

**ANNUAL ACTION PLAN  
FY 91 - 92**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
REGIONAL DEVELOPMENT OFFICE/CARIBBEAN**

**FEBRUARY 19, 1990**

THE FY 1991 - 92 ACTION PLAN HAS BEEN  
REVIEWED BY THE CHARGES IN  
ANTIGUA, BARBADOS AND GRENADA

REGIONAL DEVELOPMENT OFFICE/CARIBBEAN

FY 91-92 Action Plan

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## Section I. Reaffirmation of the Appropriateness of RDO/C's Strategy

### Introduction:

The Regional Development Office/Caribbean (RDO/C) stands at a crossroads. As we enter the initial year of the strategy espoused in our FY 1990-1994 Regional Development Strategy Statement (RDSS), the Mission has been assigned an Operating Year Budget (OYB) with a reduced DA level and no Economic Support Funds (ESF). This has left us, in FY 1990, with roughly half of what we had projected as necessary to implement our strategy. While we understand it is the intention of the Agency to resume higher funding levels and ESF to the Eastern Caribbean in FY 1991 and 1992, we understand the funding outlook over the Action Plan period is uncertain.

In preparing this Action Plan, we have assumed that we will receive the CP levels of assistance in FY 1991 (\$27.7 million). For FY 1992, per Action Plan guidance we have straightlined this amount. Where possible, we have indicated the activities which will have to be postponed or eliminated if we receive substantially fewer resources.

In the current Action Plan period, we believe we can, despite a much reduced budget, make substantial progress toward the objectives laid out in the RDSS. Prudent allocation of funds, downsizing initial funding of some new starts and postponing others, are all feasible in the short term.

A "slow start" on our RDSS, however, is only possible this fiscal year. To implement our strategy as outlined in the RDSS, we will have to "catch up" during FY 1991 and 1992, possible only if we receive funding at or near the planning levels during the Action Plan period. Otherwise, substantial retrenchment and revision of the RDSS will be unavoidable.

The next few years would be inopportune for scaling back the U.S. foreign assistance program in the region. Eastern Caribbean (EC) leaders have observed countries elsewhere in the Caribbean Basin successfully diversifying their economies and expanding exports. They now recognize that their own countries' standards of living are constrained by problems inherent in too narrow an export base. The EC countries have publicly embraced export-led growth as a goal, to be implemented through methodologies adapted to their unique circumstances. They understand that diversification is an imperative which cannot be delayed if the EC is to reap maximum benefit from the challenge of a unified Europe in 1992 and the uncertain outlook of benefits through the ACP/Lome arrangements.

AID has had a visible and catalytic role throughout the Caribbean Basin in encouraging policies and private investment to diversify exports. Not surprisingly, the Eastern Caribbean looks to the United States, more than to any other donor, as its partner in this venture. We hope to be responsive and play a part in what could be a historic shift in Eastern Caribbean development, and in the region's commercial relationships with the rest of the world. Due to the size of the island economies, the provision of modest levels of ESF can trigger substantial economic development. To severely reduce USG assistance to the Eastern Caribbean would constrain this region's

ability to take full advantage of the Caribbean Basin Initiative and would be viewed as a "breach of faith". Indeed, this concern has begun to be voiced by public and private leaders in the region.

The U.S. Government's foreign assistance is of course closely tied to our political interests in the Eastern Caribbean as well. Preservation of Eastern Caribbean democratic traditions is important to the United States, as is EC support on issues such as stemming the flow of illegal drugs. In Grenada, upcoming elections mark the country's first post rescue mission transition from one democratically elected government to another, a politically vulnerable moment. Visible, meaningful levels of bilateral assistance to Grenada, which are unlikely if RDO/C sustains further funding cutbacks, will be essential if we are to be in a credible position to raise urgent issues of fiscal performance and business climate improvement with the new Grenadian leadership.

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We presented our RDSS a year ago, the Agency endorsed our vision of a partnership with the Eastern Caribbean public and private sectors to provide assistance in diversifying and expanding their economies over the medium term. In this Action Plan, we report on our progress so far towards meeting the RDSS objectives, our plans for the next two years, and our assessment of the continued importance of executing our strategy.

It is of course not possible to detail each of the Mission's achievements and activities. However, we have tried to select the most representative and significant to highlight in the following paragraphs.

#### RDO/C's Strategy during the Action Plan Period - FY 1991 and 1992

The RDSS described an optimal funding level to be an annual OYB of US\$35-39 million, of which about \$20-25 million would be Development Assistance funds. The RDSS noted that at lower levels of funding

. . . "the strategy will not be fully implemented. In particular, the Maintenance of Infrastructure and the Stabilize Financial Structures objectives will be largely curtailed while the Strengthen the Private Sector and Natural Resources/Biodiversity objectives will be funded at reduced levels."

Because our strategy was designed in anticipation of Agency funding uncertainties, the activities proposed for the Action Plan period are fully consistent with the broader RDSS development objectives, even at the reduced \$28 million OYB level. These objectives are:

1. Increasing Eastern Caribbean net foreign exchange earnings from exports, by supporting agricultural diversification and preservation of natural resources, tourism and selected manufacturing;

2. Developing and strengthening private sector institutions, technology and skills to improve and sustain a solid and attractive business climate; and
3. Improving the quality and productivity of the human resource base through training and technical assistance.

The approaches selected to achieve these objectives reflect RDO/C's particular concerns for issues of women in development, for collaboration with private voluntary organizations, and as appropriate, for seeking collaboration of regional institutions in design and implementation of the portfolio.

Objective No. 1: RDO/C Projects and Policy Dialogue are Helping the Eastern Caribbean to Strengthen Exports and Tourism.

The EC island economies are small in size. As such, they must look to expanding and diversifying their trade with the outside world to provide the foreign currency necessary to finance imports and capital investment. While all of the islands depend on tourism for at least part of their foreign exchange earnings, the variability of tourism revenues due to vagaries of weather, consumer tastes and movements in international prices, creates the need for other exports as well.

The Caribbean islands face quite a few obstacles to achieving an expanded, diversified export base. For some, the volume of foreign exchange earnings from tourism leads to an exchange rate and domestic wage levels which do not provide many incentives for commodity export. The United Kingdom protected and highly subsidized banana trade with the Eastern Caribbean has also created a significant disincentive to diversification. Structural and procedural problems decrease the profitability of potential new export activities as well. For example, high tariffs and quantitative restrictions on imports make import-substitution activities artificially viable, drawing resources away from export sectors. Intrusive public sector involvement in regional transport is yet another factor which tends to create an anti-export bias in the Eastern Caribbean.

The barriers to export do not of course lie solely at the public sector's doorstep. In some of the countries, a small, relatively unsophisticated private business sector lacks experience and organizational structure, both to export and to lobby for a more favorable export climate. It has also been easier for investors to seek and secure government-granted import and local production monopolies than to brave the fierce competition of world markets. The responsiveness to trends, flexibility in production, and tightly controlled efficiency which are fundamental to export production are a different set of skills than those needed for profitability in the local environment.

RDO/C is investing in a broad spectrum of activities aimed at expanding Eastern Caribbean export earnings. These interventions, when combined with those of other donors and with policy improvements and investments of the host governments, will cause a steady increase in the share nontraditional exports represent in national output. The Agricultural Research and Extension Project

(AREP), for example supports indigenous agricultural research and extension institutions in their efforts to integrate activities and redouble their support to cultivation of nontraditional export crops. The new West Indies Tropical Produce Support Project (TROPRO) is expected to increase regional and local private sector capacity to market, transport and improve the quality of the expected increased volumes of export production. The High Impact Agricultural Marketing Project (HIAMP) has expanded financing options for producers and processors of nontraditional agricultural products.

The RDSS introduced a new RDO/C focus on tourism. The OYB reduction this fiscal year put our tourism initiatives on hold for FY 1990. The Regional Tourism Management Project, the IEMS IV Grenada Project, and the Grenada Tourism Sector Program have all been deferred until FY1991, assuming we receive the CP level including ESF in that year. If there is no ESF during the Action Plan period, both Grenada new starts will be scaled back and financed with DA, assuming sufficient DA exists. Several on-going projects also provide assistance to the tourism sector. The Caribbean Financial Services Corporation (CFSC) has expanded the financing available to local investors - more than 40 percent of the CFSC credit has gone to the tourism industry. The planned Environment and Coastal Resources Project (ENCORE), our various training projects, and HIAMP will continue to assist tourism sector development and expansion of the local industries which supply it.

RDO/C's proposed Performance Fund project is a private sector initiative linked to the environment and tourism. We hope to initiate activities in two or three of the top-performing countries (St. Lucia, St. Vincent, and perhaps one other) to correct problems of environmental deterioration whose improvement will have a direct and positive impact on the tourism industry. The project will condition assistance on concrete policy improvements to avoid recurrence of the environmental problems.

RDO/C assists Eastern Caribbean Countries by financing high priority infrastructure projects which are key to growth. For example, the recently completed St. Kitts Southeast Peninsula Road was the stimulus for attracting investment in tourism infrastructure in a previously undeveloped part of the island. Our strategy is to continue, as funding permits, to provide financial support to carefully selected infrastructure projects. If ESF funding is not resumed during the Action Plan period, we will be unable to initiate any new infrastructure activities, or to contribute more than a token amount to the politically important Basic Needs Trust Fund, through which community sponsored smaller scale infrastructure is financed.

RDO/C policy dialogue on export issues with Eastern Caribbean public and private sectors has had important successes over the past year. The OECS has adopted a plan to encourage nontraditional export production in the region. Some progress has been made toward harmonizing the external tariff, although at a slower pace than had been hoped. TROPRO, in particular, is our vehicle for raising issues relating to public sector handling of airport procedures, landing rights for freight carriers and ownership of export handling facilities.

Objective No. 2: With RDO/C's Assistance, the Business Climate in the Eastern Caribbean is Improving.

The Mission's strategy is to boost EC national income growth through creation of a business climate more conducive to investment, production and savings. The RDSS anticipated that we would reinforce policy dialogue on business issues with training and provision of credit.

The Eastern Caribbean countries pursue macroeconomic policies which are generally sound and oriented toward growth. Policy dialogue on stabilization issues has centered on two countries experiencing fiscal imbalances. Dominica has, with U.S. balance of payments support, adopted a sound program aimed at limiting the growth in current expenditure to make room for more public sector investment. Grenada's experience has been less encouraging, but notable progress has been made in enacting fiscal reforms.

Two new program starts (FY 91) - in Grenada and Dominica - will address continued progress in following sound macroeconomic policy, but will also expand the dialogue into sectoral policy issues. In Grenada, the proposed tourism sector program will address not only tourism policy, but will also seek strengthening of that country's public finance. In Dominica, we will orient the new cash transfer program toward fiscal and agricultural policy. The objective of the program will be to increase the country's ability to adjust smoothly to any reduction in the European banana subsidy, whose future is now cloudy. These program starts depend largely on a resumption of ESF funding in FY 1991.

Private investment in the Eastern Caribbean occurs at a rate which is high when compared with elsewhere in the Caribbean Basin. RDO/C has assisted the region in maintaining levels of private investment. The Eastern Caribbean Investment Promotion Service (ECIPS), scarcely two years old, has engineered 27 new business starts or expansions so far. This pace is expected to double over the Action Plan period. The Caribbean Association of Industry and Commerce (CAIC), strengthened through RDO/C assistance, has become the leading private sector voice before the EC governments in pressing for changes in the tax and investment codes to improve the climate for investment.

Our democratic initiatives also pursue investment issues. Under the Caribbean Law Institute (CLI) and the Caribbean Justice Improvement (CJIP) Projects, elements of the legal and judicial system important to a sound business environment have been reviewed and improved. One example under CLI is the drafting of a new, harmonized Companies Law, now under review for eventual submission to the legislature by the countries' Attorneys General.

Objective No. 3: RDO/C Invests in People - the Human Capital Base is Being Developed and Special Health and Population Concerns are Being Addressed.

Investment in education and training is central to the private sector orientation of RDO/C's strategy. Activities to provide managerial, technical and vocational training are necessary so that human capital scarcity in key

areas does not retard economic growth. In the Leewards, in particular, shortages of skilled personnel threaten to choke off the countries' efforts to expand manufacturing and agricultural production.

This year, RDO/C plans to amend the Regional Management Training project, building on the success of the pilot effort. Under the project, a center of excellence for training top managers will encourage the values of innovation and risk-taking among private sector firms. With the Caribbean Leadership and Development Training Project (CLDT) and the Regional Nonformal Skills Training Project, RDO/C continues to provide opportunities for workers and managers at all levels of the economy to enhance and upgrade their skills. Through CLDT, innovative teacher training will produce graduates with improved literacy, numeracy and problem-solving skills. In the medium term, the project will result in a higher quality, more productive work force.

Improved health status also contributes to the quality of human capital and to economic prosperity. Diseases problematic in the Eastern Caribbean are generally the same as in the developed world, for example cancer and heart disease. AIDS, however, is a serious and growing health threat in the region, with incidence rates beginning to approach those of Africa. RDO/C's AIDS Communication and Technical Services Project assists the region in meeting the AIDS threat through surveillance to track the spread of the disease, education and public awareness programs, and interventions to reduce sexual transmission of the virus. RDO/C project activities have opened the door to policy dialogue with Caribbean leaders. Our discussions have increased awareness not only of the potential human toll of the AIDS pandemic, but also of the potential economic and institutional demands on regional health systems.

Our policy message on health care financing has been consistent - that public health systems need to monitor costs, assess who benefits from subsidies, and apply cost-recovery principles wherever possible. The dialogue is beginning to show results. Our efforts have translated into a greater awareness of financing issues by Caribbean public sector healthcare providers and demonstrations of interest in beginning the restructuring process. Several countries have approached RDO/C for assistance in identifying the potential for cost containment and cost recovery. Such efforts will continue to be promoted during the Action Plan period.

High adolescent fertility remains a problem in the Eastern Caribbean. Region-wide increases in contraceptive prevalence rates - in large part due to the success of the AID-funded Population and Development Project - afford women greater social and economic opportunities. As a policy issue, RDO/C encourages the private sector to deliver more family planning services. In Grenada, for example, we are providing start-up financing for the first family planning/child care center in an industrial estate. The center's services will be sustained through business and employee co-financing.

All RDO/C activities, even those not specifically described as training projects, serve to transmit new ideas, technologies, and different ways of doing the job to our counterparts and beneficiaries. Some particular interventions deserve mention. The Special Development Activities Program

assists communities to join together to resolve problems they have identified. Credit and training extended under the Small Enterprise Assistance Project (SEAP), which we plan to extend and expand in FY 1991, enables small business owners to participate in the opportunities inherent in Eastern Caribbean economic expansion.

Summing Up: The RDO/C Strategy Continues to be Appropriate for Eastern Caribbean Development

Our strategy envisions the RDO/C portfolio within a framework of cooperation among the Eastern Caribbean countries and the international donor/lender community. The projects and programs which comprise our strategy

[REDACTED]

the countries' own efforts. Collaboration is essential to implementing the strategy, as the Eastern Caribbean countries traditionally have received assistance from the multilateral lending agencies. In addition, they are ACP/Lome Convention beneficiaries who enjoy a special trade and foreign assistance relationship with Europe.

Our portfolio has been a solid contributor to the Caribbean Group for Cooperation on Economic Development (CGCED) objectives for Eastern Caribbean development. Moreover, RDO/C is an active participant in CGCED deliberations on the future course of regional development initiatives. If RDO/C funding levels continue to experience severe cuts, our voice within the CGCED will be muted.

RDO/C's commitment to implementing the RDSS remains strong. Our emphasis on strengthening private initiative at all levels - unique among the donors active in the region - is a strategy designed for the medium term. It is one which seeks gradual improvements and shifts in the way which national leaders, businessmen, public servants and workers perceive and act upon new opportunities. Implementation of our portfolio of projects, supported by constructive policy dialogue, will lessen the Eastern Caribbean's dependence on traditional export crops. It will bring about greater reliance on manufacturing, tourism expansion, concern for the environment, and participation by a better trained work force at all levels.

Attaining this objective will require that our commitment not waver over the RDSS period. This is not a strategy which can be executed in a stop and



RDO/C Eastern Caribbean

Policy Agenda

1991 - 1992

ROSE OBJECTIVE	POLICY PROBLEM	POLICY CHANGE SOUGHT	NEGOTIATING VEHICLE	TIME-FRAME
Increase Export/Tourism Foreign Exchange Earnings	Intraregional Transport, necessary for consolidation of nontraditional produce export shipments, is expensive and unreliable.  Airport facilities are inadequate for handling of nontraditional produce.	Relaxed landing rights policy.	TROPRO	1991
	Country economic policies reinforce EC banana subsidy and discriminate against other potential export crops.	Privatization of airport perishable product handling facilities.	TROPRO Dominica Structural Adjustment	1991-1992
	Public sector unable to provide adequate solid waste disposal facilities to maintain island touristic beauty.	Actions which eliminate preferential treatment for bananas in extension, credit and marketing.	TROPRO Dominica Structural Adjustment ARPP	1991-1992
	Public sector planning for tourism does not take adequate account of environmental preservation.	Privatization and/or development of appropriate fee-for-service structures.	RNCORE Privatization and the Environment Grenada Solid Waste Management	1991-1995
	Public sector budgets for infrastructure maintenance are inadequate.	Strengthened environmental analysis and planning capacity. Review of land use and coastal management policies.	RNCORE Privatization and the Environment Grenada Structural Adjustment Tourism Management	1991-1995
		Improved fiscal management. Increased priority given to maintenance expenditures.	Dominica Structural Adjustment Grenada Structural Adjustment ISMS Grenada Solid Waste Management BNTP	1991-1992

**TABLE 1: LAC PERFORMANCE RATINGS SUMMARY, FY92**

Country	Percent Funding Recomd	Overall Perform Ranking	Overall Perform (100%)	Macro Policies (50%)	Social Services (20%)	Environ Mgt (10%)	Dem & HR Commit (20%)
Belize	xx	4.0	78.5	40.9	13.8	4.0	20.0
Bolivia	xx	3.0	80.3	45.9	15.4	3.0	16.0
Costa Rica	xx	1.0	86.3	42.0	15.3	9.0	20.0
Dom Republic	xx	8.0	61.9	31.7	11.2	3.0	16.0
E. Caribbean (Bundled)	xx	6.0	69.2 (1)	34.3	10.9	4.0	20.0
Ecuador	xx	5.0	71.9	36.4	12.5	7.0	16.0
EL Salvador	xx	10.0	52.1	25.3	11.8	3.0	12.0
Guatemala	xx	7.0	64.9	35.5	11.4	8.0	10.0
Guyana	xx	13.0	35.9	16.7	11.2	2.0	6.0
Haiti	xx	11.0	51.0	29.6	11.4	4.0	6.0
Honduras	xx	9.0	60.0	17.3	18.7	8.0	16.0
Jamaica	xx	2.0	80.5	43.2	12.2	5.0	20.0
Petru	xx	12.0	43.7	8.3	14.4	5.0	16.0

(1) In Action Plan text, RDO/c provides updated statistics for the Region, which suggest that:

Overall Performance = 78.3  
 Macro Policy = 37.6  
 Social Services = 16.7  
 Overall Ranking = 5

## Section II. Performance

### A. Overall Country Performance Matrix

RDO/C is concerned about the method of assigning scores to the OECS countries as a group. Since the countries differ substantially on some indicators, whatever form of averaging is selected will favor some at the expense of others. Implicit in averaging is that strong performers are penalized and weak performers come out more favourably.

