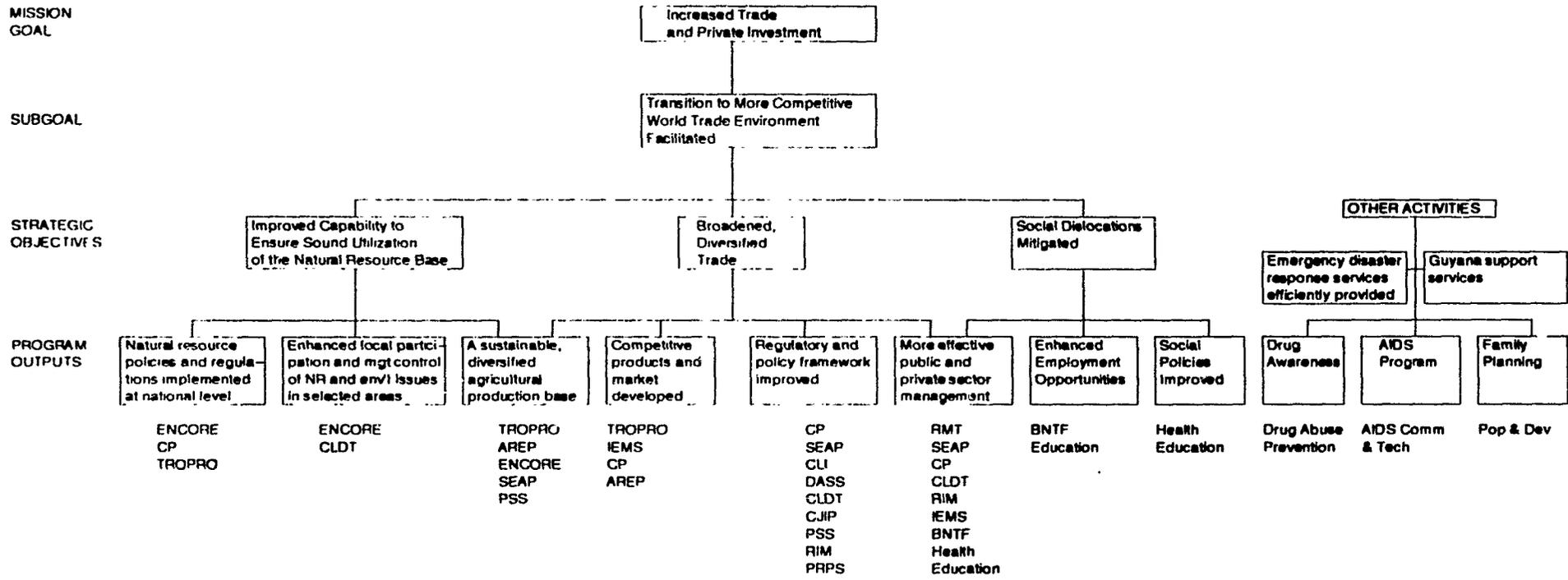


ROO/C PROGRAM STRATEGY



ENCORE – Environmental and Coastal Resources Project  
 CP – Caribbean Policy Project  
 CLDT – Caribbean Leadership  
 TROPRO – West Indies Tropical Produce Support Project  
 AREP – Agricultural Research and Extension Project  
 IPED – Investment Promotion and Export Development Project  
 AVT – Agricultural Venture Trust Project  
 PSS – Private Sector Support  
 Education – Education for Enhanced Employment Opportunities

SEAP – Small Enterprise Assistance Project  
 CLI – Caribbean Law Institute Project  
 DASS – Dominica Agricultural Sector Support Program  
 RMT – Regional Management Training Project  
 RIM – Regional Infrastructure Maintenance Project  
 BNTF – Basic Needs Trust Fund Project  
 CJIP – Caribbean Justice Improvement Project  
 Health – Health Mgt Improvement  
 PRPS – Policy Reform Program Support

**PROGRAM OBJECTIVES DOCUMENT**

**REGIONAL DEVELOPMENT OFFICE FOR THE CARIBBEAN**

**MAY 28, 1992**

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**REGIONAL DEVELOPMENT OFFICE/CARIBBEAN**

**PROGRAM OBJECTIVES DOCUMENT**

**I. OVERVIEW**

The eight countries of the Organization of Eastern Caribbean States (OECS)--Antigua and Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines--lie widely scattered across 80,000 square miles of the Caribbean Sea. Their economies are small, highly protected, import-dependent, and rely principally on tourism and agriculture for foreign exchange. The key agricultural export, bananas, currently benefits from a protected European market. RDO/C concentrates U.S. assistance on the six independent states, although the British dependencies of Montserrat and the British Virgin Islands benefit from some A.I.D. - supported activities administered by regional institutions.

The economies of the Eastern Caribbean have few natural resources and are vulnerable to factors over which they have no control, such as external demand cycles and hurricanes. Yet each island nation enjoys certain areas of possible comparative advantage and the potential for growth in a changing world economy. Their natural environment provides the microstates both their most promising opportunities and their greatest developmental problems.

The countries of the OECS confront changing world economic conditions, including the probable reduction or loss of preferential banana markets. The islands also face increased challenges from other nations whose products and services cost less and are higher quality. To be competitive in the world marketplace, the microstates must be able to attract investment, diversify their products, and achieve greater production and marketing efficiency.

The RDO/C strategy seeks to increase OECS trade and private investment by supporting the sub-region's transition to a more competitive world trade environment. The strategy has three objectives:

- \* to improve the islands' capability to utilize the natural resource base in a sustainable manner;
- \* to broaden and diversify trade;
- \* to mitigate social dislocations caused by economic adjustment.

RDO/C accords priority to the first two objectives. The third one has been conceived as complementary in that it seeks to help improve governments' capacity to efficiently provide essential

public services in a period of economic adjustment. It also will accommodate responsive actions if and when short-term hardship caused by external events or policy-related economic adjustment dictates the need.

RDO/C's program will emphasize the promotion and adoption of policies that reduce distortions in the economies of the OECS, improve competitiveness, encourage appropriate diversification and strengthen the foreign exchange earnings base. Assistance will be concentrated on three key areas that affect trade and investment: policy analysis and development, institutional strengthening, and policy implementation. Natural resources planning and management also will receive focused policy and institutional support. Important complementary emphases will be accorded to the development of a maintenance culture to preserve investments in infrastructure, the expansion of appropriate and competitive workforce skills, and support for a safety net to maintain essential social services which enhance productivity.

RDO/C anticipates a modal shift to increasing non-project assistance to promote the adoption and implementation of policies that will render the OECS more competitive. Several existing projects will be phased out and new activities which support implementation of the strategy will be designed.

The geographical focus presented here continues to be the Eastern Caribbean. However, RDO/C understands that the Caribbean-wide strategy now under consideration by AID/Washington may call for an expansion of our responsibility to include the broader Caribbean Community (CARICOM). RDO/C activities operationally involve many CARICOM institutions already, e.g., the Caribbean Development Bank, the Caribbean Association of Industry and Commerce, the University of the West Indies, the Caribbean Agricultural Research and Development Institute, the Caribbean Epidemiology Centre, the Caribbean Law Institute, and the Caribbean Family Planning Affiliation. Current projects with Caribbean-wide institutions offer starting points for a more geographically-inclusive program. Thus, widening the RDO/C mandate and strategy will not require a sea change in thinking. With appropriate adjustments and a reexamination of resource levels, we believe that our program objectives and implementation strategy can incorporate broader regional responsibilities.

## II. BACKGROUND

Between 1980 and 1990, the OECS countries recorded significant improvements in their living standards in spite of certain unfavorable external influences, including declining terms of trade. In some countries, the gains were due mainly to an

increase in tourism. In others, growth came from foreign exchange generated by banana exports to the subsidized European market.

By the early 1990s, however, the economic growth began to slow. The decline reflected reduced investment spending and tourism revenues. External factors contributed to the decline and highlighted the challenges faced by the microstates. Tourism was substantially affected by the Gulf War. In addition, U.S. airline deregulation forced carriers to discontinue unprofitable routes, including some to Caribbean destinations. The bankruptcies of two major regional carriers, Eastern and Pan Am, have cut the number of tourists arriving from the U.S.

Increasing drug use and a rising incidence of crime, especially against visitors, have received wide publicity in tourism markets. Official warnings by the Governments of Canada, the U.K., and the U.S. for citizens to be cognizant of increasing crime in Jamaica and Barbados may affect the entire region's image and potentially reduce the number of tourist arrivals.

Other external factors will exert a large influence on the OECS economies in the 1990's. The North American Free Trade Agreement will offer important advantages to low cost producers of Central and South America. Realization of the single West European market anticipated in 1992 will likewise subject Caribbean exports to increased competition from more efficient producers. The reduction or phased elimination of subsidized banana markets may significantly depress foreign exchange earnings and farmer income. Moreover, the relatively high levels of grants and concessional assistance enjoyed by OECS countries have been declining and are likely to further diminish. Donor attention to other parts of the world--Eastern Europe, the former Soviet Union, Africa--will result in reduced resources for the Eastern Caribbean.

Collectively, these factors highlight the need for adjustment and reform in the OECS to ensure competitive, self-sustaining economies and stable, democratic societies. The sub-region must assume more direct control over its own economic future by adopting more open and competitive economic systems, improving its tourism services, and abandoning traditional reliance on protected markets for agricultural produce.

The greater Caribbean region--through CARICOM--has recognized this need. The West Indian Commission, established by CARICOM in 1989 to help West Indians prepare for the next century, noted in a recent progress report that the Caribbean cannot "...pursue an economic course independent of international economic currents.

The region must seek to compete fully on international markets...in areas where we identify opportunities to exploit our own strengths."\*\*

#### A. Statement of Constraints

The most pressing domestic factors which affect economic growth are policy and regulatory constraints that restrict competition and prevent market forces from efficiently allocating resources. State interventions subsidize inefficient industries, restrict specific endeavors to parastatal monopolies, and limit incentives for private investment.

Protectionist policies particularly affect the agricultural and tourism sectors where the majority of the region's economic activity lies. For example, a variety of import restrictions increase the cost of goods and services that can be acquired more cheaply from external suppliers, thus increasing the production costs and diminishing the competitiveness of the region's primary exports. At the same time, these restrictions create an environment in which local enterprise has little incentive to become more efficient and competitive.

Regulatory and tax regimes increase investment, operating, and opportunity costs, thus encouraging entrepreneurs to look for incentives outside of the region and providing impetus to capital flight. A lack of financing options available to entrepreneurs also constrains investment. The short-term orientation in the commercial banking sector, an absence of longer-term loan mechanisms, and restrictions on capital movement have the effect of limiting equity, bond and stock market facilities.

Infrastructure maintenance, so necessary to sustain services and instill confidence in potential investors, is insufficiently funded by public sector budget allocations. At the same time, policies which restrict the private sector provision of education and health care result in a disproportionate share of public revenues devoted to these services. Moreover, failure to enact or enforce policies that govern natural resource use has led to environmental degradation, placing the sustained productivity of critical natural resources such as beaches, reefs, fisheries and water supplies at risk.

The narrow foreign exchange earnings base is another constraint to growth. The islands have come to rely on two sectors--agriculture and tourism--for the bulk of foreign exchange. In the agricultural sector almost all production for export is limited to bananas. There are various reasons for this, including the preferential trade arrangement accorded by the former colonial metropole. Nonetheless, the lack of a diversified foreign exchange earning base leaves the islands vulnerable to external factors.

\*\* Towards a Vision of the Future, the West Indian Commission, 1992, Port of Spain, page 21.

Policy and regulatory problems result in part from the fragmentation of the private sector. The many institutions which make up the sub-regional private sector vary in size of membership, organizational and financial strength, importance of political constituency, and ability to influence policy. Individual organizations tend to pursue narrow agendas. Seldom, for example, will manufacturers or merchants join with hoteliers or agricultural producers to identify common interests, elaborate collectively beneficial policy proposals, and lobby government in a united front. The mobilization of private sector interests and organizations will be necessary to facilitate a meaningful public - private dialogue on significant social and economic issues.

Yet another constraint is the modest natural resource base which at once limits development options and demands effective management. On certain islands, population density has contributed to land use practices that threaten a fragile and finite resource base. Perhaps most important, though, is the glaring gap in comprehensive natural resource management policy that prevails. The potential loss or damage to the resource base has led to increasing recognition of this constraint to sustained economic growth that must be addressed.

The political risks associated with economic adjustment also serve to constrain growth. These risks are particularly affected by expectations borne of a relatively high standard of living in the OECS. The adoption of reforms needed to make the sub-region more competitive may result in a drop in living standards over a short-term period of adjustment. However, prosperity and growth over the last decade has engendered public expectations of a continued high living standards. Combined with a traditional dependence on public sector financing and provision of social services, this will make the adoption of necessary economic reforms difficult. Some governments in the Eastern Caribbean will be hesitant to undertake needed reforms if they generate unemployment, result in decreased public services, or threaten a decline in the popular standard of living. The social, economic, and political implications of adjustment need to be addressed if the governments of the region are to be expected to implement difficult measures.

A shortage of skilled manpower also constrains economic growth in the OECS. This particularly affects private sector firms that require specific business, marketing, and management skills. The hospitality and service industries are especially affected. Paradoxically, this shortage of skills coexists with high levels of unemployment in the sub-region. The skills gap is not limited to the private sector, for management expertise is sorely needed in the public sector as well. Along with policy incentives and reliable infrastructure, an appropriately educated and skilled workforce is required to increase productivity and thereby make the sub-region more attractive for investors.

Implicit in all discussions of the constraints to growth facing the countries of the Caribbean is the inadequate level of regional cooperation and integration. To attract investment, expand markets, diversify production, and offer competitive products, increased economic integration within the Eastern Caribbean and the larger Caribbean region is essential. This need has been acknowledged within the region. The West Indian Commission commented in its recent progress report (page 21) that "...Vital issues of economic development ... seem intractable, except in the context of joint regional effort ..." There is the need to join government and private sector forces in a common effort, both nationally and regionally.

To date, progress toward sub-regional and regional political integration has been slow. Nonetheless, much can be done, short of formal political union, to improve the environment for growth and development. Resolution of many of the problems outlined in the preceding pages, particularly those involving reform of policies and regulations that affect sub-regional and regional trade and investment opportunities, will enhance Caribbean economic integration. Indeed, coordinated efforts that effectively increase the size of the sub-regional and regional markets, reduce barriers to trade and labor and capital flows, offer investment incentives, and strengthen the foreign exchange earnings base may be more important to the Caribbean's sustained economic development than political union.

#### B. Advantages and Assumptions

The island microstates individually and collectively possess a number of strengths that moderate the constraints discussed above. Specific advantages enjoyed by the countries of the OECS provide a basis for optimism and will facilitate efforts to improve economic competitiveness.

Foremost among these are functioning multiparty political systems with freely and openly elected parliamentary governments. In these democracies, basic human rights are universally enjoyed on a level that is high by world standards. While some traces of the colonial past are still evident, upward social mobility is available to all through education and, more recently, commercial success.

Dependable public sector institutions provide the sub-region with another important advantage. Public services are widely available and good. The populations of OECS countries are both literate and healthy. Social indicators are among the highest in the developing world.

Further, the sub-region possesses a natural resource base--albeit modest--that, if adequately protected, can remain productive for both agriculture and tourism over time. The

package of sun, sand, and sea will continue to attract tourists if prices are competitive and services are good. Given the right incentives, agriculture can substantially expand its links to tourism. But the resource base must be properly managed.

As the sub-region recognizes that increased trade and investment opportunities can be achieved through a favorable business environment, the protection and sound utilization of its natural resources, the expansion of its productive capacity, and the improvement of sub-regional and regional cooperation, we expect that the potential of the Enterprise for the Americas Initiative (EAI) will become more evident. Further, we expect that access to the Inter-American Development Bank's Multilateral Investment Fund will become available to support the adjustment and speed the transition to increased economic competitiveness.

In this context of domestic problems and advantages, RDO/C has chosen the strategic objectives more fully described in the succeeding pages. The approach specifically targets the most important constraints within the sub-region's sphere of control in a focused and reasonable fashion.

Several assumptions have affected the development of our strategy. As mentioned above, the region will remain susceptible to the damaging consequence of external events, both natural and man-made. Our strategy is designed to ameliorate these effects -- as competitiveness, trade and investment increase, so will the countries' abilities to cope with external shocks. Nevertheless, these circumstances will continue to be a factor which negatively impacts the region's efforts to achieve sustained development.

When considering diversification efforts, we assume that there is a limited number of new product markets that the Eastern Caribbean can enter competitively. In other words, the sub-region will need to seek a select number of new opportunities, rather than extensively diversify its production. The emphasis will be on specialty or niche markets--for agricultural produce like arrowroot and high flavor cocoa, for ecotourism and cultural heritage packages, to mention some examples. Nonetheless, diversification to the extent possible will be an important component of the region's efforts to strengthen its foreign exchange earnings base.

