

SUPPORT TO THE "REGIONAL NEGOTIATING MACHINERY" IN PREPARING FOR  
AND UNDERTAKING EXTERNAL TRADE NEGOTIATIONS BY THE CARIBBEAN COMMUNITY

(TC-97-11-20-2-RG)

EXECUTIVE SUMMARY

**REQUESTER:** The Caribbean Community (CARICOM)

**EXECUTING AGENCY:** Office of the Prime Minister of Barbados

**BENEFICIARIES:** The Caribbean Community (CARICOM)

**FINANCING:** IDB (Net Income/Convertible currencies): US\$ 200,000 (FSO)  
Japanese Special Fund: US\$ 975,000  
Local counterpart funding (Caribbean members states): US\$1,275,000  
Total: US\$2,450,000

**TERMS:** Execution period: 24 months  
Disbursement period: 30 months

**ENVIRONMENTAL AND SOCIAL REVIEW:** A recommendation was made to include support for Caribbean negotiators in the areas of international environmental standards and the implication of International Standards Organization (ISO) 14,000 to trade within the Terms of Reference. The mentioned recommendation was included in the corresponding Terms of Reference.

**OBJECTIVES:** The general objective of this project is to provide the CARICOM countries with the ability to successfully mobilize and combine their human and financial resources in order to effectively participate in, and negotiate, multilateral, regional and bilateral trade and economic initiatives.

**DESCRIPTION:** The project will consist of two components: (i) strengthening of the technical capabilities of the "Regional Negotiating Machinery" through a program of policy studies; (ii) strengthening of the negotiating capabilities of the Caribbean member states through a program of training.

**BENEFITS:** Modernizing institutions and providing advanced training for officials responsible for the technical side of international trade negotiations will enable the Caribbean Community to participate more fully and

effectively in various international fora, which would thereby strengthen its bargaining position.

**RISKS AND ISSUES:** The principal risks of this operation have to do with the capacity for coordination within the Caribbean Community; the possibility of opposing interests in certain areas of negotiation among the 14 member-states of the Community; and possible changes in personnel during the execution period or in the years immediately following completion of the cooperation.

To mitigate the risks the program itself includes the design of the necessary support to make the "Regional Negotiating Machinery" operative. In addition, to counter the risk of personnel changes, one of the conditions precedent to the first disbursement under the program is the appointment of counterpart technical staff for at least 24 months of execution of the technical cooperation project as well as an agreement from the beneficiary to substitute and train any official that leaves or is replaced.

**RELATIONSHIP OF PROJECT TO BANK'S REGION AND SECTOR STRATEGY:** This operation is consistent with the Bank's strategy for the region, inasmuch as the regional programming for the Caribbean region (now in preparation) identifies as a priority area the external commercial relations of the region through international trade agreements. In addition, the Eight Replenishment calls for the Bank to assist the region's countries in modernizing their production structures and public sectors through greater access to external markets and training programs designed to make them more competitive in the global marketplace and satisfying basic needs of the population.

**SPECIAL CONTRACTUAL CONDITIONS:** The following activities must be completed to the Bank's satisfaction as conditions for the first disbursement under the program: (i) Official document authorizing the "Regional Negotiating Machinery" mechanism; (ii) selection of a Project Manager appointed to administer the program, as well as the Policy Studies and Training Coordinators; (iii) assigning staff to specific duties in the "Regional Negotiating Machinery" consisting of a Chief Negotiator, a Lead Advisor, 5 full-time specialists and 2 administrative staff (the RNM must hire these people on a full-time, exclusive, contract basis for a period of at least 24 months); (iv) a Memorandum of Understanding duly signed between the Caribbean Community and the United States Agency of International Development (USAID) in connection with the implementation and execution of the "Virtual Secretariat" Project; and (v) Document assigning

specific country responsibilities in the different areas of negotiation as part of the organizational structure of the RNM (See 1.14).

The following activities must be completed to the Bank's satisfaction as conditions for the second disbursement under the program: (i) Final implementation of Phase I USAID Project "Virtual Secretariat", as indicated in the corresponding agreement signed by CARICOM and USAID; and (ii) Submission of specific profiles regarding the training activities as well as the Policy Studies scheduled for the first year.

The following activities must be complied with to the Bank's satisfaction as conditions for further disbursements: (i) mid-term review document including a report of activities and their outcome with relevant inputs; follow-up of study recommendations and their corresponding implementation; workshop's results, and any other relevant information; status of implementation of USAID project (Phases I and II, see 1.18); (ii) a proposal including possible subjects areas for policy studies and training proposals for the second year; and (iii) a Final Report. The above mentioned benchmarks must be complied with by the executor, in order to draw funds from the operation's budget.

