evaluation's on-line survey are familiar or very familiar with the program (no respondents indicated never having heard of the program, or having no specific knowledge of its activities). This comes as no surprise as the majority of these respondents have been in direct contact with the program and have, for the most part, participated in program-sponsored activities – particularly under Component 2. However, given the generally high level positions held by respondents, it can be assumed that the program benefits from a significant level of visibility among what may very well constitute the 'core' of the PSD policy-maker community in the Caribbean.

Figure 13 Question 3, Policy Stakeholder Survey



Source: Policy Stakeholder Survey, 31 responses

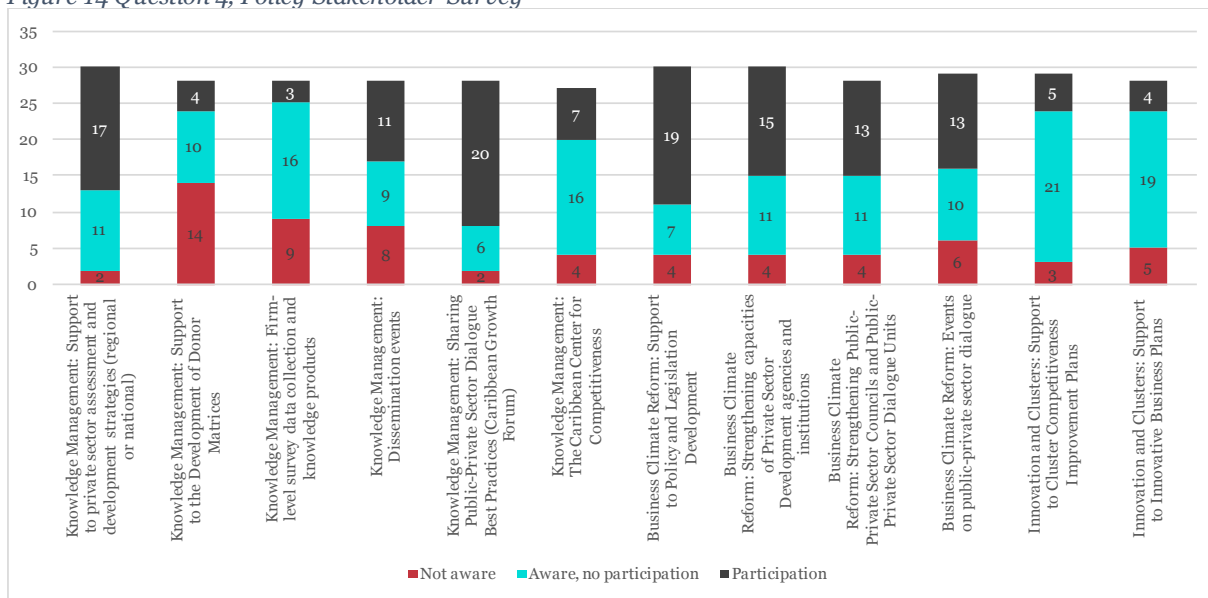
The generally high level of visibility of the program within the Caribbean region is confirmed by both the perceptions expressed by means of the policy stakeholder survey (19 out of 27 respondents consider the program's visibility to be good or very good), as well as the general appreciations of the sample of interviewees (i.e. beneficiary country representatives, donors).

At the level of specific project components and activity groups, the degree of visibility and awareness among policy stakeholders is also generally high. The participation of policy stakeholders in CCP-supported activities is concentrated among the following activities:

- Knowledge management
  - Support to private sector assessment and development strategies
  - Sharing public-private sector dialogue best practices (Caribbean Growth Forum)
- Business Climate Reform
  - Support to policy and legislation development
  - Strengthening capacities of private sector development agencies and institutions

However, policy stakeholders tend to be familiar with program activities they do not directly engage in. For example, 26 out of 29 policy stakeholder respondents indicate being aware of the existence of the cluster support provided by the program under Component three. In spite of this, survey results indicate the existence of a handful of program activities that are only partially known to policy stakeholders in the regions. This includes mainly the support to the development of donor matrices (14 respondents are not aware of the activity), firm-level survey data collection and knowledge products (9 respondents not aware), and dissemination events (8 respondents not aware).

Figure 14 Question 4, Policy Stakeholder Survey



Source: Policy Stakeholder Survey, 31 responses

Box 2 Zoom on the visibility and appreciation of the Caribbean Center for Competitiveness

Out of the 28 high-level policy stakeholders that responded to the survey, 17 indicated knowing the Caribbean Center for Competitiveness, while 8 indicated knowing it vaguely. Only 3 respondents had never heard of the center. Despite the fairly limited number of respondents, survey results present a mixed assessment of the Center and its performance. A slight majority of those indicating familiarity with the center characterize the usefulness and quality of knowledge products produced by the Center as good or very good. However, the assessment of the quality of interactions with the Center is less favorable. Five respondents qualify interactions as fair, while two additional ones qualify them as poor or very poor.

Note: The Caribbean Center for Competitiveness (CCFC) was financed through project RG-X1075, in parallel to project RG-X1044 which provided the bulk of funding for Compete

From the individual beneficiary-firm perspective however, the level of knowledge and understanding of what the program does outside of component three appears to be very limited. Only 4 out of 15 firm respondents indicate being aware of other CCP activities outside of the Innovation Window.

Program beneficiaries, at both the government, and cluster and firm level, express a very high level of satisfaction and appreciation of the program.

*“The Compete Caribbean Program is an excellent initiative. There is no other program with its specific focus and objectives. The Caribbean region needs more programs like these in order to address the structural issues that currently exists” – Policy stakeholder survey respondent.*

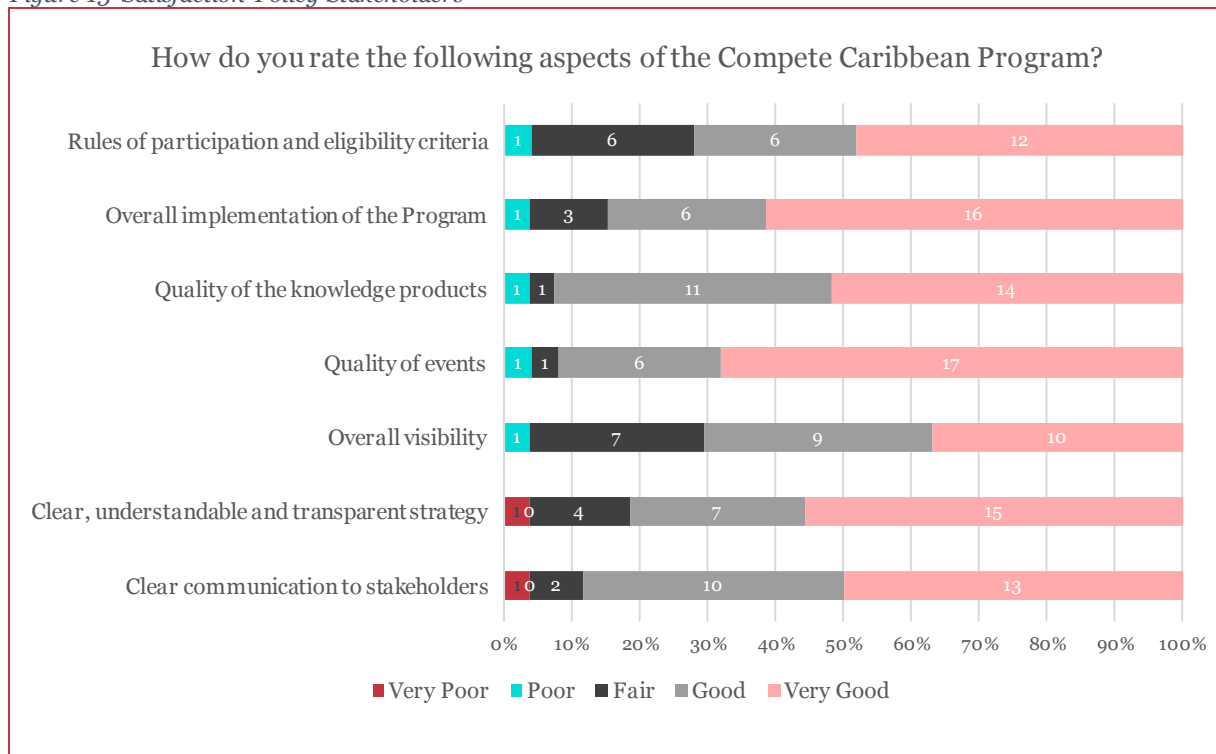
*“My experience working with Compete Caribbean was pleasant, professional, and very productive. Where we are today with our dialogue mechanism is all possible (thanks to) the support of CCP” – Policy stakeholder survey*

*“It was a pleasure to work with the CC team; great level of dialogue; timely meetings to follow up and assess work done to date; strong advocate to encourage an improved business climate” – Policy stakeholder survey.*

As illustrated in the following figure, the great majority of program dimensions are assessed positively by policy stakeholders participating in the evaluation survey. It’s worth highlighting that the quality of events and knowledge products is considered good or very good by the overwhelming majority of

respondents. The two only areas where a comparatively high number of policy stakeholders consider there is room for improvement are rules of participation and eligibility criteria<sup>21</sup>; and overall visibility of the program (i.e. awareness of its existence). Further feedback on the quality of support provided to firms and clusters under Component 3 is presented in the following sections.

Figure 15 Satisfaction Policy Stakeholders



Policy Survey; N =25

This overall positive appreciation of CCP was confirmed by the interviews conducted as part of this evaluation. While certain deficiencies and opportunities for improvement were mentioned by program stakeholders (i.e. management, donors, partners) and beneficiaries (these are presented in more detail in the subsequent sections of the report) alike, the overarching message regarding the quality and usefulness of the intervention of the program is positive. This tends to be reflected in the positive reputation of the program in the region, as well as in the increasing levels of recognition of the quality of the projects it supports. According to one interviewee,

*“CCP has become a brand within the Caribbean for private sector development – in both the private and public sectors. It is a seal of approval – form of credit rating – increasing the attractiveness of supported project to investors/customers”.*

This reputation however appears to have been developed in the later stages of program implementation, once the program reached what could be considered its cruising altitude. The CCP’s complex launching phase, as well as some of the delays it faced in implementing some of its flagship activities<sup>22</sup> may however impacted its early stage credibility and reputation. According to one interviewee,

*“The reputation of the program took a hit for taking so long to get Component 3 established. There were a lot of expectations around this and the fact that firms*

<sup>21</sup> Given that this question was answered mainly by Policy stakeholders, answers regarding eligibility criteria refer mainly to projects conducted under Comp 2.

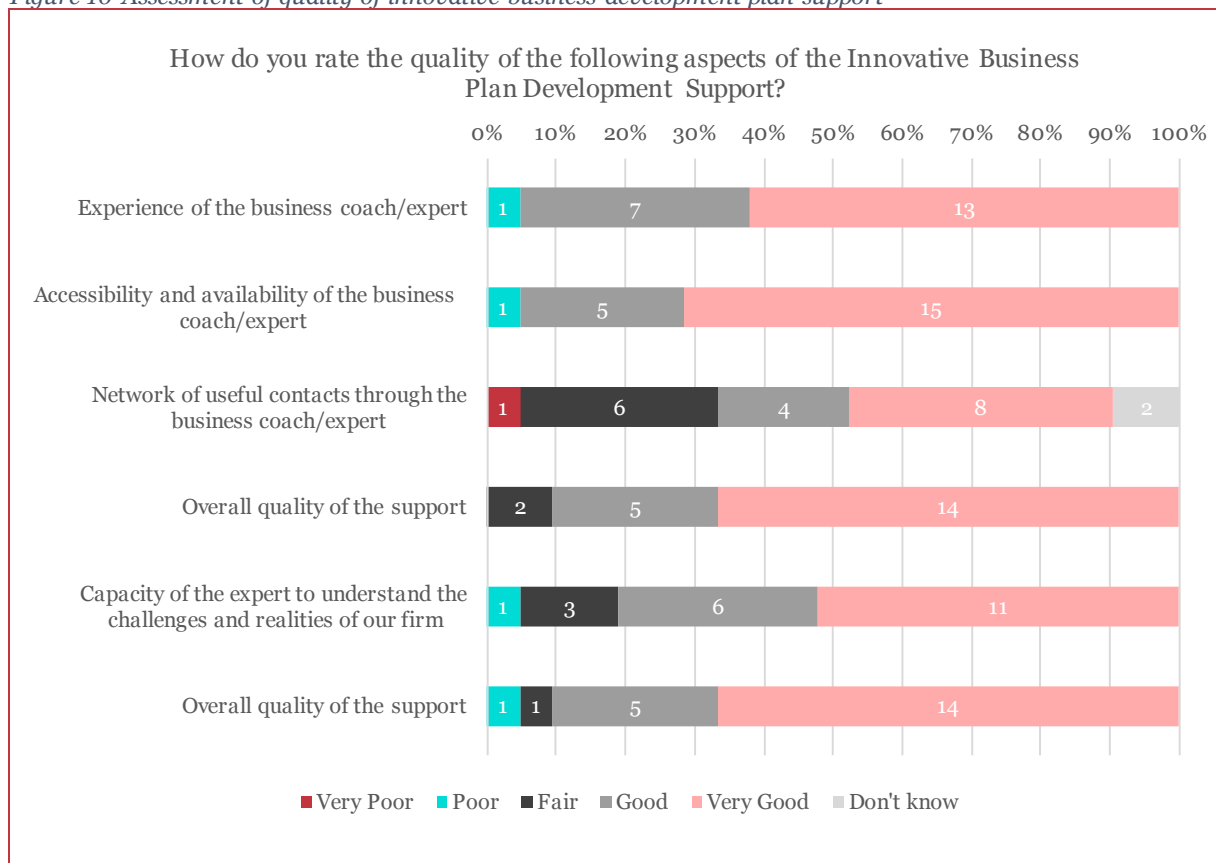
<sup>22</sup> This is described in further detail in the following sections, as was well documented in the mid-term evaluation

*were't seeing results and they were not hearing about success stories, all that really gave a blow to its reputation".*

### 3.1.1.2 Beneficiary firms and clusters

The assessment, by beneficiary firms, of the support provided by CCP as part of the Innovation Window of Comp. 3 is very positive. As illustrated in the following figure, firms consider most aspects of IBP development support, as well as the overall quality of support, to be good or very good. The access provided via business coaches or experts to valuable networks appears to be the only dimension which is less appreciated by beneficiary firms. It is worth highlighting that there are not noticeable differences in the assessment of IBP development support between firms having benefitted only from this type of support vs. those who went on to benefit from CCP support for the implementation of their IBPs.

Figure 16 Assessment of quality of innovative business development plan support



Company Survey; N = 21

Some of the comments provided by survey respondents confirm this overall positive appraisal.

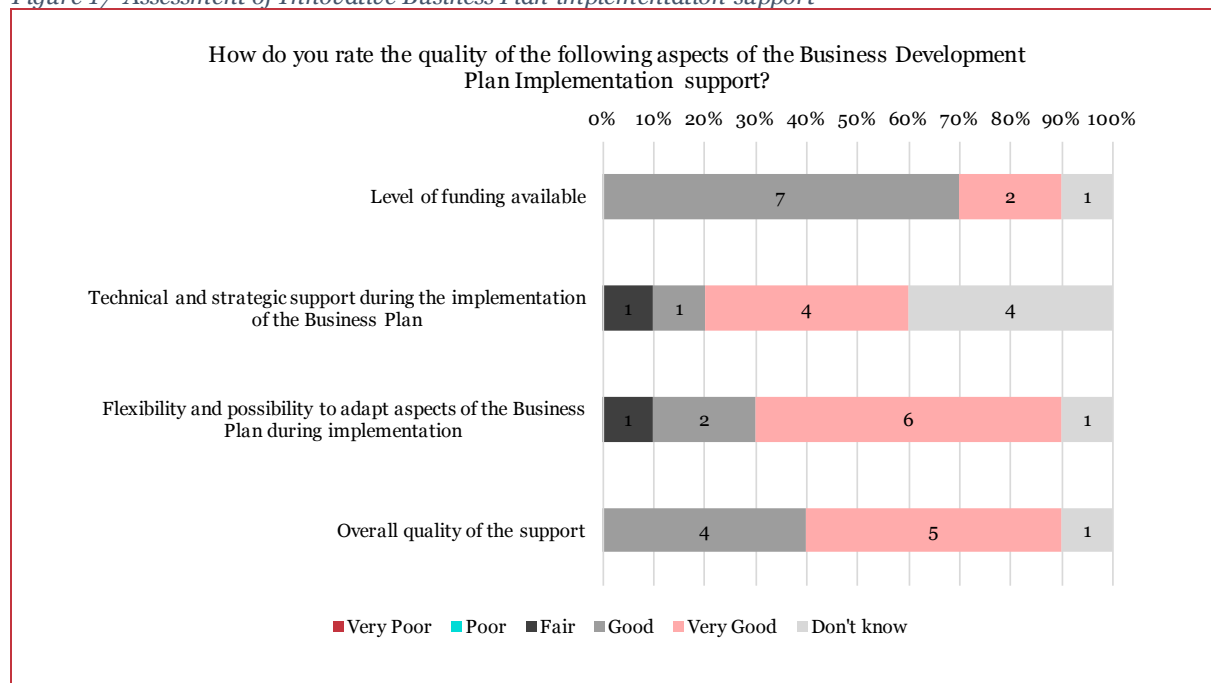
*“(The) Team was very supportive and flexible in helping assist with our initiatives. The quickly helped find solutions to obstacles that arose” – Survey respondent*

*“The EICF Team has given us a very good support and has helped us stay on track all the time. Has been flexible but clear on the requirements” – Survey respondent*

One respondent did indicate however that at the administrative level “the documentation requirements (of the program) called for too much duplication, making the administrative task quite onerous, particularly for small businesses”.

Firms benefitting from CCP funding for the implementation of IBPs also express very positive views of the support provided (cf. following figure). With the exception of one respondent, all other beneficiary firms rate the overall quality of IBP implementation support as good or very good.

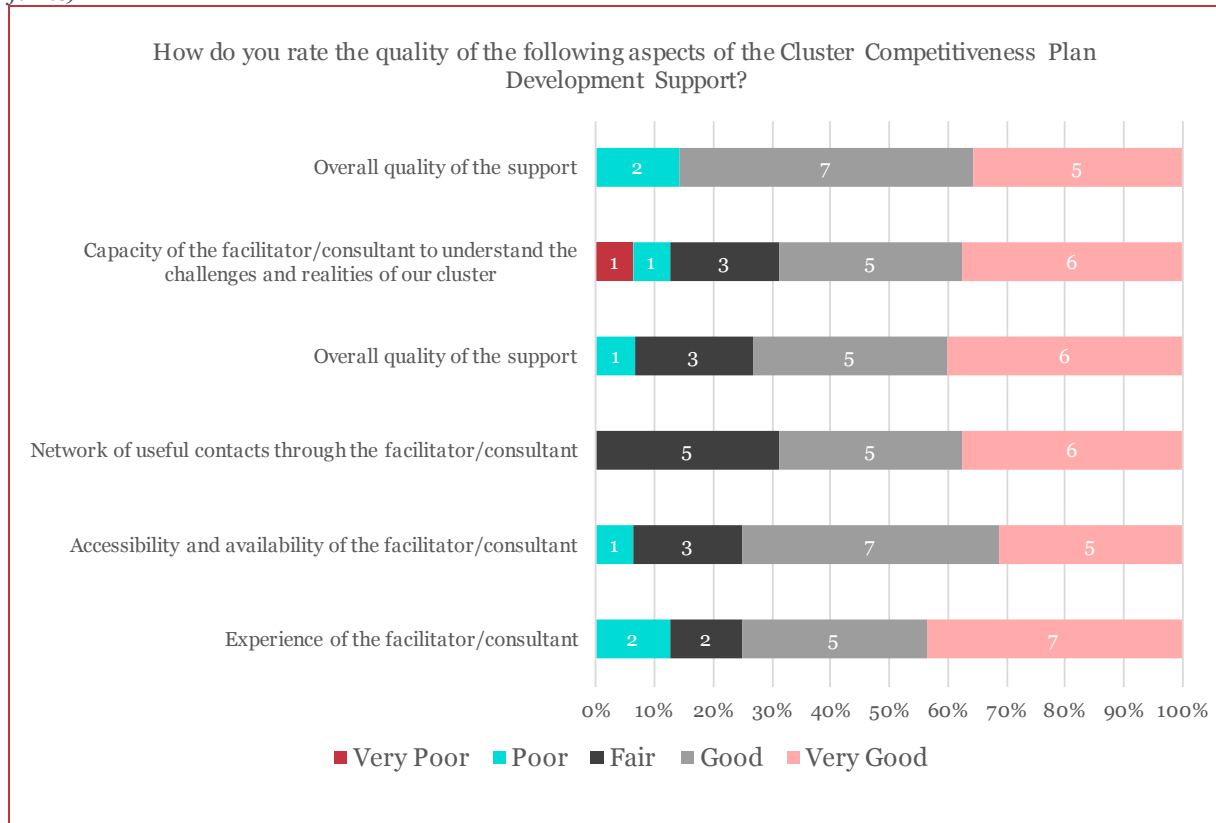
Figure 17 Assessment of Innovative Business Plan implementation support



Company Survey; N = 14

The support provided under the Cluster window of CCP also received an overall positive appreciation on behalf of beneficiary cluster organizations and individual cluster-member firms. However, as illustrated by the following figure, the number of survey respondents characterizing certain dimensions of program support as ‘fair’ or ‘poor’ is relatively high compared to the Innovation Window. This could be explained in part by a comparatively weaker quality of cluster facilitation. Four of the supported clusters either changed their facilitator or found themselves without a facilitator at the end of the project.

Figure 18 Quality of support as experienced by Cluster participants (cluster representatives and cluster member firms)



### 3.2 Program outcomes & intermediate results

The following section provides an overview of:

- The state-of-the-art of program achievements in terms of expected outcomes and intermediate results (program and project level)
- A contribution analysis of program generated outputs (cf. 2.6), to outcomes and intermediate results

Understanding the existing links between program outputs, outcomes and intermediate results is not a straightforward task. The approach adopted within the framework of this evaluation is two-pronged:

- Assess the extent to which the program has achieved its expected outcome and intermediate result objectives, as defined in its results framework.
- Study the extent to which the ‘underlying hypotheses’<sup>23</sup> explaining the contribution and attribution of outputs to outcomes and intermediate results, can be considered to have taken place during the lifetime of the program.

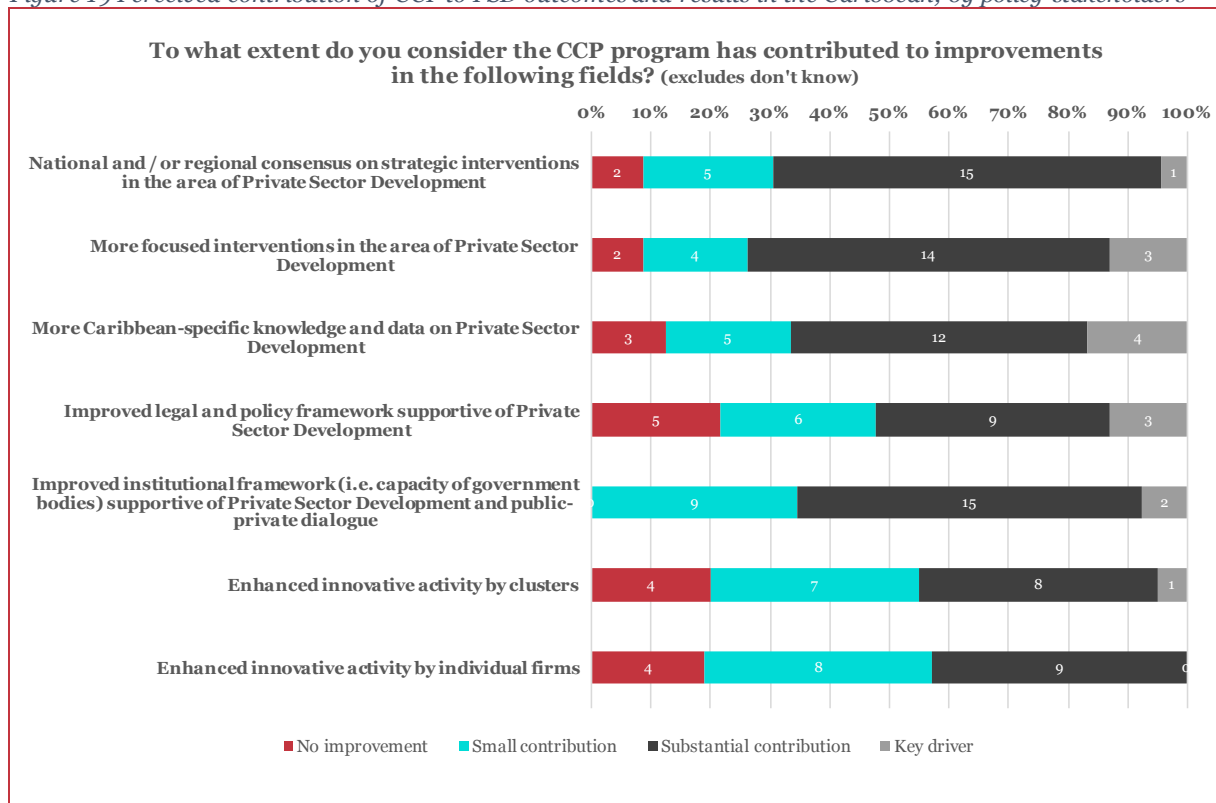
Before presenting the analysis conducted at the component level in the following sections, the following figure provides an overview of the perceived level of change in the region, within the policy stakeholder community, which can be attributed to the CCP program. According to these respondents – most of which are well acquainted with the program and its individual activities – **CCP has made contributions to improving the conditions for PSD in the Caribbean region**. For example, all respondents consider the program has contributed (in a small, substantial or key manner) to the development of an improved institutional framework supportive of PSD and public private dialogue.

<sup>23</sup> These were identified by the evaluation team and validated by the CCP during the inception phase of the evaluation. Underlying hypotheses for all three program Components are presented in Section 2.



Comparatively however, policy stakeholders appear to perceive a more limited contribution by the program to innovative activities within individual firms and clusters in the region. The latter may be due however to a more limited knowledge of the surveyed individuals (i.e. polycystakeholders) of Component 3 of the program.

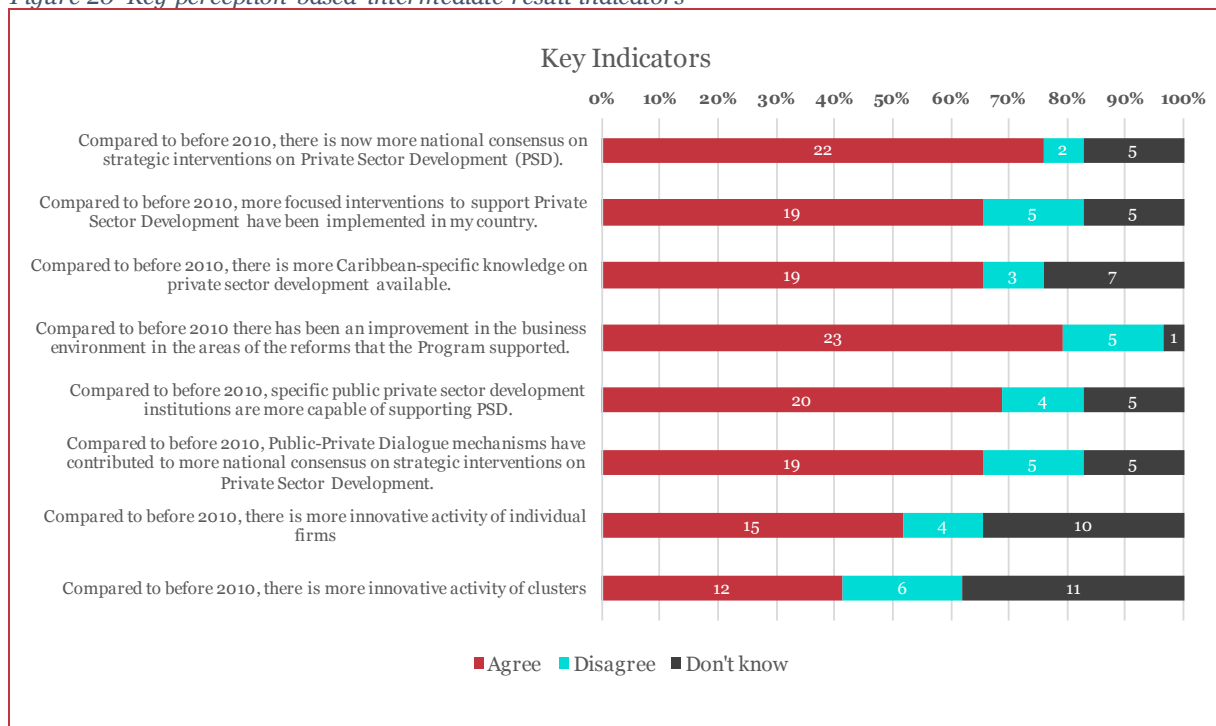
Figure 19 Perceived contribution of CCP to PSD outcomes and results in the Caribbean, by policy stakeholders



Policy Stakeholder Survey; N = 29

The following figure provides more detailed picture of the perceptions expressed by survey respondents, with regard to the changes undergone by the region in terms of its business environment, since CCP was launched. It's worth noting that the overall perceived level of change in the region is high, with regard to all of the dimensions which were surveyed. For example, approximately 80% of respondents agree that compared to before 2010, there has been an improvement in the business environment in the areas supported by the program.

Figure 20 Key perception-based intermediate result indicators



Policy Stakeholder Survey; N = 29

Feedback provided by interviewees regarding the extent to which CCP (and CCP outputs) contributed to reaching intended outcomes and intermediate results is not clear-cut. While most of them tend to agree that the program has helped the region move in the right direction in terms of facilitating PSD, the exact contribution of each component and activity group to the different intended outcomes and intermediate results is seldom explicit.

### 3.2.1 Component 1

The table below presents the intermediate results and outcomes indicators from the Results Management Framework. Information was directly collected from CCP reporting, except for the perception indicators which were directly collected via the electronic survey among senior policy stakeholders.

