

## CASE STUDY: Business climate and competitiveness enhancement support provided by the Compete Caribbean Programme

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### Executive Summary

In 2009 the Department for International Development of the United Kingdom (DfID) and the Canadian International Development Agency (CIDA, now Global Affairs Canada) partnered with the Inter-American Development Bank (IDB) to design a programme that would enhance the competitiveness of the Caribbean region by means of support to Private Sector Development and Competitiveness. The Compete Caribbean (2010- 2016) provided technical assistance grants and investment funding to support productive development policies, business climate reforms, clustering initiatives and Small and Medium Size Enterprise (SME) development activities in the Caribbean region. The ultimate goal of the Programme was to contribute to the increase in the standard of living and quality of life, and the enhancement of the competitiveness and economic growth of the 15 independent CARIFORUM countries. One of the specific objectives of the programme was to contribute to an improved enabling environment for business development, trade and integration. In addition, a focus on gender equality, women’s economic empowerment and environmental sustainability were also considered important for the programme delivery.

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Unsurprisingly, the programme's theory of change is heavily geared towards improving the business environment in the Caribbean region, and improving conditions for competitiveness and innovation. Despite the explicit recognition of the need to ensure positive synergies between these ambitions and environmental objectives at the strategic level; environment-specific indicators were not included in programme's theory of change, nor are they reflected in the programme's result matrix. As a result of this, instead of adopting a pro-active approach to ensure that the business environment support also leads to positive environmental spill-overs (i.e. generating positive synergies), the programme has for the most part only taken the necessary measures to ensure that its work does not cause harm to the environment (i.e. avoiding potential negative trade-offs).

In spite this, the program did take tangible steps in order to ensure environmental concerns are woven into its implementation mechanisms. The three main sources of environmental actions included in the design of the programme are the adoption of a sustainability strategy laying out the general vision and approach of the program vis à vis environmental concerns, the use of environmental selection criteria to identify supported projects, and providing some degree of technical assistance to projects and programme staff on environmental issues via a specialized environmental consultant. In addition, programme ensured any potential negative trade-offs between its Business Environment Reform (BER) and Private Sector Development (PSD) activities were managed and eliminated by conducting systematic environmental reviews and assessments of all of the projects it provided funding to.

The final external evaluation of the programme found that the programme managed to deliver on most of its expected targets in terms of outputs, outcomes and intermediate results. The programme can thus be considered to be a success, as relates to its 'mainstream' ambitions and objectives in the field of BER and PSD. However, the programme's contribution to environmental and sustainability-related objectives is more limited. Based on this, it can be said that the programme was designed on the principle of an 'co-benefits approach' between green growth and private sector development objectives, but ended up being in practice closer to a 'mutual recognition' level.

One of the key lessons learned from the Compete Caribbean programme is that there is indeed wide recognition of the fact that BER and PSD can be successful drivers of environmental protection. In addition, there is increasing interest within the policy-maker and donor community to continue strengthening the nexus between both fields, through international development programmes. However, it's not enough to simply state intentions and recognise the existence of synergies at the strategic level. It's necessary for programmes of this nature to translate high-level strategic ambitions into concrete commitments which they will be made accountable for, when it comes ensuring BER/PSD initiatives also lead to positive environmental results. In order to do so, specific steps should be taken to adequately acknowledge synergies and trade-offs as part of programme theories of change, results frameworks and key performance indicators. This requires a detailed understanding of the specific environmental challenges being faced by the region, which could be potentially mitigated by means of the programme's core activities.

## 1 Background and context of the case

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### 1.1 Background, context and key stakeholders

The Caribbean region 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. The Caribbean region has been moving towards the creation of a single market economy in the hope of encouraging regional integration. Yet, 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.

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. 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.

#### *Box 1 Key environmental threats to the Caribbean region*

The collective Caribbean environment is indeed a fragile one. Even small, localized changes can result in significant environmental impacts. This is why managing development projects are important. Characterized as it is by small, low-lying islands and coastal states, the region remains highly vulnerable to the impacts of climate change; the loss of biodiversity; the loss of coral reefs, extreme weather events; water scarcity and deforestation.

The almost complete removal of forests (to make charcoal for cooking fuel) has had serious consequences for Haiti, for example. Serious flooding resulting in loss of life; soils loss and property damage has dramatically increased since the forests of Haiti have all but disappeared. But one per cent of Haiti's historical forests now remain.

Caribbean national governments have a poor, but slowly improving, track record of managing the environment. National environmental legal frameworks are mostly in place. Sub-regional and regional organizations such as the Organization of Eastern Caribbean States (OECS) and CARICOM have also made contributions to environmental governance. Regrettably, these agreements, policies and laws remain poorly implemented. Public sector capacity for dealing with environmental issues is also lacking.

In light of this challenge, in 2009 the Department for International Development of the United Kingdom (DfID) and the Canadian International Development Agency (CIDA, now Global Affairs Canada) partnered with the Inter-American Development Bank (IDB) to design a programme that would enhance the competitiveness of the Caribbean region through implementing a Private Sector Development and Competitiveness programme. Caribbean Development Bank (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 Programme to implement projects in the 6 Organisation of Eastern Caribbean States (OECS), non IDB member countries.

Compete Caribbean is a private sector development programme that provides technical assistance grants and investment funding to support productive development policies, business climate reforms, clustering initiatives and Small and Medium Size Enterprise (SME) development activities in the Caribbean region. The ultimate goal of the Programme is to contribute to the increase in the standard of living and quality of life, and the enhancement of the competitiveness and economic growth of the 15 independent CARIFORUM countries. The programme addresses 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.

In addition, a focus on gender equality, **women’s economic empowerment and environmental sustainability** were also considered important for the programme delivery. The design of the programme 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 programme was designed to include three key pillars:

- **Pillar 1:** Comprehensive Framework for Private Sector Strategies (Knowledge Management)
- **Pillar 2:** Business Climate and Competitiveness Enhancements Facility (Policy Support Facility)
- **Pillar 3:** Enterprise Innovation Challenge Fund (Direct support to firms and clusters)

Under Pillar 2, the Compete programme 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 programme 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.

The objective of this case study is to illustrate the nexus between the Compete Caribbean programme’s objectives in the field of PSD and competitiveness; and its sustainable development goals and ambitions. In doing so, the main level of analysis will be the programme as a whole. However, given the focus of the study on Business Environment Reform, as specific focus will be placed on Pillar 2 of the programme which is specifically aimed at implementing business climate reforms in beneficiary countries. In addition, in order to illustrate how the programme was implemented at the operational and project level, the case study also draws on the specific example of the “Strengthening Export Competitiveness in the Grenada Agriculture Sector (GD-CC2067)” project supported under Pillar 2. Information regarding this specific project is generally presented throughout the case study in boxes, such as the following one (cf. Box 2).



*Box 2 Background of the Grenada Agricultural Sector Export Competitiveness project*

The economy of Grenada has been severely affected by two exogenous events since 2004: 1) the significant negative environmental and economic impacts of Hurricanes Ivan and Emily in 2004 and 2005 respectively and 2) the global economic crisis that has emerged since 2008. For example, the net effect of Ivan and Emily was that nutmeg production was reduced to 501,086 lbs (dried) in 2006, or less than 10% of its pre-Ivan “high” of 6,446,945 lbs in 2004. Similarly, cocoa production was reduced to 111,859 lbs in 2005, also less than 10% of its pre-Ivan level of 1,829,987 lbs in 2004. Consequently, the value of exports of these two core crops dropped from EC\$31.6 million to \$8.8 million over the same period. The effects of the global financial crisis have been equally severe. From 2000 to 2008, real GDP growth averaged 3.7%. However, since 2009, the Grenadian economy has contracted on average by 2% annually with various sectors experiencing significant decline.

In light of this, the Government of Grenada asked Compete Caribbean for assistance in growing both the nutmeg and cocoa sectors, two of its most valuable export crops. The objective of the support granted by the programme through its policy enhancement facility was to to strengthen the legal and administrative framework for agriculture in Grenada and to increase investment, particularly in the nutmeg and cocoa sub-sectors. The project ran for 18 months between October 2014 and 2016. It received a grant totalling \$250k from the programme. An additional \$60k were provided by local counterparts bringing the total budget of the project to \$310k.

