

## PROJECT ASSISTANCE COMPLETION REPORT (PACR)

This PACR relates to the Grant between USAID and the OECS.

Project Title: Investment Promotion and Export Development  
Project Number: 538-0119.07  
Funding Period: June 4, 1987 - September 30, 1993  
LOP Funding: Grant - \$4,888,903  
Implementing Agency: Organization of Eastern Caribbean States  
Economic Affairs Secretariat  
PACD: June 30, 1994

### I. PURPOSE

To stimulate increases in employment, income and exports in member countries of the Organization of Eastern Caribbean States (OECS) by encouraging foreign and OECS investors to invest in existing and new ventures. Also to support the establishment of an indigenous regional investment promotion agency operating in North America and strengthen national investment promotion organizations in the islands.

### II. BACKGROUND

As a result of a less than satisfactory performance of an implementation mechanism which utilised a stateside contractor with a regional presence for program management and expatriate island advisors for investment promotion and institution building (the program), RDO/C accepted a recommendation of the SRI International evaluation team in 1986 to transfer the program to the Eastern Caribbean governments for their direct use and management. The evaluators opined that the unsatisfactory performance was likely due to a number of reasons:

- (i) Misplaced emphasis on job creation rather than policy dialogue or institution building,
- (ii) The requirement that the island advisors play multi-faceted roles for which they were not qualified or inclined to perform,
- (iii) Lack of appropriate and contractually required reporting on program activities, and
- (iv) Personality conflicts and internal control tensions between the contractor's stateside and regional offices.

Following the SRI evaluation in May 1986, RDO/C adjusted the implementation approach of the project and directed the contractor to demonstrate greater balance between job creation and institutional development. RDO/C also obtained a commitment from the OECS and national governments to institutionalise the investment promotion function both at the national and regional level. RDO/C thus retained the services of the stateside contractor, Coopers and Lybrand, through October 31, 1987 to provide temporary accommodation in Washington as well as staff training and program phase-in for the newly established regional investment promotion entity, Eastern Caribbean Investment Promotion Service (ECIPS). RDO/C also took a decision to provide a thirty month grant to OECS in support of ECIPS.

The Grant which was signed on June 4, 1987 was intended to enable the member countries of the OECS to pursue a set of activities that would encourage investment, foreign and local, in existing and new ventures. Those activities would include the establishment of an indigenous regional investment promotion entity to provide a collective presence in North America as well as the development and/or strengthening of national capacity to promote private investment particularly in export-oriented businesses. The initial amount of the Grant was \$2.9 million.

### **III. SUMMARY OF INPUTS AND ACCOMPLISHMENTS**

The Grant was principally for institution building and thus provided operational support for a Project Management team at the Economic Affairs Secretariat of the OECS in Antigua, operational and program support for the ECIPS operation in the United States and program support for the national Industrial Development Corporations.

The last evaluation in 1992 indicated the following accomplishments:

- 1) The ECIPS-IDC investment promotion model has resulted in a strengthened capacity of the OECS members to undertake investment promotion activities.

IPED activities have been successful in strengthening local business development capabilities. These activities have provided a significant learning experience regarding the effectiveness of (i) different types of promotional activities in attracting investments; (ii) developing leads for potential co-venture opportunities; (iii) promoting the EC region as a good place to do business (in selected channels); and (iv) facilitating new business ventures in specific industries such as data entry and 807 assembly operations.

- 2) ECIPS has been largely successful in demonstrating the value to OECS members of having a U.S.-based window that represents the region and works on behalf of regional interests in promoting new business opportunities.

This success can be measured by the growing commitment by OECS members to assume funding responsibilities for the basic staffing and administrative costs needed to maintain ECIPS as their joint representative to the U.S. market. This success is amplified by the fact that countries which have received little or no benefit from the business development initiatives of IPED still maintain that a regional representational window to the U.S. market is valued and worth maintaining.

- 3) The ECIPS-IDC model has been a useful mechanism for providing the governments of the region with a first-hand introduction to the problems of identifying and developing new international business opportunities.

It has brought government officials to the table; provided learning and training opportunities related to international business development; and has conveyed useful information regarding the costs and benefits of different types of business promotion methods and requirements for supporting new types of business development.

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- 4) The ECIPS-IDC model, in spite of its value as a training exercise, has not proved to be a cost-effective means of delivering trade and investment promotion support on a continuing basis.

The IDC relationships have proved to be weak links to the local business communities in terms of delivering services to local businesses or matching international opportunities with local needs and resources. By relying primarily on the IDCs as the local institutional link to ECIPS operations, the IPED project has not achieved sufficient participation or proactive involvement by the private sector leadership of the region.

#### **IV. DEVELOPMENT IMPACT**

The IPED project was deemed a qualified success in achieving many of the objectives described in the 1987 project amendment. It contributed to the generation of a significant level of new employment in export manufacturing and service industries. It facilitated the introduction of new business opportunities to the region and its member states and allowed both public sector and private sector representatives to be trained in business development techniques and approaches. Those individuals are now in a position to proceed to the next stage of sophistication in terms of techniques employed and business opportunities targeted.

The ECIPS operation has demonstrated its value as a regional representative of trade and investment interests to the member OECS states.

#### **V. RECOMMENDATIONS FOR CONTINUING MONITORING**

Financial audits for the last two years of project activities revealed some questionable costs and these are being resolved with the Grantee. Beyond that no continued monitoring is planned.

#### **VI. LESSONS LEARNED**

The experience of ECIPS seems to confirm what a comparative study of trade and investment promotion activities has generally concluded, i.e that effective trade promotion activities are essentially and necessarily best led by an active private sector with the support of government. That supportive role of government requires close observation and regulation of the trade process, the generation of useful commercial trade policy and legislation and provision of a legal and regulatory climate that supports free trade.

Prepared by: Date:2/8/95

Peter Medford, GPS/GDO

Clearance:

C/GDO:RCohn(draft)

PDO:RMacken(draft)

CONT:MHorween(draft)

C/PDO:PBisek(draft)

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