



**DELEGATION OF THE EUROPEAN COMMISSION
IN
BARBADOS AND THE EASTERN CARIBBEAN
OFFICE OF THE NATIONAL AUTHORISING OFFICER
IN DOMINICA**

**COOPERATION BETWEEN
THE EUROPEAN UNION
AND
THE COMMONWEALTH OF DOMINICA**

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1. EXECUTIVE SUMMARY*

Over the past years, Dominica has experienced the most severe economic contraction since its independence. Economic output and employment growth has been on the decline 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 of Dominica began a process of economic stabilisation and adjustment. In the light of this, the IMF approved a Stand-By arrangement in August 2002, providing US\$4.3million in credit for Dominica. The Government negotiated an extension of the Stand-By arrangement to February 2004, and implemented politically difficult reforms in order to address the challenging macroeconomic situation of the country. Further US\$ 11.4 million credit by the IMF was approved to Dominica in December 2003 under the Poverty Reduction and Growth Facility arrangement. Current structural reform agenda of the Government is based on debt strategy implementation, fiscal reform, financial sector strengthening and reforms to improve the investment climate in Dominica.

Under the Stabex instrument, an amount of €43 million was made available between 1993 and 2000, while under the Special Facility of Assistance (SFA), between 1999 and 2003, Dominica has been allocated €32 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 significant support from the EU is directed for social and community development, including measures to assist in re-tooling and re-positioning displaced banana farmers in other sectors of the economy.

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 were signed on 12 August 2002 between Dominica and EU. It was agreed that infrastructure development, and 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 Caribbean Regional Indicative Programme, € 12.5 has been allocated for improving air access.

The total active aid portfolio for Dominica in 2003, including EDF, Stabex and SFA balances and the support from the regional indicative programme stands at €81.8 million. The total payments under these instruments amounted €7.46 million in 2003. New global commitments in 2003 under EDF and regional programme amounted €12.1 million and payments €262.753. No new commitments were made under Stabex and SFA instruments in 2003.

* The exchange rate as at December 2003, 1 € = 3.21 XCD

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, with subsequent extension to February 2004. The Government designed a new two-stage strategy in 2003 in order to respond to rapidly deteriorating economic conditions and the possibility of facing a budgetary financing crisis. The first stage of the strategy in late-2003 involved strengthened macroeconomic policies and a short-term programme to improve the adjustment performance, a key benchmark being the design of a debt strategy. Donor funding, including Euro 3 million from the EU, was used for closing the existing financing gap in Government budget. The second stage, expected to begin early 2004, involves the implementation of the medium-term programme, which was designed during the first period, and includes an ambitious fiscal programme, combined with debt strategy and comprehensive structural reform agenda. To this end, the IMF approved in December 2003 a three-year US\$ 11.4 million credit for Dominica for poverty reduction and growth facility (PRGF). An Interim Poverty Reduction Strategy, approved by the IMF and World Bank, was developed in December 2003. Full Poverty Reduction Strategy Paper is expected by December 2004.

An IMF mission in February 2004, concluded that all policy targets for end-December 2003 were observed confirming that significant strengthening in policy implementation has been achieved under the Stabilisation Programme supported by the standby agreement with the IMF. The IMF mission also concluded that “there is evidence of the economy bottoming out, which marks the end of the economic decline of the last few years and signals an incipient economy recovery as reflected by positive developments in manufacturing and tourism, despite the ongoing downward trend in the banana sector.”

The planned Government expenditure reducing measures under 2004/2005 budget amounts to 2 percent of GDP and include reduction of the wage bill by 5 percent, continuation of the hiring and wage freezes, increase in retirement age and revision of vacation and study leave policy. The Government intends to broaden the tax base by including substitution of VAT for 2005/2006 budget and introduce laws to articulate conditions for allowed budget deficits and surpluses as well as ensure control over Government debt. Government also plans to adopt the practice of three-year rolling budget and improved the efficiency of the financial system by restructuring of state banks and strengthening the supervision of credit unions. The Government has approached its creditors in view of seeking debt structuring to achieve debt sustainability, and expects to conclude the debt structuring by the end of the first quarter of 2004.

3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 Millennium Development Goals

Dominica has a history of investment in human development and such investment, as measured by progress towards the millennium development goals, has yielded dividends. As indicated in Table 1 below, despite recent economic difficulties, a number of Dominica's key social indicators including infant mortality and under-five mortality,

primary school enrollment, adult literacy and life expectancy rates are all significantly higher than the average for upper-middle income countries.

Table 1: Summary of Dominica's progress in achieving Millennium Development Goals

GOAL (to be achieved by 2015)	Regional avg. (mid 1990s)	Dominica	Comment
Reduce incidence of severe poverty rate by 50%	12%	11% of households 15% of population	Achievement of this target will require both sustained economic growth
Achieve 100% primary school enrolment rate	94%	c. 99%	Already achieved
Achieve equal ratio of boys and girls at secondary school	Girl enrolment is around 95% of boys' enrolment	Male secondary school enrolment is slightly lower	Action needed to counteract trend of male secondary school under-achievement
Reduce under 5 year mortality rate by 2/3rds	38 per 1000	Infant mortality rate is 17 per 1000	Achievable
Ensure that 90% of births are attended by skilled personnel	77%	100%	Already achieved
Access to safe water	85%	90%	Achieved however some households, especially amongst the rural poor, still do not have access

Source: Dominica Interim Poverty Reduction Paper 2003: Dominica Social Protection Review – World Bank 2003

Note: Indicators above are selected on the basis of their availability and relevance to the EC cooperation under the 9th EDF

3.2 Political Situation

Implementation of the Government's Stabilisation Programme had mixed results in 2002 as most of the performance criteria from end-December 2002 and indicative targets through end-June 2003 were missed, reflecting the implementation capacity constraints and problems in securing the necessary political support to undertake the reforms. The Government took further action in 2003 to address the deteriorating economic situation and the performance towards end-2003 has been encouraging, with strengthened policy implementation measures and steps taken to reduce debt and control Government spending.

The Government has initiated a number of important structural reforms in the tax, public expenditure and investment areas, and has approached the international donor community for financial and technical assistance to further advance these actions. The Government has stressed the importance of designing an adjustment programme with due care of social concerns.

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.

After growing on average by about 2½ per cent during 1996-99, real GDP stagnated in 2000 and contracted by over 4½ per cent in 2001, and 4 per cent in 2002, as banana production fell by 35 per cent. Banana production continued to fall in 2003 and despite of some improvements in other sectors, including tourism, further decline of 1-3 per cent was projected during 2003. The public finances have deteriorated in recent years as capital expenditure increased sharply, while saving has been declining. 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, and further to 9.1 per cent in 2002/2003, mainly reflecting 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 declined in 2002/2003, but is projected to increase by about 2.5 per cent of GDP in 2003/2004 reflecting the launching of growth-enhancing projects such as infrastructure, fisheries development, banana restructuring and tourism development to be financed by grants, external loans on favourable terms and domestic contributions. The stock of public debt doubled in the past six years and stood at over 100 per cent of GDP at end 2002. The level of external debt remained high in 2003 being US\$ 286 million in December or about 110 percent of GDP, and imposing a heavy burden to the economy. The public sector debt servicing requirements are at about US\$ 20 million, about 8 per cent of GDP. 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. Harmonized regional positions are critical in the negotiations of FTAA and Economic Partnership Agreement (EPA) with the EU. The Caribbean region's EPA negotiations are expected to be launched in the course of second quarter in 2004.

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 2003, Dominica is ranked 68 among 175 countries on the basis of adult literacy, school enrolment, life-expectancy at birth, and per capita Gross Domestic Product (GDP). While the country enjoys a relatively high index of human development (0.78) poverty and unemployment levels are high with estimated 39 per cent of the population being poor and 15 percent indigent.