**EXCEPTION TO BANK** No exceptions.  
**POLICY:**

## I. BACKGROUND

### A. Caribbean international trade negotiations

- 1.1 Given the small size of the economies in the Caribbean, conducting trade in a more globalized world economy has become one of the key instruments to achieve long-term sustainable rates of growth. Consequently, many developing countries have engaged in trade liberalization as part of wider programs of economic reform. Within the trade area, unilateral reforms have been complemented with trade and economic agreements at the multilateral and regional levels.
- 1.2 The Caribbean nations will be participating in upcoming negotiations in several important areas. Among them are discussion of global issues within the context of the World Trade Organization (WTO); a new set of agreements at a hemispheric level, especially the initiative to create a Free Trade Area of the Americas (FTAA) by the year 2005; and the Lome Convention negotiations with the European Union (EU). The region also is conducting negotiations with other subregional blocks.
- 1.3 The inherent difficulties posed by conducting a number of complex, multi-faceted and simultaneous trade negotiations for the Caribbean region are being compounded by the fact that these economies face important human and financial resource constraints. Given this situation, and in light of the agreed common external tariff policy in CARICOM, it seems natural to coordinate external negotiations on all fronts described above. Finally, these negotiations must take place in a cooperative environment which advances toward the goal of free trade without hindering third party market access in the short term and increasing it in the longer term.
- 1.4 In an effort to consolidate a united front for the upcoming negotiations, a proposal by the CARICOM Secretariat on "Measures to Enhance the Coordination and Execution of External Negotiations" was presented and considered at the Seventeenth Meeting of the Conference of the Heads of Government. A revised version was submitted to the Sixth Meeting of the Prime Ministerial Sub-Committee held in Jamaica in September 1996.
- 1.5 The Sub-Committee noted that the region would need to coordinate its efforts in order to enter into negotiations in the three trade related areas mentioned above. Therefore, it was agreed that in order to have a cohesive regional position for these complex and varied negotiations there was a need to formally establish a "Regional Negotiating Machinery" to conduct external trade negotiations in a way that would maximize the region's chance of success in this process.

B. The Regional Negotiating Machinery (RNM)

- 1.6 The RNM was established with the objective of supporting a negotiating process which would result in agreements that, within the context of CARICOM's program for a Single Market and Economy, reflect the priorities and interests of CARICOM and its individual member states.
- 1.7 In 1997, CARICOM requested technical assistance from the Bank. In response, the Bank conducted an identification and orientation mission with the participation of representatives of the CARICOM. In the course of the mission, these representatives pointed out the deficiencies, problems and needs to be addressed in order to effectively conduct trade negotiations, and agreed that under the current circumstances the strengthening of the RNM's technical and negotiating capabilities constituted a high priority.
- 1.8 The RNM falls under the direction of CARICOM's Prime Ministerial Sub-Committee on External Negotiations, which is responsible for providing overall strategic guidance to the negotiating process. The Ministerial Councils, in particular the Council for Trade and Economic Development (COTED), are responsible for examining and approving the detailed positions relating to specific negotiations.
- 1.9 Moreover, the CARICOM Heads of Government have assigned direct responsibility to the Prime Minister of Barbados to manage and execute this Technical Cooperation project and support the RNM activities.

C. The Core Negotiating Team

- 1.10 To effectively carry out the CARICOM Heads of Government mandates a "Core Negotiating Team" of the RNM has been created. It is comprised of a Chief Negotiator, a Lead Advisor and a Technical Unit. The specific tasks to be carried out by the Core Negotiating Team will be structured to facilitate the design of policies, strategies and negotiating positions.
- 1.11 The Chief Negotiator is responsible for spearheading and managing the region's participation in the entire negotiating process and for coordinating negotiations in different specific areas. The Chief Negotiator is accountable to the Region's Heads of Government and routinely reports to them through the Chairman of the Prime Ministerial Sub-Committee on External Negotiations. This officer will be based in the RNM Office in London, England.
- 1.12 The Lead Advisor is responsible for assisting the Chief Negotiator in the discharge of his duties. In particular, this includes, ensuring coordination with the CARICOM Prime Ministerial Sub-Committee, the work of the Negotiating Working Groups (see below 1.14) and the office of the Prime Minister of Barbados. To that end, the Lead Advisor will work in close cooperation with the

CARICOM Secretariat. This officer will be based in the RNM Office in Barbados.

- 1.13 The Technical Unit supports the Lead Advisor by providing specialized technical analysis and advise which some of the negotiations will require. The Technical Unit officers will be based in the RNM offices in London and Barbados, as well as CARICOM and OECS Secretariats.
- 1.14 The RNM Core Negotiating Team will have a counterpart in the RNM Negotiating Working Groups (NWG), one for each area in which the trade negotiations are to be conducted. These Groups comprise experts from member governments, the CARICOM and OECS Secretariats and other regional institutions, the Private Sector, Labor and the NGO community.
- 1.15 NWGs will assist in the preparation of the technical and political inputs for the negotiating positions and provide support to the Chief Negotiator. Technical personnel from among the CARICOM Secretariat's senior professional staff will be assigned to provide support services to each NWG.
- 1.16 Another complementary technical body is the Policy Advisory Group, which is selected in consultation with the Prime Ministerial Sub-Committee on External Relations, the Secretary-General of CARICOM and the Chief Negotiator. It meets occasionally and provides support and advise to the RNM. The Chairman of the Policy Advisory Group will be based in the RNM office in Jamaica.

D. The "Virtual Secretariat"

- 1.17 The RNM is establishing through separate financing provided by the United States Agency for International Development (USAID), a "Virtual Secretariat" that will consist of an internal communication network to facilitate communication and dissemination of information as well as logistical support.
- 1.18 This activity will be implemented in two phases: (i) Phase one, or the Pilot Phase: 5 to 6 initial sites will be selected by CARICOM to receive hardware, network and software installation, and training; and (ii) Phase two: The remaining Trade Ministries of CARICOM member countries and other relevant agencies will be connected to the network and receive relevant training.
- 1.19 When fully established, the "Virtual Secretariat" will provide an information and communication system linking the 14 Trade Ministries as well as other RNM offices and a public internet site that will consolidate information on current trade regulations, standards and practices, trade flow data, and other information to assist CARICOM countries in their external trade negotiations and provide trade information to the private sector.

