



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

**COOPERATION
between
THE EUROPEAN UNION
and
ST. VINCENT AND THE GRENADINES
JOINT ANNUAL REPORT 2003**

In conformity with Article 81 of
The Cotonou Agreement

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	3
2. THE GOVERNMENT'S POLICY AGENDA.....	3
3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION.....	4
3.1 MILLENNIUM DEVELOPMENT INDICATORS	4
3.2 POLITICAL SITUATION.....	4
3.3 ECONOMIC PERFORMANCE	5
3.4 REGIONAL INTEGRATION AND TRADE POLICY	5
3.5 ACHIEVEMENTS IN THE SOCIAL SECTORS	6
3.6 ENVIRONMENT.....	7
3.7 FUTURE CHALLENGES AND PROSPECTS	7
4. OVERVIEW OF PAST AND ONGOING EC CO-OPERATION.....	8
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	10
4.4 OTHER INSTRUMENTS	10
5. PROGRAMMING PERSPECTIVE FOR THE FOLLOWING YEARS	14
5.1 INTEGRATION OF NEW EC/EU POLICY INITIATIVES AND COMMITMENTS.....	15
5.2. PROPOSAL ON A REVIEW AND ADAPTATION OF THE CSP	15

ANNEXES

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

1. EXECUTIVE SUMMARY *

The economy of St. Vincent and the Grenadines improved slightly in 2002 and 2003, after a weak economic performance in 2001 attributed to the global economic slowdown, weak banana production and the effects of the September 11th attack. The projected growth of 2.2 per cent of GDP in 2003 reflected the expanded activity in tourism industry and manufacturing and construction sectors as public sector projects were implemented. The fiscal performance of the Government is projected to have improved from a deficit of 3.6 per cent of GDP in 2002 to 2.7 percent in 2003. However, capital expenditure is likely to increase, along with the implementation of the public sector investment programme (PSIP).

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 9th 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.

EC funds from National Indicative Programme resources under the 6th, 7th and 8th EDF funds total €18.4 million. Funds under STABEX totaled €70 million in the period 1993 – 1997, while funds allocated under the Special Facility of Assistance (SFA) totaled € 31 million in the period 1999-2003. The total active aid portfolio for St. Vincent and the Grenadines in 2003, including EDF, Stabex and SFA balances stands at €113.4 million. The total payments under these instruments amounted €5.5 million in 2003. New global commitments in 2003 under EDF programme amounted €12.1. A decision on approval of SFA 2003 allocation, €6.1 million, was made in 2003.

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. In the 2004 budget release, the Government announced that 17 percent of the budget is to be directly linked to the development of the Education sector. An interim Poverty Reduction Strategy Paper has been completed for St. Vincent and the Grenadines with the support from the OECS Secretariat.

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

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

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	2001
1. Life expectancy at birth	69.6	73.8
2. Adult literacy rate (%)	88.9	88.9
3. Combined primary, secondary and tertiary gross enrolment ratio (%)	58	58
4. Maternal mortality ratio – per 100,000 live births	43	43
5. Immunization against measles – one year old (%)	87	98
6. AIDS incidence rates per 100,000 (1998)	37.8	N/A
7. Infant mortality rate – per 1,000 live births	21	22
8. Under five mortality rate – per 1,000 live births	24	25
9. Infants with low birth weight (%) 95-2000	10	10
10. Access to improved water sources (%)	93	93
11. Public education expenditure – (% of GNP)	6.3 (95-97)	9.3 (98-00)

Source: Human Development Report 2002 and 2003, OECS Human Development Report 2002

Indicators above are selected on the basis of their availability, importance and relevance to the EC cooperation under the 9th 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, and in mid-2003 from the Financial Action Task Force's (FATF) list of non-cooperative countries and territories in the fight against money laundering. A constitutional review has been launched in St. Vincent and the Grenadines, but the progress of the review process after the initial consultations has been slow.

