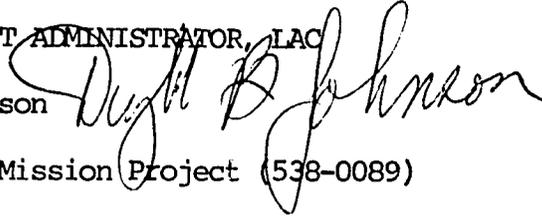


PDKAE 916

25 MAR 1983

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, LAC

FROM : LAC/DR, Dwight B. Johnson



SUBJECT : Inter-Agency Resident Mission Project (538-0089)

Problem: Your signature is required to amend the subject project's grant agreement with the United Nations Development Programme (UNDP) to add the second and final tranche of authorized funding.

Discussion: On August 27, 1982, you authorized \$676,000 for the subject project (TAB A) and subsequently obligated the first tranche of \$200,000 on September 29, 1983 (TAB B). RDO/C has requested AID/W obligate the second and final tranche of authorized funding in the amount of \$476,000 (TAB C).

Recommendation: That you sign the original and eight copies of the attached letter and thereby initiate a grant agreement amendment with the UNDP and obligation of \$476,000 of authorized funding for the subject project.

Attachments: a/s

RECORD COPY

25 MAR 1983

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, LAC

FROM : LAC/DP *[Signature]* Dwight E. Johnson

SUBJECT : Inter-Agency Resident Mission Project (538-0089)

Problem: Your signature is required to amend the subject project's grant agreement with the United Nations Development Programme (UNDP) to add the second and final tranche of authorized funding.

Discussion: On August 27, 1982, you authorized \$676,000 for the subject project (TAB A) and subsequently obligated the first tranche of \$200,000 on September 29, 1983 (TAB B). FIC/C has requested AID/V to obligate the second and final tranche of authorized funding in the amount of \$476,000 (TAB C).

Recommendation: That you sign the original and eight copies of the attached letter and thereby initiate a grant agreement amendment with the UNDP and obligation of \$476,000 of authorized funding for the subject project.

Attachments: a/s

Clearances:

LAC/DR:KPeake	(Draft)
LAC/DR:CHLeonard	<i>[Signature]</i>
LAC/DR:LLevy	<i>[Signature]</i>
GC/LAC:G/inter	<i>[Signature]</i>
LAC/DP:IHunt	<i>B. Goldstein</i>
LAC/DP:DBroome	<i>[Signature]</i>
DAA/LAC:MBrown	<i>[Signature]</i>

MH
LAC/DR:MHuffman:atb:3/21/83:29162:3908C

RECORD COPY

2

AGENCY FOR INTERNATIONAL DEVELOPMENT

ADVICE OF PROGRAM CHANGE

DATE:

Country : Caribbean Regional
Project Title : Inter-Agency Resident Mission
Project Number : 538-0089
FY 82 CP Reference : None
Appropriation Category : Selected Development Activities
Life-of-Project Funding : \$676,000 (Grant)
Intended FY 82 Obligation : \$200,000 (Grant)

This is to advise that A.I.D. intends to obligate \$200,000 in grant funds in FY 1982 to assist in financing the Inter-Agency Resident Mission. This is a new project and was not included in the FY 1982 Congressional Presentation.

This obligation is the first increment for a three-year project, which will assist in the establishment and support of the Inter-Agency Resident Mission (IARM). The IARM will help the member countries of the Organization of East Caribbean States (O ECS) to: a) Improve their overall economic performance; b) expedite investments; c) improve their use of foreign assistance funds; and d) strengthen the capacity of the O ECS to assume the functions of the IARM, thereafter.

Annex: Activity Data Sheet

SK
LAC/DR:SMiller:rsq:07/23/82:x-28656

Clearances: LAC/DR:LArmstrong
DB LAC/DR:DJohnson
LAC/DR:PBittner
LAC/DP:BCook
LAC/CAR:GHill
LAC/GC:BVeret
GC/LP:GLecoe
AA/LAC:OJReich
AA/PPC:JSohiook(info)
LAC/DP:DBroome

RECORD COPY

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(4)
7/26

**AGENCY FOR INTERNATIONAL DEVELOPMENT
ACTIVITY DATA SHEET**

PROGRAM: CARIBBEAN REGIONAL

CP 81-05 (8-79)

TITLE Inter-Agency Resident Mission		FUNDING SOURCE Selected Development Activities	PROPOSED OBLIGATION (In thousands of dollars)		
			FY 82 200	LIFE OF PROJECT (Auth.) 676	
NUMBER 538-0089	NEW <input checked="" type="checkbox"/>	PRIOR REFERENCE NONE	INITIAL OBLIGATION FY 82	ESTIMATED FINAL OBLIGATION FY 84	ESTIMATED COMPLETION DATE OF PROJECT FY 85
GRANT <input checked="" type="checkbox"/> LOAN <input type="checkbox"/>	CONTINUING <input type="checkbox"/>				

Purpose: To assist in the establishment and support of the Inter-Agency Resident Mission (IARM). The IARM will help the member countries of the Organization of East Caribbean States (OECs) to: (a) improve their overall economic performance; (b) accelerate the execution of investment projects; (c) raise the quality and increase the effectiveness of foreign assistance expenditures and; (d) strengthen the newly established OECs to enable it to assume most of the functions of the IARM thereafter.

Background: The Caribbean Group for Cooperation in Economic Development, established in 1977, has made substantial progress. Its main objective has been to promote an increased level of donor financial and technical assistance in support of both short and long term economic development programs undertaken by countries in the Caribbean region. However, it is generally agreed that benefits from the Group to the countries of the Eastern Caribbean have been limited. The major causes of this are the difficulty of developing the islands' micro-economics and the limited capacity of these countries to productively absorb greater amounts of economic assistance, because of their present administrative and technical limitations. This weakness is reflected in their inability to prepare investment programs suitable for donor funding, and to develop and carry out policies and programs of development to which the OECs members are committed. At the Fourth Caribbean Group Meeting in 1981 there was agreement that a special effort by donor countries was needed to overcome these difficulties in the East Caribbean. The Inter-Agency Resident Mission is a response to this need.

