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USAID/J-CAR

**CARIBBEAN REGIONAL
PROGRAM**

ASSISTANCE STRATEGY

FY 2000 - FY 2005

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**Caribbean Regional Program
Assistance Strategy. FY 2000 - FY 2005
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CARIBBEAN REGIONAL PROGRAM

Introduction

This document presents the proposed USAID/J-CAR strategic plan for the Caribbean Regional Program (CRP) from FY2000 to FY2005. It addresses important U.S. foreign policy interests and simultaneously lays the foundation for broad-based and sustainable development in the Caribbean.

Achieving the results envisioned by this plan will require at least \$30 million in (ESF) resources over a five-year period (this figure does not include \$30 million funding of the Special Objective (SpO) for the Hurricane Georges recovery). Absolutely crucial to implementing this Presidential Initiative will be a substantial and early first year obligation of at least \$70 million. Even with that, timely progress in developing the results package (i.e., project design-like document covering the three strategic objectives) will require the use of USAID/J-CAR's FY1999 DA funds for regional environmental programs (\$500,000) plus project development and support (PD&S) funds from the bilateral SOs.

As discussed in Section V, additional OE funds will be needed to support a small satellite office in Bridgetown, Barbados and regular travel by USDH Mission management and support staff from USAID/J-CAR and USAID/Haiti (for legal and contracting services). The recommended management model recognizes the importance of USG representation in the region, and thus involves shifting one USDH FTE and one OE funded FSN secretarial FTE from USAID/J-CAR.

Regional activities will complement bilateral programs in Jamaica, Haiti, Guyana and the Dominican Republic. However, the program will place special emphasis on the non-presence countries of the Eastern Caribbean. The CRP has three regional strategic objectives (RSOs):

RSO-1 Increased employment and diversification in select non-traditional activities, RSO-2 Improved environmental management by public and private entities, and RSO-3 Increased effectiveness and efficiency of legal systems in the Caribbean

In addition, the strategy incorporates a separate \$30 million special objective (SpO) to address Hurricane Georges Recovery and Reconstruction needs.

USAID/J-CAR proposes to incorporate all three regional strategic objectives (RSOs) under one obligating instrument with a regional institution, most likely CARICOM¹. Towards this end, we have shared our strategy with the CARICOM Secretariat and other key regional partners, including the Caribbean Development Bank, Eastern

¹ The Caribbean Community (CARICOM) includes fifteen members: Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Suriname, and Haiti. The Dominican Republic is an affiliate member.

Caribbean Central Bank, Organization of Eastern Caribbean States (OECS)², and the Regional Negotiating Machinery (RNM) Feedback to date has been overwhelmingly positive Concerns and suggestions for improvement garnered during the vetting process have been incorporated within this final presentation Dialogue with regional customers and stakeholders will continue during the RP design phase Our choice of obligating instrument (likely to include either an agreement or MOU with CARICOM) will give USAID/J-CAR flexibility to work with other local and regional partners – so that the design and implementation of activities builds on past experience and targets use of scarce resources on issues and opportunities within critical strategic areas

As is detailed in the following sections, the economic growth strategy (RSO-1) will collaborate with other USAID activities and Caribbean partner initiatives to (a) increase trade, market access and competitiveness, and (b) to diversify and deepen economic areas of competitive advantage, such as tourism, services and non-traditional agriculture In this, the strategy seeks to ensure participation of small, medium and micro-enterprises and the application of sound environmental practices

Improved environmental management is also critical to the region's economic prosperity The environmental strategy (RSO-2) seeks to identify and act upon those environmental problems, which are most closely linked to, and underlie the economies and growth potential across the region (and so directly affect the livelihoods of the people of the region) The strategy will support Caribbean initiatives to improve public and private entity environmental management by (a) improving access to information and technical assistance that can guide implementation of proven best management practices, (b) definition and reinforcement of policies and complementary compliance measures, and c) strengthening organizational capacity to finance environmental programs

The administration of law and the quality of justice that is rendered also needs to be improved in the Caribbean This is the view of the governments, the Caribbean regional organizations to which they belong, and the variety of legal professionals who are most knowledgeable about the existing system Cooperation on justice and security were, as with trade and the environment, agreed to at the Miami and Barbados summits The USAID/J-CAR strategy focuses on a number of specific interventions designed to increase efficiency and fairness of legal systems in the Caribbean (with particular emphasis on the Eastern Caribbean) Moreover, we are encouraged by discussions with the Canadian International Development Agency (CIDA), and optimistic that other donors will use our strategic framework and indicators as the foundation for a common strategy and sector framework Since CIDA is also designing a new judicial and legal reform program for the Eastern Caribbean at this time, donor coordination is particularly important to avoid overlaps and encourage complementarity

² The Organization of Eastern Caribbean States (OECS) includes six small island states Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, St Lucia, and St Vincent and the Grenadines

I SUMMARY ANALYSIS OF ASSISTANCE ENVIRONMENT AND RATIONALE

U S Foreign Policy Interests

Foreign Policy interests in the Caribbean have been well documented in both the preparation of and reporting on the 1994 Miami and 1997 Bridgetown Summits. The FY00-05 Caribbean Regional Program is derived from the U S commitment to these summit agreements and to supporting the Caribbean Community (CARICOM) in achievement of a common agenda.

At the 1994 Miami Summit of the Americas, President Clinton and Heads of State from Latin America and the Caribbean *"undertook to consider the special needs of small economies, with a view to enhancing their level of development and preparing them to meet the challenges posed by the inexorable trends of globalization and liberalization of the world economy and the creation of the Free Trade Area of the Americas"*. The Heads of State in Miami committed themselves to trade liberalization, democracy, human rights, natural resource management, the rule of law, and to overcoming poverty throughout the hemisphere.

In May 1997, the U S President and Caribbean Heads of State met again in Bridgetown, Barbados and reaffirmed their commitments to the 1994 Miami Summit agreements, recognizing *"the inextricable link between trade, economic development, security, and prosperity in our societies"* and acknowledging that we are entering *"a new century marked by rapid expansion and globalization of finance and investment, production and commerce, driven by revolutionary developments in technology"*. The Barbados Summit Action Plan called specifically for further cooperation on complementary sets of activities involving

- Liberalization of trade, economic development and finance,
- Environmental protection and management, and
- Justice and security

Achieving this plan of action, which includes completing the Free Trade Area of the Americas (FTAA) process by 2005, will help expand markets for U S goods and services and insure safe destinations for U S foreign investment and tourism. It will also build respect for the rule of law thereby providing a less fertile ground for drug traffickers and other criminal elements.

Through the Caribbean Regional Program (CRP), the U S Mission in Jamaica/Caribbean (USAID/J-CAR) will directly support these U S foreign policy interests by working with CARICOM, OECS and a broad range of public and private Caribbean partners – with a focus on the Eastern Caribbean – on three strategically focused objectives aimed at increasing growth, reducing poverty and enhancing sustainable development in the region.

Macro-Economic and Social Trends

The Caribbean region is encountering difficult economic, social and political challenges in adjusting to a free trade regime. The small countries of the region face a global market environment in which direct foreign assistance and preferential trade regimes are declining, and market information, application of state-of-the-art technology, and negotiating competence are imperative to remaining competitive. Yet, while the Caribbean countries share a common region and many common attributes, important differences among them also exist.

According to the World Bank's 1998 "Caribbean Economic Overview" the average per capita income for the region is \$3,851. The average per capita GDP levels range from a low in Haiti and Guyana, at \$330 and \$850 respectively, to Barbados at \$6,837, Antigua and Barbuda at \$7,380 and the Bahamas at \$11,105.

The average GDP growth rate in the region during the 1995-1997 period was 3.8 percent. However, if the Dominican Republic is excluded, the growth rate was only 1.8 percent. Jamaica recorded negative GDP growth over the last three consecutive years, while countries such as Barbados, Trinidad, Guyana and some of the OECS have had strong and consistent positive growth rates since 1995. Growth rates in the Dominican Republic reached 8.2 percent in recent years. Per capita GDP during 1991-1997 (excluding Haiti), was only 0.9 percent. Haiti and Jamaica had the worst performance, but performance was relatively weak throughout the region, and in general, insufficient to abate various deep pockets of poverty. The Caribbean also under-performed other regions in GDP growth trends for the 1991-1997 period, including East Asia and the Pacific which grew at a rate of 8.4 percent, South Asia at 3.4 percent, and the whole of Latin America and the Caribbean at 1.4 percent.

The majority of countries in the region have relatively high rates of unemployment ranging from 11 percent and 20 percent. At the lower end of the spectrum, unemployment is 7 percent in Antigua and Barbuda and 10 percent in Dominica, while it is 20 percent in St. Vincent and the Grenadines, 30 percent in the Dominican Republic, and estimated to be even higher in Haiti. Many countries still face broad and severe poverty. The percentage of the population living in poverty is estimated to be 60 percent in Haiti, 43 percent in Guyana, 39 percent in Suriname, 35 percent in Belize, 34 percent in Jamaica, and 33 percent in Dominica. Countries with single digit poverty figures include Barbados and the Bahamas.

Development Opportunities and Constraints

A primary development constraint in the Caribbean is the lack of economic growth, which can benefit all levels of society. These countries have very small domestic economies and depend vitally on export revenues and tourism for growth. Most have received preferential trade status from both the United States and former European colonial powers during the last decade. This has distorted investment in the region toward those areas that received preference, particularly bananas and sugar. As these preferential trade regimes are dismantled, serious displacements will occur. In countries such as St. Lucia and Dominica these displacements will be substantial. The removal of trade preferences is compounded by the fact that these small economies do

not have the capacity to carry out policy and regulatory analysis required for implementation of FTAA and World Trade Organization (WTO) trade standards

Heavy reliance on relatively few exports and tourism products and the relatively high costs of transportation and telecommunication services has further constrained growth, as has cumbersome and time-consuming red tape. Breaking into new export markets continues to be difficult for small and medium-sized Caribbean producers. Trade in services provides real opportunity for expansion, if bottlenecks are eliminated and an appropriate regulatory framework is developed.

Highly trained labor is often unavailable, and governmental red tape limits the private sector's ability to take full advantage of opportunities in the world marketplace. Even in the critically important tourism industry where comparative advantages are apparent, growth has been constrained by intense regional competition and the need for infrastructure investment.

Environmental problems arise from inadequate or inappropriate waste management, land use practices, and coastal zone management. Most of the countries offer environmental services to some of their residents, but proper land use practices are not enforced, and coastal zone management suffers from inadequate planning, regulation and enforcement. Services are offered free of charge, posing a financial burden on the government fiscal balances and contributing to inadequate and unsustainable services and regulations. The governments have agreed on the need to pursue environmental policies within their countries and on a region-wide basis.

Discussions with environmental partners point to a need to share information on environmental management best practices to consolidate and improve policy/regulatory reforms in the region. Greater environmental self-regulation and investment is also needed - especially within the tourist industry, and there is consensus on the importance of strengthening compliance with existing environmental laws and regulations, broadening the role of civil society, and improving public reporting on environmental issues.

Respect for the rule of law is eroding in the Caribbean, creating an environment that encourages criminal activity, constrains compliance with tough environmental regulations, and discourages foreign and private investments. Although this is true for CARICOM nations as a whole, emphasis will be given to strengthening the legal systems in OECS countries, and to coordinating with other donors, such as CIDA, on a common framework. The OECS countries share a common-law tradition and have a single Supreme Court. Moreover, OECS governmental partners agree that the administration of law and the quality of justice that is rendered need to be improved.

No court system can deliver fair, impartial and speedy justice if it lacks the organizational capacity to do so. Large civil and criminal backlogs exist in virtually all the Caribbean countries. Better information management, procedural and organizational reforms are needed to streamline court and registry procedures and improve efficiency of the legal system without affecting judicial outcomes. Alternative

Dispute Resolution Mechanisms (ADR) including negotiation, mediation, and arbitration, could, if properly developed and used, handle certain types of cases now contributing to court system congestion. The court with its win-lose approach is not well suited to the resolution of certain types of disputes. Business, for example, has long recognized advantages of ADR over traditional litigation.

Better access by judges and magistrates to legal system information and training is also needed. There is neither systematic training nor an adequate system for case reporting in place. In addition, revising, updating and printing laws – both civil and criminal – is also considered a critical intermediate result to effectively improving the efficiency and fairness of the legal system.

Role of Other Donors

The dominant political feature in the US relationship with the Caribbean states is market access - from the loss of Caribbean textile advantages following NAFTA to the recent European banana wars - the erosion of highly preferential market access to European and North American markets has been evident. Many Caribbean leaders feel that retaining existing protection could still obviate the need for structural change in these small island economies. The CRP strategy takes a more cautious view. It accepts global competition as inevitable and seeks to facilitate the Caribbean's successful adjustment.

The USAID/J-CAR strategy for achieving "broad-based and sustainable development" in these small island Caribbean economies is centered on economic integration and diversified, export-led growth. CARICOM's political goal of establishing one "single market economy" for its 15 members, as well as the wider FTAA vision of hemispheric free trade are alike in recognition of the fact that economies of scale are necessary for small islands to compete, and that a great many inefficiencies need to be wrung out of the political economy of the region.

Donor coordination is pivotal to achieving broad-based and sustainable development, but is generally lacking. Regional institutions (OECS, CARICOM, CBD, etc.) are weak and incapable of bringing about the structural changes that are needed at the country level for regional integration. Most donors, while recognizing that a regional approach is important, work in the growth, environment and justice sectors only at a country level, and without a common framework to guide them.

Despite the evident weakness in public and private sector regional institutions, the CRP will focus primarily at the regional level. Only to the extent regional relevance can be demonstrated will USAID/J-CAR support country-level activities. The effectiveness of this assistance will require coordination with the few donors that do have a regional strategy (e.g., the IDB, World Bank and CBD). More importantly, it will require establishing consistent policy agendas with the key donors that are working primarily at a national level in each of these sectors.

USAID/J-CAR, with technical assistance from PPC, has carried out a comprehensive

assessment of donor coordination requirements for each of the three RSOs. In each sector, the lead donors, their principal focus, and suggestions for a division of labor are discussed. Existing mechanisms for sharing information are reviewed, key policy issues (including apparent contradictions and/or inconsistencies) are flagged, and practical recommendations are made. This report will be used to guide USAID/J-CAR in preparing our design document (results package), and in analyzing key technical and administrative issues and the feasibility of different options³

Customers and Partners

The development of this five-year strategic plan has been guided by USAID/J-CAR's commitment to a customer service orientation. Since July 1998, the Mission personnel have taken approximately 30 trips out into the region, insuring communication with partners, stakeholders and customers, including various regional institutions and the CARICOM Secretariat. In the process, we have established a regional high-level, ad-hoc advisory committee and have begun to rebuild our partnerships which had been scaled back with the closing of USAID's regional office in Barbados.

USAID/J-CAR's consultations with key regional organizations including CARICOM Secretariat, the Regional Negotiating Machinery, OECS, the Caribbean Development Bank have been instrumental in the development of the strategy. It will be imperative that such consultations continue. In all likelihood, the Mission will formalize this ad-hoc advisory group into a high level CRP policy steering committee that meets regularly to consider program policy and management issues.

In addition, USAID/J-CAR - directly and through project design consultants - conducted extensive interviews and workshops with national government, business representatives, and non-governmental organizations' representatives in the Caribbean. In developing the RSO-2 strategy, for example, USAID/J-CAR included local town planners, government officials, environmental reporters, tourist and hotel association representatives, environmental NGO and NGO association representatives, environmental lawyers, OECS environmentalists, an AID/LAC/RSD representative, and others in mini-workshops that focused on environmental laws, compliance methodologies and environmental reporting. Through these workshops a consensus emerged on the most critical problems and constraints, how different groups were addressing these problems (best practices), and the constraints and comparative advantages of the different organizations. As a result, USAID/J-CAR was able to identify the most likely lead organizations, gain increased respect, and develop a strategy that fits well with the programs and priorities of the key players/partners.

A dialogue with the key players and our potential partners in the region will also need to continue through activity design and during implementation. USAID/J-CAR activity managers for each of the RSOs will need to ensure that key partners routinely participate in activity planning, achieving, and performance monitoring functions.

³ A note of appreciation is due to Norm Nicholson PPC who prepared a comprehensive and extremely useful report on regional donor coordination issues in economic growth, the environment and AOJ sectors.

through appropriate advisory groups. In light of this, a strong case can be made for situating activity managers (as opposed to technical, financial, and legal support services) in Barbados rather than Jamaica.

Next Steps/Start up Activities

A total of \$500,000 of FY1999 regional environment DA funds and some PD&S funds may be used to complete the CRP design and advance the implementation process before FY2000 ESF resources become available. Funds obligated bilaterally (under a limited scope grant agreement) could cover costs of working with partners to develop the results package, recruiting critical program-funded staff, and initiating a few selected pilot activities.

Convening workshops with key potential partners for each RSO would assist in identifying the most important and promising interventions, developing a common plan of action around them, and in establishing a mechanism where partners can continue to provide policy and program guidance.

During this start-up phase, USAID/J-CAR could also launch modest but important pilot activities that either build upon activities already underway (and for which a modest investment would make a significant difference) or address an important, immediate perceived need of a key partner. Some examples include providing short-term technical assistance to the OECS Secretariat on trade issues, providing a small grant to a leading regional environmental NGO to help create a national park in St. Lucia, encouraging "green" investments by small hoteliers in the Windward Islands through environmental audits and awards, and conducting a workshop with CIDA on strengthening Eastern Caribbean legal systems.

II Increased Employment and Diversification in Select Non-Traditional Activities

Overview

Global market and trade liberalization forces are reshaping and challenging Caribbean economies. How countries respond can either cause further deterioration of prevailing slow growth rates (exceptions noted), and attendant declines in jobs and incomes, or create the platform for improving efficiency and competitiveness in areas of competitive advantage, and launching economies along steeper growth paths. Positioning individual Caribbean economies, sub-regional groups (especially small island states in the OECS) and broader regional alliances (e.g. CARICOM) to best respond to changing global market and trade conditions is a stated objective of the 1997 Caribbean/United States Bridgetown Declaration of Principles.

The economic growth strategy recognizes the groundwork laid down by significant previous assistance efforts noted in Section G below. It is cognizant of regional advances made in trade liberalization and investment environment, and of progress, albeit slow in some cases, in economic diversification. The strategy reflects concern for threats to employment and incomes from declining and inadequate growth rates, associated declines in public investments in essential services, and declining trends in donor funding.

In brief, the economic growth strategy will collaborate with other on-going USAID/J-CAR activities and Caribbean partner initiatives to a) diversify and deepen economic areas of competitive advantage (such as tourism/services and non-traditional agriculture), and b) increase regional trade, market access and competitiveness. In this, the strategy seeks to ensure participation of small, medium and micro-enterprises and the application of sound environmental practices.

