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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

REGIONAL DEVELOPMENT OFFICE/CARIBBEAN

PROJECT PAPER

PUBLIC MANAGEMENT AND POLICY PLANNING

Amendment No. 1

AID/LAC/P-488
CR P-227

Project Number: 538-0096

UNCLASSIFIED

PROJECT DATA SHEET

1. TRANSACTION CODE

C
 A = Add
 C = Change
 D = Delete

Amendment Number

1

DOCUMENT CODE

3

2. COUNTRY/ENTITY

Regional Development Office/Caribbean

3. PROJECT NUMBER

538-0096

4. BUREAU/OFFICE

Latin American & the Caribbean (LAC)

05

5. PROJECT TITLE (maximum 40 characters)

Public Management and Policy Planning

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
 09 30 89

7. ESTIMATED DATE OF OBLIGATION

(Under "B:" below, enter 1, 2, 3, or 4)

A. Initial FY 85

B. Quarter 3

C. Final FY 89

8. COSTS (\$000 OR EQUIVALENT \$1 =)

| A. FUNDING SOURCE | FIRST FY 85 | | | LIFE OF PROJECT | | |
|------------------------|--------------|----------|--------------|-----------------|----------|--------------|
| | B. FX | C. L/C | D. Total | E. FX | F. L/C | G. Total |
| AID Appropriated Total | | | | | | |
| (Grant) | (4,500) | (-) | (4,500) | (8,500) | (-) | (8,500) |
| (Loan) | (-) | (-) | (-) | (-) | (-) | (-) |
| Other U.S. | | | | | | |
| 1. | | | | | | |
| 2. | | | | | | |
| Host Country | | | | | | |
| Other Donor(s) | - | - | - | 820 | - | 820 |
| TOTALS | 4,500 | - | 4,500 | 9,320 | - | 9,320 |

9. SCHEDULE OF AID FUNDING (\$000)

| A. APPROPRIATION | B. PRIMARY PURPOSE CODE | C. PRIMARY TECH. CODE | | D. OBLIGATIONS TO DATE | | E. AMOUNT APPROVED THIS ACTION | | F. LIFE OF PROJECT | |
|------------------|-------------------------|-----------------------|---------|------------------------|----------|--------------------------------|----------|--------------------|----------|
| | | 1. Grant | 2. Loan | 1. Grant | 2. Loan | 1. Grant | 2. Loan | 1. Grant | 2. Loan |
| (1) ESF | 660 | 930 | - | 8,000 | - | 220 | - | 8,220 | - |
| (2) SDA | 660 | 930 | - | - | - | 280 | - | 280 | - |
| (3) | | | | | | | | | |
| (4) | | | | | | | | | |
| TOTALS | | | | 8,000 | - | 500 | - | 8,500 | - |

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

720 840 960

11. SECONDARY PURPOSE CODE

901

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To develop improved economic policies by providing technical assistance to participating Eastern Caribbean LDCs and regional organizations and, in the process, to improve, where practical, their capabilities in policy analysis, decision making, and policy implementation.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
 06 87 03 89

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a // page PP Amendment)

The purpose of this amendment is (A) to extend the PACD by one year, to September 30, 1989; (B) to increase the life of project funding by \$500,000 for a new total of \$8,500,000; and (C) add a new component to the project

Approval of methods of implementation and financing

J.B. Ahr, A/CONT

17. APPROVED BY

Signature

Title

James S. Holtaway
 Director, RDO/C

Date Signed

MM DD YY
 09 23 89

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

AMENDMENT NUMBER ONE
TO THE
PROJECT AUTHORIZATION

Name of Country: Caribbean Regional
Name of Project: Public Management and Policy Planning
Number of Project: 538-0096

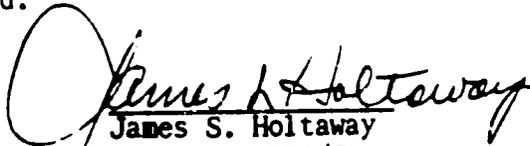
1. Pursuant to Part II, Chapter 4, Section 531 of the Foreign Assistance Act of 1961, as amended, the Public Management and Policy Planning Project was authorized on April 11, 1985. That authorization is hereby amended as follows:

A. Delete the first paragraph in its entirety and substitute the following in lieu thereof:

"Pursuant to Sections 106 and 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Public Management and Policy Planning Project for the Eastern Caribbean and Suriname involving planned obligations not to exceed Eight Million Five Hundred Thousand United States Dollars (US\$8,500,000) in grant Development Assistance and Economic Support Fund monies, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help finance the foreign exchange and local currency costs of the project."

B. In the first sentence of the second paragraph, add the two words "and Suriname" after the word "Caribbean."

2. The Authorization cited above remains in force except as hereby amended.


James S. Holtaway
Director, RDO/C
9/23/88
Date

PUBLIC MANAGEMENT AND POLICY PLANNING (PMPP) PROJECT

PROJECT PAPER SUPPLEMENT

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I. SUMMARY AND RECOMMENDATION

A. Recommendation

The Regional Development Office/Caribbean (RDO/C) recommends the authorization of Amendment Number One to the Public Management and Policy Planning Project in the amount of \$500,000 in grant Economic Support and Development Assistance Funds (ESF/DA), bringing the authorized life-of-project funding up to \$8,500,000, and with an extension of the Project Assistance Completion Date (PACD) of one (1) year, from September 30, 1988 to September 30, 1989.

This PP Amendment describes a Customs Computerization Training component in support of a multi-donor UNDP project and the project's Evaluation Component.

B. Summary

The original Project Paper authorized \$8 million in ESF and a three and a half year project life. It also mentioned the possibility of a two-year extension of the project. The purpose of this Amendment is to increase the life-of-project funding, provide for joint ESF and DA financing, and extend the PACD by one year.

This amendment provides for a continuation of activities authorized in April 1985 under the original project, and the addition of one new component to the project. The original Project Paper established three components: a Primary Component, a Fiscal Reform (Grenada) Component and an Evaluation Component. The Fiscal Reform activity has been completed. The Primary Component will continue with existing funds. The new component is a Customs Computerization Training program, which is an integral element of a broader UNDP project. The Evaluation Component Will also continue.

The project was evaluated in June 1987. The evaluation team was positive about the progress made under, and management of, the project by USAID and the contractors. Several administrative recommendations were made and these are currently being implemented where appropriate. (See Annex D for the Project Evaluation Summary.)

The original Project Paper provided for the participation of the seven OECS states (Antigua/Barbuda, Dominica, Grenada, Montserrat, St. Christopher and Nevis, St. Lucia and St. Vincent and the Grenadines), and in special instances Barbados. In this amendment, the British Virgin Islands, a new member of the OECS, is added.

II. PROJECT DESCRIPTION

A. Goal, Purpose and Expected Achievements

The Goal and Purpose of the project remain unchanged:

Goal: To improve resource management in the Eastern Caribbean, and thus promote economic growth and stability.

Purpose: To develop improved economic policies by providing technical assistance to participating Eastern Caribbean LDCs and Regional organizations; and, in the process, seek to improve, where practical, their capabilities in policy analysis, decision-making, and policy implementation.

Expected achievements remain essentially unchanged, except in magnitude. The project will continue to produce: policy discussions with national leaders; reports that analyze policy options and recommended policy changes; policy changes which are implemented; and popularization of existing data management systems, procedures, laws and regulations. As a result of the new component being added to the project (see Project Components below), the project will take on an even greater institutionalization focus through provision of increased training and technical assistance.

B. Project Components

1. General

As originally authorized, the project included three components: the Primary Component, the Fiscal Reform Component and an Evaluations Component. The Fiscal Reform Component is completed, while the Primary Component and the Evaluation Component remain active.

2. The Primary Component

The description in the original PP stands without modification. The project was evaluated in June 1987 by a joint team from Wharton Econometrics and Louis Berger International, Inc. The evaluation focused on the two active components, the overall management of the project, adequacy of project performance indicators, and consideration of options for the future. The PES is presented at Annex D. Principal recommendations were largely administrative in nature, and these are currently being implemented where applicable.

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Of the funding originally obligated through the contract with Robert R. Nathan Associates, Inc., to implement the Primary Component, all but approximately \$300,000 had been expended or committed as of 1 June 1988. Adding to this figure an approximately \$250,000 in savings on completed delivery orders under the contract, there is approximately \$550,000 in funding that the Mission expects will be expended, on technical assistance as in the past, during the one-year period prior to 30 September 1989. Consequently, the Mission does not anticipate adding any additional funds to the Primary Component.

3. The Customs Computerization Training Component

This component represents a limited AID contribution to a multi-donor activity designed and implemented by the United Nations. Specifically, AID will finance the training element of a UNDP project, executed by UNCTAD, called "Computerization of Customs Documentation Processing and Foreign Trade Data". This project will be implemented throughout the OECS. It will, within three years, provide the OECS Customs Departments with the computer hardware and software to significantly improve their ability to (a) efficiently and accurately collect customs data, (b) accurately analyze that data, and (c) efficiently and accurately report trade data at a central, regional location. The core of the project is ASYCUDA (Automated System for Customs Data), a software package developed by UNCTAD and successfully installed in several developing countries to date. A detailed demonstration of ASYCUDA by UNCTAD technicians to Comptrollers of Customs from the OECS at their annual meeting in 1987 resulted in an enthusiastic endorsement of the package and a formal request for assistance from the OECS to various donors who had expressed initial interest in supporting the project (see Annex E).

The UNDP project has three elements: (a) personnel salaries and travel/per diem, (b) training, and (c) equipment (computers and peripherals), for a total estimated cost of \$1,040,000. Other donors expected to contribute to the project include EDD, CDB, UNDP, the EEC, and CIDA. AID proposes to finance the training element of this project, estimated to cost \$220,000, inclusive of AID's share of the "Executing Agency Support Costs" and a small contingency.

The training planned by UNCTAD is extensive. Over a one year period, two Customs Department representatives/trainers from each of the eight OECS states will receive three months of intensive training each at a central location within the region. UNCTAD expects that, at the end of the training, the two trainers will be capable of effectively training the appropriate staff in their countries in the use and maintenance of ASYCUDA. AID's

support for the training program will last for approximately one year, and the two training sessions are expected to be completed by 30 September 1989. The UNDP project, however, will continue for a total of three years.

Direct RDO/C management of this project component of PMPP is expected to be minimal. The funding will be provided to the UNDP via advances, through a Handbook 13 Grant Agreement. The Grant Agreement will be signed in FY89 and will include a condition precedent to disbursement of funds that requires that the contributions of all other donors be in place. The training will be carried out in two sessions. The UNDP will be required to provide regular reports to AID on the project as a whole, with greater detail on the training element being funded by AID.

Annex F presents the UNDP proposal for this component.

4. The Evaluation Component

a. Background

USAID Bridgetown is currently at a strategy watershed. The Mission is preparing a Country Development Strategy Statement (CDSS) to guide the Mission for the 1990-94 period, and the strategy that appears to be evolving differs in several important respects from the preceding strategy.

First, the Mission looks to be presented with an Operating Year Budget for the coming period that is about half that available in the preceding period. Second, given the sources of funds (in terms of functional accounts) that the Mission may expect, the strategy for the coming period must focus on agriculture, basic human needs (primarily education, with some population and health--including AIDs--work), and the private sector. This represents a departure from involvement in either bilateral infrastructure or program assistance, important features of the preceding strategy. Third, the focus in agriculture is on import substitution and exports to regional markets, rather than on the drive for exports to extraregional markets that characterized the strategy of the earlier period. Fourth, on the nonagricultural private sector side, the forthcoming Mission strategy will favor microenterprises with predominantly domestic investment, rather than the larger enterprises, consisting primarily of foreign investment, on which the preceding strategy focused its attention.