3.3 Economic Performance

Following weak economic activity in 2001, the economy experienced a growth of 1.4 percent of GDP in 2002 and the projections point to a further growth of 2.2 per cent of GDP in 2003, attributed to the expanded activity in tourism, manufacturing and construction sectors. The Central Government realized a current account surplus of XCD 12.4 million during the first six months of 2003. Government current expenditure fell by 0.1 percent, to XCD 66.6 million, while capital expenditure and net lending grew by 4.6 percent to XCD 16.2 million, associated with the implementation of the PSIP. Despite a decline of 3.3 percent in tax revenue in first six months of 2003, the taxes from international trade and transactions increased. The Government overall fiscal position is estimated to have improved in 2003 to 2.7 per cent of GDP from 3.6 per cent in 2002. However, the debt to GDP is projected to have increased from 72 per cent of GDP in 2002 to 76 per cent in 2003, with the external debt component being 51 per cent. The unemployment rate remained very high, at over 20 per cent.

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, the output fell again by 45.6 per cent to 5,018 tonnes during the period January to June 2003, in contrast to the 40.1 per cent increase in the corresponding period in 2002. Prospects for the sector remain difficult, given the erosion of trade preferences.

After a fall in tourism arrivals in 2001 and 2002, total visitor arrivals were estimated to have increased by 4.8 per cent to 47 073 during the first six month in 2003, compared to the same period in 2002. The manufacturing sector improved, largely attributed to increases in the production of galvanized sheets, flour and animal and poultry feeds. The construction sector was driven largely by several public sector projects that were implemented in 2003. The offshore sector has been projected to recover, from the sharp decline in 2002 resulting from improved reputation and strengthened supervisory environment.

The Government made progress in 2003 in improving public sector governance, restructuring the banana sector, strengthening the financial sector and building consensus for difficult policy issues. 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 CARICOM 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. 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. 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 80 out of 175 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 focused 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.

Health: The health situation in St. Vincent and the Grenadines is relatively good, the life expectancy being 73.8 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. Implementation of the Plan has commenced, and a multi-country Aids Programme is developed with assistance of the World Bank.

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 females 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. Vincent and the Grenadines, which has reached the final stages of the demographic transition, demonstrating low fertility and mortality rates. Although the emigration from St. Vincent and the Grenadines has decreased from -17.4/ 1000 population in 1990 to estimated -7.66/ 1000 population in 2003, St. Vincent and the Grenadines continues to be a major source of intra regional migrants. The main destinations for emigration have been Trinidad and Tobago, Virgin Islands (UK) and USA. The established OECS Economic Union is expected to have further influence on intra regional migration flows. Loss of the skilled labour force needed for economic growth is a challenge for the OECS countries experiencing heavy emigration.

3.6 Environment

The biological resources in St. Vincent and the Grenadines, 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 countries' natural resources greatly influences to their prospects for social and economic development.

3.7 Future Challenges and Prospects

The overall economic growth in 2003 is projected at around 2 per cent of GDP but the future growth depends largely on the recovery of the global economy. The economy also needs 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.

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. However, further increases in Government expenditure are projected for 2004.

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.

The total active aid portfolio for St. Vincent and the Grenadines in 2003, including EDF, Stabex and SFA balances stands at €113 million. The total payments under these instruments amounted €5.5 million in 2003. New global commitments in 2003 under EDF programme amounted €12.1. A decision on SFA 2003 allocation, €6.1 million, was made in 2003.

4.1 European Development Fund – Focal Sectors

4.1.1 9th 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 9th 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 financed early 2003 a consultancy team to prepare more detailed plans for the intervention in the education section. The Financing Proposal for the programme was approved by the EDF Committee in November 2003 and the Financing Agreement is to be signed by the Government of the St. Vincent and the Grenadines. The Logframe for the programme is presented in Annex 1.

4.1.2 8th 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 7th EDF Regional OECS Tertiary Level Education Project (EUR 558,000) and EUR 1.5 million of the 8th EDF allocation for the construction of a Learning Resource Centre at the Community College. The Financing Agreement was approved in 2002. The remainder of the 8th EDF funds (€3.6 million) is to be used to further upgrade the Community College.

A Learning Resource Center is currently under construction and is approximately 50% completed. Tender for the design, preparation and review of Tender documents of an expansion (Phase 3), which is to include laboratories, lecture rooms, cafeteria, teachers lounge and student union hall is projected to commence within the first or second quarter of 2004.

4.1.3 7th 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.