The unemployment rate in Dominica is around 25 per cent with much of the unemployment concentrated among young adult males. The unemployment rate rises to 40 percent among Dominica's poor. Though no time-series data are available indications are that both poverty and unemployment have deteriorated and will continue to deteriorate. 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. 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. Because the households and individuals are only partially able to insure themselves, social protection programs, which spend about 5 per cent of Government GDP, play a key role softening the costs of ongoing adjustment programmes.

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 65per 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. In addition, there are preliminary signs that the current economic situation is placing some of the achievements in the sector in danger. For example, gross enrolment rates at pre-primary level declined from 82 % in 1997/98 to 68 % in 2001/2002. Informant interviews conducted during a recent World Bank Review of Social Protection suggested that parents may increasingly be keeping school-aged children

at home as a response to economic constraints experienced at household level. Efforts are currently focussed on achieving universal secondary education by 2005.

Gender differentials: As noted in the OECS Human Development Report 2002, the Caribbean region is considered peculiar in terms of gender inequalities. Women are more often likely to be unemployed, have lower labour force participation rates and are to be found in specific sectors of employment which do not have high level of remuneration, but the economic differences in population as well as poverty and consumption levels are not considered consistent or necessarily gender-biased. The gender differentials are not necessarily against women or in one direction only. The legal and constitutional rights of women are reasonably well established while indications of wide spread domestic violence exist.

Migration: Migration is the major force contributing to the variations in population change in the Dominica, which has reached the final stages of the demographic transition, demonstrating low fertility and mortality rates. The emigration in Dominica has increased from -9.8 migrants/1000 population in 1990 to estimated -16,11 migrants/1000 in 2003. Dominica is a major source of intra regional migrants, the main destinations for emigration being Antigua, British Virgin Islands and UK, USA and Canada. The established OECS Economic Union is expected to have further influence on intra regional migration flows. Loss of the skilled labour force needed for economic growth is a challenge in Dominica.

3.6 Environment

The biological resources in Dominica, as in the other small OECS islands are under pressure caused by economic interests (tourism, agriculture and fisheries) and factors such as concentration of population and high frequency of disasters. Further degradation of the natural resources greatly influences to the prospects of the country for social and economic development. The Government is aiming at developing sustainable tourism in Dominica by focusing on Eco-tourism development.

3.7 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); medium term public sector reform (following a review conducted with assistance from the World Bank, DFID); banana sector restructuring (with assistance from the EU), the strengthening of financial system supervision (through assistance from the ECCB and CARTAC); 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.

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.

The total active aid portfolio for Dominica in 2003, including EDF, Stabex and SFA balances and the support from the regional indicative programme stands at €81.8 million. The total payments under these instruments amounted €7.46 million in 2003. New global commitments in 2003 under EDF and regional programme amounted €12.1 million and payments €262.753. No new commitments were made under Stabex and SFA instruments in 2003.

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 with emphasis on the road sub-sector. The weakness of the 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.

The specific activities to be funded under this allocation are the completion of the missing road links on the island and the implementation of a road maintenance programme for the Ministry of Works. Currently two consultancies are underway; one will result in the development of technical designs and cost estimates for the link road and the other, the development of a Strategic Plan and Road Maintenance Programme for the Ministry of Communications and Works. The outputs of these consultancies will be incorporated in a Financing Proposal expected to be presented in mid-2004. The Financing Proposal will be based on the specific indicators presented in Annex 1. The road design is funded from resources under Stabex 1996/7 while the Road Maintenance Strategy is funded from the unallocated balances under the 6th EDF NIP.

Government's commitment to the sector include the following:

- Adoption of the Strategic Plan and Road Maintenance Programme by the Cabinet of Ministers with responsive institutional structures and capacities established.
- Government shall seek to ensure that expenditure on road 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 2002. 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.

Under the First Work Programme a number of preparatory studies/activities were successfully concluded, such as a Niche Marketing Strategy and Manpower Training Plan/Policy, the outputs of which will be implemented in the Second Annual Work Programme. The Programme Management Unit consisting of a Programme Leader, Programme Accountant, Community Development Advisor and Business Advisor to the Private Sector commenced operations in October 2003. The Second Work Programme for 2004 under which Destination Marketing, Community Tourism and Eco-tourism Product Development activities will be implemented was submitted in December 2003 with activities expected to commence in February 2004.

4.1.3 The 7th EDF NIP of € 5.5 million - Focal Sector: Solid Waste Management Programme (€3.95m)

The allocation under the Solid Waste Management Programme is composed of an allocation under a previous Financing agreement of €1.5 m topped up by the funds from the Agricultural Diversification Programme of €2.35 m, which 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 Management 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 design of the Landfill has been undertaken, tenders for construction were launched and evaluated.. A works contract was signed in August 2003 and construction actually commenced in November 2003. The accumulated delays of the project have caused over utilisation of the existing sites, which will necessitate additional works. Agreement has been reached with the EC Delegation to recruit a full time site manager using the balances of the project. This manager is expected to commence duties in February 2004.

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. € 0.3million from the A-allocation has been earmarked for studies, audits and technical assistance under the Technical

Cooperation Facility (TCF). Financing proposal for the TCF was prepared in December 2003 and the Facility is expected to be operational by May 2004.

The "B" allocation for Dominica is € 12 million. Dominica has been requesting access to the B-Envelope resources through the FLEX instrument to compensate losses in export earnings. Possible future eligibility for FLEX funds could absorb the available funds of the B-Envelope.

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 Financing Agreement was signed and the activities under the first Work Programme, which runs from August 2003 to July 2004, are ongoing.

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. The resources have been effectively utilised with the training of 8 persons in Health related fields and Economic Management/Planning.

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. However, non-state actors are supported under other instruments such as, STABEX 1996/76 Private Sector Development Budget Line, 8th EDF NIP - Business Advisor to the Private Sector, Stabex 1996/7 Reform Management through the Private Sector Development Advisor, and Stabex 1995 NGO Projects.

4.4 Other Instruments

4.4.1 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 use of 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). A draft FMO for these allocations

was prepared in the course of 2003, for approval and commencement of implementation in 2004.

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 few new programmes were initiated in 2003. The most innovative was the use of STABEX funds including accrued interest – as the European Commission’s contribution to bridging of the financing gap for the fiscal year July 2003 – June 2004, as identified by the IMF. A total of EUR 3 million was allocated and disbursed within the foreseen period (August – December 2003) in context of the IMF Stand-By Arrangement.

The last two tranches of STABEX 1996/97 were drawn down from the Brussels STABEX accounts and further transferred into the Government’s budget as foreseen under the FMO. All STABEX funds allocated to Dominica 1994 – 1997 are virtually committed to 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 is expected to inform 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 XII.

Having committed to an IMF monitored economic adjustment programme the Government has successfully concluded the drawdown of all outstanding tranches of budgetary support funding. In addition agreements have been reached regarding the programming of all remaining project financing resources. The balances remaining under the allocations, 1994 – 1997 therefore represent funding to be drawn under these agreements. A brief status is provided in the following tables, a detailed breakdown is provided in Annex XII.

Status of Stabex finances, as of 31 December 2003

Funding year	Total Funds ¹	Payments in 2003	Payments in total	Balance
Stabex 1994	10,911,637	24,937	10,222,254	689,383
Stabex 1995	14,180,107	296,267	13,122,608	1,057,499
Stabex 1996/97	10,432,129	5,704,397	10,035,301	396,828
TOTAL	36,396,873	6327,305	33,380,163	2,143,710

* Excludes EUR 414,068 of STABEX 95 interest allocated to STABEX 1994 banana programmes

In addition to these funds, Dominica has received allocations of € 1,587,208 and € 908,635 from Stabex 1998 and 1999, and a further € 3,785,972 under the repayment allocation (Art. 195). As at December 2003 Interest of € 409,448 has been received on those funds. A draft FMO outlining the Government’s intention for the utilization of the resources has been shared with the Delegation and Commission. Final changes are being effected to reflect the comments received on the submission. The resources will be utilized in the

¹ Including interest

restructuring of the public service as part of the ongoing economic stabilization and recovery programme supported by the IMF and World Bank. The final FMO will be submitted early in 2004.

