



Ex-post evaluation of the EPA between the EU and its Member States and the CARIFORUM Member States

Final Report
Executive Summary

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EXECUTIVE SUMMARY

The ex-post evaluation: background, objectives and scope

This is the final report of the study “Ex-post evaluation of the Economic Partnership Agreement (EPA) between the European Union and CARIFORUM.” The evaluation covers the 10-year period since the EPA has been provisionally applied, namely 2008-2018.

With the creation of the Caribbean Community in 1973 the countries of the Caribbean embarked on a process of regional integration. Regional integration, cooperation and engagement were and are the best response to the host of challenges faced by all Caribbean countries. Today these challenges range from the impact of COVID-19 on tourism industries, over regional fragmentation and import dependence, to climate change threatening marine eco-systems or increasing the intensity of hurricanes. The countries do not face these challenges alone, but together with their key partners, the European Union and the US, but also new and emerging partners such as an increasingly active China.

Tied together by more than 500 years of shared but also difficult history, as of 2008 the partnership between the Caribbean and Europe is also highlighted by the Economic Partnership Agreement (EPA) between the European Union and CARIFORUM. It is a first of its kind agreement, comprehensively covering a wide range of areas beyond the traditional purview of trade agreements. The EPA came out of the realization that traditional trade liberalization alone will not yield strong development impacts, and that a more comprehensive scope and depth is needed.

Before the EPA was concluded, CARIFORUM countries received non-reciprocal market access to the EU under the EU-ACP agreements. This market access to the EU was on more favourable terms than for other developing countries, which is not in line with World Trade Organization (WTO) rules and this situation could therefore not be sustained. Without a new trade agreement in place, the Caribbean countries would have traded with the EU under the Generalised Scheme of Preferences (GSP) regime or Most Favoured Nation (MFN) regime, which would subject the region’s most important exports (notably sugar, bananas and rum) to high EU duties. Therefore, the EU and CARIFORUM started the negotiations for a new reciprocal trade agreement in April 2004. In December 2007 the negotiations for the CARIFORUM-EU Economic Partnership Agreement (EPA) were concluded and the agreement provisionally entered into force on 29 December 2008.

As the first comprehensive EPA at the time, it not only covers reciprocal liberalisation of trade in goods, but also trade in services, investment as well as many other aspects (e.g. customs, e-commerce, competition, sustainable development). The comprehensiveness was also based on the insight that many of the traditional as well as emerging industries of the Caribbean – tourism, services, creative industries, among others – do need tailored disciplines. In addition, development co-operation is an integral part of the agreement, seeing that with their often small size Caribbean countries need technical assistance to fully realize their export potential to the EU.

The objective of the evaluation is to determine the extent to which the CARIFORUM-EU EPA has been implemented, where the bottlenecks lie and the extent to which the EPA has contributed effectively and efficiently to reach the objectives it set out. In addition, the evaluation examines the relevance of the EPA in relation to current trade and development issues, as well as its coherence with other EU policy instruments affecting the Caribbean. Based on this analysis, the evaluation aimed to capture important lessons learnt and offer recommendations to address some of the challenges and barriers.

In terms of geographical scope, the evaluation covers the EPA both from the perspective of the EU and CARIFORUM with regard to its implementation, functioning and use, as well as the overall knowledge and awareness of it. The evaluation of economic, social and environmental impacts, along with the evaluation of development cooperation efforts, focusses on the CARIFORUM countries.

Methodology

A combination of methods was used to carry out this ex-post evaluation: (i) review of academic literature, legal texts, and other relevant documents; (ii) data analysis related to trade, investment and sustainability indicators; (iii) economic modelling, to compare the impact of the agreement to a situation without the EPA in place; (iv) four sector specific case studies, to allow for a more in-depth assessment at sectoral level; and (v) stakeholder consultations. As data and literature is scarce, stakeholder consultations were at the heart of this ex-post evaluation. This included Open Public Consultations, interviews (remote and face-to-face), focus group discussions (FGD), attendance of relevant EPA-related events, and written questionnaires. A total of 200 stakeholders were consulted through interviews and FGDs during the course of this study.