Data on outcome 1 (Increased availability and use of Caribbean specific data and analysis on PSD issues indicators)-indicators portray a positive picture of the program and its achievements; despite the relative weakness of these indicators, their baseline & target values. While the number of document downloads from the virtual library was strongly below target (only 1431 out of 5000), 9350 CCP-funded documents were downloaded from the IDB site. The number of events which featured CCP-funded knowledge products exceeded its target significantly.

The first intermediate results, the goal of reaching increased consensus and focus on strategic interventions to promote private sector development, showed mixed results in terms of outcome achievement. Almost three quarters (74%) of the respondents agrees that there is more national consensus, but only 63% also saw more focused interventions (goal was 70% for both). In addition, 62% of respondents agreed that there is more Caribbean specific knowledge on PSD, which is slightly below the expected target of 70%.

Table 12 Overview of Component 1 RMF Outcomes and Achievements

Indicators	Goal (2016) Value	Source of verification	Achievement
<b>INTERMEDIATE RESULTS: (i) increased consensus and focus on strategic interventions to promote private sector development</b>			
Private sector stakeholders who agree that compared to before 2010, there is more national consensus on strategic interventions on PSD	70%	Survey conducted at Program end	74%
Private sector stakeholders who agree that compared to before 2010, more focused interventions to support PSD have been implemented in their countries	70%		63%
Private sector stakeholders who agree that compared to before 2010 there is more Caribbean-specific knowledge on private sector development available.	70 %		62%
<b>OUTCOME 1: Increased availability and use of Caribbean specific data and analysis on PSD issues</b>			
Visitors to CCP website	No target	Google analytics	55,228 visitors
Downloads of documents from virtual library	5000	Google analytics	1431 (9350 from IDB site)
Events at which CCP knowledge products were presented	40	PCU	56 (excluding non-CCP events)

Yellow= slightly below target; Green = achieved or exceeded target

At the project level, most of the outcome-level indicators have not been reported for Comp. 1 (84 outcome indicators). Out of the indicators that have been reported, 83% have been achieved or exceeded.

Table 4 Outcome Reporting CCARS Component 1

Results	#
Outcomes Not Met	7
Outcomes Met	23
Outcomes Exceeded	12
Outcomes Not reported	84
% of Outcomes met or exceeded	83%

More important than formal program indicators however, is the feedback gathered through interviews with regional PSD stakeholders and program stakeholders (i.e. donors, IDB staff) when it comes to the value and utility of Component 1 generated knowledge, as well as its practical application as part of the policy and regulatory-making process.

**Most interviewees agree with the notion that CCP has increased the amount and availability of region-specific data and analysis on PSD issues.** This information and

knowledge, does not appear to overlap with other sources of information and knowledge outside of the program, and thus can be considered as unique. Given its publication on the program’s website, all well as other publicly accessible sources, in addition to its dissemination in a number of PSD events, access and dissemination do not – in principle – seem to constitute a barrier to the use and uptake of this knowledge. One interviewee did mention however that a lot of valuable research had been conducted through CCP, which was not being sufficiently distributed and circulated.

**However, there appears to be limited consensus regarding the types of information that were most useful in increasing consensus and focus on strategic interventions to promote PSD in the region**, as well as the exact channels through which this might have taken place.

A number of interviewees praised the quality and utility of the data generated by means of **the enterprise survey**, developed on the basis of the World Bank Enterprise survey methodology. According to one of them for example,

*“The enterprise survey was very successful. Nobody had funded such survey before (not to be representative of the Caribbean economy). This is the only way to look at the comparisons (to have metrics) across islands, and as such is very useful instrument. The survey has allowed the implementation of several studies/ research to further analyze the different barriers faced by the island and its private sector, as well as the potential enablers for competitiveness and growth”.*

Data drawn from the survey provides a basis to understand the situations of different Caribbean countries across each other, as well as in light of international trends. It also allows researchers to run regressions, and gain a better understanding of the situation of the private sector in different countries. One interviewee however expressed a certain level of skepticism regarding the survey, indicating that “the CCP methodology for the regional enterprise survey had sample frame problems, and the results could not be used in a time series analysis”.

Feedback on other Component 1 outputs and deliverables is mostly mixed. In general, however, the level of change resulting from the work conducted under this component appears to be below the general line of expectations.

*“Knowledge products did not have the impact on policy that we wanted”.*

*“Regarding the PSAR documents: they were re-jigged, as they used to be long and boring, and tended to merely re-use what was in other documents. It was a waste of money. But now they are much better”*

*“Frankly, the private sector assessments were not so interesting – not sure of the methodology or objectives”*

Interviews did however reveal the existence of a couple of cases where data and knowledge being generated under Comp. 1 was being given a practical application. One of these is the case of Beltrade which joined the Global Entrepreneur Monitor with CCP support and now contributes survey data. The other refers to the use of private sector assessments by the IIC to inform potential investors. However the lack of evidence illustrating the existence of explicit pathways between research and data-generation to policy and decision-making, does question the extent to which the work conducted under Component 1 is actually leading to increased consensus and focus on strategic interventions to promote PSD in the region.

Some interviewees were also critical about the links existing between Component 1 knowledge and data and the work being conducted under the program’s two other components. For example, the links between PSARS and Component 2 projects appear to be limited. According to one interview, it would have been useful to increase alignment between knowledge products produced under Component 1 and the innovation support provided under Component 3. In other words, information drawn from Component 1 research on the needs and priorities existing in different countries may have provided a

valuable basis for selecting and identifying high-potential and relevant innovation projects (firms and clusters).

### 3.2.2 Component 2

The table below shows that the Component 2 outcome targets have largely been met. The number of new/revised policies and legislations supportive of PSD (20) was significantly higher than the target (outcome 2). There is no data yet on the number of investor inquiries (target value for 2017). Not all Investment Promotion Agencies supported by CCP established the necessary tracking systems to monitor the evolution of this indicator.

Table 13 Overview of Comp 2 outcome and intermediate result indicators

Indicators	Goal (2016)	Source verification	of Achievement
<b>INTERMEDIATE RESULTS: (ii) improved enabling environment for business development, trade and integration</b>			
Private sector stakeholders who agree that compared to before 2010 there has been an improvement in the business environment in the areas of the reforms that the Program supported	70%	Survey conducted at Program end	79%
Private sector stakeholders who agree that compared to before 2010, specific public private sector development institutions are more capable of supporting PSD	70%		69%
Private sector stakeholders who agree that compared to before 2010, PPD mechanisms have contributed to more national consensus on strategic interventions on PSD	70%		75%
% increase in investor inquiries/year received by the investment promotion agencies supported by CC	10% increase	M&E systems in investment promotion agencies	NA
<b>OUTCOME 2: Improved legal and policy framework supportive of private sector development, particularly to (i) reduce constraints to doing business and (ii) increase competitiveness</b>			
New/revised legislation supportive of PSD enacted/gazetted	15	End of Project evaluations/PSRs /Project Completion reports,	11
New/revised policies supportive of PSD implemented.		End of Project evaluations/PSRs Project Completion reports	9
<b>OUTCOME 3: Improved institutional framework supportive of private sector development and public/private dialogue</b>			

Targets included in CC-supported PSD institutions' strategic plans that were met (within relevant time frame)	70%	End of Project evaluations / Project Completion reports	NA
PPD focal points presenting actionable plans formally to the public and/or to the government	20	End of project evaluations/ project completion reports	24 <sup>24</sup>

Source: Technopolis based on data from CCARS and other program generated information. Dark green = Target = already met, Light green = Most likely on schedule for meeting targets; Yellow = Still uncertain whether targets will be met

In particular, eleven new or amended laws/regulations were approved and entered force. This shows a) the volume of draft legislation that was prepared by CCP and b) the effective working relationship CCP staff had with the governments of the four countries where legislation was enacted. Moreover, eight of the eleven pieces of legislation were laws requiring parliamentary approval. Similarly, 84% of strategic action plan targets were achieved on time by supported institutions and 24 PPD action plans were formally presented to the public.

This appears to show a significant level of CCP support and attention to public agencies and the CGF process. A closer look at the RF shows that the strategic action plans being measured for Outcome 3 comprise institutional support plans agreed between CCP and six supported institutions. Indicator 3.1 wording suggests that 70% of action plan targets generated from PPD processes have been achieved. The explanatory note to this result should explain why, what appear to be CCP work plans rather than policy/institutional action plans created by the institutions themselves are being measured. CCP likely has much more control over achieving such institutional plan targets with supported institutions than over independently generated PPD action plan targets. It is also uncertain why only institutional plans from only six projects have been measured – while the results from a further project are still pending. With 15 PSD and five PPD institutional strengthening plans supported by CCP, there seems to be plenty of other plans to measure.

A large majority of policy stakeholder respondents (79%) agrees that there has been an improvement in the business environment in the areas of the reforms that the Program reported. Also, 69% agrees that public PSD institutions are more capable of supporting PSD. The number of PPD focal points presenting actionable plans formally to the public and/or to the government is above the intended target (24 vs. 20). However, there is no clear monitoring data on whether targets included in CC-supported PSD institutions' strategic plans have been met<sup>25</sup>. This is mostly due to the fact that projects did not set up the necessary monitoring systems to keep track of this indicator.

It is interesting to note the clarifying changes made to outcome and output indicators under Comp. 2 since the CCP mid-term evaluation<sup>26</sup>. Institutional support was removed from Outcome 2 to Outcome

<sup>24</sup> Presented as 48 on website infographic

<sup>25</sup> The RMF does refer to the number of CCP support projects successfully concluded, but this is not necessarily the same as the supported plans reaching their target values.

<sup>26</sup> The Compete Caribbean Annual Report 2013 describes the original Component 2 outcomes and outputs as follows:

Former Outcome 2: New or expanded governance related reforms to (i) reduce constraints to doing business and (ii) increase competitiveness designed and/or implemented

1. Legislation enacted or implemented supportive of private sector development
2. Policies supportive of PSD implemented
3. PSD Institutions Strengthened and Staff Trained

Former Outcome 3: Development and operation of broad-based, formal public-private dialogue mechanisms towards increased consensus and coherence of vision of private sector development.

3 leaving just policy and legislative support for PSD under Outcome 2. Outcome 3 now focuses on institutional support for both PPD and PSD, i.e. permits reporting results for support to business associations, IPAs as well as PPD mechanisms. These outcome and output changes reflect the expanding work of CCP supporting IPAs and also reflect the Maxwell Stamp recommendations to better measure the accomplishments and impacts of councils. Outcome 3 indicators now better reflect the intended outcome of an institutional framework supportive of PSD and PPD rather than measuring what appear to be institutional outputs. Strategic/action plans must be presented to the public and action plan targets must be met – rather than measuring the number of entities created or meetings held. Outputs have similarly been improved to require strengthening plans to be established/supported and to ignore the number of staff trained.

**In general, the construction of the Outcome Indicators and Outputs has improved and are more closely aligned with Intermediate Result (ii) and the ultimate impact of sustainable growth and competitiveness.** Some of the definitions could be clarified, particularly, Outcome Indicator 3.1. Impact indicators do not reflect the direct impact of CCP and their targets appear to track underlying economic trends rather than any forecast CCP impact. Outcome and output targets appear to be reasonable for the activities involved.

At the project level, the great majority of outcome indicators have not been reported. Of the outcomes that have been reported, 43% of targets have been either met or exceeded.

Table 5 Outcomes CCARS Component 2

<b>Outcomes CCARS Reporting</b>	<b>#</b>
Outcomes Not Met	26
Outcomes Met	17
Outcomes Exceeded	3
Outcomes Not reported	76
% of Outcomes met or exceeded	43%

As is the case for output indicators, there appears to be strong differences across projects in terms of their capacity to reach their outcome targets. Certain projects such as the JA-CC2006 Investment Promotion Framework of Jamaica project appears to have performed consistently poorly. However, and as previously noted, this particular project was considered to be a success in many ways by the program, other than in its capacity to generate initially defined outputs and outcomes. The objectives of the project underwent significant changes once it had been launched, in order to meet the demands of the Prime

- 
1. Consensus and Coherence around private sector development (% CGF participants with positive perception of PPD events)
  2. Active Private/Public Councils Functioning (number of PPD Councils and meetings per year)
  3. Technical Units Functioning (number of TUs)
  4. Stakeholder perception of usefulness of consultation process (% satisfaction)

Former Outputs

1. Business Climate Projects Implemented
2. Policy recommendations
3. Draft new/revised legislation
4. Public Private Councils/PPD Technical Unit Implementation plans
5. # PPD TU and PSD staff trained
6. Public/Private Dialogue Activities



Minister's Jamaica Investment Forum, the success of which is not recorded in the CCARs database due to the lack of an appropriate indicator. It is also worth noting that due to the political nature of Comp 2 projects, many of these were highly influenced by the political-economy contexts of the countries they were being implemented in.

While some of these outcome indicators still lack data registry in the CCARS system (delayed reporting), it's still worth noting that up to a third of projects are not meeting their intended outcomes and impacts, despite implementing most planned outputs. In addition, the significant overruns of Comp 2 projects in terms of timing are also an element which stands out. Our estimates show that nine out of sixteen projects for which we obtained information have undergone delays in execution.

But here again, a quantitative account of project and program-level indicators provides a partial account of how Comp 2 activities have performed. Beneficiary country representatives interviewed as part of this evaluation, most of which were directly involved in the implementation of one or several Component 2 projects, were generally enthusiastic about the changes generated by program. Most of them agree that without CCP support, the projects they implemented – whether in terms of new policy proposals, legislation, the establishment of private sector councils – would not have taken place.

*“On our own it would have never happened, the program pushed government to put resources in area where it would not have happened... people at the ministry and other organizations had been trying to create a similar council for 20 years with no success”*

*“Many of the reforms that we are pursuing at the moment would simply not have happened without Compete Caribbean”*

Public and private sector stakeholders in Grenada and St Lucia said that but for the support of CCP, the establishment of the National Competitiveness and Productivity Council and the overhaul of the 70-year-old nutmeg and cocoa producer board regimes would not have occurred. The OECS Commission said CCP succeeded where they were unable to convince OECS members to harmonize their customs regimes.

The added value provided by the program appears to stem from its capacity to a) mobilize local stakeholders and kick-start a collective debate and thought process around enabling business environment and b) disentangle the process from its political nature, which often limits its capacity to move forward. The political neutrality as well as the knowledge clout of the program appear to be two of its key assets in generating change at the policy level.

*“It has allowed given the whole process an ‘a-political voice’ and made the discussions more participative and evidence-based”*

CCP was able to obtain agreement from governments in the region for reforms by taking the time for stakeholder engagement, public awareness building and bringing in the right experts to advocate for reform. Its regional basis, links with IDB and the international development community and understanding of the unique Caribbean development process enabled CCP to propose and implement necessary reforms.

Some of the most frequently-cited projects when it comes to illustrating the value of Component 2 include the Belize Economic Development Council, the work on collateral registry in Jamaica, the establishment of a Commercial Court in St. Lucia, and the Jamaica Secured transactions project. The latter is perhaps the project which best depicts the contribution of CCP to an improved business environment, as well as the links between CCP intervention and intended results. Jamaica's Doing Business Indicator (DBI) rank has indeed improved 20 positions over recent years, and much of this change is believed to be directly attributable to CCP's interventions in the country<sup>27</sup>. The project also illustrates the additionality of CCP work in light of existing and parallel interventions by external

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<sup>27</sup> CCP acted in insolvency act, access to credit and business registration.

stakeholders. The Jamaica Secured Transactions project was supported alongside other organization such as the IDB and the IMF. According to one interviewee “the program found a niche where there was need for financing and it was catalytic to get the reforms in place”.

The Secured transactions projects represents however the exception to a more general rule, in terms of the existence of clear links between Component 2 outputs, outcomes and intermediate results. This is mostly explained by the fact that it’s still relatively early to determine whether new legislation has led to tangible changes in business environments and competitiveness. In addition, establishing this link in due course will require conducting fairly in depth research which could prove to be very resource intensive. Another major flaw which can be traced to the program’s RF, limiting the evaluators’ capacity to judge the extent to which program outputs have led to desired outcomes and intermediate results, is the exclusive use of perception-based indicators under intermediate results (i) and (ii). There is a fairly blatant disconnect between outcome and intermediate result objectives and indicators, in addition to a significant level of subjectivity in the latter.

Feedback regarding the Growth Forum is more mitigated (cf. Section 3.2.5).

*Box Examples of Comp 2 project outcomes and intermediate results*

The St Lucia NCPC project guided the development of a national competitiveness and productivity council (NCPC). CCP funded a number of consultancies providing advice on how to structure and run the NCPC, and funded two staff members for two years. During this time, with the support of CCP, the NCPC launched a media campaign on competitiveness, analyzed and developed a national apprenticeship regime and conducted an SME challenge competition which attracted eight applicants. Then, within the frame of the NCPC, CCP supported the implementation of one pilot reform project aimed at establishing a commercial court within its judicial system. Since its establishment in February 2016, the court has already settled five cases reducing the average time to hear a case from two and a half years to six months.

The Jamaica Investment Forum supported by CCP attracted 100 foreign investors and is credited with securing investment from Sutherland Global which now employs 4000 staff across four facilities. Jamaica’s Doing Business Access to Credit rank improved from 90 to 7 in 2016 and its Starting a Business indicator rank improved from 23 to 9th out of 190 countries. The Medical Tourism project is ongoing but JAMPRO was pleased with the response Jamaican doctors and dentists received on a sale mission to the United States recently.

The Free Circulation of Goods – trade policy support to the OECS Commission has leveraged CCP’s capacity to convene country leaders and advocate reform in order to set up a regional taskforce to develop and implement trade policy reform. A harmonized SPS regime has already been agreed.

**It is difficult to judge to what extent changes perceived by PSD stakeholders regarding the business environment can be directly attributed to CCP interventions, rather than to external local or donor funded initiatives.** On-line survey responses show that beneficiary country representatives are seldom aware of other initiatives in their countries and at the Caribbean level, supporting the development of enhanced PSD policy frameworks. To this extent, the likelihood of the existence of a direct link between CCP outcomes and intermediate results is strengthened. Study visits have also provided initial evidence, and confirmed the fact that it’s probably still too early to assess the extent to which Comp. 2 has led to widespread changes. However, as illustrated in Section 4.6, there are a number of on-going PSD support initiatives in the region which are external to CCP, and which may have also contributed (directly or indirectly) to increased perceptions of an improved enabling environment for business development, trade and integration in the Caribbean region.

**3.2.3 Component 3**

The tables below present the overview of the current status of outcome and intermediate result indicators included in the CCP Results Management Framework. It is important to note that many of

the projects were still running in March 2016 and that as such, the full results could not yet be reported. We therefore also present more qualitative information on the extent to which firms indicate to be on track to meeting their IBP outcome and intermediate results targets. However, this is based on self-reported data from the company and cluster surveys, meaning that at the moment there is no systematic independent evidence of outcomes and intermediate result achievements available.

Table 14 Overview of Component 3 Intermediate Result and Outcome indicator achievements

Indicators	Measurement unit	Base line		Goal		Current status/ qualitative assessment based on partial survey data
		Value	Year	Value	Year	2016
<b>Intermediate results</b>						
Value of export of goods and services in firms/clusters supported by CCP	Total increase over baseline for the entire portfolio (%)	See Annex for baseline for individual firms and clusters	From project start-date	24% <sup>28</sup>	2016 - 2018	51% Only limited data
	Cumulative increase over baseline ( US\$ )	See Annex for baseline for individual firms and clusters		US\$74 m	2016 - 2018	\$ 22m Only data for Belize Shrimp Cluster
Meeting of export targets by firms/clusters supported by CCP	% of firms/clusters meeting 70% of export targets	0		70%	2016 - 2018	9% Firms/clusters indicate to be on target, but no objective evidence is available
Job creation	# direct new jobs	0	2010	5061 <sup>29</sup>	2016 - 2018	667 (RMF) Firms indicate to be on target, but no objective evidence is available
Meeting of job creation targets by firms/clusters supported by CCP	%firms/clusters meeting 70% of job creation targets	0	From project start date	70	2016 - 2018	Firms/clusters indicate to be on target, but no objective evidence is available
Revenues of firms and clusters supported by CCP	Cumulative increase over baseline (%)	See Annex for baseline for individual firms and clusters	From project start-date	40% <sup>30</sup>	2016 - 2018	50% (RMF) Based on limited data
Meeting of revenue targets by firms and clusters supported by CCP	% of firms and clusters supported by CCP meeting 70% of revenue targets	See Annex for baseline for individual firms and clusters	From project start-date	70%	2016 - 2018	90% of firms indicate to be on track to achieve target in 2 years.
<b>Outcomes</b>						
Clusters supported by CCP adopting new technological or quality control processes	#	0	See comment	7	2016	9 (CCP Data) but only 5 out of 17 cluster respondents indicate that this has already been completed, others indicate this is an ongoing process. So unclear if 2016 target

<sup>28</sup> These targets have been defined as the sum of the individual results' targets associated to each project supported by CCP.

<sup>29</sup> This target has been defined as the sum of the individual direct employment results expected from each firm/cluster supported by CCP.

<sup>30</sup> Similar to the above targets, this was calculated from the average results expected from the projects supported by CCP.

						will be met
Clusters supported by CCP developing new or improved collective products or services	#	0	See Comment	10	2016 - 2018	5 cluster respondents indicate to already have launched a new product/service, 9 are still ongoing. Target unlikely to be met due to the expiration of the Suriname Rainforest project.
Clusters supported by CCP entering new markets	#	0		7	2016 - 2018	6 out of 15 cluster respondents indicate to already have entered new markets; 8 others indicate that this is still and ongoing process. Seems likely target will be met
Firms supported by CCP adopting new technological or quality control processes	#	0		10	2016 - 2018	11 firms indicate to already have implemented new technological or quality control process
Firms supported by CCP developing new or improved products or services	#	0		10	2016 - 2018	11 firms indicate to already have developed a new product or service
Firms supported by CCP entering new markets	#	0		10	2016 - 2018	9 firms have already entered new markets, 3 are in the process of.

Dark green = Target = already met, Light green = Most likely on schedule for meeting targets; Yellow = Still uncertain whether targets will be met

Further data on the share of clusters and firms which indicate having reached their IBP and CCIP intermediate result goals is provided in the two following sub-sections.

At the project level, outcome indicators are either still poorly reported or still unavailable, as illustrated in the following table.

Table 6 Outcomes Reporting CCARS

<b>Outcomes Reporting</b>	<b>Innovation Window</b>	<b>Cluster Window</b>
Outcomes Not Met	1	1
Outcomes Met	5	14
Outcomes Exceeded	1	1
Outcomes Not reported	106	81
% of Outcomes met or exceeded	86%	94%

### 3.2.3.1 Innovation window

In terms of expected outcomes, the survey analysis shows that the Innovation Window under Comp. 3 has made considerable progress in reaching its targets.

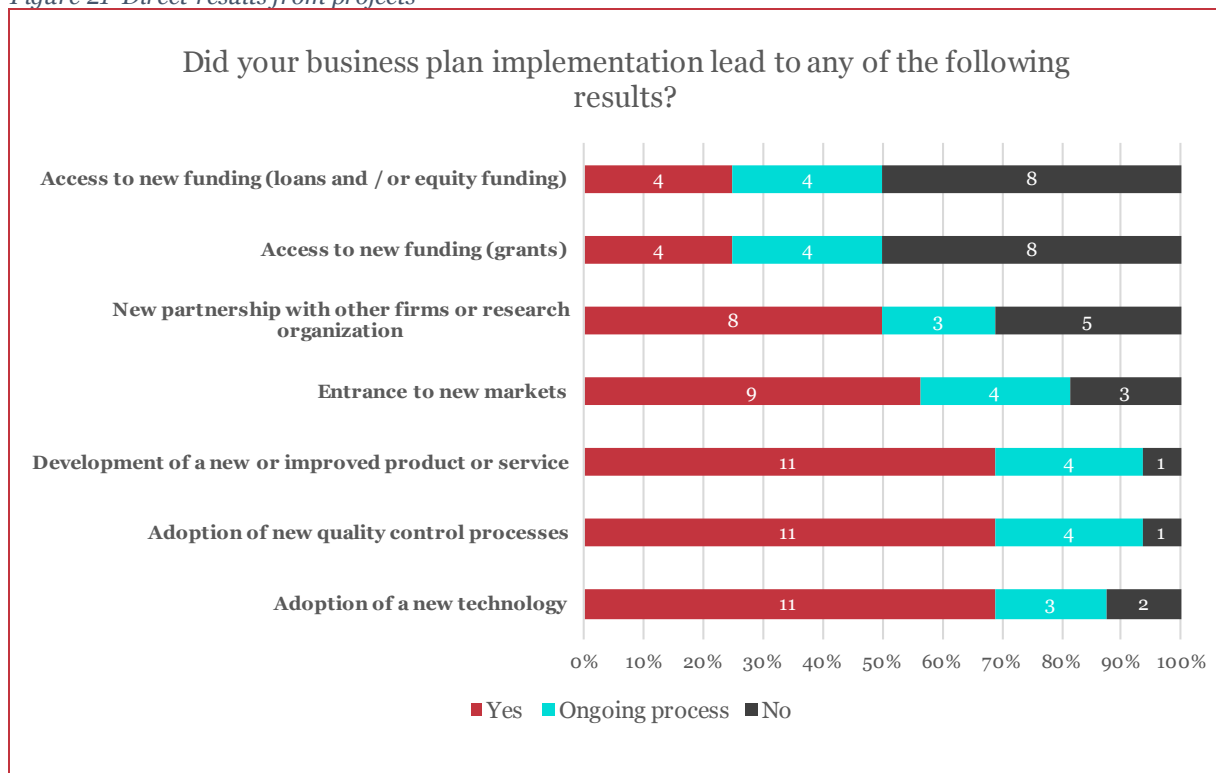
One interesting result drawn from the survey, although not directly linked to the program's RF, is the important number of firms having received support for the development of IBPs, which went on to implement them without CCP funding (10 out of 12). Half of these indicate they have implemented their IBP to the full extent, while the other half has done so on the basis of a more limited scope. The great majority of these firms used their own internal resources to implement IBPs, with a much more limited proportion having made use of public funding or commercial loans.

This finding raises an important question around the relevance of providing financial support (through CCP) to firms for the implementation of their business plans, in addition to the design of these. This for example could be interpreted as an indication that additional funding is not necessary, given the fact that most firms go on to implement IBP through other sources of funding. Unfortunately, the evaluation was not able to shed light on this particular issue, particularly given the fact that no counterfactual analysis between beneficiaries and non-beneficiaries of IBP implementation support was conducted. In other words, we do know that firms not having received funding for IBP implementation went on to do so regardless of this limitation. We don't know however how many of the firms which did receive support for implementation would not have done it were it not for the existence of CCP.

Thus, at this stage, the additionality of CCP in providing support for IBP cannot be discarded. This is reinforced by the fact that firms not benefitting from IBP implementation support do appear to be significantly downscaling the scope of their IBPs during the implementation phase. In addition, a hypothesis can also be formulated: the projects that have not been selected for the IBP implementation stage were less innovative (otherwise the Investment Panel would have selected them), and for that reason, because they are less risky, they sourced more easily alternative channels of funding (banks, family money, own resources...). Indeed, the project beneficiaries of the IBP Implementation are unanimous in considering that without CCP funding they would have not implemented their project due to a lack of resources and the inability of the local banks to borrow money for innovative and high risk projects.

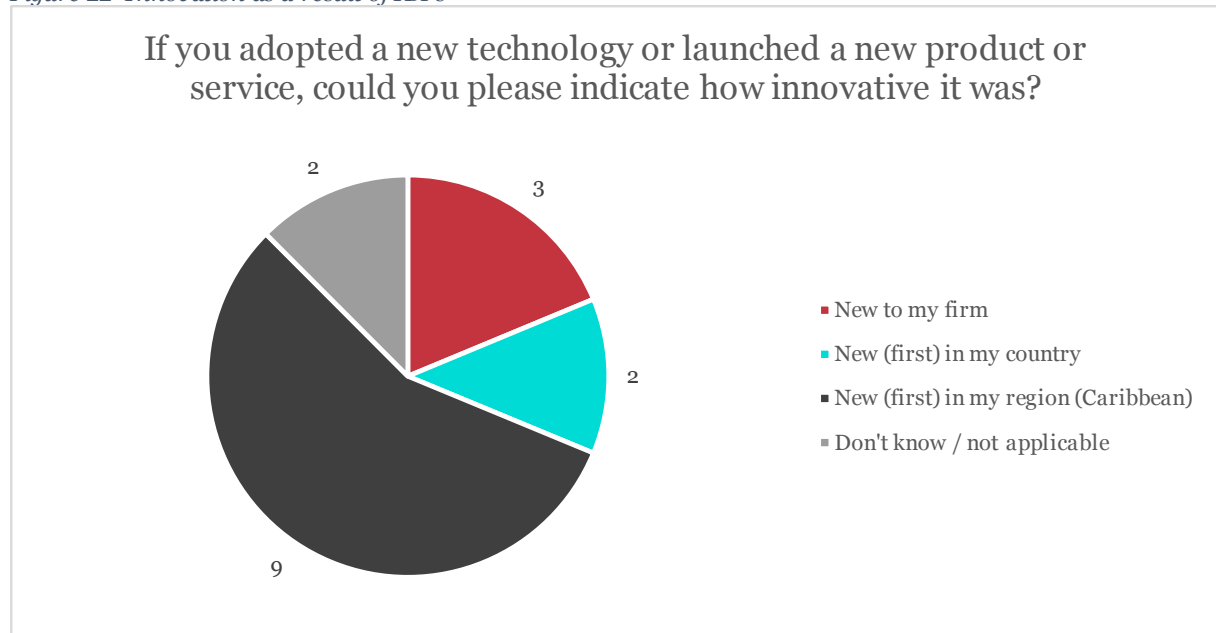
The implementation of IBPs has however generated tangible change within beneficiary firms, particularly in terms of uptake or production of innovations. As illustrated by the following figure, a significant share of firms benefiting from IBP development / implementation support indicate having introduced or adopted innovations either through the development of a new or improved product or service, the adoption of a new quality control process, or the adoption of a new technology; as a result of the implementation of their business plans. In addition, 13 out of a total of 16 respondents indicate having entered new markets (or being in the process of) as a result of the implementation of the IBPs supported by CCP (cf. following figure). According to survey respondents, most of the innovations introduced or generated are qualified as 'new to the region' (cf. following figure). This indicates - in principle - that CCP is supporting the uptake and development of genuine innovation within firms, rather than technological upgrading.