The purpose of the performance fund is for LAC to demonstrate, through foreign assistance resource levels, that we truly support countries' efforts to soundly manage their economies and to take action on environmental, social service and democratic issues. RDO/C would like to be able to take this same message to the OECS countries, that commitment to economic policy reform and development can garner additional resources. Otherwise, what incentive can we point to when we discuss the need for reform in one country, when access to the performance fund is dependent on affairs in five other countries?

RDO/C urges LAC to rank the OECS countries individually within the performance rating system.

RDO/C agrees with the performance scores assigned by LAC on all indicators except the following:

#### Indicator Specific Notes:

1. Macro Reform Programs: The countries in the Eastern Caribbean do not suffer the type of macro imbalance seen in the rest of the LAC region. The countries' external accounts are generally in balance, and the common central bank restrains individual countries' ability to excessively expand the money supply. The chief macro policy problems are fiscal, where some countries finance their deficit spending by crowding out credit which otherwise would be available to the private sector. In addition, fiscal management is uneven across countries, with a tendency in some toward unsustainable growth in the public sector wage bill. Antigua and Barbuda is alone among the EC countries in having a burdensome external debt service requirement; in the other countries, the debt service ratio is modest. Dominica has entered into a Tight Consultative Group arrangement with the IMF/World Bank under the auspices of the CGCED. St. Vincent, St. Lucia, and St. Kitts and Nevis have positive macroeconomic policy frameworks. Antigua and Grenada have work to do to correct macroeconomic policy problems.

RDO/C notes the difficulty in scoring this indicator for a regional program where some countries possess better macro policy frameworks than others. If the countries must be considered as a group, RDO/C prefers to assign scores to individual countries based on the criteria defined by LAC, and then calculate the score as an unweighted average. In assigning individual country scores, RDO/C reviewed Mission, IMF and World Bank assessments of macro policy frameworks prepared during 1988 and 1989. Our calculation is as follows:

<u>Country</u>	<u>Score</u>	<u>Comment</u>
Antigua and Barbuda	2	Fiscal imbalance, BOP gap
St. Kitts and Nevis	8	Generally strong policy framework, public sector savings should be higher.
Dominica	9	Tight Consultative Group program underway; fiscal weaknesses have largely been corrected.
St. Lucia	10	Appropriate policy framework in place.
St. Vincent	9	Generally strong policy framework.
Grenada	4	Fiscal imbalance, poor regulatory environment. AID judged that Grenada made best effort toward macro-policy targets for 1989 ESF disbursement.

Unweighted Average =  $42/6 = 7.0$ , AS OPPOSED TO LAC indicator of 6.0.

2. Domestic Financing of the Public Sector Deficit: RDO/C is collecting updated information for this indicator to provide to LAC prior to Action Plan review.

4. Private Investment as a Percentage of GDP: Private investment as a proportion of GDP has traditionally been high in the Eastern Caribbean, due in part to the strong inflows of external private investment. The World Bank (October 1989) provides the following data for private investment as a percent of GDP in OECS countries:

	<u>1987 Actual</u>	<u>1988 Prel.</u>	<u>1989 Proj.</u>
Antigua and Barbuda	13.4	13.4	13.4
St. Kitts and Nevis	28.8	28.8	28.1
Dominica	11.5	11.5	11.5
St. Lucia	25.5	25.1	23.5
St. Vincent	22.6	22.6	22.1
Grenada	17.4	17.4	18.1

Unweighted average of individual country scores using 1987 and 1988 is 4.2, NOT 2.4 assigned by LAC.

7. Elementary School Enrollment: Enrollment information is neither frequently nor adequately compiled in the Eastern Caribbean. Also, census data do not permit precise estimates of the size of the primary school-aged population, the denominator in the enrollment calculation. World Bank reports more often than not leave this number blank. Moreover, there appear to be differences among the countries of the region, where some have achieved full enrollment of the age group and others suffer problems of inefficiency. Below is the fragmentary information we have on the Eastern Caribbean, and our recommendation for a score:

	<u>World Bank</u> <u>Estimate/Year</u>	<u>World Bank</u> <u>Estimate/Year</u>	<u>Ministry</u> <u>Estimate/Year</u>
Antigua	80 (1977)		
St. Kitts/Nevis	99.5 (1981)		87 (1986)
Dominica	90 (1981)		116 (1986)
St. Lucia	95 (1977)	95 (1983)	
St. Vincent	97 (1970)	90 (1983)	
Grenada	90 (1977)	108 (1979)	118 (1982)

The indicator as designed is based on measurements which are five years apart, ideally 1980 and 1985. We can find no recent information on Antigua, most likely due to their decision not to participate in the 1980 census. The information we have for 1980 or adjacent years for the other five countries indicates a range of approximately 90 to 108. It appears that Grenada and Dominica have substantial inefficiency in their primary school systems and achieve rates well in excess of 100, while the other countries have rates slightly below 100. There is little information for years subsequent to 1981. We do not see any trend during the five year period, at least with the data we have.

Given the fragmentary information which exists, we cannot dispute the indicator of 100 which LAC assigned for 1980 enrollment. We see no basis, however, for the 116 assigned for 1985, as only two countries appear to have enrollment rates that substantially exceed 100. RDO/C calculates that, assuming a slow upward trend, Grenada and Dominica would score about 8.0 by the LAC rating system, and the other countries would score 10.0. Averaging across countries, this makes the rating 9.3 rather than 8.0.

There is also the broader question of the appropriateness of the enrollment ratio as the sole measure of performance in public sector provision of primary education. Other indicators such as student-teacher ratios, expenditure per pupil, primary school completion rates, or repetition rates, address the issue of educational quality and efficiency. Quality is a more relevant question than access in the LAC region where the majority of countries (9 out of 13) by 1985 had achieved enrollment ratios of at least 90 percent.

#### 8. Infant Mortality:

The trend in infant mortality rates is not smooth in the Eastern Caribbean, due to the small size of the population. Small variations in the absolute numbers of infant deaths cause noticeable shifts in the statistic.

Below is the information we have on infant mortality, island by island. The early years (1982-83) are from Ministry data, while the later years are from the Caribbean Development Bank 1988 Social and Economic Indicators Report. The two series are consistent. This series is the one quoted by the World Bank in its Country Economic Memoranda.

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Antigua	34.7	13.6	21.7	16.2	19.5	24.4	12.5	21.9	n.a.
St. Kitts	n.a.	45.7	42.8	41.2	27.8	30.2	39.7	22.2	n.a.
Dominica	12.6	10.2	17.1	13.9	23.9	18.8	15.1	18.5	n.a.
St. Lucia	25.0	25.0	23.0	27.0	17.1	23.6	21.5	20.3	12.7
St. Vincent	60.1	46.7	40.6	37.0	26.5	20.3	24.7	n.a.	n.a.
Grenada	22.8	14.8	13.4	21.2	10.6	18.0	15.9	15.9	n.a.

Using these data, we arrive at the following scores for each country (for countries where 1987 is slightly above 1982, we used a score of zero, as these countries show no clear trend of deterioration. We have noted where the most recent data available are not for 1987):

Antigua	0.0	
St. Kitts	12.0	
Dominica	0.0	
St. Lucia	9.5	(using 1988 as end point)
St. Vincent	11.5	(using 1986 as end point)
Grenada	0.0	

Unweighted Average 5.5 AS OPPOSED TO 1.0 assigned by LAC

9. Contraceptive Prevalence: RDO/C is investigating whether more updated information exists, by country, for the Eastern Caribbean.

10. Environmental Management: As described by LAC, this indicator is a subjective one based on policy and institutional improvements which result in a cleaner environment. We question if the analysis which produced the score of 4 for the Eastern Caribbean took into consideration recent actions by Eastern Caribbean governments. Some examples: Dominica declared the past year its "Year of the Environment," and used this designation as a unifying vehicle for activities promoting public awareness of environmental issues. St. Lucia has moved the responsibility for environmental activities from lower levels of government to the Office of the Prime Minister. St. Kitts has incorporated concern for environmental preservation into land use rules in the area opened by the new South East Peninsula Road, which will serve as a model for future tourism development activities. RDO/C requests that LAC/DR reconsider the score of 4 assigned to the Eastern Caribbean for this indicator and recommends a score of 6.

Summary: The following table illustrates RDO/C's recommended ratings of performance indicators in the region as compared to LAC's rating:

RDO/C  
Eastern Caribbean Performance Indicators  
Summary

<u>Indicator</u>	<u>LAC Performance Rating</u>	<u>RDO/C Recommended Rating</u>
Macro Reform Program	9.0	10.5
Domestic Fin./Deficit	6.9	will update
Exchange Rate	10.0	same
Private Investment	2.4	4.2
Trade Regime	2.5	same
Market Pricing	3.5	same
School Enrollment	8.0	9.3
Infant Mortality	1.0	5.5
Contraceptive Prev.	1.9	will update
Environment	4.0	request LAC review
Democratic Commitment	20.0	same
<u>Total Rating</u>	<u>69.2</u>	<u>78.3</u>
<u>Overall Performance Ranking</u>	<u>6</u>	<u>5</u>

Table II

**ROD/C COUNTRY IMPACT MATRIX**  
**PROGRAM PERFORMANCE INDICATORS**

OBJECTIVES	INDICATORS	BASELINE DATA			ACTUAL	PROJECTED	
		FY 1976	FY 1980	1985-1988		1989	1990
1. Strengthen the Private Sector	No. of small enterprises receiving credit under AID projects.	NA	NA	1749	1080	760	835
	Direct employment created or sustained annually under AID projects	NA	NA	7856	1674	1500	1500
2. Promote exports (including supporting infrastructure and Structural Adjustment)	Value of diversified agricultural exports (supported by all programs)	NA	7055	19112	21150 1/	26444	29910
	Public sector savings as a % of GDP						
	Antigua	2.4	4.0	5.03/ 5.1	5.5	6.5	6.5
	St. Kitts/Nevis	NA	5.4	-7.1 -0.4	1.0	1.5	2.0
	Dominica	-3.5	-16.8	-2.5 3.9	4.2	4.5	4.5
	St. Lucia	1.8	4.3	6.3 9.5	10.2	10.2	10.7
	St. Vincent	-2.8	-2.8	6.8 8.5	9.2	9.2	9.2
Grenada	-1.9	-0.3	2.5 3.8	2.5	3.0	4.0	
3. Improve Educational Opportunities	Improved utility service through: - person months of training utility personnel	NA	NA	NA	186	400	400
	Miles of roads built/rehabilitated	NA	NA	67	9	8	6
3. Improve Educational Opportunities	No. of persons receiving job specific training under AID projects	NA	NA	4752	2216	1360	1396
	Male	NA	NA	2476	1703	897	941
	Female	NA	NA	236	41	101	26
	No. of persons receiving formal education under AID projects	NA	NA	292	39	77	24

Table II

**RD/DC COUNTRY IMPACT MATRIX  
PROGRAM PERFORMANCE INDICATORS**

OBJECTIVES	INDICATORS	FY 1975	BASELINE DATA		PLANNED 1989	ACTUAL 1989	PROJECTED	
			FY 1980	1985-1988			1990	1991
4. Strengthen Democratic Institutions	Improved access to substantive law by:							
	- Establishment of stocked/staffed libraries	0	0	-	-		3	4
	- Adoption of modernized codes	0	0	-	-		3	4
5. Increase access to Social Services	Improved access to court administered justice by:							
	- Renovation of courts						8	4
	- Establishment of on-going judicial education program						4	2
	- Modernized registries						2	5
	No. of women receiving family planning services as a percentage of all women of reproductive age	NA	NA	18.8	20.4	19	20.9	22
	Percentage of population with basic knowledge of HIV transmission and means to avoid infection	NA	NA	NA	25%	24.5%	40%	60%
	No. of small community infrastructure units built/rehabilitated	NA	11	164	55	37	35	35 2/

1/ Estimated based on preliminary FY 89 figures only

2/ Projection based on continuation of BNTF project

3/ Figures include only 1985-1988 percentages. World Bank Data.

C. COUNTRY IMPACT PERFORMANCE NARRATIVE

Objective: Strengthen the Private Sector

Commercial bank credit windows have traditionally been shut for small enterprise borrowers in the Eastern Caribbean. We are measuring the viability of the RDO/C designed alternative credit windows, under our SEAP and IPED projects, through the number of microfirms receiving credit under these two projects. Credit demand by small firms was strong during FY 1989. The performance of our indicator, 30 percent over target, reflects the ability of the mechanisms we have established to respond to small enterprise credit needs.

Our goal of creating or sustaining 2,000 jobs through our portfolio was not quite reached. We believe the actual figure of 1,674 to be more than satisfactory, as our original projection was based on an assumption that has proved unrealistic, namely, underestimation of the length of the gestation period for manufacturing firms. ECIPS is only two years old, and the 27 new business starts or expansions it has engendered have not yet achieved their full employment potential. When these firms, and other investments in the ECIPS pipeline, become "mature" enterprises, employment created will be greater. A suggestion of the employment creation power within our portfolio can be seen through ECIPS, the AID-cofinanced investment promotion office, alone. In its first two years, ECIPS has made 674 investor referrals, which have resulted in 95 investor visits so far, 27 new business starts or expansions (with 11 more in the pipeline). We count ECIPS as responsible for 450 new jobs.

Objective: Promote Exports (including Supportive Infrastructure and Structural Adjustment)

RDO/C is assessing the impact of Eastern Caribbean efforts to diversify agricultural export production by tracking the aggregate value of the most important nontraditional export products. Our portfolio influences the movement of this indicator. For example, in March RDO/C authorized the \$5.0 million Agricultural Research and Extension Project (AREP), to provide the region with technology and transfer mechanisms necessary to expansion of nontraditional exports. The centerpiece of our agricultural diversification strategy is the \$6.2 million West Indies Tropical Produce Support (TROPRO) project, authorized in September. The Organization of Eastern Caribbean States requested these two projects, coinciding with their creation of an Agricultural Diversification Unit headquartered in Dominica. Other components of our portfolio organize small farmer cooperatives, provide extension services to cocoa producers, maintain clear fruit fly status, and in general contribute to the upward trend in the production and export of diversified agricultural products.

Fiscal performance by the Eastern Caribbean countries has improved over the decade, aided by strong rates of GDP growth and favorable banana prices. We will continue to track the public sector savings indicator during the Action Plan period as a gauge of sound fiscal performance.

RDO/C has not yet formulated an indicator for the tourism sector, because our tourism initiatives were nearly all postponed from FY 1990. Should we move

ahead as planned with the tourism components of our portfolio in FY 1991, we will develop a measure of the impact of the tourism sector on regional foreign exchange earnings.

RDO/C supports the export objective by financing infrastructure projects in the region. One indicator measures improvements in provision of service by utilities. Our target for person-months of training was surpassed by more than 100 percent. There were also qualitative achievements in our assistance to improve regional utilities. Under the Regional Utility Maintenance (RUM) project, the Caribbean Electric Utilities Services Corporation (CARILEC) was incorporated in Barbados. RDO/C has made a further grant directly to the Corporation, and training activities under RUM continue.

Our other infrastructure-related indicator is miles of road constructed and rehabilitated. During FY 1989, the spectacular six-mile St. Kitts Southeast Peninsula Road was completed and opened to traffic. The actual figure falls short of our projection, however, due to delays in executing the St. Vincent agricultural feeder road element of our infrastructure portfolio, resulting from contracting and equipment problems.

The indicators we chose do not take into account other infrastructure areas where progress has been made, in some cases through collaboration with other donors. The Frequente Industrial Park in Grenada has been completed and is now fully occupied by light manufacturers - mainly from the United States - who are taking advantage of CBI trade provisions. Design of a smaller industrial estate near Grenville was completed. The Industrial Development Corporation is now soliciting bids for development of basic infrastructure for the park, and the CDB has authorized funds for factory shell construction. Under the St. Vincent project, funds have been authorized for development of a water supply system for the Diamond Industrial Park. Other elements of the industrial estate activity are being financed by CIDA and the CDB.

RDO/C believes that gains in export earnings from tourism and nontraditional exports are tied to preservation of the islands' environments. An environmental indicator of water quality will be included in next year's Action Plan, by which time RDO/C will have completed collection of baseline data. Water quality is the most important and most easily measurable environmental indicator pertinent to the island states. For this reason, we are evaluating the feasibility of measures such as pesticide residues and E coli counts. Our portfolio will be increasingly directed toward addressing environmental concerns with the obligation of the new Environment and Coastal Resources (ENCORE) project this year. We are already active in the environmental area. For example, as part of the Southeast Peninsula Road project in St. Kitts, RDO/C was instrumental in encouraging the Land Development Board to insure that tourism development in the road's area of influence conforms to the environmental guidelines of the country's land use management plan.

Objective: Improve Educational Opportunities

The Mission established targets, disaggregated by gender, for the numbers of persons receiving job-specific and formal training under AID projects. All of the targets were met for FY 1989, and some were surpassed by a large degree.

RDO/C's three education and training projects and the Small Enterprise Assistance Project (SEAP) all contributed to our performance under these objectives.

