



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

**COOPERATION**  
**between**  
**THE EUROPEAN UNION**  
**and**  
**ST. VINCENT AND THE GRENADINES**

**ANNUAL REPORT 2002**

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## **1. EXECUTIVE SUMMARY**

After a weak economic performance in 2001 as a result of the global economic slowdown, weak banana production and the effects of the September 11<sup>th</sup> attack, the economy of St. Vincent and the Grenadines improved slightly in 2002. The estimated growth of about 1 per cent of GDP in 2002 compared to 0.2 per cent in 2001 was attributed mainly to a recovery in agriculture, despite the damage caused by Tropical Storm Lili in late 2002, and construction activity as public sector projects were implemented. Due to higher government capital spending and rises in the public sector wage bill, the central government's deficit increased to 3.5 per cent of GDP in 2002 from 2.4 per cent a year earlier. Significant progress was made by the Government in 2002 in public enterprise reform and governance, and consultations with civil society were enhanced.

EC funds from National Indicative Programme resources under the 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> EDF funds total €18.4 million, although disbursement at end-2002 had only reached €10.4 million. Funds under STABEX totalled €8.7 million in the period 1993 – 2000, while funds allocated under the Special Facility of Assistance (SFA) totalled €25.05 in the period 1999-2002. The Country Strategy Paper and National Indicative Programme between EC and St. Vincent and the Grenadines was signed on 23 January 2003. It has been agreed that education should be the focal sector for the St. Vincent and the Grenadines National Indicative Programme under the 9<sup>th</sup> EDF for the period 2002 through to 2007 for which the “A” allocation is €5 million. The “B” allocation for St. Vincent and the Grenadines is €16 million for this period.

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

The objective of the Government of St. Vincent and the Grenadines, elected in March 2001, is to maximise the economic potential of the country in an effort to deliver higher and sustainable growth, eradicate poverty and reduce unemployment, and improve the general welfare of the population, within a framework of enhancing good governance. Policy focuses on accelerating the economic diversification process in an effort to lessen the dependence on agriculture, increasing the level of exports and building the human capital by raising the educational attainment of the population. The education sector has been accorded a central role in the programme of development for St. Vincent and the Grenadines, which is seen as essential for the creation of the climate necessary to achieve higher levels of economic growth, thereby contributing to poverty reduction.

Tourism, financial services and information technology have also been targeted as important areas of potential growth. Public sector reform is seen as an integral component of the medium term development strategy. Further, recognising that economic growth does not necessarily translate into improvement in the general welfare of its citizens, the Government will focus on poverty reduction measures in the medium term. These key structural reforms are being supported by the European Union through the Stabex and SFA mechanisms, while the funding available through the NIP is being used to enhance the human capital of the country through the development of the education sector, which is seen as central to the Government's development strategy.

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

#### 3.1 Millennium Development Indicators

Indicator	2000
1. Life expectancy at birth	69.6
2. Adult literacy rate (%)	88.9
3. Combined primary, secondary and tertiary gross enrolment ratio (%)	58
4. Maternal mortality ratio – per 100,000 live births	43
5. Immunization against measles – one year old (%)	87
6. AIDS incidence rates per 100,000 (1998)	37.8
7. Infant mortality rate – per 1,000 live births	21
8. Under five mortality rate – per 1,000 live births	24
9. Infants with low birth weight (%) 95-2000	10
10. Access to improved water sources (%)	936.3
11. Public education expenditure – 95-97 (% of GNP)	

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

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 education is the focal sector. No projections are available regarding the development of the Millennium Development Goal Indicators.

#### 3.2 Political Situation

The Prime Minister, Dr. the Hon. Ralph Gonsalves, head of the Unity Labour Party (ULP) assumed power from the New Democratic Party (NDP), which had ruled for seventeen years, in the March 2001 elections. The ULP, which holds 12 of the 15 seats in the House Assembly was formed through a merger of the St. Vincent Labour Party (SVLP) and the Movement for National Unity (MNU). The main opposition party is the New Democratic Party (NDP).

St. Vincent and the Grenadines was removed from the Organisation for Economic Cooperation and Development's (OECD) list of tax havens in 2002, but remains on the Financial Action Task Force's (FATF) list of non-cooperative countries and territories in the fight against money laundering. The Government has proposed further financial sector reform, including the establishment of a regulatory unit within the Ministry of Finance.

#### 3.3 Economic Performance

Following weak economic activity in 2001, the economy achieved a modest growth in 2002, with real GDP growth of 1.4 per cent of GDP, mainly due to increased banana output and construction related to projects in public sector. The public sector debt increased to 72 per cent of GDP from 67 per cent in 2001, with the external debt component being about 49 per cent. Most of the external debt is contracted on concessional terms and of a long maturity. The unemployment rate remained high, at about 20 per cent in 2002.

The Government's economic policy stimulated economic growth in 2002, but, the increased wage bill and capital spending resulted in a fiscal deterioration with the central government's fiscal deficit being 3.6 per cent of GDP compared to 2.4 per cent in 2001 and 0.3 per cent in 2000. Public investment expanded from 7 per cent in 2000 to 9 per cent in 2001 and around 12 per cent of GDP in 2002, largely financed by grants and commercial borrowing.

In recent years, there has been increased emphasis on diversification from bananas into services. Following a decline in 2001, largely on account of falling prices and unfavorable weather conditions, banana output recovered in 2002. However, prospects for the sector remain difficult, given the imminent loss of trade preferences. Following two years of significant growth, tourism receipts fell in 2001 and 2002. The manufacturing sector performed poorly, due to an inability to compete with regional and extra regional sources. However, the construction sector performed well in 2002, due to several public sector projects that were implemented. The offshore sector declined sharply in 2002 partly as a result of the new regulations for the offshore financial services. The number of offshore banks was estimated to have reduced from 38 in 2001 to 20 by the end of 2002. The authorities are continuing to strengthen the regulatory and supervisory framework in line with international best practices.

Overall in 2002, the Government made significant progress in improving public sector governance, restructuring the banana sector, strengthening the financial sector and building consensus for difficult policy issues, including a wage freeze in the public sector. Public enterprises have come under increased financial scrutiny in an effort to improve their financial performance.

### **3.4 Regional Integration and Trade Policy**

St. Vincent and the Grenadines is a member of the OECS (Organisation of Eastern Caribbean States), CARICOM (the Caribbean Community) and the Association of Caribbean States (ACS). CARICOM members are in the process of establishing a Common Single Market and Economy (CSME) that will include not only a fully functioning common market, but also the harmonisation 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.

St. Vincent and the Grenadines' 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 has implemented the final phase of the Common External Tariff (CET). This measure will bring the Customs tariff down to a maximum of 20 per cent for all imported goods.

St. Vincent and the Grenadines' main export partners are the Caricom countries (49 per cent), UK (16 per cent), and US (10 per cent), while its main import partners are the US (36 per cent), Caricom countries (28 per cent), and the UK (13 per cent). In 2001 exports to EU countries amounted to € 153 million and imports from EU countries to € 123 million. The principal product for export is bananas. St. Vincent and the Grenadines'

main imports are foodstuffs, machinery and equipment, chemicals and fertilisers, minerals and fuels.

### **3.5 Achievements in the Social Sectors**

St. Vincent and the Grenadines is ranked 91 out of 173 countries on the basis of literacy, school enrolment, life expectancy at birth, and per capita GDP. St. Vincent and the Grenadines is the poorest country in the Eastern Caribbean with a poverty rate of 33 per cent (source: OECS Human Development Report 2002). In general, in households estimated to be poor, more heads of household were female. These households displayed lower levels of education and training, particularly at the higher levels. It was also found that rural communities are less well provided for with secondary education facilities than were urban communities. With marijuana cultivation being prevalent in St. Vincent and the Grenadines, illegal drug production and substance abuse are important issues.

**Education:** The adult literacy rate is 89 per cent. In the past, much Government attention has focussed on primary schools. The emphasis is shifting to the provision of places at secondary schools, as only 44 per cent of primary schools students are being absorbed into the secondary school system. The problem is greater among boys than girls as female participation in the education system has been increasing, while the drop-off rate between primary and secondary schools is lower among females than males. In the 2002 estimates, the Government has allocated 21% of the capital budget to education whilst over 20 per cent of the recurrent budget is expected to go towards education. This reflects a 3 per cent increase in both budgets over the 2001 figures.

**Health:** The health situation in St. Vincent and the Grenadines is relatively good, the life expectancy being 70 years. Communicable childhood diseases have been virtually eliminated by a comprehensive immunisation programme and improved access of the population to sanitation and the provision of safe water. The last few years however have seen an increase in the number of cases of lifestyle related diseases, including HIV/AIDS, with the reported HIV/AIDS incidence rates being the highest in the OECS region (37.8 per 100,000 population - OECS Human Development Report 2002). Consequently, a key objective for St. Vincent and the Grenadines is the effective implementation of the Strategic Plan on HIV/AIDS launched in December 2001.