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

9th EDF: 10 % of the Indicative Programme, or € 0.5 million, has been earmarked for studies, audits and technical assistance under the Technical Cooperation Facility (TCF). Financing proposal for the TCF was prepared in December 2003 and the Facility is expected to be operational by May 2004. The “B” allocation for St. Vincent and the Grenadines is €16 million.

8th 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. Financing Agreement for the programme was signed in 2003 and the first work programme is ongoing.

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 9th 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 9th EDF allocation. Instead, it was agreed that non-state actors should as far as possible be involved in the design and implementation of the project in the focal sector 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. 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 has still not been 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 programme is still envisaged which will ensure that the institutional aspects of the first two irrigation

projects are fully addressed. The reception and palletisation centre (RAPCEN) at Langley Park, is now playing an active role 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 still in the process of being designed. 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. This programme will finish implementation early 2004. A brief status of Stabex finances, as of 31 December 2003, is provided in the following table, a detailed breakdown is provided in Annex XI.

Funding year	Total Funds¹	Payments in 2003	Payments in total	Balance
Stabex 1993	6,450,619	419,748	5,762,547	688,072
Stabex 1994	31,547,407	1,327,405	19,987,414	11,559,993
Stabex 1995	15,732,938	3,255,070	12,093,564	3,639,374
Stabex 1996/97	16,987,467	299,451	4,978,676	12,008,791
TOTAL	70,385,460	5,301,674	42,822,201	27,896,230

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. Interest of € 274,473 has been earned on those funds.

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. € 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

¹ Including interest

(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 the tender for the works was launched in the third quarter of 2003. The contract for works was awarded and work is ongoing. Similarly the tender for the RAPCEN at La Croix was launched in last quarter of 2003 and an award of contract is expected in early 2004. 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 first half of 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 VIII.

Funding year	Allocation	Payments in 2003	Payments in total	Balance
SFA 1999	6,100,000	-	429,748	5,670,252
SFA 2000	6,450,000	78,725	238,137	6,211,863
SFA 2001	6,400,000	-	-	6,400,000
SFA 2002	6,100,000	-	-	6,100,000
SFA 2003 ²	6,100,000			6,100,000
TOTAL	31,150,000	78,725	667,885	30,482,115

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.

4.4.3 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 7th EDF RIP has a global envelope of EUR 105 million while the 8th EDF RIP has EUR 90 million available. Discussions on the programming of the 9th EDF RIP have led to the decision that the focal sector for support will be regional economic integration and integration into the world economy, for which an envelope of EUR 57 million is available.

St. Vincent and the Grenadines has benefited from the construction of the airport on the island of Bequia through the 6th EDF regional programme. The airport has provided new

² pending signature of the Financing Agreement

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 7th & 8th EDF CRIP from which St Vincent and the Grenadines has benefited are presented in Annex VII.

4.4.4 Thematic Budget Lines

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

4.4.5 Support from All ACP facility

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 has been designed for the Caribbean region, which is expected to commence early 2004.

In addition, €1.4 million has been provided for the OECS and Pacific from a € 10 Million All-ACP Facility to Support ACP integration in the Multilateral Trading System. Further € 0.76 million from € 20 million All-ACP Support Programme for Economic Partnership Agreement Negotiations (EPA), has been approved to support Caribbean Negotiating Machinery to participate in EPA negotiations. Other All ACP programmes in the Caribbean region are presented in Annex VIII.

4.4.6 European Commission Humanitarian Aid Office (ECHO)

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

4.4.7 European Investment Bank (EIB)

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. EIB funded programmes are presented in Annex IX.

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 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 X.

4.4.9 Centre for the Development of Agriculture (CTA)

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

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 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. Continuation of support for economic diversification, including tourism, agriculture, private sector development and human resources development through the Stabex and SFA instruments;
4. Continuation of 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.

5.1 Integration of new EC/EU policy initiatives and commitments

90 per cent, EUR 4.5 million, of the A-allocation of the 9th EDFNIP, will be allocated to the focal sector support, while the remaining 10 per cent will be used under Technical Cooperation Facility (TCF) to fund Technical assistance, training and conferences. Due to full programming of funds, new items or commitments are not foreseen under 9th EDF support. However, as regards the new EC/EU policy initiatives and commitments that have impact on third countries, Trade and Development, including preparedness to the trade negotiations and trade liberalization is of increasing importance to St. Vincent and the Grenadines. Currently the EU support has been allocated to trade related issues through OECS and CARIFORUM Regional Trade and Private Sector Development Programmes.