## II. OBJECTIVES

- 2.1 The general objective of this project is to provide the CARICOM countries with the ability to successfully mobilize and combine their human and financial resources in order to effectively participate in, and negotiate, multilateral, regional and bilateral trade and economic initiatives.
- 2.2 The specific objectives of the program are as follows:
  - a. To provide support to the functioning of the Regional Negotiating Machinery created by the authorities of the Caribbean Community.
  - b. To provide support to the technical officials in specific areas of negotiation to improve their knowledge of the subject matter and enhance specialization in particular areas of negotiation.
  - c. To provide training for current technical officials and develop negotiating skills for additional support personnel. The aim is to ensure that those responsible for the negotiation of trade agreements have an opportunity to acquire expertise in the various subject areas to be examined and discussed in the negotiations.
  - d. To strengthen internal coordination arrangements and develop the necessary logistical support within the Caribbean Community in order to maximize the human resource potential as well as the information gathered by the RNM.

## III. DESCRIPTION OF THE PROGRAM

### A. Activities

- 3.1 The project will consist of two components strengthening of the technical capabilities of the "Regional Negotiating Machinery" through a program of Policy Studies and strengthening of the negotiating capabilities of the Caribbean member states through a program of training.
  1. Strengthening of the technical capabilities of the "Regional Negotiating Machinery" through a program of Policy Studies
- 3.2 The activities to be carried out under this component include production of Technical Policy Studies in the areas indicated below in order to provide the authorities of the Caribbean Community with valuable inputs and recommendations regarding the design of its trade negotiation strategy and policy. This specific task will be carried out by international consultants.
- 3.3 Policy Studies will be also intended to support the RNM Core Group which consists of a Chief Negotiator, a Lead Advisor, 5 full-time

specialist and administrative staff to develop their activities as coordinators of the negotiations processes in which the Caribbean Community is involved. CARICOM will assign the necessary staff to fulfill specific duties in connection with the Technical Studies scheduled for this technical cooperation project.

- 3.4 The technical cooperation will include eight policy studies in various areas, taking into account the needs and sequencing of the different subjects of negotiation. Half of the studies will cover strategic areas of trade negotiations and the other half will be sectoral specific policy studies.
- 3.5 These studies will include a technical analysis of the subject matter and a document with recommendations which will assess different negotiating alternatives and strategies.
- 3.6 During the first year, four studies will be conducted in the following areas:
- 3.7 (i) Preparing the Caribbean for joining the FTAA: This study will take as its point of departure the decision of the Santiago Summit to set up nine Negotiating Groups and a Smaller Economies Consultative Group. The study will cover, among other matters, substantive issues in the negotiations, negotiating group by negotiating group, and their relevance to, and possible impact on, CARICOM; positioning strategies and tactics regarding participation in the Consultative Group on Smaller Economies; means and ways to facilitate business activities and investment in the region; strategies and policies of negotiations; possible linkages between FTAA and Lome Negotiations and the benefits that could be derived therefrom and linkage of the FTAA with the WTO built-in agenda.
- 3.8 (ii) Smallness as a factor in the Lome, FTAA and WTO Negotiations: This study will focus on the constraints of smallness in the context of trade and financial liberalization, for the purpose of securing special terms for the Caribbean in the upcoming negotiations on Lome, and FTAA and at the WTO. The study will cover, among other matters, criteria that can be put forward for special transitional periods regarding the removal of trade barriers to goods and services; measures regarding financial and investment liberalization; an aid strategy to help small countries achieve critical masses in areas such as production, marketing and administration; and simplifying the procedures for managing ODA.
- 3.9 (iii) The Special Interests of the OECS members: The study will focus on the interests of the Organization of Eastern Caribbean States (OECS) and its members in the negotiations for a renewed African, Caribbean Pacific (ACP) - European Union (EU) Convention and for a Free Trade Area of the Americas. It will cover, among other things the possible continuing case for non-reciprocal trade relations in connection with their micro-state status; the extent of dependence and benefits from preferential arrangements for particular commodities; the continuing need for, and benefits from,



concessional finance through ACP/EU relations; adjustment problems and implications for financial support; areas under the future ACP/EU and FTAA arrangements that will be of special interest to the OECS; support for liberalization of financial services and other services taking into account their role in the development of these areas; transportation, marketing and other infrastructural inadequacies and how they may be overcome and supported; adaptation of the administrative aspects of economic cooperation arrangements in order to take into account the needs of very small states.