4.4.2 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 approximately €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. The tender for the works was launched in the first quarter of 2003. The award of a contract has however been delayed as government considers an alternate proposal for utilization of the land. The Rural Credit Facility financed from SFA 1999 was launched in October 2002, and a high demand for the resources resulted in complete uptake by mid 2003. The programme is continuing with further allocations under SFA 2000 and 2001.

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 2003, is provided in the following table, a detailed breakdown is provided in Annex XII.

Funding year	Allocation	Payments in 2003	Payments in total	Balance
SFA 1999	6,500,000	446,343	933,633	5,566,367
SFA 2000	6,500,000	78,725	159,412	6,340,588
SFA 2001	6,700,000	641,407	1,116,225	5,583,775
SFA 2002	6,400,000	-	-	6,400,000
SFA 2003 ²	5,900,000	-	-	5,900,000
TOTAL	32	1,166,475	2,135,467	31,5190

² Pending signature of the Financing Agreement

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. Dominica has made significant progress in the implementation of those commitments.

However, unforeseen events have resulted in noteworthy delays in the implementation of some components of the SFA instrument in Dominica. In the case of SFA 1999 delays in the award of a works contract for one of the irrigation schemes has been incurred whilst the Government explores the feasibility of an alternate proposal for an investment in the same area. Some minor inconsistencies in the approved Financing Agreement of SFA 2000 has required amendment by means of a Rider – which has been duly submitted to the Delegation. Most recently the uncertainties surrounding the implications of the new financial regulations applicable to SFA has meant a general standstill in project implementation in a number of SFA Financing Agreements.

Meanwhile the Financing Proposal for SFA 2003 (Euro 5.9 million), which will support the establishment of a Waitukubuli National Trail System (diversification into eco-tourism) was approved by the EDF Committee in November 2003. The related Financing Agreement is yet to be signed.

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 and covered the entire 2003. The cost of the RTA is shared among the four beneficiary states. Dominica has currently allocated €1,200,000 through successive allocations made available from SFA 1999, 2001 and 2003. Dominica is currently reviewing the relevance and effectiveness of the RTA prior to engaging further allocations.

4.4.3 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, EUR 12,5 million has been set aside to assist Dominica in overcoming some of the weaknesses associated with its air access infrastructure. In particular the difficulty of ensuring same-day connections, and the fact that the present capacity of the terminal and aerodrome in terms of physical layout, equipment and operation does not comply with International Civil Aviation Organisation (ICAO) and other recognized standards. A feasibility study, financed under this allocation has concluded that the most economically feasible means of addressing the identified weaknesses is to upgrade existing airport facilities (including improvements to the runway and terminal building) to ensure compliance with ICAO standards and to introduce night landing capabilities. These

findings have been accepted by the Cabinet of Ministers and formed the basis of a Financing Proposal, which was submitted to the EDF Committee in July 2003, and the resultant Financing Agreement which was approved in December 2003.

Detailed technical designs have resulted in more refined cost estimates, revealing a greater financing need than the €11.9m allocated under the approved Financing Agreement. An additional contributing factor to the funding shortfall has been the need to extend the scope of works to meet recently established post September 11 security standards. Failure to meet the required standards most certainly result in a downgrade of the current airport status and bring about the withdrawal of airline operators, which would undoubtedly impact negatively on the economy. The Government is therefore giving priority to identifying alternate avenues for meeting the financing gap. In line with the economic diversification objective of the Ten Year Country Strategy for the utilization of the Special Framework of Assistance funding, the Government is exploring the possibility of mobilizing these funds to assist in completing the air access improvement programme. Other 7th & 8th EDF CRIP projects of which Dominica benefits from are presented in Annex VIII.

4.4.4 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.

The EC approved in May 2003 € 1.1 million in favor of Penal Reform International (UK) from a budget line B7-701 (Human Rights Development) to further restrict the implementation of the death penalty in the Commonwealth Caribbean, with a view to its eventual abolition. Those sentenced to death in the region are the immediate target group. The main activities of this project include: (i) the provision of assistance and free legal representation to those on death row; (ii) strategic litigation at both the national level in criminal and constitutional proceedings and at the international level in individual and group applications to international human rights bodies such as the UN Human Rights Committee and the Inter-American Commission and Court of Human Rights; (iii) consultation and dialogue with governments, judges, lawyers and human rights workers in the region; and (iv) the provision of inter-active training, backed up with high level publications and to conduct criminological and legal analysis.

4.4.5 Support from All ACP funds

The EC approved €50 million all ACP Trade.Com programme in August 2003, which is aimed at reinforcing the analytical and research capacities for trade policy formulation in; providing immediate assistance for ongoing negotiation and promoting activities for institutional support in the area of trade support services ACP counties. A specific project designed for the Caribbean region is expected to become operational in the 3rd quarter of

2004. Its trade negotiations support component will include the secondment of 2 senior trade experts to the Caribbean region, one at the broader regional level and one at OECS level, and of several junior trade experts, of which one will also be seconded to the OECS region.

In addition, the € 10 Million all-ACP Facility to support ACP integration in the multilateral trading system has provided € 0,58 million to cover the opening of permanent OECS and Pacific Forum representations in Geneva. The OECS antenna is expected to be opened by mid 2004. The € 20 Million all-ACP Facility for EPA negotiations has furthermore mobilised € 0,75 Million and € 0,35 Million for the Caribbean Negotiation Machinery and the OECS to prepare for the EPA negotiations through the funding of studies, TA or regional consultative meetings. Other All ACP programmes in the Caribbean region are presented in Annex VIII.

4.4.6 European Commission Humanitarian Aid Office (ECHO)

The ECHO launched its first Disaster Preparedness (DIPECHO) Programme for the Caribbean in 1998, making available some € 6 million for the activities to prepare for and mitigate against disaster and also, to a lesser degree, for disaster prevention. The 4th DIPECHO plan for the Caribbean was approved by the EC in 2003. The amount of the new plan is € 2.5 million and it covers activities in Haiti, Cuba, Dominican Republic, Jamaica, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

4.4.7 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. The EIB Programmes are presented in Annex VII.

4.4.8 Centre for the Development of Enterprise (CDE)

The CDE supports private sector development by providing non-financial services to ACP companies and businesses and support to joint initiatives set up by economic operators of the EU and of the ACP States. In the OECS region the CDE supports Private Sector development through sector programmes in Construction and Mining, Agro-processing, Wood, Herbal Medicines and Tourism. Over the period 1999-2003, CDE has assisted in the OECS region a total of 56 enterprises carrying out 85 interventions at a total cost of €957,562 of which €532,041 was contributed by the CDE.

PROINV€ST programme, managed by an independent programme management unit located in the offices of the CDE, aims at increasing investments between the Caribbean and Europe. PROINV€ST has a fund of €110 million over 5 years to support private sector development in the Caribbean, African and Pacific Countries. Summary of the CDE activities, including PROINV€ST is presented in Annex X.

4.4.9 Centre for the Development of Agriculture (CTA)

The CTA supports policy and institutional capacity development and information and communication management capacities of agricultural and rural development organisations in ACP countries. CTA assists organisations in formulating and implementing policies and programmes the programmes to reduce poverty, promote sustainable food security and preserve the natural resources. CTA activities in the Caribbean region are presented in Annex X.

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 priorities in programming the EU funds in Dominica are 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 major investment in Eco-Tourism Development under the 8th EDF NIP;
4. Continuation of support to further economic diversification and productive development 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) and the upgrading of airport facilities through the CRIP
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.

5.1 Integration of new EC/EU policy initiatives and commitments

The full A-allocation of the 9th EDF NIP, EUR 3.7 million, was allocated to the focal sector support. Due to full programming of funds, new items or commitments are not foreseen under 9th EDF support. However, as regards the new EC/EU policy initiatives and commitments that have impact on third countries, Trade and Development, including

preparedness to the trade negotiations and trade liberalization is of increasing importance to Dominica. Currently the EU support has been allocated to trade related issues through OECS and CARIFORUM Regional Trade and Private Sector Development Programmes.

