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Country cooperation frameworks and related matters

**Second Country Cooperation Framework for the Turks and
Caicos Islands (2004-2008)**

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Introduction

The second country cooperation framework (CCF) for the Turks and Caicos Islands (2004-2008) was developed based on the outcomes of two joint UNDP/Government of the Turks and Caicos Islands (TCIG) missions in February and June 2004. The CCF reflects the inputs of a range of governmental, civil society and private sector partners with whom the missions met, and fully represents the priorities of the Government.

I. Situation Analysis

Of the total of 40 islands and cays which constitute the Turks and Caicos Islands, only 6 islands and 3 cays are inhabited. These have very few natural resources other than their beaches and surrounding coral reefs. Fishing is the only significant productive sector;- low rainfall and soil salinity prevent much agricultural development, and manufacturing is limited in scale and scope. Tourism has therefore become the mainstay of the economy. Since 1984 hotel construction has proceeded steadily, with most facilities concentrated in Providenciales which has about 75% of the total hotel room capacity. Tourist arrivals have increased rapidly, rising from about 13,343 in 1982 to 188,370 at the end of 2003.

Offshore finance constitutes the second most important source of economic activity. Though still relatively small the sector has been growing rapidly since appropriate regulatory structures were put in place in the late 1970s and early 1980s. The sector is seen as an important contributor to high-income employment creation and government revenue. Growth in the sector has, however, declined slightly in recent years mainly as a result of new regulatory requirements imposed by international agencies.

Due to the rapid expansion in the tourism and offshore financial services sectors the TCI economy grew strongly in the 1990s, reaching a peak of about 13 percent in 1995. The rate of growth has since slowed, but remained quite high averaging 8% in the last few years of the 1990s. Growth has, however, been concentrated in Providenciales, with very limited economic opportunities in the other islands.

The effects of this rapid economic growth have not all been positive. While per capita income and overall standard of living have improved considerably, this improvement has also lured thousands of illegal immigrants from neighbouring countries. The 1990 census gave the population of the islands as 12,350. By 2001 the population was estimated at 20,000, due to a substantial increase in immigration mainly from Haiti and the Dominican Republic. It is estimated that approximately 40-50% of the population are immigrants. This rapid growth in the population is placing considerable strains on the TCI's social and ecological systems. The country now faces major housing shortages and overcrowding. There is also an enormous strain on educational and health services, as well as on the islands' fragile natural environment resulting from infrastructure development for tourism.

Additionally, a Standard of Living Assessment conducted in 2000 confirmed growing inequity arising from the uneven distribution of the gains from development. The Assessment also noted a poverty rate of 26.1%. It also emphasised the need for entrepreneurial development to increase the stake of the local population in development gains. Senior private and public sector officials also point to the growing problems of HIV/AIDS, drug abuse, and domestic violence (particularly spousal abuse). It is felt that many of these problems are related to the rise in illegal immigration, but it is also felt that it may be due to the insufficient attention given to proper long-term sustainable development planning. These officials have called for more effective social programmes and integrated development plans to address these and other concerns.

In responding to these challenges the TCI Government has announced plans to formulate a 10-Year Development Plan and a Medium Term Economic and Social Policy Framework (MTESPF) using a national consultative process. These instruments are expected to help the government in promoting economic diversification, environmental protection, poverty reduction, and social development. The plans should also assist in promoting more equitable growth among the islands. Further, the strategic planning frameworks will lay a basis for the coordination of donor support to the country.

Another important element of the Government's 2003-2007 policy and legislative agenda is the reform of the local government system to provide citizens with more direct access to government and to promote greater public participation in decision-making. The Offices of the District Commissioners are being converted into development agencies, and the government is currently instituting District Boards to advise the District Commissioners. These are seen as first steps in the reform programme. They will be followed by the engagement of consultants to advise on an appropriate local government structure and financing mechanism. Additionally, the new government has begun to set aside resources for the design and implementation of community projects at the District level. Over US\$1 million was set-aside for the 2003/2004 budget period.

