



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

**COOPERATION BETWEEN  
THE EUROPEAN UNION  
AND  
GRENADA**

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In conformity with Article 81 of  
The Cotonou Agreement

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## Executive Summary

Grenada continued to recover in 2008 after the devastation of the country in 2004 by Hurricane Ivan. There have been a number of positive achievements since the approval of the IMF supported Poverty Reduction and Growth Strategy facility (PRGF), although the IMF, throughout most of 2007, had pointed to significant slippages in structural and fiscal reform targets. The Grenada economy grew by 1.6% in 2008, slipping back from 4.5% in 2007. This fall in growth can largely be attributed to the contraction in construction, manufacturing, tourism and transport with the growth coming from agriculture and the service industry, as well as the public sector. Inflation increased by an average of 8.0% through 2008 with a projected rate of 4.5% for 2009.

Fiscal year 2008 was a very challenging one for the Government. Increased pre election spending combined with back pay to public officers of more than \$25 million and higher outlays for safety net programmes were major contributing factors. Notwithstanding, 2008 was a good year for revenue collections with actual receipts exceeding Budget by some 2.9 percent.

According to the UNDP Human Development Report for 2007/8, the Human Development Index for Grenada is 0.777, which gives Grenada a rank of 82<sup>nd</sup> out of 177 countries. This compares to a ranking of 85 out of 177 in 2006. It was estimated in 2002 that 32 % of the population live in poverty with the decline of the agricultural sector resulting in increased hardship and poverty in the rural sector.

The impact of hurricane Ivan has significantly worsened Grenada's social profile. The results from a Core Welfare Indicators Questionnaire Survey (CWIQ) completed in 2005 revealed that the unemployment rate amongst the poorest segment of the population rose to 38% in 2005, twice the national unemployment rate. More recent estimates by Grenada Statistics Department show that the country's unemployment rate after Hurricane Ivan increased to 18.5% with the rate for women being 25.5%, twice the 12.5% rate estimated for men. Increasing safety net measures for the poor has become urgent and the Government gives a high priority to improving the shelter conditions of low-income households.

The population of Grenada enjoys a relatively stable health status given health indicators over the period, 1998-2002. However when compared to other countries in the region, health status indicators of Grenadians were found to be in the mid-range. This suggests that while Grenadians enjoy a relatively good health status, there is room for improvement. The health sector has consistently received approximately 12% of the annual Government recurrent budget, and public health recurrent expenditure is estimated to have averaged 4% of GDP over the period 2000–2006.

The CSP/NIP for the 10<sup>th</sup> EDF was signed on December 2, 2008. The total allocation under the "A" envelope is now € 6 million and the "B" allocation has been set at €3.2 million. The focal sector for the 10<sup>th</sup> EDF will be Human Settlement with the overall objective being the social and economic recovery of Grenada by facilitating improved human shelter conditions for low income households.

The first tranche, €4.0 million, of a macro economic budgetary support programme for poverty reduction through private sector development and growth, was paid in

November 2008. Approximately €11.7 million has been earmarked for budget support. Further to this approximately €3.2 million will be provided through Sector Budget Support (STABEX).

Following Hurricane Ivan, the focal sector for the 9<sup>th</sup> EDF was changed to education where, by the end of 2008, seventeen schools had been rehabilitated following the allocation of €10.3 million.

The 8<sup>th</sup> EDF provided some €6.5 million through the NIP for Water Supply and following the approval of a Water Policy, it is hoped to start work in early 2009 on the rehabilitation of the water supply network in southern Grenada.

€5.5 million has been allocated to SFA (2001 – 2008) programmes to assist Grenada primarily in the rural development sector.

## **1. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION**

### **1.1 Update on the political situation**

#### ***New government***

In July 2008, National Elections were held in Grenada and resulted in victory for the National Democratic Congress (NDC), which for the last 13 years was the main opposition party. The NDC won 11 of the 15 seats in the Grenada House of Representatives. Next elections are to be held no later than 2013.

The new administration in December 2008 delivered an EC\$676 million budget under the theme “*Strengthening Economic Management and Building a Platform for Sustained Prosperity*” with the aim of strengthening the management of the economy.

#### ***Proposal for new economic and political union***

Grenada was among OECS countries which on 11 September endorsed an initiative from Trinidad and Tobago’s Prime Minister Patrick Manning for the creation of a new economic and Political Union.

In a surprise move, Prime Minister Manning launched an initiative to bring together States of the Caribbean in a new Economic and Political Union, separate from other established regional integration efforts (CARICOM, OECS, ACS).

At the invitation of Manning, a meeting was held on 14<sup>th</sup> August 2008 in Trinidad and Tobago. In attendance were Grenada's Prime Minister Tillman Thomas, the Prime Minister of Saint Lucia, Stephenson King and the Prime Minister of St. Vincent and the Grenadines, Dr. Ralph Gonsalves. Barbados was represented by Christopher Sinckler, Minister of Foreign Affairs and the President of Guyana by Carolyn Rodrigues, Minister of Foreign Affairs. The Secretary General of the Caribbean Community, Edwin Carrington and the Director General of the Organisation of Eastern Caribbean States (OECS) Dr. Len Ishmael were also present as observers.

At their summit, discussions on collaboration towards the achievement of a Single Market and Economy, Political Integration and Regional Air Transportation took place. After the meeting, a Joint Declaration was signed by Trinidad and Tobago, Saint Lucia, Grenada and Saint Vincent. The Joint Declaration, a statement of intent, was subject to ratification by the respective Cabinets and the duties identified therein were purely indicative.

The Joint Declaration established a framework for closer cooperation towards the achievement of a single economy by 2011 and appropriate political integration by 2013, having taken note of the difficulties which have arisen in regard to progress towards the establishment of the CARICOM Single Market and Economy and the decision of the Organisation of Eastern Caribbean States (OECS) to proceed towards the establishment of an Economic Union among themselves by 2009.

The leaders and Foreign Ministers Sinckler and Rodrigues resolved that no initiative associated with the implementation of the Joint Declaration would undermine the Single Market or economic cohesion established by the Revised Treaty of Chaguaramas.

Participation in the framework was open to all Member States of the Caribbean Community wishing to commit to the achievement of the single economy and appropriate political integration within indicative timeframes.

The grouping also mandated former St. Lucia Prime Minister Vaughan Lewis and Trinidad and Tobago diplomat Dr. Cuthbert Joseph to prepare a study by the end of 2008 regarding achieving the modalities which have been set.

### ***Value added tax implementation***

The Grenada Government said it would not be implementing the proposed Value Added Tax (VAT) until October 2009 because the previous government had failed to leave a foundation in place for the new tax regime.

Finance Minister Nazim Burke said, following discussions with representatives from the Caribbean Regional Technical Assistance Centre (CARTAC), the government was advised that it would be impractical to institute the VAT before the final quarter of 2009. He said that the office which was preparing the country for VAT implementation was disbanded by the previous government before the July general election.

### ***Visa restrictions***

The Grenada government, in its conviction that “undesirables” are in possession of Grenadian passports said it will be seeking to recover them as part of a campaign to have Canada lift visa restrictions imposed on its nationals.

The announcement came following a trip to Canada by Prime Minister Mr. Tillman Thomas during the last weekend of September.

Ottawa imposed the restrictions in 2001, amid concerns by United States and Canadian officials over the island's economic citizenship programme.

More than 840 passports at an individual cost of EC\$60,000 (US\$422,470) were sold under the programme introduced in the late 1990s.

Grenada and Dominica are the only two Organisation of Eastern Caribbean States (OECS) countries that are faced with travel restrictions to Canada, which cited their economic citizenship programmes as posing criminal, security and border integrity concerns.

### ***Grenada-US talks***

Grenada's Prime Minister Mr. Tillman Thomas on Wednesday 8 October 2008 held talks with United States President George W. Bush, with trade, security and climate change foremost among their concerns.

Mr. Thomas also used the opportunity to appeal to the US President, for support in the restoration of his country's centuries-old parliament building that was destroyed by Hurricane Ivan in 2004.

The two leaders also discussed the current global financial crisis, in particular high food and fuel costs, with Bush inquiring after the welfare of ordinary Grenadians.

Overall, Thomas, who is the current chairman of the Organisation of Eastern Caribbean States (OECS), characterised the day's deliberations as “interesting” and said he looked forward to strengthening and deepening the relationship between the US and the Caribbean.

## **1.2 Update of the economic situation**

### ***Regional Overview***

Growth in the Eastern Caribbean Currency Union (ECCU) is projected at 2.7 percent.

## CARIFORUM-EC Economic Partnership Agreement

As a Member State of CARIFORUM, one of the regions of the African, Caribbean and Pacific (ACP) States, Grenada signed the first comprehensive Economic Partnership Agreement (EPA) on 15 October 2008 with the European Commission (EC). The EPA replaces the trade arrangements of the EU-ACP Cotonou Partnership Agreement which expired at the end of 2007. The Agreement was initialled by both sides on December 16 2007 ahead of the deadline for the expiration of the World Trade Organization (WTO) waiver which extended the Cotonou trade regime until the end of 2007. As such, from January 1, 2008, goods from the 15 CARIFORUM Member States (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago) entered the European Union duty free and quota free. However, there is a phased period between 3 to 25 years for European goods to enter CARIFORUM markets duty free, as well as an important number of exclusions for sensitive products. This is a signal of the asymmetrical nature of the agreement given the different levels of development between the two sides. Grenada is preparing to have the EPA ratified and to sensitize the general public specifically the private sector on the provisions of the Agreement.

To ensure that the Caribbean states are able to adjust to the new challenges and to maximise the benefits from the opportunities offered by this Agreement, development co-operation is an integral part of the EPA. In addition, the European Union Aid for Trade strategy and co-operation under the Cotonou Agreement offer many opportunities to develop programmes in support of the implementation of this Agreement. Special programmes have also been put in place for sugar, bananas, rice and rum with a view to help Grenada and other Caribbean states become more competitive and diversify their economies.

### ***Grenada Overview***

#### *Economic Performance*

Preliminary estimates for the first nine months of 2008 suggest that at the end of 2008, the Grenadian economy should grow by 1.6 percent compared to 4.5 percent in 2007. The low growth can be explained by the recession in the global economy and especially the USA, Grenada's largest trading partner together with high oil and food prices on the International market.

The sectors likely to be responsible for this projected growth in 2008 are: Agriculture which is projected to grow by 11.7 percent; Electricity and Water by 4.6 percent; Government by 7.5 percent and Other Services by 8 percent.

The sectors which are likely to contract are: Construction which is projected to fall by 15.0 percent; Manufacturing by 6.0 percent; Hotels and Restaurant by 4.0 percent and Transport by 5.0 percent.

The Hotel and restaurant sector which is one of the main foreign exchange earners is to experience a fall in total visitors' arrivals of 4.4% primarily due to visitors from the USA and Caricom by 13.1% and 21.8% respectively. On the other hand, arrivals from UK and Germany increased by 5.6% and 8.5% respectively.

The projected decline in construction activities would be related to the slow implementation of the major foreign direct investment projects, most of which have been impacted by the global financial crisis.

Steady growth of 5.75% is expected for communication, banking and insurance, real estate and housing and government services. Other services continued to record strong growth by averaging 8.0%, due to the continued expansion of the St Georges University.

Inflation as measured by the changes in consumer price index was estimated to have increased by an average of 8.2% in 2008. The main factors being high price of food and petroleum products which are projected to increase by 14.0% and 24.7% respectively.

In 2009, inflation is projected at 4.5 percent reflecting lower oil prices and recession in the US economy. The Grenadian economy is projected to grow by 1.5 percent compared with projected growth of 2.0 percent in the ECCU.

### *Fiscal Operations*

Fiscal year 2008 was a very challenging one for the Government. Increased pre election spending combined with back pay to public officers of more than \$25 million and higher outlays for safety net programmes were major contributing factors. Notwithstanding, 2008 was a good year for revenue collections with actual receipts exceeding Budget by some 2.9 percent. Total grants were significantly better than 2007 as funding for budgetary support programmes were disbursed. The surplus on Government's current operations of \$66.1 million (3.7 % of GDP) was less than the \$86.0 million (5.2 % of GDP) realized in 2007.

### *Public Debt*

As at December 31, 2008, the Public Debt was EC\$1.79 billion consisting of:

Central Government - \$1.6 billion

Government Guarantees - \$194.0 million

### **1.3 Update of the poverty and social situation**

According to the UNDP Human Development Report for 2007/8, the Human Development Index for Grenada is 0.777, which gives Grenada a rank of 82<sup>nd</sup> out of 177 countries on the basis of adult literacy, school enrolment, life expectancy at birth, and per capita Gross Domestic Product (GDP). This compares to a ranking of 85 out of 177 in 2006. It was estimated in 2002 that 32 % of the population live in poverty with the decline of the agricultural sector resulting in increased hardship and poverty in the rural sector. Following hurricane Ivan, addressing social recovery was an immense challenge. However with the immediate recovery and emergency relief efforts mostly addressed,



the priority turned to assisting the affected population to return to normal conditions, an endeavour critical to preventing a rise in poverty and for maintaining social stability. This has entailed, inter alia, securing permanent housing solutions and supporting employment initiatives. For those most vulnerable, the protection afforded by social safety nets may need to remain or be expanded. Given the importance of education and health services to social development and poverty elimination, restoring critical infrastructure within these sectors is essential. This will entail rebuilding physical infrastructure in education, health, and social services.

The first phase of the Participatory Poverty Assessment Survey, a collaborative project of the Government of Grenada and the Caribbean Development Bank (CDB), came to an end in April. The next phase will include the deployment of field research facilitators to collect first hand information throughout the country. The objective of the survey is to determine the extent and severity of poverty throughout the tri-island state, in light of the fact that the Grenada Government has been focusing its social programmes on the eradication of poverty. Additionally, as a result of the significant changes in the social, physical and economic landscape of the country following Hurricanes Ivan in 2004 and Emily in 2005, it was necessary that a comprehensive assessment of the current situation be carried out to adequately address the issues. The results of the survey are expected to generate information that will guide the future social and economic policies and programs of the government.

### *Education*

Grenada has attained almost universal school access but there are still sizeable gaps above the primary level. Notwithstanding the recent increase in the transition rates from primary to secondary school the current level of secondary access remains low, only 60 %, while the transition rate to tertiary level training is much lower. The combined primary, secondary and tertiary gross enrolment ratio was 65% for 2001-02. In order to foster closer co-operation and to enhance the benefits from joint development of education, Grenada participates in the regional (CXC) examination system and pursues in addition, a joint OECS Education Reform Strategy, which places an emphasis on the social aspects of education.

### *Health*

The population of Grenada enjoys a relatively stable health status given health indicators over the period, 1998-2002. However when compared to other countries in the region, health status indicators of Grenadians were found to be in the mid-range. This suggests that while Grenadians enjoy a relatively good health status, there is room for improvement. The health sector has consistently received approximately 12% of the annual Government recurrent budget, and public health recurrent expenditure is estimated to have averaged 4% of GDP over the period 2000–2006.

The health profile indicates that communicable childhood diseases are virtually under control and the major health problems are related to chronic non-communicable diseases or so-called lifestyle diseases. However, levels of satisfaction with the quality of the Government Health Services are low leading to a drift towards Private Health Care.

Sexually transmitted diseases seem to have progressed slowly in the population as illustrated by surveillance of hospital data and community services data. Health workers

believe that this information may be underestimated, as most persons tend to seek a private physician to treat these diseases. The cumulative total of reported HIV – infected persons stood at 309 at December 2006, with the ratio of male to female being 1.8:1. As at end of December 2006, the cumulative number of deaths from AIDS was 163; 118 males, 45 females.

### *Social Protection*

The impact of hurricane Ivan has significantly worsened Grenada's social profile as the quality of life of many more persons would have been affected. The results from a Core Welfare Indicators Questionnaire Survey (CWIQ) completed in 2005 revealed that the unemployment rate amongst the poorest segment of the population rose to 38% in 2005, twice the national unemployment rate. The survey also revealed damages to be more prevalent and more severe amongst the poorest households as a result of the weaker type of housing structure of the poor. The poorest quintile had no home insurance coverage compared to least poor quintile where 35% of the damaged homes had coverage. The incidence of overcrowding following the hurricane was also found to be more prevalent in poor households. Other poverty monitoring indicators generally revealed that the economic situations and quality of life of these households had declined significantly since the hurricane.

Increasing safety net measures for the poor has become urgent. The Government gives a high priority to improving the shelter conditions of low-income households. A Poverty Eradication Strategy was prepared in 2004 but will need to be refined to be more strategic in focus and better integrated within the Government's medium-term macroeconomic framework. In view of the high level of rural unemployed poor in Grenada, social development strategies which enhance educational attainment and outcomes and which promote rural economic development would need to be central elements of Grenada's poverty alleviation strategy. Priority areas would also include reducing social vulnerability to natural disasters through hazard mitigation measures.