Implementation of the agreement

The implementation of the agreement has been mixed, as clear progress in implementation has been made, but several shortcomings remain. Progress has been observed in a number of areas. This includes the ratification of the agreement, which has further increased in the last five years and currently stands at 25 out of 28 EU countries and 10 out of 15 CARIFORUM countries having ratified the EPA. The review registers significant progress in trade facilitation despite substantial remaining shortcomings. This progress relates for example to cooperation on trade facilitation as well as ratification of the WTO Agreement on Trade Facilitation. Additional areas of progress have been observed in areas such as tariffs or public procurement, amongst others.¹

Shortcomings in the implementation relate to the liberalisation commitments, regulatory commitments, as well the institutional commitments under the EPA. With respect to liberalisation commitments, lack of implementation on the CARIFORUM side has been observed, for example, with respect to tariff commitments, quantitative restrictions, and national treatment in services. On the EU side, there are concerns on a tax in the outermost regions that is applicable to imports (Octroi du Mer).

With respect to the regulatory commitments, shortcomings on the CARIFORUM side relate, for example to the commitments on intellectual property rights, electronic commerce and regional preferences. On the EU side, it includes intellectual property rights - a lack of sustained dialogue and cooperation on technology transfer and technical innovations, cooperation among research teams and technical centres, exchanges of scholars, and joint research networks.

Implementation gaps related to the institutional commitments are common to both Parties. These relate to an overall insufficient targeted dialogue on the EPA regulatory issues among the EPA parties, with the exception of technical assistance activities; and the absence of a joint mechanism for EPA monitoring. The implementation of provisions on development cooperation is difficult to assess (see below). In addition, the EPA contains several provisions on transparency throughout the agreement, and on both sides, we find important shortcomings. For instance, availability of information is a key challenge - it is often difficult to find the relevant rules and regulations, or a contact for where this information may be obtained.

Within CARIFORUM, there are many differences between countries with respect to the commitments that have been implemented or not. But almost for all commitments, there are some countries for which shortcomings are observed. There are various explanations for the lack of implementation on the CARIFORUM side. This includes the lack of resources (both capacity and budgets) but also protectionist tendencies or limited expected benefits of the agreement, which can be key factors that influence the political priority dedicated to EPA implementation.

It should be noted that while in the EU not many shortcomings in terms of EPA implementation were observed, there are clearly barriers in place which can limit the CARIFORUM countries' expected benefits under the EPA. These relate for example to burdensome and often changing technical regulations, standards and SPS requirements, or to immigration procedures.

¹ A more comprehensive overview of the agreement's implementation is available in Chapter 3 of the final report.

The lack of implementation as well as remaining trade barriers are likely to affect the impact of the agreement. But before turning to the actual impact of the EPA, the next section provides a summary of the implementation and results of development co-operation under the EPA.

Results of development co-operation

Development cooperation is treated upfront in the first part of the Agreement, with key development-related priorities set out in its first Chapter. Article 8 (Development cooperation) provides a list of seven “primary focus” cooperation priorities, which range from private sector development, institutional capacity and tax reform to innovation and infrastructure.

The main channel of EPA-related development co-operation is the European Development Fund (EDF). With EUR 346 million the 11th EDF (2014-2020) has more than doubled the amount available in regionally programmed funds compared to the 10th EDF (2008-2014). In comparison to the 10th EDF, the 11th EDF stepped forward in namely, the support to private-sector development. Within this, the Indicative Programme identified a key aspect to ensure improvement of linkages with national export development agencies, promotion of intra-regional trade and promotion of decent work and labour rights. It is important to note that the overall Caribbean Regional Indicative Programme (CRIP), however, is not exclusively allocated to the EPA or even regional economic co-operation more broadly, but also to topics like security and climate change.

A challenge in the evaluation has been that a clear overview of all development cooperation programmes and projects that fall under the CARIFORUM-EU EPA is lacking. This is further complicated by the fact that there is no clear metric to assess the degree to which development cooperation commitments under the CARIFORUM-EU EPA have been honoured. For the programmes that have been identified as being related to the EPA, only a limited number of evaluation reports is available. Therefore, it is difficult to draw strong overarching conclusions on the results of development co-operation.

Based on the information available on the implemented projects and programmes, it can be concluded that the development co-operation efforts have been relevant and in line with the development cooperatives priorities and EPA objectives, although in several cases programmes focused more on addressing regional needs, rather than national needs. In other cases, programmes show a lack of understanding on the context of CARIFORUM countries, and capacity of agencies. Across all the programmes analysed in detail, there was a lack of a robust sustainability strategy of both interventions and specifically institutions. Another key challenge for the projects/programmes is the need to focus on clear objectives, outcomes, outputs and activities that can establish a clear theory of change and therefore evidence on results. While many projects/programmes have had valuable interventions, it is a missed opportunity to not capture the evidence base and clear results.