In light of the foregoing, the Mission decided in July 1988 not to continue funding for PMPP's Primary Component, the focus of which for the three years of its existence had been technical assistance in public finance and macroeconomic planning. The Mission decided that continuation of this type of activity, in a time during which budgets were severely cut and the Mission was narrowing the focus of its development activities, would be out of place. It was decided to at the same time narrow the focus of the Mission's policy dialogue agenda. Unfortunately, neither the recently completed agriculture strategy exercise or the ongoing private sector strategy exercise (both being undertaken in support of the larger CDSS exercise) had seriously concerned itself with policy issues. As a result, it became clear to the Mission that an assessment of the policy needs in these two "sectors" was necessary.

b. Evaluation Strategy

During the second quarter of FY89 (after the CDSS has been approved by AID/W), the Mission will undertake a program-level evaluation of its policy dialogue efforts in retrospect and an analysis of the most appropriate future directions of the Mission's policy dialogue efforts. The fleshing-out of the Terms of Reference of this program evaluation and analysis will occur in September-October 1988, in preparation for the Mission's entering into a contract with a suitable organization (probably under the Agency-wide macroeconomic IQC) to carry out the evaluation and analysis. The results of that evaluation and analysis will be used by the Mission to formulate (in March-April 1988) a policy dialogue strategy that fits in with the other goals and objectives of the already-approved CDSS.

As noted above, the policy exercise will first assess the effectiveness (in both absolute and efficiency terms) of the Mission's policy dialogue over the 1985-88 period. This part of the exercise should, based on Mission documents such as the 1985 CDSS and subsequent Annual Action Plans, set forth what the Mission intended to accomplish in its policy dialogue. The examination should focus not solely on macroeconomic policy dialogue, but also on sectoral policy dialogue. It should examine each of the Mission's projects to determine whether the Mission accurately determined the policy impediments to realization of a given project's aims, and should assess the extent to which the Mission effectively dealt with these impediments. It should also examine the Mission's program assistance activities to determine whether (a) the analysis on which the program assistance was based was valid, and (b) the execution of the activities led to successful policy changes. The evaluation will also examine the effectiveness of the PMPP project in meeting the Mission's expectations for that project itself.

In addition to this retrospective "report card," the exercise should also provide the Mission with advice on the most effective means of carrying out policy dialogue efforts during the upcoming CDSS period. In light of the Mission strategy expected to be approved early in CY1989, what are the most important policy constraints affecting the success of the programs that the Mission intends to undertake over the 1990-94 period? What specific means of dealing with these policy constraints, given the Mission's success record to date on policy matters, are likely to be most effective? What mix of project conditionality and technical assistance, in policy matters, can best ensure the success of the Mission's overall strategy?

III. COST ESTIMATES AND FINANCIAL PLAN

A. Funding Level and Source

The original life-of-project total was \$8 million, all in ESF grant funds. By this amendment, the LOP total will be increased to \$8,500,000. The incremental \$500,000 will be in DA/ESF grant funds, will be obligated in FY89, and will be sourced to the Mission's FY89 OYB.

B. Financial Plan and Budget

Table 1 compares the original authorized LOP budget with the proposed amended budget. This Project Paper Amendment will extend the LOP by one year, and will add one new component to the project.

TABLE 1
Overall PMPP Financial Plan
(\$000)

| <u>Components</u> | <u>Obligations</u> <u>As of 7/88</u> | <u>This</u> <u>Amendment</u> | <u>Total</u> <u>LOP</u> |
|---------------------|---|---------------------------------|----------------------------|
| Primary Component | 5,395 | - | 5,395 |
| Fiscal Reform | 2,565 | - | 2,565 |
| UN Customs Training | - | 220 | 220 |
| Evaluations | 40 | 280 | 320 |
| TOTAL | 8,000 | 500 | 8,500 |

.9'

The Primary Component contract with Robert R. Nathan Associates, Inc., will be extended for an additional year. Funds already obligated to the contract are sufficient to cover the remaining level of effort.

The Customs Training Component will be obligated via a Handbook 13 Grant Agreement with the UN. Obligation and expenditures are all expected to occur in FY89.

Table 2 presents sources and uses of funds by project component, for the life of project funding. Details of the budget for the new component are contained in Annex G.

The Evaluation Component will be implemented through an AID-direct contract with a firm under AID's macroeconomic IQC, with obligations and expenditures both occurring in FY89.

TABLE 2

Summary of Project Costs by Component and Source of Funding
(US\$000)
(Life of Project Funding)

| <u>COMPONENT</u> | <u>USAID</u> | <u>OTHER DONORS</u> | <u>TOTAL</u> |
|---------------------------------------|--------------|---------------------|--------------|
| Primary Component | 5,395 | --- | 5,395 |
| Fiscal Reform | 2,565 | --- | 2,565 |
| Customs Computer- ization Training | 220 | 820 | 1,040 |
| Evaluation | 320 | --- | 320 |
| <u>TOTAL</u> | <u>8,500</u> | <u>820</u> | <u>9,320</u> |

C. Methods of Implementation Financing

The new component of the project and the evaluation both will be implemented via the direct reimbursement or direct cost basis. For the former, the UNDP will apply for and receive an advance for each of the two Customs Computerization Training Courses. Funds under this component will be allocated in two tranches to help insure satisfactory progress prior to committing full USAID support to the multi-donor project with the UNDP. As indicated on the Project Data Sheet, the RDO/C Controller has reviewed and approved the methods of implementation and financing for the proposed new activity.

10.

IV. IMPLEMENTATION PLAN AND SCHEDULE

A. Primary Component

The implementation arrangements established in the original PP will continue. AID intends to negotiate a no-cost, one-year extension of the contract with Nathan to provide sufficient time for the existing obligation to be expended in technical assistance. No substantive changes in the overall scope of work for this contract are expected.

Following is a schedule of key activities for this component.

| <u>Event</u> | <u>Timeframe</u> |
|-------------------------------|------------------|
| RRNA contract amended | August 1988 |
| Team meetings | Quarterly |
| Last delivery order completed | August 1989 |
| Contract expires | September 1989 |

B. Customs Computerization Training Component

Following is a schedule of key activities for this component.

| <u>Event</u> | <u>Timeframe</u> |
|-----------------------------|------------------|
| Grant agreement drafted | September 1988 |
| Grant agreement signed | December 1988 |
| First advance issued | February 1989 |
| First training course held | March 1989 |
| Second advance issued | July 1989 |
| Second training course held | August 1989 |
| Project ends | September 1989 |

C. Evaluation Component

Following is a schedule of key activities for this component.

| <u>Event</u> | <u>Timeframe</u> |
|------------------------------|------------------|
| T.O.R. Consultant Contracted | September 1988 |
| Terms of Reference Drafted | October 1988 |
| Evaluation Firm Contracted | February 1988 |
| Evaluation Begins | March 1988 |
| Evaluation Report Completed | April 1988 |

V. PROJECT ANALYSES

The Mission sees no need to carry out any additional analyses, given the purposes of the amendment. The amount of technical assistance to be delivered under the Primary Component of the project has not materially changed, although the amendment proposes adding one year to the contract implementing the Primary Component, to enable the delivery of additional technical assistance through that Component. As to the proposed new component (the Customs Computerization Training Component), the training that AID will be funding will be an integral part of a larger multidonor-funded project. The AID-funded portion of the activity will increase the LOP of the PMPP project by only an insignificant amount, and the activity is precisely the type of activity that the original PP would have permitted. Therefore, with no alteration to the original scope of the PP (except for the minor funding increase), the Mission judges the original PP analyses to retain their validity.

VI. EVALUATION PLAN

The Mission has no plans to further evaluate this project in isolation. However, the Mission will be carrying out a program evaluation of its efforts in policy dialogue over the past several years. Included in that program evaluation will be an assessment of the PMPP project in meeting its objectives and an analysis of how the Mission can best focus its policy objectives in future. That evaluation is scheduled for second quarter FY89.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project: \$11 million
From FY85 to FY91
Total U.S. Funding: \$11 million
Date Prepared: June 15, 1988

Project Title & Number: Public Management and Policy Planning (538-0096)

| NARRATIVE SUMMARY | OBJECTIVELY VERIFIABLE INDICATORS | MEANS OF VERIFICATION | IMPORTANT ASSUMPTIONS |
|--|---|--|---|
| <p><u>Program or Sector Goal:</u></p> <p>To improve resource management in the Eastern Caribbean and thus promote growth and stability.</p> | <p><u>Measures of Goal Achievement:</u></p> <p>GDP average annual rate of growth, 1987-91, exceeds 4 percent for OECS as a whole.</p> <p>Ratio of public savings to GDP, for the OECS as a whole, is at least 6.6 percent by 1991.</p> | <p>Official national statistics Official budget estimates IMF, IBRD, and CDB statistics</p> | <p><u>Assumptions for achieving goal:</u></p> <p>International economy remains buoyant enough that OECS can increase extra-regional exports.</p> <p>Regional peace and relative political stability continue</p> <p>Regional governments continue to be supportive of a private sector-led approach to growth.</p> |
| <p><u>Project Purpose:</u></p> <p>To develop improved economic policies by providing technical assistance to participating Eastern Caribbean LDC's and regional organizations; and, in the process, seek to improve, where practical their capabilities in policy analysis decision making, and policy implementation.</p> | <p><u>End of project status:</u></p> <p>Tax systems revamped in at least two states, thereby reducing the disincentive effects of taxation.</p> <p>Improved public sector investment planning capabilities in at least three OECS states.</p> <p>Tax administration upgraded in at least five OECS states.</p> <p>Program budgeting introduced and working effectively in at least three OECS states.</p> | <p>Project evaluation reports Final reports by technical assistance advisors Interview with OECS government officials.</p> | <p><u>Assumptions for achieving purpose:</u></p> <p>OECS governments continue to be willing to accept extra-regional technical assistance in sensitive policy areas.</p> <p>OECS governments actively interested in improving policy framework.</p> <p>OECS governments better understand the merits of forward planning.</p> <p>Donors continue to be willing to provide program assistance as an incentive for policy change and to support the initial costs of some measures.</p> |

Outputs:

Analyses of and recommendations for the change of revenue systems carried out in ___ OECs states.

On-the-job training of planning and statistical units carried out in at least ___ OECs states.

Comprehensive examinations of customs administration systems carried out in at least ___ OECs states.

Comprehensive examinations of income tax administration systems carried out in at least ___ OECs states.

Training of trainers in customs data analysis.

Magnitude of Outputs:

Person-months of technical assistance delivered as follows:

Revenue system ___
Planning and statistics ___
Customs administration ___
Income tax administration ___
Analysis of credit supply and demand ___
Program and performance budgeting ___

Two customs trainers per participating OECs country.

Project evaluation reports
Project quarterly reports
Site visits by project Manager and country Coordinators
Activity close-out reports

UNDP quarterly and annual reports for customs data training program.

Assumptions for achieving outputs:

Contractors can deliver high-quality technical advisors who can effectively work with OECs counterparts.

Coordination between sub-component activities proceeds smoothly.

Effective overall management of project by Contract Director and AID Project Manager.

Inputs:

AID Grant of US\$11 million

Implementation Targets:

Funds expended providing technical assistance

Contractors's billings.
Site visits.

Assumption for providing inputs:

RDO/C budget levels adequate.
Other donor support available for UNDP activity.

14

PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded with Development Assistance loans; and B(3) applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE?
HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT?

Yes N.A.

Yes N.A.?

A. GENERAL CRITERIA FOR PROJECT

1. FY 1988 Continuing Resolution Sec. 523; FAA Sec. 634A. If money is sought to obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified? Congressional Notification in process. No obligation will be incurred under the project until the waiting period expires.
2. FAA Sec. 611(a) (1). Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes
3. FAA Sec. 611(a) (2). If legislative action is required within recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? No legislation is anticipated to be required.
4. FAA Sec. 611(b); FY 1988 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) Not applicable (N/A).

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? N/A.
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. This is a regional project of which one component is multilateral.
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions. By supporting improved economic policies, the project will have favorable effects on (a), (b) and (d).
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). This project will influence policies which should result in increased trade in general, including U.S. private trade and investment.
9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. Participating governments will make in-kind contributions of costs of local personnel, office facilities and local support but which are not contractually related. The U.S. does not own local currency in the Caribbean Region.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? No.