- 3.10 (iv) Services in the Caribbean. The study will focus on the ways to maximize opportunities for exports and investments which may benefit the Caribbean Community in the area of services. It will cover, among others, an analysis of the cost-benefit effects of liberalizing the services area in the region. In addition, specific sectoral proposals in financial, telecommunications and professional services in international trade in services negotiations, as well as possible strategies to be used by CARICOM in specific services negotiations.
- 3.11 During the second year, the Policy Studies Coordinator, in coordination with the Chief Negotiator, will present a proposal to the Bank indicating four other areas to be covered by four additional studies to be approved by the Bank.
- 3.12 In order to disseminate the results of the studies, to ensure the transfer of expertise, and to promote the implementation of the recommendations and suggestions put forward by the consultant in the technical study, internal workshops will be attended by senior level officials in charge of policy making or by technical officials who are participating in ongoing international trade negotiations. Workshops will be necessarily held one month before the end of the Study scheduled activities in order to allow the consultant in charge of the study to include the inputs and pertinent suggestions within the final report and policy recommendations.
- 3.13 Moreover, public conferences to disseminate the studies to other sectors of the civil society will be organized once a year once the final reports of the four policy studies programmed for each year have been delivered. Specific conditions and requirements for the conferences are set up in the Terms of Reference (Annex III).

2. Strengthening of the negotiating capabilities of the Caribbean member states through a program of training:

- 3.14 Different training programs in the various fields of trade negotiations will be given according to the needs and particular circumstances of the Caribbean Community. The program will include the following training:

a. Training courses in trade negotiations

- 3.15 This training program is designed to improve and develop the negotiating skills of the technical officials in charge of international trade negotiations.
- 3.16 Under this program, training courses will be designed by international centers with recognized expertise in the field of trade negotiations. These courses will provide high level training to the team in charge of the negotiations as well as to high level technical officers of the CARICOM countries members of the Bank and to selected officials from embassies or diplomatic missions.
- 3.17 The specific program of each one of the courses will be identified in detail in the terms of reference that are included in Annex III.

b. Ad-hoc Training in specific areas

- 3.18 This program is designed to provide technical inputs to officials in charge of international trade negotiations in order to prepare them for specific negotiations, provide position papers or/and strategies, as well as to transfer expertise and knowledge.
- 3.19 Under this training program, courses will be provided on an "ad-hoc" basis by international consultants who are experts in specific areas of international trade negotiations. The scope of this training will extend to the important topics of the negotiations.
- 3.20 The programmed promotion of transfer of expertise will focus on the following six areas:
- 3.21 (i) Market access and rules of origin: The purpose of this activity is to secure better access to other markets for Caribbean countries's exports, and to determine the costs and benefits that accrue to the countries under hemispheric economic integration and trade liberalization.
- 3.22 (ii) Customs Procedures: Activities in this area will aim at simplifying and harmonizing customs procedures in order to facilitate trade and reduce administrative costs. In addition, the module will cover the design of effective systems that are capable of detecting and combating fraud and other illicit custom activities as well as promoting measures which ensure that operations will be conducted with transparency and efficiency.
- 3.23 (iii) Unfair trade practices: Training and consultancy services will be provided to (a) complete and consolidate the process of implementing the Uruguay Round agreements in this area and, (b) ensure due coordination of negotiating positions among CARICOM members in this area "vis-a-vis" third countries.
- 3.24 (iv) Government Procurement: The object here will be to: (a) promote greater transparency in government contracting; (b) adjust

legislation to reflect the basic principles which apply in this area, and conduct periodic updates to keep abreast of international developments regarding government procurement; and (c) identify existing limitations and deficiencies, as well as the potential advantages of liberalizing trade in this area.

- 3.25 (v) Services and Investment : Activities here are designed to increase opportunities for investment and export of services and to identify obstacles to such exports and the deficiencies limiting the export capabilities of the Caribbean countries in this area.
- 3.26 (vi) Intellectual Property: The goal in this module will be to consolidate the process of implementing the WTO Agreement on Intellectual Property Rights.

B. Program Execution

1. Implementation

- 3.27 This operation will be carried out over a period of 24 months under the supervision of the Government of Barbados, through the Office of the Prime Minister and Minister of Finance, on behalf of the CARICOM member nations. The Prime Minister of Barbados has accepted, at the invitation of the Heads of Government, responsibility for managing the resources received under this technical cooperation project.
- 3.28 The administration and supervision of the program will be conducted through a Project Manager, appointed to oversee the program and reporting directly to the Prime Minister of Barbados. The Project Manager will coordinate and supervise execution of the activities in each component of the project. Included in the Coordinator's duties will be the monitoring of the planned activities and due implementation of the conclusions and recommendations put forward in the consultants' reports, studies, as well as strict compliance with eligibility criteria applicable to training program participants. All of these tasks are to be carried out in coordination with the Bank under the conditions set out in the Terms of Reference (Annex III).
- 3.29 Program execution will include consulting contracts worth a total of US\$ 731,172; technical and policy studies for a total of US\$ 530,570; training programs for US\$ 520,376. The technical cooperation agreement will require that Bank procedures be adhered to for the recruitment and hiring of consultants, and for the procurement of goods and services.
- 3.30 In the course of the program, funds for the preparation of each activity must be allocated on schedule and in accordance with specific needs and requirements as they arise.
- 3.31 In addition, regarding the "Virtual Secretariat" which, while not part of this project, will complement the various activities

included in this technical cooperation and in view of the importance that the implementation of the network has to the success of this operation, consultancy services will be financed by this project to monitor the timely implementation of the USAID activity.

a. Implementation of Component (1)