*Table 1 Key facts & Figures*

Official Project Name / Reference	Compete Caribbean Programme, Business Climate and Competitiveness Enhancement Facility
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Country/Countries	15 independent CARIFORUM countries (Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominican Republic, Dominica, Grenada, Guyana, Haiti, Jamaica, St Lucia, St Kitts and Nevis, St Vincent and the Grenadines, Suriname, and Trinidad and Tobago).
Total project/programme volume (USD)	33,007k USD
Funders and Distribution of Funding	<ul style="list-style-type: none"> <li>• UK Department for International Development (DFID) 8, 656k (GBP) / c.a. 10,600k USD</li> <li>• Global Affairs Canada (20m Canadian Dollars) / c.a. 15,200k USD</li> <li>• IDB in kind contribution (c.a. 7,800k USD)</li> </ul>
Start & End Years	2010 -2016
Evaluation carried out	Mid-term evaluation (external, 2013), Final programme evaluation (external, 2016)

Source: Technopolis Group

## 1.2 Programme design process and linkages to other policy strategies

The design of the programme was strongly influenced by the policy agendas and policy priorities of its main donors, as well as the IDB. The coming together of all three donors within a single programme was quite logical given that Canada and the UK are among the most important bilateral donors in the Caribbean, and that the IDB is the main source of multilateral funding to the region, with substantial expertise and experience in designing and executing projects in different areas of private sector development and competitiveness. Implementing the Rome Declaration on Donor Harmonization, and the Paris Declaration on Aid Effectiveness, the three stakeholders decided to come together to: (i) support the development of a larger, more comprehensive private sector approach to address the growth challenge across the region; (ii) increase the development impact of private sector development projects under a joint programme; (iii) minimize transaction costs of designing and managing separate programs; (iv) simplify the process of accessing funding by providing regional institutions, governments, NGO and firms a single entry point; and (v) enhance the programme's visibility and achieve support from governments and private sector organizations.

The grant proposal which is at the outset of the programme states that CCP is closely linked to the IDB's Regional Strategy for CARICOM (2007-2010) which proposes to (i) eliminate remaining restrictions to the free flow of goods, services, capital and people within the CSME; (ii) align regional and global integration agendas; (iii) move from protection to adjustment support to help disadvantaged countries adjust to intra- regional liberalization, without compromising liberalization itself; and (iv) facilitate private sector development within a more liberalized trading environment.

CCP evaluations reveal that its two national donors generally see the programme as being a good fit with their other initiatives in the region. In addition, the donors were closely involved in the design of the programme and have been directly involved in its day-to-day governance. In addition, donors 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 programme to give greater weight to green issues and gender equality).

The outcome of the the programme design process was mainly influenced by programme donors' strategies, and beneficiary countries' needs and challenges in terms of competitiveness, growth and private sector development. However, as mentioned above, donor priorities and concerns in the fields of gender equality and environmental protection also influenced the design of the programme, as illustrated by inclusion of gender and environmentally-oriented goals in the the programme's high-level strategic concerns and ambitions.

*Box 3 The influence of donor policies and strategies on the environmental dimension of the programme*

At the time of the design of the programme, each of the donor organisation had policies in place to address environmental management as related to their activities. For instance:

- CIDA's Policy for Environmental Sustainability (1992) required that environmental considerations be integrated into decision-making across all policies, programs, and projects. The Government of Canada's Cabinet also had a Directive on Strategic Environmental Assessment (SEA). In addition to examining and addressing the potential adverse effects of a project, 'opportunities are to be sought for enhancement of the positive environmental effects of the project'.
- The IADB had the Environment and Safeguards Compliance Policy (PR-207). In short, this policy commits the Bank's 'toward mainstreaming environmental considerations across sectors, safeguarding the environmental quality of all Banks' operations and making the Bank socially and environmentally responsible within its own facilities'.
- The International Development Act (2002) defines the parameters of UK AID that can be provided under the aegis of the Compete Caribbean programme.
- Finally, the United Nations Millennium Development Goal number 7 also offers Compete Caribbean a clear mandate to integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources<sup>2</sup>

At the project level, in addition to beneficiary needs, **the design of projects generally took place bearing in mind the following:**

- **Evidence generate by previous studies or work conducted in the areas addressed by the project.** In the case of the Grenada agricultural sector project for example, the Compete Caribbean programme had financed a study to explore the incentive framework, the GCNA and GCA and Minor Spices legislation and governance, and the issue of value addition to the nutmeg, cocoa and spices sectors. This study made recommendations to improve the legislation, policy and incentive framework.
- **Support provided by other donors and international organizations.** For instance, the Government of Grenada has negotiated a US\$21.7 million Extended Credit Facility with the IMF in 2014 to support an "ambitious home grown" structural adjustment programme to correct the island's fiscal imbalances and lift sustainable growth. The Grenada agriculture project was also designed on the basis of other initiatives funded for instance by DFID (i.e. Aid for Trade project entitled "Increasing the value-added to Nutmeg in Grenada"), the CARICOM Development Fund (CDF, Country Assistance Programme Agreement with Grenada in the areas of agriculture, tourism and manufacturing), the CDB/IFAD US\$7,662,200 Rural Enterprise Project - also referred to as the Market Access and Rural Enterprise Project (MAREP) in Grenada, the German Government-funded US\$6.5 million climate change adaptation project launched in 2013 focusing on coastal zone management, water resource management, institutional strengthening and capacity building.
- **Additional programme-supported projects.** In the case of Grenada for instance, this included the the implementation of the OECS Economic Union's Free Circulation of Goods Regime aimed at facilitating increased intra-regional trade.
- Each project was subject to an **environmental and gender 'due-diligence' analysis** and procedure. This work was conducted by external consultants hired by the program.

## 2 Programme Design and Results

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### 2.1 Mapping the theory of change

The main problems addressed by the programme, as well as its underlying justifications are:

- The moderate average economic growth of Caribbean countries in the last four decades, as well as economic structural shifts. This includes a downward growth rates trend since the end of the 1970s, with growth in per capita GDP moving from an average of 3.9% in the 1970s to 1.7% in the first six years of the 21st century.
- The impact of the global economic and financial crises on most of the small and open Caribbean economies through falling export demand, reduced tourism receipts and the liquidity crunch observed worldwide.
- The difficulties faced by the region in defining new areas of competitive advantage, particularly given the fact that market diversification is especially limited.
- The need for public and private sector improvements in national and regional competitiveness in order to access the benefits stemming from free trade (i.e. the region's Economic Partnership Agreement (EPA) with the European Union).
- The importance of competitiveness for small states in efforts to overcome the inherent limitations posed by their size and take advantage of global trade. An assessment of the competitiveness performance of the countries included in The Global Competitiveness Report 2009-2010 showed that even though there were significant variations among CARIFORUM countries, they all reflect persistent constraints in the business climate, market size, state of cluster development, and business sophistication. Additionally, innovation and entrepreneurship were recognized as the central binding constraints to growth.
- Governments, regional institutions and private sector organizations recognized the need for greater strategic and technical coordination among PSD programs and the need for simple mechanisms to improve access to PSD support resources.

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

*Box 4 What other options were considered for programme design?*

Three options were considered for the design of the programme: (i) a multi-faceted PSD programme; (ii) a business climate programme; and (iii) a trade support programme. The 'trade only' approach was not considered as sufficient because the benefits deriving from free trade agreements are not achievable without public and private sector improvements to support national and regional competitiveness. The 'business climate only' approach, while important, was also considered as insufficient to increase competitiveness. Thus a multi-faceted programme that incorporated knowledge products, business climate reforms and clustering initiatives was chosen because it was expected to achieve the highest impact on productivity and growth, as confirmed by extensive consultations conducted across the region.

The following table provides an overview of the intervention logic of the programme along with the main instruments used for implementation.

