PD-ABC-054

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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 RDO/C
(ES# 538-90-04)

B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? N/A

Yes ☐ Slipped ☐ Ad Hoc ☐

Evaluation Plan Submission Date: FY 89 Q 3

C. Evaluation Timing

Interim ☐ Final ☒ Ex Post ☐ Other ☐

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)
538-0119.07	Investment Promotion and Export Development (IPED)	1987	4/90	$3.4 m	$3.4m

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director — Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
Mission to determine whether to extend the project for a further period.		
1. PACD Extension to October 31, 1992		07/27/90 (completed)
2. PROAG Extension to August 31, 1992		(Completed)

(Attach extra sheet if necessary)

APPROVALS

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

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	Charles Patalive		Darwin Clarke	Aaron Williams
Signature	[signature]		Darwin Clarke	
Date	August 21, 1990		10/10/90	

ABSTRACT

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

The aim of this project is to develop national and regional capability in investment promotion in productive, export oriented businesses in the OECS countries of the Eastern Caribbean. Assistance has been provided to the Eastern Caribbean Investment promotion Service (ECIPS) and the eight-member states of the OECS through a Grant to the OECS Secretariat. This evaluation was conducted in May-June 1989. The methodology involved a review of project documents, OECS and ECIPS concept papers, examination of Country Action Plans and Memoranda of Understanding, and also project files. The team travelled to most of the islands and interviewed the IDC general managers and members of the private sector. Interviews were also held in Washington, D.C. with ECIPS and other organizations with whom ECIPS liaises. The purpose of the evaluation was to assess the impact of the project on regional and national promotion capabilities and to provide recommendations on improving project management on the operations and sustainability of ECIPS as an institution; improving the synergy between ECIPS and the national promotion agencies; and on improving project assistance to the eight national promotion agencies.

The major findings and conclusions are:

- The project has been quite successful in achieving its objectives. ECIPS as an institution is performing exceptionally well and assistance to the IDCs has been well targeted.

- ECIPS has a basically appropriate structure and staff to carry out its mandate. However, the evaluators felt that the role and composition of the Board should be modified.

COSTS

I. Evaluation Costs

1. Evaluation Team Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. $)	Source of Funds
Alan Gross	Robert Nathan Assoc.	PDC-1096-I-00	$72,943	Project
John Varley	" " "	8043-00		
Richmond Allan	" " "	Work Order		
Roy Anderson	" " "	No. 14		

2. Mission/Office Professional Staff Person-Days (Estimate) 30

3. Borrower/Grantee Professional Staff Person-Days (Estimate) 3

- OECS project administration, including project accounts, was weak and needed to be strengthened. However, in the last year, the evaluators noted there had been considerable improvement.

- Collaboration between ECIPS and the IDCs is occuring and ECIPS is playing a positive role in Eastern Caribbean promotion efforts.

- Assistance to the IDCs is considered appropriate and has had a positive impact. The project had provided the mechanism for fostering regional cooperation and collaboration among the IDCs.

- ECIPS is a cost-effective way to promote the territories, even if at this early stage, some countries' operations are more cost-effective than ECIPS.

- ECIPS has been highly successful in carrying out its mandate and should continue to be supported by USAID and the OECS governments.

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY		
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 • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) • Principal recommendations • Lessons learned		
Mission or Office: RDO/C	Date This Summary Prepared: March 12, 1990	Title And Date Of Full Evaluation Report: 12/19/89 Final Evaluation Report IPED

The Investment Promotion and Export Development Project (IPED) was initially signed on August 30, 1984. The initial project was a conglomerate; it was made up of a number of activities, the principal being the Project Development Assistance Project (PDAP). Under a contract with Coopers & Lybrand direct investment promotion assistance to OECS countries was provided by expatriate island advisors. After a mid-term evaluation in 1986, and an approach by OECS governments to RDO/C, the project was significantly modified and a $7.2 million amendment authorized on May 22, 1987. The amended project is made up of three components: the OECS grant component; a technical assistance component which provides RDO/C with PSC project management; and funding of a U.S. Business and Commercial Center. The evaluation conducted by Robert Nathan Associates examined the central component of the project, the OECS grant.

The OECS grant portion of the project is comprised of three elements: operational support and technical assistance to the Eastern Caribbean Investment Promotion Service located in Washington, D.C.; operational support and technical assistance to the eight national investment promotion agencies in the OECS states; and a project administration element which provides a project director, project accountant and two regional technical advisors on contract with the Economic Affairs Secretariat in Antigua.

The principal objective of the project is to develop national and regional capability to identify and promote private investment in productive, export oriented businesses in the Eastern Caribbean. Expected achievements to be met by the PACD include: the establishment of a regional investment promotion agency supported financially by the OECS governments; the establishment of formal lines of cooperation between the regional off-shore agency, ECIPS, and the eight national promotion agencies; increased foreign investment in the Eastern Caribbean; and increased employment directly attributable to new foreign investment.

The purpose of the evaluation was to examine the components of the OECS grant and make recommendations to RDO/C on changes to improve: the effectiveness of the management of the project; the sustainability of ECIPS as a regional institution; and the effectiveness and appropriateness of assistance to the eight investment promotion agencies of the OECS region. The methodology involved a review of project documents, OECS and ECIPS concept papers and special reports, field visits and interviews with project personnel, ECIPS personnel, OECS personnel, IDC general managers and a cross section of OECS private sector managers.

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Findings and Conclusions

Project Performance: The evaluators found that the project's purpose was realistic and achievable; in fact they argued that ECIPS and the IDCs are functioning in the intended areas. They stated that ECIPS' performance was exceptional and that the IDCs have shown progress in terms of budgetting, staff development and investor search capability. The evaluators stated that " new investments have been made, jobs have been created, and the IDCs have been institutionally strengthened. These effects will be far reaching". However, they also found that the project structure was cumbersome and OECS project administration was not as capable as was desired and that this had led to problems in implementation and the disbursement of funds. However, they reported that actions taken by RDO/C in the last year and a half have improved OECS accounting procedures and disbursements and the project is now running more smoothly.

Creation and Sustainability of ECIPS as a Regional Institution: The evaluators stated that an extra-regional investment promotion presence has been successfully established within a remarkably short period of time. ECIPS is said to be using all the recognized promotional tools in investment promotion and has excelled in effectiveness, when compared with other Caribbean and Central American promotion agencies. ECIPS was felt to have appropriate structures, operations and management for its primary function as a regional investment promotion service. The evaluators also found "there was total concensus that ECIPS has been successful in representing the region and promoting its interests in the U.S. and other international market places." However, it was also noted that the operation was only two years old and not all countries are yet convinced that they are given equal treatment by ECIPS although ECIPS is a more cost-effective promotion vehicle for them. The evaluators believe that because ECIPS is more cost-effective that the perceptions will change in the short to medium term.

The evaluators agreed with project staff that more formal collaboration between ECIPS and the IDCs is important for ECIPS' sustainability. They agreed that USAID assistance "should most definitely be continued", and that it would be required for three to five years. They also argued that an institution such as ECIPS can never be self-sustaining and that USAID and the governments must realize that it will always require either donor or government assistance, although it could implement some self-financing mechanisms to further cut costs.

Assistance to the Eight Investment Promotion Agencies: The team concluded that the project "has had a positive impact on the IDCs in tangible ways (prospective investor visits and new investment) and intangible ways (institution-building, market exposure, training and technical assistance)." The evaluators believe that the IDC general managers are benefitting from opportunities to meet their colleagues and ECIPS staff at quarterly meetings and by participating together in TA programs. Further, the team also found that the TA program administered by the Regional Techincal Advisor(RTA) was highly praised by the IDCs, and "the RTA was seen as a positive force" in the context of both national and regional approaches to investment promotion.

The evaluators felt that closer collaboration between the IDCs and ECIPS would be fostered through a change in project structure. They argue for creation of a stronger centralized executive management team, expansion of ECIPS' Board of Directors to include one member from each of the eight national IDC Boards, and a relocation of ECIPS to New York where most of the OECS countries already have trade representation.

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.)

Final Evaluation Report: Investment Promotion and Export Development Project; Robert R. Nathan Associates, Inc.

Review of the Eastern Caribbean Investment Promotion Service Project; Courtney D. Blackman and Arnold Thomas; May 1989.

Project Paper, Investment Promotion and Export Development (Amendment #2); RDO/C 1989.

COMMENTS

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

As the evaluation itself states, most of the issues and problems raised in the report were known to RDO/C and most were being addressed during the period of field work and preparation of the drafts. While the issues are known to all the parties, neither the Mission nor the Grantee concur with many of the recommendations submitted by the evaluation team; nor do they agree with some of the conclusions of the evaluation team. The principal findings which concerned the parties are: the sustainability question of ECIPS; the notion that the IDCs were "more cost-effective" than ECIPS; the accounting problems and project management weakness of the OECS; and the recommendations on the restructuring of the project and ECIPS.

The team addressed the critical question of "sustainability" and determined that ECIPS will always require funding, at least in part, by governments and/or donors. However, they offered no suggestions regarding self-financing mechanisms, nor did they comment on the Blackman-Thomas report on financial sustainability. This is considered by the Mission to be a drawback to the overall conclusions. Secondly, the "cost-effective" opinion, from the prospective of all parties, is off balance. We have not been able to convince the team that their comparisons between ECIPS and the IDCs are those of apples and oranges; nor do they present adequate data to reach their conclusions that some IDCs are more cost-effective than ECIPS. However, the integrity of the team's conclusions will be respected.

The problems with project administration, commented on by the evaluation team, as well as by all parties, have moved toward resolution. RDO/C plans to provide technical assistance to the OECS in developing an accounts system that better suits their needs. The Mission also plans to hold a workshop for all project personnel - IDC accountants, OECS staff, RDO/C Controller's Office staff - to improve project reporting and record-keeping once the technical assistance to the OECS accounts unit has been completed.

The recommendations of the team on project structure and management and on the restructuring of ECIPS are considered appropriate for the scope of work, but these recommendations do not have firm support from any of the parties. For example, while agreeing on the need for stronger project management, there is no agreement that the OECS project manager should also have authority over the Executive Director of ECIPS. Also, while some IDC general managers and OECS ministers view New York as a better site for ECIPS, there is no unanimity to move. And, in fact, with the desire to create an OECS Embassy in Washington, D.C. which could also house ECIPS, the former idea has lost support. Nor is there a desire on the part of ECIPS, the OECS, or the Board to take on project management responsibilities as outlined by the report on project restructuring. A final management/structure issue, representation of IDCs on the ECIPS Board, has been an issue from the very beginning of the project. The IDCs have formally requested that the issue be discussed by the OECS ministers. There is strong support for the view that better IDC representation is needed. There is, as yet, no consensus on the form it should take.

In spite of the above shortcomings, the Final Report is acceptable to the Mission. Although there may not be agreement on many of the recommendations, the Mission feels that they were appropriate issues and needed discussion and analysis in the report.

XD-ABC-054-A
ISN 69041

Final Evaluation Report

Investment Promotion Export Development Project

Submitted to
Private Sector Office
RDO/C
USAID

December 19, 1989

Submitted by
Robert R. Nathan Associates, Inc.
Washington, D.C.
As a Subcontractor Under the EED IQC
No. PDC-1096-I-00-8043-00,
Work Order No. 14

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I. INTRODUCTION

This draft final evaluation report is submitted by Robert R. Nathan Associates, Inc. (RRNA) as a subcontractor under the Employment and Enterprise Development (EED) Indefinite Quantity Contract, Number PDC-1096-I-00-8043-00, Work Order Number 14.

RRNA was contracted to undertake an evaluation of the Investment Promotion and Export Development Project (IPED) 538-0119.07 by the Private Sector Office (PSO) of the Regional Development Office/Caribbean (RDO/C). The team fielded by RRNA was composed of Richmond Allen, Roy Anderson, John Varley, and Alan Gross as team leader.

The team's field work commenced in Washington on May 10, 1989, during a brief initial interview with Mr. Swinburne Lestrade, Executive Director of the Eastern Caribbean Investment Promotion Service (ECIPS). Mr. Lestrade was also the last person formally interviewed in Antigua, one day prior to a scheduled meeting of the ECIPS Board of Directors during the afternoon of May 30, 1989. The team, excluding Mr. Allen, then returned to Barbados for a debriefing with RDO/C on May 31, 1989. (The late contracted start date caused a scheduling conflict which meant that Mr. Allen was not available for the debriefing.)

The mission, according to the Scope of Work (SOW) (see Appendix, p. 10), was to "examine the validity of the ECIPS components of the IPED Project as a holistic project," and to "examine the validity of each of the constituent parts of the project." Hence, the focus of the evaluation was on the intra- and interactive components of the project: ECIPS, the national Industrial Development Corporations (IDCs) concerned with investment promotion, the Project Director's Office (PDO) of the Organization of Eastern Caribbean States (OECS), and RDO/C.

This report contains seven chapters, including the introduction, and provides RDO/C with the team's findings, conclusions, and recommendations concerning possible future directions for the project. In Chapter II, development objectives of the project are discussed, citing specific references from the Project Paper. Chapter III outlines the purpose of the evaluation, and Chapter IV describes the methodologies used by the team. Chapter V details the team's findings, conclusions, and recommendations concerning specific aspects of the project, as called for in questions raised in the SOW. Chapter VI deals with lessons to be learned from project implementation, and development impacts are discussed briefly in the final chapter.

EXECUTIVE SUMMARY

Introduction

This final evaluation report is submitted by Robert R. Nathan Associates, Inc. (RRNA) as a subcontractor under the Employment and Enterprise Development (EED) Indefinite Quantity Contract, Number PDC-1096-I-00-8043-00, Work Order Number 14. The consultant team evaluated the Investment Promotion and Export Development Project (IPED) 538-0119.07 for the Private Sector Office of the Regional Development Office/Caribbean (RDO/C). The team was composed of Richmond Allen, Roy Anderson, John Varley, and Alan Gross.

The mission was to "examine the validity of the ECIPS components of the IPED Project as a holistic project," and to "examine the validity of each of the constituent parts of the project." This report focuses on the intra- and interactive components of the project and contains seven chapters.

Summary Findings, Conclusions, and Recommendations

Project Performance

Of the three components of the Grant, the IDCs have shown progress in terms of budget, staff development, and investor search capability. ECIPS' development has been exceptional during its first two years, accomplishing as much, if not more than other similar start-up operations. However, the OECS component of the project comprised of the Project Director's Office has had a troubled existence.

The project purpose is achievable within the time frame of the present project and the Project will lead to increased foreign investment. Aggregate measures of foreign investment in the Caribbean, however, may be very hard to obtain and attribution to the project of any increase would be difficult.

Efforts should be made to establish improved systems for data collection throughout the region so that more consistent reporting procedures are developed and implemented.

Most problems encountered during the evaluation had already been recognized and reported upon in RDO/C project files. Key participants were familiar with both the former and current RDO/C Project Officers and other USAID personnel associated with the project, including persons who have since departed RDO/C. The current RDO/C Project Officer has played a significant role in effecting the positive change and direction needed to bring the project as a whole back on a more appropriate track.

A major snag in the administration of the project, which had a ripple effect on the IDCs and ECIPS, centered on a number of accounting deficiencies which led to delays in disbursements to the PDO, and hence IDCs and ECIPS. Basic internal control procedures that are typically required by USAID for disbursements and accounting for project funds were not followed at the EAS, despite initial technical inputs from RDO/C.

The OECS/EAS has not complied with several features of the Grant Agreement. Arbitrary steps had to be taken to provide ECIPS urgently needed operating funds during extremely critical times. RDO/C is aware of problems and deficiencies, has taken some corrective actions, and now reports that disbursements and accounting procedures have been corrected.

Specific recommendations are as follows:

- A more structured and reconcilable accounting system needs to be put into operation.
- The CFA should not have to micro-manage the accounting functions of the project. An accounting assistant should be assigned to work exclusively on IPED grant accounting and other matters with reporting requirements.

OECS Project Administration

Responsibility for the Project is at the EAS on behalf of the OECS, and the EAS Director has "responsibility for monitoring and reporting to USAID on all aspects of the Project." Day-to-day operations were to be guided by the

> Project Director who will be assisted by the Technical Advisor and a Project Accounting Officer. The Project Director will be responsible for the entire project, including the ECIPS component, based in the U.S., and oversight of sub-grants.

The PDO has had problems managing and ensuring efficient and effective program delivery and there have been delays in the submission of required reports. The role of the Project Director was inappropriately defined, which created confusion in matters of fiscal authority and a full-time Accounting Assistant has not been hired.

The RTA has been well received among the IDCs and regular meetings between the various players in the IPED project indicate achievement of closer collaboration between the territories.

Management and administrative deficiencies point to the need for stronger OECS executive management of the project and increased support capabilities within the EAS.

RDO/C and OECS should review the basic structure of the PDO and consider a need for executive management and direction within the PDO to reduce the need for RDO/C to micro-manage the project.

Beginning with the report for the quarter ended April 30, 1989, ECIPS has begun to show visits and new contracts by country, thereby remedying a significant deficiency in the earlier reports; however, these data are not verifiable by reports submitted from IDCs.

The team cannot judge the validity of the budget numbers included in the Work Plan. Based upon information obtained from RDO/C files, in several instances those budget numbers exceed amounts previously agreed on for the current financial year.

Notwithstanding ECIPS' timely and generally complete reports, the existing tracking and monitoring system falls short of the one envisioned at the outset of the project. To some extent, this can be attributable to shortcomings in the PDO. However, IDC reporting performance has improved marginally.

A <u>perception</u> among the IDCs is that their countries are not receiving much direct benefit from ECIPS. As a contradiction, all IDC managers reported that ECIPS is "good for the region."

A less cumbersome process for data collection needs to be designed and implemented in conjunction with and considering IDC capabilities. IDC managers need to be exposed to composite project data so as to dispel inaccurate perceptions.

Although the RTA was not appointed until almost a full year after the program began, he moved swiftly and effectively to establish his role in achieving IPED's goals and purposes. It is important to note that TA needs differ substantially among IDCs.

The team recommends that a stronger TA approach be emphasized to fulfill Project objectives. TA and administrative functions should be shared between the envisioned Executive Director and the RTA.

The PP did not mention that the Project would effectively double the annual flow of cash through the CFA's office, as stated by the CFA during an interview on May 25, 1989, nor were any calculations or estimates made about the increase in reporting requirements. The Grant Agreement does not mention the CFA or attempt to explain his role in the disbursement, control, and accounting procedures.

A collapse in the administration of the project, specifically relating to financial matters, can be somewhat attributable to the absence of a full-time Accounting Assistant. However, the consultant team also concurs with the USAID Project Officer that such collapse was due to a "failure of management". The position funded by the project and the individual mentioned in some RDO/C records as the Accounting Assistant estimates that she spends less than 20 percent of her time on matters related to IPED, and claims that she has never discussed her project accounting activities with any person from the RDO/C. The team was unable to determine why OECS was not held more accountable on this staffing issue.

In addition to considering previous recommendations concerning a full-time Accounting Assistant, RDO/C should consider the provision of ongoing TA to the CFA's office in order to accommodate increasing financial management needs of this and future projects.

Within the OECS/EAS, personnel clashes create frequent problems in day-to-day project operations. Many of the reasons for non-performance or delays involve unclear lines of authority, overlapping responsibilities, or lack of communication.

OECS and RDO/C should reconsider the structure of the PDO, particularly concerning the need for executive management and clearly defining lines of authority.

The development of the CAP process assists in providing other avenues to foster cooperation and collaboration among and between the IDCs and ECIPS. This is reported to be a frustrating process, however, as IDC managers perceive a lack of responsiveness to their CAPs.

In the past year, RDO/C has done more to facilitate and foster a greater collaborative investment promotion effort, from an operational standpoint, within the region. The PDO was appropriately situated to facilitate this, but failed to do so.

ECIPS and the National Investment

Promotion Agencies

An extra-regional investment promotion presence has been successfully established within a remarkably short period of time. To the credit of the Executive Director, and to the benefit of ECIPS and IPED as a whole, he moved swiftly and aggressively to ensure that there would be quantifiable and (although not as yet) verifiable successes in the limited time frame in which the Project had to operate. The agency has been using all of the recognized promotional tools in investment promotion and has excelled in effectiveness, when compared with other start-up operations.

ECIPS is staffed with an Executive Director, two IPOs, and a Data Processing Specialist, who make up the professional component, and with other administrative personnel. Staff capabilities appear to be quite adequate. An independent accountant has also been retained.

The role of the Board of Directors has not been viewed as functional, but rather as an advisory body with which the Executive Director consults.

ECIPS has been described as the "extension service" of the national IDCs, however, it was realized that simply "handing over" leads was not sufficient. Follow-up activities have been determined to be as important as locating the lead.

All the other agencies with which ECIPS may be compared are funded either fully by government subventions (FIDE) or mostly by government and partly by donors (JAMPRO), or almost wholly by donors (CINDE). No investment promotion agency has been self-sustaining in the sense of being self-financing, including ECIPS.

ECIPS is differentiated from these other agencies in that it serves a region consisting of multiple countries, and is not directly involved in export promotion.

The individual EC countries are not convinced that they all are being given equal treatment by ECIPS. However, there is a growing feeling among the IDCs that over time ECIPS will respond more directly to country needs in terms of investment promotion.

ECIPS provides a cost-effective way to promote the territories. ECIPS can hold brief for all the countries, saving the mammoth costs that would be incurred by each country on its own. Efficiencies are to be realized just by having centralized and unified representation.