- 3.32 An RNM official will be appointed by the Chief Negotiator as the Policy Studies Coordinator. He/she will be responsible in preparing study profiles to be submitted to the Bank for approval. The Policy Studies Coordinator will prepare a Work Plan, quarterly reports regarding the execution of component (1) and a proposal submitting at least four different topics for policy studies during the second year of the technical cooperation as indicated below in 3.41.
- 3.33 The Policy Studies Coordinator will be responsible for preparing a detailed proposal for each Policy Study for Bank approval. This Study Profile will include:
- (i) title of the study;
  - (ii) objectives of the study;
  - (iii) justification and relevance of the study for upcoming negotiations;
  - (iv) detailed outline of the contents of the study including, among others, a technical analysis of the subject matter and a document with specific recommendations as indicated in 3.4.
  - (v) description of the methodology and other relevant information to be used in preparing the study;
  - (vi) background studies already available or in progress;
  - (vii) identification of consultants according to Bank procedures;
  - (viii) proposed work plan including time frame and scheduled trips;
  - (ix) specification of contractual arrangements regarding schedules for completion of work, supervisory arrangements, schedule of payments and other relevant conditions;
  - (x) changes to the Budget of the Plan of Operations regarding recommended overall budget amounts to be submitted to the Bank for approval; and
  - (xi) design of activities regarding the dissemination of the study (workshops and conferences). See 3.35 below.
- 3.34 The Policy Studies coordinator will be responsible for preparing an indicative list of studies for the second year taking into account the overall balance of strategic studies and sector specific studies to be financed under this operation. This indicative list of studies must be approved by the Bank and will be part of the disbursements requirement. These studies will be subject to the same conditions as the first year's set of studies.
- 3.35 Each Technical Study will be accompanied by a workshop that the consultant in charge will be required to organize with appropriate RNM personnel. The consultant will design a workshop to ensure adequate transfer of expertise and promote implementation of the

recommendations and suggestions put forward by international consultants and derived from technical studies. Participants in these workshops must include a minimum of twelve officials from at least half of the member countries of CARICOM; two RNM Core officials; and the Policy Studies Coordinator. Selection of participants will be based on guidelines identified in advance.

- 3.36 Eight Policy Studies with an specific budget have been scheduled for the duration of this technical cooperation. Nevertheless, upon a duly justified request filed by the RNM, changes might be introduced in order to raise the upper budgetary limit fixed for each study. In such case, and if the importance or length of the suggested study requires additional funding, two studies could be merged in order to develop a more comprehensive and detailed new study. Any request in that way shall be directed to the Bank for corresponding acknowledge and authorization.
- 3.37 Four workshops will be held per year, each one covering two studies in accordance with the work program of every year. In addition, two conferences open to the private sector and the civil society in general will be organized every year according to the Project Timetable (Annex VI). These conferences must be linked to the results of the Policy Studies contemplated in this project.
- 3.38 Each of the Policy Studies will be disseminated to all the member states of CARICOM. At least 50 copies of each study will be provided to each governmental office in charge of foreign trade. In addition, pertinent information of each study will be included in the "Virtual Secretariat" home page.

b. Implementation of Component (2)

- 3.39 An RNM official will be appointed by the Chief Negotiator as the Training Program Coordinator. He/she will be responsible for coordinating the programming and execution of the training programs, for preparing training profiles, including the list of participants to be submitted to the Bank for approval. The Training Program Coordinator will prepare a Work Plan, quarterly reports regarding the execution of component (2) and submitting the corresponding training proposals as indicated below in 3.40 and 3.46.
- 3.40 (i) Training courses in trade negotiations. The Training Coordinator will submit for Bank approval a training profile that will include the following:
- (1) title of the training program;
  - (2) justification and objectives of the program;
  - (3) relevance of the training program for upcoming negotiations;
  - (4) description of a workshop indicating background studies already existing or in progress;
  - (5) time frame for completion;

(6) profile of officials who will participate in the training program.

- 3.41 Selection of the training institution (s) will be made taking into account the center's experience; the programs to be undertaken; the feasibility of tailoring the program to the needs of CARICOM. Selection of the training institution will be based on further guidelines included in the Terms of Reference (Annex III).
- 3.42 The RNM will likewise need to assign the following personnel to participate in the training activities carried out through courses: (1) a minimum of 15 officials from at least half of the members states of CARICOM; (2) appropriate representatives from the RNM Core Negotiating Team; (3) officials may also include staff from Caribbean Community missions in the following embassies: United States of America and London, plus from missions to the European Union in Brussels and the international agencies in Geneva.
- 3.43 Two basic eligibility criteria for participation in the training program are that candidates: (1) be officials with responsibilities in the technical areas which the training program will cover; and (2) remain in their positions throughout the program's execution period.
- 3.44 Selection of participants will be based on guidelines identified in advance and included in the Terms of Reference (Annex III).
- 3.45 (ii) "Ad hoc" training program. Prior to holding an "ad-hoc" training program in a specific area, the Training Program Coordinator will submit for the Bank's consideration a training profile that will include the following:
  - (1) title of the "Ad-hoc" training program;
  - (2) justification and objectives of the program;
  - (3) relevance of the training program for upcoming negotiations;
  - (4) time frame for completion;
  - (5) profile of officials who will participate in the training program. The proposal shall be submitted to the Bank for consideration and approval.
- 3.46 CARICOM will finance participation of officials taking into account the following: (1) a minimum of 15 officials from at least half of the members states of CARICOM; and (2) appropriate representatives from the RNM Core Negotiating Team.
- 3.47 Results of all training programs describe above (3.48 and 3.54) will be evaluated through the following: (i) A study to determine where the participants to each one of the training programs are working 6, 9 and 12 months after the training took place; (ii) Questionnaires to all participants in order to determine whether the objectives of each one of the program training have been fulfilled; (iii) Any other deem convenient by the Project Manager of this operation and the Bank.