*Table 2 Intervention Logic of the programme*

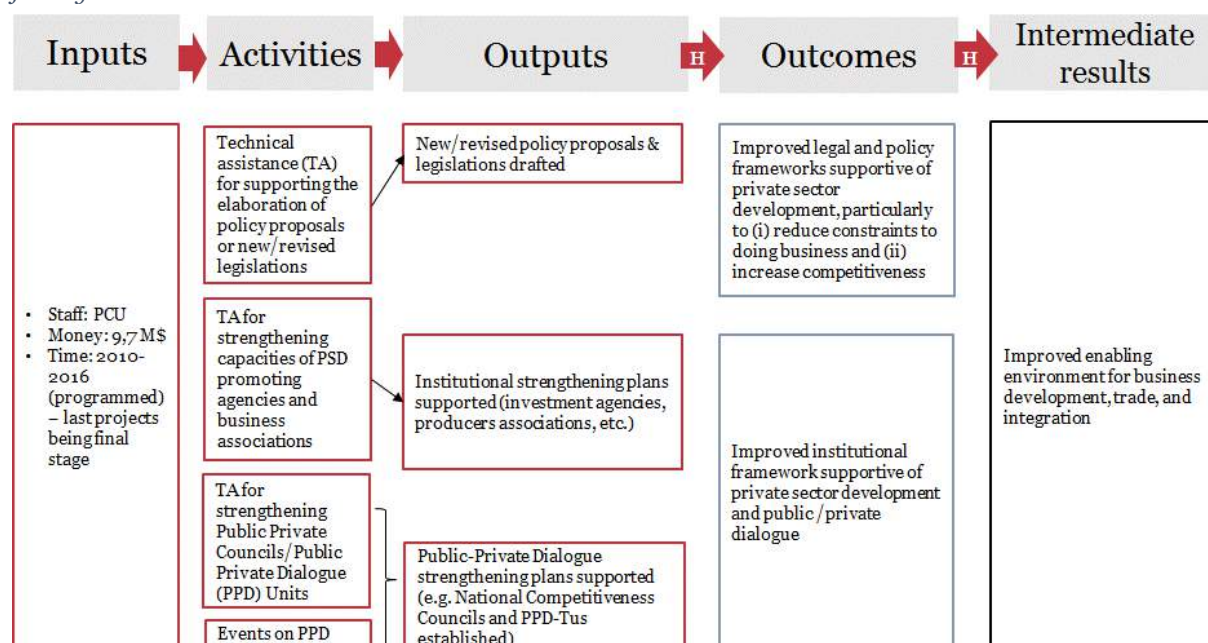
<b>Instruments used</b>	<b>Intended outcomes</b>	<b>Intended impacts</b>	<b>Relevance to BER</b>	<b>Relevance to GG</b>
Knowledge production, management and dissemination	Increased availability and use of Caribbean specific data and analysis on PSD issues.	Increased consensus and focus on strategic interventions to promote private sector development.	Very high	Medium
Technical assistance in support of policy and legislation in the field of	Improved legal and policy framework supportive of private sector development,	Increased consensus and focus on strategic interventions to promote	Very high	Medium

Instruments used	Intended outcomes	Intended impacts	Relevance to BER	Relevance to GG
business climate and competitiveness	particularly to (i) reduce constraints to doing business and (ii) increase competitiveness. Improved institutional framework supportive of private sector development and public/private dialogue.	private sector development. Improved enabling environment for business development, trade and integration.		
Direct support (grants) to firms	Enhanced innovative activity by individual firms	Enhanced capacity of clusters and firms to increase productivity and sustainably compete in national, regional and global markets.	High	Medium
Direct support (grants ) to clusters	Enhanced innovative activity by clusters.	Enhanced capacity of clusters and firms to increase productivity and sustainably compete in national, regional and global markets.	High	Medium

Source: Technopolis Group based on information provided by the programme

Pillar 2 of the programme (Technical assistance in support of policy and legislation in the field of business climate and competitiveness – cf. line two of the table above) is aimed 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 the drafting of new/revised legislations, but also policies and strategies relating to public goods which improve the business climate and enhance competitiveness (e.g. transport plan in Belize).

Figure 1 Indicative logical framework for Component 2 Business climate and competitiveness enhancement facility





### Box 5 The Theory of Change of the Grenada Agriculture Export Competitiveness project

The Government of Grenada approached Compete Caribbean to assist in enhancing the agriculture sector's investment environment and the competitiveness and productivity of nutmeg, cocoa and spices in Grenada. There were four specific constraints to be addressed:

- The need for increased clarity and transparency on an investment incentive framework to promote investment in Grenada's agricultural sector.
- Outdated legislation governing the cocoa and nutmeg sectors that vests monopoly control in the two farmer cooperatives responsible for the majority of purchases from all nutmeg and cocoa farmers (Grenada Nutmeg Cooperative Association (GCNA) and the Grenada Cocoa Association (GCA) respectively), as well as the Minor Spices Association.
- Limited empirical knowledge about where optimal value addition lies in these sub-sectors.
- Lack of export quality standards for cocoa, nutmeg and other spices in Grenada.

The objective of the project was to strengthen the legal and administrative framework for agriculture in Grenada and increase investment into the sector, specifically in the nutmeg and cocoa sub-sectors. The expected outcomes included i) the enabling environment for private sector investment in export agriculture enhanced and ii) governance and institutional capacity of the nutmeg and cocoa cooperative associations strengthened; while expected outputs included draft legislation to support investment incentives framework specifically geared to promoting private investment in the agricultural sector, draft revised legislation governing the Grenada Cocoa Association and the Grenada Cooperative Nutmeg Association, farmers and value-added producers trained in international export quality standards. The project aimed at benefitting the Government, the major export cooperative associations, the farmers, the value-added private sector and existing and potential investors.

Given that gender mainstreaming, as well as protecting the environment are essential components of sustainable economic growth and poverty reduction, and in accordance with the Millennium Development Goals, the programme sought to prioritize projects and activities that have a potential for positive impact on poverty reduction, gender-equality, and environmental sustainability. The table presented in Appendix B presents a sample of projects financed under Component 3 of the programme, along with their expected climate change / environmental impacts. It is interesting to note however that this exercise was only conducted for projects under Component 3, indicating that the importance given by the programme to environmental & sustainability impacts under Component 1 & 2 was much more limited.

## 2.2 Analysis of synergy and trade-offs between BER and Sustainable Development in programme design

As illustrated by the previous section (cf. section 2.1), the programme's theory of change is heavily geared towards improving the business environment in the Caribbean region (as well as that of its 15 eligible countries), and improving conditions for competitiveness and innovation. However, the high level strategic framework of the programme does also acknowledge the importance of gender mainstreaming and protecting the environment in supporting sustainable economic growth. In spite of this, environment-specific indicators or objectives do not appear in the programme's general theory of change, nor are they reflected in the programme's result matrix. As a result of this, instead of adopting a pro-active approach to ensure that the business environment support also leads to positive environmental spill-overs (i.e. generating positive synergies), the programme has for the most part only taken the necessary measures to ensure that its work does not cause harm to the environment (i.e. avoiding potential negative trade-offs).

In spite of the lack an explicit recognition of environmental objectives in the program's theory of change, the program has taken tangible steps in order to ensure environmental concerns are woven into its implementation mechanisms. The three main sources of environmental and sustainability action included in the design of the programme are:

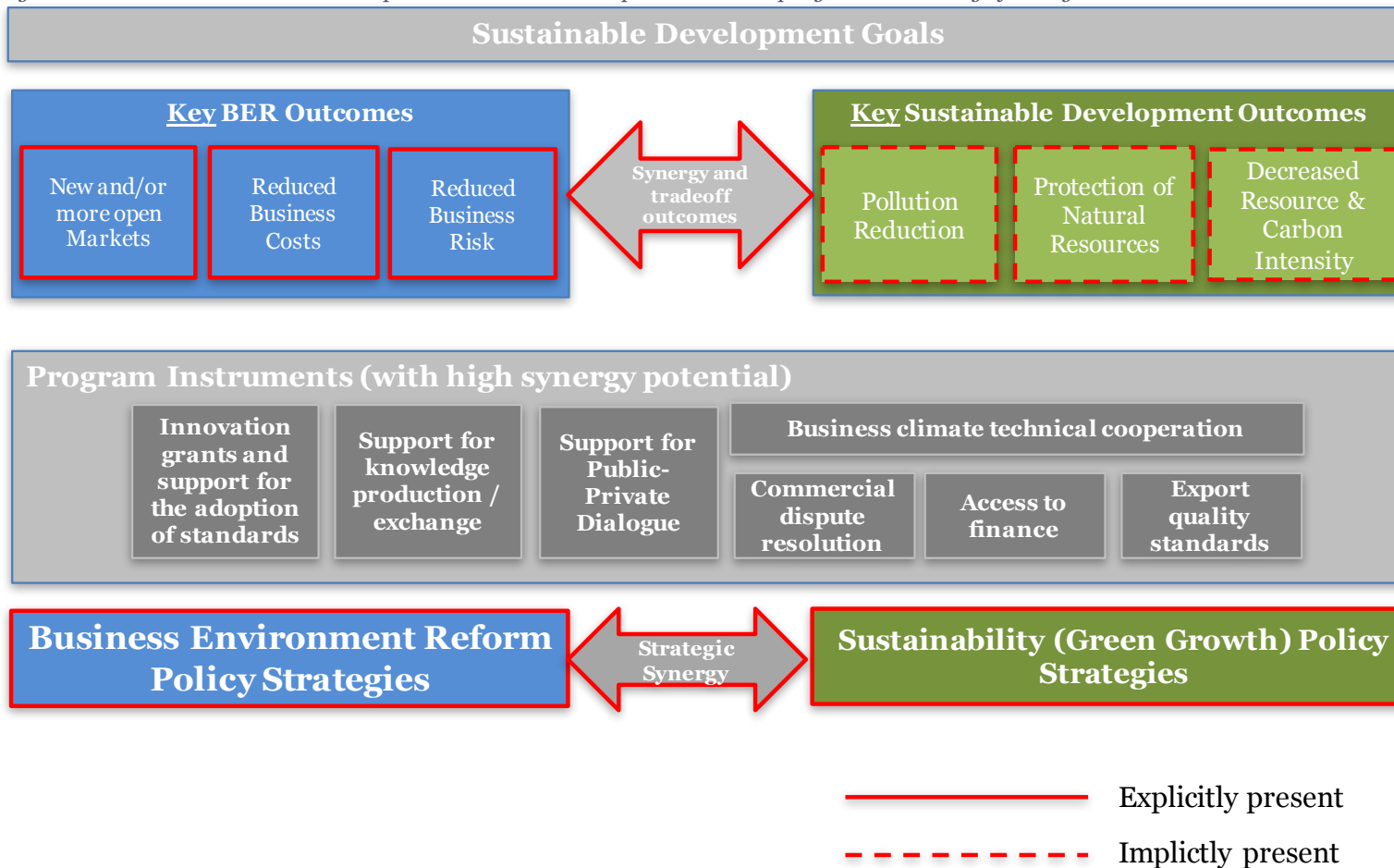
- The **sustainability strategy** adopted by the program which lays out the general vision and approach of the program vis à vis environmental concerns. It also establishes the roadmap of specific actions to be taken during the lifetime of the program as part of its sustainability

objectives. The sustainability strategy was developed with the support of an external sustainability consultant.