Dominica has benefited from specific budget lines as presented in chapter 4.4.4 and the need for further support exist especially in the area of environmental protection. While the OECS countries are multi-party democracies, there are also needs in the countries to strengthen the technical capacity in developing and maintaining databases on entitled voters. To this end, E-government tools could be considered.

5.2. Proposal on a review and adaptation of the CSP

Preparation of the 9th EDF focal sector support, namely drafting of Financing Proposal for a project that concentrates on the construction of four kilometers of road to assist with disaster mitigation (frequent road landslides) and provide more reliable access in support of agriculture and tourism sectors and improvement of the road maintenance capabilities was launched in 2003. The proposal is expected to be presented to the EDF Committee in mid-2004. Revision of the agreed and planned sector support, road infrastructure development is not foreseen. The Logical Framework for the focal sector programme including target indicators to 2003- 2005 has been refined and will form the basis for the Mid Term Review in 2004. The Government is expected to adopt the Road Maintenance Plan on the basis of the ongoing EC funded study and introduce appropriate institutional changes to the Ministry of Works in support of the programme. The effective implementation of the Road maintenance plan should be reflected in a reduction in the rate of road degradation and raising the proportion of the road network assessed to be in the “fair to excellent condition” rate.

Chapter 6 - Conclusions

- Within the MTR exercise, the main recommendations produced by the European Commission’s Country Team, IQSG, ISC and EDF Committee were to enhance the involvement of Non State Actors and to better address environmental issues within the EU/Dominica cooperation process.
- To this effect, the Government, **environmental** organizations, educators and the general public in Dominica have continued to actively embrace and understand the importance, fragility and delicate nature of the country’s environment, as the prosperity and well being of the country depends heavily on its protection. A Country Environmental Profile will be provided by the Government of Dominica and will be attached to the present Joint Annual Report.
- With the aim of strengthening **civil society** involvement in EU/Dominica development partnership, a non state actor (NSA) advisory panel, representative of Dominica’s civil society, will be established by the Government of Dominica after close consultation between the EC Delegation in Barbados and the National Authorising Officer. The panel will provide a forum for tripartite dialogue, information and consultation on development cooperation between the EU and Dominica.

The Government of Dominica will undertake a mapping study on NSAs and produce recommendations for an appropriate advisory panel, by also taking into consideration existing NSA structures. Capacity strengthening of NSAs will be considered in the course of 2005.

- **The choice of the existing focal sector, namely transport, was confirmed:** preparation of the 9th EDF focal sector support, namely drafting of two Financing Proposals for a project that concentrates on road maintenance, to be implemented in two phases: a) phase I: establish the road maintenance strategic plan and the Financing Proposal, and b) implementation of the road maintenance strategic plan recommendations.

A new focal area was introduced: considering past and present performance and the heightened financial needs imposed by the ongoing structural adjustment programme and the implementation of the Poverty Reduction and Growth Facility as well as the absorption capacity of Dominica, it was **appropriate to revise the A envelope allocation** by way of transferring the remaining €6.7 million in the “B-Envelope” to the “A-Envelope”. This transfer will enable the European Commission to effectively contribute to the macroeconomic stability and growth of the country.

- **The overall assessment of Dominica in terms of commitments and disbursements’ performance, sectoral performance and ‘special considerations’** (such as progress in institutional reforms and towards poverty reduction) under the 8th EDF has been satisfactory. The largest part of EC aid to Dominica is being provided through the Stabex and SFA mechanisms which represent almost three times the amounts of the NIPs. Significant progress was made in 2003 in clearing up the project portfolio, utilising available funds and reducing the non-disbursed funds. Considerable efforts continue to be made by the Government in order to intensify this trend, notwithstanding the problems posed by capacity constraints within Government services and a limited possibility to identify and implement large and fast disbursing projects in a small island developing state.
- Dominica is entitled to € 4.38 million under **FLEX** for the application year 2003.
- Regarding new EC/EU policy initiatives and commitments that have impact on third countries: Trade and Development, international competitiveness (including preparedness to the trade negotiations and trade liberalization) is of increasing importance and will be addressed under other instruments.

Intervention framework for the 9th EDF : Dominica						
Sector: Road	Performance Indicators	Status 2004	Target 2005	Target 2006	Sources of information	Assumptions
National sector Target: to enhance the quality of the road network in Dominica, both in rural and urban communities	Government accepts/implements the recommendations emerging from the EC funded Road Network Improvement Strategy to undertake a technical and institutional review the Public Works Garage and Road Maintenance Unit of the Ministry of Communications & Works implements the Programme	Government accepts the study and EC recommendations to implement a phased approach - and submits to the EDF Committee a Financing Proposal for Phase I of the Road Network Improvement Programme: focusing on Institutional Reform and strengthening the technical and physical capacity of the PWG and RMU. Phase II will be prepared by the TA and shall focus on prioritised Road Maintenance.	Implementation of Phase I begins - TA recruited and supply tenders launched for PWG. FP for Phase II - Prioritised Road Maintenance Programme developed by TA and submitted to the EDF Committee; institutional capacity & planning process of PWG (and RMU) enhanced.	(i)Policy and associated legislative amendments to allow the PWD and RMU to operate along commercial lines in place. (ii)Plant and equipment fleet of the PWD improved (iii)FP for Phase II - Prioritised Road Maintenance Programme approved and being implemented.	Implemention Reports, Ministry of Communication and Works showing structural & operational reforms within the Ministry implemented	Overall economic situation in Dominica improves
	Condition of the road network (including main roads) improved (see targets for improved quality ratings)	Curent Main Road Network: 336k: Ministry Road Rating: 10% Excellent; 45% Good; 15% Fair and 30% Poor.	Ministry Road Rating: 10% Excellent; 45% Good; 15% Fair and 30% Poor.	Ministry Road Rating: 20% Excellent; 50% Good; 20% Fair and 10% Poor.	Ministry of Communications & Works (Road Survey Conditions Report)	Macro-economic framework stable and favourable for the road programme. Measures agreed under IMF stabilisation programme / Stand-By Arrangement are undertaken

Intervention objective						Sufficient human and financial resources (to complement 9th EDF contribution) and institutional capacity to effectively implement the Road Maintenance Plan
Improve Road Maintenance	Travel time between Roseau to Portsmouth reduced by 10mins	Travel time 1h 15 min	Travel time 1h 15 min	Travel time 1h	Ministry of Transport Data (Road Condition Surveys)	GoCD continues support of Road Maintenance
Expand Main Road Network	Road traffic increased between Rosalie and Petite Soufriere	Direct Motorable link between both communities not in existence	Project design and detailed cost estimates completed. Works to undertaken via direct labour with the Ministry of Communications and Works	Works on new link road launched - completion expected in 2007	Ministry of Communications & Works Data (Capital Estimates)	
	Travel time between Rosalie to Petite Soufriere reduced to 15mins	45mins	45min	Travel time reduced to 20mins upon completion of road works (2007)	Report from the Ministry of Communications & Works	
Results						
Road Network is better Maintained	Network of Main Roads better maintained increased	Rating of Main Road network: 15% Excellent; 35% Good; 50% Fair	Rating of Main Road network: 15% Excellent; 35% Good; 50% Fair	Rating of Main Road network: 25% Excellent; 50% Good; 25% Fair	Ministry of Communications & Works Data (Road Survey Reports)	Road Maintenance Programme adopted by GoCD and allocated adequate financing

	Performance of the PWG and RMU improved	Financing Proposal for Phase I of the Road Network Improvement Programme submitted to the EDF Committee.	TA supporting the development of capacity building and institutional revisions; development of prioritised Road Maintenance Programme concluded - FP for Phase II submitted to EDF Committee	FA signed and PWG implementing prioritised Annual Road Maintenance Programme consistent with Cabinet Adopted Road Maintenance Programme and done to the standard and within the timeframe set by the Ministry of Finance under the IMF/WB Stabilisation Programme	Ministry of Communications & Works Reports; Minutes from the PSIP Monitoring Committee, Ministry of Finance	
Implementation of a Road Network Improvement Programme	Link from Rosalie to Petite Soufriere completed	Road design and detailed cost estimates completed.	FP for priority Road Maintenance Works submitted	Works on new link road launched. Main road network increased by 4-5 km following completion Rosalie to Petite Soufriere Road - in 2007	End of Project Report (confirming quantity and quality of work executed as measured against the Bill of Quantities)	

