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REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED

TECHNICAL ASSISTANCE GRANT

FOR THE BENEFIT OF THE

CARIBBEAN REGIONAL UNIT FOR TECHNICAL ASSISTANCE (CARUTA)

FOR

**DOMINICA, GRENADA, GUYANA, JAMAICA, SAINT CHRISTOPHER AND NEVIS,
SAINT LUCIA, SAINT VINCENT AND THE GRENADINES,
AND TRINIDAD AND TOBAGO**



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WEIGHTS AND MEASURES

1 kilogram (kg)	=	2.204 pounds (lb)
1 000 kg	=	1 metric tonne (t)
1 kilometre (km)	=	0.62 miles (mi)
1 metre (m)	=	1.09 yards (yd)
1 square metre (m ²)	=	10.76 square feet (ft ²)
1 acre (ac)	=	0.405 ha
1 hectare (ha)	=	2.47 acres

ABBREVIATIONS AND ACRONYMS

CARICOM	Caribbean Community
CARUTA	Caribbean Regional Unit for Technical Assistance
CCS	Caribbean Community Secretariat
CDB	Caribbean Development Bank
DFID	Department for International Development (United Kingdom)
FAO	Food and Agriculture Organization of the United Nations
IDB	Inter-American Development Bank
IICA	Inter-American Institute for Cooperation on Agriculture
OSC	Operational Strategy Committee
PROGENDER	Regional Programme to Consolidate Gender-Mainstreaming Strategies in IFAD-Financed Projects of Latin America and the Caribbean
RUTA	Regional Unit for Technical Assistance
TA	Technical Assistance
UNDP	United Nations Development Programme



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I submit the following Report and Recommendation on a proposed technical assistance grant for the benefit of the Caribbean Regional Unit for Technical Assistance (CARUTA) for Dominica, Grenada, Guyana, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago in the amount of USD 753 000 for a three-year period.

I. BACKGROUND

1. In line with IFAD's corporate thrusts, in 2000 the Fund prepared a Regional Strategic Opportunities Paper (RESOP) for the eastern Caribbean countries and Trinidad and Tobago, which was approved by the Operational Strategy Committee (OSC) in March of that year¹. The rationale for the paper was the development of an effective IFAD presence and impact at the field level and increased cost-effectiveness by examining strategic opportunities at a subregional level, rather than for each island country.
2. The countries considered in the paper were Dominica, Grenada, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago. IFAD has financed projects in four of the countries and currently has projects in Dominica, Grenada, Saint Lucia, and Saint Vincent and the Grenadines. All countries, except Trinidad and Tobago, are economically vulnerable due to their small economies, hurricanes and other natural disasters, environmental pollution, reliance on external finance and export concentration.
3. As an instrument to consolidate IFAD actions in the eastern Caribbean subregion, the OSC endorsed the proposal to create a Caribbean Regional Unit for Technical Assistance (CARUTA) through provision of technical assistance (TA) grant resources. TA is an essential component in addressing the requirements of the rural-development and poverty-alleviation process. In the Caribbean subregion, TA is provided in various forms and by a relatively large number of national, regional and international institutions. However, the effective delivery and efficient use of TA have been major concerns of recipient authorities, contributors and targeted beneficiaries alike. Of particular relevance is the need to improve the level of coordination in determining TA needs, and the response to and efficient use of the resources to address these needs.
4. As contributors to TA resources in the subregion, IFAD and the Caribbean Development Bank (CDB) recognize the need for a more-effective, coordinated approach to the delivery of declining TA resources. It is in this context that the following rationale is being presented for establishing a Caribbean Regional Unit for Technical Assistance in support of the following eastern and southern Caribbean countries: Dominica, Grenada, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and

¹ OSC 2000/09/PL on 14 March 2000.



the Grenadines, Trinidad and Tobago and, in addition, Guyana and Jamaica, where IFAD has had a number of investment projects and expects to have a continuing investment portfolio.