Disaggregating a bit further gives a greater sense of the significance of our performance to the Eastern Caribbean. Through FY 1989, the Regional Nonformal Skills Training Project trained over 2,700 out-of-school youth and placed over 2,200 of them in jobs. This project has made a significant contribution to the Eastern Caribbean in helping countries to address the difficult problems of high youth unemployment and its related social consequences. That the mechanism adopted fully responds to labor force needs of the private sector is further evidence of the importance of RDO/C's particular comparative advantage in promoting development which is private sector-led. By the end of FY 1989, all six participating countries had assumed full responsibility for management of the project.

Under the Presidential Training Initiative for the Islands Caribbean (PTIIC) project, 72 scholars were trained in the U.S. Forty-six departed for undergraduate training in the United States in the areas of agriculture, business, economics, education (including teacher training), engineering, hotel management, mathematics, statistics and public administration. In addition, short-term technical training programs were arranged for 26 public and private sector officials in the areas of performance auditing, airport management, techniques in demography, personnel management, labor force characteristics, middle management, and entrepreneurial management.

#### Objective: Strengthen Democratic Institutions

RDO/C has modified its indicators from last year's Action Plan in order to more directly measure democratic strengthening. The Mission continues to support improvement of the region's legal system through provision of technical expertise to revise laws, through financial assistance for some court structural rehabilitation, and through training of legal personnel. RDO/C believes that measurement of improved access to substantive law and to court-administered justice best represent how our portfolio contributes to strengthening Eastern Caribbean democratic processes. Regional legal systems are being fortified through two RDO/C projects, the Caribbean Justice Improvement Project (CJIP) and the Caribbean Law Institute (CLI).

RDO/C is addressing the question of access to substantive law through programs to improve law libraries. We have concentrated on identifying and upgrading law library facilities in the six OECS countries and Belize. The objective is to provide each of these countries, the primary beneficiaries of CJIP, with a central law library freely accessible to members of the legal profession and the public at large.

For laws to be accessible, they must be updated and available in printed form. Under CJIP, existing laws are being revised. At the commencement of the project, all of the beneficiary countries had laws which had not been revised for periods of up to twenty years. At the present time, four of seven beneficiary countries are revising their laws. For three of these countries, revision activities will be completed

in 1990. The remaining four are expected to complete their revisions in subsequent years.

RDO/C is seeking improved access to court-administered justice in the Eastern Caribbean. One way to measure improvement is through progress in rehabilitating courts. At the inception of CJIP, the consensus was that the system of justice in the Eastern Caribbean, while comparable to any common law region of the world in terms of its procedural refinements, suffered from the inadequate maintenance of court facilities. Under CJIP, a concerted effort has been made to redress the poor physical state of both Supreme and Magistrates Courts within each beneficiary country. RDO/C can report substantial progress in this area so far. We expect that eight courthouses in the seven beneficiary countries will be fully renovated by the end of 1990, and renovation of four others is expected in 1991.

Another avenue for improving court-administered justice is through judicial education. Under CJIP, RDO/C has provided funding for the training of judges in specialized legal areas pertaining to the efficient performance of their duties on the bench. A Judicial Education program has been established under CJIP, and the first training course for judges - held in 1989 - focused on sentencing principles. An additional four training courses for judges will take place in 1990, and two in 1991.

The final indicator listed relates to modernization of court registries. The court registry in each beneficiary country is the chief repository of all records relating to the efficient administration of court justice. At the initiation of the project, it was realized that all the registries in the beneficiary countries needed assistance in the streamlining and upgrading of their operations capabilities. The operations of two registries in Antigua and Dominica will be improved in 1990, with another five registries to be upgraded in 1991.

#### Objective: Increase Access to Social Services

The three indicators of progress in the social service area selected by the Mission relate to contraceptive prevalence, construction of small-scale infrastructure projects, and AIDS public awareness. The Mission's targets for the three indicators were met or exceeded.

Family planning activities undertaken under the Population and Development project over the past several years have been a primary factor in the dramatic increases in contraceptive prevalence rates in the Eastern Caribbean - from about 35 percent in the early 1980's to 55 percent in 1989. This year, the Caribbean Family Planning Affiliation (CPFA) has increased its ability to serve its twenty-one affiliates in the Caribbean. With technical assistance, CPFA began to institute a management information system with seven of its affiliates and has employed and trained a systems manager to ensure its viability. Work has begun with the OECS governments to approve a uniform data collection instrument for family planning information which will then become part of a region-wide data base. During the year, plans were activated to

develop the first private sector family planning/child care facility on an industrial park in the Eastern Caribbean. While the project is financing start up costs for the facility, sustainability of the operation will be co-financed by employer and employee contributions.

In the health sector, the AIDS Communications and Technical Services (ACTS) project laid the groundwork for tracking the Action Plan indicator of ensuring that by project completion, a minimum of 75 percent of the adult population has correct information about the modes of AIDS transmission and the behaviors which can reduce an individual's chances of contracting the human immunodeficiency virus (HIV). Of primary interest in the first year of programming is collection of baseline data on the knowledge, attitudes, behaviors and practices (KABP) of the general population and special target audiences. A model KABP questionnaire was developed by AIDSTECH and AIDSCOM and introduced to participating governments at a regional workshop in December 1989. The questionnaire is being pretested in each OECS country, and will be implemented in early FY 1990.

### III.

#### NEW PROGRAM INITIATIVES

##### A. Overview

New Project Descriptions (NPDs) are provided for activities covering the period FY 1990- 1992. These are:

<u>FY 90:</u>	Regional Management Training (Amendment)
<u>FY 91:</u>	Small Enterprise Assistance II (New) Structural Adjustment Reform - Dominica and Grenada (Amendments) Privatization in the Environment (New Performance Fund)
<u>FY 92:</u>	Population and Development II Health Resources Management

As a result of the ESF cut in FY 90, RDO/C has had to reconfigure its approach to several new starts which were proposed in last year's Action Plan. To avoid too high an OYB-to-mortgage ratio, the Mission decided not to go ahead with ECIPS in FY 90, but rather, to request an extension of the IPED project in 1990 within the current authorized ceiling. Similarly, it is our intention to extend the Regional Management Institute Pilot Project rather than create a new start in FY 1990. Close management of our pipeline allows us to maintain the mutual reinforcing aspect these projects provide to the overall program.

To put the proposed changes in the proper context, the following summary reviews NPD decisions from last year's Action Plan for those activities which were impacted by the ESF cut.

REVIEW OF RELEVANT FY 90 NPD DECISIONS

<u>PROJECT</u>	<u>DECISION</u>	<u>STATUS</u>
Structural Adjustment Support	PID to AID/W	Due to OYB cut, project deferred to FY 91. (See NPD)
ECIPS	DOA for Mission to approve and authorise PID and PP	Due to OYB cut, existing IPED project should be amended to continue limited support within existing authorized level. A cabled PACD extension request to AID/W is pending. (FY 90 action. No NPD required.)
Regional Management Institute	PID to AID/W	Due to OYB cut, Management Pilot Project should be amended to continue training and address institutionalization. (FY 90 action.)
Environmental Management Support	Draft PID to AID/W	PID to be forwarded to AID/W in March for FY 90 start.
Regional Tourism Management	DOA to Mission deferred pending review of LAC tourism policy	LAC tourism policy issued in January 1990. Mission awaiting DOA to develop/approve project. Due to ESF cut, this activity is deferred until FY 91. (No new NPD required.)
Grenada Infrastructure IV	DOA to Mission to amend IEMS PP and authorization	Due to OYB cut, project deferred to FY 1991. (See NPD)
CLDT	DOA to Mission to approve PP following AID/W review of SIF	Due to OYB cut, low initial funding to accommodate priority for doing both PTIIC and CLASP plus initiating development training in FY 90. SIF to be forwarded to AID/W in March. (No NPD required).

NEW PROJECT DESCRIPTION

Project Name and Title: Regional Management Project

Project Number: 538-0148 (Amendment)

Project Funding (\$000):

FY 90	\$ 455 (G)
FY 91:	\$2,071 (G)
FY 92:	\$2,071 (G)
LOP:	\$5,000 (G)

Functional Account: Education and Human Resources Development (EHRD)

Project Goal: To promote broad-based economic growth by strengthening the private sector's ability to contribute to increased services.

Project Purpose: To support the establishment of the Center for Management Development at the University of the West Indies/Cave Hill Campus which will provide management education, training and consulting services to the private sector in the Eastern Caribbean.

A. Major Development Problem to be Addressed: Private sector development in the Eastern Caribbean requires a continuing effort to improve the efficiency with which businesses are managed and to overcome the lack of initiative and competitiveness among managers. A study financed by RDO/C in 1985 (An Assessment of the Need for Management Training and Development in the English-speaking Caribbean) identified very substantial and urgent needs for specialized training of owners and top managers of existing enterprises. According to the study, a substantial number of opportunities for existing industries to experience quantum productivity increases are being missed because of lack of entrepreneurial and managerial skills among present owners and senior managers. The study also revealed that, even when top managers possessed the requisite skills, many opportunities could not be fully realized due to the insufficiency of complementary skills at the middle management level. Not much has changed since that study was completed.

Presently, owners of factories and hotels, investors in agriculture and utilities, and businessmen constantly complain about the lack of capable managers and supervisors. Public sector organizations, many of which impact directly on the private sector, also operate at a low level of efficiency due to the shortage of competent managers. The proposed project amendment will seek to address this constraint.

B. Project Description: This Project amendment will benefit from, and build on, the achievements of the initial Pilot phase. It will be based on the major recommendations of the final evaluation report.

The Project will:

1. Establish a Center for Management Development at UWI/Cave Hill to (a) develop relevant instructional materials and case studies; (b) develop, deliver and/or organize innovative management courses/seminars which respond to the specific needs of the Eastern Caribbean private sector; (c) undertake research and consulting for individual firms for fees at market rates; (d) identify and/or arrange for consultancy services required by clients in areas where the UWI staff and staff of the Center do not have a comparative advantage.
  2. Deliver high quality management training programs in a more cost-effective manner than was achieved under the Pilot.
  3. Strengthen the undergraduate BSc degree program and graduate courses offered by the Management Studies Department of the UWI/Cave Hill.
  4. Upgrade the teaching and consulting capability of the management education and training staff of the UWI/Cave Hill.
- C. Impact on Women: The principal project beneficiaries will be (1) senior and middle managers and supervisors of large and medium size businesses in the OECS countries, (2) owners and managers of small businesses, (3) managers of public sector operations which affect private sector development and (4) the UWI/Cave Hill and its management education and training faculty as well as students in the Department of Management Studies. Indirect benefits will accrue to a large cross section of the population of the Eastern Caribbean countries through (1) new employment which will result from new and expanded businesses, (2) more efficient public sector operations, and (3) improved management course offerings at UWI.

As is the case in most developing and developed countries, managers and management trainers in the region are predominantly men. In this Project, special effort will be made to identify and encourage the participation of women who initiate their own businesses, who have become managers or who are management trainers. Additionally, as the numbers of women in the Eastern Caribbean who obtain university level education are relatively higher than in many developing regions, women are expected to benefit from the upgrading of management course offerings at UWI.

- D. Implementation Arrangements: UWI will continue to be the Grantee for the project, but the Center of Management Development, a semi-autonomous institution within the framework of the UWI/Cave Hill, will be designated the implementing agency. The Center will be governed by a Board of Directors comprised of a majority of private sector representatives. A core administrative support unit will be recruited locally to direct operations of the Center. Additional short-term technical assistance will be provided by U.S. and regional specialists.

E. Tentative Financial Plan (\$000):

Administrative Costs	1,000
Management Training	1,500
Institutional	
Strengthening	2,500
<u>TOTAL</u>	<u>5,000</u>

F. Sustainability: (See Annex II.)

G. Conformance with Agency and Bureau Policies: This project amendment will support two of the four pillars of overall AID strategy - support for the private sector and institution building. The project will provide extensive opportunities for involvement of the private sector. Support from the private sector will increasingly contribute to meeting the recurrent costs of the Center for Management Development. Policy guidance will be provided by a Board of Directors with significant private sector representation. During project design, opportunities will be explored for procurement of Gray amendment firms in support of this project.

H. Relationship to Mission Strategy: The Regional Development Strategy (RDSS) for the FY 1990-1994 period has private sector-led development at its core. The broad objective is to stimulate economic growth throughout the Eastern Caribbean by developing a mutually-reinforcing set of vital, viable and sustainable private sector and private-sector-supporting institutions and governmental policies. The proposed Project amendment will directly support this objective by developing a viable management services capability in the region which will address development needs both in the private sector and some areas of the public sector.

I. Relationship to Host Country and Other Donors: Regional training institutions are currently seeking ways to respond to the demonstrated demand for modern management training at various levels. Private sector commitment to contributing to the cost of such training programs was evidenced in the level of fees paid during the pilot phase of this project. Demand for management training has also been evidenced in other AID-supported projects such as the Small Enterprise Assistance and PTIIC projects. Several key training institutions have formed a consortium to address this problem and are seeking assistance from other donors to help meet this demand.

J. Policy Dialogue Agenda: The principal policy issue is encouraging the UWI to reorganize its Department of Management Studies and the proposed CMD to be responsive to the needs of the regional private sector. This is a prerequisite to ensuring sustainability of the CMD and to enhancing within the region's private sector the image of the quality of both BSc and graduate students from the Department.

K. Potential Issues: Issues to be addressed during project design will include: (1) verifying financial viability of the CMD, (2) ensuring that the CMD functions as a semi-autonomous institution responsive to private sector needs, (3) reducing the cost of training by developing cost-effective training mechanisms. (See Annex II for a discussion of these issues and a preliminary financial analysis of the project's sustainability.)

NEW PROJECT DESCRIPTION

Project Name and Title: Small Enterprise Assistance II (NEW)

Project No: 538-0178

Functional Account: PSEE; ESF

Project Funding (\$000):

FY 91	\$2,000	(\$1,000 PSEE, \$1,000 ESF)
FY 92	\$2,000	(\$1,000 PSEE, \$1,000 ESF)
LOP	\$7,500	(\$5,500 PSEE, \$2,000 ESF)

Project Goal: Increase levels of employment, income, productivity and economic growth in the Eastern Caribbean countries by assisting in the development of privately owned productive enterprises.

Purpose: To increase the ability of local entrepreneurs to establish, expand, or increase the efficiency of their micro, small, and medium-scale enterprises which produce and sell their goods and services in the local, regional, and extra-regional markets.

- A. Major Development Problem to be Addressed: The economies of the Eastern Caribbean islands are still characterized by high rates of unemployment, sustained fiscal deficits and worsening terms of trade. Many problems and constraints face the private sector in the OECS countries. These range from finance, security, and unfavourable government policies, to limited domestic markets, novelty of private enterprise and entrepreneurial experience. Key constraints relate to finance, the shortage of business and market skills and creation of an environment conducive to new investment (both local and foreign) and to business development. The proposed project will continue to alleviate the problems of scarce finance for start ups and expansions of small, medium and micro enterprises as well as enhance the skills necessary for success in business.
- B. Project Description: The proposed project builds on the achievements of the current SEA Project. It will be implemented in the seven countries making up the Organisation of Eastern Caribbean States (OECS). A June 1989 evaluation of SEAP confirmed a positive impact on employment and productivity resulting from the micro-sector activities and the provision of technical assistance to small and medium enterprises.

Over the life of the project 3,776 jobs have been created or sustained with 40% of those jobs filled by women. Productivity increases have resulted from in-plant consultancies and training workshops which provided "hands-on" training in the application of simple technologies. Other types of assistance have taken the form of marketing outreach within the region and strategic business planning helping entrepreneurs to plan for the future.

This project will provide:

- (1) Grants to National Development Foundations (NDFs) for the provision of credit and business guidance to small, medium and micro businesses.
- (2) Technical assistance and training to small and medium enterprises using consulting firms and private consultants.
- (3) Institutional support to the Caribbean Association of Industry and Commerce and national private sector institutions such as NDFs, Chambers of Commerce and Manufacturers Associations.

C. Impact on Women: The project will benefit businesses of all sizes, but particularly small, medium and micro businesses and national institutions providing credit and technical assistance to them. Efforts will be made to increase women beneficiaries in the OECS beyond the achievements (28% loan recipients and 33% job beneficiaries) of SEAP.

D. Implementation Arrangements: The proposed project will be implemented through the current grantee (CAIC) and national level private sector institutions. A Grant Agreement will be executed authorizing CAIC to manage project funds and giving it responsibility for the attainment of project objectives. The Regional Coordinating Unit (RCU) which was established within CAIC to manage SEAP will remain in place and continue to provide daily administration of the proposed project. CAIC will also ensure that AID procedures and regulations are adhered to while the national level institutions will be concerned with delivery of project services to ultimate beneficiaries.

E. Tentative Financial Plan (\$000):

Administrative cost	1700
Technical Assistance and Training	1950
Credit	3400
Institutional Development	450
Total	<u>7500</u>

F. Sustainability: The 1989 LBII evaluation indicated that the prospect of the NDFs sustaining combined credit and development services (counselling and technical assistance) on a cost recovery basis is impossible. Experience to date indicates that the sustainability gap approximates the cost of providing the counselling and T.A. service. Thus, if the role of the NDFs is limited solely to financing, sustainability may be attainable.

The proposed project will strive to make the NDFs sustainable as far as their loan operations are concerned by determining the level of capitalization required for such and continuing to build the base.

Since the T. A. and training will be "brokered" and not delivered by existing national private sector institutions, the issue of sustainability of the delivery mechanism is not being addressed in this project. The objective of the proposed project is to further demonstrate to small and medium enterprises

that they can benefit from timely and appropriate TA and training. It is anticipated that this demonstration will lead to a willingness by emerging SMEs to finance necessary TA&T. Such an expectation is supported by the June 1989 evaluation which states, "Because putting a structure of support services for SMEs in place has improved recipients' performance and energized entrepreneurial motivation, it has started to create its own market."

