

United States Agency for International Development



Regional Office for the Caribbean

Eastern Caribbean Program

Action Plan

FY 1995-96

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BEST AVAILABLE

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**FY 1995-96 ACTION PLAN
REGIONAL DEVELOPMENT OFFICE FOR THE CARIBBEAN (RDO/C)
EASTERN CARIBBEAN PROGRAM**

I. OVERVIEW

This Action Plan covers RDO/C's Eastern Caribbean program. For the program in Guyana, also currently managed by RDO/C, a new Program Objectives Document (POD) and Action Plan will be submitted in May of this year.

RDO/C's Eastern Caribbean strategy, approved in September 1992, is focused on two Strategic Objectives (SOs):

- (1) increased and diversified trade, and**
- (2) improved natural resource management.**

A year later, in its FY 1994-95 Action Plan, the mission proposed to end its Eastern Caribbean program at the end of the 1992-97 strategy period. The phase-down process was already well underway by November 1993 when the Agency announced plans to close RDO/C in FY 1996. An important consideration in this process has been to protect the gains already made, maintain U.S. credibility in the region, and achieve as much as possible toward the strategic objectives.

All seven new project starts proposed in 1992 have been abandoned. While we are also stressing rigorous adherence to planned schedules for completion of ongoing activities, we have found some project extensions necessary to carry the activity to a stage of greater pay-off or sustainability. We have scaled back some recently initiated activities and modified others to be less management intensive, while seeking to avoid aborting projects already underway just to accelerate the phase-down. The result will be a dramatic drop in the number of active projects--from 20 at the end of FY 1992 to six by the end of FY 1995.

We have not abandoned our strategic objectives; both are fully consistent with Agency priorities and needs of the sub-region. However, with dramatically reduced resources and a shorter time horizon, we believe it appropriate to focus our performance management efforts at the Program Output (PO) level. Our SO teams have reviewed and refined the POs and their related indicators (Annex 1 discusses the revisions). The information we can report, for 1993, is only a little over a year into the strategic planning period, and some delays have been encountered. However, we are pleased to be able to show evidence of progress.

The strategy and performance indicators do not adequately reflect current Agency emphases on poverty reduction and participation. This does not mean that they are absent from our program. However, since the mission is closing, we are not able to add new indicators and data collection processes to address them. Instead, we will rely on narrative and anecdotal reporting.

The Action Plan format for reporting performance by strategic objective may lead us to overlook activities falling outside the mission's strategic focus. While the strategic objectives are covered more fully in section II, RDO/C has significant ongoing projects in the "other" category, especially relating to the Agency's priority area of population growth and health. For example, our Drug Abuse Prevention and Education pilot project supports NGO efforts to focus greater public attention on drug and alcohol abuse through community-based public education campaigns and small grants to local partnerships. The Population and Development project has strengthened the Caribbean Family Planning Affiliation and contributed to an increase in contraceptive prevalence in the region from just over 30% to nearly 55% over the last ten years. The Basic Needs Trust Fund, implemented through the Caribbean Development Bank, has funded some 250 local projects in such areas as education, health, water supply, roads and day care centers in 11 small countries of the Caribbean. In addition to their continuing benefits to the communities, these projects have generated an estimated 110,000 person-weeks of employment.

RDO/C's Eastern Caribbean program is closely coordinated with other agencies and donors. In the trade area, all significant donors in the Eastern Caribbean are stressing market-oriented economic policy reforms. UNDP has been active in getting donors together, often two-three times per quarter, for general coordination and on specific issues. One recent example was a meeting requested by USAID which led to a joint donor effort to encourage the countries to pursue a macro-economic framework developed by the Eastern Caribbean Central Bank.

Other coordination groups are also active. A special donor group on crop diversification formed in 1993 will hold its third meeting in March 1994. RDO/C is a lead player because of our West Indies Tropical Produce project (TROPRO). For natural resource management, the Environmental Inter-Agency Coordinating Committee meets two-three times a year. This group includes about a dozen donors and an equal number of regional institutions and NGOs. A smaller sub-committee meets as required to exchange information and coordinate activities, especially those related to the Global Environmental Facility (GEF) projects, including our Environment and Coastal Resources (ENCORE) project. A third group worth noting is the Eastern Caribbean Donor Group for Disaster Management, which coordinates disaster preparedness and response activities. One of the most important and effective donor groups in the region, it includes UNDP (as chair), the UK, Canada, European Union, RDO/C, PAHO, the OAS, the Caribbean Disaster Emergency Relief Agency and the Regional Security System.

The drastic reductions in our FY 1994 budget have meant we are unable to buy down the Eastern Caribbean mortgages as proposed in our last Action Plan. Compared with obligations of over \$11 million in FY 1993 and \$8 million requested for FY 1994 in last year's Action Plan, we now expect just \$3.75 million for the Eastern Caribbean program this year. While pipelines in a few key projects are enough to sustain them through this year, we will need at least \$4.5 million in FY 1995 or our mortgage situation will become untenable. Ideally, we would like to pay off all mortgages as soon as possible so that we can concentrate our dwindling staff resources on implementation and close-out actions.

II. PROGRAM PERFORMANCE

A. SO-1, Increased and Diversified Trade

RDO/C's first SO fits directly within the first of USAID's four development goals, **achieving broad-based economic growth**. The SO addresses the region's reliance on highly protected single crop agriculture and tourism as primary foreign exchange earners. Recent developments with regard to the islands' market for bananas, passage of NAFTA, and successful conclusion of the Uruguay round of GATT make the objective even more timely.

It has only been 18 months since the strategy was approved and the only available data is for the first full year of activity since the baseline. While there have been significant delays in key activities, the data generally indicate progress consistent with the targets set.

We have reviewed the planned Program Outputs and refined the indicators, as explained in Annex 1. A weakness we could not address is the lack of explicit attention to the impact on the poor. As a close-out mission, we cannot develop additional data collection processes to remedy this. We should also note that, besides the gap in performance indicators, there is a real gap in substance. Again, as a close-out mission, we cannot propose new projects that might directly address impact of policy changes on the poor or expand the participatory process. Indeed, one of the new starts planned for FY 1993 but dropped due to program contraction was geared to do so.

This is not to say that our activities in support of the SO ignore poverty and participation. The Caribbean Policy Project, our main instrument for achieving this SO, will include attention to impact on the poor in all policy analyses undertaken. Furthermore, the project will be able to fund activities to mitigate the poverty impacts of policy and structural changes.

The West Indies Tropical Produce (TROPRO) project, focused on crop diversification, is helping alleviate some of the displacement in small farm agriculture as the banana industry undergoes major contraction/reorganization due to changes in the European banana regime, increased competition from "dollar" bananas and currency fluctuations in the United Kingdom. Small farms provide the vast majority of banana exports from all four main producers in the OECS (St. Lucia, St. Vincent, Grenada and Dominica). TROPRO is reducing their dependence on banana monoculture through crop diversification, quality control and penetration of new regional and extra-regional markets.

The Small Enterprise Assistance Project (SEAP) is helping small and micro-enterprises in the region to respond to opportunities for growth. Through National Development Foundations in each country, the project has provided resources for the start-up or expansion of over 4,700 micro and small businesses, which created or sustained some 12,000 jobs, 37% of which were for women.