Figure 21 Direct results from projects



Company Survey; N = 16

Figure 22 Innovation as a result of IBPs



Company Survey; N = 16

These findings are in line with the observations made during the field visits, when meeting with the Innovation Window beneficiary firms. These cases also illustrate the diversity of innovations being produced or diffused by firms as part of their IBPs. For example, the focus of the Protein from Waste (PFW) firm’s project was to put the circular economy in practice, reusing motor oil and waste from other



processes in its process. This required convincing many stakeholders, as well as being able to measure data from different rounds on the amount of protein in the feed and the impact of feed on performance. On the other hand, Premier Products' efforts were essentially internally focused: production lines, capacity building, and research. It seems though, that as an additional project, perhaps without the support of CCP, they have also sought vertical integration by establishing a group of preferred soursoop growers for their juice. It can be said that while the Premier Product and PFW were 'true' innovations, requiring testing of the proof of concept, ISOCON-JL's was an existing innovation applied to the region (cf. [Table 11](#)~~Table 11~~~~Table 11~~).

The innovative nature of the projects as illustrated by survey results is consistent with the views expressed by program governance members (i.e. Direct Firm Support Independent Investment Panel) regarding the types of projects the program sought to support. As one interview stakeholders expresses it,

*“from a business perspective, the projects were a bit outside of would normally be considered 'bankable projects' i.e. they were high risk, outside of what the business community would traditionally consider for funding.... Compete Caribbean was funding more innovative projects” – Governance stakeholder interview*

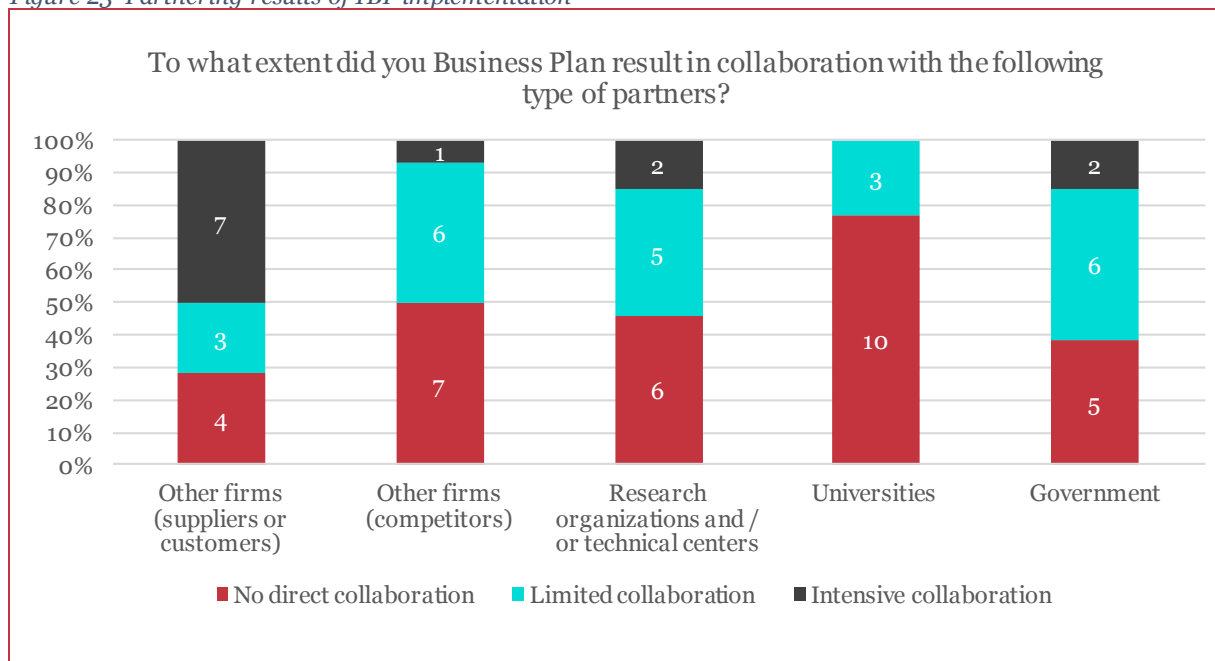
This approach illustrates not only the existence of a consistent link between the project selection and eligibility criteria and Comp. 3 objectives (and indicators), but it also speaks to the additionality of the program *vis à vis* the existing business development financing supply in the region. Another interviewee states that,

*“(In the Caribbean) Companies that want to grow, they face the valley of death, the funding in component 3 is filling a hole (in terms of lack of private funding), where you have riskier areas, and reluctance of financial players to go there”.*

Other respondents went further in stating that CCP needed to adopt and support the development of longer term development strategies for firms being supported, and the innovations they were developing. This involves ensuring firms are able to correctly assess and overcome potential barriers to market entry (i.e. bureaucracy, non-tariff barriers), but also making sure that products are able to physically enter markets and remain there long enough to be sold (i.e. working with value chains, exploring logistical aspects of product distribution, increasing shelf life). This would require more extensive collaboration between supported firms and other value chain members, particularly downstream (i.e. large players such as retailers).

Survey results also indicate that IBPs have enabled firms to develop new and additional partnerships, aimed at achieving their IBP goals. As illustrated in [Figure 23](#)~~Figure 23~~~~Figure 23~~, 12 out of 17 respondents state that the implementation of their IBP has led to the development of new partnerships with other firms or with research organizations. When looked at more closely, the majority of new partnerships are being developed among firms within beneficiary value chains (suppliers or clients). An equal number of firms indicate having developed new (intensive or limited) collaborations with other competitors, research organizations or technical centers and government (c.a. 7 out of 14 respondents). Collaboration with universities appears to be however much more limited, with only three respondents indicating having developed limited collaboration with university stakeholders.

Figure 23 Partnering results of IBP implementation



Company Survey; N = 14

The field visit also illustrates the importance of CCP support in developing stronger relations along value chains of beneficiary firms. PFW and Premier Products are prime examples of this. PFW would not exist without the collaboration of firms (fishermen, breweries, garage and abattoirs) up and down the value chain. Premier Products improved their collaboration up the value chain with growers.

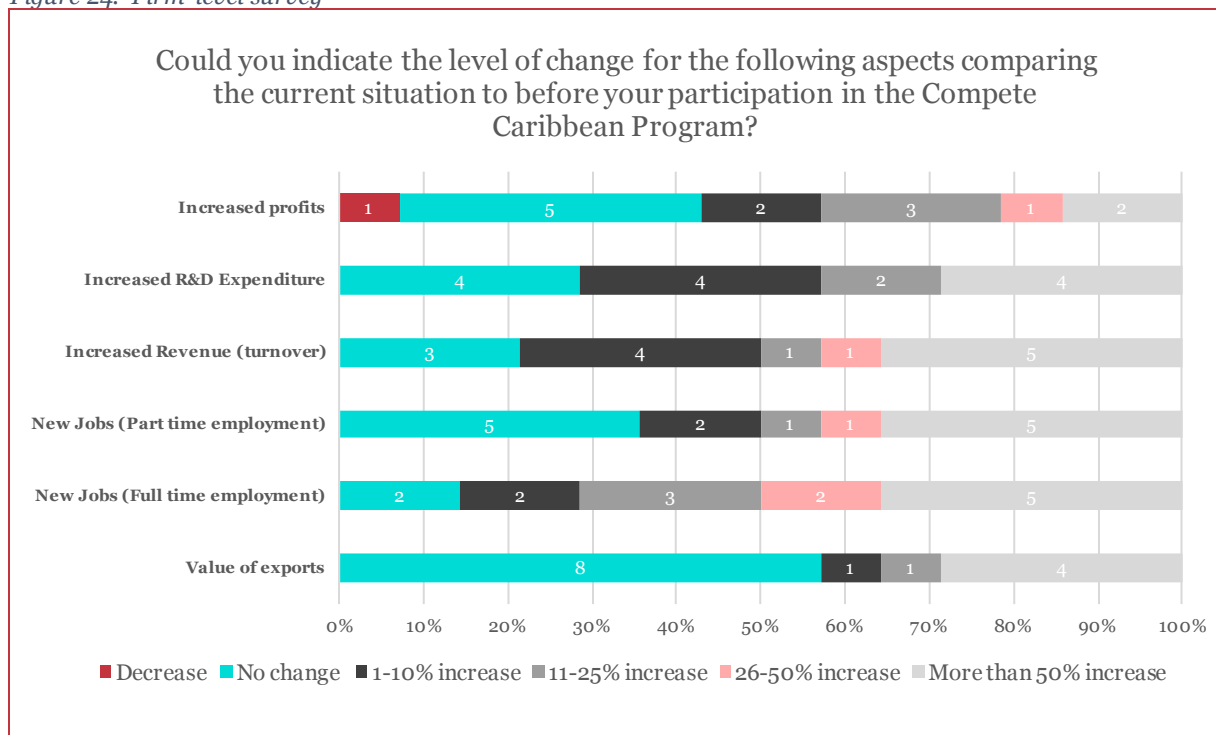
One additional outcome which did not clearly come out of the survey, but did appear through the interviews conducted with direct firm support beneficiaries, related to the development of capacities within firms to conduct these types of projects. Premier Products gained a lot of knowledge with regard to certification, and trademarking and testing products in different markets. It is knowledge that international companies already have but that may be new to local companies.

In order to capture the potential leverage effect of the program on firm level financing<sup>31</sup>, the on-line survey asked firms whether their IBPs led to access to new funding sources. Here, the impact of IBP implementation appears to be more limited, in comparison to other effects (i.e. new partnerships). This applies to firms having only benefitted from CCP support for the design of IBP (but which went on to implement them), as well as those which received support for the design and implementation of IBPs. Only half of respondents report having gained access to new funding (loans / equity, or grants) as a result of their IBPs. In light of this, one respondent suggest that IBP completion should be “linked to venture capital sources for pitches to be faster and more achievable”.

The on-line survey has also provided initial insight into the impact of IBPs on firm competitiveness, productivity and growth. As illustrated by the following figure, the majority of respondents expressed having witnessed a positive increase in terms of profits, R&D expenditure, revenue, employment, and exports; compared to their situation before their participation in the program. None of the respondents indicate being worse-off today, compared to their situation prior to benefitting from CCP support. The only exception to this appears to be the value of exports, as most of respondents don’t report an increase in exports since the development and implementation of their IBPs (cf. following figure). This is potentially explained by the fact that increased values in exports take longer to materialize than other reported outcomes.

<sup>31</sup> It’s worth highlighting that the financial leveral effect was not included as a KPI under the program’s results framework. However, one evaluation question was addressed at measuring the financial ‘crowding-in’ effect of the program.

Figure 24. Firm-level survey



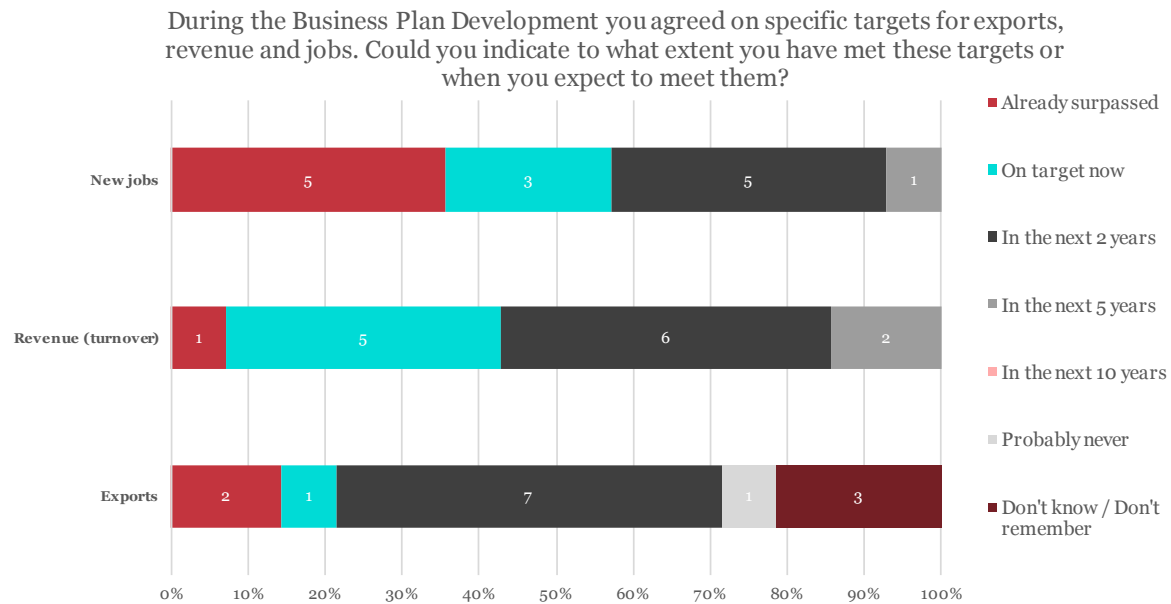
Company Survey, N = 14

Estimates provided by respondents regarding the level of achievement of intermediate results indicators included in their IBPs, are consistent with the previously presented findings. As illustrated by the following figure, most respondents estimate that they have either already surpassed, are on target or will reach their objectives in terms of job creation & revenue increase over the next two years. Estimates for export growth objectives appears to be much lower, with a lower number of projects stating having met or surpassed their objectives, and a proportionally higher number of them indicating they will only do so met in the medium term, or never (cf. following figure).

There are gaps however in the program-level indicators when it comes to Comp. 3 intermediate results stemming mainly from the backlog of CCARs reporting and to the fact that many projects are still ongoing. For example, at the time this evaluation was performed, only one Comp. 3 project (Belize Shrimp Cluster) had reported increases in the value of exports of goods and services. This makes it impossible to assess the extent to which original program targets have been fully met. It is also worth mentioning that Comp. 3 activities were launched comparatively late, with a majority of projects having only been recently completed or still ongoing.

The fields visit did reveal that beneficiary firms encountered a number of difficulties reaching their targeted objectives. Delays are due to both internal and external factors. For example, at the time of the visit, Premier Product had trademarked and tested their product in various markets and had expanded its value chain. However, the production line was not up, its certification not obtained and the clinical research not concluded. These are the areas where most of the financial investment was made. ISOCON had not achieved its revenue target because of several market challenges. It was looking to invest in refrigerated container cleaning for food transport and would also like to expand its tank cleaning operation into the Dominican Republic. The PFW NGO has not yet reached the break-even because the abattoir (from which it was supposed to get carcasses) had not come on-line as expected and planned, but already started to sell its production to breeders.

Figure 25 IBP intermediate result targets



Firm Survey; N = 14

**Regardless of the specific impacts CCP support has had on beneficiary firms, one interviewee highlighted the importance of the positive spill-overs generated by the innovation projects** supported by the program. This notion of spill-overs (social, environmental or economic) is absent from the program’s RF, and yet, it could be useful in illustrating the program’s ability to generate change in supported regions which is not necessarily directly linked to PSD. The specific project mentioned by the interviewee is the water kiosk implemented in Haiti aimed at piloting a commercial decentralized network of water treatment facilities and local distribution networks, to improve the supply of clean, affordable drinking water to high demand, but under-served communities. Another example of spillovers comes from the PFW project that generates environmental benefits (e.g. recycling of motor oil instead of dumping it into the land, energy savings to run the plant).

*“Most (projects under the Innovation Window) have an impact and spillovers which are very positive in terms of the communities they operate in. If you look at the water kiosks, this is a basic service delivered in an innovative way. It really tries to get into the communities that need this and offer a service in a way that is innovative. They would not have been able to scale the number of kiosk without the assistance of the program. The notion of spillovers when you are operating an innovation fund are key, but they are also very difficult to measure”.*

It’s difficult to assess whether these results stem from other factors which are external to the CCP (i.e. external support initiatives). The survey indicates that only a limited number of CCP beneficiary firms received support from additional external sources (i.e. Caribbean Export, GIZ, i2i Fund in Trinidad and Tobago, Multi-lateral Investment Fund), in addition to the support provided by CCP. This – in principle – provides an initial indication that observed outcomes and intermediate results are likely to be a direct result of the CCP intervention. The impact of additional external variables, such as commodity prices, transaction costs, new legislation or regulation, on firm performance reported in the survey, has yet to be studied. On a case-by-case basis, there are of course external factors that affect positively or negatively the outcomes and results of the project. For instance, the PFW project outcomes and results (i.e. the turn-over) have been affected by the 2-year delay of the Government in renovating the abattoir that was supposed to provide 60 % of the total volume of waste to produce the protein supplement. The

consequence is that the plant is operating half of its full capacity, the protein production volume is not enough to reach the break even for the organization.

This issue of CCP attribution and contribution was raised during the field visits conducted by the evaluation team. Answers revealed that for some firms there has been growth in revenue that is at least somewhat attributable to CCP. However, firms did often point to the existence of external factors at play. On the one hand, Isocon could make the investments because of CCP. On the other hand, this contribution could not weigh up against the downturn in the rum trade and low volumes.

### 3.2.3.2 Cluster window

**The outcome and intermediate result indicator analysis also indicates the Cluster Window under Comp. 3 of the CCP has led to a number of desired changes.**

The number of clusters having received support for the development of their CCIP, which went on to implement them without CCP funding, is high (4 out of 5 based on survey results). Half of these indicate they have implemented their CCIP to the full extent, while the other half has done so on the basis of a more limited scope. One cluster indicates having used internal funding to pursue implementation, while two others benefited from government funding or a loan.

As mentioned in the previous section on the Innovation Window (cf. **Error! Reference source not found.**) the evaluation team lacks robust data allowing to come to any conclusion on the real additionality (or lack of) of CCIP in providing support for the implementation phase of CCIP. It is worth highlighting however that while most non-implementation-support beneficiaries go on to implement their CCIPs, most of these also appear to be downsizing their ambitions and the scope of their projects.

**According to the majority of survey respondents, the implementation of CCIPs has led (or is in the process of) to the introduction or uptake of innovations** (i.e. development of new or improved product or service, adoption of a new quality control process, adoption of a new technology). Survey results show that most innovation being developed as a result of program support is either non-technology related, at a low Technology Readiness Level (TRL), or relatively far from technological frontiers. This is illustrated by the fact that only six out of fifteen respondents state that the implementation of their CCIP has led to, or is in the process of leading to the production of intellectual property<sup>32</sup>. In addition, the majority of innovations reported are described as being new to the firm or new to the country (4 and 3 out of seven respectively).

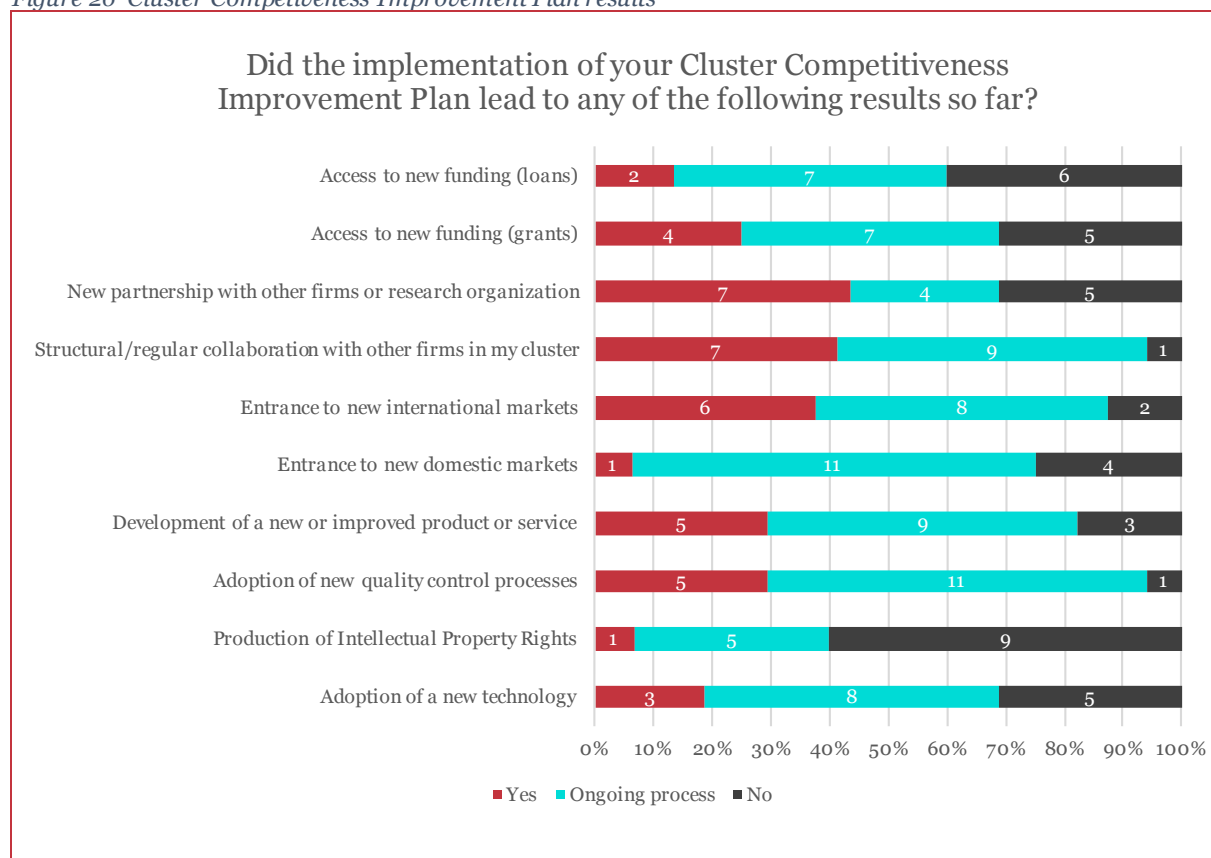
Still, it's worth highlighting that one of the main outcomes of CCIPs is the introduction or uptake of innovation by clusters and cluster members, stemming from increased levels of collaboration clusters (cf. paragraphs below on reported increased in levels of collaboration). This has been confirmed by the study visits and the reported cases of innovations developed or adopted by the firms the evaluators met with. Some of these include:

- New quality control process: Belize Shrimp Cluster (certification)
- New services: Animation services (at least for one firm MALFINIS FILM which turned from a theatre company to an animation company capable to sell its services to the private sector – for advertising – or government or OECS Commission)
- New marketing method: Grenada Cluster Project (through the rebranding of the destination and the design and implementation of new web-based marketing tools using social media and influencers)

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<sup>32</sup> Despite the fact that the production of IP was not a program performance indicator, it is often viewed as an indicator of enhanced innovation activity. Outcome 4 of the CCP RF is « enhanced innovative activity by clusters ».

Figure 26 Cluster Competitiveness Improvement Plan results



Cluster Survey; N = 15

**The effect of CCIPs on access to new sources of funding, - in particular private equity – appears to be limited.** This is coherent with initial findings regarding the Innovation Window of Comp. 3. Only two respondents indicate the implementation of their CCIPs has led to access to new funding (loans), while four of them indicate gaining access to public grants. This statement however is to be taken with a certain degree of precaution since a significant share of respondents indicate being in the process of gaining access to new sources of funding. Access to new funding was not included in the program’s RF as a KPI, should thus only be considered as a program unintended outcome.

Cluster survey responses indicate the existence of a very clear link between CCIP development and implementation support, and the strengthening of collaboration within clusters and their members. **The great majority of respondents indicate that as a result of CCIPs, collaboration with other firms belonging to the cluster has become more regular and more structured.** This result is of particular importance given the commonly cited ‘lack of collaborative culture’ that exists in the region. The specific examples of types of collaborations provided by respondents include:

- Meetings about common challenges;
- Advocating on issues affecting the business environment and developing policies and programs to address such issues;
- Cluster members share information on development, social issues that may affect the destination;
- More regular training sessions and meetings among farmers to share ideas and build technical capacity;
- Training and branding;

The risk of diseases is a good example of such collaboration: Belize shrimp growers are facing an outbreak of a disease that needs collective action to face it. The degree of collective collaboration that the cluster is seeing today is thanks to the lesson learned during the CCIP implementation. The farmers have significantly strengthened and formalized a loose and very weak association that existed before. The Association is now establishing collaborative arrangements with public and private sector entities given its increased capacity.

As illustrated by these examples, collaboration among cluster members focuses primarily on what could be considered 'soft' issues such as branding, training, advocacy, intelligence and information sharing.

**Harder components such as collaborative research and development, human resource pooling, development of shared research infrastructure are not the focus of intra-cluster collaborations.** CCIPs appear to be contributing to enhancing the level of dialogue among firms which traditionally do not work together (i.e. competitors), but who face similar challenges or threats or challenges<sup>33</sup>. This in turn appears to be enhancing the capacity to develop collective responses, which either mitigate existing barriers to growth and development, or effectively allow to anticipate the potential negative effects of imminent threats. There are a number of cases where collaboration has led to the development of shared (non-R&D) infrastructure such as Ornamental Fish project where CCP contributed to the development of an export nexus facility.

This finding was confirmed by field visits, which shed light of the importance of increased collaboration within cluster and their members as one of the key outcomes of the Cluster window. The visits to the Belize Shrimp Cluster, the Grenada Tourism and regional Animation Clusters, and Treasure Beach Cluster, clearly show that CCP contributed directly to the generation of exchanges and knowledge between the cluster members. Collaboration became more regular and more structured, and focused on key issues: rebranding the tourism destination of Grenada, implementing a certification process of the shrimp farmers, training animators across the region capable to sub-contract with major studios in US or Europe, etc. CCP helped cluster members increase the ownership (e.g. Grenada Cluster increased its membership base), be more aware about their common challenges, and increase linkages among members even when these members are competitors (Animation Cluster, Shrimp Cluster).

The visits also highlighted the importance of cluster facilitators who intervened through CCP, acting as a neutral agent between the members, and who were instrumental for the success of certain collaborations (e.g. Treasure Beach Cluster).

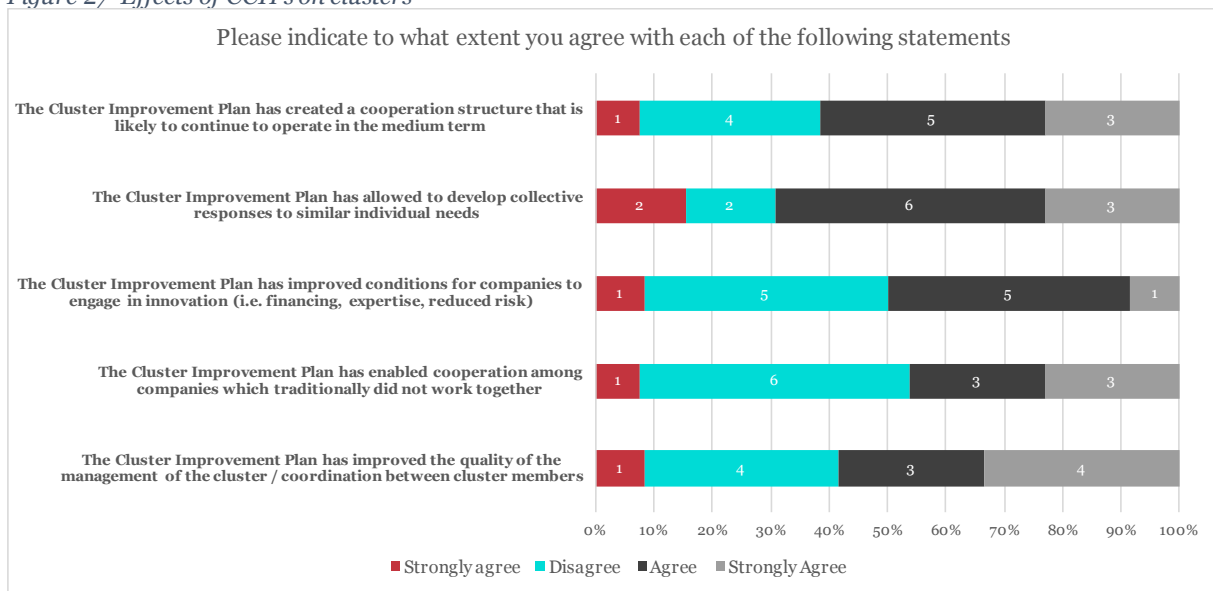
CCP effects on collaboration do appear to vary depending on the nature of the cluster having received support. Particularly, the effects on existing clusters (or those with a longer history of collaboration among members) relate mainly to the intensification of relations among existing members, rather than to the creation of new collaboration networks and/or of the expansion of membership bases. For example, only one new member was reported by the Grenada Tourism cluster, and only one potential new shrimp farm expressed interest in obtaining certification in Belize.

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<sup>33</sup> In some cases including the Shrimp cluster in Belize, Treasure Beach, Animation, the companies within the cluster members are competitors.