## 2. Conditions

### a. Conditions prior to first disbursement.

- 3.48 The following activities will be completed to the Bank's satisfaction as conditions for the first disbursement under the program:
- 3.49 (i) Official document authorizing the RNM mechanism. The execution of this program will require a specific resolution regarding the proposed mechanisms which is duly authorized by CARICOM member states. The program will also require the issuance of an executive resolution creating the legal basis for the operation of the RNM under the supervision of the Prime Minister of Barbados.
- 3.50 (ii) Selection of Project Manager. Selection of the Project Manager appointed to administer the program, as well as the Policy Studies and Training Coordinators. The Policy Studies and Training Coordinators will be selected among RNM officials.
- 3.51 (iii) RNM Core staff. This new structure will require assigning staff to specific duties in order to ensure an adequate performance of the functions granted to this new negotiating mechanism. Therefore, the RNM will recruit and hire the following personnel: a Chief Negotiator; a Lead Advisor to be based in Barbados; 2 trade specialists to be based in Barbados; 3 full-time specialists to be based in any RNM office. The previously mentioned officials will be contracted on a full-time, exclusive contract for a period of at least 24 months. In addition, the RNM must hire on a full-time, exclusive contract for a period of at least 24 month, 2 Administrative Staff to be based in Barbados.
- 3.52 The RNM will make arrangements to have the aforesaid technical officials remain in their positions until after the term of the proposed technical cooperation expires. If any of them resigns, the RNM will undertake to immediately hire a replacement, who will be trained for at least three months by the outgoing official before his or her departure.
- 3.53 (iv) Memorandum of Understanding. A Memorandum of Understanding duly signed between the Caribbean Community and USAID in connection with the implementation and execution of the "Virtual Secretariat" Project.
- 3.54 (v) Document Assigning responsibilities in the negotiation process. Document regarding assignment of specific country responsibilities in the different areas of negotiations as part of the organizational structure of the RNM. (See 1.14)

b. Conditions prior to second disbursement.

- 3.55 The following activities will be completed to the Bank's satisfaction as conditions for the second disbursement under the program:
- 3.56 (i) "Virtual Secretariat". Final implementation of Phase I USAID Project as indicated in the corresponding agreement signed by CARICOM and USAID. This implementation must be asserted by a special report made by an international consultant. This consultant will be contracted exclusively by the Bank.
- 3.57 (ii) Training and Policy Studies Profile for the first year. Submission of proposals regarding the schedule of training activities as well as profiles for Policy Studies for the first year, in accordance with the objectives of this Technical Cooperation project. Prior approval from the Bank will be required.

c. Conditions for other disbursements.

- 3.58 The following activities will be completed to the Bank's satisfaction as conditions for other disbursement under the program:
- 3.59 (i) Mid term review. A Mid-term review document must be produced and accepted by the Bank which will include: report of activities and their outcome with relevant inputs; follow-up of study recommendations and their corresponding implementation; workshops' results, and any other relevant information that can be deemed important to evaluate the execution; update of the outcome of USAID project implementation.
- 3.60 (ii) Training and Policy Studies profiles for the second year. Submission of proposals regarding the schedule of training activities as well as profiles for Policy Studies for the second year that comply with the objectives of this Technical Cooperation project. A proposal including an indicative list of areas for policy studies for the second year as well as training proposals. Prior approval from the Bank will be required.
- 3.61 (iii) Final Report. A comprehensive report including the outcome of all of the components of the project.
- 3.62 The above mentioned benchmarks must be complied with by the executor, to the Bank's satisfaction, in order to draw funds from the operation's budget.
- 3.63 The Bank will verify an initial disbursement up to 30% to cover initial expenses to contract consultants. Such initial disbursement can be used, under previous approval by the Team Leader of the Project, to cover expenses included in the budget under items as travel in official mission. Other disbursements



will be verify after previous authorization granted by the Team Leader of the project according to the advances in each one of the specific areas described in this project and in accordance with the budget and the following table. Before each disbursement the executor shall demonstrate that it has complied with the conditions set as follows:

DISBURSEMENTS	
ACTION TO BE TAKEN	PERCENTAGE FROM BUDGET
Document authorizing the RNM Mechanism Selection of Project Manager RNM Core Staff Appointments Memorandum of Understanding between USAID and CARICOM. Document Assigning Responsibilities in the different areas of negotiation	30%
Implementation of Phase I USAID Project (Consultant Report) Training and Policy Studies Profiles duly approved by the Bank (I year)	20%
Mid-term review, duly approved by the Bank.	20%
Training and Policy Studies Profiles duly approved by the Bank (II year)	25%
Final Report, duly approved by the Bank.	5%

C. Monitoring and reporting

- 3.64 Technical responsibility for the project will fall to the Integration, Trade and Hemispheric Issues Division (INT/ITD). The Bank's Country Office in Barbados will bear basic responsibility for the operation.
- 3.65 When the technical-cooperation project begins, the executing agency must provide the Bank with a detailed proposed work plan for each component for the first year of the operation. At the end of the first year, they must submit a work plan for the second year.
- 3.66 The work plan must include: (i) activities scheduled for the first 12 months in each component; (ii) a timetable of activities; and (iii) an estimate of the funding requirements for the activities, including amounts to be provided by the Bank and local counterpart contributions.
- 3.67 After the operation begins, the executing agency must submit semi-annual progress reports to the Bank in order to expedite the process of monitoring the technical cooperation project. These reports must contain, or describe,: (i) progress of activities according to the program timetable; (ii) progress in disbursing funds under the technical cooperation project, compared to the disbursement schedule, and outlays under the counterpart contribution; (iii) recommendations by consultants hired with program funds; and (iv) activities scheduled for the following six-month period.

