



In partnership with



Donor Matrix

OECS

Prepared by:

The Special Studies Unit (SSU), Sir Arthur Lewis Institute of Social and Economic Studies (SALISES), University of the West Indies, Cave Hill Campus, Barbados



© 2013 Inter-American Development Bank. All rights reserved.

Whilst efforts have been taken to verify the accuracy of this information, neither the Inter-American Development Bank nor any sponsor or provider of financing of this information (nor their affiliates) can accept any responsibility or liability for reliance by any person on this information, opinions or conclusions set out herein. The ideas and opinions expressed in this publication belong to the authors and do not necessarily reflect the official opinion of the Inter-American Development Bank, or of any of its employees, agents, member countries and executive directors.

This report was prepared by The Special Studies Unit (SSU), Sir Arthur Lewis Institute of Social and Economic Studies (SALISES), University of the West Indies, Cave Hill Campus, Barbados with funding from the Compete Caribbean Program, a regional private sector development, technical assistance initiative financed by the Inter-American Development Bank (IDB), Canada, and the United Kingdom Department for International Development (DFID), supports projects in 15 Caribbean countries. Projects in the OECS countries are implemented in partnership with the Caribbean Development Bank.

Description of the Donor Community

Please see the main PSA Report for information on:

- Active multilateral and bilateral donors
- Formal and Informal Coordinating Mechanisms among donors
- Methodologies for indentifying priorities for donor funding
- Monitoring and evaluation by donors
- Opportunities to improve coordination amongst donors

For an analysis of programs and projects undertaken by donors in the OECS, please see DMX Appendix 1: Analysis of Donor Projects and Programs. A listing of projects is available separately in Microsoft Access format.

Description of Local Stakeholders

There are several organisations at the country level related to private sector development, both private entities and public sector agencies. Section 5.2.2 of the main report for each country provides a summary of the main institutions.

Description of Information Available for the Analysis of Private Sector Characteristics, Development Initiatives and Results

The most up-to-date information on the private sector in the region is provided by the Enterprise Surveys and Doing Business Reports as used extensively throughout the PSA Reports for the OECS. In addition, the Eastern Caribbean Central Bank conducts twice yearly Business Outlook Surveys (<http://www.eccb-centralbank.org/Statistics/outlooksummary.asp>).

Identification of Opportunities to Increase Efficient Design and Execution of Programs

The main issue in relation to opportunities to increase the efficient design and execution of programs relates not only to these overlaps and duplication, but also to gaps. The gaps mainly relate to the foremost issues raised in the individual PSA Reports in relation to lack of easily accessible finance, difficulties in representation for the private sector, and process constraints in trade and transportation. One of the reasons for these gaps is a lack of inclusion of the private sector in national decision-making and strategic planning. It is hoped that this issue would be addressed by the establishment of high-level steering committees comprising of labour, private sector and public sector representatives.

During many of the interviews conducted with the private sector, the view was expressed that they were often consulted after policy initiatives were developed. This approach limited the ability of the private sector to fully and effectively participate in the policy development process. This approach could lead to the need for amendments after the legislation was passed, an increased cost of doing businesses as well as business uncertainty.

Identification of Opportunities to Address Omitted Priority Problems

The areas omitted from current support for private sector development can be addressed as recommended in the individual PSA Reports (see Section 7.1 of each report and Section 5.1 of the

current overview report). It also needs to be noted that one of the recommendations of the CGF was the establishment of a one-stop-shop for business support. While a single entity would result in some cost savings, it is unlikely that such an institution might have the necessary capacity to effectively enable private sector development in such a cross-section of industries. Instead, all agencies, along with representatives from key supporting industries (e.g. finance, labour, and customs, among others) could form a special taskforce with the expressed objective of private sector development. Such should be tasked with coordinating any overlaps or duplication that might occur in relation to the goal of private sector development.

Recommendations

The areas where recommendations are required from the terms of reference for the DMX section of the project relate to recommendations that improve coordination amongst donors, improve donor coordination with local stakeholders and improve PSD-related information systems and monitoring and evaluation.

The current activities by Compete Caribbean as an approach to improve donor coordination and the Caribbean Growth Forum (CGF) initiative are two examples that other donor agencies not currently participating would do well to emulate. In areas of congruence, such initiatives should be utilised to achieve overall development goals, while unilateral targets could still be met via the donor's independent activities.

