



DELEGATION OF THE EUROPEAN COMMISSION
in
BARBADOS AND THE EASTERN CARIBBEAN

COOPERATION
between
THE EUROPEAN UNION
and
THE COMMONWEALTH OF DOMINICA
ANNUAL REPORT 2002

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1. EXECUTIVE SUMMARY

Over the past several years, economic output and employment growth has been on the decline in Dominica reflecting the on-going retrenchment of the key banana industry, due to weak export prices and the beginning of the phasing out of preferential access to the EU market. In addition, the weak growth of non-banana agriculture and stay-over tourism, coupled with the impact of September 11th and the increasingly difficult fiscal situation weakened economic activity. Against this backdrop of recessionary conditions and the growing problem of the Government's fiscal deficit, the Government began a process of economic stabilisation and adjustment. Within the framework of the 2002/3 Budget, measures were introduced to arrest the deterioration of the financial situation, as well as to undertake structural reforms that will have a lasting impact on the ability of the Dominican economy to sustain growth in the medium to longer term. In the light of this, the IMF approved a Stand-By arrangement in August 2002, providing US\$4.3million in credit for Dominica. Among the structural reforms envisaged are a comprehensive reform of the tax system, civil service reform, review of public expenditure and the PSIP, and the restructuring and commercialisation of the banana industry, for which support is provided by the European Union through the SFA and Stabex measures.

The EU has made available to Dominica, a total of €18 million under the National Indicative Programmes of the 6th, 7th and 8th EDF. The Country Strategy Paper and National Indicative Programme for the 9th EDF was signed on 12 August 2002 between Dominica and EU. It was agreed that infrastructure development, in particular the roads sub-sector, would be the focal sector of the interventions under the 9th EDF (€ 3.7 million) for the period 2002 through to 2007. The "B" allocation for Dominica is € 12 million.

Under the Stabex instrument, an amount of €43 million was made available between 1993 and 2000, while under the Special Facility of Assistance (SFA), Dominica has been allocated €26.1 million. The EU, the country's most significant grant aid donor, supports agricultural and economic diversification initiatives including programmes for the development of eco-tourism, youth skills training, and the development of the enabling environment for private sector development. Also receiving significant support from the EU is the strategy for social and community development, which includes measures to assist in re-tooling and re-positioning displaced banana farmers in other sectors of the economy.

2. THE GOVERNMENT'S POLICY AGENDA

The Government aims at restoring order to the public finances, maintaining low inflation and reducing external vulnerability, while laying the basis for sustained recovery in economic activity and employment and a reduction in poverty over the medium term. The Government of Dominica has requested and obtained a Stand-By arrangement with the IMF for the period August 2002 – August 2003. To further these objectives and in the context of this economic programme, the Government is developing a medium-term programme which could be supported by a three-year Poverty Reduction and Growth Facility arrangement from the IMF.

To date, implementation of the Government's Stabilisation Programme has had mixed results. Although a number of fiscal measures have met anticipated targets, improvements in some areas of revenue collection and expenditure controls require further work. The

process of structural reform has progressed, although a major challenge facing the Government as it enters the implementation of structural reforms is to seek adequate financial and technical assistance commitments from the donor community to meet some of these costs.

3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 Millennium Development Goals

Indicator	2000
1. Life expectancy at birth	72.9
2. Maternal mortality ratio – per 100,000 live births	65
3. Immunization against measles – one year old (%)	99
4. Infant mortality rate – per 1,000 live births	14
5. Under five mortality rate – per 1,000 live births	16
6. Infants with low birth weight (%) 95-2000	8
7. Births attended by skilled health staff (%)	100
8. AIDS incidence rates per 100,000 population	16.9
9. Access to improved water sources (%)	97
10. Public health expenditure – 1998 (% of GDP)	3.8
11. Adult literacy rate (%)	96.4
12. Combined primary, secondary and tertiary gross enrolment ratio (%)	65

Source: UNDP Human Development Report 2002, OECS Human Development Report 2002

Indicators above are selected on the basis of their availability and relevance to the EC cooperation under the 9th EDF. No projections are available regarding the development of the Millennium Development Goal Indicators.

3.2 Political Situation

The Government took action in 2002 to address the deteriorating economic situation. In the budget passed on 2 July 2002, a significant effort was made to narrow the fiscal deficit, through the introduction of a combination of revenue raising measures (such as the introduction of a stabilisation levy of 4 per cent on gross incomes above EC\$9,000 per annum, the broadening of the tax base and a reduction in exemptions) and expenditure control measures, particularly to contain the central government wage bill.

A letter of intent was sent on 12 August 2002 to the IMF with regard to an IMF supported stabilisation programme, which resulted in the approval of a one-year SDR 3.28 million (US\$4.3 million) stand-by credit for Dominica in support of its economic programme for 2002/03. Pledges of financial assistance were made by CARICOM members, of which EC\$23.5 million was from Barbados and Trinidad and Tobago. The Government has initiated a number of important structural reforms in the tax, public expenditure and investment areas, and these need to be further advanced, including with financial and technical assistance from the donor community.

3.3 Recent Economic Performance

The economy of Dominica is dominated by agriculture, though some diversification towards tourism has taken place in recent years. The performance of the main agricultural activity - banana production and exports - has steadily deteriorated since the early 1990s owing to natural disasters, notably hurricanes, and in more recent years, weak export prices and the beginning of the phasing out of the preferential access to the EU market. The decline in the value added from the banana sector has also had a significant impact on developments in other sectors. There was also weak growth in non-banana agriculture and stay-over tourism.

After growing on average by about 2½ per cent during 1996-99, real GDP stagnated in 2000 and is estimated to have contracted by over 4½ per cent in 2001, as banana production fell by 35 per cent – owing partly to adverse weather conditions – and as other key sectors of the economy declined, reflecting the economic slowdown abroad, events of September 11th and the increasingly difficult fiscal situation in Dominica. The public finances have deteriorated in recent years as capital expenditure increased sharply, while saving has been declining. The deficit of the consolidated public sector almost quadrupled over the period 1997/98-2000/1 (years ending June 30) to about 12½ per cent of GDP and public savings fell by 3½ per cent of GDP, mainly reflecting the deterioration in central government finances. The public sector's overall deficit is estimated to have declined from 12½ per cent of GDP in 2000/01 to about 10 per cent of GDP in 2001/02, mainly reflecting sharply lower capital expenditure. The deficit continued to be financed by external borrowing, recourse to the banking system, and arrears accumulation, especially to the social security system and public and private enterprises. Capital expenditure is estimated to have declined in 2000/01 reflecting the completion of major investment projects in the areas of infrastructure and education, as well as emerging financial constraints. The stock of public and publicly guaranteed external debt has increased rapidly from about 35 per cent of GDP at end-1998 to currently about 65 per cent GDP at end-2001, while external debt service payments rose to about 9 percent of exports of goods and services. The downturn in the economy has further increased unemployment and poverty, with the unemployment rate being over 20 per cent.

3.4 Regional Integration and Trade Policy

Dominica is a member of CARICOM (the Caribbean Community) and the Association of Caribbean States (ACS). CARICOM members are in the process of establishing a Common Single Market and Economy (CSME) that will include not only a fully functioning common market, but also the harmonization of macroeconomic policies and eventual monetary integration. The new regional trade arrangements are expected to be finally in place by 2005 alongside those of the FTAA and WTO.

Dominica's national trade policy, largely guided by that of CARICOM and the OECS, focuses on forward looking, outward oriented trade policy reform programmes geared towards the gradual removal of protectionist measures. The Government has made considerable progress in liberalizing its trade regime by reducing both tariff and non-tariff barriers. In keeping with its obligation to CARICOM, the government implemented the fourth and final phase of the Common External Tariff (CET) lowering the maximum rate of the CET to 20 per cent in the 2001/02 budget. In order to secure markets for its exports the

Government's strategy is to negotiate CSME/WTO compatible agreements with its trading partners. Towards this end, the Government is supportive of, and participates in the work of the Regional Negotiating Machinery (RNM).

Dominica's main export partners are Caricom 47%, the United Kingdom 36%, and the United States 7%, whilst its main import partners are the United States 41%, CARICOM countries 25%, the United Kingdom 13%, and the Netherlands and Canada. The principal products for export are bananas (50%), soap, bay oil, vegetables, grapefruit and oranges. The value of exports in 1998 amounted to € 71 million, whilst imports amounted to € 140 million. Dominica's main imports are manufactured goods, food, chemicals, machinery and equipment. Dominica's real effective exchange rate has been appreciating since 1996 and so export competitiveness has been declining.

3.5 Achievements in the Social Sector

According to the UNDP Human Development Report for 2002, Dominica is ranked 61 among 173 countries on the basis of adult literacy, school enrolment, life-expectancy at birth, and per capita Gross Domestic Product (GDP). The country enjoys a relatively high index of human development (0.78). This index, however, masks the existence of social gaps and deficiencies, one of the most important being a high level of poverty. The changing international environment, particularly changes to the EU preferential trade arrangements for bananas will impact on prospects for growth in Dominica and these pockets of poverty are likely to grow. The Government's inability to sustain public expenditure for education, health care, social safety nets and basic social infrastructure are cited as reasons for poverty levels. The unemployment rate in Dominica is around 20 per cent with much of the unemployment concentrated among young adult males. The concern is that if left unchecked unemployment may lead to further increases in crime, social unrest and increased poverty, which would be inimical to further development particularly in the sensitive tourism sector.