As far as EPA-objectives are concerned, as outlined in the programme cases, the impact has been limited on a programme or project level, and therefore we are unlikely to see impact on the EPA-level objectives of decreased poverty and increased integration in the global economy.

Economic impact

Development of bilateral trade and investment flows under the EPA

The overall changes in trade and investment between CARIFORUM and the EU since the EPA entered into force has been small, from a region to region perspective.

Trade in goods

Total trade in goods between the two parties has not expanded since 2008. The total value of goods traded (imports plus exports) amounted to 9.5 billion in 2008, and was slightly lower in 2018, when it stood at EUR 9.0 billion. This decrease can be largely attributed to a decrease in CARIFORUM exports to the EU, for which the average annual growth rate was minus 2% over the evaluation period, while EU exports to CARIFORUM increased, with an average annual growth rate of 4%. As a result, the EU now has a trade surplus of EUR 1.2 billion, while it had a negative trade balance with CARIFORUM at the start of the agreement of EUR 280 million.

The fact that exports from the EU to CARIFORUM increased more than the other way around is not surprising, as CARIFORUM was also enjoying preferential access to the EU market, while on the CARIFORUM side, no such access was available for EU exporters prior to the agreement. The

decrease in CARIFORUM exports to the EU reflect the decreasing share of the EU in total CARIFORUM trade, as other markets have become more important for CARIFORUM trade.

Despite the limited benefits at aggregate level, there are of course differences between countries and sectors. The developments of trade in goods varies considerably across countries, and several countries experienced large fluctuations in their exports to the EU. The decrease in exports from Trinidad & Tobago has had a significant influence on the total CARIFORUM exports to the EU. This decrease to a large extent reflects a decline in fuel exports as world prices dropped. On the other hand, the Dominican Republic has experienced sustained growth in its exports to the EU. Belize and Antigua and Barbuda are other countries which show clear export growth to the EU. In terms of imports from the EU, it is also the Dominican Republic which experienced the highest growth.

In terms of sectors, CARIFORUM exports appear to have diversified, relying less on mineral fuels and more on food and manufactured items. Growth has been the largest in export of chemicals and related products and food and live animals. Looking more closely at these categories, growth in chemical exports has been driven by growth in organic chemicals from Trinidad and Tobago. Regarding food and live animals, there has been a strong increase in fish and crustaceans (driven by Belize, Jamaica and Suriname), fruits and nuts (driven mostly by the Dominican Republic) and cocoa and cocoa preparations (driven by the Dominican Republic). An analysis of export potential shows that agri-food products that have shown growth in market share also have potential for further development. This includes traditional products like sugar and bananas, but also other products like juices or nutraceuticals (e.g. for Jamaica) or organic produce (e.g. in the Dominican Republic). Some investment promotion agencies in the region also see opportunities for niche, high-value added manufacturing such as medical devices or electronics.

Impact of the EPA on trade in goods: economic modelling results

An analysis of trends alone does not provide information on the impact, as a change in trade flows can stem from many factors other than the EPA (e.g. the global financial crisis, changes in oil prices, etc.). From an evaluation perspective it is preferable to compare a situation with and without the agreement, in order to isolate the impact of the EPA. As explained above, without the agreement, the CARIFORUM countries would have faced Most Favoured Nation (MFN) rates, and not the preferential access they had prior to the EPA.² An economic modelling exercise has been performed by the European Commission for four CARIFORUM countries (the Dominican Republic, Jamaica, Grenada and St. Lucia) to assess the impact of the tariff preferences under the EPA. The modelling results show that compared to a counterfactual of trading under MFN terms, bilateral trade under the EPA is significantly higher, although the level of impact on trade strongly differs per country, ranging from an 9% increase in exports from Grenada to the EU to a 119% increase from St. Lucia. Estimates for EU exports to CARIFORUM range from a 8% increase for St. Lucia to a 20% increase for the Dominican Republic. For CARIFORUM exports the model also suggests a more significant impact in the food sector as well as a number of industrial products. In contrast, the impact on EU exports to CARIFORUM is mostly in the industrial sector.