ECIPS has been successful in representing the region and promoting its interests in the United States and other international marketplaces. The work of ECIPS has reinforced the initial concept of establishing an offshore

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regional presence to save individual countries costs which they could not incur.

In a competitive market it is imperative that the EC maintain an active overseas presence. This could not have been done without the boost or motivation of USAID funds and the independence afforded the office as an element of a USAID-funded project.

The team suggests two possible alternatives for the ECIPS office:

1. Relocate ECIPS to New York to be closer to the marketplace and provide professional and administrative support to other EC country IPOs, or

2. Maintain an office in Washington if the OECS establishes a foreign mission and space can be provided to ECIPS.

An expanded role for the Board of Directors is viewed as critical to the future of the project. The team recommends that the Board be developed to embrace the project as a whole and to be the body officially responsible to the OECS as a "board of boards," consisting of members of IDC Boards.

The position of Executive Director should be more central to the project, establishing a functional executive project management office within the physical environment of the EC. A more senior-level professional is required to properly ensure the administration of the grant and to facilitate the fulfillment of the project's major objectives.

Funding provided through the IPED Project has increased opportunities for professional staff development, participation in trade shows, and seminars by staff and members of the private sectors of the OECS countries. Such activity has provided market exposure for the countries and the region.

As reported by IDC managers, 18 percent of the visits and 8 percent of new investments were attributable to ECIPS in 1988. Perceptions are critical for the success or failure of projects involving the level of cooperation and collaboration required by IPED. If we assume the IDCs will report least favorably about the numbers of prospective investor visits and new investments attributable to ECIPS, these data still represent meaningful impacts. The project has had a positive impact on the IDCs in tangible ways (prospective investor visits and new investments) and intangible ways (institution building, market exposure, training and technical assistance).

The team recommends increasing the funding levels of the sub-grants to the IDCs. The CAP process should be reinforced during visits to IDCs by the RTA and the Project Director. Some type of incentive (or penalty) could be considered for timely (or late) submissions. IDC managers need to be reminded of ECIPS' contribution to their individual and collective successes.

The project has begun to help the IDCs in program monitoring and evaluation. Making a realistic determination of the extent to which the IDCs are actually using their CAPs is difficult.

Additional training resources should be devoted to improving systems and practices at the IDCs. Specific funding is needed for the envisioned Executive Director and RTA to address these matters more effectively.

Some IDC managers were found to be overly nationalistic and regarded ECIPS as competition. Nearly all of the IDCs preferred to have their own U.S. operations and nearly half of the IDCs are already involved in some form of offshore investment promotion activity. The ECIPS Executive Director acknowledged that it was "hard to determine how serious the governments are" concerning the need for a regional investment promotion agency. The Executive Director also indicated that given adequate resources the governments "would rather fund their own U.S. operations."

The team concurs that, if given the choice at this time, governments would opt for opening and maintaining their own U.S. operations to perform functions similar to those of ECIPS. USAID funding requirements will not diminish until the costs of IPED and its "ownership," particularly the ECIPS office, becomes more equitably shared over time with the governments. The realization that the IDCs are functioning to some extent because of the project, does not appear to be the common thought.

IDC managers reported that roadblocks to positive interaction and collaboration involved (perceived) non-responsiveness to individual country needs and inappropriate reporting requirements open to scrutiny. IDC managers are benefitting from opportunities to meet at quarterly meetings and are participating in TA programs enabled by the project. A pattern seems to be developing concerning the overall IDC benefits from IPED, in terms of both budget and outcomes.

Senior Project Management should address issues of "non-responsiveness to country needs" more effectively. Closer collaboration between ECIPS and the IDCs could be facilitated by a stronger centralized OECS executive management team and more practical, issues-related TA.

The RTA has a considerable task to accomplish and his role is

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appropriate. The Project Director's role has been problematic and the Grantee has refused to effect any changes when concerns were raised by RDO/C.

The need for more OECS senior level management appears to exceed the level of the current PDO structure. The team reiterates its recommendation that the Executive Director function as the Project's director.

A concern that the RTA "was only one man for eight countries" was expressed. Technical assistance provided by the RTA and training programs now being developed appear to becoming more relevant and responsive to the needs of the IDCs. The RTA proposes to work with manufacturers in the private sector to sensitize them to their critical role in investment promotion. The national IDCs are, like the countries they represent, at varying stages of development and TA needs.

The research capabilities of the respective IDCs are inadequate to respond to the critical information requirements of ECIPS, which must serve the needs of the marketplace.

All the IDCs therefore need to upgrade their capabilities to assist ECIPS in its targeting efforts. There is clearly considerable scope for additional technical assistance and training among the IDCs. More detailed assessments of the IDCs, country infrastructures, facilities, capabilities, etc. are also suggested.

Many reporting compliance problems seemed to stem from disbursement difficulties. Numerous attempts have been made by RDO/C, with and without the cooperation of the PDO, to encourage correct reporting procedures. Many of the problems of adherence to deadlines are derived from difficulties with financial disbursements. More recently, deadlines have been extended and late submissions have been tolerated, implying that Project Management is not setting down limitations.

Positive responses to the aims and objectives of the project will increase as the numbers of visitors and new investments attributable to the project increase.

Continuation of A.I.D. Assistance

The more active IDCs, for the most part, represent the most cost-efficient aspects of the project (see Table 2) and the ECIPS component of the project has done exceptionally well in a short period of time.

USAID assistance should most definitely be continued. It is highly unlikely that the ECIPS component of the project will ever be financially self-

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sustaining and it is likely that it, like the other components of the project, will always require donor or government funding.

The team offers two alternative recommendations.

1. Arrange to fund the Project indirectly through diminishing contributions to the OECS on behalf of the governments/IDCs

2. Encourage the Ministers to allocate part of their countries' foreign affairs budgets to a joint consular mission (currently being considered for the U.S.), modeled after the OECS mission in Canada.

In either case, at least some USAID funding would be required for three to five years.

For any continuation of this project, USAID and OECS must come to grips with two major challenges:

1. Convincing the member countries that IPED is worthy of their funding

2. Regaining administrative and accounting integrity over project activities and spending

The administrative and accounting problems are structural. They are not at all trivial; they demand immediate attention. Most of the project accounting deficiencies are concentrated in inferior bookkeeping practices within the OECS. Further technical assistance will be necessary to complete reconciliation and bring all records current prior to PACD.

Lessons Learned

If ECIPS was intended to overcome the ineffectiveness and inefficiencies (actual and perceived) of PDAP, then RDO/C and the other entities associated with the Project are to be commended. The team believes that many of the difficulties experienced during the project were due to inadequate OECS management. Project deficiencies could have been discovered earlier had the planned interim evaluation been undertaken. Given the history of the project and its predecessors and funding issues, "ownership" needs to be resolved as part of a longer-term strategic plan.

An important lesson learned is that Eastern Caribbean investment promotion professionals, properly prepared, can successfully continue a project where expatriate contractors leave off, at a cost savings to USAID and to the benefit of a region.

Four other lessons learned are

- Accounting and bookkeeping problems increase geometrically with the number of disbursing units or "sub-grantees" in a project.

- RDO/C has to be prepared to occasionally increase temporary management intervention in the event of Grantee project management lapses, but also needs to recognize when it should "pull-back" and allow the Grantee to administer the grant.

- Managerial failure on the part of a grantee is more difficult to contend with than a similar failure on the part of a contractor.

- Confusion is caused by differing reporting procedures and requirements of the Grantee and USAID.

Development Impact

New investments have been made, jobs have been created, and IDCs have been institutionally strengthened. These effects will be far reaching. The great difficulty in an evaluation of this type of effort is that the most tangible effects of this project might not really become measurable or fully recognizable for a number of years. If a more definitive statement must be made, however, the team believes that most of the project's development objectives are being met. It is too early to determine if and how the OECS has been strengthened, or to what extent, although that is a potential benefit.

II. DEVELOPMENT OBJECTIVES OF THE PROJECT

The project is to improve the economies of the countries of the Eastern Caribbean (EC). The Project Paper discusses the goal and purpose in two general and five more specific objectives that pertain to the expectations for the Investment Promotion and Export Development project (IPED):

1. To increase private sector productive employment in the EC countries

2. To develop a national and regional institutional capability in the EC to identify and promote private investment in productive, export-oriented businesses

3. To develop and strengthen investment promotion agencies operating in conjunction with a regional investment promotion institution based in the United States, to identify and attract foreign investors and buyers to the EC

4. To increase foreign investment flowing into the EC

5. To increase joint venture operations with foreign and local investors

6. To strengthen the Organization of Eastern Caribbean States (OECS) through successful and continuing cooperation among the member states on investment promotion

7. To increase export volumes and earnings

As a departure from the Project Development Assistance Program (PDAP), the amended IPED Project emphasized using national institutions and developing national and regional capabilities to meet the objectives of the project, rather than using expatriate contractors. Herein lies another, perhaps the ultimate, development objective; that is, to achieve the project's goal and purpose while also developing capabilities and skills within local institutions active in the project, so that they can be self-sustaining when USAID funding is phased out.

The IPED Project provided for the creation and development of a U.S.-based investment promotion agency, the activities of which were intended to serve and complement program objectives of the national IDCs. Furthermore, these IDCs were to be institutionally strengthened through inputs provided by the Regional Technical Adviser (RTA).

III. PURPOSE OF THE EVALUATION

As detailed in the SOW and discussed with RDO/C, the purpose of this evaluation is to assess the activities of the components of the IPED Project funded under 538-0119.07. Three primary components of the evaluation are

1. The Eastern Caribbean Investment Promotion Service (ECIPS) - a program conceived by the OECS whereby an EC institution would be established and located in the United States in order to develop an expertise in and undertake regional and international investment promotion activities.

2. Assistance to the eight national IDCs of the OECS member countries: Antigua and Barbuda, the British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines.

3. A grant to OECS for project management and technical assistance to the IDCs. This component has become known as the Project Director's Office (PDO) and, for the purposes of the grant, represents OECS. The PDO is located within the Economic Affairs Secretariat (EAS).

With respect to each of these primary components, the intent of this evaluation is threefold:

1. To assess performance relative to the goal and purpose of the IPED Project by

    a. Analyzing the institutional structure of the project

    b. Determining the extent to which the current structure is able to address development constraints identified in the goal and purpose of the project

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c. Ascertaining the project's responsiveness to the development needs of the eight OECS countries

d. Developing recommendations to improve the overall performance of the project

2. To assess the efficiency and effectiveness of the OECS in the following areas:

a. Developing and implementing technical assistance and training programs for the IDCs

b. Monitoring, managing, and accounting for project activities

c. The institutional and human resource operational capabilities of the relevant EAS project management

and to make recommendations for possible changes, where relevant

3. To assess the extent to which ECIPS, as a regional entity, and the IDCs, as national entities comprised of the member countries within OECS, have been able to strengthen their institutional capabilities to promote private investment, particularly relating to export-oriented business, through the program activities of the project

Essentially, the objectives of this report are to assess the

- Effectiveness of the project
- Sustainability of ECIPS as a regional institution
- Effectiveness and appropriateness of assistance to the IDCs

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IV. METHODOLOGIES USED

Data collection and analyses were accomplished through documentation review and field interviews undertaken by the team between May 10 and 30, 1989, in Washington, Barbados, Antigua, Dominica, Grenada, Montserrat, St. Kitts, St. Lucia, and St. Vincent. (Interviews with a representative from the British Virgin Islands were conducted in Antigua to make the most economic use of time and of travel costs. This decision was made at the suggestion of the USAID IPED Project Officer.)

Before the team left Washington, Alan Gross and John Varley briefly interviewed the executive director of ECIPS at his Washington office. Alan Gross also interviewed two U.S. businessmen from GIC Corporation who had been in contact with ECIPS and were undertaking a frog farming project in the EC.

When the team arrived in Barbados, they had access to more complete project documentation at the RDO/C. Following sessions of documentation reviews, in order to make more economic use of time and resources, the four-person team split into two sub-teams, to facilitate field interviews and to undertake additional data collection activities. The first sub-team consisted of Roy Anderson and John Varley, who conducted field interviews in Antigua, Barbados, Dominica, and St. Lucia. The other team consisted of Richmond Allen and Alan Gross, who conducted field interviews in Antigua, Barbados, Grenada, Montserrat, St. Kitts, and St. Vincent.

The full team was able to interview key personnel collectively at both RDO/C and OECS. Separately, the Anderson/Varley team undertook more in-depth data collection and conducted focused interviews with key personnel at OECS, while the Allen/Gross team reviewed project files and conducted focused interviews with key personnel at RDO/C. The sub-teams completed more than 50 interviews while reviewing a considerable number of project documents. All documents reviewed and persons interviewed are listed in the Appendix.

Wherever possible, interview subjects included IDC managers and board members, private businessmen, ECIPS board members, USAID and OECS personnel, members of national chambers of commerce and manufacturers' associations, and relevant personnel from government ministries. In each instance, a statement concerning confidentiality was made to the subject of the interview. In nearly all instances, subjects shared at least some information for which they preferred not to be identified as the source. Such confidentiality is respected in this report.

A preliminary analysis of all data was accomplished in Antigua, prior to a meeting with the full ECIPS Board of Directors and a debriefing meeting in Barbados. Further analyses were conducted in Washington through data review and telephone interviews.

V. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

Background

Senior IPED Project management from the PDO, ECIPS, OECS and RDO/C were interviewed as were key IDC personnel, IDC and ECIPS board members, and representatives from the private sector and manufacturers' associations. Throughout the interviews, and by consulting relevant project documents, the respondents provided meaningful data for analysis indicated in the response tables found in the Appendix of this report.

The team's findings are organized according to the major evaluation questions posed earlier: overall IPED Project performance, OECS project administration, and ECIPS/IDC linkages and support.

A. Project Performance

The first of a series of three tasks undertaken by the team was an analysis of the institutional structure of the project and of the extent to which project components are collectively able to address development constraints identified in the goal and purpose.

Project Purpose

The project purpose, as expressed in the Project Paper, Amendment #2, is "to develop a national and regional capability in the Eastern Caribbean to identify and promote private investment in productive, export-oriented business." The project represents, in part, an attempt to redress a perceived imbalance under the predecessor PDAP Projects (PDAP I and II during 1981-86) involving a high-cost, expatriate-staffed search for investors, with a heavy emphasis on job creation in the relatively near term. Under IPED, use of expatriate staff would be phased out in favor of technical assistance to the indigenous IDCs, and a regional investment promotion organization would be developed to assist in the search for foreign investors in the United States.

The emphasis, in short, was to be on institution building, both regional and national, as well as on investment promotion activities. The new focus would necessarily be both long term and economic development-oriented.

Findings

Project Implementation Letter (PIL) Number 14, dated December 2, 1987, promulgated a Project Indicators form for reporting by IDCs that would show, among other things, the ratio of ECIPS activity to total activity in the following categories: contacts, leads, business starts or expansions, jobs generated, and value of exports.

PIL Number 14 states that this reporting form was agreed to by all IDC managers at the Second Strategy Meeting of ECIPS, IDCs, and the PDO held in Antigua on November 17-18, 1987 (other sources also mention discussion of the form at the Antigua meeting; the Report of the meeting itself contains no mention of the matter). Letters and memoranda available in RDO/C files show that PDO and RDO/C personnel endeavored, especially early in 1988, to comply with this requirement.

All of the IDCs have shown progress in terms of budget, staff development, and investor search capability. The wide variation in their founding dates (from 1970 to 1987), indicates variance in their degrees of development. However, all IDCs are aware of their own shortcomings and technical assistance requirements, and all are increasingly able to define their countries' needs and development objectives.

Although reliable employment data are not available, Table 1 provides a composite view of new investments to the region reported by IDC managers since project implementation. Employment generation is implied in these data, demonstrating some measurable results from the project.

ECIPS development has been remarkable considering its initial two years of existence. Its promotional efforts are well established, and it has developed an impressively large database of contacts. Although not corroborated by IDC reports, Table 2 represents the basic database summary for life-of-project to April 30, 1989, demonstrating the results of ECIPS' investment promotion activities.

By contrast with the IDCs and ECIPS, the OECS component of the project (comprising the Project Director's Office in Antigua) has had a troubled existence, although the filling of the RTA's position in April 1988 was an important positive development.

Table 1. New Investments Reported by IDCs

Country Respondent	#1	#2	#3	#4	#5	#6	#7	#8	TOTAL
Total Number of Investments	1	7	3	4	11	5	27	1	59
Investments Attributable to ECIPS*	0	0	0	1	0	0	3	0	4
% Total Investments Attributable to ECIPS	0.0%	0.0%	0.0%	25.0%	0.0%	0.0%	11.1%	0.0%	6.8%

Period Covered: Life of Project to April 30, 1989

Source: IDC Managers

* Attribution reported by IDC Managers

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Table 2. Activity Summary Reported by ECIPS

Country	Samples	Visits	Contracts
Antigua & Barbuda	10	22	1
British Virgin Islands	0	0	0
Dominica	15	9	1
Grenada	21	10	2
Montserrat	6	2	0
St. Kitts & Nevis	18	8	3
St. Lucia	34	14	10
St. Vincent & Grenadines	9	1	0
Totals	113	66	17

Period Covered: Life of Project to April 30, 1989

Source: ECIPS Quarterly Report February 1989 - April 1989

Conclusions

The project purpose was realistic and is achievable within the time frame of the present project. Indeed, viewed in the narrower sense, the project purpose has already been achieved, in the sense that the IDCs and ECIPS are functioning in the intended areas, the difficulties with respect to the PDO notwithstanding.

The capability for investment promotion has been established. It will continue to expand and become more effective with a more functionally structured and strategically oriented executive project management team. The structure set out for IPED was not realistic or appropriate because the only executive function identified was functionally located outside of the region. The majority of project participants were thereby limited in the level of contact an executive role.

There are two more meaningful questions:

- Is the project functioning as well as might be expected and, to the extent measurable, in a cost-effective manner?

- Are the efforts and institutions sustainable in the absence of USAID support?

The short answer to these questions is mixed. In the first instance, under the structural circumstances the project is functioning better than one could expect. However, poor reporting practice makes any assessment of IPED speculative. As indicated in Tables 1 and 2, whether or not ECIPS and IDC data are compatible, there is obvious positive activity leading to new investments in the region. Table 3 responds, to some extent, to issues of attribute. Table 4 reveals that ECIPS is operating in a cost-effective manner, compared with other similar Caribbean agencies. In the second instance, however, the longer term issue of project sustainability without USAID support, if meant in a financial context, is highly questionable. These questions are explored at greater length in the following sections.

End of Project Status (EOPS) Indicators and Outputs

Findings

Although the data are fragmented, the following problems with respect to EOPS indicators and output targets were found, based on a review of material available at the Economic Affairs Secretariat (EAS) in Antigua and data reported by IDC managers.

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Table 3. Distribution of Visitor-Referrals from ECIPS

	Total Number of Visits by Prospective Investors	Visits Attributable to ECIPS*	ECIPS Referrals as a % of Total Visits
Antigua	60	3	5.0%
BVI	0	0	0.0%
Dominica	N/A	N/A	N/A
Grenada	75	45	60.0%
Montserrat	72	0	0.0%
St. Kitts	57	10	17.5%
St. Lucia	69	7	10.1%
St. Vincent	25	1	4.0%
IDC Totals	358	66	18.4%

Period Covered: 1988

Source: IDC Interviews

* Attribution reported by IDC Managers

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Table 4. Comparison of Performance Results for Investment Promotion Programs

	Numbers of Visits by Prospective Investors	Annual Investment Promotion Budget (US$000's)	Average Cost per Visit (US$000's)
IPED/ECIPS	39	$764.0	19.6
PDAP*	92	$2683.0	29.2
Barbados IDC	46	$900.0	19.6
FIDE**	30	$800.0	26.7
EC IDCs			
Antigua	57	$53.0	0.9
BVI	0	N/A	N/A
Dominica	N/A	$224.0	N/A
Grenada	30	$287.0	9.6
Montserrat	72	$147.3	2.0
St. Kitts	47	$84.6	1.8
St. Lucia	62	$334.6	5.4
St. Vincent	24	$100.6	4.2
EC IDC Total	292	$1231.2	4.2

Period Covered: 1988

Sources:
- Blackman Thomas Report
- ECIPS Reports
- Interview with FIDE
- Interviews with IDC Managers
- IPED Budget
- PDAP Evaluation Report

*Last full year of Operations
**First full year of Operations

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EOPS Indicators

Two EOPS indicators have been anticipated for IPED:

Increased foreign investment in the Caribbean. The project will no doubt make a contribution to increased foreign investment. However, based on the weaknesses of existing project and non-project data, it is extremely difficult to verify, at any level of confidence, what that contribution has been. This is especially true because many factors other than IPED influence investors' decisions (government policies with respect to foreign investment or infrastructure development, to name but two).

Increased employment directly attributable to new foreign investment. The same comments as those made with respect to increased foreign investment apply to increased employment. Employment data were not readily available at the EAS offices. The principal source materials mentioned in the Project Paper, Eastern Caribbean Central Bank Reports, do not track employment or unemployment figures. Although recent improvements have been put into place, the IDCs and ECIPS themselves have not kept consistent comprehensive figures on their success rates with new investments.

