

Final Report:

**Review of CARTAC
Governance**

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Abbreviations:

CARTAC	Caribbean Regional Technical Assistance Center
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CIDA	Canadian International Development Agency
COFAP	Council of Finance and Planning
DFID	Department for International Development
ECEMP	Eastern Caribbean Economic Management Project
EU	European Union
IDB	Inter-American Development Bank
IMF	International Monetary Fund
OECS	Organisation of Eastern Caribbean States
SC	Steering Committee
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

Executive Summary

I. In considering the governance issues on the table for review, it is important to keep in mind the nature of CARTAC. CARTAC is a United Nations Development Programme [UNDP] project executed by the International Monetary Fund [IMF] and financed by a pool of resources contributed in cash and kind by the international donor community. This pooling of these resources is expected to increase economies of scale, minimize duplication of effort and scale up development effectiveness in keeping with the fundamental objectives of the Paris Declaration. Its stakeholders are a range of Caribbean countries and regional/international institutions that have come together to craft an institutional structure to pool resources to deliver technical assistance to beneficiary countries. Among the 15 Steering Committee [SC] members, 10 seats are occupied by donor institutions/countries and the remaining 5 are occupied by beneficiary countries that are organized into constituencies.

II. CARTAC's governance structure sets it apart from the Regional Technical Assistance Center [RTAC] model that has been established by the IMF as its Technical Assistance arm in other parts of the world. CARTAC originated in a regional initiative and, as a consequence, its Steering Committee has had a greater role in determining the priorities, choosing the experts to be employed and overseeing the work of the Centre than is the case in other RTACs.

III. CARTAC is technical in nature. Its objective is to build capacity in beneficiary countries to improve the quality of policy-making and implementation in order to address the emerging challenges to fiscal and debt sustainability, financial sector development and overall macroeconomic management for sustained growth and development. As the Steering Committee prepares the groundwork for the consideration of a third phase of CARTAC, it is timely to consider ways in which CARTAC can be improved in the long term interest of members.

IV. The primary objective of this review is “to enhance the structure of the SC in order to increase country ownership and participation in CARTAC; and to clarify its decision-making process as the Project seeks to move into its third phase and its sixth year of operation.” The review focuses on the following specific issues:

- The composition of the current Steering Committee,
- The existing constituency groupings,
- The status of observers,
- The decision-making process of the Steering Committee,
- Membership contributions, and
- The role of the host country,

V. Among the persons interviewed in the course of undertaking this study, there is general view that the CARTAC SC works reasonably well and there is a concern about changing the character or functioning of the Steering Committee in a situation where there is almost universal appreciation for both CARTAC’s interventions and mode of operation in the region. That is not to say that the persons interviewed feel that the operations of the Steering Committee cannot be improved; but that care should be taken to ensure that changes result in improvements in the delivery of services.

VI. The main justifications for changing the structure of the Steering Committee appear to be: to make its membership more evenly balanced between donors and recipients, and to reserve its membership for those who make a financial contribution to its operations. The recommendations reflect these considerations.

VII. Many persons feel that the constituency groups have not really worked as they were intended, but there does not appear to be an emerging consensus on whether constituency groupings should be dismantled, expanded or just left alone. The overriding consideration is the desire not to insert major disruptions into the structure and functioning of CARTAC. It is recommended that, in the interest of perceived equity, seats on the Steering Committee be as evenly divided as possible between the countries of the region and the donor and institutional membership. Specifically, it would be

opportune to allocate, to beneficiary members, the seats of those donors who no longer contribute financially to CARTAC's budget.

VIII. There is significant support for the position that observers should be welcomed throughout Steering Committee meetings. It is suggested that the role of observers needs to be clearly defined and it is recommended that a very simple standard be developed to admit observers to SC meetings. Essentially, former contributors to CARTAC and development agencies working in areas that overlap with CARTAC should be eligible to participate in SC meetings as observers. It is recommended, however, that care be taken to ensure that private sector companies, by virtue of being invited as observers to SC meetings, are not put in a position to benefit unfairly from information shared at these meetings. It is also recommended that the OECS Secretariat is invited to participate in future SC meetings as observers with a view to strengthening the relationship of cooperation and collaboration.

IX. There is a suggestion to reduce SC meetings from twice a year to once a year. The suggestion accompanies a proposal to establish a smaller Executive Committee [EC] to exercise responsibility for some important operational decisions. While most members appreciated the context in which these suggestions have been made, there appears to be very little support for both the establishment of an EC and the reduction in the frequency of the meetings. It is recommended that twice yearly meetings continue and that the proposal to establish an Executive Committee be set aside for the time being.

X. At the inception of CARTAC, it was agreed that the Governor of the Central Bank of the host country, Barbados, would chair the Steering Committee for the 3 years of the project. Since then, the project has been extended for a second 3-year period with no change in chairmanship and discussions are underway for a third 3-year period. All members have expressed tremendous satisfaction with the quality and effectiveness of Governor Williams' leadership in guiding the work of the Steering Committee and in representing CARTAC in its interactions with the international and regional institutions. Many recognize that the physical proximity between the Central Bank of Barbados and CARTAC was a major factor which allowed Governor Williams to do such a creditable

job. Some members expressed concerns about impact of the loss of continuity if the chairman were to be changed at this time. At the same time, some members see the rotation of the chair as an opportunity to bring new ideas and new vision into phase 3 of the project.

XI. There is consensus that the chairman should always be someone with the technical competence, commitment and, most importantly, the time to devote to the role of chairman. There is little support for a system of automatic rotation among constituencies since the chairmanship could fall to someone who genuinely does not have the time to commit to the role. Several alternative suggestions have been offered. Some have suggested that the Chairman should come from among the central bank governors. Others have suggested that a regional institution could be in the chair. Taking all the suggestions into account, it is suggested that a simple elections process could be used to select the chairman for CARTAC phase 3.

XII. For some time there has been a desire to move towards results oriented management of CARTAC. There is a significant degree of support for the implementation of RBM in CARTAC and it is recommended that RBM be mainstreamed into programme development for phase 3.

XIII. A majority of persons indicated that the commitment to CARTAC by members is not a major issue. While participation in meetings was one indicator of commitment to CARTAC, there were other indicators which also suggest that members are highly committed to CARTAC and its work in the region. Overall, beneficiary country representation at the SC meetings remains quite good. Not only do members attend, but they pay their own way. There is some lagging behind in paying financial contributions to CARTAC, but this is not limited to beneficiary countries. There is significant and growing demand for CARTAC's services and beneficiary countries proceed with implementation once the CARTAC expert has provided the advice. There does not appear to be any issue of lack of cooperation on the part of countries and no complaints that countries do not implement the TA provided.

XIV. Although both institutions and countries agreed that beneficiary members could make a larger contribution to CARTAC's operational budget, it was noted that even if the contribution was doubled, the impact on CARTAC's total budget would be relatively small. Some members cautioned that those who usually pay will continue to do so and those who have difficulty making payments at this time, will obviously still have difficulties if the contribution is increased. There was no consensus on the suggestion that beneficiary countries' contributions should be increased as a portion of the total budget. But there was a general view that any changes in contributions should not lead to the creation of a complicated system of assessment of contributions. In this context, a modest increase in the annual contribution of member countries in phase 3; and an increase to US\$15,000 is suggested for consideration.

XV. Barbados was chosen as the host country because, after much research and deliberation, it was determined to be the best choice given its location, availability of services and commitment of logistical support from the government. By all accounts, Barbados has discharged its responsibilities very well, providing acceptable accommodation and an effective chairman since the inception of the project.

XVI. The other 3 main agencies involved in the effort to establish CARTAC in 2001 also had specific roles. The IMF, as implementation agency, had the responsibility of providing back-stopping support to the work of technical experts to bring a level of quality control to the technical assistance process. The UNDP had a dual role of project management and being the "buffer" between the IMF and the region, as the region sought to ensure that CARTAC retained its autonomy in its relations with the region. CARICOM had the role of facilitating regional political support for CARTAC through the workings of COFAP meetings.

