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# CARIBBEAN OPEN TRADE SUPPORT PROGRAM: QUARTERLY REPORT

FOR THE PERIOD ENDING DECEMBER 31, 2006

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## CONTENTS

ACRONYMS .....	VII
EXECUTIVE SUMMARY .....	VIII
SECTION I PROGRAM OVERVIEW .....	1
A. COTS' Vision and Operational Environment .....	1
B. Overarching Issues .....	2
SECTION II DOING BUSINESS .....	3
A. Demand Driven Growth .....	3
A1. Quarterly Progress Towards Objectives .....	4
A2. Challenges .....	6
A3. Moving Forward.....	6
B. Capacity Building.....	6
B1. Quarterly Progress Towards Objectives .....	7
B2. Challenges .....	8
B3. Moving Forward.....	8
SECTION III GOVERNANCE .....	9
A. Trade and Administrative Reform.....	9
A1. Quarterly Progress Toward Objectives .....	9
A2. Challenges .....	10
A3. Moving Forward.....	10
B. Improving the Business Climate.....	11
B1. Quarterly Progress Toward Objectives .....	11
B2. Challenges .....	13
B3. Moving Forward.....	13
SECTION IV REDUCING RISK.....	14
A1. Quarterly Progress Toward Objectives .....	14
SECTION V PUBLIC AWARENESS .....	18
A1. Quarterly Progress Toward Objectives .....	18
A2. Challenges .....	20
A3. Direction over the Next Quarter .....	20
SECTION VI STRATEGIC ACTIVITIES FUND .....	21
A1. Quarterly Progress Toward Objectives .....	21
SECTION VII PROGRAM OPERATIONS .....	23
A. Staffing and Staff Development .....	23
B. Financial Management and Control.....	23
SECTION VII FINANCIAL INFORMATION .....	25
A. Financial Management.....	25
B. Financial Information For Quarter Ending December 31, 2006 .....	25
ANNEX 1 COMPLETED LEGISLATIVE ITEMS OCTOBER – DECEMBER, 2006 .....	26

<b>ANNEX 2 SAF SUMMARY</b> .....	<b>27</b>
<b>ANNEX 3 RESULTS MONITORING</b> .....	<b>28</b>
<b>ANNEX 3 PRESS COVERAGE</b> .....	<b>32</b>

## ACRONYMS

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BSP	Business Service Provider
CARICOM	Caribbean Community
CARIMAC	Caribbean School of Media and Communication
CARTAC	Caribbean Regional Technical Assistance Center
CBO	community-based organization
CDB	Caribbean Development Bank
CDERA	Caribbean Disaster Emergency Response Agency
COTS	Caribbean Open Trade Support
CRNM	Caribbean Regional Negotiating Machinery
CSME	Caribbean Single Market and Economy
ECCB	Eastern Caribbean Central Bank
EDSU	Environment and Sustainable Development Unit (OECS)
FTAA	Free Trade Area of the Americas
IPA	Investment Promotion Agency
IPR	intellectual property rights
MOFE	Ministry of Finance and the Economy (Antigua)
MOU	Memoranda of Understanding
NDC	National Development Corporation
NGO	non-governmental organization
ODM	Office of Disaster Management
OECS	Organization of Eastern Caribbean States
PIO	public international organization
PMP	Performance Management Plan
PWG	Partners Working Group
RMU	Reform Management Unit
RSO	Regional Strategic Objective
SAF	Strategic Activities Fund
SOW	scope of work
UBF	Umbrella Business Forum
USAID/Barbados	United States Agency for International Development/Barbados
UNDP	United Nations Development Programme
UWI	University of the West Indies
VAT	Value-Added Tax
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

## EXECUTIVE SUMMARY

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Caribbean Open Trade Support (COTS) met or exceeded all of its targets for this first quarter of the new program year. COTS' Doing Business component surpassed all of its targets in Antigua and Barbuda and Dominica for its demand driven growth initiatives. COTS surveyed close to thirty businesses during the quarter, and signed Memoranda of Understanding with 7 firms based on adjusted sales potential return on investment. COTS achieved 516% of its quarterly sales targets in Antigua and Barbuda, and in Dominica achieved 147% of its quarterly targets. COTS expects that the new interventions alone will result in more than US \$1 million in sales over the life of the project.

COTS is finalizing its technical assistance to provide policy analysts to each of the new business alliances in Antigua and Barbuda and Dominica. Beginning early in the new year, the analysts will work with each of the alliances to establish a prioritized economic and trade policy agenda, coming out of which will be policy papers to inform a dialogue between the alliances and their respective public sector counterparts. This approach is a major step forward for the private sectors in both Antigua and Barbuda and Dominica to work together in their respective countries on policy issues that are of mutual concern to the wide range of private sector organizations that exist. This step is also welcomed by public sector colleagues, who often comment that they get little or no informed response or input from the private sector on important economic and trade policy issues.

COTS largely completed its work on legislative drafting to support the countries' compliance with regional and international treaties and trade agreements. In Dominica, some legislative items were substituted for new items in order to move beyond delays resulting from policy decisions not yet taken by senior law makers. In spite of this substitution, COTS achieved 117% of its target in Dominica, and 300% of its legislative drafting target in Antigua and Barbuda. Important items completed during the quarter include revised draft bills to replace the existing National Development Corporation in Dominica with the new investment promotion agency, *InvestDominica* and new tourism agency, *DiscoverDominica*. In Antigua and Barbuda COTS completed important legislative drafting work on draft patent regulations. COTS expects that both governments will likely require some limited additional assistance to complete several outstanding legislative items in the next quarter, particularly in the area of standards.

Responding to a request from the Government of Antigua and Barbuda, COTS prepared a National Trade Policy Framework for Antigua and Barbuda. The framework provides the government with alternatives to establish a more effective public sector mechanism to support trade policy development and implementation, along with an assessment of sectors that offer more potential for economic growth in line with Antigua and Barbuda's competitive advantages. The Minister of Finance and the Economy is expected to implement the recommendations as early as January 2007.

Working with the World Bank and the OECS Secretariat, COTS spearheaded the regional launch of the first *Doing Business* report for the OECS region. More than one hundred people, including representatives from all 6 OECS independent states, attended this landmark event in St. Lucia. The report provided the first opportunity for all 6 OECS countries to be benchmarked using this

important and internationally recognized tool that assesses the ease of doing business in various countries. With Antigua and Barbuda's overall ranking at 33, and Dominica's overall ranking at 72, COTS is working with both countries to improve administrative processes such that each country's ranking is expected to improve in the coming year. Also resulting from this work is a request from St. Kitts and Nevis that COTS support administrative reform efforts early in the next quarter to improve its ranking in the next *Doing Business* report.

During this quarter COTS provided important technical assistance to establish the Antigua and Barbuda Investment Authority (ABIA). COTS prepared a corporate plan for the new agency, which proposes an organization structure, personnel functions, and marketing strategy, among other important recommendations. This is a major step forward to attract investment, ease business start-up, and improve transparency and timeliness in obtaining investment incentives. The government plans to open the new agency very early in the next quarter, and COTS anticipates providing additional technical assistance to ensure that the ABIA functions smoothly. In conjunction with this work, early in the next quarter COTS will also assist the Company Registrar in Antigua and Barbuda to improve the company registration process.

COTS completed the first phase of its technical assistance to support customs reform in Dominica by completing the human resource capacity assessment of Dominica's Customs Agency. Resulting from this work, COTS expects that it will support Dominica to establish an Intelligence Unit, an important administrative reform initiative that should substantially speed up the customs clearance process, thereby reducing the time and cost to the importer and exporter. The time and cost to clear goods through customs is an important measure on the World Bank *Doing Business* report, and one in which Dominica has room to substantially improve its position.

Another important administrative reform component that COTS completed during the quarter is its support to Dominica's Land Reform Task Force to reform the land management and administration process. Based on COTS' work, the Task Force will meet in January in order to put forward its approach to implement the recommendations provided that will reduce the number of agencies and the number of processes and length of time required to complete a land transaction. This work also supports COTS' Reducing Risk work, as the new integrated process will support improved decision making regarding land development in accord with exposure to natural hazards.

Working with the OECS Secretariat and the national disaster offices in Antigua and Barbuda and Dominica, local stakeholders completed their first national level assessment using the Disaster Risk Management Benchmarking Tool (BTool). The OECS secretariat expects to prepare submissions to each Cabinet in January that will analyze the BTool results, and highlight areas for each country to focus on in order to reduce national level vulnerability. COTS will use the results to identify additional areas of program intervention in Antigua and Barbuda and Dominica. The outcome of the assistance will be to improve each country's score on the next annual BTool assessment. The OECS Ministers of Environment overwhelmingly endorsed the use of the BTool at their annual meeting, and CDERA has indicated that it wants to work with COTS and the OECS Secretariat to ensure that countries throughout the Caribbean utilize the

BTool. COTS will work with the OECS Secretariat and CDERA early in the next quarter to begin this roll out.

COTS completed its technical assistance to the Environment and Sustainable Development Unit (ESDU) of the OECS Secretariat to develop an e-library system in order to make available the large number of documents that ESDU has in the area of disaster preparedness and environmental resources. COTS enabled ESDU to implement a software program that is being used throughout the wider Caribbean region. This program will make it possible for OECS member states to access this information via the on-line system, and it will be operational early in the new year.

COTS worked with private and public sector counterparts in Antigua and Barbuda to prepare disaster business plans, and sector preparedness and recovery plans in Dominica. Resulting from this work, COTS revamped the training materials to address the needs of smaller businesses that require preparedness and recovery plans. COTS will host additional sessions in the next quarter to work with smaller businesses to implement preparedness and recovery plans using the revised training materials. The Dominica Hotel and Tourism Association has also appointed a task force to oversee the completion of the Tourism Sector Disaster Plan by March.

During the quarter, COTS completed its baseline survey work of the private sector, public sector and media workers in Antigua and Barbuda and Dominica to evaluate their level of understanding of business opportunities available via regional integration and international trade mechanisms, such as the CARICOM Single Market and Economy. The survey results generally indicate that although there is some support for the CARICOM Single Market and Economy, there is still little understanding of the benefits to the OECS sub-region and there is still little confidence in their countries' ability to benefit from the CSME. COTS is sharing the survey results with public and private sector colleagues at the national and regional levels to support new and revised programming to address issues raised by the survey.