Major Outputs

Number employed. This indicator applies to the number employed as a result of ECIPS-related investments. Except for those from St. Lucia, Project Indicator forms being submitted by the IDCs do not include any information that would permit relating investments to ECIPS referrals (see below), let alone to employment resulting from those investments. When questioned about employment generated through new foreign investments, IDC managers either declined to offer an estimate or provided range estimates too broad to permit meaningful aggregation.

Conclusions

The EOPS indicator on increased investment is immeasurable or impossible to directly attribute to the project, when broadly defined. Employment as a direct result of the project would clearly be a valid indicator, but is not measurable by current reporting standards. All other output measures seem appropriate and measurable.

Recommendations

Until more accurate data become routinely available, the project cannot be viewed only in such tangible terms. Because the project has a regional purpose and does not have the benefit of compatible and comparable employment data, it is recommended that efforts be made to establish an improved and more realistic system for data collection throughout the region. Consistent reporting procedures must be developed for the region and accepted by all parties responsible for reporting, recognizing that questions of attribute will be difficult to overcome.

Simply put, however, a monthly or quarterly report could reflect

	ECIPS Referral	ECIPS/IDC Involved	Other
Number of visits			
Number of new projects			
$ value of investment			
How many employees			

The job creation measure is so fraught with difficulty that it was felt best to simply acknowledge, dealing with gross data, that IPO efforts have had an employment generation impact implied by the "new investments" data reported in Table 1, and to concentrate this evaluation on the "intermediate outputs" of the project, more easily observed and attributable, at least partially, to the investment promotion effort.

RDO/C Project Management, Monitoring, and Financial Control

Background

This portion focuses on the financial and accounting performance of the various project participants responsible for disbursement, expenditure, and accounting of project funds: RDO/C, OECS/EAS PDO office, ECIPS, and the IDCs. The project team interviewed key participants and reviewed project files and related material made available by RDO/C in Barbados, as well as files furnished by OECS/EAS headquarters in Antigua and IDC offices in the member countries. The team visited the offices of ECIPS in Washington, D.C., and read other relevant evaluations of various aspects of the IPED project, as well as its predecessor, PDAP. The team reviewed selected financial records made available by the USAID Project Officer at RDO/C, OECS/EAS, and the various IDC offices.

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Findings

Most project problems encountered in the evaluation had been recognized and reported upon in RDO/C project files. Most key participants were familiar with the former and present RDO/C Project Officers and other USAID personnel associated with the project, including other persons who have since left the RDO/C mission. The current RDO/C Project Officer has played a significant role in effecting the positive change and direction needed to bring the project as a whole back on a more appropriate track.

The only assistance IDC accountants mentioned receiving from RDO/C is the "Henry Manual" seminar mentioned below.

- Most IDC chairmen reported hearing from the RDO/C manager on a monthly, if not weekly, basis, but usually regarding their CAPs, MOUs, training, or other issues, not accounting matters. RDO/C has reported to have "nearly daily conversations " with the CFA and frequent conversations with the IDCs to try and straighten out accounting matters.

- IDCs were asked to attend a one-day seminar in St. Lucia in July 1987 to learn a system of project accounting and reporting called, at that time, the "The Henry Manual." A short time after the seminar, participants were told to disregard "The Henry Manual" in favor of a simpler system that was further explained to IDC representatives in a 1988 meeting. However, RDO/C now reports that "The Henry Manual" is still in effect.

- No IDC has asked for or received training in accounting or budgeting techniques that can be applied to the project or to an investment promotion office.

- The individual named in USAID documents as the project accountant, Mrs. Piggot, stated that she has never discussed her work on the project with anyone from USAID.

- The Institutional and Administrative Analyses section of the Project Paper (PP) discussed qualitatively the EAS's ability to handle the financial and accounting burden of the IPED project, but nowhere was it mentioned that the IPED project would effectively double the annual flow of cash through the office of the Chief of Finance and Administration (as repotred by the CFA during an interview on May 25, 1989). In addition, estimates were made of increased reporting requirements. It was assumed that the project director and one accounting assistant would be more than sufficient to handle the added workload. Quoting the PP, "As the Secretariat has handled RDO/C projects before [*sic*] it is not expected that serious problems will arise."

- No summary journal for the project was seen. Several computerized attempts at a summary journal were reviewed, including one dated April 1989, but the Chief of Finance and Administration explained that he was switching software packages (from Peachtree to Excalibur) and was forced to re-establish a chart of accounts.

- A receipt book is kept of checks and cash received at the OECS. The book has a mixture of EC dollar and U.S. dollar entries. Several originals of receipts were not detached from the receipt book to be sent to the person or entity (e.g., USAID, Government of St. Kitts) that presented the check or cash.

- Separate bank accounts, one in EC dollars and one in U.S. dollars, have been established for the project. The designated accounting assistant, Mrs. Piggot, has corrected the bank when a deposit has been credited to the wrong account.

- IDCs do not know how much or which of their claims have been allowed and credited against their advances (or reimbursed) and which have been disallowed. The IDCs do not know the status of their accounts with the project on a line item basis.

- Checks arrive at the IDCs with no explanation of what the amount corresponds to; they do not match IDC requests for advances or show how the amount was arrived at.

- Expenditure statements (SOE) and status of advances from ECIPS are sent to OECS, usually (not always) signed by the Executive Director of ECIPS, but not accompanied by documentation of any kind. The CFA retires ECIPS' advance account against the signed expenditure statement without reviewing any documentation.

- Checks arriving at the EAS office in Antigua are typically preceded by notice under separate cover advising the grantee of the amount and purpose of the check. In critical situations, the CFA has temporarily reallocated IPED funds received from USAID to project uses other than those for which the funds were destined, without contacting or seeking approval from USAID. For example, the CFA has used funds that USAID had intended for IDC subgrants for advances to ECIPS/Washington. (His initiative in doing this has probably saved the project from some financial embarrassment and possible extra costs.)

- RDO/C has, on at least one occasion, authorized disbursement of funds without required project documentation or explanation. RDO/C has also on occasion disallowed expenditure claims without providing the grantee with an explanation.

- The IDC in St. Vincent has received notice of disallowances without enough information to determine which items of expenditures claimed had been disallowed.

- On least one occasion, checks have been sent to ECIPS without payment vouchers signed by the Project Director, who had asked to be relieved of financial oversight responsibility of ECIPS.

- Disbursements to IDCs are irregular, and impossible to correlate with requests. For example, the time between submission of a CAP in January and receipt of first funds related to that CAP averages six months, four to five of which are required for reviewing the CAP and developing and signing an MOU. Some IDCs have funded the USAID portion of their work plans for six months or longer before receiving a check, which they are asked to treat as an advance.

- Advances to ECIPS have arrived more regularly, and in total have exceeded ECIPS' quarterly and even semi-annual requirements, so that ECIPS has had to refund portions of its advance funds.

- The Project Director does not maintain a close working relationship with the CFA.

- As early as September 1987, the designated Project Director, Lawrence Wells, informed RDO/C that project funds were being disbursed without his approval or authorization (i.e., a voucher signed by the Project Officer) and that the CFA was both signing vouchers and issuing payments.

- In the early stages of the project, the Project Director repeatedly sought a separate accounting system for the project, although a USAID consultant had informed RDO/C that a separate bank account and a separate accounting ledger or journal would be sufficient.

- With USAID concurrence, the Project Director's responsibility for reviewing and approving financial reports and requests for funds from ECIPS was at one time removed.

- According to a KPMG report, basic internal control procedures that are typically required by USAID for disbursements and for accounting for project funds are not followed at the EAS. The KPMG Peat Marwick "Accounting Review" (commissioned by OECS) reports "that account balances are not periodically reconciled to those of the funding agency, participating IDCs or ECIPS and that reconciling differences were significant."

- The KPMG Peat Marwick "Accounting Review" of the ECIPS/IDC project does, in fact, address issues of internal control and reports significant deficiencies in the accounting system. The review discusses a "breakdown in internal controls and established procedures," and highlights several problems:

  - Timely reporting
  - Inaccuracies in expenditure reports of IDCs
  - Lack of supporting documentation for expenditure reports
  - Salary claims without employment records
  - Non-uniform expenditure categories
  - Direct payments to suppliers
  - No system in operation at OECS to notify participating IDCs of disallowances
  - No documented process to insure that balances are reconciled
  - Instances of claims being paid without MOUs

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- Deposits of project funds in OECS' general bank account

- Untimely delays in reconciling bank accounts

■ The KPMG Peat Marwick "Accounting Review" apparently did not attempt to review documentation of ECIPS expenditures. The review did not report the fact that the Project Director was not involved in the process of preparing ECIPS vouchers, or that vouchers are typically prepared by the CFA, who also writes the checks.

Conclusions

In this context, the OECS/EAS has not complied with several features of the grant agreement. The accounting system, while some improvements are noted, is not functioning at the OECS project manager level. Management and accounting responsibilities were not being followed as laid out in the grant agreement, at the time of the field interviews.

While IDCs had their respective governments on which they could rely during times of sub-grant delays (whatever the cause), yet ECIPS had no formal structure through which temporary budget support was provided. None of the budget delays were ever anticipated by RDO/C and OECS and the CFA was compelled to take steps to provide ECIPS with the urgently needed operating funds during extremely critical times (particularly when severe overdraft problems occurred). These steps included arbitrarily reapportioning the IDC disbursements to ECIPS so that ECIPS' could pay for its office rent, supplies, and postage. The Project Director, who originally was responsible for dealing with such issues, was largely ineffective in solving such problems. Moreover, to some extent, the Project Director was antagonistic about what at the time appeared to be pragmatic steps taken by the CFA. Unfortunately, the accounts were still not reconciled even after the urgencies were temporarily relieved.

RDO/C has been aware of these problems and deficiencies, the absence of an operating system for reporting back to IDCs and reconciling differences, and the lack of internal controls in the absence of a functioning Project Director. RDO/C has taken serious actions (i.e., temporary removal of the Project Director from accounting oversight responsibility, a visit by the controller with request for summary totals [May 1987], calling for OECS to ask for an Accounting Review [February-May 1989]), but such actions at the time of this writing have not been sufficient to resolve the accounting problem at the OECS.

Although the consultant team was not provided with documentation, however, RDO/C reports that the accounts have been reconciled and that a "final letter on the subject was recently received from OECS on October 26" expressing "concurrance with, and recited all actions taken to implement, Peat Marwick's recommendations".

The KPMG Peat Marwick team needed three months to come up with totals for properly vouched expenditures by project line items. These worksheets were not included in the KPMG Peat Marwick report; only a summary total for properly justified expenditures was included. Some IDCs are aware of the table and know which expenditures have been identified as not properly justified. Yet, they still do not know whether these are items that the project will not reimburse — or if there are additional items the project may not reimburse — even though they may be properly justified, because they are not eligible within the scope of the project and the MOUs. KPMG Peat Marwick did not address the "Eligibility under an MOU" issue.

The critical question in this relates to how RDO/C dealt with difficulties emerging from accounting and personnel problems. The PP clearly spells out A.I.D.'s responsibilities in "routine monitoring tasks." As such, during the time the team was in the field, the RDO/C had not

- "assured that conditions precedent to disbursement are met"
- "[assured that] audits and evaluations are conducted as required"
- "[assured that] payment documents are properly processed"
- "ensure[d] timely and coordinated provision of A.I.D. financing"

Numerous investment promotion activity delays and some cancellations were reported by IDC managers and ECIPS' Executive Director, resulting from ineffective monitoring and problem-solving efforts. It must be well noted, however, that a change in RDO/C project management last year led to improvements in some of these areas when the new Project Officer began to micro-manage the functions of the PDO.

Recommendations

The following specific recommendations are presented for consideration:

- A more structured and reconcilable accounting system needs to be put into operation. (It has been reported that the OECS has made a request for RDO/C assistance for this purpose.)

- The CFA should not micro-manage the accounting functions of the project. An accounting assistant should be assigned to work exclusively on IPED grant accounting matters.

- Steps toward establishing a more effective working relationship between the PDO and RDO/C need to be examined if it is determined that a PDO separate from the EAS is needed.

- RDO/C needs to be more consistent and structured regarding

  - Reporting requirements and deadlines

  - Ongoing supervision of the Grantee

  - Grantee role and accountability in the administration of the project

  - General adherence to Grant provisions by all project participants

B. OECS Project Administration

Background

The second of three tasks undertaken by the team was to assess the effectiveness and efficiency of the OECS in administering and managing different aspects of the project, as stipulated in the Grant Agreement. An examination of the operations of the OECS/EAS in regard to the project must commence with some reiterations and an attempt to define as clearly as possible the role of the Secretariat in administering the various aspects of the project and in ensuring OECS adherence to the grant.

IPED Amendment #2 establishes the background against which the extension of the project was given (allowing it to continue up to December 31, 1989). The PP details the bifurcated nature of IPED, ECIPS, and the IDCs, which were to be the two operational components of the grant. The PP signed on May 22, 1987, indicated that the chief officer for ECIPS would be an executive director, who would report to a Board of Directors and would communicate with the OECS project director.

"The OECS Project Director for the Grant will oversee the two operational components of the grant, ECIPS and the IDCs." The project director would also "have responsibility for allocating grant funds in accordance with MOUs and will report to RDO/C on IDC performance based

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on his staff's analyses of programs, problems and prospects, and based upon periodic reports to the OECS."

The PP clearly states that the OECS will establish a project director position within its Economic Affairs Secretariat in Antigua with broad responsibilities to direct all grant activities in cooperation with the seven IDCs and the executive director of ECIPS. Finally, it also makes clear that "The Economic Affairs Secretariat (EAS), the technical arm which serves the EAS, will provide project management for the ECIPS/IDC grants."

OECS EAS Secretariat

Findings

The Grant Agreement was subsequently formulated within the context of the Grant Agreement signed on June 4, 1987, between the OECS and the U.S. government through its RDO/C mission director. The Agreement consistently reflects the project proposal, and it is clear that the decision to site responsibility for the project is based on the mandate for the EAS to oversee the project on behalf of the OECS as well as to promote regional integration with the sub-region. Further, as the Agreement establishing ECIPS states in Article 4, the Board of ECIPS is subject to "general directions as to policy or otherwise" from the EAC, and the Board is obliged to comply with such directions.

The Grant Agreement involved the giving of

> program and operational support to the Grantee for the operations of the Eastern Caribbean Investment Promotion Service (ECIPS) program and operational support for investment promotion activities of Industrial Development Corporations (IDCs). . . [and] support to the Economic Affairs Secretariat to administer the projects.

The project organization and responsibilities are further amplified in Annex 1 to the Grant Agreement.

Specifically, it is stated that "the purpose of the Investment Promotion and Export Development Project is to stimulate increases in employment, income and economic benefits in the member countries of the OECS." Further,

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> the project will support an indigenous regional investment promotion effort, aimed at providing the OECS countries a collective presence in North America and continuing institutional efforts to develop and/or strengthen national and regional capability to promote investment particularly in export-oriented businesses.

The establishment or strengthening of individual OECS country investment promotion agencies, as well as the establishment of ECIPS as an operational entity, were among the specific outputs or EOPS indicators that are to be achieved by the project.

By virtue of section 3 of Annex 1, overall responsibility for implementing the project is vested in the EAS in Antigua. For these purposes, the director of the EAS is a representative of the OECS director general (and thus, "The Grantee") and is, for these purposes, the person who "will have responsibility for monitoring and reporting to USAID on all aspects of the Project."

Within the EAS, the Grant Agreement contemplates the existence of a project management team that is to function for the life of the grant. Furthermore, the Grant Agreement stated that day-to-day operations were to be guided by

> the Project Director who will be assisted by the Technical Advisor and a Project Accounting Officer. The Project Director will be responsible for the entire project, including the ECIPS component, based in the U.S., and oversight of sub-grants to seven national investment promotion entities.

The ECIPS element of the IPED Project was to be

> governed by a Board of Directors, a majority of whom shall be private sector members. The Board of Directors shall report to the Economic Affairs Committee. Day to day operations will be managed by an Executive Director.

The Economic Affairs Secretariat is headed by a director, who is responsible for the proper functioning of the EAS. The Secretariat has three sector chiefs responsible for the following subject areas:

- Finance and Administration

- Trade, Economic Policy, and Statistics
- Sector Policy and Planning

The sector chiefs are responsible to the director for the EAS who is himself answerable to the director general, the chief public servant of the OECS. It is within the Secretariat that projects dealing with economic coordination are handled.

Within this framework of responsibilities and structure of authority, the team finds:

- The Secretariat has had problems managing and ensuring efficient and effective program delivery in some areas. This is particularly noticeable in disbursements and accounting between the donor, EAS, and the respective IDCs and ECIPS. Less noticeable have been problems in communication, coordination, and "score-keeping" of the project's progress between ECIPS and the IDCs.
- There have been delays in the submission of various reports which are required for the program, such as the quarterly reports from the IDCs to OECS and from the OECS to RDO/C, and, in some cases at least, ECIPS quarterly reports.
- The RTA, whose role and performance are described below, has been well received and widely praised among the IDCs.
- As a result of the project, regular quarterly meetings between ECIPS, the OECS/EAS staff, and the IDCs have been held. Respondents reported a development of closer collaboration among the OECS countries, as well as between the IDCs and ECIPS, as a consequence of these meetings.
- The lack of a close working relationship between ECIPS and the PDO, and between ECIPS and the IDCs, was reported by nearly all respondents; however, it is important to note that there was no working relationship at all between and among the IDCs and ECIPS prior to project implementation.

Conclusions

Within this framework, it was therefore logical that the coordination of the IPED project should be placed in the EAS and that the director of the EAS should be the representative of the director general for the purposes of the project's implementation. Until the implementation of the IPED project, it was not the practice to set up a formal "project team" structure with the Secretariat to administer projects. They were typically handled, at least administratively, by the CFA and Administration. Neither the CFA, the director of EAS, the director general of OECS, nor apparently RDO/C, were aware of any problems in previous projects because of that arrangement.

The Secretariat has had considerable experience with USAID-funded projects, and for this reason it was envisioned in the Project Paper "that the project management can be handled effectively and efficiently." In the case of this project, however, the Grant Agreement called for the establishment of a project team, of a Project Director, an RTA, and an accounting assistant. The Project Director was appointed in June of 1987, but the RTA was not appointed until June of 1988. Some accounting assistance appears to have been provided, but a full-time accounting assistant was never appointed and has not been considered a necessity by the CFA.

The regular meetings between the various players in the IPED project indicate achievement of the closer collaboration between the territories which the project intends to foster and which is a necessary step towards the attainment of the objectives.

Recommendations

Given the nature of the project and its broad, regional focus, the team considers that the administration of the project is indeed an appropriate role for the Secretariat. In fact, as is stated in the project paper, "management of the project should help to build expertise in a number of areas and promote the effort at regionalization."

The difficulties with disbursements of and accounting for funds (as detailed in the section dealing with "Financial Control"), as well as with the timely preparation of reports, point to the need for stronger executive management of the project and increased support capabilities within the EAS. Specifically:

- The EAS Director should deal more directly with project-related personnel matters, not RDO/C. In any future vacancy of an EAS Director, the OECS Director General should decide, in consultation with RDO/C, on matters concerning the administration of the

Grant, or at least formally designate an acting director responsible for the Grant.

- Both RDO/C and OECS need to be more responsive to each others' project roles.

- A full-time Accounting Assistant should be assigned to the project so that a more appropriate level of attention is paid to matters of finance on a daily basis.

Project Director's Office

Findings

Issues concerning the PDO were addressed in the section concerning performance indicators and other IDC reporting requirements. In brief, the Project Director has been unable to effect compliance with reporting requirements in the area of Project Indicators. With few exceptions (St. Lucia and St. Kitts), consolidations of reports with respect to CAPs, Monthly, and Quarterly Reports has not been adequate for project administration and management.

While the Project Director was never expected to provide executive "direction, organization and management" for ECIPS, he was expected to oversee ECIPS' compliance with the Grant Agreement. The Project Director has largely been unable to do so because there is little or no effective communication with the Executive Director.

Conclusions

Within the OECS/EAS, personnel clashes create frequent problems in day-to-day project operations. Many of the reasons for non-performance or delays involve unclear lines of authority, overlapping responsibilities, or lack of communication. Also in evidence is a lack of esprit de corps and willingness to cooperate.

The PDO has not been an efficient component of the project, as discussed in Section A. The Project Director's position was the only position filled during the first year of project implementation and, aside from filling the RTA's position, the full-time accounting assistant's position remains vacant. Considering the incomplete personnel structure within the PDO, as well as an executive vacancy in the EAS intended to provide oversight of PDO operations, it is no wonder that the PDO was unable to more effectively function.

Furthermore, the team believes that the role of the Project Director was inappropriately defined because

- As a non-executive position, the Project Director by design was to have authority over financial and other reporting functions of the Executive Director of ECIPs.

- The Executive Director of ECIPS was formerly the Project Director's supervisor.

These two factors were critical to the creation of confusion, at the very least, in matters of fiscal authority. Major personnel problems developed, and accounting deficiencies that ensued were not easily resolvable because of the structure. This should have been anticipated by the designers of the project. Problems resulting from the basic personnel structure of the PDO and the manner in which it interacted with ECIPS would have occurred whether or not the EAS Director's position was vacant.