Health: There are improvements in basic health indicators. The Ministry of Health and social security is currently engaged in preparing a new 5-year Sector Plan. There is the need for a greater emphasis on outreach and health education consistent with the need to consolidate the performance of the primary health care system, the need for the restructuring of service delivery and improving the quality of care, and the need for a stronger emphasis on higher risk groups like the elderly, adolescents and the poorer communities. Based on existing information, Dominica is not deemed to have a serious epidemic of HIV/AIDS. However on a regional level, the epidemic is spreading quickly, thereby requiring Dominica to ensure effective prevention programmes are in place.

Education: Dominica has shown good progress in educational outcomes since Independence. Expenditure on education as a percent of total government expenditure and GNP has been rising, and the combined primary, secondary and tertiary gross enrolment ratio is 74 per cent. Despite this good performance, much of the country's work force has only a primary level of education and is engaged in low skilled, low productivity operations. Surveys conducted in the sector suggest that unequal access to the educational system reinforce social inequalities. Efforts are currently focussed on achieving universal secondary education by 2005.

3.6 Future Challenges and Prospects

The major challenge for the Government is to tackle the difficult economic situation including the widening financing gap and a high and rising debt-to-GDP ratio. Implementation of the Stabilisation Programme has had mixed results, and improvements in some areas of revenue collection and expenditure controls require further work. The process of structural reform needs to be accelerated. Structural reforms envisaged include, a comprehensive reform of the tax system (following a review conducted with assistance from the IMF); a public expenditure review and review of the PSIP (to be completed in early 2003 with assistance from the World Bank and DFID); medium term public sector reform (following a review conducted with assistance from the World Bank, DFID); banana sector restructuring (with assistance from the EU), including ending the monopoly status of the Dominica Banana Marketing Corporation, the strengthening of financial system supervision (through assistance from the ECCB and CARTAC); a review of the possibility of abolishing the Dominica Export Import Agency's (DEXIA's) monopoly on the importation of sugar and bulk rice, and transforming the National Development Corporation (NDC) into a self-financing agency.

The Government recognises that the success of the stabilisation and adjustment programme is dependent on the full and sustained commitment of the Government – along with a donor supported stimulus package – throughout the process of adjustment. It further recognises that the following measures are of paramount importance:

1. Arrest any further deterioration in the financial situation and build on the incipient economic recovery;
2. Pay focussed and sustained attention to ensuring the quickest possible pace of implementation to the public sector investment programme; and
3. Implement changes within the Public Sector, including measures to:
 - Achieve greater efficiency and effectiveness within the administration;
 - Improve the system of managing the public finances;
 - Rationalise the provision of Government services;
 - Contribute to improvement of the enabling environment for business and economic growth, through implementation of regulatory and legislative reforms.

4. OVERVIEW OF PAST AND ONGOING EC CO-OPERATION

The largest part of EU support to Dominica is being provided through the Stabex and SFA mechanisms and is being used to expedite the ongoing restructuring of the banana sector to help it become more viable in an increasingly competitive international market. The restructuring programme includes targeting efficient farms for EU-funded investment in irrigation and drainage and other infrastructure works to raise efficiency, quality, and labour productivity. A critical element of the programme is the implementation of programmes to help displaced farmers move into non-traditional agriculture and so minimise the adverse social impact from the restructuring of the industry.

4.1 European Development Fund – Focal Sectors

4.1.1 9th EDF Project – Focal Sector: Infrastructure Development

The focal sector under the 9th EDF for which the “A envelope” (EUR 3.7 million) has been allocated is infrastructure development. Through this, it is intended to address the weakness of the infrastructural base. The current infrastructural base is regarded as a critical constraint to the pursuit of the country’s diversification agenda. The project will serve to complement the investments in the social sectors and to enhance the efficiency of agricultural and economic diversification programmes supported by the EU through the EDF, Stabex and SFA.

Preparations of the financing proposal for the project under the 9th EDF are ongoing and expected to be finalised by late 2003. The financing proposal will update and expand on the specific indicators presented in Annex 1. A preliminary survey for the proposed road construction has been conducted by the Ministry of Communications and Works. In order to fast track the design works for the 9th EDF, the detailed design for the proposed road will be implemented with resources from Stabex 1996/7 and the Road Maintenance Strategy Consultancy will be funded from the unallocated balances under the 6th EDF NIP. The Terms of Reference for the latter are currently under preparation by the Ministry.

Government's commitment to the sector include the following:

- A strategic road maintenance plan shall be adopted by Cabinet with responsive institutional structures and capacities established.
- Government expenditure on infrastructure shall be sufficient to ensure the overall maintenance and preservation of the country’s road network.

4.1.2 The 8th EDF NIP € 6.5 million – Focal Sector: Eco-Tourism Development Programme

The Financing Agreement (€5,990,000) for the programme was signed in June 2002, and the first Work Programme was signed in August. Tendering for the PMU is underway and a company is expected to be selected by mid-2003. The objective of the programme is to strengthen the tourism sector so it can contribute to the long-term sustainable development of the island, having due regard for national, economic, socio-cultural and environmental issues. The main activities include human resource development, marketing development, product development, and private sector development.

4.1.3 The 7th EDF NIP of € 5.5 million targeted several sectoral programmes including agricultural diversification (€2.25m), and Solid Waste Disposal Programme (€1.65m).

The **agricultural diversification** project was only partially implemented and eventually formally closed owing to the fact that many of the intended activities fell within the objectives of the new programmes for agricultural diversification approved under both Stabex and SFA.

The **solid waste disposal programme’s** objective is to upgrade and improve the standards of solid waste disposal and forms part of a wider World Bank funded OECS

initiative. The activities to be carried out include the design of the new landfill, development of the tender dossier for the construction phase and construction of the new landfill. Following the launch of the works tender it was revealed that the construction of the new landfill would require significant additional financing. It was agreed that these additional resources would be made available from the unspent balances of the closed 7th EDF NIP Agricultural Diversification Project (EUR 2,160,000) which have been transferred to the solid waste management project. A new Financing Agreement (€3,95 million) for construction was signed in September 2002.

4.2 Projects and Programmes outside focal sectors

9th EDF: Given the size of the 9th EDF “A allocation” for Dominica, and taking into account the recommendation that for countries with an indicative envelope under EUR 10 million there should be one focal sector and one project within that sector, no project has been proposed outside the focal sector for the 9th EDF.

8th EDF: Drug Demand Reduction Programme (EUR 260,000): The objective of the programme is to reduce the demand for illegal drugs in Dominica through a communications programme, health programme, community based action and institutional strengthening. A proposal is being prepared for four countries to be included in one Financing Proposal with the Delegation playing the role of coordinator and each country implementing its own individual Work Programme. The Financing Agreement should be signed shortly.

Multi-Annual Training Programme (EUR 250,000): The objective of the programme is to assist the Government to implement its overseas training programme through the provision of scholarships in areas of study prioritised by Government. Programme is ongoing.

4.3 Utilisation of resources for non-state actors

As per section 4.2 above, no funds were set aside specifically for non-state actors from the 9th EDF allocation. Instead it was agreed that non-state actors should as far as possible be involved in the design and implementation of the project in the focal sector. Furthermore, through the EC funded Integrated Development Plan currently being prepared, the Government has placed a firm emphasis on "participatory development" where it is foreseen that the private sector and the wider civil society will play an integrated role in the *design* and *delivery* of a more holistic, decentralised development planning process. The Government is exploring the possibility of supporting civil society directly using funds from Stabex 1998/9.

4.4 Other Instruments

4.4.1 European Investment Bank (EIB)

The EIB has provided Dominica with a total of EUR 9.6 million in financial assistance since 1982. In 1998 the EIB signed a finance contract to support the Dominica Agricultural Industrial Development Bank (AID) with EUR 3.0 million of risk capital in favour of small and medium enterprises.

4.4.2 Caribbean Regional Indicative Programmes (CRIP)

Dominica, a member of CARICOM/Cariforum, is a beneficiary of the many regional programmes funded through the EDF. The 7th EDF RIP has a global envelope of EUR 105 million, while the 8th EDF RIP has EUR 90 million available. Discussions on the programming of the 9th EDF RIP have led to the decision that the focal sector for support will be regional economic integration and integration into the world economy, for which an envelope of EUR 57 million is available.

Through the 8th EDF CRIP, up to EUR 12,5 million has been set aside for the Dominica Air Access Improvement project. The feasibility study, including cost estimates, for the project has completed and the design study should commence shortly, after which time a Financing Proposal will be submitted comprising of four components – lights/runway/terminal building/coastal protection. Other 7th & 8th EDF CRIP projects of which Dominica benefits from are presented in Annex VII.

4.4.3 STABEX Transfers

Article 186 of the Lomé IV Convention provides compensation for loss of export earnings on certain agricultural products on which countries' economies are dependent and which are affected by fluctuations in price or quantity or in both these factors. The use of such Stabex allocations is governed by a Framework of Mutual Obligations (FMO) which stipulates the objectives, obligations, actions and results which are expected to be achieved through the utilisation of the Stabex transfers. Presently Dominica is implementing projects and programmes funded by Stabex allocations for 1994 – 1997. Dominica has received allocations for 1998, 1999 and in connection with repayment of available balances upon expiry of the Lomé Convention in 2000 (Article 195). However, an FMO for these allocations is yet to be concluded.

