



**DELEGATION OF THE EUROPEAN COMMISSION  
IN  
BARBADOS AND THE EASTERN CARIBBEAN  
OFFICE OF THE NATIONAL AUTHORISING OFFICER  
IN  
ST. LUCIA**

**COOPERATION  
between  
THE EUROPEAN UNION  
and  
ST. LUCIA**

**JOINT ANNUAL REPORT 2003**

In conformity with Article 81 of  
The Cotonou Agreement

## TABLE OF CONTENTS

<b>1.</b>	<b>EXECUTIVE SUMMARY.....</b>	<b>3</b>
<b>2.</b>	<b>THE GOVERNMENT'S POLICY AGENDA .....</b>	<b>3</b>
<b>3.</b>	<b>UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION ...</b>	<b>4</b>
3.1	MILLENNIUM DEVELOPMENT GOALS .....	4
3.2	POLITICAL SITUATION .....	4
3.3	RECENT ECONOMIC PERFORMANCE.....	5
3.4	REGIONAL INTEGRATION AND TRADE POLICY .....	5
3.5	ACHIEVEMENTS IN THE SOCIAL SECTOR .....	6
3.6	ENVIRONMENT .....	7
3.7	FUTURE CHALLENGES AND PROSPECTS .....	7
<b>4.</b>	<b>OVERVIEW OF PAST AND ONGOING EC CO-OPERATION.....</b>	<b>7</b>
4.1	EUROPEAN DEVELOPMENT FUND – FOCAL SECTORS .....	8
4.2	PROJECTS AND PROGRAMMES OUTSIDE FOCAL SECTORS .....	9
4.3	UTILISATION OF RESOURCES FOR NON-STATE ACTORS .....	9
4.4	OTHER INSTRUMENTS.....	9
<b>5.</b>	<b>PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS.....</b>	<b>13</b>
5.1	INTEGRATION OF NEW EC/EU POLICY INITIATIVES AND COMMITMENTS.....	14
5.2	PROPOSAL ON A REVIEW AND ADAPTATION OF THE CSP .....	14
<b>6.</b>	<b>CONCLUSIONS .....</b>	<b>14</b>

## ANNEXES

ANNEX I:	INTERVENTION FRAMEWORK
ANNEX II:	CHRONOGRAMME OF ACTIVITIES
ANNEX III:	FINANCIAL SITUATION FOR 9 <sup>TH</sup> EDF
ANNEX IV:	FINANCIAL SITUATION FOR 8 <sup>TH</sup> EDF
ANNEX V:	FINANCIAL SITUATION FOR 7 <sup>TH</sup> EDF
ANNEX VI:	FINANCIAL SITUATION FOR 6 <sup>TH</sup> EDF
ANNEX VII:	EIB PROJECTS
ANNEX VIII:	CARIBBEAN REGIONAL INDICATIVE PROGRAMMES (CRIP)
ANNEX IX:	ALL ACP PROGRAMMES
ANNEX X:	CENTRE FOR THE DEVELOPMENT OF AGRICULTURE (CTA) ACTIVITIES
ANNEX XI:	CDE activities in the OECS countries 2003
ANNEX XII:	STABEX AND SFA
ANNEX XIII:	PROJECT SHEETS

## **1. EXECUTIVE SUMMARY**

After a 5.2 per cent fall of the real GDP at factor cost during 2001, the economy experienced a marginal recovery of 0.1 per cent in 2002 and continued to strengthen during 2003, influenced by an increased activity in the tourism sector and expansion in the manufacturing and communications sectors, although the banana production has again fallen sharply. The fiscal deficit continued to widen, due to relatively static revenue while the Government pursued an expansionary fiscal policy in an effort to sustain growth and support economic activity through the expansion of capital investment projects.

The strategy adopted by the European Union focuses on the development of social infrastructure, agricultural and economic diversification initiatives, the commercialization of the banana industry, programmes to assist displaced banana farmers, and pro-poor economic programmes such as the Social Investment Fund, education and youth skills training, and micro-enterprise development (SFA and Stabex). Considerable EC funds have been allocated to St. Lucia. Stabex resources for the period 1993-2003 amounted to €61.1 million, while assistance under the Special Facility of Assistance (SFA) for the period 1999-2003 amounts to €35.4 million. A new decision on SFA 2003 allocation (€8 million), was made in 2003 (the financing proposal was approved in 2003).

The EU, the country's most significant grant aid donor, supports agricultural and economic diversification initiatives including programmes for the development of tourism, youth skills training, and the development of the enabling environment for private sector development. Also significant support from the EU is directed for social and community development, including measures to assist in re-tooling and re-positioning displaced banana farmers in other sectors of the economy.

Total National Indicative Programme funding under the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> EDF amounts to €17 million, but much of this remains un-disbursed pending the construction of the new national hospital. The Country Strategy Paper and National Indicative Programme between the European Union and St. Lucia was signed on 29 July 2002, with the agreement that Health should be the focal sector for the St. Lucia National Indicative Programme under the 9<sup>th</sup> EDF (€4.5 million) for the period 2002 through to 2007. The "B" allocation for St. Lucia, €15 million, is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. These funds shall be triggered according to specific mechanisms and procedures.

The total active aid portfolio for St. Lucia in 2003, including EDF, Stabex and SFA balances stands at approximately €100 million. The total payments under these instruments amounted €10.27 million in 2003. New global commitments in 2003 under EDF (excluding Stabex) amounted €0.920 million. A decision on SFA 2003 allocation, €8 million, was made in 2003.

## **2. THE GOVERNMENT'S POLICY AGENDA**

According to the Budget address for 2003-2004, the economic strategy of the Government will consist of recurrent cost containment, directing the resources to stimulate capital investment programmes, maximizing revenue collection, containing inflation and significantly reducing borrowing. The medium term economic strategy, in responding to the changes in the agricultural/rural sector, seeks a more diversified economy requiring improved conditions for private sector development and increased

competitiveness in the context of globalisation and liberalisation. Enhancement of economic and social infrastructure and human resource development remains a priority.

The Government's fiscal policy objectives for the medium-term are as follows:

- Increase the level of public sector savings to a minimum of 8% of GDP;
- Continuation of the tax reform programme in order to widen the tax base and improve the efficiency of tax collection;
- Prudent expenditure management policy (includes a freeze on employment in the public service, and a constraint on growth in salaries and wages);
- Improvement in the efficiency and implementation of the Public Sector Investment Programme (PSIP);
- Maintaining a capital expenditure to total expenditure ratio of at least 30 per cent;
- Contracting public debt in a sustainable manner, aimed at increasing the productive capacity of the economy.

### 3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

#### 3.1 MILLENNIUM DEVELOPMENT GOALS

Indicator	2001
1. Life expectancy at birth	72.2
2. Maternal mortality ratio – per 100,000 live births 1995	30
3. Births attended by skilled health staff %	100
4. Immunization against measles – one year old (%)	89
5. Infant mortality rate – per 1,000 live births	17
6. Under five mortality rate – per 1,000 live births	19
7. Infants with low birth weight (%) 95-2001	8
8. Access to improved water sources (%)	98
9. Public health expenditure – 2000 (% of GDP)	2.6
10. Adult literacy rate (%)	90
11. Public education expenditure – 1998-2000 (% of GDP)	25.8

The indicators above are selected on the basis of their availability, importance and relevance to the EC cooperation under the 9<sup>th</sup> EDF, in which health is the focal sector. No projections are available regarding the development of the Millennium Development Goal Indicators.

#### 3.2 POLITICAL SITUATION

St. Lucia achieved independence from the UK in 1979. The present Prime Minister the Rt. Hon. Dr. Kenny Anthony, leader of the St Lucia Labour Party (SLP) came to power in 1997 defeating the United Workers Party (UWP) at the polls for the second time since independence. In the general elections held on 3 December 2001, the SLP was returned to power for a second consecutive term after winning 14 of the 17 parliamentary seats at stake. The Opposition United Workers Party (UWP) took the other three seats (gaining two). The two seats lost to the Opposition Party compared to the 1997 poll were in two rural constituencies.

### **3.3 RECENT ECONOMIC PERFORMANCE**

Following an average of 3 per cent economic growth in the 1998-99 period, the economy suffered a major downturn in 2000–2001, recording a deceleration in the rate of growth to 0.2 per cent of GDP in 2000 and a contraction of 4.6 per cent of GDP in 2001. The economy experienced a marginal recovery of 0.1 per cent in 2002 and continued to strengthen during 2003, influenced by an increased activity in the tourism sector and expansion in the manufacturing and communications sectors, although the banana production has continued decreasing, experiencing a decline of 34.6% in 2003.

Total spending was projected to rise by 10 per cent in 2003/2004, as recurrent spending grew by 4%, down slightly from an annual average of 6% growth in the past four years, and capital spending rose by 21% higher than 2002, targeted at facilitating growth and poverty alleviation.

As an offset the Government has taken new measures in order to increase tax collection, including extending the consumption tax, which are projected to boost revenue by 1%. The Government also intends to increase the customs service charges (additional import duty) from 1% to 5%. The projected overall deficit is to be financed by bond and Treasury bill issues, as well as by lending mainly from multilaterals.

Agriculture contracted by 1 per cent in 2002, mainly due to an increase in banana exports from the year before, positively influenced by the restructuring of the industry. However, the banana production has again fallen sharply during 2003, as production volumes were down by 34.6%. The tourism sector accounted for 12.5 % of total GDP in 2003, and showed strong signs of recovery from the downturn in 2001/02 due to a lessening of the negative impact of September 11<sup>th</sup> attack on the sector, improved general economic conditions and more aggressive tourism marketing. However, concerns over safety resulted in a further fall in cruise arrivals in 2003, resulting to a 11.9% drop from 2002. Activities in the manufacturing sector increased marginally by 0.56 per cent, compared to an increase of 5% in 2002. The construction activities, mainly building for commercial purposes, increased by 6% in 2003 and is expected to increase again in 2004 reflecting the Government's focus on the construction sector in its capital investment programme.