XVII. The roles of these 4 members continue to be important and there is no consensus that these roles should change.

XVIII. The full set of recommendation is summarized in the final section of the main report.

Background

Introduction

1. The Caribbean Regional Technical Assistance Center (CARTAC) is a United Nations Development Programme [UNDP] project executed by the International Monetary Fund [IMF] and financed by a pool of resources contributed in cash and kind by the international donor community. Over the years since its launch in 2001, the Canadian International Development Agency [CIDA] has emerged as the single largest donor to CARTAC. The IMF, Caribbean Development Bank [CDB], the European Union [EU], the British Department for International Development [DFID], Barbados and Ireland also provide cash or in-kind support. Funding from the World Bank, the Inter-American Development Bank [IDB], and the United States Agency for International Development [USAID] appear to have come to an end with no indication of potential new financing for a third phase.

2. CARTAC had its origins in a request to the IMF from the member countries of CARICOM, through the Council of Finance and Planning [COFAP], for technical assistance to build regional capacity to address the emerging challenges to fiscal and debt sustainability, financial sector development and overall macroeconomic management for sustained growth and development. CARTAC provides technical assistance to its beneficiary member countries in the areas of public finance management, tax and customs administration, macroeconomic programming, financial sector supervision and statistics.

3. In considering the governance issues on the table for review, it is important to keep in mind the nature of CARTAC. CARTAC is a project. Its stakeholders are a range of regional/international institutions and countries that have come together to craft an institutional structure to pool resources to deliver technical assistance to beneficiary countries. This pooling of these resources is expected to increase economies of scale,

minimize duplication of effort and scale up development effectiveness in keeping with the fundamental objectives of the Paris Declaration.

4. CARTAC is technical in nature. Its objective is to build capacity in beneficiary countries to improve the quality and sustainability of policy-making and implementation. CARTAC is not necessarily to make policies or advocate policies to governments. Each constituent donor agency or country has mechanisms through which it may play this role, but CARTAC is not expected to take on the role of policy adviser unless so requested by a beneficiary member.

5. CARTAC's governance structure sets it apart from the Regional Technical Assistance Center [RTAC] model that has been established by the IMF in other regions of the world. In contrast to the other RTACs, which were founded as and continue to be managed by the IMF as its Technical Assistance arms, CARTAC has its origins in a regional initiative. As a consequence, its Steering Committee has had a greater role in determining the priorities, choosing the experts to be employed and overseeing the work of the Centre. This greater autonomy of CARTAC, *vis-a-vis* other RTACs which were subsequently established, reflected the concern of regional authorities that CARTAC should respond to the needs as defined by the region and not function as an extension of the IMF as it advocated particular policies in the region.

6. During the six years of its operation, tensions between the IMF and the CARTAC became apparent on several occasions as member countries and institutions sought to keep the project's autonomy intact. Careful understandings have been carved out to clarify the role of the IMF in the hiring and termination of experts, the determination of technical assistance priorities, access by the IMF to country information obtained by CARTAC in the course of its work, and the meaning of the "back-stopping" quality assurance role played by the IMF.

7. CARTAC's Steering Committee is comprised of 15 members plus a chairman. Among the 15 members, 10 seats¹ are occupied by donor institutions/countries and the remaining 5 are occupied by beneficiary countries. One of the donor seats and all of the beneficiary country seats are organized into constituencies so that the SC seat rotates among the members of the constituency. The Programme Coordinator functions as the Secretary to the Steering committee and is responsible for the day to day administration of CARTAC's work programme.

8. The Mid-term review of the second phase of CARTAC, which was conducted in 2006, found widespread satisfaction with and appreciation for the quality and timeliness of the technical assistance which CARTAC provides to member countries. As the Steering Committee prepares the groundwork for the consideration of a third phase of CARTAC, it is timely to consider ways in which CARTAC can be improved in the long term interest of members.

Objectives of the Governance Review

9. At its May 2007 meeting, the Steering Committee was asked to consider several governance issues in the context of the preparation for the third phase of CARTAC. It was noted that while the existing governance model had worked fairly well, "in light of recent developments (shifting weights among donor contributions, the size of CARTAC's work programme, and rising costs), it may be opportune to review the operations of the SC with a view to improving efficiency of the decision making process, increasing ownership among the participating member states and rationalizing expenses"².

10. The specific governance issues which were placed on the table for the consideration of the Steering Committee included:

¹ Nine Donors/institutions have permanent seats. These are IMF, CIDA, UNDP, World Bank, IDB, ECCB, CARICOM, CDB and DFID. One constituency grouping is comprised of Ireland, the EU and USAID.

² CARTAC Steering Committee Governance Issues DRAFT for Discussion, presented to the SC meeting of May 8, 2007.

- a) Rotation of the chairmanship of CARTAC with a view to increasing country ownership and involvement in strategic decisions of CARTAC.
- b) Regrouping of constituencies to (i) increase the number of seats for countries; (ii) reconsider permanent seats for donors where contributions have been considerably reduced; and (iii) introduce a category of observer status for agencies that play a role in the region's development but do not make a direct contribution to CARTAC's budget.
- c) Establishment of an Executive Committee [EC] to distribute the workload of key decisions across a diverse group. The EC would have responsibility for key operational decisions such as staffing, budget and procurement issues and would be chaired by the SC Chairperson with the Project Coordinator as Secretary.
- d) Modification of the SC decision making process by (i) focusing reports to be considered by the SC on decisions which are to be taken; and (ii) reducing the frequency of SC meetings from twice to once per year.
- e) Incorporation of results-oriented reporting to the SC and results-based management into day to day operations of CARTAC.
- f) Increasing country share in overall funding and commitment

11. In its deliberations of these matters, the Steering Committee requested that a paper be prepared which examines governance issues, including the structure and operation of the Steering Committee, in the context of preparations for Phase III.

Scope and Methodology

12. The Terms of Reference which guide this review has the following primary objective: "to enhance the structure of the SC in order to increase country ownership and participation in CARTAC; and to clarify its decision-making process as the Project seeks to move into its third phase and its sixth year of operation." With this objective in mind, the review is to focus on the following specific issues:

- The composition of the current Steering Committee,
- The existing constituency groupings,
- The status of observers,
- The decision-making process of the Steering Committee,
- Membership contributions, and
- The role of the host country,

13. In considering these issues, the attempt was made to seek the views of all members of the Steering Committee [including Chairman, Deputy Chairman and Secretary] and a cross section of non-member' representatives by means of :

- A short questionnaire which was circulated to all Steering Committee members as well as non-Steering Committee members' representatives to CARTAC;
- A mission to Barbados, St. Lucia and Guyana during which the opportunity was taken to meet with all available steering committee members and observers; and
- Telephone interviews with several Steering Committee members in countries not visited.

14. Fourteen completed questionnaires were returned representing 9 SC seats and 5 representatives or observers who are not SC members. While the number of responses were relatively few, over 60 % of SC members responded. The views expressed in the questionnaire responses tended to be similar to views expressed during meetings and in telephone interviews. The findings set out in the Report of the Review are based on all views received. That is, the responses by questionnaire have been added to views expressed in meetings and during telephone interviews.

15. In total, views were received from over 70% of Steering Committee members. Where it was not possible to seek the views of a Steering Committee member, other members of the constituency were interviewed so that views from all constituencies were taken into account. In addition, several representatives of members who are not currently part of the Steering Committee also sent in completed questionnaires. The full list of persons from whom views were received is attached to this report.

Findings and Recommendations

1. The Composition of the Steering Committee

16. The first Steering Committee meeting, held in November 2001 approved CARTAC's operational modalities and to a large extent these modalities remain as the guiding principles of CARTAC's work in the region. That first Steering Committee meeting agreed, among other things, on a 12 member Steering Committee comprised as follows:

- CARICOM, CDB, CIDA, IMF, UNDP – one seat each³
- EU, IDB, UK/DFID, USAID and the World Bank – one seat on an annual rotating basis in alphabetical order with the “seat” representing the views of the full constituency.
- OECS/ECCB – 2 seats, one filled by the ECCB and one on a rotating basis from the OECS membership.
- Belize, Overseas Territories (BVI, Cayman Islands and Turks & Caicos), Suriname - one seat on a rotating basis.
- Jamaica and Trinidad & Tobago – one seat alternating.
- Guyana and Haiti – one seat alternating.
- Bahamas, Barbados, Dominican Republic - one seat on a rotating basis.

17. The establishment of a representative Steering Committee reflected the desire to streamline the management and oversight of the project while ensuring that all members of CARTAC had the opportunity to participate in the development and ongoing monitoring of its work programme.