11. FY 1988 Continuing Resolution Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N/A.
12. FY 1988 Continuing Resolution Sec. 553. Will assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? N/A.
13. FAA Sec. 119(g) (4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? No. This project will be directed at improving fiscal and economic policies which do not relate to improving the physical environment.
14. FAA 121 (d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling N/A.

receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

15. FY 1988 Continuing Resolution. If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? N/A.
16. FY 1988 Continuing Resolution Sec. 541. If assistance is being made available to a PVO, has that organization provided upon timely request any document, file or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? N/A.
17. FY 1988 Continuing Resolution Sec. 514. If funds are being obligated under an appropriation account to which they were not appropriated, has prior approval of the Appropriations Committees of Congress been obtained? 2
18. FY 1988 Continuing Resolution Sec. 515. If deob/reob authority is sought to be exercised in the provision of assistance, are the funds being obligated for the same general purpose, and for countries within the same general region as originally obligated, and have the Appropriations Committees of both Houses of Congress been properly notified? Yes. Congressional Notification in process and will be completed prior to obligation.
19. State Authorization Sec. 139 (as interpreted by conference report). Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. Leg within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). N/A.

B. FUNDING CRITERIA FOR PROJECT

1. Development Assistance Project Criteria

a. FY 1988 Continuing Resolution Sec. 552 (as interpreted by conference report). If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?

N/A.

b. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life, and

The project will not directly impact on the noted groups or economic elements. It will foster generally improved economic conditions through policy reforms and improve economic management, and, as such, should indirectly benefit these elements. This is a regional project which provides assistance bilaterally as well as through regional institutions.

otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

- c. FAA Secs. 103, 103A, 104, 105, 106, 120-21. Does the project fit the criteria for the source of funds (functional account) being used? Yes.
- d. FAA Sec. 107. Is emphasis placed on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? N/A.
- e. FAA Sec. 110, 124(d). Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? N/A. This is a regional project. Participating States will contribute personnel, office facilities and local support costs.
- f. FAA Sec. 128(b). If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority? ? ~~No.~~ only applicable element is UNDP sponsored customs administration component which has no benefit to the poor.

- g. FAA Sec. 281(b). Describe extent to which the project recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civil education and training in skills required for effective participation in governmental processes essential to self-government. This project centers on technical assistance to upgrade a civil service skills required for effective governmental processes. The project provides assistance only as the request of recipient governments with governments and institutions in the development of the terms of reference for each activity carried out under the project.
- h. FY 1988 Continuing Resolution Sec. 538. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? No.
- Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? No.
- Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods if, or the performance of, abortions or involuntary sterilization as a means of family planning? No.

- i. FY 1988 Continuing Resolution. No.
Is the assistance being made available to any organization or program which has been determined to support or participate in the management of a program of coercive abortion or involuntary sterilization?
- If assistance is from the population functional account, are any of the funds to be made available to voluntary family planning projects which do not offer, either directly or through referral to or information about access to, a broad range of family planning methods and services? N/A.
- j. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes.
- k. FY 1988 Continuing Resolution. None.
What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 20 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?
- l. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a Yes. A "categorical exclusion" was approved for the original project and is being sought for this amendment.

high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of covering and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify

tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

- m. FAA Sec. 118(c) (13). If the assistance will support a program or project significantly affecting tropical forests (including projects involving the planting of exotic plant species), will the program or project (a) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (b) take full account of the environmental impacts of the proposed activities on biological diversity? N/A.
- n. FAA Sec. 118(c) (14). Will assistance be used for (a) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; or (b) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas? N/A.
- o. FAA Sec. 118 (c) (15). Will assistance be used for (a) activities which would result in the conversion of forest lands to the rearing of livestock; (b) the

construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undegraded forest lands; (c) the colonization of forest lands; or (d) the construction of dams or other water control structures which flood relatively undegraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

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- p. FY 1988 Continuing Resolution.
If assistance will come from the Sub-Saharan Africa DA account, is it (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) being provided in accordance with the policies contained in section 102 of the FAA; (c) being provided, when consistent with the objectives of such assistance, through Africa, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development, in Sub-Saharan Africa; (d) being used to help overcome shorter-term constraints to long-term development, to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (e) being used to increase agricultural production in ways that protect and restore the natural resource base,

N/A.

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especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

2. Development Assistance Project
Criteria (Loans Only)

- a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.
- b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?
- c. FY 1988 Continuing Resolution. If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103

N/A. The project is grant-funded.

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through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds?

- d. FAA Sec. 122(b). Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

3. Economic Support Fund Project Criteria

- | | |
|---|---|
| a. <u>FAA Sec. 531(a)</u> . Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and Programs of Part I of the FAA? | Yes. Through improved economic and fiscal policy formulation and management, the project should promote economic and political stability. |
| b. <u>FAA Sec. 531(e)</u> . Will this assistance be used for military or paramilitary purposes? | No. |
| c. <u>FAA Sec. 609</u> . If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? | N/A. |

AMENDMENT TO THE
INITIAL ENVIRONMENTAL EXAMINATION

Project Location: Caribbean Regional
Project Title: Public Management and Policy Planning (538-0096)
Funding: ESF \$8.22 million
Life of Project: Four and a half years
IEE Prepared by: R. Phillips (FOR)
John D. Wooten, Jr.
Project Development Officer
Date: May 18, 1988

Environmental Action

Recommended: A Categorical Exclusion is recommended. The Project will have no effect on the natural or physical environment. The Project is one of technical assistance intended to develop the capacity of recipient countries to engage in development planning, (reg. 22 CFR, Part 216-2 (C) (2) (XIV) and, therefore, falls into the parameters of those categorically excluded from following the environmental procedures outlined in 22 CFR Part 216.

Concurrence: Alfred Bisset
Alfred Bisset
Deputy Director
USAID,
Regional Development Office/Caribbean

Date: 7/28/88

Clearances: PRM:RPhillips
ARD:RNiec
REMS:ADeGeorges (DRAFT) R

The Public Management and Policy Planning (PMPP) project is being amended to extend the life of project by one year and increase the life of project funding by \$220,000 million. The purpose of the project remains unchanged:

To develop improved economic policies by providing technical assistance to participating Eastern Caribbean LDCs and Regional organizations; and, in the process, seek to improve, where practical, their capabilities in policy analysis, decision-making, and policy implementation.

The project is designed to respond to severe shortages in the OECS countries of technically qualified staff required either to formulate economic and financial policies, or to administer the public finances efficiently. The project will continue to produce policy discussions with national leaders, reports that analyze policy options and recommended policy changes, policy changes which are implemented, design and introduction of new data management systems, procedures, laws and regulations.

As the project's focus is on improving economic and fiscal policy formulation and implementation in the OECS region, it will not have an effect on the natural or physical environmental. A categorical is therefore recommended.

XD-APP-100-A
 ISN 66662

ANNEX D

A.I.D. EVALUATION SUMMARY - PART I

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
 2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE

IDENTIFICATION DATA

| A. Reporting A.I.D. Unit: Mission or AID/W Office <u>RDO/C</u> (ES# <u>538-88-09</u>) | | B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input type="checkbox"/> Skipped <input checked="" type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY <u>87</u> <u>Q4th</u> | | C. Evaluation Timing Interim <input checked="" type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/> | |
|--|--|---|--------------------------|--|--------------------------------|
| D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.) | | | | | |
| Project No. | Project /Program Title | First PROAG or Equivalent (FY) | Most Recent PACD (Mo/Yr) | Planned LOP Cost (000) | Amount Obligated to Date (000) |
| 538-0096 | Public Management and Policy Planning Project (PMPP) | 85 | 09/88 | 8,000 | 8,000 |

ACTIONS

| E. Action Decisions Approved By Mission or AID/W Office Director | | Name of Officer Responsible for Action | Date Action to be Completed |
|--|---|--|-----------------------------|
| Action(s) Required The Mission reviewed the evaluation report and decided on the following actions: | | | |
| 1. | To disseminate a summary of relevant topics covered in the quarterly review to interested donors and institutions | R. Phillips | 04/15/88 |
| 2. | Provide complementary technical assistance to OECS/EAS | R. Phillips | 09/30/88 |
| 3. | Continue to include seminars and regional meetings in design of subcomponent activities, where relevant | R. Phillips | 09/30/88 |
| 4. | Increase project's focus on regional as opposed to bilateral activities | R. Phillips | 09/30/88 |
| 5. | Carry out regular quarterly reviews of project activities | R. Phillips | 09/30/87 (Completed) |
| 6. | Tighten accounting procedures on subcomponent activities | R. Phillips | 09/30/87 (Completed) |
| 7. | Initiate three-tiered evaluation process | R. Phillips | 09/30/88 |

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) 06 (Day) 03 (Year) 87

G. Approvals of Evaluation Summary And Action Decisions:

| Name (Typed) | Project/Program Officer | Representative of Borrower/Grantee | Evaluation Officer | Mission or AID/W Office Director |
|--------------|-------------------------|------------------------------------|--------------------|----------------------------------|
| | R. Phillips | n.a. | D. Clarke | J.S. Holtaway |
| Signature | <i>[Signature]</i> | | <i>[Signature]</i> | <i>[Signature]</i> |
| Date | <u>23 FEB 88</u> | | <u>02/24/88</u> | <u>02/15/88</u> |

D. Mutchler, PRM *[Signature]*

A. Bisset, D/DIR *[Signature]*

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ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The project was initiated to assist member countries of the Organization of Eastern Caribbean States (OECS) to improve their economic policies and strengthen their capabilities in policy analysis and implementation. The project consists of two technical assistance components: a Grenada Fiscal Reform component implemented by Development Alternatives Inc., and a Primary component implemented by Robert R. Nathan Associates, Inc. This interim evaluation (05-06-87) was conducted by three external consultants who reviewed project documents, interviewed officials in five countries, and interviewed project personnel. The purpose of the evaluation was to assess the progress towards achievement of project objectives and recommend appropriate project modifications. The major findings and conclusions are:

--- PMPP has an important place in the Mission's strategy and has addressed areas which are vital for improved public policy such as tax reform, budgeting systems, public sector investment programs, tax administration and information for decision making.

--- PMPP has been able to respond very quickly to country needs and has been managed in a way which is sensitive to countries' perceived needs, both of which have helped promote implementation of new systems.

The main recommendations are:

--- PMPP should coordinate with other donors and institutions to develop indigenous capabilities, and AID should consider providing complementary expertise at other regional institutions to develop enhanced capacity for policy research.

--- AID should not alter the flexibility of delivery of this project, but should tighten up some accounting procedures and should carry out quarterly reviews of project progress with the implementing agency.

--- AID should continue to emphasize seminars, regional meetings, and the like, to disseminate and discuss ideas and proposals developed under the project.

The major lesson learned is that although the ability to respond rapidly to government requests for technical assistance is a valuable element in project design, AID must as much as possible ensure that adequate counterpart resources are available to make efficient use of assistance provided.

COSTS

I. Evaluation Costs

| 1. Evaluation Team | | Contract Number OR TDY Person Days | Contract Cost OR TDY Cost (U.S. \$) | Source of Funds |
|--|-----------------------------|---|--|-----------------|
| Name | Affiliation | IQC# | | |
| Dr. D. Worrell | Wharton Econometrics | PDC 0000100613 | 39,377 | Project |
| Dr. W. Belchere | Wharton Econometrics | W007 | | |
| Ms. J. Coolidge | Louis Berger, International | | | |
| 2. Mission/Office Professional Staff Person-Days (Estimate) <u>10</u> | | 3. Borrower/Grantee Professional Staff Person-Days (Estimate) <u>N/A</u> | | |

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A.I.D. EVALUATION SUMMARY - PART II

S U M M A R Y

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- | | |
|--|-----------------------------|
| • Purpose of evaluation and methodology used | • Principal recommendations |
| • Purpose of activity(ies) evaluated | • Lessons learned |
| • Findings and conclusions (relate to questions) | |

Mission or Office:

RDO/C

Date This Summary Prepared:

February 23, 1988

Title And Date Of Full Evaluation Report:

An interim Evaluation of the Public Management & Policy Planning Project - 6/30/87

Purpose of the Activity

The purpose of this three-year, \$8 million project is to develop improved economic policies by providing technical assistance to participating Eastern Caribbean countries and regional organizations; and, in the process, seek to improve, where practical, their capabilities in policy analysis, decision making, and policy implementation. The constraint that the project addresses is common to the public sectors of the Eastern Caribbean LDCs: they lack sufficient capability for policy analysis in key strategic development areas, and are frequently unable to effectively implement those decisions that are made. A longer term, institution-building response is already in the offing, through several projects supported by donors including AID. The opportunity that this project makes use of is a perceptibly increasing desire among Eastern Caribbean governments to implement improved policies before the longer term solution is in place. The application of the technical assistance available under this project not only assists Eastern Caribbean states in the shorter run, but also squarely supports Mission's policy dialogue objectives. In the course of policy dialogue, Mission is not only able to recommend policy improvements, but can also offer technical assistance to improve policies. One of two major components of the project, the Grenada Fiscal Reform Component implemented by Development Alternatives Inc. is a discrete activity carried out in Grenada in response to a Government request for assistance in fiscal reforms arising from policy negotiations on program assistance. The other component, the Primary Component, is less specific and permits any eligible recipient to request technical assistance from the implementing agency, Robert R. Nathan Associates, Inc. Individual subcomponent activity requests are refined by the contractor and are submitted to Mission for approval.