### **3.4 REGIONAL INTEGRATION AND TRADE POLICY**

St Lucia is a member of Caribbean Community (CARICOM), the Organisation of Eastern Caribbean states (OECS) and the Association of Caribbean States (ACS). CARICOM members are in the process of establishing a Common Single Market and Economy (CSME) that will include not only a fully functioning common market, but also the harmonization of macroeconomic policies and eventual monetary integration. The new regional trade arrangements are expected to be finally in place by 2005 alongside those of the FTAA and WTO. Harmonized regional positions are critical in the negotiations of FTAA and Economic Partnership Agreement (EPA) with the EU. The Caribbean region's EPA negotiations are expected to be launched in the course of second quarter in 2004.

St Lucia'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 liberalising its trade regime by reducing both tariff and non-tariff barriers. In keeping with its obligation to CARICOM, the

Government implemented the fourth and final phase of the Common External Tariff (CET) in January 2000. A trade policy review was conducted by the WTO in June 2001 with favourable results.

St Lucia's main export partners are the UK 50%, the US 24% and CARICOM countries 16% whilst its main import partners are the US 36%, CARICOM countries 22%, the UK 11%, Japan 5% and Canada 4%.

### 3.5 ACHIEVEMENTS IN THE SOCIAL SECTOR

According to the UNDP Human Development Report for 2003, St Lucia is ranked 71 among 175 countries on the basis of adult literacy, school enrolment, life expectancy at birth, and per capita Gross Domestic Product (GDP). The country enjoys a relatively high index of human development (0.775 in 2001), however with considerable existence of social gaps and deficiencies, one of the most important being a high level of poverty.

Intimately linked to poverty is the unemployment rate, being 18% in 2003. Young adult male unemployment, estimated to be over 44%, remains a concern particularly in view of the fact that if left unchecked it may lead to increases in crime, social unrest and increased poverty which would be inimical to further development particularly in the sensitive tourism sector. A more appropriate social policy framework is therefore necessary not only to prevent slippage but also to ensure that significant reverses do not occur.

**Health:** The basic health indicators point to improvements in recent decades in terms of health and health care in St. Lucia. However chronic non-communicable diseases such as heart diseases and diabetes continue to be the major causes of mortality as are some communicable diseases, which are beginning to show a re-emergence. In response to changing patterns of mortality, largely characterised by an ageing population, the Government has embarked on a strategy geared towards strengthening preventative and primary, secondary and tertiary health care as well as the provision of facilities for special vulnerable groups. This includes the finalisation of the White Paper on Health Sector Reform and the adoption of an integrated approach to health care and related social issues.

**Education:** The Government of St. Lucia has singled out education as the key ingredient to national prosperity. By and large St. Lucia has shown striking progress in educational outcomes since Independence which will be of positive benefit to the economic diversification requirements of St Lucia in light of the declining importance of the banana industry. The combined primary, secondary and tertiary gross enrolment ratio is 70 per cent. Despite these improvements however, there still exist problems of quality of education at the primary and secondary level and inadequacy of access to secondary education. In an effort to address these problems, the Government has embarked on a programme of systematic reforms designed to focus on expanded learning opportunities through the upgrading of school facilities, increasing access to higher levels of education, providing teacher training, and building institutional capacity. The World Bank and the Caribbean Development Bank are giving significant assistance to support the education sector.

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

rights of women are reasonably well established while indications of wide spread domestic violence exist.

**Migration:** Migration is the major force contributing to the variations in population change in St. Lucia, which has reached the final stages of the demographic transition, demonstrating low fertility and mortality rates. In 2003, the Net migration rate in St. Lucia is estimated at -3,15/ 1000 population. The established OECS Economic Union is expected to have further influence on intra regional migration flows.

### **3.6 ENVIRONMENT**

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

### **3.7 FUTURE CHALLENGES AND PROSPECTS**

For the medium-term, further diversification efforts will be required and international competitiveness must be enhanced. This, in turn, necessitates an increase in national savings and investment and the preservation of macroeconomic stability through fiscal discipline and continued structural reforms. Of particular importance in this regard will be the continuation of comprehensive tax reform, including the establishment in 2003 of a department dealing with property tax collection.

A challenge for St. Lucia is to provide the optimal combination of tax expenditure and debt policies that will stimulate the economy. Of particular importance also will be the implementation of programmes of reform to address key structural weaknesses, some of which the Government has embarked upon with assistance from donor organizations. This includes support to the private sector, where EU aid has been utilized for the establishment and operation of the Rural Credit Facility for small business development.

## **4. OVERVIEW OF PAST AND ONGOING EC CO-OPERATION**

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

The total active aid portfolio for St. Lucia in 2003, including EDF, Stabex and SFA balances stands at approximately €100 million. The total payments under these instruments amounted €10.27 million in 2003. New global commitments in 2003 under EDF (excluding Stabex) amounted €0.920 million. A decision on SFA 2003 allocation, €8 million, was made in 2003.

Over the past years, performance of instruments such as STABEX and SFA have proved to be more satisfactory than the implementation of the NIP. This is partly explained by the fact that past and present EDF NIP funds have effectively been reserved for the new national hospital, which is currently at the design stage and is estimated to cost in the region of €25 million.

#### **4.1 EUROPEAN DEVELOPMENT FUND – FOCAL SECTORS**

##### **4.1.1 9<sup>th</sup> EDF € 4.5 million – Focal Sector - Social Infrastructure (€ 4.05)**

The health sector and more specifically, the construction of the new hospital is to be the focal sector for the 9<sup>th</sup> EDF. Part of the allocation may be used for accompanying measures under the reform process initiated by the Government in the health sector. The 9<sup>th</sup> EDF allocation shall complement the funds already available under the 7<sup>th</sup> and 8<sup>th</sup> EDF for this project, while the Government has also indicated its intention to use Stabex resources (€22 million), as yet non-programmed, for the project, which is estimated to cost up to €25 million. The financing proposal will be completed by September 2004. Progress is being made on the design consultancy of the hospital project. Indicators in the current intervention framework at Annex I will be expanded upon in the financial proposal to be prepared in early 2004.

##### **4.1.2 8<sup>th</sup> EDF NIP € 6 million – Focal Sector: Social Infrastructure (€ 5.4 million)**

The funds allocated for social infrastructure under the 8<sup>th</sup> EDF will be utilized for the construction of the new hospital.

##### **4.1.3 7<sup>th</sup> EDF NIP € 5 million – Focal sector 1: Social infrastructure – Victoria Hospital Redevelopment Project (€ 2.9 million)**

Amounts of €243,524 and €150,000 were used from the 7<sup>th</sup> EDF for two studies. The first study was on the health care sector and served to inform the Government's White Paper on Health, and the planning of health sector reforms. The second study was a feasibility study for the upgrade/reform of two hospitals (St. Jude and Victoria) and the construction of a new hospital in Castries. As a result of the studies carried out, it became apparent that an upgrading of the existing Victoria hospital was not feasible. The decision was therefore taken to construct a new hospital. The feasibility study for the new hospital was completed in December 2001. The design phase was initiated in January 2004, when the contract was signed with a British Company for approximately €750,000. Final Designs are expected by September 2004.

##### **Focal Sector 2: Rural development - Mabouya Valley Phase II (€ 795,992)**

The object of the project was to provide sustainable improvements in living standards for all households in the project area by (i) increasing income level, (ii) developing environmental, institutional, infrastructure and human resources, (iii) assisting vulnerable groups. This was to be done by increasing banana production, diversifying the non-banana base and through the initiation of 12 micro-projects for the development of agro-processing, marketing and small scale on and off-farm industry. An end of project evaluation has been done. All project financial statements of expenditure have been submitted and a request made for the closure of the project.

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

**9<sup>th</sup> EDF:** Given the size of the 9<sup>th</sup> EDF "A allocation" for St. Lucia, and taking into account the recommendation that for countries with an indicative envelope under €10 million there should be one

focal sector and one project within that sector, no project has been proposed outside the focal sector for the 9<sup>th</sup> EDF. Ten per cent (€0.45 million) from the A-allocation has been earmarked for studies, audits and technical assistance in the area of regional integration under the Technical Cooperation Facility (TCF). The Financing proposal for the TCF was prepared in December 2003 and the Facility is expected to be operational by May 2004.

The “B” allocation for St. Lucia is €15 million. St. Lucia has been requesting access to the B-Envelope resources through the FLEX instrument to compensate losses in export earnings. Possible future eligibility for FLEX funds could absorb the available funds of the B-Envelope.

**8<sup>th</sup> EDF: Drug Demand Reduction Programme (€255,000):** The objective of the programme is to reduce the demand for illegal drugs in St Lucia. The project includes the establishment of a systematic programme of research into the extent of alcohol and drug abuse, the sensitisation of the public to drug abuse issues, the training of drug and alcohol counsellors, and strengthening the operation of the Drug Abuse and Control Secretariat. The financing agreement expired on 30 November 2003. The Secretariat has been advised of the need to prepare a project evaluation and audit.

**Multi-Annual Training Programme (€310,235):** The objective of the programme is to increase the effectiveness of health care delivery and promote efficiency in the utilization of resources through the provision of scholarships for health care specialists. The project is closed.

### **4.3 UTILISATION OF RESOURCES FOR NON-STATE ACTORS**

Owing to the size of the “A envelope” under the 9<sup>th</sup> EDF, and in accordance with requirements that for amounts under €10 million there be only one project, no funds were set aside specifically for non-state actors from the 9<sup>th</sup> EDF allocation. Instead it was agreed that non-state actors should be involved as far as possible in the design and implementation of projects. Nevertheless, non-state actors are supported under other initiatives such as the various Private Sector Support and Social Dimension Support Programmes, funded under different STABEX instruments.