Annex II Chronogramme of activities - Dominica

	Indicative total EUR million	Consumption of commitments (all amounts in EUR million)									
		2004/1	2004/2	2005/1	2005/2	2006/1	2006/2	2007/1	2007/2	2008/1	2008/2
NIP 6th/7th/8th	4.86	1.7	2.5	0.6							
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	23.9	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 9TH EDF

STATUS AS AT 31.12.03

9th EDF DOMINCA		EUR	3,700,000	NP						
				0 Transfer						
			3,700,000							
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	(C)/(A) %	Status	Payments During 2003	
9ACP DOM1	Road Maintenance Strategy Plan - Study	18/08/2003	140,000	0	0%	0	0%	On-going	-	
Programmable	Totals		140,000	120,000					-	
	Reserve/Balance		3,560,000							

ANNEX IV: FINANCIAL SITUATION FOR 8TH EDF

STATUS AS AT 31.12.03

8th EDF DOMINCA									
EUR 6,500,000 NP									
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	(C)/(A) %	Status	Payments During 2003
8ACPDOM008	Multi-Annual Training Programme	06.07.00	265,000	257,335	97%	186,829	71%	Ongoing	69,415
8ACPDOM010	Dominica Eco-Tourism Dev. Prog.	10.09.01	5,990,000	1,277,000	21%	314,745	5%	Ongoing	-
8ACPDOM012	Multi-Country Drug Demand Reduction Project	18.12.2002	260,000	105,000	40%	76,517	29%	Ongoing	76,517
Programmable	Totals		6,515,000	1,639,335	25%	578,091	9%		145,932
	Reserve/Balance		-15,000						
8ACPDOM001	Stabex - Bananas 1995	15.07.97	12,779,624	12,779,624	100%	12,779,624	100%	Closed	-
8ACPDOM002	Stabex - Bananas 1996	17.07.97	7,493,333	7,493,333	100%	7,493,333	100%	Closed	-
8ACPDOM003	Stabex - Bananas 1997	30.06.98	1,881,013	1,881,013	100%	1,881,013	100%	Closed	-
8ACPDOM007	Stabex - Bananas 1999	28.06.00	908,635	908,635	100%	908,635	100%	Closed	-
8ACPDOM009	Stabex - Repmt Agmt. Art. 195(A)	08.12.00	3,785,972	3,785,972	100%	3,785,972	100%	Closed	-
8ACPDOM011	Stabex - Bananas 1998	13.09.01	1,587,208	1,587,208	100%	1,587,208	100%	Closed	-
	Total		28,435,785	28,435,785	100%	28,435,785	100%		0
8ACPDOM004	EIB - Global Loan	10.12.98	3,000,000	3,000,000	100%	2,390,000	80%	Ongoing	360,000
	Total		3,000,000	3,000,000	100%	2,390,000	80%		360,000
Non-Prog.	Totals		31,435,785	31,435,785	100%	30,825,785	98%		360,000
	GRAND TOTAL		37,950,785	33,075,120	87%	31,403,876	83%		505,932

ANNEX V: FINANCIAL SITUATION FOR 7TH EDF

STATUS AS AT 31.12.03

7th EDF DOMINICA		EUR	5,500,000	NIP					
				11 Transferred from Lome I					
			5,500,011						
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	(C)/(A) %	Status	Payments During 2003
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%	To close	-
7 ACP DOM 011	Micro Realisations	14.11.94	572,000	529,866	93%	529,866	93%	To close	-
7 ACP DOM 012	Eco-Tourism Site Dev.	12.07.95	523,000	428,804	82%	428,804	82%	To close	-
7 ACP DOM 013	Agricultural Diversification Prog.	31.07.95	89,229	89,229	100%	89,229	100%	Closed	-
7 ACP DOM 017	Dominica Waste Disposal	10.07.96	86,442	86,442	100%	86,442	100%	Closed	16,407
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	2,282,000	58%	17,300	0%	On-going	17,300
Programmable	Totals		5,495,186	3,690,856	67%	1,426,155	26%		33,707
	Reserve/Balance		4,825						
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%		0
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		4,649,296	4,649,296	100%	4,649,296	100%		-
Non-Prog.	Totals		19,594,245	19,594,245	100%	19,594,245	100%		0
	GRAND TOTAL		25,089,431	23,285,101	93%	21,020,400	84%		33,707

ANNEX VI: FINANCIAL SITUATION FOR 6TH EDF

STATUS AS AT 31.12.03

6th EDF DOMINCA		EUR	6,000,000	NP						
					25,372 Transferred from Lomé I					
					6,025,372					
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	(C)/(A) %	Status	Payments During 2003	
6 ACP DOM001	Tourism Promotion	29.10.86	457,258	457,258	100%	457,258	100%	Closed	-	
6 ACP DOM002	Feeder Roads Programme	10.11.86	4,245,717	4,245,717	100%	4,245,717	100%	Closed	-	
6 ACP DOM005	Geneva-Petite Savanne Road	21.03.88	1,043,911	1,043,911	100%	1,043,911	100%	Closed	-	
6 ACP DOM007	Scholarship - Mrs S Magloire	02.06.92	25,000	25,000	100%	25,000	100%	Closed	-	
6 ACP DOM008	Sector Study Eco-Tourism Sector	01.29.98	90,372	90,372	100%	90,372	100%	Closed	-	
6 ACP DOM009	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%	-	0	
	Reserve/Balance		162,742							
6 ACP DOM003	EIB - Risk Capital (Hydro Power)	23.03.87	3,800,000	3,800,000	100%	3,800,000	100%	Closed	-	
6 ACP DOM006	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%		0	
	GRAND TOTAL		10,871,048	10,871,048	100%	10,871,048	100%		0	

Annex VII European Investment Bank – Dominica

TYPE	CONVENTION	FINANCE CONTRACT	NAME OF CONTRACT	DATE OF SIGNATURE	AMOUNT SIGNED	AMOUNT OUTSTANDING
Risk Capital	LOME - CONVENTION 2	70310	AGRICUL. & INDUST. DVPT	09/12/82	300,000.00	75,240.00
Risk Capital	LOME - CONVENTION 3	70678	DOMLEC HYDRO-POWER	20/08/87	3,800,000.00	952,030.42
Risk Capital	LOME - CONVENTION 4	70896	DOMINICA AID BANK - A	16/12/92	500,000.00	500,000.00
Risk Capital	LOME - CONVENTION 4	70897	DOMINICA AID BANK PG B	16/12/92	2,000,000.00	800,000.00
Risk Capital	LOME - CONVENTION 4 - PROT.2	71115	DOMINICA AGRICUL INDUST & DVPT BK - II	03/09/98	3,000,000.00	2,390,000.00

ANNEX VIII: 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 IX: ALL ACP PROGRAMMES

9 ACP RPR 5	Development of malaria vaccines and their multi-centre trial	€ 7.000.000,00
9 ACP RPR 10	EC/ACP/WHO partnership on pharmaceutical policies	€ 25.000.000,00
9 ACP RPR 17	Contribution to the Global fund to fight AIDS, Tuberculosis	€ 170.000.000,00
9 ACP RPR 7	TRADE.COM All ACP Institutional trade capacity building facility	€50.000.000,00
9 ACP RPR 6	Support to the competitiveness of the rice sector in the Caribbean	€ 24.000.000,00
9 ACP RPR 21	Support to the collaborative doctoral programme in economics	N/A

ANNEX X: CENTRE FOR THE DEVELOPMENT OF AGRICULTURE (CTA)