Understanding of the Development Challenge

In general, average economic growth in the Commonwealth Caribbean has not kept pace with that in the rest of the hemisphere. During the 1990s, per capita growth has lagged a full percentage point behind the average growth rate of the rest of the Americas. This lagging growth reflects almost exclusively lower productivity growth in the English-speaking Caribbean. Productivity has not kept pace in part because the region has not exploited market niches which take advantage of their location, climate, and educated, English-speaking labor force, for which small size and transportation obstacles are not decisive impediments. Reliance on a narrow range of traditional resource-based exports (e.g. sugar, bananas, bauxite, petroleum,) is faltering in some cases and not sufficient in others. Even in the absence of changes in international market conditions and prices for these products, limited growth prospects in these traditional activities threaten the prospects of several smaller island economies. Continued reliance on this relatively narrow range of traditional products will not be sufficient to maintain job creation, living standards and economic growth.

As is reflected in the Consultative Group for Caribbean Economic Development

(CGCED) documents (Trade Policies in the Caribbean Countries, 1998, and Caribbean Economic Review, 1998), 1995-1997 GDP growth figures, excluding the exceptionally high 8 percent rate in the Dominican Republic, reveals a regional growth rate of 1.8 percent. This takes into account the fact that most economies rebounded in 1996-97 due basically to improved performance of exports in general, and tourism and free trade zones in particular.

To gain a better understanding of the sources of GDP growth, and relative contributions from major sectors, a sample of 10 of the 15 CGCED countries is presented in Table 1. It contains an additional breakout of tourism receipt contributions, which are a subset of the services account. From the data in Table 1 (and other sources) economic growth opportunities appear to be coming from export diversification by moving into services, including tourism, free trade zones, informatics, and financial and business services.

Tourism revenue has been a stable component of foreign exchange earnings, contributing about one-third of their value. Tourism has been particularly dynamic in the 1990s reflecting some of the effects of the robust North American and European economies. It has become the primary source of foreign exchange for many countries and a major generator of employment and private investment. The Caribbean tourism sector has shown that, when managed properly, it can compete against the highly competitive global tourism industry. Caribbean tourism businesses that are environmentally friendly and make every attempt to source locally are those that are most likely to succeed. In addition, due to their sourcing, they encourage the establishment and expansion of local businesses.

The contribution of agriculture (including fisheries) to regional GDPs has been declining, as has the number of people employed in agriculture. The preferential agricultural export market mechanisms for sugar and bananas are threatened by enforcement of World Trade Organization rules. Non-traditional commodities and markets can eventually replace some of this loss. However, this will require the commitment of public and private sector leaders to support areas of greatest competitiveness through policy and regulatory reforms, marketing strategies, and reduction of trade and investment barriers.

These conclusions apply especially to the small island economies. Larger island states (Trinidad and Tobago, Jamaica, Dominican Republic) tend to have more diversified economies. Similarly, the mainland countries (Belize, Guyana, Suriname) have significant agricultural and forest resources and more economic options.

Table 1

CONTRIBUTIONS TO GDP

<i>Country</i>	<i>Agriculture</i>	<i>Mining</i>	<i>Manufacturing</i>	<i>Services/Tourism</i>
Antigua & Barbuda	4	17	3	76/74
Bahamas	3	2	2	93/89
Barbados	5	8	8	79/40
Dominica	26	11	7	56/15
Dominican Republic	15	6	15	64/17
Haiti	46	11	6	37/3 6
Jamaica	9	20	18	53/25
St Lucia	11	14	7	68/50
St Vincent	18	19	4	59/23
Trinidad & Tobago	3	34	9	54/1 2
For the 15 Countries	16	15	9	60/20

Source CGCED, Caribbean Economic Review, 1998

In sum, future growth prospects largely remain those identified in the World Bank document "Caribbean Region Current Economic Situation, Regional Issues and Capital Flows, 1992" The conclusions there are that "trade liberalization, integration of world capital markets, and (at that time) slowing world growth exacerbate the competitive pressures facing Caribbean economies The challenge is to exploit their respective competitive advantages and provide macroeconomic frameworks that facilitate private involvement, increase resource use efficiency, and open up trade regimes " That document suggests Caribbean countries enjoy a comparative advantage in tourism and service related industries

The relatively rapid on-set of negotiations on regional free trade (NAFTA, Mercosur, Central American Common Market, and the FTAA and WTO processes) and erosion of highly preferential access to North American and especially European markets (including a re-negotiation of LOME IV Treaty which expires in 2000) challenges the region's collective trade cooperation and bargaining structures (primarily CARICOM) Competing in the global marketplace will require a further reduction of barriers to agriculture and merchandise trade (which are still a major source of tax revenues) and taking steps to liberalize the region's labor and capital markets It also calls for organizational innovations, (e g strategic alliances, industry and producer clusters formed around areas of competitive advantage), adoption of management information technologies, and for a commitment/attitudes which continuously push for competitiveness and efficiency As noted in IADB's CARICOM Regional Programming

Paper⁴ *“while the FTAA should lead to improved market access, there will be few benefits to CARICOM countries unless manufacturers are competitive and capable of taking advantage of such opportunities”* The CARICOM paper notes that countries have failed to take full advantage of already existing market opportunities in the U S and Canada, in part because they lack adequate market knowledge, marketing strategies, and capacity, and due to restraints to foreign investment This slowness to adapt may, in part, be due to long-standing reliance on preferential access to European markets

With this in mind, USAID/J-CAR's Caribbean Regional Strategy needs to provide a balanced approach to assisting the region to act on both external trade integration challenges (e g FTAA, WTO), as well as on intra-regional trade The focus will be on trade creation and not trade diversion CARICOM's goal of moving beyond an imperfect trade union to a single market economy is the foundation upon which the region can most effectively engage free trade and hemispheric integration challenges It is also clear that successful trade integration negotiations, and internal trade liberalization and follow-through demand active participation of the private sector and broader elements of civil society

Strategic Opportunities

Meeting and taking advantage of evolving world trade and market trends requires redoubled efforts across the region Fine-tuning and becoming more efficient in areas of regional competitive advantage is essential These include tourism, accompanied by more diversified tourism products (ecotourism, cultural tourism), and a range of backward-linking support and service activities There is also scope for competitive growth in non-traditional agricultural commodities, and quality markets (e g organic produce) and processed goods The size and proximity of high value tourism markets, and emerging up-scale regional markets represent immediate targets of opportunity Expansion into niche export markets is already happening and can be propelled further as efficiencies and supporting policies are introduced, and internationally recognized food safety and product quality standards are achieved This is true despite the relatively costly shipping/transport rates in the region

Similarly, opportunities exist for greater Caribbean participation in, and adoption of, the worldwide revolution in information and communication technologies and services A World Bank Report (CGCED Report No 15301) estimates that the potential market for service outsourcing by OECD firms is US \$40-\$120 billion (By way of comparison, the CARICOM regional market for goods and services is \$15 billion) There is also an immediate need to establish modern telecommunications regulatory mechanisms that can renegotiate agreements with monopolistic providers, and encourage investment and competitive pricing for a range of electronic commerce and communications services

⁴ CARICOM Regional Programming Paper (IDB Integration and Regional Programs Department, September 1998) Vol 1 p 10

To reap the rewards (and minimize the disadvantages) created by evolving global market conditions, small island economies, in particular, need to move quickly, and knowledgeably in negotiating access to regional and global markets. Good information, analyses, strategic clarity, participation and negotiating ability will facilitate successful compliance with new requirements. Structures, such as the CARICOM Regional Negotiating Machinery, can be further strengthened to assist in this process, independently of the specific negotiation positions. Such generic support/assistance would be to everyone's advantage. It would also complement the LAC Bureau's Hemispheric Trade Integration Special Program Objective that will assist CARICOM to comply with WTO commitments and engage in priority aspects of the FTAA process. Strengthening regional negotiating mechanisms, encouraging an entrepreneurial commitment to efficiency and competitiveness, and enabling small and medium-sized entrepreneurs to take advantage of promising investment opportunities will not only create new jobs, but will validate and accelerate the FTAA process.

Regional Strategic Objective and Results

In view of the problems and opportunities facing the region, the USAID/J-CAR Economic Growth Strategy will seek to reinforce and expand on-going regional efforts to increase competitiveness, improve market access and economically diversify. The regional strategic objective which the CRP will seek to accomplish, is

Increased Employment and Diversification in Select Non-Traditional Activities

Performance indicators could include a measure of unemployment, the diversity of GDP content, and growth in intra-regional and global trade for non-traditional products. Specific Intermediate Results (IRs) which together lead to the achievement of this objective include

IR 1 Increased trade of select non-traditional products and services

This result can be achieved by improving CARICOM countries' market access through preparation for entry into Free Trade Area of the Americas, harmonization of trade practices and regulations with WTO standards, reduction of tariff and non-tariff barriers, implementation of critical regulatory reforms and related technical capacities, and strategic analyses of competitive opportunities and related negotiating priorities.

Training and adoption of technologies and standards (e.g. sanitary and phytosanitary, telecommunications) and updated commercial laws in support of business facilitation can also support result achievement. Greater private sector involvement in defining competitiveness measures and positions, and greater transparency of trade integration and liberalization information and processes for both enterprises and civil society, will lead to more pragmatic and implementable economic transformation processes. In addition, increased smaller enterprise access to growth opportunities (and support services) will deepen the economic benefits of trade expansion.

Some illustrative types of assistance that could contribute to achieving this intermediate result include

- Technical assistance, training and support for implementing policies that promote greater market access and diversification, and reduce barriers to increased private investment (such as high costs of telecommunications and excessive red tape)
- Technical assistance and support to give small businesses a voice in the FTAA/WTO processes and policies
- Technical assistance and training for regional trade analysis and negotiation, focused on generic concerns such as FTAA and WTO procedures, market strategies and diversification information, export competitiveness, and enterprise development
- Assistance in harmonizing commercial laws, thereby facilitating trade in goods and services within and outside the region
- Identifying, enriching and regionally disseminating “best practices” that demonstrate successful steps and programs to achieve FTAA readiness, meet WTO standards, competitively diversify and deepen tourism and related sectors, agriculture, and other enhance participatory growth options in environmentally sustainable ways
- Technical assistance to identify and support adoption of regional policies, which deepen and extend environmentally sound growth impacts within economies
- Assistance that would identify and mobilize additional resources in support of competitive strategic diversification and strengthening of Caribbean producers, marketing enterprises, and service providers

I R 2 Increased Production of Diversified Goods and Services

Achievement of this result will be reflected by small and medium sized businesses seizing productive investment opportunities. Although the approach will be market driven, opportunities will flow from initiatives to accelerate growth in areas of regional competitive advantage e.g., policies and best practices which accelerate diversification of tourism products, deepen tourism’s backward and forward linkages to the rest of the economy in environmentally sound ways, strengthening networks and services available to non-traditional exporters, and, analyses and support for policies which favor private investment and competitiveness in high potential areas. Again, special concern would be given to micro-to-small scale diversified enterprise participation, including increasing the number of people with needed job skills as well as improved access to financial and infrastructure support.

Some illustrative tools and tactics to achieve this intermediate result could include

- Provision of financial and business services to micro, small and medium-sized firms, especially within the most seriously affected Windward Islands
- Targeted technical assistance to better enable small and medium-sized firms to develop and market products in specialized and competitive niche markets
- Support for site visits and study tours by Caribbean business leaders to share “best practices” and web-based training
- Support for up-to-date, web-based market information that can link potential buyers and sellers and facilitate business transactions for small and medium sized firms
- Assistance and support to regional business associations to develop positions on policy/regulatory issues affecting their competitiveness

Running through these target intermediate results and potential initiatives are two crosscutting themes. One, discussed above, is the need to apply proven models and approaches that engage medium, small and micro-enterprises and non-profit service providers (NGOs, CBOs). A second theme will be to build upon and expand environmentally and economically sustainable practices.

A major advantage of this USAID/J-CAR regional effort is its regional, versus country-specific, mandate and focus. Involvement of individual countries will largely be through regional networks, events and organizations. In selective instances, partnerships with in-country programs may be undertaken where these best demonstrate or serve to test models/practices of high relevance to others in the region. Such ground-truthing and demonstration sites will be one layer of a two-tiered network comprised of kindred practitioners and interested organizations across the region. The strategy will seek to build upon successful elements of on-going USAID/J-CAR interventions, (Windward Island Diversification Project-WIDP and the Hemispheric Free Trade Expansion Program-HFTE). In every case, the regional strategy seeks to identify and complement priorities identified by progressive Caribbean leadership.

Key Assumptions

The focus on employment, as an outcome of trade and diversification, is sound. However, it is evident that further economic growth in even the most competitive areas will be a medium- to long-term process. Such growth will not create sufficient jobs in the short-term to absorb large numbers of displaced banana workers resulting from the loss of EU preferential market access and prices. The degree to which countries used earlier assistance to build bases for diversification, the more options they will have and the more rapidly adjustments can occur. The strategy fully recognizes this problem, but makes no provision for safety net programs that may be required to help affected governments cope with that situation.

Secondly, the overall strategic foundation for the CRP is predicated on the region's political commitment to free trade reforms and to promoting increased competitiveness.

at the firm, sector, national, and regional levels. Such reforms constitute the basic foundation for a more effective, efficient, and productive involvement in the new international marketplace. To the degree that such a strategic focus is accepted, reinforced and sharpened, we can expect better preparedness for trade negotiations, improved market access conditions, increased diversified production, and sustainable job creation.

A third assumption is that there will be improved management of the region's unique natural heritage. Particularly for the resource-dependent growth opportunities mentioned above, maintaining the health of underlying environmental assets is essential to success. Tourism is a highly competitive global industry. Polluted beaches and dying reefs threaten the region's long-term competitiveness in this area. Man-made degradation also threatens other productive assets e.g. agriculture, fisheries, and forestry, and ultimately human productivity. Regional leadership and development agencies repeatedly underscore the interdependency of economic prosperity and sound environmental stewardship. This principle is imbedded in our strategy.

Key Partners

Key strategic partners include the CARICOM Secretariat, Caribbean Regional Negotiating Machinery (RNM) and the OECS Secretariat. Other potential partners include non-traditional export associations and groups, Chambers of Commerce and Industry, Caribbean Hotel Association, Caribbean Tourism Organization, Caribbean Telecommunications Union, USAID Bilateral Missions (Jamaica, Dominican Republic, Haiti, and Guyana), and related LAC and Global Bureau actors.

The three principal donors providing support to this sector (which includes assistance on trade issues, economic diversification, and microenterprise/tourism development) are the EC, Canada and the UK. Of the three, the EC, with Stabex funds, is the largest. The World Bank and IDB (primarily through the Caribbean Development Bank) also support the sector, as does the Eastern Caribbean Central Bank (ECCB) by providing export credits. During the design phase, key partners and donors will be consulted. The regional program will selectively work with those Caribbean organizations demonstrating high degrees of commitment and active leadership in addressing new trade markets and competitiveness challenges.

USAID/J-CAR Experience and Activities

USAID's strategy in the Caribbean since the mid-eighties has been to support policy and institutional changes needed to expand private sector-led, export-oriented growth and diversification and related employment generation. By the early nineties, support to the Eastern Caribbean in particular, focused on improving the business climate, increasing trade-related investment and competitiveness, and to underlying environmental and resource management issues. From the mid-1980s through 1996, these strategic themes drove USAID's \$450 million Caribbean Regional Program. It targeted Eastern Caribbean Island nations. In addition, bilateral programs supported

similar themes in Jamaica, Belize, Guyana, the Dominican Republic and Haiti

Since the 1996 closing of the USAID Regional Development Office for the Caribbean in Barbados, limited funding for trade related regional activities has continued under the USAID centrally managed Hemispheric Free Trade Expansion (HFTE) Program to CARICOM, OECS, and other countries. Though modest in monetary terms, this support was carefully targeted to help CARICOM countries prepare for membership in the Free Trade Area of the Americas (FTAA) and other external trade agreements, and to harmonize trade practices and regulations to WTO standards.

Since 1997, the Windward Island Diversification Program (WIDP) has provided support for scholarships and technical skills training in countries most affected by banana export declines. Through the Caribbean Development Bank, it has also supported micro-enterprise lending and community development programs. It has placed U.S. graduate students as "Free Market Technical Advisors" in Chambers of Commerce (5), National Development Foundations (4), and in the Caribbean Confederation of Credit Unions (1), and has supported activities of the Caribbean Law Institute. AID/W is now in the process of transferring management of WIDP to USAID/J-CAR. Although all project funds are committed and no new obligations are anticipated, unexpended balances, especially in the Caribbean Development Bank and with the Caribbean Law Institute, are significant.

It is important to recognize that USAID's lack of physical presence in the region since 1996 has created a significant discontinuity of dialogue and engagement with partner institutions (national, regional, and donor). This has occurred precisely at a time of significant shifts in the status quo---notably the loss of preferential markets for major traditional crops. The past paradigms and patterns of public and private sector interaction are in a state of flux, creating the opportunity for new alliances and strategies. USAID/J-CAR's strategy will seek to identify and support creative and progressive leadership emerging from this changing scenario. This will require significant flexibility and careful choices best arrived at, and fine-tuned, through active dialogue and involvement during the design process. That process should entail early activation of limited, but highly responsive technical assistance in areas of high interest to J-CAR and regional partners. This will permit re-engagement, demonstrate USAID support and commitment, and permit insights essential to fine-tuning regional program components.

III Improved Environmental Management by Public and Private Entities

OVERVIEW

The ecosystems which sustain Caribbean economies, whether based on agriculture, fisheries and/or tourism, are under severe and increasing stress. Ecosystem stability is especially precarious where island terrestrial and coastal systems are subjected to resource-intensive uses (uncontrolled fisheries, crop monoculture, heavy industry/mining, and mass tourism). The causes of ecosystem degradation may be direct (over-fishing, denuded hillsides), indirect (raw sewage or pesticide residue runoff transported to streams, beaches and coral reefs), or even global (warming of sea temperatures, sea level rise). Ultimately the results on the environment are manifested by destruction of production sustaining habitats and resources (e.g. worn out soil), loss of biodiversity, multiplying waste disposal and human health problems, and deteriorating economies.

Caribbean nations recognize these threats to their individual environmental and economic well-being. They also recognize that their inter-connectedness, whether by virtue of ocean currents or collective position in world markets, requires concerted regional and cross-sectoral supporting policy frameworks and actions. An underlying concern is the achievement of sustainable livelihoods for the people of the Caribbean. In an effort to reduce the loss of renewable resources, biological diversity and other threats to future sustainable development, nations must immediately accelerate policy and regulatory change in favor of environmental protection and conservation.

The USAID/J-CAR environmental strategy reflects the region's priority concern for sustainable livelihoods. As such, it seeks to identify and act upon those environmental problems which are most closely linked to, and underlie, the economies and growth potential across the region. As discussed in more detail below, the strategy seeks to support Caribbean initiatives to improve public and private entity environmental management by a) improving access to proven best practices, b) implementation of reinforcing policies and compliance measures, and c) strengthening organizational capacity to finance environmental improvements.