### **4.4 OTHER INSTRUMENTS**

#### **4.4.1 STABEX Transfers**

Article 186 of the Lomé IV Convention provides compensation for loss of export earnings on certain agricultural products on which countries’ economies are dependent and which are affected by fluctuations in price or quantity or both these factors. The use of such Stabex allocations is governed by a Framework of Mutual Obligations (FMO), which stipulates the objectives, obligations, actions and results that are expected to be achieved through the utilisation of the Stabex transfers. Presently, St. Lucia is implementing projects and programmes funded by Stabex allocations for 1993 – 1997. St. Lucia has received allocations for 1998, 1999 and in connection with repayment of available balances upon expiry of the Lomé Convention in 2000 (Article 195). The FMO for STABEX 98 is presently being prepared.

The broad approach which has been followed in the FMOs is to support different sectors of the economy in order to achieve economic growth, secure foreign exchange earnings and support poverty reduction. Four broad areas have been targeted; banana commercialisation, agricultural diversification, economic diversification and social sector and social protection measures. Following large allocations to St. Lucia

in 1995 – 1997, it was decided to disburse substantial parts of these allocations as direct budget support, in support of the national Public Sector Investment Programme (PSIP).

A major re-programming exercise of Stabex funds took place during 2002, resulting in the re-allocation to sectors mainly focusing on economic diversification. A new approach to private sector development was adopted and schemes such as the Rural Credit Facility and low-income housing support were launched. Discussions on a broader strategy to support a public sector reform was initiated as was a more refined targeting for the support to the social safety nets. Following the devastation of banana farms caused by Tropical Storm Lili which hit the country in September 2002, the EC funded a programme to rehabilitate and restore affected farms to pre-Tropical Storm Lili levels and enhance their production prospects. Details on major individual projects and budget support elements of Stabex are provided in the Project Sheets in Annex XII.

A brief status of Stabex finances, as of 31 December 2003, is provided in the following table, a detailed breakdown is provided in Annex XII.

Funding year	Total Funds <sup>1</sup>	Payments in 2003	Payments in total	Balance
Stabex 1994	26,177,840	1,763,055	23,082,905	3,094,935
Stabex 1995	20,413,616	886,870	17,514,986	2,898,630
Stabex 1996/97	13,839,285	1,739,504	7,349,504	6,489,781
<b>TOTAL</b>	<b>60,430,741</b>	<b>4,389,429</b>	<b>47,947,395</b>	<b>12,383,346</b>

In addition to these funds, St. Lucia has received allocations of €4,611,873 and €13,116,025 from Stabex 1998 and 1999 respectively, from which no disbursements have been made yet. The repayment allocation (Art. 195) is €9,035,561. Initially most of these funds have been earmarked for support to the Health Sector and for the Public Sector reform initiative (see above). Interest of €1,466,928 has been received on un-disbursed funds at December 2003.

#### 4.4.2 Special Framework of Assistance (SFA)

Council Regulation (EC) No. 856/1999 established a Special Framework of Assistance (SFA) for traditional ACP suppliers of bananas. Following amendment of banana trade arrangements by Regulation (EC) No. 1637/98 which has substantially altered the market conditions for traditional ACP suppliers and might, in particular, harm the most disadvantaged suppliers, the European Commission has recognised that particular efforts will be needed to adapt to these new market conditions in order to maintain a presence on the Community market. The SFA instrument will be available in the period 1999 – 2008, and it is expected that a total of app. €70 million will be made available to St. Lucia over this period.

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

In the case of St. Lucia the initial ten-year strategy focused on Banana Competitiveness Support, diversification of the Agricultural Sector, provision of Social Safety Nets and Diversification of the

---

<sup>1</sup> Including interest

Economy. These approaches have been adapted to the framework outlined under the Windward Island Action Plan and to the increased need to deepen reforms and refine the target groups in the areas concerned.

The components dealing with support to the Social Safety Nets are now well advanced and “felt” on the ground, although processes for implementation and targeting are being further refined. The Rural Credit Facility was launched in 2002, and became totally operational in March 2003. The Agricultural Diversification Programme has had a slow start due to organisational constraints within the Ministry of Agriculture. Terms of Reference for all studies foreseen by this programme were, however, finalised in 2003. Irrigation infrastructure financed from SFA 1999 (off farm irrigation and reservoir construction) is well advanced, with final completion of the remaining ancillary works in August 2004. Details on major components of the SFA are provided in the Project Sheets in Annex IX.

A brief status of SFA finances, as of 31 December 2003, is provided in the following table, a detailed breakdown is provided in Annex XII.

<b>Funding year</b>	<b>Allocation</b>	<b>Payments in 2003</b>	<b>Payments in total</b>	<b>Balance</b>
SFA 1999	8,682,723	1,608,768	6,173,934	2,508,789
SFA 2000	8,892,380	2,315,995	2,589,925	6,302,455
SFA 2001	9,285,468	1,779,980	1,779,980	7,505,488
SFA 2002	8,800,000	0	0	8,800,000
SFA 2003*	8,000,000	0	0	8,000,000
<b>TOTAL</b>	<b>43,660,571</b>	<b>5,704,743</b>	<b>10,543,839</b>	<b>33,116,732</b>

\* Pending signature of the Financing Agreement

The implementation of the Stabex and SFA projects and programmes depend on the timely and successful implementation of the commitments entered into by the Heads of Government of the Windward Islands and the Banana Donor Group in the “Windward Island Action Plan (WIAP) to achieve a competitive banana marketing structure” on 4 July 1999, and the subsequent agreement between these parties in June 2001 in St. Lucia.

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

#### **4.4.3 Caribbean Regional Indicative Programmes (CRIP)**

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

The 7<sup>th</sup> & 8<sup>th</sup> EDF CRIPs from which St Lucia has benefited are presented in Annex VII.

#### **4.4.4 Other budgetary sources**

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

#### **4.4.5 Support from All-ACP funds**

The EC approved €50 million all ACP Trade.Com programme in August 2003, which is aimed at reinforcing the analytical and research capacities for trade policy formulation in; providing immediate assistance for ongoing negotiation and promoting activities for institutional support in the area of trade support services ACP counties. A specific project, designed for the Caribbean region is expected to become operational in the 3rd quarter of 2004. Its trade negotiations support component will include the secondment of 2 senior trade experts to the Caribbean region, one at the broader regional level and one at OECS level, and of several junior trade experts, of which one will also be seconded to the OECS region.

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

#### **4.4.6 European Commission Humanitarian Aid Office (ECHO)**

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

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

The EIB has provided St Lucia with a total of €22.9 million in financial assistance since 1980. The main sector of intervention has been power generation and distribution through three ordinary loans on own resources to LUCELEC, the electricity company. Own Resources and Risk capital funds have been channelled through St. Lucia Development Bank (€ 8.0 million) for support to small and medium sized enterprises.

#### **4.4.8 Centre for the Development of Enterprise (CDE)**

The CDE supports private sector development by providing non-financial services to ACP companies and businesses and support to joint initiatives set up by economic operators of the EU and of the ACP States. In the OECS region the CDE supports Private Sector development through sector programmes in

Construction and Mining, Agro-processing, Wood, Herbal Medicines and Tourism. Over the period 1999-2003, CDE has assisted in the OECS region a total of 56 enterprises carrying out 85 interventions at a total cost of €957,562 of which €532,041 was contributed by the CDE.

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

#### **4.4.9 Centre for the Development of Agriculture (CTA)**

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

### **5. PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS**

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

- The vulnerability to natural disasters and external economic shocks, which have the potential to force a reordering of government priorities.
- The key role of the banana industry in the St Lucian economy; the need to diversify and adapt it to the existing and forthcoming constraints; its impact on the social situation and in particular the most vulnerable part of the population.
- The relatively high poverty level on the island.
- The implementation of a medium-term strategy by the St Lucia Government in which agriculture, tourism, education and human development as well as financial services constitute the core sectors.

The immediate programming perspective is as follows:

1. Within a medium-term framework of fiscal discipline, continuation of support to improve competitiveness in the banana sector and support for the broader agricultural and economic diversification efforts with the overall objective of safeguarding foreign exchange earnings and enhancing rural employment, social welfare and income diversification particularly for displaced banana growers and agricultural workers.
2. Support to the vocational training sector, which is seen as instrumental in repositioning the economy in the context of globalisation shall be a priority for support from EC budget lines. Part of the ongoing STABEX funds has been allocated to this sector;
3. Support to the Health sector development policy through the construction of the new hospital in line with the priority of the Government, and in continuation of the 7<sup>th</sup> and 8<sup>th</sup> EDF strategies.

With regard to the “B-Envelope” and the possibility of compensation for future losses in export earnings, preference shall be given to direct budgetary support where the necessary macroeconomic conditionalities are met.

## **5.1 INTEGRATION OF NEW EC/EU POLICY INITIATIVES AND COMMITMENTS**

Ninety per cent (€4.05 million) of the 9<sup>th</sup> EDF NIP, is allocated to the focal sector support. The remaining 10% is reserved for Technical Assistance under the Technical Cooperation Facility (TCF). Due to full programming of funds, new items or commitments are not foreseen under 9<sup>th</sup> EDF support. However, as regards the new EC/EU policy initiatives and commitments that have impact on third countries, Trade and Development, including preparedness to the trade negotiations and trade liberalization is of increasing importance to Barbados. Currently the EU support has been allocated to trade related issues through CARIFORUM Regional Trade and Private Sector Development Programmes. St. Lucia has benefited from specific budget lines as presented in chapter 4.4.3 and needs for support exist especially in the areas of environmental protection and support to non-state actors.

St. Lucia has benefited from specific budget lines as presented in chapter 4.4.4. While the OECS countries are multi-party democracies, there are also needs in the countries to strengthen the technical capacity in developing and maintaining databases on entitled voters. To this end, E-government tools could be considered.

## **5.2. PROPOSAL ON A REVIEW AND ADAPTATION OF THE CSP**

The EU intervention under the 9<sup>th</sup> EDF will be focussed on the health sector, and in particular on the construction of the new hospital. A framework for this intervention is set out at Annex I. The Logical Framework for the programme including target indicators to 2003 - 2006 was refined in late-2003 and will form the basis for the Mid Term Review in 2004. In this respect, effective implementation of activities under the focal area are conditional upon the award for the design study for the hospital which took place at the end of 2003. Results of the subsequent study should be available by mid 2004. At the general level, the review of the existing legislation in respect of the health sector is expected to be completed by early 2004.