Figure 1 shows an organigram of the project, based on the PP and Grant Agreement and synthesized from interviews. Questions concerning lines of authority and accountability surface in this structure immediately

- As depicted in the positioning of the EAS, Council of Ministers, and ECIPS in relationship to the balance of the components of the project

- Considering that there are virtually no lines of communication between ECIPS and the PDO

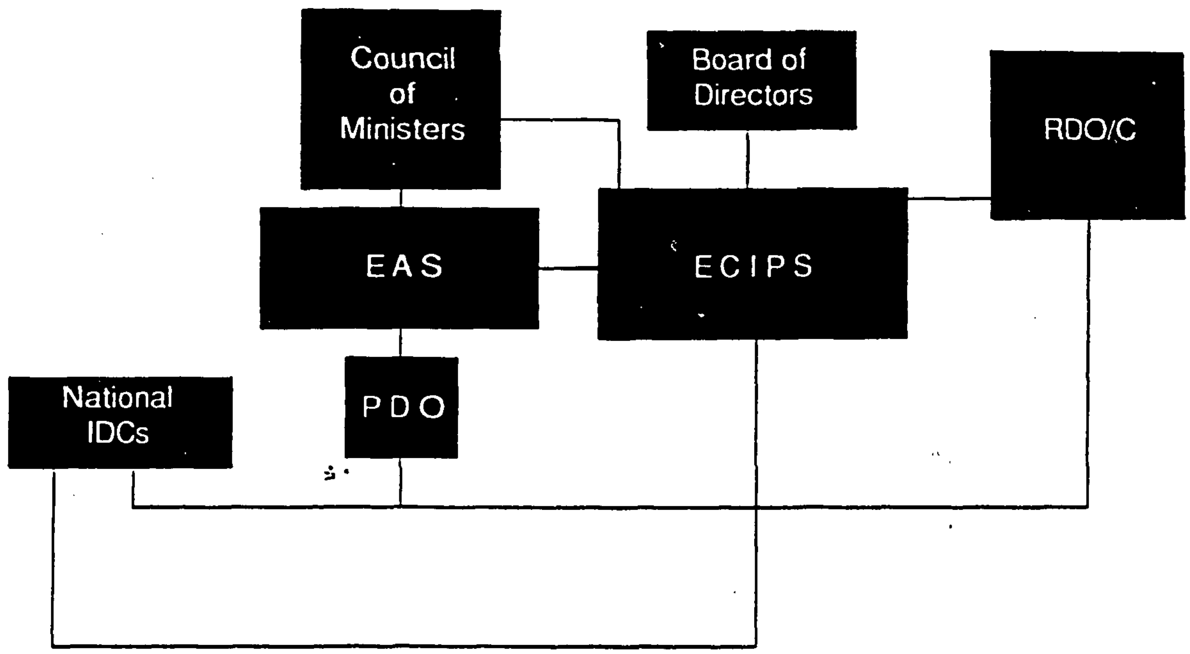
- With little or no interaction between RDO/C and the EAS

Recommendations

The consultant team urges that the basic structure of the PDO be reviewed, that RDO/C and OECS reconsider the need for executive management and direction within the PDO in order to foster greater cooperation and compliance between and among the IDCs, OECS, and RDO/C without the need for RDO/C to micro-manage the project, a function originally intended to be fulfilled by the PDO.

We recommend the structure illustrated in Figure 2 as a more role-appropriate project framework. As already suggested, a full-time Accounting Assistant should be hired so that the PDO can effectively and efficiently deal with corresponding matters mandated in the Grant Agreement. Considering the issue of executive management and if the position of Project Director is to be maintained, the Accounting Assistant would theoretically free up some administrative time for the Project Director to devote to executive

Figure 1. Organigram of IPED



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management issues, such as more senior level strategic planning with ECIPS and IDC personnel. Details of each structural aspect suggested in Figure 2 are detailed in subsequent recommendations.

Work Plan and Quarterly Reports

Findings

Taken together, these issues cover a range of responsibility for tracking and monitoring the system, which forms an essential part of project implementation.

ECIPS

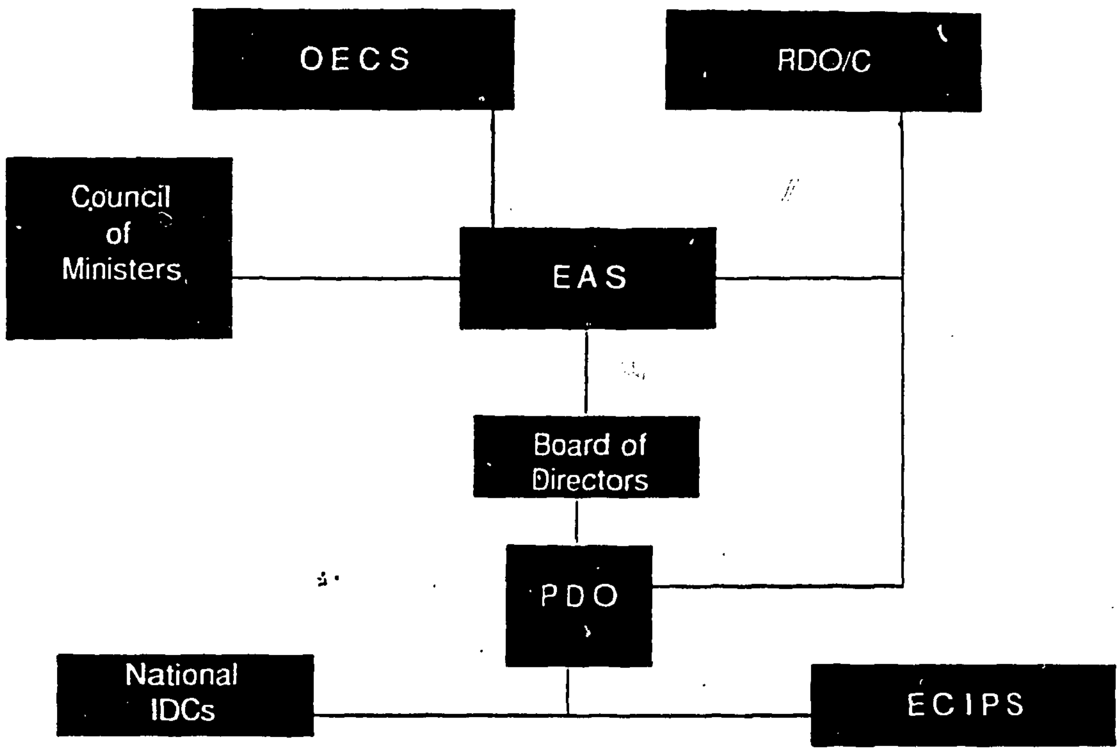
ECIPS has been producing quarterly reports, beginning with the Report for November 1, 1987-January 31, 1988. The submissions have been relatively timely, generally being available within the month following the end of the reporting quarter. They contain performance indicators based on an ongoing database compilation, comprising data on new contacts, prospects/referrals, samples, visits, and contract signings, both for the current quarter and cumulatively for the life of the project. The quarterly reports contain additional tables of useful information, including new contacts by industry and by reference source (advertisements and articles, Department of Commerce, trade shows), new contacts and referrals attributed to particular trade shows and advertisements, and a list of visitors.

Table 2 is the basic database summary for life-of-project to April 30, 1989. Beginning with the report for the quarter ended April 30, 1989, ECIPS has begun to show visits and new contracts by country, thereby remedying a significant deficiency in the earlier reports. The data on visits and contract signings do not relate closely to the corresponding data supplied by the IDCs, a matter which is discussed further below, in connection with IDC reporting. One remaining problem is that the current data on new contacts, referrals, and contract signings do not reconcile with the corresponding life-of-project data shown in the current and last previous reports.

IDCs

Notwithstanding PIL Number 14, the apparent agreement at the Second Strategy Meeting, and subsequent efforts to effect compliance, only St. Lucia (and then, only from the fourth quarter of 1988) has ever submitted the required form. The other IDCs which submit quarterly reports at all are reporting on a shortened form which shows only the number of ECIPS leads. At the Sixth Strategy Meeting, held in January 1989, the director of EAS introduced a new monthly report form which incorporated the essential ECIPS-related information; he suggested that IDCs use this form, but only if

Figure 2. Proposed Organigram of IPED



they were not submitting the required quarterly form. There is no record of any use of the suggested monthly form.

When questioned about the number of ECIPS-generated referrals and new business starts, IDC managers reported a total of 66 visits as of the team visits (late May), not including Dominica, which declined to give an estimate. ECIPS also showed a total of 66 visits through April 30, 1989, but there the correspondence ended. Individual countries showed widely different figures for visits, compared with the ECIPS figures for the same countries. Fou new business starts were attributed to ECIPS leads (three in St. Lucia, one in Grenada), compared with 17 reported by ECIPS. (Interestingly, St. Lucia's quarterly reports show four new starts attributable to ECIPS leads in the fourth quarter of 1988 and the first quarter of 1989 alone.)

In other project reporting requirements, the records of the IDCs have been mixed. Four of the eight countries met the 1988 deadline of February for submission of Country Action Plans (CAPs). St. Vincent did not submit a 1988 CAP until June, and Antigua has not submitted a CAP for either 1988 or 1989. Dominica and St. Vincent have also not yet submitted 1989 CAPs. As for Quarterly Reports, required by the end of the month following each calendar quarter, Antigua and St. Vincent have submitted none, St. Lucia has submitted all on time, and the others have ranged in between. The other four are submitting Quarterly Reports but not necessarily on time. (CAPs are discussed in further detail below.)

PDO

The format and content for the Project Director's Work Plan were outlined broadly in PIL Number 12 of December 3, 1987. Work plans are to be submitted annually. In addition, the Project Director is responsible for submission of Quarterly Reports within one month of the end of each quarter, the first "quarter" to cover the period from July 6 to December 31, 1987. The Quarterly Reports are supposed to pull together the Project Indicators submitted by ECIPS and the IDCs, to provide a composite picture of the investor tracking process. Partly for this reason, the Project Director is responsible for the timely submission of report by ECIPS and IDCs.

General

The team has seen three Project Director Work Plans: for July 1, 1987 to June 30, 1988; for calendar year 1988; and for April-December 1989. The first Work Plan was skimpy, covering six "objective" areas, mainly concerning monitoring activities. The second Work Plan followed the format prescribed in PIL Number 12. It contained a reasonably complete discussion of the areas of planned activities, if somewhat short on specific activities to be undertaken. The third Work Plan follows a tabular format and otherwise departs from the requirements set forth in PIL Number 12. The reports on

ECIPS and the IDCs have been dropped and a lengthy section covering the activities of the RTA included.

The third Work Plan definitely does not contain "detailed work requirements of the IDCs, ECIPS and the Project Manager's [Director's] Office," as required by PIL 12. Furthermore, because of the tabular format, certain of the proposed activities are described in terms too cryptic for ready understanding. The team cannot judge the validity of the budget numbers included in the Work Plan. Based upon information obtained from RDO/C files, however, those budget numbers in several instances exceed amounts previously agreed on for the current financial year.

The team has seen one PDO Quarterly Report, for the fourth quarter, 1988. From available correspondence it appears that their submission has always been well beyond the due date. For example, the second report, covering the first quarter of 1988, was received in Barbados on July 22, 1988; the report covering the fourth quarter of 1988 was received in May 1989. The fourth quarter PDO report for 1988 does not include the required Activity Matrix. Supposedly, previous reports have included the matrix, although given the failure of the IDCs to report adequately in this area, it is difficult to see how such reports could be much more than a summary of the data supplied by ECIPS. The aforementioned Quarterly Report contains no mention of past efforts to improve data collection. It does contain a reference to "the putting in place of an investment tracking network linking the IDCs and ECIPS," at some future time.

The Project Director tried to effect full and timely reporting by the IDCs during a period of several months following the Antigua meeting (November 17-18, 1987). He continues to urge the timely submission of CAPs and Quarterly Reports. From available indications, however, he has abandoned the effort to obtain the required Project Indicators from the IDCs.

Conclusions

Notwithstanding ECIPS' timely and generally complete reports, the existing tracking and monitoring system falls short of the one envisioned at the outset of the project. The principal reason for this is the failure of the IDCs to report adequately. ECIPS can only report accurately, without IDC help, on visitors to the region. ECIPS' information on contract signings must depend on reports from the region, and while communication between ECIPS and the IDCs is generally reported as good to excellent, the wide discrepancy between ECIPS and IDC reports of new business starts suggests some degree of failure in communication. To some extent, this can be attributable to shortcomings in the PDO because of

- Its failure to collect data from the IDCs

- Little or no effective communication between ECIPS and the PDO

Beyond the matter of new business starts, it is important that the IDCs report on dollar value of new starts and the employment generated from new business attributable to ECIPS referrals; otherwise, the impact of ECIPS on the region cannot be assessed accurately. (This aspect is addressed in the first section of the chapter.)

Several factors have undoubtedly contributed to the IDCs' failure to undertake adequate reporting:

- IDC displeasure at the slow and confusing funding process (described elsewhere in this report), which has affected morale and discouraged reporting compliance efforts in general.

- Confusion among IDC managers as to some of the terminology and requirements appearing in the required Project Indicator form. Managers do not understand, for example, the distinction between "Contacts from ECIPS" (Item B on the form) and "Business Leads from ECIPS" (Item D). Further, to some IDCs, the requirements seem excessive — dollar value of exports generated, for example. Even St. Lucia's IPOs feel that requesting this item of data — on a quarterly basis — is tantamount to asking for "best guesses."

Whoever is "right" on the matter of new business starts — ECIPS or the IDCs — the lower figures provided by the IDCs represent a perception on their part that is interesting in its own right; namely, that their countries (St. Lucia and Grenada excepted) are not receiving much direct benefit from ECIPS. However, and to some extent as a contradiction, it should also be stated that all IDC managers verbally agree that ECIPS is "good for the region."

In the area of Quarterly Reports, apart from the matter of Project Indicators, IDC reporting performance has improved marginally. PDO reporting continues to be late and less than satisfactory in content. This can be ascribed only in part to late submissions by the IDCs.

Recommendations

Whether the PDO is to retain its responsibilities mandated in the Grant Agreement or not, a less cumbersome process for such data collection needs to be designed and implemented in conjunction with and considering IDC capabilities. IDC managers need to view such processes as measures helpful to their programs and therefore need to take some "ownership" of the process by being more involved in developing improvements in the system.

Accordingly, the development and presence of a stronger centralized executive management team will help to alleviate some reporting problems. For example, the RTA can play a greater role in ensuring that IDCs are accurately reporting on their activities. (It was reported that the RTA is already providing greater assistance in CAP preparation.) A more effective Project Director would ensure that reports are more accurately prepared and submitted in a timely manner.

Program Activities Administered by RTA

As mentioned earlier, Annex 1 of the Grant Agreement calls for the establishment of a project management team with a Project Director "assisted by a Regional Technical Advisor and a Project Accounting Officer."

Findings

The RTA was not appointed until June 1988, almost a full year after the program began. The RTA position is designed to provide technical assistance and training to the IDCs and to ECIPS' staff in investment promotion, and builds up the institutional capabilities of the IDCs.

A lengthy search and interview process was used to identify suitable candidates. Confusion over involvement and responsibility for the selection process caused delays in selecting a candidate. The candidate eventually selected had expressed an interest in the position several months before he was interviewed, and several months passed again before he was notified of selection.

Upon joining the project team, the new RTA moved swiftly and effectively to establish his role in achieving IPED's goals and purposes. IDCs, for the most part, spoke of the RTA with a high regard for his program, interventions, and experience. They considered his work useful and professional. Most of the IDCs expressed the opinion that additional technical assistance and training was necessary, perhaps more than a single RTA could provide.

St. Lucia expressed the opinion that its technical assistance needs are substantially different from those of other IDCs. Local officials felt that training in investment promotion skills is not currently a priority, because most of their staff have taken several such courses under the PDAP program and have reached a level at which further training could be imparted among staff members on the job.

Several IDCs expressed an interest in receiving additional help in developing and using computer skills. Some IDCs, especially Antigua, are interested in technical assistance that trains them to assist local businesses in preparing project proposals for financing or presentation to foreign investors.

The RTA has become involved in the CAPs preparation process in some of the IDCs (e.g., British Virgin Islands) still requiring this kind of assistance. The RTA admitted that most of his activities, to date, have not involved follow-up to see how training is being applied. He has not become effectively involved in the accounting and reporting problems of the project.

In his first 11 months of work, the RTA has visited each IDC at least once in order to assess their technical assistance and training needs. The RTA has initiated some training and technical assistance for some IDC staffers. For example, he has arranged for the IDC general managers and staffers to visit the economic development agency of the Jamaican government for one week and to visit Barbados for a review of the industrial estate management techniques and policies of the Barbados Industrial Development Corporation. From all reports, both programs were appreciated and considered useful and valuable.

The RTA has also now submitted, as part of the IPED Work Plan, his work plan until December 1989.

Conclusions

The RTA has brought a highly motivated and professional instinct to bear upon the role of the project management team. Indeed, the consultant team feels that had the RTA been engaged earlier, his participation might have been able to forestall some of the negative elements of personnel conflicts within the EAS. The RTA is moreover adding a profound new dimension to the efforts at regional collaboration in investment promotion, as well as assisting in bringing about closer collaboration between ECIPS and the IDCs.

Recommendations

Given the logistical aspects of the RTA's responsibilities, it is recommended that a stronger team approach (that is, a closer working relationship between the PDO and RTA) be emphasized to fulfill the objectives of this role. It is further suggested that, while a hierarchical structure within the project should be strengthened, responsibility for a combination of TA and administrative functions should evolve between the Project Director and the RTA. This way, each of the IDCs could receive greater service on a more frequent basis, while increased direct contacts with IDCs could produce an earlier resolution to project deficiencies, such as more accurate reporting. Computer training and proposal preparation assistance are two specific areas in which TA activities would benefit IDCs.

OECS/EAS Secretariat and IDC Accounting Systems

Findings

In the PP, the Institutional and Administrative Analyses section spoke qualitatively about the OECS/EAS' ability to handle the financial and accounting burden that the IPED project would impose. Capability factors were not seen to be a problem.

The Grant Agreement leaves to the OECS the responsibility to develop and provide to USAID a statement of procedures regarding the approval, disbursement, control, and accounting of project funds for the IDCs and for ECIPS. These documents were not prepared by the OECS. The Grant Agreement states that the Project Director will be responsible to the Director of the EAS. The Grant Agreement does not mention the CFA or attempt to explain his role in the disbursement, control, and accounting procedures.

An undated Administrative Arrangements memo on OECS stationery and reportedly issued by the Director General of OECS states that the Project Director does not maintain a close working relationship with the Chief of Finance and Administration (CFA).

Conclusions

The team suggests that a major collapse in the administration of the project is in part attributable to the absence of a full-time Accounting Assistant. In deference to statements made by the CFA regarding the demands of the project on his time, as well as general stress on his staff, a full-time Accounting Assistant was identified in the PP and the Grant Agreement, and the position should have been filled. The team believes that many of the accounting and reporting difficulties experienced by all parties concerned could have been avoided, at least to some extent, had the PDO been properly staffed. The team was unable to determine why OECS was not held more accountable on this issue.

Recommendations

Recommendations concerning this issue have been previously stated, concerning the hiring of a full-time Accounting Assistant.

Project-funded Accounts Clerk

Findings

The individual mentioned in some RDO/C records as the Accounting Assistant is Mrs. Piggot, working out of the CFA's office. Her position is funded as a full-time position, but she estimates that she spends less than 20 percent of her time on matters related to the IPED project, and claims that she has never discussed her project accounting activities with any person from the RDO/C.

Mrs. Piggot stated that she had applied for a job with the OECS without any knowledge of a special position related to the IPED project. She said she received an appointment letter from Mr. Kelsick, the CFA, but that the job description page was not attached. She saw a description of her job in Mr. Well's office and mentioned to Mr. Kelsick that she thought the work load would be difficult, but that it would be easy for her to "report" to two people. Mr. Kelsick explained that her job was determined by him and that she was to report to him in his capacity as the CFA.

Mrs. Piggot reported that she journalized ECIPS and IDCs expenditure statements, but ceased to do so after several months, under instructions from the CFA, who also reiterated that she was to report to him and not to the project director. She has been not been involved in tracking project expenditures since late 1987.

In May 1988, following a visit by Dr. C. Karch and Mr. Williams from the RDO/C Controller's office, the CFA told Mrs. Piggot to prepare a summary of all IDC expenditures by line item — to date. He also instructed her to take any necessary files out of Mr. Well's office. Mrs. Piggot protested that she did not feel it was within her authority to remove files from Mr. Well's office and that it would be a difficult accounting task to begin the process this late in the project. Mr. Kelsick reprimanded her for "refusing a direct order".

In his interview with the project team, Mr. Kelsick stated that he had found it difficult to work with Mrs. Piggot because Mr. Wells had turned her against him and that he had to put on her performance record that she had refused a direct order.

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Ms. Piggot and Mr. Kelsick appear to have developed a more cordial working relationship, as reported by Mr. Kelsick, although she estimates that she still only spends one, perhaps two days per week on IPED business. She has been given a raise and two other assistants have been assigned to work with her in the same office, but on non-IPED business. She reported that turnover has made her job more difficult.

Conclusions

Consistent with team findings stated earlier, Mrs. Piggot might have had a less stressful responsibility had she been given IPED as a full-time endeavor. Under the circumstances and in the absence of a more effective Project Director, the CFA has had to assume greater micro-management responsibilities for the project. Although not acknowledged by the CFA, these additional requirements of the project could be creating time management problems for him in his responsibilities for other projects managed by OECS.