Evaluation Purpose and Methodology

The evaluation was designed to assess the progress made towards the objectives of the PMPP project, and was a scheduled interim evaluation. The evaluation team (contracted under the LAC Bureau's macroeconomic IQC) was asked to assess the management of the project, compare its implementation with the project paper's intentions, suggest ways of proceeding in the future, provide indicators of the project's impact, and draw lessons from the nearly completed Grenada Fiscal Reform Component. The evaluation team studied project objectives in the Project Paper and related these to the Mission's planning documents, such as the Regional Development Strategy Statement (RDSS) and the Action Plan. The team interviewed relevant Mission staff, staff of the implementing agencies, government officials in five participating countries, and officials in regional organizations. The result was a subjective impact evaluation based on these findings and the evaluation team's experience.

Findings and Conclusions

The evaluation team was satisfied that the PMPP project has a vital place in the USAID strategy for the Caribbean and that it has gotten off to an encouraging start. Sensible fiscal policy is a centerpiece of the economic growth strategy, providing an environment of confidence for private sector investment, and the right incentives for investment. Governments must also manage their affairs so as to ensure that the essential infrastructure for the private sector is in place. Good fiscal policy management ensures that donor assistance in other areas, both private and public, becomes most effective.

PMPP has addressed areas which are vital for improved fiscal policy. These include tax reform, budgeting systems, the public sector investment program, tax administration, and information for decision making. The project has been able to respond quickly to country needs, a feature which distinguishes it from most other technical assistance projects. It has also been managed in a way which is sensitive to countries' perceived needs and this has helped to promote implementation of new systems. The project has in general been well received.

PMPP has also had its problems. The ones that loom largest are outside the control of the project's managers. They include the degree of commitment by host countries and the absence of local counterparts for consultants in a few instances. Also, it is very important that donor agencies provide complementary programs, particularly those that contribute to institution building in vital areas.

Principal Recommendations

The evaluation team suggested no major departures in the thrust of the program or in the flexibility with which it has been implemented, but suggested some administrative changes that might serve to increase the impact of PMPP:

- PMPP should continue to operate with a small resident consultancy staff reporting to the AID project officer, with technical expertise brought in as required.
- PMPP should coordinate with other donors and institutions to develop governments' capabilities, particularly at the top decision levels.
- AID should consider providing complementary expertise at other regional institutions so as to provide enhanced capability for empirical research and background studies for fiscal matters.
- PMPP should continue to emphasize seminars, regional meetings and other arrangements for the dissemination and discussion of ideas and proposals.
- Quarterly reviews of the project's progress, involving the project director, the project manager, and RDO/C staff, should become a regular feature of the implementation, as called for in the original Project Paper.
- Accounting procedures should be tightened to make sure that particular subcomponents stay within budget and that the cost of maintaining resident core staff is adequately projected.

--- PMPP should be evaluated periodically at three levels. Immediate evaluation should focus on the rate of implementation of new systems and their performance. Interim evaluations should focus on overall fiscal indicators such as public savings, the elasticity of tax systems, and governments' investment programs. In the longer term, overall evaluations should focus on the role that fiscal policy has played in economic growth and the capability of governments for improved fiscal policy as a result of technical assistance under PMPP.

Lessons Learned

At this early stage in the project, we see only few lessons clearly learned:

- Public management (e.g., tax administration) is in many respects as important as policy planning (e.g., tax system reform) in overall policy success. A successful reform design goes nowhere without adequate implementation procedures. At the same time, if adequate implementation procedures are simply not possible in a country, a theoretically elegant and efficient fiscal reform recommendation can lead to serious problems.
- AID should be careful about providing technical assistance in fiscal reform when a political system does not permit sufficient discussion of options prior to government decisions on an acceptable option. Post-decision reactions can force a government to modify what was theoretically an efficient proposal to the point where it becomes inefficient. The potential for AID's being blamed by all involved is great.
- Although the ability to respond rapidly to government requests for technical assistance is a valuable element in project design, AID must ensure that adequate counterpart resources are available to make efficient use of the assistance provided, particularly where the assistance is other than short term. AID should plan interim assessments of longer term technical assistance activities under a project such as PMPP, with a clear understanding that the assistance may be withdrawn if it does not live up to expectations.
- Objectively verifiable indicators for subcomponent activities under a project like PMPP are often relatively easy to devise; for the project as a whole, the opposite is likely to be the case. During project design, the Mission simply did not know precisely what activities would be undertaken by the project, and could only roughly gauge the likely economic impact. An important element of an interim evaluation should therefore be to establish such indicators.

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ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

An interim Evaluation of the Public Management and Policy Planning Project,
June 30, 1987

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

The evaluation report is a full treatment of the issues presented in the scope of work. There is one area, that of objective, quantifiable assessment of the overall success of the project which the evaluators note deserves further work. Mission concurs with that notation. The evaluators point out that the effects of such a project on overall economic indicators is very difficult to sort out, primarily because the primary focus on planning and fiscal policy treats only one of a number of elements that affect economic performance. Secondly, even if one narrows the objective evaluation focus to fiscal policy, it is also difficult to effectively determine what the non-intervention results would have been. The evaluation team points out that although simulation exercises could give a better indication of the direct effects of the project, the methodology to do this would have to be developed.

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09 MAY 1988

ANNEX E

USAID - ATT'N: MR ROBIN PHILLIPS
BRITISH DEVELOPMENT DIVISION - ATT'N: MR MIKE BANDEN
CARIBBEAN DEVELOPMENT BANK - ATT'N: MR MARIUS ST ROSE
UNDP - ATT'N: MR ROLF STEFANSON

INSTALLATION OF ASYCUDA SYSTEM: REQUEST FOR ASSISTANCE FROM
OECAS SECRETARIAT

TLX NO. 247/86

THE ECONOMIC AFFAIRS COMMITTEE OF THE OECAS DISCUSSED AND AGREED TO THE INSTALLATION OF THE ASYCUDA SYSTEM IN OECAS MEMBER STATES. THE SECRETARIAT OF THE UN CONFERENCE ON TRADE AND DEVELOPMENT HAS BEEN KIND ENOUGH TO PREPARE A PROJECT DOCUMENT ON THE PROJECT WITH INPUTS FROM THE OECAS SECRETARIAT AND OFFICIALS OF GOVERNMENTS OF THE OECAS MEMBER STATES. WE UNDERSTAND THAT UNCTAD HAS FAMILIARISED YOUR OFFICE WITH AREAS WHERE INPUTS FROM YOUR ORGANISATION WOULD ASSIST IN THE EFFICIENT INSTALLATION AND OPERATION OF THE SYTEM. I WOULD BE GRATEFUL IF YOU WOULD CONSIDER THIS COMMUNICATION AS A FORMAL REQUEST FOR ASSISTANCE FROM THE OECAS AND IF YOU WOULD CONFIRM YOUR INPUTS AS AGREED WITH UNCTAD.

VAUGHAN LEWIS
DIRECTOR GENERAL
OECAS

TOD 6 MAY 1988
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TOD MAY 86 0946

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05/17/88
Noted
12 May 88

UNITED NATIONS DEVELOPMENT PROGRAMME

Project of the Governments of the Organisation of the Eastern Caribbean States

Project Document

NUMBER AND TITLE : CAR/88/002 - Computerisation of Customs Data

DURATION : 30 months

ACC/UNDP SECTOR : International Trade and Development Finance(07)
AND SUB-SECTOR : Trade Promotion and Trade in Services (0740)

GOVERNMENTAL SECTOR : General Administration
SUB-SECTOR : Customs and foreign trade

GOVERNMENTAL IMPLEMENTING AGENCIES : Ministries of Finance, Economic
Development and Planning

EXECUTING AGENCY : United Nations Conference on Trade and Development

ESTIMATED STARTING DATE : 1 October 1988

GOVERNMENT INPUTS :
UNDP INPUTS :

Overview

Receipts from duties collected by Customs on foreign trade are a major component of Government revenue. A computerised system for processing customs documentation (ASYCUDA) will be introduced to minimise the risk of fraud and maximise revenue receipts.

A concurrent rationalisation and simplification of associated Customs procedures and documentation will speed clearance and minimise related administrative costs which adversely affect the cost of imports and price of exports.

Trade and revenue statistics are presently inaccurate and late. ASYCUDA will produce accurate statistics required for planning the economies of the countries by the Ministries of Finance, Economic Development and Planning, and Trade and Industry within a few days of the period end.

UNCTAD will donate the ASYCUDA software package to the Government. Direct technical assistance will be provided to implement the package by both Customs and computer experts. The project is an institution building exercise.

| ON BEHALF OF | SIGNATURES | DATE | TITLE |
|------------------|------------|-------------|-------|
| THE GOVERNMENT : | _____ | .../.../... | _____ |
| UNCTAD : | _____ | .../.../... | _____ |
| UNDP : | _____ | .../.../... | _____ |

UN Official exchange rate at date of last signature of project document: \$ 1.00 =

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A. CONTEXT

1. Description of the sub-sector

In the OECS, foreign trade is a vital sector of the national economies. The Department of Customs and Excise is usually the major contributor to revenue from central Government taxation.

2. Host country strategy

The machinery for the collection of customs revenue is an essential element in the functioning of the economies. The quality of this mechanism is a "sine qua non" condition to the functioning of Government, the development of sound fiscal policy, the expansion of foreign trade and therefore to the development of the countries.

The Governments also intend to address the problem of fraud, speed the clearance of goods and reduce the cost of collection to a minimum.

The following extract from the budget speech of the Prime Minister of St. Lucia (26 May 1987) emphasises the point.

"As guardians of the principal source of public revenues, the image of a Customs officer has not always been good and some importers try to devise every strategy to "beat the system". Consequently the Customs officer in enforcing the law does not always attract many admirers. But the Customs officer has little discretion in enforcing the Customs laws. He must do his duty.

Having said this, there have been justifiable complaints from the public over the delays in processing documents and this is being looked into to ensure that delays are reduced to the minimum. In the financial year 1986/87 collections through the Customs department rose from \$62.43 million in 1985/86 to \$81 million in 1986/87. This reflects not only increased economic activity, but greater vigilance on the part of the Customs in the protection of the public revenues. Without this outstanding effort Government would have been even harder pressed to deliver the level of public services that it is now able to. In order to reinforce this strong performance by the Customs, Hon. Members will note that provision has been made in these Estimates for improvements to the Customs facilities and the working environment in the Customs Department".

3. Prior and on-going assistance

There is no on-going assistance in this area.

4. Institutional framework

The Ministries of Finance, Economic Development and Planning will be the Governments' implementing agency for the project. As executing agency, UNCTAD will provide technical experts to assist in the implementation of the software through UNDP inputs. The United Kingdom will provide management experts in the operation of Customs computer systems to assist Customs with the simplification and rationalisation of associated procedures, law and documentation, and familiarisation and training programmes. The European Economic Community will provide expert assistance to the Member States with the development of requirements for trade statistical data.

B. PROJECT JUSTIFICATION

1. Problem definition

1.1. The operations involved in the clearance of goods through Customs, including the

- verification that goods are declared (manifest check);
- monitoring of the trade licensing scheme;
- calculation of duties and taxes; and
- production of office accounts

are now carried out manually. Consequently, there is a high incidence of non or mis-recorded trade flows involving serious loss of revenue. This leads to the retention of unnecessarily high tariff

rates which in turn encourage and perpetuate fraud.

1.2. The accompanying procedures and documentation requirements are complicated and onerous. This leads to a high administrative overhead for both the Customs Administration and the trade which is necessarily reflected in the cost of imports and the price of exports.

