



THE FY 1992 - 93 ACTION PLAN HAS BEEN  
REVIEWED BY THE AMBASSADOR IN  
BARBADOS  
AND THE CHARGES IN ANTIGUA AND GRENADA

**REGIONAL DEVELOPMENT OFFICE/CARIBBEAN**

**FY 92-93 ACTION PLAN**

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## INTRODUCTION

**Regional Overview** - The English-speaking countries of the Eastern Caribbean (EC) are established democracies. However, because of their small size and relatively open economies, these countries are highly vulnerable to exogenous shocks, such as natural disasters, oil price increases, and swings in the economies of trading partners. Currently, their economies are generating relatively high growth rates, averaging about 5 percent for the Organization of Eastern Caribbean States (OECS). This growth, however, is accompanied by relatively high unemployment, which is concentrated in the younger segment of the population, with overall rates averaging about 20 percent in the OECS. In the Windward islands\*, these rates range from 18 percent in Dominica to 30 percent in St. Vincent. Consequently, their fragile economies and stability can be easily undermined by internal social pressures and outside forces.

As we look ahead to FY 92 and 93, the region faces a number of challenges. First, the unification of the European common market in 1992 has serious potential ramifications for the OECS, particularly for the production and export of bananas, given the dependence of several countries on that one commodity. At the same time, the extent to which the EC can benefit from the the President's Enterprise for the Americas Initiative and improve their export performance under the Caribbean Basin Initiative remains to be determined. The process of regional integration continues, and over the next few years the region has the opportunity to chart a course towards greater economic and political integration, whether as a Windward Islands subgrouping, through the OECS or as CARICOM.

**RDO/C Program** - The Action Plan period will focus on the consolidation of gains made to date and the expansion of those gains where appropriate. In spite of reduced levels of both ESF and DA resources, RDO/C believes that it can still effectively implement its approved FY 90-94 Regional Development Strategy Statement (RDSS), albeit at a slightly slower pace. In the future, we expect lower ESF allocations, which will be primarily programmed in support of bilateral sectoral adjustment programs where smaller amounts of ESF can still be effectively employed to achieve policy dialogue objectives in the region. Our projected FY 91 and tentative FY 92 and 93 DA levels will enable us to initiate a number of key projects in support of our strategy. As we finalize our FY 91 program and look to FY 92 and 93, we plan relatively few, carefully chosen projects to complement our ongoing portfolio and in furtherance of our three RDSS objectives of: (1) to increase Eastern Caribbean net foreign exchange earnings from exports, by supporting agricultural and industrial diversification, environmentally sound management of natural resources, and tourism; (2) to develop and strengthen private sector institutions to promote an attractive business climate; and (3) to improve the quality and productivity of the human resource base.

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\* Includes Dominica, Grenada, St. Lucia, and St. Vincent and the Grenadines.

**Resource Requirements** - In last year's AAP, using the LAC statistical format, RDO/C demonstrated that the OECS countries had outperformed a large majority of the LAC countries. The LAC Bureau concurred with our analysis by placing the EC on the list of recipients to receive additional, performance funds. Again this year, the EC has demonstrated itself to be an outstanding performer.\* On the basis of this performance, RDO/C believes that relatively small, additional increments of performance-based ESF or DA, above our current levels, should be provided to reward performance and enhance the impact of RDO/C's regional assistance efforts.

Consistent with the Bureau's performance based approach, and in recognition of the reality of budgetary constraints, RDO/C is pursuing a new model for allocating project resources among OECS countries. The FY 91 Environmental and Coastal Resources Management (ENCORE) Project exemplifies this model, under which funds, beyond those to be provided to the region as a whole, will be allocated to the best performing countries for site specific activities aimed at conserving the environment while maximizing its economic potential. Only those countries with sound environmental policies in place will be selected for this special focus. This same approach is being used in the design of the FY 92 Eastern Caribbean Agricultural Policy and Health Sector Policy Projects as well as the FY 93 Regional Infrastructure Management Project.

Predictable levels of assistance would assure the viability of the RDSS and its anticipated positive results. We believe that the planned levels of \$25 million for both FY92 and FY93 should be allocated to RDO/C. Also, the importance of providing modest levels of ESF funds is an important consideration. By providing \$2 - 5 million in ESF per year, carefully targeted to support policy reform efforts, we will be able to assist the governments to make the tough policy decisions that are critical for stimulating economic growth.

**Program Management** - RDO/C continues to believe it is essential to maintain a "core" staff of 22 USDHs in place through the RDSS period because of the unique aspects of the regional program in the Eastern Caribbean. These aspects include, among others: the requirements of serving 14 countries, coordinating with six Embassies, working with 12 principal regional institutions; the absence of bilateral Missions in our client states; and the concomitant heavy travel schedule required of the RDO/C staff to meet its program oversight responsibilities. Other unique aspects of the EC program include responsibilities for handling the aftermath of hurricanes, which regularly strike the region, and for designing and implementing the PL-480 and ESF Programs in Guyana.

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\*The OECS countries place third overall on the list of 16 countries and, on a disaggregated basis, two islands head the list while the region placed 4 of the top 5 countries).

**Conclusion** - The Eastern Caribbean islands are facing development challenges which cannot be ignored. Because of this and the opportunities offered by the USG's trade and development initiatives, the region must take on an aggressive stance in promoting trade and marketing itself as an attractive place to invest capital. Further, governments must increase their efforts to improve their overall investment climate by improving policies and streamlining procedures, thereby demonstrating their commitment to export oriented, market-led approaches to economic development. We believe that this will then lead to adequate levels of employment, and result in higher levels of investment and foreign exchange earnings. RDO/C's FY 92/93 Action Plan describes a program which continues to assist both national and regional institutions to implement solutions to these challenges.

## **SECTION I. RELATIONSHIP OF THE BUREAU OBJECTIVES AND COUNTRY STRATEGY**

### **A. CURRENT POLICY DIALOGUE AND PROGRESS MADE TO ADVANCE THE MISSION'S AGENDA**

RDO/C's policy dialogue is primarily implemented through specific projects in several sectors, i.e., agriculture, health/population/education, trade & investment, infrastructure, and administration of justice. Our management challenge is to design and direct a project portfolio which enables AID to play a visible and catalytic role in encouraging policies and programs that will lead to broad based sustainable economic growth in the Eastern Caribbean.

As a means of illustrating the congruity of the Mission activities with the LAC Bureau's new Action Plan guidance, RDO/C's progress in pursuing its policy agenda is structured around the Bureau's strategic framework.

**BUREAU OBJECTIVE I:** Support the achievement of broadly based sustainable economic growth

**SUB-OBJECTIVE A:** Encourage the adoption of and continued adherence to economic policies that promote investment, productive employment and export led diversification

In FY 1990, RDO/C progressed well against this high level strategic objective because we use project assistance and encourage the regional institutions we support to conduct policy dialogue. The performance of the Caribbean Association for Industry and Commerce (CAIC) is especially noteworthy.

CAIC, pursuing its advocacy role to influence policy formulation on matters such as trade liberalization and the free movement of skilled workers and resources within the CARICOM region, has participated in the process of drafting rules pertaining to the Common External Tariff (CET). Through its management of the Small Enterprise Assistance Project (SEAP), CAIC has spearheaded efforts to draw the attention of political leaders to the importance of facilitating investment in small, medium and micro-enterprises. In St. Lucia, CAIC fostered the merging of two trade groups, the Small Business Association and the Manufacturers' Association. Consolidated as the St. Lucia Industrial and Small Business Association, this group is now publicly pressing the Government for export incentives aimed at drawing more local capital into the productive sector and improving the transparency of bank practices through more open disclosure of operating procedures.

Weak performance of the OECS countries in nontraditional exports to the U.S. motivated RDO/C to conduct a survey of Eastern Caribbean firms which export to the U.S. The survey indicated that a majority of firms considered fiscal incentives as critical, and "government contacts" and customs assistance as very useful to exporting. Many firms believed that any U.S. trade initiative must address the onerous inspections, procedures and paperwork which accompany exporting to the U.S. The proposed FY 92 Eastern Caribbean Agricultural Policy Project (ECAP) will create a cross-sectoral policy analysis mechanism to improve policies regarding agriculture, natural resources, environment and tourism. It will analyze the factors which affect trade regime and market pricing. The project will also promote alternatives to high tariffs and quantitative restrictions on imports which make import-substitution activities artificially viable, thereby drawing resources away from export sectors.

In FY 91, one component of the Private Sector Initiatives Project (PSI) will involve collaboration with OECS countries to determine the feasibility of OECS participation in the proposed regional stock exchange. Secondary financial markets are necessary for the privatization of government enterprises, an area gaining greater official interest in the region because of the need to reduce expenditures. For example, in FY 90, the Government of Dominica privatized its

Water Authority as part of its public sector savings program under the Tight Consultative Group structural adjustment program. The PSI will also launch tourism efforts and address issues affecting the business regulatory environment.

In FY 91, the Regional Management Training Project (RMT) will create a Center for Management Development (CMD) to strengthen the university relationship to the private sector. Continuing the training program initiated under the pilot project, the University of the West Indies (UWI) will provide training in management, focusing on issues of global competitiveness to the region's relatively small business sector. In general, companies in this region lack the experience needed to export and lobby for a more favorable investment and export climate. The training program provides a forum for distinguished government, business and academic leaders to meet and analyze issues and policies which affect Caribbean economic development. The project will also strengthen the management training capability of the University of the West Indies.

RDO/C will continue training to promote productive employment through its Regional Non-Formal Skills Training Project by helping countries address the difficult problem of youth unemployment and its related social consequences. To date, the project has trained over 8,700 youths and placed over 80% of them in jobs within three months of graduation. The project is achieving its sustainability goals. Due to this degree of success, governments have increased their financial support for the project and some islands have increased the amount of training initially planned.

In the health sector, real public sector expenditures in the Caribbean have stabilized over recent years at 13-17% of total government expenditures and are not likely to increase significantly as a percentage of total government outlay. The need to maintain primary health care service while facing the growing demands of chronic disease and AIDS will be impossible to handle without significant improvements in the efficiency of publicly delivered services. This must be linked to governments' efforts to divest those services which can more appropriately be provided by the private sector.

In FY 92, the Health Sector Policy Initiatives Project (HSPi) is expected to provide assistance to obtain managerial efficiency and higher quality of services. Although originally slated as an FY 93 new start, policy progress in St. Lucia in FY 90 argues for an immediate follow-on to maintain momentum. As a result of discussions with Ministry of Health officials in FY 90, RDO/C provided technical assistance to study cost recovery and cost containment possibilities at St. Lucia's main hospital. Technical experts developed four distinct cost recovery options. The Government of St. Lucia has not only agreed to all recommendations but has implemented many of them. For example an administrative fee will be charged for all patients entering the hospital, and the establishment of an independent Hospital Board of Management is well underway. Therefore, a new start in FY 92 will allow the Mission to continue to support the more complex requirements of the St. Lucian cost recovery plan while initiating similar studies and discussions in the region. HSPi will also build on the success of the self-financing drug service now serving seven OECS countries as a result of the recently completed Regional Pharmaceuticals Management Project. One of the most significant results of that project is its demonstration effect of the practical benefits of the joint procurement of pharmaceuticals, reducing costs on average by about 50 percent.

**SUB-OBJECTIVE B: Encourage vigorous response by the Private Sector to a Favorable Policy Environment**

In FY 91, RDO/C will continue to pursue agricultural diversification and the export of non-traditional commodities. The West Indies Tropical Produce Marketing Project (TROPRO) and the Agriculture Research, Extension and Development Project

(AREP) are addressing requirements from field production to marketing for non-traditional agricultural production. Working in mutual support of one another, the projects are extending better production methods, improved grading and packaging and improved transport systems. Where the Agriculture Venture Trust has made investments in diversified agriculture, the demand for technical assistance provided by TROPRO and AREP has been very strong.

The Agriculture Venture Trust (AVT) continued to offer regional agribusinesses an equity alternative to unaccessible debt financing needed by non-traditional, diversified agriculture. In St. Lucia, the AVT's investment in a producer of ornamental plants helped this company to cope with shifts in demand in the European market. The company now has a more diversified and broader product line. This enterprise and others stand to benefit from the AVT's indirect role in introducing the Government of St. Lucia to the possibility of enticing more private capital into development-related endeavors through equity investments. St. Lucia has recently altered its stance on dividends, considering such payments tax-free income to the recipient.

In FY 93, the Regional Infrastructure Maintenance Project (RIM) will expand the effectiveness of the Caribbean Development Bank (CDB) to encourage improvement in OECS maintenance capabilities. Based on the lessons learned in carrying out maintenance activities under the Basic Needs Trust Fund Project (BNTF), the CDB will collaborate with governments to prepare maintenance programs for large scale infrastructure. The importance of maintaining costly investments cannot be overstated. In the future it is not expected that any donor will have the large scale funding necessary to replace existing infrastructure which has been allowed to deteriorate due to lack of maintenance.

**SUB-OBJECTIVE C: Encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged.**

During the eight years of the Population and Development Project, significant changes have occurred in the perceptions of governments regarding family planning issues. All OECS countries now acknowledge the link between population and development and have formulated effective population policies. In St. Lucia and St. Vincent, a significant result of RDO/C's support of population policy development has been the appointment by those Governments of population coordinators charged with developing implementation plans. Both persons are of high standing, are placed in the Ministries of Planning and have direct access to the Prime Ministers. In FY 92, RDO/C will build on this success with its Population Policy and Program Support Project (PPPS). PPPS will assist those countries to implement their policies with specific focus on the hard-to-reach groups, particularly young men and women whose family planning practices will play a significant role in the ability of OECS countries to maintain and increase their contraceptive prevalence rates.

**SUB-OBJECTIVE D: Encourage preservation and sustainable use of the natural resource base**

Environmental awareness continues to grow in RDO/C countries as regional lessons loom regarding the finite island resource bases and the need for sustainable use of natural resources for long-term economic development. The Mission has funded the preparation of environmental profiles which will give each OECS country information critical for environmental planning. Last year, OECS heads of state made a commitment to implement legislation requiring environmental impact assessments for all development activities. Several governments have restructured ministries, clearly naming responsibility for the environment.

RDO/C notes these as steps forward, recognizing that much remains to be done to coordinate responsibilities and collaborate on execution of policies. The OECS countries have enthusiastically endorsed RDO/C's new FY 91 Environment and Coastal Resources Management Project (ENCORE). This project builds on the successful demonstration effects of an Environmental Management Systems Activity, which in St. Lucia resulted in the development of national parks and the mapping of marine sites for conservation and eco-tourism all around the island. The project will use a community-based strategy to increase public awareness of the relationship between natural resource conservation and sustainable economic development. It will also demonstrate the value of community-based natural resource planning and management throughout the region.

The St. Kitts Southeast Peninsula Area Development Project has promoted tourism investment by opening up twenty percent of the island's territory through construction of a modern, paved highway. To ensure environmental protection, the project created a Board to oversee subsequent tourism development. This Board developed a land use plan and oversaw the enactment of a Land Reform Plan in the National Conservation and Environmental Protection Act. The Board has since reviewed hotel construction plans and negotiated with developers to ensure environmentally sound and sustainable development. In FY 91 one hotel complex is expected to be constructed and it will adhere to the environmental and development guidelines set by the Board and enforced by law.

**BUREAU OBJECTIVE II:** Support the evolution of stable, democratic societies.

**SUB-OBJECTIVE A:** Encourage the strengthening of competent civilian government institutions that will merit the confidence of political and military teachers, citizens and investors

In FY 91, The Caribbean Justice Improvement Project (CJIP) will build on its success in refurbishing judicial infrastructure and in the promotion of system policies aimed at increased government funding for improved judicial operations. Policy achievements for FY 90 include the Government of Belize increasing its contribution to the Belize Legal Aid Clinic by 50%. In St. Lucia, that Government has increased the jurisdiction of its Resident Magistrate Courts to enable those courts to deal with matters of greater monetary value than previously, thus helping ease the caseloads of higher courts.

**BUREAU OBJECTIVE III:** Respond to the need for International Cooperation in addressing specific challenges to the attainment of broadly-based sustainable economic growth and evolution of democratic societies.

**SUB-OBJECTIVE B:** Support U.S. government foreign policy initiatives that can benefit from AID resources and expertise.

The small size of the countries of the Eastern Caribbean make them particularly vulnerable to the human and financial impact of AIDS. The AIDS Communication and Technical Services Project (ACTS) capitalizes on U.S. expertise in AIDS surveillance and communications. The Mission will continue its activities to better forecast future trends in the AIDS epidemic and reduce transmission of HIV infection. In FY 91, ACTS will continue to strengthen the ability of Caribbean countries to develop and implement cost-effective surveillance and education programs.

With a focus on grass-roots community self-help, the Special Development Activities Program (SDA) has been able to assist PVOs to carry out drug counseling and drug abuse programs for youth groups, workshops on drug abuse and prevention, as well as adult drug and alcohol counseling. In FY91, the SDA program expects to continue its support to the Florida Association of Voluntary Agencies for Caribbean Action (FAVA/CA), The Salvation Army and Partners for the Americas.

## **B. RELATIONSHIP OF RDSS AND POLICY DIALOGUE TO BUREAU OBJECTIVES**

The Mission's RDSS and project portfolio continue to be relevant for the economic development of the Eastern Caribbean. Our strategy is also consistent with the new LAC framework, and this is demonstrated in Annex A (Table VI, "RDO/C Projects by LAC Objectives") RDO/C's strategy is consistent with the Bureau's Objectives at all levels. Our emphasis on private sector led growth - unique among donors active in the region - is a strategy designed for the medium and long term. It is one in which improvements and shifts gradually occur in the way national leaders, businessmen, public servants and workers perceive and act upon new opportunities occur. Implementation of our portfolio of projects, supported by constructive policy dialogue, will lessen the region's dependence on traditional export crops and at the same time bring a greater reliance on production of non-traditional agricultural crops, tourism expansion, manufacturing, concern for the environment, and participation by a better trained work force.

The Mission's strategic objectives and current policy initiatives are illustrated in the policy dialogue matrix (see Annex B). This matrix describes the key policy problems and changes sought; identifies the relevant program instrument for achieving the desired policies; presents a timetable for reaching the desired policies; and indicates progress to date and actions planned for 1991.

## **SECTION II: PERFORMANCE**

### **A. COUNTRY PERFORMANCE NARRATIVE**

Performance for the OECS region can only be determined by evaluating the performance of the six individual countries which comprise the OECS. RDO/C has prepared a country performance profile for each country, which describes and documents current conditions, trends and specific actions relevant to each indicator. The individual country profiles employ the most recent data available to RDO/C. This information and analysis has been compiled as Annex D of the Action Plan. These country profiles are summarized in tables following this narrative.

LAC Country Rankings - Our analysis produces country scores for each indicator which are very close to those proposed by the Bureau. Some of our specific indicator scores are higher than those proposed by LAC, some are lower. However, when our scores are aggregated and averaged, they produce a much higher ranking for the Eastern Caribbean than that proposed by LAC. The scores place the Eastern Caribbean in third place, while the Bureau has scored and ranked the Eastern Caribbean at sixth place on a list of 16. We recommend that LAC accept our proposed scores on the basis of the data and analysis presented in Annex D.

RDO/C acknowledges that, once the other missions have issued revised scores for their respective countries, and LAC has reviewed the totality of proposed revisions, rank ordering could be different from what we propose here. Nonetheless, our recommended scorings should remain unchanged unless new information is presented.

In a similar fashion to our analysis in the FY 91-92 Action Plan, RDO/C reaffirms the importance of disaggregating the individual OECS countries, as well as looking at them as a joint sub-region. As shown in our ranking table that disaggregates OECS countries, two of the OECS countries "out-perform" Costa Rica, the country that the Bureau has ranked as LAC's best performer. Also, ranking individual OECS countries separately provides guidance on the proportionate rewards to be granted to individual countries for their performance. This gives the performance fund its intended viability as an incentive for countries to design and implement appropriate policies and programs.

Macroeconomic Policy - In general, the countries in the Eastern Caribbean do not suffer the type of macroeconomic imbalances experienced in the rest of the LAC region. Six indicators comprise the macroeconomic measure of performance. RDO/C's scores for this macroeconomic aggregate are a bit higher than those proposed by LAC. This difference reflects the current ongoing policy dialogue and resulting actions among the OECS states concerning the business regulatory environment, the trade regime and market pricing. For example, the Common External Tariff (CET) of the Caribbean Common Market is to become effective in 1991 and override existing systems in CARICOM and OECS countries. The intent is to increase efficiency. Price controls continue to be abolished in various OECS states. Dominica has successfully entered a Tight Consultative Group arrangement with the IMF and the World Bank under the auspices of CGCED. The common central bank restrains individual countries' ability to excessively expand the money supply, and the countries' external accounts are generally in balance. The chief macroeconomic problems are fiscal, where some countries finance their deficit spending by crowding out credit which otherwise would be available to the private sector. In some countries there is unsustainable growth in the wage bill. The country of Antigua and Barbuda is alone among the EC countries in having a burdensome external debt service requirement, and that country has begun to lower this ratio. In other countries, the debt service ratio is modest. St. Vincent and St. Kitts and Nevis have a positive macroeconomic policy framework. While Antigua and Grenada require some corrective macroeconomic policy measures, their output performance continues to be positive.

Social Services - This aggregate incorporates Primary School Enrollment Rates, Infant Vaccination Rates and Contraceptive Prevalence. The OECS countries have traditionally performed well in these areas. The aggregate Social Service scores proposed by LAC and RDO/C are quite similar though LAC proposed higher scores for Primary School Enrollment, compared to RDO/C. Both sets of scores suggest high enrollment rates. RDO/C, based on a recent study, reports higher scores for Contraceptive Prevalence than does LAC. Again, both sets of scores suggest strong performance in this area. RDO/C has accepted LAC's scores for Infant Vaccination.