The broad approach which has been followed in the FMOs is to support different sectors of the economy in order to achieve economic growth, secure foreign exchange earnings and support poverty reduction. Four broad areas have been targeted; banana commercialisation, agricultural diversification, economic diversification and social sector and social protection measures. Following large allocations to Dominica in 1995 – 1997, it was decided to disburse substantial parts of these allocations as direct budget support, in support of the national Public Sector Investment Programme (PSIP).

A number of new programmes were initiated in 2002; Agricultural Diversification, Social Protection, Support for Education, Health Sector Support and Road Rehabilitation. The objectives are increasingly to focus on institutional issues and to promote participatory approaches. The draft Integrated Development Plan was finished in November 2002. It will play a main role in the up-coming Public Sector Reform in Dominica. Details on major individual projects and budget support elements of Stabex are provided in the Project Sheets in Annex IX.

A brief status of Stabex finances, as of 31 December 2002, is provided in the following tables, a detailed breakdown is provided in Annex VIII.

Funding year	Total Funds ¹	Payments in 2002	Payments in total	Balance
Stabex 1994	10,141,265	88,884	9,778,314	362,951
Stabex 1995	14,143,519	4,631,066	12,031,945	2,111,574
Stabex 1996/97	10,337,004	2,985,357	3,911,595	6,425,409
TOTAL	35,409	96,923	27,574	372,47

In addition to these funds, Dominica has received allocations of € 1,587,208 and € 908,635 from Stabex 1998 and 1999, from which no disbursements have been made yet. The repayment allocation (Art. 195) is € 3,785,972. In 2002 negotiations commenced on how to programme these funds.

4.4.4 Special Framework of Assistance

Council Regulation (EC) No. 856/1999 established a Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas. Following amendment of banana trade arrangements by Regulation (EC) No. 1637/98 which has substantially altered the market conditions for traditional ACP suppliers and might, in particular, harm the most disadvantaged suppliers, the European Commission has recognised that particular efforts will be needed to adapt to these new market conditions in order to maintain a presence on the Community market. The SFA instrument will be available in the period 1999 – 2008, and it is expected that a total of app. € 53 million will be made available to Dominica.

In order to benefit from the available funds, each qualifying country is required to prepare a strategy paper for the ten-year duration of the SFA. Additionally, each year a Financing Proposal must be submitted laying out the activities foreseen for implementation of the SFA allocation for that particular year. Similar to Stabex funding, SFA funds are allocated to the areas of banana commercialisation, agricultural and economic diversification and social protection / social development.

In the case of Dominica the initial ten-year strategy focused on commercialisation of the Banana Industry, creation of an enabling environment, improvement of physical infrastructure, focus on the social impact of restructuring of the Banana Industry and stimulation of economic diversification. The strategy has been further adapted to the “framework of initiatives” outlined under the Windward Island Action Plan.

Detailed design of irrigation schemes to be funded from SFA 1999 have been completed, and it is expected that the tender for the works will be launched in the first quarter of 2003. The Rural Credit Facility financed from SFA 1999 was launched in August 2002, and is expected to “take off” intensively in the beginning of 2003. Details on major components of the SFA are provided in the Project Sheets in Annex IX.

A brief status of SFA finances, as of 31 December 2002, is provided in the following table, a detailed breakdown is provided in Annex VIII.

¹ Including interest

Funding year	Allocation	Expenditure	Balance
SFA 1999	6,500,000	933,633	5,566,367
SFA 2000	6,500,000	159,412	6,340,588
SFA 2001	6,700,000	0	6,700,000
SFA 2002	6,400,000	0	6,400,000
TOTAL	26,1	1093,045	25,961

The implementation of the Stabex and SFA projects and programmes depend on the timely and successful implementation of the commitments entered into by the Heads of Government of the Windward Islands and the Banana Donor Group in the “Windward Island Action Plan (WIAP) to achieve a competitive banana marketing structure” on 04 July 1999, and the subsequent agreement between these parties in June 2001 in St. Lucia.

To assist in the programming, implementation and follow-up of the SFA and Stabex activities, and to achieve economies of scale due to significant similarities between SFA and Stabex programmes in the four beneficiary Windward Islands, a Regional Technical Assistance (RTA) team, based in Barbados, has been recruited, and operational since July 2002. The cost of the RTA is shared among the four beneficiary states, through allocations from available SFA funds.

Other budgetary sources:

The Ministry of Communications and Works has also received assistance from the emergency assistance budget line for the rehabilitation of Caliste Bridge and a number of sea defence projects after tropical storm and hurricane damage in 1995.

Under the Environment in Developing Countries Budget Line B7-5040, an integrated conservation and eco-tourism project identified and catalogued twenty biological sites, produced management plans for each site, investigated ways to integrate local communities with the development of the sites, carried out visitor market research and produced a series of information booklets. These outputs were used directly in the design of the 8th EDF NIP Eco-tourism Development Programme.

Support to Private Sector Development has been available through the EBAS, CDE, PROINVEST programmes.

5. Programming Perspectives for the following years

The following factors shall continue to guide the programming process in Dominica:

- The need to foster macroeconomic stability and growth and in particular to increase the level of savings so as to sustain investment spending in key areas. It is to be noted that Government has already put in place a fiscal strategy, which encompasses adjustments to expenditure, revenue enhancement and strengthening the management structure of Government finances.
- The key role of the banana industry in the Dominican economy, the challenges it faces as a result of globalisation and the need to diversify it and adapt it to the existing and forthcoming constraints;

- The impact of the restructuring of the banana industry on the socio-economic conditions, in particular on the most vulnerable part of the population;
- The implementation of a medium-term strategy by the Dominican Government in which tourism, agriculture, education and human development as well as financial services constitute the core sectors.

The immediate programming perspective is as follows:

1. Continuation of support to the Restructuring of the Banana Industry and Agricultural Diversification, through the SFA Instrument;
2. Continuation of support to Public Sector Reform and to the Social Sectors, to be facilitated by Stabex and the SFA Instrument;
3. Economic Diversification will receive considerable funding under the SFA Instrument, in addition to the proposal for a major investment in Eco-Tourism Development under the 8th EDF NIP;
4. Further economic diversification and productive development will be supported through the development of the infrastructure base, in particular through the upgrading of the road network using the “A envelope” of the 9th EDF (100%: EUR 3.7 million).
5. With regard to the “B envelope” and the possibility of compensation for future losses in export earnings, preference shall be given to direct budgetary support where the necessary macroeconomic conditionalities are met.

6. 2003 ANNUAL OPERATIONAL REVIEW – SPECIFIC THEMES

6.1 The speeding up of the use of old EDF resources

Progress has been made in closing down, financially, completed projects. It is intended that the resources released from closure of projects under the 6th 7th and 8th EDF, as well as the substantial uncommitted balances under the 7th and 8th EDF will be used to further fund the infrastructure development, which is the chosen focal sector under the 9th EDF.

6.2 Setting indicators and targets for measuring results

The EU intervention under the 9th EDF, including the use of uncommitted EDF balances, will be focussed on the infrastructure development. A framework for this intervention is set out at Annex I, but more precise indicators for this intervention will be elaborated during the ongoing process for the preparation of a financing proposal, expected by late 2003.

The Government is expected to adopt the Road Maintenance Plan on the basis of the ongoing EC funded study and introduce the appropriate legislation. The effective implementation of the Road maintenance plan should be reflected in a rising proportion of the road network assessed to be in the “fair to excellent condition” rate.

6.3 Dialogue in country with the NAO and non-state actors

Regular dialogue is facilitated through the Country Portfolio Review meetings between the office of the NAO and relevant ministries and the staff of the EC Delegation to review projects and programmes, and generally speed up project implementation.

7. CONCLUSIONS

The economic situation in Dominica is critical. Dominica agreed to a stand-by arrangement with the IMF in mid-2002, but to date the implementation of the programme has had mixed results. The Government intends to develop a medium-term programme, which could be supported by a three-year Poverty Reduction and Growth Facility arrangement from the IMF.

The largest part of EC aid to Dominica is being provided through the Stabex and SFA mechanisms. While there are relatively large amounts of EC aid available for Dominica, a non-negligible proportion of this aid remains under utilised due to capacity constraints within Government services, and a limited possibility to identify and implement large and fast disbursing projects in a small island developing state. Significant progress was made in 2002 in drawing down funds, however, there is still room for more efforts in that direction. The difficulties that Dominica has in meeting the conditionality of the IMF Stabilisation Programme also has an impact at the individual project level, where disbursements under EC financed projects can also be adversely affected by a failure by Dominica to meet its conditionality criteria with the IMF.

There is a need to intensify EC cooperation with Dominica, to help alleviate the country's resource capacity constraints. This will involve close coordination with the other donors, including the World Bank and the IMF, especially in the context of the Economic Stabilisation Programme and upcoming PRGF.