In relation to donor coordination with local private sector and public sector representatives, the results of interviews across the region speak to the issue of a lack of dissemination of information on areas of support available as well as the results of research studies for which local stakeholders have provided information. The inclusive *modus operandi* of the CGF is a good example of how to improve the relationships with local stakeholders through inclusion in working groups and transparency in research results. However, it should be noted that there was limited participation by the private sector and this will need to be more actively encouraged.

This point is closely related to the issues of the development of information systems and monitoring and evaluation. Private enterprises are reluctant to share information on their enterprises and by greater inclusion in the decision-making process there may be greater willingness to share relevant information. There is a strong demand by private sector enterprises for data to assist in strategic planning. However, the situation is not that data does not exist in the region; it is basically that the data is not collated or mined. Individual governments, through such agencies as Inland Revenue Departments and National Insurance Schemes, collect information over specific periods that could provide more detailed information as regards revenue and expenditure by sector, employment levels and categories, and investment data. The problem in this regard is a lack of infrastructure and human resources to consistently collate and present data. This is an area where, at the country and regional level through national statistical offices and the OECS Secretariat and the Eastern Caribbean Central Bank, donors could direct resources, especially as it relates to technical assistance in the development of such a system.

Analysis of Donor Projects and Programs in the OECS

Like most developing economies, particularly Small Island Developing States, the countries of the OECS require developmental assistance from donors and international entities. The current economic crisis not only highlighted the OECS countries' lack of diversification within various sectors, particularly agriculture, but also its increasing dependency on donors and international entities to fund sectoral projects. As seen in the main report, key donors and international entities include the Caribbean Development Bank, Compete Caribbean, the Canadian International Development Agency, the European Union, United States Agency for International Development (USAID), the United Nations Development Program (UNDP), the International Bank for Reconstruction and Development- the World Bank.

The activities of donors are driven from both internal and external sources. While some agencies base the identification of priority areas from an internal analysis of country or region-specific data, others base the allocation of funds on the strategic/political objectives of the source country or region. Other donors indicated that priority areas are based on country demands, and not on any covert strategic or political objective. While donors indicate for the most part that the needs of the receiving country are paramount, they do note that there are several main areas where greater support is needed, including support for regional integration, trade facilitation and logistics, access to finance and greater public sector dialogue. It should also be noted that the issue of gender is taken into consideration in all projects, sometimes implicitly, but for the most part the issue of gender is explicitly included.

One of the main issues of concern in recent times was lack of donor coordination; however, duplication of donor efforts is being addressed, as seen with the Compete Caribbean program and the Caribbean Growth Forum (CGF). Nevertheless, there was some concern in relation to duplication with the CGF and the Private Sector Assessments (PSAs) of Compete Caribbean. In addition, most agencies interviewed indicated that there is formal coordination with other donor agencies, while informal coordination is seen with country-specific agencies and NGOs in receiving countries. Some donors noted that there was need for greater collaboration with the CARICOM Secretariat and the OECS Secretariat.

In relation to the nature of projects funded, the majority of active projects are focussed on the Business Support, Finance (access to finance), and the Business Environment in general or a combination of these objectives. For projects focussed on these objectives, there are 12 operating at the OECS level.

Table 1: Main Objectives and Sector Profiles of Donor Projects in the OECS

	Objective	Share (%)	Agriculture (%)	Industry (%)	Services (%)	Value of Active Projects (US \$'000)
OECS	Business Support/Institutional Structure	41.7	8.3	8.3	8.3	\$ 31,140
	Access to finance	16.7	8.3	8.3	16.7	\$ 1,940
	Business Environment	25.0	8.3	8.3	8.3	\$ 14,190
	Business Support/Finance	16.7	8.3	8.3	8.3	\$ 2,060
	TOTAL OECS	100.0	33.3	33.3	41.7	\$ 49,330

At the OECS level, for projects in these areas which are operating at the sub regional level, the service sector is the focus, accounting for 42% of projects. In terms of the number of projects and value, the Business Support/Institutional Structure objectives dominate with 42% of projects and funding in excess of US\$31 million.

In terms of gaps in support, although access to finance has been noted as a major obstacle to business development in the region, projects specifically targeting this area at the sub regional level only account for 17% of projects; and less than US\$2 million in funding.

For the OECS, access to finance is only the main focus of 14% of projects, and a joint focus with Business Support for 13% of projects. However, within these categorisations, 22% of funding is directed to Access to Finance, while 21% of funding is targeted at both Access to Finance and Business Support.

