



# Quarterly Report

## Caribbean Open Trade Support

For Period Ending March 31, 2006

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# QUARTERLY REPORT

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Prepared for USAID/J-CAR

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

## TABLE OF CONTENTS

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Executive Summary	ii
<b>SECTION I IMPLEMENTATION ACTIVITES AND ISSUES</b>	<b>I-1</b>
A. Governance	I-1
1. Trade Related Legal and Administrative Reforms	I-1
2. Improving the Business Climate	I-3
B. Public – Private Interface	I-5
C. Doing Business	I-6
1. Competitiveness Business Clusters	I-6
2. Develop Services and Analytical Capability of the Private Sector	I-10
D. Risk Reduction	I-11
E. Public Awareness	I-14
F. Program Management	I-16
1. Office Administration and Logistical Support	I-16
2. Strategic Activities Fund	I-17
3. Grants Program	I-18
<b>SECTION II ANTICIPATED ACTIVITES FOR THE COMING MONTH</b>	<b>II-1</b>
A. Governance	II-1
a. Trade Related Legal and Administrative Reforms	II-1
b. Improving the Business Climate	II-1
B. Public – Private Interface	II-2
C. Doing Business	II-3
a. Competitiveness and Business Clusters	II-3
b. Develop Services and Analytical Capability of the Private Sector	II-3
D. Risk Reduction	II-4
E. Public Awareness	II-5
F. Program Management	II-5
<b>SECTION III FINANCIAL INFORMATION</b>	<b>III-1</b>
<b>SECTION IV ANNEXES</b>	<b>IV-1</b>
A. COTS Strategic Activities Fund Contracts to Date	IV-1

## EXECUTIVE SUMMARY

Caribbean Open Trade Support (COTS) is a program funded by USAID/J-CAR to support achievement of USAID's Regional Strategic Objective (RSO9) "Caribbean region positioned to succeed in an open trade environment." Within the scope of RSO9, there are two Intermediate Results (IRs) that guide development and implementation of COTS activities. IR-1, "Market opportunities leveraged through open trade", is further delineated into two lower level IR's, which include IR-1.1, "Key regional impediments to open trade mitigated," and IR-1.2, "Improved market access for target countries." The second IR, IR-2, is "Natural assets and national investments protected."

The COTS Team developed its work plan to incorporate a long term four year vision and overall intervention strategy for each of five components to guide implementation throughout the life of the program, and to achieve results in IR-1.1 and IR-1.2, and in IR-2. The five components, Governance, Doing Business, Public-Private Interface, Resilience to Natural Disasters, and Public Awareness, incorporate the Team's understanding of the situation in each country, and specific interventions to rectify constraints and capitalize on opportunities in each of the component areas.

The Governance Component of COTS incorporates two activity areas: Trade Related Legal Reforms, and Improving the Business Climate through Reduction of Business Constraints and Clarity in Investment Rules. Activities within Trade Related Legal Reforms support IR-1.1 and IR-1.2. Improving the Business Climate activities also support IR-1.1 and IR-1.2. COTS is implementing activities in its Doing Business Component to support IR-1.2. Activities in Public-Private Interface support IR-1.1 and IR-1.2. All of the activities within Resilience to Natural Disasters support IR-2. Finally, Public Awareness activities are fully cross-cutting, and support IR-1.1 and 1.2, as well as IR-2. It is within the scope of these components and the approved First Year Work Plan that COTS implemented activities during the quarter January 1, 2006 through March 31, 2006.

The quarter January through March 2006 represents the first full quarter of program implementation activities in all of the COTS components.

COTS implemented a number of activities during the quarter to improve the ability of the public and private sectors to understand international trade issues; become compliant with regional and international trade and treaty obligations; support public awareness about CSME; and improve the administrative environment for business.

To improve understanding of international trade issues, public and private representatives from Dominica, and a public sector representative from Antigua, participated in segments of an international trade policy course sponsored by the Centre for International Services at the University of the West Indies (UWI) campus in Barbados.

In Antigua, COTS financed the printing of a journal published by the government that addresses the opportunities that CSME offers to citizens and the private sector. COTS supplemented this public awareness effort by funding a local radio station to air a live 'town hall' style radio broadcast that had local and regional panelists responding to live audience questions about what CSME means for Antigua.

To support compliance with regional and international treaty obligations in Dominica, COTS executed a contract with UWI in Barbados for UWI to provide a full time legislative drafts person for a one year period to work with the Solicitor General to draft a range of needed legislation. Drafting will begin in April.

In support of this same effort in Antigua, COTS is finalizing a contract with UWI to provide short term assistance for a one year period in legislative drafting, and a separate one year contract to 'scrub' existing legislation in both Antigua and Dominica to amend and/or eliminate legislation that is not compliant with CSME. This work will begin in April.



**Improving customer service in Antigua and Barbuda's Inland Revenue Department**

COTS efforts during the quarter to support administrative reform include support to Antigua's tax reform efforts. COTS trained Inland Revenue Department (IRD) officials to improve their customer service to effectively explain to customers the registration, filing, and auditing requirements related to the new income tax regime that Antigua is implementing. COTS also prepared a new tax guide that outlines for

business the requirements on how to file corporate tax, withholding tax, sales tax, and statutory payroll tax. This draft guide is being reviewed by IRD and by a representative from CARTAC who is based at IRD. Once

it is finalized, IRD will post this on its website, thereby making the guide easily accessible to the public.

In administrative reform in Dominica, during the quarter COTS worked closely with the government's Reform Management Unit (RMU) to support improvement in the land tenure area. This initiative addresses both administrative reform and COTS public-private interface activities. At the request of the RMU, COTS is preparing to review and revise the system of land registration and management so that this process can be integrated and managed in one location, rather than being dispersed among a number of government agencies. COTS will implement this activity in conjunction with the RMU and the Dominica Land Tenure and Administration Task Force, a group that comprises public and private sector participants.

COTS public-private interface activities during the quarter in Antigua include completion of an economic analysis of the impact on including wheat and flour products on a list of protected items within the scope of the Treaty of Chaguaramas. Responding quickly to a request from the government, COTS completed the impact analysis, and the government is utilizing these results to negotiate better terms with regional partners to import lower cost flour. COTS is utilizing this action to reinvigorate the Business-Labour Advisory Committee to strengthen and regularize public-private dialogue.

COTS completed several major activities in competitiveness and is moving forward to improve the quality and breadth of services that business consulting companies offer. During the quarter, COTS completed its analysis of potential lead firms in Antigua and Barbuda and Dominica, assessing their commitment to grow and identifying the key

problems that constrain their growth in order to develop practical, firm level solutions to remedy them. COTS will submit the team's report in early April and begin implementation immediately.

Integrated with this activity are the services that business service providers (BSP) offer to clients. During the quarter, COTS completed the bid solicitation process in Antigua and Barbuda and Dominica, holding bidders conference in both countries, and receiving expressions of interest from throughout the Caribbean, and the United States. COTS expects to award the first BSP contract early next quarter, and integrate BSP activities with the firm level assistance program to improve competitiveness.

COTS responded to an urgent request from the Dominica Hotel and Tourism Association (DHTA) to assess the impact on tourism related businesses of the newly introduced VAT, and the impact of extremely high energy costs. The DHTA will use the results of this assessment to advocate a position with the government to improve the sector's competitiveness based on factual analysis. This activity addresses several of the COTS implementation areas, including improving business competitiveness; strengthening the private sector's ability to advocate on its behalf with government; and, improving the dialogue between the public and private sectors.

COTS is implementing public awareness activities to support the COTS components, and is working closely with regional organizations to integrate and leverage resources. In relation to the CSME, at the regional level COTS is working closely with the CSME Unit in Barbados, the Caribbean Regional Negotiating Machinery (CRNM) in Barbados, and representatives from the OECS Secretariat to support their communication efforts to inform regional citizens about opportunities under CSME and other international trade agreements.

COTS is working with respective counterparts in Dominica and Antigua and Barbuda to develop CSME public awareness campaigns, and this includes developing appropriate messages in a user-friendly format to reach target audiences like youth. During the quarter COTS also confirmed its training for media workers in both Dominica and Antigua and Barbuda in April through the respective media workers unions in both countries. This activity will strengthen the media's ability to understand and more accurately report on trade issues in the local media, thereby increasing the public's understanding of regional and international trade issues. In order to measure the public's change in perception towards regional integration, COTS is undertaking baseline surveys in both countries. The bidding process is complete, and the work will begin early in the next quarter.

