



**DELEGATION OF THE EUROPEAN COMMISSION
in
BARBADOS AND THE EASTERN CARIBBEAN**

**COOPERATION
between
THE EUROPEAN UNION
and
ST. KITTS AND NEVIS**

ANNUAL REPORT 2002

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1. EXECUTIVE SUMMARY

The economic outlook for St. Kitts and Nevis (SKN) has been significantly affected by a range of factors that demonstrate the country's extreme vulnerability to exogenous shocks. In the late 1990's, St. Kitts and Nevis was recovering from the damage caused by a number of serious hurricanes. The subsequent rehabilitation efforts resulted in increasing fiscal and debt difficulties. In 2001 real GDP growth dropped to 2.0% from a peak of 7.3% in 1997 and indicators point to an actual decline in GDP in 2002. As a consequence, the overall fiscal deficit went from 3.7% of GDP in 1997 to 12.4% in 2001, and resulted in an increased debt-to-GDP ratio. Faced with this situation, the Government has embarked on a programme of fiscal consolidation, a new debt management strategy, public sector reform, disaster preparedness, promotion of private investment and the creation of an enabling environment, particularly in the services sector.

EC cooperation with St. Kitts and Nevis has been highly satisfactory. €9 million has been allocated to St. Kitts and Nevis under the National Indicative Programmes of the 6th, 7th and 8th EDF, and has almost been fully disbursed. In furtherance of the economic diversification strategy of the Government, it has been agreed that education will be the focal sector for the National Indicative Programme under the 9th EDF (amounting to €3.4 million), with special emphasis on skills development in the area of information technology, focusing in particular on adults.

2. THE GOVERNMENT'S POLICY AGENDA

The major immediate objectives of the Government are to reduce the fiscal deficit and to establish an appropriate macroeconomic environment for economic growth. Economic restructuring, specifically diversification of the output base of the productive sectors, has been a long-term development strategy of SKN and is the cornerstone of its entire development programme. The Government aims for an optimal use of available resources to generate sustainable growth, while ensuring the benefits of such growth is widespread. In order to achieve this, the Government intends to: use the capital investment programme and regulatory framework to provide an enabling environment for private sector led growth; improve the fiscal position in an effort to generate adequate public sector savings to finance the capital programme; reform the public sector to increase efficiency; engage in appropriate human resources development; adequately provide public goods and services while not compromising the optimal use of resources; and reducing economic vulnerability by encouraging economic diversification and increased investment by domestic and foreign economic agents and by incorporating disaster mitigation in the development process.

The Government, through its membership of Organisation of the Eastern Caribbean States (OECS), the Caribbean Community (CARICOM) and other regional and international institutions, continues to collaborate in the formulation of policies and strategies to stabilize the domestic economy, stimulate growth and transform the regional economies to be better placed to confront the challenges of globalization.

3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 Millennium Development Indicators

Indicator	2000	2001	2002	2003
1. Life expectancy years *	70.0			
2. Maternal mortality rate * (per 100,000 live births)	130			
3. Under-five mortality rate (2000) * (per 1,000 live births)	25			
4. Infant mortality rate (per 100,000 * live births)	21			
5. Proportion of Population below National Poverty Line (US\$3,7 per day)	31.2%			
6. Proportion of 1 year old children immunised against measles	100%	100%	100%	
7. Ratio of girls to boys in - primary education	93%	95%	93%	
- secondary education	104 %	100%	103%	
- tertiary education	196 %	228%	N/A	
8. Population with access to water	100%			
9. Education Expenditure as % of GDP -95-97*	3.8%	100%	100%	
10. Public Health Expenditure as % of GDP*	3.1%			
11. Private Health Expenditure as % of GDP*	2.7%			
12. Births attended by skilled health staff	100%			

* Source: UNDP Human Development Report 2002

Indicators in the table are selected on the basis of their availability, importance and relevancy to the EC cooperation under the 9th EDF, in which Education is the focal sector.

3.2 Political Situation

The unicameral parliament has 14 members, with 11 elected members and 3 nominated members. The election of 6 March 2000 gave eight seats to the ruling St. Kitts-Nevis Labour Party, and the remaining three seats going to the Nevis opposition parties [Concerned Citizens Movement (CCM) won two and the Nevis Reformation Party (NRP), one]. In the Nevis Island Assembly, CCM holds three seats and NRP two. The Prime Minister is the Hon. Dr. Denzil Douglas (since 6 July 1995), leader of the SKN Labour Party.

