

## Data Sheet

<b>USAID Mission:</b>	Caribbean Regional Program
<b>Program Title:</b>	Open Trade
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	538-009
<b>Status:</b>	New in FY 2005
<b>Planned FY 2005 Obligation:</b>	\$5,779,000 DA; \$2,976,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2006 Obligation:</b>	\$4,922,000 DA; \$6,000,000 ESF
<b>Year of Initial Obligation:</b>	2005
<b>Estimated Year of Final Obligation:</b>	2009

**Summary:** USAID's new strategy will help position the Caribbean region to succeed in an open trade environment, accelerate and sustain economic growth, and thus measurably improve the quality of life for the people of the region. The geographic scope of this regional program is the Caribbean Community (CARICOM) member states, with special focus on the six countries of the Organization of Eastern Caribbean States (OECS). USAID will assist the countries to integrate the region into a single market economy and to become more competitive actors in regional and global markets. In order to ensure that the economies of the island nations are ready to compete globally, USAID activities will help reduce policy and other constraints to business development and growth, help business sectors leverage market opportunities, and develop strategies to increase the region's competitiveness. Loans by private financial institutions supported by loan guarantees through the Development Credit Authority (DCA) mechanism will stimulate the creation of new enterprises and expansion of existing businesses. USAID's strategy will also ensure that the natural resources used to support economic activities in the region are soundly managed and protected and that disaster risk reduction and mitigation concepts are explicitly integrated into the region's economic planning and implementation.

This program consists of three major components which will help to position the Caribbean region to succeed in an open trade environment. Underlying USAID's program are the basic tenets that activities must effectively address sustainability issues, foster private sector-led growth, be responsive to market forces, and include risk reduction measures to mitigate potential catastrophic damage to the region's capital investments.

### **Inputs, Outputs, Activities:**

**FY 2005 Program:** Increase Participation in Global Trade and Investment (\$3,000,000 DA, \$375,000 ESF). USAID will provide expert technical assistance and specialized training to countries and to the CARICOM Secretariat to help bring the Caribbean Single Market Economy (CSME) into operational reality and to increase national and regional capacities to participate effectively in trade negotiations, particularly those related to the Free Trade Area of the Americas (FTAA). Activities under this component will help build public awareness and support for a regional single market economy and greater openness to free trade. In addition, USAID assistance will facilitate the completion of legal and taxation frameworks for the CSME. USAID will fund technical assistance to modernize critical commercial laws that are most relevant to fostering trade and enhancing competitiveness and are identified as priorities by the private sector. Contractors and grantees to be determined through competition.

Increase Private Sector Growth (\$1,279,000 DA, \$2,600,000 ESF) This component will foster a vigorous private sector role in identifying and resolving constraints to business, developing a more competitive business environment in the region and improving the response of firms to regional and global market demands. The USAID program will provide business development expertise to help identify opportunities in new business sectors that will increase the

diversification of exports, enable more competitive industries to emerge, and improve business services. The program will address constraints to the development of the labor market. Businesses will be able to expand and new private investment will also increase through loans made possible by loan guarantees under a Development Credit Authority (DCA) mechanism with regional banks. USAID intends to transfer \$500,000 in DA to DCA in FY 2005. Contractors and grantees to be determined through competition.

Improve Economy Policy and Governance (\$1,506,000 DA). USAID's program will identify and address trade-related environmental issues, as well as disaster risk reduction measures that negatively impact the region's sustainable capacity for trade. For example, the program will effect changes in the relationship between government and the construction and insurance industries to help facilitate legal enforcement of building codes that could dramatically reduce hurricane damage to physical structures. The extreme severity of hurricane damage in the region in 2004 makes this an opportune time to address the issue. Consequently, USAID will marshal forces with CARICOM and its member states, technocrats, insurance and banking representatives to ensure that disaster risk reduction becomes a national and regional priority with a specific agenda for implementation. Contractors and grantees to be determined through competition.

**FY 2006 Program:** Increase Participation in Global Trade and Investment (\$3,000,000 DA, \$375,000 ESF). USAID will continue to provide technical assistance and specialized training to the region in this critical year when the major trade agreements including the FTAA, the World Trade Organization, and the Economic Partnerships Agreements with the European Union should be entering into force or the negotiations far advanced. In addition, 2006 will be a benchmark year for the CSME as the region seeks to have a common market in place and then to move ahead on a critical path to a common economy by 2007/2008. USAID also will provide additional technical assistance and specialized training to make CARICOM's legislative drafting facility self-sufficient. Contractors and grantees to be determined.

Increase Private Sector Growth (\$1,279,000 DA, \$2,601,000 ESF). The USAID program will continue to emphasize diversification and development of clusters and industries rather than assisting individual firms. Business development activities will focus on preparing the region to maximize the economic benefits from hosting the Cricket World Cup in 2007. USAID-funded activities will also contribute to the upgrading of labor skills in the region by strengthening the private sector's role in delivering workforce training skills. USAID programs will ensure that the private sector will have available relevant economic and trade data to make informed business and investment decisions. A limited number of policy studies will identify remaining constraints to the movement of persons, capital, goods and other factors of production across the region. Contractors and grantees to be determined.

Improve Economy Policy and Governance (\$1,500,000 DA) The program will continue to support the strengthening of regional trade in environment issues as well continue with initiatives focusing on ensuring that the island states are able to better withstand natural disasters. Activities related to ensuring that disaster risk reduction measures are legislated and enforced will be pursued. Contractors and grantees to be determined.

**Performance and Results:** This program will begin in 2005. By the end of the strategy, the Caribbean region will have transitioned to a single market economy and will be successfully competing in an open trade environment. Positive economic growth trends will have accelerated in the region and the majority of the population will experience measurable improvements in their quality of life. These positive trends will be sustained by a favorable environment for business and private-sector led growth. The island nations' vulnerabilities to economic, environmental and physical risks will be reduced as disaster risk reduction and mitigation take a prominent place in national and regional economic planning and implementation.

## US Financing in Thousands of Dollars

### Caribbean Regional Program

	DA	ESF
538-009 Open Trade		
<b>Through September 30, 2003</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2004</b>		
Obligations	2,243	0
Expenditures	0	0
<b>Through September 30, 2004</b>		
Obligations	2,243	0
Expenditures	0	0
Unliquidated	2,243	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	5,779	2,976
<b>Total Planned Fiscal Year 2005</b>		
Obligations	5,779	2,976
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	4,922	6,000
Future Obligations	32,479	9,000
Est. Total Cost	45,423	17,976