- The **selection criteria** used by the program and its governing bodies to identify supported projects in explicitly include the capacity of projects to demonstrate “the neutral or positive impact of the project on the environment”.
- Related to the previous point, the programme provided technical assistance support, via a specialized environmental consultant, for projects to conduct a **project-level sustainability analysis**.

The following figure (Figure 2) presents the links between the programme’s business environment and private sector-related component, and its sustainability component; while Table 3 illustrates the the specific synergies and trade-offs between the environmental and the BER objectives of the programme. As will be illustrated in the following section, these synergies and trade-offs did not necessarily materialize as a result of programme implementation.

Figure 2 The BER - Sustainable development nexus in the Compete Caribbean programme's theory of change



*Table 3 Synergies and trade-offs: preliminary overview*

	Synergies (positive)	Trade-offs (negative)
BER OUTCOMES -> Synergy with Sustainable Development Outcomes		
Market creation & higher market pressure	<ul style="list-style-type: none"> <li>In general terms the programme considers that investments in BER can create opportunities to enhance natural capital and protect the environment.</li> <li>Support destined to develop or strengthen specific industries or sectors (e.g. eco-tourism) can generate positive spill-overs both in terms of business activity, economic growth and the environment. The Catch and Release Sports Fishing in the Rupununi Guyana project for instance seeks to improve the capacity and competitiveness of the Rupununi Catch and Release cluster and introduce and market catch and release sport fishing as a viable ecotourism product.</li> </ul>	<ul style="list-style-type: none"> <li>Human interventions (regardless of their field of application) may lead to negative spill-overs on the environment.</li> <li>Efforts to increase productivity and competitiveness in the private sector may lead to increases in resource consumption and intensity</li> </ul>
Reduced Business Costs	<ul style="list-style-type: none"> <li>N/A</li> </ul>	
Reduced Business Risks	<ul style="list-style-type: none"> <li>N/A</li> </ul>	
SUSTAINABLE DEVELOPMENT OUTCOMES -> Synergy with BER outcomes		
Pollution reduction	<ul style="list-style-type: none"> <li>Actions such as support for obtaining certifications (c.f. Belize shrimp cluster project, or Grenada agricultural export competitiveness) can allow clusters of firms to improve environmental performance as well as enter new markets.</li> <li>Clusters or firms which adopt stricter environmental standards and commitments can use this as a marketing tool to develop business and/or attract new clientele.</li> </ul>	<ul style="list-style-type: none"> <li>Given that sustainable development outcomes are not the programme's main area of focus, there are no trade-offs identified vis à vis BER outcomes</li> </ul>
Protection of natural resources / ecosystem services	<ul style="list-style-type: none"> <li>Measures aimed at protecting natural resources can also reduce business risks, particularly in terms of access or availability of key commodities or raw materials which are necessary for production process.</li> </ul>	
Decreased resource & carbon intensity	<ul style="list-style-type: none"> <li>N/A</li> </ul>	

Source: Technopolis Group

Table presented in Appendix B illustrates some of the specific synergies identified in the framework of Component 3 projects and their respective theories of change.

The following sub-section provides a more detailed overview of how the programme intended to mainstream sustainability concerns and objectives into its different activities.

### *2.2.1 The Compete Caribbean sustainability strategy (and related actions)*

The programme's **sustainability strategy** was drafted with the support of an external consultant in 2012. The strategy acknowledges the existence of a trade-off between human activities (i.e. policy interventions) and social and environmental costs. However, in addition to this basic sustainability trade-off, the strategy also recognizes the existence of opportunities stemming from the implementation of business environment support:

- First of all, the strategy is built on the notion that for “for private sector development programs, such as Compete Caribbean (for) in addition to fostering private sector growth and competitiveness, Compete Caribbean can seek to expand, on a project-by- project basis, - the natural capital of the region”.
- Second, the strategy acknowledges that integrating environmental sustainability principles into the program may bring about specific economic benefits for the region and its firms e.g.

firms that accede to international environmental standard (i.e. 14001) are ensured broader market access opportunities; key technical or financial support to firms can directly bolster emerging green business; technical support can facilitate the development of clean, efficient and alternative technologies for the benefit of both business and the environment.

There was thus a clear commitment and intention of the programme at its outset to go beyond a simple ‘avoid potential environmental damage’ approach, to actually exploring ways to enhance and grow the region’s environmental assets; as well as using environmental protection as a leverage for economic growth. This is illustrated by the mention made of the term ‘green growth’ in the document, which “presupposes the need for economic growth at the same time it encourages the growth of natural capital”.

*“It is understood in this strategy that Compete Caribbean projects will not inherently create substantive environmental damage. No major infrastructure projects will be contemplated, for example. The IADB, CIDA and UK Aid are rightly concerned, however, about the long-term effectiveness of Compete Caribbean’s financial development assistance - since environmental vulnerability will certainly increase in the Caribbean”.*

Rather than adopting a specific environmental objective (and related Key Performance Indicators or KPIs) at the programme level, the strategy suggests mainstreaming sustainability into all aspects of the programme in order to increase environmental awareness and capacity in Compete Caribbean itself and with Caribbean governments; academia and the projects’ private sector beneficiaries.

The following table presents **intended actions**, as specified in the sustainability strategy, in order to mainstream sustainability into each of the programme’s Pillars. The actions which were actually implemented (fully or partially) by the programme are underlined. As illustrated by the table, the intended actions identified in the strategy were only partially implemented.

Pillar	Key actions intended to mainstream sustainability into the programme
<b>Pillar 1: Knowledge Management</b>	<ul style="list-style-type: none"> <li>• Consult entrepreneurs and regional business groups and private sector organizations to achieve consensus on appropriate policy interventions</li> <li>• <u>Identify and enumerate existing donor program initiatives on PSD and ‘Green Growth’ in the CARIFORUM region</u></li> <li>• Promote ‘Green Growth’ through the identification of a ‘flagship’ environmentally-based business product or service provider to promote awareness and knowledge</li> <li>• Develop a repository for resource information related to environmental sustainability and best practices in Green Growth in the CARIFORUM region</li> <li>• Develop a promotional product, such as a video, profiling best practices in environmental sustainability throughout the region</li> <li>• Design and organize a CARIFORUM Green Growth and Sustainability Summit</li> <li>• Undertake stakeholder consultations</li> <li>• Produce a Technical Note Green Growth and Sustainability</li> <li>• <u>Compete Caribbean’s experience in sustainability will be shared at workshops; meetings and seminars</u></li> </ul>
<b>Pillar 2: Business climate policy facility</b>	<ul style="list-style-type: none"> <li>• Produce a Technical Note to guide the process of including sustainability considerations in the development of private sector development (PSD)</li> <li>• Conduct a study to review constraints and barriers to the inclusion of sustainability provisions</li> <li>• Assess the need for capacity development and sustainability training within the Compete Caribbean PSU, ministries, private sector organizations and technical support units</li> <li>• <u>Support the participation of private sector organizations</u></li> </ul>

**Pillar  
Direct  
support  
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to  
and**

- As a means to increase competitiveness regionally, Compete Caribbean will actively promote the need for the Caribbean private sector to move towards relevant environmental standards. Firms receiving Compete Caribbean direct financial support will also be guided to move towards international (ISO-type) standards.
- A flagship ‘green growth’ project was suggested for this component, aimed at supporting a direct investment in a business that embodied sustainability. The product, or service, was sought to present a new business model to the Caribbean, assist in job creation and offer the prospects for export potential.