We also assume that the opportunity to work with governments, private individuals and regional institutions toward improvements in the policy and technical areas outlined in this document exists now more than ever before. A growing recognition is present in the region of evolving hemispheric and world economic realities and relationships. Recent statements by the West Indian Commission, national leaders, business executives and academics have shown a readiness to address the constraints and challenges which face the region. This openness to dialogue is central to our strategy and program.

### III. STRATEGIC OBJECTIVES

#### A. Strategic Objective I: Improved Capability for Sound Utilization of the Natural Resource Base

Overview and Selection Rationale: Environmental degradation threatens the natural resource base of the Eastern Caribbean, which includes tropical forests and biological diversity. The causes include lack of comprehensive resource management policies, inadequate planning, incomplete data on which to base decisions, overuse of resources, and an inadequate understanding of the vital role that natural resources play, especially in such resource-dependent industries as agriculture and tourism. Perhaps most important is the lack of cooperation between the public and private sectors with regard to natural resource management.

Sustaining the resource base has not been a major consideration in political and economic decision-making, nor has the finite nature of natural resources or degree to which they have deteriorated. As a result, depletion and degradation of natural resources continue to accelerate. If the processes continue, losses will soon limit development options for economically viable and sustainable activities. Eventually, a decline in the sub-regions' standard of living will result.

Moreover, unless degradation is reversed, damage will reach a level that requires massive investments for remedial actions, which neither the island microstates nor the larger world community will be able to provide. Thus, policies and decisions governing the direction of growth and the allocation of land and other natural resources have tremendous consequences for the economic, social, and political future of the Eastern Caribbean countries and the wider Caribbean region as well.

Institutional structures within which decisions are made are a major source of problems. Existing regulatory, policy, and legal structures are created and administered by diverse sets of government agencies with overlapping, often conflicting authorities and responsibilities. On many islands, lines of responsibility and authority on environmental issues are unclear.

The competing needs of development, sustainable resource use, proper management, and environmental protection make decisions

difficult. Officials attempting to comply with land use laws and regulations, where they exist, are hampered by pressures from influential interest groups, and the absence of an informed and active citizenry that supports compliance with regulations. In addition, there is a lack of technical knowledge on how to appropriately use or preserve resources so that they remain productive over time.

There is growing concern among the Eastern Caribbean states regarding environmental degradation and related economic and social consequences. However, efforts to protect the environment and at the same time promote investment are posing increasingly complex and difficult questions about the sub-region's ability to compete and grow within the framework of evolving global economic realities. Resource planners in the sub-region face the dilemma of managing development processes while at the same time addressing environmental imperatives.

RDO/C's first strategic objective will support comprehensive natural resource planning and management. RDO/C assistance will enhance OECS abilities to formulate and implement approaches for using natural resources in environmentally and economically sound and sustainable ways. Further, RDO/C will assist the OECS countries to increase the level of knowledge among both private citizens and public servants about the causes and consequences of environmental destruction. We intend to expand the growing environmental awareness in the sub-region. Just as important, RDO/C will strongly advocate the need for joint private-public sector efforts to properly manage natural resources and halt environmental degradation.

Relationship to LAC Strategic Objectives: RDO/C's strategic objective parallels the LAC Bureau sub-objective of preservation and sustainable use of natural resources. As the LAC sub-objective acknowledges, sound environmental management is essential to achieving broad-based, sustainable growth. In the Eastern Caribbean, sound natural resource management and environmental protection is indispensable for growth and development, especially in the key sectors of agriculture and tourism.

Implementation Strategy: RDO/C's program will address this objective by devoting resources to the achievement of three requisite outputs:

- \* implementation of natural resource policies and regulations at the national level;
- \* enhanced local participation and management of natural resources and environmental issues in selected areas;
- \* sustainable, diversified agricultural production.

It is essential that the sub-region adopt and enact appropriate environmental policies and regulations in order to properly manage its existing natural resources, and protect the future of its economic growth and development. Many of the specific policies and regulations to be addressed by RDO/C will be identified by the countries themselves as A.I.D. activities progress. The RDO/C activities which directly contribute to attaining these results are the Environment and Coastal Resources (ENCORE), West Indies Tropical Produce Support (TROPRO), and the planned Caribbean Policy (CPP) projects.

Improved environmental policies and regulations cannot be adequately adopted or implemented without the understanding and support of the general public and dedicated civil servants. For this reason, RDO/C has identified a second program output to encourage greater popular understanding and involvement in environmental protection and sound natural resources use. Activities to encourage more local participation and management in solving environmental problems will be implemented through the Caribbean Leadership and Development Training (CLDT) and ENCORE projects.

The Local Site Management component of the ENCORE project supports local NGOs and communities to identify and address natural resource management problems in concert with government. Project funds will aid grassroots efforts to resolve specific problems that affect waste disposal, water quality, fishing, and tourism. Actions which slow or halt destruction of wetlands, forests, and sea grass beds; degradation of coral reefs; and depletion of fishing stocks are being accorded priority.

Given the sub-region's dependence on agriculture, we have also selected a program output to promote protection of the land resource upon which this sector is based. Sustainable agricultural techniques must be introduced and adopted in an economy that is reliant on its agricultural base. To achieve this output, RDO/C supports the identification and dissemination of needed technology through the Agricultural Research and Extension (AREP) and TROPRO projects. The ENCORE project demonstrates sustainable agricultural practices at specific sites in St. Lucia and Dominica that can be diffused and adopted elsewhere.

This last program output--a sustainable, diversified agricultural production base--is linked directly and fundamentally to both sound environmental management and to improving trade for the sub-region, i.e., to both our first and second strategic objectives. We have prepared two sets of indicators for this output and listed it under both strategic objectives in order to demonstrate its connection to both.

**B. Strategic Objective Two: Broadened, Diversified Trade**

**Overview and Selection Rationale:** The small economies of the OECS are analagous to those of small U.S. cities engaged in specialized industries, rather than diversified national economies. As individual entities, the stability of these economies--not to mention their growth and development--will be challenged in the coming years by the fundamental changes currently taking place in the markets for their specialized products.

Each of the OECS countries has traditionally been dependent on agriculture and/or tourism to earn the foreign exchange that allows it to import consumer goods and production inputs. This dependence on only one or two primary sources of foreign exchange renders OECS economies highly vulnerable to external events, such as the Gulf War and the economic downturn in the U.S. and Europe. Given the reality of their extremely small domestic economies, the inevitability of changing external events that will affect their traditional products, and the growing likelihood that external assistance will significantly decline by the end of the century, the countries of the Eastern Caribbean must continue to serve their existing markets, becoming more competitive in them as they do so, and develop new markets whenever feasible.

One important step in this process will be the abolition of protectionist barriers which inhibit trade within the Eastern Caribbean sub-region itself. A larger, aggregated OECS economy can achieve efficiencies that no individual state can accomplish. Further, barriers which diminish the competitiveness of the region's products, such as tourism, which have extra-regional markets, also need to be reduced. The revision or removal of inappropriate policies and regulations is the primary requirement to increasing competitiveness, expanding trade and preparing the sub-region to participate in the global market.

Traditional orientations, attitudes toward private enterprise, and management styles that also inhibit trade and investment must evolve if the OECS is to be competitive. In past years, some countries have been characterized by statist policies. Even today, the attitude that only government can or should undertake certain initiatives to advance public well-being remains common. As a result, public and private sector approaches and responses to business opportunities are frequently inappropriate --institutionally, attitudinally, behaviorially. Illustrative of such responses are the creation and protection of state enterprises, the over-regulation of private endeavors, and basing decisions on insufficient or flawed data. These circumstances feed the perception of a poor business climate in the region by prospective investors.

Another essential step in the process of expanding the economic potential of the Eastern Caribbean is the diversification of production and marketing. Two primary reasons justify this action. First, a greater availability of regionally produced, high quality goods will lessen dependence on imported consumer goods that drain foreign exchange and raise the cost of living. Second, diversification will lessen the dependence on any one product or sector, thus reducing the risk and impact of economic disruption from external events.

Since the advantage of the Eastern Caribbean lies with tourism and agriculture, the diversification effort should be concentrated in these two sectors. However, the OECS is unlikely to be widely competitive in either sector. Thus, the diversification focus should be restricted to specialty or niche markets for which an Eastern Caribbean comparative advantage can be identified. We already know what some of these are. In agriculture, high flavor cocoa, arrowroot, ginger, nutmeg, and a variety of rootcrops offer potential. In tourism, there is a growing awareness of the attraction of ecotours, the distinction of cultural heritage, seasonal celebrations, and theme festivals. Other selected areas such as information processing and light manufacturing offer potential as well. The point is that wide-scale diversification schemes are not realistic for the micro-economies of the Eastern Caribbean. The diversification effort must therefore remain strictly focused on products for which the OECS countries possess the potential for competitive economic success.

The expansion of trade opportunities will be determined in part by the availability of investment financing. At the present time, there are barriers that limit investment opportunities. Policies or regulations that prohibit foreign ownership of property, prevent foreigners from raising capital on domestic Eastern Caribbean markets, and impose price controls must be reviewed. A policy or regulatory orientation that favors short-term bank loans, discourages long-term lending, limits equity financing, and inhibits the development of bond and stock market facilities must be examined. However, USAID assumes that disincentives that restrict financing mechanisms can be remedied by policy reform. Market forces should prevail when the policy and regulatory framework improve the business climate.

Relationship to LAC Strategic Objectives: RDO/C's strategic objective of broadened and diversified trade supports several LAC Bureau sub-objectives under the "achievement of broadly-based, sustainable economic growth" objective and specifically complements:

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

- \* a vigorous response by the private sector to a favorable policy environment.

**Implementation Strategy:** RDO/C has identified four program outputs which will help the region achieve the strategic objective of broadened and diversified trade:

- \* a sustainable, diversified agricultural production base (which was also a program output under strategic objective I);
- \* the development of competitive products and markets;
- \* an improved regulatory and policy framework;
- \* more effective public and private sector management.

A necessary first step to broadened and diversified trade in the Eastern Caribbean is diversified and sustainable production, especially in the agriculture sector. Traditional products such as bananas have a large number of formidable competitors throughout the hemisphere. While enjoying the advantage of the special banana market until the preferential arrangements are terminated, the Eastern Caribbean countries must also identify, produce, and market other more competitive products in order to sustain their current economic viability.

The TROPRO, Agricultural Research and Extension (AREP), and Small Enterprise Assistance (SEAP) projects will directly support the diversification of agricultural production over the next several years. The Agriculture Venture Trust (AVT) and Investment Promotion and Export Development (IPED) projects also presently implement activities which support diversification. However, RDO/C plans to phase out these latter two projects by the end of FY 93.

Market research and investment are required not only to encourage the creation of new products in the sub-region but also to ensure that those products are competitive. TROPRO, AREP, CPP and the Infrastructure Expansion and Maintenance Systems (IEMS) projects all address the "development of competitive products and markets" program output.

Many of the inhibitors to trade in the Eastern Caribbean sub-region at present are the result of inappropriate policies and regulations. A number of on-going AID projects are addressing policy and regulation changes that will help to liberalize trade. Among these are Small Enterprise Assistance, the Caribbean Law Institute, the Dominica Agricultural Sector Support, and the Dominica Structural Adjustment Support programs.

The new Caribbean Policy project (CPP), to be initiated in late FY 1992, will be the centerpiece of RDO/C's efforts to focus

attention on policy and regulatory change and support the implementation of EAI in the sub-region. Further, the proposed PSS project, scheduled to begin in FY 93, and a program of non-project assistance to support policy implementation, scheduled for approval in FY 94, will directly complement the Caribbean Policy project and facilitate this program output. In addition, RDO/C will consider a discrete activity to support Grenada's self-imposed structural adjustment, depending on GOG demonstration of commitment and progress.

A new project, tentatively named Private Sector Support (PSS) and proposed for a FY 1993 start, will provide more focused and appropriate support with an emphasis on strengthening various private sector organizations and enhancing their ability to contribute to the analysis, elaboration, and implementation of policies governing trade and investment.

Training and technical assistance are needed to help change attitudes toward business and perceptions of the business climate and to improve both public and private sector management in the Eastern Caribbean. Several RDO/C activities will fund these requirements: the Regional Management Training, Small Enterprise Assistance, the Regional Infrastructure Maintenance (RIM), Private Sector Support, the Caribbean Policy, and the Caribbean Justice Improvement projects.

Finally, RDO/C assumes that investment opportunities will open up as policies and regulations affecting the private sector's ability to function are changed and as the general business climate improves. For this reason, there are no new interventions providing direct investments for business planned over the next several years, and existing projects that provide investment financing (e.g., AVT and SEAP) should be self-sustaining and will be phased out. However, RDO/C remains open to the possibility of considering such support if adequate investments from other sources are not forthcoming as the result of policy and other changes.

### **C. Strategic Objective III: Social Dislocations Mitigated**

**Overview and Selection Rationale:** RDO/C intends to help governments effect policy reform and economic adjustments while maintaining essential social services and making selective human resource investments that contribute to productivity and uphold public morale. RDO/C will also retain the option of responding with specific and targeted interventions to significant social dislocations caused by structural adjustment.

Major economic changes, whether caused by external or internal events, often result in short-term hardship even as they provide the foundation for generating long-term benefits. As adjustment

evolves and the sub-region becomes more competitive, unemployment may increase over the short-term. And though new employment opportunities may be created, workers displaced from their jobs by market conditions may not be qualified for employment in new ventures.

Further, as public sector budgets are constrained by falling revenues or new priorities, resources available for education and health care services or infrastructure are likely to diminish. Policy and regulatory reforms promoted under RDO/C's first two strategic objectives can add to social dislocations already experienced in the Eastern Caribbean. Unemployment in some countries is relatively high, often as a result of a mismatch between the skills required for available jobs and skills possessed by available workers. Should an external event such as the end to European banana subsidies occur, unemployment is likely to increase dramatically, especially among farmers displaced from the world market for bananas who lack skills to compete in alternative fields.

Thus, although basic education and health care services are generally adequate, there is the valid concern that governments will be unable to maintain the expected delivery levels as well as offer job retraining if budgets are static or dwindling. Moreover, physical infrastructure maintenance is already a problem in many countries where public resource allocations are inadequate to preserve existing facilities.

Faced with the potential of increasing social dislocations, some Eastern Caribbean countries may be hesitant to undertake the policy reforms necessary to make their economies as internationally competitive as possible. As a result, selective support to key social areas, particularly employment and essential social services, may be necessary to bolster government confidence to undertake needed reform.

It is important to stress that this strategic objective is intended to focus narrowly on social interventions required to support the Eastern Caribbean's transition to a more competitive world trade position. We do not plan to support a grab-bag of social initiatives. Instead, we will maintain this objective's focus on those activities that will give Eastern Caribbean governments the confidence they need to undertake difficult economic reforms.

Relationship to LAC Strategic Objectives: RDO/C's strategic objective of mitigating social dislocations directly supports the LAC Bureau sub-objective of accelerated opportunities for increased participation in the economy by the disadvantaged.

**Implementation Strategy:** RDO/C has selected three program outputs that we consider necessary and sufficient to meet this program objective:

- \* improved social policies;
- \* enhanced employment opportunities;
- \* more effective public and private sector management (also a program output under strategic objective II).

Economic policies must be elaborated or refined with an understanding of their potential social consequences and therefore be coordinated with adjustments in social policies. Hence, assistance to the governments of the sub-region must promote the analysis of social policy along with economic projections. The viability of the reform programs will depend on how well both the economic and social consequences of change are addressed.

The Caribbean Policy project will examine proposed economic policy changes with an eye to identifying and weighing social implications. The Health Care Policy Planning and Management project will work with both governments and private enterprise to review current policies, conduct appropriate studies, and offer training and technical assistance to fashion a set of policies which meet health needs at an affordable cost with an expanded reliance on private sector resources.

The Basic Needs Trust Fund (BNTF) project finances labor-intensive construction or rehabilitation of infrastructure that provides social services (schools, clinics, community centers, water supply systems), often in rural areas. The project thus offers employment and--as a by-product--training opportunities. RDO/C will extend BNTF for an additional two years. If necessary to address increased unemployment wrought by adjustment, RDO/C can expand the BNTF project to offer relief through public works construction or maintenance.

Depending on the results of a forthcoming sector assessment, RDO/C also intends to authorize a new project in FY 1994, Education for Enhanced Employment Opportunities, which will support a reorientation in educational systems to provide skills and practical business training to workers displaced by economic adjustment. Although several existing RDO/C activities finance training, there is no activity which specifically teaches workers skills which respond to market demand, particularly for services, that will increase trade and investment. The new project will accommodate workers in the agriculture and tourism sectors, both adults and post-primary students. The intent is to ensure a supply of skills that can satisfy the needs of key productive sectors and meet increased world competition.