II. RATIONALE AND RELEVANCE TO IFAD

5. The basic element of a subregional approach to technical assistance is directly related to the cost-effectiveness of IFAD opportunities for intervention, as opposed to single actions directed to the individual island countries. Previous experience with the Regional Unit for Technical Assistance (RUTA) in Central America, currently financed mainly by the World Bank and IFAD, and with the financial participation of other international organizations² and participating Central American countries and Panama, has proved to be very successful in delivering technical assistance on a subregional basis.

6. CARUTA is thus designed in a subregional context that urgently needs an institutionally coordinated technical assistance service to support participating countries' efforts in rural development and poverty alleviation. The unfavourable outcome of the World Trade Organization (WTO) process regarding the banana trade, the continuing uncertainty facing the sugar sector and the need for environmentally sustainable farming practices have created an urgent need to reformulate the agricultural policies and programmes that provide sustainable livelihoods for the rural island population. Moreover, farming practices need to be consistent with the fragile ecosystems of the islands, whose beaches and coral reefs are crucial to the tourist industry. The quest for alternative crops and markets is a particular challenge for eastern Caribbean countries and an important area for technical assistance efforts. These actions will directly improve the impact of the IFAD portfolio in the subregion. In this general context, CARUTA will focus on regional and national policy work and will strengthen national capacities in critical areas such as rural and agricultural development-policy formulation, market development, community participation and privatization of services.

7. Even though CARUTA will initially be supported by CDB and IFAD, another objective is to broaden participation to other international agencies that have expressed interest in joining a coordinated technical assistance effort, including the Canadian International Development Agency (CIDA), the Caribbean Community Secretariat (CCS), the Caribbean Research Development Institute, the Department for International Development (DFID) (United Kingdom), the European Union, the Food and Agriculture Organization of the United Nations (FAO), the Inter-American Development Bank (IDB), the Inter-American Institute for Cooperation on Agriculture (IICA), the United Nations Development Programme (UNDP), the University of the West Indies and the World Bank. Since approval procedures and time frames vary with each institution, it is foreseen that CARUTA management will negotiate the technical and financial participation on a bilateral basis with each institution. This approach will avoid complex and time-consuming multilateral negotiations.

III. THE PROPOSED GRANT

A. Goals and Objectives³

8. The overall goal of CARUTA is to achieve an efficient and competitive regional agricultural sector, leading to alleviation of rural poverty in the Caribbean region. The general objective is to strengthen national and subregional capacity to alleviate current levels of rural poverty, in the context

² RUTA is also financed by contributions from Centre for International Forestry Research (CIFOR), DFID, FAO, IDB, IICA and UNDP.

³ See Appendix I, Tentative Logframe.



of a strategic framework to make the rural/agricultural sector more competitive. Specific objectives are to:

- facilitate and support the implementation of a regional agenda for rural/agricultural development and poverty alleviation through existing regional mechanisms such as the Caribbean Community (CARICOM);
- promote actions among partner agencies to harmonize their policies on specific themes and to deepen collaboration through priority investment programmes at the regional and national level;
- provide implementation support and technical assistance to IFAD's ongoing projects in the Caribbean region.

B. Key Activities

9. CARUTA will concentrate its interventions in areas related to rural/agricultural and community development, participatory approaches, gender, poverty reduction, natural resources and environmental conservation and management. Within these areas, CARUTA will address issues related to policy analysis and development, institutional capacity-building and project-cycle activities. Specifically, CARUTA involvement will include:

- training to strengthen the analytical capacity of public- and private-sector institutions for policy determination, formulation, implementation, and monitoring and evaluation;
- appropriate studies to assess the impact of existing policies on agricultural production, rural investment, poverty reduction, natural resource use and the environment; suitable amendments to policies for greater effectiveness; and enhanced linkages between relevant policies, through more effective collaboration, in order to promote greater sectoral and subsectoral linkages;
- capacity-building, through training, to identify and design investment projects, enhance management implementation capacity and support governments in managing policy and natural emergencies;
- direct involvement in project preparation, implementation and evaluation, with particular emphasis on CDB- and IFAD-initiated and financed projects;
- linking of national institutions with regional and international ones; and
- coordination with the Regional Programme to Consolidate Gender-Mainstreaming Strategies in IFAD-Financed Projects of Latin America and the Caribbean (PROGENDER) to support the implementation of IFAD gender strategy in the Caribbean region.