Recommendations

In addition to considering previous recommendations concerning a full-time Accounting Assistant, RDO/C might wish to consider the provision of ongoing TA to the CFA's office in order to accommodate the overall financial management needs of this and future projects. (The team has been informed by RDO/C that this is now being considered.)

Furthermore, a more definite and clear line of authority needs to be established within the whole of IPED. Apparently, the CFA was, by default, supervising and participating in the activities of the PDO in the absence of the EAS Director. Neither the PP nor the Grant Agreement considered this as protocol. If the follow-on project makes no provisions for this type of scenario, the EAS Director, or the director general in his absence, and RDO/C should be in consultation to determine what appropriate personnel action should be pursued.

Project Director's Office and the Grant Agreement

Background

In his contract letter dated August 20, 1987, the Project Director was given a job description which specifically included duties to

- Monitor and supervise all aspects of the grant agreement, ensuring compliance with its terms and objectives and taking corrective action where necessary

- Work closely with the RDO/C Project Manager to provide the required reports to USAID and participate in periodic reviews

The grant agreement obligation of the PDO involves the oversight (management) of the entire project including proper administration of the seven (eight with the British Virgin Islands) sub-grants. Aspects of this leadership role may briefly be summarized as follows:

- Documenting
- Monitoring
- Reporting on project activities
- Reviewing and approving IDC expenditures
- Preparing summary financial reports
- Undertaking the procurement and contracting assignments required by the RTA's program

Findings

The Grant Agreement required the appointment of an Accounting Assistant and RTA. The RTA was not appointed until June 1988, and the Accounting Assistant has still not been appointed. Of particular note are the following:

- Reports to be provided to the RDO/C on a quarterly basis have not been prepared consistently, nor have they been submitted in a timely manner.
- Financial reviews of IDC expenditures have not been diligent and effective.
- Summary reports of financial expenditures by the IDCs have been prepared and made available to RDO/C.
- The Project Director has developed the concept of a useful data collection and analysis system to track project progress, but, except for discussion in quarterly meetings, efforts to implement the system and follow up with IDCs have not been apparent.

- The Project Director has been relieved of the responsibility for reviewing and approving expenditures of the ECIPS portion of the program. He no longer reviews or signs the statement of expenditures (SOE) certifying that all expenditures were pursuant to the grant.

- The Project Director himself issued a memorandum to the director of the EAS in November 1988 requesting to be relieved of the responsibility of signing "monthly fiscal certificates" for ECIPS' accounts until an audit of the accounts had been completed. His technical point in this instance was correct, but the amount involved was relatively small (US$ 6,767.89) and more easily handled by simply reporting it to USAID and asking for a future deduction, a corrective measure which the Project Director called for in his same November 1988 memo. (He advised RDO/C early in the project, in November 1987, that internal control procedures were being violated, but neglected to point out the pragmatic reasoning behind such action.) It should be noted that no impropriety was uncovered during an ECIPS audit.

- A major personnel problem quickly evolved from the fact that the Executive Director of ECIPS was formerly the Project Director's superior within the OECS/EAS. The Executive Director's role in the IPED project required reporting to his former subordinate, as a subordinate himself. Neither individual has adapted to the situation, and interactions between them have not contributed to the project in a positive manner.

Conclusions

The PDO has not been effective in ensuring that conditions of the grant are complied with. The Project Director's call for a full audit over the discrepancy referred to earlier does betray a lack of perspective in dealing with the Washington operations. However, it is not easy to say how much of his "lost perspective" is due to the fact that he was generally criticized by his OECS colleagues for dwelling on the (comparatively nominal) discrepancy and revealing it to USAID in the first place.

The PDO's initial sponsorship of regular meetings has contributed to closer collaboration among IDC managers, to clarification of troublesome issues and to establishment of common practices, although much remains to be done, especially in this last area. However, these meetings have become facilitated more by RDO/C than the PDO.

The PDO's performance has not helped advance the project. Except for some handling of the administrative arrangements for regular meetings

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and assisting the RTA in other administrative arrangements, the Project Director has not demonstrated ingenuity and drive in areas such as planning and programming. Nor has he been effective in improving the reporting practices of the IDCs, although it must be recognized that his leverage in this matter is weak. His administrative performance in certain areas of procurement and contracting belies his knowledge and understanding of USAID policies.

Recommendations

As previously stated, OECS and RDO/C need to reconsider the structure of the PDO, particularly its personnel components. The opportunity to maximize the effectiveness of the project is related to the planned effectiveness of a hierarchically designed structure, currently missing from IPED. The PDO should consist of an Executive Director for the entire project, an RTA, and an Accounting Assistant.

Project Director's Office and Collaboration between ECIPS and IDCs

Findings

Project participants credit the regular meetings, arranged in large part through the PDO, with helping to clarify issues and procedures, to foster collaboration, and to explain and foster the adoption of common reporting practices. In the most recent quarter, however, no meeting was held. (Since this writing, RDO/C has reported that "team meetings were held in Dominica on July 11 and in St. Lucia on October 18-19".)

All IDCs indicated that they had consistent contact with the project management team either through the Project Director or the RTA. The regular quarterly meetings of the IDCs/ECIPS, EAS, and RDO/C representatives are described as becoming an important feature of the IPED Project. These meetings have helped to foster and facilitate closer collaboration among the IDCs and between the IDCs and ECIPS.

IDC managers have reported that the RTA has helped to bring the respective parties into closer collaboration. The joint trips by senior IDC officials to JAMPRO and BIDCO have both been highly commended by the participants.

The development of the CAP and the refinement of the CAP process, in which the PDO is also involved, assists in providing other avenues to foster cooperation and collaboration between the IDCs and between the IDCs and ECIPS. This is reported to be a frustrating process, however, as IDC managers perceive a lack of responsiveness to their CAPs, even though they also reported that they were more recently receiving more feedback from the RTA and RDO/C.

Conclusions

In the past year, RDO/C has done more to facilitate and foster a greater collaborative investment promotion effort, from an operational standpoint, within the region. While collaboration between and among the IDCs themselves clearly has been strengthened, some IDC personnel see the ECIPS component of the project in a negative light. However, the direct lines of contact that have been established between ECIPS and the IDCs, especially at the level of the IPOs and the respective IDCs, do serve to strengthen collaboration.

Recommendations

The advancement of the project can be supported by a PDO assuming a more pro-active leadership role in order to, among other functions, foster and further this collaborative spirit. With leadership as a key concept, the PDO needs to be strengthened by a more executive/promotional style of management. This could feature, for example, a planned increase in the number and quality of contacts with IDC managers during TA activities, regularly structured meetings, industry shows, etc. The newsletter concept developed by ECIPS might be more appropriately produced within the PDO to share noteworthy articles contributed by the IDCs on their activities, adding a more participatory and constructive component to the project.

Essentially, the concept here would be to create opportunities for all project participants to be more involved in the project, with the understanding that what benefits the IDC also benefits the project, and vice versa.

C. ECIPS and the National Investment Promotion Agencies

The third and final task undertaken by the evaluation team related to the assessment of the OECS countries and the extent to which they have been able to develop and strengthen national and regional capabilities to promote private investment consistent with the objectives of the project.

ECIPS' Structure, Operations, and Management

Findings - ECIPS

ECIPS, as an independent agency, is staffed with an Executive Director, two IPOs (one has since resigned his position to pursue graduate studies), and a Data Processing Specialist, who make up the professional component, and with other administrative personnel. An independent accountant has also been retained.

Although concerns were expressed in at least two written communications by Coopers and Lybrand, the former PDAP contractor, as well as by the RDO/C Project Officer, over the apparent "total lack of professional staff investment promotion experience," staff capabilities do appear to be quite adequate, based on reported outputs, such as ECIPS referrals, and information shared by IDC managers, such as participation in trade shows. The primary subject of praise from nearly all respondents was former IPO Allen Chastenet. Mr. Chastenet has recently resigned from his position, and his successor has not been named as of this writing. Within the existing structure there is no other staff member with senior-level management experience aside from the Executive Director.

The Board of Directors has not been viewed by the Executive Director as functional, but rather has been seen as an advisory body to which the Executive Director consults. The Executive Director has reported that lines of authority could not be simplified, as the existing structure is already streamlined and there is clarity and purpose to each staff function and role. The team envisions a more functional role, detailed below.

While ECIPS has been discussed as an "independent agency," by design it is one component of the larger project. ECIPS has been described as the "extension service" of the national IDCs and, according to the minutes of the Fifth Strategy Meeting, is mandated to search for prospects, locate leads, and hand them over to national IDCs. However, it was realized early on that simply "handing over" was not sufficient; follow-up has been determined to be as important as locating the lead.

Conclusions

An extra-regional investment promotion presence has been established within a remarkably short period of time. With the termination of the series of projects known as PDAP in October 1987, the OECS dealt with a number of technical and administrative matters affecting the establishment of an international organization — ECIPS.

An Executive Director was appointed in an unusual manner, inconsistent with the agreement that established ECIPS (the offer of appointment was reported to have been unsolicited). Having accepted the post, however, the Executive Director set up and launched the agency, defining its role as time progressed. To his credit, and to the benefit of ECIPS and IPED as a whole, he moved swiftly and aggressively to ensure that there would be quantifiable and verifiable successes in the limited time frame in which the project had to operate. It is unfortunate that these successes have not yet become verifiable.

As part of the larger project, the structure of ECIPS currently lacks the logistical interrelatedness necessary for a truly collaborative effort. Deficiencies were inherent, with the Executive Director located outside of the region and by virtue of the structure of the PDO. Although admirable and effective investment promotion efforts have been underway, to the credit of ECIPS and the IDCs, resources might have been better used had the ECIPS structure been modified to include an experienced senior-level IPO. The unmet need for an executive role in the PDO could have been resolved within this suggested structure.

ECIPS as an entity was felt to have appropriate structure, operations, and management for its primary function as a regional investment promotion service. The agency has been using all of the recognized promotional tools in investment promotion and has excelled in effectiveness, particularly when compared with start-up operations in Jamaica, Barbados, and Honduras. Indeed, ECIPS did "land running" and has performed well in this context. It is unfortunate that output measurements to make closer comparisons of cost efficiencies were either incompatible or unavailable.

However, with data inaccuracies in mind, ECIPS may still be compared with other investment promotion agencies. Among those which may be looked at for some comparison are JAMPRO (Jamaica), BIDCO (Barbados), CINDE (Costa Rica), FIDEI (Honduras), and FOMENTO (Puerto Rico), although these programs also involve export promotion activities as well.

On examination of the programs of these agencies, it can be seen that ECIPS does in fact carry out the same activities but on a smaller scale. ECIPS' main drawback has been its research and targeting capabilities. Highly focused marketing campaigns with specific targets as goals would better serve the islands specific needs. However, given that ECIPS has been in existence for less than two years and has a relatively small budget compared with the other agencies, it must be concluded that ECIPS has done very well in establishing a viable investment promotion agency.

All the other agencies with which ECIPS may be compared are funded either fully by government subventions (FIDEI) or mostly by government and partly by donors (JAMPRO), or almost wholly by donors (CINDE). No investment promotion agency has been self-sustaining in the sense of being self-financing. In this regard, ECIPS is in the same position as CINDE. However, the sentiment that the OECS governments will be prepared to take over the cost of ECIPS in due course needs to be reinforced. The governments need to meet their current obligations under the project in more timely manners. (The consultant team was recently advised by RDO/C that seven of the eight member countries have met their financial commitments to the project.)

Since its establishment, ECIPS has used accepted investment promotion strategies including attendance at trade fairs, seminars, direct mail, personal

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contacts, and participation in events promoted by others to push the investment message of the region. In this regard it may have progressed further toward viable investment strategy than many other promotion agencies after a comparable period in the marketplace. ECIPS now takes its place with much longer established agencies at the premier trade fairs held in the United States, such as Bobbin, WESCON, and ELECTRO. ECIPS has had booths at these shows, and its booths have attracted their fair share of attention from participants. Essentially, ECIPS has followed the pattern established under PDAP.

In addition, ECIPS is now one of the primary invitees of seminar promoters wherever the topic is the Caribbean Basin Initiative or trade and investment in offshore locations. ECIPS has been a participant in many such activities, to an extent which shows the success the agency has had in establishing itself and, at a more meaningful level, the region in the consciousness of conference and trade show promoters and participants. ECIPS' representation at such events is of a constantly high standard and is comparable with that of long-established agencies.

ECIPS' promotional material further indicates the extent to which the agency has responded to the demands of its mandate. An ECIPS video on the EC countries illustrates the varying strengths and particular advantages of the countries in terms of investment climate. The flyer is well-designed, a product of which much more established agencies would be proud.

If additional proof of ECIPS' arrival in the market place were needed, it might be seen in the recognition given it by such agencies as the Department of Commerce, OPIC, the U.S. Department of Agriculture, and the Caribbean Project Development Facility of the International Finance Corporation. ECIPS has become recognized as <u>the</u> investment promotion agency for the region.

There is no question that in terms of ECIPS' obligations to promote the region, different countries are at different levels of development. This is a critical concept for ECIPS in terms of its responsibilities toward prospective investors. It would be unwise for ECIPS to suggest a country that is inappropriate for the prospective investor's needs. ECIPS nonetheless does give equal consideration to its "client countries."

While a start has been made, the individual countries in the region are not yet convinced that they all are being given equal treatment by ECIPS. Some of this dissatisfaction is no doubt inevitable. However, there is a growing feeling among the countries that over time ECIPS will respond more directly to country needs in terms of investment promotion. ECIPS must be considered to be fulfilling its regional mandate. Table 3 indicates the number and distribution of "visitors" to the region over a one-year period.

For example, Grenada, as the island located the furthest from the U.S. market, seems to be receiving a disproportionately high number of ECIPS referrals. Grenada also seems to have one of the best island infrastructures. If ECIPS has a responsibility to refer prospective investors with advanced infrastructural needs to the most appropriate islands, it is logical to refer these prospects to Grenada. An island with a less developed infrastructure would not be a likely location for the referral.

Of the prospective investors attracted to the region, some will inevitably be more appropriate to particular countries than to others. Some territories suffer from limitations of geographical, physical, or economic infrastructure which make promotion inherently difficult. Moreover, all the countries, to a greater or lesser degree, have limitations on their financial resources which make them unable to compete effectively by themselves for a finite investment pool of dollars or yen. The concept of a regional approach to investment promotion takes on even greater critical significance in this context.

As an office which represents the region in the market place for investments, ECIPS provides a cost-effective way to promote all the right territories. ECIPS can hold brief for all the countries, saving the substantial costs that would be incurred by each country on its own. The investor who is willing and able to make his investment or to place a contract offshore really can choose a location from the whole world. There are the Central American countries including Mexico, the larger Caribbean countries, and the whole spectrum of the Asian countries of the Pacific Rim. The small and fragmented economies of the Eastern Caribbean are at various levels of development, and their ability to compete on an equal footing for new investments is limited by many factors of geography and finance. It is axiomatic that the cost of setting up one office to serve eight countries will not nearly approach the cost of setting up eight individual offices. Efficiencies are to be realized just by having centralized and unified representation.

To a great extent, ECIPS is helpful to the promotion efforts of the EC countries. In its ability to help the prospective investor narrow his choices by giving him a bird's-eye view of the territories and their prospects, and thus helping the investment, ECIPS is not only helpful but essential, for it is saving the prospective investor time and money.

There was total consensus that ECIPS has been successful in representing the region and promoting its interests in the United States and other international market places. The positive work of ECIPS has reinforced the initial concept of establishing an offshore regional presence to save individual countries costs which they could not incur. In a competitive market, with numerous countries promoting their own interests through their own national agencies, it is imperative that the EC further establish and maintain an active overseas presence.

Although Tables 1 and 2 provide conflicting data reported by IDCs and ECIPS, they still reflect a certain level of activity that would not have occurred without ECIPS. ECIPS has had a positive impact even in those countries with individually established U.S. operations, such as St. Lucia and St. Kitts.

Issues of sustainability are explored in greater detail below. The relevance of performance indicators has already been discussed.

Recommendations

It would have been time-consuming and virtually impossible, to get each of the individual OECS states to fund, locate, staff, open, and operate an investment promotion entity in less than two years. It has been useful to create for the region a tangible example of what their own promotional institutions could look like. This in itself is a highly respectable accomplishment.

It is a credit to the OECS actors and to RDO/C participants involved in the project that a professional image and presence has been established in the brief period of two years. It is difficult to believe that an entity as professional-looking and energetic as ECIPS could have been established in the same time period through a laborious structure requiring multi-country agreements as well as administrative and financial cooperation among the IDCs. It could not have been done without the boost or motivation of USAID funds and the independence afforded the office as an element of a USAID-funded project.

Nevertheless, now that ECIPS is established and provides a visible entity around which the individual IDCs must choose whether or not to orbit, it is critical that ECIPS not continue to be viewed as a USAID project or as a successor to PDAP.

ECIPS Office

The team suggests two possible alternatives for consideration:

1. Relocate ECIPS to New York

   - To be physically closer to practical target markets

   - To have greater opportunities for collaboration with and support of individual IDC representatives already located in the vicinity, or to serve as a cooperative office so as to encourage each IDC to utilize centralized office resources and benefit from a more closely organized, collaborative field effort

- To develop a greater ability to compete with other regions' New York operations seeking similar markets

The ECIPS office could have a full-time professional staff consisting of

- A "Director of U.S. Operations" who can serve as a senior IPO and field administrator and staff supervisor
- Two IPOs, one with market research ability
- One market researcher
- One computer services specialist
- Support staff increased by one secretary/typist

2. Let ECIPS remain in Washington if the OECS establishes a foreign mission. ECIPS could possibly rent space in the mission and take advantage of the benefits described above as another collective facility. The Executive Director and RDO/C Project Officer seem to believe this is a better alternative if the OECS proceeds with a facility in Washington. However, the team believes the first alternative offers a more comprehensive, longer-term, and developmentally advantageous scenario for regional collaboration.

Board of Directors

An expanded and enhanced role for the Board of Directors is viewed as critical to the future of the project. The team recommends that the Board be developed to embrace the project as a whole and to be the body officially responsible to the OECS. The team does not suggest creating another layer in the bureaucracy; a strong and effective Board could provide some "political" relief to the director of EAS, particularly if the structure suggested below eventually attracts a Board membership of influential individuals.

The team feels strongly that the Board should assume a more active role in guiding and supervising the project and its director, in order to address the following needs:

- Clarification and establishment of clear lines of authority

- Refinement of information flow
- Consolidation of jurisdictional boundaries
- Overall project accountability (fiscal and programmatic)

The Board can become a more effective and constructive body through a more functional structure and by becoming more representative of the project's constituencies, especially the IDCs. It is suggested that the Board assume direct and functional responsibilities for the project. The team suggests the following areas of Board responsibility:

- Set policy for project operations not covered in the Grant
- Seek and develop new sources of funding
- Supervise the Director of the project
- Serve as advocates of the project and its objectives within the member countries of the OECS and elsewhere, whenever such appropriate opportunities are presented
- Report to and be responsive to the OECS

It is furthermore suggested that the Board be expanded to include 11 positions. These positions could comprise the following:

- A Chairman of the Board
- One member from each of the eight national IDC Boards, but not IDC chairmen
- One senior ranking official from the OECS (ex-officio)
- One senior ranking official from USAID (ex-officio)

The Board could maintain a private sector majority. Should the status of the organization stabilize, the team believes that the CECM could play an important role in ensuring the proper selection of Board members and in seeking alternative funding sources, for ECIPS could have some positive

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impact on CECM's organization. This suggestion is based on the following rationale:

- National IDCs, representing a project constituency, have no formal representation or advocate within the Board under the present structure.
- ECIPS has no effective or formalized advocacy within the IDC/IPED system under the present structure.
- An institution-building component could be developed as the eight IDC Board members of the proposed IPED Board become increasingly aware of
    - The needs for regional cooperation and promotion
    - The successes and failures experienced by other member IDCs
    - Possibilities for strengthening their own IDC Boards
    - Opportunities for greater promotion of the ECIPS concept within the region
- The OECS and USAID positions on the Board would help ensure that the interests of these agencies are clearly realized. In addition, it is hoped that these prospective Board members could provide a more professional orientation to the project, not as practitioners, but an added support for the Executive Director and his or her staff.

In order to ensure an adequate balance of private sector Board participation, it is suggested that each IDC Board nominate three candidates to serve on the ECIPS Board. Should these suggestions be taken, the board could be self-perpetuating by electing replacements for its present membership. In any event, it is also suggested that the ECIPS Board develop a set of by-laws, in conjunction with OECS and with USAID assistance.

The Executive Director

The position of Executive Director could be more effective if it were more centrally situated in what now known as the PDO, establishing a functional executive project management office within the physical environment of the EC. It has become apparent during the course of the evaluation that a senior-level executive professional is required to properly ensure the

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administration of the grant and to facilitate the fulfillment of the project's major objectives.

At this stage of the project's development, this senior professional, envisioned as the Executive Director, would be engaged in executive management activities which involve the supervision of overall project functions and professional staff responsible for

- Promotional and market research operations in the United States
- Technical assistance and training programs for the IDCs
- Project administration

The Executive Director would be responsible to the proposed IPED Board of Directors. The RTA's activities could be coordinated from the Executive Director's Office (EDO), as could the activities of the accounting professional, who would manage and direct all reporting required by the Grant.