## **6. CONCLUSIONS**

- Within the MTR exercise, the main recommendations produced by the European Commission's Country Team, iQSG, ISC and EDF Committee were to enhance the involvement of Non State Actors and to better address environmental issues within the EU/St. Lucia cooperation process.

To this effect, the Government, **environmental** organizations and the general public in St. Lucia have continued to embrace the importance of the country's environment, as the prosperity and well being of the country depends heavily on its protection. It is foreseen that an overall management strategy will amalgamate several existing protected areas including five marine reserves, several nature reserves, the recently declared RAMSAR site at the Mankote mangrove, historic sites and a national landmark with others as yet undeclared natural and historic sites into one management unit, the Pointe Sable Protected Area. The National Trust, Department of Planning, Department of Forest and Lands, and the National Conservation Authority together have the legal authority and power to deal adequately with the various techniques and instruments for land use conservation. A Country Environmental Profile will be provided by the Government of St. Lucia and will be attached to the present Joint Annual Report.

With the aim of strengthening **civil society** involvement in EU/St. Lucia development partnership, a non state actor (NSA) advisory panel, representative of St. Lucia's civil society, will be established by the Government of St. Lucia after close consultation between the EC Delegation in Barbados and the National Authorising Officer. The panel will provide a forum for tripartite dialogue, information and consultation on development cooperation between the EU and St. Lucia.

- **The choice of health as the focal sector was confirmed:** the Health sector and more specifically, the construction of the new hospital remains the focal sector for the 9<sup>th</sup> EDF. Part of the allocation may be used for accompanying measures under the reform process initiated by the Government in the health sector. The 9<sup>th</sup> EDF allocation complements the funds already available under the 7<sup>th</sup> and 8<sup>th</sup> EDF for this project, while as provided for in the CSP, additional Stabex resources, as yet non-programmed, may also be used for the project as necessary.

Considering the country's future perspectives for requests from FLEX, **the A envelope allocation** was revised by way of transfer of € 6 million from the "B-Envelope" allocation to the "A-Envelope". Future eligibility for FLEX funds could absorb the remaining available funds of the B-Envelope. The presently agreed NIP strategy will be maintained and further support the Health sector reform so as to tackle the need to better focus on implementation outcomes and review modalities in order to ensure integration and maximise the potential benefit of the new hospital in an improved health sector policy.

- It is rather complex to produce an **overall assessment** of St. Lucia **in terms of financial performance and sectoral performance** under the 8<sup>th</sup> EDF, because as the Government of St Lucia has opted to reserve the quasi-totality of the funds available under the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDF funds (plus STABEX funds from the 1998, 1999 and 2000 transfers) for the construction of a new hospital in Castries (which is currently at the design stage), major expenditure is likely to start only in 2005 with the start of the construction phase (which should be completed by the end of 2007). This will mean that by 2007 the 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDF funds will be totally disbursed. Efforts will be made by the National Authorising Officer/EC Delegation to accelerate this timetable, wherever possible.

- key perspectives for the future: both the amount of the transfer of €6 m from B to A- and the FLEX of €1.68 m will be used for the construction of the hospital by means of project support, as they are both targeting the initial 9<sup>th</sup> EDF NIP's focal sector. Due to full programming of funds, **new EC/EU initiatives** and/or commitments **are not foreseen** under 9<sup>th</sup> EDF support. Approximately 90% (€4.5 million) of the 9<sup>th</sup> EDF NIP, is allocated to the focal sector support. The remaining 10% is reserved for Technical Assistance under the Technical Cooperation Facility (TCF). However, as regards the new EC/EU policy initiatives and commitments that have impact on third countries, Trade and Development, international competitiveness (including preparedness to the trade negotiations and trade liberalization) is of increasing importance and will be addressed under other instruments, other than the NIP.

- The €12m STABEX funds previously earmarked for the same purpose must now be re-programmed in parallel and in consistency with the post-MTR NIP programming exercise.

### Intervention Framework for the 9th EDF - St Lucia

Sector: Health	Performance Indicators	Status 2002	Target 2003	Target 2004	Target 2005	Sources of information	Assumptions
<b>National Sector Target:</b> Provision of high-quality health services to the population by establishing technologically advanced and well-resourced health facilities	Government to award the design study for the hospital before MTR	Achieved no	Achieved yes	Achieved yes	Achieved yes	Signed and dated Letter of Invitation and Tender Dossier for design study.	Adequate levels of public expenditure maintained especially with regard to recurrent budget.
	Results of the study to be available by 2004	No	No	Preliminary Outline Designs	Final Design and Production/Working drawings	Ministry of Health data	Continued implementation of the Government's Health Sector Reform particularly with regard to hospital autonomy
	The review of the existing legislation in respect of the health sector completed before MTR.	Achieved No	Achieved no	Achieved yes	Achieved yes	Attorney General's Report	(clarification of Ministerial responsibility), Health Finance and Human Resource Development. Relevant supportive policy, legislative and regulatory instruments for the quality delivery of health care are developed and promulgated by GOSL well in advance of the completion of the hospital. Adequate technical and managerial human capacity exists GoSL's current efforts to develop a sustainable health financing system is successful Efficient management and control systems are developed
<b>Intervention objective:</b> Optimise capacity and improve quality of secondary and tertiary level health system in St. Lucia through the construction of a new hospital in St. Lucia	20% reduction in numbers of patients waiting to be treated by 2008.	No	No	No	No	Ministry of Health Data Quantitative Surveys	Planning capability of Ministry improved by recruitment of an Adviser in Health Planning
	10 % increase of persons being treated/ Hospital utilisation rates improved by 10% by 2012.	No	No	No	No	PAHO Reports	Needs of psychiatric patients addressed by Government or other donors
	Improved range of services being provided by hospital	No	No	No	No	Patient satisfaction surveys	

	Improved access to hospital	No	No	No	No	Patient satisfaction surveys	
	Reversal of the trend of erosion of public sector tertiary level health care provision	No	No	Yes	Yes	Ministry of Health and Finance Data	
<b>Results</b>							
Newly constructed hospital	Decommissioning /Transfer arrangements and plans for personnel, equipment and general services at old hospital finalised by 2005.	No	No	No	Yes	Victoria Hospital Decommissioning Report	Sufficient maintenance of building is guaranteed.
	Commissioning Plan for new hospital prepared by 2007	No	No	No	No	New Hospital Commissioning Report	Sufficient funds are allocated to run the hospital.
	12,900 square metres of new hospital building constructed by 2009					Quantity and quality of work executed as measured against the Bill of Quantities (Reports of Supervising Engineer)	Manpower and materials required for the construction activities are readily available.
	New Hospital properly staffed and equipped at all levels by 2009.	No	No	No	No	Mid Term Evaluations	No occurrence of natural disasters Cost overruns would be met by counterpart funds
	New hospital properly intergrated to the overall health system of St Lucia New hospital properly integrated to the overall health system of St. Lucia by 2009.	No	No	Yes	Yes	Project Completion Report PAHO/Ministry of Health Data	There would be adequate funding to equip and staff the hospital to provide acute care services. Adequate staff would be trained to provide services

**Annex II Chronogramme of Activities / Commitments – St. Lucia**

	Amount	2004/ 1	2004/ 2	2005/ 1	2005/ 2	2006/ 1	2006/ 2	2007/ 1	2007/ 2
<b>NIP 6<sup>th</sup> /7<sup>th</sup> / 8<sup>th</sup></b>	<b>9.7</b>			<b>6.0</b>		<b>2.9</b>		<b>0.8</b>	
<b>Stabex</b>	<b>30</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>2</b>
<b>9<sup>th</sup> EDF A allocation</b>	<b>4.5</b>								
<b>A) Health Sector</b>	<b>4.05</b>			<b>4.05</b>					
<b>B) Non-focal sector</b>	<b>0.45</b>		<b>0.12</b>	<b>0.19</b>	<b>0.07</b>	<b>0.07</b>			
Studies/audits									
Monitoring									
Contingencies									
<b>SFA</b>	<b>33.1</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5.1</b>
<b>TOTAL</b>	<b>77.3</b>	<b>8</b>	<b>8.12</b>	<b>18.24</b>	<b>8.07</b>	<b>10.97</b>	<b>8</b>	<b>8.8</b>	<b>7.1</b>

**ANNEX III: FINANCIAL SITUATION FOR 9<sup>TH</sup> EDF**

STATUS AS AT 31.12.03

9th EDF ST LUCIA		EUR	4,500,000	NIP						
				0 Transfer						
			4,500,000							
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	C)/(A) %	Status	Payments During 2003	
9 ACP SLU 1	Site Survey St. Lucia General Hospital	06.10.2003	50,000	0	0%	0	0%	On-going	-	
9 ACP SLU 2	TA for St Lucia General Hospital	18.12.2003	60,000	0	0%	0	0%	On-going	-	
<b>Programmable</b>	<b>Totals</b>		<b>110,000</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>		<b>0</b>	
	Reserve/Balance		4,390,000							