There is also a group of persons whose overall quality of life deteriorated quickly after the passage of hurricane Ivan. These persons, the *new poor* because of their middle-income status before the hurricane, tend to be invisible in the statistics and as such are often overlooked by social recovery programmes. Since the hurricane, for a variety of factors such as the loss of income, reduced earnings and inadequate or lack of property insurance, persons in this group have also found themselves in a state of deprivation. Some of these are retired professionals and returned nationals on fixed incomes and persons retrenched or who have had to accept positions with lower incomes because of the dislocation brought about by the hurricanes. As a result of these changes in their economic circumstances, like the poor and indigent, these persons are unable to access resources to meet some essential needs like housing, and their ability to address such needs is severely constrained. These needs will remain unfulfilled in the short to medium term unless some assistance is provided by the State.

### *Employment*

Prior to Hurricane Ivan, agriculture and tourism provided many opportunities for employment of men and women. The nutmeg industry alone accounted for direct and indirect employment of almost 31,000 people. About 7,500 farmers were engaged in the cultivation of cocoa which was second to nutmeg as the country's most important export

commodity. These, along with banana, minor fruit crops, citrus and vegetables, provided employment, foreign exchange and contributed to the country's food security. Tourism and related services provided direct and indirect employment for over 60% of the labour force with a large proportion of these being women engaged in low-income occupations. With the passage of Hurricane Ivan, these activities have been severely affected. Large proportions of the nutmeg and cocoa plantations were destroyed, setting these industries back several years. About 80% of the hotels were also damaged with many requiring some time before they could resume full operation. As a result, the earnings of a large number of households, dependent on agriculture and tourism for a livelihood, have been disrupted. Women in particular have been severely affected. Whilst the effects of the hurricanes provided increased employment opportunities in the traditionally male dominated construction areas, the level of unemployment among women has increased.

Recent estimates by the Grenada Statistics Department indicate that the country's unemployment rate after Hurricane Ivan increased to 18.5% with the rate for women being 25.5%, twice the 12.5% rate estimated for men. For women living in the urban areas where most of the major construction activity is taking place, the rate of unemployment is 18%, also twice that of men (9%). This is also the case for female household heads. At a rate of 50%, the level of unemployment among them is double that of their male counterparts. The levels of underemployment are also high among women with many resorting to activities in the informal sector, such as vending for a livelihood.

### *Rural Development*

The causes of poverty in Grenada are complex and related to historical and economic factors, not least the vulnerability of the economy due to the country's small size and its exposure to natural disaster. Tropical storms and hurricanes regularly cause serious damage to infrastructure and contribute to keeping the poor in a poverty trap. Grenada's mountainous, volcanic topography can lead to severe soil erosion, and its mountains create a physical barrier across the island. An underwater volcano is also active, and eruption would threaten the islands with tidal waves and ash outflow.

At the rural household level, poverty is determined by a lack of access to productive resources including credit; social and/or productive organizations; literacy, technical and/or entrepreneurial skills; access to markets and/or information; and access to technical and financial support services.

Although each rural community faces different constraints, overall conditions for poor rural households in Grenada are generally precarious. Despite the reduced contribution agriculture makes to the national economy, it remains an important source of food or income for many poor and very poor rural households.

Farm size throughout Grenada is small, with half of the farmers estimated to have less than one acre and 90% less than five acres. The majority of farms are under private ownership, either individually or family-owned. A small proportion of these farms are rented, and squatting is less prevalent than in some of the islands. The mean farm size is approximately 2 ha with little difference between farms run by men and those run by women. Depending on the climatic and ecological conditions, different crops are raised in different parishes, though bananas still predominate in most parishes. Corn, peas,

roots and vegetables are important crops for poorer households; tree crops also have a central role, particularly in terms of fruit provision for household-level agro-processing.

## **2. OVERVIEW of PAST AND ONGOING EC CO-OPERATION**

### **2.1 Reporting on the financial performance of EDF Resources**

The CSP/NIP for the 10<sup>th</sup> EDF was signed on December 2, 2008 between the Government of Grenada and the European Commission. The total allocation under the “A” envelope is now 6 million euro. A provisional allocation of euro 4.76 million for Grenada was initially earmarked from the “A” envelope, an additional sum of euro 1.240 M was allocated to Grenada based on the assessment of the Governance Profile. The Indicative allocation for the “B” allocation has been set at €3.2 million.

The focal sector for the 10<sup>th</sup> EDF will be Human Settlement absorbing € 5 million out of a total *A-envelope* of € 6 million. The overall objective of the programme is the social and economic recovery of Grenada by facilitating improved human shelter conditions for low income households, thus reducing the economic and environmental of low income households and providing them with secure living accommodation. The project will contribute to the social and economic recovery of Grenada and to poverty reduction.

The non-focal sector would support Non State Actors and provide Trade related Technical Assistance under the *Technical Cooperation Facility*. In addition, an allocation would be made for Technical Assistance support to the Office of the National Authorizing Officer.

A Draft Project Identification Fiche for Technical Cooperation Facility (TCF) under the 10<sup>th</sup> EDF has also been submitted to Brussels for approval. The project purpose is to improve the planning and implementation of the development projects and programmes financed by the European Community, strengthen the capacity of Government services and support the involvement of non state actors in EU projects and programmes.

The main activities that will be supported under this TCF programme are:-

- ◆ Technical Assistance aimed at providing TA Services to assist the Government of Grenada to plan and implement programmes and projects during the identification and feasibility stages of the PCM, as well as, fund Trade related technical assistance activities.
- ◆ Training Support for Project and Programmes.
- ◆ Conferences and Seminars.
- ◆ Support to Non State Actors.

Funding from the 10<sup>th</sup> EDF Programming is expected to come on stream in 2009.

The country’s debt however is the direct result of the government’s ability to finance its capital expenditure from grants and the current account surplus. Most of government’s capital spending forms part of the public sector investment programme (PSIP) whose main objective is to create the conditions for an active participation of the private sector in the economy through the construction of the appropriate physical infrastructure and the establishment of the necessary institutional support.

It is because of the heavy outlays in PSIP spending we have seen over the years the growth in private investment both domestic and external in the major productive sectors of the economy, in particular Tourism.

In deed the expansion in public investment would have also accounted for an increase in the level of employment in the economy, since PSIP projects are labor intensive, thereby allowing for the generation of income especially among the poor, and increasing their ability to withstand the impact of higher food prices on their standard of living. This is in addition to the special programmes (milk, transportation) implemented by government to help cushion the effect of high food prices on the poor.

There is the likelihood that the country stands to benefit from the implementation of the EPA with the EU. The institutional framework however has to be created. The intention is for government to expand the work of the EDF/SSU to include two senior staff to be financed from the 10<sup>th</sup> EDF.

## **2.2 Reporting on General and Sector Budget Support**

### **2.2.1. Macro Economic Budget Support**

The Financing Agreement (FA) “*Poverty Reduction through Private Sector Development, Employment and Growth*” for the additional ETR allocation of €10mn was signed by the NAO on 27 November 2007. Approximately €9.3m is earmarked for general budget support. To this sum has been added, €1.7m and €660,000 via two riders for the 2005 FLEX and 2006 FLEX allocations, respectively. The FLEX 2007 amount is € 0.66m. The first tranche of the general budget support was disbursed in November 2008 in the amount of €4.0m. The overall objective is to reduce poverty through the creation of an improved investment climate so as to stimulate private sector development, employment and growth. The variable tranche conditions (**indicators and targets**) will be detailed in a Memorandum of Understanding to be signed between the Delegation and the GoG and will be linked via a Joint Matrix to the new WB/GoG Technical Assistance Credit/Private Sector Development Programme (WB TAC). The variable tranche indicators will cover: (i) Investment Promotion & Business Facilitation; (ii) SME Development; (iii) Trade Facilitation.

The FA also provides €500,000 in contribution to the WB TAC, and this will be committed via a Trust Fund Agreement with the WB. To date, the WB TAC Facility has been approved by the Grenada Parliament and submitted to the WB Board for approval. Preparatory work is expected to commence in January 2009 for the development of an *Investment Promotion Strategy*. The Caribbean Open Trade Support Programme (COTS) is expected to conduct a *Competitiveness Study in February 2009* in preparation for the development of the Investment Promotion Strategy. A *SME Policy* document has been prepared and expected to be submitted to Cabinet shortly for approval. Reforms are ongoing for Trade Facilitation. arising from the Doing Business 2007 Survey and other ongoing work being undertaken by CARTAC and CIDA. The ECEMP 111 project was completed during the first half of 2008. A draft Customs Law; new Customs and Excise

Tariffs and Fraud Control plan and Strategy have been prepared. Those documents are expected to be submitted to Parliament early 2009.

## **2.2.2 Sector Budget Support (STABEX)**

A PMF-PEFA assessment of Grenada's PFM systems concluded positively on 30 October 2006, following which the FMO for sector budget support covering the remaining unallocated and de-committed STABEX funds was finalised and submitted to HQ in November 2006. It was approved by the QSG in March 2007 following which numerous modifications were incorporated and a final revised FMO for EUR 3,164,473 was submitted in December 2007 which was signed early January 2008. The FMO aims at assisting the Government to strengthen Land Use & Tenure in Grenada towards the goal of stimulating agricultural and private sector investment.

As a precondition for the release of the funding a *Compliance Report* has to be prepared by the NAO addressing specific interventions outlined in the FMO. The Sector Budget Support would be disbursed in one single tranche therefore each commitment must be met in full for disbursement. To date, a draft Compliance Report was prepared by the NAO which has to be modified. It is expected that the Report would be finalised early in January 2009.

## **2.3 Projects and Programmes in the focal and non focal areas**

### **2.3.1 9<sup>th</sup> European Development Fund – Focal Sectors**

The new intervention framework was established on the basis of the institutional and economic water sector study which also provided inputs to the draft Financing Proposal for the planned water supply project (see below 3.1.3). Approximately 80% of the indicative envelope of the 8<sup>th</sup> EDF (€ 5.2 million) was allocated to the water sector for the development of supply, treatment, distribution and maintenance. In order to ensure sustainability, technical assistance was to be provided to guide an institutional reform process.

#### **Focal sector "Macroeconomic reform"**

Following the completion of the End of Term Review (ETR) in 2007, in light of an assessment of the country's current needs and performance, the Commission agreed to increase Grenada's "A" Envelope by an additional €10mn. Considering the increased financial needs following the devastation caused by Hurricanes' Ivan and Emily (in 2004-5) it has been agreed to include an additional focal sector to support the *macroeconomic reform programme*, with the objective of supporting the Government of Grenada's (GoG) macroeconomic reform programme for poverty reduction: *Memorandum of Economic Policies 2006-2008* (MEP) and *Interim Poverty Reduction Strategy Paper (I-PRSP)*.

#### **Focal sector "Education"**

In accordance with the change of the focal sector, as described above, a Financing Proposal covering the rehabilitation of 19 school buildings damaged by the hurricane in 2007 was approved for a total amount of € 9.3 million (€7.8 million from B-envelope, €1.5 million from A envelope).

The project is being implemented under a co-financing arrangement with the World Bank which is responsible for the technical and financial implementation. A Rider, approved in July 2007, added another €1,072,000 to the agreement. These additional funds will be mainly used to equip the schools laboratories with minor civil works.

Reports show that at the end of 2008 of the nineteen schools, seventeen (17) have been completed with a remaining two (2) under construction. The programme has progressed slower than expected with the main delays being:

1. By the Ministry of Education in selecting schools;
2. Design (six months later than planned);
3. In Procurement of Contracting Services due mainly to long contract review period by Tender Board.

A mid term Evaluation of the project conducted by Captia Symonds, Hydratec Consortium September 2008, has indicated that the overall progress and quality of the rehabilitation work is satisfactory. The overall assessment of the evaluation is shown in the table below. It is expected that the programme will be completed by the end of 2009.

**Table 1 Overall Assessment – Post Emergency School Rehabilitation Project**

<b>Evaluation</b>	<b>Overview comment</b>	<b>Rating</b>
Relevance	The project directly addressed the original post-emergency circumstances, which still remain today, and is thus very relevant.	<b>a</b>
Effectiveness	The project will be effective in delivering its specific objective but a wider view might have been good value in the longer term.	<b>a</b>
Efficiency	Early stage in-efficiencies are noted and the Addendum is still not activated. The in-country efforts by all have produced a very efficient project. The evaluation reflects this effort at project level.	<b>b</b>
Impact	The project will achieve its planned impact and is evaluated accordingly. Again a wider view beyond immediate rehabilitation might have been good value in the longer term.	<b>a</b>
Sustainability	The rehabilitated buildings and support to post-hurricane recovery will be sustained with a query on security and building maintenance. Deeper issues regarding the poor state of many remaining facilities and general impact on education need consideration.	<b>b</b>

### **2.3.2 8th EDF NIP € 6.5 million – Focal Sector: Water Supply**

The Financing Agreement for the Southern Grenada Water Supply Project was signed by the Commission in December 2006. However, its signature by NAO was linked to the adoption of a Water Sector Policy by the government as a pre-condition. The fulfilment of this commitment by the government was repeatedly postponed (while national consultations with stakeholders were being held), but a very satisfactory

document – produced in cooperation with FAO and international consultants from the University of West Indies – was eventually adopted in November 2007, paving the way to the signature of the FA in early December 2007.

The project will assist in reforming the Water Sector as it relates to the improvement in water supply to the Southern part of the island of Grenada. The works contract will upgrade seven (7) critical water treatment plants in south-eastern Grenada; improve the reliability of the water supply systems along the south-eastern corridor especially during the dry season and reduce the level of waste through leakage in the existing system.

The project will provide:

- 1) An improved water supply system in terms of quality, quantity and reliability by refurbishing and mains replacement and improving existing water supply schemes.
- 2) Plant upgrading for improving the water quality.
- 3) A reduction in non-revenue-water in the existing system to no more than 20%.
- 4) Reliable mapping documentation.
- 5) Training to NAWASA.
- 6) Programme management to obtain a sustainable working method within NAWASA in order to obtain long lasting effectiveness of above mentioned programmes.

During 2008, the tenders for the Supervision Services and Works component were launched. The tenders for the Works were cancelled in accordance with the *Practical Guide to Contract Procedures for EC External Actions, article 5.2.4.1 (C)*, in keeping with the conclusions of the evaluation committee whereby the administrative and technically compliant offers exceeded the available budget. Negotiations were held with Farmex Technologies SARL, France. At the end December 2008, a Negotiation Report and draft Contract was submitted to the EC Delegation for approval. A Letter of award was issued to the successful tenderer for the Supervision Services, Nicholas O'Dwyer, Ireland and draft Contract submitted for endorsement by the EC Delegation.

The TOR for the technical assistance contract which will provide support for a new institutional framework is expected to be finalised shortly.

### **2.3.3 Projects and Programmes outside focal sectors**

#### **2.3.3.1 9<sup>th</sup> EDF (+ balances of previous EDF):**

12 % of the National Indicative Programme, or €430 000, has been earmarked for studies, audits and technical assistance under the Technical Cooperation Facility (TCF) to support the 9th EDF focal sector programme in Grenada. Financing proposal for the TCF was prepared and the Facility became operational in May 2004. Approximately 65% of these funds were utilised to the end of 2006. A Programme Estimate (PE) was agreed upon for the period May 18, 2007 to October 17, 2008 for the unutilised sum of € 148,018. Allocations were for TA for the preparation of a Feasibility Study for 10<sup>th</sup> EDF focal Sector and in drafting amendments and accompanying regulations for the Planning & Development Control Act 25 of 2002, as well as relevant training needs. There were unforeseen delays in the implementation of the activities as planned and the PE expired before the funds could be utilised.



### **2.3.3.2 Utilisation of resources for NSAs**

A key feature in the Cotonou Agreement is its emphasis on the participation of “non state actors

in the implementation of the Agreement .The Government of Grenada is committed to the involvement of the NSAs and is working towards the operationalisation of the NSA panel. Discussion is ongoing with the Non State Actors.

### **2.3.4 Utilisation of B-envelope**

Following the devastation caused by Hurricane Ivan in September 2004, the Commission decided to double the amount of the B-envelope for the 9<sup>th</sup> EDF from €3 900 000 to €7 800 000. In line with a request by the NAO, it was agreed to use this amount for two post-emergency activities merged in a single Financing Proposal, the rehabilitation of 19 school buildings damaged by the hurricane and a telecommunications project.

No FLEX-related amounts for application years 2003 & 2004 were processed, as the totality of the doubled/revised B-Envelope (€7 800 000) were assigned to post-emergency assistance. Therefore, no more funds were available under the B-envelope for Grenada.