The proposed strategy recognizes the importance of the Caribbean Sea, which constitutes the common patrimony of the peoples of the Caribbean, and the potential it has to operate as a unifying element in the development of the region (Association of Caribbean States (ACS) Convention). It also contributes to the achievement of regional solutions to priority areas identified in the Small Island Development Program of Action (SIDS/POA), and the U.S. Presidential International Coral Reef Initiative.

UNDERSTANDING OF THE DEVELOPMENT CHALLENGE

It is clear that the region's coral reefs, mangroves, estuaries, seagrass beds and forests provide a range of environmental services which are vital to developing and sustaining the economies of the Caribbean nations. Among these are maintaining commercial fisheries stocks, serving as a foundation for tourism, reducing land-based pollution of coastal waters, protecting freshwater supplies, and reducing the loss of lives, economic assets, and human suffering from climate-related natural disasters. However, there are few comprehensive and compiled environmental data analyses and recommendations embracing the Caribbean region as a whole. This is particularly the case for analyses linking the environment and economic growth. Selective country-level studies and, in some cases, subregional syntheses are more common. The literature referenced in support of analyses referenced below reflects some of these and is not intended to be exhaustive.

Caribbean countries tend to have the majority of their people and economic activities located in coastal areas. While natural causes, such as extreme weather, negatively affect marine and coastal environments, there is abundant evidence that man-made problems are endangering and destroying these valuable ecosystems throughout the region. The World Resources Institute assessment of coral reefs ("at risk") indicates that two thirds of Caribbean basin reefs are at risk, due largely to sedimentation from upland deforestation, bad agricultural practices, coastal development, pollution and over-fishing. All of the reefs of the Lesser Antilles are classified as at risk. The resulting degradation of coastal and near coastal assets undermines the sustainability of important sources of livelihoods for Caribbean people--especially fisheries, and very importantly, tourism. As noted, that degradation also increases the susceptibility of shoreline infrastructure investments in ports, businesses, housing, and recreation/tourism assets, to storms and possibly to potential effects of global warming.

The World Bank "Initiatives for Regional Action on Caribbean Environmental Issues, 1994" (World Bank Report No. 13045 LAC) notes that the economies are based predominantly on coastal tourism, export agriculture, or mineral/hydrocarbon exploitation. Concentrated human settlement and economic activities in the coastal areas of small island states heavily impact coastal and near coastal ecosystems. The upland agriculture, deforestation, and in some cases, mining have negative on-site impacts (soil depletion, erosion, habitat loss), negative effects on hydrological regimes and water quality for downstream uses, and finally contribute to the decline of coastal and marine ecosystems (sediments, nutrients, pesticides). Those few countries with significant mineral resources (Jamaica, Guyana, Suriname--bauxite, Trinidad and Tobago--petroleum) face additional degradation and pollution problems.

The UNEP document "Regional Overview of Land-Based Sources of Pollution in the Wider Caribbean Basin" (Caribbean Environmental Programme Technical Report No. 33, 1994) summarizes available information on the type of pollutants from land-based sources.

Those posing the greatest threat to coastal and marine ecosystems and human health

include sewage, oil hydrocarbons, sediments, nutrients, pesticides, litter and marine debris, and toxic wastes

The previously cited World Bank document notes that only the mainland countries of Belize, Guyana and Suriname have extensive arable land and forest resources, low population densities, and less intensive pressures on their forest, watershed, agricultural land, and coastal resources. Even so, it warrants highlighting that the Guiana Shield's rich forest ecosystems are increasingly threatened from unsound development practices. International timber interests have been vying for large concessions in new areas (including unique ecosystems that should be conserved). Fluvial gold and diamond mining are causing widespread environmental damage to inland rivers, forests, and their dependent species. At risk are forests that contain high levels of diversity in flora and fauna (much of which is endemic and serve as carbon sinks) and one of the last major sources of freshwater on the planet.

On a subregional basis, (six OECS countries) analyses were performed on the negative impacts of over-exploitation of forests and pressures leading to agricultural use of forestlands ("Synthesis of the Eastern Caribbean Country Environmental Profiles" 1991, CCA/IRF/USAID). It points to the decline of biodiversity sustaining habitat and water production capacity of watersheds, and to soil erosion and sedimentation problems, resulting from conversion of forest areas to other uses. The discussion argues for the full valuation of the multiple uses of forests in order to arrive at more rational and sustainable uses. It also includes recommended policies and practices in support of agro-forestry, ecotourism, and other more sustainable livelihood options for forest communities.

On a country case-by-case basis, The Caribbean Group for Cooperation in Economic Development (CGCED) includes in its "Caribbean Economic Review, 1998," a section on environment. The Review recommends that specific environmental problems be addressed, in order to protect existing and expanding areas of economic growth. For instance, in Grenada, it is recommended that coastal zone degradation needs to be better addressed to avoid declines in tourism. Similarly, attention to sewage treatment, deforestation, waste management and other needs are called for in specific countries as part of the prescriptions to sustain economic growth.

The Nature Conservancy (TNC) is completing a major strategic review that looks beyond the connections noted above between coastal ecosystem health and economic activities occurring in proximate shore and upland areas. The TNC study highlights the dynamics and ocean current-based connectivity around and among countries of the Caribbean. It links local ecological issues to offshore marine currents and events occurring in often distant locations in the region. (Draft, The Central Caribbean Marine Ecoregion: A Strategy for the Conservation of Coastal Marine Resources, TNC Latin American and Caribbean Region, December 1998). This connectivity concept implies the critical need for regional cooperation to address degradation of coastal water quality, loss of habitat, and over-exploitation of marine resources.

Strategic Opportunities

The intent of USAID's participation in the regional environmental agenda is to help improve economic well being through approaches, which better protect critical ecosystems. Thus, from a strategic standpoint, it is necessary to identify the areas of long-term competitive advantage and potential for the Caribbean countries, and to give priority to environmental safeguards that underwrite their success and resiliency.

The general conclusions from the companion Economic Growth Strategy point to growth opportunities in the following areas, which both rely on and impact on the integrity of the environment:

a) Tourism, accompanied by more diversified tourism products (eco-tourism, cultural tourism), and a deepened range of locally provided products and services (including environmental services)

b) Non-traditional agriculture, including special quality (e.g. organic) and processed goods

Tourism and agriculture impact on the quality of the environment, while depending on a high degree of environmental integrity for their success. Tourism infrastructure, water demands and waste disposal can further degrade the natural beauty and ecosystem attributes that attract tourists in the first place. Agriculture, in particular monoculture plantation agriculture and hillside agriculture in forest lands, pollute water and are major contributors to deforestation and sedimentation.

Despite these relationships, there are no comprehensive and quantitative analyses of these effects, due to the complex mix of economic and human activities and the complexities of affected ecosystems themselves. The World Bank document "Caribbean Region Current Economic Situation, Regional Issues and Capital Flows, 1992" concludes that, while there is no operational methodology to link environmental degradation to economic growth and development, the impact of environmental deterioration can be traced to and from harmful effects on physical capital (infrastructure), human health, agricultural yield, fisheries and forestry output. That report goes on to examine three categories of environmental destruction: deforestation and inappropriate use of land resources, coastal zone degradation and depletion of fisheries, and waste management. It uses selected indicators and some case study data to highlight, albeit in a limited way, the magnitude of the problem in each of the areas. However, it is not possible from these data, or any other encountered, to generalize about the relative magnitude of environmental impacts of various development activities across the region. The Bank's analysis does conclude that "the unique characteristics of the Caribbean are its environmental diversity, the close interrelations between terrestrial (inland) and marine (sea and coastal) ecosystems, and its strong economic dependence on natural resources." It points to the interdependence of terrestrial and marine resource utilization and economic development issues and prospects.

Keeping man-made degradation of the environment to a minimum is not easy in the



face of population stress on physical infrastructure and natural systems, but much can still be done in this regard. This includes greater application of economic policy instruments and market incentives that stimulate environmentally appropriate resource use, practices, and investments by firms and communities. It bears repeating that, for Small Island states in particular, the health of coastal and near shore marine ecosystems is dependent upon upland development and practices, as well as on direct impacts from coastal communities and enterprises. Therefore, a comprehensive understanding of specific polluting contaminants and sources is needed to arrive at an appropriate remediation and prevention strategy. Consequently, many Caribbean countries are adopting integrated planning and implementation approaches to environmental management. These include integrated coastal zone management, ridge-to-reef problem solving frameworks, and, in the OECS subregion, an integrated island systems approach.

Economic losses to hurricanes and other extreme weather events, including potential sea level rises and temperature increases due to climate change, are significant and conceivably devastating. Better protection of ecological systems can lessen damaging impacts on economic infrastructure and can also hasten recovery from natural hazards. For instance, unhealthy and dying coral reefs are more likely to be destroyed by storms, subjecting unprotected shoreline investments to much greater damage. In this case, regulations that both protect reefs and reduce the vulnerability of shoreline development (e.g. setbacks, building codes, environmental impact assessments, protected areas) can help minimize losses. Upland protection of watersheds can also reduce sediment damage to reefs. Many of the vulnerability issues and mitigation approaches to natural disasters apply to climate change. The strategy, including aspects of the SpO provided in Annex I, will consider opportunities for prevention/mitigation that encompass common loss prevention elements of these threats.

Given the above, it is imperative that USAID/J-CAR's strategy reflect the interdependence of terrestrial and marine resource utilization and economic development prospects. It will do so within a framework that encourages

- Protection of ecosystems which underwrite tourism growth and other high potential economic diversification,
- Addressing coastal environmental problems within a "Ridge to Reef" perspective,
- Consideration of land-based sources of coastal and marine pollution, and
- Reducing economic vulnerability to weather-related destruction

Even within these broad boundaries, sustaining growth and improving livelihoods while protecting the environment and valuable ecosystems is no simple task. Numerous studies and persons interviewed stressed the need for concerted actions embracing both economic/institutional mechanisms and approaches, and scientific understanding and applications. Among the former were

- Growth oriented, but environmentally sound, fiscal and economic policy
- Better resource valuation and education regarding the economic values of

environmental assets

- Adoption of integrated, cross-sectoral planning approaches
- Attraction and incentives for environmentally responsible local and foreign private sector investments and technologies
- Wider use of market-based policy instruments and incentives versus reliance solely on command and control regulatory approaches
- Greater political commitment to, and accountability for, upholding environmental laws and regulations, and
- Community stakeholder participation, understanding and investment/ownership in solving local environmental problems

Those relating to scientific matters included, among others

- Focused and applied multi-disciplinary research and problem solving for threatened ecosystems
- Information access and networking among researchers and practitioners, and
- Pertinent environmental education at all levels, from policy-makers to community members

STRATEGIC OBJECTIVE AND RESULTS

The Strategic Objective of the Regional Environmental Program is as follows

Improved Environmental Management by Public and Private Entities

The three Intermediate Results to be achieved are noted below. These will not be accomplished in isolation, but rather in an interactive fashion with each other

IR 1 Increased access to best environmental management practices

The strategy will capitalize on 'best practices' in the region demonstrating tangible on-the-ground environmental improvements where local constituencies are working to resolve priority environmental problems and to "push from below" for policy change and accountability. A primary thrust will be to demonstrate that, with improved technologies and practices and the engagement of all stakeholders, the use of natural resources by the private sector and local communities can reduce pollution, mitigate further degradation of resources, inform policy decisions and foster sustainable development. Documentation and enrichment of best practices, innovative approaches and processes at selected sites will necessitate significant involvement with those national institutions, enterprises and local organizations involved. In effect, these groups will become credible "practitioner advocates" with their counterparts elsewhere. Relevant players from across the wider Caribbean will benefit through participation in networks, targeted information dissemination and topical events (training, workshops)

Illustrative activities which could be undertaken under this intermediate result include

- Supporting local NGO/government/private sector partnerships to demonstrate best practices in stakeholder-driven sustainable tourism development and environmental management for application throughout the region
- Dissemination of best practices and experiences demonstrating private environmental management initiatives
- Identifying alternative income sources to replace environmentally destructive practices among more vulnerable population groups, and supporting ecologically sound enterprise development and employment opportunities
- Introduction of financially viable technologies to reduce degradation of the productive ecosystem

I R 2 Implementation of improved environmental policies and compliance measures

In cooperation with regional development partners, including donors and universities, the strategy will foster the application of scientific research and economic instruments as tools to shape future environmental policies. Further, investments in the interpretation of environmental data must be used to define policies which will inform stakeholder constituencies and policy-makers on the options and costs associated with resource use choices. Other approaches that facilitate wide dissemination of (non-technical) environmental information will also be promoted such as strengthening environmental reporting and supporting the development of media programs and media awareness.

Market-based options which promote environmentally positive actions will also be encouraged such as tax incentives for the application of cleaner technologies and regulations permitting local collection and the retention of user fees for designated areas. Other measures to ensure compliance with appropriate environmental practices and procedures will require the establishment of common environmental impact assessment procedures region-wide, training of public sector authorities in compliance procedures and improved enforcement techniques such as ticketing and the training of judges and magistrates on environmental matters presented in court. A number of alternative compliance initiatives could also be developed including the establishment of administrative tribunals and the use of performance bonds and stop orders to minimize environmental damage of construction projects.

Illustrative activities which could be undertaken under this intermediate result include

- The adoption of scientifically grounded, economically viable management practices that mitigate environmental degradation
- Improving the comprehension and legal enforcement of environmental laws
- Strengthening planning and policies to reduce economic losses from extreme

weather events

- Assisting national environmental management agencies to prepare environmental compliance strategies
- Providing technical assistance to regional and national environmental organizations (through, for example, USEPA and/or a leading international environmental law institute) to promulgate and implement economically sound, market-based policies, laws, regulations and compliance mechanisms favoring improved environmental practices
- The preparation of analytical reports on the economic contributions of natural resources and the environmental implications of alternative development paths, market-based environmental policy measures and economic valuation instruments, etc. This work could be undertaken by a regional policy consultative group and key counterparts such as the University of the West Indies Center for Environment & Development (UWICED)
- The development of media programs and environmental awareness to improve environmental journalism, set up effective media campaigns and computer-assisted reporting mechanisms, and
- Supporting partnerships among marine science organizations in the region to develop carrying capacity analyses and monitoring programs for selected coral reef ecosystems (e.g., University of the West Indies/Center for Marine Science, Caribbean Coastal Marine Program - CARICOMP, the National Oceanographic and Atmospheric Administration - NOAA and other US institutions) and to strengthen protected area management networks (e.g., CAMPAM)

I R 3 Strengthened organizational capacity to finance environmental improvements

The strategy will bring key private players (enterprises, communities, others) into partnership with Caribbean regional, national and local institutions, USAID and other donors to help finance environmental improvement and protection (e.g., making environmental projects more bankable, generating user fees and other cost recovery mechanisms, creating community environmental trust funds, etc.)

Illustrative activities, which could be undertaken under this Intermediate Result, include

- Working with the Caribbean Development Bank and other lenders and donors to increase access to financial resources through private sources and through co-financing with governments or donors

- Initiating a certification program of “green tourism areas” with entities such as the Caribbean Action for Sustainable Tourism, Caribbean Tourism Organization and national hotel and tourism associations, that will enhance the image of these destinations in the international tourism market and provide a set of standards for private sector/community environmental partnerships, and
- Encouraging private and CBO finance of new nature and cultural heritage tourism ventures that provide local income (through user fees) and employment, diversify the local tourism product and achieve environmental improvements

Start-Up Activities

A number of high-profile pilot starts will be carried out over the next 6-8 months that will signal USAID/J-CAR's re-engagement in the region and complete essential steps to set the stage for program implementation

A key effort will be the documentation of best environmental management practices that have been implemented in individual countries in the region. This work will highlight the many success stories carried out under the leadership of Caribbean organizations and individuals and translate lessons learned into practices and procedures to be applied throughout the region.

The Best Practices will be developed by Caribbean professionals through a publicized series of workshops. The Best Practices can be widely distributed in a handbook, through a web site and through articles and information programs prepared by environmental reporters for dissemination via print, television and radio. This work will provide the foundation for implementing USAID Caribbean Environmental Program

interventions within selected sites. Its design will emphasize practical, replicable practices and procedures that will advance sustainability and environmental management excellence.

A second related effort will be a high-profile natural resource management program in Vieux Fort, St. Lucia. The focus on this area evolved from priorities articulated by the OECS Natural Resource Management Unit, the Government of St. Lucia and committed local organizations. This program will be launched by a “visioning workshop” to frame an action plan to establish St. Lucia's first national park. The workshop will receive regional media attention and will bring together “best practitioners” from across the region to assist local and national leaders to develop a program which will apply best practices to the challenges of sustainably managing the proposed national park and its buffer areas. The program emphases in Vieux Fort will be to address the needs of many resource-user groups within the proposed park, develop policies and environmental compliance procedures that will serve as a model for St. Lucia and for other Caribbean nations, and promote income-earning and employment opportunities for community-based nature and cultural heritage tourism.

A third related effort would be the provision of technical assistance to small, locally owned hotels across the region, possibly in collaboration with the CIDA/OAS Small Hotels Project which is designed to strengthen the operations and viability of these small properties. USAID's assistance will promote the cost benefits and positive environmental impacts of implementing environmental management systems at tourism facilities (based on the Mission's successful Environmental Audits for Sustainable Tourism project) and to formulate mechanisms for the application of this knowledge at participating properties.

Key Assumptions

The model for regional interaction assumes that there are already a number of advanced "best practice" sites from which highly relevant lessons can be gleaned and usefully provided to policy-makers, planners, practitioners and community groups across the region. Several potential projects were identified on a preliminary basis during strategy development, but none were thoroughly evaluated. Further information on these will be developed during the program design phase.

The capacity within the region to economically value environmental assets at risk is unknown. Few individuals were identified during strategy formulation with the requisite skills and experience. This may slow down the pace of information development at sites and appropriate dissemination of lessons to multiple target audiences.

There is an assumption that the tourism industry, or other private sector groups, will find it in their interest to work with other stakeholders to resolve environmental problems, including those involving co-financing and/or co-management actions.

KEY PARTNERS

Key partners will include the Caribbean Development Bank, the Organization of Eastern Caribbean States– Natural Resource Management Unit, the Caribbean Tourism Organization, the Caribbean Hotel Association – Caribbean Action for Sustainable Tourism, University of the West Indies research and policy development centers, select Chambers of Commerce, select NGOs, USAID Bilateral Missions (Jamaica, Dominican Republic, Haiti, Guyana), relevant LAC and Global Bureau programs, UNEP and other principal donors.