10. Demand-driven training will focus on priority IFAD topics such as community development, participatory approaches, gender and natural resource management. Each year a training-needs assessment will be carried out. Types of training will vary and could include 'one-on-one' training, small groups on an ad hoc basis, specially-designed short courses and workshops, or more formal courses (e.g. in college/university curricula). To carry out this training, a number of local institutions have been identified for collaboration. In addition to CARUTA staff, trainers will include specialist consultants or be drawn from regional non-governmental organizations (NGOs), colleges and universities.



IV. EXPECTED OUTPUTS AND BENEFITS

11. For the initial three-year period, CARUTA general outputs will include the operation of an institutionally coordinated technical assistance programme (for Dominica, Grenada, Guyana, Jamaica, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Trinidad and Tobago) and a coordinated national and subregional policy focus. Operational outputs for the initial three-year period will include: (i) national and regional training workshops in policy determination and decision-making; (ii) training in policy analysis, including awareness of relationships of policy and project issues and the impact of cross-sectoral issues on project performance; (iii) training in project-cycle activities and project management; and (iv) studies to determine policy adjustment or modification.

12. Regarding IFAD's portfolio of ongoing projects, it is expected that CARUTA will provide implementation support and technical assistance on demand. Critical areas such as project management, monitoring and evaluation, gender, community participation, market development, rural enterprises and microfinance will be addressed by CARUTA staff. CARUTA will establish working coordination with ongoing IFAD TA grants, particularly RUTA, the Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of Rural Poverty-Alleviation Projects in Latin America and the Caribbean (PREVAL), the Rural Microenterprise Support Programme in Latin America and the Caribbean (PROMER), PROGENDER and the regional on-line project network, FIDAMERICA.

V. IMPLEMENTATION ARRANGEMENTS

13. CARUTA will be considered a regional project of CARICOM, jointly supported by IFAD and CDB, with a regional unit and with national technical units in each of the participating countries. It is further proposed that CDB be the executing agency for the project under an agreement with the Caribbean Community Secretariat (CCS), acting on behalf of CARICOM. A Steering Committee made up of CCS, CDB and IFAD representatives will be established. As other international institutions participate in CARUTA, their representatives will be included. CARUTA will establish an agreement with UNDP for administrative support, on the model used for RUTA.

14. CDB will establish the regional unit for technical assistance as an autonomous entity located in one of the participating countries. The unit will be staffed initially with a director, an administrative/finance officer, professional staff experienced in the target and thematic areas and support staff. The national technical units will each be staffed with a coordinator and an assistant. Participating governments will be responsible for establishing and staffing the national technical units in the respective countries in coordination with the regional unit. Consultants will be recruited, as necessary, to augment the staff of the regional unit in carrying out the work programmes.

VI. INDICATIVE COSTS AND FINANCING

15. The initial contribution to CARUTA will be USD 5.3 million, with USD 753 000 as the IFAD contribution, USD 1.3 million as the CDB contribution and a total of USD 3.3 million as in-kind contributions (personnel, office space and services, office materials, local training costs, etc.) from participating countries and other donors. CARUTA final costs will be incremented as other international, regional and subregional institutions join either as financial or technical assistance participants.



