

PROJECT ASSISTANCE COMPLETION REPORT

PROJECT TITLE : Private Sector Investment Assistance Project  
PROJECT NO. : 538-0043  
FUNDING PERIOD : FY'82 to FY'87  
LOP FUNDING : \$3,500,000  
GRANTEE : Caribbean Association of Industry and Commerce (CAIC)  
PACD : July 31, 1987

The purpose of the Private Sector Investment Assistance Project was to strengthen the capacity of the Caribbean Association of Industry and Commerce (CAIC) to promote private investment and stimulate productive investment in the Caribbean.

To achieve this purpose, RDO/C, through a series of amendments to the original agreement, gradually increased the amount of assistance and broadened its range. Funds were generally utilized to carry out institutional strengthening of CAIC and its affiliates. Funds were utilized in the following broad areas:

1. Organizational Affairs (\$558,500) - To increase the capacity of CAIC to communicate with its members, RDO/C paid some overhead costs plus some of the costs associated with meetings, printed communications, etc. One of the elements of this component was the Local Affiliate Development Program, which provided modest grant funds to local affiliates as a stimulus to local organizational strengthening.
2. Economic Development (\$563,688) - To increase the capacity of CAIC to influence public policy-making, RDO/C paid some overhead costs and the costs associated with studies and meetings focused on key policy issues.
3. Technical Assistance (\$569,536) - To increase the capacity of CAIC to respond to the needs of regional firms, RDO/C paid for the overhead costs and for costs (on a cost-sharing basis with the firm) associated with delivery of technical assistance to individual firms.
4. Training (\$715,121) - To increase the quality of private sector training available in the region and to increase the capacity of CAIC to deliver such training, RDO/C paid for the overhead costs and for costs (on a cost-sharing basis with the firm) associated with delivery of training to individual firms or groups of firms.

5. General Overhead and Other Costs (\$1,093,155) - To increase the general functioning of CAIC, RDO/C paid for part of the general overhead costs, particularly the financial management costs, of the organization.

As of the PACD, all services had been rendered and all goods delivered. The final voucher has been paid and no unexpended funds remain from those obligated and committed.

The Project was evaluated on four occasions, the most recent being in January, 1987 by Louis Berger, International. This evaluation was quite exhaustive. The Abstract from that evaluation speaks for itself and is reproduced in full below:

The Private Sector Investment Assistance Project has been a distinct, but qualified success. The Caribbean Association of Industry and Commerce was revitalized in the early 1980s utilizing the resources of its members and funds provided by USAID. CAIC has carried out two major functions: advocacy of the interests of its constituency and development activities for its business membership. As a business association, CAIC's accomplishments in the areas of policy advocacy, building of formal and informal public/private networks, changing the attitudes of its members, and creating a new image of the private sector in the Caribbean region have been impressive. CAIC's performance as a development institution has been a mixed one. Its provision of training services to its members in the OECS countries has been rated as well above average by most recipients. CAIC's technical assistance received more criticism, but some of the clearest examples of positive economic development impact were associated with this service. The utilization of the Caribbean Basin Information Network, for which CAIC has regional responsibility has been most unimpressive. The Local Affiliate Development Program has provided a needed stimulus for business organizations in a number of OECS states where grass-roots leadership has been present. Until very recently, neither CAIC nor USAID has squarely faced up to the dilemmas posed by the inter-mixing of advocacy and development functions in CAIC, the differing geographic priorities of the two organizations, and their differing constituencies. Postponement of direct attention to these under-lying problems has contributed to a confused financial strategy and a troubled administrative style. CAIC's management and organization structure has been designed and operated on a public sector "secretariat" model. Though the quality of the CAIC professional staff is generally well above average, there have been significant financial and administrative problems, and management has had difficulty in complying with USAID procedures. The growth in CAIC membership that occurred in the early years of revitalization has levelled off and quite probably reversed itself. CAIC should develop a strategy for expanding membership and membership commitment, particularly in the MDCs from which it derives its most significant financial support. Conceivably, such a strategy could

bring in new substantial contributors and broaden CAIC's socio-economic base in these countries at the same time. CAIC's primary constituency necessarily has some priorities and objectives which are different from those which are typical of international development institutions. However, CAIC's enlightened vision of its capacity to influence public policy in directions which enhance economic growth, and its ability to involve the business community in development activities make it a natural partner for USAID in specific areas of mutual interest. Assuming agreement on common goals for the future, RDO/C funding of CAIC should continue.

The lessons learned from the Project, also from the Berger evaluation, are as follows:

Lessons learned from this project evaluation which can be applied to other USAID programs are as follows:

1. A business association can transform the image of the private sector in its region and enhance its sociopolitical impact by promoting unity in the business community, by committing itself to enlightened causes, and by presenting reasoned analysis in support of its positions.
2. Policy advocacy, carried out by business associations, has a significant potential for favorably altering the development environment, and, within proper limits, deserves USAID support.
3. A business association carrying out conventional development functions should keep those functions organizationally separate from its advocacy activities.
4. Grantee funding proposals are marketing documents. They are not proper vehicles for presenting strategic plans, setting departmental targets, or creating USAID project documentation.
5. A strategic planning document for a USAID funded business association should include a comprehensive financial plan, including all sources and expenditures of funds.
6. Difficulties in grantee compliance with regulations should be anticipated at the start of USAID's private sector projects and preventive measures should be taken at that time.