Project Description: This project will provide assistance to the IARM which will assist OECs governments to (a) formulate and carry out development policies, including ones to stimulate private sector initiatives, (b) develop and implement public sector investment programs, (c) strengthen institutional capacity to administer projects, (d) monitor the progress of public sector investments and development policy adoption, (e) assist in securing the required technical and financial assistance, and (f) update current data bases. The IARM will promote donor coordination in activities in the East Caribbean.

Relationship of Project to A.I.D. Country Strategy: The Inter-Agency Resident Mission is a prerequisite for the successful implementation of A.I.D.'s private sector initiative in the East Caribbean. The IARM would help OECs design and implement economic and social infrastructure projects conducive to private sector activity, as well as help develop policies supportive of this private sector activity.

Beneficiaries: The populaces of the seven OECs members would benefit from the improved economic performance of their countries and the more rapid and effective use of donor assistance.

Host Country and Other Donors: The host countries will be the seven countries of the OECs. Donor cash contributions will include World Bank (IBRD) (\$258,000), International Monetary Fund (IMF) (\$178,600), Inter American Development Bank (IDB) (\$666,050), Canadian International Development Agency (CIDA) and British Overseas Development Council (ODC) (\$669,350 each). In-kind contributions will come from IBRD, IMF, Organization of American States (OAS) and the Caribbean Development Bank (CDB). IBRD will supervise the IARM and finance the Mission Chief, while IMF will support a resident representative. Other funds will support two economists, two financial analysts, short-term consultants, administrative support personnel, travel and equipment.

Major Outputs:

	<u>All Years</u>
a) Forecasts of resources available for public sector investment;	7
b) public sector investment programs for OECs governments;	7
c) requests for external funding for development projects;	x
d) accounting and reporting systems for program monitoring;	x
e) periodic reviews of development, financial and monetary policies;	x

A.I.D.-Financed Inputs

Life-of-Project
(\$000)

Technical Assistance

676

U.S. FINANCING (In thousands of dollars)				PRINCIPAL CONTRACTORS OR AGENCIES
	Obligations	Expenditures	Unliquidated	
Through September 30, 1980	-	-	-	To be selected
Estimated Fiscal Year 1981	-	-	-	
Estimated through September 30, 1981	-	-	-	
		Future Year Obligations	Estimated Total Cost	
Proposed Fiscal Year 1982	200	476	676	

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UNITED NATIONS
DEVELOPMENT PROGRAMME



PROGRAMME DES NATIONS UNIES
POUR LE DEVELOPPEMENT

FILE: PRM 7-2

JUL 23 9 14 AM '82
UNITED NATIONS PLAZA
NEW YORK, N.Y. 10017

TELEPHONE: 754-1234

EXECUTIVE SECRETARIAT

REFERENCE: RLA/82/004

re Due: 8/4/82
ACTION: AA/LAC coordinate as approp.
for LAC sig. cc. reply ES
CABLE ADDRESS: UNDEVPRO • NEW YORK

INFO: Pagano/Herder/ES logs AA/PPC

JUL 17 1982

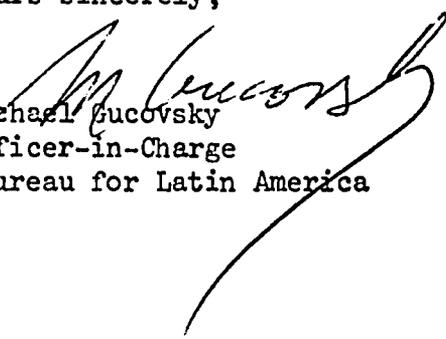
Dear Mr. McPherson:

Subject: RLA/82/004 - Inter-Agency Resident Mission for the
LDCs of the Eastern Caribbean

..... I am pleased to send you herewith a copy of the project document in respect of the above-mentioned project which was endorsed at the Fifth Meeting of the Caribbean Group.

I would appreciate if you would formally indicate urgently your Agency's agreement to contribute to the project on the basis stipulated in the document and in the form indicated in paragraph 3 of the Memorandum of Agreement contained in Annex A.

Yours sincerely,


Michael Gucovsky
Officer-in-Charge
Regional Bureau for Latin America

Mr. M.P. McPherson
Administrator
USAID
Washington, D.C. 20523

0135160

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PART I. LEGAL CONTEXT

1. It is expected that aside from the UNDP and World Bank contributions, the donor agencies listed on the cover page of this project document will make grant contributions in cash and in kind towards meeting the cost of the project. Their relationships with the UNDP and the Executing Agency will be governed by the Project Document and the Memorandum of Agreement set forth as Annex A hereto.

2. This Project Document shall be:

(a) the instrument (therein referred to as a Plan of Operation) envisaged in Article I paragraph 2 of the Agreement between the Government of each of the countries listed below and the United Nations Development Programme, signed by the Parties on the dates set opposite their respective names, concerning assistance under the Special Fund sector of the United Nations Development Programme. Additional conditions which shall govern such assistance are set forth in Part V of this Document.

<u>Country</u>	<u>Date of Signature</u>
Antigua and Barbuda*	January 7, 1960
Montserrat*	January 7, 1960
St. Kitts-Nevis*	January 7, 1960
St. Lucia*	January 7, 1960
St. Vincent and the Grenadines*	January 7, 1960

* Agreement signed by the United Kingdom and UNDP

7X

(b) the instrument referred to as such in Article I, paragraph 1, of the Assistance Agreement between the Government of each of the countries listed below and the United Nations Development Programme, signed by the Parties on the dates set opposite their respective names.

<u>Country</u>	<u>Date of Signature</u>
Dominica	November 5, 1980
Grenada	May 17, 1976

Each of the Government Implementing Agencies shall, for the purposes of the Standard Basic Agreement, refer to the Government Co-operating Agency described in that Agreement.

* Agreement signed by the United Kingdom and UNDP

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Government Adherence

3. Each Government shall signify its adherence to this Project Document by letter addressed to the UNDP, at its Headquarters, with a copy to the Resident Representative responsible for UNDP activities in the relevant Government's country and to the Executing Agency, whereupon such Government shall be deemed a party to this Project Document as fully as if it had signed the Project Document directly, as of the latest of the dates appearing on the cover page hereto.