IDC Investment Promotion Programs

Findings - IDCs

In general, the team believes that funding provided through the IPED Project has increased opportunities for professional staff development and participation in trade shows and seminars by staff and members of the private sectors of the OECS countries. Such activity has provided market exposure for the countries and the region. Respondents reported that such program activities provided opportunities to present the EC as a good place to invest, as well as to inform prospects of specific projects and products being manufactured or processed in the region.

As reported by a member of the senior IPED Project management, "there has been a definite impact on the IDCs." An RDO/C professional reported that the project has provided for institution building and that there is now an awareness of the EC among U.S. investors. In fact, all of the IPED, OECS, and RDO/C senior staff interviewed reported that there had been at least some positive effect on the IDCs. In 1988, 18 percent of the visits and 8 percent of new investments reported by IDC managers were attributable to ECIPS.

Through ECIPS, samples of products with some potential for being manufactured or assembled in the EC are being sent to the IDCs, and ECIPS is referring new leads. However, five of the eight IDCs interviewed expressed concern about the relevance of the referrals, stating that their goals and objectives for investment from their CAPs were being disregarded, and that ECIPS was not responding to individual potentials as seen by the IDCs.

Conclusions

Perceptions

Perceptions are critical for the success or failure of projects involving the level of cooperation and collaboration required by IPED. While the interviews conducted for this evaluation mainly reflect the subjects' perceptions, the team felt that a consistent theme of hopefulness prevailed. It is this shared sense of optimism about the project, from IDC managers in particular, on which the team feels compelled to report.

Hard Data

There is little, if any, compatibility among ECIPS, RDO/C, and IDC data regarding reported outputs. However, if one can assume the IDCs will report least favorably about the numbers of prospective investor visits and new investments attributable to ECIPS, these data represent meaningful impacts, particularly when comparing the unit costs of ECIPS operations with those of its predecessor — PDAP — and of other start-up operations, such as FIDE (see Table 4). However, ECIPS' tangible contributions to the IDCs do not compare as favorably, compared with the total investment promotion operating costs of the IDCs.

The team has concluded that the project has had a positive impact on the IDCs in tangible ways (prospective investor visits and new investments) and intangible ways (institution building, market exposure, training, and technical assistance). The team has also concluded, with concurrence from the ECIPS Executive Director, that the IDCs have been performing in a more cost-efficient manner than ECIPS. This can be attributed, to some extent, to the fact that IDCs are involved in investment promotion activities for one country each while ECIPS is operating on behalf of eight countries.

Recommendations

It is assumed that the more ECIPS and the IDCs collaborate, the more efficient investment promotion activities become. IDCs' costs/visit decline with referrals from ECIPS. The team recommends increasing the funding levels of the sub-grants to the IDCs, particularly in view of cost-efficiency indicators illustrated in Table 4.

Country Action Plans (CAP)

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All of the senior project management indicated at least some, and in most instances substantial, progress in this area. Although most IDCs have not been punctual with their 1989 CAPS, the majority of IDC managers polled indicated that they do prepare CAPS and that they use them in establishing their work plans. At least five of the IDC managers claimed to be using the CAP in this manner.

Conclusions

The use of CAPs could be of even greater importance than previously stressed, particularly if a redirected central project management team included the Executive Director. Consistency and continuity, as opposed to conflict and non-responsiveness, would lend itself to better country and regional strategic planning, especially if countries with similar levels of development and problems could be grouped. The CAP could then serve as a tool not only to target market thrusts, but to target problems as well.

The team believes CAPs have greater potential for usefulness in

- Setting IDC goals
- PDO Project management
- Monitoring and evaluating programs

Recommendations

The CAP process should be reinforced during visits to IDCs by the RTA and the envisioned Executive Director. Some type of incentive (or penalty) could be considered for timely (or late) submissions.

IDC Program Management, Monitoring, and Evaluation

Findings

With some mixed responses from Senior Project Management, the majority of those interviewed stated that the project has helped the IDCs in program monitoring and evaluation. However, IDC managers from two countries claimed that they have never received any feedback on their CAPs, and others stated that the main reason for submitting their CAPs was in order to receive the sub-grant.

Some of the respondents said that the RTA has been using the CAPs as a point of reference for training and technical assistance. IDC managers stated that they were using their CAPs as planning and budgeting tools, as reflected in their reports and substantiated in some instances by the fact that revised CAPs have been submitted.

Making a realistic determination of the extent to which the IDCs are actually using their CAPs is difficult. The reality of this component of the project boils down to an understanding on the parts of the IDCs that if their CAPs are not prepared there can be no MOU and without the MOU there will be no funding; however, this has presumably not been the case.

A number of the IDCs became so discouraged over their delayed and unexplained disbursements that they were inclined not to focus too heavily on the CAP process. Despite this, the team, as well as most of the Senior Project Management, believes that most IDCs have begun to recognize the value of preparing CAPs and are now putting the process to better use.

Conclusions

With reference to whether or not the IDCs have been helped by the project in tracking and monitoring, or to what extent, the team was not able to reach total consensus because of

- The differing levels of progress made by the IDCs
- "Mixed" responses somewhat attributable to the varying stages of development of the IDCs
- Confusion caused by differing reporting procedures and requirements of OECS and USAID
- Fiscal problems experienced because of delayed disbursements causing, in many instances, IDC program disruption

However qualified, the project has made a positive impact in IDC recognition of the need to collect such data and use it constructively for monitoring and evaluating functions.

Recommendations

Additional training resources should be devoted to improving systems and practices at the IDCs. Specific funding is needed for the envisioned Executive Director and RTA to more effectively address matters concerning

- Sufficient guidance from the IDCs to ECIPS regarding the types of leads they desire and are capable of accommodating

- Consistent reporting on investor tracking data among the IDCs and ECIPS

- Accounting and budgeting techniques for IPOs and IDC managers

Development of a Regional Outlook

Findings

Although most of the IDC managers and senior project management responded positively to the question of whether the project has fostered a regional outlook on investment promotion, some of the senior staff indicated that the IDC managers remained overly nationalistic and that they regarded ECIPS as competition. Nearly all of the IDCs preferred to have their own U.S. operations and, in fact, nearly half of the IDCs are already involved in some form of investment promotion activity in the United States. At least one IDC is involved in Europe.

Two of the IDCs with active operations in the United States responded differently to the interview on this issue. St. Vincent was less receptive to a regional approach, while St. Lucia was more receptive, probably because of the positive impact ECIPS has had on referrals.

During a recent follow-up interview, the ECIPS Executive Director acknowledged that it was "hard to determine how serious the governments are" concerning the need for a regional investment promotion agency. The governments might be willing to discuss support for ECIPS, but question "at what cost." The Executive Director also indicated that given adequate resources the governments "would rather fund their own U.S. operations."

Conclusions

While all IDCs expressed the need for a regional investment promotion program, the team believes that, if given the choice, governments would opt for opening and maintaining <u>their own</u> U.S. operations to perform functions similar to those of ECIPS. It is partly because of this view that USAID funding requirements will not diminish until the costs of IPED and its "ownership," particularly the ECIPS office, becomes more equitably shared over time with the governments.

At this juncture, the project is only beginning to show evidence to the governments that a regional approach is justifiable and complements the IDC programs. The realization that the IDCs are functioning to some extent because of the project does not yet appear to be the common thought. The team does not believe that OECS member countries have been convincingly advised that the IDC sub-grants are also part of the project, as are TA activities funded through the PDO. The different aspects of the project go beyond ECIPS, and there appears to have been confusion about the project from the onset. Furthermore, most of the countries with U.S. operations benefit at least, if not more, from ECIPS as a source of referrals.

The first alternative recommended for the ECIPS Office might receive greater support from the governments because each would have the opportunity to support a regional operation while simultaneously supporting "their own" operations.

Recommendations

Let the project be known by one name - ECIPS. A significant level of confusion permeated the region in written correspondence, minutes of quarterly meetings, exchanges within the OECS involving the director general, ministers, and others, and also within RDO/C. The project as a whole has been identified as ECIPS, IPED, PDAP III, and ID. If the project has truly graduated from the PDAP era, it should be known to all by a single name. The team suggests "ECIPS." The team cites a BVI response that properly identifying the project would be helpful.

A Board of Directors, such as the one envisioned, would be the project's primary lobby group. A base for U.S. operations, such as the one envisioned, represents an opportunity for individual countries to have a direct U.S. presence while simultaneously being part of a regional program.

Cooperation among OECS Countries

Findings

All senior project management and IDC managers responded positively to the issue of collaboration and cooperation. Besides the many telephone and written communications from the PDO and ECIPS, the respondents cited the quarterly meetings as the forum for cooperation. Most of the Senior Project Management felt that there was at least some collaboration among IDC and ECIPS staff. Several IDC managers, particularly St. Lucia, reported having participated collaboratively on frequent occasions.

Apart from quarterly meetings, ECIPS IPOs telephone and visit IDCs. One specific example of a collaborative effort was the occasion of the investment promotion mission to the Far East coordinated by ECIPS and two IDCs.

Areas Most/Least Conducive to Regional Collaboration

Senior project management reported that the quarterly meetings provided a good forum from which to promote and encourage regional collaboration, as did joint participation in trade shows and seminars. IDC managers reported that roadblocks to positive interaction and collaboration involved (perceived) non-responsiveness to individual country needs and reporting requirements felt to be inappropriate.

Citing different components of the interviews with St. Vincent and St. Lucia, it was interesting to note that although both IDCs were founded years prior to ECIPS and PDAP, and both IDCs have operations in the United States, St. Lucia reported that 10 percent of the prospective investor visits and 11 percent of new investments in St. Lucia in 1988 were attributable to ECIPS, yet St. Vincent could only attribute 5 percent and 0 percent respectively for the same time period. It is probable that St. Lucia's budget, three times that of St. Vincent's, has had a significant bearing on how much advantage it can take of ECIPS referrals. Budgets notwithstanding, in both categories St. Vincent achieved far less than St. Lucia.

Conclusions

It is apparent that the IDC managers are benefitting from opportunities to meet at quarterly meetings and participating in TA programs enabled by the project. IDC Managers report that they have had occasion to refer prospects to each other, the project has helped them become more familiar with each other's programs, and there appears to be a growing spirit of cooperation. While the intent here is not to develop broad generalizations, a pattern does seem to be developing concerning the overall IDC benefits from IPED, in terms of both budget and outcomes.

Recommendations

The quarterly meetings are of critical importance and should be scheduled as a priority activity. It is assumed that additional TA activities are being planned as components of these meetings.

It is clear that closer collaboration between ECIPS and the IDCs could be facilitated by a stronger centralized executive management team. One example of a stronger management activity could be arranging for meetings between two individual IDCs when each can help the other address specific or common problems/solutions experienced. The team also recommends that

ECIPS personnel be allowed to participate as and when appropriate in technical assistance programs for the IDCs.

Roles of the Regional Technical Adviser and the Project Director

Findings

The RTA is held in the highest regard by all respondents. He is well received by the IDC managers and Senior Project Management in all aspects of the project. The RTA is seen as a positive force in the context of both national and regional approaches to investment promotion, and he represents a critical link to the positive aspects of the project as paraphrased from interview sessions. The Project Director, however, is not viewed in the same positive manner by project participants. This issue has already been addressed.

Conclusions

The RTA has a considerable task to accomplish. Following several interview-discussions with him, as well as with each of the project participants, the team feels his role is appropriate.

The project director is seen in a positive light by only half of the IDC managers, and by none of the senior project management. His fallings-out with the Executive Director of ECIPS, the CFA, and RDO/C are known to all project participants.

Within the system, although it is a diffused hierarchy, open conflicts among project leadership have contributed to the problems of non-collaboration. It is difficult to expect the IDC managers to respond positively to a project when its leadership is consistently at odds.

The Grantee was responsible for the appointments and should have exercised greater sensitivity in creating a scenario that provided the Project Director with some authority over a former supervisor, the Executive Director of ECIPS. The Grantee could not seem to work as effectively as was hoped with the personnel arrangements, yet refused to effect any changes when concerns were raised by RDO/C.

Recommendations

Every effort should be made to enhance the RTA's opportunity to contribute his wealth of experience and his professionalism to the project. If the project is to continue beyond December 1989, then early attempts must be made to secure the RTA's continued involvement. It should be borne in mind, however, that because of the geography of the island region and the need to travel frequently to the islands, it may be necessary to consider some additional technical support as early as possible.

Recommendations have been suggested regarding the appropriateness of the current PDO structure, as well as an envisioned EDO. However, a brief recapitulation includes the need for the EDO to be responsible for

- Professional staff supervision and development of personnel assigned to investment promotion operations in the United States, as well as for IDC managers and staff
- Responsive technical assistance and training
- Fiscal and program accountability

The need for more senior level management appears to exceed the level of the current PDO structure.

Technical Assistance and Training for IDCs

Findings

There was little or no technical assistance available when the project was first implemented; however, the RTA has begun to provide the IDCs with activities designed to address TA needs. The RTA has visited each IDC at least once and has appeared to focus his efforts on three countries. All but one of the IDCs eligible for technical assistance reported satisfaction in this area. The less-than-satisfied IDC (St. Lucia) reported that it was not necessary for the RTA to "come and sit with my IPOs" because they appear to be functioning at an effective level.

One IDC manager commented that while he viewed technical assistance as improved, "it needs more work." His comment concerned additional technical assistance work with the private sector. Another IDC manager mentioned the need for EC manufacturers to receive technical assistance in packaging for export markets.

All of the IDC respondents indicated that they had received some form of training. Seven of the eight were satisfied with the training. However, there was considerable criticism of a seminar conducted in New York. It was reported that the U.S. participants in the seminar were not potential investors, as the EC participant were led to believe. Rather, the common perception was that they were "seat-covers," people brought in to fill the room.

Themes suggested focused on increasing levels of management training and production/quality control (some of which could come under the heading of technical assistance). Most IDC managers and some Senior Management agreed that additional training and TA were warranted. A consistent response expressed concern that the RTA "was only one man for eight countries" and questioned how effective the overall program could be.

Technical assistance provided by the RTA and training programs now being developed appear to becoming more relevant and responsive to the needs of the IDCs. The work program designed for the Project Director and the RTA include workshops on

- Research and planning, with emphasis on industry profiles
- Investment and trade promotion techniques
- Public relations, advertising, and marketing
- Industrial estates management
- Computerization

Interestingly, the RTA also proposes to work with manufacturers in the private sector to sensitize them to their critical role in investment promotion.

Conclusions

The national IDCs are, like the countries they represent, at varying stages of development. All have limited budgets and limited professional staffing, and all have to deal with infrastructural shortcomings. In particular, all the agencies need to further develop the skills required for investment promotion. In general terms, they need to develop a much more acute awareness of those factors which motivate positive business decisions as well as those which affect these decisions negatively.

For example, individual IPOs need to understand the essential elements of specific industries they are trying to attract. IDCs as a whole need to respond to the fact that bureaucratic red tape in the investment approval process is one of the most important factors leading to decisions against making an investment, while the ability to provide a single one-stop agency has been rated among the most important factors leading to positive decisions.

The research capabilities of the respective IDCs are also inadequate to respond to the critical information requirements of ECIPS, which must serve the needs of the marketplace. All the IDCs therefore need to upgrade their capabilities to assist ECIPS in its targeting efforts, for increased opportunities to collaborate, and so on.

Recommendations

There is clearly considerable scope for additional technical assistance and training among the IDCs. It is important first to bring the weaker IDCs up to the level of the stronger ones because until this is done, the weaker programs will not be able to take equal advantage of the referrals made by ECIPS.

For example, total IDC budgets range from approximately US$ 53,000 to US$ 335,000. This budgetary disequilibrium does not create an environment in which each country has equal access to, or can equally benefit from a regional program. Country infrastructures vary from one extreme to another, as exemplified by Dominica and Grenada. Some islands enjoy much better access to air versus sea transport, if available. How do the IDCs deal with these issues within an individual and regional context?

IDC Response to Project Aims and Objectives

Senior IPED management expressed concern over the degree to which various IDCs have met project requirements, stating that only two of the IDCs were complying with grant requirements regularly. Many of the compliance problems seemed to stem from disbursement difficulties. (A more comprehensive description of this process is in the segment dealing with OECS administration.)

Numerous attempts have been made by RDO/C, with and without the cooperation of the PDO, to encourage correct reporting procedures, and not only in matters of accounting. However, even RDO/C had its share of problems in determining correct procedures, correcting itself on at least one occasion ("The Henry Manual").

Despite the difficulties expressed by senior project management and IDC managers, each manager also expressed optimism and support for the ECIPS concept and acknowledged the benefits of the sub-grants.

Conclusions

Many of the problems of adherence to deadlines derive from difficulties with financial disbursements. More recently, deadlines have been extended and late submissions have been tolerated, implying that Project Management is not willing or able to set down limitations effectively.

Recommendations

Positive responses to the aims and objectives of the project will increase as the numbers of visitors and new investments attributable to the project increases. A modified structure has already been suggested to deal with this issue.

Continuation of A.I.D. Assistance

Conclusions

The team discovered that the more active IDCs, for the most part, represent the most cost-efficient aspects of the project (see Table 4) and that the ECIPS component of the project has, as already stated, done remarkably well in a short period of time. The efficiency of ECIPS during its first full year of operations is comparable to that of an existing BIDCO and surpasses FIDE's efficiency measure in cost/visitor after operating for a similar period of time. Furthermore, the project is making a meaningful contribution in practical terms by effectively attracting prospective investors to the region.

The project is just beginning in a post-PDAP phase; investment promotion is a long process and financial aid will be needed. Accordingly, the logical response is that USAID assistance should most definitely be continued.

This response relates specifically to the issue of financial sustainability. It is unlikely that the ECIPS component of the project will ever be financially self-sustaining and it is likely that it, like the other components of the project, will always require donor government funding.

Recommendations

As such, the team offers two alternative recommendations.

1. Arranging for USAID funding to flow indirectly through contributions to the OECS on behalf of the governments/IDCs, including payment of their respective dues annually for the next five years on a declining basis, would recognize the role and

success of the IDCs as a critical link to the role and success of ECIPS, and vice versa.

As currently structured, the ECIPS component of the project is too isolated financially, programmatically, and administratively from the governments/IDCs that are expected to be the channel for future funding. No one expects the governments to absorb the cost of ECIPS at present because governmental resources are scarce and ECIPS is new and untried. The team believes this will change over the next five years, as the governments realize greater tangible results from ECIPS.

2. Encourage the Ministers to allocate part of their countries' foreign affairs budgets to a joint consular mission (currently being considered for the United States), modeled after the OECS Mission in Canada. *This is a serious alternative suggested by the* Executive Director of ECIPS.

In either case, in the opinion of the consultant team at least some USAID funding would be required for the next three to five years. For any continuation of this project, USAID and OECS must come to grips with two major challenges:

1. Convincing the member countries that IPED is worthy of their funding

2. Regaining administrative and accounting integrity over project activities and spending

The day-to-day administrative problems have obscured the longer term, more fundamental problem of financial sustainability. The administrative and accounting problems are structural. They are not at all trivial; they demand immediate attention.

Nevertheless, the most important problem facing RDO/C on this project is the strong possibility that ECIPS as an institution will not become financially sustainable any time soon. Despite near unanimous sentiment that the project is a valuable and cost-saving approach to solving the region's needs for investment promotion, ECIPS is to some extent regarded as an agency that the region's decision makers enjoy but will not support at the expense of other needs or even other approaches to encouraging investment. The frequently expressed opinion that "in the end, the governments will have to support ECIPS" has to be studied against comments to the contrary (a concern also echoed by the Executive Director of ECIPS), namely their preferences to open or expand their own U.S. operations.

If a funding decision had to made today, it is likely that the governments would continue to support their own IDCs and overseas operations, but not ECIPS.

Backlog of Accounting Problems

Most of the project accounting deficiencies are concentrated in inferior bookkeeping practices within the OECS. It was not possible within the SOW to conduct more than a cursory examination of accounting practices at each level of the project, and no review was made of ECIPS accounts. The team supports RDO/C's opinion, based on KPMG Peat Marwick's "Accounting Review," that reconciliation of discrepancies is possible (again, RDO/C now reports that accounts have been reconciled).

VI. LESSONS LEARNED

If ECIPS was intended to overcome the ineffectiveness and inefficiencies (actual and perceived) of PDAP, then RDO/C and the other entities associated with the project are to be commended.

It is the collective opinion of this team that many of the difficulties experienced during the project arose because of inadequate management. The absence of a more compact structure might have been discovered earlier had an interim evaluation been undertaken. Despite the difficulties and lateness of the initial implementation stages, an evaluation (which was called for in the PP) could have uncovered the sometimes difficult path the project was following early on, particularly concerning fiscal and reporting matters.

The "ownership" of the project should have been more heavily considered at all stages of the project. Dealing with the issue of ownership might not have been entirely appropriate at the time of ECIPS' inception, but given the history of the project and its predecessors and funding issues, "ownership" needs to be resolved before any longer-term strategic planning is undertaken, especially in view of personnel changes in the IDCs.

An important lesson learned is that Eastern Caribbean investment promotion professionals, properly prepared, can successfully continue a project where expatriate contractors leave off, at a cost savings to USAID and to the benefit of a region.

Four other lessons learned are

- Accounting and bookkeeping problems increase geometrically with the number of disbursing units or "sub-grantees" in a project; it is always incorrect to assume that bookkeeping and accounting development are automatic processes.