In response to this, COTS is presently working with the Caribbean Regional Negotiating Machinery (CRNM) to finalize private sector trade briefings in Antigua and Barbuda and Dominica that will take place early in the next quarter to focus specifically on businesses that have succeeded by taking advantage of new opportunities under the CSME. To further support improved information dissemination, COTS completed its consultations with the CSME Unit to define the CSME website upgrading requirements that COTS will support in the next quarter. And, to ensure that media workers are better trained to accurately report on regional and international trade and economic policy issues, COTS will be contracting with CARIMAC to implement a certificate level training program for representatives of the media and public sector public relations officers in Antigua and Barbuda and Dominica.

Chemonics International submitted a technical and financial modification to USAID in response to USAID's notification of an expected 31% reduction in life of project funding, and the need to fulfill requirements in accord with biodiversity within the scope of the task order. Chemonics' submission proposed that a new long term position be established to develop and implement a biodiversity component that is fully compliant with these earmark requirements. The first phase of this activity would include preparation of this component's work plan in line with the threats

assessment that USAID completed in 2006. Chemonics anticipates that USAID will complete its review of Chemonics' response early in the next quarter, and will advise of any outstanding issues prior to completing the modification.

COTS is working closely with USAID to implement the new operational plan process that USAID is undertaking on a world wide basis. COTS is developing new indicators and targets in accord with the standardized program areas and indicators that USAID has developed to manage all of its programs.

COTS' Administrative Reform Specialist, Mr. Swinburne Lestrade, departed at the end of the quarter in response to Dominica's Prime Minister requesting his support to implement a number of important initiatives that are delayed. COTS' new Administrative Reform Specialist, Mrs. Deborah Hackshaw, began work during the quarter, ensuring a smooth transition in this important program area.

COTS has also identified a qualified candidate to become the COTS Doing Business team leader. Chemonics will submit this approval request to USAID early in the next quarter.

## **SECTION I PROGRAM OVERVIEW**

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### **A. COTS' Vision and Operational Environment**

The Caribbean Open Trade Support Program (COTS) is a key component of USAID's Caribbean Regional Program. It is designed to facilitate the transition of the countries of the Eastern Caribbean – in particular Antigua and Barbuda and Dominica – to open trade, and to enable the countries to compete more successfully in the global economy, while protecting its rich natural assets. COTS activities contribute to the Regional Strategic Objective (RSO), 'Caribbean Region Positioned to Succeed in an Open Trade Environment.'

Within the scope of the RSO, COTS activities support the accomplishment of two Intermediate Results (IR):

IR-1 – Improved Business Environment Supporting Open Trade; and  
IR-2 – National Investments and Natural Assets Protected.

And, in terms of achieving IR-1, COTS activities are expected to assist achieving results in the two sub-IR's:

IR-1.1 – Key Impediments to Open Trade Mitigated; and  
IR-1.2 – Improved Capacity of Selected Firms to Compete in the Open Market.

To reflect nine months of on-the-ground experience and to incorporate programming changes based on revised funding levels, COTS revised its work plan in June 2006 and updated its four year program vision. COTS is implementing activities during the next 3 years to:

- Support individual firms and business clusters (where appropriate) to compete more effectively in the global economy and to enable business associations to better articulate their views to government.
- Assist government institutions and agencies to adopt and implement new legislation and overcome critical administrative bottlenecks in order to provide a more supportive environment for business growth and competition.
- Enhance public-private sector interaction and dialogue, leading to improved public policy in support of private sector growth.
- Reduce the countries' vulnerabilities to biodiversity threats and natural disasters, principally through improved land-use planning that incorporates risk reduction and biodiversity into land use decisions.
- Increase stakeholders' understanding of the business opportunities associated with more open trade and regional integration.

It is important to note that COTS' implementing strategy is based on the premise that host country counterparts (whether in the public or private sectors) almost always take the lead in hosting or implementing an activity that is supported by the program. This places host country colleagues in the role of initiators and implementers of the activities, and this generates a far greater sense of local ownership and enhances the sustainability of the work beyond the life of

COTS. Furthermore, working through counterpart organizations and agencies has created a more subtle, but very visible linkage, between our counterparts and USAID. Though COTS' activities are implemented through local colleagues, there is clear brand identity regarding sponsorship. It is interesting that there has been no resistance to establishing the USAID identity; in fact, in some cases our counterparts have insisted on it.

## **B. Overarching Issues**

While implementing an ambitious program across a number of program areas, COTS is overcoming several challenges that have developed over the last several months. After learning that some of COTS funding comes from a biodiversity earmark, the program continued to work aggressively from the previous quarter to get approval on a range of activities that will qualify as meeting the earmark requirements. Fortunately during this quarter, COTS was advised that signoff approval was delegated to the USAID/Barbados office. Early in the next quarter COTS hopes to obtain approval on a number of completed and proposed activities, particularly those in risk reduction, that qualify under the biodiversity earmark requirements. Based on this outcome, COTS expects to add a new range of implementation activities in line with the pending technical modification in order to ensure that the biodiversity earmark requirements are satisfied.

In early March 2006, COTS was advised of an expected 30% reduction in the life of project funding. COTS updated implementation and USAID priority areas that are reflected in the Second Work Plan, under which COTS is now operating.<sup>1</sup> During this quarter COTS continued with its revised staffing plan based on the revised budget. Once USAID reviews the technical modification, COTS anticipates adding one new position to implement biodiversity activities.

One major feature of the quarter is the development of a new Operational Plan for USAID. COTS is working closely with USAID/Barbados to integrate program activities and indicators with new standard program descriptions and standardized indicators. COTS will ensure that it fully supports USAID/Barbados to meet the January 31, 2007 submission deadline of all required documentation.

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<sup>1</sup> This Second Work Plan was submitted to USAID on June 30, 2006. It covers the period July 1, 2006, through September 30, 2007.

## **SECTION II DOING BUSINESS**

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COTS' work in Doing Business recognizes that an economy is only as strong as the businesses that function within it. At the same time, businesses are directly affected by their operating environment, and this includes government policy. As such, the private sector must work cohesively and be prepared to effectively communicate its needs to government on the basis of informed decision making.

Antigua and Barbuda and Dominica have a number of opportunities to expand their businesses and generate more revenue. The second work plan incorporates activities that will capitalize on these opportunities, while working to improve the trade policy environment within which it operates. To accomplish these objectives, COTS Doing Business activities are divided between two implementation areas: demand driven growth and private sector capacity building. The first implementation area focuses on working directly with firms and, where appropriate, clusters to increase sales for businesses. The second implementation area recognizes the need to strengthen industry associations' abilities to better analyze information and more effectively advocate policy positions to government on behalf of their members. COTS' capacity building work also strengthens the consulting services sector, beginning with one Business Services Provider (BSP) in Dominica.

### **A. Demand Driven Growth**

The private sector in Antigua and Barbuda and Dominica need to increase their competitiveness during a period of change resulting from CSME integration; requirements to conform to international standards; bilateral agreements; domestic administrative changes, including tax and investment reform; and the general down-sizing of governments in the region.

The ultimate benchmark of firm-level success will be the ability of businesses to identify and complete more business transactions in a way that is increasingly environmentally friendly and more supportive of biodiversity. Sales, therefore, become both the motor of the process, and the key indicator against which success is measured.

Businesses with greater sales and employment have more bargaining power to advocate business environment reform with the government. They are also able to pay higher dues to associations, thereby improving the associations' capacity to advocate for a better business environment with the government. Firms with more sales can also increase demand for consulting services, which further develops the consulting services sector, and, in turn increases firm and cluster competitiveness. In general, more profitable enterprises respond more adequately to critical environmental and biodiversity threats. The multiplier effects are considerable.

COTS' second work plan incorporates this vision as a result of its private sector work:

- Significant sales generated for assisted firms in Antigua and Barbuda and Dominica.

- More competitive enterprises in a number of industries, such as tourism, ICT, food and beverage, agro-processing, light manufacturing, entertainment, financial services, and advertising and public relations (PR).
- Enhanced private sector knowledge of, and access to global markets, resulting in increased and sustainable exports.
- Streamlined, more efficient, pro-biodiversity and more environmentally friendly assisted lead cluster firms.

## A1. Quarterly Progress Towards Objectives

During the quarter, the COTS' Doing Business team conducted diagnostics on 15 firms in Antigua and Barbuda to assess technical assistance opportunities. COTS signed six (6) memoranda of understanding (MOUs) with firms which are to receive technical assistance from the project. COTS anticipates that sales from these interventions over the next 12 months will exceed US\$1 million. The first dedicated locally hired business advisor, Michael Freeland, was hired in Antigua and Barbuda. In Dominica, the BSP conducted diagnostics on 28 firms, and signed four (4) MOUs for these firms to receive assistance during the next quarter. Sales expected from the assistance to be provided could exceed US\$240,000.

COTS' private sector capacity building work during the quarter resulted in the establishment of the Antigua and Barbuda Business Alliance (ABBA) among four major private sector associations in Antigua and Barbuda, and a separate collaborating mechanism among the four major private sector associations in Dominica. This unique development will support the associations' ability to prepare policy agendas that will be used to engage their national policy makers and to promote dialogue on trade and economic policy issues. The private sector groups will use these policy agendas in regional private sector discussions.

*Identify Potential lead cluster firms* - As confirmed in the COTS' assessment conducted in February 2006, 'Identification of Lead Firms', the relative size of the markets and the number of firms in both countries are small and COTS is increasingly aware that this is indeed the case. This is why COTS' overall approach is to focus on firm level assistance.

The firms selected by COTS in both countries are either cluster leaders or among the top firms in their respective clusters. This is very consistent with sound firm-level assistance. Part of the rationale of firm-level assistance is to back successful firms rather than failing firms. Whilst this might seem counterintuitive in the context of donor funding, on further analysis it becomes apparent that limited resources in terms of project funds must be

### ABI Financial Group

Recognizing that over the years Antigua and Barbuda has emerged as a significant offshore financial center in the Caribbean Region, during the quarter COTS has signed an MOU to provide technical assistance to ABI Bank to launch a Fixed Income Fund (mutual fund) and to consolidate the group's merchant/investment banking arm to enable a number of major complex transactions to raise finance for corporations and governments in the region. These activities involve issuing and trading securities on the East Caribbean Stock Exchange (ECSE) as well as private placements. Sales of financial securities resulting from these COTS interventions are expected to substantially exceed US\$ 10 million. In addition to transferring important know-how and skills to this client, these new financial instruments should provide increased and more flexible financing for businesses in the region. ABI Financial Group is a leader in its cluster at a regional OECS level.

utilized where they have the greatest potential to generate the most results. Given the very small size of COTS' business environments, successful firms are tantamount to the cluster leaders. Hence, many of the MOU's signed by COTS are with a successful firm, a cluster leader, and are intended to have either a demonstration effect in the broader cluster.