St. Vincent and the Grenadines has benefited from specific budget lines as presented in chapter 4.4.4 and needs for support exist especially in the area of environmental protection. While the OECS countries are multi-party democracies, there are needs to strengthen the technical capacity in developing and maintaining databases on entitled voters in the countries.

5.2. Proposal on a review and adaptation of the CSP

The Financing Proposal of the 9th EDF focal sector support, namely the Education programme was approved by the EDF Committee in November 2003. Revision of the planned support to the education sector development is not foreseen. The Logical

Framework for the focal sector programme including target indicators to 2003- 2005 was refined late 2003 and it will form the basis for the Mid Term Review in 2004.

The effective implementation of the activities in the focal area of 9th 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.

Chapter 6 - Conclusions

- Within the MTR exercise, the main recommendations produced by the European Commission's Country Team, iQSG, ISC and EDF Committee were to enhance the involvement of Non State Actors and to better address environmental issues within the EU/St. Vincent & the Grenadines cooperation process.
- To this effect, St. Vincent & the Grenadines' **environment** still requires the establishment of a proper management system with broader stakeholder support, involvement and accountability within an efficient framework able to ensure timely execution of recommendations (cited as problematic in the past), and the need for an extensive public awareness campaign. A Country Environmental Profile will be provided by the Government of St. Vincent & the Grenadines and will be attached to the present Joint Annual Report.
- With the aim of strengthening **civil society** involvement in EU/ St. Vincent & the Grenadines development partnership, a non state actor (NSA) advisory panel, representative of St. Vincent & the Grenadines' civil society, will be established by the Government of St. Vincent & the Grenadines 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. Vincent & the Grenadines.

The Government of St. Vincent & the Grenadines will undertake a mapping study on NSAs and produce recommendations for an appropriate advisory panel, by also taking into consideration existing NSA structures.

- **The choice of education as the focal sector was confirmed:** the Financing Proposal of the 9th EDF focal sector support was approved by the EDF Committee in November 2003. The effective implementation of the activities in the focal area of the 9th EDF, was conditional to the adoption of the Education Sector Strategy Plan, the adoption of the relevant action plan and budgetary commitments for the education sector, which are on track. In these circumstances, revision of the planned support to the education sector development did not seem justified.
- **The overall performance of the NAO PMCU** created in March 1997, is relatively satisfactory. The Government has taken on board recommendations

made by the 2004 Monitoring report regarding the efficiency of the PMCU services in order to improve project implementation. In particular, a unit has been established within the office of the NAO in view of strengthening coordination with implementing Ministries. The results from the recently completed 2002-2003 work programme show already improvements. The Delegation, in close cooperation with the NAO, is in the process of appropriately addressing these issues within the context of the extension of the PMCU project.

- The **overall assessment** of St. Vincent & the Grenadines **in terms of financial performance, sectoral performance and ‘special considerations’** (such as progress in institutional reforms and towards poverty reduction) under the 8th and 9th EDFs has been adequate. Approximately 63% of the A envelope allocation has been committed by 2003. With the signature of the Financial Agreement of the TCF facility (€ 500.000) and the FP for the Community College (a €3.2M project expected to be approved by March 2005), the rate of commitments should reach 100%. This marks a clear improvement in performance. In this context, the Government aims to significantly increase the implementation rate of the capital budget, from the current level of approximately 40% to a target rate of XX%.
- Given the understanding with the Government that it will take the necessary measures recommended by the recent monitoring report to increase the efficiency of the PMCU and improve performance and considering future perspectives for requests from FLEX, the Commission proposed to increase the A envelope allocation by a transfer of €4 million from the “B-Envelope” allocation into the “A-Envelope. Future eligibility for FLEX funds should result in the absorption of most of the remaining available funds of the B-Envelope.

This B to A envelope transfer, without revision of the focal area, will allow for additional support to the country’s pressing economic diversification in an effort to: a) lessen the dependence on agriculture and increase the level of exports; b) build the human capital by raising the educational attainment of the population.