Risk reduction has become a major focus for COTS. The team is working closely with Caribbean Disaster and Emergency Response Agency (CDERA) and Caribbean Development Bank (CDB), and is strengthening its relationship with the OECS Secretariat. USAID has requested that COTS embark on a new regional risk reduction benchmarking activity. COTS provided USAID with a draft of some initial benchmarking measurements. Early in the next quarter COTS will work closely with CDB and move forward to develop this new tool.

COTS is working in Antigua to close the regulatory and operational gaps that exist in development policy and planning, and risk reduction and response. The first activity in this

regard is the Integrated Development Planning Workshop, taking place in early April. COTS will advance this focus in the next quarter in Dominica.

Also in Dominica, COTS is implementing much needed coastal vulnerability and multi-hazard assessment work. The results from these activities will provide vital information to develop an informed national hazard mitigation policy and national hazard mitigation plan – the overarching framework – that is presently lacking in Dominica.

The Chemonics home office Project Management Unit strongly supported program implementation by completing a range of administrative activities to make the field offices in Antigua and Barbuda and Dominica fully operational. During the quarter the field offices completed local program registration for COTS in both Antigua and Barbuda and Dominica. Part of this effort includes the Emergency Action Plan (EAP) to ensure that field office staff and program commodities and information are protected in the event of natural disaster.

Chemonics completed substantial work during the quarter to populate and implement the Administrative Management Program (AMP). Per the task order requirement, AMP will provide USAID with 365 day, 24 hour, 7 calendar days a week access to an internal project website and reporting database. AMP should be fully operational early in the next quarter.

The Competitiveness Specialist (Pol Klein) and the Consulting Services and Association Development Specialist (Earle Baccus) were fielded on their long term assignments early in the quarter. Due to personal reasons, the Administrative and Regulatory Reform Specialist who was fielded (Terrence Slywka) returned to the United States. Chemonics expects that a new long term Administrative and Regulatory Reform Specialist will be fielded early in the next quarter.

In other personnel matters, the COTS Program Accountant (Sheridith Weston-Benta) and the Deputy Manager of the Strategic Activities Fund (Ruth Turner) also began work during the quarter. And, responding to USAID's request to allocate more level of effort to risk reduction activities, Chemonics fielded Lead Risk Reduction Specialist Keith Ford late in the quarter. Mr. Ford is working on COTS on a three-quarter time basis.

USAID approved the COTS Grants Manual toward the end of this quarter, enabling COTS to utilize this mechanism to support program implementation activities. COTS expects to award its first grants in the next quarter to local private sector organizations in Antigua and Barbuda and Dominica to support their development and to strengthen their ability to effectively represent their membership in dialogue with the public sector. Chemonics will be submitting a request to USAID to expand the type of grant mechanisms to be used so that COTS can also support a targeted range of activities in the public sector.

Chemonics has been working closely with USAID since February to make the necessary adjustments in the program budget to reflect the expected \$8 million overall reduction in the life of project budget. COTS has delayed implementation on certain activities and anticipates reducing the scope and/or eliminating other activities pending final resolution with USAID of budget allocations and program priorities. Chemonics anticipates that USAID will finalize program priorities early in the next quarter so that Chemonics can finalize realignment of program activities, and work with USAID to complete a budget and program modification

to reflect the changes. Chemonics understands that USAID will need to officially notify host country counterparts in Antigua and Barbuda and Dominica of the reduced program budget and the realignment of program priorities.



## **SECTION I IMPLEMENTATION ACTIVITIES AND ISSUES**

### **A. Governance**

A well functioning governance system provides a transparent, low-cost, operational legal and regulatory framework for business and civil society. It provides a regulatory framework through which business and the citizenry can take full advantage of integration in regional and international markets. It should focus on continuous improvement to eliminate or update implementing rules and administrative procedures that have either outlived their usefulness or present barriers to businesses from effectively competing.

COTS activities in governance focus on two key areas. The first is to ensure that the legal regime of Antigua and Barbuda and Dominica will be in compliance with its obligations under Caribbean Single Market and Economy (CSME) and other international trade and treaty obligations. The second is designed to provide an optimal administrative and regulatory environment that reduces transaction costs for the private sector such that business can take full advantage of the opportunities that economic integration offers.

#### **1. Trade Related Legal and Administrative Reforms**

This prong of the governance component is expected to: ensure that the legal regimes of Antigua and Barbuda and Dominica comply with the Caribbean Single Market and Economy (CSME initiative), the World Trade Organization (WTO), and other international trade-related commitments; increase the international trade expertise of both the private and public sectors in order to improve national negotiating capabilities; assist relevant ministries and other government agencies to improve the legal and administrative environment for business expansion and investment; support the collection of relevant and reliable trade and economic data and information, and support effective mechanisms to disseminate it; and, establish an effective inter-ministerial process to facilitate implementation of needed legal and administrative reforms.

COTS received a request late in this quarter from the Antigua and Barbuda Ministry of Finance and the Economy (Industry & Commerce Division) to conduct a study to assist the Ministry to formulate a trade policy framework, and to assist in the restructuring of the trade infrastructure within the Ministry, including providing the restructured division with equipment. Given activities that are already identified in the First Year Work Plan and overall budget reductions, COTS may be able to assist with this activity early in the second year of activities.

During the quarter COTS also had discussions with Caribbean Regional Technical Assistance Centre (CARTAC) to discuss CARTAC assistance to Dominica and Antigua in customs and tax reform. COTS is expecting to receive a proposal from CARTAC early in the next quarter for this work. In addition, COTS financed the publication of a magazine on CSME produced by the Antigua and Barbuda Ministry of Finance (Industry and Commerce). Furthermore, COTS provided the Antigua and Barbuda Bureau of Standards with a draft of the Government Policy Declaration and Policy Guidelines on Implementation of Metrication. A request for the provision of a service provider to oversee full implementation of metrication is being reassessed in the light of U.S. AID cutbacks in

COTS funding. COTS is also reviewing a proposal from the Caribbean Regional Negotiating Machinery (CRNM) to provide training in the OECS on the use of web based market analysis search engines.

#### Antigua and Barbuda

- The Legal and Economic Integration Specialist (Thomas O’Keefe) interviewed the Permanent Secretaries and some of their assistants of all the ministries in order to determine the current system for both inter and intra-ministerial communication, and to solicit suggestions for improvement. COTS will use the findings to recommend ways to enhance the scope and quality of communication among ministries to facilitate implementation of needed legal and administrative reforms.
- As a result of a March 21, 2006 meeting with Dr. Clarence Henry and Minister of Finance & the Economy, Dr. Errol Cort, COTS is coordinating an effort with CARTAC, the Eastern Caribbean Central Bank, and the Minister of Finance to remove personnel bottlenecks in the Central Statistics Office that are a necessary pre-condition to provide any meaningful technical assistance support for the collection of relevant and reliable trade and economic data and information, and effective mechanisms for dissemination.
- A redacted version of the COTS Economic Impact Analysis of placing flour on an Article 164 list of exceptions to intra-CARICOM free trade was authorized for public release and acted upon accordingly. COTS prepared this report in conjunction with efforts to increase the international trade expertise of both the private and public sectors, and to ensure that national negotiating positions are enhanced by being based on sound, empirical knowledge.

#### Dominica

- COTS executed a contract with the University of the West Indies’ (UWI) Center for International Services (CIS) for CIS to provide a full time legislative draftsman for the Ministry of Legal Affairs for one year. The experienced Barbadian legislative draftsman, Sadie Dixon, is expected to arrive in Dominica in early April to begin drafting legislation identified in the List of Priority Legislative Action Items in Dominica previously signed off on by the Ministry of Legal Affairs and Immigration. The legislation will ensure Dominica’s compliance with CSME, WTO and other international trade-related commitments, and improve the legal and administrative environment for business expansion and investment.
- The Legal and Economic Integration Specialist initiated contact with the Economic Development Bureau for Latin America and the Caribbean at the World Intellectual Property Institute (WIPO) in Geneva. WIPO has asked COTS to fund an extension of WIPO’s week long program on intellectual property enforcement in Dominica scheduled for July 2006. The program is aimed at judges from the OECS, and the additional week will focus on training targeting police officers, customs officials, and legal practitioners in Dominica on intellectual property issues. COTS intends to precede the event with a month long public awareness campaign in the local media to highlight the importance of intellectual property rights for Dominican businesspeople and entrepreneurs. This activity seeks to ensure compliance with WTO obligations under the Trade Related Aspects of Intellectual Property (TRIP's) agreement and other international

commitments, and improve the environment for business expansion and investment in high tech and knowledge-based activities.