Activities in support of the strategic objective are closely coordinated with other donors. As noted in section I, all significant donors in the Eastern Caribbean are stressing market-oriented economic policy reforms. Our Caribbean Policy Project was developed in consultation with other key donors and meshes with their efforts. For example, it will support implementation of reforms coming out of the diagnostics now being completed by the Caribbean Development Bank with partial funding from the InterAmerican Development Bank and USAID. Implementation of the Automated System for Customs Data and Management (ASYCUDA) is another example of expected CPP support of activity involving other donors.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| Caribbean Regional | | | | | | |
|--|--|----------|------|-----------|--------------|-------|
| STRATEGIC OBJECTIVE NO. 1 Increased and diversified trade | | | | | | |
| Indicator 1 : (A) Increased value of non-traditional exports (including tourism); (B) Annual rate of change of non-traditional exports (including tourism) | | | | | | |
| Unit: (A) US\$ Million; (B) Annual Percentage | | | Year | Planned | Actual | |
| Sources: World Bank Reports and Eastern Caribbean Central Bank Statistical Office | | Baseline | 1992 | (A) (B) | (A) (B) | 1,171 |
| Comments: The annual rate of change in non-traditional exports is projected to be positive through 1997, with an annual average growth rate of 7.4%. | | | 1993 | 1,252 7.0 | (not avail.) | |
| | | | 1994 | 1,352 8.0 | | |
| | | | 1995 | 1,460 8.0 | | |
| | | | 1996 | 1,562 7.0 | | |
| | | Target | 1997 | 1,670 7.0 | | |
| | | | | | | |
| Indicator 2: (A) Increased value of non-traditional exports (excluding tourism); (B) As percentage of the value of total exports | | | | | | |
| Unit: (A) US\$ Million; (B) Annual Percentage Change | | | Year | Planned | Actual | |
| Sources: Same as above | | Baseline | 1992 | (A) (B) | (A) (B) | 574 |
| Comments: The value of non-traditional exports excluding tourism is projected to increase through 1997 using a conservative average annual growth estimate of 13%. The percentage increase through 1997 is projected to be greater when tourism is excluded from non-traditionals, reflecting the large share of non-traditional export receipts which tourism already claims in the region, and the relative potential for other sectors to expand. | | | 1993 | 649 14% | (not avail.) | |
| | | | 1994 | 733 14% | | |
| | | | 1995 | 829 13% | | |
| | | | 1996 | 936 12% | | |
| | | Target | 1997 | 1,058 11% | | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| Indicator 3: (A) Improved trade balance; (B) Annual rate of change in trade balance | | Year | Planned | | Actual | |
|---|--|----------|---------|-------|--------|-----|
| Unit: (A) US\$ Million; (B) Annual percentage change | | | (A) | (B) | (A) | (B) |
| Sources: Same as above | | 1992 | | | -690 | |
| <p>Comments: Though continued trade deficits are expected through 1997, they are projected to decline each year.</p> <p>A positive rate of change is projected in the trade balance, between 12% and 18% each year through 1997. The average annual positive rate of change projected through 1997 is 14.7%</p> | | Baseline | | | | |
| | | 1993 | -589 | 14.7% | | |
| | | 1994 | -502 | 14.7% | | |
| | | 1995 | -426 | 14.7% | | |
| | | 1996 | -362 | 14.7% | | |
| Target | | 1997 | -307 | 14.7% | | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| STRATEGIC OBJECTIVE NO. 1: Increased and diversified trade | | | | | | |
|---|----------|------|---------------|--------|--|--|
| PROGRAM OUTPUT NO. 1.1: Improved policy framework implemented | | | | | | |
| Indicator 1: EAI diagnostic recommendations implemented | | | | | | |
| Unit: Cumulative percent of indicators implemented | Baseline | Year | Planned | Actual | | |
| Source: AID, CDB, IADB files | | 1992 | | 0 | | |
| Comments: Diagnostics now underway will provide the OECS countries with a set of recommendations dealing with investment sector constraints, including, e.g., rationalization of tariffs, harmonization of regional trade policies, stabilization of revenues and expenditures in light of tariff modifications. *Completion of diagnostics delayed to March 1994. Interim Benchmarks: BM1: Diagnostics completed (3/94) BM2: Related proposals funded under CPP (9/94) | | 1993 | 0 | 0* | | |
| | | 1994 | BM1, BM2, 10% | | | |
| | | 1995 | 30% | | | |
| | | 1996 | 50% | | | |
| | Target | 1997 | 75% | | | |
| Indicator 2: Implemented reductions in level of Common External Tariff | | | | | | |
| Unit: Average ceiling rate (%) for OECS countries | Baseline | Year | Planned | Actual | | |
| Source: CARICOM Secretariat | | 1992 | | 45% | | |
| Comments: The countries of CARICOM have agreed to implement a phased reduction of the CET, which would reduce the top rate from 45% to 20% by the end of 1997. | | 1993 | 40% | 40% | | |
| | | 1994 | 35% | | | |
| | | 1995 | 30% | | | |
| | | 1996 | 25% | | | |
| | Target | 1997 | 20% | | | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| STRATEGIC OBJECTIVE NO. 1 Increased and diversified trade | | | | | | |
|--|----------|-------------|-------------|------------|------------|--|
| PROGRAM OUTPUT NO. 1.2 Improved regulatory framework developed and enacted | | | | | | |
| Indicator 1: Enabling business legislation (A) developed and (B) enacted | | | | | | |
| Unit: Cumulative no. of developments/enactments | Year | Planned (A) | Planned (B) | Actual (A) | Actual (B) | |
| Source: Official public documents, e.g., Gazette; Caribbean Law Institute Project files | Baseline | | | 1 | 0 | |
| Comments: Six model acts have been developed or are in process. The need for a separate model small business act will be determined through a series of national workshops. Legislation is considered "developed" when a model act is available to the Attorney General Offices; it is considered "enacted" when passed into law by a country's Parliament (potentially 36 enactments; 6 acts x 6 countries). * Three Parliaments were considering enactments based on models at the end of 1993; one was passed in early 1994. | 1992 | 4 | 2 | 5 | 0* | |
| | 1993 | 6 | 4 | | | |
| | 1994 | 6 | 6 | | | |
| | 1995 | 6 | 6 | | | |
| | 1996 | 6 | 6 | | | |
| Target | 1997 | 6 | 9 | | | |
| Indicator 2: Court registries operations streamlined and modernized | | | | | | |
| Unit: Cumulative no. of countries | Year | Planned | Actual | | | |
| Source: Official court registry docs and consultants reports; CJIP | Baseline | | | | 0 | |
| Comments: * Registry improvements were underway in 3 countries by the end of 1993. | 1993 | | 2 | | 0* | |
| | 1994 | | 6 | | | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| Indicator 3: Customs regime streamlined and modernized | | | | |
|---|--------|----------|--------|--|
| Unit: Cumulative no. of countries operating an ASYCUDA system | Year | Planned | Actual | |
| Source: Caribbean Policy project | 1992 | | 0 | |
| Comments: All OECS members have endorsed an automated system for customs data and management (ASYCUDA), which will facilitate import and export transactions, improve trade information for policy development and enhance revenue collection. Interim Benchmarks: BM1: Proposal for A.I.D. support submitted to CPP ('93) BM2: Six country work plans developed ('94) BM3: Six countries adopt single customs document ('94) | 1993 | BM1 | BM1 | |
| | 1994 | BM2, BM3 | | |
| | 1995 | 2 | | |
| | 1996 | 4 | | |
| | 1997 | 6 | | |
| | Target | | | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| STRATEGIC OBJECTIVE NO. 1 Increased and diversified trade | | | | | |
|---|----------|--------|---------|--------|----------|
| PROGRAM OUTPUT NO. 1.3 Competitive products and markets developed | | | | | |
| Indicator 1: Increased dollar value of AID-assisted non-traditional agricultural exports | | | | | |
| Unit: US dollar per annum (millions) | | Year | Planned | Actual | |
| Source: TROPRO: OECS Secretariat & Governments | Baseline | 1991 | | | 5 |
| Comments: Includes extra and intra-regional agricultural trade. | | 1992 | 6 | | 8 |
| | | 1993 | 7 | | (Est.) 7 |
| | | 1994 | 8 | | |
| | | 1995 | 9 | | |
| | | 1996 | 10 | | |
| | Target | 1997 | 11 | | |
| Indicator 2: Increased number of products and services penetrating markets | | | | | |
| Unit: Cumulative number of products and services | | Year | Planned | Actual | |
| Source: TROPRO & AREP: OECS Secretariat/CARDI | Baseline | 1992 | | | 2 |
| Comments: For products and services, current figures reflect development of at least eighteen sustainable agricultural marketing systems (defined as a single crop successfully exported to a single market). | | 1993 | 5 | | 7 |
| | | 1994 | 8 | | |
| | | 1995 | 12 | | |
| | | 1996 | 15 | | |
| | | Target | 1997 | 18 | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| STRATEGIC OBJECTIVE NO. 1 Increased and diversified trade | | | | | | | | | |
|---|----------|------|----------|-----------|-----------|-----------|--|--|--|
| PROGRAM OUTPUT NO. 1.4 Improved public and private sector managerial and technical base | | | | | | | | | |
| Indicator 1: Number of trade-related private sector personnel trained in management and technical areas | | | | | | | | | |
| Unit: Persons trained per year | | Year | Planned | | Actual | | | | |
| Source: Policy, RMT, SEAP, CLDT | | | Males | Females | Males | Females | | | |
| <p>Comments: The precipitous drop in short term training after 1994 is explained by the termination of the Small Enterprise Assistance Project which will end in that year.</p> <p>Training programs supporting this strategic objective were postponed when all advances to the Grantee were withheld for several months due to problems being experienced with a planned audit. These activities have all been rescheduled for FY 94.</p> | Baseline | 1992 | ST LT | | 479 12 | 574 2 | | | |
| | | 1993 | ST LT | 372 21 | 515 14 | 372 21 | | | |
| | | 1994 | ST LT | 300 36 | 401 24 | | | | |
| | | 1995 | ST LT | 71 36 | 48 24 | | | | |
| | | 1996 | ST LT | 30 8 | 30 6 | | | | |
| | | | | | | | | | |
| Indicator 2: Number of key personnel in targeted public sector institutions trained | | | | | | | | | |
| Unit: Persons trained per year | | Year | Planned | | Actual | | | | |
| Source: Regional Management Training, Caribbean Policy, Caribbean Leadership Development Training | | | Males | Females | Males | Females | | | |
| <p>Comments: Training programs supporting this SO were postponed when all advances to the Grantee were withheld for several months due to problems being experienced with a planned audit. These activities have all been rescheduled for FY 94.</p> | Baseline | 1992 | ST LT | | 18 15 | 6 29 | | | |
| | | 1993 | ST LT | 44 13 | 28 7 | 17 22 | | | |
| | | 1994 | ST LT | 35 23 | 23 12 | | | | |
| | | 1995 | ST LT | 30 23 | 35 12 | | | | |
| | | 1996 | ST LT | 20 12 | 10 8 | | | | |
| | | | | | | | | | |

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

| RDO/C Eastern Caribbean | | | |
|---|---|--|--|
| Agency Goal: Broad-based economic growth with equity | | | |
| STRATEGIC OBJECTIVE NO. 1: Increased and diversified trade | | | |
| PROGRAM OUTCOME NO. 1.1: Improved policy framework implemented | PROGRAM OUTCOME NO. 1.2: Improved regulatory framework developed and implemented | PROGRAM OUTCOME NO. 1.3: Competitive products and markets developed | PROGRAM OUTCOME NO. 1.4: Improved public and private sector managerial and technical base |
| Projects (Number/Title) | Projects (Number/Title) | Projects (Number/Title) | Projects (Number/Title) |
| (538-0184) Caribbean Policy Project | (538-0184) Caribbean Policy Project | (538-0184) Caribbean Policy Project | (538-0184) Caribbean Policy Project |
| (538-0163) West Indies Tropical Produce | (538-0645) Caribbean Justice Improvement Project | (538-0163) West Indies Tropical Produce | (538-0148) Regional Management Training |
| | (538-0165) Caribbean Law Institute | (538-0164) Agricultural Research & Extension | (538-0165) Caribbean Law Institute |
| | | | (538-0173) Caribbean Leadership Development Training |

B. SO-2, Improved Natural Resource Management

RDO/C's second SO also fits closely with the Agency's second development goal--**protecting the environment**--and addresses a critical concern in the subregion. These small island states depend on agriculture and tourism, which, in turn, rely on the health of very vulnerable physical environments. As in the case of SO-1, we have reviewed the POs and the SO & PO level indicators and made some refinements, described in Annex 1.