Source: Compete Caribbean Sustainability Strategy

### 2.2.2 Selection criteria

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.

### 2.2.3 Sustainability analysis at the project level

The programme’s external consultant was asked to carry out an independent sustainability analysis or ‘due diligence’ of each of the projects receiving programme funding. This work was conducted mainly on the basis of desk research regarding basis project documents. According to the consultant who was in charge of conducting this work, the main objective was to ensure that these projects would not lead to any type of environmental harm.

## 2.3 Programme results: Outcomes and impacts

The following section provides an overview of the programme’s main achievements in terms of a) its intended objectives and targets as defined in its ToC and results matrix framework (cf. section 1.2) and b) its original ambitions in the field of sustainable development (cf. section 2.2)

### 2.3.1 General programme results: increasing regional competitiveness

The final external evaluation of the programme found that the programme managed to deliver on most of its expected targets in terms of outputs, outcomes and intermediate results (cf. results framework in the appendix). The programme can thus be considered to be a success, as relates to its ‘mainstream’ ambitions and objectives in the field of private sector development and business environment reform. The following figure presents an overview of key program results obtained until March 2016.

Figure 3 Overview of key program results



Source: Compete Caribbean programme website

According to the programme's final evaluation, stakeholders and beneficiaries tend to express very high levels of satisfaction and appreciation regarding the program's relevance, its achievements, and its overall value proposition. It's 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 three Pillars.

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. As part of the Grenada Agricultural Exports Competitiveness project for example, seven pieces of draft legislation (amendments) to laws governing the operation of the nutmeg, cocoa and minor spices associations; free trade and processing zones as well as export of fresh produce were introduced. 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.

Some of the most frequently-cited projects when it comes to illustrating the value of Component 2 include:

- The Belize Economic Development Council:** The project assisted the Economic Development Council technical secretariat in ensuring its organisational structure was appropriate for Belize and had a prioritized action plan and an M&E framework. It assisted with sector specific studies, and built the capacity of the staff of the EDC through training and study trips. The overarching objective was to increase the national dialogue on private sector development in order to better inform policy creation for growth and development.

- **Strengthening public / private dialogue in St. Lucia:** The assisted the government in creating the National Council for Productivity and Competitiveness. The project staffed the unit, designed the institutional structure, the M&E framework and the action plan for the short to medium terms. It also contributed to implementing one of the identified reforms – the operationalisation of the commercial division of the Eastern Caribbean Supreme Court in St. Lucia.
- **The Jamaica Secured transactions project:** The project sought to bolster Jamaica’s institutional support structure for lending through the establishment of a movable assets registry. It also sought to facilitate the update of current legislation to develop insolvency legislation allowing for the orderly reorganization of debtors averting the consequences of liquidation, and establish an orderly liquidation process for situations in which reorganization is not possible. The TC also facilitate the design and operationalization of a business superform to streamline the activities related to the registration of a business in Jamaica.

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 improved 20 positions over recent years, and much of this change is believed to be directly attributable to CCP’s interventions in the country.

### 2.3.2 *The programme’s contribution to enhancing environmental sustainability in the Caribbean region*

The programme’s contribution to environmental and sustainability-related objectives is more limited. These can be put into two categories: programme-level achievements and project-level achievements.

#### 2.3.2.1 Programme-level achievements

The programme had strong ambitions when it comes to ensuring positive synergies were developed between its economic and its environmental objectives. This is illustrated by the fact that the programme adopted a sustainability strategy, hired a sustainability consultant, and integrated environmental selection criteria into its selection process. These three measures in themselves can be considered as a positive environmental output at the programme level. However, the lack of more detailed and clear sustainability objectives (and related indicators) in the programme’s ToC, does illustrate a certain lack of willingness on behalf of the programme to go one step further and actually become accountable for generating specific positive environmental results. In other words, in spite of explicitly recognizing the existence of an opportunity to generate positive environmental results by means of its private-sector-related interventions, the programme failed to translate this discourse into more concrete lines of action, engagements, projects and KPIs (cf. section 4.2 on how this could have been done) .

The programme did however ensure that all (or most) of the potential negative trade-offs and spill-overs on the environment were neutralised. This was mainly achieved by ensuring that all projects when through an environmental due-diligence process. This also stems from the fact that the programme did not support high-risk interventions, such as the construction of heavy infrastructure.

#### 2.3.2.2 Project-level achievements

The analysis of available data indicates that most of the contributions made by the program to environmental related results stem from the work conducted under Pillar 3 (direct support to firms and clusters). The environmental dimension is completely absent from projects supported under the Business Environment Reform window of the programme. For instance, no mention is made of the environmental outcomes generated by the “STRENGTHENING EXPORT COMPETITIVENESS IN THE GRENADA AGRICULTURAL SECTOR” project mentioned previously (cf. Box 2).



Under Component 3, the reports reports (cf. CCP website) that around one third of the innovative business plans (IBPs - 6 out of 18) and clusters competitiveness improvement plans (CCIPs -3 out of 7) implemented with programme support were environmentally friendly. The criteria used to categorize IBPs or CCIPs as environmentally friendly was the intention of introducing environmentally friendly products or processes. A large majority of programme beneficiaries (i.e. supported firms) contacted as part of the final evaluation (13 out of 16) indicated that their projects have led to a direct positive impact on the environment. Some of the specific examples provided include:

- Reduction trash on the streets and landfill therefore reducing the amount of Co2 in the atmosphere
- Reduction of waste and improvements in the the usage before spoilage occurs. More local value added also means less waste.
- Planting of 80,000 new coconut trees and use 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 in use of fossil fuels

Two projects particularly stand out, due to their importance of their environmental dimension: the Belize shrimp cluster project and the Protein from waste project.

- **The Protein from Waste and Local Crops (PFW)** project implemented in Grenada encompassed the manufacturing, renewable resource management, agriculture and non-profit sectors. PFW is a process that converts garbage into protein for poultry feed utilising waste for fuel. Once in full production (by the end of the project) it will be employed in small developing countries possessing waste resources. Specifically, the plant is meant to help poor rural poultry farmers increase their profitability while environmental pollution is reduced through resource recovery. The project received funding for an eighteen-month duration, from February 1st 2014 to July 31st 2015.
- **The Belize shrimp cluster project** provided support for shrimp farmers of Belize to achieve certification to the standards of the Aquaculture Stewardship Council (ASC). This certification which was launched in 2013 targeted only 20% of the world's producers. The objective of the standards is to minimize the environmental and social footprint of commercial aquaculture by addressing key impacts.

However, with the exception of projects which included an explicit environmental component (cf. previous examples), most of the evidence regarding the impact of the program on environmental protection is anecdotal and mostly qualitative in nature. The only formal environmental indicator which the program monitored was the number of 'environmentally friendly' projects it supported by means of its third Component. There is no indication for example of the degree to which the program led to resource efficiency increases, reduced GHG emissions, or increased use or production of renewable energies. The lack of more precise environmental indicators and data makes it difficult to assess the extent to which the program succeeded in mainstreaming sustainability into its work and activities. There do not appear to be any (expected or unexpected) trade-off between the program's business climate and competitiveness enhancement achievements, and its environmental and sustainability achievements.

### 3 Programme Governance

#### 3.1 Governance

The programme was governed and managed by the structures presented in the following table.

Table 4 Key governance actors of the Compete Caribbean Programme

<b>Programme body</b>	<b>Role &amp; responsibilities</b>
<b>Programme Advisory Group (PAG)</b>	<ul style="list-style-type: none"> <li>• In charge of the strategic direction of the programme &amp; ultimate decision making body</li> <li>• Includes a mix of representatives from IDB and Donors</li> </ul>
<b>The Regional Consultative Forum (RCF)</b>	<ul style="list-style-type: none"> <li>• provide the PAG with the view from the Caribbean private sector development stakeholders on the CCP strategic direction</li> <li>• 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)</li> <li>• Meets on an annual basis</li> </ul>
<b>The Executive Committee (EC)</b>	<ul style="list-style-type: none"> <li>• Implements the decisions of the PAG and approving and assigning resources to projects that apply for Programme funding</li> <li>• Comprised of: (i) The Programme 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</li> <li>• DFID, GAC 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 .</li> </ul>
<b>The EICF Investment Panel (IP)</b>	<ul style="list-style-type: none"> <li>• Evaluates 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</li> <li>• 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</li> </ul>
<b>The Programme Coordination Unit (PCU)</b>	<ul style="list-style-type: none"> <li>• Professional team directly responsible for the execution of Programme components, subcomponents and activities. The PCU, under the supervision of the programme Executive Director, is in charge of the coordination, management, implementation and monitoring of the Programme.</li> </ul>

As illustrated by the previous table, donor interests well well represented throughout the life of the programme, thanks to their direct participation in governance bodies and decision making processes. The regional consultative forum also allowed to gather and take into account the views from the region’s private sector development even if in practice, the forum only met twice during the period the programme was implemented. The private sector was also involved in the work of the Investment Panel, which was charged with selecting Pillar 3 projects.