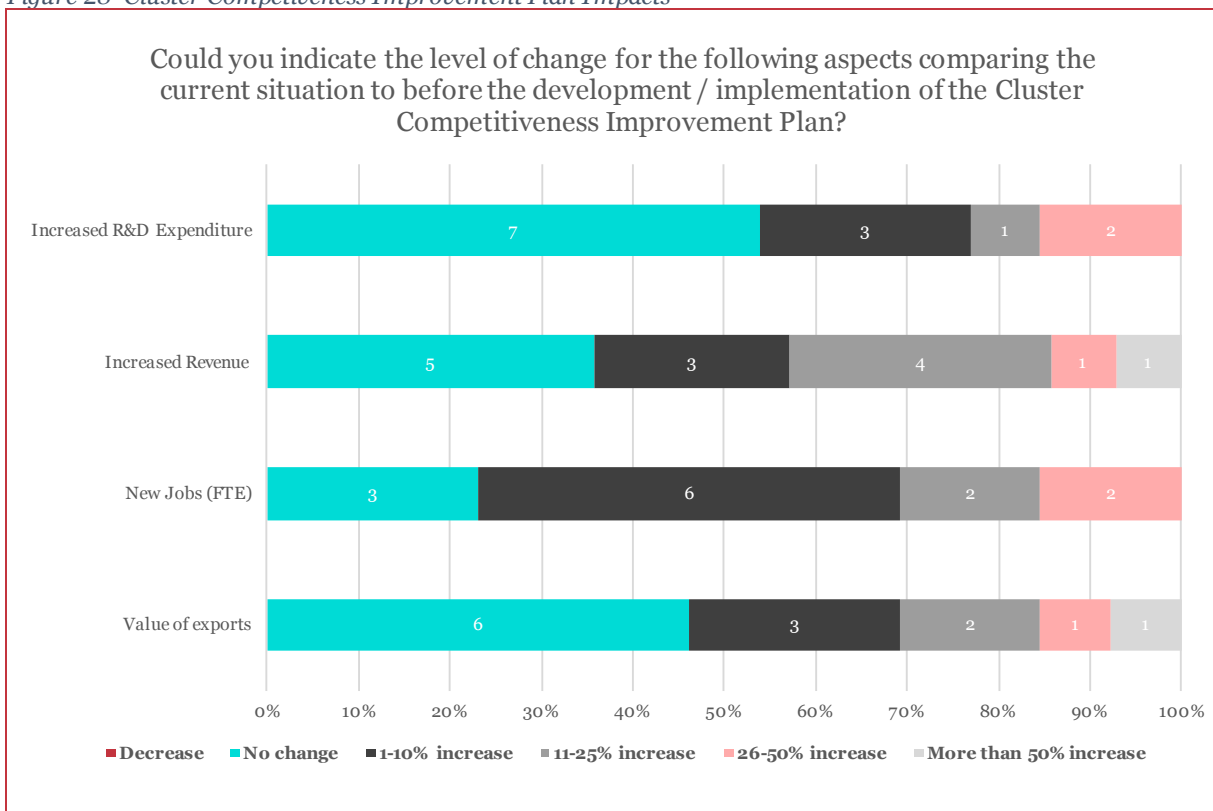
Figure 27 Effects of CCIPs on clusters



Company Survey, N = 14

Company level impacts are mainly reflected in increased revenues and job creation. Approximately 50% of respondents report at least a 10% increase in revenues, compared to 30% in terms of job creation. The Impact of CCIPs on R&D expenditure as well as on exports appears to be more limited.

Figure 28 Cluster Competitiveness Improvement Plan Impacts



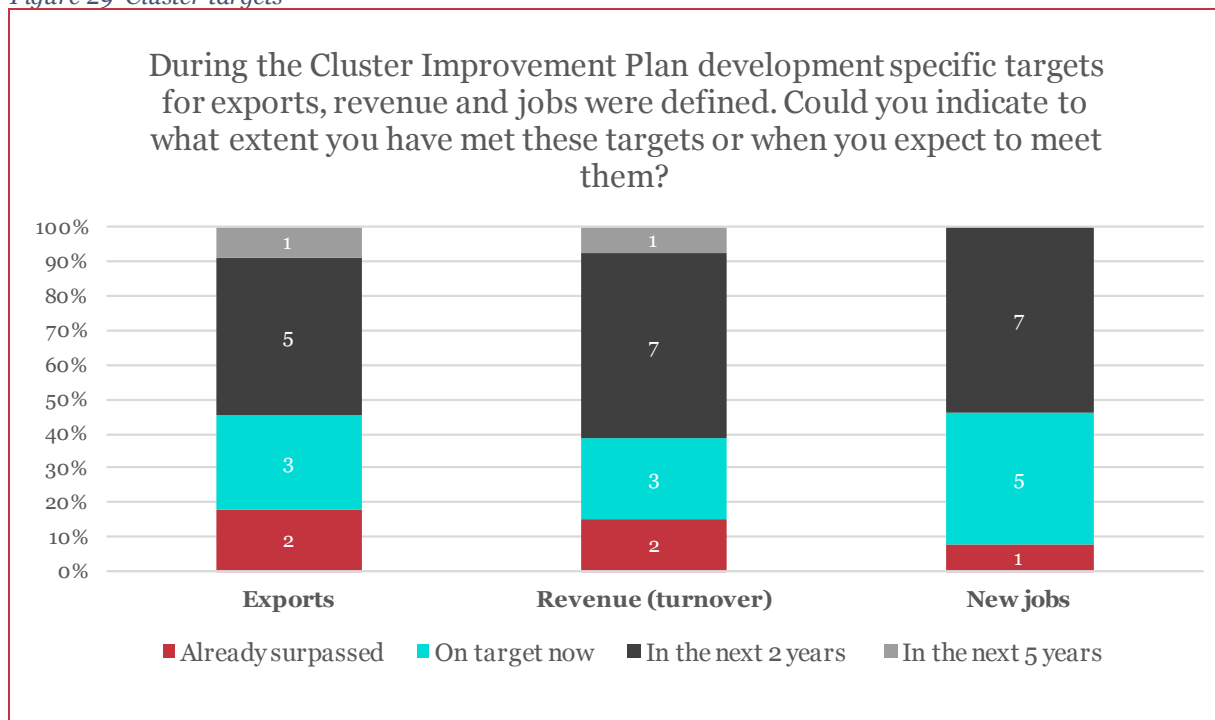
Cluster Survey; N = 13

Examples of growth reported by cluster members contacted within the framework of this evaluation include:

- Hotels in Grenada mention that thanks to the rebranding of the destination, there has been a 18 % growth in the number of tourists in Grenada in 2015 compared to 2014, and 30 % from 2013 to 2015 (88 000 vs. 136 000), resulting in an increase of the occupation rate of the hotels and the generation of new revenues that allowed to recruit new staff. For the Grenada Tourism and Hotel Association these results are directly related to the CCP support that provided funding for rebranding and developing the marketing tools, and implementing the marketing campaign.
- The members of the Belize Shrimp Cluster have recorded from 2014 to 2016 a growth in their exports. The total value of exports in the Belize shrimp cluster grew from \$20 M to \$45 M as a result of the opening to new market and new clients (like Harrod's and Mark & Spencers on the British market) generally with higher profit margins (compared to the Mexican market usually addressed by the Belize shrimp farms). The total number of jobs in the Belize shrimp cluster grew from 1 100 to 1 400 during the same period. For the shrimp farmers, these results are related directly to the CCP support on certification process and marketing activities. Because of the certification, the cluster has gained credibility with buyers around the world, but also with other shrimp producers. For instance, the Belizean farms now have "open door" access to farms in Thailand which are much more advanced, particularly in developing research activities. This has spurred the Belizean farms to engage in their own innovations, based on learnings from Thailand.
- Though the funding of the central facility for storing, sorting and packaging the ornamental fish from growers and improving the quality of the fish (lowering mortality rates, quality standards, training of growers, etc.), the Ornamental Fish Cluster has improved its export capacities achieving 10 000 fish per month. But this is far from the target set out in the CCIP. Through the Australian consultants who worked on the BP, the cluster has been in contact with the largest US importer which is ready to buy 3.6 million fish per year. This will require from the cluster a huge investment to address this demand.

Most respondents appear to have met or indicate being well on their way to achieving their CCIP goals and objectives in terms of exports, revenue and job creation (cf. following figure). There are significant gaps however in the program-level indicators when it comes to Comp. 3 intermediate results, making it hard to assess the extent to which original program objectives have been fully met. It is also worth mentioning that Comp. 3 activities were launched comparatively late, with a majority of projects having only been recently completed or still ongoing.

Figure 29 Cluster targets



Cluster Survey, N = 13

**It's difficult to assess whether these results stem from external factors (i.e. external support initiatives) other than CCP.** The survey indicates that only a limited number of CCP beneficiary clusters received support from additional external sources, in addition to the support provided by CCP. This – in principle – provides an indication that observed outcomes and intermediate results are likely to be a direct result of the CCP intervention. Firms and clusters interviewed during the course of the evaluation also attribute many of the outcomes and results they have witnessed directly to the program.

**However, in a number of cases, it's clear that external factors also contributed to the generation of these results.** For instance, the increase of the number of tourists in Grenada is not purely related to the marketing efforts made by the Government and the Grenada Tourism and Hotel Association (GTHA) with the support of CCP. It also results from the recovery of the US economy since 2013 (the increasing number of US tourists balanced the decline of the British ones), the exchange rates between the US dollar and the Sterling Pound which made the destination for the British more expensive, the shooting of two episodes of a popular US TV show (The Survivor) in Grenada, and the investment made by Sandals, a global hotel chain with a great exposure on the US market.

**The impact of cluster support (by means of CCIPs) on the level of innovative activity by clusters, and their capacity to increase productivity, and sustainably compete in national, regional and global markets; is often blurred by the lack of a more precise definition at the program level of how innovation at the cluster level is meant to influence innovative activities and competitiveness at the firm level.** Contrary to the intended objective of the program in terms of “enhanced innovative activity by clusters”, clusters themselves can only conduct certain types of innovative activities (i.e. management, marketing, certification). More generally, it's cluster members (i.e. firms, research organizations) which conduct innovative activities, as a result of the support and work conducted by or at the cluster level. This inconsistency is illustrated by the fact that while CCP objectives are formulated at the cluster level (i.e. clusters entering new markets), the data necessary to assess whether outcomes and intermediate result targets are being met can only be generated at the firm level (i.e. the value of exported goods and services in clusters supported by CCP is defined by consolidating the total value of exported goods of cluster members).

**The intervention logic, and more precisely, the theory of change behind the Cluster window under Component 3 still appears to lack clarity**, as well as additional detail into how exactly supporting the development of stronger clusters, is meant to lead to enhanced competitiveness and innovation at the firm level. This also applies to how support provided to clusters is meant to generate widespread changes at the country or regional level.

*Box 3 A word on CCP progress towards impact*

Progress towards achieving the CCP Impact, “Sustainable economic growth and enhanced competitiveness in CARIFORUM countries”, is measured by 16 broad indicators which include:

- Exports as a % of GDP
- Average annual GDP growth
- Direct and Indirect Job Creation
- FDI net inflows as a % of GDP
- Export Diversification (Herfindahl Index)
- Global Competitiveness Scores for goods market efficiency, financial market development, innovation, business sophistication and institutions
- Doing Business Indicator Rankings for trading across borders, getting credit, enforcing contracts and resolving bankruptcy

Although individual CCP projects have contributed to one or more of these impact indicators, overall CCP achieved few of the 2017 targets set for each indicator. Indeed, actual cumulative performance by 2016 had declined for nine of the 16 indicators compared to the base year. With only one more year of reporting left, the overall program has only met three of the 11 impact indicators with 2017 targets<sup>34</sup>. These indicators are GDP growth, export diversification and the regional enforcing contracts rank. CCP is close to meeting its 2017 targets for exports and job creation. Naturally, the individual CCP-projects are expected to contribute to these wider impacts and are not the single or even main driver of these macroeconomic indicators.

This failure to meet the impact indicator targets can be explained in the following ways:

- Firstly, the Global Competitiveness Score targets are too aggressive – the indices used by the WEF for each indicator measure a wide range of sub-indicators upon many of which CCP has no discernible impact.
- Secondly, even though the enabling environment may be improving in the region, countries in other regions are improving faster, therefore reducing Caribbean Doing Business indicator ranks.
- Thirdly, CCP projects may impact an indicator in one or two countries but apparently insufficiently to improve the regional average.
- Fourthly, most CCP interventions have a lag of 1-5 years before having a measurable impact on GDP, FDI or the other indicators.
- Fifth and more importantly, most of the impact indicators are explained by a range of factors that are outside the control of CCP. If the targets set for FDI, exports and GDP growth merely track recent data trends, then CCP is irrelevant to such indicator targets.

This problem is not unique to CCP, all donor-funded economic growth projects struggle to explain their direct impact on economic growth variables. In addition, following the IDB’s practices, the impact indicators were purposefully selected to be indicative of the direction of the Program, rather than selected as mean to evaluate whether the program has achieved its objectives.

<sup>34</sup> The five Doing Business Indicators have no associated 2017 targets.

### 3.2.4 Program contribution to the achievement of gender and environmental-related results

**The analysis of available data indicates that most of the contributions made by the program to gender and environmental related results stem from the work conducted under Component 3 (EICF). Component 1 & 2 activities have are very limited environmental and gender focus<sup>35</sup>.**

The CCP reports (cf. CCP website) that around one third of the IBPs (6 out of 18) CCIPs (3 out of 7) implemented with CCP support are environmentally friendly. According to the program, the criteria used to categorize IBPs or CCIPs as environmentally friendly is the intention of introducing environmentally friendly products or processes. The program also reports that 53% of new employments generated by the program are expected to be occupied by women, as stated by CCIPs<sup>36</sup>.

80% of firm survey respondents (13 out of 16) indicate that their projects have led to a direct positive impact on the environment. Some of the specific examples provided include:

- Reduce trash on the streets and landfill therefore reducing the amount of Co2 in the atmosphere
- Reduces waste and improves the usage before spoilage occurs. More local value added also means less waste.
- Planting of 80,000 new coconut trees.
- Utilization of coconut shells as combustible.
- Removal of 12,000 gallons of used oil from the environment/year. Removal of 1,000,000 lbs. of organic wastes from the environment/year
- Better soil and water management.
- Conservation of energy
- Cuts down on use of fossil fuels

It's also worth highlighting that as part of the Technical Assistance provided by the program to supported projects, an environmental due diligence was performed for each project by an external expert.

The share of surveyed firms indicating their projects have led to a positive impact on gender issues is slightly lower. Yet, the majority of respondents (6 out of 10) indicate this is the case in their projects. Some of the examples provided by respondents include:

- Higher percentage of female workers hired
- Jobs created, classes taught to group about this very same issue
- Increased the female workers to the plant.
- New careers and employment opportunities created for women.
- Safety of women and young girls as they have light in dwellings and power in their phones if they needed to call someone

The share of clusters supported by CCP stating that their CCIP have had a positive impact on the environment is slightly lower than for firms, but remains generally high (11 out of 17 respondents). Some of the more explicit examples provided by respondents include:

- Waste issues resolved

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<sup>35</sup> Technopolis and Nathan a currently conducting a study on behalf of the Donor Committee for Enterprise development on the nexus between Business Environment REform and Green Growth policies which might prove useful and interesting to the CCP program in further enhancing the environmental dimension of PSD policy support.

<sup>36</sup> According to the program, as of Dec 2nd 2016, the Component 3 projects had reported 5 271 new jobs created, 77% of which for women.

- The Biodiversity Environmental Assessment funded by the CCIP was a fundamental component for the certification of the Belize Shrimp Sector.
- The processing led to waste that is currently negatively impacting the environment but the CIP is now addressing this problem.
- Sustainable Tourism - led to renewable energy, water conservation, composting, etc.
- Protected an endangered species and their habitat.

As for the impact of CCIPs on gender balance, just over half of respondents identified a positive impact (7 out of 13). As is the case of IBPs, the most frequently cited examples include the creation of employment opportunities for women, as well as the resulting positive impact on income. One respondent also indicated the development of training opportunities for women allowing them to take over non-traditional roles.

It is worth noting that both gender and environmental impacts were used as selection criteria by the program under every call for projects. Each of the two counted for 5% of the overall score awarded to projects by the selection committee.

However, as illustrated by the previous paragraphs, most of the evidence collected regarding the impact of the program on gender balance and environmental protection is anecdotal and mostly qualitative in nature. Both of these objectives are for the time being absent from the program's RF, and as such, no specific objectives, indicators, or targets have been established. This makes it difficult from the evaluator's standpoint to assess the extent to which the program has generated sufficient level of change in these fields or not.

### 3.2.5 Impact of program on regional integration

One of the high-level ambitions of the program (not formulated as such in the RF but clearly enunciated in a number of program founding documents such as the grant document) is the will to promote further regional integration in the Caribbean. The approach developed by the program in order to achieve this objective is quite ambiguous, particularly because the program fails to clearly articulate a) the reasons for which the program should support this goal (i.e. challenges and needs) b) what it means by 'regional integration', c) how it intends to promote it, and d) how success in this particular field should be measured (i.e. lack of regional integration output, outcome and intermediate result goals).

*"There is no clear dividing line between national and regional interests – this causes complications for CCP" – Evaluation interviewee*

In addition to the 56 single-country projects supported by CCP, the program has supported 35 regional projects (22 under Comp. 1, 12 under Comp. 2, and 1 under Comp. 3 for a total of approximately 4.9M\$ in funds including co-financing). As is the case with the country distribution of program objectives, the CCP intervention logic did not include any specific goals in terms of national vs. regional interventions. Here again, the allocation of CCP means and resources to either type of project (national or regional) took place on the basis of demand and quality of project proposals. The resulting distribution cannot be said to be relevant or not, given the absence of any specific program objectives. However, in light of the program's general ambition to support regional integration, it can be considered that such a share of regional projects within the program's portfolio can be considered as relevant and consistent with program and donor ambitions.

The relatively high number of CCP-supported projects which contain a regional dimension however should not be directly interpreted as an indicator of the commitment of the program to supporting the cause of regional integration. The regional dimension of these projects generally refers to the fact that they were conducted on a cross-country basis (i.e. enterprise survey covering several countries), and not necessarily that they were geared to promoting the development or uptake of a regional-level solutions (i.e. regional investment agency).



All in all, the regional dimension of the CCP is clearly identified by program stakeholders and beneficiaries, and is generally attributed to the geographical scope of its intervention (i.e. the fact that it covers a significant number of countries in the Caribbean region). However, interviewees tend to agree that despite ‘thinking regionally’ the program for the most part acts ‘locally’, and focuses most of its resources on initiatives that are local or national in scope. While this fits well with its bottom-up approach to project development and is also consistent with its intention to generate positive and tangible change at ground-level, it does not seem to be consistent with its ambition to support wider-scale regional integration. One interviewee expressed this ‘missed-opportunity’ of supporting more intensely regional-level initiatives intended at building capacity at the regional level.

*“the program needs to look strategically at the gaps between national capacity and regional capacity in the Caribbean. Only the larger countries have some degree of administrative capacity to implement new policies and projects – yet regional administrative capacity does not exist. For example, each country does not need their own investment promotion agency”.*

According to program representatives, one of the main challenges in developing projects based on a regional integration rationale, is the fact that there is lack of solid counterparts in the region to do so.

In spite of this, several interviewees did identify positive program effects at the regional level in terms of promoting the development of a better business enabling environment. CCP appears to have contributed to a general rise in awareness at the regional level, of the importance of the issue, particularly at the policy-maker level. According to one interviewee “CCP is creating a common language on regulation & competitiveness in the Caribbean”. In addition, the program is favoring the development of stronger links among countries dealing with issues in this field. This is particularly the case of the Caribbean Growth Forum which has enabled the creation of a PSD stakeholder community at the regional level which is now better able to communicate and share information. The Technical Cooperation Agreement (RGCC2072) established with the Caribbean Telecommunications Union (CTU) to support the inclusion of the OECS in its regional harmonization of spectrum planning and management policies and practices, is a very clear example of the value the CCP brings to regional level initiatives. Another good example is the project with the OECS Commission in support of the Free Circulation of Goods Regime which relates directly to sub-regional integration and economic union.

### 3.3 Sustainability of results

The previous sections have shed light on the main outputs, outcomes and intermediate results generated by the program to date. A second question relates to the likelihood that these results will withstand the test of time, and potentially generate wider ‘ripple effects’ in the medium-to-long term. This section explores some of the underlying drivers of sustainability for activities conducted mainly under Components 2 and 3 of CCP.

#### 3.3.1 Component 2

Almost all public-private dialogue mechanisms can be sustainable if donor support has been sufficient to build trust between the parties and demonstrate the effectiveness of regular dialogue. The cost of consultation itself is minimal – use of a board room for a few hours a month and a part-time administrator within a relevant government or private entity. Sustainability is in doubt when a new institution is established to collect data, conduct research and disseminate findings. The salaries of skilled professionals, equipment, office rent and travel are ongoing costs not offset by any source of revenue. Under Compete, PPD mechanisms have evolved into more than just platforms for discussion but now support implementation of reforms. The units established to support dialogue have developed into facilitators within the government and are action-oriented – driving reforms in their countries – e.g. the National Competitiveness and Productivity Council in St. Lucia is now driven the implementation of a new innovation fund (Productivity and Competitiveness Fund –PROCOM - Challenge). These evolutions – albeit positive - remain fragile, and require the institutionalisation of the new bodies (the NCPC in Saint Lucia is still considered as a government project, and has not been included in a formal legal framework), and financial support from the government in the long run.

This raises a key consideration for Compete II. Should donor resources be invested in developing public (BER) functions at the national level across small Caribbean economies? Regional organizations do exist in the Caribbean. For example, the Caribbean Competitiveness Center was established to be the regional center on competitiveness research across the Caribbean, and the Caribbean Export Development Agency has a mandate to develop exports. Larger countries do choose to have their own competitiveness centers but it would seem impractical and unreasonable to expect island nations with populations equivalent to small cities outside the region to continue funding specialized entities. CCP II is the ideal catalyst to ensure regional entities are effective. Each country could contribute funding based for instance on per capita income and have one representative on the boards of such entities. In addition, regional entities could pay for a staff member to be located in each country to ensure active engagement of each country. This framework could work even for very nationally competitive fields such as export and investment promotion. Countries would likely gain more from a regional export promotion strategy building regional value chains than from 20 competing country strategies.

### 3.3.2 Component 3

**When it comes to Comp. 3, the levels of sustainability, as well as the threats and drivers of sustainability appear to differ significantly across projects,** making it difficult to identify common patterns. In spite of this, sustainability seems to be primarily affected by the three following factors:

- The project's management skills of the entrepreneur (Innovation window) and of the promoters of the cluster (Cluster window). This should be considered and monitored as part of the selection process.
- The existence of external factors (i.e. non-project dependent) which can either drive or hinder the successful implementation of the project. The Protein from Waste project for example was largely dependent on the development of a local slaughterhouse by the local Government of Grenada.
- In the case of clusters, **it seems that the history of past collaboration is certainly a key element.**
- **The sustainability of CCIP results also depends to a large extent on the sustainability of clusters themselves.** To this extent, the question regarding whether the CCP-sponsored clusters will continue to exist after the CCP-sponsored project ends, as a cluster organization (i.e. as an organization grouping firms and other partners that share a common agenda and interest to collaborate, and doing things collectively better and efficiently than acting as individuals), is key. From our experience of cluster organizations, there are four key factors that make a cluster organization sustainable:
  - **Leadership:** clusters need one or a group of leaders committed to act in the common interest of the cluster members.
  - **Trust:** at the core of the concept, clusters aims at creating trust between its members to set a shared agenda and implement joint collective actions that address the collective needs of the members. That trust comes from explicit and tacit knowledge exchanges between the members but also from formal agreements (who pays for what and how much)
  - **Critical mass:** the cluster should achieve a certain level of representativeness (e.g. the Belize Shrimp Clusters represents 80 % of the shrimp export market), showing its power of attraction, and ensuring a minimum of revenue from its members;
  - **Self-financing capacity:** clusters that are capable to leverage from their members investments (time and money) are more sustainable, because they already made the proof of their added value to their members.

From our visits in 5 clusters, we consider that the Shrimp Cluster and the Grenada Cluster Project seem to display high levels of the previously-cited sustainability criteria, compared to the others (Regional Animation Cluster, Ornamental Fish Cluster or the Suriname Rainforest Cluster).



*Box 4 Zoom on country visit cluster sustainability*

- Regarding the Belize Shrimp Cluster, there is no doubt regarding the sustainability of the certification which was driven by the CCP program. The maintenance costs of the certificate (from 5 000 to 10 000 US\$ per year) is not expensive with regard to the profit generated on export markets. In addition, the level of trust between the cluster’s members, who are conscious of their interdependency and their common interest, and the strong leadership of the President are some key factors that are the core of a sustainable clustering process.
- Regarding the Grenada Cluster Project, the new brand “Pure Grenada” and the marketing campaign have been developed, benefiting from the policy back-up of the Government (through the Ministry of Tourism), and leading to an increasing number of tourists generating new revenues. The industry professionals are conscious of how important it is to continue to keep the brand (strong ownership of the industry professionals resulting into spin-off brands like “Pure Diving”, “Pure Carnival”, etc.) and the marketing on the destination. In addition, the Hotel & Tourism Association transferred recently the management of the brand and the development of the marketing tools (ICT) to the Tourism Authority (Government), considering that the Authority had the technical capacity to take over. However, there is still a level of uncertainty about the new brand among the population, many people feeling that “Pure Grenada” has replaced the former traditional brand “the Isle of Spice”. There is still certainly a need for a buy-in from the population.
- Regarding the Animation cluster, it is a cluster for the purpose of the funding. Its sustainability is fragile. The 3 firms cluster members are still developing their internal capacity – both in quantity (number of animators) and quality (reaching international standards) making it difficult to market the cluster itself as a provider of animation services on international markets. Indeed it is necessary to ensure that the partners can collectively meet the targeted outsourcing requirements, before the marketing of the cluster’s value proposition really starts. In addition, there is no agreement among the partners about the type of legal structure the cluster should embrace after the end of the project. For the project, the 3 companies have only signed a MoU. This is a key point for the sustainability of the cluster: how to distribute the forecast revenues between the members when the cluster itself will sell animation services to big studios.

The CCP trademark has in some cases attracted support from additional external sources for supported projects. In cases where this has occurred, project sustainability has without a doubt been enhanced. For instance, the Treasure Beach Cluster in Jamaica received the support of the Ministry of Tourism and the Jamaica social investment fund to develop agro-tourism products and services (i.e. farm tours). However, the involvement of additional sources of funding, particularly after the CCP intervention has come to an end, seldom seems to occur. To this extent, it does not appear the program has given enough thought to the ‘exit strategies’ of its interventions and projects. Project sustainability could be enhanced were the program to provide support in identifying sources of funding for the scaling of interventions (private or public). One possibility would be to help channel national government funding to clusters by providing support for the design, for instance, of sound innovation policies or clusters programs.

## 4 Relevance

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This section of the interim report presents our findings regarding the program's relevance, based on the data we have collected through our desk research, interviews and surveys, as well as the field visits conducted during the second half of the evaluation.

### 4.1 Relevance of Program objectives to the region's needs

Our desk research confirmed that Compete's objectives were relevant to the needs of the region at the time it was launched, and continue to be so today. The mid-term review of the program (Maxwell Stamp - 2014) had already noted the region's longstanding and persistent economic problems and the need for significant improvements in national and regional competitiveness, and the report recognized the potentially important role of Compete's focus on PSD as a means by which to enhance competitiveness in the region.

There are multiple studies and scoreboards that show a continuing major problem with productivity and competitiveness across the region, which is consistently linked with the smallness of national markets, administrative bureaucracy, weak infrastructure, limited investment finance and wide-ranging skills gaps. Indeed, the economic situation has worsened with the global recession. The literature is less extensive as regards the appropriate policy response, however, there is clear support for programs designed to tackle shortcomings in the region's framework conditions and a more specific interest in private sector development as a means by which to inject dynamism.

As an example, the Caribbean Development Bank's (CDB) thematic study on smaller businesses, which is entitled, *Micro, Small & Medium Enterprise Development in the Caribbean: Towards A New Frontier (2016)*, flags shortcomings in regional productivity and competitiveness and links these problems with the same kinds of system failures, from access to finance through business skills and infrastructure. Other reports paint a rather more colorful picture of the challenges, perhaps most notably the report by the IDB's own special advisors, *Is there a Caribbean sclerosis?*,<sup>37</sup> which talks about prolonged anemic growth, persistent unemployment and investors and policy makers failing to make the necessary adjustments to recover from the global recession.

The analysis is confirmed in various global scoreboards, including The World Bank's *Doing Business Report 2016* and The Global Competitiveness Report (GCR) produced by the World Economic Forum. The GCR 2015 ranks the competitiveness of 144 economies around the world, and shows the Caribbean region continues to perform poorly. For 2014-2015, Barbados ranks, 55th (down from 47), Jamaica 86th (up from 94), Trinidad and Tobago 89th (compared to 92), while Suriname and Guyana trail at 110 and 117, respectively. Looking at the country data and narrative, there are several classic PSD-related bottlenecks evident in each of these Caribbean countries, including:

- High tax rates
- Weak infrastructure
- Bureaucratic red tape
- An inadequately educated workforce
- Inadequate access to finance
- Weak capacity for innovation
- Corruption

Compete has looked at these issues too and most recently commissioned a meta-analysis by the Economist Intelligence Unit (EIU), which confirmed the continuing existence of market and system failures across the region. The EIU report, *Private Sector Development in the Caribbean: A Regional*

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<sup>37</sup> *Is there a Caribbean sclerosis?: stagnating economic growth in the Caribbean.* Inder Ruprah, Karl Melgarejo and Ricardo Sierra. IDB Monograph 178, 2014.

Overview (2015), explores private sector development in the Caribbean. The analysis is based on the Private Sector Assessment Reports (PSARs) commissioned by Compete in its beneficiary countries, complemented by The Economist Intelligence Unit’s own proprietary analysis and forecasting data.

Our wider stakeholder and beneficiary interviewees were entirely consistent on this point too, and found a pretty-well universal view as regards the relevance of Compete’s objectives to the needs of the region. The following table summarizes the general views of the different types of program stakeholders interviewed as part of the evaluation regarding the program’s relevance.

Table 15 Overview of program stakeholder and partner feedback on CCP relevance

<b>Program stakeholder category</b>	<b>General appreciation of program relevance</b>
<b>IDB implementation team and IDB staff</b>	All members of the implementation team and IDB headquarters staff members were in agreement that the region has major weaknesses across the private sector and that support for the reform and strengthening of the business environment was a necessary precursor for improving the dynamism and competitiveness of the Caribbean.
<b>Donors</b>	<p>Both major donors confirmed they see Compete as being highly relevant to the challenges confronted by the region: “it’s one of the more exciting programs we have worked with; competitiveness is a big hole in the Caribbean; it’s been a priority for DFID for the last two spending cycles.” They both see a continuing need for such a program.</p> <p>The IDB sees the program as absolutely relevant to the needs of the region: strengthening the private sector is important and fostering innovation is central to the productivity and competitiveness challenges. Compete addresses these issues directly. Compete 2 needs to launch quickly to avoid loss of momentum and must emphasize the scaling-up of its work and the delivery of concrete results.</p>
<b>Governance and external stakeholders</b>	<p>Governance representatives, particularly PAG members, generally consider the program’s ambitions to be in line with the priorities of the region. According to one IP member (business owner) for example “whoever designed the program really understood what the real problems are. He listened to the community”</p> <p>World Bank representatives interviewed view the Compete program objectives as being entirely relevant to the needs of the region. One interviewee did highlight however that out of the program’s three components, policy support was probably the least relevant in light of existing interventions on behalf of other organizations.</p>

Source: Technopolis analysis based on interviews conducted as part of the evaluation

Most importantly perhaps are the views expressed by program beneficiaries and beneficiary country representatives regarding the relevance of the program’s objectives. Individual ministers saw PSD as a major issue for the Caribbean, and were clear there is a big need for the kind of support provided through the Compete program. According to them, there is too little of such assistance given the nature and extent of the challenges, notwithstanding the fact there are other PSD programs in the Caribbean.