- G. Conformance with AID Policy and Bureau Policies: The policy states that it is particularly important in advancing the goal of broad-based economic growth, specifically, increasing incomes of the poor, providing opportunities for advancement of micro-entrepreneurs, and encouraging indigenous investment. The program's objective is to help people with limited or no access to capital achieve a level and quality of business activity that will permit increased access to formal financing and technical services and increase productive employment and incomes.
- H. Relationship to Mission Strategy: RDO/C Private Sector Strategy is aimed at greater equity through widespread participation in the region's economic growth. It recognizes that increased productivity, entrepreneurial and managerial skills as well as viable private sector institutions are vital for a vigorous private sector. The project directly targets these strategy objectives.
- I. Relationship to Host Country and Other Donors: Most of the Governments in the region have enacted regulations favorable to private sector development in recent years. Over the past five years, the (Canadian International Development Agency (CIDA) and the Inter American Development Bank (IDB) have complemented AID's lead role of assistance to the small, medium and micro sectors. We shall maintain dialogue with these donors with a view to having them continue to complement our program.
- J. Policy Dialogue Agenda: CAIC's policy advocacy role is now widely recognized within the region and by continuing to support this institution USAID will be able to have its own policy concerns brought to the attention of the private and public sectors in the region.
- K. Potential Issues:
  - (1) Should ESF not be available, the project will have to be cut back to a single activity which could be implemented at the level of \$1m PSEE on an annual basis.
  - (2) During development of the PID, examination of innovative approaches to the sustainability of the NDFs will be done.
  - (3) Examine other donor activities in the field.

NEW PROJECT DESCRIPTION FOR PERFORMANCE FUND

Project Name and Title: Privatization and the Environment: A Demonstration Program for the Eastern Caribbean.(New)

Project Number: 538-0180

Project Funding (\$000): FY 91: \$3,000 (G)  
LOP: \$6,000 (G)

Functional Account: PSEE, HEALTH, ARDN

Project Goal: To reduce environmental degradation and to enhance tourism development in selected Eastern Caribbean countries.

Project Purpose: To establish efficient and environmentally sound private sector operated solid waste collection and disposal systems in selected countries of the Eastern Caribbean

- A. Major Development Problem to be Addressed: St. Lucia and other OECS countries are facing a major environmental and health problem because of inadequate collection practices and poorly situated solid waste dump sites. Although the problem has resulted from years of neglect, a solution is needed in the near term. Continued dumping has contaminated mangrove tide waters which have affected the quality of beaches and water oriented recreation of nearby hotels. However, there are no immediate remedies without substantial donor assistance. Given the history of poor waste management in the Eastern Caribbean, the situation that confronts St. Lucia is typical of current solid waste systems in OECS countries. The development issue to be addressed by this project is that of privatization of an inefficient governmental service and the integration of environmental safeguards into service system design.

The inability of governments to effectively deal with solid waste collection and disposal is not only creating public health problems, but is also causing considerable environmental degradation. Although governments have traditionally carried out waste collection and disposal, they have failed to maintain adequate services and failed to adequately consider the potential for environmental degradation and the consequent adverse effect upon tourism. Since there is little user fee support for the government service, the quality of service and maintenance is at the mercy of the budgetary process. Activities under the proposed project will be designed to address these problems.

- B. Project Description: The need by the Government of St. Lucia and other OECS governments to remedy its poorly functioning system and to reduce environmental degradation in tourism areas provides an opportunity for RDO/C to advance the feasibility of privatizing operations of the solid waste system. If St. Lucia agrees, then there is the potential for demonstrating to other Eastern Caribbean countries, such as St. Vincent and Dominica, that privatization is worth considering. The project will encourage formation of private enterprises franchised by governments to operate solid waste collection and disposal systems.

The Center for Privatization will be asked to perform the initial survey of and valuation of assets. Other possible Center activities include performing a feasibility study of the potential for profitable privatization in selected OECS countries. If appropriate, a business plan for the proposed private enterprise will be prepared and with government concurrence, the enterprise will be established. Solid waste management plans will be developed during project design. The project also includes: closure of existing dump sites; establishment of new, environmentally sound sanitary landfills; construction of road access to new sites; establishment of an effective vehicle maintenance program; initiation of recycling programs; public education; enforcement; and technical assistance and training.

- C. Impact on Women: In addition to many employment opportunities, improved systems will positively effect the health and living conditions of the general population, including women.
- D. Implementation Arrangements: The initial (demonstration) phase of the project will be carried out under a bilateral grant agreement with the Government of St. Lucia. The implementing agency will be either the Ministry of Health or a newly created Sanitation Services Authority. Legislation defining regulations and standards for setting user fees for franchise management will be developed as one element of the project if privatization is feasible. A technical assistance contract will be executed to cover system design for St. Lucia and other selected OECS countries. A buy-in through the Center for Privatization will be used for analyses and plans for privatization. Subsequent phases involving other East Caribbean countries will generally follow these arrangements.

E. Tentative Financial Plan (000):

Commodity Procurement	\$2,600.
Construction Services	\$1,750.
Technical Assistance and Training	\$ 750.
Community Education	\$ 250.
Enforcement Monitoring	\$ 250.
Project Management	\$ 400.
TOTAL	\$6,000.

- F. Sustainability: Through a buy-in, the Center for Privatization will be asked to examine options for system privatization and possible organizational and financing structures for private operation. Studies will determine rate structures so that sufficient fee revenue will be generated to cover administration, operating and maintenance costs and profit.
- G. Conformance with Agency and Bureau Policies: Project activities will be carried out by public, private and private voluntary organizations. Opportunities for Gray Amendment procurement will be explored during project design.
- H. Relationship to AID Strategy Objectives: AID's strategy in the Eastern Caribbean is to further tourism development and create long-term private sector development with a sustainable natural resource base. In St. Lucia, AID's strategy is to assist in the development of a dynamic tourism sector. The potential for long-term private sector growth is conditioned on the strength of tourism. The proposed project will improve the natural environment and enhance the investment climate for tourism development.
- I. Relationship to Host Country and Other Donors: The Government of St. Lucia continues to emphasize the need to improve its environment and to expand the economic base of tourism. It continues to search for additional tax revenues in order to provide the infrastructure support for tourism sector development. Privatization is a likely vehicle for transferring the cost of providing solid waste services from general revenue to system users. In addition to AID assistance, other donors continue to finance major infrastructure improvement projects. The EEC has financed port improvements; CIDA has financed water supply activities; and the CDB has funded a variety of infrastructure improvement projects, including highway rehabilitation.
- J. Policy Dialogue Agenda: The project will encourage development of environmental legislation focusing on the disposal of solid wastes, including recycling activities. The project will also encourage privatization of publicly provided services.
- K. Potential Issues: Issues to be addressed during project design include (1) determining feasibility for privatization, (2) selection of an environmentally sound method of disposing of solid wastes, (4) ensuring system sustainability, and (6) ensuring system maintenance and operation.

NEW PROGRAM DESCRIPTION

Program Title: Grenada Structural Adjustment (including IEMS Small Activities Fund Subproject)

Program Number: 538-0141.05  
538-0138

Program Funding: FY 91: \$1,000 (G)  
(\$000) FY 92: \$1,000 (G)  
LOP: \$3,835 (G)

Functional Account: Economic Support Fund (ESF)

Program Goal: To encourage basic structural reforms leading to rapid and sustained growth.

Program Purpose: To assist Grenada to adopt policy improvements to stimulate growth in the private sector, especially in the tourism sector, including policies related to provision and maintenance of tourism infrastructure and development of backward linkage industries.

- A. Major Development Problem to be Addressed: Grenada's tourism sector is beginning to take off. Three large new hotel projects are in their early stages, and a U.S. air carrier is initiating regular service from the U.S. The next few years will be critical for Grenada to successfully increase the scale of its tourism industry.

At the same time, the course of future macro management is uncertain, as the country is about to hold national elections. Under the Blaize government, Grenada was unable to solidify a macro program to limit fiscal deficits, reduce the size of government and free public sector resources for investment. Large levels of U.S. assistance in the years following the intervention mitigated the need for difficult reforms. Now the need to adopt sounder economic policies and entering into a Tight Consultative Group arrangement with the IMF is becoming more urgent for Grenada.

- B. Program Description: The program will work on both the wider macro level and the sector level in order to improve the policy framework underpinning the tourism sector in Grenada. While the tourism sector is the primary interest of the program, we recognize that, without a supportive macro environment and the resources potentially available from the international agency community, sectoral growth will be impeded.

Program funds will be used for two categories of expenditure. First, the local currency generations from a cash transfer portion will be used to provide public sector budget support to finance non-recurrent expenditures relating to tourism development. We envision that these expenditures could range from feasibility studies for proposed infrastructure investments, to small capital projects themselves. RDO/C will also give consideration to providing support to non-recurrent costs relating to

tourism promotion. The means of providing support will be an annual ESF cash transfer each fiscal year to be predicated on adoption of concrete sectoral policy improvements identified during program design, plus the existence of an acceptable macro program leading to a TCG relationship for Grenada.

The remaining portion of program funds will be projectized by RDO/C for construction of small-scale tourism-related infrastructure to be jointly identified by the GOG and RDO/C and obligated through the IEMS project. These could include construction of water and sewerage systems, road rehabilitation and port facilities. The initiation of the projects will be conditioned on the same policy agenda whose adoption will trigger disbursement of the cash transfer.

- C. Impact on Women: The program will have a neutral impact on women.
- D. Implementation Arrangements: The program will be divided into two parts for implementation purposes. A Handbook 4 cash transfer, with local currency assigned as sectoral budget support, will be the mode of implementation for approximately half of the grant funds. For the small-scale infrastructure component under IEMS, implementation will be through normal Handbook 3 procedures. The implementing agencies will be Grenada's Ministry of Finance and an appropriate public sector agency relating to infrastructure related to tourism.

E. Illustrative Financial Plan (LOP):

<u>Cash Transfer/Sectoral Budget Support</u>	\$2,000,000
<u>Small-Scale Infrastructure</u>	\$1,835,000
Commodity Procurement	\$1,200,000
Construction Services	\$ 435,000
Training/Technical Assistance	\$ 200,000
<u>Total</u>	\$3,835,000

- F. Sustainability: The question of sustainability is central to policy issues the U.S. would like to raise with the new Government of Grenada. These are, on the macro side, the tendency to deficit, repeated public sector need to "crowd out" loanable funds available to the private sector, and excessive dependence of the tax system on the external sector. These policy weaknesses, if uncorrected, will cause Grenada difficulty in financing publicly provided infrastructure and will constrain growth in the tourism sector. At the sectoral level, policy improvements are also needed to stimulate development of tourism and related services and industries. While policy improvements are key to long run sustained growth in the tourism sector, support to infrastructure gives a boost in the short term and is helpful in raising high level attention to policy issues. When the program is completed, the Grenada economy will be better equipped to manage and benefit from the increased tourism arrivals and the resultant demand for local products and services.

- G. Conformance with Agency and Bureau Policies: The program will be designed in full compliance with relevant Bureau and Agency policies on tourism, cash transfers, local currency, and infrastructure projects.
- H. Relationship to AID Strategy Objectives: The RDSS for 1990-1994 introduced a new focus on tourism, in light of that sector's importance in the Eastern Caribbean. Tourism sector development is envisioned as part of RDO/C's focus on helping the region to diversify its sources of foreign exchange earnings, and to save foreign exchange through backward linkage production of inputs to sectors such as tourism. The proposed project is a key component of our strategy of helping the Eastern Caribbean to reduce its dependence on foreign exchange earnings from just a few traditional products.
- I. Relationship to Host Country and Other Donors: The Government of Grenada has actively supported development of its tourism sector. Other donors are working with Grenada to upgrade roads, water supply and sewerage. Improvement of the policy environment, however, is a necessary corollary to infrastructure and promotional activities.

Adoption by Grenada of a comprehensive macroeconomic restructuring program has been an issue with the CGCED donor countries for several years. The policy dialogue agenda to be pursued under this program will be coordinated with the CGCED.

- J. Policy Dialogue Agenda: The program will seek policy improvements to increase public sector savings, improve tax structure and administration, and reduce the size of government. Policy reforms related to tourism development will be identified during the design phase.
- K. Potential Issues: The Government of Grenada has, in the past, made only partial progress in adopting needed policy reforms. RDO/C recommends that the proposed program be tightly linked to acceptable policy performance.

The uncertain outlook for ESF allocations to RDO/C puts our ability to finance this program in question. If we receive no ESF, we will scale the program back to include only the small infrastructure component and reduce the scope of the policy dialogue agenda (assuming sufficient DA is allocated to RDO/C to enable us to DA-fund the reduced size program.)

NEW PROGRAM DESCRIPTION

Program Title: Dominica Structural Adjustment

Program Number: 538-0141.06

Program Funding: FY 91: \$1,200 (G)  
(\$000) FY 92: \$1,200 (G)  
LOP: \$2,400 (G)

Functional Account: Economic Support Fund (ESF)

Program Goal: To encourage basic structural reforms leading to rapid and sustained growth.

Program Purpose: To assist Dominica to adopt policy improvements to stimulate growth in the agriculture sector, including policies related to provision and maintenance of infrastructure.

- A. Major Development Problem to be Addressed: During the past several years, Dominica has participated in a multi-donor structural adjustment program undertaken under the auspices of the TIGHT Consultative Group. The U.S. provided a bilateral balance of payments support program to support Dominica's policy reform agenda. The Government of the Commonwealth of Dominica (GOCD) adopted policies to reduce the burden of the public sector wage bill on recurrent revenues, to take initial steps toward privatization of the water company and to intensify investment in road maintenance. Dominica's performance under its macroeconomic program has been positive, particularly the achievement of higher levels of public sector savings.

RDO/C will direct the proposed two-year cash transfer program toward additional policy progress in these areas, plus the adoption of policy reforms relating to the agriculture sector, including environmental preservation. The key direction of the program will be adoption of policies to accelerate diversification of agriculture away from bananas, whose future viability as the top foreign exchange earner is clouded by the economic policy changes to surround the unification of European markets in 1992. Bananas have a special and privileged status within Dominica's national agricultural policy, a situation which creates an unintentioned discouragement to investment in nontraditional export crops. Another policy problem seen in many countries is that trade and tax concessions for manufacturing unwittingly bias production against export of nontraditional agricultural products. During design, RDO/C will evaluate if Dominica's industrial and trade policy has a negative impact on its nontraditional agriculture sector. The purpose of sectoral policy reforms sought under the program will be to retilt the policy table so that incentives are more level for all economic activities.

- B. Program Description: The Dominica Structural Adjustment Program will be a Handbook 4 cash transfer, whose agreement will condition disbursements on concrete progress toward specific policy reforms.

The specific policy agenda will be developed during program design, in consultation with the consultative group. Local currencies will be programmed as sectoral budget support for infrastructure needed for growth in the agriculture sector.

- C. Impact on Women: The program is anticipated to have a neutral impact on women. Nonetheless, as there are potential implications for women of shifts within the agriculture sector to different crops, the Mission will analyze potential impacts on women as part of program design.
- D. Implementation Arrangements: A bilateral grant agreement will be signed with the GOCD Ministry of Finance. The Ministry of Finance and an agency of the GOCD active in agricultural diversification to be selected during program design will be designated program implementing agencies.
- E. Tentative Financial Plan (LOP):

<u>Cash Transfer/Budget Support</u>	<u>\$2,400,000</u>
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- F. Sustainability: The intent of the program is to promote an export base that is sustainable and growing without dependence on subsidized international trade arrangements.
- G. Conformance with Agency and Bureau Policies: The program design will adhere to all Bureau and Agency guidelines pertaining to cash transfers, sector programs, local currency, and agricultural development.
- H. Relationship to AID Strategy Objectives: AID's strategy in Dominica is to assist that country to diversify its production and expand its export base. The proposed program will be the cornerstone of our strategy.
- I. Relationship to Host Country and Other Donors: Other donors are active proponents of policy reform in Dominica, through their participation in the CGCED and the Tight Consultative Group. This program will be the U.S.'s major contribution to the multi-donor effort.
- J. Policy Dialogue Agenda: Policy commitments will center on the GOCD's maintenance of sound public finance and expenditure policies, as well as actions to improve the agriculture policy framework by revising policies which give undue advantage to traditional export crops and to sectors other than agriculture.
- K. Potential Issues: If RDO/C does not receive ESF in FY 1991, this program will be deleted.

NEW PROJECT DESCRIPTION

Project Name and Title: Population and Development II (NEW)

Project Number: 538-0179

Project Funding: FY 92 430 (DA)  
(\$000) LOP: 5,000 (DA)

Functional Account: Population DA

Project Goal: To improve the sustainability and effectiveness of population planning and family planning service delivery.

Project Purpose: To support sustainable program management, targetted service delivery improvements, and the introduction of demographic analysis tools for economic development planning through the Caribbean Family Planning Affiliation.

- A. Major Development Problem to be Addressed: During a decade of family planning and population programming assistance several primary objectives have been achieved. These include developing an awareness of the impact of population growth on development, introducing family planning service delivery throughout the public sector health system, and strengthening the management systems of the private voluntary family planning associations. Despite these successes, the job has not yet been completed. Signs indicate that the demographic transition has begun in some Eastern Caribbean countries, e.g., Barbados and Antigua, however others are still facing problems of higher fertility levels which are commensurate with their development plan. The never-ending "brain drain" of nurses--who are still the major providers of family planning services--to better jobs in the United States has left all countries with severe gaps in trained human resources to continue these programs. Finally, given the large under 15 and over 65 cohorts, many of the Caribbean countries face significant and rapidly growing dependency ratios.
- B. Project Description: The project will consist of training and technical assistance for sustainable program management, targetted service delivery improvements, and the introduction of demographic analysis tools for economic development planning. The Project will support on-going institutionalization efforts by strengthening the demography and program development skills of the Caribbean Family Planning Affiliation based in Antigua. The Project will build on the experiences of Population and Development I and extend the private sector provision of family planning/social services to additional countries. To streamline costs and improve accessibility to family planning products and services, the project will introduce state-of-the-art research and data analysis technologies for (1) development and implementation of "rapid" contraceptive prevalence and KAP surveys, (2) identification and

Monitoring of demographic trends, and (3) assessment of policy reform requirements. In policy dialogue with the Ministries of Health they will be encouraged to absorb ever increasing proportions of the costs of contraceptive commodities.

C. Impact on Women: Family planning programs are inherently beneficial to women. Accessibility to family planning services has created demonstrated advantages for the health of women and their children. Additionally, accessibility to contraceptives and the control over fertility which it allows has led to enhancements of economic opportunities for women.

D. Implementing Arrangements: The Caribbean Family Planning Affiliation will continue to play a dominant role in the upgrading and enhancement of family planning and population services in the region. Linkages with the International Planned Parenthood Federation/Western Hemisphere Region and U.S. based organizations will also be explored for targeted assistance where appropriate. A USDH employee in the Health, Population and Education Office will retain overall responsibility and supervise a PSC who will perform day-to-day monitoring.