USAID'S EXPERIENCE

USAID's regional and bilateral programs of the last few years have built an impressive record of experience and accomplishment in each of the above strategic areas. At the regional level, the Caribbean Environmental Network (CEN) and the Environmental and Coastal Resources (ENCORE) projects emphasize protected areas management, private sector environmental initiatives and grassroots capacity-building for natural resource management. The Parks in Peril Project (in partnership with TNC) has targeted sustainable management of key national parks. The Hemispheric Free Trade

& Expansion (HFTE) activity implemented by the Mission, on Regional Sustainable Tourism in the Caribbean, is working with the public and private sector to formulate a policy framework for sustainable tourism which will integrate performance measurement through environmental management systems, identify environmental benchmarks for hotels, and propose financing mechanisms for environmental improvements in the industry

In Jamaica, the Development of Environmental Management Organizations (DEMO) Project has provided policy support to lead public sector and non-government organizations, strengthens community-based environmental management in selected tourism areas and has been instrumental in establishing Jamaica's first national parks and protected areas USAID has provided key assistance in the establishment of the Environmental Foundation of Jamaica, which targets NGO environmental initiatives and capacity building Recent new project starts focus on coastal water quality improvement in tourism areas (CWIP) and improving environmental systems within tourism facilities (EAST) An activity now being planned will embrace a "Ridge to Reef" approach to environmental management with broad stakeholder participation In the Dominican Republic, the Mission has an outstanding renewable energy promotion program which will have replication opportunities in other parts of the region

Together, these assistance activities constitute "hands-on" experience in partnering with NGOs, universities and the private sector to build grassroots infrastructure as a basis for economic development, to mobilize private sector support for environmental activities and to prepare the policy environment for integrated management of natural resources

IV Increased Effectiveness and Fairness of Legal Systems in the Caribbean

Overview

The legal systems in the English-speaking Caribbean, like other areas in the world where adherence to democratic principles of governance, and the rule of law, hold sway, are seen by its citizens and likeminded countries as the bulwark against oppression the final indicator of civil and criminal rights, and the guarantor of a climate of stability within which free persons both local and overseas can engage in legitimate entrepreneurial activities

The English-speaking Caribbean boasts a proud history of adherence to democratic norms and respect for the rule of law This proud history has however led to a feeling of complacency among successive governments of Caribbean countries that the legal systems having provided such faithful service over time needed only minimal resources and attention to maintain their efficacy

This attitude on the part of successive Governments in the Caribbean has had the effect of preventing the legal systems from keeping pace with developments in the wider world In particular, parts of the region do not utilize the most modern management concepts, fail to bring fees and fines up to levels which reflect modern day market realities, limit the use of automated and efficient procedures, and fail to ensure that laws, as well as physical infrastructure, are reflective of modern times and the changing expectations of the citizenry

The result has been a gradual decline in the efficiency and effectiveness of the legal systems of all the English-speaking Caribbean countries

The assistance proposed to the Caribbean legal systems in this strategy reflects the realization of both the wider communities in these states, as well as the U S Government, that far reaching initiatives, taken simultaneously throughout the affected countries, represent the best method of halting the legal system deterioration which has taken place in the proposed beneficiary countries over fairly long periods of time

It is not without significance that the U S /Caribbean Summit attended by President Clinton in Bridgetown Barbados in May, 1997, specifically identified the rule of law as one aspect of the relationship between the Caribbean countries and the United States which could be improved by the provision of further tangible assistance from the U S This strategy seeks to fulfill the statements of intent embodied in the Summit Plan of Action (POA) and fulfill the aspirations of Caribbean people for a restoration of pride in their legal systems

Understanding the Development Challenge

The Caribbean's economic and social development depends on the efficiency and fairness of the justice system Governmental partners in the Eastern Caribbean agree

that the administration of law and the quality of justice that is rendered need to be improved

Large civil and criminal backlogs exist in virtually all the Caribbean countries and there is an urgent need to improve court efficiency and introduce alternative dispute resolution mechanisms. Trained personnel are often lacking because there is no on-going and systematic training program for judges, magistrates and police prosecutors. Limited research capability and inadequate law libraries contribute further to this problem. Other legal system problems include a lack of capacity for periodically updating laws, incomplete and often-inaccurate court transcripts (judges and magistrates continue to record proceedings in longhand), inconsistent sentencing, and inadequate case reporting and court administration. The sole regional bar association is in need of strengthening. Law clerkships are not available in the region with the exception of Jamaica.

There is a widespread perception that the legal systems in the Caribbean are inefficient and ineffective. This is borne out by the fact that the average time taken for the presentation and resolution of a civil case before the courts is five years. Alternative dispute resolution systems are either non-existent or in an embryonic state, thus ensuring that any dispute will likely have to wind its way through the formal court system.

Consequently, respect for the rule of law among the wider Caribbean population is eroding. In some countries this has led to increased vigilantism as individuals conclude that an alleged perpetrator would be released on a legal technicality or that the court hearing would be so tardy that vital witnesses would die or relocate to places unknown. These problems have an impact on the drug trafficking and other illegal activities in the Caribbean. They also constrain compliance with new and existing environmental regulations and laws, and foreign and domestic investments. Entrepreneurs are reluctant to risk their capital in Caribbean countries, perceiving that the legal systems are incapable of providing decisions within a reasonable time frame on issues which may affect their investments.

Strategic Opportunities

Given our resources limitations and the diversity of legal systems among the 15 CARICOM nations, priority will be given to strengthening the legal systems in the Eastern Caribbean – and to coordinating at a practical level with other key donors to maximize use of resources and take advantage of comparative advantages. The OECS countries share a common law tradition. They also have a single Supreme Court – which includes a High Court of Justice located in each member State, and a Court of Appeal in St. Lucia.

The Canadians (CIDA) are developing a new “Judicial and Legal Reform Project” (which may be linked to additional IDB support). Discussions with CIDA are underway with an eye towards establishing a common results framework and a broader donor-working group on AOJ. There are currently four donors providing assistance to OECS

legal systems Canada, UK, EC, and UNDP However there is no donor coordinating mechanism A joint assessment by USAID and CIDA of institutional roles, capacities, and strategies (with participation of other donors, member states and regional organizations) is therefore an important initial activity

Regional Strategic Objectives and Results

The regional strategic objective for the CRP is

Increased efficiency and fairness of legal systems in the Caribbean

Performance targets include significant reductions in case backlog, increasing the number of cases resolved by alternative resolution systems, updating laws, and reducing the time it takes the legal system to provide information on the status of a case

IR3 1 Improved efficiency of legal systems

No court system can deliver fair, impartial and speedy justice if it lacks the organizational capacity to do so The huge civil and criminal case backlogs in all the OECS countries clearly reflect the importance of improving the efficiency of legal systems This situation is particularly serious on the criminal side where backlogged cases in the narcotics area prevent speedy trial of alleged drug traffickers, with potentially serious societal consequences No country can achieve a zero case backlog However, more efficient recording of judicial proceedings and administrative and case management reforms that streamline processes certainly can improve the efficiency of courts, without affecting the judicial outcomes

Except in Trinidad and Tobago, judicial proceedings are recorded laboriously by hand by judges and magistrates This practice slows the pace of the proceedings, only allowing the court to move as fast as the judge or magistrate can write

The management information systems in the OECS registries are also antiquated OECS court registrars need to have computerized record keeping systems that manage information efficiently and link to all the OECS court registries, including the Chief Court Registrar in the OECS Court of Appeal in St Lucia Scheduling and case flow management must also become more efficient A common procedures manual and a training plan is a priority for court registry staff in each country

Illustrative activities

- Alternative Dispute Resolution (ADR) Mechanisms established The establishment of appropriate ADR systems in the Caribbean could also significantly reduce case backlogs The Jamaica system of ADR, which is functioning well, could be a source of lessons learned in this area for other countries An attorney working in each country could outline the country's interest in, needs, and cost of an ADR system The initiative would also include identifying possible cost-recovery mechanisms to

offset expenses of implementing these alternative systems

- Re-engineering court administrative processes A computerized information system and procedures manual for court registrars could be developed, followed by training This would standardize registrar operations throughout the OECS and improve the efficiency of the court
- Reorganizing court registries The registries themselves could be reorganized into specialty areas (e g , adoption, land, divorce, and wills/probate) with each area staffed with registrars competent in that specialty Training may be initially necessary to develop their skills
- Introducing more efficient court reporting A more efficient system for court reporting could be developed and court reporters could be trained to use the reporting technology Several countries in the region have training facilities for court reporters Provision for a "stand in" court reporter could be provided for in the absence of the court reporter in training

IR3 2 Improved access to legal system information and training

Access to case information, important precedents, and the training of legal system users in the Caribbean is an important element of the CRP strategy Given the importance of the written word to the practice of law in the region, emphasis also needs to be placed on the publication of important court decisions An improved *case reporting system* that will substantially reduce the time it takes for legal system users to access information on the status of a legal case is urgently needed

Training for judges, magistrates and prosecutors is also an important element of the strategy Although various judicial training courses have been held under the auspices of the regional justice improvement projects, there is no permanent center in any CARICOM country where on-going training has been institutionalized to give judges and magistrates an opportunity to share current legal information In addition, state prosecutors are also in need of training, as evidenced by the fact that approximately 80 percent of criminal cases being heard are conducted by police prosecutors who are not trained lawyers

In addition, a strong regional bar association is an essential component of any legal system strengthening effort since it serves to further strengthen and update the skills of attorneys in the region through training

Illustrative activities

- Strengthening case reporting The law library at the UWI Faculty of Law based in Barbados with its access to regional legal personnel could serve as the focal point for the collection, review and dissemination of decided cases in the region The activity could simultaneously facilitate the formation of a much-needed regional case reporting editorial committee The job description for court registrars in each

country would need to be amended so each registrar forwards those cases with precedent value directly to UWI/Faculty of Law. In addition, UWI and the three regional Law Schools could adjust their curricula to have students prepare a synopsis of the important points ("headnote")

- Institutionalizing regular training courses for judges, magistrates and prosecutors. There are a number of institutions which could serve as a permanent regional center and develop programs to address these training needs. Potential partners would, for example, include the Norman Manley Law School in Jamaica, the currently functioning South Camp Road Training Center for judges and magistrates in Jamaica, the Hugh Wooding Law School based in Trinidad, the Law Faculty of the Cave Hill Campus of UWI based in Barbados, and the University of West Indies Distance Education Center (UWIDEC) facilities in the region.
- Strengthening national bar associations. The Organization of Commonwealth Caribbean Bar Associations (OCCBA) was formed over a decade ago with the mandate to assist in the strengthening of country bar associations. Over its life, OCCBA has planned and executed a number of training courses that have benefited all members of the bar in the Caribbean countries (except Surinam and Haiti). However, OCCBA, from its inception, has suffered from severe underfunding and also from the fact that it can only afford to hire part-time management staff. These factors have combined to severely reduce the effectiveness of OCCBA as a regional articulator of bar interests. In addition, attention could be given in this regional initiative to include activities that would strengthen the bar associations in other CARICOM countries not covered by OCCBA.

IR3 3 Revised and Updated Laws

Donors active in the AOJ sector as well as the Attorneys Generals for OECS countries have identified the revising, updating and printing of laws as a key intermediate result to improving the efficiency and fairness of legal systems in the Caribbean.

AID/W is currently supporting civil law revision, and provisions may need to be made for USAID/J-CAR to assume direct management of the (LAC/Bureau HEFTE-funded) Caribbean Law Institute (CLI) grant which supports updating of the most critical areas of civil laws in CLI-Barbados. An additional planned intermediate result would be to revise and update criminal laws.

An experimental updating scheme was undertaken in Dominica under the auspices of the Caribbean Justice Improvement Project. After three years it is still operational and able to keep the laws of Dominica current. There is no reason why the Dominican experience cannot be replicated successfully in the other countries.

Illustrative activities

- Updating and revising civil and criminal laws

- Encouraging Governments to identify persons in each jurisdiction who could be employed and trained as “updaters” of the laws. Another option worth exploring is whether beneficiary Governments would be amenable to privatizing the updating process, thereby freeing these governments from the administrative complications that can arise from the day-to-day monitoring of such an exercise. After the identification and selection of the appropriate personnel by the Governments, desktop publishing equipment would be purchased and personnel trained in its use, using technical assistance available locally.

Key Assumptions

The successful accomplishment of any legal systems improvement project in the English-speaking Caribbean hinges upon a number of critical assumptions, which are

- That persons of suitable educational accomplishments can be identified by the Government in each beneficiary country who can successfully act as the focal points for the implementation of project activities
- That the persons selected in (1) above, have free access to legal system officials especially the Attorneys General, Judges and Presidents of Bar Associations to facilitate prompt decision-making on project issues
- That a sustainability plan for the maintenance of improvements to the legal systems can be agreed upon between USAID/J-CAR and each beneficiary Government, and that once agreed upon, will be scrupulously observed by each agreeing Government
- That effective donor coordination is established, and that other donors will provide financial support to these activities which complement those areas being assisted by the U S Government
- That the mechanism selected for the implementation of project activities over such a wide coverage area is adequate for the purpose and is so accepted by all beneficiaries and stakeholders
- That any in-kind contribution agreements entered into by beneficiary Governments with USAID/J-CAR will be observed in a timely fashion
- That the policy environment, which supports the successful implementation of the project in each beneficiary country, does not change negatively during the course of project implementation

Key Partners

There are four active donors in AOJ sector: UK (DFID), Canada (CIDA), EC, and UNDP. There is currently no donor mechanism for coordination on AOJ in the region generally or the Eastern Caribbean in particular. However, there have been on-going

consultations with the Canadians, and common agreement on the need to establish a working group and a common conceptual framework that recognizes the interests and comparative advantages of different donors. In the meantime, CIDA has been working closely with USAID/J-CAR in designing its new Canadian \$ 50 million "Judicial and Legal Reform in the Eastern Caribbean" project which will focus on improving the efficiency of the Eastern Caribbean courts, increasing access to legal information, and promoting greater fairness and adaptability in the legal system (with respect to prevention, settlement, sentencing and rehabilitation). USAID/J-CAR expects such collaboration to continue and possibly to include a joint fact-finding/assessment mission later this year. Linkages will also need to be established with other donors and regional partners in the areas of economic regulation and commercial law and in harmonizing environmental regulations and laws.

USAID/J-CAR Experience and Activities

The CRP program will build upon past USAID experience in the region. Specifically, USAID's experience includes a regional Caribbean Justice Improvement project (CJIP), a Jamaica-specific AOJ program (SJRP) and the Guyana Justice improvement project (GJIP). In addition, both the Dominican Republic and Haiti have on-going AOJ programs.

The Caribbean Justice Improvement Project (CJIP), initially approved in FY86 and extended through FY95, focused on strengthening legal systems in the six OECS countries and in Belize and Jamaica. CJIP provided targeted interventions, which included the revision of laws and training of court functionaries (especially bailiffs, judges and magistrates). Based on CJIP, USAID/Jamaica launched a four-year Sustainable Justice Reform Project (SJRP) which ended in FY96. Guyana completed a four-year AOJ project (GJIP) on March 31, 1999. The Guyana program provided technical assistance (in court reporting, law revision, court registry, improvement and legal aid assistance) and training of judges and magistrates. It also assisted in the renovation of courthouses.



V RESOURCE REQUIREMENTS

A Program Resources

Achieving results envisioned by this plan will require at least \$30 million in (ESF) resources over the next five-years (this does not include funding the SpO for the Hurricane George recovery) Absolutely crucial to implementing this Presidential Initiative will be a substantial and early first year obligation of at least \$7.0 million Even with that, timely progress in developing the results packages for the three strategic objectives will require the use of USAID/J-CAR's FY1999 DA funds for regional environmental programs (\$500,000) plus project development and support (PD&S) funds drawn from the bilateral SOs

B Workforce and OE

USAID/J-CAR management has looked at several management/staffing options for implementation of the CRP In selection of the "best" option described below, we (1) made sure that all "core business processes" were taken into account⁵, and (2) that total OE costs were fully considered and strictly controlled in relation to program-funded expenditures The recommendation that a senior USDH employee be posted in the Eastern Caribbean is based on our strong conviction that this is the most efficient, viable and politically appropriate way to reestablish a true "development partnership" between the USG and CARICOM member Nations Strong USDH leadership in the Eastern Caribbean is critical to the success of the CRP

Proposed Management Model We propose shifting one USDH FTE from USAID/J-CAR to a small satellite office to be established in the same building as the US Embassy Barbados The office would also include one OE funded secretary and three program funded activity managers (USPSC, TCN or FSN to be determined during the design phase) All personnel in the satellite office will be under the direction of the Mission Director, USAID/J-CAR Support services of the Controller (accounting, auditing and paying), EXO (logistics, personnel and procurement), and Program Office (design, monitoring and reporting) will be provided by core USDH staff in Kingston RCO and RLA services will be engaged as necessary in procurement planning, negotiating and signing agreements and amendments, and for issuing implementation letters and other official correspondence

OE The additional OE required in the first year to cover the cost of the USDH FTE transfer can be offset by hurricane supplemental funding based on the critical need to establish physical presence in the Eastern Caribbean for administrative oversight and leadership within the CRP overall Housing and some other recurrent costs will be

⁵ Core USAID business processes include (a) planning (strategic and activity planning, budgeting and negotiation), (b) achieving (activity management and implementation) (c) monitoring and reporting results, and evaluation, (d) controller/l support functions (accounting auditing and paying), (e) legal support, (f) contracting support (procurement), and (g) administrative and human resource management support

balanced out by the FTE transfer from Kingston to Bridgetown. Estimation of the potential ICASS payment (\$30,000/year) is based on consultation with the Administrative Counselor and senior accountant in the U.S. Embassy Barbados. USAID/J-CAR proposes closer examination of the ICASS options following agreement by the AA/LAC to pursue establishment of a satellite office in Barbados. Initially USAID/J-CAR is presenting ICASS payments assuming the "high end" of potential costs/services. Closer examination and negotiation with Embassy Barbados could well reduce the ICASS payment. Further discussion of estimated OE cost and benefits are summarized below.

C Options Considered Advantages and Disadvantages

Option #1 All management support based in Kingston, Jamaica

Advantages

- Regional "efficiency" in support: Controller, EXO, RCO, RLA, & Mission Management
- Office space, equipment, security within existing, USG owned facility (J-CAR)
- No change required of current staff

Disadvantages

- Lack of presence in Eastern Caribbean
- Poor coordination and erratic/weak oversight of activities will be unavoidable
- Wrong message to Caribbean Nations with regard to USG's level of commitment
- High managerial "opportunity cost" of USDH leadership
- Extensive regional travel required with associated wear and tear on staff
- OE cost of additional travel by USDH staff of USAID/J-CAR

This option has been rejected based on the significance of the disadvantages.



Option #2 Management by USAID/J-CAR staff with USPSC in the Eastern Caribbean

Advantages

- Regional “efficiency” in support Controller, EXO, RCO, RLA, & Mission Management
- Principal office space, equipment, security within existing, USG owned facility (J-CAR)
- No change required of existing USDH staff
- Coordination and oversight of USAID funded activities by a Contractor
- Reduced travel by USDH

Disadvantages

- Lack of USDH presence in Eastern Caribbean
- Wrong message to Caribbean Nations with regard to USG’s level of commitment
- High managerial “opportunity cost” to USDH leadership
- OE cost of additional travel by USDH staff of USAID/J-CAR

A satellite office in the Eastern Caribbean located in Barbados or St. Lucia and staffed by program-funded personnel would enable USAID to address activity management issues with fewer OE dollars. However, it would not satisfy the critical need for strong USDH leadership of this Presidential initiative, and would not significantly offset the need for USDH to travel within the sub-region.