Environmental Management - The aggregate Environmental scores proposed by LAC and RDO/C are basically the same. However, RDO/C notes the diversity of performance among the countries, while LAC gave all of the countries the same score of 6. Dominica and St. Lucia are the strong performers in the area.

Democracy and Human Rights - RDO/C has accepted the scores proposed by LAC, and defers to the Freedom House assessment of performance in this area. In general, "democratic and human rights" performance within and among the OECS countries has been exemplary.

## GUYANA

Based on RDO/C's assessment, Guyana earned an overall performance score of 51, compared to the score of 46.6 attributed by LAC. This moves Guyana up one spot from last place on LAC's performance ladder, to second from the last place. In other words, rather than being the 16th best performer, it is the 15th. Most of this increase is due to increases in the aggregate macroeconomic category. Despite the difficult economic situation, Guyana continues to take important and tangible macroeconomic policy actions towards recovery. RDO/C assessed Guyana's performance under the Social Services aggregate, at a slightly lower level than did LAC. RDO/C agrees with LAC's assessment concerning the Environment and Democracy. The tables that follow summarize these findings.

## **B. COUNTRY PERFORMANCE TABLE II**

Eastern Caribbean Performance Indicators, Guyana Performance Indicators and other related tables follow on pages 8, 9, 10, 11, 12 and 13.

## **C. PROGRAM PERFORMANCE NARRATIVE**

The 1990-94 RDSS emphasizes an export-led growth strategy which continues to be appropriate for Eastern Caribbean economic development and is consistent with the new LAC Bureau Objectives.

For last year's Action Plan, missions were requested to consolidate and convert output indicators to impact indicators. RDO/C complied and selected five program objectives and 73 indicators to five program objectives and thirteen indicators with an intent to demonstrate impact. This year, the Action Plan guidance introduced new Bureau strategic objectives. RDO/C therefore redefined its program objectives. The Mission now has fifteen objectives with twenty-one indicators. The new program performance indicators will improve reporting on impact and are closely aligned with the Bureau Objectives and Sub-Objectives. Gaps in indicator data are unavoidable due to the transition period of last year and the refinements of this year. During FY 91 RDO/C plans to develop and initiate systems for collecting the relevant data.

**BUREAU OBJECTIVE I: Support the achievement of broadly based sustainable economic growth**

**Bureau Sub-Objective A: Encourage the adoption of and continued adherence to economic policies that promote investment, productive employment and export-led diversifications**

**Mission Objective: Macro Economic Management Improved**

Fiscal performance has continued to improve in the Eastern Caribbean countries aided by strong growth rates in GDP. RDO/C will continue to monitor the Public Sector Savings indicator because of the importance of sound macro management for sustained economic growth.

**Mission Objective: Quality and Efficiency in Basic Education and Health Services Improved**

Quality and efficiency indices for basic education are not easily available in the Caribbean. RDO/C will collaborate with the AID/W Education and Human Resources Technical Services Project in reviewing and updating appropriate indices. Under the DT component of the CLDT Project, RDO/C will offer scholarships to teachers to improve the proportion of students satisfactorily completing basic education in the prescribed time. Approximately 50 teachers will be trained in 1991 and 50 in 1992. Since 1985, 332 teachers (264 short term, 68 long term) have been trained under PTIIC. In order to measure progress towards improved efficiency in health services, RDO/C will track growth in user fees collected and retained. Through the recently completed Regional Pharmaceuticals Management Project, RDO/C assisted the OECS countries in achieving efficiencies and quality with the Regional Drug Service. Average savings on unit prices in excess of 50% were achieved in drug procurement. Other cost containment measures were implemented and further improvements in quality were achieved.

COUNTRY PERFORMANCE TABLE B

EASTERN CARIBBEAN  
PERFORMANCE INDICATORS

WEIGHTED INDICATORS FOR RANKING

COUNTRY	MACRO REFORMS	DEFCIT	EXCHGN RATE	BUSINESS REGS	TRADE PRICING	MARKET ENROLL (1987)	SCHOOL ENROLL (1987)	SCHOOL VACC (1987)	INFANT PRNTHL (1987)	CONTCER ENVTN	ENVIRON MGT	DEMOCRY COMMIT	TOTAL
ANTIGUA	4.8	9.0	10.0	3.0	2.5	3.0	9.3	4.8	3.1	4.0	4.0	16.8	68.7
DOMINICA	13.5	10.0	10.0	3.0	2.5	2.5	9.2	4.7	2.7	9.0	9.0	16.8	94.8
GRENADA	7.8	4.8	10.0	4.0	2.8	3.5	9.2	4.4	2.0	9.0	9.0	17.0	89.0
ST. KITTS	12.0	9.0	10.0	4.0	2.5	3.5	10.0	4.0	2.2	9.0	9.0	20.0	91.2
ST. LUCIA	15.0	10.0	10.0	9.0	2.5	3.5	9.5	4.7	2.5	9.0	9.0	16.5	99.2
ST. VINCENT	12.0	10.0	10.0	4.0	2.5	3.5	9.7	4.8	3.0	9.0	9.0	16.5	92.4
OECS	10.8	6.5	10.0	3.8	2.8	3.3	9.2	4.6	2.5	9.0	9.0	16.0	79.8

GUYANA PERFORMANCE INDICATORS TABLE #-G

		RAW AND WEIGHTED DATA											
		MACRO REFORM	DEFICIT DOM FIN	EXCHGN RATE	BUSINESS REGS	TRADE REGIME	MARKET PRICING	SCHOOL ENROLL (1982)	SCHOOL ENROLL (1987)	INFANT VACC (1989)	CONTCEP PREVAL (1987)	ENVIRON MGT	DEMOCRACY COMMIT
RDOC SCORES													
RAW	8.0	10.0	5.0	2.0	5.0	8.0	98.0	80.0	63.0	35.0	3.0	9.0	
WEIGHTED	12.0	0.0	5.0	2.0	2.5	4.0	9.8	8.0	3.2	1.8	3.0	9.5	
LAC SCORES													
RAW	8.0	10.0	2.0	1.0	4.0	5.0	98.0	99.0	63.0	28.0	3.0	9.0	
WEIGHTED	12	0	2	1	2	2.5	9.8	9.9	3.2	1.4	3	9	

GUYANA PERFORMANCE SUMMARY TABLE #-H

		OVERALL PERFORM RANKING (100%)	MACRO POLICY (60%)	SOCIAL SERVS (20%)	ENVIRON MGMT (10%)	DEMOCRACY COMMIT (20%)
RDOC SCORE	16	51.0	25.5	13.0	3.0	9.5
LAC SCORE	16	48.0	19.5	14.8	3.0	9.5

COMPARISON OF LAC AND RDO/C SCORES AND RANKINGS FOR  
EASTERN CARIBBEAN REGION

<u>INDICATOR</u>	<u>LAC PERFORMANCE RATING</u>	<u>RDO/C RECOMMENDED RATING</u>
Macro Reform Program	10.5	10.8
Domestic Financing/Def	8.0	8.5
Exchange Rate	10.0	10.0
Business Reg. Env.	2.3	3.8
Trade Regime	2.0	2.5
Market Pricing	2.5	3.3
School Enrollment	8.6	9.0
Infant Vaccination	4.6	4.6
Contraceptive Prevalence	2.0	2.6
Environmental Mgmt.	6.0	5.8
Democracy/Human Rights	18.0	18.0
Total Score	<hr/> 74.5	<hr/> 78.9 or 78.8*
Overall Performance Ranking	6th	3rd

\* When the indicator averages are summed together, they total 78.9  
When the country scores are summed and averaged, the total is 78.8. The  
difference results from rounding. RDO/C proposes 78.8 in the text.

**LAC PERFORMANCE RATINGS SUMMARY, 1990  
WITH OECS COUNTRIES BUNDLED AS A REGION**

	OVERALL PERFORM RANKING	OVERALL PERFORM (100%)	MACRO POLICY (50%)	SOCIAL SERVS (20%)	ENVIRON MGMT (10%)	DEM/HR COMMIT (20%)
Costa Rica	1	82.9	38.0	16.9	8.0	20.0
Jamaica	2	79.7	39.5	16.2	7.0	17.0
Eastern Caribbean	3	78.8	38.8	16.2	5.8	18.0
Belize	4	77.0	39.5	14.0	5.0	18.5
Bolivia	5	75.5	42.5	12.5	5.0	15.5
Panama	6	75.1	39.5	16.6	5.0	14.0
Honduras	7	72.6	34.4	15.7	7.0	15.5
Colombia	8	70.3	36.1	16.7	5.0	12.5
El Salvador	9	70.2	40.7	12.0	5.0	12.5
Ecuador	10	69.7	32.0	13.7	7.0	17.0
Peru	11	59.6	30.4	11.7	5.0	12.5
Guatemala	12	58.9	28.7	11.7	6.0	12.5
Dominica Republic	13	56.7	21.2	15.0	5.0	15.5
Haiti	14	55.9	28.6	11.3	5.0	11.0
Guyana	15	51.0	25.5	13.0	3.0	9.5
Nicaragua	16	50.7	17.0	14.7	5.0	14.0

RDO/C scorings place the Eastern Caribbean region 3rd in the LAC ranking, while the Bureau's scorings place it 6th. RDO/C recommends that the Bureau accept RDO/C's proposed scores. Annex B contains the individual country profiles, wherein the data and analysis that provide the basis for RDO/C's scores, are presented.

**LAC PERFORMANCE RATINGS SUMMARY, 1990  
WITH OECS COUNTRIES INDIVIDUALLY RANKED**

<b>COUNTRY</b>	<b>OVERALL PERFORM RANKING</b>	<b>OVERALL PERFORM (100%)</b>	<b>MACRO POLICY (50%)</b>	<b>SOCIAL SERVS (20%)</b>	<b>ENVIRON MGMT (10%)</b>	<b>DEM/HR COMMIT (20%)</b>
St. Lucia	1	89.2	46.0	16.7	8.0	18.5
Dominica	2	84.6	41.5	16.6	8.0	18.5
Costa Rica	3	82.9	38.0	16.9	8.0	20.0
St. Vincent	4	82.4	42.0	16.9	5.0	18.5
St. Kitts	5	81.2	40.0	16.2	5.0	20.0
Jamaica	6	79.7	39.5	16.2	7.0	17.0
Belize	7	77.0	39.5	14.0	5.0	18.5
Bolivia	8	75.5	42.5	12.5	5.0	15.5
Panama	9	75.1	39.5	16.6	5.0	14.0
Honduras	10	72.6	34.4	15.7	7.0	15.5
Colombia	11	70.3	36.1	16.7	5.0	12.5
El Salvador	12	70.2	40.7	12.0	5.0	12.5
Ecuador	13	69.7	32.0	13.7	7.0	17.0
Grenada	14	69.0	32.4	14.6	5.0	17.0
Antigua	15	66.7	31.0	16.2	4.0	15.5
Peru	16	59.6	30.4	11.7	5.0	12.5
Guatemala	17	58.9	28.7	11.7	6.0	12.5
Dom. Republic	18	56.7	21.2	15.0	5.0	15.5
Haiti	19	55.9	28.6	11.3	5.0	11.0
Guyana	20	51.0	25.5	13.0	3.0	9.5
Nicaragua	21	50.7	17.0	14.7	5.0	14.0

COMPARISON OF LAC AND RDO/C SCORES

Country	Overall Perform. Ranking	Overall Perform. [100%]	Macro Policy [50%]	Social Servs. [20%]	Environ. Mgmt [10%]	DEM/HR Commit [20%]
Antigua						
LAC	NIR	63.7	26.1	16.1	6.0	15.5
RDO/C	15	66.7	31.0	16.2	4.0	15.5
Dominica						
LAC	NIR	80.5	40.0	16.0	6.0	18.5
RDO/C	2	84.6	41.5	16.6	8.0	18.5
Grenada						
LAC	NIR	64.7	27.4	14.3	6.0	17.0
RDO/C	14	69.0	32.4	14.6	5.0	17.0
St. Kitts						
LAC	NIR	76.2	36.6	13.6	6.0	20.0
RDO/C	5	81.2	40.0	16.2	5.0	20.0
St. Lucia						
LAC	NIR	82.2	41.5	16.2	6.0	18.5
RDO/C	1	89.0	46.0	16.5	8.0	18.5
St. Vincent						
LAC	NIR	79.7	40.0	15.2	6.0	18.5
RDO/C	3	83.5	42.0	18.0	5.0	18.5
Eastern Caribbean						
LAC	6	74.5	35.3	15.2	6.0	18.0
RDO/C	3	78.8	38.8	16.2	5.8	18.0

NIR: Not Individually Ranked

**Mission Objective: Improved Legal and Regulatory Environment for Business Development**

As an indicator for the objective of improving the legal and regulatory environment for business development, RDO/C will track the modernization of business-oriented laws by states in the region. It is primarily through the Caribbean Law Institute (CLI) Project that the RDO/C supports the achievement of this objective. CLI's law reform activities, over time, are expected to contribute significantly to a modern outward-looking environment for trade and investment in the region.

So far, efforts to develop a revised, model company law and a new arbitration law are most advanced. In addition, project advisory committees have been established to study and revise laws affecting shipping, banking, insurance, bankruptcy, the environment, the sale of goods and consumer protection.

**Mission Objective: Improved Sector Policies and Programs that Contribute to Economic Growth**

In order to measure progress towards the achievement of this objective, RDO/C will track the growth rate in the contribution of the agriculture output to GDP. In support of this objective the new Eastern Caribbean Agricultural Policy (ECAP) initiative will focus on improvements in the decision-making capacity of governments through adequate agricultural statistics collection, policy analysis, and policy reform and implementation.

**Bureau Sub-Objective B: Encourage vigorous response by the Private Sector to a favorable policy environment.**

**Mission Objective: Non-traditional Exports Increased**

The Eastern Caribbean's efforts to diversify agricultural exports resulted in an estimated increase of 5% in exports of non-traditional products. RDO/C's West Indies Tropical Product Support (TROPRO) Project is designed to influence expansion of non-traditional exports and has over the past year begun to improve production, packaging and marketing of selected crops. In FY 92 TROPRO will be evaluated to determine its impact on the production and export of non-traditional crops. Additionally there will be an assessment of RDO/C's success in contributing to export growth. In FY 91 a new RDO/C initiative will include the tourism sector as one of its target areas, and is expected to contribute to an increase in future foreign exchange earnings from tourism.

**Mission Objective: Private Sector Investment Increased**

RDO/C's program is influencing private sector investment through the Caribbean Financial Services Corporation (CFSC) and the Small Enterprise Assistance Program (SEAP) and the Agricultural Venture Trust (AVT). CFSC, a private development bank, was established in 1983 to make loans to export-oriented companies. It is now a viable institution meeting the long-term credit needs of new or expanding private enterprises, with a significant portfolio in tourism-related businesses. CFSC has stimulated increased local investment of \$5 million, has generated over \$32 million in foreign exchange earnings to date and has created some 800 long term jobs.

SEAP has made a considerable contribution both as the primary mechanism for providing credit and as a catalyst for other donor support to these sub-sectors. SEAP has also engendered a pro-enterprise consciousness and fostered the development of entrepreneurial abilities through experience. SEAP will continue to provide loans in FY 91 to micro enterprises, many of which provide support

services to the productive sectors. Eight National Development Foundations (NDFs) and a women's NGO have become effective service delivery entities for micro enterprises. These organizations have assisted over 2,400 enterprises through loans valued at approximately \$6 million in addition to providing technical assistance and training. As a result, over 4,000 jobs have been affected either through jobs created or enhanced. A follow-on small enterprise assistance project, based on lessons learned and current achievements, is scheduled for FY 91. SEAP II will continue the principal activities initiated under the original project, while developing self-sustaining credit operations in the NDFs.

AVT, is an intermediate financial institution which invests equity capital in non-traditional agribusinesses. It focuses on the export of non-traditional agricultural products and competitive import substitution, and demonstrates attractive returns on capital at acceptable levels of risk. This, in turn, attracts new private financial resources into agricultural diversification. Since 1989 the AVT invested \$2.3 million in twelve companies which has resulted in an additional \$5.2 million of new debt and equity in co-financing.

In order to measure achievement of this objective we have selected private investment as a percentage of GDP and investment growth in the micro business/small enterprise subsectors. In the fourth quarter of FY 92, a cross-cutting evaluation of RDO/C's efforts to expand the private sector base will be undertaken.

**Mission Objective: Appropriate Agricultural Technology Developed and Transferred**

The center piece of RDO/C's efforts to support achievement of this objective is the Agricultural Research and Extension Project (AREP), now in its second year of implementation. AREP builds upon previous RDO/C initiatives to test and transfer new technologies geared to improving efficiency and increase diversified agricultural production. Successful testing and transfers have been completed for selected exotic fruit and, although precise data is not currently available, the number of farms adopting the farm and home management methods of production has increased. AREP's progress will be evaluated in FY 92.

**Mission Objective: Management and Vocational Training Strengthened**

RDO/C's three education and training projects are supporting the achievement of this objective. The Regional Management Training Project has so far provided training for 480 managers and management trainers and has generated financial contribution from the private sector for the work of the project. To address high unemployment among youth, the Regional Non-formal Skills Training Project has trained over 8,700 youth and placed over 80% of them in jobs. As governments have been increasing their financial support, satisfactory progress is being made towards full institutionalization of the program in the Eastern Caribbean. The Presidential Training Initiative for the Islands Caribbean Project continues to support training in management and specialty areas. In FY 90 PTIC provided training for 56 scholars in these areas.

**Bureau Sub-Objective C: Encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged.**

**Mission Objective: Population Growth Rates Reduced**

RDO/C's Population and Development project has over the past eight years been a major contributor to the increase in contraceptive prevalence rates from 35% in 1981/82 to 58% in 1990. As a result of efforts in policy dialogue, population

strategies have been formulated and family planning has been incorporated into clinic outreach programs. Significant changes have occurred in the perceptions of governments regarding family planning issues and practices and this has resulted in the preparation of training materials, clinic renovation and institutional strengthening. Future project activities will target hard-to-reach groups, in order to effect further increases in contraceptive prevalence rates.

**Mission Objective: Increased Participation in the Economy by the Historically Disadvantaged**

RDO/C's PTIIC program incorporates a specific focus on this objective. Scholarship opportunities have been directed towards socially/economically disadvantaged groups for training across a broad spectrum of academic and technical fields. To date 87% of the scholarships under the project have been awarded to individuals from these groups, thus exceeding the AID/W mandated target of at least 70%. These individuals have been provided with the opportunities to pursue studies which they would not otherwise have been provided because of their economic status. Indications are that this training has enabled scholars to return to important jobs in both the public and private sectors. An impact evaluation of PTIIC and other participant training programs will be conducted in FY 91.

In the micro enterprise sector SEAP is enabling disadvantaged persons to participate in economic activity through the provision of credit and technical assistance. To date SEAP has assisted over 2400 micro enterprises thereby creating or enhancing over 4,000 jobs.

**Bureau Sub-Objective D: Encourage preservation and sustainable use of the natural resource base.**

**Mission Objective: Sustainable Use/Practices Adopted in Ecologically Vulnerable Areas**

In order to measure progress towards achievement of this objective, RDO/C will track changes in water quality at representative sites. Collection of baseline data will be carried out under the Environment and Coastal Resources (ENCORE) Project which will focus on a range of environmental concerns.

**BUREAU OBJECTIVE II: Support the Evolution of Stable Democratic Societies.**

**Bureau Sub-Objective A: Encourage the strengthening of competent civilian government institutions that will merit the confidence of political and military leaders, citizens and investors.**

**Mission Objective: Support of Justice Systems Improved**

RDO/C continues to monitor the indicators set forth in last year's Action Plan which generally relate to project-specific interventions designed to improve various aspects of the judicial "infrastructure" of the countries in the region, and thus the functioning of the affected legal systems. The mid-term evaluation of CJIP concluded that the project was generally successful in achieving its objectives in terms of: courthouse renovations, law library development, the revision and printing of laws, and judicial training. For this year's Action Plan, RDO/C will focus on the policy reform components of CJIP. Progress in policy areas, including overall financial support, increased salary levels, cost recovery measures and modern management practices, will be important to achieving sustainable improvements in the effectiveness of the countries' justice systems. Thus, an indicator which RDO/C will monitor is the percentage of each government's annual budget allocated to the justice sector. CJIP has realized some success in encouraging governments to increase their expenditures on judicial systems.

**BUREAU OBJECTIVE III: Respond to the need for International Cooperation in Addressing Specific Challenges to the Attainment of Broadly-Based Sustainable Economic Growth and Evolution of Democratic Societies.**

**Bureau Sub-Objective A: Contribute to the formulation and implementation of USG Strategies for dealing with issues of particular concern, such as drugs, terrorism and environmental degradation.**

**Mission Objective: Increase Awareness of Narcotics Addition and Trafficking**

As previously discussed, in FY91, the SDA program expects to continue its support to the Florida Association of Voluntary Agencies for Caribbean Action (FAVA/CA), the Salvation Army and Partners for the Americas.

**Bureau Sub-Objective B: Support USG foreign policy initiatives that can benefit from AID resource and expertise, such as disasters, epidemics and resettlement of displaced persons.**

**Mission Objective: Reduce Incidence and Transmission of AIDS**

RDO/C's AID's Communication and Technical Services (ACTS) Project addresses this objective. ACTS is strengthening the ability of Caribbean countries to develop and implement cost-effective infection surveillance, health/ education/ information, and behaviour intervention programs. To this end major accomplishments to date include 31 training programs to 700 health care workers, behaviour change intervention activities with high risk groups and, development and the dissemination of education materials. Preliminary estimates indicate that 50% of the population, (an increase of 26.5% since 1989) now have a basic knowledge of HIV transmission and the means to avoid infection.