Annex I Intervention Framework for the 9th EDF - Dominica

	Sector Road	Objectively Verifiable Indicators	Source of Verification	Assumptions
National sector Target	Enhance the quality of the road network in Dominica, contributing to sustainable development in both rural and urban communities	<ul style="list-style-type: none"> • Goods transported on road network increased. • Growth of rural and urban economies. 	<ul style="list-style-type: none"> • Ministry of Finance Data 	
Sector Commitment	Government commitment to develop the Road sector	<p>Government adopts the Road Maintenance Plan on the basis of the ongoing EC funded study and introduces the appropriate legislation</p> <p>The Road Maintenance Plan is effectively in place.</p> <p>The road network assessments indicating roads to be in the “fair to excellent condition” rate.</p>	Reports from the Ministry of Transport	
Project Purpose	Improve Road Maintenance Improve Community linkages	<ul style="list-style-type: none"> • Vehicle operating Costs reduced. • Traffic between communities increased. 	<ul style="list-style-type: none"> • Ministry of Transport Data (Road Condition Surveys) • Ministry of Transport Data (Traffic Counts) 	<ul style="list-style-type: none"> • GoCD continues support of Road Maintenance
Results	Road Maintenance Programme adopted and implemented Link from Rosalie to Petite Soufriere completed	<ul style="list-style-type: none"> ▪ Legislation passed to enact requirements of Road Maintenance Policy ▪ Rating of road network ("fair" from 55 to 80 %) ▪ Quantity and quality of work executed as measured against the Bill of Quantities 	<p>minican Records of Parliament</p> <p>Reports of Supervising Engineer</p> <p>Project Report</p> <p>End of</p> <p>hoc expertise</p>	<ul style="list-style-type: none"> • Road Maintenance Programme adopted by GoCD and allocated adequate financing / autonomy
Activities	Road feasibility study and outline road maintenance study completed (4th Qtr 2003) Preparation of work		<p>Budget</p> <p>Technical Assistance EUR 400,000</p> <p>Road Works 1.500,000</p>	<ul style="list-style-type: none"> • Successful contractor for road works is technically competent and financially sound. • Adequate supervision of works is provided by

	<p>programme for maintenance programme and Tender for Technical Assistance (4th Qtr. 2003)</p> <p>Implementation of road Maintenance programme (2nd Qtr. 2003 – 2nd Qtr. 2004) Road Design finalised (4th Qtr. 2003) Road Works Supervision of Construction (2nd Qtr. 2004 – 2nd Qtr. 2005)</p>		<p>Maintenance 1.800,000</p> <p>Total 3.7 million</p>	<p>consultant</p> <ul style="list-style-type: none"> • GoCD agrees to finance possible cost over runs. • Successful consultant for Road Maintenance Policy is professionally capable.
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Annex II Chronogramme of activities - Dominica

	Indicative total EUR million	Consumption of commitments (all amounts in EUR million)									
		2003/1	2003/2	2004/1	2004/2	2005/1	2005/2	2006/1	2006/2	2007/1	2007/2
NIP 6th/7th/8th	10.3	1.1	2.4	1.5	1.5	2.0	1.0	0.8			
STABEX	15.2	2.5	2.5	2.5	2.5	2.5	2.5	0.2			
NIP 9th Co-operation											
Road sector	3.7				3.0		0.7				
SFA 1999,2000,2001	25	0.5	3	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
GRAND TOTAL	54.2	4.1	7.9	6.5	9.5	7	6.7	3.5	2.5	2.5	2.5

ANNEX III: FINANCIAL SITUATION FOR 8TH EDF

**EDF VIII
DOMINICA**

STATUS AS AT 31.12.02

EUR 6,500,000 NIP

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 01/02-12/02
8 ACP DOM 006	Drug Demand Reduction	26.04.00	-	-	-	-	-	Closed	-
8 ACP DOM 008	Multi-Annual Training Programme	06.07.00	265,000	248,570	94	117,414	44	On going	573
8 ACP DOM 0010	Dominica Eco-Tourism Dev.Prog.	10.09.01	5,990,000	390,000	7	314,745	5	On going	314,745
Programmable	Totals		6,255,000	638,570	10	432,159	7		-315,318
	Reserve/Balance		245,000						
									-
8 ACP DOM 001	Stabex - Bananas 1995	15.07.97	12,779,624	12,779,624	100	12,779,624	100	Closed	-
8 ACP DOM 002	Stabex - Bananas 1996	17.07.97	7,493,333	7,493,333	100	7,493,333	100	Closed	-
8 ACP DOM 003	Stabex - Bananas 1997	30.06.98	1,881,013	1,881,013	100	1,881,013	100	Closed	-
8 ACP DOM 007	Stabex - Bananas 1999	28.06.00	908,635	908,635	100	908,635	100	Closed	-
8 ACP DOM 009	Stabex - Repmnt Agrmnt Art. 195(A)	08.12.00	3,785,972	3,785,972	100	3,785,972	100	Closed	-
8 ACP DOM 011	Stabex - Bananas 1998	13.09.01	1,587,208	1,587,208	100	1,587,208	100	Closed	1,587,208
	Total		28,435,785	28,435,785	100	28,435,785	100		1,587,208
									-
8 ACP DOM 004	EIB - Global Loan	10.12.98	3,000,000	3,000,000	100	2,030,000	68	On going	410,000

8 ACP DOM 005	DOMLEC II Power - Loan	26.11.99	-	-	-	-	-	Closed	-
	Total		3,000,000	3,000,000	100	2,030,000	68		410,000
Non-Prog.	Totals		31,435,785	31,435,785	100	30,465,785	97		1,997,208
	GRAND TOTAL		37,690,785	32,074,355	85	30,897,944	82		2,312,526

ANNEX IV: FINANCIAL SITUATION FOR 7TH EDF

STATUS AS AT 31.12.02

EUR 5,500,000 NIP
 11 Transferred from Lome I
 5,500,011

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 01/02-12/02
7 ACP DOM 006	Overseas Training Awards	22.09.93	99,867	99,867	100	99,867	100	Closed	-
7 ACP DOM 007	Training in Land Econ & Evaluation	21.09.93	19,909	19,909	100	19,909	100	Closed	-
7 ACP DOM 009	T A for General Import Programme	20.06.94	47,556	47,556	100	47,556	100	Closed	-
7 ACP DOM 011	Micro Realisations	14.11.94	572,000	529,906	93	529,866	93	On-going	-
7 ACP DOM 012	Eco-Tourism Site Dev.	12.07.95	523,000	523,000	100	522,292	100	To close	-
7 ACP DOM 013	Agricultural Diversification Prog.	31.07.95	89,229	89,229	100	89,229	100	To close	-
7 ACP DOM 017	Dominica Waste Disposal	10.07.96	70,035	70,035	100	70,035	100	Closed	-
7 ACP DOM 018	Training Award	04.07.96	42,748	42,748	100	42,747	100	Closed	-
7 ACP DOM 020	Sector Study Eco-Tourism Sector	29.01.98	64,426	64,426	100	64,426	100	Closed	-
7 ACP DOM 021	Sector Study Eco-Tourism Sector	29.01.98	9	9	100	9	100	Closed	-
7 ACP DOM 022	Solid Waste Disposal	12.04.02	3,950,000	-	-	-	-	On-going	-
Programmable	Totals		5,478,779	1,486,685	27	1,485,937	27		-
	Reserve/Balance		21,232						
7 ACP DOM 001	Stabex - Bananas 1990	05.12.91	673,209	673,209	100	673,209	100	Closed	-
7 ACP DOM 002	Stabex - Bananas 1991	25.09.92	158,647	158,647	100	158,647	100	Closed	-
7 ACP DOM 008	Stabex - Bananas 1992	10.03.94	1,225,825	1,225,825	100	1,225,825	100	Closed	-
7 ACP DOM 010	Stabex - Bananas 1993	27.07.94	3,506,295	3,506,295	100	3,506,295	100	Closed	-
7 ACP DOM 014	Stabex - Bananas 1994	31.07.95	9,159,385	9,159,385	100	9,159,385	100	Closed	-
7 ACP DOM 015	Stabex - Bananas Redistribution	25.04.96	221,588	221,588	100	221,588	100	Closed	-
	Total		14,944,949	14,944,949	100	14,944,949	100		-
7 ACP DOM 003	Support Structural Adjustment	22.12.92	2,149,296	2,149,296	100	2,149,296	100	Closed	-
7 ACP DOM 004	EIB - Risk Capital (Aid Bank)	18.03.93	500,000	500,000	100	500,000	100	Closed	-
7 ACP DOM 005	EIB - Risk Capital (Aid Bank)	18.03.93	2,000,000	2,000,000	100	2,000,000	100	Closed	-
7 ACP DOM 019	EIB - Risk Capital (Aid Bank)	26.02.97	-	-		-		Closed	-
	Total		2,500,000	2,500,000	100	2,500,000	100		-
Non-Prog.	Totals		19,594,245	19,594,245	100	19,594,245	100		-
	GRAND TOTAL		25,073,025	21,080,930	84	21,080,182	84		-

ANNEX V: FINANCIAL SITUATION FOR 6TH EDF
STATUS AS AT 31.12.02

EUR 6,000,000 NIP
 25,372 Transferred from Lome I
 6,025,372

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 01/02-12/02
6 ACP DOM 001	Tourism Promotion	29.10.86	457,258	457,258	100	457,258	100	Closed	-
6 ACP DOM 002	Feeder Roads Programme	10.11.86	4,245,717	4,245,717	100	4,245,717	100	Closed	-
6 ACP DOM 005	Geneva-Petite Savanne Road	21.03.88	1,043,911	1,043,911	100	1,043,911	100	Closed	-
6 ACP DOM 007	Scholarship - Mrs S Magloire	02.06.92	25,000	25,000	100	25,000	100	Closed	-
6 ACP DOM 008	Sector Study Eco-Tourism Sector	01.29.98	90,372	90,372	100	90,372	100	Closed	-
6 ACP DOM 009	Sector Study Eco-Tourism Sector	01.29.98	372	372	100	372	100	Closed	-
Programmable	Totals		5,862,630	5,862,630	100	5,862,630	100	-	-
	Reserve/Balance		162,742						
6 ACP DOM 003	EIB - Risk Capital (Hydro Power)	23.03.87	3,800,000	3,800,000	100	3,800,000	100	Closed	-
6 ACP DOM 006	Stabex 1986 & 1990 - Bananas	18.01.90	1,208,418	1,208,418	100	1,208,418	100	Closed	-
Non-Prog.	Totals		5,008,418	5,008,418	100	5,008,418	100		-
	GRAND TOTAL		10,871,048	10,871,048	100	10,871,048	100		-