RDO/C had almost no environment and natural resources (ENR) activity in its program until the ENCORE project was initiated at the end of FY 1991. While it is still early to expect measurable results, positive progress can be reported for several program output level indicators. In particular, we would point to the indicators reflecting community and NGO involvement in ENR activities. We are also pleased to have some "success stories" already:

- o A training course on Environmental Impact Assessments (EIA) for Agricultural Development Projects held in Grenada used a local banana development project as a case study. The participants found several major problems that could have been mitigated by use of EIA in the project design and submitted a report to the Government of Grenada (GOG). The GOG was impressed and has requested further assistance for a full-scale EIA of the project and has nominated the project manager and several farmers for training in safe-use and handling of pesticides.
- o In Dominica, the "Jetty Boys" used to be notorious, unemployed young men harassing tourists. Now they have gone respectable as the Indian River Tour Guides Association (IRTGA), a legally established association with contracts with major tour and cruise ship operators. On one day in December they took 350 tourists up the Indian River, at US\$8.00 each. IRTGA is now working to have the Indian River declared a legally protected area, pushing for a multiple-use management plan for the area, and wants to ban use of outboard motors because of damage to the fragile mangroves that line the river. Their success is a model for a group of laborers constructing a nature trail system at the sulphur springs, who want to form an association to maintain the trail and serve as guides for tourists who will use the system.

Donor coordination for ENR activities in the region is extensive, as described in section I. We expect this to continue with an increasingly active role for international and emerging local environmental NGOs.

Tropical Forests and Biodiversity

The past year has seen both progress and setbacks in conservation of tropical forests and biological diversity. The Eastern Caribbean region, like much of the developing world, continues to face increasing pressure on its limited natural resource base. With ever increasing frequency, the demand for economic development comes into conflict with the rational use of natural resources, as do the twin trends of population growth and urbanization. Deforestation

and loss of tropical forests is not the major environmental concern that it is elsewhere, but remains a localized concern, especially in the Windward Islands, due to pressures from agriculture, increased tourism development and population growth. Biodiversity is threatened in both the terrestrial and marine ecosystems due to development and population pressures leading to loss or degradation of critical habitat. Finally, it is becoming increasingly difficult in the small island ecosystems of the region to distinguish between purely "green" and "brown" environmental problems.

Progress is being made. Regional institutions such as the OECS and member states have made a good start towards preparing and enacting new legislation and regulations for the rational use and conservation of tropical forests and biological diversity. Likewise, they have begun to give greater attention to the problems confronting the natural resource base, and in many cases are forging partnerships with NGOs and local community interests, thus fostering a greater emphasis on community participation in decisions regarding use and management of natural resources. This has gone forward hand-in-hand with expanded support from the international donor community, which, by a dedicated effort at coordination both with the regional governments and institutions and among the donors themselves, has been able (for the most part) to speak and act as a united front while avoiding duplication or dilution of efforts in the region.

RDO/C has expanded its efforts in support of the conservation of tropical forests and biological diversity through the ENCORE project. In collaboration with the Natural Resources Management Unit of the OECS and other donors, we are supporting the Tropical Forestry Action Plan and National Environmental Action Plan processes currently underway in the region. The ENCORE project is also supporting an ongoing process of review related to the legislative framework in the region, and has increased project activities in training and environmental awareness, with a special focus on training in the use of the environmental assessment as a management tool. Finally, within the ENCORE Project Local Sites, we are attempting to draw together and address the interconnected concerns of traditional "green" issues such as deforestation and habitat loss and more "brown" issues such as solid and liquid waste management. This new initiative has come about both by necessity and as a result of increased donor coordination between the two Global Environmental Facility (GEF) projects active in the region--the USAID/OECS ENCORE project and the World Bank/OECS Solid Waste Management project.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| Caribbean Regional | | | | | |
|---|---|----------|---------|--------|--|
| STRATEGIC OBJECTIVE NO. 2: Improved natural resource management | | | | | |
| Indicator 1: Public and private organizations using environmental analysis and data in decision-making | | | | | |
| Unit: | Cumulative number of organizations | Year | Planned | Actual | |
| Source: | ENCORE: OECS Secretariat | Baseline | | 0 | |
| Comments: | Some of the organizations expected to begin incorporating environmental analysis in their development planning process include the six OECS countries (Ministries of Works, Agriculture, and Planning), banana corporations, major hotels, principal manufacturing companies and regional organizations such as the Caribbean Agricultural Research and Development Institute. | 1992 | | 2 | |
| | | 1993 | | 7 | |
| | | 1994 | | 16 | |
| | | 1995 | | 21 | |
| | | Target | | | |
| Indicator 2: Monitoring system for natural resource quality (e.g., water, forest, beaches, reefs, soils) being done at regional and national levels throughout the region | | | | | |
| Unit: | Number of systems | Year | Planned | Actual | |
| Source: | ENCORE: CEHI | Baseline | | 0 | |
| Comments: | RDO/C will assist the Caribbean Environmental Health Institute (CEHI), an agency of CARICOM, to develop a regional environmental reporting system, upgrade national environmental analysis capability, and monitor the specific local sites designated under the ENCORE project to demonstrate how local monitoring can be undertaken. Baseline and target data requirements will be established and data collection implemented by CEHI by early 1994. | 1990/91 | | 0 | |
| | | 1992 | | 0 | |
| | | 1993 | | 0 | |
| | | 1994 | | 2 | |
| | | 1995 | | 4 | |
| | 1996 | | 7 | | |
| | Target | | | 8 | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| Indicator 3: Number of national environmental coordinating committees with public and private sector representatives operating in OECS countries | | | | | |
|---|--|----------|------|---|---|
| Unit: Cumulative number of committees | | | | | |
| Source: ENCORE: OECS Secretariat | | Baseline | 1992 | | 2 |
| <p>Comments: The objectives of the national environmental coordinating committees are to advise the national government on environmental concerns and act as coordinating bodies for environmental activities. One committee each has already been established in Dominica and St. Lucia. The incentives and priorities to establish similar committees in the remaining four OECS countries are low, therefore it is expected that several years of training, workshops and demonstration efforts will be required in order to document progress in other countries.</p> | | | 1993 | 2 | 2 |
| | | | 1994 | 4 | |
| | | | 1995 | 4 | |
| | | | 1996 | 4 | |
| | | Target | 1997 | 6 | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| Caribbean Regional | | | | | |
|--|----------|---------|--------|--|--|
| STRATEGIC OBJECTIVE NO. 2: Improved natural resource management | | | | | |
| PROGRAM OUTPUT NO. 2.1: Natural resource policies and regulations developed and accepted | | | | | |
| Indicator 1: Cumulative number of OECS countries with existing environmental laws translated into regulations | | | | | |
| Unit: Cumulative number of countries | Year | Planned | Actual | | |
| Source: ENCORE/CLI/CPP: OECS Secretariat | Baseline | | 0 | | |
| Comments: The drafting of environmental regulations can take up to three years, therefore documentable progress is not expected for several years. However, we would note that a model environmental law for Barbados has been drafted for review and approval by Parliament. | 1992 | | 0 | | |
| | 1993 | | 0 | | |
| | 1994 | | 2 | | |
| | 1995 | | 2 | | |
| | 1996 | | 6 | | |
| Target | 1997 | | 6 | | |
| Indicator 2: Cumulative number of OECS countries with environmental plans | | | | | |
| Unit: Cumulative number of countries | Year | Planned | Actual | | |
| Source: ENCORE: OECS Secretariat | Baseline | | 0 | | |
| Comments: An environmental plan is a comprehensive statement that a country will follow in evaluating environmental concerns and impacts. A plan will include major environmental problems, mitigating actions required, list of environmentally-related laws, description of responsibilities (public and private), among other things. The development of the plan is an interactive process and can take up to two years. | 1992 | | 0 | | |
| | 1993 | | 0 | | |
| | 1994 | | 2 | | |
| | 1995 | | 4 | | |
| | 1996 | | 6 | | |
| Target | 1997 | | 6 | | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| STRATEGIC OBJECTIVE NO. 2: Improved natural resource management | | | |
|--|----------|---------|--------|
| PROGRAM OUTPUT NO. 2.2: Environmentally sound agricultural products and practices developed | | | |
| Indicator 1: Cumulative number of environmentally sound agricultural systems/practices developed and disseminated | | | |
| Unit: Number of systems/practices | Year | Planned | Actual |
| Source: TROPRO/AREP: OECS/ADCU, CARDI | Baseline | | 0 |
| Comments: Development of environmentally sound practices includes ensuring sustainable production without damage to the resource base. | 1993 | 5 | 4 |
| | 1994 | 10 | |
| | 1995 | 15 | |
| | Target | 20 | |
| Indicator 2: Percentage of farmers in selected areas who are using agricultural practices or adopting new crops with continued positive economic returns | | | |
| Unit: Percentage of farmers adapting | Year | Planned | Actual |
| Source: TROPRO/AREP: OECS/ADCU, CARDI | Baseline | | 0 |
| Comments: | 1993 | 10 | 10 |
| | 1994 | 20 | |
| | 1995 | 35 | |
| | 1996 | 50 | |
| | Target | 70 | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| Indicator 3: Monitoring system developed to ensure environmental quality is not degraded (i.e., water quality and biodiversity are maintained and soil erosion is contained at ENCORE sites) | | | | |
|--|----------|---------|--------|--|
| Unit: Cumulative number of systems | Year | Planned | Actual | |
| Source: ENCORE: CEHI | Baseline | | 0 | |
| Comments: Data to be gathered by an ENCORE project sub-grant to the Caribbean Environmental Health Institute (CEHI) which has not yet been signed. Actual development of baseline and target data may take up to one year. A minimum of 3 years' data will be required to begin to identify trends and draw conclusions. | 1992 | | 0 | |
| | 1993 | | 0 | |
| | 1994 | | 2 | |
| | 1995 | | 3 | |
| | 1996 | | 3 | |
| | Target | | 3 | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| STRATEGIC OBJECTIVE NO. 2 Improved natural resource management | | | |
|--|----------|---------|--------|
| PROGRAM OUTPUT NO. 2.3 Increased local participation in the management and use of natural resources | | | |
| Indicator 1: Cumulative number of environmentally sound activities developed and implemented through community management | | | |
| Unit: Cumulative number of Activities | Year | Planned | Actual |
| Source: ENCORE: OECS Secretariat; World Wildlife Fund | Baseline | | 7 |
| Comments: "Environmentally sound activities" as defined by ENCORE project parameters although at least half of the projects in the projected benchmark figures are expected to be supported by non-ENCORE means. | 1992 | | |
| | 1993 | 20 | 10 |
| | 1994 | 40 | |
| | 1995 | 70 | |
| | 1996 | 100 | |
| Target | 1997 | 130 | |
| Indicator 2: Cumulative number of environmental advisory committees operating at local levels | | | |
| Unit: Cumulative number of committees | Year | Planned | Actual |
| Source: ENCORE: OECS Secretariat | Baseline | | 0 |
| Comments: Local environmental advisory committees will be composed of representatives from local government and local community as well as others of local influence and trust. Committees will serve as sounding board for proposed development projects, act as first-line approval bodies, and resolve local conflicts regarding use of scarce natural resources. | 1992 | 4 | 5 |
| | 1993 | 4 | 6 |
| | 1994 | 9 | |
| | 1995 | 11 | |
| Target | | | |