### **3.6 Future Challenges and Prospects**

Modest economic growth is projected for 2003, with real GDP increasing by over 2 per cent, but this depends largely on the recovery of the global economy and the impact of global conflict on tourism. Continuing fiscal adjustment in St. Vincent and the Grenadines is required, including strong Government measures to cut the public sector wage bill, which reached its highest level as a percentage of GDP in recent years, despite a wage freeze in 2002. The Government has reiterated its commitment to maintaining a prudent fiscal stance over the medium term. The authorities have embarked on tax reform, with a view to simplifying the tax system. The Public Sector Investment Programme (PSIP) is projected to increase to 13½ per cent of GDP in 2003 from 12 per cent in 2002. The economy also needs however to further diversify and adjust to take advantage of the benefits of trade liberalization and greater integration. Efforts to strengthen the tourism sector and agricultural diversification will be critical.

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

The total amount of European Community aid given to St. Vincent and the Grenadines since 1975 is estimated to be more than €135 million, of which the vast share is 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.

While the economy of St. Vincent and the Grenadines remains heavily reliant on bananas with an estimated 19,000 people directly or indirectly dependent upon the industry, the Government is committed to pursuing economic diversification and, with assistance from Stabex and NIP resources, is undertaking significant interventions in tourism, small business development, education, informatics and skills training.

### **4.1 European Development Fund – Focal Sectors**

#### **4.1.1 9<sup>th</sup> EDF €5 million – Focal Sector: Education Sector Development**

The overall objective of the EC intervention is to support the sustainable development of human resources in St. Vincent and the Grenadines, through the provision of learning opportunities to all persons in the State so as to equip them with the required values, skills, attitude and knowledge necessary for creating and maintaining a productive, innovative and harmonious society. Towards this end, 90% (€4.5 million) of the “A envelope” is to be allocated to the education sector and, in particular, to the improvement of secondary level education and support for sectoral reforms in an effort to assist the Government in achieving universal access to comprehensive five year secondary education, with 75% enrollment by 2015. This will also be supplemented by funds coming from the Stabex instrument.

As a first step in the preparation of the programme of support to the secondary education sector under the 9<sup>th</sup> EDF, the EC has provided the Government with technical assistance for the finalisation of the country’s Education Sector Development Plan 2002-2007. In consultation with other interested donors such as the Caribbean Development Bank, DFID and the World Bank, the EU will finance in early 2003 a consultancy team to prepare more detailed plans for the intervention in the education section. It is expected that a financing proposal will be available in late 2003, which will update and expand on the specific indicators presented in Annex 1.

#### **4.1.2 8<sup>th</sup> EDF NIP €6.5 million – Focal Sector: Human Resources Development**

The project under the focal sector is the further development of the Integrated Community College at the Calliaqua campus. This project is Phase II of an overall

Community College Development project. Funds were allocated from the 7<sup>th</sup> EDF Regional OECS Tertiary Level Education Project (EUR 558,000) and EUR 1.5 million of the 8<sup>th</sup> EDF allocation for the construction of a Learning Resource Centre at the Community College. The Financing Agreement was approved in 2002 and work on the project has commenced. The remainder of the 8<sup>th</sup> EDF funds (€3.6 million) is to be used to further upgrade the Community College.

The tender for the design of the remaining works project, which includes the provision of additional classrooms, art/lecture theatre, staff and student recreation facilities, multipurpose rooms (computer lab and cafeteria), furniture and equipment, is to be funded by the Government of St Vincent and is expected to be undertaken in early 2003.

#### **4.1.3 7<sup>th</sup> EDF NIP €5.4 million – Focal Sectors - Rural Development & Social Infrastructure.**

**Focal Sector 1: The Rural Development Project – Mt. Wynne/Peter’s Hope Land Resettlement (EUR 3.2 million).** This project, involved the establishment of 63 small holdings on 108 ha of agricultural land, the construction of feeder roads, and the development of an integrated programme of planned intensified production and marketing of fruit and vegetables. Closure of the project has been requested.

**Focal Sector 2: Social Infrastructure – Kingston Hospital Redevelopment (EUR 1.8 million).** This completed project involved the refurbishment of the admission/records department, kitchens and administrative areas at the General Hospital, and the construction of an accident and emergency department, pharmacy and laboratory areas.

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

**9<sup>th</sup> EDF:** 10 per cent (€0.5) of the A allocation has been earmarked for studies, audits and technical support in the area of regional integration, disaster mitigation and monitoring.

**8<sup>th</sup> EDF: Drug Demand Reduction Programme (EUR 185,000):** The objective of the programme is to reduce the demand for illegal drugs in St Vincent and the Grenadines through a communications programme, health programme, community based action and institutional strengthening. A proposal amounting to €185,000 in respect of St. Vincent and the Grenadines has been agreed for four countries to be included in one Financial Proposal with the EC Delegation playing the role of coordinator and each country implementing its own individual Work Programme. The Financing Agreement will be signed in early 2003.

**Multi-Annual Training Programme (EUR 700,000):** The objective of the programme is to assist the Government to implement its overseas training programme through the provision of scholarships in areas of study prioritised by the Government. Eighteen scholarships have been awarded under this Programme and the project awaits financial closure.



### **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 EUR 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 as far as possible be involved in the design and implementation of the project in the focal sector which shall be based on the ten year Strategic Plan for the Education Sector, the development of which has involved broad consultations with all stakeholders.

Many initiatives to support the activities of non-state actors have been, and continue to be, funded through Stabex funds, including the Marion House Construction and Support Programme, early childhood education training and institutional strengthening of the Chamber of Industry and Commerce.

### **4.4 Other Instruments**

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

European Investment Bank (EIB) assistance to St. Vincent and the Grenadines has largely focussed on the improvement of electricity generation through loans to the national electricity company, VINLEC (€10.9 million under Lomé II and III and IV.bis) and the promotion of small and medium sized enterprises in the industrial, agro-industrial and tourism sectors. The EIB’s partners for these projects were DEVCO and the Caribbean Financial Services Corporation. In addition, a €5 million loan was made available under Lomé IV for the Kingstown Port Development project.

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

St Vincent and the Grenadines, 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 EUR 105 million while the 8<sup>th</sup> EDF RIP has EUR 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 EUR 57 million is available.

St. Vincent and the Grenadines has benefited from the construction of the airport on the island of Bequia through the 6<sup>th</sup> EDF regional programme. The airport has provided new airlinks in the sub-region between the Grenadines, the Eastern Caribbean, Barbados, Martinique and Guadeloupe. The Regional OECS Tertiary Education programme support has provided support for the development of the Integrated Community College through the development of the A level college and the Learning Resource Centre, as referred to in point 4.1.2 above. The 7<sup>th</sup> & 8<sup>th</sup> EDF CRIP from which St Vincent and the Grenadines has benefited are presented in Annex VII.

#### 4.4.3. STABEX Transfers

Article 186 of the Lomé IV Convention provides compensation for loss of export earnings on certain agricultural products on which countries' economies are dependent and which are affected by fluctuations in price or quantity or both these factors. The use of such Stabex allocations is governed by a Framework of Mutual Obligations (FMO), which stipulates the objectives, obligations, actions and results which are expected to be achieved through the utilisation of the Stabex transfers. Presently St. Vincent and the Grenadines is implementing projects and programmes funded by Stabex allocations for 1993 – 1997. St. Vincent and the Grenadines did not receive allocations for 1998 and 1999, but did receive funds in connection with repayment of available balances upon expiry of the Lomé Convention in 2000 (Article 195). However, an FMO for this allocation is yet to be concluded.

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

The major accomplishments of Stabex interventions in St. Vincent and the Grenadines are two large irrigation projects (totalling €9.6 million) which have introduced a total of app.1,800 acres of irrigation on smallholder banana lands. A future project is envisaged which will ensure that the institutional aspects of the first two irrigation projects are fully addressed. A reception and palletisation centre (RAPCEN) has been constructed at Langley Park, in an effort to improve post harvest handling of banana (and other agricultural) produce. A major water resource management project and a comprehensive Agricultural Diversification Programme are envisaged for implementation in the near future. 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 IX.

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

<b>Funding year</b>	<b>Total Funds<sup>1</sup></b>	<b>Payments in 2002</b>	<b>Payments in total</b>	<b>Balance</b>
Stabex 1994	31,438,116	2,498,108	18,737,704	12,700,412
Stabex 1995	15,624,327	1,153,895	8,838,495	6,785,832
Stabex 1996/97	16,763,107	399,267	4,679,225	12,083,882
<b>TOTAL</b>	<b>63,825,550</b>	<b>4,053,272</b>	<b>32,255,424</b>	<b>31,570,126</b>

In addition to these funds, St. Vincent and the Grenadines has received a repayment allocation (Art. 195) of €3,503,270 from which no disbursements have been made yet.

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<sup>1</sup> Including interest

#### 4.4.4. 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. €50 million will be made available to St. Vincent and the Grenadines.

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. Vincent and the Grenadines the initial ten-year strategy focused heavily on infrastructural elements, most notably a three-phased approach to rehabilitation of the Windward Highway (app. €16 million allocated from SFA 1999 - 2001) and additionally the construction of two additional RAPCENs at La Croix and Belle Vue. The strategy was revised in 2002 to reflect a greater emphasis on social protection/social development (including human resource development), agricultural and economic diversification in the remaining period.