Annex VI European Investment Bank - Dominica

Project Name	Status	Convention	Contract number	Amount signed (m)		Date of signature	Amount outstanding (m)		Beginning Repayment
				OR	RC		OR	RC	
DOMINICA AGRIC. AND INDUST. DEV. BANK	Disbursed	Lome - 2	70310		300,000.00	9/12/82		93,570.00	30/9/91
DOMLEC CENTRALE HYDRO-ELECTRIQUE	Disbursed	Lome - 3	70678		3,800,000.00	20/8/87		1,047,767.45	15/8/93
AIDBANK GLOBAL LOAN	Disbursed	Lome - 4	70896		500,000.00	16/12/92		500,000.00	30/11/08
	Disbursed	Lome - 4	70897		2,000,000.00	16/12/92		1,000,000.00	30/11/98
AIDBANK GL II	Signed	Lome - 4 - Bis	71115		3,000,000.00	3/9/98		2,030,000.00	5/8/04
Total					9,600,000.00			4,671,337.4	

ANNEX VII: CARIBBEAN REGIONAL INDICATIVE PROGRAMMES (CRIP)

All ACP 8 th EDF Programme for the Caribbean rum industry -	€70,000,000
All ACP 8 th EDF Programme for Fishery products –	€44,860,000
7 th EDF Caribbean Regional Trade Sector Programme -	€14,000,000
8 th EDF Caribbean Regional Trade Sector Programme -	€11,200,000
7 th EDF OECS Export Enhancement Programme -	€ 1,180,000
7 th EDF Caribbean Telecommunications Union project -	€ 750,000
7 th EDF Caribbean Broadcasting Union / News Agency project -	€ 3,500,000
8 th EDF Strategic Planning for Public Services -	€ 1,300,000
7 th EDF Establishment of a Caribbean Postal Union (CBU) -	€ 640,000
8 th EDF Caribbean Tourism Sector Development Programme -	€ 8,000,000
7 th EDF Caribbean Tourism Sector Development Programme -	€12,800,000
7 th EDF Integrated Caribbean Regional Agriculture and Fisheries Development Programme (T&T) -	€22,200,000
7 th and 6 th EDF CARIFORUM University Level Programme -	€25,200,000
7 th EDF OECS Human Resources Development Programme -	€ 5,950,000
8 th EDF Strengthening of Medical Laboratories Services-	€ 7,500,000
8 th EDF Strengthening the Institutional Response to HIV/AIDS/STI in the Caribbean (managed by T &T) -	€ 750,000
8 th EDF Caribbean Anti-money-laundering Programme -	€ 4,000,000
8 th EDF Epidemiological Surveillance Programme -	€ 1,300,000
7 th Caribbean Regional Environment Programme -	€ 9,150,000
8 th EDF Radar Warning System (managed by T &T) -	€13,200,000
7 th EDF CARIFORUM Secretariat Programming Unit -	€ 6,950,000

ANNEX VIII: STABEX AND SFA

Commonwealth of Dominica STABEX Programmes

Situation Summary as at 31 December, 2002

Note: 1 - All values in this table are in Euro (€)

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 2.68218

3 - Payments represent total payments from Euro and XCD accounts to Work Programmes, Contracts or Other Support. XCD payments are translated into Euro at the actual rate received in the XCD account.

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			CONTRACTE	DISBURSED	
	Original	Interest	Revised	Approved	Pipeline	Total	Available	Contracts	Payments
* STABEX 1994 PROGRAMME									
Banana Productivity Improvements	5,790,000		8,258,287	8,258,287	--	8,258,287	--	8,258,287	8,258,287
Agricultural Diversification	475,500		475,000	475,000	--	475,000	--	475,000	475,000
Diversification of the Economy	1,000,000		759,923	759,923	--	759,923	--	759,923	759,923
Rural Development & Social Safety Nets	893,885		688,274	444,305	--	444,305	243,969	444,305	444,305
EDF/Programme Mgmt Coordination Unit	500,000		228,557	228,557	--	228,557	--	228,557	228,557
Monitoring & Evaluation	500,000		104,011	104,011	--	104,011	--	104,011	26,311
1st Protocol Stabex/28/REP Liv1st Pr./DOM	221,588		--	--			--		
Interest	--	760,292	41,282	24,432	--	24,432	16,850	24,432	
Total for STABEX 1994 PROGRAMME (8 detail records)	€ 9,380,973	760,292	10,555,334	10,294,514	--	10,294,514	260,819	10,294,514	10,192,382
Percent			100.0%	97.5%	0.0%	97.5%	2.5%	97.5%	96.6%
* STABEX 1995 PROGRAMME									
Banana Productivity Support	3,600,000		3,600,000	3,360,659	239,341	3,600,000	--	3,360,659	3,360,659
Social & Community Development	1,000,000		1,000,000	724,948	--	724,948	275,052	618,609	389,175
Promotion of Economic Diversification	170,000		170,000	170,000	--	170,000	--	138,749	89,615
Budgetary Support	8,009,624		7,624,744	7,628,049	--	7,628,049	(3,305)	7,628,049	7,628,019
Monitoring -EDF/PMCU & Support	--		384,880	264,706	--	264,706	120,174	264,706	193,786
Transfer to Stabex 1994 MFPP	--		414,068	414,068	--	414,068	--	414,068	414,068
Interest	--	1,363,895	949,827	--			949,827		
Total for STABEX 1995 PROGRAMME (7 detail records)	€ 12,779,624	1,363,895	14,143,519	12,562,429	239,341	12,801,770	1,341,749	12,424,839	12,075,323
Percent			100.0%	88.8%	1.7%	90.5%	9.5%	87.8%	85.4%

Commonwealth of Dominica STABEX Programmes

Situation Summary as at 31 December, 2002

Note: 1 - All values in this table are in Euro (€)

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 2.68218

3 - Payments represent total payments from Euro and XCD accounts to Work Programmes, Contracts or Other Support. XCD payments are translated into Euro at the actual rate received in the XCD account.

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
* STABEX 1996/1997 PROGRAMME									
Social & Community Development	750,000		750,000	--			750,000		
Private Sector Development	250,000		250,000	66,633	183,367	250,000	--	--	
Monitoring, Auditing & Evaluation	374,346		931,083	910,925	--	910,925	20,158	910,925	711,595
Budgetary Support	8,000,000		8,000,000	3,200,000	--	3,200,000	4,800,000	3,200,000	3,200,000
Interest	--	962,658	405,921	--			405,921		
Total for STABEX 1996/1997 PROGRAMME (5 detail records)	€ 9,374,346	962,658	10,337,004	4,177,558	183,367	4,360,925	5,976,079	4,110,925	3,911,595
Percent			100.0%	40.4%	1.8%	42.2%	57.8%	39.8%	37.8%
* STABEX 1998 PROGRAMME									
Un-allocated FMO	1,587,208		1,587,208	--			1,587,208		
Interest	--	33,055	33,055	--			33,055		
Total for STABEX 1998 PROGRAMME (2 detail records)	€ 1,587,208	33,055	1,620,263	--			1,620,263		
Percent			100.0%	0.0%			100.0%		
Grand 26,830,278	Grand 26,179,300	Grand €	33,122,151	3,119,900	36,656,119	27,034,501	422,708	27,457,209	9,198,909

Commonwealth of Dominica SFA Programmes

Situation Summary as at 31 December, 2002

Note: 1 - All values in this table are in Euro (€)

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 2.68218

3 - Payments represent total payments from Euro and XCD accounts to Work Programmes, Contracts or Other Support. XCD payments are translated into Euro at the actual rate received in the XCD account.

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
* SFA 1999 (B7-8710/856/04)									
Banana Commercialisation	5,177,000		5,177,000	5,177,000	--	5,177,000	--	5,072,000	479,272
Agricultural Diversification	694,000		694,000	694,000	--	694,000	--	694,000	283,811
Coordination & Monitoring	64,000		64,000	64,000	--	64,000	--		
Regional Technical Assistance	400,000		400,000	400,000	--	400,000	--	255,557	170,551
Contingencies	165,000		165,000	--			165,000		
Interest	--		--	--			--		
Total for SFA 1999 (B7-8710/856/04) (6 detail records)	€ 6,500,000	--	6,500,000	6,335,000	--	6,335,000	165,000	6,021,557	933,633
Percent			100.0%	97.5%	0.0%	97.5%	2.5%	92.6%	14.4%
* SFA 2000 (B7-8710/856/13)									
Banana Commercialisation	5,000,000		5,000,000	--			5,000,000		
Agricultural Diversification	1,040,000		1,040,000	--			1,040,000		
Coordination and Monitoring	60,000		60,000	--			60,000		
Regional Technical Assistance	400,000		400,000	400,000	--	400,000	--	400,000	159,412
Interest	--		--	--			--		
Total for SFA 2000 (B7-8710/856/13) (5 detail records)	€ 6,500,000	--	6,500,000	400,000	--	400,000	6,100,000	400,000	159,412
Percent			100.0%	6.2%	0.0%	6.2%	93.8%	6.2%	2.5%

Commonwealth of Dominica SFA Programmes

Situation Summary as at 31 December, 2002

Note: 1 - All values in this table are in Euro (€)

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 2.68218

3 - Payments represent total payments from Euro and XCD accounts to Work Programmes, Contracts or Other Support. XCD payments are translated into Euro at the actual rate received in the XCD account.