1.3. Trade statistics are presently compiled from copies of the Customs declarations forwarded from the various Customs stations. The high incidence of error and non-recorded documents renders the figures of only limited value. Moreover, the downstream preparation of documents for the computer is inefficient compared with a data-capture system at the local Customs level and leads to much delay in publication. Thus accurate, up-to-date information required for modern economic analysis, for trade negotiations at the international level (GATT, GSP etc.) and for the application of trade compensation schemes is unavailable. The diversity of formats in which countries submit data exacerbates the problems at regional and sub-regional level.

1.4. Revenue statistics are produced in broad categories only. The Ministries of Finance, Economic Development and Planning have no means at their disposal for proper fiscal planning.

2. Proposed solution and end of project situation

2.1. Studies carried out by Governments and International Bodies in the field recommend the computerisation of Customs data at local level. UNCTAD's ASYCUDA software package has been specifically designed to provide solutions to the above problems which are common to most developing countries. Missions by UNCTAD in 1987 have confirmed that ASYCUDA, with the addition of certain needs specific to the Administrations, can be successfully installed and used in the OECS countries. The trade statistical database for the OECS Secretariat HQ will be assured through the use of the ASYCUDA statistics module (CADET) which has been developed by the statistical office of the European Communities.

2.2. The OECS Economic Affairs Ministers mandated installation at their meeting on November 25th 1987, and this was endorsed by OECS Heads of Government during their meeting of 26th and 27th November. Computers will be installed at Customs' Headquarters to manage the system (file preparation and updates), to capture data from smaller outlying stations and to consolidate data from all sources. Computers will also be installed at the OECS Secretariat with copies of the statistics they require and in the Central Statistical offices of Government. This will be carried out on a monthly basis.

2.3. During the installation of the computerised system, a radical simplification of procedures, law and documentation will take place. In particular, the existing Customs declaration forms will be reduced in number, standardised and aligned to the UN layout key.

2.4. Extensive training will be provided for both users and controllers of the system. This has been designed especially for UNCTAD (and ASYCUDA) by the Training Division of UK Customs. Further support will be given through the inputs of technical assistance from UNDP*, the EEC and the UK Administration. The objective will be to ensure that the Administrations will be able to continue to operate the system independently. No further input is anticipated from UNDP after the 30 month project cycle. UNCTAD will continue support for minor modifications to the software and will provide new releases of the package free of charge as these are produced.

3. Target beneficiaries

3.1. This is an administrative institution building project designed to benefit the economy of the countries, and thus ultimately the population, in overall terms. The major practical result will be a streamlined Customs Service providing an efficient service to trade and Government at national and regional level. For the purposes of this project document, the target beneficiaries are defined as:

- general Government
- the trading community;
- the Customs Service and its personnel; and
- the OECS grouping.

* funding in co-operation with USAID and the Caribbean Development Bank (CDR) who will co-finance ASYCUDA training and ADP expertise respectively.

3.2. Government will benefit from increased revenue and accurate, timely statistical data. This will provide an opportunity to reduce tariff rates and thus counter inflation. There will be a sound basis for trade liberalization and compensation schemes to go forward. Proper economic and fiscal planning will be possible for the first time at both national and sub-regional level.

3.3. Trade will benefit from faster clearance of goods through the computerised system and simplified Customs procedures. Associated overhead costs which affect the cost of imports and the price of exports will be reduced to a minimum.

3.4. Customs staff will benefit from the elimination of tedious manual procedures. In many cases this will result in their transfer to more interesting aspects of Customs work. Many will move to the areas of goods control, investigation work and technical maintenance and ongoing training of their colleagues and the trade. There will be a substantial transfer of expertise in a much needed area to Customs Services.

3.5. For the first time, the OECS Secretariat will have accurate, up-to-date data available to pursue policies for regional economic development, trade policy and fiscal harmonisation as necessary.

4. *Project strategy*

4.1. The application of an automated method of Customs management through the use of computers has proved to be the most effective way of controlling the flow of goods, producing accounts and providing statistics. Many developed countries have written sophisticated software systems for this purpose which operate on large, centralised (mainframe) computers.

4.2. None of these systems are portable to other ranges of equipment, and particularly the new technology of powerful micro-computers. In developing ASYCUDA, UNCTAD has designed the software deliberately to run on the latest ranges of IBM compatible micro-computers linked together within a local area network in environments which would not normally be considered suitable for sophisticated electronic equipment. The advantages are that

- users can install equipment that is available in the country and for which a local maintenance contract can be provided;
- purchase and maintenance costs are low;
- if some equipment breaks down, then the system can continue operations, i.e. system resilience is guaranteed;
- the system can transfer information using diskettes or magnetic tapes. There is no special need for a sophisticated and expensive telecommunications network.

4.3. Software development of Customs systems is extremely complex and expensive. The ASYCUDA software has involved some 30 man-years of systems analysis and programming. The cost of developing such systems for individual developing countries is prohibitive. ASYCUDA is donated to Member States within the context of a technical assistance project. Installation costs of ASYCUDA, including technical expertise, training and hardware, amount to only 10-20 per cent of developing and installing a tailor-made system.

4.4. ASYCUDA has been installed in many countries in West Africa and many other projects are now under way. The principal source of finance has been UNDP. An independent audit of the system by UNDP in October 1987, has confirmed the suitability of the software to the processing of Customs data and recommends that installation should be actively pursued, given the substantial, tangible benefits to users.

4.5. ASYCUDA is the only cost-effective solution available to address the current problems.

5. *Assistance from UNDP/UNCTAD*

5.1. Although the software package is simple to use (by the Customs and Statistical staff), it requires special technical expertise to build up for each individual user country. Background files of data (Nomenclature, tariff rates, data element codes, etc.) need to be set up, and the system and outputs configured to the operational needs of the Administrations. Technical assistance to ensure that this is done correctly and that maintenance of the software can be continued by the users is an essential ingredient to a successful implementation.

5.2. The system has been developed jointly by UNDP and UNCTAD. The system can only be installed with the assistance of the two organizations.

6. *Special considerations.*

6.1. In the future, the electronic transfer of data via telecommunications will become commonplace. Furthermore, there is an immediate need to ensure that trade data can be consolidated at the sub-regional, regional and international level easily. This requires users of the system to apply common nomenclature, data elements and codes, and to be in a position to apply agreed syntax rules for electronic data interchange when this becomes possible.

6.2. To ensure that this is so, ASYCUDA has been designed to use the internationally agreed standard data elements and conventions relating to trade data and Customs practice, and in particular those of the Customs Co-operation Council and the International Standards Organization.

7. *Co-ordination arrangements*

CARICOM (The larger regional grouping) is pursuing the centralisation of trade data. In designing the outputs from ASYCUDA for the OECS, this aspect will require co-ordination in terms of the data elements required and the methodology of data transfer from OECS to the CARICOM Secretariat.

8. *Counterpart support activity*

8.1. The philosophy, suitability and use of ASYCUDA has been fully endorsed by the Ministries of Finance, Economic Development and Planning, Trade and Industry and Customs. The Governments have formally requested the system and UNDP support. The OECS Secretariat will act as the focal point for maintenance and management of statistical data for the sub-region.

8.2. Project management personnel will be provided by Customs and the OECS Secretariat.

8.3. No problems should be encountered in sustaining the system after the end of the project (see also section G).

C. *DEVELOPMENT OBJECTIVE*

The Governments' long-term goal is to maximise revenue, minimise fraud and provide the data necessary to plan the economies of the countries and the sub-region. In addressing the special problems associated with that goal, the Governments are determined to provide a revenue collection, statistical and trade monitoring mechanism of real quality as soon as possible.

D. *IMMEDIATE OBJECTIVES, OUTPUTS AND ACTIVITIES*

1. *Immediate objective No.1*

To increase the yield from Customs revenue, and improve the efficiency and effectiveness of Customs operations.

1.1. Output 1

Customs officials trained and familiarized with automated Customs techniques to install and maintain the system.

1.1.1. Activity 1

Selection and secondment of Customs team to build and install the system.

1.1.2. Activity 2

An ASYCUDA training course will be given by UK Customs. Tests and assessments will

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be made throughout the training period of two months. A formal report of the course will be made by UK Customs including the comments of the trainees.

1.2. Output 2.

The construction and configuration of the ASYCUDA base software package to the needs of Customs declaration processing for transfer to the working environment.

1.2.1. Activity 1

The ordering and installation of two micro-computers at OECS headquarters.

1.2.2. Activity 2

The definition of the manner in which Customs declaration processing will best operate within the computerised environment of ASYCUDA and an implementation plan for each module (manifest, declarations, accounts, etc.).

1.2.3. Activity 3

The definition of a revised Customs declaration format including data elements based on international standards.

1.2.4. Activity 4

The establishment and input of all codes required for data elements to be utilised in the system files (nomenclature, countries, currencies, etc.), using international standards.

1.2.5. Activity 5

Program and test all aspects of the software constructed.

1.2.6. Activity 6

Draft instructions to system operators based on user guides provided from the training course. Prepare training programme for Customs staff.

1.2.7. Activity 7

Prepare information package and training programme for the trading community.

1.2.8. Activity 8

Examine and define the effect on other Government Departments and changes required to law as a result of the installation of the computer system.

1.3. Output 3

Introduction of rationalised and simplified Customs procedures at (to be specified).

1.3.1. Activity 1

Train the Customs staff and trade in the use of the new declaration document.

1.3.2. Activity 2

Introduce the new declaration document.

1.3.3. Activity 3

Introduce Customs procedures for declaration processing according to the simplified document flow, control and accounting system that will apply to the ASYCUDA system.

N.B. This will take account of the modular introduction of the ASYCUDA system.

1.4. Output 4

The installation of the computerised system at (to be specified).

1.4.1. Activity 1

Preparation of the new Customs premises, including the provision of air-conditioning, UPS and stand-by generation.

1.4.2. Activity 2

Purchase, acceptance and installation of hardware.

1.4.3. Activity 3

Installation, configuration and test of the ASYCUDA software.

1.4.4. Activity 4

The establishment and input of valuation criteria and Customs procedure codes (references) which affect declaration validation and processing.

1.4.5. Activity 5

Training local Customs staff in operating the computer system.

1.4.6. Activity 6

Seminars to the trade on the effect of the computerised system.

1.4.7. Activity 7

Side-by-side operation of the manual and computerised Customs systems, i.e. full system test.

1.4.8. Activity 8

Elimination of manual procedures.

1.5. Output 5

Introduction of the new Customs systems in (to be specified).

1.5.1. Activity 1

Repeat training course.

1.5.2. Activity 2 et seq.

Repeat as for outputs 3 and 4.

2. *Immediate objective 2*

To provide Government and the OECS with the information necessary to formulate and conduct economic and fiscal policy.

2.1. Output

The production of accurate, timely trade and revenue statistics for the Governments' Central Statistical office, Ministries of Finance, Economic Development and Planning, the Ministries of Trade and Industry, and the OECS Secretariat.

2.1.1. Activity 1

The users to define the specific outputs required (for programming where these are additional to the existing standard outputs).

2.1.2. Activity 2

Customs to set up the machinery for the extraction and consolidation of trade and revenue data on a monthly basis from the Customs stations.

N.B. Customs declarations from other outlying stations will be keyed by Customs Headquarters. Data will be available within one week of the month end.

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3. Immediate objective 3

To provide the Ministries of Trade and Industry with information to monitor and control trade through the system of licences where applicable and Customs with management information on trade by individual traders.

3.1. Output 1

The production of regular reports and data on licences issued and the corresponding trade flows of imports and exports.

3.1.1. Activity

Ministries of Trade and Industry and Customs to define and establish documentation and methodology for the input of licences issued (to ASYCUDA) and output of the results via declarations processed.

3.2. Output 2

The production of management information on activities and trade by importers and exporters and their agents.

3.2.1. Activity

Customs to define their requirements for management information (print-outs or on-line query) to be programmed by UNCTAD where this is additional to existing standard outputs.

E. INPUTS

N.B. The relationship between activities and inputs is noted only where this is specific. Otherwise all inputs relate to all activities.