*Select firms for sales lead assistance* - During the quarter, COTS identified approximately fifty (50) large, medium and small firms for preliminary evaluation as candidates for sales-driven interventions (20 in Antigua and Barbuda and 28 in Dominica). COTS visited 35 of these 50



firms for further diagnostic analysis. The analysis is conducted within the context of identifying those interventions that provide the greatest return on COTS' investment, as measured by an increase in sales. Following the detailed analysis, COTS signed MOUs with ten (10) firms for targeted interventions. These firms operate in tourism, finance, real estate, services and light manufacturing. COTS estimates that these firms will achieve an aggregate cumulative increase in sales in excess of US\$ 1 million over the next 12 months as a result of COTS' assistance.

*Best practices for firm-level assistance* - During the quarter, as the implementation of interventions has advanced, COTS has been progressively implementing a series of best practices in firm-level assistance. These include:

- Counterpart contributions: COTS clients are required to contribute part of the cost of each intervention. Experience shows that free interventions have a lower probability of success.
- Not financing feasibility studies: COTS seeks to avoid financing feasibility studies and focuses instead on using its resources to fund implementation activities. Financing feasibility studies carries the risk of non-implementation.
- Time lag from deployment of resources to results: COTS recognizes that there is a time lag between resource deployment and results, and that this time lag varies by activity. COTS is making conscious efforts to minimize the time lag in the activities which it selects.
- Portfolio strategy: COTS has started visualizing its group of interventions as a portfolio, and applying principles of portfolio management, such as diversification and deal flow. In building its portfolio, COTS is seeking first to secure the "anchor tenants" (larger sales). As suitable "anchor tenants" are put into place, COTS will increasingly shift its focus to the "boutiques" (smaller interventions).
- The 80/20 rule: Experience in firm-level assistance projects in other countries suggests that 80% of the results tend to come from 20% of the clients. In going after the "anchor tenants" for its portfolio, COTS is seeking to put into place the 20% results-intensive clients early in the process.
- Working with competitors: While initially it may seem counter intuitive to back multiple competitors in a single market, COTS recognizes that US Government resources should not be utilized to exclusively favor one player against the others. Consequently, COTS is prepared to back competitors. However, certain precautions need to be taken to avoid

transfer of trade secrets and sensitive information. On occasion different consultants must be used for different competitors, in order to adequately insulate competitive interventions from one another.

## **A2. Challenges**

One of the challenges faced in Dominica has been assisting the staff of the local Business Service Provider to apply the methodology and approach in which they were trained during the COTS-led Induction Workshop held in mid-July. In the weeks following the workshop COTS has reviewed the staffing arrangement with the BSP and both parties have agreed to replace one of the staff members with a mid-level professional who has stronger business development qualifications and more experience in providing direct technical assistance aimed at increasing sales.

## **A3. Moving Forward**

Recognizing that 2007 will be a key year for resource deployment in the Doing Business Component, COTS will continue to accelerate the process of implementing interventions and signing MOUs with new clients.

It will be critical that COTS leverage its resources and make efficient interventions in order to maximize results within the existing resource constraints. At the end of the day, the success of the Doing Business component will heavily depend on COTS' ability to do as much high-impact work as possible with the limited resources available. Recognizing this, COTS is actively seeking low-cost, high impact interventions or, in other words, it is seeking to maximize its ROI.

COTS continues to focus on interventions with client firms which will lead to an improved understanding of the requirements of international markets in terms of product specifications, grades and standards, labeling and packaging requirements, good manufacturing and agricultural practices, etc. In cases where these requirements are requisites for entry into a particular market, COTS will work closely with other regional actors, including the OECS-EDU and Caribbean Export Development Agency to provide the necessary intervention.

## **B. Capacity Building**

Many businesses in Antigua and Barbuda and Dominica are not prepared for emerging market opportunities. This is compounded by a lack of sufficiently trained professionals who can assist clients to meet these new challenges. In the policy environment, the business community needs to improve its capability to effectively identify, analyze, prioritize and advocate to their public sector representatives those trade, business and investment issues that reflect their interests, particularly as they relate to business competitiveness and opportunities to increase sales outside of traditional markets. Furthermore, the response of the business community needs to incorporate a more unified approach in order to have a greater impact on policy makers. In light of these needs, COTS' second work plan incorporates a vision that will result from implementing program activities. The revised COTS vision is:

- A business sector with enhanced knowledge of and analytical capacity in international trade and policy issues, better able to inform its members, and to formally advocate its agenda to public sector representatives in a coordinated fashion.
- An improved understanding between the government and the business community of their relative needs, such that the legitimacy of the competitiveness and trade agenda is enriched.
- Lead business service providers bolstered to provide services that directly lead to greater sales for their clients.

## **B1. Quarterly Progress Towards Objectives**

*Foster an Umbrella Business Forum* - During the quarter, COTS worked closely with all the major business associations in Antigua and Barbuda, and the four major business associations in Dominica to establish a collaborating mechanism among the organizations under Umbrella Business Forums (UBF). The UBF provides the basis for the individual associations to jointly represent their interests on critical economic and trade issues to their national governments, and regional public and private sector bodies. Speaking with a more unified voice, the private sector is more likely to be 'heard' by policy makers. The Antigua and Barbuda UBF called the Antigua and Barbuda Business Alliance (ABBA) was formed among the Antigua and Barbuda Employers

Federation, the Antigua Hotel & Tourist Association, the Antigua and Barbuda Cruise Tourism Association, and the Antigua and Barbuda Tour Operators Association. The UBF in Dominica comprises the Dominica Employers Federation, the Dominica Association of Industry and Commerce, the Dominica Hotel and Tourism Association, and the Dominica Agribusiness Association.

In collaboration with each of the UBFs, COTS also advertised, interviewed and recruited an Economic/Trade Policy Analyst that COTS will fund for an initial one year period. The analyst will work with each of the UBFs to identify, prioritize, and analyze relevant trade policy issues and prepare position papers. COTS will work with the UBFs to utilize the position papers to advocate their positions to government and at regional public and private sector bodies. COTS expects that the policy analysts will begin work in each country early at the start of the New Year.

*Build Business Service Provider Capacity in Sales-Led Assistance* –COTS' Doing Business team continued to work with the BSP staff to ensure they apply the firm level diagnostic skills to identify appropriate interventions, and to effectively manage the implementation phases of the firm level assistance. COTS is also applying this training to the business advisor now working on COTS' Antigua and Barbuda firm level assistance activities.



**Business Associations in Antigua and Barbuda combine efforts to promote common interests.**

## **B2. Challenges**

Facilitating the collaboration among the various associations in both countries has been an extremely time consuming exercise, as there continues to be deep-seated sensitivities and suspicions between and among the individual business organizations. While some organizations have chosen not to participate at this time, COTS is convinced that as the Policy Analysts' work begins and the process demonstrates success, other organizations will join the process.

With respect to COTS' work with the BSP, initial training is a starting point. Clearly one of the reasons to work with the BSP is to upgrade its skills. As the BSP continues to utilize its training, and implementation of firm level assistance continues, the new skills will become more integrated. As the sales-led assistance approach is a new one for the BSP, it will obviously require time before the BSP is able to implement it on its own. However, to ensure the sustainability of skills and achievement of sales targets, the BSP has added an individual who is more suited to provide firm level assistance.

## **B3. Moving Forward**

COTS will continue to work closely with the Umbrella Business Forums in both countries to identify and prioritise the critical economic and trade issues that the Analyst will research, analyse, prepare position papers, build consensus among the business community and assist in advocating to Government.

## SECTION III GOVERNANCE

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COTS' Governance activities are focused on two important areas. COTS' trade and administrative reform work is designed to ensure that Antigua and Barbuda's and Dominica's legislative frameworks are in compliance with international and regional commitments, including multilateral environmental conventions designed to protect biodiversity, with some support to ensure that the government and private sector have access to reliable and timely statistical data and information to inform policy decisions. COTS' work on improving the business climate focuses on improving regulatory and administrative procedures to promote greater transparency and efficiency to support business growth.

### A. Trade and Administrative Reform

The second work plan incorporates a revised vision that understands the limitations host country counterparts face in the way of human and financial resources, while at the same time providing opportunities for COTS to intervene to ensure that counterparts meet their legislative requirements to participate in the open trade environment. COTS activities in trade and administrative reform support the updated four year vision:

- Full compliance with outstanding commitments under the CSME, World Trade Organization (WTO) and multilateral environmental obligations that protect biodiversity.
- A public sector able to develop effective negotiating positions in international trade agreements, and an organized private sector with sufficient capacity to provide meaningful input.
- A statistical entity that is able to collect reliable trade, investment and other economic information for use by both relevant government agencies and a broad section of the private sector.
- More effective mechanisms for enhancing inter-ministerial coordination on matters related to the effective implementation of international and regional commitments, as well as the establishment of a legal and administrative framework that supports private sector development and competitiveness.

#### A1. Quarterly Progress Toward Objectives

*Legislative Drafting* - COTS' legislative draftspersons produced a steady stream of new legislation for the Ministry of Legal Affairs in both Antigua and Barbuda and Dominica that will bring the countries closer to full compliance with outstanding WTO, CSME, and environmental treaty commitments, in addition to supporting the reform agenda that will strengthen the competitiveness of both countries' local business environments. In support of COTS' work to improve the business environment, COTS' legislative draftsperson in Dominica revised two draft bills for Acts that will replace the existing National Development Corporation (NDC) Act. The Government expects to take these draft bills to Parliament for enactment before the end of January 2007.

Allowing for a three-month transition period, the new tourism agency, *DiscoverDominica* and the new investment promotion agency, *InvestDominica* will be formally operational by May 2007.

In Antigua and Barbuda the majority of the legislative drafting work was completed by the end of the quarter. Some of the final activities were the draft specifications for the labeling of pre-packaged goods, the draft patent regulations and the arrangement of regulations pertaining to Patents.

*Intellectual Property Rights* - Dominica's Attorney General intends to enact implementing regulations on geographical indicators, industrial designs, layouts of integrated circuits, new plant varieties, patents, and trademarks within the shortest possible time frame. COTS reviewed four of these implementing regulations on behalf of the IPR Registrar. There has been a delay in approval of the regulations to accompany the proposed Act due to shortage of personnel in the government system. COTS will continue to track this process and support the government to implement the regulations in the New Year.