9X

PART II. THE PROJECT

II. A. DEVELOPMENT OBJECTIVES

The Inter-Agency Resident Missions's ultimate objectives are to help the Eastern Caribbean LDCs:

- (a) improve their overall economic performance;
- (b) accelerate the execution of investment projects;
- (c) increase the quality and effectiveness of aid flows; and
- (d) assist the OECS Economic Affairs Secretariat and the CDB to improve their capacity to assume the service role of the IARM.

*already in CN,
from miss on version of
CN*

II. B. IMMEDIATE OBJECTIVES

- (a) assist the LDC Governments to formulate and carry out appropriate development policies, including policies to stimulate private sector activity;
- (b) assist the LDC Governments to formulate and carry out appropriate public sector investment programs;
- (c) assist the LDC Governments to identify and correct institutional deficiencies in project execution;
- (d) assist the LDC Governments to monitor progress in executing their public sector investment programs and in adopting agreed development policy measures;
- (e) assist the LDC Governments to obtain the required external technical and financial assistance;
- (f) assist the LDC Governments to update their data base;
- (g) promote donor coordination;
- (h) assist as appropriate the OECS Economic Affairs Secretariat in carrying out activities relevant to the above mentioned objectives.

II. C. SPECIAL CONSIDERATIONS

In addition to providing development assistance to the LDCs of the Eastern Caribbean, the mission will work closely with the Economic Affairs Secretariat of the Organization of Eastern Caribbean States (OECS) in harmonizing work programs with the view that, upon completion of this project, the OECS will assume many of the functions of the resident mission.

II. D BACKGROUND AND JUSTIFICATION

The Caribbean Group for Cooperation in Economic Development, established in 1977, has made substantial progress in its main objective to promote "a process through which donors would increase in a coordinated way their financial and technical assistance to the Caribbean area, in support of appropriate short and long-term economic programs undertaken by countries in the region."

It is generally agreed, however, that the benefits from the Group to seven LDCs of the Eastern Caribbean have been relatively limited to date. This is due, in part, to the difficulties inherent in the development of such micro-economies and, also, to the limited capacity of these countries to absorb usefully greater amounts of external assistance, given their present administrative and technical weaknesses. The effects of those weaknesses are clearly shown by their inability to prepare realistic investment programs appropriate for external funding. Moreover, while the LDC Governments are, by and large, committed to the execution of

1/ Countries participating in this project: Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia, and St. Vincent and the Grenadines.

11 X

their development policies and programs--as described in the annual Economic Memoranda published by the World Bank, and as discussed and agreed upon in the Country Subgroups of the Caribbean Group--the weaknesses referred to above have limited the degree to which they have been able to live up to those commitments.

The Caribbean Group has already made a contribution to the solution of these problems, but much more is needed. The joint economic missions, in preparing the annual Economic Memoranda, have helped the countries to formulate projects lists and development priorities and strategies. But more continuous and detailed technical support than those missions can provide is required to turn those formulations into fully operational investment programs and development policies. Likewise, while the Caribbean Group meetings have improved donors' coordination, the needs of the Eastern Caribbean LDCs require such coordination to be also carried out in the field, on a continuous basis, and not only in one or two meetings a year or through ad hoc consultations. It is also necessary to help the LDCs to request and utilize effectively the technical and financial assistance made available by individual donor countries and institutions.

At the Fourth Caribbean Group Meeting in 1981, there was agreement on the need for the donor community to make a special effort to help the LDCs to overcome these difficulties as one of the means of increasing the external flows of financial assistance to them. The Inter-Agency Resident Mission is a response to this need.

The Resident Mission would supplement the annual meetings of the Caribbean Group by facilitating regular consultation among donors, and with recipients, at the working level; and it would provide continuing follow-up of commitments and performance by donors as well as recipients regarding development policies and technical and financial assistance.

The missions's structure and functions will be such as not to replace or in any way conflict with development planning at the national level, or with proposed regional support programs such as pools of experts. On the contrary, the role of the Resident Mission would be supportive of such other efforts as can be reasonably construed as contributing to the ultimate goal of improving the LDCs' capacity to program and execute their economic development.

It has been agreed by all parties that the mission will be located in Antigua.

II.E. OUTPUTS (Relating to major activities)

- (a) Forecasts of resources available for public sector investments, prepared with assistance of the mission;
- (b) Public Sector Investment Programs for participating governments prepared with the assistance of the mission;
- (c) External financing requests for development projects prepared with the assistance of the mission;
- (d) Accounting and reporting systems for monitoring the execution of public sector investment programs;
- (e) Periodic reviews of the agreed program of development, fiscal and monetary policies;
- (f) Technical assistance requests prepared with the assistance of the mission;
- (g) Periodic reports to LDCs and donors on the execution of projects, programs and policies.

13 X

II.F ACTIVITIES

The Mission's work program will not replace or interfere with any existing national or regional decision-making mechanism. The work of the IARM will be aimed at strengthening the development capabilities of the LDC Governments and of the OECS. The work program for each LDC will be prepared and carried out with the concurrence of the government within the framework of the investment programs and development policies considered in the country subgroup meetings of the Caribbean Group.

The following activities relate to each of the immediate objectives and will be detailed in the mission's work program which will be prepared within three months after key staff have been appointed to the Mission:

(a) Formulation of Overall Development Policies

- (i) The mission will make frequent contact with the participating Governments and the OECS, with a view to raising the standards of the information available on each country to those required for the Economic Memoranda. This improved information will facilitate a more meaningful analysis, at the operational level, of development priorities and key policy issues.
- (ii) The mission would work closely with the Governments to identify and obtain the technical assistance required to formulate in detail and to execute the development policies agreed upon during the subgroup meetings, in accordance with the overall development objectives and strategy determined by each Government. This would include inter alia, policy measures pertaining to the role of the private sector in each country.
- (iii) The Mission would liaise with the Caribbean Project Development Facility (RLA/81/010) in respect of policies and programs to stimulate private sector activity.

(b) Formulation of Public Investment Program

The mission would work closely with the government agency or staff responsible for investment planning and programming. In doing so it would:

- (i) review with this body of government officials their proposals for specific projects and programs to ensure that they are consistent
 - with the overall macroeconomic framework
 - the agreed development strategy and policies for the sector
 - the fiscal prospects for the Government with a view to forecasting public sector savings
 - the likely external and internal sources of funds
 - an integrated programming approach, that is, taking into account the requisite supporting infrastructure and other strategies or actions necessary to make the project or program work; this will include a determination of the local availability of required skills and materials for the construction phase as well as the operating phase of projects.