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
* SFA 2001 (B7-8710/856/21)									
Agriculture (Bananas and Non-Bananas)	2,600,000		2,600,000	--			2,600,000		
Credit, Inst. Strengthening, Support Services	2,000,000		2,000,000	--			2,000,000		
Social Recovery	1,450,000		1,450,000	--			1,450,000		
Coordination, Monitoring and Evaluation	300,000		300,000	--			300,000		
Monitoring, Audits and Evaluation	100,000		100,000	--			100,000		
Contingencies	250,000		250,000	--			250,000		
Interest	--		--	--			--		
Total for SFA 2001 (B7-8710/856/21) (7 detail records)	€ 6,700,000	--	6,700,000	--			6,700,000		
Percent			100.0%	0.0%			100.0%		
Grand 6,421,557	Grand 1,093,045	Grand	€ 19,700,000	0	19,700,000	6,735,000	0	6,735,000	12,965,000

ANNEX IX: PROJECT SHEETS

Dominica

Project title: Agricultural Diversification Programme
Accounting number: 7 ACP DOM 013
Implementing agency: Ministry of Agriculture, PRIME Unit, DEXIA
Date of financing agreement: 11/1/95
Date financing agreement expires: 11/ 1/01
Project duration: 6 years
Value of financing agreement: € 2,250,000

Accounting Situation as 8/7/01 (All figures in Euro)

Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed
2,250,000	89,229	89,229	100.0%

Project overview:

The aim of the project is to upgrade the institutional framework and support-systems needed to develop more private investment and participation in production, import substitution and export operations in Dominica.

The overall objective of this project is to upgrade the institutional framework and support-systems needed to develop more private investment and participation in production, import substitution and export operations in Dominica. This is to be achieved by accelerating economic diversification by supporting market driven agricultural diversification.

Following the completion of a feasibility study, the project would consist of the following activities:

- 1) The creation of a EUR 600,000 Production Credit Scheme, which would provide short, medium and long-term loans to targeted growers;
- 2) EUR 520,000 Abattoir project; 3) EUR 100,000 Citrus processing study; 4) EUR 140,000 Shipping and Transportations project; 5) EUR 136,000 Quality Assurance project; 6) EUR 180,000 Market Information Service to generate up to date export information; 7) EUR 220,000 Export Credit Programme; 8) Allocation of EUR 72,000 for Monitoring and Evaluation; 9) Allocation of EUR 72,000 for Technical Assistance for diversification Credit policies and programmes.

Progress:

With the feasibility studies concluded it has been decided to close the project. The funds have been diverted to the Solid Waste Project.

Project title: **Dominica Airport (Feasibility Study)**
Accounting number: 8 ACP RCA 023
Implementing agency: Ministry of Finance and Planning
Date of financing agreement: 3/1/01
Date financing agreement expires: 9/ 1/01
Project duration: 6 months
Value of financing agreement: € 145,000

Accounting Situation as 8/3/01		(All figures in Euro)		
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
145,000	140,000	0	0.0%	

Project overview:

The overall aim of the project will be to improve the economic infrastructure of Dominica. Under the first phase of the project a validation study will be undertaken.

The overall aim of the project will be to improve the economic infrastructure of Dominica. In particular, the project will upgrade existing airport facilities in order to promote the economic diversification of the multi-destination tourism and export sectors of Dominica. The upgrade is intended to allow for a 24-hour access to regional/ international flights.

Under the first phase of the project a validation study will be undertaken to review and assess available data and to advise on the necessary measures and corresponding funding requirements of an air access improvement programme for Dominica. Upon completion and approval of this study, a detailed design of the agreed solution will take place.

Subsequently, works will be undertaken and supervised. An open international tender will be held for the works contractor and the design and supervision consultants will similarly be hired by an open international tender.

Progress:

Financing Proposal in preparation for the agreed solution: Upgrading Melville Hall.

Dominica

Project title:	Drug Demand Reduction Programme
Accounting number:	8 ACP DOM 006
Implementing agency:	National Drug Prevention Unit (NDPU), Ministry of Health and Social Security.
Date of financing agreement:	9/18/01
Date financing agreement expires:	12/ 1/05
Project duration:	3 years
Value of financing agreement:	€ 260,000

Accounting Situation as	31.12.02	(All figures in Euro)			
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed		
260,000	0	0	N/A		

Project overview:

The objective of this project is to contribute to the reduction of drug use and the problems related to drug use in Dominica.

The project will consist of the following activities Institutional Strengthening, Training, Education and Awareness and Community Activities leading to :

- The strengthening of the capacity of the National Drug Prevention Unit to design, test and implement a coherent, integrated, national strategy and specific programmes aimed at illicit drug demand reduction.
- A programme of public information campaigns and dissemination.
- Improving the skills of health workers in issues related to illicit drugs through the use of training and workshops and
- Implementation of anti-drug programmes at the community level.

Progress:

A proposal was put forward to the EDF Committee as part of a regional programme in which Dominica along with Antigua, St. Vincent, and Grenada would implement separate Drug Demand Reduction Projects. A decision from the EDF Committee is expected in the first quarter of 2003, with projects being implemented by 31 December 2003.

Dominica

Project title:	Eco-Tourism Development Programme
Accounting number:	8 ACP DOM 010
Implementing agency:	Ministry of Tourism
Date of financing agreement:	4/16/02
Date financing agreement expires:	4/16/06
Project duration:	3 years
Value of financing agreement:	€ 5,990,000

Accounting Situation as	31.12.02	(All figures in Euro)		
Primary commitment in	Secondary commitment in	Disbursed in €	% Disbursed	
€	€			
5,990,000	390,000	387,036	7%	

Project overview:

The objective of the ETDP is to contribute to the diversification of the Dominican economy by developing eco-tourism as a source of income, employment and other socio-economic benefits for the community. The purpose of the Eco-Tourism Development Programme (ETDP) is to strengthen the management and development of the eco-tourism sector so it can contribute to the long-term sustainable development of the island.

The ETDP will support Eco Tourism Initiatives in Dominica and consists of the provision of technical assistance and implementation of specific initiatives in 5 main areas: institutional strengthening; human resource development; destination marketing, eco-tourism product development and community tourism development.

Specific Commitments will be made for the Programme Management Unit (PMU) and Marketing and Promotional Materials. All other components will be undertaken through Work Programmes

Progress:

Financing Agreement was signed in April 2002. A number of project initiatives are already underway, within the context of the First Work Programme. The tender for the Programme Management Unit will be launched in early 2003.

Dominica

Project title:	Eco-tourism Development Study
Accounting number:	7 ACP DOM 20
Implementing agency:	DBMC and Ministry of Agriculture and Environment
Date of financing agreement:	1/1/98
Date financing agreement expires:	6/ 1/98
Project duration:	6 months
Value of financing agreement:	€ 151,914

Accounting Situation as	8/7/01	(All figures in Euro)		
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
151,914	151,914	151,914	100.0%	

Project overview:

The aim of this project was to conduct a study, investigating means to strengthen the tourism sector. A project proposal has been submitted, which will be funded by the 8th EDF.

The overall objective of the project is to strengthen the tourism sector so it can contribute to the long-term sustainable development of the island. Building on the Eco-Tourism Strategy submitted by consultants on the 24th of July 1998, the government of Dominica has developed a new and final project proposal, which has been submitted to the EC Delegation.

Progress:

The study has been completed and a proposal prepared for approval by the EDF Committee. This proposal has been approved and the Financing Agreement signed as the 8th EDF NIP Eco-tourism Development Programme.

Dominica

Project title:	Eco-Tourism Sites
Accounting number:	7 ACP DOM 012
Implementing agency:	Ministry of Tourism, Ports and Employment
Date of financing agreement:	10/1/95
Date financing agreement expires:	10/ 1/98
Project duration:	3 years
Value of financing agreement:	€ 523,000

Accounting Situation as	8/3/01	(All figures in Euro)		
Primary commitment in €	Secondary commitment in €		Disbursed in €	% Disbursed
523,000	523,000		522,291	99.9%

Project overview:

The overall project objective is to promote economic growth derived from tourism by increasing the attraction of Dominica as a nature destination.

The project consisted of two components

Eco-tourist Site upgrade Component: Upgrading of two eco-tourist sites, Emerald Pool and Trafalgar falls through the construction of visitor interpretation centers and support facilities as well as trail upgrading.

Tourism Information and Training Component: production of collateral material; purchase of equipment for use in educational ,public awareness and training programmes, production of information material for use in educational, public awareness and training programmes and in the broadcast media; support to ongoing community development efforts and beautification programmes; and training of tour guides, information officers and teachers;

Progress:

The upgrading of the sites has been completed and the Tourism Information and Training components have been implemented. The Ministry of Tourism has submitted a final report. The unused balance of approx. Euro 106,355 was refunded to the EDF Paying Agent Account.