As the roles, responsibilities, and opportunities for cooperation between the public and private sectors are refined, and the probable pressure on public finances increases, public sector management must become more efficient. Along with the Health Care Policy Planning and Management project, other RDO/C activities--Infrastructure Expansion and Maintenance Systems (IEMS), BNTF, Regional Management Training, and the Caribbean Leadership and Development Training projects--offer assistance to improve management systems. In addition, two other new projects, Regional Infrastructure Maintenance and Education for Enhanced Employment Opportunities will provide support for improving planning, service delivery, and financial management.

#### IV. OTHER ACTIVITIES

RDO/C currently provides or is planning support for three sets of activities that do not directly fit our strategy. We have thus grouped them in the "other" category. The outputs below indicate what we expect to achieve. These are:

- \* Institutional capacity to implement drug, AIDS and population programs established;
- \* Emergency disaster response services efficiently provided;
- \* Regional Guyana support services efficiently provided.

Overview and Selection Rationale: The first grouping of "other" activities--under the rubric of institutional development--defines assistance for social services that will not directly support the sub-region's transition to a more competitive position in world commerce. Yet, the links between RDO/C's three strategic objectives and drug awareness, AIDS, and population programs are apparent.

At a recent meeting, prime ministers of the sub-region cited illegal drug use as a serious threat to the social fabric of their countries. They acknowledged the need to reverse a ominous rise in the use of crack cocaine that is contributing to an increase in crime. USAID has responded to this threat with a \$450,000 pilot PVO-implemented program to expand the awareness of both officials and citizens of the scourge of drugs. We expect this assistance to help combat an image that could make the region less attractive to investors. RDO/C's narcotics awareness program complements LAC Bureau concerns and furthers other U.S government agency efforts to stem the flow of drugs--within the region and to our own shores. We intend to authorize a follow-on project in FY 1994 that will build on experience gained under the pilot program and expand the fight against drugs.

AIDS is another problem that must be addressed, not only because of its impact on productive members of society, but also because of the financial costs that families and governments will incur to deal with the disease. The Mission's AIDS Communications and Technical Services (ACTS) project provides assistance to the Caribbean Epidemiology Centre, an arm of WHO/PAHO, and to Eastern Caribbean states for research, surveillance, training, and communications activities to limit the spread of the disease. RDO/C believes that this project indirectly complements our efforts to foster productivity, enhance sub-regional competitiveness, and thereby attract investment to the OECS.

The Mission's Population and Development project has been extended to FY 1994. After more than a decade of direct assistance for population activities, RDO/C has entered a phase during which the regional family planning agency will assume almost all responsibility for training, service provision, education, and fund raising. Though we still consider family planning to be highly important, RDO/C believes that our main objective--increasing contraceptive prevalence rates to specific levels--has been essentially reached. National population policies are fairly well established or in process--though they must be integrated with comprehensive natural resource management policies--and further U.S. assistance is not required. Moreover, we have concluded that our many years of institutional support have enabled the Caribbean Family Planning Affiliation (CFPA) to attain a level of maturity, capability, and sustainability that allows us to phase out our funding. What additional support may be needed can be furnished through centrally-funded activities managed by AID's Bureau for Research and Development. Having said this, however, we plan to closely monitor CFPA fortunes to make sure the organization's work is indeed sustained.

The second grouping of "other" activities-- emergency disaster response services efficiently provided--represents assistance that the U.S. must be prepared to offer when hurricanes or other disasters strike the islands. RDO/C's geographical location and experience teach us that we are required to provide emergency relief on an intermittent and unpredictable basis. Thus, this "other" activity does not fit our programmatic emphasis, but neither can we ignore the threat of hurricanes and eliminate emergency relief from our portfolio planning. RDO/C will be prepared to undertake necessary actions in response to disaster, but we expect the lead role to be played by the AID Regional Office of Foreign Disaster Assistance.

Finally, our last "other" group of activities--regional Guyana support services efficiently provided--represents services provided by virtue of our regional status. We understand that

AID/W will establish an office in Georgetown subsequent to the occurrence of a free and fair national election. As a result, the nature and level of RDO/C assistance to Guyana will change. Since a bilateral Mission is foreseen and a preliminary Guyana strategy has been prepared by LAC, we do not consider potential activities in that country to fall under our strategic plan.

## V. PRIORITIES AND CROSS-CUTTING ISSUES

### A. Priorities

The focus of RDO/C's strategy is on increased trade and private investment for the Eastern Caribbean. Over the short-term, our intent is to assist the countries of the region make their transition to increased economic competitiveness in a changing world trade environment. Our priorities within the strategy, then, will promote those activities that most directly support our strategic emphasis on policy analysis, elaboration or reform, and implementation.

The reader might thus conclude that RDO/C accords the "broadened, diversified trade" strategic objective highest priority, but this would be incorrect. Given that the Eastern Caribbean's most promising opportunities for more competitive trade (in agriculture and tourism) rely heavily on the region's physical endowment, the strategic objective of improved natural resource management is equally important. RDO/C therefore designates strategic objectives I and II equal priority.

Since policy reforms are the sine qua non of economic stability and growth for the Eastern Caribbean, our programmatic priority rests with the soon-to-be-authorized Caribbean Policy project. This endeavor will cut across all of our strategic objectives but will focus primarily on encouraging the adoption of appropriate economic policies, including those that promote efficient natural resource management, that affect trade and investment with a specific sectoral emphasis on agriculture and tourism.

The proposed Private Sector Support project will foster collaboration between the private and public sectors to elaborate and implement policies to enhance the sub-regional quest for increased trade and investment. Finally, the ENCORE and TROPRO projects support the Mission's dual priorities and constitute the core of our effort to develop a sustainable, diversified agricultural and tourism base upon which much of the "broadened and diversified trade" must rest.

RDO/C also acknowledges the critical importance of the social sectors and the key role that human resource development plays

in the economy. The third strategic objective, "social dislocations mitigated", is a necessary complement to the first two objectives in that it recognizes that Eastern Caribbean must continue to provide appropriate policies and support for essential social services, especially during a period of economic transition. Our assistance will promote more effective allocation and management of public sector finances and expanded employment opportunities through the provision of appropriate job skills. We highlight the option of responding with other direct interventions--as needed--to mitigate the negative effects of adjustment. This objective is included in strategy to address the potential disincentives to economic change, i.e., social dislocations, that may inhibit governments from implementing reform.

#### **B. Cross-Cutting Issues**

Several cross-cutting issues affect the program strategy that RDO/C has identified. These are: (1) the appropriateness of the policy and regulatory environment; (2) public sector administration of these policies and regulations; (3) the strength of private sector institutions; their perception of the economy, both domestically and regionally; their willingness to participate and to invest; their capability to analyze and promote appropriate policies; their influence on government; their desire to collaborate with government; and (4) the availability of skilled manpower. These cross-cutting issues are addressed throughout RDO/C's program.

Women and "disadvantaged groups" are not singled out in the strategy for special attention or assistance. Rather, they are intended--along with all Eastern Caribbean citizens--to broadly and tangibly benefit from USAID support promoting sub-regional competitiveness. Opportunities to own and manage small businesses, access to specific training for employment, health care and family planning services programs, drug education, and disaster mitigation activities in the RDO/C portfolio will collectively offer benefits that we have not disaggregated on a gender or other group basis. However, certain activities do provide direct benefits to sub-groups in society. The Small Enterprise Assistance project targets entrepreneurs. Our AIDS and family planning projects focus special attention on adolescents and young adults. Support for agricultural diversification benefits farmers, mostly male. The Basic Needs Trust Fund and Special Development Activity implement programs mainly in rural areas. RDO/C analysis suggests that the mix, nature, and diversity that characterize these activities provide balanced and focused assistance to the sub-region.

**FY 1993-94 ACTION PLAN**

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**ANNEX I: CY 1992-93 POD/AP WORK PLAN**

REGIONAL DEVELOPMENT OFFICE/CARIBBEAN RDO/C

FY 93-94 ACTION PLAN

I. STATUS OF STRATEGIC OBJECTIVES

A. Program Performance

RDO/C began the development of its new mission strategy on January 13, 1992. The newness of our strategy has in some cases left us with a lack of analytical background upon which to detail what we plan to do in the coming several years. We are now moving ahead to fill the analytical gaps so that we can proceed to implement our strategy as effectively as possible.

As will be seen from Table 1, many of our indicators rely heavily on information to be gathered under projects that have only recently been initiated; other indicators will be formulated once we have new projects designed and baseline data gathered. In some cases where an existing project was designed prior to the formulation of our new strategy, baseline data may not have been collected for the indicator. As a result, in some strategic objectives and program outputs, we will have little to report regarding progress in meeting our indicator targets for the next several years. For the time being, however, we can provide anecdotal information on achievements being made under the existing portfolio.

1. Strategic Objective I: Improved Capability to Ensure Sound Utilization of the Natural Resource Base

RDO/C has identified two performance indicators for this strategic objective, namely an environmental monitoring system installed and functioning in the region and a skilled cadre for designing, implementing environmental programs developed. Given the relatively recent environmental focus in our program (in our FY 92-93 Action Plan, we devoted only two sentences to the environment) and the relatively early stages of implementation of our environmental program, we cannot yet report progress against these specific performance indicators. As noted in Table 1.1, our target dates for achieving these two indicators are 1996 and 1997 respectively; by 1993, we can expect to see measurable progress. Nonetheless, there have been achievements to date. Under the Environmental and Coastal

Resources (ENCORE) project, the Caribbean Environmental Health Institute, in collaboration with the U.S. Environmental Protection Agency, is about to initiate the regional environmental monitoring program which is the subject of the first performance indicator. It is also important to note that, while it is too early for the ENCORE project to have trained persons to design and implement environmental programs, other RDO/C training activities, most notably under the Presidential Training Initiative for the Island Caribbean, have been providing training in relevant environmental areas.

For the first two program outputs under the natural resource strategic objective -- natural resource policies and regulations implemented at national level and enhanced local participation and management control of natural resources and environmental issues in selected areas -- the indicators we have selected also will not have verifiable data for several years, as can be seen in Table 1.1, Program Outputs 1.1 and 1.2, where target dates range from 1995 to 1997. As can be seen from the Tables 2 for these first two program outputs, the primary mission projects that will address these two outputs in the coming several years are ENCORE -- which was initiated in August 1991 -- and the Caribbean Policy (CP) Project which is still in the design stage at present and will be authorized by the end of FY 1992. Thus, regarding the indicators for the first two program outputs, it is as yet too early to begin to assess progress and success based on hard data.

This does not mean, however, that RDO/C has not been active in these areas or that we do not have achievements to relate. Prior to the initiation of ENCORE, environmental profiles were completed and distributed for each of the eight OECS countries. Each profile describes the state of the environment in the subject country and provides recommendations where problems are identified. These profiles have now been compiled into a sub-region wide environmental report which identifies regional environmental problems which are now being directly addressed under the ENCORE project. Also, under the Caribbean Law Institute project, a comprehensive survey of current environmental legislation in each Commonwealth Caribbean country was completed and published during 1991. (Policy and regulatory reforms related to environmental problems will be tied to the Caribbean Policy project.) In addition, under the ENCORE project, local site planning units have been established in St. Lucia and Dominica, a regional implementation unit has been established, fully staffed and is putting together work plans, and a regional advisory committee has been established, all of which will lead to "enhanced participation and management control of natural resource and environmental issues in selected areas."

The third program output -- sustainable, diversified agricultural base -- addresses both the first and second strategic objectives. As can be seen in Table 1.1, Program Output 1.3, of the two indicators we have selected to measure progress in achieving this program output under the natural resource strategic objective, one -- "receipts from eco-tourism in selected countries increased" -- will be verified by activities under the ENCORE project which began in August 1991, therefore has no progress to report as yet. Activities which could be used to verify the second indicator -- "sustainable agricultural production systems introduced" -- have been undertaken by the Caribbean Agricultural Research and Development Institute (CARDI) and the OECS Agriculture Diversification Coordinating Unit as a part of both the West Indies Tropical Produce and the Agricultural Research and Extension projects. CARDI has been developing technical packages for distribution to farmers that will promote sustainable agricultural production systems that are not harmful to the environment. However, to date, these technical packages have not been specifically designed to be explicitly "ensure sound utilization of the natural resource base," since this is a new aspect of the mission's strategy. CARDI has agreed to include a more explicit environmental focus to its technical package work in the future.

## 2. Strategic Objective II: Broadened, Diversified Trade

Performance indicators for this strategic objective are: non-traditional agricultural exports increased in real terms and increased revenues from tourism in OECS. As can be seen on Table 1.2, RDO/C can report progress in the the export of non-traditional agricultural exports, which have increased in value from \$1.9 million in 1988 to \$2.6 million in 1992. Expenditures by tourists to the Eastern Caribbean have increased dramatically during the 1980s, from an estimated \$118 million in 1980 to an estimated \$550 million in 1990. We have had difficulty in locating a reliable source of data regarding net tourism revenues. What baseline and current information we have been able to obtain is included in Table 1.2., but realistic target levels are yet to be determined. Missing information will be provided as we refine our indicators over the coming months.

As noted in the previous section, the sustainable, diversified agricultural base program output addresses both the natural resources and the trade strategic objectives. For the two indicators under this program output related to the trade strategic objective, there has been measurable progress in promoting non-traditional crops, as can be seen from Table 1.2, Program Output 2.1. The value of non-traditional crops has increased as a share of total agricultural output from 8% in

1988 to 11% in 1992. In addition, inter-island trade in agriculture diversification crops has increased from 960 tons of produce in 1988 to 1,800 tons in 1992. While much remains to be done to achieve the 1995 targets we have established for these two indicators, we consider this progress significant in a sub-region that has concentrated so thoroughly and for so long on such a very limited number of agricultural products.

The second program output under the trade strategic objective is competitive products and markets developed. For both of the indicators included under this output, progress can be documented, as seen in Table 1.2, Program Output 2.2. The West Indies Tropical Produce Support (TROPRO) Project is developing a marketing information system for non-traditional agriculture crops that, by 1994, will be fully established and in use in the sub-region. Before this project began, there was no marketing information system of any kind, whereas at present the system is estimated to be half completed. AID-assisted firms also have increased sales of products from approximately \$960,000 in 1988 to approximately \$1,770,000 at present.

RDO/C's progress in assisting with the development of more competitive products and markets can be further illustrated by two recent TROPRO activities. This project has assisted farmers in Nevis to produce fruits and vegetables for the island's only major international hotel. In support of this effort, the Caribbean Agricultural Research and Development Institute has worked with the Nevis farmers to improve the quality of their produce, while TROPRO supported Israeli specialists have helped these same farmers with irrigation systems needed to grow quality produce on a reliable schedule.

Also under the TROPRO project, the Caribbean agricultural Trading Company (CATCO) has entered into an export marketing agreement with the Caribbean Farmers Development Company (CFDC). CATCO now buys CFDC's produce for a guaranteed floor price, and the two organizations share the profits for any price obtained over the floor price. As a result of this marketing agreement, export sales of CFDC produce out of the OECS for the first quarter of 1992 were 55% higher than for the first quarter of 1991.

Through other projects already in our portfolio, we also have had a positive impact on the diversification of production by small, non-agricultural businesses. For example, as a result of the Small Enterprise Assistance project, a number of small producers and suppliers have been assisted to expand their businesses to the point they are now involved in inter-regional trade and in activities directly servicing the tourism sector.

Regulatory and policy framework improved is the third program output under the trade strategic objective. Of the indicators we have selected, there is no progress to report as yet (see Table 1.2, Program Output 2.3) since they are heavily dependent on the Caribbean Policy project which has not yet begun. Nonetheless, work undertaken by the Caribbean Law Institute (CLI) has been successful in developing modern, harmonized laws for the region in areas related to commerce, trade and investment. Most importantly, CLI has drafted a model companies law which the OECs member countries are actively considering for adoption. In addition, based on public and private input from the region, CLI has undertaken research and revision projects for laws involving banks and financial institutions, insurance, bankruptcy, commercial arbitration and securities transactions.

The fourth program output under the trade strategic objective is more effective public and private sector management. (This is also the first program output under the third strategic objective and will be discussed again in the following section.) As can be seen from Table 1.2, Program Output 2.4, between 1990 and 1991, 60 people were trained in business management through RDO/C projects. In addition, the Small Enterprise Assistance (SEAP) project has been involved in the enhancement of business skills. Specifically, management training has been provided through seminars, workshops, attachments and counselling. Such training has resulted in greater output and employment among small and micro enterprises. Finally, both private and public sector management has been made more effective through AID efforts to improve the legal and administrative systems. For example, through the Caribbean Justice Improvement project, 17 courthouses have been renovated in seven countries and complete, revised statutes have been printed in three countries. In addition, CJIP has provided professional training to judges, prosecutors, court personnel and private attorneys throughout the region. In the near future, CJIP will support improvements to court registries which will help caseload management, enhance land title record keeping, and facilitate the registration of companies and provide related corporate services.