- (ii) encourage and review preliminary in-house analysis of projects and programs in respect of their technical, economic and financial feasibility. Where necessary, it would assist the Government to identify and obtain technical assistance and training for this activity. The aim of this exercise would be to maintain an appropriate pipeline of bankable projects ready for presentation to a funding agency;

- (iii) work with the government agency or staff to articulate the criteria for inclusion of projects in an investment program and to update the public sector investment program within the context of a planned

15. X

(iv) work with the Government in the capital budgeting process, to accomplish the integration of the agreed public sector investment program with the capital budgets of the central government and the public corporations

(v) review with Government, as necessary, the organizational structure and staffing of the agency responsible for development planning and programming in order to improve its capability to perform its designated functions.

(c) Execution of Programs and Projects

The mission would assist the Government, as necessary to identify and correct the institutional deficiencies hampering project implementation. This might entail obtaining technical assistance, and planning and arranging training programs for local staff, including provision of counterpart staff to expatriate personnel.

(d) Monitoring of the Execution of Development Programs

Execution of Investment Programs: The mission would provide, or assist each LDC Government to obtain guidance in setting up a system for monitoring the implementation of its public sector investment program, including a quarterly review. The system could be quite simple initially, and evolve to more sophisticated stages as experience and skills are accumulated over time.

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It would, as a minimum, make provision for financial accounting and reporting on the physical progress of individual major projects. Such reporting would be designed to identify in a timely manner bottlenecks affecting project progress, and to provide a feedback to the central planning agency for its action.

Execution of Development Policies: The mission would review periodically with each LDC Government the agreed program of development policy measures in order to register progress and identify problems encountered in adopting them. The IMF Regional Adviser for the Eastern Caribbean countries will be available to perform a similar function in respect of fiscal and monetary policies. The Mission would assist Governments, as necessary, to find ways of addressing the problems identified, so that the development program would proceed without undue delays, and the associated benefits would not be unduly deferred.

(e) Financial and Technical Assistance

The Mission would be uniquely placed to assist participating governments and the Caribbean Group coordinate financial and technical assistance to the individual countries. It would:

- (1) advise Governments on the likely sources of finance for particular capital projects, and assist them to request and obtain such finance;

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- (ii) advise Governments on the likely sources of technical assistance for the preparation and execution of investment programs and projects, and other development policies--including aspects related to institution building and manpower development--and assist them to request and obtain such assistance;
- (iii) assist Governments and donors to identify technical programs of a subregional or regional character for the LDCs, thus promoting the efficient use of available technical assistance resources.

(f) Data Collection

By its close contact with each individual country, the Mission would be well placed to assist the Governments in upgrading their statistics to the required standards. The Mission would, therefore:

- (i) make recommendations, as necessary, to the individual Governments on data collection objectives and methods, given each country's particular economic and institutional conditions;
- (ii) identify technical assistance requirements for this purpose, and assist the Governments to obtain it;
- (iii) discuss and review existing procedures with the statistical departments, whenever requested.

(g) Coordination of Donor Assistance

The Mission's location, in the field, would facilitate one of the primary objectives of the Caribbean Group for Cooperation in Economic Development, that is, the coordination of external assistance among the various donor countries and agencies involved. In addition to the overview the mission would have of each country's external assistance and the availability of financing, this in-the-field coordination would be effected by:

- (i) periodic meetings by the Mission with the donors represented in the region to review and discuss the status of the countries' public investment programs, and progress in adopting agreed policy measures. Such meetings would identify problems being encountered, whether at the identification, preparation or execution stage of projects and any constraints hampering the adoption of development policy measures;
- (ii) periodic meetings, as deemed necessary, of donors involved together in financing of single project or program in a country, or at the subregional level. Such meetings would discuss ways of resolving existing issues or problems, and identify possible courses of further cooperation to facilitate the country's/countries' economic development.

19 X

Donor Performance: In connection with the quarterly review of the investment program, the performance of donors in carrying out their part of the investment program, would also be reviewed. The review would include also an evaluation of performance under the donors' technical assistance programs. The findings would be reported to donors for their consideration. In evaluating donors' performance, the Mission would pay particular attention to the extent to which the individual donors maintain their technical assistance and financial programs in the LDCs in conformity with agreed priorities.

Such a system of more frequent review, reporting, and feedback for action would promote greater understanding and cooperation between donors and recipients, and greater coordination among donors, which in turn would help to accelerate project execution and facilitate a more rapid transfer of external resources to the countries.

II.G. INPUTS, FINANCING AND MANAGEMENT

The proposed Inter-Agency Resident Mission would have the following professional manpower:

Post 11.01 The Mission Chief, who would be responsible for: (i) overall management of the Mission, including the supervision of the work performed by other staff members and consultants; (ii) donor coordination in the field; and (iii) high level discussions with the LDC Governments. The Mission Chief will also participate in direct technical work. This post would be financed from the Bank's in kind contribution to the project.

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- Post 11.02 The IMF Resident Representative. The IMF Regional Adviser for the Eastern Caribbean will collaborate with the Inter Agency Regional Mission. He will consult on a regular basis with the Mission, and be available to assist and advise on matters within the competence of the IMF, including fiscal and monetary matters. This post would be financed from IMF's contribution in kind.*
- Post 11.03 Two general economists who would be responsible for work on general economic policy issues, and for the overall analysis of, and assistance for, investment programs. One of these posts would be financed from UNDP's cash contribution and the other from CDB's in kind contribution.
- Post 11.04 One financial analyst, with project experience, particularly in the industrial sector, who would inter alia, assist in the selection of short-term sectoral specialists, and in the identification of technical needs related to project formulation and execution. This posts would be financed from IDB's contribution in kind.

not the same as CN

*IMF's financial commitment is subject to annual review.

21X

- Post 11.05 One Economist/Statistician to work on the development of statistical services and data collection activities in the LDC's. The post would be financed by an in-kind contribution from the OAS.
- Post 11.07 Short-term consultants, to supplement the work of the permanent staff at both the macroeconomic and sectoral project levels. They will provide the specializations required for the mission to offer the services necessary for the project, program and policy work. The estimated annual requirements of short-term consultants would be 9 man/years. These consultant services would be financed from the cash contributions of USAID and CIDA, and an in-kind contribution from ODA.