The government's medium term agenda also includes plans to significantly expand the small and micro-business sector of the economy in order to generate more local employment and promote greater local participation in the country's development. The government is seeking to spread business opportunities to a wider cross-section of the society and, importantly, to the other, often neglected, islands. In keeping with this, a major restructuring has been planned for the country's investment and promotions agency TCInvest, and plans have been outlined for the scaling up of the Small Business Development Centre established under the 1998-2002 CCF.

Finally, the government has also introduced national HIV/AIDS and drug control programmes, and there are plans to establish a Crisis Centre to deal with matters such as drug addiction and spousal abuse, as well as a vocational training department within the Community College to provide skills training to the many unemployed and mostly male youths.

II. Past Cooperation and Lessons Learned

The first CCF for the TCI (1998-2002) was focussed on two main programme areas: (a) Governance and Capacity Building, and (b) Development of Small Scale Enterprises for Income and Employment Generation. A 2001 review of the CCF indicated overall government satisfaction with the programme

and a strong desire to continue the partnership with UNDP. It also noted that the CCF was relevant to the priority goals of the government and was developed through a highly participatory process.

A. Governance and Capacity Building

The shortage of skilled workers in the TCI has impacted on the capacity of both the private and public sectors. The public sector is particularly affected however, because only a small percentage of highly skilled individuals seek employment within government, preferring higher paying positions in the private sector. This has critically undermined the ability of the State to deliver goods and services to meet the needs of a growing population. A Public Sector Capacity Building project was therefore designed to help build capacity in a number of high priority areas of government. At the height of the programme, UNDP/UNV deployed as many as 11 international volunteers to fill critical positions in the public sector. This helped to enhance public sector service delivery, as well as to develop the capacity of local counterparts assigned to work with the volunteers. UNV support was primarily targeted at areas within the Health, Finance, Small Business Development and Planning departments of government.

A key difficulty of the programme was the identification of appropriate local counterparts to enable skills transfer and national capacity building. The shortage of local staff resulted in UNVs being asked in some cases to continue in their positions for longer than anticipated periods. The review also noted an initially long recruiting timeframe for UNVs. There were also challenges pertaining to the supervision, reporting and evaluation of UNVs. Many of the issues relating to the UNVs have been resolved, but the matter of the availability of local staff remains a critical issue for the government, which is now putting in place measures to more effectively attract and retain local staff within the public sector. A Public Sector Job Evaluation/Classification Exercise is currently being undertaken and should improve competitiveness in the labour market. UNDP is also encouraging the formulation of a human resource strategy to complement the 10-Year Development Plan and MTESPF.

B. Development of Small-Scale Enterprises

UNDP and the TCIG collaborated on the development and implementation of a Small Business Development Project which was designed to promote economic diversity and more equitable distribution of income and employment opportunities across the islands. The project was located within TC Invest, an entity created under a previous UNDP programme of cooperation. UNDP assisted in establishing a Small Business Development Centre which provided training and business support services to over 600 clients. Over 70 new businesses employing 85 persons were started and sustained as a result of the training. Twenty-five micro-entrepreneurs were assisted in obtaining over US\$700,000 in capital for their businesses. Training has also been provided to a wide range of existing businesses many of which have reported increased profitability and improved financial and business management.

As a result of the success of the programme, the TCIG has outlined plans to substantially expand the operations of the Small Business Development Centre, and a second office has already been opened on Providenciales. Carnival Cruise Line has also pledged US\$1 million to TC Invest for loans to help start small businesses in the tourism sector, and the government has indicated that it will contribute another US\$200,000 to this pool of funds.

Outside of the two projects, the review also highlighted UNDP's role in advocacy for achieving sustainable human development, particularly in the areas of gender and HIV/AIDS education. UNDP's interventions in respect of gender helped to increase sensitivity to this issue within government and the general society, and also led directly to the establishment of a Women's Desk. The review also commended UNDP's advocacy in getting Government commitment to promote public participation in national development planning.