- The Acting Administrative and Regulatory Reform Specialist (Andrea Erdmann) met with the Central Statistics Division and the Customs Department in late March to determine progress in implementation of the advanced ASYCUDA World System, and resulting hardware and software enhancements required by the Central Statistics Division. This activity is linked to efforts to improve the collection of relevant and reliable trade and economic data and information and provide effective mechanisms to disseminate it.

#### Regional

- The UWI course in International Trade Policy offered at the Cave Hill campus in Barbados, designed to enhance the international trade expertise and negotiating capabilities of participants, successfully concluded on March 6, 2006. Four private sector representatives from Dominica each took one of the four week long modules, while one public sector representative from the Ministry of Trade & Labour in Dominica attended two modules, and a public sector employee from the Ministry of Finance (Industry & Commerce) in Antigua attended a one week module.
- The Legal and Economic Integration Specialist established contact with the Statistics Department of the CARICOM Secretariat in Guyana to determine the level of its assistance currently being offered or planned for the statistics divisions in the OECS countries. The goal is for COTS to collaborate on existing efforts to improve the collection of relevant and reliable trade and economic data and information and support effective mechanisms to disseminate it.

## 2. Improving the Business Climate

This prong of the governance component seeks to ensure that the administrative systems, regulations, and procedures that govern investment and trade are efficient, transparent, and well aligned with efforts to enhance a country's competitiveness and export capabilities. Attaining these goals is premised on implementing and (where necessary) updating the recommendations identified in Investor Roadmap reports for Antigua and Barbuda and Dominica prepared under the previous USAID financed C-TRADECOM project.

During the past quarter, COTS worked closely with counterparts in the Dominica and Antigua and Barbudan public and private sectors to validate Roadmap administrative barriers, and to advance administrative and regulatory reform. COTS is supporting interventions that are: recognized as priorities in the Investor Roadmaps; priorities and have the buy-in of counterparts in government; and, can be addressed within the scope of COTS program resources. During the quarter, COTS supported the Inland Revenue Department of Antigua and Barbuda by developing a Tax Guide to increase the transparency of the taxation process for the private sector. In February, this intervention included staff training in the areas of corporate and other taxes that affect the business communities of Antigua and Barbuda.

During the next quarter, COTS will advance administrative reform in the areas of land administration and tenure in Dominica. COTS is also assessing reform opportunities in regard to the company registration process in Antigua and Barbuda, and the one-

stop investment shop at the National Development Corporation (NDC) in Dominica. All three of these interventions are priorities of national government counterparts, and a broad consensus and willingness to change exists in these areas in both countries.

#### Antigua and Barbuda



**Validating Investor Roadmap findings in Barbuda.**

- As a follow up to the February 16 Barbuda Private Sector Focus Group meeting in Codrington to validate the Investor Roadmap findings and recommendations specifically in Barbuda, the previous Administrative and Regulatory Reform Specialist (Sutherland Miller) drafted a report entitled “Barbuda: Private Sector Focus Group and Roadmap Validation Exercise”. In brief, investors and business people in Barbuda said that their primary constraints were largely non-administrative in nature and included infrastructure (*i.e.*, roads and power generation) and complaints of neglect by the central government in Antigua.
- The acting Administrative and Regulatory Reform Specialist (Andrea Erdmann) is currently working with the Inland Revenue Department, the Registrar of Companies, and CARTAC to validate for accuracy and updates the information contained in the tax guide drafted in February by short-term consultant Joseph Meade. As part of an effort to enhance transparency in the administration and enforcement of the country’s tax laws, the Inland Revenue Department has agreed to post the guide on its website once it has validated and approved its contents.

#### Dominica

- The acting Administrative and Regulatory Reform Specialist is currently in the process of validating the findings of the Investor Roadmap report. The methodology for data collection is twofold. Part of the validation exercise is utilizing data collected by the COTS Lead Cluster Firm Assessment Team, which met with Dominican private sector firms in early March. The acting Administrative and Regulatory Reform Adviser is also conducting individual meetings that focus on private sector firms incorporated in 2004, 2005, and 2006—after the original Investor Roadmap assessment exercise. COTS had initial meetings with seven firms between March 27 and March 29.
- The acting Administrative and Regulatory Reform Specialist is working with the Reform Management Unit to design an intervention to reform the land administration system to ensure that it is efficient, transparent, and well aligned with efforts to enhance Dominica’s international competitiveness and export capabilities. In conjunction with this work, she held a meeting with Ms. Ruth Allport of the Reform Management Unit on March 22.
- The acting Administrative and Regulatory Reform Specialist is responding to concerns raised at the March 3 Partners Working Group meeting in Roseau about the viability of the National Development Corporation (NDC). The Administrative and Regulatory Reform Specialist has already had discussions with the Reform Management Unit. COTS will complete this review in early April, and recommend a course of action regarding the NDC.

### Regional

- COTS is working closely with the World Bank and the Foreign Investment Advisory Services (FIAS) to support the inclusion of OECS countries in the 2006 World Bank *Doing Business* survey. The *Doing Business* survey benchmarks the ease of conducting business in countries around the world. The indicators measured by *Doing Business* measure many of the same administrative barriers that COTS program is attempting to reform. As a result of COTS support, Antigua and Barbuda, Dominica, and other OECS countries will be featured for the first time, both in the annual 2006 report and in a stand-alone *Doing Business in the OECS* report. The completed surveys and documents will serve as a useful tool for policymakers in Antigua and Barbuda and Dominica to assess their strengths against other countries in the region and around the world. Former Administrative and Regulatory Reform Specialist and now short-term consultant Sutherland Miller is liaising closely with the World Bank to ensure the inclusion of Antigua and Barbuda and Dominica in the survey, planning inception meetings throughout the region, and assisting in preparations for a final *Doing Business* conference to be held in Antigua in or around September 2006.

### B. Public-Private Interface

One of the cornerstones of a well functioning market economy is transparent communication between the government and the business community. Focused, transparent, and inclusive public-private sector dialogue is necessary for governments to effectively formulate and implement policy. The primary purpose of this component is to institutionalize and enhance the quality of public-private sector interaction so as to, *inter alia*, create more effective negotiating positions at international trade negotiations or make the local business environment more competitive.

COTS is implementing activities to improve dialogue between the public and private sectors on pending bills in parliament. This effort is being jointly advanced by the COTS Administrative and Regulatory Reform Specialist, Private Sector Development Specialist, and Legal and Economic Integration Specialist. In Dominica, the team has sought buy-in from both the private and public sectors. During the next quarter, COTS will hold joint meetings with the Dominica Reform Management Unit and Permanent Secretary of Legal Affairs to formalize the initiative. COTS will work with counterparts to 1) Formalize the mandated comment period for pending legislation; 2) Develop a comment period and system in line with best practices; 3) Assess the needs of the private sector to be able to effectively comment on pending bills; and 4) offer the necessary training through the appropriate private sector bodies.

#### Antigua and Barbuda

- The Legal and Economic Integration Specialist interviewed relevant parties, researched the law and parliamentary rules, and drafted a memorandum on the procedure for the introduction and publication of bills and their enactment into law. The results will be used to craft a procedure for public review and comment of all proposed legislation that is compatible with the local legal system, and thereby support efforts to institutionalize and enhance the quality and transparency of public-private sector interaction.

## Dominica

- In an effort to institutionalize and enhance the quality and transparency of public-private sector interaction, the acting Administrative and Regulatory Reform Specialist, with assistance from the Legal and Economic Integration Specialist and the Tourism Specialist, is preparing a memorandum that examines the current legal, constitutional and policy mandates for the publication and public review and comment of proposed legislation. On March 22, the Acting Administrative and Regulatory Reform Specialist sought buy-in from Mrs. Ruth Allport of the Reform Management Unit for a proposed public review and comment review for all pending bills in Parliament.

### C. Doing Business

A healthy market economy relies on the private sector to provide jobs to its citizens, and contribute to the national purse by paying taxes on the profits it earns. If business does not earn money, it does not pay taxes, or employ people. Doing business requires that firms be competitive in domestic, regional, and international markets.

Antigua and Barbuda and Dominica have a number of opportunities to improve their businesses. The COTS Team has developed a series of implementation activities that will capitalize on these opportunities. These are divided among two tasks: the first looks at improving the competitiveness of value chains, business clusters, and individual firms, and improving the range and quality of firms that provide business consulting services (Business Service Providers – BSPs). The second is focused on strengthening the ability of industry associations to better analyze information, develop an advocacy agenda, and advocate more effectively on behalf of their members.

#### 1. Competitiveness and Business Clusters

COTS activities within this segment of the Doing Business Component are focused on improving the private sector's ability to compete more effectively in the global economy. COTS is addressing this within the scope of two types of interventions – firm/cluster assistance, and working with and through local business service providers to improve the range and quality of services they offer to the private sector.