Budget line 13: ADMINISTRATIVE SUPPORT PERSONNEL

One administrative secretary for the mission chief and three general secretaries for the five permanent professionals and various short-term consultants, 1 administrative assistant, 1 driver/messenger and some additional funds to cover temporary help and overtime.

Budget line 15: TRAVEL ON OFFICIAL BUSINESS

It is expected that each of the mission staff will be away from Mission headquarters approximately two weeks per month to carry out the activities of the project.

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Budget line 40: EQUIPMENT

Expendable equipment: general office supplies

Non-expendable: one vehicle, 7 calculators, photo-copier rental, 5 typewriters and office furniture.

Premises: rental of suitable office space (approximately 1,800 square feet) including office building maintenance and utilities.

Budget line 50: MISCELLANEOUS

Operation and maintenance of office equipment and vehicle.

Sundry expenses such as office cleaning, communications charges, auto insurance, representation and meeting expenses.

TRAINING

The institutional capacity of the Eastern Caribbean countries is limited due to low income and size. The project will, therefore provide in-service training in economic management and development planning as part of the work of the mission staff. No separate budgetary allocation is required.

23X

MISSION MANAGEMENT AND FINANCING

The mission will be financed and managed by various donor members of the Caribbean Group under the following arrangements:

World Bank

The World Bank will participate in the Inter-Agency Resident Mission during the first three years. During this initial period the World Bank would be responsible for the management of the Inter-Agency Resident Mission. This management function will include the role of co-ordinator of donor assistance. The procedure envisaged for such coordination is as follows:

- (a) Each country investment program would be agreed upon in the individual country subgroup meetings of the Caribbean Group. Such program should include, inter alia, the ongoing projects already being financed by the participating donors;
- (b) The new projects to be financed, and the timing of such financing, would be consistent with the agreed country programs; and
- (c) Donors will inform the IARM of major new projects of a non-emergency nature which have not been included in the investment programs of the LDC governments. In this respect donors will take into consideration the mission comments.

During these first three years, therefore, the Inter-Agency Resident Mission would report to the World Bank's Washington headquarters, and would be supervised by the World Bank. The Mission members financed by the Bank and UNDP and the consultants financed by USAID and CIDA would be selected and hired by the World Bank. The mission members financed by

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the CDB, IDB and OAS would be hired by those organizations and assigned to the mission after receiving the agreement of the Bank. They would report to the Mission Chief. Terms of reference for each post will be established by the Bank. The short term consultants financed by ODA would be hired by ODA after receiving the agreement of the Bank. The Mission would relate to the annual joint economic missions in the ways described in previous sections. The Mission Chief would submit each year a report about the mission activities to the World Bank, which, after approving the report, would distribute it to the annual meetings of the Caribbean Group.

The task of organizing and selecting the Mission's staff, and supervising its work would be undertaken by the Bank headquarters staff. The World Bank would also finance the Mission Chief's position--including salary and other benefits, the full cost of one administrative secretary and a proportional share of official travel, secretarial and administrative support, equipment, office rental and miscellaneous expenses.

CDB AND OAS

The CDB and OAS will each appoint a mission member and pay their salaries, staff benefits. The travel costs are estimated to be a total of \$100,000 per man for the three year period. The travel costs of the CDB mission member will be met by other donor contributions to the resident mission. OAS travel costs will be met by UNDP under a separate budget.

COOPERATION OF THE IMF

The IMF Regional Adviser for the Eastern Caribbean is expected to share office accommodation and attendant services with the Inter-Agency Resident Mission and the IMF will contribute a share of the associated costs. The IMF will also finance travel by the IMF Regional Adviser.*

* IMF's commitment is subject to annual review.

25 X

IDB

IDB will appoint a mission member and channel payment for his salary, staff benefits and travel through the CDB.

UNDP*

The UNDP will finance one permanent staff member and a share of the travel, secretarial and administrative support, equipment, office rental and miscellaneous expenses.

Bilateral Donors

The bilateral donors (CIDA, ODA and USAID) will each provide the financing for three man/years of consultants services including their fees, per diem and travel expenses.

OECS Secretariat

The Inter-Agency Resident Mission would maintain close working relations with the OECS Economic Affairs Secretariat. The Mission would assist in strengthening OECS by identifying other areas where OECS can make a meaningful contribution to the development efforts of the LDCs, and through counterpart assignments to the Mission to familiarize OECS staff with the data and standards required by the LDCs in their relations with external donors.

* UNDP's contribution of \$131,000 in CY85 is subject to review.

II.H. Work Plan

A detailed work plan will be prepared within three months after key staff have been appointed.

II.I. Preparation of the Framework for Effective Participation of National and International Staff in the Project

The activities necessary to produce the indicated outputs and achieve the project's immediate objectives will be carried out jointly by the national and international staff assigned to it. The respective roles of the consultants and government staff will be determined by mutual discussion and agreement between the Governments and the Executing Agency prior to initiation of activities in the participating countries.

II.J. Development Support Communication

Not applicable.

II.K. Institutional Framework

The Mission's principal contacts regarding economic and development strategy will be with the country economic team, usually the Ministries of Finance and Planning and with the OECS Economic Secretariat. The sectorial agencies with whom the Mission staff works will depend upon the orientation of the development program of each country. To the extent that participating countries are interested in promoting private sector development, the Mission will also work with private sector institutions such as development finance companies, cooperatives and marketing organizations. The IMF Regional Adviser will work with agencies responsible for monetary and fiscal policy, usually the Ministries of Finance, and with the OECS Economic Secretariat.

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II.L. Prior Obligations and Prerequisites

The conditions for the mission commencing operations are the following:

1. A letter of collaboration and commitment to make a cash contribution from the IMF.
2. Signature of the Project Document by the OECS Secretariat.
3. Endorsement in writing of the Project Document by at least three participating Governments.

The project will become operational upon UNDP signifying to the executing agency that the abovementioned conditions have been satisfied.

I.M. Future UNDP Assistance

To be determined.

PART III. SCHEDULES OF MONITORING, EVALUATION AND REPORTS

A. Tripartite Monitoring Review:

The progress of the project will be reviewed annually by donors and participating governments at the Caribbean Group meeting.