A major political issue in the State is the relationship between the two islands. Nevis exercises autonomy in most areas with the exception of foreign affairs, defense and certain aspects of economic policy, and has a constitutional right to independence if two thirds of the population votes for it in a referendum.

3.3 Economic Performance

Indicators point to a decline in real GDP in 2002 compared with a growth rate of 2 per cent in 2001. Economic activity in 2002 was affected by the weak global economy and the impact on tourism of the September 11th terrorist attacks. The fiscal deficit worsened as the Government directed resources to infrastructure development and human resources development, with a view to enhancing long-term economic development. Economic prospects for 2003 are not favourable due to the continued weak and unstable global economy.

The Government's fiscal position has deteriorated considerably. The decline in fiscal savings was met by an increase in Government borrowing so as to allow the capital programme proceed as planned. The overall result was a worsening of the fiscal deficit from 3.7% of GDP in 1997 to 12.4% in 2001. However, Government efforts to bring about tighter expenditure controls resulted in a slight fall in the fiscal deficit in 2002. The high Government deficits and the losses of the sugar company have resulted in a sharp increase in public debt and a consequent sharp increase in the debt service ratio as a percentage of GDP.

3.4 Regional Integration and Trade Policy

The framework for policy objectives of St. Kitts and Nevis is dominated by the following regional and global initiatives: the establishment of the CARICOM Single market and Economy (CSME); CARICOM-EU Partnership Agreements; the World Trade Organisation (WTO) rules and agreements and global trends. The major trade policy objectives of St. Kitts and Nevis include: facilitation of the creation of the regional single market and economy, integration in the world economy, trade promotion, especially export and investment promotion; economic diversification into non-traditional areas and services; and private sector expansion and inclusion in the trade policy formulation process.

In parallel with the wider CARICOM level integration, St. Kitts and Nevis is in the process of regional integration within the Organisation of Eastern Caribbean States (OECS), which aims to deepen the economic integration by creating a single OECS Economic Union within which products, labor and capital moves freely, and which would allow diversified economic growth, increased employment, and position the OECS to interface more effectively with the wider CARICOM Single Market and Economy initiative. In 2002, an agreement was reached among the OECS member states on the measures that would allow free movement of labour, introduction of an OECS passport and further strengthening of the economic integration.

Within the context of liberalisation, St Kitts and Nevis's national trade policy, largely guided by that of CARICOM and the OECS, focuses on forward looking, outward oriented trade policy reform programmes geared towards the gradual removal of protectionist measures. The Government has made considerable progress in liberalizing its trade regime by reducing both tariff and non-tariff barriers. In keeping with its obligations to CARICOM, the Government introduced the third phase of the Common External Tariff (CET) in July 2001. This measure will bring the Customs tariff down from a maximum of 30% for all imported goods, except in a few special cases, to a

maximum of 25%. A trade policy review of the OECS countries was conducted by the WTO in June 2001.

3.5 Achievements in the social sector

According to the UNDP Human Development Report for 2002, St. Kitts and Nevis is ranked 44 among 173 countries on the basis of adult literacy, school enrollment, life expectancy at birth, and per capita Gross Domestic Product (GDP). There has been a high level of investment in the social sectors such as education, housing and community development, yet despite this there are growing pockets of poverty in SKN especially among vulnerable groups such as female-headed households, children, the elderly and young people. It is important to ensure that in the current fiscal crisis, the social dividend, vital to the country's service led development strategy, is not lost but is secured probably through more effective targeting of resources. St. Kitts and Nevis faces also a challenge of ageing population with increasing dependency rates that are expected to put pressure on Government budgets and the existing public national insurance scheme.

Health: Over the 1995-1998 period the Government instituted a health reform programme for St. Kitts and Nevis. The health sector continues to face numerous challenges including high rates of infant and neonatal mortality, a high incidence of teenage pregnancy, the re-emergence of tuberculosis along with the threat of HIV/AIDS, and resource limitations both in private and public sector. The Government has placed special emphasis on primary health care services, particularly those targeted toward the prevention of illness and the promotion of healthy lifestyle habits.