In support of firm/cluster assistance, COTS completed a diagnostic of 46 companies in Antigua and Barbuda and Dominica in various sectors including: agribusiness; transportation and logistics; health products; shared services, including and using information and communications technology; manufacturing; other services; and tourism (including niche tourism such as adventure, business, ecological, nature, and health tourism). COTS identified targeted interventions that include identifying new markets, products, and services, using a risk weighted return on results based on COTS' investment.

COTS initiated firm level assistance with several firms by providing access to global markets, intended to increase exports, and leverage CSME regulations for business operations.

While conducting the assessment, COTS identified cluster impediments related to the telecommunications and geothermal energy sectors. Based on available resources, COTS will

work to facilitate the removal of these impediments in order to reduce the costs of doing business in these sectors, thereby increasing business competitiveness.

To improve the economic competitiveness of the tourism industries in Antigua and Barbuda and Dominica, COTS implemented activities in the following areas: prepared comprehensive lists of businesses in the tourism industries in Antigua and Barbuda and Dominica to facilitate the Competitive Business Cluster Analysis. COTS prepared scopes of work to: (1) carry out a feasibility study of state and private sector lands in Dominica to assist in attracting a flagship hotel<sup>1</sup>; (2) develop regional tour packages, beginning with Antigua and Barbuda and Dominica; and (3) at the request of the Dominica Hotel and Tourist Association (DHTA), to analyze the effect and impact of the VAT and high energy costs on the economic competitiveness of the tourism industry in Dominica in order to inform and assist the DHTA to enable them to effectively advocate a position with government regarding these issues.

COTS also provided technical assistance to the Ministry of Tourism in Antigua and Barbuda to prepare the Terms of Reference for the Antigua and Barbuda Tourism Master Plan. Work on this has now been completed and the Ministry is now at an advanced stage of discussion with Commonwealth Development Corporation who is funding this assignment.

Another approach towards improving business competitiveness is to conform to voluntary international standards, especially in tourism, as a means of becoming cost and quality competitive to gain access to international markets. During the quarter COTS prepared a scope of work to conduct a cost benefit analysis of the Green Globe 21 Benchmarking and Certification Program for Dominica.<sup>2</sup> COTS is in contact with the Federation of Tour Operators in the United Kingdom as a first step towards the introduction and implementation of these standards across a wider cross section of the tourism industry in Antigua and Barbuda.

The second range of activities that COTS is implementing within this segment of Doing Business focuses on working with and through existing business service providers to ensure that they can provide local firms with best practices and improved business methodologies to effectively compete. COTS is completing a comprehensive procurement process to identify and engage one or more business service provider firms (BSP) to receive upgrade and training from COTS, and, at the same time, to provide consulting services to private sector clients. COTS issued two RFPs; and, in support of regional integration, advertised these procurements in newspapers throughout CARICOM. In January COTS conducted a bidders conference in Antigua and the second conference was held in Dominica in February. COTS received a total of six proposals in response to the Antigua procurement, and three proposals in response to the Dominica procurement. The technical team has almost completed the selection process, and expects to make an award in April. COTS looks forward to working with the BSPs to improve their ability to expand the services they offer, and improving firm level competitiveness.

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<sup>1</sup> This request came from the Government of Dominica. At the time of consultant fielding, the government advised that it was already working with an investor and that COTS was not required at this time.

<sup>2</sup> COTS has delayed implementation of this activity until there is final resolution of changes to the program budget.

#### Antigua and Barbuda

- COTS utilized technical and financial review committees to review the six proposals received for the Antigua and Barbuda Business Services Provider, and the three proposals received for the Dominica BSP. COTS expects to make an award for at least one BSP in April.<sup>3</sup>
- The Competitiveness Specialist managed an assessment team to identify lead cluster firms. The short term team included James Riordan, Team Leader, James Krigbaum, Market Linkages Specialist, and Laura Vinoly, Business Analyst. The Doing Business Team organized diagnostic visits to 25 companies in Antigua and Barbuda in clusters including agro-processing, manufacturing, services, and tourism. The team identified a specific intervention for each company to expand sales, and determined a sales and jobs return on COTS investment, weighted by the probability of success of the intervention. The team solicited the firms' views of appropriate government intervention/reform that could directly impact sales growth for them. A final draft report will be submitted in early April. These results will guide implementation on COTS firm level assistance moving forward.
- The Competitiveness Specialist initiated investigation into the International Communications Technology (ICT) cluster. In Antigua he held discussions with the Antigua and Barbuda International Institute of Technology (ABIIT); The Ministry of Information, Broadcasting, and Telecommunications, Telecommunications Division; and, Networking Systems Solutions, an emerging leader in enterprise software applications and solutions. Early indications show promise for the sector as telecom liberalization is moving forward in both countries, with potential for competitive wholesale international cable and network service providers, as well as retail competition. Firms are also demonstrating a capability to specialize and compete effectively.
- The Competitiveness Specialist provided a briefing to the Antigua and Barbuda International Institute of Technology on entrepreneurship curriculum, at the professorial level, and mechanisms used to spawn new enterprises from the institution. The briefing also included issues such as corporate services and sponsorships.
- The Competitiveness Specialist provided firm level assistance to Stitch World, a garment manufacturer, with the support of James Krigbaum. COTS introduced the firm to an American buyer who is presently exploring the production of specialty garments by Stitch World. The buyer has sent sample patterns and Stitch World is preparing prototype garments for the buyer's evaluation.
- The Competitiveness Specialist provided Networking Systems Solutions with entrepreneurial coaching, and also provided them with an introduction to a U.S. company to find a U.S. partner.
- The Competitiveness Specialist met with Crystal Consulting and later obtained their commitment to host a media training workshop for the Antigua Media Workers Association. This activity is part of the COTS Public Awareness program to improve the ability of media workers to understand and report on international and regional trade issues.

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<sup>3</sup> Though the COTS Task Order refers to working with three Business Service Providers, COTS is reviewing this with USAID in line with potential changes to the program budget.



- The Tourism Specialist completed the Scope of Work to develop integrated tour packages between Antigua and Barbuda and Dominica.
- The Tourism Specialist identified tourism businesses in Antigua and Barbuda to participate in the cluster assessment.
- The Tourism Specialist continued work to implement a workshop to address the implementation of voluntary (FTO and other) standards in the Antigua and Barbuda Tourism industry.
- The Tourism Specialist followed up on the progress made by the Ministry of Tourism in Antigua and Barbuda regarding the preparation of the TOR for the Tourism Master Plan.

#### Dominica

- COTS began the Dominica Strengths & Weaknesses Analysis on March 27<sup>th</sup>. Mr. Pablo Kunik, who completed the work to measure the economic impact of imported flour on Antigua, is conducting this assignment. COTS expects the analysis to be completed toward the end of April.<sup>4</sup>
- COTS utilized technical and financial review committees to review the three proposals received for the Dominica BSP. COTS expects to make an award for at least one BSP in April.<sup>5</sup>
- The Competitiveness Specialist managed the assessment team investigating lead cluster firms in Dominica. The assessment team completed diagnostic visits to 22 companies in agriculture, agro-processing, health, transport, manufacturing, services, and tourism. The team identified a specific intervention for each company to expand sales and determined a sales and jobs return on COTS investment, weighted by the probability of success of the intervention. The team solicited the firms' views of appropriate government intervention/reform that could directly impact sales growth for them. A final draft report will be submitted in early April. These results will guide implementation on COTS firm level assistance moving forward.
- In Dominica, the Competitiveness Specialist explored the ICT cluster through discussions with Clear Harbor, a rapidly growing call center company with 150 employees expanding to 300, Burgcom, an emerging leader in ICT enabled consulting services, and CIS Enterprises, a retail hardware provider. Early indications show promise for the sector as telecom liberalization is moving forward in both countries with potential for competitive wholesale international cable and network service providers, as well as retail competition. Firms are also demonstrating a capability to specialize and compete effectively.
- The Competitiveness Specialist met with Colin Bully, Executive Director of the OECS Economic Development Unit (EDU-based in Dominica), to identify effective tactics for COTS/EDU collaboration. COTS will focus on sales-led interventions with clients, and will work with EDU for EDU to provide business systems assistance to companies that require this.

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<sup>4</sup> The COTS Task Order required the contractor to conduct a strength and weakness analysis of Antigua and Barbuda. Subsequent to the award of the Task Order, USAID requested that the contractor also conduct a similar analysis of Dominica.

<sup>5</sup> Though the COTS Task Order refers to working with three Business Service Providers, COTS is reviewing this with USAID in line with potential changes to the program budget.