One of the key success factors of the programme 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. As an illustration of this, the programme reviewed its results and monitoring framework twice during its lifetime. Projects were reviewed and monitored on a regular basis, which often led to the updating of their objectives and and

performance metrics. However, changes to the programme were introduced for as a result of internal and external reviews and evaluations; rather than in order to incorporate or address environmental concerns.

However, the governance structure of the programme also reveals that there is a limited representation of environmental interests in programme steering and governance. For example, the governance scheme does not include representatives from environmental non-governmental organisations, or environmental ministries of beneficiary countries. In addition, the programme CPU did not include any staff with specific environmental expertise. Some 'environmental' however, stakeholders were involved in the management and implementation of projects (cf. following box).

The programme did however appoint an Environmental Sustainability Specialist in order to facilitate the mainstreaming of sustainability in the programme. The specialist was notably in charge of developing the programme's sustainability strategy

*Box 6 Project level governance: the case of the Grenada Agricultural export competitiveness project*

The project was executed by the IDB, through the CC-Programme Coordination Unit (PCU). Project implementation was carried out in coordination with the Ministry of Finance, Economic Development, Energy and Foreign Trade of Grenada. The PCU also collaborated closely with the Ministry of Agriculture, Land, Forestry, Fisheries and Environment in the Government of Grenada.

The government designated a project coordinator to act as the main contact person for the Compete Project Team on all matters related to the implementation of the project. The project coordinator prepared and submitted to the PCU, a work plan detailing the timing of the activities financed by the project.

The Ministry of Finance, Economic Development, Energy and Foreign Trade in Grenada signed a letter of agreement defining the respective roles and responsibilities for the implementation of the project, which includes the government's responsibilities in the execution of the counterpart resources.

It was originally envisioned that the Ministry of Agriculture, Land, Forestry, Fisheries and Environment, in collaboration with Grenada Cocoa Association and Grenada Cooperative Nutmeg Association would secure spaces to have the training workshops as well as support the placement of advertisements in local media, as well as the printing and stationary associated with the workshops amongst other forms of counterpart resources. The Caribbean Development Bank (CDB) acted as financial agent for the Bank in the implementation of this project.

### 3.2 Monitoring, Evaluation and Learning

The Monitoring and Evaluation arrangements of the programme were implemented at two distinct levels:

- **At the programme level,** a results framework was developed with the assistance of an external M&E evaluation expert based on the programme's theory of change and its main results indicators. On this basis, the programme conducted continuous monitoring of its KPIs, which it reported on to donors. As already mentioned, this framework did not include any specific environmental indicators. In addition, the programme conducted two separate external evaluations: one mid-term evaluation and one final evaluation. Both of these external evaluations were required to look into the environmental impacts of the programme.
- **At the project level,** each individual project adopted a set of specific KPIs which they reported on regularly to the programme. Project-level KPIs were not environmentally focussed. Every project was the subject of an individual external assessment. These assessments examined the performance of the project, and took into consideration the project's relevance, effectiveness, efficiency and sustainability; and identify lessons learned.

The programme developed a ME&L strategy which stated that monitoring, evaluation and programme learning must be integrated within all stages of the programme and sub-project cycle. The M&E strategy identified the needs of Compete Caribbean and incorporated activities that should be undertaken throughout the life of programme. The strategy originally foresaw the use of gender and



environmental indicators to be monitored and reported on on an annual basis. However, as previously mentioned, the programme did not make use of this type of indicator as part of its KPIs.

## 4 Good practices and lessons learnt

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### 4.1 Conclusion on synergies and trade-offs

As illustrated in previous sections, positive synergies between the GG and the BER and PSD objectives were envisaged and built into the original program design. However, there is limited evidence illustrating the real impact that the program – which is primarily focused on achieving BER and PSD objectives – when it comes to environmental protection and enhancement of natural capital. There is however a small body of mostly anecdotal and qualitative evidence pointing to the fact that some of the projects supported by the programme, mostly under its third component have generated interesting environmental spill-overs (e.g. protein from waste project). It is worth noting however that the programme did ensure all of its actions would not potentially lead to any environmental damages, by conducting environmental assessments of each of its projects.

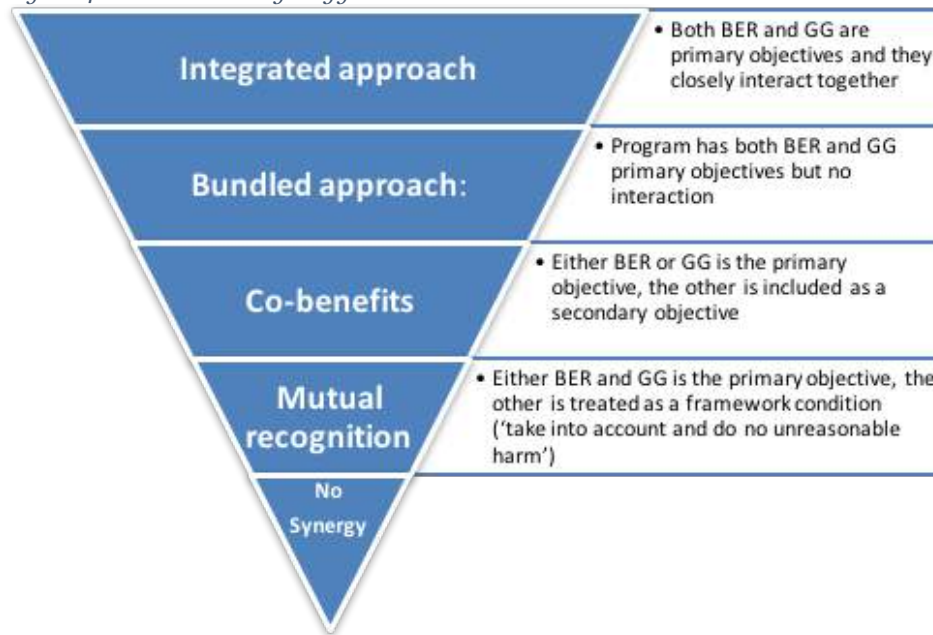
The synergy between environmental and BER/PSD objectives described above can be described as a ‘captive’ synergy, to the extent that it was planned and explicitly built into the program by its designers (e.g. explicit recognition of potential positive synergies in the programme’s sustainability strategy). In addition to this, there are a number of other ‘non-captive’ synergies and trade-offs identified between the BER and PSD, and its environment and conservation objectives. These ‘non-captive’ links are not explicitly integrated into the program’s intervention logic. However, beyond the formal recognition of these synergies and trade-offs at the strategic level, the programme did little to actually capitalise on potential synergies, monitor them, and communicate on their existence.

In terms of synergies it can be said that the positive impacts of the program on BER and PSD (i.e. reduced business costs and business risks, increased innovation), has acted as a driver of ‘sustainable economic activities and economic diversification’. This includes the development of environmental sectors such as eco-tourism and circular economy sectors. Other BER-related measures including support to obtain standards and certifications (to access new markets for example) have also led to the uptake of more environmentally-friendly production processes.

The programme did ensure any potential negative trade-offs were managed and eliminated by conducting systematic environmental reviews and assessments of all of the projects it supported. This work was conducted by an external environmental specialist. In addition, in order to reduce the likelihood of negative trade-offs, the programme explicitly decided not to support the development of heavy infrastructure. In spite of this, any programme supporting PSD, growth and competitiveness may inevitably lead to more intensive production and use of natural resources.

Based on this, it can be said that the programme was designed on the principle of an ‘co-benefits approach’ between green growth and private sector development objectives, but ended up being in practice closer to a ‘mutual recognition’ level (cf. following figure).

Figure 4 The BER – GG synergy ladder



Source: Technopolis Group

## 4.2 Lessons and Good practices for Policy Makers

During its short lifespan, the Compete Caribbean programme has generated positive change when it comes to improving the Business Environment in the Caribbean region, as well as conditions for innovation within the private sector. As such, the programme is likely to serve as a model for other policy makers and donors across the globe seek in to achieve similar results. It's also likely the programme will be scaled and extended in the short term, which is a clear indicator of its success. As it moves forward, the programme itself should seek to capitalise on its early experience in ensuring that support for BER and PSD generated positive environmental change. The following good practices and recommendations could support it in its effort to do so; as well as serve as inspiration for other programmes being developed elsewhere.