18. At its February 2003 meeting, the Steering Committee received a request from the World Bank for its own permanent seat, given its stated intention “i) to become more active in providing technical assistance to the region in areas complementary to those covered by CARTAC; ii) to channel additional funds through CARTAC for special efforts in selected countries; iii) to continue its involvement in supporting public

³ These are the seats that came to be referred to as “permanent” seats.

expenditure management improvements in the region; and iv) to remain CARTAC's second largest cash donor.”⁴ The Steering Committee agreed to the World Bank’s request, thereby increasing the size of the committee to 13 with the creation of an additional permanent seat.

19. At the subsequent Steering Committee meeting, held in October 2003, the issue of membership was again discussed, in the context of consideration of the first mid-term review of the project. At that time, the Steering Committee agreed to defer further changes to the Steering Committee membership for discussion “in the context of formal agreements on extending CARTAC for a further three years”. Interestingly, DFID’s representative to that meeting noted that “donor representation on the Steering Committee should remain in a minority since CARTAC is a regional and not a donor organisation.”⁵

20. The only other change to the original allocation of permanent seats appears to be the inclusion of the IDB among the holders of permanent seats, but there is no mention, in the published meeting reports, of whether or when this was considered and approved by the Steering Committee.

21. In some documents, the ECCB is included in a constituency with OECS states as a representative of that sub-region. However, in other documents, including the CARTAC website, the Steering Committee includes the ECCB on the list of permanent seat holders. Wherever it is included, however, it is clear that the ECCB holds a seat in its own right. Including both IDB and ECCB among the holders of permanent seats increases the size of the Steering Committee to 15, of which 5 are beneficiary countries and the remainder are donors.

22. At the inception of CARTAC, the institutions that were allocated permanent Steering Committee seats were those that were instrumental in developing the CARTAC

⁴ Report of the February 2003 Meeting of the Steering Committee.

⁵ Report of the October 2003 Meeting of the Steering Committee.

project and/or were making significant financial contributions to the project's operational budget. Over time, several of these donors have significantly reduced their contributions or have indicated that their financial support is coming or has come to an end.

23. As CARTAC moves towards the third phase of its operations, several questions arise when considering the composition of the Steering Committee. Should the Steering Committee continue to reflect a majority of institutions and a minority of countries? Should the Steering Committee continue to include institutions that no longer make a contribution to the budget of CARTAC? Should permanent seats be retained? And if so, to whom and on what basis should they be allocated?

24. Among the persons interviewed in the course of this review, there is general consensus that the CARTAC SC works well. One questionnaire respondent stated it this way: "CARTAC's SC works very well. (It) needs minor tinkering to improve regional representation and remove non- contributors but otherwise it is fine". There is a concern that changing the character or functioning of the Steering Committee may have disruptive effects in a situation where there is almost universal appreciation for both CARTAC's interventions and mode of operation in the region.

25. The consensus on issues related to the structure of the Steering Committee includes the following:

- a) The Steering Committee works reasonably well and any changes should be incremental rather than drastic.
- b) The size of the Steering Committee is reasonable and most persons do not want to see it enlarged.
- c) Permanent Steering Committee seats for donors should be retained and they should be allocated in relation to the contribution to CARTAC's operational budget.
- d) Those institutions that no longer provide financial and in-kind support to CARTAC should not continue to be members of the Steering Committee

in phase 3. They can assume the status of observers so as to promote continued cooperation.

- e) Beneficiary members should have a greater number of seats on the Steering Committee.

26. As the project moves into phase III, and changes to the structure and functioning of the Steering Committee are considered, continuity is an important consideration. For this reason, it is recommended that permanent seats be reserved for the IMF as project implementation agency, the UNDP as project execution agency, Barbados as the host country, and CARICOM as the agency through which CARTAC mobilizes its regional political support. These are also the original signatories to the CARTAC project.

27. It is recommended that only relatively small changes be made to the Steering Committee to ensure a more equitable balance of seats between donors/institutions and countries, and to ensure that membership of the SC is limited to beneficiary countries, regional institutions and donors that make a material contribution to CARTAC's operational budget. Currently, donors who contribute at least 20% of the operational budget are seen as entitled to a permanent seat. It is recommended that this benchmark be retained into the third phase of CARTAC.

28. The most opportune time for changes to be made is at the start of the third phase.

2. *The Existing Constituency Groupings*

29. There is no general consensus regarding the efficiency of the current constituency groupings. The review questionnaire asked persons to indicate whether they agreed with the statement: "The existing constituency groupings on the Steering Committee are fine and should be maintained". Those who agreed were slightly less than those who disagreed. Many persons feel that the constituency groups have not really worked as they were intended, but there does not appear to be an emerging consensus on whether constituency groupings should be dismantled, expanded or just left alone.

30. In the course of consultations, it emerged that there has never been an occasion when the constituency arrangement has been used to record a vote on an issue before the Steering Committee. This is understandable. A constituency arrangement is usually used to facilitate voting in inter-governmental or business organizations where the number of votes allocated to a constituency is directly related to the monetary value of constituents' subscription to the organization. Further, within CARTAC, and similar to what happens in other organizations in the region, decisions are made on a consensus basis, rather than on the basis of formal voting.

31. In this context, it is reasonable to ask whether the constituency arrangement is appropriate and whether there ought not to be a roundtable approach, where all members have equal representation when decisions are made. A few persons, in fact, wondered whether constituencies should be disbanded. However, the overriding consideration is the desire not to insert major disruptions into the structure and functioning of CARTAC. The feeling is that, although the present arrangement may not be perfect, there is a great level of satisfaction with achievement of the deliverables.

32. There is a view, however, that the rotation of representation within constituencies breaks the continuity of member state representation and dampens the level of active participation in meetings. Unlike permanent SC seat holders who are present at all meetings, member countries rotate out of the constituency seat on a regular schedule and new constituency representatives have to familiarize themselves with current issues whenever they assume the constituency seat.

33. Furthermore, within constituency groupings there does not appear to be an established practice of consultation in preparation for meetings, implying that proper representation of the constituency members may not be taking place.

34. Some persons, while not suggesting in any way that their constituency representative has not done a creditable job of representing the other members of the constituency, have pointed out some of the difficulties that are presented in the current structure. In particular, in some instances it would be difficult for some countries to

represent the interests of other because of issues of communication, distance, and lack of basic knowledge of each other's needs. This suggests that there may be some need to rearrange the constituencies to improve the quality of representation.

35. It is recommended that seats on the Steering Committee be as evenly divided as possible between the countries of the region and the donor and institutional membership. Specifically, it would be opportune to allocate, to beneficiary members, the seats of those donors who no longer contribute financially to CARTAC's budget.

36. The Steering Committee may wish to consider the following distribution of 14 seats:

Constituencies	Permanent Seats
OECS Countries and the British Overseas Territories	IMF [implementing agency]
ECCB [representing the OECS]	UNDP [executing agency]
Bahamas and Dominican Republic	CARICOM [original signatory]
Haiti and Suriname	Barbados [original signatory and host country]
Jamaica and Trinidad and Tobago	CDB
Belize and Guyana	CIDA [over 20% of budget]
All donors contributing less than 20% of the budget	DFID [over 20% of budget]

37. The Steering Committee may also wish to reaffirm the role of the constituency structure as a vehicle which is intended to provide representation to CARTAC members that are not, for the time, being a part of the Steering Committee. In this regard, constituency representatives are expected to ensure that the constituency is represented at all Steering Committee meetings. If the constituency representative is unable to attend, then the effort should be made to secure alternative representation of the constituency.

38. Constituency representatives should also provide opportunity for consultation with other constituency members in order to ensure that the views presented at Steering Committee meetings represent the views of the constituency as a whole. Consultation can take place by written or electronic correspondence or by telephone. This consultation

is particularly important when key decisions, such as those relating to programming, procurement or financing are being made by the Steering committee.

3. *The Status of Observers*

39. No record has been found of a decision to admit any organization or institution into CARTAC meetings as an “observer”. This is perhaps because, over the years of CARTAC’s existence as a project, there has been no need to formalize such arrangements. When the project started, the persons who attended the SC meetings were all subscribers to the project. As the work programme matured and it became apparent that there were opportunities for collaboration between CARTAC and other projects or organizations working in overlapping sectors, the CIDA-funded Eastern Caribbean Economic Management Project, was welcomed into the SC meeting as an “observer”.