PRELIMINARY COST TABLE

Cost Category	IFAD	CDB	Governments and Other Donors	Total	%
CARUTA staff	180 000	300 000	480 000	960 000	18
Technical assistance	190 000	210 000	710 000	1 110 000	21
Training	140 000	220 000	600 000	960 000	18
Studies	40 000	130 000	420 000	590 000	11
Regional strategy-building	75 000	200 000	650 000	925 000	17
Operational costs	128 000	240 000	440 000	808 000	15
Total	753 000	1 300 000	3 300 000	5 353 000	100

VII. RECOMMENDATION

16. I recommend that the Executive Board approve the proposed technical assistance grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Caribbean Regional Unit for Technical Assistance (CARUTA) for three years commencing June 2001, shall make a grant not exceeding seven hundred and fifty three thousand United States dollars (USD 753 000) upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this Report and Recommendation of the President.

Lennart Båge
President

CARUTA TENTATIVE LOGRAME 2001-2003

Log Order	Indicators	Measures	Assumptions
<p>General Development Objective Efficient and competitive regional agricultural sector leading to alleviation of rural poverty in the Caribbean region.</p>			
<p>Specific Purpose Strengthen national and regional capacities to formulate and implement policies and investment programmes.</p>	Client-country satisfaction with services provided by CARUTA.	Evaluation 1 st year Special impact studies	Availability of sufficient resources; willingness to learn/adopt policies within regional/national institutions.
<p>Expected results</p> <p>1. CARUTA central and country offices are staffed and operative.</p> <p>2. CARUTA facilitates and supports implementation of a regional agenda through existing regional mechanisms such as the Caribbean Community (CARICOM).</p> <p>3. CARUTA partner agencies promote actions to harmonize their policies on specific themes and to deepen collaboration through priority investment programmes at the national level.</p> <p>4. IFAD's 5 ongoing projects demand and utilize implementation support and technical assistance from CARUTA.</p>	<p>1. CARUTA offices are in operation in 2001.</p> <p>2.1. A regional agenda agreed and implemented; 2.2. Regional agreement on harmonization of agricultural and rural-development policies; 2.3. Regional agreement on harmonization of rural poverty-alleviation policies.</p> <p>3.1. Inter-agency workshops/studies on rural and agricultural development, finance services, gender and agricultural exports; 3.2. Inter-agency workshops/studies on rural poverty alleviation policies and strategies; 3.3. Lessons learned/best practices shared on various issues among agencies, projects and participating governments.</p> <p>4.1. At least one technical assistance per project per year; 4.2. Workshops organized in gender, RFS, marketing, support in loan and project administration, including disbursements, procurement, accounting systems and monitoring and evaluation (M&E).</p>	<p>CARUTA reports</p> <p>Proceedings of CARICOM Ministers of Agriculture meetings CARUTA reports</p> <p>CARUTA reports</p> <p>Publications and reports</p> <p>Publications and reports</p> <p>Publications and reports</p> <p>Reports</p> <p>Workshops proceedings</p>	<p>Political willingness to support the implementation of CARUTA offices.</p> <p>Political willingness of participant countries to create a common agenda for rural/agricultural development and poverty alleviation.</p> <p>Existence of incentives within the agencies to promote and facilitate collaboration and harmonization.</p> <p>CARUTA services understood, demanded and appreciated by projects.</p>



Log Order			
<p>Activities</p> <p>1.1 Implementation and staffing of CARUTA central office in Barbados.</p> <p>1.2 Implementation and staffing of CARUTA country offices.</p> <p>2.1. Regional studies on the impact of new trends in rural poverty alleviation.</p> <p>2.2. Regional fora and workshops to discuss and seek innovative solutions.</p> <p>2.3. CARUTA advisory activity to governments and CCS.</p> <p>3.1. Organization of inter-agency meetings and activities on rural/agricultural development, RFS, gender, indigenous people.</p> <p>3.2. Organization of inter-agency meetings and activities on rural poverty alleviation strategies and policies.</p> <p>4.1. Organization of regional workshops to strengthen collaboration and cross-fertilization among projects.</p> <p>4.2. Technical assistance and training of project staff.</p>			