No.	Projects	Implementing partner	
1	Support to Regional Agricultural Policy Network (RAPN)	Inter-American Cooperation on Agriculture (IICA)	
2	Caribbean Herbal Business Association (CHBA)		
3	Generation and dissemination of agricultural information		
4	Caribbean agricultural information system (CAIS)	Caribbean Agricultural Research and Development Institute (CARDI)	
5	Caribbean agricultural marketing intelligence & development (CAMID)		
6	Question and Answer Service (QAS) – Barbados, Dominica, Jamaica, St. Christopher/Nevis, St. Vincent & the Grenadines, Trinidad & Tobago		
7	Training	Question & Answer Service Management – Haiti	
8			
9			
	Scientific Data Management		
	Electronic publishing of agricultural materials for rural development – all islands		
10	Caribbean table egg industry competitive study and consultation	CARDI/Caribbean Agribusiness Association	
11	Workshop on fisher folk organisations in the Caribbean	CARDI/CARICOM Fisheries	
12	Caribbean Pest Network (CariPestNet)	CARDI/CARINET	
13	Establishment of a Regional Farmers & NGOs Network	CARDI/CAFANN	
14	Selective Dissemination of Information (research and policy)	Organised directly by CTA	
15	CD-ROM/Internet Database Service		
	University of Guyana, National Agricultural Research Institute Guyana, Ministry of Agriculture and the Northern Caribbean University in Jamaica, Ministry of Agriculture in St. Lucia, Ministry of Agriculture and CARDI in Trinidad & Tobago		
16	Science and Technology		Regional workshop “Enhancing the S&T policy dialogue”
17			National meeting in Jamaica on Agricultural systems of science, technology and innovation
18		Finance participation of 3 Caribbean representatives to 3 rd meeting of Advisory Committee on S & T	
19	Information Needs assessment study		
20	Study on safeguarding the benefits of the Sugar Protocol (including Jamaica and Guyana)		
21	Evaluation of CTA supported location-based seminars		

22	<p><u>Support to national NGOs</u></p> <ul style="list-style-type: none"> • Agricultural Diversification Project Ltd (ADP) - Dominica • Konsèy Nasyonal Finansman Popilè (KNFP) - Haiti • Jamaica Agricultural Society (JAS) - Jamaica • Eastern Caribbean Agricultural Trading and Development (ECTAD) - St Vincent & the Grenadines • The Caribbean Network for Integrated Rural Development (CNIRD) – Trinidad and Tobago 	
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ANNEX XI: CDE activities in the OECS countries 2003

Construction and Mining

This is a broad sector that includes clay, granite, marble and limestone aggregate quarries. It also includes companies manufacturing bricks, dimension stone, limestone products, and sand products. CDE organised a Workshop on Environmental Management for the quarrying and mining industry, in Port of Spain, Trinidad & Tobago in November 2003. Over 30 enterprises, consultants and government agencies from the region participated in this workshop, which provided a forum for discussions on best practice in the industry. The Workshop also provided the opportunity for the enterprises in the sector to discuss specific requests for CDE support.

In September 2003, a group of enterprises involved in the ceramic industry participated in the Ceramitec Exhibition in Germany. Supported by a sector specialist, the company participants were exposed to current technology in the industry relevant to their needs, and in some cases identified appropriate technology and machinery to be acquired. One quarrying company from St. Lucia was among the participants

Agro-processing

The Agro-processing sector is characterized by the relatively large number of small companies producing similar products such as processed fruits, pepper sauces, jams and jellies and alcoholic beverages. The Centre's approach is to group these companies together, usually at workshops, to deal with technical and marketing problems and also to stimulate cooperation between the companies. The programme in the Agro Industry has focused mainly on assisting enterprises to achieve Quality Management systems for food handling (HACCP). Enterprises from Dominica, Grenada, St. Kitts and St. Lucia have benefited from this programme.

Wood

For many years the Centre has provided technical and marketing assistance for the wood processors in the Region. Initial emphasis on furniture manufacturing has broadened to include kiln drying of timber, particularly for export and on the milling to improve the production efficiencies and quality of the timber available to downstream processors. Sustainable Forestry Management (SFM) has been the subject of technical assistance and training programmes to enterprises in Suriname, Guyana and Belize.

Herbal Products

The development of the Herbal sector is considered as a possible area for diversification of the agriculture sector in the region. Further to a Regional Partnership Meeting held in Jamaica in December 2002, CDE has embarked on a programme aimed at developing and strengthening the sector with the support of other agencies viz. the Inter-American Institute for Cooperation on Agriculture (IICA) and CTA. 2003 saw the creation of the Caribbean Herbs Business Association which groups main enterprises in the region. The association is based at IICA in Trinidad, and is receiving support from CDE to develop a business plan.

A key component of the programme is the promotion of the Caribbean herbal industry, and in this regard several companies from throughout the region participated in an exhibition – Treasures of the Caribbean – which exhibited at the Natural Products Exhibition in London, Vitafoods in Geneva, and the Caribbean Gift and Craft Show in Grenada. The response to the Caribbean producers of herbal products has been very encouraging, several companies having established commercial relationships with their EU counterparts. Companies from Grenada, St. Lucia, Barbados and from other countries in the region participated at these events.

PROINVEST

1. Caribbean Investment Policy Summit workshop, organised by JAMPRO, TIDCO and BIDC in Kingston 10-11 JUNE 2003 to develop a strategy for addressing regional investment-related trade policy issues with respect to WTO, FTAA and the Caribbean Single Market and Economy.
2. A mission for Dominican companies to attend the Florence Gift Mart Show in September 2003.
3. A mission for Dominican companies in conjunction with the AI-Invest meeting in Brussels on the Cinematography and Audiovisual Industry of Europe and Latin America (12-14 November 2003).
4. Promotion/access training workshops for intermediary organisations held throughout the region.
5. A workshop for stakeholders to present and discuss the results of the regional sector Studies in Port of Spain in October 2003.
6. Preparation of Tourism Sector Meeting for the Caribbean region (to be convened in 2004).

ANNEX XII: STABEX AND SFA

Commonwealth of Dominica STABEX Programmes

Situation Summary as at 31 December, 2003

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		893,885	444,305	449,580	444,305	--	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	191,974	24,432	--	24,432	162,103	24,432	
Total for STABEX 1994 PROGRAMME (8 detail records)	€ 9,380,973	760,292	10,911,637	10,299,954	449,580	10,749,534	162,103	10,671,834	10,222,254
Percent			100.0%	94.0%	4%	99%	1%	98%	94%
*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	7,624,744	--	7,624,744	--	7,628,049	7,628,019
Monitoring -EDF/PCMU & Support	--		384,880	333,494	--	333,494	48,386	336,494	282,448
Transfer to Stabex 1994 MFPP	--		414,068	414,068	--	414,068	--	414,068	414,068
Interest	--	1,400,483	986,415	961,899		961,899	24,516		961,899
Total for STABEX 1995 PROGRAMME (7 detail records)	€ 12,779,624	1,400,483	14,180,107	13,592,812	239,341	13,832,153	347,954	13,455,222	13,122,608
Percent			100.0%	96%	2%	98%	2%	95%	93%

Commonwealth of Dominica STABEX Programmes

Situation Summary as at 31 December, 2003

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

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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	750,000				750,000	
Private Sector Development	250,000		250,000		250,000	250,000	--	--	
Monitoring, Auditing & Evaluation	374,346		931,083	910,925	--	910,925	20,158	910,925	910,925
Budgetary Support	8,000,000		8,000,000	8,000,000	--	8,000,000		8,000,000	8,000,000
Interest 374,376	--	1,057,783	501,046	374,376		374,376	126,670	374,376	
Total for STABEX 1996/1997 PROGRAMME (5 detail records)	€ 9,374,346	1,057,783	10,432,129	10,035,301	250,000	10,285,301	146,828	10,035,301	10,035,301
Percent			100.0%	96%	2%	99%	1%	96%	96%
* STABEX 1998 PROGRAMME									
Un-allocated FMO	1,587,208		1,587,208	-	1,587,208	1,587,208	.		
Interest	--	49,733	49,733	--			49,733		
Total for STABEX 1998 PROGRAMME (2 detail records)	€ 1,587,208	49,733	1,636,941	--	1,587,208	1,587,208	49,733		
Percent			100.0%	0.0%			100.0%		
Grand	€ 33,122,151	3,268,291	37,160,814	33,928,067	2,526,129	36,454,196	706,618	34,162,357	33,380,163