B. Evaluation

The project will be subject to evaluation, in accordance with the policies and procedures established for this purpose by UNDP. The organization, terms of reference and timing of the evaluation will be decided by consultation between the participating Governments, UNDP and the World Bank as Executing Agency.

The World Bank participation in the mission will cease after three years. If the mission is to continue after this period, the other participants in the Mission would have to consider renewed financial support.

C. Progress and Terminal Reports

A progress report will be prepared each April for presentation to the Bank and UNDP and for subsequent presentation to at the June Caribbean Group meeting. In addition, the Bank will submit financial Project Delivery Reports (PDR) to donors three times a year indicating the status of disbursements on each budget line during the previous trimester.

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PART IV. PROJECT BUDGET COVERING THE UNDP AND OTHER DONOR CONTRIBUTION
(IN US DOLLARS)

COUNTRY: Eastern Caribbean Region
PROJECT NUMBER: RLA/82/004/A/01/A2
PROJECT TITLE: Inter-agency Resident Mission

	TOTAL		CY82		CY83		CY84		CY85	
	m/m	US\$	m/m	US\$	m/m	US\$	m/m	US\$	m/m	US\$
11. PROJECT PERSONNEL										
11.01 Mission Chief										
11.02 Adviser Monetary and Fiscal Policy	(36)	IBRD	-	-	-	-	-	-	-	-
11.03 Economist I	(36)	IMF	-	-	-	-	-	-	-	-
11.04 Financial Analyst I	(36)	CDB	-	-	-	-	-	-	-	-
11.05 Financial Analyst II	(36)	OAS	-	-	-	-	-	-	-	-
11.06 Economist II (UNDP)	(36)	IDB	-	-	-	-	-	-	-	-
11.07 Short-Term Consultant: USAID, CIDA ODA	(36)	348,000	(6)	56,000	(12)	112,000	(12)	112,000	(6)	62,000
11.99 SUBTOTAL	(324)	1,566,000	(12)	184,000	(24)	326,000	(24)	425,000	(12)	223,000
12. ADMINISTRATIVE SUPPORT PERSONNEL										
12.01 Mission Chief's Secretary										
12.02 Other Administrative Support ^{a/}	(36)	IBRD	-	-	-	-	-	-	-	-
		160,000		24,000		50,000		56,000		30,000
13. EQUIPMENT TOTAL ^{b/}		287,000		43,500		91,000		100,000		52,500
14. COMPONENT TOTAL		2,013,000		307,500		639,000		699,000		367,500
15. EQUIPMENT COMPONENT										
15.1 Expendable		27,000		5,000		8,500		9,000		4,500
15.2 Non-expendable		74,000		55,000		7,000		8,000		4,000
15.3 Premises		130,000		19,500		41,000		45,500		24,000
15. COMPONENT TOTAL		231,000		79,500		56,500		62,500		32,500
16. MISCELLANEOUS										
16.1 Operation and Maintenance										
16.2 Sundry		21,000		3,000		6,500		7,500		4,000
16. COMPONENT TOTAL		142,000		21,500		45,000		49,500		26,000
17. GRAND TOTAL		163,000		24,500		51,500		57,000		30,000
18. COST SHARING		2,407,000		411,500		747,000		818,500		430,000
18.1 Agency Cost Sharing										
		IBRD-cash-	258,000	81,000		66,250		89,500		21,250
		IMF-cash-	325,000	71,500		94,750		104,000		54,750
		USAID-cash-	609,000	92,000		193,000		212,500		111,500
		CIDA-cash-	609,000	92,000		193,000		212,500		111,500
18. TOTAL COST SHARING		1,801,000		336,500		547,000		618,500		299,000
19. TOTAL UNDP CONTRIBUTION		606,000		75,000		200,000		200,000		131,000

^{a/} Administrative assistant, three general secretaries, and one driver/messenger.
^{b/} Includes Travel for posts 11.01, 11.03, 11.06 only; short-term consultant travel is included on line 11.07.

PART IV (Cont'd)

PROJECT BUDGET COVERING COST SHARING CONTRIBUTIONS
(IN US DOLLARS)

COUNTRY: Eastern Caribbean Region
PROJECT NUMBER: RLA/82/004/A/01/42
PROJECT TITLE: Inter-Agency Resident Mission

	<u>TOTAL</u>	<u>CY82</u>	<u>CY83</u>	<u>CY84</u>	<u>CY85</u>
100. COST SHARING					
101. Cost Sharing - IBRD	258,000	81,000	66,250	89,500	21,250
102. Cost Sharing - IMF	325,000	71,500	94,750	104,000	54,750
103. Cost Sharing - USAID	609,000	92,000	193,000	212,500	111,500
104. Cost Sharing - CIDA	609,000	92,000	193,000	212,500	111,500
109. <u>TOTAL</u>	1,801,000	336,500	547,000	618,500	299,000
150. OVERHEAD (11%)^{a/}					
151. Overhead - IBRD	-	-	-	-	-
152. Overhead - IMF	35,750	7,865	10,423	11,440	6,022
153. Overhead - USAID	66,990	10,120	21,230	23,375	12,265
154. Overhead - CIDA	66,990	10,120	21,230	23,375	12,265
159. <u>TOTAL</u>	169,730	28,105	52,883	58,190	30,552
190. Total - IBRD	258,000	81,000	66,250	89,500	21,250
Total - IMF	360,750	79,365	105,173	115,440	60,772
Total - USAID	675,990	102,120	214,230	235,875	123,765
Total - CIDA	675,990	102,120	214,230	235,875	123,765
199. <u>TOTAL COST SHARING</u>	1,970,730	364,605	599,883	676,690	329,552

SCHEDULE OF PAYMENTS

<u>DUE DATE</u>	<u>IMF</u>	<u>USAID</u>	<u>CIDA</u>
August 1, 1982			
January 1, 1983	79,365	102,120	102,120
January 1, 1984	105,173	214,230	214,230
January 1, 1985	115,440	235,875	235,875
	60,772	123,765	123,765

^{a/} UNDP will also pay the Bank 11% overhead via a separate accounting system.

Note: Cost sharing contributions will be deposited in accordance with the above schedule of payments in UNDP's Chemical Bank Account 015-00284, UN Branch, New York, N.Y.