**ANNEX IV: FINANCIAL SITUATION FOR 8<sup>TH</sup> EDF**

STATUS AS AT 31.12.03

8th EDF ST LUCIA		EUR	6,000,000	NIP							
			0								
			6,000,000								
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	(B)/(A) %	Payments as at 31.12.03 (C)	C)/(A) %	Status	Payments During 2003		
8 ACP SLU 004	Multi-Annual Training Programme	17.07.98	310,235	298,041	96%	272,153	88%	On going	-		
8 ACP SLU 006	Drug Demand Reduction Project	12.04.00	255,000	244,450	96%	206,170	81%	On going	129,220		
8 ACP SLU 009	Mabouya Valley Evaluation	15.01.02	78,985	78,985	100%	78,985	100%	To close	6,675		
8 ACP SLU 012	St. Lucia Technical Studies	22.01.03	750,000	0	0%	0	0%	On going	-		
<b>Programmable</b>	<b>Totals</b>		<b>1,394,220</b>	<b>621,476</b>	<b>45%</b>	<b>557,308</b>	<b>40%</b>		<b>135,895</b>		
	<b>Reserve/Balance</b>		<b>4,605,780</b>								
8 ACP SLU 001	Stabex 95 Bananas	15.07.97	17,706,294	17,706,294	100%	17,706,294	100%	Closed	-		
8 ACP SLU 002	Stabex 96 Bananas	17.07.97	3,212,647	3,212,647	100%	3,212,647	100%	Closed	-		
8 ACP SLU 003	Stabex 97 Bananas	30.06.98	9,345,575	9,345,575	100%	9,345,575	100%	Closed	-		
8 ACP SLU 005	Stabex 98 Bananas	21.07.99	4,096,556	4,096,556	100%	4,096,556	100%	Closed	-		
8 ACP SLU 007	Stabex - Bananas 1999	28.06.00	3,110,853	3,110,853	100%	3,110,853	100%	On going	-		
8 ACP SLU 008	Stabex - Repayment Agreement Art. 195A	08.12.00	9,035,561	9,035,561	100%	9,035,561	100%	On going	-		
	<b>Total</b>		<b>46,507,486</b>	<b>46,507,486</b>	<b>100%</b>	<b>46,507,486</b>	<b>100%</b>		<b>0</b>		
8 ACP SLU 10	EIB - Bank of St. Lucia	22.01.02	836,000	836,000	100%	0	0%	On going	-		
8 ACP SLU 11	EIB - Bank of St. Lucia	30.01.02	3,000,000	3,000,000	100%	0	0%	On going	-		
	<b>Total</b>		<b>3,836,000</b>	<b>3,836,000</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>On going</b>	<b>0</b>		
<b>Non-Prog.</b>	<b>Totals</b>		<b>50,343,486</b>	<b>50,343,486</b>	<b>100%</b>	<b>46,507,486</b>	<b>92%</b>		<b>0</b>		
									-		
	<b>GRAND TOTAL</b>		<b>51,737,706</b>	<b>50,964,962</b>	<b>99%</b>	<b>47,064,794</b>	<b>91%</b>		<b>135,895</b>		

**ANNEX V: FINANCIAL SITUATION FOR 7<sup>TH</sup> EDF**

STATUS AS AT 31.12.03

7th EDF ST LUCIA		EUR	5,000,000	NIP						
			24,309	Allocated amount transferred from Lome II						
			101,746	Transferred from Lome II Reserve						
			<b>5,126,055</b>							
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	B)/(A) %	Payments as at 31.12.03 (C)	C)/(A) %	Status	Payments During 2003	
7 ACP SLU 001	Overseas Training Awards	26.01.93	592,140	592,140	100%	592,140	100%	Closed	-	
7 ACP SLU 002	Victoria Hospital	11.08.93	243,524	243,524	100%	243,524	100%	Closed	-	
7 ACP SLU 003	Drainage & Land Cons-Ex Lome II	03.12.93	24,309	24,309	100%	24,309	100%	Closed	-	
7 ACP SLU 004	Rural Dev Social Infra-Ex Lome II	06.01.94	93,170	93,170	100%	93,170	100%	Closed	-	
7 ACP SLU 009	Drainage & Land Conservation	10.11.94	1,322	1,322	100%	1,322	100%	Closed	-	
7 ACP SLU 010	Mabouya Valley - Phase II	09.12.94	795,992	636,023	80%	636,023	80%	To close	-	
7 ACP SLU 011	Tropical Storm Debbie - ECHO	19.12.94	78,481	78,481	100%	78,481	100%	Closed	-	
7 ACP SLU 013	Preparation of a Rehab. Programme	21.02.95	30,493	30,493	100%	30,493	100%	Closed	-	
7 ACP SLU 018	Health Sector Study	26.11.97	150,000	150,000	100%	135,435	90%	On-going	5,130	
7 ACP SLU 019	General Hospital Feasibility Study	30.03.00	78,491	78,491	100%	78,491	100%	On-going	-	
7 ACP SLU 020	St Lucia Advisory Services	15.01.03	60,000	60,000	100%	35,522	59%	On-going	35,522	
	<b>Totals</b>		<b>2,147,922</b>	<b>1,987,953</b>	<b>93%</b>	<b>1,948,910</b>	<b>91%</b>		<b>40,652</b>	
	<b>Reserve/Balance</b>		<b>2,978,133</b>							
7 ACP SLU 005	Stabex - Bananas 1992	10.02.94	728,393	728,393	100%	728,393	100%	Closed	-	
7 ACP SLU 008	Stabex - Bananas 1993	27.07.94	3,623,368	3,623,368	100%	3,623,368	100%	Closed	-	
7 ACP SLU 014	Stabex - Bananas 1994	31.07.95	22,176,403	22,176,403	100%	22,176,403	100%	Closed	-	
7 ACP SLU 015	Stabex - Bananas 1990-94	25.04.96	302,130	302,130	100%	302,130	100%	Closed	-	
	<b>Total - Stabex</b>		<b>26,830,294</b>	<b>26,830,294</b>	<b>100%</b>	<b>26,830,294</b>	<b>100%</b>		<b>0</b>	
7 ACP SLU 007	EIB - SLDB (Risk Capital)	14.12.94	1,000,000	1,000,000	100%	1,000,000	100%	Closed	-	
7 ACP SLU 006	EIB - SLDB (Risk Capital)	14.12.94	500,000	500,000	100%	500,000	100%	Closed	-	
7 ACP SLU 012	EIB - SLDB (Subsidy)	25.01.95	356,783	356,783	100%	356,783	100%	Closed	-	
7 ACP SLU 016	EIB - LUCELEC-III	25.06.96	1,871,044	1,871,044	100%	1,871,044	100%	Closed	-	
	<b>Total - EIB</b>		<b>3,727,827</b>	<b>3,727,827</b>	<b>100%</b>	<b>3,727,827</b>	<b>100%</b>		<b>0</b>	
<b>Non-Prog.</b>	<b>Totals</b>		<b>30,558,121</b>	<b>30,558,121</b>	<b>100%</b>	<b>30,558,121</b>	<b>100%</b>		<b>0</b>	
	<b>GRAND TOTAL</b>		<b>32,706,043</b>	<b>32,546,074</b>	<b>100%</b>	<b>32,507,031</b>	<b>99%</b>		<b>40,652</b>	

## ANNEX VI: FINANCIAL SITUATION FOR 6<sup>TH</sup> EDF

STATUS AS AT 31.12.03

6th EDF ST LUCIA		EUR	6,000,000	NIP	47,673 Transferred from Lome I					
					6,047,673					
Project Account Number	Project Title	Date of Financing Agreement	Global Commitments (A)	Individual Commitments (B)	B)/(A) %	Payments as at 31.12.03 (C)	C)/(A) %	Status	Payments During 2003	
6 ACP SLU 002	Roseau Agri Resettlement-Phase II	23.12.86	557,190	557,190	100%	557,190	100%	Closed	-	
6 ACP SLU 004	Tourism Promotional Material	26.08.87	119,874	119,874	100%	119,874	100%	Closed	-	
6 ACP SLU 005	Rural Dev-Social Infrastructure	21.09.88	3,749,996	3,726,676	99%	3,726,676	99%	To close	-30	
6 ACP SLU 006	Trade Fairs Programme	11.10.88	8,084	8,084	100%	8,084	100%	Closed	-	
6 ACP SLU 008	OECS Tertiary Level Education	08.11.89	689,330	689,330	100%	689,330	100%	Closed	-	
6 ACP SLU 009	Castries Market (from Lome I)	06.01.94	47,674	47,674	100%	47,674	100%	Closed	-	
	<b>Totals</b>		<b>5,172,148</b>	<b>5,148,828</b>	<b>100%</b>	<b>5,148,828</b>	<b>100%</b>		<b>-30</b>	
	<b>Reserve/Balance</b>		<b>875,525</b>						-	
									-	
6 ACP SLU 001	EIB - LUCELEC (Risk Capital)	07.10.86	2,000,000	2,000,000	100%	2,000,000	100%	Closed	-	
6 ACP SLU 003	EIB - LUCELEC (Subsidy)	19.12.86	377,446	377,446	100%	377,446	100%	Closed	-	
6 ACP SLU 007	EIB - LUCELEC (Subsidy)	22.12.88	530,700	530,700	100%	530,700	100%	Closed	-	
<b>Non-Prog.</b>	<b>Totals</b>		<b>2,908,146</b>	<b>2,908,146</b>	<b>100%</b>	<b>2,908,146</b>	<b>100%</b>		<b>0</b>	
									-	
	<b>GRAND TOTAL</b>		<b>8,080,294</b>	<b>8,056,974</b>	<b>100%</b>	<b>8,056,974</b>	<b>100%</b>		<b>-30</b>	

## Annex VII European Investment Bank – St. Lucia

### STATUS AS AT 31.12.03

Saint Lucia	Own Res	LOME - CONVENTION 3	13768	LUCELEC II	28/12/88	3,000,000.00	900,859.44
Saint Lucia	Own Res	LOME - CONVENTION 4	17714	ST LUCIA DEVELOPMENT BANK II B	14/12/94	2,000,000.00	1,126,034.35
Saint Lucia	Own Res	LOME - CONVENTION 4	19228	ST LUCIA-LUCELEC III	13/12/96	8,000,000.00	4,973,745.30
Saint Lucia	Own Res	LOME - CONVENTION 4 - PROT.2	21435	BANK OF SAINT LUCIA GL	21/12/01	5,000,000.00	0
Saint Lucia	Risk Capital	LOME - CONVENTION 2	70455	ST LUCIA PROJECT	12/06/84	400,000.00	131,920.00
Saint Lucia	Risk Capital	LOME - CONVENTION 4	70984	ST.LUCIA DVPT BANK II	14/12/94	500,000.00	500,000.00
Saint Lucia	Risk Capital	LOME - CONVENTION 4	70985	ST.LUCIA DEVPT BK GL II-C	14/12/94	1,000,000.00	1,000,000.00
Saint Lucia	Risk Capital	LOME - CONVENTION 4 - PROT.2	21432	BANK OF SAINT LUCIA GL (FED)	21/12/01	3,000,000.00	0

## **ANNEX VIII: CARIBBEAN REGIONAL INDICATIVE PROGRAMMES (CRIP)**

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

## **ANNEX IX: ALL ACP PROGRAMMES**

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

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

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

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

## **ANNEX XI: CDE activities in the OECS countries 2003**

### **Construction and Mining**

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

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

### **Agro-processing**

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

### **Wood**

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

### **Herbal Products**

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

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

### **PROINVEST**

1. Caribbean Investment Policy Summit workshop, organised by JAMPRO, TIDCO and BIDC in Kingston 10-11 JUNE 2003 to develop a strategy for addressing regional investment-related trade policy issues with respect to WTO, FTAA and the Caribbean Single Market and Economy.
2. A mission for Dominican companies to attend the Florence Gift Mart Show in September 2003.
3. A mission for Dominican companies in conjunction with the AI-Invest meeting in Brussels on the Cinematography and Audiovisual Industry of Europe and Latin America (12-14 November 2003).