National execution was the modality used for the first CCF. This contributed greatly to building the capacity of local counterparts in the TCI. The Department of Economic Planning and Statistics (DEPS) functioned as the executing agency for the

programme, and officers of that Department received training in the NEX modality. Training was also delivered to UNDP project staff. DEPS was designated the Focal Point office to coordinate all projects. This was critical in accelerating response to day-to-day implementation issues which would otherwise have to be referred to the UNDP Country Office. Further building of local capacity will however be required as the TCIG and UNDP consider an expanded programme for the new CCF.

III. Proposed Programme

The 2nd CCF (2004-2008) aims to expand and broaden the scope of collaboration between UNDP and the TCIG. The proposed programme looks to build on the work which has already been done, particularly under the Public Sector Capacity Building and Small Enterprise Development programmes, while at the same time provide assistance to the TCI in new value added areas.

The three programmatic areas for the new CCF are (1) Governance and Public Sector Capacity Building, (2) Sustainable Development Planning Frameworks, and (3) Poverty Reduction and Social Development. The TCI is a Net Contributing Country, and, as such, funding for these programmes will come primarily from the government. The current CCF, in contrast to the previous, reflects a much greater level of UNDP support for upstream policy, planning and capacity building initiatives. Within the new CCF UNDP therefore draws heavily on its knowledge resources and its ability to foster partnerships that can translate into meaningful development outcomes. The three programme areas are further elaborated below.

Governance and Public Sector Capacity Building

As previously indicated, the TCIG has initiated measures to reform its local government system. UNDP will provide upstream technical assistance to develop a Ministry Paper outlining the Government's plans for local government reform. This will be followed by further technical assistance to review and amend present local government laws, regulations, and mechanisms. Assistance will also be provided in developing a sustainable financing mechanism for the local government system. There

will also be a complementary programme to train local governance partners, increase public awareness of governance issues, and stimulate greater participation in the new governance arrangements.

UNDP will follow-up on current efforts to build public sector capacity by helping to recruit specialist individuals internationally to fill critical gaps in the public sector. Recruitment will be done through the UNV mechanism and other arrangements as appropriate. The programme will also include training to local counterpart staff that will be expected to assume full responsibility for the UNV positions within an agreed timeframe.

Sustainable Development Planning Frameworks

UNDP previously supported the TCI in developing a 10-Year National Physical Development Plan. Government officials report that the plan was tremendously useful particularly in helping to guide the physical development of the islands. The government has now expressed an interest in developing more holistic medium and long-term social, economic, and physical development planning instruments.

UNDP will therefore provide technical assistance to support the TCIG in formulating a new 10-Year Development Plan and a Medium Term Economic and Social Policy Framework. These are intended to provide direction to the overall process of growth within the country, and, particularly, to ensure sustainability, equity, gender-sensitivity, and inclusiveness. The Plan and MTESPF will also provide critical baseline data for reporting on the Millennium Development Goals. The MTESPF will also provide a mechanism to ensure implementation and monitoring of development plans. Following the completion of the Plan and MTESPF, the Government intends to host a Roundtable of International Development Partners with UNDP support. This is with a view to better coordinate donor support to the country's development efforts.

Poverty Reduction and Social Development

Poverty, inequality, drugs, spousal abuse and HIV/AIDS are seen as growing and highly worrisome social concerns in the TCI. It is clear that

in order to achieve the MDGs of reducing poverty, curbing the spread of HIV/AIDS, and promoting gender mainstreaming, more urgent, far-reaching, gender-sensitive and inclusive economic and social development interventions are needed. Under the new CCF support will therefore be provided to strengthen and expand the small and micro business and agricultural development efforts of the government, as a means of ensuring greater access to livelihood opportunities by TC Islanders. UNDP will also support upstream work in developing gender-sensitive SME and Agricultural sector policies, and creating new credit mechanisms to expand access to small and micro-entrepreneurs, most of whom are women.