- Key perspectives for the future: both sides have agreed to use the additional funds in order to support the **education sector** (following review of the sector plan) and to explore the most appropriate implementation modality.

Regarding new EC/EU policy initiatives and commitments that have impact on third countries: Trade and Development, international competitiveness (including preparedness to the trade negotiations and trade liberalization) is of increasing importance and will be addressed under other instruments, different from the NIP.

- About €20 million of uncommitted **STABEX** funds need to be reprogrammed.

Annex I: Intervention framework 9th EDF- Grenada Annual operation review 2003

Sector Tourism	Performance Indicators	Status 2002	Target 2003	Target 2004	Target 2005	Sources of information	Assumptions
National Sector targets: Diversification and growth in economy of Grenada by increasing the role of tourism	Overall contribution of tourism to GDP to increase to 15% by 2010	Contribution of tourism in GDP 8.4%	Contribution of tourism in GDP 8.01%	Contribution of tourism in GDP 8.5%	Contribution of tourism in GDP 9.02%	Ministry of Finance Data, central bank, IMF	
	Employment in Tourism Sector increased by 2010	13.8% of people employed in tourism	13.9% of people employed in tourism	14.05% of people employed in tourism	15.5% of people employed in tourism	Ministry of Tourism Data, Ministry of finance	favourable global macroeconomic conditions for travelling
	Effective implementation of the ten-year Tourism Master Plan 1997-2007.	Yes	Yes	Yes	Yes	Progress reports by the Ministry of Tourism/hotel association	improved economic performance within the region
	completion of the plan for the management and maintenance of all sites of cultural interest	No	Yes	Yes	Yes	Ministry of tourism	

	enactment of the necessary legislation to establish the management authority to oversee the historic forts	No	No	Yes	Yes	Ministry of tourism	new GoG remains committed to implementing the 10 year plan and to introduce and implement all relevant legislation
	Managment authority to oversee the historic forts	no	Yes	Yes	Yes	Ministry of tourism	
Intervention objective: Human Resource and Tourism Product Development	Number of tourism workers trained in institutions increased to 3000 by 2010	number of tourism workers trained	150 tourism workers trained	250 tourism workers trained	350 tourism workers trained	Ministry of tourism	GoG continues to support tourism through budget and relevant legislation
	Visitors to Tourism Sites increased considerably by 2010	number of tourists visiting sites: 50,000	number of tourists visiting sites: 60,000	number of tourists visiting sites: 75,000	number of tourists visiting sites: 120,000	National Tourist Board / Ministry of Tourism Data	
Results							
Restored Fort George, Matthews and Fredric	Quantity and quality of work implemented	no	no	Design Consultancy	Implementation restoration process begins	Reports of Supervising Engineer	Appropriate management structure for Forts George's is established and given sufficient autonomy

Training Programme for employees in Tourism Industry implemented and functioning	Number of employees trained per year is increased to 300.	number of employees trained: 74	number of employees trained: 77	number of employees trained: 150	number of employees trained: 200	End of Project Report/ Budget	Training Programme adopted by GoG and allocated adequate counterpart financing
Small Hotels adopt business plans and increase management performances	Technical Assistance Programme for Small Hotels Implemented	No	No	Yes		Project Reports, Official journal of Grenada	

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

	Indicative total EUR million	Consumption of commitments (all amounts in EUR million)							
		2004/1	2004/2	2005/1	2005/2	2006/1	2006/2	2007/1	2007/2
NIP 6 th /7 th /8 th	7.1				3.0	1.0	2.0	1.1	
STABEX	70	3	3	3	3	3	3	3	3
NIP 9th Co-operation	5.0								
Education	4.5	1.0		1.0		2.0		0.5	0.5
Non-Focal Sectors									
Studies, audits, monitoring, contingencies	0.6		0.1	0.2				0.3	
TOTAL 9th EDF	5.0	1	0.1	1.2		2.0		0.8	0.5
SFA 1999,2000,2001	24.5	3	3.5	3.5	3.5	3.5	2.5	2.5	0.25
GRAND TOTAL	71.7	7	6.6	7.7	9.7	9.5	7.5	6.4	3.75