- The Competitiveness Specialist initiated investigation into geothermal energy for Dominica in response to an unsolicited request by West Indies Power. The purpose of the investigation is to assess the situation from the public and private sector perspective and determine whether COTS intervention is appropriate.
- The Tourism Specialist completed the Scope of Work to measure the impact of the Value Added Tax (VAT) and high energy costs on the tourism industry in Dominica. Part of this activity will provide recommendations to strengthen the ability of the Dominica Hotels and Tourism Association to advocate with Government on behalf of its members to return some tax revenues to the tourism industry to support its continued growth and competitive edge.
- Together with the Consulting Services and Association Development Specialist (Earle Baccus) the Tourism Specialist met with the President and Executive Director of the Dominica Hotels and Tourism Association to discuss possible assistance with regard to strengthening the Association.

## 2. Develop Services and Analytical Capability of the Private Sector

The private sector and their accompanying business associations require strengthening in order to ensure that they are better prepared to respond to the opportunities that will arise from open market reforms, understand their impact, and are able to articulate their business and trade concerns more effectively to policy makers. COTS implementation activities in this regard are focusing on strengthening some of these organizations so they can effectively analyze and understand the impact of increased trade and regulatory openness, and to effectively engage in dialogue with government. COTS has completed assessments of nine private sector and quasi-Government organizations in Antigua and Barbuda, and ten private sector and quasi-Government organizations in Dominica. Once agreement is reached on the organizations to be supported and the level of assistance to be provided, the program will assist the private sector to use the benefits of regional integration and market liberalization to enhance its competitiveness. The assistance will also facilitate a better understanding between Government and the private sector of their respective roles in creating a more competitive economy.

### Antigua and Barbuda

- The Consulting Services and Association Development Specialist completed needs assessments and identified with the Presidents or Secretaries of the Cruise Tourism Association (which incorporates the Vendors and Taxi Operators Associations), Employers Federation and the Contractors Association, how COTS can address strategic and operational issues facing these organizations. COTS is reviewing the requests for assistance and will determine which organizations it will support based on relevance to overall program objectives
- The Consulting Services and Association Development Specialist provided further guidance to the Antigua & Barbuda Chamber of Commerce to enable them to prepare their request for support for an Economic Policy Analyst, and to develop a Strategic Plan for the organization to strengthen its capacity to effectively advocate its members' positions with government.

#### Dominica

- The Consulting Services and Association Development Specialist provided further guidance to the Dominica Association of Industry and Commerce (DAIC) on the process to request funding support for an Economic Policy Analyst and a Public Communications Program to strengthen the country's private sector's capacity to dialogue with the Government on key issues.
- The Consulting Services and Association Development Specialist conducted needs assessments and identified with Representatives of the Hotel and Tourism Association, Association of Industry and Commerce, Employers Federation, National Association of Non-Governmental Organizations, Agro Processors Association, National Association for Youth in Agriculture (in collaboration with the Inter-American Institute for Cooperation in Agriculture), Herbal Business Association, Hucksters Association and the Young Farmers Program how the Program can address the strategic and operational issues facing these organizations. Requests for assistance are being reviewed and COTS will determine which organizations it will support based on overall program objectives.
- The Consulting Services and Association Development Specialist provided input into the proposed Terms of Reference for and composition of a Government-initiated Consultative Working Group (CWG) comprising representatives of private and public sector organizations. The CWG, to be formally established in early April 2006, is designed to improve the quality of the dialogue and build partnership between Government and the private sector and to facilitate private sector development policies and programs within the Government.

#### D. Risk Reduction

Though it is not possible to prevent natural disasters, society – government, business, citizens – can be prepared ahead of time to mitigate the impacts when a natural disaster does occur. In some cases, national policy exists, but it is not well integrated with either public implementing agencies and/or civil society organizations to convert this policy into action. In other cases, national policy is not in place, so there exists no overarching framework to address disaster preparedness and mitigation. Some of the tools to identify hazard prone areas are lacking and/or policy – and political will – have not kept up with the pace of change. Throughout this process, opportunities to integrate the private sector into the process may have been missed.

COTS has designed a series of implementation activities to work with the public sector, civil society, and private sector interests to improve the ability of national governments, civil society organizations, and the private sector to proactively plan and implement actions to reduce their country's vulnerability to natural disasters, and to see greater resilience within the economy when the occur.

During this quarter, COTS has put an emphasis on establishing strong working relations with several regional organizations that focus on risk reduction. COTS is an active participant at the regional level with other regional organizations involved in risk reduction, including CDERA and CDB. COTS will continue this process moving forward. With the Lead Risk Reduction Specialist now in the field, COTS will expand its relationship with the Environmental and Sustainable Development Unit of the OECS Secretariat. Part of COTS'

effort at the regional level will lead to a regional risk reduction benchmarking tool that will provide a standardized methodology against which countries in the region can measure their preparedness to withstand and recover from a natural disaster event.



**Improved land use planning is needed to reduce Dominica's exposure to natural hazards**

COTS activities during this quarter in Antigua and Barbuda focused on developing a close working relationship with the National Office of Disaster Services (NODS). NODS is serving as the implementing partner in integrated development planning activities underway, and as the primary interface with other public sector, civil society and private sector entities to oversee and guide the implementation of other COTS risk reduction activities. This approach is designed to more effectively convert the existing policy and regulatory framework from words to action.

COTS is working very closely with the Director of Dominica's Office of Disaster Management (ODM). ODM is serving as the primary interface in Dominica for COTS activities underway in multi-hazard assessment and coastal vulnerability. ODM and COTS will use the results of these activities to implement the next phase of activities to develop a national hazard mitigation policy and plan that will provide the legislative framework in risk reduction that Dominica presently lacks.

During the implementation of the quarter's activities, it is increasingly clear that the implementation of national level risk reduction activities, including land use policy and planning, building and construction practices, as well as disaster management and post-disaster recovery, are often carried out in an ad hoc, fragmented manner. Agencies often operate in isolation from, and often at cross purposes with, each other. This has led to gaps in both Antigua and Dominica in the planning and enforcement arena, resulting in a proliferation of unsafe practices in several countries. This will likely be aggravated by the pressure to stimulate economic development, and requests by international hoteliers for approval to build in hazard prone areas, and those which may threaten sensitive bio-diverse locations.

In the coming quarter, COTS will begin to address this by supporting planning and disaster management offices to make regulatory and disaster management systems more effective by first, evaluating the disaster management and physical planning systems to identify gaps and weaknesses and identify measures to address these; and, then to work with local practitioners

in the public and private sectors to develop and implement a ‘reorganization’ of the institutional/operational framework to integrate disaster management and risk reduction in the overall development process.

#### Antigua and Barbuda

- The Risk Reduction Specialist (Pieter de Jong) reviewed and commented on the review of the Inception Mission Report prepared by Ecoisle for the Integrated Development Planning (IDP) Workshop. The consultant team’s report provided a comprehensive review of partners to be included in the upcoming event in April and structured a 3-day workshop that will begin to integrate the development planning process.
- Philmore Mullin, Deputy Director National Office of Disaster Services, provided COTS with a prioritized ranking of the first year work plan risk reduction activities for Antigua and Barbuda.
- The Risk Reduction Lead Specialist, Keith Ford, met with Philmore Mullin (NODS), Director General of the Antigua Red Cross, Gerald Price and Director of the National Development Foundation Paul Bacchus to discuss the development of a joint program to address the issues of safe building construction, business recovery plans, community based disaster management and capacity strengthening of the National Office of Disaster Services. NODS will assume overall management for this program with the other agencies playing a supporting role.

#### Dominica

- The Risk Reduction Specialist reviewed and commented on the Inception Mission Report prepared by CIPA for the multi-hazard vulnerability assessment. The comprehensive report provided a basis for CIPA to proceed to the next phase of implementation on this work. COTS provided a copy of this report to Cecil Shillingford, Director, Office of Disaster Management (ODM). Results from this activity will be incorporated into the National Hazard Mitigation Plan that COTS will coordinate with ODM.
- The Risk Reduction Specialist reviewed and commented on the Inception Mission Report prepared by Smith Warner International for the coastal vulnerability assessment. The report provided two options for addressing a data limitation involving lack of detailed topographic information that will be resolved by a modification to their SOW. COTS provided a copy of this report to Cecil Shillingford, Director, Office of Disaster Management. Results from this activity will be incorporated into the National Hazard Mitigation Plan that COTS will coordinate with ODM.
- The Risk Reduction Specialist provided Cecil Shillingford, Office of Disaster Management Director, with regional model guidance documents for national hazard mitigation policy and plan formulation. This is in preparation for the development of the National Hazard Mitigation Policy and National Hazard Mitigation Plan work that COTS will undertake later in this program year.