Detailed design of Phase I of the Windward Highway (to be funded from SFA 1999) has been completed, and it is expected that the tender for the works will be launched in the first quarter of 2003. Similarly the launch of the tender for the RAPCEN at La Croix is expected in the first semester of 2003. Furthermore, detailed design of rehabilitation of Phases II and III of the Windward Highway, and preparation and design of the Social Investment Fund is expected to be completed during the latter half of 2003. Details on major components of the SFA are provided in the Project Sheets in Annex IX.

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

<b>Funding year</b>	<b>Allocation</b>	<b>Expenditure</b>	<b>Balance</b>
SFA 1999	6,100,000	429,748	5,670,252
SFA 2000	6,450,000	159,412	6,290,588
SFA 2001	6,400,000	0	6,400,000
SFA 2002	6,100,000	0	6,100,000
<b>TOTAL</b>	<b>25,050,000</b>	<b>589,160</b>	<b>24,460,840</b>

The implementation of the Stabex and SFA projects and programmes depend on the timely and successful implementation of the commitments entered into by the Heads of Government of the Windward Islands and the Banana Donor Group in the “Windward

Island Action Plan (WIAP) to achieve a competitive banana marketing structure” on 04 July 1999, and the subsequent agreement between these parties in June 2001 in St. Lucia.

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

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

The following factors shall continue to guide the programming process in St Vincent and the Grenadines:

- The challenges and opportunities presented by globalisation and trade liberalization;
- The key role of the banana industry in the St. Vincent and the Grenadines’ economy;
- The possible impact of the restructuring of the banana industry on the socio-economic conditions, in particular on the most vulnerable part of the population;
- The need to foster macroeconomic stability and growth and in particular to increase the level of savings so as to sustain investment spending in key areas;
- The implementation of a medium-term strategy by the Government of St. Vincent and the Grenadines in which tourism, agriculture, private sector development, the offshore financial services sector, and human resources development constitute the core sectors.

The immediate programming perspective for the European Commission funding is as follows:

1. Continuation of support to the restructuring and commercialisation of the Banana Industry and Agricultural Diversification, through the Stabex and SFA instruments;
2. Continuation of support to the Social Sectors, to be facilitated by Stabex and SFA instruments;
3. Support for economic diversification, including tourism, agriculture, private sector development and human resources development through the Stabex and SFA instruments;
4. Support to the enhancement of human resources by improving the quality and accessibility of secondary education using EDF resources, supplemented by Stabex resources.
5. With regard to the “B envelope” and the possibility of compensation for future losses in export earnings, preference shall be given to direct budgetary support where the necessary macroeconomic conditionalities are met.

## **6. 2003 ANNUAL OPERATIONAL REVIEW – SPECIFIC THEMES**

### **6.1 The speeding up of the use of old EDF resources**

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

### **6.2 Setting indicators and targets for measuring results**

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

The effective implementation of the activities in the focal area of 9<sup>th</sup> EDF is conditional upon the adoption of the Education Sector Strategy Plan as well as on the adoption of the relevant action plan and upon respect of the budgetary commitments for the education sector. Furthermore, following the enactment of the Strategy Plan, the reduction of drop-outs ratio from primary schools will be monitored on the basis of reports by the Ministry of Education. The Ministry of Education is also expected to report on progress made in access to secondary education as reflected in increased enrolment in secondary schooling.

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

Regular dialogue is facilitated through the Country Portfolio Review meetings between the Office of the NAO and relevant ministries and the staff of the EC Delegation, to review projects and programmes, and generally speed up project implementation. A number of interventions with non-state actors have been financed from Stabex resources.

## **7. CONCLUSIONS**

St. Vincent and the Grenadines is facing a difficult economic future. Attempts to diversify out of the banana sector have had only limited success and the promising tourism sector registered a decline in 2001/2. This is increasing an already serious poverty situation. The Government's efforts to avoid a recession and mitigate further loss of employment has led to a deterioration in its fiscal position and a rise in public sector debt to 72 per cent of GDP at the end of 2002. The Government needs to take action to improve its fiscal position and to undertake the structural reforms needed to promote private sector-led growth.

In the context of European Commission financing under the National Indicative Programme for St. Vincent and the Grenadines, education has been given a focal role. Technical assistance for the finalisation of the country's education sector development plan 2002-2007, was jointly funded by the EC and UK DFID in late 2002. Progress with the utilisation of EDF NIP funds has been moderate, with significant delays in the preparation of some projects. The design phase of the major 8<sup>th</sup> EDF project (Community

College) remains to be launched, although some of the 8<sup>th</sup> EDF funds have been used to supplement work on the same Integrated Community College.

St Vincent and the Grenadines notably receives four times more funding from STABEX and SFA instruments than from EDF National Indicative Programme. While there are relatively large amounts of EC aid available for St Vincent and the Grenadines, a proportion of this aid remains under utilised due to a limited possibility to identify and implement large and fast disbursing projects in a small island developing state. This results in delays in drawing down funds and overall disbursement, although progress has been made in that sense in 2002. The SFA programmes for 1999-2001, centered largely on the rehabilitation of the Windward Highway, are due to get underway with the tender for the works contract for Phase 1 being launched in early 2003. SFA 2002 foresees the establishment of a social fund for the provision of basic economic and social services to the poor.

## Annex I Intervention Framework for 9<sup>th</sup> EDF: St. Vincent and the Grenadines

Sector Education	Objectively verifiable indicators	Sources of verification	Assumptions
<p><i>National sector Target.</i></p> <p>To improve the human resource capacity of the labour force.</p> <p><i>Government Sector Commitments</i></p>	<ul style="list-style-type: none"> <li>◆ Increasing the pool of qualified persons for the labour market.</li> </ul> <p>- Adoption of the Education Sector Strategy and the relevant action plan</p> <p>- Respect of the budgetary commitments for the education sector</p> <p>- Monitoring of the drop-outs ratio from primary schools on the basis of the reports by the Ministry of Education</p> <p>- Reporting by the Ministry of Education on the progress made in access to secondary education</p>	<ul style="list-style-type: none"> <li>• MoE Reports,</li> <li>• Statistical Office Reports,</li> <li>• Exam Results,</li> <li>• NIS Reports,</li> <li>• National Census</li> </ul>	<p>Project resources are mobilised for the implementation of the project</p> <p>Under Education, the Secondary Sector remains the target for funds identified</p>
<p><i>Programme purpose:</i></p> <p>To improve quantitatively and qualitatively the access to Secondary Education.</p>	<ul style="list-style-type: none"> <li>• Provide universal access to 5 years of comprehensive education,</li> <li>• Improve the learning and teaching environment at the Secondary level.</li> <li>• Increase the number of persons having access to Secondary level education within the Country.</li> </ul>	<ul style="list-style-type: none"> <li>• MoE Statistical Reports</li> <li>• MTWH Reports</li> <li>• MoE Statistical Reports,</li> <li>• Statistical Office.</li> </ul>	<p>Sound logistical planning allows for programme implementation</p> <p>Sufficient financial and human resources are made available for the development of education</p> <p>A cadre of trained teachers is available to train Persons at the secondary school level.</p>

<p><b>Results:</b></p> <p>Increased Enrolment at Secondary Schools in the Country.</p> <p>Raised Achievement levels of all students.</p> <p>Reduction in the performance gaps between the Urban and Rural Schools.</p> <p>Expansion and physical improvement the Secondary schools environment in the Country.</p> <p>Implementation of a system for the effective and efficient management of schools</p> <p>Review and renew the secondary curriculum</p> <p>Increase the number of trained teachers in the Rural Secondary Schools.</p>	<ul style="list-style-type: none"> <li>◆ Increase enrolment to 75% between the period 2001-2015</li> <li>◆ Reduce drop-out rate at the Secondary level by 90%</li> <li>◆ <b>90% passes in GCE and CXC Exams.</b></li> <li>◆ Increased number persons with Secondary and Tertiary Education in the Labour Force.</li> <li>◆ Increase GCE and CXC passes by 45% in rural Secondary Schools.</li> <li>• <b>21 Secondary Schools physical and operational environment greatly improve.</b></li> <li>• Design life of school building extended.</li> <li>• 100 % trained Professional Secondary Teaching force</li> </ul>	<ul style="list-style-type: none"> <li>• MoE Reports,</li> <li>• Statistical Office Reports,</li> <li>• MoE Reports,</li> <li>• Statistical Office Reports,</li> <li>• MoE Reports, NIS Reports</li> <li>• Statistical Office Reports,</li> <li>• MoE Reports</li> <li>• MoE Reports,</li> <li>• Statistical Office Reports,</li> <li>• MoE Reports,</li> <li>• MTWH Reports</li> <li>• Service Commission Record</li> <li>• MoE Reports,</li> <li>• Statistical Office Reports, NIS Reports</li> </ul>	<p>Government commitments in the education sector and the secondary education sector in particular are met.</p> <p>That the capacity of schools are increased to accommodate the additional secondary school entrants</p> <p>Sufficient resources are allocated for the expansion and proper maintenance and of all Secondary Schools</p>
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<p><i>Activities:</i></p> <p>2. Secondary School Curricula Development. (2004 – 2008)</p> <p>3. Implement Repair/Refurbishment Programme. (2004 – 2008)</p> <p>4. Institutional Strengthening of Ministry of Educational. (2004 – 2008)</p> <p>5. Expand the use of Modern methods of instruction - use of relevant technologies methodologies. (2004 – 2008)</p> <p>6. Provide adequate material and supplies to facilitate the teacher/ learning process. (2004 – 2008)</p> <p>7. Implement Training Programme for Secondary School Teachers. (2004 – 2008)</p> <p>8. Employ an adequate cadre of experienced and trained personnel to meeting the needs of the sector. (2004 – 2008)</p>	<p><b>Means EDF</b></p>	<p><b>EUR 4.5 million</b></p>	<p><i>Final draft of ESSP approved by Government.</i></p> <p><i>Government commitments in the education sector and the secondary education sector in particular are met.</i></p> <p><i>That there continue to be a cadre of trained teachers in the Country.</i></p>
	<p><b>TOTAL BUDGET (XCD)</b> 11.5M</p>		
	<p><b>TOTAL BUDGET</b></p>	<p><b>(EUR) 4.5M</b></p>	