The Indicative allocation for the “B” allocation under the 10<sup>th</sup> EDF CSP/NIP has been set at €3.2 million.

## **2.4 Other cooperation**

### *STABEX transfers (EDF)*

Article 186 of the Lomé IV Convention provides compensation for loss of export earnings with certain agricultural products on which countries’ economies are dependent and which are affected by fluctuations in price or quantity or in both these factors.

Grenada is implementing projects and programmes funded by Stabex allocations for 1993–1997. It has also received allocations for the repayment of balances upon expiry of the Lomé Convention in 2000 (Article 195). Stabex transfers to Grenada were related to loss in banana and spices (nutmeg and cocoa) exports.

A brief overview of Stabex funding, as of 31 December 2008, is provided in the following table.

### **Status of Stabex finances, as of 31 December 2008**

Almost all of the committed STABEX funds (1994, 1995 and 1996/97) for Grenada have been disbursed (€ 5.2 million).

There is no programme still currently ongoing under Stabex except the support to the NAO's Office (until February 2009) and the budget support programme.

At the end of 2005, the NAO and Delegation agreed to a new FMO that merged the allocation for 1996/97 and for Article 195, and all remaining uncommitted funds to be spent through sector budget support to the agricultural sector (cf. Budget Support).

*Special Framework of Assistance (SFA, EC budget)*

Council Regulation (EC) No 856/1999 established a Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas. Following amendment of the banana trade

Funding year	Allocation <sup>1</sup>	Committed	RAC	Paid	RAL
STABEX 1993	3 037 679	2 236 401	801 279	2 224 782	812 897
STABEX 1994	2 354 912	2 065 157	290 755	2 041 175	313 737
STABEX 1995	2 186 605	1 254 198	932 407	1 230 681	955 924
STABEX 1996/97	1 064 250	0	1 064 250	0	1 064 250
STABEX Art 195 Balances	364 512	0	364 512	0	364 512
<b>TOTAL €</b>	<b>9 007 958</b>	<b>5 555 756</b>	<b>3 452 202</b>	<b>5 496 637</b>	<b>3 511 321</b>

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 EU market.

In Grenada, SFA funds are allocated to the areas of banana commercialization and agricultural diversification (establishment of a rural credit scheme) capacity building and institutional strengthening of Government services and private sector development.

A draft Project Identification Fiche has been prepared and submitted to the Delegation of the European Commission for funding under **SFA 2008**. The proposed project is for the establishment of a Spice Research Centre, as well as propagation and farming system studies and extension. The Financing Proposal was approved in October and the Financing Agreement will be signed by the NAO at the beginning of 2009.

The Financing Agreement for **SFA 2007** was signed between the Commission and the Government of Grenada on 13 February 2008. An Agricultural Census is earmarked to

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<sup>1</sup> Including interest

be implemented, however preliminary activities is not foreseen before 2010. The 2007 SFA Programme will be managed by the Food and Agricultural Organization (FAO) through a Contribution Agreement.

The **2006 SFA** project will strengthen statistical and data systems in the Ministry of Agriculture, training for agro processors, including Institutional Strengthening of the Produce Chemist Laboratory and the Grenada Bureau of Standards , as well as, market promotion. An OECS Shipping Study is also envisaged to be implemented under this Financing Agreement. The 2006 SFA Programme will be managed by the Food and Agricultural Organization (FAO) through a Contribution Agreement signed on 12 March 2008.

The objective of **SFA 2005** is to support Agricultural and Economic Diversification and more particularly to improve competitiveness of the agricultural and other productive sectors in Grenada through the introduction and sustainable use of Information and Communication Technologies.

The activities include the design and implementation of a Virtual e-Business Incubator (VBI) database driven structure; ii). Populating the VBI; iii). Marketing the VBI and its incubatees; iv). Mentoring and coaching SMEs; v). Awareness raising including a Web based e-Business Information Centre; vi). Encourage the development of e-banking and a supportive financial services framework for e-business and e-commerce and vii). Accreditation and quality assurance processes for ICT training.

The programme was tendered and an award made to Integration/ Ikesol SRL of France in the sum of €400,310. Implementation commenced on November 1, 2007 for a period of two years. The project is progressing satisfactory.

The Grenada Business Gateway Project under **SFA 2004**, commenced on September 18, 2006 for a period of two years. The Consulting Firm on this Project was Landell Mills UK. The project was completed in September 2008. The project was implemented by GIDC and involved the development of a Business Gateway to enhance competitiveness of private sector and improve enabling environment for business. The two Components of the project were:

1. Business Gateway of the Grenada Industrial Development Corporation (GIDC) strengthened and operational.
2. Enterprises are upgraded as a result of services provided by the Business Gateway.

The Financing Agreement for **SFA 2003** “Improving the Enabling Environment for Sustainable Agricultural Development” was signed in December 2004. The overall objective of this programme was to improve Agricultural Institutional Strengthening output, increase foreign exchange, increase rural employment and incomes, reduce poverty and achieve sustained growth.

A Service Contract was signed with Landell Mills on February 01, 2007 in the sum of €479,950. The Project Steering Committee and other administrative arrangements were put in place for project implementation. Training in Project Cycle Management (PCM) for line Ministries and statutory bodies were conducted from March 26, to June 4, 2008.

Forty five persons participated in this course. Short term TAs were also conducted. The Project is completed.

Details of the technical studies were as follows:

- Implementing the Agricultural Sector Policy/Strategy document (2006) with increased stakeholder participation and budgeting.
- Improving the Sustainability and Effectiveness of the Agricultural Enterprise Development Programme (AEDP).
- Foundation study towards establishment of an Agricultural Data Service. Support for the process of merging and refocusing the Nutmeg and Cocoa Associations in Grenada.
- Support for and expansion of Institutional Performance Monitoring System.
- Establishing a Policy Information Resource Library to support policy and planning in the Ministry of Agriculture.
- Feasibility study for establishment of Small-scale Centralized Processing Facilities.

The Financing Agreement for **SFA 2002** (Rural Credit Facility) was signed in February 2003. However the programme was not started due to new financial regulation mechanisms for implementation. A draft project proposal was prepared for use of the fund under the Agricultural Rural Enterprise Development Project (AEDP). A Rider to the FA was approved for the extension of this project to December 31, 2009.

The **2001 SFA** has been completed in December 2007. The completion report was finalized and submitted to the European Commission Delegation. The project objectives were realized satisfactorily. The Credit Scheme was structured to give greater encouragement to Financial Institution's to provide investment and loans to entrepreneurs in the rural sector.

The **2000 SFA** project was completed on July 2004 with the installation of off -farm irrigation facilities on 14 farms representing 151 acres of farmland at a cost of XCD 795,351.

**SFA 1999**: Rider 3 was signed in October 2007 for a Supplementary Irrigation Project. Adjustments were made to the existing Memorandum of Understanding and Grants Contracts for SFA 1999. The restart documents were signed in August and November 2007. Rider 4 was signed in June 2008 extending the FA to December 31, 2008. As at December 2008, the Rehabilitation of the Boulogne Farm Road; an Agricultural Diversification Study and the supply of the Irrigation Equipment were completed.

#### **Overview of SFA funding as of 31 December 2008 (in Euros)**

<b>Funding year</b>	<b>Total Funds</b>	<b>Committed</b>	<b>RAC</b>	<b>Paid</b>	<b>RAL</b>
SFA 1999	500 000	496 773	3 227	496 773	3 227
SFA 2000	1 000 000	1 000 000	0	933 419	66 581

Funding year	Total Funds	Committed	RAC	Paid	RAL
SFA 2001	500 000	497 771	2 229	497 237	2 763
SFA 2002	500 000	15 350	484 650	15 350	484 650
SFA 2003	500 000	479 950	20 050	431 955	68 045
SFA 2004	500 000	479 640	20 360	326 608	173 392
SFA 2005	500 000	488 857	11 143	234133	265 867
SFA 2006	500 000	430 000	70 000	220 092	279 908
SFA 2007	500 000	0	500 000	0	500 000
SFA 2008	500 000	0	500 000	0	500 000
<b>TOTAL</b>	<b>5 500 000</b>	<b>3 888 341</b>	<b>1 611 659</b>	<b>3 155 567</b>	<b>2 344 433</b>

For SFA as a whole, €430,000 was committed in 2008. 78% of the allocated funds (SFA 1999 to 2007) are now committed. €862,242 was paid in 2008 which is a record breaking year. The global RAL (1999 to 2007) is now at 44%.

#### *European Investment Bank (EIB)*

Grenada has under the various Lomé and Cotonou conventions received at total EUR 17.5 million in EIB funding of which 77 percent was from EDF origin. Solid waste collection and processing, tourism, electricity and the financial sectors, via the Grenada Development Bank, were the main focus of the Bank's activity. Grenada Electricity Services (Grenlec) has been the largest EIB borrower with the last operation signed in 2005. The EUR 8 million loan aimed at the expansion of its power generation capacity. Total outstanding is EUR 5 million.

The programmes of the European Investment Bank (EIB) in the Eastern Caribbean region are summarized in Annex B4.

#### *ECHO*

Grenada shares an extreme vulnerability to natural hazards with the rest of the Caribbean. In response to the risk the vulnerable populations are encountering, DG ECHO (European Commission's Humanitarian Aid department) has been implementing six DIPECHO Programmes since 1998, for a total value of € 16 000 000. Two external evaluations – a third one is ongoing – have been carried out. The main conclusions have underlined the relevance of the program and its positive impact on preparedness of vulnerable communities.

. The last DG ECHO decision specifically targeting Grenada was in 2005, when ECHO took an Ad Hoc funding Decision of €1 200 000 to support the Red Cross, through the French Red Cross, in preparing the communities to face disaster as well as to continue

with the rehabilitation process of houses affected by hurricanes Ivan and Emily. - In 2004, after hurricane Ivan, ECHO had made available to Grenada € 3 000 000 for emergency assistance providing the most vulnerable people with emergency shelter, as well as food, drinking water, emergency communication services, hygiene kits and tarpaulins for house roofing.

## **2.5 Policy Coherence for Development (PCD)**

Subsequent to the completion of the “Poverty Eradication Strategy and Plan” in 2004, Grenada suffered the devastating effects of two major hurricanes and an unprecedented rise in prices due to oil price adjustments. The extent of the damage translated into serious consequences for the poverty situation in the country. Based on the foregoing, the Government of Grenada is committed to the elaboration of a full-fledged Poverty Reduction Strategy and Action Plan within the next 12 months. The Strategy and Action Plan will be informed by another detailed Poverty Assessment Report to be funded by the CDB and an extensive programme of public consultations throughout the country.

For the time being, the Poverty Assessment Report concluded in October 1999 constitutes the single most comprehensive document on the socio economic status of the Grenadian economy. The survey revealed that 32% of the population corresponding to 28.8% of households are classified as poor based on a poverty line of EC\$3 262 per annum per adult. In 2005 following the impact of Hurricane Ivan and Emily, the Government commissioned a Core Welfare Indicator’s Questionnaire (CWIQ) Survey. Earnings have fallen, especially from wage employment, through loss of jobs and the reduction of salaries. Income from business fell by 15%. The disaster also had an impact on nutrition, and affected the capacity of individuals to bounce back. Food security has also been compromised through increased food imports and the loss of the nutmeg and cocoa industries, which have also affected the national economy.

The CWIQ reaffirmed several of the recommendations of the Poverty Assessment Survey. Specifically the survey revealed that just under half of the households in Grenada are headed by females, with more than one fifth in the rural areas falling into the lowest welfare quintile. Well over half the female head of households are unemployed, as compared with one quarter of male heads. As an answer to these challenges, the Government will focus its revised Poverty Eradication Strategy on the following priority elements:

- Economic recovery for sustained robust economic growth;
- Agriculture rehabilitation and development
- Housing development;
- Reduced unemployment;
- Improved access to social infrastructure;
- Human resources development;
- Modernization of estate service machinery;
- Improved environmental management;
- Social safety net programmes.

More specifically, the Poverty Reduction Strategy Paper will seek to achieve the following:

- Adopt a forward-looking and strategic approach, clearly defining the goals for poverty reduction and spelling out steps needed to achieve Grenada's poverty reduction objectives, including the Millennium Development Goals (MDGs).
- Evaluate the effectiveness of existing poverty alleviation programmes, with a view to making better use of empirical evidence to assess programme effectiveness. In addition, it will define which institution or agency is responsible for which objectives; the size, financing and duration of programmes; and the modes and timeframe of implementation.
- Prioritise programmes and policies according to their desirability and social effectiveness. Detailed costing - separating investment outlays from expected recurrent costs for future maintenance and operation - will be made part of the benefits analysis, to facilitate the evaluation of consistency with the fiscal objectives of the macro-economic framework, the PSIP, and available domestic and external resources.

The current Government strategy is an outgrowth of work initiated before Hurricane Ivan struck. In 2003, the primary balance (including grants) registered a small surplus - for the first time in a decade - as the authorities sought to keep in-check public debt which had risen to inordinate high levels. And in mid-2004, the authorities were considering how best to make the improvement in the fiscal stance permanent when Ivan struck. Policies and priorities changed considerably thereafter. The debt burden increased further even as debt servicing capacity weakened and pressing spending needs emerged. The government remained committed to reform and the donor community was approached for support.

The strategic objectives that the Government has set up for 2006–08 are fourfold—sustained high economic growth; restoring fiscal and debt sustainability; reducing vulnerabilities; and alleviating poverty. The Government acknowledges that these objectives need to be advanced in tandem given the inter-linkages among them. High economic growth is necessary to allow rapid poverty reduction and ease the burden of fiscal consolidation. Fiscal reform, in turn, is required to ensure that public debt sustainability is achieved in an orderly manner and maintained, fiscal imbalances do not become a drag on growth, and to help pay for initiatives to alleviate poverty. Reducing vulnerabilities, including by safeguarding the soundness of the financial sector, is essential to ensure the durability of growth. Finally, alleviating poverty is the imperative that motivates the social development agenda.

#### *Sustained high economic growth*

As the Poverty Eradication Strategy highlights, improving the standard of living of Grenada's citizens is the overriding objective of government's economic policies. This in turn requires sustained high economic growth (at least 4%), with the private sector playing a more vibrant role than in the past. To this end, the near-term focus of the structural reforms will be to put in place a policy environment that is much more conducive to private investment. This will include steps to ensure that Grenada Industrial Development Corporation (GIDC), the investment promotion agency, starts to play a more prominent and proactive role in promoting the country as an attractive investment destination, improving the manner in which land can be acquired by investors, as well as comprehensive reforms to improve the tax system's transparency and predictability. The planned Public Sector Modernization Project to be implemented with assistance from the WB, will also serve to make the rest of the public sector more efficient, customer oriented and productive. Reforms in the second and third years of the

programme will focus on measures to enhance labour and product market flexibility, respectively.

#### *Restoring fiscal and debt sustainability*

The government has made significant progress in recent years on fiscal measures, including the introduction of the National Reconstruction Levy, adopting a flexible fuel pricing mechanism, enhancing efforts to collect tax arrears, and most recently, reaching agreement with public sector workers, except for teachers, on wages for 2006-08.

Nevertheless, the budgetary situation remains challenging as Grenada's public debt level remains high. The latter reduces the country's flexibility to respond to future shocks, such as natural disasters, and therefore the government intends to place debt firmly on a downward trajectory through a determined effort, particularly at fiscal consolidation. This effort will begin in 2008 by targeting a budget deficit that can be financed in a sustainable manner, while accommodating expenditures to address pressing development needs. To this end, the authorities have decided to slow the pace of capital expenditure unless additional resources become available, and to reduce expenditure arrears. The government's ambitious divestment program, including the plan to sell two-thirds of its shares in Cable and Wireless, would provide finance for the budget and for paying down some expensive debt.

#### *Reducing vulnerabilities*

The durability of the current recovery also depends on attenuating vulnerabilities to natural disasters and safeguarding the soundness of the financial sector. Grenada has traditionally been considered to be outside the hurricane belt. But recent events clearly suggest that this may no longer be the case, and accordingly the preparedness for extreme weather events needs to be strengthened considerably. To this end, the programme aims to improving adherence to the building code and encouraging citizens to acquire insurance. The reform programme also aims to address other sources of vulnerability for the economy, including by safeguarding the soundness of the financial sector.

#### *Reducing poverty*

Social conditions have deteriorated in the aftermath of Hurricane Ivan. The unemployment rate stood at 19% in July 2005, and was especially high among women (more than 25%) and youth (more than 30%). While data collection on social indicators needs strengthening, preliminary indications are that the poverty rate is likely to have risen. To reverse these trends and guide the social development agenda in the coming years, the Government is preparing a comprehensive poverty reduction strategy paper (PRSP), which will update and expand the Poverty Eradication Strategy prepared in 2004.