Commonwealth of Dominica SFA Programmes

Situation Summary as at 31 December 2003

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

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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, 2003

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

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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
* SFA 2001 (B7-8710/856/21)									
Agriculture (Bananas and Non-Bananas) 477,500	2,600,000		2,600,000	2,600,000		2,600,000	--	2,600,000	
Credit, Inst. Strengthening, Support Services 488,725	2,000,000		2,000,000	2,000,000		2,000,000	--	1,662,179	
Social Recovery	1,450,000		1,450,000	1,450,000		1,450,000	--		
Coordination, Monitoring and Evaluation 150,000	300,000		300,000	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) 1,116,225	€ 6,700,000	--	6,700,000	6,350,000		6,350,000	350,000	4,562,179	
Percent 16.7%			100.0%	96.3%		96.3%	3.7%	68.1%	
Grand	19,700,000		19,700,000	7,250,000	12,200,000	7,150,000	350,000	5,362,179	1,435,049

ANNEX XIII: PROJECT SHEETS

Dominica

Project title: Programme	Dominica Air Access Improvement
Accounting number:	8 ACP RCA 023
Implementing agency:	Ministry of Communications and Works
Date of financing agreement:	3/1/04
Date financing agreement expires:	9/ 1/01
Project duration:	3 years
Value of financing agreement:	€ 11,950,000

Project overview:

The overall objective of the project is to strengthen the Government's policy of diversification of the national economy.

The purpose of the project is to upgrade airport facilities in Dominica to improve accessibility by air transport between Dominica and the Caribbean region and between Dominica and the rest of the world.

The project is funded under the 8th EDF CRIP, through which EUR 12,5 million has been set aside to assist Dominica in overcoming some of the weaknesses associated with its air access infrastructure.

Progress

A feasibility study, financed under this allocation to the tune of €550,000, concluded that the most economically feasible means of addressing the identified weaknesses is to upgrade existing airport facilities (including improvements to the runway and terminal building) to ensure compliance with ICAO standards and to introduce night landing capabilities. These findings have been accepted by the Cabinet of Ministers and the proposed activities and cost estimates contained therein formed the basis of the Financing Proposal, which was submitted to the EDF Committee in July 2003, and the resultant Financing Agreement which was approved in December 2003.

Ongoing detailed technical designs have resulted in more refined cost estimates, revealing a greater financing need than the €11.9m allocated under the approved Financing Agreement.

A tender for the upgrading of the terminal building is expected to be launched during the second quarter 2004 and for the airside works in the fourth quarter of that year.

Dominica

Project title:	Drug Demand Reduction Programme
Accounting number:	8 ACP DOM 012
Implementing agency:	National Drug Prevention Unit (NDPU), Ministry of Health and Social Security.
Date of financing agreement:	9 April 2003
Date financing agreement expires:	31 December 2006
Project duration:	3 years
Value of financing agreement:	€ 260,000

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:

- a strengthened capacity of the National Drug Prevention Unit leading to improved design, delivery and monitoring of anti-drug programmes;
- stakeholders trained in demand reduction techniques/activities related to illicit drug use; the identification and management of community-based alternative income-generation schemes; and financial/social management skills;
- increased awareness among the general public of the risks of illicit drugs through a programme of public information campaigns and dissemination of anti-drug educational materials;
- anti-drug programmes; income and employment generating activities implemented

at a community level through the strengthening of Drug Free/Anti Drug Clubs.

Progress:

The first annual Work Programme was finalized in July and is currently being implemented. Two Drug Prevention Officers have been contracted to undertake activities within the NDPU, training sessions in financial management and leadership have been undertaken, as well as national anti drug awareness and education campaigns. The Work Programme will be completed in August 2004.

9/10/02 12:49:00 PM 28 - Drug Demand Reduction Programme

Dominica

Project title:	Eco-Tourism Development Programme
Accounting number:	8 ACP DOM 010
Implementing agency:	Ministry of Tourism
Date of financing agreement:	16 April 2002
Date financing agreement expires:	3 December 2006
Project duration:	3 years
Value of financing agreement:	€ 5,990,000

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.

The Programme Management Unit (PMU) to be contracted under Specific Commitment will undertake all other components through Work Programmes.

Progress:

Financing Agreement was signed in April 2002. The first Work Programme concluded a number of preparatory activities and studies, such as the Niche Marketing Strategy, and the Tourism Manpower Plan/Policy. Activities under the Site and

Marine Development commenced and will continue under the Second Work Programme.

The Programme Management Unit, consisting of a Programme Leader, Programme Accountant, Community Development Advisor and Business Advisor to the Private Sector commenced operations in October 2003. The Second Annual Work Programme for 2004 under which Destination Marketing, Community Tourism and Eco-tourism Product Development activities will be implemented was submitted in December 2003.

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

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 m 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.
- 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.

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Progress:

The works contract was awarded in August 2003, and the contractor has mobilised on site and commenced works as of November 2003, the supervision contract is ongoing. The tender bid accepted for the Works Contract for the construction of the new landfill is significantly lower than the Financing Agreement allocation; a proposal for the use of the contingencies budget to fund a one-year full-time site manager has been accepted by the EC Delegation. The Manager is expected to be contracted in the first quarter of 2004.

Project title: Carib Territory Water Supply

Accounting number:	Stabex 1994/4
Implementing agency:	Ministry of Communication, Works and Housing - 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

Project overview:

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 Dominica's indigenous persons resident in the Carib Territory.

The original project consisted of the following activities:

- Construction of an intake, storage tank and
- the laying of supply lines and the provision of a distribution system.

Progress:

Implementation of the project commenced in June 1998 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.

In an effort to restart the project the GCOD and EC Delegation in April 2003, with funding under STABEX 1994, commissioned a study to determine the best way forward.

The study concluded that the current water distribution system and source is inadequate to meet the community's present and projected needs and identified the works that need to be undertaken to upgrade the system. The estimated cost however exceeds the balances under the original Project thus it has been decided to undertake the project in two Phases. Phase One will be undertaken with balances remaining under the original project while Phase Two has been included under the Special Framework of Assistance 2003 allocation.

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

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:

Following the signature of the Annual Overall Work Programme, Memorandum of Understanding Work Programme and Imprest Account for the implementation of the project a National Programme Co-ordinator, responsible for managing the implementation of the various components was contracted in the February of 2003. . Tenders for all components of the programme have been completed by the NPC and submitted to the EC Delegation for approval prior to launch of service tenders. It is expected that Service Contracts with successful firms will be signed commencing in the first quarter of 2004.

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

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:

- Construction of off-farm irrigation infrastructure on approximately 800 acres of banana fields in Calibishie, Caye en Bouc and Castle Bruce
- construction of two Inland Reception and Distribution centers in Rosalie and Castle Bruce
- Improvements to farm access through the constructing of Cable ways, culvert crossings and concrete wheel tracks
- 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.

Irrigation and Drainage

Tenders for Castle Bruce irrigation schemes has been launched however the award of contracts have been delayed pending the review by government of a proposal by a private sector entity for a multi-million US Dollar investment in the area. Designs of the Caye en Bouc scheme being revised

Inland Reception and Distribution Center

A study to make recommendations on the design parameters has been launched. Final designs are expected during the second quarter of 2004 following which a tender for works will be launched. Farm Access, construction works are on-going

Project title:	SFA 2000
Accounting number:	DOM/SFA/1999/2
Implementing agency:	Ministry of Agriculture
Date of financing agreement:	4 April 2002
Date financing agreement expires:	31 December 2006
Project duration:	3 years
Value of financing agreement:	€ 6,500,000

Project overview:

The overall objective of the SFA 2000 to safeguard foreign exchange earnings, increase rural incomes and employment opportunities, and to improve food security.