**Annex II Chronogramme of activities – St. Vincent and the Grenadines**

	Indicative total EUR million	Consumption of commitments (all amounts in EUR million)									
		2003/1	2003/2	2004/1	2004/2	2005/1	2005/2	2006/1	2006/2	2007/1	2007/2
NIP 6 <sup>th</sup> /7 <sup>th</sup> /8 <sup>th</sup>	7.1						3.0	1.0	2.0	1.1	
STABEX	35.1	3	3	3	3	3	3	3	3	3	3
<b>NIP 9<sup>th</sup> Co-operation</b>	<b>5.0</b>										
Education	4.5						1.0	1.0		2.0	0.5
<b>Non-Focal Sectors</b>											
Studies, audits, monitoring, contingencies	0.5						0.2			0.3	
<b>TOTAL 9<sup>th</sup> EDF</b>	<b>5.0</b>						1.2	1.0		2.3	0.5
SFA 1999,2000,2001	24.5	0.5	1.75	3	3.5	3.5	3.5	3.5	2.5	2.5	0.25
<b>GRAND TOTAL</b>	<b>71.7</b>	<b>3.5</b>	<b>4.75</b>	<b>6</b>	<b>6.5</b>	<b>6.5</b>	<b>11.9</b>	<b>9.5</b>	<b>7.5</b>	<b>11.2</b>	<b>4.25</b>

**ANNEX III: FINANCIAL SITUATION FOR 8<sup>TH</sup> EDF**  
**STATUS AS AT 31.12.02**

EUR \_\_\_\_\_ 6,500,000 \_\_\_\_\_ NIP

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 01/02-12/02
8 ACP SVG 004	Multi-annual Training Programme	22.09.98	700,000	653,924	93	557,143	80	On going	6,413
8 ACP SVG 007	Learning Resource Center	14.01.02	1,500,000	800,000	53	-	-	On going	-
	<b>Total</b>		<b>2,200,000</b>	<b>1,453,924</b>	<b>66</b>	<b>557,143</b>	<b>25</b>		<b>6,413</b>
	<b>Reserve/Balance</b>		<b>4,300,000</b>						
8 ACP SVG 001	Stabex 1995 - Bananas	15.07.97	13,481,457	13,481,457	100	13,481,457	100	Closed	0
8 ACP SVG 002	Stabex 1996 - Bananas	17.07.97	8,397,816	8,397,816	100	8,397,816	100	Closed	0
8 ACP SVG 003	Stabex 1997 - Bananas	30.06.98	6,419,882	6,419,882	100	6,419,882	100	Closed	0
8 ACP SVG 006	Stabex - Repmnt Agrmnt Art. 195(A)	08.12.00	3,503,427	3,503,427	100	3,503,427	100	To close	0
	<b>Total</b>		<b>31,802,582</b>	<b>31,802,582</b>		<b>31,802,582</b>	<b>100</b>		<b>0</b>
8 ACP SVG 005	Vinlec Power Supply Project - Loan	14.01.99	284,590	284,590	100	284,590	100	On going	0
<b>Non-Prog.</b>	<b>Totals</b>		<b>32,087,172</b>	<b>32,087,172</b>	<b>100</b>	<b>32,087,172</b>	<b>100</b>		<b>0</b>
	<b>GRAND TOTAL</b>		<b>34,287,172</b>	<b>33,541,096</b>	<b>98</b>	<b>32,644,315</b>	<b>95</b>		<b>6,413</b>

**Annex IV: Financial Situation for 7<sup>th</sup> EDF**  
**STATUS AS AT 31.12.02**

EUR	5,400,000	NIP
	59,938	Allocated amounts transferred from Lome II
	89,259	Reserve transferred from Lome II
	<u>5,549,197</u>	

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 01/02-12/02
7 ACP SVG 001	International Trade Fair	27.07.92	8,457	8,457	100	8,457	100	Closed	0
7 ACP SVG 002	Mt Wynne/Peter's Hope Land Resettlement	10.03.93	3,200,000	1,527,925	48	1,262,112	39	On-going	-82,936
7 ACP SVG 004	Kingstown Hospital Development-Ex Lome II	03.12.93	16,521	16,521	100	16,521	100	Closed	0
7 ACP SVG 005	Orange Hill Development - Ex Lome II	03.12.93	36,051	4,080	11	(7,122)	(20)	On-going	-7,122
7 ACP SVG 011	Kingstown Hospital Ph III-Tomlin Voss	08.12.94	149,963	149,963	100	149,963	100	Closed	0
7 ACP SVG 012	Kingstown Hospital Redevelopment Ph III	09.12.94	1,796,704	1,796,704	100	1,796,704	100	Closed	0
7 ACP SVG 017	Design & Production of Tourism Prom. Mater.	10.07.97	96,627	96,627	100	96,627	100	Closed	0
	<b>Total</b>		<b>5,304,323</b>	<b>3,600,277</b>	<b>68</b>	<b>3,323,263</b>	<b>63</b>		<b>-90,058</b>
	<b>Reserve/Balance</b>		<b>244,874</b>						
7 ACP SVG 009	Stabex 1993 - Bananas	27.07.94	5,674,819	5,674,819	100	5,674,819	100	Closed	0
7 ACP SVG 014	Stabex 1994 - Bananas	31.07.95	25,724,865	25,724,865	100	25,724,865	100	Closed	0
7 ACP SVG 015	Stabex - Special Assistance Bananas 1993	25.04.96	173,908	173,908	100	173,908	100	Closed	0
	<b>Total</b>		<b>31,573,592</b>	<b>31,573,592</b>		<b>31,573,592</b>	<b>100</b>		<b>0</b>
7 ACP SVG 013	EIB - Kingstown Port Development	20.02.95	5,000,000	5,000,000	100	5,000,000	100	Closed	0
<b>Non-Prog.</b>	<b>Totals</b>		<b>36,573,592</b>	<b>36,573,592</b>	<b>100</b>	<b>36,573,592</b>	<b>100</b>		<b>0</b>
	<b>GRAND TOTAL</b>		<b>41,877,915</b>	<b>40,173,869</b>	<b>96</b>	<b>39,896,855</b>	<b>95</b>		<b>(90,058)</b>

**Annex V: Financial Situation for 6<sup>th</sup> EDF**  
STATUS AS AT 31.12.02

EUR 7,000,000 NIP

Project Account Number	Project Title	Date of Financing Agreement	Primary Commitments (A)	Secondary Commitments (B)	(B)/(A) %	Payments as at 31.12.02 (C)	(C)/(A) %	Status	Payments During 01/02-12/2
6 ACP SVG 003	TourismDevelopment	07.01.87	173,432	173,432	100	173,432	100	Closed	0
6 ACP SVG 004	Orange Hill Preparation Study	23.04.87	23,000	23,000	100	23,000	100	Closed	0
6 ACP SVG 005	Kingstown Hospital Redevelopment	26.05.87	1,773,518	1,773,518	100	1,773,518	100	Closed	0
6 ACP SVG 009	Orange Hill Development	28.03.88	2,800,000	2,633,436	94	2,540,479	91	On-going	-84,367
6 ACP SVG 013	Bequia Airport Addit Env Study	10.07.89	30,004	30,004	100	30,004	100	Closed	0
6 ACP SVG 014	Bequia Airport Construction	11.10.89	2,000,000	2,000,000	100	2,000,000	100	Closed	0
6 ACP SVG 016	Design & Production of Tourism Prom. Mater.	09.07.97	102,796	102,796	100	102,796	100	Closed	0
6 ACP SVG 017	Design & Production of Tourism Prom. Mater.	10.07.97	3,003	3,003	100	3,003	100	Closed	0
<b>Programmable</b>	<b>Total</b>		<b>6,905,753</b>	<b>6,739,189</b>	<b>98</b>	<b>6,646,232</b>	<b>96</b>		<b>-84,367</b>
	<b>Reserve/Balance</b>		<b>94,247</b>						
6 ACP SVG 002	Emergency Aid-Storms 1986	06.11.86	45,000	45,000	100	45,000	100	Closed	0
6 ACP SVG 006	Emergency Aid-Storms 1987	17.11.87	40,000	40,000	100	40,000	100	Closed	0
	<b>Total</b>		<b>85,000</b>	<b>85,000</b>	<b>100</b>	<b>85,000</b>	<b>100</b>		<b>0</b>
6 ACP SVG 007/8	EIB - Electricity (RC)	09.12.87	1,585,000	1,585,000	100	1,585,000	100	Closed	0
6 ACP SVG 011	EIB - Int Rate Subs-Vinlec	06.01.89	554,281	554,281	100	554,281	100	Closed	0
6 ACP SVG 012	EIB - Industrial Development (RC)	14.12.88	1,000,000	1,000,000	100	1,000,000	100	Closed	0
	<b>Total</b>		<b>3,139,281</b>	<b>3,139,281</b>	<b>100</b>	<b>3,139,281</b>	<b>100</b>		<b>0</b>
<b>Non-Prog.</b>	<b>Totals</b>		<b>3,224,281</b>	<b>3,224,281</b>	<b>100</b>	<b>3,224,281</b>	<b>100</b>		<b>0</b>
	<b>GRAND TOTAL</b>		<b>10,130,034</b>	<b>9,963,470</b>	<b>98</b>	<b>9,870,513</b>	<b>9,954,880</b>	<b>97</b>	<b>-84,367</b>