*“Compete Caribbean is tailored to address the issues related to building an enabling environment and also strongly support the growth and innovation of key services sectors. It is refreshing to work with a donor that is sensitive to the country's issues and not just impose a "cookie-cutter" approach to competitiveness and development” – Policy stakeholder survey*

Around 50% of respondents considered Compete was focusing on the most important barriers to competitiveness in their country, while the other half considered the program was doing so only partially

(only one respondent indicated the program was not focusing on the most important barriers in the region). However, the analysis of barriers which are considered to be missing from the program's focus reveals that as a matter of fact, most of them are effectively taken into account by the program (i.e. direct support for existing firms for innovation). Some of the identified barriers which are in practice excluded from the program's focus or only address to a limited extent include access to micro and small business finance<sup>38</sup>, corruption, access to affordable finance and human capital.

The great majority of respondents to our survey of policy makers rated each of the Compete program's objectives as being relevant. Two objectives stand out as being particularly relevant, which were the 'improvement in business climate through regulatory reform' and 'stronger public private dialogue.' 96% of respondents rated the former as highly relevant and 88% for the latter objective. The two areas where there was least recognition of the relevance of program objectives were 'working towards regional and national consensus on PSD strategies' and 'increased synergies among donor-supported PSD projects.' Around half of all respondents judged these to be only slightly relevant or not relevant.

The relevance of the program can be attributed in part to the sound analysis and knowledge developed by donors of the needs in the region. A number of interviewees expressed particular appreciation for the programs capacity to 'stay in touch' with local stakeholders and partners in order to identify priority challenges and needs. According to one interviewee for example,

*"CCP was always talking to clients, i.e. governments and the IDB. Tools were developed based on dialogue with government about the business climate, firms and clusters."*

There were a number of contributors who stated that the program's wide-ranging objectives, and demand-led strategy, score high on relevance, but were less persuasive as regards the feasibility of the endeavor: they see an imbalance between the scale of the region's needs, the scope of the program intervention and its objectives, and Compete's limited resources. An important number of stakeholders emphasized the fact that despite the overall relevance of the program's objectives, the program cannot pretend "to be all things to everybody".

## 4.2 Program design

The program's planning documents describe rather than explain the program design (RG-X1044 Plan of Operations, Operating Regulations), which was to be a standalone program with its own institutional identity within the corporate structure of the IDB. Compete would differ from the IDB's mainstream programs, working directly with the private sector and governments, as well as making a commitment to work at national and regional levels across all 15 Caribbean countries in scope. Additional differences compared to IDB mainstream work stem from the fact that the program would execute the majority of projects itself (rather than via an intermediary), as well as from the fact that the program is not a multi-million loan, but rather a technical assistance facility. Its 5-year team would seek to improve regional competitiveness through an ad hoc mixture of activities within three pillars (knowledge management, business climate enhancement and enterprise innovation).

The Mid-Term Evaluation (2014) was critical of the program planning and the weakly developed theory of change contained within the Plan of Operations, which made it difficult to understand why the program should be the size and shape it is. Having criticized the design process, Maxwell Stamp was broadly positive about the final choice of arrangements, noting that the main design features echo the conclusions of various meta-analyses of private sector development initiatives around the world, including those carried out by IDB and MIF. They did however express concern that Compete's design had not taken sufficient notice of several important lessons, including the need for focus and a sustained approach sufficient to make progress in such hugely challenging settings. The evaluators were also somewhat critical of the balance of work supported across regional and national territorial levels, with

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<sup>38</sup> With the exception of the collateral registry/ secured transactions projects

the former judged to have been underplayed in the program plans and where Compete was best placed to make a particularly important even unique contribution.

Our interviews revealed widely-held and positive views of Compete's basic program arrangements, with almost all of its design parameters attracting compliments from multiple quarters. In most cases, however, there were one or two naysayers that expressed more negative views of one or other attribute. The following bullet points focus on the positives, while also flagging any specific and substantive concerns:

- The combination of interventions, through three pillars, with an analytical underpinning (Component I) for the dual strategy of institutional reform (Component II) and business support
- Bottom-up calls, thematically open
- The ability to provide direct support to the private sector
- The use of a grant-based financial strategy, which provides intrinsically greater flexibility as compared with loans and overcomes the need for the kind of institutional competence required to administer a loans-based system
- The provision of expert technical assistance to projects, to ensure beneficiaries have the capacity to execute projects and derive benefits from that experience

Several people expressed reservations about the scale of the funds available, and the extent to which it is reasonable to expect a program of this size to transform the region's business environment and reverse the decline in productivity and competitiveness. Contrarily, other contributors stated that the program was much larger than most other analogous schemes and that it has the scale to be visible and keep the issue of PSD in the national and regional conversation. These respondents also tended to take the view that the role of the program was to catalyze and connect, rather than singlehandedly reform the regional economy.

Several people wondered whether a more targeted thematic strategy would allow the program to wield greater influence, where they had the view of a rather varied project portfolio that is arguably trying to effect improvements in many more areas than it can reasonably expect to do.

A small minority expressed reservations about the appropriateness of one or other of the three pillars. Several people observed that there is a wealth of data and analysis about the region's performance, and they saw limited added value in Compete investing in further expanding this knowledge base. One contributor observed rather pointedly: "we need more action, not more reports." Other people were skeptical about Compete working directly with regional clusters and individual businesses, and doubt this is feasible at a scale and intensity that creates sustained impact and is meaningful when judged against the program's overall objectives for the region.

Various people remarked on the levels of administrative burden, especially around financial payments, which were thought to be disproportionate to the level of funds involved. This issue is further explored in section 6.1.4. The use of grants was sometimes seen as producing lower levels of engagement and buy-in among beneficiaries, as compared with repayable loans, and possibly problematic for the longer term, if Compete wants to scale up. Yet, the fact that that the program does offer grants (and not loans) is commonly acknowledged as one of its key characteristics and attributes compared to other initiatives.

The IDB contributors noted that the Compete's program design is incredibly resource intensive, as compared with more conventional schemes run by the bank. They do however recognize that this model has the ability to generate high levels of interest on the ground, which is often less easy with the bank's classical loan schemes implemented through intermediary institutions. This can be attributed to the 'hands-on' nature of the program and the fact that it executes projects internally.

The implementation team believe the Compete Program is pretty much unique in its offer, both in respect to their support for PSD reform (C2) and direct support to innovators (C3). They are aware of the very many other initiatives and donors working in the PSD space, but believe their offer is different



from all of the other programs: bottom-up calls, funding for larger projects and expert program managers and technical assistance. They commissioned work to map the other donor initiatives, which shows their approach is distinct. They also believe their work is complementary to the work of other donors and cited several examples of follow on funding in initiatives launched by Compete, including the Caribbean Development Bank's (CDB) decision to help fund a new immigration office in Barbados based in large part on a Compete project.

### 4.3 Component and project relevance

#### 4.3.1 Component 1

Maxwell Stamp (2014) concluded that much of the work of Component 1 was not directly relevant to improving the competitiveness of the region's businesses and suggested curtailing most activities in this space, narrowing the work to maintaining an online repository of publications on topical issues. In its written reply, the Compete management team disagreed with the conclusions and argued that Component 1 was of great relevance to the various information gaps around PSD, whether that was the country-specific PSARs or the region-wide enterprise surveys. They further stated that there was a very real need for an international center of excellence researching regional competitiveness issues, and that the "Caribbean Center for Competitiveness" within UWI was at an early stage of development and its relevance and value would become clearer in the coming years.

Our desk research identified various other international and regional actors that are commissioning and publishing policy studies and evaluations relevant to an improved understanding of productivity and competitiveness in the Caribbean. Our search was far from exhaustive, however, several of the more prominent providers of open access knowledge include:

- The **World Bank Open Knowledge Repository (OKR)**<sup>39</sup> is a comprehensive and growing catalogue of books and reports covering a wide range of development issues, from finance to social protection. In August 2016, the repository included 39 papers on private sector development in the Caribbean, published in the period 2001-2016. These publications include a small number dealing with highly particular PSD challenges in the Caribbean, such as the 2015 investment case for a regional ferry system as a means by which to strengthen tourism in the Eastern Caribbean,<sup>40</sup> as well as a larger number that have more general subject matters, such as the 2014 book about entrepreneurship in Latin America and the Caribbean.<sup>41</sup>
- The **Caribbean Development Bank (CDB)**<sup>42</sup> has a large, online repository of reports and other resources. While there is no PSD section within the facility, there are numerous economic and development-related publications, several of which are clearly relevant to the interests of Compete. As an example, the thematic study on SMEs was commissioned by the Economics Department of the CDB and prepared by two consultants, Michael Julien and Melvin Edwards<sup>43</sup>. Both consultants have performed assignments for the Compete program.
- The **Caribbean Growth Forum (CGF)**<sup>44</sup> is a regional coordination platform supported by Compete Caribbean and several donors (e.g. IDB, World Bank). It has a small an online repository of working papers relating to private sector development in the region, and covers

<sup>39</sup> <https://openknowledge.worldbank.org/>

<sup>40</sup> Barbet-Gros, Julie; Samuel, Brian; Shahidsaless, Rachel; Thu Tran, Trang. 2015. Driving Tourism in the Eastern Caribbean: The Case for a Regional Ferry. World Bank, Washington, DC.

<sup>41</sup> Lederman, Daniel; Messina, Julián; Pienknagura, Samuel; Rigolini, Jamele. 2014. Latin American Entrepreneurs: Many Firms but Little Innovation. World Bank Latin American and Caribbean Studies. Washington, DC: World Bank.

<sup>42</sup> <https://www.caribank.org/publications-and-resources/information-services>

<sup>43</sup> Micro, Small & Medium Enterprise Development in the Caribbean: Towards A New Frontier, CDB, 2016.

<sup>44</sup> <http://caribgrowth.competecaribbean.org/resources/studies-reports-2/>

issues ranging from public-private partnerships<sup>45</sup> to the potential role of the Caribbean diaspora in driving innovation and growth<sup>46</sup>

- There are various national studies being commissioned too, by individual governments or industry and competitiveness groups

These repositories confirm the wider relevance of the kinds of surveys and studies funded through Compete's Component 1, for policy makers and other stakeholders searching for a more complete and robust evidence base to inform their development activities. Given the scale of this existing body of evidence, Compete's added value is largely a matter of making funding available for up-to-date and suitably targeted, independent studies and surveys carried out in order to strengthen specific decision making and policy design. Crucially, Component 1 allows other parts of the program to follow the evidence rather than anecdote or received wisdom.

Component 1 did not feature prominently in the feedback from interviewees, albeit, as noted above, several people saw limited added value in Compete investing its scarce funds in further expanding the region's evidence base and argued the money would be better invested in implementation projects. Several contributors expressed a rather different view of matters, noting the value of the region-wide enterprise surveys that had been implemented as a result of Compete's financial support (through Component I) and which meant the World Bank's Enterprise Surveys now include substantially better data on the region than was the case historically.

Around 75% of the respondents to our survey of policy makers rated Compete's knowledge management program as providing substantial added value and around 40% rated the quality and usefulness of the individual products as good or very good.

#### 4.3.2 Component 2

The analysis of activities conducted under Component 2 point to a high level of relevance, based on the following criteria:

- The fact that projects supported under Component 2 are consistent with program objectives and targets, as defined in the RF
- The bottom-up approach adopted for project selection, which strengthens the link between CCP support and needs as identified and expressed by national policy stakeholders
- The direct link between the types of activities supported and the drivers of competitiveness in the region

The RF acted as the primary guide for selection of projects to be supported under Component 2 and has proven broad enough to encompass a wide range of PSD-related activities. Component 2 projects selected by the CPU are closely aligned with the Component's PSD Intermediate Result and outcomes. Indeed, most projects can be categorized as promoting investment or supporting debate over advancing competitiveness. The majority of Pillar Two projects involve strengthening policy advocacy through public-private councils and competitiveness bodies. Such dialogue is essential to private sector development so that beneficiaries and stakeholders themselves generate reform ideas and monitor their implementation. Except where a new organization is considered necessary to act as a secretariat, sustainable dialogue can be costless.

Other policy reform activities supported by CCP – including investment promotion, SME support, secured transactions administration, commercial courts and trade policy – can all be argued to meet CCP's broad private sector development objectives as well as growing incomes and employment.

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<sup>45</sup> Guasch, Jose Luis. 2013. Public private partnerships in the Caribbean: bridging the financing gap. Caribbean Knowledge Series; no. 5. Washington DC; World Bank.

<sup>46</sup> Dhanani, Qahir; Lee, Mina J.. 2013. The Caribbean diaspora: a source for venture investment?. LAC opportunities for all; no. 6. Washington DC; World Bank

The table below lists Component Two projects with a CCP contribution greater than \$100,000. The projects are divided into three broad categories of technical support – investment promotion covering support to investment promotion agencies and export sector strategies; policy design and implementation; and PPD and competitiveness councils.

Table 16 Component Two Projects by Area of Broad Technical Support

		Project Name	Country	Value k\$	Technical Area
1	TT-CC2016	Framework for Public Offerings in Trinidad and Tobago	Trinidad & Tobago	500	Investment Promotion
2	DR-CC2064	Business Climate Reforms to Strengthen Commercial Ties between SMEs and International Markets	Dominican Republic	400	Investment Promotion
3	BL-CC2005	Strengthening the Institutional Architecture for Investment Attraction in Belize	Belize	325	Investment Promotion
4	AI-CC2023	Strengthening Investment Attraction in Antigua and Barbuda	Antigua	366	Investment Promotion
5	JA-CC2065	Support for the Impl. of the Service Sector Strategy Impl. and Expansion	Jamaica	249	Investment Promotion
6	JA-CC2006	Investment Promotion and Economic Development Framework in Jamaica	Jamaica	241,5	Investment Promotion
7	GD-CC2067	Strengthening Export Competitiveness in the Grenada Agriculture Sector	Grenada	250	Investment Promotion
8	DO-CC2040	Support for Investment Promotion in Dominica	Dominica	200	Investment Promotion
9	SV-CC2074	Strengthening Inst'l Fmwk and Bdg Capacity for Investment Attraction in SVG	SVG	180	Investment Promotion
10	JA-X1002	Assessment of Implementation of Business Climate Reforms	Jamaica	657,2	Policy/Implementation
11	RG-CC2060	Fmwk for Est. and Impl. of Regime for Free Circulation of Goods within OECS	Regional	500	Policy/Implementation
12	JA-CC2046	Implementation of Business Climate Reforms in Jamaica	Jamaica	500	Policy/Implementation
13	RG-CC2066	Facility to Support Phase II of the Caribbean Growth Forum	Regional	500	Policy/Implementation
14	RG-CC2072	Harmonized OECS Spectrum Planning and Management	Regional	493	Policy/Implementation
15	BH-CC2003	Policy and Institutional Framework for SME Development in the Bahamas	Bahamas	435	Policy/Implementation
16	SU-CC2077	Fmwk for Impl. of Secured Transactions Regime for Movable Assets in Suriname	Suriname	400	Policy/Implementation
17	DR-CC2070	Strengthening National Commission for Defense of Competition of the DR	Dominican Republic	400	Policy/Implementation
18	BA-CC-2076	Alternative Dispute Resolution for Business Facilitation in Barbados	Barbados	150	Policy/Implementation
19	BA-CC2079	Supporting the Implementation of Immigration Reform in Barbados	Barbados	110	Policy/Implementation
20	TT-CC2009	Support for Economic Growth, Competitiveness and Innovation in T&T	Trinidad & Tobago	500	PPD/Competitiveness



21	SU-CC2020	Framework for Private Sector Development in Suriname	Suriname	500	PPD/Competitiveness
22	SX-CC2007	Strengthening Public-Private Dialogue in Saint Lucia	St. Lucia	496	PPD/Competitiveness
23	RG-CC2044	Caribbean Growth Forum (CGF)	Regional	447	PPD/Competitiveness
24	BL-CC2037	Fostering PPD through the Est. of the Economic Development Council in Belize	Belize	392,3	PPD/Competitiveness

Five projects support PPD and/or competitiveness councils, nine projects support investment promotion and the remaining ten projects design or implement a specific enabling environment policy. Policies and institutions supporting PPD, competitiveness councils and investment promotion clearly fall within both outcomes for Component Two's Intermediate Result. Effective PPD is fundamental to ensuring a sustainable and effective process of identifying, designing and implementing necessary policy/institutional reforms. CCP has been able to keep a fairly tight discipline over selecting projects in these technical areas.

The area for greatest variation of technical support is in policy design and implementation. Here, CCP again has generally selected projects in keeping with its overall impact and component intermediate result and outcomes. Strengthening the Competition Authority of the Dominican Republic, SME support in the Bahamas and trade liberalization in the OECS are central to PSD and complement CCP efforts to boost dialogue and investment. Alternative Dispute Resolution in Barbados, and the commercial court work in St Lucia support rule of law, are likely more fundamental to PSD than PPD. Telecommunication spectrum allocation and immigration support appear to be outliers but still support PSD through labor and utility market efficiency.

Comp 2 project relevance was also strengthened by the fact that most of these projects were developed upon the demand of national PSD policy stakeholders. Most interviewees suggested that Component 2 projects were selected during Phase I based on specific requests for support from countries. As long as the requested reform was aligned with the CCP RF and donor development objectives then it would be considered. In addition, senior IDB staff noted that CCP provided technical support across many sectors and technical fields in order to be able to respond to any request for assistance with a larger menu of support options. Relying on demand to implement projects is a double edged sword. It usually ensures host government commitment to the project but it also can lead to the most actively engaged countries receiving support whether or not they actually need it. So further due diligence is required on country need, relative to other Caribbean countries, before CCP can agree to the request. This may explain why Trinidad and Tobago with a capable civil service and high per capita income received two CCP projects under Component 2.

All the Component 2 projects which were visited as part of the evaluation had been suggested by the private sector and been under consideration for a number of years. In Jamaica however, JAMPRO and the government often took the initiative to propose projects with or without private sector support to CCP.

However, pure subject-based relevance cannot alone ensure project success. For example, in addition to country interest in the project, country administrative capacity should be considered. Under CCP every country, except Guyana, St. Kitts and Haiti, received at least one Component 2 project<sup>47</sup>. Belize and the Dominican Republic received two projects<sup>48</sup> while Jamaica and Trinidad and Tobago received two projects. The larger countries clearly have more public sector capacity to work with CCP to design and implement policy and institutional reforms. The provision of support in these countries is also favored by the existence of IDB country offices there. However, it is the smaller countries that likely require more

<sup>47</sup> Guyana received project prep funds but didn't have a project. St. Kitts also has no individual project. But it did get funds under the CGF and is part of the OECS Free Circulation Project.

<sup>48</sup> Both projects were partially cancelled due to weak capacity of the counterparts.

assistance from CCP to identify and implement reforms. Wagner suggests CCP should focus more on supporting the “exploratory stage of policy reform” in the smaller countries. Smaller countries often either ignore or unable to conduct this stage of the process. Once the benefit of a reform has been established the country can raise funding from within the country or from donors to implement the reform.

Wider inclusion of local stakeholders to design and implement reforms can also lead to more sustainable and effective outcomes. Policy and institutional reforms need not always be developed and implemented by public agencies and need not always adopt international best practice or international benchmarks without a careful assessment of local conditions. CCP has supported national PPD processes and increased national dialogue with social networks particularly through the CGF process. This welcome development should be encouraged under CCP Phase II.

While the ultimate program impact for sustainable economic growth and enhanced competitiveness serves a wide range of outcomes, it also may be worth exploring alternative outcomes to maximize economic growth. In large economies the PSD enabling environment is the most important driver of private sector growth given a stable macroeconomic environment and a given level of demand. However, in regions comprising very small economies it can be argued that firms may never be able to reach minimum efficient scale given the size of the regional economy. Therefore, firms must export to larger markets which increasingly today means supplying intermediate products to global supply chains. Global supply chains are dominated by multinational corporations – indeed, 51% of global trade in goods and services is conducted by just ten companies<sup>49</sup>. CCP Phase II could introduce a new outcome indicator specifically targeting global supply chains through greater FDI promotion and facilitation. Such an outcome is not inconsistent with Component 2 activities under CCP Phase I – CCP supported a number of IPAs. However, a specific supply chain outcome would focus CCP attention to FDI and other forms of supply chain access.

Despite the existence of a significant level of relevance amidst Component 2 projects, it has become apparent that these projects tend to be overly ambitious given the budget and time constraints. This is illustrated by the recurrent difficulties for projects in keeping with original timetables and meeting milestones. The case study on the OECS Free Circulation of Goods project demonstrates the difficulty of achieving a large number of complex outcomes including new legislation and IT deployment. The search for skilled labor to help implement reforms slowed project outputs.

### 4.3.3 Component 3

Initial interviews and on-line surveys have revealed the existence of a broadly positive view of Component 3 across all stakeholder groups, with donors and other regional PSD actors acknowledging the need to work directly with the private sector and national representatives and beneficiaries being especially positive about Compete’s ability to award large, non-reimbursable grants to firms specifically to pursue business development / business expansion.

There were suggestions that the program should consider more targeted calls for proposals, reflecting the kind of strategic assessments carried out with the support of Component 1 and then looking to make a larger number of interventions in a priority area. There was a view expressed that this increased focus would facilitate Compete’s systemic strategy, whereby its pioneering work and early support would be more likely to capture the attention of other actors, in the public and private sector, and generate similar initiatives and follow-on funding, helping to scale up the development efforts in question and sustaining and multiplying Compete’s achievements.

In addition to these reflections about the merits of more or less thematic focus, several contributors questioned the good sense of Compete providing direct support to individual clusters and firms, given its finite budget and the very large population of associations and firms that might reasonably be assisted and the attrition rate among project portfolios. These contributors took the view that Compete could

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<sup>49</sup> World Trade Organisation (2016), International Trade Statistics 2015. Available at : [https://www.wto.org/english/res\\_e/statis\\_e/its2015\\_e/its2015\\_e.pdf](https://www.wto.org/english/res_e/statis_e/its2015_e/its2015_e.pdf)

deliver the greatest benefit by concentrating on Component II. Notwithstanding these remarks about the relative merits of the different pillars, people acknowledged the potential value of a small (pilot) challenge fund as a platform through which to persuade others (e.g. national governments) of the case for investment in such support measures.

The field visits confirmed the continued relevance of the Enterprise Innovation Challenge Fund and the different projects it has supported, both under the cluster and the innovation window. The main factors underpinning Comp 3 relevance are:

- Developing clusters is relatively high in the policy agenda of eligible countries. For instance, Suriname Ministry of Trade & Industry expresses its interest to develop a full national cluster policy. The Ministry has already identified and seeks to support existing and potential clusters: the wood cluster (already existing, supported by the Dutch CBI program), and the dairy, baby food, pineapple clusters. The Government of Grenada is also interested in developing an agro-food cluster in the cocoa sector to introduce and enhance the potential for agro-processing.
- The firms consider engaging in a clustering process as a relevant means for *collectively* improving the quality of their products and/or services (e.g. to be certified by the ASC for the Belize shrimp farms), sharing the marketing cost of their products/services on the international market (i.e. developing the “pure Grenada” brand for the hotel and tourism sector in Grenada), and increasing export activities (Ornamental Fish Cluster).

Support provided by CCP through Comp. 3 does tend to strongly focus on enhancing export capabilities of both clusters and individual firms. While this is without a doubt contributing to enhancing competitiveness of some sectors, it may be unintentionally neglecting the needs of more traditional sectors targeting local demand. Focusing on entering or expending activities in foreign markets may also be limiting the program’s ability to address local-based needs. Food security in the Caribbean is a major issue for example, which is closely linked to the development of a strong and sustainable agro-food sector.

The issue regarding relevance of Comp 3 targets (firms and clusters i.e. mature vs. new-born) has been discussed in section 2.6.3. While the large majority of program targets can be considered to be relevant based on program objectives, a more targeted approach to providing support could maximize program impact. The fact that the program is supporting such a wide array of firm and cluster types implies that it may be spreading support out too thin. For example, the program could increase the clout of support provided by focusing primarily on supporting the development of new clusters, or alternatively, supporting more mature clusters.

#### 4.4 Adaptability to changes in context or opportunities

Our interviews provided very little feedback regarding the program’s adaptability, in respect to the need for it to adjust its focus or strategy in order to cope with or take advantage of external developments. Moreover, contributors did not make reference to any particular external shocks or events that the program might reasonably have been expected to react to.

One interviewee noted the growing interest in the creative industries and several emerging sectors like renewables and digital. This has been a big trend internationally and Compete has been flexible enough to support projects within these newly fashionable fields in addition to the more conventional focal points in tourism, food and agriculture. This contributor suggested Compete might usefully target some of these emerging sectors, in order to expand its portfolio of supported projects and related initiatives.

The issue of Brexit was briefly discussed as part of the evaluation interview with DfID representatives. However, DfID does not anticipate these developments leading to any material changes to its policy priorities or investments in the region.

There was plentiful feedback from beneficiaries remarking on the program’s flexibility – thematically and instrumentally – which they judged to have been important to the launching and execution of projects of high relevance and consistency with national priorities and also entirely sympathetic to local

context. According to a number of these, the program's ability to 'self-adjust' given its relative degree of openness has been one of the key drivers of program success. Flexibility derives primarily from: the relative open mandate given to the program in terms of particular initiatives / topics it may support, the flexibility of its management and governance structure which was able to swiftly incorporate changes to the program when major roadblocks were identified, and the flexibility of the management structure and procedures driven by the fact that it is a stand-alone initiative operating outside of the IDB's mainstream operating procedures. Flexibility is also expressed in the program's capacity and willingness to enter into partnerships with a wide range of external stakeholders. According to one former PCU member for example,

*"The program had the capacity and freedom to react whenever there was a new challenge, and that was the PCU's role. This flexibility was embedded in the program. If you look at the operating regulations of the program, it was a living document. ...for Compete the changes were approved by the PAG, which made it much easier to introduce changes".*

#### 4.5 Additionality

Our interviews revealed a positive view as regards the program's additionality, both as regards financial inputs and project outputs.

Several contributors remarked on the role of Compete in helping to channel donor funds into the region, where otherwise they might have been directed to other regions or countries in Latin America or Africa. The Caribbean economies are typically smaller with higher per capita income, and while they have evident development needs they are not always successful in securing support from the international development community when competing for funds against larger and arguably more needy countries elsewhere in Latin America. Compete also helps to overcome the IDB's limited country membership in the Caribbean:

*"The real strength of CCP is being able to provide grant-based policy support to countries to improve their enabling environments. The WB for example cannot provide grants to Caribbean countries. However, being highly indebted these countries do not borrow from the Bank for policy reforms. The WB can mobilize, bring best practices and provide loans. But CCP fills gap by implementing enabling environment reforms in the Caribbean. – World Bank Interview.*

Donors and partners were generally able to name one or two other regional programs with an interest in PSD, however, while they acknowledged Compete is not alone targeting regional competitiveness, they were adamant that the nature of its offer is unique; it does provide something very different and as such it is viewed as being wholly additional. Examples of other programs included:

- The Entrepreneurship Program for Innovation in the Caribbean (EPIC) implemented by infoDev, (<http://www.infodev.org/EPIC>) and funded by the Canadians.
- The IDB's Multilateral Investment Fund (MIF) as an important and complementary program in the Caribbean. MIF is a source of microfinance and venture capital, working with local, mostly private partners, to help fund and execute projects in the Caribbean member countries of the IDB. It has provided several tens of cost-shared grants to Caribbean projects (up to US\$2 million) related to business skills and SME finance in the period since 2012, including several that have some degree of resonance with Compete projects (e.g. Extending Alternative Dispute Resolution Services to SMEs [Project Number: JA-M1021]). MIF staff have provided Compete with ad hoc advice on various technical issues such as 'access to finance' and also making suggestions for and appraising targeted studies (Component I) on for example microfinance in Jamaica. They have also offered suggestions about the design of Compete II, in particular around the potential for Compete to function as an entry point for regional businesses with growth potential that might subsequently look for funding from MIF or IIC to help them go to scale

- The DfID-funded £10M Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund), which ran for around six years from 2009, and was designed to operate as a demand-driven “basket fund,” providing grants on a by-request basis to eligible national and regional public and private sector organizations. CARTFund supported around 30 projects – mostly national – designed to facilitate implementation of the Caribbean Single Market and Economy (CSME) and the Economic Partnership Agreement (EPA) between the European Union and CARIFORUM Countries. Perhaps a third of the projects would have looked at home within the Compete portfolio, and ranged from strengthening the capacity of Belize’s international trade and investment services through to developing St Lucia’s services sector. The Fund’s objectives and achievements are described in substantial detail in a recent independent evaluation, commissioned by DfID<sup>50</sup>

For national representatives, the scale of the PSD challenge for the region is so grand that there is room for several more Compete’s and one would still not necessarily see high levels of duplication of effort or the crowding out of other potential investors.

We used our various surveys to ask about similar programs to Compete, to get a better sense of the support landscape and the position of Compete within this broader picture.

The policy-makers’ survey asked about other similar programs to Compete, and around a third of the respondents indicated they were aware of other analogous programs. We invited respondents to specify the names of such programs, however, people just ticked the box and said no more. We also invited people to rate the added value of Compete’s different elements, for example, in terms of its support for particular types of activities (the three Components) or its broad involvement of stakeholders. Three attributes stood out as being regarded as ‘unique’ by a substantial minority of respondents, including the ‘level of funding’ (30%), the ‘focus on cluster and firm-level innovation activities’ (21%) and the ‘knowledge and expertise provided by the program’ (21%).