Dominica

Project title:	Micro Project: Youth Skills and Community
Accounting number:	7 ACP DOM 011
Implementing agency:	Ministries of Communication and Education, Youth Affairs
Date of financing agreement:	1/1/95
Date financing agreement expires:	1/ 1/98
Project duration:	3 years
Value of financing agreement:	€ 572,000

Accounting Situation as	31.12.02	(All figures in Euro)		
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
572,000	529,905	529,866	100.0%	

Project overview:

The overall objective of this project is to channel investments into the North and West of Dominica by in order to provide support for rural infrastructure and youth skills training.

The overall objective of this project is to channel investments into certain areas, which are meant to help offset the possible negative social impact that the restructuring of the banana industry may have. In particular, the aim of this project is to assist the rural communities in the North and West of Dominica by providing support to rural infrastructure and youth skills training.

The project will consist of the following activities:

- Upgrading of the Portsmouth Market.
- Upgrading of the Mahaut Market.
- Construction of the Woodford Hill Fisheries complex.
- Construction of four youth skills training centres in Roseau, Castle Bruce, Grand Bay and Dublanc.

Progress:

The project is complete, with training ongoing at the four centres. Final report has been submitted and the project closed.

Project title: Multi-annual Training Programme
Accounting number: 8 ACP DOM 008
Implementing agency: The Establishment & Personnel Training Department
Date of financing agreement: 7/10/00
Date financing agreement expires: 31 August 2005
Project duration:
Value of financing agreement: € 265,000

Accounting Situation as 12.31.02 (All figures in Euro)				
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
265,000	248,570	248,595	94.0%	

Project overview:

The primary aim of the project is to produce highly skilled cadres in specialised areas.

Scholarships will be provided to candidates being selected on the basis of aptitude and a commitment to serve the GOCD. Training will take place, at regional universities (University of West Indies) as well as overseas universities (primarily situated in the UK).

Progress:

Eight scholarships (out of eight originally envisaged) have been awarded so far to Dominica Nationals. A further proposed scholarship is being considered from the remaining balances.

Project title:	Solid Waste Disposal
Accounting number:	7 ACP DOM 022;
Implementing agency:	Health and Social Security - Dominica
Solid Waste Corporation	
Date of financing agreement:	4/09/2002
Date financing agreement expires:	15/02/2005
Project duration:	
Value of financing agreement:	€ 3,950,000

Accounting Situation as	12.31.02	(All figures in Euro)		
Primary commitment in	Secondary commitment in	Disbursed in €	% Disbursed	
€	€			
3,950,000	0	0	33.4%	

Project overview:

Project was prepared by feasibility study 7 ACP DOM 017. The overall objective of the project is to improve the environmental situation in the island, by providing better facilities for solid waste disposal and thus have a positive impact on tourism. In particular the project will result in the creation of facilities of adequate standards and of sufficient capacity to allow environmentally acceptable solid waste disposal for the whole island over a period of 15 to 20 years.

The project will consist of the following activities:

- A new sanitary landfill will be built in a quarry area near Roseau called Fond Collet, which will serve all of Dominica. The initial capacity of the landfill is about 170,000 m³ which should increase to 230,000 m³. At the end of the land fill's "life" it will be restored and the overall aspect of the area improved.
- Until the new facilities in Fonds Collet are ready, and in order to keep Stock Farm operational, a series of emergency works will be carried out, improving the landfill to better standards.
- Restoration of two obsolete landfills (Stock Farm and Plymouth). Restoration will include the provision of earth embankments where necessary, backfilling, sealing of the landfill by an impermeable liner, provision of ventilation for landfill gas and planting.
- Design, tender documents and construction supervision will be provided through consultancy services.

Progress:

The works tender was launched and evaluated in quarter three of 2002. Construction and supervision contracts are expected to commence in the second half of 2003.

Project title: Carib Territory Water Supply

Accounting number: Stabex 1994/4

Implementing agency: Ministry of Communication, Works and Housing

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Dominica Water and Sewerage Company
(DOWASCO)

Date of financing agreement: 5/1/98

Date financing agreement expires: 5/ 1/99

Project duration: 1 year

Value of financing agreement: € 893,885

Accounting Situation as 6/24/02 (All figures in Euro)				
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
893,885	893,885	444,305	49.7%	

Project overview:

The purpose of the project is to provide a reliable, potable water supply to serve approximately three thousand inhabitants living in the villages of Sineku, Gillette, Salybia and Grayfish river.

The overall objective of the project is to improve the quality of life and the socio-economic well being of the residents of the Commonwealth of Dominica. In particular, the purpose of the project is to provide a reliable potable water supply to serve approximately three thousand inhabitants living in the villages of Sineku, Gillette, Salybia Grayfish river.

The project consists of the following activities:

- Construction of an intake on the Letang River.
- Construction of a storage tank (15,000 gallons capacity)
- Construction of a sedimentation tank
- Laying of supply lines.
- Provision of a distribution system.

Progress:

Implementation of the project, based on designs completed by the Consulting firm COWATER, commenced in June 1998 with the works sub-contracted by Dominica Water and Sewerage Co. Ltd (DOWASCO) to a local contractor, Royers and Associates. Considerable progress was achieved, however, due to procedural problems EC funding stopped in 1999. At that time an approximately fifty percent of the work envisaged was completed and a total of EC\$1.2 mn disbursed leaving a balance available, under the existing EC commitment, for outstanding works of EC\$1,225,560. The Dominica Water and Sewerage Co. Ltd. (DOWASCO) using own resources continued implementation of some elements of the project.

Currently, despite the fact that the distribution system has largely been completed only a small percentage of residents of the Carib Territory have access to pipe borne water. It has therefore been agreed to utilize the remaining funds under the EC

commitment to facilitate the completion of the water supply system for the Carib Territory. A consultancy to prepare this new project has been undertaken in the last quarter of 2002. The successful firm is expected to complete the consultancy in the second quarter of 2003

Project title: SFA 1999 - Agricultural Diversification

Accounting number: DOM/SFA/1999/2
Implementing agency: Ministry of Agriculture
Date of financing agreement: 9/15/00
Date financing agreement expires: 3/15/06
Project duration: 2 years
Value of financing agreement: € 694,000

Accounting Situation as 12.31.02		(All figures in Euro)		
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
694,000	0	0	N/A	

Project overview:

The overall objective of the SFA 1999 Financing Agreement is to safeguard foreign exchange earnings, increase rural income and employment and to improve food security.

The project purpose is to facilitate greater competitive activity in the agricultural sector by supporting the creation of an appropriate enabling environment and enhancing farmer's skills.

The project will deliver the following results:

- i) Recruitment of a National Programme Co-ordinator;
- ii) A study to review land use and establish a land bank programme and land use policy, including establishment of a GIS database;
- iii) A study to establish improvements in agriculture labour practices;
- iv) Training of farmers, farm workers and agricultural support institutions' staff;
- v) Implementation of a Public awareness campaign;
- vi) The establishment of an Agricultural Information Management System.

Progress:

The Annual Overall Work Programme, Memorandum of Understanding Work Programme and Imprest Account for the implementation of the project were signed in August 2002. The National Programme Co-ordinator who is expected to manage the implementation of the various components will be contracted in the first half of 2003 by the Ministry of Agriculture.

Project title: SFA 1999 - Banana Commercialisation

Accounting number: DOM/SFA/1999/1
Implementing agency: Banana Industry Trust, Dominica
Date of financing agreement: 9/15/00
Date financing agreement expires: 3/15/06
Project duration: 2 years
Value of financing agreement: € 5,177,000

Accounting Situation as of	6/12/02	(All figures in Euro)		
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
5,177,000	0	0	N/A	

Project overview:

The overall objective of the programme is to safeguard foreign exchange earnings, increase rural income and employment and to improve food security.

The specific purpose is to promote the development of an efficient, fully commercialised banana industry that is able to compete in a liberalised world market on a sustainable and competitive basis as well as promoting growth in non-banana agriculture.

The project will comprise the following elements:

- * 800 Acres of irrigated and well drained banana fields in Castle Bruce, Calibishie, Milton, Woodford Hill, Melville Hall and Delices;
- * Two Inland Reception and Distribution constructed and commissioned, improving the efficiency of receiving and transporting bananas and other commodities, input and distribution;
- * Cable ways, culvert crossings and concrete wheel tracks constructed, improving access to farms;
- * Environmental management of banana farms enhanced. The programme will result in:
 - * Appropriate irrigation and drainage systems introduced;
 - * Improved efficiency in the marketing chain;
 - * Banana productivity and farm efficiency improved;
 - * Management capacity enhanced (Banana Industry Trust, and banana organisations).

Progress:

The Annual Overall Work Programme, Memorandum of Understanding and Grant contract with the Banana Industry Trust were signed in August 2002. Implementation of the first quarter activities are ongoing.

Project title: Stabex 1995 - Budget Support (PSIP)

Accounting number: DOM/95/04/1

Implementing agency: Various Ministries

Date of financing agreement: 1/1/97

Date financing agreement expires: 1/ 1/06

Project duration: 3 years

Value of financing agreement: € 8,009,624

Accounting Situation as 12.31.02		(All figures in Euro)		
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
8,009,624	xxxxxxx	8,009,624	100.0%	

Project overview:

According to the Frameworks of Mutual Obligations (FMO), that govern Stabex-95 and Stabex-96/97, these funds are targeted to specific capital investments within the overall national Public Sector Investment Programme (PSIP).