### • Program design

- **Good practice:** It is clear for the analysis of founding programme documents that there was a clear intention for the programme to generate positive synergies between its BER/PSD dimension and environmental protection. This was clearly stated as being an ambition of the programme, and was encouraged by programme donors. This ambition eventually led to the hiring of an environmental consultant and the development of an early stage sustainability strategy.
- **Good practice:** Donors were key to encouraging the programme to look at how it could develop closer ties between BER/PSD and environmental objectives. They were also very keen on ensuring that the necessary safeguards were implemented to ensure no negative environmental spill-overs were generated as a result of programme implementation. Donor requirements and support is crucial to ensuring programmes such as Compete take the necessary measures to ensure positive synergies are created.
- **Lesson learned:** It is necessary to translate high-level strategic ambitions (cf. previous point) into concrete commitments when it comes to building the BER/PSD and GG nexus. In particular, this should be considered to be a programme objective in itself, and should be reflected in the overall programme theory of change. In addition, specific KPI indicators should be adopted to monitor and assess the extent the

programme is generating this type of change. In the case of the Compete Caribbean programme for instance, potential outcome KPIs / objectives could have included:

- Introduction of BER legislation with a specific focus on the environment
  - Support for BER in the environmental goods and services sector
  - Support for innovation projects / clusters in the field of the circular economy
  - Support for uptake of environmental management schemes in firms/clusters and ministries involved in Compete-funded projects
  - Volume of waste reduced
  - Volume of GHG emissions reduced
  - Total (additional) production and use of renewable energies
- **Lesson learned:** Programmes seeking to develop an integrated approach to BER/PSD and GG support, need to identify the key priority issues they seek to address on the opposite side of the fence. For instance, it is not enough for a BER support programme to say it will work to enhance environmental protection, but it should rather say what dimension of environmental protection (or particular expected outcome) it seeks to address. As such, programmes need to acquire a detailed view of what the main environmental challenges the region is facing are, as well as how it 'core' activities could be leveraged upon
  - **Lesson learned:** It is important to involve environmental stakeholders in the design phase of the programme. This can include environmental specialists, NGOs, or ministries of the environment. It is also important to bring on board environmental expertise (e.g. technical) during the programme design phase – for instance a specialised environmental consultant. This is particularly relevant when it comes to identifying the right environmental targets and related KPIs. Often times, there is significant technical expertise embedded in donor organisations which is not tapped into as programmes are being designed.
- **Programme implementation**
    - **Good practice:** Ensuring a certain level of administrative and governance flexibility for the purpose of program implementation is key to creating a 'virtuous policy learning cycle', allowing the program to continuously learn from previous mistakes and successes, and implement gradual adjustments and improvements. This has been identified as one of the key strengths of the Compete program. Flexibility is facilitated by existence of a good level of autonomy of the executing agency (in this case CPU).
    - **Good practice:** The programme adopted environmental criteria as part of its project selection process. This allowed to streamline environmental concerns and ambitions into the whole of the programme. However, the use of environmental selection criteria appears to be more prevalent under Component 3, as compared to other programme components. In addition, the programme could have strengthened its environmental dimension by increasing the weight of environmental criteria in the selection process from 5% to 10% or 15%.
    - **Lesson learned:** It is important to build capacities of programme staff and implementing agents on how to support environmental protection through programme implementation. This can be done via capacity building activities provided by an external provider, or by hiring staff with specific environmental expertise.
    - **Lesson learned:** Environmental stakeholders and actors should be involved in the governance of the programme, as well as in the project selection procedure.
  - **Programme M&E**

- **Good practice:** Specific evaluations questions were included in the programme's mid-term and final evaluation regarding the impact on the programme on the environment.
- **Lesson learned:** There is a need to dedicate resources to the monitoring and evaluation of programme results when it comes to environmental protection. This may require in some cases to conduct full ex-ante and ex-post environmental impact assessments at the programme and project level.



## Appendix A Sources and further reading

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### A.1 Further reading

Strengthening Export Competitiveness in the Grenada Agriculture Sector. Project presentation available at: <http://competecaribbean.org/project/strengthening-export-competitiveness-in-the-grenada-agriculture-sector/>

Icon used in boxes created by Pham Thi Dieu Linh from Noun Project

Compete Caribbean Programme website. Consulted in January – March 2017. Available at: <http://competecaribbean.org/>

### A.2 Interviews

François-Philippe Dubé, Policy Analyst | Analyste en politiques, Economic Growth and International Financial Institutions Division | Division de la croissance économique et des institutions financières internationales (MEF), Global Affairs Canada (GAC) | Affaires Mondiale Canada (AMC)

Craig Morrison, Former Compete Caribbean environmental specialist. President, Caribbean and Latin American Services Ltd.

## Appendix B Overview of Component 3 projects which include environmental / climate change ambitions

Project Name	General objective	Climate Change/Environmental Impact
Strengthening Export Competitiveness in the Grenada Agriculture Sector	To strengthen the legal and administrative framework for agriculture in Grenada and to increase investment into the sector, specifically in the nutmeg and cocoa sub-sectors.	The project expects an indirect positive environmental impact since farmers will be trained on farming best practices and prevailing international export quality standards. This will include the proper use and disposal of chemicals that could potentially contaminate potable water sources etc.
Catch and Release Sports Fishing in the Rupununi Guyana	To improve the capacity and competitiveness of the Rupununi Catch and Release cluster and introduce and market catch and release sport fishing as a viable ecotourism product.	The project has developed Catch and Release protocols and legislation based upon scientific research and aquatic medicine to develop and sustain the eco-system in which the Arapaima thrives, and to encourage increasing stock of the Arapaima fish on which the Catch and Release is experience is based. The experience has also served to sensitize the communities of Amerindians who surround the lodges of the importance of preserving the environment more generally.
Preparing Belize Shrimp Growers Association for ASC Shrimp certification to improve its competitiveness	To improve the capacity of the Belize Shrimp Cluster to serve selected niche markets in the Caribbean region, North America and Europe.	The ASC certification scheme will provide the assurance that the shrimp are produced with minimal disruptive impact on the social and physical environment in which the farms are located.
Winsun	To support the development of a “hybrid” renewable energy product that allows consumers to match power generation to power needs in an individualized manner, and improves access to energy in remote areas where electricity generation is not otherwise available by offering an off-grid option.	The innovation in WINSUN involves the development and engineering of existing technologies to create a new “hybrid” renewable energy product for the mass residential and SME commercial market. This innovative product would overcome the current barriers of cost applicable to almost every type of building. WINSUN utilizes modern technology and as such, the environmental impact is anticipated to be positive. The project is supporting national, regional and global initiatives to undertake economic and development activities that will result in a reduced carbon footprint as a means of combating issues related to climate change.
Plympton Farms	To improve the capacity of Plympton Farms to produce and export high margin vegetables not traditionally grown in Guyana.	Plympton Farm leverages previously non-productive, non-forested land for productive economic development without deforestation. Due to the use of drip irrigation technologies there is a reduced impact on the soil. There is also a reduction in the carbon foot print in the supply chain and Plympton is known to uphold good environmental practices from the use of solar technologies to recycling and the implementation of globally accepted agrochemical management practices.
Banane d’Haiti	To establish a demonstration farm to prove that Haiti can produce quality green bananas in sufficient quantities and at a low enough cost to support profitable commercial scale operations.	The project financed an advanced soil sampling and mapping in the Léogâne area. The mapping process was used to determine the region's capacity to support a commercial export operation by not only identifying the most suitable areas for banana production, but also by determining the appropriate agro-chemical inputs and irrigation regimes required for optimal plant growth and fruiting.
Grenada Hotel Cluster - Economic Recovery Programme	To support the implementation of Grenada's Geotourism Destination Management Plan (DMP).	The hotels in this cluster have made a commitment to green principles in development of their hotels and the wider tourism industry. The project has helped to propagate awareness of the need to preserve and protect the environment and cultural heritage, and the hotel owners are committed to the use of green technologies and living the brand of a “Pure Grenada”. This is expected to have a significant impact on the environment of Grenada in the long term.
Protein From Waste and Local Crops	To demonstrate the viability of small scale protein rendering for animal feed supplementation, utilizing locally available organic and fuel wastes.	This project will have a positive impact on the environment through utilizing toxic waste products in a way that minimizes emissions. In every year of operation the project will recycle fuel at least 12,500 gallons of waste oil. Used motor oil is one of Grenada's worst pollution problems. In addition, the plant will annually process approximately 2 million pounds of organic waste products into a useful and