### 3. Strategic Objective III:

Social Dislocations  
Mitigated

There are three performance indicators for measuring progress and achievement in this strategic objective: stable per capita income levels, stable employment levels and stable or improving poverty line levels. It should be noted that, given the nature of this strategic objective (i.e., maintaining and improving the efficiency of existing public services in a period of changing government priorities and revenues and, if need be, minimizing the potentially negative social effects of economic change), RDO/C will need to measure "performance" less than monitor key social indicator levels to ensure that social standards do not decline. It also should be noted that RDO/C plans to undertake a poverty study by the end of FY 1992. From this study, we will establish the baseline for this indicator; a subsequent study will verify "performance."

The first program output under the social dislocations strategic objective is more effective public and private sector management. As can be seen from Table 1.3, Program Output 3.1, electric utility maintenance plans have increased from one in 1988 to nine in 1992. This progress has been achieved under the Regional Utility Maintenance project, which has had other, less quantitative, achievements as well. For example, under the RUM project, the Caribbean Electric Utility Services Corporation has developed a system of joint procurement for goods and services across the OECS member countries so that all have realized cost savings through economies of scale. Similarly, a recent regional pharmaceuticals management project realized cost savings for all OECS countries through a system of pooled tendering and procurement of pharmaceuticals; this successful mechanism will be utilized for contraceptives procurement in the coming two years. While verifiable indicators in the education/employment area will be added to Table 1.3, Program Output 3.1, to show progress under the proposed Education for Employment project, we can say already that, under the Caribbean Leadership and Development Training project, OECS senior education managers are being trained in education policy reform and, upon their return from training, they will contribute to the process of education policy reform and sector management in the Eastern Caribbean.

The second program output under the social dislocations strategic objective is enhanced employment opportunities. As can be seen from Table 1.3, Program Output 3.2, the Basic Human Needs Trust Fund has created 97,000 person weeks of employment since it was begun in 1984; 6,500 person weeks of employment have been created between 1991 and 1992 alone. In addition, SEAP has facilitated the start of several new ventures that

have created a number of new jobs. It is expected that over the coming three years, an additional 6,000 jobs will be created or sustained through the efforts of SEAP. The Non-Formal Skills Training project will be ending at the end of FY 1992 and will be evaluated in August to document project achievements. Without the benefit of this evaluation, we cannot quantify the project's success; however, we believe that the effects of the last ten years of training unemployed youths and placing them in productive employment has been institutionalized. To further ensure the institutionalization of this important youth employment program, RDO/C will continue to look for opportunities to strengthen and support it, if and where appropriate. Finally, the FY 1994 proposed new start, Education for Employment, will directly address employment opportunities in the Eastern Caribbean sub-region; indicators and baseline data for this project will be added to Table 1.3, Program Output 3.2, once the project is designed.

Social policies improved is the third program output under the social dislocations strategic objective. As this is a relatively new area for RDO/C involvement, there will be no progress to report -- and in fact no firm indicators or baseline data -- until the appropriate projects (Caribbean Policy, Health Care Policy Planning and Management, Education for Employment) are designed and implementation is well underway.

Finally, although our "other" activities by definition do not directly address our strategic objectives, it seems appropriate, at this time of transition to our new strategy, to note some of the most significant recent accomplishments in some "other" activities. For example, the Population and Development project had targetted an increase in contraceptive prevalence rates in Barbados and OECS countries from 31% to 40%; the project has exceeded this target by a wide margin, with a current average contraceptive prevalence rate of approximately 57%. In addition, in the last three months of 1991, the AIDS Communication and Technical Services project supported radio advertisement campaigns promoting the use of condoms for sexually active youth in three countries. In recent follow-up surveys with the target population, it was found that a significantly high 76% of respondents could recall the content of the advertisements.

#### **B. Monitoring and Evaluation Plans**

Given how recently we have identified our strategy as a whole, we are as yet in the process of defining and refining our indicators. Our program output indicators are at present

relatively project-specific (and, in addition, on only a relatively few projects). Further, some of our performance indicators at the strategic objective level also tend to be tied to project specific activities. In the coming months, as we have time to absorb the implications of our new strategy and concentrate on the best means of measuring progress toward and success in achieving this strategy, we will reassess these indicators and make changes as appropriate. Toward this end, we plan to request assistance from the Center for Development Information and Evaluation (CDIE) in the near future.

In the coming months, once we have had the opportunity to amend and refine our indicators, we intend to work with CDIE to develop an appropriate program monitoring and evaluation plan. In the meantime, we note the following initial thoughts on monitoring and evaluation needs for the new strategy:

- RDO/C proposes to perform a baseline study of key information shortly after our indicators are refined, i.e., probably in late summer 1992. Exactly what information we would gather and in what sectors will be determined by our revised indicators.

- In approximately three years, i.e., mid-1995, RDO/C proposes to evaluate progress in policy and regulatory dialogue and reform. Activities to address policy and regulatory constraints form a major, cross-cutting component of the RDO/C program. The success of much of our strategy hinges directly on the progress made in changing the current policy and regulatory environment in the Eastern Caribbean. However, given that substantive work on the proposed Caribbean Policy, Regional Infrastructure Maintenance and Health Care Financing projects probably will not get underway until well into FY 93, we do not want to prematurely attempt to evaluate progress and achievements in the policy and regulatory arena.

- Also at the end of approximately three years, RDO/C would like to evaluate progress in achieving each of its three strategic objectives. Each evaluation would gather information on the achievement of Bureau as well mission level objectives. While an assessment of progress in broadening and diversifying trade may require an outside evaluation team, RDO/C may be able to assess progress in the other two strategic objectives through an in-house effort. The appropriate level and source of effort will be better determined once we have had the opportunity to review our indicators and determine data sources.

## II. COUNTRY PERFORMANCE

### Country Performance Narrative

Our analysis of country performance produces scores for each indicator and for each country. Some of our scores for specific indicators for individual countries are different from those proposed by LAC, with some being higher and others lower than what the Bureau issued in STATE 427545. The difference between LAC's aggregate score for the whole of OECS, and that proposed by RDO/C is less than one point. LAC issued an overall performance score of 71.1 points out of 100. RDO/C issued a score of 70.3 points out of 100. With these scores, LAC ranked the Eastern Caribbean as the fifth best performer among countries in the LAC region, and RDO/C ranked the Eastern Caribbean as the seventh best performer.

RDO/C reaffirms the importance of disaggregating the individual OECS countries and ranking them individually among the other LAC countries. Two of the six OECS countries, St. Lucia and Dominica, score higher than the second highest ranked country, Costa Rica, in terms of overall performance. In other words, these countries "out-perform" every country in the LAC region except Belize. Two other OECS countries, St. Kitts and St. Vincent, "out-perform" Jamaica, the country ranked third by LAC. Thus if these four countries were individually integrated among the other LAC countries in the region, the top seven performers would be listed as follows:

Country	Ranking	Overall Perform.	Economic Policy	Social	Environ.	Democ.
Belize	1	80.9	42.9	11.0	7.0	20.0
St. Lucia	2	78.7	41.5	11.7	8.0	18.5
Dominica	3	77.3	39.5	12.3	8.0	18.5
Costa Rica	4	76.0	37.9	12.1	6.0	20.0
St. Vincent	5	74.1	38.5	11.8	5.0	18.5
St. Kitts	6	73.9	36.6	12.2	5.0	20.0
Jamaica	7	73.1	38.5	11.6	6.0	17.0

The remaining two OECS countries, Grenada and Antigua, would fall towards the middle and the end respectively of the overall LAC ranking.

Ranking individual OECS countries separately provides guidance on the proportionate rewards to be granted to individual countries in the OECS region for their performance. This gives the performance fund its intended viability as an incentive for countries to design and implement appropriate policies and

programs. The ranking of individual OECS countries identifies the countries and the areas where RDO/C may need to concentrate additional programming attention, with the end result being both stronger national and regional performance. Finally, this individual country ranking alerts larger LAC countries to the fact that other strong performers operate in the region which could provide models and lessons for some development tasks.

Six indicators comprise the macroeconomic measure of performance. LAC's scores and narrative resemble what RDO/C presented last year and also coincide with RDO/C's scoring this year. The Eastern Caribbean countries do not suffer from the type of macroeconomic imbalances typically seen in the rest of the LAC region. The external accounts generally balance, and the common central bank, the Eastern Caribbean Central Bank (ECCB), restrains individual countries' ability to excessively expand credit. Antigua and Barbuda is alone among the Eastern Caribbean countries in having an excessive external debt. Dominica has successfully performed in a Tight Consultative Group arrangement with the IMF and the World Bank. St. Lucia, St. Vincent and St. Kitts have sound macroeconomic policy frameworks. Antigua and Grenada have work to do to correct macro policy problems. The trade regime in the region still provides high levels of protection. While increases in the public sector wage bill cause difficulties in several of the territories, these countries' fiscal accounts remain somewhat stable given the central bank's (ECCB) statutory requirements and strict limitations on borrowing for governments to monetize debt.

The social services aggregate incorporates education, infant vaccination rates and contraceptive prevalence. The Eastern Caribbean countries have traditionally performed well in these areas. The aggregate social service scores proposed by LAC and RDO/C are quite similar. However, RDO/C proposed lower scores for education than did LAC. RDO/C agrees with LAC's scores for infant vaccination and contraception prevalence.

The aggregate environmental scores proposed by LAC and RDO/C are the same. However, RDO/C notes the diversity of performance among the countries. While LAC gave each of the countries the same score of 5.3, RDO/C ascribed the higher score of 8 to Dominica and St. Lucia and the lower scores of 5 to St. Kitts and St. Vincent and of 4 to Antigua and Grenada.

RDO/C has accepted the democracy and human rights scores proposed by LAC and defers to the Freedom House assessment of performance in this area. In general, "democratic and human rights" performance in the OECS countries has been strong. Antigua is the only country where serious claims of irregularity in its procedures have surfaced.

### III. PORTFOLIO ADJUSTMENTS

In the process of formulating our Program Objectives Document and Action Plan, RDO/C has undertaken broad discussions on how best to implement our strategy. While these discussions are not yet complete, a general outline for our portfolio over the coming several years is presented below. In general, we intend to expand and deepen our involvement primarily in the "broadened and diversified trade" strategic objective area; in doing this, we intend to develop projects and non-project assistance that tend to focus on support for policy reform. Simultaneously, we plan to decrease our involvement in more narrowly focussed, management-intensive activities (e.g., population, small business, specific training and infrastructure projects).

#### A. New Project Initiatives

At this stage in the development of our program strategy, some of our new project ideas are still evolving. Others are somewhat better defined. Over the coming months, RDO/C plans to conduct several assessments (e.g., private sector and education) that will help us to better formulate our new project directions. As we move into FY 1993, we will perform additional evaluations, studies and analyses to assist us in further refining our strategy into firm implementation plans attached to specific projects.

We have one new project planned for the first strategic objective -- improved capability for sound utilization of natural resource base -- over the planning period. The Environmental and Coastal Resources (ENCORE) project is under a good deal of pressure as the primary support for this strategic objective. This project will be evaluated in early FY 1994, at which time an assessment will be made of what additional environmental activities may be required to adequately address this strategic objective. Depending upon the outcome of this evaluation, a new project may emerge as an FY 1994 new start or a determination may be made to expand on the existing ENCORE project. In addition, we will be looking at environmental concerns as a part of both the upcoming education and private sector assessments to determine if there are interventions that may need to be added, either as part of on-going activities or as entirely new starts.

The majority (four out of seven) of proposed new starts for the 1993-94 planning period will support the mission's second strategic objective, i.e., broadened, diversified trade. In FY 1993, RDO/C proposes to initiate two new starts under this strategic objective: Regional Infrastructure Maintenance (RIM)

and Private Sector Support (PSS). RIM will demonstrate, on a selective basis, the efficiency and effectiveness of a centralized physical infrastructure maintenance system for the OECS countries. This project will support both the trade and social dislocations strategic objectives in assisting countries in the sub-region to consistently maintain infrastructure. The improved ability to maintain roads and utilities is essential to improving the business climate and encouraging investments in productive activities in the sub-region, while simultaneously ensuring public confidence by maintaining public services at an acceptable level.

PSS will assist the private sector in the Eastern Caribbean by helping to strengthen existing private sector organizations to help clarify and organize private sector interests and to identify and articulate appropriate positions in policy discussions with the public sector. This project will be an essential complement to the Caribbean Policy project in assuring that private sector interests are adequately and appropriately reflected in policy reforms being implemented in the region. As the policy reform process progresses in the sub-region, RDO/C will assess the need to expand the PSS project's scope to include specific interventions to assist the private sector in implementing policy reforms. For example, assistance may be required in privatization where governments agree to divest themselves of public sector enterprises.

In FY 1994, RDO/C plans two additional new starts in support of the broadened and diversified trade (as well as the natural resources) strategic objective. As the West Indies Tropical Produce (TROPRO) project will be ending in FY 1994, a follow-on project is planned to continue progress in private sector agricultural diversification and expansion of non-traditional agricultural trade opportunities.

In addition, Policy Reform Program Support (PRPS) non-project assistance is planned to provide the incentive and support countries in the sub-region may need to enact the necessary policy and regulatory changes identified under the Caribbean Policy and other policy-related projects in the RDO/C portfolio. Based on recipient country compliance with specific conditions precedent related to the adoption of appropriate policy reforms, non-project assistance (cash transfers) will be provided to support the transition to the implementation of the new policies or regulations.

It should be noted here that RDO/C intends to initiate limited technical assistance to Grenada in the remainder of FY 1992. Pending concurrence from AID/W, we will proceed to refine this concept and move ahead with a small obligation (not to exceed

\$500,000). As Grenada proceeds with its structural adjustment plans and RDO/C determines additional assistance is appropriate, we will consider a non-project assistance new start for Grenada in FY 1994. It is, however, too early to present a specific concept for this activity. In general terms, this non-project assistance would help Grenada to overcome its current economic difficulties and make the transition to a more competitive economic environment.

RDO/C plans one new start in support of the social dislocations strategic objective. In FY 1994, we intend to initiate an education project -- Education for Employment -- that will focus on making education and training more responsive to productive employment opportunities. While the primary intent of this project as currently envisioned is to "enhance employment opportunities" for those individuals displaced from jobs as the result of (or entering the job market during) the transition to a more competitive trade environment, this intent is clearly directly supportive of expanding trade, i.e., of our second strategic objective, as well.

Finally, a new drug awareness project is planned for FY 1994. This project would fall under our "other" category and is justified on the basis of the growing narcotics problem in this sub-region.

To summarize our proposed new starts, the following chart may be helpful:

<u>S.O. I</u>	<u>S.O. II</u>	<u>S.O. III</u>	<u>Other</u>
ENCORE II (94)	RIM (93) PSS (93) PRPS (94) TROPRO II (94)	Education (94)	Drug (94)

We note that, while these new starts will represent a relatively heavy design schedule, especially in FY 1994, we consider these new starts essential to ensure full coverage of our strategy. In addition, we note that much of the design work, including the policy and institutional analyses, currently being undertaken for the Caribbean Policy project will help to determine the design of both the Private Sector Support project and the Policy Reform Program non-project assistance. We also are currently moving ahead with plans for a private sector assessment which will help us refine our options for private sector institution building assistance (i.e., the PSS project). Once we have the Caribbean Policy

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project in place and the private sector strategy in hand, we expect to be able to refine our concepts for these two activities and move forward on the designs based on recent data and analyses.

Regarding the other new starts, three -- TROPRO II, ENCORE II and Drug Abuse Prevention -- will all be follow-on activities that will be designed as the result of evaluated experience in prior projects. The Education for Employment project will be a new departure for RDO/C; the upcoming education sector assessment, planned for July/August 1992, will help to refine this project's concept.

#### **B. Terminating Activities**

In FY 1993, six projects are scheduled to end. These are: Agriculture Venture Trust (AVT), Investment Promotion and Export Development, Regional Utilities Maintenance, Dominica Agriculture Sector Support, Caribbean Justice Improvement and Caribbean Law Institute. (These last two projects are likely to be extended into FY 1994 to complete activities currently identified. Specifically, CJIP is likely to be extended into FY 1994 to complete court registry improvements and other select activities. CLI may also be extended, if organizational restructuring is accomplished. However, these extensions are not expected to affect the overall number of management units for the planning period.) Many of these projects (e.g., AVT, Dominica Agriculture Sector Support) have been directly supportive of the new strategy. However, new activities (e.g., Policy Reform Program Support non-project assistance, Private Sector Support) will serve to replace the most useful and targeted of what will be lost with the termination of the older activities (e.g., the implementation of specific policies enabling more liberalized trade, strengthening of the private sector to participate as an equal partner with the public sector in policy discussions).