*Develop a National Trade Policy Framework* – Responding to a request from the Government of Antigua and Barbuda, COTS completed the National Trade Policy Framework for Antigua and Barbuda. The Government intends to begin implementing the recommendations as early as January 2007.

*Strengthen the Capacity of the Antigua and Barbuda Statistics Division* – The overhaul of Government's statistics division has been delayed due to the delayed response from the Caribbean Development Bank (CDB) to the Government's loan request for funding of the position of Head of the Statistics Division. COTS anticipates that the CDB will approve the loan early in the next quarter.

*Establish Effective Inter-ministerial Communication* –COTS will pay renewed attention to this area in the coming quarter. In Dominica work continued on the establishment of a central web site for the Government. This work is expected to be completed in January 2007. This is an important first step to improve inter-ministerial communication in Dominica, for presently there is not a central government website where members of government can access information electronically. This portal will also begin to improve the public-private interface process, as it is intended that public information will be posted on a publicly available segment of the portal.

## **A2. Challenges**

The legal draftsman who had been based in Dominica returned to Barbados in mid-December. New items had been added to the list of priority legislative areas in order to compensate for some items that COTS could not complete due to clear policy positions not being received from the government.

## **A3. Moving Forward**

In the coming quarter, COTS will continue its legislative drafting work in both countries. There is already a commitment to assist with regulations to accompany the Patents Act in Dominica,

but the extent to which continuing support will be provided will have much to do with ability of the Government to move forward with policy positions on some of key areas identified for drafting, and / or the availability of information and other necessary inputs from key players in the Government system. The central portal for the Government of Dominica's website should become operational, and COTS will continue to work in Antigua and Barbuda to establish more formal meetings of Permanent Secretaries to improve inter-ministerial communication.

## **B. Improving the Business Climate**

This aspect of COTS' Governance activities recognizes that attracting investment in Dominica and Antigua and Barbuda is a *sine qua non* for achieving and sustaining economic growth. By any measure, both countries have room for improvement. The recent World Bank Doing Business in the OECS report (for which COTS provided partial funding) continues to demonstrate that there are institutional practices and policies that constitute significant barriers to investment. While many issues have been identified, those that stand out as high priority – and which have been revalidated by COTS – include: customs; land registration and administration; business registration; and the ineffectiveness of the investment promotion agencies in the two countries. It is within this context that COTS' revised vision for Improving the Business Climate is:

- Measurable improvements in regulatory and administrative procedures in both countries in the areas prioritize by COTS.
- Greater efficiency and transparency in investment and trade-related procedures.
- A higher profile for Antigua and Barbuda and Dominica among international investors based on improvements in the ease of doing business.
- Increased public awareness of improvements and greater understanding of key procedures, regulations, and policies affecting the business community.

### **B1. Quarterly Progress Toward Objectives**

*Streamline Arrangements for Company Registration* – With a new Company Registrar beginning work in November, COTS agreed to delay implementation of this assistance until early February 2007. COTS' will integrate its work in this area with the assistance that COTS is providing to the Antigua and Barbuda Investment Authority.

*Facilitate Establishment of Investment Promotion Agency* – COTS provided technical assistance to establish the new Antigua and Barbuda Investment Authority (ABIA). COTS completed a corporate plan that suggests an organization structure and functioning of the new agency, including staffing structure and job descriptions, the handling of incentives and management of the industrial estates. Government expects to open the doors of the new agency in January. This is a major step forward to attract investment, ease business start-up, and improve transparency and timeliness in obtaining investment incentives. COTS expects to provide additional assistance to ensure that the ABIA begins its operations smoothly.

*Support Customs Reform* – COTS completed the first phase of its technical assistance to improve the customs process in Dominica. This included the consultancy to conduct a human resource

capacity assessment of Dominica Customs. COTS is expecting the consultant's final report which was delayed due to the unavailability of needed data from customs, and illness of the consultant. One of the results from this work will lead to COTS' assistance to customs to establish a Customs Intelligence Unit, which will result in reduced processing time for importers and exporters.

*Streamline Land Registration and Administration Procedures* – COTS completed its technical assistance to streamline the processes in the very important area of land management and administration. This was highlighted as a major constraint in Dominica by COTS, and confirmed in the recent World Bank Doing Business survey. The results of this assistance will reduce the number of agencies that a firm must interact with in order to acquire land, and reduce the number of processes and length of time required to complete a transaction. This work also supports COTS Reducing Risk work, in so far as information about land is presently dispersed among a number of agencies, including the Land Registry, Physical Planning, and the Lands and Surveys divisions, and data from one is not integrated with data from another. An improved land management process will support improved decision making regarding how land should be used in accord with knowledge of exposure to natural hazards. Dominica's Land Administration Task Force will be meeting in January to review the recommendations of the consultancy with a view to deciding on an approach to implementation.

*Support NDC Restructuring* -- In Dominica, in-house work continued to provide support to the restructuring of the National Development Corporation. COTS is assisting to prepare a paper for consideration by the Cabinet of Ministers on January 12<sup>th</sup> 2007. This paper will accompany the draft legislation to establish two new agencies, *DiscoverDominica* and *InvestDominica*. Government hopes to take the legislation to Parliament before the end of January.. The restructured agency should contribute substantially to improving the climate for business in Dominica, and provide for the country a greatly improved platform for attracting investment. COTS anticipates providing assistance to ensure that the new *InvestDominica* establishes itself as an effective investment promotion agency.

Also in Dominica, in support of restructuring the NDC, COTS completed its technical assistance to the Industry Division of the NDC to establish an effective website marketing strategy and to coach the staff to effectively use the website to market the country as a destination for investment in Dominica. It is expected that this will yield results in additional private investment into the country. The authorities are considering a formal launch of the website to take place an appropriate time, probably to coincide with the formal establishment of *InvestDominica*.



**Mr. James Goggin, USAID Representative – Barbados, Addressing the World Bank/ OECS Doing Business Conference**

*Collaborate with the World Bank to Conduct and Publicize Results of Doing Business* – In conjunction with the World Bank and the OECS Secretariat, COTS launched the World Bank's first *Doing Business* report devoted to Doing Business in the OECS region. In addition to funding the publication of the report and organizing the launch of the report (in November 2006), COTS participated in the inception missions and the right of reply visits. The Doing Business report includes all 6

independent OECS countries.

## **B2. Challenges**

For the past three quarters, COTS has diligently worked to sub-contract with CARTAC to complete needed tax reform work in Antigua and Barbuda and Dominica. The ongoing constraint is the type of procurement mechanism that COTS can use based on the fact that CARTAC is a UNDP funded program. COTS continues to work with UNDP, a public international organization (PIO), to determine whether a mutually acceptable mechanism can be finalized.

At various points, more so in Antigua and Barbuda than Dominica, it is extremely difficult to access public servants who are needed in the administrative reform process. Given the scarcity of human resources and general hierarchical nature of the agencies, if one individual is traveling, there is often no one in office, or no one with sufficient authority to make decisions. This is likely to be an ongoing constraint, and will possibly slow the pace of implementation.

In the case of the work on legislative reform, there are areas that had been identified for such reform where drafting work could not proceed due to the absence of clearly defined policy positions on the relevant issues. This is another example of the kind of policy and capacity constraint that is likely to continue to adversely affect COTS' plans and activities.

## **B3. Moving Forward**

COTS will continue to implement major administrative reform activities in the upcoming quarter. Government will open the Antigua and Barbuda Investment Authority very early in the New Year based on COTS' recommendations. The consultancy to streamline the company registration process in Antigua will commence. The report on the human resource capacity assessment in Dominica will have been submitted and the authorities will commence implementation of the recommendations. Dominica's Land Administration Task Force will be focusing on the recommendations in order to begin implementation. Restructuring of the Dominica's NDC will be completed. Since the launch of the World Bank Doing Business in the OECS was launched regionally in St. Lucia, a number of people from Antigua and Barbuda and Dominica were unable to attend. COTS plans to have working sessions in both countries to discuss the country level results with counterparts, and use this as a basis to implement improvements in administrative reform areas. COTS expects to identify an appropriate procurement mechanism to utilize CARTAC's services to implement tax reform work in Antigua and Barbuda and Dominica.

## SECTION IV REDUCING RISK

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COTS recognizes that natural disasters, such as hurricanes and severe storms, have serious financial and social impacts on businesses, communities, and public infrastructure in Dominica and Antigua and Barbuda. Natural disasters can also potentially destroy fragile ecosystems, and cause serious disruption to sensitive bio-diverse areas.

With a clearer understanding of stakeholder perspectives and a stronger focus on biodiversity, COTS is working with a variety of stakeholders at various levels to ensure that regional and national level perspectives are both responsive to and informed by local level realities, and *vice versa*. Given the high cost of disaster response and recovery, there is a premium on increasing awareness as to where each country stands in terms of overall vulnerability to natural (and some man-made) disasters, as well as implementing effective disaster mitigation actions to reduce vulnerability before a disaster occurs.

Based on experience during the initial implementation period, COTS updated its vision to include more of a focus on implementing activities that will result in quantifiable reductions in vulnerability to natural hazards, and promoting activities that improve protection of bio-diverse and environmentally sensitive areas. The updated vision for COTS Reducing Risk is:

- Quantifiable reductions in vulnerability to natural hazards, resulting in greater economic resilience post-disaster event.
- Improved protection of national assets, including bio-diverse and environmentally sensitive areas, and a greater appreciation of the role these areas play in reducing the impact if natural disasters.
- More robust economies linked to healthy physical and natural resource endowments.

### A1. Quarterly Progress Toward Objectives

COTS completed a substantial range of technical assistance activities to meet its program objectives. COTS worked with regional organizations, private sector colleagues, and public sector counterparts to improve the region's ability to withstand the impact of natural disasters.

*Disaster Risk Management Benchmarking Tool* - COTS worked with the OECS Secretariat and national disaster offices in Antigua and Barbuda and Dominica to complete the first assessments using the Disaster Risk Management Benchmarking Tool (BTool). Having received assistance on how to use the tool from the OECS Secretariat and COTS, St. Vincent and the Grenadines completed the assessment on its own. Counterparts in Antigua and Barbuda and Dominica convened working sessions of public sector colleagues to complete the assessment, with final information being provided by disaster coordinators in each country. The OECS will review the results and work with COTS and disaster coordinators to prepare submissions to each Cabinet for January. The submissions will analyze the BTool results, and highlight areas for each country to focus on in order to reduce national level vulnerability. COTS will use the results to identify additional areas of program intervention in Antigua and Barbuda and Dominica. The outcome of the assistance will be to improve each country's score on the next annual BTool assessment.