E. Tentative Financial Plan (\$000):

Administration	\$ 750
Technical Assistance	2,000
Training	1,250
Equipment, Commodities	<u>1,000</u>
Total	\$5,000

F. Sustainability: USAID's strategy for ensuring sustainability of population programming in the region focuses on strengthening the training expertise of indigenous institutions such as the Caribbean Family Planning Affiliation and the encouraging participation (co-financing) by the private sector for family planning services.

G. Conformance with Agency and Bureau Policies: This project will foster sustainability of family planning expertise in the region and promote further accessibility to specially targeted high risk groups in conformance with Agency policy.

H. Relationship to Mission Strategy: The RDSS focuses on economic growth which will require careful attention to demographic realities and population policies. This project will (1) promote the private provision of family planning services, (2) address the means of maximizing the accessibility of targeted populations to participate in this strategy, and (3) seek to ensure that demographic trends are factored into the economic development strategies promoted during the RDSS period.

I. Relationship to Host Country and Other Donors: Caribbean countries are experiencing critical but varied demographic problems. As the major contributor to population/family planning programs in the region for several years, USAID has a long history of collaborative working relationships with governments and NGOs involved in issues related to

population. Other donors, (UNFPA, CIDA and UNICEF) play very marginal roles in the provision of programming in the region. Proposed activities complement the limited roles played by other donors and are dynamically supportive of the goals of national population policies.

- J. Policy Dialogue Agenda: Encouraging cost-sharing by the private sector of the financial burden of providing family planning service delivery and full integration of population planning in national economic development plans.
- K. Potential Issues: One area of sensitivity may be determining the appropriate level of involvement of family planning associations in AIDS activities so as not to dilute their very critical family planning/birth spacing messages.

NEW PROJECT DESCRIPTION

Project Name and Title: Health Resources Management

Project Number: 530-0181

Project Funding (\$000): FY 92: \$ 200 (G)  
LOP: \$ 3.000 (G)

Functional Account: Health

Project Goal: To reduce the burden of health service delivery in the public sector

Project Purpose: To promote more efficient use of public health resources by improving the management and administration of health services.

A. Major Development Problem to be Addressed: The countries of the Eastern Caribbean have made significant strides in the provision of health care to their populations over the last several decades. As with other public health systems worldwide, Ministries of Health (MOHs) are grappling with ever escalating health services costs and the geometrically increasing demands on their health systems as a result of the AIDS epidemic. Caribbean governments already spend more on health care (12-16% of public sector budgets) than most other countries around the world thus there is little hope that a significant level of additional funding will be forthcoming to meet these growing demands. Governments recognize the critical necessity of making health care delivery more efficient and cost-effective.

B. Project Description: This project will build on pilot demonstration activities funded by this Mission over the last five years to promote more efficient use of health resources through cost containment activities and alternative financing mechanisms. These activities, along with the Mission-funded Regional Pharmaceuticals Management Project, have demonstrated to the governments both the potential for savings through improved management and administrative systems and the need for collaborative assistance over a longer term to facilitate institutionalization of such new systems.

The principal components of this project include medium and long term technical assistance to improve personnel management, financial planning, cost tracking, and service delivery. Short-term training opportunities will be available to upgrade the planning, management and implementation skills of senior health care providers. In-country training at other administrative levels will be conducted in support of enhanced service delivery practices. Activities will focus on hospital systems for two reasons. First, as the largest draw on health resources (up to one third or more of MOH recurrent cost budgets), improvements to hospital systems can result in significant savings; savings which can then be applied to gaps in the primary health care delivery system. Second, the project will be carried out in coordination with a multilateral donor-financed construction project under which it is anticipated that one or two hospitals will be built. This project will deliver the systems management component for these new structures providing them at a time which will be politically most acceptable.

C. Impact on Women: Health service improvements directly affect women because their access to such services is not barred.

D. Implementation Arrangements: The project will buy into the centrally funded Health Care financing project and bilateral agreements will be signed by host country governments.

E. <u>Tentative Financial Plan</u> :	(\$000)
Technical Assistance	2,180
Training (in-country and third-country)	600
Commodities (e.g., microcomputers)	220
	<u>3,000</u>

F. Sustainability: The project is designed to strengthen existing health delivery institutions rather than to establish new ones. The sustainability of the improved management, administrative and financial systems will be a function of (1) how appropriate the new systems are to the Caribbean setting, (2) how skillfully they are designed and taught, and (3) how committed the government is to maintaining the revised protocols and procedures. The progress of the Mission-funded Regional Pharmaceuticals Management Project clearly illustrates the success and savings which can be achieved.

G. Conformity with Agency and Bureau Policies: The project is consistent with the approved Mission strategy of reducing the burden of social service delivery in the public sector by increasing cost-effectiveness of resources management and encouraging cost containment. U.S.-based training efforts will be coordinated with RDO/C training programs.

H. Relationship to AID Strategy Objectives: AID's strategy is to help public health systems monitor costs and apply cost recovery principles wherever possible.

I. Relationship to Host Country and Other Donors: This project complements other donor activities directed toward improvements to the primary health care systems by focusing on an area in which the United States has a relative comparative advantage, i.e., advanced management technologies for health systems and resources. As noted above, the project will coordinate closely with planned multilateral infrastructure construction activities. Resource management and health systems improvement have been identified as important components of the Caribbean Cooperation in Health, the PAHO initiative which has been overwhelmingly endorsed by all Caribbean governments.

J. Policy Dialogue Agenda: The project will encourage institution of certain fees for services.

K. Potential Issues: Issues to be addressed during project design will include developing strategies that link quality in health care services to fees and promote public acceptance of this concept.

IV. RESOURCE REQUIREMENTS

A. Program Funding

This FY 91-92 Action Plan period furthers the RDO/C's intensive four year effort to streamline management units and consolidate what had been a \$250.0 million portfolio. RDO/C will meet the USDH target of 22, set by last year's Action Plan by eliminating one USDH position through attrition. Similarly, the Mission reduced its management units by five (5) and thus met the target of 29 set in last year's Action Plan.

In FY 1990, the Mission had planned to phase out nine projects and planned seven new starts: Regional Management Institute, Caribbean Leadership and Development Training, Eastern Caribbean Investment Promotion Services, Sector Reform (Dominica and Grenada), Regional Tourism Management, and Grenada IV - Infrastructure and Expanded Maintenance. Due to the deletion of ESF from the FY 1990 Program and a reduction in the DA level, the number of new starts for FY 1990 has been reduced from seven to two projects: Caribbean Leadership Development and Training Program, and Environment and Coastal Resources Management.

The new starts for FY 91 are Small Enterprise Assistance and structural Adjustment Reform as well as those projects deferred from FY 90, Regional Tourism Management, Grenada IV - Infrastructure and Expanded Maintenance. Given the volatility of funding and a view to maintaining mortgage ratios that will allow the Mission to meet its future commitments, RDO/C plans only two new starts for FY 92: Population and Development II, and Health Resources Management. It is important to understand that the deferred projects represent a key portion of the program resources required to implement the RDSS.

RDO/C is firmly committed to the implementation of the RDSS; we believe that it offers a well thought out and realistic plan for profoundly affecting the development of the Eastern Caribbean. We are convinced that we will be able to influence leaders in the region to provide the environment in which the private sector will play a more central role in the economies, to shift emphasis away from traditional crops and to encourage both tourism and manufacturing as necessary pursuits to ensure the economic well being of their countries. However, in order for them to consider AID as a partner in their development process, it is imperative that it be viewed as a dependable and reliable organization. The OYB for 1990 has been drastically reduced; we can adjust to that by short funding projects and delaying starts on new commitments. This cannot go on for long however before our staying power, trustworthiness and dependability is questioned. Therefore, if we intend to provide leadership in economic development in the region and if we intend to complete our commitment to Grenada, we urge the Agency to allocate our projected level of \$27.664 Million for both 1991 and 1992.

Resource Levels (E.Caribbean)

	FY 1990	FY 1991	FY 1992
DA	18,604	17,664	17,664
ESF	-0-	10,000	10,000
PL480	-0-	-0-	-0-
TOTAL	18,604	27,664	27,664

Dollar Program by Functional Account  
(\$000)

PROJNO	PROJECT TITLE	F/T	FY90	FY91	FY92
<b>AGRICULTURE, NUTRITION AND RURAL DEVELOPMENT</b>					
	CONTROL LEVEL		8,922	6,514	6,514
538-0000	PD&S	G	208	200	200
538-0140	HIGH IMPACT AGR. MKTG. & PROD.	G	3,264	3,318	1,316
538-0163	WEST INDIES TROPICAL PRODUCE/SUPPORT	G	1,100	1,400	1,400
538-0164	AGRICULTURAL RESEARCH & EXTENTION	G	800	1,044	1,044
538-0171	ENVIRONMENTAL & COASTAL RESOURCES	G	1,000	552	2,500
538-0175	HURRICANE HUGO - REHABILITATION	G	552	—	—
538-0652	BONT TICK	G	—	—	54
Subtotal - ARDN			6,922	6,514	6,514
(LOAN)			0	0	0
(GRANT)			6,922	6,514	6,514
<b>POPULATION AND PLANNING</b>					
	CONTROL LEVEL		1,126	900	900
538-0000	PD&S	G	40	90	40
538-0039	POPULATION & DEVELOPMENT	G	323	239	0
538-0173	CLDT	G	537	571	430
538-0175	HURRICANE HUGO - REHABILITATION	G	226	—	—
538-0179	POPULATION & DEVELOPMENT II	G	—	—	430
Subtotal - POPULATION			1,126	900	900
(LOAN)			0	0	0
(GRANT)			1,126	900	900
<b>HEALTH</b>					
	CONTROL LEVEL		1,161	900	900
538-0000	PD&S	G	70	70	70
538-0161	AIDS/COMM	G	759	830	630
538-0175	HURRICANE HUGO - REHABILITATION	G	332	—	—
538-0181	HEALTH RESOURCES MGMT	G	—	—	200
Subtotal - HEALTH			1,161	900	900
(LOAN)			0	0	0
(GRANT)			1,161	900	900

Dollar Program by Functional Account  
(\$000)

FROJNO	PROJECT TITLE	F/T	FY90	FY91	FY92
<b>AIDS</b>					
	CONTROL LEVEL		800	800	800
538-0161	AIDS/COMM	G	800	800	800
Subtotal - HEALTH			800	800	800
	(LOAN)		0	0	0
	(GRANT)		800	800	800
<b>EDUCATION AND HUMAN RESOURCES</b>					
	CONTROL LEVEL		5,408	4,450	4,450
538-0000	PD&S	G	162	50	50
538-0073	REGIONAL NON-FORMAL SKILLS	G	642	--	--
538-0148	REGIONAL MANAGEMENT TRAINING	G	455	2,071	2,071
538-0165	CARIBBEAN LAW INST.	G	1,500	--	--
538-0173	CARIBBEAN LEADERSHIP DEV TRAINING	G	860	1,829	2,329
538-0176	HURRICANE HUGO - REHABILITATION	G	90	--	--
538-0640	PRESIDENTIAL TRNG INIT-ISL CARIB	G	1,700	0	0
538-0645	CARIBBEAN JUSTICE IMPROVEMENT	G	--	500	--
Subtotal - EDUCATION			5,408	4,450	4,450
	(LOAN)		0	0	0
	(GRANT)		5,408	4,450	4,450
<b>ENVIRONMENT &amp; ENERGY</b>					
	CONTROL LEVEL		3,186	4,100	4,100
538-0000	PD&S	G	100	100	100
538-0005	SPEC DEV ACTIV	G	340	300	300
538-0119	INVESTMENT PROMOTION & EXPORT DEV	G	637	433	400
538-0133	SMALL ENTERPRISE ASSISTANCE	G	1,109	--	--
538-0138	IEMS - CORE	G	500	300	300
538-0138	IEMS - STV INF	G	--	567	--
538-0138	IEMS - REG UTIL	G	500	500	1,000
538-0172	REGIONAL TOURISM MGMT	G	--	500	1,000
538-0178	SMALL ENTERPRISE ASSISTANCE II	G	--	1,000	1,000
538-0645	CARIBBEAN JUSTICE IMPROVEMENT	G	--	400	--
Subtotal - ENVIRONMENT & ENERGY			3,186	4,100	4,100
	(LOAN)		0	0	0
	(GRANT)		3,186	4,100	4,100
Subtotal - DA			18,604	17,664	17,664
	(LOAN)		0	0	0
	(GRANT)		18,604	17,664	17,664

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RDO/C SUMMARY PROGRAM FUNDING TABLE  
 Dollar Program by Functional Account  
 (\$000)

16-Feb

PROJNO	PROJECT TITLE	F/T	FY90	FY91	FY92
<b>ECONOMIC SUPPORT FUND</b>					
	CONTROL LEVEL		0	10,000	10,000
538-0000	PD&S	G	—	200	200
538-0005	SPEC DEV ACTIV	G	—	250	250
538-0103	BASIC NEEDS TRUST FUND	G	—	1,000	1,350
538-0138	IEMS - GND WASTE	G	—	1,000	1,000
538-0138	IEMS - EVAL	G	—	350	—
538-0141	STRUCTURAL REFORM - DOM	G	—	1,200	1,200
538-0141	STRUCTURAL REFORM - GND	G	—	1,000	1,000
538-0172	REGIONAL TOURISM MGMT	G	—	2,000	2,000
538-0173	CARIBBEAN LEADERSHIP DEV TRAINING	G	—	2,000	2,000
538-0178	SMALL ENTERPRISE ASSISTANCE II	G		1,000	1,000
<b>Subtotal - ESF</b>			<b>0</b>	<b>10,000</b>	<b>10,000</b>
	(LOAN)		0	0	0
	(GRANT)		0	10,000	10,000
<b>P.L 480 SEC. 416</b>			<b>0</b>	<b>0</b>	<b>0</b>
	(LOAN)		0	0	0
	(GRANT)		0	0	0
<b>RDO/C PROGRAM TOTAL</b>			<b>18,604</b>	<b>27,664</b>	<b>27,664</b>
	(LOAN)		0	0	0
	(GRANT)		18,604	27,664	27,664

### Mortgage Analysis

A review of the Summary Funding Table demonstrates the degree to which the Mission split-funds its projects. This approach to funding allows RDO/C to meet its development objectives despite the constraints imposed by functional accounts. For example, CLDT is funded from POP, PSEE and ESF. Small Enterprise Assistance Project is funded from PSEE and ESF.

Mortgage Analysis-Table I shows projected mortgages assuming the mission receives approximately \$28 million in combined DA and ESF funding in FY 90 and 91. Any reductions in ESF funding in FY 91 and FY 92 below the \$10 million level must be absorbed by funding from other accounts or the project activities have to be dropped from the portfolio.

Mortgage Analysis-Table II clearly demonstrates the dramatic impact that the elimination of ESF would have on the mission portfolio and the mortgages for FY 91 and 92. RDO/C believes that a \$28 million OYB in FY 91 and FY 92 (i.e. through straight-lining of DA and a resumption of ESF) is the minimum we can accept if our RDSS strategy is to remain intact.

Our belief that the \$28 million level is the absolute minimum requirement is based on the following considerations:

- . Eastern Caribbean States have cooperated fully and wholeheartedly in joint narcotics interdiction activities.
- . The security interests of Grenada will depend on the forthcoming elections and continued support of its fragile democracy.
- . The strategic importance of preventing erosion in the Caribbean perception of U.S. commitment to the region despite geopolitical changes elsewhere.
- . The economic efficiency with which our Eastern Caribbean neighbors absorb and utilize their ESF allocations.

RDO/C MORTGAGE ANALYSIS - TABLE I  
FISCAL YEAR 90-92

02/18/90

FUNC ACC	FISCAL YEAR 1990			FISCAL YEAR 1991			FISCAL YEAR 1992		
	EXPEND	OBLIG	MORTG	EXPEND	OBLIG	MORTG	EXPEND	OBLIG	MORTG
FN MORTGAGE \ OYB	6145	6922	21909 3.17	8004	6514	15595 2.39	7790	6514	9281 1.42
FN MORTGAGE \ OYB	1159	1126	1240 1.10	1670	900	430 0.48	1825	900	4570 5.08
HE MORTGAGE \ OYB	1949	1161	3134 2.70	603	900	2304 2.56	998	900	4500 5.00
AIDS MORTGAGE \ OYB	375	800	3105 3.88	400	800	2305 2.88	1000	800	1505 1.88
EH MORTGAGE \ OYB	6122	5408	13236 2.45	6172	4450	8836 1.99	6600	4450	4436 1.00
SD MORTGAGE \ OYB	8565	3186	3900 1.22	5394	4100	9700 2.37	3440	4100	6000 1.46
ES MORTGAGE \ OYB	5341	0	10650 —	6050	10000	25850 2.59	4600	10000	16300 1.63
RDO/C TOTAL MORTGAGE \ OYB	29656	18603	57174 3.07	28293	27664	65020 2.36	26253	27664	46592 1.66

RDO/C MORTGAGE ANALYSIS - TABLE II ( Assuming no ESF funding )  
FISCAL YEAR 90-92

02/18/90

FUNC ACC	FISCAL YEAR 1990			FISCAL YEAR 1991			FISCAL YEAR 1992		
	EXPEND	OBLIG	MORTG	EXPEND	OBLIG	MORTG	EXPEND	OBLIG	MORTG
FN MORTGAGE \ OYB	6145	6922	21909 3.17	8004	6514	15595 2.39	7790	6514	9281 1.42
FN MORTGAGE \ OYB	1159	1126	1240 1.10	1670	900	430 0.48	1825	900	4570 5.08
HE MORTGAGE \ OYB	1949	1161	3134 2.70	603	900	2304 2.56	998	900	4474 4.97
AIDS MORTGAGE \ OYB	375	800	3105 3.88	400	800	2305 2.88	1000	800	1505 1.88
EH MORTGAGE \ OYB	6122	5408	13236 2.45	6172	4450	8836 1.99	6600	4450	4436 1.00
SD MORTGAGE \ OYB	8565	3186	9285 2.91	5394	4100	24435 5.96	3440	4100	20735 5.06
ES MORTGAGE \ OYB	5341	0	0.00 —	6050	0	0 0.00	4600	0	0 0.00
RDO/C TOTAL MORTGAGE \ OYB	29656	18603	61909 2.79	28293	17664	59605 3.05	26253	17664	45001 2.55

B. SUPPORT RESOURCES

Staff Resources

While management efficiencies will continue through portfolio consolidation and the limiting of the new starts in FY 92, staffing requirements remain fixed due to the "core" staff needed to design and monitor a regional program like RDO/C. RDO/C has made important progress in reducing staff to the core level required to oversee this unique regional program.