- RDO/C has to be prepared to occasionally increase temporary management intervention in the event of Grantee project management lapses, but also needs to recognize when it should "pull-back" and allow the Grantee to administer the grant.

- Managerial failure on the part of a grantee is more difficult to contend with than a similar failure on the part of a contractor.

- Confusion is caused by differing reporting procedures and requirements of the Grantee and USAID.

VII. DEVELOPMENT IMPACT

Although it has been stated several times in this report, the team would be remiss were it not to reiterate its sentiment concerning the positive aspects of the project. Indeed, new investments have been made, jobs have been created, IDCs have been institutionally strengthened. These effects will be far reaching.

The great difficulty in an evaluation of this type of effort is that the most tangible effects of this project might not become really measurable or fully recognizable for a number of years. If a more definitive statement must be made, however, the team does believe that most of the project's development objectives are being met. It is too early to determine if and how the OECS has been strengthened, or to what extent, although that is a potential benefit.

APPENDIX SECTION

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SCOPE OF WORK

BACKGROUND

The Investment Promotion and Export Development Project (IPED) was initially signed on August 30, 1987. The initial project was a conglomerate made up of a number of project activities, the principal being the Project Development Assistance Program (PDAP). The PDAP component of IPED provided direct investment promotion assistance to OECS countries by locating expatriate island advisors in each country under a contract with Coopers and Lybrand (C&L). A division of C&L in Washington, D.C. backstopped the island advisors and monitored investment promotion data bases.

After a mid-term evaluation of PDAP was conducted in 1986, major implementation problems relating to contractor personnel, contractor financial management, RDO/C monitoring, and inadequate contractor data collection and reporting, (among others), were examined and recommendations made which significantly altered the PDAP component.

In addition, the OECS governments approached RDO/C with a program to develop the Eastern Caribbean Investment Promotion Service (ECIPS) to be sited in the United States. OECS governments were desirous of developing and institutionalizing regional investment promotion expertise not only in the region, but internationally as well. PDAP II, which continued for twelve months (October 1986 - October 1987), was designed to provide staff training, technical assistance and the transfer of the CLYPS data base system to ECIPS by the C&L PDAP staff. In reality, the difficulty of start-up, principally that of opening a U.S. office and securing ECIPS staff, resulted in only a few months transition period.

The ECIPS component of the IPED project was authorized under a $7.2 million Amendment to IPED signed on May 22, 1987. The ECIPS component was authorized $2.9 million over a 30 month period. This has been increased to $4.33 million by an amended Grant Agreement on March 31, 1989. The OECS is the Grantee for this component and it is managed from the OECS Economic Affairs Secretariat in Antigua.

The other components were $2.7 million to continue PDAP activities for a 12 month period from November 1, 1986 to October 31, 1987; a $1.53 million Technical Assistance Fund for several contractors to support RDO/C's investment promotion and export development initiatives; and an $0.227 million increase in Contingency for audits.

The ECIPS component of the project itself has sub-components. The Washington, D.C. office of ECIPS has a budget of $1.77 million to carry out investment promotion activities and to provide operating expenses; $978,000 has been authorized to assist the eight participating national investment promotion agencies; and $559,000 was authorized to the OECS for project management, and includes $175,000 technical assistance program with the national investment promotion agencies. Finally, $222,000 was allocated for Contingency. Participating countries are Antigua and Barbuda, the British Virgin Islands, Dominica, Grenada, St. Kitts-Nevis, Montserrat, St. Lucia, and St. Vincent and the Grenadines.

ARTICLE I

Project: Investment Promotion and Export Development

Number: 538-0119.07

ARTICLE II - OBJECTIVE

This evaluation will assess only the ECIPS component of the IPED Project; that is those activities funded under 538-0119.07.

The objective is to provide a team which shall evaluate the above components of the IPED project and make recommendations to RDO/C on changes to improve:

- o the effectiveness of the management of the project;
- o the sustainability of ECIPS as a regional institution and
- o the effectiveness and appropriateness of assistance to the eight investment promotion agencies in the OECS region.

III. STATEMENT OF WORK

The contractor shall conduct an evaluation which examines the following areas:

- o Project Performance
- o OECS Project Administration
- o ECIPS and the National Investment Promotion Agencies

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A. Project Performance

The purpose of this section of the evaluation is to assess the performance of the project in meeting the goal and purpose of the IPED Project:

The goal is to increase private sector productive employment in the Eastern Caribbean countries.

The purpose is to develop national and regional capability to identify and promote private investment in productive, export oriented businesses in the Eastern Caribbean.

The first task of the Contractor is to analyze the institutional structure of the project to determine to what extent the presently designed structure of the project is able to address the development constraints stated in the goal and purpose. That is, is the project responsive to the development needs of the eight participating OECS countries? Secondly, the contractor will make recommendations for changes, if necessary, to improve the overall performance of the project.

To achieve this objective, the contractor will examine the End of Project Status (EOPS). The revised EOPS and Outputs are stated in the RDO/C quarterly reports. These figures are based on data provided by the ECIPS Office, the OECS Project Director's Office and the IDCs. Quarterly Reports and the Log Frame will also be analyzed to ascertain:

1. Is the project purpose achievable within the time frame and structure of the present project? Is it appropriate and realistic? Does it address the principal issues which were its raison d'etre?

2. Are the EOPS plausible and verifiable and reflective of the project's goal and purpose? Are the outputs and EOPS targets which can permit meaningful evaluation? If not, should the outputs and EOPS be changed and/or should the project design be modified? If so, how?

3. Assess the effectiveness of RDO/C project management,monitoring and financial control. Assess the Private Sector Officiers' performance in providing guidance and information on AID procedures and requirements to the OECS, ECIPS and the IDCs. Where appropriate, provide recommendations for improving and simplifying implementation of project activities.

4. Examine the financial management system and disbursement procedures and requirements of RDO/C and their impact on project implementation.

B. OECS Project Administration

The purpose of this section of the evaluation is to assess the efficiency and effectiveness of the OECS in developing technical assistance and training programs and in monitoring, managing and accounting for project activities. The evaluators will assess the institutional and human resources capability of the Secretariat to satisfactorily operate this project. The evaluators will make recommendations, where relevant, on system reforms and changes, personnel reforms and changes, and activity changes. In sum, is the project administratively sound? Is it managed by a viable organization which has sufficiently trained and capable manpower, management skills and financial resources to manage the project activities planned for in this project? Specifically, the evaluation will:

1. Examine the operations of the OECS EAS Secretariat and assess its efficiency and effectiveness in project program delivery. Is administration of this project an appropriate role for the EAS Secretariat?

2. Assess the performance of the Project Director's Office in providing direction, organization and management of project activities and instituting and monitoring procedures for project implementation.

3. Examine the Workplan and Quarterly Reports of the Project Director's Office (including ECIPS and the IDCSs) and assess their adequacy in data collection and monitoring designed to track project progress. If necessary, make recommendations on how data collection systems could be improved.

4. Examine the appropriateness and effectiveness of the program activities administered by the Regional Technical Advisor.

5. Examine the accounting systems designed for this project by the Project Director's Office and the Finance and Administration Office. Assess the degree to which the OECS/EAS Secretariat has made progress in improving its internal accounting systems and whether this has had a positive impact on delivery to the IDCs.

6. Examine the responsibilities and activities of the project funded accounts clerk. Are these services adequate for the project? Should changes be made? If so, in what areas?

7. Examine the effectiveness of the Project Director's Office in ensuring that all aspects of the Grant Agreement are adhered to, and taking corrective action where necessary.

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8. Assess the effectiveness of the Project Director's Office in carrying out the project mandate to foster, facilitate and coordinate closer collaboration among the IDCs and between the IDCs and ECIPS. Is this role appropriate for this office? If yes, suggest ways in which this could be improved.

. What other changes, if any can be made to improve project management and implementation of activities?

C. <u>ECIPS And the National Investment Promotion Agencies</u>

The purpose of this section of the evaluation is to assess the extent to which the OECS countries have been able to develop and strengthen national <u>and</u> regional capability to promote private investment, particularly export oriented businesses, through the activities of this project.

The project contains program and operational support for both ECIPS and the eight OECS investment promotion (or industrial development) agencies. Additionally the project contains various mechanisms to foster communication and collaboration between and among the various agencies. While there are other national investment promotion agencies in Latin America and the Caribbean, ECIPS is the only <u>regional</u> investment promotion agency located in the U.S. The regional nature of ECIPS brings with it many unique features which require different approaches and methods from those common to purely "national" agencies; there are also, naturally, more complexities than those experienced by national promotion agencies.

The evaluation team is expected to become familiar with ECIPS' unique features and the project's inherent complexities in analyzing the methodologies, programs and operations of ECIPS and the IDCs. The evaluators will examine the means of collaboration developed by the parties and assess their relevancy and utility. The evaluators will examine each of the project components as discrete elements of the project, as well as analyze their intrinsic linkages and interfaces. Specifically the evaluators will examine the following:

1. <u>ECIPS</u>

The evaluation will:

o Analyze the appropriateness and effectiveness of ECIPS' structure, operations and management, including staffing numbers, management style, structure, composition of the Board of Directors and lines of authority from the OECS Council of Ministers to the Executive

Director of ECIPS. Do these make for effective investment promotion programs? Are there recommendations for improvement? Could ECIPS lines of authority and/or project relationships be simplified? If so, how?

- Review the operations of ECIPS, assess the suitability and viability of its investment promotion methodology and compare its progress to date with other similar Caribbean and Central American institutions operating in the U.S..

- Evaluate the degree of success with which ECIPS has been able to effectively establish itself as an investment promotion agency representing and promoting the interests of a number of countries in different economic and environmental situations.

- Assess the extent to which the investment potential of the OECS renders an outreach office such as ECIPS as essential and/or helpful, taking into account the various limitations the countries may have, both in financial resources for promotion, and intrinsic limitations as offshore investment locations.

- Review ECIPS' performance indicators in terms of their relevance and usefulness, and if found to be unrealistic, or only moderately relevant and useful, suggest alternative sets of performance indicators for ECIPS.

- If ECIPS is deemed as useful and viable, which programs and activities are essential to the success of a region-wide investment promotion agency? To what extent are these sustainable? Is additional AID assistance required? If so, what kind?

2. Investment Promotion Agencies

An integral aspect of the project has been a program designed to strengthen the capabilities of national investment promotion agencies while fostering cooperation and collaboration between the eight country agencies and the regional agency, ECIPS. When the project was designed these agencies were in various stages of development. Some had been in existence for some time, while others had their genesis during the PDAP phase of the project. It was felt that if ECIPS was to be successful, it could only achieve its mandate if the national backstopping agencies, who would have to carry through with the contacts provided by ECIPS, were themselves viable proactive agencies.

The evaluation team will visit the eight investment promotion agencies, examine their work plans and programs and assess their participation in the project, focusing on the following:

- How have the project activities impacted on the investment promotion programs of the IDCs? Have they resulted in better planning and targetting? Is the Country Action Plan a useful planning and goal setting document? Do the agencies refer to the CAP when developing a workplan? Has the Project Director's Office used the CAPS as guidelines in project management? Has the project helped the 8 agencies in monitoring and evaluating their own programs?

- To what degree has the project fostered a regional outlook on investment promotion? Has the project provided an opportunity for closer cooperation among the OECS countries? Assess the extent of collaboration between ECIPS staff and the staff of the IDCs? Which areas are most/least conducive to regional collaboration?

- Assess the roles of the Project Director and the Regional Technical Advisor in fostering closer collaboration and facilitating the development of closer ties between ECIPS and the IDCs.

- Assess the relevance of technical assistance and training programs developed for the IDCs. Is there scope for additional technical assistance and training activities? If so, specify. What elements could be changed to increase their effectiveness?

- Assess the degree to which the various IDCs have positively responded to the aims and objectives of the project and have met project requirements, obligations and deadlines. Where this has not been so, ascertain the sources of the problems and suggest solutions, if any.

- Should AID assistance continue to support the institutional development of the IDCs? If so, which are the priority areas needing attention and which are most likely to be replicated and sustained once aid has ended?

ARTICLE IV: METHODS AND PROCEDURE

It is anticipated that the evaluation will take approximately six weeks of effort with a team of four persons.

The team will travel to Bridgetown prior to commencement of the evaluation for orientation and discussion with RDO/C staff. The evaluators will then be expected to travel to the OECS Economic Affairs Secretariat in Antigua, and to the participating OECS countries to conduct interviews and collect data. The Financial Specialist and the Investment Promotion Specialist will also travel to Washington, D.C. to conduct interviews and collect data from ECIPS. They are expected to do this prior to debriefing USAID and the submission of draft reports.

The evaluators should become thoroughly familiar with the following documents:

1. Investment Promotion and Export Development project paper - Amendment No. 2.

2. PDAP Mid-term Evaluation - 1986

3. Louis Berger Private Sector Evaluation January 1987

4. Grant Agreement between USAID and OECS, June 1987.

5. Blackman and Thomas Long Term Financing Study of ECIPS, April 1989.

6. Peat Marwick Financial Review, April 1989.

7. Country Action Plans and Memoranda of Understanding 1987-1989

8. Project Quarterly Reports amd Reports of Project meetings.

9. USAID and OECS Project Files.

The evaluators are expected to submit draft reports of findings and to debrief RDO/C personnel before returning to the U.S. to write the final report. The Team Leader will coordinate and be responsible for the submission of the final report.

The Contractor will follow the guidance indicated in Article III "Statement of Work". Concepts, methods and procedures must be thoroughly grounded on accepted conventional economic and social scientific principles, and as

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appropriate, on accepted business practices. In all cases the theoretical foundations, assumptions, procedures and data sources must be clearly spelt out.

The analysis will make use of existing studies, available statistical data, and information gathered through interviews with key persons in ECIPS, the ECIPS Board, the OECS Secretariat, the General Managers of the National Investment Promotion Agencies and RDO/C project personnel.

The Contractor will utilize reports, evaluations and interviews with other national investment promotion agencies in the Caribbean region; particularly Jamaica (JAMPRO), the Barbados IDC, Belize (BEIPU), the Dominican Republic, Puerto Rico (FOMENTO) and Costa Rica (CINDE), in their analysis of the progress to date, viability and sustainability of ECIPS. The Contractor is also expected to utilize the study completed by Drs. Blackman and Thomas on long-term financing of ECIPS.

The Team Leader will be responsible for developing work plans and making assignments, including data collection; and identifying public and private sector officials, as well as Mission personnel, to be interviewed. The RDO/C IPED Project Manager will facilitate interview appointments by apprising individuals to be interviewed of the schedule of field trips to be undertaken by the team.

The Team Leader will be responsible for maintaining good communication with the RDO/C Private Sector Office while in the field. The Team Leader will provide the IPED Project Manager with the itinerary of the team members prior to their going into the field. The Team Leader will also maintain good communication with the Executive Director of ECIPS and the Director of the OECS Economic Secretariat.

The evaluation will examine the validity of the ECIPS components of the IPED project as a holistic project, as well as examine the validity of each of the constituent parts of the project. The report will include a number of sections as required in Article V. The sections on Lessons Learned, Conclusions and Recommendations will build on the other substantive sections of the report to provide an overall analysis of the project. Thus, Lessons Learned, Conclusions and Recommendations must relate to several things: 1) the validity of the project within the RDO/C Private Sector Strategy; as well as 2) the methodological validity of ECIPS in an OECS federated framework, and 3) the validity and utility of the specific components of IPED as an RDO/C project.

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ARTICLE V: REPORTING REQUIREMENTS

A. Evaluation Schedule

The evaluation will take place according to the following schedule:

Week 1:
- o Examination of ECIPS component in Washington, D.C.
- o Familiarization with other similar agencies

Week 2-4
- o Review of material in Bridgetown
- o Briefing of all personnel in Bridgetown.
- o Field work and interviews in OECS countries including project management in Antigua
- o Interviews with ECIPS and other investment promotion staff in U.S.
- o Debriefing of Bridgetown staff and submission of draft Executive Summary and technical reports.

Week 5:
- o Preparation of penultimate draft in U.S.
- o Draft sent to IDCs, OECS, after review by RDO/C
- o Draft review by IDCs, OECS minimum of 2 weeks; comments sent to contractor

Week 6:
- o Final report sent to RDO/C one week after receipt of comments from RDO/C, OECS and IDCs.

B. Reports

1. Final Report

The Final Report must include, but is not limited to, sections on Development Objectives of the Project: Purpose of the Evaluation; Methodologies Utilized; Major Findings including assessment of the validity of the ECIPS-IPED approach to investment promotion and institutional development; assessment of the validity of project design and the impact of project design structure on attainment of the goals, purpose and objectives; assessment of ECIPS' investment promotion

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methodology; assessment of the role of national investment promotion agencies in a regional program and assessment of their performance in the project; assessment of the OECS-ECIPS structure and relationships, and their impact on the ECIPS program and the project; assessment of the cost effectiveness of project activities, and whether or not there are other appropriate cost effective alternatives; asessment of Mission performance in implementation of the project; assessment of OECS management of the project, and assessment of the sustainability of project activities at the regional and national level after USAID funding ceases. The report will also include Lessons Learnt with reference to the above; and Conclusions and Recommendations in separate sections of the report.

a) Conclusions and Recommendations. The report should end with a full statement of Conclusions and Recommendations as indicated in the Statement of Work. The Recommendations will correspond to the Conclusions and will specify the institutions and party/ies who should take the action recommended.

Recommendations will also be made as to the design, objectives, and management of a follow-on project.

b) Appendices. Technical reports of each of the team members, statement of work of the evaluation, a full description of the methodologies used, a bibliography of the documents consulted, and a list of the interviewees should be included in the appendices.

The Team Leader will provide the Mission with a draft Executive Summary and draft Technical Reports prepared by other team members before leaving Barbados. The Executive Summary must stand on its own as a document and include: Development Objectives of the Project, Purpose of the Evaluation, Methodologies Used, Major Findings, Conclusions, Recommendations, Lessons Learnt, and Development Impact. The Technical Reports of the other team members will be incorporated into the final report as Annexes. Copies of these will be left with the RDO/C Project Manager. These Technical Reports will be completed before the contractor leaves Barbados.

2. Submission of Reports. The final evaluation report of 15 copies, along with a computer floppy disk with the report in DOS file format, is to be submitted by the Team Leader to the Private Sector Office no later than a week after receipt of comments on the draft report from USAID as indicated in the Evaluation Schedule.

3. PES Evaluation Report. The Team leader will complete the Abstract and the Summary Findings, Conclusions and Recommendations of the "AID Evaluation Summary" from Section H of part I and Section J of part 11 of the form.

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ARTICLE VI: RELATIONSHIP AND RESPONSIBILITIES

The contractor will receive direction from the Chief, Private Sector Office and the IPED Project Manager. The contractor will maintain close communication and coordination with the Executive Director of ECIPS and the Director of the Economic Affairs Secretariat of the OECS in Antigua.

The Team Leader will be responsible for coordination of the travel and work load and production of the draft and final reports.

ARTICLE VII: COMPOSITION OF EVALUATION TEAM

1. Position — Work Weeks

	Position	Work Weeks
1.	Team Leader	6 weeks
2.	Financial Specialist	3 weeks
3.	Multi Industry Specialist	3 weeks
4.	Investment Promotion Specialist (West Indian)	3 weeks

1. Team Leader - will be a Senior Institutional Development Specialist with a minimum of 7 years experience in design, implementation and evaluation of AID and other donor funded development projects including those in the area of investment promotion and export development institutions, preferably those in Latin America and the Caribbean. The Team Leader should have experience in coordinating and supervising AID evaluations.

2. Financial Specialist - will be a senior person with a minimum of 7 years experience in financial analysis viability and the sustainability of agencies similar to national and regional promotion institutions; in methods of financing, including self-financing; with experience in AID financed projects, and a working understanding of the Eastern Caribbean economic environment.

3. Multi Industry Specialist - will be a graduate degree specialist with a minimum of 5 years working experience in trade and investment between the Caribbean and the U.S. particularly in the following sectors: electronics; textiles and garment industries; data entry; agro-processing. A knowledge of CBI legislation is essential; experience with Caribbean export business and investment promotion programs would be an asset.

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4. <u>Investment Promotion Specialist</u> - The Investment Promotion Specialist will be a West Indian professional with at least five to seven years experience in investment promotion as a middle to senior manager with a Commonwealth Caribbean investment promotion agency. Working with an OECS agency and knowledge of AID projects would be an asset.