The company survey asked about other similar programs, with around half of all respondents answering the question and around half of those that answered the question stating they were aware of alternative schemes. Around two thirds of those that were aware of alternative funds had also bid to those other programs. The cluster survey produced the same kind of split, with half of the respondents having some knowledge of other analogous grant-awarding programs.

For beneficiaries, there was a universal view that the projects in question would not have found financial support elsewhere and would not have been launched, even at a reduced scale or over an extended period of time. As with the donors, beneficiaries see the fund as wholly additional and believe Compete is supporting improvements that would not have been realized otherwise. For example, the added value of CCP when it comes to the Grenada Project Cluster. When the project was designed and submitted, due to the economic crisis and the down turn of the Tourism industry in Grenada, the Grenada Hotel and Tourism Authority (GHATA) and the Government didn’t have the money and the technical capacity to rebrand the destination and implement a new marketing plan. According to one interviewed project stakeholder, “CCP saved our industry”.

However, a closer analysis of the types of projects supported by CCP under Component 3 reveals a more nuanced reality. There appears to be a very thin line between high risk innovative projects which could have indeed encountered difficulties accessing funds from traditional funding sources (i.e. banks), and more traditional commercial ventures (i.e. expansion of a production line) which could have, in all likelihood, sought to obtain support from existing sources. In others words, while the additionality of CCP under Component 3 is clear in the majority of cases of firms and clusters supported, there are a number of instances where the program does not appear to be filling a real funding gap. The key distinguishing factor between the former and the latter appear to be a) the innovative dimension and

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<sup>50</sup> Evaluation of The Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFUND): Evaluation Report, International Financial Consulting, DfID, May 2015.



related risk factor of the projects and, b) the existence of broader spillovers (i.e. social, economic, development) in addition to the purely commercial value of the project supported.

#### 4.6 Linkages and coordination with other PSD programs

The Mid-Term Evaluation includes a table showing several major institutions operating across some or all of the Caribbean region, with an interest in PSD issues, which suggests it was a pretty crowded landscape at the point in time when Compete was launched. The evaluation was critical of Compete for its tardiness in establishing links with the key organizations, and also maintained it would have been helpful for Compete to have documented the objectives and activities of each of these other actors in order to facilitate coordination and cooperation. They singled out the Caribbean Export Development Agency (CEDA) as an example of an organization where there was a clear overlap in mission and a prima facie case for some level of information exchange and mutual agreement on where and how to work together or avoid duplication.

The majority of our interviews with donors and other regional stakeholders revealed a widespread view of a program that took several years to find its feet, and build the necessary profile and linkages with other regional actors and PSD-related programs. There is a general consensus that the situation was transformed with the appointment of the current program director.

The World Bank was complimentary about the role of Compete within the Caribbean Growth Forum, and its more general commitment to communication and coordination with donors and other regional programs. The Bank was also complimentary about Compete's contributions to the coordination of various regional actors' interests in PSD, through its support for the Caribbean Growth Forum, and also its willingness and ability to dovetail with other donor projects, such as the implementation of a region-wide spectrum harmonization project with the Caribbean Telecommunications' Union. There was a suggestion from one interviewee that the World Bank is better placed to deal with policy matters, and that there had been some level of duplication of efforts in this space. However, collaboration between CCP and the WB has been productive when it comes to dialogue on Doing Business Indicators, donor mapping and knowledge management products. There was also a call for closer links on the design of Compete 2 and the interplay with complementary schemes like the World Bank Group's Entrepreneurship Program for Innovation in the Caribbean (EPIC), which is a Canadian government funded (Can\$20 million) project supporting innovation and entrepreneurship across the region over the period 2011-2018.

The World Bank however did express a desire to develop closer coordination between Compete 2 and its own regional entrepreneurship program, EPIC. The IDB's MIF and IIC would also welcome closer involvement with Compete going forward, to secure higher levels of mutual awareness, cross-fertilization of learning and possible co-investment.

National representatives were also complimentary about Compete's general commitment to communication and coordination with national actors and programs.

## 5 Coherence

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### 5.1 Introduction

In this section of our report we consider Compete's coherence with other external PSD initiatives in the region and the fit or synergy of its three pillars. As with the other evaluation chapters, this section is informed by all of our data collection and analysis activities, including desk research, interviews and surveys. We have looked at each of the four following topics:

- The alignment between the Program's offering under the Business Climate Enhancement Facility with the policies, programming and support priorities of the governments in the region with respect to PSD
- How and if CCP projects have attracted (crowded in) additional resources for PSD in the region
- The alignment of the program to the corporate objectives of the donors and partners (IDB, DFID, GAC and CDB)
- The level of complementarity across all three pillars of the program

### 5.2 Overall coherence of the program

The analysis conducted as part of the evaluation has revealed that PSD support in the Caribbean is quite a busy landscape, with tens of donor organizations active in the region, most of which have at least some interest in private sector development. Accurate figures are hard to come by, however, Compete's own analytical reports suggest it may account for 5-10% of the value of current PSD projects and that its major distinguishing factor is its ability to award non-repayable grants and the technical competence of its management team and technical assistance. The program considers to occupy a particular niche which is not occupied by any other donor or government program in terms of the scale of the funding to undertake the risk involve in scaling up for exports.

We found no specific examples of unnecessary duplication of effort, however, this perhaps reflects the relative smallness of the total international development effort as compared with the size of the PSD challenge in the region. There has been an improvement in donor coordination with the arrival of Compete, however, further improvements in openness and transparency, across donors, might usefully increase the opportunities for cooperation and synergy

Compete's main donors and partners are strong advocates and see the program as being entirely complementary to their own corporate objectives

The majority of our interviewees consider that Compete's three pillars sit reasonably well together, however, the exact nature of the interplay between the three is not clearly articulated in the program documents. While there are examples of preparatory studies in Component 1 being followed up by larger exercises in Component 2 or Component 3, the interdependencies are not especially evident from the portfolio of projects. Component 1 knowledge products were intended to inform Component 2 policy reforms which in turn would support firm-level productivity and growth under Component 3. In practice, the almost complete lack of usable data and research on the state of the private sector in the Caribbean meant that activities under Component 2 could not wait for completion of the PSARS. Instead, CCP staff developed effective and regular communication with governments and IDB staff to identify appropriate PSD interventions.

### 5.3 Alignment with policies and priorities of governments across the region

We focused our desk research on the program overall, as we found very little secondary data or written material that looked specifically at the alignment of Compete's Component 2 with the needs of the governments in the region.

In 2012, Compete initiated and funded a series of country-level analytical studies, Private Sector Assessment Reports (PSAR), which were intended to allow the program management team to better



understand any country-specific PSD challenges. The PSARs also sought to document existing policies and priorities of governments across the region, in order to inform Compete’s activities and facilitate alignment among the many different players.

Most of the 15 country reports were published by 2013 and several have been updated in the last 12 months or so, and continue to provide a useful reference for Compete and other actors. The reports are somewhat lengthy and discursive, however, and it proved to be inconclusive when we attempted to use the conclusions and recommendations from each report to test the alignment with the Compete portfolio.<sup>51</sup> The Economist Intelligence Unit’s (EIU) synthesis of the PSARs provides a very helpful overview of the common challenges faced across the region, however, its conclusions about what can be done are rather generic (e.g. engagement of Caribbean diasporas around the globe, educational reform, tax reform, more support for economic sectors of strategic importance, etc.). While the EIU report does not include specific recommendations for Compete, we can see that the latter’s portfolio includes a substantial proportion of projects that do align with the EIU’s overview of regional needs and opportunities, whether that is greater support for innovation or boosting female employment in the formal business sectors outside education or hotels and restaurants. It is also clear from the report, that Compete’s focus on national framework conditions through Component 2 is well judged.

Our interviews with government ministers and other regional actors did consider this issue of alignment, and in particular the relevance of Component 2 to regional needs, and there was a widely held view that national governments struggle across the board with capacity constraints and simply do not have the staff (or expertise) to drive forward the necessary reforms. There is an appreciation of the need to modernize and harmonize, in very many areas, and the financial and intellectual capacity made available through Compete is widely welcomed. Several interviewees commented on the scale of the challenge of overcoming the inertia of the wider governmental systems, and the fiercely independent political perspective, across the region, and suggested that Compete should consider taking a more targeted approach – and ideally a regional position too – in order to increase its influence and the likelihood of making an impact that will be sustained going forwards.

The approach used by the program to identify relevant Component 2 projects (cf. section 2.6.2) favored the alignment between program activities and national priorities and policy agendas. Component 2 projects often resulted from a lengthy dialogue between the program and national policy stakeholders, with the main drivers behind the initiatives generally being local government officials themselves.

A small number of interviewees indicated the need for stronger articulation between Component 3 interventions and national sectoral priorities. Globally however, the cluster window under Component 3 sits well with a number of national government priorities, particularly those which are geared at developing a strong cluster policy.

#### 5.4 Alignment with donors and partners active in the PSD space in the Caribbean

The individual PSARs include some information about donor priorities, however, while several have their own explicit strategic objective (EU focus on making a success of the EPA), all agree that the needs of the receiving country are paramount and define their contribution in rather flexible and generic terms. The donor matrices reveal several areas where greater support is needed, including support for regional integration, trade facilitation and logistics, access to finance and greater public sector dialogue.

The individual PSARs include a donor matrix listing all of the major donors active around PSD issues in their country, whether strictly national or regional. There are around 50 unique organizations identified across the suite of country reports, with around eight donor organizations active in most if not all of the countries across the region. This desk research shows that, in addition to Compete, the region’s main donor agencies in terms of active presence (i.e. projects being financed by means of either grants or loans) in Caribbean countries include the Inter-American Development Bank, the Caribbean Development Bank, the European Union, the World Bank (in various guises, e.g. the International

<sup>51</sup> The Mid-Term Evaluation (MaxwellStamp, 2014) was rather critical of the PASRs, suggesting they were rather academic in style with limited ownership of the conclusions by the governments and other actors consulted in the countries under review.

Financial Corporation) the Canadian International Development Agency (CIDA) and the UK Department for International Development (DfID). There are also various bilateral arrangements with territories such as France, Japan, Kuwait and Taiwan amongst the top 50 donors, with China as the single most widely represented country.

In addition to this organization-level perspective, several of the individual PSARs (not all) include estimates of the number and value of donor projects relating to private sector development, with a national or regional focus. ~~Table 17~~ ~~Table 17~~ ~~Table 17~~ presents an overview of main donor projects for the OECS sub-region, showing more than 220 projects with a combined value of more than US\$ 465M in donor contributions. The distribution suggests that ‘business environment’ projects are more common than ‘Access to Finance’ schemes, and that ‘Services’ dominates from a sectoral perspective. While these data are partial and a little out of date, and when combined with the list of donors, they do indicate the busyness of the PSD landscape in the Caribbean and underline the need for Compete – and other donors – to maintain high levels of transparency and dialogue to maximize synergies and minimize unnecessary duplication of effort.

Table 17 – Overview of Main Donor Projects by Objective, Sector and Value for OECS (December 2013)

Objective	Active/Recently Completed Projects	Average Share (%)	Agriculture Projects (% of total)	Industry Projects (% of total)	Services Projects (% of total)	Total Value of Main Projects (US \$ Million)
Business Support/Institutional Structure	67	27	6.3	7.9	10.8	108
Access to Finance	36	14.1	5.9	6.7	10.6	104
Business Environment	91	33.5	9	10.1	19	156
Business Support/Finance	35	12.9	4.8	5.2	7	97
Total	229	-	26	30	47.4	465

Source: Figures taken from the Compete Caribbean Private Sector Assessment Report (PSAR) for Antigua and Barbuda 2013, Table 23 (<http://competecaribbean.org/donor-matrices/donor-matrix-antigua-and-barbuda-2013-updated-2015/>)

Our interviews confirmed that Compete was and is aligned with the corporate objectives of each of the program’s three major donors and their key partners in the region, including the EU delegation and the Caribbean Development Bank. We obtained similarly positive feedback from the World Bank.

Compete’s two national donors see the program as being a good fit with their other initiatives in the region, and do maintain an overview of their multiple investments (Canada is reaching the end of an 8-year spending cycle where it will have committed Can\$600M in more than 20 projects in the region, several of which are concerned with PSD but only Compete is working directly with beneficiaries; they see it as a good and innovative program). The donors are closely involved with governance and do ask Compete to emphasize certain aspects of its work (e.g. DFID has a strong interest to see more work done in the Eastern Caribbean, where the private sector is very weak; Canada has encouraged the program to give greater weight to green issues and women).

The IDB contributors view Compete as an innovative and complementary initiative, which fits well with the Bank’s broader ambitions for PSD in the region, and also improves its reach within those countries of the region that are not member countries.

Several people commented on donor coordination, noting that the Compete Caribbean program and the Caribbean Growth Forum (CGF) had improved matters greatly, both formally and informally. There were calls for further work on donor coordination, from the World Bank, which considers the current

situation has gone backwards to some extent with the switch from Compete to the IDB within the CGF. As well as several invitations for closer interaction at scheme or fund levels, from EPIC and MIF.

One interviewee however stressed the need for further clarification of the alignment between the CGF and the CCP. According to him,

*“The Growth Forum should be a subset of Compete, but it’s not always seen that way. The identity of the Growth Forum needs some better clarity... the agenda of the growth forum is really pushed by the World Bank, but the Growth Forum is also linked to Compete. Compete is CDB, IDB, DFID, and GAC Canada, so the nexus between the two needs to have more clarity to that we understand how one is related to the other”.*

### 5.5 The program’s three pillars

The Mid-Term Review criticized the absence of any explanation as to why the program needed three pillars, and not two or four and why these three pillars. They concluded there was a poorly developed theory of change, and suggested Compete should revisit the overall logic and the connections between the components.

However, donors and partners were broadly positive about the interplay between the three pillars. Some of them were critical of the fact that the work done in Component I had not obviously provided the platform for work in Components II and III. The PSARs were also criticized for being rather generic, for example, and not providing national governments or Compete with the level of insight necessary to determine priorities or target initiatives.

Overall, the evaluation did not identify any major issues in terms of the coherence among the objectives of the program’s three different pillars. In theory, expected outputs, outcomes and results appear to be rather complimentary, and in alignment with the program’s overarching goals and ambitions. Issues identified by the evaluation with regard to the pillars relate mainly to the relevance of adoption of three pillars and promoting the use of such a wide array of activities by means of the program. Additional weaknesses also stem from the fact that in practice, the cross-fertilization of component outputs and outcomes was sub-par (i.e. use of Component 1 generated data and knowledge for the development of Component 2 policy support projects), and the timing of component implementation didn’t necessarily favor the development of more explicit links among them.

### 5.6 Internal project coherence (Component 2 only)

This section looks at the internal project coherence of Component 2 interventions, which often included a number of sub-components and activities (e.g. several pieces of legislation). The issue around internal coherence is not addressed for neither Component 1 or 3 projects since these were generally conducted on the basis one or two key activities (e.g. providing technical assistance for the development of CCIPs).

CCP projects under Component 2 were not discrete policy or institutional interventions. They were designed as a package of activities to support an overall objective. This often resulted in ambitious and complex projects given their budget limit of \$500,000. These projects were more likely to be delayed and endure counterpart staff changes and changes in government given the short parliamentary lives in the Caribbean. However, the PCU, along with program beneficiaries, were skilled at redesigning projects in mid-course when necessary rather than abandoning the entire project. Only three projects were cancelled after their final project approval. In conclusion, this package of support approach has likely contributed to overall CCP success in Component 2. Under CCP Phase II the risks inherent in this package approach could be minimized by breaking the project into conditional stages and not proceeding to the next stage until the government had implemented the results from the previous stage. For example, enacting legislation or appointing leadership to an institution, etc.

The review of project evaluation reports suggests the following recommendations for project design during CCP Phase II:

- Completion of project outputs and outcomes should not, to the extent possible, rely on political decisions of the host government. Enacting legislation, SOE-sales and PPP transactions can be politically sensitive decisions for any government. These risks are amplified when a general election is scheduled during the life of the project. Instead, CCP could seek to develop a series of smaller projects each one conditioned upon a transparently reported government decision to proceed with the next step.
- Projects with complex outputs and outcomes subject to exogenous risks are ambitious projects. Ambitious projects require special cost-benefit analysis of key risks. Such projects may also have to be implemented in stages unless clear synergies exist for parallel activities.
- Relying on counterparts with limited administrative or technical capacity or relying on the recruitment of skilled counterpart staff is a significant project risk unless CCP has an ongoing relationship and can work within such capacity constraints. It may be more effective for the counterpart to recruit any necessary skilled staff before CCP commits project funds.

## 6 Efficiency

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The efficiency analysis is meant to address three main evaluation questions (cf. Evaluation Questions in the Appendix A):

- To what extent is the operation appropriately organized and managed to enable it to identify, structure, implement and monitor projects that align with its development mandate?
- How does the program's value for money (inputs vs. outputs/outcomes) compare to that of other similar programs in the region?
- Is the Program capable of supporting its projects at an acceptable cost?

### 6.1 Program management and steering

#### 6.1.1 Overall program governance processes and set-up

There is a strong consensus among program stakeholders (i.e. donors, partners and beneficiaries) regarding the quality and relevance of program governance. Some of the key assets of program governance identified by the evaluation include the following:

- The articulation and the division of tasks between the strategic body (PAG in charge of supervising the strategic goals, the alignment of objectives) and the executive bodies (EC, and PCU in charge of checking the technical feasibility) worked well. The preparation of the PAG meetings by a technical PAG meeting was relevant.
- The involvement of IDB staff coming from different departments and the oversight from the IDB is considered to be an asset for program governance and oversight.
- The knowledge and information sharing, the reporting on the program and the communication on its activities has been transparent and informative according to PAG members and the Donors.
- Program implementation has been flexible thanks to the design of the governance which embedded elements of flexibility. As an example of this; the Operating Regulations of the Program are considered to be a 'living document', which can be modified and updated with a relative level of ease (i.e. upon approval of PAG). This flexibility also allowed the program to introduce changes to supported projects along the way, with the approval of the program. This often allowed the introduction of necessary adjustments based on changing context for example, increasing the likelihood of project success. For example, Premier Products Belize made three important changes after having been awarded the grant, all approved by CCP. According to one IDB representative, "CCP had great ability to adjust project design and execution without losing focus".
- The strong involvement of the Donors in the different bodies beyond the intention of the Operation Regulations is certainly a key strength of the Program, and has been instrumental for ensuring a smooth strategic supervision of the Program.

The mid-term evaluation (October 2014), reported some "conflicting views" about the roles of donor representatives between the Donors and the former Executive Director<sup>52</sup>. However, the situation at that time was quite different, due to the slow start of the Program; there was a strong interest from the Donors to have a closer look on the activities under the Program. As a result of her arrival, the current Executive Director (ED) made significant efforts to involve the Donors into the PAG and Executive Committee decisions and discussions about the strategic direction of the Program, and the activities funded by the Program. The involvement of the Donors into the drafting of the terms of reference of the

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<sup>52</sup> The Mid Term Evaluation report mentions: "One the donor side, there is the perception that, once much time and resources have been expended in preparing a project, there is a little leeway for them to stop it from going forward..." and "One the PCU staff side, in contrast, it is perceived that, too often, after much time and resources have been expended to prepare a project, its approval gets either denied or delayed at the EC level due to a donor's objection". "It was also been reported to the evaluation team that the CCP ED had to spend frequent meetings with donors to discuss CCP activities".

present evaluation can be seen as a good example of this management philosophy, which ensures a shared vision of the CCP strategic goals.

In our view, the adequate level of interactions with the Donors is a sign that the governance has worked well, even if in some circumstances this may have led to delayed decisions, and required additional meetings and discussions.

The lack of a strong mobilization of the Regional Consultative Forum could be perceived as a failure of the governance of the Program.

The RCF was supposed (in the Operating Regulations) to be the voice of the Caribbean Private Sector Development administrations and ministries to ensure a strong alignment of the Program activities with the needs of the Countries. It was also supposed to maintain CCP up-to date on the PSD actions around the region. The Compete Caribbean Strategic Review final report (October, 2012) pointed out that “the governance structure was very correct in the original design”, and particularly that “under the original design of the CCP governance, it could be said that the ownership of the CCP by the 15 Caribbean member Countries was built in, and properly reflected in the RCF...”. However, the consultant also noticed that at that time (2012) the RCF has never been called and the member countries have not felt really involved in the CCP, “seeing it as a donor controlled organization managed towards their goals and not the Caribbean interests”<sup>53</sup>. Being called for the first time in April 2013, the RCF has never been called again. The main reason is the difficulty to get all the members in one place at the same time (an “unwieldy” body). Alternative ways of interactions could have been set up for instance through webinars, or a series of national meetings.

However, in our view, the lack of regular meetings of the RCF did not have a profound effect on the capacity of the Program to address the Countries’ needs and the implementation of the Program at the country level. The different policy stakeholders we interviewed did not report any lack of ownership vis à vis the Program. In addition, from end of 2012 / beginning 2013 the program found its steady pace by supporting a great number of projects under Component 2 (Policy Support Facility) involving the local ministries and agencies into the Program at the project level and providing for the CCP management with the necessary intelligence on PSD needs in the regions. Finally, to a certain extent the involvement of the Investment Panel experts into the selection process of the Pillar 3 projects has also been a way to up-date the knowledge of the CCP management on the needs of the private sector in the region.

The Investment Panel has generally brought to CCP the necessary technical expertise to assess the relevance and the feasibility of the projects under the Innovation and Cluster windows. The composition of the IP has been flexible and pragmatic depending on the projects and the set of expertise needed for assessing the projects. That has been a key strength of the selection process. One of the interviewed beneficiaries expressed the wish to see strengthened expertise within the Investment Panel. According to this interviewee, the IP “does not have the technical skills to understand what we are doing, to visit our plants and provide good advice”.

#### 6.1.2 Operational management (program coordination unit)

Despite the program’s somewhat shaky early stages which led to a number of changes at the management level, the overall appreciation of the work conducted by the PCU is overwhelmingly positive. This is based on the perceptions expressed by all types of stakeholders contacted as part of the evaluation, including national beneficiary country representatives. The central management team is considered as being open, responsive, accessible, flexible and understanding. The quality and professionalism of CCP staff was also highlighted, including that of the program’s current Executive Director. All of these traits represent one of the most appreciated assets of the program

This was also confirmed by interviews carried out at the field level. Every case study stakeholder remarked on the flexibility and professionalism of the CCP PCU staff members. CCP staff usually wrote

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<sup>53</sup> Compete Caribbean Strategic Review, final consultant report. Emiliano Duch. October 31th, 2012.



the TORs for consultants, supported local implementing agents to either identify and / or select consultants and were always willing to provide advice and solutions.

*“CC is one of the most responsive programs that I have come across during my time in business. The quality of personnel is very good, the team shows genuine energy and commitment” - Independent Investment Panel member*

*“The Executive Director in particular is very open to what donors have to say. There is a sense that she really listens and takes comments and feedback on board” – Donor representative*

*“Although the team is in Barbados, it feels like they are next door. They are very accessible, they help us find the right people, the organization of the program is very good” - Beneficiary country representative*

*“The program was very responsive, with short turn-around time for petitions and not as bureaucratic as some other programs that we have worked with” – Beneficiary country representative*

*“They were like family” - Beneficiary country representative*

The program was also very often praised for its capacity to communicate in a consistent and timely manner. Over 85% of respondents to the policy stakeholders survey qualify the program communication to stakeholders as good or very good (cf. [Figure 15](#) [Figure 15](#) [Figure 15](#)). This was confirmed by interviews and field visits. According to one IDB representative for example “PCU communication is very, very good”. According to an Investment Panel member, when referring to the CCP, “something that is really appreciated while in business is when somebody provides and communicates the right information at the right time”.

Undoubtedly, one of the underpinning factors behind the proximity of the program with beneficiaries at the country level is the considerable amount of time and resources dedicated to supporting projects by CCP staff and CCP-hired consultants. To this extent, the PCU acted not only as central management team, but also provided a significant amount of direct technical assistance to projects and beneficiaries themselves. From a purely monetary perspective, this explains why component-specific PCU costs are high in the case of CCP. This also often led to a blurring of boundaries in terms of the nature of the work being conducted by PCU staff. For example, in some cases it’s difficult to assess whether the time dedicated to providing back-office (i.e. accounting) support and guidance to projects on behalf of program staff was done as part of their central program management responsibilities, or as Technical Assistance to projects. However, regardless of the implications this may have on the assessment of the volume of program administrative costs vs. project-related costs, it is our view that the technical assistance provided by central management team members to projects represents one of the program’s main assets and distinguishing factors. This support undoubtedly allowed Compete to develop more robust and success-prone projects.

Although they cannot be considered to be part of the PCU, consultants hired by the program to provide technical assistance to projects, were often positively assessed by program beneficiaries. CCP staff usually wrote the TORs for consultants, supported local implementing agents to identify and/or select consultants and were always willing to provide advice and solutions. Although it takes some time, the recruitment process CCP conducts to contract long-term resident consultants to support local institutions appears to select excellent consultants which significantly contribute to the success of the project. This was considered a defining factor in the success of the St Lucia NCPC for example. The positive appraisal of consultants hired to provide support under Component 3 activities is clearly illustrated by responses provided as part of the on-line survey (cf. section 3.1.1.2).



### 6.1.3 Internal monitoring

Perhaps one of the weakest points of program management ties to the internal monitoring system and activities. The Compete Caribbean Program uses a Project Management & Monitoring & Evaluation Database Tool called the Compete Caribbean Administrative Reporting System (CCARS). This evaluation has used CCARS data for general descriptive (e.g. timelines), financial (distribution of funds) and to a limited extent output and outcome data at the program level and project level. The latter analysis was found to be particularly challenging, as the CCARS database system deals with a large backlog of unprocessed information in terms of registering output and outcome realized values (in some cases even baselines were not entered into the system yet). This backlog is mainly explained by the time-consuming nature of capturing project level data, as well as the complexity of the system.

In addition, the structure of the output and outcome indicators does not follow a harmonized template consistent between projects or between projects and the program level, as projects were able to use their own indicator definitions. In total 596 different unique output indicators were formulated across 99 projects (although some relatively similar), and 451 unique outcome indicators. This for example made it very difficult for the evaluation team to meaningfully aggregate these figures to a program level.

As a result of this, real-time monitoring of program outputs, outcomes and results by means of the CCARS system has not really acted as an input for program steering. Instead, the program has relied on 'manual' monitoring procedures which have been used more on an ad-hoc basis. While this has not had a significant impact on program steering (the program did manage to adjust its strategy based on preliminary monitored results), it has reduced its capacity to produce a full picture of where it stands with regard to each of the adopted project and program level performance indicators. This for instance, has posed a significant challenge to conducting the final program evaluation.

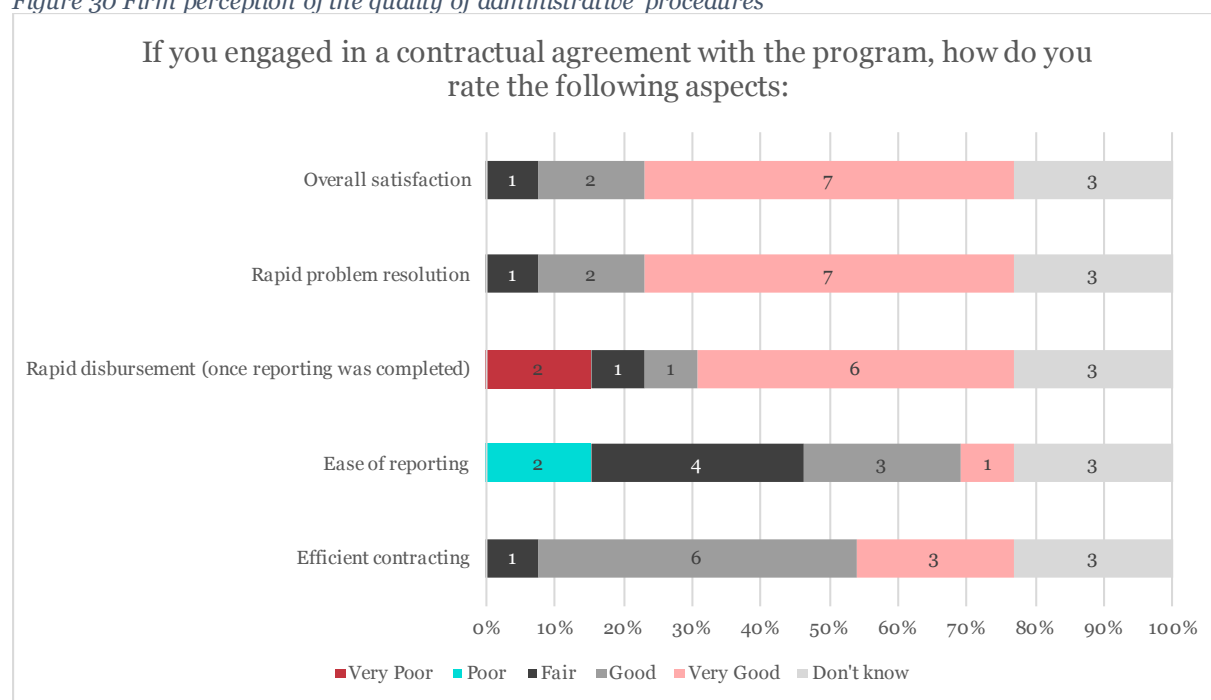
### 6.1.4 Program procedures and administrative burden

The evaluation does not provide a clear-cut message around the quality of program administrative procedures and the level of administrative burden from the beneficiary standpoint. Interviews and survey results indicate that there are somewhat mixed feelings within the program beneficiary community on this subject. Some of the main criticism relate to the administrative burden linked to financial payments, which are considered to be disproportionate to the level of funding involved. Additional criticism relates to some of the program's funding and procurement rules, which stem from general IDB procedures and regulations on procurement and provision of technical assistance.