In addition to the expansion of the small business project, UNDP will also lend support to the government to strengthen its Vocational Training, Social Crisis Management, Drug Control and HIV/AIDS Prevention programmes. A series of technical assistance projects will be designed to help review and restructure existing programmes as well as develop new programmes. There will also be recruitment of international advisors to provide short and medium-term support to programme development and staff training efforts in each of these areas.

Expected results

Governance and Public Sector Capacity Building

In respect of local government reform, UNDP/TCIG collaboration is projected to result in the greater devolution of decision-making powers and budgetary resources to local authorities, and the increased capacity of local governance actors (including NGOs and CBOs) to manage local affairs.

With regards to capacity building, UNDP assistance is expected to lead to a significant strengthening of key areas of the public sector, and to improved service delivery in these areas. The UNV knowledge transfer intervention should result in increases in the numbers of highly trained locals capable of performing critical public sector functions.

Sustainable Development Planning Frameworks

The main anticipated result in this area is the implementation of national strategies and plans aimed at ensuring gender-sensitive, equitable, inclusive, pro-poor and sustainable development planning in all the islands.

The processes and mechanisms to be used in formulating the development plans are also expected to lead to (a) greater citizen awareness and ownership of national development issues and challenges, (b) greater public involvement in decision-making relating to national issues, and (c) more effective State management of the development planning process.

Poverty Reduction and Social Development

Three key results are anticipated in this area. First, the work on strengthening the small business project combined with the wider government initiatives to provide more resources for small business development should translate into a significant increase in the numbers of small and micro-enterprises and a more equitable distribution of these enterprises across the different islands.

Second, at the end of the CCF period there should be an improved policy and regulatory environment for the development of the SME and Agricultural sectors.

Third, UNDP/TCIG interventions are expected to strengthen institutional capacities to effectively respond to emerging social concerns, such as HIV/AIDS, drug and spousal abuse in the TCI.

IV. Programme Management, Monitoring & Evaluation

National execution will continue to be the preferred modality for programme implementation. NGOs and other institutions of civil society will be considered as national executing agencies where feasible and in areas in which they have a proven comparative advantage. The utilization of the volunteer modality for the delivery of technical cooperation will also be continued.

DEPS will be involved in all aspects of programme development, including participating in project formulation, overseeing and backstopping project implementation, monitoring progress and evaluating programme results and outcomes.

UNDP will utilise its results-based management system in performing periodic monitoring and evaluation of programmes. Annual progress review missions will be undertaken to review programme matters and analyse progress. Other government institutions and stakeholders will participate in these reviews as appropriate. A comprehensive country review and output evaluation looking at all aspects of Government/UNDP cooperation will be carried out at the end of the period.

At the project level, project managers will continue to submit quarterly progress and financial reports and DEPS and UNDP will regularly review the progress of specific projects. Annual audits will be conducted on individual projects, to ensure compliance with Government/UNDP guidelines, as well as to ensure sound management practices and accountability.

V. Resource mobilization

The TCI is now a NCC which presents certain difficulties in respect of mobilising financial assistance from development agencies. In 2003, DFID unexpectedly announced an ending of its programme of cooperation with the TCI effective as of March 2005. This is due to a change in its development assistance priorities. In terms of other donors, the CDB and CIDA will be providing \$1.1 million in grant financing under their Basic Needs Trust Fund Fifth Programme for small-scale social and economic projects. There will also be a \$12 million grant from the EU's 9th European Development Fund for the period 2002 – 2007. External loan funding of \$46 million is expected to finance a large share of the Public Sector Investment Programme for the period 2003/4 – 2005/6. More than 33% of the Public Sector Investment Program is currently financed from recurrent surpluses. Private sector financing of infrastructure projects is also expected to increase.