TABLE III  
PROGRAM PERFORMANCE INDICATORS

BUREAU OBJECTIVES/ SUB-OBJECTIVES	MISSION OBJECTIVES	INDICATORS	ACTUAL		PLANNED	ACTUAL	PROJECTED	
			1985	1989	1990	1990	1991	1992
OBJECTIVE 1: SUPPORT THE ACHIEVEMENT OF BROADLY BASED SUSTAINABLE ECONOMIC GROWTH								
SUB-OBJECTIVE A: Encourage the adoption of and continued adherence to economic policies that pro- mote investment, productive, employment and export-led economic diversification	1. Macro-economic management improved	Public Sector savings as a percent- of GDP - Antigua 5.5 - St. Kitts/Nevis 1.0 - Dominica 4.2 - St. Lucia 10.2 - St. Vincent 9.2 - Grenada 2.5	5.03 -7.1 -2.5 6.3 6.6 2.5	5.5 1.0 4.2 10.2 9.2 2.5	6.5 1.5 4.5 10.2 9.2 3.0	-- -- -- -- -- --	6.5 2.0 4.5 10.7 9.2 3.0	6.5 2.5 5.0 10.9 9.4 4.5
	2. Quality and efficiency in basic education and health services improved	Increase in proportion of trained teachers <sup>a</sup>	-	-	-	-	-	-
		Increase in proportion of students satisfactorily completing basic education in allotted time <sup>b</sup>	-	-	-	-	-	-
		Increased percentage of user fees collected and retained by public health services <sup>c</sup>	-	-	-	-	-	-
	3. Improved legal and regulatory environment for business development	Number of business and commercial laws modernized	0	0	0	0	1	6
	4. Sector policies and programs developed which contribute to eco- nomic growth	Percentage change in contributions to GDP from Agriculture	3%	5%	6%	Est. 5.5%	7%	8%
	5. Non-traditional exports increased	The growth rate of non-traditional exports	3%	5%	5%	5%	5%	10%
SUB-OBJECTIVE B: Encourage vigorous response by the private sector to a favorable policy environment		Annual growth rates in regional gross receipts from tourism <sup>d</sup>	-	9.8%	-	Est. 9%	10%	10%

PROGRAM PERFORMANCE INDICATORS

BUREAU OBJECTIVES/ SUB-OBJECTIVES	MISSION OBJECTIVES	INDICATORS	ACTUAL		PLANNED	ACTUAL		PROJECTED		
			1985	1989		1990	1991	1992		
SUB-OBJECTIVE C: Encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged	6. Utilities and transportation infrastructure improved	Reduction in length and frequency of power outages	-	Est. 4hrs. per day	Est. 1hr. per day	Est. 1hr. per day	Est. 1/2hr. per day	Est. 1/2hr. per day	-	
	7. Private sector investment increased	Percentage change in government expenditures on maintenance <sup>a</sup>	-	-	-	-	-	-	-	-
		Private investment as a percentage of GDP	-	-	-	-	-	-	-	-
		Antigua	Est. 13.4%	Est. 17.5%	-	Est. 19.0%	Est. 22.0%	-	-	-
		Dominica	Est. 12.5%	Est. 12.7%	-	Est. 13.0%	Est. 13.5%	-	-	-
		Grenada	Est. 17.8%	Est. 18.1%	-	Est. 19.0%	Est. 20.0%	-	-	-
		St. Kitts/Nevis	Est. 18.1%	Est. 18.0%	-	Est. 19.0%	Est. 20.0%	-	-	-
	St. Lucia	Est. 23.5%	Est. 23.9%	-	Est. 24.5%	Est. 25.0%	-	-	-	
	St. Vincent	Est. 21.9%	Est. 17.7%	-	Est. 18.0%	Est. 18.5%	-	-	-	
	Investment growth rate in micro/SME sector	1%	2%	3%	3%	3%	5%	-	-	
	8. Appropriate agricultural technology developed transferred	Number of farms adopting an innova- tion eg. farm management method	300	550	600	650	700	-	-	
9. Management and vocational training strengthened	Number of persons receiving job specific training: Male Female	1603 876	1777 1422	700 450	775 516	762 507	-	-		
10. Population growth rates reduced	Change in contraceptive prevalence rates among women of reproductive ages	50%	57%	58%	58%	60%	-	-		
11. Increased participation in the economy by the historically disadvantaged	Number of socially and economically disadvantaged satisfactorily trained	-	72	96	107	21	35	-		
	Number of micro enterprises receiving credit under AID programs	200	1080	750	800	850	-	-		

TABLE III  
PROGRAM PERFORMANCE INDICATORS

BUREAU OBJECTIVES/ SUB-OBJECTIVES	MISSION OBJECTIVES	INDICATORS	ACTUAL		PLANNED		PROJECTED	
			1985	1989	1990	1990	1991	1992
SUB-OBJECTIVE D: Encourage preservation and sustainable use of the natural resource base	12. Sustainable use/practices adopted in ecologically vulnerable areas	Change in water quality index in representative sites in the region <sup>e</sup>	-	-	-	-	-	-
OBJECTIVE II: SUPPORT THE EVOLUTION OF STABLE, DEMOCRATIC SOCIETIES								
SUB-OBJECTIVE A: Encourage the strengthening of competent civilian government institutions that will merit the confidence of political and military leaders, citizens and investors.	13. Host country support for justice system improved	Percentage of annual country budget allocated to justice sector	0.2%	0.4%	0.5%	0.5%	0.8%	1%
OBJECTIVE III: RESPOND TO THE NEED FOR INTERNATIONAL COOPERATION IN ADDRESSING SPECIFIC CHALLENGES TO THE ATTAINMENT OF BROADLY-BASED SUSTAINABLE ECONOMIC GROWTH AND EVOLUTION OF DEMOCRATIC SOCIETIES								
SUB-OBJECTIVE A: Contribute to the formulation and implementation of USG strategies for dealing with issues of particular concern, such as drugs, terrorism and environmental degradation	14. Increased awareness of problems of narcotics' addiction and trafficking.	Percent of population exposed to drug awareness education activities <sup>e</sup>	-	-	-	-	-	-
SUB-OBJECTIVE B: Support USG foreign policy initiatives that can benefit from AID resources and expertise, such as disasters, epidemics and resettlement of displaced persons.	15. Reduce incidence and transmission of AIDS	Increase in percentage of population with basic knowledge of HIV transmission and means to avoid infection	-	24.5%	40%	50%	60%	70%

<sup>e</sup> New project proposed for FY93  
<sup>ee</sup> Data not available, will be collected in FY91

### SECTION III: NEW PROGRAM INITIATIVES - OVERVIEW

In addition to the two projects for which AID/W has already delegated authority, RDO/C intends to initiate one additional activity in FY 91. RDO/C also proposes three new starts in FY 92, and four for FY 93. All activities will implement the regional development strategy and objectives that currently guide U.S. assistance in the Eastern Caribbean. Each new activity furthers Agency and Bureau objectives and fosters sector reform. The proposed projects will promote an expanded role for the private sector and assist the public sector in developing more efficient operations. The proposed new starts span the agriculture, infrastructure, tourism, population, health, and education sectors.

Given that the OECS members have outperformed the vast majority of LAC countries in FY 90, RDO/C planning has proceeded in the expectation that the superior OECS performance will be rewarded. Based on macroeconomic, fiscal, and policy performance in particular, and in light of decreasing levels of ESF, RDO/C hopes to receive supplemental DA funds to demonstrate to the EC countries that their efforts are tangibly acknowledged.

The Private Sector Initiatives Project, our additional new start for FY 91, is cross cutting and will offer assistance principally in the key sectors of tourism, finance, and agriculture. The intent of the project is to offer broad support for private sector activities where U.S. assistance can most appropriately be employed. This project incorporates the earlier proposed Regional Tourism project.

In FY 92, agricultural diversification and production increases will be enhanced by the Eastern Caribbean Agricultural Policy Project. In support of RDO/C's human resource development objectives, the Population Policy and Program Support Project and the Health Sector Policy Initiatives Project aim at sustaining achievements in health status and contraceptive prevalence and pursuing the quest for efficiency in the provision of services.

Among the four new starts planned for FY 93, the themes of sectoral structural reform and human resource development remain the focus of assistance. The Regional Infrastructure Maintenance Project will help develop a "maintenance culture" and thereby protect extensive national and donor investments in important infrastructure. The Basic Education and Training Project is intended to address unemployment as well as increase the number of skilled workers available to key sectors of the island economies. The Privatization and the Environment: St. Lucia Project will further ongoing privatization efforts and rational management of natural resources. The Basic Needs Trust Fund II Project will provide assistance for basic community infrastructure and generate local employment.

A summary list of planned new starts:

- |               |  |
|---------------|--|
| <u>FY 91:</u> | Private Sector Initiatives                   |
| <u>FY 92:</u> | Population Policy and Program Support        |
|               | Eastern Caribbean Agricultural Policy        |
|               | Health Sector Policy Initiatives             |
| <u>FY 93:</u> | Regional Infrastructure Maintenance          |
|               | Basic Education and Training                 |
|               | Privatization and the Environment: St. Lucia |
|               | Basic Needs Trust Fund II                    |

The FY 90-91 Action Plan review resulted in decisions on new initiatives proposed in the FY 1990 submission. The decisions are summarized here:

<u>SUBJECT</u>	<u>DECISION</u>	<u>STATUS</u>
<u>FY 90:</u>		
Regional Management Training	Submit PP Amendment to AID/W	DAEC review Aug. 29. PP authorized & obligated Aug. 31
Dominica Structural Adjustment	Submit Concept paper to AID/W. DOA to Mission to approve PAAD	Mission approved PAAD. Agreement signed Sept. 1990.
<u>FY 91:</u>		
Small Enterprise Assistance II	DOA to Mission to authorize project	PP in preparation for second quarter obligation.
Privatization and Environment	Submit PID to AID/W	Performance fund cancelled. NPD revised and resubmitted in this AAP, start rescheduled for FY 93.
<u>FY 92:</u>		
Population and Development II	Include in ABS & FY 92/93 AAP	Included in ABS as FY 92 New Start. Revised and resubmitted in this AAP.
Health Resources Management	Defer until FY 93	Revised and resubmitted in this AAP as FY 92 new start.

Development opportunities have led the Mission to refine programming plans where circumstances warranted. Pressure on RDO/C's program budget has also required refinements in the manner by which we will demonstrate to OECS members that excellent performance reaps rewards. We hope to do so through increases in budget levels in the development assistance accounts.

### NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVE/SUB-OBJECTIVE: Support achievement of broadly based sustainable economic growth/Encourage the adoption of economic policies that promote investment and productive employment.

PROJECT TITLE: Private Sector Initiatives (PSI) (New)

PROJECT NUMBER: 538-0186

FUNDING: \$10 million LOP: 5 years

TYPE OF FUNDING: PSEE & FN INITIAL OBLIGATION: FY 91

A. MISSION STRATEGY: Private sector led development is the core of the RDSS. The goal is to stimulate economic growth by developing a mutually reinforcing set of vital, viable and sustainable private sector and private sector supporting institutions and government policies. The PSI project supports this goal.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES: PSI will complement other USAID private sector and agricultural diversification projects such as the Investment Promotion and Export Development Project, Agricultural Venture Trust, West Indies Tropical Produce Support Project and the Environment and Coastal Resources Project. PSI will provide technical assistance, in concert with the EEC through the Lomé IV agreements, as well as indirectly support CIDA programs.

C. RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES: The proposed FY 91 and FY 92 projects are directed towards policy issues in either health, agriculture, population or infrastructure. Assisting in the development of a dynamic private sector enhances the prospects for effective policy dialogue to create changes that affect all sectors.

D. PROJECT DESCRIPTION: PSI will finance private sector policy and program activities in tourism and agricultural diversification as well as exploring opportunities for support to Eastern Caribbean private sector organizations and governments in financial markets, privatization and foreign trade and investment.

Below are illustrative programs for each of the target areas:

1. Tourism: The needs of the tourism sector are vast but this offers greater opportunity for USAID assistance to address specific key constraints.

a. Master Plans and Other Studies: Generally, Eastern Caribbean countries do not have effective tourism master plans or strategies. Using the St. Lucia example, the project will provide technical assistance to governments and private and public constituted tourism boards to establish national tourism strategies in collaboration with appropriate private sector organizations. Specific USAID financed activities will emerge from the formulation of tourism strategies.

b. Training Programs: Working in concert with the EEC Tourism Sector training activities, unmet training needs will be identified and training programs designed. Three groups are targeted for training programs: strategic planners within the national ministries of tourism, staffs of the national chapters of the hotel association, and managers/operators/owners of medium and small hotels which dominate in the Eastern Caribbean. The latter group require training in hotel management, accounting, and promotion of their product in North America. Different modes of training will be used, short term at site, short term in the United States, and, in some cases, special programs will be set up using Entrepreneurs International to place candidates in similar U.S. work.

2. Financial Markets and Privatization: These two areas are closely related. Secondary financial markets are necessary for the acquisition of divested government enterprises or the sale of private sector company shares. Considerable work has occurred to make the CARICOM Joint Stock Market a reality. In essence, this market will link the stock markets of Jamaica, Barbados and Trinidad & Tobago by allowing cross border transactions. The countries have been working to amend applicable laws and regulation pertaining to Alien Land Holding Rights which also affects foreigners holding corporate stock. With respect to privatization, governments are showing greater interest because of the need to reduce expenditures and to remove inefficient enterprises. Illustrative activities include:

a. Studies: These will be carried out in conjunction with the Caribbean Association of Industry and Commerce (CAIC) and the Eastern Caribbean Central Bank to determine the feasibility and possible mode of implementation for the individual OECS economies to participate in the proposed new joint stock market.

b. OECS Country Specific Privatization Surveys: APRE Bureau's Center for Privatization will be tapped to carry out country specific surveys which will provide information on commercial laws, government policies, and other factors which affect the potential for privatization.

c. Seminars and Workshops: Critical to any privatization program is the education of government and general population on the economic and social benefits of such action. This will be accomplished through a series of regional and national seminars and workshops explaining privatization. Key support will be sought from applicable labor organizations which command considerable influence in the Eastern Caribbean. In this regard, employee stock ownership plans will be encouraged which will necessitate working with financial institutions to raise acquisition capital. Support will be sought from lending institutions participating in the new Enterprise for the Americas Initiative (EAI).

3. Trade and Investment: This is one of the most critical areas since it is imperative that the OECS continue to position itself to trade in the world market. Studies should be undertaken to determine the combined effects of the failure of the GATT, the proposed new CARICOM Common External Tariff (CET) and the proposed trade agreement between the United States and Mexico. Special programs will be undertaken to participate in Enterprise for the Americas Initiative activities.

It is proposed to transfer funding and operation of the U.S. Business and Commercial Center, which supports USAID regional trade and investment efforts, from the Investment Promotion and Export Development Project to PSI.

4. Agricultural Diversification: Tourism continues to be the most dynamic economic sector for the Eastern Caribbean. However, the cost of serving tourists is very high, mostly because of the need to import food. Agriculture diversification efforts will benefit from linking locally grown non-traditional agriculture to local and regional tourism markets. Working through CAIC, policy study requirements will be articulated in collaboration with the Agricultural Diversification Unit of the OECS Economic Affairs Secretariat. In turn, these studies will identify specific requirements for long term USAID assistance.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: RDO/C will identify one or possibly two regional organizations with which to enter into an agreement for overall project implementation. Such a candidate is the CAIC which already carries out some

policy advocacy activities. A Private Sector Development Center is being organized within CAIC under the SEAP II Project scheduled to be authorized in the second quarter of FY 91. The Center will implement donor agencies' projects in support of regional private sector activities. For trade and investment activities, and depending on the ultimate nature of the EAI, RDO/C will consider a PASA Agreement with the Department of Commerce in Washington to coordinate this element.

F. SUSTAINABILITY: This project will not create any new organizations or permanent positions for which continued budgetary support will be required.

G. MISSION MANAGEMENT ROLE: The project will finance a personal services contractor working in the Private Sector Office to act as project manager.

H. POTENTIAL ISSUES:

- selection of an appropriate implementing organization
- selection of an appropriate implementing mechanism.

## NEW PROJECT DESCRIPTION

LAC BUREAU SUB OBJECTIVE: Encourage the adoption of and continued adherence to economic policies that promote investment, productive employment export-led economic diversification

PROJECT TITLE: Eastern Caribbean Agricultural Policy (New)

PROJECT NUMBER: 538-0184

FUNDING: \$7 million LOP: 5 years

TYPE OF FUNDING: DA/ARDN INITIAL OBLIGATION: FY 92

A. CONSISTENCY WITH MISSION STRATEGY: The RDSS focuses on economic growth by emphasizing efforts to improve the economic policy framework, eliminating inefficiencies in institutional environments, and promoting private sector-led growth. This project will (1) improve the decision-making capacity of national governments by providing them with good policy analysis, (2) integrate policy reform at the regional level, and (3) improve the implementation of policies.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES: Macro-economic and sectoral policies strongly affect investment and technical, production and marketing decisions made by farmers. These policies and the farmer decisions which result, affect as well a host of other conditions in the region and in each country, ranging from tourism and environment, to trade, industrial development, and foreign assistance. The success of many A.I.D. projects, e.g., TROPRO, AREP and ENCORE as well as the projects of other donors depend as much on the policy environment as on the investment and technical inputs. CARICOM has been discussing a wide range of policy issues which affect agriculture among its constituents or members, a wider grouping of countries with more diversity of conditions than exist in the OECS. FAO, IICA, CIDA and other donors have done policy studies on a sporadic basis. This project will coordinate activities with these entities and will build on their past work.

C. RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES: The project is in conformance with all relevant A.I.D. policy objectives of agriculture, trade, natural resources and environment, etc.

D. PROJECT DESCRIPTION: The project goal is to improve sector policies and programs in the OECS that contribute to economic growth. The project purpose is to create a policy analysis mechanism at the national and regional levels which enables cabinet members to propose better policy for agriculture and related sectors, specifically natural resources, environment and tourism.

Macro-economic and other development policies in individual countries of the Eastern Caribbean tend to be made with little regard to their impact on the agricultural sector. Agricultural sector policies, in turn, tend to ignore the broader effects which these policies might have on tourism, the environment, or non-agricultural trade. Finally, both national macro-economic policy and sectoral policy tend to ignore the changing world environment, as well as the implications of national change on regional progress.

This 5 year project will have 3 components:

1. **Databases and Statistical information.** The Institute of Agricultural Policy Analysis will become a center for data concerning the ag sector. This information will come primarily from existing databases and past reports and surveys. If this information is inadequate for the needs of the Institute's analyses, it will conduct surveys to meet the need for specific data. However, these data collection efforts will be limited in scope and number since the Institute's function is primarily policy analysis, rather than data production.

2. **Policy Analysis and Information:** Included in this element is an Institute of Agriculture Policy Analysis, made up of professional policy analysts, who will carry out an agenda of short- and mid-term studies, either personally or by contract. The Institute should be attached as an integral part of an existing regional institution such as CDB or OECS, but be able to access expertise from other regional institutions. Also in this element are National Agricultural Policy Advisors, who work with cabinet-level decision-makers and are responsible for advising the national leadership on analyses, theory and issues affecting sectoral matters. These individuals are the national interface with the ECAP and help to define issues for study and setting of agendas for short and medium-term studies.

3. **Regional Concertization Meetings:** Ministers and their advisors currently meet quarterly under OECS auspices. The policy discussion at these meetings will be improved through input from the policy advisors as it relates to problem definition, study interpretation and issue resolution. The National Agricultural Policy Advisors will also meet periodically with staff of the Institute to discuss priority problems defined by the ministerial level conference, define terms of reference for the short and medium-term studies, and outline possible implementation strategies for policy changes. The Advisors will meet regularly with the Institute to review work-in-progress and the drafts of study reports and to evaluate implementation progress.

**Impact on Women:** Gender issues will be considered as one element of all policy analyses.

**E. PLANNED IMPLEMENTATION ARRANGEMENTS:** The project proposes establishment of an Institute of Agricultural Policy Analysis as a branch of an existing department of a regional institution with similar responsibilities. CDB and OECS are being considered as possible home institutions. This unit consisting of at most five professional analysts would concentrate on compiling existing studies and statistics for the region and on an agenda of short and medium-term studies. This agenda of studies would be developed in collaboration with the national Agricultural Policy Advisors who will be established in each of the OECS countries, a position to be filled by a trusted advisor/confidant of the Minister of Agriculture or his Permanent Secretary. Besides its in-house research, the Institute would contract studies to other experts in the region. All of the staff would be from the Caribbean.

Technical assistance to the policy analysis group would be by a contract which provides for a full-time director who would arrange for short-term advisory assistance and training. A second task-ordering contract would provide public administration support to facilitate policy implementation in individual countries.

**F. SUSTAINABILITY OF PROPOSED ACTIVITIES:** By establishing the Institute of Agricultural Policy Analysis as a branch of an existing department of similar responsibilities, administrative support and sustainability are more likely. In addition, by utilizing staff from the Eastern Caribbean, both acceptance and permanence are better assured.

G. MISSION MANAGEMENT ROLE: The Mission will identify a USDH in the ANR Office to provide the day-to-day mission management of this project. This person will be assisted by a project committee.

H. POTENTIAL ISSUES:

--Can this project be implemented and/or sustained given the limited resources of national governments and the over-extension of some regional entities such as the OECS?