ANNEX III: FINANCIAL SITUATION FOR 9TH EDF
STATUS AS AT 31.12.03

9th EDF St. Vincent & Grenadines		ELR	5,000,000	NP	0 Transfer				
			5,000,000						
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
9ACPSVG1	Education Support Programme	23.09.2003	6,682,764	0	0%	0	0%	Ongoing	-
9ACPSVG2	Construction Documents St. Vincent College Extension	18.12.2003	195,000	0	0%	0	0%	Ongoing	-
Programmable	Totals		6,877,764	0	0%	0	0%		0
	Reserve/Balance		-1,877,764						

Annex IV: Financial Situation for 8th EDF

STATUS AS AT 31.12.03

8th EDF St. Vincent & Grenadines		EUR	6,500,000	NIP					
				0 Transfer					
			6,500,000						
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
8 ACP SVG 004	Multi-annual Training Programme	22.09.98	700,000	653,924	93%	587,419	84%	On going	30,276
8 ACP SVG 007	Learning Resource Center	14.01.02	1,500,000	1,156,000	77%	129,288	9%	On going	129,288
8 ACP SVG 008	Multi-Country Drug Demand Reduction Project	18.12.02	185,000	0	0%	0	0%	On going	-
	Total		2,385,000	1,809,924	76%	716,707	30%		159,564
	Reserve/Balance		4,115,000						
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 - Reprmt Agrmnt Art. 195(A)	08.12.00	3,503,427	3,503,427	100%	3,503,427	100%	Closed	0
	Total		31,802,582	31,802,582	100%	31,802,582	100%		0
8 ACP SVG 005	Vinlec Power Supply Project - Loan	14.01.99	284,590	284,590	100%	284,590	100%	On going	0
Non-Prog.	Totals		32,087,172	32,087,172	100%	32,087,172	100%		0
	GRAND TOTAL		34,472,172	33,897,096	98%	32,803,879	95%		159,564

Annex V: Financial Situation for 7th EDF

STATUS AS AT 31.12.03

7 th EDF St. Vincent & Grenadines		EUR	5,400,000	NP					
				59,938	Allocated amounts transferred from Lome II				
				89,259	Reserve transferred from Lome II				
			5,549,197						
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 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	1,262,112	1,262,112	100%	1,262,112	100%	Closed	0
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%	To close!	0
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
	Total		3,366,435	3,334,464	99%	3,323,262	99%		0
	Reserve/Balance		2,182,762						
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
	Total		31,573,592	31,573,592	100%	31,573,592	100%		0
7 ACP SVG 013	EIB - Kingstown Port Development	20.02.95	5,000,000	5,000,000	100%	5,000,000	100%	Closed	0
Non-Prog.	Totals		36,573,592	36,573,592	100%	36,573,592	100%		0
	GRAND TOTAL		39,940,027	39,908,056	100%	39,896,854	100%		0

Annex VI: Financial Situation for 6th EDF

STATUS AS AT 31.12.03

6th EDF		EUR	7,000,000	NIP						
St. Vincent & Grenadines				0 Transfer						
			7,000,000							
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	
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%	To close !	0	
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	
Programmable	Total		6,905,753	6,739,189	98%	6,646,232	96%		0	
	Reserve/Balance		94,247							
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	
	Total		85,000	85,000	100%	85,000	100%		0	
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	
	Total		3,139,281	3,139,281	100%	3,139,281	100%		0	
Non-Prog.	Totals		3,224,281	3,224,281	100%	3,224,281	100%		0	
	GRAND TOTAL		10,130,034	9,963,470	98%	9,870,513	97%		0	

ANNEX VII: STABEX AND SFA

Saint Vincent 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
* STABEX 1993 /SSA 1993 PROGRAMME									
Banana Industry Development Programme	5,452,277		5,500,797	5,351,058	--	5,351,058	149,739	5,351,058	5,342,799
Special System of Assistance 1993	196,165		--	--			--		
STABEX 1993 Addendum	222,542		--	--			--		
Post Tropical Storm Lili Damage Recovery	--		903,067	903,067	--	903,067	--	903,067	419,748
Interest	--	579,635	46,755	--			46,755		
Total for STABEX 1993 /SSA 1993 PROGRAMME (5 detail	€ 5,870,984	579,635	6,450,619	6,254,125	--	6,254,125	196,494	6,254,125	5,762,547
Percent			100.0%	97.0%	0.0%	97.0%	3.0%	97.0%	89.3%