## **2.6 Dialogue in country with the national Parliaments, local authorities and NSAs**

With the aim of strengthening civil society involvement in EU/Grenada development partnership, following in-depth in-country consultations involving both government and NSAs, it has been agreed to form an NSA panel.

Under the 10<sup>th</sup> EDF provision has been made to support the non state actors once this panel has been created.

In the last quarter of 2008, a number of meetings were held with community based organizations to provide information on the formation of the NSA Panel and of its importance in EU/Grenada cooperation. The meetings were spearheaded by the EDF/SSU working closely with the Inter Agency Group for Development (IAGDO), an umbrella organization of non government organizations. The panel was however not established and it is hoped that the IAGDO can continue its series of meeting so that the panel can be formed by year end 2009.

## **2.7 Aid Effectiveness**

Most aspects with regards to aid effectiveness are coordinated through the Eastern Caribbean Donor Group, a framework guided by the UNDP. Currently sub-groups on poverty, private sector development and governance exist and another one on economic management and public finance management is being established.

The presence of development partners with a sizeable programme in this Caribbean region is limited. Besides the UK, the involvement of EU member states in development cooperation is rather small. France has a small development fund for OECS countries and has recently approached the Delegation to ensure the coordination of efforts. However, Canada and the US have a sizable development component.

Closer working relations were established with relevant development partners in the region, especially DFID, CIDA, WB, IMF IDB, CDB and co-funding mechanisms established with UNDP, WB, FAO and CARTAC with the purpose to increase efficiency and development impact. Cooperation and coordination is relatively well established in matters related to Budget Support (macro-economic analysis, Public Finance Management). Contact and exchange of information with the EIB was held on a regular basis. Disaster management and civil protection received particular attention due to two new regional initiatives, the EC contribution to the Caribbean Catastrophe Risk Insurance Facility – CCRIF managed by the WB (€12,500,000) and the Regional Risk Reduction Initiative -R3I through a contribution to the UNDP (€4,932,000). Donor coordination on trade issues is effective (eg CRNM donor group meets regularly) and intensified on drugs and crime issues (eg mini-Dublin group meetings).

The Government of Grenada is very mindful of governance issues. However, governance issues do not seem to have a direct influence on aid; it is not clear that there is a direct link between Governance incentive aid and aid in general. Most of the aids received in recent years follow the destruction of the economy from the hurricanes and such aid would have been forthcoming in the absence of governance.

Governance issues should be in the main stream of development. The institutional framework for governance to take place must be established. There is no Ministry responsible for governance issues in Grenada. Governance is spoken about by a few individuals but there is no formal recognized structure to which complaints can be made and from where information can flow to the public. Individuals will normally voice their opinion in the local media: Radio, TV, Newspapers.

Perhaps the best known governance institution in Grenada is the Multipartite Committee, but is hardly functional, and its existence is not known in the country. Governance issues are only mentioned in Grenada when certain environmental or political matters surge.



## Annex 2

Table 2a. Grenada: Medium-Term Central Government Finances, 2006–09  
(In millions of Eastern Caribbean dollars, unless noted otherwise)

	2006 Actual	2007 Prel.	2008						2009		
			First Half		Second Half		Full year		Prog.	Rev.	
			Prog.	Prel.	Prog.	Rev.	Budget	Prog.	Rev.	Prog.	Rev.
<b>Total revenue and grants</b>	<b>511.9</b>	<b>445.8</b>	<b>250.2</b>	<b>263.1</b>	<b>262.4</b>	<b>283.3</b>	<b>558.8</b>	<b>512.6</b>	<b>546.4</b>	<b>546.8</b>	<b>565.8</b>
Total revenue	379.7	428.5	223.8	234.1	223.8	233.3	461.1	447.6	467.4	496.9	494.5
Current revenue	379.6	428.4	223.7	234.1	223.7	233.2	461.0	447.5	467.3	496.8	494.4
Tax revenue	353.5	402.8	207.1	214.1	207.1	219.8	423.4	414.3	433.9	460.2	457.3
Taxes on income and profits	56.0	74.8	39.5	40.4	39.5	40.4	73.8	78.9	80.8	85.1	77.4
Taxes on property	22.6	29.0	14.0	17.8	14.0	12.9	27.7	28.0	30.7	30.8	34.2
Taxes on domestic goods and services 1/	69.0	71.3	39.4	43.9	39.4	40.3	95.6	78.7	84.2	118.9	90.0
Taxes on international transactions	205.9	227.7	114.3	112.0	114.3	126.3	226.3	228.6	238.2	225.3	255.8
Nontax revenue	26.0	25.6	16.6	20.0	16.6	13.4	37.6	33.2	33.4	36.6	37.1
Capital revenue	0.1	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Grants 2/	132.2	17.3	26.4	29.0	38.6	50.0	97.7	65.0	79.0	50.0	(71.3)
<b>Total expenditure</b>	<b>608.9</b>	<b>579.7</b>	<b>291.0</b>	<b>341.9</b>	<b>293.8</b>	<b>260.2</b>	<b>644.6</b>	<b>584.7</b>	<b>602.0</b>	<b>559.3</b>	<b>568.8</b>
Current expenditure	323.1	356.6	201.0	207.5	213.8	210.6	402.8	414.7	418.0	385.1	394.4
Current primary expenditure	291.6	318.5	176.4	187.2	189.2	184.5	355.0	365.7	371.7	336.2	346.8
Salaries and allowances	152.5	158.4	96.9	97.5	82.7	96.5	188.9	179.6	194.0	179.6	189.2
Wages and salaries	135.3	140.7	87.2	87.0	73.0	85.3	167.5	160.2	172.3	161.1	168.4
Personnel allowances	17.1	17.7	9.7	10.5	9.7	11.2	21.4	19.4	21.7	18.5	20.8
Goods and services	71.1	79.1	37.8	38.8	37.8	43.5	77.5	75.5	82.3	70.0	71.0
Interest 3/	31.6	38.1	24.5	20.3	24.5	26.1	47.8	49.1	46.3	48.9	47.6
Domestic	9.9	13.0	9.8	4.6	9.8	13.8	18.4	19.6	18.4	18.3	16.7
Foreign	21.6	25.1	14.7	15.7	14.7	12.3	29.4	29.4	27.9	30.6	30.9
Transfers and subsidies	68.0	81.0	41.8	51.0	41.8	44.4	88.6	83.6	95.4	86.6	86.6
Bank restructuring 4/	0.0	0.0	0.0	0.0	27.0	0.0	0.0	27.0	0.0	0.0	0.0
Capital expenditure	285.8	223.1	90.0	134.4	80.0	49.6	241.8	170.0	184.0	174.2	74.4
Current balance	56.5	71.8	22.8	26.6	10.0	22.7	62.5	32.8	49.2	111.7	100.0
Primary balance (excluding grants)	-197.6	-113.1	-42.6	-87.5	-45.4	-0.8	-135.7	-88.1	-88.3	-13.6	-26.6
Primary balance (including grants)	-65.4	-95.9	-16.2	-58.5	-6.8	49.2	-38.0	-23.1	-9.3	36.4	44.7
Overall balance (excluding grants)	-229.2	-151.2	-67.2	-107.8	-70.0	-26.9	-179.2	-137.1	-134.7	-62.4	-74.2
Overall balance (including grants)	-97.0	-133.9	-40.8	-78.8	-31.4	23.1	-81.5	-72.1	-55.7	-12.5	-2.9
Statistical discrepancy	-27.8	-2.9	0.0	23.2	0.0	-23.2	0.0	0.0	0.0	0.0	0.0
<b>Financing</b>	<b>124.7</b>	<b>136.8</b>	<b>40.8</b>	<b>55.6</b>	<b>31.4</b>	<b>0.1</b>	<b>81.5</b>	<b>72.1</b>	<b>55.7</b>	<b>12.5</b>	<b>2.9</b>
Net external financing	54.5	40.2	22.2	3.6	22.2	42.0	-6.3	44.4	45.6	-26.6	0.1
Net amortization	54.8	40.5	22.2	2.4	22.2	42.0	-6.3	44.4	44.4	-26.6	0.1
Disbursements	73.8	62.7	35.4	18.1	35.4	52.7	26.7	70.9	70.9	46.7	30.1
Amortization	-19.0	-22.2	-13.2	-15.8	-13.2	-10.7	-33.0	-26.5	-26.5	-73.3	-30.0
Change in government assets	-0.3	-0.3	0.0	1.2	0.0	0.0	0.0	0.0	1.2	0.0	0.0
Net domestic financing	30.2	69.7	-3.7	-2.6	-16.2	-28.5	30.0	-19.8	-31.1	-32.0	-39.4
ECCB (net)	-5.8	12.6	0.0	-0.4	0.0	0.4	0.0	0.0	0.0	0.0	0.0
Commercial banks (net) 5/	33.5	34.4	-3.7	5.0	-5.1	-25.0	30.0	-8.8	-20.1	-32.8	-40.1
Domestic debt	2.5	2.7	0.0	-5.2	-11.0	-5.9	0.0	-11.0	-11.0	0.8	0.8
o/w commercial banks	1.5	0.0	0.0	-0.4	0.9	1.3	0.0	0.9	0.9	0.8	0.8
Divestment/privatization proceeds	8.8	36.0	27.0	47.5	30.0	3.1	57.2	57.0	50.6	73.5	44.6
Expenditure arrears 6/	31.2	-9.1	-4.7	7.1	-4.7	-16.5	0.0	-9.4	-9.4	-2.4	-2.4
o/w excluding arrears from debt exchange	26.6	-19.2	-7.0	4.8	-7.0	-18.8	0.0	-14.0	-14.0	-7.0	-7.0
<b>Memorandum items:</b>											
Nominal GDP (market prices, EC\$ millions)	1,524	1,641	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,937	1,937
Stock of expenditure arrears 6/	51.8	42.7	32.5	49.8	27.8	33.3		27.8	33.3	25.4	30.9
o/w excluding arrears from debt exchange	47.2	33.5	21.0	38.3	14.0	19.5		14.0	19.5	7.0	12.5

Sources: Ministry of Finance; and Fund staff estimates and projections.

1/ In 2008, assumes that the reduction in the fuel tax is reversed in October.

2/ Includes the transfer to the budget of PetroCaribe financing beyond that needed to repay related debt.

3/ The 2008 budget figures are adjusted to include interest arrears to nonparticipating creditors in the debt exchange.

4/ Preliminary estimate.

5/ Excludes commercial bank holdings of government paper, which are shown in the following two lines.

6/ After 2005, includes EC\$4.6 million arrears each year on interest to nonparticipating creditors in the debt exchange.

## Annex 3

Table 2b. Grenada: Medium-Term Central Government Finances, 2006–09  
(In percent of GDP, unless noted otherwise)

	2006	2007	2008							2009	
			First Half		Second Half		Full year			Prog.	Rev.
			Actual	Prel.	Prog.	Prel.	Prog.	Rev.	Budget		
<b>Total revenue and grants</b>	<b>33.6</b>	<b>27.2</b>	<b>14.1</b>	<b>14.9</b>	<b>14.8</b>	<b>16.0</b>	<b>31.6</b>	<b>28.9</b>	<b>30.9</b>	<b>28.2</b>	<b>29.2</b>
Total revenue	24.9	26.1	12.6	13.2	12.6	13.2	26.0	25.3	26.4	25.6	25.5
Current revenue	24.9	26.1	12.6	13.2	12.6	13.2	26.0	25.3	26.4	25.6	25.5
Tax revenue	23.2	24.5	11.7	12.1	11.7	12.4	23.9	23.4	24.5	23.8	23.6
Taxes on income and profits	3.7	4.6	2.2	2.3	2.2	2.3	4.2	4.5	4.6	4.4	4.0
Taxes on property	1.5	1.8	0.8	1.0	0.8	0.7	1.6	1.6	1.7	1.6	1.8
Taxes on domestic goods and services 1/	4.5	4.3	2.2	2.5	2.2	2.3	5.4	4.4	4.8	6.1	4.6
Taxes on international transactions	13.5	13.9	6.5	6.3	6.5	7.1	12.8	12.9	13.5	11.6	13.2
Nontax revenue	1.7	1.6	0.9	1.1	0.9	0.8	2.1	1.9	1.9	1.9	1.9
Capital revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants 2/	8.7	1.1	1.5	1.6	2.2	2.8	5.5	3.7	4.5	2.6	3.7
<b>Total expenditure</b>	<b>40.0</b>	<b>35.3</b>	<b>16.4</b>	<b>19.3</b>	<b>16.6</b>	<b>14.7</b>	<b>36.4</b>	<b>33.0</b>	<b>34.0</b>	<b>28.9</b>	<b>29.4</b>
Current expenditure	21.2	21.7	11.3	11.7	12.1	11.9	22.7	23.4	23.6	19.9	20.4
Current primary expenditure	19.1	19.4	10.0	10.6	10.7	10.4	20.0	20.6	21.0	17.4	17.9
Salaries and allowances	10.0	9.7	5.5	5.5	4.7	5.5	10.7	10.1	11.0	9.3	9.8
Wages and salaries	8.9	8.6	4.9	4.9	4.1	4.8	9.5	9.0	9.7	8.3	8.7
Personnel allowances	1.1	1.1	0.5	0.6	0.5	0.6	1.2	1.1	1.2	1.0	1.1
Goods and services	4.7	4.8	2.1	2.2	2.1	2.5	4.4	4.3	4.6	3.6	3.7
Interest 3/	2.1	2.3	1.4	1.1	1.4	1.5	2.7	2.8	2.6	2.5	2.5
Domestic	0.7	0.8	0.6	0.3	0.6	0.8	1.0	1.1	1.0	0.9	0.9
Foreign	1.4	1.5	0.8	0.9	0.8	0.7	1.7	1.7	1.6	1.6	1.6
Transfers and subsidies	4.5	4.9	2.4	2.9	2.4	2.5	5.0	4.7	5.4	4.5	4.5
Bank restructuring 4/	0.0	0.0	0.0	0.0	1.5	0.0	0.0	1.5	0.0	0.0	0.0
Capital expenditure	18.8	13.6	5.1	7.6	4.5	2.8	13.7	9.6	10.4	9.0	9.0
Current balance	3.7	4.4	1.3	1.5	0.6	1.3	3.5	1.8	2.8	5.8	5.2
Primary balance (excluding grants)	-13.0	-6.9	-2.4	-4.9	-2.6	0.0	-7.7	-5.0	-5.0	-0.7	-1.4
Primary balance (including grants)	-4.3	-5.8	-0.9	-3.3	-0.4	2.8	-2.1	-1.3	-0.5	1.9	2.3
Overall balance (excluding grants)	-15.0	-9.2	-3.8	-6.1	-4.0	-1.5	-10.1	-7.7	-7.6	-3.2	-3.8
Overall balance (including grants)	-6.4	-8.2	-2.3	-4.4	-1.8	1.3	-4.6	-4.1	-3.1	-0.6	-0.2
Statistical discrepancy	-1.8	-0.2	0.0	1.3	0.0	-1.3	0.0	0.0	0.0	0.0	0.0
<b>Financing</b>	<b>8.2</b>	<b>8.3</b>	<b>2.3</b>	<b>3.1</b>	<b>1.8</b>	<b>0.0</b>	<b>4.6</b>	<b>4.1</b>	<b>3.1</b>	<b>0.6</b>	<b>0.2</b>
Net external financing	3.6	2.4	1.3	0.2	1.3	2.4	-0.4	2.5	2.6	-1.4	0.0
Net amortization	3.6	2.5	1.3	0.1	1.3	2.4	-0.4	2.5	2.5	-1.4	0.0
Disbursements	4.8	3.8	2.0	1.0	2.0	3.0	1.5	4.0	4.0	2.4	1.6
Amortization	-1.2	-1.4	-0.7	-0.9	-0.7	-0.6	-1.9	-1.5	-1.5	-3.8	-1.5
Change in government assets	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Net domestic financing	2.0	4.2	-0.2	-0.1	-0.9	-1.6	1.7	-1.1	-1.8	-1.7	-2.0
ECCB (net)	-0.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial banks (net) 5/	2.2	3.3	-0.2	0.3	-0.3	-1.4	1.7	-0.5	-1.1	-1.7	-2.1
Domestic debt	0.2	0.2	0.0	-0.3	-0.6	-0.3	0.0	-0.6	-0.6	0.0	0.0
o/w: commercial banks											
Divestment/privatization proceeds	0.1	0.0	0.0	0.0	1.7	0.1	0.0	0.0	0.0	0.0	0.0
Expenditure arrears 6/	0.6	2.2	1.5	2.7	-0.3	0.2	3.2	3.2	2.9	3.8	2.3
o/w: excluding arrears from debt exchange	2.0	-0.6	-0.3	0.4	-0.4	-0.9	0.0	-0.5	-0.5	-0.1	-0.1
Of which											
Excluding arrears from debt exchange	1.7	-1.2	-0.4	0.3	0.0	-1.1	0.0	-0.8	-0.8	-0.4	-0.4
<b>Memorandum items:</b>											
Nominal GDP (market prices, EC\$ millions)	1,524	1,641	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,937	1,937
Stock of expenditure arrears 7/	3.4	2.6	1.8	2.8	1.6	...	...	1.6	1.9	1.3	1.6
Of which											
Excluding arrears from debt exchange	3.1	2.0	1.2	2.2	0.8			0.8	1.1	0.4	0.6

Sources: Ministry of Finance; and Fund staff estimates and projections.