40. There is significant, but not unanimous, support for the position that observers should be welcomed and allowed to be present throughout Steering Committee meetings. Also, there is little support for the position that observers should only be allowed to participate in plenary sessions of the Steering Committee. This probably reflects an appreciation for the fact that CARTAC is not a political institution, where hierarchy and strict procedural rules hold sway. Rather, CARTAC is a project which operates in the interest of the region and, where there are overlapping objectives between CARTAC and other projects, consultation, collaboration and cooperation would be in the interest of efficient use of resources and maximizing outcomes for the region.

41. This implies that, where there are overlapping objectives between CARTAC and other projects, and those projects are invited to sit in as observers in CARTAC meetings, those projects should also be expected to invite CARTAC to sit in on their project steering committee meetings.

42. Several persons have made the suggestion that the Secretariat of the Organisation of Eastern Caribbean States [OECS] should be included in CARTAC Steering Committee meetings and there is some support for the Secretariat to be invited to participate as observers. The OECS Secretariat already cooperates with CARTAC in the area of

statistics and there may be other areas in which collaboration is possible. It is recommended that the Secretariat is invited to participate in future Steering Committee meetings as observers with a view to strengthening the relationship of cooperation and collaboration.

43. Persons who are not so sure about formalizing the role of observers, suggest that observers need to have a clearly defined role and justification for participating in Steering Committee meetings. Their participation should be approved by SC members and should be based on the business at hand. In addition, a legitimate concern has been raised that observers should not include private sector companies that have, or may have in the future, an interest in bidding for work that emanates from CARTAC's work programme. While it is understood that when private sector companies are hired as project managers of technical assistance projects, they may be in a position to represent the project which they manage, it is in the interest of all parties to ensure that the highest standards of transparency be always applied.

44. It is recommended that a very simple standard be developed to admit observers to SC meetings. For example, an observer could be defined as:

- a) A former contributor of financial or in-kind resources to CARTAC; or
- b) A development agency [or a project funded by a development agency] involved in directly delivering technical assistance to member states in sectors related to the core areas in which CARTAC delivers technical assistance and which reciprocates by inviting CARTAC to observe the project steering committee meetings; **and**
- c) Approved by the Steering Committee.

45. Observers do not contribute to the operational budget of CARTAC. They would be expected to attend meetings for the purpose of sharing of information on projects or programmes which are being designed or implemented in areas which overlap with CARTAC's core areas. Observers would not have a right to vote on any issue before the Steering Committee, in any situation where voting may arise.

4. *The Decision-making Process of the Steering Committee*

46. Several issues have been raised in relation to the decision-making process of the Steering Committee. This review focuses on the frequency of meetings, rotation of the chairmanship and implementation of results based management and reporting.

Frequency of Steering Committee Meetings

47. There is a suggestion that the frequency of meetings be reduced from twice a year to once a year. At its inception, the Steering Committee agreed to meet “approximately 3 times per year”, but the number of meetings settled at twice a year. The suggestion to reduce meetings to once a year accompanies a proposal to establish a smaller Executive Committee to exercise responsibility for “key operational decisions such as staffing, budget and procurement issues (hiring of the Programme Coordinator (PC), long term advisers, experts)⁶”.

48. While most members appreciated the context in which these suggestions have been made, there appears to be very little support for both the establishment of an EC and the reduction in the frequency of the meetings. A number of persons indicated that creating an EC would be adding another layer of bureaucracy in a context in which the organization is quite small and there is nothing to suggest that this would increase efficiency of operations. The matters to be addressed by the Executive Committee are matters that are already satisfactorily addressed by the chairman and members of the Steering Committee. The existing twice yearly meeting is preferred because it gives all members the opportunity to participate in the six monthly review of programme implementation and preview of the next six months. This gives members of the Steering Committee the comfort of knowing that they would be able to participate fully and early in resolving any issues which may arise.

49. There is little support for reducing the number of SC meetings and, presently, the participation in these meetings is reasonably good, it is, therefore, recommended that

⁶ CARTAC Steering Committee Governance Issues DRAFT for Discussion, presented to the SC meeting of May 8, 2007.

twice yearly meetings continue. In addition, given that there is not a significant level of support for the establishment of an Executive Committee, it is recommended that that suggestion be set aside for the time being.

Rotation of the Chairmanship

50. At the inception of CARTAC, it was agreed that the Governor of the Central Bank of the host country, Barbados, would chair the Steering Committee. The record of that meeting made no reference to future rotation of the chairmanship and made no provision for a deputy chairman. This was not so unusual, given that this was a project with a life of 3 years and it would have been in the interest of the project for there to be continuity in the leadership during that short period. Since then, the project has been extended for a second 3-year period with the agreement that the chairmanship would continue to be the responsibility of Barbados.⁷ Discussions are underway for a third 3-year period.

51. This has already placed a 6-year burden directly on the Governor of the Central Bank of Barbados. All members have expressed tremendous satisfaction with the quality and effectiveness of Governor Williams' leadership in guiding the work of the Steering Committee and in representing CARTAC in its interactions with the international and regional institutions. Many credit much of the autonomy and good will which attends CARTAC to the technical strength and thoroughness with which she approached the chairmanship of the Steering Committee. Many recognize that the physical proximity between the Central Bank of Barbados and CARTAC was a major factor which allowed Governor Williams to do such a creditable job.

52. Therefore, while members recognize that the current chairman has carried a heavy load, they also expressed concerns about the impact on CARTAC if a new chairman takes over in phase three. They feel that there could be a tremendous loss of continuity -

⁷ "As host country to CARTAC, Barbados will continue to assume the chairmanship of the Steering Committee.", Programme Support Document Regional project – Caribbean Region, United Nations Development Programme International Monetary Fund, Strengthening Economic and Financial Management in the Caribbean Region: Caribbean Regional Technical Assistance Centre (CARTAC)Extension, 2005–2007.

continuity which could be very important as it becomes even more difficult to raise financing for CARTAC's future work programme.

53. At the same time, some members see the rotation of the chair as an opportunity to bring new ideas and new vision into the project as it heads into phase 3, and feel that there are other potential positive effects of sharing the burden of leadership, such as building broader commitment among member states.

54. On October 6, 2007, while this review was underway, the current chairman of CARTAC's Steering Committee wrote SC members indicating her intention to withdraw as chairman at the end of the current phase. Therefore, there is some urgency to reaching agreement on a process for choosing the next chairman with a view to having the new chairman in place by early 2008 when phase 3 is expected to start.

55. There is some consensus that care must be taken to ensure that the chairman is always someone with the technical competence, commitment and, most importantly, the time to devote to the role of chairman. Therefore, there is very little support for a system of automatic rotation among constituencies since the chairmanship is likely to fall to someone who genuinely does not have the time to commit to the role.

56. Further, there is a view, which appears reasonable, that rotation of the Chairmanship is more appropriate to permanent institutions where all members can have the expectation of sitting in the chair at some point. This cannot be the case with a project, such as CARTAC, which, by its very nature, is temporary.

57. Several alternative suggestions have been offered. It has been suggested that the chairmanship of CARTAC should rotate only among the governors of the central banks. The thinking is that central banks have the institutional framework and capacity to support the governor in the role of chairman. Another suggestion is that the chairmanship should be limited to appropriate regional institutions, such as the CDB or CARICOM. Some have suggested that the chairman should be chosen, through an elections process, from among persons nominated by members and that nominations should be limited to high ranking persons such as Central Bank Governors or Financial

Secretaries. Persons who accept nominations would be signaling both commitment and time availability, should they be elected to the chair.

58. The SC is well advised to take all these considerations into account in deciding how to choose a chairman for the next phase of the project – particularly since there is no certainty that CARTAC will go beyond a third phase. In fact, because CARTAC is not a permanent institution, but a project, care should be taken to ensure that the system used to select the next chairman is simple, transparent and generally accepted by the majority of members. The simplest and most transparent mechanism may well be a system of elections. It is therefore recommended that the next chairman should be chosen through a process of nominations from member countries. If it emerges that there is only one person nominated for the position of chairman, then the nominee can be voted into the chairmanship by acclamation.

59. To facilitate the nomination/election process for the next chairman, it is recommended that the Steering Committee is requested to come to the November meeting prepared to nominate persons for the position of chairman of the Steering Committee. In the interest of maximum participation in the voting process, the Steering Committee may wish to consider deferring electing the chairman until the next meeting, early in 2008, when arrangements can be made for a full plenary session of the Steering Committee. This would require the agreement of the current chairman to remain in place for a few additional months.