*** STABEX 1994 PROGRAMME**

Banana Productivity Improvements	6,000,000		8,722,031	8,303,935	--	8,303,935	418,096	8,303,935	8,303,935
Agricultural Diversification	6,000,000		6,700,000	6,700,000	--	6,700,000	--	6,700,000	5,285,492
Diversification of the Economy	8,000,000		8,000,000	4,631,059	--	4,631,059	3,368,941	2,963,325	2,973,753
Rural Development & Social Safety Nets	1,000,000		1,061,439	850,998	--	850,998	210,441	850,998	797,595
EDF/Programme Management Cordination Unit	2,000,000		2,815,000	2,815,000	--	2,815,000	--	2,651,199	2,528,567
Monitoring & Evaluation	1,000,000		1,000,000	132,923	--	132,923	867,077	132,923	98,071
Reserve	1,724,865		148,426	--			148,426		
1st Protocol Stabex/30/REP.Liv1st Pr./SVG	173,908		173,908	--			173,908		
Interest	--	5,648,634	2,926,603	--			2,926,603		
Total for STABEX 1994 PROGRAMME (9 detail records)	€ 25,898,773	5,648,634	31,547,407	23,433,914	--	23,433,914	8,113,493	21,602,380	19,987,414
Percent			100.0%	74.3%	0.0%	74.3%	25.7%	68.5%	63.4%

Saint Vincent 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
* STABEX 1995 PROGRAMME									
Banana Productivity Support	1,000,000		1,000,000	--	--	--	1,000,000		
Agricultural Diversification	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/PCMU Monitoring & Evaluation	231,457		231,457	218,309	--	218,309	13,148	218,309	212,024
Budgetary Support	10,550,000		10,550,000	10,550,000	--	10,550,000	--	10,550,000	10,549,975
Interest	--	2,251,481	2,251,481	1,388,867	--	1,388,867	862,614	1,388,867	1,190,070
Total for STABEX 1995 PROGRAMME (6 detail records)	€ 13,481,457	2,251,481	15,732,938	12,357,177	--	12,357,177	3,375,762	12,287,337	12,093,564
Percent			100.0%	78.5%	0.0%	78.5%	21.5%	78.1%	76.9%
* STABEX 1996/97 PROGRAMME									
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	7,490,000	--	7,490,000	3,210,000	7,490,000	4,279,958
Interest	--	2,169,769	2,169,769	998,160	--	998,160	1,171,609	998,160	698,718
Total for STABEX 1996/97 PROGRAMME (6 detail records)	€ 14,817,698	2,169,769	16,987,467	8,548,002	--	8,548,002	8,439,465	8,548,002	4,978,676
Percent			100.0%	50.3%	0.0%	50.3%	49.7%	50.3%	29.3%
* STABEX ARTICLE 195(A) BALANCES									
Not yet allocated (FMO not signed to date)	3,503,427		3,777,900	--	--	--	3,777,900		
Total for STABEX ARTICLE 195(A) BALANCES (1 detail)	€ 3,503,427	--	3,777,900	--	--	--	3,777,900		
Percent			100.0%	0.0%			100.0%		
Grand	€ 63,572,339	10,649,520	74,496,332	50,593,217	0	50,593,217	23,903,114	48,691,843	42,822,200

St. Vincent & the Grenadines 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

* SFA 1999 (B7-8710/856/02)

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	--	47,286	47,286	--			47,286		
Total for SFA 1999 (B7-8710/856/02) (5 detail records)	€ 6,100,000	47,286	6,147,286	5,669,305	--	5,669,305	477,981	5,669,305	429,748
Percent			100.0%	92.2%	0.0%	92.2%	7.8%	92.2%	7.0%

* SFA 2000 (B7-8710/856/11)

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	238,137
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	238,137
Percent			100.0%	6.2%	0.0%	6.2%	93.8%	6.2%	3.7%

* SFA 2001 (B7-8710/856/..)