4. Promotion/access training workshops for intermediary organisations held throughout the region.
  5. A workshop for stakeholders to present and discuss the results of the regional sector Studies in Port of Spain in October 2003.
- Preparation of Tourism Sector Meeting for the Caribbean region (to be convened in 2004).

## Annex XII: Use of STABEX and SFA

### Saint Lucia STABEX Programmes Situation Summary as at 31 December 2003

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

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 3.37392

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

Budget Line	----- INDICATIVE ALLOCATION -----			----- PROGRAMMED -----			CONTRACTED	DISBURSED	
	Original	Interest	Revised	Approved	Pipeline	Total	Available	Contracts	Payments
<b>* STABEX 1994 PROGRAMME</b>									
Banana Productivity Improvements	4,000,000		8,567,620	8,434,346	--	8,434,346	133,274	8,434,346	7,971,687
Agricultural Diversification	6,000,000		7,366,891	7,155,956	--	7,155,956	210,934	7,155,956	7,153,043
Rural Development & Social Safety Nets	2,000,000		2,000,000	1,912,350	--	1,912,350	87,650	1,912,350	1,660,991
Diversification of the Economy	7,000,000		6,015,530	5,547,766	--	5,547,766	467,764	5,523,070	4,966,115
Agricultural Sector Institutional Strengthening	600,000		600,000	141,188	--	141,188	458,812	141,188	141,189
EDF/Programme Management Coordination Unit	400,000		1,463,887	1,463,887	--	1,463,887	--	1,463,887	1,141,807
Monitoring & Evaluation	1,000,000		218,630	143,339	--	143,339	75,291	143,339	48,073
Reserves	1,176,403		--	--			--		
Balance of First Protocol	302,130		--	--			--		
Interest	--	3,699,307	(54,717)	--			(54,717)		
Total for STABEX 1994 PROGRAMME (10 detail records)	€ 22,478,533	3,699,307	26,177,840	24,798,833	--	24,798,833	1,379,007	24,774,137	23,082,905
<b>Percent</b>			100.0%	94.7%	0.0%	94.7%	5.3%	94.6%	88.2%
<b>* STABEX 1995 PROGRAMME</b>									
Banana Productivity Support	1,500,000		3,701,813	3,701,813	--	3,701,813	--	3,718,196	3,718,196
Agricultural Diversification	1,500,000		1,873,134	1,800,835	--	1,800,835	72,299	1,800,835	731,427
EDF/PMCU and consultancy Services	350,000		350,000	--			350,000		
Monitoring & Evaluation	456,294		456,294	262,717	--	262,717	193,577	262,717	252,248
Budgetary Support	13,900,000		12,900,000	12,900,000	--	12,900,000	--	12,900,000	12,421,312
Interest	--	2,707,322	1,132,375	932,836	--	932,836	199,539	932,836	391,802
Total for STABEX 1995 PROGRAMME (6 detail records)	€ 17,706,294	2,707,322	20,413,616	19,598,201	--	19,598,201	815,416	19,614,584	17,514,986
<b>Percent</b>			100.0%	96.0%	0.0%	96.0%	4.0%	96.1%	85.8%

Saint Lucia STABEX Programmes  
 Situation Summary as at 31 December 2003

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

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 3.37392

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

Budget Line	----- INDICATIVE ALLOCATION -----			----- PROGRAMMED -----			CONTRACTED	DISBURSED		
	Original	Interest	Revised	Approved	Pipeline	Total	Available	Contracts	Payments	
<b>* STABEX 1996/1997 PROGRAMME</b>										
Diversification of the Economy	500,000		1,819,030	1,819,030	--	1,819,030	--	1,250,000	236,486	
Social and Community Development	1,000,000		1,000,000	--			1,000,000			
Agricultural Diversification	500,000		--	--			--			
EDF/ Programme Management & Coordination Unit	100,000		100,000	--			100,000			
Monitoring, Auditing and Evaluation	258,222		258,222	59,842	--	59,842	198,380	59,842		
Budgetary Support	10,200,000		10,200,000	10,200,000	--	10,200,000	--	10,200,000	7,113,018	
Interest	--	1,281,063	462,033	--			462,033			
Total for STABEX 1996/1997 PROGRAMME (7 detail records) €	12,558,222	1,281,063	13,839,285	12,078,872	--	12,078,872	1,760,413	11,509,842	7,349,504	
<b>Percent</b>			100.0%	87.3%	0.0%	87.3%	12.7%	83.2%	53.1%	
<b>* STABEX 1998 PROGRAMME</b>										
Unallocated (FMO not yet signed)	4,096,556		4,096,556	--			4,096,556			
Interest	--	515,317	515,317	--			515,317			
Total for STABEX 1998 PROGRAMME (2 detail records) €	4,096,556	515,317	4,611,873	--			4,611,873			
<b>Percent</b>			100.0%	0.0%			100.0%			
<b>* STABEX 1999 + ART.195(A) BALANCES</b>										
Unallocated (FMO not yet signed)	12,164,414		12,164,414	--			12,164,414			
Interest	951,611		951,611	--			951,611			
Total for STABEX 1999 + ART.195(A) BALANCES (2 detail) €	13,116,025	--	13,116,025	--			13,116,025			
<b>Percent</b>			100.0%	0.0%			100.0%			
<b>Grand</b>	€	<b>69,955,630</b>	<b>8,203,009</b>	<b>78,158,638</b>	<b>56,475,906</b>	<b>0</b>	<b>56,475,906</b>	<b>21,682,733</b>	<b>55,898,563</b>	<b>47,947,396</b>

Saint Lucia SFA Programmes  
 Situation Summary as at 31 December 2003

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

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 3.37392

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

Budget Line	---- INDICATIVE ALLOCATION ----			----- PROGRAMMED -----			CONTRACTED	DISBURSED	
	Original	Interest	Revised	Approved	Pipeline	Total	Available	Contracts	Payments
<b>* SFA 1999 (B7-8710/856/03)</b>									
Banana Commercialisation	4,350,000		4,350,000	4,349,273	--	4,349,273	727	4,350,000	3,652,303
Agricultural Sector Diversification	1,500,000		1,500,000	1,028,734	--	1,028,734	471,266	881,508	744,686
Social Recovery Programme	1,800,000		1,800,000	1,257,293	--	1,257,293	542,707	1,257,293	1,289,712
Regional Technical Assistance	400,000		528,141	528,141	--	528,141	--	528,141	487,233
Monitoring and Evaluation	220,000		220,000	--			220,000		
Contingencies	230,000		101,859	--			101,859		
Interest	--	182,723	182,723	--			182,723		
Total for SFA 1999 (B7-8710/856/03) (7 detail records)	€ 8,500,000	182,723	8,682,723	7,163,441	--	7,163,441	1,519,282	7,016,942	6,173,934
<b>Percent</b>			100.0%	82.5%	0.0%	82.5%	17.5%	80.8%	71.1%
<b>* SFA 2000 (B7-8710/856/12)</b>									
Banana Commercialisation	4,070,000		4,500,000	4,500,000	--	4,500,000	--	4,500,000	1,498,264
Agricultural Sector Diversification	1,800,000		1,800,000	696,334	--	696,334	1,103,666	696,334	
Social Recovery Programme	1,660,000		1,660,000	1,373,329	--	1,373,329	286,671	1,660,000	682,458
Monitoring, Audit and Evaluation	140,000		140,000	--			140,000		
Contingencies	375,000		87,650	--			87,650		
Regional Technical Assistance	400,000		687,350	687,350	--	687,350	--	687,350	409,203
Interest	--	17,380	17,380	--			17,380		
Total for SFA 2000 (B7-8710/856/12) (7 detail records)	€ 8,445,000	17,380	8,892,380	7,257,013	--	7,257,013	1,635,367	7,543,684	2,589,925
<b>Percent</b>			100.0%	81.6%	0.0%	81.6%	18.4%	84.8%	29.1%

Saint Lucia SFA Programmes  
 Situation Summary as at 31 December 2003

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

2 - Interest represents total interest received on Euro and XCD accounts. XCD interest is translated into Euro at 3.37392