Trade in Services and Investment

Trade in services is also very important for bilateral trade between the EU and CARIFORUM and is even larger in value than trade in goods. Based on available data and information, the overall importance of the EU as a trading partner to CARIFORUM in trade in services seems to be the same as the start of the implementation of the EPA. Overall trends on CARIFORUM exports to the EU provide non-conclusive outcomes as there are issues regarding data. EU services exports to CARIFORUM nearly doubled, from EUR 3.2 billion in 2010 to 5.9 billion in 2018. Tourism continues to be by the most important service sector across the region. The case study on cultural services presents another illustration of a much smaller but growing service sector, but also shows that barriers to services trade remain. Business processing outsourcing (BPO) is an example of a service sector that is still small but has shown encouraging growth rates.

In terms of investment, Eurostat figures show an increase of EU Foreign Direct Investment (FDI) levels to the CARIFORUM region (a five-fold increase between 2013 and 2017), but it is

² As the preferences that the CF countries had before the agreement were not compatible with WTO rules.

not clear to what extent these are productive investments, as they are concentrated in the Bahamas and to a lesser extent Barbados.³ In the consultations, no clear champions could be identified.

Sectoral impacts

Case studies showcase the different degrees of impact of the EPA at the sectoral level. In the case of **creative and cultural services**, there is a potential, in particular for the music, film and audio-visual industry from the larger CARIFORUM countries. With the Protocol on Cultural Cooperation (PCC) the EPA laid out an ambitious framework, a lack of operationalisation and concrete applications have limited its impact. Furthermore, creative industries face a range of other, more fundamental domestic challenges.

EU investment in the CARIFORUM tourism sector is similar in that the direct impact of the EPA was found to be low. FDI inflows into the region are driven by a large number of factors, with the EPA rarely if ever being among the most decisive ones. While investors do face barriers, these are typically idiosyncratic in nature and are not easily resolved by the high-level regulatory framework provided by the EPA. Furthermore, the level of awareness of the EPA is very low, with even large investors often being unaware of the EPA.

The liberalisation of trade barriers to **EU dairy exports to CARIFORUM**, had a positive impact on EU dairy exports. However, competition is intense, in particular in the largest market, the Dominican Republic. As the US-Dominican Republic FTA has more rapidly reduced tariffs and quotas than the EPA, US exporters are at an advantage. EU exporters also face non-tariff barriers in CARIFORUM countries, related to sanitary requirements and other, more country-specific barriers.

CARIFORUM exports in beverages have fluctuated since the EPA has been in force. Key challenges faced by exporters are related to issues such as market intelligence, finding a distributor in the EU or logistics, and are best addressed through technical assistance as well as export promotion efforts by national authorities.

CARIFORUM Intra-regional trade

Intra-regional trade in CARIFORUM has increased over the evaluation period, albeit with strong fluctuations. In 2008 the total regional trade in goods amounted to EUR 2.2 billion, and in 2018 this had increased to EUR 3.0 billion, with a peak in 2012 of EUR 3.6 billion. Exports from the Dominican Republic to CARICOM have particularly increased over the past decade. Nevertheless, barriers remain. For example, despite the proximity of the countries, shipments are infrequent and move from country to country to accumulate more products, making the journeys long and expensive. Furthermore, as evidenced in both the evaluation's team review of the EPA implementation, as well as in the stakeholder consultations, intra-CARIFORUM trade is limited because of unequal application of trade rules and the perception of there being no level playing field.

Overall economic impact

In the stakeholder consultations, the limited changes in trade and investment observed in the data were confirmed and considered as a sign of a lack of clear overall economic impact of the EPA.

While the shortcomings in implementation of the agreement could be part of the explanation for the limited economic impact, this does not appear to be the main reason. One important reason is that there are challenges in the business environment (e.g. small markets that limit scale, logistical constraints, bureaucracy) as well as at company level on the CARIFORUM side, which make it relatively difficult for CARIFORUM companies to compete. In addition, consultations showed that there is still a lack of awareness of the EPA and that practical information on the opportunities it offers is scarce. In addition, the number of companies that consider the EU a priority market is limited, as the focus of exporters is more on nearby markets. For those companies considering to export to the EU, remaining barriers play a role (e.g. difficulties in obtaining visa).

³ Both countries with very low taxes for offshore corporations.

EPA has to some extent also impacted the business environment, through its commitments in areas like trade facilitation, competition, etc. In addition, through the development co-operation offered, support to the business environment (e.g. with projects in the field of quality infrastructure, the creation of a regional export promotion agency, etc.) as well as to the private sector was provided. Nevertheless, based on the information available, it is not clear to what extent this support has helped to overcome the barriers and increase trade and investment by the private sector, but it is clear that important constraints remain.