In FY 1994, seven projects are expected to end, specifically: Agricultural Research and Extension, Infrastructure Expansion and Maintenance Systems, Presidential Training Initiative for the Island Caribbean (PTIIC), West Indies Tropical Produce (TROPRO), Basic Needs Trust Fund, Drug Abuse Prevention and Education Pilot, and Population and Development projects. As noted in the previous section, a TROPRO II project is planned to replace the most appropriate and successful of the TROPRO I activities. New training/education activities will begin to replace the out-going PTIIC activities in a more focused way.

To summarize our planned project terminations, the following chart may be helpful:

<u>FY 1993</u>	<u>FY 1994</u>
Ag. Venture Trust(HIAMP)	Ag. Research and Extension
Investment Promotion	Population and Development
and Export Dev.	Infrastructure Expansion and
C'bean Justice Improve-	Maintenance Systems
ment	PTIIC
Reg. Utilities Main-	TROPRO I
tenance	Basic Needs Trust Fund
Dominica Ag. Sector	Drug Awareness Pilot
Support	
C'bean Law Institute	

**C. Management Unit Analysis**

At the beginning of FY 1993, RDO/C will have twenty-two management units. By the end of FY 1994, we expect to have only sixteen. Thus, in spite of seven planned new starts in this two year period, we will have six fewer management units at the end of the planning period as the result of the completion or early termination of thirteen projects. The reduction in the number of RDO/C management units is shown in the following chart:

	<u>FY 1992</u>	<u>FY 1993</u>	<u>FY 1994</u>
New	N/A	2	5
Terminating	N/A	6	7
Total	22	18	16

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#### IV. RESOURCE REQUIREMENTS

##### A. Operating Year Budget

In preparing this Action Plan, RDO/C has assumed an annual Operating Year Budget for the FY 1993-94 planning period of \$24.4 million in Development Assistance and Economic Support Funds, based on levels provided in the FY 1993 Congressional Presentation. Based on the new starts and project completions/terminations as outlined in the preceding section and on the outstanding mortgages of on-going projects, we project a reasonable mortgage through FY 1994 (see the following page for our mortgage analysis by functional account). We also note that our mortgage throughout the planning period will consistently be lower than our FY 1991 end-of-year mortgage level and declining throughout the period. Assuming a \$24.4 million OYB for both FY 1993 and FY 1994, our mortgage will be 1.4 times our OYB in FY 1993 and 1.3 times our FY 1994 OYB.

##### B. Operating Expenses

Regarding operating expenses, RDO/C's FY 1993 required level is \$3.4 million, a very modest increase over our \$3.355 million FY 1992 level. This modest increase is caused mainly by an FY 1992 FSN salary increase of approximately nine percent, increasing FSN direct hire and PSC costs by over \$100,000 per year. This increase has been partially offset by a reduction of three U.S. direct hire staff and of three FSN positions. RDO/C considers the potential demise of Wang as a viable supplier of hardware and software support to be a major threat to our future operational efficiency and accountability. Because the mission must address the issue of Wang obsolescence, the proposed budget includes \$80,000 for computer equipment purchases. If the mission does not receive the full requested level, we would first slow the replacement of Wang equipment although it would not be prudent to extend our vulnerability to Wang's very uncertain future. Future shortfalls in funding would force more FSN staff cuts, significantly lessening the mission's operating efficiency and project monitoring capability.

In FY 1994, RDO/C will be able to continue to operate at essentially the same cost as in FY 1992 due mostly to reductions in staff. We have no choice but to continue with the Wang replacement plan and have included \$80,000 for that purpose.

**RDO/C MORTGAGE ANALYSIS**  
**FISCAL YEAR 1993-94 POD/AP**

05/29/92

FUNC ACC	FISCAL YEAR 1992		FISCAL YEAR 1993		FISCAL YEAR 1994	
	OBLIG	MORTG	OBLIG	MORTG	OBLIG	MORTG
FN MORTGAGE \ OYB	5965	11634 1.95	7145	4726 0.66	7196	8751 1.22
PN MORTGAGE \ OYB	425	0 0.00	0	0 0.00	0	0 0.00
HE MORTGAGE \ OYB	785	5795 7.38	1200	4645 3.87	1200	5445 4.54
AIDS MORTGAGE \ OYB	1788	2129 1.19	1090	1039 0.95	1039	0 0.00
EH MORTGAGE \ OYB	3712	5706 1.54	5041	5740 1.14	5041	699 0.14
SD MORTGAGE \ OYB	875	5846 6.68	5524	10946 1.98	5524	5846 1.06
subtotal - DA MORTGAGE \ OYB	3550	3110 2.30	20000	27098 1.35	20000	20741 1.04
ES MORTGAGE \ OYB	7000	9162 1.31	4400	6762 1.54	4400	8362 1.90
<b>RDO/C - TOTAL</b> <b>MORTGAGE \ OYB</b>	<b>20550</b>	<b>40272</b> <b>1.98</b>	<b>24400</b>	<b>33858</b> <b>1.39</b>	<b>24400</b>	<b>29103</b> <b>1.19</b>

### C. Staffing Requirements

RDO/C recognizes the importance of controlling Operating Expense expenditures and the implications of staffing levels on OE needs. In an effort to keep OE levels under control, RDO/C has met each of its staff and management reduction targets over the last several years. As can be seen from the chart provided below, RDO/C has reduced U.S. direct hire positions from twenty-nine in FY 1988 to twenty in FY 1992; FSN positions for the same period have been reduced from eighty-seven to seventy-two. We recognize that we are expected to reduce to a total of only seventeen U.S. direct hire and sixty-seven FSNs by the end of FY 1994.

	<u>FY 88</u>	<u>FY 92</u>	<u>FY 93</u>	<u>FY 94</u>
USDH	29	20	17	17
Non-USDH	87	72	68	67
Total	116	92	85	84

With the cuts to seventeen U.S. direct hire and sixty-seven FSNs by FY 1994, RDO/C will be reaching a threshold staffing level that will make it increasingly more difficult to design and implement a regional program of this size and complexity; should AID/W determine that RDO/C's mandate should be expanded to cover the broader CARICOM region, as is currently being discussed in the development of a Caribbean strategy, staff levels need to be reconsidered in light of the expanded implementation and resultant travel responsibilities.

### D. Non-Federal Audit Capability

RDO/C has commenced implementation of its FY 1992 non-federal audit program which will cover both AID contracted non-federal audits, as well as the recipient contracted audit program. At present, four AID contracted non-federal audits and ten recipient contracted audits are planned for FY 1993; six AID contracted non-federal audits and 15 recipient contracted audits are currently planned for FY 1994.

### E. Local Currency

With ESF programs, RDO/C employs both sectoral and general budget programming to assist governments to adopt and implement macroeconomic and sectoral policies that stimulate growth and sustain development in the private sector. The focus of the FY 1993 and FY 1994 ESF cash transfer program is the Policy Reform Program Support non-project assistance. The local currency will be tied to policy reforms identified and enacted under the Eastern Caribbean Policy project. The Regional Infrastructure

Maintenance and Education for Employment projects may also have non-project assistance components which generate local currency to support the implementation of sector specific policy reforms.

#### V. MISSION AND AID/W INITIATED ISSUES

Issue 1: Future RDO/C role. Throughout the preparation of the Program Objectives Document and Action Plan for FY 1993-94, there has been some question on the part of RDO/C regarding the possible expansion of RDO/C's role to cover all of the CARICOM countries as a part of the Caribbean-wide strategy being prepared simultaneously in AID/W. The RDO/C Program Objectives Document and Action Plan for FY 1993-94 are based on our current mandate to address the development needs of the Eastern Caribbean. RDO/C's existing portfolio of projects already works with a number of Caribbean-wide organizations (e.g., Caribbean Agricultural Research and Development Institute, Caribbean Development Bank, the Caribbean Association of Industry and Commerce, the University of the West Indies) that can provide the basis for an expanded RDO/C mandate, if this decision is taken. In addition, our proposed new project starts can be designed to account for a new, broader regional mandate, if appropriate. RDO/C would appreciate discussion and guidance regarding the Caribbean strategy and the role envisioned for RDO/C within that strategy in the context of this POD/AP review. In this regard, RDO/C's role vis-a-vis the more-developed countries (i.e., Barbados and Trinidad and Tobago) in the Caribbean region needs to be discussed and clarified.

Issue 2: Lack of firm planning figures from which to project program actions over the next two years. Action Plan guidance expects a relatively high degree of specificity in planning from the Missions regarding obligations and other implementation actions. However, given our experience with FY 1992 OYB levels and lack of firm OYB levels on which to plan for FY 1993-94, we find projecting our mortgage levels and planning our obligations a frustrating and perhaps futile exercise. While we recognize that much of the uncertainty surrounding the budget planning process is out of LAC hands, we would appreciate a discussion and guidance on how Missions realistically can plan their programs under the current climate of uncertainty.

Issue 3: Level and focus of Performance and Program Output Indicators. RDO/C recognizes that the performance and program output indicators it has chosen to verify progress in achieving its strategy need further development. We plan to invite a CDIE team to visit the Mission later in the year to assist us in identifying more appropriate indicators and establishing the base line needed to begin tracking progress.

Issue 4: RDO/C role in the management of the Caribbean Disaster Management project (CDMP). RHUDO/Jamaica has recently designed CDMP to reduce damage and minimize the loss of lives from recurring hurricanes, flooding, earthquakes, landslides and other natural disasters. The project is to be funded by the Office of Foreign Disaster Assistance as a part of its newly articulated Disaster Mitigation Prevention Strategy and will be managed on a day-to-day basis by a management unit in the Organization of American States. As implementation of this project approaches, RHUDO believes that the majority of the countries affected by this project are within RDO/C's current mandate and that the expertise needed for adequate guidance and overview of this project resides in RDO/C. As a result, RHUDO has requested that RDO/C take over the overview and guidance functions for the project from RHUDO. While disaster activities are not a part of RDO/C's strategy, "Emergency disaster response services efficiently provided" is one of our "other" categories. RDO/C is interested in accepting responsibility for this project. Presently, approximately 10-15% of our USDH senior engineer's time is used for disaster relief/response coordination, including coordination with other donors. Taking over the overview and guidance functions of the CDMP would require an estimated 33% of this person's time. In the context of the POD/AP review of RDO/C strategy, including its "other" activities, we would appreciate discussion of the possibility of RDO/C taking over the overview and guidance functions for the CDMP.

**Table 1.1: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

LAC Bureau Objective: Broad-Based, Sustainable Economic Growth  
 Sub-Objective: Preservation and Sustainable Use of the Natural Resource Base

Mission Strategic Objective 1 Improved Capability to Ensure Sound Utilization of the Natural Resource Base

Indicator	Unit	Base-line		Target			Current Year 1992		1993 Target	Data source
		value	date	value	date	Revised	value	date	value	
Environmental monitoring system installed and functioning.	1 system	0%	08/91	100%	1996	1	0%	02/92	10%	CEHI reports
Skilled cadre for designing and implementing environmental programs developed.	# people trained to M.S.	0 to M.S.	08/91	9 trained to M.S	1997		0	02/92	0	ENCORE reports
	# pm of short-term training	0 pm short-term		236 pm of short-term training	1997		0	02/92	20 pm	

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Program Output 1.1: Natural Resource Policies and Regulations Implemented at National Level

Policy studies done on specific environmental problems.	study	0	07/91	8	1997		0	02/92	1	study report
Country environmental policy/management and monitoring plans adopted.	plans	0	07/91	6	1997		0	02/92	0	ENCORE project reports
Regulations for environmental laws issued in selected countries.	countries	0	07/91	2	1996		0	02/92	0	ENCORE project reports; CP project reports

**Table 1.1: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

LAC Bureau Objective: Broad-Based, Sustainable Economic Growth

Sub-Objective: Preservation and Sustainable Use of the Natural Resource Base

Mission Strategic Objective 1 Improved Capability to Ensure Sound Utilization of the Natural Resource Base

Indicator	Unit	Base-line		Target			Current Year 1992		1993 Target	Data source
		value	date	value	date	Revised	value	date	value	
<b>Program Output 1.2: Enhanced Participation and Management Control of Natural Resource and Environmental Issues in Selected Areas.</b>										
Local organizations implement site demonstration activities	Activities	0	07/91	150	1997		0	02/92	20	ENCORE Project reports
Regional and local awareness programs initiated	Programs	0	07/91	6	1997		0	02/92	2	ENCORE Project reports; WWF reports
School programs on the environment in place	programs	0	07/91	200	1997		0	02/92	20	ENCORE Project reports
Participants in formal training programs	person months of training	0	07/91	462	1997		0	02/92	50	ENCORE Project reports

<b>Program Output 1.3: Sustainable, Diversified Agricultural Base</b>										
Receipts from eco-tourism in selected countries increased	% increase from eco-tourism	(info to be developed in ENCORE)	1992	300%	1997		0%	02/92	10%	ENCORE Project reports
New, sustainable agricultural production systems introduced	Systems	0	1992	10	1994		0	1992	5	TROPRO and AREP Project reports

**Table 1.2: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

LAC Bureau Objective: Broad-based, Sustainable Economic Growth

Sub-Objective: Adoption of and Continued Adherence to Economic Policies that Promote Investment, Productive Employment and Export-led Economic Diversification; Vigorous Response by the Private Sector to a Favorable Policy Environment

Mission Strategic Objective 2 Broadened, Diversified Trade

	Unit	Base-line		Target			Current Year 1992		1993 Target	Data source
		value	date	value	date	Revised	value	date	value	
Non-traditional ag. exports increased (in real terms)	US\$	\$1.9 mil	1988	\$6.0 mil	1995		\$2.6 mil	02/92	\$2.9 mil	OECS reports, CATCO reports, CP
Increased net revenue from tourism in OECS	US\$	\$60 mil	1991	TO BE DETERMINED			\$62 mil	1992	TO BE DETERMINED	OECS reports

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Program Output 2.1: Sustainable, Diversified Agricultural Base

Value of non-traditional crops increased as share of total agriculture output	% of value of regional exports	8%	1988	20%	1995		11%	02/92	13%	OECS reports, CP policy reports
Inter-island trade increased in agriculture diversification crops	Tons of produce	960	1988	3000	1995		1800	08/92	2200	OECS/ADCU Reports

Program Output 2.2: Competitive Products and Markets Developed

Marketing information system for non-traditional agriculture crops developed and being used	System	0	1988	1	1994		50%	02/92	75%	TROPRO Project reports
Increased sales of products by AID assisted firms	US \$	\$ .96 mil	1988	\$4.93 mil	1995		\$1.77 mil	02/92	\$2.1 mil	TROPRO, CATCO, SEAP, IPED Reports

**Table 1.2: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

LAC Bureau Objective: Broad-based, Sustainable Economic Growth

Sub-Objective: Adoption of and Continued Adherence to Economic Policies that Promote Investment, Productive Employment and Export-led Economic Diversification; Vigorous Response by the Private Sector to a Favorable Policy Environment

Mission Strategic Objective 2 Broadened, Diversified Trade

	Unit	Base-line		Target			Current Year 1992		1993 Target	Data source
		value	date	value	date	Revised	value	date	value	
<b>Program Output 2.3: Regulatory and Policy Framework Improved</b>										
EAI diagnostic Re-commendations addressed in each OECS country	% of rec-ommen-dations	0%	1992	30%	1995		0%	02/92	10%	CP Project reports IADB reports
Adoption of a regional small business act for the OECS	Admin. document	0	1992	1	1995		0	1992	1	SEAP project documentation
Uniform Companies Law adopted.	No. of countries	0	1992	6	1995		0	02/92	1	CLI project reports.
Tariff and non-tariff barriers eliminated or reduced	No. of countries	0	1992	6	1995		0	02/92	1	CP project reports.