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

Budget Line	---- INDICATIVE ALLOCATION ----			----- PROGRAMMED -----			CONTRACTED	DISBURSED	
	Original	Interest	Revised	Approved	Pipeline	Total	Available	Contracts	Payments
<b>* SFA 2001 (B7-8710/856/23)</b>									
Agricultural Sector Diversification	3,538,320		3,538,320	3,538,320	--	3,538,320	--	3,538,320	751,218
Economic Diversification	1,805,040		1,805,040	945,040	--	945,040	860,000	1,805,040	446,279
Social Recovery Programme	3,396,640		3,396,640	3,109,640	--	3,109,640	287,000	2,229,640	582,483
Monitoring and Evaluation	140,000		140,000	--			140,000		
Audits	80,000		80,000	--			80,000		
Contingency	240,000		240,000	--			240,000		
Interest	--	85,468	85,468	--			85,468		
Total for SFA 2001 (B7-8710/856/23) (7 detail records)	€ 9,200,000	85,468	9,285,468	7,593,000	--	7,593,000	1,692,468	7,573,000	1,779,980
<b>Percent</b>			100.0%	81.8%	0.0%	81.8%	18.2%	81.6%	19.2%
<b>* SFA 2002 (B7-8710/856/34)</b>									
Agricultural Diversification	3,230,000		3,230,000	--			3,230,000		
Economic Diversification	2,490,000		2,490,000	--			2,490,000		
Social Recovery Programme	2,000,000		2,000,000	--			2,000,000		
Evaluation	100,000		100,000	--			100,000		
Audits	80,000		80,000	--			80,000		
TA for Management and Monitoring	390,000		390,000	--			390,000		
Contingency	110,000		110,000	--			110,000		
Regional Technical Assistance	400,000		400,000	--			400,000		
Interest	--	--	--	--			--		
Total for SFA 2002 (B7-8710/856/34) (9 detail records)	€ 8,800,000	--	8,800,000	--			8,800,000		
<b>Percent</b>			100.0%	0.0%			100.0%		
<b>Grand</b>	€ 34,945,000	285,572	35,660,572	22,013,454	0	22,013,454	13,647,118	22,133,626	10,543,839

## **Annex XIII: Project Sheets**

<b>Project Name:</b>	<b>New Hospital Facility, Castries</b>
<b>Accounting Number:</b>	7 ACP SLU 018 and others
<b>Implementing Agency:</b>	Ministry of Health
<b>Date of Financing Agreement:</b>	-
<b>Project Duration:</b>	-
<b>Value of Financing Agreement:</b>	EUR (not yet defined)

### **Project Overview:**

The overall aim of this project is to strengthen the health care sector of St. Lucia. In order to address this, two studies were originally commissioned in 1995. The first was a sectoral study of the health care sector, the second a feasibility study of the upgrade/reform of two hospitals in St. Jude and Victoria as compared to the construction of a new hospital in Castries. As a result, the second option has been selected and the government of St. Lucia has asked the EC to help finance the construction of the hospital with the use of the 8<sup>th</sup> and 9<sup>th</sup> EDF NIP allocation and Stabex resources already earmarked for the Social sector or as yet unprogrammed. The sum of EUR 22,250,000 has been earmarked for this project from the abovementioned funds.

### **Progress:**

The involvement of the EC in this project started with the funding of a Feasibility Study. However, the study was quite deficient. In 1997, a first study was conducted by TVA (contract amount EUR 150,000). In 1999 the Government of St. Lucia decided that instead of upgrading the present Victoria Hospital, a new hospital should be constructed. TVA then started a second study to determine the possibilities on a newly allocated plot in Coubaril. The Design Phase commenced in January, 2004 with final designs expected by September, 2004. Production/working drawings will be complete by February, 2005.

### **Further comments:**

The FP for the hospital will not be ready before early 2005.

**Project title:** Leaf Spot Control Programme  
**Accounting number:** Stabex 1994/24  
**Implementing agency:** Ministry of Agriculture, Lands and Fisheries  
**Date of financing agreement:** 5/1/01  
**Date financing agreement expires:** 11/ 1/01  
**Project duration:** 6 months  
**Value of financing agreement:** € 1,207,545

**Primary commitment in** € 1,207,545

**Secondary commitment in** € 1,207,545

**Project overview:**

This project has the two-fold aim of: enhancing food security and nutritional stability in St. Lucia and developing an acceptable standard of living for the agrarian population. This is to be achieved through bringing leaf spot disease under control.

This project has the two-fold aim of: enhancing food security and nutritional stability in St. Lucia and developing an acceptable standard of living for the agrarian population. This is to be achieved by: 1) achieving a competitive banana industry, 2) to increase foreign exchange earnings and savings 3) to increase rural sector employment and the income of farm households. The anticipated result is to ensure price stability, industry confidence and to have brought leaf spot disease under control.

The project consists of the following activities:

- Introduction of an island wide aerial spraying programme.
- Installation of comprehensive ground spraying in areas that cannot be covered effectively by aerial spraying.
- Provision of independent disease monitoring.
- Monitoring of the effectiveness of the leaf spot control programme on a weekly basis.

**Progress:**

A mid term report and a financial statement have been compiled by the Project Management Committee but was be submitted to the Delegation after the expiry date of the Financing Agreement. A new Financing Agreement has been drafted by the Project Management Committee. The NAO has to resolve an issue related to a double payment which occurred in the first Work Programme, before the new Financing Agreement could be signed.

**Project title:** SFA 1999 - Agricultural Diversification  
**Accounting number:** SLU/SFA/1999/2  
**Implementing agency:**  
**Date of financing agreement:** 9/13/00

**Date financing agreement expires:** 3/13/06  
**Project duration:** 2 years  
**Value of financing agreement:** € 1,800,000  
**Primary commitment in** €1,800,000  
**Secondary Commitment** € 1,463,901

**Progress overview:**

This component consists of two major sub projects:

- Public sector activities such data capture, bureau of standards support, quarantine and health and consultancies.
- Implementation of a Rural Credit Facility (RCF)

The activities will be developed in two (2) years

**Progress:**

Work Programme managed by the Ministry of Agriculture The first disbursement on the imprest Account was in 18 July 2002. The Ministry of Agriculture has finalised the Terms of References for various studies to be carried out and the relevant tenders have been launched and contracts awarded. Project is ongoing but faces delays.

Rural Credit Facility managed by the Financial Institutions; The Memorandum of Agreement (MOA) with the various Financial Institutions has been signed and the programme quantitatively is progressing well.

<b>Project title:</b>	<b>SFA 1999 - Banana Commercialisation</b>
<b>Accounting number:</b>	SLU/SFA/1999/1
<b>Implementing agency:</b>	Banana Industry Trust, St. Lucia
<b>Date of financing agreement:</b>	9/13/00
<b>Date financing agreement expires:</b>	3/13/06
<b>Project duration:</b>	2 years
<b>Value of financing agreement:</b>	€ 4,500,000
<b>Primary commitment in</b>	€ 4,500,000

#### **Progress overview:**

This component consists of four major sub projects, as follows:

- Installation of off-farm irrigation facilities in Canelles, Roseau and Cul-de-Sac.
- Construction of a reservoir at Cul-de-Sac.
- Improved drainage of 200 acres of land in the Mabouya Valley.
- Strengthening of the administrative arm of the Banana Industry Trust.

#### **Progress:**

##### Off Farm Irrigation

- The irrigation works in Cul de Sac, Roseau, and Canelles were signed in January 2002 and works have been finalised by Farmex Technologies SARL (F). The 130 acres project at Roseau Valley is fully completed.
- The 77 acres at Canelles are in operation.
- The Cul de Sac reservoir project. Six completed tenders were received by the BIT for the construction of the reservoir. Works are finalised, but minor ancillary works are scheduled carried out by a local contractor by the end of 2<sup>nd</sup> quarter 2004.

##### Drainage

The contract to undertake the drainage works in Mabouya Valley was awarded to a local company Northern Suppliers. The company completed its work plan and the work started in March 2002 and was completed by end of August 2002. A minor contract for outstanding works are planned launched in first quarter of 2004

##### Irrigation Management Unit

A full three-man team has been recruited and a vehicle has been purchased as well as office and field equipment. The unit holds frequent meetings in the project areas with the farmers, informing them of the irrigation and drainage works. They have also been monitoring the works of the contractors. Efforts are continuing to establish Water User Groups.

**Project title:** Stabex 1995 - Budget Support (PSIP)  
**Accounting number:** SLU/95/04/3  
**Date of financing agreement:** 1/1/97  
**Date financing agreement expires:** 1/ 1/06  
**Project duration:** 3 years

**Project overview:**

According to the Frameworks of Mutual Obligations (FMO), that govern both Stabex programmes, these funds are targeted to specific capital investments within the overall national Public Sector Investment Programme (PSIP).

The FMOs of both programmes aim at promotion of economic growth and reduction of poverty. More specific the objectives are formulated in terms of government savings, external and internal macroeconomic balances, diversification of the economy in general and of Agriculture in particular. Poverty is combated through targeted programmes in the social sectors, such as Health and Education and through delivery of services to vulnerable groups. Institutional strengthening is aimed at, among others through technical assistance, support to public and private sector institutions. In contrast to the FMO Stabex-95 the FMO for Stabex-96/97 explicitly allocates a substantial share of the total amounts available to Technical Assistance programme.

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

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

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

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

targets for a period of three years in each FMO. In addition to the conditions regarding tranche releases the FMOs formulate a series of Government commitments. Among them several reports to be presented to the European Commission.

**Progress:**

Under the Stabex-95 programme approximately EC\$ 35 million has been transferred in all three tranches to the account of the Government of St. Lucia. Almost EC\$ 35 million, or 83% has been actually spent on projects and programmes.

**Project title:** STABEX 1996/97 - Budget Support (PSIP) -  
**Accounting number:** SLU/97/06/4  
**Date of financing agreement:** 1/1/97  
**Date financing agreement expires:** 1/ 1/06  
**Project duration:** 3 years

**Project overview:**

According to the Frameworks of Mutual Obligations (FMO), that govern both Stabex programmes, these funds are targeted to specific capital investments within the overall national Public Sector Investment Programme (PSIP).

The FMOs of both programmes aim at promotion of economic growth and reduction of poverty. More specific the objectives are formulated in terms of government savings, external and internal macroeconomic balances, diversification of the economy in general and of Agriculture in particular. Poverty is combated through targeted programmes in the social sectors, such as Health and Education and through delivery of services to vulnerable groups. Institutional strengthening is aimed at, among others through technical assistance, support to public and private sector institutions. In contrast to the FMO Stabex-95 the FMO for Stabex-96/97 explicitly allocates a substantial share of the total amounts available to a Technical Assistance programme.