By the OECS

1. A project manager who will be responsible for co-ordinating the project on behalf of the Member States at the sub-regional level.
2. Physical accommodation for the project team of 4 expatriate experts and the OECS project equipment.
3. Secretarial support for the project team.
4. Project consumables (paper, fuel, communications, etc.).

By Governments

1. A national project supervisor will be appointed responsible for the full implementation programme in all offices and the establishment and maintenance of all liaison with third-parties.
2. A project team of two experienced Customs Officers, one of whom will be computer literate (i.e. able to load, copy, amend, archive and restore the system). One will be responsible for the documentation and organization of the Customs procedures.
3. Physical accommodation for staff and machines, including air conditioning.
4. Maintenance costs for buildings and equipment.
5. Local Consumables (paper, fuel, communications, etc.).

By the United Kingdom

Two Customs management experts to advise and assist the Government team on environment, training, documentation, procedures and management information outputs. This input will be provided in kind by the UK Government, and will include travel for the experts. The senior of these two personnel will be appointed Chief Technical Advisor to the project.

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By the UNDP (Includes inputs by Caribbean Development Bank and USAID)

1. A programmer to develop and tailor the ASYCUDA software to the specific requirements of the Administrations and OECS (activities 1.2.6; 1.4.3; 2.1.1; 3.1.1).

Note: The ASYCUDA software has been developed for UN in Geneva by a central team of programmer/analysts. As with all software packages, both in the private and public sector, the source code is not supplied to users. This is so that essential support to the user administrations can be properly maintained at all times and so that all users can benefit from new releases and new facilities. Thus new programmes produced for one country will be correctly integrated into the software package and become available to all if required. The programmer post will therefore be based in Geneva.

2. An ADP expert to install and test the machines and local area network and to direct the installation of the ASYCUDA software on site. He or she will be required to travel periodically to Geneva to consult with the central team.

3. Travel and subsistence for UN staff.

4. Mission costs for experts.

5. Training costs.

By the EEC

1. A consultant to advise the OECS on trade statistical outputs and development of a database for the sub-region.

2. Hardware purchase, including mandatory support equipment for the computer systems (UPS, generators, etc.).

F. RISKS

There are two risks inherent to the project which could involve delay:

- failure to deliver hardware to the two operational sites on time; and
- failure by the OECS or Governments to allocate funds and or resources for the counterpart inputs and in particular to provide premises at the operational sites on time.

If either or both arise, completion of the project will be affected to the same extent.

G. PRIOR OBLIGATIONS AND PRE-REQUISITES

1. *There are no prior obligations for this project.*

2. Pre-requisite

2.1. The signature of a maintenance contract with the supplier of the computer hardware providing for

- an agreed response time to call out in the case of breakdown; and
- the maintenance at a site to be agreed of at least two micro-computers and printers in "knocked-down" form together with all necessary consumables and accessories (printer ribbons, cables, etc.).

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H. PROJECT MONITORING, REPORTING AND EVALUATION

The project will be subject to review by the representatives of the OECS (acting for the Governments), UNDP and UNCTAD at least once every twelve months, the first meeting to be held within the first twelve months of the start of full implementation. The Chief Technical Advisor will prepare and submit to each review meeting a Project Performance Evaluation Report (PPER).

Towards the end of the project, the Chief Technical Advisor will prepare the draft terminal report for review and technical clearance by the executing agency four months prior to the terminal tripartite review meeting.

The project shall be subject to evaluation six months following termination. The organization, terms of reference and timing will be decided after consultation between the parties to the project document.

A time schedule of reviews is to be developed by the national project manager.

I. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Governments and the United Nations Development Programme.

The Government Implementing Agency shall, for the purpose of the Standard Basic Agreement, refer to the Government Co-operating Agency described in that agreement.

Note: Revisions to this project document

The following revisions may be made to this project document with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the project document have no objections to the proposed changes:

- revisions in or the addition of any of the Annexes to the project document;
- revisions which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the re-arrangement of inputs already agreed to or by cost increases due to inflation;
- mandatory annual revisions which re-phase the delivery of agreed project inputs or increase expert or other costs due to inflation or take into account Agency expenditure flexibility.

| FINANCIAL CONTRIBUTIONS (US\$ 000) | | | | | | | | | | |
|---|-------------|---|------------|--------------|-------------|---------------|-------------|--------------|------------|-------------|
| PROJECT TITLE | | : Computerization of Customs documentation processing and foreign data. | | | | | | | | |
| PROJECT NUMBER | | : CAR/88/002/A/01/40 | | | | | | | | |
| DESCRIPTION | TOTAL | | 1988 | | 1989 | | 1990 | | 1991 | |
| | M/M | \$ | M/M | \$ | M/M | \$ | M/M | \$ | M/M | \$ |
| 10 PERSONNEL | | | | | | | | | | |
| 11 Experts | | 65 | | | | | | | | |
| 11-01 Project Supervisor (1) | 30.0 | 65 | 3.0 | - | 12.0 | - | 12.0 | - | 3.0 | - |
| 11-02 Customs expert (1) | 30.0 | - | 3.0 | - | 12.0 | - | 12.0 | - | 3.0 | - |
| 11-03 Programmer | 12.0 | 65.00 | | | 12.0 | 65.00 | | | | |
| 11-04 EDP expert (2) | 24.0 | 150.00 | 3.0 | 18.75 | 12.0 | 75.00 | 9.0 | 56.25 | | |
| 11-09 SUB-COMPONENT TOTAL | 96.0 | 215.00 | 9.0 | 18.75 | 48.0 | 140.00 | 33.0 | 56.25 | 6.0 | - |
| 15-01 Official travel | | 33.00 | | 1.00 | | 18.00 | | 14.00 | | |
| 16-01 Mission costs | | 15.00 | | | | 8.00 | | 7.00 | | |
| 19-00 COMPONENT TOTAL | | 263.00 | | 19.75 | | 166.00 | | 77.25 | | |
| 30 TRAINING | | | | | | | | | | |
| 32-01 Expert training | | 22.00 | | 22.00 | | | | | | |
| 33-01 ASYCUDA training (in country) (3) | | 192.00 | | | | 192.00 | | | | |
| 39-00 COMPONENT TOTAL | | 214.00 | | 22.00 | | 192.00 | | | | |
| 40 EQUIPMENT | | | | | | | | | | |
| 42-01 Non expendable equipment (4) | | 370.00 | | | | 370.00 | | | | |
| 49-00 COMPONENT TOTAL | | 370.00 | | | | 370.00 | | | | |
| 50 MISCELLANEOUS | | | | | | | | | | |
| 53-01 Sundry expenses | | 15.00 | | | | 10.00 | | 5.00 | | |
| 59-00 COMPONENT TOTAL | | 15.00 | | | | 10.00 | | 5.00 | | |
| 99 TOTAL CONTRIBUTION | | 862.00 | | 41.75 | | 738.00 | | 82.25 | | |
| 103 Cost Sharing (CDB & USAID (4)) | | 342.00 | | 18.75 | | 267.00 | | 56.25 | | |
| 999 UNDP Contribution | | 150.00 | | 23.00 | | 101.00 | | 26.00 | | |

(1) To be supplied in kind by BDD.

(2) Input by CDB

(3) Input by USAID

(4) Exclusive of Executing Agency support costs which are shown separately

SP

PROJECT BUDGET COVERING COST-SHARING CONTRIBUTION
(US\$000)

PROJECT TITLE : Computerization of Customs documentation
processing and foreign data
PROJECT NUMBER : CAR/88/002/A/01/40

| | <u>TOTAL</u> | <u>1988</u> | <u>1989</u> | <u>1990</u> |
|---------------------------------------|--------------|-------------|-------------|-------------|
| 103 Cost-sharing (CDB, USAID) | 342.00 | 18.75 | 267.00 | 56.25 |
| 156 Executing Agency Support Costs | 44.46 | 2.44 | 34.71 | 7.31 |
| 199 TOTAL | 386.46 | 21.19 | 719.81 | 63.56 |

EEC FINANCIAL CONTRIBUTION (US\$ '000)

PROJECT TITLE : Computerisation of Customs documentation processing and foreign trade data.
PROJECT NUMBER : CAR/88/002

| <u>DESCRIPTION</u> | <u>TOTAL</u> | | <u>1989</u> | | <u>1990</u> | | <u>1991</u> | |
|--|--------------|-----------|-------------|-------------|-------------|-----------|-------------|-----------|
| | <u>M/M</u> | <u>\$</u> | <u>M/M</u> | <u>\$</u> | <u>M/M</u> | <u>\$</u> | <u>M/M</u> | <u>\$</u> |
| 10 PERSONNEL | | | | | | | | |
| 11-01 Consultant (trade statistics) | 18.0 | 90.00 | | 12.0 60.00 | 6.0 | 30.00 | | |
| 11-09 SUB-COMPONENT TOTAL | 18.0 | 90.00 | | 12.0 60.00 | 6.0 | 30.00 | | |
| 15-01 Official travel | | 25.00 | | 15.00 | 10.00 | | | |
| 19-00 COMPONENT TOTAL | 18.0 | 115.00 | | 12.0 75.00 | 6.0 | 40.00 | | |
| 40 EQUIPMENT | | | | | | | | |
| 42-01 Computer equipment (see annex 3) | | 370.00 | | 370.00 | | | | |
| 49-00 COMPONENT TOTAL | | 370.00 | | 370.00 | | | | |
| 50 MISCELLANEOUS | | | | | | | | |
| 53-01 Miscellaneous | | 4.00 | | 2.00 | 2.00 | | | |
| 59-00 COMPONENT TOTAL | | 374.00 | | 2.00 | 2.00 | | | |
| TOTAL CONTRIBUTION | 18.0 | 489.00 | | 12.0 447.00 | 6.0 | 42.00 | | |

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ANNEX 2

SCHEDULE OF MONITORING, REPORTING AND EVALUATION

To be completed at the commencement of operations.

ANNEX 3

ESTIMATE OF COSTS FOR IMPLEMENTATION IN OECS GROUP

Notes:

1. The following estimates for hardware are based on provisional figures supplied for numbers of declarations in the Member States and likely sites of physical installation. The OECS Secretariat is now updating these figures via a formal questionnaire of the Member States which will include information on the local trade subject to special procedures. Some changes to the hardware estimates may be required therefore when this information is received, but they are unlikely to be significant.
2. Machines are to be provided initially to cater for declarations, accounts and statistics only.
3. Following discussions with computer specialists in the Caribbean, UPS will be supplied to each installation in Customs Offices. Antigua will also be supplied with stand-by generators in view of the electrical failures that occur regularly and for long periods.
4. Air-conditioned accommodation, furniture and consumables will be provided by the User Administrations.

A. BASIC COMPUTER UNIT

- 1 micro-processor compatible "AT" with:
 - min 2048K memory
 - 1 hard disk - min. 60 mb
 - 1 floppy disk - 1.2 mb
 - 1 monochrome screen with keyboard
- 1 monochrome screen supplementary with keyboard
- 1 matrix printer min 200cps
- Operating software

B. SITE REQUIREMENTS

1. ANTIGUA

| Location | Deep Harbour | Airports | St. John | HQ & Spare | Statistics | Cost SUS' 000 |
|------------------|--------------|----------|----------|------------|------------|---------------|
| (Monthly decl.) | (2500) | (1000) | (1500) | | | |
| Computer unit | 2 | 1 | 1 | 1 | 1 | 48 |
| UPS | 1 | 1 | 1 | | | 9 |
| Generators | 1 | 1 | 1 | | | 15 |
| Tape streamers | 1 | 1 | 1 | | | 4.5 |
| Spare printer | | | | 1 | | 1.5 |
| Sub total | | | | | | 78 |

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2. MONTSERRAT

| Location | Customs | HQ & Spare | Statistics | Cost SUS' 000 |
|------------------|---------|------------|------------|---------------|
| (Monthly decl.) | (700) | | | |
| Computer unit | 1 | 1 | 1 | 24 |
| UPS | 1 | | | 3 |
| Tape streamers | 1 | 1 | | 3 |
| Spare printer | 1 | | | 1.5 |
| Sub total | | | | 31.5 |

3. GRENADA as for 2 **31.5**

(Monthly decl.) (700)

4. DOMINICA as for 2 **31.5**

(Monthly decl.) (1500)

5. BR. VIRGIN IS. as for 2 **31.5**

(Monthly decl.) (N.K.)