At the regional level, COTS worked with the OECS Secretariat to introduce the BTool at two important venues. In November, with support from COTS, the OECS Secretariat Environment and Sustainable Development Unit (ESDU) presented the BTool at a meeting of the OECS ministers of environment. The BTool received overwhelming support, and all of the member countries present attested to their country's interest to proceed immediately to incorporate the BTool into their national planning activities. With COTS support, at CDERA's meeting in November, the OECS presented the BTool to participants who represented almost all of the CDERA countries. A number of donor representatives also expressed interest in reviewing the BTool to assess if they can use it to make program funding allocations in risk reduction. The CDERA meeting provided an initial opportunity for the ESDU to do the actual presentation on the BTool, and is a first step to ensure that the ESDU actively takes ownership to implement the BTool's use in all of the OECS member states. CDERA has expressed interest in working with COTS and the OECS Secretariat to ensure that all CDERA countries utilize the BTool.

*Rationalization of OECS disaster library* - COTS completed its technical assistance to the Environment and Sustainable Development Unit (ESDU) of the OECS Secretariat to develop an e-library system in order to make available the large number of documents that ESDU has in the area of disaster preparedness and environmental resources. COTS enabled ESDU to implement a software program that is being used throughout the wider Caribbean region. This program will make it possible for OECS member states to access this information via the on-line system, and it will be operational early in the New Year.

*Develop High Resolution Storm Surge Maps for Dominica<sup>2</sup>* - COTS completed this technical assistance and presented the maps to counterparts for planning and development and disaster management in Dominica during the quarter. This work on nine vulnerable communities complements COTS' earlier work in Dominica to prepare multi-hazard maps, and supports areas measured in the BTool assessment. Development planners are now able to make informed land use planning decisions, and to identify where mitigation measures may be needed in coastal towns that are already developed. This work will further support COTS assistance to develop a comprehensive land use policy, discussed below.

*Strengthen construction sector to incorporate disaster resistant construction measures* – Working in consultation with representatives from the construction sector, development planning agencies and NODS, COTS signed a sub-contract with the Antigua and Barbuda National Development Foundation to implement a technical assistance training program throughout 2007 that will develop local capacity in the construction sector and improve current building inspection procedures within the twin island state. To support local ownership, the activity will be managed by a working group of local private and public sector representatives from the building and construction sectors.

*Support preparation of local area development plans and develop comprehensive land management policy* - To further support reducing vulnerability and improving land use planning, COTS is tendering with several firms in Dominica to prepare land use policies for three locations in Dominica, all of which are affected by a range of natural hazards, and one of which is in an environmentally sensitive area. The results of the work, which will begin early in the New Year,

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<sup>2</sup> This activity is one from the First Year Work Plan.

will result in a land use policy that Dominica can apply to a range of geographic locations within the country that are affected by various hazard conditions.

*Mainstream risk reduction areas in other COTS program areas* – in Dominica, COTS worked with private and public sector counterparts to establish a task force to prepare a tourism sector disaster preparedness plan for Dominica’s tourism sector. The task force completed a draft of the plan, and the group will reconvene early in the New Year to review the draft and finalize it. The task force will submit the completed plan to the government to address areas in which public sector support is required to reduce the sector’s exposure to natural hazards. In Antigua and Barbuda, COTS worked with private and public sector counterparts to prepare draft disaster preparedness and recovery plans for businesses. COTS will review the plans early in the next quarter so that firms can implement these well before the next hurricane season. Coming out of this exercise COTS also revamped some of the training materials to address some of the smaller businesses that require preparedness and recovery plans. COTS will have other sessions in the New Year to work with additional firms to prepare preparedness and recovery plans using the revised training materials.

*Demand driven community based risk reduction interventions* - The quarter also saw a shift in emphasis by COTS from the proposed community disaster project for Dominica to, instead, working with the Barbuda Council. This shift was precipitated by an urgent request from the Barbuda Council for assistance to support the protection of the town of Codrington from storm surges and the Codrington lagoon from being breached due to sand mining activities. Sand mining in the lagoon has significantly altered the landscape and poses a danger to the local ecology of the lagoon and the safety of the town. COTS prepared a draft proposal to introduce mitigation measures, and the proposal is being reviewed by the national disaster office and the environmental office. COTS expects to implement this initiative early in the next quarter.

The major challenge faced is that of limited resources at the regional and national level as both the OECS and target countries are struggling to cope with their workload, are over reliant on outdated or outmoded equipment and have a severe human resource shortage. While these are problems which cannot be addressed directly by the project they nevertheless have an impact on the rate of implementation of project activities as in some cases the absorptive capacity is simply lacking. In an attempt not to over burden any single entity the project now works with several agencies in a networking fashion to implement activities, this is being done in Dominica where the Physical Planning Division is more directly involved with the disaster office in the preparation and implementation of project activities.

## **A2 Challenges**

As COTS identified in the previous quarterly report, the continuing challenge is that of limited resources at the national and regional levels that are allocated to mitigation and planning. Both the OECS Secretariat and counterparts in Antigua and Barbuda and Dominica are struggling to cope with their workload, are over reliant on outdated or outmoded equipment and have a severe human resource shortage. These are issues that do have an impact on implementation, both in terms of delays and, in some cases, absorptive capacity. In an attempt not to over burden any single entity, COTS does work with several agencies in a networking fashion to implement

activities COTS is working more directly with the Physical Planning Division in Dominica so that this office is more directly involved in working with the disaster office to prepare and implement project activities. NODS in Antigua and Barbuda is also currently involved in the preparation of emergency and security plans for the upcoming World Cricket Competition scheduled for the first quarter of next year. In order to ensure that the BTool implementation proceeds in a timely manner in Antigua and Barbuda, the ESDU in collaboration with COTS will meet with the relevant ministers to ensure that an alternate focal point is appointed for this activity.

The situation in St. Vincent and the Grenadines offers an interesting comparison to those in Antigua and Barbuda and Dominica. St. Vincent has placed responsibility for disaster mitigation and management with the Office of the Prime Minister. This has raised the level of political importance for disaster mitigation to one that receives political support at the highest political level, and offers an excellent example for the OECS region that demonstrates how successful hazard mitigation can be when there is strong political will to support it. COTS and USAID should use this example in discussions with senior counterparts in Antigua and Barbuda and Dominica in order to garner the resources needed to effectively implement hazard mitigation activities in both countries.

### **A3 Direction over the Next Quarter**

COTS will work closely with the OECS Environmental and Sustainable Development Unit (ESDU) to submit the results of the BTool assessments to Cabinet in Antigua and Barbuda and Dominica, and ensure that the working groups in each country meet on a regular basis to oversee implementation of activities. COTS will also work with the ESDU and CDERA to plan a launch of the BTool at the sub-regional level.

COTS will begin implementation on the mitigation activity to protect the town of Codrington and the Codrington lagoon. This activity will protect the biodiversity of the area and protect the town of Codrington from storm surge during the passage of future hurricanes. In Dominica, COTS will provide technical assistance to develop a comprehensive land use policy framework, building on COTS' previous work with multi-hazard and storm surge maps, and using results from three areas that are under various development pressures.

Continuing its work with the private sector, COTS will implement additional workshops with private sector representatives to develop firm level and sector level mitigation and preparedness plans. COTS will also begin implementation of its safe building practices program for private and public sector representatives.

## SECTION V PUBLIC AWARENESS

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COTS recognizes that in a well functioning market economy, government needs to effectively communicate its programs and policies to the public, and the business community also needs to explain its rationale for the policies it advocates. In the middle is the media, which often serves as the communications link in the public discourse arena. The challenge is significant, since ‘trade liberalization’ is an inherently complex topic on which to inform constituents. This is compounded by the use of sometimes highly technical, jargon-laden language by public sector representatives; a private sector that does not understand the issues, and so cannot purposefully comment on them; and, a poorly trained media that is unable to make trade issues relevant to the ‘person on the street.’

COTS’ second work plan revised its approach from one that incorporated an overarching outreach strategy at a regional level, to one that focuses on strengthening the private sector’s understanding of trade issues such that they can interact with policy makers in an informed manner; strengthening the public sector’s ability to effectively communicate with constituents on trade issues; and, empowering the media to truly understand the opportunities and issues of regional and international trade and integration to support accurate and balanced reporting and public discourse. With this in mind, COTS revised vision for Public Awareness is:

- Strengthening the capacity of private sector organizations to communicate effectively and regularly with their members on business opportunities arising from regional and international integration, and enabling them to serve as a channel to provide feedback to the public sector.
- Building capacity within national-level public sector agencies to effectively communicate opportunities available through regional and international integration to their constituencies, soliciting feedback in a constructive manner, and incorporating this information into policy formulation.
- Empowering the media (including government public relations staff) to increase its understanding of the opportunities available through regional and international integration, resulting in more accurate and balanced reporting. This will require the media to provide a variety of viewpoints, and to effectively question policy makers. It will also increase the chances of continued positioning of these issues with the general public once the program ends.

### **A1. Quarterly Progress Toward Objectives**

*Improve Private Sector Understanding of Business Opportunities Through Regional and International Integration* – During the quarter, COTS and its subcontractor Earle and Earle Associates completed the baseline survey of the private sector, public sector and media workers in Antigua and Barbuda and Dominica to evaluate their level of understanding of business opportunities available via regional integration and international trade mechanisms such as the CARICOM Single Market and Economy. In each of the countries, one hundred and twenty five private sector representatives, 25 media workers and 14 public sector technicians were surveyed via a face to face methodology. Generally the analysis of the survey results indicates that although there is some support for the CARICOM Single Market and Economy, there is little

understanding as to the benefits to the OECS sub region and there is little confidence in the countries' ability to maximize on the CSME.

In the case of Dominica, the survey results showed that less than three quarters of the participants (72%) admitted to not having enough information on the benefits of regional integration and international trade agreements such as the CARICOM Single Market and Economy. Also, more than three quarters (77%) of the respondents said they were in favor of Dominica's participation in the CSME, however, less than half of the participants (48%) believe that Dominica is ready to participate in the CSME. More than two thirds (69%) of all the participants reported that they expected to directly benefit from participating in the CSME. In general, the results of the survey revealed that Dominicans are adopting a 'wait and see' attitude in relation to whether or not the CSME is likely to be beneficial to the country. Current opinions are based on the limited information available to the private sector. Finally, a lack of adequate human and capital resources were as a major impediment to Dominica's effective participation in the CSME.