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

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

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

**Tranche releases:** Funds are transferred from the Euro account in Brussels to a double signature EC\$ account in the recipient country and from this account to the Treasury. The releases are triggered as soon as certain conditions have been met. These conditions

are related to government savings performance and to performance of project implementation. The government savings performance is translated into clear savings targets for a period of three years in each FMO.

In addition to the conditions regarding tranche releases the FMOs formulate a series of Government commitments. Among them several reports to be presented to the European Commission

**Progress:**

All three tranches (approximately EC\$ 27.3million) have been transferred to the Treasury, the last at the end of 2003. It is estimated that 70% of that amount has been spent.

**Project title: Support Services to the National Authorising Officer**

**Accounting number:** Stabex 1994/22  
**Implementing agency:** Prime Minister's Office

**Date of financing agreement:** 10/31/00

**Date financing agreement expires:** 12/31/04

**Project duration:** 3 years

**Value of financing agreement:** € 1,235,114

**Primary commitment:** € 1,235,114

**Project overview:**

The provision of support services to the NAO is meant to strengthen the existing in-house capacity within the Ministry of Planning to administer the European Union funding. The Unit has been transferred to the Prime Minister's Office

The provision of support services to the NAO is meant to strengthen the existing in-house capacity within the Ministry of Planning to administer the European Union funding. This will ensure the optimal utilization of EU assistance in support of national developmental objectives.

The project consists of the following activities:

- Appointment of a Programme Coordinator who will assume responsibility for the overall management and supervision of the unit
- Recruitment of Programme/Project analysts to carry out the monitoring and implementation of increased EU financing to St. Lucia.
- Recruitment of a Social Planner/Sociologist and an Economist who will be specifically charged with the responsibility of administering the Social Recovery programme (to be confirmed by the work programme).
- Recruitment of one accountant.
- Establishing an efficient Administrative Unit within the EDF/PMCU. This will involve the recruitment of one administrative officer, the purchase of office equipment and the provision of suitable accommodation to house the unit.

**Progress:**

The Work Programme was signed on 24.08.01 and covers the entire duration of the Financing Agreement (3 years). A selection process for the personnel of the unit took place in June- July 2001 . The Programme Co-ordinator, the three Programme Analysts, the Accountant, Administrative Officer and other Administrative Staff were all recruited and commenced work from February 1<sup>st</sup> 2002. New Office space has been provided by the Government of St. Lucia for the staff of the Unit. Moreover, the Technical Advisor to the NAO has also been recruited commenced his duties from February 2003. Between September 2002 and March 2003, two programme analysts and the Administrative Assistant were involved in Project Management training.

**Project title:** Water Resource Management Project  
**Accounting number:** Stabex 1995/06  
**Implementing agency:** Ministry of Agriculture, Forestry and Fisheries  
**Date of financing agreement:** 12/1/99  
**Date financing agreement expires:** 12/ 1/02 (extended to 31/12/04)  
**Project duration:** 3 years  
**Value of financing agreement:** € 868,000

**Primary commitment in** € 868,000

**Project overview:**

The overall objective of the project is to ensure the viability of all forms of agricultural production on St. Lucia, by creating the capacity of the government to effectively manage the use of water. This would address several problems, such as:

The overall objective of the project is to ensure the viability of all forms of agricultural production on St. Lucia by creating the capacity of the government to effectively manage the use of water. This would address several problems, such as:

- The high variability in income farmers receive due to the drastic reduction in yields, consequence of the dry season.
- The lack of a clearly articulated national water resource policy.
- The lack of clarity in institutional response mechanisms towards water management
- The project, co-financed with the St. Lucian government - providing XCD1,582,665 consists of the following activities: Establishment of a Water Resources Management Unit; Training for WRMU staff in the fields of applied water management; Provision of a regulatory framework for water resource management in support of agricultural production; Installation of a comprehensive network of hydrometeorology stations around the island to provide data on parameters related to crop irrigation and drainage requirements; and Increasing efforts to strengthen public education; categorization of all major drainage basins on St. Lucia in terms of their potential for provision of viable irrigation water and supply of domestic drinking water. One watershed management specialist will be hired for the duration of one month for this.

**Progress:**

The project has succeeded in defining the role of the WRMP vis-à-vis the various institutions, namely the NSWC, the MoA, the Irrigation Management Unit and the Banana Trust. The second work programme was signed the Head of the EU Delegation on . Issues to be tackled in the second annual Work Programme were: staff training, installation of hydrometric monitoring systems, public / farmer sensitisation programme, watershed of issues.



**EUROPEAN COMMISSION**  
DG DEVELOPMENT

West and Central Africa , Caribbean and OCT's  
**Relations with the countries and the region of the Caribbean and the OCTs**

Brussels,  
DEV/D/4/SC D(2004)

St.LUCIA

## **Environment profile**

The susceptibility of the island of St Lucia to natural disasters and environmental change has a significant impact on the economic fortunes of the country while the increasing reliance on tourism adds an additional incentive for St Lucia to conserve its natural resources and protect the environment. The principle issues of concern are land use, marine and coastal environments, waste management and disaster prevention.

Capacity building and institutional strengthening are two key elements of the environment portfolio. To this end the National Environmental Action Plan (NEAP) of 1997 is being reviewed and updated in order to develop a strategic plan for the establishment of a co-ordinated and integrated legal and institutional framework for environmental management. The World Bank is to provide assistance to support the improvement of the management of environmental resources as a means of preserving the natural heritage and supporting sustained tourism growth.

## **Land Use Management**

The Government of St Lucia has reviewed the planning legislation and institutional framework and is in the process of implementing key elements of a Land Use restructuring and strengthening programme including a new Planning Act which will, among other things, permit the Development Control Authority to legally require an Environmental Impact Assessment (EIA) on proposed developments. Government will be implementing a sub regional (OECS) Building Code, Environmental Impact Assessment Regulations and Infrastructural Planning Standards in conjunction with the New Planning Act.

## **Coastal Zone Management**

St Lucia's coastal zone continues to be under increasing pressure from urbanization, pollution, tourism development, and continued development in environmentally sensitive areas. A recently completed Coastal Conservation Project identified sewage contamination and impact of sedimentation as two of the more critical priority issues. A Coastal Zone Management Unit has been established with responsibility for the development of a strategy for the implementation of activities consistent with the national Coastal Zone Management Plan while the Government will continue to strengthen local management authorities (LMAs) to take a more active part in coastal zone management in accordance with the framework of the Cartagena Convention and the Land Based Sources of Marine Pollution Protocol.

### **Solid and Hazardous Waste Management**

The national component of the OECS Solid Waste Management Project in St Lucia is funded by the World Bank, the Global Environment Trust Fund, the Caribbean Development Bank and the Government of St Lucia. Activities include the closure of the existing disposal site in Castries and the commencement of construction of the island's first sanitary landfill along with the development of biomedical waste disposal facilities, port waste reception facilities, and procurement of equipment to facilitate disposal site operation and materials recovery. A Hazardous Waste Advisory Committee has been established to ensure more stringent control over the generation, storage, treatment, recycling, reuse, transport, recovery and disposal of hazardous waste while new Solid Waste Legislation and regulations are to be introduced, forming the framework for more effective hazardous waste management.

### **Disaster Mitigation**

Disaster mitigation measures are being undertaken by the World Bank through the OECS Emergency Disaster Mitigation Project. This extensive project includes retrofitting of public buildings, strengthening of emergency preparedness and response capacity, community based disaster management, physical prevention and civil works.

### **Air Pollution**

The rapid pace of development has led to increased vehicular traffic, construction activities and road building projects which together with industrial activities in and around large urban areas have led to a significant increase in air pollution. Plans to reduce congestion in the down-town Castries Area include the decentralization of commercial facilities and the establishment of new urban and industrial centers. Other measures include the introduction of the appropriate legislative and economic framework to facilitate the phase out of the use of leaded gasoline on the island and public education and awareness programmes, including consumer incentives to encourage industry to

install air pollution controls and encourage the utilization of safer, cleaner and more efficient technologies.

### **Energy Resources**

Energy demand is met by the importation of refined petroleum products such as petroleum, diesel and kerosene. The dependence on imported energy coupled with a disproportionately high rate of increase in energy consumption has serious implications for the island's security of energy supply and balance of payments position. There has been a concerted effort to promote the increased utilization of renewable energy on the island. This has been evident in the removal of duty and consumption tax on solar water heating units and other renewable energy technology while feasibility studies on solar, wind and geothermal energy potential are ongoing. Efforts to obtain financial and technical support for policy development and commercialization and transfer of sustainable energy technologies to St Lucia is being vigorously pursued. This is anticipated to enhance ongoing renewable energy pilot projects, promote greater awareness and training for personnel in the energy field, and further the development of energy efficiency projects involving Demand-Side Management Studies.

### **Freshwater Resources**

Construction activities, urban development, deforestation, poor agricultural practices, and the indiscriminate discharge of untreated waste water into rivers have all contributed to the pollution and deterioration of the water supply in St Lucia whilst increases in population and the rapidly growing hotel and tourism sectors have led to an increasing demand for water throughout the island. Government is however continuing to strengthen the appropriate infrastructure to meet the demands of the rapidly growing domestic, commercial, industrial and specifically the hotel and tourism sectors well into the 21<sup>st</sup> century while additional measures include public education and awareness programmes on water resource management.

### **National Parks, Protected Areas and Historic Sites**

The Government of St Lucia has made significant strides in the establishment of protected areas primarily for the protection of the country's water supply and to preserve areas with fragile ecosystems and sensitive habitation while at the same time recognizing the commercial viability of such protected areas. The establishment of the National Conservation Authority and enactment of supporting legislation is expected to significantly contribute to the improved institutional management of parks and protected areas. In the context of land use planning efforts, government will work with other responsible agencies to develop a comprehensive plan for the restoration, preservation, conservation and management of sites that are of cultural, historical or archaeological interest. This is also expected to contribute to the diversity of the country's tourism product.

Stylianos Christopoulos  
Desk Officer

Contact:

Stylianos Christopoulos, Telephone:(32-2) 299.29.56,  
Stylianos.Christopoulos@cec.eu.int