--National governments in the Eastern Caribbean have been very reluctant in the past to accept assistance on policy related issues. The mission will have to develop a very carefully orchestrated strategy to gain broad regional acceptance of this project.

--Should the IAPA be attached to, or under auspices of, the Council of Agriculture Ministers?

## NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVE: Support the achievement of broadly-based sustainable economic growth.

LAC BUREAU SUB-OBJECTIVE: Encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged.

PROJECT TITLE: Population Policy and Program Support (New)

PROJECT NUMBER: 538-0179

FUNDING: \$6 million

LOP: 7 years

TYPE OF FUNDING: DA/POP

INITIAL OBLIGATION: FY 92

A. CONSISTENCY WITH MISSION STRATEGY: The project supports the RDO/C strategy to foster human resource development. The RDO/C strategy statement highlights the problems of fertility rates and teen pregnancies. The RDSS also stresses Mission intent to better focus its family planning assistance to help reduce dependency ratios and improve women's health so that they might more actively participate in the economy.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES: The project will foster access to economic opportunity by women of child-bearing age. Also, the project supports economic growth by (a) helping to contain the increase in the dependency ratio; (b) enabling governments to avoid the capital and recurrent costs of major social infrastructure; and (c) through stable or reduced fertility rates, freeing resources for deployment to other productive sectors of the economy. With its comparative advantage, A.I.D. will remain a major donor in the subsector, though others (PAHO/UNFPA, UNICEF, and CIDA) are expected to provide very limited support to population activities in the region. RDO/C maintains a dialogue with these other donors and will update information on current and planned activities during preparation of the PID to ensure effective donor coordination.

C. RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES: The project is consistent with the objective and sub-objective cited above. It is likewise consistent with the sector policy dialogue in which RDO/C has been engaged, namely, that governments need to monitor health costs, determine who benefits, institute cost recovery where possible, and encourage the private sector to assume greater responsibilities for service delivery. The project fully supports the major objective of human resource development—in this instance the main beneficiaries are women—for participation in a market economy.

D. PROJECT DESCRIPTION: The goal is to stabilize and where possible reduce fertility rates in the Eastern Caribbean. The project purpose is to consolidate and sustain achievements realized through prior assistance and extend these to hard-to-reach groups. The main beneficiaries will be adolescents and young adults. The project builds on several years of RDO/C accomplishments under the Population and Development I (538-0039) project. Governments have accepted the importance of the impact of population growth on development. Most have enunciated population policies and at least two have established national councils for implementation. Medical protocols have been produced and family planning clinics opened. The institutional capability of the Caribbean Family Planning Affiliation, a regional non-governmental organization, has been greatly improved. An effort to involve the private sector in family planning service delivery has been launched in Grenada. Perhaps the most notable achievement is the increase in contraceptive prevalence rates over the period of A.I.D. assistance, up from an average of 36% in 1982 to about 58% today. While these accomplishments are important, there is more to be done.

Though population policies have been drafted by all governments, not all have been implemented. In spite of a notable expansion of the availability of family planning information and services, adolescents and young adults have largely been left out of the process and require more targeted assistance. The Grenada private sector experiment has been launched but the delivery of services by the private sector must be expanded. Means for recovering at least some of the service delivery costs must be identified and implemented. The key family planning institutions (the Caribbean Family Planning Affiliation and its national, island-based members) must be further strengthened.

The project will have three components. Policy formulation or revision will help countries establish or implement appropriate policies. Those which set forth goals and objectives and define functions as well as those which govern operations will be examined. Policies which act as disincentives to the private sector as well as those that offer incentives (tax or other) for service provision and infrastructure development will be analyzed. Fees for services in public sector facilities and contracting or payment of a "head fee" for services in private clinics are options to be reviewed. Integrated education for both family planning and AIDS awareness is an important institutional option that can help eliminate duplicate effort and effect cost efficiencies.

Operations Research will fill data gaps, enable policymakers and managers to make informed decisions, and help the implementing agencies function more effectively. While much research has been undertaken, both in the Caribbean and elsewhere, not all results are relevant for the O.E.C.S. Thus, an inventory of research accomplished to date will be a first step.

Research results can be usefully exploited. Practical results will enable government and private sector planners to allocate resources more efficiently and target specific locales and groups for special attention. Attitudinal studies among sexually active groups will enable planners to tailor media efforts and messages especially for them. Testing various methods of cost recovery, including fund raising campaigns, will help sustain services on at least a partially self-financing basis. To eliminate duplication of effort, the provision of training and information on family planning together with sexually transmitted diseases (STD's), AIDS in particular, will be tested. Finally, research may further illuminate the possibilities for regional cooperation.

Institutional Strengthening will improve the capacity of the private and public sector to provide family planning services. The CFPA, its local affiliates, and government ministries will be targeted, but private firms can also benefit. Three areas will receive special attention. Management and service capabilities will be upgraded. Public sector personnel who function as planners, managers, and administrators often have little or no training in management. This lack can be addressed by training. Clinical skills in the private sector will also be improved. Second, information systems need to serve decision-makers. Procedures for the collection, analysis, use, and dissemination of demographic data must be institutionalized. Third, effective cost recovery systems must be elaborated, tested, and implemented, even if fees collected only partially cover costs. Enhanced institutional capacity can better direct messages and services to women of child-bearing age and will therefore be the key to containing fertility rates.

**E. PLANNED IMPLEMENTATION ARRANGEMENTS:** The Caribbean Family Planning Affiliation (CFPA) is expected to be the lead implementation agency and the institutional home of the project. The national affiliates of CFPA on each island will be implementation partners. Ministries of health and private sector entities will also participate.

Technical assistance for policy analysis, research, or institutional development will be procured through "buy-ins" to central or regional projects for which contracts or cooperative agreements have already been executed. Training can be arranged through "buy-ins" to Mission projects (Regional Management Training or Caribbean Leadership and Development Training) or central projects.

**F. SUSTAINABILITY OF PROPOSED ACTIVITIES:** Institutional commitment and financial viability govern the sustainability of family planning service delivery. Though the provision of information and services is not likely to become self-financing during the project period, USAID can promote the importance of sustainability. USAID can urge that institutional commitment be demonstrated by policy decisions, budget appropriations, and adequate personnel training and incentives. Financial sustainability must be examined in the context of the roles of the public and private sector and how willing people are to pay a fee for services. All three project components can help find solutions to these problems.

**G. MISSION MANAGEMENT ROLE:** Management responsibility will be located in the Office of Health, Population, and Education. To conserve scarce Operating Expense Budget resources and recognizing limits imposed by Mission personnel levels, the project will be managed by a PSC financed by project funds.

**H. POTENTIAL ISSUES:**

- real extent to which family planning services can generate revenues to offset delivery costs
- target groups' ability and willingness to pay for services
- experiences of other countries and similar projects
- CFPA as the direct implementing agency rather than going through IPPF as has been done previously.

## NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVE: Support the development of broadly-based, sustainable economic growth.

LAC BUREAU SUB-OBJECTIVES: (a) Encourage the adoption of and continued adherence to economic policies that promote investment, productive employment, and export-led economic diversification; and (b) encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged.

PROJECT TITLE: Health Sector Policy Initiatives (New)

PROJECT NUMBER: 538-0181

FUNDING (000): \$6.5 million                      LOP: 5 years

TYPE OF FUNDING: DA/HN, EDU, & POP                      INITIAL OBLIGATION: FY 92

A. CONSISTENCY WITH MISSION STRATEGY: The project complements the RDO/C Regional Development Strategy to support human resource development to achieve economic growth. The RDSS stresses the "creating of efficiencies in health services" to contain public sector expenditures and promote the role of the private sector.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES: The A.I.D. strategy emphasizes support for development activities that generate equitable economic growth led by a strong private sector in a market economy. The A.I.D. strategy is consistent with that of the World Bank, IMF, and other major donors. Proposed project activities complement the objectives of A.I.D.'s central and regional projects (on health financing, management, and service delivery). Activities will also complement French assistance for infrastructure development or refurbishing, as well as CIDA and IADB dialogue on health care cost containment. The project will leverage more donor support for efficiency in the health sector.

C. RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES: The project directly supports the sub-objectives cited above and their strategic objectives of (a) reducing excessive regulation of the private sector; (b) reducing the provision of goods and services by the public sector where the private sector can do so more efficiently; (c) improving the quality and efficiency of social (health, education) services; and (d) improving access to primary health care.

RDO/C's continuing policy dialogue has promoted health sector efficiency, stressing reforms in health care financing, resource allocation, cost containment and recovery, and more participation by the private sector in the financing and delivery of health services. The project will primarily benefit women who are the main consumers of public and private health care.

D. PROJECT DESCRIPTION: The project goal is to help Eastern Caribbean States to cost-effectively maintain the health status of their populations. The project purpose is to promote more efficient use of public and private sector health resources by strengthening national and regional policy, resource mobilization and management, and consumer education. The project concept is based on RDO/C experience with two previous projects as well as the review of results and recommendations of several sector studies.

Despite high percentages of public sector budgets (13-17%) dedicated to health services, increased costs, growing demands, and changing disease patterns have led governments of the Eastern Caribbean to recognize the need to improve the efficiency of health care financing and delivery. Governments have also come to recognize the important role the private sector can play in the financing and delivery of health care services.

Key constraints to be addressed by the project include: (a) outdated public policies, laws, and regulations which restrict the public and private sector in delivering health services; (b) inefficient resource mobilization and management; and (c) uninformed health care consumers.

The project will have two components. Public policy development will promote the review, analysis, identification of appropriate alternatives, and revision or reform of policies, decrees, and regulations that govern the health sector. The institutional development component will strengthen the capacity of public institutions and private organizations to mobilize and manage health resources. Both components will support: (a) more effective public and private resource generation, emphasizing public-private insurance, cost-recovery, and an expanded private sector role; (b) more efficient resource allocation and cost containment; and (c) consumer education to improve knowledge of quality and promote the efficient use of services.

Project funds will finance technical assistance for policy, operations, and market research; training for health care planners, managers, and providers; and health education for consumers.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: Project activities will be focused in countries which have shown a strong commitment to policy reform and more efficient public-private health systems. Thus, support will be provided bilaterally to selected countries for specific efforts. Primary implementing agencies will be Ministries of Health and private organizations in those countries.

At the same time, the project will promote the expansion of the functional role of coordination for health sector affairs at the O.E.C.S. secretariat. The secretariat must coordinate sector policy, planning, and assistance in the region so that efficiencies can be realized and sustained. Technical assistance for research, training, or health education will be acquired through "buy-ins" to central or regional projects, such as the Health Financing and Sustainability Project, the LAC Regional Health and Nutrition Technical Services Support Project, and the central IQC on Financing, Management and Social/Commercial Marketing, among others.

F. SUSTAINABILITY: An explicit objective of the project is governments' ability to sustain the current health status of their citizens. The promotion of appropriate policies and better resource management targets this issue.

G. MISSION MANAGEMENT RESPONSIBILITIES: The RDO/C Office of Health, Population, and Education will manage the project. The requirements of day-to-day implementation will be fulfilled by a project-funded Personal Services Contractor supervised by the U.S. direct hire office chief.

H. POTENTIAL ISSUES:

- expansion of limited role of the O.E.C.S. Secretariat in health sector affairs
- regional cooperation and regional approaches to policy development, information sharing, insurance, service-referral and delivery
- regional approaches to consumer education.

### NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVE/SUB-OBJECTIVE: Support the achievement of broadly based economic growth/Encourage the adoption of economic policies that promote investment and productive employment.

PROJECT TITLE: Regional Infrastructure Maintenance (RIM) (New)

PROJECT NUMBER: 538-0185

FUNDING: \$7.4 million

LOP: 6 years

TYPE OF FUNDING: PSEE and ESF

INITIAL OBLIGATION: FY 93

A. MISSION STRATEGY: The RDSS states that because of limited financial and administrative capability, lack of maintenance and the nature of the physical environment, infrastructure is deteriorating. Governments lack funding and technical competence to plan and operate maintenance programs. RIM directly addresses this problem.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES: Most donors typically fund construction of new infrastructure projects and rely on host countries for maintenance and repairs. This expectation is seldom realized. Other donors will be encouraged to adopt the RIM approach to infrastructure maintenance for their projects. USAID has financed considerable infrastructure construction in the Eastern Caribbean and now there is the need to focus additional attention and resources on conserving earlier investments.

C. RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES: All of the proposed projects are directed towards policy issues in health, agriculture, private enterprise and population. Functional infrastructure, which serves all sectors, is the foundation for economic and social growth. Consequently, the RIM policy objective is to institutionalize government infrastructure maintenance and financing.

D. PROJECT DESCRIPTION: Typically, infrastructure maintenance is the responsibility of Eastern Caribbean governments while donors invest in infrastructure construction. But experience shows that little maintenance and repair of infrastructure occurs. Despite covenants and agreements, governments do not adequately finance maintenance. Large fiscal deficits and increasing demands for governmental austerity result in measures that neglect infrastructure maintenance. As a result, roads deteriorate, sewerage systems fail, utility outages occur and garbage disposal sites are poorly managed.

Responsibility for infrastructure maintenance is widely dispersed throughout ministries of Eastern Caribbean governments, except for financing. Ministries of Finance control maintenance funding. Budgets do not relate to maintenance needs and are inadequately funded because of other government priorities. Consequently, there is little coherence in governmental decision-making regarding maintenance requirements and financing. When government infrastructure maintenance occurs, it is often costly and inefficient.

RIM is directed towards the enactment of policy initiatives relating to the programming and financing of infrastructure maintenance. The Caribbean Development Bank (CDB) is proposed to be project grantee. Specifically, the grantee will initiate policy dialogue with Eastern Caribbean governments to:

1. Assist governments to use analytical tools for determining budget allocations for infrastructure maintenance and to effectively apply those allocations;

2. Establish a comprehensive government approach to maintenance by consolidating maintenance responsibilities within one department, possible the Ministry of Public Works;
3. Establish annual government maintenance programs and budgets and to secure sufficient program financing;
4. Assess the potential for private sector contracting of infrastructure maintenance and obtain government support for privatization, if appropriate; and
5. Establish alternative revenue options, such as direct taxation or user fees, for infrastructure maintenance support.

E. **PLANNED IMPLEMENTATION ARRANGEMENTS:** RIM addresses the need for ongoing maintenance by expanding an approach the CDB is implementing under the Basic Needs Trust Fund (538-0103) to institutionalize country maintenance programming and financing. Implementation is expected to be by the CDB. The CDB will:

1. Work with governments to consolidate maintenance responsibilities and secure adequate financing through the budget process;
2. Assist governments to prepare annual maintenance programs, with USAID financed infrastructure receiving priority;
3. Work with governments to establish routine maintenance schedules and prepare specifications, cost estimates and possible bid documents for host country contracting of maintenance with Eastern Caribbean construction firms;
4. Help to develop the capacity of government engineers to prepare maintenance programs and to monitor maintenance activities.
5. As in the case of the BNTF, negotiate with other donors to obtain support for matching USAID funds.

Based on maintenance program estimates, the government would be required to appropriate sufficient funds. CDB will match the government appropriation on a declining basis. The match will be used to partially reimburse governments for funds expended on infrastructure maintenance. The CDB match will be disbursed only after certification that government funds have been provided and effectively applied. The match can be used for a menu of assistance, such as for maintenance equipment, spare parts and materials. Further, the CDB will ensure that USAID support does not substitute for currently funded maintenance. Failure by governments to provide sufficient maintenance funds in excess of currently budgeted support will lead to ending participation in the project.

Privatization of infrastructure maintenance is a possibility on a selected basis. Not all countries may choose to explore contracting for maintenance. Some may prefer to use Force Account methods. For those that do, the CDB will provide technical assistance in complying with host country contracting procedures since privatization could, in some cases, help governments realize significant savings.

Cost saving benefits are realizable only if local contractors have the capability to perform efficiently. While some local contractors do have such capacity, others may need assistance. The International Executive Service Corp (IESC) will provide technical assistance and training to help develop the estimating, bidding, scheduling, purchasing and operations skills of local contractors, increasing efficiency, work quality and lowering costs.

The increase in local contractor capacity will be of benefit to USAID and other donors during hurricane relief and rehabilitation. Local contractors with demonstrated capacities will be available should such disasters occur in the future.

F. **SUSTAINABILITY**: RDO/C will require that future infrastructure assistance be tied into RIM and that governments institutionalize infrastructure maintenance plans within their annual budgets. The CDB will assist governments to explore and use alternative financing sources, such as fees and use related charges. In some instances, fee collection is inadequate. With CDB assistance, a stronger regulatory and enforcement policy would be formulated and applied. By providing graduated and declining project resources over the LOP, RIM will ease the budgetary transition to full direct government support of infrastructure maintenance. Conditions will be set for participation to ensure sustainability. These include:

1. Agreement by the government to use the CDB maintenance programming process and agreement to explore use of local contractors; and
2. Appointment of qualified government engineer to work collaboratively with the CDB.

G. **MISSION MANAGEMENT ROLE**: The Mission will use a PSC Engineer as Project Advisor and implementation will be by a Handbook 3 grant.

H. **INNOVATIVE APPROACHES**: With shrinking resources and declining donor support, the Eastern Caribbean countries are facing the need to conserve infrastructure. RIM will enable governments to conserve infrastructure and to reduce government spending by shifting maintenance to local private contractors.

**NEW PROJECT DESCRIPTION**

**LAC BUREAU OBJECTIVE:** Support the development of broadly-based, sustainable economic growth.

**PROJECT TITLE:** Basic Education and Training (New)

**PROJECT NUMBER:** 538-0182

**FUNDING:** \$5 million **LOP:** 5 years

A. **CONSISTENCY WITH MISSION STRATEGY:** The project will complement the RDO/C Regional Development Strategy supporting human resource development to achieve economic growth. The project will address the lack of appropriate basic education and training to meet the human resources needs in tourism, manufacturing, agriculture, and information processing and other services in the Eastern Caribbean.

B. **RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES:** The A.I.D. strategy emphasizes support for equitable growth with expanded access to historically disadvantaged segments of the population. This objective is consistent with the strategies and assistance of other major donors.

C. **RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES:** The project fully supports overall agency objectives and directly supports the strategic objectives of (a) improved basic educational services; (b) strengthened management and vocational training; and (c) increased participation in the economy by the historically disadvantaged.

**G. MISSION MANAGEMENT ROLE:** Project implementation monitoring will be the responsibility of the RDO/C Office of Health, Population, and Education. Day-to-day Mission implementation actions will be managed by a project-funded PSC, the Mission's Senior Education Advisor, who is supervised by the Chief of the HPE Office.

**H. POTENTIAL ISSUES:**

- the identification/selection of appropriate implementation agency (ies)
- sustainability of reforms and innovations initiated by the project.

**NEW PROJECT DESCRIPTION**

**LAC BUREAU OBJECTIVE:** Support the development of broadly-based, sustainable economic growth.

**PROJECT TITLE:** Privatization and the Environment: St. Lucia (New)

**PROJECT NUMBER:** 538-0187

**FUNDING:** \$2.3 million **LOP:** 3 years

**TYPE OF FUNDING:** ESF **INITIAL OBLIGATION:** FY 93

A. **CONSISTENCY WITH MISSION STRATEGY:** This project will complement the RDO/C Regional Development Strategy supporting private sector development and a sustainable natural resource base to achieve economic growth.

B. **RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES:** Two strategies are addressed in this project: natural resource sustainability and privatization. The Government of St. Lucia (GOSL) has policies governing public and private development activities in support of these strategies. However, transformation into implementable activities requires substantial financial and technical assistance. USAID assistance will reinforce the capability of the GOSL to put these strategies into practice. Other donors prefer to address specific program issues and do not provide sectoral support.

C. **RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES:** This project responds to the need to encourage vigorous response by the private sector to a favorable policy environment and to support privatization efforts.

D. **PROJECT DESCRIPTION:** Although currently enjoying a robust economy, St. Lucia is interested in long-term planning for ensuring that the natural resource base will be sustained and the public sector role be reduced in favor of an emerging and vibrant private sector. The purpose of this project is to increase the role of the private sector in assuming ownership and management of currently provided governmental goods and services, particularly those which directly affect sustainability of the natural resource base. This project will explore various privatization opportunities in the tourism sector with an emphasis on natural resource management. Following designation by the GOSL of preferred privatization activities, the project will provide substantial technical and financial implementation assistance.

E. **PLANNED IMPLEMENTATION ARRANGEMENTS:** The project will be implemented under a bilateral grant agreement with the GOSL. A buy-in through the APRE Office of Emerging Markets may be executed to cover privatization assessments, planning, and execution.

F. **SUSTAINABILITY:** By promoting privatization of potentially profitable GOSL services and by generating sufficient revenues, sustainability will be ensured.

G. **MISSION MANAGEMENT ROLE:** The project will be managed by the RDO/C Private Sector Office. Implementation responsibilities will be fulfilled by a project-funded PSC supervised by the USDH Office Chief.

**NEW PROJECT DESCRIPTION**

**LAC BUREAU OBJECTIVE:** Support the development of broad-based, sustainable economic growth.

**PROJECT TITLE:** Basic Needs Trust Fund II (BNTF II) (New)

**PROJECT NUMBER:** 538-0188

**FUNDING:** \$6 million **LOP:** 4 years

**TYPE OF FUNDING:** SDA & ESF **INITIAL OBLIGATION:** FY 93

A. **CONSISTENCY WITH MISSION STRATEGY:** This project will complement the RDO/C Regional Development Strategy by supporting community and social infrastructure development to achieve economic growth. The project will assist local communities and governments to construct, rehabilitate and modify structures to remain operational, withstand the effect of hurricanes and to stimulate local employment and private contracting.