Education: The present system of education guarantees universal access to the present cohorts of the school going age. However many in the current work force have not had the opportunities for education and training that are required in more dynamic areas of the employment market. According to the Country Poverty Assessment Report, as many as 55% of the poor engaged in the labour market did not possess any educational certification. Adult and continuing education is essential, especially in the light of the rapid technological transformations taking place at a global level and more specifically advancements in information technology. The Government has set forth the future orientation of educational policy in St Kitts and Nevis in the comprehensive Long Term Education Plan 1998-2011. The plan sets down clear goals and objectives for the education system as a whole and for each sub-sector, identifying targets and strategies, programmes and projects, implementation schedules, costs and sources of financing and the establishment of structures for implementing the proposed plan.

3.6 Future Challenges and Prospects

Economic prospects for 2003 are not favourable, with a vulnerable fiscal situation and high debt-to GDP ratio. Activity in the tourism industry and the construction sector may be constrained by the unstable global situation and the continued slowdown of the global economy. Capital expenditure is expected to decline, reflecting the completion of a number of public sector projects. It is essential that the Authorities reverse the rapid increase in the debt stock and debt servicing that has occurred in recent years. Such a measure would require fiscal policy restraint, which in turn necessitates a reform of the public sector. In addition, there is a need to increase revenue collection through

strengthening tax administration and enforcement, and expenditure control with tighter control over the wage bill and government procurement. Additional issues to be addressed include the losses of the sugar industry, the need for greater accountability by other state enterprises, and the viability of the social security system.

St. Kitts and Nevis is a member of the Eastern Caribbean Central Bank (ECCB) currency union. A major objective is to create a single financial space that will allow for the ‘freer’ play of market forces under an effective regulatory regime. Furthermore, the fixed exchange rate is used as a means to achieve price stability, a crucial precondition for sustained growth in economic activity. There is a need for an improved debt management strategy, which includes institutional reorganization and debt restructuring.

In the context of International Trade Policy, and in order to re-orient the economy to deal with the challenges posed by globalisation and trade liberalization, the Government will pursue economic diversification, particularly in the services sector, and provide the enabling environment for the development of information technology, call centers and international financial services. The Government has sought to make the tax regime more favourable to private sector development by reducing in phases the corporation tax rate, and by promoting private sector investment through the fiscal incentives.

4. OVERVIEW OF PAST AND ONGOING EC CO-OPERATION

On the whole, cooperation with the Community has yielded highly satisfactory results. Maintenance and use of the facilities financed has been good. Concentration of funding largely on a single sector has proved to be an effective form of cooperation. Some €5.6 million has been used to fund the rehabilitation and upgrading of the St. Kitts and Nevis hospitals. The Prime Minister Dr. Denzil Douglas and the Head of Delegation John Caloghirou signed the County Support Strategy and National Indicative Programme for 2002 – 2007, in August 2002.

4.1 European Development Fund – Focal Sectors

9th EDF- NIP EUR 3.4 million – Focal Sector: Human Resources Development

It is proposed to concentrate 85% of the A envelope (€2.89million) on the education sector with special emphasis on skills development in the area of Information Technology, and focusing in particular on adults. Part of the allocation may be utilized for accompanying measures under the reform process initiated by the government in the sector. The decision to concentrate on this area of education was made after a thorough consideration of the major development issues confronting the country, which include (a) the skills gap, highlighted as the local economy is restructured to face the challenges posed by globalisation and the rapid development of Information Technology, (b) the results of the recent Poverty Assessment of SKN, which found that almost one-third of the Federation’s population is poor and also identified human resource development as one of the most important measures for poverty reduction and eradication, and (c) the results of two studies into the development of the informatics industry in SKN which concluded that accelerated training and skills upgrading were necessary conditions for

success in this field. A consultancy to identify the most appropriate activities to be financed will start work in early 2003.

8th EDF-NIP €3.0 million and 7th EDF-NIP €2,5 million

Focal Sector: Health Sector Development (EUR 2.7 million). Under Lomé IV and Lomé IV bis, health was identified as the focal sector and was allocated 90% of the NIP funds for that period (7th and 8th EDF). The amount of the Financing Agreement is EUR 5.6 million. The main objective, to improve the capital stock of the health sector, is currently being achieved through the rehabilitation and extension of the two main hospitals in the Federation, the J.N. France Hospital in Basseterre, St Kitts and the Alexandra Hospital in Charlestown. The project is completed and has been practically fully disbursed. There is a small balance of €279.000 unallocated under the 8th EDF, but this will be rolled into the 9th EDF funding.