**Annex VI European Investment Bank – St. Vincent and the Grenadines**

Project Name	Status	Convention	Contract number	Amount signed (m)		Date of signature	Amount outstanding (m)		Beginning Repayment
				OR	RC		OR	RC	
VINLEC	Disbursed	Lome - 2	70466		2,900,000.00	9/7/84		434,064.15	15/6/90
<b>DEVCO</b>	Disbursed	Lome - 3	70742		400,000.00	5/8/88		200,000.00	31/7/09
DEVCO GLOBAL LOAN	Disbursed	Lome - 3	70741		1,400,000.00	5/8/88		377,727.20	31/7/93
VINLEC II	Disbursed	Lome - 3	13750	3,000,000.00		20/12/88	1,145,599.51		31/5/92
	Disbursed	Lome - 3	70768		1,000,000.00	20/12/88		1,000,000.00	30/11/09
KINGSTOWN PORT DEVELOPMENT	Disbursed	Lome - 4	70982		5,000,000.00	14/12/94		3,571,607.86	5/12/98
VINLEC III	Signed	Lome - 4 - Bis	17896	4,000,000.00		29/12/98	3,090,099.49		28/2/02
<b>Total</b>				<b>7,000,000.00</b>	<b>10,700,000.00</b>		<b>4,235,692.90</b>	<b>5,583,399.21</b>	

## **ANNEX VII: 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 to strengthen Fishery products-	€44,860,000
7 <sup>th</sup> EDF Caribbean Trade Sector Programme -	€14,000,000
8 <sup>th</sup> EDF Caribbean Trade Development 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 (CULP)-	€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) -	€ 6,950,000
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 VIII: STABEX AND SFA****Saint Vincent STABEX Programmes****Situation Summary as at 31 December, 2002**

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

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

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

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			CONTRACTE	DISBURSED	
	Original	Interest	Revised	Approved	Pipeline	Total	Available	Contracts	Payments
<b>* STABEX 1994 PROGRAMME</b>									
Banana Productivity Improvements	6,000,000		8,722,031	8,722,031	--	8,722,031	--	8,364,053	8,341,438
Agricultural Diversification	6,000,000		6,700,000	6,700,000	--	6,700,000	--	6,700,000	4,989,042
Diversification of the Economy	8,000,000		8,000,000	3,675,356	--	3,675,356	4,324,645	2,902,182	2,824,697
Rural Development & Social Safety Nets	1,000,000		1,061,439	1,061,439	--	1,061,439	--	1,061,439	724,809
EDF/Programme Management Cordination Unit	2,000,000		2,815,000	2,815,000	--	2,815,000	--	2,651,199	2,251,520
Monitoring & Evaluation	1,000,000		1,000,000	93,668	--	93,668	906,332	93,668	73,671
Reserve	1,724,865		148,426	--			148,426		
1st Protocol Stabex/30/REP.Liv1st Pr./SVG	173,908		173,908	--			173,908		
Interest	--	5,539,343	2,817,312	--			2,817,312		
Total for STABEX 1994 PROGRAMME (9 detail records)	€ 25,898,773	5,539,343	31,438,116	23,067,493	--	23,067,493	8,370,622	21,772,541	19,205,176
<b>Percent</b>			100.0%	73.4%	0.0%	73.4%	26.6%	69.3%	61.1%
<b>* STABEX 1995 PROGRAMME</b>									
Banana Productivity Support	1,000,000		1,000,000	--	1,000,000	1,000,000	--		
Agricultural Diversification	1,500,000		1,500,000	--	1,500,000	1,500,000	--		
Promotion of Economic Diversification	200,000		200,000	200,000	--	200,000	--	130,160	141,496
EDF/PMCU Monitoring & Evaluation	231,457		231,457	218,309	--	218,309	13,148	218,309	212,024
Budgetary Support	10,550,000		10,550,000	7,385,000	--	7,385,000	3,165,000	7,385,000	7,384,972
Interest	--	2,142,870	2,142,870	1,100,000	--	1,100,000	1,042,870	1,100,000	1,100,003
Total for STABEX 1995 PROGRAMME (6 detail records)	€ 13,481,457	2,142,870	15,624,327	8,903,309	2,500,000	11,403,309	4,221,018	8,833,469	8,838,494
<b>Percent</b>			100.0%	57.0%	16.0%	73.0%	27.0%	56.5%	56.6%



## Saint Vincent STABEX Programmes

### Situation Summary as at 31 December, 2002

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

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

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

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
<b>* STABEX 1996/97 PROGRAMME</b>									
Diversification of the Economy	1,000,000		1,000,000	--			1,000,000		
Social & Community Development	500,000		500,000	--			500,000		
Agricultural Diversification	1,800,000		1,800,000	--			1,800,000		
Monitoring, Auditing & Evaluation	817,698		817,698	59,842	--	59,842	757,856	59,842	
Budgetary Support	10,700,000		10,700,000	4,280,000	--	4,280,000	6,420,000	4,280,000	4,279,958
Interest	--	1,945,409	1,945,409	998,160	--	998,160	947,249	998,160	399,267
Total for STABEX 1996/97 PROGRAMME (6 detail records)	€ 14,817,698	1,945,409	16,763,107	5,338,002	--	5,338,002	11,425,106	5,338,002	4,679,225
<b>Percent</b>			100.0%	31.8%	0.0%	31.8%	68.2%	31.8%	27.9%
<b>Grand 35,944,012</b>	<b>Grand 32,722,896</b>	<b>Grand €</b>	<b>54,197,928</b>	<b>9,627,622</b>	<b>63,825,550</b>	<b>37,308,804</b>	<b>2,500,000</b>	<b>39,808,804</b>	<b>24,016,746</b>

# St. Vincent & the Grenadines SFA Programmes

## Situation Summary as at 31 December, 2002

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

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

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

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
<b>* SFA 1999 (B7-8710/856/02)</b>									
Rabacca Palletisation Centre 2 (works, supply, TA)	810,000		810,000	810,000	--	810,000	--	810,000	
West Coast Road Rehabilitation Ph. 1 (works,equip)	4,400,000		4,400,000	4,400,000	--	4,400,000	--	4,400,000	
Regional Technical Assistance	400,000		459,305	459,305	--	459,305	--	459,305	429,748
Contingencies	490,000		430,695	--			430,695		
Interest	--		--	--			--		
Total for SFA 1999 (B7-8710/856/02) (5 detail records)	€ 6,100,000	--	6,100,000	5,669,305	--	5,669,305	430,695	5,669,305	429,748
<b>Percent</b>			100.0%	92.9%	0.0%	92.9%	7.1%	92.9%	7.0%
<b>* SFA 2000 (B7-8710/856/11)</b>									
Rabacca Palletisation Centre 3 (Works, supply, TA)	600,000		600,000	--			600,000		
West Coast Road Rehabilitation 2 (Works, TA)	5,150,000		5,150,000	--			5,150,000		
TRANSIR Study (Consultancy, Equipment)	300,000		300,000	--			300,000		
Regional Technical Assistance	400,000		400,000	400,000	--	400,000	--	400,000	159,412
Interest	--		--	--			--		
Total for SFA 2000 (B7-8710/856/11) (5 detail records)	€ 6,450,000	--	6,450,000	400,000	--	400,000	6,050,000	400,000	159,412
<b>Percent</b>			100.0%	6.2%	0.0%	6.2%	93.8%	6.2%	2.5%
<b>* SFA 2001 (B7-8710/856/..)</b>									
West Coast Road Rehabilitation 3 (Works,TA,Equip)	5,960,000		5,960,000	--			5,960,000		
Regional Technical Assistance	400,000		400,000	--			400,000		
Evaluation and Audit	40,000		40,000	--			40,000		
Interest	--		--	--			--		
Total for SFA 2001 (B7-8710/856/..) (4 detail records)	€ 6,400,000	--	6,400,000	--			6,400,000		
<b>Percent</b>			100.0%	0.0%			100.0%		