Results orientation

60. For some time, as recorded in the reports of SC meetings, there has been a desire to move towards results oriented management of CARTAC and results oriented reporting to the SC. There has been some delay in implementing a results based management [RBM] system, but there are indications that the UNDP is proceeding with a consultancy that is intended to provide guidance for how to proceed.

61. The questionnaire used in this review posed the question of whether a results-based management system should be incorporated into day-to-day CARTAC operations and in

reporting to the Steering Committee. There is a significant degree of support for the implementation of RBM in CARTAC. Lingering concerns arise from the methodology to be used to define desired results and to measure performance, but these are issues to be addressed in the course of development and implementation of the system. It is recommended that RBM be mainstreamed into programme development for phase 3.

5. *Membership contributions*

62. The desire to increase country ownership and participation resides in a perception, in some quarters, that beneficiary countries do not participate as vigorously as they could in SC deliberations and, further, that this relatively weak participation is an indication of a need to strengthen ownership and commitment to CARTAC. But is this so?

63. During consultations with SC members, a majority of persons indicated that the issue of commitment by members is not a major issue and, while participation in meetings was one indicator of commitment to CARTAC, there were other indicators, such as:

- a) Whether members attend SC meetings and pay their own way;
- b) Whether members ensure that financial and in-kind contributions are provided on time;
- c) Whether members demand CARTAC's technical advice and support;
- d) Whether members ensure that necessary in-country support is in place when CARTAC experts are in the field; and
- e) Whether countries proceed with implementation as agreed once the CARTAC expert has provided the advice.

64. It is generally that agreed member countries do very well in respect of these indicators. A review of attendance at SC meetings showed that beneficiary countries, which are SC members, generally had good levels of participation at meetings. Of the 12 SC meetings held since CARTAC's inception, all 5 constituency seat for beneficiary countries were filled at 6 meetings. For the other 6 meetings, average attendance was

about 4 out of 5 seats. In percentage terms, therefore, beneficiary country seats on the SC were filled 80% of the time. Notable, average attendance was higher for the first 6 meetings, than for the second 6 meetings.

65. While average participation has declined over time, overall beneficiary country representation at the SC meetings remains quite good. Not only do members attend, but they pay their own way, since CARTAC does not subsidize the participation of its members to these meetings.

66. There is some lagging behind in paying financial contributions to CARTAC, but this is not limited to beneficiary countries. On several occasions, donors have either provided less funds than originally committed, or simply failed to make good on their commitments. Interestingly, more recently CARTAC has asked beneficiary members to consider voluntarily increasing their contribution and one member has indicated that it will double its contribution to US\$20,000 per year.

67. There is significant and growing demand for CARTAC's services. Beneficiary countries agree that CARTAC is the first choice for technical support and advice in the core areas of operation. They freely approach CARTAC for this support, provide whatever logistical support may be necessary to facilitate receipt of the technical assistance/advice, and proceed with implementation once the CARTAC expert has provided the advice. There does not appear to be any issue of lack of cooperation on the part of countries and no complaints that countries do not implement the TA provided.

68. Although many institutions and countries agreed that beneficiary members could make a larger contribution to CARTAC's operational budget, it was noted that even if the contribution was doubled, the impact on CARTAC's total budget would be relatively small. Some members cautioned that too much emphasis ought not to be placed on increasing annual contributions as the main indicator of commitment, since those who usually pay will continue to do so and those who have difficulty making payments at this time, will obviously still have difficulties if the contribution should be increased.

69. One institutional member suggested that the annual contribution should be considered as more akin to a membership fee than a material contribution to the operational budget.

70. There was no consensus on the suggestion that beneficiary countries' contributions should be increased as a portion of the total budget. But there was a general view that any changes in contributions should not lead to the creation of a complicated system of assessment of contributions. In this context, it may be useful to consider a modest increase in the annual contribution of member countries in phase 3 and an increase to US\$15,000 is suggested.

6. *The Role of the Host Country*

71. Barbados was chosen as the host country because, after much research and deliberation, it was determined to be the best choice given its location, availability of services and commitment of logistical support from the government. The Government of Barbados provides accommodation for the project and, because of the perceived benefits to the project from proximity to the Chairman, was also given the responsibility to chair the Steering Committee. There are no special benefits accruing to the host country, only special responsibilities. By all accounts, Barbados has discharged its responsibilities very well, providing acceptable accommodation and an effective chairman since the inception of the project.

72. In as much as Barbados was accorded a particular role as host country, the other main agencies involved in the effort to establish CARTAC in 2001 also had specific roles. The IMF, as implementation agency, also had the responsibility of providing back-stopping support to the work of technical experts to bring a level of quality control to the technical assistance process.

73. The UNDP, as the executing agency, had a dual role. The first was the management of the project, including financial management and resource mobilization. This has evolved primarily into receiving financial contributions into the pool of funds and disbursing funds to CARTAC, as required, to support the agreed programme of work.

The second role was less clarified but also quite important to CARTAC member countries. This was to provide a “buffer” between the IMF and the region, as the region sought to ensure that CARTAC retained its autonomy in its relations with the region. There are some issues surrounding the cost recovery fee of 5% that the UNDP is paid for performing its role and a desire for clarity in assessing the value that CARTAC receives for the money that is paid to UNDP. But those issues are not a part of this review.

74. CARICOM as a founding institution had the role of facilitating regional political support for CARTAC by ensuring that the COFAP considered CARTAC’s submissions on a timely basis. Through this process, CARICOM facilitates the process by which regional finance ministers express formal support for CARTAC through the decisions taken at COFAP meetings. CARICOM also provides appropriate interventions with donors, such as the European Union, as required for the mobilization of financial resources.

75. The roles of these 4 members continue to be important and there is no consensus that these roles should change.

Summary of Recommendations

76. The following recommendations to strengthen and streamline the governance of CARTAC are made for the consideration of the Steering Committee as it proceeds towards the third phase of the project:

- a) Any agreed changes to the structure and functioning of the Steering Committee should be implemented at the start of the third phase of CARTAC and should be determined as a part of the agreement on the programme content and funding of the third phase of the project.
- b) Membership of the SC should be limited to beneficiary countries, regional institutions and donors that make a contribution to CARTAC’s operational budget.

- c) The number of SC seats for countries should be increased and the number of seats allocated to donors should be decreased.
- d) Permanent seats should be allocated to those institution who were signatory to the original agreement and, by virtue of their continuous representation so far, are repositories of the institutional memory of CARTAC. These are: IMF, UNDP, CARICOM, CDB and Barbados.
- e) The threshold of at least 20% of the operational budget should remain as the required contribution to qualify a donor to occupy a permanent seat on the Steering Committee. At this time, CIDA and DFID would qualify.
- f) A total of 7 seats would be allocated to beneficiary country representation, one of which would continue to be occupied by the ECCB as one of 2 representatives of OECS countries.
- g) The constituencies should be rearranged as the number of seats for countries is increased. The following is a suggested allocation of seats:

Constituencies	Permanent Seats
OECS and the British Overseas Territories	IMF
ECCB [representing the OECS]	UNDP
Bahamas and Dominican Republic	CARICOM
Haiti and Suriname	CDB
Jamaica and Trinidad and Tobago	Barbados
Belize and Guyana	CIDA
All other donors Contributing less than 20% of the budget	DFID

- h) The category of “observers” to the SC meetings should be formalized.
- i) Observers should meet the criteria of being (i) former contributors of financial or in-kind resources to CARTAC or (ii) a development agency [or a project funded by a development agency] involved in directly

delivering technical assistance to member states in sectors related to the core areas in which CARTAC delivers technical assistance

- j) Observers should be expected to reciprocate by inviting CARTAC to observe their project steering committee meetings;
- k) When private sector companies are in a position to represent projects as observers to CARTAC SC meetings, care must be taken to ensure that they cannot benefit unfairly from information received at the meetings.
- l) Each observer should be formally approved by the Steering Committee.
- m) The Secretariat of the Organisation of Eastern Caribbean States [OECS] should be invited to participate as an observer in CARTAC Steering Committee meetings.
- n) The frequency of SC meetings should not be reduced, but should continue to be held twice yearly.
- o) An Executive Committee should not be established at this time.
- p) A simple system of election from among candidates nominated by member states should be implemented as a transparent way of selecting a new chairman who would be able to put the time and effort into providing strong leadership of the Steering Committee. If there is only one nomination, then the nominee should be “elected by acclamation”.
- q) It is recommended that RBM be mainstreamed into programme development and monitoring of CARTAC phase 3.