Option #3 Management by USAID/J-CAR staff with USDH and program funded contract personnel in the Eastern Caribbean (Barbados)

Advantages

- Strong USDH presence in Eastern Caribbean
- Strong statement regarding USG commitment to CRP partnership
- Coordination, supervision and critical oversight by USDH employee
- Close liaison with OECS Secretariat and associated partners
- Close liaison with regional offices of other donors British, Canadians, EU, etc
- Regional "efficiency" in support Controller, EXO, RCO, RLA, & Mission Management
- Principal office space, equipment, security within existing, USG owned facility (J-CAR)

Disadvantages

- Cost of satellite office in Barbados
- Cost of USDH FTE transfer to Eastern Caribbean
- Less immediate access to J-CAR support offices and associated expertise
- The senior USDH specialist will not be available to directly backstop bilateral activities

This is the preferred option

Summary of the incremental cost of establishing and maintaining a CRP satellite office in Bridgetown, Barbados versus providing all USDH leadership of the program from Kingston, Jamaica over the next three-years

Costs	Year 2000	Year 2001	Year 2003
I Support cost without satellite office	\$91,839	\$95,513	\$99,333
II Incremental cost of satellite office	\$85,356	\$31,750	\$32,710
III Total annual cost with satellite office	\$177,195	\$127,263	\$132,043

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Results Frameworks

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Performance Monitoring Plans

Regional Economic Growth

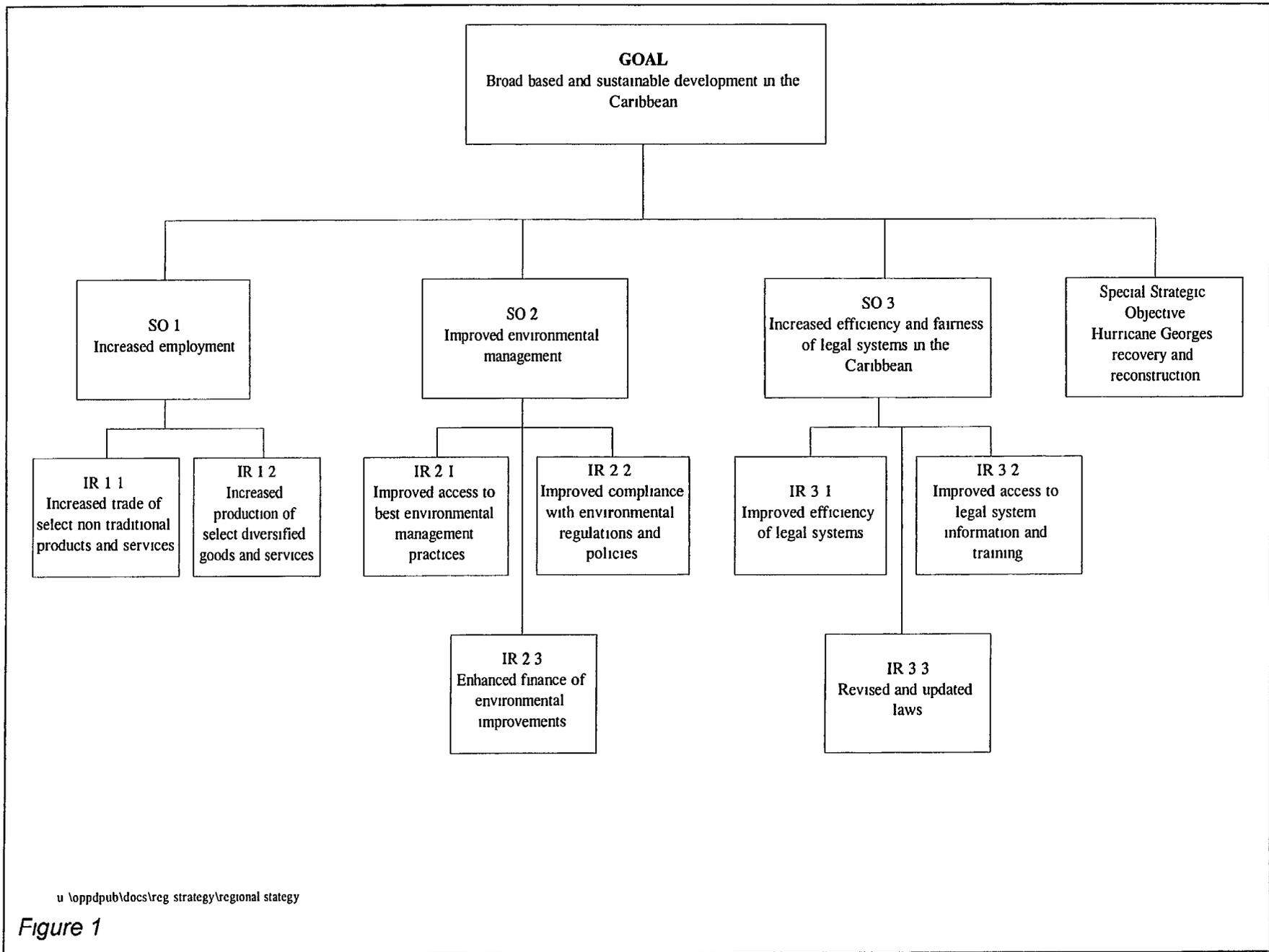
<i>SO Indicator</i>	<i>V</i>
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Regional Administration of Justice Strategic Objective

<i>Intermediate Result 1, Indicator 1</i>	<i>XII</i>
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<i>Intermediate Result 3, Indicator 1</i>	<i>XVI</i>



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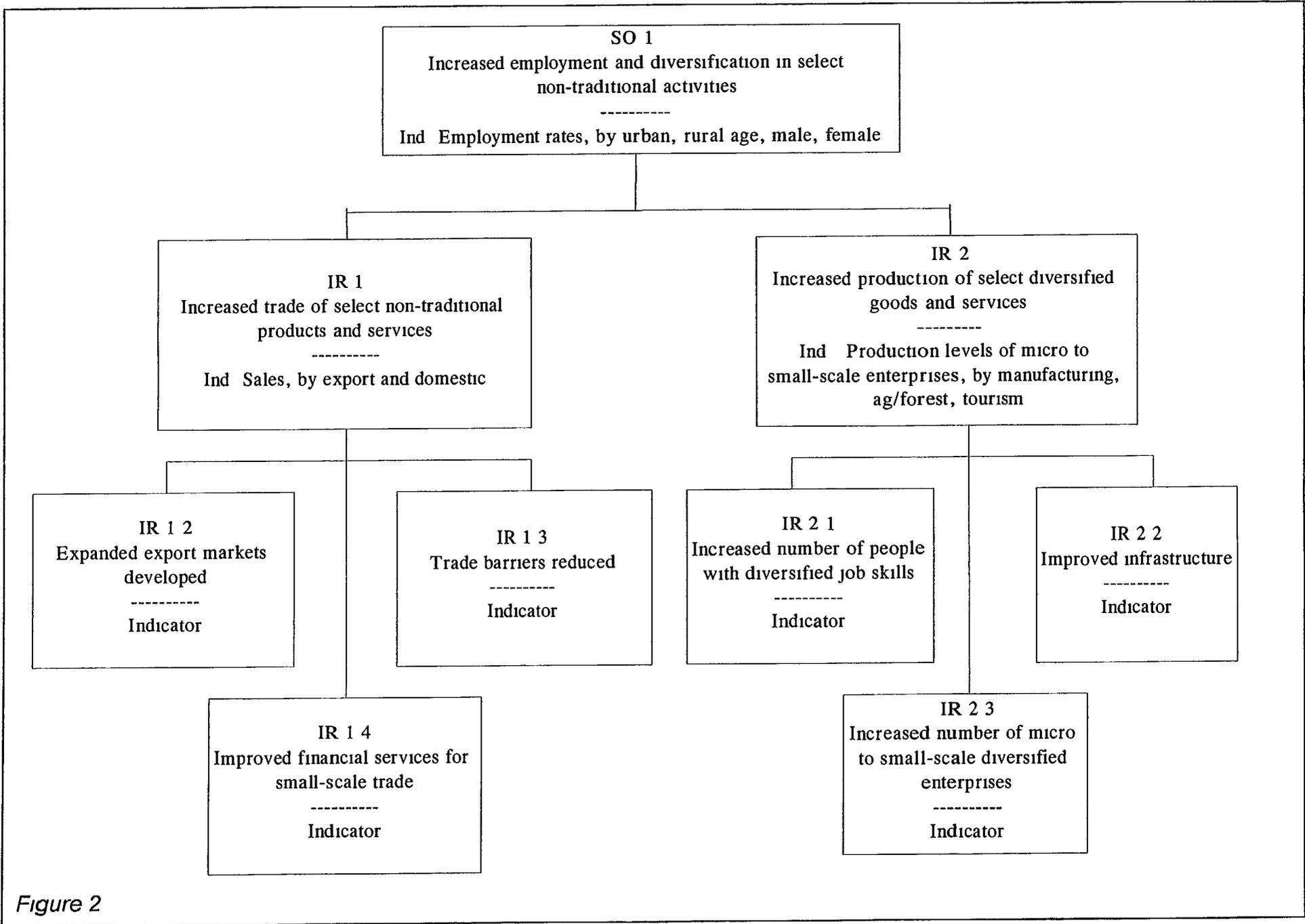


Figure 2

SO 2
Improved Environmental Management by Public and Private Entities
Indicator
of organizations adopting best practices in targeted areas, critical for sustaining economic growth and conserving bio diversity in the region

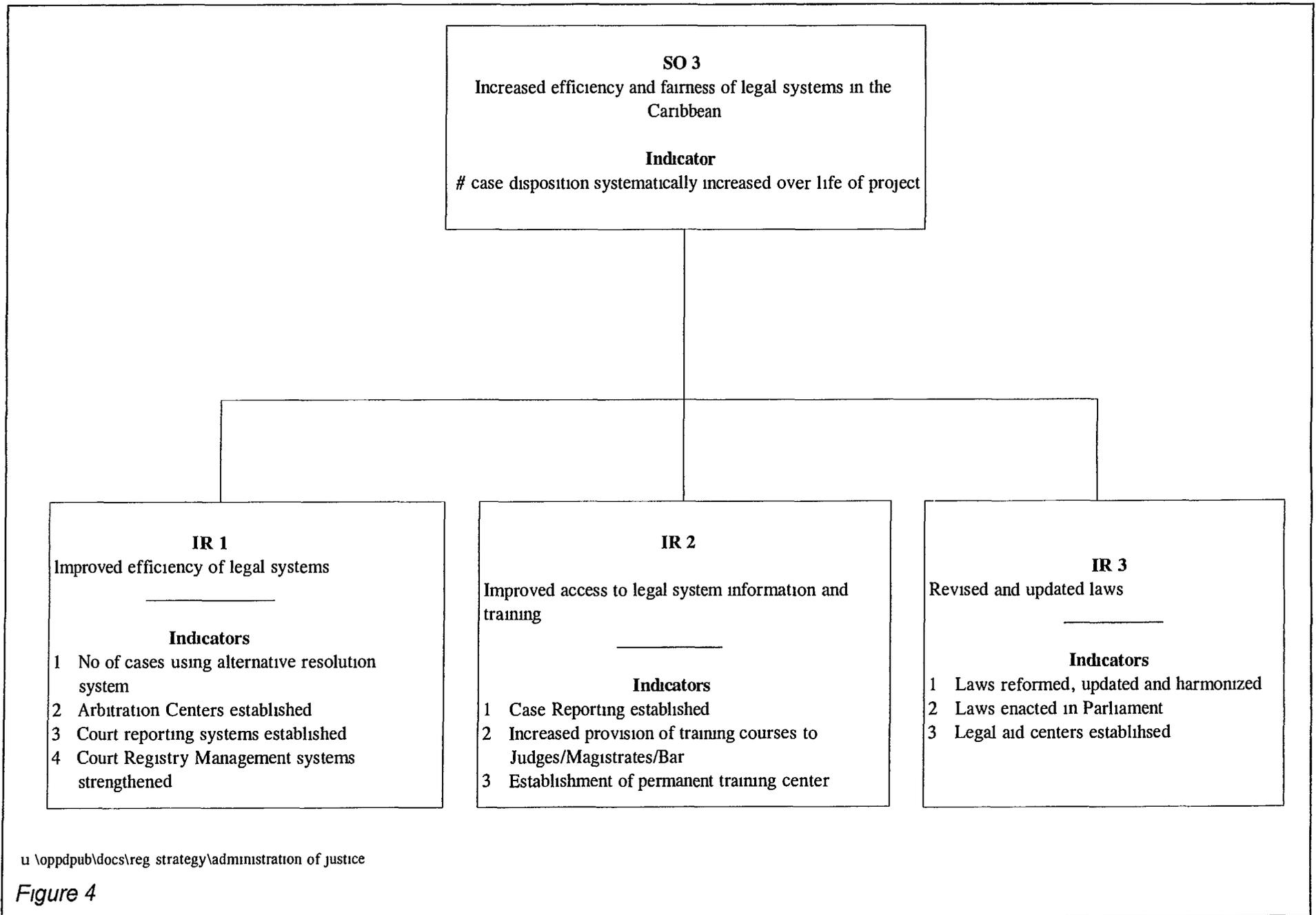
IR 1
Increased access to best environmental management practices
Indicator
of target groups exposed to environmental information in the region

IR 2
Implementation of improved environmental policies and compliance measures
Indicator
of key policy and compliance initiatives progressing towards implementation

IR 3
Strengthened organizational capacity to finance environmental improvements
Indicators
of private, community and public organizations independently securing finance for environmental management activities (region)
Non-USAID dollars supporting new Caribbean Environmental Program initiatives

Figure 3

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**PERFORMANCE MONITORING PLAN
REGIONAL ECONOMIC GROWTH**

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
STRATEGIC OBJECTIVE Increased Employment and diversification in select non-traditional activities									
Employment	<u>Definition</u> Employment increase in key sectors that USAID is working <u>Unit</u> TBD	TBD	TBD	TBD	TBD	USAID Regional Economic, Growth Manager	Work in Progress (Design stage)	TBD	Country and regional implementing agencies and USAID staff



**PERFORMANCE MONITORING PLAN
REGIONAL ECONOMIC GROWTH**

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
INTERMEDIATE RESULTS 1 Increased trade of select non-traditional products and services									
Increased inter-regional and external trade for CARICOM	<u>Definition</u> Trade in U S dollars	TBD	TBD	TBD	TBD	USAID Regional, Economic Growth Manager	Work in progress (Design stage)	TBD	Country and regional implementing agencies and USAID staff

**PERFORMANCE MONITORING PLAN
REGIONAL ECONOMIC GROWTH**

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
INTERMEDIATE RESULTS 2 Increased production of select diversified goods and services									
Increased production levels of micro to small-scale enterprises by manufacturing agricultural/ Forest tourism	<p><u>Definition</u> The level of production of micro and small scale enterprises by manufacturing agricultural/forestry and tourism</p> <p><u>Unit</u> (a) # visitor arrivals* (b) TBD</p>	TBD	TBD	TBD	TBD	USAID Regional Economic Growth Manager	Work in progress (Design stage)	TBD	Country and Regional implementing agencies and USAID staff

- Visitor arrival figures are calculated for specific countries excluding the D R , Haiti and Guyana
- Source Jamaica Tourist Board Statistics as at March,

**PERFORMANCE MONITORING PLAN
REGIONAL ENVIRONMENTAL MANAGEMENT SO**

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
REGIONAL STRATEGY ENVIRONMENT SO: Improved environmental management by public and private entities									
INDICATOR # of organizations adopting best practices in targeted areas critical for sustaining economic growth and conserving biodiversity in the region	<p>Definition Critical areas are those with significant biodiversity in the coastal and marine ecosystem which are important to regional tourism development</p> <p>Number of organizations reaching a threshold of adopting selected categories of best practices</p> <p>Unit number includes public organizations environmental NGOs CBOs and private organizations</p>	Interviews field visits and organization reports and statistics	Ratings carried out with organizations to track progress	<p>Baseline 1999 0</p> <p>Planned 2000 - 6 2001 - 14 2002 - 22 2003 - 30 2004 - 38 2005 - 46</p>	Semi-annual	USAID Regional Environmental Manager	Yes	Semi-annual	Country and Regional implementing agencies and USAID staff

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**PERFORMANCE MONITORING PLAN
REGIONAL ENVIRONMENTAL MANAGEMENT SO**

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
INTERMEDIATE RESULT #1 Increased access to best environmental management practices									
INDICATOR % target groups exposed to environmental information in the region	Definition Target groups include public sector representatives CBOs environmental NGOs & private organizations Environmental information includes information toolkits media products training material observational tours and on site technical assistance Unit percent of total targeted groups	Field surveys in selected sites combined with structured observations	Survey reports in selected sites and further baseline data to be developed at initiation of program activities	TBD	TBD	USAID Regional Environmental Manager	Work in Progress (Design stage)	TBD	Country and Regional implementing agencies and USAID staff

**PERFORMANCE MONITORING PLAN
REGIONAL ENVIRONMENTAL MANAGEMENT SO**

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
INTERMEDIATE RESULT #2 Implementation of improved environmental policies and compliance measures									
INDICATOR # of key policy and compliance initiatives progressing towards implementation	<p>Definition</p> <p>Ratings based on an index of categories of progress toward implementation ranging from no policies or few policies and compliance mechanisms in place recognition of need for new policies/ compliance mechanisms development of mechanisms and full implementation and monitoring</p> <p>Unit</p> <p># of initiatives that are progressing</p>	Public sector organizations and implementing partner reports, field	Establish a program with specific benchmarks for each category which are evaluated periodically with the implementing partner to track progress	<p>Baseline</p> <p>(a) 1998 - 5⁶</p> <p>Planned</p> <p>TBD</p>	TBD	USAID Regional Environmental Manager	Work in Progress (Design stage)	TBD	Country and Regional implementing agencies and USAID staff

⁶ Baseline includes 5 policies that have progress under ENCORE, DEMO and HFTE, pesticides, regional sustainable tourism, EIA, water quality and protected areas systems policies

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**PERFORMANCE MONITORING PLAN
REGIONAL ENVIRONMENTAL MANAGEMENT SO**

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
INTERMEDIATE RESULT #3 Strengthened organizational capacity to finance environmental improvements									
INDICATOR #1 # of private community and public organizations independently securing finance for environmental (management activities region)	Definition Based on an index of categories progressing from no strategy for financing completion of a financial plan and availability of a diversified portfolio of funding sources to finance environmental initiatives	Organization- al financial reports	TBD	TBD	Semi-annual	USAID Regional Environmental Manager	Work in Progress (Design stage)	Semi-annual	Country and Regional implementing agencies and USAID staff
INDICATOR #2 Non-USAID dollars supporting new CRP Environmental Initiatives	Definition Non-USAID dollars from lending institutions, donors private investment NGO fundraising etc	Organization- al financial reports and donor reports	Periodic financial reports prepared by the organization	Baseline 1999- 0 Planned 2000 - \$0 5m 2001 - \$1 0m 2002 - \$1 5m 2003 - \$2 0m 2004 - \$2 5m 2005 - \$3 0m	Semi-annual	USAID Regional Environmental Manager	Work in Progress (Design stage)	Semi-annual	Country and Regional implementing agencies and USAID staff