In the case of Antigua and Barbuda, just over two thirds of the Antiguan and Barbudan participants informed that they did not have enough information on how businesses could benefit under CSME. The survey findings also revealed that Antiguan and Barbudans are not too enthusiastic about their country's participation in CSME. On the whole more than three quarters (76%) of the respondents stated that they either did not know or they did not believe that Antigua and Barbuda was ready to participate in CSME and just less than three quarters (62%) do not believe that Antiguan and Barbudan companies will be able to favorably compete with companies in other CSME participating countries. Only a few respondents opined that Antigua and Barbuda had enough resources and the ability to compete within CSME. In conclusion Antiguan and Barbudan respondents informed that they did not have enough information on the benefits of participating in CSME. Their apparent lack of enthusiasm is reflected in the percentage of respondents who were not in favor of participating in CSME as well those who do not expect to benefit.

COTS will share the completed survey results with partners in Antigua and Barbuda and Dominica, and with regional organizations, in order to ensure that future public information efforts on CSME address the survey findings.

During the quarter, COTS also wrapped up the successful public awareness campaign on intellectual property rights (IPR) which began in Dominica in July. A survey was conducted before and after the campaign was initiated and the results demonstrate an increased awareness and knowledge about IPR and the important role it plays in doing business, specifically with regards to the application of copyrights, trademarks and patents. Other key results included a significant increase in the number of inquiries received by the Legal Affairs Department in reference to IPR. During the period covered by the campaign, the department received 21 calls and had 8 walk-in visits by artists and businesspersons requesting additional information. Another key outcome of the program was a call to action by all Dominican musicians, artists and entertainers to develop a unified approach to issues pertaining to IPR as stated in a November 16th 2006 press release.

In order to provide more functional information to the private sector on the CARICOM Single Market and Economy, COTS met with the CSME Unit to begin the redesign and upgrade of the [www.csmeonline.org](http://www.csmeonline.org). In discussions with the Unit, it has been agreed that COTS will focus on creation of a business targeted Frequently Asked Questions Section; creation and launch of a listserv of key contacts; creation of a secure intranet for CSME focal points; and a soft launch of the website via ads and promotional items.

*Empower the media to increase its understanding of the opportunities available through regional and international integration, resulting in more accurate and balanced reporting*

During the quarter, COTS received and reviewed a detailed proposal from the UWI Caribbean School of Media and Communication (CARIMAC) for the development of the certificate level training course on reporting of trade issues targeted at media workers.

## **A2. Challenges**

The main challenge this quarter continues to be the delay of activities due to competing priorities with collaborative organizations and the upcoming holiday schedule. In particular the Private Sector Trade Briefings which are to be coordinated with the Caribbean Regional Negotiating Machinery and the respective private sector associations are delayed to the first quarter in 2007. The delay however has become an opportunity as it has allowed for COTS to assist the private sector associations in both countries to organize into an umbrella business forum and to engage an economic and trade analyst to provide support to the forum. This will provide for greater buy-in by the private sector when the briefings are executed in the next quarter.

## **A3. Direction over the Next Quarter**

As the baseline survey is completed, COTS will share the results with key regional organizations and private sector associates to guide the development of public information activities targeted at the private sector to explain the business opportunities available through regional and international trade. The Private Sector Trade Briefings to educate the private sector on current trade issues originally scheduled for November 2006 will get underway in January 2007 in Antigua and Barbuda, and February 2007 in Dominica.

At a regional level, COTS will continue its work with the CSME Unit on the CSME website and will finalize its negotiations with CARIMAC on the media training.

## **SECTION VI STRATEGIC ACTIVITIES FUND**

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The Strategic Activities Fund (SAF) is a flexible financing mechanism managed within COTS to allow the program to achieve its goals by responding to specific needs and opportunities through targeted interventions: local and regional subcontracts, grants, specific commodity procurements. To effectively achieve the overall goals of the COTS program, the SAF was envisioned under this task order from program design. The wide range of the scope of COTS activities, from legislative reform to natural-disaster risk reduction, presents a particular challenge to predetermine partners' needs at program outset. Another critical consideration is COTS' aim to provide a balanced approach to development, with a mix of technical assistance provided by long-term staff and short-term consultants, a range of supporting activities that are often best delivered by local and regional subcontractors — including regional universities, and in specific instances, in-kind commodities procurement. The SAF gives COTS the needed flexibility to respond to any and all need to finance activities using the most appropriate contractual mechanism. The COTS team is tapping into SAF to implement activities across the full range of program components. The SAF's vision is to be a tool that provides the COTS program the flexibility to rapidly respond to new opportunities while creating capacity in local institutions and leveraging other public- and private-sector resources.

COTS has developed a core set of criteria that is used to evaluate proposed activities to guarantee maximum impact and ensure that all activities financed by the SAF reflect partner needs and program goals. In doing so, COTS will at all times be sensitive to issues such as gender, at-risk and disadvantaged groups, HIV/AIDS considerations, and environmental impacts to ensure that activities meet program objectives in an integrated manner.

### **A1. Quarterly Progress Toward Objectives**

Since the start of program implementation, COTS has awarded subcontracts and vendor agreements totaling more than US\$1,000,000 through the Strategic Activities Fund (SAF). During this quarter, signed subcontracts totaled over US\$77,000. One subcontract, signed with The National Development Foundation of Antigua and Barbuda (NDFAB), will allow the NDFAB to conduct a series of safe building construction certification courses for contractors and building inspectors in Antigua and Barbuda. The goal of the courses is to raise building standards in Antigua and Barbuda and to increase the resilience of the building environment to the impacts of natural disasters. This contract is being carried out under the Risk Reduction component. COTS also signed contracts with Proudfoot Communications Inc. (a web design firm) based in Trinidad and Tobago to design a website and central portal for the Government of the Commonwealth of Dominica. The website will be used to improve the dissemination of non-confidential information to the public, stakeholders and government agencies, to enhance service delivery, and to facilitate public participation in issues of governance. A contract was also signed with Right Angle Imaging (a public relations firm) based in St. Lucia, to provide coordination of media coverage for the Doing Business in the OECS 2007 report launch which was held in St. Lucia in late November 2006. These activities were implemented under the Governance Component. COTS also signed a contract with CIS Ltd. a consulting firm based in Castries St. Lucia to provide an intervention for COTS client firm CARICOM Food Services Ltd. (CFS) to help improve the sales of CARICOM Food Service (CFS) by developing improved back-office

and in-market systems and assisting to recruit qualified personnel in order for CFS to more effectively service existing accounts and prevent loss of these accounts; introduce new product lines to existing customers; and pursue and service new customer accounts.

Previously signed subcontracts continue to support activities in several other component areas. Annex 2, attached, illustrates COTS' SAF activities.

As of November 30, 2006 the monthly submissions report from ICMS, the Business Services Provider, was changed from the 20<sup>th</sup> of each month to the last working day of the month. COTS made this change to align the dates with USAID reporting requirements.

## SECTION VII PROGRAM OPERATIONS

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COTS' management priorities and requirements continue to be driven by the second year work plan which was submitted to USAID on June 30, 2006. The work plan refocuses program activities in light of the changing financial and technical priorities, coupled with the need to aggressively implement program activities which yield positive results. COTS is committed to delivering high-quality assistance to regional and national organizations in OECS countries' public and private sectors and has devoted a great deal of effort to managing program activities that support the technical implementation of the program.

### A. Staffing and Staff Development

*Staffing.* In September, a candidate for the Doing Business team leader position was fielded for an initial short term assignment. At the conclusion of the assignment the candidate chose not to be considered for the long term position. COTS has since identified a qualified candidate to become the COTS Doing Business team leader. Chemonics will submit this approval request to USAID early in the next quarter.

In October, COTS identified and hired a mid-level business advisor to assist the Doing Business team in Antigua and Barbuda to identify and qualify firms for technical assistance interventions. Additionally, COTS, in coordination with the key business associations in Antigua and Barbuda and Dominica, recruited two economic and trade policy analysts who will be assigned to support the business associations to represent their interests on key economic and trade issues to the government and regional public and private sector bodies. The analysts will begin work in January 2007.

In October COTS hired a new office manager for the Dominica office to replace the previous manager who resigned. Both the office manager and the accountant from Antigua traveled to Dominica to train the new office manager.

COTS' Administrative Reform Specialist, Mr. Swinburne Lestrade, departed at the end of the quarter in response to Dominica's Prime Minister requesting his support to implement a number of important initiatives that are delayed. COTS' new Administrative Reform Specialist, Mrs. Deborah Hackshaw, began work during the quarter, ensuring a smooth transition in this important program area.

### B. Financial Management and Control

*Contract and financial monitoring.* COTS is working closely with USAID to implement the new operational plan process that USAID is undertaking on a world wide basis. COTS is developing new indicators and targets in accord with the standardized program areas and indicators that USAID has developed to manage all of its programs.

*Contract modifications.* In November, Chemonics International submitted a technical and financial modification to USAID in response to USAID's notification of an expected 31% reduction in life of project funding, and the need to fulfill requirements in accord with

biodiversity within the scope of the task order. Chemonics' submission proposed that a new long term position be established to develop and implement a biodiversity component that is fully compliant with these earmark requirements. The first phase of this activity would include preparation of this component's work plan in line with the threat assessment that USAID completed in 2006. Chemonics anticipates that USAID will complete its review of Chemonics' response early in the next quarter, and will advise of any outstanding issues prior to completing the modification.