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PART V. WORLD BANK LEGAL ANNEX

The following provisions shall govern the relations between the UNDP, the Executing Agency and each of the Governments listed in paragraph 2(a) of Part I participating in the Project.

General Provisions

1. For the purposes hereof, the term "Project" means the project defined in this Project Document, and the Term "Government" means the government of each of the participating states listed above which have adhered to this Project Document in writing.
2. The Project will be financed as described in the Project Document and as further specified in the Memorandum of Agreement which is Annex A to the Project Document (hereinafter called the "Memorandum of Agreement").
3. Each of the Governments, the UNDP and the Executing Agency shall cooperate in the execution of the Project with a view to the realization of the objectives described in Part II of this Project Document.
4. From contributions provided through cost sharing by the donors, the UNDP undertakes to provide through the Executing Agency the expert services, training, equipment and other services and facilities required for the Project, with the funds available to the Project.

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5. The Executing Agency shall carry out its obligations in consultations with the governments, the UNDP and the Donor Countries and Institutions, in accordance with the provisions to the Project Document.

Participation of the Government

6. a) The Government shall facilitate clearance through its customs any equipment, materials and supplies required for the purposes of the Project, and of personal effects of the non-national personnel assigned to the Project.

b) In the event that the carrying out of the Project shall require, at the sole discretion of the Executing Agency, the import of any equipment into the territory of any of the Governments, the relevant Government shall exempt or defray any customs duties and other charges related to the clearance of project equipment, its transportation, handling, storage and related expenses within the country. It shall also be responsible for safe custody of the equipment, its installation, maintenance and insurance.

c) The Government shall make arrangements for all non-national personnel assigned to the Project and their families promptly to be provided with any necessary entry and exit visas, residence permits, exchange permits and travel documents required for their stay in the territory of the Government in connection with the Project.

7. Subject to any security provisions in force at the date of the Project Document, the Government shall:

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a) make available to the Executing Agency for the purposes of the Project all published and unpublished reports, maps, records and other information and data which are necessary for the implementation of the Project; and

b) enable authorized representatives of the UNDP, the Executing Agency and the staff and consultants retained by the Executing Agency to carry out the Project to visit any part of its territory for the purposes of the Project and to examine any records and documents relevant thereto.

8. The Government shall assist all the non-national personnel assigned to the Project in finding suitable housing accommodations at reasonable prices.

Participation of the UNDP and of the Executing Agency

9. The Executing Agency shall select a Project Manager in consultation with the UNDP and shall assign to the Project such Project Manager and other project personnel under contract with the Executing Agency.

10. The Project Manager shall be responsible for the carrying out of the obligations of the Executing Agency under the Project Document, shall supervise the personnel assigned to the Project, and shall be responsible for the management of all materials, equipment and facilities made available to the Executing Agency for the purposes of the Project.

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11. The Executing Agency may, in agreement with the UNDP, execute any part or all of the Project by subcontract. The selection and appointment of subcontractors shall be made in accordance with the Executing Agency's procedures for UNDP projects.

12. All material, equipment and supplies which are purchased from resources made available through the UNDP shall be used exclusively for the execution of the Project and shall remain the property of the UNDP (in whose name it will be held by the Executing Agency) until completion of the UNDP assistance to the Project. Equipment supplied by the UNDP shall be marked with the insigniae of the UNDP and of the Executing Agency.

13. The Executing Agency shall make payments for the actual costs of the Project components only to the extent that funds shall have been received by it in accordance with the provisions of the Memorandum of Agreement.

The Basic Agreement

14. Provisions applicable to the Governments listed in paragraph 1.2. (b) above:

a) In accordance with the Agreement concluded by the UNDP (Special Fund) and the Government concerning the provision of assistance (the "Basic Agreement"); the UNDP, the Executing Agency and other United Nations organizations associated with the Project and their respective personnel shall be accorded the facilities, privileges and immunities specified in the Basic Agreement.

b) The Project Document is the document (therein referred to as a Plan of Operation) provided for in paragraph 2 of Article 1 of the

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Basic Agreement. The Executing Agency, by its execution of the Project Document, accepts in relation to the Project the provisions of the Basic Agreement (subject as hereinafter mentioned) and accordingly the Government, the UNDP and the Executing Agency agree that such provisions shall be deemed incorporated in and to form part of the Project Document with the same force and effect as if such provisions were fully set forth herein, subject, however, to the provisions of sub-paragraph (c) hereof.

c) For the purposes of the Project Document:

(i) paragraph 3 of Article II of the Basic Agreement shall not apply to arrangements of an administrative nature made by the Executing Agency in the ordinary course of supervising the Project in accordance with the Project Document; and

(ii) the terms "Special Fund" and "Plan of Operation" wherever they appear in the Basic Agreement shall be deemed to read "UNDP" and "Project Document," respectively.

Privileges and Immunities

15. The Government shall indemnify the Executing Agency and members of its staff for any liability arising out of acts or omissions of such staff members, performed (or omitted to perform) in its territory, in connection with the Project Document or the execution of the Project, except where resulting from wilfull misconduct or gross negligence. Such indemnification shall include, without limitation, attorneys' fees, court costs and other expenses incurred by the Executing Agency or members of its staff in connection with the defense against, or settlement of, claims on account of such liability.

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16. The Government shall exempt all consultants retained by the Executing Agency and the personnel (other than residents of the territory of the Government) of such consultants from or bear the cost of, any taxes, duties, fees or other levies imposed under laws and regulations in effect in its territories or by any political sub-division or agency therein on such consultants and personnel in respect of:

- (i) any payment made to such consultants or personnel in connection with the execution of the Project;
- (ii) any equipment, materials and supplies brought into the territory of the Government for the purpose of carrying out the Project and subsequently withdrawn therefrom; and
- (iii) any personal and household effects brought into the territory of the Government by such consultants and personnel and subsequently withdrawn therefrom upon departure of the said consultants and personnel.

17. The Executing Agency shall provide the Government through the Resident Representative from time to time with the list of personnel to whom the privileges and immunities enumerated above shall apply.

18. The Project Document shall be free from any taxes imposed under the laws of the Government or laws in effect in its territory on or in connection with the execution, delivery or registration thereof.