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**PERFORMANCE MONITORING PLAN
REGIONAL ADMINISTRATION OF JUSTICE SO**

INTERMEDIATE RESULT	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
REGIONAL STRATEGY ADMINISTRATION OF JUSTICE SO: Increased efficiency and fairness of legal systems in the Caribbean									
IR 1 Improved efficiency of legal systems	Indicator Percent of backlogged cases cleared annually in formal court system disaggregated by criminal and civil cases Unit Percent	Court registry statistics		TBD	TBD	USAID/ Kingston AOJ Manager	None	TBD	Country and Regional implementing agencies and USAID staff

**PERFORMANCE MONITORING PLAN
REGIONAL ADMINISTRATION OF JUSTICE SO**

INTERMEDIATE RESULT	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
REGIONAL STRATEGY ADMINISTRATION OF JUSTICE SO Increased efficiency and fairness of legal systems in the Caribbean									
IR 1 Improved efficiency of legal systems	Definition Number of cases resolved using alternative dispute resolution mechanisms Unit Number of cases	Records of established arbitration centers		Baseline 1999 – 0 Planned 2000 – 20 2001 – 30 2002 – 40 2003 – 50 2004 – 70 2005 - 100	Semi-annual	USAID/J-CAR AOJ Manager	None	Semi-annual	Country and Regional implementing agencies and USAID staff

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**PERFORMANCE MONITORING PLAN
REGIONAL ADMINISTRATION OF JUSTICE SO**

INTERMEDIATE RESULT	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
REGIONAL STRATEGY ADMINISTRATION OF JUSTICE SO Increased efficiency and fairness of legal systems in the Caribbean									
IR 2 Improved access to legal system information and training	<p>Definition Time it takes a legal system user to receive information on the status of a case</p> <p>Unit Percent reduction Average time</p>	Semi-annual random survey of court users		<p>Baseline 1999 – 0</p> <p>2000 – 10 2001 – 25 2002 – 50 2003 – 70 2004 – 80 2005 – 90</p>	Semi-annual	USAID/J- CAR AOJ Manager	None	Semi-annual	Country and Regional implementing agencies and USAID staff

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**PERFORMANCE MONITORING PLAN
REGIONAL ADMINISTRATION OF JUSTICE SO**

INTERMEDIATE RESULT	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
REGIONAL STRATEGY ADMINISTRATION OF JUSTICE SO Increased efficiency and fairness of legal systems in the Caribbean									
IR 2 Improved access to legal system information	<p>Definition</p> <p>Number of ongoing training courses conducted for Judges Magistrates and Police prosecutors</p> <p><u>Unit</u></p> <p>No of regular course training</p>			<p>Baseline 1999 – 0</p> <p>Planned 2000 – 1 2001 – 1 2002 – 2 2003 – 2 2004 – 3 2005 – 3</p>	Semi-annual	USAID/J- CAR AOJ Manager	None	Semi-annual	Country and Regional implementing agencies and USAID staff

**PERFORMANCE MONITORING PLAN
REGIONAL ADMINISTRATION OF JUSTICE SO**

INTERMEDIATE RESULT	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	TARGET	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION	ANALYSIS & REPORTING	
					SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICER		SCHEDULE BY REPORT	RESPONSIBLE OFFICE(S)
REGIONAL STRATEGY ADMINISTRATION OF JUSTICE SO Increased efficiency and fairness of legal systems in the Caribbean									
IR 3 Revised and updated laws	Definition Laws which hinder or impair the quality of justice updated and approved by Parliament in beneficiary countries Unit Number of reformed updated laws receiving parliamentary assent	Parliamentary record		Baseline 1999 – 0 Planned 2000 – 2 2001 – 4 2002 – 6 2003 – 8 2004 – 10 2005 – 12	Semi-annual	USAID/J- CAR AOJ Manager	Work in Progress (Design stage)	Semi-annual	Country and Regional implementing agencies and USAID staff

USAID/J-CAR

**CARIBBEAN REGIONAL PROGRAM
ASSISTANCE STRATEGY**

FY2000-20005

ANNEX 2

**HURRICANE GEORGES RECONSTRUCTION
AND RECOVERY IN THE EASTERN CARIBBEAN**

SPECIAL OBJECTIVE DOCUMENT

June 1, 1999

<p>Hurricane Georges Reconstruction and Recovery In the Eastern Caribbean SPECIAL OBJECTIVE DOCUMENT</p>

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ACRONYMS

CA	Cooperative Agreement
CBO	Community-Based Organization
CDERA	Caribbean Disaster Emergency Response Agency
CDMP	Caribbean Disaster Mitigation Project
CSP	Customer Service Plan
DMFC	Disaster Mitigation Facility
FAO	Food & Agricultural Organization
FAVA	Florida International Voluntary Corps
FEMA	Federal Emergency Management Agency (US)
FSN	Foreign Service National
IDB	Inter-American Development Bank
LLR	Lower Level Result
NODS	National Offices of Disaster Services
NEMA	National Emergency Management Agency
NGO	Non-governmental Organization
OFDA	USAID Office of Foreign Disaster Assistance
PAHO	Pan American Health Organization
POA	Plan of Action
PSC	Personal Services Contract
SO	Strategic Objective
SpO	Special Objective
SUMA	Supplies Management Project (PAHO)
TA	Technical Assistance
UNDP	United Nations Development Programme
UNDHA	United Nations Department for Humanitarian Assistance
USAID/W	United States Agency for International Development/Washington
USDH	United States Direct Hire
WB	World Bank

**Hurricane Georges Recovery and Reconstruction
In the Eastern Caribbean
SPECIAL OBJECTIVE DOCUMENT**

1 0 INTRODUCTION

Understanding the Development Challenge

Small island states of the Eastern Caribbean are highly vulnerable to damage by hurricanes. USAID has long recognized the importance of natural hazard vulnerability reduction for these states and over the past five years has invested \$5 million dollars in disaster mitigation and vulnerability reduction activities in the Caribbean with significant results. However, it is clear that continued assistance in reconstruction, disaster mitigation and preparedness is imperative. There are several examples of reconstruction projects financed by the Agency that were totally destroyed with the next hurricane season. This proposed Special Objective (SpO) recognizes the development challenge that exists in the region and places high priority on disaster mitigation and preparedness measures for loss reduction in the future.

One issue that is generally not factored into analyses of development trends in the Caribbean is the incidence of tropical storms, which have repeatedly wreaked havoc on small economies and created conditions of disaster among the general population. Natural disasters have destabilized the Eastern Caribbean economies and have produced conditions of internal instability, severely affecting levels of investment, export earnings and tourism.

The capacity of small island states to stabilize and resume normal economic activity following hurricane induced setbacks is dependent on the size of its international reserves, the countries capacity to organize external financial aid flows and the speed with which normal flows can be established within the goods and services markets. When one looks at the small economies of St. Kitts & Nevis, Antigua & Barbuda and St. Vincent & the Grenadines all with equally small reserves, rising inflation, damaged or destroyed infrastructure and a reduced productive capacity, it is clear that recovery can only be realized with the help of external aid inflows. Priority must be given to the restoration of basic health services and rejuvenate economic activity wherever possible.

US - Caribbean Summit Response to the Development Challenge

In May 1997, the United States and Caribbean leaders met in Bridgetown and pledged to strengthen cooperation in responding to the challenges of the coming millennium. That meeting reaffirmed the commitments of the 1994 Summit of the Americas Conference in Miami, recognizing "the inextricable link between trade, economic

development, security and prosperity in our societies " The Heads of State noted that the process in Miami "undertook to consider the special needs of small economies, with a view to enhancing their level of development and preparing them to meet the challenges posed by the inexorable trends of globalization and liberalization of the world economy and the creation of the Free Trade Area of the Americas "

The renewed commitment to free trade in the hemisphere, coupled with acknowledgements at the Barbados Summit of the need for particular assistance in the Caribbean, provides the foundation for a new development partnership between the USG and CARICOM member states

2 0 PROBLEM ANALYSIS

From September 20-22, 1998, Hurricane Georges swept through the Caribbean leaving death and devastation in its wake The loss of life and property exceeds that of any natural disaster in the Caribbean in recent memory With some sectoral reports yet to be completed, the cost of reconstruction in the eastern Caribbean, the Dominican Republic and Haiti, now stands at \$3 25 billion Although St Kitts and Nevis and Antigua and Barbuda suffered relatively less damage than the Dominican Republic or Haiti, the impact of the hurricane on their small economies was, and still is, significant

Most of the damage from Hurricane Georges and previous hurricanes in the region has been in the area of destruction to physical infrastructure The housing stock in the Caribbean has proven to be extremely vulnerable to roof loss In addition other infrastructure supporting the economic viability of the countries has suffered major structural damage leaving income earning sectors such as tourism and agriculture disabled Government-owned buildings including schools, some of which were used as emergency shelters, were either completely destroyed or suffered major structural damage Lifeline facilities like hospitals, electrical utilities, and water and telephone systems were severely damaged, resulting in loss of income and undue hardship on the afflicted populations

Hurricane Georges hit St Kitts and Nevis on September 20 and 21, 1998 Damage assessments indicate that approximately 85 percent of the housing stock was affected in St Kitts It is estimated that between 2,500 and 3,000 people had to leave their homes In Nevis, 35 percent of the housing stock was damaged The total damage to St Kitts and Nevis is estimated at \$484 million

The government also suffered major damage and loss to its building stock Most schools were severely damaged with roof and furniture loss estimated at \$7 million Over 50 percent of the designated school shelters suffered major damage, rendering them unusable Infrastructure damage was mainly in the electrical generation and distribution areas and there was damage to water facilities and phone lines For the most part, these have been restored with the use of government funds and assistance from neighboring CARICOM countries The Joseph N Francis General Hospital

suffered extensive damage. Losses in the health sector are estimated at \$4.5 million. Most tourist facilities were closed for at least two months and several beaches were badly eroded. In the agricultural sector, losses are roughly \$2.5 million, with the sugar crop suffering a 40 percent loss. Estimated immediate economic losses total \$8.6 million and serious dislocations in employment were experienced. In the transport sector the main commercial port at Basseterre suffered roof loss to the transit facilities resulting in some loss of cargo. At the recently constructed cruise ship port, all catwalks and the two berthing platforms were destroyed. The main airport terminal suffered \$3.8 million in damages including roof loss and equipment damage, leaving air traffic control inoperable. In addition, and the newly constructed cruise ship docking facilities at Port Zante suffered severe damage. In the aftermath of the storm, some 6,000 people have lost employment in St. Kitts and Nevis alone.

In Antigua, most of the severe damage was along the south coast. Throughout the island, there were a few deaths and cases of serious injury. Approximately 650 homes were damaged with partial or complete loss of roofs on about 1,500 units, representing 15-20 percent of the housing stock. Another 259 homes were completely destroyed. Most of the utility sector experienced fewer downed poles than in the past. In the private sector, it is clear that buildings that did not meet or adhere to construction codes for a hurricane area experienced extensive damage. In the health sector, the Holberton Hospital suffered some damage. There was more extensive damage to the Mental Hospital than was originally reported. In addition, there was extensive damage to the Bolans and Freetown clinics, which has resulted in them being closed. Their services have been transferred to Jennings and Newfield clinics, respectively.

In the utility sector most of the poles have been either replaced or re-planted and extensive work is being done to reconnect downed service lines.

The tourism sector sustained significant damage, particularly to roofs of hotels and adjacent buildings and grounds. Preliminary estimates indicate that the livestock sector suffered approximately 15 percent damage. Fisheries also suffered extensive loss of fish pots but there was minimal boat damage. Crops were damaged by heavy winds. However, as a result of the low rainfall that accompanied the hurricane there was no major soil erosion. The total estimated cost of the damage done to the public schools was \$1.5 million, and to private schools \$318,000. In the transport sector, the navigational equipment at the airport sustained severe damage.

In Barbuda, the major tourist facilities and a few homes were extensively damaged.

Eight months after the Hurricane, large unmet needs still exist in essential services. National governments and the private sector have clearly not been able to manage the situation and return to normalcy under current funding levels. This situation is likely to continue if additional assistance is not provided by the international donor community.

2 1 Immediate Response to Hurricane Georges

A Response by local governments

The two governments of St. Kitts/Nevis and Antigua/Barbuda responded quickly and with measurable effectiveness in the aftermath of Hurricane Georges. National disaster response and preparedness organizations (NODS and NEMA) identified immediate needs and coordinated emergency relief efforts with government ministries. Both governments immediately initiated coordination with regional disaster response agencies such as the Caribbean Disaster Emergency Response Agency (CDERA) and the Caribbean Disaster Relief Unit (CDRU). Schools and other public buildings were made available for the homeless, emergency food distribution systems were established (school shelters do not contain cooking facilities), and public/private sector teams were established to restore water and electricity services. However, NODS and Ministry of Education officials recommended that a more effective system be developed to select and train local school shelter managers.

B The U S government contribution

Five days after Hurricane George's landfall, regional response teams dispatched by USAID/LAC's Regional Office of Disaster Assistance (OFDA/LAC) had completed their initial task of distributing relief supplies and assessing damage. During the emergency phase, the US Government contributed \$500,000 in relief supplies consisting of plastic sheeting, water jugs and inflatable water storage containers, chainsaws and a contribution to the Pan American Health Organization's appeal for emergency health interventions. OFDA/LAC provided on-site training in the use of plastic sheeting for emergency shelter and household repairs. An additional \$1.0 million has been provided for the recovery and reconstruction phase, of which half will be used for disaster preparedness and mitigation, and half for other reconstruction activities. USAID has collaborated with other donors in providing technical assistance and training to ensure that proper mitigation practices are employed in reconstruction programs. The U.S. Southern Command has provided assistance to St. Kitts by building a multi-purpose emergency shelter and the Peace Corps deployed six Crisis Corps volunteers to Antigua to assist with housing reconstruction.

C Other donor contribution

Other major bilateral and multilateral organizations have concentrated their resources (both loans and donations) upon strategies, which address the health sector (hospital reconstruction), community center shelters and school reconstruction. Major donors meet on a regular basis to coordinate their development assistance and Hurricane Georges reconstruction/recovery programs to avoid duplication. This occurred as part of the Eastern Caribbean Donor Group Standard Operating Procedures for disasters in the Caribbean. It was convened and chaired by the UNDP. USAID/OFDA and the U.S. Embassy in Bridgetown participated in several of these meetings during the immediate post-impact period.

The United Nations Development Program (UNDP) provided project development personnel and \$150,000 for emergency response coordination through CDERA for both islands. The UNDHA provided \$50,000 for relief assistance to both islands. The Caribbean Development Bank provided \$100,000 for unspecified emergency assistance and \$500,000 for immediate assistance to the education sector. The World Bank provided a \$500,000 loan for reconstruction of the St Kitts/Nevis education sector and an additional \$2.4 million in fast disbursing funds to finance imports for recovery items to St Kitts/Nevis. In December the World Bank also signed a loan with the Government of St Kitts/Nevis valued at \$8.1 million as part of the OECS Emergency Recovery and Disaster Management Program. CIDA provided \$315,000 to both nations for health and human needs. Taiwan provided \$1 million to St Kitts for unspecified assistance.

The FAO provided personnel for the assessment and funded the purchase of food for both countries. PAHO provided a Supplies Management (SUMA) team to St Kitts/Nevis and Antigua/Barbuda to assist with relief supply management and \$10,000 for health needs, including water purification for each island. UNICEF provided \$10,000 to each island for preschool rehabilitation. The British Department for International Development (DFID) provided \$25,000 for emergency response for both islands and an electricity restoration crew for St Kitts. The British Government has provided assistance for the emergency rehabilitation of the Joseph N. France hospital in St Kitts and funds have been provided by the CDB, the European Union and the World Bank for the reconstruction of up to three wards of the six-ward hospital (Average cost for reconstruction per ward is \$1.5 million). The IADB provided \$100,000 to CDERA for emergency assistance for St Kitts/Nevis and a \$500,000 loan for immediate restoration of the education sector in St Kitts.

Relief and reconstruction assistance was also provided by neighboring governments for the afflicted countries and included varying amounts of cash donations, building materials, manpower to assist with the restoration of power, cooked meals and other general assistance for the response efforts. In addition, regional private sector entities provided emergency supplies of water, food, and other assistance for electricity restoration.

D Reconstruction achievements to date

The immediate response phase is now over in St Kitts-Nevis and Antigua and Barbuda. Efforts are now focussed on recovery and rehabilitation efforts in both countries with critical services such as water, electricity and telephone services restored in the affected areas. Major infrastructure, e.g., the airports in both countries, has been repaired and is fully operational. Schools have been reopened and there is a concerted effort to have life return to a state of normality. Many of the schools have been repaired in haste without the use of mitigation measures and there is still an outstanding need for classroom equipment.

The health services are still in a state of need on the island of St Kitts, with its only major hospital, the Joseph N Francis Hospital, not yet reconstructed. The Government of St Kitts/Nevis has begun reconstruction of the six-ward hospital with funding from the EU, CDB, the World Bank and themselves. A significant gap still exists in this area as it is the only general hospital on the island. The sugar industry has restructured its operations to face the losses of the hurricane but the small farmers seem to be struggling to start up production either due to loss of infrastructure and/or no access to credit. There is still a need for low income housing in both countries. People are still homeless and awaiting assistance from the government. The Government both countries have been slow in responding to this need due to lack of resources and inappropriate systems to address the reconstruction. Most of the hotels are back in operation but the major cruise ship Port Zante is still largely out of commission. Reconstruction has begun using mitigation storm resistant techniques but this will not be completed for several months and meanwhile St Kitts is experiencing a severe reduction in its cruise ship passengers. In recognition of this, in keeping with its ongoing strategies to assist these small-island developing states, USAID/J-CAR proposes to respond to these yet unmet needs through the SpO Results Package described in Section 3.0 below.

3.0 PROPOSED USAID SpO RECOVERY AND RECONSTRUCTION PROGRAM

As indicated above, the initial emergency response was provided (by local neighboring governments, donor agencies and other nations including the US), to deal with the most immediate and pressing basic needs of Hurricane Georges victims. The immediate assistance was key to rapidly re-establishing basic public services, such as electricity, water, transportation, and air traffic control.

However, additional support will be provided under this Special Objective (SpO) to help the islanders as they attempt to return to their self-sustaining economic activities and to strengthen in-country capabilities to protect themselves from future disasters. The SpO is designed to provide maximum support to the Antigua and St Kittian government's reconstruction and rehabilitation effort within the relatively short time frame of twenty-four months. Activities will be designed that recognize the short to medium term nature of this effort while contributing to the long term sustainable development objectives of USAID's regional program.

The SpO is aimed at 1) restoring critical hospital services, 2) strengthening the capacity of the host countries to mitigate severe damage from future hurricane events, and, 3) helping the most affected economic sectors to recover productivity.