STAFF REDUCTION TABLE

	FY 88	FY 89	FY 90	FY 91	FY 92
USDH	25	23	23	22	22

Note: The above table does not reflect the additional staff reduction borne by the Mission with the departure of a PASA who carried a full time load in the development and implementation of the Private Sector strategy.

\* \* \* \* \*

The concept of core staff is a function of the uniqueness of the Eastern Caribbean Program. RDO/C serves as a bilateral mission to six primary and seven secondary beneficiary countries. Since these countries are separated by water, RDO/C staff must fly when visiting the host governments and client states. In addition, site visits for one regional project can involve trips to six countries. As a result, the RDO/C technical officers spend a relatively high percentage of their time in travel status. A related feature of the area is the relatively high cost of travel- particularly the per diem.

While bilateral missions may make institutional building commitments to one or two institutions, RDO/C, furthering its regional integration objective, has made these commitments to twelve in order to achieve regional objectives. In addition, the coordination requirements involving six embassies (Barbados, Antigua, Grenada, Guyana, Trinidad and Tobago, and Surinam) increase the communication burden of U.S. policy and actions in the region.

RDO/C has also made a substantial effort to transfer implementing responsibilities to regional organizations and host country implementing agencies as an integral part of the core staffing concept. In many cases we have been able to rely upon these agencies for most of the implementation actions; in others a project advisor has been hired by the project to assist. We are therefore left frequently with a situation where a very few direct hire employees are supervising the implementation of numerous projects. The very attainment of this efficiency leaves us extremely vulnerable if reductions in the core staff were to become a reality.

A wide diversity of project types further complicates the management of the Caribbean region. The OECS islands require assistance for upper tier development problems. Along with Jamaica, they may represent the most sophisticated clientel in their stated needs for export promotion and marketing assistance, credit infrastructure, environmental planning and training for tourism. At the same time, RDO/C remains involved with a human

rights project in Suriname. Guyana requires specialized RLDC-type assistance, and is the only country in RDO/C's jurisdiction requiring a PL-480 Program. To deal with the urgent needs of Guyana, including a newly developed ESF Program, two project development officers, two agriculture officers, two financial officers, one economist and the Deputy Director have regularly committed significant amounts of their time to the detriment of the Mission's principal developmental mandate in the Eastern Caribbean.

Hurricanes pass through the Caribbean regularly. RDO/C recently provided multiple, simultaneous, disaster assistance to Dominica, St. Kitts, Nevis and Montserrat in the aftermath of Hurricane Hugo. Time dedicated to donor coordination, field assessments and the delivery and supervision of actual assistance has required significant contributions from three engineers, one program officer, one project development officer, two agriculture officers, two controller staff members, and the Director. Rehabilitation efforts can be expected to continue through our agriculture and infrastructure programs through FY 1991. These unplanned occurrences are not calculated into RDO/C staffing needs.

In conclusion, the hidden but very real staff requirements imposed by development program diversity, the number of separate states to cover, the coordination and institution strengthening burden, and the so-called "temporary," non-recurring, off-budget, off-RDSS types of prolonged activities make the maintenance of a core staff essential to the effective management of the RDO/C portfolio.

#### Operating Expenses - FY91 - RDO/C

Over the past several years, Mission management has recognized the critical importance of controlling OE expenditures and has met each of its staff and management reduction targets over the RDSS period. Between FY88 and FY90, RDO/C has reduced USDH positions from 25 to 22. As a result, RDO/C is at its core staff level with an accompanying operational expense budget requirement of \$3.250 Million. Any downward revision of these OE needs will require us to make radical adjustments to our strategy and methods of operation.

At the FY91 \$3.250 million requirements level, there are no discretionary NXP purchases. In addition, costs for temporary lodging, living quarters, and education allowances have been estimated at well below potential entitlement levels. This approach carries a significant risk: if post receives staff that fully utilize their allowances, we could suffer a deficit of approximately \$90,000.

The proposed FY91 O.E. control level of \$3.1 million compels mission management to reduce future OE budget requirements and cut core staff. This is doubly difficult since RDO/C is faced with a special problem: FY91 requirements are significantly higher than the current year's for three basic reasons: a) FSN salaries recently increased 6% across the board; b) three additional personnel movements above the FY90 movements are scheduled, increasing temporary lodging and education allowance costs, and (c) four additional families will take home leaves during FY91.

If the Mission was forced to operate within the \$3.100 million level, RDO/C would have no choice but to consider dramatic staffing changes, especially in the area of core staffing. First, this would require a major reorganization to combine several staff offices. Secondly, other offices would be forced to sacrifice essential technical and support staff. In all, Mission would reduce USDH positions by 2 more (from 22 to 20), and FSN positions by 3 (DH & PSC combined). In addition, we would reduce operational travel by 30%.

The above actions would result in a FY91 savings of \$150,000 and would come at great cost in effectiveness of operations and staff morale. Although achievable, staff reductions of this magnitude will endanger our capability to adequately service our far-flung program and to satisfy the needs of the six Embassies in our region. Furthermore, severely restricting travel for conferences and information meetings will limit the ability of our officers to keep abreast of changes in Agency policies and procedures, current legislative issues and critically important global development issues. Finally, training attendance is a vital element of our staff development program and is required to achieve essential long-term management efficiencies.

#### Operating Expenses - FY92 - RDO/C

FY92 budget requirements of \$3.300 million are very similar to FY91 requirements and are supported by exactly the same arguments.

#### Operating Expenses - FY91 & FY92 - Guyana

The FY89 Internal Control Assessment identified the Guyana PL480 program as a major vulnerability for RDO/C. To control our exposure on this program, it is imperative that OE funding be provided at a level sufficient to maintain a resident US PSC, approximately \$140,000 (a separate Guyana allowance) in FY91 and FY92.

#### Program Uses Of Local Currency

Within the RDO/C portfolio, a variety of local currency programming modes are employed. For local currency deposits associated with ESF, our past strategy has been to allow the Governments of Grenada and Dominica - the two countries receiving cash transfer ESF - to assign local currencies to finance their development programs. In the current fiscal year, the FY 1989 Dominica ESF program will disburse, and the associated local currencies will again be programmed for general budget support.

In future years' ESF programs, RDO/C plans to switch to sectoral programming of associated local currencies, in order to support the sectoral tone of program policy discussions. In Dominica, local currency from ESF will be directed toward the agricultural sector, while in Grenada the sector focus will be tourism-related infrastructure.

In FY 1990, a Guyana ESF program was initiated. For the initial \$996,000 in ESF, a local currency deposit of up to ten percent will be requested for the AID OE trust fund. No additional local currency deposits will be required, in keeping with the larger objectives of the country's Economic Recovery Program. An FY 1991 ESF level of \$2.0 million has been requested for Guyana, and its associated local currency counterpart deposit is displayed in the following table, for illustrative purposes, as being divided among general budget support (90 percent) and an OE trust fund deposit (10 percent).

Guyana also receives PL480 assistance from the United States. FY 1990 is a transitional year for the program, with a proposed shift from Title I to Title II Section 206. In FY 1989, due to the increasing difficulty of managing projectized local currency in a country where there is no AID mission, RDO/C moved to a sectoral budget support mode for PL480 local currency programmed for the public sector. PL480 local currencies in Guyana also support a small business credit line through a private sector organization. Once the Guyana PL480 program is fully funded under Title II Section 206, we will retain the same strategy for local currency programming, with a portion for private sector programs and the rest for sectoral support to the public sector budget.

Food Aid Summary

Resource Levels (Guyana)

PL480	FY 1990	FY 1991	FY 1992
Title I	4,000	-0-	-0-
Title II Sec. 206	3,000	7,000	7,000
ESF	996	2,000	---

(a) Title I Program - Guyana

The Guyana Title I Program began in FY 1986, with subsequent agreements in 1987, 1988 1989 and 1990. The Program now totals US\$25,650,000, which is roughly equivalent to G\$520,000,000 including interest. Early management of the program was carried out by the U.S. Embassy in Guyana. AID/W added the Guyana Title I Program to RDO/C's portfolio in 1988. Since that time, monitoring of the program in RDO/C has been carried out by the Project Development Office and was recently shifted to the Agriculture and Rural Development Office.

In the FY 1986 and 1987 Memoranda of Understanding (MOUs), RDO/C and the Government of Guyana (GOG) programmed the local currency generations into 28 major projects valued at G\$73,122,000. Approximately 60% of this amount has been disbursed.

In February 1989, the GOG and the USG established an escrow account where GOG budget resources are deposited for supporting AID's to monitoring of the Title I Program. The initial deposit of G\$600,000 was used to hire an FSN professional for one year and to set up and maintain an AID PL 480 monitoring office in Guyana. Under the terms of the Escrow Account Agreement, RDO/C has asked the U.S. Embassy in Guyana to request the GOG provide incremental funding of G\$2.16 million to the Escrow Account for the period January 1 to December 31, 1990. These funds are essential to the continued operation of the small AID monitoring office in Guyana.

In September 1989, RDO/C contracted an OE-funded short-term U.S. PSC to assist with program monitoring in-country. It is uncertain whether RDO/C will have sufficient resources or will be able to find another qualified contractor who is willing to work in Guyana after the current contractor finishes his assignment on March 31, 1990.

RDO/C, in consultation with AID/W, the U.S. Embassy in Guyana, and the GOG, concluded earlier this year that the amount of local currency generations was too large to program in a projectized mode. Therefore, following Washington's guidance, RDO/C, and the Government of Guyana, signed a MOU on November 28, 1989 which programs new local currency resources as budget support for public and private sector budget support programs.

There are four public sector programs and one private sector program. The private sector program provides assistance to the Institute for Small Enterprise Development. The four public sector programs involve emergency relief to assist the poor who are being most seriously affected by the ERP, agricultural land drainage and irrigation, sea wall defense works, and rural roads construction and rehabilitation.

(b) Guyana Title II, Section 206 Program

In February 1990, RDO/C was requested to develop a Title II, Section 206 program to replace the current Title I program in Guyana. This change was recommended in order to not increase further the already heavy debt burden of the Guyanese Government. RDO/C has requested AID/W concurrence to program local currency under the Section 206 program in a manner similar to that described above for the Title I program. The compelling reason for utilizing this programming mode is to reduce the management burden and monitoring responsibilities in the absence of full-time direct-hire AID staff in Guyana. We have also requested guidance on whether a Section 206 program could provide a steady supply of wheat as normally assured under the present Title I program.

(c) St. Kitts and Nevis Section 416 Program

In 1986, as compensation for lost foreign exchange earnings due to a decrease in the sugar quota, the U.S. Government announced that it would donate food commodities to St. Kitts and Nevis. However, due to difficulties in working out suitable arrangements, it was not until early FY88 that an agreement was executed. The St. Kitts/Nevis was a one time programming event.

Under the Section 416 agreement of February, 1988, the U.S. Government granted 6,000 metric tons of wheat to the GOSKN. The wheat was shipped to St. Vincent for milling. Flour was subsequently shipped to St. Kitts and Nevis from St. Vincent in 100 lb. bags. The mills in St. Vincent retained a percentage of the flour as payment for milling, blending, etc. The flour was sold in the open market. Funds generated were committed to small infrastructure projects, including road improvement and water supply projects. A majority of these projects have been completed and the rest are in an advanced state of progress. All these projects were programmed during FY89 and FY90. No new projects are planned for FY91.

## V. MISSION ISSUES

1. RDO/C believes that the Eastern Caribbean countries of Antigua, Dominica, Grenada, St. Kitts/Nevis, St. Lucia and St. Vincent should be scored and ranked individually in the LAC performance ratings.

DISCUSSION: RDO/C strongly supports the concept of a LAC performance fund. It will strengthen our hand in policy discussions with each country's leadership if we can make a direct link between availability of bilateral project funding and their commitment to sound macroeconomic and development policy. In the years ahead, policy leverage will become highly important because of the many policy changes which will be needed if the Eastern Caribbean is to phase out dependence on banana and other commodity subsidies, whose future is uncertain.

Grouping the OECS countries together into one score not only weakens our ability to use the concept as an incentive to policy reform, but also mires us in a slough of methodological problems. What weights do we use? GDP, population, a straight average? different weights for each concept? What does the number mean when all the arithmetic is done? It is no wonder that LAC was unable to calculate accurate scores for the EC countries - compiling the composite score implies taking many arbitrary decisions, each of which has an implication for the outcome.

Methodological problems aside, the importance of a bilateral approach to the performance fund cannot be underemphasized. In the past, our effectiveness in negotiating policy reform with individual countries has been hampered by the perception that the distribution of assistance within the EC region has been on political grounds. The strong performance countries - St. Lucia, St. Vincent, for example - have had a lower profile within our program than their commitment to sound economic management and development progress would seem to warrant.

The Eastern Caribbean fears we are turning away. Considering these countries individually for the performance fund, and rewarding the most successful, will demonstrate that they are full partners in the U.S foreign assistance program. Of course, the individual countries' performance projects will be proportionately smaller than those for larger, more populous countries.

The Action Plan guidance groups the EC to calculate a rating, but then asks us to submit individual project descriptions for our performance fund activities. We think this is backwards. Even though we are asking that the EC countries be ranked separately, the performance fund project should cover all awarded countries and have a strong bilateral focus. Management constraints, and the small size of an individual country project, argue for grouping these activities instead of producing several PIDs and PPs.

2. Management of the Gryana program is growing ever more complex, and the drain on RDO/C resources is increasing.

DISCUSSION: RDO/C's responsibility for the Gryana program continues to grow in terms of staff time and management attention. The PL 480 program has been joined in FY 1990 by an ESF program. ESF has again been requested for Gryana

for FY 1991. The PL 480 program, which we recently made more manageable by shifting to a sector programming mode for public sector local currency, now has the potential to become more complicated with the shift from Title I to Title II Section 206. The inclusion of Guyana as a candidate country for Performance Funds suggests that a Guyana DA program is under consideration.

At present, a significant proportion of the Mission staff spends an inordinate amount of time on Guyana. The Guyana PL 480 program occupies an Agriculture Development Officer nearly full time, and takes part of the time of officers in the Controller, Project Development, and Program offices. The ESF program has required nearly half of the time of the Mission Economist during the past eight months. The Deputy Director also has a heavy Guyana workload in coordinating the ESF, PL 480 and other activities.

Much of the burden could be eliminated with the assignment of a USDH AID affairs officer to Georgetown. We understand the Agency's trend toward consolidation of programs and reduction in the number of field units. Nonetheless, LAC must recognize that there is now an on-going foreign assistance program in Guyana - and a very vulnerable one from the accountability standpoint.

### 3. RDO/C Can No Longer Afford to Introduce Bilateral Content into its Programs

The Mission Management Assessment noted that Eastern Caribbean Prime Ministers would welcome a greater bilateral focus in the RDO/C Program. Regional Charges d'Affaires reaffirm this sentiment as well as their need for ESF to promote policy dialogue. This is particularly true regarding our special relationship with Grenada (see Annex III, Action Plan Review Comments of Charge, Ford Cooper). In the current ESF-poor situation, RDO/C cannot afford to compensate for the lost ESF effect by funding bilateral efforts from DA without critically reducing RDO/C's support to regional institutions. The regional institutions RDO/C has invested in represent the vehicles we rely upon to ensure sustainability of AID's development effort.

### 4. RDO/C Needs Some Relief from Congressional Earmarking of DA

Fixed earmarks in reduced functional accounts, such as Education, exert a weighty effect on program dynamism. Two particular earmarks characterize this program drag, CLASP and Caribbean Law Institute.

Congressional intent regarding CLASP was focused on Latin American countries, yet RDO/C has consistently assumed a large proportion of the earmark on behalf of its commitment to helping the Bureau meet its targets. The FY 1990 reduction in the Education Account encroaches upon our ability to carry out the key education and training programs critical to our private-sector led growth strategy. Isn't the importance of CLASP diminished in light of events in Eastern Europe?

The Caribbean Law Institute (CLI) currently has a substantial pipeline. RDO/C calculates that current funding could support activities into FY 1996. We intend to call for an early mid-term evaluation which should lead both RDO/C and CLI to better agreement on objectives, an appropriate funding level, and a suitable grant completion date. This will need to be communicated to interested members of Congress who have been instrumental in earmarking funds in the past.

5. Request for an Update from the LAC Bureau regarding its Initiatives to pursue flexibility in the Foreign Assistance Appropriation

Last year, the Bureau, with PPC, was communicating with Congressional staff regarding the possibility of a special appropriation for Latin America and the Caribbean along the lines of the Development Fund for Africa. What is the status of this initiative? As more and more demands are made on the Foreign Assistance budget, RDO/C is also interested in knowing whether progress has been made regarding the elimination of functional accounts in FY 1991, and whether a functional account free appropriation can be expected in FY 1991.

FY 1990  
LOCAL CURRENCY UTILIZATION  
(\$000)

02/12/90

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL	1,400					
HG BUDGET SECTOR		3,000	2,250			
HG CONTRIBUTION TO AID PROJECTS						
HG CONTRIBUTION TO OTHER DONOR PROJ.						
HG MANAGED L/C PROJ. (GOVT OR PRIVATE)						
AID PROG TRUST FUND						
AID OE TRUST FUND	99					
SECTION 108						
OTHER		1,000	750			
<b>TOTAL</b>	<b>1,400</b>	<b>4,000</b>	<b>3,000</b>			
<b>B. CHANNEL FOR ASSISTANCE *</b>						
PUBLIC SECTOR	1,499	3,000	2,250			
PRIVATE SECTOR	0	1,000	750			
<b>TOTAL</b>	<b>1,499</b>	<b>4,000</b>	<b>3,000</b>			

\* Determined by organization primarily responsible for managing the local currency.

\*\*Section 206

Table refers to programs which will disburse during the fiscal year. For ESF, these are: FY 1989 Dominica - \$1,400,000 and FY 1990 Guyana - \$996,000. For the Guyana program, local currency is limited to the OE trust fund deposit. PL480 local currency is for Guyana.