Attachments

Attachment 1: Persons who provided their views during the Governance Review via meetings, telephone interviews and/or questionnaire:

Dr. Marion Williams
Governor, Central Bank of Barbados and Chairman of
CARTAC Steering Committee

Ms. Therese Turner-Jones
CARTAC Programme Coordinator

Dr. Rosina Wiltshire
UNDP Resident Representative,
Barbados and the OECS

Mr. Stein R. Hansen
UNDP Deputy Resident Representative,
Barbados and the OECS

Ms. Paula Mohammed
Programme Manager, Governance
UNDP Barbados and the OECS

Ms. Kathryn Dunlop
Counsellor, Development
Canadian Director to CDB
Canadian High Commission
Barbados

Ms. Nalini Ablack
Second Secretary, Development
Canadian Alternate Director to CDB
Canadian High Commission
Barbados

Mr. Alan Slusher
Director of Economics
Caribbean Development Bank

Mr. Kelvin Dalrymple

Chief Research Economist
Caribbean Development Bank

Dr. Maurice Odle
Economic Adviser to the Secretary-General
CARICOM Secretariat

Ms. Evelyn Wayne
Deputy Programme Manager
CARICOM Secretariat

Dr Gobind Ganga
Deputy Governor
Bank of Guyana

Ms Sonia Roopnauth
Director, Office of Budget
Ministry of Finance
Guyana

Mr. Marcus Rodlauer
Senior Adviser
Western Hemisphere Department
IMF

Dr. Desmond Thomas
Senior Economist
IDB

Ms Laurel Bain
Head of the Statistics Dept
Eastern Caribbean Central Bank
ECCB

Mr. Grantley Smith
Director of Finance & Economic Affairs
Government Headquarters
Barbados

Mrs. Janet Harris
Financial Secretary [Ag.]
Ministry of Finance
Government of St Kitts and Nevis
Ms Rosamund Edwards

Financial Secretary
Commonwealth of Dominica

Mr. Joseph Waight
Financial Secretary
Government of Belize

Mr. Sydney Campbell
Governor
Central Bank of Belize

Mr Marion Palacio
Deputy Governor
Central Bank of Belize

Mr Ewart Williams
Governor
Central Bank of Trinidad and Tobago

Ms. Myrtle Halsall
Deputy Governor
Bank of Jamaica

Mr Randolph Cato
Director
Economic Affairs Division
OECS Secretariat

Mr Sean Curtis Mathurin
Economic Affairs Officer
OECS Secretariat

Ms Nicola Jenns
Head
DFID Guyana

Mr Mark Montgomery
Governance Adviser
DFIDC
Guyana

Mr Vinton Chinsee
ECEMP Project

Attachment 2: Record of the First Meeting of the CARTAC Steering Committee

**Record of the CARTAC Plenary Steering Committee Meeting
Monday, November 5, 2001**

Representatives of CARTAC's participating countries from the region⁸ and its nine multilateral and bilateral agency partners⁹ met under the chairmanship of Dr. Marion Williams from 8 a.m. to 9:45 a.m. The agenda and a list of attendees are attached.

The following decisions were taken:

1. The Governor of CARTAC's host central bank, the Central Bank of Barbados, Dr. Williams was confirmed as Chairman of the steering committee.
2. The terms "steering committee" and "technical panels" were agreed.
3. The functions and responsibilities of the steering committee are as follows:
 - (i) provide general guidance to CARTAC
 - (ii) suggest regional priorities with respect to the delivery of programmes
 - (iii) advise on issues which may need to be addressed
 - (iv) suggest which issues need to have a regional focus or a country focus
 - (v) review progress every 6 months and recommend adjustments
4. The steering committee will meet approximately three times per year.
5. The following formula for determining membership of the steering committee was agreed:
 - CARICOM, CDB, CIDA, IMF, UNDP – one seat each

⁸ Anguilla, Antigua & Barbuda, Bahamas, Barbados, Belize, Cayman Islands, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago, British Virgin Islands and the Turks & Caicos Islands.

⁹ Caribbean Development Bank (CDB), Canadian International Development Agency (CIDA), International Monetary Fund (IMF), United Nations Development Programme (UNDP), European Union (EU), Inter-American Development Bank (IDB), Department for International Development (UK/DFID), United States Agency for International Development (USAID) and the World Bank (WB).

- EU*, IDB¹⁰, UK/DFID, USAID and the World Bank – one seat on an annual rotating basis in alphabetical order with the “seat” representing the views of the full constituency.
 - OECS/ECCB – 2 seats, one filled by the ECCB and one on a rotating basis from the OECS membership. The rotating seat will be filled by St. Lucia in 2002.
 - Belize*, Overseas Territories (BVI, Cayman Islands and Turks & Caicos), Suriname - one seat on a rotating basis.
 - Jamaica* and Trinidad & Tobago – one seat alternating.
 - Guyana* and Haiti – one seat alternating.
 - Bahamas, Barbados, Dominican Republic* - one seat on a rotating basis.
- (* = Members selected for 2002).

Total seats = 12.

The formula ensures that one seat will always be filled by a non-English speaking country, in the following order: Dominican Republic, Suriname, Haiti.

6. The agenda and minutes of the steering committee meetings will be provided to all participating countries and agencies.
7. Four technical panels¹¹ will be established in each of the four main areas covered by CARTAC, namely:
 - Public Expenditure Management (St. Lucia)
 - Tax and Customs Administration (Jamaica)
 - Financial Sector Supervision and Regulation (Dominican Republic)
 - Economic and Financial Statistics (Guyana).

One Steering Committee member (as indicated in brackets for 2002) will serve on each technical panel. Other members will be chosen for their special knowledge of the subject areas from within the region, and, where appropriate, from CARTAC’s sponsoring agencies/donors. The Chairman will select candidates in consultation with the CARTAC Coordinator and steering committee members.

8. A full plenary meeting of all CARTAC’s partners will be held every 12 months.
9. The venues of steering committee meetings will be determined on an ad hoc basis by the Chairman on the basis of offers received from participating countries,

¹⁰ IDB may decide to have its views represented on the steering committee by the CDB.

¹¹ A note on the technical panels is attached.

- possibilities of synchronising timing with other meetings, and other practical considerations. All meetings should take place within the region.
10. For the present, it was agreed that CARTAC's work should be confined to its four core areas, namely public expenditure management, tax and customs administration, financial sector supervision and regulation (onshore and offshore) and economic and financial statistics. Consideration could be given to widening the scope of these subjects to cover, for instance, capital markets and payments systems, should the need arise.
 11. It was clarified that CARTAC provides an additional window for countries seeking technical assistance and does not replace existing sources of technical assistance. Thus the establishment of CARTAC should not preclude authorities sending requests directly to IMF headquarters or to the other donors, especially in areas outside CARTAC's core areas and for countries which have large technical assistance needs beyond the resources available from CARTAC. However, it is likely that the functional departments in IMF headquarters will, in the first instance, direct requests in CARTAC's core areas to CARTAC unless the requests are for long-term technical assistance (i.e. resident advisers) which CARTAC does not provide.
 12. Within the core areas it was suggested that priority be accorded to improving service sector statistics, and to the design and implementation of reforms to broaden the tax base, and all agreed that the focus of CARTAC's work should be on capacity building.
 13. CARTAC will prepare its first 6-month work plan for consideration at the first business meeting of the steering committee in late January/early February 2002.
 14. It was concluded that CARICOM would arrange for COFAP to be informed of the above arrangements for CARTAC's governance.

Attachments

Note on the technical panels

There already exists, in the core areas of CARTAC's work, a number of regional professional and technical arrangements or mechanisms for exchanging information on recent developments, plans and prospects and, in some cases, for promoting regional cooperation in furthering improvements. Several of these involve donor agencies as well as participating countries.

CARTAC will need to work closely with such networks. It will need to ensure that, at the technical level, it takes into account what has been tried before – succeeded or failed – and what is planned, as well as the constraints imposed by lack of human and financial resources, constitutional or legislative impediments, or by what is politically and socially acceptable. It will also need such contacts to help tap into the pool of expertise that exists in the region in the specialized technical areas to be covered.