B. **RELATIONSHIP TO A.I.D. AND OTHER DONOR STRATEGIES:** Community development is of concern to USAID and other donors. In many instances, donors are prevented from immediately applying assistance to communities because of the lack of effective construction and rehabilitation capabilities. Developing local contracting capability will facilitate rehabilitation and encourage continued donor assistance. Other Caribbean Development Bank non-borrowing members, such as the U.K., France, Italy, Canada, and the Netherlands, are expected to continue support to BNTF II through CDB's Special Development Fund.

C. **RELATIONSHIP TO OVERALL A.I.D. POLICY OBJECTIVES:** The project is intended to strengthen the competence of local governments to work collaboratively with communities to develop and maintain essential community infrastructure and to increase local employment in the process.

D. **PROJECT DESCRIPTION:** Existing community and social infrastructure structures are not able to withstand the onslaught of typical Eastern Caribbean hurricanes. In some instances, building codes are inadequate or inadequately enforced. In other instances, there is little understanding of the need for preventive measures. This project draws on already established relationships between the CDB and governments and communities to educate and facilitate prevention measures. The BNTF currently receives matching support from CDB member governments. BNTF II is expected to garner governmental support as well.

E. **PLANNED IMPLEMENTATION ARRANGEMENTS:** Currently, the Caribbean Development Bank (CDB) manages the Basic Needs Trust Fund Project. The CDB is proposed to implement BNTF II.

F. **SUSTAINABILITY:** As in the case of BNTF, financial and technical support is provided by Eastern Caribbean governments.

G. **MISSION MANAGEMENT ROLE:** The project will be managed by the RDO/C Infrastructure Office. Implementation responsibilities will be fulfilled by a project-funded PSC.

**SECTION IV: RESOURCE REQUIREMENTS**

**RDO/C RESOURCE REQUIREMENTS  
(IN US\$ MILLIONS)**

	<b>FY91*</b>	<b>FY92*</b>	<b>FY93*</b>
DA	17.0	20.0	20.0
ESF	2.3	5.0	5.0
PL480 I & III	7.0	7.0	7.0
OE	3.35	3.45	3.60

**A. PROGRAM FUNDING - DA and ESF**

During this Action Plan period we intend to continue our efforts to narrow our project focus and consolidate our portfolio in line with both the Bureau and Mission's objectives. RDO/C is proposing to initiate four new projects in FY 91, three in FY 92 and four in FY 93. In addition, we expect eight projects to come to an end in FY 91, seven in FY 92 and three in FY 93. As a result of these trends, RDO/C expects the number of projects in its portfolio to drop from twenty-seven at the end of FY 90 to twenty at the end of FY 93. These reductions reflect a twenty-five percent reduction in the overall size of the portfolio from FY 90-93.

This phase of implementation of the RDSS, i.e. FY 92 and 93, will permit RDO/C to substantially strengthen the impact of previous program interventions as the Eastern Caribbean faces the challenges of the decade of the 1990s. Our program is squarely focused on the critical areas that are of greatest concern to both the public and private sector in this region. This would include, but not be limited to job creation for the large numbers of unemployed youth; appropriate managerial and technical training for industrial and agricultural diversification; and the development and execution of macroeconomic and sectoral reforms that would permit the OECS countries to benefit from the Enterprise for the Americas Initiative and the market opportunities that will occur due to the unification of the European market in 1992.

RDO/C is firmly committed to the implementation of the RDSS; we believe that it offers a well thought out and realistic plan that will contribute to the economic 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 that they consider AID as a partner in their development process, it is imperative that it be viewed as a dependable and reliable organization. Therefore, if we intend to continue to provide leadership in economic development in the region we urge the Agency to allocate our project level of \$25 million for both FY 92 and FY 93.

**GUYANA REQUIREMENTS - PL 480**

Guyana requires and can absorb \$7 million in PL-480 Title III Assistance without disruption to internal production of its own cereal grains. This amount also reflects RDO/C's capacity to monitor end use of the PL 480 Assistance.

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\* This section was drafted prior to the receipt of FY91, FY92, FY93 control funding levels and is based solely on unofficial information.

## **B. MANAGEMENT DISCUSSION**

### **STAFFING**

Mission management recognizes the critical importance of controlling OE expenditures and has met each of its staff and management reduction targets over the RDSS period. RDO/C has reduced USDH positions from 25 in FY88 to 22 in FY91. As a result, RDO/C is at its "core" staff level, that is, the personnel level required to design and monitor a regional program.

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 travel by air when performing site visits, which can involve trips to six countries at one time. As a result, the RDO/C technical officers spend a relatively high percentage of their time in travel status.

While bilateral missions may make institutional building commitments to one or two institutions, RDO/C has made these commitments to twelve in order to encourage regional integration and enable us to deliver assistance through regional mechanisms rather than solely bilaterally. In addition, the coordination requirements involving six embassies (Barbados, Antigua, Grenada, Guyana, Suriname, and Trinidad and Tobago) increase the burden of communication and coordination responsibilities on RDO/C.

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

Guyana requires specialized RLDC-type assistance, and is the only country in RDO/C's jurisdiction having a PL480 Program. In addition, ESF assistance was provided in FY 90 and \$2.6 million has been identified for obligation in FY 91. Even though a Guyana-resident US PSC has been hired to monitor the PL 480 Program, one RDO/C agriculture officer, a program officer, an economist and a financial officer continue to commit substantial amounts of their time to oversee this and the ESF Program.

Hurricanes pass through the Caribbean regularly and RDO/C must be prepared to provide multiple, simultaneous, disaster assistance to countries affected. As with Hurricane Hugo in 1989, such assistance may require involvement of our engineers, program and project development officers, agriculture officers, controller staff members, as well as the director and his deputy to perform field assessments and coordinate with other donors. This unpredictable staff requirement is 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 institution strengthening burden, and the high probability of emergency relief activities make the maintenance of a core staff of 22 essential to the effective management of the RDO/C portfolio.

## OE BUDGET

The RDO/C is aware of the shortages in the agency OE account and has developed our OE budget with that clearly in mind.

### RDO/C OPERATING EXPENSES - FY91

The approved FY91 level of \$3.34 million does not include any funding for purchase of Non Expendable Property. Nevertheless, we believe that this amount is sufficient to fund the RDO/C operations in FY 91.

### RDO/C OPERATING EXPENSES - FY92

The FY92 required level for RDO/C is \$3.45 million including \$100,000 for post assignment travel and freight. This level also includes \$113,000 for minimal purchases of office equipment/furniture and residential furniture and appliances. In FY92, the mission plans to purchase minimal office furniture and 7 PC systems to replace obsolete Wang PC's, an essential step to enhance PC compatibility with recent system upgrades. In addition, because deterioration of residential furniture and appliances is accelerated by the local climate and salty air, it is necessary for RDO/C to replace 2 sets of aging residential furniture and 15 major appliances in FY92. We have attempted to limit the requested budget increase by estimating costs for temporary lodging and living quarters at well below potential entitlement levels. If staff arriving/departing post fully utilize their allowances, the mission would suffer a deficit of approximately \$160,000.

Due to the above minimal purchase requirements along with a recent 6% increase in FSN salaries, increasing temporary lodging and education allowance costs, and scheduling home leave for three additional families during FY92, meeting the OE control level of \$3.34 million is not feasible. Any downward adjustment in required OE resources of \$3.45 million will have a serious impact on our ability to maintain an efficient and productive mission.

### RDO/C OPERATING EXPENSES - FY93

Continuing with the same basic staffing pattern, RDO/C operating expense requirements grow to \$3.60 million in FY93, an increase of \$150,000 over the FY92 required level. This increase is mainly due to: a) a projected 4% increase in FSN salaries of \$83,000; b) the arrival of six additional families and the scheduling of home leave for five families, increasing post assignment travel and freight by \$9,000; c) a nominal increase in office rental and utilities of \$23,000; and d) higher education and quarters allowances of \$35,000.

Planned FY93 NXP purchases of \$86,000 will cover only essential replacement requirements; 1 set of residential furniture and 15 major appliances, minimal office furniture and 8 PC systems to complete the phase-out of obsolete Wang PC's. As in FY92, costs for temporary lodging and living quarters have again been estimated at below potential entitlement levels, with the attendant risk of a \$200,000 deficit.

If the mission was forced to operate within the \$3.34 million level, RDO/C would have no choice but to delay all NXP purchases and, more importantly, further reduce our core staff level. First, this would require a major reorganization to redefine the level of staff responsibilities and would force RDO/C to sacrifice essential technical and support staff. In all, Mission would reduce USDH positions by 2 more (from 22 to 20) saving approximately \$80,000 and FSN positions by 5 (DH and PSC combined) saving \$94,000.

The above actions would result in a FY93 savings of \$260,000 but at a great cost in mission effectiveness and staff proficiency and morale. Although achievable, staff reductions of this magnitude will endanger our capability to adequately monitor our diverse programs and should be evaluated in terms of broad USG objectives and the development performance of the countries in this region.

**GUYANA OPERATING EXPENSES - FY92 AND FY93**

The FY89 Internal Control Assessment identified the Guyana PL480 program as a major vulnerability for RDO/C. With an annual commitment of approximately \$7 million in commodity shipments, this program continues to be a significant management burden for RDO/C. To control our exposure on this program, it is imperative that OE funding be continued at a level at least sufficient to maintain a resident US PSC, approximately \$150,000 (a separate Guyana allowance) in FY92 and \$165,000 in FY93. The FY93 level is increased by \$15,000, representing the allowance for the post assignment travel and freight for a new US PSC, should the current PSC decide not to renew his contract, and a nominal cost of living increase in salary.

**RDO/C (WITHOUT GUYANA)  
OPERATING EXPENSES BUDGET  
FY90 through FY93 (\$000)**

<b>Expense Category</b>	<b>FC</b>	<b>FY90 Actual</b>	<b>FY91 Projected</b>	<b>FY92 Required</b>	<b>FY93 Required</b>
US Direct Hire	U100	399.0	550.1	516.9	557.7
FSN Direct Hire	U200	806.3	907.6	925.8	972.4
Contract Personnel	U300	641.7	737.6	747.6	792.7
Housing	U400	333.5	379.1	375.9	394.4
Office Operations	U500	883.5	765.6	770.4	796.9
NXP Procurement	U600	199.4	0.0	113.4	85.9
<b>Total OE Budget</b>		<u>3,263.4</u>	<u>3,340.0</u>	<u>3,450.0</u>	<u>3,600.0</u>
<b>\$ OE Funded</b>		3,263.4	3,340.0	3,450.0	3,600.0
<b>Trust Funded</b>		0.0	0.0	0.0	0.0
<b>Total</b>		<u>3,263.4</u>	<u>3,340.0</u>	<u>3,450.0</u>	<u>3,600.0</u>

**RDO/C (GUYANA)  
OPERATING EXPENSES BUDGET  
FY90 through FY93 (\$000)**

<b>Expense Category</b>	<b>FC</b>	<b>FY90 Actual</b>	<b>FY91 Projected</b>	<b>FY92 Required</b>	<b>FY93 Required</b>
US Direct Hire	U100	0.0	0.0	0.0	0.0
FSN Direct Hire	U200	0.0	0.0	0.0	0.0
Contract Personnel	U300	148.5	92.6	141.6	156.6
Housing	U400	3.4	12.4	10.9	10.9
Office Operations	U500	23.2	34.5	32.2	32.2
NXP Procurement	U600	0.0	0.0	0.0	0.0
<b>Total OE Budget</b>		<u>175.1</u>	<u>139.5</u>	<u>184.7</u>	<u>199.7</u>
<b>\$ OE Funded</b>		152.0	100.0	150.0	165.0
<b>Trust Funded</b>		0.0	0.0	0.0	0.0
<b>Escrow Account</b>		23.1	39.5	34.7	34.7
<b>Total</b>		<u>175.1</u>	<u>139.5</u>	<u>184.7</u>	<u>199.7</u>

**RDO/C MORTGAGE ANALYSIS - TABLE**  
**FISCAL YEAR 91-93**

01/17/91

FUNC ACC	FISCAL YEAR 1991		FISCAL YEAR 1992		FISCAL YEAR 1993	
	OBLIG	MORTG	OBLIG	MORTG	OBLIG	MORTG
FN MORTGAGE \ OYB	5923	17358 2.93	6488	18070 2.79	6488	11782 1.82
PN MORTGAGE \ OYB	819	431 0.53	900	5531 6.15	900	4631 5.15
HE MORTGAGE \ OYB	521	0 0.00	900	5600 6.22	900	4700 5.22
AIDS MORTGAGE \ OYB	1301	3957 3.04	1247	2710 2.17	1247	1463 1.17
EH MORTGAGE \ OYB	4041	9910 2.45	5041	4919 0.98	5041	7978 1.58
SD MORTGAGE \ OYB	4424	12516 2.83	5424	7492 1.38	5424	18468 3.04
subtotal - DA MORTGAGE \ OYB	17029	44172 2.59	20000	44322 2.22	20000	47022 2.35
ES MORTGAGE \ OYB	2300	11295 4.91	5000	6795 1.36	5000	5295 1.06
<b>RDO/C - TOTAL</b> <b>MORTGAGE \ OYB</b>	<b>19329</b>	<b>55467</b> <b>2.87</b>	<b>25000</b>	<b>51117</b> <b>2.04</b>	<b>25000</b>	<b>52317</b> <b>2.09</b>

The current mortgage ratio falls well within Bureau guidelines. It suggests a cautious approach in the management of the portfolio. RDO/C has moved away from ESF split-funded projects because of uncertainty in ESF allocations. When we exclude ESF funding which is quite low, the mortgage ratio of approx. 2.4 in FY93, suggests a manageable mortgage with program flexibility.

With the recent reductions in DA funds, a mortgage ratio less than 3.0 but greater than 2.0 is acceptable. It allows RDO/C to implement shelf projects in the event that we receive performance funding. However it will also permit us to meet our current commitments to fund on-going projects in the event that funds do not increase.

**RDC/C D. SUMMARY PROGRAM FUNDING TABLE V**  
**Dollar Program by Functional Account**  
**(\$000)**

PROJECT TITLE and No.	F/T	FY91	FY92	FY93
<b>DEVELOPMENT ASSISTANCE</b>				
Subtotal - ARDN		5,923	6,488	6,488
(LOAN)		0	0	0
(GRANT)		5,923	6,488	6,488
Subtotal - POPULATION		819	900	900
(LOAN)		0	0	0
(GRANT)		819	900	900
Subtotal - HEALTH		521	900	900
(LOAN)		0	0	0
(GRANT)		521	900	900
538-0161 AIDS/COMM		1,301	1,247	1,247
(LOAN)		0	0	0
(GRANT)		1,301	1,247	1,247
Subtotal - EDUCATION		4,041	5,041	5,041
(LOAN)		0	0	0
(GRANT)		4,041	5,041	5,041
Subtotal - ENVIRONMENT & ENERGY		4,424	5,424	5,424
(LOAN)		0	0	0
(GRANT)		4,424	5,424	5,424
Subtotal - DA		17,029	20,000	20,000
(LOAN)		0	0	0
(GRANT)		17,029	20,000	20,000
Subtotal - ESF		2,300	5,000	5,000
(LOAN)		0	0	0
(GRANT)		2,300	5,000	5,000
P.L 480 SEC. 416		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
<b>RDC/C PROGRAM TOTAL</b>		<b>19,329</b>	<b>25,000</b>	<b>25,000</b>
(LOAN)		0	0	0
(GRANT)		19,329	25,000	25,000

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**GUYANA D. SUMMARY PROGRAM FUNDING TABLE V**

Dollar Program by Functional Account

(\$000)

PROJECT TITLE and No.	F/T	FY91	FY92	FY93
<b>DEVELOPMENT ASSISTANCE</b>				
Subtotal - ARDN		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
Subtotal - POPULATION		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
Subtotal - HEALTH		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
538-0161 AIDS/COMM		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
Subtotal - EDUCATION		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
Subtotal - ENVIRONMENT & ENERGY		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
Subtotal - DA		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
Subtotal - ESF		2,000	0	0
(LOAN)		0	0	0
(GRANT)		2,000	0	0
P.L 480 SEC. 416		0	0	0
(LOAN)		0	0	0
(GRANT)		0	0	0
<b>RDO/C PROGRAM TOTAL</b>		<b>2,000</b>	<b>0</b>	<b>0</b>
(LOAN)		0	0	0
(GRANT)		2,000	0	0

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**E. PROGRAM USES OF FY 91 MILLION LOCAL CURRENCY - ESF**

Currencies associated with the \$1.3 million Dominica Structural Reform program will be directed as general budget support to Dominica's public sector investment program. These public sector investments are intended to accelerate investments whose purpose is to support private sector investment and production in sectors whose growth prospects are promising, e.g. non-traditional agricultural production.

Under Grenada's \$1.0 million structural reform program, both FY91 and future years local currencies will be tied to sectoral policy discussions and will likely be focussed on supporting tourism-related infrastructure.

Guyana 2.6 million ESF for FY 1991 (\$0.6 million carry-over from FY 90 and \$2.0 million of new funding in FY 91) will be used for debt service payments to further the objectives of the country's stabilization program. As with the initial ESF Cash Transfer of about \$1 million, no local currency will be generated.

TABLE IV A

FY91 PROGRAM

F. LOCAL CURRENCY UTILIZATION (RDO/C) 01/17/91  
(\$000)

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL	1,300					
HG BUDGET SECTOR	1,000					
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						
<b>TOTAL</b>	<b>2,300</b>					
B. CHANNEL FOR ASSISTANCE *						
PUBLIC SECTOR	2,300					
PRIVATE SECTOR						
<b>TOTAL</b>	<b>2,300</b>					

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

TABLE IV B

FY92 PROGRAM  
LOCAL CURRENCY UTILIZATION (RDO/C)  
(\$000)

01/17/91

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL	700					
HG BUDGET SECTOR	4,300					
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						
<b>TOTAL</b>	<b>5,000</b>					
<b>B. CHANNEL FOR ASSISTANCE *</b>						
PUBLIC SECTOR	5,000					
PRIVATE SECTOR						
<b>TOTAL</b>	<b>5,000</b>					

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

TABLE IV C

FY 91 PROGRAM  
LOCAL CURRENCY UTILIZATION (GUYANA) 01/18/91

		(\$000)				
A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL	2,000					
HG BUDGET SECTOR		6,100				
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		(108) **				
SECTION 108						
OTHER						
<b>TOTAL</b>	<b>2,000</b>	<b>6,100</b>				
B. CHANNEL FOR ASSISTANCE *						
PUBLIC SECTOR		5,500				
PRIVATE SECTOR		600				
<b>TOTAL</b>	<b>2,000</b>	<b>6,100</b>				

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

\*\* Though not a trust fund, GOG provides indicated amount in an escrow account to partially offset cost of operating P.L.480 monitoring office. Based on GOG official (non-open market) exchange rate of 45:1 .

TABLE IV D

FY92 PROGRAM  
 LOCAL CURRENCY UTILIZATION (GUYANA)  
 (\$000)

01/17/91

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL						
HG BUDGET SECTOR				7,000		
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				** (140)		
SECTION 108						
OTHER						
<b>TOTAL</b>				<b>7,000</b>		
B. CHANNEL FOR ASSISTANCE *						
PUBLIC SECTOR				6,300		
PRIVATE SECTOR				700		
<b>TOTAL</b>				<b>7,000</b>		

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

\*\* Not a Trust Fund but GOG contributions to partially offset cost of operating P.L.480 Monitoring Office

## **SECTION V.: MISSION AND AID/W ISSUES**

### **A. Regional Versus Bilateral Impact**

Grenada Charge d'Affaires, Ford Cooper, presented the following issue:

Cuts in ESF have eliminated discretionary, politically significant funding available for policy dialogue leverage with governments in the region. Meanwhile, the DA account is fully committed to on-going, long-term, institution building activities for which the U.S. gets little political credit. The almost complete lack of policy flexibility in the assistance area deprives U.S. policy makers and Chiefs of Mission of meaningful leverage and influence in dealing with governments. If ESF cannot be restored or remain at consistent assured levels, could the DA program be restructured to provide some measure of politically significant assistance?

### **B. Collaborative Effort Required to Implement Changing Bureau Requirements for Documentation and Information.**

RDO/C appreciates Bureau's desire to minimize disruption and burden on Missions when it comes to preparing the Annual Action Plan. To facilitate the collaborative effort with the field, we suggest that Bureau fix a reporting format and consistent information requirements so that Missions can organize and fund the data collection systems necessary to convey the information and data required. It is important for the Bureau to understand the cost implications of increasing and changing demands for data. Also, yearly changes in formats and presentations make time series comparisons of performance very difficult.

### **C. The Management of the Guyana Program is Complex, and the Drain on RDO/C Resources Persists.**

RDO/C's responsibility for the Guyana program continues to require significant staff time and management attention. Recent changes in the proposed Food Assistance legislation and the resulting shift from Title I assistance in FY 87-91 to the proposed Title III for FY 92, will increase our implementation and programming burden. In FY 90, a massive amount of staff work went into structuring an ESF agreement for debt relief identified by the Guyana Support Group. The amount programmed was subsequently reduced by a factor of seven and the agreement ended up totaling less than \$1 million. A new PAAD will have to be developed for the funds tentatively programmed in FY 91. Without this additional work, and not including the day-to-day assistance of the PSC located on site, staff requirements for implementing and monitoring the program still involve: one agriculture officer, one program officer, an economist, a financial specialist and the Deputy Director.

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.