- 3.68 Given the broad scope of this operation and in order to maximize its outcomes and expedite monitoring and supervision of scheduled activities, periodic evaluations will be conducted so that changes may be made to correct any problems or shortcomings arising during its execution. Thus, immediately after the submission of each semi-annual progress report, evaluation meetings will be held to examine performance under the program.
- 3.69 These meetings will be attended by: (i) the Project Manager; (ii) staff of the Integration, Trade and Hemispheric Issues Division (INT/ITD); (iii) officials from the Bank's Country Office in Barbados; (iv) the Caribbean Community officers in charge of the RNM and the technical staffers as may be designated.
- 3.70 The recommendations coming out of these meetings will be implemented in the following six-month period and taken up in the subsequent evaluation.
- 3.71 The Project Manager, in concert with the Bank's officials, will design suitable monitoring and evaluation measures to ensure that the program's objectives are accomplished. These measures will include questionnaires to be filled out by participants in courses, training programs or workshops, with a view to improving these activities.
- 3.72 Within six months after the program ends, the executing agency is to submit a final report summarizing the program activities, the application of funds contributed by the Bank and the local counterpart, outputs and outcomes, decisions made as a consequence of the program, and the ultimate results expected on the basis of these.
- 3.73 In addition, the technical-cooperation agreement will contain a provision requiring the executing agency to submit financial statements for the program, duly audited by an independent firm acceptable to the Bank and in accordance with standards acceptable to the Bank.

D. Cost and financing

- 3.74 The total cost of the proposed technical cooperation has been estimated at US\$2,450,000. The Bank contribution will be US\$ 200,000, chargeable to the net income of the fund for special operations and US\$975,000 will be funded from the Japanese Special Fund (JPS). The local counterpart contribution will be equivalent to US\$1,275,000.
- 3.75 The technical cooperation will be carried out over a 24-month period, from the date of signature of the agreement. The final disbursement will take place no later than 30 months following the signing of the agreement.

3.76 Following is a breakdown of the cost by component, including itemized expenses in each category:

CONSOLIDATED BUDGET (U.S. DOLLARS)				
Budget Category	IDB	JPS	Local	Total
<b>A. Strengthening of the technical capabilities of the RNM through a program of Policy Studies</b>		495,528	1,031,000	1,526,528
1. RNM Core Team			996,000	996,000
Consultancies			924,000	
Support Personnel			72,000	
2. Policy Studies		495,528	35,000	530,528
Consultancies		388,480		388,480
Training		107,048	35,000	142,048
<b>B. Strengthening of the negotiating capabilities of the RNM through a program of training</b>		371,844	145,110	516,954
1. Training courses in trade negotiations		185,896		185,896
Training		185,896		185,896
2. Ad-Hoc Training in specific areas		185,948	145,110	331,058
Consultancies		185,948		185,948
Training			145,110	145,110
<b>C. ADMINISTRATION OF THE OPERATION</b>	184,400			184,400
Consultancies	175,400			175,400
Auditing	9,000			9,000
<b>D. CONTINGENCIES</b>	15,600	107,628	98,890	222,118
<b>GRAND TOTAL</b>	<b>200,000</b>	<b>975,000</b>	<b>1,275,000</b>	<b>2,450,000</b>

#### IV. BENEFITS AND RISKS

- 4.1 Modernizing institutions and providing advance training for officials responsible for the technical side of international trade negotiations will enable the Caribbean Community to participate more fully and effectively in various international trade fora, and thereby strengthen its bargaining position.
- 4.2 The principal risks of this operation have to do with the capacity for coordination within the Caribbean Community; the possibility of opposing interests with respect to certain areas of negotiation

among the 14 member-states of the Community; and possible changes in personnel during the execution period or in the years immediately following the completion of the cooperation.

- 4.3 To mitigate the risks of personnel changes, one of the conditions prior to the first disbursement is the appointment of counterpart technical staff for the entire life of the technical cooperation project as well as an agreement from the beneficiary to substitute and train any official that leaves or is replaced.

## V. SUSTAINABILITY

- 5.1 Medium and long-term sustainability of the effort to strengthen technical capabilities in the field of trade negotiations is the key to achieving better and more efficient participation by CARICOM in the process of economic integration.
- 5.2 The program will require that the beneficiary makes the necessary administrative and financial arrangements in order to ensure that officials receiving training remain in their posts beyond the duration of the technical cooperation.

## VI. EVALUATION

- 6.1 The information and data obtained during this operation will be utilized to conduct an evaluation by INT/ITD, with the assistance of a consultant specially contracted by the Bank, within three months after the conclusion of this technical operation execution, in order to determine how successful it has been in implementing the activities described above.