INSTITUTIONAL PROFILE OF THE CARIBBEAN DEVELOPMENT BANK

1. The CDB is a regional financial institution that began operations on 26 January 1970. CDB was created to contribute to the “harmonious economic growth and development of the member countries in the Caribbean” and to promote economic cooperation and integration among them, with a particular focus on the region’s less developed nations.
2. The permanent headquarters of CDB is located at Wildey, St. Michael, Barbados.
3. CDB is an associated institution of the Caribbean Community (CARICOM).
4. CDB’s mission statement: CDB intends to be the leading Caribbean development finance institution, working in an efficient, responsive and collaborative manner with borrowing members, towards the systematic reduction of poverty in their countries, through social and economic development.
5. CDB may make or participate in direct loans to governments of its regional member countries. Project financing is provided to any of the borrowing member country (BMC) agencies, political subdivisions, public or private entities and enterprises as well as international or regional agencies or entities concerned with the economic development of the region.
6. CDB has recently completed its Strategic Plan for 2000-2004, which outlines the bank’s objectives and its strategies for achieving them. The social sector and poverty reduction receive special emphasis.
7. CDB is owned by its 25 member countries, including 20 from within the region and five non-regional countries. Non-regional membership is open to states outside the Caribbean that are members of the UN or any of its specialized agencies or of the International Atomic Energy Agency. While regional members can borrow from CDB, non-regional members cannot. **Regional borrowing members:** Anguilla, Antigua and Barbuda, the Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Christopher and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, and Turks and Caicos Islands. **Regional non-borrowing members:** Colombia, Mexico and Venezuela. **Non-regional members:** Canada, China, Germany, Italy, United Kingdom.
8. CDB’s comparative advantage lies in its close relationship with its BMCs and its understanding of the problems and dynamics of the countries of the region, the easy access of bank staff to policymakers, administrators and institutions of civil society, the ownership and confidence that BMC governments feel in their own regional institution, the bank’s physical location in the region and proximity to many of its BMCs, and its comparatively lower costs for the appraisal and supervision of projects of the size that frequently characterizes the economies of the Caribbean.
9. CDB’s organizational structure comprises a Board of Governors, a Board of Directors, a President, who serves as the chairman of the Board of Directors, a Vice-President (Operations), a Vice-President (Corporate Services), who also acts as bank secretary, and four departments – Projects, Economics and Programming, Legal and Finance – with Projects and Economics and Programming headed by directors, Legal headed by the General Counsel and Finance headed by a Treasurer and Controller. In addition to these departments and their respective divisions and units, there are the three specialized divisions of Information and Technology Management Services, Human Resources and Administration, and Corporate Policy and Planning. The CDB staff complement is approximately 200, roughly half of whom are professionals.



APPENDIX II

10. Net cumulative financing approved (including loans, contingent loans, equity investments and grants) was USD 1 741.3 million at the end of 1999. Cumulative grant financing at the end of 1999 was USD 148.7 million. Cumulative disbursements were USD 1 275 million at the end of 1999, of which USD 731.4 million was to the Lesser Developed Countries.

11. CDB's financial resources consist of ordinary capital resources (OCR), comprising mainly subscribed capital and borrowing, and special funds resources, which may be established or accepted by CDB. At December 31, 1999, the OCR was USD 565.4 million comprising matured subscriptions and reserves, market loans on the US capital market and loans from the European Investment Bank, IDB and the World Bank.

12. CDB's technical-assistance operations are intended to complement project operations by facilitating the transfer of techniques, the development of expertise and the identification and promotion of investment opportunities to BMCs, thus boosting their absorptive capacity and accelerating economic and social development. Increasingly, emphasis has been on issues of governance, institutional development and strengthening the role of civil society.

13. It is expected that resources provided to CDB for the implementation and operationalization of CARUTA will be administered by CDB as a separate fund in the same manner as it deals with other funds operating in the bank. CARUTA, as an entity, would have its own systems for accounting for the resources provided by CDB.

14. Additional information on CDB may be obtained from its website at <http://www.caribank.org>.