FY 1991  
LOCAL CURRENCY UTILIZATION  
(S000)

02/12/90

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL	1,800					
HG BUDGET SECTOR	1,700		5,000			
HG CONTRIBUTION TO AID PROJECTS						
HG CONTRIBUTION TO OTHER DONOR PROJ.						
HG MANAGED LC PROJ. (GOVT OR PRIVATE)						
AID PROG TRUST FUND						
AID OE TRUST FUND	200					
SECTION 108						
OTHER			2,000			
<b>TOTAL</b>	<b>3,700</b>		<b>7,000</b>			
<b>B. CHANNEL FOR ASSISTANCE *</b>						
PUBLIC SECTOR	3,700		5,000			
PRIVATE SECTOR	Ø		2,000			
<b>TOTAL</b>	<b>3,700</b>		<b>7,000</b>			

\* Determined by organization primarily responsible for managing the local currency.

\*\*Section 206

Table refers to programs which will disburse during the fiscal year. For ESF these are: FY 1991 Dominica - \$1.2 million, FY 1991 Grenada (cash transfer portion) - 0.5 million, FY 1991 Guyana request level - \$2.0 million. PL480 local currency is for Guyana.

FY 1992  
LOCAL CURRENCY UTILIZATION  
(\$000)      \*\*

02/12/90

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL						
HG BUDGET SECTOR	1,700		5,000			
HG CONTRIBUTION TO AID PROJECTS						
HG CONTRIBUTION TO OTHER DONOR PROJ.						
HG MANAGED L/C PROJ. (GOVT OR PRIVATE)						
AID PROG TRUST FUND						
AID OE TRUST FUND						
SECTION 108						
OTHER			2,000			
<b>TOTAL</b>	<b>1,700</b>		<b>7,000</b>			
<b>B. CHANNEL FOR ASSISTANCE *</b>						
PUBLIC SECTOR	1,700		5,000			
PRIVATE SECTOR	0		2,000			
<b>TOTAL</b>	<b>1,700</b>		<b>7,000</b>			

\* Determined by organization primarily responsible for managing the local currency.  
\*\*Section 206

Tables refer to program which will disburse during the fiscal year. For ESF, these are: FY 1991 Dominica (second tranche) - \$1.2 million, FY 1991 Grenada (second tranche, cash transfer portion) - \$0.5 million. PL480 local currency is for Guyana

RDO/C'S FY 1991 COUNTRY TRAINING PLAN UPDATE

A. MISSION TRAINING OBJECTIVES

1. Participant Training in General

- (a) To build leadership skills;
- (b) to enhance the capability in the Eastern Caribbean to plan for balanced growth of the public and private sectors;
- (c) to increase the capability of countries in the region to effectively design and implement development projects;
- (d) to strengthen the private sector and increase the participation of women and the disadvantaged in business;
- (e) to improve institutional capability for education and human resource development; and
- (f) to build institutional linkages within the region and between the U.S. and the Eastern Caribbean.

2. Presidential Training Initiative for the Island Caribbean (PTIIC)

- (a) To increase the number of U.S. trained individuals from socially or economically disadvantaged populations, particularly youth and women, who exhibit leadership potential and who would not otherwise have the opportunity to obtain training in the United States;
- (b) to provide trainees with skills and knowledge which will help them perform their roles at home more effectively, especially those roles related to their nation's development;
- (c) to enable trainees to experience American life and the democratic process through participatory activities and relationships with American people and institutions, and to ensure that these relationships and experiences will continue to have an impact on trainees personal or professional roles after returning home;
- (d) to provide trainees with the knowledge and experiences to influence their own organizations and communities through acquisition of new technical skills and the motivation and enthusiasm to share their positive experiences and new ideas with others;
- (e) to reinforce gains made through training by promoting multiplier effects and by conducting follow-on activities;
- (f) to improve the education and human resource development capability of Caribbean nations through teacher training and training of educational administrators; and
- (g) to strengthen the private sector by increasing skills in the human resource base especially in businesses related to tourism, trade and agriculture.

**B. SUMMARY OF THE PRESIDENTIAL TRAINING INITIATIVE FOR THE ISLAND CARIBBEAN**

The PTIIC program in RDO/C seeks to direct scholarship opportunities to those with demonstrated leadership potential across a broad spectrum of academic and technical fields, with particular emphasis on those from socially/economically disadvantaged groups. While priority groups for inclusion in the PTIIC are tailored to the needs of each of the respective participating countries, the general focus of our program is on: primary and secondary teachers, youth leaders, private sector individuals, those individuals desiring training in areas vital to development, and individuals in ministries who have returned from Soviet Bloc training. Trainees are selected on the basis of economic need, scholastic aptitude, membership in a socially disadvantaged group, leadership potential and the development needs of the region.

Since the focus of the mission strategy is on promoting economic growth, a significant portion of our short-term training is targeted to the private sector. Many of these individuals do not meet the economically disadvantaged criterion, yet exhibit leadership qualities needed to foster private sector goals. The Mission built in flexibility to provide short-term technical training to private sector individuals who were moderately above the income cut off by determining that effective FY 1988 all long-term trainees selected for training would meet the socially/economically disadvantaged criterion. In this way the Mission maintained its minimum target of disadvantaged participants and met short-term training needs as well.

To date, RDO/C's PTIIC program has had four components: (1) long-term training (technical or academic), (2) short-term technical training, (3) teacher training, and (4) secondary school exchanges. Under the long-term training component, undergraduate scholarships are offered in the areas of agriculture, business, economics, education (including teacher training), engineering, hotel management, mathematics and statistics and public administration. The length of an undergraduate degree varies, depending on the credentials of the individual. Several of RDO/C's trainees have been able to complete a four-year degree in three years and in a few cases in two years. Undergraduate training is also provided to primary and secondary school teachers needing two or three academic years to earn undergraduate degrees. Short-term technical training is offered to the following groups of individuals: agriculturalists, journalists, mid-level managers, and public sector individuals. The teacher training component provided skills upgrading and enhancement to both primary and secondary school teachers. Under the secondary school exchange program, disadvantaged youth between the ages of 17-18, spend one year in a U.S. high school and live with an American host family as part of the American Field Service Scholarship Program.

Since the inception of the PTIIC program, short-term technical programs have been arranged for a total of 80 individuals. These include special group programs for journalists, agribusiness, private sector representatives and management training for mid-level public sector individuals. In summary, as of the end of FY 1989, RDO/C had provided long-term training to 178 individuals, short-term training to 80 individuals and specialized skills training to 264 teachers, a total of 522 trainees under the PTIIC program. For the duration of the project, the Mission projects training a total of 622 trainees, of which 228 will be long-term trainees.

C. COMPLIANCE WITH CLASP POLICY GUIDANCE

1. 40% Target for Women

As of September 30, 1989, 52% of the total PTIIC scholarships were awarded to women. At least 40% of the trainees remaining to be placed under the PTIIC project will be women and this percentage will be maintained under CLASP II.

2. 10% Placement in HBCUs

As of September 30, 1989, 66% of RDO/C's placements have been made at HBCUs, substantially exceeding the target. The Mission will meet the minimum of 10% HBCU placements with the remaining PTIIC scholars and under CLASP II.

3. 30% Long-Term Training

As of September 30, 1989, 34% of the Mission's trainees were long-term participants. Mission projections for the remainder of PTIIC indicate that the 30% target will be maintained.

4. Short-term Training

All short-term trainees spend at least 32 days in the United States, with the exception of 20 journalists who received training in FY 1987.

5. 70% Minimum for Disadvantaged

According to the FY 89 End of Year Report from LAC's Evaluation Contractor, Aguirre International, the Mission has awarded 92% of its scholarships to the socially/economically disadvantaged.

6. Experience America

Starting in 1987, the Mission instructed the placement contractor to ensure that each trainee was afforded the opportunity to "Experience America". Beginning in 1988, in order to emphasize the importance of Experience America to the overall success of the project and clarify the goals of that activity, we included specific language on Experience America in each PIO/P.

Experience has shown the Mission that effectively programming activities which ensure students' participation in the community and exposure to the democratic process involves both time and effort on the part of the university administration and faculty. Several institutions who are familiar with the Experience America requirement of CLASP, are offering specially tailored programs on a fee basis. One such institution is Florida A&M University (FAMU). Beginning in 1989, FAMU offered a special package of Experience America activities to USAID-sponsored trainees for \$200 per semester. The program as outlined by FAMU achieves all the Experience America objectives and will be sustained through follow-up activities. A staff member is

assigned to plan and administer all special programs and activities. Since FAMU is providing in-state tuition for all PTIIC scholars, RDO/C has agreed to pay this fee on a pilot basis. Even with this additional programming fee, however, FAMU's annual tuition is still very low. Based on information provided by our Contractor, the Academy for Educational Development (AED), FAMU is providing the promised activities. AED will continue to monitor the activities very closely to evaluate the benefits of paying for this service.

In May 1988 a four-day PTIIC Conference was held at the National 4H Centre in Maryland to enhance the leadership skills of scholars from all PTIIC participating countries. All long-term PTIIC scholars, Alumni Association Coordinators, PTIIC Coordinators and USAID representatives participated. Scholars were enthusiastic about the training and indicated that it provided everyone with a forum for open discussions and recommendations for improving implementation of the program.

In May 1989, RDO/C hosted a second annual scholars workshop at the University of Missouri-Columbia from May 22-27, 1989 for its scholarship students. The workshop theme was Community Development with emphasis on the needs of the Eastern Caribbean. The two goals of the meeting were to: (1) provide exposure to the role of community involvement/volunteerism in the U.S. in addressing community and social problems; and (2) provide a forum to discuss ways in which they could affect community action at home on the emerging social problems in the region. Students had the opportunity to listen to leaders of various local community organizations and break up into small groups to do site visits. Scholars spoke highly of the "experiential activity" since it gave them an opportunity which was real and in which they actually participated by sharing a meal with a senior citizen, helping a disabled person or serving food to the hungry and homeless. The meeting also provided the Mission with the opportunity to brief the students on the reason for their sudden transfer to a new contractor, reinforce USAID's policies and guidelines, and hear students feedback on their experience. AED was also able to meet the 74 trainees they inherited "overnight" to make their oversight more personal.

In May 1990, RDO/C will host its third annual scholars workshop. The theme of this year's workshop will be Small Business Development and will be held at Florida A&M University from May 16-22, 1990. The focus of the program will be on small business entrepreneurship, providing students the opportunity to explore current issues and trends on the topic and interact with community-based business people and organizations. A strong community experience component will be provided to give students an understanding of the culture of "doing business" in Florida, how the private sector interacts with government and regulatory agencies, and an understanding of the on-going Florida-Caribbean business network. These annual workshops not only provide scholars with excellent Experience America activities, but also provide the forum for excellent follow-up and re-entry activities.

## 7. Follow-on

In June 1989, RDO/C resumed its follow-on activities in the region. To date, follow-on activities, in the form of alumni associations, are taking place in eight of the nine countries served by RDO/C. The objectives for these associations were readily accepted by the returned trainees. These objectives are: 1) designing and organizing of pre-departure orientation programs; 2) promoting of personal and professional interaction between participants in the U.S. and returned participants/employers in the home country; 3) designing and co-ordinating of re-entry seminars; and 4) developing of further training activities in-country. After a field assessment to determine the progress of the associations, a decision was made to concentrate follow-on efforts on the five islands which had shown the most initiative. These islands had all hosted pre-departure orientations for their departing scholars and prepared constitutions for ratification at general meetings. They had also prepared action plans of activities and projects to be undertaken during FY 90 and 91. Work on trainee directories is now in progress and upon completion they will be distributed to Regional Governments, Chambers of Commerce, Service Clubs and other interested parties. RDO/C plans to host a two-day meeting for the Co-ordinators and one other member of each association to provide more in-depth training in pre-departure orientation and re-entry seminars. This meeting will provide a good opportunity for networking among the co-ordinators, a vital component in the follow-on process. In FY 91, the Mission will use the skills of leaders of the on-going associations to activate associations in the three other islands. In addition, the Mission has sent out follow-up questionnaires to update our database. With the return of significant numbers of long-term trainees in FY 90, and in accordance with CLASP II guidance, a fulltime local PSC will provide follow-on coordination for all returned trainees.

## 8. Cost Containment

Mission and its placement contractor continue to work hard at containing costs under PTIIC. The following are recent examples of Mission's and the Academy for Educational Development's (AED) efforts at cost containment:

- (1) Mission negotiated directly with the American Field Service Program to manage a secondary school exchange program for disadvantaged youth. Using their existing networks, they were able to offer us a very attractive cost of \$4,000 for a one-year program.
- (2) Mission negotiated with the Florida Inter-American Scholarship Foundation to co-finance a four-week entrepreneurial management program for 16 individuals. The cost to the Mission was \$1,094 per trainee. As a result, the Mission was able to realize a substantial cost saving.

- (3) One of the major cost containment strategies effected by AED is placing scholars in cluster communities throughout the U.S. The two major reasons the Academy has developed the cluster community approach is (a) that greater cost savings can be generated for the project and (b) that the needs of scholars for support, training and "Experience America" can be more successfully met. Placing scholars in areas where there are a variety of training institutions and demonstrated community interest in PTIIC scholars, enables AED to cut costs on many administrative and program related activities. Activities where AED cut costs include on- and off-site monitoring of scholars, conducting orientation programs, and the implementation of PTIIC annual scholars' meeting. The cluster communities offer a centralized location for bringing together scholars, community members, and the AED project staff. AED is also able to negotiate lower lodging, local transportation and food rates, since facilities are used by groups and used repeatedly throughout the life of the project. In addition, the transportation costs to bring scholars together is reduced since scholars travelling within the cluster area will not have to travel far. By placing scholars in cluster communities, AED has been able to negotiate for lower tuition and fees as well as room and board costs for long-term scholars since they are able to assure institutions that they can expect four or more scholars during the life of the project.
- (4) AED also negotiated with institutions to ensure that trainees receive credit for certificates and diplomas received from regional institutions. This has been very successful and as a result, several of our trainees have been able to receive as many as 25 credits for previous study.

9. Minimum Lead Time for Short- and Long-term Training

Working with the PTIIC coordinator in each country, the Mission has prepared a schedule of activities (starting with the advertisement of scholarships and ending with the departure of trainees) with dates by which each task must be accomplished. While this schedule has been agreed to by all of the coordinators, considering that final budget numbers for the FY 90 OYB are still not available, it may not be possible to keep to this schedule.

10. Avoiding Training for the "Elite"

Mission's PTIIC application form was designed to provide family and financial information which would indicate whether an applicant is "elite". Mission has also established a median income cutoff for each country, which is revised annually. Those applicants whose income (or in the case of a student, their parents income) falls below the cutoff are considered to be disadvantaged.

D. Major Changes in Training Plan from Approved CTP FOR FY 90

Rationale: The Contract with United Schools of America (USA), Inc.. was terminated for convenience on January 13, 1989. According to the Financial Closeout Summary, RDO/C spent \$4,006,033.72 of its \$4,474,000 obligated to the USA, Inc. Contract, leaving a balance of \$467,966.28. This amount was insufficient to fund the 74 trainees (estimated to cost \$1,954,351) to the end of their programs. The high cost was due to the exorbitant administrative cost of \$449.59 per month per trainee. As a result of this, the Mission was forced to utilize \$1,954,351 of its FY 1989 allocation to fully fund the 74 scholars. This scenario has had serious ramifications for achieving the target of 749 trainees. Because approximately \$2.0 million originally allocated for new placements had to be reprogrammed to fund students already in school, the Mission will only be able to place a total of 622 scholars. However, it should be noted that this figure is not final since we are still awaiting word on the deobligation/reobligation of the \$467,966.28 remaining in the USA, Inc. Contract. In addition, as requested, there is an 8% percent contingency line item on all long-term trainees. The Mission anticipates that with the return of long-term scholars, we will be able to program those funds for short-term trainees. This will increase the Mission's overall target numbers by the PACD.

As a direct result of the above as well as AID/W's comments on Mission's FY 1990 CTP Update, the following are the Mission's revised training targets for FY 1990:

Long-Term Training: The Mission's contract with AED ends in 1993 and with the obligation of \$1.7 million in FY 90, the contract will be fully funded. Because of the funding constraints cited above, all of the planned long-term academic students could not be funded in FY 89. Therefore, long-term scholars departing in FY 90 must complete their training before the Contract Completion Date. The strengthening of Community Colleges in at least three of our countries, has created greater acceptance of A.A. degrees in the Region. Therefore, the Mission intends to refocus long-term scholarships by providing two-year A.A. degrees rather than B.A. degrees. By utilizing A.A. degrees we will increase our long-term starts to 50, and combined with 50 short-term starts can maximize our overall placements for a total of 622. Students who are economically and socially disadvantaged and who have demonstrated leadership potential will be selected for these scholarships in areas in which they can make a contribution to the development of their countries and in which there is an employment demand, such as forestry development, quality control, computer science, electronics/computer repair, food technology, production management, small business management, electronics/medical equipment repair, hotel management, restaurant management, machine tool technology. USAID will instruct the placement contractor to place at least 10% of these individuals at HBCUs.

Short-Term Training: The Mission anticipates a total of 50 short-term training scholarships targetted to three groups: private sector individuals in positions to initiate change as a result of training in the U.S.; mid-level managers from the public sector who have few options for obtaining training which involves interactive problem solving and

planning; and youth. Individuals in the first two groups may not meet the criteria of economic or social disadvantage but do exercise a leadership role in their companies or positions. Providing scholarship opportunities to youth in peer counseling and leadership skills is a way of addressing a growing alcohol and drug problem among this group in the Eastern Caribbean. This short term program will follow a train-the-trainer model which will be important in replicating this training within the region under the development training portion of the Caribbean Leadership and Development Training Project (CLDT).

- 20 private sector individuals will receive specialized training which will impact on private sector development. Since most private sector individuals have visited the U.S. several times, the Mission will instruct the placement contractor to arrange visits to relevant U.S. business facilities and/or trade shows in lieu of a more traditional "Experience America" component.
- 15 public sector individuals will participate in two-month training programs at the mid-management level. The appropriate areas of training will be selected in conjunction with the home country employers at sites to be determined by the placement contractor. The trainees will all have at least a one-week "Experience America" component and if possible, a short attachment to an appropriate organization.

15 camp counsellors (youth) will participate in a two-month program to provide them with human relations, leadership, and camp counselling skills, and exposure to planning and organization of inter-camp activities. The trainees will also have the opportunity to observe how similar camps in the U.S. are organized and operated.

