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PD AR.M-143

A.I.D. Project Number: 538-0184

PROJECT GRANT AGREEMENT

AMENDMENT NUMBER FOUR

BETWEEN

THE ORGANISATION OF EASTERN CARIBBEAN STATES
(OECS)

and the

UNITED STATES OF AMERICA

for

THE CARIBBEAN POLICY PROJECT

Dated: September 7, 1995

AMENDMENT NUMBER FOUR
TO
PROJECT GRANT AGREEMENT

This Amendment dated September 7 1995 between the United States of America acting through the Agency for International Development (A.I.D.) and the Organization of Eastern Caribbean States (OECS), referred to as the "Grantee", follows:

WHEREAS, the Grantee and A.I.D. entered into a Project Grant Agreement dated September 21, 1992 ("the Agreement"), and whereas that Agreement was amended on September 28, 1992, June 8, 1993 and May 8, 1995,

WHEREAS, the Grantee and A.I.D. desire to further amend the Agreement to increase the amount of funds obligated for the Project, revise the PACD and modify the Project Description,

NOW THEREFORE, the parties hereto hereby agree that the Agreement shall be amended as follows:

In Article 2, Section 2.1, the description of the project as provided in Annex 1 is modified in accordance with the attachment to this document entitled "Project Modifications".

In Article 3, Section 3.1, paragraph 1, as previously amended, delete Five Million, Nine Hundred and Thirty Thousand, Two Hundred and Fifty Four United States (US) Dollars (\$5,930,254) ("Grant") and replace with Six Million, One Hundred and Thirty Thousand, Two Hundred and Fifty Four United States (U.S) Dollars (\$6,130,254) ("Grant"). This additional \$200,000 is for use in furthering the purpose of the Caribbean Policy Project.

In Article 3, Section 3.3 (a), replace December 31, 1997 with September 30, 1996, the new Project Assistance Completion Date.

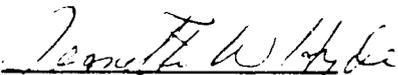
Except as amended herein the Agreement, dated September 21, 1992, between the Grantee and A.I.D. remains in full force and effect.

This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

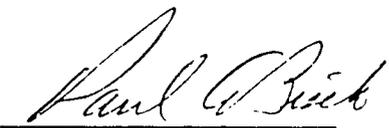
UNITED STATES OF AMERICA

ORGANIZATION OF EASTERN
CARIBBEAN STATES

BY: 
Jeanette A. Hyde
TITLE: Ambassador

BY: 
Vaughan A. Lewis
TITLE: Director General

UNITED STATES OF AMERICA

BY: 
Paul A. Bisek
TITLE: Acting Director
USAID, RDO/C

PROJECT MODIFICATIONS

A. Relationship of CPP to Mission Strategic Objectives

The project was designed as a key initiative in support of the Mission's Strategic Objective No. 1, Increased and Diversified Trade. Since natural resources invariably constitute a primary ingredient for economic activity, it was also considered appropriate for the project to examine policies in that area, thus supporting the Mission's other strategic objective, Improved Natural Resource Management. The primary thrust of the project, though, was to support the analysis and implementation of policy options related to liberalized and increased trade, competitive and market climates, increased private sector access to capital, productive factors, inputs and infrastructure, and rational fiscal administration. As a result of the contraction of the project, the natural resource management objective will no longer be pursued.

B. Implementation Arrangements

Since the institutionalization of the RIU by the EAS was protracted, RDO/C secured the agreement of the grantee to replace the RIU with a U.S. firm. The firm was contracted to provide implementational support to the EAS through a TA services contract which includes both administrative and program functions. As a result of curtailment of the project, the technical assistance allocation assumes a much larger proportion of overall project resources than was originally planned in the design. However RDO/C has decided to maintain the implementation arrangement since the mechanism has proved to be effective and to alter the arrangement would only set back project implementation. In view of RDO/C's downsizing and the desire to minimize accounting oversight responsibilities, RDO/C secured the agreement of the OECS for the financial management function for all project activities, except "sub-grants", to be assumed by the contractor. As a result of that modification there will be no further audits of the OECS/EAS but the contractor will be audited by AID/W. Sub-grants are being managed directly by RDO/C through the FAR mechanism. The existing arrangements will continue through the end of the project.

C. CPP Outputs and EOPS

Since the LOP is being reduced, project outputs will be modified accordingly. The delay in activating program activities led to a change in the planned implementation sequence of project elements. The design anticipated that there would have been a progression in implementation from the establishment of reliable databases through data analysis and policy formulation to policy articulation and implementation. The protracted implementation start-up obviated such. As a result, the master plan for statistics and database development has not, and will not, be developed. Selected statistical exercises have occurred and will continue to occur as integral components

of specific technical assistance interventions. Participant training will not occur under the project and one final Project Advisory Committee meeting will occur before the end of the project.