1/ Does not include June 2008 domestic debt data.

2/ In 2008, assumes that the reduction in the fuel tax is reversed in October.

3/ Includes the transfer to the budget of PetroCaribe financing beyond that needed to repay related debt.

4/ The 2008 budget figures are adjusted to include interest arrears to nonparticipating creditors in the debt exchange.

5/ Preliminary estimate.

6/ Excludes commercial bank holdings of government paper, which are shown in the following two lines.

7/ After 2005, includes EC\$4.6 million arrears each year on interest to nonparticipating creditors in the debt exchange.

## Annex 4

Table . Grenada: Summary Balance of Payments, 2004–13

	2004	2005	2006	Prov.	Projections					
				2007	2008	2009	2010	2011	2012	2013
(In millions of U.S. dollars)										
<b>Current account balance</b>	<b>-45.3</b>	<b>-172.3</b>	<b>-185.9</b>	<b>-197.0</b>	<b>-230.7</b>	<b>-228.8</b>	<b>-231.1</b>	<b>-218.8</b>	<b>-214.2</b>	<b>-206.7</b>
Exports (f.o.b.) 1/	37.5	32.9	32.3	48.2	41.5	42.9	45.8	49.8	54.5	59.9
Imports (f.o.b.)	-226.2	-298.7	-296.6	-308.3	-343.3	-356.2	-363.3	-373.5	-390.1	-406.9
Services (net)	65.5	20.6	31.4	52.5	61.6	84.0	96.4	115.0	134.6	151.3
Of which:										
Travel (net)	75.3	69.1	88.5	121.9	128.7	150.3	164.9	182.4	200.8	220.0
Income (net)	-54.1	-30.7	-31.2	-33.4	-36.7	-41.6	-48.6	-49.5	-53.4	-52.1
Transfers (net) 2/	132.0	103.6	78.3	43.9	46.1	42.1	38.5	39.4	40.2	41.1
<b>Capital and financial account</b>	<b>71.2</b>	<b>179.2</b>	<b>193.8</b>	<b>189.5</b>	<b>235.0</b>	<b>273.3</b>	<b>228.4</b>	<b>237.2</b>	<b>246.5</b>	<b>230.5</b>
Capital account (transfers) 2/	22.0	22.7	23.5	24.2	19.8	20.4	20.4	21.3	22.3	23.2
Financial account	49.1	156.5	170.4	165.3	215.2	252.9	208.0	215.9	224.2	207.3
Of which:										
Public sector borrowing	68.3	18.5	28.4	24.7	47.3	40.8	36.3	38.9	41.1	18.9
Of which:										
Public sector amortization	-17.0	-9.0	-10.7	-11.9	-13.5	-19.5	-19.9	-23.2	-26.0	-29.0
Direct investment (net)	65.0	70.2	85.2	137.0	156.6	207.9	166.3	173.9	181.3	188.2
Portfolio investment (net)	30.0	17.8	-0.7	0.6	9.3	9.8	10.4	11.0	11.7	12.4
Other investments (net)	-44.8	59.0	68.2	14.9	15.5	13.9	14.9	15.3	16.0	16.7
Net errors and omissions	24.5	-50.5	-15.9	19.3	0.0	0.0	0.0	0.0	0.0	0.0
<b>Overall balance</b>	<b>50.4</b>	<b>-43.7</b>	<b>-8.0</b>	<b>11.8</b>	<b>4.3</b>	<b>44.4</b>	<b>-2.7</b>	<b>18.5</b>	<b>32.3</b>	<b>23.8</b>
<b>Available financing</b>	<b>-50.4</b>	<b>43.7</b>	<b>8.0</b>	<b>-11.8</b>	<b>-4.3</b>	<b>-44.4</b>	<b>2.7</b>	<b>-18.5</b>	<b>-32.3</b>	<b>-23.8</b>
Change in imputed reserves	-38.5	27.5	-5.6	-10.7	-12.8	-47.9	-0.3	-18.2	-31.8	-23.3
IMF purchases and disbursements	4.3	0.0	2.3	0.0	8.6	5.3	2.6	0.0	0.0	0.0
IMF repurchases and repayments	0.0	0.0	-1.6	-2.2	-1.2	-2.3	0.0	-0.3	-0.5	-0.5
Exceptional financing 3/	0.0	0.0	13.0	1.2	1.1	0.5	0.4	0.0	0.0	0.0
Other	-16.2	16.2	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Memorandum item:</b>										
External public sector debt	415.6	437.0	457.2	478.8	512.7	533.9	550.4	566.1	581.3	571.2
(In percent of GDP)										
<b>Current account balance</b>	<b>-9.6</b>	<b>-31.1</b>	<b>-32.9</b>	<b>-32.4</b>	<b>-35.2</b>	<b>-31.9</b>	<b>-30.0</b>	<b>-26.4</b>	<b>-24.2</b>	<b>-21.9</b>
Trade balance	-40.2	-48.0	-46.8	-42.8	-46.0	-43.7	-41.2	-39.1	-37.9	-36.8
Exports of goods	8.0	5.9	5.7	7.9	6.3	6.0	5.9	6.0	6.2	6.4
Imports of goods	-48.2	-53.9	-52.6	-50.7	-52.3	-49.6	-47.2	-45.1	-44.1	-43.1
Service, income, and transfers	30.6	16.9	13.9	10.4	10.8	11.8	11.2	12.7	13.7	14.9
Of which:										
Travel (net)	16.0	12.5	15.7	20.1	19.6	20.9	21.4	22.0	22.7	23.3
<b>Capital and financial account</b>	<b>15.2</b>	<b>32.3</b>	<b>34.3</b>	<b>31.2</b>	<b>35.8</b>	<b>38.1</b>	<b>29.6</b>	<b>28.7</b>	<b>27.8</b>	<b>24.4</b>
Public sector net borrowing	-0.2	1.7	3.1	2.1	5.2	3.0	2.1	1.9	1.7	-1.1
Direct investment	13.9	12.7	15.1	22.5	23.9	29.0	21.6	21.0	20.5	20.0
Overall balance	10.7	-7.9	-1.4	1.9	0.7	6.2	-0.4	2.2	3.7	2.5
External public and publicly guaranteed debt	88.6	78.9	81.0	78.8	78.2	74.4	71.4	68.4	65.7	60.6
(Annual percentage change)										
Exports of goods	-17.6	-12.4	-1.7	49.2	-13.8	3.2	6.9	8.6	9.4	10.1
Imports of goods	-0.1	32.1	-0.7	3.9	11.4	3.8	2.0	2.8	4.4	4.3
Travel (net)	-20.5	-8.3	28.1	37.7	5.6	16.7	9.8	10.6	10.1	9.5

Sources: Eastern Caribbean Central Bank (ECCB); Ministry of Finance; and Fund staff estimates and projections.

1/ Re-exports increased sharply in 2007 due to the Cricket World Cup.

2/ Reflects the reclassification of budget grants from capital account transfers to current account transfers.

3/ Includes amounts rescheduled under the May 2006 Paris Club agreement.

## Annex 5

## EDF FORECASTS 2009 - 2010: PAYMENTS on ONGOING PROJECTS.



<b>GRENADA</b>
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<b>SITUATION END 2008</b>
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YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	END date of implementat°	GLOBAL COMMIT.	INDIV. COMMIT.	RAC
		N° INDIV COMMIT.	TITLE INDIVIDUAL COMMITMENT		AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP
<b>TOTAL ON ONGOING GLOBAL COMMITMENTS</b>					<b>29,167,010</b>	<b>20,468,061</b>	<b>8,698,950</b>
<b>TOTAL ON ONGOING INDIVIDUAL COMMITMENTS</b>					<b>20,223,829</b>	<b>14,417,246</b>	<b>5,806,583</b>
2001	8ACP GRD7	0	Franchise art 195 a - bananes	20011231	364,510	320,120	44,391
2001	8ACP GRD7	1	STABEX/25/REP LIV 2ND PR/GR - REPAYMENT AGREEMENT ART 195(A)	20011231	320,120	0	320,120
2002	8ACP GRD8	0	GRENADA WATER SUPPLY / FEASIBILITY STUDY (+ 8 GRD 5)	20020601	20,500	20,000	500
2003	8ACP GRD11	0	MULTI-COUNTRY DRUG DEMAND REDUCTION PROJECT	20061231	280,000	278,150	1,850
2003	8ACP GRD11	2	WORK PROGRAMME 2 FOR YEAR 2005/2006 - XCD 307,130	20060212	86,200	68,279	17,921

2003	8ACP GRD11	3	WP 3-YR 2006 -DRUG DEMAND REDUCTION PROGRAMME FOR	20061231	125,000	64,659	60,341
2004	9ACP GRD2	0	TECHNICAL COOPERATION FACILITY (TCF)	20101031	430,000	401,486	28,514
2004	9ACP GRD2	2	FRAMEWORK CONTRACT AMS 451 NO. 2005/108632 - PLANCENTER LTD	20060430	99,968	98,401	1,567
2004	9ACP GRD2	3	TO COMMIT RIDER 1- EUR 21,100/ENB (8 ACP GRD 9(1)) TO_9GRD 2	20050207	21,237	21,237	0
2004	9ACP GRD2	7	PROGRAMME ESTIMATE 1 FOR EC\$544,795(18/05/2007 TO17/10/2008)	20081017	123,000	33,830	89,170
2005	9ACP GRD3	0	POST EMERGENCY SCHOOL REHABILITATION PROJECT	20111231	2,572,000	2,572,000	0
2005	9ACP GRD3	1	ADMIN.AGREEMENT/EU AND WB-POST IVAN SCHOOL REHABILITATION	20091231	2,540,598	2,540,598	0
2005	9ACP GRD3	2	FWC BENEF- HYDRATEC SA FOR MID-TERM EVALUATION OF THE POST	20081015	31,402	18,841	12,561
2005	9ACP GRD4	0	POST EMERGENCY SCHOOL REHABILITATION PROJECT	20111231	7,800,000	7,571,402	228,598
2005	9ACP GRD4	1	ADMIN.AGREEMENT/EU & WB-POST IVAN SCHOOL REHABILITATION	20091231	7,571,402	7,571,402	0



2006	9ACP GRD5	0	SOUTHERN GRENADA WATER SUPPLY IMPROVEMENT PROJECT	20131231	6,700,000	4,903	6,695,097
2006	9ACP GRD5	1	DLN CONSULTANCY TENDER EVALUATION WORKS CONTRACT SOUTHERN	20081112	4,903	0	4,903
2007	9ACP GRD6	0	POVERTY REDUCTION THROUGH PRIVATE SECTOR DEVELOPMENT EMPLOYM	20131231	10,000,000	9,300,000	700,000
2007	9ACP GRD6	1	BUDGET SUPPORT FOR GOV'T OF GRENADA FOR EUR 9,300,000	20111008	9,300,000	4,000,000	5,300,000
2008	10ACP GRD1	0	TECHNICAL COOPERATION FACILITY, TCF		500,000	0	500,000
2008	10ACP GRD2	0	SUPPORT SERVICES TO THE NAO		500,000	0	500,000

**Grenada Regional programmes as end of financial year 2008**

**EDF FORECASTS 2009 - 2010: PAYMENTS on ONGOING PROJECTS.**



**Reg-GRENADA**

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**SITUATION END 2008**

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of	0		TITLE GLOBAL COMMITMENT	END date of imple-	GLOBAL COMMIT.	INDIV. COMMIT	RAC
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	GLOBAL commit.	N° INDIV COMMIT.	DEL RESP.	TITLE INDIVIDUAL COMMITMENT	mentat°	AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP
<b>TOTAL ON ONGOING GLOBAL COMMITMENTS</b>						<b>2,460,000</b>	<b>0</b>	<b>2,460,000</b>
<b>TOTAL ON ONGOING INDIVIDUAL COMMITMENTS</b>						<b>0</b>	<b>0</b>	<b>0</b>
2007	9ACP RPR149	0		AVENANT 1 AUGMENTATION DE PLAFOND (FLEX 2006) LETTRE GQ XX/X	20131231	1,710,000	0	1,710,000
2007	9ACP RPR186	0		AVENANT 1 AUGMENTATION D EPLAFOND (FLEX 07) LETTRE GQ XX/XX/	20131231	750,000	0	750,000

## Grenada STABEX programmes as end of financial year 2008

### Grenada STABEX Programmes

#### Situation Summary as at 31 December 2008

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.483

3 - Payments represent total payments from EUR and XCD accounts to Individual Commitments. XCD payments are translated into EUR at the actual rate received.

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
<b>* STABEX 1993 PROGRAMME</b>								
Support to the Nutmeg Association	718,750		625,000	625,000	--	625,000	625,000	
Farm Road Rehabilitation	500,000		500,000	352,782	147,218	352,782	352,782	
Support to the Cocoa Association	312,500		312,500	312,500	--	312,500	312,500	
Support to the Banana Association	312,500		312,500	312,500	--	312,500	312,500	
Support to Bio-technology Centre	156,250		--	--	--			
Livestock and Abattoir Development	78,125		78,125	--	78,125			
Support to the Minor Spices Society	78,125		50,781	50,781	--	50,781	50,781	
Carriacou Integrated Land Use & Forest	92,289		92,289	58,973	33,316	58,973	58,973	
Interest	--	697,364	697,364	246,521	450,844	246,521	246,521	
FMO Rider No. 4 (XCD776,826)	--		277,344	277,344	--	277,344	265,725	
Stabex 1993 Addendum	91,776		91,776	--	91,776			
Total for STABEX 1993 PROGRAMME (11 detail records)	€ 2,340,315	697,364	3,037,679	2,236,401	801,279	2,236,401	2,224,782	
<b>Percent</b>				73.6%	26.4%	73.6%	73.2%	
<b>* STABEX 1994 PROGRAMME</b>								
Support to Nutmeg Industry	654,753		654,753	658,792	(4,039)	658,792	658,792	
Banana Farm Productivity & Fruit Quality	578,125		578,125	583,301	(5,176)	583,297	583,300	
Cocoa Price Support	468,750		468,750	494,094	(25,344)	494,094	494,094	
Carriacou Integrated Land & Forestry	264,400		264,400	84,842	179,558	84,842	84,842	
Rural Poverty Study	15,625		15,625	18,207	(2,582)	18,207	18,207	
Interest	--	323,126	323,126	225,925	97,201	225,925	201,939	
STABEX 1994 Redistribution	50,133		50,133	--	50,133			
Total for STABEX 1994 PROGRAMME (7 detail records)	€ 2,031,786	323,126	2,354,912	2,065,161	289,750	2,065,157	2,041,175	
<b>Percent</b>				87.7%	12.3%	87.7%	86.7%	

## Grenada STABEX Programmes

### Situation Summary as at 31 December 2008

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.483

3 - Payments represent total payments from EUR and XCD accounts to Individual Commitments. XCD payments are translated into EUR at the actual rate received.