ARTICLE IX: BUDGET

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DOCUMENTS REVIEWED

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Dominica, 1987-88.
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ACRONYMS

AID	Agency for International Development
BVI	British Virgin Islands
CAP	Country Action Plan
CECM	Council of Eastern Caribbean Manufacturers
CFA	Chief, Finance and Administration
EAS	Economic Affairs Secretariat
EC	Eastern Caribbean
ECIPS	Eastern Caribbean Investment Promotion Service
ECS	Eastern Caribbean States
EDO	Executive Director's Office
IDC	Industrial Development Corporation
IPO	Investment Promotion Officer
IPA	Industrial Promotion Agency
IPED	Investment Promotion and Export Development
MOU	Memorandum of Understanding
NDC	National Development Corporation
OECS	Organization of Eastern Caribbean States
PDAP	Project Development Assistance Program
PDO	Project Director's Office
PP	Project Paper
RDO/C	Regional Development Office/Caribbean (USAID)
RTA	Regional Technical Advisor
USAID	United States Agency for International Development

PERSONS INTERVIEWED

RDO/C - Barbados

Monica Brooks	Chief Accountant
Roy Grohs	Program Economist
Muriel Hackett	Voucher Examiner
Stanley Heishman	Contracts Officer
Linda James	Project Accountant
Rodney Johnson	Regional Legal Officer
Cecilia Karch	IPED Project Officer
Thomas Moore	Private Sector Coordinator
Charles Patalive	Chief, Private Sector Office

OECS - Antigua

David "Jack" Kelsick	Chief, Finance and Administration, EAS
Carlton Mitchell	Director, EAS
Mrs. Piggot	Accounting Assistant, EAS
Lawrence Wells	Project Director, IPED

OECS - St. Lucia

Vaughan Lewis	Director General, OECS

Antigua

Peter Harker	Chairman, CECM
Radford Hill	Cahirman, IDB
Ethylyn Simon	Manager, IDB

BVI

Lorna Smith	Office of the Prime Minister

Dominica

W. Ken Alleyne	Manager, IDC
Ferdinand Azile	Director, Dominica Association of Industry & Commerce
Marie Jose Edwards	Past Chairman, ECIPS Board of Directors
Michael Fadelle	IPO, IDC
Grettle Fingal	Accounting Officer, IDC
C. Judith Pemberton	Director of Industry
Dermot Southwell	Chairman, IDC

Grenada

Anthony Boatswain	Director, Grenada Manufacturers Association anf Member of ECIPS Board of Directors
Janet Lewis	Accounting Assistant, GIDC
Fabian Redhead	General Manager, GIDC
Vaughn Renwick	Director of Trade, Energy, and Industry Ministry of Finance
Geoffrey Thompson	Renwick, Thompson & Co., Ltd.
Auslyn Williams	Grenada Manufacturers Association

Montserrat

Dora Browne	Chamber of Commerce
David Marlowe	Acting Manager and Senior Economist, Development Unit, Government of Montserrat

St. Kitts

Kenrick Clifton	Manager, IPA

St. Lucia

Michael Chastenet	Local Businessman
Terry Deligny	Manager, Investment Promotion Division
Cromwell Goodridge	General Manager, NDC
Evlalie Henry	Accounting Officer, NDC

St. Vincent

Mr. Bullock	Accounting Assistant, DEVCO
Steve Francis	IPO, DEVCO
Claude Leech	General Manager, DEVCO
Elrita Patterson	Apparel Manufacturer
Hugh Phillips	Member, ECIPS Board of Directors
Andreas Wickham	Economist, Ministry of Agriculture, Industry, and Labor

ECIPS - Washington

Swinburne Lestrade	Executive Director, ECIPS
Allen Chastenet	Former IPO, ECIPS

Washington, D.C.

Richard Gilmore	GIC

IDC INTERVIEW OUTLINE

Country:
Location:
Chairman:
Manager:
Chairman Tenure:
Manager Tenure:

	1986	1987	1988	1989

General Background
- When founded?
- Data base prior to ECIPS?
- Data prior to PDAP?

Investment Promotion Operations

Staff & budget
- # of employees (fte)
- Budgeted funds (CAP)
  - Government
  - IPED (USAID)
  - Other
- Actual Spending
  - Government
  - IPED (USAID)
  - Other

Results:
- # of prospects received
  - ECIPS
  - Other
- # of new investments (all kinds)
  - % attributable to ECIPS
  - % attributable to IDA's
- $ amount of new investments
- # of new jobs created

- Possible new investments in next 24 months:
  - #
  - $ value
  - Prob. (%)
  - ECIPS lead (Y/N)

Operations:
- Training (Who, what, where, how long?)
- T.A. (", ")
- Mailings
- Contacts
- Trade shows
  - with ECIPS
  - w/o ECIPS

Other Activity

IPED Assistance
What, describe--

CAP
How many plans has your
office prepared ? (Any pre-IPED)
Why do you do them?
Standard form?
To whom sent? Why?
How used?
Feedback ? From whom?
Can you now do your own
w/o problems ?
How you use the CAP when doing
your own workplans?

Do you do your own monitoring and
and control? Do you use CAPS?
Have your successes been in areas
sectors targeted or anticipated
by CAPS

Who is involved in the
preparation of CAPS?

Are private sector business
from your island involved?

IPED budget support -- subgrant
When requested ?
When received ?
Any problems?
Was it received in time to be useful?

USAID Technical Support
What type of interaction with USAID?
Do you understand the IPED/USAID
requirements for CAPS, accounting
reporting? Who explained them?

ECIPS
Has ECIPS helped you accomplish
your objectives?
Has IPED office?
USAID?
Does ECIPS "save" you any costs:
- subscriptions
- mailing lists
- Credit & background checks
- travel
- follow up

trade show attendance
Have you seen the ECIPS office and its products? How do you feel?
Well represented? Do you see biases in ECIPS?
Any suggestions?

INVESTOR VISITS
How are leads handled?
How are ECIPS leads received, handled?
Do you get bogus "investors"
How do you screen?
Does ECIP help you follow up.

Additional Funds
What would you do with additional funds?
If USAID funding is reduced or removed, how will it affect your program?

Your own private sector:
Do you get requests or leads from your private sector?
Describe? (Formal channel)
When do turn lead over to Private company?

Your Ideas:
What do you think the obstacles to increasing foreign investment are?

Can your IDC and ECIPS remove any of them?

Will your island benefit from ECIPS?
As much as other islands?
Are there investments that your island does not want, but other ECS do want?

What type of investment are you competing for? What obligations does ECIPS have when the prospective investor is someone desired by more than one island?

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IDC MANAGER RESPONSES

Country Respondent	#1	#2	#3	#4	#5	#6	#7	#8	TOTAL
Year Founded	1986	1987	1974	1985	1981	1987	1974	1970	
Professional Staff	3	1	4	6	1	4	3	4	26
Responsible for Other Non-IDC Activity?	YES	YES	YES	YES	YES	NO	YES	YES	
Private Sector Involvement?	YES	NO	YES	YES	NO	YES	YES	NO	
Total Budget	$53,333	N/A	$223,815	$287,000	$147,300	$84,600	$334,611	$100,555	$1,231,214
IPED Budget - 1988	N/A	$16,000	$70,000	$45,000	$14,000	$35,000	$130,074	$45,000	$355,074
IPED Budget as % of Total	N/A	N/A	31.3%	15.7%	9.5%	41.4%	38.9%	44.8%	28.8%
Month CAP Submitted	N/A	OCT 88	N/A	FEB 88	JAN 88	JAN 88	JAN 88	JUNE 88	
Preparation Assistance?	N/A	YES	NO	NO	NO	NO	NO	NO	
Any Feedback?	N/A	YES	YES	YES	NO	NO	YES	YES	
Any non-IPED Use?	N/A	YES	YES	YES	YES	NO	YES	YES	
Month First 1988 disbursement received	N/A	N/A	N/A	JULY 88	OCT 88	MAY 88	UGUST 88	OCT 88	
Received in Time to be Used for Planned Purposes?	N/A	NO	NO	NO	NO	NO	NO	NO	
Total Number Prospect Visits	60	0	N/A	75	72	57	69	25	358
ECIPS Referrals as % of Total	5.0%	0.0%	<10%	60.0%	0.0%	17.5%	10.0%	4.8%	18.4%
Are Referrals Meeting CAP Objectives?	N/A	NO	NO	MIXED	N/A	NO	MIXED	NO	

IDC MANAGER RESPONSES

Total Number of Investments	1	7	3	4	11	5	27	1	59
Investments Attributable to ECIPS	0	0	0	1	0	0	3	0	4
% Total Investments Attributable to ECIPS	0.0%	0.0%	0.0%	25.0%	0.0%	0.0%	11.1%	0.0%	6.8%
Possible New Investments Next 2 Years	2	5	2	5	11	N/A	30	3	58
How Many Attributable to ECIPS	0	2	0	1	0	N/A	3	N/A	6
% of Total Possibilities	0.0%	40.0%	0.0%	20.0%	0.0%	N/A	10.0%	N/A	10.3%
Training Received?	YES	YES	YES	YES	YES	YES	YES	YES	
Satisfied with Training?	YES	YES	YES	YES	YES	YES	YES	NO	
TA Received?	NO	YES	NO	YES	YES	YES	NO	YES	
Satisfied with TA?	N/A	NO	YES	YES	NO	YES	N/A	YES	
Number of RTA Visits	N/A	1	1	3	2	3	N/A	3	13
Has ECIPS Assisted with Trade Shows?	NO	YES	YES	NO	YES	YES	YES	YES	
Are Trade Shows Useful?	NO	MIXED	NO	MIXED	NO	YES	YES	YES	
Is ECIPS Helpful to Your IDC?	NO	MIXED	YES	YES	MIXED	NO	YES	NO	
Is ECIPS Helpful to the Region?	YES	YES	MIXED	YES	YES	YES	YES	YES	
Is PDO Helpful to Your IDC?	YES	MIXED	YES	YES	NO	NO	YES	NO	
Is PDO Helpful to the Region?	YES	YES	YES	YES	MIXED	YES	MIXED	N/A	
Is USAID Helpful to Your IDC?	YES	NO	MIXED	YES	NO	YES	NO	NO	
Does ECIPS Save Costs?	NO	YES	YES	YES	NO	YES	YES	YES	
Does ECIPS Help Match	N/A	N/A	NO	NO	NO	NO	MIXED	N/A	

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IDC MANAGER RESPONSES

Prospects to CAP?								
Does ECIPS Screen Referrals?	NO	NO	NO	YES	NO	NO	NO	N/A
Are ECIPS Referrals Relevant to Your Program?	NO	NO	NO	SOME	NO	NO	MIXED	N/A
Does Your IDC have Staff in the U.S.?	YES	NO	NO	NO	NO	YES	YES	YES

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SENIOR PROJECT MANAGEMENT INTERVIEW OUTLINE

The scope of work instructs the consultant to conduct an evaluation which examines:

- Project Performance
- OECS Project Administration
- ECIPS and the National Promotion Agencies

A. Project Performance

Purpose of this Segment:

To assess project performance in meeting the stated goal and purpose of IPED project.

Goal: To increase private sector productive employment in EC countries.

Purpose: To develop national and regional capability to identify and promote private sector investment in productive, export oriented businesses in the E.C.

Task A1. Analyze the institutional structure of the project. Is the presently designed project and institutional structure able to address the development constraints stated in the goal and purpose ? Or, is the project responsive to the needs of the 8 participating OECS countries ?

Task A2. What are recommendations for changes ?

Answer following questions

Q A.1.1. Is project purpose achievable within time frame and structure of present project?

Q A.1.2. Is project purpose appropriate and realistic? Does it address the correct issues, which were its raison d'etre ?

Q A.2.1. Are the EOPS plausible, verifiable, and do they measure progress and contribution to the projects goal and purpose?

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Q.A.2.2. Do the targets and outputs permit meaningful evaluation?

Q.A.2.3. Should outputs or EOPS by changed or the project design modified?

Q.A.3.1. Has RDO/C project management, monitoring & financial control been efficient and effective?

Q.A.3.2. How has mission performed in providing guidance and information on AID requirements to:

- OECS
- ECIPS
- IDC's

Q.A.3.3 What are recommendations for simplifying implementation of project activities?

Q.A.4.1 Have the financial management and disbursement procedures and requirements of RDO/C been adequate and useful management tools? Or what has been their impact of project implementation ?

B. <u>OECS Project Administration</u>

<u>Purpose of this Segment:</u>

1) To assess OECS's performance in:
   - providing technical assistance & training to IDC's.
   - monitoring, managing, accounting for project activities.

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2) To assess institutional and human resource capability of OECS Secretariat to operate the project.
3) Recommend changes where needed.

Tasks Methodology & Questions

B.1. Examine Operations of OECS EAS Secretariat.

Q.B.1. Is administration of project an appropriate role for EAS Secretariat ?

B.2. Assess performance of Project Director's Office (PDO).

Q.B.2. Is PDO providing the direction, organization, management and monitoring that project implementation requires?

B.3. Examine Workplan & Quarterly Reports of PDO, ECIPS, & IDC's.

Q.B.3. Is data collection, analysis, and monitoring adequate to track project progress? What changes are recommended?

B.4. Examine role and Performance of Regional Technical Advisor (RTA).

Q.B.4. Is RTA needed? Is role appropriate? Is RTA effective?

B.5. Examine the Accounting System for the project.

Q.B.5. Have OECS/EAS and IDC's made progress in their internal accounting systems? What impact has this had on timely disbursements to IDC's?

B.6. Examine role of project Accounts Clerk (AC)

Q.B.6. Are services adequate? Should changes be made ?

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B.7. Examine effective of Project Director's Office in ensuring that all aspects of the project agreement are adhered to.

Q.B.7. Is Project Director's Office managing "adherence"? Are changes necessary ?

B.8. Assess effectiveness of Project Director's Office in carrying out the project mandate to foster, facilitate and coordinate closer collaboration among IDC's and between IDC's and ECIPS.

Q.B.8 Is this role appropriate for this office? If yes, suggest ways in which this could be improved.

Q.B.9. What other changes can be made to improve project management and implementation at PDO ?

C. ECIPS and the NIP's

Purpose of this Segment

Assess the extent to which the OECS countries have been able to develop and strengthen national and regional capability to promote private investment, through activities of IPED.

Main Task:

Examine the means of collaboration developed by the parties and assess their relevancy and utility. Examine each component as a discreet element.

Component Tasks:

Component 1. ECIPS

Q.C.1. Do ECIPS's structure, staffing, and lines of authority make for effective investment promotion?

Q.C.2. Can you recommend improvements?

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Q.C.3. Can ECIPS lines of authority be simplified? How?

Q.C.4. How does ECIPS progress to date compare with similar Caribbean and C.Am. institutions operating in the U.S. ?

Q.C.5. To what degree has ECIPS been successful in establishing itself as an agency that represents and promotes the interests of a number of countries?

Q.C.6. To what extent is an outreach office such as ECIPS essential to investment promotion for the ECS?

Q.C.7. Are the performance indicators used at ECIPS relevant, useful and realistic? Suggest alternatives set of indicators, if necessary.

Q.C.8. Which ECIPS programs, if any, are essential to the success of a region wide investment promotion agency?

Q.C.9. To what extent are these programs sustainable?

Q.C.10 To what extent should EC governments support ECIPS?

Q.C.11 Is there a role for self financing programs?

Q.C.12 Is additional AID and other donor assistance?

Q.C.13. What is realistic timetable for AID phase out?

Component 2. -- Investment Promotion Agencies

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TASK: Visit the 8 investment promotion agencies;examine their work plans and programs and assess their participation in the project.

Q.C.14. How has the project impacted the investment promotion programs of the IDC's?

Q.C.15. Have they (IPED programs) resulted in better planning & targeting? Is CAP a useful planning and goal setting document? Do the agencies refer to the CAP when developing a workplan ?

Q.C.16. Has the project helped the 8 IDC's to monitor and evaluate their own programs?

Q.C.17. Has the PDO used the CAPS as guidelines in project management?

Q.C.18. Has the project fostered a regional outlook on investment promotion?

Q.C.19. Has the project provided an opportunity for closer cooperation among OECS countries?

Q.C.20. To what extent do ECIPS staff and IDC staff collaborate?

Q.C.21. Which areas are most/least conducive to regional collaboration?

Q.C.22 To what extent have the Project Director(PD) and the RTA fostered closer collaboration and ties between the IDC's and ECIPS?

Q.C.23 Has the technical assistance developed for the IDC's been relevant and useful?

Q.C.24 Have the training programs been relevant and useful?

Q.C.25 Is there scope for additional TA & training? If so, how can their effectiveness be increased?

Q.C.26 To what degree have the various IDC's responded positively to the aims and objectives of the project -- met project requirements, obligations & deadlines?

Q.C.27. What have been the problems? What suggestions do you have for solutions, if any ?

Q.C.28 Should USAID assistance continue to support the IDC's? If so, what are the priority areas needing attention and most likely to be replicated and sustained once aid has ended?

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IPED SENIOR MANAGEMENT RESPONSES

RESPONDENTS	#1	#2	#3	#4	#5	#6	#7
Institutional Structure							
Is the Project able to address development constraints?	YES	N/A	YES	NO	YES	YES	YES
- responsive to country needs?	NO	N/A	YES	N/A	YES	YES	NO
- recommendations for change?	YES	N/A	YES	YES	SOME	YES	YES
Is project purpose achieveable withintimeframe & structure?	NO	N/A	NO	NO	NO	NO	NO
Is purpose appropriate & realistic?	YES	N/A	YES	YES	MIXED	YES	YES/NO
Does it address the correct issues?	YES	N/A	YES	YES	YES	YES	SOME
Are EOPS measurements plausible?	N/A	N/A	NO	YES	YES	YES	YES
Do the targets & outputs permit meaningful evaluation	N/A	N/A	NO	YES	YES	YES	NO
Should outputs be changed?	NO	N/A	NO	N/A	NO	NO	YES
Has RDO/C been efficient & effective in its project management?	NO	N/A	NO	NO	N/A	NO/YES	NO
Has the mission performed for:							
- EC!PS?	MIXED	N/A	YES	NO	N/A	NO/YES	SOME

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IPED SENIOR MANAGEMENT RESPONSES

- OECS?	MIXED	N/A	YES	NO	N/A	NO/YES	NO
- IDCs?	MIXED	N/A	YES	NO	N/A	NO/YES	SOME
Recommendations for change?	YES	N/A	YES	N/A	YES	YES	YES
Have financial management & disbursement procedures been adequate?	NO	N/A	YES	N/A	IMPROVIN	IMPROVEI	NO
PDO/OECS							
Should EAS administer project?	NO	N/A	YES	N/A	YES	YES	YES
Is PDO performing its function?	MIXED	N/A	YES	NO	NO	NO	NO
Is project progress being adequately tracked?	NO	N/A	YES	NO	NO	YES	NO
Is the RTA needed?	YES	N/A	YES	YES	YES	YES	YES
- effective?	YES	N/A	YES	YES	YES	YES	YES
- role appropriate?	YES	N/A	YES	YES	YES	REFOCUS	YES
Has progress been made in the internal accounting systems?	YES	N/A	YES	NO	YES	YES	SOME
Are disbursements timely?	NO	N/A	YES	NO	NO	NO	NO
Are accounting services adequate?	NO	N/A	YES	NO	NO	GAPS	NO
Is PDO ensuring adherence to the grant?	NO	N/A	YES	NO	NO	DK	NO

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IPED SENIOR MANAGEMENT RESPONSES

Are changes needed?	YES	N/A	NO	YES	YES	YES	YES
Is PDO's mandated role appropriate?	YES	N/A	YES	N/A	YES	NO	YES
ECIPS							
Is structure, staffing, etc. appropriate for effective investment promotion?	NO	NO	YES	YES	YES	NOT NOW	NO
Can lines of authority be simplified?	YES	YES	NO	YES	N/A	NO	YES
Does ECIPS compare to other LAC institutions operating in the U.S.?	YES	YES	N/A	NO	YES	DK	YES
Has ECIPS been successful in establishing itself as a multi-country representative and promoter?	YES	N/A	YES	YES	YES	YES	YES
Is ECIPS important as a regional promotion office for the OECS?	YES	YES	YES	YES	YES	YES	YES
Are performance indicators useful?	NO	N/A	YES	YES	YES	YES	YES
Should EC gov'ts support ECIPS?	YES	N/A	YES	YES	YES	YES	YES
Is there a role for self-financing programs?	NO	N/A	YES	YES	YES	NO	NO
When should AID phase out?	5 YEARS	N/A	5 YEARS	2-3 YEARS	3-4 YEARS	10 YEARS	3 YEARS

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IPED SENIOR MANAGEMENT RESPONSES

IDCs							
Has project impacted the investment promotion programs of the IDCs?	YES	YES	YES	YES	YES	YES	YES
Has IPED resulted in better planning and targetting?	YES	YES	YES	NO	YES	YES	YES
Is the CAP useful?	YES	YES	NO	NO	YES	YES	YES
Do the IDCs use their CAPS?	YES	YES	NO	NO	NO	SOME	YES
Has IPED helped the 8 IDCs to track & evaluate their own programs?	YES	YES	YES	MIXED	YES	YES	MIXED
Has the Project fostered a regional outlook on investment promotion?	NO	NO	YES	YES	YES	YES	YES
Has the Project provided an opportunity for closer cooperation among OECS countries?	YES	YES	YES	YES	YES	YES	YES
Do ECIPS & IDC staff collaborate?	MIXED	YES	YES	YES	YES	YES	YES
Has PD fostered closer ties between IDCs & ECIPS?	NO	NO	YES	NO	NO	WORSENE	NO
- RTA?	YES	YES	YES	YES	YES	YES	N/A
Has TA been relevant & useful?	YES	YES	YES	YES	YES	YES	YES
- Training?	YES	YES	YES	YES	YES	YES	YES
Should the Project provide for additional training & TA?	YES	YES	YES	YES	YES	YES	YES

IPED SENIOR MANAGEMENT RESPONSES

Have IDCs responded positively to the aims & objectives of the Project?	NO	N/A	YES	MIXED	YES	MIXED	MIXED
- met project requirements?	NO	N/A	NO	NO	NO	DK	MIXED
- deadlines?	NO	N/A	NO	NO	NO	DK	MIXED
Should USAID continue to support the IDCs?	YES	YES	YES	MIXED	YES	YES	YES

DK = DON'T KNOW
N/A = NO ANSWER

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