4.2 Projects and Programmes outside focal sectors

9th EDF: 15% of the A-allocation (EUR 0.51m) is to be used for studies, audits and technical support in the area of regional integration. The B- allocation for St. Kitts and Nevis for unforeseen needs is EUR 0.6 m.

4.3 Utilisation of resources for non-state actors

Given the size of the 9th EDF “A allocation” for St Kitts and Nevis, and taking into account the recommendation that for countries with an indicative envelope under EUR 10 million there should be one focal sector and one project within that sector, no funds were set aside specifically for non-state actors from the 9th EDF allocation. However, it has been agreed with the Government of St Kitts and Nevis that non-state actors should as far as possible be involved at all levels in the activities to be carried out under the 9th EDF.

4.4 Other Instruments

European Investment Bank (EIB)

The EIB has provided St Kitts and Nevis with a total of €8.5million in financial assistance since 1983. Among EIB financed initiatives are a two-phased programme of support for the St Kitts and Nevis Development Bank and in 1995 a €2m loan for Nevis Airport. In 2000, a global loan of €4million on risk capital resources (Lomé IV bis) was made available to the Development Bank of St Kitts and Nevis for the financing of productive investments from small and medium sized enterprises in the industrial, agro-industrial, transport and service sectors by means of loan and (quasi-) equity participations, and for the financing of investments in human capital by means of student loans related to those sectors.

Caribbean Regional Indicative Programmes (CRIP)

St Kitts and Nevis, a member of CARICOM/Cariforum, is a beneficiary of the many regional programmes funded through the EDF. The 7th EDF RIP has a global envelope of EUR 105 million, while the 8th EDF RIP has EUR 90 million available. The focal sector for the 9th EDF RIP support will be regional economic integration and integration into the world economy, for which an envelope of EUR 57 million is available.

Through the regional OECS Tertiary Education Level Project support has been provided to the Clarence Fitzroy Bryant College to strengthen its capacity through the provision of new physical facilities and funding for the introduction of a greater range of courses. Also the Nevis airport extension project has received support from 7th EDF regional funds to the tune of €2.2 million in an effort to increase tourist arrivals in Nevis through accommodating larger aircraft. Other 7th & 8th EDF CRIP projects that St Kitts and Nevis benefits from are presented in Annex VII.

Budget Support

St Kitts and Nevis continues to benefit from the sugar protocol. The advantage for St Kitts and Nevis derived from the sugar protocol is the significant difference between the guaranteed quota price and average world market prices. It is estimated that the annual value of this arrangement for St Kitts is EUR 5.8 million.

Other

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

5. PROGRAMMING PERSPECTIVE FOR THE FOLLOWING YEARS

The following elements are the principle factors for consideration in EC programming:

- the role of the sugar industry in the economy of St Kitts and Nevis, the need to diversify and adapt it to the existing and forthcoming constraints; its impact on the social situation and in particular on the most vulnerable part of the population.
- the implementation of a medium-term strategy by the GSKN in which agriculture, tourism, education and human development as well as financial services constitute the core sectors;
- the challenges and opportunities presented by globalisation and trade liberalization and the need to adapt a country of limited natural resources to these new realities;
- the vulnerability of SKN to natural disasters and the need to ensure that effective disaster preparedness and emergency response arrangements are put in place, in view of the frequency with which natural disasters have struck the area.

St. Kitts and Nevis has a skills gap as the country moves from one dominant mode of production requiring a narrow range of skills to a more diversified multi-skilled economy. The skills gap is also predicated by the time lag between the rapid pace of technological change and the rate of technology transfer from developed to developing countries. Against this background it was agreed that 85% of the funds under the 9th EDF programming “A allocation” be used to target the education sector, with special emphasis on skills development for the informatics industry.

Besides the focal sector, assistance in the form of studies or technical support may be given to institutional strengthening and the regional integration process. Wherever relevant, EC policies in cross-cutting issues such as human rights and democratisation, gender and environment have been taken into account. This includes building strategic and operational links between related development aspects.

6. 2003 ANNUAL OPERATIONAL REVIEW – SPECIFIC THEMES

6.1 Speeding up the use of the old EDF resources

The level of utilisation of EDF funds has been very satisfactory. Progress has been made in closing down, financially, completed projects. It is intended that the small uncommitted balance €271.000 under the 8th EDF be used in the context of the EU intervention in the education sector.

6.2 Setting indicators for measuring results in focal sector

The EU intervention under the 9th EDF will be focussed on human resources development in the area of Information Technology. A framework for this intervention is set out at Annex I, but more precise indicators for this intervention will be elaborated during the ongoing process for the preparation of a financing proposal, which is expected to be presented to the EDF Committee by end 2003.