### **D. Advanced Developing Country (ADC) Status**

The RDSS recommended that AID/W take steps to have Barbados and Trinidad and Tobago, and perhaps Antigua/Barbuda, designated for ADC status. In the FY90-91 Action Plan RDO/C suggested that this issue be deferred until later in the RDSS period. RDO/C believes that this issue should be reopened during this Action Plan period to enable these countries to become eligible for the kinds of programs

available to ADCs. While these countries have reached the stage of development where they are not eligible for traditional USAID assistance, they are still in need of considerable technical assistance in such areas as trade and investment, technological improvements and technical training. Enhancement of national capabilities will enable them to benefit from the opportunities presented through the US Government Trade and Investment initiatives, further common interests and play pivotal roles in regional co-operation.

**E. RDO/C Needs Some Relief from Congressional Earmarking of DA**

The Mission's shrinking Education Account continues to be subject to Congressional Earmarks which have a negative impact on our ability to carry out key education and training programs, critical to private sector led growth. The Regional Management Training Project, for example, was designed to receive most of its funding in the first two years, after which the University of the West Indies would assume an increasing larger financial responsibility. Earmarking of the EHR Account in 1991 severely limits the initial funds to be applied to this project and will seriously slow down the push for sustainability. Additionally, one of the greatest needs in the Caribbean is for human resource development based on the development needs of the Eastern Caribbean. Under CLASP I, designed primarily for Latin America and not popular among our governments, the Mission assisted the Bureau by assuming the largest share of the earmark for the Caribbean. With the diminished threat of communism in Eastern Europe and even more limited availability of LAC Education funds, the CLASP II project, which provides only U.S. training, does not meet the Mission's needs for a flexible training program which maximizes our limited funds.

The Caribbean Law Institute (CLI) currently has a substantial pipeline. RDO/C calculates that current funding could support activities into FY 1995. We intend to conduct a mid-term evaluation in the third quarter of FY 1991 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.

**ANNEX A**

**TABLE VI RDO/C PROJECTS BY LAC OBJECTIVES**

**LAC OBJECTIVE I**

Support the Achievement  
of broadly based sustainable  
Economic Growth

**PROJECTS THAT FALL UNDER THIS  
SUB-OBJECTIVE**

**SUB-OBJECTIVE A**

Encourage the adoption of and  
continued adherence to economic  
policies that promote investment,  
productive employment and  
export-led economic diversification

Dominica Sector Reform  
Grenada Sector Reform  
St. Lucia Sector Reform  
Investment Promotion and  
Export Development  
Small Enterprise  
Assistance  
HIAMP - The Agriculture Venture  
Trust  
Regional Management Training  
Eastern Caribbean Agriculture  
Policy  
Regional Health Sector  
Policy Initiative  
Regional Pharmaceuticals  
Management.

**SUB-OBJECTIVE B**

Encourage vigorous response  
by the private sector to a  
favorable policy environment

West Indies Tropical Produce  
Marketing  
Agriculture, Research,  
Extension and Development  
St. Kitts Southeast Peninsula  
Area Development  
Caribbean Financial Services  
Corporation  
Small Enterprise Assistance  
Regional Utilities Maintenance  
Regional Infrastructure  
Project  
Private Sector Initiatives  
Caribbean Law Institute.

**SUB OBJECTIVE C**

Encourage accelerated opportunitis  
for increased participation in the  
economy by the historically disadvantaged

Non Formal Skills Training  
Presidential Training  
Initiative for the  
Island Caribbean  
Caribbean Leadership  
Development Training  
Basic Education and  
Training  
Population and Development  
Basic Needs Trust Fund  
Special Development Activities  
Fund  
Small Enterprise Assistance

**SUB-OBJECTIVE D**

Encourage preservation and sustainable use of the natural resource base

**LAC OBJECTIVE II**

Support the evolution of stable, democratic societies.

**SUB-OBJECTIVE A**

Encourage the strengthening of concept civilian government institutions that will merit the confidence and investors.

**LAC OBJECTIVE III**

Respond to the need for International Cooperation in addressing specific challenges to the attainment of broadly-based sustainable economic growth and the evolution of democratic societies

**SUB-OBJECTIVE A**

Increase awareness of problems of narcotics addiction and trafficking.

**SUB-OBJECTIVE B**

Support USG foreign policy initiatives that can benefit from AID resources and expertise, such as disasters, epidemics and resettlement of displaced persons.

**PROJECTS THAT FALL UNDER THIS SUB-OBJECTIVE**

Environment and Coastal Resources Management  
Eastern Caribbean Agricultural Policy

Caribbean Justice Improvement

Special Development Activities

AIDS Communications and Technical Services

<b>ROSS OBJECTIVE</b>	<b>POLICY PROBLEM</b>	<b>POLICY CHANGE SOUGHT</b>	<b>NEGOTIATING VEHICLE</b>
Increase Export/Tourism Foreign Exchange Earnings	Intraregional transport, necessary for consolidation of nontraditional produce export shipments, is expensive and unreliable.	Relaxed landing rights policy.	West Indies Tropical Produce (TROPRO)
	Airport facilities are inadequate for handling of nontraditional produce	Privatization of airport perishable product handling facilities.	TROPRO Dominica Structural Adjustment Caribbean Agriculture Policy Agriculture Venture Trust
	Country agricultural policies continue to promote EC banana production and neglect other potential export crops.	Eliminate preferential treatment for bananas in extension, credit and marketing.	TROPRO Dominica Structural Adjustment. Agriculture Research and Extension Eastern Caribbean Agriculture Policy Project (ECAP). Agriculture Venture Trust
	Public sector policies do not address sufficiently need to conserve natural resource base and maintain "quality of Life".	Consideration of impact of development on the environment.	ENCORE CLI
		Strengthened environmental analysis and planning capacity and community involvement in environmentally sustainable development. Revision of environmental laws.	Environmental and Coastal Resources Management Caribbean Law Institute
Public sector budgets for infrastructure maintenance are inadequate.	Increased priority given to maintenance expenditures.	Dominica Structural Adjustment Infrastructure Expansion and Maintenance System. Regional Infrastructure Maintenance. Basic Needs Trust Fund Grenada Structural Adjustment	

**RDO/C EASTERN CARIBBEAN  
POLICY AGENDA 1990-94**

<b>TIME-FRAME</b>	<b>PLANS OR PROGRESS THROUGH 1990</b>	<b>ACTIONS FOR 1991</b>
1991-1992	TROPPO technical assistance team arrives 2/91. Will work with regional aviation authorities seeking to modify landing rights procedures.	Landing rights agreements and private sector operation of cooling facilities expected by end of 1991 in all OEC3 countries.
1991-1993	With arrival of TROPPO technical assistance in February 1991, discussion of privatization of fruit handling facilities begin. Agreements for privatization expected to be concluded by end of 1991.	Study of marketing boards roles in handling crops completed by end of 1991. Design of sheds at regional airports to be completed.
1991-1992	Under TROPPO, seminars and workshops emphasizing non-traditional crops to be held with farmers, cooperatives, etc. Technology transfer extension material under AREP focuses on non-traditional crops and exclude bananas. Economic analyses by CARDI have been prepared demonstrating returns from non-traditional crops.	CARDI will continue to use economic analyses to influence data from both government and farmers to focus on selective non-traditional crops.
1991-1995	ENCORE Project to begin in FY91 will fund seven regional studies to produce basis for policy dialogue and formulation.	Two studies on environmental problems completed. Two workshops for decision makers to discuss two studies and move on recommendations will be held.
1991-1995	Active study being undertaken of existing state of laws relating to environment under CLI project.	Local site management plans to be completed in FY 92 that will include land-use recommendations.
1991-1993	In 1989/90 the Government of Dominica increased the infrastructure maintenance budget by 10% in nominal terms, and for 1990/91 infrastructure maintenance budget contain a 10% increase in nominal terms, for discussion by the legislature.	Dialogue with Eastern Caribbean Governments to improve infrastructure maintenance.

**RDOIC EASTERN CARIBBEAN  
POLICY AGENDA 1983-84**

<b>RDOIC OBJECTIVE</b>	<b>POLICY PROBLEM</b>	<b>POLICY CHANGE SOUGHT</b>	<b>NEGOTIATING VEHICLE</b>
<b>Improve Business Climate</b>	Company Law and other commercial and trade laws are out-of-date and constrain private investment.	Revision of laws.	Caribbean Law Institute
	EC countries are not sufficiently active in promoting private investment.	EC countries support investment promotion office (ECIPS).	Investment Promotion and Export Development/ Eastern Caribbean Investment Promotion Service. Eastern Caribbean Agriculture Policy Project
	EC financial markets offer few financing options for private sector investment.	RDOIC projects provide demonstration activities of non traditional financing options for private sector.	Agriculture Venture Trust Caribbean Financial Services Corporation (CFSC). Private Sector Initiative (PSI).
	EC countries need to maintain sound macroeconomic policy frameworks.	Adjust policy to maintain stable GDP and fiscal accounts.	Dominica Structural Reform Grenada Structural Reform ECAP

**RDOAC EASTERN CARIBBEAN  
POLICY AGENDA 1990-94**

<b>TIME-FRAME</b>	<b>PLANS OR PROGRESS THROUGH 1990</b>	<b>ACTIONS FOR 1991</b>
1991-1992	Laws being drafted and/or updated in company law and in arbitration law areas. Advisory committees formed to study/revise banking, insurance, bankruptcy and other laws.	Project evaluation in March-April 1991. Finalization of company law draft and steps taken toward adoption in region, in cooperation with CARICOM. Revised laws on additional subjects drafted and discussed.
1991-1993	Five EC countries pooling resources to fund ECIPS. Expect two others to join by January 1991.	ECIPS to implement marketing plans and target industries for all seven countries. Participating countries to increase their support to ECIPS operating costs.
1991-1995	Under CFBC, projects which would not have normally been considered for financing were packaged and jointly financed on a commercial basis. Heightened consciousness of value of new financial options in evidence. A Venture Capital Fund has begun in St. Lucia and establishment of an equity fund is under consideration in Dominica.	AVT continues to educate governments and investors on the concept of equity financing. PBI will support expansion of a regional stock exchange into OECS.
1991-1992	Reductions of ESF restricts ability to implement macroeconomic policies.	Pursue objectives of increasing competitiveness in traditional crops and a sounder base for diversifying national production in Dominica.  New Grenada Structural Reform Program (FY91) consolidates gains made.

**RDOIC EASTERN CARIBBEAN  
POLICY AGENDA 1990-94**

<b>RDSS OBJECTIVE</b>	<b>POLICY PROBLEM</b>	<b>POLICY CHANGE SOUGHT</b>	<b>NEGOTIATING VEHICLE</b>
Human Capital Base Developed	Management training available locally is inadequate preparation for competition in tough world markets.	Private sector contributes to development of Management Training Institute	Regional Management Training Project Private Sector Initiatives (PSI)
	Inadequate dissemination of AIDS prevention information.	Governments approve AIDS public awareness programs.	AIDS communication and Technical Assistance Project
	Financial management of public sector healthcare is weak.	Improved cost monitoring, application of cost recovery principles.	Health Sector Policy Initiatives PD&S
	Governments need to institutionalize population programs.	Improve sustainability of family planning services through cost recovery programs, including fee-for service charges by governments clinics.	Population Policy, Planning and Support (PPPS)

**RDO/C EASTERN CARIBBEAN  
POLICY AGENDA 1990-94**

<b>TIME-FRAME</b>	<b>PLANS OR PROGRESS THROUGH 1990</b>	<b>ACTIONS FOR 1991</b>
1991	Private sector contribution to Center for Management Development (CMD) Seminars held in second half of FY 90 were all financially co-sponsored by private sector firms.	Board of Directors appointed (January). Private sector contributions to Reserve Fund are expected to start flowing as well as support to CMD activities, workshops, symposia. Businesses to provide internships to students in Department of Management Studies.
1991-1992	All OECS governments approved implementation of AIDS attitude and practice surveys and other politically sensitive activities (hotlines, media campaigns etc).	Based on surveys completed in 1990, expanded media campaigns begin in all OECS countries.
1991-1995	St. Lucia Prime Minister approves Health Care Financing study recommendation for cost monitoring and recovery and supports implementation. Other Governments review St. Lucia model and adopt specific cost recovery and efficiency measures.	Technical assistance provided to St. Lucia to test financial and management models developed in 1990. Discussions on health levies as prelude to a financing scheme in St. Lucia.
1992-1995	Encouraging cost-sharing by private sector of financial burden by providing family planning services. Start made in Frequentis Industrial Park, Grenada.	Design of PPPS project in 1991 will include discussions with all governments on their assuming the cost of contraceptives.

## ANNEX C

### TABLE I: MISSION WORKPLAN

- I. **Support the Achievement of Broadly-based sustainable Economic Growth.**
  - A. **Encourage the adoption of and continued adherence to economic policies**
    1. Evaluation of the Caribbean Law Institute project will focus on institutionalization efforts (Regional Legal Advisor, March 1991)
    2. Agenda of visit by Ambassador to the Cumberland Hydro-electric Project can emphasize need to continue to develop local resources for electric power. (Infrastructure Office, February 1991)
    3. Agenda of St. Kitts, St. Vincent and Grenada Ministers Meeting on Infrastructure can emphasize increasing budget authority to infrastructure maintenance. (Infrastructure Office, 1991)
    4. Agenda for the dedication of the Center for Management Development at the University of the West Indies can emphasize the importance to global standard management courses. (Health, Population and Education Office, February 1991)
  - B. **Encourage vigorous response by the private sector.**
    1. Design and then begin operation of a regional air transport system for the movement of non-traditional agricultural products under TROPRO. (Agriculture and Natural Resources Office, December 1991)
    2. Develop a strategy to mitigate effects of the potential loss of FY income from bananas after post 1992 EEC changes. (Agriculture and Natural Resources Office, June 1991)
    3. Design and establish a market information system to track production and sales of non-traditional crops. (Agriculture and Natural Resources Office, December 1991)
    4. Technology packages for five non-traditional crops developed, released and in use. (Agriculture and Natural Resources Office, December 1991)
    5. Published environmental profiles for all countries which will assist in identifying environmental risks of development. (Agriculture and Natural Resources Office, July 1991)
    6. Agenda for Ambassador's dedication of Windward Island Aloe Processing Plant in Dominica, which will be officially opened by Prime Minister Charles, can emphasize the importance and returns from agricultural diversification. (Private Sector Office, February, 1991)

7. Agenda for USAID Director's signing of a new agreement with Caribbean Association for Industry and Commerce (CAIC) can restate the U.S.G. commitment to private enterprise as a major vehicle of development. (Private Sector Office, 1991)
  8. Attending the Third Annual CAIC Private Sector Conference, a forum for regional private sector leaders, the USAID Director can emphasize the importance of out-ward looking trade. (Private Sector Office 1991)
- C. Encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged.**
1. Agenda for Ambassador's Special Development Activity signing ceremonies can emphasize the importance of self-help in community development. (Program Economics Office, — Grenada, March 1991: Antigua, April 1991: Vincent, June 1991)
  2. Agenda for USAID representative at a Women in Development Workshop to be held in St. Kitts and Nevis can emphasize the importance of gender analysis by women in the productive sectors in which they work. (Program Economics Office, April 1991)
  3. Agenda for USAID representative at the Annual General Meeting of the 22 member countries of the Caribbean Family Planning Affiliation (CFPA) and Population Donor Coordination Meeting with USAID, UNFPA, IPPF and PAHO, both the be held in St. Kitts, can emphasize the commonality of issues and the importance of fee for service. (Health, Population and Education Office, June 1991)
  4. Agenda for USAID representative at the Annual PTIIC Scholars Meeting can emphasize the importance of environmental issues on economic development. (Health, Population and Education Office, May-June 1991)
- III. Respond to the need for International Cooperation**
- B. Support USG foreign policy initiatives**
1. Agenda for the Scientific Advisory Committee Meeting at the Caribbean Epidemiological Center (CAREC) in Trinidad can offer recommendations which mold the direction of this regional institution with regard to reducing the incidence and transmission of AIDS. (Health, Population and Development Office, March 1991)

## ANNEX D

### ANTIGUA AND BARBUDA

The 1988 per capita GNP in Antigua and Barbuda for its population of 84,600 people, was US\$2,800. The country's economy continues to be led by tourism, which has stimulated growth in related sectors such as construction, transport, public utilities and trade. Despite government efforts to diversify the economy by expanding other sectors, the combined GDP share of agriculture and manufacturing fell gradually from 9% in 1985 to an estimated 7% in 1989. The key policy issues facing Antigua and Barbuda concern the country's fiscal imbalance and the need to reduce external payments arrears. The Government will need to introduce further revenue raising measures and exercise tight control over current expenditures. The country's performance as measured by the Bureau's indicators can be characterized as positive, even though performance in these terms is less strong than the other OECS countries. On the other hand, the average per capita income in Antigua and Barbuda is higher than in the other OECS countries.

1) **Macroeconomic Reform Program** – The weakness of key macroeconomic indices in the Antigua and Barbuda, denote weaknesses in the country's macroeconomic program and policy framework. While Antigua and Barbuda experienced strong economic growth in the 1980s, this was accompanied by an escalation of external indebtedness and debt servicing requirements to unmanageable proportions. Public finances also began to deteriorate. The external debt of Antigua and Barbuda, inclusive of interest arrears, almost trebled during 1985–87, from 31% of GDP to 91%, as loans were drawn down to finance large projects. At end–1988, Antigua and Barbuda's external debt amounted to US\$267 million. Debt is estimated to have declined to about 76% of GDP by end–1989 with the completion of certain government financed projects. The corresponding debt service represented 16% of exports of goods and services, and 51% of public sector current revenues. As for the current account, capital inflows were insufficient to cover the current account deficits, especially in 1988. Performance in fiscal accounts showed some improvement in 1989 over 1988. In 1989, current revenue rose to US\$208.6 million while expenditure fell to US\$195.9 million. The increase revenue may be attributed to increased import duty collections associated with rising imports of building materials. Decreased expenditures represented efforts to strengthen control mechanisms by requiring departments to operate within approved budget limits. Antigua and Barbuda's labor and wage policies have resulted in the absence of a link between wage increases and productivity gains. Given the tight labor market conditions, wage increases have been substantial and indications are that wage levels have surpassed those in neighboring territories. This has eroded the country's competitiveness in manufacturing, and the sector has been contracting, and has also contributed to escalating costs in construction and tourism.

A specific policy implication of Antigua's and Barbuda's debt situation is for Government to cease direct investment in tourism and to rely solely on private investment to develop the industry. In order to constrain imports and consumption, and to generate sufficient internal resources to service its debt obligations, the Government will need to generate a surplus on its recurrent operations through increases in tax receipts and reductions in expenditures. Without policies that encourage fiscal discipline and improve the management of the government debt, it will be difficult for Government to secure sufficient financing to maintain and expand economic infrastructure. (Score: Raw = 3; Weighted = 4.5)

2) **Domestic Financing of the Deficit** – The non-financial public sector deficit in 1989, as estimated by the IMF, is 3.6% of GDP. Domestic financing of this deficit represents approximately 2% of GDP. (Score: Raw = 2; Weighted = 8)

- 3) **Exchange Rate** - As with all of the OECS countries, the official and the parallel rate have run closely together for an extended period of time. (Scores: Raw = 10; Weighted = 10)
- 4a) **Business Regulatory Environment** - The Business Regulatory matrix (See Annex A, Table I) summarizes the answers to questions a through j posed in the Performance Indicator Guidance (Score: Raw = 3; Weighted = 3)
- 4b) **Private Investment as percent of GDP** - The World Bank estimated private investment to be 13.4% of GDP in 1989 and 17.5% in 1990. (Score: Raw = 17.5; Weighted = 3.7)
- 5) **Trade Regime** - As in the other OECS countries, intraregional trade preferences result in tariff rates that range from moderate to significant. However, on January 1, 1991, the Common External Tariff (CET) of the Caribbean Common Market is to enter into force, and override the existing system in individual CARICOM countries and in the region. The CET allows CARICOM Member countries to grant up to full duty exemption on imports of goods outside of CARICOM whose purposes serve educational and cultural development, health, tourism, Government, or the movement of persons. However, for industry, agriculture, fisheries, forestry and mining there would be no exemptions in respect of a list of goods where it has been established that there is sufficient CARICOM production to satisfy regional requirements. (Score: Raw = 5; Weighted = 2.5)
- 6) **Market Pricing** - The government administers price controls on petroleum products and on about 30 food items which are presently imported. In 1985, retail prices of petroleum products were reduced by about 5%, following the decline in world prices. Despite further fluctuations in world oil prices, the 1985 prices have remained unchanged. In general, prices of other items are fixed at levels not exceeding 15% for retail prices, and 10% over landed cost for wholesale prices. In 1988, price controls on 10 products comprising mainly meats and live animals were abolished. (Scores: Raw = 6; Weighted = 3)
- 7) **Elementary School Enrollment** - In its 1990 report on the OECS countries, the World Bank reports that 83.2% of school age children reach grade 6. (Scores: Raw = 83.2; Weighted = 8.3)
- 8) **Infant Vaccination Rates** - The Bureau's estimation of the infant vaccination rate in Antigua and Barbuda in 1989, is 96.7%. (Score: Raw = 96.7; Weighted = 4.8)
- 9) **Contraceptive Prevalence** - Available surveys indicate that 59% of the women of reproductive age practiced contraception in 1989. This is an increase from 48% in 1981. The recent survey carried out by the Caribbean Family Planning Affiliation indicate that in 1990, the figure is 62%. This a higher rate than the 1987 rate of 37% assessed by LAC. (Score: Raw = 62; Weighted = 3.1)
- 10) **Environmental Management** - This country has considerable pressure from local NGOs and PVOs to consider environmental effects from development. The government is moving slowly toward official recognition of environmental risk in development. The Environmental Management Matrix, (see Annex A, Table II) summarizes the answers to questions a through j posed in the Performance Indicator Guidance. (Score: Raw = 4; Weighted = 4)
- 11) **Democracy and Human Rights** - Antigua and Barbuda are a parliamentary democracy which is a member of the British Commonwealth. Six political parties took part in the most recent elections, which were violence free but subject to claims of irregularity. Fundamental civil liberties are respected, although the ruling party controls radio and television, which the opposition charges with favoritism. (Score: Raw = 5; Weighted = 15.5)

## DOMINICA

Dominica's 1988 GNP per capita for the population of 81,000 people was approximately US\$ 1 650. Dominica's economy is primarily based on agriculture, which represents more than 30% of GDP and 75% of merchandise exports. Bananas continue to be the leading crop, accounting for over 70% of the value of total 1988 exports. Manufacturing is a growing sector, accounting for 8% of GDP in 1988 and having expanded at an annual average rate of nearly 7% between 1984 to 1988. Construction accounted for nearly 5% of GDP, having expanded in 1987-88 at an average annual rate of 11%. Tourism in Dominica plays less of a dominant role in the economy, compared to other countries in the OECS, reflecting the absence of tourism assets in Dominica such as white sand beaches. Nevertheless, potential exists for specialized tourism, where the promotion of outdoor activities, ecology, diving, health spas and scenery could generate steady development of the sector. The World Bank asserts that Dominica's long term growth prospects hinge on the country's ability to rapidly expand agricultural and manufacturing exports. The priority for agricultural diversification may intensify with the coming integration of the European Economic Community scheduled in 1992, an event with policy implications potentially critical to Dominica given its reliance on banana exports to the United Kingdom. Overall real GDP growth is projected at 4% per year on average during the 1989-94, assuming no banana shock. A banana shock could change the picture considerably.