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
<b>* STABEX 1995 PROGRAMME</b>								
Banana Producer Support Scheme	1,000,000		1,150,000	1,145,123	4,877	1,145,123	1,145,130	
Quality Assurance Laboratory	100,000		--	--	--			
Expansion of Nutmeg Oil Distillation Plant	375,000		375,000	13,340	361,660	13,340	13,340	
Cocoa Sector Specific Studies	100,000		100,000	72,211	27,789	72,211	72,211	
Cocoa Recovery Plan	99,084		99,084	--	99,084			
Cocoa Processing Plant	50,000		--	--	--			
Interest	--	462,521	462,521	23,524	438,997	23,524		
Total for STABEX 1995 PROGRAMME (7 detail records)	€ 1,724,084	462,521	2,186,605	1,254,198	932,407	1,254,198	1,230,681	
<b>Percent</b>				57.4%	42.6%	57.4%	56.3%	
<b>* STABEX 1996/97 PROGRAMME</b>								
Unprogrammed (FMO not yet signed)	799,810		799,810	--	799,810			
Interest	--	264,440	264,440	--	264,440			
Total for STABEX 1996/97 PROGRAMME (2 detail records)	€ 799,810	264,440	1,064,250	--	1,064,250			
<b>Percent</b>				0.0%	100.0%			
<b>* STABEX ART. 195A BALANCES</b>								
Unprogrammed (FMO not yet signed)	290,572		290,572	--	290,572			
Interest	--	73,940	73,940	--	73,940			
Total for STABEX ART. 195A BALANCES (2 detail records)	€ 290,572	73,940	364,512	--	364,512			
<b>Percent</b>				0.0%	100.0%			
<b>Grand Total</b>	<b>€ 7,186,567</b>	<b>1,821,391</b>	<b>9,007,958</b>	<b>5,555,760</b>	<b>3,452,198</b>	<b>5,555,756</b>	<b>5,496,637</b>	

## Annex 6

Table 2. Grenada: Structural Measures

	Target Date	Comment	Macroeconomic Criticality
<b>Second Review</b>			
Issue a finance circular reducing capital expenditure to EC\$184 million.	September 2008	Prior action. Met	To address fiscal slippages in the first half of 2008
Develop an action plan to improve Doing Business Indicators	August 2008	Benchmark. Not met	To create a more enabling environment for doing business by first identifying key steps to reduce bottlenecks identified in the World Bank's 2007 Doing Business Indicators
Bring into force new planning regulations, as a first step toward giving the Building Code force of law	July 2008	Benchmark. Not met	To reduce the vulnerability of the economy to natural disasters
Develop and begin implementing a customs Fraud Control Plan and sign an MoU on information sharing between customs and Inland Revenue	September 2008	Benchmark. Partially met. MoU signed November 2008	To enhance customs administration and revenue collection for sustainable financing of the budget
On Investment Act, amended Income Tax Act, and drafts to repeal tax incentives legislation, update with final policy decisions and obtain Cabinet approval	September 2008	Benchmark. Not met	To improve the investment climate and to reform the tax concessions regime
<b>Third Review</b>			
Reorganize or initiate liquidation of Capital Bank	November 2008	Performance criterion. Met	To increase confidence in the financial system by having a clear bank resolution strategy
Submit to Parliament the Investment Act, the amended Income Tax Act, and repeal of tax incentives	December 2008	Benchmark	To improve the investment climate and reform the tax concessions regime
Complete the Country Poverty Assessment	December 2008	Benchmark	To strengthen the ability of the government to develop effective and well-targeted poverty reduction measures
Establish a Debt Management Unit at the Ministry of Finance	February 2009	Proposed benchmark	To enable more effective debt management including better monitoring of payment obligations and effective debt sustainability analysis
Submit new VAT and Excise bills to Parliament	April 2009	Proposed benchmark	To increase the efficiency and effectiveness of revenue collection
<b>Fourth Review</b>			
Recruit and begin training staff and adopt transitional procedures for bonded warehouses	May 2009	Proposed benchmark	To ensure smooth implementation of the VAT
Develop and begin implementing a customs Fraud Control Plan	August 2009	Proposed benchmark	To enhance customs administration and revenue collection for sustainable financing of the budget
Establish a Public Procurement Authority	September 2009	Proposed benchmark	To enhance transparency and governance in procurement and facilitate donor monitoring
Implement a measure to be identified from the Action Plan to improve Doing Business Indicators 1/	To be specified	Benchmark to be specified	To further improve the investment climate

1/ Three priority areas have been identified. Once specific outcome targets (for example reducing by a specified amount the number of steps required to start a business) have been identified, a specific benchmark will be proposed at the time of the third review as a benchmark for the fourth review.

## Annex 8

### CONSUMER PRICE INDEX

YEARS	BASE YEAR	INDEX POINTS		INFLATION RATE	
		ANNUAL AVG.	AT DECEMBER	ANNUAL AVG.	AT DECEMBER
1995		129.60	130.90	2.21	2.11
1996		133.10	135.00	2.70	3.13
1997		134.90	136.20	1.35	0.89
1997	linked	94.40	95.40		
1998	linked	95.72	96.51	1.40	1.17
1999	linked	96.27	97.55	0.57	1.08
2000	linked	98.34	100.91	2.15	3.44
2001	2001	99.98	100.21	1.67	-0.69
2002		101.05	102.50	1.07	2.29
2003		103.23	104.18	2.16	1.64
2004		105.61	106.77	2.31	2.49
2005		109.27	113.37	3.47	6.18
2006		113.93	115.26	4.26	1.67
2007		118.33	123.79	3.86	7.40
2008 Proj		128.00	131.76	8.17	6.44
2009 Proj		133.49	134.96	4.29	2.43

## ANNEX 9

### GRENADA: FISCAL AND DEBT INDICATORS

	2005	2006	2007	2008p	2009e
Current Revenue to GDP	24.3	25.0	26.1	26.8	26.1
Current Expenditure to GDP	20.4	21.3	21.7	23.1	22.5
Current Account (greater than or equal to 5 % of GDP)	3.9	3.7	4.4	3.7	3.6
Overall Deficit (less than or equal to 3 % of GDP)	0.5	-6.4	-8.2	-3.7	-2.2
Interest Payments/Current Revenues (greater than or equal to 1 5 % of Current Revenue)	8.3	8.3	8.9	7.1	11.2
Debt Stock (EC\$ million)	1649.5	1695.5	1745.0	1795.0	1837.0
Total Debt Stock to GDP Ratio (less 60 % of GDP)	111.2	117.2	106.3	101.4	98.2

Source: Ministry of Finance

## ANNEX 10

<b>A2) Table of indicators for the MDGs</b>	1994	1997	2000	2003	2004	2005
-						
<u>Income share held by lowest 20%</u>	..	..	..	..	..	-
<u>Malnutrition prevalence, weight for age (% of children under 5)</u>	..	..	..	..	..	-
<u>Poverty gap at \$1 a day (PPP) (%)</u>	..	..	..	..	..	-
<u>Poverty headcount ratio at \$1 a day (PPP) (% of population)</u>	..	..	..	..	..	-
<u>Poverty headcount ratio at national poverty line (% of population)</u>	..	..	..	..	..	-
<u>Prevalence of under nourishment (% of population)</u>	..	7	..	7	7	-
Goal 2: Achieve universal primary education						
<u>Literacy rate, youth total (% of people ages 15-24)</u>	..	..	..	..	..	-
<u>Persistence to grade 5, total (% of cohort)</u>	..	..	49	79	..	-
<u>Primary completion rate, total (% of relevant age group)</u>	..	..	73.7	90.2	90.2	92.5
<u>School enrolment, primary (% net)</u>	..	..	..	..	..	-
Goal 3: Promote gender equality and empower women						
<u>Proportion of seats held by women in national parliament (%)</u>	..	20.0	20.0	27.0	27.0	-
<u>Ratio of girls to boys in primary and secondary education (%)</u>	..	..	..	..	..	-
<u>Ratio of young literate females to males (% ages 15-24)</u>	..	..	..	..	..	-
<u>Share of women employed in the non-agricultural sector (% of total non-agricultural employment)</u>	39	41	42	43	43	-
Goal 4: Reduce child mortality						
<u>Immunization, measles (% of children ages 12-23 months)</u>	87.0	92.0	92.0	99.0	74.0	99.0
<u>Mortality rate, infant (per 1,000 live births)</u>	..	..	21	..	18	17
<u>Mortality rate, under-5 (per 1,000)</u>	..	..	26	..	21	21
Goal 5: Improve maternal health						
<u>Births attended by skilled health staff (% of total)</u>	..	..	100.0	..	100	-
<u>Maternal mortality ratio (modelled estimate, per 100,000 live births)</u>	..	..	..	..	..	-
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
<u>Children orphaned by HIV/AIDS</u>	..	..	..	..	..	-
<u>Contraceptive prevalence (% of women ages 15-49)</u>	..	..	..	..	..	-
<u>Incidence of tuberculosis (per 100,000 people)</u>	..	..	..	..	4.8	-



Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	-
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..	-
Tuberculosis cases detected under DOTS (%)	..	..	..	..	..	-
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	1.7	2.1	2.2	2.2	2.2	-
Forest area (% of land area)	..	..	12	..	12	-
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	..	..	..	..	..	-
Improved sanitation facilities (% of population with access)	..	..	..	97	96	-
Improved water source (% of population with access)	..	..	..	95	95	-
Nationally protected areas (% of total land area)	..	..	..	..	..	-
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	187.2	89.2	162.8	99.3	145.4	-
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	6	5	6	15	..	-
Fixed line and mobile phone subscribers (per 1,000 people)	220.0	276.1	351.6	716.3	718.9	-
Internet users (per 1,000 people)	0.0	10.1	40.6	181.6	75.7	-
Personal computers (per 1,000 people)	..	..	118.3	143.4	151.3	-
Total debt service (% of exports of goods, services and income)	7	5	6	16	..	-
Unemployment, youth female (% of female labour force ages 15-24)	58.8	44.9	..	..	..	-
Unemployment, youth male (% of male labour force ages 15-24)	32.1	19.3	..	..	..	-
Unemployment, youth total (% of total labour force ages 15-24)	44.5	30.1	..	..	..	-
Other						
Fertility rate, total (births per woman)	..	3.6	3.2	3.0	3.0	-
GNI per capita, Atlas method (current US\$)	2650.0	2930.0	3650.0	3690.0	3750.0	3920.0
GNI, Atlas method (current US\$) (billions)	0.3	0.3	0.4	0.4	0.4	0.4
Gross capital formation (% of GDP)	35.9	37.8	42.4	40.0	40.0	-
Life expectancy at birth, total (years)	..	71.8	72.5	73.0	..	-
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	-
Population, total (millions)	0.1	0.1	0.1	0.1	0.1	0.1
Trade (% of GDP)	110.2	119.7	131.4	113.6	113.6	-
Source: World Development Indicators database, April 2007-05-10						

## Annex 11: List of Government's Commitments

	Governance area	Prospective commitments
<b>1.</b>	<b>Political democratic governance</b>	
	- Human rights	United Nations Declaration of Human Rights ongoing. All principles are guaranteed under the Constitution of Grenada. Equality exists for all under the law. A Public Ombudsman Act was passed in Parliament during 2007. Efforts are being made to establish the Office of the Ombudsman.
	- Fundamental freedoms	Fundamental freedoms are guaranteed under the Grenadian Constitution which is respected.
	- Electoral process	The electoral process is ongoing which allows for all of the interests expressed. Accessibility for all is a given. Recently, the Government of Grenada enacted in Parliament an Act, which provides for the continuous registration of voters, Act no.19 of 2006 <i>Representation of the People (amendment) 2006</i> .
	- Principles of constitutional democracy	The Principles of constitutional democracy is highly respected. There are separation of powers at three levels; -Legislative, Judiciary and Executive. Government provides a legal and regulatory framework that facilitates the public A report was completed in June 2006 on the review of the Constitution.
<b>2.</b>	<b>Political governance - rule of law</b>	
	- Judicial and law enforcement system	Government ensures that there is a 'level playing field' for all players, conducting its role without fear or favour while recognizing and promoting a desirable degree of separation of powers and respect for the rule of law. Government is continuously examining ways in its day to day functions, to improve performance with respect to efficiency. There is a Criminal Code which sets out the penalties for the Criminal offences, however, the State is seeking to have this as well as other pertinent necessary laws reformed in keeping with the norms of other jurisdictions and in keeping with the needs of Society. Grenada is a member of the OECS Supreme Court, as such does not employ its own Judges, however Judges assigned here are remunerated by the State. The OECS is responsible for the Judicial Educational Institute which offers continuous programmes for all staff of the Courts at least once per year. The judges also meet annually in caucus and with all Registrars of the Courts. Judicial reform is a priority of the OECS system and through this; measures are being taken to ensure that when decisions are taken by the Court, natural justice is also considered.
<b>3.</b>	<b>Control of corruption</b>	Generally, the legal system has the appropriate framework to enable it to fight against corruption. The Government supports any International policy in the fight against corruption. There are Anti money Laundering and Anti Terrorism Laws in Place. The mechanism to enforce integrity in public office is an ongoing process. A " <i>Prevention of Corruption</i> " Act was passed during 2007. Consultations are ongoing on a draft Public Service Reform Bill.
<b>4.</b>	<b>Government effectiveness</b>	See Annex 3A and attached Annex B for more details
	- Institutional capacity	Process ongoing for streamlining government departments to allow for improved efficiencies and worker productivity.
	- Public finance management	Prospective, framework for strategic planning, allocation and resource utilization through the Public Sector Reform Programme . Government is committed towards the improvement of Public Finance Management. Three (3) Acts were passed during 2007:- Public Finance Management Bill and Regulations; Procurement and Contract Bill and Regulations, and an Audit Bill. These Acts are aimed at strengthening the Public Finance Management System In addition, the Integrity in Public Life Act was also passed during 2007.
<b>5.</b>	<b>Economic governance</b>	
	- Private sector/market friendly policies	Grenada is committed to ongoing reform measures, including the pursuit of prudent fiscal policy and improved delivery of public services, to enhance the climate for private investment and overall private sector

		development. As a CARICOM measure, Grenada in January 2007 has passed An <i>Advanced Passenger and Cargo Information System Act</i> . Discussions are ongoing on a draft <i>New Investment Act 200</i> , to be enacted in Parliament which would enhance Private Sector Investment. There are adequate Banking supervision which is in keeping with Banking regulations laid down by the Eastern Caribbean Central Bank (ECCB). In 2007, the Government of Grenada established an authority aimed at regulating the activities of the non bank financial institutions, (GARFIN), as a further measure in ensuring monetary stability in Grenada.
	- Management of natural resources	Ongoing implementation of relevant aspects of the FAO Code of Conduct for Responsible Fisheries (CCRF) .
<b>6.</b>	<b>Internal and external security</b>	
	- Internal stability / conflict	Maintenance of law and order – maintaining social peace and stability
	- External threats and global security	Grenada respects and abides by International Law in managing external Conflicts. There is adherence to the UN Security Council Resolution 1373 (2001) and UN Convention on Terrorism, UN Convention on Terrorism, agreements relating to landmines and illicit arms trafficking and the Regional Security System. At the same time, Government is promoting and safeguarding the regional and International interest of Grenada and securing its borders.
<b>7.</b>	<b>Social governance</b>	Adherence to the ILO fundamental Conventions. There is a Strategic Plan for HIV/AIDS in place, as well as a National Directorate to oversee the HIV /AIDS Programme. Structures have been established to respond to the challenges of gender equality.. (1) A Division of Gender and Family Affairs was established. Its mission is to ensure the development and implementation of policies, projects and programmes that will encourage equal participation of all persons in the process of national development. (2) The establishment of a Domestic Violence Unit that provides assistance, support and information to victims of domestic violence through interventions, education and appropriate referral in order to improve self esteem, safety and self empowerment. <i>A National Gender Policy is being drafted.</i>
<b>8.</b>	<b>International and regional context</b>	
	- Regional integration	Ongoing participation in the CARICOM Single Market and Economy and the OECS Economic Union and commitment to implement its recommendations. All OECS Countries have signed the CSME Agreement in July 2006 with the commitment to implement the free movement of goods, services , capital, right of establishment and free movement of certain category of persons.
	- Involvement in regional peer review mechanisms (e.g. APRM)	During 2008, CARICOM member states, the Dominican Republic and Haiti signed the Economic Partnership Agreement (EPA). All efforts are now being made to implement the Agreement. An EPA Coordinator will be appointed during the first quarter 2009 to oversee implementation.
	- Migration	Migration is not an issue. However there are Immigration and Labour Laws to effectively combat any migration problem(s) that may arise.
<b>9.</b>	<b>Quality of partnership</b>	
	-Political dialogue	EU-Grenada Political Dialogue is an ongoing process. During the 2008 election campaign, EC Delegation Staff visited Grenada to meet with political parties leaders and other Institutions to assess the political situation and to analyse preparation of the electoral process. The discussions on EU-CARIFORUM and EU-LAC partnership are ongoing . Grenada participated in the EU-LAC Summit held in Peru in May 2008. The EU –CAROFORUM discussions takes place through CARIOM representing all of the Caribbean Islands.
	-Programming dialogue	Regular consultations with the EC Delegation are ongoing. As part of the conditionalities for the disbursement of the Budget Support related to the IMF PRGF Programme, The EC Delegation Staff usually attends

	all “ <i>wrap up</i> ” meeting with the IMF/WB in Grenada.
-Non state actors	With guidance from EC Delegation in Barbados, the NSA panel would be established in the first quarter 2009..

## Annex 12

DG DEV/C1 has requested to skip the questionnaire of this annex.