6. ST. KITTS

| Location | Customs | HQ & Spare | Statistics | Cost SUS' 000 |
|------------------|---------|------------|------------|---------------|
| (Monthly decl.) | (2500) | | | |
| Computer unit | 2 | 1 | 1 | 32 |
| UPS | 1 | 1 | | 6 |
| Tape streamers | 1 | 1 | 1 | 4.5 |
| Spare printer | | 1 | | 1.5 |
| Sub total | | | | 44 |

7. ST. LUCIA

| Location | Customs | HQ & Spare | Statistics | Cost SUS' 000 |
|------------------|---------|------------|------------|---------------|
| (Monthly decl.) | (2400) | | | |
| Computer unit | 2 | 1 | 1 | 32 |
| UPS | 1 | | | 3 |
| Tape streamers | 1 | 1 | | 3 |
| Spare printer | 1 | | | 1.5 |
| Sub total | | | | 39.5 |

8. ST VINCENT as for 7 **39.5**

(Monthly decl.) (3000)

| | |
|--|-----------------------|
| 9. <u>Networking and installation at 3000 \$US per site</u> | 24 |
| 10. Replacement of the existing (10 year old) IBM 32 mini computer at OECS IIQ for statistical analyses, etc. | |
| 2 micros and 1 UPS back-up at | 19 |
| GRAND TOTAL | = 370,000 \$US |
| GRAND TOTAL - CUSTOMS | = 287,000 \$US |
| GRAND TOTAL - STATISTICS | = 83,000 \$US |

3

ANNEX 4

PROJECT: Computerisation of Customs Data:
Installation of UNCTAD's ASYCUDA software package in the Member
Countries of the Organisation of Eastern Caribbean Estates.

JOB DESCRIPTION AND POST CRITERIA

ADP Expert

TITLE OF THE POST : Electronic Data Processing Expert, ASYCUDA Project
RESPONSIBLE TO : Chief Technical Advisor, ASYCUDA Project (OECS countries)
DUTY STATION : Bridgetown, Barbados
DURATION : 24 months
COMMENCEMENT DATE : 1 October 1988
SALARY AND CONDITIONS : Grade UN L 3/1
DUTIES : The expert will be required to :

- a) specify requirements of the OECS countries for additional data inputs and outputs;
- b) update the SYDONIA core system and menu system in accordance with the requirements of the project of the OECS countries;
- c) supervise the installation of environmental support equipment for micro-computers;
- d) install and test micro-computers;
- e) configure, network and test the hardware;
- f) install and configure the ASYCUDA software;
- g) assure the updating and maintenance of the data bases;
- h) supervise the technical implementation;
- k) establish and maintain good working relations with senior Government officials and Customs officers.

QUALIFICATIONS
(Mandatory)

- a) Graduation from a recognized post secondary institute with a degree or a diploma in one of the following areas :
 - 1) programming
 - 2) system analysis and design
 - 3) applied operational programming
 - 4) computer science

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b) Must have a good working knowledge of the following operating systems : -

- 1) MS-DOS
- 2) UNIX
- 3) PROLOGUE

c) At least three years experience of system development in :

- 1) BASIC
- 2) C
- 3) Data Base Management Systems

(desirable)

: Customs administration experience

LANGUAGES

: A perfect working knowledge of English.
Knowledge and ability to work in French desirable.

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PROJECT: Computerisation of Customs Data:
Installation of UNCTAD's ASYCUDA software package in the Member
Countries of the Organisation of Eastern Caribbean Estates.

JOB DESCRIPTION AND POST CRITERIA

Customs Expert

TITLE OF THE POST : Customs Advisor, ASYCUDA Project (UK grade equivalent HEO/SEO)

RESPONSIBLE TO : Chief Technical Advisor, ASYCUDA project (OECS countries)

DUTY STATION : Barbados or Antigua (to be decided)

DURATION : 30 months

STARTING DATE : 1 October 1988

SALARY AND CONDITIONS : Standard FSA and DPA terms

DUTIES : The expert will be required to:

- a) analyse current customs procedures, management information systems and sub-systems and make constructive recommendations at the senior management level or political level to effectively implement the ASYCUDA system, in particular with respect to the
 - i) adoption of a common Customs declaration for all Customs regimes based on international standards;
 - ii) definition of standard procedures for computerised operations at Customs offices, including the inter-relationships with the trade;
 - iii) output of management, trade and fiscal data.
- b) advise and assist the Customs Directors of the Member States with
 - i) the preparation of instructions and documentation for the Customs and the trading community;
 - ii) implementation of the computerised systems;
 - iii) training of both the Customs personnel and the trading community;
 - iv) the establishment of the links for the exchange of data with colleagues in the Ministries of Commerce, Finance and Economic Planning and the Secretariat of the OECS.



- QUALIFICATIONS (Mandatory) : At least five years experience in Customs work assignments in two of the following areas:
- 1) import/export management in a computer environment;
 - 2) Customs accounting and trade statistics;
 - 3) Customs Investigations;
 - 4) Customs Regional Administration.
- (Desirable) : Experience with microcomputers in one of the following areas:
- 1) implementing a microcomputer system in a customs operation;
 - 2) programming for a customs operation using (2 of the following systems or languages) data base system, file management system, Basic or C;
 - 3) system analysis and design for a customs operation;
 - 4) supervision of a programming team and data entry operators in customs operations.
- LANGUAGES : A perfect working knowledge of English. A knowledge of and an ability to work in French would be desirable.
- PERSONAL : Outgoing and lively personality. Good communication skills.

PROJECT: Computerisation of Customs Data:

Installation of UNCTAD's ASYCUDA software package in the Member Countries of the Organisation of Eastern Caribbean Estates.

JOB DESCRIPTION AND POST CRITERIA

Customs Expert

TITLE OF THE POST : Chief Technical Advisor, ASYCUDA Project, OECS countries
RESPONSIBLE TO : The Co-ordinator, ASYCUDA Project (Anglophone countries)
DUTY STATION : Barbados or Antigua (to be decided)
DUTIES : The expert will be required to :

- a) Supervise the UNCTAD staff (one Customs and one EDP expert) assigned to the implementation of ASYCUDA in the region;
- b) establish, control and monitor the development and implementation programme for the country and regional projects;
- c) ensure harmonisation and standardisation between country implementations;
- d) co-ordinate common regional needs, eg. training and arrangements;
- e) establish and maintain liaison with Inter-regional and donor organisations at senior political level.

QUALIFICATIONS

Mandatory : At least ten years experience in Customs with a sound background in management within a computerised environment;

A proven record of successful project management and implementation.

(Desirable) : Experience with an international organisation (i.e. CCC, GATT, UN, ECC, etc.)

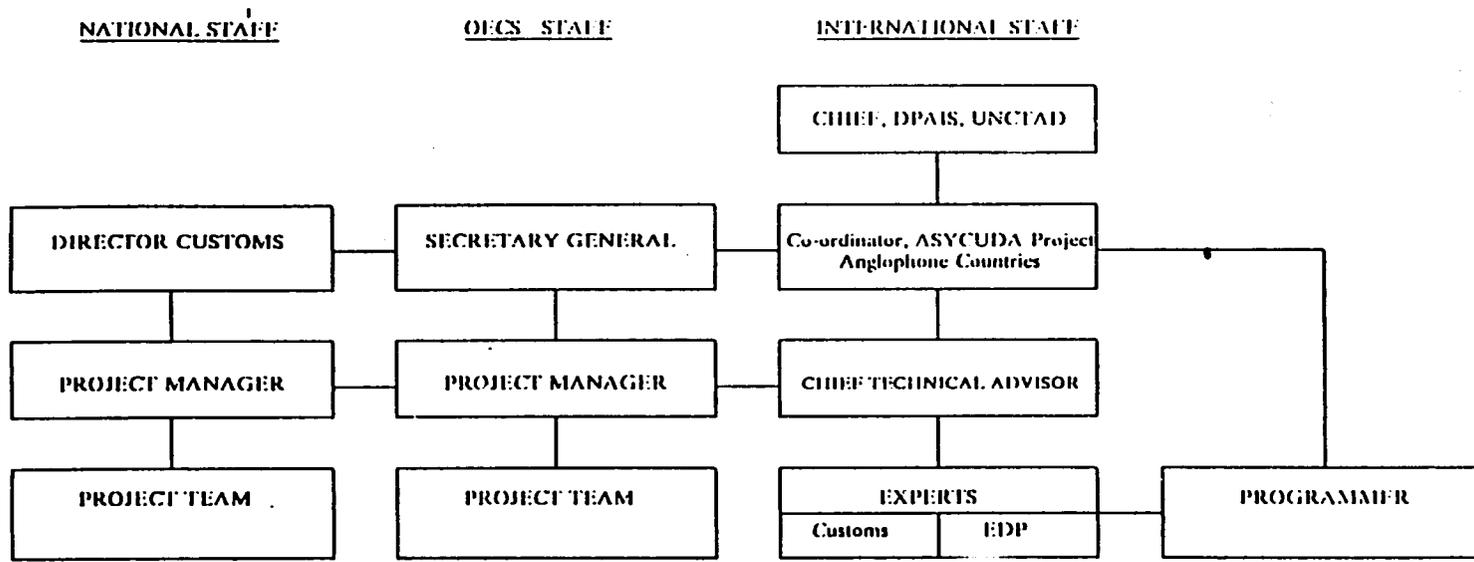
LANGUAGES : Perfect English, a working knowledge of French would be desirable

PERSONAL : Outgoing and determined personality.

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ANNEX 5

PROJECT MANAGEMENT FRAMEWORK



61.

ANNEX G

BUDGET
Computerization of Customs Documentation Processing
and
Foreign Trade Data Project

USAID CONTRIBUTION

Trainers

| | | |
|---|----------|----------|
| Fee, 2 @ \$5,000 x 2 courses | \$20,000 | |
| Travel, 4 @ \$2,000 (RT Geneva - Montserrat) | 8,000 | |
| Per Diem, 2 x 112 days @ \$120 | 26,880 | |
| Subtotal | | \$54,880 |

OECS Trainees *

| | | |
|-------------------------------|---------|---------|
| Travel, 28 @ \$400 | 11,200 | |
| Per Diem, 28 x 56 days @ \$70 | 109,760 | |
| Subtotal | | 120,960 |

Miscellaneous

| | | |
|-----------------------|--------|------------------|
| Facility Rental | 16,464 | |
| Subtotal | | <u>16,464</u> |
| Subtotal | | 192,304 |
| Overhead @ 13 percent | | 25,000 |
| Contingency | | 2,696 |
| <u>GRAND TOTAL</u> | | <u>\$220,000</u> |

* Excludes costs of 4 participants resident in country of training.

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22 July 1988

ACTION MEMORANDUM FOR THE MISSION DIRECTOR, RDO/C

FROM: Robin Phillips, PO/ED

SUBJECT: Recommended Future of PMPP (538-0096) Project

ACTION REQUIRED: Your decision regarding the future of subject project, which currently has a PACD of 30 September 1988.

BACKGROUND: The PMPP project, authorized on 11 April 1985, was authorized at \$8 million and carried a PACD of 30 September 1988. That amount of funding has been fully obligated, through (1) a contract with Robert R Nathan (to implement the Primary Component; \$5,395,254), (2) a contract with DAI (to implement the Grenada Fiscal Reform Component; \$2,565,369), and (3) a contract with Louis Berger (to carry out an interim evaluation; \$39,377). The project described these three components, but also allowed for the possibility that additional components would be designed in future. The authorization mentioned the possibility of a two-year extension of the PACD, and the contract for the Primary Component provided AID with the unilateral option to extend the contract for two years. The Grenada Fiscal Reform Component ended in January 1988, after assisting the Government of Grenada to implement a major tax reform program. The interim evaluation was carried out in June 1987, and was generally favorable of the project. (Attachment C provides a thumbnail sketch of activities carried out under the project, and particularly the Primary Component, to date.)

DISCUSSION: Recently, interested Mission staff met to discuss a proposed amendment to the PMPP project, an amendment calling for the Mission to decide in favor of (a) exercising the unilateral option to extend the Primary Component contractor for two years, (b) adding a new component to the project, in support of a region-wide customs computerization effort, and (c) increasing the funding for the project's evaluation component. The group raised serious questions about the utility of the proposed amendment, citing the following considerations (explained in Attachment A).