While the following paragraphs provide additional detail on the specific issues highlighted by program beneficiaries in terms of administrative complexities and challenges they encountered, the evaluation team has reached the conclusions that the administrative procedures and processes set in place by the program did not limit its ability to deliver its intended support and activities. Our experience conducting evaluations of this nature has taught us that consensus regarding the quality of administrative procedures of public support initiatives is rare to come across, and that any complaint identified as part of the evaluation should always be interpreted in light of more general program results (i.e. effectiveness). As such, the evaluation recommendations as presented in the final section of the report do not include any specific suggestions on how to improve the program's administrative procedures. In addition, it is our belief that current financing rules – including the 30% cap on capital expenditure – are in line with the rationale of the program and do not merit any substantial modification. The key to avoiding any potential complications does not lie in modifying program rules, but rather in transparently and efficiently communicating them to beneficiaries, and adequately supporting them in all efforts made to abide by them.

The following figure presents the overall appreciation of Component 3 firm beneficiaries of program administrative procedures. It illustrates that while the overall satisfaction of contractual relationships is relatively high, there are deficiencies expressed mainly around the ease of reporting, and the timeliness of disbursements.

Figure 30 Firm perception of the quality of administrative procedures



Nb: 13

Some of these issues were also raised by Component 3 beneficiaries during field visits. Two clusters for example were critical of:

- The length of the process for firm procurement tendering (the two stage approach EoI then Tenders; the two level of approval within CCP: PCU in Barbados and IDB at the headquarters). It took up to 6 months to conduct firm procurement.
- The procurement process and subsequent contract issuing process for external independent consultants which was considered to be too lengthy, “byzantine and ridiculous”.
- The length of payment to consultants and external providers (3 months after completion of the work)
- Some rules are perceived as being over-complex or of limited utility, for example:
  - Not being allowed to recruit the consultant who helped in designing the Business Plan for the implementation stage
  - The fact that CCP funds can’t be used for new construction, but only for the purpose of retrofitting existing structures

Individual firms also highlighted specific challenges in relation to their cash flow, as a result of CCP rules.

- The firms had to provide up-front payments of up to 100% of the investment, before CCP would disburse grants. In the case of the purchase of equipment, these payments can be considerably high and burdensome. If it is externally financed, there is an additional financing cost (assuming that there will be financiers). If it is internally financed, this can be an (unplanned) drain on cash flow. It must be stated however that in order to mitigate this challenge, the program worked with projects in order to break them down into tranches, easing the burden of pre-financing on cash flow.
- It appears that CCP does not reimburse all costs related to the purchase of equipment. All firms mentioned that between 10% and 30% of costs were not reimbursed. While this might have been included in grant contracts, it did represent a challenge for some beneficiaries, particularly small firms who might have overlooked this in planning and budgeting.

### 6.1.5 Application process and communication on call for projects

Two of the key determinants in the ability of competitive-based funding instruments' ability to attract target populations of beneficiaries are the application process and the communication conducted around calls for projects and funding opportunities. For this reason, the evaluation decided to look into both of these dimensions of CCP. The results of this analysis do not pinpoint any particular issues linked either of them, which may have reduced the program's ability to reach intended populations, and developed the types of projects is sought to do.

Generally speaking, the approach adopted by the program to project selection and identification which can be described as bottom-up and demand driven, was beneficial to achieving program objectives and ambitions. The program would however benefit from stronger communication and outreach among potential target populations, particularly in terms of cluster support. The study visits conducted as part of the evaluation revealed the existence of a number of stakeholders which were not aware of the existence of the program, but could have been potentially interested in applying for support.

#### 6.1.5.1 Component 2

**The application process for Comp. 2 - enabling environment reforms - is less of an application process and more of a joint design by CCP and the host government.** Although the case studies did not identify the exact sequence of project set-up steps, these tended to be reforms that had been discussed by government and the private sector for many years. CCP provided the motivation, skilled resources and money to implement such reform ideas. Most interviewees suggested that Component 2 projects were selected during Phase I based on specific requests for support from countries. As long as the requested reform was aligned with the CCP RF and donor development objectives then it would be considered. For example, both Trinidad and Tobago projects were initiated by a request from GOTT to CCP. In addition, senior IDB staff noted that CCP provided technical support across many sectors and technical fields in order to be able to respond to any request for assistance with a larger menu of support options.

Relying on demand to implement projects is a double edged sword. It usually ensures host government commitment to the project but it also can lead to the most actively engaged countries receiving support whether or not they actually need it. So, the evaluation team recommends that further due diligence is required on country needs, relative to other Caribbean countries, before CCP can agree to the request. This may explain why Trinidad and Tobago with a capable civil service and high per capita income received two CCP projects.

#### 6.1.5.2 Component 3

The program learned from one experience, that thematic calls did not necessarily yield better results than general calls. An assessment of the proposals received as part of the 'eco-innovation' thematic call launched by the program under the innovation window, suggests that although the bar for quality proposals was met or surpassed in more instances in this call than in the previous calls, evidenced by the low attrition rate of the preliminary filters, a thematic focus provided for no better results in terms of the innovative content of the projects. The nature of the projects reviewed by the internal panel suggests that firms for the most part wanted support to address incremental, albeit greener, shifts in existing business paradigms in traditional sectors, rather than undertake unconventional, risky but innovative pursuits which were scalable and replicable. This discovery precipitated concern that if there was a direct correlation between the number and innovative content of submissions and the extent of private sector involvement in the focus area, that perhaps there was not enough demand for financing in a focused area or that there was asymmetry between the timing of the supply and the private sector demand for financing. The effect of this could be to disenfranchise bona fide innovative activities happening outside the parameters and timing of the call, a risk the program was not prepared to take with only two years remaining in its execution period. Also, although the results across all the calls suggest that the more developed countries are always better represented in the field of applications than

the lesser developed countries, there was a concern that because of the asymmetry in development cycles across the Cariforum that a thematic call with a narrow focus would serve to further marginalize the lesser developed countries. In sum the panel concluded that a general call although more difficult to manage because of the volume, and assess because of the diversity, provided for a more thorough sweep of project ideas and would attend to any inherent biases and supply/demand asymmetry in the design of the call.

When it comes to the Enterprise Innovation Challenge Fund, beneficiaries didn't highlight the existence of any particular difficulties linked to the application process and generally described it as a smooth procedure. According to most of the clusters interviewed, the objectives of CCP were clear and the selection criteria transparent according. The communication to beneficiaries on CCP went generally through the Ministries, the PPD organizations supported by the CCP under component 2 (e.g. the Suriname Rainforest Cluster was made aware of CCP through the Suriname Business Forum that was a recipient of CCP support through Component 2) or through Internet (i.e. the Grenada Hotel Cluster Project, Ornamental Fish Cluster).

The only difficulty identified came from the Suriname Rainforest Cluster, which said to encounter difficulties in the application process mainly due to the existence of language barriers (neither the President nor the Vice President of the Cluster spoke enough English to conduct a pitch as expected) and the lack of any experience in applying for international funding. It is worth noting that in spite of this, the cluster was selected for funding.

## 6.2 Financial leverage and crowding in

The financial leverage of the program is presented in section 2.4.1 of the report. Our analysis indicates that for every dollar invested by the CCP \$0,89 was co-invested by partners or by beneficiaries. However, establishing the exact financial leverage of the program is impossible for the time being, given that we have no visibility over investments made subsequently to CCP-supported projects, and as a direct result of them. Based on data made available by the evaluation there is evidence pointing to the existence of follow-on funding by other actors, including the Barbadian project on customs reform that has enabled the country to secure a major follow-on investment to build a new customs HQ with modern information systems.

Almost 40% of policy stakeholders survey respondents who have participated or benefitted from a CCP activity, state that their participation in CCP resulted in new or additional activities in their organization which will surely require funding in order to be implemented. One fourth of additional respondents expected to see subsequent activities take place in the short term. A selection of follow-up activities mentioned by policy stakeholders include:

- A regional investment climate action plan developed using information from the CGF
- As part of the pilot reform, the government invested approximately \$1.8m (EC\$) in retrofitting the premises for the Commercial Division of the High Court. In addition, given the importance of the NCPC, the government has continued to finance its operations and salaries of the staff
- Completion of the National Innovation Policy, and implementation of the Policy
- Development of the Draft National Innovation Plan
- Our organization introduced a new innovation grant financing programs.
- Formalization of our Economic Development Council
- CC paid for the hire of the policy analyst, who spearheaded the development of the National Investment Policy and Strategy (first of its kind in the country). The concept paper has been approved by the Cabinet and we are currently seeking external funded to conduct the study.

Financial leverage is also illustrated by the financing patterns of IBP and CCIP development and implementation. CCP required a 50% co-investment on behalf of beneficiary firms, and a 20% co-investment on behalf of clusters receiving support, which in itself represents an important financial leverage. The fact that host governments contributed up to fifty percent of total project costs suggests

their acceptance that projects were value for money. More importantly, a high share of firms of clusters which only benefitted from CCP support for the design of their IBPs/CCIPs, went on to implement with non-CCP funding. As already mentioned, this was mostly done by means of internal (firm/cluster) resources.

The latter point does raise the issue of whether the program potentially ‘crowded-out’ other sources of funding, which could have provided support for the design or implementation of IBPs/CCIPs. Unfortunately, the evaluation did not provide any evidence allowing the evaluation team to make a robust assessment of this.

### 6.3 Cost-effectiveness analysis

To complement our analysis of value for money, we conducted an analysis of cost-effectiveness. Cost-Effectiveness Analysis (CEA) values the cost of implementing the program and compares it with the total quantity of outputs or outcomes generated (i.e. dollars spent on an activity or number of business supported). These ratios produce an estimate of the “cost per unit of output/outcome” (e.g. cost per job created or safeguarded or administrative costs per 1,000 USD in project spending)

Our CEA is based on an analysis on:

- Inputs: in the form of the financial and in-kind contribution to the different components of the program (as presented in Section 2.4.3)
- Outcomes: in the form of the main quantifiable outcomes that have emerged from each of the components of the program.

The detailed methodology used to conduct this analysis is presented in Appendix C. It is very important to highlight that the great majority of the results drawn from this exercise are for the time being inconclusive. Any decision made on the basis of this data would not only be premature, but it could also prove to be unfounded. The information presented in the following paragraphs is only meant to provide an initial indication of the cost-effectiveness of the program.

~~Table 18~~~~Table 18~~~~Table 18~~ and ~~Table 19~~~~Table 19~~~~Table 19~~ show the results of the cost-effectiveness analysis for Component 2 and Component 3 respectively. As previously indicated, it is important to note that many of the projects of Component 3 were still running in March 2016 and that as such, the full results could not yet be reported. As such our indicators show lower bound of results.

~~Table 18~~~~Table 18~~~~Table 18~~ shows that each USD million invested in Component 2 has led to at least 1 new revised legislation and policies supportive of PSD enacted or implemented. Similarly, each USD million invested has led to almost 2 PPD focal point presenting actionable plans formally to the public and/or to the government.

~~Table 19~~~~Table 19~~~~Table 19~~ shows that each USD million invested in Component 3 has led to USD 1.3M exports of goods and services and 39 new jobs. However, these results have to be taken with extreme caution given that the first indicator is based on the estimated provided by one project (Belize Shrimp Cluster) and the study team has not been able to verify its robustness /accuracy; while the second indicator is reported in the RMF but the study team did not have means to verify this data.

Furthermore, ~~Table 19~~~~Table 19~~~~Table 19~~ shows that each USD million has led to less than 1 cluster (0.3) adopting new technological or quality control processes or developing new or improved collective products or services.

Put it differently, and according to this data, it would take an investment of 3.4 USD million to support one cluster to adopt new technological or quality control processes or develop new or improved collective products or services. In contrast, it takes less than 1 USD million to support a new revised legislation and policies supportive of PSD enacted or implemented, which presumably could have a stronger multiplier effect on the economy.

Similar results are obtained when looking at the indicators at firm level (see [Table 19](#)~~Table 19~~~~Table 19~~). Again, the results for Component 3 are only preliminary, as many projects have not finished yet, however given the number of firms and clusters involved in Component 3 the comparison with Component 2 will stand even if the number of firms and cluster undertaken innovation activities increase considerably.

Table 18 - CEA Component 2

Outcome	Value (Outcome)	Cost	CEA indicator	CEA indicator value
New/revised legislation supportive of PSD enacted/gazette AND New/revised policies supportive of PSD implemented.	20	\$13,650,226	new/revised legislation and new/revised policies supportive of PSD enacted or implemented per <i>per USD Million invested</i>	At least 1 (1.5)
PPD focal points presenting actionable plans formally to the public and/or to the government	24		PPD focal points presenting actionable plans formally to the public and/or to the government <i>per USD Million invested</i>	At least 1 (1.7)

Table 19 - CEA Component 3

Intermediate results/outcome	Value	Cost	CEA indicator	CEA indicator value
<b>Intermediate results</b>				
Value of export of goods and services in firms/clusters supported by CCP	\$22m (Only data for Belize Shrimp Cluster)	\$17,106,280	Value of export of goods and services in firms/clusters supported by CCP <i>per USD Million invested</i>	\$ 1.3M
Job creation (# direct new jobs)	667			39
<b>Outcomes</b>				
Clusters supported by CCP adopting new technological or quality control processes	5	\$17,106,280	Clusters supported by CCP adopting new technological or quality control processes <i>per USD Million invested</i>	Less than 1 (0.3)
Clusters supported by CCP developing new or improved collective products or services	5		Clusters supported by CCP developing new or improved collective products or services <i>per USD Million invested</i>	Less than 1 (0.3)
Clusters supported by CCP entering new markets	6		Clusters supported by CCP entering new markets <i>per USD Million invested</i>	Less than 1 (0.3)
Firms supported by CCP adopting new technological or quality control processes	11		Firms supported by CCP adopting new technological or quality control processes <i>per USD Million invested</i>	Less than 1 (0.6)



Intermediate results/outcome	Value	Cost	CEA indicator	CEA indicator value
Firms supported by CCP developing new or improved products or services	11		Firms supported by CCP developing new or improved products or services <i>per USD Million invested</i>	Less than 1 (0.6)
Firms supported by CCP entering new markets	9		Firms supported by CCP entering new markets <i>per USD Million invested</i>	Circa 1 (0.5)

### 6.3.1 Comparison with other programs

As part of our analysis of value for money we have looked at other comparable programs. We have asked the CC team and our interviewees to suggest other comparable programs and to point us toward assessments and evaluations that we could use as part of this evaluation. Two programs had been identified for this analysis:

- Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund)
- Caribbean Regional Technical Assistance Center (CARTAC)

A brief overview of these programs is shown in [Table 20](#).

Table 20 - Overview of comparable programs

Program	Description	Evaluation/ conclusions
<p>Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund)</p> <p><i>Source: Evaluation report, May 2015</i></p>	<ul style="list-style-type: none"> <li>• High level objectives: Increase inter-regional trade on CARIFORUM exports to Europe</li> <li>• Budget: The fund was established with a total of GBP 10 million (increased from an original commitment of GBP 5 million)</li> <li>• Governance: Execution responsibility was assigned to the Caribbean Development Bank (CDB) through a trust fund administrative agreement (AA), signed March 18, 2009</li> <li>• Timetable: While initially scheduled to be fully disbursed by 2012, the implementation period for CARTFund was extended twice and spanned six years overall</li> <li>• Coverage: Thirty-two (32) projects were supported across 14 countries.</li> </ul>	<p>According to the evaluators effects of CARTFund’s interventions generally were:</p> <ul style="list-style-type: none"> <li>• Increased public knowledge and awareness of both trade agreements</li> <li>• Improved export readiness of firms, particularly for the regional and French Caribbean Overseas Region (FCOR) markets</li> <li>• Greater recognition of the importance of services industries and changing the orientation of stakeholders (policy and entrepreneurs) towards services-exports generally;</li> <li>• Advancing the free movement of people</li> </ul>
<p>CARTAC Caribbean Regional Technical Assistance Center (CARTAC)</p> <p>Phase 4</p> <p><i>Source: Mid-term evaluation report Phase 4, November 2015</i></p>	<ul style="list-style-type: none"> <li>• Objective: Enhance the institutional and human capacities of countries in the Caribbean to achieve their macroeconomic, fiscal and monetary policy objectives</li> <li>• Budget Phase 4: 45,167,220 (Donors) + 3,490,676 (Country cash contribution) and 3,732,728 (Country in-kind contribution)</li> </ul>	<p>According to the evaluators:</p> <ul style="list-style-type: none"> <li>• There is a broad consensus among stakeholders that CARTAC provides good to excellent value for money.</li> <li>• The IMF provides considerable administrative support without charge, including the services of the Centre Coordinator.</li> </ul>



	<ul style="list-style-type: none"> <li>• Governance: CARTAC is guided by a steering committee (SC) composed of officials of member governments, donors, and the IMF.</li> <li>• Timetable: The center started in 2001. Phase 4 took place between February 2011 and end of April 2016.</li> <li>• Coverage: CARTAC has 20 beneficiary member countries and territories</li> </ul>	<ul style="list-style-type: none"> <li>• Overhead rates are reasonable and the cost of experts is within a normal range. The IMF provides oversight at little cost to donors and technical backup at low cost.</li> <li>• It is unlikely that donors could duplicate CARTAC services unilaterally as cost-effectively as through partnership with the IMF</li> </ul>
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We used the information contained in the evaluations of those Funds to draw some comparisons between them and Compete in terms of their economies, with focus on the value of the overheads. [Table 21](#) presents this analysis. It shows that the overhead of the CC is comparable to those of CARTAC and CARTFund. Our assessment shows that overhead costs of the program amount to 13% of all component related costs (17% if COFAB administrative fees are taken into consideration). This is slightly below the CARTAC program (-2% points), but above the CARTFund program (+3% points). It is worth mentioning that in practice the share of overheads of the CCP is likely to be higher than 13%, given that the numbers presented in the table below do not take into account in-kind contributions made by the IDB – including the salaries of the Executive Director and the Operational manager of CCP.

Table 21 - Overheads (commitment)

Fund	Overhead	Notes
Compete Caribbean	13%	Component 1-3 costs (plus prior project costs and uncommitted costs): \$29.55M Overhead: \$3.9M
CARTAC	15%	Based on information for Phase 4: TA delivery cost: \$53,375,649 Overhead (inc. Trust fund fee, project management, local support staff, in-kind IMF and host): \$9,098,390 Source: CARTAC Mid Term Evaluation report Phase 4
CARTFund	10%	Grants: £10M (2015) Administrative costs: £1M Source: CARTFund Evaluation report, May 2015

Given the methodological limitations of this exercise (i.e. comparing apples to pears), we are unable to come to any major conclusions regarding the level of administrative costs of the program. Evidence generated by means of our comparative analysis simply points to the fact that CCP is – in principle – aligned with two similar programs when it comes to the share of resources invested in administering and running the program. However, these numbers should be interpreted in light of the type of work and delivery mechanisms deployed by the program. As illustrated in previous sections, three of the key characteristics of the CCP are: i) the very intensive nature of the technical assistance it provides to its beneficiaries (many times by in-house PCU staff), ii) the scale of the operations it oversees, and iii) the diversity of activities it delivers and supports. Given these characteristics, it appears that the level of administrative and overhead costs of the program are satisfactory and in line with its results (expected and real). We do however recommend that a more detailed cost-effectiveness analysis is conducted as part of the Component 3 impact assessment to be carried out in the medium term.

The somewhat different nature of program design and program indicators have led us to conclude that an output or outcome-based CEA comparison between CCP and CARTFund and CARTAC would be insufficiently robust, and economically meaningless.



## 7 Conclusions

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The conclusions are structured according to main questions of the evaluation.

### **To what extent have the Program's outputs been achieved (assess across all 3 pillars)?**

The large majority of the program's output targets have either been achieved or surpassed. However, the geographical scale and spread of program outputs is uneven and random, and the types of firm and cluster beneficiaries are very diverse. For the purpose of clarity and evaluability, the program should further reflect on what its exact target populations and geographical ambitions are.

### **To what extent have these outputs contributed to the expected outcomes of the program under each component? To what extent have they contributed to the achievement of intermediate results?**

As is the case for program output targets, the great majority of outcome and intermediate result targets have also been achieved or surpassed. There are a number of intermediate result indicators however for which consolidated and updated data does not yet exist.

There appear to be strong links between program outputs, outcomes and intermediate results, particularly under Component 3. It can be said that the CCP, through IBP support, has generated tangible change within the beneficiary firms, particularly in terms of uptake or production of innovations (from a diverse type and nature), and has helped them enter into new markets. However, the contribution of the observed outcomes to the intermediate results, i.e. jobs creation, revenues growth, export growth, is still not visible; as projects have only been recently completed /or have been affected by external factors (cf. infra). In order to make up for this evidence gap, the program is planning to conduct a Component 3 impact assessment in two or three years-time.

Regarding the cluster window, it is worth mentioning the strong link between the CCIP implementation support and the strengthening of collaboration within clusters and their members. This has led to the implementation of joint actions (not necessarily innovative from the technological standpoint) at the cluster level (e.g. new quality control process, marketing plan, new services...).

Establishing a causal link between Comp. 1 and 2 outputs, outcomes and intermediate results has proven to be complex, due to the longer-term and more diffused nature of expected changes (i.e. more target policy interventions), as well as due to the lack of additional evidence on the actual changes generated by policy initiatives supported and introduced by the program. For the time being, the program can only use perception-based information, rather than hard data on for example, the extent to which it has improved the enabling environment for business development, trade and integration.

Additional clarity needs to be injected into the theory of change of Component 3 in order to identify the type of innovation and innovative activities which are expected to take place within supported firms and clusters, and lead to increased productivity and competitiveness. The evaluation did find that the innovative nature of a reduced number of IBP and CCIP was questionable (i.e. fruit juice production facility line).

### **To what extent do any observed changes in outcomes and intermediate results derive primarily from the intervention, or from any other contributing factors? What conditions contributed to or detracted from the achievement of results?**

Evidence gathered through the evaluation points to the existence of strong causal links between program activities and observed outcomes and intermediate results. While for Comp 1 and 2 most of the evidence gathered was qualitative and perception-based (i.e. the extent to which interviewees considered the program had contributed to observed changes), under Component 3 there are numerous examples of firms or clusters undergoing growth and development as a direct consequence of program support and the uptake of innovative activities.

In spite of this, a number of external factors (i.e. outside the control of the CCP) often contributed to the emergence of desired outcomes. Under Component 2 for example, the political economy of the countries where reforms or legislation was being introduced was a key determinant of success. Under Comp 3, certain clusters also benefitted from changing economic conditions which acted in their favor, leading to enhanced levels of activity. In both cases (Comp 2 and 3), the level of beneficiary maturity and capacities to engage in projects, seem to be a key determinant in the achievement of expected results.

**Are there any commonalities in the results obtained across particular themes in which the Program has more than one project (i.e. public-private dialogue, investment promotion, among others)**

Commonalities in results are mainly found across Component 1 and 2. Component three activities were of a more specific nature, and were conducted on a very different scale (i.e. cluster or firm-level).

The most striking commonality of results obtained across Comp 1 and 2 is perhaps the increased awareness among the local policy-making community of the importance of Business Environment Reform, and of the key issues their country / region are facing. CCP contributed to developing a ‘common language’ within the Caribbean PSD policy-making community.

**Were there any unanticipated results from the Program, positive or negative?**

Some projects led to unanticipated results, particularly in environmental in social terms (i.e. promotion of the concept of circular economy). These results are unanticipated to the extent they were not planned or intended by the program.

**To what extent were gender equality and environmental sustainability incorporated into project execution, and its contribution to achievement of gender-related and environmentally related results?**

Gender and environmental considerations were incorporated into project appraisals and implementation. The program provided external support to conduct an environmental diligence analysis of each project. All projects were required to report on a number of gender-oriented indicators such as the number of female-occupied jobs they had led to create. However, given that gender equality and environmental sustainability do not appear within the program’s overall intervention logic and results framework, these objectives and achievements remain secondary in the grander scheme of the program.

**To what extent was the portfolio of Compete Caribbean sub-projects approved under RG-X1044, plus the other four Compete Caribbean operations consistent with the overall objectives of the program?**

Compete’s project portfolio is highly consistent with its overall ambitions. Some areas such as regional integration are however addressed only to a very limited extent by the program. In addition, as already mentioned, the innovative nature of a reduced number of IBP and CCIP was questionable.

**Was the program design (RG-X1044) adequate to address the private sector development challenges in the region identified in the Plan of Operations for RG-X1044?**

The overall program design is relevant, and has remained so throughout the course of program implementation, in light of the needs and challenges for private sector development in the region. One of the program’s weak points however remained its relatively large scope and the broad number of ambitions it gave itself. By trying to be “everything to everybody” the program probably lost some of its capacity to generated deeper and more longer lasting change in a more reduced number of fields (i.e. cluster support).

**To what extent was the Program’s offering under the Knowledge Management facility aligned with the data and information gaps identified in terms of understanding PSD in the Caribbean?**

Component 1 of the program is probably its least visible and appreciated by country beneficiaries and external stakeholders. With the exception of enterprise surveys which really hit the spot in terms of data needs, the utility of the remaining set of activities conducted under Comp. 1 remains limited. Knowledge products did not significantly influence activities conducted under the other two program components which is an important missed opportunity.

**To what extent was the Program’s offering under the Enterprise Innovation Challenge Fund aligned with the technical assistance needs of clusters and firms, particularly as related to innovation (in firms) and growth (in clusters)?**

The EICF has been well aligned with the technical assistance needs of clusters and firms. Many firms report that the funding helped them to access to high-level external expertise. Regarding the cluster’s projects, the cluster facilitator has been instrumental to provide both the technical capacity and the neutrality to build trust among the cluster members.

However, the program needs further tailoring to address the needs of different types of clusters (i.e. to-be-born vs. mature clusters), as well as different types of firms. This involves being more explicit in its targeting strategy, as well as adapting selection and support mechanisms to different types of targeted populations. While the program’s contribution to firm and cluster competitiveness in the region remains limited (i.e. very limited scope of program intervention given the volume of existing needs), the actions conducted under the EICF have proven to be fully scalable.

**To what extent was the Program’s offering under the Business Climate Enhancement Facility aligned with the policies, programming and support priorities of the governments in the region with respect to PSD?**

To a very significant extent. This was mostly the result of the bottom-up approach adopted by the program for the selection of projects to be supported; as well as of the dialogue the program established with national policy stakeholders in order to develop and identify potential projects. However, while relevance of Component 2 projects is not questioned, the geographical targeting strategy adopted under this Component (which countries to support as a priority and for what reason) remains unclear, and does not seem to follow any explicit rationale.

**Has the Program been able to adapt to any changes in context and/or new opportunities as they have arisen?**

Program flexibility, mainly through its governance and management set-up and processes, is commonly acknowledged as one of its main assets and specificities.

**Assess the additionality that the Program has brought to the region across its different types of projects, particularly for projects under pillar 2 and 3. Are Program beneficiaries satisfied with the quality and delivery of the projects?**

The additionality of the program appears to be high, despite the existence of a seemingly crowded PSD policy landscape in the region. No other program appears to be providing the ‘hands-on’ type of policy support that Compete is providing through its Comp 2. Through Comp 3, the program is filling a significant funding gap which exists in the region. The EICF can be seen as a proof of concept fund that takes the risk to “invest” on non-bankable project due to their innovativeness.

Project beneficiaries express a very high level of satisfaction with the quality and delivery of the projects, as well as with the program as a whole. Some concern was expressed regarding the level of administrative burden for beneficiaries of Comp.

**To what extent has the Program exploited opportunities for linkages/coordination with other donor funded, private sector development programs in the region?**

The program has contributed to the coordination of various regional actors’ interests in PSD, through its support for the Caribbean Growth Forum. Its willingness and ability to dovetail with other donor projects, such as the implementation of a region-wide spectrum harmonization project with the

Caribbean Telecommunications' Union, was recognized by external stakeholders as an asset. There was a call for closer links on the design of Compete 2 and the interplay with complementary schemes like the World Bank Group's Entrepreneurship Program for Innovation in the Caribbean (EPIC), which is a Canadian government funded (Can\$20 million) project supporting innovation and entrepreneurship across the region over the period 2011-2018. The World Bank did express a desire to develop closer coordination between Compete 2 and its own regional entrepreneurship program, EPIC. The IDB's MIF and IIC would also welcome closer involvement with Compete going forward, to secure higher levels of mutual awareness, cross-fertilization of learning and possible co-investment.

**Have Compete Caribbean projects attracted (crowded in) additional resources for PSD in the region? If so, please quantify and disaggregate the sources**

The total CCP contributions to projects (by 31/3/2016) has been \$19.7m, whereas governments additionally contributed \$2.5m, other Donors \$1.0m, private partners \$11.1m, and other partners \$2.9m. This translates to a 47% co-financing rate from other partners on CCP projects, meaning that for every dollar invested by the CCP \$0,89 was co-invested by partners.

**Is the program aligned to the corporate objectives of the donors and partners (IDB, DFID, Canada and CDB)?**

The evaluation confirmed that Compete was and is aligned with the corporate objectives of each of the program's three major donors and their key partners in the region, including the Caribbean Development Bank. We obtained similarly positive feedback from the World Bank. Compete's two national donors see the program as being a good fit with their other initiatives in the region, and do maintain an overview of their multiple investments (Canada is reaching the end of an 8-year spending cycle where it will have committed Can\$600M in more than 20 projects in the region, several of which are concerned with PSD but only Compete is working directly with beneficiaries; they see it as a good and innovative program). The donors are closely involved with governance and do ask Compete to emphasize certain aspects of its work (e.g. DFID has a strong interest to see more work done in the Eastern Caribbean, where the private sector is very weak; Canada has encouraged the program to give greater weight to green issues and women).

The IDB contributors view Compete as an innovative and complementary initiative, which fits well with the Bank's broader ambitions for PSD in the region, and also improves its reach within those countries of the region that are not member countries.

**To what extent are the three pillars of the program complimentary to each other? Are any commonalities across the results obtained by each of the three different pillars?**

In theory, the three pillars are highly complementary and well-articulated. In practice, pillar coherence was weak and to a certain extent, artificial. Cross-fertilization across pillars did not occur as it was originally intended. A potentially cross-cutting result to Comp 1 and 2 is an increased awareness of the importance of PSD support among the policy-making community in the region, as well as the development of a common language within this policy sphere. Comp 3 was considerably disarticulated from Comp 1 and 2 activities.