The Government has committed itself to complete by 2003 the study to assess the needs in Information Technology (IT) within the education sector. It is also expected to increase the computer equipment and IT facilities available in schools and develop the appropriate curriculum. At a sectoral level, the Government has committed itself to liberalise the telecommunications sector and adopt relevant legislation by the end of 2004.

6.3 Dialogue in country with the NAO and Non State Actors

Dialogue is facilitated through the Country Portfolio Review meetings between the office of the NAO and relevant ministries and the staff of the EC Delegation together with ad hoc meetings to review projects and programmes, and generally speed up project implementation. The consultancy to prepare the information Technology intervention under the 9th EDF will undertake widespread consultations with public and private sector representative, prior to the formulation of a financing proposal.

7. CONCLUSIONS

The economic situation in St. Kitts and Nevis has been deteriorating in recent years with a significant rise in the fiscal deficit and the public debt. Given the uncertain future for the sugar industry, economic prospects in St. Kitts and Nevis remain weak. St. Kitts and Nevis remains a highly vulnerable economy in the region, and this is heightened by the country's experience with hurricanes in recent years. The Government is conscious of the unsustainability of the sugar industry, and decisions need to be taken with regard to subsequent land utilisation.

Cooperation between the EC and St. Kitts and Nevis has been very satisfactory, and funds under the 6th, 7th and 8th EDF are almost totally disbursed. The CSS/NIP was signed on 12 August 2002, with the focal sector being human resources development, with a particular emphasis on skills development in the area of information technology. St. Kitts and Nevis requires some technical assistance to develop an appropriate proposal, as like the other small islands they have real human resource constraints at the public administration level. A consultancy to formulate the proposed intervention under the 9th EDF commenced work in March 2003 with the resulting Financing Proposal expected in June 2003.

Annex I Intervention Framework for the 9th EDF

	Sector Information and Communication Technology	Objectively Verifiable Indicators	Source of Verification	Assumptions
National Sector Target	To foster the development of a vibrant and sustainable IT sector to enable it to contribute to the economic and social development of the Federation of St Kitts and Nevis.		Ministry of Education Reports Ministry of Labour Data	GoSKN continues to support the development of the IT sector through attracting IT based industries to invest in SKN and through the liberalisation of the telecommunications industry
Sector Commitments	Government Sector Commitments	Completion by 2003 the study on the needs in Information Technology (IT) within the education sector and development the appropriate curriculum. Increase the computer equipment and IT facilities available in schools. Liberalisation of the telecommunications sector and adoption of the relevant legislation by the end of 2004.	Study assessing the IT needs in education sector available Ministry of Education Reports on amount and type of equipment and IT facilities provided Ministry of Education reports on legislative changes	
Project Purpose	Upgrade and Expand the computer lab and training office facilities	<ul style="list-style-type: none"> • Appropriate curriculum and curriculum development approaches provided • Appropriate hardware and software supplied for all labs to support an IT skilled workforce • Provision of essential training for tutors • Reduction of unemployment among youth and women • Development of the IT sector augmented • National poverty rate reduced 	Ministry of Education Reports Ministry of Labour Data Ministry of Finance data	GoSKN continues to support and facilitate adult and continuing education in the IT sector
Results	<ul style="list-style-type: none"> • Training courses established to train trainers, administrators • Pool of adults and women skilled in IT related fields, who will be employed 		Project Progress reports / Annual Report of the EC	GoSKN will secure seed and other incubatory funds