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

| STRATEGIC OBJECTIVE NO.2 Improved natural resource management | | | | | | | |
|--|--|----------|---------------|-----------------|--------------|----------------|-----|
| PROGRAM OUTPUT NO. 2.4 Improved public and private sector capacity to manage natural resources | | | | | | | |
| Indicator 1: Cumulative number of NGOs/PVOs and quasi-private organizations actively involved in environmental activities | | | | | | | |
| Unit: | Cumulative number of NGOs/PVOs | Year | Planned | Actual | | | |
| Source: | ENCORE: OECS Secretariat | 1992 | | 0 | | | |
| Comments: This indicator is intended to measure <u>management capacity</u> by measuring the total number of NGOs/PVOs and quasi-private organizations with the ability and interest to work on environmental activities. It does <u>not</u> document the origin of the NGOs/PVOs (Eastern Caribbean or international) and other organizations nor does it document the source of funding for the activity. | | 1993 | 2 | 2 | | | |
| | | 1994 | 4 | | | | |
| | | 1995 | 6 | | | | |
| | | 1996 | 8 | | | | |
| | Target | 1997 | 12 | | | | |
| Indicator 2: Number of people in public and private formal training and workshops to increase environmental understanding and related implementation capability | | | | | | | |
| Unit: | Persons trained | Year | Planned Males | Planned Females | Actual Males | Actual Females | |
| Source: CLDT/ENCORE/TROPRO | Comments: Includes short-term and long term training | Baseline | ST | | | 150 | 50 |
| | | | LT | | | | |
| | | | ST | 223 | 130 | 250 | 140 |
| | | | LT | 9 | 6 | 11 | 4 |
| | | | ST | 343 | 140 | | |
| | | | LT | 2 | 2 | | |
| | | | ST | 323 | 150 | | |
| | | | LT | 0 | 0 | | |
| | | Target | ST | 300 | 150 | 150 | 0 |
| | | | LT | 0 | 0 | 0 | 0 |

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

| RDO/C | |
|--|--|
| Agency Goal: Protecting the environment | |
| STRATEGIC OBJECTIVE NO. 1: Improved natural resource management | |
| PROGRAM OUTCOME NO. 1.1: Natural resource policies and regulations developed and accepted | PROGRAM OUTCOME NO. 1.2: Environmentally sound agricultural products and practices developed |
| PROGRAM OUTCOME NO. 1.3: Increased local participation in the management and use of natural resources | PROGRAM OUTCOME NO. 1.4: Improved public and private sector capacity to manage natural resources |
| Projects (Number/Title) (538-0171) Environment and Coastal Resources (538-0163) West Indies Tropical Produce (538-0184) Caribbean Policy Project (538-0165) Caribbean Law Institute | Projects (Number/Title) (538-0163) West Indies Tropical Produce (538-0171) Environment and Coastal Resources (538-0164) Agricultural Research & Extension |
| Projects (Number/Title) (538-0171) Environment and Coastal Resources (538-0163) West Indies Tropical Produce (538-0184) Caribbean Policy Project (538-0163) West Indies Tropical Produce | Projects (Number/Title) (538-0171) Environment and Coastal Resources (538-0184) Caribbean Policy Project (538-0163) West Indies Tropical Produce |

III. CLOSE-OUT PLANS

Although the official decision to close the mission was only made in November 1993, RDO/C had begun a process of rapid phase-down by the end of FY 1992. This process has been guided by three basic concerns:

- o that the close-out be managed in a way that protects the investments and gains already made and maintains U.S. credibility in the region;
- o that staff reductions be coordinated with the phase-out of program activities; and
- o that phase-out planning and staff reductions be done in a proactive, consultative and caring manner.

A. Status of Portfolio

The first step in the phase-down process was to adjust program planning. Ultimately, all seven new starts proposed in the FY 1993-94 Action Plan were abandoned. In addition, RDO/C stressed rigorous adherence to planned schedules for completion of ongoing activities, permitting only those extensions that do not substantially delay the phase-out process and are essential to complete "useful units," achieve sustainability, or perform mandated functions (e.g., final audits). The mission has scaled back some activities and modified others to be less management intensive, but has made every effort to avoid aborting projects that are already underway and have significant impact potential just to accelerate the close-out.

We are planning to significantly shorten the completion dates for two projects:

- o The Regional Utilities Maintenance component of the Infrastructure Expansion and Maintenance project now has a PACD of September 30, 1995. Although needing further analysis, we believe the activity can be successfully completed by December 31, 1994.
- o The Caribbean Leadership Development Project, like the regional CLASP II project to which it is linked, has a PACD of September 30, 1998. We do not plan any further CLASP training and all Eastern Caribbean activity can be completed by the end of 1995. RDO/C recently amended this project to include Guyana-specific training as part of the program build-up there. Assuming an alternative Guyana training activity can be developed in the interim, we propose to shorten the project to December 31, 1995.

Table 3 (Project Timeline) shows the rapid reduction in the mission's portfolio. We expect to complete 9 of our 19 projects in FY 1994, four more in FY 1995, and another three in the first half of FY 1996. We believe the remaining three projects should continue to their current planned completion dates beyond the closure of RDO/C and would transfer residual responsibilities, as proposed below, so that the Mission can close in June 1996.

Table 3: RDO/C EASTERN CARIBBEAN PORTFOLIO -- PROJECT TIMELINE

| PROJECT NUMBER/TITLE | FY92 | | | | FY93 | | | | FY94 | | | | FY95 | | | | FY96 | | | | FY97 | | | |
|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|------|---|---|---|
| | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 |
| (538-0119) Investment Promotion and Export Development (IPED) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0133) Small Enterprise Assistance (SEAP) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0138) Infrastructure Expansion & Maintenance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0140) Agriculture Venture Trust (AVT) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0148) Regional Management Training | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0163) West Indies Tropical Produce (TROPRO) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0164) Agriculture Research and Extension (AREP) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0165) Caribbean Law Institute | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0173) Caribbean Leadership Development Training | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0176) Dominica Agriculture Sector Support | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0184) Caribbean Policy Project | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0195) Grenada Technical Assistance | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0645) Caribbean Justice Improvement | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0171) Environment and Coastal Resources | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0039) Population and Development | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0103) Basic Needs Trust Fund (BNTF) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0161) AIDS Communication and Technical Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0181) Health Care Policy Planning & Management | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0190) Drug Abuse Prevention & Education | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (538-0640) Presidential Training Initiative | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| TOTAL PROJECTS (number) (end of FY 4th quarter) | | | | | | | | | | | | | | | | | | | | | | | | |

^a IPED was extended six months solely to complete required final audits.