**Program Output 2.4: More Effective Private and Public Sector Management**

No. of people trained in business management	participant numbers	0	1990	1,200	1995		260	1992	560	RMT and SEAP reports
Government registries improved	No. of countries	0	1989	7	1995		0	1992	2	CJIP project reports

**Table 1.3: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

LAC Bureau Objective: Broad-based, Sustainable Economic Growth

Sub-Objective: Accelerated Opportunities for Increased Participation in the Economy by the Disadvantaged

**Mission Strategic Objective 3 Social Dislocations Mitigated**

Indicator	Unit	Base-line		Target			Current Year 1992		1993 Target	Data source
		value	date	value	date	Revised	value	date	value	
Stable per capita income levels	Income per capita	(TO BE DETERMINED)								
Stable employment levels		(TO BE DETERMINED)								
Movement around the poverty line		(TO BE DETERMINED)								

**Program Output 3.1: More Effective Public and Private Sector Management**

Electric utility maintenance plans developed	No. of plans	1	08/88	9	07/93		9	03/92	10	CARILEC reports
Infrastructure maintenance programs implemented	No. of programs	0	03/92	5	09/97		0	02/92	1	RIM project reports
Increase in collected user fees at public health facilities as a % of government health budget	%	1.44% - 1.75%	90-91	20-25%	1997		N/A		2-3%	Annual Gov't budgets

**Program Output 3.2: Enhanced Employment Opportunities**

Public works jobs made available	Person weeks of employment	0	1984	100,000	09/92		97,000	02/92	N/A	CDB quarterly report (BNTF)

**Table 1.3: MONITORING THE ACHIEVEMENT OF STRATEGIC OBJECTIVES**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

LAC Bureau Objective: Broad-based, Sustainable Economic Growth

Sub-Objective: Accelerated Opportunities for Increased Participation in the Economy by the Disadvantaged

**Mission Strategic Objective 3 Social Dislocations Mitigated**

Indicator	Unit	Base-line		Target			Current Year 1992		1993 Target	Data source
		value	date	value	date	Revised	value	date	value	
<b>Program Output 3.3: Social Policies Improved</b>										
Maintain portion of budget allocated to primary health care	( TO BE DETERMINED)									
Maintain portion of budget allocated to public education	(TO BE DETERMINED)									

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**Table 2.1: STRATEGIC OBJECTIVE PROGRAM OVERVIEW**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

Strategic Objective: Improved Capability to Ensure Sound Utilization of the Natural Resource Base

Other Activity:

Program Outputs	Activities	Source of Support			
		Title	No.		
Natural Resource policies and regulations implemented at national level	. conduct regional policy studies;	Environment and Coastal Resource (ENCORE)	538-0171		
	. establish environmental desks (focal points) in each OECS country;				
	. improve environmental monitoring;				
	. conduct environmental awareness programs;				
	. assist with drafting regulations for environmental laws;				
	. provide training on various environmental fields				
	. develop policy documents on regional environmental concerns;			Caribbean Policy Project (CP)	538-0184
	. develop draft policy statements;				
	. conduct economic evaluations of environmental cost of development schemes.				
Enhanced local participation and management control of natural resources and issues in selected areas.	. utilize the services of WWF for technical direction;	Environmental and Coastal Resources Project (ENCORE)	538-0171		
	. assist regional and local NGO/PVOs with institutional development;				
	. develop several local site management plans with local communities;				
	. disseminate environmental educational packages to schools throughout the region;				
	. support training for a number of regional personnel.				

**Table 2.1: STRATEGIC OBJECTIVE PROGRAM OVERVIEW**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

Strategic Objective: Improved Capability to Ensure Sound Utilization of the Natural Resource Base

Other Activity:

Program Outputs	Activities	Source of Support	
		Title	No.
	. train individuals from OECS countries in environmental fields	Caribbean Leadership and Development training	538-0173
A sustainable, diversified agricultural production base	. public sector diversification support;	Dominica Agricultural Sector Support Program	538-0176
	. develop non-traditional agriculture crop production Tech-Paks;	Agricultural Research and Development Project (AREP)	538-0164
	. develop sustainable agriculture methods;		
	. train extensionists in technology transfer		
	. training for producers in new technologies;		
	. develop with community involvement several marine parks in selected countries;	Environment and Coastal Resources Project (ENCORE)	538-0171
	. develop and manage a number of eco-tourism sites in selected countries;		
	. training local community members in tourism-supporting skills.		

**Table 2.2: STRATEGIC OBJECTIVE PROGRAM OVERVIEW**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

Strategic Objective: Broadened, Diversified Trade

Other Activity:

Program Outputs	Activities	Source of Support			
		Title	No.		
A sustainable, diversified agricultural base.	. develop marketing (MKIS) information system;	West Indies Tropical Produce Support Project (TROPRO)	538-0163		
	. marketing trials prove market share for EC produce;				
	. develop quality standards for export shipping and Inter-island market;				
	. develop specific non-traditional crop marketing specifications;				
	. test appropriate containers for shipping;				
	. train regional exporters and producers.				
	. barriers to regional and international trade in-non-traditional agriculture crops reduced.				
	.policies inhibiting agricultural diversification removed or modified			Caribbean Policy	538-0184
	. provide business counselling to small farmers			Small Enterprise Assistance	538-0133
	Competitive products and markets developed.			. Introduce new varieties and improved technology for non-traditional agriculture crops;	Agricultural Research and Extension Project (AREP)
. test shipping containers for non-traditional crops;					
. improve production base for economically valuable non-traditional ag. crops;					

**Table 2.2: STRATEGIC OBJECTIVE PROGRAM OVERVIEW**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

Strategic Objective: Broadened, Diversified Trade

Other Activity:

Program Outputs	Activities	Source of Support	
		Title	No.
	. Develop a regional non-traditional agriculture marketing system;	West Indies Tropical Support Project (TROPRO)	538-0163
	. test market new and improved varieties in export markets;		
	. accelerate movements towards private sector control of the marketing systems;		
	. train ag exporters in use shipping, pricing, and quality requirements for potential markets;		
	. develop methods that expedite import of crops into countries that have significant market-entry constraints.		
	. policies inhibiting development of competitive products and markets removed or modified.	Caribbean Policy	538-0184
Regulatory and policy framework improved	. Policy analysis, formulation, consensus building and implementation	Caribbean Policy	538-0184
		Non-project Structural Adjustment Asst.	538-0196
		Private Sector Support	538-0195
		Caribbean Law Institute	538-0165
		C'bean Leadership & Development Trng.	538-0173
	. sponsor consultative fora on small business policy	Small Enterprise Assistance	538-0133
	. facilitate drafting of small business bill		

**Table 2.2: STRATEGIC OBJECTIVE PROGRAM OVERVIEW**

Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

Strategic Objective: Broadened, Diversified Trade

Other Activity:

Program Outputs	Activities	Source of Support	
		Title	No.
More effective public and private sector management	. train for improved management techniques	Regional Infrastructure Maintenance	538-0185
		Regional Management Training	538-0148
		C'bean Leadership & Development Trng	538-0173
		Small Enterprise Assistance	538-0133
	. improve court registers . renovate courthouses . print country laws	Caribbean Justice Improvement	538-0645



TABLE 3  
ESTIMATED FUNDING REQUIREMENTS AND SOURCES

05/22/92

Strategic Objective No. 1

Strategic Objective: Improved Capability To Ensure Sound Utilization of the Natural Resource:

<u>FUNDING SOURCES</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
DA	1,900	4,000	4,075		
ESF	1,430	0	570		
Subtotal	3,330	4,000	4,645	0	0

Strategic Objective No. 2

Strategic Objective: Broaden Diversified Trade

<u>FUNDING SOURCES</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
DA	4,145	3,600	3,600		
ESF	2,205	1,900	2,830		
Subtotal	6,350	5,500	6,430	0	0

Strategic Objective No. 3

Strategic Objective: Social Dislocations Mitigated

<u>FUNDING SOURCES</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
DA	705	3,416	3,156		
ESF	1,500	1,500	0		
Subtotal	2,205	4,916	3,156	0	0

Strategic Objective No. 1 & 2 & 3

<u>FUNDING SOURCES</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
DA	3,632	7,108	6,985		
ESF	1,300	1,000	1,000		
Subtotal	4,932	8,108	7,985	0	0

OTHER ACTIVITIES

<u>FUNDING SOURCES</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>
DA	3,168	1,876	2,184		
ESF	565	0	0		
Subtotal	3,733	1,876	2,184	0	0

Subtotal DA	13,550	20,000	20,000	0	0
Subtotal ESF	7,000	4,400	4,400	0	0
<b>PROGRAM TOTAL</b>	<b>20,550</b>	<b>24,400</b>	<b>24,400</b>	<b>0</b>	<b>0</b>

**TABLE 4**  
**COUNTRY PERFORMANCE**  
**EASTERN CARIBBEAN**

COUNTRY MAXIMUM->	1	2	3	4	5	6	7	8	9	10	11	TOTAL 100
	MACRO PERFORM	DOM.DEF FINANCE	EXCH. RATE	BUSINESS REG.ENV	TRADE REGIME	MARKET PRICING	EDUC.	INFANT VACCINE	CONTRCEP PREV	ENVIRON MGMT	DEMOC.	
	15	10	10	5	5	5	10	5	5	10	20	
ANTIGUA	4.5	6	10	2	2	2.25	2.7	4.79	1.85	4	14	59.09
DOMINICA	13.5	10	10	2	2	2	4.0	4.89	2.35	8	18.5	78.04
GRENADA	7.5	4.9	10	2	2	2.5	4.7	3.9	1.35	4	18.5	63.35
ST. KITTS	12	8.1	10	2	2	2.5	5.3	4.95	2	5	20	73.85
ST. LUCIA	15	10	10	2	2	2.5	5.3	4.44	2	8	18.5	78.74
ST. VINCENT	12	10	10	2	2	2.5	4.7	4.815	2	5	18.5	73.52
OECS AVG.	10.75	8.5	10	2	2	2.375	4.45	4.598	1.925	5.67	18	70.27
OECS	Economic Policy 35.63						Social Services 10.97			Environ. 5.67	Democ. 18	Total 70.27



**Table 5: ROLE OF PROPOSED NEW INITIATIVES IN ACHIEVING USAID PROGRAM LEVEL OBJECTIVES**

**Country: REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)**

**Proposed New  
Project and Program: Private Sector Support**

**Number: 538-0195**

Activities	Program Outputs	Strategic Objective
Improved data collection and analysis	More effective public and private sector management; regulatory and policy framework improved	Broadened and diversified trade
Provision of business management and economics training	More effective public and private sector management; regulatory and policy framework improved	Broadened and diversified trade
Facilitation of dialogue on priority economic issues between private and public sectors	More effective public and private sector management; regulatory and policy framework improved	Broadened and diversified trade











TABLE 6  
 FY94 PROGRAM  
 LOCAL CURRENCY UTILIZATION  
 (\$000)

05/21/92

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL	2,830					
HG BUDGET SECTOR						
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>2,830</b>					
B. CHANNEL FOR ASSISTANCE *						
PUBLIC SECTOR	2,830					
PRIVATE SECTOR						
<b>TOTAL</b>	<b>2,830</b>					

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

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TABLE 6  
 FY93 PROGRAM  
 LOCAL CURRENCY UTILIZATION  
 (\$000)

05/21/92

A. USES	ESF	PL480 I	PL480 II	PL480 III	SEC.416	OTHER
HG BUDGET GENERAL	1,308					
HG BUDGET SECTOR						
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>1,308</b>					
B. CHANNEL FOR ASSISTANCE *						
PUBLIC SECTOR	1,308					
PRIVATE SECTOR						
<b>TOTAL</b>	<b>1,308</b>					

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

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**TABLE 7**  
**SUMMARY PROGRAM FUNDING TABLE**  
**DOLLAR PROGRAM**

22-May-92

Proj. No.	Title	FY92	FY93	FY94	Mission Strategic Objective No.
<u>Development Assistance</u>					
Bureau Sub-Objective 1. A & B					
538-0119	IPED	460	0	0	2
538-0133	SEAP	2,135	2,000	2,100	2
538-0140	HIAMP - Agriculture Venture Trust	1,550	0	0	2
538-0163	TROPRO	1,155	308	0	OTHER
538-0173	CLDT	1,477	1,700	1,585	OTHER
538-0184	EASTERN CARIBBEAN POLICY	1,000	3,600	1,400	OTHER
538-0185	REGIONAL INF MAINTENANCE	0	1,500	1,500	OTHER
538-xxxx	TROPRO II	0	0	2,500	OTHER
538-xxxx	PRIVATE SECTOR DEV. SUPPORT	0	1,600	1,500	2
Bureau Sub-Objective 1. C					
538-0181	HEALTH CARE POLICY PLANNING & MGMT	705	1,150	700	3
538-xxxx	EDUCATION FOR EMPLOYMENT	0	2,266	2,456	3
Bureau Sub-Objective 1. D					
538-0171	ENVIRONMENTAL COASTAL MGMT	1,900	4,000	1,225	1
538-xxxx	ENVIRONMENTAL COASTAL MGMT II	0	0	2,850	1
Bureau Sub-Objective 3. A					
538-0039	POP & DEV	400	0	0	OTHER
538-0161	AIDS/COMM	1,788	1,090	1,039	OTHER
538-0190	DRUG ABUSE PREVENTION & EDUC - Pilot	450	0	0	OTHER
538-0191	DRUG ABUSE PREVENTION	0	0	500	OTHER
538-0000	PD&S	360	237	221	
538-0000	PD&S	5	75	0	
538-0000	PD&S	25	0	0	
538-0000	PD&S	80	50	0	
538-0000	PD&S	50	100	100	
538-0005	SPEC DEV ACTIVITY	10	324	324	
Subtotal DA		13,550	20,000	20,000	
<u>Economic Support Fund</u>					
538-0000	PD&S	200	0	0	
538-0005	SPEC DEV ACTIVITY	365	0	0	
Bureau Sub-Objective 1. A & B					
538-0103	BNTF	1,500	1,500	0	3
538-0119	IPED	385	0	0	2
538-0138	IEMS	320	0	0	2
538-0163	TROPRO	300	0	0	OTHER
538-0176	DOMINICA AGRICULTURAL SECTOR SUPPORT	1,000	0	0	2
538-0182	STR REF - GRENADA	500	1,308	1,830	2
538-0184	EASTERN CARIBBEAN POLICY	1,000	1,000	0	OTHER
538-0185	REGIONAL INF MAINTENANCE	0	0	1,000	OTHER
538-0645	CJIP	0	592	0	2
538-xxxx	POLICY REFORM PROGRAM SUPPORT	0	0	1,000	2
Bureau Sub-Objective 1. D					
538-0171	ENVIRONMENTAL COASTAL MGMT	1,430	0	570	1
Subtotal ESP		7,000	4,400	4,400	
PROGRAM TOTAL		20,550	24,400	24,400	

## NEW PROJECT DESCRIPTION

**LAC BUREAU OBJECTIVE/SUB-OBJECTIVE:** International cooperation in addressing specific challenges/Formulation and implementation of USG strategies for dealing with issues of particular concern.

**MISSION STRATEGIC OBJECTIVE:** Other

**PROJECT TITLE:** Drug Abuse Prevention and Education Pilot Project

**PROJECT NUMBER:** 538-0190

**FUNDING:** \$0.45 million **LOP:** 2 years

**TYPE OF FUNDING:** Education **INITIAL OBLIGATION:** FY 92

**Project Description:** The project will be implemented in two phases. The first will last six months and will consist of a needs assessment conducted in seven OECS countries. The second phase will consist of a program of regional and country activities to be implemented over eighteen months. Activities will include training workshops, the development of appropriate education materials, and community project assistance grants. An evaluation of the pilot project will provide information for the design of the successor Drug Prevention Project (a FY 1994 start).

**Planned Implementation Arrangements:** The pilot project will be implemented through a Cooperative Agreement with Partners of the Americas. The Florida Association of Voluntary Agencies for Caribbean Action (FAVA-CA) will be a sub-recipient.

**Consistency of Project with Mission Strategy:** The project falls under the Mission's "Other" category because it will not directly promote increased trade and investment and the transition of the Eastern Caribbean to a more competitive position in the world economy. However, the activity will indirectly support RDO/C's third strategic objective of mitigating social dislocations. A potential increase in unemployment caused by economic adjustment may contribute to increased illegal drug use. Project activities will address this threat.

**Relationship to A.I.D. and Other Donor Activities:** The project will continue RDO/C's support to the marginalized youth of the region which, up to now, has been effected through the Non-Formal Youth Skills Training Project (PACD: 6/30/92). It will complement related activities of other agencies of the American mission in the Eastern Caribbean--State, DEA, and USIS. The first-phase needs assessment will determine the extent of other donor support, current or planned, for counter-narcotic activities to ensure the complementarity of USAID assistance.

Relationship of Project to A.I.D. Policy Objectives: This project is fully consistent with the LAC objective of: "International cooperation in addressing specific challenges to the attainment of broadly-based, sustainable economic growth and the evaluation of stable democratic societies."

Although the pilot project does not directly fit the RDO/C strategy, USAID has identified drug abuse prevention as an important activity in its regional program to combat the threat to the sub-region's social fabric posed by increasing levels of drug abuse and narcotics trafficking.

Sustainability of Proposed Activities: Implementation will be centered on country PVO "partnerships." It is expected that these partnerships will continue activities as a part of their regular program after the pilot project's PACD. Further activities and the strengthening of existing activities will be planned under the successor project.

Mission Management Role: The project will be managed by existing staff of the Office of Health, Population and Education.

Potential Issues/Innovative Program Approaches:

- - the interface between governments and PVOs in this new area.
- - the success of coordinating with other donor agencies and
- - the identification of reliable indicators to measure the success of the project.

## NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVES/SUB-OBJECTIVE: Support the achievement of broadly based, sustainable economic growth/Adoption of and adherence to economic policies that promote investment, productive employment and export-led economic diversification.