1) Macroeconomic Reform Program - Dominica has successfully undertaken a structural adjustment program under the Tight Consultative Group arrangement with the IMF and the World Bank. It is aimed at raising real economic growth, containing the public external debt, and strengthening public finances and the balance of payments. Dominica's positive performance, and its ability to recover from and respond to certain shocks like Hurricane Hugo, reflect the relative strength of its programs and policies. In 1988, Dominica's real GDP grew at 5.6%, as a result of strong growth in construction, tourism and agriculture. Though GDP growth was positive in 1988, it grew at a slower rate than the 7% growth of the 1986-87 period. GDP is estimated to have slowed further in 1989 due to Hurricane Hugo's force in reducing incomes and destroying 70% of the banana crop, Dominica's largest export earner. Public sector resources responded well to the subsequent banana boom, with central government savings rising from 1% of GDP in 1985/86 to about 4% and 6% respectively in 1987/88 and 1988/89. Dominica has managed its public finances soundly. Consolidated public sector savings averaged about 9% of GDP during 1986-88. Improved fiscal balances resulted from an increase in current revenues and austerity in current expenditures, largely through reducing the central government wage bill. As of 1989, the unemployment rate is estimated to have dropped to 10% from 18.5% in 1981, as a result of rapid growth in economic activity since 1985, and a strong labor demand in neighboring islands. Inflation plummeted to 2% in 1988, from a consumer price index of 5% in 1987. However, inflation went up again and exceeded 7% during the first nine months of 1989 as food prices increased by 11%. The balance of payments current account deficit, which dropped from 21% of GDP in 1985 to 4% in 1986, widened again somewhat to 10% of GDP in 1988 as imports increased during this period. The external debt service was 8% of exports and 14% of central government current revenues. (Score: Raw = 9; Weighted = 13.5)

2) Domestic Financing of the Deficit - The non-financial public sector experienced a surplus in its account, as recorded by the IMF for 1989. There is no deficit to domestically finance. (Score: Raw = 0; Weighted = 10)

- 3) **Exchange Rate** - As in the other OECS countries, the official rate and the parallel rate have run closely together for an extended period of time. (Score: Raw = 10; Weighted = 10)
- 4a) **Business Regulatory Environment** - The Business Regulatory matrix, (see Annex A, Table I) summarizes the answers to questions a through j posed in the Performance Indicator Guidance (Score: Raw = 3; Weighted = 3)
- 4b) **Private Investment as percent of GDP** - The World Bank estimated private investment to be 12.5% of GDP in 1989 and 12.7% in 1990. (Score: Raw = 12.7; Weighted = 2.7)
- 5) **Trade Regime** - As in the other OECS countries, intraregional trade preferences result in tariff rates that range from moderate to significant. However, on January 1, 1991, the Common External Tariff (CET) of the Caribbean Common Market is to enter into force, and override the existing system in individual CARICOM countries and in the region. The CET allows CARICOM Member countries to grant up to full duty exemption on imports of goods outside of CARICOM whose purposes serve educational and cultural development, health, tourism, Government, or the movement of persons. However, for industry, agriculture, fisheries, forestry and mining there would be no exemptions in respect of a list of goods where it has been established that there is sufficient CARICOM production to satisfy regional requirements. (Score: Raw = 5; Weighted = 2.5)
- 6) **Market Pricing** - Remaining price controls and subsidies continue to produce distortions on the value of some basic commodities. (Score: Raw = 5; Weighted = 2.5)
- 7) **Elementary School Enrollment** - 92% of the primary school population is enrolled in school. (Score: Raw = 92; Weighted = 9.2)
- 8) **Infant Vaccination Rate** - The Bureau's estimation of the infant vaccination rate in Dominica in 1989, is 93.3%. (Score: Raw = 93.3; Weighted = 4.7)
- 9) **Contraceptive Prevalence** - The recent survey carried out by the Caribbean Family Planning Affiliation indicates that in 1990, 53% of the women of reproduction age in Dominica practice contraception. This is a higher rate than the 1987 rate of 47% assessed by LAC. (Score: Raw = 53; Weighted = 2.7)
- 10) **Environmental Management** - Dominica, like St. Lucia has made efforts to institutionalize environmental considerations as part of their development process. They have appointed personnel or assigned responsibilities for environmental concern as well as developed agencies and offices to monitor the state of the environment. They are actively supporting public awareness campaigns and are using impact assessments. The Environmental Management Matrix, (See Annex A, Table II), summarizes the answers to questions a through j posed in the Performance Indicator Guidance. (Score: Raw = 8; Weighted = 8)
- 11) **Democracy and Human Rights** - Dominica is an independent republic within the British Commonwealth. It is a parliamentary democracy in which seven political parties are active. Freedom of religion, press and association are respected. (Score: Raw = 3; Weighted = 18.5)

## GRENADA

The 1988 per capita GDP for Grenada's population of approximately 100,000 people was US\$1,370 per year. Grenada is a small open economy based largely on agriculture, which accounts for a third of the work force, about a fifth of GDP and about 90% of export crops. Primary crops include cocoa, nutmeg, mace, bananas and other fruits and vegetables. The World Bank estimates that tourism receipts account for nearly half of Grenada's foreign exchange earnings from exports of goods and non-factor services in recent years. Agricultural exports are the other primary source of foreign exchange. Construction has played an important role in the country's growth representing 10.6% of GDP, and manufacturing and mining lesser roles contributing 5.2% and 0.4% of the GDP. The World Bank reports Grenada's growth prospects as strong, given that agriculture is already highly diversified and that tourism and manufacturing have considerable scope for development. These attributes can serve the Government in meeting its medium term objectives of achieving a sustainable rate of economic growth, reducing unemployment and improving the standard of living the country's inhabitants. However, to make good of its prospects and objectives, the country will need to address its fiscal imbalances and improve its regulatory system. Grenada's performance can be characterized as mixed, though on balance positive.

1) **Macroeconomic Policy Reforms** - The Government of Grenada has taken some positive actions to strengthen the economy, particularly toward achieving macroeconomic policy targets for the 1989 ESF disbursement. However, its macroeconomic program and policies have contributed to the country's fiscal imbalances and the presence of a poor regulatory environment, that continue to dampen growth and development strides, as certain indices illustrate.

During the 1984-88 period, Grenada's real GDP expanded over 6% per annum, and by 7% in 1988, as a result of strong growth in construction, tourism and manufacturing. Increases in hotel facilities and the operation of a new international airport, propelled the growth in tourism. Tax concessions, infrastructure improvements and increased access to the US market via CBI, supported the growth in manufacturing. The IMF estimates the rate of growth in 1990 as 5%. As for balance of payments, the resource gap of 23% of GDP in 1988 was approximately US\$38 million, down by 9% from the previous year, but still very large. Exports of goods and services continue to increase, but cannot match the level and growth of transactions in the import sector. Inflation declined to minus 1% in 1987 from 5% in 1984, reflecting a decrease in central government current expenditure to 25% of GDP in 1988 from 29% in 1987, and an increase in central government revenues, to 27% of GDP in 1988 from 25% in 1987. However inflation increased back to 4.5% in 1988, in response to increases in import prices, in tariffs on imports from extra-regional markets and in prices to compensate businesses for the Business Levy paid to the Government.

Grenada experienced significant fiscal difficulties during the 1980s. The country faced huge fiscal deficits, a burgeoning public debt, persistent changes in the tax structure, the erosion of an already narrow tax base and significant unfinanced Government expenditures. Specifically, Grenada abolished income taxes and introduced a value added tax (VAT) that together resulted in stagnant revenues, following a 9% drop in 1986. In 1989, the Government increased public sector wages by 22%. Today, the Government reports that 28% of the labor force is unemployed. In 1989, Grenada's current revenue and expenditure deficit increased by 12.3%. Grenada's National Consultative Committee (NCC) recently completed a report on the Government's fiscal situation and determined that Government revenues over the past few years have been insufficient to meet its current expenses. Recommendations concerning revenues focused on the improvement of existing laws and regulations governing revenue collection, and the introduction of some new tax measures. On the expenditure side, the Committee recommended that the civil service should be reduced and that inefficient para-statal should seek privatization or divestment.

Grenada's total external debt at the end of 1988, amounted to US\$ 80 million or 48% of GDP. The stock of external debt arrears stood at about 7% of GDP in 1988. Debt service represented 10% of exports of goods and services and 19% of central government current revenues. (Score: Raw = 5; Weighted = 7.5)

2) **Domestic Financing of the Deficit** - The overall deficit of the consolidated public sector widened appreciably from an average of 0.5% of GDP in 1984-85, to an average of 7.5% in 1986- 1988. LAC reports that domestic financing of the public sector deficit is 5.1%. (Score: Raw = 5.1; Weighted = 4.9)

3) **Exchange Rate** - As in the other OECS countries, the official rate and the parallel rate have run closely together for an extended period of time. (Score: Raw = 10; Weighted = 10)

4a) **Business Regulatory Environment** - The Business Regulatory matrix, (See Annex A, Table I) summarizes the answers to questions a through j posed in the Performance Indicator Guidance (Score: Raw = 4; Weighted = 4)

4b) **Private Investment as a percent of GDP** - The World Bank estimated private investment to be 17.8% of GDP in 1989 and 18.1% in 1990. (Score: Raw = 18.1; Weighted = 3.8)

5) **Trade Regime** - As in the other OECS countries, intraregional trade preferences result in tariff rates that range from moderate to significant. However, on January 1, 1991, the Common External Tariff (CET) of the Caribbean Common Market is to enter into force, and override the existing system in individual CARICOM countries and in the region. The CET allows CARICOM Member countries to grant up to full duty exemption on imports of goods outside of CARICOM whose purposes serve educational and cultural development, health, tourism, Government, or the movement of persons. However, for industry, agriculture, fisheries, forestry and mining there would be no exemptions in respect of a list of goods where it has been established that there is sufficient CARICOM production to satisfy regional requirements. (Score: Raw = 5; Weighted = 2.5)

6) **Market Pricing** - The Government still controls prices of fish, beef and mutton, as well as trade margins for numerous imported items. Such controls continue to produce distortions. (Score: Raw = 7; Weighted = 3.5)

7) **Elementary School Enrollment** - The World Bank reports in its 1990 publication on the OECS that 82.3% of the primary school age children are enrolled in school. (Score: Raw = 82.3; Weighted = 8.2)

8) **Infant Vaccination Rate** - The Bureau's estimation of the infant vaccination rate in Grenada in 1989 is 87.3%. (Score: Raw = 87.3; Weighted = 4.4)

9) **Contraceptive Prevalence** - The recent survey carried out by the Caribbean Family Planning Affiliation indicates that in 1990, 40% of the women of reproduction age in Dominica practice contraception. This is a higher rate than the 1987 rate of 27% assessed by LAC. (Score: Raw = 40; Weighted = 2.0)

10) **Environmental Management** - Grenada is actively pursuing programs to improve management of natural resources and environmental conditions in Grenada. They have not as yet institutionalized these procedures, but are moving towards this direction. The Environmental Management Matrix, (see Annex A, Table II) summarizes the answers to questions a through j posed in the Performance Indicator Guidance. (Score: Raw = 5; Weighted = 5)

11) **Democracy and Human Rights** - Grenada, a member of the British Commonwealth, is a parliamentary democracy in which seven political parties are active. Freedom of religion, press and association are respected. (Score: Raw = 4; Weighted = 17)

## ST. KITTS AND NEVIS

The 1989 GNP per capita for the population of 43,400 people in the country of St. Kitts and Nevis, was US\$ 2,770. St. Kitts and Nevis is a small, highly open economy which is based primarily on tourism, the cultivation and refining of sugar, and an incipient export-oriented enclave sector. In 1988, agriculture represented 9.7% of GDP, manufacturing represented 14.5%, and construction represented a little over 10%. Apart from the need to increase its public sector savings, the policy framework for St. Kitts and Nevis is generally strong and the country's overall performance can be characterized as positive. The World Bank projects real GDP growth at 5% per year from 1989-94 through a rapid growth in tourism and associated increases in construction, and an expansion in electronic assembly. Sugar's contribution to growth is expected to gradually decline.

1) **Macroeconomic Reform Program** - St. Kitts and Nevis has been successful in the adoption of sound economic policies and in the implementation of its development strategy to promote tourism growth, improve the efficiency of the sugar industry and diversify agricultural production. This is supported by solid performance as illustrated by several macroeconomic indices. During 1982-88, real GDP, fueled by strong growth in tourism and construction, expanded by more than 5% per annum. The tourism growth offset the weak performance in sugarcane production which had been caused by the reduction of import quotas in the U.S. In 1989, Hurricane Hugo hit the country and the strong GDP growth of the previous period, damaging 20% of the 1989 crop and destroying 90% of the one million pounds of fish landed annually in Nevis. The country has been able to ably recover and respond to this shock. The current account surplus of the consolidated public sector declined from 7% of GDP in 1987 to about 5% in 1988, with the social security scheme accounting for savings equivalent to 4% of GDP. The decline in public sector savings resulted from a decrease in current revenue from 31% of GDP in 1987 to about 30% in 1988, and an increase in expenditures from 24% of GDP to 25%. The increase in expenditures is a result of the government's move to reduce the corporate tax by 5% in 1988, to increase wages by 20%, to increase its purchase of goods and services and to address operating losses of the Electricity Department. The balance of payments current account deficit increased from about 10% of GDP in 1987 to 15% in 1988. At the end of 1988, the country's public and publicly owned debt was US\$26.4 million or 22% of GDP. Debt service was 3% of exports of goods and services and 7% of central government expenditures. By all counts, movements in all of these indices have been in the manageable range in the recent past. (Score: Raw = 8; Weighted = 12)

2) **Domestic Financing of the Deficit** - The overall non-financial public sector deficit, before grants, climbed from 2.8% of GDP in 1977 to 7.5% in 1988 according to IMF Consultation reports. Domestic financing of the deficit represents 1.9% of GDP. (Scores: Raw = 1.9; Weighted = 8)

3) **Exchange Rate** - As with all of the OECS countries, the official and the parallel rate have run closely together for an extended period of time. (Score: Raw = 10; Weighted = 10)

4a) **Business Regulatory Environment** - The Business Regulatory matrix, (See Annex A, Table I) summarizes the answers to questions a through j posed in the Performance Indicator Guidance (Score: Raw = 4; Weighted = 4)

4b) **Private Investment as percent of GDP** - The World Bank estimated private investment to be 18.1% of GDP in 1989 and made projections of 14% for 1989 and 18% for 1990. (Score: Raw = 18.0; Weighted = 3.9 rounded to 4)

- 5) **Trade Regime** - As in the other OECS countries, intraregional trade preferences result in tariff rates that range from moderate to significant. However, on January 1, 1991, the Common External Tariff (CET) of the Caribbean Common Market is to enter into force, and override the existing system in individual CARICOM countries and in the region. The CET allows CARICOM Member countries to grant up to full duty exemption on imports of goods outside of CARICOM whose purposes serve educational and cultural development, health, tourism, Government, or the movement of persons. However, for industry, agriculture, fisheries, forestry and mining there would be no exemptions in respect of a list of goods where it has been established that there is sufficient CARICOM production to satisfy regional requirements. (Score: Raw = 5; Weighted = 2.5)
- 6) **Market Pricing** - Remaining price controls and subsidies continue to produce distortions on the value of some basic commodities. (Score: Raw = 7; Weighted = 3.5)
- 7) **Elementary School Enrollment** - As of 1981, the World Bank estimated primary school enrollment at 99.5% of the primary school age population. (Scores: Raw = 99.5; Weighted = 10)
- 8) **Infant Vaccination Rate** - The Bureau's estimation of the infant vaccination rate in St. Kitts and Nevis in 1989, is 84.5%. (Score: Raw = 84.5; Weighted = 4.2)
- 9) **Contraceptive Prevalence** - The recent survey carried out by the Caribbean Family Planning Affiliation Ltd. indicates that in 1990, 43% of the women of reproduction age in St. Kitts and Nevis practice contraception. This is the same rate as that which LAC assessed for 1987. (Score: Raw = 43; Weighted = 2.2)
- 10) **Environmental Management** - St. Kitts and Nevis is actively pursuing programs to improve management of natural resources and environmental conditions in the respective countries. They have not as yet institutionalized these procedures, but are moving towards this direction. The Environmental Management Matrix, (see Annex A, Table I) summarizes the answers to questions a through j posed in the Performance Indicator Guidance. (Score: Raw = 5; Weighted = 5)
- 11) **Democracy and Human Rights** - St. Kitts and Nevis is a member of the British Commonwealth. It has a federal constitution with a unicameral assembly. It has held free and fair elections throughout the 1980s. The constitutional guarantees of free expression, the free exercise of religion and free association are respected. (Score: Raw = 2; Weighted = 20)

## ST. LUCIA

The 1989 GDP per capita for St. Lucia's population of 148,000 people, was US\$ 1,796. The St. Lucia economy has been based traditionally on agriculture, with bananas as the main crop. In 1989, agriculture production represented approximately 16% of GDP. During the course of the 1980s however, tourism, construction and enclave type manufacturing have also become important income earners, representing 10.2% and 7.0% respectively, of 1989's GDP. St. Lucia's economy currently reflects a diversified blend of strength not found in such balance in the other OECS countries. St. Lucia's overall performance, in economic, social, environmental and democratic terms can be summarized as both positive and consistent. A primary near term policy issue will be the implications of the impending integration of the European Economic Community in 1992.