The program emphasis during the remaining LOP will be consensus building and short term technical assistance for priority policy initiatives having regional application/benefit. Towards that end, the CPP project office will assume a proactive role in initiating activities which will build on project accomplishments to date or respond to eligible priorities of the OECS Heads of Government. The following outputs are projected to be accomplished under the truncated project:

- An estimated 5 sector databases at the national level.
- Two national/regional surveys.
- An estimated 8 policy and sector constraint analyses.
- An estimated 7 regional workshops on policy issues.
- An estimated 20 national workshops, seminars, meetings and consensus building events, and
- Seven policy development sub-grants to public and private sector organizations.

At the project's conclusion we expect the public and private sectors in the OECS to be routinely working collaboratively in developing strategies and solutions to trade issues. Such collaboration would be made meaningful through prior performance of the requisite analyses.

D. Financial Plan

When the initial decision was made to close out RDO/C's program, there was indication that the major constraint to completing planned activities would be the shortened time frame. However, subsequent severe budget reductions became a significant factor, especially in delaying activities because of a prolonged period of uncertainty as to the level of funds that would be available. Preparation of a PP supplement was thus deferred until the Mission was able to clarify both the probable level of funds that would be available and the activities which could be completed with those funds in the time remaining. The Mission determined that the maximum total amount which is likely to be available for the LOP is \$6,130,254. The financial Plan is as follows:

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FINANCIAL PLAN

Item	Amount (US\$)
1. Technical Assistance (Regional and U.S.)	4,244,484
2. Regional Implementation Unit	183,000
3. Implementation Sub- grants	1,544,770
4. Audits/Evaluations	47,000
5. Project Management	111,000
TOTALS	6,130,254

MODIFIED LOGICAL FRAMEWORK

Caribbean Policy Project: 538-0184

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>Goal: To make the Eastern Caribbean more economically competitive in the international marketplace</p>	<ul style="list-style-type: none"> ◆ Positive rate of per capita GDP Growth; ◆ Positive rate of Growth of External Trade; ◆ Positive rate of Growth of Foreign and Domestic Investment 	<ul style="list-style-type: none"> ◆ National Accounts ◆ Trade Statistics 	<ul style="list-style-type: none"> ◆ Governments of the Eastern Caribbean States actively pursue equitable and sustainable economic growth policies. ◆ No radically disruptive external or internal events impacting on economic structure or performance. ◆ Disruptions from natural disasters kept within manageable levels. ◆ Short to medium term response to improvements in policy framework for private investment by local and foreign investors.
<p>PURPOSE: The adoption of macro-economic and sector policies that would lead to increased trade and private sector involvement in commercial activities, and position the states of the Eastern Caribbean to sustain economic growth.</p>	<p>END OF PROJECT INDICATORS</p> <ul style="list-style-type: none"> ◆ Practical analyses of trade, private sector and other developmental constraints. ◆ Collaborative policy development between the public and private sector partners in the region leading to consensus on major policy issues. 	<ul style="list-style-type: none"> ◆ Published reports and documents ◆ Records and media reports of collaborative policy efforts and dialogue. 	<ul style="list-style-type: none"> ◆ Policy institutions recognize the utility of good data, analyses, implementational assistance. ◆ Public sector leadership recognizes critical role of private sector in investment and economic growth strategies. ◆ Political consensus can be attained to deal with trade, investments and growth policies.

<p>OUTPUTS:</p> <ul style="list-style-type: none"> ◆ Establishment of national sector databases. ◆ Policy and sector constraint analyses, reports, assessments. ◆ Regional and national conferences, seminars, workshops on policy issues. ◆ Consensus building events. ◆ Implementational and financial plans executed for new policy measures. 	<ul style="list-style-type: none"> ◆ Five databases developed. ◆ Two national/regional surveys. ◆ Eight analyses conducted. ◆ Seven regional workshops on policy issues. ◆ Twenty national workshops, seminars, meetings and consensus building events. ◆ Seven policy development activities by public and private sector organizations. 	<ul style="list-style-type: none"> ◆ Project reports. ◆ Media reports. ◆ Increased collaboration between private and public associations and government policy-makers. 	<ul style="list-style-type: none"> ◆ U.S. and local consultants and implementatin teams are capable of planning, executing and achieving high quality outputs. ◆ Public and private sector willing and able to cooperate with project activities.
<p>INPUTS:</p> <p>Technical Assistance</p> <p>Regional Implementation Unit</p> <p>Implementation Sub-grants</p> <p>Audits/Evaluations</p> <p>Project Management</p> <p>TOTAL</p>	<p style="text-align: right;">(U.S. \$)</p> <p style="text-align: right;">4,244,484</p> <p style="text-align: right;">183,000</p> <p style="text-align: right;">1,544,770</p> <p style="text-align: right;">47,000</p> <p style="text-align: right;">111,000</p> <p style="text-align: right;">6,130,254</p>	<p>USAID Project Papers</p>	<ul style="list-style-type: none"> ◆ All conditions Precedent to Disbursement are met in timely manner ◆ Funds are obligated and available as planned