The technical panels will be formed to help provide such links and to advise on the content of CARTAC's work plan as it is developed. The actual form of such arrangements may vary according to the technical area covered, depending on already existing mechanisms for sharing information and cooperative action. The presence of a steering committee member on each panel will serve to enrich the discussions of the steering committee at its thrice yearly meetings.

Participants in the First SC Meeting

Dr. Marion Williams	Chairman
Mr. Nigel Bradshaw	Coordinator, CARTAC
Country Representatives:	
Antigua & Barbuda	Mr. Alphonse Derrick, Financial Secretary
Barbados	Mr. William Layne, Finance & Economic Affairs
Belize	Mr. Joseph Waight, Acting Financial Secretary
Belize	Mr. Keith Arnold, Governor, Central Bank
Dominican Republic	Lic. Francisco M. Guerrero Prats-R., Governor, Central Bank
ECCB	Sir Dwight Venner, Governor
Grenada	Mr. Timothy Antoine, Financial Secretary
CARICOM	Mr. Byron Blake, Assistant Secretary General
Guyana	Ms. Dolly S. Singh, Acting Governor, Bank of Guyana
Jamaica	Ms. Shirley Tyndall, Financial Secretary
St. Lucia	Dr. Bernard La Corbiniere, Permanent Secretary, Ministry of Finance
Suriname	Mr. Otto Ezechiels, Director Operations, Central Bank
Trinidad & Tobago	Mr. Winston Dookeran, Governor, Central Bank
Trinidad & Tobago	Mr. Gerry Hospidales, Adviser, Central Bank
Donor Agencies:	
CIDA	Mr. Paul McGinnis, Regional Director
	Mr. William Anderson, Counsellor (Development)
CDB	Mr. Allan Slusher Director, Economics & Programming
European Union	Mr. John Caloghirou, Head of Delegation
IDB	Mr. Neville Beharie, Senior Economist
International Monetary Fund	Mr. Ewart Williams, Senior Adviser;
	Ms. Claire Liuksila, Head, Office of Technical Assistance Management

UK, DFID

Ms. Nicole Thompson, Programme Adviser

UNDP

Mr. Christopher Hackett, Division Chief

USAID

Mr. James Watson, Caribbean Programme Director

Attachment 3: Current CARTAC Steering Committee Membership:

PERMANENT SEATS

1. CARICOM
2. CDB
3. IDB
4. CIDA
5. IMF
6. UNDP
7. World Bank
8. ECCB
9. DFID¹²

CONSTITUENCY SEATS:	CURRENT REPRESENTATION:
10. Group 1 : EU, Ireland, USAID	To be confirmed
11. Group 2 :OECS countries, ECCB	Montserrat
12. Group 3 : Belize, British Overseas Territories, Suriname	Turks and Caicos
13. Group 4: Jamaica, and Trinidad & Tobago	Jamaica
14 Group 5 :Guyana and Haiti	Guyana
15 Group 6 : Bahamas, Barbados, Dominican Republic	Barbados

¹² It was agreed at the May 8 2007 meeting that DFID would have a single seat based on its contributions to the CARTAC budget.

Attachment 4: List of Documents Reviewed:

Twelve [12] Steering Committee Meeting Reports covering the period November 2001 to May 2007, as posted on the CARTAC Website.

Report of the Second Mid-Term Review of the Caribbean Regional Technical Assistance Centre (CARTAC), conducted by Osborne Nurse and Euric Bob.

CARTAC Project Extension Document: Programme Support Document, Regional Project - Strengthening Economic and Financial Management in the Caribbean Region, Caribbean Regional Technical Assistance Centre (CARTAC) Extension, 2005–2007.

CARTAC Report on Status of Contributions as presented to the May 2007 Meeting of the Steering Committee.

Terms for Reference for the Preparation of the Second Caribbean Regional Technical Assistance Center (CARTAC) Program Extension.

CARTAC Draft Project Extension Document: Programme Support Document, Strengthening Economic and Financial Management in the Caribbean Region: CARTAC Regional Technical Assistance Centre (CARTAC) Extension, 2008-10.

Attachment 5: Terms of Reference for Review of CARTAC Governance

Background

1. The Caribbean Regional Technical Assistance Center (CARTAC), located in Bridgetown, Barbados, is a UNDP project executed by the IMF, and funded by a pool of international and regional donors. CARTAC's mission is to provide technical assistance to member countries (currently 20) across five main areas (financial sector supervision; public finance management; macroeconomic programming; statistics; tax and customs administration). CARTAC is guided by a Steering Committee (SC) comprised of both donors and member countries. CARTAC is in its sixth year of operation, and planning is underway for a third phase of the programme covering the period 2008-10.
2. At the last SC meeting held on May 8, 2007, members requested that a paper be prepared to examine governance issues, including the structure and operation of the SC, in the context of preparations for Phase III. The paper would be submitted in advance of the next SC meeting in the fall of 2007, contributing to the finalization of the Programme Document for Phase III (see attachment).

Objectives of the Governance Review

3. The primary objectives of this review of governance are to enhance the structure of the SC in order to increase country ownership and participation in CARTAC; and to clarify its decision-making process as the Project seeks to move into its third phase and its sixth year of operation.

Scope and Methodology

4. The review involves examining the following issues:
 1. *The composition of the current Steering Committee (SC)*, including the allocation of seats among donors and member countries. There are currently 14 seats, divided among constituencies of countries and donors. Important donors have permanent seats based on their contributions to the budget and role in the region.
 2. *The existing constituency groupings*, and whether they can be improved.
 3. *The status of observers*, including a definition of an observer status and determination of their rights at the SC meetings.
 4. *The decision-making process* of the SC, with emphasis on the frequency and conduct of meetings, and the selection and role of the SC Chair and Deputy Chair.
 5. *Membership contributions*, and in particular whether members should pay a flat fee or according to some other formula based on size or GDP per capita. Also

whether the member contribution should reach a certain portion of the total CARTAC budget;

6. *The role of the host country*, including the associated financial and or in-kind support, and any special privileges this should confer (for example a permanent seat on the SC).

5. The consultant will be expected to discuss and meet with members of the SC in the course of preparing the report. The consultant will visit CARTAC in Barbados and meet with selected CARTAC Members. Possibly he/she may perform part of the fact finding through telephone interviews conducted from Barbados, or by traveling to other selected countries.

Duration

6. The review will be conducted over the period 17 August 2007 to 15 October 2007. The duty days shall not exceed [20] working days (excluding travel days).

Deliverables

7. The consultant will prepare a draft paper outlining specific recommendations under each of the six areas listed in paragraph 4 above for consideration by the SC by October 2, 2007. Following comments on the draft report, a final report should be prepared and submitted by October 15, 2007. Reports should be submitted to the CARTAC Programme Co-ordinator and to DFID Caribbean (DFIDC).

Co-ordination and Reporting

The consultant will carry out his/her duties and report directly to the Therese Turner-Jones, CARTAC Programme Co-ordinator and DFIDC's lead adviser on the review, Mark Montgomery.

Appendix to the Terms of Reference

CARTAC Steering Committee Governance Issues DRAFT for Discussion¹³:

Background

Since inception, CARTAC has been guided by a Steering Committee (SC) consisting of 14 members representing constituencies comprising groups of member states, regional institutions and donors (see below). The SC currently meets every six months, and every 18 months in a plenary session (all countries are invited to participate). The role of the SC as set out in the original CARTAC programme document is to assist in the strategic direction of the Centre, and to review and contribute to the rolling six-month work plan. The SC is chaired by the Governor of the Central Bank of Barbados (the host country¹⁴).

Permanent Seats ¹⁵ :	CARICOM, CDB, IDB, CIDA, IMF, UNDP, the World Bank	
		Current Representation 2006/2007
Group 1:	DFID, EU, Ireland, USAID	DFID ¹⁶
Group 2:	OECS countries, ECCB	Montserrat
Group 3:	Belize, Overseas British Territories, Suriname	Turks and Caicos
Group 4:	Jamaica, and Trinidad & Tobago	Jamaica
Group 5:	Guyana and Haiti	Guyana
Group 6:	Bahamas, Barbados, Dominican Republic	Barbados

While this model has worked fairly well, in light of recent developments (shifting weights among donor contributions, the size of CARTAC's work programme, and rising costs), it may be opportune review the operations of the SC with a view to improving efficiency of the decision making process, increasing ownership among the participating member states and rationalizing expenses.