FIRST, does an extension of the project to continue its work in traditional areas best serve the Mission's development objectives in the region?

SECOND, does the argument against any additional funding for traditional activities constitute an argument against any sort of extension of the PACD?

THIRD, given the apparent need for this analysis and given the flexibility of the project, would it be possible to use the Primary Component to carry out the analysis?

FOURTH, given this problem with the procedures involved in doing work under the Primary Component, is there flexibility anywhere else in the project to do the analysis?

FIFTH, the group briefly touched on the proposed additional component to the project, i.e., providing financial support for the training component of a multidonor-funded, regional effort to computerize customs administration.

SIXTH, how does an earlier-than-anticipated end to the PMPP project affect RDO/C's plans to carry out our promise to implement the Limited Scope Grant Agreement with the Government of Suriname?

ACTIONS RECOMMENDED: That you endorse the recommendations of the group discussion of the future of the PMPP project, as follows (see Attachment B for decision matrix):

- A. approve a one-year (through 30 September 1989) extension of the PACD of the PMPP project, in order to permit a winding-down of existing activities under the Primary Component, to permit expenditure of the balance of funds in the contract with Nathan (about \$300,000, which could well be used in Grenada), and to permit the completion of the new customs computerization training component;
- B. approve the negotiation of a one-year (through 30 September 1989) no-cost extension of the Primary Component contract with Robert R Nathan Associates, Inc., to permit a suitable, smooth winding-down of their existing activities in the region, to permit expenditure of the balance of funds in the contract with Nathan (about \$300,000, which could well be used in Grenada), and to permit implementation of the \$500,000 LSGA with the Government of Suriname;
- C. approve the approach of not using the Primary Component to carry out the needed sectoral policy analysis, in view of the difficulty of obtaining a suitable request from the recipient governments or agencies;
- D. approve the approach of using the evaluation component of the PMPP project to carry out, early in CY1989, a retrospective and prospective assessment of the Mission's policy dialogue efforts, including an examination of the PMPP project and other policy efforts, and including an analysis of policy constraints to the success of other activities in the Mission's future portfolio, all to be paid for out of Mission's FY89 OYB; and
- E. approve the establishment of an additional component of the PMPP project in support of the regionwide customs computerization project, a component that will cost in the neighborhood of \$250,000 (in Mission's deob-reob funds this year) and will end at the extended 30 September 1989 PACD.

| | | |
|-----------|----------------|-------------------|
| ACTION A: | APPROVED _____ | DISAPPROVED _____ |
| ACTION B: | APPROVED _____ | DISAPPROVED _____ |
| ACTION C: | APPROVED _____ | DISAPPROVED _____ |
| ACTION D: | APPROVED _____ | DISAPPROVED _____ |
| ACTION E: | APPROVED _____ | DISAPPROVED _____ |

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Clearances

D/DIR: ABisset _____ AB 7/22/84
PROG: DEMitchler _____ DM
PDO: KAFinan _____ M
~~ARDO: LKLaird _____~~ R

Attachments

- A. Details of Each Discussion Point
- B. Decision Matrix
- C. A Thumbnail Sketch of the PMPP Project

ATTACHMENT A

Details of Discussion Points

FIRST, does an extension of the project to continue its work in traditional areas best serve the Mission's development objectives in the region? The Mission is currently at a strategy watershed. With overall funding levels severely reduced, the future strategic emphasis of the Mission will be more focused than in the preceding five years. Instead of the very broad coverage of the portfolio of the past five years, the Mission is forced to be more selective about its development interventions. The absence of (or the unlikelihood of receiving any) ESF funds effectively reduces the Mission's ability in the coming years to conduct policy dialogue effectively on broadly based fiscal and planning issues. The group determined, therefore, that an extension of the project along traditional lines was unlikely to serve the Mission well. Therefore, the group concluded that the Mission should extend the contract for the Primary Component, at no cost to RDO/C, for a sufficient period to enable it to efficiently wind down the Component.

SECOND, does the argument against any additional funding for traditional activities constitute an argument against any sort of extension of the PACD? The group was reluctant to respond in favor of ending the project, for two reasons: at some level, policy concerns still appear to be constraints, and the project has a useful amount of built-in flexibility. The group discussed the policy issue, and individuals from both the private sector office and the agriculture office indicated that although "policies" are probably important constraints to the success of their development efforts, neither of the strategy exercises those offices are undertaking in support of the CDSS will be able to address the question of policy constraints. It seemed apparent to the group that not only does analysis need to be carried out, but that it may also be necessary for the Mission to address policy questions of a sectoral nature in the future. The group also believed that because of this apparent gap in sectoral (as opposed to broadly based macro and fiscal) policy analysis, it would be unwise at this stage to completely dismantle the project.

THIRD, given the apparent need for this analysis and given the flexibility of the project, would it be possible to use the Primary Component to carry out the analysis? During the group discussion it was pointed out that although the Primary Component could indeed do the analysis, the project paper requires that any activities carried out under the project be requested in writing by an eligible government or regional organization. Although in many cases in the past the ideas for certain activities have originally been initiated either by the Contract Director or by RDO/C in dialogue with the recipient entity, the latter has always placed a formal written request. In designing the project originally, RDO/C believed that the sensitivity of activities being done under the project was high enough that AID should ensure itself that a recipient should understand the broad implications of an activity. That situation has not changed, and because obtaining a request for such analysis would likely be difficult, the group agreed to look for an alternative to using the Primary Component.

/k

FOURTH, given this problem with the procedures involved in doing work under the Primary Component, is there flexibility anywhere else in the project to do the analysis? The group discussed the possibility of doing the requisite analysis in conjunction with a broad assessment of the Mission's overall policy dialogue efforts. This assessment could easily be carried out through the project's evaluation component, and could be both retrospective and prospective. In the course of the prospective view, it would of course be appropriate to ask the evaluators to focus on analyzing policy constraints affecting specific sectors. Some in the group believed that any such analysis should feed into the CDSS and should therefore be carried out as soon as possible. Others argued that while this might be an ideal situation, there was insufficient time to permit the Mission to prepare the necessary documentation in time to meet the obligation requirements for the necessary reobligation. Therefore, the group elected this approach without coming to any firm conclusions on how this would be done during the meeting. Subsequently, a smaller meeting decided in favor of not carrying out the analysis in time for its conclusions to be included in the CDSS, but to carry it out in early CY1989. It was also decided to obligate funds from the FY89 OYB to carry out this evaluation.

FIFTH, the group briefly touched on the proposed additional component to the project, i.e., providing financial support for the training component of a multidonor-funded, regional effort to computerize customs administration. The group concluded that the component was worthwhile, particularly since RDO/C's withdrawing at this stage would perhaps jeopardize the overall computerization project. At the same time, it should be noted that the training RDO/C proposes to fund cannot be completed until 30 September 1989.

SIXTH, how does an earlier-than-anticipated end to the PMPP project affect RDO/C's plans to carry out our promise to implement the Limited Scope Grant Agreement with the Government of Suriname? RDO/C's original plan was to use the funds obligated through the LSGA (\$500,000) by committing them through the Nathan contract, in order to ease the management burden this LSGA places on the Mission. Given the Nathan "burn rate," this amounts to about 2.5 person-years of technical assistance. It is conceivable that this could be expended by 30 March 1989, assuming that the Government of Suriname and RDO/C can agree on suitable activities. If AID/W decides to increase the amount available in the LSGA (e.g., because of improved likelihood that the GOS will move in the direction of a Fund program), RDO/C or AID will have to find other means of managing the technical assistance activity.

FINALLY, although the issue of the flexibility of the Primary Component did figure in the discussions, it is probably worth reiterating here what the Mission will lose if the Primary Component is allowed to lapse. The Mission will simply be unable to respond to almost any request from ministries of finance and planning on any broad policy issues. Sector policy activities, either in separate projects or as additional components to the PMFP umbrella, will generally not permit treatment of the broader issues. Fortunately, there are other donors in the region who have picked up on broader policy matters, such as the Canadians and reportedly UNDP, and the IMF and World Bank stand ready to provide advice to the OECS.

ATTACHMENT B

DECISION MATRIX FOR PMPP PROJECT

| PMPP PACD OPTIONS | //30 SEP 88// | // | 31 MAR 89 | // | // | 30 SEP 89 | // |
|-------------------|---------------|----|------------------------|---------|----|-----------------------------------|---------|
| RRNA PACT OPTIONS | //30 SEP 88// | // | 31 DEC 88//31 MAR 89// | // | // | 31 DEC 88//31 MAR 89//30 SEP 89// | // |
| ACTIVITIES | // | // | // | // | // | // | // |
| CUSTOMS TRAINING | // N // | // | // N // | // N // | // | // Y // | // Y // |
| POLICY ASSESSMENT | // N // | // | // N // | // Y // | // | // N // | // Y // |
| GRENADA T.A. | // N // | // | // M // | // Y // | // | // M // | // Y // |
| SURINAME LSGA | // N // | // | // M // | // M // | // | // M // | // Y // |

NOTES: N=No Y=Yes M=Maybe

ATTACHMENT C

A Thumbnail Sketch of PMPP

1. PMPP was authorized at \$8,000,000 in April 1985, and this has all been committed through three contracts, as follows:

| | |
|-------------------------------------|-------------|
| Primary Component (Robert R Nathan) | \$5,395,254 |
| Grenada Fiscal Reform (DAI) | 2,565,369 |
| Midterm Evaluation (Berger) | 39,377 |

2. Twenty-three subcomponent activities have been initiated under the Primary Component since September 1985, as follows:

| <u>Country</u> | <u>Number</u> | <u>Total Value</u> |
|----------------|---------------|--------------------|
| Antigua | 2 | \$ 653,200 |
| Dominica | 5 | 773,700 |
| Grenada | 4 | 414,400 |
| St. Kitts | 5 | 661,800 |
| St. Lucia | 1 | 195,700 |
| St. Vincent | 1 | 32,700 |
| Regional | 5 | 536,800 |

3. Nineteen of these activities have been completed, and have covered the following issues, with more than one on the same issue appearing in the same country in some cases:

| <u>Type of Activity</u> | <u>Total Value</u> |
|-----------------------------|--------------------|
| Tax Administration | \$ 737,500 |
| Macroeconomic Planning | 976,900 |
| Revenue System Reform | 361,000 |
| Program Budgeting | 451,400 |
| Customs Administration | 166,700 |
| Other (incl Financial Mkts) | 574,800 |
| Project Management | 1,500,000 |

4. The Primary Component, now underway for nearly three years, has not been an unqualified success. Several of the activities approved by RDO/C have either had only partial success or have failed nearly completely. The Antigua Financial Planning subcomponent activity was designed at the request of RDO/C as part of the Mission's policy dialogue effort in Antigua, but the financial advisor was unable to gain a hearing in relevant Antiguan Government circles. The Dominica Planning activity was halted at the halfway point (at the request of RDO/C) because a lack of direction in the Dominican Planning Unit had rendered a not very outgoing advisor less than useful. A lengthy performance budgeting exercise in St. Kitts did not meet its goal of replacing the existing haphazard budgeting system with a more thoughtful approach to budgeting government funds.

5. At the same time, the Primary Component recorded some impressive successes. In broad terms, the Contract Director and his deputy in Antigua were able, in a much shorter time than anticipated by the Mission, to gain the confidence of OECS finance and planning officials, thereby permitting the Primary Component to become rapidly involved in sensitive fiscal policy and planning policy areas. Customs administration activities in St. Vincent and St. Lucia greatly enhanced those governments' abilities to collect substantial additional revenues called for in their tax laws. Additional revenues collected in tax arrearages alone covered the cost of these technical assistance activities several times over. A tax administration activity in Dominica was similarly successful in benefit-cost terms. Although the performance budgeting exercise in St. Kitts did not live up to its original promise, it not only vastly improved the ability of financial officials in that country to have up-to-date budget data at the push of a button on a computer, but the activity also developed a system that is relatively easy and inexpensive to replicate in other OECS states. An activity to assist the Government of Dominica to revamp its revenue system was implemented with speed and skill, and that reform has been a central element in the existing structural adjustment program the country is carrying out with donor support.