# St. Vincent & the Grenadines SFA Programmes

## Situation Summary as at 31 December, 2002

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

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

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

Budget Line	INDICATIVE ALLOCATION			FINANCING COMMITMENTS			Available	CONTRACTE Contracts	DISBURSED Payments
	Original	Interest	Revised	Approved	Pipeline	Total			
<b>* SFA 2002 (B7-8710/856/35)</b>									
Social Fund	4,250,000		4,250,000	--			4,250,000		
Public Sector Support Fund	1,250,000		1,250,000	--			1,250,000		
Regional Technical Assistance	400,000		400,000	--			400,000		
Audit and Evaluation	100,000		100,000	--			100,000		
Contingencies	100,000		100,000	--			100,000		
Interest	--		--	--			--		
Total for SFA 2002 (B7-8710/856/35) (6 detail records)	€ 6,100,000	--	6,100,000	--			6,100,000		
<b>Percent</b>			100.0%	0.0%			100.0%		
<b>Grand 6,069,305</b>	<b>Grand 589,160</b>	<b>Grand €</b>	<b>25,050,000</b>	<b>0</b>	<b>25,050,000</b>	<b>6,069,305</b>	<b>0</b>	<b>6,069,305</b>	<b>18,980,695</b>

## **ANNEX IX: PROJECT SHEETS**

Annual Report

St. Vincent

<b>Project title:</b>	<b>Community College</b>
<b>Accounting number:</b>	8 ACP SVG xxx
<b>Implementing agency:</b>	Ministry of Education, Culture and Women's Affairs
<b>Date of financing agreement:</b>	6/15/02
<b>Date financing agreement expires:</b>	5/ 5/00
<b>Project duration:</b>	Not stated
<b>Value of financing agreement:</b>	€1,500,000

Accounting Situation as	8/20/01	(All figures in Euro)		
<b>Primary commitment in</b>	<b>Secondary commitment in</b>	<b>Disbursed in €</b>	<b>% Disbursed</b>	
€	€			
1,500,000	0	0	N/A	

### **Project overview:**

The overall objective of this project is to improve the human resources base of SVG by improving their secondary and tertiary educational facilities. The government of SVG is currently committed to the creation of an integrated community college, expanding the facilities at an existing 'A-level' Community College at Calliaqua to provide for teacher training, nursing, together with technical and vocational training.

The project consists of the following activities:

- Construction of a Library Resource Centre on the main campus to serve the entire institution.
- Relocating the Teacher Training Division faculty to the main campus to Calliaqua.
- Upgrading and expanding existing programme offerings.
- Provision of equipment, furniture and materials in order to make the facilities operational.
- Provision of technical assistance in the development of appropriate administrative programmes, the planning and development of programmes, operations, the training and development of staff and general design matters.

### **Progress:**

The government has planned the project in modular form so that the first phase (funded from the ongoing regional 7th EDF OECS HRD Tertiary Level Programme) can now proceed to tender.

Financing for a second phase was approved in June 2002.

St. Vincent

<b>Project title:</b>	<b>Kingstown Hospital Phase III</b>
<b>Accounting number:</b>	7 ACP SVG 012
<b>Implementing agency:</b>	Ministry of Finance and Planning & Ministry of Health and Environment
<b>Date of financing agreement:</b>	12/1/96
<b>Date financing agreement expires:</b>	2/ 2/99
<b>Project duration:</b>	26 months
<b>Value of financing agreement:</b>	€1,796,704

Accounting Situation as	8/3/01	(All figures in Euro)		
<b>Primary commitment in €</b>	<b>Secondary commitment in €</b>	<b>Disbursed in €</b>	<b>% Disbursed</b>	
1,796,704	1,796,704	1,796,704	100.0%	

**Project overview:**

The overall objective of the project is to provide improved access to health care services at Kingstown General Hospital, specifically in the field of emergence response capacity.

The overall objective of the project is to provide improved access to health care services at Kingstown General Hospital, specifically in the field of its emergency response capacity.

The project consists of the following activities:

- Construction of a 1,100 m<sup>2</sup> hurricane/earthquake resistant building connected to existing facilities. It will also involve the inclusion of an accident and emergency department, an extension to the outpatients and radiology departments, a new pharmacy and an extension to existing laboratory areas.
- Refurbishment of 580 m<sup>2</sup> of the hospital to augment the OPD and laboratory areas. Refurbishment will also cover the admission/records department, expanded kitchens, administrative areas and maintenance workshops/storage.

**Progress:**

The project is near completion. However, differences of opinion between Government and contractor is preventing handing over.

St. Vincent

<b>Project title:</b>	<b>Mount Wynne/Peter's Hope Land Resettlement</b>
<b>Accounting number:</b>	7 ACP SVG 001
<b>Implementing agency:</b>	Ministry of Finance and Planning
<b>Date of financing agreement:</b>	4/1/96
<b>Date financing agreement expires:</b>	4/ 1/00
<b>Project duration:</b>	4 years
<b>Value of financing agreement:</b>	€3,200,000

Accounting Situation as	6/24/02	(All figures in Euro)		
<b>Primary commitment in</b>	<b>Secondary commitment in</b>		<b>Disbursed in €</b>	<b>% Disbursed</b>
€	€			
3,200,000	1,527,140		1,345,048	88.1%

**Project overview:**

The objective of the project is to provide sustainable improvements in incomes and living standards for the rural communities in the project area.

This project is the third and final phase of a series of initiative conducted in order to strengthen the agricultural sector of SVG. The overall objective is to provide sustainable improvement in incomes and living standards for the rural communities in the project area.

The project will consist of the following activities:

- Divestment of former estate lands and their allocation to landless farmers, establishing 70 leasehold farms of 1.2 to 2.0 ha in size. 10 km of feeder roads should be built, providing access to every plot.
- Increasing crop production and incomes through an integrated programme of planned intensified production and marketing of fruit, vegetables and livestock on smallholdings.
- Stimulating production through improved rural infrastructure and in particular through road improvements, such as the Leeward highway, to allow farmers in the North and Central Leewards to move their produce markets in St. Vincent and the Caribbean region. This will involve the construction of both an agro-processing unit and a craft centre.

**Progress:**

The Financing Agreement expired in July 2000. The Government of St. Vincent decided not to request an extension of the Financing Agreement. A number of studies and a mid term review were implemented as well a selection process for the farmers to be resettled. But the resettlement did not take place and the project did not achieve its original objectives.

St. Vincent

<b>Project title:</b>	<b>Multi-Annual Training Programme</b>
<b>Accounting number:</b>	8 ACP SVG 004
<b>Implementing agency:</b>	Ministry of Finance, Planning and Development
<b>Date of financing agreement:</b>	7/27/98
<b>Date financing agreement expires:</b>	8/ 1/03
<b>Project duration:</b>	5 years
<b>Value of financing agreement:</b>	€700,000

Accounting Situation as	6/13/02	(All figures in Euro)		
<b>Primary commitment in</b>	<b>Secondary commitment in</b>	<b>Disbursed in €</b>	<b>% Disbursed</b>	
€	€			
700,000	655,000	553,000	84.4%	

**Project overview:**

The overall objective of the project is to ensure that the labour force develops the competencies required for increased productivity growth. In particular, the project provides scholarships to produce highly skilled cadres in specialised areas.

The overall objective is to ensure that the labour force develops the competencies required for increased productivity growth.

The primary aim of the project is to produce highly skilled cadres in specialised areas. Scholarships will be provided to candidates being selected on the basis of aptitude and a commitment to serve the SVG government. Training will take place at regional universities (University of West Indies) as well as overseas universities (primarily situated in the UK).

**Progress:**

The project is currently under implementation. Eight scholarships (out of nine originally envisaged) have been awarded so far.

**Project title:** **Banana Production Recovery Plan (Revolving Fund)**  
**Accounting number:** Stabex 1994/01  
**Implementing Agency:** St Vincent & the Grenadines Banana Industry Trust and St. Vincent Banana Growers' Association  
**Date of financing agreement:** 12/1/98  
**Date financing agreement expires:** 12/ 1/01  
**Project duration:** 3 years  
**Value of financing agreement:** €2,123,660

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

Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed
2,123,660	2,123,660	2,123,660	100.0%

**Project overview:**

The project consists of three separate loan programmes: Labour Assistance Loan, Certification Loan, Inputs Loan, which aim to improve the skills base, enable more farmers to meet certification standards, and increase productivity respectively.

The aim of the project(s) is threefold: 1) To allow farmers in the banana industry to undertake targeted farm improvements to improve productivity, 2) To enable more farmers to meet certification standards, 3) To ensure that there is improved productivity, yield and soil fertility on farms. This was to be achieved by the provision of a three separate loans, as above, which were to be administrated by the St. Vincent Banana Growers Association.

**Labour Assistance Loan:-** In particular, this loan would allow for: the rapid clearing of fields and replanting of farms, the establishment of drains and soil conservation measure on farms, the repair of farm infrastructure and building of farm sheds.