^b Regional Utilities Management Component can end nine months earlier than planned without adverse impact on results.

^c Long term CLASP training has been curtailed and all EC activities under the project will be completed by FY 1996.

^d The project requires extension only to complete St. Kitts Courthouse construction.

As shown in Table 3, we have kept PACD extensions to a minimum consistent with the policy stated above. We have not yet fully resolved all concerns regarding sustainability. For example, the Caribbean Law Institute is performing a valuable service to the region which should continue beyond the USAID project PACD, but no source of continued support has yet been identified. We plan to give a great deal of attention to sustainability of this activity and others over the coming months.

B. Planned Activities during the Final Program Year

RDO/C will enter FY 1996 with six active projects (five, if residual responsibility for one can be transferred early as proposed below). Three will end during the first half of that fiscal year:

- o Regional Management Training, will end in the first quarter, with the return of the last participant from long-term training.
- o Caribbean Leadership Development Training (CLDT), is being shortened to also end in the first quarter of FY 1996, as discussed above.
- o West Indies Tropical Produce (TROPRO) will end in the second quarter of FY 1996. This project is an important activity in support of our first SO and of regional efforts to diversify away from dependence on monocrop agriculture. A follow-on TROPRO II project was one of the new starts which had to be abandoned due to the close of RDO/C. However, we are optimistic that the effort will continue with support from other donors. There is significant coordination among donors in the diversification effort, as described in section II.A. The United Kingdom (UK) and European Union have special interest because of their involvement in the banana issue, and we believe that both are likely to support follow-on efforts after TROPRO ends.

RDO/C proposes that three projects continue beyond the close of the mission. All are activities of great importance to the Eastern Caribbean. All are FY 1991 or 1992 starts and involve significant policy reform processes not amenable to shortcuts. All three have been or can be configured to minimize the residual management burden. Although we are not aware of any formal decision as to where residual responsibilities for the Eastern Caribbean program are to be located, we have suggestions for management of these three projects through their completion dates.

- o The Caribbean Policy Project (CPP) (PACD 12/31/97) is a centerpiece of our strategic objective of helping the region increase and diversify its trade. Implementation arrangements for the project have already been modified to have the technical assistance contractor take on most of the management burden. Due both to the modification and other technical contracting issues, the technical assistance team is just arriving on site at the beginning of March 1994. A significant number of proposals are already under

consideration in the Economic Affairs Secretariat of the OECS so funding and implementation of proposals will move quickly once the contract team arrives. Since the new Guyana mission will also be managing activity in the area of policy and regulatory reform to stimulate private sector business activity, RDO/C proposes to transfer residual responsibility for CPP to that mission by the last quarter of FY 1995.

- o The Environment and Coastal Resources Project (ENCORE) (PACD 9/30/97) is the major activity supporting RDO/C's natural resources strategic objective. Currently planned LOP funding is fully obligated from earlier environment earmarks and represents a U.S. contribution to the Global Environment Facility. Implementation arrangements for this project have been modified to give major responsibility to a U.S. PVO, World Wildlife Fund (WWF). Certain regional activities remain the responsibility of the OECS Natural Resource Management Unit; we are continuing negotiations to transfer some of these to WWF and accelerate or pare back the rest to minimize USAID management requirements after mid-FY 1996. Since plans for the Guyana program over the next two-three years do not include environmental activities, it may be preferable to transfer residual responsibility to a mission with staff capability in that area (e.g., USAID/Jamaica) or to LAC/W or the Global Bureau.
- o The Health Care Policy Planning and Management Project (PACD 9/30/97) has generated great enthusiasm from leaders in the Eastern Caribbean over the prospect of rationalizing and increasing efficiency in financing health care. RDO/C expects to negotiate modifications in the implementation arrangements similar to those in effect for the Caribbean Policy Project so that the residual management burden on USAID will be minimal. As in the case of ENCORE, since the Guyana mission is not likely to have a program or staff in the area of health, we propose transfer of responsibility for the final 18 months of implementation to USAID/Jamaica, LAC or the Global Bureau.

There have not been many centrally funded activities in the Eastern Caribbean, although we still occasionally discover them. RDO/C no longer manages any active centrally funded activities. We have not been advised of any centrally funded activities planned for the region in FY 1996 or beyond.

C. Evaluation of Program Accomplishments

As noted above, a key concern in our close-out planning has been the protection of gains already made and achievement of planned program results to the maximum extent possible. Consistent with this effort, we are continuing to use the monitoring and evaluation (M&E) system established for our strategic objectives. Our ability to show impact at the SO level will be limited by the constraints of close-out, and our M&E efforts will be focused at the program outcome level. In addition, we plan to carry out most project-level final evaluations as planned, to the extent that resources are already provided for evaluation in the projects.

We also believe that a broad retrospective evaluation of USAID assistance to the Eastern Caribbean over the last 16 years would be of great benefit in lessons learned for the Agency. USAID assistance to the subregion has been substantial and it would be useful to document its extent and impact, not just for ourselves but for the leaders of the subregion, as that assistance is phased out. One of the key lessons from such a retrospective would come from an examination of the degree to which the assistance was or was not conducive to graduation from dependence on aid flows.

With its severe reductions in funding levels and heavy mortgage requirements, RDO/C is not in a position to fund such a retrospective evaluation. LAC/CAR has already approached CDIE on our behalf on this matter and RDO/C strongly supports the proposal. We would urge that the effort be undertaken quickly, before most of our staff and their "institutional memories" are gone.

D. Operational Plan

As part of the concern for bringing ongoing activities to a successful conclusion instead of aborting or abandoning them, and for our commitment to accountability, RDO/C has given careful attention in its close-out planning to linking staff reductions to the portfolio reductions. The reductions cannot be directly proportional since critical functions must be maintained even as the staff shrinks, and we must retain the personnel needed to close out accounts, handle personnel actions, travel and transportation for departing personnel, and dispose of documents and property. Also, at least well into FY 1995, RDO/C expects to have significant backstopping responsibilities for the program in Guyana. Nevertheless, there is a clear correlation between our personnel and portfolio levels.

As we began to reduce the program, we also began a process of organizational consolidation. In FY 1993, seven offices in RDO/C were merged into three. Three Offices--Program, Economics, and Project Development--became a single Office of Program Development (PDO); the Agriculture and Private Sector Offices became the Office of Trade Development (TDO); and the Engineering and Energy Office and the Health, Population and Education Office became the General Development Office (GDO). As a result, fewer office chiefs and technical officers were needed and positions were deleted as the USDH employees left post. In FY 1994, we are continuing this process by merging TDO and GDO and the remaining staff of the Legal Office. Our Contracts Office and Executive Office are already working as one unit. We plan to eliminate the Program Development Office by the end of FY 1995 and absorb its residual functions in the Director's Office.

While USDH employees can go on to new assignments when their positions are eliminated, FSN reductions mean termination of employment, at a time when local unemployment rates are very high. Consequently, mission management is giving high priority to insuring that the process is fair and transparent but responds to the extent possible to individual needs and preferences, and to preparing its FSN employees for departure and helping them market their skills.

During FY 1993, a total of seven USDH positions were vacated and abolished and 13 FSN employees were given separation notices. In FY 1994, five additional USDH employees will depart and 19 more non-USDH (FSN/TCN/USPSC) employees will be separated. In FY 1995, three more USDH and 16 non-USDH employees will leave. The remaining four USDH and 19 non-USDH employees will leave during FY 1996, when the mission closes. Annex 2 is a table showing planned departure dates by position.

RDO/C has already begun the process of space consolidation and disposition of property and records as well. Controller staff were moved to the second floor in February and the first floor office space is being returned to the landlord in March. Excess furniture and equipment not suitable for redistribution to other missions will be sold at auction; four sales are scheduled for FY 1994 (to avoid a glut of used USAID property on the local market). A list of items suitable for redistribution to other missions is being prepared and will be submitted to USAID/Washington for action. Excess computer equipment will be disposed of in accordance with STATE 170841. Communications and Records (C&R) staff helped the Controller's office retire files before their move and are working on disposal of retired files from the warehouse and, in consultation with technical staff, on culling non-essential reference materials.

These processes will continue as the mission continues to phase down. The Mission Director's residence is our only USG leased housing and that lease will be terminated with her departure. Our warehouse is divided into four sections and we will terminate the lease by section as we wind down. We expect to complete project close-out actions, transfer all residual project and controller responsibilities and close the office on Broad Street in the third quarter of FY 96. We would use the modest office space in the warehouse for the small core staff who must stay on for approximately six weeks to complete the final shipping, disposal and reporting actions.

IV. RESOURCE REQUIREMENTS

A. Program Resource Requirements

As a close-out mission, RDO/C is in the awkward position of requiring an increase in program funding over its FY 1994 level, which was cut drastically, from \$8 million requested in last year's Action Plan to \$3.75 million now expected. That amount can make only a dent in our mortgages. We need at least \$4.5 million to meet minimal mortgage requirements in FY 1995 and nearly that amount in FY 1996. The bulk of these funds are needed for three projects--West Indies Tropical Produce (TROPRO), Caribbean Policy Project and Health Care Policy Planning and Management (HCPPM). The importance of each and rationale for continuing the latter two past FY 1996 are discussed in section III.B above.