	<p>and maintenance personnel in St Kitts and Nevis</p> <ul style="list-style-type: none"> • Hardware and software upgraded in St Kitts and Nevis • Electronic lab and workshop facilities refurbished and retooled in St Kitts • Four computer labs constructed in St Kitts and two centres expanded in Nevis • IT Equipment procured for St Kitts and Nevis • Networking and collaborative arrangements established • IT resource centre established and staff provided 	<p>or become entrepreneurs in the IT sector</p> <ul style="list-style-type: none"> • Well equipped electronics labs and workshops available to offer initial and refresher training for technicians who will become involved in installation and maintenance of IT equipment • 60 persons trained to deliver and sustain a range of IT programmes • Expanded capacity of the education sector to respond to the demand for ongoing training and retraining for individuals and corporations 	<p>Delegation/NAO End of Project Report Report of Supervisor Reports of Colleges involved in the project</p>	<p>to initiate special projects intended to sustain the IT education sector</p> <p>GoSKN will encourage the construction of related physical plants such as smart buildings to provide infrastructure for businesses based on new technologies and the equipping of all schools with computer labs (which can also serve as computer learning centers for adults in the community).</p>
Activities	<ul style="list-style-type: none"> • Feasibility Study (3rd Qtr 2002-1st Qtr 2003) • Tender for consultancy (2nd Qtr 2003-3rd Qtr 2003) • Procure IT Hardware (3rd Qtr 2004-3rd Qtr 2005) • Training of IT teachers, maintenance technicians, and students to undergraduate and master level. (4th Qtr 2004 – 2007) • Strengthening of management structure and provision of technical assistance. (4th Qtr 2004 – 2005) 	Means EDF	Budget (millions EUR) <p>EUR 0.3</p> <p>EUR 1.263</p> <p>EUR 1.353</p> <p>EUR 0.274</p> <p>Total EUR 3.19</p>	<p>Feasability study successful in preparing the project for IT training and management strengthening</p> <p>Successful consultancy for implementation of the adult and continuing education project in the IT sector is professionally capable and financially sound</p> <p>GoSKN agrees to finance possible cost over runs</p> <p>Adequate supervision of the project is provided by the consultant</p>

Annex II Chronogramme of activities

	Amount	%	2002/1	2002/2	2003/1	2003/2	2004/1	2004/2	2005/1	2005/2	2006/1	2006/2
NIP 9th A allocation	3.4	100										
A) Education	2.89	85										
commitments					2.89							
payments							0.2	0.5	0.5	0.5	0.5	0.19
b) non focal sectors	0.51	15										
commitments/payments					0.21		0.1		0.1		0.1	
studies/ audits												
moitoring												
contigencies												
c) 9th NIP B allocation	0.6	100										
TOTAL 9th EDF NIP	4											
commitments A allocation					3.1		0.1		0.1		0.1	
payments A allocation					0.21		0.3	0.5	0.6	0.5	0.6	0.19
OTHER INSTRUMENTS												
budget lines												
structural adjustment												

ANNEX III: FINANCIAL SITUATION FOR 8TH EDF

STATUS AS AT 31.12.02

EUR 3,000,000 NIP

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 12/01-12/02
8 ACP SKN 001	SKN Hospital Rehabilitation - Moorjani	08.06.99	2,700,000	2,700,000	100	2,700,000	100	On going	335,647
8 ACP SKN 002	IT Training & Management Strengthing	20.12.02	21,000	-	-		-		-
	Totals		2,721,000	2,700,000	100	2,700,000	100		335,647
	Reserve/Balance		279,000						
8 ACP SKN 002	EIB - DBSKN III Global Loan	11.07.00	4,000,000	4,000,000	100	1,622,338	41	On going	145,914
Non-Prog.	Totals		4,000,000	4,000,000	100	1,622,338	41		145,914
	GRAND TOTAL		6,721,000	6,700,000	100	4,322,338	64		481,561

ANNEX IV: FINANCIAL SITUATION FOR 7TH EDF

STATUS AS AT 31.12.02

EUR 2,500,000 NIP

1,511 Allocated amount transferred from Lome II

232,657 Reserve transferred from Lome II

2,734,168

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 12/01-12/02
7 ACP SKN 001	Trade Fair - ITIX Las Vegas 92	5.06.92	11,788	11,788	100	11,788	100	Closed	-
7 ACP SKN 002	Health Sector Rehabilitation Study	18.06.92	-	-	-	-	-	Closed	-
7 ACP SKN 003	Nevis Water Development-Ex Lome II	3.12.93	-	-	-	-	-	Closed	-
7 ACP SKN 004	Primary Sch & Com Centre-Ex Lome II	25.07.94	185,000	185,000	100	185,000	100	Closed	-
7 ACP SKN 005	Scholarship - Mr F Boncamper	17.06.94	20,023	20,023	100	20,023	100	Closed	-
7 ACP SKN 006	Cycle Management Seminar	26.09.74	2,315	2,315	100	2,315	100	Closed	-
7 ACP SKN 007	SKN Hospital Rehabilitation	12.05.95	2,455,569	2,449,911	100	2,449,911	100	On-going	895,315
7 ACP SKN 008	SKN Hospital Rehabilitation-Ex Lome II	12.05.95	43,931	43,931	100	21,029	48	On-going	21,029
7 ACP SKN 010	SKN Hospital Rehabilitation	08.06.99	5,237	5,237	100	5,237	100	On-going	-
	Totals		2,723,863	2,718,205	100	2,695,303	99		916,344
	Reserve/Balance		10,305						
7 ACP SKN 009	EIB - Risk Capital	17.10.95	2,000,000	2,000,000	100	2,000,000	100	Closed	-
Non-Prog.	Totals		2,000,000	2,000,000	100	2,000,000	100		-
	GRAND TOTAL		4,723,863	4,718,205	100	4,695,303	99		916,344