Social, human rights and environmental impacts

The CARIFORUM-EU EPA is the first EU trade agreement with specific chapters on sustainable development and social aspects. The analysis shows that although the EPA has several elements that link to sustainability-related policies, in general the EPA requires the parties to reaffirm their commitment to already existing international declarations, conventions and agreements⁴ but does not require the ratification of additional international agreements or other specific policy changes. It should be noted that CARIFORUM countries had ratified most of the ILO's core labour conventions and key Multilateral Environmental Agreements well before the EPA was signed.

Co-operation on sustainable development and social aspects is also included in the agreement. While we found that there has been attention to these topics in the joint institutions and also identified some examples of (development) co-operation projects in these fields, the extent of actual co-operation in these areas is difficult to assess, as this is not monitored. Consultations and literature review suggest that the impact of EPA as a result of the provisions in the agreement (including the co-operation) are limited.

The impact of the EPA on sustainability and human rights can also be indirect, stemming from the economic changes brought about by the agreement. As the economic impact has been small at aggregate level (see above), also the impact on sustainability appears to be limited. No significant changes in social or environmental indicators (e.g. unemployment, social expenditure, environmental performance index) have been identified over the evaluation period. While is variation across sectors regarding the extent to which they have been affected by the EPA, we have not identified specific groups that have suffered or benefitted or that significant environmental impacts that occurred as a result of this.

Conclusions

The below section presents the main conclusions based on the evaluation criteria.

Effectiveness: The effectiveness of the EPA has been limited. While we note that the EPA's objectives have a relatively high ambition level, for all eight objectives we conclude that the results achieved with respect to these objectives have been limited or small. While the agreement has provided asymmetrical liberalisation and has contributed to increased co-operation, the commercial and economic relations between the two regions have not been significantly enhanced over the evaluation period, and the share of the EU in total CARIFORUM trade has even reduced. On the other hand, given that without the agreement, CARIFORUM goods exporters would have faced MFN rates, the EPA has helped to keep economic and commercial relations. With respect to the other objectives (e.g. related to increased trade policy capacity, increased competitiveness and supply capacity, increased integration into the world economy, improved governance and poverty reduction) only (very) small improvements seem to have been realised that can be linked to the EPA.

Efficiency: In the absence of a clear overview on costs and benefits, it is difficult to draw strong conclusions on efficiency. In terms of the distribution of costs and benefits, we note that it seems that some countries have been better able to seize the opportunities created by the EPA than others. While within countries there are likely to be some distributional effects, we have not identified any countries or groups within countries that have clearly suffered from the EPA.

The lack of implementation limits efficient trading by economic operators, as barriers remain in place. Especially the lack of transparency affects their costs. In addition, there are

⁴ E.g. regarding labour standards it refers to obligations and commitments in relation to the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998), or with respect to the environment it refers to existing provisions related to sustainable development, natural resources and the environment under the Cotonou Agreement.

barriers outside the agreement that affect the efficiency of their trade and investment. On the other hand, the lack of implementation also means that on the government side less investments have been made, which reduces costs.

Relevance: The provisions of the EPA are to a large extent *relevant* for addressing current issues with respect to bilateral trade and investment between the EU and CARIFORUM in the sense that they cover many aspects: trade in goods, trade in services and investment as well as regulatory aspects. However, we observe that the opportunities created by the agreement cannot be fully seized, as bilateral trade and investment is still impeded by factors outside the agreement. In addition, while not specifically relating to the provisions of the agreement, we note that the EPA has become less relevant in the sense that the share of the EU in CARIFORUM trade has reduced over the evaluation period.

Coherence: The EPA is *coherent* with other policy instruments of the EU affecting the Caribbean. Next to the EPA, the EU has several other policy instruments in place relevant for the region. This includes the Cotonou agreement that governs EU-ACP relations and the Joint Caribbean-EU Partnership Strategy, which is relevant for the political dialogue between the EU and Caribbean region. In addition, individual CARIFORUM countries have National Indicative Programs that cover bilateral development assistance from the EU. Several elements and objectives of the EPA stem from existing policies and agreements, and EPA elements and objectives are in turn reflected in strategies and policies developed after the EPA was concluded. No inconsistencies were identified.