**Certification Loan:** In particular, this loan would allow for: increasing certification acreage, farm road improvement, the provision of tractor services for large scale replanting, improving on farm soil drainage, and a soil conservation project.

**Recapitalisation Loan:-** In particular, this loan would allow for: the use of a specialised fertiliser blend, a liming programme based on soil and leaf analysis and the provision of all other agricultural chemicals to farmers.

**Progress:**

All funds disbursed to SVBGA for the Programme. Loans in operation.



**Project Title:** EDF - PMCU Institutional Strengthening  
**Accounting Number:** Stabex 1994/19/21/20/24-26  
**Implementing Agency:** Ministry of Planning  
**Date of Financing Agreement:** 11/1/00  
**Date Financing Agreement expires:** 11/ 1/01  
**Project duration:** 1 year  
**Value of Financing Agreement:** €2,204,636

Accounting Situation as 8/3/01 (All figures in Euro)

<b>Primary commitment</b>	<b>Secondary commitment</b>	<b>Disbursed</b>	<b>% Disbursed</b>
2,204,636	2,268,417	1,802,316	79.5%

**Project overview:**

This is in fact a component of the Support Services to the National Authorising Officer project.

**Progress:**

**Project title:** European Development Fund/Programme Management & Co-ordination Unit (EDF/PMCU)

**Accounting number:** Stabex 1994/05

**Implementing Agency:** Ministry of Finance & Planning

**Date of financing agreement:** 12/1/99

**Date financing agreement expires:** 12/1/01

**Project duration:** 2 years

**Value of financing agreement:** €1,500,000

Accounting Situation as	6/24/02	(All figures in Euro)		
<b>Primary commitment</b>	<b>Secondary commitment</b>	<b>Disbursed</b>	<b>% Disbursed</b>	
1,500,000	2,268,581	1,779,521	78.4%	

**Project overview:**

The aim of this project is to assist the NAO/EDF in achieving the efficient programming and disbursement of financial and technical resources provided by the European Union to GOSVG.

The overall objective of the project is to assist the NAO/EDF in achieving the efficient programming and disbursement of financial and technical resources provided by the European Union to GOSVG.

The project consists of the following activities:

- Identification, preparation and monitoring of Stabex projects and programmes.
- To act as secretariat to the Stabex Committee.
- Preparation and launch of tender dossiers
- Provide technical assistance to line ministries in project cycle management, development and monitoring of NIP, RIP, SFA and other EU-funded programmes.
- Provision of assistance with other sector studies, country papers, and with the negotiation of FMO's and other agreements.

**Progress:**

The third work plan is under implementation. Changes in the personnel structure made necessary to establish Rider 1 to the Financing Agreement.

**Project title:** Labour Intensive Road Maintenance Programme (LABIRMP)

**Accounting number:** Stabex 1994/11

**Implementing agency:** PIU, Ministry of Transport, Works & Housing

**Date of financing agreement:** 08/01/98

**Date financing agreement expires:** 08/01/01

**Project duration:** 2/3 years

**Value of financing agreement:** €1,500,000

Accounting Situation as	8/7/01	(All figures in Euro)		
<b>Primary commitment</b>	<b>Secondary commitment</b>	<b>Disbursed</b>	<b>% Disbursed</b>	
1,500,000	1,495,340	1,594,649	106.6%	

**Project overview:**

The aim of this project is to improve the economic infrastructure of SVG. The particular aim is to implement a programme of road rehabilitation (7.1 km in total) and secure maintenance for the minor road network in rural areas of the country .

The overall objective of this project is to improve the economic infrastructure of SVG. The particular aim is to implement a programme of road rehabilitation (7.1 km in total) and secure maintenance for the minor road network in rural areas of the country (Phase 1 nine project roads).

The project consists of the following activities:

- Establishment of a PIU and preparation of an Interim Work Plan and detailed TOR for the TA.
- Recruitment of a TA; procure equipment; recruit staff for PIU.
- Preparation and award of contracts for minor road upgrading.
- Update and improve the road maintenance database.
- Supervise contract implementation and the payment of contractors.
- Implement training programmes.

**Progress:**

In order to prepare this project, Mott MacDonald were recruited after a tender procedure, to provide an engineer to prepare a Financing Proposal and design the maintenance programme. The PIU was established early in 1999 and the first Work Plan was approved in March 1999. Implementation of the project thus commenced in June 1999. Initial progress was slow, but to date the Project Manager has received overseas training in road rehabilitation, the database has been set up and the quality of works on the roads rehabilitated is deemed to be of above fair. As of July 2001, all 9 roads designated for rehabilitation under the programme are complete, however, certain problems still exist with regard to maintenance of the road inventory and condition databases, as with the preparation of the Road Maintenance manual.

<b>Project title:</b>	<b>NDF/Provision of Small and Micro-Business Credit and TA (POSTMICATA)</b>
<b>Accounting number:</b>	Stabex 1994/17
<b>Implementing agency:</b>	National Development Foundation (NDF)
<b>Date of financing agreement:</b>	8/1/98
<b>Date financing agreement expires:</b>	8/ 1/03
<b>Project duration:</b>	5 years
<b>Value of financing agreement:</b>	€1,980,000

Accounting Situation as	8/3/01	(All figures in Euro)		
<b>Primary commitment in €</b>	<b>Secondary commitment in €</b>	<b>Disbursed in €</b>	<b>% Disbursed</b>	
1,980,000	834,539	952,413	114.1%	

**Project overview:**

The aim of the project is to provide ready access to credit and technical assistance for small and micro-businesses in SVG. This will promote self-employment, contributing to economic and social development, especially among the young.

The overall aim of this project is to provide more favourable economic conditions for the development of the private sector in St. Vincent and The Grenadines. In particular, the aim is to provide ready access to credit and technical assistance for small and micro-businesses in SVG. This will promote self-employment, contributing to economic and social development, especially among the young.

The project consists of the following activities:

- Establishment of a Project Implementation Unit.
- Preparation and approval of Work Plans (aim of 120 loans a year).
- Development of specific programme to assist the micro-business sector.
- Recruitment of additional experienced staff.
- Upgrading of Internal Procedures and Management Control Systems.
- Development and implementation of a Strategic Marketing Plan.
- Formation of strategic alliances by networking with other agencies.
- Monitoring of small and micro-business loans.

**Progress:**

St. Vincent

<b>Project title:</b>	<b>Rolling Scholarship and Training Programme</b>
<b>Accounting number:</b>	Stabex 1995/10 (Interest)
<b>Implementing agency:</b>	Ministry of Education
<b>Date of financing agreement:</b>	8/1/99
<b>Date financing agreement expires:</b>	8/ 1/01
<b>Project duration:</b>	2 years
<b>Value of financing agreement:</b>	€1,100,000

Accounting Situation as	8/20/01	(All figures in Euro)		
<b>Primary commitment in</b>	<b>Secondary commitment in</b>	<b>Disbursed in €</b>	<b>% Disbursed</b>	
€	€			
1,100,000	0	0	N/A	

**Project overview:**

The project aims to provide scholarships in tertiary fields, at regional and European universities, which will help develop a well-educated and motivated cadre of students.

The overall objective of the project is to improve the human resources base of SVG. In particular, it aims to provide scholarships in tertiary fields, at regional and European universities, which will help develop a well-educated and motivated cadre of students.

The project consists of the following activities:

- Provision of additional regional undergraduate scholarships.
- Provision of undergraduate scholarships to mature students.
- Provision of addition post graduate scholarships, over and above those available in the 8th EDF Multi-annual Training Prog.
- Provision of scholarships to people with the necessary commitment and self discipline to undertake post graduate training courses under distance learning modalities which are in line with national development objectives.
- Provision of a number of short-term training courses of one to three months duration, which are in line with national training needs.

**Progress:**

By the end of 2000, twenty-one (21) awards were made.

St. Vincent

<b>Project title:</b>	<b>Small Enterprise Development Unit (SEDU)</b>
<b>Accounting number:</b>	Stabex '95
<b>Implementing agency:</b>	Ministry of Trade and Industry
<b>Date of financing agreement:</b>	11/1/99
<b>Date financing agreement expires:</b>	11/ 1/02
<b>Project duration:</b>	3 years
<b>Value of financing agreement:</b>	€750,000

Accounting Situation as	8/7/01	(All figures in Euro)		
<b>Primary commitment in €</b>	<b>Secondary commitment in €</b>	<b>Disbursed in €</b>	<b>% Disbursed</b>	
750,000	750,000	0	0.0%	

**Project overview:**

The overall aim of the project is to increase economic growth and employment. This is to be achieved by the recruitment of staff and the establishment of a small enterprise development unit. The overall aim of the project is to increase economic growth and employment.

Recruit staff and establish SEDU; carry out SME survey and develop database; review policy/regulation framework and recommend improvements; set up Small Business Advisory Service & Library; design training modules; develop and co-ordinate long term training and TA programme; carry out marketing study; develop programme for dissemination of market intelligence.

**Progress:**

The Unit has been established. The programme is to be integrated with the Agricultural Diversification Project.