The SpO concentrates upon the selection of recovery and reconstruction activities which have not been or are under funded and where USAID has a comparative advantage (e.g. OFDA's disaster preparedness and mitigation methodologies).

The criteria used to guide the preparation of the SpO and specific activities were

- Agency Focus The degree to which an activity contributes to the achievement of USAID's vision, goals, strategy, and focus and contributes to public awareness and support for such activities,
- Ease of Implementation The extent that a proposed activity can be effectively and expeditiously undertaken with minimal USAID/J-CAR involvement, either through existing inter-agency, inter-institutional mechanisms or by pre-approved organizations requiring minimum direct Mission management oversight,
- Emergency The urgency with which the proposed activity warrants external international donor assistance to decrease vulnerability of the disaster affecting the at-risk population. Emergency supplemental appropriations by the U S Congress designated for such purpose normally require expenditure within 12 to 24 months,
- Host Country Priority The degree to which requirements for assistance for recovery and reconstruction in St. Kitts/Nevis and Antigua/Barbuda remain a priority of the host government and local agency officials,
- Linkage with USAID/J-CAR Regional Strategy and OFDA/LAC Caribbean Strategy The degree to which a proposed intervention complements or reflects these strategy frameworks
- Leverage The ability of emergency funding to elicit additional resource allocations from other Agency programs and other donor programs, and/or the opportunity for regional donor coordination/partnership,
- USAID/W Approval Process The ease with which an intervention will be approved under the USAID/W strategy review process. The review process results in a recommendation for modification and/or approval by the AA/LAC with the concurrence of the PPC and M bureaus

The SpO provides a strategic focus within the regional strategy for Hurricane Georges reconstruction efforts. It will facilitate discussions with regional counterparts, and will provide the basis for obligating supplemental funds well before the end of fiscal year FY 2000. Further, the SpO is consistent with the overall Agency goal of promoting sustainable development, self-reliance, and local participation to facilitate higher levels of material and social well-being for all citizens.

The SpO will seek to coordinate with and/or jointly fund the emergency programs of other donors/lenders such as the World Bank (WB) and Inter-American Development Bank (IDB) or strengthen existing recovery programs.

3.1 Linkage to USAID/J-CAR regional strategy and OFDA/LAC Caribbean strategy

USAID/J-CAR Caribbean Regional Program covers the region with special emphasis on the Organization of Eastern Caribbean States (OECS) subregion. Special country-level attention is to be given to the Windward Islands suffering economic and employment problems as a result of the loss of preferential prices of bananas (e.g. St. Lucia, St. Vincent, Grenada and Dominica).

Funding for the five year CRP is projected at \$27 million. The CRP will work in partnership with regional institutions, non-governmental organizations and the private sector to implement the Barbados Summit Plan of Action Commitments through three strategic objectives: 1) economic growth/diversification, 2) environmental management, and, 3) improvement in the administration of justice. The CRP will address issues/problems that are identified as priorities through regional fora and committed regional partner institutions, and which confer clear benefits from regional interventions. The proposed SpO activities will complement the regional program initiatives targeted at small and micro-businesses, and will enhance conditions for improved environmental management through its mitigation activities that are aimed at reducing vulnerability.

USAID/J-CAR's current bilateral strategy (\$10.6 million per year) is focused upon increased employment in targeted micro and small businesses, improved quality of key natural resources in areas that are both environmentally and economically significant, improved reproductive health of youth, and increased literacy and mathematical skills among Jamaican youth in targeted primary schools. Additional USAID assistance to the region is provided through the Windward Islands Diversification Project (\$4.7 million), a Hemispheric Free Trade Expansion Project (\$10.8 million), the OFDA - Caribbean Disaster Mitigation Project (\$5.0 million), and the Environment and Coastal Resources Project (\$8.2 million). The mission is also undertaking an initial \$500,000 Hurricane Supplemental activity in FY 99 aimed at the health sector, disaster mitigation and preparedness.

The SpO will seek to maximize potential synergies with the LAC Regional Disaster Preparedness and Mitigation program. The draft OFDA/LAC Strategy for the next five years supports the continued involvement of OFDA in specific disaster mitigation activities, which are further endorsed by the US/Caribbean Summit. This strategy will build on the successes and lessons learned under the Caribbean Disaster Mitigation project, which ends in September 1999.

The passage of Hurricane Georges and the devastation left in its wake validates and further reinforces OFDA's commitment to continue to work on vulnerability reduction, capacity building and disaster/development integration activities in the region. It has also provided an opportunity for OFDA to begin formulating an appropriate transition mechanism to a more focused disaster mitigation intervention through a three-year Disaster Mitigation Facility for the Caribbean (DMFC). The DMFC will support regional

mitigation planning and policy enhancement, capacity building and natural hazard assessment aimed at further reducing risk and losses from natural hazard impacts. The DMFC will work closely with regional and national institutions involved in development finance, physical and economic planning, and disaster preparedness and mitigation to develop vulnerability reduction policies and conditionalities for improved building standards and practices. In addition, it will seek to facilitate at the national level, the integration of mitigation tools into the national and economic development planning process. Interventions will serve to strengthen the capacity of host country institutions to implement measures that mitigate against severe damage from future hurricanes and decrease the need for emergency response resources in the future.

Activities are implemented principally in OECS member countries with an initial funding of \$500,000.

4 0 ILLUSTRATIVE APPROACHES AND IMPLEMENTING PARTNERS

IR 1 Hospital Services Restored

Overview

Hurricane Georges inflicted major damage on the Joseph N. Francis General Hospital in St. Kitts with initial losses estimated at \$3 million, leaving only a small wing of the hospital operational. This is the only hospital in St. Kitts/Nevis serving a population of approximately 40,000 persons. A private health care system is not well established and there are no private hospitals in the country.

USAID/OFDA initial response was in the form of a grant to construct a temporary emergency room, repair health centers and purchase hospital equipment. The reconstruction of the hospital as well as the procurement of equipment is very high on the list of local priorities expressed by the several reports reviewed and personal interviews conducted by the team. This was also reiterated repeatedly by Prime Minister Douglas in the team's meeting with him. An activity in this area would significantly contribute to a reduction in loss of life and overall reduced risk/vulnerability for the people of St. Kitts/Nevis. For now, persons needing medical attention have to be medically evacuated to nearby countries at significant costs. The state of the primary health care system (as is the case in most Caribbean countries), has never been able to adequately handle basic in-country needs. Subsequent to the hurricane, several donors have pledged support to the hospital including the EU, the World Bank, and the CDB. In spite of these pledges, at least three wards have not been funded. Therefore, there exists a significant funding gap to complete the wards. The initial \$500,000 being programmed by USAID/J-CAR for Hurricane Georges reconstruction will be used primarily to purchase urgently needed hospital equipment for the pediatric and maternity ward.

Illustrative Approaches

LLR Hospital restoration

Funds are to be allocated for the reconstruction of the pediatric and maternity ward at the Francis N Joseph Hospital. Because of the participation of the other players in this reconstruction activity, namely PAHO, CDB, EU and the World Bank, this activity can be easily and efficiently accomplished through a grant arrangement to the CDB or PAHO Partnership with other organizations and implementation through their existing mechanisms speed and significantly reduce required oversight by USAID/J-CAR.

LLR Hospital equipment supplied

Funds will be allocated for the procurement of additional hospital equipment and supplies. The significant gap that still exists in this area was repeatedly highlighted as a high priority by local officials during the assessment phase. There is a strong preference for American-made equipment and supplies rather than equipment and supplies provided from European countries. These commodities clearly meet the designation of emergency assistance and can be procured with little effort on the part of USAID/J-CAR through a grant to the PAHO. This link is already being established with the initial \$500,000 allocated by the LAC Bureau. PAHO has been operating in this region for several years and is implementing a health emergency preparedness program for Latin America and the Caribbean with grants from OFDA.

LLR Psychological services provided

Funds will be allocated for the provision of counseling services for the affected countries. Post trauma stress has been highlighted by many persons in the health sector as an area which is not being adequately addressed in St. Kitts /Nevis. This was also pointed out by the Prime Minister who indicated that specialists have to be flown in repeatedly to conduct sessions for persons affected by the hurricane. There are insufficient in-country resources to diagnose and treat these conditions which have proliferated since the passage of Hurricane Georges. The most vulnerable of this group happens to be the children of school age who seem to be unable to cope without professional help. This can also be accomplished through the Pan American Health Organization.

4.1.3 Implementing partners

The implementing partners for this will be the Pan American Health Organization, the Caribbean Development Bank and the Ministries of Health in the Governments of St. Kitts Nevis and Antigua Barbuda.

4 1 4 Expected Outputs

- Hospital constructed (Pediatric and Maternity Ward)
- Hospital wards equipped with adequate equipment and supplies
- Reduction in the incidence of post-traumatic stress from Hurricane Georges

4 1 5 The Ultimate Customers

The ultimate customer is the general public, which includes approximately 40,000 persons residing in the islands of St Kitts and Nevis who will receive health care when the hospital is constructed

4 1 6 Intermediate Customers

The main intermediate customer is the Ministry of Health of St Kitts/Nevis whose capacity will be strengthened to better deal with future disasters

4 1 7 Resource Requirements

CATEGORY	Total
Maternity and Pediatric ward	\$1,500,000
Hospital Equipment and supplies	\$500,000
Psychological Counseling /Training	\$50,000
TOTAL	\$1,550,000

IR 2 Enhanced local Capacity for Disaster Mitigation

Overview

Activities under this IR will focus on strengthening the capability of the Governments and disaster management partners in St Kitts/Nevis and Antigua/Barbuda to implement vulnerability and risk reduction activities in the Hurricane Georges reconstruction phase. Due to the continual and ongoing nature of mitigation programs, even if implemented in the small "window of opportunity" that usually exists in the reconstruction stage, these programs have the potential to significantly contribute to the long term reduction in risk and vulnerability to human life and property in these countries

Illustrative Approaches

This IR deals with the gamut of policy reform programs, training, public awareness and demonstrations, building codes and standards, vulnerability audits and school

programs which may be undertaken to eliminate and/or reduce vulnerability to natural disasters, and in particular, those which are directly linked to population affected by Hurricane Georges. The proposed activities envisioned to attain this result are consistent and complement other activities that OFDA/LAC is sponsoring under its regional mitigation and training program. The SpO Team will work with public and private institutions and implementing partners to carry out the following activities:

LLR Mitigation policy and planning improved

In support of the overall mitigation result this SpO will support interventions in the following policy areas: (1) Support for a process oriented mitigation policy and planning activity. This will involve technical assistance in the form of disaster mitigation experts/facilitators to guide the in-country process and to advise on a disaster mitigation policy and plan that is fully integrated into the reconstruction effort as well as ongoing physical and economic development. (2) Support for a review of the present disaster management institutional arrangements and systems to provide recommendations for strengthening this institution and the systems it relies on for both the pre- and post-disaster phases. (3) In support of this mitigation policy and planning this SpO will also support the production of multi-hazard maps including storm surge mapping of heavily populated and coastal areas, volcanic hazard mapping of the Liamigua volcano for use in improved land use planning, economic development and evacuation planning.

LLR Improved building codes, standards and practices

Activities under this LLR will focus on vulnerability reduction of the physical infrastructure in both the informal and formal building sectors. St. Kitts/Nevis suffered damage or destruction to 85 percent of its housing stock during the passage of Hurricane Georges and also suffered losses to major infrastructure and lifeline facilities. Activities under this LLR will assist the Governments in preparing the necessary tools for addressing vulnerability reduction in the physical infrastructure: (1) Support for the preparation of a new St. Kitts/Nevis Building Code based on the OECS and Caribbean Uniform Building Code, (2) Support for a review of building code implementation and compliance challenges within existing mechanisms, with a view to providing recommendations for improvement, (3) Support for the training of building inspectors to implement national building codes, (4) Support for the training (in-country workshops) of architects and engineers in hurricane resistant, design techniques, (5) Seed funding for the National Development Foundation of St. Kitts/Nevis to start up a low-income housing improvement/retrofit activity as part of the ongoing low-income home improvement activity (*A successful pilot was done for Antigua and St. Lucia and Dominica under the CDMP project*), and, (6) Support for vulnerability audits for existing heritage sites that were damaged by hurricane Georges in Antigua Barbuda.

LLR Emergency Shelter Systems strengthened

Activities under this LLR will include (1) providing support for the facilitation of a national emergency shelter policy and the development of a comprehensive shelter program in St Kitts/Nevis and Antigua/Barbuda. This will take an in-depth look at the building systems and management structure and make recommendations accordingly. It will also be closely linked to the mitigation policy and an overall disaster management policy for the countries, (2) Support will also be given for conducting a series of shelter management training workshops to build a cadre of trained persons and trainers in shelter management, (3) The LLR supports the allocation of funds for conducting vulnerability audits of the remaining schools that serve as shelters in St Kitts and Nevis. *(The CDMP project conducted several vulnerability audits of schools that are being used as emergency shelters with a view to strengthening these buildings to better serve this added purpose. Several audits were conducted under the CDMP but there is an existing gap that needs to be filled)* (4) Matching funds will be provided to serve as country contributions for Antigua/Barbuda and St Kitts/Nevis to draw down on the CDB allocated funds to conduct the retrofits for all the government schools in these countries.

LLR Improved public awareness and action

Activities under this LLR will support all the other activities by developing a public information and education program in collaboration with the National Offices of Disaster Management in each country. (1) Public information and education programs will target both low and middle-income homeowners on good building practices and retrofitting techniques. (2) Support for the development of a school disaster preparedness program will include the production/reproduction of disaster preparedness booklets and other Audio Visual equipment and tools for schools, teacher/ training workshops for disaster management at the primary and secondary school levels, and the preparation of disaster plans for each school. (3) TA to develop a Disaster Auxiliary Corps. The Corps will receive specialized training and will act as a volunteer arm of the National Emergency Management Agency. This will be patterned after the Disaster Auxiliary Corps, which is now a success story for the British Virgin Islands.

LLR Local cadre of disaster management trainers

This LLR will focus on developing a strong cadre of disaster management trainers and trained personnel for the countries of St Kitts/Nevis and Antigua/Barbuda. Many of the pre and post disaster preparedness and response functions are weak due to the lack of trained personnel to effectively undertake these tasks. This IR will focus on building this cadre in areas of Disaster program management, Shelters and shelter management (mentioned before), Damage Assessment and Needs Analysis and Community Disaster Preparedness. It will be done using the instructional methodology of train the trainers presently being implemented by the OFDA/LAC team for the region.

4 2 3 Implementing Partners

To facilitate rapid implementation and reduce overall administrative burden this SpO recommends that funds for the disaster mitigation Intermediate Result be transferred to OFDA to be placed in it's new initiative, the Disaster Mitigation Facility for the Caribbean. This facility is to be managed and implemented by OFDA/CDB in collaboration with regional and U S based partners, which will include but not be limited to the Caribbean Disaster Emergency Response Agency (CDERA), the University of the West Indies (UWI), OFDA/LAC, the Organization of American States (OAS), Caribbean Association of Engineers and Architects, Caribbean school of Architecture, the Caribbean Institute for Meteorology and Hydrology, Florida International Voluntary Corps (FLAVA), the U S National Institute of Standards and Technology, NOAA, USGS. This facility will replace the highly successful OFDA-funded Caribbean Disaster Mitigation. The disaster management training identified under this SpO will complement the already ongoing initiative of the OFDA/LAC training program. The disaster mitigation initiative is therefore in keeping with and complementary to OFDA's existing initiatives, its draft strategy and its plans for future initiatives in the Caribbean.

4 2 4 Expected Outcomes

- Mitigation Policies and Plans for Antigua/Barbuda and St Kitts/Nevis
- Stronger national emergency institutions and systems
- Hazard maps for at risk and vulnerable areas
- Building Codes prepared and implemented with adequate systems for compliance
- Improved building designs and practices in the formal and informal building sector
- National Emergency Shelter Policies and Programs implemented
- Heritage sites restored using mitigation practices
- School/shelters retrofitted
- Strong volunteer support for National Emergency Management Systems
- Local cadre of disaster management trainers
- More aware and informed school population/including teachers
- Disaster plans prepared and practiced regularly for all schools

Specific targets will be established in conjunction with implementing contractors and grantees

4 2 5 Ultimate Customers

The ultimate customers of the mitigation activities are the victims of Hurricane Georges whose vulnerabilities have increased and continue to do so with inaction either by themselves, the affected governments, or the donor community. By extension, due to the nature of mitigation activities in general, especially those focused on policy development and reform, the entire population would benefit from these activities. The school program will target school age children under the age of 16. The institutional

strengthening activities will target local institutions to improve their capacity to effectively carry out their activities through work plans that partner implementing agencies will present for review and approval

4 2 6 Intermediate Customers

Intermediate customers include local NGOs, CBOs, NODS, NEMA and affected communities. As a result of their involvement in planning, designing and carrying out activities described above, their respective institutional capability will be strengthened, much like the process of “hands-on institutional development.” In particular, these organizations are expected to have an increased capability to help people be prepared for and cope with future disasters

4 2 7 Resource Requirements

Category	Supplemental
A Mitigation Policy and Planning	\$200,000
B Building Codes and Standards	\$400,000
C Emergency Shelter System	\$200,000
D Improved Public Awareness and Action	\$75,000
E Volunteer Corps	\$25,000
TOTAL	\$900,000

IR 3 Economic Activities Reactivated

Overview

The hurricane not only seriously damaged economic and social infrastructure but also dealt a serious blow to the islands’ economies, especially to St Kitts and Nevis. Damage to the St Kitts economy affected both of the country’s principal productive sectors, agriculture and tourism. In agriculture the earnings from the main export crop, sugar, is projected to be \$8.6 million, about \$5.7 million less than the average. The parastatal agency, that manages production, estimates a 50 percent crop loss for 1999. Losses of other crops, primarily annual crops grown in remote parts of the island, will also have severe consequences. Some seven months after the Hurricane, St Kitts is still importing these crops from neighboring countries, adding an additional strain to its foreign exchange reserves. The loss of an entire crop is devastating to some of the poorest households on the island. Serious dislocations in employment were experienced with an estimated 6,000 people losing employment across all sectors in both the formal and informal sectors.

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For the overall economy and in terms of total employment, by far the most significant damage was to the tourism sector, which directly and indirectly employs the largest number of people on the island. The largest hotel resort was still closed in April 1999 and some smaller facilities have not yet reopened, causing high unemployment. The cruise ship berth has been severely damaged, reducing the number of cruise ship visitors by about 70 percent. For the most part it is anticipated that the tourism sector can access private sector financing to undertake necessary recovery, even though this has been slow to date.