Table 2: Overview of Main Donor Projects by Objective, Sector and Value¹

Objective	Active/Recent Completed Projects	Average Share (%)	Agriculture Projects (% of total)	Industry Projects (% of total)	Services Projects (% of total)	Total Value of Main Projects (US\$'000)
Business Support/ Institutional Structure	67	27.0	6.3	7.9	10.8	\$ 107,738
Access to finance	36	14.1	5.9	6.7	10.6	\$ 104,390
Business Environment	91	33.5	9.0	10.1	19.0	\$ 155,733
Business Support/ Access to finance	35	12.9	4.8	5.2	7.0	\$ 96,996
Total	229	-	26.0	30.0	47.4	\$ 464,857

As indicated in the table above, the greatest number of projects relate to the Business Environment, accounting for on average 34% of projects at a total value of US\$156 million. In terms of sector concentration, 47% of projects are focussed on services. Table 3 outlines the main information by the main objectives, sector of focus and value at the country level in the OECS.

¹ Note that some percentages do not sum to 100% due to rounding during aggregation.

Table 3: Main Objectives and Sector Profiles of Donor Projects in the OECS and Member States

Country	Objective	Active/Recently Completed Projects	Share of Total (%)	Agriculture Projects (%)	Industry Projects (%)	Services Projects (%)	Total Value of Main Projects (US\$'000)
Antigua and Barbuda	Business Support Institutional Structure	12	37.5	6.3	3.1	9.4	\$ 15,350
	Access to finance	5	15.6	6.3	6.3	6.3	\$ 1,250
	Business Environment	11	34.4	3.1	9.4	3.1	\$ 19,049
	Business Support and Access to finance	4	12.5	3.1	3.1	9.4	\$ 3,457
	TOTAL	32	100.0	18.8	21.9	28.1	\$ 39,105
Dominica	Business Support Institutional Structure	11	31.4	11.4	11.4	22.9	\$ 14,553
	Access to finance	6	17.1	11.4	11.4	17.1	\$ 20,873
	Business Environment	15	42.9	2.9	11.4	42.9	\$ 20,243
	Business Support and Access to finance	3	8.6	2.9	2.9	8.6	\$ 4,150
	TOTAL	35	100.0	28.6	37.1	91.4	\$ 59,819
Grenada	Business Support Institutional Structure	10	28.6	5.7	14.3	20.0	\$ 9,950
	Access to finance	7	20.0	5.7	5.7	20.0	\$ 11,081
	Business Environment	16	45.7				\$ 19,688
	Business Support and Finance	2	5.7			5.7	\$ 34,658
	TOTAL	35	100.0	11.4	20.0	45.7	\$ 75,377
St. Kitts and Nevis	Business Support Institutional Structure	10	28.6	8.6	8.6	8.6	\$ 7,493
	Access to finance	9	25.7	2.9	11.4	14.3	\$ 9,093
	Business Environment	14	40.0	8.6	11.4	34.3	\$ 15,243
	Business Support and Access to finance	2	5.7				\$ 3,820
	TOTAL	35	100.0	20.0	31.4	57.1	\$ 35,648
St. Lucia	Business Support Institutional Structure	11	28.9	5.3	10.5	7.9	\$ 15,450
	Access to finance	5	13.2	10.5	7.9	7.9	\$ 22,651
	Business Environment	16	42.1	21.1	18.4	15.8	\$ 37,674
	Business Support and Access to finance	6	15.8	2.6	5.3	5.3	\$ 7,243

Cou ntry	Objective	Active/Rece ntly Completed Projects	Share of Total (%)	Agricultu re Projects (%)	Industry Projects (%)	Services Projects (%)	Total Value of Main Projects (US\$'000)
	TOTAL	38	100.0	39.5	42.1	36.8	\$ 83,017
St. Vincent and the Grenadines	Business Support Institutional Structure	8	19.0	4.8	7.1	9.5	\$ 13,803
	Access to finance	2	4.8	2.4	2.4	2.4	\$ 37,503
	Business Environment	16	38.1	19.0	11.9	28.6	\$ 29,647
	Business Support and Access to finance	16	38.1	11.9	11.9	11.9	\$ 41,608
	TOTAL	42	100.0	38.1	33.3	52.4	\$ 122,561
OECS Level	Business Support Institutional Structure	5	41.7	8.3	8.3	8.3	\$ 31,140
	Access to finance	2	16.7	8.3	8.3	16.7	\$ 1,940
	Business Environment	3	25.0	8.3	8.3	8.3	\$ 14,190
	Business Support and Access to finance	2	16.7	8.3	8.3	8.3	\$ 2,060
	TOTAL	12	100.0	33.3	33.3	41.7	\$ 49,330