At the end of FY 1993, RDO/C's Eastern Caribbean pipeline was about \$40 million in 19 active projects, a level in line with normal program expectations and the higher budgets of previous years. We expect the pipeline to be reduced by nearly half in FY 1994, to about \$21 million in ten projects that will still be active. The three projects mentioned above will have a substantial part of this pipeline, but, in each case, the amount will not carry the project through the following year.

With the severe cut in our FY 1994 OYB and prospects for very tight budgets through the close of the mission, we have reviewed our project mortgages to determine realistic minimum funding requirements. For example, although the TROPRO project authorization amendment approved last year is for \$2.5 million, we believe the project can be successfully completed with just \$2 million in new funds. HCPPM was approved with a \$6.5 million LOP funding level just two years ago, but has been reduced to \$5.5 million LOP, the minimum level with which we believe its basic purposes can be achieved. The largest requirement for additional DA resources is the Caribbean Policy Project, the major instrument for achieving our first SO. With the technical assistance team just arriving on site, there is a backlog of proposals already accumulated and another \$4.7 million is needed to achieve the most important planned results.

It is also awkward to be requesting DA funds in FY 1996, our close-out year. A mission issue raised in section V below is the possibility of additional funding this year to fully pay off our mortgages. The OYB levels we have been given mean we must obligate final increments for two projects in FY 1996. With the requirements for FY 1995-96 focused on so few ongoing projects, we cannot accommodate cuts by delaying new starts, spreading cuts among several projects, or simply stretching out the projects and extending completion dates.

We have heard that ESF funds may be made available for the Eastern Caribbean, but have no firm information and are not requesting ESF funds in this Action Plan unless they can be used in lieu of DA funds to buy down project mortgages.

We have no food aid programs in the Eastern Caribbean and are not requesting any PL-480 funding.

TABLE 4
RDO/C EASTERN CARIBBEAN PROGRAM
SUMMARY PROGRAM FUNDING TABLE
Dollar Program (\$000)

| Funding Category | FY94 Estimated | FY95 Requested | FY96 Requested | |
|---------------------------------------|-------------------|-------------------|-------------------|--------------|
| | | | 75% FY95 | 100% FY95 |
| Development Assistance | | | | |
| Mission Strategic Objective #1 | | | | |
| 538-0133 SEAP | 1,506 | | | |
| 538-0163 TROPRO | 700 | 700 | | |
| 538-0173 CLDT | | 250 | | |
| 538-0184 Caribbean Policy | | 1,300 | 1,624 | 2,400 |
| Subtotal | 2,206 | 2,250 | 1,624 | 2,400 |
| Mission Strategic Objective #2 | | | | |
| 538-0163 TROPRO | 300 | 300 | | |
| 538-0171 ENCORE | | | | |
| 538-0184 Caribbean Policy | | 400 | 406 | 600 |
| Subtotal | 300 | 700 | 406 | 600 |
| Other Activities | | | | |
| 538-0000 PD&S | 50 | 50 | 50 | 50 |
| 538-0005 Spec. Dev. Act. | 194 | | | |
| 538-0181 Health Care Policy | 1,000 | 1,500 | 1,295 | 1,295 |
| Subtotal DA | 3,750 | 4,500 | 3,375 | 4,345 |
| Economic Support Funds | | | | |
| | | | | |
| Subtotal ESF | | | | |
| P.L. 480 Title III | | | | |
| P.L. 480 Title II | | | | |
| Subtotal P.L. 480 | | | | |
| PROGRAM TOTAL | 3,750 | 4,500 | 3,375 | 4,345 |

B. Program Management Requirements

RDO/C staffing requirements through FY 1996 are discussed in section III in the context of close-out planning. Our current close-out plans and schedule for departures requires 11.4 USDH FTEs in FY 1994, 5.9 FTEs in FY 1995 and 3 FTEs in FY 1996. USAID/Washington has allocated RDO/C just 10 FTEs for FY 1994 and 4 FTEs in FY 1995. Even with one additional FTE in FY 1995 for the Deputy Controller position which will remain in Barbados instead of moving to Jamaica, our requirements exceed the allocations. We have repeatedly refined our close-out planning to advance departures and bring the numbers down as much as possible. We recognize the tight FTE constraints faced by the Bureau, but cannot go further to meet the allotted levels and raise the matter again in section V, below, as a mission issue.

Our operating expense (OE) requirements have been carefully reviewed in consultation with the LAC/DPP Controller. We have made significant progress in reducing our OE requirements from \$3.1 million in FY 1993 to \$1.9 million in FY 1994, including downsizing costs. With our efforts to further reduce FTE levels, we are also able to show further OE savings. Our total OE requirements go down to \$1.7 million in FY 1995 and \$.908 million FY 1996. We would note, however, that having cut back everywhere possible, we do not have built-in flexibility to accommodate even minor budget cuts or unanticipated costs.

TABLE 5
RDO/C EASTERN CARIBBEAN PROGRAM
OE FUNDING REQUIREMENTS
(\$000)

| OE/TRUST FUNDED LEVELS By Major Function Code | FY94 | | | FY95 | | | FY96 | | |
|--|--------------|----------|--------------|--------------|----------|--------------|------------|----------|------------|
| | OE | T/F | Total | OE | T/F | Total | OE | T/F | Total |
| U100 U.S. Direct Hire | 127 | | 127 | 98 | | 98 | 53 | | 53 |
| U200 F.N. Direct Hire | 578 | | 578 | 459 | | 459 | 189 | | 189 |
| U300 Contract Personnel | 329 | | 329 | 314 | | 314 | 162 | | 162 |
| U400 Housing | 179 | | 179 | 142 | | 142 | 3 | | 3 |
| U500 Office Operation | 547 | | 547 | 511 | | 511 | 335 | | 335 |
| U600 NXP Procurement | | | 0 | | | 0 | | | 0 |
| Sub - Total (Core Costs) | 1,760 | 0 | 1,760 | 1,523 | 0 | 1,523 | 742 | 0 | 742 |
| Downsizing Costs: U100 | 52 | | 52 | 26 | | 26 | 62 | | 62 |
| U200 | 58 | | 58 | 109 | | 109 | 78 | | 78 |
| U300 | 21 | | 21 | 40 | | 40 | 26 | | 26 |
| U500 | 9 | | 9 | | | 0 | | | 0 |
| Sub - Total Downsizing Costs | 140 | 0 | 140 | 175 | 0 | 175 | 166 | 0 | 166 |
| Total OE/TF Costs | 1,900 | 0 | 1,900 | 1,699 | 0 | 1,699 | 908 | 0 | 908 |

| Mission Staffing Requirements | | | | | | | | | | | | |
|-------------------------------|------|-------|------|--------|------|-------|------|--------|------|-------|------|--------|
| | FY94 | | | | FY95 | | | | FY96 | | | |
| | USDH | USPSC | FSN | Other* | USDH | USPSC | FSN | Other* | USDH | USPSC | FSN | Other* |
| Total FTE's or Workyear | 11.4 | 5.6 | 40.4 | 3.0 | 6.9 | 4.0 | 26.0 | 2.0 | 3.0 | 3.0 | 11.0 | 0.8 |
| of which Program Funded | | 2.0 | 2.0 | 3.0 | | 2.0 | 1.0 | 2.0 | | 0.8 | 0.3 | 0.8 |
| of which Guyana funded | 1.0 | | 2.0 | | 0.8 | | 2.0 | | | | | |

* Other = TCNs

V. MISSION AND AID/W INITIATED ISSUES

A. USDH FTE Levels for Close-Out Period

RDO/C has been advised that the Bureau Budget Submission included 10 USDH FTEs for RDO/C in FY 1994 and 4 USDH FTEs for FY 1995. We recognize the severe constraints faced by the Bureau, but these levels, established on the assumption that RDO/C would close by the end of FY 1995, are simply not possible to achieve.

In the first quarter of FY 1994, we had 12 USDH employees on board, responsible for an Eastern Caribbean portfolio of 19 projects with LOP funding of over \$225 million and a \$40 million pipeline, and with additional responsibility for the Guyana program. While five USDH employees will leave in FY 1994, they would have to all depart in the third quarter to meet the 10 FTE level. This is not possible. Ordering an abrupt departure of 40 percent of our USDH staff would be unfair to them and disrupt our orderly phase-out plans, while not reducing overall Agency staffing levels since they would have to be assigned elsewhere. With the termination of half our Eastern Caribbean portfolio during the fiscal year and transfer of some Guyana responsibility to the new mission there, we can be down to seven USDH employees by the end of the fiscal year. However, the departures will take place during the last four months, resulting in a USDH FTE level of 11.4 for the year.

Similarly, with seven USDH on board at the beginning of FY 1995, all would have to leave by the third quarter if we are not to exceed the 4 FTE level. At the start of the year our remaining portfolio of nine projects will still have an LOP value of over \$70 million and an estimated pipeline of about \$20 million. We will be down to four USDH employees on board by the end of the year, but will require 5.9 USDH FTEs for FY 1995.

B. USAID Plans for the Eastern Caribbean Post-RDO/C

The transfer of residual responsibility for the Eastern Caribbean to the new mission in Guyana has been mentioned and reported in the press during the Miami Conference in December and again after the CG meeting in Guyana the end of January. However, RDO/C is not aware of any formal decision on this matter, nor of plans to augment the very small staff approved so far for the new Guyana mission to take on this extra responsibility. There are indeed two issues regarding post-RDO/C responsibility for Eastern Caribbean activity that must be addressed as soon as possible:

- o In Section III of this Action Plan, RDO/C has proposed that three projects continue to their planned completion dates, after RDO/C closes. Based on expected staff capability, we suggest that residual responsibility for only one, the Caribbean Policy Project, be passed to Guyana. We believe the other two, ENCORE and Health Care Policy Planning and Management, would best be handled from Jamaica, where the larger technical and

Controller staff will be better able to take on the added responsibility. Alternatives exist, such as residual management from Washington, but a decision is needed soon.