Within this context UNDP will seek to foster partnerships with other IDPs and, importantly, with

the private and not-for-profit sectors to mobilise both financial and non-financial resources to carry out the programmes under the 2nd CCF. Great emphasis will also be placed on exploring opportunities for South-South cooperation in all aspects of the programme.

RESULTS AND RESOURCE FRAMEWORK

National Priority: Fostering Democratic Governance and Strengthening Public Sector Capacity				
Programme Component	Country Programme Outcomes	Country Programme Outputs	Output Indicators	Indicative Resources
Governance and Public Sector Capacity Building	<ol style="list-style-type: none"> 1. Increased devolution of decision-making powers and budgetary resources to local authorities, and enhanced capacity of local governance actors (local authorities, NGOs, and CBOs, etc) to manage local affairs. 2. Strengthened capacity of the public sector to deliver critical social and economic services. 	<ol style="list-style-type: none"> 1.1 Technical Assistance project to prepare Ministry Paper on local government reform 1.2 Technical Assistance project to review and amend local government laws and regulations and develop financing mechanism 2.1 Recruitment of UNVs to fill critical public sector positions 2.2 Training of local counterpart staff. 	<ol style="list-style-type: none"> 1.1 Approved Ministry Paper 1.2 Amended laws and regulations 2.1 Number of positions filled by UNVs. 2.2 Number of local counterparts trained. 	<p>Other Resources: Government Cost Sharing, Third Party Cost Sharing, and Trust Funds</p> <p>1,000,000</p>
National Priority: Promoting Sustainable Development				
Programme Component	Country Programme Outcomes	Country Programme Outputs	Output Indicators	Indicative Resources
Sustainable Development Planning Frameworks	<ol style="list-style-type: none"> 1 Improved State capacity to formulate, implement and monitor sustainable development programmes with public and stakeholder involvement. 2 Increased public awareness of and debate on national development issues. 	<ol style="list-style-type: none"> 1.1 Technical Assistance project for participatory development of MTSEPF and 10-Year Development Plan. 1.2 IDP Roundtables on policy framework and development plan 2. Public consultations to develop Plan and MTSEPF. 	<ol style="list-style-type: none"> 1.1 MTESPF document and 10-Year Development Plan 1.2 Number of IDP Retreats held 2.1 Number of public consultations held to develop plan and framework. 	<p>Other Resources: Government Cost Sharing, Third Party Cost Sharing, and Trust Funds</p> <p>550,000</p>

National Priority: Reducing Poverty, Curbing the Spread of HIV/AIDS, and Promoting Social Development.

Programme Component	Country Programme Outcomes	Country Programme Outputs	Output Indicators	Indicative Resources
Social Development and Poverty Reduction	<ol style="list-style-type: none"> 1. Reformed policy and regulatory framework for SME and Agricultural sector development. 2. Institutional capacities built to plan and implement multi-stakeholder strategies to limit the spread of HIV/AIDS and mitigate its social and economic impact. 3. Institutional capacities developed to effectively respond to the problems of drugs, spousal abuse, and other social concerns. 	<ol style="list-style-type: none"> 1.1 Small & Micro Business Development Project 1.2 Recruitment of regional and international HIV experts in critical areas 1.3 Training of local counterpart HIV staff 1.4 Technical assistance project to review and rationalise National Drug Control Programme 1.5 Recruitment of regional and international experts in drug control, social crisis counselling and technical training 	<ol style="list-style-type: none"> 1.1.1 Number of SME training programmes delivered 1.1.2 SME and Agricultural Policy guidelines developed 1.2.1 Minimum of 3 external HIV experts recruited 1.3.1 Minimum of 3 local counterpart staff trained. 1.4.1 External experts report on NDCP 1.5.1 Contracted external experts. 	<p>Other Resources: Government Cost Sharing, Third Party Cost Sharing, and Trust Funds</p> <p>1,197,000</p>
Total Indicative Budget				2,747,000