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Consultation

19. The Government, the UNDP and the Executing Agency shall exchange views on the Project, including its progress and the benefits derived therefrom, and shall furnish to each other such information thereon as they shall reasonably request each other in respect thereof, as provided in this Project Document and in the Memorandum of Agreement which is Annex A hereto, and otherwise through the periodical consultations established by the Caribbean Group for Cooperation in Economic Development.

Reports

20. The Executing Agency shall furnish to the UNDP periodical reports on the carrying out of the Project at such times and in such form as may be agreed between the UNDP and the Executing Agency.

Settlement of Disputes

21. (a) Any dispute between the Executing Agency on the one hand and the Government on the other arising out of or relating to the Project Document and which cannot be settled by negotiation or other agreed mode of settlement shall be treated as a dispute between the UNDP and the Government and shall be submitted to arbitration at the request of either the Executing Agency or the Government (in the case of a Government listed in paragraph 1.2 (b) hereto, in the manner set forth in Article IX of the Basic Agreement); provided however, that the foregoing provisions of this paragraph (a) shall not apply where the UNDP and the Executing Agency are agreed that the subject matter of such dispute results from the willful misconduct or gross negligence of members of the Staff of the Executing Agency.

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(b) Notwithstanding any termination of the Project Document pursuant to paratrph 5.23 hereof, the provisions of this paragraph shall continue in full force and effect in respect of any dispute arising either before or after termination, provided such dispute shall be submitted to arbitration within six months after the date of such termination.

Suspension: Termination Notices

22. (a) The UNDP shall be entitled by notice to the Government and the Executing Agency to suspend the assistance to be provided by it in accordance with the Project Document if any condition arises which interferes with or threatens to interfere with the successful completion of the Project or the accomplishment of the purposes thereof; the UNDP shall consult the Government and the Executing Agency before any such suspension; provided, however, that the UNDP may suspend its assistance with respect to one or more Governments, in which case the Executing Agency shall continue to carry out the Project with respect to the remaining Government(s).

(b) Any suspension pursuant to paragraph (a) of this Section shall continue until such time as the UNDP shall give notice to the Government and the Executing Agency that it is willing to resume such assistance.

23. (a) If any condition referred to in paragraph 5.22 (a) hereof shall continue for a period of fourteen days after notice thereof shall have been given by the UNDP to all the Governments and the Executing Agency, then at any time thereafter during the continuance of such condition the UNDP may by notice to all the Governments and the Executing Agency terminate this Project Document; the UNDP shall consult the Governments and the Executing Agency before giving such notice.

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(b) The Project Document may be terminated by all the Governments, the UNDP or the Executing Agency by at least sixty days' prior notice of each of the others; the UNDP or the Executing Agency, as the case may be, shall consult each other before giving such notice.

24. Any notice or request required or permitted to be given or made under the Project Document shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall have been delivered by hand, mail, telex or cable to the party to which it is required to be given or made at such party's address specified in the Project Document, in the case of the UNDP and the Executing Agency, or the address specified in the letter by which the Government adheres to the Project Document, in the case of the Government; or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

For the UNDP:

United Nations Development Programme
One United Nations Plaza
New York, New York 10017

Alternate address for communications by cable:

UNDEVPRO
New York, N.Y.

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For the Executing Agency:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Alternate address for communications by telex:

440038 - World Bank

248423 - World Bank

64145 - World Bank

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ANNEX A

MEMORANDUM OF AGREEMENT

(Inter-Agency Resident Mission)

Dated _____, 1982

MEMORANDUM OF AGREEMENT

1. This Memorandum of Agreement sets forth the basis on which the Inter-Agency Resident Mission for the Eastern Caribbean (herein called the "Project") referred to in the Project Document Number RLA/82/004 of the United Nations Development Programme (herein called "UNDP"), to which this Memorandum is annexed, will be financed, and the obligations that the UNDP and the World Bank as Executing Agency thereunder will assume regarding certain aspects of the Project financing.

2. The UNDP shall contribute to the Project such funds, and the Executing Agency shall contribute to it such services and funds, as are set forth in the Project Document. Cash and in kind contributions by other parties will be made available and administered as provided below

3. Each Donor and collaborating agency shall give notice in writing to the UNDP, with copy to the Executing Agency, substantially in the form set forth in Schedule 1 hereto, of its determination to make a cash and/or in kind contribution.

4. The contributions of the Donors and collaborating agency on account of whose written notice such declaration is made shall be made in accordance with the schedule of payments indicated for each donor and collaborating agency in the notice of determination described in para. 3. These schedules of payments will be incorporated in the budget of the UNDP Project Document.

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ANNEX A

5. Payments may be made in United States dollars directly in the UNDP Contributions Account Number 015-002284 at the Chemical Bank, UN Branch, New York, New York 10017, indicating when doing so the UNDP project number RLA/82/ . Payments made in convertible currencies other than US dollars will be converted at the UN exchange rate on the day payment is received by the UN either in New York or at a UN account in the donor country.

6. Donor and collaborating agency contributions in cash will include the World Bank's standard overhead charge as UNDP executing agency of 11 percent.

7. The Executing Agency shall furnish to the Donors and collaborating agency and the UNDP an annual report on the progress and cost of the Project and the utilization of the funds transferred to it by UNDP.

8. Any monies unutilized upon termination of the Project shall be remitted by the UNDP to the Donors and collaborating agency, pro rata in proportion to their respective contributions credited to the Sub-Account.

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SCHEDULE 1

Notice of Determination to Make a Cash Contribution
Notice of Determination to make an In Kind Contribution

(date)

UNDP

Gentlemen

Reference: Eastern Caribbean Inter-Agency Resident Mission

I am pleased to inform you that the (Government of _____ or
Name of Institution) has determined to provide you with US\$ _____ for
purposes of the project identified in the Project Document Number
RLA/82/004 of the United Nations Development Programme, for which IBRD is
the Executing Agency. This commitment is to take effect on August 1, 1982
and will remain in effect until August, 1985. Payment will be made
(according to the schedule below, and/or, in the following fashion). It is
understood that you will administer such funds in accordance with the
provisions of the Memorandum of Agreement which is Annex A to the said
Project Document.

Sincerely,

GOVERNMENT OF: _____

By: _____

Schedule of Payments:

August 1, 1982 _____

January 1, 1983 _____

January 1, 1984 _____

January 1, 1985 _____

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