#### Regional

- The Program Director and Risk Reduction Specialist participated, at CDERA’s request, in a one-day meeting of the CHAMP Thematic Cooperating Group on Mitigation Policy and Planning. COTS provided an overview of the program’s overall risk reduction

scope, and outlined activities proposed in Antigua and Dominica for the first year. COTS encouraged collaboration with CDERA's regional partners which include OECS, OAS, CDB and UWI.

- The Risk Reduction Lead Specialist, Keith Ford, attended a two day workshop, hosted by CDERA, revisiting the Caribbean Comprehensive Disaster Management (CDM) Strategy, formulated by regional stakeholders in 2001. The workshop was the initial step in reviewing progress made over the past five years, identifying challenges in implementation and charting the way forward.
- COTS prepared draft benchmarking measures as a basis to move forward to develop an overall regional risk reduction benchmarking tool. COTS will begin work with regional organizations (including CDB, CDERA and the OECS Secretariat) to develop a tool that will be accepted and utilized by the OECS regional audience.

## E. Public Awareness

Communication with and among the citizenry is a fundamental principle of a well functioning market economy. Government needs to effectively communicate its programs and policies to the public. The business community needs to explain its rationale for the policies for which they are advocating. Local citizens require mechanisms to provide input and responses to their elected leaders. Therefore, public outreach is essential, and the media plays a critical role throughout this process. The COTS public awareness component strives to design and implement coordinated public awareness campaigns that address a range of high priority trade and competitiveness issues affecting the region and to strengthen our partners' capacity to communicate effectively with their constituents.

COTS began planning for a series of Public Outreach 101 training workshops for both public and private sector organization representatives in Antigua and Barbuda and Dominica. These workshops are designed to improve our partners' ability to effectively communicate complex trade issues in layperson terms. On the regional level, COTS, working through the University of the West Indies Centre for International Studies, held a "Regional Public Awareness Strategy Session" in Barbados on February 15, 2006 with representatives from the Caribbean Regional Negotiating Machinery, the Organization of Eastern Caribbean States and the CARICOM CSME Unit. One key outcome of the session was an agreement for greater collaboration among the regional organizations as they implement their public awareness activities. The session featured extensive discussion on messages, the mechanisms and the processes to communicate to the private sector and civil society.

The Caribbean Single Market and Economy (CSME) is currently a priority issue for the region. Throughout the quarter COTS has focused on designing a series of targeted interventions aimed at increasing the public's knowledge on the CSME. Based on meetings with the CARICOM CSME Unit and with the CSME Focal Points within the Antigua Ministry of Finance and the Economy, and the Dominica Ministry of Foreign Affairs, Trade, Labour and Public Services, COTS has prepared a Request for

### *"Without Limits" – Town Hall Style*

Using funds from the COTS Strategic Activities Fund, Antigua's 91.1 FM Observer Radio's popular nighttime call-in program "Without Limits", turned its focus to the Caribbean Single Market and Economy. The live radio program was held in the form of a town hall meeting, and Antiguaners were invited to hang up their phones, and instead bring their CSME related questions to the City View Hotel in downtown St. John's. For 3 hours one evening, panelists, Ambassador to Latin America Joan Underwood, Attorney General Justin Simon, Macroeconomist from the CARICOM CSME Unit Lenox Forte, and Antigua CSME Focal Point Barbara Williams, entertained questions from the live studio audience of some 50 people.

Proposal (RFP) for a public awareness campaign for Antigua and Dominica.<sup>6</sup> COTS anticipates this campaign will commence in advance of the June 30<sup>th</sup> joining of the CSM by the OECS member states. Finally, as part of our focus on the CSME, COTS staged its first CSME focused activity in collaboration with Antigua's Observer Radio. (See Side Bar previous page.)

#### Antigua and Barbuda

- USAID approved the scope of work for the public information specialist (O'Neil Hamilton) who will conduct the Public Outreach 101 training. The Public Outreach 101 training is tentatively scheduled for the first week in May 2006. The training will be executed under the aegis of the Ministry of Finance and the Economy for the public sector representatives and via Crystal Business Solutions for private sector representatives. This training will improve public and private sector representatives' ability to communicate with the public on trade issues.
- The Public Information and Outreach Specialist (Jeannelle Blanchard), working with the Monitoring and Evaluation Specialist (Janice Cumberbatch) designed a survey to assess the media workers' knowledge, attitude and concerns towards the CSME and other trade related issues. The survey has been released by the Antigua Barbuda Media Congress to its members and other known media workers. COTS will use the survey results to design the 'one day media workers dialogue on the CSME' that will take place later in the next quarter to improve media workers' ability to communicate on trade issues.
- The Public Information and Outreach Specialist reviewed materials prepared by the CSME Focal Point in the Ministry of Finance and the Economy. The materials included an activity sheet targeted to school children, 2 video Public Service Announcements and 2 power point presentations. COTS provided guidance to improve the materials so they can be utilized for the 2 weeks of consultations that the Ministry is undertaking in April with the general public on CSME.
- At the request of Ambassador Dr. Clarence Henry of the Partners Working Group (PWG), the Public Information and Outreach Specialist prepared a press release that the PWG can issue to report on the progress of COTS program activities and on the Antigua and Barbuda Partners Working Group.
- On March 27, 2006, working through the Strategic Activities Fund, COTS supported the staging of a live public broadcast on CSME through Observer Radio. (See Sidebar above.)

#### Dominica

- The Public Information and Outreach Specialist evaluated two requests for assistance (RFA's) from the Ministry of Foreign Affairs, Trade, Labour and Public Services. The first request was for a general campaign on CSME, and COTS is incorporating elements of this request into the RFP for a CSME public awareness campaign for Dominica. The second request was for the production of a play on CSME to put CSME into terms that you can relate to. COTS is reviewing this in conjunction with a regional production in

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<sup>6</sup> The First Year Work Plan anticipates supporting a regional public awareness campaign and other regional public awareness activities. In light of reductions in the COTS program budget, once the priorities are finalized by USAID, COTS will realign program activities and will likely focus on implementing public awareness activities only in Antigua and Dominica. Where possible, COTS will share at the regional level public awareness activities that it develops for Antigua and Dominica for other agencies to implement.

coordination with the CSME unit. (See EduCulture Tour information under the next heading 'Regional'.)

- USAID approved the scope of work for the public information specialist (O'Neil Hamilton) for the Public Outreach 101 training. The Public Outreach 101 training is tentatively scheduled for the second week in May 2006. The training will be executed under the aegis of the Ministry of Foreign Affairs, Trade, Labour and Public Services for the public sector representatives and under the aegis of the Dominica Association of Industry and Commerce for private sector representatives. This training will improve public and private sector representatives' ability to communicate with the public on trade issues.
- The Public Information and Outreach Specialist, working with the Monitoring and Evaluation Specialist (Janice Cumberbatch), designed a survey to assess the media workers' knowledge, attitude and concerns of CSME and other trade related issues. The survey has been released by the Media Workers' Association of Dominica to its members and other known media workers. COTS will use the survey results to design the 'one day media workers dialogue on the CSME' that will take place later in the next quarter to improve media workers' ability to communicate on trade issues.

#### Regional

- On March 9 2006, COTS released to 18 Caribbean based firms the Request for Proposal for an OECS wide baseline survey to measure the public's awareness of trade related issues. A total of 7 firms submitted proposals. Based on reductions in the COTS program budget, COTS will conduct the survey work only in Antigua and Barbuda and Dominica. COTS will award the contract early in April.
- The Public Information and Outreach Specialist is evaluating a proposal forwarded by the CARICOM CSME Unit from the group Caribbean Vizion to undertake a CSME EduCulture Tour. The CSME Edu-Culture school tour production is a dramatic presentation that entails dance, drama, singing, music and poetry. Issues being addressed are primarily based on providing facts and general information on CSME education and all other related issues. Based on reduction in the COTS program budget, COTS will review the activity and determine if it is possible to fund only the Antigua and Barbuda and Dominica segments of the program.
- In line with the First Year Work Plan, the Public Information and Outreach Specialist prepared an RFP for the staging of an OECS wide CSME public awareness campaign. Once the budget reallocation is finalized and USAID confirms priorities, COTS will determine if it will release the RFP in early April, or revise it to encompass only Antigua and Barbuda and Dominica.

## F. Program Management

### 1. Office Administration and Logistical Support

*Program Staffing:* During this first quarter COTS supplemented its local long term professional positions by hiring Ms. Ruth Turner, Deputy Manager of the Strategic Activities fund.