- o The second part of this issue regards planning for USAID involvement in the Eastern Caribbean beyond the completion of these three projects. The designation of "non-presence" countries implies an expectation that USAID will continue to do something in or for those countries. We strongly believe that the vulnerability of the small nations of the Eastern Caribbean and their proximity to the U.S. warrant a continued program presence, if not a physical mission presence. Building on a paper prepared for RDO/C on this issue and our own knowledge of the region, Annex 3 offers a suggested approach.

C. Special Development Activities Funds

As part of its close-out process, RDO/C advised the U.S. Embassies in the Eastern Caribbean that we did not expect to make Special Development Activities (SDA) funds available after FY 1994. Since the program has been highly regarded, we suggested they might wish to pursue alternative arrangements through Washington. The U.S. Embassy in Bridgetown has responded to that suggestion by asking RDO/C to assist in making such an alternative arrangement.

D. OYB to Pay Off Mortgages

After obligating our expected FY 1994 OYB, RDO/C will have an effective mortgage of \$9 million. This amount is for four projects--West Indies Tropical Produce, Caribbean Policy Project, Caribbean Leadership Development Training, and Health Care Policy Planning and Management--and is adjusted down from the official mortgage based on authorized levels to more realistic current planning levels. It would facilitate the close-out process if funds could be made available in FY 1994 to completely pay off this mortgage, thus freeing the mission to concentrate on completing projects and closing out operations.

E. Deob-Reob Authority

The LAC Bureau and USAID/W in general should give serious consideration to adopting a clear policy which would grant priority for reobligating funds to the mission or other USAID management unit offering the deobligation, provided the proposed reobligation was in accord with the mission's strategic objectives and Agency priorities. Such a policy would go a long way to improving the management of USAID resources.

RDO/C PROGRAM PERFORMANCE ASSESSMENT SYSTEM UPDATE

Three developments prompted RDO/C to review and refine its performance measurement system.

- o In our November 1993 portfolio review, we encountered difficulties in linking project performance in the semi-annual reports (SARs) to strategic objective (SO) and program output (PO) level performance indicators. A key weakness was that the strategy, approved in the fall of 1992, lacked short-term indicators or benchmarks against which project progress in the early years could be compared.
- o About the same time, USAID/Washington distributed draft strategies which reflected significant changes in Agency priorities, especially with regard to emphasis on poverty reduction and participatory approaches to development. RDO/C's strategy and performance indicators developed a year earlier were weak in addressing these new Agency emphases.
- o The decision to close RDO/C before the end of the strategic planning period was also formally announced in November 1993. This decision meant that: (a) we needed to review our SOs and POs to determine if they were still valid and attainable; and (b) we would not have resources to expand our performance data collection efforts.

An initial decision in RDO/C's response was that, with our shorter time-horizon, we should determine generally whether the SOs remained valid (they do), but, because of their longer-term nature and our reduced ability to influence them, to focus our revision efforts at the PO level.

RDO/C's SO Teams and subteams then undertook an intensive review of the program outputs and their performance indicators. In addition to the developments noted above, the teams took into account comments from LAC/W after its review of our monitoring and evaluation plan in June of 1993. All of the POs were validated, but a number of indicators were modified and several were dropped. Some targets were modified to reflect corrected baseline information or more realistic expectations. In addition, benchmarks were added for several indicators, to reflect progress in the interim before the basic performance data is available.

The results of this review and revision exercise were:

SO-1, Increased and Diversified Trade

The strategic objective and all four program outputs were found to be still valid and achievable and are thus retained. Minor revisions at the PO level were made as follows:

PO-1.1, Improved policy framework.

- o Indicator 1, EAI diagnostic recommendations implemented. Interim benchmarks were added and the 1994 target revised from 20% to 10%.
- o Indicator 2, Implemented reductions in level of Common External Tariff. The LAC Bureau suggestion to use a range for CET was considered but not accepted. The OECS countries have chosen to use a ceiling, therefore we will do likewise to facilitate monitoring .
- o Indicator 3, Reductions in prohibitive licensing procedures. Eliminated as redundant. If work permits, etc. are impediments to trade and investment, they will appear as recommendations in the diagnostics (Indicator 1).

PO-1.2, Improved regulatory framework.

- o Indicator 1, Enabling business legislation developed/enacted. Reference to specific acts removed from the indicator. Units changed to cumulative. Comments add clarification that "enacted" means passed into law by Parliament. Timetable expanded from 1994 to 1996.
- o Indicator 2, Court registries operations streamlined and modernized. Unit changed to cumulative. Timetable shortened from 1997 to 1994 consistent with CJIP PACD.
- o Indicator 3, Customs regime streamlined and modernized. Unit changed to cumulative. Interim benchmarks added. Comments expanded to clarify ASYCUDA system.

PO-1.3, Competitive products and markets developed.

- o Indicator 1, Increased value of AID-assisted non-traditional agricultural exports. Wording of indicator changed for greater precision. Comments expanded to clarify that both extra- and intra-regional trade are included. Baseline figure corrected and target revised accordingly.
- o Indicator 2, Increased number of products and services penetrating markets. No change.

PO-1.4, Improved managerial/technical base. No change in indicators.

SO-2, Improved natural resource management

This strategic objective and all four program outputs were also found to be still valid and achievable. The second SO level indicator was corrected to show "number of systems" as the unit of measurement. Revisions to indicators at the PO level were as follows:

PO-2.1, Natural resource policies and regulations developed and accepted.

- o Indicator 1, Cumulative number of OECS countries with existing environmental laws translated into regulations. No change.
- o Indicator 2, Cumulative number of OECS countries with environmental plans. No change.
- o Indicator 3, Cumulative number of national and regional policies that reflect consideration of environmental implications. This indicator dropped due to definition and tracking difficulties and overlap with indicator 1.
- o Indicator 4, Cumulative number of OECS countries with documented lines of authority for natural resource decision making. This indicator dropped as not adding significantly to indicator 1.

PO-2.2, Environmentally sound agricultural products and practices developed.

- o Indicator 1, Cumulative number of environmentally sound agricultural systems/practices developed and disseminated. No change.
- o Indicator 2, Percentage of farmers in selected areas who are using agricultural practices or adopting new crops with continued positive economic returns. No change
- o Indicator 3, Monitoring system developed to ensure environmental quality is not degraded (water quality, biodiversity and soil erosion at ENCORE sites). Unit of measurement corrected to "number of systems."

PO-2.3, Increased local participation in the management and use of natural resources.

- o Indicator 1, Cumulative number of environmentally sound activities developed and implemented through community management. No change.
- o Indicator 2, Cumulative number of environmental advisory committees operating at local levels. Time frame expanded and additional target established for 1996 and 1997.
- o Indicator 3, Cumulative number of government contracts awarded to locally based NGOs/PVOs for environmental improvements. This indicator dropped as outside of RDO/C manageable interest and too difficult to track.

PO-2.4, Improved public and private sector capacity to manage natural resources.

- o Indicator 1. Cumulative number of NGOs/PVOs and quasi-private organizations actively involved in environmental activities. No change.
- o Number of people in public and private formal training and workshops to increase environmental understanding and related implementation capabilities. Long-term training targets reduced to reflect reprogramming under the ENCORE project.

RDO/C STAFFING - CLOSE-OUT PLANS

| <u>POSITION</u> | <u>TYPE</u> | <u>PROP. DD</u> | <u>POSITION</u> | <u>TYPE</u> | <u>PROP. DD</u> |
|-----------------|-------------|-----------------|-----------------|-------------|-----------------|
| DIR | USDH | Jan-95 | RCO | USDH | Jun-96 |
| D DIR | USDH | Jul-94 | Secty/Proc | FSN | Aug-96 |
| Sp Asst | FSN | Sep-95 | D EXO | US PSC | Aug-96 |
| Secty | FSN | Jun-96 | PERS | US PSC | Jul-96 |
| Secty | FSN | Apr-94 | Secty(rec/sb) | FSN | Apr-95 |
| | | | Recep SB | FSN | Sep-95 |
| C/PDO | USDH | Jun-96 | C&R Spv | FSN | Jun-96 |
| PDO | USDH | Jun-95 | C&R Clerk | FSN | Apr-94 |
| ECON | USDH | Jun-94 | Clas C&R | US PSC | Jun-94 |
| Prog Spec | FSN | Jun-96 | Purch Agt | FSN | Aug-94 |
| Prog Spec | FSN | Sep-95 | Clerk/Prop | FSN | Apr-94 |
| Secty | FSN | Sep-95 | Mail clk/driver | FSN | Jul-96 |
| Secty | FSN | Apr-94 | Driver/Mess | FSN | Jul-96 |
| | | | Driver | FSN | Jan-95 |
| C/GDO | USDH | Jun-96 | Maint Fman | FSN | Apr-94 |
| C/TDO | USDH | Jul-94 | Warehouse | FSN | Jul-96 |
| Nat Res Off | USDH | Jul-95 | Comp Oper | FSN | Mar-95 |
| Trd Dev Off | USDH | Aug-94 | | | |
| DI Adv | US PSC | Jul-94 | CONT | USDH | Sep-94 |
| Secty | FSN | Sep-95 | D CONT | USDH | Jun-96 |
| Secty | FSN | Jun-96 | Secty | FSN | Jun-96 |
| Secty | FSN | Feb-94 | Secty | FSN | Sep-94 |
| Secty | FSN | Apr-94 | Chf Fin Anl | FSN | Jun-96 |
| Secty | FSN | Apr-94 | Fin Anl | FSN | Mar-94 |
| PM Trng | FSN | Apr-96 | Fin Anl | FSN | Aug-94 |
| PM Trade | TCN | Jun-96 | Chf Acctnt | FSN | Sep-95 |
| PM Priv S | FSN | Sep-94 | Sr Acctnt | FSN | Jun-96 |
| PM Pop | US PSC | Jul-94 | Proj Acctnt | FSN | Sep-94 |
| PM Legal | TCN | Jul-95 | Proj Acctnt | FSN | Mar-95 |
| PM Health | US PSC | Jun-96 | Acctg Tech | FSN | Apr-95 |
| PM Health | TCN | Mar-94 | Budget Anlst | FSN | Jun-96 |
| PM Educ | FSN | Sep-95 | Spv Vchr Ex | FSN | Jun-96 |
| Engineer | FSN | Sep-94 | Vchr Ex | FSN | Jun-96 |
| Engineer | FSN | Jan-95 | Vchr Ex | FSN | Sep-95 |
| | | | Vchr Ex | FSN | Apr-94 |
| | | | Cashier | FSN | Sep-95 |