In Antigua, the tourism sector sustained significant damage. A number of the larger properties have been reopened and the cruise shipping industry remains vibrant. In agriculture, preliminary estimates indicate that the livestock sector sustained a 15 percent loss. Damage to crops was brought about by the heavy winds. In particular, cotton, the major export crop, sustained substantial damage. During normal years, the value of cotton exports is estimated at \$500,000. As a result of the hurricane the projected yield for 1999 will be about 30 percent. As a result of the damage to cotton seed storage facilities, a high priority is the need to protect the plant seedling bank. This is particularly important given the unique quality of "Sea Island Cotton" which yields an extremely high quality fiber. It would be impossible to obtain replacement seeds elsewhere. Other government structures in the agricultural sector which were damaged include the tree propagation center, the pineapple research center (proposed to further diversify agricultural exports) and the agricultural export center.

Although the government has not been able to address agricultural sector needs to date, it would like to explore the development of a loan mechanism to address some sectoral needs. Further, there is still an outstanding need for credit to help small farmers and producers to restore their productive capacity in vegetable, poultry farming and fishing as recovery in these areas remains slow.

The IR will focus on the three specific subsets of the above

- export crop production facilities, and
- small-scale farmers and micro and small-businesses

Illustrative approaches

The following types of activities will be supported

LLR Supporting the rehabilitation of export crop structures

With the support of the disaster mitigation activities under the SpO, the focus will be on the retrofitting and rehabilitation of facilities in Antigua including storage facilities for the cotton seed bank, the export center and the pineapple research center. Many of these facilities were not built to meet the necessary building codes. Primary focus will be on the use of hurricane resistant designs for structures, in particular for roofs.

Already the OFDA/LAC CDMP has a number of retrofitting activities underway in the housing sector in Antigua, which would be expanded to address these key agricultural facilities

LLR Providing credit to disadvantaged small farmers/producers and micro businesses

Hurricane Georges removed the livelihood and earning capacity of many individuals who were small producers and micro-businesses, resulting in increasing numbers of persons seeking support through government social welfare schemes. In both Antigua and St. Kitts, the representatives of the Ministries of Agriculture expressed an interest in making credit available to help the marginal farmers recover from the loss of earning capacity due to the hurricane destruction of crops and livestock. This SpO intervention seeks to make credit available to such farmers and to micro-enterprises and small businesses. To the extent that they exist, this activity will work through existing mechanisms/institutions, which are already effectively providing credit to this populace. If, as a result of an assessment of existing capability, it is determined that there is no such mechanism that can be readily accessed, the funds allocated for this activity can be shifted to one of the other SpO IRs.

4.3.3 Expected Outputs & Indicators

The following indicators will be used to measure the achievement of IR3 over a 24-month period. The targets that have been proposed for each indicator will be confirmed when the specific activities are designed and authorized.

- Number of export crop facilities retrofitted using hurricane resistant design and mitigation techniques, and
- Number of micro-businesses negotiating credit needs

4.3.4 Ultimate Customers

Target beneficiaries for the SpO are low-income earners who have limited or no access to commercial credit or other support services for agricultural production or small business.

4.3.5 Intermediate Customers

Intermediate customers involve the National Development Foundations and where relevant other small scale credit agencies such as a local credit unions or cooperative financing agencies.

4 3 6 Resource Requirements

Category		Supplemental
I R 3 1	Supporting the rehabilitation of export crop structures	\$200,000
I R 3 2	Providing credit to disadvantaged small farmers/producers and micro-businesses	\$250,000
Total		\$450,000

5 0 COORDINATION WITH OTHER DONORS

Close coordination with and among all the parties who are involved in reconstruction and recovery efforts is a vital task that USAID will continue to carry out. Coordination specific to Hurricane Georges began in early October through a formal Donor Working Group and has continued on an informal basis among key donors, particularly among USAID, IDB, World Bank, the EU, France, Canada and England. USAID will include all partners in the implementation of SpO activities to assure that the available resources and efforts of all concerned move in a concerted fashion to further the recovery and reconstruction objectives.

6 0 IMPLEMENTATION PLAN

Implementation Plan

Over a two-year period, USAID/Jamaica will provide assistance to complement other donor resources to support initiatives of non-governmental organizations (NGOs), community-based organizations (CBOs), multilateral and bilateral agencies, and the Governments of St. Kitts/Nevis and Antigua/Barbuda to

- Strengthen the capability and readiness of national and indigenous partner non-governmental and community-based organizations to help the population prepare for and cope with future disasters,
- Reduce the on-going risk of injury and death from Hurricane Georges conditions among all citizens, but especially among the economically disadvantaged,
- Assist Hurricane Georges affected population to re-obtain adequate basic hospital services, and
- Assist Hurricane Georges affected population and economic enterprises to regain productive capacity

The estimated financial requirement to support the above efforts includes approximately \$3 million in new U S Government supplemental funds during the period 1999-2001. Government institutions, other donors and local implementing partners will contribute toward the cost of the activities to be undertaken. USAID will implement activities through local and regional contractors and NGOs, and other U S Government agencies and international organizations. Activities will be carried out in concert with other donors and GOSK/GOA partners. Implied in this implementation approach is the need to establish close relationships and effective synergies between and among all partners as well as a continuous audit capability.

The implementation schedule for new actions is shown in the Table 1. It is based on supplemental funds becoming available in mid-May, 1999. The schedule will be adjusted based on the work plans prepared periodically by the implementing partners as described in the Customer Service Plan.

Table 1
Implementation Schedule
1999-2001

Action	Estimated Target Date
USAID/J-CAR SpO submitted to AID/Washington	June 1, 1999
AID/Washington approval of SpO (DAEC Review)	July 1, 1999
Recipient countries advised of reconstruction program approval	July 12, 1999
AID/Washington provides budget allowances to Mission	July 23, 1999
Implementation Agreements signed with executing agencies (OFDA/LAC, PAHO, etc)	August 9, 1999
Draft and workplan developed with host country participating agencies and executing agencies	August 10, 1999
Initiate implementation of reconstruction activities	August 24, 1999
First quarterly review of program implementation conducted with respective executing agency and host country agencies	November 30, 1999
Hospital equipment installation completed	March, 2000
Quarterly review of program implementation	April, 2000
Quarterly review	July, 2000
Hospital ward reconstruction completed	September, 2000
Quarterly review	September, 2000
Quarterly review	February, 2001
Micro-credit program completed	June, 2001
Disaster mitigation program activities completed	July, 2001
Program final review and completion	August, 2001

7 0 MANAGEMENT PROCEDURES

7 1 Roles and Responsibilities

Members of the SpO Team will monitor and coordinate the implementation of activities described in this document. The key responsibility of the SpO Team will be to maintain the focus of the program and the people associated with it, to allocate program resources in accordance with performance, and to facilitate actions that are essential to progress but outside the control of local implementing partners.

The SpO Team is composed primarily of USAID/J-CAR technical and support staff, along with OFDA/LAC advisers, who will play a key role in defining overall SpO actions to attain desired results, and in fulfilling required USAID implementation monitoring, contract management, audit and evaluation responsibilities. The USDH manager of the USAID/J-CAR regional program will have overall supervisory responsibility and will make periodic trips to the project sites. Supplemental OE funds will be required to support this individual's work in the Eastern Caribbean. One additional full-time advisor (PSC) will be engaged to carry out ongoing oversight functions. The SpO team will schedule coordination, review, and decision-making meetings, as necessary, regarding actions necessary to achieve planned results.

7 2 Arrangements with Implementing Partners

7 2 1 Local NGOs

USAID/J-CAR will maximize the use of local NGOs who have a proven track record in implementing planned activities quickly. In addition, the Mission will explore mechanisms to ensure that appropriate financial management and audits are conducted.

7 2 2 Pan-American Health Organization

PAHO will play a key role in the implementation of restoring hospital services.

7 2 3 OFDA /DMFC

7 3 Customer Service Plan (CSP)

Immediately following Hurricane Georges, USAID, NGOs and the National governments were intimately involved in designing and implementing USG-funded disaster assistance. Much of the design of this SPO is a result of lessons learned from LAC/OFDA and USAID's regular program and experiences in providing emergency relief operations to date.

A number of in-country consultations with relevant agency and government representatives will be held to identify the most effective mechanisms for implementation. These entities will form part of a small core group and will serve as part of the in-country reconstruction team. This will ensure timely implementation of the recovery program and coordination with other donor assistance being provided to each country. The core teams will work with USAID to finalize the work plan for the recovery program and assist with monitoring progress toward achieving the desired results.

7.4 Procurement Plan

There are two main categories of procurement actions that will be used to implement the SpO:

- Procurement actions through implementing partners
- Procurement actions related to monitoring and management of the SpO

7.5 Evaluations

USAID, in concert with the implementing partners, will decide during the course of the program's implementation when to conduct formal evaluations of program activities and the related results. To the extent that such evaluations are carried out, their purpose will be to assess the extent to which the activities are contributing to the expected results. Based on an analysis of the indicators and assumptions, the evaluation will recommend changes or modifications in the mix of activities and implementation strategies. Evaluations will also assess activity effectiveness and recommend strategies for improving implementation through an analysis of obstacles and bottlenecks as well as achievements in management and administration. Funds are included in the budget to contract services for evaluations.

7.6 Environmental Considerations

Initial Environmental Examinations (IEE) or impact assessments will be conducted based on existing regulations and USAID relevant guidelines, on a case-by-case basis, after review of each NGO proposal.

8.0 COSTS ESTIMATES AND FINANCIAL PLAN

8.1 USAID Contribution

The overall contribution of the USG is estimated at \$3.0 million. The budget categories are keyed to activities described under each of the SpO components and management. The budget is summarized in the illustrative budget.

The cost tables represent only budget estimates that will be subject to changes, based upon implementation experience, implementing partners' performance, the actual cost of the planned procurement actions, and other programmatic decisions. The flexibility to make budgetary changes based on these factors is a critical aspect of the management responsibilities of the SpO Team.

8.2 Implementing Partners' Contribution

The local implementing partners will contribute toward the costs of carrying out the activities. The contributions will be mostly in-kind and will include personnel, office space, and related logistic support. The requirement of a 25 percent contribution can be waived for the overall regional program. A requirement for a specific contribution may be included in sub-agreements, on a case-by-case basis, as appropriate.

8.3 Audits

Audits will be carried out, as scheduled by the USAID Controller, in concert with the Regional IG Office. The Financial Plan includes a separate budget item for audits. Continuous audit facilities will be provided for each activity given the historically difficult nature of disaster funds management.



8 4 Illustrative Budget

Activity	Total (\$)
Maternity and Pediatric ward	\$1,000,000
Hospital Equipment and supplies	\$400,000
Psychological Counseling /Training	\$50,000
Subtotal IR 1	1,450,000
Mitigation Policy and Planning	\$200,000
Building Codes and Standards	\$500,000
Emergency Shelter System	\$200,000
Improved Public Awareness and Action	\$75,000
Volunteer Corps	\$25,000
Sub total IR 2	\$900,000
Supporting the rehabilitation of export crop structures	\$200,000
Providing credit to disadvantaged small farmers/producers and micro-businesses	\$250,000
Sub Total IR 3	\$450,000
USAID/J-CAR Management	\$200,000
TOTAL	\$3,000,000

The USAID contribution will be disbursed incrementally based upon the performance of the implementing partners. USAID plans to obligate all funds in FY 1999. Funds may be obligated through existing Limited Scope Grant Agreements with regional institutions and inter-agency agreements. Implementation of activities will be through contracts, grants, cooperative agreements, Participating Agency Service Agreements, Personal Services Contracts, and other contract mechanisms described under the Procurement Plan Section of this document. The establishment of concurrent audit facilities funded by USAID to oversee all expenditures will be a precondition to the disbursement of any/all funds.

Activities described above will be carried out during a two-year period from obligation of the supplemental funds. Many of these activities are already underway with LAC/OFDA funds.

Annexes

ANNEX 1 BACKGROUND ASSESSMENTS

Per the Background Section, a number of assessments were conducted to determine the magnitude of the damages that Hurricane Georges inflicted. These include

- an initial disaster assessment carried out by an OFDA team of experts that provided the basis for immediate, post hurricane, life-saving assistance,
- a follow-up assessment by OFDA in December of 1998 at the request of the LAC Bureau to determine the levels and types of unmet needs,
- an assessment by USAID/J-CAR and the LAC Bureau to determine the impact on the productive sectors and to identify needs in it,
- an overall assessment carried out by the Caribbean Development Bank, which estimated the overall economic damages to the Islands' infrastructure,
- an initial health assessment followed by an in-depth survey of survey damage to the health infrastructure with specific focus on the damages to the Joseph N France Hospital in St Kitts by the Pan American Health Organization,
- a rapid sectoral assessment by the Governments of St/Kitts Nevis and Antigua Barbuda on overall damage,
- detailed sectoral assessments carried out by the Health, Tourism and Agricultural and Environmental sectors in both countries,
- an assessment by Antigua's National Office of Disaster Services (NODS) and St Kitts' National Emergency Management Agency (NEMA) on overall shelter damages and the need and scope of a program to deal with the shelter problem,
- an evaluation of Hurricane Georges damages by the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC),
- a rapid reassessment by a USAID/Jamaica funded team to assess the degree to which early identified needs still remain priority concerns for the Island governments,
- community level assessments conducted by US Peace Corps volunteers and NGO's,

- reports from the Eastern Caribbean Donor Group Meetings which was chaired by the UNDP and attempted to coordinate donor assistance to prevent duplication of efforts and present opportunities for joint initiatives

Complementing these planning efforts, were several coordinating meetings with representatives from a variety of public and private sector entities (NGO partners, banks, etc) and other donors to exchange information and determine the respective level of effort and resources planned for the recovery. The SpO design process considered the views and suggestions of community-level discussants in which victims (customers) provided their perceptions and insights on the USAID/Jamaica recovery and reconstruction strategy. The process, culminating in the preparation of this document, incorporated a comprehensive, systematic analysis which included

- an internal review of USAID/Jamaica's ongoing portfolio, which could be tapped to complement new resources for recovery and reconstruction purposes,
- consultations with USAID/W personnel and frequent and regular coordination with other elements of the US Embassy Country Team,
- intensive discussions with public and private sector individuals concerned with the Islands' recovery efforts, as well as with prospective participants in the SpO activities,
- frequent discussions with other donors, and
- recommendations made by concerned USAID direct hire, contract and FSN personnel who have an intimate knowledge of the Eastern Caribbean's development situation and relevant experience in carrying out development programs

ANNEX 2 DEFINITIONS

Based upon consultation with 13 agencies and/or organizations on the Islands and with over 40 officials and/or other knowledgeable informants, the following activities (listed alphabetically) were evaluated by the SpO Team utilizing the criteria defined above

- Emergency Supplies The acquisition and delivery of emergency supplies to disaster management agencies for use in emergency shelters and for general distribution to the affected population. The supplies normally include plastic sheeting, sheets/blankets, cots, generators, water bottles, flashlights/lanterns, and cooking and feeding utensils,
- Hospital Construction The design and construction of the medical, surgical, pediatrics, maternity and VIP wards and retrofitting of the soon to be completed psychiatric ward of the severely damaged Joseph N France Hospital in St Kitts. It does not include the equipment and supplies that are necessary to make the wards operational,
- Hospital Equipment and Supplies This acquisition and delivery of hospital equipment and supplies to replace those destroyed in the Joseph N France Hospital in St Kitts. The Pan American Development Foundation (of the OAS) is currently the designated agency to distribute excess hospital equipment and supplies from the Canal Zone and was notified by LAC/CAR of the St Kitts requirement,
- Housing The construction of pre-designed replacement homes by the government for government selected low income beneficiaries whose homes were destroyed by Hurricane Georges and the retrofitting/strengthening (e.g. secured roofs and walls) of damaged homes. Housing units are typically constructed of concrete with gable roofs with galvanized sheeting, or with concrete slab roofs, although some wooden structures have been built,
- Micro-enterprise and Small Business Credit The increase credit availability to micro-entrepreneurs and small-scale businesses, including farmers. Micro-enterprise refers to businesses that operate in the informal sector by a single proprietor, usually the family. A small business operates in the formal sector and generally employs fewer than 50 employees,
- Mitigation Permanently eliminate or substantially reduce long term risk and vulnerability to human life and property from natural and man-made disasters. Structural mitigation focuses upon modifications to existing structures and improved design of new structures, to increase their resistance to

damage/destruction from natural hazard Non-structural mitigation includes the development and adoption of building codes, zoning regulations, policies, practices, public education programs and other general disaster preparedness activities,

- Multi-purpose Community Shelters The construction of structures designed to protect those persons most vulnerable to injury or death during a hurricane and thereafter serve as temporary refuge for those whose homes are damaged or destroyed They provide secure storage for immediate disaster response material and include toilets, a kitchen and facilities to accommodate 50 to 100 people The are used to lodge *in situ* the national, regional and international crews assisting in the restoration of public services while enabling other public facilities (e g schools) to resume their designated purpose The community owned and operated centers provide a locus for a wide range of non-partisan, non-secular community activities between hurricane seasons,
- Shelter Policy, Program Development, and Management The development of government policies on shelters and their management before, during, and after a natural hazard impact The shelter manager is ultimately responsible for the implementation of pre-determined systems that ensure the safety, security, and health of the victims of a disaster during the shelter occupation period

The analysis provides a strong indication of the kinds of activities (listed alphabetically) which may be undertaken to address a strategy designed to assist St Kitts/Nevis and Antigua/Barbuda recover from and reconstruct their countries following the devastation caused by Hurricane Georges, on the cusp of a new hurricane season which NOAA has predicted will be very active

ANNEX 3 RESULTS FRAMEWORK

SPECIAL OBJECTIVE RESULTS FRAMEWORK

Key Results and Performance Indicators

The expected results from the planned activities necessary to attain the SpO are organized into three components, as shown in the Results and Performance Indicators Table

- 1 Hospital services restored
- 2 Enhanced local capacity for disaster mitigation
- 3 Economic activities reactivated

Note that the baseline information needed to set specific targets and indicators for some of the expected results is presently inadequate. These indicators will be reviewed and revised as necessary during the early implementation of the component activities, especially during the process of negotiating the role of each implementing partner and the level of the USAID contribution to support their efforts.

Table 3 1 HG/SpO Results and Performance Indicators

SO/Result/IR	Performance Indicator and Target	Data Source
<p>HG SpO</p> <p>Recovery and reconstruction of St Kitts and Antigua from the damages of HG</p> <p>IR 1</p> <p>Hospital services restored</p>	<p>TBD (To be determined by Mission)</p>	<ul style="list-style-type: none"> - Special surveys involving members of customer groups - Special evaluations - Analyses of data obtained through Focus Groups events - Work plan preparation and review process - Reviews of activities carried out by implementing partners, - Implementing partners reviews of activity records

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SO/Result/IR	Performance Indicator and Target	Data Source
IR 2 Enhanced local capacity for disaster mitigation	TBD (To be determined by Mission)	
IR 3 Economic activities reactivated	TBD (To be determined by Mission)	<ul style="list-style-type: none"> - Reports - Evaluations

Critical Assumptions

Attainment of the results shown in the table assumes that

- qualified partners can be identified to carry out the planned recovery and reconstruction activities under rigorous time constraints,
- relevant island agencies cooperate in the implementation of proposed activities, and
- the 1999 hurricane season does not interfere with implementation activities