The programme 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. This is consistent with the recommendations of *Evaluation of the EU Assistance to the ACP Banana Producers*, which emphasised the need to increase competitiveness through investment in irrigation and drainage, which in other countries of the Windward have been able to demonstrate high rates of economic and financial returns.

The projects will deliver the following results

Banana Commercialisation: €3,600,000

- Establishment of Off-farm Investment
- Construction of Model demonstration permanent propping stems
- Implementation of Training/Institutional Strengthening
- Implementation of Environmental Management activities:
- Establishment of Market Information Management

Credit €2,440,000

- Access to credit through professional financial institutions;
- Final borrowers benefiting from support/training
- Improved services to investors in rural areas

Additional resources will be made available to further reinforce credit mechanisms currently under development in the rural sector, under SFA 1999.

Coordination, Monitoring and Regional TA: €460,000

Progress:

Some minor inconsistencies in the approved Financing Agreement of SFA 2000 has required amendment by means of a Rider – which has been duly submitted to the Delegation.

Project title:	SFA 2001
Accounting number:	DOM/SFA/1999/2
Implementing agency:	Ministry of Agriculture
Date of financing agreement:	4 April 2002
Date financing agreement expires:	31 December 2006
Project duration:	3 years
Value of financing agreement:	€ 6,700,000

Project overview:

The overall objective of the SFA 2001 Financing Agreement is to safeguard foreign exchange earnings, increase rural income and employment and to improve food security.

The programme is to promote the development of a 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 banana-agriculture, economic diversification and to promoting growth in non-banana agriculture, economic diversification and to provide social support for retired farmers and farm workers.

The projects will deliver the following results

Agricultural (Bananas & Non-bananas): €2,600,000

- Establishment of an Agricultural Information Systems (AIMS);
- Enhancement of training and research capacity;
- Establishment and enforcement of Standards & Regulations;
- Improved farm access and enhanced ports and post-harvest infrastructure;

Credit €2,000,000

- Access to credit through professional financial institutions;
 - Final borrowers benefiting from support/training
 - Improved services to investors in rural areas
- Additional resources will be made available to further reinforce credit mechanisms currently under development in the rural sector, under SFA 1999 and 2000.

Social Recovery: €1,450,000

- Retired farmers benefiting from an Agricultural Pension Scheme

Coordination, Monitoring and Evaluation - Support Services to the NAO: €300,000

Support to the Office of the NAO, which manages, coordinates and monitors the implementation of SFA funds in keeping with the Commission Procedures.

Progress:

The Annual Overall Work Programme, Memorandum of Understanding Work Programme and Imprest Account for the implementation of the projects were signed in July 2003.

Agricultural (Bananas & Non-bananas): €2,600,000

Establishment of an Agricultural Information Systems (AIMS) - Implementation of this aspect of the programme will be based on the output of the AIMS Study currently being under SFA 1999;

Enhancement of training and research capacity -Consistent with the Work Programme implementation is foreseen to begin in the second quarter of 2004. However the Ministry of Agriculture has requested that implementation begin in year 2 of the Work Programme given the quantum of resources currently available on the island in support of training. A response from the Delegation is awaited.

Establishment and enforcement of Standards & Regulations -Consistent with the Work Programme implementation is foreseen to begin in the second quarter of 2004 –

preparatory work including design option is ongoing.

Improved farm access and enhanced ports and post-harvest infrastructure -Only aspect of the programme foreseen to be implemented in year 1 is farm access which is ongoing.

Credit

Funds have been utilized to complement the Enterprise Development Facility established under SFA 1999. Agreements have been signed with five Financial Institutions committing approximately seventy percent of the available resources.

Coordination, Monitoring and Evaluation - Support Services to the NAO: €300,000

The office of the NAO is in full operation as of November 2003 with a full complement of staff is in place and the project activities are ongoing.

Project title:	SFA 2002
Accounting number:	DOM/SFA/1999/2
Implementing agency:	Ministry of Agriculture
Date of financing agreement:	10 March 2002
Date financing agreement expires:	31 December 2007
Project duration:	3 years
Value of financing agreement:	€ 6,400,000

Project overview:

The overall objective of the SFA 2002 Financing Agreement is to safeguard foreign exchange earnings, increase rural income and employment and to improve food security.

The project purpose is to provide social support to society's vulnerable) including farmers, farm workers, households and communities that have been affected by changes in the banana industry) as well as promote economic and agricultural diversification.

The projects will deliver the following results

Social Investment Fund €4,400,000

- *Provision of support to vulnerable groups* (including: Carib communities, older persons, women, youth (15-35) at-risk, children (0-15) at-risk, physically and mentally challenged persons).
- *Community Support Fund* (projects benefiting the poorest geographically-defined communities and pockets of poverty existing within the less poor communities).
- *Support to bridging the gaps in essential social service delivery* (support to Government allocations on procurement and provision of essential social services,

- including health and education services where extenuating circumstances arise)
- *Support to relief and rehabilitation activities following natural disasters* (The Board of DSIF *may* decide, in discussion with the DSIF management and the Government to participate in emergency rehabilitation in the event of a natural disaster).
 - *Establishment of the D-SIF Board and management* (local and Technical Assistance staffing, DSIF Board and office expenses)

Feasibility and Design Fund €800,000

- The creation of an appropriate enabling environment for sustainable development including (i) an appropriate regulatory/legislative framework and (ii) the development of public infrastructure.

Support Services to the NAO: €600,000

Continued support to the NAO Office, which manages, coordinates and monitors the implementation of SFA funds in keeping with the Commission Procedures.

- Better co-ordinated SFA funded projects;
- SFA funded projects implemented successfully and according to projected timeframes and cost estimates;
- Effective and efficient accounting of SFA financing, greater openness, transparency and visibility regarding the utilisation of SFA funding;
- An effective and efficient administration of SFA matters at the NAO Office.

Progress:

The Annual Overall Work Programme, Memorandum of Understanding Work Programme and Imprest Account for the implementation of the projects were submitted to the EC Delegation, Barbados in November 2003. The introduction of the new financial regulations by Brussels, which impacts the implementation modalities has deferred the signing of these documents, therefore implementation of project activities have been significantly delayed.

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

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..

The FMOs define a number of programmes and actions 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.

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.

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 EUR 705,000 of interest as part of the European Commission's contribution to bridging the financing gap in 2003/04 was approved and the amount disbursed in December 2003.

Project title:	Stabex 1996/97 - Budget Support (PSIP)
Accounting number:	DOM/97/04/04
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:	€ 8,000,000

Project overview:

According to the Frameworks of Mutual Obligations (FMO), Stabex-96/97, these funds are targeted to specific capital investments within the overall national Public Sector Investment Programme (PSIP). The FMO aims at promotion of economic growth and reduction of poverty.

The FMO also defines a number of programmes and actions aimed at macroeconomic stability largely to be achieved through increasing government savings. The FMO is very specific in terms of savings targets for the Central Government and for the public sector as a whole. It further aims 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 FMO 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.

The Government has committed itself through the FMO 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 FMO 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 and have been endorsed by the EC Delegation.

All three tranches of Stabex-96/97 have been received. Implementation of Programmes under the Ministry of Community Development (Social Protection Programmes), Ministry of Education (Completion of Northern Education Project, Youth Skills Training & Hospitality Institute), Ministry of Health (Rehabilitation of Rural Health Clinics & Psychiatric Hospital Wing), Ministry of Agriculture (Agricultural Diversification) and Ministry of Communication & Works are ongoing.

The Banana Restructuring Consultancy has been concluded and the Integrated

Development Plan Consultancy is submitted for final approval.

In addition EUR 374, 166 was used from accrued interest from STABEX 1996/97 form part of the European Commission's contribution to bridging the financing gap 2003/04, identified by the IMF.