**How does the program's value for money (inputs vs. outputs/outcomes) compare to that of other similar programs in the region?**

Comparing program cost-effectiveness against that of other similar programs has proved inconclusive and potentially misleading. The evaluation did reveal that each USD million invested in Component 2 has led to at least 1 new revised legislation and policies supportive of PSD enacted or implemented. Similarly, each USD million invested has led to at least 1 PPD focal points presenting actionable plans formally to the public and/or to the government. As for Comp. 3 each USD million invested has led to USD 1.4M exports in goods and services and 47 new jobs. Each USD million has led to less than 1 cluster (0.3) adopting new technological or quality control processes or developing new or improved collective products or services.

**To what extent is the operation appropriately organized and managed to enable it to identify, structure, implement and monitor projects that align with its development mandate?**

The overall governance and management scheme of the program is seen as very appropriate, effective and efficient. The procedures set in place by the program allowed it to generate an important flow of prospective projects, and eventually, a solid project portfolio. The bottom-up approach to project identification and selection was well adapted to the program’s objectives, and contributed to fulfilling program ambitions. The project vetting process was robust and could be relied upon to identify relevant projects. The significant support provided by the program management unit in the design and implementation phase of the projects via technical assistance, represents a true program trademark which undoubtedly contributed to reaching many of its targets. The real-time monitoring of projects was limited by the complexity of the internal CCARS system, and the time lags in inputting data. Monitoring indicators at the project level should be streamlined.

**Is the Program capable of supporting its projects at an acceptable cost?**

The administrative and overhead costs of the program are comparable to other similar programs. Given the nature of the work being conducted by the program and the level of technical assistance it provides to its beneficiaries, the administrative and operational costs appear to be reasonable.

**What are the main threats to the sustainability of program results?**

For Component 2, the main threat to sustainability are changing political landscapes which could lead for example to the suppression or annulment of new legislation or reforms introduced with the support of the program, or newly created councils, agencies or institutions (i.e. PPD councils). The actual implementation of the initiatives introduced via Comp. 2 will also strongly rely on national government’s capacities (i.e. human, financial), which in many beneficiary countries are still weak.

When it comes to Comp. 3, the main threats to sustainability of project results stem from the sustainability of supported firms and clusters themselves. This for example can be determined by the levels of leadership, maturity, and self-financing capacities which exist within the firms and clusters. In the case of clusters, the existence of previously-existing collaborations and linkages among members of supported clusters, appears to be one key driver of sustainability.



## 8 Recommendations

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In light of the main findings of the evaluation, we suggest introducing the following changes as part of the second generation of the program:

### **Review the program design and theory of change**

1. Sharpen and adapt the intervention logic of the program to ensure it provides a clear-cut definition of geographical priorities and ambitions (or lack of), among eligible countries, for each one of its components. The program should also clarify its ambitions in terms of promoting regional integration and trade. These are currently enunciated as program objectives in founding documents, but are not reflected in the program's Theory of Change and results framework.
2. Gender and environmentally-related objectives should be woven into the program theory of change and results framework. Both of these should clearly enunciate what program ambitions are in terms of promoting gender balance and environmental sustainability in the region. As result, these objectives and priorities should be reflected in project selection criteria.
3. In line with the previous recommendation, the program should enhance its regional dimension by supporting more projects aimed at supporting regional integration or pooling resources at the regional level, in order to achieve specific objectives.
  - a. The participation of the program in the Caribbean Growth Forum should be renewed and reinvigorated.
  - b. While keeping its bottom-up / demand-led approach to project detection under Component 2 is desirable, the program could be more pro-active in seeking to develop regional-level initiatives particularly in the fields of export and market access, standards, accreditation, certification in selected sectors and subsectors across the region.
4. Suppress Component 1 and concentrate program resources, energy and capacities on the Business Climate Enhancement Facility (Comp 2) and the Enterprise Innovation Challenge Fund (Comp 3). Out of the three components supported by the program, Comp 1 is the one which clearly stands out as being the least successful in generating tangible impact. Given the relatively broad scope of the program and the need for increased focused on a reduced number of intervention priorities, the suppression of Comp 1 will enable to bring extra clout to the two remaining Components. Never-the-less, some valuable and Business Climate-related knowledge management (e.g. Enterprise Survey) may be supported under Comp 2, particularly if these prove to be particularly valuable in feeding into the policy/reform cycle.

### *Component 2:*

5. Further develop links between Component 2 and Component 3. This could be done for instance by including supporting the development of policy initiatives and frameworks which are conducive to the development of national cluster policies or national innovation policies.
6. In line with recommendation 3.b (cf. above), Component 2 should focus on a narrower set of policy priorities and fields, within the larger context of Business Climate Reform. This could include aforementioned fields such as export and market access, standards, accreditation & certification, which not only represent key challenges to the promotion of PSD in the region, but also represent a good thematic vehicle for regional collaboration. An additional field of relevance could be enhancing Foreign Direct Investment (FDI) promotion and facilitation given the need

to drive integration of local economies into global supply chains<sup>54</sup>. A more narrow thematic focus would also favor capitalization of experiences across countries seeking to adopt solutions to common problems.

*Component 3:*

7. Strengthen the theory of change of Component 3, particularly by providing a more detailed definition of the following:
  - a. The types of firms it seeks to support (i.e. size, maturity, sector, import vs. export oriented)
  - b. The types of clusters it seeks to support (i.e. detailed definition of ‘cluster’, size, maturity, sector, import vs. export oriented)
  - c. The types of ‘innovative activities’ which the program seeks drive at:
    - i. The cluster level i.e. soft cooperation vs. hard cooperation.
    - ii. At the firm level i.e. technology upgrading, internal R&D, purchase of equipment.
8. Refine the cluster window theory of change by integrating ‘intermediate effects that eventually lead to improved performance’ (e.g. networking, collaboration/coordination, resource allocation, effects on business practices). Cluster window success should not only be measured in terms of additional growth and income for supported clusters and firms, but also for example in terms of efficiency or cost gains generated by the networking effect
9. Further tailor and adapt the project selection and support mechanisms under Comp 3 in order reflect the diversity of projects/firms/clusters supported/being attracted by the program. For example, project implementation and support could be phased or broken down into a number of specific blocks, the financing of which, would be reliant on the successful completion of the previous phase. In this sense, the Investment Panel’s approach to supporting the Treasure Beach Tourism Cluster project could be scaled up and used by the program more frequently. Another possibility is for the program to launch two types of calls under the Cluster Window under Comp 3:
  - a. A cluster development call aimed at supporting the development of clusters per-se (i.e. kick-start collaboration, increase capacities for self-management, identify funding sources and schemes);
  - b. A cluster project call aimed at supporting specific and innovative projects to be conducted by existing clusters displaying a certain level of maturity.
10. The program should aim to further involve national ministries and agencies responsible for cluster policy implementation and support in the delivery of the Cluster window under Comp. 3. This would not only increase sustainability, but it would also enhance local-capacities in delivering support to clusters. For example, national government representatives could be involved in the selection and monitoring of cluster project support. This is particularly relevant for countries seeking to enhance and implement a national cluster policy.

**Up-grade program management and governance**

11. Streamline and update program and project-level KPIs:

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<sup>54</sup> In large economies the PSD enabling environment is the most important driver of private sector growth given a stable macroeconomic environment and a given level of demand. However, in regions comprising very small economies it can be argued that firms may never be able to reach minimum efficient scale given the size of the regional economy. Therefore, firms must export to larger markets which increasing today means supplying intermediate products to global supply chains.

- a. At the project level, it is necessary to adopt a set of common indicators across all projects supported under the same window. These indicators should be linked to KPIs used as part of the program Results Framework. This will ensure data and indicator comparability and consolidation at the program level. Projects should also be incited to adopt project-specific indicators. These however should mainly serve to manage and steer the project, rather than be expected to reflect program performance. While project-level common indicators should not be modified throughout the lifetime of the project, project-specific indicators should be reviewed if project scope or ambitions considerable change after it has been launched. This should be done with the approval of the PAG or the Executive Committee.
  - b. Program-level (i.e. results framework) indicators should be updated. Some of these indicators are misleading and don't provide a means for reflecting the reality of changes brought about by the program.
12. Simplify CCARS and ensure a process is set in place for regular updating and recording of data.
  13. Conduct project level impact evaluations under Component 2 in order to strengthen the evidence-base on effectiveness and impact of the policy support dimension of the program..



## Appendix A Evaluation questions and sub-questions

<b>Evaluation criteria</b>	<b>Main evaluation question</b>	<b>Evaluation sub-questions</b>
A) Results (effectiveness)	To what extent are the program's outputs, outcomes and intermediate results in line with its objectives?	<p>A.1. To what extent have the Program's outputs been achieved (assess across all 3 pillars)?</p> <p>A.2 To what extent have these outputs contributed to the expected outcomes of the program under each component? To what extent have they contributed to the achievement of intermediate results?</p> <p>A.3 To what extent do any observed changes in outcomes and intermediate results derive primarily from the intervention, or from any other contributing factors? (Illustrate with a couple of case studies.) What conditions contributed to or detracted from the achievement of results?</p> <p>A.4 Are there any commonalities in the results obtained across particular themes in which the Program has more than one project (i.e. public-private dialogue, investment promotion, among others)</p> <p>A.5 Were there any unanticipated results from the Program, positive or negative?</p> <p>A.7 Gender and environment: assess the extent to which gender equality and environmental sustainability were incorporated into project execution, and its contribution to achievement of gender-related and environmentally related results.</p> <p>A.8 To what extent was the portfolio of Compete Caribbean sub-projects approved under RG-X1044, plus the other four Compete Caribbean operations consistent with the overall objectives of the program?</p>
B) Relevance	To what extent are the program's objectives in line with the Caribbean region's private sector development's needs and challenges?	<p>B.1 Was the program design (RG-X1044) adequate to address the private sector development challenges in the region identified in the Plan of Operations for RG-X1044?</p> <p>B.2 To what extent was the Program's offering under the Knowledge Management facility aligned with the data and information gaps identified in terms of understanding PSD in the Caribbean?</p> <p>B.3 To what extent was the Program's offering under the Enterprise Innovation Challenge Fund aligned with the technical assistance needs of clusters and firms, particularly as related to innovation (in firms) and growth (in clusters)?</p> <p>B.4 Has the Program been able to adapt to any changes in context and/or new opportunities as they have arisen?</p> <p>B.5 Assess the additionality that the Program has brought to the region across its different types of projects, particularly for projects under pillar 2 and 3. Are Program beneficiaries satisfied with the quality and delivery of the projects?</p> <p>B.6 To what extent has the Program exploited opportunities for linkages/coordination with other donor funded, private sector development programs in the region?</p>
C) Coherence	Is the program aligned with external PSD support initiatives in the region? Are the program's three pillars complimentary to each other?	<p>C.1 To what extent was the Program's offering under the Business Climate Enhancement Facility aligned with the policies, programming and support priorities of the governments in the region with respect to PSD?</p> <p>C.2 Have Compete Caribbean projects attracted (crowded in) additional resources for PSD in the region? If so, please quantify and disaggregate the sources</p> <p>C.3 Is the program aligned to the corporate objectives of the donors and partners (IDB, DFID, Canada and CDB)?</p> <p>C.4 To what extent are the three pillars of the program complimentary to each other? Are any commonalities across the results obtained by each of the three different pillars?</p>
D) Value for money & efficiency	To what extent is the Program achieving optimal development outcomes for the money invested?	<p>D.1 How does the program's value for money (inputs vs. outputs/outcomes) compare to that of other similar programs in the region?</p> <p>D.2 To what extent is the operation appropriately organized and managed to enable it to identify, structure, implement and monitor projects that align with its development mandate?</p> <p>D.3 Is the Program capable of supporting its projects at an acceptable cost?</p>

E) Sustainability	To what extent will emerging results be sustainable, and what will influence this?	E.1 What are the main threats to the sustainability of program results?
F) Recommendations for the future	How could future activities to support PSD in the Caribbean be improved based on the experience drawn from the Compete Caribbean program over the 2009-2016 period?	<p>F.1 Component 1: What have been the critical lessons learned in terms of generating data and information on private sector issues in the region, disseminating it, and increasing consensus on private sector development in the region?</p> <p>F.2 Component 2: What have been the critical lessons learned in implementing business climate reforms in the Caribbean? Are there any particular lessons to be learned in certain thematic areas where the Program has more than one project (i.e. public-private dialogue mechanisms and investment promotion projects) for the Caribbean?</p> <p>F.3 Component 3: What have been the critical lessons learned in implementing direct firm support and cluster projects? To what extent has the technical assistance provided by Compete Caribbean assisted beneficiary firms to introduce innovation, and to increase sales, exports and employment? To what extent has the technical assistance provided by Compete Caribbean assisted beneficiary clusters to develop/acquire club/public goods that have enabled them to increase sales, exports and employment?</p> <p>F.4 Is there anything the Program could do differently across any of the components that would increase its catalytic impact?</p> <p>F.5 Gender and environment: is there anything that the Program could do differently to increase its impact on gender equality and environmental sustainability in the region?</p> <p>F.6 Communication strategy: is there anything that the Program could do differently in terms of communications to increase the quality and/or quantity of results obtained, under each of the components?</p>

Source: Technopolis Group based on the ToR of the assignment.

## Appendix B Interviews conducted

### B.1 IDB headquarters staff

Management	Division of IDB
Jose Miguel Benavente	Division Chief, Competitiveness and Innovation
Claudia Stevenson	Private Sector Lead Specialist (+Team Leader for Compete Caribbean Phase II Development)
<b>Team Leaders for CC projects</b>	
Juan Carlos Navarro	Competitiveness and Innovation
Mario Umana	Trade and Integration
Ignacio de Leon	Competitiveness and Innovation
Seth Colby	IIC (Inter-American Investment Corporation)
Carlo Pietrobelli	Competitiveness and Innovation
Maria Carina Ugarte	Competitiveness and Innovation
Suzanne Olsen (she has been team leader for CCP project)	IIC
Winsome Leslie	MIF (multilateral investment fund)
Alejandro Escobar	MIF
Inder Ruprah	CCB chief economist
Therese Turner-Jones	CCB gm
Cecile Niang	World Bank Caribbean Program Manager
Ana Maria Rodriguez Ortiz	Institutions for Development
Roberto Manrique	Institutions for Development

### B.2 Beneficiary country representatives and external donors

Name	Country	Title	Institution
Samantha Rolle	Bahamas	Program Manager - National Development Plan	Office of the Prime Minister
Richard Lumsden	Jamaica	Senior Economist	PIOJ
Ms. Diane Edwards	Jamaica	President	Jamaica Promotions Ltd (JAMPRO)
Dr. Bhoë Tewarie	Trinidad & Tobago	Former Minister	Ministry of Planning and Sustainable Development
Mrs. Amparo Masson	Belize	CEO and past Director of Public/Private Dialogue (EDC)	CEO in the Ministry of Investment, Trade & Commerce.



Mrs. Merina Jessamy	Grenada	Permanent Secretary	Ministry of Agriculture
Fiona Hinkson	St.Lucia	Economic Analyst	Department of Planning and National Development
Ross Masood	Investment and Finance Team responsible for the impact program, DFID		
Mary Lynch	PSD sector monitoring supporting the economic growth portfolio in the caribbean, Canadian High Commission Department		
Hon. Donville Inniss	Barbados	Minister	Ministry of Industry, International Business, Commerce and Trade
Mark George and Terry Braithwaite	DFID		

### B.3 Governance

Name	Position / Organization	Role in CC program
Lisa Harding	CDB	PAG member
Navita Jaiwattie Anganu	Financial Markets Senior Specialist , IDB	Executive Committee Member
Michael Hennessey	IDB	PCU member, former Operational Coordinator for 3 years and a half (retired)
John Williams	Barbados	Direct Firm Support Independent Investment Panel
Virgina Paul	OECS	Regional Consultative Forum member
Martin Chrisney	IDB	Executive Committee Member
Joel Providence	St. Vincent & the Grenadines	Cluster Support Independent Investment Panel

## Appendix C Approach used to conduct the cost-effectiveness analysis

As shown in Section 2.4.3 of this report, Compete Caribbean has incurred in:

- component-specific costs including preparation costs<sup>55</sup>, project and non-project specific costs, and
- non-component-specific costs<sup>56</sup> including PCU Administrative Costs, COFAB Administrative Fees, and uncommitted costs.

The monitoring system set up by the program does not allow to make a direct assignment of the latter (non-component-specific costs) to each component. Consequently, we have allocated those costs in proportion to the relative share of the component-specific costs. For example, Component 1 accounts for the 11% of total component-specific costs (committed), hence it has been allocated 11% of the “Other Project-Related Expenditure”. The results of this exercise are shown in **Error! Reference source not found.**, while **Error! Reference source not found.** presents the overview of cost per component based on our methodology.

Note that investments and costs made and carried out directly by project participants are not included in this analysis

Table 22 - Allocation of non-component specific costs

Other costs	Component 1	Component 2	Component 3	Total
Other Project-Related Expenditure	\$160 684,18	\$572 154,42	\$717 016,25	\$1 449 854,84
PCU Administrative Costs	\$430 931,98	\$1 534 436,29	\$1 922 934,99	\$3 888 303,26
COFAB Administrative Fees	\$120 680,36	\$429 711,26	\$538 508,39	\$1 088 900,00
In-kind contribution (IADB)	\$819 392,15	\$2 917 641,56	\$3 656 349,30	\$7 393 383,00
<b>Total</b>	<b>\$1 531 688,66</b>	<b>\$5 453 943,52</b>	<b>\$6 834 808,92</b>	<b>\$13 820 441,10</b>
			<b>Uncommitted</b>	<b>\$6,208,886</b>
				<b>\$20,029,327</b>

Table 23 - Costs per component (estimations)



Other costs	Component 1	Component 2	Component 3	Total
Component specific costs	\$2 301 848,85	\$819 628,92	\$10 271 471,91	\$20 769 603,68
Non-Component specific costs	\$1 531 688,66	\$5 453 943,52	\$6 834 808,92	\$13 820 441,10
<b>Total</b>	<b>\$3 833 537,51</b>	<b>\$13 650 226,44</b>	<b>\$17 106 280,83</b>	<b>\$34 590 044,78</b>

<sup>55</sup> Given that the evaluation did not take into account outputs and outcomes linked to COFAB projects, these were not included in the cost-effectiveness analysis.

<sup>56</sup> This term is only being used for the purpose of the cost-effectiveness assessment. It related to costs incurred by the program which cannot be earmarked to a specific component.



## Appendix D Overview of the evaluation methodological tools



Table 24 Overview of suggested methodological tools and activities<sup>57</sup>




<b>Evaluation criteria being addressed</b>	<b>Methodological tool</b>	<b>Main characteristics</b>	<b>Relevance to the evaluation</b>
<p><b>Results, Relevance, Coherence</b></p>	 <p><b>Literature review and analysis of available data sources<sup>58</sup></b></p>	<ul style="list-style-type: none"> <li>• Program and donor documents and databases, IDB project documentation (project profiles, plan of operations, results matrixes, etc.) donor and partner institutional strategies, previous evaluations, PAG activity reports</li> <li>• Initial analysis of project evaluations</li> <li>• Program Monitoring and Evaluation System records (PMES)</li> <li>• Project descriptions</li> </ul>	<ul style="list-style-type: none"> <li>• Provide the basis of the development of the program’s logical framework and development of KPIs</li> <li>• Provide a precise and updated understanding of the program’s activities, organization, governance and outputs/outcomes</li> <li>• Understand the institutional and strategic linkages between the program and donors</li> <li>• Gain insight into the main economic and productive development trends in the Caribbean serving as a backdrop to the evaluation</li> <li>• Collect quantitative and qualitative data that serves as a basis to develop a retrospective view of the program’s achievements</li> <li>• Capitalize on the findings of previous evaluations (program and project)</li> <li>• Development of an exhaustive list of relevant stakeholders to contact throughout the evaluation</li> </ul>
<p><b>Effectiveness, Efficiency, Relevance, Coherence, Recommendations</b></p>	 <p><b>Country missions to Barbados: one mission during the inception phase and once mission during the</b></p>	<p><b>Mission 1: inception</b></p> <ul style="list-style-type: none"> <li>• Interviews with PCU staff, local representatives of program donors, interviews with key partners in Barbados</li> <li>• On-site data gathering and analysis</li> <li>• Workshop on intervention logic and KPIs, and EIDF project assessment:             <ul style="list-style-type: none"> <li>– Completing and reviewing program log frame</li> </ul> </li> </ul>	<p><b>Mission 1: inception</b></p> <ul style="list-style-type: none"> <li>• Become personally acquainted with program staff and evaluation steering group and open a direct line of communication with them</li> <li>• Develop a 360° view of program activities, governance, team members and responsibilities</li> <li>• Identify donor expectations and perceptions vis à vis program achievements and performance</li> <li>• Collect locally available data and information, become acquainted with PMES</li> </ul>



<sup>57</sup> Icons from the noun project : Kokoro, Nikita Kozin, Aldric Rodriguez Iborra, Alex Auda Samora, Piger, Blake Terhune, Lloyd Humphreys, Fiona OM.

<sup>58</sup> It is important to note that the literature review will be conducted throughout the lifetime of the evaluation.

	<p><b>final phase of the evaluation (2 missions)</b></p>	<ul style="list-style-type: none"> <li>- Identifying relevant indicators to collect as part of the evaluation, including those include in the existing results matrix</li> </ul> <p><b>Mission 2: evaluation conclusions and recommendations</b></p> <ul style="list-style-type: none"> <li>• Present evaluation conclusions to steering group</li> <li>• Discuss and finalize evaluation recommendations moving forward</li> <li>• Finalize pillar three impact evaluation methodology</li> </ul>	<ul style="list-style-type: none"> <li>• Develop intervention logic, finalize list of indicators, and decide on EIDF project assessment approach</li> <li>• Finalize work plan</li> </ul> <p><b>Mission 2: conclusions and recommendations</b></p> <ul style="list-style-type: none"> <li>• Increase buy-in of recommendations on behalf of program stakeholders</li> <li>• Finalize pillar-three impact evaluation methodology</li> </ul>
<p>N/A</p>	 <p><b>Evaluation methodology workshops (2): one workshop during the inception phase and one workshop during the final phase of the evaluation</b></p>	<p><b>Workshop 1: logical framework, KPI and pillar three project evaluation (inception phase)</b></p> <ul style="list-style-type: none"> <li>• One workshop to be conducted during the first country visit to Barbados (cf. above) to define:             <ul style="list-style-type: none"> <li>- Logical framework and KPI to be used to conduct the final program evaluation</li> <li>- How pillar three activities will be assessed as part of this evaluation &amp; how pillar three projects should be evaluated upon completion</li> <li>- Develop initial outline of pillar three impact evaluation method</li> </ul> </li> </ul> <p><b>Workshop 2: pillar three impact evaluation methodology (conclusions and recommendations phase)</b></p> <ul style="list-style-type: none"> <li>• One workshop to be conducted during the final phase of the evaluation to build impact evaluation methodology for pillar three (evaluation take place in three/ four years)</li> </ul>	<p><b>Workshop 1: logical framework, KPI and pillar three project evaluation (inception phase)</b></p> <ul style="list-style-type: none"> <li>• Provide methodological framework for the assessment of pillar three activities to be conducted as part of the final program evaluation</li> <li>• Define initial outline of pillar three impact evaluation methodology</li> </ul> <p><b>Workshop 2: pillar three impact evaluation methodology (conclusions and recommendations phase)</b></p> <ul style="list-style-type: none"> <li>• Identify data sources and target groups for data collection for the assessment of pillar three</li> <li>• Finalize methodology to conduct pillar three impact evaluation in three to four years</li> </ul>
<p><b>Results, relevance, coherence, value for money &amp; efficiency</b></p>	 <p><b>Interviews with governance and institutional</b></p>	<ul style="list-style-type: none"> <li>• Telephone interviews with members of the PAG, technical PAG, Independent Investment Panel, Regional Consultative Forum*</li> </ul>	<ul style="list-style-type: none"> <li>• Assessing the quality of the program governance, as well as each of its governance bodies, identify possible areas for improvement</li> <li>• Assessing project identification and selection process</li> <li>• Identifying expectations and understanding of the program's mission and objectives (relevance)</li> </ul>

	<p><b>representatives interviews) (10</b></p>		<ul style="list-style-type: none"> <li>• Alignment of program objectives and activities with those of governance body members, opportunities for collaboration</li> <li>• Identify barriers and challenges to program activities, recommendations for improvement</li> <li>• Expected and perceived changes generated by the program in the region and at the beneficiary country level</li> <li>• Assessing visibility of program activities and outputs at the regional level</li> <li>• Qualitative assessment of program result indicators (e.g. degree to which the program has allowed to increase consensus and focus around national, sub-regional and regional strategies that promote PSD)</li> <li>• Level of private sector involvement in program governance and strategic decision making</li> </ul>
<p><b>Relevance, coherence, results, value for money and efficiency</b></p>	<p> <b>Visit to IDB in headquarters Washington DC</b></p>	<ul style="list-style-type: none"> <li>• Face to face meetings with members of the Competitiveness, Technology and Innovation (CTI) Division of the IDB</li> <li>• Face to face meeting with members of the Executive Committee</li> <li>• Potential interview with World Bank representatives (e.g. LAC trade and competitiveness representative, IFC, Innovation Technology &amp; Entrepreneurship Practice)</li> </ul>	<ul style="list-style-type: none"> <li>• Program rationale and links to IDB intervention strategy in the Caribbean</li> <li>• Collecting program monitoring data, incl. funding</li> <li>• Assessment of program management and performance of PCU</li> <li>• Assessing program governance</li> <li>• Perception of program results, main challenges and barriers to program implementation</li> <li>• Program sustainability</li> <li>• Qualitative assessment of program result indicators (e.g. degree to which the program has allowed to increase consensus and focus around national, sub-regional and regional strategies that promote PSD)</li> <li>• Perception of other major donors (e.g. World Bank) of the program (relevance, results, visibility, potential for collaboration)</li> </ul>
<p><b>Relevance, results, coherence</b></p>	<p> <b>Telephone interviews with beneficiary country representatives (15 interviews)</b></p>	<ul style="list-style-type: none"> <li>• Telephone interviews with government representatives (e.g. ministries) for each beneficiary country of the program (1 per beneficiary country)</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of program visibility and relevance</li> <li>• Identification of main challenges in the region with regard to PSD (relevance of program)</li> <li>• Assessment of program activity quality and outcomes, changes generated in country as a result of program activity (e.g. adoption of National Private Sector Development Strategies)</li> <li>• Enquiries on specific program activities/outputs/outcomes taking place / targeting the country</li> <li>• Suggestions for future program activities / operations</li> <li>• Identification of opportunities for collaboration with national initiatives</li> </ul>

			<ul style="list-style-type: none"> <li>• Qualitative assessment of program result indicators (e.g. degree to which the program has allowed to increase consensus and focus around national, sub-regional and regional strategies that promote PSD)</li> </ul>
<p><b>Results, relevance, value for money</b></p>	 <p><b>Project analysis and quantitative analysis of program activities, outputs and outcomes</b></p>	<ul style="list-style-type: none"> <li>• Collecting and centralizing all relevant data from PMES and producing visual representation of key activity, outcome and result indicators</li> <li>• Completing project results matrix</li> <li>• Conducting a meta analysis of pillar two project evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Assessing the extent to which the program delivered its expected outputs and outcomes</li> <li>• Identifying key gaps in program objectives</li> <li>• Analysis of distribution of funding per program activity, country, type of project (e.g. national vs. regional) in light of program objectives (relevance)</li> <li>• Assessment of program beneficiary types (e.g. private firms directly benefiting from the program, sector, size, etc.)</li> </ul>
<p><b>Results, relevance, sustainability</b></p>	 <p><b>On-line surveys (2 surveys)</b></p>	<ul style="list-style-type: none"> <li>• One on-line survey targeting individual firms supported via pillar 3 actions</li> <li>• One on-line survey targeting the PSD 'eco-system' stakeholder in the region</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Individual firm survey</b> <ul style="list-style-type: none"> <li>- Perception of the added value generated by the program</li> <li>- Program contribution to enhanced competitiveness and internationalization</li> <li>- Program contribution to capacity to innovate</li> <li>- Perception on improvement to business climate in country</li> </ul> </li> <li>• <b>PSD stakeholder survey</b> <ul style="list-style-type: none"> <li>- Visibility and understanding of the program</li> <li>- Relevance of program objectives and actions</li> <li>- Perception on improvements to business climate in country/region</li> <li>- Value-added of program actions and outcomes/intermediate results generated</li> </ul> </li> </ul>
<p><b>Results, sustainability, recommendations</b></p>	 <p><b>On-site country case studies and country visits: 5 case studies</b></p>	<ul style="list-style-type: none"> <li>• 6 country case studies (2.5-day visit per case study) <ul style="list-style-type: none"> <li>- Literature review</li> <li>- Country visits, interviews with project stakeholders, government officials, project partners, private sector representatives</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• In depth analysis of the activity-output-outcome-preliminary result chain</li> <li>• Qualitative assessment of program activities, beneficiary perception</li> <li>• Analysis of interactions different program pillar results</li> </ul>

<p><b>Recommendations</b></p>	 <p><b>Recommendations workshop: 1 workshop during the final phase of the evaluation</b></p>	<ul style="list-style-type: none"> <li>• 1 day workshop at PCU in Barbados to discuss and fine tune preliminary recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Increase visibility of recommendations stemming from the evaluation and buy-in from key program stakeholders</li> <li>• Increase robustness of recommendations</li> </ul>
<p><b>Value for money and efficiency</b></p>	 <p><b>Assessment of value for money</b></p>	<ul style="list-style-type: none"> <li>• Cost-Effectiveness Analysis &amp; Cost Benefit Analysis and comparison to similar programs.</li> <li>• Interviews with program managers and rapid desk research</li> <li>• Interviews with comparator program representatives if necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Assessing value for money of the program in comparison to other programs which are similar in nature</li> <li>• Assessing the processes used to identify, manage and monitor project</li> </ul>





technopolis |group| France  
88 rue Lafayette  
75009 Paris  
France  
T +33 1 49 49 09 20  
F +33 1 49 49 09 29  
E [info.fr@technopolis-group.com](mailto:info.fr@technopolis-group.com)  
[www.technopolis-group.com](http://www.technopolis-group.com)