Based on the above findings and conclusions, twelve recommendations have been developed.⁵ These have been clustered around three key areas: Implementation, Development cooperation and Economic and sustainability impact. The following provides a brief summary of each recommendation.

Recommendations for the Implementation of EU-CF EPA

Recommendation 1. Based on the gap identified in this evaluation, *CARIFORUM countries* can define the areas in which they need support for implementation of the EPA. Starting the analysis from a national level, *the CARIFORUM Directorate* can group the **identified needs at regional level** to identify key common needs across the member states.

Recommendation 2. Based on the above prioritisation exercise, it is recommended that the **capacity of related agencies is assessed** (from the perspective of human resource and organizational capacity) so that the actions and interventions are in light of the absorption capacity of the agencies. For example, while SPS related standards have been introduced, a next step could focus on a selection of agencies that require additional support structures to implement the commitments.

Recommendation 3. We suggest *the EU and CARIFORUM Directorate* to accelerate the preparations for and adoption of a **proper monitoring mechanism for the implementation of the EPA**, to keep track of the progress made. This mechanism should define a clear process for monitoring, with clear instructions on the type of information (indicators), the format, the frequency and the responsibilities of different actors in the collection process.

Recommendation 4. We recommend *the EU and its Member States and CARIFORUM countries* to advance on the **implementation of transparency obligations under the EPA**. It would help to increase the benefits of the agreement, since business stakeholders on both sides struggle with finding the relevant information for trading with the other party.

Recommendation 5. On *both the EU and CARIFORUM side* we would recommend to develop **capacity for better political and technical dialogue, at all levels**. This relates to the identification of key areas, the preparation for dialogues, the depth of dialogues and follow-up activities. As seen around the world, dialogues are complex, and it is critical that each party has a strong understanding of public diplomacy and political economies, as to better integrate the interests, realities, and the business and popular demands of the other parties into these dialogues. Defining common objectives of these dialogues as well as related actions and responsibilities can also help to make the dialogues more solution-oriented.

⁵ Please note that in addition to the recommendations presented here, there are recommendations in relations to the case studies. These are summarised in the recommendations.

Recommendations: Development co-operation

Recommendation 6. *The EU and CARIFORUM* should develop a **joint understanding on development co-operation obligations under the EPA and corresponding metrics** that can measure the degree to which these obligations have been honoured. This will support expectation management on development co-operation from both sides as well as its appropriate monitoring.

Recommendation 7. *The EU* should provide more attention to the **design of the interventions**. This includes firstly, setting realistic targets and objectives based on the absorption capacity of the related agencies, countries or groups. In addition, the design of the projects should also place sufficient attention to communication and visibility which are critical for effective stakeholder engagement, awareness, outreach and therefore, enable effectiveness of EPA related interventions. The design of the interventions should also include a sustainability/exit strategy from the start.

Recommendation 8. Linked to the above, project designs should consider a **stronger theory of change and intervention logic in line with the objectives**. This would provide clarity in intervention logic for the related interventions (how activities clearly link to specific outputs, outcomes and impact) and allow for effective monitoring and learning of the impact and outcomes.

Recommendations: Economic and sustainability impact

Recommendation 9. Both the *CARIFORUM countries* (through their national/regional policies) and *the EU* (through co-operation) should place **more emphasis on addressing the structural challenges** faced by the CARIFORUM countries. This concerns for example, programmes and interventions which focus on improving the business environment by addressing (i) regulatory barriers in doing business in sectors that show export potential (ii) Investment climate issues that hinder growth and transformation of businesses.

Recommendation 10. *CARIFORUM countries* should **enhance regional integration** between them. This includes further implementation of the Caribbean Single Market and Economy (CSME) and implementation of the regional preference clause contained in Article 238 EPA. This will not only help to create scale, but also create a level-playing field in the region. This will make the region also more attractive for EU business (as well as for business from other countries).

Recommendation 11. With respect to promoting the private sector, we recommend *CARIFORUM countries* (through their national/regional policies) and *the EU* (through co-operation) to take a **more focused approach when it concerns private sector support**. Support should focus on those sectors and companies where success in terms of trade with the EU is more likely. This can be linked to the export potential of certain sectors to the EU, but also the level of export readiness of specific companies.

Recommendation 12. With respect to sustainability and human rights-related impacts, we recommend *the EU and CARIFORUM* to **make the objectives and activities linked to these areas as part of the EPA more transparent**. Clear indicators should be developed for this and monitored, in relation to trade and investment with the EU.

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