*Program Offices:* Renovations were completed on both of the COTS offices in Antigua and Barbuda and Dominica, and the offices were fully operational by mid January. Furniture and



computer equipment was installed, and in February a network specialist from the Chemonics home office worked in Antigua and Dominica to establish the COTS computer networks.

*Program Registration:* During the first quarter COTS completed its local corporate registration in Antigua and Barbuda and Dominica. The registration process took longer than anticipated and provided the team with a firsthand look at some of the challenges facing small businesses in the region that seek to register as a small business. Local registration will enable the program to provide local employees with company benefits.

*Staff Development and Training:* Throughout the first quarter Chemonics implemented several training activities for professional and administrative support staff to better implement Chemonics and USAID policies and procedures to ensure contract conformance. The Accountant and Dominica Office Manager received one week of training in accounting systems; Office Managers for both offices and the Antigua Program Assistant received training in program policies and procedures including: administration, communications, fielding of consultants, and program files. Chemonics provided training to all program staff and USAID personnel in Barbados on the COTS Administrative and Management Program (AMP) that will be fully implemented in April. AMP will improve the coordination of access to program related technical information and the approvals process, and offer 24/7 access for both COTS program and USAID staff.

*Regional Security Review:* In March a regional security review was conducted for COTS program offices in Antigua and Dominica to assess the environments for social, political and natural hazard risks. Chemonics is developing a comprehensive emergency action and evacuation plan for the program. It will provide operational guidance during events that threaten safety and security of employees and property of the program. The plan raises awareness among personnel, clearly defines roles and responsibilities, allocates resources, and ensures the appropriate prerequisites are in place before a crisis occurs. Most importantly, it outlines procedures for emergency action, as well as evacuation when necessary.

## 2. Strategic Activities Fund

The COTS Strategic Activities Fund (SAF) is a tool that provides the program the flexibility to rapidly respond to new opportunities, while creating capacity in local institutions and leveraging other public and private sector resources.

Since the start of program implementation, COTS has awarded nine subcontracts and three vendor agreements, with a total value of \$472,640 through the SAF. These activities have supported implementation in all five COTS component areas: Governance, Doing Business, Public-Private Interface, Public Awareness, and Resilience to Natural Disasters. Annex 1, attached, illustrates COTS SAF activities.

In addition to the above activities, this quarter included the Antigua and Barbuda and Dominica Business Services Provider (BSP) Bidding Process. The Requests for Proposal (RFP's) for both BSPs were advertised in Antigua and Barbuda, Dominica, Saint Lucia, Trinidad and Tobago, Jamaica, and Barbados. Regional interest was unexpectedly high and

requests for bid documents were received from over 100 firms throughout the Caribbean, along with Belize, the U.S., and the U.K.

Following the release of BSP bid documents, COTS hosted bidders conferences in Antigua and Barbuda and Dominica, each of which were attended by approximately 15 bidders. The field narrowed further when the bids were due and COTS received a total of 6 bids for the Antigua and Barbuda BSP and 3 bids for the Dominica BSP. Bid quality and RFP responsiveness is currently being reviewed and evaluated. COTS anticipates making an award to at least one BSP early in the next quarter April 2006<sup>7</sup>.

### 3. Grants Program

USAID approved the COTS Grants Manual towards the end of the first quarter of 2006. In anticipation of USAID approval, COTS has already begun working with potential grantees to define their needs and assist them with the application process. COTS expects to award its first grants in the next quarter.

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<sup>7</sup> Based on proposed reductions to the COTS program budget and a program/budget modification that Chemonics and USAID are working on to reflect budget reductions, it is likely that the contract target of three BSP's will be reduced to one.

## SECTION II ANTICIPATED ACTIVITIES FOR THE COMING MONTH

### A. Governance

#### 1. Trade Related Legal Reforms

##### Antigua and Barbuda

- COTS is in the final stages of preparing a contract with the Centre for International Services (CIS) at the University of the West Indies (UWI) in Barbados for a part time legislative draftsman to be seconded to the Ministry of Legal Affairs for up to a year. The legislative draftsman, who should be fielded before the end of April, will work on drafting legislation identified in the List of Priority Legislative Projects in Antigua and Barbuda, and signed off on by the Attorney General/Minister of Legal Affairs. The listed legislative items will ensure compliance with CSME, WTO and other international trade-related commitments and improve the legal and administrative for business expansion and investment.

##### Dominica

- In early April the Legal and Economic Integration Specialist will interview the Permanent Secretaries of all the ministries in order to determine the current system for both inter and intra-ministerial communication and to solicit suggestions for improvement. COTS will use the findings to recommend ways of enhancing the scope and quality of communication among ministries to facilitate implementation of needed legal and administrative reforms.

##### Regional

- COTS is in the final stages of preparing a subcontract with UWI's CIS to contract a member of the UWI Law Faculty in Barbados to review, over the course of a year, the current legal framework of Antigua and Barbuda and Dominica so as to identify laws and regulations that are in conflict or incompatible with new or proposed legislation and must either be modified or repealed. This activity, which should commence before the end of April, will facilitate compliance with CSME, WTO and other international trade-related commitments and the implementation of legislation designed to improve the local environment for business expansion and investment.

#### 2. Improving the Business Climate

##### Antigua and Barbuda

- The Inland Revenue Department's (IRD) has requested additional training from COTS short-term consultant Joseph Meade when the Government is closer to implementing the Antigua and Barbuda Sales Tax (VAT), likely in July or August.

##### Dominica

- The acting Administrative and Regulatory Reform Specialist will finalize the addendum to the Investor Roadmap. The addendum will prioritize the roadmap recommendations and create an action plan for intervention. As part of the process to validate the findings of the original Investor Roadmap, COTS will hold additional meetings with firms incorporated post-2004 will be held in Dominica during the week of April 3-7.

- The acting Administrative and Regulatory Reform Specialist is developing a scope of work (SOW) to create an action plan to reform the land administration system that will incorporate better coordination among government departments. The SOW will recommend ways in which various government departments can be seamlessly tied through common technology, system, and software. The SOW will also include an assessment of the legal and regulatory environment surrounding the allocation of lands. COTS intends to work closely with the Dominica Land Tenure and Administration Task Force throughout the implementation and coordination of this activity.
- The acting Administrative and Regulatory Reform Adviser will meet in early April with the NDC and the Minister for Tourism, Industry and Private Sector Relations, Minister Yvor Nassief, to assess the state of the NDC and explore areas where COTS may provide meaningful administrative reform assistance.

#### Regional

- The inception trip to the OECS countries for the World Bank/FIAS *Doing Business* survey will take place between April 17 and April 26.

### B. Public-Private Interface

#### Antigua and Barbuda

- In an effort to institutionalize and enhance the quality and transparency of public-private sector interaction so as to, *inter alia*, create more effective negotiating positions at international trade negotiations or make the local business environment more competitive, the Legal and Economic Integration Specialist will research the legislation of CARICOM countries to pinpoint a model for public review and comment of proposed legislation that can be adapted for use in Antigua and Barbuda.
- COTS will monitor the next meeting of the Business-Labour Advisory Committee, scheduled for mid-April, to recommend ways of enhancing its effectiveness as a means of transparent and inclusive public-private sector dialogue on trade policy issues.

#### Dominica

- The acting Administrative and Regulatory Reform Specialist, the Consulting Services and Association Development Specialist, and the Legal and Economic Integration Specialist will meet with Ms. Juliette Lewis and a representative from the Ministry of Legal Affairs and Immigration during the week of April 3-7 to advance a procedure for public review and comment of all proposed legislation so as to institutionalize and enhance the quality and transparency of public-private sector interaction.
- In an effort to institutionalize and enhance the quality and transparency of public-private sector interaction so as to, *inter alia*, create more effective negotiating positions at international trade negotiations or make the local business environment more competitive, the Legal and Economic Integration Specialist will research the legislation of CARICOM countries to pinpoint a model for public review and comment of proposed legislation that can be adapted for use in Dominica.

## C. Doing Business

### 1. Competitiveness and Business Clusters

#### Antigua and Barbuda

- COTS will submit the draft final report from the cluster assessment team. As the BSP(s) are selected, the Competitiveness Specialist will move forward with an initiation plan to begin firm level assistance operations.
- The Competitiveness Specialist will provide a presentation to the faculty at ABIIT on entrepreneurship and corporate linkages in April.
- The Tourism Specialist will continue work on the FTO Standards Workshop for hotels, restaurants and other tourism facilities. The workshop is tentatively scheduled for later this year and it will be planned jointly with the Antigua and Barbuda Hotel and Tourism Association, the Ministry of Tourism, the Federation of Tour Operators (FTO) United Kingdom and the Caribbean Regional Organisation for Standards and Quality (CROSQ). It will include a component on “Disasters – Preparing Business Recovery Plans” as tourism is critical to the economy of Antigua and Barbuda.
- The Tourism Specialist will work with the Consulting Services and Association Development Specialist to determine how best to complete 4.2. of the Doing Business Component of the Work Plan for Antigua, “Develop artisan and technical skills registries and assess skills needs for the tourism sector” so as to avoid duplication of effort and to achieve objectives expeditiously.