St. Vincent

**Project title:** Stabex 1995 - Budget Support (PSIP)**Accounting number:** SVG/95/05/1**Implementing agency:****Date of financing agreement:** 1/1/97**Date financing agreement expires:** 1/ 1/06**Project duration:** 3 years**Value of financing agreement:** €XXXXX

Accounting Situation as 6/13/02 (All figures in Euro)

Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed
XXXXXXXX	XXXXXX	XXXXX	XXXXX

**Project overview:**

According to the Frameworks of Mutual Obligations (FMOs), that governs the Stabex 1995 programme, these funds are targeted to specific capital investments within the overall national Public Sector Investment Programme (PSIP).

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

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

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

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

**Progress:**

Under the Stabex-95 programme over EC\$ 21 million has been transferred in two tranches to the account of the Government of St. Vincent. About EC\$ 11 million, or 53% of the total of the first two tranches, have been actually spent on projects and programmes. Through the 2001 budget another EC\$ 14.6 million has been indicated to be funded from the Stabex-95 PSIP programme (see Table 2.4). Together, spent and committed, they add up to EC\$ 25.9 million or far above (121%) the funds transferred so far, or to 91% of the total Stabex-95 PSIP allocation. In other words the funds available The Government has committed itself through these FMOs to formulate and implement the programmes defined. This should be evidenced by presenting to the European Commission (the Delegation in Barbados) the programmes and reports on the progress made under these programmes.



St. Vincent

**Project title:** Stabex 1996/97 - Budget Support (PSIP)**Accounting number:** SVG/97/05/2**Implementing agency:****Date of financing agreement:** 1/1/97**Date financing agreement expires:** 1/ 1/06**Project duration:** 3 years**Value of financing agreement:** €xxxxxxx

Accounting Situation as 6/13/02 (All figures in Euro)

Primary commitment in €	Secondary commitment in €	Disbursed in €	% Disbursed
xxxxxxx	xxxxxxx	xxxxxxx	40.0%

**Project overview:**

According to the Frameworks of Mutual Obligations (FMOs), that govern the Stabex 1996/97 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. In addition they aim at raising capacities of communities with a view to give them a key role in their own development. Institutional strengthening is aimed at support to public and private sector institutions, among others through technical assistance. In this context the FMO Stabex-95 allocates funds to a project 'Institutional Strengthening Public Institutions', whereas the FMO for Stabex-96/97 allocates a substantial share of the total funds available to a Technical Assistance programme.

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

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

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

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

**Progress:**

**Project title:** **Stabex Fast Track Irrigation Project (STAFTIP)**  
**Accounting number:** Stabex 1994/09  
**Implementing agency:** Irrigation Management Unit (Central Water and Sewerage Authority (CWSA) until mid 2001)  
**Date of financing agreement:** 7/1/98  
**Date financing agreement expires:** 7/ 1/01  
**Project duration:** 3 years  
**Value of financing agreement:** €6,700,000

Accounting Situation as 6/24/02 (All figures in Euro)		Disbursed in €	% Disbursed
Primary commitment in €	Secondary commitment in €		
6,700,000	6,700,000	3,176,691	47.4%

**Project overview:**

The overall aim of the project is to make the SVG banana industry competitive in the world market by improving on-farm production and quality through the introduction of irrigation and other technological improvements

The overall aim of the project is to make the SVG banana industry competitive in the world market by improving on-farm production and quality through the introduction of irrigation and other technological improvements.

The project consists of the following activities:

Phase 1: Supply and installation of materials and equipment on 400 acres at Rabacca Farms. The construction of an intake (Dam) and access road, and the supply and installation of a transmission pipeline. The intake, road and transmission pipeline are the responsibility of the CWSA. Replanting 25% of the project area with high yielding, short stature meristem propagated plants. The institutional development of a CWSA Irrigation department through the strengthening of the PIU at CWSA HQ.

Phase 2: Setting up a system of irrigation 280 acres in Colonaire/Bynea, Grand Sable, Collins (2) and Sans Souci.

Phase 3 Setting up a system of irrigation a further 560 acres at Grand Sable (60), Dixon/Langley Park (100) and Tourama (400).

**Progress:**

The completion of phases I and II took place in May 1999 and mid 2000 respectively. Phase III started in May 2002. Expected completion date of this phase and project as a whole is December 2002. In areas completed under previous project (STEBIP) yields have increased significantly, and it is expected that the samemay be achieved in the areas to have been put under irrigation in connection with this project.

Farmer organisation into Water User Groups has commenced, with one group established so far.

**Project title:** Water Resources Assessment Study for SVG\*  
**Accounting number:** Stabex1994/xx  
**Implementing agency:** Central Water and Sewerage Authority (CWSA)  
**Date of financing agreement:** 6/1/99  
**Date financing agreement expires:** 8/ 1/00  
**Project duration:** 14 months  
**Value of financing agreement:** €500,000

Accounting Situation as 8/20/01 (All figures in Euro)		Disbursed in €	% Disbursed
Primary commitment in €	Secondary commitment in €		
500,000	0	0	N/A

**Project overview:**

The aim of the project is to provide decision-makers in the Government of St. Vincent and the European Commission with a coherent country strategy for water resource

The aim of the project is to provide decision-makers in the Government of St. Vincent and the European Commission with a coherent country strategy for water resource development. It should also strengthen the country's capacity to implement its national water resources development programmes within other broader planning frameworks.

The study will deliver the following:

- Background information on water resources, in particular, carrying out a survey of ground water resources, with special emphasis being placed on the Tourama area.
- Definition of water resource issues (constraints and opportunities).
- Definition of priority areas for development and their assessment.
- Definition of mechanisms for improving cooperation between the different agencies involved in planning and developing the use of water resources.
- The procurement and installation of hydrometric equipment, and the establishment of a monitoring system and network.
- Definition of policy and operational constraints, which need to be resolved before the strategy can be implemented.
- Recommend further action to be taken (possibly an outline for a project).

**Progress:**

Tender was cancelled as irregularities occurred with regard to the compilation of the TOR. Additional items were added to the TOR during the tender process. This made comparison of tenders impossible.

Process was re-launched in early 2002. NAO requested an Article 302 procedure to contract a consultant to compile a useful TOR and Tender Dossier.

St. Vincent

**Project Title:** SFA 1999 - Reception and Palletisation Centre 2 (RAPCEN 2)

**Accounting Number:** SVG/SFA/1999/2

**Implementing Agency:** Banana Industry Trust of St. Vincent

**Date of Financing Agreement:** 13/09/00

**Project Duration:** 3 years

**Date Financing Agreement Expires:** 13/03/06

**Value of Financing Agreement:** €810,000

**Accounting Situation:** All figures in EUR (as of 10/04/03)

Primary Commitment	Secondary Commitment	Disbursed	% Disbursed
810,000	4,820,000	0	0.0%

**Project overview:**

The overall objective of the project is to promote increases in banana production by installing a Reception and Palletisation Centre at La Croix in the Marriaqua Valley.

This will allow for the efficient packing, grading and palletisation of fruit in the Mesopotamia Valley, where a majority of small, rain fed banana farmers in St. Vincent are.

RAPCEN-2 will be designed to handle a total of 400 tons per week from the banana producing districts of Marriaqua, Greggs and Lauders, where a large percentage of certified growers are based. It will involve the construction of a steel framed, prefabricated structure, built to Caribbean earthquake standards. A small amount of equipment for inspecting, grading and palletisation of bananas will be procured for installation within the Centre. The project will improve the quality of bananas for export, as it will promote better post harvest handling.

Part of the allocation for the RAPCEN will be used to strengthen the administrative arm of the Banana Industry Trust, to enable it implement this project effectively.

The Government contribution of XCD 265,275 (EUR 100,000) will finance the necessary land acquisition.

**Progress:**

The detailed design of the facility has been completed, and the consultant (TVA Consultants, BAR) is finalising the Tender Dossier. It is expected that the tender will be launched in the first semester of 2003.

**Project Title:** SFA 1999 - Windward Highway Rehabilitation -  
**Accounting Number:** SVG/SFA/1999/1  
**Implementing Agency:** Ministry of Transport, Works and Housing (MTWH),  
 pwds@caribsurf.com  
**Date of Financing Agreement:** 13/09/00  
**Project Duration:** 3 years  
**Date Financing Agreement Expires:** 13/03/06  
**Value of Financing Agreement:** €4,830,000  
**Accounting Situation:** All figures in EUR (as of 10/04/03)

Primary Commitment	Secondary Commitment	Disbursed	% Disbursed
4,830,000		4,820,000	0
			0.0%

**Project overview:**

The overall objective of the project is the establishment of physical and economic infrastructure to encourage and facilitate diversification of the economy of St. Vincent, especially with regard to rural income generation and the tourism sector.

The project purpose is to support rehabilitation of the Windward Highway - Phase I (Georgetown to Diamond).

The project will result in a rehabilitated section of the first phase of the Windward Highway. The EC contribution will finance a section of about 7 km. The Government of St. Vincent and the Grenadines has secured a loan from the CDB for the remaining part of

**Progress:**

The detailed design of works and preparation of the Tender Dossier has been completed by the consultant (Mouchel, UK). Pending approval of the Tender Dossier and design by the Commission Services in Brussels, it is expected that the tender (open national/regional) will be launched in early 2003.