Below are some issues for consideration in the context of discussions on CARTAC's Third Phase beginning January 2008. Views will be canvassed at the May 8 SC Meeting

¹³ As presented to the May 8, 2007 Steering Committee Meeting

¹⁴ Barbados was selected as the host country based on extensive feasibility analysis by the IMF considering factors including costs, ease of location, availability of supporting infrastructure and overall environment.

¹⁵ Permanent seats are allocated according to contributions to the CARTAC Budget, with a threshold of 20 percent of the annual budget.

¹⁶ It was agreed at the May 8 meeting that DFID would have a single seat based on its contributions to the CARTAC budget.

and it is proposed that the Programme Document Oversight Committee incorporate all views following the discussions in order to present a revised set of guidelines on SC Governance to be attached to the final Programme Document.

1. **Rotation of the Chair**

Objective: *To increase country ownership and involvement in strategic decisions of CARTAC*

Suggestions: The Chair would rotate among the member states (Groups 2-6) for a two-year period, with a maximum two terms. Rotation would flow sequentially among the constituency groups. Within groups, countries would agree who should chair. The Deputy Chair would be selected from the next group in sequence on the same basis.

Do members agree on the rotation, basis and time period for the tenure?

2. **Constituency Groupings**

Objective: *To increase country ownership in CARTAC and participation in SC Meetings, and maximize diversity of ideas and geographical representation among all member countries and donors*

Suggestions: Regroup the member state constituencies to increase the number of seats for countries and reconsider permanent seat status for donors where contributions have been considerably reduced (IDB, WB, USAID). Introduce a category of observer status (ECEMCP, OECS Secretariat, IDB and others) to recognize the role these agencies play in the region's development, but which may not be making a direct contribution to CARTAC's budget.

Is this a reasonable way to approach the constituency grouping?

3. **Establish an Executive Committee**

Objective: *Distribute the workload of key decisions across a diverse group*

Suggestions: Establish an executive committee (EC) that would have responsibility for key operational decisions such as staffing, budget and procurement issues (hiring of the Programme Coordinator (PC), long term advisers, experts). The EC will be chaired by the SC Chairperson with the PC as Secretary. The EC will prepare the SC Agenda. The Executive Committee would consist of one member of each constituency group and meet in a separate session in advance of each SC meeting.

Do members agree with the need for an EC and the proposals for its work?

4. **SC Decision Making Process**

Objective: *To facilitate clear decision making at SC meetings*

Suggestions: Reports prepared for the SC should indicate clearly what decisions are needed. The EC would be instrumental in ensuring that this is implemented. Reconsider the frequency of SC meetings, reduce to one annual meeting in plenary beginning in Phase III.¹⁷

Do members agree to reduce the SC meetings to one annual meeting? What are the possible downside risks to this approach?

5. Reporting

Objective: *Incorporate results-oriented reporting to the SC and incorporate results-based management in day to day operations*

Suggestions: Following the advice of a RBM consultant look to design reports that incorporate results rather than inputs. Consider two inter-linked levels: (a) Reporting to the SC and (b) introduce a system at CARTAC for day-to day management¹⁸.

Is this agreeable?

6. Country contributions

Objective: *Increase country share in overall funding and commitment.*

Suggestions: Currently, country contributions account for about four per cent of CARTAC's budget¹⁹. The total contributions could target a certain (higher) share of the CARTAC Budget (e.g. 10 or 20 per cent). The contributions to be determined in accordance with one of following principles: (a) flat rate ("Equality")²⁰; (b) Fee graduated by country income level ("Solidarity")²¹ or (c) by user payment, through charging a nominal payment per work week of TA. ("pay-as-you-go").

What do members consider the best approach?

¹⁷ SC travel costs for CARTAC staff only approximate \$US10,000 per meeting. Considerable additional resources over a ten week period are dedicated in preparation time.

¹⁸ At level (b) the system needs to be compatible with IMF systems for coordination of TA to optimize use of CARTAC TA and IMF own parallel funds for TA, (RAP, regional TA strategies, etc) and take advantage of systems being introduced at the IMF for monitoring TA (e.g. Technical Assistance Information Management System- TAIMS) including other Regional Technical Assistance Centers.

¹⁹ The Budget is defined as the total donor funded (cash) budget as approved in the Programme Document for the phase. Currently the contribution is US\$10,000 per country per year.

²⁰ Poorer countries pay relatively more, but also use more.

²¹ The formula could be based on formula used in country contributions to CDB/ CARICOM/ membership fees to the UNDP.

Attachment 6: Summary of Responses to Review Questionnaire

Below, the responses to the questionnaires are summarized and presented to show percentage of responses in the case of multiple choice questions. Questions which asked for comments are not summarized.

**Review of CARTAC Governance
Questionnaire for Steering Committee Members**

1. I represent [insert country or institution] at CARTAC's Steering Committee Meetings.
2. I have been attending Steering Committee meetings since [Please indicate year].
3. How many Steering Committee meetings have you attended?

none	one or two	three to six	more than six
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How would you improve the composition of the Steering Committee?

4. The existing composition of the Steering Committee is fine and should not be changed.

50.0% I agree	21.4% No comment	28.6% I do not agree
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5. The Steering Committee currently has 14 members. I think that

18.2%	the Steering Committee should be made smaller.
18.2%	the Steering Committee should be expanded.
63.6%	the Steering Committee should remain at 14 seats.

6. The Steering Committee has 8 institutional members that occupy permanent seats. Do you agree that Permanent Steering Committee seats should be retained?

61.5% I agree	23.1% No comment	15.4% I do not agree
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7. If permanent seats are retained, do you agree that they should be allocated in relation to the value of a member's contribution to CARTAC's budget?

71.4% I agree	14.3% No comment	14.3% I do not agree
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How would you improve the Constituency Groupings on the Steering Committee?

8. The existing constituency groupings on the Steering Committee are fine and should be maintained.

28.6% I agree	35.7% No comment	35.7% I do not agree
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9. The number of constituency groupings should be increased by allocating some or all permanent seats to new constituencies. Consequently, the number of permanent seats would be reduced.

35.7% I agree	35.7% No comment	28.6% I do not agree
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10. Please for your comments on the composition of the Steering Committee.

What should be the status and role of Observers at Steering Committee Meetings?

11. Observers are welcome and should be allowed to be present throughout Steering Committee meetings

64.3% I agree	7.1% No comment	28.6% I do not agree
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12. Observers should only be allowed to participate in plenary sessions of the Steering Committee and some of the business of the Steering Committee should be closed to Observers

28.6% I agree	14.3% No comment	57.1% I do not agree
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13. Please for your comments on the role of observers.

How can the Steering Committee’s decision-making process be improved?

14. Several suggestions have been made to improve the functioning of the Steering Committee. Some of these suggestions are listed below. Please indicate, by checking the appropriate box, whether you think the suggestions listed below would contribute to better functioning of the Steering Committee.

	I agree	No comment	I do not agree
The Steering Committee is functioning fine and no change is necessary	35.7%	35.7%	28.6%
The number of meetings of the Steering Committee should be reduced.	14.3%	28.6%	57.1%
A subcommittee of the Steering Committee should be established to function as an Executive Committee	35.7%	21.4%	42.9%
A results-based management system should be incorporated into day to day CARTAC operations and in reporting to the Steering Committee	85.7%	14.3%	0.0%

15. Please for your comments on the functioning of the Steering Committee

16. Several suggestions have been made to increase the commitment and participation of beneficiary members in CARTAC's affairs. Some of these suggestions are listed below. Please indicate, by checking the appropriate box, whether you think the suggestions listed below would contribute to increased commitment and participation of beneficiary members.

	I agree	No comment	I do not agree
This is not a major issue, beneficiary members are committed and participate adequately in the affairs of CARTAC	42.9%	35.7%	21.4%
The number of seats for CARTAC beneficiaries should be increased	53.8%	38.5%	7.7%
The number of permanent members' seats should be reduced..	7.7%	61.5%	30.8%
The Chairmanship and Deputy Chairmanship of the Steering Committee should be rotated among all beneficiary members	46.2%	30.8%	23.1%
The financial contribution of beneficiary members to the CARTAC budget should be increased	53.8%	23.1%	23.1%

17. Please for your comments on the functioning of the Steering Committee