		valuable product. By utilizing this waste, PFW will significantly reduce Grenada's carbon footprint.
Highly Efficient Cookstoves	To improve the capacity of D&E Green Enterprises to manufacture and distribute low cost, higher energy efficient stoves for the Haitian Market.	The firm seeks to offer a cleaner, better, more durable alternative to the traditional charcoal stove currently employed by its target market. The project seeks to manufacture and distribute at least 500,000 stoves in Haiti within the next 5 years. The Eco-Recho stoves reduce charcoal consumption by 50%. Successful sales of 500,000 stoves will effectively reduce charcoal consumption by a total of 427,717 tons, saving more than 42,772 hectares of forest in addition to lowering CO2 emissions by 1,050,000 tons within the same period and reduce increased vulnerability to floods and landslides.
dloHaiti	To pilot 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 in Haiti.	Water and sanitation in Haiti are considered to be among the lowest quality in the Western Hemisphere with water quality below World Health Organization (WHO) standards. The project aims to provide clean portable water to over 1 million Haitians at a 25%-40% discount to the lowest market price in Haiti. The model also facilitates a reduction in the environmental impact of providing and distributing water by utilising solar energy and innovations in the distribution of water in Haiti.
Re-Volt S.A.	To support Re-Volt S.A. to roll out the supply, distribution and marketing of Solar Home Systems in Haiti with a view to positioning the firm to replicate the business model in other small island states.	The overall environmental impact of this project is considered to be positive as renewable energy provides positive impacts on the environment compared to conventional power generation that currently exists in Haiti. Batteries that will be utilized in this project will be properly recycled as part of the Company's operational plan.
Suriname Pioneer Tourism Cluster: Suriname Rainforest Experience	To develop the internal capacity, market orientation, competitive pricing and market focus, for a high quality community tourism experience that is centered on the unique Maroon culture, to enable the enhanced penetration of high-yield, cultural and nature tourism market segments in targeted export markets.	Environment is not a focus of this project.

## Appendix C Program results framework and theory of change for Pillars 1 and 3

Figure 5 Indicative logical framework for Component 1 Comprehensive Framework for PSD Knowledge management

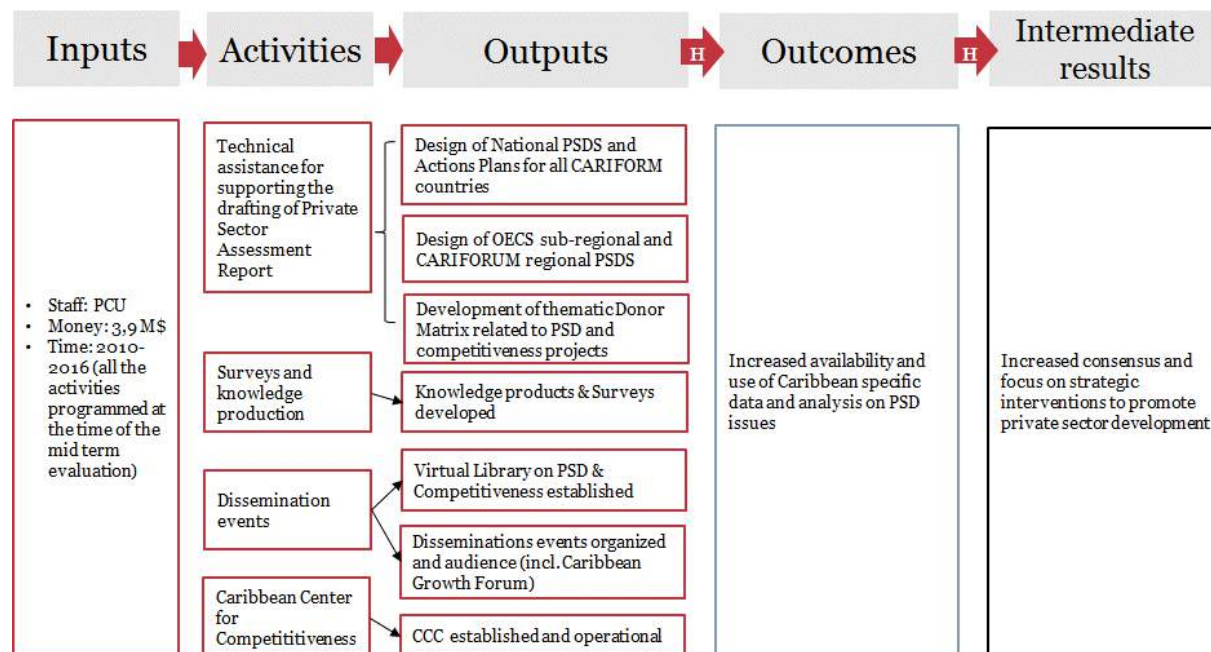
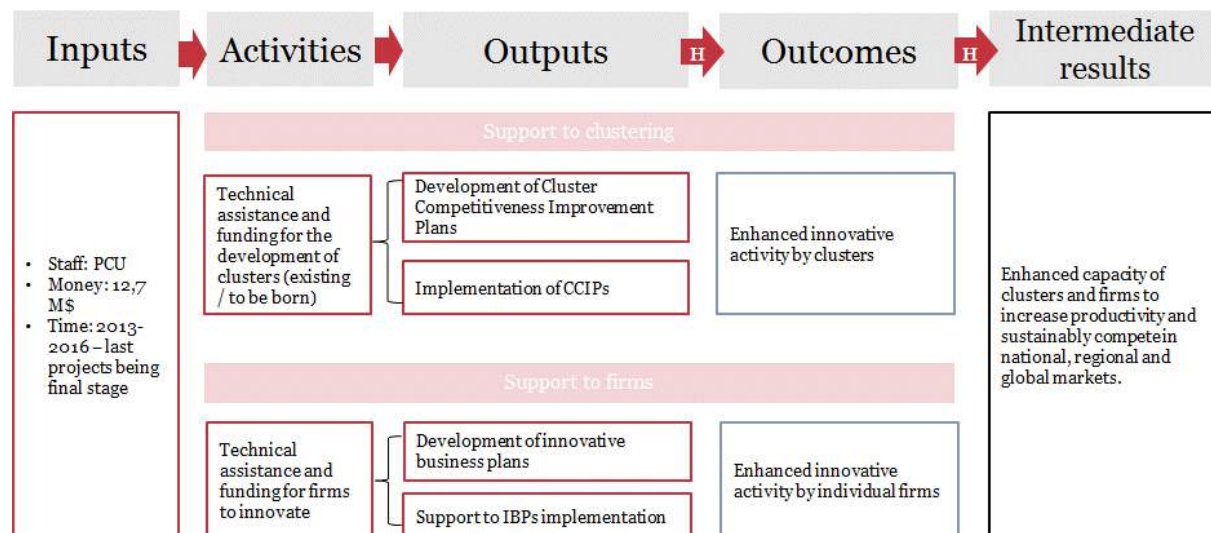


Figure 6 Indicative logical framework for Component 3 Enterprise Innovation Challenge Fund



### Annex III - Results Framework

#### General and Specific Objectives:

The general objective is to improve the enabling environment for business development, trade, and integration.

The specific objective of the project is to strengthen the legal and administrative framework for agriculture in Grenada and to increase investment into the sector, specifically in the nutmeg and cocoa sub-sectors.

Indicator	Unit of Measure	Baseline	Goal	Means of Verification	Comments
<b>Impact - Increased contribution of agriculture to GDP of Grenada</b>					
Increased acreages of cocoa sub-sector	acres/ha	N/A (2014)	N/A (2017)		to be confirmed when project starts with the Ministry of Agriculture
Number of requests received from investors interested in investing in the agricultural sector	#	0.00 (2014)	N/A (2017)		To be confirmed with GIDC when project starts
Increased exports of nutmeg and cocoa	lbs	N/A (2014)	N/A (2017)		903,282 lbs dried nutmeg and 1,860,769 lbs cocoa (2013)
<b>Outcome 1 - Enabling environment for private sector investment in export agriculture enhanced</b>					
Draft legislation ratified by Cabinet	#	0	1	Cabinet notes	
<b>Outcome 2 - Governance and institutional capacity of the nutmeg and cocoa cooperatives associations strengthened</b>					
New governance structure ratified by members	Agreement	0	2	Association minutes	New organisational structures ratified by GCA and GCNA
Draft legislation ratified by Cabinet	#	0	1		
<b>Output Indicators</b>					
1 Review of the Investment Incentives for Agriculture					
Draft legislation to support investment incentives framework specifically geared to promoting private investment in the agricultural sector	document	0.00 (2014)	1.00 (2016)		
2 Strengthening Cooperative Association Governance and Institutional Capacity					
Draft revised legislation governing the Grenada Cocoa Association and the Grenada Cooperative Nutmeg Association	document	0.00 (2014)	2.00 (2016)		
Consultation sessions/workshops	#events	0.00 (2014)	5.00 (2016)		
3 Capacity Building for International Quality Standards					
Farmers and value added producers trained in international export quality standards	# persons	0.00 (2014)	100.00 (2016)		