#### Dominica

- COTS will complete the Dominica Strengths & Weaknesses analysis in April.
- The Competitiveness Specialist will continue exploring the ICT cluster in Dominica.
- The Competitiveness Specialist will also move forward with a BSP initiation plan for Dominica to begin firm level assistance operations.
- The Competitiveness Specialist will continue collaborating with the OECS/EDU based in Dominica.
- At the request of the DHTA, the Tourism Specialist will prepare a Summary of the Tourism Policy 2010 so that its members can easily understand the policy, highlighting recommendations that are specific to individual sections of its membership, e.g. hotels, guesthouses, tours etc.

### 2. Develop Services and Analytical Capability of the Private Sector

#### Antigua and Barbuda and Dominica

- The Consulting Services and Association Development Specialist will design intervention strategies and commence implementation of programs of assistance for the selected organizations in both countries.
- The BSP technical and financial evaluation teams will complete the review of the BSP proposals from both Antigua and Barbuda and Dominica during the first week of April. COTS expects to award a contract to at least one BSP.
- The Consulting Services and Association Development Specialist will, in collaboration with the contracted BSPs, identify and arrange to provide the requisite administrative

and technical assistance and support to enable the BSPs to provide a range of business development services in Antigua and Barbuda and Dominica.

- The Consulting Services and Association Development Specialist and Tourism Specialist will make contact with the CROSQ, Caribbean Environmental Health Institute (CEHI) and the Antigua and Barbuda and Dominica Bureau of Standards in the design of programs of assistance for public sector officials and organizations and private sector institutions and firms.

#### D. Risk Reduction

##### Antigua and Barbuda

- COTS is implementing an Integrated Development Planning Workshop in early April through the Barbadian firm, Ecoisle. The workshop is being implemented locally through the National Office of Disaster Services. This will involve participants from planning and implementing agencies, and will begin the process to mainstream and integrate, structurally and operationally, risk reduction activities. This activity will take place from April 10 through April 12 at the Heritage Quay hotel and will include approximately thirty five participants from Antigua and Barbuda.
- COTS has had preliminary discussions with NODS regarding the formation of a local Technical Working Group to oversee the implementation of project activities in Antigua. COTS will develop a draft Terms of Reference for this group and discuss with NODS, for the inauguration of this group in April. COTS anticipates that the formation of this working group will foster a sense of ownership within agencies and lead to greater inter-agency collaboration. COTS prepared a tentative list of agencies to serve on this committee sent it to NODS for review and comments. This concept will also be discussed in Dominica.
- COTS will prepare a scope of work to solicit bids to make regulatory and disaster management systems more effective by evaluating the disaster management and physical planning systems to identify gaps and weaknesses and identify measures to address these. This will include a suggested 'reorganization' of the institutional/operational framework to integrate disaster management and risk reduction in the overall development process.

##### Dominica

- CIPA will proceed with its field investigations in for landslide susceptibility mapping, along with data compilation and processing for the multi-hazard vulnerability assessment.
- Smith Warner International will commence with its field reconnaissance and data collection for the coastal vulnerability assessment.
- COTS prepared a draft SOW to conduct training activities in Dominica to upgrade the skill levels of Development Control Officers. This will be discussed with the Development Control Authority in early April.
- COTS will begin planning for community based disaster management, training of local builders in safe construction and the dissemination of safe construction material.
- Maps being prepared for Dominica under the Coastal Vulnerability Assessment Survey and the Landslide Mapping and Multi Hazard Vulnerability Assessment workshop become due in April along with a draft summary report by the Coastal Vulnerability Team. These maps and reports will be reviewed with the consultant.

- COTS will prepare a scope of work to solicit bids to make regulatory and disaster management systems more effective by evaluating the disaster management and physical planning systems to identify gaps and weaknesses and identify measures to address these. This will include a suggested ‘reorganization’ of the institutional/operational framework to integrate disaster management and risk reduction in the overall development process.

#### Regional

- COTS will release a Request for Quotation to solicit bids to develop regional benchmarks for risk reduction measures.

### E. Public Awareness

- COTS will conduct the baseline survey in Antigua and Barbuda and Dominica to evaluate the public’s knowledge, attitudes and concerns regarding CSME and other trade issues.
- A One Day Dialogue on CSME with Media Workers will be held on April 20<sup>th</sup> in Antigua in conjunction with the Antigua and Barbuda Media Congress, and April 27<sup>th</sup> in Dominica in conjunction with the Media Workers’ Association of Dominica.
- COTS will continue to prepare the ‘Public Outreach 101 Workshops’.
- RFPs for the following issues will be prepared and released: CSME public awareness campaign for Antigua and Barbuda and Dominica; the upgrade of the Caribbean Regional Negotiating Machinery website; the completion of the CARICOM CSME website; and the print campaign on intellectual property rights in Dominica.
- COTS will work with NODS in Antigua to assess their public information needs in regard to the upcoming hurricane season.

### F. Program Management

- Computer network specialist, Sam Park, will return for a follow-up visit to finalize office networking issues and equipment installation
- Population and additional testing of the AMP system will continue.
- Continue providing training for local staff in project policies and administration.
- Presentation to COTS staff of the Emergency Action and Evacuation Plan.





### SECTION III FINANCIAL INFORMATION

For quarter ending March 31<sup>st</sup>, 2006

	<b><i>1st Quarter Subtotal</i></b>	<b><i>2nd Quarter Subtotal</i></b>	<b>Cumulative Total</b>	<b>Amount Remaining (Budgeted)</b>	<b>Amount Remaining (Obligated)</b>
Workdays Ordered	511,059	<b>689,510</b>	1,200,569	11,805,340	
ODCs	399,746	<b>634,329</b>	1,034,075	11,512,330	
G&A	15,990	<b>25,329</b>	41,319	460,537	
<b>Total</b>	<b>926,795</b>	<b>1,349,167</b>	<b>2,275,963</b>	<b>23,778,207</b>	<b>3,468,322</b>



## SECTION IV ANNEXES

### Annex 1. COTS Strategic Activities Fund Contracts to Date

<b>Component</b>	<b>Activity</b>	<b>Beneficiary Country</b>	<b>Contract Value US\$</b>										
<b>Governance</b>													
	Int'l Trade Policy Course	Antigua/Dominica	\$ 28,200.00										
	CSME magazine, Printing	Antigua	\$ 17,827.31										
	Legislative Draftsperson	Dominica	\$ 97,435.19										
			<b>\$ 143,462.50</b>										
<b>Doing Business</b>													
	ICT Workshop - Grenada	Regional	\$ 20,030.00										
			<b>\$ 20,030.00</b>										
<b>Public Private Interface</b>													
	Support 29th Annual Conference	Regional	\$ 99,500.00										
			<b>\$ 99,500.00</b>										
<b>Public Awareness</b>													
	Reg. Public Awareness/Trade Strategy session	Regional	\$ 5,599.00										
	"Without Limits" CSME Roadshow	Antigua	\$ 2,006.80										
			<b>\$ 7,605.80</b>										
<b>Risk Reduction</b>													
	Coastal Vulnerability Assessment	Dominica	\$ 80,150.00										
	IDP Workshop	Antigua	\$ 29,256.00										
	Landslide Mapping & MHVA	Dominica	\$ 92,635.00										
			<b>\$ 202,041.00</b>										
			<b>\$ 472,639.29</b>										
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th><b>SAF Payments</b></th> <th><b>Contract Value</b></th> </tr> </thead> <tbody> <tr> <td>Antigua Activities</td> <td>\$ 49,090.10</td> </tr> <tr> <td>Dominica Activities</td> <td>\$ 270,220.19</td> </tr> <tr> <td>Regional Activities</td> <td>\$ 153,329.00</td> </tr> <tr> <td><b>Total SAF Activities</b></td> <td><b>\$ 472,639.29</b></td> </tr> </tbody> </table>				<b>SAF Payments</b>	<b>Contract Value</b>	Antigua Activities	\$ 49,090.10	Dominica Activities	\$ 270,220.19	Regional Activities	\$ 153,329.00	<b>Total SAF Activities</b>	<b>\$ 472,639.29</b>
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