## LOGICAL FRAMEWORK

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<b>Goal:</b> To provide support to the functioning of the Regional Negotiating Machinery created by the authorities of the Caribbean Community.			
<b>SUPPORT TO THE "REGIONAL NEGOTIATING MACHINERY" IN PREPARING FOR AND UNDERTAKING EXTERNAL TRADE NEGOTIATIONS BY THE CARIBBEAN COMMUNITY</b>			
<b>a. Strengthening of the technical capabilities of the "Regional Negotiating machinery" through a program of policy studies</b>			
To provide the authorities of the Caribbean Community with valuable inputs and recommendations regarding the design of its trade negotiation strategy and policy.	<p>(i) Preparation of eight policy studies in various areas. Half of the studies will cover strategic areas of negotiation and the other half will cover sectoral specific policy studies. During the first year:</p> <p>(a) Preparing the Caribbean for joining the FTAA.</p> <p>(b) Smallness as a factor in the Lome, FTAA and WTO Negotiations.</p> <p>(c) The Special Interests of the OECS members.</p> <p>(d) Services in the Caribbean</p> <p>During the second year: Policy Studies Coordinator, in coordination with the Chief Coordinator will present a proposal for other areas to be covered by 4 additional studies.</p> <p>(ii) Preparation of workshops and conferences.</p>	<p>4 Policy Studies (during the first year)</p> <p>1 Work Program</p> <p>1 proposal with 4 topics to be covered by 4 new Policy Studies (during the second year)</p> <p>8 workshops</p> <p>4 conferences</p>	<p>A full-time Project Manager is hired for 24 months.</p> <p>A full-time Chief Negotiator is hired for at least 24 months.</p> <p>A full-time Lead Advisor to be based in Barbados is hired for at least 24 months.</p> <p>2 full-time trade specialists to be based in Barbados are hired for at least 24 months.</p> <p>3 full-time specialists to be based in any Caribbean country are hired for at least 24 months.</p> <p>2 full-time administrative staff to be based in Barbados are hired for at least 24 months.</p> <p>Implementation of USAID Project "Virtual Secretariat" is underway.</p> <p>Production of document assigning responsibilities in areas of negotiation.</p> <p>Appointment of Policy Studies Coordinator</p>

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
b. Strengthening of the negotiating capabilities of the Caribbean member states through a program of training.			
<p>To improve and develop the negotiating skills of technical officials in charge of international trade negotiations</p>	<p>(i) Preparation of training courses in trade negotiations:</p> <p>Work plan for organizing (with a renowned educational center) two courses for the RNM on trade negotiations. The work plan will include provisions for negotiating with the center for the program, selection of participants and other activities and topics. It will also specify subjects to be covered.</p> <p>(ii) Preparation of Ad-hoc training.</p> <p>International Consultants will provide training in the following areas:</p> <p>(a) Market access and rules of origin.  (b) Customs Procedures  (c) Unfair trade practices  (d) Government procurement  (e) Services and investment  (f) Intellectual Property</p>	<p>1 work plan.</p> <p>3 courses at a renowned education center on trade negotiation.</p> <p>An "Ad-hoc" program of 7 courses in specific areas.</p>	<p>A full-time Project Manager is hired for 24 months.</p> <p>A full-time Chief Negotiator is hired for at least 24 months.</p> <p>A full-time Lead Advisor to be based in Barbados is hired for at least 24 months.</p> <p>2 full-time trade specialists to be based in Barbados are hired for at least 24 months.</p> <p>3 full-time specialists to be based in any Caribbean country are hired for at least 24 months.</p> <p>2 full-time administrative staff to be based in Barbados are hired for at least 24 months.</p> <p>Implementation USAID Project "Virtual Secretariat" is underway.</p> <p>Appointment of Training Coordinator.</p>

## PROPOSED RESOLUTION

REGIONAL. NON-REIMBURSABLE TECHNICAL COOPERATION FOR SUPPORT TO THE “REGIONAL NEGOTIATING MACHINERY” IN PREPARING FOR AND UNDERTAKING EXTERNAL TRADE NEGOTIATIONS BY THE CARIBBEAN COMMUNITY

The Board of Executive Directors

### RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document AT-\_\_\_\_\_, with respect to a regional nonreimbursable technical cooperation to support the “Regional Negotiating Machinery” in preparing for and undertaking external trade negotiations by the Caribbean Community.

2. That up to the sum of US\$200,000 or its equivalent in other convertible currencies is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.

PROPOSED RESOLUTION

REGIONAL. NON-REIMBURSABLE TECHNICAL COOPERATION FOR SUPPORT TO  
THE "REGIONAL NEGOTIATING MACHINERY" IN PREPARING FOR AND  
UNDERTAKING EXTERNAL TRADE NEGOTIATIONS BY THE CARIBBEAN COMMUNITY

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the Japan Special Fund established pursuant to the letter agreement dated April 26, 1988 between the Government of Japan and the Bank, to enter into such agreements as may be necessary and to adopt such other measures as may be pertinent for the execution of the plan of operations referred to in Document AT-\_\_\_\_\_, with respect to a regional nonreimbursable technical cooperation to support the "Regional Negotiating Machinery" in preparing for and undertaking external trade negotiations by the Caribbean Community.

2. That up to the sum of US\$975,000 is authorized for the purposes of this resolution, chargeable to the resources of the Japan Special Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.