FUTURE USAID ASSISTANCE TO THE EASTERN CARIBBEAN

USAID's Regional Development Office for the Caribbean (RDO/C) in Barbados has provided \$633 million in economic development assistance to the Eastern Caribbean since 1976. (Most of this came in the mid-1980s, in the aftermath of U.S. military intervention in Grenada.) The primary beneficiaries of this assistance have been six small island nations: Antigua and Barbuda, St. Kitts and Nevis, St. Vincent and the Grenadines, St. Lucia, Grenada, and Dominica.

In November 1993, USAID announced the decision to close RDO/C by the end of FY 1996. This decision leaves open the questions of whether the United States will continue to provide any economic development assistance to the Eastern Caribbean subregion and, if so, what are its likely level and content, and how it will be delivered. The decision to close RDO/C was in the context of major revisions to the Agency's program focus and organization. In this process, USAID has identified three categories of countries to be assisted--crisis, sustainable development, and non-presence (or limited presence). The latter category would receive limited assistance through NGOs or to address global problems, but without a USAID staffed field mission.

These categories reflect elements of both country circumstances and USAID management arrangement, but do not totally replace earlier distinctions based on relative levels of development. Certain special provisions apply to "least developed" countries (e.g., waiver of requirements for host country contributions) which could come under any of the three current categories. USAID has also attempted to devise special ways of dealing with "advanced developing countries" or "more developed countries" (MDCs), often involving a limited presence. These distinctions remain relevant if economic assistance is viewed in a temporal perspective, i.e., as helping a country progress to a point where assistance is no longer needed.

Although the Eastern Caribbean countries are at or approaching MDC status they remain vulnerable--small domestic economy and narrow export base, thin layer of managerial and technical skills, fragile physical environment, etc. This vulnerability is exposed in actions taken by the United States, for example, in NAFTA and in negotiations on European banana imports, while poverty, political instability, and environmental degradation in these close neighbors threaten U.S. well-being even more than when they occur in more remote parts of the world. Consequently, future U.S. assistance to the subregion merits serious consideration.

The decision to close RDO/C also left open questions regarding USAID's approach to the broader Caribbean region. A regional strategy document was prepared in draft in 1992 but never finalized. USAID decisions on future assistance to the Eastern Caribbean subregion should be made in the broader Caribbean context. RDO/C is submitting separately for LAC/W consideration a paper presenting this broader context, entitled "Caribbean 2000: Strategic Program and Management Options for Future A.I.D. Assistance to the Caribbean."

This Action Plan annex will not repeat the elaborate presentation of factors shaping a strategy and options presented in that paper. Instead, we present a specific proposal for the Eastern Caribbean, which may also be applicable to other Caribbean countries as they move to MDC and "limited presence" status.

An MDC "limited-presence" strategy for the Eastern Caribbean must address both U.S. interests and objectives in the subregion and its development status, needs and aspirations. It must also fit the resources available for the subregion.

The United States is interested in a democratic and economically, socially and politically stable Caribbean, with which the U.S. can enjoy strong and cordial economic, social and political ties. U.S. objectives in the region are: to strengthen the international economic integration of the nations there; to preserve democracy and other important global public values and goods; and to transform U.S.-Caribbean relationships into increasingly mature, peer-to-peer type linkages. In pursuing U.S. interests and objectives, the strategy will also reflect the values of the U.S. Administration as indicated in the Agency's commitment to participation, partnership and integration in planning and carrying out its programs in its four priority areas.

Countries in the Caribbean range in levels of development from high to very low. Although there are also disparities among countries of the Eastern Caribbean, they are not so great and the subregion is more susceptible to a single program and management approach. They provide an opportunity to develop a model program and management strategy for MDC countries approaching graduation. In doing so, there is also an opportunity to learn lessons about what might have been better done that will be relevant to "sustainable development" programs in other regions as well as in the Caribbean, which should all be moving in the direction of graduation, if over a longer time frame.

One characteristic of MDCs should be an increase in supportive and cooperative relationships between stronger institutions in those countries and counterpart organizations in the U.S. and elsewhere. The countries of the Eastern Caribbean have made some progress in this direction, but there remain gaps and weaknesses both in the local institutions and in their international linkages. Future assistance to the region should address these gaps and weaknesses.

A second characteristic should be decreased reliance on resource transfers. The countries of the Eastern Caribbean remain vulnerable to external shocks. However, USAID's program in the region is already reflecting the shift from resource transfers (e.g., infrastructure projects) to projects focusing on structural and institutional change. This trend should continue in future assistance to the region.

A third characteristic should be that the stronger and more self-reliant public and private entities take greater initiative and management responsibility in implementing development activities. This should also be reflected in management arrangements for future assistance.

Among the program options proposed in the Caribbean 2000 paper are one regional project in each of USAID's four priority areas or a single regional program in one of the areas. Management options presented for "limited presence" countries were Regional Office for the Caribbean (ROC) or a Caribbean Foundation (CF). This annex proposes a combination/variant of these options, i.e.:

- o a development fund, managed by the Caribbean Development Bank, to finance proposals submitted by public and private entities in the region in one or two of the Agency's priority areas; and
- o a regional USAID Affairs Officer, stationed within the U.S. Embassy, to concentrate on building helpful linkages between public and private entities in the region and counterpart U.S. organizations.

The Caribbean Development Bank (CDB) is proposed for delivery of program assistance instead of a Caribbean Foundation. The CDB already exists. It has shown itself able to effectively manage USAID funds under the Basic Needs Trust Fund and several other activities. It is a respected institution in the region which has taken a leadership role in such areas as economic and trade related policy reform. It will be implementing the Multilateral Investment Fund (MIF) on behalf of the InterAmerican Development Bank in the Eastern Caribbean, and is developing new poverty reduction and environment capability and programs with support from Canada, UNDP and others. Depending on the funds USAID can make available for the region, the CDB managed program might operate in up to three areas: economic and trade policy and related poverty alleviation; site specific environmental protection projects; and/or basic needs projects.

The arrangement would shift management from USAID to the regional organization (CDB) and the local recipient entities. After agreeing with the CDB on procedures and criteria, USAID would not have an active management role other than broad periodic review. The CDB would make grants to partially finance initiatives from the countries and local organizations in the subregion, within the priority areas agreed upon with USAID. The recipients would be responsible for design/proposal development, partial funding, and management of implementation.

This element of our proposed "limited presence" strategy for the Eastern Caribbean could readily channel almost any level of resources likely to be available from USAID. Obviously, the arrangement would not be worth maintaining below some minimum annual level, but even, for example, \$2 million/year, focused on helping alleviate specific negative impacts of structural reforms needed to improve regional trade competitiveness, could make a significant difference.

The second element, the regional USAID Affairs Office, would be essentially a communication service focused on establishing linkages for cooperation between Caribbean and U.S. institutions that can be effective without other USAID intervention or support. The office would be located in the Embassy because many of these links would be to other U.S. Government agencies, e.g.,

Center for Disease Control, Department of Labor, Bureau of Census, Environmental Protection Agency, Department of Agriculture, Department of Commerce. Other linkages would be with U.S. foundations and private voluntary organizations, trade associations, etc. Staff and related costs would be modest: one USDH, one secretary, a computer and open line for communications, and, initially, a small travel budget for outreach to make regional entities aware of the service.

The USAID Affairs Office could provide liaison with the CDB regarding its USAID-funded program, but would otherwise not have any management responsibility for delivery of other USAID-funded assistance. To ensure concentration on building permanent institutional linkages, the Office's performance would be judged by its success in doing so, and its charter should preclude it from getting diverted into, e.g., oversight of centrally funded activities, special development activities, etc.

RDO/C is proposing that three current projects continue until their planned completion dates in FY 1997-early FY 1998, with residual responsibility for their management to be transferred to other missions or USAID/W. However, we also strongly believe that U.S. interests warrant a modest continued USAID investment in the Eastern Caribbean beyond these residual project activities. We believe the program and management approach suggested here would be affordable and effective.