ANNEX V: FINANCIAL SITUATION FOR 6TH EDF

STATUS AS AT 31.12.02

EUR 3,500,000 NIP

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 12/01-12/02
6 ACP SKN 002	Trade Fairs	11.10.88	2,876	2,876	100	2,876	100	Closed	-
6 ACP SKN 004	Development Social Infrastructure	17.11.89	2,566,438	2,566,438	100	2,566,438	100	Closed	-
6 ACP SKN 005	Primary School & Community Centre	25.04.94	514,014	514,014	100	514,014	100	Closed	-
6 ACP SKN 006	Hospital Rehabilitation - Moorjani	08.06.99	411,763	411,763	100	411,763	100	To close	-
	Total		3,495,090	3,495,090	100	3,495,090	100		-
	Reserve/Balance		4,910						
									-
6 ACP SKN 001	EIB - Loan to Development Bank	09.12.86	1,500,000	1,500,000	100	1,500,000	100	Closed	-
Non-Prog.	Totals		1,500,000	1,500,000	100	1,500,000	100		-
									-
	GRAND TOTAL		4,995,090	4,995,090	100	4,995,090	100		-

Annex VI European Investment Bank

Project Name	Status	Convention	Contract number	Amount signed (m)		Date of signature	Amount outstanding (m)		Beginning Repayment
				OR	RC		OR	RC	
DEVELOPMENT BANK OF ST.KITTS-NEVIS	Disbursed	Lome - 2	70366		350,000.00	21/7/83		137,165.00	10/3/92
NEVIS AIRPORT EXTENSION	Disbursed	Lome - 4	71017		2,000,000.00	10/10/95		1,766,400.00	5/10/01
DBSKN GL III	Signed	Lome - 4 - Bis	20692		4,000,000.00	31/7/00		2,780,099.78	15/7/04
Total					6,350,000.00			4,685,664.78	

ANNEX VII: CARIBBEAN REGIONAL INDICATIVE PROGRAMMES (CRIP)

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

ANNEX VIII: PROJECT SHEET

Annual Report

St. Kitts & Nevis

Project title:	Hospital Rehabilitation
Accounting number:	8 ACP SCN 001 (* 7.7,7.8,7.10 and 6.6)
Implementing agency:	Ministry of Communications, Works, Utilities and Ports and Ministry of Health and Women's Affairs.
Date of financing agreement:	01/09/00
Date financing agreement expires:	01/10/03
Project duration:	3 years
Value of financing agreement:	€5,616,500

Accounting Situation as 31.12.02 (All figures in Euro)

Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed
5,616,500	5,610.843	5,610,843	100%

Project overview:

The project purpose is to support the GSKN's goal of further improving the health status of the population. The Lomé IV National Indicative Programme (7th and 8th EDF) for SKN established health sector infrastructure as the focal sector, tied to certain sectoral ommittments of the GSKN. The specific objectives are 1) to improve hospital facilities with an immediate emphasis on their ability to survive hurricane conditions by using appropriate building technology, 2) to provide a reliable emergency response capacity in both islands of the Federation and 3) ensure that an improved quality of medical care is delivered by both hospitals.

The project consists of the following activities:

- Completion of detailed plans for the new works at Alexandra hospital and for the first phase works at JN France.
- Preparation of tender documents and the completion of an open international tender process for the construction and renovation work at both hospitals. The architects who have designed the building will supervise construction work.
- Review of equipment needs for the new facilities at JN France will be undertaken.
- Specifications for the required equipment prepared and a tender process carried out.

Progress:

Following an open international works tender, the contracts (2 independent lots) were awarded to Moorjani. Works commenced in September 2000 and were completed in second half of 2002. Full disbursement of the EDF allocation was effected . Funding of the outstanding works is on Government funding.