### Review of the European Commission Governance Initiative Process

#### 2.1.1.1.1 Questionnaire for Partner Governments in ACP countries

##### Section 1: Identification

1. Please indicate the name of the country covered by this questionnaire:

**GRENADA**

2. Please indicate the name and email address of the contact person for this questionnaire in your organisation

Mr. Lennox J. Andrews  
Programme & Project Coordinator  
EDF Support Services Unit  
Ministry of Finance  
Carenage  
St. George's  
Grenada

##### Section 2: EU Governance Profiles

3. At the time the EC Governance Profiles were being prepared was your government informed and made aware of the purpose of the task (tick one)?

Yes      ✓  
No              □

Please elaborate

Government was advised of country's provisional allocation for 10<sup>th</sup> EDF which could be topped up by an incentive trache of 10% based on an assessment of the country's governance action plan.

4. Which of the following was the formal point of contact in government for discussion of the profile? (tick one)

Presidency or Prime Minister's Office      □  
Ministerial level (not NAO)      □  
Below Ministerial level (not NAO)      □

NAO ✓

Other (please )

5. As far as you are aware, to what extent was the finished Governance Profile shared with your government (tick one)?

All of the profile was shared with government ✓

Most sections of the profile were shared with government

Only the summary assessment of main strengths and weaknesses was shared with government

None of the profile was shared

Don't know

6. Did the government express a reaction to the parts of the profile that were shared with it? (tick one)

No reaction

Government objected to most of the EU's analysis

Agreement by government on limited parts of the EU's

Agreement by government on most parts of the EU's analysis

General agreement on the findings of the EU's analysis ✓

Please comment on your answer

There was general agreement to the questionnaire and commitments made.

However there were initial concerns expressed on issues relating to the Tax Governance, since it was felt that it should not be included in the CSP/NIP. Grenada already had bi-laterals on exchange of information relating to Tax information. In addition, significant reforms have been carried out to be removed from the OECD black listing. The section on Tax Governance was later modified.

7. Please identify the most important strengths of the latest version of the governance profile (tick one or more)

Comprehensive assessment of the governance situation

Improved basis for political dialogue with government ✓

Improved understanding of country specific governance issues and trends within the Delegation ✓

Reference tool for all EU donors

Please note other strengths

8. Please identify the most important weaknesses of the latest version of the governance profile (tick one or more)

Limited assessment of governance issues. Some major problems ignored

Insufficient understanding of the causes of weak governance and the political economy context

Too much emphasis on the workings of formal institutions and not sufficient discussion of the informal mechanisms by which institutions works in practice

The structure of the profile is too rigid and does not fit well with the situation in the country.

Insufficient sectoral focus

Insufficiently forward looking/ just a snapshot

Analysis too superficial

Please note other weaknesses

9. How would you rate the quality of the governance profile against the following criteria (tick one per row)?

	very weak	weak	neutral	strong	very strong
Comprehensiveness of the analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Depth of the analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Accuracy of the analysis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Usefulness of the findings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Inclusion of the views of multiple stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

10. Please indicate on the following scale the extent to which you agree with the following statement:

“The Governance Profile enabled the identification of clear priorities for reform that could be discussed with our development partners?”

Do not agree at all with the statement							Fully agree with this statement			
1	2	3	4	5	6	7	8	9	10	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

11. Please indicate on the following scale the extent to which you agree with the following statement:

“The priorities and weaknesses identified through the Governance Profile were appropriate and relevant to the main governance problems in the country?”

Do not agree at all with the statement							Fully agree with this statement			
1	2	3	4	5	6	7	8	9	10	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

12. What improvements are required to the **process** of drafting the Governance Profile in future?

More time should be given for broader consultation among stakeholders.

13. What improvements are needed in the **content and structure** of the Governance Profile and its analysis?

- Improvements or broadening of more sectoral issues.
- Improvements on performance measurements for Institutional framework mechanisms.
- Improvements for Parliamentarians participation
- Improvements for NSA participation

**Section 3: Governance Action Plans (GAP)**

14. Did your government consent to preparing a GAP? (tick one)

Yes ✓

Yes, with reservations



- Initially no, but we changed our position once the purpose of the exercise was explained.
- No, the government did not prepare a GAP.

What were the reasons for the reservations/ objections?

15. Which of the following contributed to the writing and commenting on the Governance Action Plan? (tick one or more)

	Writing	Commenting
Office of the Presidency or Prime Minister	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ministers (not NAO)	<input type="checkbox"/>	<input type="checkbox"/>
Below ministerial level (not NAO)	<input type="checkbox"/>	<input checked="" type="checkbox"/> *
NAO	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Civil Society	<input type="checkbox"/>	<input type="checkbox"/>
Consultants	<input type="checkbox"/>	<input type="checkbox"/>

Other, please specify:

\* Consultations held with personnels from relevant Ministries, e.g. Ministry of Foreign Affairs, Ministry of Legal Affairs, Ministry of Finance, Ministry of Social Services, Women and Gender Affairs , Ministry of Health , Electoral Office and Office of the Prime Minister.

16. Was there any input from the EC Delegation in the preparation of the GAP? (tick one)

- Yes
- No

If Yes, please specify what inputs were provided?

The EC Delegation provided general guidance for the completion of the questionnaire, and clarified issues where there were doubts.

17. How much time was the government given to prepare the Governance Action Plan? (tick one)

- Less than 1 month
- 1-2 months
- 2-3 months
- 3-4 months

More than 4 months

18. Did the deadlines for the completion of the GAP allow sufficient time for your Government to undertake the exercise? (tick one)

Yes   
No   
Don't know

19. Did your government meet the deadlines? (tick one)

Yes   
No

20. On reflection do you think that the GAP included the most important weaknesses in governance in your country? (tick one)

Yes   
No

If No, what key issues were not included?

- Poverty reduction.
- Environmental issues.

21. To what extent is the GAP based on pre-existing national policy statements, such as the PRSP? (tick one)

GAP is entirely drawn from national policy statements

GAP is largely reflective of national policy statements, but includes some new commitments

GAP is loosely based on national policy statements, but there are important differences in the commitments made

GAP bears little resemblance to national policy statements

22. Was the African Peer Review Mechanism (APRM) Action Plan reflected in the text of the GAP? (tick one)

Yes   
No, the APRM for this country is hardly reflected in the GAP

Not applicable, there is no APRM for this country ✓

23. To what extent are the views of national stakeholders (e.g. Parliament and non-state actors) reflected in the GAP?

- Very much
- To a reasonable extent
- To a limited extent
- Hardly or not at all ✓

Please comment on how consultations with national stakeholders are reflected in the GAP

Consultations are reflected by views /comments of policy makers in line Ministries

24. Please indicate the extent to which you agree with the following statement:

“The procedure used by the EC to assess the relevance, ambition and credibility of the Governance Assessment Plans and thereby to determine the size of the incentive tranche was fair, objective and transparent”

Do not agree at all with the statement

Fully agree with this statement

- |                          |                          |                          |                          |                          |                          |                          |                                     |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------------------------|--------------------------|--------------------------|
| 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | 8                                   | 9                        | 10                       |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please comment

25. How many times has the Governance Action Plan been updated since it was originally prepared? (tick one)

- GAP not updated since it was first prepared ✓
- GAP updated once
- GAP updated more than once

Please describe any important changes to the GAP, and if applicable explain why the government decided to review the GAP.

26. Is the implementation of the GAP discussed as part of the government's regular political dialogue with the EC? (tick one)

Yes   
No

Please describe what arrangements are in place for discussion with the EC on the implementation of the GAP

Portfolio meetings between the EC Officials and the NAO

27. What is the degree of implementation of the GAP so far? (tick one)

Strong implementation and according to schedule   
Moderate implementation with delays in a few areas   
Partial implementation with significant delays in a few areas   
Limited implementation and substantial delays   
Impossible to determine at this stage

Please comment on the reasons for the government's implementation record.

- ongoing reforms in political democratic governance
- Ongoing efforts to improve performance on Political governance- rule of law
- ongoing mechanisms to enforce integrity in public office
- ongoing efforts to improve efficiencies in public finance management and institutional capacity
- ongoing reforms efforts in Economic governance
- ongoing efforts in Social governance
- full participation in international and regional forums
- improvements in quality of partnership

**Section 4: Mid Term and End of Term Review**

28. How should governance considerations be integrated into the Mid Term Review of EDF 10?

Have a specific section on Governance issues, examining the implementation of the Ombudsman Act, and the Integrity Public Life Act.

29. What changes to the Governance Incentive Tranche process would you recommend at the MTR? (tick one or more)

- Changes to the Governance Profile
- Changes to the Governance Action Plan
- Changes in the allocation of the Governance Incentive Tranche ✓
- Other

Please comment

The more resources allocated, the more can be done to address governance issues for more effective governance impact.

30. What arrangements need to be put in place at the End of Term Review to assess governance progress and recommend an approach for EDF 11?

Establish a monitoring Desk in the NAO's Office

**Section 5: Aid Effectiveness**

31. Please indicate on the following scale the extent to which you agree with the following statement:

“The Governance Initiative has contributed to a greater sense of government ownership of governance reforms and donor alignment around these.”

Do not agree at all with the statement

Fully agree with this statement

- |                          |                          |                          |                          |                          |                          |                            |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                          | 8                        | 9                        | 10                       |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | ✓ <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

32. Please indicate on the following scale the extent to which you agree with the following statement:

“The Governance Initiative has contributed to enhanced donor coordination/harmonisation in governance work”

Do not agree at all with the statement

Fully agree with this statement

1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

33. Please indicate on the following scale the extent to which you agree with the following statement:

“The Governance Profile and Governance Action Plan have become key baseline documents and planning and monitoring tools that provide a common basis for planning and programming between the EC and Member States.”

Do not agree at all with the statement

Fully agree with this statement

1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

34. Please indicate on the following scale the extent to which you agree with the following statement:

“The Governance Initiative has contributed to building a greater sense of mutual accountability between donors and government.”

Do not agree at all with the statement

Fully agree with this statement

1	2	3	4	5	6	7	8	9	10
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

35. Please indicate on the following scale the extent to which you agree with the following statement:

“The Governance Initiative has contributed to a greater focus on results in governance.”

Do not agree at all with the statement

Fully agree with this statement

1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	----

□ □ □ ✓ □ □ □ □ □ □

36. In relation to your country please explain the specific ways in which the governance initiative has helped to strengthen aid effectiveness.

Governance issues do not seem to have a direct influence on aid; it is not clear that there is a direct link between Governance incentive aid and aid in general. Most of the aids received in recent years follow the destruction of the economy from the hurricanes and such aid would have been forthcoming in the absence of governance. The Government of Grenada is however very mindful of governance issues.

37. In relation to your country please explain the specific ways in which the governance initiative has helped to strengthen government ownership.

It is hard to determine since we do not see that direct link between governance and aid.

38. What aspects of the governance initiative need to be improved to strengthen aid effectiveness?

Governance issues should be in the main stream of development. The institutional framework for governance to take place must be established. There is no Ministry responsible for governance issues in Grenada. Governance is spoken about by a few individuals but there is no formal recognized structure to which complaints can be made and from where information can flow to the public.

Individuals will normally voice their opinion on the local medial: Radio, TV, Newspaper

39. What other governance monitoring systems are used by development partners in your country. How has the EC's governance initiative related to these systems? Are there any joint governance assessment frameworks in place? What is the role of the African Peer Review Mechanism (if applicable to your country), and does this provide a focus for governance work?

Perhaps the best known governance institution in Grenada is the Multipartite Committee, but is hardly functional, and its existence is not known in the country. Governance issues are only mentioned in Grenada when certain environmental or political matters surge.

**Section 6: Impact assessment**

40. Does the Governance Incentive Tranche provide a clear incentive for improved governance in your country? (tick one)

- Strong incentive
- Moderate incentive
- Weak incentive
- No incentive
- Don't know/ too early to tell

41. What do you consider will be the most likely impact(s) of the governance initiative? (tick one or more)

- Creating a financial incentive that result in improvement in governance
- Strengthening policy dialogue between the EC and the partner government
- Resulting in a more harmonized approach to governance assessment
- Improving the EC's own aid programming and strategic decision making

Please elaborate on the above

Governance matters will also be spread throughout the country and government should be more mindful of same in the delivery of their services to the population.

42. Since the governance initiative began has there been an improvement in the quality and substance of political dialogue with the EC? (tick one)

- There has been a substantial improvement
- There has been a slight improvement
- The quality of dialogue has remained the same
- The quality of the dialogue has got worse
- Don't know. Impossible to tell

43. To what extent can this change be attributed to the governance initiative? (tick one)

There is a clear link between the governance initiative and the change in the quality of political dialogue

There is some connection between the governance initiative and the change in the quality of the political dialogue, but other processes are more important



There is little connection between the governance initiative and the change in the quality of the political dialogue. Other processes are much more important.

Don't know. Impossible to tell at this stage

Please explain the above observations

Governance issues have had some impact on the politics in the country, and Government has been more careful in dealing with foreign investors, for example by ensuring that people's needs are always met; and that things are done in a transparent matter.

44. Please describe the main features of the political dialogue with development partners in your country.

Non state Actors are making an effort to come together as one institution. A meeting is planned shortly to form a National State Actors Panel as the basis for strengthening relationships with the government and seeking financial assistance.

#### **Section 7: Future needs**

45. What processes need to be improved to strengthen your country's engagement in the governance initiative?

An Institutional framework must be put in place. As well as, establish a mechanism to report to the Cabinet.

46. What are the main capacity building needs to strengthen your government's engagement in the governance initiative?

Strengthening of Civil Society Organisations and provide management training for persons involved in running the Civil Society Organisations.

## ANNEX 13 EIB Projects

### EIB project in Grenada

Country	Project Name	Status	Convention	Contract number	Amount signed (m)		Date of Signature	Amount outstanding (m)		Beginning repayment
					OR	RC		OR	RC	
Grenada	GDB	Disbursed	Lome - 3	70667		400,000.00	07/09/1987		131,920.00	07/05/1996
	RESORT HOTEL PROJECT	Disbursed	Lome - 4	70852		500,000	11/12/1991		391,477.54	10/15/2007
	OECS WASTE DISPOSAL	Disbursed	Lome - 4	71011		1,800,000	10/08/1995		374,792.06	10/05/2003
	GRENLEC II	Disbursed	Lome - 4	19129	4,000,000		11/26/1996	1,031,887.38		05/20/2000
	GRENLEC III	Signed	Accord De Cotonou	23150		5,000,000	07/28/2005		3,200,000	06/30/2009
	<b>Total</b>				<b>4,000,000</b>	<b>7,700,000</b>		<b>1,031,887.38</b>	<b>4,098,189.6</b>	

## Annex 14 Use of budget support

Programme	Type	Amount Signed (M€)	Date of Signature	Amount outstanding	Forecast Tranche Disbursement (M€)				
					Tranche: 1 <sup>st</sup> Fixed	Tranche: 2 <sup>nd</sup> Fixed	Tranche: 1 <sup>st</sup> Variable	Tranche: 3 <sup>rd</sup> Fixed	Tranche: 2 <sup>nd</sup> Variable
					July 08	Dec 08	Dec 08	Dec 09	Dec 09
Poverty Reduction through Private Sector Development, Employment and Growth	General Budget Support	10	23.10. 2007	10	4	1.325	1.325	1.325	1.325
					Single Tranche: (Fixed) Oct 2008				
Framework of Mutual Obligations (Stabex 1993-1995)	Sector Budget Support (rural)	3.165	26.02.2008	3.165	3.165				

Source: Ministry of Finance

**Annex 15: Sources of External Financing - 2008 Capital Expenditure (EC\$m)**

<b>Source</b>	<b>Loan</b>	<b>Grant</b>	<b>Total</b>	<b>% Of Total</b>
<b>Caribbean Development Bank</b>	18.8	0.5	19.3	26.3
<b>World Bank</b>	7.2	0.0	7.2	9.8
<b>European Development Fund</b>	0.0	13.8	13.8	18.7
<b>Kuwait/OPEC</b>	5.6	0.0	5.6	7.6
<b>Petro Caribe G'da</b>	0.0	25.3	25.3	34.4
<b>Other Sources</b>	1.0	1.4	2.4	3.2
<b>Grand Total</b>	<b>32.6</b>	<b>40.9</b>	<b>73.4</b>	<b>100.0</b>

Source :Ministry of Finance

## Annex 16 Budget lines

### Grenada SFA Programmes

#### Situation Summary as at 31 December 2008

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.483

3 - Payments represent total payments from EUR and XCD accounts to Individual Commitments. XCD payments are translated into EUR at the actual rate received.