## ANNEX 1 COMPLETED LEGISLATIVE ITEMS OCTOBER – DECEMBER, 2006

<b>Antigua and Barbuda</b>	<b>Dominica</b>
<ol style="list-style-type: none"> <li>1. Amendments to Act for CARICOM Regional Organization for Standards and Quality (CROSQ) norms</li> <li>2. Draft Metrology Bill</li> <li>3. Draft Metrology Regulations</li> <li>4. Bill to give effect to the Agreement establishing the Caribbean Accreditation for Authority for Medicine and other Health Professions</li> <li>5. Compulsory standards - Specification for toilet tissue</li> <li>6. Compulsory standards - Specification for pre-packaged ice</li> <li>7. Compulsory standards - Specification for pre-packaged foods</li> <li>8. Compulsory standards – Specification for labeling of commodities – General Principles Part 1</li> <li>9. Compulsory standards – Specification for the labeling of Brewery Products</li> <li>10. Compulsory standards – Specification for the labeling of pesticides</li> <li>11. Compulsory Standards – Specification for the labeling of pre-packaged goods</li> <li>12. Compulsory Standards – Specification for packaged water</li> <li>13. Draft Patent Regulations</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendments to Marriage Act</li> <li>2. Financial Services Act</li> <li>3. Professional and Technical Degree Accreditation Act (Bill)</li> <li>4. Consumer Protection Act (Bill)</li> <li>5. Fresh Produce Trade (Quality Control and Inspection) Act (Bill)</li> <li>6. Montreal (Ozone Layer) Protocol Act (Bill)</li> <li>7. Decision re Banking Act that Amendments not required</li> <li>8. Co-operative Societies Act</li> <li>9. Draft Industrial Design Regulations</li> <li>10. Draft Protection of Layout Designs (Topographies) of Integrated Circuits Regulations</li> <li>11. Dominica Tourism Authority Act</li> <li>12. Dominica Investment Promotion Agency Act</li> <li>13. Geographical Indications Regulations</li> <li>14. Patent Regulations</li> <li>15. National Metrology Bill and Implementing Regulations</li> <li>16. Standards Bill</li> <li>17. Disaster Management Bill</li> <li>18. Education Regulations</li> <li>19. Tourism (Regulations and Standards) (Amendment) Bill</li> <li>20. Free Movement of Factors</li> </ol>

## ANNEX 2 SAF SUMMARY

Activity	Beneficiary Country	Contract Value (US\$)	Paid to Date (US\$)
<b>Governance</b>			
Int'l Trade Policy Course	Regional	\$ 32,500.00	\$ 32,500.00
CSME magazine	Antigua	\$ 17,847.27	\$ 17,847.27
Dom. Legislative Draftsperson	Dominica	\$ 74,291.39	\$ 29,715.70
A&B Legislative Draftsperson	Antigua	\$ 61,425.03	\$ 39,926.24
Doing Business Conference	Regional	\$ 10,962.41	\$ 7,447.05
NDC website optimization & marketing	Dominica	\$ 16,739.83	\$ 8,369.91
GOCD Website	Dominica	\$ 12,506.30	0
Doing Business Conference	Regional	\$ 3,792.57	\$ -
		<b>\$ 230,064.81</b>	<b>\$ 135,806.18</b>
<b>Doing Business</b>			
ICT Workshop - Grenada	Regional	\$ 20,030.00	\$ 20,030.00
VAT Impact Assmt - Dom. Tourism	Dominica	\$ 512.05	\$ 512.05
Dominica BSP	Dominica	\$ 180,572.91	\$ 56,466.59
Sales and Marketing Intervention	Antigua	10,713.49	0
Construct Solar Herb Dryer	Dominica	5,535.30	5,535.30
		<b>\$ 217,363.75</b>	<b>\$ 82,543.94</b>
<b>Public Private Partnership</b>			
CCAA Miami Conference	Regional	\$ 99,500.00	\$ 99,499.60
		<b>\$ 99,500.00</b>	<b>\$ 99,499.60</b>
<b>Public Awareness</b>			
Reg. Public Awareness/Trade Strategy session	Regional	\$ 5,599.00	\$ 5,599.00
"Without Limits" CSME Roadshow	Antigua	\$ 2,015.61	\$ 2,015.61
Public Outreach 101 - Antigua	Antigua	\$ 3,413.27	\$ 3,413.27
Public Outreach 101 - Dominica	Dominica	\$ 6,899.45	\$ 6,899.45
CSME Baseline Survey	Regional	\$ 36,986.60	\$ 24,867.80
CSME Educulture Performances - A/B	Antigua	\$ 23,414.87	\$ 23,414.87
CSME Educulture Performances - Dominica	Dominica	\$ 22,046.00	\$ 22,046.00
CSME Media Worker's Dialogue Workshop - Dom	Dominica	\$ 1,511.20	\$ 1,511.20
CSME Media Worker's Dialogue Workshop - A/B	Antigua	\$ 3,359.19	\$ 3,359.19
IPR Awareness Campaign - Dominica	Dominica	\$ 10,509.94	\$ 5,138.61
		<b>\$ 115,755.12</b>	<b>\$ 98,265.00</b>
<b>Risk Reduction</b>			
Coastal Vulnerability Assessment	Dominica	\$ 94,953.00	\$ 52,224.15
IDP Workshop	Antigua	\$ 32,514.21	\$ 32,230.74
Landslide Mapping & MHVA	Dominica	\$ 92,635.00	\$ 92,635.00
Vulnerability Audit Tool	Regional	\$ 66,672.62	\$ 62,222.63
Disaster Preparedness Wrkshp - AHTA	Antigua	\$ 357.67	\$ 357.67
Disaster Preparedness Wrkshp - DHTA	Dominica	\$ 989.12	\$ 989.12
Safe Construction Training Courses	Antigua	\$ 50,293.88	0
Business Recovery Workshop	Regional	\$ 294.32	\$ 294.32
		<b>\$ 338,709.83</b>	<b>\$ 240,953.64</b>
<b>Total SAF Expenditure</b>		<b>\$ 1,001,393.50</b>	<b>\$ 657,068.35</b>
<b>SAF Payments</b>			
	<b>Contract Value</b>	<b>Paid to Date</b>	<b>Outstanding</b>
Antigua Activities	\$ 205,354.49	\$ 122,564.87	\$ 82,789.63
Dominica Activities	\$ 519,701.49	\$ 282,043.09	\$ 237,658.40
Regional Activities	\$ 276,337.53	\$ 252,460.40	\$ 23,877.13
<b>Total Activities</b>	<b>\$ 1,001,393.50</b>	<b>\$ 657,068.35</b>	<b>\$ 344,325.15</b>

## **ANNEX 3 RESULTS MONITORING**

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COTS objective is to facilitate the transition of the Eastern Caribbean – and in particular Antigua and Barbuda and Dominica – to be better positioned to compete more successfully in the global economy, while protecting its natural assets. This is drawn directly from USAID’s Strategic Objective 9, ‘Caribbean Region Positioned to Succeed in an Open Trade Environment.’

Overall, the COTS program was highly successful in delivering measurable assistance this quarter. The Doing Business Component surpassed its targets for its Demand Driven Growth initiatives. Evaluated companies, companies selected for interventions and increased sales were 580%, 350% and 275% of targeted amounts. Additionally, these results should increase significantly over the next few quarters as interventions are completed. The projected annual sales from the interventions being started in this quarter alone are expected to be over US\$ 1 Million.

The project signed Memorandum of Understanding in both Dominica and Antigua and Barbuda with key business associations to join forces in working together to address trade issues which affect the private sector. These associations have begun recruiting for an analyst to assist them in assessing and advocating their positions on trade matters as it relates to the member organizations.

Under the Governance Component, significant strides have been made in both areas – Trade and Administrative Reform and Improving the Business Climate. The project has been successful in reviewing and submitting legislation for both Antigua and Barbuda and Dominica – and has exceeded its expected targets of the activities that are currently projected for the project lifetime in the area of Trade and Administrative Reform by 38%. In total, thirty-three (33) legislative items have been produced for Dominica and Antigua and Barbuda. These results were significantly higher than what was targeted for the lifetime of the project because it was found that as work progressed based on a list of Priority Legislative Projects, additional legislative items were identified as priority and the list amended accordingly.

Activities continue in both countries to improve areas under the Improving Business Climate arm of the Governance component. These activities support the successful results of the World Bank Doing Business Survey, which were highlighted in a successfully well-attended and well-received conference in St. Lucia during this quarter. Despite challenges faced, the Customs HR assessment in Dominica is well underway, and the NDC in Dominica website redesign has been completed. In Antigua and Barbuda, COTS provided assistance has been provided in the administrative business environment via assistance to the Investment Promotion Authority and the Trade Policy Framework.

The Disaster Risk Reduction Bench Marking Tool administration has commenced to determine a baseline for successive activities within the Risk Reduction component. Companies in Antigua have also received assistance in development of Business Recovery Plans.

The results of the Public Awareness Baseline Survey measuring the awareness of private sector, public sector and media of potential business opportunities available under free trade and regional integration were made available in October.

### COTS Performance Indicator Summary

No.	Performance Indicator	Year 2 Target	Year 2 Actual	Project Total to Date
1	Increased dollar value of transactions for assisted enterprises	USD 483,271	USD 66,675	USD 70,733
2	Improved administrative processes to conduct business (areas of improvement)	6	2	3
3	Increased understanding of business opportunities available under regional and international integration <sup>1</sup>	N/A	-	
4	Enabled legal framework for CSME compliance	58%	54%	138%
5	Number of OECS countries listed in the Doing Business Survey	-	-	6
6	Improvement in Disaster Risk Management Index <sup>2</sup>	N/A	-	-

<sup>1</sup> Not scheduled to begin reporting until FY07 Q2. Baseline survey results were made available in October.

<sup>2</sup> Not scheduled to begin reporting until FY08 after annual assessment. Training conducted on use of tool. Baseline assessment using Benchmarking tool commenced.

## Performance Summary for Dominica

Output / Activity	Life of Project (LOP)		Year 2		% Achievement of Year 2 target	Q1:Oct – Dec 2006		% Achievement of Q1 target
	Target	Actual	Target	Actual		Target	Actual	
Number of company evaluations completed for candidate firms	162	66	58	21	36%	3	21	700%
Firms with greatest risk adjusted sales potential return on intervention cost identified	54	9	24	3	13%	1	3	300%
Sales resulting from interventions by COTS (US\$)	1,943,054	24,198	314,335	23,061	7%	15,726	23,061	147%
Established Umbrella Business Forum	1	1	-	1	N/A	-	1	N/A
Private sector position papers developed and advocated to Government	1	-	-	-	-	-	-	-
Draft legislation submitted to Ministry of Legal Affairs from "List of Priority Legislative Projects in Dominica"	17	20	12	7	58%	6	7	117%
Inclusion in 2007 World Bank Doing Business Survey	1	1	-	-	-	-	-	-
Interventions completed with Customs to improve business Climate	4	-	3	-	-	2	-	-
Interventions to strengthen NDC	2	1	1	1	100%	1	1	100%
Mitigation measures/activities developed / supported by COTS to improve vulnerability index	4	1	4	-	-	-	-	-
Improvement in Vulnerability Index <sup>†</sup>	6%	-	-	-	-	-	-	-
No. of firms assisted in development of Business Recovery Plans <sup>‡</sup>	55	15	20	-	-	10	-	-
Number of persons informed of how to capitalize on potential business opportunities available via regional and international integration <sup>§</sup>	1,474	471	1,003	-	-	-	-	-
Increased understanding of potential business opportunities available via regional and international integration <sup>**</sup>	35%	-	35%	-	-	-	-	-
Number of persons trained in public outreach tools <sup>††</sup>	105	45	40	-	-	-	-	-

\* Activity ongoing – expected completion date has been delayed to FY07 Q2

<sup>†</sup> Not scheduled to begin reporting until FY08 after annual assessment. Training conducted on use of tool. Baseline assessment using Benchmarking tool commenced.