The FMOs of both programmes aim at promotion of economic growth and reduction of poverty. More specific the objectives are formulated in terms of government savings, external and internal macroeconomic balances, diversification of the economy in general and of Agriculture in particular. Poverty is combated through targeted programmes in the social sectors, such as Health and Education and through delivery of services to vulnerable groups. In addition they aim at raising capacities of communities with a view to give them a key role in their own development. Institutional strengthening is aimed at support to public and private sector institutions, among others through technical assistance. In this context the FMO Stabex-95 allocates funds to a project 'Institutional Strengthening Public Institutions', whereas the FMO for Stabex-96/97 allocates a substantial share of the total funds available to a Technical Assistance programme.

The FMOs define a number of programmes and actions. They are aimed at macroeconomic stability largely to be achieved through increasing government savings. Both FMOs are very specific in terms of savings targets for the Central Government and for the public sector as a whole. They further aim at commercialisation of the economy and privatisation of government activities. Diversification of the economy in general and of Agriculture in particular plays an important role. This is mainly to be realised through private sector development, and through improving physical and economic infrastructures. The latter also includes skills improvement of the labour force to be achieved through Technical and Vocational Training programmes. In addition, the FMOs specify programmes and actions to alleviate the impact of the declining activities in the Banana sector. Education, Health and Community development are the main sectors distinguished. Both FMOs point further at the development of Tourism action plans.

The Government has committed itself through these FMOs to formulate and implement the programmes defined. This should be evidenced by presenting to the European Commission (the Delegation in Barbados) the programmes and reports on the progress made under these programmes.

The PSIP support is earmarked for programmes identified in the FMOs and these should be part and parcel of the Public Sector Investment Programmes of the recipient Government. As such they should be included in the annual budget to be approved in Parliament. In addition, the FMO Stabex-96/97 requires programme plans that are consistent with the overall sector strategies. These programme plans should be formulated in consultation with the EDF/PMCU and the Delegation in Barbados and approved by the government and endorsed by the European Commission.

Tranche releases: Funds are transferred from the Euro account in Brussels to a double signature EC\$ account in the recipient country and from this account to the Treasury. The releases are triggered as soon as certain conditions have been met. These conditions are related to government savings performance and to performance of project implementation. The government savings performance is translated into clear savings targets for a period of three years in each FMO.

Progress:

All three tranches of Stabex-95 have been transferred from the Euro account in Brussels to the double signature EC\$ account in Roseau, and from this account to the EC\$ Budgetary Support Account. Table 2.1 gives the details of the current status at the Euro account. The original PSIP allocation amounted to Euro 8,009,624. From this allocation a total of Euro 384,880 has been earmarked for audit, evaluation and monitoring, leaving a balance of Euro 7.6 million to be used for the PSIP component of Stabex-95. A proposal for the utilisation of interest is to be submitted in 2003.

Project title: Stabex 1996/97 - Budget Support (PSIP)
Accounting number: DOM/97/04/04
Implementing agency:
Date of financing agreement: 1/1/97
Date financing agreement expires: 1/ 1/06
Project duration: 3 years
Value of financing agreement: € 8,000,000

Accounting Situation as 6/13/02 (All figures in Euro)			
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed
8,000,000	8,000,000	3,200,000	40.0%

Project overview:

According to the Frameworks of Mutual Obligations (FMO), that govern Stabex-95 and Stabex-96/97, these funds are targeted to specific capital investments within the overall national Public Sector Investment Programme (PSIP).

The FMOs of both programmes aim at promotion of economic growth and reduction of poverty. More specific the objectives are formulated in terms of government savings, external and internal macroeconomic balances, diversification of the economy in general and of Agriculture in particular. Poverty is combated through targeted programmes in the social sectors, such as Health and Education and through delivery of services to vulnerable groups. In addition they aim at raising capacities of communities with a view to give them a key role in their own development. Institutional strengthening is aimed at support to public and private sector institutions, among others through technical assistance. In this context the FMO Stabex-95 allocates funds to a project 'Institutional Strengthening Public Institutions', whereas the FMO for Stabex-96/97 allocates a substantial share of the total funds available to a Technical Assistance programme.

The FMOs define a number of programmes and actions. They are aimed at macroeconomic stability largely to be achieved through increasing government savings. Both FMOs are very specific in terms of savings targets for the Central Government and for the public sector as a whole. They further aim at commercialisation of the economy and privatisation of government activities. Diversification of the economy in general and of Agriculture in particular plays an important role. This is mainly to be realised through private sector development, and through improving physical and economic infrastructures. The latter also includes skills improvement of the labour force to be achieved through Technical and Vocational Training programmes. In addition, the FMOs specify programmes and actions to alleviate the impact of the declining activities in the Banana sector. Education, Health and Community development are the main sectors distinguished. Both FMOs point further at the development of Tourism action plans. The Government has committed itself through these FMOs to formulate and implement the programmes defined. This should be evidenced by presenting to the European Commission (the Delegation in Barbados) the programmes and reports on the progress made under these programmes.

The PSIP support is earmarked for programmes identified in the FMOs and these should be part and parcel of the Public Sector Investment Programmes of the recipient Government. As such they should be included in the annual budget to be approved in Parliament. In addition, the FMO Stabex-96/97 requires programme plans that are consistent with the overall sector strategies. These programme plans should be formulated in consultation with the EDF/PMCU and the Delegation in Barbados and approved by the government and endorsed by the European Commission.

Tranche releases: Funds are transferred from the Euro account in Brussels to a double signature EC\$ account in the recipient country and from this account to the Treasury. The releases are triggered as soon as certain conditions have been met. These conditions are related to government savings performance and to performance of project implementation. The government savings performance is translated into clear savings targets for a period of three years in each FMO.

Progress:

All Programme Plans for the utilization of Stabex 96/97 resources have been submitted to the EC Delegation. With the exception of the Programme Plan for Agricultural Diversification, the Programme Plans for the Ministries of Education, Health, and Community Development have been endorsed by the EC Delegation.

The 1st tranche of Stabex-96/97 has been received. Implementation of the Programme Plan of the Ministry of Education, (Northern Education Programme), and Ministry of Community Development & Gender Affairs, (Social Protection Programme) will commence with these resources.

The Banana Restructuring Consultancy is being conducted; the final report is expected shortly. The Integrated Development Plan Consultancy is ongoing.

A request to the EC Delegation for the drawdown of the 2nd and 3rd tranches is pending. It is expected that the second and third tranches will be disbursed in 2003.

Project title: Stabex Diversification Project*

Accounting number: Stabex 94/02, Stabex 95
Implementing agency: Ministry of Agriculture and Environment, PRIME Unit
Date of financing agreement: 11/1/97
Date financing agreement expires: 11/ 1/05
Project duration: 8 years
Value of financing agreement: € 1,999,000

Accounting Situation as 6/24/02 (All figures in Euro)			
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed
1,999,000	475,000	475,000	100.0%

Project overview:

The overall objective of this project is to increase the viability of the Dominican economy by increasing the production of domestic and exportable agricultural and non-agricultural output.

The overall objective of this project is to increase the viability of the Dominican economy by increasing the production of domestic and exportable agricultural and non-agricultural output. In particular, the aim of this project is facilitate increased investment by the private sector in agricultural diversification.

The project will consist of the following activities.

- Establishment of a Diversification Fund, and the channelling of credit through financial intermediaries.
- Establishment of the PRIME Unit.
- Provision of technical Assistance and Training.
- Development of agro-processing.
- Assisting with promotional activity.

Progress:

The project was terminated in March 2002. Remaining fund balances have been utilized to establish a Rural Credit Facility to be implemented by the Financial Sector. Repayment by the Financial Institutions, which benefited under the Diversification Project, will be paid into and form part of the Credit Facility.

Project title: Support Services to the NAO
Accounting number: Stabex 1996/97/12
Implementing agency: Ministry of Finance and Economic Planning
Date of financing agreement: 6/1/00
Date financing agreement expires: 6/ 1/03
Project duration: 3 years
Value of financing agreement: € 851,083

Accounting Situation as 12.31.02		(All figures in Euro)		
Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed	
851,083	851,083	361,021	42.4%	

Project overview:

The aim of the project is to foster a more efficient and effective planning, utilisation, monitoring and implementation of EU development co-operation in Dominica.

The aim of the project is to promote the development of greater transparency, accountability, and responsibility towards EU development Assistance, and to foster a more efficient and effective planning, utilisation, monitoring and implementation of EU development co-operation in Dominica.

The project consists of the following activities:

- Recruitment of two Project Analysts.
- Recruitment of one short-term consultant and one Accountant.
- Recruitment of one Information Officer.
- Set-up of an information Centre, an Administrative Unit & Programming Unit within new Office.
- Purchasing of office equipment and remodelling of the office space allocated to the Unit.

Progress:

The office of the NAO is in full operation, a full complement of staff is in place and the project activities are ongoing. A Rider extending the validity of the Financing Agreement to coincide with the contractual period of technical and administrative staff has been approved. The project concludes in December 2003. Financing for successive phases of the Support Services to the NAO have been included under SFA 2001. The new Work Programme under SFA2001 is expected to begin in October 2003.