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
<b>* SFA 1999 (GRE/BL7/1999/01)</b>								
Off-farm Irrigation Structures, Main Lines & IRDC	655,000		658,000	548,000	110,000	548,000	350,000	
Rehabilitate Farm Roads in Banana Areas	232,000		232,000	232,000	--	220,000	106,719	
Monitoring, Audit and Evaluation	3,000		--	--	--			
Strategic Plans for Agri-food Sector Development	60,000		60,000	60,000	--	60,000		
Regional Technical Assistance	50,000		50,000	48,779	1,221	48,779	48,779	
Interest	--	25,821	25,821	--	25,821			
Total for SFA 1999 (GRE/BL7/1999/01) (6 detail records)	€ 1,000,000	25,821	1,025,821	888,779	137,042	876,779	505,498	
<b>Percent</b>				86.6%	13.4%	85.5%	49.3%	
<b>* SFA 2000 (GRE/BL7/2000/01)</b>								
Off-farm Irrigation Structures and Main Lines	440,000		440,000	440,000	--	440,000	394,887	
Regional Technical Assistance	50,000		50,000	50,000	--	46,773	46,773	
Monitoring and Evaluation	10,000		10,000	10,000	--	10,000	10,000	
Interest	--	8,202	8,202	--	8,202			
Total for SFA 2000 (GRE/BL7/2000/01) (4 detail records)	€ 500,000	8,202	508,202	500,000	8,202	496,773	451,660	
<b>Percent</b>				98.4%	1.6%	97.8%	88.9%	
<b>* SFA 2001</b>								
Rural Credit Scheme (Grant Fund)	475,000		475,000	475,000	--	448,135	353,374	
Monitoring & Evaluation	25,000		25,000	22,771	2,229	22,771	22,238	
Interest	--	10,840	10,840	--	10,840			
Total for SFA 2001 (3 detail records)	€ 500,000	10,840	510,840	497,771	13,069	470,906	375,612	
<b>Percent</b>				97.4%	2.6%	92.2%	73.5%	

## Grenada SFA Programmes

### Situation Summary as at 31 December 2008

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.483

3 - Payments represent total payments from EUR and XCD accounts to Individual Commitments. XCD payments are translated into EUR at the actual rate received.

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
<b>* SFA 2002</b>								
Rural Credit Facility	480,000		480,000	10,000	470,000	10,000	10,000	
Monitoring, Evaluation and Audit	20,000		20,000	5,350	14,650	5,350	5,350	
Interest	--	--	--	--	--	--	--	
Total for SFA 2002 (3 detail records)	€ 500,000	--	500,000	15,350	484,650	15,350	15,350	
<b>Percent</b>				3.1%	96.9%	3.1%	3.1%	
<b>* SFA 2003</b>								
Training	100,000		100,000	100,000	--	100,000	90,000	
Studies	200,000		200,000	200,000	--	200,000	180,000	
Technical Assistance	180,000		180,000	179,950	50	179,950	161,955	
Audit/Evaluation	20,000		20,000	--	20,000	--	--	
Interest	--	--	--	--	--	--	--	
Total for SFA 2003 (5 detail records)	€ 500,000	--	500,000	479,950	20,050	479,950	431,955	
<b>Percent</b>				96.0%	4.0%	96.0%	86.4%	
<b>* SFA 2004</b>								
Business Gateway	480,000		480,000	470,000	10,000	470,000	317,196	
Audit/Evaluation	20,000		20,000	9,640	10,360	9,640	9,412	
Interest	--	--	--	--	--	--	--	
Total for SFA 2004 (3 detail records)	€ 500,000	--	500,000	479,640	20,360	479,640	326,608	
<b>Percent</b>				95.9%	4.1%	95.9%	65.3%	

## Grenada SFA Programmes

### Situation Summary as at 31 December 2008

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.483

3 - Payments represent total payments from EUR and XCD accounts to Individual Commitments. XCD payments are translated into EUR at the actual rate received.

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
<b>* SFA 2005</b>								
Regional Management	42,000		42,000	42,000	--	42,000	29,023	
Comp. 1 - Business Skills Dev./Business Incubators	321,000		321,000	321,000	--	321,000	145,110	
Comp. 2 - Legislative & Regulatory Framework	80,000		80,000	79,310	690	79,310	45,038	
Comp. 3 - Regional Coordination	39,000		39,000	37,547	1,453	37,547	13,162	
Short-term TA for Project Identification & Support	9,000		9,000	9,000	--	9,000	1,800	
Audit & Evaluation	6,000		6,000	--	6,000			
Contingency	3,000		3,000	--	3,000			
Interest	--	--	--	--	--			
Total for SFA 2005 (8 detail records)	€ 500,000	--	500,000	488,857	11,143	488,857	234,133	
<b>Percent</b>				97.8%	2.2%	97.8%	46.8%	
<b>* SFA 2006</b>								
Implementation of Agricultural Business	400,000		400,000	400,000	--	400,000	204,737	
Contribution to Annual Regional Agr. Review	30,000		30,000	30,000	--	30,000	15,355	
Contribution to OECS Shipping & Transport Study	20,000		20,000	--	20,000			
Evaluation	30,000		30,000	--	30,000			
Audit	10,000		10,000	--	10,000			
Contingency	10,000		10,000	--	10,000			
Total for SFA 2006 (6 detail records)	€ 500,000	--	500,000	430,000	70,000	430,000	220,092	
<b>Percent</b>				86.0%	14.0%	86.0%	44.0%	
<b>* SFA 2007</b>								
Implementation of Agricultural Census	420,000		420,000	--	420,000			
Rural Annual Agricultural Review	30,000		30,000	--	30,000			
Evaluation/Audit/Impact Monitoring	40,000		40,000	--	40,000			
Contingency	10,000		10,000	--	10,000			
Total for SFA 2007 (4 detail records)	€ 500,000	--	500,000	--	500,000			
<b>Percent</b>				0.0%	100.0%			

## Grenada SFA Programmes

### Situation Summary as at 31 December 2008

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

2 - Interest represents total interest received on EUR and XCD accounts. XCD interest is translated into EUR at 3.483

3 - Payments represent total payments from EUR and XCD accounts to Individual Commitments. XCD payments are translated into EUR at the actual rate received.

Budget Line	----- GLOBAL COMMITMENTS -----			Programmed/ Approved Projects	Funds Available before Pipeline Proposals	Individual Commitments /Contracts	Payments	Pipeline Proposals
	Original	Interest	Revised					
<b>* SFA 2008</b>								
Recruitment - Int. Plant Breeder Expert	195,000		195,000	--	195,000			
Staff Recruitment	89,500		89,500	--	89,500			
Establishment & Mtce Germplasm & Trial Plotsi	165,500		165,500	--	165,500			
Regional Annual Ag. Review	30,000		30,000	--	30,000			
Audit	10,000		10,000	--	10,000			
Evaluation	10,000		10,000	--	10,000			
Total for SFA 2008 (6 detail records)	€ 500,000	--	500,000	--	500,000			
<b>Percent</b>				0.0%	100.0%			
<b>Grand Total</b>	€ 5,500,000	44,863	5,544,863	3,780,347	1,764,516	3,738,255	2,560,908	



**Annex C of EAMR: Questions on the EU Aid Effectiveness targets.**

The Commission has to report its performance annually against the four EU targets on aid effectiveness. The data for this will be collected through the EAMR reporting system. You are therefore requested to complete the questions below with specific information as noted so that the current baseline we have from the July 2007 EAMR can be tracked annually. The information will also be important for you to exchange with your government colleagues, NGOs and with other donors, including MS.

**Regional offices will have to complete Annex C separately for each country in their region.**

Please note that the previous questionnaires for EU Target 2 coordinated technical Assistance/Cooperation and EU Target 3 Parallel Project Implementation Units have been replaced by the format for 'Mapping of significant Technical Cooperation operations and PIUs and TC/PIUs action plan 2009' (see Excel format). The questionnaires for EU target 1 "use of country systems" and EU target 4 "coordinated missions" are the same as the ones used for the January 2008 EAMR Annex C.

<b>1. EU Target No 1</b>		
Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements		
<b>2. Introduction</b>		
The aim is to collect information that allows us to measure this target. The information that is needed is both the total amount of ODA provided, as well as the extent to which country systems are used in providing this ODA. For these purposes the country systems are defined as covering four main areas: (i) national budget execution procedures; (ii) national financial reporting procedures; (iii) national auditing procedures; and (iv) national procurement systems. By treating each of these four areas as having a 25% weight and dividing by the total amount of ODA provided the information required can be calculated (hence the division by four – see part 4 below). In all cases the necessary information can be collected using the same definitions as those in the OECD/DAC "Definitions and Guidance" (see attached page which includes an extract of definitions relevant to this indicator)		
<b>3. Questions and definitions</b>		
Question	Definition – OECD Ref	Response EUR
How much ODA did you disburse at country level for the government sector in FY 2008 (EUR)? 6 OECS+3 OCT+BAR (regional not included)	Qd2	59,000,000
How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	Qd5	15,000,000
How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	Qd6	15,000,000
How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	Qd7	15,000,000
How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)?	Qd9	15,000,000
<b>4. Definition of Indicator</b>		
$[(Qd5 + Qd6 + Qd7 + Qd9) \div 4] \div [Qd2] \text{ (please calculate and enter as response \%)} = 40 \%$		Response %
<b>5. Additional information</b>		
Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)		
Initiatives: Support to CARTAC at regional level to support PFM reform. Several PEFA assessments done in the past years and 7 planned for 2009. Work with IMF and WB on macro and PFM reform in several countries. Budget support is in use to the utmost possible.		
Constraints:		

Middle income countries that have seldom real IFM and WB programmes.  
Small countries with limited capacity.

## Definitions from "Definitions and Guidance" OECD/DAC

[www.oecd.org/dataoecd/13/29/36306366.doc](http://www.oecd.org/dataoecd/13/29/36306366.doc)

ODA	<p>Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 32 (see appendix), including official transactions that:</p> <ul style="list-style-type: none"> <li>▪ Are administered with the promotion of the economic development and welfare of developing countries as its main objective; and</li> <li>▪ are concessional in character and convey a grant element of at least 25%.</li> </ul>
Disbursements	<p>A disbursement is the placement of resources at the disposal of a recipient country or agency (see OECD-DAC Statistical Directives para. 15-18). Resources provided in kind should only be included when the value of the resources have been monetised in an agreement or in a document communicated to government. In order to avoid double counting in cases where one donor disburses ODA funds on behalf of another, it is the donor who makes the final disbursement to the government who should report on these funds.</p>
Government sector	<p>Administrations (ministries, departments, agencies or municipalities) authorised to receive revenue or undertake expenditures on behalf of central government.</p>
Disbursements for the government sector	<p>This category includes the disbursement of ODA in the context of an agreement with the government sector (see definition above), including works, goods or services delegated or subcontracted by government to other entities (e.g. NGOs, private companies).</p>
Use of national budget execution procedures (Q <sup>d5</sup> )	<p>Donors use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures as they were established in the general legislation and implemented by government. This means that programmes supported by donors are subject to normal country budgetary execution procedures namely procedures for authorisation, approval and payment.</p>
Use of national financial reporting procedures (Q <sup>d6</sup> )	<p>Legislative frameworks normally provide for specific types of financial reports to be produced as well as for the periodicity of such reporting. The use of national financial reporting means that donors do not make additional requirements on governments for financial reporting. In particular they do <u>NOT</u> require:</p> <ul style="list-style-type: none"> <li>▪ The production of additional financial reports.</li> <li>▪ Periodicities for reporting that are different from government's normal reporting cycle.</li> <li>▪ Formats for reporting that do not use government's existing chart of accounts.</li> </ul>
Use of national auditing procedures (Q <sup>d7</sup> )	<p>Donors rely on the audit opinions, issued by the country's supreme audit institution, on the government's normal financial reports/statements as defined above. The use of national auditing procedures means that donors do not make additional requirements on governments for auditing.</p>
Use of national procurement procedures	<p>Donors use national procurement procedures when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the general legislation and implemented by government. The use of national procurement procedures means that donors do not make additional, or special, requirements on governments for the procurement of works, goods and services. (Where weaknesses in national procurement systems have been identified, donors may work with partner countries in order to improve the efficiency, economy, and transparency of their implementation).</p>

## 1. EU Target No 4

Reduce the number of uncoordinated missions by 50%.

## 2. Introduction

The aim is to collect data on the number of uncoordinated EC Missions to your country. The information needed is (a) the total number of EC Missions to your country and (b) how many of these were coordinated.

The Paris Declaration **objectives** underlying the related indicator of progress for coordinated missions are: "In planning their missions to the field<sup>2</sup> it is important that donors: Conduct **fewer missions**, coordinate timing of missions with partner authorities and, where necessary, with other donors, *conduct more joint missions*, avoid conducting missions during "mission free periods"<sup>3</sup>.

Coordinated mission **is a mission undertaken by 2 or more donors jointly, or by one donor on behalf of another**. In practice, the following 3 questions help to clarify what is meant by a mission:

1. Does the mission involve international travel to a beneficiary country? i.e. **this concerns only missions from HQ, not missions undertaken within the country by the Delegation**.
2. Does the mission involve a request to meet with government officials, including local government?
3. Is this mission undertaken by 2 or more donors jointly? Or is it done by an HQ service also on behalf of another donor?

The Definitions and Guidance of the OECD ([www.oecd.org/dataoecd/13/29/36306366.doc](http://www.oecd.org/dataoecd/13/29/36306366.doc)) requires that missions undertaken by consultants contracted by AIDCO (or other DG's), if they meet the 3 above questions, must also be included.

## 3. Questions and definitions

OECD ref: Q <sup>d</sup> 15	How many <b>HQ missions</b> to the field were undertaken in FY 2008? <sup>4</sup>	
Q <sup>d</sup> 16	How many of these were coordinated?	
Please provide a breakdown of missions the Commission and its services have undertaken to your country in FY 2007 in the table below:		
Missions by:	Coordinated	Uncoordinated
Members of Commission		
AIDCO	3	
DEV	4	
RELEX	1	
TRADE	5	

<sup>2</sup> 'Field' refers to the country in general including missions to the capital only.

<sup>3</sup> The target set for 2010 for indicator 10 a) is to have 40% of donor missions to the field as joint.

<sup>4</sup> This question applies to the missions from the HQ

ECHO		
FISH		
OTHER DGs		4
Consultants contracted by the Commission		
<b>Total</b>	17	4

4. Definition of Indicator		
<b>Q<sup>d</sup>16 / Q<sup>d</sup>15</b>	2007	2008
Please calculate and enter in the column for 2007 and also include the figure for this indicator for 2006 ;	12	17

5. Additional Information			
Delegations are invited to list the dates for main HQ missions already planned for March 2009 to August 2009, indicating whether they are, or not, to be coordinated with other donors;			
HQ DG	Date planned	Purpose/Sector	Coordinated (Yes/No)
_____			
_AIDCO, DEV March Regional programming yes			
_____			
_____			
_____			
_____			
Delegations are suggested to indicate higher priority requests for HQ missions needed from September 2009 to February 2010, but not yet agreed with HQs, that the Delegation estimates serve better the coordination arrangements at local level and can yield more added value for the policy dialogue.			
HQ DG	Date planned	Purpose/Sector	Donor(s) involved
_____			
_____			
_____			
_____			
_____			
Delegations are asked to briefly inform if there are significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.			
_____			
_____			
_____			

Finally, Delegations are asked to assess the likelihood of meeting, by 2010, the twin targets for missions, ie. the OECD target of 40% and the EU target of halving the number of un-coordinated missions.

- OECD target of 40% likely to be met: Yes/No
- EU target of halving the number of un-coordinated missions: Yes/No

Delegations are asked to briefly indicate what additional steps HQ should be prepared to consider to help in achieving those targets at the level of the beneficiary country concerned:

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\_\_\_\_\_ Yes, many missions took place in the context of EPA in 2008 but the agreement is now signed.

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D2) Donor Source: World Bank OECS Country Assistance Strategy 2007-2011

Development Partner	Thematic Areas																
	Private Sector	Financial Sector	Energy	Infrastructure/Transport	Trade	Agriculture & Rural Dev.	Health	Education	Environment	Tourism	Water & Sanitation	Social Protection	Public Sector	Judicial & Legal Reform	Capacity/Inst. Building	Disaster Management	Security & Stability
CDB		X				X	X	X				X	X	X	X	X	
CIDA	X				X				X				X		X	X	
DFID		X			X	X	X	X				X	X				
European Union	X			X	X	X	X	X		X	X	X			X	X	X
France							X					X			X		
Japan	X								X							X	
Kuwait				X													
OAS			X		X			X	X	X		X				X	
Taiwan, China													X				X
UNDP	X	X				X		X	X			X	X		X	X	
USAID	X	X					X							X		X	X
World Bank		X	X	X	X		X	X	X		X	X	X		X	X	X