#### E. PTIIC/CLASP II Interface

PTIIC and the Caribbean Leadership and Development Training (CLDT) Project will be implemented as parallel programs for approximately three years (1990-1993). The 50 long-term and 50 short-term trainees selected in 1990 will be the final trainees under PTIIC. However, trainees will still be in school through FY 93 and will continue to be monitored by the Academy for Educational Development. By FY 92, the Mission plans to reprogram any residual funds (saved from early completions) along with any unused portion(s) of the contingency line item on long-term training and initiate short-term new starts with the available funds. CLDT (which comprises two components - CLASP II and a general development training component) will be authorized in FY 90, and the first groups selected under both components of the new project will be FY 1991 new starts.

F. GROUPS TO BE TARGETED IN FY 1991 UNDER CLASP II

- 30 long-term trainees will pursue two-years of training leading to associate degrees or appropriate certificates. The fields of training identified in the Social-Institutional Framework will provide a continuum of training by fostering the Training-of Trainers model for those exercising leadership in their communities in the CLASP II portion of CLDT. While we have been pleased with our current PTIIC contractor, since the numbers of trainees are relatively small, RDO/C will buy-in to OIT's placement contractor, PIET, rather than let its own contract for CLASP II. USAID will instruct the placement contractor to place at least 10% of these individuals at HBCUs.
- 25 short-term trainees will pursue three-month technical training programs. Leaders and potential leaders will be selected for training from groups identified in the SIF.

Leaders and potential leaders from private and public sector groups identified in the SIF are those: 1) likely to influence the opinions and policies of others; and 2) make a contribution to the development of their communities. The individuals from these groups appear to require either 1-2 years of training in the U.S. which lead to Associate degrees or specialized certification coupled with training "attachments" or internships, or short-term highly interactive technical training rather than four-year degrees. The key factor in selection of these trainees will be demonstration of leadership, i.e., self-motivation, demonstration of openness to change and new ideas, and the ability to motivate others.

The Socially and Economically Disadvantaged groups identified in the SIF as influential and from which leaders emerge can be clustered in the following areas:

EDUCATION:

- Teachers and administrators at primary, secondary, vocational/technical schools, teachers colleges and emerging community colleges.
- Regional and national teachers' unions and PTA's

AGRICULTURE:

- Small Farmers
- Leaders in associations and cooperatives (small farmers and fisherman's associations, hucksters' associations etc.)
- Agricultural extension officers
- Forestry wardens

COMMUNITY DEVELOPMENT:

- Community Groups, Service Clubs, and Umbrella NGO's. This category includes women's groups, sports clubs, youth groups (such as 4-H), national youth councils, creative arts groups influencing youth.

PRIVATE SECTOR

- Groups in categories listed under Community Development, such as NGOs, Service clubs, etc., while providing human and community services, could also fall under the private sector category as private not-for-profit organizations.
- Cooperatives of all types
- Transport owners/drivers of mini-buses
- Small/micro businesses (especially those which are tourism related or which provide backward linkages to tourism).

Attachments:

- Table 1-A: Number of New Starts Under PTIIC
- Table 1-B: Number of New Starts Under LAC II
- Table 1-C: Number of New Starts Under CLASP II
- Table 1-D: Number of New Starts Under CASS
- Table 2 : Number of New Starts Under Non-CLASP Programs

TABLE 1-A  
CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE  
NUMBER OF NEW STARTS

PROGRAM: PTIIC

COUNTRY OF ORIGIN: RDO/C

TYPE OF TRAINING	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	ESTIMATED	ESTIMATED	TOTAL
						FY 1990	FY 1991	
TECHNICAL - 27 days or less	0	0	20	0	0	0	0	20
Females	0	0	4	0	0	0	0	4
Males	0	0	16	0	0	0	0	16
TECHNICAL - 28-180 days	0	65	207	26	26	50	0	374
Females	0	34	136	7	14	20	0	211
Males	0	31	71	19	12	30	0	163
TECHNICAL - 180-269 days	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TECHNICAL - 270 days or more	0	0	3	9	2	0	0	14
Females	0	0	0	9	2	0	0	11
Males	0	0	3	0	0	0	0	3
TOTAL TECHNICAL	0	65	230	35	28	50	0	408
ACADEMIC Undergraduate - 1 year	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 2 years	0	2	2	1	1	50	0	56
Females	0	1	0	0	0	20	0	21
Males	0	1	2	1	1	30	0	35
ACADEMIC Undergraduate - 3 years	0	1	5	16	12	0	0	34
Females	0	1	1	4	4	0	0	10
Males	0	0	4	12	8	0	0	24
ACADEMIC Undergraduate - 4 years or more	0	16	37	38	33	0	0	124
Females	0	8	12	21	14	0	0	55
Males	0	8	25	17	19	0	0	69
ACADEMIC Graduate level - 1 year	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Graduate level - 2 years	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TOTAL ACADEMIC	0	19	44	55	46	50	0	214

SUMMARY

TOTAL TRAINEES	0	84	274	90	74	100	0	622
ACADEMIC	0	19	44	55	46	50	0	214
Females	0	10	13	25	18	20	0	86
Males	0	9	31	30	28	30	0	128
TECHNICAL	0	65	230	35	28	50	0	408
Females	0	34	140	16	16	20	0	226
Males	0	31	90	19	12	30	0	182
LONG-TERM	0	19	47	64	48	50	0	228
Females	0	10	13	34	20	20	0	97
Males	0	9	34	30	28	30	0	131
SHORT-TERM	0	65	227	26	26	50	0	394
Females	0	34	140	7	14	20	0	215
Males	0	31	87	19	12	30	0	179
EBCU PLACEMENTS	0	72	220	34	10	8	0	344

TABLE 1-B  
CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE  
NUMBER OF NEW STARTS

PROGRAM: LAC II

COUNTRY OF ORIGIN: RDO/C

TYPE OF TRAINING	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	ESTIMATED	ESTIMATED	TOTAL
						FY 1990	FY 1991	
TECHNICAL - 27 days or less	1	18	9	3	1	0	0	32
Females	0	6	4	2	0	0	0	12
Males	1	12	5	1	1	0	0	20
TECHNICAL - 28-180 days	1	30	8	6	1	1	0	47
Females	1	10	1	2	0	1	0	15
Males	0	20	7	4	1	0	0	32
TECHNICAL - 180-269 days	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TECHNICAL - 270 days or more	0	14	1	0	0	0	0	15
Females	0	4	1	0	0	0	0	5
Males	0	10	0	0	0	0	0	10
TOTAL TECHNICAL	2	62	18	9	2	1	0	94
ACADEMIC Undergraduate - 1 year	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 2 years	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 3 years	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 4 years or more	0	3	0	0	0	0	0	3
Females	0	1	0	0	0	0	0	1
Males	0	2	0	0	0	0	0	2
ACADEMIC Graduate level - 1 year	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Graduate level - 2 years	0	0	1	1	0	0	0	2
Females	0	0	1	1	0	0	0	2
Males	0	0	0	0	0	0	0	0
TOTAL ACADEMIC	0	3	1	1	0	0	0	5

SUMMARY

TOTAL TRAINEES	2	65	19	10	2	1	0	99
ACADEMIC	0	3	1	1	0	0	0	5
Females	0	1	1	1	0	0	0	3
Males	0	2	0	0	0	0	0	2
TECHNICAL	2	62	18	9	2	1	0	94
Females	1	20	6	4	0	1	0	32
Males	1	42	12	5	2	0	0	62
LONG-TERM	0	17	2	1	0	0	0	20
Females	0	5	2	1	0	0	0	8
Males	0	12	0	0	0	0	0	12
SHORT-TERM	2	48	17	9	2	1	0	79
Females	1	16	5	4	0	1	0	27
Males	1	32	12	5	2	0	0	52
WBCU PLACEMENTS	0	18	1	1	0	0	0	20



SUMMARY

TOTAL TRAINEES	0	0	0	0	0	0	55	18	73
ACADEMIC	0	0	0	0	0	0	30	18	48
Females	0	0	0	0	0	0	12	7	19
Males	0	0	0	0	0	0	18	11	29
TECHNICAL	0	0	0	0	0	0	25	0	25
Females	0	0	0	0	0	0	10	0	10
Males	0	0	0	0	0	0	15	0	15
LONG-TERM	0	0	0	0	0	0	30	18	48
Females	0	0	0	0	0	0	12	7	19
Males	0	0	0	0	0	0	18	11	29
SHORT-TERM	0	0	0	0	0	0	25	0	25
Females	0	0	0	0	0	0	10	0	10
Males	0	0	0	0	0	0	15	0	15
JBCU PLACEMENTS	0	0	0	0	0	2	2	2	4

TABLE 1-D  
CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE  
NUMBER OF NEW STARTS

PROGRAM: CASS

COUNTRY OF ORIGIN: RDO/C

TYPE OF TRAINING	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	ESTIMATED FY 1990	ESTIMATED FY 1991	TOTAL
TECHNICAL - 27 days or less	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TECHNICAL - 28-180 days	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TECHNICAL - 180-269 days	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TECHNICAL - 270 days or more	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TOTAL TECHNICAL	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 1 year	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 2 years	0	0	0	0	0	33	79	112
Females	0	0	0	0	0	21	32	53
Males	0	0	0	0	0	12	47	59
ACADEMIC Undergraduate - 3 years	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 4 years or more	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Graduate level - 1 year	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
ACADEMIC Graduate level - 2 years	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0
TOTAL ACADEMIC	0	0	0	0	0	33	79	112



TABLE 2  
NON-CLASP TRAINING

FY 1991 COUNTRY TRAINING PLAN UPDATE  
NUMBER OF NEW STARTS

PROGRAM: ALL NON-CLASP PROGRAMS

COUNTRY OF ORIGIN: RDO/C

TYPE OF TRAINING	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	ESTIMATED FY 1990	ESTIMATED FY 1991	ESTIMATED FY 1992	TOTAL
TECHNICAL - 27 days or less	50	33	108	0	0	20	15	20	248
Females	22	9	25	0	0	8	6	8	78
Males	28	24	83	0	0	12	9	12	160
TECHNICAL - 28-180 days	68	46	232	123	104	186	211	180	1,150
Females	23	15	71	80	61	74	84	72	487
Males	45	31	161	43	43	112	127	108	663
TECHNICAL - 180-269 days	4	6	3	21	0	0	0	0	34
Females	1	3	0	11	0	0	0	0	15
Males	3	3	3	10	0	0	0	0	19
TECHNICAL - 270 days or more	36	1	3	0	0	0	15	20	75
Females	12	1	2	0	0	0	6	8	29
Males	24	0	1	0	0	0	9	12	46
TOTAL TECHNICAL	158	86	346	144	104	206	241	220	1,508
ACADEMIC Undergraduate - 1 year	0	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0	0
ACADEMIC Undergraduate - 2 years	73	0	0	0	0	0	15	20	108
Females	51	0	0	0	0	0	6	8	65
Males	22	0	0	0	0	0	9	12	43
ACADEMIC Undergraduate - 3 years	0	0	0	0	0	0	15	20	35
Females	0	0	0	0	0	0	6	8	14
Males	0	0	0	0	0	0	9	12	21
ACADEMIC Undergraduate - 4 years or more	0	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0	0
ACADEMIC Graduate level - 1 year	0	0	0	0	0	0	0	0	0
Females	0	0	0	0	0	0	0	0	0
Males	0	0	0	0	0	0	0	0	0
ACADEMIC Graduate level - 2 years	1	3	0	0	1	0	0	0	5
Females	0	1	0	0	0	0	0	0	1
Males	1	2	0	0	1	0	0	0	4
TOTAL ACADEMIC	74	3	0	0	1	0	30	40	148



## ANNEX II

### REGIONAL MANAGEMENT PROJECT FOLLOW-ON

#### ISSUES RAISED BY AID/W

State 209388 dated July 1, 1989, indicated that the Bureau was concerned about the financial viability of the Project, hence the reason for its request that the PID be reviewed in AID/W. The cable requested that the PID address (a) the cost of training, especially how training will be provided at reasonable cost, (b) the appropriateness of AID subsidizing training costs, (c) the measures to ensure sustainability of training and the likelihood of attaining sustainability and (d) the appropriate implementing institution. These issues are addressed below:

1. Cost of Training: The unit cost of training to be provided under the follow-on Project will be significantly lower than that provided under the Pilot. This will be achieved principally by removing the component which provides expensive technical assistance, especially the provision of long-term expatriate consultants. Instead, an arrangement will be worked out for a reduced infusion of short-term consultants from the U.S. to supplement regional technical assistance which will be utilized to a greater extent. The full-time staff for project administration will also be reduced and will be paid at rates commensurate with the UWI scales, with opportunities provided for supplementing their income through consultancy services provided through the Center for Management Development. The unit cost of training will also be reduced by increasing the number of courses/seminars and by fully recovering costs through fee for service arrangements by the end of the project.

2. Subsidizing Training Costs: The Project will seek to recover the full cost of all training programs as early as possible. The reduced cost of training as explained above, will contribute to the capacity to recover full cost in most instances. It is recognized that many owners and managers of small businesses who can benefit from the services provided by this Project do not have a capacity to pay. However, they represent potential future clients of the Center for Management Development who can be expected to meet the full cost of the services they receive as their businesses expand. Also, selected parastatal and public sector managers who can benefit from the services of the Project may not be capable of meeting the full cost of such services directly. These potential participants will be encouraged to seek scholarships and other financial assistance from other projects and donors to meet the cost of the services they require from the Center. This issue will be given further attention during the design of the PP.

3. Measures for, and Likelihood of, Sustainability: The follow-on Project will target a much wider clientele than the Pilot, increase its offerings and reduce the cost of its overhead by eliminating the U.S contract for long term in-residence consultants. The consequential reduction in the cost of services, will be a significant factor contributing to sustainability.

By establishing the Center as a semi-autonomous institution of the UWI/Cave Hill which is already committed to the development of a Center for Management Development, that will ultimately become a School of Business, there is additional assurance that the Project will be sustained after AID funding ends. The private sector representation on the Board of Directors will enhance private sector support for the project during and after the period of AID funding, thus contributing to its sustainability.

4. Implementing Institution: UWI/Cave Hill will be the grantee. It was judged to be the institution best suited to serve in this capacity. The implementing agency will be a semi-autonomous Center for Management Development attached to the UWI/Cave Hill. The implementation of this Project through this semi-autonomous institution receives support from the Consortium of Management Training Institutions serving the Eastern Caribbean. This arrangement is also consistent with the views of private sector managers who attended a special project design meeting recently convened by RDO/C.

5. Summary Analysis of Proposed Budget: Appendix I provides a detailed analysis of the project budget from Year 1, the initial year of AID financial assistance through to Year 6, the year after AID assistance ends. Table 1 below summarizes the budget for the six years. It shows the revenue from seminars and other services in the first year at approximately US\$000,000. The revenue incrementally increases to US\$000,000 by Year 6. The detailed budget at Appendix 1 shows that the number, cost and duration of seminars, the principal revenue earner, is increased from US\$00 seminars for periods of US\$0 days each at US\$000 per participant day in the first year, to 00 seminars for periods of 0 days each at US\$000 per participant day in the sixth year. Table 1 also shows that expenditure in the first year is approximately US\$0,000,000. This amount drops annually and in the sixth year stands at US\$000,000. The decline in expenditure is significantly affected by the decline in the amount which is allocated for institutional strengthening of the Center for Management Development, and to a lesser extent, the Department of Management Studies of the UWI. In the first year, expenditure for institutional strengthening is approximately US\$000,000 while in the sixth year it is US\$0,000. It should be noted that while the first year of the project requires external assistance of approximately US\$0,000,000, the sixth year produces a credit balance of US\$000,000. Sustainability of the project after AID assistance ends is, therefore, feasible.



STRUCTURAL ADJUSTMENT PROGRAM - IN ITS FY-91 ACTION PLAN. ONE CAVEAT ON THE FORMER: WHILE I AGREE THAT A FEASIBILITY STUDY WILL BE NECESSARY TO FLESH OUT A SPECIFIC SOLID WASTE PROJECT, I WOULD A PRIORI OPPOSE PURCHASING ADDITIONAL WASTE COLLECTION VEHICLES (BACK IN DETROIT WE CALLED THEM GARBAGE TRUCKS) FOR A GOV AGENCY. WE HAVE BEEN THROUGH THAT BEFORE WITH DISASTROUS AND SHORT-LIVED RESULTS FOR THE VEHICLES. I THINK SOME FORM OF PRIVATIZATION SCHEME MUST BE A CONDITION PRECEDENT TO U.S. ASSISTANCE IN THIS AREA.

5. WITH RESPECT TO THE GRENADA "STRUCTURAL ADJUSTMENT PROGRAM", I NOTE THAT IT NOW COMBINES TWO CONCEPTS: THE TOURISM SECTOR PROGRAM AND PARTICIPATION IN A POSSIBLE MULTI-DONOR ADJUSTMENT PROGRAM SHOULD THE NEW GOVERNMENT AGREE TO A TCG APPROACH. I HAVE NO DIFFICULTY IN PRINCIPLE WITH COMBINING THESE TWO CONCEPTS. HOWEVER, AS I NOTED IN REFTEL (E) AND ABOVE, WE WILL LOSE A YEAR IN OUR POLICY DIALOGUE ON THE KEY TOURISM SECTOR IF WE WAIT UNTIL FY-91. MOREOVER, WHILE I AM AND HAVE ALWAYS BEEN A STRONG SUPPORTER OF A MULTI-DONOR MACRO STRUCTURAL ADJUSTMENT PROGRAM FOR GRENADA IN THE TCG CONTEXT, I DON'T THINK ONE MILLION DOLLARS IN FY-91 SUPPORT FOR THE TOURISM SECTOR CAN REALLY BE DRESSED UP AS A SERIOUS CONTRIBUTION TO A STRUCTURAL ADJUSTMENT PROGRAM. WHAT IS NEEDED IS THE ORIGINAL \$1.6 MILLION FOR THE TOURISM PROGRAM IN FY-90 AND \$2 MILLION IN FY-91 FOR A POTENTIAL STRUCTURAL ADJUSTMENT PROGRAM. WITH RESPECT TO THE LOCAL CURRENCY COMPONENT ASSIGNED AS SECTORAL BUDGET SUPPORT, CARE SHOULD BE TAKEN IN THE DRAFTING OF ANY AGREEMENT TO ASSURE CAREFUL USAID OVERSIGHT OF IMPLEMENTATION AND ACCOUNTABILITY OF LOCAL CURRENCY FUNDED PROGRAMS.

6. MY REAL PROBLEM WITH THE ACTION PLAN, HOWEVER, IS

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