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		
Percent			100.0%	0.0%			100.0%		

St. Vincent & the Grenadines 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

* SFA 2002 (B7-8710/856/35)

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		
Percent				100.0%		0.0%	100.0%		

Grand	€	25,050,000	47,286	25,097,286	6,069,305	0	6,069,305	19,027,981	6,069,305	667,885
--------------	---	-------------------	---------------	-------------------	------------------	----------	------------------	-------------------	------------------	----------------

ANNEX VIII: CARIBBEAN REGIONAL INDICATIVE PROGRAMMES (CRIP)

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

ANNEX 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: EIB PROGRAMMES

TYPE	CONVENTION	FINANCE CONTRACT	NAME OF CONTRACT	DATE OF SIGNATURE	AMOUNT SIGNED	AMOUNT OUTSTANDING
Own Res	LOME - CONVENTION 3	13750	VINLEC II B	20/12/88	3,000,000.00	858,942.02
Own Res	LOME - CONVENTION 4 - PROT.2	17896	VINLEC III	29/12/98	4,000,000.00	2,365,695.63
Risk Capital	LOME - CONVENTION 2	70466	ST VINCENT & GRENADINES	09/07/84	2,900,000.00	219,186.59
Risk Capital	LOME - CONVENTION 3	70741	DEVCO GLOBAL LOAN	05/08/88	1,400,000.00	251,818.10
Risk Capital	LOME - CONVENTION 3	70742	DEVCO CAPITAL INCREASE	05/08/88	400,000.00	200,000.00
Risk Capital	LOME - CONVENTION 3	70768	VINLEC II PROJECT A	20/12/88	1,000,000.00	1,000,000.00
Risk Capital	LOME - CONVENTION 4	70982	KINGSTOWN PORT DEVELOPMENT	14/12/94	5,000,000.00	3,273,939.22

ANNEX XI: CDE activities in the OECS countries 2003

Construction and Mining

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

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

Agro-processing

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

Wood

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

Herbal Products

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

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

PROINVEST

1. Caribbean Investment Policy Summit workshop, organised by JAMPRO, TIDCO and BIDC in Kingston 10-11 JUNE 2003 to develop a strategy for addressing regional investment-related trade policy issues with respect to WTO, FTAA and the Caribbean Single Market and Economy.
2. A mission for Dominican companies to attend the Florence Gift Mart Show in September 2003.

3. A mission for Dominican companies in conjunction with the AI-Invest meeting in Brussels on the Cinematography and Audiovisual Industry of Europe and Latin America (12-14 November 2003).
4. Promotion/access training workshops for intermediary organisations held throughout the region.
5. A workshop for stakeholders to present and discuss the results of the regional sector Studies in Port of Spain in October 2003.
6. Preparation of Tourism Sector Meeting for the Caribbean region (to be convened in 2004).

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

No.	Projects		Implementing partner
1	Support to Regional Agricultural Policy Network (RAPN)		Inter-American Cooperation on Agriculture (IICA)
2	Caribbean Herbal Business Association (CHBA)		
3	Generation and dissemination of agricultural information		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 rd meeting of Advisory Committee on S & T	
19	Information Needs assessment study		
20	Study on safeguarding the benefits of the Sugar Protocol (including Jamaica and Guyana)		
21	Evaluation of CTA supported location-based seminars		

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

ANNEX XIII: PROJECT SHEETS

Annual Report

St. Vincent

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

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) has now almost been completed.

The second phase was approved in June 2002 and contract is expected to be awarded in March 2004. The third phase is presently under preparation and design tender will be issued in April 2004.

St. Vincent

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

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 m² 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 m² 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 continues to prevent handing over.

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)

Primary commitment	Secondary commitment	Disbursed	% Disbursed
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.

St. Vincent

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

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

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

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**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:** € xxxxxx**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.

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

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.

St. Vincent

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

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. The TOR for study were finalised in the end of 2002. However since the necessary funding exceeded the available amount a new financing proposal is in preparation and expected finalised by end of first quarter of 2004.

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

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 tender was launched in third quarter of 2003. All bids received were above the available budget. Consequently in January 2004 the Delegation gave consent to annul then tender and enter direct negotiations with the two lowest bidders.

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

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 was completed by the consultant (Mouchel, UK) and tendered second quarter of 2003. The contract was awarded in October 2003 to Dipcon (Trinidad) and works commenced in November 2003. Works are on-going are expected finalised with some delay by first quarter of 2005.