MISSION STRATEGIC OBJECTIVE: Broadened, diversified trade/Social Dislocations Mitigated

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

PROJECT NUMBER: 538-0185

FUNDING: \$7,200,000 LOP:5years

TYPE OF FUNDING: PSEE and ESF INITIAL OBLIGATION: FY 93

Project Description: The islands of the Eastern Caribbean have historically experienced severe difficulties in managing and financing the recurrent and preventive maintenance of their physical infrastructure. Inadequate budgets and overly dispersed responsibilities pose the most serious problems. The purpose of the Regional Infrastructure Maintenance (RIM) project is to demonstrate, on a selective basis, the efficiency and effectiveness of a centralized physical infrastructure maintenance system that has unrestricted access to predictable financing and is driven by objective economic and social criteria rather than political expediency.

RIM will assist two or three Eastern Caribbean countries in formulating and adopting the policy, administrative and legislative reforms necessary to centralize infrastructure maintenance and to identify predictable revenue sources (taxes/user fees) allocated solely for infrastructure maintenance. The project will also enhance the capacity of central maintenance organizations to develop realistic budgets and approaches to maintenance, establish a prioritized maintenance system based on rational economic and/or social criteria and explore the feasibility of privatizing the maintenance process, utilizing local or regional construction firms.

Planned Implementation Arrangements: The proposed project will be implemented through Grant Agreements with the participating

countries. Implementing agencies will be identified during the project development process.

The proposed project will consist of a technical assistance component and a non project assistance (NPA) component. The technical assistance component will be implemented by an appropriate contractor and will focus on:

- identifying the policy, administrative and legislative reforms needed to centralize infrastructure maintenance and to ensure access to a predictable source of funding to finance the infrastructure maintenance budget.
- assisting participating agencies in developing objective economic and/or social criteria for prioritizing infrastructure maintenance activities.
- institutionalizing analytical and management capabilities for preparing realistic budgets and infrastructure maintenance and
- assessing the potential for private sector involvement in maintenance activities either through a contractual process or privatization if appropriate.

The second component of the project will be a Program Assistance Fund (NPA) that will be utilized to match all or part of government infrastructure outlays on a declining basis over a 3-year period following maintenance centralization and guaranteed access to a predictable level of infrastructure financing.

Consistency with Mission Strategy: The project is fully supportive of the Mission's Program Objectives Document which focuses on expanding trade and private investment through, among other things, the improved efficiency and effectiveness in the delivery of private and public sector services.

Relationship to AID and other Donors: Other donors including CIDA, CDB, EEC and ODA concur that the concept incorporated into this proposed project is both desirable and essential and that it should be supported by a common donor position to limit or eliminate new infrastructure assistance unless it is accompanied by a RIM-like concept.

Relationship of Project to AID Policy Objectives: This project will support broadly-based, sustainable, economic growth through the provision of consistent and reliable physical infrastructure maintenance upon which productive enterprise depends.

Sustainability: The Mission will require that future infrastructure assistance be tied into RIM and that governments routinely develop infrastructure maintenance plans in the process of preparing annual budgets. RIM will assist governments to explore and use alternative financing sources, such as fees and user charges. With AID 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 to use the RIM control and funding mechanism and to explore use of local contractors; and (2) appointment of a qualified government engineer to work collaboratively with the RIM engineer.

Mission Management Role: A PSC Engineer will serve as Mission Project Manager and implementation will be according to Handbook 3 Grants with participating countries.

Potential Issues and/or Innovative Approaches: In trying to institutionalize the ethic of reliable, consistent, routine maintenance of infrastructure in the Eastern Caribbean, the following innovative approaches will be incorporated into this project:

- Commitment by the Grantees to establish a centralized maintenance mechanism and a predictable maintenance fund.
- AID reimbursement on a declining basis of part or all government maintenance expenditures in accordance with established maintenance programs and budgets.
- Donor agreement that future infrastructure maintenance support will be linked to the adoption of centralized control and funding for infrastructure maintenance.

## NEW PROJECT DESCRIPTION

**LAC BUREAU OBJECTIVES/SUB-OBJECTIVES:** Support the achievement of broadly based economic growth/encourage economic policies that promote investment, productive employment and outward oriented diversification.

**MISSION STRATEGIC OBJECTIVE:** Broadened Diversified Trade

**PROJECT TITLE:** Private Sector Support

**PROJECT NUMBER:** 538-0195

**FUNDING:** \$5,000,000 **LOP:** 4 years

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

**Project Description:** The project will improve institutional capabilities of various private sector organizations to analyze and elaborate economic policies which promote trade and investment in the region. This institutional strengthening has been conceived as a companion program which complements several RDO/C projects.

Recent studies have shown that the private sector in the region is relatively weak and fragmented and an ineffective advocacy group. This project will serve to organize and strengthen the private sector so that it can discuss needed reforms with the public sector with a more unified voice and from a position of knowledge, understanding and confidence. A key project objective will be to help the many, small, fragmented private sector organizations that exist at present identify common issues and represent private sector interests to government policymakers in a more effective manner.

Specifically, the project will: (1) assist the private sector with data collection and analysis efforts that will help it to better understand the effects of current policies and regulations and to assess the potential impacts of policy and regulatory reforms on business; (2) provide short-term, in-country training to the private sector in business management and economics, particularly as it relates to free trade and the increasingly competitive world market; and (3) provide the structure for the private sector to begin to discuss priority economic and business concerns with the public sector.

In the area of trade and investment, the project will focus on strengthening specialized business and trade intermediaries and services capable of identifying and supporting new trade and investment ventures; increasing the participation of the private sector in formulating business development strategies and supporting specialized business development support services to identify and exploit new opportunities and decreasing the role of

the public sector in providing business promotion services while expanding public sector capabilities to advance private sector enabling legislation and reforms in the regulatory process.

Planned Implementation Arrangements: Depending on the results of project design analyses, RDO/C will conclude a Cooperative Agreement with a U.S.- based organization, such as the International Executive Service Corps, to provide technical assistance and coordinate project activities. RDO/C will also consider a PASA Agreement with the Department of Commerce.

Consistency with Mission Strategy: The project supports the Mission goal of increasing trade and investment via a private sector-led market economy responding to appropriate policy and regulatory incentives.

Relationship to AID and other Donor Strategies: The project will support RDO/C's programmatic emphasis on policy reform, product and market diversification, and enhanced regional competitiveness. Other donors working with the private sector and on policy reforms in the Eastern Caribbean, such as the EEC, CIDA the IADB, and CDB will be consulted in the design of this project to further coordination and cooperation among the donor community and prevent possible duplication of effort.

Relationship to AID Policy Objectives: The project will support the Mission and LAC objective of achieving broadly based economic growth and encouraging economic policies that increase trade and investment.

Sustainability: No new organizations or positions requiring recurrent budgetary support will be created by the project.

Mission Management Role: A project-financed Personal Services Contractor in the Private Sector Office will serve as project manager.

Potential Issues: Selection of an appropriate private sector organizations to be targeted for assistance; most effective means of implementation; technical assistance requirements; indicators of success; public sector promotion of strengthened private sector organizations.

## NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVE/SUB-OBJECTIVE: International cooperation in addressing specific challenges to the attainment of broadly-based, sustainable economic growth and the evaluation of stable, democratic societies/formulation and implementation of USG strategies for dealing with issues of particular concern.

MISSION STRATEGIC OBJECTIVE: Other

PROJECT TITLE: Drug Abuse Prevention (new)

PROJECT NUMBER: 538-0191

FUNDING: \$2,000,000      LOP: 4 years

TYPE OF FUNDING: Education, Health      INITIAL OBLIGATION: FY 94

Project Description: The project will expand on a FY 92 pilot activity to assist public and private sector organizations to implement a youth-oriented drug abuse prevention effort.

Planned Implementation Arrangements: The project will be implemented through a Cooperative Agreement with a U.S.-based PVO or a Caribbean regional institution, depending on the evaluation of the pilot project.

Consistency with Mission Strategy: The project supports the Mission's strategic objective of mitigating social dislocations.

Relationship to A.I.D. and Other Donor Activities: Drug demand reduction activities, including USAID funded activities, are coordinated through an established Donor Coordinating Group. The project complements USAID-funded activities in the area of AIDS/STD Prevention and Control which aim to promote behavioral change consistent with a healthy lifestyle.

Relationship of Project to A.I.D. Policy Objectives: This project is fully consistent with the LAC objective of: "International cooperation in addressing specific challenges to the attainment of broadly-based, sustainable economic growth and the evaluation of stable democratic societies".

Sustainability: To the degree that the project succeeds in institutionalizing drug abuse prevention curricula in the schools, the school based education program will be sustainable.

Mission Management Role: The project will be managed by existing staff of the Office of Health, Population and Education.

Potential Issues/Innovative Program Approaches: Coordination with other donor funded activities; establishment of an ongoing data collection and evaluation to assess the impact of project activities on vulnerable groups; definition of the respective roles of government and NGOs in drug abuse prevention efforts.

## NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVES/SUB-OBJECTIVE: Support broadly based sustainable economic growth/Preservation and sustainable use of the natural resource base.

PROJECT TITLE: Environmental and Coastal Resources Management II (new)

PROJECT NUMBER: 538-0192

FUNDING: \$6,000,000 LOP: 5 years

TYPE OF FUNDING: ARDN INITIAL OBLIGATION: FY 94

Project Description: The proposed Environmental and Coastal Resources Management (ENCORE) II Project will--depending on mid-term evaluation results--extend and expand the scope of activities to more local sites by: (a) addressing particular problems and opportunities at different sites; (b) further strengthening regional and national capabilities for resource planning and management; (c) developing new activities with recently enabled site management teams; (d) increasing the role of the private sector in environmentally-sound development activities; and (e) strengthening cooperation within the region and with international agencies.

Planned Implementation Arrangements: RDO/C will continue the successful management combination of local, national and regional organizations working with a recognized environmental NGO. Additional cooperation with Central Bureau projects and other U.S. government agencies such as USEPA and USDA FAS is also envisioned.

Consistency with Mission Strategy: ENCORE II will support RDO/C's strategic objective of improving the region's capability for sound management of the natural resource base.

Relationship to AID and other Donors: International organizations such as BAAED, CIDA, EEC, OAS, and UNEP all share common environmental concerns and have undertaken projects that directly or indirectly link up with the ENCORE methodology. The World Bank is considering a major new solid and liquid waste management project that will complement ENCORE II activities.

Relationship to AID Policy Objectives: ENCORE II will support the LAC strategic objective of achieving broad based sustainable economic growth and LAC sub-objective (D) of encouraging preservation and sustainable use of the natural resource base.

Sustainability: The heavy involvement of regional, national and local organizations in ENCORE I activities fosters sustainability.

Mission Management Role: ENCORE II will be managed by existing staff of the Mission's Agriculture and Natural Resources Office.

Potential Issues/Innovative Program Approaches: Local, national, regional, and PVO collaboration on environmental activities implemented through community management systems.

## NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVES/SUB-OBJECTIVES: Support the achievement of broadly based, economic growth; encourage a vigorous private sector response.

MISSION STRATEGIC OBJECTIVE: Broadened Diversified Trade

PROJECT TITLE: West Indies Tropical Produce Support II

PROJECT NUMBER: 538-0193

FUNDING: \$5,000,000 LOP: 5 years

TYPE OF FUNDING: ARDN INITIAL OBLIGATION: FY 94

Project Description: TROPRO II will continue the activities initiated under the original project and undertake new initiatives to enhance the Eastern Caribbean capacity to competitively produce and export agricultural products to markets in Europe and the U.S and to inter-regional markets of the Caribbean.

Planned Implementation Arrangements: The project will be implemented by a consortium of private sector groups and a regional autonomous public sector entity.

Consistency with Mission Strategy: The goal of increased regional trade and private investment will be served by project activities to broaden and diversify trade and foreign exchange earnings in the agricultural sector.

Relationship to AID and Other Donor Activities: Diversification support provided by USAID, the ODA, World Bank, and IADB is being coordinated by the OECS's Agricultural Diversification Coordinating Unit to assure complementarity of effort. TROPRO II will also complement the Caribbean Policy Project to promote policy change to enhance the role of the private sector and to address transport and marketing constraints.

Relationship of Project to AID Policy Objectives: TROPRO II will support Bureau and Agency policies on trade and investment, concentrating on the development of the private sector while ensuring sound utilization of the natural resource base.

Sustainability of Proposed Activities: Sustainability will be achieved by ensuring that project activities will be privatized and conducted on the basis of commercial viability.

Mission Management Role: TROPRO II will be managed by existing staff of the Agriculture and Natural Resources Office. Use of the new collaborative contracting mode for design and implementation of the project will reduce demands on Mission management.

Potential Issues and/or Innovative Program Approaches: The development of vertically-integrated production/marketing systems using market-driven market ordering systems, market-directed research, and private sector-operated extension systems.

## NEW PROJECT DESCRIPTION

LAC BUREAU OBJECTIVE: The achievement of broadly-based, sustainable economic growth; accelerated opportunities for increased participation in the economy by the disadvantaged.

MISSION STRATEGIC OBJECTIVE: Broadened and Diversified Trade; Social Dislocations Mitigated.

PROJECT TITLE: Education for Employment

PROJECT NUMBER: 538-0194

FUNDING: \$5,000,000 LOP: 4 years

TYPE OF FUNDING: EHR, PSEE and ESF INITIAL OBLIGATION: FY 94

Project Description: The project will help restructure the region's educational systems to make them more responsive to the workforce needs of the region's economies. To further refine Mission thinking, an education sector assessment will be conducted in July/August 1992 to identify specific approaches for dealing with the education and employment aspects of economic reform.

Planned Implementation Arrangements: The project will be implemented by an appropriate regional institution to be identified following completion of the sector assessment.

Consistency with Mission Strategy: The project supports the Mission's Strategic Objective of mitigating social and economic dislocations, specifically unemployment resulting from economic reform. The project also will support the Mission's second Strategic Objective of broadened and diversified trade through the development of more competitive products and markets. An appropriately skilled workforce will be required for the region to reach this objective.

Relationship of Project to AID and other Donors: The pending education sector assessment will identify present and planned interventions of other donors and the complementary role the proposed AID activity will play in the sector.

Relationship to AID Policy Objectives: The project will support the LAC Strategic Objective of achieving broadly based, sustainable economic growth and the sub-objective of encouraging increased economic opportunities for the disadvantaged.

Sustainability: The issue of sustaining an improved educational system will be addressed by the sector assessment and during the project design process.

Mission Management Role: The project will be managed by existing RDO/C USDH and contract staff.

Potential Issues/Innovative Program Approaches: Identification of appropriate performance indicators; data collection to assess the effectiveness of project interventions.

## NEW ACTIVITY DESCRIPTION

LAC BUREAU OBJECTIVE/SUB-OBJECTIVE: Achievement of broadly based, economic growth/Adoption of and adherence to economic policies that promote investment, productive employment and diversification.

MISSION STRATEGIC OBJECTIVES: Broadened diversified trade and improved capability to ensure sound utilization of the natural resource base.

PROGRAM TITLE: Policy Reform Program Support

PROJECT NUMBER: 538-0196

FUNDING: NPA \$6,000,000 LOP: 5 years

TYPE OF FUNDING: ESF INITIAL OBLIGATION: FY 94

Program Description: The program will offer financial incentives to Eastern Caribbean governments to adopt and implement policies that will support private enterprise, expand trade and investment, and promote the efficient use of public sector resources. The program has been conceived as a companion activity which complements USAID's Caribbean Policy Project and the Private Sector Support Project.

Planned Implementation Arrangements: A Handbook 4 Program Assistance Agreement will be concluded with the Executive Secretariat of the Organization of Eastern Caribbean States. The program will be coordinated by the Economic Affairs Secretariat of the OECS.

Consistency with Mission Strategy: The program supports RDO/C's goal of increased trade and investment stimulated by appropriate policy reforms.

Relationship of Project to AID Policy Objectives: The program will support the LAC objectives of stimulating broad based sustainable economic growth and encouraging policies that promote investment, productive employment and export oriented diversification.

Relationship to AID and Other Donor Activities: The program complements several RDO/C projects that will promote policy reform and supports other donor (EEC, CDB, CIDA, IDB) efforts to encourage policy changes in the region.

Sustainability: Once incorporated into a country's law and administrative code, the policies supported by this activity will become self-sustaining.

Mission Management Role: The program will be managed by the Mission Private Sector Office.

Potential Issues and or Innovative Approaches: Identification, monitoring, and evaluation of policy reform; identification and budgeting of implementation costs of specific policies.