1) **Macroeconomic Reform Program** - St. Lucia's solid overall economic performance, and its demonstrated ability to respond to and recover from moderate shocks, reflects the strength of its macroeconomic program and policy framework. In 1988 the real GDP grew by 7%, surpassing its 1985/86 rate of 6%, and rebounding from a 2% low in 1987 which was attributed to adverse weather and its effect on bananas. This 7% increase occurred in spite of a slowdown in the growth of the hotel and restaurant sector. In 1989, real GDP slackened to 4% because of a slowdown in agriculture as banana production decreased by 6.5% from the 1988 bumper crop. Construction, tourism and manufacturing experienced growth but not at rates to fully offset the slowdown in agriculture. The World Bank projects real GDP growth at 4% per year on the average during 1989-94, assuming the absence of a major banana shock. During 1985-89, net capital inflows in the form of private direct investment and official concessional loans financed the recent current account deficits. In fact, balance of payments surpluses were recorded throughout this period. These reserves facilitated repurchases from the IMF in 1985-86, and resulted in a steady accumulation of the country's net imputed reserves at the Eastern Caribbean Central Bank (ECCB). St. Lucia was also able to reduce its external arrears gradually, and by the end of 1989, fully liquidated them. The external debt rose from 17% of GDP in 1985-86 to 21 % in 1989. At the same time, the debt service remained low and decreased, moving from 4% of GDP in 1985 to an annual average of 2.3% during 1986-89. Sound fiscal policy, characterized by increases in revenue and restraints on current expenditure, resulted in an increase in the current surplus, from 5.5% of GDP in 1987-88 to almost 10% in 1988-89. (Scores: Raw = 10; Weighted = 15)

2) **Domestic Financing of the Deficit** - St. Lucia experiences a strong surplus in its public sector accounts. There is no fiscal pressure for excessive domestic credit creation, and thus no crowding out of private sector investment. For 1989, the Fund estimates a public service surplus equaling 1.9% of GDP. For 1988, the surplus was 4.1% of GDP. (Scores: Raw = 0; Weighted = 10)

3) **Exchange Rate** - Like the other OECS countries. As with all of the OECS countries, the official and the parallel rate have run closely together for an extended period of time. (Score: Raw = 10); Weighted = 10)

4a) **Business Regulatory Environment** - The Business Regulatory matrix, (see Annex A, Table I), summarizes the answers to questions a through j posed in the Performance Indicator Guidance (Score: Raw = 5; Weighted = 5)

4b) **Private Investment as percent of GDP** - The World Bank estimates that in 1989, private investment represented 23.5% of GDP and made projections of 23.9% for 1990. (Score: Raw = 23.9; Weighted = 5)

5) **Trade Regime** - As in the other OECS countries, intraregional trade preferences result in tariff rates that range from moderate to significant. However, on January 1, 1991, the Common External Tariff (CET) of the Caribbean Common Market is to enter into force, and override the existing system in individual CARICOM countries and in the region. The CET allows CARICOM Member countries to grant up to full duty exemption on imports of goods outside of CARICOM whose purposes serve educational and cultural development, health, tourism, Government, or the movement of persons. However, for industry, agriculture, fisheries, forestry and mining there would be no exemptions in respect of a list of goods where it has been established that there is sufficient CARICOM production to satisfy regional requirements. (Score: Raw = 5; Weighted = 2.5)

6) **Market Pricing** - Remaining price controls and subsidies continue to produce distortions on the value of some basic commodities. (Score: Raw = 7; Weighted = 3.5)

7) **Elementary School Enrollment** - As of 1983, the World Bank estimated primary school enrollment at 95% of the primary school age population. (Scores: Raw = 95; Weighted = 9.5)

8) **Infant Vaccination Rate** - The Bureau's estimation of the infant vaccination rate in St. Lucia in 1989, is 93.8%. (Score: Raw = 93.8; Weighted = 4.7)

9) **Contraceptive Prevalence** - The recent survey carried out by the Caribbean Family Planning Affiliation Ltd. indicates that in 1990, 50% of the women of reproduction age in St. Kitts and Nevis practice contraception. This is a higher rate than the 1987 rate of 40% attributed by LAC. (Score: Raw = 50; Weighted = 2.5)

10) **Environmental Management** - Like Dominica, St. Lucia has made efforts to institutionalize environmental considerations as part of their development process. They have appointed personnel or assigned responsibilities for environmental concern as well as developed agencies and offices to monitor the state of the environment. They are actively supporting public awareness campaigns and are using impact assessments. The Environmental Management Matrix, (see Annex A, Table II) summarizes the answers to questions a through j posed in the Performance Indicator Guidance. (Score: Raw = 8; Weighted = 8)

11) **Democracy and Human Rights** - St. Lucia is a parliamentary democracy and a member of the British Commonwealth. It has a bicameral parliament. Elections for seats in the House of Assembly were actively contested during the 1980s, and new general elections are due by 1992. Fundamental civil liberties are constitutionally guaranteed and respected in practice. (Score: Raw = 3; Weighted = 18.5)

## ST. VINCENT AND THE GRENADINES

The per capita GDP for the St. Vincent and the Grenadines population of 115,000 people in 1989 was US\$ 1,270. The country's largest income earners are agriculture (14.2% of GDP), manufacturing (7.6% of GDP) and construction (7.3% of GDP). It is dependent on a few export commodities, primarily bananas, and a small number of export markets with the United Kingdom being the most important. The country's bananas which are exported to the UK receive preferential access. The adverse impact of a possible banana shock in St. Vincent and the Grenadines is projected to be less severe than in Dominica or St. Lucia, but nevertheless, would be of major concern. The country's second most important export market is Trinidad and Tobago which purchases the bulk of the root crops grown in St. Vincent and the Grenadines.

1) **Macroeconomic Policy Framework** - A sound macro-economic policy framework is reflected in the country's overall positive performance, particularly since 1984. The growth of real GDP averaged 6% a year in 1984-89 and was propelled by significant productivity gains during that period. This growth in output did not create many new employment opportunities. Although unemployment is believed to be substantial, shortages of skilled labor are periodically reported. The external debt will need to be followed to ensure that recent increases, though proportionately small, do not dampen overall progress. The external public debt has increased to approximately US\$51 million, or 29% of GDP, at the end of 1989, from US\$25 million, or 22% of GDP in 1985. (Score: Raw = 8; Weighted = 12.0)

2) **Domestic Financing of the Deficit** - The country has managed its public finances soundly since 1984. The current account balance of the consolidated public sector has remained in the range of 7-8 percent of GDP for five years through mid 1990, having rebounded from a deficit in 1983-84. The overall national balance performed similarly, except for a sharp reduction in 1986/87- 1988/89 as a result of large increases in the in capital expenditure. The public sector experienced an overall surplus of 2.1% in 1989. The sizable level of public savings has made possible a steady reduction in the net domestic indebtedness of the public sector since 1984. In 1988, savings increased to nearly 8% of GDP, such that net credit to the public sector continued to decrease to -3% in 1989, and credit to the private sector increased 20.4% in 1989. (Score: Raw = 0; Weighted = 10.)

3) **Exchange Rate** - As for the exchange rate in St. Vincent and the Grenadines, there was a depreciation of about 18% from early 1985 through mid-1988 as the EC dollar depreciated along with the U.S. dollar against other currencies, and as inflation lowered to a level in St. Vincent and the Grenadines below that of its partner countries. From mid-1988 to mid-1990, the real effective exchange rate for the country has not changed. As with all of the OECS countries, the official and the parallel rate have run closely together for an extended period of time. (Scores: Raw = 10; Weighted = 10)

4a) **Business Regulatory Environment** - The government continues to shape an environment that is fertile for private investment, and is committed to a development strategy that emphasizes the promotion of exports. The government is providing credit and extension services to farmers and divesting government owned estates, constructing factory shells and financing the expansion of tourism. The Business Regulatory matrix, (see Annex A, Table I), summarizes the answers to questions a through j posed in the Performance Indicator Guidance (Score: Raw = 4; Weighted = 4)

4b) **Private Investment as percent of GDP** - In 1987, private investment represented 25.5% of GDP, and was estimated to be 25.1% in 1988. The World Bank projected 21.9% for 1989 and 17.7% in 1990. (Score: Raw = 17.7%; Weighted = 3.7)

5) **Trade Regime** - As in the other OECS countries, intraregional trade preferences result in tariff rates that range from moderate to significant. However, on January 1, 1991, the Common External Tariff (CET) of the Caribbean Common Market is to enter into force, and override the existing system in individual CARICOM countries and in the region. The CET allows CARICOM Member countries to grant up to full duty exemption on imports of goods outside of CARICOM whose purposes serve educational and cultural development, health, tourism, Government, or the movement of persons. However, for industry, agriculture, fisheries, forestry and mining there would be no exemptions in respect of a list of goods where it has been established that there is sufficient CARICOM production to satisfy regional requirements. Score: Raw = 5; Weighted = 2.5)

6) **Market Pricing** - Remaining price controls and subsidies continue to produce distortions on the value of some basic commodities. The inflation rate measures provide some indication of this distortion. For example, inflation throughout the 1984- 89 period, was moderate with the GDP deflator increasing by 4-5 percent a year. However, the consumer price index increased by even less because its behavior does not reflect underlying price pressures disguised by still existing controls on the prices. Consumer prices increased at an average rate of about 7% in the first half of 1990 reflecting increases in food prices caused by reduced domestic supplies, and adjustments in electricity tariffs. (Scores: Raw = 7; Weighted = 3.5)

- 7) **Elementary School enrollment** - As of 1983, the World Bank estimated primary school enrollment at 90% of the primary school age population. (Scores: Raw = 90; Weighted = 9.0)
- 8) **Infant Vaccination Rate** - The Bureau's estimation of the infant vaccination rate in St. Vincent and the Grenadines in 1989, is 98.3%. (Score: Raw = 98.3; Weighted = 4.9)
- 9) **Contraceptive Prevalence** - The recent survey carried out by the Caribbean Family Planning Affiliation Ltd. indicates that in 1990, 60% of the women of reproduction age in St. Vincent and the Grenadines practice contraception. This is significantly higher than the 1987 rate of 40% attributed by LAC. (Score: Raw = 60; Weighted = 3.0)
- 10) **Environmental Management** - St. Vincent is actively pursuing programs to improve the management of natural resources and environmental conditions. They have not as yet institutionalized these procedures, but are moving toward this direction. The Environmental Management Matrix, (see Annex A, Table II), summarizes the answers to questions a through j posed in the Performance Indicator Guidance. (Score: Raw = 5; Weighted = 5)
- 11) **Democracy and Human Rights** - The country of St. Vincent comprises of St. Vincent and several smaller islands, this state is governed by a unicameral assembly. Several political parties take part in regular general elections, the last of which was held in 1989. The press is independent and uncensored, while radio and television are government owned. The latter present pluralistic viewpoints, although the opposition party has claimed some bias. (Score: Raw = 3; Weighted = 18.5)

## GUYANA

The 1989 per capita GDP for Guyana's population of 755,000 is approximately US\$568. The country's primary income earners are: agriculture which represents 26.5% of GDP and which is composed primarily of sugar and rice, and includes forestry and fishing; manufacturing which contributes 12.1% of GDP and is composed primarily of sugar and rice processing, and rum production; and the mining of bauxite, gold and diamonds, which contributes 9% of the GDP.

In 1989, Guyana initiated a tough and far-reaching policy reform program supported by an IMF stand-by and an Enhanced Structural Adjustment Facility designed to reverse the severe economic deterioration that began in 1976. This deterioration has led to Guyana becoming the second poorest country in the Western hemisphere. Performance on the reform program has been mixed, and on balance it is regarded as positive by the IMF and the World Bank, particularly in consideration of the country's austere economic base and the short term but very real additional hardships that adjustment has placed on the Guyanese population. For example, official devaluations and the introduction of a free-market exchange system for currency during 1990 without an equivalent rise in wages, has resulted in a dramatic decrease in workers' purchasing power. Approximately 40% of Guyana's work force earns the minimum wage, which in 1990 is US\$ 0.48 for public sector workers, and varying amounts for private sector workers. The deterioration of living standards of Guyanese workers corresponds to decreased productivity and increased emigration. In response to the increased hardship, workers in the bauxite and sugar industries have carried out prolonged strikes. As a result, significant foreign exchange losses were experienced. The situation was exacerbated by considerable delays in the inflow of resources from bilateral

donors. The fiscal balance of payments widened, inflation increased, and living standards declined. Measures to prevent such a cycle in response to certain ERP policy actions are being implemented in the name of the Social Impact Amelioration Program (SIMAP). This program seeks to create employment opportunities and provide supplementary assistance in the areas of nutrition, health and education. IDB is taking the lead in financial support and technical assistance for this program.

Future external support by some donors and lenders, as well as internal stability depends in part on verification that upcoming elections scheduled in 1991, are free and fair, and absent of fraud.

1) **Macroeconomic Reform Program** - In mid-1988 Guyana introduced a medium-term economic recovery program (ERP) involving a fundamental reorientation of economic policy. With the assistance of the members of the Support Group for Guyana and monetary institutions including the IMF and the World Bank, Guyana settled its overdue obligations to the Fund and other creditors, therein regaining eligibility for using resources of these institutions. The Government implemented a Fund-monitored program in 1989 of several major actions which included: devaluing the Guyana dollar in the official market by 70 percent; moving steadfastly toward unification of the exchange rate system by March 1991; increasing controlled prices and public sector tariffs by 100-225 percent; increasing the tax base by converting some specific taxes to an ad valorem basis and eliminating consumption tax and import duty exemptions enjoyed by certain enterprises; reducing real current expenditures; improving the taxation system; accelerating and broadening their divestment program; and improving their monetary policy through the recent creation of a monetary unit at the Bank of Guyana and through sharply increasing interest rates. As a result, relative prices in 1989 were substantially corrected, the primary current account position of the public sector was strengthened and the exchange rate in the parallel market stabilized.

Notwithstanding the progress that has been made since the introduction of the Economic Recovery Program, Guyana continues to face major structural and financial problems, as well as adjustment problems such as prolonged strikes in 1990 in the key bauxite and sugar sectors, and shortfalls in the disbursement of balance of payments assistance. These factors meant falling short of some original targets. For most targets however, movement has been in the prescribed and desired direction.

In 1989, recorded real GDP declined by an estimated 3%. Agricultural, manufacturing and mining output declined by 1.5%, 9% and 14% respectively. Inflation rose from an estimated 105% during 1989 from 51.5% during 1988, and subsequently subsided to 30% in the second half of 1989 and 25% during the first quarter of 1990. The primary current account surplus of the public sector increased by 2 percentage points of GDP in 1989. While reflecting positive movement, it fell short of the ERP target. The overall deficit of the public sector, including the Bank of Guyana, rose from 32 percent of recorded GDP in 1988 to 47% in 1989. Given the mixed, but overall positive performance, the IMF projects that GDP will increase by 3% in 1990 and 4.5% in 1991. (Score: Raw = 8; Weighted = 12)

2) **Domestic Financing of the Deficit** - The IMF estimated the deficit for the non-financial public sector to be 47.5% of GDP in 1989. Domestic financing of this deficit averaged 12% of GDP. The program target for 1989 domestic financing had been minus 10% of GDP. The IMF estimates domestic financing to be 10% for 1990, though it had been projected at 1.7%. These figures are from the Article IV Consultation, whose results were published in July 1990. (Score: Raw = 10; Weighted = 0)

3) **Exchange Rate** - With the introduction of the Fund monitored Economic Recovery Program, the Government of Guyana authorities made progress toward correcting the overvaluation of the Guyana dollar in the official market and the unification of the exchange rate system, as illustrated by the following actions GOG took on March 13, 1990: a) legalized the parallel market in foreign currencies and established a new market (exchange market) for foreign currency transactions; b) licensed banks and other dealers to trade in foreign currencies in that market at freely determined rates; and c) shifted transactions relating to nontraditional exports and nonessential imports from the official to the exchange market. Additional transactions were shifted to the exchange market on June 15, 1990 when the Guyana dollar in the official market was devalued by a further 27% (from G\$33 to G\$45 per U.S. dollar). In late June 1990, the exchange rate in the exchange market was in the range of \$65-68 per U.S. dollar, compared with a parallel market rate of \$50-52 per U.S. dollar before the exchange market was introduced. The Government has indicated that it is committed to the unification of the exchange rate system on the basis of the exchange market by March 31, 1991. It is the Government's view that a more rapid pace would create conditions for labor unrest, and in turn compromise the overall objectives of the program. Following unification, the Government would pursue a flexible exchange rate policy. Meanwhile, exchange market transactions will continue to be conducted freely and without interference from the Government.

The most recent devaluation of the official exchange rate which was to have occurred on December 14, 1990 as part of the IMF agreement, did not occur. This is seen as a postponement rather than a dismissal, particularly given the Government's recent pattern of carrying out planned devaluations as part of the ERP. The current dissatisfaction expressed by the nurses strike is likely to be one reason for postponement. Also in January 1991, the Government will have the ability to offer higher wages to public employees, and push upward the income threshold below which no income taxes are paid, which means most Guyanese wage earners will be exempt from income tax. Further, a devaluation at this time would conflict with the PNC's 26th anniversary celebration. (Score: Raw = 5; Wgtd = 5)

4a) **Business Regulatory Environment** - Guyana is in the process of divesting some of its major public corporations and developing agreements to invite Reynolds, Alcan, and Bookers to become primary equity holders and managers of the country's major industries. The Business Regulatory matrix, (see Annex A, Table I), summarizes the answers to questions a through j posed in the Performance Indicator Guidance (Score: Raw = 2; Weighted = 2)

4b) **Private Investment as a percent of GDP** - The World Bank estimated private investment to be 26.2% of GDP in 1987 and 20.8% in 1988. The average for these two years for which data is available, is 23.5% (Score: Raw = 23.5; Weighted = 4.5)

5) **Trade Regime** - As of June 15, 1990, Guyana made significant changes in its trade system. A number of items were removed from the list of prohibited imports. Consumption taxes, ranging from 10 % to 100 %, and import duties, were introduced on these items. Exemptions from the consumption tax and import duty previously granted to imports of agricultural, forestry, and mining equipment, were eliminated. Specifically, this included the elimination of duty-free concessions for imports of agricultural equipment and appliances, trailers and all vehicles used for transporting agricultural produce, and machinery and equipment for forestry and mining. The spare parts for agricultural equipment and appliances remained exempt from the consumption tax and import duty. Finally, an export duty of 1% was introduced on the following export products: raw gold; cut and cut and polished precious stones; agricultural products and their by-products excluding

unrefined sugar cane and molasses; alumina and manganese; forestry products including timber and lumber (other than greenheart timber and lumber), wood pulp, firewood, charcoal, bark, and extracts of bark; and goods when derived from wild-growing trees or plants, which included fruits, oils, balata, rubber and other latex, gums, resins, spices, tan-stuffs, dye-stuffs, drugs, leaves, fibers, flosses, thatching materials, and orchids.

On January 1, 1991, the Common External Tariff (CET) of the Caribbean Common Market is to enter into force, and override the existing system in individual CARICOM countries and in the region. The CET allows CARICOM Member countries to grant up to full duty exemption on imports of goods outside of CARICOM whose purposes serve educational and cultural development, health, tourism, Government, or the movement of persons. However, for industry, agriculture, fisheries, forestry and mining there would be no exemptions in respect of a list of goods where it has been established that there is sufficient CARICOM production to satisfy regional requirements. (Score: Raw = 5; Weighted = 2.5)

6) **Market Pricing** - Since the introduction of the Economic Recovery Program, price controls have been limited to a few foodstuffs, petroleum products and bus and taxi fares. Controlled prices, as well as public sector tariffs have been increased sharply since 1989, by 100-225%. The sharp increases have been in line with the devaluations of the Guyana dollar in the official market. By mid-1989, the prices of controlled items, except for sugar, covered their costs and were in line with international prices converted at the official exchange rate. The sugar subsidy was reduced from about 50% of the cost of importation in mid-1989 to 15% on June 15, 1990. The subsidy is to have been eliminated by December 14, 1990. After this date, no new price controls will be introduced, suggested prices will continue to be nonbinding, and commodity aid pertaining to agricultural inputs will be priced at the exchange rate. An increase in the price level of about 45% is expected during the 12-month period ending March 1991, as a result of the corrective price increase that have been and will be made in the process toward the unification of the exchange rate system. (Score: Raw = 8; Weighted = 4)

7) **Elementary School Enrollment** - 80% of school age children reached grade 6 in 1989. In 1983, 90 % were enrolled and in 1978, 99% were enrolled. Figures were unavailable for 1984-88. (Score: Raw = 80; Weighted = 8)

8) **Infant Vaccination Rates** - The Bureau's estimation of the infant vaccination rate in Guyana in 1989, is 63%. (Score: Raw = 63; Weighted = 3.2)

9) **Contraceptive Prevalence** - The recent survey carried out by the Caribbean Family Planning Affiliation Ltd. indicates that in 1990, approximately 35% of the women of reproduction age in Guyana practice contraception. This is higher than the 1987 rate of 28% attributed by LAC. (Score: Raw = 35; Weighted = 1.8)

10) **Environmental Management** - Political and other pressing development concerns set environmental concerns at a low priority. Until changes in the political and economic situations occur, environmental consideration will not be a high priority. In the natural resource wonderland of Guyana there are positive indicators as well. The government recently set aside 900,000 acres of rain forest for conservation with some harvesting under strict environmental regulations. At least 400,000 acres will remain in an untouched state, reserved only for research. The Environmental Management Matrix, (see Annex A, Table II) summarizes the answers to questions a through j posed in the Performance Indicator Guidance. (Score: Raw = 3; Weighted = 3)

11) **Democracy and Human Rights** - Guyana is a member of the British Commonwealth which by its 1966 constitution, is a parliamentary democracy. However, the domination of the People's National Party (PNC) was formalized in a new constitution in 1978. The PNC has retained control through fraudulent elections. New general elections, which are scheduled for March 1991(?), will be monitored by international observation teams. Although the constitution stipulates basic civil liberties, their exercise is curtailed by government harassment and intimidation. (Score: Raw = 9; Weighted = 9.5)

ANNEX D, TABLE I

## PRIVATE SECTOR OFFICE

## BUSINESS REGULATORY ENVIRONMENT

ANTIGUA DOMINICA ST. KITTS ST. VINCENT ST. LUCIA GRENADA GUYANA

SCORE 3 3 4 5 5 4 2

## QUESTION

QUESTION	ANTIGUA	DOMINICA	ST. KITTS	ST. VINCENT	ST. LUCIA	GRENADA	GUYANA
(a)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(b)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
(c)	No	Yes	No	No	Yes	Yes	No
(d) Time ) Effort ) Money )	Not- Excessive	Minimal Minimal & of Auth. Cap.	Not Excessive	Not Excessive	Not Excessive	Not Excessive	Moderately long due to inefficiencies
(e) Time ) Effort ) Money )	Not Excessive	Delays currently experienced due to port expansion	Not Excessive	Not Excessive	Not Excessive	Not Excessive	Moderately long due to inefficiencies
(f)	No	Yes	No	No	No	Yes	No
(g)	No	No	No	No	No	No	Yes - influenced No - not clear & transparent
(h)	No	No	No	No	No	No	Yes

Labour unions in several countries are affiliated with political parties but not financially supported

(i) Yes Yes Yes Yes Yes Yes Yes

ANNEX D TABLE II

Performance Indicators  
Environmental Management

Question	AB	D	GDA	SKN	SL	SVG	OECS	GNA
a.	1	3	1	2	3	2		1
b.	1	3	2	2	3	2		2
c.	2	3	2	2	3	1		1
d.	2	3	2	2	3	2		1
e.	2	3	3	2	3	2		1
f.	2	3	2	2	3	2		1
g.	2	3	3	3	3	3		1
h.	2	3	3	2	4	2		2
i.	2	3	2	2	3	3		1
j.	<u>1</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>2</u>		<u>1</u>
Divided by 4	17	30	22	21	31	21	24	12
	4	8	5	5	8	5	6	3
Overall Performance Ranking							<u>6</u>	<u>3</u>