<sup>‡</sup> ...

<sup>§</sup> Activities scheduled to get underway in FY07 Q2.

<sup>\*\*</sup> Not scheduled to begin reporting until FY07 Q2. Baseline survey results obtained.

<sup>††</sup> Activity delayed due to anticipated additional reduction in budget funding.

## Performance Summary for Antigua and Barbuda

Output / Activity	Life of Project (LOP)		Year 2		% Achievement of Year 2 target	Q1:Oct – Dec 2006		% Achievement of Q1 target
	Target	Actual	Target	Actual		Target	Actual	
Number of company evaluations completed for candidate firms	110	57	37	8	22%	2	8	400%
Firms with greatest risk adjusted sales potential return on intervention cost identified	36	6	15	4	27%	1	4	400%
Sales resulting from interventions by COTS (US\$)	1,192,556	46,535	168,936	43,615	26%	8,447	43,615	516%
Established Umbrella Business Forum	1	1	-	1	N/A	-	1	N/A
Private sector position papers developed and advocated to Government	1	-	-	-	-	-	-	-
Draft legislation submitted to Ministry of Legal Affairs from "List of Priority Legislative Projects in Antigua and Barbuda"	7	13	2	6	300%	2	6	300%
Inclusion in 2007 World Bank Doing Business Survey	1	1	-	-	-	-	-	-
Support to agencies to improve administrative business environment	4	3	3	2	67%	2	2	100%
Mitigation measures/activities developed / supported by COTS to improve vulnerability index	1	-	-	-	-	-	-	-
Improvement in Vulnerability Index <sup>†</sup>	6%	-	-	-	-	-	-	-
No. of firms assisted in development of Business Recovery Plans	70	31	20	19	95%	-	19	N/A
No. of persons trained and certified in safe building practices <sup>‡</sup>	520	-	260	-	-	65	-	-
Number of persons informed of how to capitalize on potential business opportunities available via regional and international integration <sup>§</sup>	1,506	503	1,003	-	-	30	-	-
Increased understanding of potential business opportunities available via regional and international integration <sup>**</sup>	35%	-	30%	-	-	-	-	-
Number of persons trained in public outreach tools <sup>††</sup>	93	33	40	-	-	-	-	-

\* Activities in process. Completion dates expected later in FY07.

<sup>†</sup> Not scheduled to begin reporting until FY08 after annual assessment. Training conducted on use of tool. Baseline assessment using Benchmarking tool commenced.

<sup>‡</sup> Per the work plan, activity planning in process. Implementation delayed, but should get underway in FY07 Q2.

<sup>§</sup> Activities scheduled to get underway in FY07 Q2

<sup>\*\*</sup> Not scheduled to begin reporting until FY07 Q2. Baseline survey results obtained.

<sup>††</sup> Activity delayed due to anticipated additional reduction in budget funding.

## **ANNEX 3 PRESS COVERAGE**

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### **Article Taken from the Antigua Sun**

#### **Business groups form new alliance**

Tuesday October 17 2006

by Nikisha Smith

Four Business organisations in Antigua & Barbuda have come together to form the Antigua & Barbuda Business Alliance (ABBA).

The alliance was formalised yesterday at the signing of a Memorandum of Understanding at the office of the Employers Federation on High Street.

The Antigua & Barbuda Employers Federation (ABEF), the Antigua Hotel & Tourist Association (AHTA), the Antigua & Barbuda Cruise Tourism Association (ABCTA), and the Antigua & Barbuda Tour Operators Association (ABTOA) are the signatories to the MOU.

The objective is to provide coordinated and analysis-based contributions by the business community to Antigua & Barbuda's economic development.

USAID Caribbean Open Trade Support (CORTS) facilitated the forming of ABBA and will be providing technical and trade support to the group.

Neil Forrester of the AHTA said that he is looking forward to other business organisations teaming up with the current members of the alliance to represent their interests to government on crucial matters affecting their membership.

As a result of this historic initiative, the private sector is going to be able to provide a proactive, much better and timely response to government on critical trade and economic issues.

This groundbreaking initiative is the first of its kind in the Eastern Caribbean and is a recognition by the business sector that by collaborating on a common advocacy platform with the government, regional and international community, they can achieve better results.

USAID CORTS Private Sector Development Specialist Earle Baccus stated that the donor community prefers to work with an amalgam and that it is something that should be done in each Caribbean country. He informed that a similar collaboration is being done in Dominica.

The first task set out by the group will be to recruit an economic/trade policy analyst who is expected to be in place by 1 Nov.

The analyst is expected to research issues that negatively impact the growth and competitiveness of local firms and restrict the access of their goods and services in the local, regional and international markets, prepare position papers and assist the Alliance in advocating its positions to regional governments and private and public sector bodies.

## **Antigua & Barbuda gains World Bank nod for business dealings**

Wednesday November 29 2006

by Patricia Campbell

Antigua & Barbuda has been ranked number two among the OECS countries and 33rd globally in a World Bank assessment of the ease with which business can be conducted in the sub-region. St. Lucia was ranked number one in the sub-region and 27th overall.

"Doing Business 2007: Organisation of Eastern Caribbean States' was prepared by the World Bank and the International Finance Corporation with support from USAID and is part of a larger international assessment of 175 countries.

The report assesses the processes in each country which affect those establishing or transacting business, including those legal and administrative requirements related to the establishment, operation, trade, taxation, and closure of businesses. The OECS scored high assessments in general, with all six making the top half of the international list, but key areas for improvement were also highlighted for Antigua & Barbuda.

For example, the report pointed out that a company seeking to comply with all tax requirements in Antigua & Barbuda would need to make 44 separate payments and would invest an average of 528 administrative hours per year. This process was compared to the island economy of Mauritius, where the same business would need to make only seven payments and require 158 hours of preparation time.

On a more positive note, Antigua & Barbuda has instituted the only two reforms among the OECS territories last year which were geared to making it easier to do business. These were improved regulations for registering a new business and reduced tax rates.

Antigua & Barbuda was noted for reducing the time it takes to start a business from 31 days to 21 days, when it separated the commercial registry from the High Court in 2005 and for cutting the corporate income tax from 35 per cent to 30 per cent.

The introduction of a value-added tax system in the Antigua & Barbuda Sales Tax is also being seen as a positive reform by the World Bank.

In general, the OECS countries were assessed well for the ease of starting a business, dealing with licences and the strength of investor protections but did less well in an assessment of the ease of getting credit, enforcing contracts and closing a business.

Economic integration and harmonisation in preparation for the Caricom Single Market and Economy was highlighted as an element with great potential to increase the ease with which business can be conducted in Antigua & Barbuda and the rest of the OECS.

It is expected to make it easier for businesses to expand regionally and more difficult for investors to play individual countries against each other. While some laws have already been harmonised, the World Bank noted that there are significant differences in how harmonised legislation is being implemented in each jurisdiction.

"A business seeking to resolve a dispute with its customer has to follow the same set of procedures in all jurisdictions, but doing so takes an average of 297 days in Antigua & Barbuda and 635 in St. Lucia," the report notes.

In such areas as the transfer of property which have not been harmonised, the variations in performance can be even more striking. Such was the case, says the World Bank, when it examined the transfer of property. Antigua & Barbuda requires only 26 days to complete such a transfer, while St. Kitts & Nevis, which was at the bottom of the OECS group in the assessment requires 81 days.

them, but apparently through nervousness, had trouble concentrating and rushed to spell words instead of taking

Development Officer Cynthia Crump said that the participants need to learn to listen to word pronun-

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Antigua, W.I.

E-mail address: Vincent@jollyharbourantigua.com

14 Antigua Sun • Thursday, 30 November, 2006

## REGIONAL

# ECCB governor pleased with World Bank rating

CASTRIES, St. Lucia (CMC) – Governor of the East Caribbean Central Bank (ECCB) Sir Dwight Venner says he is pleased with the ratings given to the sub-regional Organisation of Eastern Caribbean States (OECS) by the World Bank regarding the business climate and regulations in the Eastern Caribbean.

The World Bank in its study titled "Doing Business 2007 Report" that examined business practices and environment in the OECS, named St. Lucia as the top sub-regional country to do business in, followed by Antigua & Barbuda and St. Vincent & the Grenadines.

The study financed in part by the United States Agency for International Development (USAID) placed Dominica fourth, Grenada fifth and St. Kitts/Nevis sixth.

The report said OECS states vary significantly in the ease of doing business and tracks the time, cost and problems a business faces to comply with legal and administrative requirements in areas including start up and operation.



Governor of the East Caribbean Central Bank (ECCB) Sir Dwight Venner.

Sir Dwight told the Caribbean Media Corporation (CMC) following the launch of the report on Tuesday that the survey gave the OECS a "good marker".

"We came out pretty good in the circumstances as one would expect that for the first time the islands would have emerged some where at the bottom, when in fact the rankings suggest that because of institutional historical momentum we are reasonably well placed without putting in much effort."

Sir Dwight said that the study, which also included a global perspective of doing business, now provided the OECS with an opportunity to improve on their current ratings.

He said the sub-region had performed well among the 175 countries rated with St. Lucia being placed at number 27 within the top 30 countries.

"But that is an average. What you find is that countries are good at some things, bad at others and when you do a composite of the OECS as a whole and you include Trinidad and Jamaica we come out at 14th.

"I rather suspect if you left the OECS alone and you took out Trinidad and Jamaica on the listing ... (and) if you are conservative and make a judgment I would say the OECS would come in at 20th when you combine the good points," he told CMC.

He said this meant that if the OECS countries strive to improve on the business climate and environment, they could score much higher.

## Region In Brief

### High school students shot and injured

KINGSTON, Jamaica (CMC) – Angry students burnt a security post at the Vere Technical High School in Central Jamaica after five of their colleagues were allegedly shot by a security guard on the school compound on Tuesday.

There has been no official statement from the Ministry of Education.

One of the students has been listed in critical condition while the other four have been treated at hospital and released.

One student told reporters that there were in the technical drawing room listening to music when the security guard came and pointed a gun at them.

"Then we hear shot and we ran and went through the window. When we reached on the road we noticed we were cut and we heard that one of our friends got shot," the unidentified student said.

Member of Parliament for South East Clarendon, Ruddy Spencer, has called on the Ministry of Education and the National Security to investigate the incident.

The security guard, who is in police custody, said that his gun went off accidentally.