ANNEX I

CY92 - 93 POD/AP WORKPLAN

LAC OBJECTIVE: ACHIEVEMENT OF BROADLY-BASED, SUSTAINABLE ECONOMIC GROWTH

LAC SUB-OBJECTIVE: PRESERVATION AND SUSTAINABLE USE OF THE NATURAL RESOURCE BASE

MISSION STRATEGIC OBJECTIVE: IMPROVED CAPABILITY TO ENSURE THE SOUND UTILIZATION OF THE NATURAL RESOURCE BASE

Environmental and Coastal Management (538-0171)

- |   | <u>DATE</u>   |
|---|---------------|
| 1. Assist each OECS country in establishing an "Environmental Focal Point" to assist with coordination of country specific and regional environmental concerns.                 | June 1992     |
| 2. Identify a policy study on a regional environment concern for presentation to Heads of Government.   | June 1992     |
| 3. Finalize grant to WWF to provide implementation assistance to the NRMU/OECS for the ENCORE Project.  | June 1992     |
| 4. Hold meetings in Dominica and St. Lucia on developing a plan for monitoring the environment.   | August, 1992  |
| 5. Hold a seminar on Policy, Management and Monitoring responsibilities of national governments.  | August 1992   |
| 6. Contract for a consultant to assist the OECS in writing regulations for proposed environmental law in the region.  | November 1992 |
| 7. Regional meeting of monitoring agencies to discuss standardization of environmental monitoring systems and acceptable contamination levels of water, foods, pesticides, etc. | January 1993  |

8. GEF meeting to discuss ENCORE progress. March 1993
9. First three long-term (M.S) trainees depart region for study in USA. August 1993
10. Seven study grants awarded for research on regional environmental concerns. August 1993
11. Five grants to regional PVOs issued to improve their institutional ability to plan and manage community management projects in environmental improvement. September 1993
12. Evaluate project progress October 1993

TROPRO

1. Assist in developing environmentally sustainable agricultural systems to reduce erosion, inappropriate use of chemicals and to locate appropriate crops on appropriate soils.

Grenada Infrastructure Revitalization III (538-0138.02)

1. Review recommendations given in WASH Consultants report and begin to assist the National Water and Sewerage Authority (NAWASA) by mounting an effective public information campaign about the Grand Anse Sewer Project. June 1992
2. Assist NAWASA and the Government of Grenada to establish a coastal monitoring program in the Point Salines areas. June 1992
3. Sign FAR agreement with NAWASA for the hook up of customers to the sewerage system. July 1992
4. End of construction contract. November 1992
5. Complete the hook ups, wind down project. January 1993
6. Project Assistance terminates on February 28, 1993. February 1993

LAC OBJECTIVE: ACHIEVEMENT OF BROADLY-BASED, SUSTAINABLE ECONOMIC GROWTH

LAC SUB-OBJECTIVES: ADOPTION OF AND CONTINUED ADHERENCE TO ECONOMIC POLICIES/A VIGOROUS RESPONSE BY THE PRIVATE SECTOR TO A FAVORABLE POLICY ENVIRONMENT.

MISSION STRATEGIC OBJECTIVE: BROADENED, DIVERSIFIED TRADE

General:

- |   |               |
|---|---------------|
| A. In consultation with the regional and national public and private sector organizations, develop a consultative process to identify and address policy issues affecting a private sector led development strategy for the region. | Continuing    |
| B. Establish a schedule of periodic consultations with major donors to achieve optimum complementarity of policy conditionality and priorities.   | December 1992 |
| C. Support the Inter American Development Bank to implement the Enterprise for the Americas Initiative and to fund MIF diagnostics for OECS countries.  | Continuing    |

Dominica Agriculture Sector Support (538-0176)

- |  |             |
|--|-------------|
| 1. Cabinet of the Government of the Commonwealth of Dominica encouraged to approve an agricultural diversification strategy, which outlines: (a) the areas where specific diversification policy development is required; (b) steps to be taken to encourage an integrated market ordering system managed by the private sector; (c) an action plan for implementing the strategy; and (d) the activities to be supported by a U.S.\$500,000 supplemental budget for "Agricultural Diversification Support". | June 1992   |
| 2. The supplemental budget for "Agricultural Diversification Support" disbursed to the Ministry of Agriculture.  | June 1992   |
| 3. GOCD agrees to sponsor a quantitative appraisal of subsidies, incentives, and support mechanisms provided to producers of a range of traditional and non-traditional crops as a step toward identifying the shortcomings of public policy in promoting a diversified agricultural base.   | August 1992 |

4. The appraisal is presented to the GOCD cabinet and private sector organizations. March 1993

Caribbean Policy (538-0184)

1. Create a private-public sector policy analysis dynamic and mechanism at the national and regional levels which enables the OECS member states to adopt and implement an interrelated set of macro-economic and sectoral policies needed to support private sector led economic growth. Continuing
2. Provide long term, short term training and technical assistance to qualified public and private sector candidates that will strengthen their capability to identify key issues, understand their relevance and importance and impart additional state of the art skills and strategies for analysis and formulation of policy alternatives. Continuing
3. Trade sector assessments prepared for private and public sector audiences. October 1992
4. Define policy analysis and advocacy agendas for six private sector institutions. December 1992
5. Action plan for strengthening national accounting and sector statistics developed by Central Bank, OECS and national policy units December 1992
6. Action plans for strengthening trade statistics for each OECS country defined. January 1993
7. Regional trade liberalization analysis and policy options presented to OECS head of state meetings. February 1993
8. Private sector growth strategies/action plans, including policy development priorities developed by OECS national planning units. March 1993
9. Specialized assistance in customs assessment operations provided to four OECS countries. June 1993
10. Aggregate levels of support to traditional and non-traditional crop and industrial exports (resulting from policy measures) quantified for each OECS country. September 1993

11. Quarterly workshops on private sector policy environments in each OECS country held by joint public and private sector councils. December 1993
12. Support provided for trade data compilation in each OECS country. December 1993

Agriculture Venture Trust (538-0140)

1. Five new agricultural export enterprises, valued at \$3.0 million, financed. December 1992
2. AVT attracts \$2.0 million in donations (non- AID) for its venture capital fund and leverages an additional \$4.0 million in owner equity for investments in calendar year 1993. June 1993

Small Enterprise Assistance (538-0133)

1. Intensify the focus of implementing entities (NDFs, Chambers, NDIs, CAIC, OECS, Private Sector Development Council) towards the policy constraints affecting the development of small business sector in the region and heighten the awareness and response of the private and public sectors towards addressing those issues. Continuing
2. Implement the training and technical assistance component provided through the NDCs, drawing on and leveraging all other AID funded resources including ESC, CDM, RMT Non-Formal Skills Training. Continuing

West Indies Tropical Produce Support (538-0163)

1. Identify non-traditional crops which have good potential in extra-regional markets. March 1992
2. Six OECS participants trained in agricultural marketing in Jamaica and Miami. March 1992
3. Twelve OECS participants to attend workshop on agricultural marketing and investment opportunities in Trinidad. March 1992
4. Six OECS participants to attend fresh produce fair in Birmingham. March 1992
5. Purchase of irrigation equipment for agronomic trials and demonstration plots. April 1992

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6. Prepare an OECS air transport policy with respect to landing rights for air cargo services. April 1992
7. Regional seminar to identify the transportation problems of exporters. April 1992
8. Prepare quality standards for marketing of fifteen non-traditional crops. June 1992
9. Develop incentive scheme to encourage international air carriers and shipping links to commit dedicated cargo capacity for the international market. June 1992
10. Determine volume of produce, frequency of shipments, packaging and handling requirements for air and sea transport. June 1992
11. Establish a coordinated regime for competitive freight rate structure with the OECS. June 1992
12. Twenty-five OECS participants trained in packhouse operations in St. Lucia. June 1992
13. Establish market information database. July 1992
14. Regional workshop in irrigation and water management to be held in Antigua. August 1992
15. Twenty-five OECS participants trained in post-harvest handling of fruits in Dominica. August 1992
16. Multiplication of planting material of plantain in St. Lucia, Dominica and St. Vincent. September 1992
17. Multiplication of planting material of ginger in St. Lucia, St. Kitts and St. Vincent. September 1992
18. Fourteen production demonstration plots to be established in St. Lucia, St. Vincent, Dominica and Grenada. September 1992
19. Two hundred and fifteen farmers from the OECS trained in the production of selected crops. September 1992
20. Three "Tech Packs" for the production of selected crops prepared. September 1992
21. Establish OECS crop supply database. September 1992
22. Establish database on transportation availability in the OECS. September 1992

23. Establish technology database. September 1992
24. Three hundred and forty marketing trials to Europe and North America. September 1992
25. Select and have fully operational a dedicated air transportation cargo service. October 1992
26. Study of the implications of various international free trade agreements such as the North American Free Trade Agreement and their implications for marketing of OECS produce in international markets. December 1992
27. Analysis of the charge structure at air and sea ports in the OECS and the relationship to freight rates for agricultural produce. February 1993
28. Regional workshop in irrigation and water management to be held in St. Vincent. March 1993
29. Prepare illustrated field guides for the production of targeted crops. March 1993
30. Fourteen production demonstration plots to be established in St. Lucia, St. Vincent, Dominica and Grenada. September 1993
31. Two hundred and fifty farmers from the OECS trained in the production of selected crops. September 1993
32. Four "Tech Packs" for the production of selected crops prepared. September 1993
33. Two hundred and sixty marketing trials to Europe and North America. September 1993
34. Set up a cool storage facility in St. Lucia. October 1993
35. Final evaluation and follow-on project design. September 1993

Private Sector Support (538-0195)

1. Complete private sector strategy September 1992
2. Initiate project design process for PSS. December 1992
3. Approve design and authorize project. July 1993

Policy Reform Program Support (538-0196)

1. Initiate program design process. September 1993

Regional Management Training (538-0148)

1. Establish EMBA program and enroll thirty students at UWI, Cave Hill. January 1993
2. Six seminars for improving private sector management capacity held. June 1993
3. Upgrade UWI capacity for management training through improved facilities and faculty upgrading. March 1994

Agriculture Research and Extension (538-0164)

1. Development of commercial production system for ginger January 1992
2. Development of commercial production system for plantain May 1992
3. Development of improved papaya production package June 1992
4. Regional training workshop for extension officers June 1992
5. Development of passion fruit production package July 1992
6. Preparation of tech pack for ginger production August 1992
7. Preparation of tech pack for papaya production October 1992
8. Preparation of tech pack for plantain production October 1992
9. Training farmers in new techniques in ginger production October 1992
10. Training farmers in management of commercial production November 1992
11. Improvement of research and training facilities in St. Lucia. November 1992
12. Development of alternative banana based farm models in the Windward islands November 1992

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|--|--------------|
| 13. Development of improved hot pepper production system           | January 1993 |
| 14. Improvement of research and training facilities in Antigua     | January 1993 |
| 15. Improvement of research and training facilities in St. Vincent | June 1993    |
| 16. Regional training workshop for extension officers.             | June 1993    |

St. Vincent Infrastructure (538-0138.07)

- |  |             |
|--|-------------|
| 1. Approve cost estimates for the last three roads to be rehabilitated.  | June 1992   |
| 2. Extend PACD from 7/31/92 to 5/31/92 to enable completion of final phase of road rehabilitation.   | June 1992   |
| 3. Obtain from the Ministry of Works its prioritized equipment procurement requirements so that unexpended funds in this subproject can be fully utilized. | June 1992   |
| 4. Procure equipment.  | August 1992 |
| 5. Complete road rehabilitation program, wind down program.  | April 1993  |
| 6. Project Assistance terminates on May 31, 1993.  | May 1993    |

Regional Infrastructure Maintenance (538-0185)

- |  |                |
|--|----------------|
| 1. Complete design, authorize project and initiate implementation. | September 1993 |
|--|----------------|

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Regional Utilities Maintenance (538-0138.08)

1. Captive Insurance Feasibility Study. June 1992
2. Joint Services Coordinator hired to coordinate procurement of common services and goods for utilities requiring this service. July 1992
3. Amendment to Cooperative Agreement to reflect recommendations made in the evaluation and the strategic plan with respect to long-term sustainability of CARILEC, and extend project to Sept. 30, 1995. August 1992
4. Financial Audit of CARILEC. October 1992.
5. Annual General Meeting of CARILEC to review year's progress including strategic plan. November 1992
6. Board Meeting to study proposals of Captive Insurance Feasibility Study. November 1992
7. Training and Joint Services Program for 1993 published. January 1993
8. Annual General Meeting to review progress. November 1993

Caribbean Law Institute (538-0165)

1. Company Law Workshop (Antigua) October 1992
2. Arbitration Workshop (Trinidad) October 1992
3. Publication of second volume in Commercial Law Monograph Series on Environmental Law October 1992
4. Company Law Workshop (St. Lucia) November 1992
5. Publication of CLI Commercial Law Monograph Series on Environmental Law November 1992
6. Annual Commercial Law Reform Seminar (Miami) December 1992

7. Company Law Workshop (Dominica) December 1992
8. New CLI Trade, Commerce and Investment sub-projects initiated January 1993
9. Meeting of Fellows of CLI March 1993
10. Annual Commercial Law Reform Seminar (Miami) December 1993

Presidential Training Initiative for the Island Caribbean (538-0640)

1. Short-term program on Management for Sustainable Natural Resource Development and Environmental Protection June 1992
2. Short-term program on Development and Management of Small Agribusiness Enterprises June 1992
3. Regional supervisory tax officials participate in INTAX Seminar on Middle Management Development in Tax Administration October 1992
4. Short-term program on Entrepreneurship and Strategic Management of Enterprises December 1992
5. Short-term program on Women and Development Management February 1993

Caribbean Leadership and Development Training (538-0173)

1. Regional Education Officers participate in Harvard University's Education Planning and Policy Analysis Workshop June 1992
2. Short-term regional training program on Rehabilitation and Counselling June 1992
3. Senior family planning officials participate in regional Population and Development Symposium July 1992
4. Short-term regional training program on Food Processing Technology July 1992
5. Short-term regional program on materials development September 1992
6. Short-term program (U.S.) on Micro-computers for Demographic Analysis September 1992
7. Short-term regional development workers program November 1992
8. Short-term program (US) on Micro-computers for applications for statisticians November 1992

9. UWIDITE program on Education Management and Administration January 1993
10. UWIDITE program on Curriculum Theory, Planning and Practice April 1993
11. Short-term program (U.S.) on budgeting in the Public Sector. June 1993
12. Work with Grantee and regional advisory committees to plan other regional workshops. July 1993

Caribbean Justice Improvement Project (598-0645.17)

1. Increased Governmental contribution to functioning of Belize Legal Aid Clinic January 1992
2. Systematic training of Judges and Magistrates and Prosecutors to improve Court functions May 1992 - June 1993
3. Preparation of detailed proposals to streamline functioning of Court Registries in 7 Primary Beneficiary countries August 1992
4. Project evaluation/needs assessment conducted November 1992
5. Renovation of 23 Courthouses in 7 Primary Beneficiary countries completed June 1993
6. Printing of revised laws in 5 Primary Beneficiary Countries completed June 1993
7. Enactment of Law Library Acts in 5 Primary Beneficiary Countries June 1993
8. Establishment of Family Court in St. Vincent August 1993

**LAC OBJECTIVE: ACHIEVEMENT OF BROADLY-BASED, SUSTAINABLE ECONOMIC GROWTH**

**LAC SUB-OBJECTIVE: ENCOURAGE INCREASED ECONOMIC OPPORTUNITIES FOR THE DISADVANTAGED**

**MISSION STRATEGIC OBJECTIVE: SOCIAL DISLOCATIONS MITIGATED**

**Health Care Financing (538-0181)**

- |  |                |
|--|----------------|
| 1. Authorize health care financing project.  | July 1992      |
| 2. Complete health sector assessments in four countries.                               | September 1994 |
| 3. Training in financial analysis and hospital management completed in four countries. | September 1994 |
| 4. Health and hospital management information systems developed and tested.            | September 1994 |

**Education**

- |  |                |
|--|----------------|
| 1. Complete assessment of Education Sector.                        | March 1993     |
| 2. Formulate project concept for Education for Employment project. | August 1993    |
| 3. Initiate project design process for Education for Employment    | September 1993 |

**Basic Needs Trust Fund (538-0103)**

- |   |             |
|---|-------------|
| 1. Develop program of activities in coordination with CDB.      | May 1992    |
| 2. Prepare supplemental PP.                                     | June 1992   |
| 3. Amend Project Authorization with revised project data sheet. | June 1992   |
| 4. Amplified Project Description (Annex I).                     | August 1992 |
| 5. Amend Project Agreement.                                     | August 1992 |
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Non-formal Youth Skills Training (538-078)

1. Respond to requests from grantee governments for the use of unexpected grant funds. May 1992
2. Monitor the national evaluations commissioned by the OECS and the regional evaluation commissioned by USAID. June 1992
3. Final USAID-funded Regional Meeting of National Coordinators and Permanent Secretaries for the six participating countries. June 1992

Regional Non Formal Skills Training (538-0073)

1. Skills training program Directors trained and programs institutionalized in six countries. September 1993

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**PROGRAM OBJECTIVES DOCUMENT / ACTION**

**PD-ABE-107**

**PLAN, FY 93 - 94**

**1 OF 1 (24X)**

**OTHER WEST INDIES-EASTERN CARIBBEAN REG**

**1992**

**COUNTRY DEV. STRATEGY STATEMENT (CDSS)**